



Bank for Life



FIRST QUARTERLY REPORT 2016



Our Vision

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

Our Mission

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

Our Values

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

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



CORPORATE PROFILE

BOARD OF DIRECTORS:

Mian Mohammad Mansha	Chairman
Mr. S.M. Muneer	Vice-Chairman
Mr. Tariq Rafi	Director
Mr. Shahzad Saleem	Director
Mr. Aftab Ahmad Khan	Director
Mian Raza Mansha	Director
Mian Umer Mansha	Director
Dato' Seri Ismail Shahudin	Director
Mr. Ahmad Alman Aslam	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh	Director
Mr. Imran Maqbool	President & CEO

AUDIT COMMITTEE:

Mr. Ahmad Alman Aslam	Chairman
Mr. Tariq Rafi	Member
Mr. Aftab Ahmad Khan	Member
Dato' Seri Ismail Shahudin	Member

Chief Financial Officer:	Mr. Salman Zafar Siddiqi
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered/Principal Office:	MCB, 15 - Main Gulberg Jail Road, Lahore Pakistan
Registrar’s and Share Registration Office (s):	Head Office: M/s. THK Associates (Pvt.) Limited 2 nd Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi Pakistan. Branch Office: M/s. THK Associates (Pvt.) Limited 2 nd Floor, DYL Motorcycles Ltd. Office Building Plot No. 346, Block No. G-III, Khokhar Chowk Main Boulevard, Johar Town, Lahore Pakistan.



MCB Bank Limited

DIRECTORS' REPORT

I am pleased to place before you, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the three months ended March 31, 2016;

Financial Highlights

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

Transfer from Surplus on Revaluation of Fixed Assets (net of tax)

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final Cash Dividend–December 2015

Total Appropriations

Un-appropriated Profit Carried Forward

Performance Review

In the first quarter of the year, the Bank reported Profit Before Tax (PBT) of Rs. 9.078 billion and Profit After Tax (PAT) of Rs. 6.021 billion. Net markup income of the Bank was reported at Rs. 11.468 billion, down by 4% over corresponding period last year. On the gross markup income side, the bank reported a decrease of Rs. 2.7 billion which was mainly on account of decreased yields on advances and investments in-line with the interest rate movement. However, advances and investments grew by Rs. 9.7 billion and Rs. 39.5 billion on average respectively when compared with the first quarter of last year. On the interest bearing liabilities side, the consistent tapering of high cost deposits along with the decrease in minimum deposit rate resulted in a significant drop in cost of funds.

On the non-markup income front, the Bank reported a base of Rs. 2.969 billion with contributions from fee, commission and dividend income.

The administrative expense base (excluding pension fund reversal) recorded a nominal increase of 6% over corresponding period last year. On the provision front, MCB Bank Limited continued with its recovery trajectory and posted a reversal in provision of Rs. 446 million in the first quarter of 2016.

Total asset base of the Bank was reported at Rs. 1,060.3 billion presenting a growth of 4.3% over Dec 2015. Analysis of the asset mix highlights that net investments have increased by Rs. 57 billion (+10%) over December 31, 2015. Coverage ratio of the Bank was reported at 86.91% with infection ratio of 6.29%.

On the liabilities side, deposit base of the Bank recorded an increase of Rs. 25 billion (4%) over December 2015. MCB Bank Limited continued to enjoy amongst the highest CASA mix in the banking industry of 94% with current deposits increasing by 7% and savings deposits by 3% over December 2015.

Earnings per share (EPS) for the period came to Rs. 5.41 as compared to Rs. 7.11 during the same period last year. Return on Assets and Return on Equity were reported at 2.32% and 21.19% respectively, whereas Book value per share stood at Rs. 102.79.

The Board of Directors declared 1st interim cash dividend of Rs. 4.00 per share for the period ended March 31, 2016.

Ratings

PACRA has maintained the Bank's long term credit rating at AAA [triple A] and its short term credit rating at A1+ [A one plus], through its notification dated June 24, 2015.

Economy Review

During the first quarter of 2016, the majority of Pakistan's macroeconomic fundamentals remained fairly positive, which continued to contribute to economic growth and development. Despite encouraging signs, however, downside risks to

Rs. in Million
9,078
3,057
6,021
50,464
12
50,476
56,497
602
4,452
5,054
51,443

MCB Bank Limited



economic growth persist which will need to be addressed via prudent policies.

Growth in Large Scale Manufacturing (LSM) picked up to 4.12% in January 2016 on a year-on-year basis with substantial growth recorded in the automobile and fertilizer industry. On a month-on-month basis, LSM expanded by 6.91%, indicating that manufacturing activity increased as compared to December 2015. Meanwhile, export growth remained weak, with total exports amounting to \$13,869 million for July – Feb FY16, 13.29% lower than comparative period last year (in dollar terms). At the same time, imports also fell in dollar terms to \$28,950 million, a decline of 5.04% from the comparative period last year, mostly on account of lower international oil prices. However, non-oil imports have also inched up which offset some of the gains.

Pakistan's CPI inflation continued to pick up from its 12-year low of 1.32% reached in September last year, and peaked in February at 4.02% on a year-on-year basis. For the month of March, CPI inflation remained at 3.94% on a year-on-year basis. At the same time, core inflation increased to 4.7% on a year-on-year basis in March. Despite the recent uptick in inflation, the State Bank of Pakistan maintained the policy rate at 6.0% at its Monetary Policy Committee meeting on 30th January.

On the foreign exchange market side, the Pakistani Rupee remained stable relative to the US dollar. Pakistan's FX reserves increased from \$20,812.3 million at the beginning of 2016 to \$20,884.9 million on 1st April. Although a \$500 million Eurobond matured on 31st March, this was offset by the arrival of the 10th tranche of \$502 million under the Extended Fund Facility (EFF) from the IMF. The IMF expressed that Pakistan's economic activity continues to gain strength while short-term vulnerabilities have receded. However, it also stressed the need for further structural reform to make the economy more resilient. Pakistan's comfortable foreign exchange reserve position and the continued confidence of the IMF in Pakistan's economic progress helped improve sentiment. Robust growth was also seen in worker's remittances of 6.07% from Jul – Feb FY16 on a year-on-year basis. As a result, the PKR retained stability relative to the US dollar.

Substantial improvements have also been made by the government to curtail the energy crisis. Pakistan successfully signed a 15-year deal worth \$15 billion for the import of Liquefied Natural Gas (LNG) with Qatar. As a result, the supply of electricity and gas to production plants has considerably improved. More energy sector projects particularly under the China Pakistan Economic Corridor (CPEC) will further contribute to economic growth in the country.

As regards Pakistani stock markets, the KSE-100 registered losses at the beginning of the year, tracking trends in global equity markets. Up until 23rd Feb, the index had lost 6.9% in value but since then, a modest recovery was seen which saw the KSE-100 end the first quarter slightly up for the year so far at 33,139.

In summation, while it is expected that economic growth in Pakistan will accelerate, the effectiveness of policy measures will largely dictate whether the material benefits are realized to their inherent potential. At the same time, risks emanating from the current global economic turbulence will have to be closely watched.

Future Outlook

Pakistan's economic growth remains on track with several energy sector projects in the pipeline under CPEC, which appears to be a real harbinger of greater growth and stability while the law and order situation in the country has also improved. At the same time, tax collection by FBR remains on target, with revenues at Rs. 2.1 trillion for Jul – Mar FY16, an increase of 24% from the comparative period last year. However, Pakistan's export competitiveness in the global market remains a concern. Nevertheless, we remain confident that the pace of structural improvements will continue with the timely and effective execution of reforms from the Government of Pakistan and that the country remains on an overall upward economic trajectory.

Acknowledgement

In the end, the Board of Directors of MCB Bank Limited would like to take this opportunity to thank all the shareholders and customers of the Bank for their trust, our employees for their continuous dedication and commitment, the Government and the State Bank of Pakistan for their support.

For and on behalf of the Board of Directors


Mian Mohammad Mansha
Chairman

بڑے پیمانے کی صنعت (LSM) کی ترقی کی شرح جنوری 2016 میں سالانہ بنیاد پر 4.12 فیصد رہی جس میں گاڑیوں اور کھاد کی صنعتوں میں قابل ذکر ترقی ریکارڈ کی گئی۔ ماہانہ بنیاد پر بڑے پیمانے کی صنعت نے 6.91 فیصد ترقی حاصل کی جو خاطر کرتی ہے کہ مینوفیکچرنگ کا شعبہ دسمبر 2015 کی نسبت ترقی کر رہا ہے۔ دریں اثنا برآمدات کی گرتھ میں کمی کا عنصر برقرار رہا۔ ملک کی تمام برآمدات جولائی 2015 سے فروری 2016 تک 13,869 ملین ڈالر رہیں جو کہ پچھلے سال کی اسی مدت سے 13.29 فیصد کم تھیں۔ اسی طرح درآمدات 28,950 ملین ڈالر تک گر گئیں، جو گزشتہ سال کی تقابلی مدت سے 5.04 فیصد کم ہے۔ جسکی بڑی وجہ بین الاقوامی منڈی میں تیل کی قیمت کی کمی رہی۔ تاہم تیل کے علاوہ کی درآمدات میں معمولی اضافہ ملک کو حاصل ہونے والی بچت کو کم کرنے کا باعث بنا۔

پاکستان کا کنزیومر پرائس انڈیکس (CPI) افراط زر گزشتہ سال تبصر میں اپنے 12 سالہ ترین سطح پر آنے کے بعد بڑھنا شروع ہو گیا ہے اور فروری 2016 میں سالانہ بنیاد پر 4.02 فیصد تک پہنچ گیا ہے۔ مارچ کی مہینے کے لئے CPI کا افراط زر سالانہ بنیاد پر 3.94 فیصد رہا۔ اسی عرصہ میں خالص افراط زر سالانہ بنیاد پر 4.7 فیصد تک بڑھ گیا۔ افراط زر میں اس حالیہ اضافہ کے باوجود سٹیٹ بینک آف پاکستان نے 30 جون 2016 کو متعقد ہونے والے پالیسی کمیٹی کے اجلاس میں پالیسی ریٹ 6 فیصد تک برقرار رکھا۔

فارن ایکس چینج مارکیٹ میں پاکستانی روپے کی قدر امریکی ڈالر کے مقابلے میں قدرے مستحکم رہی۔ پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 2016 کی ابتداء میں 20,812.3 ملین ڈالر سے بڑھ کر یکم اپریل تک 20,884.9 ملین ڈالر تک پہنچ گئے ہیں۔ اگرچہ 500 ملین ڈالر کے یورو بانڈ 31 مارچ 2016 کو میچور ہوئے مگر اس ادائیگی کی کسی حد تک تلافی آئی ایم ایف (IMF) کی توسیع شدہ مالی سہولت (Extended Fund Facility) (ای ایف ایف) کی دسویں قسط کے 502 ملین ڈالر کی وصولی سے ہو گئی۔

آئی ایم آئی نے اظہار کیا ہے کہ پاکستان کی معاشی سرگرمی مسلسل مضبوط ہو رہی ہے جبکہ قلیل مدتی زدی پیری میں کمی واقع ہو رہی ہے۔ تاہم اس نے اس بات پر زور دیا ہے کہ معیشت کو زیادہ مضبوط بنانے کے لئے بنیادی ڈھانچے میں مزید اصلاحات کی ضرورت ہے۔ پاکستان کے تسلی بخش زرمبادلہ کے ذخائر اور آئی ایم ایف (IMF) کے معیشت کی ترقی پر مسلسل اعتماد نے پاکستانی معیشت کے بارے سوچ کو بہتر کرنے میں مدد دی ہے۔ جولائی سے فروری 2016 تک غیر ملکی ترسیلات میں سالانہ بنیاد پر 6.07 فیصد کا اضافہ دیکھا گیا جسکی وجہ سے پاکستانی روپے کی قدر امریکی ڈالر کے مقابلے میں مستحکم رہی۔

حکومت نے توانائی کے بحران سے نمٹنے کے لیے بھی قابل ذکر اقدامات اٹھائے ہیں۔ پاکستان نے مانع قدرتی گیس (LNG) کی درآمد کے لیے قطر سے ساتھ 15 ارب ڈالر کا 15 سالہ معاہدہ کامیابی سے طے کر لیا ہے۔ اس کے نتیجے میں پیداواری پائپس کو بجلی اور گیس کی فراہمی کا کافی حد تک بہتر ہو گئی ہے۔ اس کے علاوہ پاک چائیر امداداری کے تحت بننے والے مزید توانائی کے منصوبے ملک کی اقتصادی ترقی میں کردار ادا کریں گے۔

پاکستان کے شاہکار مارکیٹ کے حوالہ سے KSE-100 میں عالمی اکیویٹی مارکیٹ کے رجحان کے پیش نظر سال کے شروع میں مندی دیکھنے میں آئی۔ 23 فروری 2016 تک KSE-100 انڈیکس کی قدر میں 6.9 فیصد کمی آئی مگر اس کے بعد مارکیٹ میں بہتری کے رجحان نظر آئے اور پہلی سہ ماہی میں معمولی اضافہ کے ساتھ انڈیکس 33,139 پوائنٹس تک جا پہنچا۔

مختصراً، جہاں پاکستان کی معاشی ترقی کی رفتار میں تیزی متوقع ہے۔ وہاں معاشی پالیسیوں کی افادیت اس امر کی غماز ہے کہ تمام مادی فوائد کو ان کی حقیقی صلاحیتوں سے مشروط کیا جاسکے۔ اسی پیرائے میں عالمی منڈی میں وقوع پذیر ہونے والے عوامل اور اس سے جڑے خدشات پر کڑی نظر رکھنے کی ضرورت ہے۔


مستقبل کی پیش بینی۔

پاکستان کی معاشی ترقی تیزی سے اپنے مدارج طے کر رہی ہے۔ جبکہ توانائی کے شعبہ میں بے شمار پراجیکٹس سی پیک (CPEC) کے تحت قائم کئے جا رہے ہیں جو کہ ملک میں حقیقی معاشی ترقی اور استحکام کا ضامن بنیں گے۔ جبکہ امن و امان (لا اینڈ آرڈر) کی صورت حال میں بھی قدرے بہتری آئی ہے۔ اسی اثنا میں ٹیکس کی وصولیوں پر (FBR) ایف بی آر کی توجہ مرکوز رہی۔ یہ وصولیاں جولائی تا مارچ 2016 میں گزشتہ سال کی نسبت 24 فیصد اضافہ کے ساتھ 2.1 کھرب روپے رہیں۔ تاہم گلوبل مارکیٹ میں پاکستان کی برآمدات کی استعداد توشیح طلب رہے گی۔ بحر حال ہم پر اعتماد ہیں کہ گورنمنٹ آف پاکستان کی جانب سے اصلاحات پر موثر اور بروقت عمل درآمد کی وجہ سے بنیادی ڈھانچے میں ترقی کی رفتار جاری رہے گی اور ملک مجموعی اقتصادی بہتری پر قائم رہے گا۔

تشکر:

آخر میں ایم سی بی بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز اپنے تمام حصص یافتگان اور صارفین کا ان کے اعتماد کے لیے، ملازمین کا ان کی مسلسل لگن اور مخلصانہ خدمات کے لیے، گورنمنٹ اور سٹیٹ بینک پاکستان کا ان کی سپورٹ کے لیے، شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


میاں محمد منشاء
چیئر مین

ڈائریکٹرز کی رپورٹ

بینک کے بورڈ آف ڈائریکٹرز کی جانب سے میں 31 مارچ 2016 کو اختتام پزیر ہونے والی سہ ماہی کے مالیاتی حسابات آپ کے سامنے پیش کرنے میں مسرت محسوس کرتا ہوں۔

مالیاتی خصوصی نکات:

قبل از ٹیکس منافع	9,078
ٹیکس	3,057
بعد از ٹیکس منافع	6,021
افتتاحی غیر تخصیص شدہ منافع	50,464
کل شدہ اثاثوں سے ٹرانسفر	12
	50,476
تخصیص کے لیے دستیاب منافع	56,497
تخصیص:	
قانونی ریزرو	602
فائل کیش ڈیویڈنڈ - دسمبر 2015	4,452
مکمل تخصیص:	5,054
اختتامی غیر تخصیص شدہ منافع	51,443

کارکردگی کا جائزہ:

سال کی پہلی سہ ماہی میں بینک نے قبل از ٹیکس منافع 9,078 ارب روپے اور بعد از ٹیکس منافع 6,021 ارب روپے حاصل کیا ہے۔ بینک کی نیٹ مارک اپ آمدن 11.468 ارب روپے ہیں جو گزشتہ سال کے مقابلے عرصہ سے 4 فیصد کم ہے۔ گراس مارک اپ آمدن میں 2.7 ارب روپے کی کمی ہوئی ہے جسکی بنیادی وجہ قرضہ جات اور سرمایہ کاری پر ریٹرن میں کمی ہے۔ تاہم پچھلے سال کی پہلی سہ ماہی کے مقابلے میں قرضہ جات اور سرمایہ کاری میں بالترتیب 9.7 ارب روپے اور 39.5 ارب روپے کا اوسط اضافہ ہوا ہے۔ زیادہ لاگت والے ڈپازٹس میں کمی اور ڈپازٹس پر کم از کم لاگت ریٹ کم ہونے سے مارک اپ خرچہ میں واضح کمی آئی ہے۔ نان مارک اپ آمدن کی مد میں بینک نے فیس، کمیشن اور ڈیویڈنڈ کے بشمول 2,969 ارب روپے کمائے ہیں۔

انتظامی اخراجات میں (ماسوائے بینشن فنڈ ریورسل کے) گزشتہ سال کی تقابلی مدت سے 6 فیصد کا معمولی اضافہ ریکارڈ کیا گیا ہے۔ قرضہ جات کی پروڈکشن کے حوالے سے ایم سی بی بینک لمیٹڈ نے اپنی وصولیوں میں بہتری جاری رکھی اور 2016 کی پہلی سہ ماہی میں 446 ملین روپے کی پروڈکشن واپس ہوئی۔

بینک کے کل اثاثہ جات دسمبر 2015 کی نسبت 4.3 فیصد اضافے کے ساتھ 1,060.3 ارب روپے ہو گئے ہیں۔ اثاثہ جات کی ترکیب کا جائزہ واضح کرتا ہے کہ نیٹ سرمایہ کاری 31 دسمبر 2015 کی نسبت 57 ارب روپے (10 فیصد) بڑھ گئی ہے۔ بینک کی کوریج ریشو اور انفلیکشن ریشو بالترتیب 86.91 فیصد اور 6.29 فیصد رہی ہیں۔

واجبات کی مد میں، بینک کے ڈیپازٹس میں دسمبر 2015 کی نسبت 25 ارب روپے (4 فیصد) کا اضافہ ہوا ہے۔ ایم سی بی بینک لمیٹڈ نے دسمبر 2015 کی نسبت کرنٹ ڈپازٹس میں 7 فیصد اور سیونگ ڈپازٹس میں 3 فیصد اضافے کے ساتھ کرنٹ اکاؤنٹ سیونگ اکاؤنٹ (CASA) کم 94 فیصد ریکارڈ کیا ہے جو کہ بینکنگ انڈسٹری میں بلند ترین میں سے ہے۔

اس مدت میں فی حصص آمدنی (EPS) 5.41 روپے رہی جو کہ گزشتہ سال کی اسی مدت میں 7.11 روپے تھی۔ اثاثہ جات پر ریٹرن (ROA) اور ایکویٹی پر ریٹرن (ROE) بالترتیب 2.32 فیصد اور 21.19 فیصد رہا ہے جبکہ بک ویلیو فی حصص 102.79 روپے ہے۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2016 کو اختتام پزیر ہونے والی اس سہ ماہی کے لیے 4 روپے فی حصص کے حساب سے پہلے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔

ریٹنگز۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے اپنے ٹریڈنگیشن بتاریخ 24 جون 2015، بینکنگ طویل مدتی کریڈٹ ریٹنگ "AAA" (ٹرپل اے) اور قلیل مدتی کریڈٹ ریٹنگ "A1+" (اے ون پلس) کو برقرار رکھا ہے۔

معاشی جائزہ۔

۲۰۱۶ء کی پہلی سہ ماہی میں پاکستان کی مجموعی معاشی عوامل کی اکثریت مثبت رہی۔ جس نے اقتصادی ترقی اور نمو میں اپنا کردار جاری رکھا۔ ان حوصلہ افزا اعلانات کے باوجود معاشی ترقی کو خطرات لاحق رہے جن کا تدارک پالیسیوں کے ساتھ ذریعہ تدارک ناگزیر ہے۔

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2016

	Note	Unaudited March 31, 2016	Audited December 31, 2015
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		60,422,855	61,208,938
Balances with other banks		2,222,519	3,681,893
Lendings to financial institutions	7	1,471,751	2,867,744
Investments - net	8	628,065,697	571,067,244
Advances - net	9	312,248,800	315,585,437
Operating fixed assets		31,000,612	30,972,152
Deferred tax assets - net		-	-
Other assets - net		24,842,231	31,246,245
		1,060,274,465	1,016,629,653
Liabilities			
Bills payable		8,414,353	11,975,237
Borrowings	10	136,461,556	118,459,448
Deposits and other accounts	11	733,238,748	708,091,171
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	11,728,269	11,376,589
Other liabilities		30,082,847	28,926,802
		919,925,773	878,829,247
Net assets		140,348,692	137,800,406
Represented by			
Share capital		11,130,307	11,130,307
Reserves		51,837,436	51,309,081
Unappropriated profit		51,442,743	50,464,155
		114,410,486	112,903,543
Surplus on revaluation of assets - net of tax		25,938,206	24,896,863
		140,348,692	137,800,406

Contingencies and commitments

13

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2016

	Note	Quarter ended March 31, 2016	Quarter ended March 31, 2015
----- (Rupees in '000) -----			
Mark-up / return / interest earned		17,895,824	20,625,398
Mark-up / return / interest expensed		6,427,414	8,623,212
Net mark-up / interest income		11,468,410	12,002,186
Provision / (reversal) against loans and advances - net		(445,640)	(249,659)
Provision / (reversal) for diminution in the value of investments - net		-	(16,059)
Bad debts written off directly		12	-
		(445,628)	(265,718)
Net mark-up / interest income after provisions		11,914,038	12,267,904
Non mark-up / interest income			
Fee, commission and brokerage income		1,939,272	1,939,973
Dividend income		450,190	357,341
Income from dealing in foreign currencies		214,220	253,884
Gain on sale of securities - net		203,251	2,451,072
Unrealized gain/(loss) on revaluation of investments classified as held for trading	14	(1,432)	(34,712)
Other income		163,152	136,891
Total non mark-up / interest income		2,968,653	5,104,449
		14,882,691	17,372,353
Non mark-up / interest expenses			
Administrative expenses		5,583,870	5,252,454
Other provision / (reversal) - net		19,145	(6,800)
Other charges		201,674	252,976
Total non mark-up / interest expenses		5,804,689	5,498,630
		9,078,002	11,873,723
Extraordinary / unusual item		-	-
Profit before taxation		9,078,002	11,873,723
Taxation - current period		3,215,472	3,968,442
- prior years		-	-
- deferred		(158,017)	(6,721)
		3,057,455	3,961,721
Profit after taxation		6,020,547	7,912,002
Earnings per share - basic and diluted - Rupees	15	5.41	7.11

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2016

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	----- (Rupees in '000) -----	
Profit after tax for the period	6,020,547	7,912,002
Other comprehensive income		
Items that may be reclassified to profit and loss account		
Effect of translation of net investment in foreign branches	(73,700)	16,612
Comprehensive income transferred to equity	5,946,847	7,928,614
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	1,456,284	5,047,995
Deferred tax	(509,698)	(1,933,782)
	946,586	3,114,213
Total comprehensive income for the period	6,893,433	11,042,827

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2016

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	9,078,002	11,873,723
Less: Dividend income	(450,190)	(357,341)
	8,627,812	11,516,382
Adjustments for:		
Depreciation	416,671	403,215
Amortization	95,133	88,393
Bad debts written off directly	12	-
Provision / (reversal) against loans and advances - net	(445,640)	(249,659)
Provision / (reversal) for diminution in the value of investments - net	-	(16,059)
Other provision / (reversal) - net	19,145	(6,800)
Provision for Workers' Welfare Fund	181,559	237,474
Unrealized loss on revaluation of investments classified as held for trading	1,432	34,712
Gain on sale of shares in associate	(98,538)	(224,748)
Gain on disposal of fixed assets	(25,912)	(12,635)
	143,862	253,893
	8,771,674	11,770,275
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,395,993	(2,192,430)
Net investment in held for trading securities	(727,893)	(153,862)
Advances - net	3,782,265	142,735
Other assets - net	6,531,232	9,134,662
	10,981,597	6,931,105
Increase / (decrease) in operating liabilities		
Bills payable	(3,560,884)	(6,757,727)
Borrowings	17,505,468	29,521,483
Deposits and other accounts	25,147,577	47,827,396
Other liabilities	(2,987,922)	(5,798,694)
	36,104,239	64,792,458
	55,857,510	83,493,838
Income tax paid	(2,974,147)	(1,763,506)
	52,883,363	81,730,332
Net cash flows from operating activities		
Cash flows from investing activities		
Net investments in available-for-sale securities	(49,067,095)	(58,951,239)
Net investments in held-to-maturity securities	(5,768,355)	(748,771)
Dividend income received	169,477	167,147
Investment in subsidiary company	-	(10,000,000)
Proceeds from divestment in associate	118,280	274,533
Sale proceeds of property and equipment disposed off	41,189	12,967
Investment in operating fixed assets	(555,541)	(800,861)
	(55,062,045)	(70,046,224)
Net cash flows from investing activities		
Cash flows from financing activities		
Dividend paid	(489,715)	(11,333)
	(489,715)	(11,333)
Net cash flows from financing activities		
Exchange difference on translation of net investment in foreign branches	(73,700)	16,612
	(2,742,097)	11,689,387
Increase in cash and cash equivalents		
Cash and cash equivalents at January 1	64,394,293	49,427,335
Cash and cash equivalents at March 31	61,652,196	61,116,722

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2016

	Capital Reserves			Revenue Reserves		Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit
	(Rupees in'000)					
Balance as at December 31, 2014	11,130,307	9,702,528	394,507	20,132,970	18,600,000	46,947,863
11,130,307	9,702,528	394,507	20,132,970	18,600,000	46,947,863	106,908,175
Change in equity for three months ended March 31, 2015						
Profit after taxation for three months period ended March 31, 2015	-	-	-	-	-	7,912,002
7,912,002	-	-	-	-	-	7,912,002
Exchange differences on translation of net investment in foreign branches	-	-	16,612	-	-	-
16,612	-	-	16,612	-	-	16,612
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	11,907
11,907	-	-	-	-	-	11,907
Transferred to statutory reserve	-	-	-	791,200	-	(791,200)
-	-	-	-	791,200	-	(791,200)
Final cash dividend - December 31, 2014	-	-	-	-	-	(4,452,123)
(4,452,123)	-	-	-	-	-	(4,452,123)
Balance as at March 31, 2015	11,130,307	9,702,528	411,119	20,924,170	18,600,000	49,628,449
11,130,307	9,702,528	411,119	20,924,170	18,600,000	49,628,449	110,396,573
Change in equity for nine months ended December 31, 2015						
Profit after taxation for nine months period ended December 31, 2015	-	-	-	-	-	17,638,988
17,638,988	-	-	-	-	-	17,638,988
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(1,719,982)
(1,719,982)	-	-	-	-	-	(1,719,982)
Exchange differences on translation of net investment in foreign branches	-	-	(92,635)	-	-	-
(92,635)	-	-	(92,635)	-	-	(92,635)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	36,968
36,968	-	-	-	-	-	36,968
Transferred to statutory reserve	-	-	-	1,763,899	-	(1,763,899)
-	-	-	-	1,763,899	-	(1,763,899)
Interim cash dividend - March 31, 2015	-	-	-	-	-	(4,452,123)
(4,452,123)	-	-	-	-	-	(4,452,123)
Interim cash dividend - June 30, 2015	-	-	-	-	-	(4,452,123)
(4,452,123)	-	-	-	-	-	(4,452,123)
Interim cash dividend - September 30, 2015	-	-	-	-	-	(4,452,123)
(4,452,123)	-	-	-	-	-	(4,452,123)
Balance as at December 31, 2015	11,130,307	9,702,528	318,484	22,688,069	18,600,000	50,464,155
11,130,307	9,702,528	318,484	22,688,069	18,600,000	50,464,155	112,903,543
Change in equity for three months ended March 31, 2016						
Profit after taxation for three months period ended March 31, 2016	-	-	-	-	-	6,020,547
6,020,547	-	-	-	-	-	6,020,547
Exchange differences on translation of net investment in foreign branches	-	-	(73,700)	-	-	-
(73,700)	-	-	(73,700)	-	-	(73,700)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	12,219
12,219	-	-	-	-	-	12,219
Transferred to statutory reserve	-	-	-	602,055	-	(602,055)
-	-	-	-	602,055	-	(602,055)
Final cash dividend - December 31, 2015	-	-	-	-	-	(4,452,123)
(4,452,123)	-	-	-	-	-	(4,452,123)
Balance as at March 31, 2016	11,130,307	9,702,528	244,784	23,290,124	18,600,000	51,442,743
11,130,307	9,702,528	244,784	23,290,124	18,600,000	51,442,743	114,410,486

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

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 Pakistan Stock Exchange Limited whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,246 branches including 34 Islamic banking branches (December 31, 2015: 1,246 branches including 34 Islamic banking branches) within Pakistan and 11 branches (December 31, 2015: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

2.1 This financial information represents unconsolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is being issued separately.

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

2.3 The financial results of the Islamic banking branches have been included in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to this unconsolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 104.7548 per US Dollar (December 31, 2015: Rs.104.7410) and Rs. 0.7143 per LKR (December 31, 2015: Rs 0.7271) have been used.

3 STATEMENT OF COMPLIANCE

3.1 The unconsolidated condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

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

3.3 The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2015.

3.4 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 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 Companies Ordinance 1984 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 this standard have not been applied in the preparation of this unconsolidated condensed interim financial information to the extent of their applicability to these mutual funds.

4 BASIS OF MEASUREMENT

4.1 This unconsolidated condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

4.2 This unconsolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2015.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Call money lendings	1,205,317	2,795,034
Repurchase agreement lendings	266,434	72,710
	1,471,751	2,867,744

8 INVESTMENTS - NET

8.1 Investments by types

Note	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----		
	1,090,710	-	1,090,710
8.2	471,619,278	101,607,894	573,227,172
	21,779,625	53,478	21,833,103
	494,489,613	101,661,372	596,150,985
8.3	926,594	-	926,594
8.4	10,845,787	-	10,845,787
	11,772,381	-	11,772,381
	506,261,994	101,661,372	607,923,366
	(2,534,177)	-	(2,534,177)
	503,727,817	101,661,372	605,389,189
	22,706,978	(29,038)	22,677,940
	(1,432)	-	(1,432)
	526,433,363	101,632,334	628,065,697

Less: Provision for diminution in the value of investments

Investments (net of provisions)

Surplus / (deficit) on revaluation of available for sale securities - net

Deficit on revaluation of held-for-trading securities - net

Investments at revalued amounts - net of provisions

	December 31, 2015		
	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----		
	367,209	-	367,209
8.2	441,213,847	82,946,230	524,160,077
	16,001,140	63,608	16,064,748
	457,582,196	83,009,838	540,592,034
8.3	10,845,787	-	10,845,787
	946,336	-	946,336
	11,792,123	-	11,792,123
	469,374,319	83,009,838	552,384,157
	(2,534,177)	-	(2,534,177)
	466,840,142	83,009,838	549,849,980
	21,222,399	(743)	21,221,656
	(4,392)	-	(4,392)
	488,058,149	83,009,095	571,067,244

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2015: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2015: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 874.073 million (December 31, 2015: Rs. 893.815 million) as at March 31, 2016 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2016 amounted to Rs. 5,055.316 million (December 31, 2015: Rs. 5,457.279 million).

8.4 The Bank incorporated MCB Islamic Bank Limited (MCBIBL), a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. During the 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary. SBP has granted "Certificate of commencement of Banking Business" to MCBIBL effective September 14, 2015.

The Board of Directors in their meeting held on October 20, 2015 approved a Scheme of Compromise, Arrangement and Reconstruction (the Scheme) of the Bank. The Scheme envisages transfer of the Bank's domestic Islamic Banking operations referred in note 19 subject to approval by the Bank's shareholders and sanction by the Honourable Lahore High Court where under, after requisite approvals, the assets, rights, liabilities and obligations of the Bank relating to domestic Islamic Banking operations will be transferred to and vested in MCB Islamic Bank Limited.

The Bank filed a petition in the Honourable Lahore High Court for sanction of, and for other orders facilitating implementation of the Scheme under section 284 to 288 of the Companies Ordinance, 1984. The shareholders approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on January 8, 2016.

Under the Scheme, from September 30, 2015 (the effective date) and until the date on which this Scheme becomes operative pursuant to the provisions of Article 14 of this Scheme, and is the date on which the assets, liabilities and operation of Islamic Banking Group of "MCB" are transferred to and vested in "MCBIBL" by virtue of and Order of the Court under section 287 (1) of the Companies Ordinance, 1984 (completion date), the domestic Islamic Business will be deemed to have been carried on by MCB for and on account and for the benefit of MCBIBL. On this basis, all profits and losses accruing or arising to or incurred by MCB Bank Limited through the operation of the domestic Islamic Business from the Effective Date (i.e. September 30, 2015) shall be treated as the profits or losses, as the case may be, of MCB Islamic Bank Limited.

The scheme, although operative from the effective date, shall take effect finally upon and from the date on which the last of the aforesaid sanctions or approvals or orders shall have been obtained, and such date shall be the completion date for the purpose of the scheme.

When the Scheme becomes effective, transfer to and vesting in MCB Islamic Bank Limited of the Islamic Business in accordance with the Scheme, will be treated as having taken effect from the Effective Date.

9 ADVANCES - NET

Note	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	289,285,093	294,900,406
- Outside Pakistan	16,723,633	15,953,412
	306,008,726	310,853,818
Islamic Financing and related assets	11,179,840	11,558,910
Net Investment in finance lease		
- In Pakistan	1,985,275	2,100,015
- Outside Pakistan	85,242	87,243
	2,070,517	2,187,258
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	5,391,809	5,168,459
- Payable outside Pakistan	5,651,309	4,318,976
	11,043,118	9,487,435
	330,302,201	334,087,421
Less: Provision against loans and advances		
- Specific provision	(17,400,237)	(17,848,909)
- General provision	(330,293)	(332,614)
- General provision against consumer loans & small enterprise loans	(283,427)	(284,400)
- General provision by Sri Lanka operations	(39,444)	(36,061)
	(18,053,401)	(18,501,984)
	312,248,800	315,585,437

Advances - net of provision

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

9.1 Advances include Rs. 20,773.661 million (December 31, 2015: Rs. 20,369.225 million) which have been placed under non-performing status as detailed below:

status as detailed below:		March 31, 2016				
Category of Classification	Note	Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	31,439	-	31,439	1,251	1,251
Substandard		858,618	86,422	945,040	113,691	113,691
Doubtful		6,587	24,887	31,474	15,737	15,737
Loss		14,700,862	5,064,846	19,765,708	17,269,558	17,269,558
		15,597,506	5,176,155	20,773,661	17,400,237	17,400,237
December 31, 2015						
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	-	-	-	-	-
Substandard		-	-	-	-	-
Doubtful		430	45,897	46,327	23,164	23,164
Loss		15,285,697	5,037,201	20,322,898	17,825,745	17,825,745
		15,286,127	5,083,098	20,369,225	17,848,909	17,848,909

9.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

10 BORROWINGS

Category of Classification		March 31, 2016	December 31, 2015
		(Rupees in '000)	
In Pakistan		131,834,997	113,164,724
Outside Pakistan		4,626,559	5,294,724
		136,461,556	118,459,448
10.1 Details of borrowings (secured / unsecured)			
Secured			
Borrowings from State Bank of Pakistan			
Export refinance scheme		11,383,593	11,426,588
Long term financing facility		4,563,290	4,422,334
Long term financing - export oriented projects scheme		5,108	5,108
Financing Facility for Storage of Agricultural Produce		419,242	470,367
		16,371,233	16,324,397
Repurchase agreement borrowings		101,623,998	83,010,691
		117,995,231	99,335,088
Unsecured			
Borrowings from other financial institutions		1,709,729	2,116,053
Call borrowings		15,763,418	16,511,769
Overdrawn nostro accounts		993,178	496,538
		18,466,325	19,124,360
		136,461,556	118,459,448
11 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		42,693,826	48,746,900
Savings deposits		402,851,678	386,688,043
Current accounts		265,769,062	248,238,081
Margin accounts		5,497,525	5,217,836
		716,812,091	688,890,860
Financial institutions			
Remunerative deposits		10,798,222	12,838,236
Non-remunerative deposits		5,628,435	6,362,075
		16,426,657	19,200,311
		733,238,748	708,091,171

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

12 DEFERRED TAX LIABILITY / (ASSET) - NET

The details of the tax effect of taxable and deductible temporary differences are as follows:

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets
Accelerated tax depreciation
Receivable from pension fund
Surplus / deficit on revaluation of securities

Deductible temporary differences on:

Provision for bad debts
Provision for post retirement benefits

13 CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring

- Government
- Banks and financial institutions
- Others

13.2 Transaction-related contingent liabilities

Guarantees in favour of:

- Government
- Banks and financial institutions
- Others
- Suppliers credit / payee guarantee

13.3 Trade-related contingent liabilities

13.4 Other contingencies

Claims against the Bank not acknowledged as debts

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 and accordingly no provision has been made in this interim financial information.

13.5 Commitments to extend credit

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.

13.6 Commitments in respect of forward foreign exchange contracts

Purchase

Sale

13.7 Commitments for the acquisition of fixed assets

13.8 Forward outright of Government Securities

Sale

13.9 Other commitments

FX options (notional amount)

Purchase

Sale

13.10 Taxation

For assessment year 1988-89 through tax year 2014, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,747 million (2015: Rs. 2,747 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

14 GAIN ON SALE OF SECURITIES - NET

	Three months ended	
	March 31, 2016	March 31, 2015
	---- (Rupees in '000) ----	
Federal Government Securities		
-Market Treasury Bills	525	1,699
-Pakistan Investment Bonds	53,640	1,097,222
Listed Shares	149,086	1,352,151
	203,251	2,451,072

15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit after taxation	6,020,547	7,912,002
	(Number of shares)	
Weighted average number of shares outstanding during the period	1,113,030,748	1,113,030,748
	(Rupees)	
Basic and diluted Earnings per share - after tax	5.41	7.11

16 CREDIT RATING

PACRA through its notification dated June 24, 2015, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Three months ended March 31, 2016				
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination
	----- (Rupees in '000) -----				
Total income	64,299	5,780,020	7,507,455	1,085,289	-
Total expenses	(12,617)	102,966	(4,270,916)	(1,178,494)	-
Income tax expense	-	-	-	-	-
Net income	51,682	5,882,986	3,236,539	(93,205)	-
Segment assets - (Gross of NPLs Provisions)	821,345	742,579,761	784,810,839	237,622,909	(690,714,374)
Advance taxation (payment less provision)	-	-	-	-	-
Total assets	821,345	742,579,761	784,810,839	237,622,909	(690,714,374)
Segment non performing loans	-	-	7,212,087	13,561,574	-
Segment specific provision required	-	-	7,211,664	10,188,573	-
Segment liabilities	107,278	638,584,443	731,707,581	228,512,576	(690,714,374)
Deferred tax liabilities - net	-	-	-	-	-
Total liabilities - net	107,278	638,584,443	731,707,581	228,512,576	(690,714,374)
Segment return on assets (ROA) (%)	31.31%	3.11%	3.86%	1.91%	-
Segment cost of fund (%)		6.22%	3.48%	5.87%	-

	Three months ended March 31, 2015				
	----- (Rupees in '000) -----				
Total income	80,293	5,543,010	9,302,912	2,180,420	-
Total expenses	(12,448)	(296,998)	(4,145,247)	(778,219)	-
Income tax expense	-	-	-	-	-
Net income	67,845	5,246,012	5,157,665	1,402,201	-
Segment assets - (Gross of NPLs provision)	784,836	667,658,112	802,047,083	243,098,669	(684,090,536)
Advance taxation (payment less provision)	-	-	-	-	-
Total assets	784,836	667,658,112	802,047,083	243,098,669	(684,090,536)
Segment non performing loans	-	-	8,095,716	13,588,395	-
Segment specific provision required	-	-	8,064,442	9,840,360	-
Segment liabilities	67,471	589,195,820	740,106,606	218,286,999	(684,090,536)
Deferred tax liabilities - net	-	-	-	-	-
Total liabilities - net	67,471	589,195,820	740,106,606	218,286,999	(684,090,536)
Segment return on assets (ROA) (%)	40.92%	3.32%	4.69%	3.74%	-
Segment cost of fund (%)	-	8.82%	5.34%	7.87%	-

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

Segment cost of funds have been computed based on the average balances.

The Bank has related party relationship with its associates, subsidiaries, employee benefit plans and its key management personnel (including their associates) and companies with common directors. The Bank enters into transactions with related parties in the normal course of business. 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 and balances with them as at the period-end were as follows:

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Three months ended March 31, 2016	Year ended Dec 31, 2015	Three months ended March 31, 2016	Year ended Dec 31, 2015	Three months ended March 31, 2016	Year ended Dec 31, 2015	Three months ended March 31, 2016	Year ended Dec 31, 2015	Three months ended March 31, 2016	Year ended Dec 31, 2015
(Rupees in '000)										
A. Balances										
Deposits										
Opening balance	1,719,008	3,386,220	2,859,600	1,719,822	1,886,676	62,291	6,649,313	11,923,096	139,106	135,024
Received during the period / year	733,470	3,461,173	3,701,417	10,844,402	417,992	13,490,864	12,529,735	49,934,665	133,622	767,184
Withdrawn during the period / year	(783,394)	(5,128,385)	(4,872,050)	(9,704,624)	(2,285,548)	(11,686,479)	(11,168,872)	(55,208,448)	(134,322)	(763,102)
Closing balance	1,669,084	1,719,008	1,689,967	2,859,600	19,120	1,886,676	8,010,176	6,649,313	138,406	139,106
Advances										
Opening balance	886	1,549	-	-	276,726	502,416	-	21,918	68,520	68,672
Additions / adjustments during the period / year	-	-	-	-	-	-	44,447	-	-	15,414
Repaid / adjustments during the period / year	(204)	(663)	-	-	36	(225,690)	-	(21,918)	(8,645)	(15,566)
Closing balance	682	886	-	-	276,762	276,726	44,447	-	59,875	68,520
Outstanding balance of credit cards	961	770	-	-	-	-	485	480	1,110	1,380
Receivable from Pension Fund	-	-	-	-	-	-	5,731,386	5,656,386	-	-
B. Other transactions (including profit and loss related transactions)										
(Rupees in '000)										
Outstanding commitments and contingent liabilities										
Forward foreign exchange contracts (Notional) - outstanding	-	-	10,363	8,937	-	-	338,024	531,782	-	-
Unrealized gain / (loss) on forward foreign exchange contracts Outstanding	-	-	-	-	-	-	10,410,548	6,459,845	-	-
Borrowings Outstanding	-	-	-	-	-	-	75,302	(6,254)	-	-
Sale of government securities	-	-	-	-	-	-	523,774	1,047,410	-	-
Trade payable	-	-	45,632	44,472	-	-	829,528	17,901	-	-
Markup payable	6,156	6,212	3,834	6,876	7,873	9,827	62,449	53,764	168	456
Other payable	1,631	2,423	218,729	516	8,218	7,095	-	-	-	-
Advance receivable	-	-	5,159	2,684	-	-	20,000	20,000	-	-
Markup Receivable	-	-	-	-	2,503	4,240	426	776	782	689
Other Receivable	-	-	-	-	3,695	6,794	-	-	-	-
Commission Receivable	-	-	86,218	34,964	8,086	17,137	2	2	-	-



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016



	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Rupees in '000)										
Insurance premium-net of refund	-	289,829	-	220,485	-	-	-	-	-	-
Insurance claim settled	-	2,995	-	3,310	-	-	-	-	-	1,582
Markup income on advances	10	-	-	-	3,709	6,350	426	37	1,562	-
Forward exchange contracts matured during the period	-	-	-	-	-	-	17,281,866	14,928,518	-	-
Gain / (Loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	(19,518)	(191,000)	-	-
Investment made during the period	-	-	-	-	-	10,000,000	-	-	-	-
Dividend income	-	-	-	-	55,435	55,435	-	21,582	-	-
Commission income	-	239,804	31,085	138,753	31,085	36,717	4,021	3,389	-	-
Rent income and reimbursement of other expenses	-	-	2,027	2,250	-	-	540	-	-	-
Outsourcing service expenses	-	38,772	-	29,350	-	-	-	-	-	-
Sale of Foreign Currency	-	-	-	-	421,894	-	-	-	-	-
Purchase of Foreign Currency	-	-	-	-	55,334	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	7
Gain on sale of government securities	-	-	-	-	-	-	-	-	-	7
Cash sorting expenses	-	-	-	-	-	-	2	-	-	-
Stationery Expenses	-	-	-	-	-	-	13,968	13,039	-	-
Security guard expenses	-	-	-	-	-	-	35,672	49,583	-	-
Remuneration and non-executive directors fee	-	-	-	-	-	-	96,313	91,728	-	-
Mark-up expense	56,686	55,030	-	-	19,355	327	97,111	191,174	274	226,089
Clearing expenses paid to NIFT	20,724	45,694	12,501	17,893	-	-	32,896	37,254	-	583
Contribution to provident fund	-	-	-	-	-	-	62,927	59,340	-	-
Gas Charges	-	-	-	-	-	-	1,920	3,665	-	-
Rent and other expenses	-	-	1,778	1,632	-	-	214	152	-	-
Miscellaneous expenses and payments	-	-	-	-	100	-	13,755	11,188	-	-

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

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

19 ISLAMIC BANKING BUSINESS

The Bank is operating 34 Islamic banking branches as at March 31, 2016 (2015: 34 branches). The statement of financial position of the Bank's Islamic Banking Branches as at March 31, 2016 is as follows:

	Note	March 31, 2016 ----- (Rupees in '000) -----	December 31, 2015 ----- (Rupees in '000) -----
Assets			
Cash and balance with treasury banks		792,862	641,243
Balance with other banks		149,877	70,708
Lendings to financial institutions		-	-
Investments - net		5,268,505	5,371,312
Islamic financing and related assets	19.1	11,064,430	11,463,500
Operating fixed assets		1,008,548	1,022,262
Deferred tax assets		-	-
Other assets		99,311	52,342
		18,383,533	18,621,367
Liabilities			
Bills payable		93,503	86,461
Due to financial institutions		466,550	419,700
Deposits and other accounts			
- Current accounts		1,816,118	1,921,745
- Saving accounts		3,711,325	3,482,141
- Term deposits		3,060,871	2,893,719
- Others		70,820	53,660
Deposits from financial institutions - remunerative		2,615,546	2,881,441
Deposits from financial institutions - non remunerative		34,174	53,536
Due to head office		4,050,632	4,032,825
Deferred tax liability		-	-
Other liabilities		516,366	469,682
		16,435,905	16,294,910
		1,947,628	2,326,457
Net assets			
Represented by			
Islamic Banking Fund		1,900,000	1,900,000
Unappropriated profit		3,878	366,766
		1,903,878	2,266,766
Surplus on revaluation of assets		43,750	59,691
		1,947,628	2,326,457

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

	Note	March 31, 2016 ----- (Rupees in '000) -----	December 31, 2015 ----- (Rupees in '000) -----
19.1 Islamic Financing and Related Assets			
Murabaha	19.1.1	6,022,189	6,806,690
Ijarah	19.1.2	1,516,410	1,506,083
Diminishing Musharakah	19.1.3	3,491,241	3,096,137
Istisna	19.1.4	150,000	150,000
Gross Advances		11,179,840	11,558,910
Provision held		(115,410)	(95,410)
Advance - net of provision		11,064,430	11,463,500
19.1.1 Murabaha			
Financing/Investments/Receivables		1,856,294	1,727,260
Advances		283,576	238,217
Assets/Inventories		3,882,319	4,841,213
		6,022,189	6,806,690
19.1.2 Ijarah			
Financing / Investments / Receivables		1,391,900	1,434,211
Advances		124,510	71,872
		1,516,410	1,506,083
19.1.3 Diminishing Musharakah			
Financing/Investments/Receivables		1,716,011	1,672,200
Advances		1,775,230	1,423,937
		3,491,241	3,096,137
19.1.4 Istisna			
Advances		150,000	150,000
		150,000	150,000
CHARITY FUND			
Opening balance		2,505	19,681
Additions during the period			
Received from customers on delayed payments		238	2,897
Return on charity saving account		16	527
		254	3,424
Payments / utilization during the period			
Social Welfare		-	(4,200)
Health		-	(8,000)
Education		-	(8,400)
		-	(20,600)
Closing balance		2,759	2,505



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

The profit and loss account of the Bank's Islamic banking business for the three months period ended March 31, 2016 is as follows:

	Three months ended	
	March 31, 2016	March 31, 2015
	----- (Rupees in '000) -----	
Income / return / profit earned	281,676	454,708
Income / return / profit expensed	138,458	170,208
Net Income / Profit	143,218	284,500
Provision / (reversal) against loans and advances - net	20,000	-
Provision / (reversal) for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	20,000	-
Net profit / income after provisions	123,218	284,500
Other income		
Fee, commission and brokerage income	7,499	7,698
Dividend income	-	-
Income from dealing in foreign currencies	2,794	4,772
Gain / (loss) on sale of securities - net	(1,222)	-
Other Income	1,540	24,727
Total other income	10,611	37,197
	133,829	321,697
Other expenses		
Administrative expenses	119,958	170,417
Other provisions / write offs	-	-
Other charges	9,993	-
Total other expenses	129,951	170,417
Extra ordinary / unusual items	-	-
Profit for the period	3,878	151,280
Unappropriated profit brought forward	366,766	243,462
Transfer to head office	(366,766)	(243,462)
Unappropriated profit carry forward	3,878	151,280
Remuneration to Shariah Advisor / Board	-	522

20 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- The corresponding figures have been changed due to application of SBP BPRD Circular Letter No. 05 of 2016 dated February 29, 2016. No significant reclassification has been made except for as follows:

Description	Amount (Rupees in '000)	Reclassified	
		From	To
Bai Muajjal from Government of Pakistan	2,264,736	Lendings to financial institutions	Investments - net
Ijarah Assets	1,460,498	Operating fixed assets	Advances - net
Rental Income on Ijarah Assets	136,689	Fee, commission and brokerage income	Mark-up / return / interest earned

21 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 19, 2016 has announced cash dividend in respect of the three months period ended March 31, 2016 of Rs. 4.00 per share (March 31, 2015: Rs. 4.00 per share). This unconsolidated condensed interim financial information for the three months period ended March 31, 2016 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

22 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 19, 2016.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director



(Consolidated Condensed Interim Financial Information for the three months period ended March 31, 2016)

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2016

	Note	Unaudited March 31, 2016	Audited December 31, 2015
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		60,526,628	61,265,859
Balances with other banks		7,941,726	10,058,662
Lendings to financial institutions	7	1,471,751	2,867,744
Investments - net	8	624,030,544	566,564,304
Advances - net	9	315,462,934	316,771,355
Operating fixed assets		31,711,993	31,536,887
Deferred tax assets - net		-	-
Other assets - net		25,554,433	31,915,210
		1,066,700,009	1,020,980,021
Liabilities			
Bills payable		8,417,622	11,975,237
Borrowings	10	136,611,042	118,615,031
Deposits and other accounts	11	733,386,909	706,239,715
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	12,876,732	12,482,287
Other liabilities		30,829,690	29,491,131
		922,121,995	878,803,401
Net assets			
		144,578,014	142,176,620
Represented by			
Share capital		11,130,307	11,130,307
Reserves		52,023,342	51,491,384
Unappropriated profit		53,703,737	52,631,368
Total equity attributable to the equity holders of the Bank		116,857,386	115,253,059
Non-controlling interest		489,462	512,076
		117,346,848	115,765,135
Surplus on revaluation of assets - net of tax		27,231,166	26,411,485
		144,578,014	142,176,620

Contingencies and commitments

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2016

	Note	Quarter ended March 31, 2016 ----- (Rupees in '000) -----	Quarter ended March 31, 2015
Mark-up / return / interest earned		18,015,114	20,650,177
Mark-up / return / interest expensed		6,410,886	8,627,032
Net mark-up / interest income		11,604,228	12,023,145
Provision / (reversal) against loans and advances - net		(430,658)	(249,557)
Provision / (reversal) for diminution in the value of investments - net		-	(16,059)
Bad debts written off directly	12	12	-
		(430,646)	(265,616)
Net mark-up / interest income after provisions		12,034,874	12,288,761
Non mark-up / interest income			
Fee, commission and brokerage income		2,095,292	2,092,834
Dividend income		410,365	301,906
Income from dealing in foreign currencies		217,874	124,788
Gain on sale of securities - net	14	162,236	2,276,502
Unrealized gain/(loss) on revaluation of investments classified as held for trading		5,240	16,199
Other income		163,732	138,454
Total non mark-up / interest income		3,054,739	4,950,683
		15,089,613	17,239,444
Non mark-up / interest expenses			
Administrative expenses		5,773,240	5,349,765
Other provision / (reversal) - net		19,145	(6,800)
Other charges		204,999	253,036
Total non mark-up / interest expenses		5,997,384	5,596,001
		9,092,229	11,643,443
Share of profit of associates		227,552	223,226
Extraordinary / unusual item		-	-
Profit before taxation		9,319,781	11,866,669
Taxation - current period		3,258,497	3,967,952
- prior years		-	-
- deferred		(103,018)	1,236
Share of tax of associates		15,826	12,371
		3,171,305	3,981,559
Profit after taxation		6,148,476	7,885,110
Profit attributable to Non-controlling interest		(29,950)	(31,894)
Profit attributable to ordinary share holders		6,118,526	7,853,216
Earnings per share - basic and diluted - Rupees	15	5.50	7.06

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2016

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	----- (Rupees in '000) -----	
Profit after tax for the period	6,148,476	7,885,110
Other comprehensive income		
Items that may be reclassified to profit and loss account		
Effect of translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the bank	(71,836)	(36,580)
- Non-controlling interest	1	(2,800)
	(71,835)	(39,380)
Share of exchange translation reserve of associate	(2,459)	(14,242)
Comprehensive income transferred to equity	6,074,182	7,831,488
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale securities	1,424,519	5,051,907
Deferred tax	(497,492)	(1,933,782)
	927,027	3,118,125
Total comprehensive income for the period	7,001,209	10,949,613

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2016

Cash flows from operating activities

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

Adjustments for:

Depreciation
Amortization
Bad debts written off directly
Provision / (reversal) against loans and advances - net
Provision / (reversal) for diminution in the value of investments - net
Other provision / (reversal) - net
Provision for Workers' Welfare Fund
Unrealized gain on revaluation of investments classified as held for trading
Gain on sale of shares in associate
Gain on disposal of fixed assets

(Increase) / decrease in operating assets

Lendings to financial institutions
Net investment in held for trading securities
Advances - net
Other assets - net

Increase / (decrease) in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Income tax paid

Net cash flows from operating activities

Cash flows from investing activities

Net investments in available-for-sale securities
Net investments in held-to-maturity securities
Dividend income received
Proceeds from divestment in associate
Sale proceeds of property and equipment disposed off
Investment in operating fixed assets

Net cash flows from investing activities

Cash flows from financing activities

Dividend paid

Net cash flows from financing activities

Exchange difference on translation of net investment in foreign branches and subsidiaries

Increase in cash and cash equivalents

Cash and cash equivalents at January 1

Cash and cash equivalents at March 31

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	----- (Rupees in '000) -----	
Profit before taxation	9,319,781	11,866,669
Less: Dividend income & share of profit of associates	(637,917)	(525,132)
	8,681,864	11,341,537
Adjustments for:		
Depreciation	422,079	407,292
Amortization	95,365	89,716
Bad debts written off directly	12	-
Provision / (reversal) against loans and advances - net	(430,658)	(249,557)
Provision / (reversal) for diminution in the value of investments - net	-	(16,059)
Other provision / (reversal) - net	19,145	(6,800)
Provision for Workers' Welfare Fund	181,559	237,474
Unrealized gain on revaluation of investments classified as held for trading	(5,240)	(16,199)
Gain on sale of shares in associate	(29,567)	(74,242)
Gain on disposal of fixed assets	(25,912)	(12,635)
	226,783	358,990
	8,908,647	11,700,527
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,395,993	(2,192,430)
Net investment in held for trading securities	(737,226)	(140,247)
Advances - net	1,739,067	395,190
Other assets - net	6,448,327	9,157,872
	8,846,161	7,220,385
Increase / (decrease) in operating liabilities		
Bills payable	(3,557,615)	(6,757,727)
Borrowings	17,499,371	29,457,569
Deposits and other accounts	27,147,194	37,828,962
Other liabilities	(2,805,408)	(5,765,733)
	38,283,542	54,763,071
	56,038,350	73,683,983
Income tax paid	(2,977,875)	(1,810,123)
Net cash flows from operating activities	53,060,475	71,873,860
Cash flows from investing activities		
Net investments in available-for-sale securities	(49,612,106)	(58,926,963)
Net investments in held-to-maturity securities	(5,768,355)	(748,771)
Dividend income received	129,652	111,712
Proceeds from divestment in associate	118,280	274,533
Sale proceeds of property and equipment disposed off	41,189	12,967
Investment in operating fixed assets	(707,827)	(800,094)
Net cash flows from investing activities	(55,799,167)	(60,076,616)
Cash flows from financing activities		
Dividend paid	(542,280)	(63,898)
Net cash flows from financing activities	(542,280)	(63,898)
Exchange difference on translation of net investment in foreign branches and subsidiaries	(71,835)	(39,380)
Increase in cash and cash equivalents	(3,352,807)	11,693,966
Cash and cash equivalents at January 1	70,827,983	49,475,549
Cash and cash equivalents at March 31	67,475,176	61,169,515



Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2016

	Capital Reserves			Revenue Reserves			Sub Total	Non-controlling interest	Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit			
	(Rupees in'000)								
Balance as at December 31, 2014	11,130,307	9,924,438	542,637	20,132,970	18,600,000	49,765,031	110,095,383	511,960	110,607,343
Change in equity for three months ended March 31, 2015									
Profit after taxation for three months period ended March 31, 2015	-	-	-	-	-	7,885,110	7,885,110	-	7,885,110
Profit attributable to Non-controlling interest	-	-	-	-	-	(31,894)	(31,894)	31,894	-
Profit after taxation for the three months ended March 31, 2015 attributable to ordinary shareholders of the group	-	-	-	-	-	7,853,216	7,853,216	31,894	7,885,110
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	(36,580)	-	-	-	(36,580)	(2,800)	(39,380)
Share of exchange translation reserve of associate	-	-	(14,242)	-	-	-	(14,242)	-	(14,242)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	11,973	11,973	64	12,037
Transferred to statutory reserve	-	-	-	791,200	-	(791,200)	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	(52,565)	(52,565)
Final cash dividend - December 31, 2014	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Balance as at March 31, 2015	11,130,307	9,924,438	491,815	20,924,170	18,600,000	52,386,897	113,457,627	488,553	113,946,180
Change in equity for nine months ended December 31, 2015									
Profit after taxation for nine months period ended December 31, 2015	-	-	-	-	-	17,150,002	17,150,002	-	17,150,002
Profit attributable to Non-controlling interest	-	-	-	-	-	(93,217)	(93,217)	93,217	-
Profit after taxation for the nine months ended December 31, 2015 attributable to ordinary shareholders of the group	-	-	-	-	-	17,056,785	17,056,785	93,217	17,150,002
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	(1,719,718)	(1,719,718)	-	(1,719,718)
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	(233,461)	-	-	-	(233,461)	(751)	(234,212)
Share of exchange translation reserve of associate	-	-	11,006	-	-	-	11,006	-	11,006
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	37,189	37,189	208	37,397
Transferred to statutory reserve	-	-	-	1,773,416	-	(1,773,416)	-	-	-
Proceeds from issue of shares to Non-controlling interest	-	-	-	-	-	-	-	157	157
Payment for the acquisition of shares from Non-controlling interest	-	-	-	-	-	-	-	(7,982)	(7,982)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	(61,326)	(61,326)
Interim cash dividend - March 31, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend - June 30, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend - September 30, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Balance as at December 31, 2015	11,130,307	9,924,438	269,360	22,697,586	18,600,000	52,631,368	115,253,059	512,076	115,765,135
Change in equity for three months ended March 31, 2016									
Profit after taxation for three months period ended March 31, 2016	-	-	-	-	-	6,148,476	6,148,476	-	6,148,476
Profit attributable to Non-controlling interest	-	-	-	-	-	(29,950)	(29,950)	29,950	-
Profit after taxation for the three months ended March 31, 2016 attributable to ordinary shareholders of the group	-	-	-	-	-	6,118,526	6,118,526	29,950	6,148,476
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	(71,836)	-	-	-	(71,836)	1	(71,835)
Share of exchange translation reserve of associate	-	-	(2,459)	-	-	-	(2,459)	-	(2,459)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	12,219	12,219	-	12,219
Transferred to statutory reserve	-	-	-	606,253	-	(606,253)	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	(52,565)	(52,565)
Final cash dividend - December 31, 2015	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Balance as at March 31, 2016	11,130,307	9,924,438	195,065	23,303,839	18,600,000	53,703,737	116,857,386	489,462	117,346,848

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

Subsidiary Companies
- MCB Financial Services Limited
- MNET Services (Private) Limited
- MCB - Arif Habib Savings and Investments Limited
- "MCB Leasing" Closed' Joint Stock Company
- MCB Islamic Bank Limited

"Percentage holding of
MCB Bank Limited"

99.99%
99.95%
51.329%
99.94%
100.00%

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 Pakistan Stock Exchange Limited whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,246 branches including 34 Islamic banking branches (December 31, 2015: 1,246 branches including 34 Islamic banking branches) within Pakistan and 11 branches (December 31, 2015: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

2.1 This consolidated condensed financial information includes the financial information of MCB Bank Limited and its subsidiary companies and associates.

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial information for the period ended March 31, 2016 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial information for the period ended March 31, 2016.

c. Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

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

2.3 The financial results of the Islamic banking branches have been included in this consolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to this consolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 104.7548 per US Dollar (December 31, 2015: Rs.104.7410) and Rs. 0.7143 per LKR (December 31, 2015: Rs 0.7271) have been used.

3 STATEMENT OF COMPLIANCE

3.1 The consolidated condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

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

3.3 The disclosures made in this consolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2015.

3.4 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 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 Companies Ordinance 1984 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 this standard have not been applied in the preparation of this consolidated condensed interim financial information to the extent of their applicability to these mutual funds.

4 BASIS OF MEASUREMENT

4.1 This consolidated condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

4.2 This consolidated condensed interim financial information is presented in Pak Rupees, which is the Group's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2015.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2015.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2015.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Call money lendings	1,205,317	2,795,034
Repurchase agreement lendings	266,434	72,710
	1,471,751	2,867,744

8 INVESTMENTS - NET

8.1 Investments by types

Held-for-trading securities		1,520,304	-	1,520,304
Available-for-sale securities	8.2	473,331,594	101,607,894	574,939,488
Held-to-maturity securities		21,779,625	53,478	21,833,103
		496,631,523	101,661,372	598,292,895
Associates				
- Adamjee Insurance Company Limited	8.3	5,372,964	-	5,372,964
- Euronet Pakistan (Private) Limited	8.4	66,957	-	66,957
		5,439,921	-	5,439,921
Investments at cost		502,071,444	101,661,372	603,732,816
Less: Provision for diminution in the value of investments		(2,534,177)	-	(2,534,177)
Investments (net of provisions)		499,537,267	101,661,372	601,198,639
Surplus / (deficit) on revaluation of available for sale securities - net		22,855,703	(29,038)	22,826,665
Surplus on revaluation of held-for-trading securities - net		5,240	-	5,240
Investments at revalued amounts - net of provisions		522,398,210	101,632,334	624,030,544

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

		December 31, 2015		
	Note	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----				
Held-for-trading securities		782,501	-	782,501
Available-for-sale securities	8.2	442,381,152	82,946,230	525,327,382
Held-to-maturity securities		16,001,140	63,608	16,064,748
		459,164,793	83,009,838	542,174,631
Associates				
- Adamjee Insurance Company Limited	8.3	5,456,165	-	5,456,165
- Euronet Pakistan (Private) Limited	8.4	64,962	-	64,962
		5,521,127	-	5,521,127
Investments at cost		464,685,920	83,009,838	547,695,758
Less: Provision for diminution in the value of investments		(2,534,177)		(2,534,177)
Investments (net of provisions)		462,151,743	83,009,838	545,161,581
Surplus / (deficit) on revaluation of available for sale securities - net		21,402,889	(743)	21,402,146
Surplus on revaluation of held-for-trading securities - net		577	-	577
Investments at revalued amounts - net of provisions		483,555,209	83,009,095	566,564,304

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2015: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2015: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 874.073 million (December 31, 2015: Rs. 893.815 million) as at March 31, 2016 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2016 amounted to Rs. 5,055.316 million (December 31, 2015: Rs. 5,457.279 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 26.98% (2015: 27.59%)

	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Opening Balance	5,456,165	6,203,825
Share of profit for the period/year before tax	223,712	783,180
Dividend from associate	-	(289,716)
Share of tax	(13,981)	(72,895)
	209,731	420,569
Share of other comprehensive income	(172,421)	(840,911)
Disposal during the period / year	(120,511)	(327,318)
Closing Balance	5,372,964	5,456,165
8.3.1 Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(172,838)	(844,716)
Share of exchange translation reserve of associate	417	3,805
	(172,421)	(840,911)

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

Investment in Euronet Pakistan Private Limited under equity method - holding 30%

	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Opening Balance	64,962	64,511
Share of profit for the period/year before tax	3,840	12,427
Dividend from associate	-	(5,700)
Share of tax	(1,845)	(6,276)
	1,995	451
Closing Balance	66,957	64,962

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the three months period ended March 31, 2016

8.5 The Bank incorporated MCB Islamic Bank Limited (MCBIBL), a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. During the 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary. SBP has granted "Certificate of commencement of Banking Business" to MCBIBL effective September 14, 2015.

The Board of Directors in their meeting held on October 20, 2015 approved a Scheme of Compromise, Arrangement and Reconstruction (the Scheme) of the Bank. The Scheme envisages transfer of the Bank's domestic Islamic Banking operations referred in note 19 subject to approval by the Bank's shareholders and sanction by the Honourable Lahore High Court where under, after requisite approvals, the assets, rights, liabilities and obligations of the Bank relating to domestic Islamic Banking operations will be transferred to and vested in MCB Islamic Bank Limited.

The Bank filed a petition in the Honourable Lahore High Court for sanction of, and for other orders facilitating implementation of the Scheme under section 284 to 288 of the Companies Ordinance, 1984. The shareholders approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on January 8, 2016.

Under the Scheme, from September 30, 2015 (the effective date) and until the date on which this Scheme becomes operative pursuant to the provisions of Article 14 of this Scheme, and is the date on which the assets, liabilities and operation of Islamic Banking Group of "MCB" are transferred to and vested in "MCBIBL" by virtue of and Order of the Court under section 287 (1) of the Companies Ordinance, 1984 (completion date), the domestic Islamic Business will be deemed to have been carried on by MCB for and on account and for the benefit of MCBIBL. On this basis, all profits and losses accruing or arising to or incurred by MCB Bank Limited through the operation of the domestic Islamic Business from the Effective Date (i.e. September 30, 2015) shall be treated as the profits or losses, as the case may be, of MCB Islamic Bank Limited.

The scheme, although operative from the effective date, shall take effect finally upon and from the date on which the last of the aforesaid sanctions or approvals or orders shall have been obtained, and such date shall be the completion date for the purpose of the scheme.

When the Scheme becomes effective, transfer to and vesting in MCB Islamic Bank Limited of the Islamic Business in accordance with the Scheme, will be treated as having taken effect from the Effective Date.

9 ADVANCES - NET

Note	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	289,285,093	294,901,305
- Outside Pakistan	16,446,871	15,676,687
	305,731,964	310,577,992
Islamic Financing and related assets	11,179,840	11,558,910
Islamic Financing and related assets - subsidiary company	3,004,593	972,634
Net Investment in finance lease		
- In Pakistan	1,985,275	2,100,015
- Outside Pakistan	588,006	578,704
	2,573,281	2,678,719
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	5,391,809	5,168,459
- Payable outside Pakistan	5,651,309	4,318,976
	11,043,118	9,487,435
Advances - gross	333,532,796	335,275,690
Less: Provision against loans and advances		
- Specific provision	(17,400,237)	(17,848,909)
- General provision	(345,293)	(332,614)
- General provision against consumer loans & small enterprise loans	(283,427)	(284,400)
- General provision by Sri Lanka operations	(40,905)	(38,412)
	(18,069,862)	(18,504,335)
Advances - net of provision	315,462,934	316,771,355

9.1 Advances include Rs. 20,773.661 million (December 31, 2015: Rs. 20,369.225 million) which have been placed under non-performing status as detailed below:

Note		March 31, 2016				
Category of Classification	Classified Advances			Specific Provision Required	Specific Provision Held	
	Domestic	Overseas	Total			
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	31,439	-	31,439	1,251	1,251
Substandard		858,618	86,422	945,040	113,691	113,691
Doubtful		6,587	24,887	31,474	15,737	15,737
Loss		14,700,862	5,064,846	19,765,708	17,269,558	17,269,558
		15,597,506	5,176,155	20,773,661	17,400,237	17,400,237

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the three months period ended March 31, 2016

		December 31, 2015				
Category of Classification	Note	Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	-	-	-	-	-
Substandard		-	-	-	-	-
Doubtful		430	45,897	46,327	23,164	23,164
Loss		15,285,697	5,037,201	20,322,898	17,825,745	17,825,745
		15,286,127	5,083,098	20,369,225	17,848,909	17,848,909

9.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

10 BORROWINGS

	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
In Pakistan	131,834,997	113,164,724
Outside Pakistan	4,776,045	5,450,307
	136,611,042	118,615,031

10.1 Details of borrowings (secured / unsecured)

Secured		
Borrowings from State Bank of Pakistan		
Export refinance scheme	11,383,593	11,426,588
Long term financing facility	4,563,290	4,422,334
Long term financing - export oriented projects scheme	5,108	5,108
Financing Facility for Storage of Agricultural Produce	419,242	470,367
	16,371,233	16,324,397
Repurchase agreement borrowings	101,623,998	83,010,691
	117,995,231	99,335,088
Unsecured		
Borrowings from other financial institutions	1,859,215	2,271,636
Call borrowings	15,763,418	16,511,769
Overdrawn nostro accounts	993,178	496,538
	18,615,811	19,279,943
	136,611,042	118,615,031

11 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	42,775,826	48,746,900
Savings deposits	402,913,838	386,718,924
Current accounts	265,774,010	248,229,583
Margin accounts	5,497,525	5,217,836
	716,961,199	688,913,243
Financial institutions		
Remunerative deposits	10,797,533	10,964,397
Non-remunerative deposits	5,628,177	6,362,075
	16,425,710	17,326,472
	733,386,909	706,239,715

12 DEFERRED TAX LIABILITY / (ASSET) - NET

The details of the tax effect of taxable and deductible temporary differences are as follows:

Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	900,256	906,836
Accelerated tax depreciation	1,413,046	1,558,013
Receivable from pension fund	2,005,985	1,979,736
Investments in associates	1,142,206	1,092,940
Surplus / deficit on revaluation of securities	7,911,655	7,414,163
	13,373,148	12,951,688
Deductible temporary differences on:		
Provision for bad debts	(40,230)	-
Taxable losses	(31,561)	(32,754)
Provision for post retirement benefits	(424,625)	(436,647)
	(496,416)	(469,401)
	12,876,732	12,482,287

13 CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring		
- Government	22,984,272	21,934,238
- Banks and financial institutions	2,258,794	2,032,180
- Others	2,164,356	1,965,279
	27,407,422	25,931,697

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

13.2 Transaction-related contingent liabilities

Guarantees in favour of:

- Government
- Banks and financial institutions
- Others
- Suppliers credit / payee guarantee

	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
	10,190,910	9,961,864
	455,454	585,970
	7,503,636	9,461,583
	2,235,176	2,235,176
	20,385,176	22,244,593
	116,724,412	116,434,886
	6,560,786	5,350,286

13.3 Trade-related contingent liabilities

13.4 Other contingencies

Claims against the Bank not acknowledged as debts

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 and accordingly no provision has been made in this interim financial information.

13.5 Commitments to extend credit

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.

	March 31, 2016	December 31, 2015
	----- (Rupees in '000) -----	
	71,473,880	75,975,136
	74,506,580	71,836,248
	199,187	190,608
	4,464,800	-
	406,909	1,460,979
	406,909	1,460,979

13.6 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

13.7 Commitments for the acquisition of fixed assets

13.8 Forward outright of Government Securities

- Sale

13.9 Other commitments

- FX options (notional amount)
- Purchase
- Sale

13.10 Taxation

For assessment year 1988-89 through tax year 2014, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,747 million (2015: Rs. 2,747 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

14 GAIN ON SALE OF SECURITIES - NET

	Three months ended March 31, 2016	March 31, 2015
	---- (Rupees in '000) ----	
Federal Government Securities	525	1,699
-Market Treasury Bills	53,640	1,097,222
-Pakistan Investment Bonds	108,071	1,177,581
Listed Shares/Units	162,236	2,276,502

15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit attributable to ordinary share holders

	6,118,526	7,853,216
	(Number of shares)	
	1,113,030,748	1,113,030,748
	(Rupees)	
	5.50	7.06

Weighted average number of shares outstanding during the period

Basic and diluted Earnings per share - after tax

16 CREDIT RATING

PACRA through its notification dated June 24, 2015, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the three months period ended March 31, 2016

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Three months ended March 31, 2016					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination
	----- (Rupees in '000) -----					
Total income	75,212	5,881,242	7,571,354	1,203,796	154,915	-
Total expenses	(19,362)	54,711	(4,275,659)	(1,260,641)	(65,787)	-
Income tax expense	-	-	-	-	-	-
Net income	55,850	5,935,953	3,295,695	(56,845)	89,128	-
Segment assets - (Gross of NPLs Provisions)	965,411	748,369,093	786,788,795	245,142,350	2,126,263	(701,897,031)
Advance taxation (payment less provision)	-	-	-	-	-	-
Total assets	965,411	748,369,093	786,788,795	245,142,350	2,126,263	(701,897,031)
Segment non performing loans	-	-	7,212,087	13,561,574	-	-
Segment specific provision required	-	-	7,211,664	10,188,573	-	-
Segment liabilities	185,119	645,811,070	735,750,290	228,713,632	682,183	(701,897,031)
Deferred tax liabilities - net	-	-	-	-	-	-
Total liabilities - net	185,119	645,811,070	735,750,290	228,713,632	682,183	(701,897,031)
Segment return on assets (ROA) (%)	31.16%	3.14%	3.88%	2.05%	29.14%	-
Segment cost of fund (%)	-	6.22%	3.48%	5.87%	-	-

	Three months ended March 31, 2015					
Total income	90,917	5,555,507	9,357,300	2,022,385	170,945	-
Total expenses	(19,292)	(319,218)	(4,156,827)	(767,193)	(67,855)	-
Income tax expense	-	-	-	-	-	-
Net income	71,625	5,236,289	5,200,473	1,255,192	103,090	-
Segment assets - (Gross of NPLs provision)	846,851	669,437,957	800,098,793	248,163,393	1,836,753	(694,769,475)
Advance taxation (payment less provision)	-	-	-	-	-	-
Total assets	846,851	669,437,957	800,098,793	248,163,393	1,836,753	(694,769,475)
Segment non performing loans	-	-	8,095,716	13,588,395	-	-
Segment specific provision required	-	-	8,064,442	9,840,360	-	-
Segment liabilities	76,973	590,487,933	740,434,833	217,338,936	438,890	(694,769,475)
Deferred tax liabilities - net	-	-	-	-	-	-
Total liabilities - net	76,973	590,487,933	740,434,833	217,338,936	438,890	(694,769,475)
Segment return on assets (ROA) (%)	42.94%	3.32%	4.73%	3.39%	37.23%	-
Segment cost of fund (%)	-	8.82%	5.34%	7.87%	-	-

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

Segment cost of funds have been computed based on the average balances.

The Group has related party relationship with its associates, employee benefit plans and its key management personnel (including their associates) and companies with common directors. The Group enters into transactions with related parties in the normal course of business. 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 and balances with them as at the period-end were as follows:

A. Balances

	Directors		Associates		Other Related Parties		Key Management	
	Three months ended March 31, 2016	Year ended Dec 31, 2015	Three months ended March 31, 2016	Year ended Dec 31, 2015	Three months ended March 31, 2016	Year ended Dec 31, 2015	Three months ended March 31, 2016	Year ended Dec 31, 2015
(Rupees in '000)								
Deposits								
Opening balance	1,719,008	3,386,220	2,859,600	1,719,822	6,649,313	11,923,096	139,106	135,024
Received during the period / year	733,470	3,461,173	3,701,417	10,844,402	12,529,735	49,934,665	133,622	767,184
Withdrawn during the period / year	(783,394)	(5,128,385)	(4,872,050)	(9,704,624)	(11,168,872)	(55,208,448)	(134,322)	(763,102)
Closing balance	1,669,084	1,719,008	1,688,967	2,859,600	8,010,176	6,649,313	138,406	139,106
Advances								
Opening balance	886	1,549	-	-	-	21,918	68,520	68,672
Additions / adjustments during the period / year	-	-	-	-	44,447	-	-	15,414
Repaid / adjustments during the period / year	(204)	(663)	-	-	-	(21,918)	(8,645)	(15,566)
Closing balance	682	886	-	-	44,447	-	59,875	68,520
Outstanding balance of credit cards	961	770	-	-	485	480	1,110	1,380
Receivable from Pension Fund	-	-	-	-	5,731,386	5,656,386	-	-

B. Other transactions (including profit and loss related transactions)

	Directors		Associates		Other Related Parties		Key Management	
	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015	March 31, 2016	Dec 31, 2015
(Rupees in '000)								
Outstanding commitments and contingent liabilities	-	-	10,363	8,937	338,024	531,782	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	10,410,548	6,459,845	-	-
Unrealized gain / (loss) on forward foreign exchange contracts Outstanding	-	-	-	-	75,302	(6,254)	-	-
Borrowings Outstanding	-	-	-	-	523,774	1,047,410	-	-
Sale of government securities	-	-	-	-	829,528	-	-	-
Trade payable	-	-	45,632	44,472	3,439	17,901	-	-
Markup payable	6,156	6,212	3,834	6,876	62,449	53,764	168	456
Other payable	1,631	2,423	218,729	516	-	-	-	-
Advance receivable	-	-	5,159	2,684	20,000	20,000	-	-
Markup Receivable	-	-	-	-	426	776	782	689
Commission Receivable	-	-	86,218	34,964	2	2	-	-



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

	Directors		Associates		Other Related Parties		Key Management	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Rupees in '000)								
Insurance premium-net of refund	-	-	289,829	220,485	-	-	-	-
Insurance claim settled	-	-	2,995	3,310	-	-	-	-
Markup income on advances	10	18	-	-	426	37	1,562	1,582
Forward exchange contracts matured during the period	-	-	-	-	17,281,866	14,928,518	-	-
Gain / (Loss) on forward foreign exchange contracts matured during the period	-	-	-	-	(19,518)	(191,000)	-	-
Dividend Income	-	-	-	-	-	21,582	-	-
Commission income	-	-	239,804	138,763	4,021	3,389	-	-
Rent income and reimbursement of other expenses	-	-	-	-	540	-	-	-
Outsourcing service expenses	-	-	38,772	29,350	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	19	7
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	19	7
Gain on sale of government securities	-	-	-	-	-	-	-	-
Cash sorting expenses	-	-	-	-	-	-	-	-
Stationery Expenses	-	-	-	-	-	-	-	-
Security guard expenses	-	-	-	-	-	-	-	-
Remuneration and non-executive directors fee	-	-	-	-	-	-	-	-
Mark-up expense	56,686	55,030	-	-	-	-	200,148	226,089
Clearing expenses paid to NIFT	20,724	45,694	12,501	17,893	97,111	191,174	274	583
Contribution to provident fund	-	-	-	-	32,896	37,254	-	-
Gas Charges	-	-	-	-	62,927	59,340	-	-
Rent and other expenses	-	-	-	-	1,920	3,665	-	-
Miscellaneous expenses and payments	-	-	1,778	1,632	214	152	-	-
	-	-	-	-	13,755	11,188	-	-

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

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

19 ISLAMIC BANKING BUSINESS

The Bank is operating 34 Islamic banking branches as at March 31, 2016 (2015: 34 branches). The statement of financial position of the Bank's Islamic Banking Branches as at March 31, 2016 is as follows:

	Note	March 31, 2016	December 31, 2015
----- (Rupees in '000) -----			
Assets			
Cash and balance with treasury banks		792,862	641,243
Balance with other banks		149,877	70,708
Lendings to financial institutions		-	-
Investments - net		5,268,505	5,371,312
Islamic financing and related assets	19.1	11,064,430	11,463,500
Operating fixed assets		1,008,548	1,022,262
Deferred tax assets		-	-
Other assets		99,311	52,342
		18,383,533	18,621,367
Liabilities			
Bills payable		93,503	86,461
Due to financial institutions		466,550	419,700
Deposits and other accounts			
- Current accounts		1,816,118	1,921,745
- Saving accounts		3,711,325	3,482,141
- Term deposits		3,060,871	2,893,719
- Others		70,820	53,660
Deposits from financial institutions - remunerative		2,615,546	2,881,441
Deposits from financial institutions - non remunerative		34,174	53,536
Due to head office		4,050,632	4,032,825
Deferred tax liability		-	-
Other liabilities		516,366	469,682
		16,435,905	16,294,910
Net assets		1,947,628	2,326,457
Represented by			
Islamic Banking Fund		1,900,000	1,900,000
Unappropriated profit		3,878	366,766
		1,903,878	2,266,766
Surplus on revaluation of assets		43,750	59,691
		1,947,628	2,326,457

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

	Note	March 31, 2016	December 31, 2015
----- (Rupees in '000) -----			
19.1 Islamic Financing and Related Assets			
Murabaha	19.1.1	6,022,189	6,806,690
Ijarah	19.1.2	1,516,410	1,506,083
Diminishing Musharakah	19.1.3	3,491,241	3,096,137
Istisna	19.1.4	150,000	150,000
Gross Advances		11,179,840	11,558,910
Provision held		(115,410)	(95,410)
Advance - net of provision		11,064,430	11,463,500
19.1.1 Murabaha			
Financing/Investments/Receivables		1,856,294	1,727,260
Advances		283,576	238,217
Assets/Inventories		3,882,319	4,841,213
		6,022,189	6,806,690
19.1.2 Ijarah			
Financing / Investments / Receivables		1,391,900	1,434,211
Advances		124,510	71,872
		1,516,410	1,506,083
19.1.3 Diminishing Musharakah			
Financing/Investments/Receivables		1,716,011	1,672,200
Advances		1,775,230	1,423,937
		3,491,241	3,096,137
19.1.4 Istisna			
Advances		150,000	150,000
		150,000	150,000
CHARITY FUND			
Opening balance		2,505	19,681
Additions during the period			
Received from customers on delayed payments		238	2,897
Return on charity saving account		16	527
		254	3,424
Payments / utilization during the period			
Social Welfare		-	(4,200)
Health		-	(8,000)
Education		-	(8,400)
		-	(20,600)
Closing balance		2,759	2,505



Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2016

The profit and loss account of the Bank's Islamic banking business for the three months period ended March 31, 2016 is as follows:

	Three months ended	
	March 31, 2016	March 31, 2015
	----- (Rupees in '000) -----	
Income / return / profit earned	281,676	454,708
Income / return / profit expensed	138,458	170,208
Net Income / Profit	143,218	284,500
Provision / (reversal) against loans and advances - net	20,000	-
Provision / (reversal) for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	20,000	-
Net profit / income after provisions	123,218	284,500
Other income		
Fee, commission and brokerage income	7,499	7,698
Dividend income	-	-
Income from dealing in foreign currencies	2,794	4,772
Gain / (loss) on sale of securities - net	(1,222)	-
Other Income	1,540	24,727
Total other income	10,611	37,197
	133,829	321,697
Other expenses		
Administrative expenses	119,958	170,417
Other provisions / write offs	-	-
Other charges	9,993	-
Total other expenses	129,951	170,417
Extra ordinary / unusual items	-	-
Profit for the period	3,878	151,280
Unappropriated profit brought forward	366,766	243,462
Transfer to head office	(366,766)	(243,462)
Unappropriated profit carry forward	3,878	151,280
Remuneration to Shariah Advisor / Board	-	522

20 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- The corresponding figures have been changed due to application of SBP BPRD Circular Letter No. 05 of 2016 dated February 29, 2016. No significant reclassification has been made except for as follows:

Description	Amount (Rupees in '000)	Reclassified	
		From	To
Bai Muajjal from Government of Pakistan	2,264,736	Lendings to financial institutions	Investments - net
Ijarah Assets	1,460,498	Operating fixed assets	Advances - net
Rental Income on Ijarah Assets	136,689	Fee, commission and brokerage income	Mark-up / return / interest earned

21 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 19, 2016 has announced cash dividend in respect of the three months period ended March 31, 2016 of Rs. 4.00 per share (March 31, 2015: Rs. 4.00 per share). This consolidated condensed interim financial information for the three months period ended March 31, 2016 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

22 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on April 19, 2016.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Tariq Rafi
Director


Mian Umer Mansha
Director



Bank for Life

Principal Office

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