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ABOUT MCB ISLAMIC BANK

MCB Islamic Bank Ltd. is the wholly owned subsidiary of MCB Bank Ltd. and commenced its operations in 2015. MCB Islamic Bank has a nationwide network of branches across Pakistan. MCB Islamic Bank is successfully providing Shari'ah compliant products and services to its customers in all provinces of Pakistan.

MISSION STATEMENT

- To provide innovative Shari'ah compliant financial solutions and quality services to our customers.
- To maximize Halal returns for our shareholders.
- To nurture an internal environment of qualified professionals and cutting-edge technology.

VISION

To be the leading provider of Shari'ah Compliant Innovative financial products with a focus on service quality and providing superior value for our customers, shareholders, employees and the community.

OUR VALUES

We are Shari'ah Driven

Following the Shari'ah we will conduct our activity in a fair, ethical and socially responsible manner

Dedicated and Dependable

We will build strong, enduring relationships, delivering an experience that delights our customers

Aspirational

We will be professional and fulfill our commitments, delivering high quality products and services

CREDIT RATING

Long Term

A

Short Term

A - 1

CORPORATE INFORMATION

Board of Directors	Mr. Reza Mansha <i>Chairman</i> Mr. Ahmed Ebrahim Hasham Mr. Khalid Mahmood Bhaimia Mr. Ibrahim Shamsi Mr. M.U.A. Usmani Mr. Omair Safdar Mr. Ali Muhammad Mahoon <i>President & CEO</i>	Non-Executive Director Independent Director Independent Director Non-Executive Director Non-Executive Director Non-Executive Director Executive Director
Audit Committee	Mr. Khalid Mahmood Bhaimia Mr. Omair Safdar Mr. Ibrahim Shamsi	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Reza Mansha Mr. Ahmed Ebrahim Hasham Mr. Khalid Mahmood Bhaimia Mr. Ali Muhammad Mahoon	Chairman Member Member Member
Risk Management and Portfolio Review Committee	Mr. Ahmed Ebrahim Hasham Mr. Omair Safdar Mr. MUA Usmani Mr. Ali Muhammad Mahoon	Chairman Member Member Member
Board Evaluation Committee	Mr. Ahmed Ebrahim Hasham Mr. Omair Safdar	Chairman Member
Business Strategy & Service Quality Review Committee	Mr. Reza Mansha Mr. Khalid Mahmood Bhaimia Mr. Ahmed Ebrahim Hasham Mr. Ali Muhammad Mahoon	Chairman Member Member Member
Shari'ah Board	Prof. Mufti Munib-un-Rehman Mufti Syed Sabir Hussain Mufti Mahmood Ahmad	Chairman Resident Shari'ah Board Member Shari'ah Board Member
Chief Financial Officer	Syed Iftikhar Hussain Rizvi	
Company Secretary	Ms. Maimoona Cheema	
Head of Internal Audit	Mr. Muhammad Tariq Gondal	
Legal Advisor	Cornelius, Lane & Mufti Advocates and Solicitors.	
Auditors	M/s A.F. Ferguson & Co., Chartered Accountants.	
Registered Office/ Head Office	T-55, Phase II, DHA Lahore.	
Website	www.mcbislamicbank.com	

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of MCB Islamic Bank Limited (the Bank'), I am pleased to present the condensed interim statement of financial information for the quarter ended March 31, 2017.

Highlights of the period under review are as follows:

	March 31, 2017	December 31, 2016	Growth (%)
Rs. in Million			
Investments – net	7,174	6,770	24.33%
Islamic financings and related assets – net	20,115	16,173	24.37%
Total Assets	34,248	28,569	19.66%
Deposits	17,654	14,279	23.71%
Book value per share (Rupees)	10.269	10.268	0.03%
Number of Branches (Number)	65	66	0.00%

	March 31, 2017	(Restated) March 31, 2016	Growth (%)
Rs. in Million			
Net spread earned	231	260	-11.35%
Other income	175	58	212.50%
Administrative expenses	308	226	76.11%
Profit before taxation	8	53	-84.81%
Profit / (loss) after taxation	10	(22)	145.45%
Basic / diluted earnings / (loss) per share (Rupees)	0.010	(0.022)	143.00%

Performance Review

By the Grace of Allah, the Bank has maintained its growth momentum and recorded a good result for the first quarter ended March 31, 2017. Total Assets of the Bank increased by 19.66% to Rs.34,248 billion from Rs.28,569 billion as at December 31, 2016. Total deposit impressively grew by 23.71% to Rs.17.65 billion from Rs.14.28 billion as at December 31, 2016. Investments grew by 24.33% to Rs.7.17 billion from Rs.6.77 billion as at December 31, 2016. While keeping healthy and well diversified portfolio, financing grew by 24.37% to Rs.20.11 billion from Rs.16.17 billion as at December 31, 2016.

During the quarter under review, the Bank posted an after tax profit of Rs. 9.65 million against loss after tax of Rs.22.45 million in the same quarter last year. Total revenue of the Bank stood at Rs. 557.63 million against Rs. 436.37 million showing a positive growth of 27.79%. Income generated from Islamic financing and related assets, investments and placements contributed Rs. 382.61 million and other income contributed Rs.175.02 million to total revenue against Rs.380.70 million and Rs. 55.60 million respectively in the same quarter last year. Cost of fund increased from Rs. 120.33 million to Rs. 151.24 million mainly due to increase in volume. Administrative expenses were also increased by 76.11% from Rs. 226.36 million to Rs. 308.25 million mainly represents infrastructure and other related expansion cost of the Bank including 26 new branches opened later last year.

Return on earning assets was reported 8.30% while the cost of fund was kept at 3.28% against 6.88% and 3.38% respectively in the same quarter last year. Earnings per share for the period came to Rs. 0.010 against loss per share of Rs. 0.022 in the same quarter last year, whereas book value per share including revaluation surplus stood at Rs. 10.27 as at March 31, 2017 against Rs. 10.26 as at December 31, 2016.

The restated comparative balances of this condensed interim financial information represent merged balances of the Bank as at March 31, 2016 and balances acquired from the MCB's domestic Islamic banking operations under the "Scheme of Compromise, Arrangements and Reconstructions" effective September 30, 2015.

Credit Rating

Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term credit rating "A" and short term credit rating "A – 1" with stable outlook as at December 31, 2016.

Economy Review

Despite impending uncertainty in domestic politics, economic growth maintained positive trend on account of CPEC related investments; healthy uptick in private sector credit indicating better manufacturing and services sector growth; and improved energy supplies. This underpins the projections of 5.0% in real GDP growth for Fiscal Year 2017 (FY17) compared to 4.7% recorded last year.

Despite the upswing in global petroleum prices and domestic demand, Consumer Price Index (CPI) remained controlled at 4% year on year in 9 months FY17 vs. 2.85% in 9 months FY16. Well-managed commodity supplies attributed to lower than expected increase in CPI. Considering that Consumer Confidence Index (CCI) is at its peaks, local demand will continue to accelerate and direct inflationary trend in coming months.

However, structural drawbacks remain a looming threat in fiscal and external account which may impinge future outlook. While growing consumer confidence and economic expansion fuelled imports, exports and workers remittances failed to lend any support in tandem. Thus, during 8 months FY17, Current Account Deficit soared to historic high of US\$ 5.5 billion which was mainly financed by financial inflows and country's reserves. In March 2017, Forex reserves plummeted to US\$ 21.55 billion from US\$23.20 billion in December 2016, bringing down the import cover from its peak of 6.5 to 5.9. Having said that, the quantum of Current Account deficit may reduce in coming months as State Bank of Pakistan has recently imposed checks on non-essential imports and Government has introduced incentives for exporters.

On the monetary side, SBP kept policy rate unchanged at 5.75% for the fifth consecutive meeting in March 2017, striving for a balance between uplifting the economy and fighting inflation and current account deficit. Real interest rate now stands at +81bps, narrowing from FYTD average of +174bps leaving no room for further easing on the interest rate front it seems.

Total assets and deposits of Islamic banking industry (IBI) were recorded at Rs. 1,853 billion and Rs. 1,573 billion respectively by the end of December 2016. Market share of Islamic banking assets and deposits in overall banking industry stood at 11.7 percent and 10.3 percent respectively as at December 31, 2016. Branch network of IBI was recorded at 2,322 branches (including sub-branches) with the closure of December 2016. IBI registered profit after tax (PAT) of Rs. 11.8 billion for the year ended December 31, 2016.

Future Outlook

Looking ahead, upcoming fiscal budget and tax amnesty scheme will be crucial in providing the much needed respite in macroeconomic spectrum. Expected Tax reforms and subsidies for domestic industry in the budget can give impetus to expansion projects and drive up business activity. Moreover, declaration of offshore assets worth billions of dollar under the tax amnesty scheme will at minimum ameliorate the external account position. In sum, developments like these will be paramount to strengthening the economy.

The Bank will continue with its strategy for long-term sustainable growth. For achieving this objective, the Bank will further expand its branch network by opening 10 new branches this year. The Bank will also strengthen its technology platform with the implementation of Oracle Flexcube core banking system later this year. More focus remains on service quality and on customer focused Shariah compliant banking products & services that would eventually help the Bank in increasing its market share.

Acknowledgement

On behalf of the Board of Directors and management, I wish to express our sincere gratitude to our customers, business partners and shareholders for their continued patronage and trust. I would also like to thank State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their continuous guidance and support. The Board of Directors sincerely appreciates the significant contribution made by all its staff members for the continued growth of this franchise under challenging business conditions.

For & on behalf Board of Directors



Raza Mansha
Chairman
April 21, 2017

ممبران کے لئے بورڈ آف ڈائریکٹرز کی رپورٹ

میں انتہائی مسرت کے ساتھ ایم سی بی اسلامک بینک لمیٹڈ (بینک) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2017ء کو تکمیل شدہ سہ ماہی کی مختصر مالیاتی معلومات پیش کر رہا ہوں۔
زیر جائزہ مدت کی اہم خصوصیات مندرجہ ذیل ہیں۔

شرح اضافہ فیصد	31 دسمبر 2016	31 مارچ 2017
	ملین روپے	ملین روپے
24.33%	5,770	7,174
24.37%	16,173	20,115
19.88%	28,569	34,248
23.71%	14,279	17,664
0.03%	10.266	10.269
0.00%	66	66

سرمایہ کاری (خالص)
اسلامی فنانسنگ و متعلقہ اثاثہ جات (خالص)
کل اثاثہ جات
ڈپازٹس
فی حصص قیمت (روپے)
شاخوں کی تعداد (نمبر)

شرح اضافہ فیصد	31 مارچ 2016	31 مارچ 2017
	ملین روپے	ملین روپے
-11.15%	260	231
212.50%	56	175
76.11%	226	398
-84.91%	53	8
145.45%	(22)	10
143.00%	(0.022)	0.010

خالص آمدنی
دیگر آمدنی
انتظامی اخراجات
منافع قبل از ٹیکس
منافع (نقصان) بعد از ٹیکس
فی حصص بنیادی معتدل آمدنی (نقصان) (روپے)

کارکردگی کا جائزہ:

اللہ کے فضل و کرم سے، بینک نے اپنی ترقی کی رفتار کو برقرار رکھا ہے اور 31 مارچ 2017ء کو ختم ہونے والی پہلی سہ ماہی کے لئے اچھے نتائج درج کئے ہیں۔ بینک کے کل اثاثہ جات 19.88 فیصد اضافے کے ساتھ 34,248 ملین روپے ہو گئے جو کہ 31 دسمبر 2016ء کو 28,569 ملین روپے تھے۔ کل ڈیپازٹ 23.71 فیصد کے متاثر کن اضافے کے ساتھ 17.66 بلین روپے ہو گئے جو کہ 31 دسمبر 2016ء کو 14,288 ملین روپے تھے۔ سرمایہ کاری 24.33 فیصد اضافے کے ساتھ 7.17 بلین روپے ہو گئی جو کہ 31 دسمبر 2016ء کو 5.77 بلین روپے تھی۔ جبکہ فنانسنگ کی نمو پورٹ فوکیو کو صحت مند اور متنوع رکھتے ہوئے، 24.37 فیصد اضافے کے ساتھ 20.11 بلین روپے ہو گئی جو کہ 31 دسمبر 2016ء کو 16.17 بلین روپے تھی۔

زیر جائزہ سہ ماہی کے دوران، بینک نے گزشتہ سال کی اسی سہ ماہی میں 22.45 ملین روپے نقصان بعد از ٹیکس کے برعکس 9.65 ملین روپے منافع بعد از ٹیکس درج کیا ہے۔ بینک کی کل آمدنی 436.37 ملین روپے کے مقابلے 557.63 ملین روپے رہی جو 27.79 فیصد کی مثبت نمو ظاہر کر رہی ہے۔ اسلامی فنانسنگ اور متعلقہ اثاثوں، سرمایہ کاری اور پلیسمنٹ سے حاصل ہونے والی آمدنی نے کل آمدنی میں بالترتیب 382.61 ملین روپے اور دیگر آمدنی 175.02 ملین روپے حصہ ڈالا جو کہ گزشتہ سال کی اسی سہ ماہی میں 380.79 ملین روپے اور 55.59 ملین روپے تھی۔ سرمایے کی لاگت بنیادی طور پر حجم میں اضافہ کی وجہ سے 120.33 ملین روپے سے بڑھ کر 151.24 ملین روپے ہو گئی۔ انتظامی اخراجات بھی گزشتہ سال 26 نئی شاخیں کھولنے سمیت بینک کی دیگر متعلقہ توسیع اور بنیادی ڈھانچہ کے اخراجات کی وجہ سے 76.11 فیصد اضافے کے ساتھ 226.36 ملین روپے سے بڑھ کر 398.25 ملین روپے ہو گئے۔

آمدنی کے اثاثوں پر حاصل 8.39 فیصد درج کیا گیا جبکہ فنڈ کی لاگت 3.26 فیصد رہی جو کہ گزشتہ سال کی اسی سہ ماہی میں بالترتیب 6.66 فیصد اور 3.38 فیصد رہی تھی۔ مدت کے لئے فی حصص آمدنی گزشتہ سال کی اسی سہ ماہی میں 0.022 روپے فی حصص نقصان کے برعکس 0.010 روپے ہوئی۔ جبکہ ری ویلجیشن سرپلس سمیت فی حصص قیمت 31 دسمبر 2016 میں 10.26 روپے کے مقابلے 31 مارچ 2017 کو 10.27 روپے رہی۔

یہ مختصر مالی معلومات کا تقابلی اعادہ 31 مارچ 2016 کو بینک کے مدغم اعداد و شمار اور 30 ستمبر 2015 سے منوثر سمجھوتہ، انتظام اور تعمیر نو پر مشتمل اسکیم کے تحت ایم سی بی کی اندرون ملک اسلامی بینکاری کے آپریشنز سے حاصل اعداد و شمار کی نمائندگی کرتا ہے۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے 31 دسمبر 2016 کو مستحکم آؤٹ لک کے ساتھ - بینک کی طویل المدت کریڈٹ ریٹنگ "A" اور مختصر مدت کریڈٹ ریٹنگ "A-1" کو برقرار رکھا ہے۔

اقتصادی جائزہ:

ملکی سیاست میں بے یقینی کے باوجود CPEC سے متعلق سرمایہ کاری پر مثبت رجحان برقرار رہا، نجی شعبہ کے کریڈٹ میں صحت مند اضافہ بہتر مینوفیکچرنگ اور خدمات کے شعبے کی ترقی اور بہتر توانائی کی فراہمی کی طرف اشارہ کر رہا ہے۔ یہ گزشتہ سال میں درج 4.7 فیصد کے مقابلے رواں مالی سال 2017 (FY17) کے لئے حقیقی جی ڈی پی نمونے میں 5.0 فیصد کے تخمینوں کو سہارا دیتا ہے۔

پیٹرولیم کی عالمی قیمتوں میں اتار چڑھاؤ اور مقامی طلب میں تیزی کے باوجود، کنزیومر پرائس انڈیکس (سی پی آئی) FY16 کی نومامی میں 2.65 فیصد کے مقابلے FY17 کی نومامی میں سال بھر 4 فیصد پر کنٹرول میں رہے۔ اچھی طرح سے منظم اشیاء کی فراہمی نے سی پی آئی میں متوقع اضافہ میں کم حصہ ڈالا ہے۔ کنزیومر کانفیڈنس انڈیکس (سی سی آئی) کی بلندی پر غور کرتے ہوئے، مقامی طلب میں تیزی آئے گی اور آنے والے مہینوں میں براہ راست افراط زر کا رجحان جاری رہے گا۔

تاہم مالیاتی اور بیرونی کھاتے میں بنیادی خرابیوں کا بڑھتا ہوا خطرہ باقی ہے جو مستقبل کے معاشی نقطہ نظر سے تصادم کر سکتا ہے۔ جبکہ صارف کے اعتماد میں اضافہ اور اقتصادی توسیع نے درآمدات کو ہوا دی ہے جس کو برآمدات اور کارکنوں سے حاصل شدہ ترسیل زمر بوط اقدامات کی مدد سے دینے میں ناکام رہے ہیں۔ اس طرح FY17 کے 8 ماہ کے دوران کرنٹ اکاؤنٹ خسارہ 5.5 بلین امریکی ڈالر کی بلند ترین تاریخی سطح پر پہنچ گیا ہے جو بنیادی طور پر مالی قوم کی آمد اور ملکی ذخائر سے فنائید تھا۔ مارچ 2017 میں غیر ملکی کرنسی کے ذخائر دسمبر 2016 پر موجود 23.20 بلین امریکی ڈالر سے کم ہو کر 21.55 بلین امریکی ڈالر ہو گئے۔ جو برآمدی احاطے کو 6.5 سے کم کر کے 5.9 کی سطح تک لے آیا ہے یہ بھی کہا جاتا ہے کہ آنے والے مہینوں میں موجودہ خسارہ کم ہو سکتا ہے کیونکہ اسٹیٹ بینک آف پاکستان نے حال ہی میں غیر ضروری درآمدات پر پابندی عائد کر دی ہے اور حکومت نے برآمد کنندگان کے لئے ترغیبات متعارف کرائی ہیں۔

مونیٹری پالیسی کے لحاظ سے اسٹیٹ بینک نے مارچ 2017 میں مسلسل پانچویں اجلاس کے لئے پالیسی ریٹ 5.75 فیصد پر تبدیل نہ کرنے کی پالیسی کو جاری رکھتے ہوئے معیشت کو بڑھانے اور افراط زر اور کرنٹ اکاؤنٹ خسارہ کے درمیان توازن برقرار رکھنے کی جدوجہد کی ہے۔ حقیقی شرح سود FYTD کے اوسط 194bps+ سے کم ہوتے

ہوئے +81bps پر قائم ہے جس نے شرح سود کی مزید کمی میں کوئی گنجائش نہیں چھوڑی ہے۔

اسلامک بینکنگ انڈسٹری (IBI) کے مجموعی اثاثہ جات اور ڈپازٹس دسمبر 2016 کے اختتام تک بالترتیب 1,853 بلین روپے اور 1,573 بلین روپے درج کیے گئے۔ مجموعی بینکاری کی صنعت میں اسلامی بینکاری اثاثوں اور ڈپازٹس کا مارکیٹ شیئر 31 دسمبر 2016ء کو بالترتیب 11.7 فیصد اور 13.3 فیصد رہا۔ IBI کا برانچ نیٹ ورک (بشمول ذیلی شاخیں) دسمبر 2016 کے اختتام تک 2,322 شاخیں ریکارڈ کیا گیا۔ IBI نے 31 دسمبر 2016 مختتم سال کے لئے منافع بعد از ٹیکس (PAT) 11.8 بلین روپے درج کیا۔

مستقبل کا نقطہ نظر:

مستقبل میں آئندہ مالی سال کا بجٹ اور ٹیکس ایمنسٹی اسکیم معاشی میدان عمل میں بہت ضروری مہلت فراہم کرنے میں انتہائی اہم کردار ادا کریں گے۔ متوقع ٹیکس اصلاحات اور بجٹ میں ملکی صنعت کے لئے سبسڈی توسیع کے منصوبوں کو فروغ اور کاروباری سرگرمیوں کو تقویت دے سکتی ہے۔ اس کے علاوہ ٹیکس ایمنسٹی اسکیم کے تحت اربوں ڈالرز کی مالیت کے غیر ملکی اثاثوں کی ڈیکریٹیشن کم از کم بیرونی اکاؤنٹ پوزیشن میں بہتری لائے گی۔ مختصر اس طرح کی پیش رفت معیشت کو مضبوط بنانے کے لیے کافی ہو جائے گی۔ بینک طویل مدتی پائیدار ترقی کے لئے اپنی حکمت عملی جاری رکھے گا۔ اس مقصد کے حصول کے لیے بینک اس سال 10 نئی شاخیں کھول کر اپنے برانچ نیٹ ورک کو وسعت دے گا۔ بینک جلد ہی اس سال OracleFlexcube کو بینکنگ نظام کے نفاذ کے ساتھ اپنے ٹیکنالوجی پلیٹ فارم کو بھی مضبوط کرے گا۔ مزید توجہ خدمت کے معیار اور صارف کو شریعت کے مطابق بینکاری کی مصنوعات اور خدمات پر مرکوز رہے گی جس سے بالآخر مارکیٹ شیئر بڑھانے میں بینک کو مدد ملے گی۔

اظہار تشکر:

بورڈ اور منتظمین کی جانب سے بینک کے معزز صارفین، کاروباری پارٹنرز اور حصص مالکان کی مسلسل سرپرستی اور بینک پر بھروسہ کرنے پر میں نیک خواہشات کا اظہار کرتا ہوں۔ نیز اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر اعلیٰ حکام کی مسلسل رہنمائی اور تعاون کا بے حد شکر گزار ہوں۔ بورڈ آف ڈائریکٹرز کی مخلصانہ کاوشوں اور اپنے عملے کے بھرپور تعاون کا معترف ہوں جن کی بدولت بینک کاروباری چیلنجز کا بھرپور انداز سے مقابلہ کرتے ہوئے ایک خود مختار ادارے کے طور پر ابھرا ہے۔

منجانب مجلس نظاماء



رضامشا

چیئرمین

21 اپریل 2017ء



Condensed Interim Financial Information

Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
Rupees in thousands			
ASSETS			
Cash and balances with treasury banks		1,883,960	1,509,804
Balances with other banks	7	1,561,755	2,750,998
Due from financial institutions	8	900,000	-
Investments - net	9	7,174,302	5,769,675
Islamic financing and related assets - net	10	20,114,591	16,172,727
Operating fixed assets	11	2,258,410	2,104,250
Deferred tax assets - net		-	-
Other assets - net	12	355,383	261,048
		34,248,401	28,568,502
LIABILITIES			
Bills payable		133,720	447,776
Due to financial institutions	13	5,242,375	2,785,650
Deposits and other accounts	14	17,664,356	14,279,436
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	15	29,728	40,524
Other liabilities	16	909,645	749,243
		23,979,824	18,302,629
NET ASSETS		10,268,577	10,265,873
REPRESENTED BY			
Share capital	17	10,000,000	10,000,000
Reserves		28,375	26,444
Unappropriated profit		78,232	68,087
		10,106,607	10,094,531
Surplus on revaluation of assets - net of tax		161,970	171,342
		10,268,577	10,265,873
CONTINGENCIES AND COMMITMENTS	18		

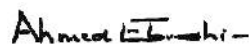
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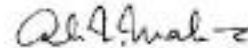
RAZA MANSHA
CHAIRMAN



IBRAHIM SHAMSI
DIRECTOR



AHMED IBRAHIM HASHAM
DIRECTOR



ALI MUHAMMAD MAHOON
PRESIDENT / CEO

Condensed Interim Profit and Loss Account (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

	Note	2017	Restated March 31, 2016
		Rupees in thousands	
Profit / return earned	19	382,610	380,787
Profit / return expensed	20	151,245	120,332
Net spread earned		231,365	260,455
Provision against non-performing Islamic financing and related assets - net	10.4	(216)	35,000
Provision for diminution in the value of investments - net		-	-
Bad debts written off directly		-	-
		(216)	35,000
Net spread after provisions		231,581	225,455
Other income			
Fee, commission and brokerage income		9,152	8,950
Dividend income		11,197	15,610
Income from dealing in foreign currencies		7,109	3,318
Gain on sale of securities - net		144,697	26,924
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net		-	-
Other income		2,868	785
Total other income		175,023	55,587
		406,604	281,042
Other expenses			
Administrative expenses		398,250	226,361
Other provision - net		-	-
Other charges		177	1,974
Total other expenses		398,427	228,335
Extra ordinary / unusual items		-	-
Profit before taxation		8,177	52,707
Taxation			
- Current		(5,576)	(36,841)
- Prior periods		-	(4,866)
- Deferred		7,053	(33,451)
		1,477	(75,158)
Profit / (loss) after taxation		9,654	(22,451)
		Rupees	
Basic / diluted earnings / (loss) per share	21	0.010	(0.022)

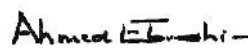
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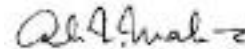
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DIRECTOR



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DIRECTOR



ALI MUHAMMAD MAHOON
PRESIDENT / CEO



Condensed Interim Statement of Comprehensive Income (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

	Restated March 31,	
	2017	2016
	Rupees in thousands	
Profit / (loss) after taxation for the quarter	9,654	(22,451)
Other comprehensive income for the quarter		
Total comprehensive profit / (loss) for the quarter transferred to equity	9,654	(22,451)
<i>Items that may be reclassified to profit and loss account</i>		
Components of comprehensive income not reflected in equity		
Deficit on revaluation of available for sale investments	(10,694)	(49,833)
Related deferred tax asset	3,743	17,442
	(6,951)	(32,391)
Total comprehensive profit / (loss) for the quarter	2,703	(54,842)

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

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DIRECTOR

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DIRECTOR

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PRESIDENT / CEO

Condensed Interim Cash Flow Statement (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

		Restated	
		March 31,	
	Note	2017	2016
		Rupees in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,177	52,707
Less: Dividend income		(11,197)	(15,610)
		(3,020)	37,097
Adjustments for non-cash and other items			
Depreciation - Owned assets		18,103	15,822
Depreciation - Ijarah assets		134,355	109,735
Amortization		4,640	7,660
Provision against non-performing Islamic financing and related assets - net	10.4	(216)	35,000
Provision for diminution in the value of investments - net		-	-
Provision against other assets		-	-
Provision for Workers' Welfare Fund		169	1,971
Unrealized loss on forward exchange contracts		266	-
Gain on sale of securities - net		(144,697)	(26,924)
		12,620	143,264
		9,600	180,361
(Increase) / decrease in operating assets			
Due from financial institutions		(900,000)	-
Islamic financing and related assets		(4,076,003)	(1,741,142)
Other assets - net		(96,227)	(88,145)
		(5,072,230)	(1,829,287)
Increase / (decrease) in operating liabilities			
Bills payable		(314,056)	10,798
Due to financial institutions		2,456,725	421,453
Deposits and other accounts		3,384,920	2,022,301
Other liabilities		159,967	(633,420)
		5,687,556	1,821,132
		624,926	172,206
Income tax paid		(1,918)	(5,924)
Net cash (used in) / generated from operating activities		623,008	166,282
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(2,368,438)	(925,545)
Dividend income received		9,431	13,641
Proceeds from sale of available for sale securities		1,097,815	495,940
Investment in operating fixed assets	11.2	(176,903)	(129,371)
Net cash generated from / (used in) investing activities		(1,438,095)	(545,335)
Increase / (decrease) In cash and cash equivalents during the period		(815,087)	(379,053)
Cash and cash equivalents at the beginning of the period	22	4,260,802	7,045,582
Cash and cash equivalents at the end of the period		3,445,715	6,666,529

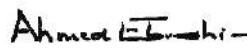
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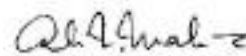
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PRESIDENT / CEO

Condensed Interim Statement of Changes in Equity (Un-Audited)

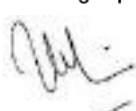
FOR THE QUARTER ENDED MARCH 31, 2017

	Share Capital	Statutory reserve	Revenue reserve	Unappropriated Profit	Total
	Rupees in thousands				
Balance as at January 01, 2016	10,000,000	10,461	-	4,153	10,014,614
Loss for the quarter ended March 31, 2016	-	-	-	(22,451)	(22,451)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-
Transfer to statutory reserves	-	-	-	-	-
Other comprehensive income for the quarter	-	-	-	-	-
Balance as at March 31, 2016 (Un-audited) - Restated	10,000,000	10,461	-	(18,298)	9,992,163
Profit for the period ended December 31, 2016	-	-	-	102,368	102,368
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-
Transfer to statutory reserves	-	15,983	-	(15,983)	-
Other comprehensive income for the quarter	-	-	-	-	-
Balance as at December 31, 2016 (Audited)	10,000,000	26,444	-	68,087	10,094,531
Profit for the quarter ended March 31, 2017	-	-	-	9,654	9,654
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	2,422	2,422
Transfer to statutory reserves	-	1,931	-	(1,931)	-
Other comprehensive income for the quarter	-	-	-	-	-
Balance as at March 31, 2016 (Un-audited)	10,000,000	28,375	-	78,232	10,106,607

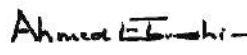
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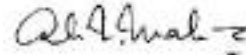
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DIRECTOR



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PRESIDENT / CEO

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB Islamic Bank Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 under the 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, investment and retail banking activities.
- 1.3 The Bank is operating through 66 branches in Pakistan (December 31, 2016: 66 branches). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 339 Block Z, Phase III, DHA Lahore Cantt.
- 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 financing products mainly through Murabaha, Istisna, Ijarah, Musharaka 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 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.
- 2.3 The restated comparative balances of this condensed interim financial information represent merged balances of the Bank as at March 31, 2016 and balances acquired from the MCB's domestic Islamic banking operations under the "Scheme of Compromise, Arrangements and Reconstructions" effective September 30, 2015.

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 year ended December 31, 2016.

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

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, 2017 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 BASIS OF MEASUREMENT

4.1 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.

4.2 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.

5 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 year ended December 31, 2016.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the policy and method 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 year ended December 31, 2016.

6.1 Islamic financing and related assets

6.1.1 Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

6.2 Revenue recognition

Profit on Running Musharakah financings is recognised on receipt basis and / or upon declaration of periodical results by Musharakah partners.

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in thousands	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- deposit account	7.1	1,314,668	2,316,562
Outside Pakistan			
- current account		247,087	434,436
		<u>1,561,755</u>	<u>2,750,998</u>

7.1 This represents modaraba based accounts carrying profit at rates ranging from 1.73% to 5.70% per annum (December 31, 2016: 0.6% to 5.64% per annum).

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in thousands	
8 DUE FROM FINANCIAL INSTITUTIONS			
Musharakah	8.1	<u>900,000</u>	<u>-</u>

8.1 This represents Musharakah arrangements with banks carrying profit at rates ranging from 5.60% to 5.75% per annum and having maturity till April 07, 2017.

9 INVESTMENTS - NET

Investments by types	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	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	1,957,903	-	1,957,903	1,096,829	-	1,096,829
Sukuk certificates	4,080,756	-	4,080,756	3,526,509	-	3,526,509
	6,038,659	-	6,038,659	4,623,338	-	4,623,338
Held to maturity						
Sukuk certificates	1,150,000	-	1,150,000	1,150,000	-	1,150,000
Investments at cost	7,188,659	-	7,188,659	5,773,338	-	5,773,338
Less: Provision for diminution in the value of investments	-	-	-	-	-	-
Investments (net of provisions)	7,188,659	-	7,188,659	5,773,338	-	5,773,338
Deficit on revaluation of investments classified as available-for-sale securities - net	(14,357)	-	(14,357)	(3,663)	-	(3,663)
Total Investments at market value	<u>7,174,302</u>	<u>-</u>	<u>7,174,302</u>	<u>5,769,675</u>	<u>-</u>	<u>5,769,675</u>

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

10 ISLAMIC FINANCING AND RELATED ASSETS

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
Rupees in thousands			
In Pakistan			
- Murabaha financing		6,537,711	2,719,939
- Inventory held under Murabaha		5,669,729	4,987,296
- Advances against Murabaha		81,728	804,071
- Murabaha under IERS		87,029	87,003
- Advances against Murabaha under IERS		102,375	299,650
- Diminishing Musharakah		4,936,247	4,392,900
- Advances against Diminishing Musharakah		779,806	1,222,733
- Advances against Running Musharakah under IERS		187,000	-
- Net book value of assets in Ijarah under IFAS 2	10.1	1,179,080	1,243,897
- Advances against Ijarah		62,615	42,508
- Advances against Istisna under IERS		100,000	-
- Staff finance	10.2	392,329	374,004
Islamic financing and related assets - gross		20,115,649	16,174,001
Provision against non performing Islamic financing and related assets	10.4	(1,058)	(1,274)
Islamic financing and related assets - net of provision		20,114,591	16,172,727

10.1 Net book value of Ijarah assets under IFAS 2 is net of accumulated depreciation amounting to Rs.1,037.389 million (December 31, 2016: Rs. 967.524 million).

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
Rupees in thousands		
10.2 Staff finance		
Staff housing finance under Diminishing Musharakah	334,903	324,782
Staff car finance under Diminishing Musharakah	57,426	49,222
	392,329	374,004

10.3 Islamic financing and related assets include Rs. 0.829 million (December 31, 2016: Rs. 1.029 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2017 (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	829	-	829	829	829
	829	-	829	829	829

Category of classification	December 31, 2016 (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

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

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

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in thousands					
Opening balance	1,029	245	1,274	1,129	94,282	95,411
Charge for the period / year	-	-	-	-	38	38
Reversals during the period / year	(200)	(16)	(216)	(100)	(94,075)	(94,175)
Write offs	-	-	-	-	-	-
Closing balance	829	229	1,058	1,029	245	1,274

10.4.1 The Bank has maintained general provision at an amount equal to 1% of the fully secured performing portfolio of consumer and small enterprise financing as required by the Prudential Regulations issued by the SBP.

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in thousands	
11 OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	928,150	804,094
Property and equipment		1,227,256	1,192,512
Intangible assets		103,004	107,644
		<u>2,258,410</u>	<u>2,104,250</u>

11.1 It includes core banking system i.e. Flexcube amounting to Rs. 219.020 million (December 31, 2016: Rs. 205.290 million) and related hardware amounting to Rs. 36.030 million (December 31, 2016: 36.030 million).

	Restated (Un-audited) For the quarter ended March 31,	
	2017	2016
	Rupees in thousands	
11.2 Additions to operating fixed assets - cost		
Civil works	34,035	24,120
Furniture and fixtures	10,198	7,548
Office equipment	70,111	14,303
Computer equipment	5,049	8,764
Computer software	14,652	48,521
Vehicles	6,035	1,804
Advance to supplier and vendors	36,823	24,311
	<u>176,903</u>	<u>129,371</u>
	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Rupees in thousands	

12 OTHER ASSETS		
Profit / return accrued in local currency	160,343	82,575
Advances, deposits, advance rent and other prepayments	66,939	64,877
Advance taxation	67,809	71,467
Dividend receivable	11,246	9,480
Rental receivable	10,710	8,925
Receivable against ATM transactions	32,315	21,725
Stationary and stamps	2,101	1,766
Others	3,920	233
	<u>355,383</u>	<u>261,048</u>

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in thousands	
13 DUE TO FINANCIAL INSTITUTIONS			
In Pakistan		5,242,375	2,785,650
Outside Pakistan		-	-
		<u>5,242,375</u>	<u>2,785,650</u>
13.1 Details of due to financial institutions - Secured / Unsecured			
Secured			
Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	13.1.1	475,375	385,650
Unsecured			
Musharakah	13.1.2	<u>4,767,000</u>	<u>2,400,000</u>
		<u>5,242,375</u>	<u>2,785,650</u>
13.1.1 This Musharakah is on a profit and loss sharing basis maturing between May 18, 2017 to August 31, 2017 (December 31, 2016: March 6, 2017 to June 26, 2017) and are secured against demand promissory notes executed in favour of the SBP. A limit of Rs. 600 million has been allocated to the Bank by the SBP under Islamic Export Refinance Scheme.			
13.1.2 This represents Musharakah arrangements with banks carrying profit at rates ranging from 5.50% to 5.70% per annum (December 31, 2016: 5.05% to 5.30%) and having maturity till June 05, 2017 (December 31, 2016: March 03, 2017).			
		(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees In thousands	
14 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		5,520,249	3,951,572
Savings deposits		5,929,207	4,920,369
Current accounts - Non-remunerative		4,090,833	3,124,174
Margin deposits		154,198	99,668
		15,694,487	12,095,783
Financial institutions			
Remunerative deposits		1,969,854	2,183,638
Non-remunerative deposits		15	15
		<u>1,969,869</u>	<u>2,183,653</u>
		<u>17,664,356</u>	<u>14,279,436</u>
14.1 Particulars of deposits			
In local currency		17,329,963	14,013,771
In foreign currencies		334,393	265,665
		<u>17,664,356</u>	<u>14,279,436</u>
15 DEFERRED TAX LIABILITY / (ASSETS) - NET			
Taxable temporary difference			
Surplus on revaluation of fixed assets		24,770	26,074
Accelerated tax depreciation		39,863	39,976
		<u>64,633</u>	<u>66,050</u>
Deductible temporary difference			
Workers welfare fund		(857)	(798)
Unused tax losses		(5,587)	(5,587)
Minimum tax		(23,436)	(17,859)
Deficit on revaluation of available for sale investments - net		(5,025)	(1,282)
		<u>(34,905)</u>	<u>(25,526)</u>
		<u>29,728</u>	<u>40,524</u>

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		Rupees in thousands	
16 OTHER LIABILITIES			
Profit / return payable in local currency	16.1	98,125	67,623
Profit / return payable in foreign currencies		415	608
Accrued expenses		308,110	238,809
Deferred Murabaha income under Islamic financing and related assets		99,267	43,815
Payable against purchase of investments		17,237	-
Advance receipt against Islamic financing and related assets		6,959	13,374
Charity collection account		12,057	10,580
Income received in advance		28,803	38,078
Security deposits under Ijarah financing		305,335	301,901
Withholding tax, Federal excise duty and other tax payable		2,819	7,308
Unrealized loss on forward exchange contracts - net		266	-
Others		30,252	27,147
		<u>909,645</u>	<u>749,243</u>
16.1	It includes Rs. 1.338 million (December 31, 2016: Rs. 1.198 million) in respect of profit / return accrued on Musharakah with the SBP under Islamic Export Refinance Scheme.		
17 SHARE CAPITAL			
17.1 Authorized Capital			
(Un-audited) (Audited)		(Un-audited) (Audited)	
March December		March December	
31, 2017 31, 2016		31, 2017 31, 2016	
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) (Audited)			
March December			
31, 2017 31, 2016			
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 Transaction-related contingent liabilities			
Guarantees favouring - beneficiary			
- Government		1,001,321	1,004,070
- Others		522,991	159,568
		<u>1,524,312</u>	<u>1,163,638</u>
18.2 Trade-related contingent liabilities			
Import Letters of Credit		4,056,142	2,039,247
Acceptances		137,200	39,505
		<u>4,193,342</u>	<u>2,078,752</u>
18.3 Commitments in respect of forward exchange contracts			
Purchase		<u>161,879</u>	-
Sale		<u>5,598</u>	-

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Rupees in thousands	
18.4 Commitments for the acquisition of operating fixed assets		
Acquisition of fixed assets	105,237	129,690
Acquisition of computer software	10,336	17,561
	<u>115,573</u>	<u>147,251</u>

18.5 Commitments to extend credit

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.

	(Un-audited) For the quarter ended March 31, 2017	Restated (Un-audited) For the quarter ended March 31, 2016
	Rupees in thousands	
19 PROFIT / RETURN EARNED		
On financings to customers	304,462	227,828
On investments in		
- available for sale securities	42,756	23,568
- held to maturity securities	20,123	55,292
	62,879	78,860
On deposits with financial institutions	13,717	73,770
On inter bank Murabaha / Modaraba / Musharakah agreements	1,552	329
	<u>382,610</u>	<u>380,787</u>
20 PROFIT / RETURN EXPENSED		
On deposits and other accounts	106,905	82,992
On musharakah with the State Bank of Pakistan under IERS	1,457	5,416
On other short term fund - musharakah / modarabas	42,883	31,924
	<u>151,245</u>	<u>120,332</u>
21 BASIC / DILUTED - EARNINGS / (LOSS) PER SHARE		
Profit / (loss) after taxation for the period	9,654	(22,451)
	Numbers of shares	
Weighted average number of ordinary shares	1,000,000,000	1,000,000,000
	Rupees	
Basic / diluted earnings / (loss) per share	0.010	(0.022)

There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2017 and March 31, 2016.

	(Un-audited) For the quarter ended March 31, 2017	Restated (Un-audited) For the quarter ended March 31, 2016
	Rupees in thousands	
22 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	1,883,960	896,597
Balances with other banks	1,561,755	5,769,932
	<u>3,445,715</u>	<u>6,666,529</u>

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

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 ****	
	(Un-audited) March 31, 2017	(Audited) December 31, 2016	(Un-audited) March 31, 2017	(Audited) December 31, 2016	(Un-audited) March 31, 2017	(Audited) December 31, 2016	(Un-audited) March 31, 2017	(Audited) December 31, 2016	(Un-audited) March 31, 2017	(Audited) December 31, 2016
Balances with other banks										
Opening balance	3,669	-	-	-	-	-	-	-	-	-
Deposits during the period	9	10,004	-	-	-	-	-	-	-	-
Withdrawal during the period	(158)	(6,335)	-	-	-	-	-	-	-	-
Closing balance	3,520	3,669	-	-	-	-	-	-	-	-
Investments										
Fully paid up ordinary shares - listed (at cost)	-	-	83,644	-	-	-	-	-	-	-
Islamic financing and related assets										
Opening balance	-	-	660,568	519,403	13,936	22,304	65,246	45,402	-	-
Disbursed during the period	-	-	-	452,350	-	-	-	29,367	-	-
Repaid during the period	-	-	(222,127)	(311,185)	(254)	(8,368)	(2,222)	(9,523)	-	-
Closing balance	-	-	438,441	660,568	13,682	13,936	63,024	65,246	-	-
Others										
Advance paid against purchase of property	20,000	-	-	-	-	-	-	-	-	-
Other receivables	10,751	8,925	31,420	4,447	-	-	2,604	1,515	-	-
Other payables	7,399	5,613	4,513	10,608	200	40	45	84	73	43
Due to Financial Institutions										
Opening balance	-	211,821	-	-	-	-	-	-	-	-
Received during the period	5,700,000	1,922,345	-	-	-	-	-	-	-	-
Repaid during the period	(5,700,000)	(2,134,166)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	-	123,115	20,236	430	1,163	19,633	25,455	28,668	4,736
Received during the period	-	-	1,168,427	2,894,976	3,879	24,772	25,475	166,314	57,532	147,507
Withdrawal during the period	-	-	(1,110,913)	(2,782,097)	(3,589)	(25,506)	(19,519)	(172,136)	(66,330)	(123,577)
Adjustments *	-	-	22,275	-	-	-	-	-	-	-
Closing balance	-	-	202,904	123,115	820	430	25,589	19,833	19,870	28,668
Contingencies & Commitments										
Liabilities - outstanding										
Letter of Credit	-	-	696,402	-	-	-	-	-	-	-
Letter of Guarantee	-	-	523,991	-	-	-	-	-	-	-
Forward exchange contract										
Purchase	5,602	-	-	-	-	-	-	-	-	-
Sale	5,595	-	-	-	-	-	-	-	-	-
Unrealized gain on forward exchange contract - net	4	-	-	-	-	-	-	-	-	-
	Parent company	Associated companies	Directors **	Key Management Personnel ***	Others ****					
	Restated (un-audited) March 31,	Restated (un-audited) March 31,	Restated (un-audited) March 31,	Restated (un-audited) March 31,	Restated (un-audited) March 31,					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Transactions during the period										
Fee	-	-	-	-	160	60	-	-	-	-
Remuneration to key management personnel	-	-	-	-	6,539	4,152	23,973	16,060	-	-
Contribution paid to provident fund	-	-	-	-	-	-	-	-	16,561	1,886
Profit received	-	-	7,456	8,621	171	354	681	855	-	-
Profit paid	4,374	21,470	423	425	-	-	126	113	151	12
Investment made in securities	-	-	199,166	-	-	-	-	-	-	-

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

* Primarily relates to those associates who have become related parties of the Bank as at March 31, 2015.

** 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:

	March 31, 2017 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in thousands				
Total income	-	241,151	10,743	305,739	557,633
Total expenses	-	(199,242)	(151,677)	(198,536)	(549,456)
Income tax expense	-	-	-	-	1,477
Net income	-	41,909	(140,934)	107,203	9,654

Segment return on assets (ROA) (%) - 9.79 1.91 6.36 7.10

Segment cost of fund (%) - 5.50 2.87 1.18 3.26

	March 31, 2016 (Un-audited) - Restated				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in thousands				
Total income	-	198,811	4,717	232,846	436,374
Total expenses	-	(127,951)	(103,254)	(152,462)	(383,667)
Income tax expense	-	-	-	-	(75,158)
Net income	-	70,860	(98,537)	80,384	(22,451)

Segment return on assets (ROA) (%) - 6.77 1.16 5.42 5.70

Segment cost of fund (%) - 3.22 3.40 4.18 3.38

As At March 31, 2017 (Un-audited)					
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Rupees In thousands					
Segment assets - Gross	-	10,431,149	2,448,605	21,301,895	34,181,650
Advance taxation - net	-	-	-	-	67,809
Total assets	-	10,431,149	2,448,605	21,301,895	34,249,459
Segment non performing assets	-	-	-	829	829
Segment specific provision required	-	-	-	829	829
Segment liabilities	-	4,857,819	18,134,243	958,034	23,950,096
Deferred tax liability - net	-	-	-	-	29,728
Total liabilities	-	4,857,819	18,134,243	958,034	23,979,824

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

FOR THE QUARTER ENDED MARCH 31, 2017

	As At December 31, 2016 (Audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in thousands				
Segment assets - Gross	-	9,275,808	2,043,276	17,179,225	28,498,309
Advance taxation - net	-	-	-	-	71,467
Total assets	-	9,275,808	2,043,276	17,179,225	28,569,776
Segment non performing assets	-	-	-	1,029	1,029
Segment specific provision required	-	-	-	1,029	1,029
Segment liabilities	-	2,438,544	15,017,440	806,121	18,262,105
Deferred tax liability - net	-	-	-	-	40,524
Total liabilities	-	2,438,544	15,017,440	806,121	18,302,629

25 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 21, 2017 by the Board of Directors of the Bank.

26 GENERAL


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



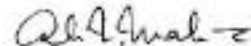
RAZA MANSHA
CHAIRMAN



IBRAHIM SHAMSI
DIRECTOR



AHMED IBRAHIM HASHAM
DIRECTOR



ALI MUHAMMAD MAHOON
PRESIDENT / CEO

BRANCH NETWORK

Br. Code	Name of Branch	City	Address
1901	Shahrah-e-Faisal	Karachi	Shahrah e Faisal Branch, Shop 4, 5 Nice Trade Orbit, Karachi
1902	Liberty Market	Lahore	9-C, Commercial Zone Liberty Branch Lahore
1903	Shah Rukhn E Alam Colony	Multan	17-F , T Chowk Shah Rukhn E Alam Colony, Multan
1904	Thandi Sarak	Hyderabad	Ground Floor, Shop No.6 & 7, River View Apartments, Thandi Sarak, Hyderabad
1905	Peoples Colony	Faisalabad	668-1, Block-A, Peoples Colony# 1, Faisalabad
1906	Jinnah Avenue	Islamabad	52-East Thody Plaza Jinnah Avenue Islamabad
1907	Rashid Minhas Road	Karachi	Plot# LM-10, Block-10/A, Main Rashid Minhas Road Karachi
1908	DHA Z Block	Lahore	339-Z Block Commercial Area, DHA Phase III, Lahore
1909	Bank Road	Rawalpindi	Shahbaz Plaza Bank Road Saddar Bazar Rawalpindi
1910	Saddar Road	Peshawar	Tasneem Plaza Saddar Road Peshawar Cantt
1911	M. A Jinnah Road Quetta	Quetta	Khasra 418/42,420/43,424/54 M.A Jinnah Road, Quetta
1912	Shah Alam Market	Lahore	12-13/6 Block-A, Shah Alam Market Lahore
1913	Khayaban-e-Shamsheer	Karachi	Plot No. 10 C, Showroom No. 101, Khayaban-e-Shamsheer, DHA Phase V, Karachi
1914	M.A Jinnah Road	Karachi	Shop No. 1 & 1-A, Old Survey B-4/2D, Serai Quarter, M.A Jinnah Road, Karachi
1915	S.I.T.E Karachi	Karachi	C 18-A, East Avenue, S.I.T.E, Karachi
1916	Sharifpora Branch	Gujranwala	Sharifpora Chowk G.T Road Gujranwala
1917	Shahi Road	Rahim Yar Khan	Shahi Road, Firdos Market, New Punjab Sweets, Rahim Yar Khan
1918	Club Road	Sargodha	73, Club Road, Civil Line, Sargodha
1919	F-10 Markaz	Islamabad	Plot No 1-G, F-10 Markaz, Double Road, Islamabad
1920	Quaidabad	Quaidabad	Plot # 11, Khatooni #1403, Khewet # 862, Quaidabad
1921	Allama Iqbal Town	Lahore	132 Jahanzaib Block, Main Boulevard, Allama Iqbal Town, Lahore
1922	Stataion Road	Sukkur	Plot No.6/2, Ward-C, Station Road, Sukkur
1923	Khalid Bin Waleed Road	Karachi	Show Room No.9-11, Plot No.167-A, Block-3, Khalid Bin Waleed Road, Karachi
1924	Johar Town Branch	Lahore	87-E, Madina Heights, Maulana Shaukat Ali Road, Johar Town, Lahore
1925	Tando Allah Yar	Tando Allahyar	Plot No.1, Survey No. 272/1 Deh Taluka Hyderabad Road Tehsil & District Tando Allah Yar
1926	Karkhano Market	Peshawar	Unit No. 53-56, G.B. Plaza, Karkhano Market, Jamrud Road, Hayatabad, Peshawar
1927	Kotwali Road	Faisalabad	P- 75 / 2, Kotwali Road, Faisalabad
1928	Farid Town	Sahiwal	Plot# 23, Farid Town, Sahiwal
1929	Bhimber Road Gujrat	Gujrat	Plot# 143, Mehmda Chowk Near Gujrat Hospital Bhimber Road, Gujrat
1930	Lahore Road	Sheikhupura	Plot# 4584, Khan Colony Lahore Road, Shiekhupura
1931	Satellite Town	Rawalpindi	Property # B-584, Unit # 1, B-Block, Satellite Town, Rawalpindi
1932	Korangi Branch	Karachi	Plot # 1-A, Sector 23, Korangi Industrial Area, Karachi
1933	North Nazimabad	Karachi	Shop # 1 & 2 Jasmine Heights, Plot # SC-21/A, H Block, North Nazimabad, Karachi
1934	Saddar Hyderabad	Hyderabad	Qasr-e-Fatima 90/1-2, Main Saddar Bazar, Hyderabad
1935	Main Gulberg	Lahore	58, Main Gulberg Branch, Lahore
1936	Dhorajee Branch	Karachi	Shop # 5,6 & 7, Al Madina Heights, Plot # 35-C/449, Berar Co-operative Housing Society, Block 7 & 8, Dhorajee, Karachi.
1937	F.B Industrial Area Branch	Karachi	Plot # St – 7, Sector No. 22, KDA Scheme No. 16, F.B Industrial Area, Karachi
1938	Taj Road, Chaman Branch	Chaman	Taj Road, Tehsil Chaman, Baluchistan
1939	Tehsil Road, Loralai Branch	Loralai	Shop # 372, House # 425, Tehsil Road, District Loralai, Baluchistan
1940	Main Balambat Road	Temergara	Zeb Plaza, Main Balambat Road, Timargara, Lower Dir, KPK
1941	Mingora Sawat	Sawat	Opposite Bank Square Mingora Bazar Sawat, KPK
042	RS Plaza Shamsi Road, Mardan Branch	Mardan	RS Plaza Shamsi Road, Tehsil and District Mardan
043	Gardan Town	Lahore	Shop No. 12,13,14, Shan Arcade, Civic Centre, Garden Town, Lahore
044	Cavalry Ground	Lahore	Plot No. 7, Cavalry Ground Commercial Area, Walton Road, Lahore Cantt
045	Pishin Branch	Pishin	Shop No. 630/634/640, Band Road, Pishin

Br. Code	Name of Branch	City	Address
046	Matta Sawat	Sawat	Khatooni No. 28/50, Khasra No. 2309, Mehran Khan Plaza, Main Matta Khareri, Matta Sawat
047	Toba Tek Singh	Toba Tek Singh	Plot No. 359, Mall Godam Road , Toba Tek Singh
048	Hazara Town	Quetta	Khasra No. 1102/1041/874/531/1016/250, Lilak Shopping Centre, Barma Road, Ali Abad, Hazara Town, Quetta
049	Gawadar	Gawadar	Khasra No. 96/494/495/497/498/499/501, Airport Road, Gawadar
050	Dream Garden	Lahore	Shop No. 08 & 09, Block C, Dream Garden Housing Society, 1.5 KM Defence Road, Off Raiwind Road, Lahore.
051	Kabal Branch	Sawat	Khasra No. 2262, Khata No. 901, Khatooni No. 1176, Hassan Plaza, Kabal Chowk, Kabal, District Swat
052	Sirki Road Branch	Quetta	Khata-2 & Plot No. 136-14/32, Akram Plaza, Sirki Road, Quetta
053	Pak Haider, Malakand	Batkheila	Pak Haider Market, next to Malakand CNG, Batkhela District Malakand.
054	G-11 Markaz, Islamabad	Islamabad	Shop No. 7,8,25,26, Plot No. 33, G-11 Markaz, Islamabad
055	Chaklala Scheme, Rawalpindi	Rawalpindi	Plot No. 16, Commercial Area, Chaklala Scheme III. Rawalpindi Cantt.
056	Nawan Shaher, Multan	Multan	Plot No. 741/F, Ward No.9, Muslim Mouza Ismail, Chowk Nawan Shehar, Multan.
057	Gulshan e Iqbal, Karachi	Karachi	Shop No. 1&2, Al- Sammad Tower 13- Gulshan-e-Iqbal, Main University Road, Karachi.
058	Latifabad 07, Hyderabad	Hyderabad	Shop No. 1&2 Plot# 9, Block D, Latifabad#.07, Hyderabad.
059	Tando Adam	Badin	Plot #. 543/9 Hyderabad Road, Tando Adam.
060	Nawab Shah	Nawab Shah	Plot No. 80, Masjid Road Nawab Shah.
061	Anaj Mandi, Larkana	Larkana	PB No. 1641/1/3, Shop No. 1& 2 Ground Floor Ward "A" Gajan Pur Road, Anaj Mandi, Larkana.
062	Saddar, Karachi	Karachi	PB No. 272/1, Ground Floor State Life Building No.11, Abdullah Haroon Road, Saddar Karachi.
063	Main Road, Turbat	Turbat	Khatooni No. 73/73, Khasra No. 2161 to 2188, Main Road Turbat.
064	Expo Centre, Lahore	Lahore	Plot No. 587, Block H-III, Expo Centre, Johar Town, Lahore.
065	Wapda Town, Lahore	Lahore	Plot No. 8, Block D, Phase I, PIA Housing Scheme, Wapda Town, Lahore.
066	Tehsil Road, Zhob	Zhob	Plot No. C/159, C/160, Tehsil Road, Zhob.