



FIRST QUARTERLY

REPORT

MARCH 31, 2024

Vision

To be the leading financial services provider, partnering with our customers for a more prosperous and secure future.

Mission

We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us.

Core Values

The standards and principles which determine our behavior and how we interact with our customers and each other.

Credit Rating
Long-Term AAA (Triple A)
Short –Term A1+ (A one plus)
By PACRA

Corporate Profile

Board of Directors:

Mian Mohammad Mansha

Mr. Muhammad Tariq Rafi
Mian Umer Mansha
Mrs. Iqraa Hassan Mansha
Mr. Muhammad Ali Zeb
Mr. Mohd Suhaib Amar Suresh bin Abdullah
Mr. Yahya Saleem
Mr. Salman Khalid Butt
Mr. Shahzad Hussain
Mr. Masood Ahmed Puri
Mr. Shariffuddin Bin Khalid
Shaikh Muhammad Jawed
Mr. Shoaib Mumtaz

Chairman

Director
President & CEO

Audit Committee:

Mr. Shahzad Hussain

Mian Umer Mansha
Mr. Muhammad Ali Zeb
Mr. Shariffuddin Bin Khalid

Chairman

Member
Member
Member

Chief Financial Officer:

Mr. Hammad Khalid

Company Secretary:

Mr. Farid Ahmad

Auditors:

M/s. A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors:

M/s. Khalid Anwer & Co.
Advocates & Legal Consultants

Registered /Principal Office:

MCB House,15-Main Gulberg,
Jail Road, Lahore, Pakistan.

Contact us:

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Visit us: www.mcb.com.pk

Registrar's and Share Registration Office(s):

Head Office:
M/s. THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street 2,
D.H.A., Phase VII, Karachi, Pakistan.

Branch Office:
M/s. THK Associates (Pvt.) Limited
Office No. 309, 3rd Floor,
North Tower, LSE Building,
19-Shahrah-e-Aiwan-e-Iqbal,
Lahore, Pakistan.

MCB Bank Limited

Directors' Review – March 2024

On behalf of the Board of Directors, we are pleased to present the financial statements of MCB Bank Limited (MCB) for the three months period ended March 31, 2024.

Performance Review

On a standalone basis, the profit before and after taxation for the period ended March 31, 2024 together with appropriations is as under:

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

Impact of adoption of IFRS 9

Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax

Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated profit - net of tax

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final Cash Dividend at Rs. 9.0 per share - December 2023

Total Appropriations

Un-appropriated Profit Carried Forward

Through focused efforts of the Bank's management in maintaining no-cost deposits base and optimizing its earning assets mix, MCB's Profit Before Tax (PBT) for the first quarter of 2024 increased to Rs 32.5 billion with an impressive growth of 41%. Profit After Tax (PAT) posted a growth of 27% to reach Rs. 16.6 billion; translating into Earning Per Share (EPS) of Rs. 13.97 compared to an EPS of Rs. 11.02 reported in the corresponding period last year.

On the back of strong volumetric growth in average current deposits (+13% on a YoY basis) and timely repositioning within the asset book, net interest income for 1Q'24 increased by 27% over corresponding period last year.

Non-markup income increased to Rs. 9.1 billion (+54%) against Rs. 5.9 billion in the corresponding period last year with major contributions coming in from fee commission income of Rs. 6.1 billion (+46%), income from dealing in foreign currency of Rs. 1.9 billion (+97%) and dividend income of Rs. 1.0 billion (+55%).

Improving customer and interbank flows, diversification of revenue streams through continuous enrichment of service suite, investments towards digital transformation and an unrelenting focus on upholding high standards of service delivery supplemented a broad-based growth in income from fee commission; with trade and guarantee related business income growing by 100%, cards related income by 48%, branch banking customer fees by 17% and income from home remittance by 55%.

The Bank continues to manage an efficient operating expense base and monitor costs prudently. Amidst a persistently high inflationary environment, rapidly escalating commodity prices and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 13.9



MCB Bank Limited



billion (+18%). The cost to income ratio of the Bank improved to 29.50% from 32.77% reported in the corresponding period last year.

Navigating a challenging operating and macroeconomic environment, the Bank has been addressing asset quality issues by maintaining discipline in management of its risk return decisions. Diversification of the loan book across customer segments and a robust credit underwriting framework that encompasses structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk; the Non-performing loan (NPLs) base of the Bank was reported at Rs. 55.4 billion as at March 31, 2024. The coverage and infection ratios of the Bank were reported at 92.67% and 8.56% respectively.

On the financial position side, the total asset base of the Bank was reported at Rs. 2.41 trillion with nominal decrease of 1% over Dec 2023. Analysis of the assets mix highlights that net investments and gross advances have increased by Rs. 39 billion (+3%) and Rs. 25 billion (+4%) over December 31, 2023 respectively whereas Lending to Financial Institutions decreased by Rs. 46 billion (-48%).

The Bank's total deposits crossed Rs. 1.85 trillion while the domestic market share improved to 6.05% compared to 5.92% as at December 31, 2023. The domestic cost of deposits was contained at 10.70% as compared to 7.15% in the corresponding period of last year despite the significant increase in average policy rate during the period.

Return on Assets and Return on Equity improved to 2.74% and 31.54% respectively, whereas the book value per share was reported at Rs. 180.02.

During the period under review, MCB attracted home remittance inflows of USD 892 million (+13%) to consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 19.62% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 16.50% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.5% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 263.47% and Net Stable Funding Ratio (NSFR) of 160.47% against requirement of 100%.

The Board of Directors has declared first interim cash dividend of Rs. 9.0 per share i.e. 90% for the quarter ended March 31, 2024.

Ratings

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 23, 2023.

Economy Review

In Pakistan, the economy has shown signs of improvement, with the successful completion of the IMF's Stand-By Arrangement (SBA) program and the implementation of ongoing policy and reform efforts. However, sustaining this recovery will require continued fiscal consolidation, a prudent policy stance, timely and adequate financial inflows to meet gross financing needs, and stability in the external sector.

Headline inflation is on a downward trajectory, decreasing to 23.1% in February 2024 from 31.5% in February 2023. Despite this, the State Bank of Pakistan (SBP) opted to maintain the policy rate at 22% on March 18, 2024, citing risks to inflation outlook amidst elevated inflation expectations. The SBP had previously raised the average inflation forecast to 23%-25% in the fiscal year ending June 2024, up from the earlier estimate of 20%-22%.

On the fiscal front, the primary surplus increased to Rs 1,939 billion during Jul-Jan FY2024 from Rs 945 billion in the previous year. However, the fiscal deficit expanded to 2.6% of GDP during Jul-Jan FY2024, compared to 2.3% recorded last year.



The current account registered a deficit of USD 508 million for Jul-Mar FY 2024, reflecting an improvement in the trade balance compared to the previous year. In March 2024, the current account posted a surplus of USD 619 million, a positive increase from the surplus of USD 537 million in the same month last year.

Foreign Direct Investment (FDI) inflows amounted to USD 258 million in March 2024, improving from an inflow of USD 136 million the preceding month. Remittances also exhibited an upward trend, increasing by 16.44% in March 2024 (USD 2.954 billion) compared to March 2023 (USD 2.537 billion).

Future Outlook

Two key external factors that could impact Pakistan's economic performance in 2024 are global energy prices influenced by geopolitical tensions and climate change. Concerns regarding Pakistan's foreign debt obligations persist, especially given challenges in increasing export earnings and a negative trade balance. Addressing these issues will require crucial support from the IMF's Extended Funding Facility (EFF) and external inflows from friendly nations. However, achieving these objectives will entail rigorous fiscal and monetary adjustments to meet IMF requirements, including reducing gas and power circular debts, adopting a flexible exchange rate, and enhancing tax revenue collection. These adjustments may exert further inflationary pressures and significantly dampen aggregate demand.

Appreciation and Acknowledgements

The Board of Directors of MCB Bank Limited would like to extend their sincere gratitude towards the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory bodies for their continued support and guidance, all shareholders and customers of the Bank for their trust, and our employees for their continuous dedication and commitment.

For and on behalf of the Board of Directors,

Shoaib Mumtaz
President & CEO
MCB Bank Limited
April 24, 2024

Umer Mansha
Mian Umer Mansha
Director
MCB Bank Limited



معاشی جائزہ :

آئی ایم ایف کے اشینہ بائی ارٹنگٹ (ایس بی اے) پروگرام کی کامیاب تکمیل اور مردج پالیسی اور اصلاحات کے نتائج کی کوششوں کے بعد پاکستان کی معیشت بہتری کے اشارے یہ ظاہر کر رہی ہے۔ تاہم، بھالی کے اسی کو پانیزہ بنانے کے لیے مالیتی جامیت، دشمنانہ پالیسی ہیا یہ، بروقت اور مناسب مالی وصولیاں، جو قرض کی کل طلب کو پورا کرنے کے لیے کافی ہوں اور یہ وہ شعبے کے انتظام میں ہوں اس کا تسلیم برقرار رہتا ضروری ہے۔

بہلائی افراط ازدیادی اس وقت تجزیٰ کی راہ پر گامزد ہے۔ جس کی شرح فوری 2023ء، کی 31.5 فیصد کی سطح سے فوری 2024ء تک کم ہو کر 23.1 فیصد پہنچ گی۔

اس کے باوجود اسی کے اضافے کی توقعات کی بناء پر افراط ازدیاد کی پیش بینی میں انہی خدشات کا تذکرہ کرتے ہوئے 18 مارچ 2024ء کو پالیسی ریٹ کو 22 فیصد کی شرح پر برقرار رکھا۔ اشینہ بیک آف پاکستان نے جون 2024ء کو اختتام پذیر مالی سال کے لیے اوسط افراط ازدیاد کے 20 تا 22 فیصد کے اپنے سائبند تخمینے میں اضافہ کرتے ہوئے اس کی شرح 23 تا 25 فیصد پر پہنچنے کا توقع کا اظہار کیا ہے۔

مالیتی حوالے سے، مالی سال 2024 کے جولائی تا جوڑی کے عرصے کے دوران بیانی سرپلس پچھلے سال کے 945 ملین روپے سے بڑھ کر 1,939 ملین روپے پہنچ گیا۔ تاہم، مالی خسارہ گزشتہ سال کی 2.3 فیصد کی شرح کے مقابلے میں مالی سال 2024 کے جولائی تا جوڑی کے عرصے میں چھٹیتے ہوئے جی ڈی پی کی 2.6 فیصد کی شرح پر درج ہوا۔

کرنٹ اکاؤنٹ میں مالی سال 2024ء کی جولائی تا مارچ کی مت میں 508 ملین امریکی ڈالرز کا خسارہ دیکھا گیا۔ جو کہ گزشتہ سال کی نسبت تباہت کے توازن میں ہونے والی بہتری کا آئینہ دار ہے۔ مارچ 2024ء کے دوران، کرنٹ اکاؤنٹ میں 619 ملین امریکی ڈالرز کا سرپلس درج کیا گیا۔ جو کہ گزشتہ سال کے اسی میں کے 537 ملین امریکی ڈالرز کے سرپلس کے مقابلے میں ایک ثابت پیش رفت ہے۔

غیر ملکی براہ راست سرمایہ کاری کے تحت ہونے والی وصولیوں کا مجمجمارچ 2024ء میں پچھلے میں کی 136 ملین امریکی ڈالرز کی سطح سے بڑھتا ہوا 258 ملین امریکی ڈالرز پر ریکارڈ ہوا۔ ترسیلات زر بھی مارچ 2023ء (2.537 ملین امریکی ڈالرز) کے مقابلے میں بڑھتی کے روحان کو ظاہر کرتے ہوئے مارچ 2024ء تک 44 16.44 فیصد (2.954) ملین امریکی ڈالرز تک بڑھ گئی۔

مستقبل کی پیش بینی :

توانائی کی عالمی قیمتیں جو جغرافیائی و سیاسی تنازعات کے باعث دباؤ کا شکار ہیں اور ماحولیاتی تبدیلی، دو نہایت اہمیت کے حامل یہ وہی عوامل ہیں جو پاکستان کی معاشی کارکردگی کو سال 2024ء میں متاثر کر سکتے ہیں۔ پاکستان کے بیرونی قرضوں اور ذمہ داریوں کی ادائیگی کے بارے میں، خاص طور پر برآمدات کے فروع میں حاکم رکاوٹوں اور دشواریوں اور ایک منفی تجارتی توازن کی موجودگی میں، خدشات کا تسلیم برقرار ہے۔ ان معاملات سے نہیں کہ لیے آئی ایم ایف کی ایکسپریڈ فنڈنگ فلیٹی (ای ایف ایف) (Extended Funding Facility) اور دوست ممالک سے بیرونی وصولیوں کی اعانت نہیں ضروری عمل ہے۔ تاہم، ان مقاصد کا حصول اور آئی ایم ایف کے مطلوبات کی تکمیل کے لیے مقبوض و کڑی مالیتی اور انسانی ایجاد گھنٹنٹ (مطابقت) ناگزیر ہے۔ جس میں گھنیں اور بیکل کے شعبوں میں موجود ملکی ڈیٹہت (گروہی قرض) میں کمی، ایک چکدار اکٹھنچ ریٹ کو اختیار کرنے اور ٹکنیکی وصولیوں میں اضافہ کرنا شامل ہے۔ اس مطابقت سے افراط ازدیاد کے دباؤ میں اضافہ اور جگہی طلب میں مزید کمی واقع ہو سکتی ہے۔

ٹکھیں تو تکریں:

ایم ایف بی بیک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اشینہ بیک آف پاکستان، سکریٹری ایجٹ اکٹھنچ کیمیشن آف پاکستان اور دیگر انصباطی اداروں کا اگلی جاری معاونت کے لیے، بیک کے شہر ہولدرز اور صارفین کا ائکے بھرپور احتیاد کے لیے اور اپنے ملازمین کا ائکی مسلسل لگن اور ملخصانہ خدمات پر شکریہ ادا کرتے ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

شعبہ ممتاز

پرینڈیڈ یونٹ اور سی ای او

ایم ایسی بی بیک لمبیٹ

24 اپریل 2024ء

میاں عمر منشا

ڈاکٹر

ایم ایسی بی بیک لمبیٹ

صارفین اور بیکوں کے ماہین کاروباری لین دین کے بہاؤ میں اضافے، اپنی خدمات کے معیار میں مسلسل بہتری کی بناء پر آمدی کی نوعیت میں توعی، ڈیجیٹل متعلقی میں سرمایہ کاری اور اپنی خدمات کی فراہمی کے بلند معیار پر مرکوز خصوصی توجہ کے ذریعے فیس و کمیشن کی آمدی میں بڑھوئی ہوئی جس میں ثریہ اور گارنی سے متعلقہ کاروباری آمدی میں 100 فیصد، کارڈ سے متعلق آمدی میں 48 فیصد، برقی بینکنگ کی کمٹر فیس میں 17 فیصد اور گھریلو ترسیلات زر کی آمدی میں 55 فیصد کی وسیع النیاد نمو شامل ہے۔

بینک نے اپنے کاروباری اخراجات کا موزوں انتظام جاری رکھا اور لاگت کے انصرام میں بھی داشمندی کا مظاہرہ کیا۔ مسلسل بڑھتے بلند افراطائز کے باحوال، اشیاء خودر و نوش کی مسلسل بلند ہوتی تیزیں اور افرادی وسائل و یونیکاول جیکل اپ گریڈیشن میں جاری سرمایہ کاری کے محل کے درمیان بینک کے کاروباری اخراجات 13.9 بیلین روپے (+18%) پر درج ہوئے۔ بینک کی لاگت اور آمدی کی شرح گزشتہ قابلی عرصہ کی 32.77 فیصد کی شرح کے تابع میں بہتری کا مظاہرہ کرتے ہوئے 29.50 فیصد پر رپورٹ ہوئی۔

ایک چیلنجنگ کاروباری اور میکرو کامک دور سے گزرتے ہوئے بینک، اپنی آمدی کے خلافات سے متعلقہ فیبلوں کے انتظام میں ظم و ضبط کو برقرار رکھتے ہوئے اٹاٹشجات کے معیار کے معاملات کو حل کرنے کی راہ پر کامن ہے۔ اپنے قرضہ جات کی صارفین کے تمام شعبوں کے لیے فراہمی، قرضہ جات کے اجراء سے پہلے جانچ کے موزوں اصولوں اور ایکی تیزی کے بعد گرامنی کے مسلسل اور موکر نظام کے باعث ایکی بیانے اپنے کریٹ رسک کا نہایت کامیابی سے تدارک کیا۔ بینک کے غیرفعال قرضہ جات کا جم 31 مارچ 2024ء تک 55.4 بیلین روپے پر رپورٹ ہوا۔ بینک کی کوتیج اور انسٹیشن کی شرعیں بالترتیب 92.67 فیصد اور 8.56 فیصد پر درج کی گئیں۔

مالیاتی صورتحال کی مدیں، بینک کے گل اٹاٹشجات 2.41 ٹریلیون روپے پر رپورٹ کیے گئے جوکہ دسمبر 2023ء کی سطح سے محض 1 فیصد کی ہے۔ اٹاٹشجات کی ترکیب کا جائزہ اس امر کو نمایاں کرتا ہے کہ خالص سرمایہ کاری اور گل قرضہ جات میں، دسمبر 2023ء کے جم کی نسبت 39 بیلین روپے (+3%) اور 25 بیلین روپے (+4%) کا بالترتیب اضافہ درج ہوا۔ جبکہ، مالیاتی اداروں کو فراہم کیے گئے قرضوں میں 46 بیلین روپے (-48%) کی کمی ہوئی۔

بینک کے گل ڈیپاٹس 1.85 ٹریلیون روپے سے تجاوز کر گئے۔ جبکہ ڈیمیٹک مارکیٹ شیئر 31 دسمبر 2023ء کی نسبت بہتر ہوتے ہوئے 6.05 فیصد پر رپورٹ ہوا۔ اس عرصے کے دوران، اوس طبق ایسی روشنی میں غیر معمولی اضافے کے باوجود ڈیپاٹس کی لاگت کو گزشتہ سال کی اسی قابلی مدت کی 7.15 فیصد کی شرح کے مقابلے میں 10.70 فیصد پر محدود رکھا گیا۔

اٹاٹشجات کی آمدی اور سرمائے (ایکیوئی) کی آمدی کی شرعیں بہتری کے ساتھ بالترتیب 2.74 فیصد اور 31.54 فیصد کی سطح پر درج کی گئیں۔ جبکہ، بک ولیوں نے حصہ 180.02 پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، ایم سی بی نے 892 میلین امریکی ڈالر (+13%) کی ترسیلات زر کو راغب کیا تاکہ ملک میں بینکنگ چینلوں کے ذریعے ترسیلات زر کے بہاؤ میں بہتری کے اثاثیت بینک آنپاکستان کے مقصود میں ایک فعال شرکت دارکے اپنے کردار کو مضبوط بنایا جاسکے۔

سرمائے کے ضوابطی مطلبات کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معمولیت (کیپش ایکیوئی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 19.62 فیصد پر رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمائیکو مختندا ہے کے لیے 1.50 فیصد کی شرح شامل ہے)۔ سرمائے کے اعلیٰ معیار کا اظہار بینک کی کامن ایکیوئی تائز 1 - Common Equity Tier 1 - CET1 (Risk Weighted Assets) سے کل رسک ویژہ ایسٹس (CET1) کی شرح سے ہوتا ہے 6.0 فیصد کی مطلوبہ حد کے مقابلے 16.50 فیصد کی شرح پر درج کی گئی۔ بینک کی کپڑا تیزیں کے نتیجے میں یورٹیج (Leverage Ratio) کی شرح بھی 3.0 فیصد کی ضوابطی حد سے نمایاں اضافہ کے ساتھ 6.5 فیصد پر جا پہنچی۔ بینک نے لیکوئیٹی کوتیج ریٹیٹش (LCR - Liquidity Coverage Ratio) کو 263.47 فیصد اور بینک سٹیل فنڈنگ ریٹیٹش (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 160.47 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2024ء کو اختتام پر یہ سماں کیلے 9 روپے نی حصہ یعنی 90 فیصد، کے پہلے عوری کیش ڈیپوڈیکٹ کا اعلان کیا ہے۔

ریٹنگز:

پاکرا (PACRA) کے نوٹیفیکیشن ہارنچ 23 جون 2023ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور +A کی بلندترین کریٹ رینگر میں مستقید ہو رہا ہے۔

ڈائریکٹرز کا تجزیہ - مارچ 2024ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمبیٹ (ایم سی بی) کے 31 مارچ 2024ء کو اختتام پذیر سماں کے مالیاتی گوشواروں کو آپکے سامنے پیش کرتے ہوئے نہایت سرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ

مارچ 2024ء کو اختتام پذیر مدت تک کے بینک کے افرادی منافع قبل و بعد از ٹکس اور تخصیص، مندرجہ ذیل ہے:

منافع قبل از ٹکس	ٹکس	منافع بعد از ٹکس	افتتاحی غیر تخصیص شدہ منافع
32,542			آئی ایف آر ایس (IFRS-9) کے اطلاق کے اثرات
15,987			ایف وی اوی ایکیوئی (FVOCI) کے ذریعے ایکیوئی انشوہر میں
16,555			کی فروخت سے حاصل شدہ سرپلٹس - خالص از ٹکس
			از سرٹیفیکیشنہ میں میں اٹاٹشجات کے سطح پر درج کی گئی
96,040	554	38	کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹکس)
			تفصیل کیلئے دستیاب منافع
			تفصیل:
96,670			قانونی ریزرو
113,225			حتمی کیش ڈیپوڈیکٹ 9 روپے نی شیئر۔ برائے دسمبر 2023ء
(1,656)			کل تخصیص
(10,666)			تفصیل کیلئے دستیاب منافع
(12,322)			تفصیل:
100,903			کل تخصیص

بینک کی انتظامیہ کے بینک اگت کے اپنے ڈیپاٹس کی تیزی اور پیداواری اٹاٹشجات کی ترکیب کو مزید موزوں کرنے کی مسلسل کاوشوں کے ذریعے، سال 2024ء کی پہلی سماں کے دوران، ایم سی بی کا منافع قبل از ٹکس 41 فیصد کی متاثرگان نو کے ساتھ 32.5 بیلین روپے پر درج ہوا۔ منافع بعد از ٹکس، 27 فیصد کے اضافے کے ساتھ 6.0 بیلین روپے پر جا پہنچا۔ جس کے اثرات فی حصہ آمدی پر بھی مرتب ہوئے اور اسکی سطح گزشتہ سال کے قابلی عرصہ کی 11.02 روپے نی حصہ کی نسبت بڑھتے ہوئے 13.97 روپے نی حصہ پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، انتظامیہ کی مریوط کوششوں سے اوس طرفہ ڈیپاٹس میں ہونے والی نمایاں مقداری نہ، (سال پر سال کی نمایاں +13%) اور اٹاٹشجات کی معیاد سے متعلقہ بروقت فیصلوں کی ہیئت پر سال 2024ء کی پہلی سماں کے دوران، خالص ایٹرست آمدی میں گزشتہ سال کی تقابلی مدت کی نسبت 27 فیصد کا اضافہ ہوا۔

فیس و کمیشن کی 6.1 بیلین روپے (+46%) کی آمدی، غیر لکلی کرنسیوں میں ڈیلگ کی 1.9 بیلین روپے (+97%) کی آمدی اور ڈیپوڈیکٹ میں 1.0 بیلین روپے کی آمدی (+55%) کی نمایاں شویلت کے باعث نامارک اپ آمدی، گزشتہ سال کے مامنی عرصہ کے 5.9 بیلین روپے کے مقابلے میں 9.1 بیلین روپے (+54%) تک بڑھ گئی۔

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position As At March 31, 2024



ASSETS

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments
Advances
Property and equipment
Right-of-use assets
Intangible assets
Deferred tax assets
Other assets

Note	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
7	189,658,456	170,716,648
8	38,350,567	35,073,136
9	50,042,175	96,213,400
10	1,288,592,435	1,249,439,347
11	596,041,680	577,863,329
12	78,220,015	76,943,546
13	5,643,123	5,877,865
14	1,426,376	1,035,483
15	9,645,417	-
16	151,338,140	214,016,002
	2,408,958,384	2,427,178,756
18	11,415,713	25,095,911
19	153,091,210	216,611,046
20	1,851,330,160	1,805,387,294
21	8,475,361	8,686,003
15	-	-
22	152,708,888	100,718
	2,177,021,332	140,590,915
	231,937,052	230,706,869
23	11,850,600	11,850,600
24	100,583,200	98,723,536
	18,600,132	24,093,197
	100,903,120	96,039,536
	231,937,052	230,706,869
25		

NET ASSETS

REPRESENTED BY

Share capital
Reserves
Surplus on revaluation of assets
Unappropriated profit

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

MCB Bank Limited

Unconsolidated Condensed Interim Profit & Loss Account (un-audited) For The Three Months Period Ended March 31, 2024



NON MARK-UP / INTEREST INCOME

Fee and commission income
Dividend income
Foreign exchange income
Income from derivatives
Gain / (loss) on securities
Net gains / (loss) on derecognition of financial assets measured at amortised cost
Other Income
Total non-markup / interest Income
Total Income

NON MARK-UP / INTEREST EXPENSES

Operating expenses
Workers Welfare Fund
Other charges
Total non-markup / interest expenses
Profit before credit loss allowance
Credit loss allowance and write offs - net
PROFIT BEFORE TAXATION

Taxation

PROFIT AFTER TAXATION

Basic and diluted earnings per share

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

Note	Three Months Ended	
	January 01 to March 31, 2024	January 01 to March 31, 2023
	-----Rupees in '000-----	
27	89,009,290	63,854,845
28	50,937,794	33,785,112
	38,071,496	30,069,733
29	6,086,353	4,172,386
	1,003,781	648,654
	1,934,095	982,687
	397	12,056
30	(522)	51,885
	-	-
31	99,669	54,030
	9,123,773	5,921,698
	47,195,269	35,991,431
32	13,920,740	11,792,822
	650,833	460,318
33	150,894	98,162
	14,722,467	12,351,302
	32,472,802	23,640,129
34	(68,831)	624,254
	32,541,633	23,015,875
35	15,986,315	9,960,162
	16,555,318	13,055,713
	-----Rupees -----	
36	13.97	11.02

Unconsolidated Condensed Interim Cash Flow Statement (un-audited)
For The Three Months Period Ended March 31, 2024



CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: Dividend income

Adjustments:
Depreciation on property and equipment
Depreciation on right-of-use assets
Depreciation on non-banking assets acquired in satisfaction of claims
Amortization
Credit loss allowance and write offs - net
Gain on sale of property and equipment - net
Finance charges on lease liability against right-of-use assets
Workers Welfare Fund
Charge for defined benefit plans - net
Gain on termination of lease liability against right-of-use assets
Unrealized (gain) / loss on revaluation of investments classified as FVTPL

Decrease / (increase) in operating assets

Lendings to financial institutions
Securities classified as FVTPL
Advances
Others assets (excluding advance taxation)
Increase / (decrease) in operating liabilities
Bills Payable
Borrowings from financial institutions
Deposits
Other liabilities (excluding current taxation)

Defined benefits paid

Income tax paid
Net cash flow from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investment in securities classified as FVOCI
Net investment in securities classified as amortized cost
Dividends received
Investments in property and equipment
Proceeds from sale of property and equipment
Investments in Intangible assets
Investment in subsidiary
Effect of translation of net investment in foreign branches
Net cash flow (used in) / from investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payment of lease liability against right-of-use-assets
Dividend paid
Net cash flow used in financing activities
Effects of credit loss allowance changes on cash and cash equivalents
Effects of exchange rate changes on cash and cash equivalents

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period
Cash and cash equivalents at end of the period

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.



Hammad Khalid
Chief Financial Officer



Shoib Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited)
For The Three Months Period Ended March 31, 2024



1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,429 branches (2023: 1,430 branches) within Pakistan and 08 branches (2023: 08 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements represent separate financial statements of MCB Bank Limited. The consolidated condensed interim financial statements of the Group are being issued separately.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.3 The unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency of its primary economic environment. The amounts are rounded off to the nearest thousand.

2.4 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

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

3.2 The State Bank of Pakistan has deferred the applicability of 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 unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 and IAS 34, Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2023.

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



3.5 Standards, Interpretations of and Amendments to Approved Accounting Standards That are Effective in the Current Period

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements except for IFRS 9 'Financial Instruments', the impact of which is disclosed under note 4.2.

3.6 Standards, Interpretations of and Amendments to Approved Accounting Standards That are not yet Effective

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

4 MATERIAL ACCOUNTING POLICIES

The material accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

4.1 Adoption of New Forms for the Preparation of Unconsolidated Condensed Interim Financial Statements

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

4.2 Impact of IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard introduces a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

In preparation of these financial statements, the Bank has applied requirements of IFRS 9 and application instructions issued by SBP with the date of initial application of January 01, 2024 with modified retrospective approach for restatement. As permitted by the transitional provisions of IFRS 9, the Bank has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative figures.

CLASSIFICATION AND MEASUREMENT

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

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

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

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



The Requirements of IFRS 9 Led to Changes In Classification of Certain Financial Assets Held by the Bank Which are Explained as Follows:

Equity instruments previously classified as available for sale (AFS)

The Bank has elected to irrevocably designate all quoted and unquoted equity securities previously classified as available for sale (AFS) as FVOCI except units of open end mutual funds amounting to Rs. 115.98 million classified as FVTPL. The fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

Debt instruments previously classified as available for sale (AFS)

Debt instruments previously classified as AFS upon passing the SPPI test have been designated as fair value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. There is no change to their measurement basis and realized and unrealized gain/loss under IFRS 9.

Debt instruments previously classified as held to maturity (HTM)

Debt instruments currently classified as HTM upon passing the SPPI test have been designated as amortized cost under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows. There is no change to their measurement basis.

4.2.1 TRANSITION TO IFRS 9 FINANCIAL INSTRUMENTS - STATEMENT OF FINANCIAL POSITION

Audited December 31, 2023	Classification & Measurement	Expected Credit Losses	IFRS 9 January 01, 2024
-----Rupees in '000-----			
Cash and balances with treasury banks	170,716,648	-	170,716,648
Balances with other banks	35,073,136	(518,896)	34,554,240
Lendings to financial institutions	96,213,400	(136,363)	96,077,037
Investments	1,249,439,347	368,223	(400,736)
Advances	577,863,329	-	(6,087,425)
Property and equipment	76,943,546	-	76,943,546
Right-of-use assets	5,877,865	-	5,877,865
Intangible assets	1,035,483	-	1,035,483
Deferred tax assets	-	4,639,017	4,387,718
Other assets	214,016,002	-	(267,587)
Total Assets	2,427,178,756	5,007,240	(3,023,289)
			2,429,162,707
Bills payable	25,095,911	-	25,095,911
Borrowings	216,611,046	-	216,611,046
Deposits and other accounts	1,805,387,294	-	1,805,387,294
Lease liabilities	8,686,003	-	8,686,003
Subordinated debt	-	-	-
Deferred tax liabilities	100,718	(100,718)	-
Other liabilities	140,590,915	4,920,165	1,543,520
Total Liabilities	2,196,471,887	4,819,447	1,543,520
			2,202,834,854
Share capital	11,850,600	-	11,850,600
Reserves	98,723,536	-	98,723,536
Surplus on revaluation of assets	24,093,197	(4,933,195)	19,160,002
Unappropriated profit	96,039,536	5,120,988	(4,566,809)
Total Equity	230,706,869	187,793	(4,566,809)
Total Equity and Liabilities	2,427,178,756	5,007,240	(3,023,289)
			2,429,162,707

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023.

6 FINANCIAL RISK MANAGEMENT

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

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



7. CASH AND BALANCES WITH TREASURY BANKS

	Note	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----			
In hand			
Local currency		35,783,937	33,955,027
Foreign currencies		8,256,162	8,187,466
44,040,099		42,142,493	
With State Bank of Pakistan in			
Local currency current accounts		97,585,590	74,211,050
Foreign currency current accounts		2,284,329	1,524,981
Foreign currency deposit accounts		12,716,501	12,812,091
112,586,420		88,548,122	
With other central banks in			
Foreign currency current accounts		9,709,239	7,618,129
With National Bank of Pakistan in			
Local currency current accounts		23,160,329	32,236,362
Prize bonds		162,369	171,542
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
189,658,456		170,716,648	

8. BALANCES WITH OTHER BANKS

Outside Pakistan	8.1	Unaudited March 31, 2024	Audited December 31, 2023
In current accounts		13,166,528	9,196,853
In deposit accounts		25,637,318	25,886,504
		38,803,846	35,083,357
(453,279)		(10,221)	
38,350,567		35,073,136	
Less: Credit loss allowance held against balances with other banks			

8.1 It includes an amount of USD 3.852 million pledged as collateral for a standby letter of credit issued on behalf of the Bank.

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	9.1	Unaudited March 31, 2024	Audited December 31, 2023
Repurchase agreement lendings (Reverse Repo)		40,460,057	74,714,000
		9,597,500	21,499,400
		50,057,557	96,213,400
Less: Credit loss allowance held against lending to financial institutions		(15,382)	-
50,042,175		96,213,400	

9.1 Particulars of credit loss allowance

The following table sets out analysis of credit loss allowance held against lendings to financial institutions as at March 31, 2024.

Lending	Credit loss allowance held	
	-----Rupees in '000-----	
Domestic		
Performing	Stage 1	11,528,150
Under performing	Stage 2	-
Non-performing	Stage 3	-
Substandard		-
Doubtful		-
Loss		-
Total		11,528,150
Overseas		
Performing	Stage 1	38,529,407
Under performing	Stage 2	-
Non-performing	Stage 3	-
Substandard		-
Doubtful		-
Loss		-
Total		38,529,407

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



10. INVESTMENTS

10.1 Investments by type:

FVTPL

Federal Government Securities
Shares and units

Note	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----				
	71,865	-	(46)	71,819
	314,210	-	6,185	320,395
	386,075	-	6,139	392,214

FVOCI

Federal Government Securities
Shares
Non Government Debt Securities
Foreign Securities

	1,197,712,269	(735,815)	(30,019,630)	1,166,956,824
	31,655,265	-	(4,154,004)	27,501,261
	2,953,840	(8,402)	5,452	2,950,890
	48,406,892	-	62,205	48,469,097
	1,280,728,266	(744,217)	(34,105,977)	1,245,878,072

Amortised Cost

Federal Government Securities
Provincial Government Securities
Non Government Debt Securities
Foreign Securities

	14,762,320	(259,582)	-	14,502,738
	118	(118)	-	-
	8,869,357	(550,410)	-	8,318,947
	831,826	-	-	831,826
	24,463,621	(810,110)	-	23,653,511

Associates

Subsidiaries

10.5

Total Investments

	1,324,246,600	(1,554,327)	(34,099,838)	1,288,592,435
Audited December 31, 2023				

Held-for-trading securities

Shares

	292,517	-	(7,644)	284,873
	292,517	-	(7,644)	284,873

Available-for-sale securities

Federal Government Securities
Shares and units
Non Government Debt Securities
Foreign Securities

	1,164,709,805	(414,772)	(29,273,303)	1,135,021,730
	30,789,895	(10,026,787)	5,773,217	26,536,325
	2,953,840	-	(2,950)	2,950,890
	43,963,271	-	93,789	44,057,060
	1,242,416,811	(10,441,559)	(23,409,247)	1,208,566,005

Held-to-maturity securities

Federal Government Securities
Provincial Government Securities
Non Government Debt Securities
Foreign Securities

	14,788,331	(260,316)	-	14,528,015
	118	(118)	-	-
	8,869,357	(477,541)	-	8,391,816
	-	-	-	-
	23,657,806	(737,975)	-	22,919,831

Associates

Subsidiaries

10.5

Total Investments

	1,284,035,772	(11,179,534)	(23,416,891)	1,249,439,347
Unaudited March 31, 2024				

10.1.1 Investments given as collateral

- Market Treasury Bills

- Pakistan Investment Bonds

	21,764,028	30,763,692
	26,655,986	75,842,086
	48,420,014	106,605,778
-----Rupees in '000-----		

	11,179,534	10,330,107
	(10,026,787)	-
	400,736	-
	(9,343)	54,762
	54,834	1,744,532
	(44,647)	-
	-	(949,867)
	10,187	794,665
		</td

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



10.3 Particulars of credit loss allowance against debt securities

The following table sets out analysis of credit loss allowance held against debt securities as at March 31, 2024.

		Unaudited March 31, 2024	
		Outstanding amount	
Domestic			
Performing	Stage 1	1,209,450,830	24,357
Under performing	Stage 2	4,058,069	378,607
Non-performing - loss	Stage 3	477,659	477,659
		1,213,986,558	880,623
Overseas			
Performing	Stage 1	49,238,718	-
Under performing	Stage 2	10,383,211	673,703
Non-performing	Stage 3	-	-
		59,621,929	673,703
Total		1,273,608,487	1,554,326

10.4 Summarized financial information of associates and subsidiaries

		Unaudited March 31, 2024						
		Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
-----Rupees in '000-----								
Associates								
Euronet Pakistan (Private) Limited (unaudited based on March 31, 2024)	Pakistan	30%	399,789	18,577	18,577	1,857,513	1,818,627	
Adamjee Insurance Company Limited (audited based on December 31, 2023)	Pakistan	20%	41,976,789	2,716,915	7,247,972	172,799,968	141,015,250	
Subsidiaries								
MCB Islamic Bank Limited (unaudited based on March 31, 2024)	Pakistan	100.00%	11,985,024	1,156,047	983,824	268,845,626	245,883,515	
MCB Exchange Company (Private) Limited (unaudited based on March 31, 2024)	Pakistan	100.00%	21,363	8,286	8,286	1,027,328	19,042	
MCB Investment Management Limited (formerly MCB - Arif Habib Savings and Investment Limited) (unaudited based on March 31, 2024)	Pakistan	81.42%	1,272,750	672,964	672,964	2,908,953	1,143,280	
MCB Non-Bank Credit Organization Closed Joint Stock Company (unaudited based on March 31, 2024)	Azerbaijan	99.94%	187,309	61,972	61,972	4,626,974	3,420,548	

		Audited December 31, 2023						
		Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
-----Rupees in '000-----								

		Audited December 31, 2023						
		Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
-----Rupees in '000-----								
Associates								
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014	1,526,982	
Adamjee Insurance Company Limited (unaudited based on September 30, 2023)	Pakistan	20%	31,207,110	2,167,872	4,467,753	168,919,609	139,946,503	
Subsidiaries								
MCB Islamic Bank Limited (audited based on December 31, 2023)	Pakistan	100.00%	35,942,266	5,153,335	5,689,370	266,999,705	244,963,453	
MCB Investment Management Limited (formerly MCB - Arif Habib Savings and Investment Limited) (audited based on June 30, 2023)	Pakistan	81.42%	1,200,663	378,218	378,218	2,711,449	970,740	
MCB Non-Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2023)	Azerbaijan	99.94%	617,756	182,559	182,559	4,122,446	2,961,675	

10.5 During the period, the Bank injected share capital of Rs 1.0 billion into MCB Exchange Company (Private) Limited, a wholly owned subsidiary.

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



		Unaudited March 31, 2024	
		Audited December 31, 2023	
-----Rupees in '000-----			
Loans, cash credits, running finances, etc.			
Bills discounted and purchased		53,000,544	600,237,620
Advances - gross		882,051	22,187,142
Credit loss allowance against advances	11.1	53,882,595	622,424,762
Advances - net of credit loss allowance		(41,937,130)	(44,561,433)
		11,945,465	596,041,680
		11,730,213	577,863,329
Performing			
Non Performing			
Total			
-----Rupees in '000-----			
Unaudited	March 31, 2024	December 31, 2023	-----
Advances			
Unaudited			
March 31, 2024	589,208,032	545,801,761	
December 31, 2023	58,190,684	76,623,001	
	647,398,716	622,424,762	

11. ADVANCES

- Credit loss allowance against advances
 - Stage 1
 - Stage 2
 - Stage 3

- 11.2 Particulars of advances (Gross)
 - In local currency
 - In foreign currencies

11.3 Advances include Rs. 55,416,860 million (2023:Rs. 53,882,595 million) which have been placed under the non-performing / Stage 3 status as detailed below:

Category of Classification	Note	Unaudited March 31, 2024			Audited December 31, 2023	
		Non Performing Loans	Credit loss allowance	Non Performing Loans	Provision	
Domestic						
Other Assets Especially Mentioned	11.3.1	1,642,321	867,945	1,517,142	1,684	
Substandard		200,930	151,273	834,737	46,687	
Doubtful		2,393,961	1,255,660	224,303	111,716	
Loss		36,684,655	35,749,721	36,557,845	36,043,900	
		40,921,867	38,024,599	39,134,027	36,203,987	
Overseas						
Upto 90 Days		2,163	-	2,902	726	
91 to 180 days		1,361	987	24,898	6,225	
180 to 365 days			1,361	1,297	1,297	
> 365 days		14,491,469	5,659,700	14,719,471	5,724,895	
Total		14,494,993	5,662,048	14,748,568	5,733,143	
11.3.1	This includes non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as "Other Assets Especially Mentioned" as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.			53,882,595	41,937,130	
11.4	Particulars of credit loss allowance against advances			43,686,647		

	Unaudited March 31, 2024			Audited December 31, 2023		
	Stage 3	Stage 1 & stage 2	Total	Specific	General	Total
Opening balance	41,937,130	2,624,303	44,561,433	41,947,778	2,224,575	44,172,353
Impact of ECL on adoption of IFRS 9	1,633,555	4,453,840	6,087,425	-	-	-
Exchange adjustments	(29,090)	39,837	10,747	1,230,321	236,763	1,467,084
Charge for the period / year Reversals	1,169,439	2,806,006	3,975,445	3,108,219	382,213	3,490,432
	(1,024,417)	(2,253,597)	(3,278,014)	(3,570,328)	(219,28)	(3,789,576)
	145,022	552,409	697,431	(462,109)	162,965	(299,144)
Amounts written off	-	-	-	(778,860)	-	(778,860)
Closing balance	43,686,647	7,670,389	51,357,036	41,937,130	2,624,303	44,561,433

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



11.4.1 An analysis of changes in the ECL allowances in relation to loans & advances of the Bank as at March 31, 2024 is as follows:

	Stage 1	Stage 2	Stage 3	Total
Rupees in '000				
Opening balance	2,624,303	-	41,937,130	44,561,433
Impact of ECL on adoption of IFRS 9	1,262,384	3,191,456	1,633,585	6,087,425
Exchange adjustments	39,837	-	(29,090)	10,747
New Advances	174,579	190,501	15	365,095
Advances derecognized or repaid	(96,142)	(37,736)	(241,240)	(375,118)
Transfer to stage 1	503,163	(503,163)	-	-
Transfer to stage 2	(50,912)	64,716	(13,804)	-
Transfer to stage 3	(3,341)	(76,655)	79,996	-
Amounts written off / charged off	527,347	(362,337)	(175,033)	(10,023)
Changes in risk parameters	(63,699)	451,098	320,055	707,454
Closing balance	4,390,172	3,280,217	43,686,647	51,357,036

11.4.2 An analysis of the categories of classification of loans & advances of the Bank as at March 31, 2024 is as follows:

	Outstanding amount	Credit loss allowance Held
Rupees in '000		
Domestic		
Performing	512,525,564	4,272,834
Under performing	57,285,610	2,823,710
Non-performing	Stage 1	
	Stage 2	
	Stage 3	
Other Assets Especially Mentioned	1,642,321	867,945
Substandard	200,930	151,273
Doubtful	2,393,961	1,255,660
Loss	36,684,655	35,749,721
Total	40,921,867	38,024,599
Overseas		
Performing	610,733,041	45,121,143
Under performing	15,596,542	117,338
Non-performing	6,574,140	456,507
Substandard	2,163	987
Doubtful	420,549	217,634
Loss	14,072,281	5,443,427
Total	14,494,993	5,662,048

11.4.3 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No. 1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. However, management has not taken the FSV benefit in calculation of specific provision.

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited)
For The Three Months Period Ended March 31, 2024



12. PROPERTY AND EQUIPMENT

Capital work-in-progress
Property and equipment

Note
Unaudited
March 31, 2024
Audited
December 31,
2023
-----Rupees in '000-----

12.1	2,919,371	1,696,937
	75,300,644	75,246,609
	<u>78,220,015</u>	<u>76,943,546</u>

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers
Others

1,930,097	1,335,418
675,476	26,012
290,668	330,898
23,130	4,609
<u>2,919,371</u>	<u>1,696,937</u>

Unaudited
Three Months
ended March
31, 2024
-----Rupees in '000-----

Unaudited
Three Months
ended March
31, 2023
-----Rupees in '000-----

12.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

Capital work-in-progress - net additions

1,222,434

439,688

Property and equipment

Building on freehold land
Building on leasehold land
Electrical office and computer equipment
Furniture and fixture
Leasehold Improvements
Vehicles

24,870	30,725
2,185	2,639
551,639	471,888
97,225	54,569
53,890	60,805
151,188	32,132
880,997	652,758
<u>2,103,431</u>	<u>1,092,446</u>

12.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

Vehicles
Furniture and fixture
Electrical office and computer equipment

12,456	-
430	161
1,819	1,720
<u>14,705</u>	<u>1,881</u>

13. RIGHT-OF-USE ASSETS

Right-of-use assets

Note
Unaudited
March 31, 2024
Audited
December 31,
2023
-----Rupees in '000-----

13.1 5,643,123 5,877,865

Unaudited March 31, 2024 Audited December 31, 2023

Buildings Others Total Buildings Others Total

-----Rupees in '000-----

13.1 At January 1,

Cost
Accumulated depreciation
Net carrying amount at January 1,

11,457,135	-	11,457,135	10,191,155	-	10,191,155
(5,579,270)	-	(5,579,270)	(4,476,309)	-	(4,476,309)
<u>5,877,865</u>	-	<u>5,877,865</u>	<u>5,714,846</u>	-	<u>5,714,846</u>

Additions / adjustments during the period / year

Deletions during the period / year

Exchange Impact

Depreciation charge for the period / year

Closing net carrying amount

98,339

(23,034)

6,297

(316,344)

5,643,123

98,339

(23,034)

6,297

(1,521,338)

5,643,123

1,725,069

(151,124)

110,412

(1,521,338)

5,877,865

-

-

-

-

-

1,725,069

(151,124)

110,412

(1,521,338)

5,877,865

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited)
For The Three Months Period Ended March 31, 2024



14. INTANGIBLE ASSETS

Computer software
Capital work-in-progress

Unaudited
March 31, 2024
-----Rupees in '000-----

1,034,255	515,528
392,121	519,955
<u>1,426,376</u>	<u>1,035,483</u>

Unaudited Three
Months ended
March 31, 2024
-----Rupees in '000-----

646,128	71,170
<u>646,128</u>	<u>71,170</u>

Note
Unaudited
March 31, 2024
Audited December
31, 2023
-----Rupees in '000-----

4,738,810	201,520
16,711,929	11,470,532
<u>21,450,739</u>	<u>11,672,052</u>

(3,572,561)	(3,608,814)
(297,334)	(297,334)
(3,457,539)	(3,521,615)
(3,772,670)	(3,639,789)
(705,218)	(705,218)
(11,805,322)	(11,772,770)
<u>9,645,417</u>	<u>(100,718)</u>

15. DEFERRED TAX ASSET / (LIABILITY) - NET

Deductible Temporary Differences on

- Credit loss allowance against financial assets
- Deficit on revaluation of investments

Taxable Temporary Differences on

- Surplus on revaluation of property & equipment
- Surplus on revaluation of non-banking assets
- Accelerated tax depreciation
- Receivable from pension fund
- Business combination

16. OTHER ASSETS

Income / Mark-up accrued in local currency
Income / Mark-up accrued in foreign currencies
Advances, deposits, advance rent and other prepayments
Non-banking assets acquired in satisfaction of claims
Compensation for delayed income tax refunds
Mark to market gain on forward foreign exchange contracts
Unrealized gain on derivative financial instruments
Acceptances
Receivable from the pension fund
Clearing and settlement accounts
Receivable from the Government of Pakistan
Claims receivable against fraud and forgeries
Others
Less: Credit loss allowance held against other assets
Other Assets net of credit loss allowance
Surplus on revaluation of non-banking assets
acquired in satisfaction of claims
Other Assets - total

65,746,934	62,017,227
687,413	503,365
4,669,572	4,753,438
1,633,215	1,637,884
133,809	133,809
1,628,936	2,348,323
35,232	73,852
39,673,858	40,966,674
7,699,328	7,428,142
28,523,743	25,796,177
-	67,187,000
577,987	607,980
3,316,864	3,325,471
154,326,891	216,779,342
<u>3,595,556</u>	<u>3,370,145</u>
150,731,335	213,409,197
606,805	606,805
<u>151,338,140</u>	<u>214,016,002</u>

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited)
For The Three Months Period Ended March 31, 2024



	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		

16.1 Credit loss allowance held against other assets

Non banking assets acquired in satisfaction of claims
Claims receivable against fraud and forgeries
Mark-up accrued
Others

	88,083	88,083
	577,987	607,980
	279,720	4,972
	2,649,766	2,669,110
	<u>3,595,556</u>	<u>3,370,145</u>

16.1.1 Movement in credit loss allowance held against other assets

Opening balance
Impact of ECL on adoption of IFRS 9
Charge for the period / year
Reversals

	3,370,145	3,066,275
	267,587	-
	27,509	36,184
	(49,776)	(8,080)
	(22,267)	28,104
	(256)	(2,062)
	(19,653)	277,828
	<u>3,595,556</u>	<u>3,370,145</u>

17. CONTINGENT ASSETS

There were no contingent assets of the Bank as at March 31, 2024 (2023: NIL).

18. BILLS PAYABLE

In Pakistan
Outside Pakistan

19. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

Under export refinance scheme
Under long term financing facility
Under renewable energy performance platform
Under temporary economic refinance facility
Under financing facility for storage of agricultural produce
Under Refinance and Credit Guarantee Scheme
for Women Entrepreneurs

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		

	11,305,337	24,832,685
	110,376	263,226
	<u>11,415,713</u>	<u>25,095,911</u>

Repurchase agreement borrowings

Total secured

Unsecured

Call borrowings
Overdrawn nostro accounts
Others
Total unsecured

	43,140,983	47,943,376
	18,622,146	19,511,569
	2,116,078	2,126,104
	37,623,189	38,160,612
	226,467	239,697
	5,883	6,272
	101,734,746	107,987,630

	47,138,817	106,366,325
	148,873,563	214,353,955

	3,000,000	1,000,000
	1,055,361	1,094,805
	162,286	162,286
	4,217,647	2,257,091
	<u>153,091,210</u>	<u>216,611,046</u>

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited)
For The Three Months Period Ended March 31, 2024



	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
In Local Currency		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Buildings		

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



22. OTHER LIABILITIES

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
Mark-up/ return/ interest payable in local currency		19,579,232	3,926,926
Mark-up/ return/ interest payable in foreign currencies		708,530	562,509
Unearned commission and income on bills discounted		2,407,692	2,024,523
Accrued expenses		6,093,542	7,856,382
Current taxation (provisions less payments)		18,335,096	20,150,115
Workers' welfare fund	22.1	14,461,417	13,810,584
Acceptances	15	39,673,858	40,966,674
Unclaimed / dividends payable		3,908,280	2,420,017
Mark to market loss on forward foreign exchange contracts		1,226,617	996,797
Unrealised loss on derivative financial instruments		35,232	73,848
Branch adjustment account		29,528	240,409
Provision for employees' compensated absences		1,305,526	1,266,190
Provision for post retirement medical benefits		2,185,198	2,121,129
Provision for employees' contributory benevolent scheme		137,808	140,847
Insurance payable against consumer assets		550,073	586,691
Unclaimed balances		508,648	508,115
Duties and taxes payable		4,317,802	10,955,674
Credit loss allowance against off-balance sheet obligations	22.2	1,112,541	78,807
Security deposits against lease		2,374,770	2,068,373
Clearing and settlement accounts		26,492,995	24,223,005
Others		7,264,503	5,613,300
		152,708,888	140,590,915

22.1 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

22.2 An analysis of changes in credit loss allowance against off-balance sheet obligations as at March 31, 2024 is as follows:

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
Opening balance		78,807	48,403
Impact of ECL on adoption of IFRS 9		1,543,520	-
Exchange adjustment		2,479	8,449
Charge for the period / year		-	21,955
Reversals		(512,265)	-
Amount written off		(512,265)	21,955
Closing balance		-	1,112,541
		1,112,541	

23. RESERVES

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
Share premium		23,751,114	23,751,114
Non-distributable capital reserve - gain on bargain purchase option	23.1	908,317	908,317
Exchange translation reserve		8,789,507	8,585,375
Statutory reserve	23.2	48,534,262	46,878,730
General reserve		18,600,000	18,600,000
		100,583,200	98,723,536

23.1 Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Bank, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Bank or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

23.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



24. SURPLUS ON REVALUATION OF ASSETS

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt / AFS securities	10.1	(29,951,973)	(29,182,464)
- Securities measured at FVOCI - Equity / AFS securities	10.1	(4,154,004)	5,773,217
- Property and equipment	16	39,257,269	39,331,254
- Non-banking assets acquired in satisfaction of claims	16	606,806	606,806
		5,758,098	16,528,813
Deferred tax on (surplus) / deficit on revaluation of:			
- Securities measured at FVOCI - Debt / AFS securities	15	14,676,467	14,299,408
- Securities measured at FVOCI - Equity / AFS securities	15	2,035,462	(2,828,876)
- Property and equipment	15	(3,572,561)	(3,608,814)
- Non-banking assets acquired in satisfaction of claims	15	(297,334)	(297,334)
		12,842,034	7,564,384
		18,600,132	24,093,197

25. CONTINGENCIES AND COMMITMENTS

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
-Guarantees	25.1	252,130,066	302,480,219
-Commitments	25.2	458,045,940	477,719,622
-Other contingent liabilities	25.3	31,817,228	33,273,187
		741,993,234	813,473,028

25.1 Guarantees:

Financial guarantees	139,816,457	126,410,819
Performance guarantees	111,987,776	169,265,393
Other guarantees	325,833	6,804,007
	252,130,066	302,480,219

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
25.2 Commitments:			
Documentary credits and short-term trade-related transactions	25.2.1	240,580,593	303,775,804
- letters of credit	25.2.2	175,539,484	153,858,023
Commitments in respect of:	25.2.3	33,578,690	15,220,315
- forward foreign exchange contracts		5,639,884	1,595,548
- forward government securities transactions			
- derivatives			
Commitments for acquisition of:			
- property and equipment		1,901,552	2,023,934
- intangible assets		805,737	1,245,998
		458,045,940	477,719,622

25.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	98,889,101	82,635,941
Sale	76,650,383	71,222,082
	175,539,484	153,858,023

25.2.2 Commitments in respect of forward government securities transactions

Purchase	33,003,690	15,197,000
Sale	575,000	23,315
	33,578,690	15,220,315

25.2.3 Commitments in respect of derivatives

FX options	2,819,942	736,983
Purchase	2,819,942	736,983
Sale	5,639,884	1,473,966
	5,639,884	1,595,548

Cross Currency Swaps	-	60,791
Purchase	-	60,791
Sale	-	121,582
	5,639,884	1,595,548

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



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

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	

25.3 Other contingent liabilities

Claims against the Bank not acknowledged as debts	25.3.1	31,817,228	33,273,187
---	--------	------------	------------

25.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

25.4 Taxation

For assessment year 1999-2000 through tax year 2023, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,239.380 million (2023: 5,902.495 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these unconsolidated condensed interim financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

25.5 Amortization of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortization for few years has been assessed in Bank's favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

26. DERIVATIVE INSTRUMENTS

Unaudited March 31, 2024

Total	Cross Currency Swaps					
	Interest Rate Swaps		FX Options			
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----						
Hedging	-	-	-	-	2,819,942	35,232
Market Making	-	-	-	-	2,819,942	(35,232)

Audited December 31, 2023

Total	Cross Currency Swaps					
	Interest Rate Swaps		FX Options			
Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	
-----Rupees in '000-----						
Hedging	60,791	62,365	-	-	736,983	11,487
Market Making	60,791	(62,361)	-	-	736,983	(11,487)

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



Note
Unaudited Three Months ended March 31, 2024
-----Rupees in '000-----

27. MARK-UP/RETURN/INTEREST EARNED

Loans and advances
Investments
Lendings to financial institutions
Balances with banks

26,334,971	25,994,974
59,844,508	35,595,220
2,280,415	1,906,370
549,396	358,281
89,009,290	63,854,845

27.1 Interest income recognised on:

Financial assets measured at amortised cost
Financial assets measured at FVOCI
Financial assets measured at FVTPL

29,867,010	-
59,100,172	-
42,108	-
89,009,290	-

28. MARK-UP/RETURN/INTEREST EXPENDED

Deposits
Borrowings
Cost of foreign currency swaps against
foreign currency deposits / borrowings
Finance charges on lease liability against right-of-use assets

45,049,271	24,899,248
4,809,681	8,168,491
797,573	445,432
281,269	271,941
50,937,794	33,785,112

29. FEE & COMMISSION INCOME

Branch banking customer fees
Consumer finance related fees
Card related fees (debit and credit cards)
Credit related fees
Investment banking fee
Commission on trade
Commission on guarantees
Commission on cash management
Commission on remittances including home remittances
Commission on bancassurance
Rent on lockers
Commission on utility bills
Commission on investments services
Others

985,425	845,039
172,259	185,665
1,851,672	1,251,707
350,940	115,806
3,450	11,100
977,484	585,141
548,244	178,780
245,040	210,323
528,388	375,389
171,609	230,954
61,434	60,841
24,445	19,333
119,287	66,638
46,676	35,670
6,086,353	4,172,386

30. GAIN / (LOSS) ON SECURITIES

Realised
Unrealised - Measured at FVTPL

30.1	(6,661)	51,826
10.1	6,139	59
	(52)	51,885

30.1 Realised gain / (loss) on:

Federal Government Securities
Non Government debt securities
Shares

16,951	36,408
58	-
(23,670)	15,418
(6,661)	51,826

30.2 Realised gain / (loss) on:

Financial assets measured at FVTPL
Designated upon initial recognition
Mandatorily measured at FVPL

(5,509)	15,418
-	-
(5,509)	15,418
(1,152)	36,408
(1,152)	36,408
(6,661)	51,826

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



	Unaudited Three Months ended March 31, 2024	Unaudited Three Months ended March 31, 2023	
	-----Rupees in '000-----		
31. OTHER INCOME			
Rent on property	35,272	39,244	
Gain on termination of lease liability against right of use assets	15,999	9,733	
Gain / (Loss) on sale of property and equipment - net	48,398	5,053	
	99,669	54,030	
32. OPERATING EXPENSES			
Total compensation expense			
Property expense			
Rent and taxes	76,699	75,075	
Insurance	6,549	6,084	
Utilities cost	554,421	504,060	
Fuel expense generators	252,655	309,836	
Security (including guards)	518,908	438,423	
Repair and maintenance (including janitorial charges)	288,244	255,439	
Depreciation on right-of-use assets	316,344	339,047	
Depreciation	245,905	214,066	
	2,259,725	2,142,030	
Information technology expenses			
Software maintenance	415,640	384,468	
Hardware maintenance	79,295	78,720	
Depreciation	261,231	175,910	
Amortization	129,046	83,873	
Network charges	158,668	153,419	
Insurance	1,725	985	
	1,045,605	877,375	
Other operating expenses			
Directors' fees and allowances	8,460	9,160	
Legal and professional charges	120,672	101,407	
Outsourced services costs	251,799	219,279	
Travelling and conveyance	143,844	90,151	
NIFT clearing charges	51,726	52,772	
Depreciation	317,457	264,457	
Depreciation on non-banking assets acquired in satisfaction of claims	4,669	5,970	
Training and development	19,142	14,597	
Postage and courier charges	67,340	61,066	
Communication	402,953	228,567	
Stationery and printing	299,837	244,303	
Marketing, advertisement & publicity	320,866	209,351	
Donations	10,000	-	
Auditors' remuneration	20,996	15,118	
Cash transportation charges	308,283	254,514	
Repair and maintenance	169,698	151,960	
Subscription	10,956	2,929	
Entertainment	106,318	93,100	
Remittance charges	52,943	58,445	
Brokerage expenses	12,164	10,166	
Card related expenses	750,184	563,897	
CNIC verification charges	97,567	71,366	
Insurance	575,109	484,663	
Others	120,829	92,382	
	4,243,812	3,299,620	
	13,920,740	11,792,822	

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Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



	Note	Unaudited Three Months ended March 31, 2024	Unaudited Three Months ended March 31, 2023
		-----Rupees in '000-----	
33. OTHER CHARGES			
Penalties of State Bank of Pakistan		59,815	13,421
VAT & National Building tax & Crop Insurance Levy		67,279	77,741
Education cess		23,800	7,000
		150,894	98,162
34. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Credit loss allowance against balance with Banks		(75,655)	8,613
Credit loss allowance for diminution in value of investments	10.2	10,187	938,454
Credit loss allowance against loans and advances	11.4	697,431	(293,025)
Credit loss allowance against lending's to Financial Institutions	9.1	(120,981)	-
Credit loss allowance against off balance sheet items		(512,265)	(4,065)
Credit loss allowance against other assets	16.1.1	(22,267)	15,034
Recovery of written off / charged off bad debts		(45,281)	(40,757)
		(68,831)	624,254
35. TAXATION			
Current		16,103,334	10,066,383
Prior years		-	-
Deferred		(117,019)	(106,221)
		15,986,315	9,960,162
36. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax		-----Rupees in '000-----	
Weighted average number of ordinary shares		16,555,318	13,055,713
Basic and diluted earnings per share		-----Number-----	
		1,185,060,006	1,185,060,006
		-----Rupees-----	
		13.97	11.02

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



37. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'amortized cost'. Quoted securities classified as amortized cost are carried at cost. Fair value of unquoted equity investments other than investments in associates and subsidiaries is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and financial liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

37.1 FAIR VALUE OF FINANCIAL ASSETS

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair valuation of financial instruments within level 2

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX Options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building & non-banking assets acquired in satisfaction of claims.

Unaudited March 31, 2024

	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,167,028,643	-	1,167,028,643	-	1,167,028,643
Shares and units	26,390,883	26,276,750	114,133	-	26,390,883
Non-Government Debt Securities	2,950,890		2,950,890	-	2,950,890
Foreign Securities	48,469,097	-	48,469,097	-	48,469,097
Financial assets - disclosed but not measured at fair value					
Investments (amortized cost, unlisted ordinary shares, subsidiaries and associates)					
	43,752,922	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,802,263	-	64,802,263	-	64,802,263
Non-banking assets	2,151,937	-	2,151,937	-	2,151,937
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	98,889,101	-	1,075,786	-	1,075,786
Forward sale of foreign exchange	76,650,383	-	1,478,105	-	1,478,105
Derivatives purchase	2,819,942	-	35,232	-	35,232
Derivatives sale	2,819,942	-	35,232	-	35,232

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	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,135,021,730	-	1,135,021,730	-	1,135,021,730
Shares and units	25,390,592	25,283,009	107,583	-	25,390,592
Non-Government Debt Securities	2,950,890	-	2,950,890	-	2,950,890
Foreign Securities	44,057,060	-	44,057,060	-	44,057,060
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)					
	42,019,075	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,936,842	-	64,936,842	-	64,936,842
Non-banking assets	2,156,606	-	2,156,606	-	2,156,606
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	82,635,941	-	504,883	-	504,883
Forward sale of foreign exchange	71,222,082	-	1,856,409	-	1,856,409
Derivatives purchase	797,774	-	73,852	-	73,852
Derivatives sale	797,774	-	73,848	-	73,848

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

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total								
	Un audited Three months ended March 31, 2024 Rupees in '000.....																
Profit & Loss																	
Net mark-up/return/profit																	
Inter segment revenue - net	923,407	14,792,226	56,516,928	2,087,083	-	38,071,496	-	-	38,071,496								
Non mark-up / return / interest income	(236,494)	(12,142,884)	(62,453,377)	(102,963)	5,665,238	-	-	-	-								
Total Income	667,940	2,563,667	2,112,092	503,141	(295,440)	9,123,773	-	-	9,123,773								
Segment direct expenses	1,354,853	5,213,009	(3,824,357)	2,487,261	5,369,798	47,195,269	-	-	47,195,269								
Inter segment expense allocation	657,051	539,983	228,618	719,210	2,901,685	14,722,467	-	-	14,722,467								
Total expenses	657,051	539,983	228,618	719,210	2,901,685	14,722,467	-	-	14,722,467								
Credit loss allowance	18,573	331,855	(142,486)	(798)	(1,080,005)	(88,831)	-	-	(88,831)								
Profit before tax	26,114,745	679,229	4,341,171	(3,910,479)	1,768,849	3,548,118	32,541,633	-	32,541,633								
Balance Sheet																	
Cash & Bank balances	935,106	318,407	123,253,219	37,765,757	(441,137)	228,009,023	-	-	228,009,023								
Investments	-	11,329,945	1,218,438,312	58,488,704	335,474	1,288,562,435	-	-	1,288,562,435								
Net inter segment lending	-	-	-	-	252,739,213	1,620,967,612	(1,620,967,612)	-	-								
Lendings to financial institutions	-	-	11,528,150	38,529,407	(15,382)	50,042,175	-	-	50,042,175								
Advances - performing	36,509,109	428,323,456	-	21,071,771	(5,900,750)	584,311,467	-	-	584,311,467								
- non performing	318,631	1,667,407	-	8,840,752	(57,659)	11,730,213	-	-	11,730,213								
Others	58,570,308	4,523,722	57,571,656	45,427,993	1,919,220	78,260,172	246,273,071	-	246,273,071								
Total Assets	1,598,245,641	42,286,568	489,210,871	1,398,647,674	166,615,311	324,919,331	4,029,925,986	(1,620,967,612)	2,408,958,384								
Borrowings	35,473	95,351,320	49,909,940	1,284,238	-	153,091,210	-	-	153,091,210								
Deposits & other accounts	29,287,639	121,237,263	-	136,509,425	59,307	1,851,330,160	-	-	1,851,330,160								
Net inter segment borrowing	7,714,112	238,803,931	1,348,737,734	25,711,835	-	1,620,967,612	(1,620,967,612)	-	-								
Others	27,498,876	43,818,357	-	3,109,813	92,923,572	172,599,962	-	-	172,599,962								
Total Liabilities	1,598,245,641	42,286,568	489,210,871	1,398,647,674	166,615,311	324,919,331	4,029,925,986	(1,620,967,612)	2,177,021,332								
Equity	-	-	-	-	-	231,937,052	-	-	231,937,052								
Total Equity & Liabilities	1,598,245,641	42,286,568	489,210,871	1,398,647,674	166,615,311	324,919,331	4,029,925,986	(1,620,967,612)	2,408,958,384								
Contingencies & Commitments	75,715,523	-	401,717,119	214,758,058	14,979,013	34,823,521	741,993,234	-	741,993,234								

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total								
	Un audited Three months ended March 31, 2023 Rupees in '000.....																
Profit & Loss																	
Net mark-up/return/profit																	
Inter segment revenue - net	1,181,182	17,670,204	28,929,300	1,456,174	-	30,069,733	-	-	30,069,733								
Non mark-up / return / interest income	(618,049)	(15,024,016)	(34,185,416)	(74,775)	3,519,470	-	-	-	-								
Total Income	2,717,888	671,508	1,719,390	(48,356)	532,760	328,498	5,921,698	-	5,921,698								
Segment direct expenses	1,234,641	4,365,578	(5,284,472)	1,914,159	3,847,968	35,991,431	-	-	35,991,431								
Inter segment expense allocation	-	-	-	-	-	-	-	-	-								
Total expenses	8,310,065	681,800	320,313	196,198	602,880	2,240,046	12,351,302	-	12,351,302								
Provisions	(9,386)	16,917	(26,618)	422,136	723,323	(501,918)	624,254	-	624,254								
Profit before tax	21,613,078	535,924	4,071,883	(5,902,806)	587,966	2,109,840	23,015,875	-	23,015,875								
Balance Sheet																	
Cash & Bank balances	73,010,365	1,075,800	286,062	90,718,130	40,689,427	-	205,789,784	-	205,789,784								
Investments	-	11,329,945	1,185,533,827	52,575,575	-	249,763,494	1,573,131,329	(1,573,131,329)	1,249,439,347								
Net inter segment lending	1,323,367,835	-	-	33,703,733	62,509,667	-	96,213,400	-	96,213,400								
Lendings to financial institutions	-	-	-	-	25,200,930	-	565,917,864	-	565,917,864								
Advances - performing	93,175,361	36,852,172	410,689,401	-	9,015,426	505,599	11,945,465	-	11,945,465								
- non performing	892,197	213,265	1,318,978	-	-	-	-	-	-								
Others	58,036,413	4,929,573	59,669,219	108,819,168	1,977,880	64,440,643	297,872,896	-	297,872,896								
Total Assets	1,548,482,171	43,070,810	483,293,805	1,418,774,888	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756								
Borrowings	7,854,875	28,071	100,265,851	105,313,558	3,148,651	-	1,249,439,347	-	1,249,439,347								
Deposits & other accounts	1,502,187,242	26,053,661	119,652,517	-	157,493,874	-	216,611,046	-	216,611,046								
Net inter segment borrowing	-	12,006,350	220,902,573	1,313,185,790	27,036,616	-	1,573,131,329	(1,573,131,329)	1,805,387,294								
Others	38,440,054	4,982,728	42,472,664	275,510	4,289,724	84,002,867	174,473,547	-	174,473,547								
Total Liabilities	1,548,482,171	43,070,810	483,293,805	1,418,774,888	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756								
Equity	-	-	-	-	-	-	-	-	-								
Total Equity & Commitments	1,548,482,171	43,070,810	483,293,605	1,418,774,888	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756								
Contingencies & Commitments	91,494,401	-	-	-	-	-	-	-	-								
Total Equity & Commitments	1,548,482,171	43,070,810	483,293,605	1,418,774,888	191,978,905	314,709,736	4,000,310,085	(1,573,131,329)	2,427,178,756								

38.2 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

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The Bank has related party relationship with its subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	Unaudited March 31, 2024				Audited December 31, 2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Lendings to Financial Institutions										
Opening balance	-	-	9,000,000	-	-	-	-	-	-	-
Addition during the period / year	-	-	37,600,000	-	-	-	-	-	78,200,000	-
Repay during the period / year	-	-	(44,769,350)	-	-	-	-	-	(69,200,000)	-
Transfer in (out) - net	-	-	1,830,650	-	-	-	-	-	9,000,000	-
Closing balance	-	-	(13,198)	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	16,968,237	700,401	249,253	-	-	16,318,312	700,401	249,253
Addition / exchange adjustment during the period / year	-	-	1,000,000	-	-	-	-	649,925	-	-
Investment disposed off during the period / year	-	-	(26,039)	-	(256,465)	(6,070)	(85,184)	(457,966)	-	(3,850,203)
Closing balance	-	-	17,968,237	700,401	249,253	-	-	16,968,237	700,401	249,253
Credit loss allowance held against lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	1,436	339,386	581,933	-	1,509,280	1,543	281,237	1,039,898	-	4,445,292
Addition / exchange adjustment during the period / year	1,434	54,039	-	-	334,149	5,963	95,327	-	-	914,191
Repayd / exchange adjustment during the period / year	(2,520)	(27,164)	(26,039)	-	(256,465)	(6,070)	(85,184)	(457,966)	-	(3,850,203)
Transfer in (out)	-	1,650	-	-	-	48,006	-	-	-	-
Closing balance	350	367,911	555,894	-	1,586,964	1,436	339,386	581,933	-	1,509,280
Credit loss allowance against advances	-	-	(10,605)	-	(4,679)	-	-	-	-	-
Fixed Assets										
Purchase of fixed assets	-	-	3,327	48,466	-	-	-	-	7,533	191,247



MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024

	Unaudited March 31, 2024				Audited December 31, 2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Other Assets										
Markup receivable	1	4,529	93,439	-	17,747	-	4,302	22,354	-	26,675
Advances, deposits, advance rent and other prepayments	-	33,593	642,364	51,856	7,699,328	-	25,663	573,809	-	25,684
Receivable from Pension Fund	1	4,529	127,032	642,364	7,768,381	-	4,302	48,017	573,809	7,428,143
Credit loss allowance held against other assets	-	-	(787)	-	(34)	-	-	-	-	-
Borrowings										
Opening balance	-	-	71,914	-	-	-	-	-	5,146	-
Borrowings / exchange adjustment during the period / year	-	-	1,263,821	-	-	-	-	-	4,458,449	-
Settled during the period / year	-	-	(1,165,050)	-	-	-	-	-	(4,391,681)	-
Closing balance	-	-	170,885	-	-	-	-	-	71,914	-
Deposits and other accounts										
Opening balance	3,034,686	200,484	102,012	8,321,464	10,033,148	193,547	184,112	187,369	5,623,897	5,594,903
Received during the period / year	386,911	76,240	2,947,465	15,683,846	37,926,552	4,574,426	1,701,687	9,730,003	90,801,961	108,421,525
Withdrawn during the period / year	(3,143,075)	(880,389)	(2,846,247)	(15,009,611)	(32,075,861)	(1,733,287)	(1,718,969)	(9,815,360)	(88,104,394)	(103,985,441)
Transfer in / (out) - net	-	35	1,018,159	-	254,118	-	33,644	-	-	10,161
Closing balance	287,592	286,690	1,221,389	8,995,699	16,137,957	3,034,686	200,484	102,012	8,321,464	10,033,148
Other Liabilities										
Markup payable	-	3,148	-	168,149	4,451	-	2,009	-	121,341	5,268
Accrued expenses and other payable	-	-	27,117	49,191	829	-	-	-	47,714	168
Advance received against sale of property	-	-	20,000	-	-	-	-	-	20,000	-
Credit loss allowance against off-balance sheet obligations	-	3,148	47,117	27,340	5,280	-	2,009	44,157	169,055	5,436
Contingencies and Commitments										
Letter of Credit	-	-	-	-	-	-	-	-	-	5,009,367
Bank guarantee	-	164,401	8,716,022	-	1,894,285	-	-	-	174,196	8,839,177
Credit loss allowance against off-balance sheet obligations	-	164,401	8,716,022	-	8,678,922	-	-	-	174,196	8,839,177
										6,732,276



MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited)
For The Three Months Period Ended March 31, 2024



	Directors	Key Management Personnel	Unaudited March 31, 2024	Subsidiaries	Associates	Other Related Parties	Unaudited March 31, 2023	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)											
Income											
Markup / return / interest earned	-	8,667	309,946	74,729	219,059	-	17,762	4,037	34,037	48,732	31,673
Fee and commission income	1	-	205,173	-	-	-	59,325	(199)	-	9,704	2,616
Dividend income	-	-	-	-	-	-	-	-	-	-	42,236
Gain / (loss) on forward foreign exchange contracts matured	-	(5)	-	-	-	-	877	-	-	31	176
Net gain / (loss) on sale of securities	-	69	-	-	-	-	-	-	10	-	-
Gain on sale of fixed assets	-	-	21,951	-	2,737	1,552	-	-	16,410	2,582	960
Rent income	-	-	-	-	-	-	-	-	-	-	-
Expense											
Markup / return / interest expensed	24,694	3,878	21,985	193,600	556,083	3,834	2,018	1,503	125,856	138,389	-
Other Operating expenses	-	-	-	-	-	-	-	-	-	-	-
Clearing expenses paid to NIFT	-	-	-	-	-	-	51,726	-	-	-	52,772
Contribution to provident fund	-	-	-	-	-	-	154,345	-	-	-	134,351
Rent expenses	-	-	-	-	-	-	20,597	14,560	-	18,780	13,554
Cash sorting expenses	-	-	-	-	-	-	-	32,205	-	-	34,135
Stationery expenses	-	-	-	-	-	-	-	115,736	-	-	90,031
Security guards expenses	-	-	-	-	-	-	-	1,288	-	-	37,010
Remuneration to key executives and non-executive directors fee	107,003	52,1716	-	-	-	-	74,234	404,083	-	36,351	-
Outsourcing services expenses	-	-	-	-	-	-	-	-	-	-	-
Donation during the period	-	-	-	-	-	-	17,90	-	-	-	1,391
E-dividend processing fee and CDC charges	-	-	-	-	-	-	-	-	-	-	2,762
Travelling Expenses	-	-	-	-	-	-	-	-	-	-	888
Hotel stay expenses	-	-	-	-	-	-	-	-	-	-	1,140
Repair & Maintenance Charges	-	-	-	-	-	-	-	-	-	-	1,077
Advertisement Expenses	-	-	-	-	-	-	-	-	-	-	143
Utility expenses	-	-	-	-	-	-	-	-	-	-	251
Miscellaneous expenses and payments	-	-	-	-	-	-	-	-	-	-	-
Insurance premium-net of refund	-	-	-	-	-	-	-	-	-	-	-
Insurance claim settled	-	-	-	-	-	-	-	-	-	-	-
Other Transactions											
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	10	-	-
Sale of foreign currency	-	-	-	-	-	-	-	-	4,044,515	-	-
Purchase of foreign currency	-	-	-	-	-	-	-	-	5,678,433	-	-
Payments against home remittances	-	-	-	-	-	-	-	-	1,417,636	-	-
Reimbursement of other expenses	-	-	-	-	-	-	-	-	-	-	-
Sale of government securities	30,935	24,688	-	833,046	18,932,693	12,964	-	-	4,274,423	5,176,076	-
Purchase of government securities	-	18,312	-	-	418,713	11,684,986	-	-	42,596	22,603,871	-
Forward exchange contracts matured during the period	-	-	-	-	-	283,000	-	-	-	-	36,000

The Chairman has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited)
For The Three Months Period Ended March 31, 2024



	Unaudited March 31, 2024 ----- Rupees in '000-----	Audited December 31, 2023
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
40.1 Capital Adequacy		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)		
	11,850,600	11,850,600
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital		
Eligible Additional Tier 1 (ADT 1) Capital		
Total Eligible Tier 1 Capital		
Eligible Tier 2 Capital		
Total Eligible Capital (Tier 1 + Tier 2)		
	195,836,926	189,956,074
	195,836,926	189,956,074
	37,035,213	34,993,403
	232,872,139	224,949,477
Risk Weighted Assets (RWAs):		
Credit Risk		
Market Risk		
Operational Risk		
Total		
	796,403,700	710,062,627
	155,499,261	158,148,274
	235,260,192	235,260,192
	1,187,163,153	1,103,471,093
Common Equity Tier 1 Capital Adequacy ratio		
Tier 1 Capital Adequacy Ratio		
Total Capital Adequacy Ratio		
	16.50%	17.21%
	16.50%	17.21%
	19.62%	20.39%
40.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital		
Total Exposures		
Leverage Ratio		
	195,836,926	189,956,074
	3,014,625,318	3,079,976,278
	6.50%	6.17%
40.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets		
Total Net Cash Outflow		
Liquidity Coverage Ratio		
	1,356,080,171	1,122,745,627
	514,705,521	447,994,607
	263.47%	250.62%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding		
Total Required Stable Funding		
Net Stable Funding Ratio		
	1,563,996,713	1,534,467,842
	974,620,799	1,040,919,407
	160.47%	147.41%

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



41 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 24, 2024 has announced an interim cash dividend in respect of quarter ended March 31, 2024 of Rs. 9.00 per share (March 31, 2023: Rs. 6.00 per share). These unconsolidated condensed interim financial statements for the period ended March 31, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42 GENERAL

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

The Bank has not restated comparative information for 2024 for financial instruments in the scope of IFRS9. Therefore, the comparative information for 2024 is reported under previous local regulatory requirements and is not comparable with the information presented for 2023.

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

43 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 24, 2024.

MCB Bank Limited & Subsidiary Companies



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Handwritten signature of Hammad Khalid.

Hammad Khalid
Chief Financial Officer

Handwritten signature of Shoib Mumtaz.

Shoib Mumtaz
President / CEO

Handwritten signature of Mian Umer Mansha.

Mian Umer Mansha
Director

Handwritten signature of Shahzad Hussain.

Shahzad Hussain
Director

Handwritten signature of Muhammad Ali Zeb.

Muhammad Ali Zeb
Director



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MCB BANK LIMITED

Consolidated Condensed Interim Financial Statements for the Three Months Period Ended March 31, 2024

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Financial Position As At March 31, 2024



	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
ASSETS			
Cash and balances with treasury banks	7	209,122,539	190,245,798
Balances with other banks	8	40,338,667	37,806,854
Lendings to financial institutions	9	49,224,581	89,713,400
Investments	10	1,393,339,062	1,372,343,715
Advances	11	707,512,085	670,673,495
Property and equipment	12	82,342,736	80,736,669
Right-of-use assets	13	7,659,149	8,001,881
Intangible assets	14	2,411,909	1,859,032
Deferred tax assets	15	6,362,899	-
Other assets	16	169,165,130	228,704,335
		2,667,478,757	2,680,085,179
LIABILITIES			
Bills payable	18	13,044,026	27,271,384
Borrowings	19	183,267,210	235,664,480
Deposits and other accounts	20	2,054,114,663	2,009,828,619
Lease liabilities	21	11,107,507	11,429,243
Subordinated debt	15	-	-
Deferred tax liabilities	22	161,898,936	150,588,030
Other liabilities		2,423,432,342	2,438,334,077
		244,046,415	241,751,102
NET ASSETS			
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	23	103,199,143	101,129,809
Surplus on revaluation of assets	24	20,139,296	25,740,282
Unappropriated profit		108,528,553	102,689,217
		243,717,592	241,409,908
Non-controlling interest		328,823	341,194
		244,046,415	241,751,102
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit & Loss Account (un-audited) For The Three Months Period Ended March 31, 2024



Note	Three Months Ended	
	January 01 to March 31, 2024	January 01 to March 31, 2023
-----Rupees in '000-----		
Mark-up / return / interest earned	27	100,641,557
Mark-up / return / interest expensed	28	58,193,819
Net mark-up / interest income		42,447,738
NON MARK-UP / INTEREST INCOME		
Fee and commission income	29	6,795,932
Dividend income		798,608
Foreign exchange income		1,926,077
Income from derivatives		397
Gain / (loss) on securities	30	6,128
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-
Other Income	31	100,845
Total non-markup / interest Income		9,627,987
Total Income		52,075,725
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	32	16,314,880
Workers Welfare Fund		705,030
Other charges	33	151,111
Total non-markup / interest expenses		17,171,021
Share of profit of associates		416,515
Profit before credit loss allowance		
Credit loss allowance and write offs - net	34	(27,955)
PROFIT BEFORE TAXATION		
Taxation	35	17,495,021
PROFIT AFTER TAXATION		
Less: Profit attributable to non-controlling interest		(34,464)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		
		17,819,689
		13,928,020
-----Rupees in '000-----		
Basic and diluted earnings per share	36	15.04
		11.75

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Cash Flow Statement (un-audited) For The Three Months Period Ended March 31, 2024



CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: Dividend income and share of profit of associates

Adjustments:
Depreciation on property and equipment
Depreciation on right-of-use assets
Depreciation on non-banking assets acquired in satisfaction of claims
Amortization
Credit loss allowance and write offs - net
Gain on sale of property and equipment - net
Finance charges on lease liability against right-of-use assets
Gain on conversion of Ijarah agreements
Workers Welfare Fund
Charge for defined benefit plans - net
Gain on termination of lease liability against right-of-use assets
Unrealized (gain) / loss on revaluation of investments - FVTPL

Decrease / (increase) in operating assets

Lendings to financial institutions
Securities classified as FVTPL
Advances
Others assets (excluding advance taxation)

Increase / (decrease) in operating liabilities

Bills Payable
Borrowings from financial institutions
Deposits
Other liabilities (excluding current taxation)

Defined benefits paid

Income tax paid
Net cash flow from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investment in securities classified as FVOCI
Net investment in securities classified as amortized cost
Dividends received
Investments in property and equipment
Proceeds from sale of property and equipment
Investments in Intangible assets
Net investment in associates
Effect of translation of net investment in foreign branches and subsidiary
Net cash flow (used in) / from investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payment of lease liability against right-of-use-assets
Dividend paid
Net cash flow used in financing activities

Effects of credit loss allowance changes on cash and cash equivalents
Effects of exchange rate changes on cash and cash equivalents

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period
Cash and cash equivalents at end of the period

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.



Hammad Khalid
Chief Financial Officer



Shoib Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Note	Three Months Ended	
	January 01 to March 31, 2024	January 01 to March 31, 2023
	-----Rupees in '000-----	
32	35,349,174 (1,215,123)	24,641,019 (657,939)
32	34,134,051	23,983,080
32	956,836	770,627
32	472,110	466,482
32	4,669	5,970
32	180,896	133,959
34	(27,955)	739,955
31	(48,398)	(5,235)
28	372,601	347,268
	(2,559)	(5,785)
	705,030	496,158
	(103,383)	74,065
31	(15,999)	(10,248)
30	(6,139)	(40,795)
	2,487,709	2,972,421
	36,621,760	26,955,501
	40,488,562 2,222,140 (43,686,568)	(69,430,511) (11,816) 92,454,921 (6,792,982)
	57,552,740	16,219,612
	56,576,874	
	(14,227,358) (52,294,641)	(28,398,952) (108,014,675)
	44,286,044	170,043,773
	11,945,822	(13,930,151)
	(10,290,133)	19,699,995
	(67,436)	(55,789)
	(24,058,343)	(10,754,247)
	58,782,722	52,065,072
	(23,364,161)	18,294,586
	(825,850)	(701,301)
	658,840	493,562
	(2,579,274)	(1,239,253)
	64,416	8,337
	(859,963)	(103,299)
	(51,264)	-
	187,823	5,010,114
	(26,769,433)	21,762,746
	(830,395) (9,223,809)	(714,769) (7,047,487)
	(10,054,204)	(7,762,256)
	75,833	-
	(487,304)	10,636,374
	21,547,614	76,701,936
	226,996,354	124,994,173
	248,543,968	201,696,109

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies

- MCB Investment Management Limited
- MCB Non-Bank Credit Organization Closed Joint Stock Company
- MCB Islamic Bank Limited
- MCB Exchange Company (Private) Limited *

"Percentage holding of
MCB Bank Limited"

81.42%
99.94%
100%
100%

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,429 branches (2023: 1,430 branches) within Pakistan and 08 branches (2023: 08 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

*During the period, the Holding company injected share capital of Rs 1.0 billion into MCB Exchange Company (Private) Limited, a wholly owned subsidiary.

2. BASIS OF PREPARATION

2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the "Group").

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial statements for the three months period ended March 31, 2024 and the carrying value of investments held by the parent is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have also been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the three months period ended March 31, 2024.

c. Non-controlling interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

The financial results of the Group's Islamic Banking business have been consolidated in these financial statements for reporting purposes, after eliminating material inter-group transactions / balances.

2.3 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency of its primary economic environment. The amounts are rounded off to the nearest thousand.

2.4 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024

3. STATEMENT OF COMPLIANCE

3.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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).

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

3.2 The State Bank of Pakistan has deferred the applicability of 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 consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 and IAS 34, Interim Financial Reporting. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2023.

3.5 Standards, Interpretations of and Amendments to Approved Accounting Standards That are Effective in the Current Period

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Group's operations and therefore not detailed in these consolidated condensed interim financial statements except for IFRS 9 "Financial Instruments", the impact of which is disclosed under note 4.2.

3.6 Standards, Interpretations of and Amendments to Approved Accounting Standards That are not yet Effective

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

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

4.1 Adoption of New Forms for the Preparation of Consolidated Condensed Interim Financial Statements

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



MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



4.2 Impact of IFRS 9 Financial Instruments

IFRS 9, Financial Instruments addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard introduces a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Group which are exposed to credit risk.

In preparation of these financial statements, the Group has applied requirements of IFRS 9 and application instructions issued by SBP with the date of initial application of January 01, 2024 with modified retrospective approach for restatement. As permitted by the transitional provisions of IFRS 9, the Group has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative figures.

CLASSIFICATION AND MEASUREMENT

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

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

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

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

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

The Requirements of IFRS 9 Led to Changes in Classification of Certain Financial Assets Held By The Group Which are Explained as Follows:

Equity Instruments Previously Classified as Available for Sale (AFS)

The Group has elected to irrevocably designate all quoted and unquoted equity securities previously classified as available for sale (AFS) as FVOCI except units of open end mutual funds amounting to Rs. 115.98 million classified as FVTPL. The fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

Debt Instruments Previously Classified as Available for Sale (AFS)

Debt instruments previously classified as AFS upon passing the SPPI test have been designated as fair value through OCI under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. There is no change to their measurement basis and realized and unrealized gain/loss under IFRS 9.

Debt Instruments Previously Classified as Held to Maturity (HTM)

Debt instruments currently classified as HTM upon passing the SPPI test have been designated as amortized cost under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows. There is no change to their measurement basis.

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024

4.2.1 Transition to IFRS 9 Financial Instruments - Statement Of Financial Position

	Audited December 31, 2023	Classification & Measurement	Expected Credit Losses	IFRS 9 January 01, 2024
-----Rupees in '000-----				
Cash and balances with treasury banks	190,245,798	-	-	190,245,798
Balances with other banks	37,806,854	-	(523,736)	37,283,118
Lendings to financial institutions	89,713,400	-	(136,480)	89,576,920
Investments	1,372,343,715	368,223	(400,736)	1,372,311,202
Advances	670,673,495	-	(6,081,602)	664,591,893
Property and equipment	80,736,669	-	-	80,736,669
Right-of-use assets	8,001,881	-	-	8,001,881
Intangible assets	1,859,032	-	-	1,859,032
Deferred tax assets	-	1,187,414	4,443,410	5,630,824
Other assets	228,704,335	-	(267,587)	228,436,748
Total Assets	2,680,085,179	1,555,637	(2,966,731)	2,678,674,085
Bills payable	27,271,384	-	-	27,271,384
Borrowings	235,664,480	-	-	235,664,480
Deposits and other accounts	2,009,828,619	-	-	2,009,828,619
Lease liabilities	11,429,243	-	-	11,429,243
Subordinated debt	-	-	-	-
Deferred tax liabilities	3,552,321	(3,552,321)	-	-
Other liabilities	150,588,030	4,920,165	1,658,043	157,166,238
Total Liabilities	2,438,334,077	1,367,844	1,658,043	2,441,359,964
Share capital	11,850,600	-	-	11,850,600
Reserves	101,129,809	-	-	101,129,809
Surplus on revaluation of assets	25,740,282	(4,933,195)	-	20,807,087
Unappropriated profit	102,689,217	5,120,988	(4,624,774)	103,185,431
Non-controlling interest	341,194	-	-	341,194
Total Equity	241,751,102	187,793	(4,624,774)	237,314,121
Total Equity and Liabilities	2,680,085,179	1,555,637	(2,966,731)	2,678,674,085

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. FINANCIAL RISK MANAGEMENT

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

7. CASH AND BALANCES WITH TREASURY BANKS

In hand	
Local currency	
Foreign currencies	
With State Bank of Pakistan in	
Local currency current accounts	
Foreign currency current accounts	
Foreign currency deposit accounts	
With other central banks in	
Foreign currency current accounts	
With National Bank of Pakistan in	
Local currency current accounts	
Prize bonds	
Less: Credit loss allowance held against cash and balances with treasury banks	

	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
39,545,864	37,437,971	
9,001,595	8,807,239	
48,547,459	46,245,210	
110,834,065	88,108,940	
3,328,065	2,454,172	
12,716,501	12,812,091	
126,878,631	103,375,203	
9,709,239	7,618,129	
23,824,818	32,835,691	
162,392	171,565	
209,122,539	190,245,798	

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



8. BALANCES WITH OTHER BANKS

In Pakistan

In current account
In deposit account

Note	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
8.1	35,521	17,842
	1,613	7,886
	37,134	25,728
	15,119,849	11,901,017
	25,637,819	25,869,888
	40,757,668	37,770,905
	(456,135)	(10,221)
	40,338,667	37,806,854

Less: Credit loss allowance held against balances with other banks

Note	Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----		
8.1	It includes an amount of USD 3.852 million pledged as collateral for a standby letter of credit issued on behalf of the the Holding company.	
	38,629,407	65,714,000
	9,597,500	21,499,400
	1,000,000	2,500,000
	49,226,907	89,713,400
	(2,326)	-
	49,224,581	89,713,400

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings

Repurchase agreement lendings (Reverse Repo)
Musharaka arrangements

Less: Credit loss allowance held against lending to financial institutions

Lending	Credit loss allowance held
-----Rupees in '000-----	
Domestic	
Performing	Stage 1
Under performing	Stage 2
Non-performing	Stage 3
Substandard	
Doubtful	
Loss	
Total	
Overseas	
Performing	Stage 1
Under performing	Stage 2
Non-performing	Stage 3
Substandard	
Doubtful	
Loss	
Total	

10,697,500	(2,326)
10,697,500	(2,326)
38,529,407	-
38,529,407	-
38,529,407	-
38,529,407	-

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024

10. INVESTMENTS

10.1 Investments by type:

FVTPL
Federal Government Securities
Shares and units

Unaudited March 31, 2024				
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Rupees in '000				
	71,865	-	(46)	71,819
Federal Government Securities	314,210	-	6,185	320,395
Shares and units	386,075	-	6,139	392,214
	1,275,361,128	(735,815)	(29,433,441)	1,245,191,872
Federal Government Securities	31,655,530	-	(4,154,004)	27,501,526
Shares	3,723,840	(8,402)	(603)	3,714,835
Non Government Debt Securities	48,406,892	-	62,205	48,469,097
Foreign Securities	1,359,147,390	(744,217)	(33,525,843)	1,324,877,330
	50,966,772	(259,582)	-	50,707,190
Federal Government Securities	118	(118)	-	-
Provincial Government Securities	8,869,357	(550,410)	-	8,318,947
Non Government Debt Securities	831,826	-	-	831,826
Foreign Securities	60,668,073	(810,110)	-	59,857,963
	8,211,555	-	-	8,211,555
Associates	8,211,555	-	-	8,211,555
Total Investments	1,428,413,093	(1,554,327)	(33,519,704)	1,393,339,062

Audited December 31, 2023				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000				
	2,202,756	-	4,606	2,207,362
Held-for-trading securities	292,517	-	(7,644)	284,873
Federal Government Securities	2,495,273	-	(3,038)	2,492,235
	1,257,348,552	(414,772)	(28,348,868)	1,228,584,912
Available-for-sale securities	30,790,160	(10,026,787)	5,773,217	26,536,590
Federal Government Securities	3,723,840	-	(9,560)	3,714,280
Shares	43,963,271	-	93,789	44,057,060
Non Government Debt Securities	1,335,825,823	(10,441,559)	(22,491,422)	1,302,892,842
Foreign Securities	51,005,261	(260,316)	-	50,744,945
	118	(118)	-	-
Non Government Debt Securities	8,869,357	(477,541)	-	8,391,816
Foreign Securities	59,874,736	(737,975)	-	59,136,761
	7,821,877	-	-	7,821,877
Associates	7,821,877	-	-	7,821,877
Total Investments	1,406,017,709	(11,179,534)	(22,494,460)	1,372,343,715

10.1.1 Investments given as collateral

- Market Treasury Bills
- Pakistan Investment Bonds

	Unaudited March 31, 2024	Audited December 31, 2023
Rupees in '000		
	21,764,028	30,763,692
	26,655,986	75,842,086
	48,420,014	106,605,778
	11,179,534	10,330,107
Opening balance	(10,026,787)	-
Reversal of impairment charged against equity instruments through FVOCI on adoption of IFRS 9	400,736	-
Impact of ECL on debt securities on adoption of IFRS 9	(9,343)	54,762
Exchange and other adjustments	54,834	1,744,532
Charge / (reversals)	(44,647)	-
Charge for the period / year	-	(949,867)
Reversals for the period / year	10,187	794,665
Reversal on disposals	-	-
Amounts written off	11,581,114	11,179,534
Closing Balance		



MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



10.3 Particulars of credit loss allowance against debt securities

The following table sets out analysis of credit loss allowance held against debt securities as at March 31, 2024.

Unaudited March 31, 2024		
	Outstanding amount	Credit loss allowance held
Rupees in '000		
Domestic		
Performing	1,209,450,830	24,357
Under performing	4,058,069	378,607
Non-performing - loss	477,659	477,659
	1,213,986,558	880,623
Overseas		
Performing	49,238,718	-
Under performing	10,383,211	673,703
Non-performing	-	-
	59,621,929	673,703
Total	1,273,608,487	1,554,326

10.4 Summarized financial information of associates

Unaudited March 31, 2024						
Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
Rupees in '000						
Associates						
Euronet Pakistan (Private) Limited (unaudited based on March 31, 2024)	Pakistan 30%	399,789	18,577	18,577	1,857,513	1,818,627
Adamjee Insurance Company Limited (audited based on December 31, 2023)	Pakistan 20%	41,976,789	2,716,915	7,247,972	172,799,968	141,015,250

10.5 Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2023: 20.00%)

Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at March 31, 2024 amounted to Rs. 2,410.800 million. (2023: Rs. 2,391.900 million).

Unaudited March 31, 2024			Audited December 31, 2023		
	Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)
Rupees in '000					
Associates					
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Pakistan 30%	1,474,982	(1,915)	(1,915)	1,553,014 1,526,982
Adamjee Insurance Company Limited (unaudited based on September 30, 2023)	Pakistan 20%	31,207,110	2,167,872	4,467,753	168,919,609 139,946,503

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024

10.6 Investment in Euronet Pakistan Private Limited under equity method - holding 30% (2023: 30.00%)

Investment of the Group in Euronet Pakistan Private Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

Opening balance
Share of profit for the period / year before tax
Share of tax
Closing balance

10.7 Investment in units of funds under management of MCB Investment Management Limited

Investment of the Group in units of funds under management of MCB Investment Management Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

Investment at the beginning of the period / year
Investment / (redemptions) during the period / year
Share of profit for the period / year
Dividend Income
Closing balance



Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----	
8,361	9,356
10,623	20,401
(7,319)	(21,396)
3,304	(995)
11,665	8,361

Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----	
1,234,703	1,105,496
51,264	(267,428)
69,339	415,827
(26)	(19,192)
120,577	129,207
1,355,280	1,234,703

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Category of Classification	Note	Performing			Non Performing			Total
		Unaudited March 31, 2024	Audited December 31, 2023	Unaudited March 31, 2024	Audited December 31, 2023	Unaudited March 31, 2024	Audited December 31, 2023	
11.1 Advances								
Loans, cash credits, running finances, etc.		577,558,569	550,702,472	54,548,133	53,000,544	632,106,702	603,703,016	-----Rupees in '000-----
Islamic financing and related assets		106,840,769	88,677,808	2,232,665	1,957,808	109,073,434	90,635,616	
Bills discounted and purchased		18,219,896	21,305,091	868,727	882,051	19,088,623	22,187,142	
Advances - gross		702,619,234	660,685,371	57,649,525	55,840,403	760,268,759	716,525,774	
Credit loss allowance against advances	11.1	(8,319,838)	(3,169,899)	(44,436,336)	(42,682,380)	(52,756,674)	(45,852,279)	
Advances - net of provision		694,299,396	637,515,472	13,212,389	13,158,023	707,512,085	670,673,495	
11.2 Particulars of advances (Gross)								
In local currency		698,312,190	636,444,276					
In foreign currencies		61,956,569	60,081,198					
		760,268,759	716,525,774					
11.3 Advances include Rs. 57,649,525 million (2023: Rs. 55,840,403 million) which have been placed under the non-performing / Stage 3 status as detailed below:								
Category of Classification		Note	Unaudited March 31, 2024	Credit loss allowance	Non Performing Loans	Unaudited March 31, 2024	Credit loss allowance	Non Performing Loans
Domestic	11.3.1		1,642,321	867,945	1,517,142	1,684	1,056,913	1,52,169
Other Assets Especially Mentioned			511,853	155,748	1,261,075	2,711,632	382,282	114,909
Substandard			38,288,726	36,490,020	38,135,498	38,774,788	41,091,835	36,780,475
Doubtful			43,154,532	38,774,788	41,091,835			36,949,237

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Category of Classification	Unaudited March 31, 2024		Audited December 31, 2023	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Credit loss allowance
Overseas				
Up to 90 days	-	-	2,902	726
91 to 180 days	2,163	987	24,898	6,225
180 to 365 days	1,361	1,361	1,297	1,297
> 365 days	14,491,469	5,659,700	14,719,471	5,724,895
Total	14,494,933	5,692,048	14,748,568	5,733,143
	57,649,525	44,436,836	55,840,403	42,682,380

11.3.1 This includes non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as "Other Assets Especially Mentioned" as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.

11.4 Particulars of credit loss allowance against advances

	Unaudited March 31, 2024			Audited December 31, 2023		
	Stage 3	Stage 1 & stage 2	Total	Specific	General	Total
Opening balance	42,682,380	3,167,254	45,849,634	42,122,972	2,638,230	44,761,202
Impact of ECL on adoption of IFRS 9	1,633,565	4,448,017	6,081,602	-	-	-
Exchange adjustments	(29,090)	42,872	13,782	1230,321	237,236	1,467,557
Charge for the period / year Reversals	1,174,378 (1,024,417)	2,811,257 (2,149,562)	3,985,635 (3,173,979)	3,685,905 (3,576,979)	531,609 (237,176)	4,217,514 (3,814,155)
Amounts written off	-	-	-	(779,839)	-	(779,839)
Closing balance	44,436,836	8,319,838	52,756,674	42,082,380	3,169,899	45,852,279



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Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



11.4.1 An analysis of changes in the ECL allowances in relation to loans & advances of the Group as at March 31, 2024 is as follows

	Stage 1 Rupees in '000	Stage 2 Rupees in '000	Stage 3 Rupees in '000	Total
Opening balance	2,626,770	543,129	42,682,380	45,852,279
Impact of ECL on adoption of IFRS 9	1,441,066	3,006,951	1,633,585	6,081,602
Exchange adjustments	40,270	(43)	(29,090)	11,137
New Advances	221,881	247,234	15	469,130
Advances derecognised or repaid	(95,685)	(37,736)	(241,240)	(374,661)
Transfer to stage 1	503,163	(503,163)	-	-
Transfer to stage 2	(50,912)	69,511	(18,599)	-
Transfer to stage 3	(3,341)	(76,656)	79,997	-
Amounts written off / charged off	575,106	(300,810)	(179,827)	94,469
Changes in risk parameters	-	-	-	-
Closing balance	(63,699)	451,098	329,788	717,187
	4,619,513	3,700,325	44,436,836	52,756,674

11.4.2 An analysis of the categories of classification of loans & advances of the Group as at March 31, 2024 is as follows

	Outstanding amount Rupees in '000	Credit loss allowance Held Rupees in '000
Domestic		
Performing	Stage 1	612,860,976
Under performing	Stage 2	63,821,691
Non-performing	Stage 3	3,238,888
Other Assets Especially Mentioned		
Substandard		1,642,321
Doubtful		511,853
Loss		2,711,632
Total		36,490,020
Overseas		
Performing	Stage 1	19,355,530
Under performing	Stage 2	6,581,037
Non-performing	Stage 3	461,437
Substandard		2,163
Doubtful		420,549
Loss		14,072,281
Total		5,662,048

11.4.3 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 1,091.322 million (December 31, 2023: Rs. 967.863 million) in determining the provisioning against non-performing Islamic financing and related assets as at March 31, 2024. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 556.574 million as at March 31, 2024 (December 31, 2023: Rs. 493.610 million) and is not available for payment of cash or stock dividends to shareholders.

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Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



	Note	Unaudited March 31, 2024	Audited December 31, 2023			
		-----Rupees in '000-----				
12. PROPERTY AND EQUIPMENT						
Capital work-in-progress						
Property and equipment	12.1	3,837,980 78,504,756 <u>82,342,736</u>	2,191,569 78,545,100 <u>80,736,669</u>			
12.1 Capital work-in-progress						
Civil works		1,943,125	1,348,446			
Equipment		1,085,308	101,966			
Advances to suppliers		786,417	736,548			
Others		23,130	4,609			
		<u>3,837,980</u>	<u>2,191,569</u>			
Unaudited Three Months ended March 31, 2024						
Unaudited Three Months ended March 31, 2023						
-----Rupees in '000-----						
12.2 Additions to property and equipment						
The following additions have been made to property and equipment during the period:						
Capital work-in-progress - net additions		1,646,411	440,923			
Property and equipment						
Building on freehold land		24,870	30,988			
Building on leasehold land		2,185	2,639			
Electrical office and computer equipment		572,845	591,845			
Furniture and fixture		97,453	69,436			
Leasehold Improvements		54,283	71,290			
Vehicles		181,227	32,132			
		<u>932,863</u>	<u>798,330</u>			
		<u>2,579,274</u>	<u>1,239,253</u>			
12.3 Disposal of property and equipment						
The net book value of property and equipment disposed off during the period is as follows:						
Vehicles		13,531	482			
Furniture and fixture		441	184			
Electrical office and computer equipment		2,028	1,886			
Leasehold Improvements		19	-			
		<u>16,018</u>	<u>2,552</u>			
Unaudited March 31, 2024						
Audited December 31, 2023						
-----Rupees in '000-----						
13. RIGHT-OF-USE ASSETS						
Right-of-use assets	13.1	<u>7,659,149</u>	<u>8,001,881</u>			
Unaudited March 31, 2024						
Audited December 31, 2023						
Buildings	Others	Total	Buidlings	Others	Total	
-----Rupees in '000-----						
13.1 At January 1						
Cost	15,874,370	-	15,874,370	13,758,044	-	13,758,044
Accumulated Depreciation	(7,870,345)	-	(7,870,345)	(6,094,319)	-	(6,094,319)
Net carrying amount at January 1,	8,004,025	-	8,004,025	7,663,725	-	7,663,725
Additions / adjustments during the period / year	143,971	-	143,971	2,449,562	-	2,449,562
Deletions during the period / year	(23,034)	-	(23,034)	(173,181)	-	(173,181)
Exchange Impact	6,297	-	6,297	110,412	-	110,412
Depreciation charge for the period / year	(472,110)	-	(472,110)	(2,048,637)	-	(2,048,637)
Closing net carrying amount	<u>7,659,149</u>	-	<u>7,659,149</u>	<u>8,001,881</u>	-	<u>8,001,881</u>

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	Note	Unaudited March 31, 2024	Audited December 31, 2023		
		-----Rupees in '000-----			
14. INTANGIBLE ASSETS					
Computer software					
Goodwill		1,425,146	969,440		
Management rights		82,127	82,127		
Capital work-in-progress		192,000	192,000		
		712,636	615,465		
		<u>2,411,909</u>	<u>1,859,032</u>		
Unaudited Three Months ended March 31, 2024					
Unaudited Three Months ended March 31, 2023					
-----Rupees in '000-----					
14.1 Additions to intangible assets					
The following additions have been made to intangible assets during the period:					
Computer software		762,792	103,299		
Capital work-in-progress - net additions		97,171	-		
		<u>859,963</u>	<u>103,299</u>		
Unaudited March 31, 2024					
Audited December 31, 2023					
-----Rupees in '000-----					
15. DEFERRED TAX ASSET / (LIABILITY) - NET					
Deductible Temporary Differences on					
- Credit loss allowance against financial assets		4,820,463	204,206		
- Workers Welfare Fund		178,174	154,378		
- Deficit on revaluation of investments		16,427,663	11,020,798		
		<u>21,426,300</u>	<u>11,379,382</u>		
Taxable Temporary Differences on					
- Surplus on revaluation of property & equipment		(3,667,757)	(3,704,544)		
- Surplus on revaluation of non-banking assets		(297,334)	(297,334)		
- Accelerated tax depreciation		(3,584,026)	(3,678,662)		
- Receivable from pension fund		(3,772,670)	(3,639,789)		
- Business combination		(705,218)	(705,218)		
- Investments in associated undertaking		(3,036,396)	(2,906,156)		
		<u>(15,063,401)</u>	<u>(14,931,703)</u>		
		<u>6,362,899</u>	<u>(3,552,321)</u>		
16. OTHER ASSETS					
Income / Mark-up accrued in local currency		79,624,507	71,559,030		
Income / Mark-up accrued in foreign currencies		687,413	503,365		
Advances, deposits, advance rent and other prepayments		5,625,950	5,429,263		
Non-banking assets acquired in satisfaction of claims		1,633,215	1,637,884		
Compensation for delayed income tax refunds		133,809	133,809		
Mark to market gain on forward foreign exchange contracts		1,707,004	2,596,164		
Unrealized gain on derivative financial instruments		35,232	73,852		
Acceptances	22	40,311,456	42,551,113		
Receivable from the pension fund		7,699,328	7,428,142		
Clearing and settlement accounts		29,477,945	27,296,155		
Receivable from the Government of Pakistan		-	67,187,000		
Claims receivable against fraud and forgeries		577,987	607,980		
Others		4,640,035	4,463,918		
Less: Credit loss allowance held against other assets	16.1	172,153,881	231,467,675		
Other Assets net of Credit loss allowance		3,595,556	3,370,145		
Surplus on revaluation of non-banking assets		168,558,325	228,097,530		
acquired in satisfaction of claims					
Other Assets - total	24	606,805	606,805		
		<u>169,165,130</u>	<u>228,704,335</u>		

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	Unaudited March 31, 2024	Audited December 31, 2023
	-----Rupees in '000-----	

16.1 Credit loss allowance held against other assets

Non banking assets acquired in satisfaction of claims
Claims receivable against fraud and forgeries
Mark-up accrued
Others

88,083	88,083
577,987	607,980
279,720	4,972
2,649,766	2,669,110
3,595,556	3,370,145

16.1.1 Movement in credit loss allowance held against other assets

Opening balance
Impact of ECL on adoption of IFRS 9
Charge for the period / year
Reversals

3,370,145	3,066,275
267,587	-
27,509	36,184
(49,776)	(8,080)
(22,267)	28,104
(256)	(2,062)
(19,653)	277,828
3,595,556	3,370,145

17. CONTINGENT ASSETS

There were no contingent assets of the Group as at March 31, 2024 (2023: NIL).

	Unaudited March 31, 2024	Audited December 31, 2023
	-----Rupees in '000-----	

18. BILLS PAYABLE

In Pakistan
Outside Pakistan

12,933,650	27,008,158
110,376	263,226
13,044,026	27,271,384

19. BORROWINGS

Secured

Borrowings from State Bank of Pakistan
Under export refinance scheme
Under long term financing facility
Under renewable energy performance platform
Under temporary economic refinance facility
Under financing facility for storage of agricultural produce
Under Refinance and Credit Guarantee Scheme
for Women Entrepreneurs

46,677,202	51,576,669
20,527,602	21,441,512
2,402,708	2,445,557
41,617,896	42,326,816
226,467	239,697
5,883	6,272
111,457,758	118,036,523

Repurchase agreement borrowings

Total secured

47,138,817	106,366,325
158,596,575	224,402,848

Unsecured

Call borrowings
Borrowings from other financial institution
Overdrawn nostro accounts
Musharaka Arrangements
Others
Total unsecured

3,000,000	1,000,000
2,584,039	2,314,827
917,238	1,019,866
18,007,072	6,764,653
162,286	162,286
24,670,635	11,261,632
183,267,210	235,664,480

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	Unaudited March 31, 2024	Audited December 31, 2023
	-----Rupees in '000-----	

	In Local Currency	In Foreign Currencies	Total
	-----Rupees in '000-----		

	Unaudited March 31, 2024	Audited December 31, 2023
	In Local Currency	In Foreign Currencies
	-----Rupees in '000-----	
Customers		
Current deposits	726,817,007	875,127,809
Savings deposits	924,543,620	963,576,845
Term deposits	78,048,387	100,810,973
Others	41,670,526	46,310,554
Financial Institutions		
Current deposits	18,231,704	22,307,766
Savings deposits	33,421,192	34,094,974
Term deposits	4,024,168	11,885,742
Others	-	-
Note	21.1	11,107,507
Audited December 31, 2023	-----Rupees in '000-----	-----Rupees in '000-----
Buildings	Others	Buildings
Unaudited March 31, 2024	-----Rupees in '000-----	-----Rupees in '000-----
Buildings	11,428,536	11,429,243
Others	151,201	151,201
	(830,395)	(830,395)
	372,601	372,601
	(39,033)	(39,033)
	24,597	24,597
	66,784	66,784
Audited December 31, 2023	-----Rupees in '000-----	-----Rupees in '000-----
Buildings	10,432,368	10,432,368
Others	2,348,050	2,344,026
	(2,844,026)	(2,844,026)
	1,669,866	1,669,866
	(243,799)	(243,799)
	66,784	66,784

	Unaudited March 31, 2024	Audited December 31, 2023
	In Local Currency	In Foreign Currencies
	-----Rupees in '000-----	
21.1 At January 1		
Additions / adjustments during the period / year		
Lease payments including interest		
Interest expense		
Deletions during the period / year		
Exchange difference / adjustments		
Closing Balance		
21.2 Liabilities Outstanding		
Not later than one year	1,591,982	1,676,146
Later than one year and upto five years	5,172,149	5,209,616
Over five years	4,343,376	4,543,481
Total at the year end	11,107,507	11,429,243

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Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



22. OTHER LIABILITIES

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
Mark-up/ return/ interest payable in local currency		23,300,785	7,032,232
Mark-up/ return/ interest payable in foreign currencies		736,200	579,109
Unearned commission and income on bills discounted		2,492,374	2,119,095
Accrued expenses		7,596,190	9,446,800
Current taxation (provisions less payments)	22.1	18,393,331	21,099,089
Workers' welfare fund	15	14,548,997	13,892,531
Acceptances		40,311,456	42,551,113
Unclaimed / dividends payable		3,914,312	2,425,756
Mark to market loss on forward foreign exchange contracts		1,226,617	1,202,115
Unrealised loss on derivative financial instruments		35,232	73,848
Branch adjustment account		29,528	28,696
Provision for employees' compensated absences		1,305,526	1,266,190
Provision for post retirement medical benefits		2,185,198	2,121,129
Provision for employees' contributory benevolent scheme		137,808	140,847
Insurance payable against consumer assets		550,073	586,691
Unclaimed balances		508,648	508,115
Duties and taxes payable		4,955,841	11,440,990
Charity fund balance		26,393	23,238
Credit loss allowance against off-balance sheet obligations		1,169,134	78,807
Security deposits against lease		3,261,082	3,020,407
Clearing and settlement accounts		27,257,422	24,223,005
Others		7,956,789	6,728,227
		<u>161,898,936</u>	<u>150,588,030</u>

22.1 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Group maintained its provision in respect of WWF.

22.2 An analysis of changes in credit loss allowance against off-balance sheet obligations as at March 31, 2024 is as follows:

	Unaudited March 31, 2024	Audited December 31, 2023
	-----Rupees in '000-----	
Opening balance	78,807	48,403
Impact of ECL on adoption of IFRS 9	1,658,043	-
Exchange adjustment	2,479	8,449
Charge for the period / year	-	21,955
Reversals	(570,195)	-
Amount written off	(570,195)	21,955
Closing balance	-	-
	<u>1,169,134</u>	<u>78,807</u>

23. RESERVES

	Note	Unaudited March 31, 2024	Audited December 31, 2023
		-----Rupees in '000-----	
Share premium		23,973,024	23,973,024
Non-distributable capital reserve - gain on bargain purchase option	23.1	908,317	908,317
Exchange translation reserve		9,523,846	9,341,253
Statutory reserve	23.2	50,193,956	48,307,215
		<u>103,199,143</u>	<u>101,129,809</u>

23.1 Under IFRS-3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not been taken to the profit and loss account as the SBP, through its letter BPRD(R&PD)/2017/14330 dated June 13, 2017 recommended that the amount of gain may be routed directly into equity as a Non-distributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Bank, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Bank or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

23.2 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

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24. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:	10.1	(29,371,839)	(28,264,639)
- Securities measured at FVOCI - Debt / AFS securities	10.1	(4,154,004)	5,773,217
- Securities measured at FVOCI - Equity / AFS securities		40,108,143	40,183,217
- Property and equipment		606,806	606,806
- Non-banking assets acquired in satisfaction of claims		1,372,213	1,250,067
- Associated undertaking		8,561,319	19,548,668

Deferred tax on (surplus) / deficit on revaluation of:

- Securities measured at FVOCI - Debt / AFS securities	15	14,392,201	13,849,674
- Securities measured at FVOCI - Equity / AFS securities	15	2,035,462	(2,828,876)
- Property and equipment	15	(3,667,757)	(3,704,544)
- Non-banking assets acquired in satisfaction of claims	15	(297,334)	(297,334)
- Associated undertaking		(884,595)	(827,306)
		11,577,977	6,191,614
		20,139,296	25,740,282

25. CONTINGENCIES AND COMMITMENTS

-Guarantees	25.1	269,168,356	318,643,498
-Commitments	25.2	492,518,913	512,200,312
-Other contingent liabilities	25.3	32,907,556	34,363,515
		794,594,825	865,207,325

25.1 Guarantees:

Financial guarantees	25.1	139,651,744	126,236,623
Performance guarantees		119,315,671	176,196,192
Other guarantees		10,200,941	16,210,683

25.2 Commitments:

Documentary credits and short-term trade-related transactions	25.1	254,611,375	318,590,512
- letters of credit		194,573,572	171,638,288
Commitments in respect of:	25.2.1	33,578,690	15,220,315
- forward foreign exchange contracts	25.2.2	5,639,884	1,595,548
- forward government securities transactions	25.2.3	694,984	1,128,247
- derivatives		2,270,585	2,390,799
- commitments to extent credit	25.2.4	1,149,823	1,636,603

25.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	110,278,182	93,150,006
Sale	84,295,390	78,488,282
	194,573,572	171,638,288

25.2.2 Commitments in respect of forward government securities transactions

Purchase	33,003,690	15,197,000
Sale	575,000	23,315
	33,578,690	15,220,315

25.2.3 Commitments in respect of derivatives

FX options	2,819,942	736,983
Purchase	2,819,942	736,983
Sale	5,639,884	1,473,966
Cross Currency Swaps		
Purchase	-	60,791
Sale	-	60,791
	-	121,582
	5,639,884	1,595,548

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25.2.4 The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	Note	Unaudited March 31, 2024	Audited December 31, 2023 -----Rupees in '000-----
25.3 Other contingent liabilities	25.3.1	32,907,556	34,363,515

25.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

25.4 Taxation

For assessment year 1999-2000 through tax year 2023, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,239.380 million (2023: 5,902.495 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Group has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Group are being contested by the department at higher forums. No provision has been made in these consolidated condensed interim financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Group's favour as and when these are taken up by the Appellate Authorities.

25.5 Amortisation of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortization for few years has been assessed in Holding company at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

26. DERIVATIVE INSTRUMENTS

Unaudited March 31, 2024

	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----						

Total						
Hedging	-	-	-	-	2,819,942	35,232
Market Making	-	-	-	-	2,819,942	(35,232)

Audited December 31, 2023

Total						
Hedging	60,791	62,365	-	-	736,983	11,487
Market Making	60,791	(62,361)	-	-	736,983	(11,487)

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Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



	Note	Unaudited Three Months ended March 31, 2024 -----Rupees in '000-----	Unaudited Three Months ended March 31, 2023 -----Rupees in '000-----
27. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		31,334,927	29,431,663
Investments		66,713,304	38,497,870
Lendings to financial institutions		2,048,100	1,947,694
Balances with banks		545,226	356,563
		100,641,557	70,233,790
27.1 Interest income recognised on:			
Financial assets measured at amortised cost		36,623,901	-
Financial assets measured at FVOCI		63,974,388	-
Financial assets measured at FVTPL		43,268	-
		100,641,557	-
28. MARK-UP/RETURN/INTEREST EXPENDED			
Deposits		50,689,174	27,812,928
Borrowings		6,334,471	8,585,739
Cost of foreign currency swaps against foreign currency deposits / borrowings		-	
Finance charges on lease liability against right-of-use assets		797,573	445,432
		372,601	347,268
		58,193,819	37,191,367
29. FEE & COMMISSION INCOME			
Branch banking customer fees		991,907	849,558
Consumer finance related fees		174,461	188,450
Card related fees (debit and credit cards)		1,938,647	1,295,290
Credit related fees		353,178	120,036
Investment banking fee		3,450	11,100
Commission on trade		1,030,081	633,605
Commission on guarantees		566,067	196,673
Commission on cash management		251,225	228,752
Commission on remittances including home remittances		538,551	385,363
Commission on bancassurance		183,268	237,380
Rent on lockers		67,284	65,263
Commission on utility bills		24,445	19,333
Commission on investments services		578,495	329,161
Others		94,873	88,661
		6,795,932	4,648,625
30. GAIN / (LOSS) ON SECURITIES			
Realised	30.1	(11)	43,548
Unrealised - Measured at FVTPL	10.1	6,139	40,795
		6,128	84,343
30.1 Realised gain / (loss) on:			
Federal Government Securities		18,832	36,362
Non Government debt securities		58	-
Shares		(18,901)	7,186
		(11)	43,548
30.2 Realised gain / (loss) on:			
Financial assets measured at FVTPL Designated upon initial recognition Mandatorily measured at FVPL		3,441	15,418
		3,441	15,418
Financial assets measured at amortised cost		(2,300)	-
Financial assets measured at FVOCI		(1,152)	28,130
		(3,452)	28,130
		(11)	43,548

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Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



	Unaudited Three Months ended March 31, 2024	Unaudited Three Months ended March 31, 2023
	-----Rupees in '000-----	
31. OTHER INCOME		
Rent on property	33,889	30,633
Gain on termination of lease liability against right of use assets	15,999	10,248
Gain / (Loss) on sale of property and equipment - net	48,398	5,235
Gain on conversion of Ijarah agreements	2,559	5,785
	100,845	51,901
32. OPERATING EXPENSES		
Total compensation expense	7,676,761	6,439,033
Property expense		
Rent and taxes	83,833	101,665
Insurance	17,615	14,961
Utilities cost	650,826	543,143
Fuel expense generators	252,655	326,840
Security (including guards)	632,207	510,830
Repair and maintenance (including janitorial charges)	306,675	291,228
Depreciation on right-of-use assets	472,110	466,482
Depreciation	337,913	282,739
	2,753,834	2,537,888
Information technology expenses		
Software maintenance	478,241	445,342
Hardware maintenance	89,093	83,463
Depreciation	293,862	204,694
Amortization	180,896	133,959
Network charges	214,917	181,377
Insurance	2,397	1,561
	1,259,406	1,050,396
Other operating expenses		
Directors' fees and allowances	8,460	9,160
Fees and allowances to Sharia Board members	5,062	4,166
Legal and professional charges	144,827	114,103
Outsourced services costs	293,592	256,103
Travelling and conveyance	188,132	101,346
NIFT clearing charges	60,023	60,322
Depreciation	325,061	283,194
Depreciation on non-banking assets acquired in satisfaction of claims	4,669	5,970
Training and development	22,215	15,717
Postage and courier charges	79,880	70,065
Communication	433,704	240,547
Stationery and printing	343,174	267,726
Marketing, advertisement & publicity	340,772	210,025
Donations	10,000	-
Auditors' remuneration	27,379	19,238
Cash transportation charges	308,283	254,514
Repair and maintenance	170,545	154,432
Subscription	21,573	12,571
Entertainment	131,738	110,170
Remittance charges	52,943	58,445
Brokerage expenses	21,932	21,000
Card related expenses	750,184	563,897
CNIC verification charges	97,567	71,366
Insurance	618,426	514,585
Others	164,738	112,097
	4,624,879	3,530,759
	16,314,880	13,558,076

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Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



	Note	Unaudited Three Months ended March 31, 2024	Unaudited Three Months ended March 31, 2023
		-----Rupees in '000-----	
33. OTHER CHARGES			
Penalties of State Bank of Pakistan		60,032	13,426
VAT & National Building tax & Crop Insurance Levy		67,279	77,741
Education cess		23,800	7,000
		151,111	98,167
34. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Credit loss allowance against balance with Banks		(75,833)	8,741
Credit loss allowance for diminution in value of investments	10.2	10,187	938,454
Credit loss allowance against loans and advances	11.4	811,656	(177,451)
Credit loss allowance against lending's to Financial Institutions	9.1	(136,223)	-
Credit loss allowance against off balance sheet items		(570,195)	(4,065)
Credit loss allowance against other assets	16.1.1	(22,267)	15,034
Recovery of written off / charged off bad debts		(45,280)	(40,758)
		(27,955)	739,955
35. TAXATION			
Current		17,402,287	10,825,460
Prior years		20,000	-
Deferred		(122,256)	(233,090)
Share of tax of associates		194,990	69,403
		17,495,021	10,661,773
36. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax attributable to Equity Shareholders of the Bank		17,819,689	13,928,020
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
Basic and diluted earnings per share		15.04	11.75
-----Rupees in '000-----			
-----Number-----			
-----Rupees-----			

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024

37. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Group as 'amortized cost'. Quoted securities classified as amortized cost are carried at cost. Fair value of unquoted equity investments other than investments in associates is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and financial liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

37.1 Fair value of financial assets

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

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

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

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

Valuation techniques used in determination of fair valuation of financial instruments within level 2

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Operating fixed assets (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX Options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.



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The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Group essentially carries its investments in debt and equity securities at fair values. In case of non-financial assets, the Group has adopted revaluation model (as per IAS 16) in respect of land and building & non-banking assets acquired in satisfaction of claims.

	Unaudited March 31, 2024				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,245,263,691	-	1,245,263,691	-	1,245,263,691
Shares and units	29,252,694	29,138,561	114,133	-	29,252,694
Non-Government Debt Securities	3,714,835		3,714,835	-	3,714,835
Foreign Securities	48,469,097	-	48,469,097	-	48,469,097
Financial assets - disclosed but not measured at fair value					
Investments (amortized cost, unlisted ordinary shares and associates)	66,638,745	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,802,263	-	64,802,263	-	64,802,263
Non-banking assets	2,151,937	-	2,151,937	-	2,151,937
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	110,278,182	-	997,718	-	997,718
Forward sale of foreign exchange	84,295,390	-	1,478,105	-	1,478,105
Derivatives purchase	2,819,942	-	35,232	-	35,232
Derivatives sale	2,819,942	-	35,232	-	35,232

	Audited December 31, 2023				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,230,792,274	-	1,230,792,274	-	1,230,792,274
Shares and units	25,390,857	25,283,009	107,848	-	25,390,857
Non-Government Debt Securities	3,714,280	-	3,714,280	-	3,714,280
Foreign Securities	44,057,060	-	44,057,060	-	44,057,060
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares and associates)	68,389,244	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	66,321,263	-	66,321,263	-	66,321,263
Non-banking assets	2,156,606	-	2,156,606	-	2,156,606
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	93,150,006	-	752,724	-	752,724
Forward sale of foreign exchange	78,488,282	-	2,146,773	-	2,146,773
Derivatives purchase	797,774	-	73,852	-	73,852
Derivatives sale	797,774	-	73,848	-	73,848

38.1 Segment details with respect to business activities

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

Unaudited Three months ended March 31, 2024

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total	
	Rupees in '000-----											
Profit & Loss												
Net mark-up/return/profit	(36,248,148)	923,407	14,792,226	56,516,929	2,087,083	4,240,281	(2,540)	138,500	42,447,738	-	42,447,738	
Inter segment revenue - net	69,270,481	(236,194)	(2,142,884)	(62,453,377)	(102,984)	-	-	5,665,238	-	-	1,383,339,062	
Non mark-up / return / interest income	3,572,373	2,563,667	1,906,919	503,141	223,782	537,497	-	69,183	10,044,502	-	10,044,502	
Total Income	36,594,706	1,354,853	5,213,009	(4,029,529)	2,487,260	4,464,063	534,957	5,872,921	52,492,240	-	52,492,240	
Segment direct expenses	9,675,920	657,051	539,983	228,618	719,210	2,148,095	239,988	2,962,156	17,171,021	-	17,171,021	
Inter segment expense allocation	Total expenses	9,675,920	657,051	539,983	228,618	719,210	2,148,095	239,988	2,962,156	17,171,021	-	
Credit loss allowance	804,040	18,573	331,855	(142,496)	(798)	49,000	-	(1,083,129)	(27,555)	-	(27,555)	
Profit before tax	26,114,746	679,229	4,341,171	(4,115,651)	1,768,848	2,666,968	294,969	3,998,894	35,349,747	-	35,349,747	
Balance Sheet												
Cash & Bank balances	66,177,971	935,106	318,407	123,253,217	37,765,457	21,544,886	102,327	(636,165)	249,461,206	-	249,461,206	
Investments	-	-	11,329,945	1,200,470,076	58,488,704	115,203,445	1,355,546	6,491,346	1,393,339,062	-	1,393,339,062	
Net inter segment lending	1,368,228,399	-	-	9,697,500	38,529,407	999,858	-	260,192,780	1,628,421,179	(1,628,421,179)	-	
Lendings to financial institutions	-	36,509,109	427,767,562	-	21,071,770	108,198,606	30,724	(2,184)	49,224,581	-	49,224,581	
Advances- performing	-	961,082	318,631	1,667,407	-	8,840,752	1,482,476	(1,587,256)	694,299,396	-	694,299,396	
- non performing	58,570,306	4,523,722	58,127,550	45,427,994	1,919,221	23,270,113	1,303,235	(57,659)	13,212,689	-	13,212,689	
Total Assets	1,598,245,639	42,286,568	498,210,871	1,378,848,787	166,615,311	268,700,384	2,791,832	339,200,544	4,295,898,936	(1,628,421,179)	2,667,478,757	
Borrowings	6,510,239	354,73	95,351,320	47,385,272	1,284,238	29,560,734	-	3,139,934	1,183,267,210	-	1,183,267,210	
Deposits & other accounts	1,563,151,840	29,287,639	121,237,263	-	136,509,426	203,869,187	-	59,308	2,054,114,663	-	2,054,114,663	
Net inter segment borrowing	-	7,714,112	238,803,931	1,331,463,515	25,711,835	22,962,111	1,765,675	-	1,628,421,179	(1,628,421,179)	-	
Others	28,583,560	5,249,344	43,818,357	-	3,109,812	12,308,352	1,026,157	91,954,887	186,050,469	-	186,050,469	
Total Liabilities	1,598,245,639	42,286,568	498,210,871	1,378,848,787	166,615,311	268,700,384	2,791,832	339,200,544	4,295,898,936	(1,628,421,179)	2,423,432,342	
Equity	Total Equity & Liabilities	1,598,245,639	42,286,568	498,210,871	1,378,848,787	166,615,311	268,700,384	2,791,832	339,200,544	4,295,898,936	(1,628,421,179)	2,444,046,415
Contingencies & Commitments	75,715,523	-	401,717,119	-	214,593,345	14,979,013	52,766,304	-	34,823,521	794,594,825	-	794,594,825

Unaudited March 31, 2024

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total	
	Rupees in '000-----											
Profit & Loss												
Net mark-up/return/profit	(19,167,127)	1,181,182	17,670,204	28,929,300	1,456,174	2,917,426	(2,917)	58,181	33,042,423	-	33,042,423	
Inter segment revenue - net	46,362,786	(618,049)	(15,024,016)	(34,165,416)	(74,775)	-	-	3,519,470	-	-	-	
Non mark-up / return / interest income	2,717,888	671,508	1,719,390	(48,356)	532,760	288,447	-	342,192	6,490,952	-	6,490,952	
Total Income	29,913,557	1,234,641	4,365,578	(5,284,472)	1,914,159	3,155,873	314,196	3,919,843	39,533,375	-	39,533,375	
Segment direct expenses	8,310,066	681,800	320,313	196,198	602,880	1,590,196	170,978	2,279,971	14,152,401	-	14,152,401	
Inter segment expense allocation	Total expenses	8,310,066	681,800	320,313	196,198	602,880	1,590,196	170,978	2,279,971	14,152,401	-	
Credit loss allowance	(9,586)	16,917	(26,618)	422,136	723,323	115,609	-	(501,826)	739,955	-	739,955	
Profit before tax	21,613,078	535,924	4,071,883	(5,902,806)	587,956	1,450,068	143,218	2,141,688	24,641,019	-	24,641,019	
Balance Sheet												
Cash & Bank balances	73,010,366	1,075,800	286,062	90,718,130	40,699,427	22,277,334	42,703	(57,169)	228,052,652	-	228,052,652	
Investments	-	-	11,329,945	1,168,355,580	52,575,575	132,544,302	1,441,530	6,096,773	1,372,343,715	-	1,372,343,715	
Net inter segment lending	1,323,367,856	-	-	-	24,703,733	62,509,667	2,500,000	-	257,092,572	(1,580,460,407)	-	
Lendings to financial institutions	93,175,361	36,852,172	410,107,466	-	25,209,930	88,134,857	25,113	4,019,573	89,713,400	-	89,713,400	
Advances- performing	892,197	213,265	1,318,978	-	9,015,426	1,212,558	-	505,599	657,515,472	-	657,515,472	
- non performing	58,036,443	4,929,573	60,251,154	108,819,168	1,977,880	20,118,941	1,322,202	63,886,566	13,158,023	-	13,158,023	
Total Assets	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,982	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179	
Borrowings	7,854,876	28,071	100,265,851	95,674,898	3,148,691	25,813,546	-	2,878,548	235,664,480	-	235,664,480	
Deposits & other accounts	1,502,168,409	26,053,661	119,652,517	-	157,493,874	204,460,158	-	-	2,009,828,619	-	2,009,828,619	
Net inter segment borrowing	-	12,006,350	220,902,573	1,296,646,213	27,036,616	22,036,252	1,832,403	-	1,580,460,407	(1,580,460,407)	-	
Others	38,458,887	4,982,728	42,472,664	275,510	4,293,724	14,478,036	1,009,145	86,864,284	192,840,978	-	192,840,978	
Total Liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,982	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179	
Equity	Total Equity & Liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,982	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179
Contingencies & Commitments	91,494,401	-	499,006,135	170,499,690	15,455,739	51,908,483	-	36,842,867	865,207,325	-	865,207,325	



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38.2 Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include inter segment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

39 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, employee benefit plans, its directors and key management personnel and their close family members.

The Groups enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	Unaudited March 31, 2024				Audited December 31, 2023			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Investments								
Opening balance	-	-	7,821,877	249,253	-	-	6,507,975	249,253
Equity method adjustments	-	-	338,414	-	-	-	919,007	-
Investment / (redemptions) during the period / year	-	-	51,264	-	-	-	394,095	-
Closing balance	-	-	8,211,555	249,253	-	-	7,821,877	249,253
Credit loss allowance for diminution in value of investments								
Advances								
Opening balance	1,436	339,386	-	1,509,280	1,543	281,237	-	4,445,292
Addition / exchange adjustment during the period / year	1,434	54,039	-	334,149	5,963	95,327	-	914,191
Repayment / exchange adjustment during the period / year	(2,520)	(27,164)	-	(256,465)	(6,070)	(85,184)	-	(3,850,203)
Transfer in / (out)	-	1,650	-	-	-	48,006	-	-
Closing balance	350	367,911	-	1,586,964	1,436	339,396	-	1,509,280
Credit loss allowance against advances	-	-	-	(4,679)	-	-	-	-
Fixed Assets								
Purchase of fixed assets	-	-	3,327	48,466	-	-	7,533	19,124
Other Assets								
Mark-up receivable	-	4,529	-	17,747	-	4,302	-	26,675
Advances, deposits, advance rent and other prepayments	1	-	642,364	51,856	-	-	573,809	25,684
Receivable from Pension Fund	1	4,529	642,364	7,699,328	-	-	-	7,428,143
Credit loss allowance held against other assets	-	-	-	(34)	-	-	-	-
Deposits and other accounts								
Opening balance	3,034,686	200,484	8,321,464	10,033,148	193,547	184,112	5,623,897	5,594,903
Received during the period / year	395,911	768,240	15,683,846	37,926,552	4,574,426	1,701,697	90,80,1961	108,421,525
Withdrawn during the period / year	(3,143,075)	(680,389)	(15,009,611)	(32,075,861)	(1,733,287)	(1,718,969)	(88,104,394)	(103,993,441)
Transfer in / (out) - net	-	355	-	254,118	-	33,644	-	10,161
Closing balance	287,522	288,690	8,955,689	16,137,957	3,034,686	200,484	8,321,464	10,033,448
Other Liabilities								
Mark-up payable	-	3,148	188,149	4,451	-	2,009	121,341	5,268
Accrued expenses and other payable	-	-	49,191	829	-	-	47,714	168
Credit loss allowance against off-balance sheet obligations	-	-	170	7,201	-	-	-	-
Contingencies and Commitments								
Letter of Credit	-	-	-	6,784,637	-	-	-	5,009,367
Bank guarantee	-	-	-	8,716,022	1,894,285	-	8,839,477	1,722,909
	-	-	-	8,716,022	8,678,922	-	8,839,477	6,732,276



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Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



	Unaudited March 31, 2024				Unaudited March 31, 2023			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupees in '000)								
Income								
Markup / return / interest earned	-	8,667	-	219,059	17,762	13	6,826	31,673
Fee and commission income	1	-	-	-	4,037	-	-	2,616
Dividend income	-	-	-	-	59,325	-	-	42,236
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	(199)	-	-	-
Net gain / (loss) on sale of securities	-	-	(5)	-	877	-	-	-
Gain on sale of fixed assets	-	69	-	2,737	-	10	-	31
Rent income	-	-	-	-	-	-	-	176
Expense								
Markup / return / interest expended	24,694	3,878	193,600	556,083	3,834	2,018	125,856	138,389
Other Operating expenses								
Cleaning expenses paid to NIFT	-	-	-	-	51,726	-	-	52,772
Contribution to provident fund	-	-	-	-	154,345	-	-	134,351
Rent expenses	-	-	20,597	14,660	-	-	18,780	13,554
Cash sorting expenses	-	-	-	-	32,245	-	-	34,135
Stationery expenses	-	-	-	-	115,736	-	-	90,031
Security guards expenses	-	-	-	-	1,289	-	-	37,010
Remuneration to key executives and non-executive directors fees	107,003	521,716	-	32,855	74,234	404,063	-	36,351
Outsourcing service expenses	-	-	-	-	-	-	-	1,391
E-dividend processing fee and CDC charges	-	-	-	-	-	-	-	-
Travelling Expenses	-	-	-	-	39,997	-	-	2,762
Hotel stay expenses	-	-	-	-	11,907	-	-	888
Repair & Maintenance Charges	-	-	-	-	1,140	-	-	1,077
Utility expenses	-	-	-	-	602	-	-	143
Miscellaneous expenses and payments	-	-	-	-	1,192	-	-	251
Insurance premium-net of refund	-	-	-	-	320,520	-	-	312,237
Insurance claim settled	-	-	11,457	-	-	-	-	4,955
Other Transactions								
Proceeds from sale of fixed assets	-	69	-	-	-	-	10	-
Sale of government securities	30,935	24,568	833,045	16,932,633	12,964	25,250	4,274,423	5,176,076
Purchase of government securities	-	18,312	418,713	11,684,396	-	42,596	2,257,326	22,603,871
Forward exchange contracts matured during the period	-	-	-	-	263,000	-	-	36,000
The Chairman has been provided with free use of the Bank's maintained car and household equipment in accordance with the terms of their employment.								

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40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

40.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Unaudited March 31, 2024	Audited December 31, 2023
-----Rupees in '000-----	

11,850,600	11,850,600
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

197,976,067	191,312,686
-	-
197,976,067	191,312,686
39,709,435	37,941,962
237,685,502	229,254,648

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

828,461,166	736,886,134
160,722,721	164,887,944
257,825,971	257,825,971
1,247,009,858	1,159,600,049

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

15.88%	16.50%
15.88%	16.50%
19.06%	19.77%

The Group has not taken benefit allowed to banks to absorb the impact of IFRS 9 on regulatory capital.

40.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

197,976,067	191,312,686
3,310,775,646	3,361,118,695
5.98%	5.69%

40.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

1,444,993,124	1,206,951,258
594,111,045	499,477,977
243.22%	241.64%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

1,719,974,443	1,699,651,967
1,114,868,013	1,148,136,107
154.28%	148.04%

MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (un-audited) For The Three Months Period Ended March 31, 2024



41 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 24, 2024 has announced an interim cash dividend in respect of quarter ended March 31, 2024 of Rs. 9.00 per share (March 31, 2023: Rs. 6.00 per share). These consolidated condensed interim financial statements for the period ended March 31, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42 GENERAL

Comparative information has been rearranged wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the period.

The Group has not restated comparative information for 2024 for financial instruments in the scope of IFRS9. Therefore, the comparative information for 2024 is reported under previous local regulatory requirements and is not comparable with the information presented for 2023.

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

43 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held April 24, 2024.

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director