CREDIT RATING

by PACRA

A-1

Long Term Short Term

MCB ISLAMIC BANK LIMITED

slamic Bank Ltd. FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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STATEMENT OF FINA	NCIAL H	POSITION		PROFIT AND I	LOSS ACCOU	NT		CASH FLOW S	TATEMENT	
AS AT DECEMB				FOR THE YEAR END)	FOR THE YEAR ENDEI		
	Note		2018			,	2018		,	010
	Note	2019 Buppos i	2018 n thousands		Note	2019 Rupees in t			Note 2019 20 Rupees in thousand	2018 nds
ASSETS		hupees	ii tiidusallus					CASH FLOW FROM OPERATING ACTIVITIES		
	0	40.050.547		Profit / return earned	24	9,848,819	4,208,875	Loss before taxation	(365,759) (1,680	80,213)
Cash and balances with treasury banks Balances with other banks	6	10,252,547 8,822,985	6,990,369	Profit / return expensed	25	5,855,061	2,304,950	Less: Dividend income		58,031
Due from financial institutions	8	5,851,664	1,422,701 4,675,000	Net spread earned		3,993,758	1,903,925		(441,142) (1,738	38,244)
Investments - net	0 9	16,309,800	12,713,954	OTHER INCOME				Adjustments		
Islamic financing and related assets - net	10	51,309,967	62,907,204	Fee and commission income	26	294,491	162,245	Depreciation - Owned assets		214,441
Fixed assets	11	5,779,772	2,552,600	Dividend income		75,383	58,031	Depreciation - Right of use of assets	29 442,016	-
Intangible assets	12	719,723	592,171	Foreign exchange income		63,685	148,228	Depreciation - Ijarah assets Amortization		548,717 90,482
Deferred tax assets - net	13	921,017	751,065	(Loss) / gain on securities	27	(109,983)	17,738	Unwinding of liability against right of use assets	25 374,201	· ·
Other assets - net	14	5,049,786	2,289,371	Other income	28	19,743	13,020	Provision and written off - net Unrealized loss / (gain) on forward exchange contracts - net		395,646 67,501)
		105,017,261	94.894.435	Total other income		343,319	399,262	Gain on sale of fixed assets - net		(208)
LIABILITIES				Total income		4,337,077	2,303,187	(Loss) / gain on sale of securities - net	27 109,983 (17	17,738)
						1,007,077	2,000,107		2,539,450 1,56	563,839
Bills payable	16	973,627	1,303,992	OTHER EXPENSES]		2,098,308 (174	74,405)
Due to financial institutions	17	4,127,526	7,800,628	Operating expenses	29	4,478,636	3,083,172	(Increase) / decrease in operating assets		
Deposits and other accounts Liabilities against assets subject to finance lease	18	81,853,511	73,307,185	Workers welfare fund		-	-	Due from financial institutions		75,000)
Sub-ordinated debts				Other charges	30	24,386	4,582	Islamic financing and related assets Other assets	10,582,005 (32,156 (2,915,763) (982	56,158) 82,608)
Deferred tax liabilities - net				Total other expenses		4,503,022	3,087,754	Other assets		13,766)
Other liabilities	19	7,595,796	2,413,116	Loss before provisions		(165,945)	(784,567)	Increases ((decreases) in conveting lightilities	0,489,578 (30,413	13,700)
	10			Provisions and write offs - net	31	199,814	895,646	Increase / (decrease) in operating liabilities	(220.005) (20	04.400
		94,550,460	84,824,921	Extra ordinary / unusual items		-	-	Bills payable Due to financial institutions		24,428) 08,031)
NET ASSETS		10,466,801	10,069,514	LOSS BEFORE TAXATION		(365,759)	(1,680,213)	Deposits and other accounts		598,051
REPRESENTED BY					32		, ,	Other liabilities	2,120,700 91	915,170
Share capital	20	11,550,000	11,200,000	Taxation	32	(122,147)	(584,231)		6,745,428 19,18	80,762
Reserves	21	26,444	26,444	LOSS AFTER TAXATION		(243,612)	(1,095,982)		15,333,314 (17,407	
Surplus on revaluation of assets - net of tax	22	422,326	132,272			Rup	ees	Income tax paid		42,962)
Accumulated loss		(1,531,969)	(1,289,202)	Basic and diluted loss per share - after tax	33	(0.217)	(0.987)	Net cash generated from / (used) in operating activities	15,193,939 (17,450	50,371)
		10,466,801	10,069,514					CASH FLOW FROM INVESTING ACTIVITIES		
								Net investments in available-for-sale securities Net investments in held-to-maturity securities		27,344) 29,936)
CONTINGENCIES AND COMMITMENTS	23							Dividend received		78,407
								Proceeds from scheme of merger		214,180
								Proceeds from sale of securities Investments in fixed assets		180,324 22,121)
								Proceeds from sale of fixed assets	518	634
								Investments in intangible assets	(239,202) (129	29,255)
								Net cash (used in) / generated from investing activities	(4,275,562) 17,76	764,889
								CASH FLOW FROM FINANCING ACTIVITIES		
								Proceeds from issue of share capital		200,000
								Payment against ROU asset	(524,046)	I
								Net cash generated from financing activities		200,000
								Increase in cash and cash equivalents during the year	, , , ,	514,518
								Cash and cash equivalents at the beginning of the year		094,004
The annexed notes 1 to 45 form an integral part	t of these fina	ancial statement	s.	The annexed notes 1 to 45 form an integral	part of these financ	ial statements		Cash and cash equivalents acquired under scheme of merger		722,679
			-		part of those infant			Cash and cash equivalents at the end of the year	34 19,075,532 8,33	331,201
								The annexed notes 1 to 45 form an integral pa	t of these financial statements.	
Syed Iftikhar Hussain Rizvi Muhtashim Ahmad Ashai	Omair Safdar	Dr. Khalid Zaheer Aft	ab Ahmad Khan	Syed Iftikhar Hussain Rizvi Muhtashim Ahmad Ashai	Omair Safdar Dr. H	Chalid Zaheer Aftab	o Ahmad Khan	Syed Iftikhar Hussain Rizvi Muhtashim Ahmad Ashai	Omair Safdar Dr. Khalid Zaheer Aftab Ahmad K	Khan
Chief Financial Officer President / Chief Executive	Director	Director	Director	Chief Financial Officer President / Chief Executive	Director	Director	Director	Chief Financial Officer President / Chief Executive	Director Director Director	
STATEMENT OF COMPREHENS	SIVE INC	COME FOR	THE YEAI	R ENDED DECEMBER 31, 2019		IN	DEPENDE	INT AUDITOR'S REPORT TO THE	MEMBERS	
				2019 2018	<u>Opinion</u>			considered material if, individ	lually or in the aggregate, they could reasona	ably be
				Rupees in thousands		annexed financia	al statements of M		nomic decisions of users taken on the basis o	
Loss after taxation for the year				(243,612) (1,095,982)	Bank"), which comp	rise the statement	t of financial positi	on as at 31 December 2019, financial statements.		
Other comprehensive income								comprehensive income, the As part of an audit in accorda		
Items that may be reclassified to								flows for the year then ended, professional judgment and ma the branches except for 20 also:	intain professional skepticism throughout the au	aan. we
profit and loss account in subsequent periods:					11		•		ks of material misstatement of the financial state	tements,
Movement in surplus / (deficit) on revaluation of investments Related deferred tax asset / (liability)				247,001 514,950 (86,450) (180,233)				te al la constance attende contrata de la se	ror, design and perform audit procedures respon	
				160,551 334,717	11			and the second sec	dit evidence that is sufficient and appropriate to p e risk of not detecting a material misstatement re	· •
Items that will not be reclassified to									r one resulting from error, as fraud may involve co	· · · ·
profit and loss account in subsequent periods:								profit and loss, the statement forgery, intentional omissio	ns, misrepresentations, or the override of internal	al control.
Movement in surplus on revaluation of operating fixed assets				148,977 -				and a super state at a super state of	of internal control relevant to the audit in order to	~ 1
Related deferred tax liability				(18,629) -				aise the information of an angle of the angl	appropriate in the circumstances, but not for the p on the effectiveness of the Bank's internal control	
				130,348 -	by the Banking Cor	npanies Ordinanc	e, 1962 and the 0	Companies Act, 2017 (XIX of . Evaluate the appropriaten	ess of accounting policies used and the reasonab	
Total comprehensive income / (loss)				47,287 (761,265)				oss and other comprehensive	nd related disclosures made by management.	
The annexed notes 1 to 45 form an integral part	t of these fina	ancial statement	s.		loss, the changes in			r then ended • Conclude on the appropria	teness of management's use of the going concer	
					Basis for Opinion		-	or accounting and, based	d on the audit evidence obtained, whether a m	material

Syed Iftikhar Hussain Rizvi Muhtashim Ahmad Ashai	Omair Safdar	Dr. Khalid Zaheer	Aftab Ahmad Khan
Chief Financial Officer President / Chief Executive	Director	Director	Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

				Surplus / (d reveluati	,		
		Share Capital	Statutory Reserve	Investments	Fixed Assets	Accumulated Loss	Total
				Rup	pees in thousan	lds	
Balance as at December 31, 2017 - Restated		10,000,000	26,444	(386,764)	185,164	(194,065)	9,630,779
Loss after taxation for the year ended December 31, 2018		-	-			(1,095,982)	(1,095,982)
Other comprehensive income - net of tax			-	334,717	-	-	334,717
			-	334,717	-	(1,095,982)	(761,265)
Transfer from surplus on revaluation of fixed assets to unappropriated profit in respect of incremental depreciation - net of tax		-	-		(845)	845	
Transactions with owners, recorded directly in equity							
Issue of right shares		1,200,000	-	-	-	-	1,200,000
Balance as at December 31, 2018		11,200,000	26,444	(52,047)	184,319	(1,289,202)	10,069,514
Loss after taxation for the year ended December 31, 2019		-	-	-	-	(243,612)	(243,612)
Other comprehensive income - net of tax		-	-	160,551	130,348	-	290,899
			-	160,551	130,348	(243,612)	47,287
Transfer from surplus on revaluation of fixed assets to unappropriated profit in respect of incremental depreciation - net of tax		-	-	-	(845)	845	
Transactions with owners, recorded directly in equity							
Issue of right shares		350,000	-	-	-	-	350,000
Balance as at December 31, 2019		11,550,000	26,444	108,504	313,822	(1,531,969)	10,466,801
The annexed notes 1 to 45 form an ir	ntegral part of th	ese financial si	atements.				
Syed Iftikhar Hussain Rizvi Chief Financial Officer	Muhtashim Ahma President / Chief E		Omair Safdar Director	Dr.	Khalid Zaheer Director	Aftab Ahmad K Director	han

NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 (repealed after the enactment of the Companies Act, 2017) 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 185 branches in Pakistan (December 31, 2018: 176 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 maintained the Bank's medium to long-term rating as "A" and the short-term rating as 'A-1' with positive outlook.
- 2 BASIS OF PRESENTATION
- 2.1 The Bank provides financing through Shari'ah compliant financing products mainly through Murabaha, Istisna, Salam, Ijarah, Diminishing Musharaka, Running Musharaka and Export Refinance under Islamic Export Refinance Scheme.

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

Information other than the Financial Statements and Auditor's Report thereon Management is responsible for the other information. The other information comprises the information included in the Bank's Annual Report but does not include the financial

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in Lahore accordance with ISAs as applicable in Pakistan will always detect a material Date: 14 February 2020 misstatement when it exists. Misstatements can arise from fraud or error and are

- misstatement when it exists. Misstatements can arise from fraud or error and are
 Chartered Accountants

 2.2
 The purchases and sales arising under these arrangements are not reflected in these 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.
- 2.3 These financial statements have been prepared in accordance with the format as prescribed by State Bank of Pakistan through BPRD Circular No.2 dated January 25, 2018.

3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:
 - International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as 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, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', through BPRD Circular No.04 dated February 25, 2015, International Financial Reporting Standard 9, 'Financial Instruments' through BPRD Circular No. 04 of 2019 dated October 23, 2019 and International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002.

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

The Bank has adopted "IFRS 15 Revenue from Contracts with Customers" and "IFRS 16 Leases" effective 01 January 2019. IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Bank has adopted IFRS 15 from 01 January 2019. The timing or amount of income from contracts with customers was not impacted by the adoption of IFRS 15, accordingly, the adoption of this standard has no material impact in these financial statements. The impact of adoption of IFRS 16 on the Bank's financial statements is disclosed in note 5 (a).

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting period beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

uncertainty exists related to events or conditions that may cast significant doubt on the Banks's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

a) proper basis

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

:) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and power of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

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

KPMG Taseer Hadi & Co.

BANCB ISLAMIC BANK LIMITED MCB Islamic Bank Ltd.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2020

	Effective date (annual periods beginning on or after)
IFRS 3, Business Combinations - (Amendments)	January 1, 2020
IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8, Accounting Policies, Changes in Accounting Estimates	January 1, 2020

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification measurement and derecognition of financial assets and financial liabilities. The standard has also introduced 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. The Bank is in the process of assessing the full impact of this standard.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

BASIS OF MEASUREMENT

4.1

4.2

b)

c)

These financial statements have been prepared under the historical cost convention, except that certain classes of fixed assets are stated at revalued amounts and 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.

Measurement of fair values

The Bank has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The valuation of financial assets and financial liabilities are categorized and disclosed in note 38 keeping in view the measurement requirements specified in note 3.1.

These financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

4.3 Critical accounting estimates and judgments

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

Classification of investments

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

- Investments classified as 'held for trading', are securities which are acquired with an intention t trade by taking advantage of short term market / profit rate movements and are to be sold within 90 days of acquisition.
- Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intentior 5.5.2 and ability to hold such investment to maturity.
- The investments which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'

Provision / Impairment against Investments

Provision for diminution in the value of Sukuk certificates is made as per the Prudential Regulations issue by the SBP. The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other 5.6 actors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in 5.6.1 technology and operational / financial cash flows. Impairment loss in respect of other investments classified as 'available for sale' and investments classified as 'held to maturity' is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments.

Provision against Islamic financing and related assets

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

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 5.5.2.

d) Taxation

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Depreciation, amortization and revaluation of fixed assets

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

Provision for diminution in the value of Sukuk certificates is made as per the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative gain or loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financia position is transferred to the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

5.5 Islamic financing and related assets

5.5.1 These are financial products offered by the Bank and are stated net of specific and general provision against non performing Islamic financing and related assets, if any. A brief description of the products are given below:

Murabaha

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financia are recorded at the deferred sale price. Goods purchased but remained unsold at the statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted agains Murabaha receivable.

The Bank values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as the agent o the Bank for subsequent sale.

Istisna

In Istisna financing, the Bank acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Bank within an agreed time. The goods are then sold and the 5.12 amount financed is received back by the Bank alongwith profit.

Salam

In Salam financing, the Bank pays full in advance to its customer for buying specified goods / commoditie to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank alongwith profit

liarah

In Ijarah financing, the Bank provides the asset on pre-agreed rentals for specific tenors to the customers ljarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'

The rental on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method

5.14 Impairment of liarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'

The significant Ijarah contracts entered into by the Bank are with respect to vehicles, plant and machiner and equipment and are for periods ranging from 1 to 7 years.

Diminishing Musharaka

In Diminishing Musharaka based financing, the Bank enters into Musharaka based on Shirkat-ul-Milk fo financing and agreed share of fixed assets (example: house, land, plant, machinery or vehicle) with its customers and enters into period profit payment agreement for the utilization of the Bank's Musharaka share by the customer.

Running Musharaka

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

Provision

Islamic financing and related assets are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against Consumer, Small Enterprise (SEs) and Micro financings made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on Islamic financing and related assets. Islamic financing and related assets are written off when there is no realistic prospect of recovery

Fixed and Intangible assets

Fixed assets

5.6.1.1 Capital work-in-progress

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

5.6.1.2 Property and equipment

Property and equipment, other than land carrying value which is not amortized, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount.

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

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

Depreciation on additions is charged from the month the assets are available for use while no depreciation 5.17 is charged in the month in which the assets are disposed off.

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. Revaluatio is carried out with sufficient regularity to ensure that the carrying amount of assets does not diffe materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

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

Current

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

Deferred

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

5.11 Staff retirement benefits

Defined contribution plan

The Bank operates a recognised contributory provident fund scheme for all its permanent employees Equal monthly contributions are made both by the Bank and its permanent employees, to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his/her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due

Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers Acceptances are recognized as financial liability in the statement of financial position with a contractua right of reimbursement from the customer as a financial asset.

5.13 Provisions and contingent assets and liabilities

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

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefit is probable. Contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefit is remote.

Foreign currencies

5.14.1 Transactions and balance

Transactions in foreign currencies (other than the results of operations of foreign operations) ar translated to Rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts (unilateral wa'ad) other than those relating to foreign currency deposits are valued at the rates applicable to their respective maturities. Translational gains / losses and any change in fair value of forward exchanges contracts are credited / charged to profit and loss account.

5.14.2 Commitments

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

5.15 Revenue recognition

- Profit on investments in Sukuks is recognised on time proportion basis. Where Sukuks (excluding those classified as held for trading) are purchased at a premium or discount, such premiums discounts are amortised through the profit or loss account using the effective yield method.
- Profit from Musharaka placements with financial institutions is recognised on time proportion basis.
- Profit from Bai-Mu'ajjal is recognised on time proportion basis.
- Profit from Murabaha financing is accounted for on culmination of the Murabaha transaction. Profit on Murabaha is recognised on time proportion basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediatel on the later date.
- Rental income from liarah financing is recognised on an accrual basis. Depreciation on liarah asse is charged to income (net of with rental income) over the period of Ijarah using the straight line method
- Profit on Diminishing Musharaka is recognised on an accrual basis
- Profit on Running Musharaka financing is booked on an accrual basis and is subject to adjustmen (if any) upon declaration of profit by Musharakah partners.
- Profit on Istisna financing is recognised on time proportion basis
- Profit on Salam financing is recognised on time proportion basis.
- Commission income is recognized on a time proportionate basis
- Dividend income is recognised when the Bank's right to receive dividend is established

the individual policy statements associated with these assets and liabilities

- Gain or loss on sale of investments is recognised in the profit and loss account in the year to which
- it arises

5.16 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain financings. These are stated at lower o the carrying value or current fair value of such assets.

Financial instruments carried on the statement of financial position includes cash and balances with

treasury banks, balances with other banks, due from financial institutions, investments, Islamic financings

and related assets (excluding inventories), other assets (excluding balances related to tax), bills

payables, due to financial institutions, deposits and other liabilities (excluding balances related to tax)

The particular recognition methods adopted for significant financial assets and liabilities are disclosed in

Financial instruments

5.17.1 Financial assets and financial liabilities

The Bank applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for the changes explained in note 5 (a).

Change in accounting policy 5 (a)

Lease term

IFRS 16 introduces an on balance sheet accounting model for long term ljarahs (short-term and having underlying assets of low value continue to be treated as Ijarah of Musta'jir under IFAS 02). Musta'jir 5.6.3 recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding Ijarah liability representing its obligations to make Ujrah (lease) payments. However, accounting for Ijarah of Muj'ir (lessors) remains the same as required under IFAS 02 i.e. Muj'ir continue to present assets subject to Ijarah according to the nature of the asset, distinguished from the assets in own use.

The Bank has adopted IFRS 16 from January 1, 2019, and has not restated comparatives for the 2018 reporting period, using modified retrospective approach

On adoption of IFRS 16, the Bank has recognised liabilities in respect of Ijarahs of Musta'jir which had previously been shown off-balance sheet. These liabilities were measured as the present value of the 5.7 remaining Ijarah payments, discounted using the Bank's incremental borrowing rate. The associated rightof use assets were measured at the amount equal to the Ijarah liability, adjusted by the amount of prepaid Ujrah payments recognised in the statement of financial position immediately before the date of initial application.

The Ijarah liability is subsequently measured at amortized cost using the effective borrowing rate. The right-of-use assets are depreciated on a straight line basis over the ljarah term. The right-of-use as are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The change in accounting policy affected the following items in the statement of financial position as or January 01, 2019:

- Right-of-Use (RoU) assets recognized as Fixed assets increased by Rs 2,937.162 million which includes prepayments of Rs. 141.839 million; previously, included in advances, deposits, advance rent and other prepayments as at December 31, 2018.
- Lease liabilities recognized as Other liabilities increased by Rs 2,795.322 million.

The impact on profit and loss account for the year ended December 31, 2019 is an increase in loss after tax by Rs. 181.766 million and loss per share by Rs. 0.16.

Payments associated with short-term leases and leases of low-value assets are recognized on a straightline basis as an expense in profit or loss

Business acquisition

5.1

Business acquisition from Group companies are recognized at carrying values.

5.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks 5.8 in current (net of overdrawn Nostro balances) and deposit accounts

5.3 Funds due to / from financial institutions

Bai Mu'ajjal

In Bai Mu'ajjal, the Bank sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Musharaka / Mudaraba / Wakala

In Musharaka / Mudaraba / Wakala, the Bank invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio / fees.

Musharaka with State Bank of Pakistan under IERS

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed profit sharing ratio between the partners.

Investments

The Bank classifies its investments as follows:

a) Held for trading

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

b) Available for sale

These are investments, that do not fall under the 'held for trading' or 'held to maturity' categories.

Investments are initially recognized at cost which in case of investments other than 'held for trading include transaction costs associated with the investment

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

In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than those classified as 'held to maturity' are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is included in statement of comprehensive income and is shown in the statement of financial position as part of equity. Surplus (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account.

Held to maturity

c)

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity. Bai-Mu'ajjal receivables from Government of Pakistar are stated at cost. Investments classified as 'held to maturity' are carried at amortized cost less accumulated impairment losses, if any,

5.6.2.1 Advance against purchase of software

Advance against purchase of software is stated at cost less accumulated impairment losses, if any. These are transferred to computer software as and when the related asset is received.

5.6.2.2 Computer software

Computer softwares are stated at cost less accumulated amortization and accumulated impairment 5.19 losses, if any. Intangible assets are amortized from the month when these assets are available for use. using the straight line method, whereby the cost of the intangible assets are amortized over its estimate useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date

Impairment

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

Leases

During the year, the State Bank of Pakistan vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16- "Leases" in all Ijarah (lease) contracts where the Islamic Banks act in capacity of Mustajir (lesse and accordingly, the Bank has adopted the standard.

IFRS 16 introduces an on balance sheet accounting model for long term Ijarahs (short-term and having underlying assets of low value continue to be treated as Ijarah of Musta'jir under IFAS 02). Musta'jir recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding Ijarah liability representing its obligations to make Ujrah (lease) payments. However, accounting for Ijarah of Muj'ir (lessors) remains the same as required under IFAS 02 i.e. Muj'ir continue to present assets subject to Ijarah according to the nature of the asset, distinguished from the assets in own use.

On adoption of IEBS 16, the Bank has recognised liabilities in respect of liarabs of Musta'iir which had previously been shown off-balance sheet. These liabilities were measured as the present value of the remaining liarah payments. discounted using the Bank's incremental borrowing rate. The associated right of use assets were measured at the amount equal to the Ijarah liability, adjusted by the amount of prepaid Ujrah payments recognised in the statement of financial position immediately before the date of initia application

The liarah liability is subsequently measured at amortized cost using the effective borrowing rate. The right-of-use assets are depreciated on a straight line basis over the ljarah term. The right-of-use asset are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Payments associated with short-term Ijarahs and having low-value assets are recognized on a straigh line basis as an expense in profit or loss.

Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba. Deposits are recorded at the proceeds received. The cost of deposits is recognized as an expense in the period in which this is incurred.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' or 'Fixed deposits'. No profit or loss is passed to current account depositors

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools may be created at the Bank's discretion and the Bank may add, amend, and transfer at asset to any other pool in the interests of the deposit holders.

Pool Management

5.9

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired 6.1 under Mudaraba, Musharaka and Wakala modes.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rabb-u Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shari'ah Compliant mode of financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources.

Specific pools may be operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to Bank's customers and liquidity management respectively under the Musharaka / Mudaraba modes. The Bank also maintains an Equity Pool which consists of Bank 6.3 equity and funds accepted on Qard (non-remunerative current deposit account) basis.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. The directly related costs comprise of depreciation on liarah assets, takaful premium, documentation charges etc. No general or administrative nature of expense is charged to pool. No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharaka at gross level (before charging of Mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of Mudarib fee.

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the notes and are also invested in Governmen 7.1 of Pakistan backed Ijarah Sukuks. Staff financings are exclusively financed from the equity pool.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool.

Financial assets and financial liabilities are off set and the net amount is reported in the financia legally enforceable right t and the Bank net basis, or to realize the assets and settle the liabilities, simultaneously

5.18 Dividend distribution and appropriation

Dividend declared and other appropriations (other than appropriations required by law) approved subsequent to the balance sheet date are considered as non-adjusting events and are not recorded in the financial statements. However, a separate disclosure of the fact is made in the financial statement

Earnings / (loss) per share

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

5.20 Segment reporting

5.17.2 Offsetting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional and management reporting structure. The Bank's operations have been broken into following different business segments

5.20.1 Business segments

Business Distribution

It includes commercial and SME financing, deposits, trade business and other banking services.

Corporate Banking

It includes financing to large and medium sized public and private sector entities, investment banking, corporate advisory, cash management, trade finance, guarantees and transaction with financial institutions.

Consumer Banking

It includes financing and other banking services to individual customers other than those classified under Micro Banking

Micro Banking

It represents financing operations to low income individuals including agriculture sector financing.

Treasury Operations

It includes inter-bank placements / acceptances, capital market operations and foreign exchange transactions and reserves manage

5.20.2 Geographical segments

The Bank operates only in Pakistan

	Note	2019 Rupees in	2018 thousands
CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		2,095,419	1,963,099
 foreign currencies 		600,249	561,844
		2,695,668	2,524,943
With the State Bank of Pakistan (SBP) in			
 local currency current account 	6.1	5,647,262	3,429,560
 foreign currency current accounts 			
cash reserve account	6.2	253,486	188,019
special cash reserve account	6.3	297,462	219,402
US\$ clearing account		68,772	104,396
		619,720	511,817
With National Bank of Pakistan in			
- local currency current account		1,276,497	524,049
Prize Bonds		13,400	-
		10,252,547	6,990,369

The local currency current account is maintained with SBP under the Cash Reserve Requirement of section 22 of Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as prescribed by the SBP from time to time

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.

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-remune

	Note	2019 Rupees in 1	2018 thousands
BALANCES WITH OTHER BANKS			
In Pakistan			
- deposit account	7.1	4,378,142	979,332
Outside Pakistan - current account		4,444,843	443,369
		8,822,985	1,422,701
This represents savings accounts carrying profit a	: t expected rates rangir	ng from 3.00% to 1	2.54% per annum

(2018: 0.03% to 9.95% per annum)

>>>>> Continued

10.12 The Bank has maintained general provision at an amount equal to 1% of the fully secured performing

portfolio of consumer auto finance, small enterprise and unsecured performing portfolio of micro financing

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MCB ISLAMIC BANK L

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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12.1

		Continued	-	INANG				VILLINI S		and second second second second		
	>>>>>	> Continued	Not						Note	2019 Rupees in t	2018 thousands	
	8	DUE FROM FINANCIAL INSTITUTIONS		Rupees in th	lousands	10.1		cing	10.1.1	4,671,163	7,334,021	
			stan 8.1	3,371,664	-		- Advances again	st Murabaha financing		, ,	, ,	
			8.2	2,480,000	4,675,000		- Advances again	st Murabaha financing un		-	-	
	0.1	This represents Dei Musiisl with Clote Denk of	Dekisten eernii				Islamic export	reinance scheme				
	I	annum (2018: Nil) and having maturity till Febru	ary 07, 2020.			1					, ,	
	0.2			wing maturity till January	20, 2020.		Murabaha financing			4,671,163	7,334,021	
						10.1.2	Movomont in Murah	aha roccivable during the	voar:			
	8.3	- local currency		5,851,664	4,675,000		Opening balance	-	year.			
		- foreign currencies			4,675,000					(28,514,396)	(20,841,143)	
	· ·		0	2019						25,845,273	23,655,655	
	9.1	invesiments by type:	Amortised				murabana purchase	price during the year				
		Available.for.sale securities	COST	Rupees in thousands			Opening balance					
		Federal Government securities										
			1,119,000	- (1,312)	1,117,688	10.1.5	Murabaha receivabl	e under Islamic export		334,286	340,551	
		Held-to-maturity securities	13,926,216	1,059,172 166,929	13,033,973		refinance scheme	- gross		-	-	
				· ·		1	-		scheme		-	
		Total Investments					IERS during the ye				101,575	
			11,202,040	, , , ,	10,000,000					-		
			Amortised			1017	Murababa sale price	under Islamic export			-	
			COST	Rupees in thousands			refinance scheme	during the year	rt	-	242,026	
		Federal Government securities					refinance scheme	during the year				
 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1				- 4,416	1,431,749	10.1.8						
		Held-to-maturity securities	11,710,993	881,903 (80,072)	10,749,018		Opening balance Arising during the ye	ear		:	2,425	
		Federal Government securities										
11 $\frac{1}{100}$ $\frac{1}{100$			1,964,936		1,964,936	10.2		entory				
2Nome of the state is a state is state is state is a state is		rotal investments	13,675,929		1∠,/13,954			,			-	
	9.2	Investments by segments:	Amortised	Provision for Surplus /		10.3	- Istisna financing			,	-	
					value		- Advances agains		scheme	1,052,399		
		GOP Ijarah Sukuks		- (8,095)			- Advances agains	st Istisna financing under	סוווסוווס			
Mark American Series (1)		WAPDA Sukuks Bai Mu'ajjal	56,404		57,115							
			1,908,146	1,059,172 175,625	1,024,599	10.4	- Net book value o	f assets in Ijarah under IF	AS 2 10.4.1	, ,		
Not isource $(-1/10^{-1})$ $(-1/10$			854,000	- 1,309	855,309		- Auvances agains	si ijaran				
						10.4.1	Net book value of a	assets in Ijarah under IF				
				2018							Book Value as	
Image: 5 statuteNote: 5 statute <th col<="" td=""><td></td><td></td><td>Amortised</td><td></td><td></td><td></td><td></td><td>January 1, (Disposal)</td><td>December January 1,</td><td>(Disposal) December</td><td>er 31, at December</td></th>	<td></td> <td></td> <td>Amortised</td> <td></td> <td></td> <td></td> <td></td> <td>January 1, (Disposal)</td> <td>December January 1,</td> <td>(Disposal) December</td> <td>er 31, at December</td>			Amortised					January 1, (Disposal)	December January 1,	(Disposal) December	er 31, at December
Spring Mark EXX.00 Initial EXX.00 <thinitial exx.00<="" th=""> Initial EXX.00</thinitial>		Enderal Covernment securities	COST	Rupees in thousands				2019	,			
MixAdd U12000 I U12000 I U12000 U120000 U120000 U120000 <t< td=""><td></td><td>GOP Ijarah Sukuks</td><td></td><td></td><td></td><td></td><td>Vehicles</td><td></td><td>3,999,646 654,281</td><td></td><td>780 2,959,866</td></t<>		GOP Ijarah Sukuks					Vehicles		3,999,646 654,281		780 2,959,866	
Link arrangeLink arrange<		Bai Mu'ajjal	,						1,689,096 483,657		93 1,230,503	
$ \frac{1}{100} 1$		Listed companies	1,831,580	881,903 (43,325)	906,352		Total		5,688,742 1,137,938		373 4,190,369	
Note the second seco		Listed					:	(869,628)		(632,252)		
1.0 Protection for relation of minimulation in values of	0.01		13,675,929	,				Cost	2018	Depreciation	Bask Makes as	
12 Products in defaultion in value of investments $(1/2)^2$ $(2/2)^2$	9.2.1	I here were no investment given as colleteral as	at December 3		2018			January 1 Additions /	December January 1,	(Disposal) December	at December	
Subscription Bit 1/2/2 Control	9.3	Provision for diminution in value of investme	ents	Rupees in th	nousands			2018 (Disposal)	,	2018	31, 2018	
Concept basics Integrating Descing plants are Descing plants are Descing plants are soluble. 10 Galary of Allaciab for Sale Sociality No Sale Sociality Sa		Opening balance			-		Vehicles	, , , ,		321,939 654,28	81 2,228,076	
9.1 During of Audiation for Some Securities Unit to a Sole Unit to Sole									1 203 656 363 380		57 710 000	
Image: Design: Design: <thdesign:< th=""> <thdesign:< th=""> <thde< td=""><td>9.4</td><td>•</td><td>.FS) securities a</td><td>re as follows:</td><td></td><td></td><td></td><td>(128,132)</td><td></td><td>(106,501)</td><td></td></thde<></thdesign:<></thdesign:<>	9.4	•	.FS) securities a	re as follows:				(128,132)		(106,501)		
Report Boundary East Statutes Difference Statutes <t< td=""><td></td><td></td><td>Not</td><td></td><td></td><td></td><td></td><td>(496,880)</td><td>4,000,013 900,413</td><td></td><td>2,940,075</td></t<>			Not					(496,880)	4,000,013 900,413		2,940,075	
Oper pars balak (no.exc) (no.exc) (no.exc) (no.exc) WVPD 0.4016 (no.exc)		Federal Government Securities - Government of	nuaranteed			10.4.2	Future Ijarah paym	ients receivable		2019		
United: A.A. Bases Image: Instance Data or Data de la basis Contractor de Contractor de Contractor de Proper de la basis Contractor de Data		GOP Ijarah Sukuks	juulullioou	10,842,666	8,366,893				Not later 1	year and Five	Total	
Bates Bates Loos 1.4.11 14.					-					ot later than vears		
Advance/is Assembler 15.3.13 15.0.00 Feed Status 15.3.13 15.0.00 Feed Status 15.3.13 15.0.00 Feed Status 15.3.13 15.0.00 Feed Status 15.3.13 15.0.00 Feed Status 15.0.13 15.0.00 Feed Status 15.0.00 Feed Status				10,033,070	8,432,000		ljarah rental receivables		3,094,930		6,252,556	
Engineering Productions Of A case Exponentics Promotical control of Comparison Description of Comparison Description of Description of Description of Comparison Description of Description of Comparison D		Automobile Assembler										
One Use Name Space		Engineering		266,165	266,165				Not later 1	year and Five	Total	
Prover Constraints Biolity of the Composite Prover Provide Prover Provere Provere Prover Provide Prover Provide Provere Prover Provide P		Oil & Gas Marketing Companies Paper & Board		308,072 308,108	285,187 308,108					5 years		
Field: Composite On K Case Exploring Companies On K Comment Securities Law 1,00,1 K Law 71,007 (0,000) 71,007 (0,000		Power Generation & Distribution		99,803	186,607		ljarah rental receivables		904,424		3,160,297	
One-mical 470 1308,48 1333880 1 Aou Covernment Securities Listed A- A- A- A- A- A- A- A- A- A- A- A- A-		Textile Composite		91,354								
Nor Government Securities 138.000 128.0				370	- 1,831.580	10.5						
A+ A- A- A- A- A- A- A- A- A- A- A- A- A-				,, .			- Running Mushar	aka financing under		, ,		
United 279,000 \$54,000 17,3132 17,31215 15,347,739 AA 740,000 1073,333 - Deministing Mushamaka financing 652,67 37,006,78 A 740,000 1073,333 - Staff finance - Bit Multiple resolution 10,022,98 11,022,98 21,024,831 9.5 Particulars relating to Held to Maturity securities are as follows: - Staff velocities are as follows: - Staff velocities and statistic finance under Diminishing Mushamaka 200,098 21,224,044 9.5.1 Particulars relating to Held to Maturity securities are as follows: - Staff velocities are as follows: - Staff velocities are as follows: - Staff velocities and statistic finance under Diminishing Mushamaka 200,098 21,226,046 9.5.1 Staff bit Molging - Staff velocities and statistic finance under Diminishing Mushamaka 200,098 21,226,046 Bai Multiplicat cost - Staff velocities and statistic finance under Diminishing Mushamaka 200,098 21,226,046 1.5.2 Frieder allows: - Staff velocities and statistic finance under Diminishing Mushamaka 200,098 12,280,046 1.5.3 The cost proce windere of maturity as at Docomberol 31, 2013 <td< td=""><td> </td><td>A+</td><td></td><td></td><td></td><td>10.6</td><td>Diminishing Much</td><td>araka</td><td></td><td>16,669,096</td><td>19,441,575</td></td<>		A+				10.6	Diminishing Much	araka		16,669,096	19,441,575	
AA 740.000 973.333 100.000							- Diminishing Mus	haraka financing	ncing			
440.000 1.073.333 - 5.147 housing finance under Diminishing Musharaka 200.066 213.215 9.5 Particulars relating to Held to Maturity securities are as follows: - 5.147 housing finance under Diminishing Musharaka 1.062.986 1.044.831 9.5 Particulars relating to Held to Maturity securities are as follows: - 9.5.1 2.700.827 1.159.986 1.062 (currency Listed 9.5.1 2.700.827 1.159.986 1.062.027.000 Avia 9.5.2 575.000 805.000 1.064.0270 2.222.064 1.05 3.84 460.002 1.064.0270 2.222.064 Avia 9.5.1 3.768.188 1.065.384 460.002 2.5.1 1.07.384 4.06.027 1.964.986 1.064.027 S.5.1 1.07.73.818 4.06.027 1.969.986 1.064.027 S.5.1 1.07.73.818 4.06.027 1.969.986 1.069.386 Gis-1.1 3.768.188 1.060.7384 4.06.027 1.999.986 S.5.1 The repertoring the time of maintify and uthan axis as of Gislee Houseast 1.079 9.820		AA				10.7	· ·					
9.5 Particulars relating to Held to Maturity securities are as follows: 1.293.082						10.7	- Staff vehicle fina				,	
9.5 Particulars relating to Held to Maturity securities - Government guaranteed Bedowrment Securities - Government guaranteed Bedowrment Securities - Government Securities - Securities - Government Securities - Government Securities - Securities - Government Securities - Securits - Government Securities - Government Se				10,920,210	,, 10,333		-	-				
Securities are as 50 forws: -<	9,5	Particulars relating to Held to Maturity						nancing and related assets - g	iross	51,346,670	62,922,064	
Bail Murigial Descention Provide the set set in thousands Provide the set in thousands Non Government Securities Listed 9.5.1 2,700,827 1,159,936 1,964,936 1,974,972 1,978 1,978,978 1,983,978 1,983,978 1,983,978 1,983,978 1,983,978 1,983,978 1,983,978 1,983,978 <t< td=""><td></td><td>securities are as follows:</td><td>aranteed</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>-</td></t<>		securities are as follows:	aranteed								-	
Listed AA+ 9.5.2 575,000 $\frac{3,275,827}{3,275,827}$ $\frac{1}{1,964,936}$ AA+ $\frac{3,275,827}{3,361,136}$ $\frac{1}{1,964,936}$ Listed $\frac{2179}{20,73,61,136}$ $\frac{1}{1,964,936}$ Bai Muajal at cost Category of Classification $\frac{1}{1,964,936}$ Bai Muajal at cost Category of Classification Rupees in thousands S.1.1 This represents receivable from Government of Pakistan against asale of GoP J Jarah Sukuk certificates Gategory of Classification Rupees in thousands S.2.2 The market value of non Government securities dassified as held-to-maturity as at December 31, 2019 around to Rs.578,398 million (2018: Rs.814.422 More forming 2019 Category of Classification Rupees in thousands Note Provision againt to specific General Total Specific General Total Specific General Total Market value of non Government securities of provision againt to specific General Total Specific General Total Specific General Total More forming 3 maining Machana <th cols<="" td=""><td></td><td>Bai Mu'ajjal</td><td></td><td>1 2,700,827</td><td>1,159,936</td><td></td><td></td><td></td><td></td><td></td><td></td></th>	<td></td> <td>Bai Mu'ajjal</td> <td></td> <td>1 2,700,827</td> <td>1,159,936</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>		Bai Mu'ajjal		1 2,700,827	1,159,936						
S.1 Bail Muajial receivable Less: Deferred Income 3.275,827 3.768,188 1.964,936 1.050,7381 Incorp.space 1.050,7381 Non-performing and related assets		Listed	9.5.	2 575,000	805,000	r		_	2019			
Less: Deferred income 1.067.361 446,002 Rupes in thead assis Call the field assis <thcall assis<="" field="" t<="" td="" the=""><td><u>9.5</u>1</td><td>Bai Muaijal receivable</td><td>0.5.4</td><td></td><td></td><td></td><td>Category of Cla</td><td>1</td><td>slamic financing Pro</td><td>vision Islamic fina</td><td>ancing Provision</td></thcall>	<u>9.5</u> 1	Bai Muaijal receivable	0.5.4				Category of Cla	1	slamic financing Pro	vision Islamic fina	ancing Provision	
3.5.1.1 This represents receivable from Government of Pakistan against sale of GOP lijarah Sukuk certificates (GIS - 16). The credit price will be recovered at the time of maturity. Domestic 3.5.2.1 The market value of non Government securities classified as held-to-maturity as at December 31, 2019 amounded to Rs. 578.398 million (2018: Rs. 814.422 million). Non performing Total 10 ISLAMIC FINANCING AND RELATED ASSETS - NET Non performing Total Nurabaha 10.1 7,05,280 17/09,586 4,550 759 7,69,830 17,097,127 Nurabaha 10.1 7,05,280 17/09,686 4,550 759 7,69,830 17,097,127 Nurabaha 10.1 7,05,280 17/09,686 4,550 759 7,69,830 17,097,127 Nurabaha 10.1 7,05,280 17/09,686 4,550 759 7,69,830 17,097,127 Nurabaha 10.1 7,805,830 17,097,127 2,000 - 2,000 - 2,004,980 - 2,004,980 - 2,004,980 - 2,004,980 3,011,1267 4,118 Reversals 0,099 10,009 12,112 13,641 13,512 13,641 13,612 <td< td=""><td></td><td>Less: Deferred Income</td><td>0.0.1</td><td>1,067,361</td><td>446,002</td><td></td><td></td><td>a</td><td></td><td></td><td></td></td<>		Less: Deferred Income	0.0.1	1,067,361	446,002			a				
9.5.2 The market value of non Government securities classified as held-to-maturity as at December 31, 2019 amounted to Rs.578.398 million (2018: Rs.814.422 million). Non performing Non performing Status Status <td< td=""><td>9.5.1.1</td><td>This represents receivable from Government of</td><td></td><td>st sale of GoP Ijarah Su</td><td></td><td></td><td>Other Assets Especially I</td><td>Ventioned</td><td></td><td></td><td></td></td<>	9.5.1.1	This represents receivable from Government of		st sale of GoP Ijarah Su			Other Assets Especially I	Ventioned				
10 ISLAMIC FINANCING AND RELATED ASSETS - NET Note Performing Non performing Total 2019 2018 2019 2018 2019 2018 Nurabaha 10.1 7,605,280 17,096,888 4,550 759 7,099,80 17,097,127 Murabaha 10.2 2,000 - 1,1287 4,1182 - <	9.5.2	The market value of non Government securities	classified as he		ember 31, 2019		Doubtful		358,105	678		
2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 Specific General Total Specific General Specific General <th< td=""><td>10</td><td>ISLAMIC FINANCING AND RELATED ASSETS</td><td>S - NET</td><td></td><td></td><td></td><td></td><td>_</td><td>381,427</td><td>3,340 10,</td><td></td></th<>	10	ISLAMIC FINANCING AND RELATED ASSETS	S - NET					_	381,427	3,340 10,		
Build Line				· · ·		10.10	Particulars of prov	ision against Islamic fin	-	-	2018	
Musawanah 10.2 2.00 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - - 2.000 - 2.000 - 2.000 - 2.000 - 2.000 - 2.000 - 2.000 - 2.000 - 2.000 - 1.010 4.012 14.002 14.002 14.002 14.002 14.002 14.002 14.002 14.002 14.002 14.011 10.01 10.01 10.01 4.081 0.007 18.176.482 19.007 18.176.482 19.007 12.58.046 - - 12.93.082 12.58.046 - - 12.93.082 12.58.046 - - 12.93.082 12.58.046 -			I	Rupees in thousands				S			neral Total	
Salam 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 111,287 4,118 - - 16,669,096 19,441,575 - - 16,669,096 19,441,575 - - 16,669,096 19,441,575 - - 12,690,62 12,250,046 - - 12,30,62 12,580,46 - - 12,30,62 12,580,46 - - 12,590,66 12,590,62,33 38,1427 10,07		Musawamah 10.2 2,0	- 00	2,0	- 000	1			758 14,102 14	,860 729	· · · · · · · · · · · · · · · · · · ·	
Running Musharaka 10.5 16,669,096 19,441,575 - - 16,669,096 19,441,575 Diminishing Musharaka 10.6 17,802,003 19,047,410 374,179 10,007 18,176,482 19,057,417 Staff finance 10.7 1,229,002 1,228,004 - - 1,239,002 1,258,046 - - - 1,239,002 1,258,046 - - - - Closing balance 3,340 33,363 36,703 758 14,102 14,860 14,860 14,860 14,860 14,102 14,860		Salam 111,21 Ijarah 10.4 4,878,70	87 4,118 02 4,269,903	111,2 2,698 - 4,881,4	287 4,118 400 4,269,903		• •		(99) -	(99) (30)	- (30)	
Islamic financing and related assets - gross 50,965,243 62,911,298 381,427 10,766 51,346,670 62,922,064 Islamic financing and related assets 50,965,243 62,911,298 381,427 10,766 51,346,670 62,922,064 Islamic financing and related assets		Running Musharaka10.516,669,09Diminishing Musharaka10.617,802,31	96 19,441,575 03 19,047,410	16,669,0 374,179 10,007 18,176,4	096 19,441,575 482 19,057,417		Amounts written off		, ,			
Less: Provision against non-performing Islamic financing and related assets - Specific - General 10.10 (33,363) (14,102) (33,363) (14,102) (33,363) (14,102) (33,363) (14,102) (33,363) (14,102)		Islamic financing and related assets - gross 50,965,24				1			3,340 33,363 36	,703 758 14		
- specific (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (3,340) (7,50) (14,102) (3,340) (7,50) (3,6,703) (14,102) (3,340) (7,50) (3,6,703) (14,860) of tax amounts to Rs 115.943 million as at December 31, 2019 (December 31, 2018: Nil). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for		Less: Provision against non-performing Islamic financing and related assets					provisioning against	non-performing Islamic fir	nancing and related a	assets as at Decemb	per 31, 2019. Had	
10.10 (33,363) (14,102) (3,340) (758) (36,703) (14,860) of tax amounts to Rs 115.943 million as at December 31, 2019 (December 31, 2018: Nil). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for		- General (33,36		- (33,36	63) (14,102)		and related assets additional benefit or	would have been higher the Bank's statement of	by Rs.178.374 milli profit and loss arisin	on (December 31, 2 g from availing the I	2018 : NIL). The FSV benefit - net	
• net of provisions 20,931,880 62,897,196 378,087 10,008 53,309,967 62,907,204 payment of cash or stock dividends to shareholders.		Islamic financing and related assets					of tax amounts to Re additional impact on	s 115.943 million as at De profitability arising from a	cember 31, 2019 (De vailing the benefit of t	ecember 31, 2018: N	Nil). However, the	
		- net of provisions 50,931,81	80 62,897,196	3/8,087 10,008 51,309,9	907 62,907,204							

MCB Islamic Bank Ltd.

	portfolio of consumer auto finance, small enterprise and unsecured performing portfolio of micro financing as required by the Prudential Regulations issued by the SBP. Further, general provision on consumer house finance is maintained as per the criteria defined in relevant Prudential Regulations issued by SBP.								
10.13	Particulars of provisi	ion agains	st Islamic f	financing		ated as	sets		
			F	Q: colfie	2019	Tet	Crooifi	2018	Tatal
			L	Specific	General		tal Specific ees in thousan		Total
	In local currency In foreign currency			3,340	33,363	нир 36,70			14,860 -
				3,340	33,363	36,70	03 758	14,102	14,860
			-		N	lote	2019 Bupor	- thous	2018
11	FIXED ASSETS						Кире	es in thous	ands
	Capital work-in-progres	222			1	1.1	112,86	63	206,869
	Property and equipment	ent			1	11.2	2,778,07	73 2,3	345,731
	Right of use of assets				1	11.5	2,888,83		- 552,600
11.1	Capital work-in-progr	ress				-	J, r i G, .	<u> </u>	552,000
	Civil works						25,61		96,620
	Advance to suppliers a Others	and contra	ctors				83,35 3,90		85,887 24,362
	Olleis					-	112,86		206,869
11.2	Property and Equipm	nent				-			
	٢		- Haling on			019	- tical offic		
		Freehold land	Building on freehold	Lease ho Improveme		irniture fixtures	Electrical, office and computer		Total
	L	iti ita	land				equipment		
	At January 1, 2019			nu	upees in	thouse	ands		
	Cost / Revalued amount	730,867	463,354	270,543		2,985	1,081,665	70,369	2,729,783
	Accumulated depreciation _	-	(15,648)	(95,298)		1,004)	(237,210)	(14,892)	(384,052)
	Net book value Year ended December 2019	730,867	447,706	175,245	91	1,981	844,455	55,477	2,345,731
	Opening net book value	730,867	447,706	175,245	÷ 91	1,981	844,455	55,477	2,345,731
	Additions	1,381	11,212	181,867		7,608	307,582	20,520	570,170
	Movement in surplus on assets revalued during the year	95,752	53,225			-			148,977
	Disposals				(!	(54)	(303)		(357)
	Depreciation charge	-	(10,173)	(61,814)		5,857)	(185,268)	(13,336)	(286,448)
	Closing net book value	828,000	501,970	295,298	123	3,678	966,466	62,661	2,778,073
	At December 31, 2019	000 000	500 006	459 411	16	<u>م</u> ت، د	1 007 006	00.000	0 404 061
	Cost / Revalued amount Accumulated depreciation	828,000	502,206 (236)	452,410 (157,112		0,470 5,792)	1,387,986 (421,520)	90,889 (28,228)	3,421,961 (643,888)
	Net book value	828,000	501,970	295,298		3,678	966,466	62,661	2,778,073
	Rate of depreciation (%)	0	Upto 50 years	rs 20		10	10 to 25	20	
	Г	-	-	-		018	- Usel offic		
		Freehold land	Building on freehold land	Improveme	ents and	fixtures	Electrical, office and computer equipment		Total
	** I 1 0010			Rı	upees in	thousa	ands		ļ
	At January 1, 2018 Cost / Revalued amount	707,584	348,675	214,451		2,232	704,174	29,563	2,066,679
	Accumulated depreciation	-	(7,530)	(50,317)),255) 1 977	(95,037)	(6,893)	(170,032)
	Net book value Year ended December 2018	707,584	341,145	164,134		1,977	609,137	22,670	1,896,647
	Year ended December 2018 Opening net book value Additions Acauisitions under	707,584 23,283	341,145 114,679	164,134 56,092		1,977 3,992	609,137 229,348	22,670 40,805	1,896,647 488,199
	scheme of merger			-		7,071	148,680		175,751
	Disposals Depreciation charge		- (8,118)	- (44,981)		268)),791)	(158) (142,553)	- (7,998)	(426) (214,441)
	Closing net book value	730,867	447,706	175,245		1,981	844,454	55,477	2,345,730
	At December 31, 2018								
	Cost / Revalued amount Accumulated depreciation	730,867	463,354 (15,648)	270,543 (95,298)		2,985 1,004)	1,081,665 (237,210)	70,369 (14,892)	2,729,783 (384,052)
	Net book value	730,867	447,706	175,245		1,004)	844,455	55,477	2,345,731
	= Rate of depreciation (%)	0	Upto 50 years			10	10 to 25	20	
11.2.1	The land and buildings International Consultan on the basis of marke December 31, 2019 ar Had the land and build December 31, 2019 wo	nt (Private) et value. S mounts to dings not b	ank were re) Limited and Surplus aga Rs.313.822 been revalu	evalued in nd Sardar E ainst reval 2 million. ued, the to	Enterpris luation c	ses, valu of fixed	assets net	ngineering c off deferre	consultants) ed tax as at
	Land						Rup		595,876
14.0	Building		ک مراجع ال		(- that are		376,516
11.3	The gross carrying amount of the gross carrying amount of the gross carrying and the gross carrying amount of the gross carrying amo) of fully ae	preciated	amortiz	2ed ass		in use as at pees in tho	
	Lease hold Improveme	ents							13,699

	Rupees in thousands
Lease hold Improvements	13,699
Electrical, office and computer equipments	44,406
Furniture and fixtures	2,654
Vehicles	2,040

11.4 Details of disposal of operating fixed assets

The information relating to disposal of operating fixed assets required to be disclosed as part of the financial statements by the State Bank of Pakistan is given in Annexure I which forms an integral part of these financial statements.

11.5 Ijarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item. Movement in right-of-use of assets is as follows:

	Note	2019 Rupees in	2018 thousands
Balance as 31 December		· -	-
Effect of initial application of		0.007.100	
IFRS 16 as at 01 January 2019 Addition during the year		2,937,162 393,690	-
Depreciation charge for the year		(442,016)	-
Balance as at 31 December 2019		2,888,836	-
INTANGIBLE ASSETS			
Advance against purchase of software		155,595	71,060
Computer software	12.1	564,128	521,111
		719,723	592,171
Computer software			
At January 1			
Cost		664,711	536,029
Accumulated amortisation		(143,600)	(53,119)
Net book value		521,111	482,910
Year ended December 31			
Opening net book value Additions:		521,111	482,910
- directly purchased		154,667	129,604
Amortisation charge		(111,650)	(90,482)
Other adjustment		-	(921)
Closing net book value		564,128	521,111
At December 31			
Cost		819,378	664,711
Accumulated amortisation		(255,250)	(143,600)
Net book value	12.1.1	564,128	521,111
Rate of amortisation		14.28%	14.28%
Useful life		3 -7 Yrs	3 -7 Yrs

- _ 12.1.1 This includes Core banking system of the Bank at carrying value of Rs. 220.973 million (2018: Rs.252.210 million) and having remaining useful life of 5 years (2018: 6 years).
- DEFERRED TAX ASSETS / (LIABILITY) NET 13

Deductible temporary difference Tax losses carried forward Minimum tax

Provision against Islamic financing

Taxable temporary difference Surplus on revaluation of fixed assets

Surplus on revaluation of investments

Deductible temporary difference

Provision against Islamic financing and related assets Workers welfare fund

Taxable temporary difference Surplus on revaluation of fixed assets

Accelerated tax depreciation

Tax losses carried forward Minimum tax Deficit on revaluation of investments - net

Accelerated tax depreciation

and related assets Workers welfare fund

Deficit on revaluation of investments - net

	2	2019			
At Jan 01, 2019	Recognised in P&L A/C	Recgonised in OCI	At Dec 31, 2019		
Rupees in thousands					
806,991 88,851 28,025	135,775 152,884 -	- (28,025)	942,766 241,735 -		
21 797	842		863 797		
924,685	289,501	(28,025)	1,186,161		
(25,818) - (147,802)	455 - (14,925)	(18,629) (58,425)	(43,992) (58,425) (162,727)		
(173,620)	(14,470)	(77,054)	(265,144)		
751,065	275,031	(105,079)	921,017		
	2	018			
At Jan 01, 2018	Recognised in P&L A/C	Recgonised in OCI	At Dec 31, 2018		
	Rupees in	n thousands			
189,882	617,109	-	806,991		
31,249 208,258	57,602	(180,233)	88,851 28,025		
	57,602 - 21 -	- (180,233) - -			
208,258	-	(180,233) (180,233) (180,233)	28,025 21		
208,258 - 797	21	-	28,025 21 797		
208,258 	21 674,732 455	-	28,025 21 797 924,685 (25,818)		

>>>>> Continued

	BUSINESS RECORDER KARACHI FRIDAY 20	WI/ IKC11 2020	,					
	MBMC	B		SLAMI	С	BA	N	K LIMITED
N								ENDED DECEMBER 31, 2019
	∽Continued	INCIAL		IAIEWIENISFU	Note	2019 2018		Total cost for the year included in Other Operating Expenses relating to outsourced activities is
	Note 2019 Rupe	2018 es in thousands	22	SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX		Rupees in thousands		Rs.362.341 million (2018: Rs. 166.004 million). Out of this cost, Rs.360.555 million (2018: Rs.164.536 million) pertains to companies incorporated in Pakistan and Rs.1.786 million (2018: Rs.1.468 million) pertains to companies incorporated outside Pakistan. This includes expenses of outsourced services
14	OTHER ASSETS Profit / return accrued in local currency 2,434,00 Advances, deposits, advance rent and other prepayments 164,66			ASSETS - NET OF TAX Surplus / (deficit) arising on revaluation of: - Fixed assets	22.1	357,814 210,137		costs, which are disclosed above. The Bank has outsourced following activities:
	Advance taxation (payments less provisions) 11,03 Branch adjustment account 40,20	7 24,606 6 -		- Available for sale securities	22.2	166,929 (80,072) 524,743 130,065		SWIFT connectivity Statement rendition & dispatch of customers intimation letters Office staff
	Receivable against ATM transactions 156,43 Receivable under home remittances 11,83 Mark to market gain on forward foreign exchange contracts 11,83	1 13,945 - 169,697		Deferred tax on surplus / (deficit) on revaluation of: - Fixed assets - Available for sale securities	22.1 22.2	(43,992) (58,425) (25,818) 28,025		 Guarding / Monitoring / Patrolling Services Note 2019 2018 Rupees in thousands
	Acceptance 2,194,17 Others 37,20	8 57,119				(102,417) 2,207 422,326 132,272	29.1	Total compensation expense Managerial Remuneration
	5,049,78	6 2,289,371	22.1	Surplus on revaluation of fixed assets Surplus on revaluation of fixed assets as January 1 Recognised during the year		210,137 148,977 -		i) Fixed 799,104 612,875 ii) Variable a) Cash awards 80 5,185
15	CONTINGENT ASSETS	1). 1)		Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax Related deferred tax liability on incremental		(845) (845)		b) Accrual / (reversal) for staff bonus 200,000 (55,605) Contribution to defined contribution plan 55,152 39,859 Rent and house maintenance 347,802 256,942
16	There were no contingent assets of the Bank as at December 31, 2019 (2018: N BILLS PAYABLE	ı).		depreciation charged during the year Surplus on revaluation of fixed assets as at December 31 Less: Related deferred tax liability on:		(455) (455) 357,814 210,137		Utilities 77,000 57,065 Medical 32,339 24,161 Conveyance and fuel 254,734 189,726
	In Pakistan 973,62 Outside Pakistan	7 1,303,992		revaluation as at January 1 revaluation recognised during the year incremental depreciation charged during the year		25,818 18,629 (455) (455)		Special allowances 23,93 143,395 Leave encashment - 651 Sales commission 10,293 5,359
17	DUE TO FINANCIAL INSTITUTIONS	1,303,992				43,992 25,818 313,822 184,319		Staff takaful 54,102 38,641 Others 542 891
	In Pakistan 4,127,52 Outside Pakistan	- 81,869	22.2	Surplus / (deficit) on revaluation of available for sale securities - net of tax Available for sale securities	•		29.2	Auditors' remuneration
17.1	Particulars of due to financial institutions with respect to currencies	6 7,800,628		Listed shares Sukuks		175,625 (43,325) (8,696) (36,747)	29.2	Audit fee 2,100 1,925 Fee for interim review 825 825
	In local currency 4,127,52 In foreign currencies	6 7,718,759 - 81,869		Related deferred tax asset		166,929 (80,072) (58,425) 28,025 108,504 (52,047)		Other certifications and services 4,110 3,850 Sales tax on services 1,024 330 Out-of-pocket expenses 782 750
17.2	4,127,52 Details of due to financial institutions -	6 7,800,628			:		29.3	ljarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance
	Secured / Unsecured Secured Musharaka with the State Bank of Pakistan under		23	CONTINGENCIES AND COMMITMENTS Guarantees Commitments	23.1 23.2	6,467,046 3,092,537 11,498,973 18,593,888		sheet item. Note 2019 2018 Rupees in thousands
	Islamic Export Refinance Scheme 17.2.1 2,650,82 Unsecured			Other contingent liabilities	23.3	11,430,873 10,330,666 431,439 425,820 18,397,458 22,112,245	30	OTHER CHARGES Penalties imposed by the State Bank of Pakistan 24,386 4,582
	Musharaka arrangements 17.2.2 1,380,83 Musharaka arrangements with other institution 95,83 Overdrawn nostro 95,83	, ,	23.1	Guarantees: Performance guarantees Other guarantees	:	3,431,726 1,099,947 3,035,320 1,992,590	31	PROVISIONS & WRITE OFFS - NET 24,386 4,582 Provisions & write of involve
17.2	4,127,52 1 These Musharaka arrangements are on a profit and loss sharing basis maturing	7 7,800,628	23.2	-	:	6,467,046 3,092,537		Provision for diminution in value of investments 9.3 177,269 881,903 Provision against Islamic financing and related assets 10.10 22,545 13,641 Other write offs 31.1 - 102
	2020 to June 29, 2020 (2018: February 24, 2019 to June 26, 2019) and are se promissory notes executed in favour of the SBP. A limit of Rs. 2,760 million has Bank by SBP under Islamic Export Refinance Scheme.	cured against demand		Documentary credits and short-term trade-related transactions Letters of credit Commitments in respect of:		7,818,321 11,639,176	31.1	199,814 895,646 This represents obsolete stamp papers, acquired under demerger scheme, written off. 895,646
17.2.	 This represents Musharaka arrangements with banks carrying profit at expected ratio 9.0% per annum (2018: 9.40% to 9.80% per annum) and having maturity till J 			Forward foreign exchange contracts Commitments for acquisition of:	23.2.1	3,363,957 4,693,353	32	Note 2019 2018 Rupees in thousands TAXATION
18	DEPOSITS AND OTHER ACCOUNTS 2019	2018		Fixed assets Intangible assets Other commitments	23.2.2	- 10,395 8,940 29,647 307,755 2,221,317	52	Current 152,884 57,602 Deferred 13 (275,031) (641,833)
	In Local In Foreign currency currencies Total Currency	In Foreign currencies Total				11,498,973 18,593,888	32.1	Relationship between tax charge and accounting profit (584,231)
	Customers	nds	23.2.	Commitments in respect of forward foreign exchange contracts				Loss before taxation (365,759) (1,680,213) Tax at the applicable rate 35% 35% Tax on loss (128,016) (588,075)
	Current deposits 20,470,659 1,721,169 22,191,828 20,498,976 Savings deposits 31,630,709 2,085,896 33,716,605 29,634,547 Term deposits 15,049,977 72,099 15,122,076 5,040,187	1,599,388 22,098,366 1,705,967 31,340,514 104,191 5,144,378		Purchase Sale		882,210 3,465,359 2,481,747 1,227,994		Effect of: - permanent differences 8,535 1,604
	Telmi deposits Telmi deposits <thtelmi deposits<="" th=""> Telmi de</thtelmi>	- 3,690,026	23.2.	2 Other Commitments	:	3,363,957 4,693,353		- others (2,666) 2,240 Tax charge for the year (122,147) (584,231)
	Financial Institutions Current deposits 98,729 1,605 100,334 73,166	1,206 74,372	23.2.2.	Commitments to extend credit 1 Other than those stated above, the Bank makes commit business including related parties but these being revoc				(122,147) (004,221) 2019 2018 Rupees in thousands
	Savings deposits 1,986,733 1,554 1,988,287 5,885,026 Term deposits 3,815,631 - 3,815,631 5,074,501	- 5,885,028 - 5,074,501		expense if the facility is unilaterally withdrawn.	Note	2019 2018	33	BASIC AND DILUTED LOSS PER SHARE - AFTER TAX Loss after taxation (243,612) (1,095,982)
	5,901,093 3,159 5,904,252 11,032,695 77,971,188 3,882,323 81,853,511 69,896,434		23.3	Other contingent liabilities Claims against the Bank not acknowledged as debt		Rupees in thousands 431,439 425,820		Number of shares Weighted average number of ordinary shares 1,122,684,932 1,110,136,986
18.1	-	2018 s in thousands		This includes claim by a third party against the Bank, a contested in the Court of law. The suit has been dispos	sed off by the	Rs.425.820 million which is be e Court vide Order dated May	0,	Rupees Basic / diluted loss per share - after tax (0.217) (0.987) 2019 2018
10.1	Individuals 35,007,50 Government (Federal and Provincial) 7,692,69	1 5,087,472		2019 wherein the status quo has been ordered to be mai matter has been referred to arbitration with the conse received any official notice to attend the arbitration proc	nt of the pa	arties. However the Bank has r		CASH AND CASH EQUIVALENTS
	Public Sector Entities268,89Banking Companies1,037,90Non-Banking Financial Institutions4,866,20	1,343,993		In addition to the above, this includes claim by a custom which is pending before the court.	•	-		Cash and balances with treasury banks 10,252,547 6,990,369 Balances with other banks 8,822,985 1,422,701 Overdrawn nostro - (81,869)
	Private Sector 32,980,14 81,853,5		23.4	The Sindh Revenue Board (SRB) has issued order und the year 2016 thereby raising demand of Rs.0.642 million. of Inland Revenue Appeals which is pending adjudication	The Bank ha	is filed appeal before Commission gement of the Bank, in consultation	er on 34.1	Reconciliation of movement of liabilities to cash flows arising from financing activities
18.2	This includes deposits eligible to be covered under takaful arrangements amoun million (2018: Rs.40,534.489 million).	-		with its tax advisor, is confident that the decision in resp favor and accordingly no provision has been made in the			(S	2019 2018 Rupees in thousands
19	Note 2019 Rupe	2018 es in thousands	24	PROFIT / RETURN EARNED		Rupees in thousands		Share Capital Balance as at January 1, 11,200,000 10,000,000 Issue of share capital in cash 350,000 1,200,000
	Profit / return payable in local currency 19.1 679,21 Profit / return payable in foreign currencies 9,43	4,871		Financings Investments in - available for sale securities		7,288,776 3,419,424 1,411,649 562,606		Balance as at January 31, 11,550,000 11,200,000 Other liabilities 11,200,000 11,200,000
	Accrued expenses 333,12 Income received in advance 71,02 Acceptance 2,194,12	1 30,365		 held to maturity securities Musharaka arrangements with financial institutions 		400,202 82,370 1,811,851 644,976 555,462 97,176		Balance as at January 1, 2,413,116 - Payment of lease liability against right-of-use of asset (524,046) - Non cash based 3,061,980 -
	Branch adjustment account Payable under inter-bank fund transfer 3,80 Advance receipt against Islamic financing and related assets 6,15	- 191,069 5 71,960		Deposits with financial institutions		192,730 47,299 9,848,819 4,208,875		Cash based 2,644,746 - Balance as at January 31, 7,595,796 -
	Charity fund balance 19.2 57,76 Security deposits against ljarah financing 1,005,93 1,005,93	2 25,402 0 812,429	25	PROFIT / RETURN EXPENSED Deposits and other accounts Musharaka arrangements with the State		4,936,521 1,648,860	35	2019 2018 Numbers
	Retention money payable Payable under purchase of securities Withholding tax, Federal excise duty and other payable 21,68			Bank of Pakistan under IERS Musharaka arrangements with other financial institutions Musharaka arrangements with other institution	S	45,860 24,067 490,506 632,023 7,973 -		Permanent 1,593 1,473 On Bank contract 26 20
	Mark to market loss on forward foreign exchange contracts 22,8° Liability against ROU asset 19.3 Others 151,3°	- 8		Unwinding of liability against right-of-use of asset	25.1	374,201 - 5,855,061 2,304,950	35.1	Bank's own staff strength at end of the year <u>1,619</u> <u>1,493</u> In addition to the above, 571 (2018: 352) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services. All
19.1	7,595,79	6 2,413,116		ljarah of Musta'jir meeting the criteria prescribed by IFRS 16	"Leases" are Note	presented as on-balance sheet ite 2019 2018 Rupees in thousands	n. 36	of these employees were working with the Bank domestically in current and prior years. DEFINED CONTRIBUTION PLAN
	with SBP under Islamic Export Refinance Scheme. Note 2019	2018	26	FEE & COMMISSION INCOME Branch banking customer fees		12,407 9,589		The Bank operates an approved contributory provident fund for 1,304 (2018: 1,050) employees. Equal monthly contributions are made both by the Bank and its permanent employees to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his / her
19.2	•	es in thousands		Consumer finance related fees Card related fees Credit related fees		19,584 7,326 67,794 41,247 4,755 -		contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary. 2019 2018 Rupees in thousands
	Additions during the year - Received from customers against late payment 45,95	8 25,548		Digital banking fees Commission on trade Commission on guarantees		12,429 10,359 71,407 49,196 23,475 15,465		Contribution made by the Bank55,31540,001Contribution made by the employees57,61141,440
	Dividend purification amount 7,38 Profit on charity saving account 1,52	3 2,133 9 308		Commission on cash management Commission on remittances including home remittances Commission on banca takaful	8	134 - 9,439 3,340 70,021 25,549	37	COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL
	Charity paid during the year 19.2.1 (22,50 Closing balance	0) (8,100)		Others		3,046 174 294,491 162,245	37.1	Total Compensation Expense 2019 Directore
19.2.	Closing balance 57,74 1 Charity was paid to the following institutions: Arthiritis Care 1.00		27	GAIN / (LOSS) ON SECURITIES				Items
	Aziz Jehan Begum Trust for the Blind 1,00 Care Foundation Pakistan	0 700 - 700	27.1	Realised Realised gain / (loss) on: Enderal Government Securities - Sukuk certificates	27.1	(109,983) 17,738		CEO Executives Board CEO Personnel Controllers Fees and Allowances etc. 180 780 - - - Managerial Remuneration 180 780 - - -
	Chiniot Anjuman Islamia Family Welfare Society 1,00 Fast – NU Chiniot – Faisalabad Campus	- 600		Federal Government Securities - Sukuk certificates Shares		(78,014) (57) (31,969) 17,795 (109,983) 17,738		Maragenia menunueration 1) Fixed 5,319 18,328 58,144 74,799 1) Total Variable of which a) Bonus 1,000 21,000 26,334 21,166
	Fatmid Foundation 1,00 Indus Hospital 2,00 Infag Memorial Trust 1,00	0 700 0 -	28	OTHER INCOME Rental income	:	9,741 8,855		Contribution to defined contribution plan - - 163 1,483 4,344 6,038 Rent and house maintenance - - 879 8,248 23,458 33,455 Utilities - - 193 1,833 5,212 7,318
	Layton Rehmatullah Benevolent Trust 2,00	0 -		Locker rent Gain on sale of fixed assets - net Fees and charges recovered		9,250 3,770 161 208 591 187		Utilities 195 1,833 5,212 7,318 Medical 756 Conveyance 1,122 - 24,648 38,022 Special Pay 241 - 6,692 8,988
	Mind Organization 1,00 Pink Ribbon 5,00 Rising Sun Education & Welfare Society		29	OPERATING EXPENSES		19,743 13,020		Special ray 241 - 0,092 8,096 Charge allowance 2,100 Fuel Allowance 228 - 4,937 8,996 EX-Gratia 1,500 -
	Sindh Institute of Urology & Transplantation (SIUT)2,00Shaukat Khanam Memorial Cancer Hospital2,00	0 1,000		Total compensation expense Property expense Rent and taxes	29.1	2,065,081 1,319,145 72,448 412,615		LFA 4,290 11,000 880 Others 512
	The Citizens Foundation 2,00 The Lahore Hospital Welfare Society 50 The Patient Behbood Society for AKUH 1,00	0 600 0 500		Takaful expenses Utilities cost Security (including guards)		35,998 54,436 131,317 79,440 205,897 139,129		Total 180 - 780 9,147 55,182 166,269 202,940 Number of Persons 1 - 7 3 1 16 46 2018
				Repair and maintenance (including janitorial charges) Depreciation on right-of-use assets Depreciation	29.3 11.2	112,505 442,016 155,773 109,109		Items 2018 President / Chief Directors Executives Executive
19.2.	22,50 Charity was not paid to any staff of the Bank or to any individual / organisation in spouse had any interest at any time during the year.			Information technology expenses	1	1,155,954 862,457		Officer Fees - 790 -
19.3		sented as on-balance		Software maintenance Hardware maintenance Takaful expenses Denreciation	11.0	91,106 57,674 73,910 43,600 2,069 2,236 117,339 97,334		Managerial Remuneration including bonus and awards 27,274 - 398,412 Contribution to defined contribution plan 1,486 - 25,427 Rent and house maintenance 8,021 - 147,820 Initiase 1,782 - 39,877
20	SHARE CAPITAL Authorised capital			Depreciation Amortisation Network charges	11.2 12.1	111,65090,482109,40779,455		Utilities 1,782 - 32,837 Medical - - 6,677 Conveyance - - 87,247 Others - 104,713
	2019 2018 2019 Number of shares Ru	2018 bees in thousands		Other operating expenses Directors' fees and allowances	l	505,481 370,781 850 900		Others - 104,713 38,563 790 803,133 Number of Persons 1 7 302
=	1,500,000,000 1,500,000,000 Ordinary shares of Rs. 10/- each 15,000, Issued, subscribed and paid up capital Ordinary shares of Rs. 10/- each 15,000,			Remuneration to Shariah Board members Legal and professional charges Takaful expenses		8,1477,02943,55137,38268,45719,238	37.2	Remuneration paid to Directors for participation in Board and Committee Meetings
		2018 bees in thousands		Fee and subscription Outsourced services costs Travelling and conveyance	35.1	1,409 2,434 201,492 152,753 88,076 60,837		Meeting Fees and Allowances Paid For Board Committees
	Fully paid in cash 1,120,000,000 1,000,0000 Balance at beginning of the year 11,200, 25,000,000 100,000 Instant during the year right charge 350	, ,		Repair and maintenance vehicles NIFT clearing charges Brokerage, commission and bank charges		1,557 1,262 18,655 12,390 15,781 20,943		Sr. No. Name of Director For Board Meetings AC HR & RC RM & PRC BS & SQRC BIT BEC Total Paid Amount
-	35,000,000 120,000,000 Issued during the year - right shares 350, 1,155,000,000 1,120,000,000 Balance at end of the year 11,550, The Bank's shares are 100 percent held by MCB Bank Limited (MCB) - the percent held by MCB Bank Limi	000 11,200,000		Depreciation Training and development Postage and courier charges	11.2	13,336 7,998 15,964 10,811 52,044 42,468		I Raza Mansha 70 - 30 - 50 30 - 180 2 Ahmed Ebrahim Hasham 40 - 10 20 50 10 10 140
20.1	The Bank's shares are 100 percent held by MCB Bank Limited (MCB) - the panominee directors. Note 2019	rent company and its 2018		Communication Stationery and printing Marketing, advertisement and publicity		16,351 9,583 66,113 44,304 57,711 41,420		3 Omair Safdar 50 30 30 40 30 - 10 190 4 Attab Ahmad Khan 50 20 20 - 30 - 120
21	RESERVES	es in thousands		Auditors remuneration Entertainment Others	29.2	8,8417,68041,28829,50032,49721,857		5 Seema Aziz 30 20 - - 10 - 60 6 Dr.Khalid Zaheer 50 40 30 - - 10 - 130 7 Iterating Shareri 50 10 00 00 00 100
21.1	Statutory Reserves 26,44 Statutory reserve represents amount set aside as per the requirements of sec Companies Ordinance, 1962					752,120 530,789 4,478,636 3,083,172		7 Ibrahim Shamsi 50 10 - 30 20 30 - 140 Total Amount Paid 340 120 120 90 190 80 20 960
	Companies Ordinance, 1962.		I				I	>>>>>> Continued

SMCB ISLAMIC BANK LIMITED MCB Islamic Bank Ltd.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

>>> Continued

SEGMENT INFORMATION 39 39.1 Segment Details with respect to Business Activities

					Meeting Fees a	nd Allowances F	aid								
Sr.			For Board Committees						For Board Committees						
No.	Name of Director	For Board Meetings	AC	HR & RC	RM & PRC	BS & SQRC	BIT	BEC	Total Paid Amount						
					Rs	. in '000'									
1	Raza Mansha	30		30	-	20	10		90						
2	Ahmed Ebrahim Hasham	50	30	30			10	10	130						
3	Omair Safdar	50	50	30	40			10	180						
4	Aftab Ahmad Khan	40	30	20	30	40			160						
5	M.U.A. Usmani	30							30						
6	Dr.Khalid Zaheer	10	10	10	-				30						
7	Ibrahim Shamsi	50	40		30	30	20		170						
	Total Amount Paid	260	160	120	100	90	40	20	790						
Ren	nuneration paid to S	hariah Boa	rd Mem	bers											

2018

		2019			2018		
Items	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resider Member(s)	
		l	Rs. in '000'				
a. Meeting Fees and Allowances		-					
b. Other Heads							
Basic salary	2,166	1,953	1,200	2,005	1,700	962	
House rent		879			765		
Utilities	-	195		-	170		
Conveyance		1,122			817		
Fuel		228			171		
Special pay		241			238		
Bonus		1,000			57		
PF Employer		163			142		
Medical					60		
Total Amount	2,166	5,781	1,200	2,005	4,120	962	
Total Number of Persons	1	1	1	1	1	2	

FAIR VALUE OF FINANCIAL INSTRUMENTS 38

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements

The fair value of unquoted securities, placements, Islamic financing and related assets, other assets, other liabilities, fixed term deposits and acceptances cannot be calculated to the absence of a current and active market for these assets and liabilitie market rates for similar instruments.

The repricing profile with effective rates and maturity are stated in notes 42

In the opinion of the management, the fair value of the remaining financia significantly different from their carrying values since assets and liabilities a or in the case of customer financing and deposits are frequently re-priced.

The Bank measures fair values using the following fair value hierarchy th the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in activ or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices in observable for the assets or liability, either directly (i.e. as prices) or indire Level 3: Fair value measurements using input for the asset or liability that market data (i.e. unobservable inputs).

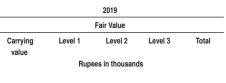
The table below analyses the financial and non-financial assets carried at fair For financial assets, the Bank essentially carries its investments in Sukul values. Valuation of investments is carried out as per guidelines specified financial assets, the Bank has adopted revaluation model (as per IAS 16) in

10.891.686

1.024.599

1,117,688

13.033.973



1.024.599

1,024,599

On-balance sheet financial instruments Financial assets measured at fair value

Investments
Federal Government Sec

38.1

(a)

(b)

(c)

urities Shares Non-Government Securities

Financial assets - disclos but not measured at fair valu

alculated wit	h sufficient re	eliability due		Reversal of provisions / (write off)		
l liabilities an	nd reliable da	ta regarding		Profit / (loss) before tax	(487,199)	131,929
				Balance Sheet		
notes 42.2.5	and 42.4.1 r	espectively.		Cash & Bank balances	3,352,342	
		lities are not		Investments		1,545,000
abilities are e e-priced.	ither short-te	erm in nature		Net inter segment placements Due from financial institutions	67,008,132	
archv that re	flects the sid	nificance of		Financing - performing - non-performing	4,406,883	55,495,912
···· , · ··· ·				Others	469,512	841,954
) in active ma	arkets for ide	ntical assets		Total Assets	75,236,869	57,882,866
				Bills payable	1,303,992	
prices include	ed within Lev	el 1 that are		Due to financial institutions	150,019	1,837,389
or indirectly	(i.e. derived	from prices).		Deposits & other accounts	72,888,033	419,152
ility that are	not based or	observable		Net inter segment acceptances Others	1,382,024	55,227,525
inty that are i				Total liabilities		266,871
od at fair valu	oe byyaluati	ion methods.			75,724,068	57,750,937
		urities at fair		Equity	(487,199)	131,929
		case of non-		Total Equity & liabilities	75,236,869	57,882,866
AS 16) in resp				Contingencies & Commitments	3,293,150	11,388,563
2019			39.2	Segment details with	respect to	geogra
Fair Value				The Bank operates in	Pakistan on	ly.
Level 2	Level 3	Total	40	RELATED PARTY TR	ANSACTIO	NS
es in thousand	ds			The Bank has related and its directors and k		•
				The Bank enters into t	ransactions	with rela
][10.001.000		Contributions to staff replan. Remuneration to appointment.		•
10,891,686 - 1,117,688	-	10,891,686 1,024,599 1,117,688	40.1	The details of transact	ions with rel	ated par
12,009,374	-	13,033,973				Parent

-	•		2019						
	Business Distribution	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub -total	Elimination	Total
Profit and Loss				R	upees in thou	isands			
Net spread earned	(4,732,206) 7.718.421	6,376,666	347,769	55,744	1,900,068	45,717 524,438	3,993,758	•	3,993,758
Inter segment revenue - net Other income	234,930	(5,824,387) 49,731	(271,752) 11,953	(17,220) 7,593	(2,129,500) 29,088	524,438 10,024	- 343,319		343.319
Total Income	3,221,145	602,010	87.970	46.117	(200,344)	580.179	4,337,077		4,337,077
Segment direct expenses	(2,081,126)	(97,629)	(80,731)	(37,024)	,	(2,184,878)	(4,503,022)		(4,503,022)
Inter segment expense allocation	(767,438)	(9,146)	(31,621)	(16,255)	(2,275)	826,735	(4,300,022)		(4,000,022)
Total expenses	(2,848,564)	(106,775)	(112,352)	(53,279)	(, ,	(1,358,143)	(4,503,022)		(4,503,022)
Provisions / write off	50		(19,284)	(3,311)	(177,269)		(199,814)		(199,814)
Profit / (loss) before tax	372,631	495,235	(43,666)	(10,473)	(401.522)	(777,964)	(365,759)		(365,759)
Balance Sheet	- ,	,	(-,,	())	(. ,. ,	(, /	(,)		(,)
Cash and bank balances	4,435,470				14,640,062		19,075,532		19,075,532
Investments		825,000			15,484,800		16,309,800		16,309,800
Net inter segment placements	75,590,970					4,029,719	79,620,689	(79,620,689)	
Due from financial institutions					5,851,664		5,851,664		5,851,664
Financing - performing	4,417,685	41,447,427	3,549,900	220,446		1,293,082	50,928,540		50,928,540
- non-performing	649	356,748	20,129	3,901	-		381,427		381,427
Others	3,327,291	2,741,874	157,006	6,873	1,193,604	5,043,650	12,470,298	•	12,470,298
Total Assets	87,772,065	45,371,049	3,727,035	231,220	37,170,130	10,366,451	184,637,950	(79,620,689)	105,017,261
Bills payable	973,627						973,627		973,627
Due to financial institutions	859,993	1,886,681			1,380,852		4,127,526		4,127,526
Deposits & other accounts	81,535,009	318,502	•		-		81,853,511		81,853,511
Net inter segment acceptances	•	40,218,683	3,193,648	241,454	35,966,904			(79,620,689)	
Others	4,030,805	2,451,948	577,053	239	29,017	506,734	7,595,796	•	7,595,796
Total liabilities	87,399,434	44,875,814	3,770,701	241,693	37,376,773	506,734	174,171,149	(79,620,689)	94,550,460
Equity	372,631	495,235	(43,666)	(10,473)	(206,643)	9,859,717	10,466,801		10,466,801
Total Equity & liabilities	87,772,065	45,371,049	3,727,035	231,220	37,170,130	.,, .	184,637,950	•	105,017,261
Contingencies & Commitments	4,748,692	10,223,226	2,643	•	(1,549,537)	8,940	13,433,964	•	13,433,964
					2018				
	Business Distribution	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub -total	Elimination	Total
				R	upees in thou	isands			
Profit & Loss									
Net spread earned	(1,592,103)	3,379,652	26,295	7,713	39,747	42,621	1,903,925		1,903,925
Inter segment revenue - net	2,962,857	(3,202,301)	(49,742)	(7,103)	(187,051)	483,340	-		
Other income	108,611	50,265	5,198	2,128	223,997	9,063	399,262	•	399,262

Not oproud ourriod	(1,002,100)	0,010,001	20,200	1,110	00,141	12,021	1,000,020		1,000,010
Inter segment revenue - net	2,962,857	(3,202,301)	(49,742)	(7,103)	(187,051)	483,340			
Other income	108,611	50,265	5,198	2,128	223,997	9,063	399,262	-	399,262
Total Income	1,479,365	227,616	(18,249)	2,738	76,693	535,024	2,303,187		2,303,187
Segment direct expenses	(1,410,908)	(89,850)	(48,067)	(11,686)	(17,892)	(1,509,353)	(3,087,754)		(3,087,754)
Inter segment expense allocation	(555,656)	(5,837)	(20,918)	(4,479)	(2,107)	588,999	-	•	
Total expenses	(1,966,564)	(95,687)	(68,985)	(16,165)	(19,999)	(920,354)	(3,087,754)		(3,087,754)
Reversal of provisions / (write off)		-	(12,968)	(673)	(881,903)	(102)	(895,646)		(895,646)
Profit / (loss) before tax	(487,199)	131,929	(100,202)	(14,100)	(825,209)	(385,432)	(1,680,213)		(1,680,213)
Balance Sheet									
Cash & Bank balances	3,352,342				5,060,728		8,413,070		8,413,070
Investments		1,545,000			11,168,954		12,713,954		12,713,954
Net inter segment placements	67,008,132					6,162,432	73,170,564	(73,170,564)	
Due from financial institutions					4,675,000		4,675,000		4,675,000
Financing - performing	4,406,883	55,495,912	1,657,100	67,342		1,269,201	62,896,438		62,896,438
- non-performing			10,705	61			10,766		10,766
Others	469,512	841,954	32,241	2,256	313,583	4,525,661	6,185,207		6,185,207
Total Assets	75,236,869	57,882,866	1,700,046	69,659	21,218,265	11,957,294	168,064,999	(73,170,564)	94,894,435
Bills payable	1,303,992					-	1,303,992		1,303,992
Due to financial institutions	150,019	1,837,389			5,813,220	-	7,800,628		7,800,628
Deposits & other accounts	72,888,033	419,152				-	73,307,185		73,307,185
Net inter segment acceptances		55,227,525	1,629,752	83,674	16,229,613	-	73,170,564	(73,170,564)	
Others	1,382,024	266,871	170,496	85	52,687	540,953	2,413,116		2,413,116
Total liabilities	75,724,068	57,750,937	1,800,248	83,759	22,095,520	540,953	157,995,485	(73,170,564)	84,824,921
Equity	(487,199)	131,929	(100,202)	(14,100)	(877,255)	11,416,341	10,069,514		10,069,514
Total Equity & liabilities	75,236,869	57,882,866	1,700,046	69,659	21,218,265	11,957,294	168,064,999	(73,170,564)	94,894,435
Contingencies & Commitments	3.293.150	11.388.563			4.508.682	465,862	19.656.257		19.656.257
contingenoice a communicitie	0,200,100	11,000,000			4,000,002	100,002	10,000,201		10,000,201

aphical locations

with its parent company, associates, employee benefit plans rsonnel and their close family members

elated parties in the normal course of business.

plan are made in accordance with the terms of the contribution officers is determined in accordance with the terms of their

arties and balances with them are given below



CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,044,475	9,937,242
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital Eligible Additional Tier 1 (ADT 1) Capital	8,140,251	8,449,229 -
Total Eligible Tier 1 Capital Eligible Tier 2 Capital	8,140,251 455,689	8,449,229 146,374
Total Eligible Capital (Tier 1 + Tier 2)	8,595,940	8,595,603
Risk Weighted Assets (RWAs): Credit Risk Market Risk Operational Risk	54,303,062 2,931,724 4,974,383	58,995,689 3,325,247 2,864,988
Total	62,209,169	65,185,924
Common Equity Tier 1 Capital Adequacy ratio	13.09%	12.96%
Tier 1 Capital Adequacy Ratio	13.09%	12.96%

	(040)	
Total Capital Adequacy Ratio	13.82%	13.19%
Tier 1 Capital Adequacy Ratio	13.09%	12.96%
Common Equity her i Capital Adequacy fallo	10.00 /0	12.3070

Statutory minimum capital requirement and Capital Adequacy Ratio (CAR)

The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Phase-in arrangement and full implementation of the minimum capital requirements

Ratio		Year End December 31,						
	2013	2014	2015	2016	2017	2018	2019	
						1		
CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	
ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	
Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%	
Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
*CCB	0%	0%	0.25%	0.65%	1.275%	1.90%	2.50%	
Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%	

* Capital Conservation Buffer (CCB) Consisting of CET1 only

The Minimum Capital Requirement of the Bank stands at Rs.10 Billion and is in compliance with the required capital adequacy ratio including CCB (12.50% of the risk-weighted assets) through improvement in the asset quality at the existing volume level, ensuring better recovery management and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposure The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank. As the Bank conducts business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across entire organization and aggregate the risks so as to take an integrated view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Bank to particular operations or activities

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge i compliance with Basel-III requirements. The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts, sensitivity and combinations of various limits. Besid conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment o positions assumed by its Treasury and FX Group. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon. Currently, the bank is reporting operational risk capital charge under Basi Indicator Approach (BIA)

Leverage Ratio (LR):

In order to avoid building-up excessive on and off-balance sheet leverage in the banking system monitoring of Leverage Ratio is in place as per SBP directives with the following objectives

- constrain the build-up of leverage in the banking sector which can damage the broader financia system and the economy; and
- reinforce the risk based requirements with an easy to understand and a non-risk based measure
- A minimum Tier 1 leverage ratio of 3% has been prescribed both at solo and consolidated level

2019 2018 Rupees in thousands

2019

2019

2018

2018

Rupees in thousands

Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	8,140,251	8,449,229
Total Exposures	122,793,297	112,806,919
Leverage Ratio	6.63%	7.49%
Liquidity Coverage Patio (LCP)		

The objective of Liqudity Coverage Ratio (LCR) is to ensure short-term resilience of the liqudity risk profile of the bank by ensuring availability of adequate High Quality Liquid Assets to survive a significant stress scenario lasting for 30 calendar days. LCR should be kept above 100% as per SBP guidelines

	Rupees in	thousands
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	20,622,000	16,245,706
Total Net Cash Outflow	16,912,917	14,292,812
Liquidity Coverage Ratio	121.93%	113.66%
Net Stable Funding Ratio (NSFR)		

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activites with sufficiently stable sources of funding on ongoing basis Banks are required to maintain NSFR requirement of at least 100% on an ongoing basis from December 31, 2017

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but not measured at fair value					
Investments (held to maturity)	3,275,827	-	-	-	-
Cash and balances					
with treasury banks	10,252,547	-	-	-	-
Balances with other banks Due from financial institutions	8,822,985 5,851,664	-	-	-	-
Islamic financing	3,031,004	-	-	-	-
and related assets - net	40,336,214	-		-	-
Other assets	4,873,992	-		-	-
Fair value of non-financial assets Operating fixed assets					
(land and building)	1,329,970	-	1,329,970		1,329,970
Off-balance sheet financial instruments	<u> </u>		, <u>,</u>		, <u>,</u>
Foreign exchange					
contracts purchase	882,210		(25,357)	-	(25,357)
Foreign exchange contracts sale	2,481,747	-	1,324	-	1,324
			2018		
			Fair Value		
	Carrying	Level 1	Level 2	Level 3	Total
	value	Bur	bees in thousan	de	
On-halance cheet financial instrumen	ate	nup	Joeo in thousan	40	
On-balance sheet financial instrumer Financial assets measured at fair val					
Investments					
Federal Government Securities	8,410,917	-	8,410,917	-	8,410,917
Shares	906,352	906,352	-	-	906,352
Non-Government Securities	848,416	-	848,416	-	848,416
	10,165,685	906,352	9,259,333	-	10,165,685
Financial assets - disclosed but not measured at fair value					
Investments (held to maturity)	1,964,936	-	1,964,936	-	1,964,936
Cash and balances					
with treasury banks	6,990,369	-	-	-	-
Balances with other banks Due from financial institutions	1,422,701 4,675,000	-		-	-
Islamic financing	4,070,000		-	-	-
and related assets - net	43,394,883	-	-	-	-
Other assets	1,994,815	-	-	-	-
Fair value of non-financial assets					
Operating fixed assets (land and building)	1,178,573		1,178,573		1 170 570
07	, ,	-	1,170,373	-	1,178,573
Off-balance sheet financial instrumer Foreign exchange contracts purchase	nts 3,465,359	-	213,328	-	213,328
Foreign exchange contracts sale	1,227,994	-	(43,649)	-	(43,649)
The Bank's policy is to recognis		ut of the diff	,	le hierarchv	,
date the event or change in circ between levels 1, 2 and 3 during	cumstances that caus g the year.				
Financial instruments in level Financial instruments included i	n level 1 comprise of	investments	in listed ordir	hary shares.	
Financial instruments in level Financial instruments included i	n level 2 comprise of	Sukuks and	Forward Exc	hange Contr	racts.
Financial instruments in level Currently, no financial instrumen	nt is classified in level				
Valuation techniques and inp					
Item			and input us		
Fully paid-up ordinary shares	Fair values of invest basis of closing quo Exchange.				
ljarah Sukuks (GOP	Fair values of GoP I	jarah Sukuk	s and other lia	arah Sukuks	are derived
ljarah Sukuks and other	using the PKISRV r	•			
ljarah Sukuks)	Association (FMA)	-			-
	of quotes received f	rom eight di	fferent pre-de	fined / appro	oved dealers
Foreign exchange	/ brokers. The valuation has b	een dotormi	ned by intern	olating the p	nid rates
Foreign exchange contracts	announced by the S			oraung me n	niu i dles
Operating fixed assets	Land and buildings			-	
(land and building)	valuers on the pane				
Trust Activities	is based on their as	sessment of	market value	e of the prop	erties.
	truct octivitie-				
The Bank is not engaged in any	uust activities.				

		Rs. In	thousands			Rs. In tho	usands	
es with other banks nt accounts	6,844				7 0 2 9			
nt accounts sit accounts	0,844				7,928			
	6,844				7,928			
financing and related assets								
g balance		12,263	92,318	490,514		13,103	83,778	314,132
n during the year during the year		- (12,263)	8,236 (16,642)	2,633,058 (2,361,635)		- (840)	39,988	1,258,648 (1,082,266)
r in / (out) - net		(12,200)	(4,278)	(2,001,000)		(040)	(16,225)	(1,002,200)
balance			79,634	761,937		12,263	92,318	490,514
ssets - Capital work in progress			.,			,		
e paid against purchase of property	20,000				20,000			-
issets								
ceivable			1,746	16,436			1,630	4,374
expenses	-	220	367	22,254	17.505	•	150	21,869
ble under scheme of merger ble under home remittance	11,282 11,852				17,585 13,945			
ble under ATM transactions	-			-	•			66,557
	23,134	220	2,113	38,690	31,530		1,780	92,800
inancial institutions								
balance	631,351			-	524,590			
during the year	22,355,349				40,942,611			
during the year	(22,105,847)			•	(40,835,850)	•		-
palance	880,853				631,351			
S halanca		E 400	21.626	389.094		628	53,386	270 000
balance during the year		5,488 99,236	21,626	389,094 16,583,485		628 46,565		379,888 8,756,755
vn during the year	-	(72,234)		(15,876,040)		(41,705)		(8,590,528)
in / (out) - net		(7,300)	(2,611)	204,470		-	(38)	(157,021)
alance		25,190	22,043	1,301,009		5,488	21,626	389,094
abilities								
yable	26,932	207	55	8,212	12,143		55	1,411
expenses bilities	-		2,640	5,996 1,583	3,056 2,305	- 110		9,421 1,169
	26,932	207	2,695	1,303	17,504	110	- 55	12,001
analog and Commitments	20,902	201	2,093	13,/31	17,304	IIV	00	12,001
encies and Commitments								
of Credit	-			922,170	·			663,838
of Guarantee				776,734				790,886
tment to extend credit								25,040
d exchange contract								
	000 640				1 510 070			
lase	803,640				1,516,079			
	1,240,454				605,589	•		•
ized gain on forward exchange contract - net	(27,493)		•	-	10,196	•		•
tions during the year								
urn earned		94	3,839	66,278		445	3,861	38,899
sion earned ncome	- 9,741			49,094	- 8,855		-	10,486
come		14	13		0,000		21	
	9,741	108	3,852	115,372	8,855	445	3,882	49,385
e			,	,				
turn expensed	176,229	841	281	30,536	118,887	1	797	6,373
sion expense					174			-
ement expense	- 24 452				3,056			
kpense xpense	34,453			- 91,332	27,873			- 86,770
expense	-			54,987				47,494
pense	1,019	850		620	120	900		21
	211,701	1,691	281	177,475	150,110	901	797	140,658
nsactions during the year								
		960				790		
al remuneration paid	-	55,182	175,416			38,563	146,987	
on paid to provident fund	-			112,926				81,321
sement under home remmittance payments	2,982,952				1,722,855			
under scheme of merger	-	•		-	22,214,180	•		
from issue of Share Capital from sale of fixed assote	350,000	-	-		1,200,000		- 25	-
from sale of fixed assets ment made against advance salary		66	53 800				25 1,085	
ent made against advance salary			950				2,445	
t made against expenses	23,636		-	142,230	6,140		_,	
currency purchase	35,648,100			-	19,345,617			
currency sale	25,846,588				11,344,980			•
Credit issued				1,835,927				2,297,576
Guarantee issued		•		362,480		•		135,664

	Rupees II	Tulousalius
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	70,542,798	65,452,794
Total Required Stable Funding	38,070,615	42,777,651
Net Stable Funding Ratio	185.29%	153.01%
The full disclosures on the CAPITAL ADEQUACY, LEVERAGE BATIO &	LIQUIDITY REQ	UIREMENTS as

per SBP instructions issued from time to time are available at http:// www.mcbislamicbank.com/investor relationship/financial-reports/financial

42 RISK MANAGEMENT

parties

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

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

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

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework and Annual Risk Appetite and Strategy document. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM & PRC), the senio management and its relevant committees, i.e. the Risk Management Committee (RMC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of a comprehensive Bisk Management Framework. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the Bank to ensure that risks are kept within an acceptable level.

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

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

- Credit Risk Management (including Credit Risk Review & Control)
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- Cyber Security Risk Management

42.1 Credit Risk

Credit risk arises from our dealings with individuals, corporate clients, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its financing and investment activities. It stems from the Bank's both, on and off-balance sheet activities. Credit risk makes up the largest part of the Bank's exposure. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. Organizational structure of this function ensures pre and post-facto management of credit risk. While, Credit Review function provides pre-fact evaluation of counterparties, the Credit Risk Control (CRC) performs post-fact evaluation of financing facilities and reviews clients' performance on an ongoing basis

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel-III requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Bank has developed rating systems and all its corporate and commercial financing customers are internally rated. The Bank is in the process of continuously improving the system and bringing it inline with the Basel framework requirements

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

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- Credit facility or material change to the credit facility is allowed subject to credit review
- Approval and review process is reviewed by RM&PRC and internal audit;

As a part of credit assessment the Bank uses an internal rating framework as well as the ratings assigned by the external credit rating agencies, wherever available.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control, being an independent function from the business and operations group, is responsible for performing the following activities:

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

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

To ensure a prudent distribution of asset portfolio, the Bank manages its lending and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBF Prudential Regulation R-1

>>>>> Continued

3 MCB ISLAMIC BANK LIMITED MCB Islamic Bank Ltd.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

> Continued

The Bank creates specific provision against Non- Performing Financings (NPFs) in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses Provisions against unidentified losses include general provision against consumer, small entities and micro financings made in accordance with the requirements of the Prudential Regulations issued by SBF and provision based on historical loss experience on financings.

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

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows

42.1.1 Due from financial institutions

	Gross F	Placements	Non-perfe	orming	Provision held	
	2019	2018	2019	2018	2019	2018
			Rupees in the	nousands		
Public / Government	3,371,664	-				
Private	2,480,000	4,675,000				
	5,851,664	4,675,000	-	-	-	

42.1.2 Investment in securities

Credit risk by industry sec	tor					
	Gross	nvestments	Non-perf	orming	Provision held	
	2019	2018	2019	2018	2019	2018
			Rupees in t	housands		
Power (electricity), Gas,						
Water, Sanitary	575,000	805,000	-	-		
Others	14,710,201	11,002,602		-	-	
	15,285,201	11,807,602	-	-	-	
Credit risk by public / private	sector					
	Gross	nvestments	Non-perf	orming	Provisio	n held
	2019	2018	2019	2018	2019	2018
			Rupees in t	housands		
Public/ Government	14,710,201	11,002,602				
Private	575,000	805,000	-	-		

11,807,602

42.1.3 Islamic financing and related assets

15,285,201

	Gross	Financing	Non-perfe	orming	Provision	n held
	2019	2018	2019	2018	2019	2018
			Rupees in th	nousands		
Agriculture, Forestry, Hunting						
and Fishing	1,372,806	1,522,956	262,500	-	-	
Textile	8,421,621	9,170,656	-	-	-	
Chemical and Pharmaceuticals	2,992,436	2,495,407	-	-		
Cement	1,751,603	2,440,705	-	-		
Sugar	3,333,916	4,550,940	-	-	-	
Footwear and Leather garments	209,238	198,269	-	-		
Automobile and transportation	,	,				
equipment .	735,686	2,793,600				
Electronics and electrical	,	,,				
appliances	437,865	1,253,263	-	-		
Construction	1,902,332	1,541,117				
Power (electricity), Gas,	1,002,002	1,041,117				
Water, Sanitary	1,149,412	2,449,405				
Wholesale and Retail Trade	843,110	798,485	649	699	649	6
Transport, Storage and	040,110	730,403	040	033	040	0.
Communication	8,452,160	10,282,770				
Financial	398,849	1,284,534	-	-	-	
Insurance	37,871	12.250	-	-		
Services	,	,	-	-	-	
	2,994,554	594,142	-	-	-	
Food, Beverages and Tobacco	4,055,746	7,878,647	-	-	-	
Paper	1,243,697	1,209,325	-	-	-	
Steel	2,574,610	3,135,518	-	-	-	
Shipbreaking	875,177	1,555,148	-	-	-	
Oil Refinery	1,000,000	1,400,000	-	-	-	
Plastic	356,202	149,816	-	-	-	
Individuals	4,904,893	2,950,365	20,129	10,007	1,648	
Others	1,302,886	3,254,746	98,149	60	1,043	
	51,346,670	62,922,064	381,427	10,766	3,340	7
Credit risk by public / private	sector					
	Gross	Financing	Non-perfo	orming	Provision	n held
	2019	2018	2019	2018	2019	2018
			Rupees in th	nousands		
Public/ Government	9,152,506	10.877,257	· .			
Private	42,194,164	52,044,807	381,427	10,766	3,340	7
	51,346,670	62,922,064	381,427	10,766	3.340	75
	01,010,010	02,022,004	551,HE7	,/ 00	3,040	10

42.1.4 Contingencies and Commitments

Credit risk by industry sector

42.1.

42.1.

2019

2018

Market Ris 42.2

Market Risk arises from changes in market rates such as Profit / Yield Rates, Foreign Exchange Rates Equity Prices, and/or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. MCB Islamic Bank is exposed to market risk primarily through its trading activities which are centered in Treasury and FX Group.

The Bank's Market Risk Management structure consists of Risk Management & Portfolio Review Committee (RM&PRC) of the Board, Management Finance Committee of management, ALCO. There is an independent Market Risk Management Division reporting directly to Group Head Risk Management. Market Risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. Market Risk seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Bank's market risk profile for senior management, the Board of Directors and regulators. Market risk authority, including both approval of market risk limits and approval of market risks is vested in the ALCO.

In line with regulatory requirements, MCB Islamic Bank has clearly defined, in its Risk Managemen policy, the positions which shall be subject to market risk. The definition covers the account classifications as well as positions booked by different business groups under "Available for Sa category. The assets subject to trading book treatment are frequently, mostly on daily basis, valued and actively managed. The positions which do not fulfill the criteria of Trading book falls under the Banking Book and are treated as per SBP requirements.

The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts providing guideline for assuming controlled market risk, its monitoring and management.

Beside conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by its treasury and capital market groups. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon.

A framework of stress testing, scenario analysis and reverse stress tests of both banking and trading books as per SBP guidelines is also in place. The results of the stress tests are reviewed by senior management and also reported to the SBP.

42.2.1 Balance sheet split by trading and banking books

		2019		2018			
	Banking book			Banking book	Trading book	Total	
			Rupees in th	ousands			
and balances with							
asury banks	10,252,547	-	10,252,547	6,990,369	-	6,990,369	
nces with other banks	8,822,985	-	8,822,985	1,422,701	-	1,422,701	
from financial institutions	5,851,664	-	5,851,664	4,675,000	-	4,675,000	
tments	3,275,827	13,033,973	16,309,800	1,964,936	10,749,018	12,713,954	
ic financing and related assets	51,309,967	-	51,309,967	62,907,204	-	62,907,204	
l assets	5,779,772	-	5,779,772	2,619,980	-	2,619,980	
gible assets	719,723	-	719,723	524,791	-	524,791	
rred tax assets	921,017	-	921,017	751,065	-	751,065	
r assets	5,049,786	-	5,049,786	2,289,371	-	2,289,371	
	91,983,288	13,033,973	105,017,261	84,145,417	10,749,018	94,894,435	

42.2.2 Foreign Exchange Risk

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

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

		2	019	
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
		Rupees in	thousands	
United States Dollar Great Britain Pound Sterling Euro Japanese Yen Other currencies	4,508,438 668,797 434,947 19,750 33,506	2,839,643 656,646 385,905 129	1,515,005 - - -	153,790 12,151 49,042 19,621 33,506
-	5,665,438	3,882,323	1,515,005	268,110
		2	018	
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
		Rupees in	thousands	
United States Dollar Great Britain Pound Sterling Euro Japanese Yen Other currencies	1,106,837 310,338 80,793 (81,857) 23,742	2,619,468 592,076 199,114 119 -	1,797,829 352,023 154,072 94,545	285,198 70,285 35,751 12,570 23,742
	1,439,853	3,410,777	2,398,469	427,546
	2019		20	18
	Banking book	Trading book	Banking book	Trading book
		Rupees in	thousands	
Impact of 1% change in foreign exchange rates on - Profit and loss account - Other comprehensive income	2,681	-	4,275	-

42.2.3 Equity position Risk

Bank's proprietary positions in the equity instruments expose it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management. The stress test for equity price risk assesses the impact of the fall in the stock market index using internal based assumptions.

Banking	Tradina					
book	Trading book	Banking book	Trading book			
Rupees in thousands						
-	34,701	-	35,649			
-	16,529	-	9,668			
	-	Rupees in - 34,701	Rupees in thousands - 34,701 - - 16,529 -			

econciliation of assets and liabilities exposed to yield / profit rate risk with total assets and liabilitie

	2019 Rupees in	thousands
Total financial assets as per note 42.2.5 Add: Non financial assets	86,447,202	71,191,722
Islamic financing and related assets Fixed assets	10,973,753 5,779,772	19,512,321 2,552,600
Intangible assets Deferred tax assets	719,723 921.017	592,171 751.065
Other assets	175,794	294,556
Total assets as per Statement of Financial Position	105,017,261	94,894,435
Total financial liabilities as per note 42.2.5 Add: Non financial liabilities Deferred tax liability	94,528,776	84,817,143
Other liability	21,684	7,778
Total liabilities as per Statement of Financial Position	94,550,460	84,824,921

42.3 **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks.

The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by BOD, is flexible enough to implement in stages and permits the overall risk managemen approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions are taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

An independent Operational Risk Management Function has also been established within the Risk Management Group, as per the requirements of SBP Basel Framework and in line with the international best practice. This function is responsible to ensure that management of operational risk in the Bank is carried out in accordance with the bank's approved policies and frameworks.

Operational Risk Management helps the Bank understand risks and improve mitigating controls so as to minimize operational risks that are inherent in almost all areas of the Bank. Going forward, the Bank will further strengthen its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

The key elements in the operational risk management process are:

- Risk Identification & Assessment
- Risk Monitoring & Reporting
- **Risk Control & Mitigation**

Operational Risk identification at MIB is based on utilization of diversified tools including but not limited to internal and external loss / control breach / near miss incidents data collection, process reviews internal / external audit / regulatory inspection observations, expert judgment and self-assessment etc Since scope of operational risk spreads across different functions of the bank , roles and responsibilities regarding operational risk management also spread across all the groups in the bank. Governance structure involved in management of operational risk is as follows:

- Board of Directors
- Risk Management and Portfolio Review Committee (RM&PRC)
- President Risk Management Group (RMG)
- All Business & Support Groups

Based on the analysis of operational risks through maintenance of operational risk database, a periodi reporting of operational losses and significant risk events is being done for review of RM&PRC or quarterly basis. The strong control environment encompasses documented policies / procedures and systems in all key areas as effective risk mitigation tools.

MIB is focusing on the following risk mitigation tools:

- Business Continuity Management / Disaster Recovery Planning
- Takaful
- Outsourcing

Continuous monitoring of the effectiveness of mitigants has been ensured through regular compliance reviews and independent validation by Internal / External Audit inspections

Operational risk covers a broad range of risks and is useful to sub-divide operational risk into two mai categories i.e Internal Risks & External Risks

Operational risk event types are further divided into seven types which are as under;

- Internal Fraud
- External Fraud
- Damage to Physical Assets
- Execution, delivery and process management
- Business disruption and system failure Employment practices and workplace safety
- Clients, products and business practices
- **Operational Risk-Disclosures Basel II Specific**

Since MIB currently being at infancy stage, is using Basic Indicator Approach (BIA) for allocation of capital charge for operational risk as the corner stone of capital allocation under advanced approache of Basel II is the historical time series of operational loss data.

Operational loss data pertaining to key risk events is also collected on bank-wide basis. Periodic review and analysis will be prepared for senior management and Risk Management and Portfolio Review Committee (RM&PRC) of the Board. Such reports will cover the significant risk events with root cause analysis and recommendations for further improvements

Business Continuity Planning & Health, Safety & Environment:

A comprehensive Business Continuity Plan is in place whereby all Branches & Head Office functions have developed their Alternate Sites which will be operational in case of emergency.

We have establish minimum safety standards that all businesses, offices and branches of the Bank must adhere to and encourages all employees to promote the safety of their fellow employees and customers

Fraud Risk Management:

Fraud Risk Management Unit has been formed under Risk management group to ensure appropriate protection of financial and reputational interest of the bank and core responsibilities are:

- Compliance on SBP directives for policies, procedures and internal / external reporting 24/7 Monitoring of Digital Banking & ADC transactions.
- Fraud training awareness.
- Handling frauds related complaints & their resolutions as per SBP directives
- Information Technology Security:

A dedicated IT Security Division working independently under Risk Management Group is now in place The main objectives of this division are to ensure:

						20	19	2010	
						Ru	upees in th	nousands	
	Agriculture, Forestry, H	lunting and Fi	shina			84,5	50	470,998	
	Textile		5			3,849,0		,940,903	Impact of 5% chan
	Chemical and Pharmad	ceuticals				934,3		,246,703	- Profit and loss a
	Cement					466,9		416,672	- Other comprehe
	Sugar					149,9		96,616	42.2.4 Yield / Profit Ra
	Footwear and Leather	garments				42,2		174,166	Yield rate sensit
	Automobile and transpo		ment			34,9		204,987	pricing or matur
	Electronics and electric					1,429,9		599,076	occurs when the
	Construction					1,407,1		238,942	particular time p risk. The effect
	Power (electricity), Gas	s, Water, Sani	tary			238,8		229,235	net worth.
	Wholesale and Retail T					798,5		,661,342	
	Transport, Storage and	Communicat	tion			682,0		,410,659	Profit rate risk is limits for reprici
	Financial					75,7		421,730	the monitoring of
	Insurance					2,5	58	-	
	Services					493,1	93	273,120	
	Food, Beverages and T	Tobacco				1,305,2	54	689,184	
	Paper					1,9	65	183,641	
	Steel					1,884,3	86 2	,329,573	
	Shipbreaking					152,9	76	186,028	Impact of 1% chan - Profit and loss a
	Oil Refinery					151,7	51	-	- Other comprehe
	Plastic					121,8	32	86,628	· ·
	Others					716,2	52 2	,518,647	42.2.5 Mismatch of P
						15,024,5	61 17	,378,850	
	Credit risk by public /	nrivate sect	or		-				
		private seet	.01						
	Public/ Government						-	-	
	Private				_	15,024,5	61 17	,378,850	
						15,024,5	61 17	,378,850	
1.5	Concentration of Isla	mic financing	and relate	ed assets	-				On-balance sheet financial instruments
			-						Assets
	The bank top 10 expos				id non-fun	ded expsou	ires) aggre	gated to Hs.	Cash and balances with treasury banks
	19,993 million (2018: F	(s.22,301 mill	ion) are as t	ollowing:					Balances with other banks Due from financial institutions
						20	19	2018	Investments
						Bi	upees in th	nousands	Islamic financing and related assets
	Fundad								Other assets
	Funded					14,863,3		,403,942	
	Non Funded				-	5,129,4	<u> </u>	,897,340	Liabilities Dile equable
	Total Exposure				_	19,992,8	18 22	,301,282	Bills payable Due to financial institutions
	The sanctioned limits ag	gainst these to	op 10 expso	ures aggre	gated to R	s. 24,617 m	illion (2018	: Rs. 24,283	Deposits and other accounts
		-							
	million).				-				Liabilities against assets subject to finance lease Subordinated debt
		d therein			-				Subordinated debt Other liabilities
	million). Total funded classifie	d therein					20		Subordinated debt
		d therein			2019	delen beld	20	18	Subordinated debt Other liabilities
		d therein		Am	2019	vision held			Subordinated debt Other liabilities On-balance sheet gap
		d therein		Am	2019	vision held Rupees in th	Amount	18	Subordinated debt Other liabilities On-balance sheet gap Off-balance sheet financial instruments
	Total funded classifie	d therein		Am	2019		Amount	18	Subordinated debt Ofher liabilities On balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts
		d therein		Am	2019		Amount	18	Suborinalised det Oher labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign euchange contracts Off-balance sheet gap
	Total funded classifie	d therein		Am	2019		Amount	18	Subordinated debt Ofher liabilities On balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts
	Total funded classifie OAEM Substandard	d therein		Am	2019		Amount	18	Suborinalised det Oher labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign euchange contracts Off-balance sheet gap
	Total funded classifie OAEM Substandard Doubtful Loss	d therein		Am	2019 ount Prov - - - -	Rupees in th - - - - -	Amount nousands - - -	18	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
	Total funded classifie OAEM Substandard Doubtful Loss Total				2019 ount Prov - - - - -	Rupees in th - - - - -	Amount nousands - - - - - -	18 Provision held - - - - -	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss		ets - Provin		2019 ount Prov - - - - -	Rupees in th - - - - -	Amount nousands - - - - - -	18 Provision held - - - - -	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total		ets - Provin		2019 ount Prov - - - - -	Rupees in th - - - - -	Amount nousands - - - - - -	18 Provision held - - - - -	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and		ets - Provin		2019 ount Pro- - - - - - - - - - - - - - - - - - -	Rupees in th - - - - - Disburseme	Amount nousands - - - - - -	18 Provision held - - - - -	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total		ets - Provin		2019 ount Pro- - - - - - - - - - - - - - - - - - -	Rupees in th - - - - - Disburseme	Amount nousands - - - - - -	18 Provision held - - - - - - - - - - - - - -	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and			 ce / Regio	2019 ount Pro - - - - - - - - - - - - - - - - - - 2019 Vitiliza KPK	Rupees in th - - - - Disburseme	Amount nousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and	related asse	ets - Provin Punjab		2019 ount Pro- - - - - - - - - - - - - - - - - - -	Rupees in th - - - - - Disburseme	Amount nousands - - - - - -	18 Provision held - - - - - - - - - - - - - -	Suborinaide det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and	related asse		ce / Regio	2019 ount Pro - - - - 2019 Utiliza KPK including FATA	Rupees in th - - - - Disburseme tion Balochistan	Amount nousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinaidei det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign euchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region	I related asse	Punjab	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA ses in thous	Rupees in th - - - - Disburseme tion Balochistan	Amount nousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinizatei det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap On-balance sheet financial instruments <u>Assets</u>
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region	Disbursements	Punjab	ce / Regio Sindh Rupr 3,121,144	2019 ount Pro - - - - 2019 Utiliza KPK including FATA	Rupees in tr - - - - Disburseme tion Balochistan sands 1,115	Amount nousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinaidei det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign euchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region	related asse Disbursements 181,096,698 111,038,060	Punjab 177,959,728 9,863	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA ses in thous 14,711	Rupees in th - - - - Disburseme tion Balochistan	Amount nousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinized det Other labilities On-balance sheet gap Off-balance abeet financial instruments - forward travign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap On-balance sheet financial instruments <u>Assets</u> Cash and balances with treasmy banks Balances with other banks Due from financial instruments
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA	Disbursements 181,096,698 111,038,060 39,559	Punjab	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA ses in thous	Rupees in tr - - - - - - - - - - - - - - - - - - -	Amount nousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinizated det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cash and balances with treasury banks Balances with other banks Due trom francial institutions Investments
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan	Disbursements 181,096,698 111,038,060 39,559 35,363	Punjab 177,959,728 9,863 5,895 -	ce / Regio Sindh 3,121,144 111,007,288 9,294	2019 ount Prov - - - 2019 Utiliza KPK including FATA - - - - - - - - - - - - - - - - - -	Rupees in tr - - - - Disburseme tion Balochistan sands 1,115	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held Provision held Comparison Provision held Comparison Provision Provision	Suborinaidei det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign euchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413	Punjab 177,959,728 9,863 5,895 - 1,538,628	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA ses in thous 14,711	Rupees in tr - - - Disburseme tion Balochistan aands - - - - - - - - - - - - - - - - - - -	Amount nousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinizated det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cash and balances with treasury banks Balances with other banks Due trom francial institutions Investments
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313	ce / Regio Sindh 3,121,144 111,007,288 - 9,294 1,440 -	2019 ount Pro - - - 2019 Utiliza KPK including FATA 2019 Utiliza 14,711 - 33,664 - 6,985	Rupees in tr - Disbursemotion sands 1,115 20,909 - 26,069 -	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinaidei det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign euchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413	Punjab 177,959,728 9,863 5,895 - 1,538,628	ce / Regio Sindh 3,121,144 111,007,288 - 9,294 1,440 -	2019 ount Pro - - - 2019 Utiliza KPK including FATA 2019 Utiliza 14,711 - 33,664 - 6,985 - 55,360	Rupees in tr - - - - - - - - - - - - - - - - - - -	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinization det Other labilities On-balance sheet gap Off-balance abeet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap De-balance sheet financial instruments Assets Cash and balances with treasury banks Balances with other banks Use from financing and related assets Other assets Liabilities Bills payable
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313	ce / Regio Sindh 3,121,144 111,007,288 - 9,294 1,440 -	2019 ount Pro - - - 2019 Utiliza KPK including FATA 2019 Utiliza 14,711 - 33,664 - 6,985	Rupees in tr - Disbursemotion sands 1,115 20,909 - 26,069 -	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinization det Other labilities On-balance sheet gap Off-balance sheet financial instruments - forward foreign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cash and balances with treasury banks Balances with other banks Due tom francial institutions Investments Islamic financing and related assets Other assets Eliabilities Bills poyable Due to financial institutions
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313	ce / Regio Sindh 3,121,144 111,007,288 - 9,294 1,440 -	2019 ount Pro - - - 2019 Utiliza KPK including FATA 2019 Utiliza 14,711 - 33,664 - 6,985 - 55,360	Rupees in tr - <t< td=""><td>Amount iousands - - - - - - - - - - - - - - - - - - -</td><td>18 Provision held - - - - - - - - - - - - - - - - - - -</td><td>Suborinizatei det Other labilities On-balance sheet gap Oth-balance sheet financial instruments -toward foreign enchange contracts Oth-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Coundative Yield /</td></t<>	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinizatei det Other labilities On-balance sheet gap Oth-balance sheet financial instruments -toward foreign enchange contracts Oth-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Coundative Yield /
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gigit-Baltistan Total	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313	ce / Regio Sindh 3,121,144 111,007,288 - 9,294 1,440 -	2019 ount Pro - - - 2019 Utiliza KPK including FATA - 33,664 - 6,985 - 55,360 2018	Rupees in tr - <t< td=""><td>Amount iousands - - - - - - - - - - - - - - - - - - -</td><td>18 Provision held - - - - - - - - - - - - -</td><td>Suborinaied det Other labilities On-balance sheet gap Off-balance abeet financial instruments - forward kreign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap De balance sheet financial instruments Assets Cash and balances with treasury banks Balances with other banks Due from financial instruments Islamic francing and related assets Other assets Liabilities Bilis payable Due to financial anstudions Deposits and other accounts Liabilities assets subject to finance lesse</td></t<>	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - -	Suborinaied det Other labilities On-balance sheet gap Off-balance abeet financial instruments - forward kreign exchange contracts Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap De balance sheet financial instruments Assets Cash and balances with treasury banks Balances with other banks Due from financial instruments Islamic francing and related assets Other assets Liabilities Bilis payable Due to financial anstudions Deposits and other accounts Liabilities assets subject to finance lesse
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gigit-Baltistan Total	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313 179,543,427	ce / Regio Sindh 3,121,144 111,007,288 - 9,294 1,440 -	2019 ount Pro - - - 2019 Utiliza KPK including 5019 Utiliza KPK including 14,711 - 33,664 - - 55,360 2018 Utiliza	Rupees in tr - <t< td=""><td>Amount iousands - - - - - - - - - - - - - - - - - - -</td><td>18 Provision held - - - - - - - - - - - - - - - - - - -</td><td>Suborinizatei det Other labilities On-balance sheet gap Oth-balance sheet financial instruments -toward foreign enchange contracts Oth-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Coundative Yield /</td></t<>	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - - - - - - - -	Suborinizatei det Other labilities On-balance sheet gap Oth-balance sheet financial instruments -toward foreign enchange contracts Oth-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Coundative Yield /
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gigit-Baltistan Total	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313	ce / Regio Sindh 3,121,144 111,007,288 - 9,294 1,440 - 114,139,166	2019 ount Pro - - - 2019 Utiliza KPK including FATA ees in thous 14,711 - 33,664 - 6,985 - 55,360 2018 Utiliza	Rupees in tr - - - - - - - - - - - - -	Amount iousands	18 Provision held - - - - - - - - - - - - -	Suborinaide det Other labilities On-balance sheet gap OH-balance sheet gap OH-balance sheet financial instruments - forward foreign euchange contracts OH balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cash and balances with treasury banks Balances with other banks Due trom francial institutions Investments Islamic financing and related assets Other assets Elibrities Bills poyable Due to financial institutions Leabilities againt assets subject finance lease Subordinate det
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gigit-Baltistan Total	Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313 179,543,427	ce / Regio Sindh Rupr 3,121,144 111,007,288 9,294 1,440 	2019 ount Pro - - 2019 Utiliza KPK including FATA 2019 Utiliza 33,664 - 33,664 - 55,360 2018 Utiliza KPK	Rupees in tr - - - - - - - - - - - - -	Amount iousands	18 Provision held - - - - - - - - - - - - -	Suborinaide det Other labilities On-balance sheet gap OH-balance sheet gap OH-balance sheet financial instruments - forward foreign euchange contracts OH-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Caunulative Yield / Profit Risk Sensitivity Gap Cash and balances with treasury banks Balances with other banks Due tom francial institutions Investments Islamic financing and related assets Other assets Liabilities Bills payable Due to financial institutions Leptolita and other accounts Liabilities Deptolita and other accounts Liabilities
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan Total Province / Region	Image: Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements	Punjab 177,959,728 9,863 5,885 1,538,628 29,313 179,543,427 Punjab	ce / Regio Sindh Rupr 3,121,144 111,007,288 9,294 1,440 - 114,139,166 Sindh Rup	2019 ount Pro - - - 2019 Utiliza KPK including FATA - - - - - - - - - - - - - - - - - -	Rupees in tr - - - - - - - - - - - - -	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held	Suborinaide det Other labilities On-balance sheet gap OH-balance sheet financial instruments - forward foreign euchange contracts OH-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cash and balances with treasury banks Balances with other banks Balances and related assets Other assets Liabilities Bills signals against assets subject to france lesses Subcontinated det Other labilities
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan Total Province / Region	related asse Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements 79,212,955	Punjab 177,959,728 9,863 5,895 - 1,538,628 29,313 179,543,427	ce / Regio	2019 ount Pro - - 2019 Utiliza KPK including FATA 2019 Utiliza 33,664 - 33,664 - 55,360 2018 Utiliza KPK	Rupees in tr - - - - - - - - - - - - -	Amount iousands	18 Provision held	Suborinaidei det Oher labilities On-balance sheet gap OH-balance sheet financial instruments - forward foreign exchange contracts OH-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap De Loss with other Danis Balances with other Danis Due from financial instruments Balances with other Danis Due from financial instruments Islamic financing and related assets Other assets Liabilities Bills payable Due to financial institutors Deposits and other accounts Liabilities Subordinated det Other labilities
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad ALK including Gilgit-Baltistan Total Province / Region	related asse Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements 79,212,955 31,520,529	Punjab 177,959,728 9,863 5,885 1,538,628 29,313 179,543,427 Punjab	ce / Regio Sindh Rupr 3,121,144 111,007,288 9,294 1,440 - 114,139,166 Sindh Rup	2019 ount Pro - - - 2019 Utiliza KPK including FATA ees in thous 255,360 2018 Utiliza kPK including FATA c,985 - - - - - - - - - - - - - - - - - - -	Rupees in tr - - - - - - - - - - - - -	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held	Suborinaidei det Other labilities On-balance sheet gap OH-balance sheet financial instruments - forward foreign exchange contracts OH-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Due tom financial instruments Balances with other banks Due tom financial instruments Other assets Clabilities Bills payale Due to financial institutions Degosts and other accounts Labilities Stabordinated det Other labilities
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan Total Province / Region	Isbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements 79,212,955 31,520,529 2,297	Punjab 177,959,728 9,863 5,885 1,538,628 29,313 179,543,427 Punjab	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA - - - - - - - - - - - - - - - - - -	Rupees in tr - - - - - - - - - - - - -	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held	Suborinaidei det Other labilities On-balance sheet gap OH-balance sheet gap OH-balance sheet financial instruments - forward foreign exchange contracts OH balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap De tom francial instruments Cash and chalances with thesaury banks Balances with other banks Due tom francial instructors Investments Islamic financial and the accounts Lubilities Bit pegale Due to financial instruments Other labitities Other labitities
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan Total Province / Region	Image: Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements 79,212,955 31,520,529 2,297 1,665	Punjab 177,959,728 9,863 5,885 1,538,628 29,313 179,543,427 Punjab 75,987,167	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA ees in thous 255,360 2018 Utiliza kPK including FATA c,985 - - - - - - - - - - - - - - - - - - -	Rupees in tr - - - - - - - - - - - - -	Amount iousands	18 Provision held	Suborinaide det Other labilities On-balance sheet gap OH-balance sheet gap OH-balance sheet financial instruments - forward foreign exchange contracts OH balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Due to financial institutions Investments Balances uith other banks Due to financial institutions I breastis Eliabilities Bills poyable Due to financial institutions Deposits and other accounts Liabilities Due to financial institutions Deposits and other accounts Liabilities Other liabilities Other liabilities
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gilgit-Baltistan Total Province / Region	Isbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements 79,212,955 31,520,529 2,297	Punjab 177,959,728 9,863 5,885 1,538,628 29,313 179,543,427 Punjab	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA ees in thous 255,360 2018 Utiliza kPK including FATA c,985 - - - - - - - - - - - - - - - - - - -	Rupees in tr - - - - - - - - - - - - -	Amount iousands - - - - - - - - - - - - - - - - - - -	18 Provision held - - - - - - - - - - - - -	Suborinaidei det Other labilities On-balance sheet gap OH-balance sheet gap OH-balance sheet financial instruments - forward foreign exchange contracts OH balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap De tom francial instruments Sensitive Sensitivity Gap De tom francial instructions Investments Usabilities Bili pegale Due to francial instructors Deposits and other accounts Lubilities Subcortinated det Other labilities
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gligit-Baltistan Total Province / Region	related asse Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements 79,212,955 31,520,529 2,297 1,665 5,463,291 .	Punjab 177,959,728 9,863 5,895 1,538,628 29,313 179,543,427 Punjab 75,987,167 1,025,472 1,025,472	ce / Regio Sindh Rup 3,121,144 111,007,288 - 9,294 1,440 - 114,139,166 Sindh Rup 2,961,934 31,520,529 - - -	2019 ount Pro - - - 2019 Utiliza KPK including FATA ees in thous 25,360 2018 Utiliza 55,360 2018 Utiliza kPK including FATA 2019 2,297 - - 2,297 - -	Rupees in tr - - - - - - - - - - - - -	Amount iousands	18 Provision held - - - - - - - - - - - - -	Suborinaidei det Oher labilities On-balance sheet gap OH-balance sheet financial instruments - forward treign exchange contracts OH-balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap De balance sheet financial instruments Assets Cash and balances with treasury banks Balances with offee banks Due from financial instruments Islamic francing and related assets Other assets Liabilities Bills payable Due to financial institutors Deposits and other accounts Liabilities Subordinated det Other liabilities On-balance sheet gap Off-balance sheet gap Total Yield / Profit Risk Sensitivity Gap
1.6	Total funded classifie OAEM Substandard Doubtful Loss Total Islamic financing and Province / Region Punjab Sindh KPK including FATA Balochistan Islamabad AJK including Gligit-Baltistan Total Province / Region	Image: Disbursements 181,096,698 111,038,060 39,559 35,363 10,804,413 51,420 303,065,513 Disbursements 79,212,955 31,520,529 2,297 1,665	Punjab 177,959,728 9,863 5,885 1,538,628 29,313 179,543,427 Punjab 75,987,167	ce / Regio	2019 ount Pro - - - 2019 Utiliza KPK including FATA ees in thous 255,360 2018 Utiliza kPK including FATA c,985 - - - - - - - - - - - - - - - - - - -	Rupees in tr - - - - - - - - - - - - -	Amount iousands	18 Provision held - - - - - - - - - - - - -	Suborinaide det Other labilities On-balance sheet gap OH-balance sheet gap OH-balance sheet financial instruments - forward foreign exchange contracts OH balance sheet gap Total Yield / Profit Risk Sensitivity Gap Cumulative Yield / Profit Risk Sensitivity Gap Due to financial institutions Investments Balances uith other banks Due to financial institutions I breastis Eliabilities Bills poyable Due to financial institutions Deposits and other accounts Liabilities Due to financial institutions Deposits and other accounts Liabilities Other liabilities Other liabilities

Yield rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re pricing or maturity date and for off-balance sheet instruments is based on settlement date. Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Bank's income, and resultant impact is on the Bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complene the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

	2019	9	2018		
	Banking book	Trading book	Banking book	Trading book	
		Rupees in	thousands		
Impact of 1% change in profit rates on - Profit and loss account	136,338	24,844	105,313	37,406	
 Other comprehensive income 	-	-	-	-	

.2.5 Mismatch of Profit Rate Sensitive Assets and Liabilities

						2019							42.4.1.1 Maturitie
					Ехро	sed to Yield/ Inte	rest risk						
	Effective Yield/ Profit rate	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-profit bearing financial instruments	
	%				F	upees in thousa	nds						Assets
nents													Cash and balances with treasury banks
nks	0.03 to 12.54 10.27 to 11.0 5.24 to 15.09 2.00 to 25.00	10,252,547 8,822,985 5,851,664 16,309,800 40,336,214	4,378,142 2,480,000 379,129 18,970,684	3,371,664 11,162,379 15,291,933	- 208,296 3,896,306	834,570 2,177,291	- - 1,159,936 -	- - 1,540,891 -		-		10,252,547 4,444,843 1,024,599	Balances with other banks Due from financial institutions Investments - net Islamic financing and related assets - net Fixed assets Intancible assets
		4,873,992		•	•	•		•				4,873,992	Deferred tax assets - net
		86,447,202	26,207,955	29,825,976	4,104,602	3,011,861	1,159,936	1,540,891			•	20,595,981	Other assets - net
ance lease	2.00 to 9.00 0.05 to 12.50	973,627 4,127,526 81,853,511 7,574,112	1,576,705 54,642,599	1,301,124	1,209,697	- 40,000 - - -		-	· · ·	- - - -		973,627 27,210,912 7,574,112	Liabilities Bills payable Due to financial institutions Deposits and other accounts Liabilities against assets subject to finance
		94,528,776	56,219,304	1,301,124	1,209,697	40,000						35,758,651	Sub-ordinated debts Deferred tax liabilities - net
		(8,081,574)	(30,011,349)	28,524,852	2,894,905	2,971,861	1,159,936	1,540,891				(15,162,670)	Other labilities
nents													
		(1,599,537)		(78,605)	78,570	•	•	•	•				Net assets
Gap		(1,599,537)	(1,599,502) (31,610,851)	(78,605) 28,446,247	78,570 2,973,475	- 2,971,861	-	- 1,540,891					Share capital Reserves
ivity Gap		-	(31,610,851)	(3,164,604)	(191,129)	2,780,732	3.940.668	5,481,559	5,481,559	5 481 559	5,481,559	-	Surplus on revaluation of assets - net of tai
ing oup		-	(01,010,001)	(0,101,001)	(101,120)	2018	0,010,000	0,101,000	0,101,000	0,101,000	0,101,000	-	Accumulated loss
					Expo	sed to Yield/ Inte	rest risk						
	Effective Yield/ Profit rate	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-profit bearing financial instruments	
	%				ŀ	upees in thousa	nds						Assets
nents													Cash and balances with treasury banks Balances with other banks
ıks	0.03 to 9.95 9.25 to 9.55 5.24 to 11.5 2.0 to 22	6,990,369 1,422,701 4,675,000 12,713,954 43,394,883 1,994,815 71,191,722		6,687,191 19,107,982 25,795,173	312,163 2,384,659 2,696,822	1,756,578 1,756,578	- - 3,516,900 - - 3,516,900	- - 1,159,936 - - 1,159,936		- - - - -		6,990,369 443,369 - 906,352 - 1,994,815 10,334,905	Due from francial institutions Investments - net Islamic francing and related assets - net Fined assets Intrargible assets Deferred tax assets - net Other assets - net
ance lease	2.0 to 9.8 0.04 to 9.66	1,303,992 7,800,628 73,307,185 - 2,405,338	6,587,409 47,444,421	1,131,350					•		-	1,303,992 81,869 25,862,764 - 2,405,338	Liabilities Bils payable Due to inancial institutions Deposits and other accounts Liabilities against assets subject to finance Sub-ordinated debts Deferred ta (biblies - net
		84,817,143	54,031,830	1,131,350								29,653,963	Other liabilities
		(13,625,421)	(28,100,422)	24,663,823	2,696,822	1,756,578	3,516,900	1,159,936				(19,319,058)	
nents													Net assets
		2,237,365	838,896	966,511	431,958								Share capital Reserves
		2,237,365	838,896	966,511	431,958								Surplus on revaluation of assets - net of tax Accumulated loss
Gap		_	(27,261,526)	25,630,334	3,128,780	1,756,578	3,516,900	1,159,936					Accombidieu 1055

(27.261.526) (1.631.192) 1.497.588 3.254.166 6.771.066 7.931.002 7.931.002 7.931.002 7.931.002

book	 Risk Assessment of all Information systems is carried out so that all vulnerabilities are identified and
	- Risk Assessment of an information systems is carried out so that an vulnerabilities are identified and
	mitigated proactively.
35.640	 IT security compliance initiatives are led and completed.

Creation and review of all frameworks, such as Information Security Policy, Risk Managemen Framework covering Cyber Security Action Plan, Payment Card Security Framework and Internet Banking guidelines. Information Security Office further ensures adherence to these frameworks by ITG

42.4 Liquidity Risk

painst assets subject to finance lease

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations o to fund increases in assets as they fall due without incurring an unacceptable cost. The Bank's Board of Directors sets Bank's policy for managing liquidity risk and entrusts accountability for supervision of the Implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have deputed invidity. adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. There is an Asset Liability Management Framework in place for focused handling of Liquidity. This framework also incorporates early warning indicators.

42.4.1 Maturities of assets and liabilities

42.4.1.1 Maturities of Assets and Liabilities - based on contractual maturity

							2019						
Total	Upto 1	Over 1	Over 7	Over 14	Over 1	Over 2	Over 3	Over 6	Over 9	Over 1	Over 2	Over 3	Above
	Day	to7	to 14	days to 1	to 2	to 3	to 6	to 9	months	to 2	to 3	to 5	5
		days	days	month	months	months	months	months	to 1 year	years	years	years	years
						Rupees	in thousands	1					
10,252,547	2,563,137	2,563,137	2,563,137	2,563,137									
8,822,985 5,851,664	1,111,996	3,111,996 500,000	2,111,996	2,486,996	3.371.664	•							•
5,851,004 16,309,800	1.024.599	000,000		1,900,000	3,3/1,004	57.500	109.574	- 57,500	944,144	1,494,084	1.655.891	100,000	10,866,508
51,309,967	3,698,512	1,188,880	174,809	1,433,230	4,258,637	7,101,251	10,224,961	2,175,521	222,090	3,744,110	5,040,382	6,713,499	5,334,085
5,779,772	1,278	7,669	8,947	50,294	67,520	67,753	201,258	199,975	195,783	757,831	675,602	1,137,504	2,408,358
719,723		•		11,090	11,225	11,677	35,150	35,388	35,395	141,504	134,288	232,269	71,737
1,186,161								863		210,356	974,942		•
5,049,786 105,282,405	356,952 8,756,474	390,349 7,762,031	408,701 5,267,590	539,756 9,064,503	472,937 8,181,983	358,496 7,596,677	478,242 11,049,185	285,561 2,754,808	285,561 1,682,973	6,347,885	8,481,105	1,473,231	- 18,680,688
100,282,400	8,/30,4/4	1,102,031	3,207,340	8,004,003	6,101,363	1,000,077	11,048,160	2,/04,000	1,002,973	0,34/,883	0,401,1U0	3,000,003	10,000,000
973,627	243,407	243,407	243,407	243,406									
4,127,526 81,853,511	100,000 63,978,667	500,000 1.955.876	- 643.002	880,850 3,760,520	350,000 3.997,697	951,124 1.747.366	1,305,552 1.061,440	40,000 1.085.983	3.460.398	23.357	135,705	3.500	
01,003,011 -	03,3/8,00/	1,200,6/0	043,002	3,/00,320	3,891,081 -	1,141,300	1,001,440	1,060,963	3,400,335	23,30/	130,700	3,300	
265,144	45	316	316	4,364	5,040	5,040	7,744	4,911	9,588	26,261	25,599	41,823	134,097
7,595,796	591,146 64,913,265	627,201	646,085	781,925	193,370	106,172	216,365	1,535,023	56,597	269,204	332,925	787,754	1,452,029
94,815,804	(56,156,791)	3,326,800	1,532,810 3,734,780	5,671,065 3,393,438	4,546,107	2,809,702	2,591,101 8,458,084	2,665,917 88,891	3,526,583	318,822	494,229	833,077 8,823,426	1,586,126 17.094,562
11,550,000	(00,100,101)	1,100,001	0,101,100	6,000,100	elecelere	1,100,010	0,100,001		(1,010,010)	0,020,000	1,000,010	0,000,000	11,000,000
26,444													
422,326													
(1,531,969)													
10,466,801													
							2018						
Total	Upto 1	Over 1	Over 7	Over 14	Over 1	Over 2	Over 3	Over 6	Over 9	Over 1	Over 2	Over 3	Above
								tn 9					
	Day	to 7 davs	to 14 davs	days to 1 month	to 2 months	to 3 months	to 6 months		months to 1 year	to 2 vears	to 3 vears	to 5 vears	5 vears
	Day	to 7 days	to 14 days	days to 1 month	months	months	to 6 months in thousands	months	to 1 year	years	to 3 years	to 5 years	5 years
		days	days	month		months	months	months					
6,990,369	1,747,592	days 1,747,582	days 1,747,593	month 1,747,592		months	months	months					
1,422,701		days 1,747,582 355,675	days	month		months	months	months					
1,422,701 4,675,000	1,747,592	days 1,747,582	days 1,747,593	month 1,747,582		months	months in thousands	months	to 1 year				
1,422,701	1,747,592 355,675	days 1,747,582 355,675	days 1,747,593	month 1,747,582		months Rupees	months	months		years	years - -	years	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600	, 1,747,592 355,675 906,352	days 1,747,592 355,675 4,675,000	days 1,747,593 355,676	month 1,747,582 355,675 1,098,155 21,454	months - - - - - - - - - - - - - - - - - - -	months Rupees - - - - - - - - - - - - - - - - - -	months in thousands	months	to 1 year	years ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	years 1,483,990 5,507,416 254,998	years - - - - - - - - - - - - - - - - - - -	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171	, 1,747,592 355,675 906,352	days 1,747,592 355,675 4,675,000	days 1,747,593 355,676	month 1,747,592 355,675 1,098,155	months 3,391,509 20,708 8,011	months Rupees 4,924,642 2,065,017 21,598 8,055	months in thousands	months	to 1 year	years ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	years 1,483,990 5,507,416 254,998 96,552	years - - 115,000 10,013,386	years 971,462 4,639,733
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240	1,747,582 355,675 906,352 1,564,394	days 1,747,582 365,675 4,675,000 1,140,403	days 1,747,583 355,676	month 1,747,592 355,675 1,098,155 21,454 8,011	months - - 3,391,509 20,708 8,011 850	months Rupees 4,924,642 2,065,017 21,598 8,055 1,938	months in thousands	months - - - - - - - - - - - - - - - - - - -	to 1 year	years ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	years 1,483,990 5,507,416 254,998	years - - - - - - - - - - - - - - - - - - -	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171	, 1,747,592 355,675 906,352	days 1,747,592 355,675 4,675,000	days 1,747,593 355,676	month 1,747,582 355,675 1,098,155 21,454	months 3,391,509 20,708 8,011	months Rupees - - - - - - - - - - - - - - - - - -	months in thousands	months	to 1 year	years	years 1,483,990 5,507,416 254,998 96,552	years - - - - - - - - - - - - - - - - - - -	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240 2,289,371 95,069,610	1,747,592 355,675 906,352 1,564,394 234,993 4,809,006	days 1,747,582 355,675 4,675,000 1,140,403 331,730 8,250,400	days 1,747,593 355,676	month 1,747,582 355,675 1,098,155 21,454 8,011 398,679 3,629,566	months - - 3,391,509 20,708 8,011 850 297,363	months Rupees 4,924,642 2,065,017 21,598 8,055 1,938 192,061	months in thousands : 167,880 16,106,813 65,635 24,165 24,165 187,994	months 115,833 6,145,367 68,181 24,165 187,993	to 1 year	years - - - - - - - - - - - - - - - - - - -	years 1,483,990 5,507,416 254,998 96,532 365,960	years - - - - - - - - - - - - - - - - - - -	years 971,462 4,639,733 1,448,385 65,515
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240 2,289,371 95,089,610	1,747,592 355,675 906,352 1,564,394 234,993 4,809,006 325,998	days 1,747,582 355,675 4,675,000 1,140,403	days 1,747,593 355,676 1,099,323	month 1,747,582 355,675 1,098,155 21,454 8,011 398,679 3,629,566 325,998	months - - - - - - - - - - - - - - - - - - -	months Rupees - - - - - - - - - - - - - - - - - -	months in thousands in thousands	months 115,833 6,145,367 68,181 24,165 187,993	to 1 year	years - - - - - - - - - - - - - - - - - - -	years 1,483,990 5,507,416 254,998 96,532 365,960	years - - - - - - - - - - - - - - - - - - -	years 971,462 4,639,733 1,448,385 65,515
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240 2,289,371 95,069,610	1,747,582 355,675 906,352 1,564,394 234,893 4,809,006 325,998 81,870	days 1,747,582 355,675 4,675,000 1,140,403 331,730 8,250,400 325,998	days 1,747,583 355,676 1,099,323	month 1,747,582 355,675 1,098,155 21,454 8,011 - 398,679 3,629,566 325,998 1,700,000	months	months Rupees - - - - - - - - - - - - - - - - - -	in thousands in thousands 167,860 16,106,813 65,655 24,165 187,994 16,552,487 1,437,408	months - - - - - - - - - - - - -	to 1 year	years years 3,850,965 5,498,900 205,983 164,040 559,910 10,279,798	years	years	years 971,462 4,639,733 1,448,385 65,515
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240 2,289,371 95,089,610	1,747,592 355,675 906,352 1,564,394 234,993 4,809,006 325,998	days 1,747,582 355,675 4,675,000 1,140,403 331,730 8,250,400	days 1,747,593 355,676 1,099,323	month 1,747,582 355,675 1,098,155 21,454 8,011 398,679 3,629,566 325,998	months - - - - - - - - - - - - - - - - - - -	months Rupees - - - - - - - - - - - - - - - - - -	months in thousands in thousands	months 115,833 6,145,367 68,181 24,165 187,993	to 1 year	years - - - - - - - - - - - - - - - - - - -	years 1,483,990 5,507,416 254,998 96,532 365,960	years - - - - - - - - - - - - - - - - - - -	years 971,462 4,639,733 1,448,385 65,515
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240 2,289,371 95,069,610	1,747,582 355,675 906,352 1,564,394 234,893 4,809,006 325,998 81,870	days 1,747,582 355,675 4,675,000 1,140,403 331,730 8,250,400 325,998	days 1,747,583 355,676 1,099,323	month 1,747,582 355,675 1,098,155 21,454 8,011 - 398,679 3,629,566 325,998 1,700,000	months	months Rupees - - - - - - - - - - - - - - - - - -	in thousands in thousands 167,860 16,106,813 65,655 24,165 24,165 187,994 16,552,487 1,437,408	months - - - - - - - - - - - - -	to 1 year	years years 3,850,965 5,498,900 205,983 164,040 559,910 10,279,798	years	years	years 971,462 4,639,733 1,448,385 65,515
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240 2,289,371 95,069,610	1,747,582 355,675 906,352 1,564,394 234,893 4,809,006 325,998 81,870	days 1,747,582 355,675 4,675,000 1,140,403 331,730 8,250,400 325,998	days 1,747,583 355,676 1,099,323	month 1,747,582 355,675 1,098,155 21,454 8,011 - 398,679 3,629,566 325,998 1,700,000	months	months Rupees - - - - - - - - - - - - - - - - - -	in thousands in thousands 167,860 16,106,813 65,655 24,165 24,165 187,994 16,552,487 1,437,408	months - - - - - - - - - - - - -	to 1 year	years years 3,850,965 5,498,900 205,983 164,040 559,910 10,279,798	years	years	years 971,462 4,639,733 1,448,385 65,515
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 582,171 926,240 2,289,371 95,069,610 1,303,992 7,800,628 73,307,185	1,747,592 355,675 9,96,552 1,564,394 4,809,006 8,1,670 63,088,006 63,088,006 9,9 9,9 9,9 9,0022	days 1,747,582 355,675 4,675,000 1,140,403 331,780 325,988 8,250,400 325,988 6,74 597,669	days 1,747,583 355,676 1,049,323 270,565 3,473,157 325,598 822,990,000 922,598 622,997 622,997 622,598 623,598 623,598 623,598 625,5	month 1,747,582 355,5675 1,068,155 21,454 8,011 308,679 3,629,566 325,988 325,989 3,629,566 1,700,000 1,444 664,606	months 3,891,509 20,708 8,011 20,708 8,011 20,708 20,708 3,01,500 20,708 1,301,500 21,301,360 4,100 2,938,064 1,009 2,988,804 1,009 2,988,804 1,009 2,988,804 1,009 2,988,804 1,009 2,988,804 1,009 2,988,804 1,009 2,988,804 1,009 2,988,804 1,009 2,000	months Rupees 2,065,017 21,588 8,055 1,988 8,055 1,988 1,920,61 1,193,332 - - - - - - - - - - - - - - - - - -	16,552,487 16,7,890 16,106,813 16,066,813 16,555,685 24,165 24,165 24,165 16,552,487 1,437,488 460,2666 460,2666 4	months 115,833 6,145,367 66,181 187,983 6,541,539 187,983 440,600	to 1 year 167,600 4,039,760 04,039,760 24,165 7,582 5,083,588 5,083,588 5,083,588 6,664	years 3,850,955 5,488,00 205,939 10,279,788 10,279,788 32,397	years 1,483,980 5,507,416 96,522 96,522 96,528 96,558 96,5589 96,5589 96,558 96,558 96,558	years 115,000 110,013,386 376,428 108,512 10,674,326 6,800 2,599 2,599 10,512	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 956,089,610 1,303,992 7,800,628 73,307,185	1,747,582 355,675 996,552 234,983 4,889,006 81,670 63,088,306 63,088,306 63,089,71,82	days 1,147,582 355,675 4,675,000 1,140,403 331,700 8,250,400 8,250,400 8,250,400 1,016,816 674 597,659 1,941,147	days 1,747,583 355,676 1,049,323 270,565 270,565 270,565 3,473,157 325,598 3,473,157 682,599 642,59 674 536,493 4,456,144	month 1,747,582 355,675 1,098,155 21,454 8,011 3,629,566 3,629,566 1,700,000 2,690,007 1,444 6,64,606 5,382,055	months 3,391,509 20,708 80,011 800 297,363 3,718,441 1,331,350 2,938,064 2,938,064 4,381,671	months Rupees 4,924,642 2,065,017 21,598 8,055 1,92,061 7,213,311 - 350,000 1,130,332 2,888 4,067 1,467,287	in thousands	months 115,833 6,145,387 68,181 187,983 6,541,539	to 1 year 	years 3,850,955 5,488,900 164,040 559,910 10,278,788 32,387 115,748 115,748 115,748	years 1,463,990 5,507,416 25,498 96,532 355,940 1,7708,866 1,981 48,914 48,915	years	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 956,089,610 1,303,982 7,800,628 73,307,185	1,747,592 355,675 9,96,552 1,564,394 4,809,006 8,1,670 63,088,006 63,088,006 9,9 9,9 9,0022	days 1,747,582 355,675 4,675,000 1,140,403 331,780 325,988 8,250,400 325,988 6,74 597,669	days 1,747,583 355,676 1,049,323 270,565 270,565 270,565 3,473,157 325,598 3,473,157 682,599 642,59 674 536,493 4,456,144	month 1,747,582 355,5675 1,068,155 21,454 8,011 308,679 3,629,566 325,988 325,989 3,629,566 1,700,000 1,444 664,606	months 3,891,509 20,708 8,011 20,708 8,011 20,708 3,718,441 1,331,350 2,938,064 2,938,064 109,669	months Rupees 2,065,017 21,588 8,055 1,988 8,055 1,988 1,920,61 1,193,332 - - - - - - - - - - - - - - - - - -	16,552,487 16,7,890 16,106,813 16,066,813 16,555,685 24,165 24,165 24,165 16,552,487 1,437,488 460,2666 460,2666 4	months 115,833 6,145,367 66,181 187,983 6,541,539 187,983 440,600	to 1 year 167,600 4,039,760 04,039,760 24,165 7,582 5,083,588 5,083,588 5,083,588 6,664	years 3,850,955 5,488,00 205,939 10,279,788 10,279,788 32,397	years 1,483,980 5,507,416 96,532 96,532 96,532 96,532 1,7708,886	years 115,000 110,013,386 376,428 108,512 10,674,326 6,800 2,599 2,599 10,512	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 926,240 2,289,371 95,069,610 1,303,992 7,800,628 73,307,185 2,413,116 85,000,096 10,069,514 11,200,000	1,747,582 355,675 996,552 234,983 4,889,006 81,670 63,088,306 63,088,306 63,089,71,82	days 1,147,582 355,675 4,675,000 1,140,403 331,700 8,250,400 8,250,400 8,250,400 1,016,816 674 597,659 1,941,147	days 1,747,583 355,676 1,049,323 270,565 270,565 270,565 3,473,157 325,598 3,473,157 682,599 642,59 674 536,493 4,456,144	month 1,747,582 355,675 1,098,155 21,454 8,011 3,629,566 3,629,566 1,700,000 2,690,007 1,444 6,64,606 5,382,055	months 3,391,509 20,708 80,011 800 297,363 3,718,441 1,331,350 2,938,064 2,938,064 4,381,671	months Rupees 4,924,642 2,065,017 21,598 8,055 1,92,061 7,213,311 - 350,000 1,130,332 2,888 4,067 1,467,287	in thousands	months 115,833 6,145,387 68,181 187,983 6,541,539	to 1 year 	years 3,850,955 5,488,900 164,040 559,910 10,278,788 32,387 115,748 115,748 115,748	years 1,463,990 5,507,416 25,498 96,532 355,940 1,7708,866 1,981 48,914 48,915	years	years
1,422,701 4,675,000 12,713,954 62,907,204 2,552,600 592,171 956,089,610 1,303,982 7,800,628 73,307,185	1,747,582 355,675 996,552 234,983 4,889,006 81,670 63,088,306 63,088,306 63,089,71,82	days 1,147,582 355,675 4,675,000 1,140,403 331,700 8,250,400 8,250,400 8,250,400 1,016,816 674 597,659 1,941,147	days 1,747,583 355,676 1,049,323 270,565 270,565 270,565 3,473,157 325,598 3,473,157 682,599 642,59 674 536,493 4,456,144	month 1,747,582 355,675 1,098,155 21,454 8,011 3,629,566 3,629,566 1,700,000 2,690,007 1,444 6,64,606 5,382,055	months 3,391,509 20,708 80,011 800 297,363 3,718,441 1,331,350 2,938,064 2,938,064 4,381,671	months Rupees 4,924,642 2,065,017 21,598 8,055 1,92,061 7,213,311 - 350,000 1,130,332 2,888 4,067 1,467,287	in thousands	months 115,833 6,145,387 68,181 187,983 6,541,539	to 1 year 	years 3,850,955 5,488,900 164,040 559,910 10,278,788 32,387 115,748 115,748 115,748	years 1,463,990 5,507,416 25,498 96,532 355,940 1,7708,866 1,981 48,914 48,915	years	years
1,422,701 4,675,000 12,713,54 62,907,204 2,552,600 2,259,720 95,058,610 1,303,992 2,289,371 1,303,992 2,289,371 1,303,992 2,289,371 1,303,992 2,289,371 1,303,992 2,307,185 5,500,098 10,058,514 11,200,000 85,044 11,200,000 25,644	1,747,582 355,675 996,552 234,983 4,889,006 81,670 63,088,306 63,088,306 63,089,71,82	days 1,147,582 355,675 4,675,000 1,140,403 331,700 8,250,400 8,250,400 8,250,400 1,016,816 674 597,659 1,941,147	days 1,747,583 355,676 1,049,323 270,565 270,565 270,565 3,473,157 325,598 3,473,157 682,599 642,59 674 536,493 4,456,144	month 1,747,582 355,675 1,098,155 21,454 8,011 3,629,566 3,629,566 1,700,000 2,690,007 1,444 6,64,606 5,382,055	months 3,391,509 20,708 80,011 800 297,363 3,718,441 1,331,350 2,938,064 2,938,064 4,381,671	months Rupees 4,924,642 2,065,017 21,598 8,055 1,92,061 7,213,311 - 350,000 1,130,332 2,888 4,067 1,467,287	in thousands	months 115,833 6,145,387 68,181 187,983 6,541,539	to 1 year 	years 3,850,955 5,488,900 164,040 559,910 10,278,788 32,387 115,748 115,748 115,748	years 1,463,990 5,507,416 25,498 96,532 355,940 1,7708,866 1,981 48,914 48,915	years	years
1,422,701 4,675,000 12,713,54 62,907,204 562,907,204 562,807,005 562,807,005 562,808,610 13,005,926 573,507,165 52,413,116 10,088,514 11,200,008 510,005,95 10,088,514 11,200,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,008 51,000,000,000 51,000,000,000,000 51,000,000,000,000,000,000,000,000,000,0	1,747,582 355,675 996,552 234,983 4,889,006 81,670 63,088,306 63,088,306 63,089,71,82	days 1,147,582 355,675 4,675,000 1,140,403 331,700 8,250,400 8,250,400 8,250,400 1,016,816 674 597,659 1,941,147	days 1,747,583 355,676 1,049,323 270,565 270,565 270,565 3,473,157 325,598 3,473,157 682,599 642,59 674 536,493 4,456,144	month 1,747,582 355,675 1,098,155 21,454 8,011 3,629,566 3,629,566 1,700,000 2,690,007 1,444 6,64,606 5,382,055	months 3,391,509 20,708 80,011 800 297,363 3,718,441 1,331,350 2,938,064 2,938,064 4,381,671	months Rupees 4,924,642 2,065,017 21,598 8,055 1,92,061 7,213,311 - 350,000 1,130,332 2,888 4,067 1,467,287	in thousands	months 115,833 6,145,387 68,181 187,983 6,541,539	to 1 year 	years 3,850,955 5,488,900 164,040 559,910 10,278,788 32,387 115,748 115,748 115,748	years 1,463,990 5,507,416 25,498 96,532 355,940 1,7708,866 1,981 48,914 48,915	years	years
1,422,701 4,675,000 12,713,564 62,907,204 562,907,204 562,807,005 562,807,005 562,808,610 1,005,866,610 1,005,865,800 1,005,865,800 1,005,865,800 1,005,865,800 1,005,865,800 1,005,865,800 1,005,800 1,	1,747,582 355,675 996,552 234,983 4,889,006 81,670 63,088,306 63,088,306 63,089,71,82	days 1,147,582 355,675 4,675,000 1,140,403 331,700 8,250,400 8,250,400 8,250,400 1,016,816 674 597,659 1,941,147	days 1,747,583 355,676 1,049,323 270,565 270,565 270,565 3,473,157 325,598 3,473,157 682,599 642,59 674 536,493 4,456,144	month 1,747,582 355,675 1,098,155 21,454 8,011 3,629,566 3,629,566 1,700,000 2,690,007 1,444 6,64,606 5,382,055	months 3,391,509 20,708 80,011 800 297,363 3,718,441 1,331,350 2,938,064 2,938,064 4,381,671	months Rupees 4,924,642 2,065,017 21,598 8,055 1,92061 7,213,311 - 350,000 1,130,332 2,888 4,067 1,467,287	months in thousands 167,860 16,056,813 16,056,813 24,165 24,165 24,165 24,165 1,652,467 1,652,467 1,652,467 1,652,467 460,056 8,664 460,056 1,907,008	months 115,833 6,145,387 68,181 187,983 6,541,539	to 1 year 	years 3,3,60,955 5,4,89,900 205,993 164,040 559,910 10,279,798 32,397 115,748 115,748 10,131,663	years 1,463,990 5,507,416 25,498 96,532 355,940 1,7708,866 1,981 48,914 48,915	years	years

MCB Islamic Bank Ltd. EN ANGLA & GTATEMANIC FOR THE VEAD ENDED DECEMBED 21 201

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

42.4.1.2 Maturities of assets and liabilities based on expected maturities

>>>>> Continued

ate 22

Cash and balances with treasury

Balances with other banks Due from financial institutio

nvestments - net slamic financing and related as

ixed assets

tangible asset

Deferred tax asset

Other assets

Bills navable

to finance lease Sub-ordinated loans

Deferred tax liability

Other liabilities

let assets

Share capital

ccumulated loss

Surplus on revaluation of assets - net of ta

Cash and balances with treasury banks

Islamic financing and related assets - net

Balances with other banks

vestments - net

Fixed assets ntangible asset

Deferred tax asse

Other assets

Bills payable

to finance lease

Other liabilities

let assets

Share capital

Accumulated loss

Surplus on revaluation of assets - net of ta

Sub-ordinated loans Deferred tax liability

Due to financial institutions

Deposits and other accounts iabilities against assets subjer

Due to financial institutions Deposits and other accounts

bilities against assets subje

Total	Up to 1	Over 1	Over 3	Over 6	Over 1	Over 2	Over 3	Over 5	Above
	month	to 3	to 6	months to	to 2	to 3	to 5	to 10	10 years
		months	months	1 year	years	years	years	years	
				Rupees in th	iousands				
10,252,547	10,252,547								
8,822,985	8,822,985								
5,851,664	2,480,000	3,371,664							
16,309,800	125,911	309,318	235,484	242,522	1,814,104	1,975,912	420,021	10,776,518	410,010
51,309,967	6,495,432	11,359,887	10,224,961	2,397,611	3,744,110	5,040,382	6,713,499	3,152,401	2,181,684
5,779,772	68,188	135,273	201,258	395,758	757,831	675,602	1,137,504		2,408,358
719,723	11,090	22,902	35,150	70,783	141,504	134,288	232,269	71,737	
1,186,161		-		863	210,356	974,942			
5,049,786	1,695,758	831,433	478,242	571,122			1,473,231		
105,282,405	29,951,911	16,030,477	11,175,095	3,678,659	6,667,905	8,801,126	9,976,524	14,000,656	5,000,052
973,627	973,627								

	Total	Up to 1	Over 1	Over 3	Over 6	Over 1	Over 2	Over 3	Over 5	Above
					201	8				
	10,466,801									
	(1,531,969)									
	422,326									
	26,444									
:	11,550,000									
	10,466,801	11,873,120	8,378,964	8,679,849	(2,513,841)	(7,942,242)	(5,984,428)	(5,147,878)	(1,876,795)	5,000,052
	94,815,604	18,078,791	7,651,513	2,495,246	6,192,500	14,610,147	14,785,554	15,124,402	15,877,451	
	7,595,796	2,646,357	299,542	216,365	1,591,620	269,204	332,925	787,754	1,452,029	
	265,144	5,041	10,080	7,744	14,499	26,261	25,599	41,823	134,097	
	81,853,511	12,877,061	6,040,767	1,061,440	4,546,381	14,314,682	14,427,030	14,294,825	14,291,325	.
	4,127,526	1,576,705	1,301,124	1,209,697	40,000					.

					-		-		
		months	months	1 year	years	years	years	years	
	month	to 3	to 6	months to	to 2	to 3	to 5	to 10	10 years
Iotal	Up to 1	Over 1	Over 3	Over 6	Over 1	Over 2	Over 3	Over 5	ADOVE

6,990,369	6,990,369								
1,422,701	1,422,701								
4,675,000	4,675,000								
12,713,954	54,380	5,033,404	222,242	419,647	3,989,173	1,632,209	253,219	790,571	319,109
62,907,204	4,902,275	5,456,526	16,106,813	10,782,155	5,498,900	5,507,416	10,013,386	2,832,250	1,807,483
2,552,600	21,454	42,306	65,655	137,381	205,993	254,998	376,428	349,255	1,099,130
592,171	8,011	16,066	24,165	48,330	164,040	96,532	169,512	65,515	
926,240		2,788		7,582	559,910	355,960			
2,289,371	1,235,966	489,425	187,994	375,986					
95,069,610	19,310,156	11,040,515	16,606,869	11,771,081	10,418,016	7,847,115	10,812,545	4,037,591	3,225,722
1,303,992	1,303,992					.			
7,800,628	4,681,870	1,681,350	1,437,408						
70.007.405	40.077.750	4 000 000	400,000	00 400 400	44 577 557	44 500 070	7 700 570	0.040.007	0.040.007

73,307,185	10,077,750	4,068,396	460,936	20,130,126	11,577,557	11,592,073	7,703,573	3,848,387	3,848,387
								•	•
•						•			•
175,175	2,888	5,776	8,663	17,327	115,749	1,991	2,599	10,091	10,091
2,413,116	2,299,680	113,436							•
85,000,096	18,366,180	5,868,958	1,907,007	20,147,453	11,693,306	11,594,064	7,706,172	3,858,478	3,858,478
10,069,514	943,976	5,171,557	14,699,862	(8,376,372)	(1,275,290)	(3,746,949)	3,106,373	179,113	(632,756)
11,200,000									
26,444									
132,272									

Liquidity Gap Reporting

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Bank conducted a behavourial study using value at risk methodology. On the basis of its findings 9.14% of current accounts and saving accounts are bucketed into Upto 1- year maturity while 90.86% of current accounts saving accounts are bucketed in over 1 year maturity.

43.1 The Bank is maintaining the following types of pools for profit declaration and distribution

PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' AND SPECIFIC POOLS

1) General Pool

43

- 2) IERS Musharaka Pool
- 3) Treasury Musharaka / Mudaraba Pools
- 4) Special Musharaka Pool
- 5) Equity Pool

Features, risks and rewards of each pool are given below:

1) General Pool

The Bank manages one general pool for its depositors' (Rabbul Mal) maintaining deposits in both local and foreign currencies and also commingled its equity in this pool. The income (gross income less direct expenses) generated from the pool is distributed between Bank's equity and depositors' fund in proportion to their respective share in the pool. Under the Mudaraba mechanism, the income so distributed to depositors' fund is shared between the Bank (Mudarib) and depositors' (Rabbul Mal) according to the pre-agreed profit sharing ratios and assigned weightages.

The deposits and funds accepted under the General Pool are deployed to diversified sectors and avenues of the economy / business mainly to 'Agriculture, Forestry & Fishing', 'Textile & Allied', 'Food & Allied', 'Distribution & Trade', 'Investment in Government of Pakistan Ijarah Sukuk', etc.

Parameters associated with risk and rewards

- Following are the consideration attached with risk and reward of general pool
- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected amount of procurement of deposit during coming days as a result of concerted marketing efforts of the Bank.
- Element of risk attached to various types of investments.
- SBP rules and Shari'ah clearance.
- 2) Islamic Export Refinance Scheme (IERS) Musharaka Pool

The Bank manages IERS Musharaka Pool for funds accepted from SBP under IERS. Under the PLS mechanism, the Bank generates revenues from the pool funds which are shared with the SBP according to the pre-agreed profit sharing ratios. Musharaka investments from the SBP under IERS are channeled towards the export sector of the economy and other financings as per SBP guidelines.

3) Treasury Musharaka / Mudaraba Pools

The Bank accepts funds from other banks to manage its liquidity under Musharaka / Mudaraba mode. The funds accepted are tagged to remunerative assets having maturity on or after the period for which funds are accepted. The revenue generated from the pool asset is shared between the bank and other member of the pool according to pre-agreed profit sharing ratios or assigned weightages accordingly.

4) Special Musharaka Pool

The Bank under Musharaka agreement accepts funds from institution(s) (other than banks). The comingled funds under this arrangement are deployed in remunerative assets as per the terms of agreement. The revenue generated from these assets are then shared as per pre-agreed profit sharing ratio.

5) Equity Pool

The Equity Pool consists of Bank's equity and funds accepted on Qard (non-remunerative current deposit account) basis. The funds of this pool are invested in various assets or ventures which are higher in risk or having longer funding period. In addition to that all staff financings are financed by this pool. The risk of assets in the pool is borne by the Bank.

Charging of expenses

Direct expenses are being charged to respective pools, while indirect expenses such as general and administrative expenses are being borne by the Bank as Mudarib. No provision expense is charged to the pool unless it is written off. The direct expenses charged to the pool may include depreciation of ljarah assets, premium amortization on Sukuk, impairment losses due to physical damages to specific assets in pools etc. However, this is not an exhaustive list; the Bank's pool management framework and the respective pool creation memo may identify and specify these and any other similar expenses to be charged to the pool.

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the Annual Report of MCB Islamic Bank Limited (the Bank) for the year ended December 31, 2019.

(1.289.202)

10,069,514

	Ē	Rupees in N	lillion
Statement of Financial Position	2019	2018	Growth (%)
Deposits	81,854	73,307	12%
Total Assets	105,017	94,894	11%
Investments – net	16,310	12,714	28%
Islamic Financing – net	51,310	62,907	-18%
Shareholders' Equity (including revaluations)	10,467	10,070	4%
Profit & Loss Account			
Operating income	4,337	2,303	88%
Operating and other expenses	4,503	3,088	46%
Loss before provisions	(166)	(785)	-79%
Provisions against financing and investments	200	896	-78%
Loss before taxation	(366)	(1,680)	-78%
Loss after taxation	(244)	(1,096)	-78%
Basic / diluted loss per share - Rs.	(0.22)	(0.99)	-78%

Credit Rating

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 positive outlook.

Risk Management

Risk Management Framework comprises governance and organizational structure, policy and procedures, risk assessment techniques, tools, systems, early warning indicators, reporting and escalation mechanism aligned with the

43.2	Following are the detail of profit distribution among different pool maintained by the Bank:	

				2019				
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate return distributed	General Hiba	Amount of General Hiba
			%	%	Rupees in	%	%	Rupees in
					thousands			thousands
_	General Pool	Monthly	13.36	50.00	3,710,740	8.82	31.84	1,181,467
		Profit Rate &	Profit	Profit		Profit		Amount
	Pool Description	weightage	Rate	Sharing	Mudarib	Rate	General	of
		announcement period	Earned	Ratio of Mudarib	Fee	return distributed	Hiba	General Hiba
L		periou	<u>^</u>		Dumana in			
			%	%	Rupees in thousands	%	%	Rupees in thousands
	Islamic Export Refinance (IERS) Po	Monthly	7.92		inouounuo	2.00		inousunde
	Treasury Musharak Mudaraba Pool	a/ As required	11.51			9.88		
	Special Musharakh F	Pool Monthly	8.69			8.08		
	Equity Pool	Monthly	1.58			0.00		
ſ				2018				
		Profit Rate &	Profit	Profit		Profit		Amount
	Pool Description	weightage	Rate	Sharing	Mudarib	Rate	General	of
		announcement	Earned	Ratio of	Fee	return	Hiba	General
		period		Mudarib		distributed		Hiba
-			%	%	Rupees in thousands	%	%	Rupees in thousands
	General Pool	Monthly	8.18	50.00	1,350,604	F 00	22.10	000 447
	Gonoran oor	wontiny	0.10	50.00	1,000,004	5.00	22.10	298,447
Γ		Profit Rate &	Profit	Profit	1,000,004	Profit	22.10	Amount
				1	Mudarib		General	,
	Pool Description	Profit Rate &	Profit	Profit		Profit		Amount
		Profit Rate & weightage	Profit Rate	Profit Sharing	Mudarib	Profit Rate	General	Amount
		Profit Rate & weightage announcement	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate return	General	Amount of General Hiba
		Profit Rate & weightage announcement	Profit Rate	Profit Sharing Ratio of	Mudarib	Profit Rate return distributed	General Hiba	Amount of General Hiba Rupees in
	Pool Description	Profit Rate & weightage announcement	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in	Profit Rate return distributed	General Hiba	Amount of General Hiba Rupees in
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in	Profit Rate return distributed	General Hiba	Amount of General Hiba Rupees in
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in	Profit Rate return distributed	General Hiba	Amount of General Hiba Rupees in
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in	Profit Rate return distributed	General Hiba	Amount of General Hiba Rupees in
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in	Profit Rate return distributed	General Hiba	Amount of General
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned %	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in	Profit Rate return distributed % 2.00	General Hiba	Amount of General Hiba Rupees in
4	Pool Description	Profit Rate & weightage announcement period ol Monthly a/ As required	Profit Rate Earned % 4.63 7.00	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in	Profit Rate return distributed % 2.00	General Hiba	Amount of General Hiba Rupees in
1	Pool Description	Profit Rate & weightage announcement period ol Monthly a/ As required Monthly	Profit Rate Earned % 4.63 7.00 2.10	Profit Sharing Ratio of Mudarib	Mudarib Fee Rupees in thousands	Profit Rate return distributed % 2.00 6.64	General Hiba %	Amount of General Hiba Rupees in thousands
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned % 4.63 7.00 2.10 ed off to the	Profit Sharing Ratio of Mudarib %	Mudarib Fee Rupees in thousands	Profit Rate return distributed % 2.00 6.64	General Hiba %	Amount of General Hiba Rupees in thousands
4	Pool Description	Profit Rate & weightage announcement period ol Monthly a/ As required Monthly	Profit Rate Earned % 4.63 7.00 2.10 ed off to the	Profit Sharing Ratio of Mudarib %	Mudarib Fee Rupees in thousands	Profit Rate return distributed % 2.00 6.64	General Hiba %	Amount of General Hiba Rupees in thousands
	Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned % 4.63 7.00 2.10 ed off to the FOR ISS	Profit Sharing Ratio of Mudarib %	Mudarib Fee Rupees in thousands	Profit Rate return distributed % 2.00 6.64 ees unless oth	General Hiba %	Amount of General Hiba Rupees in thousands

Syed Iftikhar Hussain Rizvi	Muhtashim Ahmad Ashai	Omair Safdar	Dr. Khalid Zaheer	Aftab Ahmad Khan	
Chief Financial Officer	President / Chief Executive	Director	Director	Director	

2019 along with attendance are as below

Details for the meetings of the BOD and sub-committees held during the Yea

-				Attendance	_	-	
Directors	BOD	BAC	HR & RC	RM & PRC	BITC	BEC	BSSQRC
Raza Mansha	6/6	-	3/3		3/3		3/5
Aftab Ahmad Khan	4/6	2/4	2/2	0/1	-		3/5
Ibrahim Shamsi	5/6	1/1	-	3/4	3/3		1/1
Omair Safdar	4/6	3/4	3/3	4/4	-	1/1	1/1 *
Ahmed Ebrahim Hasham	4/6	-	1/1	2/3	1/1	1/1	3/4
Dr. Khalid Zaheer	4/6	4/4	3/3		1/2	0/1	-
Seema Aziz	3/5	2/3			-		1/4
Muhtashim Ahmad Ashai	5/5	-		3/3	2/3		4/4

Bank's Performance

In 2019, the Bank continued its active focus on managing its economic capital prudently to attain consistent growth in deposit base and high quality assets despite multiple challenges being faced by the Banking sector due to weak macroeconomic conditions in the country. The margins remained compressed due to repricing lag between earning assets and liabilities, along with rising cost of doing business, increasing regulatory and compliance costs, tax imposition, and implementation of new International Financial Reporting Standards even though the SBP's policy rate was at rising trend.

The Bank has shown a sustainable performance both at business and financial fronts due to support of its optimal organizational structure, multi-dimensional risk management framework and effective compliance with regulatory instructions. Alhamdulilah, the Bank has made a profit before tax of Rs.59 million for 2nd Halt of 2019.

During the year bank expanded its branch network by nine more branches and reached at total branches to 185. Our active liability team has successfully delivered with respect to low cost deposit mobilization. The Bank's deposit portfolio with a decent growth of 12% on year-on-year basis touched at Rs.81.8 billion from Rs.73.3 billion in 2018. The Bank not only successfully expanded its new to bank accounts by 35 thousand but also maintained an optimal cost of funds 6.28% through strong relationship management and better customer experience. The Bank's continued focus on the accumulation of no and low-cost Deposits has resulted in a healthy CASA mix at 76.9%, with non-remunerative Deposit constituting 33% of total Deposit mix as at end of Dec '19. This position promises well to support future earnings, in view of the expectation of decrease in policy rate during the next year.

The Bank's asset base has reached to Rs.105 billion as at end of Dec '19, with an 11% increase against Rs.94.9 billion at the end of Dec '18. While the investments witnessed a notable growth of 28%, closed at Rs.16.3 billion as at Dec 31, 2019 against Rs.12.7 billion at Dec 31, 2018, the net financing of the Bank decreased by 18% over the year to close at Rs.51 billion. The main impediment behind selective financing has been the CAR constraint, along with the Bank's prudent approach to focus on asset quality, rationalization with respect to maximum yields & customers composition and minimizing the risk of portfolio infection. The overall industry's advances growth remained subdued due to rising challenges of credit risk.

On profitability side, the Bank manifested significant improvement despite a dull performance of the capital market and additional impact of adopting the International Financial Reporting Standard (IFRS) 16 – Leases. The Bank's gross revenue stood at Rs.10.2 billion in 2019 as compared to Rs.4.6 billion in 2018, showing a promising growth of 122%. Return on earning assets stood at a robust level of 11.5% while the cost of funds was at 6.39% resulting in a net spread of 5.17% for the year under review.

Operating expenses increased by 46% mainly due to the full current period impact of 90 branches which were taken over/merged w.e.f. Jun 02, 2018 last year coupled with high inflationary pressures, significant currency devaluation, and higher compliance related regulatory charges.

During the year under review, the Bank adopted the International Financial Reporting Standard IFRS 16 - "Leases", which has introduced the concept of recognizing right of use (ROU) assets and corresponding lease liabilities on the Balance Sheet of the lessee. Implicit profit expense amortized on lease liabilities and depreciation on ROU assets led to additional charge of Rs.816 million in total whereas reversal of rental expense led to decline of Rs.536 million in the operating expenses, resulting in net loss of Rs. 280 million for the period.

The Bank's loss before provisions during the year was Rs.166 million. However, barring the aforementioned net additional impact of Rs.280 million booked under IFRS-16, business as usual profit before provisions amounts to Rs.114 million compared to loss of Rs.785 million in the comparative period; representing a significant improvement of 115%. Further, the provision charge during the period mainly represents the provisions against capital market portfolio amounting to Rs.199.8 million.

In view of the above developments, poor capital market performance and carrying the expansion cost; gradually increasing Balance Sheet spreads enabled the Bank's P&L improved significantly and posted an after tax loss of Rs.244 million for the period under review against loss of Rs.1,096 million for the corresponding

as per World Bank mainly due to US-China trade tensions, Brexit fears, US-Iran uncertain relationship and slow economic activities in both advanced and emerging markets.

period, representing a healthy decrease of 78%. The improvement in the Bank's

profitability is also evident from loss per share after tax for the period, which came

down considerably to Rs.0.217 for the period against Rs.0.987 in the same period

In 2019, Global growth came down to 2.4 % for the Year 2019 against 3% of 2018

of last year.

Economic Review

On domestic front, the country's economy faced a significant slowdown within stringent policy actions taken by both the Government and SBP, as part of the orgoing macroeconomic stabilization measures. Challenges like maintenance of stable foreign exchange reserves, containment of fiscal deficit & high inflation levels, monetary policy issues and rupee devaluation have resulted in decline of GDP growth rate to 3.3% for FY'19 against 5.5% in FY'18.

Overall fiscal deficit reached to a record high 8.9% of GDP in FY'19 despite Government's efforts to contain the currents spending. However, during the first half of FY20, increase of tax revenue collections by 16% over the same period last year and public sector development programs of Rs. 300 billion is expected to support the economic recovery and sustainable growth thereafter.

Balance of Payments continued to improve with current account and trade deficits has drastically reduced to USD 2.2 billion and USD 9.8 billion at Dec'19 from USD 8.6 billion and USD 16.2 billion at Dec'18 respectively. Workers' remittances increased to USD 22.2 billion during CY 2019 from USD 21.1 billion in CY 2018. Consequently, the FX reserves increased to USD 17.9 billion at Dec'19 from USD 13.8 billion at Dec'18, a rise of 29.7%. Other positive elements in this regard are the IMF's Extended Fund Facility availed in Year 2019 and deferred payment oil imports from Saudi Arabia. These factors led to ease out some pressure on the exchange rate which stood at PKR 155/USD on closing Dec '19 with an 11.5% devaluation over the year.

Strong inflationary pressures built up during the Year 2019. CPI was recorded at 12.6% on YoY basis in Dec'19 as compared to 5.4% during the corresponding month of last year. Rising inflation combined with deteriorating fiscal imbalance resulted in an increase in the benchmark Policy Rate to 13.25% from 10% during the Year 2019.

On the other hand, the stock market has shown a mix performance, bearish trend in first half of CY'19 and a relatively bullish sentiment towards the end of CY'19 attributed to investor confidence being restored gradually regarding macroeconomic outlook. KSE-100 Index closed at 40,735 points in Dec '19, as compared to 37,067 points in Dec'18.

In 2019, Islamic banking industry continues to broaden its outreach trying to compete effectively with conventional banks through increasing range of products and higher quality services. Total assets and deposits were at Rs. 2,995 billion (market share of 13.8%) and Rs. 2,407 billion (market share of 16.1%) respectively by the end of Sep'19. Branch network closed at 2,979 branches on Sep'19.

Corporate and Financial Reporting Framework

The Board of Directors is committed to ensure that the requirements of Corporate Governance set by the Securities and Exchange Commission of Pakistan are fully met. The Bank has adopted good corporate governance practices and the Directors are pleased to report that:

- The financial statements prepared by the management of the Bank present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- · Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, except for the changes in accounting policies as described in Note 5(a) to the Financial Statements. Accounting estimates are based on reasonable and brudent judgment.
- International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed and explained.
- No dividend/bonus shares have been declared for the year.
- There is no doubt upon the Bank's ability to continue as going concern
- The directors of the Bank are in compliance with respect to training requirements.
- Key operating and financial data since incorporation is presented in the report.
- The system of internal controls is in place and has been effectively implemented and monitored.
- There has been no material departure from best practices of corporate governance.
- The value of investments of the Bank's Provident Fund based on unaudited accounts at Dec 31, 2019 amounted to Rs.243.3 million.
- There is no overdue statuary payment on account of taxes, duties, levies and charges.

Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

The requirements of the Code of Corporate Governance set out by the Securities and Exchange Commission of Pakistan in the Listed Companies (Code of Corporate Governance) Regulations, 2019 relevant for the year ended December 31, 2019 have been adopted by the Bank. A statement to this effect is annexed with the report.

Internal Control Framework

The Board is pleased to endorse the statement made by management relating to internal controls including management's evaluation of ICFR. The Management's Statement on Internal Control is included in the Annual Report. Bank's strategic directions and business goals set by the Board of Directors and commensurate with size and scope of the Bank which ensures the independence of Risk Management Function in measuring, analyzing, controlling and monitoring risk from the frontline risk takers i.e. business soliciting groups. The Bank aims to align the Risk Management Framework with the international best practices and the guidelines of State Bank of Pakistan.

A subcommittee of Board i.e. the Risk Management & Portfolio Review Committee obtains regular updates from Risk Management Group and provides guidance and directions thereof. In addition, Management Finance Committee is another platform to ascertain, discuss and deliberate key risk issues in the portfolio at the management level.

The Bank's market risk management unit is responsible for management of Basel related ratios, annual Internal Capital Adequacy Assessment, annual behavioral study and quarterly stress testing for market & liquidity risks as part of regulatory regime. The Bank also calculates Value at Risk for various market risk parameters assessment.

Asset-Liability Management Framework/Liquidity Strategy & Contingency Funding Plan are in place, to ensure that the Bank can meet its liquidity needs on a timely basis while optimizing contribution towards the profitability of the Bank. Asset Liability Committee at management level is responsible for oversight of the assets and liabilities management function.

Operational risk at the Bank is managed through diversified data collection mechanism which includes but not limited to data for Operational Losses, Near Miss Events, Control Breach Data, internal / external / compliance / regulatory observations and Risk Control & Self-Assessment exercise etc. to present a quarterly overview of significant events before Board's Risk Management and Portfolio Review Committee. Further, various bank wide training sessions are conducted to create risk awareness among the staff.

Fraud risk is monitored through a specialized unit which also operates a 24x7 call center to track usage of digital banking transactions. A Business Continuity Policy has been implemented and related imperative are monitored by Business Continuity Management Committee.

IT security risks are being mitigated through various automated solutions for monitoring of data base logs, patch management and cyber threats; along with the annual internal and external vulnerability assessment and penetration testing. The Bank aims to further strengthen the related risk mitigating measures.

Charity Funds Management

Charity is one of the most important pillars of a healthy society. Keeping this and the Islamic principles of Ihsan in mind, the Bank remains committed to its objective of paying back to the society - both directly and indirectly.

No late payment penalties are taken from the customers in line with the Shariah approved principles. However, customers have to contribute towards a charity account in case of late payment to disincentives misuse of the system. Also, if during a Shariah audit, a transaction is identified where the process defined to ensure Shariah compliance is not followed, income of such a transaction is transferred to charity account. During 2019, a total of Rs.22.5 million was paid from the charity account on behalf of the customers and to purify the non-compliant income to different charitable organizations as detailed in Note 19.2.1 to Financial Statements.

Trading of Shares of the Bank

Bank is currently a non-listed concern; hence no trades in the shares of the Bank were carried out by the Directors, executives and their spouses and minor children during the Year 2019.

Board Committees

The Board of Directors has formed following sub-committees to oversee relevant specialized functions of the Bank:

- Board Audit Committee (BAC)
- Human Resource and Remuneration Committee (HR & RC)
- Risk Management and Portfolio Review Committee (RM & PRC)
- Board Information Technology Committee (BITC)
- Board Evaluation Committee (BEC)
- Business Strategy and Service Quality Review Committee (BSSQRC)

Following are the details of directors' status and membership of the above committees:

	Status		Membership					
Directors			BAC	HR & RC	RM & PRC	BITC	BEC	BSSQRC
Raza Mansha	Non-Executive	Male	-	~		*	-	~
Aftab Ahmad Khan	Non-Executive	Male	~	~		-	-	~
Ibrahim Shamsi	Non-Executive	Male	-		~	~	-	-
Omair Safdar	Non-Executive	Male	~	v	~	-	~	
Ahmed Ebrahim Hasham	Non-Executive	Male			~		-	~
Dr. Khalid Zaheer	Independent	Male	>	~		*	~	-
Seema Aziz	Independent	Female	*			-	-	~
Muhtashim Ahmad Ashai	President & CEO	Male	-		~	~	-	~

etings of the Board of Directors and Sub-committees:

*attended as special invitee

Directors' Remuneration

Non-executive directors including independent directors are paid a reasonable and appropriate remuneration for attending the Board and/or its committee meetings which is disclosed in the Note 37 to the Financial Statements.

This remuneration is not at a level that could be perceived to compromise independence. No fee is paid to the directors who do not attend a meeting. Similarly, fee is not paid for the proposals considered through circulation.

Director's Training Program

Most of the Board Members either have minimum education and experience as required under Regulation 19 (2) for exemption from Directors Training Program, or has already completed Directors Training Program pursuant to the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. During the year, the Board has arranged Directors' Training program for Ms. Seema Aziz and Mr. Muhtashim Ahmad Ashai.

Till Dec 31, 2019, the following directors have attended Directors Training Program from SECP approved institutions:

- Mr. Ahmed Ebrahim Hasham
- Mr. Omair Safdar
- Ms. Seema Aziz
- Mr. Muhtashim Ahmad Ashai

Change in Directors

Mrs. Shahima Rehman was elected as female independent director during the elections of the Board of Directors on Oct 08, 2018 however she resigned from the position on Nov 12, 2018. To fill the casual vacancy, Ms. Seema Aziz was appointed as new female independent director on the Board of Directors on Feb 26, 2019.

Mr. Ali Muhammad Mahoon, President/CEO of MCB Islamic Bank Limited resigned from his position, which was accepted by the Board of Directors w.e.f. Mar 11 2019. Mr. Muhtashim Ahmad Ashai was appointed as the new President/CEO o the Bank on Mar 29, 2019. Subsequent to year ended Dec 31, 2019, Mr Muhtashim Ahmad Ashai resigned from his position which was accepted by the Board of Directors on Jan 24, 2020 subject to notice period as per regulatory requirement/clearance from SBP. Fit & Proper Test documents of the nominated/successor will be submitted soon with SBP.

Pattern of Shareholding

As of Dec 31, 2019 the seven (07) non-executive directors hold one share each, while remaining 1,154,999,993 shares of the Bank are held by the Parent Company i.e. MCB Bank Ltd.

Auditors

The retiring auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible for the next term have offered themselves for reappointment. Upon suggestion of the Audit Committee, the Board of Directors recommends M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as the statutory auditors for the year ending December 31, 2020.

Future Outlook

The near term challenges to Pakistan's economy continue to persist with the rising inflation, a high fiscal deficit and low foreign exchange reserves. The banking sector outlook remains challenging in view of expected suppressed economic activity and resultant risks to asset quality, weak credit expansion, inflationary pressures on the cost of doing business, regulatory tightening and evolving customer experience dynamics. However, the prudent fiscal and monetary measures would be anchoring the market sentiment and improving the inflation outlook in support of economic activities of the country.

Despite the challenging external environment, the Bank intends to continue with its strategy of long-term sustainable profitability through focus on generating no and low-cost Deposits, high earning assets, containment of operating expenses and better service quality. The Bank believes in building a professionally competent workforce and intends to continue investment in human resources by providing them learning and development opportunities.

Further, the Bank remains committed to its Vision to 'be the leading provider of Shariah compliant innovative financial products with a focus on service quality and providing superior value for our customers, shareholders, employees and the community' and will continue to contribute to the growth of Islamic banking in Pakistan.

Acknowledgment

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 by all its staff members to the growth of this franchise under challenging business conditions.

For and on behalf of the Board of Directors

Raza Mansha Chairman February 03, 2020

BACB ISLAMIC BANK LIMITED MCB Islamic Bank Ltd.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

ممبران کے لیے ڈائز یکٹرز کی ریورٹ

خدشات ت تدارک کا نظام، گورنس اور ادارے کی انتظامی میت، پالیسی اور طریقہ کار، خدشات کے تعین کے اسلوب، یود**و آف ڈائریکٹرزاورد کی کیٹیوں کی مینگز**: بورة آف والتركيش كا جانب من اجتبان سرت كساته المجاري اسلاك ويتك ليوشر (ويتك) كو 31 دمير 2019 كو العثام 🛛 فيدك تواتا فواتش سابتدونتشان بعدارتيكس كالح ملين وبسي يردن كالخاب ويك سابتك يتك ليوشر (ويتك) كان 31 دمير مراقصان بعدارتيكس صم سے محافظ برہوہ جار کر گزشت ال کان موسد کا 1990، دیے فاصل کی تلکی نہت امال کک ساتھ 2117، دونے فاصل پردنا - الان مسلور خطرات کا طلقی خاندی، در یادیک او حقوم بدایت الد بردة افساد تریکز کا جانب سے علین کاردہاری كيا كيا-

معاثى جائزو: الدورك برحال منال 2019 من المريداد، فتن سرتجارة تلاد بريجار سرتيداداريان ترادى فيرقتن بالطلق من المريد وفالت تدارك بحظ المريد الدالي محظ المراحي وتعالى كالمولان كراد العلقات اور ترقى بافتد اوراكجرتى مولى منذيون من ست روى كافكار معاشى سركرميون ك باعث عالى نمو سال 2018 كى 3 فيصدى شرح كى نببت سال مطابق بم تبتك كرني ك لي يرمز م ب-2019 كےدوران، كى كےساتھ 2.4 فيصد پرشاركى گنى۔

ايىدىشرىكى نبت كى كساتحدمالى مال 2019 مى 3.3 فيصديرد يورف بوقى-

300 ملین، دوبے کے عوامی ترقیاتی پروگرامز کی منتقش میں معاشی بحالی اور پائیدارتر تی میں معادن ہونے کی توقع کی جاسکتی ہے۔

8.6 لمين مركى المزاد 16 لمين مركى المزيب فلمي يحار المذى بالترجيب فلي يحبر (20 تحب بالترجيب 2.2 سلين المركى المزاد (Asset-Liability Management Framework / Liquidity Strategy & Contingency Funding Plan) مغرام ر درج ہوا۔ افرادی ترسیلات زر سال 2018 کی 21.1 ملین امریکی ڈالرز کی نسبت سال 2019 میں بڑھتے ہوئے 22.2 ملین امریکی ڈالرز پرشار ہوئیں۔ چنانچہ غیرتکی زرمبادلہ کے ذخائر دسمبر 2018 کی 13.8 بلین امریکی ڈالرز کی سطحے 29.7 فیصد کے اضافہ کے ساتھ 17.9 بلین امریکی عرب کی جانب سے تل کی در آمد کی تافیری ادانتگی رہا۔ ان قوال کی بداعہ شرح والہ پراری اؤٹس کی آمد ال کی اوال کی سوال میں استخدار کی السکار رہائی اوال کی بداعہ اور کی السکار رہائی اوال کی دول تحلی اور السک معالم میں السکار کی السکار میں السکار میں السکار کی السکار میں السکار کی السکار میں السکار می

يا ئىتانى دىيەكەش ئىبر 2019 كىاللام بەر 35 دىيەنى كەركارىدىكەدىكى تىرىمى 1.5 ئىلىرىكەتكى 🛛 دىنيالى خاچەن اىد خەشات 12 يونى خەتلىنى خىلى خاش چەر 2019 كىللام بەر 35 كىلىدىكە دىدىكە توكى 🔋 ئەتلەردىكى خاچام بەر يەكەركى كەر ئىكى خۇچىكى 🕹 ئەر يەكەر يەكەركى كەر ئەكى خۇچىكى 🕹 ئىلى ئەر يەكەركى كەر ئەكەر يەكەركى كەر ئەكەركى خەر يەكەركەركى بەر يەكەركى بىكەر ئەكەر ئەكەركى ئەر يەكەر يەكەركى بىكە خۇچىكى خەلىرىكە ئەركى ئىلىلى بىكەردىكى ئەر يەكەركى يەكەر ئەكەر يەكەر يەكەر يەكەر يەكەر يەكەركى بىلىرىكە ئىلى بىكەر يەكەر ئىكى ئەر ئىكى ئەر يەكەر يەر يەكەر يەكەر يەكەر يەكەر يەكەر يەكەر يەكەر يەكەر يە

شرن کانیت 12.6 فیصورت برار یزید از ملار امریکر تراوی کے بیش مال 2019 کے دوران تختا کر یا کیسی دید 🗧 کار بیش بیش کاری کی ایس از کار کانی کار بیش کار کانی والی ایسی (Lessiness Continuity Policy) کانولز کار کار

دور ري المرف شاك ماركيث مي ملي على كار كرد كلى ريكى سال 2019 كى يملى ششماى من مادافق جبكه سال 2019 كے اختام باتا ہے۔ پقدر ، بہتری کر بخان رہا جو کہ سرمائیکاروں کے میکرواکنا ک چیش فی کے بارے میں احماد کی بقدت بحالی سے منسوب کیا جاسکتا ہے۔ سے الی ای

شيئر 16.1 فيصد) بردرج كيا كيا- برار في نيد ورك متبر 2019 تك 2,979 برا تجول تك جابج اليا

بورڈ آف ڈائر یکٹرز اس امرکوییٹی بنانے کے لیےکوشاں ہے کہ سکیورٹی اینڈ ایکٹیٹی کمیشن آف یا کستان کی جانب سے دشتع کر دہ کاریوریٹ گورنٹس کے مطلوبات کو کلمل طور پر پورا کیا جائے دینک نے کار پوریٹ گورنٹس کے پہترین اصولوں کوافقتیا رکیا ہے اورڈ اٹریکٹرز بخوشی بیان کرتے ہیں کہ:

. اندرونی انضباط کا نظام مضبوط خدوخال پراستوار کیا گیا ہے اور نہایت مئوثر انداز میں نافذ اور جانچا جاتا ہے۔ . بينك ٤ مكى طرت كاكونى تيك المحصول، ويوفى ياس متعلقه ويكر اخراجات واجب الادانين ب.

بینک نے 31 دسمبر 2019 کواختیام یذریسال ہے متعلقہ کوڈ آف کارپوریٹ گورنٹس کی مطلوبہ شرائط، جن کا تعین سیکورٹی اینڈ ایجیجنی

سالانه رپورٹ میں شامل ہے۔

كريك دينك:

ندکورہ بالاعوال، کمپیٹل مارکیٹ کی ناقص کارکردگی اور اپنی وسعت کے فروغ پر کئے گئے اثرامیات کے اعدان ، میزانیہ (A-1) اےدن کی سطح میتکام چیش بنی کے ساتھ برقراردکھا ہے۔ در تن بجر بوت بو سیر یدز ک باعث بیک سی فتصان شر نمایان بجری آنی به اور گزشته افتان بر مسک 1,096 ملین روپ کی سطح ۲۵ معد شام کا انتظام (رسک مجمعت فر کم بودک):

ہدف اور بینک کے قم اور کنوبائش جو کہ خدشات کے تدارک کے نظام کی آزادانہ حیثیت کو بیٹی ہتاتے ہوئے ان کو جانچنے، پر کھنے، قابو پانے اور فدشات کو افذکرنےوالے اولین کردار لین کاردبار فراہم کرنےوالے گروہی، کی جانب سے این کا اعاطہ کرنے سے تعمل مطابقت رکھتا ہو،

بورۇ كى ايك ذيلى كىيش "رىك مىتجىن ايند بورت فوليو ريويو كىيش" (RISK MANAGEMENT &)

داللى كالا يعك كاميشت كار فار شمى تكومت ادراسيت ويك أف ياكتان دونون كى جانب سريمردا كناك التخام ك ليسلسل (PORTFOLIO REVIEW COMMITTEE) رسك فيجنت كردب به اقاعدكى سے باقاعد كى مالار كى جاند اور اس بار م اقدامات اور تری بالیسی کاردا نیری کار بر کسی کی فیرتکل درمباد کد فنارش اجمام کویتر اور کند مالی قدار در دان ای کی ایسی کارتی به طاور ایر بخشت قالس تحقی از میلی که اور از مالی اور از م افرادار كو قاديكر في ماينري (ماياني) باليس بسمامات المركزي كي تدريش تحويلي مكارش مومال سال 2018 كى 5.5 فارم جراغلاكارهد جد خدشات كشخيس اور الكاميانزو اوراس بار وابني راحة دي س

تقومت کے باری صارف کورود رکھنے انقدامات کے اوجرد سال 2019 میں تجوی ایل خارد ہی ڈی ایل خارہ ہی ڈی کی 8.9 فیصد کا (BASEL) سے مطلقہ خاب، سرمانے کی مودد نیسے کا سالانہ واللی جاندہ سالانہ کردار سازی کی تقتیق اور سرایا سرایک طریق میذنک (STRESS)

ادائیگیوں کے توازن میں بہتری جاری ہے جس میں کرنے اکاؤنٹ اور تجارتی خسارہ تیزی سے کم ہوتے ہوئے دسمبر 2018 کی [الرز تل جایتیجه اس بارے میں دیگر شبت پہلو آئی ایم ایف کی توسیق شدہ قرض کی سہلت جس کو سال 2019 میں حاصل کیا گیااور سعودی

سال 2019 ش افرادارد كاشديدوباد رباء دمبر 2019 شرى في آفى (CPI) كرشتدسال كى اى تقابلىدت كى 5.4 فيعد كى 10 فيعدت بزهار 13.25 فيعد كماثرة ريتاني كيا.

ال سال کے دوران دیک نے اپنے بارٹی بید درک شن 9 برانچوں کا افزانیا ہے جس کے اور بندیک کل برانچوں کی قاد 105 (KSE) - 105 افذکس دبیر 2019 ہو کا من کے 40,755 پائٹس کے متالہ شاد کا 107 افزانی کے 40,755 پائٹس کے متالہ شاد کا اور اور 105 کے 40,755 پائٹس کے متالہ اور اور 105 کے 40,755 پائٹس کے مدوران دیکھی اور 105 کے 40,755 پائٹس کے متالہ اور 105 کے 40,755 پائٹس کے مدوران دیکھی اور 105 کے 40,755 پائٹس کے مدوران دیکھی مدوران دیکھی مدوران دیکھی مدوران دیکھی مدوران

ار بوريث اور مالياتى ر بورتك كافريم درك:

. بینک تے میجند کی طرف سے تیار کردون اخل سلمنٹ انکی کارکردگی، صورتمال، نقذی کے بہاؤ (کیش فلوز) اورا یکو بنی ش تبد بلیوں

مالا ندا کاؤئنٹ میں بیان کیا گیا ہے۔

لىغذ (Listed) كمينيز (كوذ آف كار يوريث كور من) ريكوليشو 2019 كى تحيل:

نمیشن آف یا کستان نے اسعدُ (Listed) کمپینز (کوؤ آف کار پوریٹ گورنٹ) ریگولیشنز 2019 میں کیا ہے، کی سخیل کی ہے۔ اس طمن میں مقررہ بیانیہ اِس

نترال كتثرول (اندرونى انضباط) كافريم ورك:

بورڈا انتہائی مسرت سے اندرونی انطباط مخطق انتظامیہ کے بیانی جمول انتظامیہ کے آئی می ایف آر (ICFR) کے تخلیف کی توثق کرتا

إكمتان كريدْث ريانتُك الجنبي يا كرا (PACRA) نے بيتک کی درميانی سےطويل مدت کی ريانتُک کو(A) اے اورتليل مدت کی ريانتُک کو

بیتک کا مارکیٹ رسک ینجنٹ یونٹ انشباطی قاضوں کو پوراکرتے ہوئے مارکیٹ اور سیال پذیری کے خدشات کے لیے باس

بلیزین شرخ پردین جدا میان ال 2020 کے پیلے شخاصی مدر ان تکسی کی دولین شراخت قاتل سند کان سند ان است از اسر (TESTING) کے کل کوانا کرنے کا بندر یہ فلن منڈین سر جزم خدشات کے ندر کے تجوب کے بیک وبلد ایند کر ا Risk) كاتخمينة بحى لگاتا ہے۔

الثاشبجات_واجبات کے انتظام کا فریم درک/ کیکویٹریٹی اسٹریٹی ایڈ کو صحبت فنڈنگ پلان جاری به تاکه این منافع می مجر پورشولیت رکتے ہوئے دیک اپن سیال یذیری کا ضروریات کو بروقت پورا کر سکے۔ انتظامی درجہ پر ایسٹ المیکٹی کمیٹی Asset Liability Com) اٹا شیجات اور داجیات کے انظام کے عمل کی گرانی کی ذمہ دارہے۔

بینک کے کاروباری خدشات کا تدارک متنوع ڈیٹا (DATA) کو اکٹھا کرنے کے میکنزم بخمول (تحران تک ای محدود خیس) داقعات كاسماى جائزه پیش كیاجا سكے۔ مزید بران اور بر بیك میں ثرینگ سیشنو كاانعقاد كیاجاتا ب تاكه شاف كوفدشات سے تكمى فراہم كى جائے۔

فراڈ (دحوکہ، دی) کے خدشات کی ایک تخصوص یونٹ کے ذریعے تحرانی کی جاتی ہے جو ایک 7 x 24 کال سینٹر کوتھی چلاتا ہے

ے اور اسے متعلقہ ناگزریت کو بذش کوئٹی نیوٹی میٹینہ کمیٹی (Bussiness Continuity Management Committee) کے ذرائع حانجا

آنى ٹى سيكورٹى كے خدشات كا تدارك ڈيٹا ثين الأز (Data Base Logs)، يَجْ ينجنك اور سائبر تحريش (Patch **دائر كمرز كاتبر يل**: Management and Cyber Threats) کی تحرافی کے خودکارتظام کے ذریعے کیاجاتا ہے جس میں اندرونی اور بیرونی صابیت کا جائز واوراس

سال 2019 میں اسلامی بیکاری کا صنعت ایٹی بینائن کا انسام اوران مدیل کا خدات کا دریط اورا یکی جنگ (Testing) کی طل ہے۔ بیک اپنے خدشات کہ دارک کے اقدامات کو در عظیم کر نے کا اور درکتا ہے۔

خیرات ایک مضبوط معاشرے کے اہم ستون کی حیثیت رکھتی ہے۔ اس امر اور احسان کے اسلامی اصول کو مدنظر رکھتے ہوئے ہینک حاشره من ابنا كرداراداكرن ف متصد يريرادراست يا بالواسط طور يمسلس كار بندب-

شریعت کے مطلقہ اصواد کی روشی میں صارفین سے ادائیگی میں تاخیر کے کوئی چارج کنیں لیئے جاتے تاہم، نظام کے علاء استعمال کو رو کئے لیے صارفین کو تاخیری ادایگلی کی پاداش میں ایک خیراتی اکاؤنٹ میں شولیت افتیار کرنی پڑتی ہے۔ علادہ ازیں اگر شرایعہ آؤٹ کے دوران کی ایے لین دین کی نشاندی ہوجائے جہاں طریقہ کار کے اعتیار کرنے میں شریعت سے انحراف کیا گیا ہو تو ایسے لین دین سے حاصل ہونے والی تمام آمدنی سجھی خیراتی اکاؤنٹ میں شال کردی جاتی ہے۔ سال 2019 میں صارفین کی جانب سےادر غیر تقبیلی آمدنی کو یاک کرنے کے لیے کل 22.5 ملین روپے کی رقم مختلف خيراتى اداروں كو ادا كى كى جس كى تفصيل مالياتى تصليم تنت 19.2.1 ميں واضع كى كى ب-

بیتک کے صف کی ٹریڈیک/کاردبار:

بینک فی الوقت ایک غیر لسلا ادارہ ہے۔ لبذا اس کے ڈائر بیٹرز، عہدہ داران اور ان کے شریک حیات اور ٹاپانچ بچوں میں سے کی نے بھی سال 2019 میں ہیک کے صف کا کوئی کاروبار نہیں کیا۔ يورد كى كميثيان:

بورۇ آف ۋائرىكىرز نے بىنك كەمتعلىقە خصوصى شعبه جات كى جايڭى دېز تال كەليىخىك ذىلى كمىيدىوں كى تلخىل كى ب جن كى تفسيل مىدرىد

بورڈ آڈٹ کمیٹی (بی اے ی)

ہیوس ریسورت اینڈ رومنریشن (Remuneration) سمیٹی (ایچ آرٹی آرتی) رسك ينجنت ايذيور فوليو ريويو كميش (آرايم & بي آري)

بورڈانفار میشن نیکنالو جی کمیٹی (بی آئی ٹی سی)

بورڈاویلوایشن(Solution) کمیٹی(ٹیائی ت)

برنس استر بجى ايبتر سروس كوالى ريويو كميش (بى اليس اليس كيو آرى)

ان كميثيوں ك ممبران كى تفصيل مندرج ذيل بى

تمبرثب BSS QRC BEC BITC RM & PRC HR & RC BAC 1 4 نان المكز يكثيو أقآب احمرخان مانا تكزيكتيو 4 1 1 نان الحجز بكثيو نانا يكز يكثيو 1

منحان وبرائ بورذ آف ڈ ائیر یکٹرز: رضاغثاء

چيئر مين

03 فروری 2020



مهتقم احمداشهانى 2/3 3/3 5/5

* خصوصی دعوت پرشر کت کی الزيكثرز كمعاوض :

تمام نان الكَزِيكُو ذائرَ يَتْمُول آزاد ذائرَ يكثرزكو بورۇ اوراما الىكى دىلىكىيلىوں كے اجاسوں شى شركت كے توض نهايت معقول اور مناسب معادف، دیاجاتا ب جس کی تفصیل مالیاتی کوشواروں نے نوٹ 37 میں مہیا کی گنی ہے۔

4/4

بد معاد من ارد بر المثلي المراجع المرك كي أز ادجينيت) بار ي معاجمت بالمجموع كاتا ثر تجميل سك - اجلال ش شركت فدكر ف والے ڈائر بیٹر کوکوئی فیس نہیں ادا کی جاتی۔ اسی طرح سمی تبویز کی سرکولیشن کے ذریعے منظوری کی بھی کوئی ادا لیگی نہیں کی جاتی۔ ۋاتريكترزترينك يروكرام:

زیادہ تر بورڈ ممبران ریگولیشن (2)19 کر بحت ڈائر کیٹرز کی ٹر ینگ کے پردگرام سے استثناء کے مطلوبات کے مطابق کم از کم تعلیم او تجربه ریحتے میں یا لسلۂ کمپنیز(کوذ**آ ف**کار پوریٹ گویش) ریگولیشنو 2019 *کے بخت* ڈائر کیٹرز کی ٹریڈنگ کے پردگرام کوکس *کر چکے می*ں۔ سال 2019ء

دوران بورڈ فی محتر مدیسما مزیز اور جناب مبتشم احمد اشبائی کے لیے ڈائر یکٹر زٹریڈ کی پروگرام کا انتظام کیا۔ 31 دمبر 2019 تک مندرجة بل ذائر يكثرزاليس الى تى بي (SECP) ك منظور شده ادار ، ے ذائر يكثر زشرينگ پر در گرام تكمل كيا:

جناب احمدا يراجيم بشام

جناب عمير صغدر

محترمه سيماءبزيز

جناب مبتشم احماشبائى

08 اکتر پر 2018 کو بورڈ کے ڈائریکٹرز کے انتخابات کے دوران متحرمہ ضبحہہ رحمان کو بطورڈ ائریکٹر منتخ کیا گیا۔ تاہم 12 نومبر 2018 کو انہوںنے اپنی ابن پوزیشن سے استعفاد ہے دیا۔ محتر مدهومہ رہمان کے شادل کے طور پر 26 فروری 2019 کو محتر مدیسما پر برکو اورڈ کے ڈائر یکٹرز میں نئی خالون آزاد ڈائر یکٹر کی حیثیت نے منتخب کیا گیا۔

جناب على محمه ما بون، بريذيدُ شرك اى او ايم مى بي اسلاك يبك لميلاف البي عبد وت المتعلى وردياجو كد بوردة ق دائر يكثرون 11 ماري 2019 کی قابل اطلاق تاریخ معظور کرلیا۔ 29ماری 2019 کو جناب مجتلم احماد البانی کو بینک کے مطلح پر فیدید من کارا ک او کطور پر تقیمات کیا گیا۔ 31 زمبر 2019 كوافقتام يزيرسال ك بعد جناب مبتله احداشبانى نے البين عبدہ ت استعفادے دیاجہ کہ بورڈ آف ڈائر یکٹرزنے، امٹیٹ مینک آف پاکستان مطلو پنسوال*دا کلیر نس* اور نوٹس کی ہدت سے شروط، 24 جنور کی 2020 کی قاملِ اطلاق تاریخ سے منظور کرلیا۔ ان کے تجاذ جانظین کے فٹ اور پرا پر (F**R** (and Proper مليث كى دستاديزات المليث بينك آف باكتان كوجلدان جع كروادى جا كي كى-

صع کی نمائندگی کی ترکیب: 31 دسمبر 2019 کک دینک کے سات (07) نان انگزیکٹو ڈائر کیٹرز کے پاس فی س ایک (01) صحص رہا۔ جبکہ باقی

1,154,999,993 تصص بينك كاما لك محينى الم من في بينك كميند كى ملكيت من رب-

ریٹائرنگ آڈیٹرز میسرز کے پیالم بخی (KPMG) تا کھیر بادی ایٹر کمپنی، چارٹرڈاکاڈ کھیٹس، انگلی مدت کے لیے اہلیت کے باعثددوباره تقرری کےخواہشتد ہیں۔ آڈٹ کمیٹی کیملورے کےمطابق بورڈ آف ڈائر یکٹرز میسرز KPMG تاثیربادی اینڈ کھنی، چارٹرڈ اکاڈ تھیکس لو 31دمبر 2020 پر افتنام پذیر سال کیلیے تانونی (Statutory) آڈیٹرز تجویز کرتے ہیں۔ شتېل کې پېشى بنى :

پاکستان کی معیشت کے لیے بڑھتے ہوئے افراہا زر، بلندترین مالی خسارہ اور زرمبادلہ کے کنزورڈ خائر کے باعث سفتنبی قریب شی چیلنجز برقرار میں۔ بینکاری کے شعبہ کی میڑی بنی، معاثی سرگر میوں پر متوقع دباؤادر اس کے نتیجہ میں انا شاجات کے معیار سے متعلقہ خدشات، قرض کی محدود وسعت کاردبار کرنے کی لاگت میں افراط زر کے دباؤ، انضباطی تختی اور صارفتن کی ہدلتی ضروریات کے تناظر میں مشکلات کا شکار ہے۔ تاہم مالیاتی اور انضباطی دانشندانہ اقدامات مارکیت کا عماد اورافراط زرگ چیش بنی کو بہتر بنانے اور ملک میں معاشی سرگرمیوں کے فروغ کے لیے اہم کردار ادا کر سکتے ہیں۔

ایک مشکل بیرونی ماحول کے باوجود بینک کم یا بغیر الاکت کے ڈیپازٹس سے مصول، زیادہ پیداداری اخاش جات، کاروباری اخراجات یں کی اور اعلی معیار کی خدمات فراہم کرنے پرخصوصی ارتکار کے ذریعے اپنی طویل المدت پائیدار منافع کی حکمت عملی کوجاری رکھنے کے لیے پُرعزم ب مینک پیشدارانہ طور پر قابل افرادی قوت کو تغییر کرنے پریفین رکھتا ہے اور اکلو کیجنےاور ترقی کے مواقع فراہم کرنے کے ذریعے اپنے افرادی وسائل ش ىرمايەكارىكا خواہشىندے ـ

مزید براں، بینک شریعت کے تالع اور تنوع سے تجربور مالیاتی براڈکش، ایٹی خدمات کے معیار پر توجہ اور اپنے صارفین، تصص یافتگان، ملاز مین اور کیوٹنی کو اعلی ترین درجہ کی دیلید کی چیش کش کے ذرایعہ ایک نمایاں فراہم کمندہ و کے طور پر اپنے دیژن (مختل) پر تعمل کار بند ہے۔ اور پاکستان میں اسلامی بدیکاری کی فشونما کے لیے اپنے کردارکوجاری رکھے ہوتے ہے۔ شليم وحسين:

بورڈآف ڈائیر بیٹر زکی جانب سے میں اپنے صارفین، کاروباری شرائت دار اور شیئر بولڈرز کا انکے سلسل اعتماد اور تعاون پرتبه دل سے مطلور ہوں۔ میں اسٹیٹ ہیلک آف پاکستان، سیکھ رٹی ایڈ المجھیٹی تک پیکستان اور دیگر انضباطی اداروں کے جاری معاونت اور رہنمائی پہلی انکاب حد مطلور ہوں۔ یورڈ آف ڈائیر بیٹرز اپنے ملاز مین کی خدمات کا پُرخلوص اعتراف کرتے ہیں جنگی بدولت ادارے نے مشکل ماحول میں مجلی شاندار ترقی کی ہے۔

REPORT OF SHARI'AH BOARD FOR THE YEAR ENDED DECEMBER 31, 2019

زيكثرز

ضاغثاء

براتيم تنثسي

مان المكرز يكثبو

خاتون

-11

م احماشهانی پیذینن اسالا

يبر صفدر

فداراتهم بشا

ذاكئر خالدتلهي

يما وكري آزاد

iminishing Musharakah Housing Finance Product Program Amendment Length of Occupation Criteria, Amendment in Diminishing Musharakah Jousing Finance Product Program-KIBOR Benchmark. Amendment in Diminshing Musharakah Hursion Finance Product Provem-Pret Dated

Shari'ah Board has reviewed & advised corrective measures on the External & Internal Shari'ah Audit and Shari'ah Compliance Ins reports and is of the view that: MIB has complied with Shari'ah ru

لیاتی الفیفنٹس کی حیثیت (پوزیشن): 12% 73,307 81,854 11% 94,894 105,017 12,714 16,310 28% -18% 62,907 51,310 مص یافتگان کی ایکیویٹی (سرمایہ) بشمول تخفینہ نو 4% 10.070 10.467 88% 2,303 4,337

2018

نمو%

ڪلين روپ

2019

ریننگ (کاروباری) و دیگراخراجات 46% 3,088 4,503 -79% (785) (166) مان مخبلاز پروویژنز نسلک اور سرمایہ کارٹی کے لیے پر وویژنز -78% 896 200 مان قبلازيكن -78% (1,680) (366) مان بعداز فيكس -78% (1,096) (244) یای/تخلیل شدہ نقصان فی شیئر(حصص)روپے -78% (0.99) (0.22) ىكارىردى:

سال کی ریورٹ آپ کےسامنے چین کر رہا ہوں۔

باثاثدجات

مالیکاری۔ خالص

ملامی فنانستک _(خالص)

وتقصان كااكاو يحث:

ینینک (کاروباری) آمدنی

سال 2019 میں , ملک کی کنرور میکرداکنا کم صورتحال کے سبب بینکاری کے شعبہ کو درمیش متحدد خدشات کے باوجود، بل نے اپنے ڈیپازش کی اساس اور اعلی معیار کے اثاثہ جات میں پائیدار ترقی کے حصول کے لیے اپنے معاشی سرمایہ کے پُراز حکمت انتظام پر هر پور توجه جاری کمی۔ پیداداری انا شجات اور واجهات کے ماثین قیمتوں کی تشخیص تو میں تفاوت اور اس کے ساتھ کاروبار کرنے کی لاگت میں نهافه، انضباطی اور فلیجی الاتوں میں برحوق، محصولات کالفاذ اور بنے عالمی الیاتی رپارتک اسٹیڈرڈز کا اطلاق بنی کہ اسٹیٹ دیکآف پاکستان کی پلیسی یٹ میں اضافہ کر بھان کے باوجودہ مارجنز پردیاؤ برقرار رہا۔

بینک نے اپنے موزوں انظامی ڈھائیچ، کیٹر انجت خدشات کے تدارک کے نظام اور انضباطی جدایات کی تعمل تقیل کی الت کاردباری اور معاثی محاذ پر ایک مضبوط کارکردگی کا مظاہرہ کیا ہے۔ <u>اُتحد شدیک نے سال 2019 کے دوسری ششاہی میں 59 ملین روپکا</u> بل ازتیک منافع حاصل کیا ہے۔

-جائیتی ب مارى سركرم الكيشى مم (Liability Team) فى كمالاكت ك يالاش ك صول كوكاميانى ب بسك دركيا ب ويك ف يواف نورت لدى مال بىمال كەنيارى 12 ئىلىرى حارك ترتى بىلى 2018 كىرى دىپ كانىت 1.18 ىلىمى دىپ كەنبىت 4.18 ىلىمى دىپ لەرتى گى 🖉 خىراندا بىدائرىكا تم تخبر 2019 كىمى دىپ (لەكتەشچىر 2.14 ىلىمى دىپ (لەكتەشچىر 2.14 ىلىمى دىپ (لەكتەنچىر 2.14 مىلى دىپ كەنبىت 2.14 ىلىمى دىپ (لەكتەشچىر 2.14 مىلى دىپ كەنبىت 2.14 ىلىمى دىپ (لەكتەشچىر 2.14 مىلى دىپ كەنبىت 2.14 مىلى دىپ كەنبىت 2.14 مىلى دىپ ئەرتە كى ھەركى ئىرى دىپ ئ ں۔ بینک نے ناصرف اپنے بینک اکاؤنٹس شن 35 ہزار نے کھاتوں کا اضافہ کیا ہے بلکہ صارفین کی ہتر تجرب اور ان سے تعلقات کے مضبوط انتظام باعث ابن سرمائ كمالاك كوبحى 6.28 فصدك شرح ير برقرار ركف مي مجمى كامياب رباب-

> بینک اپنی توج اغم ال اکت کے ڈیپادٹس کے حصول پر سلسل برقرار رکھے ہوئے ب جس کی بدولت کاسا (CASA) شرح 76.9 فیصد کی مشبوط کم رہی جس میں دسمبر 2019 کے اختتام تک غیر پیداداری ڈیپادش کی شرح کل ڈیپادٹس کی شرح کا 33 فیصد یہ صورتحال آئندہ سال میں پالیسی ریٹ میں سوقع کمی کے تاظر میں مشاقبل میں آمدنی کے صول کے لیے معاون ثابت ہوگی۔

بيك ك نيادى انا شجات دسم 2018 ك التقام كى 94.9 بلين روب كي سطح 11 فيصد ف اضاف كساته دسم 2019 كادا شح الله رارتى بين-فقتام سمک 105 ملین دوب تک جائی ہے۔ جبکہ سرمایی 31 دسمبر 2018 کے 12.7 ملین دوپ کے تجم کی نبت 28 فیصد کی تاقل 💷 بیک کے اکاؤش کی درست دستاہ بینات تیار کی گاجی۔ ا مو كاران الا تعلق كان مولى المحاد الم المحاد ب المال عن العارة فدجات إلى سال من 18 فيدوك ك كراته 15 - فالكل المحمش كاتار شراكا الا تعلق كان موس الديون كالجدائ اللاتك الجدار الا تعلق المحمس ك ین به به یا دیگارد بونه - کار (CAR) بادا اک ساتھ ساتھ دیکھ کا بیناداشدمات که معدار بخصوصی قبیره، زیادہ آمذی مصول ک نوٹ (CAR) و شرکیا کیا ہے۔ اور اکاؤنٹنگ تکھنے موزوں اورتانا اعاروں پیک میں الیکار رقتی اور حارف کا جامعیت اور اینے پرسترفیلہ محاطرہونے کے کم سے کم خدشات بینے محال قرف جان کا اساق کا جان کا جارت کی جادی تک جان کا اطلاق الانیکس محلک الحال وہ دیک الحال دوکر الحراط کا کا جارہ اسے کا کا افزاق المستر ال اوٹ کا باعث ہے۔ کر ٹیٹ رسک کے بڑھتے ہوئے چیلٹجز کی بدولت صنعت کے مجموع قرضہ جات کی ترقی زبوں حالی کا شکار رہی۔

دینک نے منافع کے حوالہ سے کمپٹل مارکیٹ کی عاقص کارکردگی اور عالمی مالیاتی رپورتک اشیشارڈ (IFRS - 16) گیزز ۔ اس سال میں کی ڈیڈ چٹریا پڑس کی تک اعلان ٹیش کیا گیا ہے۔ LEASES) کو افتیار کرنے کا اختاف افراح کیا وجود نمایاں طور پہر کا مظہر دلیا ہے۔ ویک کی کل آمد فی سال 2018 کی 4.8 ملیندو ہے ۔ بطورادار دبیک سمجاد کی رکھا جادی رکھنے اطبی عرض کی تعاد شرک کو افتیار کرنے کا اختیار کی است ا این بی 21 فیصد کے ثاندار اشافہ کے ماتھ 31 دسبر 2019 کک 10.2 بلین دو پہک جانیکی بیداداری الشیاب کی افرن 11.5 ۔ ویک کے الزکار فریشک کے قام مطلوبات کی محمل ایندی کرتے ہیں۔ ر کامشہوط سطح پر مرجا ہوئی جبر بالے کوالا کے کارش 6.39 فیصدری جس کے تعییر محال میں اور فیر 1.5 فیصد کی 🛛 کاروار کے اعالہ کار کار کا درمایا کی فیال بر اور کار میں کار ب

کاروباری اخراجات شد 48 فیصد کا اضافه جواجس کی بنیادی دجه 90 برانچال (جن کوکزشته سال 02 جون 2018 سے ۔ کار بودیٹ کورش کے بہترین معیارادر ضابط کل سے کوکی قامل ذکر انجراف شیس کیا گیا ہے۔ فرانفهم ال حاصل یا لیاتها کے رواں دے الزاحادر اس کے طاور بڑھے ہوئے افراط زر کے دہار میں نمایاں تعلیم اور 🛛 1 و تجبر 2019 تک پروہ یہ صفائد کی سراییکار کی افراد کا لائش دید 243 علین دید پروں۔ فميلت متعلقه انضباطي افراجات تتصد

اس زیر نظرسال کے دوران، بینک نے عالمی مالیاتی رپورنگ اسٹینڈرڈ (IFRS - 16) کیزز(LEASES) کا خلاذ کیا ہے۔ جس الیسی(کرامددار LESSEE) کے میزانیہ میں" اثاثہ جات کے استعال کونن" اور لیز (LEASE) کے واجهات کے تقابلی اندران کے تصورکو لٰ کیا گیاہے۔ لیز کے واجبات پروقف شدہ تھمل اخراجات ادر استعال کے حق سے متعلقہ اثاثہ جات کی فرسودگی کے باعث کل 816 ملین روپے کے ماقی افراجات کافعین کیا گیا ہے۔ جبکہ کرابیداری کے افراجات میں کتوقی کی بدولت کاروباری افراجات میں 536 ملین روپے کی کی درج ہوگی۔ جس تے بتیبہ ال مدت يل 280 ملين روي كاخالص أقصان درج بوا-

سال کے دوران بینک کے نقصان قبل از پروویٹرنز (Provisions) کا جم 166 ملین روپے رہا۔ تاہم (IFRS - 16) کے جد بالا 280 ملين روب ك خاص اضافى الركو نظراندازكرت بوت محوى كاروبارى منافع قلى از يردويروز كافتين كزشته تقابلى مدت ك 785 ب - انظاميه كا اندرونى المشابط كا مياديه سالاند ربورت ش ش تل ب ن روپ کے نتصان کے تکاسب میں 115 فیصد کی نمایاں ترقی کے ساتھ 114 ملین روپے پر درج کیا گیا۔ علاوہ از یں اس عرصہ کے دوران پر وویژن ماخراجات میںزیادہ تر کیپٹل مارکیٹ کے پورٹ فولیوے متعلقہ 199.8 ملین روپے کی پردویژنز کا شارکیا گیاہے۔

بسم الله الرُّحْمَن الرَّحِيْم

The Shari'ah Roard of MCR Islamic Bank Ltd. (MIR) was established in Sentember 2015. Currently Shari'ah Roard comprises of responded Professor iar an could un much seain is call in call, (mo) vias seasanshed i an equipanti control in call of an an count of the performant of the count of the performant of the count of the performant of the count of the co

conterencing. In	the year 2019 formal Shari an Board meetings were	e neia on	the following dates:
•	First Shari'ah Board Meeting	-	March 29, 2019
•	Second Shari'ah Board Meeting	-	June 18, 2019
•	Third Shari'ah Board Meeting	-	September 26, 2019
•	Fourth Shari'ah Board Meeting	-	December 19, 2019
e the Board of Dir	ectors and Executive Management are solely respon	sible to e	ensure that the operations of MIB are o

Times are bound unevants and because withing entering and entering are conducted in a manne - April 23. 2019

- First Shari'ah Board Board of Directors Meeting
- Second Shari'ah Board Board of Directors Meeting

To form our opinion as expressed in this report the Shari'ah Compliance Department (SCD) of MIB carried out reviews of each type of to unit ou quind as expresses in trus report, the state at comparate beganitient (soci) of vino claime Out nerviews or lead type of markadions, productions, process flow-indones operand and comparate prior the respectivity of RSMM-Read Shahal Compliance. In this regard, all 00 branches have been respected for Shariah compliance, as per Shariah Compliance Program. In the year 2019 he tocus wes on new Obranches. Funder, as fars Shariah compliance review of CanceyDNoisenDegaments is concreend, thas been ensured to comply with Shari'ab Compliance Program. In order to enhance the Islamic banking knowledge and expertise reparting functions of diffe Groups/Divisions/Departments; Shan'ah trainings were made mandatory for all staff of the Bank with the coordination of Learning & Development Departmen (L&D) of HRG to comply with regularoty instructions.

Torough of the second of the second s

سماک فائل فسیلیش برائے ذخرہ در بی بیدادار، اسلاک ریفا کاٹس انکیم ورکٹک کمونل فائل ایک برائے چھوٹے اور درمیانے درج کے اداروں کی اسلاک ریفا کاٹس انک

SCD with the coordination of management and under the supervision of RSBM/Head Shari'ah Compliance has reviewed following product Diminishing Musharakah

es in some MIB Liability Products

document

Liability Products & Other Documents

Letter of Documentary Credit LC under Wakalah (Application & Agreements), Note for Approval-U Financing (Purchase) Document, Application & Agreements for Iss ents), Note for Approval-LC under Wakalah (Amendment in Trade Finance Manual for Imports), Mus nce of Letter of Documentary Credit- Based on Muraba

Liability Products Handbook, Profit & Loss to Customers Based on Customer Group Level Deposits Aggregation. Services & Charges Differentiation

Agency & Guarantee Security Documents (Agreements of Pledge and Personal Guarantee), Agency Agreement for Physical Delivery

1

ar Enance r Car Financing Product Program Amendment-Appraisal value of used car finance cases "Diminishing Musharakah Housing Finance – Sararia Process Forus & Oustome-End Documents, Oustomer Request for Deferral of Rental & Revised Payment Schedule Formats for r Car Finance (Ijarah & Diminishing Musharakah) and Diminishing Musharakah Housing Finance, Consumer Car Finance Product Program (2019), Diminishing Musharakah Housing Finance Product Program (Renewal-2019). 6.

n Deposit. MIB Asaan remittance savino account & MIB Asaan remittance current account. MIB Deposit Product Manual

Murabaha & Murabaha Microfinance Murabaha Product Manual V-2.0.8.2.01, Finished Goods Murabaha Agreements & Standard Process Flow, Revised Order Form and Revised Bank's Instructions-Murabaha, Murabaha Microfinance Facility Agreements, Agency Agreements and Process Flows, Murabaha Microfinance Product Program (Renewal – 2019), "Murabaha Microfinance End-to-End Process Manual (Renewal – 2019) and its allied formats.

Financing (Purchase) Product Structure & Process Flow and Salient Features, Legal Agreements for Musawamah Financing (Purchase

Sukuk, Takaful & Bai Muajjal

Sauka. In Annu of Barlinging Shariah Shouther O Pakistan Energy Sukuk, Pakistan Energy Sukuk-All Legal Agreements & Documents, Shariah Shudure of Pakistan Energy Sukuk – II, Pakistan Energy Sukuk II – Legal Agreements & Documents, Amendment in Master Istisna Agreements (Clause 11.01), Takaful Agreement between AICL-WTO and MIB for Housing Finance, Bai Muajjal Legal Agreements.

شريعه بور در بورك (مالى سال اختتام بذير الله دسمبر ۱۹ ۲۰ ء)

المام كمام

Urdu Translation Urdu Versions of Murabaha Microfinance Application Form, Urdu Versions of Murabaha Microfinance Facility Advising Letter, Customer Undertaking Payment of Installments for Murabaha Microfinance – Urdu Version. Translation of Product Key Fact Sheets for Bullet and EMI based Financing un Murabaha Microfinance.

بسم الله الرّخمن الرّجيه

ألحشدُ لِلَّهِ رَبِّ الْعَالِمِينَ وَالصَّلُوةُ وَالسَّلَامُ عَلَى حَاتَمِ ٱلْأَثِيَّاءِ وَالْفُرُسَلِينَ وَعلى اله وَصَحْبِه أَج

Enterprises, Islamic Re-Finance Facility for Modernization of SMEs, Islamic Finance Facility for Renewable Energy, Promotion of SME Finance-Content Material, Sale Agreement with Islamic Banks.

SCD has also facilitated Islamic Banking training sessions for the front and back offices staff of MIB. Further, L&D-HRG has taken initiative t loo during stain to ann in the sinn greasers for a lering and search state with BD Cricular No. 20 of 2016, Bat Hefervier and comprehensive Isainic Batring training metanism in compliance with IBD Cricular No. 20 of 2016, Batad: Jun anced Training & Capacity Building Measures for Islamic Banking Institutions (IBIs)" issued by Islamic Banking Department, Sta kisisan, for MIB front and back offices staff at all levels. Internal trainers were also part of Shariah related training initiatives duri

Shari'ah Board praises and encourages the continuous, comprehensive & profound efforts of MIB Management regarding implementation of all instructions and guidelines issued by Shari'ah Board.

Miscellaneous Schemes & Other Documents

- Based on the observations made through Shari'ah review reports and Shari'ah Compliance checks, it is recommended that:
- To encourage small depositors towards Islamic banking, Deposit products should be designed specifically for small/micro depositors, will not only boost banks' deposits but will also be helpful for increasing percentage of population dealing with Islamic banking channe which is also one of the objective of IBD-SBP. Therefore, it is recommended to introduce deposit products for depositors with low saving
- indispensable. Hune, there stallable more Shariah Trainings in compliance with regulatory requirements. sere should be more locus on Shariah trainings of Consumer finance & Microfinance. semphased to encourage the Islamic Microfinance due to its requirement in the country instead of investment in Sukuk etc. Through and Microfinance Jamic Barking Industry can penetrate to prases rude level to facilitate micro level traders. comply the regulatory requirement, it is strongly recommended to avoid the manual calculation & distribution of profit in Pool anonaner Revision.
- entent System. of Islamic Banking terminologies must be ensured during MIB's Treasury, Trade and Operational activities, further compliance o must he ensured in all activities of MIF
- principles must be ensured in all advives of NWL. ber 2019, to comply the instruction of IBD-SBP, SCD is not reviewing the transaction at funding and financing stages biblity of the relevant groups now has increased in this regard, therefore, it is recommended to ensure the compliance of sacrowed Moulos Operand/IProcess Flow in the letter and spirit to avoid charitization of recognized profit. ess Flow in true letter and spirit to avoid d charitization of recognized profit.
- MIB has complied with directives regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accord
- The trace conject with directives, regularism, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the unings of SBP's Sharah Board. MB has complexible comp

Shari'ah Board would like to take this opportunity to offer praise to Almighty ALLAH and seek his guidance and Tauwfeeq, and to express it wishes for further progress, development and prosperity of Islamic Banking, Alhamdulillah under the sincere efforts of senior management, an Islamic Banking industry in Pakistan as a whole.

وَاللَّهُ سُبُحَانُهُ وَتَعَالَى أَعْلَمُ

Professor Mufti Munib-ur-Rehman Chairman Shari'ah Board

Mufti Syed Sabir Hussai Resident Shari'ah Board Member

Mufti Nadeem Iqbal Member Shari'ah Board

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) **REGULATIONS, 2019** MCB ISLAMIC BANK LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

Date of Report: January 24, 2020.

This statement is being presented in accordance with the requirements of the Listed Companies (Code of Dr. Khalid Zaheer Chairmar Corporate Governance) Regulations, 2019 (the "CCG") as required under Regulation No. G-I of the Mr. Baza Mansha Member Prudential Regulations for Corporate/ Commercial Banking issued by the State Bank of Pakistan (SBP) Mr. Aftab Ahmad Khan Member MCB Islamic Bank Limited ("the Bank") has complied with the requirements of the Regulations in the Mr. Omair Safdar Member following manner C Business Strategy & Service Quality Control Com At present Board includes seven (07) elected Directors and one (01) Executive Director Mr. Raza Mansha Chairmar A Male Ms. Seema Aziz Member B Female 1 پورڈ آف ڈائر یکٹر زادرا گذیک میں اس امرے ذمہ دار میں کہ ایم آئی ٹی کے جملہ معاملات شریعت کے اُصولوں کے میں مطابق ہوں ،لیڈا ہم (شریعہ بورڈ) ایم آئی بی Mr. Aftab Ahmad Khar Member The composition of the Board is as follows لے شریع کمیا محس کی جموق صورت حال کے بارے میں ایک راید ان مح و مدار جی ۔ ١٩ ٢ میں شریع بود کا بود آف وائر نظر و کیا تحد کی اجام وری و فی تاریخ س Mr. Ahmed Ebrahim Hasham Member Sr. Category Names of Directors Mr. Muhtashim Ahmad Ashai Member Independent Directors Dr. Khalid Zaheei A D Risk Management & Portfolio Review Comm Ms. Seema Aziz Mr. Omair Safdar ر پورٹ میں طاہر کردہ آمور کے مطابق اچی رائے دیتے ہوتے عرض میہ ہے کدا کیم آئی ٹی کے شریعہ کمپلائنس ڈیپار میٹ نے ریز ڈیٹ شریعہ بورڈ ممبر/ بیڈ شریعہ کمپلائنس Non-Executive Directors Mr. Baza Mansha Chairman Mr. Aftab Ahmad Khan Mr. Ibrahim Shamsi Member Mr. Ahmed Ebrahim Hasham Mr. Ahmed Ebrahim Hasham Member Mr. Ibrahim Shamsi Mr. Omair Safdai Mr. Muhtashim Ahmad Ashai Member F Board LT Committee Mr. Muhtashim Ahmad Ashai بتربيحي بنيادون رهيل بوشك C Executive Director (President & CEO) D Female Director Ms. Seema Aziz Mr. Raza Mansha Explanation: Determination of number of Independent Directors comes to 2.33 (Rounded to 2) which Dr. Khalid Zaheer Member is based on seven elected Directors Mr. Ibrahim Shamsi Member بى بايا كيا-The directors have confirmed that none of them is serving as a director on more than seven listed Mr. Muhtashim Ahmad Ashai Member companies, including this bank. Board Evaluation Committee 4 The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken Dr. Khalid Zaheer Chairmar o disseminate it throughout the bank along with its supporting policies and procedures The board has developed a vision/mission statement, overall corporate strategy and significant policies Mr. Omair Safdar Member of the bank. The Board has ensured that complete record of particulars of significant policies along 13. The terms of reference of the aforesaid committees have been formed, documented and advised to with their date of approval or updating has been maintained by the Bank. ne committee for compliance All the powers of the board have been duly exercised and decisions on relevant matters have bee 6. The frequency of Committees meetings has been given in the Directors' Report taken by Board/ shareholders as empowered by the relevant provisions of the Act and these 15. The Board has set up an effective internal audit function which is staffed by suitably qualified and Regulations. experienced persons for the purpose and is conversant with the policies and procedures of the Bank كالت اورهانت The meetings of the Board were presided over by the Chairman and, in his absence, by a director 7 16. The statutory auditors of the bank have confirmed that they have been given a satisfactory rating elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board. under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP كتريم فاكالى and/e in equally control tevery program to the induced of character Accountance of additional and and and registered with Audit Oversight Board of Pakistan, that they and all of their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close their of the additional federation of the partners of the firm involved in the audit are not a close adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close their of the partners of the firm involved in the audit are not a close the first of the partners of the firm involved in the audit are not a close the first of the partners of the firm involved in the audit are not a close the first of the partners of the firm involved in the audit are not a close the first of the partners of the firm involved in the audit are not a close the first of the partners of the firm involved in the audit are not a close the first of the partners of the firm involved in the audit are not a close the first of the first o The Board of Directors has a formal policy and transparent procedures for remuneration of directors 8. in accordance with the Act and these Regulations. relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief Most of the Board Members either have minimum education and experience as required under financial officer, head of internal audit, company secretary or director of the Bank. Regulation 19 (2) for exemption from Directors Training Program, or have already completed Directors 17. The statutory auditors or the persons associated with them have not been appointed to provide othe Training Program pursuant to the requirements of the Regulations. During 2019, the Board has services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard. arranged Directors' Training program for Ms. Seema Aziz and Mr. Muhtashim Ahmad Ashai. 10. During the year, there was no any such appointment of Chief Financial Officer, Company Secretary 18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied and Head of Internal Audit 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board 12. The board has formed following committees comprising of members given below Board Audit Committee Dr. Khalid Zahee Chairmar 2.00 Muhtashim Ahmad Ashai Raza Mansha Ms. Seema Aziz Member Mr. Omair Safdar Member President/CEO فاركدتنا قسر Mr. Aftab Ahmad Khan Member

یرائے تھوٹے اور درمیانے در بے کے کاروبار (SMEs) کوجدید ہنانے کے لئے ، اسلاک فائنانس میسیلیش برائے ریٹج ایسل اثر بی، SME فائنانس کی فروغ کے مشحولات یسی فی اسلاک دیک (ایم آلی به) کا شریعہ بود وعمر ۵۱۰۱ ماکوتکلیل پایا موجود دشریعہ بودنی و فیرطنی خیب از عمن ایشیز شدن شریعہ بود و ملتی سیّد صابر سیمن اور یا غراف بی وروام اسلامک یکس کے ساتھ خریداری کامعابدہ۔ رشق ند تما قبال بمبرشر مید بود از مصحص ب ۲۰۱۹ ، ش بودا سال شریعه بود و کی خد مات ادار که حاصل رسی، دینک که معاملات کے حالے سے شریعه بود الے کیل فون اور و بی بود شریو کمپانٹس اورشریوٹر بلگ أربارشنٹ نے دینک کے فرنٹ آفس اور دیک آفس اشاف کے لئے اسلامی بیکار کی کر بلنگ کے کلی روگرام منعقد کے جی۔ حزید برآ ا قرائس كالز از در يديح كى فيررى ملاتا في كين 19، 19، مثل شريد بورة ارى اجلاس درية ويل تاريخ و من منعقد موت: اسمیت ویک آف پاکتان ک اسلامی بینکاری ڈیپارٹسٹ کی جانب سے جاری کردہ مرکز (نمبر ۲ (۱۸ ۲۰ متارین ۲۰۱۴ جان ۲۰۱۸) پر مملدر آ پر کویتی بنانے سے لئے اقدامات ک , r+143, Lr4 سے۔ لہٰذالیک پراٹرادد جامع پردگرام HRG-L&D کی طرف سے ترجیب دیا تھا، جس تے بلنے میک سے برددجہ سے فرف آخر، اطراف کو اسادی بیکاری کی ٹریلگ 1-19 :17:14 دى كى بى بر يوز يلك بروكر امو ب الخديك بر مان جن كى خدمات حاص كى كتي . . 1-19

ار با المرجعة مرجعة مرجعة المرجعة المرجعة المرجعة المرجعة المرجعة المرجعة من المسلس الدرجام ومشعول كالمريف الدرائي كراما - (٢) مشريعة برداني المرجعة المرافي كراما - (٢) المارثات

شراجه بورة شرى القبار سے تک بح جائزوں كى جائى پر تال كے بعد درجة ذيل سفارشات فيش كرتا ہے:

December 19, 2019

مانی وایول کے صادفین کا ساد ک مظلم کی طرف داخب کرنے کے لئے ، ڈیپاد ن پاؤکٹس متانے کی سفاد شکرتا ہے۔ یہ ویک کے ڈیپاد ٹ ش اضافے کے ساتھ ساتھا سار ک ویکنگ سے قائدہ حاصل کرنے والے افراد کی تعداد ہی بھی اضافے کا باعث ہوگا، جو کہ اشیٹ دینک آف پاکستان کے اسلامی دینکار کی ڈیپارٹسٹ کے مقاصد میں ایک ہم متصدیحی ہے۔اس لے ان پراؤ کش کو بنا ٹاٹا گز ہو ہے۔

عثم ش اشاف کے لئے عزید ٹریڈر بیٹک پردگرام منعقد کے جا کمی، ہواشیٹ بیٹک آف پاکستان کے اسلامی بینکاری ڈیپارٹسٹ کی جایات کے مطابق ہوں۔ من مان مان مان مان مان مان مان مان کار بواریک باد بیک باد بالد. معلق می اود دور بالد بالد اود کالم کال کار در مان کا بواری مشکر شد مان می مانید و دور فادیا بات اساک مانکرده کال شریع بدوان باد دور بالد مانی کار در مانی کار در مانی بادی مشکر مان که مانی ماند و دور فادیا بات اساک مانکرده کال

سلاق بديكارى كالمنعت ماليكروليول كالترون كالموات ك الخ وفى مطح تك جائلتي ب-شريد بورة ديكولير فيجايات كي هجيل ك الح يرز ورمقارش كرتاب كر بهال يتجنن سلم عن وي حساب تماب او معافى كالتيم م جرمورت عن ايجاجا ..

الم آتى لي يرزيز بيردى ، فريد اورا مي عنى سركر ميون برودان اسلاى بيتكارى كى اصطلاحات كاستومال كويتينى ، ما ياجات اورا كم آتى لي كى قدام سركر ميون برودا سلاق بيكارى اصولول كى هميل كويقى بنايا جائ

توم ۱۹۰۹، می ۱۰ شیت ویک آف با کتان کراملدی ویکاری و بیاد منت کی جدایات کی فیمل کے من شراید کمینا میں و برا منت فند تک اود فا کانسک کرم ۲۹ پژانزیکشن کی جانتی پر تال تیس کرد بااوراب اس سلسط میں متعلقہ کردیک کی وسدداری میں اضافہ ہوا ہے اپندا ،شریعہ بردو کے لزائزیکشن کے منظور کردو طریقہ کار کی طبق کوامل رور كما تحديق ما ياجات ما كدمات موت منافع كوي بن موت سيما ياجا تك-

- فراجہ بوداً نے ہیرونی اوراء رونی شریعہ آنا اورشریعہ کمپا تنس کار یورش کوریجھنے کے بعد اصلاحی اخدامات کے لئے جالیات دیں۔ ابتدا شریعہ بورڈ کے مطابق:
 - ائم آلى في في شريد يورد كم جارى كردوق وكى جات اور جدايات ولاتحد من مطابق شرق أصول وشواد باكو يورا كياب-
- ايم آني بي في تحقيق معنول من اصل دور أكورة نظر ركت جو اليس بي بي أسبكشن ريورت يرحملد رآمة كيا-المُراكَي المنين بيك أف باكتان ك أحكامت الوانين وجدايات أورالتحش (جوالميت بيك أف باكتان كشريعه بودات احكام ك مطابق جير) ب الم آبتك
 - شر میکا من کو بینی بنانے کے لئے انج آئی بی کے پاس ایک جامع طریقہ کار موجود ہے۔
- مال معاملات سے شریح کمیلائن کے دوران به علوم ہوا کہ ایم آئی بل نے تعظیمہ دات سے 54.88 ملین کی فیرشر تی آمد تی حاصل کی، چے جی بیڈا کا دونہ شرال دیا کیا ج۔ عادوازی بینک نے ایم آ ٹی لی کارچریل پالیسی ادرا شیٹ بنک آف پاکستان کے اصولوں کے مطابق شرید بورڈ سے منظور شدہ افلف خیراتی اداروں کو چریز ت سے رقم اوا کی - چری تک کی تعیدات کے لئے و کچھن فوٹ #18.1 - سال ٢٠١٩، میں شرید بورة کے آخری دکی اجلاس میں شرید کمان من کی ایک مائیکروفا خانس کی ریورٹ میں فیرشر می منافع برعظیح کیا گیا،جس برشر بعہ یورڈ نے مائیکروفا خانس کی ان دونراز پکشنز کے منافع کوچیر بنی کرنے کاتھم دیا ہے۔ ا ايم آنى بى كنى ولتصان كى تشيم اور بول كى انتظام كارى اشيت ويك آف با كستان كى بدايات ك مين مطابق ب-
- اكرچ بينك فعال طريق سے اپنے افرادكاركوا ملاقى بينكارى اور مالياتى تلكام كر بارے ميں ترديت وے دباب متا بمافراد كاردا انتظام باور بودة آف ذائر كملزة ش آكمي با کرنے کی فرض سے اسلامی بینکاری کی تربیت میں حز پرانشانے کی ضرودت ہے۔انگلامیاور بورڈ آف ڈائز یکٹرز نے اخلاص یکٹی کوششیں کی ہیں اور أنہوں نے ایک فى في محد المرابعة كما أتنس كى الميت كوسليم كيا ب-
- شرايد يودا كواچى د مداريوں ب عبدور آن بونے كے لئے خاطر خوادو سائل فراہم كے لئے ميں ں۔ سم سرچہ بروہ ہی احساسہ میں کا جب میں اور سے میں کا دیکھنٹ کا مراجع ہے۔ شریعہ بودا اللہ خاکی کیا برگاہ میں اُس کا کرایے طال کر نے اور اُس بے ماہات اور تعلق اور اسلام میں اور اسلام میں

اللام كى مريد يوشر فت ، ترتى اور فوشاى كالمتنى

والألاشتخالة وتغالى أغلتم

وفيرشحي فيسبادهن אל איל באנו عتى عديم اقبال لتح يذمارهين Ade? Aut & here to

MCB Islamic Bank Limited MCB Islamic Bank Limited Human Resource & Remuneration Committee February 03, 2020 February 03, 2020

в ے)، مشارکہ متناقشہ کے این قائلان پراڈیٹ پروگرام میں ترقیم (اللی جریٹوں کے ہلکس کے اخبار ہے)، ترمیم مشارکہ جاری فائلان پراڈیٹ مینڈل 3.0۔ יושוגוניזיאנטיזייו

یپار است کی زیر تحرانی قدام محمد مال معاطات مردو کش، معاطات سر احل اور نظریات کاجائز والیاب-اس حوالے سے شریعہ کما تن پر دگرام سے تحت اندا تی ای کی قدام 100 لې کارل کار کا د بال کار با کې د جېکه اسال کې ۴۰ برای اغېار په بازور چې خپادوں پرلیا کیا، فیزارو یې او بی د طلس کے شرق اغېار په چالز پ ، لیے شریعہ کمپانٹس پوگرام کی تھیل کی تکی۔ اسلامی بینکاری کے بارے میں تمام گروہ پر او پر زز اور بیار شنش کی ان کے کام کی نومیت کے اعتبار سے معلوما حانے کی فرض سے باحدم اسلامی بیکار کی اور باطنوص و و تک کی تر دیت و من ر دیور تی دید ار شف کے تحاون سے تمام اسلاف کے لیے اور دی گئ ب تا کرد بلو کی بدایات

, r-18 / / ITT

11-19,19

یم آئی لی سے شریعہ بورڈ کی جاری کردہ چار بدایات دارانٹر کل اور دو قانا ہی جات بقیر کسی تبدیلی سے ایمی بھی موجود جیں۔ اسسال ۲۰۱۹ میں ایم آئی بی سے شریعہ بورا

ويك تصطمين تحاون ب شريعه كميا تمش فدج المعث فرايز في خشر يد يور فمرأ ويذخر مح كما تمش فد جاد تحت كى زيرهم انى ان قمام برا وتحت كى ومتاويز ات كا

تعلينى بالأكش ودكردتا ذيزات

اقى بى تحت ياييتم كلس ترم ذيبازت، ايم آتى بى آسان رئينلس سيوتك اكادت، ايم آتى بي آسان رئينلس كرنت اكادت، ايم آتى بي ذيبازت براذكت مينول في . ، ویل ک، مصارف کے فقع واقصان کو کرد پ کی غیاد پر بین کرتر ، ویک کے ترقیح یافته صارفین کی خدمات کے چارجز می فرق اور پہلے ے منظور شدہ چند لاکھیلی پراؤکٹس میں -2

مرآف داكا مركد

- ر آف کریڈٹ وکال کی بنیاد پر (درخواست نامد اور معاجات)، فوت برائے لیٹر آف کریڈٹ وکال کی بنیاد پر (فریڈ فا کانس) درآمات کے میتوک میں ترجیم)، مسادمہ نائستک (خربداری کی دستان پزات)، مرایحداد رساد مدکی بنیاد بر اینرآف کریڈ ب جاری کر نے کادر قواست نامداد رمعابدات .
 - ت کامعالمہ ہ(رہمن اور ڈاتی شانت کے معامدات) ، اشیاء کی فراجمی کی وکالت کامعاہد ہ

شراجه بورة كايبلا إجلال

شريعه يورد كادوسرا إجلاس ،

شريعه يورة كاتيسرا اجلاس،

شريعه يورة كاجوتها إجلاس،

شريعه يورد - يورد آف دايزيكترز كايسا اجلاس،

شراف يورد - يورد آف دائر يكثر زكادوسرا إجلاس،

فزیم کارفا کانس کی پاؤاک کے پروگرام میں ترمیم استعال شدہ کار کی صورت میں مشار کہ مثلاق کی بنیاد پر پادی فا کانسک کاطریقہ کاراد رصارف کے لیے دستاؤیزات، کنز پسر رقا كالس صارف كى جاب ، مشارك منا فيركاد رغوات نامداد أظرة فى شدد ادا يكل كالخام الاوقات (اجاره ادر مشارك مثنا قصد باوس قا كانتك، كتريم كارقا رام۲۰۱۹ ، پانظرتانی مشارکه متناقصه مادی قا کانسنگ پروگرام۲۰۱۹ ، پرنظرتانی ... یس کی پراڈ کٹ کے

ابحادرم ابحدا تكردفا كالس

ير براؤك ميتوكر 2.01 در 2.01 ، تاراشياء كرمرا برى كامعابد دادرطر يتدكار نظر ثاني شد دمرا برى كاتر زطارم در ديك كى بدايات مرا برى ماتيكر دفا خاش فيسيلي كامعابده وكالت معاجده اورطریقه کار مراجع مالیکرد فا تحال کی پراڈکٹ کے پروگر ام ۱۹۹۹ ، پرنظر ثانی مراجح مالیکرد فا تحاکس کی پراڈکٹ کے میتوکساور اس سے ملحظہ متلایزات ۱۹۹۹ ، پرنظر ثانی-

امدفا كانسك (برائ قريدارى) كى براؤك كالكليل المريقة كارادر تدايان تصوصيات اسماد مدفا كانسك (فريدارى) كى براؤك كتافو في معاجدات الظر دفل شد ويتك ك

كوك الافل اور الم موجل

تان انربی مسکوک کی شریعت کی بنیاد پڑھلیل، پاکستان انربی مسکوک کے تمام کا نونی معام اے اور دستان بزین سکوک-۱۱ کی شریعت کی بنیاد پڑھلیل، پاکستان ی صلوک-اا ک تمام تانونی معابدات اور دشاند بزامت ، ترمیم ماشر معابده استعسان (شن نیسر 11.01)، ائم آتی بی اور AICL سال کا طافل کا معابده برائ بادن نَانُس، بح موجل کے قانونی معامدات۔ میں رابحہ انگرد فاکاش درخوا سے نامہ مرابحہ مانگرد ہا کا کر کے لیکن بغرابحہ مانگرد فاکا کس کے صارف کی طرف سے شطوں کی ادائی کا وعد وہ مرابحہ مانگرد فاکا ٹس ک

كت كيليدي هما أق كي فيرست برائ يكشت ادا يكى ادراق ايم آني-

شارکه شانصد که بادن قائل می اذکن پادگرام می ترمیم (بیشتر کے اطلاب)، مشارکه شانصد که بادن فاکن پرازک پروگرام می ترمیم (KIBOR کے معیار کے اطلا

VARBISLAMIC BANK LIMITED

MCB Islamic Bank Ltd.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of MCB Islamic Bank Limited ("the Bank") for the year ended 31 December 2019, in accordance with the requirements of regulation 36(2) of the Regulations. o comply with Regulation G-1 of the Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistar

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the reguirements of the Regulations. review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all naterial respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2019

Lahore Date: 14 February 2020 KPMG Taseer Hadi & Co. Chartered Accountants

CHAIRMAN'S MESSAGE

I am pleased to present this report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Bank's objectives. MCB Islamic Bank has witnessed another year of growth while establishing a solid financial standing in line with the Bank's strategy. Year 2019 has seen our bank to consolidate and further build on the last year's significant network expansion, with strengthening are denoted build bear ended and definitional partial to lear forward towerd. core deposit, balance sheet spreads and additional capital to leap forward towards a sound financial position.

MCB Islamic Bank is a growing institution and is constantly looking to innovate and implement customer centric services. Our Business team is continuously working to identify market opportunities and to vigilantly enhance the portfolic to obtain sustainable positive results. Our results for the year have shown promising signs with great potential to grow in coming years. In addition, we have a solid commitment for playing our constructive role towards the growth of Islamic financial system in Pakistan.

Pakistan has witnessed a deteriorated economic situation during 2019. Owing to the Pakistan has witnessed a deteriorated economic situation during 2019. Owing to the government's quest for structural economic reforms including an improved tax to GDP ratio, controlled fiscal deficit, and floating exchange rate regime along with the documentation of the economy and measures to curtail money laundering have all combined to bring down the GDP growth to 3.3% in the year 2019, as compared to 5.5% in 2018. We believe that 2020 will be the year when Pakistan's economy will start its growth curve again provided the stabilizing measures in terms of policy and administration taken by the government and SBP materialize. However, further immediate efforts are required to tackle the continuously rising inflation and the industrial concording review. economic revival.

Islamic banking has now become an integral part of global financial system and still growing at a reasonably good pace. According to Financial Stability Report 2019 issued

by Islamic Financial Services Board (IFSB), the total worth of the Islamic Financial Services Industry (IFSI) increased to US\$ 2.19 trillion in 2018 on the back of significant improvement across the three sectors of Islamic Banking, the Islamic Capital Market and Takatul. In Pakistan, Islamic Banking sector though growing steadily, is yet to tap the paramount growth potential available. The market share of domestic Islamic banking inducts and the sectors and the participation and the sectors and 4.6 (i) in bitd decorise utility in the sectors and 4.6 (i) in bitd decorise utility in the sectors and 4.6 (i) in bitd decorise utility in the sectors and 4.6 (i) in bitd decorise utility in the sector sectors and 4.6 (i) in bitd decorise utility in the sectors and 4.6 (i) in bitd decorise utility in the sectors and 4.6 (i) in bitd decorise utility in the sector sectors and 4.6 (i) in bitd decorise utility in the sectors and 4.6 (ii) in the decorise utility in the sector sectors and 4.6 (ii) in the decorise utility in the sectors and 4.6 (iii) in the sector sectors and 4.6 (iii) in the decorise utility in the sectors and 4.6 (iii) in the sector sectors and 4.6 (iii) in the sectors and 4.6 (iii) in the sectors and 4.6 (iiii) in the sectors and 4.6 (iii) in the sectors and 4.6 (iiii) in the s industry stands at 13.8% in terms of banking assets and 16.1% in total deposits, while its network has expanded to over 2,900 branches across the country. Despite the challenges we anticipate in the future, we are confident that our bank will continue to ards greater heights of success

The great role our Board of Directors is playing in steering the Bank towards becoming a success story is worth noting. The MIB Board has displayed great acumen and unmatched standards of ethical and professional conduct in the oversight and management of the organization. This dedication has proved to be invaluable for preserving the interests of our shareholders. The Board has ensured good corporate Committees have been duly constituted with a defined scope of work to ensure that and respective terms of reference

preserving the interests of our strateriologies. The Board has ensured good corporate governance by maintaining high levels of professional and business conduct, implementing effective internal controls and audit functions including risk management framework. It has successfully steered and executed the Bank's strategy while ensuring that the vision, mission and core values of the Bank are never compromised upon. It has also closely reviewed policy related matters with long term implications as per regulatory obligations which also meet the Bank's operational requirements. Board Sub-Committees have been duly constituted with a defined scone of work to ensure that they perform their prescribed functions precisely and efficiently as per their mandate

With our diversified Board of Directors, unparalleled emphasis on service and succeed and thrive, no matter the conditions or excellence, we endeavor to

STATEMENT ON INTERNAL CONTROLS – YEAR 2019

The Management of MCB Islamic Bank (the "Bank"), under the guidance of the Board of Directors, acknowledges its responsibility for establishing and maintaining an adequate and effective system of internal controls with the main objectives of ensuring effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations

The Internal control system is a set of processes designed to identify, evaluate and mitigate the risk of failures and to help achieve overall business objectives of the Bank. All significant policies and procedural manuals are in place, which are reviewed, revised, and improved to keep them current with latest activities and challenges. As a part of effective Internal Control System, the Board has established a formalized organizational structure within the Back that provides clear demarcation of reporting and responsibility for ensuring proper assignment of authorities, segregation of duties and accountability towards the Bank. Defined authorities, segregation of duties and accountability towards the Bank Defined authority limits have been established for each level within the bank to approve acquisition and disposal of assets, approval of credit limits, writing-off items as well as approving expenses.

The Internal Control System evolves continuously and hence its evaluation is an ongoing process. This statement on internal controls is based on the management's assessment towards various aspects of the Internal Control System of the Bank. The Internal Control Systems of the Bank are designed to minimize and manage risks rather than eliminate the risk of failure to achieve the desired objectives; hence it can only provide reasonable assurance and not absolute assurance, against material misstatement or loss

Implementing State Bank of Pakistan (the "SBP") Guidelines on Interna Controls has been the Bank's top priority, with concerted efforts made by every Group to improve the control environment at grass root level by regularly reviewing and streamlining procedures, as well as imparting training.

Board's Audit Committee (AC) has the authority and is empowered by the Board of Directors to review the adequacy and effectiveness of the Interna Control System implemented by the Bank. All significant and material findings of the internal and external auditors as well as observations of the regulators are addressed on priority by the management and their status periodically reported to the AC.

The AC is supported by the Audit & RAR Group, independent from management, which forms an integral part of the governance processes. The Audit & RAR Group provides reasonable assurance through a systematic and disciplined approach along with value-added recommendations on the adequacy and effectiveness of the System of Internal Control over Financial Reporting, and compliance with internal policies, procedures and applicable regulatory laws and regulations. Periodic updates on its activities and significant issues are submitted by the Audit & RAR Group to the Board's Audit Committee

Compliance & Controls Group of the Bank through its Regional Compliance Officers and centralized setup, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering / Combatting the Financing of Terrorism. In addition, "Compliance Committee o Management" oversees the handling of Compliance Risks of the Bank and facilitate in implementing policies, processes and procedures to manage this risk. Furthermore, based on the observations and weaknesses identified by the Internal and External Auditors, Compliance and Shari'ah Compliance

teams, remediation of the control deficiencies are brought about by th management

Bank's Risk Management function also plays its role in ongoing strengthenin of the Bank's internal controls system, through operational risk data collection and conducting Risk and Control Self-Assessment exercise on bank wide Basis. The Bank has adopted top down approach for Risk Assessmen Further, the Bank has also adopted the Integrated Framework on Intern Controls issued by the Committee on Sponsoring Organization of the Treadway Commission (COSO) for implementation in light of the SBP's Internal Control Guidelines. Risk Management Function is also actively engaged in creating risk awareness through staff training sessions in the area of Operational Risk, Fraud Risk and Business Continuity / Disaster Recover Planning

In accordance with SBP's directives, the Bank has completed all stages of Internal Controls over Financial Reporting (ICFR) roadmap and Long Form Reports (LFR) on the assessment of Bank's ICFR for the years 2017 and 2018 issued by the External Auditor have been submitted to SBP in compliance wit its directives. None of the deficiencies identified has a material impact or Financial Reporting. The Bank's External Auditor will now review and issue LFR on ICFR as of December 31, 2019.

Based upon the results derived through ongoing testing of financial reporting controls and internal audits carried out during the year, the managemen considers that the Bank's existing internal control system is adequate and has been effectively implemented and monitored. The management will continue enhancing its coverage and compliance with the SBP Guidelines on Interna Controls and further strengthening its control environment on an ongoing basis

Based on the above, the Board of Directors has duly endorsed manager evaluation of internal controls including ICFR in the Directors' report.

Kashif Ahmed Group Head – Compliance & Controls	Khawaja Khalil Shah Chief Risk Officer
Muhammad Tariq Gondal	Syed Iftikhar Hussain Rizvi

Chief Financial Officer

Date: 20-January-2020

Group Head - Audit & Risk Asset Review

FINANCIAL SUMMARY 2019 2018 2017 2016 2015 2019 2017 2016 2015 2018 Rupe s in thousands Rup s in thousa (Loss) / profit before provisions (165,945) FINANCIAL DATA (784.567) (350,981) 19,836 97,532 199,814 895.646 (94,137) 39,901 Provision / (reversal of provision) (54) STATEMENT OF FINANCIAL POSTION (Loss) / profit before taxation (365,759) (1,680,213) (350,927) 113,973 57,63 105,017,261 94,894,435 51,745,997 28,564,193 26,887,541 Total assets - net 122.147 584.231 87.930 (34.056) (5.324 Taxatio 10,252,547 6,990,369 3,390,753 1,509,804 698,123 Cash and balances with treasury banks (Loss) / profit after taxation (243,612) (1,095,982) 79,917 52.307 (262.997)1,422,701 6,347,459 Balances with other banks 8,822,985 2,703,251 2,750,998 OTHERS 4,675,000 Due from financial institutions 5,851,664 1,400,000 15.517.775 46.289.721 23.416.703 13,259,000 2.018.706 Imports Investments - net 16.309.800 12.713.954 9.186.213 5.769.675 5.995.470 37,916,224 5,762,144 1.971.928 1.807.700 100,169 Exports Islamic financing and related assets - net 51.309.967 62,907,204 31,472,935 16,172,727 12.473.797 Operating fixed assets and others 12,470,298 6,185,207 3,752,376 2.404.803 1,372,692 KEY RATIOS 18,298,320 Total liabilities - net 94,550,460 84,824,921 16,904,789 42,115,218 13.82% 13.19% 23.81% 39.74% 46.50% Capital adequacy ratio Bills payable 973,627 1,303,992 314,210 447,776 89,864 (Loss) / profit before tax ratio -3.71% -39.92% -17.03% 7.46% 15.32% Due to financial institutions 4,127,526 7,800,628 7,926,790 2,785,650 631,520 (Loss) / profit after tax ratio -2.47% -26.04% -12.76% 5.23% 13.90% 73,307,185 32,690,808 9,450,072 Deposits and other accounts 81,853,511 14,279,436 Income / expense ratio 96.54% 73.28% 87.69% 106.82% 116.77% Other liabilities 7,595,796 2,413,116 1,183,410 744,934 6,733,333 Return of average equity (ROE) -2.44% -11.09% -2.64% 0.79% 0.52% Net assets 9,630,779 10,265,873 9,982,752 10,466,801 10,069,514 Return of average assets (ROA) -0.24% -1.49% -0.65% 0.45% 0.77% Share capital 11,550,000 11,200,000 10,000,000 10,000,000 10,000,000 Return of average earning assets 11.55% 6.70% 6.99% 6.79% 6.34% Shareholders' equity 10.044.475 9.937.242 9.832.379 10.094.531 10.014.614 Cost of deposit 6.28% 3.37% 3.15% 3.34% 3.17% Cost of fund 6.39% 3.87% 3.60% 3.54% 3.26% PROFIT AND LOSS ACCOUNT Gross Financing to Deposit ratio 62.73% 85.83% 96.28% 113.27% 133.01% Profit / return earned 9,848,819 4,208,875 2.060.927 1,526,778 376.295 Infection ratio 0.74% 0.02% 0.00% 0.01% 0.01% Profit / return expensed 5,855,061 2,304,950 1,005,671 576,544 101,057 CASA to Deposit ratio 76.86% 86.06% 79.19% 58.67% 60.68% Net spread earned 3,993,758 1,903,925 1,055,256 950,234 275,238 Book value per share including revaluation surplus 9.06% 8.99 9.63 10.27 9.98 Fee and commission income 294,491 162,245 46,325 34,678 9,874 Basic / diluted (loss) / earnings per share after tax - Rupees (0.217) (0.987) (0.263) 0.080 0.052 Dividend income and (Loss) / Gain on sale of securities - net 10,439 352,356 (34,600) 75,769 196,172 63,685 Income from dealing in foreign currencies 148,228 29,846 17,322 3,968 NON-FINANCIAL DATA No. of employees (excluding outsourced) Other income 19,743 13,020 10,483 10,992 787 1.619 1,493 795 601 328 No. of financing customers (excluding staff) Total income 4.337.077 2.303.187 1.494.266 1.209.398 300.306 5.351 1,953 179 71 31 1,189.562 Operating and other expenses 4.503.022 3.087.754 1.845.247 202.774 No. of deposit accounts 281.307 280.977 48,492 31.250 22,498