

MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2016

	Note	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
Rupees in thousands			
ASSETS			
Cash and balances with treasury banks		1,347,830	698,123
Balances with other banks	8	5,064,810	6,347,459
Due from financial institutions		-	-
Investments - net	9	7,300,837	5,995,470
Islamic financing and related assets - net	10	14,275,551	12,473,797
Operating fixed assets	11	1,675,643	1,192,382
Deferred tax assets - net		-	-
Other assets - net	12	370,731	171,847
		30,035,402	26,879,078
LIABILITIES			
Bills payable		135,252	89,864
Due to financial institutions	13	5,014,848	631,520
Deposits and other accounts	14	14,099,043	9,450,072
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	15	1,732	9,962
Other liabilities	16	748,799	6,739,219
		19,999,674	16,920,637
NET ASSETS		<u>10,035,728</u>	<u>9,958,441</u>
REPRESENTED BY			
Share capital	17	10,000,000	10,000,000
Reserves		27,282	5,161
Unappropriated profit / (accumulated loss)		71,437	(17,047)
		10,098,719	9,988,114
Deficit on revaluation of assets - net of tax		(62,991)	(29,673)
		<u>10,035,728</u>	<u>9,958,441</u>
CONTINGENCIES AND COMMITMENTS			

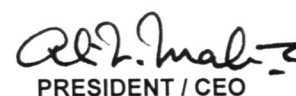
18

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Ahmed El-Shir
CHAIRMAN


DIRECTOR


DIRECTOR


PRESIDENT / CEO

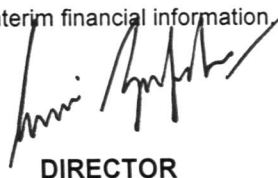
MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)


	Note	Quarter ended September 30. 2016	Quarter ended September 30. 2015	Period ended September 30. 2016	Period ended September 30. 2015
Rupees in thousands					
Profit / return earned	19	335,011	40,576	1,203,369	40,576
Profit / return expensed	20	141,740	-	419,484	-
Net spread earned		193,271	40,576	783,885	40,576
Provision against non-performing Islamic financing and related assets - net	10.4	-	-	56,000	-
Provision for diminution in the value of investments - net		-	-	-	-
Bad debts written off directly		-	-	-	-
		-	-	56,000	-
Net spread after provisions		193,271	40,576	727,885	40,576
Other income					
Fee, commission and brokerage income		9,462	-	26,497	-
Dividend income		17,307	-	40,514	-
Income from dealing in foreign currencies		5,894	-	14,936	-
Gain on sale of securities - net		38,561	-	109,913	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		12,069	-	18,860	-
Total other income		83,293	-	210,720	-
		276,564	40,576	938,605	40,576
Other expenses					
Administrative expenses		273,737	5,594	738,467	5,594
Provision against other assets - net		-	-	-	-
Other charges		(141)	-	13,732	-
Total other expenses		273,596	5,594	752,199	5,594
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		2,968	34,982	186,406	34,982
Taxation					
- Current		4,068	-	(66,092)	-
- Prior periods		-	-	-	-
- Deferred		1,456	-	(9,709)	-
		5,524	-	(75,801)	-
Profit after taxation		8,492	34,982	110,605	34,982
Rupees					
Basic / diluted earnings per share	21	0.008	0.035	0.111	0.035

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Ahmed Elbeshi -
CHAIRMAN


DIRECTOR


DIRECTOR


PRESIDENT / CEO

MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Quarter ended September 30. 2016	Quarter ended September 30. 2015	Period ended September 30. 2016	Period ended September 30. 2015
	Rupees in thousands			
Profit after taxation for the period	8,492	34,982	110,605	34,982
Other comprehensive income for the period	-	-	-	-
Total comprehensive profit for the period transferred to equity	<u>8,492</u>	<u>34,982</u>	<u>110,605</u>	<u>34,982</u>
<i>Items that may be reclassified to profit and loss account</i>				
Components of comprehensive income / (loss) not reflected in equity				
Deficit on revaluation of available for sale investments	(23,627)	-	(51,259)	-
Related deferred tax asset	8,269	-	17,941	-
	(15,358)	-	(33,318)	-
Total comprehensive income / (loss) for the period	<u>(6,866)</u>	<u>34,982</u>	<u>77,287</u>	<u>34,982</u>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Ahmed El-Bishri -
CHAIRMAN


DIRECTOR


DIRECTOR


PRESIDENT / CEO

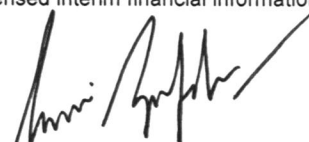
MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

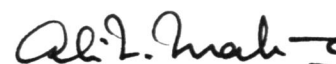
	Note	(Un-audited) September 30, 2016 2015 Rupees in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		186,406	34,982
Less: Dividend income		(40,514)	-
		145,892	34,982
Adjustments for non-cash charges and other items			
Depreciation - Owned assets		34,588	-
Depreciation - Ijarah assets		347,636	-
Amortization		9,169	-
Provision against non-performing Islamic financing and related assets - net	10.4	56,000	-
Provision for diminution in the value of investments - net	9.2	-	-
Unrealised (gain) / loss on revaluation of investments classified as held for trading - net		-	-
Gain on sale of fixed assets		-	-
Gain on sale of securities - net		(109,913)	-
		337,480	-
		483,372	34,982
(Increase) / decrease in operating assets			
Islamic financing and related assets		(2,205,390)	-
Other assets - net		(141,445)	(35,461)
		(2,346,835)	(35,461)
Increase / (decrease) in operating liabilities			
Bills payable		45,388	-
Due to financial institutions		4,383,328	-
Deposits and other accounts		4,648,971	-
Other liabilities		(154,524)	3,863
		8,923,163	3,863
		7,059,700	3,384
Income tax paid		(49,552)	-
Net cash generated from operating activities		7,010,148	3,384
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(2,656,131)	-
Dividend income received		32,627	-
Proceeds from sale of available for sale securities		1,409,420	-
Payment against demerger scheme		(5,901,988)	-
Investment in operating fixed assets	11.2	(527,018)	-
Net cash used in investing activities		(7,643,090)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Net cash generated from financing activities		-	-
(Decrease) / increase in cash and cash equivalents during the period			
		(632,942)	3,384
Cash and cash equivalents at the beginning of the period		7,045,582	10,000,000
Cash and cash equivalents at the end of the period	22	6,412,640	10,003,384

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Ahmed El-Shi
CHAIRMAN


DIRECTOR


DIRECTOR


PRESIDENT / CEO

MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)


	Share Capital	Statutory Reserve	Revenue Reserve	Unappropriated Profit / (Accumulated Loss)	Total
Rupees in thousands					
Balance as at May 14, 2014	-	-	-	-	-
Issue of share capital	10,000,000	-	-	-	10,000,000
Loss for the period ended June 30, 2015	-	-	-	(37,693)	(37,693)
Balance as at June 30, 2015 (Audited)	10,000,000	-	-	(37,693)	9,962,307
Profit for the period ended September 30, 2015	-	-	-	34,982	34,982
Balance as at September 30, 2015 (Un-audited)	10,000,000	-	-	(2,711)	9,997,289
Loss for the period ended December 31, 2015	-	-	-	(9,175)	(9,175)
Transfer to statutory reserves	-	5,161	-	(5,161)	-
Other comprehensive income for the period	-	-	-	-	-
Balance as at December 31, 2015 (Audited) - Restated	10,000,000	5,161	-	(17,047)	9,988,114
Profit for the period ended September 30, 2016	-	-	-	110,605	110,605
Transfer to statutory reserves	-	22,121	-	(22,121)	-
Other comprehensive income for the period	-	-	-	-	-
Balance as at September 30, 2016 (Un-audited)	10,000,000	27,282	-	71,437	10,098,719

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

Ahmed El-Abadi
CHAIRMAN


DIRECTOR


DIRECTOR


PRESIDENT / CEO

MCB ISLAMIC BANK LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB Islamic Bank Limited (the Bank) is a banking company and was incorporated in Pakistan on May 15, 2014 under the Companies Ordinance 1984, to carry on Islamic banking business in accordance and in conformity with principles of Islamic Shari'ah. The Bank is a wholly owned subsidiary of MCB Bank Limited (MCB) and is unlisted.
- 1.2 The Bank was granted the "Certificate of Commencement of Banking Business" under Section 27 of the Banking Companies Ordinance 1962 on September 14, 2015 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from October 15, 2015, on receiving notification in this regard from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3 The Bank's Registered Office is situated at T-59, Phase II, DHA, Lahore Cantt and Principal Office is at 339 Block Z, Phase III, DHA Lahore Cantt. The Bank operates 49 branches (December 31, 2015: 40 branches) within Pakistan.
- 1.4 Pakistan Credit Rating Agency (PACRA) has determined the Bank's medium to long-term rating as "A" and the short-term rating as 'A-1' with stable outlook.

2 BASIS OF PRESENTATION

- 2.1 The Bank provides financing through Shari'ah compliant financial products mainly through Murabaha, Istisna, Ijarah, Diminishing Musharakah and Export Refinance under Islamic Export Refinance Scheme.
- 2.2 The purchases and sales arising under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such Islamic financing is recognised in accordance with the principles of Islamic Shari'ah. However, income, if any, received which does not comply with the principles of Islamic Shari'ah is recognised as charity payable if so directed by the Shari'ah Board of the Bank.
- 2.3 This condensed interim financial information has been prepared for the nine months covering period from January 01, 2016 to September 30, 2016 with comparable period from July 01, 2015 to September 30, 2015 as the Bank was operating with Financial Year ending June 30. Subsequent to the year ended June 30, 2015, the Bank has changed its Financial Year from June 30 to December 31.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance 1984 or the directives issued by the SECP and the SBP differ from the requirements of IFRSs, the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFASs notified under the Companies Ordinance, 1984 and the directives issued by SECP and SBP shall prevail.
- 3.2 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for a full set of annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the period from July 01, 2015 to December 31, 2015.
- 3.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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

3.4.1 The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from January 1, 2014 and deals with accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The SBP through BPRD Circular Letter No. 4 dated February 25, 2015, has deferred the applicability of IFAS 3 till further instructions.

3.4.2 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting period beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant impact on the Bank's operations and are therefore not detailed in this condensed interim financial information.

4 SCHEME OF COMPROMISE, ARRANGEMENT AND RECONSTRUCTION WITH MCB BANK LIMITED

The Board of Directors in their meeting held on October 19, 2015 approved a Scheme of Compromise, Arrangement and Reconstruction (the Scheme) with MCB Bank Limited (MCB). Under the Scheme, assets and liabilities related to MCB's domestic Islamic Banking operations were to be transferred to the Bank subject to approval by the Bank's shareholders and sanction of the Scheme by Honorable Lahore High Court. The Scheme was approved by the Bank's shareholders in an Extra Ordinary General Meeting dated January 8, 2016.

Subsequent to the authorization of financial statements for the period ended December 31, 2015, the Honourable Lahore High Court has granted sanction of, and ordered for implementation of the Scheme through its order received certified true copy dated April 19, 2016 whereby assets and liabilities of MCB's domestic Islamic Banking Operations were to be transferred as at the effective date September 30, 2015. The Bank in accordance with the aforesaid Court order incorporated the balances at their carrying values as appearing in the financial statements of MCB Islamic Banking Group (MCB IBG) as at September 30, 2015. Accordingly the comparative financial statements of the Bank have been restated.

Details of assets and liabilities transferred to the Bank and the related adjustment made in the statement of financial position as at 31 December 2015 are as follows:

Statement of Financial Position

	Note	(Audited) December 31, 2015	Net Assets MCB IBG December 31, 2015	Adjustments / Reclassification	Restated (Audited) December 31, 2015
----- Rupees in '000 -----					
ASSETS					
Cash and balances with treasury banks		56,880	641,243	-	698,123
Balances with other banks	4.1	8,150,590	70,708	(1,873,839)	6,347,459
Due from financial institutions	4.2	-	2,264,735	(2,264,735)	-
Investments - net	4.2	624,159	3,106,576	2,264,735	5,995,470
Islamic financing and related assets - net	4.3	972,634	10,029,289	1,471,874	12,473,797
Operating fixed assets	4.3	170,119	2,456,473	(1,434,210)	1,192,382
Deferred tax assets - net		9,388	-	(9,388)	-
Other assets - net		124,121	52,343	(4,617)	171,847
		10,107,891	18,621,367	(1,850,180)	26,879,078
LIABILITIES					
Bills payable		-	86,461	3,403	89,864
Due to financial institutions		-	631,520	-	631,520
Deposits and other accounts	4.1	37,669	11,286,242	(1,873,839)	9,450,072
Sub-ordinated loan		-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-
Deferred tax liabilities - net		-	-	9,962	9,962
Other liabilities	4.4	85,939	428,643	6,224,637	6,739,219
		123,608	12,432,866	4,364,163	16,920,637
NET ASSETS		<u>9,984,283</u>	<u>6,188,501</u>	<u>(6,214,343)</u>	<u>9,958,441</u>
Add: Deficit on revaluation of investments			6,255		
Less: Profit for the period October 01, 2015 till December 31, 2015			(4,723)		
			1,532		
NET AMOUNT TO BE SETTLED WITH MCB			<u>6,190,033</u>		

	(Audited) December 31, 2015	Restated (Audited) December 31, 2015
	Rupees in thousands	
REPRESENTED BY		
Share capital	10,000,000	10,000,000
Reserves	9,517	5,161
Unappropriated profit	373	(17,047)
	10,009,890	9,988,114
Deficit on revaluation of assets - net of tax	(25,607)	(29,673)
	<u>9,984,283</u>	<u>9,958,441</u>

4.1 This represents deposits placed by the Bank with MCB included in deposits of the Islamic Banking group of MCB.

4.2 This represents reclassification of Bai Muajjal as per State Bank of Pakistan BPRD circular letter number 5 of 2016.

4.3 This represents Ijara Assets reclassified from operating fixed assets to Islamic financings and related assets.

4.4 This includes consideration payable to MCB Bank Limited amounting to Rs 6.190 billion.

5 BASIS OF MEASUREMENT

5.1 This condensed interim financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP.

5.2 Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Bank for the period from July 01, 2015 to December 31, 2015.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Except for those policies and methods of computation stated below, the accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Bank for the period from July 01, 2015 to December 31, 2015.

7.2 Business acquisition

Business acquisition from Group companies are recognized at carrying values.

7.3 Islamic financing and related assets

7.3.1 Murabaha

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as

7.3.2 Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank alongwith profit.

7.3.3 Ijarah

Ijarah contracts entered into by the Bank essentially represent arrangements whereby the Bank (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration. Assets underlying Ijarah financings have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financings net of depreciation charged are taken to the profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to mustajir upto the date of maturity / termination of Ijarah agreement. The significant Ijarah contracts entered into by the Bank are with respect to vehicles, plant and machinery and equipment and are for periods ranging from 3 to 5 years.

7.3.4 Provision

Specific provision

The Bank maintains specific provision for doubtful debts based on the requirements specified in the Prudential Regulations issued by the SBP.

General provision

The Bank maintains general provisions in accordance with the Prudential Regulations issued by SBP, as follows:

	Secured	Unsecured
Consumer financings (including housing finance)	0.5% - 1.5%	5.0%
Small enterprise financings	1.0%	2.0%

If considered necessary the Bank can also maintain general provision in respect of corporate and commercial portfolio. This provision is maintained based on management's best estimate and is approved by the Board of Directors.

7.4 Revenue recognition

- Profit on Sukuks is recognised on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield / profit method.
- Profit on Bai Muajjal is recognised on an accrual basis.
- Profit from Murabaha financing is accounted for on culmination of Murabaha transaction. Profit on Murabaha is recognised on an accrual basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately upon the later date.
- Income from Ijarah financing is recognised on an accrual basis.
- Profit on Istisna financing is recognised on an accrual basis.

8 BALANCES WITH OTHER BANKS

In Pakistan

- current account
- deposit account / TDR

Outside Pakistan

- current account

	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
Rupees in thousands		
	-	-
	4,564,721	6,276,751
	4,564,721	6,276,751
	500,089	70,708
	5,064,810	6,347,459

- 8.1 This represents modaraba based accounts carrying profit at rates ranging from 0.6% to 5.95 per annum (December 31, 2015: 3.23% to 6.9% per annum).

9 INVESTMENTS - NET

9.1	Investments by types	Note	September 30, 2016 (Un-audited)			December 31, 2015 (Audited) - Restated		
			Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in thousands								
Available-for-sale securities								
	Fully paid up ordinary shares - listed		870,403	-	870,403	663,554	-	663,554
	Sukuk certificates		3,011,369	-	3,011,369	1,944,210	-	1,944,210
			3,881,772	-	3,881,772	2,607,764	-	2,607,764
Held to maturity								
	Sukuk certificates		1,150,000	-	1,150,000	1,187,241	-	1,187,241
	Bai Muajjal with Government of Pakistan		2,365,974	-	2,365,974	2,264,736	-	2,264,736
			3,515,974	-	3,515,974	3,451,977	-	3,451,977
	Investments at cost		7,397,746	-	7,397,746	6,059,741	-	6,059,741
	Less: Provision for diminution in the value of investments	9.2	-	-	-	(18,621)	-	(18,621)
	Investments (net of provisions)		7,397,746	-	7,397,746	6,041,120	-	6,041,120
	Deficit on revaluation of investments classified as available-for-sale securities - net		(96,909)	-	(96,909)	(45,650)	-	(45,650)
	Total investments at market value		7,300,837	-	7,300,837	5,995,470	-	5,995,470

9.2 Particulars of provision for diminution in the value of investments	Note	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
		Rupees in thousands	
Opening balance		18,621	-
Balance acquired from MCB		-	9,311
Charge for the period		-	9,310
Reversals during the period		-	-
		-	9,310
Write offs / other adjustments	9.2.1	(18,621)	-
Closing balance		<u>-</u>	<u>18,621</u>

9.2.1 This represents amount transferred to MCB.

10 ISLAMIC FINANCING AND RELATED ASSETS - NET

In Pakistan			
- Murabaha financing		2,401,260	1,352,558
- Inventory held under Murabaha		4,706,207	4,841,213
- Advances against Murabaha		39,370	204,217
- Murabaha under Islamic Export Refinance Scheme		65,597	446,366
- Diminishing Musharakah		4,278,509	2,572,200
- Advances against Diminishing Musharakah		1,250,220	1,423,937
- Net book value of assets in Ijarah under IFAS 2	10.1	1,310,328	1,434,211
- Advances against Ijarah		67,645	71,872
- Istisna		-	-
- Inventory held under Istisna		-	-
- Advances against Istisna		-	150,000
- Staff financing	10.2	307,826	72,634
Islamic financing and related assets - gross		<u>14,426,962</u>	<u>12,569,208</u>
Less: Provision against non performing Islamic financing and related assets			
- Specific		(1,029)	(1,129)
- General		(150,382)	(94,282)
	10.4	<u>(151,411)</u>	<u>(95,411)</u>
Islamic financing and related assets - net of provision		<u><u>14,275,551</u></u>	<u><u>12,473,797</u></u>

- 10.1 Net book value of Ijarah assets under IFAS 2 is net of accumulated depreciation amounting to Rs. 894.36 million (December 31, 2015: Rs. 785.792 million).

	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
	Rupees in thousands	
10.2 Staff finance		
Staff housing finance under Diminishing Musharakah	264,196	56,381
Staff car finance under Diminishing Musharakah	43,630	16,253
	<u>307,826</u>	<u>72,634</u>

- 10.3 Islamic financing and related assets include Rs. 1.029 million (December 31, 2015: Rs. 1.129 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2016 (Un-audited)				
	Classified Islamic financing and related assets			Specific Provision required	Specific Provision held
	Domestic	Overseas	Total		
	Rupees in thousands				
Other Assets Especially Mentioned (OAEM)	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	1,029	-	1,029	1,029	1,029
	1,029	-	1,029	1,029	1,029
Category of classification	December 31, 2015 (Audited) - Restated				
	Classified Islamic financing and related assets			Specific Provision required	Specific Provision held
	Domestic	Overseas	Total		
	Rupees in thousands				
Other Assets Especially Mentioned (OAEM)	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	1,129	-	1,129	1,129	1,129
	1,129	-	1,129	1,129	1,129

10.4 Particulars of provision against non-performing Islamic financing and related assets

Note	September 30, 2016 (Un-audited)			December 31, 2015 (Audited) - Restated		
	Specific	General	Total	Specific	General	Total
	Rupees in thousands					
Opening balance	1,129	94,282	95,411	-	-	-
Balance acquired from MCB	-	-	-	70,690	62,769	133,459
Charge for the period	-	56,100	56,100	-	31,513	31,513
Reversals / transfer during the period	(100)	-	(100)	(923)	-	(923)
	(100)	56,100	56,000	(923)	31,513	30,590
Write offs / other adjustments	-	-	-	(68,638)	-	(68,638)
Closing balance	<u>1,029</u>	<u>150,382</u>	<u>151,411</u>	<u>1,129</u>	<u>94,282</u>	<u>95,411</u>

- 10.4.1 The Bank maintains general provision in respect of the consumer and small and medium enterprise finance portfolio in accordance with the requirements of the respective Prudential Regulations issued by the State Bank of Pakistan (SBP). Further, the Bank also maintains general provision in respect of corporate and commercial portfolio based on management's best estimate and is approved by the Board of Directors.

- 10.4.2 This represents amount transferred to MCB.

	Note	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
		Rupees in thousands	
11 OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	698,594	226,148
Property and equipment		899,959	890,072
Intangible assets		77,090	76,162
		<u>1,675,643</u>	<u>1,192,382</u>

- 11.1 It includes core banking system i.e. Flexcube amounting to Rs. 171.035 million (December 31, 2015: Rs. 115.076 million) and related hardware amounting to Rs. 36.030 million (December 31, 2015: Nil).

(Un-audited)
For the period ended
September 30,
2016 2015
Rupees in thousands

11.2 Additions to operating fixed assets - cost

Civil works	83,917	-
Furniture and fixtures	1,889	-
Office equipment	140,029	-
Computer equipment	19,553	-
Computer software	143,984	-
Vehicles	1,243	-
Advance to supplier and vendors	136,403	-
	<u>527,018</u>	<u>-</u>

(Un-audited) Restated
September (Audited)
30, 2016 December
Rupees in thousands

12 OTHER ASSETS

Profit / return accrued in local currency	192,130	66,133
Advances, deposits, advance rent and other prepayments	71,973	60,301
Advance taxation	82,592	33,040
Dividend receivable	15,399	7,512
Rental receivable	7,158	-
Stationary and stamps	863	519
Others	616	4,342
	<u>370,731</u>	<u>171,847</u>

13 DUE TO FINANCIAL INSTITUTIONS

In Pakistan	5,014,848	631,520
Outside Pakistan	-	-
	<u>5,014,848</u>	<u>631,520</u>

13.1 Particulars of due to financial institutions with respect to currencies

In local currency	4,814,800	419,700
In foreign currency	200,048	-
	<u>5,014,848</u>	<u>419,700</u>

13.2 Details of due to financial institutions - Secured / Unsecured

Secured

Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	64,800	419,700
-------------------------------------------------------------------------------------	--------	---------

Unsecured

Musharakah	13.2.1	4,750,000	-
Modaraba	13.2.2	200,048	211,820
		<u>4,950,048</u>	<u>211,820</u>
		<u>5,014,848</u>	<u>631,520</u>

13.2.1 This represents Musharakah arrangements with banks at profit rate ranging from 5.35% to 5.70% per annum (December 31, 2015: Nil) and having maturity upto November 15, 2016 (December 31, 2015: Nil).

13.2.2 This represents modaraba arrangements with the parent company at profit rate ranging from 1.25% to 1.65% per annum (December 31, 2015: 1.25% per annum) and having maturity upto October 21, 2016 (December 31, 2015: March 02, 2016).

	(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
	Rupees in thousands	
14 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	5,685,536	2,893,719
Saving deposits	4,807,911	1,661,013
Current accounts - Non Remunerative	2,359,652	1,906,703
Margin accounts	40,529	53,660
	12,893,628	6,515,095
Financial institutions		
Remunerative deposits	1,204,810	2,881,441
Non-remunerative deposits	605	53,536
	1,205,415	2,934,977
	14,099,043	9,450,072
14.1 Particulars of deposits		
In local currency	13,871,105	9,343,333
In foreign currencies	227,938	106,739
	14,099,043	9,450,072
15 DEFERRED TAX LIABILITY - NET		
Taxable temporary difference		
Accelerated tax depreciation	37,408	26,343
	37,408	26,343
Deductible temporary difference		
Workers welfare fund	(1,758)	(403)
Deficit on revaluation of available for sale investments - net	(33,918)	(15,978)
	(35,676)	(16,381)
	1,732	9,962
16 OTHER LIABILITIES		
Profit / return payable in local currency	97,274	54,404
Profit / return payable in foreign currencies	244	27
Accrued expenses	121,370	98,178
Deferred Murabaha income under Islamic financing and related assets	25,018	37,665
Payable against purchase of investments	-	25,178
Advance receipt against Islamic financing and related assets	8,535	1,447
Charity collection account	3,077	2,505
Income received in advance	43,869	7,762
Security deposits under Ijarah financing	350,186	310,827
Withholding tax, Federal excise duty and other tax payable	5,522	2,364
Payable to MCB	-	6,190,033
Provision for taxation	71,882	5,790
Others	21,822	3,039
	748,799	6,739,219

17 SHARE CAPITAL

17.1 Authorized Capital

(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015		(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015
Numbers of shares			Rupees in thousands	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10/- each	<u>15,000,000</u>	<u>15,000,000</u>

17.2 Issued, subscribed and paid up capital

(Un-audited) September 30, 2016	Restated (Audited) December 31, 2015			
Numbers of shares				
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Fully paid in cash	<u>10,000,000</u>	<u>10,000,000</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Direct credit substitutes		<u>979,023</u>	<u>1,067,932</u>
18.2 Transaction-related contingent liabilities			
Guarantees favouring - beneficiary			
- Others		<u>132,420</u>	<u>-</u>
18.3 Trade-related contingent liabilities			
Import Letters of Credit		1,912,812	1,620,072
Acceptances		<u>41,333</u>	<u>31,991</u>
		<u>1,954,145</u>	<u>1,652,063</u>
18.4 Commitments for the acquisition of operating fixed assets			
Acquisition of computer software		<u>1,989</u>	<u>57,794</u>
18.5 Commitments to extend credit			

The Bank makes commitment(s) to extend credit in the normal course of business but these being revocable commitments do not attract any penalty or expense if the facility is unilaterally withdrawn.

(Un-audited)
For the period ended
September 30,
2016 2015
Rupees in thousands

19 PROFIT / RETURN EARNED

On financings to customers	787,744	-
On investments in		-
- available for sale securities	72,076	-
- held to maturity securities	164,157	-
	236,233	-
On deposits with financial institutions	178,750	40,576
On inter bank Murabaha / Modaraba / Musharakah agreements	642	-
	<u>1,203,369</u>	<u>40,576</u>

(Un-audited)
For the period ended
September 30,
2016 2015
Rupees in thousands

20 PROFIT / RETURN EXPENSED

On deposits and other accounts	288,505	-
On musharakah with the State Bank of Pakistan under IERS	8,979	-
On other short term fund - musharakah / modarabas	122,000	-
	<u>419,484</u>	<u>-</u>

(Un-audited)

Quarter ended September 30, 2016	Quarter ended September 30, 2015	Period ended September 30, 2016	Period ended September 30, 2015
Rupees in thousands			

21 BASIC / DILUTED - EARNINGS PER SHARE

Profit after taxation for the period	<u>8,492</u>	<u>34,982</u>	<u>110,605</u>	<u>34,982</u>
--------------------------------------	--------------	---------------	----------------	---------------

Numbers of shares

Weighted average number of ordinary shares	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
--------------------------------------------	----------------------	----------------------	----------------------	----------------------

Rupees

Basic / diluted earnings per share	<u>0.008</u>	<u>0.035</u>	<u>0.111</u>	<u>0.035</u>
------------------------------------	--------------	--------------	--------------	--------------

There were no convertible / dilutive potential ordinary shares outstanding as at September 30, 2016 and September 30, 2015.

(Un-audited)
For the period ended
September 30,
2016 2015
Rupees in thousands

22 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	1,347,830	-
Balances with other banks	5,064,810	10,003,384
	<u>6,412,640</u>	<u>10,003,384</u>

23 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its parent company, associates, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members.

The Bank enters into transactions with related parties in the normal course of business.

Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

23.1 The details of transactions with related parties and balances with them are given below:

	Parent company		Associated companies		Directors **		Key Management Personnel ***		Others ****	
	Restated (Un-audited)	Restated (Audited)	Restated (Un-audited)	Restated (Audited)	Restated (Un-audited)	Restated (Audited)	Restated (Un-audited)	Restated (Audited)	Restated (Un-audited)	Restated (Audited)
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
	Rupees in thousands									
Balances with other banks										
Opening balance	-	10,000,000	-	-	-	-	-	-	-	-
Deposits during the period	4,755	4,500,000	-	-	-	-	-	-	-	-
Withdrawal during the period	(1,873)	(9,404,231)	-	-	-	-	-	-	-	-
Adjustments *	-	(5,095,769)	-	-	-	-	-	-	-	-
Closing balance	2,882	-	-	-	-	-	-	-	-	-
Islamic financing and related assets										
Opening balance	-	-	519,403	-	22,304	-	45,402	-	-	-
Balance acquired from MCB	-	-	-	522,793	-	-	-	-	-	-
Disbursed during the period	-	-	152,700	34,000	-	22,304	29,367	45,427	-	-
Repaid during the period	-	-	(273,795)	(37,390)	(7,304)	-	(3,312)	(25)	-	-
Closing balance	-	-	398,308	519,403	15,000	22,304	71,457	45,402	-	-
Others										
Other receivables	7,140	-	1,280	14,815	-	97	364	28	-	-
Other payables	5,229	700	68	256	1,367	1,123	3,975	764	25	4
Due to Financial Institutions										
Opening balance	211,821	-	-	-	-	-	-	-	-	-
Balance acquired from MCB	-	1,963,412	-	-	-	-	-	-	-	-
Received during the period	1,922,345	-	-	-	-	-	-	-	-	-
Repaid during the period	(1,934,053)	(1,751,591)	-	-	-	-	-	-	-	-
Closing balance	200,113	211,821	-	-	-	-	-	-	-	-
Deposits										
Opening balance	-	-	20,236	-	1,163	-	25,450	-	4,738	-
Balance acquired from MCB	-	-	-	6,528	-	523	-	3,461	-	113
Received during the period	-	-	1,696,979	251,984	19,907	10,513	129,874	58,690	135,328	4,863
Withdrawal during the period	-	-	(1,693,869)	(238,276)	(20,570)	(9,873)	(116,324)	(36,701)	(119,210)	(238)
Closing balance	-	-	23,346	20,236	500	1,163	39,000	25,450	20,856	4,738

[illegible]

- * This represents balance adjusted with MCB.
- ** Directors include the President / Chief Executive Officer.
- *** Key management personnel includes certain head of departments who report directly to President / Chief Executive Officer.
- **** This represents balances and transactions of staff retirement benefit plan and related parties other than those separately mentioned.

24 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the period ended September 30, 2016 (Un-audited)					
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Rupees in thousands					
Total income	-	580,988	33,604	799,497	1,414,089
Total expenses	-	(404,745)	(373,222)	(449,717)	(1,227,683)
Income tax expense	-	-	-	-	(75,801)
Net income / (loss)	-	176,243	(339,618)	349,780	110,605
Segment return on assets (%)	-	5.91%	3.47%	7.59%	6.61%
Segment cost of fund (%)	-	5.45%	3.28%	4.92%	3.74%
For the period ended September 30, 2015 (Un-audited)					
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Rupees in thousands					
Total income	-	-	40,576	-	40,576
Total expenses	-	-	(5,594)	-	(5,594)
Income tax expense	-	-	-	-	-
Net income / (loss)	-	-	34,982	-	34,982
Segment return on assets (%)	-	-	1.61%	-	1.61%
Segment cost of fund (%)	-	-	-	-	-
As at September 30, 2016 (Un-audited)					
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Rupees in thousands					
Segment assets - Gross	-	13,292,483	1,766,621	15,045,117	30,104,221
Advance taxation	-	-	-	-	82,592
Total assets - Gross	-	13,292,483	1,766,621	15,045,117	30,186,813
Segment non performing assets	-	-	1,029	-	1,029
Segment specific provision required	-	-	1,029	-	1,029
Segment liabilities	-	5,013,076	14,466,075	448,640	19,927,792
Provision for taxation	-	-	-	-	71,882
Total liabilities	-	5,013,076	14,466,075	448,640	19,999,674

As at December 31, 2015 (Audited) - Restated					
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Rupees in thousands					
Segment assets - Gross	-	13,015,735	820,123	13,124,212	26,960,070
Advance taxation	-	-	-	-	33,040
Total assets - Gross	-	13,015,735	820,123	13,124,212	26,993,110
Segment non performing assets	-	-	1,129	-	1,129
Segment specific provision required	-	-	1,129	-	1,129
Segment liabilities	* 6,190,033	239,485	9,693,343	791,986	16,914,847
Provision for taxation	-	-	-	-	5,790
Total liabilities	6,190,033	239,485	9,693,343	791,986	16,920,637

* This represents consideration payable to MCB.

25 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on _____ by the Board of Directors of the Bank.

26 GENERAL

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

Ahmed El-Toukhy
CHAIRMAN


DIRECTOR


DIRECTOR


PRESIDENT / CEO