



Unconsolidated Financial Statements 2018

Auditor's Report To The Members

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of MCB Bank Limited (“the Bank”), which comprise the unconsolidated statement of financial position as at December 31, 2018 and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except for 50 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank’s affairs as at December 31, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current year. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	Provision against advances	
	<p>Refer to note 10 and the accounting policies in notes 4.2 (b) and 5.3 to the unconsolidated financial statements.</p> <p>The Bank’s advances to the customers represent 33.61% of its total assets as at December 31 2018 and are stated at Rs. 503.58 billion which is net of provision of Rs. 43.21 billion at the year end.</p> <p>The provision against advances was identified as a key audit matter in our audit as it involves a considerable degree of management judgment and compliance with the Prudential Regulations (PRs) issued by the State Bank of Pakistan.</p>	<p>Our audit procedures in respect of provision against loans and advances included the following:</p> <ul style="list-style-type: none"> Assessing the design and operating effectiveness of manual and automated controls over classification and provisioning of advances including: <ul style="list-style-type: none"> -The accuracy of data input into the system used for disbursement and recovery of credit facilities; - Controls over correct classification of non-performing advances on time based criteria; - Controls over accurate computation and recording of provisions; and - Controls over the governance and approval process related to provision. Testing, on a sample basis, credit exposures identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the PRs; Testing, on a sample basis, credit exposure where the management has not identified as displaying indicators of impairment challenged the management’s assessment by reviewing the historical performances, account movement, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present; For consumer and SME advances, analyzed the days past due report for calculation of provision required in accordance with PRs; and Checking, on a sample basis, accuracy of specific provision against non-performing advances and of general provision against consumer and SME advances by re-computing the provision made in accordance with the criteria prescribed under the PRs.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	Valuation of Investments	
	<p>Refer to note 9 and the accounting policies in notes 4.2 (c) and 5.1 to the unconsolidated financial statements.</p> <p>As at December 31, 2018, the Bank has investments classified as "Available-for-sale", "Held for trading" and "Held to maturity", amounting to Rs. 736.62 billion which in aggregate represent 49.17 % of the total assets of the Bank.</p> <p>Investments are carried at cost or fair value in the accordance with the Bank's accounting policy relating to their recognition. Provision against investments is based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified the valuation of investments including determination of impairment allowance on investments classified as 'Available-for-sale' and "Held to maturity" as a key audit matter because of their significance in relation to the total assets of the Bank and judgment involved in assessing impairment allowance.</p>	<p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments; Checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values; and Evaluating the management's assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Bank's accounting policies and performed an independent assessment of the assumptions.
3	Change in the format of the financial statements	
	<p>Refer note 3.2 to the unconsolidated financial statements.</p> <p>The State Bank of Pakistan (SBP) has amended the format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format effective from the accounting year ending December 31, 2018. Accordingly, the Bank has prepared these unconsolidated financial statements on the new format prescribed by the State Bank of Pakistan. As part of this transition to the new requirements, the management performed a gap analysis to identify differences between the previous and current format. The adoption of the new format required certain recognition requirements and reclassification of certain financial information. The amended format also introduced certain new disclosures in the unconsolidated financial statements.</p> <p>In view of the significant impact of the first time adoption of the revised format on these unconsolidated financial statements, we considered this a key audit matter.</p>	<p>Our audit procedures to assess compliance with the requirements of the SBP's amended format of annual financial statements for banks included the following:</p> <ul style="list-style-type: none"> considering the management's process to identify the changes required in the unconsolidated financial statements to comply with the new format; and obtaining relevant underlying supports relating to changes required in the unconsolidated financial statements consequent to the adoption of the new format to assess their appropriateness and verified them on test basis.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Bank's Annual Report but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements:

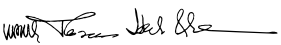
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore
Date: March 04, 2019


KPMG Taseer Hadi & Co.
Chartered Accountants
M. Rehan Chughtai

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	2018	2017 Restated (Rupees in '000)	2016 Restated
ASSETS				
Cash and balances with treasury banks	6	103,174,597	106,072,084	74,222,347
Balances with other banks	7	11,878,975	4,579,275	4,343,841
Lendings to financial institutions	8	35,106,241	4,398,114	2,809,752
Investments	9	749,368,738	656,963,632	555,928,553
Advances	10	503,581,323	469,355,849	348,116,617
Fixed assets	11	41,069,761	39,169,606	32,409,385
Intangible assets	12	372,336	404,326	343,287
Deferred tax assets		-	-	-
Other assets	13	53,578,090	62,295,005	54,191,408
		1,498,130,061	1,343,237,891	1,072,365,190
LIABILITIES				
Bills payable	15	15,699,280	22,680,667	12,843,552
Borrowings	16	216,018,886	133,069,556	74,515,383
Deposits and other accounts	17	1,049,037,615	968,482,635	781,429,823
Liabilities against assets subject to finance lease		-	-	-
Subordinated debt	18	3,891,019	3,892,578	-
Deferred tax liabilities	19	1,532,177	4,625,035	11,260,215
Other liabilities	20	62,673,355	56,921,083	50,689,592
		1,348,852,332	1,189,671,554	930,738,565
NET ASSETS		149,277,729	153,566,337	141,626,625
REPRESENTED BY				
Share capital	21	11,850,600	11,850,600	11,130,307
Reserves	22	74,147,981	70,866,473	53,346,861
Surplus on revaluation of assets	23	9,747,104	17,073,207	23,680,385
Unappropriated profit		53,532,044	53,776,057	53,469,072
		149,277,729	153,566,337	141,626,625
CONTINGENCIES AND COMMITMENTS	24			

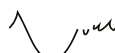
The annexed notes 1 to 48 and annexures I to II form an integral part of these unconsolidated financial statements.



Imran Maqbool
President/Chief Executive



Hammad Khalid
Chief Financial Officer



S. M. Muneer
Director



Muhammad Tariq Rafi
Director



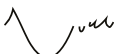




Muhammad Ali Zeb
Director

UNCONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		(Rupees in '000)	
Mark-up / return / interest earned	26	83,318,994	74,090,972
Mark-up / return / interest expensed	27	37,304,844	31,428,759
Net mark-up / interest income		46,014,150	42,662,213
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	10,730,504	9,740,744
Dividend income		1,280,143	1,941,452
Foreign exchange income		3,420,342	1,636,307
Income from derivatives		11,845	15,487
Gain on securities	29	1,293,131	4,741,006
Other Income	30	462,161	42,958
Total non-markup / interest Income		17,198,126	18,117,954
Total Income		63,212,276	60,780,167
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	32,090,793	27,957,811
Workers welfare fund		641,272	620,284
Other charges	32	169,849	142,845
Total non-markup / interest expenses		32,901,914	28,720,940
Profit before provisions		30,310,362	32,059,227
(Reversals) / provisions and write offs - net	33	(1,753,256)	1,045,019
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		32,063,618	31,014,208
Taxation	34	10,704,040	8,555,307
PROFIT AFTER TAXATION		21,359,578	22,458,901
Basic and diluted earnings per share	Rupees 35	18.02	19.56

The annexed notes 1 to 48 and annexures I to II form an integral part of these unconsolidated financial statements.

				
Imran Maqbool President/Chief Executive	Hammad Khalid Chief Financial Officer	S. M. Muneer Director	Muhammad Tariq Rafi Director	Muhammad Ali Zeb Director

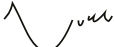
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	(Rupees in '000)	
Profit after taxation for the year	21,359,578	22,458,901
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	1,145,550	316,819
Movement in surplus/ deficit on revaluation of investments - net of tax	(7,346,264)	(6,552,030)
	(6,200,714)	(6,235,211)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(659,286)	(1,574,891)
Movement in surplus on revaluation of non-banking assets - net of tax	172,774	(1,557)
	(486,512)	(1,576,448)
Total comprehensive income	14,672,352	14,647,242

The annexed notes 1 to 48 and annexures I to II form an integral part of these unconsolidated financial statements.


Imran Maqbool
President/Chief Executive


Hammad Khalid
Chief Financial Officer


S. M. Muneer
Director


Muhammad Tariq Rafi
Director


Muhammad Ali Zeb
Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Share capital		Capital reserve		Statutory reserve		Revenue reserve		Surplus/(deficit) on revaluation of		Unappropriated profit	Total
	Share premium	Non-distributable capital reserve	Exchange translation reserve	General reserve	Investments	Fixed / non-banking assets						
				(Rupees in '000)								
Balance as at December 31, 2016 - as previously reported	11,130,307	9,702,528	-	167,174	24,877,159	18,600,000	-	-	-	-	53,469,072	117,946,240
Reclassification of surplus to equity (note 3.2)	-	-	-	-	-	-	-	-	11,140,150	12,540,235	-	23,680,385
Balance as at December 31, 2016 - restated	11,130,307	9,702,528	-	167,174	24,877,159	18,600,000	-	-	11,140,150	12,540,235	53,469,072	141,626,625
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	22,458,901	22,458,901
Profit after taxation for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	316,819	-	-	-	-	(6,552,030)	(1,557)	(7,811,659)	(7,811,659)
Transfer to statutory reserve	-	-	-	316,819	-	-	-	-	(6,552,030)	(1,557)	20,884,010	14,647,242
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	2,245,890	-	-	-	-	-	(2,245,890)	-
Shares issued under amalgamation scheme	-	-	-	-	-	-	-	-	-	-	-	-
720,293	720,293	14,048,586	-	-	-	-	-	-	-	(63,591)	53,591	-
Gain on bargain purchase arising on amalgamation of NIB Bank Limited	-	-	908,317	-	-	-	-	-	-	-	-	14,768,879
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	908,317
Final cash dividend at Rs. 4.0 per share - December 31, 2016	-	-	-	-	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - March 31, 2017	-	-	-	-	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend at Rs. 4.0 per share - June 30, 2017	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Interim cash dividend at Rs. 4.0 per share - September 30, 2017	-	-	-	-	-	-	-	-	-	-	(4,740,240)	(4,740,240)
Balance as at December 31, 2017	11,850,600	23,751,114	908,317	483,993	27,123,049	18,600,000	4,588,120	12,485,087	53,776,057	-	153,566,337	153,566,337
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	21,359,578	21,359,578
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	1,145,550	-	-	-	-	(7,346,264)	172,774	(659,286)	(6,687,226)
Transfer to statutory reserve	-	-	-	1,145,550	-	-	-	-	(7,346,264)	172,774	20,700,292	14,672,352
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	2,135,958	-	-	-	-	-	(2,135,958)	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(63,532)	53,532	-	-
Final cash dividend at Rs. 4.0 per share - December 31, 2017	-	-	-	-	-	-	-	-	-	-	99,081	-
Interim cash dividend at Rs. 4.0 per share - March 31, 2018	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - June 30, 2018	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 4.0 per share - September 30, 2018	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	11,850,600	23,751,114	908,317	1,629,543	29,259,007	18,600,000	(2,768,144)	12,505,248	53,532,044	-	149,277,729	149,277,729

For details of dividend declaration and appropriations, please refer note 46 to these unconsolidated financial statements.

For details of reserves, Please refer note 22 to these unconsolidated financial statements.

The annexed notes 1 to 48 and annexures I to II form an integral part of these unconsolidated financial statements.

Imran Maqbool

Imran Maqbool
President/Chief Executive

Hammad Khalid

Hammad Khalid
Chief Financial Officer

S. M. Muneer

S. M. Muneer
Director

Muhammad Tariq Rafi

Muhammad Tariq Rafi
Director

Muhammad Ali Zeb

Muhammad Ali Zeb
Director

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		32,063,618	31,014,208
Less: Dividend income		(1,280,143)	(1,941,452)
		30,783,475	29,072,756
Adjustments:			
Depreciation on fixed assets	11.2	1,980,606	1,729,288
Depreciation on non-banking assets acquired in satisfaction of claims	31	49,155	29,947
Amortization	12	255,629	243,529
(Reversals) / provisions and write offs - net	33	(1,753,256)	1,045,019
Fixed assets written off	32	-	13
Workers welfare fund		641,272	620,284
Gain on sale of fixed assets	30	(245,655)	(19,938)
Gain on sale of non-banking assets acquired in satisfaction of claims	30	(82,410)	(515)
Charge / (reversal) for defined benefit plan	31.1	943,661	(144,497)
Unrealized loss on revaluation of investments classified as held for trading	29	2,473	5,652
Gain on sale of shares in associates		(247,677)	(685,593)
		1,543,798	2,823,189
		32,327,273	31,895,945
Increase in operating assets			
Lendings to financial institutions		(30,708,127)	(1,588,362)
Held-for-trading securities		(9,337,983)	112,913
Advances		(31,435,283)	(49,078,590)
Others assets (excluding advance taxation)		204,829	(2,211,011)
		(71,276,564)	(52,765,050)
Increase in operating liabilities			
Bills Payable		(5,767,177)	6,898,925
Borrowings from financial institutions		82,185,800	33,326,416
Deposits		102,473,306	105,311,968
Other liabilities (excluding current taxation)		6,921,268	4,391,352
		185,813,197	149,928,661
Defined benefits paid			
Income tax paid		(343,743)	(329,179)
		(3,299,463)	(7,720,604)
Net cash flow from operating activities		143,220,700	121,009,773
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(93,718,703)	(80,857,270)
Net investments in held-to-maturity securities		(1,450,938)	(4,217,188)
Net cash inflow on amalgamation		-	14,268,116
Net cash outflow on demerger		(22,214,180)	-
Investment in a subsidiary		(1,200,000)	-
Proceeds from divestment in an associate		295,448	782,817
Dividends received		1,602,884	1,635,740
Investments in fixed assets		(4,261,454)	(4,440,101)
Investments in Intangible assets		(221,949)	(304,492)
Proceeds from sale of fixed assets		573,958	36,432
Proceeds from sale of non-banking assets acquired in satisfaction of claims		682,410	108,070
Effect of translation of net investment in foreign branches		1,145,550	316,819
Net cash flow used in investing activities		(118,766,974)	(72,671,057)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of Subordinated debt		(1,559)	(779)
Dividend paid		(20,090,805)	(17,201,874)
Net cash flow from operating activities		(20,092,364)	(17,202,653)
Effects of exchange rate changes on cash and cash equivalents		5,575,328	1,040,532
Cash and cash equivalents transferred to MIB under the scheme of demerger		(722,679)	-
Increase in cash and cash equivalents		9,214,011	32,176,595
Cash and cash equivalents at beginning of the year	36	103,967,397	77,366,130
Cash and cash equivalents at end of the year	36	113,181,408	109,542,725

The annexed notes 1 to 48 and annexures I to II form an integral part of these unconsolidated financial statements.



Imran Maqbool
President/Chief Executive



Hammad Khalid
Chief Financial Officer



S. M. Muneer
Director



Muhammad Tariq Rafi
Director



Muhammad Ali Zeb
Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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 1,376 branches (2017: 1,433 branches) within Pakistan and 11 branches (2017: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

1.1 Demerger of 90 branches from MCB Bank Limited

The Board of Directors in their meeting held on October 25, 2017 had approved the "Scheme of Compromises, Arrangements and Reconstruction (the "Scheme") between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB)". The Scheme envisages transfer of banking business of ninety (90) branches of the Bank subject to the approval by the shareholders of the banks and sanction by the Honourable Lahore High Court where under the assets, rights, liabilities, operations, systems, staff, assets of back office functions and obligations of the Bank relating to banking business of these branches will be transferred to and vested in MIB. The banking business of these branches will also stand converted into Islamic banking business on the effective date pursuant to the compliance of applicable regulatory permissions.

Both the banks filed a petition before the Honourable Lahore High Court for sanction of, and for other orders facilitating implementation of the Scheme under Section 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017. The shareholders approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on February 10, 2018. The Honourable Lahore High Court has sanctioned the Scheme on April 20, 2018. The business of these 90 branches have been transferred to MIB with effect from the Effective date i.e. close of the business on June 01, 2018.

Details of assets and liabilities transferred to MIB are as follows:

	(Rupees in '000)
Assets	
Cash in hand	722,679
Operating fixed assets	175,751
Other assets	59,788
	958,218
Liabilities	
Bills payable	1,214,210
Deposits and other accounts	21,918,326
Other liabilities	39,862
	23,172,398
Net amount paid to MIB	(22,214,180)

2. BASIS OF PRESENTATION

- These unconsolidated financial statements represent separate financial statements of MCB Bank Limited. The consolidated financial statements of the Group are being issued separately.
- 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 financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- The unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

3. STATEMENT OF COMPLIANCE

- These unconsolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
 - International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) as are 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, the Companies Act, 2017; and
 - Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 (Section 228 of Companies Act 2017) and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year, certain amendments to standards, interpretations and improvements to accounting standards became effective; however, the amendments, interpretations and improvements are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

State Bank of Pakistan prescribed a new format for financial statements of banks effective from the year ended December 31, 2018. Accordingly, these unconsolidated financial statements are prepared in accordance with the new format. Major changes impacting (other than certain presentation changes) these unconsolidated financial statements include:

- Acceptances amounting to Rs 15,847.453 million (2017: Rs 15,926.851 million, 2016: Rs. 20,551.509 million) which were previously shown as part of contingencies and commitments are now recognized on balance sheet both as assets and liabilities. They are included in Other assets (note 13) and Other Liabilities (note 20).
- Surplus on revaluation of assets (note 23) amounting to Rs. 9,747.104 million (2017: Rs. 17,073.207 million, 2016: Rs. 23,680.385 million) which was previously shown below equity has now been included as part of equity.

- Intangibles (note 12) amounting to Rs. 372.336 million (2017: Rs. 404.326 million, 2016: Rs. 343.287 million) which were previously shown as part of fixed assets (note 11) are now shown separately on the unconsolidated statement of financial position.
- Cost of foreign currency swaps (note 27) amounting to Rs 662.873 million (2017: Rs. 348.970 million) which was previously shown as part of foreign exchange income has now been shown as part of markup / return / interest expense in the unconsolidated statement of profit and loss account.

In addition, Companies Act 2017 also became effective for the financial statements for the year ended December 31, 2018. As the Bank's financial statements are prepared in accordance with the format prescribed by SBP, it did not have a direct impact on these unconsolidated financial statements except for the change as mentioned in note 5.4 of these unconsolidated financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2019:

	Effective date (annual periods beginning on or after)
- IFRS 16 Leases	January 1, 2019
- Amendments to IFRS 9 'Financial Instruments'	January 1, 2019
- Amendments to IAS 19 'Employee Benefits'	January 1, 2019
- IFRS 15 - Revenue from contracts with customers	January 1, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'	January 1, 2019
- IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019

*IFRS 9 - Financial Instruments - The Bank is currently awaiting instructions from SBP as applicability of IAS 39 was deferred by SBP till further instructions.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019 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 financial statements.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact except IFRS-16 on these unconsolidated financial statements. The Bank is currently in the process of assessing the impact of IFRS-16.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

4. BASIS OF MEASUREMENT

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

4.2 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) Classification of investments

In classifying investments, the Bank follows the guidance provided in SBP circulars:

- Investments classified as 'held for trading', are securities which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days of acquisition.
- Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investment to maturity.
- The investments other than those in subsidiaries and associates which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'.

b) Provision against advances

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 10.4.5.

c) Impairment of 'available for sale' equity investments

The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational/financial cash flows.

d) Taxation

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

e) Fair value of 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.

f) Depreciation, amortization and revaluation of operating fixed assets

In making estimates of the depreciation / amortization method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 38 of these unconsolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for the changes explained in notes 5.1, 5.3, 5.4 and 5.10.

5.1 Investments

The Bank classifies its investments as follows:

a) Held for trading

These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

c) Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the 'held for trading' or 'held to maturity' categories.

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment. Transaction costs on investments held for trading are expensed in the profit and loss account.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than those classified as 'held to maturity', investments in subsidiaries and investments in associates are subsequently re-measured to market value. Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is taken to surplus / deficit on revaluation of investments through statement of comprehensive income in equity which was previously shown below equity. Surplus / deficit arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account, currently.

Unquoted equity securities (excluding investments in subsidiaries and associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available financial statements. Investments classified as 'held to maturity' are carried at amortized cost less accumulated

impairment losses, if any.

Associates are all entities over which the Bank has significant influence but not control. Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. Investments in subsidiaries and investments in associates are carried at cost less accumulated impairment losses, if any.

Provision for impairment in the values of securities (except debentures, participation term certificates and term finance certificates) is made currently. Impairment of 'available for sale' equity investments is discussed in 4.2(c). Provisions for impairment in value of debentures, participation term certificates and term finance certificates are made as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

5.2 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in these unconsolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

5.3 Advances

Advances are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against Consumer and Small Enterprise (SEs) loans made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there is no realistic prospect of recovery.

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

During the current year, IFRS 9, Financial Instruments: Classification and Measurement, became applicable for overseas branches of the Bank. Accordingly, in respect of overseas branches, the Bank has changed its accounting policy and has followed the requirements of IFRS 9. The impact has been accounted for in the profit or loss of the current period and opening balance of retained earnings has not been adjusted as the amount is not material.

5.4 Fixed assets and depreciation

Fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year-end rates.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets become available for use.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value.

Depreciation on all fixed assets (excluding land) is charged using the straight line method in accordance with the rates specified in note 11.2 to these unconsolidated financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains / losses on sale of property and equipment are credited / charged to the profit and loss account currently, except that the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets was being measured under the repealed Companies Ordinance, 1984. The surplus

arising on the revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the surplus account. With effect from January 1, 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly the management has changed the accounting policy to bring accounting of revaluation surplus on fixed assets in accordance with IAS 16 "Property, plant and equipment". The revaluation is measured on individual assets where the surplus is taken to surplus on revaluation of fixed assets through statement of comprehensive income in equity. The deficit on revaluation of the asset is charged to profit and loss account after netting of any surplus already recorded on that asset. The management of the Bank believes that the impact of change in accounting policy is not material, therefore no adjustments are being made in these unconsolidated financial statements.

5.4.1 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

5.5 Impairment

The carrying amount of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.6 Staff retirement benefits

The Bank operates the following staff retirement benefits for its employees:

- a) For clerical / non-clerical staff who did not opt for the new scheme, the Bank operates the following:
 - an approved contributory provident fund;
 - an approved gratuity scheme; and
 - a contributory benevolent scheme

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

- b) For clerical / non-clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the following:

- an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
- an approved pension fund; and
- contributory benevolent scheme.

- c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:

- an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
- an approved pension fund, and
- contributory benevolent fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

- d) For executives and officers who joined the Bank on or after January 01, 2000, the Bank operates an approved contributory provident fund.
- e) Post retirement medical benefits to entitled employees.

Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the Projected Unit Credit Method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in other Comprehensive Income in the period of occurrence. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Bank recognises past service cost as an expense at the earlier of the following dates:

- (i) when the plan amendment or curtailment occurs; and
- (ii) when the Bank recognises related restructuring costs or termination benefits.

Employees' compensated absences

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized in Profit and Loss account in the period of occurrence.

5.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the balance sheet date expected to be applicable at the time of its reversal. Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

5.8 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

5.9 Foreign currencies

5.9.1 Foreign currency transactions

Transactions in foreign currencies other than the results of foreign operations discussed in note 5.9.2 are translated to Rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Forward foreign exchange contracts other than those relating to foreign currency deposits are valued at the rates applicable to their respective maturities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

5.9.2 Foreign operations

The assets and liabilities of foreign branches are translated to Rupees at exchange rates prevailing at the balance sheet date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

5.9.3 Translation gains and losses

Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Bank's net investment in foreign branches, which are taken to the capital reserve (exchange translation reserve) until the disposal of the net investment, at which time these are recognised in the profit and loss account.

5.9.4 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the date of the unconsolidated statement of financial position.

5.10 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. During the year, SBP has changed its classification from off balance sheet item to other assets and other liabilities.

5.11 Revenue recognition

- Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan (SBP) or as permitted by the regulations of the overseas regulatory authorities of countries where the branches operate. Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity. regulations of the overseas regulatory authorities of countries where the branches operate. Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets)

is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.

- Commission income is recognized on a time proportion basis.

- Dividend income is recognized when the Bank's right to receive dividend is established.

- Gain / loss on sale of investments is credited / charged to profit and loss account currently.

5.12 Operating leases

Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.

5.13 Assets acquired in satisfaction of claims

Non-banking assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment loss. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non banking assets' account through statement of comprehensive income in equity which was previously shown below equity and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalised.

5.14 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn Nostro balances) in current and deposit accounts.

5.15 Financial instruments

5.15.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

5.15.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

5.15.3 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in these unconsolidated financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

5.16 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

5.17 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

5.17.1 Business segments

Retail banking

This includes retail lending and deposits, banking services, cards and branchless banking.

Corporate banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities / with Bank's corporate and public sector customers including the Bank's overseas operations.

Consumer Banking

This segment primarily constitutes consumer financings segment primarily constitutes consumer financing activities with individual customers of the Bank. Product suite offered to these customers include credit cards, auto loans, housing finance and personal loans.

Treasury

This includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings and borrowings and derivatives for hedging and market making.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

5.17.2 Geographical segments

The Bank operates in three geographic regions being:

- Pakistan
- South Asia
- Middle East

5.18 Business combination

Business combinations other than under common control transaction are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account. The gain on bargain purchase arisen on acquisition had been recognised directly in equity as per the directive of the SBP.

5.19 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

5.20 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

5.21 Subordinated debt

Sub-ordinated loans are initially recorded at the amount of proceeds received and subsequently measured at amortised cost. Markup accrued on these loans is charged to profit and loss account over the period at effective interest rate.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	2018	2017
		(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		16,462,132	18,165,829
Foreign currencies		2,529,716	3,299,941
		18,991,848	21,465,770
With State Bank of Pakistan in			
Local currency current account	6.1	40,305,992	47,159,434
Foreign currency current account	6.2	279,023	271,923
Foreign currency deposit account	6.3	12,621,991	9,194,970
		53,207,006	56,626,327
With other central banks in			
Foreign currency current account	6.4	5,197,681	6,809,706
With National Bank of Pakistan in			
Local currency current account		25,657,815	21,023,365
Prize bonds		120,247	146,916
		103,174,597	106,072,084

- 6.1

This represents current accounts maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.
- 6.2

This represents US Dollar settlement account maintained with SBP.
- 6.3

This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. This includes balance of Rs. 9,466,493 million (2017: Rs. 6,896.228 million) which carries interest rate of 1.35% (2017: 0.37%) per annum as declared by SBP.
- 6.4

Foreign currency current account with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

	Note	2018	2017
		(Rupees in '000)	
7. BALANCES WITH OTHER BANKS			
Outside Pakistan			
In current account		9,232,223	2,664,893
In deposit account	7.1	2,646,752	1,914,382
		11,878,975	4,579,275
		11,878,975	4,579,275

- 7.1

Balances with other banks outside Pakistan in deposit accounts carry interest rate ranging from 2.90% to 3.90% (2017: 1.85% to 11%) per annum.

	Note	2018	2017
		(Rupees in '000)	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.1	2,069,329	3,779,086
Repurchase agreement lendings (Reverse Repo)	8.2	33,036,912	619,028
		35,106,241	4,398,114

- 8.1

Call money lendings carry mark-up rate ranging from 2.4% to 9.0% (2017: 1.25% to 8.15%) per annum and are due to mature latest by February 2019.
- 8.2

Repurchase agreement lendings carry mark-up rate ranging from 8.0% to 10.35% (2017: 7.25%) per annum and are due to mature latest by January 2019.

8.3	Particulars of lending	2018	2017
		(Rupees in '000)	
	In local currency	33,603,697	2,524,590
	In foreign currencies	1,502,544	1,873,524
		35,106,241	4,398,114

		2018			2017		
		Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
8.4	Securities held as collateral against lending to financial institutions						
		(Rupees in '000)					
	Market Treasury Bills	32,972,346	-	32,972,346	619,028	-	619,028
	Total	32,972,346	-	32,972,346	619,028	-	619,028

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9. INVESTMENTS

Note	2018				2017			
9.1 Investments by type:	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Held-for-trading securities								
Federal Government Securities	9,348,153	-	(2,599)	9,345,554	4,975	-	(1)	4,974
Shares	18,549	-	126	18,675	29,396	-	(5,651)	23,745
	9,366,702	-	(2,473)	9,364,229	34,371	-	(5,652)	28,719
Available-for-sale securities								
Federal Government Securities	674,920,983	-	(3,990,667)	670,930,316	581,813,224	-	5,889,032	587,702,256
Shares and units	26,098,138	(7,371,946)	(236,174)	18,490,018	25,325,978	(5,419,932)	1,148,387	21,054,433
Non Government Debt Securities	1,096,296	-	36	1,096,332	1,354,410	(122,865)	13,414	1,244,959
Foreign Securities	2,545,151	-	(16,492)	2,528,659	2,447,967	-	7,813	2,455,780
	704,660,568	(7,371,946)	(4,243,297)	693,045,325	610,941,579	(5,542,797)	7,058,646	612,457,428
Held-to-maturity securities								
Federal Government Securities	20,689,709	(1,675)	-	20,688,034	23,486,700	-	-	23,486,700
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	8,196,110	(490,924)	-	7,705,186	6,224,940	(442,068)	-	5,782,872
Foreign Securities	5,809,776	-	-	5,809,776	3,613,954	-	-	3,613,954
	34,705,713	(492,717)	-	34,212,996	33,325,712	(442,186)	-	32,883,526
Associates	9.12	700,401	-	700,401	748,172	-	-	748,172
Subsidiaries	9.12	12,046,512	(725)	12,045,787	10,846,512	(725)	-	10,845,787
Total Investments								
	761,479,896	(7,865,388)	(4,245,770)	749,368,738	655,896,346	(5,985,708)	7,052,994	656,963,632

	2018				2017			
9.2 Investments by segments:	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Federal Government Securities:								
Market Treasury Bills	575,683,207	-	(290,163)	575,393,044	382,036,988	-	(101,571)	381,935,417
Pakistan Investment Bonds	127,913,919	-	(3,703,103)	124,210,816	222,838,154	-	5,990,602	228,828,756
Ijarah Sukuks	140,601	-	-	140,601	113,261	-	-	113,261
Euro Bonds	1,231,118	(1,675)	-	1,229,443	316,496	-	-	316,496
	704,968,845	(1,675)	(3,993,266)	700,973,904	605,304,899	-	5,889,031	611,193,930
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Shares:								
Listed Companies	24,552,022	(7,210,806)	(236,048)	17,105,168	23,840,709	(5,258,792)	1,142,736	19,724,653
Unlisted Companies	1,564,665	(161,140)	-	1,403,525	1,514,665	(161,140)	-	1,353,525
	26,116,687	(7,371,946)	(236,048)	18,508,693	25,355,374	(5,419,932)	1,142,736	21,078,178
Non Government Debt Securities								
Listed	3,538,999	(16,269)	-	3,522,730	2,331,056	-	(2,864)	2,328,192
Unlisted	5,753,407	(474,655)	36	5,278,788	5,248,294	(564,933)	16,278	4,699,639
	9,292,406	(490,924)	36	8,801,518	7,579,350	(564,933)	13,414	7,027,831
Foreign Securities								
Government securities	7,870,174	-	(16,492)	7,853,682	5,510,642	-	7,813	5,518,455
Non Government Debt securities	478,548	-	-	478,548	545,155	-	-	545,155
Unlisted equity securities	6,205	-	-	6,205	6,124	-	-	6,124
	8,354,927	-	(16,492)	8,338,435	6,061,921	-	7,813	6,069,734
Associates								
- Adamjee Insurance Company Limited	9.8	647,880	-	647,880	695,651	-	-	695,651
- Euronet Pakistan (Private) Limited		52,521	-	52,521	52,521	-	-	52,521
	700,401	-	-	700,401	748,172	-	-	748,172
Subsidiaries								
MNET Services (Private) Limited	9.9	49,975	-	49,975	49,975	-	-	49,975
MCB Islamic Bank Limited		11,200,000	-	11,200,000	10,000,000	-	-	10,000,000
MCB Arif Habib Savings & Investments Limited		320,123	-	320,123	320,123	-	-	320,123
Financial Management Services (Pvt) Limited	9.10	725	(725)	-	725	(725)	-	-
MCB Leasing Closed Joint Stock Company		448,189	-	448,189	448,189	-	-	448,189
MCB Financial Services Limited		27,500	-	27,500	27,500	-	-	27,500
	12,046,512	(725)	-	12,045,787	10,846,512	(725)	-	10,845,787
Total Investments								
	761,479,896	(7,865,388)	(4,245,770)	749,368,738	655,896,346	(5,985,708)	7,052,994	656,963,632

9.2.1 Investments given as collateral

	2018	2017
	(Rupees in '000)	
- Market Treasury Bills	155,324,815	88,895,281
- Pakistan Investment Bonds	10,489,134	-
	165,813,949	88,895,281

9.3 Provision for diminution in value of investments

9.3.1 Opening balance	5,985,708	1,886,821
Exchange adjustments	286	-
Charge / (reversals)		
Charge for the year	2,790,754	4,003,005
Reversals for the year	(4,620)	(236)
Reversal on disposals	(835,803)	(432,568)
	1,950,331	3,570,201
Transfer from NIB under merger	-	528,686
Amounts written off	(70,937)	-
Closing Balance	7,865,388	5,985,708

9.3.2 Particulars of provision against debt securities

Category of classification	2018		2017	
	NPI	Provision	NPI	Provision
(Rupees in '000)				
Domestic				
Loss	491,042	491,042	565,051	565,051

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

9.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	2018		2017	
	Cost		Cost	
	(Rupees in '000)		(Rupees in '000)	
Federal Government Securities - Government guaranteed				
Market Treasury Bills	566,335,054		382,032,013	
Pakistan Investment Bonds	108,585,929		199,781,211	
	674,920,983		581,813,224	
Listed Companies and mutual funds				
Automobile Assembler	1,230,989		737,163	
Automobile Part and Accessories	413,930		413,930	
Cable and Electrical Goods	535,265		353,611	
Cement	2,081,418		1,915,015	
Chemical	5,132		226,866	
Close End Mutual Fund	1,186,851		2,235,697	
Commercial Banks	2,058,099		2,343,137	
Engineering	1,797,442		1,439,867	
Fertilizer	3,119,461		3,188,313	
Food And Personal Care Products	1,230,825		1,115,588	
Insurance	587,629		706,842	
Investment Banks / Companies	41,784		41,784	
NIT Units	5,253		5,253	
Oil & Gas Exploration Companies	1,733,239		1,567,223	
Oil & Gas Marketing Companies	1,127,898		1,127,638	
Open End Mutual Fund	1,361,195		581,814	
Paper And Board	391,951		365,801	
Pharmaceutical	1,068,443		986,293	
Power Generation and Distribution	2,516,198		2,516,198	
Real Estate Investment Trust	-		174,678	
Refinery	887,318		887,318	
Technology And Communication	706,211		588,142	
Textile	446,942		293,071	
Transport	-		71	
	24,533,473		23,811,313	
Unlisted Companies	2018		2017	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Central Depository Company Limited	184,426	619,651	184,426	584,268
First Capital Investment (Pvt) Limited	2,500	3,334	2,500	3,945
First Women Bank Limited	63,300	201,807	63,300	212,247
ISE Towers Reit Management company Limited	30,346	86,235	30,346	71,358
National Investment Trust Limited	1,027,651	1,945,933	1,027,651	2,158,061
National Institutional Facilitation Technologies	1,527	59,076	1,527	55,793
Pak Agro Storage And Service Corporation	2,500	605,006	2,500	570,946
Pak Asian Fund Limited	11,500	18,323	11,500	19,530
Arabian Sea Country Club	5,000	-	5,000	-
SME Bank Limited	10,106	-	10,106	-
Al-Ameen Textile Mills Limited	197	-	197	-
Custodian Management Services	1,000	-	1,000	-
Galaxy Textile Mills Limited	30,178	-	30,178	-
Pakistan Textile City (Pvt) Limited	50,000	-	50,000	-
1 Link (Pvt) Limited	50,000	131,847	-	-
Ayaz Textile Mills Limited	2,253	-	2,253	-
Musarrat Textile Mills Limited	36,045	-	36,045	-
Sadiqabad Textile Mills Limited	26,361	-	26,361	-
Al-Arabia Sugar Mills Limited - Preference shares	4,775	-	4,775	-
Pak Elektron Limited - Preference shares	25,000	25,000	25,000	25,000
	1,564,665	3,696,212	1,514,665	3,701,148
Non Government Debt Securities	2018		2017	
	Cost		Cost	
	(Rupees in '000)		(Rupees in '000)	
Listed				
- AA+, AA, AA-	657,840		654,553	
- A+, A, A-	-		50,062	
	657,840		704,615	
Unlisted				
- AA+, AA, AA-	438,456		264,842	
- A+, A, A-	-		262,088	
- Unrated	-		122,865	
	438,456		649,795	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Foreign Securities

Government Securities

- Bahrain
- Sri Lanka

2018		2017	
Cost	Rating	Cost	Rating
(Rupees in '000)			
140,078	B2	111,515	B1
2,398,868	B2	2,330,328	B1
2,538,946		2,441,843	

Unlisted

- Lanka Clear (Private) Limited
- Credit Information Bureau of Sri Lanka
- Lanka Financial Services Bureau Limited
- Society for Worldwide Inter Fund Transfer (SWIFT)

2018	2017
Cost (Rupees in '000)	
760	720
22	21
760	720
4,663	4,663
6,205	6,124

9.5 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed

- Pakistan Investment Bonds
- Ijarah Sukuks
- Euro Bonds

19,327,990	23,056,943
140,601	113,261
1,231,118	316,496
20,699,709	23,486,700

Provincial Government Securities

Non Government Debt Securities

Listed

- AA+, AA, AA-
- BBB+, BBB, BBB-
- Unrated

3,923,839	2,735,442
50,051	-
16,269	8,135
3,990,159	2,743,577

Unlisted

- AA+, AA, AA-
- A+, A, A-
- BBB+, BBB, BBB-
- Unrated

3,099,684	2,385,878
481,613	241,667
-	90,000
624,654	763,818
4,205,951	3,481,363

Foreign Securities

Government Securities

- Sri Lanka
- United Arab Emirates

2018		2017	
Cost	Rating	Cost	Rating
(Rupees in '000)			
1,172,721	B2	664,015	B1
4,158,507	Aa2	2,404,784	Aa2
5,331,228		3,068,799	

Non Government Debt Securities

Listed

- A+, A, A-

2018	2017
Cost (Rupees in '000)	
136,729	221,246
136,729	221,246

Unlisted

- AA+, AA, AA-
- A+, A, A-

265,860	-
75,959	323,909
341,819	323,909

9.5.1 The market value of securities classified as held-to-maturity as at December 31, 2018 amounted to Rs. 32,921.417 million (December 31, 2017: Rs. 32,921.291 million).

9.6 "Available for sale" Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan.

9.7 Investments include Pakistan Investment Bonds amounting to Rs. 67.9 million (2017: Rs. 67.9 million) earmarked by the SBP against TT discounting facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (2017: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account and Pakistan Investment Bonds amounting to Rs. 50 million (2017: Rs. NIL) have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) on account of removal of irrevocable undertaking as alternate option for collateral against participant's exposure in stock market.

9.8 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 647,880 million (2017: Rs. 695,651 million) as at December 31, 2018. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2018 amounted to Rs. 2,941.400 million (2017: Rs. 3,906.139 million).

9.9 During the year, the Bank injected additional equity of Rs 1.2 billion in MCB Islamic Bank Limited through subscription of rights shares.

9.10 The investment is fully provided for. The company is dormant and has no asset and liability.

9.11 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

9.12 Summarized financial information of associates and subsidiaries

Name	Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Assets	Liabilities
(Rupees in '000)						
2018						
Associates						
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2018)	Pakistan	30%	368,852	(30,157)	411,190	209,566
Adamjee Insurance Company Limited (unaudited based on September 30, 2018)	Pakistan	20%	18,872,622	1,505,199	79,330,901	28,609,789
Subsidiaries						
MNET Services (Private) Limited (audited based on December 31, 2018)	Pakistan	100.00%	13,085	(3,214)	58,822	13,255
MCB Islamic Bank Limited (audited based on December 31, 2018)	Pakistan	100.00%	4,208,875	(1,095,982)	94,894,435	84,824,921
MCB Arif Habib Savings & Investments Limited (audited based on June 30, 2018)	Pakistan	51.33%	703,021	124,193	2,248,728	681,192
MCB Leasing Closed Joint Stock Company (audited based on December 31, 2018)	Azerbaijan	99.94%	117,835	36,440	700,447	422,137
MCB Financial Services Limited (audited based on December 31, 2018)	Pakistan	100.00%	44,473	9,157	86,004	4,492
2017						
Associates						
Euronet Pakistan (Private) Limited (audited based on December 31, 2017)	Pakistan	30%	374,477	(11,415)	402,031	170,250
Adamjee Insurance Company (audited based on December 31, 2017)	Pakistan	21.47%	22,844,109	1,199,841	71,050,513	26,600,515
Subsidiaries						
MNET Services (Private) Limited (audited based on December 31, 2017)	Pakistan	100.00%	27,084	9,119	59,403	10,622
MCB Islamic Bank Limited (audited based on December 31, 2017)	Pakistan	100.00%	2,060,927	(262,997)	51,745,997	42,115,218
MCB Arif Habib Savings & Investments Limited (audited based on June 30, 2017)	Pakistan	51.33%	793,504	202,194	2,263,774	684,236
MCB Leasing Closed Joint Stock Company (audited based on December 31, 2017)	Azerbaijan	99.94%	108,846	39,389	534,919	333,137
MCB Financial Services Limited (audited based on December 31, 2017)	Pakistan	100.00%	42,096	7,246	77,101	4,746

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

10. ADVANCES

	Note	Performing		Non Performing		Total	
		2018	2017	2018	2017	2018	2017
(Rupees in '000)							
Loans, cash credits, running finances, etc.	10.1	479,948,340	445,123,985	47,976,277	47,665,373	527,924,617	492,789,358
Bills discounted and purchased		17,887,661	21,181,250	979,271	1,087,247	18,866,932	22,268,497
Advances - gross		497,836,001	466,305,235	48,955,548	48,752,620	546,791,549	515,057,855
Provision against advances							
- Specific		-	-	(41,943,509)	(44,586,915)	(41,943,509)	(44,586,915)
- General		(1,266,717)	(1,115,091)	-	-	(1,266,717)	(1,115,091)
		(1,266,717)	(1,115,091)	(41,943,509)	(44,586,915)	(43,210,226)	(45,702,006)
Advances - net of provision		496,569,284	465,190,144	7,012,039	4,165,705	503,581,323	469,355,849

10.1 Includes Net Investment in Finance Lease as disclosed below:

	2018				2017			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	104,622	2,046,561	2,721,816	4,872,999	77,385	1,912,403	2,789,791	4,779,579
Residual value	15,000	25,867	5,397	46,264	17,779	35,590	4,837	58,206
Minimum lease payments	119,622	2,072,428	2,727,213	4,919,263	95,164	1,947,993	2,794,628	4,837,785
Financial charges for future periods	(10,382)	(199,795)	(496,750)	(706,927)	(13,159)	(144,425)	(408,920)	(566,504)
Present value of minimum lease payments	109,240	1,872,633	2,230,463	4,212,336	82,005	1,803,568	2,385,708	4,271,281

10.2 Particulars of advances (Gross)	2018		2017	
	(Rupees in '000)		(Rupees in '000)	
In local currency	502,170,129	465,854,590		
In foreign currencies	44,621,420	49,203,265		
	546,791,549	515,057,855		

10.3 Advances include Rs. 48,955,548 million (2017: Rs. 48,752,620 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	2018		2017	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		(Rupees in '000)			
Domestic	10.3.1				
Other Assets Especially Mentioned		49,212	2,591	171,209	9,934
Substandard		1,141,738	284,313	396,984	98,475
Doubtful		1,734,078	866,961	218,714	109,357
Loss		38,336,086	37,706,005	41,869,272	41,113,793
		41,261,114	38,859,870	42,656,179	41,331,559
Overseas					
Not past due but impaired		62,287	62,287	364	91
Overdue by:					
Upto 90 days		624,403	433,424	-	-
91 to 180 days	140,323	35,205	186,552	70,584	
181 to 365 days	7,473	3,736	344,151	172,075	
> 365 days	6,859,948	2,548,987	5,565,374	3,012,606	
		7,694,434	3,083,639	6,096,441	3,255,356
Total		48,955,548	41,943,509	48,752,620	44,586,915

10.3.1 This represents non-performing portfolio of agricultural and small enterprise financing classified as OAEM as per the requirements of the Prudential Regulation for Agricultural and Small Enterprise Financing issued by the State Bank of Pakistan.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

10.4 Particulars of provision against advances

	Note	2018			2017		
		Specific	General	Total	Specific	General	Total
(Rupees in '000)							
Opening balance		44,586,915	1,115,091	45,702,006	18,938,091	759,839	19,697,930
Transfer from NIB under merger	10.4.3	-	-	-	28,769,002	178,878	28,947,880
Exchange adjustments		513,168	18,341	531,509	101,986	1,628	103,614
Charge for the year		1,613,562	133,330	1,746,892	3,162,762	174,746	3,337,508
Reversals	10.4.4	(4,618,549)	(45)	(4,618,594)	(6,234,395)	-	(6,234,395)
		(3,004,987)	133,285	(2,871,702)	(3,071,633)	174,746	(2,896,887)
Amounts written off	10.5	(151,587)	-	(151,587)	(150,531)	-	(150,531)
Closing balance		41,943,509	1,266,717	43,210,226	44,586,915	1,115,091	45,702,006

10.4.1 Particulars of provision against advances

		2018			2017		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
In local currency		38,859,870	1,087,110	39,946,980	41,331,559	1,037,477	42,369,036
In foreign currencies		3,083,639	179,607	3,263,246	3,255,356	77,614	3,332,970
		41,943,509	1,266,717	43,210,226	44,586,915	1,115,091	45,702,006

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

10.4.3 In 2017, classified portfolio amounting to Rs. 29,649.756 million had been transferred from NIB Bank Limited under merger scheme.

10.4.4 This includes reversal of provisions and reduction of non-performing loans amounting to Rs. 307 million (2017: Rs. 164 million) as a result of settlement on debt asset swap arrangement with customers.

10.4.5 General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of unsecured performing portfolio as required by the Prudential Regulations 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. General provision against all other advances represents provision maintained at around 0.1% of gross advances.

10.5 Particulars Of Write Offs:	Note	2018	2017
		(Rupees in '000)	
10.5.1 Against Provisions	10.4	151,587	150,531
Directly charged to Profit & Loss account	33	30	14
		151,617	150,545
10.5.2 Write Offs of Rs. 500,000 and above			
- Domestic	10.6	151,393	150,336
- Overseas		-	-
Write Offs of below Rs. 500,000		224	209
		151,617	150,545

10.6 Details Of Loan Write Off Of Rs. 500,000/- And Above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2018 is given at Annexure- I of unconsolidated financial statements. However, this write off does not affect the Bank's right to recover the debts from these customers.

11. FIXED ASSETS	Note	2018	2017
		(Rupees in '000)	
Capital work-in-progress	11.1	1,497,227	935,158
Property and equipment	11.2	39,572,534	38,234,448
		41,069,761	39,169,606
11.1 Capital work-in-progress			
Civil works		622,609	397,487
Advances to suppliers		868,708	528,720
Others		5,910	8,951
		1,497,227	935,158

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

11.2 Property and Equipment

		2018								
		Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold Improvements	Total
		(Rupees '000)								
At January 1, 2018										
Cost / Revalued amount		18,944,318	2,392,866	11,240,399	460,136	1,632,930	13,841,043	1,109,632	352,010	49,973,334
Accumulated depreciation		-	-	(526,571)	(96,357)	(990,803)	(9,394,871)	(556,137)	(174,147)	(11,738,886)
Net book value		18,944,318	2,392,866	10,713,828	363,779	642,127	4,446,172	553,495	177,863	38,234,448
Year ended December 31, 2018										
Opening net book value		18,944,318	2,392,866	10,713,828	363,779	642,127	4,446,172	553,495	177,863	38,234,448
Additions		864,930	47,285	842,987	98,338	197,464	1,318,525	138,680	191,176	3,699,385
Transfer from Non-Banking assets		-	-	101,714	-	-	-	-	-	101,714
Transfer under demerger scheme (note 1.1)		-	-	-	-	(27,071)	(148,680)	-	-	(175,751)
Disposals		(253,112)	-	(52,728)	-	(1,001)	(893)	(20,569)	-	(328,303)
Depreciation charge		-	-	(336,903)	(20,021)	(123,190)	(1,262,020)	(137,633)	(100,839)	(1,980,606)
Exchange rate adjustments		-	-	4,139	4,357	4,644	5,557	1,840	1,110	21,647
Closing net book value		19,556,136	2,440,151	11,273,037	446,453	692,973	4,358,661	535,813	269,310	39,572,534
At December 31, 2018										
Cost / Revalued amount		19,556,136	2,440,151	12,138,906	563,273	1,689,662	13,954,280	1,149,293	521,985	52,013,686
Accumulated depreciation		-	-	(865,869)	(116,820)	(996,689)	(9,595,619)	(613,480)	(252,675)	(12,441,152)
Net book value		19,556,136	2,440,151	11,273,037	446,453	692,973	4,358,661	535,813	269,310	39,572,534
Rate of depreciation / estimated useful life		-	-	Upto 60 years	Upto 50 years	10%	10%-25%	20%	33.33%	-

		2017								
		Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold Improvements	Total
		(Rupees '000)								
At January 1, 2017										
Cost / Revalued amount		16,812,385	309,941	9,783,543	140,221	1,223,844	11,113,202	933,023	770,755	41,086,914
Accumulated depreciation		-	-	-	-	(747,642)	(7,790,380)	(443,925)	(633,657)	(9,615,604)
Net book value		16,812,385	309,941	9,783,543	140,221	476,202	3,322,822	489,098	137,098	31,471,310
Year ended December 31, 2017										
Opening net book value		16,812,385	309,941	9,783,543	140,221	476,202	3,322,822	489,098	137,098	31,471,310
Additions		1,337,484	-	708,483	15,434	201,672	1,842,594	208,902	118,924	4,433,493
Acquisitions through business combinations		794,449	2,082,925	508,299	218,734	72,306	388,041	1,236	-	4,065,990
Disposals		-	-	-	-	(470)	(3,999)	(12,025)	-	(16,494)
Depreciation charge		-	-	(288,553)	(11,575)	(109,884)	(1,102,406)	(134,241)	(82,629)	(1,729,288)
Write off		-	-	-	-	(5)	(8)	-	-	(13)
Exchange rate adjustments		-	-	2,056	965	2,306	(872)	525	4,470	9,450
Closing net book value		18,944,318	2,392,866	10,713,828	363,779	642,127	4,446,172	553,495	177,863	38,234,448
At December 31, 2017										
Cost / Revalued amount		18,944,318	2,392,866	11,240,399	460,136	1,632,930	13,841,043	1,109,632	352,010	49,973,334
Accumulated depreciation		-	-	(526,571)	(96,357)	(990,803)	(9,394,871)	(556,137)	(174,147)	(11,738,886)
Net book value		18,944,318	2,392,866	10,713,828	363,779	642,127	4,446,172	553,495	177,863	38,234,448
Rate of depreciation / estimated useful life		-	-	Upto 60 years	Upto 50 years	10%	10%-25%	20%	33.33%	-

11.2.1 Leasehold land include a plot of land having book value of Rs. 1,092.161 million situated in Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession as tenant of an insignificant area of only 18 square feet of the plot measuring 3,120.46 square yards, however there is no issue over the title of the subject property. Both the Constitutional Petitions filed by the Bank have been dismissed by the Sindh High Court on 28 January 2016 against the Bank. The Bank has filed an appeal before the Supreme Court of Pakistan.

11.2.2 The land and buildings of the Bank were revalued as at December 31, 2016 by independent valuers (Arche-deDecon, Tristar International Consultant (Pvt) Limited & Sardar Enterprises), valuation and engineering consultants, on the basis of market value. The total surplus against revaluation of fixed assets as at December 31, 2018 amounts to Rs. 13,185.366 million.

11.2.3 Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at December 31, 2018 would have been as follows:

	(Rupees in '000)
Land	11,647,160
Buildings	8,883,251

11.2.4 The gross carrying amount (cost) of fully depreciated assets that are still in use are as follows:

	(Rupees in '000)
Furniture and fixture	451,995
Electrical, computers and office equipment	6,461,614
Vehicles	315,312
Leasehold Improvements	17,842

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	(Rupees in '000)
Land	11,647,160
Buildings	8,883,251

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	(Rupees in '000)
Furniture and fixture	451,995
Electrical, computers and office equipment	6,461,614
Vehicles	315,312
Leasehold Improvements	17,842

11.2.5 Carrying amount of temporarily idle property of the Bank is Rs. 45.485 million (2017: Rs. 74,980 million)

11.2.6 The information relating to disposal of operating fixed assets to related parties is given in Annexure II of these unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	(Rupees in '000)	
12. INTANGIBLE ASSETS	Computer software	
At January 1		
Cost	3,148,929	2,987,426
Accumulated amortisation	(2,744,603)	(2,644,139)
Net book value	404,326	343,287
Year ended December 31		
Opening net book value	404,326	343,287
Additions - directly purchased	221,949	304,492
Amortisation charge	(255,629)	(243,529)
Exchange rate adjustments	1,690	76
Closing net book value	372,336	404,326
At December 31		
Cost	3,380,565	3,148,929
Accumulated amortisation and impairment	(3,008,229)	(2,744,603)
Net book value	372,336	404,326
Rate of amortisation (percentage)	14% to 33.33%	14% to 33.33%
Useful life	3 - 7 years	3 - 7 years

12.1 The gross carrying amount (cost) of fully depreciated intangible assets that are still in use is Rs. 2,527,489 million.

	Note	2018	2017
		(Rupees in '000)	
Income/ mark-up accrued in local currency		11,232,274	13,296,080
Income/ mark-up accrued in foreign currencies		128,921	315,327
Advances, deposits, advance rent and other prepayments		2,340,059	2,007,400
Advance taxation (payments less provisions)		7,354,020	13,633,808
Compensation for delayed income tax refunds		133,809	239,947
Non-banking assets acquired in satisfaction of claims	13.1	3,653,840	4,095,546
Branch adjustment account		146,299	240,871
Mark to market gain on forward foreign exchange contracts		3,520,808	2,864,186
Unrealized gain on derivative financial instruments		852,465	38,569
Acceptances	20	15,847,453	15,926,851
Receivable from the pension fund	38.4	3,815,170	5,990,536
Others		6,622,685	6,447,611
		55,647,803	65,096,732
Less: Provision held against other assets	13.2	2,550,584	3,016,792
Other Assets (net of provision)		53,097,219	62,079,940
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		480,871	215,065
Other Assets - total		53,578,090	62,295,005
13.1 Market value of Non-banking assets acquired in satisfaction of claims		4,035,114	4,288,001

Non-banking assets acquired in satisfaction of claims of the Bank are revalued as at December 31, 2018 by independent valuers (Arch-e-Decon, Fks Building Services, T&M Associates, Orient Engineering Services & Sama Engineering), valuation and engineering consultants, on the basis of market value.

	Note	2018	2017
		(Rupees in '000)	
13.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		4,288,001	1,180,750
Additions		309,163	199,167
Revaluation / (reversal on disposal)		265,806	(2,395)
Disposals		(600,000)	(107,555)
Depreciation		(49,155)	(29,947)
Acquisitions through business combinations		-	3,047,981
Impairment		(76,987)	-
Transfer to fixed assets		(101,714)	-
Closing balance		4,035,114	4,288,001
13.1.2 Gain / (loss) on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		682,410	108,070
- Cost		600,500	107,555
- Depreciation		(500)	-
		600,000	107,555
Gain	13.1.2.1	82,410	515

13.1.2.1 This represents gain on sale of a plot in Clifton Karachi.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (Rupees in '000)	2017
13.2 Provision held against other assets			
Non banking assets acquired in satisfaction of claims		99,597	22,610
Others		2,450,987	2,994,182
		<u>2,550,584</u>	<u>3,016,792</u>
13.2.1 Movement in provision held against other assets			
Opening balance		3,016,792	1,564,036
Charge for the year		112,529	562,827
Reversals		(721,119)	-
	33	(608,590)	562,827
Transfer from NIB under merger		-	916,248
Amount written off		(7,180)	(9,448)
Exchange and other adjustments		149,562	(16,871)
Closing balance		<u>2,550,584</u>	<u>3,016,792</u>

14. CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2018 (2017: NIL).

		2018 (Rupees in '000)	2017
15. BILLS PAYABLE			
In Pakistan		15,644,752	22,638,257
Outside Pakistan		54,528	42,410
		<u>15,699,280</u>	<u>22,680,667</u>
16. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under export refinance scheme	16.1	27,443,517	24,776,965
Under long term financing facility	16.2	14,628,994	12,797,076
Under renewable energy performance platform	16.3	28,420	3,680
Under financing facility for storage of agricultural produce	16.4	165,267	254,045
		42,266,198	37,831,766
Repurchase agreement borrowings	16.5	165,703,249	88,849,251
Total secured		<u>207,969,447</u>	<u>126,681,017</u>
Unsecured			
Borrowings from other financial institution	16.6	556,939	1,831,801
Call borrowings	16.7	5,458,050	3,285,818
Overdrawn nostro accounts		1,872,164	1,108,634
Others		162,286	162,286
Total unsecured		<u>8,049,439</u>	<u>6,388,539</u>
	16.8	<u>216,018,886</u>	<u>133,069,556</u>
16.1	The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within six months. These carry mark up rates ranging from 1.0% to 2.0% per annum.		
16.2	These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 3.0% to 4.50% per annum.		
16.3	These borrowings have been obtained from the SBP for providing financing facilities to customers against renewable energy projects. These borrowings are repayable within a period of twelve years with two years grace period from date of disbursement. These carry mark up rate of 6% per annum.		
16.4	These Borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark up rates ranging from 2.50% to 3.50% per annum.		
16.5	These carry mark-up rates ranging from 9.0% to 10.25% per annum (2017: 5.65% to 9.02% per annum) and are secured against government securities of carrying value of Rs. 165,813.949 million (2017: Rs. 88,895,281 million). These are repayable latest by March 2019.		
16.6	These carry mark-up rate of 2.30% per annum (2017: 1.60% to 11.15% per annum).		
16.7	These carry mark-up ranging from 2.25% to 10.25% per annum (2017: 0.75% to 5.70% per annum). These are repayable by June 2019.		
16.8	Particulars of borrowings with respect to currencies		
In local currency		212,073,343	126,988,022
In foreign currencies		3,945,543	6,081,534
		<u>216,018,886</u>	<u>133,069,556</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

17. DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In Local Currency	In Foreign Currencies	Total (Rupees in '000)	In Local Currency	In Foreign Currencies	Total
Customers						
Current deposits	325,800,150	34,643,583	360,443,733	306,318,410	27,504,908	333,823,318
Savings deposits	502,660,835	39,470,374	542,131,209	481,156,845	32,869,484	514,026,329
Term deposits	73,140,915	13,877,453	87,018,368	55,901,662	10,295,359	66,197,021
Others	27,009,821	4,340,402	31,350,223	30,114,885	2,609,953	32,724,838
	928,611,721	92,331,812	1,020,943,533	873,491,802	73,279,704	946,771,506
Financial Institutions						
Current deposits	7,560,308	2,267,492	9,827,800	8,733,462	1,574,288	10,307,750
Savings deposits	10,762,643	20,548	10,783,191	8,238,660	15,540	8,254,200
Term deposits	661,580	6,544,203	7,205,783	2,204,585	717,001	2,921,586
Others	-	277,308	277,308	-	227,593	227,593
	18,984,531	9,109,551	28,094,082	19,176,707	2,534,422	21,711,129
	947,596,252	101,441,363	1,049,037,615	892,668,509	75,814,126	968,482,635

	2018 (Rupees in '000)	2017
17.1 Composition of deposits		
- Individuals	670,185,660	600,744,849
- Government (Federal and Provincial)	51,552,271	43,966,465
- Public Sector Entities	54,059,201	41,405,132
- Banking Companies	6,346,735	4,432,642
- Non-Banking Financial Institutions	21,747,347	17,278,487
- Private Sector	245,146,401	260,655,060
	1,049,037,615	968,482,635

17.2 Deposits and other accounts include deposits eligible to be covered under the Deposits Protection insurance arrangements amounting to Rs 719,636.806 million (2017:Rs 699,108.288).

18. SUBORDINATED DEBT

	2018 (Rupees in '000)	2017
Term Finance Certificates - Listed, Unsecured	3,891,019	3,892,578
Issue amount	Rs. 4,198.035 million	
Issue date	June 19, 2014	
Maturity date	June 19, 2022	
Rating	AAA (triple A)	
Security	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits	
Profit payment frequency	Semi-Annually	
Redemption	Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.	
Mark-up	Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR"))	
Call option	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.	
Lock-in-clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR. In case the lock-in clause goes into effect, the Bank will be required to comply with the SBP instructions prevalent or issued at the time.	
Loss absorbency clause	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

19. DEFERRED TAX LIABILITIES

		2018			
	Note	At January 01, 2018	Recognised in P&L A/C	Recognised in OCI	At December 31, 2018
(Rupees in '000)					
Taxable Temporary Differences on					
- Surplus on revaluation of fixed assets	23.1	1,025,234	(32,550)	-	992,684
- Surplus on revaluation of Non-banking assets	23.2	75,273	-	93,032	168,305
- Accelerated tax depreciation		1,534,613	72,948	-	1,607,561
- Receivable from pension fund		2,096,688	(225,585)	(535,794)	1,335,309
- Business combination		705,218	-	-	705,218
- Surplus/deficit on revaluation of investments	23	2,470,526	-	(2,470,526)	-
		7,907,552	(185,187)	(2,913,288)	4,809,077
Deductible Temporary Differences on					
- Provision against advances		(3,282,517)	1,490,770	-	(1,791,747)
- Surplus/deficit on revaluation of investments	23	-	-	(1,485,153)	(1,485,153)
		(3,282,517)	1,490,770	(1,485,153)	(3,276,900)
		4,625,035	1,305,583	(4,398,441)	1,532,177

2017						
		At January 01, 2017	Recognised in P&L A/C	Recognised in OCI	Adjustment due to merger	At December 31, 2017
(Rupees in '000)						
Taxable Temporary Differences on						
- Surplus on revaluation of fixed assets	23.1	1,054,091	(28,857)	-	-	1,025,234
- Surplus on revaluation of non-banking assets	23.2	76,111	-	(838)	-	75,273
- Accelerated tax depreciation		1,425,265	109,348	-	-	1,534,613
- Receivable from pension fund		2,720,719	200,056	(824,087)	-	2,096,688
- Business combination		-	-	-	705,218	705,218
- Surplus on revaluation of investments	23	5,998,542	-	(3,528,016)	-	2,470,526
		11,274,728	280,547	(4,352,941)	705,218	7,907,552
Deductible Temporary Differences on						
- Tax losses carried forward		-	2,781,300	-	(2,781,300)	-
- Post retirement employee benefits		(7,465)	7,465	-	-	-
- Provision against advances		(7,048)	3,135,408	-	(6,410,877)	(3,282,517)
- Others		-	916,515	-	(916,515)	-
		(14,513)	6,840,688	-	(10,108,692)	(3,282,517)
		11,260,215	7,121,235	(4,352,941)	(9,403,474)	4,625,035

	Note	2018	2017
(Rupees in '000)			
Mark-up/ return/ interest payable in local currency		12,775,306	7,625,237
Mark-up/ return/ interest payable in foreign currencies		468,339	300,862
Unearned commission and income on bills discounted		201,151	207,738
Accrued expenses		5,022,283	5,205,686
Workers' welfare fund	20.1	7,071,660	6,430,388
Acceptances	13	15,847,453	15,926,851
Unclaimed/dividends payable		1,470,406	2,600,251
Mark to market loss on forward foreign exchange contracts		3,495,971	2,338,530
Unrealized loss on derivative financial instruments		863,617	28,076
Staff welfare fund		5,490	5,661
Provision for employees' compensated absences	38.4	1,028,129	1,145,135
Provision for post retirement medical benefits	38.4	1,730,409	2,140,300
Provision for employees' contributory benevolent scheme	38.4	214,252	248,518
Retention money		20,657	20,657
Insurance payable against consumer assets		688,107	659,374
Unclaimed balances		1,133,843	1,361,906
Duties and taxes payable		577,222	604,337
Provision against off-balance sheet obligations		37,430	37,430
Security deposits against lease		479,428	488,936
Others		9,542,202	9,545,210
		62,673,355	56,921,083

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

21. SHARE CAPITAL

21.1 Authorized Capital

2018 (Number of shares)	2017 (Number of shares)		2018 (Rupees in '000)	2017 (Rupees in '000)
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

21.2 Issued, subscribed and paid up

2018 (Number of shares)	2017 (Number of shares)		2018 (Rupees in '000)	2017 (Rupees in '000)
		<u>Ordinary shares</u>		
197,253,795	197,253,795	Fully paid in cash	1,972,538	1,972,538
915,776,953	915,776,953	Issued as bonus shares	9,157,769	9,157,769
72,029,258	72,029,258	Issued for consideration other than cash	720,293	720,293
1,185,060,006	1,185,060,006		11,850,600	11,850,600

21.3 The movement in the issued, subscribed and paid-up capital during the year is as follows:

2018 (Number of shares)	2017 (Number of shares)		2018 (Rupees in '000)	2017 (Rupees in '000)
1,185,060,006	1,113,030,748	Opening balance at January 1	11,850,600	11,130,307
-	72,029,258	Shares issued under merger scheme	-	720,293
1,185,060,006	1,185,060,006	Closing balance at December 31	11,850,600	11,850,600

21.4 Number of shares held by the associated undertakings as at December 31, are as follows:

	2018 (Number of shares)	2017 (Number of shares)
Adamjee Insurance Company Limited	47,827,287	47,159,787
Adamjee Life Assurance Company Limited	4,616,500	1,687,500
Nishat Mills Limited	88,015,291	88,015,291
Din Leather (Private) Limited	-	6,789,633
Siddiqsons Limited	14,276,462	14,276,462
Maybank International Trust (Labuan) Berhad	222,606,147	222,606,147
	377,341,687	380,534,820

22. RESERVES

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	22.1	908,317	908,317
Exchange translation reserve		1,629,543	483,993
Statutory reserve	22.2	29,259,007	27,123,049
General reserve		18,600,000	18,600,000
		74,147,981	70,866,473

22.1 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.

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

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	(4,243,297)	7,058,646
- Fixed Assets	23.1	13,185,366	13,370,529
- Non-banking assets acquired in satisfaction of claims	23.2	480,871	215,065
		9,422,940	20,644,240
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	19	(1,485,153)	2,470,526
- Fixed Assets	23.1	992,684	1,025,234
- Non-banking assets acquired in satisfaction of claims	23.2	168,305	75,273
		(324,164)	3,571,033
		9,747,104	17,073,207

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

		2018 (Rupees in '000)	2017
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		13,370,529	13,452,977
Realised on disposal during the year - net of deferred tax		(99,081)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(53,532)	(53,591)
Related deferred tax liability on incremental depreciation charged during the year		(28,824)	(28,857)
Related deferred tax liability on surplus realised on disposal		(3,726)	-
Surplus on revaluation of fixed assets as at December 31		13,185,366	13,370,529
Less: related deferred tax liability on:			
- revaluation as at January 1		1,025,234	1,054,091
- surplus realised on disposal during the year		(3,726)	-
- incremental depreciation charged during the year		(28,824)	(28,857)
		992,684	1,025,234
		12,192,682	12,345,295
23.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		215,065	217,460
Recognised during the year		265,806	-
Realised on disposal during the year - net of deferred tax		-	(2,395)
Surplus on revaluation as at December 31		480,871	215,065
Less: related deferred tax liability on:			
- revaluation as at January 1		75,273	76,111
- revaluation recognised during the year		93,032	-
- surplus realised on disposal during the year		-	(838)
		168,305	75,273
		312,566	139,792
24. CONTINGENCIES AND COMMITMENTS	Note	2018 (Rupees in '000)	2017
-Guarantees	24.1	170,138,859	133,641,217
-Commitments	24.2	397,683,110	308,555,812
-Other contingent liabilities	24.3	16,612,336	5,938,071
		584,434,305	448,135,100
24.1 Guarantees:			
Financial guarantees		140,350,012	86,242,273
Performance guarantees		29,003,435	43,112,826
Other guarantees		785,412	4,286,118
		170,138,859	133,641,217

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (Rupees in '000)	2017
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		132,940,176	126,924,090
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	216,768,127	160,312,448
- forward government securities transactions	24.2.2	27,935,661	7,000,000
- derivatives	24.2.3	11,285,103	5,280,080
- operating leases	24.2.4	7,223,152	8,942,795
Commitments for acquisition of:			
- operating fixed assets		1,420,585	90,176
- intangible assets		110,306	6,223
		397,683,110	308,555,812
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		125,528,129	85,101,993
Sale		91,239,998	75,210,455
		216,768,127	160,312,448
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		13,660,947	7,000,000
Sale		14,274,714	-
		27,935,661	7,000,000
24.2.3 Commitments in respect of derivatives			
FX options (notional)			
Purchase		1,378,370	865,718
Sale		1,378,370	865,718
		2,756,740	1,731,436
Cross Currency Swaps (notional)			
Purchase		4,026,814	1,510,582
Sale		4,185,049	1,721,562
		8,211,863	3,232,144
Interest Rate Swaps (notional)			
Purchase		316,500	316,500
Sale		-	-
		316,500	316,500
		11,285,103	5,280,080
24.2.4 Commitments in respect of operating leases			
Not later than one year		1,211,422	1,471,987
Later than one year and not later than five years		3,754,916	4,646,916
Later than five years		2,256,814	2,823,892
		7,223,152	8,942,795

24.2.5 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	2018 (Rupees in '000)	2017
24.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	24.3.1	16,612,336	5,938,071

24.3.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

24.4 The Income Tax returns of the Bank have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue. The income tax authorities have issued amended assessment orders for various tax years. 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. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

25. DERIVATIVE INSTRUMENTS

25.1 Product Analysis

2018						
Counterparties	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to Market gain/ Loss
(Rupees in '000)						
With Banks for						
Hedging	4,026,814	725,117	316,500	14,771	1,378,370	48,090
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	4,185,049	(751,040)	-	-	1,378,370	(48,090)
Total						
Hedging	4,026,814	725,117	316,500	14,771	1,378,370	48,090
Market Making	4,185,049	(751,040)	-	-	1,378,370	(48,090)
2017						
Counterparties	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to Market gain/ Loss
(Rupees in '000)						
With Banks for						
Hedging	1,510,582	25,609	316,500	(4,708)	865,718	12,960
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	1,721,562	(10,408)	-	-	865,718	(12,960)
Total						
Hedging	1,510,582	25,609	316,500	(4,708)	865,718	12,960
Market Making	1,721,562	(10,408)	-	-	865,718	(12,960)

25.2 Maturity Analysis

			2018		
Remaining Maturity	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
	(Rupees in '000)				
Upto 1 month	44	1,462,433	(85,020)	85,050	30
1 to 3 months	66	1,512,180	(26,820)	26,820	-
3 to 6 months	14	197,096	(4,241)	4,241	-
1 to 2 Year	10	3,526,504	(431,981)	384,758	(47,223)
2 to 3 Years	6	2,418,453	(171,636)	184,301	12,665
3 to 5 Years	4	2,168,437	(143,919)	167,295	23,376
Total			(863,617)	852,465	
2017					
Remaining Maturity	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
	(Rupees in '000)				
Upto 1 month	24	682,674	(3,363)	3,363	-
1 to 3 months	36	802,035	(6,538)	6,538	-
3 to 6 months	20	246,728	(3,058)	3,058	-
6 month to 1 Year	2	415,206	(5,646)	6,451	805
1 to 2 Year	2	414,968	(558)	1,656	1,098
2 to 3 Years	8	2,718,469	(8,913)	17,503	8,590
Total			(28,076)	38,569	

25.3 Disclosure relating to qualitative and quantitative information on exchange traded derivatives are disclosed in note 45.5.

25.4 Risk management related to derivatives is discussed in note 45.5.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (Rupees in '000)	2017
26. MARK-UP/RETURN/INTEREST EARNED			
On:			
a) Loans and advances		36,963,557	26,930,687
b) Investments		44,719,383	46,875,754
c) Lendings to financial institutions		1,390,346	173,759
d) Balances with banks		245,708	110,772
		<u>83,318,994</u>	<u>74,090,972</u>
27. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		32,081,328	22,104,998
Borrowings		4,252,854	8,836,710
Subordinated debt		307,789	138,081
Cost of foreign currency swaps against foreign currency deposits / borrowings		662,873	348,970
		<u>37,304,844</u>	<u>31,428,759</u>
28. FEE & COMMISSION INCOME			
Branch banking customer fees		2,459,709	2,322,457
Consumer finance related fees		270,806	210,460
Card related fees (debit and credit cards)		2,579,871	2,200,103
Credit related fees		150,733	186,466
Investment banking fee		103,639	296,657
Commission on trade		1,411,010	1,148,287
Commission on guarantees		415,822	406,571
Commission on cash management		600,347	536,571
Commission on remittances including home remittances		981,721	716,862
Commission on utility bills		109,641	99,755
Commission income - Bancassurance		1,143,620	1,000,453
Rent on lockers		242,072	243,856
Commission on investments services		83,948	167,434
Other Commission		177,565	204,812
		<u>10,730,504</u>	<u>9,740,744</u>
29. GAIN ON SECURITIES, NET			
Realised	29.1	1,295,604	4,746,658
Unrealised - held for trading	9.1	(2,473)	(5,652)
		<u>1,293,131</u>	<u>4,741,006</u>
29.1 Realised gain on:			
Federal Government Securities		269,209	899,732
Shares		1,026,395	3,846,926
		<u>1,295,604</u>	<u>4,746,658</u>
30. OTHER INCOME			
Rent on property		47,234	22,505
Gain on sale of fixed assets-net		245,655	19,938
Gain on sale of non banking assets - net		82,410	515
Compensation on tax refunds		86,862	-
		<u>462,161</u>	<u>42,958</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (Rupees in '000)	2017
31. OPERATING EXPENSES			
Total compensation expense	31.1	14,053,111	12,301,037
Property expense			
Rent and taxes		1,959,368	1,525,703
Insurance		25,807	27,312
Utilities cost		1,094,732	910,928
Fuel expense generators		513,533	458,984
Security (including guards)		1,602,667	1,392,077
Repair and maintenance (including janitorial charges)		945,267	789,513
Depreciation	11.2	457,946	382,759
		6,599,320	5,487,276
Information technology expenses			
Software maintenance		785,379	601,170
Hardware maintenance		363,778	349,385
Depreciation	11.2	559,696	526,661
Amortisation		255,629	243,529
Network charges		615,522	621,373
Insurance		4,400	4,606
		2,584,404	2,346,724
Other operating expenses			
Directors' fees and allowances		40,741	38,692
Legal and professional charges		302,042	328,071
Outsourced services costs	37.1	1,119,136	1,167,001
Travelling and conveyance		343,137	292,949
NIFT clearing charges		145,508	136,080
Depreciation	11.2	962,964	819,868
Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	49,155	29,947
Training and development		51,038	60,098
Postage and courier charges		271,494	322,883
Communication		316,790	384,276
Stationery and printing		703,853	645,762
Marketing, advertisement & publicity		518,146	530,751
Donations	31.2	696	11,817
Auditors' remuneration	31.3	34,203	40,876
Cash transportation charges		743,593	631,131
Repair and maintenance		825,561	774,526
Subscription		24,247	17,943
Entertainment		232,634	234,965
Remittance charges		184,004	151,929
Brokerage expenses		23,376	26,840
Card related expenses		737,528	562,239
CNIC verification charges		138,237	107,363
Insurance		820,692	254,368
Others		265,183	252,399
		8,853,958	7,822,774
		32,090,793	27,957,811

Total cost for the year included in other operating expenses relating to outsourced activities is Rs 335.367 million (2017: Rs 329.591 million) pertains to the payment to companies incorporated in Pakistan. Total Cost of outsourced activities for the year given to related parties is Rs 263.283 million (2017: Rs 177.579 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (Rupees in '000)	2017
31.1 Total compensation expense			
Fees and allowances		471,711	474,072
Managerial remuneration			
i) Fixed		9,813,266	9,200,431
ii) Variable - cash bonus / awards		1,736,848	1,935,807
Charge / (reversal) for defined benefit plan		943,661	(144,497)
Contribution to defined contribution Plan		347,043	301,713
Commission		230,032	138,658
Staff group insurance		331,000	256,229
Rent and house maintenance		53,422	38,366
Medical		30,706	26,226
Conveyance		81,506	68,266
Sub-total		14,039,195	12,295,271
Sign-on bonus	31.1.1	960	4,172
Severance allowance	31.1.2	12,956	1,594
Grand Total		14,053,111	12,301,037

31.1.1 During the year sign on bonus is paid to 1 employee (2017: 8).

31.1.2 Severance allowance is paid to 4 employees (2017: 1).

	2018 (Rupees in '000)	2017
31.2 Detail of donations made during the year is as follows:		
District Head Quarter Hospital, Gawadar	696	-
Saleem Memorial Trust Hospital	-	5,000
SKMC Hospital & Research Center	-	1,500
Diabetic Association of Pakistan	-	1,000
The Indus Hospital	-	1,000
FRESH Foundation	-	767
Murshid Hospital & Charity Hospital Care Center	-	500
Rising Sun Education & Welfare Society	-	500
The Citizens Foundation	-	500
Pink Ribbon Hospital	-	500
Pakistan Association of the Blind	-	500
Donations individually not exceeding Rs.0.5 million	-	50
	696	11,817

31.3 Auditors' remuneration

Audit fee	14,606	14,450
Fee for audit of foreign branches	13,669	12,354
Special certifications and sundry advisory services	3,360	10,300
Sales tax	730	1,342
Out-of-pocket expenses	1,838	2,430
	34,203	40,876

32. OTHER CHARGES

Write off of fixed assets	-	13
Penalties of State Bank of Pakistan	7,097	1,611
VAT & National Building tax & Crop Insurance Levy	151,159	128,508
Education cess	11,593	12,713
	169,849	142,845

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (Rupees in '000)	2017
33. (REVERSALS) / PROVISIONS & WRITE OFFS - NET			
Provision against balance with Banks		4,357	-
Provisions for diminution in value of investments	9.3.1	1,950,331	3,570,201
Provisions / (reversals) against loans & advances	10.4	(2,871,702)	(2,896,887)
Provisions / (reversals) against other assets	13.2.1	(608,590)	562,827
Bad debts written off directly	10.5.1	30	14
Recovery of written off / charged off bad debts		(227,682)	(191,136)
		(1,753,256)	1,045,019
34. TAXATION			
Current		11,105,084	3,609,900
Prior years		(1,706,627)	(2,175,828)
Deferred	19	1,305,583	7,121,235
		10,704,040	8,555,307
34.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		32,063,618	31,014,208
Tax rate		35%	35%
Tax on income		11,222,266	10,854,973
Tax effect of permanent differences		2,484	564
Tax effect of prior years reversals		(1,706,627)	(2,175,828)
Others		1,185,917	(124,402)
Tax charge for the year		10,704,040	8,555,307
35. BASIC AND DILUTED EARNINGS PER SHARE			
		2018 (Rupees in '000)	2017
Profit for the year after tax		21,359,578	22,458,901
		(Number)	
Weighted average number of ordinary shares		1,185,060,006	1,147,960,005
		(Rupees)	
Basic and diluted earnings per share		18.02	19.56
In 2017, the Bank issued 72,029,258 shares in pursuant to NIB Bank Limited amalgamation with and into MCB Bank Limited as on July 07, 2017.			

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

36. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks
Balances with other banks
Overdrawn nostro accounts

Note	2018	2017
	(Rupees in '000)	
6	103,174,597	106,072,084
7	11,878,975	4,579,275
16	(1,872,164)	(1,108,634)
	113,181,408	109,542,725

36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2018					2017				
	Liabilities		Equity			Liabilities		Equity		
	Sub-ordinated loan	Other liabilities	Share Capital	Reserves	Unappropriated profit	Total	Sub-ordinated loan	Other liabilities	Share Capital	Total
	(Rupees in '000)									
Balance as at January 01,	3,892,578	56,921,083	11,850,600	70,866,473	53,776,057	197,306,791	-	50,689,582	11,130,307	53,469,072
Changes from Financing cash flows										
Redemption of Subordinated loan	(1,559)	-	-	-	-	(1,559)	(779)	-	-	(779)
Dividend paid	-	-	-	-	(20,090,805)	(20,090,805)	-	-	-	(17,201,874)
Total changes from financing cash flows	(1,559)	-	-	-	(20,090,805)	(20,092,364)	(779)	-	-	(17,202,653)
Changes arising from business combination	-	-	-	-	-	-	4,192,997	4,495,374	720,293	24,365,567
Cancellation of Sub-ordinated loan on merger	-	-	-	-	-	-	(299,640)	-	-	(299,640)
Changes arising from demerger (note 1.2)	-	(39,862)	-	-	-	(39,862)	-	-	-	-
Liability related										
Changes in Other liabilities										
- Cash based	-	6,921,268	-	-	-	6,921,268	-	4,391,352	-	4,391,352
- Dividend payable	-	(1,129,845)	-	-	1,129,845	-	-	1,182,852	-	(1,182,852)
- Non cash based	-	711	-	-	-	711	-	(3,838,087)	-	(3,838,087)
Total liability related other changes	-	5,792,134	-	-	1,129,845	6,921,979	-	1,736,117	-	553,265
Total equity related other changes	-	-	-	3,281,508	18,716,947	21,998,455	-	-	2,562,709	21,254,420
Balance as at December 31	3,891,019	62,673,355	11,850,600	74,147,981	53,532,044	206,094,999	3,892,578	56,921,083	11,850,600	53,776,057

37. STAFF STRENGTH

Permanent
On Bank contract
Bank's own staff strength at the end of the year

2018	2017
(Number)	
12,860	13,155
578	107
13,438	13,262

37.1 In addition to the above, 271 (2017: 1,726) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding, tea and janitorial services. Outsourced staff includes 264 (2017: 1,717) working domestically and 7 (2017: 9) working abroad.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates the following retirement benefits for its employees:

- Pension fund - funded
- Benevolent scheme - unfunded
- Post retirement medical benefits - unfunded
- Employees compensated absence - unfunded

The plan assets and defined benefit obligations are based in Pakistan.

38.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2018	2017
	(Number)	
- Pension fund - funded	6,554	6,853
- Benevolent scheme - unfunded	1,730	1,654
- Post retirement medical benefits - unfunded	12,716	13,015
- Employees compensated absence - unfunded	12,716	13,015

38.3 Principal actuarial assumptions

The latest actuarial valuations of the pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employee's compensated absences were carried out at December 31, 2018. The principal actuarial assumptions used are as follows:

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	%	%	%	%	%	%
Discount rate	13.25	8	13.25	8	13.25	8	13.25	8
Expected rate of return on plan assets	13.25	8	-	-	-	-	-	-
Expected rate of salary increase	11.25	6.75	11.25	6.75	-	-	11.25	6.75
Expected rate of increase in pension	0-5	-	-	-	-	-	-	-
Expected rate of increase in medical benefit	-	-	-	-	11.25	6.5	-	-

38.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
Note	2018	2017	2018	2017	2018	2017	2018	2017
					(Rupees in '000)			
Present value of obligations	4,690,587	3,757,366	214,252	248,518	1,730,409	2,140,300	1,028,129	1,145,135
Fair value of plan assets	(8,505,757)	(9,747,902)	-	-	-	-	-	-
(Receivable) / payable	(3,815,170)	(5,990,536)	214,252	248,518	1,730,409	2,140,300	1,028,129	1,145,135

38.5 Movement in defined benefit obligations

Obligations at the beginning of the year	3,757,366	3,519,114	248,518	209,352	2,140,300	2,104,444	1,145,135	1,053,870
Current service cost	79,236	50,292	30,660	5,168	50,364	11,162	32,366	32,366
Interest cost	282,259	265,940	18,096	15,221	162,569	162,391	85,302	78,477
Benefits paid	(458,268)	(389,734)	(44,628)	(38,189)	(144,664)	(149,108)	(157,708)	(145,807)
Past service cost	1,044,533	-	-	-	-	-	-	-
Re-measurement loss / (gain)	(14,539)	311,754	(38,394)	56,966	(478,160)	11,411	(76,966)	126,229
Obligations at the end of the year	4,690,587	3,757,366	214,252	248,518	1,730,409	2,140,300	1,028,129	1,145,135

38.6 Movement in fair value of plan assets

Fair value at the beginning of the year	9,747,902	11,292,596	-	-	-	-	-	-
Interest income on plan assets	761,501	887,818	-	-	-	-	-	-
Benefits paid	(458,268)	(389,734)	-	-	-	-	-	-
Re-measurement loss	(1,545,378)	(2,042,778)	-	-	-	-	-	-
Fair value at the end of the year	8,505,757	9,747,902	-	-	-	-	-	-

38.7 Movement in (receivable) / payable under defined benefit schemes

Opening balance	(5,990,536)	(7,773,482)	248,518	209,352	2,140,300	2,104,444	1,145,135	1,053,870
Charge / (reversal) for the year	644,527	(571,586)	45,499	16,464	212,933	173,553	40,702	237,072
Employees' contribution	-	-	3,257	3,925	-	-	-	-
Re-measurement loss / (gain) recognised in OCI during the year	1,530,839	2,354,532	(38,394)	56,966	(478,160)	11,411	-	-
Benefits paid by the Bank	-	-	(44,628)	(38,189)	(144,664)	(149,108)	(157,708)	(145,807)
Closing balance	(3,815,170)	(5,990,536)	214,252	248,518	1,730,409	2,140,300	1,028,129	1,145,135

38.8 Charge for defined benefit plans

38.8.1 Cost recognised in profit and loss

Current service cost	79,236	50,292	30,660	5,168	50,364	11,162	32,366	32,366
Net interest on defined benefit asset / liability	(479,242)	(621,878)	18,096	15,221	162,569	162,391	85,302	78,477
Employees' contribution	-	-	(3,257)	(3,925)	-	-	-	-
Actuarial loss / (gain)	-	-	-	-	-	-	(76,966)	126,229
Past service cost	1,044,533	-	-	-	-	-	-	-
	644,527	(571,586)	45,499	16,464	212,933	173,553	40,702	237,072

38.8.2 Pursuant to the order of the Honorable Supreme Court of Pakistan, the Bank has recorded past service cost of Rs. 1,044,533 million (one-off provision) on account of pension liability based on actuarial valuation.

38.8.3 Re-measurements recognised in OCI during the year

Loss / (gain) on obligation - financial assumptions	(14,539)	311,754	(38,394)	56,966	(478,160)	11,411	-	-
Actual return on plan assets over expected interest income	1,545,378	2,042,778	-	-	-	-	-	-
Re-measurement loss / (gain) recognised in OCI	1,530,839	2,354,532	(38,394)	56,966	(478,160)	11,411	-	-

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	Approved Pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)							
38.9 Components of plan assets								
Cash and cash equivalents - net	74,685	329,080	-	-	-	-	-	-
Shares	8,158,899	9,154,391	-	-	-	-	-	-
Open ended mutual funds units	272,173	264,431	-	-	-	-	-	-
	8,505,757	9,747,902	-	-	-	-	-	-

38.9.1 Significant risk associated with the plan assets

The Fund's investments in equity securities and units of mutual funds are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

38.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
1% increase in discount rate	(347,234)	(15,436)	(176,626)	(61,363)
1% decrease in discount rate	404,423	17,626	216,361	68,308
1 % increase in expected rate of salary increase	183,587	-	-	69,535
1 % decrease in expected rate of salary increase	(136,275)	-	-	(63,458)
1% increase in expected rate of pension increase	243,456	-	-	-
1% decrease in expected rate of pension increase	(214,612)	-	-	-
1% increase in expected rate of medical benefit increase	-	-	128,811	-
1% decrease in expected rate of medical benefit increase	-	-	(110,074)	-

38.11 Expected contributions to be paid to the funds in the next financial year

No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. No contribution to the pension fund is expected in the next year.

38.12 Expected (reversal) / for the next financial year

Based on actuarial advice, management estimates that the charge / (reversal) in respect of defined benefit plans for the year ending December 31, 2019 would be as follows:

	Approved Pension fund	Employees' contributory benevolent scheme	Post retirement medical benefits	Employees' compensated absences
	(Rupees in '000)			
Expected (reversal) / charge for the next financial year	(455,231)	42,854	272,932	160,967

38.13 Maturity profile

The weighted average duration of the obligation (in years)	8.01	7.72	11.36	6.31
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38.14 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

38.15 The defined benefit plans may expose the bank to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below;

Investment risk	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Longevity risk	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary increase risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal rate	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

39. DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 10,357 (2017: 10,575) employees where contributions are made by the Bank at 8.33% (2017: 8.33%) and employees ranging from 8.33% -12.5% per annum (2017: 8.33% to 12.5% per annum) of the basic salary.

The Bank also operates an approved non-contributory provident fund for 815 (2017: 888) employees who have opted for the new scheme, where contributions are made by the employees ranging from 8.33% to 12.50% per annum (2017: 8.33% to 12.50% per annum) of the basic salary.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

40. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for compensation, including all benefits, to the Chief Executive, Directors and Executives of the Bank is as follows:

	Note	President / Chief Executive	Directors	Executives			
		2018	2017	2018	2017		
(Rupees in '000)							
Fees		-	-	40,741	38,692	-	-
Managerial remuneration and bonus		79,377	73,667	-	-	3,742,792	2,935,963
Retirement benefits		3,095	2,866	-	-	160,907	127,748
Rent and house maintenance	40.1	16,714	15,476	-	-	871,457	688,028
Utilities	40.1	3,714	3,439	-	-	187,748	148,693
Medical	40.1	150	-	-	-	55,176	37,921
Conveyance	40.1	-	-	-	-	713,669	593,391
		103,050	95,448	40,741	38,692	5,731,748	4,531,744
Number of persons		1	1	14	13	1,964	1,599

40.1 These allowances have been classified under fixed salary in total compensation note 31.1.

40.2 The Chairman has been provided with free use of the Bank maintained car. In addition to the above, 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.

41. 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 as stated in note 5.3 to these unconsolidated financial statements.

The maturity and repricing profile and effective rates are stated in note 45.

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 41.1 are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

41.1 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 Federal Government securities are determined using the PKRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Operating fixed assets (land and building) & NBA	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

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The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the 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.

	2018				
	Carrying 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	680,275,870	-	680,275,870	-	680,275,870
Shares	17,105,168	17,105,168	-	-	17,105,168
Non-Government Debt Securities	1,096,332	-	1,096,332	-	1,096,332
Foreign Securities	2,522,454	-	2,522,454	-	2,522,454
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	48,368,914	-	-	-	-
Cash and balances with treasury banks	103,174,597	-	-	-	-
Balances with other banks	11,878,975	-	-	-	-
Lendings to financial institutions	35,106,241	-	-	-	-
Advances	503,581,323	-	-	-	-
Other assets	35,753,619	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	33,715,777	-	33,715,777	-	33,715,777
Non-banking assets	4,035,114	-	4,035,114	-	4,035,114
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	125,528,129	-	3,477,211	-	3,477,211
Forward sale of foreign exchange	91,239,998	-	3,452,374	-	3,452,374
Derivatives purchase	5,721,684	-	787,978	-	787,978
Derivatives sale	5,563,419	-	799,130	-	799,130

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

42. SEGMENT INFORMATION

42.1 Segment details with respect to business activities

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

	2018						
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	Others	Sub-total	Eliminations
	(Rupees in '000)						
Profit & Loss							
Net mark-up/return/profit	(19,999,097)	2,425,240	22,571,031	41,399,090	(382,114)	46,014,150	-
Inter segment revenue - net	50,778,451	(774,576)	(17,208,202)	(38,240,495)	5,444,822	-	-
Non mark-up / return / interest income	6,820,225	1,732,440	3,771,009	3,970,534	903,918	17,198,126	-
Total Income	37,599,579	3,383,104	9,133,838	7,129,129	5,966,626	63,212,276	-
Segment direct expenses	20,935,783	1,372,159	1,610,739	281,947	8,701,286	32,901,914	-
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	20,935,783	1,372,159	1,610,739	281,947	8,701,286	32,901,914	-
Provisions	(186,311)	(66,393)	(733,366)	1,952,015	(2,719,201)	(1,753,256)	-
Profit before tax	16,850,107	2,077,338	8,256,465	4,895,167	(15,459)	32,063,618	-
Balance Sheet							
Cash & Bank balances	49,001,673	33,515	17,486,827	46,395,674	2,135,883	115,053,572	-
Investments	-	-	18,505,331	730,863,407	-	749,368,738	-
Net inter segment lending	838,264,563	-	-	-	134,139,482	972,404,045	(972,404,045)
Lendings to financial institutions	-	-	1,502,544	33,603,697	-	35,106,241	-
Advances - gross	129,656,470	24,268,379	365,400,739	-	27,465,961	546,791,549	-
- provision held	(6,627,798)	(1,702,655)	(7,413,812)	-	(27,465,961)	(43,210,226)	-
Others	31,327,270	1,887,934	8,326,592	8,127,064	45,351,327	95,020,187	-
Total Assets	1,041,622,178	24,487,173	403,808,221	818,989,842	181,626,692	2,470,534,106	(972,404,045)
Borrowings	35,293,396	-	9,172,202	171,553,288	-	216,018,886	-
Subordinated debt	-	-	-	-	3,891,019	3,891,019	-
Deposits & other accounts	969,799,371	16,556	79,196,248	-	25,440	1,049,037,615	-
Net inter segment borrowing	-	22,478,042	307,402,415	642,523,588	-	972,404,045	(972,404,045)
Others	36,529,411	1,992,575	8,037,356	4,912,966	28,432,504	79,904,812	-
Total liabilities	1,041,622,178	24,487,173	403,808,221	818,989,842	32,348,963	2,321,256,377	(972,404,045)
Equity	-	-	-	-	149,277,729	149,277,729	-
Total Equity & liabilities	1,041,622,178	24,487,173	403,808,221	818,989,842	181,626,692	2,470,534,106	(972,404,045)
Contingencies & Commitments	114,095,804	-	204,311,803	247,754,264	18,272,434	-	-
	2017						
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	Others	Sub-total	Eliminations
	(Rupees in '000)						
Profit & Loss							
Net mark-up/return/profit	(11,968,986)	1,739,112	14,798,224	37,972,672	121,191	42,662,213	-
Inter segment revenue - net	36,786,402	(783,160)	(10,219,266)	(30,534,733)	4,750,757	-	-
Non mark-up / return / interest income	6,135,163	1,559,178	2,900,828	7,433,916	88,869	18,117,954	-
Total Income	30,952,579	2,515,130	7,479,786	14,871,855	4,960,817	60,780,167	-
Segment direct expenses	18,750,470	1,223,199	1,407,779	270,169	7,069,323	28,720,940	-
Inter segment expense allocation	-	-	-	-	-	-	-
Total expenses	18,750,470	1,223,199	1,407,779	270,169	7,069,323	28,720,940	-
Provisions	(262,806)	(177,069)	(526,403)	3,570,437	(1,559,140)	1,045,019	-
Profit before tax	12,464,915	1,469,000	6,598,410	11,031,249	(549,366)	31,014,208	-
Balance Sheet							
Cash & Bank balances	44,522,823	37,221	11,740,549	51,727,835	2,622,931	110,651,359	-
Investments	-	-	13,523,275	641,372,549	2,067,808	656,963,632	-
Net inter segment lending	708,281,466	-	-	-	144,592,086	852,873,552	(852,873,552)
Lendings to financial institutions	-	-	1,873,524	2,524,590	-	4,398,114	-
Advances - gross	199,566,137	19,906,369	287,067,771	-	8,517,578	515,057,855	-
- provision held	(31,201,950)	(1,764,808)	(4,217,670)	-	(8,517,578)	(45,702,006)	-
Others	25,334,193	1,898,262	21,283,688	11,049,283	42,303,511	101,868,937	-
Total Assets	946,502,669	20,077,044	331,271,137	706,674,257	191,586,336	2,196,111,443	(852,873,552)
Borrowings	33,698,763	-	9,049,493	90,091,987	229,313	133,069,556	-
Subordinated debt	-	-	-	-	3,892,578	3,892,578	-
Deposits & other accounts	894,416,068	1,236	74,042,363	-	22,968	968,482,635	-
Net inter segment borrowing	-	18,232,819	220,723,332	613,917,401	-	852,873,552	(852,873,552)
Others	18,387,838	1,842,989	27,455,949	2,664,869	33,875,140	84,226,785	-
Total liabilities	946,502,669	20,077,044	331,271,137	706,674,257	38,019,999	2,042,545,106	(852,873,552)
Equity	-	-	-	-	153,566,337	153,566,337	-
Total Equity & liabilities	946,502,669	20,077,044	331,271,137	706,674,257	191,586,336	2,196,111,443	(852,873,552)
Contingencies & Commitments	141,707,827	-	128,200,658	168,486,488	9,740,127	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

42.2 Segment details with respect to geographical locations

	2018					
	Pakistan	South Asia	Middle East	Sub-total	Eliminations	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up/return/profit	44,613,921	909,102	491,127	46,014,150	-	46,014,150
Inter segment revenue - net	(5,588)	(12,926)	18,514	-	-	-
Non mark-up / return / interest income	16,481,810	233,086	483,230	17,198,126	-	17,198,126
Total Income	61,090,143	1,129,262	992,871	63,212,276	-	63,212,276
Segment direct expenses	31,882,563	641,781	377,570	32,901,914	-	32,901,914
Inter segment expense allocation	-	-	-	-	-	-
Total expenses	31,882,563	641,781	377,570	32,901,914	-	32,901,914
Provisions	(1,800,652)	10,624	36,772	(1,753,256)	-	(1,753,256)
Profit before tax	31,008,232	476,857	578,529	32,063,618	-	32,063,618
Balance Sheet						
Cash & Bank balances	98,630,269	1,906,785	14,516,518	115,053,572	-	115,053,572
Investments	739,664,924	4,040,982	5,662,832	749,368,738	-	749,368,738
Net inter segment lendings	9,753,427	-	-	9,753,427	(9,753,427)	-
Lendings to financial institutions	33,603,697	368,406	1,134,138	35,106,241	-	35,106,241
Advances - gross	524,617,549	16,346,935	5,827,065	546,791,549	-	546,791,549
- provision held	(42,604,233)	(132,295)	(473,698)	(43,210,226)	-	(43,210,226)
Others	94,578,655	315,568	125,964	95,020,187	-	95,020,187
Total Assets	1,458,244,288	22,846,381	26,792,819	1,507,883,488	(9,753,427)	1,498,130,061
Borrowings	213,220,309	616,822	2,181,755	216,018,886	-	216,018,886
Subordinated debt	3,891,019	-	-	3,891,019	-	3,891,019
Deposits & other accounts	1,012,916,251	16,266,330	19,855,034	1,049,037,615	-	1,049,037,615
Net inter segment borrowing	-	5,058,214	4,695,213	9,753,427	(9,753,427)	-
Others	78,938,980	905,015	60,817	79,904,812	-	79,904,812
Total liabilities	1,308,966,559	22,846,381	26,792,819	1,358,605,759	(9,753,427)	1,348,852,332
Equity	149,277,729	-	-	149,277,729	-	149,277,729
Total Equity & liabilities	1,458,244,288	22,846,381	26,792,819	1,507,883,488	(9,753,427)	1,498,130,061
Contingencies & Commitments	564,195,725	12,396,092	7,842,488	-	-	584,434,305
2017						
	Pakistan	South Asia	Middle East	Sub-total	Eliminations	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up/return/profit	41,463,487	851,091	347,635	42,662,213	-	42,662,213
Inter segment revenue - net	18,039	(18,978)	939	-	-	-
Non mark-up / return / interest income	17,546,034	229,045	342,875	18,117,954	-	18,117,954
Total Income	59,027,560	1,061,158	691,449	60,780,167	-	60,780,167
Segment direct expenses	27,886,780	522,772	311,388	28,720,940	-	28,720,940
Inter segment expense allocation	-	-	-	-	-	-
Total expenses	27,886,780	522,772	311,388	28,720,940	-	28,720,940
Provisions	998,990	25,498	20,531	1,045,019	-	1,045,019
Profit before tax	30,141,790	512,888	359,530	31,014,208	-	31,014,208
Balance Sheet						
Cash & Bank balances	99,523,627	1,303,923	9,823,809	110,651,359	-	110,651,359
Investments	650,468,804	3,549,348	2,945,480	656,963,632	-	656,963,632
Net inter segment lendings	7,887,166	-	-	7,887,166	(7,887,166)	-
Lendings to financial institutions	2,524,590	971,730	901,794	4,398,114	-	4,398,114
Advances - gross	492,515,787	14,814,211	7,727,857	515,057,855	-	515,057,855
- provision held	(45,274,267)	(114,056)	(313,683)	(45,702,006)	-	(45,702,006)
Others	101,459,837	287,378	121,722	101,868,937	-	101,868,937
Total Assets	1,309,105,544	20,812,534	21,206,979	1,351,125,057	(7,887,166)	1,343,237,891
Borrowings	127,814,839	1,887,082	3,367,635	133,069,556	-	133,069,556
Subordinated debt	3,892,578	-	-	3,892,578	-	3,892,578
Deposits & other accounts	940,340,272	13,159,012	14,983,351	968,482,635	-	968,482,635
Net inter segment borrowing	-	5,092,390	2,794,776	7,887,166	(7,887,166)	-
Others	83,491,518	674,050	61,217	84,226,785	-	84,226,785
Total liabilities	1,155,539,207	20,812,534	21,206,979	1,197,558,720	(7,887,166)	1,189,671,554
Equity	153,566,337	-	-	153,566,337	-	153,566,337
Total Equity & liabilities	1,309,105,544	20,812,534	21,206,979	1,351,125,057	(7,887,166)	1,343,237,891
Contingencies & Commitments	433,541,303	9,543,753	5,050,044	448,135,100	-	448,135,100

42.3 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.

42.4 No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2018 or 2017.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

43. 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 detail of investments in subsidiary companies and associates are stated in note 9.12 to these unconsolidated financial statements.

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 year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	2018						2017					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties		Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	
	(Rupees in '000)											
Lendings to Financial Institutions												
Opening balance	-	-	524,590	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	40,942,611	-	-	-	-	-	21,687,308	-	-	-
Repaid during the year	-	-	(40,835,850)	-	-	-	-	-	(21,162,718)	-	-	-
Closing balance	-	-	631,351	-	-	-	-	-	524,590	-	-	-
Investments												
Opening balance	-	-	10,846,512	748,172	254,253	-	-	-	10,846,787	845,396	-	79,827
Investment made during the year	-	-	1,200,000	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	(47,771)	-	-	-	-	-	(97,224)	-	-
Transfer under NIB merger	-	-	-	-	-	-	-	-	725	-	-	174,426
Closing balance	-	-	12,046,512	700,401	254,253	-	-	-	10,846,512	748,172	-	254,253
Provision for diminution in value of investments	-	-	725	-	5,000	-	-	-	725	-	-	5,000
Advances												
Opening balance	946	84,167	293,837	-	2,324,608	926	926	87,324	276,349	-	-	262,338
Addition / exchange adjustment	14,723	73,571	73,035	-	6,640,565	13,495	13,495	25,778	296,337	-	-	2,231,497
Repaid during the year	(15,011)	(39,288)	-	-	(7,357,817)	(13,475)	(13,475)	(33,991)	(278,849)	-	-	(2,458,727)
Transfer in / (out) including under NIB merger	-	22,940	-	-	(557,079)	-	-	5,056	-	-	-	2,289,500
Closing balance	658	141,390	366,872	-	1,050,277	946	946	84,167	293,837	-	-	2,324,608
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018					2017				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Other Assets										
Markup receivable	-	3,101	16,725	-	25,538	-	-	589	9,604	14,958
Advances, deposits, advance rent and other prepayments	-	-	8,820	86,579	30,620	-	-	-	18,767	29,549
Acceptances	-	-	-	-	25,387	-	-	-	-	34,871
Receivable from Pension Fund	-	-	-	-	3,815,170	-	-	-	-	5,990,537
Provision held against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	39,993	-	993,755	-	-	-	1,682	936,788
Borrowings / exchange adjustment during the year	-	-	92,529	-	-	-	-	-	113,018	1,356,967
Settled during the year	-	-	(113,377)	-	(993,755)	-	-	-	(74,706)	(1,300,000)
Closing balance	-	-	19,146	-	-	-	-	-	39,993	993,755
Deposits and other accounts										
Opening balance	3,953,730	148,080	51,048	2,744,432	3,800,959	2,542,067	105,761	38,868	2,568,584	5,852,008
Received during the year	4,259,454	849,270	1,917,297	17,580,902	55,702,328	3,686,510	721,438	1,632,422	37,478,917	60,757,429
Withdrawn during the year	(4,457,255)	(851,481)	(1,902,412)	(16,985,487)	(56,301,430)	(2,274,847)	(693,388)	(1,620,242)	(37,303,069)	(62,808,478)
Transfer in / (out) - net	(10,472)	22,659	-	-	10,765	-	14,269	-	-	-
Closing balance	3,745,457	168,528	65,933	3,339,847	3,212,620	3,953,730	148,080	51,048	2,744,432	3,800,959
Other Liabilities										
Markup payable	32,342	282	134	15,968	36,943	12,586	113	144	8,063	22,553
Accrued expenses and other payable	7,299	-	17,966	78,922	884	5,401	-	20,415	39,768	559
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Unrealized loss on forward foreign exchange contracts - outstanding	-	-	10,196	-	-	-	-	5,072	-	68,442
Contingencies and Commitments										
Commitments and contingent liabilities - outstanding	-	-	-	10,227	4,374,481	-	-	-	9,840	941,715
Forward purchase of government securities	-	-	-	-	8,739,500	-	-	-	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	2,121,196	-	-	-	-	577,292	-	17,562,997

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

RELATED PARTY TRANSACTIONS

	2018					2017				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Income										
Markup / return / interest earned	38	11,022	146,341	-	103,646	2	6,030	77,601	-	64,549
Fee and commission income	-	-	37,915	1,109,700	27,258	-	-	128,086	929,674	6,818
Dividend income	-	-	64,674	140,000	37,470	-	-	120,109	302,497	48,301
Foreign exchange income	-	-	-	-	206,723	-	-	-	-	213,322
Net gain on sale of securities	-	-	-	53	46,195	-	-	-	48	5,127
Gain on sale of fixed assets	-	85	-	-	156,400	-	36	151	-	-
Rent income and reimbursement of other expenses	-	-	39,668	3,679	3,375	-	-	27,054	3,341	3,240
Expense										
Markup / return / interest expensed	213,721	1,982	1,491	98,218	246,176	105,126	1,036	871	69,138	157,881
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	145,508	-	-	-	-	136,080
Contribution to provident fund	-	-	-	-	347,043	-	-	-	-	301,713
Rent expenses	-	-	8,855	-	47,576	-	-	8,229	4,656	52,640
Cash sorting expenses	-	-	-	-	157,249	-	-	-	-	96,648
Stationery expenses	-	-	-	-	234,318	-	-	-	-	185,132
Security guards expenses	-	-	-	-	398,773	-	-	-	-	388,231
Remuneration to key executives and non-executive directors fee	143,791	483,820	-	-	-	134,140	414,100	-	-	-
Outsourcing service expenses	-	-	-	263,283	-	-	-	-	177,579	-
Donation during the year	-	-	-	-	-	-	-	-	-	5,000
Commission expenses	-	-	11,814	-	-	-	-	6,576	-	-
E-dividend processing fee and CDC charges	-	-	-	-	5,816	-	-	-	-	35,491
Travelling Expenses	-	-	-	-	38,571	-	-	-	-	24,949
Hotel stay expenses	-	-	-	-	10,676	-	-	-	-	-
Repair & Maintenance Charges	-	-	-	-	1,726	-	-	-	-	4,012
Miscellaneous expenses and payments	-	-	-	-	4,330	-	-	-	-	2,456
Insurance premium-net of refund	-	-	-	554,703	-	-	-	-	554,432	-
Insurance claim settled	-	-	-	280,532	-	-	-	-	13,110	-
Other Transactions										
Payment against scheme of demerger	-	-	22,214,180	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	2,503	3,216	-	-	425,000	-	36	-	-	-
Sale of foreign currency	-	-	19,362,244	-	-	-	-	9,540,546	-	-
Purchase of foreign currency	-	-	11,361,607	-	-	-	-	4,121,570	-	-
Payments against home remittances	-	-	1,706,791	-	-	-	-	91,009	-	-
Sale of government securities	-	36,452	-	4,611,381	296,705,958	-	-	-	6,568,012	54,075,755
Purchase of government securities	-	27,486	-	6,699,290	297,767,019	-	-	-	5,535,578	41,411,268
Forward exchange contracts matured during the year	-	-	-	-	101,658,555	-	-	-	-	67,058,454
Insurance premium paid on behalf of related party	-	-	-	12,912	-	-	-	-	-	-
Reimbursement of Insurance premium paid on behalf of a related party	-	-	-	-	12,912	-	-	-	-	-
Insurance claim received on behalf of related party	-	-	-	333	-	-	-	-	-	-
Insurance claim paid to related party	-	-	-	-	333	-	-	-	-	-

The chairman has been provided with free use of the Bank maintained cars and household equipment in accordance with the terms of their employment.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	(Rupees in '000)	
44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
44.1 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	128,999,274	129,130,051
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	128,999,274	129,130,051
Eligible Tier 2 Capital	16,987,978	18,097,291
Total Eligible Capital (Tier 1 + Tier 2)	145,987,252	147,227,342
Risk Weighted Assets (RWAs):		
Credit Risk	637,480,582	633,997,455
Market Risk	54,814,473	144,786,487
Operational Risk	112,882,444	116,630,794
Total	805,177,499	895,414,736
Common Equity Tier 1 Capital Adequacy ratio	16.02%	14.42%
Tier 1 Capital Adequacy Ratio	16.02%	14.42%
Total Capital Adequacy Ratio	18.13%	16.44%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank for the year ended December 31, 2018 stood at Rs. 11,851 billion and is in compliance with the SBP requirements. Further, under Basel III instructions, banks are required to maintain minimum Capital Adequacy Ratio (CAR) of 11.90% (including 1.90% capital conservation buffer), Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50% as at December 31, 2018. The Bank is fully compliant with prescribed ratios.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank’s exposures based on eligible collateral under comprehensive approach.

44.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	128,999,274	129,130,051
Total Exposures	1,820,404,530	1,683,406,323
Leverage Ratio	7.09%	7.67%
44.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	609,585,939	608,139,885
Total Net Cash Outflow	341,044,576	313,260,304
Liquidity Coverage Ratio	178.74%	194.13%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	895,570,558	814,278,652
Total Required Stable Funding	685,678,115	632,207,998
Net Stable Funding Ratio	130.61%	128.80%

The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time is available at:
<https://www.mcb.com.pk/investor-relations/capital-adequacy-statements>

45. RISK MANAGEMENT

Risk is an inherent part of banking business activities. The risk management framework and governance structure at MCB helps to mitigate and counter any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its risk management policy the Bank sets the best course of action under uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders’ value. Bank’s risk management structure is based on the following five guiding principles:

- Optimizing risk/return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function.
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the bank regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM&PRC), the senior management and its relevant committees, i.e. the Management Credit and Risk Committee (MC&RC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring processes which are closely aligned with the activities of the bank. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the bank to ensure that risks are kept within an acceptable level.

The Bank ensures that not only the relevant risks are identified but their implications are also considered and basis provided for managing and measuring the risks. Through Internal Control units, the Bank ensures that effective controls are in place to mitigate each of the identified risk.

Independent from business groups, Head of Risk Management reports functionally to the Risk Management & Portfolio Review Committee (RM&PRC) and administratively to the President; the RM&PRC convenes regular meetings to evaluate bank’s risk and portfolio concentrations. The Risk Management Group performs the following critical functions:

- Risk Management Policy Formulation
- Credit Risk Management
- Credit Review
- Credit Risk Control
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- IT Risk Management

Keeping in view the international best practices and SBP requirements, Board of Directors of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

45.1 Credit Risk

Credit risk arises from bank's dealings with individuals, corporate borrowers, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its lending and investment activities. Credit risk makes up the largest part of the Bank's exposure and it stems from Bank's both on and off-balance sheet activities. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Bank provide additional comfort and support. Such controls range from quality of eligible collateral, pre-disbursement safety measures to post disbursement monitoring.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Bank has developed rating systems and all its borrowers are internally rated. In order to further enhance the credit risk analysis and the processes, Probability Default based internal credit risk rating (ICRR) system based on the statistical modeling and validation in line with Basel principles. The revamped ICRR is currently focused on Corporate Commercial and Corporate Large customer categories. The Internal Credit Risk Rating Model for rating of SME Customers has also been revamped to achieve more accurate results and to improve the quality of credit decisions.

In order to manage bank's credit risk, following policies and procedures are in place:

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- The approval of credit limits to counter parties are subject to pre-fact review;
- Extension in credit facility or material change to the credit facility is subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control is responsible for performing following activities:

- Credit disbursement authorization
- Collateral coverage and monitoring
- Compliance of loan covenants/ terms of approval
- Maintenance/ custody of collateral and security documentation
- Credit Risk Limit Controls

Credit Risk Monitoring is based on a comprehensive reporting framework. Continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division, etc.

To ensure a prudent distribution of asset portfolio, the Bank manages its lending and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

The Bank creates specific provision against Non-Performing Loans (NPLs) in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer loans and Small enterprise (SEs) made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Please refer note No. 10.4 for reconciliation of changes in specific and general provisions.

Management of Non Performing Loans

The Bank has a Assets Rehabilitation Group (ARG), which is responsible for management of non performing loans. ARG undertakes restructuring / rescheduling of problem loans, as well as litigation of both civil and criminal cases for collection of debt.

Stress Testing

Credit Risk stress testing is a regular exercise. Bank's credit exposures including funded and non-funded facilities are subjected to stress tests. This exercise is conducted on a quarterly basis through assigning shocks to all assets of the Bank and assessing its resulting affect on capital adequacy inline with SBP requirements.

45.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Public/ Government	1,198,704	619,028	-	-	-	-
Private	33,907,537	3,779,086	-	-	-	-
	35,106,241	4,398,114	-	-	-	-

45.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Construction	29,964	29,964	29,964	29,964	29,964	29,964
Electricity, gas, steam and air conditioning supply	188,456	262,089	-	-	-	-
Financials including government securities	721,780,711	617,963,142	118	118	118	118
Manufacture of cement	285,000	285,000	285,000	285,000	285,000	285,000
Manufacture of sugar	150,000	150,000	-	-	-	-
Manufacture of textiles	53,531	125,737	53,531	125,737	53,531	125,737
Others	7,682	7,682	7,682	7,682	7,682	7,682
Telecommunications	114,747	116,550	114,747	116,550	114,747	116,550
	722,610,091	618,940,164	491,042	565,051	491,042	565,051

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Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Public/ Government	712,839,136	610,815,658	-	-	-	-
Private	9,770,955	8,124,506	491,042	565,051	491,042	565,051
	722,610,091	618,940,164	491,042	565,051	491,042	565,051

45.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Agriculture, forestry and fishing	7,863,709	10,706,376	798,008	657,181	763,426	522,573
Construction	21,144,096	16,711,731	343,453	373,510	339,991	349,240
Electricity, gas, steam and air conditioning supply	42,900,207	36,727,906	381,282	384,221	379,485	382,424
Electronics and electrical appliances	4,805,636	4,933,192	119,040	107,559	113,320	101,839
Financials	14,241,054	13,734,072	741,551	777,469	739,169	777,469
Footwear and Leather garments	3,406,115	3,565,927	179,687	200,531	179,292	200,113
Human health and social work activities	4,258,217	5,599,076	52,395	76,874	37,025	48,314
Individuals	38,641,227	33,381,699	4,310,937	4,116,200	4,002,049	3,935,588
Manufacture of basic metals and metal products	14,349,676	12,421,426	2,193,872	2,318,177	2,190,086	2,314,017
Manufacture of cement	12,850,003	6,419,049	392,862	392,862	392,862	392,862
Manufacture of chemicals and chemical and pharmaceutical products	38,954,379	40,420,717	376,631	335,998	366,010	316,468
Manufacture of coke and refined petroleum products	22,581,791	19,697,260	361,167	288,215	360,551	287,599
Manufacture of food & beverages products	53,415,267	50,163,111	3,233,140	3,498,986	3,169,855	3,467,137
Manufacture of machinery, equipment and transport Equipment	1,229,934	782,787	474,815	527,872	456,142	463,445
Manufacture of rubber and plastics products	4,793,034	2,434,304	711,653	49,119	428,762	46,298
Manufacture of sugar	34,643,259	31,193,807	2,483,424	2,527,266	1,843,056	2,446,248
Manufacture of textiles	74,543,561	75,740,466	13,854,193	13,845,711	13,210,706	13,612,889
Mining and quarrying	2,510,868	280,377	10,078	2,920	10,013	2,349
Manufacturing of Pulp, Paper, Paperboard	4,170,766	4,356,005	261,677	273,789	232,751	244,413
Ship Breaking	9,207,374	7,025,143	3,040,220	2,968,619	3,040,220	2,968,619
Services	10,241,030	13,265,580	1,135,283	1,588,028	1,030,585	1,508,513
Telecommunications	17,945,996	21,269,227	57,304	77,215	52,791	72,703
Transportation and storage	57,345,264	56,154,195	507,773	593,241	402,386	486,007
Wholesale and retail traders	45,042,652	42,461,339	12,116,637	11,732,252	7,448,877	8,691,481
Others	5,706,434	5,613,083	818,466	1,038,805	754,099	948,307
	546,791,549	515,057,855	48,955,548	48,752,620	41,943,509	44,586,915

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Public/ Government	90,401,960	88,686,569	639,826	639,824	639,825	639,825
Private	456,389,589	426,371,286	48,315,722	48,112,796	41,303,684	43,947,090
	546,791,549	515,057,855	48,955,548	48,752,620	41,943,509	44,586,915

45.1.4 Contingencies and Commitments

Credit risk by industry sector	2018	2017
	(Rupees in '000)	
	2018	2017
Agriculture, forestry and fishing	458,978	1,108,523
Construction	34,419,245	18,487,483
Electricity, gas, steam and air conditioning supply	5,283,833	13,961,385
Electronics and electrical appliances	2,263,031	2,442,979
Financials	349,849,294	233,265,696
Footwear and Leather garments	142,180	658,192
Human health and social work activities	804,687	251,751
Individuals	8,758,774	11,913,597
Manufacture of basic metals and metal products	6,846,779	7,726,774
Manufacture of cement	1,951,187	6,509,373
Manufacture of chemicals and chemical and pharmaceutical products	19,050,871	12,874,902
Manufacture of coke and refined petroleum products	3,951,612	5,726,433
Manufacture of food & beverages products	13,378,114	15,172,508
Manufacture of machinery, equipment and transport Equipment	8,023,653	2,726,088
Manufacture of rubber and plastics products	1,391,038	1,574,827
Manufacture of sugar	4,105,751	3,298,893
Manufacture of textiles	15,797,412	15,813,049
Mining and quarrying	96,453	47,025
Manufacturing of Pulp, Paper, Paperboard	1,099,265	365,070
Ship Breaking	2,269,451	90,964
Services	61,195,351	53,176,154
Telecommunications	16,839,614	16,424,642
Transportation and storage	3,471,149	3,329,244
Wholesale and retail traders	13,525,999	17,578,531
Others	9,460,584	3,611,017
	584,434,305	448,135,100

Credit risk by public / private sector		2018	2017
Public/ Government		146,299,566	82,756,282
Private		438,134,739	365,378,818
		584,434,305	448,135,100

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45.2.1 Balance sheet split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	103,174,597	-	103,174,597	106,072,084	-	106,072,084
Balances with other banks	11,878,975	-	11,878,975	4,579,275	-	4,579,275
Lendings to financial institutions	35,106,241	-	35,106,241	4,398,114	-	4,398,114
Investments	46,959,184	702,409,554	749,368,738	44,477,485	612,486,147	656,963,632
Advances	503,581,323	-	503,581,323	469,355,849	-	469,355,849
Fixed assets	41,069,761	-	41,069,761	39,169,606	-	39,169,606
Intangible assets	372,336	-	372,336	404,326	-	404,326
Other assets	53,578,090	-	53,578,090	62,295,005	-	62,295,005
	795,720,507	702,409,554	1,498,130,061	730,751,744	612,486,147	1,343,237,891

45.2.2 Foreign Exchange Risk

Foreign exchange risk exposes the bank to changes in the values of current holdings and future cash flows denominated in currencies other than home currency due to the exchange rate fluctuation and volatility. The types of instruments exposed to this risk include investments in foreign branches, foreign currency-denominated loans, foreign currency-denominated deposits, future cash flows in foreign currencies arising from foreign exchange transactions, etc.

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Bank remain within defined risk appetite and insulate bank against undue losses that may arise due to volatile movements in foreign exchange rates or interest rates.

Limit structure to manage Foreign exchange risk including Gap limits on different tenors in major currencies are in place to control risk. Bank's net open position and Foreign exchange exposure limit (FEEL) is monitored and reported on intra-day and day end basis. Foreign exchange risk parameters including VaR is generated and monitored on daily basis. Stress testing of foreign exchange portfolio and its reporting to senior management and RM&PRC of the Board is a regular feature.

	2018				2017			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	28,040,303	52,379,053	24,320,327	(18,423)	36,607,981	41,601,091	2,552,361	(2,440,749)
Sri Lankan Rupees	(364,982)	-	171,106	(193,876)	20,799,971	20,812,534	4,081,628	4,069,065
Arad Emirates Dirham	(116,907)	-	-	(116,907)	16,056,539	15,944,630	24,048	135,957
Euro	628,921	5,213,276	4,485,718	(98,637)	1,290,660	5,828,424	4,493,576	(44,188)
Great Britain Pound Sterling	474,696	5,839,034	5,315,794	(48,544)	862,452	5,566,089	4,594,953	(108,684)
Japanese Yen	(8,967)	17	8,824	(160)	6,419	95	(1,785)	4,539
Other currencies	52,851	-	25,692	78,543	108,727	-	(131)	108,596
	28,705,915	63,431,380	34,327,461	(398,004)	75,732,749	89,752,863	15,744,650	1,724,536

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	4,199	-	4,005

45.2.3 Equity position Risk

Bank's proprietary positions in the equity instruments exposes it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management on daily basis. The stress test for equity price risk assesses the impact of the fall in the stock market index using certain assumptions. In addition to this Stress Testing, historical scenario analysis on Equities is also performed periodically as advised by the State Bank of Pakistan through Guideline on Stress Testing.

	2018		2017	
	AFS	HFT	AFS	HFT
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	934	-	1,187
- Other comprehensive income	854,324	-	985,046	-

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45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.
The increase / (decrease) in earnings due to change in the interest rate is as follows:

	2018		2017	
	Banking book	Trading book (Rupees in '000)	Banking book (Rupees in '000)	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	2,621,559	-	2,200,465	-
- Other comprehensive income	-	1,477,422	-	3,262,584

The Bank has classified Available for Sale investments as Trading in Basel-II.

45.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield/ Interest rate	Total	2018								Non-interest bearing financial instruments
		Exposed to Yield/ Interest risk								
		Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	

(Rupees in '000)										
On-balance sheet financial instruments										
Assets										
Cash and balances with Treasury banks	1.35%	103,174,597	9,466,493	-	-	-	-	-	-	93,708,104
Balances with other banks	0.33%	11,878,975	2,369,028	277,724	-	-	-	-	-	9,232,223
Lending to financial institutions	6.88%	35,106,241	34,474,890	631,351	-	-	-	-	-	-
Investments	7.56%	749,368,738	466,394,574	119,714,644	41,941,537	34,915,013	14,498,841	15,485,864	10,071,227	31,190,978
Advances	7.72%	503,581,323	472,395,717	7,608,875	3,825,431	2,160,107	3,744,873	3,071,331	2,576,565	-
Other assets		35,753,619	-	-	-	-	-	-	-	35,753,619
		1,438,863,493	985,100,702	128,232,594	45,766,968	37,075,120	18,243,714	18,557,195	12,647,792	169,884,924
Liabilities										
Bills payable	0%	15,699,280	-	-	-	-	-	-	-	15,699,280
Borrowings	4.81%	216,018,886	180,077,688	8,445,473	-	-	1,743,962	3,097,690	-	2,034,450
Deposits and other accounts	3.18%	1,049,037,615	576,551,892	24,571,755	16,898,047	2,422,004	2,237,823	996,118	-	401,899,065
Subordinated debt	7.91%	3,891,019	-	-	3,891,019	-	-	-	-	-
Other liabilities		52,051,683	-	-	-	-	-	-	-	52,051,683
		1,336,698,483	756,629,580	36,366,373	29,234,539	3,824,303	3,961,785	4,033,808	6,722,977	471,684,478
		102,165,010	228,471,122	91,866,221	16,532,429	33,250,817	14,261,929	14,483,387	5,924,815	(301,799,554)
On-balance sheet gap										
Off-balance sheet financial instruments										
FX options purchase		1,378,370	523,732	756,090	98,548	-	-	-	-	-
Forward purchase of Government securities		13,660,947	13,660,947	-	-	-	-	-	-	-
Cross Currency Swaps purchase		4,026,814	207,483	-	-	1,526,885	1,209,227	1,084,219	-	-
Interest Rate Swaps purchase		316,500	-	-	-	316,500	-	-	-	-
Foreign exchange contracts Purchase		125,528,129	62,649,641	33,523,691	28,834,032	520,765	-	-	-	-
		144,910,760	77,041,803	34,279,781	28,932,580	1,842,385	1,209,227	1,084,219	-	-
FX options sale										
Forward sale of Government securities		1,378,370	523,732	756,090	98,548	-	-	-	-	-
Cross Currency Swaps sale		14,274,714	14,274,714	-	-	-	-	-	-	-
Foreign exchange contracts Sale		4,185,049	207,483	-	-	1,684,120	1,209,227	1,084,219	-	-
		911,239,998	38,964,602	21,251,103	29,049,260	1,975,033	1,209,227	1,084,219	-	-
		111,078,131	53,970,531	22,007,193	29,147,808	1,884,120	1,209,227	1,084,219	-	-
Off-balance sheet gap										
		33,832,629	23,071,272	12,272,588	(215,228)	158,265	-	-	-	-
		251,542,394	104,138,809	16,317,201	371,988,404	33,409,082	14,261,929	14,483,387	5,924,815	437,797,193
Total Yield/Interest Risk Sensitivity Gap										
		251,542,394	355,681,203	371,988,404	384,887,558	398,296,640	412,558,569	427,021,956	432,946,771	437,797,193
Cumulative Yield/Interest Risk Sensitivity Gap										
		251,542,394	355,681,203	371,988,404	384,887,558	398,296,640	412,558,569	427,021,956	432,946,771	437,797,193

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2017

	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk								Non-interest bearing financial instruments	
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.37%	106,072,084	6,896,228	-	-	-	-	-	-	-	99,175,856	
Balances with other banks	0.17%	4,579,275	1,914,382	-	-	-	-	-	-	-	2,664,893	
Lending to financial institutions	4.06%	4,398,114	4,398,114	-	-	-	-	-	-	-	-	
Investments	7.13%	656,963,632	162,281,603	232,801,534	28,669,653	70,402,828	59,425,727	26,031,477	41,194,066	3,715,859	32,440,869	
Advances	6.81%	469,355,849	396,220,249	29,347,185	6,781,742	2,515,534	2,729,759	4,441,575	11,613,376	10,715,502	4,990,927	
Other assets		35,894,442	-	-	-	-	-	-	-	-	35,894,442	
		1,277,263,396	571,710,576	262,148,719	35,451,395	72,918,362	62,155,486	30,473,052	52,807,442	14,431,361	170,176,076	
Liabilities												
Bills payable		22,680,667	-	-	-	-	-	-	-	-	22,680,667	
Borrowings	5.12%	133,069,556	92,070,007	13,446,429	12,604,346	6,937,734	6,740,120	-	-	-	1,270,920	
Deposits and other accounts	2.50%	968,482,635	530,801,326	17,334,174	13,758,172	24,724,251	2,242,536	1,179,924	1,388,753	-	377,083,499	
Subordinated debt	7.12%	-	-	-	3,892,578	-	-	-	-	-	-	
Other liabilities		46,352,405	-	-	-	-	-	-	-	-	46,352,405	
		1,174,477,841	622,871,333	30,780,603	30,255,096	31,661,985	8,982,656	1,179,924	1,388,753	-	447,387,491	
On-balance sheet gap		102,785,555	(51,160,757)	231,368,116	5,196,299	41,256,377	53,172,830	29,293,128	51,448,689	14,431,361	4,990,927	
Off-balance sheet financial instruments												
FX options purchase		865,718	341,337	401,018	123,363	-	-	-	-	-	-	
Outright purchase of Government Securities		7,000,000	7,000,000	-	-	-	-	-	-	-	-	
Gross currency swaps - purchase		1,510,982	-	-	-	207,603	207,484	1,095,495	-	-	-	
Interest Rate Swaps - purchase		316,500	-	-	-	-	-	316,500	-	-	-	
Foreign exchange contracts purchase		85,101,993	40,264,340	25,658,086	18,890,209	289,358	-	-	-	-	-	
		94,794,793	47,605,677	26,059,104	19,013,572	496,961	207,484	1,411,995	-	-	-	
FX options sale												
Gross Currency Swaps - sale		865,718	341,337	401,018	123,363	-	-	-	-	-	-	
Foreign exchange contracts sale		1,721,562	-	-	-	207,603	207,484	1,306,475	-	-	-	
		75,210,455	30,449,021	25,783,177	17,111,940	1,681,766	123,611	60,940	-	-	-	
		77,797,735	30,790,358	26,184,195	17,235,303	1,889,369	331,095	1,367,415	-	-	-	
Off-balance sheet gap		16,997,058	16,815,319	(125,091)	1,778,269	(1,392,408)	(123,611)	44,580	-	-	-	
Total Yield/Interest Risk Sensitivity Gap		(34,345,438)	231,243,025	196,897,587	6,974,568	39,863,969	53,049,219	29,337,708	51,448,689	14,431,361	4,990,927	
Cumulative Yield/Interest Risk Sensitivity Gap		(34,345,438)	196,897,587	203,872,155	243,736,124	296,785,343	326,123,051	377,571,740	392,003,101	396,994,028		
Also disclose reconciliation of financial assets with total assets and liabilities.												
Reconciliation to total assets												
			2018 (Rupees in '000)		2017 (Rupees in '000)		2018 (Rupees in '000)		2017 (Rupees in '000)			
Balance as per balance sheet			1,498,130,061		1,343,237,891		1,348,852,332		1,189,671,554			
Less: Non financial assets			41,069,761		39,169,606		10,621,672		10,588,678			
Fixed assets			372,336		404,326		1,532,177		4,625,035			
Intangible assets			17,824,471		26,400,563		12,153,849		15,193,713			
Other assets			59,266,568		65,974,495		1,336,698,483		1,174,477,841			
Total financial assets			1,438,863,493		1,277,263,396		1,336,698,483		1,174,477,841			

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45.3.1 Operational Risk-Disclosures Base II Specific

Operational Risk- Disclosures Basel II Specific

Currently, the bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Bank took a number of initiative with respect to operational risk management. The parallel run approval for Alternative Standardized Approach (ASA) was accorded by SBP. The bank will initiate further steps for improvement Operational Risk management in the banks.

Operational loss data pertaining to key risk events is also collected on bank-wide basis. Operational Risk Management Software (ORMS) has been developed in house in line with the regulatory requirements, which has enhanced bank's capability to capture and report operational risk events in a more systematic way. The software is also capable for periodical regulatory and management reporting. Periodic review and analysis is prepared for senior management and Risk Management and Portfolio Review Committee (RM&PRC) of the Board. The report covers the significant risk events with root cause analysis and recommendations for further improvements.

45.4 Liquidity Risk

Liquidity Risk

Liquidity represents the ability to fund assets and meet obligations as they become due. The Bank understands that liquidity does not come for free, and surplus liquidity has an opportunity cost which needs to be recognized. Liquidity risk is a risk of not being able to obtain funds at a reasonable price within a reasonable time period to meet obligations as they become due. Liquidity is essential to the ability to operate financial services businesses and, therefore, the ability to maintain surplus levels of liquidity through economic cycles is crucial, particularly during periods of adverse conditions. Liquidity management is among the most important activities that the MCB conducts during both normal and stress periods, MCB recognizes that liquidity risk can arise from the Bank's activities and can be grouped into three categories:

- Inflows/Outflows from on-balance sheet items (other than marketable securities and wholesale borrowings) and off-balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

Liquidity Management

The Asset Liability Management Committee of the bank has the responsibility for the formulation of overall strategy and oversight of the Asset Liability Management function. Board has approved a comprehensive Liquidity Risk Policy (part of Risk Management Policy), which stipulates policies regarding maintenance of various ratios, funding preferences, and evaluation of Bank's liquidity under normal and stress scenarios. A framework to assess the maturity profile of non-contractual assets and liabilities is in place to supplement the liquidity management. Bank's comprehensive liquidity management framework assists it to closely watch the liquidity position through monitoring of early warning indicators and stress testing, to ensure effective and timely decision making.

MCB's liquidity risk management framework is designed to identify, measure and manage in a timely manner, the liquidity risk position of the Bank. The underlying policies and procedures include Risk Management Policy, Treasury Policy, Investment policy, Contingency Funding Plan, Liquidity Strategy and Liquidity Structure which are reviewed and approved regularly by the senior management. Board members, moreover, the Bank also prepares a "Contingency Funding Plan" (CFP) to address liquidity issues in time of stress/crisis situation containing early warning indicators to pre-empt unforeseen liquidity crises. MCB conducts Liquidity Risk Analysis on regular basis as well as Maturity of gaps are also reviewed in order to ensure diversification in terms of tenors, MCB Liquidity Policy envisages to project the Bank's funding position during temporary and long-term liquidity changes, addressing those caused by liability erosion and explicitly identifying quantifying and ranking all sources of funding preferences, such as reducing assets, modifying or changing liability liability structure, and using other alternatives for controlling statement of financial position changes. MCB performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Bank under both idiosyncratic and systemic market stress conditions, MCB's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of potential imbalances in balance sheet structure.

Intraday Liquidity Management

intraday liquidity management is about managing the daily payments and cash flows. Bank has policies to ensure that sufficient cash is maintained during the day to make payments through local payment system. The policy of the Bank is to maintain adequate liquidity at all times, in all geographical locations and all currencies and hence to be in a position, in the normal course of business, to meet obligations, repay depositors and fulfill commitments.

Managing Funding Sources

Managing funding sources, as per policy, MCB maintain a portfolio of marketable securities that can either be sold outright or sold through a repurchase agreement to generate cash flows for meeting unexpected liquidity requirement. As a part of liquidity management MCB maintains borrowing relationships to ensure the continued access to diverse market of funding sources, MCB's sound credit rating together with excellent market reputation has enabled MCB to secure ample call lines with local and foreign banks. The level of liquidity reserves as per regulatory requirements also mitigates risk. MCB's investment in reliable securities is much higher than the Statutory Liquidity requirements.

45.4.1 Maturities of Assets and Liabilities – based on contractual maturity of the assets and liabilities of the Bank

[illegible]

Share capital
Reserves
Surplus on revaluation of assets
Unappropriated profit

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

2017														
Total		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	106,072,084	106,072,084	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,579,275	4,579,275	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	4,398,114	2,524,590	971,730	901,794	-	-	-	-	-	-	-	-	-	-
Investments	656,963,632	243,507	84,916,907	515,706	77,870,434	203,887,771	28,971,341	22,996,637	66,850,093	970,717	58,469,019	42,264,925	42,203,219	26,800,356
Advances	469,355,849	120,033,164	22,982,732	5,668,193	36,775,642	26,359,387	48,670,851	32,260,189	12,887,621	12,771,810	34,179,337	35,117,990	46,959,735	34,689,198
Fixed assets	39,169,606	8,101	48,596	56,695	129,589	242,980	242,980	728,941	728,941	728,941	1,990,606	1,855,952	1,787,113	30,630,171
Intangible assets	404,326	712	4,260	4,971	11,361	21,302	21,302	63,907	63,907	63,907	146,697	-	-	-
Deferred tax assets	3,282,517	-	-	-	-	-	-	-	3,282,517	-	-	-	-	-
Other assets	62,295,005	509,887	2,825,288	1,790,480	4,623,181	8,231,180	11,427,319	1,871,367	7,551,751	7,519,914	2,777,224	2,888,877	10,278,537	-
	1,346,520,408	233,971,320	111,749,513	8,937,839	119,410,207	238,742,620	89,336,793	57,921,041	91,364,830	22,055,289	97,554,883	82,127,744	101,228,604	92,119,725
Liabilities														
Bills payable	22,680,667	756,022	4,536,132	5,292,157	12,096,356	-	-	-	-	-	-	-	-	-
Borrowings	133,069,556	139,329	89,670,079	521,823	3,009,696	5,761,635	7,684,794	12,604,346	6,329,992	607,742	6,740,120	-	-	-
Deposits and other accounts	968,482,635	898,724,410	2,536,628	25,275	5,598,512	1,337,589	15,996,585	13,758,172	522,677	24,201,574	2,242,536	1,179,924	1,358,753	-
Subordinated debt	3,892,578	-	-	-	-	-	-	779	-	779	1,558	1,558	3,887,904	-
Deferred tax liabilities	7,907,552	8,102	7,890	9,056	1,713	4,529	25,295	44,060	743,969	50,840	397,789	278,688	1,500,471	4,835,150
Other liabilities	56,921,083	5,282,099	3,701,017	2,875,673	7,107,816	3,915,404	7,479,460	4,525,993	3,374,102	3,386,720	3,127,986	3,221,472	8,923,341	-
	1,192,954,071	905,909,962	100,451,746	8,723,984	27,814,093	11,019,157	31,186,134	30,933,350	10,970,740	28,247,655	12,509,989	4,681,642	15,670,469	4,835,150
Net assets	153,566,337	(671,938,642)	11,297,767	213,855	91,596,114	227,723,463	58,150,659	26,987,691	80,394,090	(6,192,366)	85,044,894	77,446,102	85,558,135	87,284,575
Share capital														
Reserves	11,850,600													
Surplus on revaluation of assets	70,866,473													
Unappropriated profit	17,073,207													
	53,776,057													
	153,566,337													

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

45.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2018										
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	103,174,597	103,174,597	-	-	-	-	-	-	-	-
Balances with other banks	11,878,975	11,878,975	-	-	-	-	-	-	-	-
Lending to financial institutions	35,106,241	34,474,890	631,351	-	-	-	-	-	-	-
Investments	749,368,738	467,589,102	114,932,982	38,456,660	16,910,325	39,333,410	18,626,096	19,693,124	19,670,396	14,156,643
Advances	503,581,323	91,612,532	51,731,662	36,005,234	41,484,805	79,325,856	77,988,025	72,117,715	45,633,251	7,682,243
Fixed assets	41,069,761	289,819	579,639	869,458	1,738,917	1,980,606	562,189	3,117,976	3,569,240	28,361,917
Intangible assets	372,336	21,302	42,605	63,907	127,815	116,707	-	-	-	-
Deferred tax assets	3,276,900	259,727	311,696	605,792	930,455	413,594	393,188	96,893	265,555	-
Other assets	53,578,090	13,104,835	17,699,928	2,151,240	8,255,123	3,423,685	925,700	8,017,579	-	-
	1,501,406,961	722,405,779	185,929,863	78,152,291	69,447,440	124,593,858	98,495,198	103,043,287	69,138,442	50,200,803
Liabilities										
Bills payable	15,699,280	15,699,280	-	-	-	-	-	-	-	-
Borrowings	216,018,886	182,112,138	11,794,618	8,445,473	699,729	1,402,299	1,743,962	3,097,690	6,722,977	-
Deposits and other accounts	1,049,037,615	75,813,914	66,895,101	79,990,052	61,395,732	230,208,066	230,023,884	228,782,179	75,928,687	-
Subordinated debt	3,891,019	-	-	779	779	1,557	1,557	3,886,348	-	-
Deferred tax liabilities	4,809,077	8,960	17,053	26,102	52,315	105,498	105,498	1,714,610	892,230	1,886,810
Other liabilities	62,673,355	30,563,112	8,799,810	4,939,989	4,145,131	3,817,909	1,260,035	7,900,691	1,246,678	-
	1,352,129,232	304,197,404	87,506,582	93,402,395	66,293,686	235,535,329	233,134,936	245,381,518	84,790,572	1,886,810
Net assets	149,277,729	418,208,375	98,423,281	(15,250,104)	3,153,754	(110,941,471)	(134,639,738)	(142,338,231)	(15,652,130)	48,313,993
Share capital	11,850,600									
Reserves	74,147,981									
Surplus on revaluation of assets	9,747,104									
Unappropriated profit	53,532,044									
	149,277,729									

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

2017										
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	106,072,084	106,072,084	-	-	-	-	-	-	-	-
Balances with other banks	4,579,275	4,579,275	-	-	-	-	-	-	-	-
Lending to financial institutions	4,398,114	4,398,114	-	-	-	-	-	-	-	-
Investments	656,963,632	163,546,554	232,862,112	22,996,637	67,820,810	58,469,019	42,264,925	42,203,219	15,206,397	11,593,959
Advances	469,355,849	94,381,769	63,604,822	23,804,319	16,068,109	69,988,673	71,714,489	82,849,288	40,523,156	6,421,224
Fixed assets	39,169,606	144,108	288,215	432,322	864,644	1,729,288	1,729,288	3,458,576	8,646,440	21,876,725
Intangible assets	404,326	20,294	40,588	60,882	121,765	160,797	-	-	-	-
Deferred tax assets	3,282,517	-	-	-	3,282,517	-	-	-	-	-
Other assets	62,295,005	9,748,836	19,658,499	1,871,367	15,071,665	2,777,224	2,888,877	10,278,537	-	-
	1,346,520,408	382,891,034	316,454,236	49,165,527	103,229,510	133,125,001	118,597,579	138,789,620	64,375,993	39,891,908
Liabilities										
Bills payable	22,680,667	22,680,667	-	-	-	-	-	-	-	-
Borrowings	133,069,556	93,340,927	13,446,429	12,604,346	6,937,734	6,740,120	-	-	-	-
Deposits and other accounts	968,482,635	56,535,349	63,407,436	66,039,649	45,522,749	221,901,407	220,838,796	221,017,625	73,219,624	-
Subordinated debt	3,892,578	-	-	779	779	1,557	1,557	3,887,906	-	-
Deferred tax liabilities	7,907,552	26,761	29,824	44,060	794,809	397,789	278,688	1,500,471	4,100,891	734,259
Other liabilities	56,921,083	18,966,605	11,394,864	4,525,993	6,760,822	3,127,986	3,221,472	8,923,341	-	-
	1,192,964,071	191,550,309	88,278,553	83,214,827	60,016,893	232,168,859	224,340,513	235,329,343	77,320,515	734,259
Net assets	153,566,337	191,340,725	228,175,683	(34,049,300)	43,212,617	(99,043,858)	(105,742,934)	(96,539,729)	(12,944,522)	39,157,649
Share capital	11,850,600									
Reserves	70,866,473									
Surplus on revaluation of assets	17,073,207									
Unappropriated profit	53,776,057									
	<u>153,566,337</u>									

Liquidity Gap Reporting

When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity. Bank regularly conducts an objective and systematic behavioral study using regression analysis technique to ascertain the maturity of its non-contractual assets and liabilities. Core and non-core parts of the non-contractual assets and liabilities are segregated through the behavioral study. Non Core part is placed among the short term maturity buckets i.e. up to 1 Year based on the model results, whereas core part is distributed among the longer terms buckets based on the discussion and decision by the ALCO. Following percentages are used to distribute the core assets and liabilities among longer term buckets:

Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
30%	30%	30%	10%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

45.5 Derivative Risk

Most business clients have either interest rate exposures arising from debt financing or currency exposures arising out of commercial transactions from import and export of goods. Businesses face the risk of sudden movements in interest rates or foreign exchange rates that may adversely affect their profitability. MCB Bank provides solutions to this problem through its derivatives desk in major types of derivative instruments i.e.; forwards, futures, swaps and options. As an Authorized Derivative Dealer (ADD), MCB is an active participant in Derivative market and has flexibility in providing a broad range of derivatives products covering both hedging and market making to satisfy customers' needs. As an ADD, the bank offers derivative products which are permitted under the Financial Derivative Business Regulations (FDBR) or as permitted by the State Bank of Pakistan. Before executing Derivative transactions, the bank ensures that the clients understand the risk and reward associated with the derivative being offered. Derivative transactions are executed with appropriate clients only.

Risk management activities take place at the following different levels.

Strategic Level:

By senior management Assets and Liabilities Management Committee (ALCO), Management Credit and Risk Committee (MC&RC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank-wide basis. The Board provides the overall limits/thresholds for derivatives business.

Macro Level

By Treasury and FX Group and Risk Management Group, responsible for policy formulation, procedure development and implementation, monitoring and reporting.

Micro Level:

Treasury Derivatives and Structured Product Desk where risks are actually created and Treasury Operations for settlements of the transactions.

Derivative Risk Management caters the following risks:-

Market Risk arises from changes in market rates such as Interest Rates, Foreign Exchange Rates, Equity Prices, credit spreads and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. In line with SBP's regulatory guidelines, Bank hedges back-to-back all option transactions with other financial institutions. Bank minimizes the exchange rate risk on its Cross Currency Swap Portfolio by hedging the exposure in interbank market. Bank also manages interest rate risk on its Interest Rate Derivatives and Cross Currency Swaps through various sensitivity limits approved by ALCO. Marked to market positions and sensitivity of the derivatives transactions are monitored on regular basis. All individual deals are approved at the appropriate level of authority after analyzing the risk and benefits associated with the deals.

Credit risk is a probable risk of loss resulting from customer's inability to meet contractual obligation that may have adverse impact on Bank's profitability. Bank manages the risk by setting policies and limits for counterparty based on a pre-defined criteria linked with financial health of the customer. The exposure of each counterparty is monitored by Risk Management Function of the Bank on daily basis.

Considering small Derivative portfolio, bank is not exposed to any liquidity risk. However; Bank manages its liquidity risk through Bank's Liquidity Risk Policy which is defined in relevant Liquidity Risk Section.

Bank has adequate system and controls for smooth execution of derivative transactions. Transactions are executed in line with well defined accounting and operational aspects to mitigate the operational risk. Policies and control functions are regularly reviewed on periodic basis. The Bank uses a third party's Super Derivative System which provides front end sales and structuring capabilities, end to end valuation solutions, risk management systems, back end processing and provides analytical tools to measure various risk exposures and carry out sensitivity analysis.

The Bank uses a third party's Super Derivative System which provides front end sales and structuring capabilities, end to end valuation solutions, risk management systems, back end processing and provides analytical tools to measure various risk exposures and carry out sensitivity analysis.

The goal of asset/liability management (ALM) is to properly manage the risk related to changes in interest rates, the mix of balance sheet assets and liabilities, the holding of foreign currencies, and the use of derivatives. Due to thin liquidity in the derivative market, interest rate derivatives are not actively used to manage/alter the interest rate risk profile of the bank.

Accounting policy has been disclosed in the note 5.

46 EVENTS AFTER THE REPORTING DATE

- 46.1 The Board of Directors in its meeting held on February 20, 2019 has announced a final cash dividend in respect of the year ended December 31, 2018 of Rs.4.00 per share (2017: Rs. 4.00 per share). These unconsolidated financial statements for the year ended December 31, 2018 do not include the effect of these appropriations which will be accounted for subsequent to the year end.
- 46.2 The Government has announced 4% Super tax for the Tax year 2018 (accounting year ended December 31, 2017) after year end though not yet approved. These unconsolidated financial statements for the year ended December 31, 2018 do not include the impact of Super tax announced for tax year 2018.

47 GENERAL

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

Under BPRD circular No.2 dated January 25, 2018 'Revised Forms of Annual Financial Statements' comparative information has been reclassified, rearranged in these unconsolidated financial statements for the purposes of better presentation. However, no significant reclassifications have been made in these unconsolidated financial statements.

48 DATE OF AUTHORIZATION FOR ISSUE

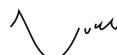
These unconsolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 20, 2019.



Imran Maqbool
President/Chief Executive



Hammad Khalid
Chief Financial Officer



S. M. Muneer
Director



Muhammad Tariq Rafi
Director



Muhammad Ali Zeb
Director

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year

Sr. No.	Name and address of the borrower	Name of individuals/ partners/ directors		Father's /Husband's name	Outstanding liabilities at beginning of year				Principal Written off	Interest/ Markup Written off/waived	Other Fin. Reliefs Provided	Total
		Name	CNIC No.		Principal	Interest / mark up	Others	Total				
1	Domestic New Usman Paint & Hardware Storezzz Plot No-45-X-26, Madina Town Faisalabad.	Shahid Nazir	33100-0812468-3	Nazir Ahmed	-	486	37	523	-	486	37	523
2	Star Traders House No. 235, Street No.02, Mohallah Gobindpura Faisalabad	Ch. Muhammad Tufail	33100-2958551-9	Ch. Ghulam Hussain	-	1,732	70	1,802	-	1,732	70	1,802
3	Abid Abrar House # A-254, Block "J", Kda Scheme # 2, North Nazimabad, Karachi	Abid Abrar	42101-3433571-9	Abrar Ahmed Khan	-	2,147	33	2,180	-	2,146	33	2,179
4	National Medicos 61/2, 24th Lane, Khayaban-e-Badban, Phase VII, Defence Housing Authority, Karachi.	Kamran Aliqz Qureshi	42000-0497495-3	Aliqz Qureshi	-	658	-	658	-	658	-	658
5	Sarwat Saeed & Mahjabeen Sarwat House No. R-72, Phase-VII, Khayaban-E-Rizwan, Dha Karachi.	Sarwat Saeed Mahjabeen Sarwat	42000-0453148-7 42201-7399513-6	Babban Khan Sarwat Saeed	-	2,289	33	2,322	-	2,289	33	2,322
6	Muhammad Ayub Naseem House # 104-D, Askari Housing Complex, Near Kalma Chowk, Lahore	Muhammad Ayub Naseem	35202-5068295-5	Khawaja Hamid Ali	-	2,403	52	2,455	-	2,403	52	2,455
7	Muhammad Kashif Khan House # 606, Safari Villas, St. # 15, Trailacool Square, Bahria Town, Lahore	Muhammad Kashif Khan	35202-1479454-1	Amanat Ullah Khan	-	769	-	769	-	769	-	769
8	S.W.S Inter General Trading Co. House # 16, St. # 2, Nagina Colony, New Shalimar Road, Multan Road, Lahore	Muhammad Saleem Asi	35201-1917886-3	Noor Muhammad	-	263	3,664	3,927	-	562	-	562
9	Saboothi Rasheed House# 12, Kahlid Kark Road, Lahore.	Saboothi Rasheed	35201-1549892-8	Abdul Raheed Butt	-	2,565	17	2,582	-	2,565	17	2,582
10	Muhammad Shabbir & Nalla Shabbir House No. 498, Nishier Block, Allama Iqbal Town, Lahore	Muhammad Shabbir Nalla Shabbir	35202-3744777-5 35202-7111651-0	Muhammad Bashir Muhammad Shabbir	-	1,821	60	1,881	-	1,821	60	1,881
11	Muhammad Shabbir , Nalla Shabbir, Bashir Ahmed, Zohra Bibi House No. 498, Nishier Block, Allama Iqbal Town, Lahore	Muhammad Shabbir Nalla Shabbir Bashir Ahmed Zohra Bibi	35202-3744777-5 35202-7111651-0 35202-4891007-1 35202-4303674-8	Muhammad Bashir Muhammad Abdullah Bashir Ahmed	-	1,354	50	1,404	-	1,354	50	1,404
12	Jameel Hussain House No. 378-N, Block N, 134 Acre Scheme Samanabad, Lahore	Jameel Hussain	35202-9335116-7	Muhammad Ameer	-	2,490	-	2,490	-	2,490	-	2,490
13	Danish Commission Shop Saroop Wala District Hafizabad	Ilkhitar Ahmad	34301-2036566-7	Muhammad Anwar	-	485	77	562	-	485	77	562
14	Syed Abdul Bari House # 326,G-III, Johar Town Lahore	Syed Abdul Bari	35202-3033863-7	Syed Munawar Hussain	-	3,815	-	3,815	-	3,815	-	3,815
15	Akbar Ali House # 80, Street # 6, Meraj Park, Hassan Town, Lahore	Akbar Ali	35202-3010422-7	Muhammad Hussain	-	550	-	550	-	550	-	550
16	Javed Iqbal, Ghulam Hussain & Talib Hussain House No. 18, Near Telenor Tower, Mohallah Nabi Baksh Park, Shad Bagh, Lahore (Khasra No. 11387/4173)	Javed Iqbal Ghulam Hussain Talib Hussain	35202-7129625-3 35202-9805510-7 35202-9486817-7	Muhammad Ramzan	-	2,744	-	2,744	-	2,497	248	2,745
17	Eagle Leather Works 108 Jutti road new multan colony house # 38, Block Z Mullan.	Kausar Kamal	36302-9615774-5	Ghulam Akbar Khan	-	1,296	17	1,313	-	1,296	17	1,313
18	Muhammad Rizwan House # 3 B 2/25, Nazimabad # 3, Karachi.	Muhammad Rizwan	42101-9050131-1	Muhammad Sadiq	386	1,509	-	1,895	386	1,509	-	1,895
19	NRM Corporation Office -505,Sharjah Centre, New Challi, Karachi, House No F-45, Rizvia Society, Nazimabad, District Karachi Cenytal.	Syed Masood Hassan Jafri	42101-3105089-5	Syed Hassan Ahmed Jafri	-	1,433	-	1,433	-	1,433	-	1,433

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year

Sr. No.	Name and address of the borrower	Name of individuals/ partners/ directors		Father's /Husband's name	Outstanding liabilities at beginning of year				Principal Written off	Interest/ Markup Written off/waived	Other Fin. Reliefs Provided	Total
		Name	ONIC No.		Principal	Interest / mark up	Others	Total				
20	Noor Flour & General Mills 59-A & 59-B Industrial Area I-10/3, Islamabad	Abdul Rehman Khan	37405-0378001-3	Haji Gul Rehman Khan	-	1,875	-	1,875	-	1,875	-	1,875
		Habibullah Khan	37405-0377900-7	Abdul Rehman Khan								
		Ameerullah Khan	37405-0549904-7	Abdul Rehman Khan								
		Waheedullah Khan	37405-0685076-5	Abdul Rehman Khan								
		Mushgala Bibi	37405-0342927-0	Abdul Rehman Khan								
21	Atta Muhammad Khokhar House No. 24-Z-7 Madina Town Faisalabad.	Nusrat Bibi	37405-0342937-0	Habibullah Khan	-	527	43	570	-	527	43	570
		Atta Muhammad Khokhar	33100-1847452-5	Bashir Ahmed Khokhar								
22	Cheema Rice Mills Mouza Kassoana, Tehsil Ahmed Pur Sial, District Jhang	Abdul Qadeer	33203-1414414-1	Muhammad Yahya	-	13,138	421	13,559	-	13,138	421	13,559
		Usman Qadeer	33203-1414411-5	Abdul Qadeer								
23	Noor Trucking Station Mouza Kassoana, Tehsil Ahmed Pur Sial, District Jhang	Abdul Qadeer	33203-1414414-1	Muhammad Yahya	-	1,562	-	1,562	-	1,562	-	1,562
24	Mumtaz Hosiery Uggoke Road, Hassan Abad, Muzafar Pura, Sialkot.	Shahzada Muhammad Anwar Bhatti	34603-2221553-9	Khuda Baksh Late	-	563	40	603	-	563	40	603
25	Ali Raza & Co Rasool Pur Tarrar, Tehsil Pindi Bhattian, District Halizabad	Ali Raza	34302-1247602-9	Pervaz Ahmad	-	1,553	63	1,616	-	1,553	63	1,616
26	Muhammad Younas Street Khatikan Wali, H No 236/24, Bazar Churi Garani, Gujranwala	Muhammad Younas	34101-3902203-3	Muhammad Ibrahim	-	516	27	543	-	516	27	543
27	Azgard Nine Limited Avan-H-Science, Off, Shahrah-i-Roomi, Lahore.	Ahmed Humayun Sheikh	35201-8953938-7	Humayun Naseer Shaikh	121,020	186,671	2,890	310,581	121,020	186,671	2,825	310,516
		Nasir Ali Khan Bhatti	35200-1532448-1									
		Anir Ghais	35201-4464173-3									
		Usman Rasheed	45101-0633360-7									
		Malika Sarda Azam	35202-1349008-2									
		Munir Aslam	22401-1826695-7									
		Zahid Mahmood	42501-1542129-5									
28	Naseer Ahmed Samma & Nusrat Naseer House # 333, Block X, Phase-III, D.H.A., Lahore	Naseer Ahmed Samma Nusrat Naseer	35201-6159732-1 35201-8500632-2	Chaudhry Muhammad Hussain Chaudhry Naseer	-	3,111	17	3,128	-	3,111	17	3,128
29	Ghousia Bricks Company Dhodawal Sharif Tehsil Sambrial District Sialkot.	Syed Farooq Sabir	34601-9967963-3	Syed Muhammad Sabir	-	600	47	647	-	600	47	647
30	Sana Ullah Commission Shop Fateh Pur,Rasool Pur Tarrar, Halizbada.	Sana Ullah	34301-1746503-1	Muhammad Hayat	1,850	1,987	75	3,912	-	1,990	75	2,065
31		Muhammad Zaman Khanpur Road, Rasoolpur Tarrar, District Halizabad.	Muhammad Zaman Tarrar	34301-8911448-1	Ch. Muhammad Malik Tarrar	-	1,044	77	1,121	-	1,044	77
32	TS Brothers House No 2/A Nazir Garden, Hadbast Mauza Harbanspura, Tehsil Cantt. District Lahore	Sultan Ahmad	35200-1469558-3	Bashir Ahmad	-	1,320	17	1,337	-	1,320	17	1,337
33	Muhammad Ijaz Chughtai 589-Neelam Block, Allama Iqbal Town, Lahore	Muhammad Ijaz Chughtai	35202-1458166-6	Muhammad Sharif Chughtai	-	682	65	747	-	682	65	747
34	Baleegh Ur Rehman House# 289-A, Street # 06, Cavalary Ground, Lahore Cantt.	Chaudhary Baleegh Ur Rehman	35201-1569306-3	Abdul Rehman Jami	-	5,099	67	5,166	-	5,099	67	5,166
35	Muneeb Corporation, Jalalpur Bhattian, District Halizabad.	Muhammad Muneeb	34302-2283280-9	Muhammad Ashraf	907	1,100	437	2,444	-	1,064	437	1,501
36	Syed Mumtaz Mehdi House # 16, Karim Block, Allama Iqbal town, Lahore	Syed Mumtaz Mehdi	35202-2896614-9	Syed Hashim Nawab	-	1,359	53	1,412	-	1,359	53	1,412
37	Attab & Co. Adda Khanpur, Tehsil & District Halizabad.	Attab Ahmad	34301-1743686-3	Bashir Ahmad	-	2,624	17	2,641	-	2,624	17	2,641
38		Warach Enterprises Nisbat Park, Paris Road Sialkot.	Imran Muzaffar Warrach Tariq Muzaffar Chaudhary	34201-9448793-7 34603-5512353-9	Muzaffar Khan Chaudhary Muzaffar Khan	100	6,972	133	7,205	-	6,972	133

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		Name	CNIC No.		Principal	Interest / mark up	Others	Total				
39	Gari Maharaja Rice Mills Gari Maharaja, Tehsil Ahmed Pur Sial, Jhang.	Muhammad Nawazish Ali Khan Muhammad Aun Abbas Gulnaz Ali	33203-0157891-1 33203-9047619-1 33203-1298389-6	Muhammad Muzaffar Ali Muhammad Muzaffar Ali Muzaffar Ali Khan	-	1,746	60	1,806	-	1,746	60	1,806
40	Meva Khan House No. 382, St. No. 31, Sector G-10, Islamabad	Meva Khan Khwaishka Bibi Qatar Khan	61101-1808486-7 61101-1920911-8 61101-3258735-7	Qatar Khan Qatar Khan Qatar Khan	-	2,645	-	2,645	-	2,645	-	2,645
41	Barkat Packaging Plot # F-9 SITE Area, Hyderabad,	Zahid Ur Rehman Jahangir Ayub	61101-3258735-7 41304-7344337-1	Qatar Khan S.M Ayub	2,584	8,809	25	11,418	-	6,408	25	6,433
42	Saeed Ahmad Mughal 13AA, Defence Road, Khuda Bakhsh Colony, Lahore.	Saeed Ahmad Mughal	35201-2975395-9	Abdul Rasheed	542	2,253	53	2,848	-	1,850	-	1,850
43	M M Embroidery Plot # 2, Bara Street, Jamal Colony, Hanjarwal, Mullan Road, Lahore.	Mubashar Hassan Muhammad Sarwar	35202-8234442-9 35201-9350965-3	Mushaq Ahmad Ch. Fateh Muhammad	1,997	2,812	-	4,809	-	1,670	-	1,670
44	Latif Hanif Commission New Galla Mandi, Kamoki Distt. Gujranwala	Muhammad Latif	34102-0728469-5	Muhammad Hanif	4,799	2,570	-	7,369	-	2,636	-	2,636
45	Arshad Ali 197-Karim Block, Allama Iqbal Town, Lahore	Arshad Ali	36402-0829630-5	Haji Muhammad Sadiq	-	1,917	-	1,917	-	1,917	-	1,917
46	Razaq Brothers Jamia Bye Pass New G.T. Road, Gujrat.	Mian Muhammad Shahbaz Mian Muhammad Fayyaz	34201-0407286-1 91509-0140661-7	Mian Khan	-	903	53	956	-	903	53	956
47	Matta Brothers More Ertanabad, G. T. Road, Gujranwala.	Akbar Ali Matla	34101-2439544-1	Ghulam Muhammad	2,000	1,848	57	3,905	-	1,864	57	1,921
48	Syed Nasir Hussain House No. P/1515, Asghar Mall Road, Rawalpindi	Syed Nasir Hussain	37405-6268044-3	Syed Zakir Hussain	1,739	1,307	25	3,071	-	1,285	4	1,289
49	Three Star Hosiery Mills (Pvt.) Ltd 41C-Business Center, Mumtaz Hassan Road, Off I.I Chundrigar Road, Karachi	Muhammad Rasheed Mansoor Rasheed Saud Rasheed Tanveer Rasheed	36302-0479679-5 36302-3805509-9 36302-0319483-5 36302-9179515-6	Muhammad Amin Muhammad Rasheed Muhammad Rasheed Muhammad Rasheed	16,000	34,024	15	50,039	16,000	34,024	15	50,039
50	Babu Muhammad Ijaz & Sons 31-B, New Fruit Market, Ravi Link Road, Lahore.	Muhammad Waheed Malik Malik Muhammad Atiq Muhammad Saeed Malik	35202-0321866-1 35202-6317563-1 35202-2941409-5	Malik Muhammad Ijaz Malik Muhammad Ijaz Malik Muhammad Ijaz	-	3,400	17	3,417	-	3,400	17	3,417
51	Amir Khan House # 54 Mohallah Neha Rmrozai Bannu Road Kohat City, Kohat	Amir Khan	42000-8675759-5	Aman Khan	-	248	-	248	-	249	258	507
52	Shan Electronics Quaid Millat Colony # 1, New Jail Road, Chungi Amar Sidhu, Lahore	Liaquat Ali	35200-1525906-9	Nazar Hussain	-	2,481	-	2,481	-	2,481	-	2,481
53	Hasan Brothers P.O Box 389, Paris Road, Siakot.	Hasan Hussain Khalid Hussain Muhammad Arif Khalid Hussain	34603-2127260-5 54213-2543456-2 34603-2174620-7 34603-7504284-5	Allah Rukha	400	4,810	66	5,276	-	4,817	66	4,883
54	Sheikh Muhammad Siddique House No. E/68 A, St. Town, Rwp	Muhammad Abubakar Latif Eehab Latif	35202-2707708-9 35202-2639210-5	Muhammad Latif Muhammad Latif	10,699	10,551	17	21,267	-	10,620	16	10,636
55	Eehabs Engineering Co Pvt. Ltd 2-Km Defence Road Off 24 Km Mullan Road Lahore	Muhammad Hassan Latif Muhammad Latif Muhammad Latif	35200-1539893-5 35202-2518616-9 42101-1139786-9	Muhammad Latif Muhammad Latif Nabi Baksh Muhammad Iqbal	-	6,058	93	6,151	-	6,058	93	6,151
56	Gharib Nawaz Corporation C-I 383-384/421-422, Sector 16-B, North Karachi, Karachi	Muhammad Javaid	42101-1139786-9	Muhammad Iqbal	416	518	-	934	-	540	-	540
57	Muhammad Rahat House # D-64, Block F, Kda Scheme # 2, North Nazimabad, Karachi	Muhammad Rahat	42101-3456161-3	Muhammad Lateef	-	8,382	323	8,705	-	8,382	323	8,705
58	Syed Waseem Ahmed & Syed Nadeem Ahmed Flat # 901-A, 9Th Floor, West Point Tower, Phase II, Extension Dha, Karachi	Syed Waseem Ahmed Syed Nadeem Ahmed	42201-0380169-5 90403-0151716-9	Syed Naseer Ahmed	1,606	539	35	2,180	-	548	35	583

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		Name	ONIC No.		Principal	Interest / mark up	Others				
59	Zakir & Co. House # 35/18, Allard Street, Nashar Road, Garden West And Shop # Re-1 & Ls-1 Sh-22, Sector 10, Orangi Township, Karachi	Zahir Hussain	42201-0763568-3	Shakir Hussain	4,277	2,293	34	6,604	1,623	34	1,657
60	Maas Brothers International Rani Mansion, Suite 1, Airport Road, Shan Faisal Colony, Karachi	Qazi Syed Abul Hassan Rizvi	42201-2818948-9	Qazi Syed Hadi Hassan	-	1,395	-	1,395	1,395	-	1,395
61	Naseem Fatima House No.B-31, Block -17, Deccan Cooperative Housing Society, Federal B Area, Karachi.	Naseem Fatima	42101-7034925-2	Iqbal Hussain	-	3,089	-	3,089	3,089	-	3,089
62	Ashraf Weaving Factory House No.285-C, Peoples Colony No.02 Faisalabad.	Muhammad Ashraf	33100-6028070-1	Muhammad Ali	2,000	895	41	2,936	870	41	911
63	Sadar Iron Store Faisalabad Road Chiniot	Muhammad Rashid	281-89-417464	Shamas-UH-Din	-	810	-	810	501	-	501
64	Malik Commission Shop Fetipur PO, Rasulpur Tatar The & Dist. Hafizabad.	Imdad Ullah	34302-2317289-9	Ali Muhammad	-	1,776	67	1,843	1,776	67	1,843
65	National Consumer Services 29-Zaman Center, Mehrabad, Peshawar Road, Rawalpindi	Ghayas Ud Din	37405-6387803-3	Sheikh Yaqeen Ud Din	-	1,972	37	2,009	1,565	-	1,565
66	Muhammad Atzal Dar Dar Street, Shornali Mohella, Jhelum	Muhammad Atzal Dar	37301-2197324-9	Muhammad Aslam Dar	474	2,008	-	2,482	903	-	903
67	Iqam Color Services Prime Square, Railway Road, Jhelum	Muhammad Ikram Dar	37301-4910946-5	Muhammad Aslam	-	2,061	-	2,061	967	-	967
68	A.R. Towels R-40, Sector 11-C-3, Sir Syed Town, North Karachi.	Zahid Akhtar Muhammad Sajid Akhtar	42101-9432087-7 42101-1782454-3	Abul Lais Abul Lais	444	1,953	33	2,430	1,953	33	1,986
69	Javed Omer Vohra House No.A-6-A, Central Avenue,, Phase II, DHA, Karachi	Javed Omer Vohra	42201-0302902-7	Muhammed Omer	-	23,103	438	23,541	23,103	438	23,541
70	Sakhi Baba Store C.S. # B-2539/A Ward-B, 3rd Floor, Lariki Bazar, Sukkur.	Mahindar Kumar	45504-4900747-1	Murli Dhar	795	584	20	1,399	584	20	604
71	Sky Hawks International Kachery Road, Sialkot.	Wajid Ali Sheikh Zeeshan Ali Shehnaz Sajid Ch. Ashfaq Ahmed	34603-9759174-9 34603-7588975-1 34603-2906551-0 34603-7816485-5	Muhabat Ali Muhabat Ali Said Amin Ch. Muzaffar Ahmed	2,101	1,346	67	3,514	1,346	67	1,413
72	Chaudary Construction Company Post Office, Khass Butler, Sialkot.	Shabbir Abbas Rizvi	35202-2848165-3	Iftekhar Rizvi	2,816	778	-	1,753	1,753	-	1,753
73	Shabbir Abbas Rizvi 45-Sattar Park, Raj Garh, Lahore.	Shabbir Abbas Rizvi	34104-2339340-7	Nabi Ahmad	3,500	1,341	-	3,594	641	-	641
74	Arooj & Company Noor Kot, Ghakhar Mandi.	Zulfiqar Ali	34201-3605017-5	Ghulam Sarwar	500	486	26	1,012	482	26	508
75	Paramount Bone Crushing Ahmad Nagar Road Wazirabad	Abdul Ghaffar	34101-8855383-7	Munir Ahmad	-	530	62	592	530	62	592
76	Abdul Ghaffar Khaili Shahrpur, Abid Colony Gujranwala,	Ch Muhammad Nadeem	34101-260872-5	Ch Muhammad Amin	1,497	2,702	63	4,262	2,605	63	2,668
77	Ch Muhammad Nadeem 2529-B, Model Town , Gujranwala	Shahzad Ahmad	34104-4793506-3	Nabi Ahmad	-	694	80	774	694	80	774
78	Shahzad & Co Ghalla Mandi, Tehsil Wazirabad, District Gujranwala.	Muhammad Tahir Sultan Khan	38302-1221389-3	Mohammad Younis	4,993	3,034	67	8,094	3,136	67	3,203
79	Muhammad Tahir Sultan Khan Ballo Khaili, Watta Khaili Road, Mianwali.	Abdul Rauf Tariq	35202-7332025-9	Abdul Ghaloor	416	976	17	1,409	790	17	807
80	Abdul Rauf Tariq & Aishan Tariq House No. 820, Nizam Block, Allama Iqbal Town, Lahore	Aishan Tariq	35202-8189984-4	Abdul Rauf Tariq	-	-	-	-	-	-	-
81	Faisal Qayyum & Ifrat Sultana House # 153-E, Model Town, Lahore	Faisal Qayyum Ifrat Sultana	35202-9625525-9 35202-7249919-6	Seikh Abdul Qayyum Seikh Abdul Qayyum	2,049	3,840	17	5,906	3,005	17	3,022

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		Name	CNIC No.		Principal	Interest / mark up	Others	Total				
82	Menahil Textiles (Pvt) Ltd 85-Shanrahi-E-Qaid-E-Azam, Lahore.	Naveed Ikhlas Raheel Ikhlas Asad Hafeez Imran Tahir	35201-2840980-7 35202-2367676-3 35201-4757214-1 35202-1165264-9	Muhammad Ikhlas (Late) Muhammad Ikhlas Mian Muhammad Hafeez Saleem Tahir	-	8,275	1,112	9,387	-	8,275	1,112	9,387
83	Fasih ud din 769-2, St. # 17, X-Block, DHA, Lahore.	Fasih Ud Din	34101-2373185-7	Saif Ud Din	1,742	1,463	-	3,205	-	1,349	17	1,366
84	Saleem Filling Station 12-KM away from Bhawana Jhang Road Faisalabad.	Chaudhry Muhammad Ali	33100-0311053-3	Buland Khan Dogar	113	1,941	18	2,072	-	1,894	18	1,912
85	Imran Javed Weaving Factory House No.P-37, Block-A, Mohallah Noorpur Chak No. 122/JB, Faisalabad.	Raheel Ahmad	33100-0716605-5	Muhammad Aslam	2,489	725	44	3,258	-	611	44	655
86	Husnain International (Pvt) Ltd. 5th Floor Hassan ArcadeMontgomery Bazar Faisalabad.	Mubashar Javed Mudassar Javed Hina Saeed Rizwan Anwar Shaista Attique Ali Mubashar	33100-1883350-7 33100-8169426-9 33100-3893621-4 33100-7723784-9 33100-1883350-7 33100-3664001-5	Ghulam Sarwar Ghulam Sarwar Mudassar Javed Muhammad Anwar Attique Anwar Mubashar Javed	1,967	10,536	74	12,577	-	10,343	74	10,417
87	Chaudhry Rice Mills Shahid Shaheed Road, Ward # 04, Shorkot city, District Jhang.	Khalid Ghani Ghazala Yaseen	33203-0380863-5 33203-1311950-4	Chaudhry Abdul Ghani Khalid Ghani	5,370	971	-	6,341	-	552	-	552
88	Gondal Cold Storage & Ice Factory Mano Chak, Tehsil Phalia, Mandi Bahauddin	Waseem Ahmad Shakeel Ahmed Ijaz Ahmad	34403-1943788-9 34403-1943789-3 35202-9275525-3	Muhammad Nawaz Muhammad Nawaz Muhammad Shafi	3,499	1,558	77	5,134	-	1,560	77	1,637
89	Ijaz Traders 143-Ferozpur Road, Lahore.				-	1,498	89	1,587	-	1,370	89	1,459
90	Adara Tableegh Ul Quran 14 Empress Road Near Kes Peria Hall Opp St And Rews Church High School, Lahore.	Sh.Muhammad Ibrahim	35201-7100889-3	Abdul Latif	-	2,262	67	2,329	-	2,262	67	2,329
91	VARIEQ (PVT) LTD. 3 Sun Flower Building Liberty Market lahore.	Aamer Iqbal Omer Iqbal Touseef Ahmed Muhammad Iqbal Muhammad Aslam	35200-1571569-1 35202-2639447-1 35202-3854934-5 35202-6288464-7 35202-8695882-9	Muhammad Iqbal Muhammad Iqbal Waheed Ahmed Mian Muhammad Sharif Ch. Fazal Elahi	-	4,490	168	4,658	-	4,490	168	4,658
92	Hope Color Laboratories 86 – Chamberlain Road (Nisbat Chowk), Lahore				5,299	3,344	17	8,660	-	3,394	17	3,411
93	Mirza Salah-ud-Din House No. 288, Block D-III, Phase-I, Wapda Town, Lahore	Mirza Salah-Ud-Din	35202-6433435-1	Allah Rakha Mirza	-	1,269	50	1,319	-	1,269	50	1,319
94	MAQ Engineering 9-C, Street No.1, Akbar Road, New Elani Park, Kachupura, Lahore	Mirza Salah-Ud-Din	35202-6433435-1	Allah Rakha Mirza	-	872	-	872	-	872	-	872
95	Paras Oil Industries 28-KM Duniya Pur Road, Mullan.	Sagheer Ahmad Muhammad Aslam Tariq Nadeem Muhammad Amir	35202-2311129-9 36302-6679737-5 36101-0270163-7 35201-7958063-9	Muhammad Arif Muhammad Rafiq Muhammad Rafiq Muhammad Muna	13,987	14,450	3,091	31,528	13,987	14,450	3,091	31,528
96	Five Star Autos House No. No.SE-XVII-24-S-14, Street No.24, Situated at Jahangir Road, Gunj Mughalpura, Lahore				920	972	177	2,069	-	987	177	1,164
97	Muhammad Amin & Co. House No.11, Situated at Bilal Street No.2, Data Nagar, Badami Bagh, Lahore.	Muhammad Amin	35202-2543766-1	Khushi Muhammad	4,982	1,488	18	6,488	-	1,649	108	1,757
98	Muhammad Amin House No.11, Situated at Bilal Street No.2, Data Nagar, Badami Bagh, Lahore.	Muhammad Amin	35202-2543766-1	Khushi Muhammad	4,490	1,343	18	5,851	-	1,488	108	1,596
99	Azad Enterprises (Pvt)Ltd. 12KM Kala Khatal Road, Aaya Nagar, Tahsil Ferozwalla Dist. Shakhupura.	Muhammad Ikram Haliz Abdul Jabbar	35202-7494332-3 35202-7470977-7	Muhammad Sharif	-	12,928	19	12,947	-	12,928	19	12,947
100	Ali Cables (Pvt) Ltd. 165A, Phase1, DHA Lahore	Muhammad Ali	35201-5984129-9	Ahmed Din	-	925	-	925	-	925	-	925
101	Sabir Hussain Mouza Farooqabad, Dist. Sheikhpura.	Sabir Hussain	35404-2482132-9	Muhammad Siddique	-	796	17	813	-	796	17	813
102	Rajpoot Trading 176-Model Town, Lahore	Sohail Aslam Siddiqui	35202-5006978-1	M.A Alam Siddiqui	1,371	21,150	75	22,596	-	21,151	75	21,226

Annexure I

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(Rs. in '000)

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103	Iqram Hussain & Co. 473-Katch Rahim Road, Misri Shah Lahore	Iqram Hussain	35202-1351015-1	Muhammad Yameen	11,999	6,429	18	18,446	-	6,583	18	6,601
104	Haji Building Material & Sanitary Store Main Ferozpur Road, Near Nbp, Kahna-Nau, Lahore.	Zahid Mehmood	35201-5990768-9	Faqir Muhammad	-	907	-	907	-	907	-	907
105	Ashraf Building Material Store Lahore Sargodha Road Mandi Farooq abad	Muhammad Ashraf	35404-0189680-5	Muhammad Boota	-	2,089	18	2,107	-	2,089	18	2,107
106	Unnar Steel industries (Pvt) Ltd. Noor Road, Badami Bagh Lahore.	Malik Nadeem Siddique Abid Malik Farah Nadeem Muhammad Abid Syed Mahmood Bukhari	35202-2833698-7 35202-2746401-3 35202-7766300-8 35202-6979240-8 35202-2693560-1	Malik Mohammad Siddiq Malik Nadeem Siddique Muhammad Abid Syed Abdullah Bukhari Nazir Ahmed	10,995	10,982	100	22,077	-	11,096	100	11,196
107	Syed Mahmood Bukhari City Kolwali Steel Sheet Market Lahore	Munir Ahmed Malik	35202-9434986-9	Nazir Ahmed	1,098	463	43	1,604	-	465	43	508
108	Waleed Rice Traders Rehmat Colony Raiiqabad Narangmandi	Mian Anjad Hussain	35202-3049888-5	Mian Fazal Mehmood	-	1,026	18	1,044	-	1,026	18	1,044
109	Mian Brothers Shop No.1 Col. Plaza, Pasa Akhtar, Lahore	Noor Imran Alzal	35202-2850308-7	Muhammad Alzal	745	2,112	-	2,857	-	1,366	16	1,382
110	Gulzar Fabrics Main Susan Road Madina Town Faisalabad.	Ghulam Ali	33100-0900400-7	Taj Din	1,000	952	32	1,984	-	847	32	879
111	Imran Akhtar P-53/2, Street No.06 Gulberg Colony Faisalabad.	Imran Akhtar	33100-0624342-9	Shabeer Akhtar	1,911	458	90	2,459	-	411	90	501
112	Kargor Tailors 185-B Peoples Colony Faisalabad	Ijaz Ahmed Bhutta	33100-0589835-5	Abdul Haq	-	815	70	885	-	815	70	885
113	Arslan Enterprises Rasool Pur Tarar District Halizabad)	Ghazanfar Mehmood	34302-7822722-1	Inyat Ullah	779	4,814	216	5,809	-	4,604	216	4,820
114	Arslan Ullah Commission shop Rasool Pur Tarar District Halizabad)	Ahad Bakhsh	34302-6524664-5	Ishad Ullah	-	1,526	217	1,743	-	1,526	217	1,743
115	Ahad Baksh Enterprises Rasool Pur Tarar District Halizabad)	Aamir Shahzad	34302-5980495-7	Muhammad Mansha	-	3,030	217	3,247	-	3,030	217	3,247
116	Blial Hussain Chaudhry & Rehana Ghulam Hussain House # E-3/3, Street # 06, Zaman Colony, Cavalry Ground, Ext. Cantt, Lahore	Blial Hussain Chaudhry Rehana Ghulam Hussain	35201-1341214-7 35202-5618463-4	Ghulam Hussain Ch Ghulam Hussain Ch	3,140	3,972	46	7,158	-	3,987	46	4,033
117	Muhammad Ali & Gulnaz Anwar House # 419/G-IV, Phase-II, Johar Town, Lahore	Muhammad Ali Gulnaz Anwar	35202-1888129-5 35202-2599287-4	Zafar Ahmed Zafar Ahmed	14,973	8,196	180	23,349	-	8,285	180	8,465
118	Muhammad Riaz Adda Puli Mirfu Garah More Tehsil Malisi District Vehari	Muhammad Riaz	36602-5200931-9	Muhammad Moazzam	-	805	-	805	-	805	-	805
119	M Usman House # 677, Block E-2, Phase 1 Wapda Town Lahore.	Muhammad Usman	35202-7113404-3	Ghulam Murtaza	2,357	1,059	-	3,416	-	1,168	-	1,168
120	Muzaffar Ali H 321-C, Faisal Town, Lahore	Muzaffar Ali	37405-6160800-9	Khalid Athar Bhatti	5,832	-	-	5,832	-	1,224	-	1,224
121	Muhammad Tariq Khan Lodhi - St# 1, Mohallah Taing Abad, Mda Road, Mullan	Muhammad Tariq Khan Lodhi	36302-7803830-9	Muhammad Sadiq Khan Lodhi	426	556	-	982	-	487	35	522
122	Zaheer Abbas Ghani - H On 6 Zaman Street Nali Abadi Near Allama Iqbal Public School Morgan	Zaheer Abbas Ghani	34201-0692639-9	Abdul Ghani	195	407	-	602	-	523	17	540
123	Rai Zaka and Co Village & Post Office Thatha Ghanra Dist Halizabad	Rai Zaka	34302-1231365-7	Ahmed Ali	-	706	-	706	-	706	-	706
124	Sufi Steel Industries Deen Road Badami Bagh Lahore	Muhammad Azeem Muhammad Naeem Haliz Muhammad Aleem Muhammad Kaleem Muhammad Saleem Aamir Mehmood Abubakar Siddique Azeem	37404-0238864-7 37404-0235650-3 37405-6058408-3 35202-8137425-3 37404-0235364-5 37404-3624788-5 35202-3174137-3	Muhammad Ashraf Muhammad Ashraf Muhammad Ashraf Muhammad Ashraf Haliz Muhammad Ashraf Muhammad Azeem Falak Sher	98,911	17,123	240	116,274	-	19,051	-	19,051
125	Mohean Ehsan Supreme Rice Mill Pvt. Ltd 7KM Toba Road Jhang	Muhammad Gulsher Hassan Gul Mst. Tanzeela Kausar Asif Mehmood Shams un Nisa	33202-6688920-7 33202-582885-4 37405-2980871-7 37405-2920161-2	Gulsher Gulsher Nazir Ur Haq Asif Mehmood	-	13,429	108	13,537	-	13,429	108	13,537

Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year

Sr. No.	Name and address of the borrower	Name of individuals/ partners/ directors		Father's /Husband's name	Outstanding liabilities at beginning of year				Principal Written off	Interest/ Markup Written off/waived	Other Fin. Reliefs Provided	Total
		Name	CNIC No.		Principal	Interest / mark up	Others	Total				
126	Mohsin Ehsan Rice Mills 7Km Toba Road Jhang	Muhammad Gulsher Hassan Gul	33202-7066370-1 33202-6688920-7	Falak Sher Gulsher	-	8,686	81	8,767	-	8,686	81	8,767
127	Mohsin Ehsan Solvent & Extraction Plant Toba Road Jhang	Mst. Tanzeela Kausar Muhammad Gulsher Hassan Gul	33202-5829885-4 33202-7066370-1 33202-6688920-7	Falak Sher Gulsher	-	10,616	97	10,713	-	10,616	97	10,713
128	Mohsin Ehsan Seed Processing & Delinting Toba Road Jhang	Mst. Tanzeela Kausar Muhammad Gulsher Hassan Gul	33202-5829885-4 33202-7066370-1 33202-6688920-7	Falak Sher Gulsher	-	2,218	73	2,291	-	2,218	73	2,291
129	Mohsin Ehsan Roller Flour & General Flour Mills Pvt. Ltd Jhang, Toba Road Jhang	Mst. Tanzeela Kausar Muhammad Gulsher Hassan Gul	33202-5829885-4 33202-7066370-1 33202-6688920-7	Falak Sher Gulsher	-	5,776	104	5,880	-	5,776	104	5,880
130	New Road Star Filling Station, Shah Alam Bridge, Charsaddar Road, Peshawar	Mst. Tanzeela Kausar Faqr Gul	33202-5829885-4 17301-6633427-3	Gulsher Saad Ullah Jan	3,535	3,295	-	6,830	-	714	-	714
131	Zain Sulting. Gali Thanedar Abdul Latif Wali, Kabrastan Road, Gujranwala	Syed Nawazish Ali	34101-6268033-7	Syed Wajid Ali	4,973	7,644	-	12,617	-	3,653	-	3,653
132	Khan Pottery G. T. Road, Attawa Gujranwala	Muhammad Tahir Saleem Muhammad Shaid Saleem	34101-1761631-1 34101-1587984-7	Muhammad Saleem Muhammad Saleem	5,976	7,272	77	13,325	-	7,253	77	7,330
133	Ihsan Nazir & Co. Ali Abad, Tehsil & District Hafizabad,	Muhammad Ihsan	34301-1781841-5	Nazir Ahmad	1,550	1,369	100	3,019	-	1,386	100	1,486
134	Wahab Anwar - Bismillah Chowk GM Abad Faisalabad	Wahab Anwar	33100-6401906-9	MUHAMMAD ANWAR	452	242	-	694	-	439	62	501
Total Domestic					409,983	642,582	17,783	1,070,348	151,393	629,702	14,535	795,630
1	Overseas											
	La Vague International Pvt Ltd No. 13/5, Arthur'S Place, Kaldemulla, Moratuwa.	Mohamed Sahib Tuan Raliff	592940248V		1,242	963	-	2,205	-	673	-	673
Total Overseas					1,242	963	-	2,205	-	673	-	673
Grand Total					411,225	643,545	17,783	1,072,553	151,393	630,375	14,535	796,303

Disposal of fixed assets (refer note 11.2.6)

Description	Cost/ revalued amount	Accumulated depreciation	Book value	Sales proceeds/ insurance claim	Mode of disposal	Particulars of buyers	Location
(Rupees '000)							
Computers							
Laptop	87	87	-	9	As per Bank's policy	Zargham Khan Durani	Lahore
Laptop	117	112	5	17	As per Bank's policy	Salman Zafar Siddiqi	Lahore
Laptop	116	116	-	12	As per Bank's policy	Fida Ali Mirza	Lahore
Laptop	116	116	-	12	As per Bank's policy	Kamran Zaffar Muggo	Lahore
	435	430	5	49			
Vehicles							
Honda Civic	2,522	2,018	504	504	As per Bank's policy	Imran Maqbool	Lahore
Honda CRV	7,816	6,253	1,563	1,563	As per Bank's policy	Salman Zafar Siddiqi	Lahore
Honda CRV	7,816	6,253	1,563	1,563	As per Bank's policy	Muhtashim Ashai	Lahore
BMW 520	9,995	7,996	1,999	1,999	As per Bank's policy	Imran Maqbool	Lahore
	28,149	22,519	5,630	5,630			
Land and Building							
Bank House	270,892	2,292	268,600	425,000	Negotiation	Security General Insurance Company Limited	Karachi
	299,476	25,241	274,235	430,679			