

**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

		(Unaudited) March 31, 2024	(Audited) December 31, 2023
	Note	Rupees in thousands	
ASSETS			
Cash and balances with treasury banks	8	19,463,988	19,529,055
Balances with other banks	9	2,080,898	2,748,279
Due from financial institutions	10	999,858	2,500,000
Investments	11	115,203,445	132,544,302
Islamic financing and related assets	12	107,682,082	89,347,415
Property and equipment	13	4,051,028	3,755,402
Right-of-use assets	14	1,932,880	2,027,791
Intangible assets	15	696,036	532,846
Deferred tax assets		-	-
Other assets	17	16,735,411	14,014,615
		268,845,626	266,999,705
LIABILITIES			
Bills payable	19	1,628,313	2,175,473
Due to financial institutions	20	29,560,734	25,813,546
Deposits and other accounts	21	203,869,187	204,460,158
Lease liabilities	22	2,537,410	2,636,096
Subordinated debts		-	-
Deferred tax liabilities	16	145,242	445,291
Other liabilities	23	8,142,629	9,432,889
		245,883,515	244,963,453
NET ASSETS		22,962,111	22,036,252
REPRESENTED BY			
Share capital	24	15,550,000	15,550,000
Reserves	25	1,659,695	1,428,486
Surplus on revaluation of assets - net of tax	26	761,866	934,644
Unappropriated profit		4,990,550	4,123,122
		22,962,111	22,036,252
CONTINGENCIES AND COMMITMENTS		27	

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.

  
 Chief Financial Officer

  
 President / Chief Executive

  
 Director

  
 Director

  
 Director

**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

	Note	Quarter ended March 31 2024 Rupees in thousands	Quarter ended March 31 2023
Profit / return earned	28	11,716,023	6,297,101
Profit / return expensed	29	7,520,961	3,410,235
Net profit / return		4,195,062	2,886,866
<b>OTHER INCOME</b>			
Fee and commission income	30	226,058	174,475
Dividend income		-	3,876
Foreign exchange (loss) / income		(8,018)	53,400
Loss on securities	31	(2,300)	(46)
Other income	32	53,261	38,921
Total other income		269,001	270,626
Total income		4,464,063	3,157,492
<b>OTHER EXPENSES</b>			
Operating expenses	33	2,099,314	1,557,277
Workers welfare fund		48,564	32,915
Other charges	34	217	5
Total other expenses		2,148,095	1,590,197
Profit before credit loss allowance		2,315,968	1,567,295
Credit loss allowance and write offs - net	35	49,000	115,609
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		2,266,968	1,451,686
Taxation	36	1,110,921	612,006
<b>PROFIT AFTER TAXATION</b>		1,156,047	839,680
<b>-----Rupees-----</b>			
Basic and diluted earnings per share	37	0.743	0.540

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**Chief Financial Officer**

  
**President / Chief Executive**

  
**Director**

  
**Director**

  
**Director**

**MCB ISLAMIC BANK LIMITED****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

	Quarter ended March 31 2024	Quarter ended March 31 2023
	Rupees in thousands	
Profit after taxation for the period	1,156,047	839,680
Other comprehensive (loss) / income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of debt investments through FVTOCI- net of tax	(172,223)	(132,982)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of property and equipment - net of tax	-	-
Total comprehensive income for the period	983,824	706,698

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.

 Chief Financial Officer	 President / Chief Executive	 Director	 Director	 Director
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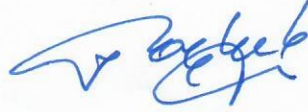


**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

	Share Capital	Statutory Reserve	Surplus / (deficit) on revaluation of		Unappropriat ed profit / (loss)	Total
			Investments	Property & Equipment		
	Rupees in thousands					
Balance as at January 1, 2023	15,550,000	397,819	(79,928)	480,758	(1,767)	16,346,882
<b>Total comprehensive income / (loss) for the quarter ended March 31, 2023 - net of tax</b>						
Profit for the quarter ended March 31, 2023	-	-	-	-	839,680	839,680
Other comprehensive loss	-	-	(132,982)	-	-	(132,982)
	-	-	(132,982)	-	839,680	706,698
Transfer to statutory reserve	-	167,936	-	-	(167,936)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(621)	621	-
<b>Transactions with owners, recorded directly in equity</b>						
Issue of right shares	-	-	-	-	-	-
<b>Balance as at March 31, 2023 (Unaudited)</b>	15,550,000	565,755	(212,910)	480,137	670,598	17,053,580
<b>Total comprehensive income / (loss) for the nine months period ended December 31, 2023 - net of tax</b>						
Profit after taxation for the nine months period ended December 31, 2023	-	-	-	-	4,313,655	4,313,655
Other comprehensive income / (loss)	-	-	681,001	(11,984)	-	669,017
	-	-	681,001	(11,984)	4,313,655	4,982,672
Transfer to statutory reserve	-	862,731	-	-	(862,731)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(1,600)	1,600	-
<b>Balance as at December 31, 2023 (Audited)</b>	15,550,000	1,428,486	468,091	466,553	4,123,122	22,036,252
<b>Impact of adoption of IFRS 9 (ECL) - net of tax</b>	-	-	-	-	(57,965)	(57,965)
<b>Restated Balance under IFRS 9 as at December 31, 2023</b>	15,550,000	1,428,486	468,091	466,553	4,065,157	21,978,287
<b>Total comprehensive income / (loss) for the quarter ended March 31, 2024 - net of tax</b>						
Profit after taxation for the quarter ended March 31, 2024	-	-	-	-	1,156,047	1,156,047
Other comprehensive loss	-	-	(172,223)	-	-	(172,223)
	-	-	(172,223)	-	1,156,047	983,824
Transfer to statutory reserve	-	231,209	-	-	(231,209)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(555)	555	-
<b>Balance as at March 31, 2024 (Unaudited)</b>	15,550,000	1,659,695	295,868	465,998	4,990,550	22,962,111

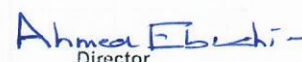
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Chief Financial Officer

  
President / Chief Executive

  
Director

  
Director

  
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**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

		Quarter ended March 31 2024	Quarter ended March 31 2023
	Note	Rupees in thousands	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,266,968	1,451,686
Less: Dividend income		-	(3,876)
		2,266,968	1,447,810
<b>Adjustments</b>			
Depreciation on property & equipments	33	128,477	101,404
Depreciation on right-of-use asset	33	143,076	127,435
Depreciation on Ijarah assets under IFAS 2		99,743	139,804
Amortization	33	48,545	46,189
Unwinding of liability against right of use assets	29	84,845	74,401
Credit loss allowance and write offs - net	35	49,000	115,609
Unrealized (gain) / loss on forward foreign exchange contracts - net		(35,545)	487,508
Gain on sale of property and equipment - net	32	-	(182)
Unrealised loss on revaluation of FVTPL securities	31	4,181	-
(Gain) / loss on sale of securities - net	31	(1,881)	46
		520,441	1,092,214
		2,787,409	2,540,024
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		1,500,142	1,255,261
Islamic financing and related assets		(18,543,384)	(3,672,638)
Other assets (excluding advance taxation)		(2,944,252)	(3,196,861)
		(19,987,494)	(5,614,238)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(547,160)	(784,744)
Due to financial institutions		3,747,188	1,906,821
Deposits		(590,971)	9,005,679
Other liabilities (excluding current taxation)		(193,737)	(748,643)
		2,415,320	9,379,113
		(14,784,765)	6,304,899
Income tax paid		(2,081,015)	(557,308)
<b>Net cash flow (used in) / generated from operating activities</b>		(16,865,780)	5,747,591
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net divestments in securities classified as FVTPL		1,996,619	-
Net divestments in securities classified as FVTOCI		14,991,769	4,110
Net divestments / (investments) in amortised cost securities		12,478	(2,362)
Dividends received		-	3,876
Investments in property and equipment	13.2	(424,103)	(179,230)
Disposal of property and equipment		-	794
Investments in intangible assets	15.1	(211,735)	(32,129)
<b>Net cash flow generated from / (used in) investing activities</b>		16,365,028	(204,941)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use asset		(231,696)	(200,124)
<b>Net cash flow used in financing activities</b>		(231,696)	(200,124)
<b>(Decrease) / increase in cash and cash equivalents during the period</b>		(732,448)	5,342,526
Cash and cash equivalents at the beginning of the period		22,277,334	15,144,558
<b>Cash and cash equivalents at the end of the period</b>	38	21,544,886	20,487,084

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.

 Chief Financial Officer
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  Director
  Director
  Director



# MCB ISLAMIC BANK LIMITED

## NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

### 1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB Islamic Bank Limited (the Bank) was incorporated in Pakistan on May 15, 2014 as an unlisted public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984) to carry out the business of an Islamic Commercial Bank in accordance and in conformity with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted "Certificate of Commencement of Business" to the Bank on January 30, 2015. The Bank is a wholly owned subsidiary of MCB Bank Limited (MCB).
- 1.2 The State Bank of Pakistan (SBP) granted a "Certificate of Commencement of Banking Business" to the Bank on September 14, 2015 under Section 27 of the Banking Companies Ordinance, 1962. The Bank formally commenced operations as a scheduled Islamic Commercial Bank with effect from October 15, 2015 upon receiving notification in this regard from SBP under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, micro finance, investment and retail banking activities.
- 1.3 The Bank is operating through 230 branches including two sub branches in Pakistan (December 31, 2023: 226 branches including two sub branches). The Registered office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 14-A Main Jail Road, Gulberg, Lahore.
- 1.4 Pakistan Credit Rating Agency (PACRA) has maintained 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 These condensed interim financial statements have been prepared in conformity with the format of interim financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 2 dated February 09, 2023.
- 2.2 As per the SBP's BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter no. 7 dated April 13, 2023, the applicability of IFRS 9 - Financial Instruments has been extended to January 01, 2024. Accordingly, these condensed interim financial statements have been prepared for determining the impact of IFRS 9 on the Bank's financial statements as at March 31, 2024 assuming that IFRS 9 has been adopted with effect from January 01, 2024. Therefore, the requirements of SBP directives that currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financings have been followed till December 31, 2023.
- 2.3 The Bank provides financing through Shari'ah compliant financing products mainly through Murabaha, Istisna, Salam, Ijarah, Diminishing Musharaka and Running Musharaka. The Bank also provides refinance facilities under various refinance schemes of the State Bank of Pakistan including Islamic Export Refinance Scheme.
- 2.4 The purchases and sales arising under these arrangements are not reflected in these condensed interim financial statements 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 and in accordance with regulations and guidelines of the State Bank of Pakistan. 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.

### 3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017



- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of IFAS 3 "Profit and Loss Sharing on Deposits", through BPRD circular No.04 dated February 25, 2015.

Further, the SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 40 "Investment Property" for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

The disclosures made in these condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 09, 2023 and the requirements of IAS 34 "Interim Financial Reporting". They do not include all the information and disclosures required in preparation of annual financial statements, and should be read in conjunction with the annual audited financial statements for the year ended December 31, 2023, except for IFRS 9 "Financial Instruments" adopted w.e.f January 01, 2024.

### **3.2 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period**

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. These are either considered not to be relevant or do not have any significant impact and accordingly, have not been detailed in these condensed interim financial statements.

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

There are certain new and amended standards, issued by the IASB, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore, not detailed in these condensed interim financial statements.

## **4 BASIS OF MEASUREMENT**

### **4.1 Accounting convention**

These condensed interim financial statements have been prepared under the historical cost convention except for certain property and equipment and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; fair value through profit or loss, fair value through other comprehensive income, investments which are measured at fair value; and right of use of assets and related lease liability measured at present value.

### **4.2 Functional and presentation currency**

These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.



## **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements of the Bank for the year ended December 31, 2023.

## **6 MATERIAL ACCOUNTING POLICIES INFORMATION**

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2023 except for the adoption of IFRS 9 "Financial Instruments" w.e.f January 01, 2024.

### **6.1 Adoption of new forms for the preparation of condensed interim financial statements**

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim financial statements of the Banks. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the condensed interim financial statements.

### **6.2 Changes in accounting policies and transition disclosures**

#### **6.2.1 Impact of IFRS 9 - Financial Instruments**

As permitted by the transitional provisions of IFRS 9, the Bank has opted for modified retrospective approach and has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative.

For notes disclosures, the consequential amendments to IFRS 7 disclosures as a result of adoption of IFRS 9 have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The standard introduces a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.



## Classification and measurement

The classification and measurement of financial assets is based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and profit/rent (SPPI) criteria are measured at fair value through profit or loss ('FVTPL') regardless of the business model in which they are held. The Bank's business model in which financial assets are held determines whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortized cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit/rent (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVTOCI, with unrealized gains or losses deferred in reserves until the asset is derecognized.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVTOCI but both unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the income statement.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

### 6.2.2 Reconciliation of statement of financial position balances from existing local regulations to IFRS 9

	Prudential Regulations December 31, 2023	Classification & Measurement	Expected Credit Losses	IFRS 9 January 01, 2024
-----Rupees in '000-----				
Cash and balances with treasury banks	19,529,055	-	-	19,529,055
Balances with other banks	2,748,279	-	(4,840)	2,743,439
Due from financial institutions	2,500,000	-	(117)	2,499,883
Investments	132,544,302	-	-	132,544,302
Islamic financing and related assets	89,347,415	-	5,823	89,353,238
Property and equipment	3,755,402	-	-	3,755,402
Right-of-use assets	2,027,791	-	-	2,027,791
Intangible assets	532,846	-	-	532,846
Deferred tax assets	-	-	55,692	55,692
Other assets	14,014,615	-	-	14,014,615
<b>Total Assets</b>	<b>266,999,705</b>	<b>-</b>	<b>56,558</b>	<b>267,056,263</b>
Bills payable	2,175,473	-	-	2,175,473
Due to financial institutions	25,813,546	-	-	25,813,546
Deposits and other accounts	204,460,158	-	-	204,460,158
Lease liabilities	2,636,096	-	-	2,636,096
Subordinated debt	-	-	-	-
Deferred tax liabilities	445,291	-	-	445,291
Other liabilities	9,432,889	-	114,523	9,547,412
<b>Total Liabilities</b>	<b>244,963,453</b>	<b>-</b>	<b>114,523</b>	<b>245,077,976</b>
Share capital	15,550,000	-	-	15,550,000
Reserves	1,428,486	-	-	1,428,486
Surplus on revaluation of assets - net of tax	934,644	-	-	934,644
Unappropriated profit	4,123,122	-	(57,965)	4,065,157
<b>Total Equity</b>	<b>22,036,252</b>	<b>-</b>	<b>(57,965)</b>	<b>21,978,287</b>
<b>Total Equity and Liabilities</b>	<b>266,999,705</b>	<b>-</b>	<b>56,558</b>	<b>267,056,263</b>

## 7 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements for the year ended December 31, 2023.

		(Unaudited) March 31, 2024	(Audited) December 31, 2023
		Rupees in thousands	
8	<b>CASH AND BALANCES WITH TREASURY BANKS</b>		
	In hand		
	- local currency	3,761,832	3,458,258
	- foreign currencies	745,433	644,364
		4,507,265	4,102,622
	With the State Bank of Pakistan in		
	- local currency current account	13,248,475	13,897,890
	- foreign currency current accounts		
	cash reserve account	8.1 408,860	401,933
	special cash reserve account	8.2 490,577	479,163
	USD clearing account	144,299	48,095
		1,043,736	929,191
	With National Bank of Pakistan in		
	- local currency current account	664,489	599,329
	Prize bonds	8.3 23	23
	Less: Credit loss allowance held against cash and balances with treasury banks	-	-
	Cash and balances with treasury banks - net of credit loss allowance	19,463,988	19,529,055
8.1	As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% is required to be maintained with the SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). This account is non-remunerative in nature.		
8.2	Special Cash Reserve of 6% is required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 15 dated June 21, 2008. This account is non-remunerative in nature.		
8.3	These represent the national prize bonds received from customers for onward surrendering to SBP. The Bank, as a matter of Shari'ah principle, does not deal in prize bonds.		



		(Unaudited) March 31, 2024	(Audited) December 31, 2023
		Rupees in thousands	
<b>9</b>	<b>BALANCES WITH OTHER BANKS</b>		
	In Pakistan		
	- deposit account	1,238	1,845
	Outside Pakistan		
	- current account	2,082,431	2,746,434
	Less: Credit loss allowance held against balances with other banks	(2,771)	-
	Balances with other banks - net of credit loss allowance	<u>2,080,898</u>	<u>2,748,279</u>

**9.1 Balances with other banks- Particulars of credit loss allowance**

	March 31, 2024		December 31, 2023	
	Balances with other banks	Credit loss allowance held	Balances with other banks	Provision held
	Rupees in thousands			
<b>Domestic</b>				
Impact of adoption of IFRS 9	-	(4,840)	-	-
Performing Stage 1	2,083,669	2,069	2,748,279	-
Under performing Stage 2	-	-	-	-
Non-performing Stage 3	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	<u>2,083,669</u>	<u>(2,771)</u>	<u>2,748,279</u>	<u>-</u>

**10 DUE FROM FINANCIAL INSTITUTIONS**

Musharaka arrangements	1,000,000	2,500,000
Less: Credit loss allowance held against due from financial institution	(142)	-
	<u>999,858</u>	<u>2,500,000</u>

**10.1 Due from FIs- Particulars of credit loss allowance**

	March 31, 2024		December 31, 2023	
	Due from FIs	Credit loss allowance held	Due from FIs	Provision held
	Rupees in thousands			
<b>Domestic</b>				
Impact of adoption of IFRS 9	-	(117)	-	-
Performing Stage 1	1,000,000	(25)	2,500,000	-
Under performing Stage 2	-	-	-	-
Non-performing Stage 3	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	<u>1,000,000</u>	<u>(142)</u>	<u>2,500,000</u>	<u>-</u>

11 INVESTMENTS

11.1 Investments by type:

FVTPL

Federal Government securities

FVTOCI

Federal Government securities

Non Government securities

Amortised cost

Federal Government securities

Total Investments

March 31, 2024 (Unaudited)

Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Rupees in thousands			
-	-	-	-
-	-	-	-
77,648,859	-	586,189	78,235,048
770,000	-	(6,055)	763,945
78,418,859	-	580,134	78,998,993
36,204,452	-	-	36,204,452
36,204,452	-	-	36,204,452
114,623,311	-	580,134	115,203,445

December 31, 2023 (Audited)

Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Rupees in thousands			
1,996,619	-	4,181	2,000,800
1,996,619	-	4,181	2,000,800
92,638,747	-	924,435	93,563,182
770,000	-	(6,610)	763,390
93,408,747	-	917,825	94,326,572
36,216,930	-	-	36,216,930
36,216,930	-	-	36,216,930
131,622,296	-	922,006	132,544,302

11.1.1 There market value of investments given as collateral as at March 31, 2024 amounted to Rs. 11,074 million (December 31, 2023: Nil).

11.1.2 The market value of securities measured at amortized cost as at March 31, 2024 amounted to Rs. 36,635 million (December 31, 2023: Rs. 36,748 million).



**12 ISLAMIC FINANCING AND RELATED ASSETS - NET**

		Performing		Non performing		Total	
	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023	(Unaudited) March 31, 2024	(Audited) December 31, 2023	(Unaudited) March 31, 2024	(Audited) December 31, 2023
		Rupees in thousands					
Murabaha	12.1	20,729,879	12,202,918	46,498	46,550	20,776,377	12,249,468
Musawamah		132,783	-	-	-	132,783	-
Istisna	12.2	4,398,141	4,613,657	338,645	177,761	4,736,786	4,791,418
Salam		-	38,042	-	-	-	38,042
Ijarah	12.3	1,677,242	1,804,112	1,236	973	1,678,478	1,805,085
Running Musharaka	12.4	56,519,395	45,626,287	-	-	56,519,395	45,626,287
Diminishing Musharaka	12.5	21,369,345	22,491,209	1,846,286	1,732,524	23,215,631	24,223,733
Staff finance	12.6	2,013,984	1,901,583	-	-	2,013,984	1,901,583
<b>Islamic financing and related assets - gross</b>		<b>106,840,769</b>	<b>88,677,808</b>	<b>2,232,665</b>	<b>1,957,808</b>	<b>109,073,434</b>	<b>90,635,616</b>
Less: Credit loss allowance / provision against islamic financing and related assets							
- Stage 1		(225,984)	-	-	-	(225,984)	-
- Stage 2 / General		(415,179)	(542,951)	-	-	(415,179)	(542,951)
- Stage 3 / Specific		-	-	(750,189)	(745,250)	(750,189)	(745,250)
	12.9	(641,163)	(542,951)	(750,189)	(745,250)	(1,391,352)	(1,288,201)
<b>Islamic financing and related assets - net of credit loss allowance / provisions</b>		<b>106,199,606</b>	<b>88,134,857</b>	<b>1,482,476</b>	<b>1,212,558</b>	<b>107,682,082</b>	<b>89,347,415</b>
						(Unaudited) March 31, 2024	(Audited) December 31, 2023
						Rupees in thousands	
<b>12.1 Murabaha</b>							
- Murabaha financing						5,619,785	5,567,599
- Murabaha inventory						14,946,611	6,534,969
- Advances against Murabaha financing						139,981	76,900
- Advances against Murabaha financing - Islamic Export Refinance Scheme (IERS)						70,000	70,000
- Murabaha financing - Islamic Export Refinance Scheme (IERS)						-	-
- Murabaha inventory - Islamic Refinancing Scheme for Payment of Wages and Salaries (IRSPWS)						-	-
						20,776,377	12,249,468
<b>12.2 Istisna</b>							
- Istisna financing						1,507,896	1,620,373
- Istisna inventory						1,223,651	545,663
- Advances against Istisna financing						1,857,801	2,474,159
- Istisna financing - Islamic Export Refinance Scheme (IERS)						147,438	39,284
- Advances against Istisna financing - Islamic Export Refinance Scheme (IERS)						-	111,939
						4,736,786	4,791,418
<b>12.3 Ijarah financing and related assets</b>							
- Net book value of assets in Ijarah under IFAS 2						1,579,368	1,744,035
- Advances against Ijarah						99,110	61,050
						1,678,478	1,805,085
<b>12.4 Running Musharaka</b>							
- Running Musharaka financing						53,128,664	42,210,287
- Running Musharaka financing - Islamic Export Refinance Scheme (IERS)						3,390,731	3,416,000
						56,519,395	45,626,287
<b>12.5 Diminishing Musharaka</b>							
- Diminishing Musharaka financing						22,892,505	23,754,790
- Diminishing Musharaka financing - Islamic Refinancing Scheme for Payment of Wages and Salaries (IRSPWS)						-	-
- Advances against Diminishing Musharaka financing						247,853	347,983
- Advances against Diminishing Musharaka - Islamic Long Term Financing Facility (ILTFF)						-	-
- Advances against Diminishing Musharaka under Islamic Temporary Economic Refinancing Facility (ITERF) for Plant and Machinery						75,273	120,960
						23,215,631	24,223,733
<b>12.6 Staff finance</b>							
- Staff vehicle finance under Diminishing Musharaka						512,045	474,493
- Staff housing finance under Diminishing Musharaka						1,501,939	1,427,090
						2,013,984	1,901,583
<b>12.7 Particulars of Islamic financing and related assets - gross</b>							
In local currency						109,073,434	90,635,616
In foreign currency						-	-
						109,073,434	90,635,616

- 12.8 Islamic financing and related assets include Rs. 2,232,665 million (December 31, 2023: Rs. 1,957,808 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of Classification - Stage 3 under IFRS 9	(Unaudited)		(Audited)	
	March 31, 2024		December 31, 2023	
	Non-performing Islamic financing and related assets	Credit loss allowance	Non-performing Islamic financing and related	Credit loss allowance
Rupees in thousands				
Domestic				
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	310,923	4,475	222,176	5,482
Doubtful	317,671	5,415	157,979	3,193
Loss	1,604,071	740,299	1,577,653	736,575
	2,232,665	750,189	1,957,808	745,250

12.9 Particulars of credit loss allowance against Islamic financing and related assets

	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Total	Specific	General	Total
Rupees in thousands							
Opening balance	745,250	542,951	-	1,288,201	175,194	409,909	585,103
Impact of adoption of IFRS-9	-	(184,505)	178,682	(5,823)	-	-	-
Charge for the period / year	4,939	-	-	4,939	577,686	149,396	727,082
Reversals	-	56,733	47,302	104,035	(6,651)	(16,354)	(23,005)
	4,939	56,733	47,302	108,974	571,035	133,042	704,077
Amounts written off	-	-	-	-	(979)	-	(979)
Closing balance	750,189	415,179	225,984	1,391,352	745,250	542,951	1,288,201

- 12.10 State Bank of Pakistan vide BSD Circular No. 02 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No. 01 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. Had the benefit not been taken by the Bank, the specific provision against non-performing Islamic financing and related assets would have been higher by Rs. 1,091.322 million (December 31, 2023: Rs. 967.863 million). The additional benefit on the Bank's profit and loss account arising from availing the FSV benefit - net of tax amounts to Rs. 556.574 million (December 31, 2023: Rs. 493.610 million). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

12.11 Advances - Particulars of credit loss allowance

	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)		
	Stage 3	Stage 2	Stage 1	Total	Specific	General	Total
Rupees in thousands							
Opening balance	745,250	542,951	-	1,288,201	175,194	409,909	585,103
New/ Impact of adoption of IFRS-9	-	(184,505)	178,682	(5,823)	-	-	-
Derognised or repaid / reversal of provision	-	56,733	47,302	104,035	(6,651)	(16,354)	(23,005)
Transfer to Stage 1 / charge for the year	-	-	-	-	577,686	149,396	727,082
Transfer to Stage 2	-	-	-	-	-	-	-
Transfer to Stage 3	4,939	-	-	4,939	-	-	-
	4,939	(127,772)	225,984	103,151	571,035	133,042	704,077
Amounts written off	-	-	-	-	(979)	-	(979)
Closing balance	750,189	415,179	225,984	1,391,352	745,250	542,951	1,288,201

12.12 Islamic financing and related assets - Category of classification

		March 31, 2024		December 31, 2023	
		Gross amount	Credit loss allowance	Non-performing amount	Provision held
Rupees in thousands					
Domestic					
Performing	Stage 1	100,304,688	225,984	-	-
Underperforming	Stage 2	6,536,081	415,179	-	-
Non-Performing	Stage 3	-	-	-	-
Substandard		310,923	4,475	222,176	5,482
Doubtful		317,671	5,415	157,979	3,193
Loss		1,604,071	740,299	1,577,653	736,575
		2,232,665	750,189	1,957,808	745,250
		109,073,434	1,391,352	1,957,808	745,250



	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	Rupees in thousands	
<b>13 PROPERTY AND EQUIPMENT</b>		
Capital work-in-progress	938,609	514,632
Property and equipment	3,112,419	3,240,770
	<u>4,051,028</u>	<u>3,755,402</u>
<b>13.1 Capital work-in-progress</b>		
Civil works	13,028	13,028
Advance to suppliers and contractors	515,749	425,650
Electrical and computer equipment	409,832	75,954
	<u>938,609</u>	<u>514,632</u>
	(Unaudited) March 31, 2024	(Unaudited) March 31, 2023
	Rupees in thousands	
<b>13.2 Additions to property and equipment</b>		
The following additions have been made to property & equipments during the period:		
Capital work-in-progress	423,964	47,930
<b>Property and equipment</b>		
Building on freehold land	-	263
Leasehold improvements	-	10,062
Furniture and fixtures	-	14,867
Electrical, office and computer equipment	-	106,108
Vehicles	139	-
	<u>139</u>	<u>131,300</u>
	<u>424,103</u>	<u>179,230</u>
<b>13.3 Disposal of property and equipment</b>		
The net book value of property & equipments disposed off during the period is as follows:		
Furniture and fixtures	-	23
Electrical, office and computer equipment	-	107
Vehicles	-	482
	<u>-</u>	<u>612</u>
	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	Rupees in thousands	
<b>14 RIGHT-OF-USE ASSETS</b>		
Cost at the start of period/ year	4,129,982	3,566,889
Accumulated Depreciation	(2,102,191)	(1,618,010)
Net carrying amount at the start of period/ year	<u>2,027,791</u>	<u>1,948,879</u>
Addition during the period	48,165	628,268
Deletion during the period	-	(22,057)
Depreciation charge for the period	(143,076)	(527,299)
Net carrying amount at the end of the period / year	<u>1,932,880</u>	<u>2,027,791</u>
<b>15 INTANGIBLE ASSETS</b>		
Advance against purchase of software	307,245	95,510
Computer software	388,791	437,336
	<u>696,036</u>	<u>532,846</u>

(Unaudited)                      (Unaudited)  
March 31,                      March 31,  
2024                                      2023

Rupees in thousands

# 15.1 Additions to intangible assets

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

Directly purchased

211,735	32,129
211,735	32,129

# 16 DEFERRED TAX ASSETS / (LIABILITY) - NET

March 31, 2024 (Unaudited)				
At Jan 01, 2024	Recognised in P&L A/C	Recognised in OCI	At March 31, 2024	
Rupees in thousands				
<b>Deductible temporary difference</b>				
Credit loss allowance against Islamic financing and related assets, balances with other banks, due from financial institutions and off balance sheet obligations	2,686	23,275	55,692	81,653
Workers Welfare Fund	154,378	23,796	-	178,174
	157,064	47,071	55,692	259,827
<b>Taxable temporary difference</b>				
Surplus on revaluation of property & equipments	(95,730)	533	-	(95,197)
Surplus on revaluation of investments	(449,734)	-	165,468	(284,266)
Accelerated tax depreciation	(56,891)	31,285	-	(25,606)
	(602,355)	31,818	165,468	(405,069)
	(445,291)	78,889	221,160	(145,242)

December 31, 2023 (Audited)				
At Jan 01, 2023	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2023	
Rupees in thousands				
<b>Deductible temporary difference</b>				
Credit loss allowance against Islamic financing and related assets	63,466	(60,780)	-	2,686
Workers Welfare Fund	41,945	112,433	-	154,378
	105,411	51,653	-	157,064
<b>Taxable temporary difference</b>				
Surplus on revaluation of property & equipments	(85,881)	2,135	(11,984)	(95,730)
Surplus on revaluation of investments	60,297	-	(510,031)	(449,734)
Accelerated tax depreciation	(67,300)	10,409	-	(56,891)
	(92,884)	12,544	(522,015)	(602,355)
	12,527	64,197	(522,015)	(445,291)



		(Unaudited) March 31, 2024	(Audited) December 31, 2023
		Rupees in thousands	
<b>17</b>	<b>OTHER ASSETS</b>		
	Profit / return accrued in local currency	13,973,771	9,550,867
	Advances, deposits, advance rent and other prepayments	531,528	492,007
	Branch adjustment account	-	211,713
	Receivable against ATM transactions	954,202	1,499,978
	Receivable under home remittances	15,834	12,874
	Un-realized mark to market gain on forward foreign exchange contracts	78,068	247,841
	Acceptances	637,598	1,584,439
	Others	544,410	414,896
		<u>16,735,411</u>	<u>14,014,615</u>
<b>18</b>	<b>CONTINGENT ASSETS</b>		
	There were no contingent assets of the Bank as at March 31, 2024 (December 31, 2023: Nil).		
<b>19</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	1,628,313	2,175,473
	Outside Pakistan	-	-
		<u>1,628,313</u>	<u>2,175,473</u>
<b>20</b>	<b>DUE TO FINANCIAL INSTITUTIONS</b>		
	<b>Details of due to financial institutions - Secured / Unsecured</b>		
	<b>Secured</b>		
	Musharaka with the State Bank of Pakistan -		
	Islamic Export Refinance Scheme (IERS)	3,536,219	3,633,293
	Investment under - Islamic Long Term Financing Facility (ILTFF)	1,905,456	1,929,943
	Investment under - Islamic		
	Temporary Economic Refinancing Facility (ITERF) for Plant and Machinery	3,994,707	4,166,204
	Investment under - Islamic		
	Financing Facility for Renewable Energy (IFRE)	286,630	319,453
	<b>Unsecured</b>		
	Musharaka arrangements with financial institutions	19,636,338	15,562,500
	Musharaka arrangements with other institution	201,384	202,153
	Overdrawn nostro accounts	-	-
		<u>29,560,734</u>	<u>25,813,546</u>

21 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in thousands					
<b>Customers</b>						
Current deposits - non-remunerative	49,371,545	2,962,997	52,334,541	53,153,055	3,273,932	56,426,987
Savings deposits	84,773,463	1,515,030	86,288,493	79,492,791	1,473,784	80,966,575
Term deposits	45,480,559	1,926,469	47,407,028	47,562,221	1,856,137	49,418,358
Others	6,201,375	-	6,201,375	6,893,851	-	6,893,851
	185,826,942	6,404,496	192,231,437	187,101,918	6,603,853	193,705,771
<b>Financial Institutions</b>						
Current deposits - non-remunerative	234,034	204	234,239	56,731	163	56,894
Savings deposits	7,801,511	-	7,801,511	7,095,493	-	7,095,493
Term deposits	3,602,000	-	3,602,000	3,602,000	-	3,602,000
	11,637,545	204	11,637,750	10,754,224	163	10,754,387
	197,464,487	6,404,700	203,869,187	197,856,142	6,604,016	204,460,158

	Note	(Unaudited) March 31, 2024	(Audited) December 31, 2023
		Rupees in thousands	
<b>22 LEASE LIABILITIES</b>			
Outstanding amount at the start of the period		2,636,096	2,488,775
Addition during the period		48,165	628,268
Disposed off during the period		-	(28,376)
Lease payments including interest		(231,696)	(761,903)
Interest expense		84,845	309,332
Outstanding amount at the end of the period		2,537,410	2,636,096
<b>22.1 Liabilities Outstanding</b>			
Not later than one year		481,456	495,967
Later than one year and upto five years		1,564,265	1,625,009
Over five years		491,689	515,120
Total at the year end		2,537,410	2,636,096
<b>23 OTHER LIABILITIES</b>			
Profit / return payable in local currency	23.1	3,817,849	3,114,456
Profit / return payable in foreign currencies		18,894	16,600
Accrued expenses		893,143	1,213,379
Current taxation (provision less payments)		52,642	943,847
Unearned income		84,682	94,572
Acceptances	17	637,598	1,584,439
Branch adjustment account		764,427	-
Advance receipt against Islamic financing and related assets		49,862	45,040
Charity fund balance		26,393	23,238
Credit loss allowance against off-balance sheet obligations	23.2	56,593	-
Security deposits against Ijarah financing		836,450	906,994
Withholding tax, Federal Excise Duty and other payable		122,707	72,423
Un-realized mark to market loss on forward foreign exchange contracts		-	205,318
Others		781,389	1,212,583
		8,142,629	9,432,889

23.1 It includes Rs. 168.101 million ( December 31,2023: Rs. 167.819 million) in respect of profit / return accrued on Musharaka with SBP under Islamic Export Refinance Scheme and Rs 77.193 million ( December 31,2023: Rs 42.131 million) in respect of return accrued on acceptances from the SBP under various Islamic Refinance Schemes.



23.2 Credit loss allowance against off-balance sheet obligations

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
	Rupees in thousands	
Opening balance	-	-
Charge for the period / year	-	-
Impact of adoption of IFRS 9	114,523	-
Reversals	(57,930)	-
	56,593	-
Amount written off	-	-
Closing balance	56,593	-

24 SHARE CAPITAL

Authorised capital

(Unaudited) March 31, 2024	(Audited) December 31, 2023			
		Number of shares		
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10/- each	20,000,000	20,000,000

Issued, subscribed and paid up capital

		Number of shares		
			Fully paid in cash	-
1,555,000,000	1,555,000,000	Balance at beginning of the period / year	15,550,000	15,550,000
-	-	Issued during the period / year	-	-
1,555,000,000	1,555,000,000	Balance at end of the period / year	15,550,000	15,550,000

24.1 The Bank's shares are 100 % ( December 31,2023: 100%) held by MCB Bank Limited (MCB) - the parent company and its nominee Directors.

			(Unaudited) March 31, 2024 Rupees in thousands	(Audited) December 31, 2023 Rupees in thousands
25	<b>RESERVES</b>			
	Statutory reserves		1,659,695	1,428,486
25.1	Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.			
			(Unaudited) March 31, 2024 Rupees in thousands	(Audited) December 31, 2023 Rupees in thousands
26	<b>SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>	Note		
	Surplus arising on revaluation of:			
	- Property and equipment		561,194	562,283
	- Securities measured at FVOCI-Debt	11.1	580,134	917,825
			1,141,328	1,480,108
	Deferred tax on surplus on revaluation of:			
	- Property and equipment		(95,196)	(95,730)
	- Securities measured at FVOCI-Debt		(284,266)	(449,734)
			(379,462)	(545,464)
			761,866	934,644
27	<b>CONTINGENCIES AND COMMITMENTS</b>			
	Guarantees	27.1	17,203,003	16,337,475
	Commitments	27.2	34,472,973	34,480,690
	Other contingent liabilities	27.3	1,090,328	1,090,328
			52,766,304	51,908,493
27.1	<b>Guarantees</b>			
	Performance guarantees		7,327,895	6,930,799
	Other guarantees		9,875,108	9,406,676
			17,203,003	16,337,475
27.2	<b>Commitments</b>			
	Documentary credits and short-term trade-related transactions			
	Letters of credit		14,030,782	14,814,708
	Commitments in respect of:			
	Forward foreign exchange contracts	27.2.1	19,034,088	17,780,265
	Commitments for acquisition of:			
	Intangible assets		344,086	390,605
	property & equipments		369,033	366,865
	Other commitments	27.2.2	694,984	1,128,247
			34,472,973	34,480,690
27.2.1	<b>Commitments in respect of forward foreign exchange contracts</b>			
	Purchase		11,389,081	10,514,065
	Sale		7,645,007	7,266,200
			19,034,088	17,780,265



			(Unaudited) March 31, 2024	(Audited) December 31, 2023
	Note		Rupees in thousands	
<b>27.2.2</b>	<b>Other commitments</b>			
		Commitments to extend financing	27.2.2.1	694,984
				1,128,247
<b>27.2.2.1</b>	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
<b>27.2.2.2</b>	Other than those stated above, the Bank makes commitment(s) to extend credit in the normal course of business including related parties but these being revocable commitments do not attract any penalty or expense if the facility is unilaterally withdrawn.			
			(Unaudited) March 31, 2024	(Audited) December 31, 2023
<b>27.3</b>	<b>Other contingent liabilities</b>		Rupees in thousands	
		Claims against the Bank not acknowledged as debt	1,090,328	1,090,328
			(Unaudited) March 31, 2024	(Unaudited) March 31, 2023
<b>28</b>	<b>PROFIT / RETURN EARNED</b>		Rupees in thousands	
		Financing	4,830,216	3,346,281
		Investments in securities	6,868,796	2,902,650
		Musharaka arrangements	16,757	48,038
		Deposits with financial institutions	254	132
			11,716,023	6,297,101
<b>28.1</b>	<b>Profit / return earned recorded on financial assets measured at:</b>			
		Financial assets measured at amortised cost	6,840,647	4,060,725
		Financial assets measured at fair value through OCI.	4,874,216	2,236,376
		Financial assets measured at fair value through P&L	1,160	-
			11,716,023	6,297,101

			(Unaudited) March 31, 2024	(Unaudited) March 31, 2023
		Note	Rupees in thousands	
29	<b>PROFIT / RETURN EXPENSED</b>			
	Deposits and other accounts		5,669,129	2,916,758
	Musharaka and other arrangements with the State Bank of Pakistan		823,905	132,747
	Musharaka arrangements with other financial institutions		943,082	286,329
	Musharaka arrangements with other institutions		-	-
	Unwinding of lease liability against right-of-use asset		84,845	74,401
			<u>7,520,961</u>	<u>3,410,235</u>
30	<b>FEE AND COMMISSION INCOME</b>			
	Branch banking customer fees		6,482	4,519
	Consumer finance related fees		2,202	2,785
	Card related fees		86,975	43,583
	Credit related fees		2,238	4,230
	Digital banking fees		23,635	13,615
	Commission on trade		52,597	48,464
	Commission on guarantees		17,823	17,893
	Commission on cash management		6,185	18,429
	Commission on remittances including home remittances		10,163	9,974
	Commission on banca takaful		11,659	6,426
	Locker rent		5,850	4,422
	Others		249	135
			<u>226,058</u>	<u>174,475</u>
31	<b>LOSS ON SECURITIES</b>			
	Realised	31.1	1,881	(46)
	Unrealised - Measured at FVPL		(4,181)	-
			<u>(2,300)</u>	<u>(46)</u>
31.1	<b>Realised Gains - net on:</b>			
	Federal Government Securities - Sukuk certificates		1,881	(46)
			<u>1,881</u>	<u>(46)</u>
32	<b>OTHER INCOME</b>			
	Rental income		-	-
	Gain on sale of property & equipments		-	182
	Fees and charges recovered		5,483	1,879
	Commission on arrangement with financial institutions		45,219	30,560
	Gain on termination of lease liability against right of use assets		-	515
	Gain on conversion of Ijarah agreements		2,559	5,785
			<u>53,261</u>	<u>38,921</u>



## OPERATING EXPENSES

(Unaudited) (Unaudited)  
 March 31, March 31,  
 2024 2023  
 Rupees in thousands

Total compensation expense	1,092,921	822,953
<b>Property expense</b>		
Rent and taxes	17,985	11,311
Takaful expenses	11,066	8,877
Utilities cost	70,940	38,329
Security (including guards)	112,323	71,459
Repairs and maintenance (including janitorial charges)	18,431	35,789
Depreciation on right-of-use assets	143,076	127,435
Depreciation	89,937	68,673
	463,758	361,873
<b>Information technology expenses</b>		
Software maintenance	62,601	60,874
Hardware maintenance	9,798	4,743
Takaful expenses	672	576
Depreciation	32,631	28,784
Amortization	48,545	46,189
Network charges	56,249	27,958
	210,496	169,124
<b>Other operating expenses</b>		
Directors' fees and allowances	4,100	1,900
Fees and allowances to Shari'ah Board	5,062	2,687
Legal and professional charges	13,649	6,682
Takaful expenses	41,305	29,405
Fee and subscription	328	462
Outsourced services costs	41,793	36,824
Travelling and conveyance	42,299	26,830
Repairs and maintenance of vehicles	847	2,472
NIFT clearing charges	8,297	7,550
Brokerage, commission and bank charges	9,768	10,834
Depreciation	5,909	3,947
Training and development	3,073	1,120
Postage and courier charges	12,177	8,612
Communication	28,924	10,965
Stationery and printing	42,960	22,156
Marketing, advertisement and publicity	19,701	477
Auditors' remuneration	5,483	3,370
Entertainment	23,095	15,747
Others	23,369	11,287
	332,139	203,327
	2,099,314	1,557,277

			(Unaudited) March 31, 2024	(Unaudited) March 31, 2023
			Rupees in thousands	
34	OTHER CHARGES	Note		
	Penalties imposed by the State Bank of Pakistan		217	5
			<u>217</u>	<u>5</u>
35	CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
	Credit loss allowance against due from financial institutions	9 & 10.1	(2,044)	-
	Credit loss allowance / Provision against Islamic financing and related assets	12.90	108,974	115,609
	Other credit loss allowance / (write offs)		(57,930)	-
	Bad debts written off directly		-	-
	Recovery of write offs / bad debts		-	-
			<u>49,000</u>	<u>115,609</u>
36	TAXATION			
	Current		1,189,810	707,666
	Deferred		(78,889)	(95,660)
			<u>1,110,921</u>	<u>612,006</u>
37	BASIC AND DILUTED EARNINGS PER SHARE			
	Profit after taxation		<u>1,156,047</u>	<u>839,680</u>
			Number of shares - in thousands	
	Weighted average number of ordinary shares		<u>1,555,000</u>	<u>1,555,000</u>
			Rupees	
	Basic and diluted earnings per share		<u>0.743</u>	<u>0.540</u>
			(Unaudited) March 31, 2024	(Unaudited) March 31, 2023
			Rupees in thousands	
38	CASH AND CASH EQUIVALENTS			
	Cash and balances with treasury banks	8	19,463,988	13,321,035
	Balances with other banks	9	2,080,898	7,175,758
	Overdrawn nostro accounts		-	(9,709)
			<u>21,544,886</u>	<u>20,487,084</u>



### 39 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to collect model, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortised cost.

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

#### 39.1 Fair value of financial / non-financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

March 31, 2024 (Unaudited)					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in thousands					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
Federal Government Securities	78,235,048	-	78,235,048		78,235,048
Shares	-	-	-		-
Non-Government Securities	763,945	-	763,945		763,945
	78,998,993	-	78,998,993		78,998,993
Financial assets - disclosed but not measured at fair value					
Investments	36,204,452		36,204,452		36,204,452
Fair value of non-financial assets					
Operating property & equipments (land and building)	1,381,233	-	1,381,233		1,381,233
Off-balance sheet financial instruments					
Foreign exchange contracts purchase	11,389,081	-	11,328,633		11,328,633
Foreign exchange contracts sale	7,645,007	-	7,506,491		7,506,491
December 31, 2023 (Audited)					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in thousands					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
Federal Government Securities					
Pakistan Energy Sukkuks	-	-	-		-
GOP Ijarah Sukkuk	95,563,982	-	95,563,982		95,563,982
Shares	-	-	-		-
Non-Government Securities	763,390	-	763,390		763,390
	96,327,372	-	96,327,372		96,327,372
Financial assets - disclosed but not measured at fair value					
Investments	36,216,930		36,216,930		36,216,930
Fair value of non-financial assets					
Operating property & equipments (land and building)	1,384,421	-	1,384,421		1,384,421
Off-balance sheet financial instruments					
Foreign exchange contracts purchase	10,514,065	-	10,407,558		10,407,558
Foreign exchange contracts sale	7,266,200	-	7,116,787		7,116,787

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

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuks and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instrument is classified in level 3.

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Ijarah Sukuks (GOP Ijarah Sukuks and other Ijarah Sukuks)	Fair values of GoP Ijarah Sukuks and other Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Operating property & equipments (land and building)	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

March 31, 2024 (Unaudited)

	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
<b>Profit and Loss</b>									
Net Profit / return	(4,062,754)	3,217,522	421,326	18,728	4,660,118	(59,878)	4,195,062	-	4,195,062
Inter segment revenue - net	7,231,444	(3,314,658)	(358,211)	(17,634)	(3,967,290)	426,349	-	-	-
Other income	180,032	78,547	4,470	-	6,084	(132)	269,001	-	269,001
Total Income	3,348,722	(18,589)	67,585	1,094	698,912	366,339	4,464,063	-	4,464,063
Segment direct expenses	(1,134,371)	(54,148)	(63,223)	(202)	(12,518)	(883,633)	(2,148,095)	-	(2,148,095)
Inter segment expense allocation	(364,272)	(3,545)	(6,851)	(206)	(559)	375,433	-	-	-
Total expenses	(1,498,643)	(57,693)	(70,074)	(408)	(13,077)	(508,200)	(2,148,095)	-	(2,148,095)
Credit loss allowance / reversals	(699)	(49,175)	(6,964)	6,048	2,045	(255)	(49,000)	-	(49,000)
Profit / (loss) before tax	1,849,380	(125,457)	(9,453)	6,734	687,880	(142,116)	2,266,968	-	2,266,968
<b>Balance Sheet</b>									
Cash and bank balances	5,171,466	-	-	30	16,373,108	282	21,544,886	-	21,544,886
Investments	-	-	-	-	115,203,445	-	115,203,445	-	115,203,445
Net inter segment lending	149,530,924	-	-	-	-	15,029,782	164,560,706	(164,560,706)	-
Due from financial institutions	-	-	-	-	999,858	-	999,858	-	999,858
Islamic Financing - performing	12,599,569	83,992,082	7,554,494	19,654	-	2,033,807	106,199,606	-	106,199,606
- non-performing	61,137	1,366,135	52,318	-	-	2,886	1,482,476	-	1,482,476
Others	3,403,562	3,192,174	547,440	4,146	8,867,425	7,400,608	23,415,355	-	23,415,355
Total Assets	170,766,658	88,550,391	8,154,252	23,830	141,443,836	24,467,365	433,406,332	(164,560,706)	268,845,626
Bills payable	1,628,313	-	-	-	-	-	1,628,313	-	1,628,313
Due to financial institutions	201,384	9,723,011	531,250	-	19,105,089	-	29,560,734	-	29,560,734
Deposits & other accounts	162,742,096	15,905,437	364,738	-	24,778,313	78,603	203,869,187	-	203,869,187
Net inter segment borrowing	-	62,471,711	6,506,989	16,430	95,565,576	-	164,560,706	(164,560,706)	-
Others	4,345,485	575,689	760,728	666	726,844	4,415,869	10,825,281	-	10,825,281
Total liabilities	168,917,278	88,675,848	8,163,705	17,096	140,175,822	4,494,472	410,444,221	(164,560,706)	245,883,515
Equity	1,849,380	(125,457)	(9,453)	6,734	1,268,014	19,972,893	22,962,111	-	22,962,111
Total Equity & liabilities	170,766,658	88,550,391	8,154,252	23,830	141,443,836	24,467,365	433,406,332	-	268,845,626
Contingencies & Commitments	14,273,555	18,732,600	12,942	-	19,034,088	713,119	52,766,304	-	52,766,304



March 31, 2023 (Unaudited)

	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
<b>Profit &amp; Loss</b>									
Net Profit / return	(2,398,691)	2,087,848	446,705	5,110	2,799,149	(53,255)	2,886,866	-	2,886,866
Inter segment revenue - net	5,380,464	(2,264,182)	(348,947)	(5,041)	(3,023,454)	261,160	-	-	-
Other income	142,919	45,950	6,742	-	70,439	4,576	270,626	-	270,626
Total Income	3,124,692	(130,384)	104,500	69	(153,866)	212,481	3,157,492	-	3,157,492
Segment direct expenses	(792,427)	(45,192)	(60,504)	(196)	(6,117)	(685,761)	(1,590,197)	-	(1,590,197)
Inter segment expense allocation	(259,284)	(2,526)	(7,801)	(190)	(491)	270,292	-	-	-
Total expenses	(1,051,711)	(47,718)	(68,305)	(386)	(6,608)	(415,469)	(1,590,197)	-	(1,590,197)
Provisions / (reversal) write off	20	(118,422)	878	1,261	-	654	(115,609)	-	(115,609)
Profit / (loss) before tax	2,073,001	(296,524)	37,073	944	(160,474)	(202,334)	1,451,686	-	1,451,686

December 31, 2023 (Audited)

	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
<b>Balance Sheet</b>									
Cash & Bank balances	4,701,714	-	-	30	17,575,361	229	22,277,334	-	22,277,334
Investments	-	-	-	-	132,544,302	-	132,544,302	-	132,544,302
Net inter segment lending	179,618,749	-	-	-	-	8,274,321	187,893,070	(187,893,070)	-
Due from financial institutions	-	-	-	-	2,500,000	-	2,500,000	-	2,500,000
Islamic Financing - performing	11,605,428	66,413,865	7,847,678	366,300	-	1,901,586	88,134,857	-	88,134,857
- non-performing	351,756	805,017	54,280	-	-	1,505	1,212,558	-	1,212,558
Others	3,043,667	3,630,300	536,668	58,105	6,867,242	6,194,672	20,330,654	-	20,330,654
<b>Total Assets</b>	199,321,314	70,849,182	8,438,626	424,435	159,486,905	16,372,313	454,892,775	(187,893,070)	266,999,705
Bills payable	2,175,473	-	-	-	-	-	2,175,473	-	2,175,473
Due to financial institutions	202,166	10,048,880	562,500	-	15,000,000	-	25,813,546	-	25,813,546
Deposits & other accounts	183,135,643	20,818,642	503,837	-	-	2,036	204,460,158	-	204,460,158
Net inter segment borrowing	-	38,036,631	6,560,455	421,655	142,874,329	-	187,893,070	(187,893,070)	-
Others	3,312,028	1,311,940	720,544	667	242,694	6,926,403	12,514,276	-	12,514,276
<b>Total liabilities</b>	188,825,310	70,216,093	8,347,336	422,322	158,117,023	6,928,439	432,856,523	(187,893,070)	244,963,453
Equity	10,496,004	633,089	91,290	2,113	1,369,882	9,443,874	22,036,252	-	22,036,252
<b>Total Equity &amp; liabilities</b>	199,321,314	70,849,182	8,438,626	424,435	159,486,905	16,372,313	454,892,775	-	266,999,705
Contingencies & Commitments	15,422,534	17,942,082	6,141	-	17,780,265	757,471	51,908,493	-	51,908,493

40.2 Segment details with respect to geographical locations

The Bank operates in Pakistan only.

41 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its parent company, associates, 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 ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing.

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

The Chief Executive and three key management personnel have been provided with Bank's maintained cars.

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

[illegible]



(Unaudited)	(Audited)
March 31, 2024	December 31, 2023
Rupees in thousands	

## 42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

### Minimum Capital Requirement (MCR):

Paid - up capital (net of losses)	20,540,550	19,673,122
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### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	21,504,209	20,568,762
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	21,504,209	20,568,762
Eligible Tier 2 Capital	1,462,535	1,477,595
Total Eligible Capital (Tier 1 + Tier 2)	22,966,744	22,046,357

### Risk Weighted Assets (RWAs):

Credit Risk	73,760,681	67,578,085
Market Risk	2,403,676	4,124,665
Operational Risk	20,957,292	20,957,292
Total	97,121,649	92,660,042

### Common Equity Tier 1 Capital Adequacy ratio

22.14%	22.20%
--------	--------

### Tier 1 Capital Adequacy Ratio

22.14%	22.20%
--------	--------

### Total Capital Adequacy Ratio

23.65%	23.79%
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### Leverage Ratio (LR):

Eligible Tier-1 Capital	21,504,209	20,568,762
Total Exposures	307,143,997	283,260,917
Leverage Ratio	7.00%	7.26%

### Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	88,912,858	84,205,536
Total Net Cash Outflow	77,742,838	50,600,287
Liquidity Coverage Ratio	114.37%	166.41%

### Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	165,981,943	175,630,548
Total Required Stable Funding	147,243,645	121,097,477
Net Stable Funding Ratio	112.73%	145.03%

## 43 GENERAL

43.1 Comparative information has been reclassified, rearranged or additionally incorporated in these condensed interim financial statements for the purposes of better presentation.

43.2 The Bank has not restated comparative information for 2024 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2024 is reported under previous local regulatory requirements and is not comparable with the information presented for 2023.

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

## 44 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 22, 2024 by the Board of Directors of the Bank.

				
Chief Financial Officer	President / Chief Executive	Director	Director	Director