

**MCB ISLAMIC BANK LIMITED**

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2017**

**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2017**

	Note	(Un-audited) September 30, 2017	(Audited) December 31, 2016
<b>ASSETS</b>			
Cash and balances with treasury banks		2,979,813	1,509,804
Balances with other banks		2,197,774	2,750,998
Due from financial institutions	7	1,600,000	-
Investments - net	8	9,393,803	5,769,675
Islamic financing and related assets - net	9	24,827,426	16,172,727
Operating fixed assets	10	2,512,380	2,104,250
Deferred tax assets - net	11	134,737	-
Other assets - net	12	593,241	261,048
		44,239,174	28,568,502
<b>LIABILITIES</b>			
Bills payable		283,190	447,776
Due to financial institutions	13	6,073,290	2,785,650
Deposits and other accounts	14	26,897,245	14,279,436
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	11	-	40,524
Other liabilities	15	994,595	749,243
		34,248,320	18,302,629
<b>NET ASSETS</b>		<u>9,990,854</u>	<u>10,265,873</u>
<b>REPRESENTED BY</b>			
Share capital	16	10,000,000	10,000,000
Reserves		26,444	26,444
Unappropriated profit		36,315	68,087
		10,062,759	10,094,531
(Deficit) / surplus on revaluation of assets - net of tax		(71,905)	171,342
		<u>9,990,854</u>	<u>10,265,873</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



**CHAIRMAN**



**DIRECTOR**



**DIRECTOR**



**PRESIDENT / CEO**

**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	Note	Quarter ended September 30, 2017	Period ended September 30, 2017	Quarter ended September 30, 2016	Period ended September 30, 2016
		Rupees in thousands			
Profit / return earned	18	623,830	1,441,897	335,011	1,203,369
Profit / return expensed	19	296,674	666,768	141,740	419,484
Net spread earned		327,156	775,129	193,271	783,885
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	9.4	4	(337)	-	56,000
Provision for diminution in the value of investments - net		-	-	-	-
Bad debts written off directly		-	-	-	-
		4	(337)	-	56,000
Net spread after provisions		327,152	775,466	193,271	727,885
<b>Other income</b>					
Fee, commission and brokerage income		11,396	33,972	9,462	26,497
Dividend income		13,517	47,601	17,307	40,514
Income from dealing in foreign currencies		11,093	24,392	5,894	14,936
Gain on sale of securities - net		-	299,611	38,561	109,913
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		2,406	7,873	12,069	18,860
Total other income		38,412	413,449	83,293	210,720
		365,564	1,188,915	276,564	938,605
<b>Other expenses</b>					
Administrative expenses		462,391	1,239,765	273,737	738,467
Other provision - net		-	-	-	-
Other charges		(901)	8	(141)	13,732
Total other expenses		461,490	1,239,773	273,596	752,199
Extra ordinary / unusual items		-	-	-	-
<b>(Loss) / profit before taxation</b>		(95,926)	(50,858)	2,968	186,406
Taxation					
- Current		(5,295)	(20,209)	4,068	(61,226)
- Prior periods		-	-	-	(4,866)
- Deferred		38,756	38,320	1,456	(9,709)
		33,461	18,111	5,524	(75,801)
<b>(Loss) / profit after taxation</b>		(62,465)	(32,747)	8,492	110,605
<b>Rupees</b>					
Basic / diluted (loss) / earnings per share	20	(0.062)	(0.033)	0.008	0.111

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

  
**CHAIRMAN**

  
**DIRECTOR**

  
**DIRECTOR**

  
**PRESIDENT / CEO**

MCB ISLAMIC BANK LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Quarter ended September 30, 2017	Period ended September 30, 2017	Quarter ended September 30, 2016	Period ended September 30, 2016
	Rupees in thousands			
(Loss) / profit before taxation for the period	(62,465)	(32,747)	8,492	110,605
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / profit for the period transferred to equity</b>	<b>(62,465)</b>	<b>(32,747)</b>	<b>8,492</b>	<b>110,605</b>
<i>Items that may be reclassified to profit and loss account</i>				
<b>Components of comprehensive (loss) / income not reflected in equity</b>				
Deficit on revaluation of available for sale investments	(246,491)	(392,154)	(23,627)	(51,259)
Related deferred tax asset	86,272	137,254	8,269	17,941
	(160,219)	(254,900)	(15,358)	(33,318)
<b>Total comprehensive (loss) / income for the period</b>	<b>(222,684)</b>	<b>(287,647)</b>	<b>(6,866)</b>	<b>77,287</b>

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CHAIRMAN



DIRECTOR



DIRECTOR



PRESIDENT / CEO

**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	Note	September 30, 2017                      2016 Rupees in thousands	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(50,858)	186,406
Less: Dividend income		(47,601)	(40,514)
		<u>(98,459)</u>	<u>145,892</u>
<b>Adjustments for non-cash and other items</b>			
Depreciation - Owned assets		74,690	34,588
Depreciation - Ijarah assets		351,022	347,636
Amortization		13,946	9,169
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	9.4	(337)	56,000
Provision for diminution in the value of investments - net	8.1	-	-
Provision for Workers' Welfare Fund		-	3,725
Unrealized gain on forward exchange contracts		(6)	-
Loss on sale of fixed assets		20	-
Gain on sale of securities - net		(299,611)	(109,913)
		<u>139,724</u>	<u>341,205</u>
		41,265	487,097
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		(1,600,000)	-
Islamic financing and related assets		(9,005,384)	(2,205,390)
Other assets - net		(343,139)	(141,445)
		<u>(10,948,523)</u>	<u>(2,346,835)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(164,586)	45,388
Due to financial institutions		3,287,640	4,383,328
Deposits and other accounts		12,617,809	4,648,971
Other liabilities		245,352	(158,249)
		<u>15,986,215</u>	<u>8,919,438</u>
		5,078,957	7,059,700
Income tax paid		(7,757)	(49,552)
<b>Net cash generated from operating activities</b>		<u>5,071,200</u>	<u>7,010,148</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment in available for sale securities		(7,110,044)	(2,656,131)
Dividend income received		46,101	32,627
Proceeds from sale of available for sale securities		3,393,373	1,409,420
Proceeds from sale of fixed assets		1,771	-
Payment against demerger scheme		-	(5,901,988)
Investment in operating fixed assets	10.2	(485,616)	(527,018)
<b>Net cash used in investing activities</b>		<u>(4,154,415)</u>	<u>(7,643,090)</u>
<b>Decrease in cash and cash equivalents during the period</b>		916,785	(632,942)
Cash and cash equivalents at the beginning of the period	21	4,260,802	7,045,582
<b>Cash and cash equivalents at the end of the period</b>		<u>5,177,587</u>	<u>6,412,640</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



CHAIRMAN



DIRECTOR



DIRECTOR



PRESIDENT / CEO

**MCB ISLAMIC BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

	Share Capital	Statutory reserve	Revenue reserve	Unappropriated Profit	Total
Rupees in thousands					
Balance as at January 01, 2016	10,000,000	10,461	-	4,153	10,014,614
Profit for the period ended September 30, 2016	-	-	-	110,605	110,605
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-
Transfer to statutory reserves	-	22,121	-	(22,121)	-
<b>Balance as at September 30, 2016 (Un-audited)</b>	<u>10,000,000</u>	<u>32,582</u>	<u>-</u>	<u>92,637</u>	<u>10,125,219</u>
Loss for the period ended December 31, 2016	-	-	-	(30,688)	(30,688)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-
Adjustment in statutory reserves	-	(6,138)	-	6,138	-
<b>Balance as at December 31, 2016 (Audited)</b>	<u>10,000,000</u>	<u>26,444</u>	<u>-</u>	<u>68,087</u>	<u>10,094,531</u>
Loss for the period ended September 30, 2017	-	-	-	(32,747)	(32,747)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	975	975
Transfer to statutory reserves	-	-	-	-	-
<b>Balance as at September 30, 2017 (Un-audited)</b>	<u>10,000,000</u>	<u>26,444</u>	<u>-</u>	<u>36,315</u>	<u>10,062,759</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



CHAIRMAN



DIRECTOR



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PRESIDENT / CEO

## **MCB ISLAMIC BANK LIMITED**

### **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017**

#### **1 STATUS AND NATURE OF BUSINESS**

- 1.1 MCB Islamic Bank Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 under the Companies Ordinance, 1984 to carry out the business of an Islamic commercial Bank in accordance and in conformity with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted "Certificate of Commencement of Business" to the Bank on January 30, 2015. The Bank is a wholly owned subsidiary of MCB Bank Limited (MCB).
- 1.2 The State Bank of Pakistan (SBP) granted a "Certificate of Commencement of Banking Business" to the Bank on September 14, 2015 under Section 27 of the Banking Companies Ordinance, 1962. The Bank formally commenced operations as a Scheduled Islamic Commercial Bank with effect from October 15, 2015 upon receiving notification in this regard from SBP under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3 The Bank is operating through 68 branches in Pakistan (December 31, 2016: 66 branches). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 339 Block Z, Phase III, DHA Lahore Cantt.
- 1.4 Pakistan Credit Rating Agency (PACRA) has maintained the Bank's medium to long-term rating as "A" and the short-term rating as 'A-1' with stable outlook.

#### **2 BASIS OF PRESENTATION**

- 2.1 The Bank provides financing through Shari'ah compliant financing products mainly through Murabaha, Istisna, Ijarah, Diminishing Musharaka, Running Musharaka and Export Refinance under Islamic Export Refinance Scheme.
- 2.2 The purchases and sales arising under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such Islamic financing is recognised in accordance with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. However, income, if any, received which does not comply with the principles of Islamic Shari'ah is recognised as charity payable if so directed by the Shari'ah Board of the Bank.

#### **3 STATEMENT OF COMPLIANCE**

- 3.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 23 of 2017 CLD/CCD/PR(11)/2017 dated October 04, 2017, the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 or the directives issued by the SECP and the SBP differ from the requirements of IFRSs, the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFASs notified under the Companies Ordinance, 1984 and the directives issued by SECP and SBP shall prevail.
- 3.2 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for a full set of annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2016.

- 3.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.4 The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from January 1, 2014 and deals with accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The SBP through BPRD Circular Letter No. 4 dated February 25, 2015, has deferred the applicability of IFAS 3 till further instructions.
- 3.5 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**
- 3.5.1 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting period beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant impact on the Bank's operations and are therefore not detailed in this condensed interim financial information.

#### 4 BASIS OF MEASUREMENT

- 4.1 This condensed interim financial information has been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP.
- 4.2 Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

#### 5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2016.

#### 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the policy and method of computation stated below, the accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2016.

##### 6.1 Islamic financing and related assets

###### 6.1.1 Running Musharakah

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

##### 6.2 Revenue recognition

Profit on Running Musharakah financing is booked on an accrual basis and is subject to adjustment (if any) upon declaration of profit by Musharakah partners.

	Note	(Un-audited) September 30, 2017	(Audited) December 31, 2016
		Rupees in thousands	
<b>7 DUE FROM FINANCIAL INSTITUTIONS</b>			
Musharakah	7.1	1,600,000	-

- 7.1 This represents Musharakah arrangements with banks carrying profit at rates ranging from 5.25% to 5.60% per annum (December 31, 2016: Nil).

## 8 INVESTMENTS - NET

Investments by types	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in thousands						
<b>Available-for-sale securities</b>						
Fully paid up ordinary shares - listed	1,873,050	-	1,873,050	1,096,829	-	1,096,829
Sukuk certificates	6,824,070	-	6,824,070	3,526,509	-	3,526,509
	8,697,120	-	8,697,120	4,623,338	-	4,623,338
<b>Held to maturity</b>						
Sukuk certificates	1,092,500	-	1,092,500	1,150,000	-	1,150,000
<b>Investments at cost</b>	9,789,620	-	9,789,620	5,773,338	-	5,773,338
Less: Provision for diminution in the value of investments 8.1	-	-	-	-	-	-
<b>Investments (net of provisions)</b>	9,789,620	-	9,789,620	5,773,338	-	5,773,338
Deficit on revaluation of investments classified as available-for-sale securities - net	(395,817)	-	(395,817)	(3,663)	-	(3,663)
<b>Total investments at market value</b>	<u>9,393,803</u>	<u>-</u>	<u>9,393,803</u>	<u>5,769,675</u>	<u>-</u>	<u>5,769,675</u>

Note (Un-audited) (Audited)  
September December  
30, 2017 31, 2016  
Rupees in thousands

### 8.1 Particulars of provision

Opening balance	-	18,621
Charge for the period / year	-	-
Reversals during the period / year	-	-
Write offs / other adjustments	-	(18,621)
Closing balance	-	-

## 9 ISLAMIC FINANCING AND RELATED ASSETS - NET

### In Pakistan

- Murabaha financing		4,723,434	2,719,939
- Inventory held under Murabaha		4,236,950	4,987,296
- Advances against Murabaha		1,457,347	804,071
- Murabaha under Islamic export refinance scheme		123,108	87,003
- Advances against Murabaha under Islamic export refinance scheme		-	299,650
- Diminishing Musharakah		6,912,340	4,392,900
- Advances against Diminishing Musharakah		1,092,810	1,222,733
- Musharakah financing		122,520	-
- Running Musharakah financing		2,854,408	-
- Advances against Running Musharakah under Islamic export refinance scheme		1,079,000	-
- Net book value of assets in Ijarah under IFAS 2	9.1	1,416,753	1,243,897
- Advances against Ijarah		234,578	42,508
- Advances against Istisna under Islamic export refinance scheme		50,000	-
- Staff finance	9.2	525,115	374,004
Islamic financing and related assets - gross		24,828,363	16,174,001
Provision against non performing Islamic financing and related assets	9.4	(937)	(1,274)
Islamic financing and related assets - net of provision		<u>24,827,426</u>	<u>16,172,727</u>

- 9.1 Net book value of Ijarah assets under IFAS 2 is net of accumulated depreciation amounting to Rs.860.101 million (December 31, 2016: Rs. 967.524 million).

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Rupees in thousands	
9.2 Staff finance		
Staff housing finance under Diminishing Musharakah	438,675	324,782
Staff vehicle finance under Diminishing Musharakah	86,440	49,222
	<u>525,115</u>	<u>374,004</u>

- 9.3 Islamic financing and related assets include Rs. 0.729 million (December 31, 2016: Rs. 1.029 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2017 (Un-audited)				
	Classified Islamic financing and related assets			Specific Provision required	Specific Provision held
	Domestic	Overseas	Total		
	Rupees in thousands				
Other Assets Especially Mentioned (OAEM)	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	729	-	729	729	729
	<u>729</u>	<u>-</u>	<u>729</u>	<u>729</u>	<u>729</u>

Category of classification	December 31, 2016 (Audited)				
	Classified Islamic financing and related assets			Specific Provision required	Specific Provision held
	Domestic	Overseas	Total		
	Rupees in thousands				
Other Assets Especially Mentioned (OAEM)	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	1,029	-	1,029	1,029	1,029
	<u>1,029</u>	<u>-</u>	<u>1,029</u>	<u>1,029</u>	<u>1,029</u>

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

	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in thousands					
Opening balance	1,029	245	1,274	1,129	94,282	95,411
Charge for the period / year	-	-	-	-	38	38
Reversals during the period / year	(300)	(37)	(337)	(100)	(94,075)	(94,175)
	<u>(300)</u>	<u>(37)</u>	<u>(337)</u>	<u>(100)</u>	<u>(94,037)</u>	<u>(94,137)</u>
Write offs	-	-	-	-	-	-
Closing balance	<u>729</u>	<u>208</u>	<u>937</u>	<u>1,029</u>	<u>245</u>	<u>1,274</u>

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

	Note	(Un-audited) September 30, 2017	(Audited) December 31, 2016
		Rupees in thousands	
<b>10 OPERATING FIXED ASSETS</b>			
Capital work-in-progress	10.1	786,839	804,094
Property and equipment		1,631,397	1,192,512
Intangible assets		94,144	107,644
		<u>2,512,380</u>	<u>2,104,250</u>
10.1 It includes core banking system i.e. Flexcube amounting to Rs. 254.223 million (December 31, 2016: Rs. 205.290 million) and related hardware amounting to Rs. 39.326 million (December 31, 2016: 36.030 million).			
		For the period ended September 30, 2017 2016	
		Rupees in thousands	
<b>10.2 Additions to operating fixed assets - cost</b>			
Civil works		131,102	83,917
Furniture and fixtures		19,034	1,889
Office equipment		108,832	140,029
Computer equipment		32,850	19,553
Computer software		65,793	143,984
Vehicles		13,926	1,243
Advance to supplier and vendors		114,079	136,403
		<u>485,616</u>	<u>527,018</u>
<b>10.3 Disposals to operating fixed assets - cost</b>			
Office equipment		228	-
Computer equipment		164	-
Vehicles		1,816	-
		<u>2,208</u>	<u>-</u>
		(Un-audited) September 30, 2017	(Audited) December 31, 2016
		Rupees in thousands	
<b>11 DEFERRED TAX ASSETS / (LIABILITY) - NET</b>			
<b>Deductible temporary difference</b>			
Workers welfare fund		797	798
Unused tax losses		47,095	5,587
Minimum tax		38,068	17,859
Deficit on revaluation of available for sale investments - net		138,536	1,282
		<u>224,496</u>	<u>25,526</u>
<b>Taxable temporary difference</b>			
Surplus on revaluation of fixed assets		(26,386)	(26,074)
Accelerated tax depreciation		(63,373)	(39,976)
		<u>(89,759)</u>	<u>(66,050)</u>
		<u>134,737</u>	<u>(40,524)</u>
<b>12 OTHER ASSETS</b>			
Profit / return accrued in local currency		411,993	82,575
Advances, deposits, advance rent and other prepayments		70,859	64,877
Advance taxation		59,015	71,467
Dividend receivable		10,980	9,480
Rental receivable		14,994	8,925
Receivable against ATM transactions		20,494	21,725
Stationary and stamps		1,537	1,766
Unrealized gain on forward exchange contracts - net		6	-
Others		3,363	233
		<u>593,241</u>	<u>261,048</u>

	Note	(Un-audited) September 30, 2017	(Audited) December 31, 2016
		Rupees in thousands	
<b>13 DUE TO FINANCIAL INSTITUTIONS</b>			
In Pakistan		6,073,290	2,785,650
Outside Pakistan		-	-
		<u>6,073,290</u>	<u>2,785,650</u>

**13.1 Details of due to financial institutions - Secured / Unsecured**

**Secured**

Musharakah from the State Bank of Pakistan under  
Islamic Export Refinance Scheme

13.1.1 908,700 385,650

**Unsecured**

Musharakah

13.1.2 5,164,590 2,400,000  
6,073,290 2,785,650

**13.1.1** This Musharakah is on a profit and loss sharing basis maturing between February 27, 2018 to March 26, 2018 (December 31, 2016: March 6, 2017 to June 26, 2017) and are secured against demand promissory notes executed in favour of the SBP. A limit of Rs. 1,500 million has been allocated to the Bank by the SBP under Islamic Export Refinance Scheme.

**13.1.2** This represents Musharakah arrangements with banks carrying profit at rates ranging from 5.10% to 5.65% per annum (December 31, 2016: 5.05% to 5.30%) and having maturity till January 02, 2018 (December 31, 2016: March 03, 2017).

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Rupees in thousands	

**14 DEPOSITS AND OTHER ACCOUNTS**

**Customers**

Fixed deposits  
Savings deposits  
Current accounts - Non-remunerative  
Margin deposits

4,769,045	3,951,572
9,920,455	4,920,369
6,894,975	3,124,174
180,026	99,668
<u>21,764,501</u>	<u>12,095,783</u>

**Financial institutions**

Remunerative deposits  
Non-remunerative deposits

5,082,970	2,183,638
49,774	15
<u>5,132,744</u>	<u>2,183,653</u>
<u>26,897,245</u>	<u>14,279,436</u>

**14.1 Particulars of deposits**

In local currency	26,354,648	14,013,771
In foreign currencies	<u>542,597</u>	<u>265,665</u>
	<u>26,897,245</u>	<u>14,279,436</u>

	Note	(Un-audited) September 30, 2017	(Audited) December 31, 2016
		Rupees in thousands	
<b>15 OTHER LIABILITIES</b>			
Profit / return payable in local currency	15.1	149,492	67,623
Profit / return payable in foreign currencies		708	608
Accrued expenses		242,083	238,809
Deferred Murabaha income under Islamic financing and related assets		166,722	43,815
Advance receipt against Islamic financing and related assets		10,952	13,374
Charity collection account		2,074	10,580
Income received in advance		14,993	38,078
Security deposits under Ijarah financing		337,490	301,901
Withholding tax, Federal excise duty and other tax payable		3,028	7,308
Others		67,053	27,147
		<u>994,595</u>	<u>749,243</u>
15.1 It includes Rs. 0.487 million (December 31, 2016: Rs. 1.198 million) in respect of profit / return accrued on Musharakah with the SBP under Islamic Export Refinance Scheme.			
<b>16 SHARE CAPITAL</b>			
<b>16.1 Authorized Capital</b>			
		(Un-audited) September 30, 2017 Numbers of shares	(Audited) December 31, 2016 Rupees in thousands
		<u>1,500,000,000</u>	<u>1,500,000,000</u>
	Ordinary shares of Rs. 10/- each		<u>15,000,000</u>
			<u>15,000,000</u>
<b>16.2 Issued, subscribed and paid up capital</b>			
		(Un-audited) September 30, 2017 Numbers of shares	(Audited) December 31, 2016 Rupees in thousands
		<u>1,000,000,000</u>	<u>1,000,000,000</u>
	Fully paid in cash		<u>10,000,000</u>
			<u>10,000,000</u>
<b>17 CONTINGENCIES AND COMMITMENTS</b>			
<b>17.1 Transaction-related contingent liabilities</b>			
Guarantees favouring - beneficiary			
- Government		1,077,931	1,004,070
- Others		595,012	159,568
		<u>1,672,943</u>	<u>1,163,638</u>
<b>17.2 Trade-related contingent liabilities</b>			
Import Letters of Credit		2,476,785	2,039,247
Acceptances		225,679	39,505
		<u>2,702,464</u>	<u>2,078,752</u>
<b>17.3 Commitments in respect of forward exchange contracts</b>			
Purchase		-	-
Sale		1,001	-

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Rupees in thousands	
<b>17.4 Commitments for the acquisition of operating fixed assets</b>		
Acquisition of fixed assets	82,877	129,690
Acquisition of computer software	6,941	17,561
	<u>89,818</u>	<u>147,251</u>
<b>17.5 Commitments to extend credit</b>		

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

	Quarter ended September 30, 2017	Period ended September 30, 2017	Quarter ended September 30, 2016	Period ended September 30, 2016
	(Un-audited)			
	Rupees in thousands			
<b>18 PROFIT / RETURN EARNED</b>				
On financings to customers	483,083	1,100,711	213,153	787,744
On investments in				
- available for sale securities	89,454	190,721	24,900	72,076
- held to maturity securities	20,563	61,012	54,292	164,157
	110,017	251,733	79,192	236,233
On deposits with financial institutions	29,022	70,292	42,666	178,750
On inter bank Musharakah / Wakala agreements	1,708	19,161	-	642
	<u>623,830</u>	<u>1,441,897</u>	<u>335,011</u>	<u>1,203,369</u>
<b>19 PROFIT / RETURN EXPENSED</b>				
On deposits and other accounts	181,255	428,340	90,952	288,505
On musharakah with the State Bank of Pakistan under Islamic export refinance scheme	1,992	6,108	(82)	8,979
On other short term fund - Musharakah / Wakala agreements	113,427	232,320	50,870	122,000
	<u>296,674</u>	<u>666,768</u>	<u>141,740</u>	<u>419,484</u>
<b>20 BASIC / DILUTED - EARNINGS PER SHARE</b>				
(Loss) / profit after taxation for the period	<u>(62,465)</u>	<u>(32,747)</u>	<u>8,492</u>	<u>110,605</u>
	Numbers of shares			
Weighted average number of ordinary shares	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
	Rupees			
Basic / diluted (loss) / earnings per share	<u>(0.062)</u>	<u>(0.033)</u>	<u>0.008</u>	<u>0.111</u>

There were no convertible / dilutive potential ordinary shares outstanding as at September 30, 2017 and September 30, 2016.

	(Un-audited) For the period ended September 30, 2017	(Audited) For the period ended September 30, 2016
	Rupees in thousands	
<b>21 CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	2,979,813	1,347,830
Balances with other banks	2,197,774	5,064,810
	<u>5,177,587</u>	<u>6,412,640</u>

## 22 RELATED PARTY TRANSACTIONS

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

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

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

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

	Parent company		Associated companies		Directors **		Key Management Personnel ***		Others ****	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	Rupees in thousand									
<b>Balances with other banks</b>										
Opening balance	3,669	-	-	-	-	-	-	-	-	-
Deposits during the period / year	80,174	10,004	-	-	-	-	-	-	-	-
Withdrawal during the period / year	(74,939)	(6,335)	-	-	-	-	-	-	-	-
Closing balance	8,904	3,669	-	-	-	-	-	-	-	-
<b>Islamic financing and related assets</b>										
Opening balance	-	-	660,568	519,403	13,936	22,304	65,246	45,402	-	-
Disbursed during the period / year	-	-	297,000	452,350	-	-	29,436	29,367	-	-
Repaid during the period / year	-	-	(433,745)	(311,185)	(585)	(8,368)	(18,021)	(9,523)	-	-
Closing balance	-	-	523,823	660,568	13,351	13,936	76,661	65,246	-	-
<b>Others</b>										
Advance paid against purchase of property	20,000	20,000	-	-	-	-	-	-	-	-
Other receivables	14,994	8,925	12,014	4,447	-	-	2,333	1,515	-	-
Other payables	26,493	5,613	7,275	10,608	210	40	178	84	31	43
<b>Due to Financial Institutions</b>										
Opening balance	-	211,821	-	-	-	-	-	-	-	-
Received during the period / year	20,388,514	1,922,345	-	-	-	-	-	-	-	-
Repaid during the period / year	(19,863,924)	(2,134,166)	-	-	-	-	-	-	-	-
Closing balance	524,590	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>										
Opening balance	-	-	123,115	20,236	430	1,163	19,633	25,455	28,668	4,738
Received / adjustments * during the period / year	-	-	8,082,864	2,884,976	35,290	24,772	173,998	166,314	112,705	147,507
Withdrawal / adjustments * during the period / year	-	-	(7,913,948)	(2,782,097)	(34,527)	(25,505)	(141,724)	(172,136)	(125,581)	(123,577)
Closing balance	-	-	292,031	123,115	1,193	430	51,907	19,633	15,792	28,668
<b>Contingencies &amp; Commitments</b>										
<b>Liabilities - outstanding</b>										
Letter of Credit	-	-	412,088	-	-	-	-	-	-	-
Letter of Guarantee	-	-	597,012	-	-	-	-	-	-	-
Forward exchange contract Purchase	-	-	-	-	-	-	-	-	-	-
Unrealized loss on forward exchange contract - net	-	-	-	-	-	-	-	-	-	-
	Rupees in thousand									
	Parent company		Associated companies		Directors **		Key Management Personnel		Others ****	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
<b>Transactions during the period</b>										
Fee	-	-	-	-	560	140	-	-	-	-
Managerial remuneration	-	-	-	-	37,960	31,086	96,790	71,219	-	-
Contribution paid to provident fund	-	-	-	-	-	-	-	-	38,699	13,797
Profit received	-	-	20,265	42,693	423	865	1,914	2,189	-	-
Profit paid	49,966	4,741	3,743	703	-	-	1,120	460	496	89
Investment made in securities	-	-	411,795	-	-	-	-	-	-	-
Proceeds from sale of securities	-	-	431,701	-	-	-	-	-	-	-
Commission received	-	-	2,197	-	-	-	-	-	-	-
Disbursement made against advance salary	-	-	-	-	-	-	1,230	-	-	-
Repayment made against advance salary	-	-	-	-	-	-	650	-	-	-
Payment made against demerger scheme	-	5,901,988	-	-	-	-	-	-	-	-
Payment made against staff finance	-	113,434	-	-	-	-	-	-	-	-
Payment made against purchase of fixed assets	-	20,000	-	-	-	-	-	-	-	-
Payment made for expenses	399	1,007	56,624	16,973	-	-	-	-	-	-
Foreign currency purchase	6,966,908	2,867,844	-	-	-	-	-	-	-	-
Foreign currency sale	2,768,196	562,844	-	-	-	-	-	-	-	-
Letter of Credit issued	-	-	2,612,313	-	-	-	-	-	-	-
Letter of Guarantee issued	-	-	437,444	-	-	-	-	-	-	-

\* Primarily relates to those associates who have become or remains no more related parties of the Bank as at September 30, 2017.

\*\* Directors include the President / Chief Executive Officer.

\*\*\* Key management personnel includes certain head of departments who report directly to President / Chief Executive Officer.

\*\*\*\* This represents balances and transactions of staff retirement benefit plan and related parties other than those separately mentioned.

## 23 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the nine months period ended September 30, 2017 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in thousands				
Total income	-	712,789	32,977	1,109,580	1,855,346
Total expenses	-	(667,118)	(558,708)	(680,378)	(1,906,204)
Income tax expense	-	-	-	-	18,111
Net income / (loss)	-	45,671	(525,731)	429,202	(32,747)
Segment return on assets (ROA) (%)	-	8.13%	1.52%	6.82%	6.80%
Segment cost of fund (%)	-	5.45%	3.00%	1.88%	3.52%

	For the nine months period ended September 30, 2016 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in thousands				
Total income	-	580,988	33,604	799,497	1,414,089
Total expenses	-	(404,745)	(373,222)	(449,717)	(1,227,683)
Income tax expense	-	-	-	-	(75,801)
Net income / (loss)	-	176,243	(339,618)	349,780	110,605
Segment return on assets (ROA) (%)	-	5.91%	3.47%	7.59%	6.61%
Segment cost of fund (%)	-	5.45%	3.28%	4.92%	3.74%

	As At September 30, 2017 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in thousands				
Segment assets - Gross	-	14,116,528	3,752,707	26,177,124	44,046,359
Deferred tax asset - net	-	-	-	-	134,737
Advance taxation - net	-	-	-	-	59,015
Total assets	-	14,116,528	3,752,707	26,177,124	44,240,111
Segment non performing assets	-	-	-	729	729
Segment specific provision required	-	-	-	729	729
Segment liabilities	-	5,245,932	27,559,836	1,442,552	34,248,320
Deferred tax liability - net	-	-	-	-	-
Total liabilities	-	5,245,932	27,559,836	1,442,552	34,248,320

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

## 24 DATE OF AUTHORISATION FOR ISSUE

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

## 25 GENERAL

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



CHAIRMAN



DIRECTOR



DIRECTOR



PRESIDENT / CEO