

The background of the entire page is a high-angle aerial photograph of a sailboat on a vast, clear turquoise sea. The boat is positioned in the lower right quadrant, moving from the bottom right towards the center. The water's surface is textured with white foam from the boat's wake.

HALF YEARLY REPORT

JUNE 30, 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 Suhail Amar Suresh bin Abdullah
Mr. Yahya Saleem
Mr. Salman Khalid Butt
Mr. Shahzad Hussain
Mr. Masood Ahmed Puri
Shaikh Muhammad Jawed
Mr. Shoaib Mumtaz

Chairman

Director
President & CEO

Audit Committee:

Mr. Shahzad Hussain

Mian Umer Mansha
Mr. Muhammad Ali Zeb

Chairman

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:

UAN: + 92 42 111 000 622
E-mail: investor.relations@mcb.com.pk
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 – June 2024

On behalf of the Board of Directors, we are pleased to present the financial statements of MCB Bank Limited (MCB) for the half year ended June 30, 2024.

Performance Review

On a standalone basis, the profit before and after taxation for the period ended June 30, 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

Surplus realized on disposal of revalued property and equipment - net of tax

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

	Rs. in Million
	62,717
Taxation	30,781
	31,936
Un-appropriated Profit Brought Forward	96,040
Impact of adoption of IFRS 9	492
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	182
Surplus realized on disposal of revalued property and equipment - net of tax	13
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	73
	96,800
Profit Available for Appropriation	128,736
Appropriations:	
Statutory Reserve	(3,194)
Final Cash Dividend at Rs. 9.0 per share - December 2023	(10,666)
First Interim Cash Dividend at Rs. 9.0 per share - March 2024	(10,666)
	(24,526)
Total Appropriations	104,210
Un-appropriated Profit Carried Forward	104,210

Profit Available for Appropriation

Appropriations:

Statutory Reserve

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

First Interim Cash Dividend at Rs. 9.0 per share - March 2024

Total Appropriations

Un-appropriated Profit Carried Forward

Through focused efforts of the Bank's management in building no-cost deposits base and optimizing its earning assets mix, MCB's Profit Before Tax (PBT) for the first half of 2024 increased to Rs 62.7 billion with a growth of 16%. Profit After Tax (PAT) posted a growth of 20% to reach Rs. 31.9 billion; translating into Earning Per Share (EPS) of Rs. 26.95 compared to an EPS of Rs. 22.52 reported in the corresponding period last year.

On the back of strong volumetric growth in average current deposits and timely repositioning within the asset book, net interest income for the first half of 2024 increased by 12% over corresponding period last year.

Non-markup income increased to Rs. 18.3 billion (+30%) against Rs. 14.1 billion in the corresponding period last year with major contributions coming in from fee commission income of Rs. 11.3 billion (+29%), foreign exchange income of Rs. 4.9 billion (+38%) and dividend income of Rs. 1.7 billion (+13%).

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 50%, cards related income by 43%, credit related fee by 41% and branch banking customer fees by 20%.

The Bank continues to manage an efficient operating expense base and monitor costs prudently. Amidst a persistently high inflationary environment and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 28.4 billion (+18%). Increase was primarily



MCB Bank Limited



on account of staff cost (+15%), utility cost (+28%) and IT related expenses (+22%). The cost to income ratio of the Bank stands at 30.50% as compared to 29.58% 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. 57.0 billion as at June 30, 2024. The coverage and infection ratios of the Bank were reported at 89.07% and 8.64% respectively.

On the financial position side, the total asset base of the Bank was reported at Rs. 2.67 trillion with increase of 10.1% over Dec 2023. Increase was contributed by 19% increase in investment base i.e. Rs. 232 billion over Dec 2023 and 6% increase in advances (gross) i.e. Rs. 37 billion over Dec 2023.

The Bank continued its focus on building no cost deposits, leading to a growth of Rs. 110 billion (+13%) in absolute current deposits during first half of 2024. The Bank's total deposit base stands at Rs. 1.99 trillion. The domestic cost of deposits was contained at 10.76% as compared to 7.93% 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 was maintained at 2.50% and 30.08% respectively, whereas the book value per share was reported at Rs. 184.04.

During the period under review, MCB attracted home remittance inflows of USD 1,973 million (+23%) 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 improved to 20.68% 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 17.09% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.23% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 261.91% and Net Stable Funding Ratio (NSFR) of 164.85% against requirement of 100%.

The Board of Directors has declared 2nd interim cash dividend of Rs. 9.0 per share i.e. 90%, in addition to 90% already paid, bringing the total cash dividend for the half year ended June 30, 2024 to 180%.

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 22, 2024.

Economy Review

The Pakistani economy has shown signs of improvement in the second quarter of 2024, with key indicators pointing to a gradual recovery. Inflation has decelerated sharply, dropping from a high of 29.40% YoY in June 2023 to 12.57% YoY in June 2024. GDP growth accelerated to 2.4% in FY 2024, a marked improvement from the previous year's contraction of 0.21%. The government aims to achieve a growth rate of 3.6% in the FY 2024-25. During the first half of 2024, the State Bank of Pakistan has cut interest rates by 150 basis points to 20.50%, helping to restore business confidence.

On the external front, a sustained improvement was observed in the current account balance. The current account posted a deficit of USD 0.681 billion for FY 2024, compared to a deficit of USD 3.275 billion last year, largely reflecting improvements in the trade balance (trade deficit declining by 6% YoY) and remittances (increasing by 11% YoY). Total net foreign investment during FY 2024 recorded an inflow of USD 1.519 billion as against an inflow of USD 0.6 billion last year.

The government has approved a tight budget for FY 2024-25, with a fiscal deficit target of 5.9% of GDP. The budget includes measures to increase revenues target by approximately 38%, with a focus on broadening the tax base and improving tax compliance.

Future Outlook

In the month of July, Pakistan and the International Monetary Fund (IMF) reached a staff level agreement for a USD 7 billion Extended Fund Facility (EFF) program. The program bodes well for the economy as it aims to capitalize on the traction in macroeconomic stability achieved over the past year by furthering efforts to strengthen public finances, reduce inflation, rebuild external buffers and remove economic distortions to spur private-sector led growth.

The higher budget revenue target is expected to further reduce aggregate demand in the economy, with inflation expected to reduce further. This is likely to provide further room to the SBP to cut interest rates in the future.

Despite the economic improvements seen in the second quarter of 2024, significant challenges remain - higher interest payments, sustainable external financing, and implementation of IMF's program conditions. To achieve sustainable growth, Pakistan needs to address its long-standing structural issues, such as a narrow tax base, inefficient state-owned enterprises, and lack of competitiveness.

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
August 07, 2024


Mian Umer Mansha
Director
MCB Bank Limited

ریٹنگ:

پاکرا (PACRA) کے نویں تاریخ 22 جون 2024ء کی بنیاد پر بینک، طویل اور قیل مدت کی بالترتیب AAA اور A1+ کی بلندترین کریڈٹ رینکنگ سے مستفید ہو رہا ہے۔

معاشی جائزہ :

سال 2024 کی دوسری سہ ماہی کے دوران، پاکستان کی معیشت میں قدرے بہتری کے آثار دیکھنے گئے اور کئی اہم اشارے میں بتدریج بہتری کی نشاندہی پائی گئی۔ افراط از رکھ میں تیزی سے کمی نظر آئی جو کہ جون 2023 کی 29.4 فیصد کی شرح کی نسبت جون 2024 تک کم ہوتے ہوئے سال پر سال کی بنیاد پر، 12.57 فیصد پر پہنچ گیا۔ جی ڈی پی کی نومالی سال 2024 میں بڑھتے ہوئے 2.4 فیصد پر درج ہوئی جو کہ پہلے سال کے 0.21 فیصد کے سکڑا کی نسبت بہتری کے راجح کا انہصار ہے۔ حکومت مالی سال 25 - 2024 کے لیے نویک 3.6 فیصد کی شرح کے بڑھ کے حصول کے لیے پر زم ہے۔ ایشٹ بینک آف پاکستان نے کاروباری اعتماد کی جاتی میں اعانت کے لیے پالیسی ریٹریٹ میں 150 یہر پاؤں کی کرتے ہوئے اسکی شرح 20.50 فیصد پر مقرر کی ہے۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ تو ازان میں پائیار بہتری کا مشاہدہ کیا گیا۔ کرنٹ اکاؤنٹ میں گزشتہ مالی سال کے 3.275 بیلین امریکی ڈالرز کے خسارے کی نسبت مالی سال 2024ء کے دوران 0.681 بیلین امریکی ڈالرز کا خسارہ درج کیا گیا جس میں تجارتی تو ازان (تجارتی خسارہ میں، سال پر سال کی بنیاد پر، 6 فیصد کی کمی) اور ترسیلات زر (سال پر سال کی بنیاد پر، 11 فیصد کا اضافہ) میں ہونے والی بہتری کا نمایاں کردار رہا۔ مالی سال 2024ء کے دوران کل غیر ملکی سرمایہ کاری میں گزشتہ سال کے 0.6 بیلین امریکی ڈالرز کی نسبت 1.519 بیلین امریکی ڈالرز کا بہاؤ ریکارڈ ہوا۔

حکومت نے مالی سال 25 - 2024 کے لیے ایک بجٹ کو مظہور کیا ہے جس میں مالی خسارے کا ہلف جی ڈی پی کا 5.9 فیصد کی شرح پر مقرر کیا ہے۔ اس بجٹ میں آمدنی کے ہدف میں تقریباً 38 فیصد کے اضافے کے اقدامات شامل کیے گئے اور ساتھ ہی جگہ میں وسعت اور جگہ کی تیمیلات میں بہتری پر توجہ مرکوزی گئی ہے۔

مستقبل کی پیش بینی :

جو لوگی کے مہینے میں پاکستان اور آئی ایف کے مابین 7 بیلین امریکی ڈالرز کے ایکسپریڈ فنڈسلیٹی پروگرام (Extended Fund Facility Program) پر اتفاق ہوئے۔ یہ پروگرام، ناصرف معیشت کے لیے سودمند تاثر ہو گا بلکہ پیک نافذ کی مضمونی، افراط از رکھ میں، بیرونی بیزنس کی شعبجی سر برداری میں نوکے فروغ کے لیے تمام معماشی دشواریوں اور رکاوٹوں کے خاتمے کے ذریعے، پہلے سال سے حاصل شدہ کلام معماشی اتحاد کو مزید دوام اور پائیاری فروہم کرنے کا مقصد ہی رکھتا ہے۔ آمدنی کے تجھیں کے بلند ہفت سے معیشت میں مجموعی طلب میں مزید کمی کی امید ہے اور ساتھ ہی افراط از رکھ میں مزید کمی کی توقع ہے۔ اس بناء پر ایشٹ بینک آف پاکستان کو مستقبل میں پالیسی ریٹریٹ میں مزید کٹوتی کے موقع بھی میرہ ہو سکیں گے۔

سال 2024ء کی دوسری سہ ماہی کے دوران کمکھی گئی معماشی بہتری کے باوجود معیشت کو کئی ایک خطرات اور خداشات بھی درپیش ہیں جن میں سود کی مدیں بلند ادائیگیاں، بیرونی قرضہ جات کی پائیاری اور آئی ایف کے پروگرام کی شرائط کا نفاذ جیسے معاملات شامل ہیں۔ ایک مسلسل اور پائیاری نمو کے حصول کے لیے پاکستان کو اپنے تعمیری ڈھانچے میں طویل عرصے سے موجود مسائل کو درست کرنا ہوگا جن میں ٹکیسوں کے ناکافی جنم، حکومتی ملکیت میں موجود نااہل ادارے اور مسابقت کی عدم دستیابی جیسے عوامل شامل ہیں۔

خسین و شکر

ایم ہی بینک کے بورڈ آف ڈائیریکٹرز، حکومت پاکستان، ایشٹ بینک آف پاکستان، سکیوریٹیز ایڈیٹ ایکچن کیشن آف پاکستان اور دیگر انضباطی اداروں کا اگلی جاری معافت کے لیے، بینک کے شفیر ہولڈرز اور صارفین کا ائکے بھرپور اعتماد کے لیے اور اپنے ملازمن کا اگلی مسلسل لگن اور خلاصانہ خدمات پر شکریہ ادا کرتے ہیں۔

منجانب و برائے بورڈ آف ڈائیریکٹرز

شعبہ ممتاز

پرینڈیڈ نیٹ اور سی ای او

ایم ہی بینک لمبیڈ

07 اگست 2024ء

میاں عمر منشاء

ڈائیریکٹر

ایم ہی بینک لمبیڈ

صارفین اور بینک کے مابین کاروباری لین دین کے بہاؤ میں اضافے، اپنی خدمات کے معیار میں مسلسل بہتری کی بناء پر آمدی کی نوعیت میں تنویر، ڈیجیٹل متعلقی میں سرمایہ کاری اور اپنی خدمات کی فراہمی کے بلند معیار پر مرکوز خصوصی توجہ کے ذریعے فیس و کیشن کی آمدی میں بڑھوتی ہوئی جس میں ٹریئٹ اور گارنی سے متعلقہ کاروباری آمدی میں 50 فیصد، کارڈ سے متعلقہ آمدی میں 43 فیصد، کریٹ سے متعلقہ آمدی میں 41 فیصد اور براچ بینکنگ کی کشہر فیس میں 20 فیصد کی وسیع الیاد نمو شاہی ہے۔

بینک نے اپنے کاروباری اخراجات کا موزوں انتظام جاری رکھا اور لاگت کے انصرام میں بھی داشمنی کا مظاہرہ کیا۔ مسلسل بڑھتے بلند افزایشزر کے ماحول اور افرادی وسائل و نیکناواجیکل اپ گریٹیشن میں جاری سرمایہ کاری کے ماحول کے درمیان بینک کے کاروباری اخراجات 28.4 میلین روپے (+18%) پر درج ہوئے۔ اس اضافے میں اضافہ کی لاگت (+15%)، سہلوں (یونیٹی) کی لاگت (28+) اور آئٹی سے متعلقہ اخراجات (22%) کا نبیادی کردار رہا۔ بینک کی لاگت اور آمدی کی شرح گزشتہ تقاضی عرصہ کی 29.58 فیصد کی شرح کے نتالب میں 30.50 فیصد پر رپورٹ ہوئی۔

ایک چنینیگ کاروباری اور میکرو اکنامک دور سے گزرتے ہوئے بینک، اپنی آمدی کے خدشات سے متعلقہ فیصلوں کے انتظام میں لظم و ضبط کو برقرار رکھتے ہوئے اٹاٹجات کے معیار کے معاملات کو حل کرنے کی راہ پر گامز من ہے۔ اپنے قرضہ جات کی صارفین کے تمام شعبوں کے لیے فراہمی، قرضہ جات کے اجراء سے پہلے جانچ کے موزوں اصولوں اور اگلی تقسیم کے بعد انگرافی کے مسلسل اور موکون نظام کے باعث ایکسی بی نے اپنے کریٹ رسکو کا نہایت کامیابی سے تدارک کیا۔ بینک کے غیر غفال قرضہ جات کا جم 30 جون 2024ء تک 57 میلین روپے پر رپورٹ ہوا۔ بینک کی کورع اور اتفاقیں کی شرحیں بالترتیب 89.07 فیصد اور 8.64 فیصد پر درج کی گئیں۔

مالیاتی صورتحال کی مدیں، بینک کے گل اٹاٹجات 2.67 ٹریلیون روپے پر رپورٹ کیے گئے جوکہ دسمبر 2023 کی سطح سے 10.1 فیصد کا اضافہ ہے۔ سرمایہ کاری میں ہونے والے 19 فیصد اضافے، جوکہ دسمبر 2023ء سے 232 میلین روپے زیادہ ہے، اور قرضہ جات (خاص) میں ہونے والے 6 فیصد اضافے، جوکہ دسمبر 2023ء سے 37 میلین روپے زیادہ ہے، کا اس بڑھوتی میں کلیدی کردار رہا۔

بغیر لاگت کے ڈیپاٹس کے حصول پر مسلسل مرکوز توجی کی بدولت، سال 2024ء کی پہلی شماہی کے دوران، کمل کرنٹ ڈیپاٹس میں 110 میلین روپے (+13%) کی افزائش ہوئی۔ بینک کے گل ڈیپاٹس 1.99 ٹریلیون روپے پر درج ہوئے۔ اس عرصے کے دوران، اوسٹ پاپیسی ریٹن میں غیر معمولی اضافے کے باوجودہ، ڈیپاٹس کی لاگت کو گزشتہ سال کی اسی تقاضی مدت کی 7.93 فیصد کی شرح کے مقابلے میں 10.76 فیصد پر محدود رکھا گیا۔

اخراجات کی آمدی اور سرمائے (ایکوئی) کی آمدی کی شرحیں برقرار رہتے ہوئے بالترتیب 2.50 فیصد اور 30.08 فیصد کی سطح پر درج کی گئیں۔ جبکہ، بک ولپور فی حصہ 184.04 پر رپورٹ ہوئی۔

اس زیر تجربیہ عرصہ کے دوران، ایمی بی نے 1.973 میلین امریکی ڈالر (23%+) کی ترسیلات زر کو راغب کیا تاکہ ملک میں بینکنگ چینلوں کے ذریعے ترسیلات زر کے بہاؤ میں بہتری کے اٹیٹ کیٹ آف پاکستان کے مقصد میں ایک فعال شرکت دار کے اپنے کردار کو مضبوط بنایا جائے۔

سرمائے کے ضوابطی مطلوبات کی تعییل کرتے ہوئے بینک کے کل سرمائے کی معمولیت (کپیٹ ایکوئی) 11.5 فیصد کی مطلوبہ شرح کی نسبت بہتر ہوتے ہوئے 20.68 فیصد پر رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو تحفظ دینے کے لیے 1.50 فیصد کی تخلیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا انہصار بینک کی کامن ایکوئی نائز - 1 - Common Equity Tier - 1 (CET1) سے کل رسک ویٹیڈ اسٹش (Risk Weighted Assets) کی شرح سے ہوتا جوکہ 6.0 فیصد کی مطلوبہ حد کے مقابلہ 17.09 فیصد کی شرح پر درج کی گئی۔ بینک کی کپلا گزشتہ سال کے نتیجے میں لیورنچ (Leverage) کی شرح بھی 3.0 فیصد کی ضوابطی حد سے نمایاں اضافے کے ساتھ 6.23 فیصد پر جا پہنچ۔ بینک نے لیکوئیٹی کورع ریٹو (NSFR - Net Stable Funding Ratio) کو 261.91 کو 100 فیصد کی مطلوبہ شرح کی نسبت بروقت فیصلوں کی بناء پر سال 2024ء کی پہلی شماہی کے دوران، خاص اٹریسٹ آمدی میں گزشتہ سال کی تقاضی مدت کی نسبت 12 فیصد کا اضافہ ہوا۔

بورڈ آف ڈائریکٹرز نے 9 روپے فی حصہ، یعنی 90 فیصد، کے دوسرے عبوری کیش ڈیپویٹ کا اعلان کیا ہے۔ جوکہ پہلے سے ادا شدہ 90 فیصد کے علاوہ ہے۔ اس طرح 30 جون 2024ء کو اختتام پذیر شماہی تک کیش ڈیپویٹ کی کل شرح 180 فیصد پر درج کی گئی ہے۔

ڈائریکٹرز کا تجربیہ - جون 2024ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایمی بی بینک لیٹر (ایمی بی) کے 30 جون 2024ء کو اختتام پذیر شماہی کے مالیاتی گوشواروں کو آپکے سامنے پیش کرتے ہوئے نہایت سرست محسوس کرتے ہیں۔

کارکردگی کا جائزہ

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

منافع قبل از ٹکس	منافع بعد از ٹکس
62,717	30,781
31,936	96,040
492	182
13	73
96,800	128,736
(3,194)	(10,666)
(10,666)	(24,526)
(24,526)	104,210

تخصیص کیلئے دستیاب منافع

افتتاحی غیر تخصیص شدہ منافع

آئی ایف آر ایس (IFRS-9) کے اطلاق کے اثرات

ایف وی اوی آئی (FVOCI) کے ذریعے ایکیٹن انسٹریڈیٹس کی فروخت سے حاصل شدہ سرپاس - خالص از ٹکس

از سرتوخی شدہ جائزہ اضافہ اور آلات کی فروخت

ے حاصل شدہ سرپاس - خالص از ٹکس

از سرتوخی شدہ جائزہ اضافہ سے اضافی فرسودگی

کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹکس)

تخصیص کیلئے دستیاب منافع

تخصیص:

تاون فریرو ٹکس

حتیٰ کیش ڈیپویٹ 9 روپے فی شیئر۔ برائے دسمبر 2023ء

پبلک اوری کیش ڈیپویٹ 9 روپے فی شیئر۔ برائے مارچ 2024ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

بینک کی انتظامیہ کے بھی لاگت کے تغیر اور پیداواری اٹاٹجات کی ترکیب کو مزید موزوں کرنے کی مسلسل کاوشوں کے ذریعے، سال 2024ء کی پہلی شماہی کے دوران، ایمی بی کا منافع قبل از ٹکس 16 فیصد کی نمو کے ساتھ 62.7 میلین روپے پر درج ہوا۔ منافع بعد از ٹکس، 20 فیصد کے اضافے کے ساتھ 31.9 میلین روپے پر جا پہنچا۔ جس کے اضافے نے حصہ آمدی پر بھی مرتب ہوئے اور اسکی سطح گزشتہ سال کے تقاضی عرصے کی 22.52 روپے فی حصہ کی نسبت بڑھتے ہوئے رہے۔

اس زیر تجربیہ عرصہ کے دوران، انتظامیہ کی مربوط کوششوں سے اوسط کرنٹ ڈیپاٹس میں ہونے والی نمایاں مقداری خلو اور اٹاٹجات کی معیار سے متعلقہ بروقت فیصلوں کی بناء پر سال 2024ء کی پہلی شماہی کے دوران، خاص اٹریسٹ آمدی میں گزشتہ سال کی تقاضی مدت کی نسبت 12 فیصد کا اضافہ ہوا۔

فیس و کیش کی 11.3 میلین روپے آمدی (+29%)، غیر ملکی زر مبادلکی 4.9 میلین روپے (+38%) اور ڈیپویٹ کی مدت میں 1.7 میلین روپے کی آمدی (+13%) کی نمایاں شمولیت کے باعث نامارک اپ آمدی، گزشتہ سال کے مماثل عرصہ کے 14.1 میلین روپے کے مقابلے میں 18.3 میلین روپے (30%) تک بڑھ گئی۔

MCB Bank Limited

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MCB BANK LIMITED

REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of MCB Bank Limited ("the Bank") as at June 30, 2024 and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2024 and June 30, 2023 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Hammad Ali Ahmad**.



MCB Bank Limited

Unconsolidated Condensed Interim Statement of Financial Position As At June 30, 2024



	Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	222,764,096	170,716,648
Balances with other banks	8	38,500,986	35,073,136
Lendings to financial institutions	9	80,861,177	96,213,400
Investments	10	1,481,698,677	1,249,439,347
Advances	11	608,683,610	577,863,329
Property and equipment	12	79,525,336	76,943,546
Right-of-use assets	13	5,637,632	5,877,865
Intangible assets	14	1,383,993	1,035,483
Deferred tax assets	15	4,829,434	-
Other assets	16	149,473,945	214,016,002
Total Assets		2,673,358,886	2,427,178,756
LIABILITIES			
Bills payable	18	14,579,220	25,095,911
Borrowings	19	284,402,094	216,611,046
Deposits and other accounts	20	1,993,953,802	1,805,387,294
Lease liabilities	21	8,752,494	8,686,003
Subordinated debt		-	-
Deferred tax liabilities	15	-	100,718
Other liabilities	22	129,492,204	140,590,915
Total Liabilities		2,431,179,814	2,196,471,887
NET ASSETS		242,179,072	230,706,869
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	23	102,040,612	98,723,536
Surplus on revaluation of assets	24	24,077,476	24,093,197
Unappropriated profit		104,210,384	96,039,536
		242,179,072	230,706,869
CONTINGENCIES AND COMMITMENTS	25		

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

Appyone
A. F. Ferguson & Co.
Chartered Accountants
Lahore
Dated: August 27, 2024
UDIN: RR202410092rW6MtsySz

H Khalid
Hammad Khalid
Chief Financial Officer

S Mumtaz
Shoaib Mumtaz
President / CEO

U Mansha
Mian Umer Mansha
Director

S Hussain
Shahzad Hussain
Director

M Zeb
Muhammad Ali Zeb
Director

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Profit and Loss Account (Un-Audited) For The Half Year Ended June 30, 2024



	Note	Quarter Ended		Half Year Ended	
		April 01 to June 30, 2024	April 01 to June 30, 2023	January 01 to June 30, 2024	January 01 to June 30, 2023
		-----Rupees in '000-----			
Mark-up / return / interest earned	27	94,170,971	81,424,620	183,180,261	145,279,465
Mark-up / return / interest expensed	28	57,384,955	44,485,484	108,322,749	78,270,596
Net mark-up / interest income		36,786,016	36,939,136	74,857,512	67,008,869
NON MARK-UP / INTEREST INCOME					
Fee and commission income	29	5,226,530	4,619,111	11,312,883	8,791,497
Dividend income		664,256	828,936	1,668,037	1,477,590
Foreign exchange income		3,011,538	2,610,483	4,945,633	3,593,170
Income from derivatives		777	820	1,174	12,876
Gain on securities - net	30	89,906	20,976	89,384	72,861
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	31	138,541	62,667	238,210	116,697
Total non-markup / interest Income		9,131,548	8,142,993	18,255,321	14,064,691
Total income		45,917,564	45,082,129	93,112,833	81,073,560
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	14,475,875	12,185,871	28,396,615	23,978,693
Workers Welfare Fund		603,506	616,513	1,254,339	1,076,831
Other charges	33	88,863	166,581	239,757	264,743
Total non-markup / interest expenses		15,168,244	12,968,965	29,890,711	25,320,267
Profit before credit loss allowance		30,749,320	32,113,164	63,222,122	55,753,293
Credit loss allowance and write offs - net	34	573,988	1,287,505	505,157	1,911,759
PROFIT BEFORE TAXATION		30,175,332	30,825,659	62,716,965	53,841,534
Taxation	35	14,794,428	17,194,340	30,780,743	27,154,502
PROFIT AFTER TAXATION		15,380,904	13,631,319	31,936,222	26,687,032
		-----Rupees -----			
Basic and diluted earnings per share	36	12.98	11.50	26.95	22.52

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

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited) For The Half Year Ended June 30, 2024



	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2024	April 01 to June 30, 2023	January 01 to June 30, 2024	January 01 to June 30, 2023
	-----Rupees in '000-----			
Profit after taxation for the period	15,380,904	13,631,319	31,936,222	26,687,032
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	(80,678)	263,720	123,454	5,084,290
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI / AFS investments - net of tax	3,939,712	4,198,116	3,359,469	(3,903,053)
	3,859,034	4,461,836	3,482,923	1,181,237
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	1,916,320	-	2,011,852	292,162
Remeasurement gain on defined benefit obligations - net of tax	-	292,162	-	(459,275)
Movement in surplus on revaluation of property and equipment - net of tax	-	(459,275)	-	(52,418)
Movement in surplus on revaluation of non-banking assets - net of tax	1,916,320	(219,531)	2,011,852	(219,531)
Total comprehensive income	21,156,258	17,873,624	37,430,997	27,648,738

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



Hammad Khalid
Chief Financial Officer



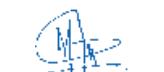
Shoib Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-Audited) For The Half Year Ended June 30, 2024

	Share capital	Capital reserve	Share premium	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	Revenue reserve	General reserve	Investments	Surplus/(deficit) on evaluation of property and equipment, non-banking assets	Unappropriated profit	Total
	11,850,800	2,75,114	908,317	4,402,973	4,915,620	-	186,000,000	(15,082,276)	37,723,027	70,425,75	188,486,650	
Balance as at December 31, 2023 (Audited)												
Profit after taxation for the period ended June 30, 2023												
Other comprehensive income - net of tax												
Effect of translation of revaluation in foreign branches												
Movement in surplus on evaluation of property and equipment - net of tax												
Reassessment gain / (loss) on defined benefit obligations - net of tax												
Movement in surplus / (deficit) on evaluation of AFS investments - net of tax												
Transfer to statutory reserve												
Transfer / impact of increment and depreciation from surplus on evaluation of property and equipment to unappropriated profit - net of tax												
Surplus realized on disposal of non-banking assets - net of tax												
Transactions with owners / recorded directly in equity												
Final cash dividend at Rs. 6/- per share - December 31, 2022												
Interim cash dividend at Rs. 0/- per share - March 31, 2023												
Balance as at June 30, 2023 (Unaudited)												
	11,850,800	2,75,114	908,317	4,402,973	4,915,620	-	186,000,000	(22,985,459)	36,019,086	81,707,394	202,927,688	
Profit after taxation for the six months period ended December 31, 2023												
Other comprehensive income - net of tax												
Effect of translation of revaluation in foreign branches												
Movement in surplus on evaluation of property and equipment - net of tax												
Reassessment gain / (loss) on defined benefit obligations - net of tax												
Movement in surplus / (deficit) on evaluation of AFS investments - net of tax												
Transfer to statutory reserve												
Transfer / impact of increment and depreciation from surplus on evaluation of property and equipment to unappropriated profit - net of tax												
Surplus realized on disposal of non-banking assets - net of tax												
Transactions with owners / recorded directly in equity												
Interim cash dividend at Rs. 40/- per share - September 30, 2023												
Balance as at June 30, 2023 (Unaudited)												
Impact of adoption of IFRS 9												
Opening balance as at January 01, 2024 - after adoption of IFRS 9												
Profit after taxation for the period ended June 30, 2024												
Other comprehensive income - net of tax												
Effect of translation of revaluation in foreign branches												
Movement in surplus / (deficit) on evaluation of equity investments through FOC - net of tax												
Movement in surplus / (deficit) on evaluation of debt investments through FOC - net of tax												
Transfer to statutory reserve												
Transfer / impact of increment and depreciation from surplus on evaluation of property and equipment to unappropriated profit - net of tax												
Surplus realized on disposal of property and equipment - net of tax												
Transactions with owners / recorded directly in equity												
Final cash dividend at Rs. 9/- per share - December 31, 2023												
Interim cash dividend at Rs. 0/- per share - March 31, 2024												
Balance as at June 30, 2024 (Unaudited)												

Balance as at December 31, 2023 (Audited)
Profit after taxation for the period ended June 30, 2023
Other comprehensive income - net of tax
Effect of translation of revaluation in foreign branches
Movement in surplus on evaluation of property and equipment - net of tax
Reassessment gain / (loss) on defined benefit obligations - net of tax
Movement in surplus / (deficit) on evaluation of AFS investments - net of tax
Transfer to statutory reserve
Transfer / impact of increment and depreciation from surplus on evaluation of property and equipment to unappropriated profit - net of tax
Surplus realized on disposal of non-banking assets - net of tax
Transactions with owners / recorded directly in equity
Final cash dividend at Rs. 6/- per share - December 31, 2022
Interim cash dividend at Rs. 0/- per share - March 31, 2023
Balance as at June 30, 2023 (Unaudited)

Profit after taxation for the six months period ended December 31, 2023
Other comprehensive income - net of tax
Effect of translation of revaluation in foreign branches
Movement in surplus on evaluation of property and equipment - net of tax
Reassessment gain / (loss) on defined benefit obligations - net of tax
Movement in surplus / (deficit) on evaluation of AFS investments - net of tax
Transfer to statutory reserve
Transfer / impact of increment and depreciation from surplus on evaluation of property and equipment to unappropriated profit - net of tax
Surplus realized on disposal of non-banking assets - net of tax
Transactions with owners / recorded directly in equity
Final cash dividend at Rs. 40/- per share - September 30, 2023
Interim cash dividend at Rs. 0/- per share - December 31, 2023
Balance as at June 30, 2023 (Unaudited)

Profit after taxation for the period ended June 30, 2024
Other comprehensive income - net of tax

Effect of translation of revaluation in foreign branches

Movement in surplus / (deficit) on evaluation of equity investments through FOC - net of tax

Movement in surplus / (deficit) on evaluation of debt investments through FOC - net of tax

Transfer to statutory reserve

Transfer / impact of increment and depreciation from surplus on evaluation of property and equipment to unappropriated profit - net of tax

Surplus realized on disposal of property and equipment - net of tax

Transactions with owners / recorded directly in equity

Final cash dividend at Rs. 9/- per share - December 31, 2023

Interim cash dividend at Rs. 0/- per share - March 31, 2024

Balance as at June 30, 2024 (Unaudited)

Hammad Khalid
Chief Financial Officer

Shoib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director



MCB Bank Limited

Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited) For The Half Year Ended June 30, 2024



CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: Dividend income

Adjustments:

Net mark-up / interest income
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 / provisions and write offs - net
Gain on sale of property and equipment - net
Gain on sale of non-banking assets acquired in satisfaction of claims - 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)

Mark-up / Interest received

Mark-up / Interest paid
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
Disposal of property and equipment
Investments in Intangible assets
Proceeds from sale of non-banking assets acquired in satisfaction of claims
Investment in subsidiary
Effect of translation of net investment in foreign branches
Net cash flow used in 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.

Note	Half Year Ended	
	January 01 to June 30, 2024	January 01 to June 30, 2023
-----Rupees in '000-----		
	62,716,965 (1,668,037)	53,841,534 (1,477,590)
	61,048,928	52,363,944
32	(74,857,512)	(67,008,869)
32	1,776,037	1,349,260
32	792,741	687,348
32	9,338	11,939
32	288,690	170,839
34	505,157	1,911,759
31	(141,202)	(9,369)
31	-	(776)
28	715,614	557,149
	1,254,339	1,076,831
	(206,767)	148,131
31	(27,046)	(31,401)
30	(25,608)	11,936
	(69,916,219)	(61,125,223)
	(8,867,291)	(8,761,279)
	15,273,708	(18,868,656)
	3,157,581	(116,802)
	(38,059,847)	156,076,073
	60,792,099	(18,761,904)
	41,163,541	118,328,711
	(10,516,691)	(23,116,608)
	67,446,000	(93,145,337)
	188,566,508	291,423,683
	(1,568,303)	(14,137,085)
	243,927,514	189,298,823
	178,972,759	130,216,717
	(107,818,275)	(104,000,432)
	(154,929)	(132,813)
	(41,099,696)	(23,901,902)
	306,123,623	301,047,825
	(224,138,437)	(181,287,384)
	330,528	(950,787)
	1,673,893	1,472,659
	(4,408,614)	(2,831,366)
	193,628	1,740,367
	(635,935)	(173,526)
	-	87,000
	(1,000,000)	(649,925)
	123,454	5,084,290
	(227,861,483)	(177,508,672)
	(1,174,585)	(1,066,106)
	(22,346,067)	(14,091,437)
	(2,896)	(15,157,543)
	(522,175)	11,422,007
	55,391,002	119,803,617
	204,434,226	109,005,334
	259,825,228	228,808,951

Hammad Khalid
Chief Financial Officer

Shoib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 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 1,428 branches (2023: 1,430 branches) within Pakistan and 08 branches (2023: 08 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

1.1 Demerger of 39 Branches from MCB Bank Limited

The Board of Directors of MCB Bank Limited (MCB) in its meeting held on April 24, 2024 had approved the Scheme of Compromises, Arrangements and Reconstruction (the 'Scheme'), under Section 279 to 283 and 285 of the Companies Act, 2017, between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB) to demerge business operations of its 39 branches and transfer to wholly owned subsidiary MIB subject to regulatory approvals.

No Objection Certificate of the State Bank of Pakistan on the Scheme was received on April 29, 2024 and petition was filed before the Honourable Lahore High Court for sanctioning the scheme of demerger. The shareholders had approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on July 06, 2024.

Subject to sanction by the Honourable Lahore High Court, the banking business of these branches will stand converted into Islamic banking business and will be transferred to and vested in MIB against payment of cash consideration.

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, certain investments and derivative financial instruments have been marked to market and are carried at fair value and defined benefit obligations and right of use of assets with related lease liability have been measured at present value on initial recognition.

2.5 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated condensed interim financial statements have been prepared on a going concern basis.

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 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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, IFRS 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.

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.



MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024

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.

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 are 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 except for:

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

IFRS 18 – Presentation and Disclosure in 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 unconsolidated condensed interim financial statements of banks that are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. 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. The significant change is relating to right of use assets and corresponding lease liability which 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 in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 4.2.

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 instructions issued by SBP, through various circulars, from the date of initial application of January 01, 2024 with a 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.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has provided additional clarification on earlier issued 'IFRS 9 Application Instructions' to address certain key matters that had been raised by the banks with a direction to ensure compliance by extended timelines. There are a few other matters, including treatment of unencumbered general provision, which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

4.2.1 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

Effective date
(annual periods
beginning on or
after)

January 01, 2026

January 01, 2027

**Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024**



a. Amortised cost (AC)

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit and loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit and loss account. Interest / profit / dividend income on these assets are recognised in the profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the profit and loss account. These assets are subsequently measured at fair value with changes recorded in the profit and loss account. Interest / dividend income on these assets are recognised in the profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

4.2 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 (AC), 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. Debt based financial assets can only be held at amortized cost if these 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 based financial assets 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 measured at FVOCI, with unrealized gains or losses deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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 Bank which are explained as follows:

a. Debt based financial assets previously classified as available for sale (AFS)

The application of IFRS 9 has resulted in classification and consequent remeasurement of investments in INPC's, amounting to Rs. 5,699.494 million, held under AFS portfolio as of December 31, 2023 to FVTPL based on their business model assessment.

The failure of SPPI test upon assessment of contractual cash flows of debt based financial assets has resulted in classification and consequent remeasurement of investments in certain non government debt securities, amounting to Rs. 2,950.890 million, to FVTPL.

All other debt based financial assets previously classified as AFS upon passing the SPPI test have been designated as FVOCI 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 recognition of realized and unrealized gain/loss under IFRS 9.

**Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024**



b. Debt based financial assets previously classified as held to maturity (HTM)

Debt based financial assets 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. Investments in certain non government debt securities, amounting to Rs. 7,506.816 million, on failing the SPPI test have been reclassified to FVTPL.

The following table reconciles the carrying value of investments in debt based financial assets as reported on December 31, 2023 to the carrying amounts on transition to IFRS 9 at January 01, 2024:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement Category	Audited December 31, 2023	Measurement Category	Balance as of January 01, 2024 - before ECL
-----Rupees in '000'-----				
Federal Government Securities				
- Market Treasury Bills	Available for sale	353,834,432	FVOCI	353,834,432
- Pakistan Investment Bonds	Available for sale Held to maturity	770,131,998 11,367,944	FVOCI AC	770,131,998 11,367,944
- Islamic Naya Pakistan Certificates	Available for sale	5,699,494	FVTPL	5,699,494
- Euro Bonds	Available for sale Held to maturity	5,355,806 3,160,071	FVOCI AC	5,355,806 3,160,071
Non Government Debt Securities				
- Sukuk Bonds	Available for sale Held to maturity	300,000 2,983,001	FVTPL AC	2,398,001 885,000
- Term Finance Certificates	Available for sale Held to maturity	2,650,890 5,408,815	FVTPL AC	8,059,705 -
Foreign Securities				
- Government securities	Available for sale	44,057,060	FVOCI	44,057,060
		1,204,949,511		1,204,949,511

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

c. 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, that have been mandatorily classified as measured at FVTPL. The fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 9,783.874 million on listed equity investments and Rs. 205.765 million for unlisted equity investments held as at December 31, 2023 to surplus / deficit on revaluation of investments.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 01, 2024 are compared as follows:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9**	
	Measurement Category	Audited December 31, 2023	Measurement Category	IFRS 9 January 01, 2024
-----Rupees in '000'-----				
Cash and balances with treasury banks	Loans and receivables	170,716,648	AC	170,221,446
Balances with other banks	Loans and receivables	35,073,136	AC	34,785,410
Lending to financial institutions	Loans and receivables	96,213,400	AC	96,116,246
Investments - net	Held for Trading	284,873	FVTPL	284,873
	Available for sale	1,208,566,005	FVOCI FVTPL	1,199,799,641 8,766,364
	Held to maturity	22,919,831	AC FVTPL	15,408,711 7,503,315
Advances - net	Loans and receivables	577,863,329	AC	571,518,076
Other assets	Loans and receivables	214,016,002	AC	213,778,897
		2,325,653,224		2,318,182,979

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

** The reconciliation between carrying amounts of financial assets before and after adoption of IFRS 9 has been disclosed in note 4.2.5 19



4.2.3 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit and loss account.

4.2.4 Expected Credit Loss (ECL)

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations. Based on the level of increase in credit risk, the Bank shall calculate 12mECL for assets which did not have a SICR i.e., stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., stage 2.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio / segment. When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs.

Guarantee & Letter of Credit contracts: The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.



The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

EAD the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

LGD It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Bank has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

- If a customer fails to service mark-up and / or principal within days past due (dpd) criteria as prescribed by SBP from time to time;
- The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if held).

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

4.2.5 Adoption Impacts

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 4,627.714 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

**Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024**

	Impact due to: Recognition of expected credit losses (ECL)	IFRS 9 Category			Balances as of January 01, 2024
		Adoption of revised classifications under IFRS 9	Classifications due to business model and SPP/ assessments	Re-measurements	
Balances as of December 31, 2023 (Audited)					
ASSETS					
Cast and balances with treasury banks	170,716,648	(495,202)			(495,202) 170,221,446
Balances with other banks	35,073,336	(287,726)			(287,726) 34,785,410
Lendings to financial institutions	96,213,400	(97,154)			(97,154) 96,116,246
Investments	1,208,566,005	-	(1,208,566,005)		(1,208,566,005)
- Classified as available for sale	22,919,831	-	1,208,566,005		-
- Classified as fair value through other comprehensive income	-	1,208,566,005	(8,766,364)		1,199,799,641
- Classified as held to maturity	(4,304)	(22,919,831)	(7,506,816)		(22,919,831)
- Classified as amortised cost	284,873	(284,873)	-		15,408,711
- Classified as held for trading or loss	-	284,873	16,273,180		(284,873)
- Classified as fair value through profit or loss	700,401	-	(3,501)		-
- Associates	16,968,237	-	-		16,554,552
- Subsidiaries	-	-	-		16,554,552
Advances	1,249,439,347	(4,304)	-		16,554,552
- Gross amount	622,424,762	-	-		16,554,552
- Provisions	(44,561,431)	(6,345,253)	-		16,554,552
Property and equipment	577,863,329	(6,345,253)	-		16,554,552
Right-of-use assets	76,943,546	-	-		16,554,552
Intangible assets	5,877,885	-	-		16,554,552
Deferred tax asset	1,035,483	-	-		16,554,552
Other assets	2,427,178,756	(237,105)	-		16,554,552
		(7,466,744)	-		16,554,552
LIABILITIES					
Bills payable	25,095,911	-	-		-
Borrowings	216,611,046	-	-		-
Deposits and other accounts	1,805,387,294	-	-		-
Lease liability against right-of-use assets	8,686,003	-	-		-
Subordinated debt	100,718	-	-		-
Deferred tax liabilities	140,580,915	1,603,703	-		-
Other liabilities	2,986,471,887	1,603,703	-		-
NET ASSETS	230,706,869	(9,070,447)	-		-
REPRESENTED BY					
Share capital	11,850,600	-	-		-
Reserves	98,723,536	-	-		-
Surplus on revaluation of assets - net of tax	24,093,197	(9,070,447)	(11,416)	(10,026,387)	(5,119,84)
Unappropriated profit	96,039,536	(9,070,447)	11,416	(3,501)	964,255 (4,917,004)
	230,706,869	(9,070,447)	-	(3,501)	(4,446,234) (4,627,714)
					226,079,155



**Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024**



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 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

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.

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		

7. CASH AND BALANCES WITH TREASURY BANKS	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
In hand		
Local currency		
Foreign currencies		
With State Bank of Pakistan in		
Local currency current account		
Foreign currency current accounts		
Foreign currency deposit account		
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		
Cash and balances with treasury banks - net of credit loss allowance		
8. BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts		
In deposit accounts		
Less: Credit loss allowance held against balances with other banks		
Balances with other banks - net of credit loss allowance		
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings		
Repurchase agreement lendings (Reverse Repo)		
Less: Credit loss allowance held against lending to financial institutions		
Lending to financial institutions - net of credit loss allowance		
9.1 Particulars of credit loss allowance		
Domestic		
Performing	Stage 1 35,832,016	(73,592)
Under performing	Stage 2 -	-
Non-performing	Stage 3 -	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
Total		
Overseas		
Performing	Stage 1 45,107,676	(4,923)
Under performing	Stage 2 -	-
Non-performing	Stage 3 -	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
Total		

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



10. INVESTMENTS

10.1 Investments by type:	Note	Unaudited June 30, 2024				
		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	
-----Rupees in '000-----						
FVTPL						
Federal Government Securities		2,847,299	-	-	2,847,299	
Non Government Debt Securities		9,861,245	-	15,337	9,876,582	
Shares and units		688,427	-	10,271	698,698	
		13,396,971	-	25,608	13,422,579	
FVOCI						
Federal Government Securities		1,356,523,751	(363,713)	(22,616,278)	1,333,543,760	
Shares		33,685,442	-	(679,015)	33,006,427	
Foreign Securities		67,955,131	-	23,959	67,979,090	
		1,458,164,324	(363,713)	(23,271,334)	1,434,529,277	
Amortised Cost						
Federal Government Securities		14,441,266	(243,474)	-	14,197,792	
Provincial Government Securities		118	(118)	-	-	
Non Government Debt Securities		1,362,542	(482,151)	-	880,391	
		15,803,926	(725,743)	-	15,078,183	
Associates						
		700,401	-	-	700,401	
Subsidiaries						
	10.5	17,968,237	-	-	17,968,237	
Total Investments		1,506,033,859	(1,089,456)	(23,245,726)	1,481,698,677	
Audited December 31, 2023						
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	
-----Rupees in '000-----						
Held-for-trading securities						
Shares		292,517	-	(7,644)	284,873	
		292,517	-	(7,644)	284,873	
Available-for-sale securities						
Federal Government Securities		1,164,709,805	(414,772)	(29,273,303)	1,135,021,730	
Shares and units		30,789,895	(10,026,787)	5,773,217	26,536,325	
Non Government Debt Securities		2,953,840	-	(2,950)	2,950,890	
Foreign Securities		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		14,788,331	(260,316)	-	14,528,015	
Provincial Government Securities		118	(118)	-	-	
Non Government Debt Securities		8,869,357	(477,541)	-	8,391,816	
Foreign Securities		-	-	-	-	
		23,657,806	(737,975)	-	22,919,831	
Associates						
		700,401	-	-	700,401	
Subsidiaries						
		16,968,237	-	-	16,968,237	
Total Investments		1,284,035,772	(11,179,534)	(23,416,891)	1,249,439,347	
Unaudited June 30, 2024						
		Unaudited June 30, 2024		Audited December 31, 2023		
-----Rupees in '000-----						
- Market Treasury Bills		6,602,855	30,763,692			
- Pakistan Investment Bonds		176,759,341	75,842,086			
		183,362,196	106,605,778			
10.2 Credit loss allowance for diminution in value of investments						
Opening balance		11,179,534	10,330,107			
Reversal of impairment charged against equity instruments through FVOCI on adoption of IFRS 9		(10,026,787)	-			
Impact of ECL on debt securities on adoption of IFRS 9		4,304	-			
Exchange adjustments		(8,399)	54,762			
Charge / (reversals)		306	1,744,532			
Charge for the period / year		(59,502)	-			
Reversals for the period / year		-	(949,867)			
Reversal on disposals		(59,196)	794,665			
Amounts written off		-	-			
Closing Balance		1,089,456	11,179,534			

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



10.3 Particulars of credit loss allowance against debt securities

Domestic

	Outstanding amount	Credit loss allowance held	Unaudited June 30, 2024		Audited December 31, 2023
			Outstanding amount	Credit loss allowance held	*Provision / Credit loss allowance held
-----Rupees in '000-----					
Stage 1	1,367,386,427	4,610	-	-	-
Stage 2	2,841,362	-	-	-	-
Stage 3	-	-	-	-	-
	477,659	477,659	477,659	477,659	477,659
	477,659	477,659	477,659	477,659	477,659
	1,370,705,448	482,269	477,659	477,659	477,659

Overseas

	Outstanding amount	Credit loss allowance held	Unaudited June 30, 2024		Audited December 31, 2023
			Outstanding amount	Credit loss allowance held	*Provision / Credit loss allowance held
Stage 1	74,589,199	-	-	-	-
Stage 2	7,696,705	607,187	10,418,986	675,088	10,418,986
Stage 3	-	-	-	-	-
	82,285,904	607,187	10,418,986	675,088	10,418,986
	1,452,991,352	1,089,456	10,896,645	1,152,747	10,896,645

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

10.4 Summarized financial information of associates and subsidiaries

	Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Unaudited June 30, 2024					
					Assets	Liabilities				
-----Rupees in '000-----										
Associates										
Euronet Pakistan (Private) Limited (unaudited based on June 30, 2024)	Pakistan	30%	887,896	132,447	132,447	2,126,531				
Adamjee Insurance Company Limited (unaudited based on March 31, 2024)	Pakistan	20%	12,034,918	1,047,115	2,122,194	178,656,939				
Subsidiaries										
MCB Islamic Bank Limited (unaudited based on June 30, 2024)	Pakistan	100.00%	23,630,999	2,173,062	1,941,690	300,777,119				
MCB Exchange Company (Private) Limited (unaudited based on June 30, 2024)	Pakistan	100.00%	77,826	35,125	35,125	1,099,018				
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	2,908,950				
MCB Non-Bank Credit Organization Closed Joint Stock Company (unaudited based on June 30, 2024)	Azerbaijan	99.94%	391,966	122,970	122,970	5,060,630				

Associates

	Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Audited December 31, 2023	
					Assets	Liabilities
Associates						
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014
Adamjee Insurance Company Limited (audited based on December 31, 2023)	Pakistan	20%	41,976,789	2,716,915	7,247,972	172,799,968
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
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
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

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.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024

11.3 Particulars of credit loss allowance against advances

Unaudited June 30, 2024				Audited December 31, 2023		
Expected Credit Loss		General	Total	Specific	General	Total
Stage 1 & Stage 2	Stage 3			Rupees in '000		
-						
4,854,913	41,937,130	2,624,303	44,561,433	41,947,778	2,224,575	44,172,353
26,101	(30,988)	-	(4,887)	1,230,321	236,763	1,467,084
1,698,486 (1,225,403)	3,149,648 (2,276,963)	- (358,508)	4,848,134 (3,860,874)	3,108,219 (3,570,328)	382,213 (219,248)	3,490,432 (3,789,576)
473,083	872,685	(358,508)	987,260	(462,109)	162,965	(299,144)
-	(1,114,779)	-	(1,114,779)	(778,860)	-	(778,860)
5,354,097	43,317,759	2,102,424	50,774,280	41,937,130	2,624,303	44,561,433

11.3.1 An analysis of changes in the credit loss allowance in relation to loans & advances of the Bank as at June 30, 2024 is as follows:

Expected Credit Loss			General	Total
Stage 1	Stage 2	Stage 3		
Rupees in '000				
-	-	41,937,130	2,624,303	44,561,433
3,475,280	1,379,633	1,653,711	(163,371)	6,345,253
26,101	-	(30,988)	-	(4,887)
214,003 (81,134)	17,503 (44,854)	20,127 (475,703)	- (358,508)	251,633 (960,199)
401,684 (26,624) (8,418)	(397,575) 33,581 (111,447)	(4,109) (6,957) 119,865	- - -	- - -
499,511	(502,792)	(346,777)	(358,508)	(708,566)
-	-	(1,114,779)	-	(1,114,779)
283,794	192,570	1,219,462	-	1,695,826
4,284,686	1,069,411	43,317,759	2,102,424	50,774,280
Unaudited June 30, 2024				
Outstanding amount	Credit loss allowance Held		Outstanding amount	Provision
Rupees in '000				

11.3.2 Category of Classification

Stage 1	551,355,591	4,146,540	543,341,237	-
Stage 2	26,831,961	668,565	-	-
Stage 3				
	1,644,199	839,046	1,517,142	1,684
	3,830,346	1,700,330	834,737	46,687
	2,086,673	1,065,400	224,303	111,716
	35,454,222	34,672,005	36,557,845	36,043,900
	43,015,440	38,276,781	39,134,027	36,203,987
	-	2,040,049	-	2,624,303
	621,202,992	45,131,935	582,475,264	38,828,290
Stage 1	15,297,618	138,146	25,200,930	-
Stage 2	8,967,826	400,846	-	-
Stage 3				
	-	-	27,800	6,950
	622,113	314,724	488,452	244,226
	13,367,341	4,726,254	14,232,316	5,481,967
	13,989,454	5,040,978	14,748,568	5,733,143
	-	62,375	-	-
	38,254,898	5,642,345	39,949,498	5,733,143
	659,457,890	50,774,280	622,424,762	44,561,433

11.3.3 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.

12. PROPERTY AND EQUIPMENT

Capital work-in-progress
Property and equipment

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers
Others

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

Property and equipment

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

12.3 Disposal of property and equipment

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

Freehold land
Vehicles
Furniture and fixture
Electrical office and computer equipment
Building on freehold land

13. RIGHT-OF-USE ASSETS

Right-of-use assets

13.1 At January 1,

Cost
Accumulated depreciation
Net carrying amount at January 1,

Additions / adjustments during the period / year
Deletions during the period / year
Exchange adjustments
Depreciation charge for the period / year
Closing net carrying amount

Note
Unaudited June 30, 2024 Audited December 31, 2023
-----Rupees in '000-----

12.1
2,847,765 1,696,937
76,677,571 75,246,609
79,525,336 76,943,546

2,210,229 1,335,418
38,774 26,012
589,224 330,898
9,538 4,609
2,847,765 1,696,937

Unaudited Half year ended June 30, 2024 Unaudited Half year ended June 30, 2023
-----Rupees in '000-----

1,150,828 198,327

197,832	195,778
2,185	2,639
2,174,913	1,737,942
168,086	94,724
367,094	370,404
347,676	231,552
3,257,786	2,633,039
4,408,614	2,831,366

13,240	1,699,344
25,445	10,338
636	1,599
13,105	4,110
-	15,607
52,426	1,730,998

Note
Unaudited June 30, 2024 Audited December 31, 2023
-----Rupees in '000-----

13.1
5,637,632 5,877,865

Unaudited June 30, 2024			Audited December 31, 2023		
Buildings	Others	Total	Buildings	Others	Total
-----Rupees in '000-----					
11,457,135	-	11,457,135	10,191,155	-	10,191,155
(5,579,270)	-	(5,579,270)	(4,476,309)	-	(4,476,309)
5,877,865	-	5,877,865	5,714,846	-	5,714,846
585,036	-	585,036	1,725,069	-	1,725,069
(36,952)	-	(36,952)	(151,124)	-	(151,124)
4,424	-	4,424	110,412	-	110,412
(792,741)	-	(792,741)	(1,521,338)	-	(1,521,338)
5,637,632	-	5,637,632	5,877,865	-	5,877,865

14. INTANGIBLE ASSETS

Computer software
Capital work-in-progress

14.1 Additions to intangible assets

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

Computer software
Capital work-in-progress - net additions

Unaudited June 30, 2024 Audited December 31, 2023
-----Rupees in '000-----

1,046,768	515,528
337,225	519,955
1,383,993	1,035,483

Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
-----Rupees in '000-----	

818,665	124,878
-	48,648
818,665	173,526

Note
Unaudited June 30, 2024 Audited December 31, 2023
-----Rupees in '000-----

5,420,104	201,520
11,402,954	11,470,532
16,823,058	11,672,052

(3,538,834)	(3,608,814)
(297,334)	(297,334)
(3,546,687)	(3,521,615)
(3,905,551)	(3,639,789)
(705,218)	(705,218)
(11,993,624)	(11,772,770)
4,829,434	(100,718)

66,178,481	62,017,227
549,613	503,365
5,805,076	4,753,438
1,628,546	1,637,884
133,809	133,809
1,408,377	2,348,323
5,497	73,852
32,677,344	40,966,674
7,970,513	7,428,142
32,604,592	25,796,177
-	67,187,000

580,698	607,980
2,868,953	3,325,470
152,411,499	216,779,341
3,544,360	3,370,145

148,867,139	213,409,196
606,806	606,806
149,473,945	214,016,002

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 / provision 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

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MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



16.1 Credit loss allowance / provision held against other assets

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

Unaudited
June 30, 2024 Audited
December 31, 2023

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

	88,083	88,083
	580,698	607,980
	224,417	4,972
	2,651,162	2,669,110
	3,544,360	3,370,145
	3,370,145	3,066,275
	237,105	-
	6,246	36,184
	(50,948)	(8,080)
	(44,702)	28,104
	(521)	(2,062)
	(17,667)	277,828
	3,544,360	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

Amounts written off
Exchange and other adjustments
Closing balance

17. CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2024 (2023: Nil).

18. BILLS PAYABLE

In Pakistan
Outside Pakistan

Unaudited
June 30, 2024 Audited
December 31, 2023

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

	14,549,441	24,832,685
	29,779	263,226
	14,579,220	25,095,911

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

	37,285,629	47,943,376
	17,593,592	19,511,569
	2,086,426	2,126,104
	36,452,530	38,160,612
	209,700	239,697
	5,494	6,272
	93,633,371	107,987,630
	189,166,583	106,366,325
	282,799,954	214,353,955

Repurchase agreement borrowings

Total secured

Unsecured

Call borrowings
Overdrawn nostro accounts
Others

Total unsecured

	-	1,000,000
	1,439,854	1,094,805
	162,286	162,286
	1,602,140	2,257,091
	284,402,094	216,611,046

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



	Unaudited June 30, 2024			Audited December 31, 2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
20. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	703,437,211	187,495,415	890,932,626	636,394,833	162,616,011	799,010,844
Savings deposits	903,079,487	36,357,080	939,136,567	820,048,373	42,644,437	862,692,810
Term deposits	23,522,939	18,507,073	42,030,012	21,590,642	20,254,444	41,845,086
Others	65,153,677	4,113,351	69,267,028	45,309,420	4,930,851	50,240,271
Financial Institutions						
Current deposits	17,212,065	3,470,960	20,683,025	17,560,771	3,717,302	21,278,073
Savings deposits	13,577,137	1,094,302	14,661,439	14,020,325	488,898	14,509,023
Term deposits	9,101,071	7,742,951	16,844,022	8,489,897	7,216,807	15,706,504
Others	-	99,083	99,983	-	104,683	104,683
Unaudited June 30, 2024	21.1			Audited December 31, 2023		
21. LEASE LIABILITIES				Note		
Lease Liabilities	8,752,494	-	8,752,494	21.1	Audited December 31, 2023	8,686,003
Buildings				Unaudited June 30, 2024		
Others				Audited December 31, 2023		
Buildings				Note		
Others				21.1	Audited December 31, 2023	8,686,003
Buildings				Unaudited June 30, 2024		
Others				Audited December 31, 2023		
Buildings				Note		
Others				21.1	Audited December 31, 2023	8,686,003
21.1 At January 1,				Unaudited June 30, 2024		
Additions / adjustments during the period / year				Audited December 31, 2023		
Lease payments including interest	8,686,003	-	8,686,003	7,943,593	-	-
Finance charges	590,858	-	590,858	1,612,638	-	-
Deletions during the period / year	(1,174,585)	-	(1,174,585)	(2,082,123)	-	-
Exchange adjustments	715,614	-	715,614	1,360,534	-	-
Closing Balance	(63,997)	-	(63,997)	(215,423)	-	(215,423)
21.2 Liabilities Outstanding				Note		
Not later than one year	8,752,494	-	8,752,494	66,784	-	66,784
Later than one year and upto five years	1,029,945	-	1,029,945	988,860	-	988,860
Over five years	3,679,863	-	3,679,863	3,645,351	-	3,645,351
Total at the year end	4,042,686	-	4,042,686	4,051,792	-	4,051,792

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	
Mark-up / return / interest payable in foreign currencies	
Unearned commission and income on bills discounted	
Accrued expenses	
Current taxation (provisions less payments)	
Workers Welfare Fund	22.1
Acceptances	16
Unclaimed / dividends payable	
Mark to market loss on forward foreign exchange contracts	
Unrealised loss on derivative financial instruments	
Branch adjustment account	
Provision for employees' compensated absences	
Provision for post retirement medical benefits	
Provision for employees' contributory benevolent scheme	
Insurance payable against consumer assets	
Unclaimed balances	
Duties and taxes payable	
Credit loss allowance / provision against off-balance sheet obligations	22.2
Security deposits against lease	
Clearing and settlement accounts	
Others	

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 VWF.

22.2 An analysis of changes in credit loss allowance against off-balance sheet obligations as at June 30, 2024 is as follows:

Note	Unaudited June 30, 2024		Audited December 31, 2023	
	-----Rupees in '000-----			
	4,534,838	3,926,926		
	459,071	562,509		
	2,327,023	2,024,523		
	6,963,366	7,856,382		
	15,475,762	20,150,115		
	15,064,923	13,810,584		
22.1	32,677,344	40,966,674		
	2,579,615	2,420,017		
	937,370	996,797		
	5,497	7,384		
	173,885	240,409		
	1,323,417	1,266,190		
	2,250,759	2,121,129		
	134,665	140,847		
	30,726	586,691		
	404,832	508,115		
	6,426,937	10,955,674		
	1,412,938	78,807		
	2,551,329	2,068,373		
	27,170,921	24,223,005		
	6,586,986	5,613,300		
	129,492,204	140,590,915		

23. RESERVES

Share premium	
Non - distributable capital reserve - gain on bargain purchase option	
Exchange translation reserve	
Statutory reserve	23.1
General reserve	23.2

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.

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



24. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of

- Securities measured at FVOCI - Debt / AFS securities
- Securities measured at FVOCI - Equity / AFS securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

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

- Securities measured at FVOCI - Debt / AFS securities
- Securities measured at FVOCI - Equity / AFS securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

25. CONTINGENCIES AND COMMITMENTS

25.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

25.2 Commitments:

- Documentary credits and short-term trade-related transactions
- letters of credit

Commitments in respect of:

- forward foreign exchange contracts
- forward government securities transactions
- derivatives

Commitments for acquisition of:

- property and equipment
- intangible assets

25.2.1 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

25.2.2 Commitments in respect of forward government securities transactions

- Purchase
- Sale

25.2.3 Commitments in respect of derivatives

- FX options
- Purchase
- Sale

Cross Currency Swaps

- Purchase
- Sale

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	

(22,592,319)	(29,182,464)
(679,015)	5,773,217
39,175,218	39,331,254
606,806	606,806
16,510,690	16,528,813

11,070,237	14,299,408
332,717	(2,828,876)
(3,538,834)	(3,608,814)
(297,334)	(297,334)
7,566,786	7,564,384
24,077,476	24,093,197

269,385,990	302,480,219
435,957,156	477,719,622
28,788,140	33,273,187
734,131,286	813,473,028

251,092,207	303,775,804
177,741,356	153,858,023
-	15,220,315
3,635,442	1,595,548
2,804,382	2,023,934
683,769	1,245,998
435,957,156	477,719,622

101,910,972	82,635,941
75,830,384	71,222,082
177,741,356	153,858,023

-	15,197,000
-	23,315
-	15,220,315

1,817,721	736,983
1,817,721	736,983
3,635,442	1,473,966

-	60,791
-	60,791
-	121,582

3,635,442	1,595,548
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MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 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 June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----			
25.3 Other contingent liabilities	25.3.1	28,788,140	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 2024, 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. 2,632.390 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 June 30, 2024					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional	Mark to market gain / loss	Notional	Mark to market gain / loss	Notional	Mark to market gain / loss
	Principal	Principal	Principal	Principal	Principal	Principal
-----Rupees in '000-----						
Total						
Hedging	-	-	-	-	1,817,721	5,497
Market Making	-	-	-	-	1,817,721	(5,497)
Audited December 31, 2023						
	-----Rupees in '000-----					
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 Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



	Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
-----Rupees in '000-----			
27. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		53,580,944	54,619,002
Investments		123,779,640	85,644,145
Lendings to financial institutions		4,659,761	4,056,084
Balances with banks		1,159,916	960,234
		183,180,261	145,279,465
27.1 Interest income recognised on:			
Financial assets measured at amortised cost		59,566,993	
Financial assets measured at FVOCI		121,947,700	
Financial assets measured at FVTPL		1,665,568	
		183,180,261	
28. MARK-UP / RETURN / INTEREST EXPENDED			
Deposits		91,925,351	57,296,516
Borrowings		13,655,199	18,645,598
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,026,585	1,771,333
Finance charges on lease liability against right-of-use assets		715,614	557,149
		108,322,749	78,270,596
29. FEE & COMMISSION INCOME			
Branch banking customer fees		1,998,696	1,664,952
Consumer finance related fees		327,025	360,450
Card related fees (debit and credit cards)		3,740,721	2,617,495
Credit related fees		465,524	330,999
Investment banking fee		75,820	58,963
Commission on trade		1,866,848	1,314,835
Commission on guarantees		673,490	374,716
Commission on cash management		524,300	436,178
Commission on remittances including home remittances		799,987	806,130
Commission on bancassurance		356,685	471,052
Rent on lockers		114,821	112,698
Commission on utility bills		48,715	37,297
Commission on investments services		220,541	138,086
Others		99,710	67,646
		11,312,883	8,791,497
30. GAIN / (LOSS) ON SECURITIES			
Realised	30.1	63,776	84,797
Unrealised - Measured at FVTPL	10.1	25,608	(11,936)
		89,384	72,861
30.1 Realised gain / (loss) on:			
Federal Government Securities		62,242	68,753
Non Government Debt Securities		6,521	626
Shares		(4,987)	15,418
		63,776	84,797
30.2 Realised gain / (loss) on:			
Financial assets measured at FVTPL		41,051	21,050
Designated upon initial recognition		-	-
Mandatorily measured at FVPL		41,051	21,050
Financial assets measured at FVOCI		22,725	63,747
		22,725	63,747
		63,776	84,797

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
	-----Rupees in '000-----	
31. OTHER INCOME		
Rent on property	69,962	75,151
Gain on termination of lease liability against right of use assets	27,046	31,401
Gain on sale of property and equipment - net	141,202	9,369
Gain on sale of non-banking assets acquired in satisfaction of claims - net	-	776
	238,210	116,697
32. OPERATING EXPENSES		
Total compensation expense	12,681,415	11,038,979
Property expense		
Rent and taxes	133,149	152,187
Insurance	13,083	12,719
Utilities cost	1,093,539	853,691
Fuel expense generators	481,409	634,045
Security (including guards)	1,040,980	884,578
Repair and maintenance (including janitorial charges)	580,298	482,335
Depreciation on right-of-use assets	792,741	687,348
Depreciation	524,962	442,133
	4,660,161	4,149,036
Information technology expenses		
Software maintenance	874,428	832,762
Hardware maintenance	159,897	160,722
Depreciation	605,468	363,791
Amortization	288,690	170,839
Network charges	310,559	302,968
Insurance	3,467	2,218
	2,242,509	1,833,300
Other operating expenses		
Directors' fees and allowances	22,420	18,620
Legal and professional charges	223,856	184,299
Outsourced services costs	506,794	434,057
Travelling and conveyance	291,894	213,459
NIFT clearing charges	107,035	107,078
Depreciation	645,607	543,336
Depreciation on non-banking assets acquired in satisfaction of claims	9,338	11,939
Training and development	33,743	46,658
Postage and courier charges	152,630	120,211
Communication	933,873	560,093
Stationery and printing	609,949	530,797
Marketing, advertisement & publicity	608,779	351,075
Donations	10,100	10,000
Auditors' remuneration	43,414	29,560
Cash transportation charges	621,584	534,505
Repair and maintenance	380,467	311,743
Subscription	19,449	10,828
Entertainment	180,386	174,734
Remittance charges	119,279	131,466
Brokerage expenses	28,409	20,438
Card related expenses	1,671,125	1,282,682
CNIC verification charges	197,446	173,814
Insurance	1,153,021	972,927
Others	241,932	183,059
	8,812,530	6,957,378
	28,396,615	23,978,693

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



	Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
		-----Rupees in '000-----	
33. OTHER CHARGES			
Penalties of State Bank of Pakistan		61,584	25,734
VAT & National Building tax & Crop Insurance Levy		129,373	192,395
Education cess		48,800	46,614
		239,757	264,743
34. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against balance with other banks		2,297	10,296
Credit loss allowance against cash and balances with treasury banks		599	-
(Reversal of) / credit loss allowance for diminution in value of investments	10.2	(59,196)	1,824,672
Credit loss allowance against loans and advances	11.3	987,260	119,650
Reversal of credit loss allowance against lendings to financial institutions		(18,639)	-
(Reversal of) / credit loss allowance against off balance sheet items		(269,515)	8,420
(Reversal of) / credit loss allowance against other assets	16.1.1	(44,702)	33,666
Recovery of written off / charged off bad debts		(92,947)	(84,945)
		505,157	1,911,759
35. TAXATION			
Current		31,333,955	26,476,225
Prior years		-	-
Deferred		(553,212)	678,277
		30,780,743	27,154,502
36. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax		-----Rupees in '000-----	
		31,936,222	26,687,032
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.			
Number			
		1,185,060,006	1,185,060,006
Rupees			
		26.95	22.52

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).
Property and equipment (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.

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 June 30, 2024					
Carrying / Notional Value	Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,336,391,059	-	1,336,391,059	-	1,336,391,059
Shares and units	32,274,398	32,151,891	122,507	-	32,274,398
Non-Government Debt Securities	9,876,582	-	9,876,582	-	9,876,582
Foreign Securities	67,979,090	-	67,979,090	-	67,979,090
Financial assets - disclosed but not measured at fair value					
Investments (amortized cost, unlisted ordinary shares, subsidiaries and associates)	35,177,548	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,776,954	-	64,776,954	-	64,776,954
Non-banking assets	2,147,269	-	2,147,269	-	2,147,269
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	101,910,972	-	845,051	-	845,051
Forward sale of foreign exchange	75,830,384	-	1,316,058	-	1,316,058
Derivatives purchase	1,817,721	-	5,497	-	5,497
Derivatives sale	1,817,721	-	5,497	-	5,497
Audited December 31, 2023					
Carrying / Notional Value	Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----					
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

SEGMENT INFORMATION

Segment details with respect to business activity

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

Unaudited Half year ended June 30, 2024

	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	Rupees in '000								
Profit & Loss									
Net mark-up/return/profit	(74,001,189)	1,954,320	30,429,233	112,369,046	4,106,102	9,912,928	74,657,512	-	74,857,512
Inter segment revenue - net	142,335,047	(559,060)	(24,855,562)	(126,620,726)	(212,637)	(529,915)	18,255,321	-	18,255,321
Non mark-up / return / interest income	6,631,477	1,291,080	5,584,822	4,117,664	1,106,193	-	-	-	-
Total Income	74,965,335	2,686,340	11,158,503	(10,080,016)	4,999,658	9,383,013	93,112,833	-	93,112,833
Segment direct expenses	-	-	-	-	-	-	-	-	-
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	18,628,199	1,200,831	981,1255	359,366	1,380,125	7,370,935	29,890,711	-	29,890,711
Credit loss allowances and write offs - net	835,405	456,263	933,273	350,366	1,380,125	7,370,935	29,890,711	-	29,890,711
Profit before tax	55,901,731	1,029,246	9,273,975	(10,445,101)	49,865	(1,745,168)	505,157	-	505,157
					3,569,868	3,757,246	62,716,965	-	62,716,965



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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



Unaudited Half year ended June 30, 2023						
Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total
						Eliminations
Profit & Loss						
Net mark-up/return/profit	(43,929,273)	2,383,553	35,794,899	69,378,193	3,391,497	-
Inter segment revenue - net	107,763,165	(1,405,600)	(29,412,026)	(84,570,328)	(172,247)	-
Total mark-up / return / interest income	5,350,057	1,301,857	37,10,990	2,259,371	1,093,635	7,79,036
Total Income	69,173,979	2,279,910	10,093,863	(12,932,764)	4,312,905	348,631
Segment direct expenses	15,978,802	1,147,198	519,098	313,298	1,249,183	8,145,667
Inter segment expense allocation	-	-	-	-	6,112,688	25,320,267
Total expenses	15,978,802	1,147,198	519,098	313,298	1,249,183	6,112,688
Provisions / reversals) & write offs - net	501,212	36,129	43,084	1,304,165	673,955	(647,386)
Profit before tax	52,693,965	1,096,683	9,530,781	(14,550,227)	2,389,767	2,680,565
						53,841,534
Audited December 31, 2023						
Cash & Bank balances	73,010,365	1,075,800	286,062	90,718,130	40,609,427	-
Investments	-	-	11,329,945	1,185,533,827	52,575,575	-
Inter segment lending	1,323,367,835	-	-	-	249,763,494	1,249,439,347
Lendings to financial institutions	-	-	-	33,703,733	62,509,667	(1,573,131,329)
Advances - performing	93,175,361	36,852,172	410,689,401	-	25,200,930	96,213,400
non performing	892,197	213,285	1,318,978	-	9,015,425	565,917,864
Others	58,036,413	4,929,573	59,669,219	108,819,168	1,977,880	64,440,643
Total Assets	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,904	314,709,737
Borrowings	7,884,875	28,071	100,265,651	105,313,558	3,148,691	-
Deposits & other accounts	1,502,187,242	26,053,661	119,652,517	-	157,493,874	1,805,387,294
Inter segment borrowing	-	12,006,350	220,902,573	1,313,185,790	27,036,616	(1,573,131,329)
Others	38,440,054	4,982,728	42,472,664	275,510	4,299,723	84,002,868
Total Liabilities	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,904	84,002,868
Equity	-	-	-	-	230,706,869	230,706,869
Total Equity & liabilities	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,904	4,000,310,085

39 RELATED PARTY TRANSACTIONS

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 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 June 30, 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										
Addition during the period / year	-	-	9,000,000	-	-	-	-	-	-	-
Repaid during the period / year	-	-	61,000,000	-	-	-	-	78,200,000	-	-
Transfer in (out) - net	-	-	(69,985,783)	-	-	-	-	(69,200,000)	-	-
Closing balance	-	-	610,217	-	-	-	-	9,000,000	-	-
Credit loss allowance held against lending to financial institutions*										
Investments										
Opening balance	-	-	16,963,237	700,401	249,253	-	-	16,318,312	700,401	249,253
Investment made during the period / year	-	-	1,000,000	-	-	-	-	649,925	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	17,963,237	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	-	1,508,280	1,543	281,237	1,039,888	-	4,446,292
Addition / exchange adjustment during the period / year	3,018	66,716	-	-	392,147	5,963	95,327	-	-	914,191
Repaid / exchange adjustment during the period / year	(4,310)	(56,435)	(531)	-	(641,118)	(6,070)	(85,184)	(457,985)	-	(3,850,203)
Transfer in (out)	-	(45,632)	-	-	-	-	48,006	-	-	-
Closing balance	144	304,035	581,402	-	1,260,309	1,436	339,386	581,933	-	1,509,280
Credit loss allowance against advances*	(10)	(24,071)	(10,876)	-	(77,557)	-	-	-	-	-
Fixed Assets										
Purchase of fixed assets	-	-	-	6,820	243,322	-	-	-	7,533	191,247

MCB Bank Limited**Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024****MCB Bank Limited****Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024**

	Unaudited June 30, 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										
Income / markup accrued										
Advances, deposits, advance rent and other prepayments	1	-	102,316	408,251	207,113	-	-	25,663	573,809	26,675
Receivable from pension fund	-	-	-	-	7,970,513	-	-	-	-	25,684
Credit loss allowance held against advances*	1	3,827	168,363	408,251	8,185,618	-	4,302	48,017	573,809	7,428,143
Credit loss allowance / provision held against other assets*	-	(375)	(709)	-	(104)	-	-	-	-	7,480,502
Borrowings										
Opening balance	-	-	7,191	-	-	-	-	5,146	-	-
Borrowings / exchange adjustment during the period / year	-	-	2,408,597	-	-	-	-	4,458,449	-	-
Settled during the period / year	-	-	(2,433,663)	-	-	-	-	(4,391,661)	-	-
Closing balance	-	-	47,148	-	-	-	-	71,914	-	-
Deposits and other accounts										
Opening balance	3,034,886	200,484	102,012	8,321,464	10,033,148	133,547	184,112	187,369	5,623,897	5,594,903
Received during the period / year	1,906,228	1,193,710	9,741,172	37,425,885	69,144,94	4,574,426	1,701,697	9,730,003	90,801,961	108,421,525
Withdrawn during the period / year	(4,687,042)	(1,036,502)	(9,756,32)	(38,224,60)	(65,687,349)	(1,733,287)	(1,718,369)	(9,815,360)	(88,104,394)	(103,983,441)
Transfer in (out) - net	(37)	(755)	1,016,033	-	204,802	-	33,044	-	-	10,161
Closing balance	253,635	296,937	1,104,685	7,522,749	13,745,095	3,034,686	200,484	102,012	8,321,464	10,033,148
Other Liabilities										
Markup return / interest payable	-	4,149	-	21,383	6,710	-	2,009	-	121,341	5,268
Accrued expenses and other payable	-	-	28,474	103,828	936	-	-	24,157	47,714	168
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Credit loss allowance / provision held against off-balance sheet obligations*	-	4,149	48,474	125,211	7,546	-	2,009	44,157	169,055	5,436
Contingencies and Commitments										
Letter of Credit	-	-	159,453	8,727,646	1,734,614	-	-	174,196	8,839,177	5,009,367
Bank guarantee	-	-	159,453	8,727,646	9,279,315	-	-	174,196	8,839,177	1,722,909
Credit loss allowance / provision held against off-balance sheet obligations*	-	-	-	-	-	-	-	-	-	6,732,276



	Unaudited June 30, 2024				Unaudited June 30, 2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
Income										
Markup / return / interest earned	-	11,861	406,308	56,002	24	11,017	267,655	65,770	377,761	53,272
Fee and commission income	1	-	128,965	455,633	14,497	-	-	-	114,704	6,638
Dividend income	-	-	205,173	105,000	59,255	-	-	-	-	50,169
Gain / (loss) on forward foreign exchange contracts matured	-	-	-	-	71,035	-	-	-	-	-
Net gain / (loss) on sale of securities	7	65	91	-	1,036	-	(23)	-	623	888
Gain on sale of fixed assets	30	89	-	43,849	5,474	3,122	-	136	-	-
Rent income	-	-	-	-	-	-	-	33,144	5,164	3,288
Expense										
Markup / return / interest expensed	36,223	9,399	77,983	312,532	1,050,870	7,202	4,782	3,724	273,263	390,591
Other operating expenses	-	-	-	-	-	-	-	-	-	-
Cleaning expenses paid to NIFT	-	-	-	-	-	107,035	-	-	-	-
Contribution to provident fund	-	-	-	-	-	306,337	-	-	-	-
Rent expenses	-	-	-	-	-	41,193	29,154	-	-	-
Cash sorting expenses	-	-	-	-	-	64,090	-	-	-	-
Stationery expenses	-	-	-	-	-	235,272	-	-	-	-
Security guards expenses	-	-	-	-	-	2,578	-	-	-	-
Remuneration to key executives and non-executive directors fee	144,481	708,092	-	-	-	103,751	563,791	-	-	-
Outsourcing service expenses	-	-	-	-	-	67,032	-	-	-	-
Donation during the period	-	-	-	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	-	-	-	3,460	-	-	-
Travelling Expenses	-	-	-	-	-	-	64,981	-	-	-
Hotel stay expenses	-	-	-	-	-	-	13,669	-	-	-
Repair & Maintenance Charges	-	-	-	-	-	-	2,280	-	-	-
Utility expenses	-	-	-	-	-	-	1,327	-	-	-
Miscellaneous expenses and payments	-	-	-	-	-	-	2,509	-	-	-
Insurance premium-net or refund	-	-	-	-	-	-	368,726	-	-	-
Insurance claim settled	-	-	-	-	-	-	61,331	-	-	-
Other Transactions										
Proceeds from sale of fixed assets	31	89	-	-	-	-	-	136	-	-
Sale of foreign currency	-	-	824,104	-	-	-	-	-	17,797,689	-
Purchase of foreign currency	-	-	-	1,519,104	-	-	-	-	21,025,338	-
Payments against home remittances	-	-	-	2,205,160	-	-	-	-	2,968,691	-
Reimbursement of other expenses	-	-	-	43,757	-	-	-	-	32,235	-
Sale of government securities	73,455	77,326	160,611	5,543,426	20,505,635	12,964	100,283	-	12,036,173	17,077,946
Purchase of government securities	-	58,877	-	-	4,003,603	4,985	98,970	-	3,969,079	32,596,383
Forward exchange contracts matured during the period	-	-	-	-	-	6,442,102	-	-	399,000	-

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.

The Chairman has been provided with free use of the Bank's 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.



Unaudited
June 30, 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

200,451,305	189,956,074
-------------	-------------

Eligible Additional Tier 1 (ADT 1) Capital

200,451,305	189,956,074
-------------	-------------

Total Eligible Tier 1 Capital

42,073,086	34,993,403
------------	------------

Total Eligible Capital (Tier 1 + Tier 2)

242,524,391	224,949,477
-------------	-------------

Risk Weighted Assets (RWAs):

Credit Risk

767,700,206	710,062,627
-------------	-------------

Market Risk

169,807,271	158,148,274
-------------	-------------

Operational Risk

235,260,192	235,260,192
-------------	-------------

Total

1,172,767,669	1,103,471,093
---------------	---------------

Common Equity Tier 1 Capital Adequacy ratio

17.09%	17.21%
--------	--------

Tier 1 Capital Adequacy Ratio

17.09%	17.21%
--------	--------

Total Capital Adequacy Ratio

20.68%	20.39%
--------	--------

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

Unaudited
June 30, 2024
-----Rupees in '000-----

Audited
December 31, 2023

40.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

200,451,305	189,956,074
-------------	-------------

Total Exposures

3,216,446,060	3,079,976,278
---------------	---------------

Leverage Ratio

6.23%	6.17%
-------	-------

40.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

1,392,840,656	1,122,745,627
---------------	---------------

Total Net Cash Outflow

531,797,952	447,994,607
-------------	-------------

Liquidity Coverage Ratio

261.91%	250.62%
---------	---------

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

1,660,454,817	1,534,467,842
---------------	---------------

Total Required Stable Funding

1,007,274,599	1,040,919,407
---------------	---------------

Net Stable Funding Ratio

164.85%	147.41%
---------	---------

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended June 30, 2024



41. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 07, 2024 has announced an interim cash dividend in respect of half year ended June 30, 2024 of Rs. 9.00 per share (June 30, 2023: Rs. 7.00 per share). These unconsolidated condensed interim financial statements for the period ended June 30, 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 effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated condensed interim financial statements due to adoption of new forms for the preparation of financial statements as explained in note 4.1 is as follows:

Description of item	Nature	From	To	Rs in '000'
Right-of-use assets	Asset	Property and equipment	Right-of-use assets	5,877,865
Lease liabilities against right-of-use-assets	Liability	Other liabilities	Lease liabilities	8,686,003

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 August 07, 2024.

MCB Bank Limited & Subsidiary Companies



MCB BANK LIMITED

Consolidated Condensed Interim Financial Statements for the Half Year Ended June 30, 2024



Hammad Khalid
Chief Financial Officer



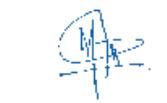
Shoail Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Financial Position
As At June 30, 2024



ASSETS

	Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----			
Cash and balances with treasury banks	7	248,097,626	190,245,798
Balances with other banks	8	51,486,099	37,806,854
Lendings to financial institutions	9	88,755,589	89,713,400
Investments	10	1,600,542,788	1,372,343,715
Advances	11	715,685,342	670,673,495
Property and equipment	12	84,112,365	80,736,669
Right-of-use assets	13	7,736,877	8,001,881
Intangible assets	14	2,746,605	1,859,032
Deferred tax assets	15	1,967,891	-
Other assets	16	164,710,600	228,704,335
Total Assets		2,965,841,782	2,680,085,179

LIABILITIES

	Note	18	19	20	21	22	23	24	25
Bills payable		16,371,008		27,271,384					
Borrowings		298,346,732		235,664,480					
Deposits and other accounts		2,245,113,501		2,009,828,619					
Lease liabilities		11,493,150		11,429,243					
Subordinated debt		-		-					
Deferred tax liabilities		-		3,552,321					
Other liabilities		139,234,538		150,588,030					
Total Liabilities		2,710,558,929		2,438,334,077					

NET ASSETS

		18	19	20	21	22	23	24	25
Share capital		11,850,600		11,850,600					
Reserves		104,854,995		101,129,809					
Surplus on revaluation of assets		25,678,994		25,740,282					
Unappropriated profit		112,519,835		102,689,217					
Non-controlling interest		254,904,424		241,409,908					
		378,429		341,194					
Basic and diluted earnings per share		255,282,853		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



Shoib Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Profit and Loss Account (Un-Audited)
For The Half Year Ended June 30, 2024



Note	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2024	April 01 to June 30, 2023	January 01 to June 30, 2024	January 01 to June 30, 2023
-----Rupees in '000-----				
Mark-up / return / interest earned	27	106,262,286	89,999,147	206,903,843
Mark-up / return / interest expensed	28	65,108,013	48,824,177	123,301,832
Net mark-up / interest income		41,154,273	41,174,970	83,602,011
NON MARK-UP / INTEREST INCOME				
Fee and commission income	29	5,992,042	5,254,002	12,787,974
Dividend income		559,256	724,997	1,357,864
Foreign exchange income		3,082,966	2,870,941	5,009,043
Income from derivatives		777	819	1,174
Gain / (loss) on securities-net	30	74,614	(11,528)	80,742
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-
Other income	31	146,552	69,044	247,397
Total non-markup / interest Income		9,856,207	8,908,275	19,484,194
Total income		51,010,480	50,083,245	103,086,205
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	32	17,231,685	14,245,212	33,546,565
Workers Welfare Fund		652,157	678,911	1,175,069
Other charges	33	88,868	167,902	239,979
Total non-markup / interest expenses		17,972,710	15,092,025	35,143,731
Share of profit of associates		553,826	327,921	970,341
Profit before credit loss allowance		33,591,596	35,319,141	68,912,815
Credit loss allowance and write offs - net	34	588,059	1,490,560	560,104
PROFIT BEFORE TAXATION		33,003,537	33,828,581	68,352,711
Taxation	35	16,162,154	19,133,413	33,657,175
PROFIT AFTER TAXATION		16,841,383	14,695,168	34,695,536
Less: Profit attributable to non-controlling interest		(49,605)	(24,458)	(84,069)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		16,791,778	14,670,710	34,611,467
-----Rupees -----				
Basic and diluted earnings per share	36	14.17	12.38	29.21
The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.				

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For The Half Year Ended June 30, 2024



Profit after taxation for the period

Other comprehensive income

Items that may be reclassified to profit and loss account in subsequent periods:
Effect of translation of net investment in foreign branches and subsidiary

- Equity shareholders of the bank
- Non-controlling interest

Share of exchange translation reserve of associate

Movement in surplus / (deficit) on revaluation of debt investments through FVOCI / AFS investments - net of tax
Movement in surplus on associated undertaking-net of tax.

Items that will not be reclassified to profit and loss account in subsequent periods:
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax
Remeasurement gain on defined benefit obligations - net of tax
Movement in surplus on revaluation of property and equipment - net of tax
Movement in surplus on revaluation of non-banking assets - net of tax

Total comprehensive income

Attributable to:

- Equity shareholders of the bank
- Non-controlling interest

Total comprehensive income

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

	Quarter Ended	Half Year Ended		
	April 01 to June 30, 2024	April 01 to June 30, 2023	January 01 to June 30, 2024	January 01 to June 30, 2023
Rupees in '000				
16,841,383	14,695,168	34,695,536	28,674,414	
(78,964) 3	272,362 6	108,859 (7)	5,292,778 125	
(78,961)	272,368	108,852	5,292,903	
(6,677)	116,697	(11,907)	106,395	
3,880,563 118,688	4,307,286 (266,696)	3,128,097 183,545	(3,926,865) (60,429)	
3,913,613	4,429,655	3,408,587	1,412,004	
1,916,320	-	2,011,852	-	
-	292,162	-	292,162	
-	(471,259)	-	(471,259)	
-	(52,418)	-	(52,418)	
1,916,320	(231,515)	2,011,852	(231,515)	
22,671,316	18,893,308	40,115,975	29,854,903	
22,621,708 49,608	18,868,844 24,464	40,031,913 84,062	29,779,094 75,809	
22,671,316	18,893,308	40,115,975	29,854,903	

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
For The Half Year Ended June 30, 2024



	Capital reserve	Share premium	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	General reserve	Reserve	Saradicalized on revaluation of property and equipment/consolidating assets	Investments	Associate	Unappropriated profit	Total	Non-controlling interest	Grand Total
Balance at December 31, 2023 (Audit)	11,60,600	23,97,024	908,317	4,84,567	41,31,438	18,90,000	(9,22,394)	127,21	36,48,465	72,75,700	13,45,258	72,489	19,477,747	
Profit & loss for the period ended June 30, 2024	-	-	-	-	-	-	-	-	-	28,38,730	28,38,730	75,684	26,61,444	
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in profit on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in profit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Re-measurement gain (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in capital (loss) (gain) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer of movement depreciation from surplus on revaluation of fixed assets (or write-down of fixed assets) - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus released on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	
Final cash dividend at Rs 1 per share - December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest cash dividends at Rs 0.50 per share - March 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2024 (Unaudited)	11,60,600	23,97,024	908,317	10,24,810	44,37,261	18,90,000	(21,98,169)	68,692	36,76,429	5,431,688	29,37,912	34,093	20,462,005	
Balance at December 31, 2023 (Audit)	11,60,600	23,97,024	908,317	4,84,567	41,31,438	18,90,000	(9,22,394)	127,21	36,48,465	72,75,700	13,45,258	90,697	35,56,586	
Profit & loss for the period for the six months period ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in profit on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in profit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Re-measurement gain (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in capital (loss) (gain) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer of movement depreciation from surplus on revaluation of fixed assets (or write-down of fixed assets) - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus released on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest cash dividends at Rs 0.50 per share - September 30, 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	
Statement of dividend attributable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at December 31, 2023 (Audit)	11,60,600	23,97,024	908,317	9,34,253	48,30,725	18,90,000	(11,40,284)	422,761	36,78,145	10,26,821	24,10,908	34,194	24,751,02	
Impact of adoption of IFRS 9 - net of tax (4,25)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Opening balance as at January 01, 2024 - after adoption of IFRS 9	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit & loss for the period ended June 30, 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in profit on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in profit on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Re-measurement gain (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Movement in capital (loss) (gain) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer of movement depreciation from surplus on revaluation of fixed assets (or write-down of fixed assets) - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus released on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest cash dividends at Rs 0.50 per share - December 31, 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	
Statement of dividend attributable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2024 (Unaudited)	11,60,600	23,97,024	908,317	3,43,205	51,92,449	18,90,000	(11,62,920)	695,396	36,70,978	112,519,655	254,934,24	373,929	255,232,853	

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

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 Half Year Ended June 30, 2024



CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: Dividend income and share of profit of associates
Adjustments:
Net mark-up / interest income
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 / provisions and write offs - net
Gain on sale of property and equipment - net
Gain on sale of non-banking assets acquired in satisfaction of claims - net
Finance charges on lease liability against right-of-use assets
Workers Welfare Fund
Charge for defined benefit plans - net
Gain on conversion of Ijarah agreements
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)

Mark-up / Interest received
Mark-up / Interest paid
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
Disposal of property and equipment
Investments in Intangible assets
Proceeds from sale of non-banking assets acquired in satisfaction of claims
Investment in subsidiary
Net investment in associates
Effect of translation of net investment in foreign branches and subsidiary
Net cash flow used in 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

Note	Half Year Ended	
	January 01 to June 30, 2024	January 01 to June 30, 2023
	-----Rupees in '000-----	
	68,352,711 (2,328,205)	58,469,600 (1,710,857)
	66,024,506	56,758,743
32	(83,602,011) 2,062,730	(74,217,393) 1,583,418
32	1,108,301	961,951
32	9,338	11,939
32	395,830	271,318
34	560,104	2,230,515
31	(142,510) -	(9,619) (776)
28	899,117 1,357,187 (206,767) (5,841)	715,656 1,175,069 148,131 (8,809)
31	(27,046) (22,424)	(37,720) 11,936
30	(77,613,992) (11,589,486)	(67,164,384) (10,405,641)
	883,925 5,358,604 (53,288,761) 61,100,212	(20,213,226) (116,802) 152,227,248 (19,711,938)
	14,053,980	112,185,282
	(10,900,376) 62,392,048 235,284,882 (1,710,374)	(24,754,331) (96,072,164) 322,404,216 14,405,049
	285,066,180	215,982,770
	201,363,763 (121,203,932) (154,929) (45,040,540)	143,310,835 (111,222,832) (132,813) (25,627,333)
	322,495,036	324,090,268
	(230,382,506) 8,167,099 1,468,720 (5,490,342)	(186,284,955) (8,950,874) 1,483,392 (3,183,043)
	196,067 (1,282,140) -	1,741,500 (250,355) 87,000
	(350,823) 108,859	(649,925) (162,602) 5,292,903
	(227,565,066)	(190,876,959)
	(1,667,502) (21,218,019)	(1,451,151) (14,091,437)
	(22,885,521)	(15,542,588)
	(675) (522,175)	- 11,422,007
	71,521,599 226,735,098 298,256,697	129,092,728 124,208,540 253,301,268

MCB Bank Limited & Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024



1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

"Percentage holding of 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 *

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 1,428 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.

1.1 Demerger of 39 Branches from MCB Bank Limited

The Board of Directors of MCB Bank Limited (MCB) in its meeting held on April 24, 2024 had approved the Scheme of Compromises, Arrangements and Reconstruction (the 'Scheme'), under Section 279 to 283 and 285 of the Companies Act, 2017, between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB) to demerge business operations of its 39 branches and transfer to wholly owned subsidiary MIB subject to regulatory approvals.

No Objection Certificate of the State Bank of Pakistan on the Scheme was received on April 29, 2024 and petition was filed before the Honourable Lahore High Court for sanctioning the scheme of demerger. The shareholders had approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on July 06, 2024.

Subject to sanction by the Honourable Lahore High Court, the banking business of these branches will stand converted into Islamic banking business and will be transferred to and vested in MIB against payment of cash consideration.

2. BASIS OF PREPARATION

2.1 These consolidated condensed interim 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 half year ended June 30, 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 half year ended June 30, 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 intra-group transactions / balances.

2.3 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Group'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, certain investments and derivative financial instruments have been marked to market and are carried at fair value and defined benefit obligations and right of use of assets with related lease liability have been measured at present value on initial recognition.

2.5 The Group believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated condensed interim financial statements have been prepared on a going concern basis.

MCB Bank Limited & Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 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 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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, IFRS 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.
- 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 are 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 except for:

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments
IFRS 18 – Presentation and Disclosure in Financial Statements

Effective date (annual periods beginning on or after)	
January 01, 2026	
January 01, 2027	

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 consolidated condensed interim financial statements of banks that are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. 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. The significant change is relating to right of use assets and corresponding lease liability which 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 in terms of recognition and measurement of assets and liabilities.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 42.

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.

MCB Bank Limited & Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024



In preparation of these financial statements, the Group has applied requirements of IFRS 9 and instructions issued by SBP, through various circulars, from the date of initial application of January 01, 2024 with a 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.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has provided additional clarification on earlier issued 'IFRS 9 Application Instructions' to address certain key matters that had been raised by the banks with a direction to ensure compliance by extended timelines. There are a few other matters, including treatment of unencumbered general provision, which are still under deliberation with the SBP. The Group has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

4.2.1 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit and loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit and loss account. Interest / profit / dividend income on these assets are recognised in the profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the profit and loss account. These assets are subsequently measured at fair value with changes recorded in the profit and loss account. Interest / dividend income on these assets are recognised in the profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

4.2.2 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 (AC), 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. Debt based financial assets can only be held at amortized cost if these 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 based financial assets 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 measured at FVOCI, with unrealized gains or losses deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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:

a. Debt based financial assets previously classified as available for sale (AFS)

The application of IFRS 9 has resulted in classification and consequent remeasurement of investments in INPC's, amounting to Rs. 5,699.494 million, held under AFS portfolio as of December 31, 2023 to FVTPL based on their business model assessment.

The failure of SPPI test upon assessment of contractual cash flows of debt based financial assets has resulted in classification and consequent remeasurement of investments in certain non government debt securities, amounting to Rs. 3,714.280 million to FVTPL.

MCB Bank Limited & Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024



All other debt based financial assets previously classified as AFS upon passing the SPPI test have been designated as FVOCI 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 recognition of realized and unrealized gain/loss under IFRS 9.

b. Debt based financial assets previously classified as held to maturity (HTM)

Debt based financial assets 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. Investments in certain non government debt securities, amounting to Rs. 7,506.816 million, on failing the SPPI test have been reclassified to FVTPL.

The following table reconciles the carrying value of investments in debt based financial assets as reported on December 31, 2023 to the carrying amounts on transition to IFRS 9 at January 01, 2024:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement Category	Audited December 31, 2023	Measurement Category	Balance as of January 01, 2024 - before ECL
-----Rupees in '000'-----				
Federal Government Securities				
- Market Treasury Bills	Available for sale Held for trading	353,834,432 206,562	FVOCI FVTPL	353,834,432 206,562
- Pakistan Investment Bonds	Available for sale Held to maturity	770,131,998 11,367,944	FVOCI AC	770,131,998 11,367,944
- Islamic Naya Pakistan Certificates	Available for sale	5,699,494	FVTPL	5,699,494
- Euro Bonds	Available for sale Held to maturity	5,355,806 3,160,071	FVOCI AC	5,355,806 3,160,071
Government of Pakistan (GOP) Ijarah Sukus	Available for sale Held for trading Held to maturity	93,563,182 2,000,800 36,216,930	FVOCI FVTPL AC	93,563,182 2,000,800 36,216,930
Non Government Debt Securities				
- Sukuk Bonds	Available for sale Held to maturity	1,063,390 2,983,001	FVTPL AC	3,161,391 885,000
- Term Finance Certificates	Available for sale Held to maturity	2,650,890 5,408,815	FVTPL AC	8,059,705 -
Foreign Securities				
- Government securities	Available for sale	44,057,060	FVOCI	44,057,060
		1,337,700,375		1,337,700,375

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

c. 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, that have been mandatorily classified as measured at FVTPL. The fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rs. 9,783.874 million on listed equity investments and Rs. 205.765 million for unlisted equity investments held as at December 31, 2023 to surplus / deficit on revaluation of investments.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 01, 2024 are compared as follows:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9**	
	Measurement Category	Audited December 31, 2023	Measurement Category	IFRS 9 January 01, 2024
-----Rupees in '000'-----				
Cash and balances with treasury banks	Loans and receivables	190,245,798	AC	189,718,501
Balances with other banks	Loans and receivables	37,806,854	AC	37,514,288
Lending to financial institutions	Loans and receivables	89,713,400	AC	89,616,129
Investments - net	Held for Trading	2,492,235	FVTPL	2,492,235
	Available for sale	1,302,892,842	FVOCI FVTPL	1,293,363,088 8,759,754
	Held to maturity	59,136,761	AC FVTPL	51,625,641 8,273,315
Advances - net	Loans and receivables	670,673,495	AC	663,308,743
Other assets	Loans and receivables	228,704,335	AC	228,467,230
		2,581,665,720		2,573,138,924

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

** The reconciliation between carrying amounts of financial assets before and after adoption of IFRS 9 has been disclosed in note 4.2.5

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4.2.3 Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit and loss account.

4.2.4 Expected Credit Loss (ECL)

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Group recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations. Based on the level of increase in credit risk, the Group shall calculate 12mECL for assets which did not have a SICR i.e., stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., stage 2.

Based on the above process, the Group categorizes its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Group recognises the LTECLs for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio / segment. When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Group records an allowance for the LTECLs.

Guarantees & Letter of Credit contracts: The Group estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.



The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

EAD The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

LGD It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Group expects to receive, including any form of collateral.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Group uses an approximation e.g. contractual rate (at reporting date).

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No.16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Group's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

- If a customer fails to service mark-up and / or principal within days past due (dpd) criteria as prescribed by SBP from time to time;

- The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if held).

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

4.2.5 Adoption Impacts

The Group has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 5,206.317 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Balances as of December 31, 2023 (Audited)		Impact due to:				Impact due to:				IFRS 9 Category	
Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classification due to business model and SPP assessments	Remeasurements	Reversal of provisions held	Total impact - gross of tax	Taxation (current + deferred)	Total impact - net of tax	Balances as of January 01, 2024			
Rupees in '000.....											
190,245,798	(527,297)	-	-	-	(527,297)	-	(527,297)	189,718,501	AC		
37,806,654	(292,566)	-	-	-	(292,566)	-	(292,566)	37,514,288	AC		
89,713,400	(97,271)	-	-	-	(97,271)	-	(97,271)	89,616,129	AC		
1,302,892,842	-	(1,302,892,842)	-	-	(1,302,892,842)	-	(1,302,892,842)	-			
59,136,761	-	1,302,892,842	(9,539,754)	-	1,293,363,088	-	1,293,363,088	1,293,363,088	FVOCL		
-	(4,304)	(59,136,761)	(7,506,916)	-	(59,136,761)	-	(59,136,761)	51,625,641	AC		
2,492,235	-	(2,492,235)	-	-	(2,492,235)	-	(2,492,235)	-			
7,821,877	-	2,492,235	17,036,570	(3,501)	19,525,304	-	19,525,304	19,525,304	FVTPL		
1,372,343,715	(4,304)	-	-	(3,501)	-	(7,805)	-	7,821,877	Outside the scope of IFRS 9		
716,525,774	(45,832,279)	(7,364,752)	-	-	(7,364,752)	-	(7,364,752)	(7,364,752)	AC		
670,673,495	(7,364,752)	-	-	-	(7,364,752)	-	(7,364,752)	(7,364,752)	AC		
80,736,669	-	-	-	-	-	-	-	80,736,669	Outside the scope of IFRS 9		
8,001,881	-	-	-	-	-	-	-	8,001,881	Outside the scope of IFRS 9		
1,869,032	-	-	-	-	-	-	-	1,869,032	Outside the scope of IFRS 9		
228,704,335	(237,105)	-	-	-	-	(6,371,787)	(6,371,787)	6,371,787	6,371,787	Outside the scope of IFRS 9	
2,680,085,179	(8,523,285)	-	-	(3,501)	(8,526,796)	(6,371,787)	(6,371,787)	(2,155,019)	2,677,930,170	AC	
27,271,384	-	-	-	-	-	-	-	-	27,271,384	AC	
235,664,480	-	-	-	-	-	-	-	-	235,664,480	AC	
2,009,828,619	-	-	-	-	-	-	-	-	2,009,828,619	AC	
11,429,243	-	-	-	-	-	-	-	-	11,429,243	AC	
3,562,321	-	-	-	-	-	-	-	-	-	AC	
150,568,030	1,688,277	-	-	-	-	1,688,277	(4,915,352)	(3,553,321)	157,191,659	AC	
2,438,334,077	1,688,277	-	-	-	-	1,688,277	(1,363,031)	(3,051,308)	2,441,305,385		
241,751,102	(10,214,572)	-	-	(3,501)	-	(10,214,572)	(5,008,561)	(5,008,561)	236,544,785		
11,850,600	-	-	-	-	-	-	-	-	11,850,600		
101,129,809	-	-	-	-	-	-	-	-	101,129,809		
25,740,282	-	-	-	-	-	-	-	-	25,740,282		
102,689,217	(10,211,572)	-	-	(8,045)	(10,026,787)	(10,034,832)	(4,918,79)	(5,116,113)	102,689,217		
241,409,908	(10,211,572)	-	-	8,045	(3,501)	(10,026,787)	(180,241)	(90,037)	(5,008,756)	(5,008,756)	
341,194	-	-	-	-	-	-	-	-	-	341,194	

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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 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the consolidated condensed interim financial statements.

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.

	Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----			

7. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

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

With State Bank of Pakistan in
Local currency current account
Foreign currency current accounts
Foreign currency deposit account

46,892,357	37,437,971
9,451,792	8,807,239
56,344,149	46,245,210
121,914,507	88,108,940
2,642,060	2,454,172
12,688,518	12,812,091
137,245,085	103,375,203
14,574,544	7,618,129
40,319,661	32,835,691
143,706	171,565
(529,519)	-
248,097,626	190,245,798

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

Cash and balances with treasury banks - net of credit loss allowance

8. BALANCES WITH OTHER BANKS

In Pakistan

In current account
In deposit account

15,376	17,842
1,581	7,886
16,957	25,728

Outside Pakistan

In current accounts
In deposit accounts

19,109,017	11,901,017
32,661,496	25,869,888
51,770,513	37,770,905
(301,371)	(10,221)

Less: Credit loss allowance held against balances with other banks

Balances with other banks - net of credit loss allowance

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings

Repurchase agreement lendings (Reverse Repo)

Musharaka arrangements

45,407,675	65,714,000
34,921,800	21,499,400
8,500,000	2,500,000
88,829,475	89,713,400
(73,886)	-
88,755,589	89,713,400

Less: Credit loss allowance held against lending to financial institutions

Lending to financial institutions - net of credit loss allowance

9.1

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9.1 Particulars of credit loss allowance

Domestic
Performing
Under performing
Non-performing
Substandard
Doubtful
Loss

Total

Overseas
Performing
Under performing
Non-performing
Substandard
Doubtful
Loss

Total

	Unaudited June 30, 2024	Audited December 31, 2023
	Lending	Credit loss allowance held
-----Rupees in '000-----		

43,721,799	(68,963)	-
43,721,799	(68,963)	-
43,721,799	(68,963)	-
43,721,799	(68,963)	-
43,721,799	(68,963)	-

45,107,676	(4,923)	-
45,107,676	(4,923)	-
45,107,676	(4,923)	-
45,107,676	(4,923)	-
45,107,676	(4,923)	-

10. INVESTMENTS

10.1 Investments by type:

Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----			

2,847,299	-	-	2,847,299
10,631,245	-	12,153	10,643,398
688,427	-	10,271	698,698
14,166,971	-	22,424	14,189,395

1,455,393,623	(363,713)	(22,145,513)	1,432,884,397
33,685,707	-	(679,015)	33,006,692
67,955,131	-	23,959	67,979,090
1,557,034,461	(363,713)	(22,800,569)	1,533,870,179

42,821,625	(243,474)	-	42,578,151
118	(118)	-	-
1,362,542	(482,151)	-	880,391
44,184,285	(725,743)	-	43,458,542
9,024,672	-	-	9,024,672

1,624,410,389	(1,089,456)	(22,778,145)	1,600,542,788
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	Audited December 31, 2023			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----				
Held-for-trading securities				
Federal Government Securities	2,202,756	-	4,606	2,207,362
Shares	292,517	-	(7,644)	284,873
	2,495,273	-	(3,038)	2,492,235
Available-for-sale securities				
Federal Government Securities	1,257,348,552	(414,772)	(28,348,868)	1,228,584,912
Shares and units	30,790,160	(10,026,787)	5,773,217	26,536,590
Non Government Debt Securities	3,723,840	-	(9,560)	3,714,280
Foreign Securities	43,963,271	-	93,789	44,057,060
	1,335,825,823	(10,441,559)	(22,491,422)	1,302,892,842
Held-to-maturity securities				
Federal Government Securities	51,005,261	(260,316)	-	50,744,945
Provincial Government Securities	118	(118)	-	-
Non Government Debt Securities	8,869,357	(477,541)	-	8,391,816
Foreign Securities	59,874,736	(737,975)	-	59,136,761
Associates	7,821,877	-	-	7,821,877
Total Investments	1,406,017,709	(11,179,534)	(22,494,460)	1,372,343,715
Unaudited June 30, 2024 Audited December 31, 2023				
-----Rupees in '000-----				
- Market Treasury Bills	6,602,855	-	30,763,692	
- Pakistan Investment Bonds	176,759,341	-	75,842,086	
	183,362,196		106,605,778	
10.1.1 Investments given as collateral				
- Market Treasury Bills	6,602,855	-	30,763,692	
- Pakistan Investment Bonds	176,759,341	-	75,842,086	
	183,362,196		106,605,778	
10.2 Credit loss allowance for diminution in value of investments				
Opening balance	11,179,534	-	10,330,107	
Reversal of impairment charged against equity instruments through FVOCI on adoption of IFRS 9	(10,026,787)	-	-	
Impact of ECL on debt securities on adoption of IFRS 9	4,304	-	-	
Exchange adjustments	(8,399)	-	54,762	
Charge / (reversals)	306	-	1,744,532	
Charge for the period / year	(59,502)	-	-	
Reversals for the period / year	-	-	(949,867)	
Reversal on disposals	(59,196)	-	794,665	
Amounts written off	-	-	-	
Closing Balance	1,089,456		11,179,534	

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	Outstanding amount	Credit loss allowance held	Outstanding amount	*Provision / Credit loss allowance held
-----Rupees in '000-----				
10.3 Particulars of credit loss allowance against debt securities				
Domestic				
Performing	1,495,406,658	4,610	-	-
Under performing	2,841,362	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Overseas				
Performing	477,659	477,659	477,659	477,659
Under performing	477,659	477,659	477,659	477,659
Non-performing	1,498,725,679	482,269	477,659	477,659
Total	74,589,199	-	-	-
	7,696,705	607,187	10,418,986	675,088
	82,285,904	607,187	10,418,986	675,088
	1,581,011,583	1,089,456	10,896,645	1,152,747
* This amount includes overseas ECL for branches where IFRS 9 was already applicable.				
10.4 Summarized financial information of associates				
Unaudited June 30, 2024				
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 June 30, 2024)	Pakistan	30%	887,896	132,447
Adamjee Insurance Company Limited (unaudited based on March 31, 2024)	Pakistan	20%	12,034,918	1,047,115
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)
Adamjee Insurance Company Limited (audited based on December 31, 2023)	Pakistan	20%	41,976,789	2,716,915
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 June 30, 2024 amounted to Rs. 2,513.700 million. (2023: Rs. 2,391.900 million).				
Unaudited June 30, 2024 Audited December 31, 2023				
-----Rupees in '000-----				
Opening balance	6,578,813	-	5,393,123	
Share of profit for the period / year before tax	712,975	-	912,280	
Dividend from associate	(105,000)	-	(210,000)	
Share of tax	(335,174)	-	(425,830)	
Share of other comprehensive income	272,801	-	276,450	
Closing balance	336,545	-	909,240	
Share of other comprehensive income / (loss)	7,188,159		6,578,813	
Share of unrealized surplus on assets -net of tax	348,452	-	787,716	
Share of exchange translation reserve of associate	(11,907)	-	121,524	
	3,36,545	-	909,240	

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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'.

Unaudited June 30, 2024	Audited December 31, 2023	Total
Rupees in '000-----		
8,361	9,356	
52,205	20,401	
(14,740)	(21,396)	
37,465	(995)	
45,826	8,361	

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'.

Unaudited June 30, 2024	Audited December 31, 2023	Total
Rupees in '000-----		
1,234,703	1,105,496	
360,852	(267,428)	
205,161	415,827	
(10,029)	(19,192)	
555,984	129,207	
1,790,687	1,234,703	

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

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Note	Unaudited June 30, 2024	Audited December 31, 2023	Non Performing		Total
			Unaudited June 30, 2024	Audited December 31, 2023	
Rupees in '000-----					
	592,360,906	550,702,472	56,340,552	53,000,544	648,701,458
	102,892,765	88,677,808	2,221,235	1,957,808	105,114,000
	14,295,563	21,305,091	677,197	882,051	14,972,760
	709,549,234	660,685,371	59,238,984	55,840,403	768,758,218
Rupees in '000-----					
11.3	4,942,159	-	-	-	4,942,159
	1,181,251	-	-	-	1,181,251
	-	-	44,877,042	44,877,042	-
	2,102,424	3,169,899	-	42,682,380	2,102,424
	(8,225,834)	(3,169,899)	(44,877,042)	(42,682,380)	(53,102,876)
	701,323,400	657,515,472	14,361,942	13,156,023	(45,882,219)
					715,685,342
					670,673,485
Rupees in '00-----					
					Unaudited June 30, 2024
					Audited December 31, 2023
					Rupees in '00-----
					696,888,634
					71,889,584
					80,081,488
					768,788,218
					776,525,774

Category of Classification	Note	Unaudited June 30, 2024	Audited December 31, 2023	Non Performing Loans	
				Credit Loss allowance	Non Performing Loans
Rupees in '00-----					
Domestic	11.2.1	1,652,031	839,046	1,517,142	1,684
Other Assets Especially Mentioned (O&EM)		3,860,502	1,704,262	1,056,913	52,169
Substandard		2,577,118	1,079,526	382,282	114,909
Doubtful		37,147,024	36,200,376	38,135,498	36,780,475
Loss		43,236,675	39,823,210	41,091,835	36,949,237
Rupees in '00-----					
Overseas		-	-	2,902	726
Up to 90 Days		622,113	314,720	24,898	6,225
91 to 180 Days		13,380,196	4,739,112	1,297	1,297
180 to 365 days		14,002,309	5,053,832	14,748,568	5,733,143
> 365 days		59,238,984	44,877,042	55,840,403	42,682,380
Total		59,238,984	44,877,042	55,840,403	42,682,380

11.2.1 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.

MCB Bank Limited & Subsidiary Companies
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11.3 Particulars of credit loss allowance against advances

Unaudited June 30, 2024				Audited December 31, 2023		
Expected Credit Loss		General	Total	Specific	General	Total
Stage 1 & Stage 2	Stage 3					
Rupees in '000						
-	42,682,380	3,169,899	45,852,279	42,122,972	2,638,230	44,761,202
5,615,036	2,458,683	(708,967)	7,364,752	-	-	-
26,503	(30,988)	-	(4,485)	1,230,321	237,236	1,467,557
1,810,091 (1,328,220)	3,170,160 (2,288,414)	- (358,508)	4,980,251 (3,975,142)	3,685,905 (3,576,979)	531,609 (237,176)	4,217,514 (3,814,155)
481,871	881,746	(358,508)	1,005,109	108,926	294,433	403,359
-	(1,114,779)	-	(1,114,779)	(779,839)	-	(779,839)
6,123,410	44,877,042	2,102,424	53,102,876	42,682,380	3,169,899	45,852,279

11.3.1 An analysis of changes in the credit loss allowance in relation to loans & advances of the Group as at June 30, 2024 is as follows:

Expected Credit Loss			General	Total
Stage 1	Stage 2	Stage 3		
Rupees in '000				
-	-	42,682,380	3,169,899	45,852,279
4,153,361	1,461,675	2,458,683	(708,967)	7,364,752
26,503	-	(30,988)	-	(4,485)
619,908 (81,134)	33,458 (43,173)	34,211 (472,324)	- (358,508)	687,577 (955,139)
409,378 (73,248)	(405,269) 80,205	(4,109) (6,957)	- -	- -
(11,145)	(114,462)	125,607	- -	- -
863,759	(449,241)	(323,572)	(358,508)	(267,562)
-	-	(1,114,779)	-	(1,114,779)
(101,464)	168,817	1,205,318	-	1,272,671
4,942,159	1,181,251	44,877,042	2,102,424	53,102,876

11.3.2 Category of Classification

Domestic

Stage 1	651,577,663	4,799,638	635,484,441	-
Stage 2	29,524,527	780,405	-	-
Stage 3				
	1,652,031	839,046	1,517,142	1,684
	3,860,502	1,704,262	1,056,913	52,169
	2,577,118	1,079,526	382,282	114,909
	37,147,024	36,200,376	38,135,498	36,780,475
	45,236,675	39,823,210	41,091,835	36,949,237
	-	2,040,049	-	3,169,899
	726,338,865	47,443,302	676,576,276	40,119,136
Stage 1	19,479,218	142,521	25,200,930	-
Stage 2	8,967,826	400,846	-	-
Stage 3				
	-	-	27,800	6,950
	622,113	314,720	488,452	244,226
	13,380,196	4,739,112	14,232,316	5,481,967
	14,002,309	5,053,832	14,748,568	5,733,143
	-	62,375	-	-
	42,449,353	5,659,574	39,949,498	5,733,143
	768,788,218	53,102,876	716,525,774	45,852,279

11.3.3 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 credit loss allowance. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 551.968 million (December 31, 2023: Rs. 967.863 million) in determining the credit loss allowance against non-performing Islamic financing and related assets as at June 30, 2024. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 281.504 million as at June 30, 2024 (December 31, 2023: Rs. 493.610 million) and is not available for payment of cash or stock dividends to shareholders.

MCB Bank Limited & Subsidiary Companies
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Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	
12.1	3,894,651	2,191,569
	80,217,714	78,545,100
	<u>84,112,365</u>	<u>80,736,669</u>
	2,441,597	1,348,446
	269,397	101,966
	1,174,119	736,548
	9,538	4,609
	<u>3,894,651</u>	<u>2,191,569</u>
	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
	Rupees in '000	

12. PROPERTY AND EQUIPMENT

Capital work-in-progress	12.1	3,894,651	2,191,569
Property and equipment		<u>80,217,714</u>	<u>78,545,100</u>

12.1 Capital work-in-progress

Civil works	2,441,597	1,348,446
Equipment	269,397	101,966
Advances to suppliers	1,174,119	736,548
Others	9,538	4,609

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	1,703,082	103,442
Property and equipment		
Building on freehold land	207,408	196,433
Building on leasehold land	2,185	2,639
Electrical office and computer equipment	2,515,521	2,135,380
Furniture and fixture	221,420	114,869
Leasehold Improvements	443,123	398,729
Vehicles	397,603	231,551
	3,787,260	3,079,601
	5,490,342	3,183,043

12.3 Disposal of property and equipment

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

Freehold land	13,240	1,699,344
Vehicles	26,520	10,820
Furniture and fixture	636	1,633
Electrical office and computer equipment	13,161	4,459
Leasehold Improvements	-	19
Building on freehold land	-	15,607

13. RIGHT-OF-USE ASSETS

Right-of-use assets

•

13.1 At January 1,

Cost	15,874,475	-	15,874,475	13,758,044	-	13,758,044
Accumulated depreciation	(7,872,594)	-	(7,872,594)	(6,094,319)	-	(6,094,319)
Net carrying amount at January 1,	8,001,881	-	8,001,881	7,663,725	-	7,663,725

Additions / adjustments during the period / year

Deletions during the period / year	(36,952)	-	(36,952)	(173,181)	-	(173,181)
Exchange adjustments	4,424	-	4,424	110,412	-	110,412
Depreciation charge for the period / year	(1,108,301)	-	(1,108,301)	(2,048,637)	-	(2,048,637)
Closing net carrying amount	7,736,877	-	7,736,877	8,001,881	-	8,001,881

MCB Bank Limited & Subsidiary Companies
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For The Half Year Ended June 30, 2024



14. INTANGIBLE ASSETS

Computer software
Goodwill
Management rights
Capital work-in-progress

Note Unaudited Audited
June 30, 2024 December 31, 2023

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

1,459,181	969,440
82,127	82,127
192,000	192,000
1,013,297	615,465
2,746,605	1,859,032

14.1 Additions to intangible assets

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

Computer software
Capital work-in-progress - net additions

Unaudited Half Unaudited Half
year ended year ended
June 30, 2024 June 30, 2023

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

884,308	177,249
397,832	73,106
1,282,140	250,355

Unaudited Audited
June 30, 2024 December 31, 2023

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

6,003,831	204,206
198,232	154,378
11,172,279	11,020,798
17,374,342	11,379,382

(3,633,497)	(3,704,544)
(297,334)	(297,334)
(3,660,116)	(3,678,662)
(3,905,551)	(3,639,789)
(705,218)	(705,218)
(3,204,735)	(2,906,156)
(15,406,451)	(14,931,703)

1,967,891	(3,552,321)
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15. DEFERRED TAX ASSETS / (LIABILITIES) - NET

Deductible Temporary Differences on

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

Taxable Temporary Differences on

- Surplus on revaluation of property and equipment
- Surplus on revaluation of non-banking assets
- Accelerated tax depreciation
- Receivable from pension fund
- Business combination
- Investments in associated undertaking

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 22
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 / provision held against other assets 16.1
Other Assets net of credit loss allowance
Surplus on revaluation of non-banking assets
acquired in satisfaction of claims 24
Other Assets - total

77,052,862	71,559,030
549,613	503,365
6,728,143	5,429,263
1,628,546	1,637,884
133,809	133,809
1,412,223	2,596,164
5,497	73,852
33,761,417	42,551,113
7,970,513	7,428,142
33,692,577	27,296,155
-	67,187,000
580,698	607,980
4,132,256	4,463,917
167,648,154	231,467,674
3,544,360	3,370,145
164,103,794	228,097,529

606,806	606,806
164,710,600	228,704,335

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16.1 Credit loss allowance / provision held against other assets

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

Unaudited Audited
June 30, 2024 December 31, 2023

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

88,083	88,083
580,698	607,980
224,418	4,972
2,651,161	2,669,110
3,544,360	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

237,105

6,246

(50,948)

(44,702)

(521)

(17,667)

3,544,360

3,370,145

17. CONTINGENT ASSETS

There were no contingent assets of the Group as at June 30, 2024 (2023: Nil).

Unaudited Audited
June 30, 2024 December 31, 2023

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

16,341,229	27,008,158
29,779	263,226
16,371,008	27,271,384

18. BILLS PAYABLE

In Pakistan
Outside Pakistan

40,321,248	51,576,669
19,451,513	21,441,512
2,373,935	2,445,557
40,307,172	42,326,816
209,700	239,697
5,494	6,272
102,669,062	118,036,523
189,166,583	106,366,325
291,835,645	224,402,848

Repurchase agreement borrowings

Total secured

Unsecured

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

-	1,000,000
2,854,530	2,314,827
1,310,071	1,019,866
2,184,200	6,764,653
162,286	162,286
6,511,087	11,261,632
298,346,732	235,664,480

Total unsecured

MCB Bank Limited & Subsidiary Companies
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	Unaudited June 30, 2024			Audited December 31, 2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Customers						
Current deposits	761,059,810	191,206,064	952,265,874	683,410,951	165,899,903	855,300,854
Savings deposits	984,736,300	37,369,376	1,022,695,676	888,371,233	44,118,221	932,489,454
Term deposits	76,084,480	20,588,716	96,673,196	70,574,277	22,114,167	92,688,444
Others	78,488,398	4,113,351	82,601,749	52,203,271	4,930,851	57,134,122
Financial Institutions	1,900,368,988	253,987,507	2,154,236,495	1,700,559,732	237,053,142	1,937,612,874
Current deposits	18,384,409	347,0960	21,855,369	17,749,339	3,717,505	21,466,844
Savings deposits	48,422,399	1,084,133	49,506,532	32,272,124	488,590	32,760,714
Term deposits	11,673,071	7,742,951	19,416,022	10,666,887	7,216,607	17,883,504
Others	-	99,083	99,083	-	104,683	104,683
Lease Liabilities	78,479,879	12,397,127	90,877,006	60,688,360	11,527,385	72,215,745
Closing Balance	1,978,848,967	266,264,634	2,245,113,501	1,761,248,992	248,580,527	2,099,828,619

21. LEASE LIABILITIES

Lease Liabilities

	Unaudited June 30, 2024			Audited December 31, 2023		
	Buildings	Others	Total	Buildings	Others	Total
At January 1,						
Additions / adjustments during the period / year	11,429,243	-	11,429,243	10,432,368	-	10,432,368
Lease payments including interest	900,748	-	900,748	2,348,050	-	2,348,050
Finance charges	(1,667,502)	-	(1,667,502)	(2,844,026)	-	(2,844,026)
Deletions during the period / year	899,117	-	899,117	1,669,866	-	1,669,866
Deletions during the period / year	(67,057)	-	(67,057)	(243,799)	-	(243,799)
Exchange adjustments	(1,399)	-	(1,399)	66,784	-	66,784
Closing Balance	11,493,150	-	11,493,150	11,429,243	-	11,429,243

21.2 Liabilities Outstanding

Not later than one year	1,599,659	-	1,599,659	1,676,146	-	1,676,146
Later than one year and upto five years	5,394,629	-	5,394,629	5,209,616	-	5,209,616
Over five years	4,498,862	-	4,498,862	4,543,481	-	4,543,481
Total at the year end	11,493,150	-	11,493,150	11,429,243	-	11,429,243

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22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency
Mark-up / return / interest payable in foreign currencies
Unearned commission and income on bills discounted
Accrued expenses
Current taxation (provisions less payments)
Workers Welfare Fund
Acceptances
Unclaimed / dividends payable
Mark to market loss on forward foreign exchange contracts
Unrealised loss on derivative financial instruments
Branch adjustment account
Provision for employees' compensated absences
Provision for post retirement medical benefits
Provision for employees' contributory benevolent scheme
Insurance payable against consumer assets
Unclaimed balances
Duties and taxes payable
Charity fund balance
Credit loss allowance / provision against off-balance sheet obligations
Security deposits against lease
Clearing and settlement accounts
Others

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	-----Rupees in '000-----
	9,220,647	7,032,232
	488,594	579,109
	2,423,678	2,119,095
	9,029,609	9,446,800
	14,987,189	21,099,089
22.1	15,160,220	13,892,531
16	33,761,417	42,551,113
	2,585,644	2,425,756
	937,370	1,202,115
	5,497	73,848
	117,266	28,696
	1,323,417	1,266,190
	2,250,759	2,121,129
	134,665	140,847
	30,726	586,691
	404,832	508,115
	7,002,848	11,440,990
	9,640	23,238
	1,541,577	78,807
	3,403,345	3,020,407
	27,170,921	24,223,005
	7,244,677	6,728,227
	139,234,538	150,588,030

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 June 30, 2024 is as follows:

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	-----Rupees in '000-----
	78,807	48,403
	1,688,277	-
	(57)	8,449
	44,065	21,955
	(269,515)	(225,450)
	-	21,955
	1,541,577	78,807

23. RESERVES

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	-----Rupees in '000-----

Share premium
Non-distributable capital reserve - gain on bargain purchase option
Exchange translation reserve
Statutory reserve
General reserve

23.1	23,973,024	23,973,024
	908,317	908,317
	9,438,205	9,341,253
	51,935,449	48,307,215
	18,600,000	18,600,000
	104,854,995	101,129,809

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:
- Securities measured at FVOCI - Debt / AFS securities
- Securities measured at FVOCI - Equity / AFS securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Associated undertaking

Deferred tax on (surplus) / deficit on revaluation of:
- Securities measured at FVOCI - Debt / AFS securities
- Securities measured at FVOCI - Equity / AFS securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Associated undertaking

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	
10.1	(22,121,554)	(28,264,639)
10.1	(679,015)	5,773,217
	40,025,002	40,183,217
16	606,806	606,806
	1,598,519	1,250,067
	19,429,758	19,548,668
15	10,839,562	13,849,674
15	332,717	(2,828,876)
15	(3,633,496)	(3,704,544)
15	(297,334)	(297,334)
	(992,213)	(827,306)
	6,249,236	6,191,614
	25,678,994	25,740,282

25. CONTINGENCIES AND COMMITMENTS

-Guarantees
-Commitments
-Other contingent liabilities

25.1	291,631,600	318,643,498
25.2	473,019,625	512,200,312
25.3	29,906,777	34,363,515
	794,558,002	865,207,325
	153,767,059	126,236,623
	120,331,166	176,196,192
	17,533,375	16,210,683
	291,631,600	318,643,498

25.1 Guarantees:

Financial guarantees
Performance guarantees
Other guarantees

25.2	265,245,510	318,590,512
25.2.1	198,983,114	171,638,288
25.2.2	-	15,220,315
25.2.3	3,635,442	1,595,548
	1,066,635	1,128,247
	3,129,498	2,390,799
	959,426	1,636,603
	473,019,625	512,200,312

25.2.1 Commitments in respect of forward foreign exchange contracts

Purchase
Sale

109,157,802	93,150,006
89,825,312	78,488,282
198,983,114	171,638,288

25.2.2 Commitments in respect of forward government securities transactions

Purchase
Sale

-	15,197,000
-	23,315
-	15,220,315

25.2.3 Commitments in respect of derivatives

FX options
Purchase
Sale

1,817,721	736,983
1,817,721	736,983
3,635,442	1,473,966
-	60,791
-	60,791
-	121,582
3,635,442	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 June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	

25.3 Other contingent liabilities

Claims against the Group not acknowledged as debts

25.3.1	29,906,777	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 2024, the tax department disputed Bank's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,632.390 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 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 Holding company'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 June 30, 2024					
Cross Currency Swaps		Interest Rate Swaps		FX Options	
Notional	Mark to market gain / loss	Notional	Mark to market gain / loss	Notional	Mark to market gain / loss
Principal	Principal	-----Rupes in '000-----		-----Rupes in '000-----	
Total	-	-	-	-	-
Hedging	-	-	-	-	1,817,721
Market Making	-	-	-	-	(5,497)
Audited December 31, 2023					
-----Rupes in '000-----					
Total	60,791	62,365	-	-	736,983
Hedging	60,791	(62,361)	-	-	736,983
Market Making	-	-	-	-	(11,487)

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27. MARK-UP / RETURN / INTEREST EARNED

	Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
		-----Rupees in '000-----	
Loans and advances		63,851,192	62,616,339
Investments		137,472,872	92,482,338
Lendings to financial institutions		4,418,830	4,161,590
Balances with banks		1,160,949	972,670
		206,903,843	160,232,937

27.1 Interest income recognised on:

Financial assets measured at amortised cost	73,507,597
Financial assets measured at FVOCI	131,729,518
Financial assets measured at FVTPL	1,666,728
	206,903,843

28. MARK-UP / RETURN / INTEREST EXPENDED

Deposits	104,124,027	64,157,529
Borrowings	16,252,103	19,371,026
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,026,585	1,771,333
Finance charges on lease liability against right-of-use assets	899,117	715,656
	123,301,832	86,015,544

29. FEE & COMMISSION INCOME

Branch banking customer fees	2,010,913	1,675,706
Consumer finance related fees	336,920	367,374
Card related fees (debit and credit cards)	3,916,990	2,732,930
Credit related fees	487,520	343,161
Investment banking fee	75,820	58,963
Commission on trade	1,963,918	1,404,351
Commission on guarantees	710,222	413,196
Commission on cash management	536,247	464,563
Commission on remittances including home remittances	820,111	822,555
Commission on bancassurance	378,234	485,690
Rent on lockers	125,862	122,696
Commission on utility bills	48,715	37,297
Commission on investments services	1,072,820	791,058
Others	303,682	183,087
	12,787,974	9,902,627

30. GAIN / (LOSS) ON SECURITIES

Realised	30.1	58,318	84,751
Unrealised - Measured at FVTPL	10.1	22,424	(11,936)
		80,742	72,815

30.1 Realised gain / (loss) on:

Federal Government Securities	64,123	68,753
Non Government Debt Securities	6,521	580
Shares	(12,326)	15,418
	58,318	84,751

30.2 Realised gain / (loss) on:

Financial assets measured at FVTPL	40,199	21,050
Designated upon initial recognition	-	-
Mandatorily measured at FVPL	40,199	21,050
Financial assets measured at FVOCI	18,119	63,701
	18,119	63,701
	58,318	84,751

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31. OTHER INCOME

Rent on property	72,000	64,021
Gain on conversion of Ijarah agreements	5,841	8,809
Gain on termination of lease liability against right of use assets	27,046	37,720
Gain on sale of property and equipment - net	142,510	9,619
Gain on sale of non-banking assets acquired in satisfaction of claims - net	-	776
	247,397	120,945

32. OPERATING EXPENSES

Total compensation expense	15,306,575	13,019,997
Property expense		
Rent and taxes	166,819	162,100
Insurance	35,498	31,881
Utilities cost	1,294,070	979,655
Fuel expense generators	481,409	667,166
Security (including guards)	1,279,575	1,060,350
Repair and maintenance (including janitorial charges)	694,123	571,572
Depreciation on right-of-use assets	1,108,301	961,951
Depreciation	727,083	593,714
	5,786,878	5,028,389

Information technology expenses

Software maintenance	1,083,327	985,132
Hardware maintenance	182,676	194,470
Depreciation	675,604	425,210
Amortization	395,830	271,318
Network charges	411,263	357,189
Insurance	4,810	3,460
	2,753,510	2,236,779

Other operating expenses

Directors' fees and allowances	22,420	18,620
Remuneration to shariah board members	9,756	7,784
Legal and professional charges	285,535	218,353
Outsourced services costs	600,985	505,391
Travelling and conveyance	396,258	252,556
NIFT clearing charges	124,723	123,064
Depreciation	660,043	564,494
Depreciation on non-banking assets acquired in satisfaction of claims	9,338	11,939
Training and development	41,774	51,184
Postage and courier charges	179,803	141,487
Communication	1,007,888	586,162
Stationery and printing	699,424	587,649
Marketing, advertisement & publicity	657,965	366,622
Donations	10,100	10,000
Auditors' remuneration	58,656	39,780
Cash transportation charges	621,584	534,505
Repair and maintenance	404,983	334,195
Subscription	48,526	30,650
Entertainment	230,820	209,846
Remittance charges	119,279	131,466
Brokerage expenses	51,155	47,680
Card related expenses	1,671,125	1,282,682
CNIC verification charges	197,702	173,814
Insurance	1,255,271	1,044,695
Others	334,489	243,505
	9,699,602	7,518,123
	33,546,565	27,803,288

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	Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
-----Rupees in '000-----			
33. OTHER CHARGES			
Penalties of State Bank of Pakistan		61,806	27,060
VAT & National Building tax & Crop Insurance Levy		129,373	192,395
Education cess		48,800	46,614
		239,979	266,069
34. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against balance with other banks		3,705	10,470
Credit loss allowance against cash and balances with treasury banks		(3,030)	-
(Reversal of) / credit loss allowance for diminution in value of investments	10.2	(59,196)	1,824,672
Credit loss allowance against loans and advances	11.3	1,005,109	438,232
Reversal of credit loss allowance against lendings to financial institutions		(23,385)	-
(Reversal of) / credit loss allowance against off balance sheet items		(225,450)	8,420
(Reversal of) / credit loss allowance against other assets	16.1.1	(44,702)	33,666
Recovery of written off / charged off bad debts		(92,947)	(84,945)
		560,104	2,230,515
35. TAXATION			
Current		33,825,783	28,848,138
Prior years		11,469	(1,940)
Deferred		(529,991)	740,225
Share of tax of associates		349,914	208,763
		33,657,175	29,795,186
36. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax attributable to Equity Shareholders of the Bank		-----Rupees in '000-----	
		34,611,467	28,598,730
Weighted average number of ordinary shares		-----Number-----	
		1,185,060,006	1,185,060,006
Basic and diluted earnings per share		-----Rupees-----	
		29.21	24.13

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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).
Property and equipment (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 June 30, 2024				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,435,731,696	-	1,435,731,696	-	1,435,731,696
Shares and units	32,274,663	32,152,156	122,507	-	32,274,663
Non-Government Debt Securities	10,643,398	-	10,643,398	-	10,643,398
Foreign Securities	67,979,090	-	67,979,090	-	67,979,090
Financial assets - disclosed but not measured at fair value					
Investments (amortized cost, unlisted ordinary shares and associates)	53,913,941	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,776,954	-	64,776,954	-	64,776,954
Non-banking assets	2,147,269	-	2,147,269	-	2,147,269
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	109,157,802	-	841,205	-	841,205
Forward sale of foreign exchange	89,825,312	-	1,316,058	-	1,316,058
Derivatives purchase	1,817,721	-	5,497	-	5,497
Derivatives sale	1,817,721	-	5,497	-	5,497

	Audited December 31, 2023				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
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 SEGMENT INFORMATION

38.1 Segment details with respect to business activities

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

	Unaudited Half Year ended June 30, 2024				
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking
-----Rupees in '000-----					
Profit & Loss					
Net mark-up/return/profit	(74,001,189)	1,954,320	112,389,046	8,423,281	19,722
Inter segment revenue - net	142,335,047	(559,080)	(126,620,726)	(212,337)	9,912,328
Non mark-up / return / interest income	6,631,477	1,291,080	5,584,822	3,861,491	1,106,193
Total Income	74,965,335	2,686,340	11,158,503	(10,390,189)	8,999,658
Segment direct expenses	18,628,199	1,200,831	951,255	389,366	1,380,125
Inter segment expense allocation	18,628,199	1,200,831	951,255	389,366	1,380,125
Total expenses	18,628,199	1,200,831	951,255	389,366	1,380,125
Credit loss allowance and write offs - net	833,405	456,233	933,273	(24,281)	49,665
Profit before tax	55,301,731	1,029,246	9,273,975	(10,725,274)	4,261,121
-----Rupees in '000-----					
Statement of Financial Position					
Cash & Bank balances	88,829,010	1,134,014	495,473	122,718,573	33,679
Investments	-	-	10,730,535	1,371,445,464	81,200,397
Net inter segment lending	1,470,521,327	-	-	35,152,923	45,102,752
Lendings to financial institutions	-	-	-	23,684,078	102,127,826
Advances - performing / underperforming	78,694,134	34,682,231	459,439,399	894,847,575	674,807
- non performing	2,516,629	187,032	1,516,333	894,847,575	518,666
Others	59,322,418	4,761,451	52,419,435	44,934,500	22,149,524
Total Assets	1,699,883,518	40,764,728	524,541,175	1,574,251,460	209,889,882
Borrowings	6,902,931	43,862	86,631,004	186,449,815	3,077,800
Deposits & other accounts	1,676,125,672	30,338,224	111,488,662	-	175,103,631
Net inter segment borrowing	4,943,144	-	-	252,028,644	2,032,425
Others	16,850,915	5,439,498	33,704,663	1,568,220	12,918,271
Total Liabilities	1,699,883,518	40,764,728	524,541,175	1,574,251,460	209,889,882
Equity	1,699,883,518	40,764,728	524,541,175	1,574,251,460	209,889,882
Contingencies & Commitments	69,813,770	-	434,688,647	181,212,838	15,921,314



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	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
Profit & Loss											
Unaudited Half year ended June 30, 2023											
Net mark-up/return/profit	(43,939,273)	2,383,553	35,794,899	69,378,193	3,391,497	7,073,412	(4,288)	139,400	74,217,393	-	74,217,393
Inter segment revenue - net	107,763,165	(1,405,600)	(29,412,026)	(84,570,328)	(172,247)	-	-	7,797,036	-	-	-
Non mark-up / return / interest income	5,950,087	1,301,957	3,710,990	2,154,371	1,093,555	705,969	788,234	621,885	15,727,148	-	15,727,148
Total Income	69,175,979	2,279,910	10,093,863	(13,037,764)	4,312,905	7,779,381	783,946	8,558,321	89,944,541	-	89,944,541
Segment direct expenses	15,975,802	1,147,198	519,098	313,298	1,249,183	3,452,070	390,474	6,194,303	29,244,426	-	29,244,426
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	15,975,802	1,147,198	519,098	313,298	1,249,183	3,452,070	390,474	6,194,303	29,244,426	-	29,244,426
Provisions / (reversals) & write offs - net	501,212	36,129	43,984	1,304,165	67,955	318,135	-	(646,965)	2,230,515	-	2,230,515
Profit before tax	52,993,955	1,096,683	9,530,781	(14,655,227)	2,389,167	4,098,176	393,472	3,010,983	58,469,500	-	58,469,500
Statement of Financial Position											
Unaudited December 31, 2023											
Cash & Bank balances	73,010,365	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	1,168,355,590	52,575,575	132,544,302	1,441,530	6,096,773	1,372,343,715	-	1,372,343,715
Net inter segment lending	1,323,367,835	-	-	24,703,733	62,509,667	2,500,000	-	25,010,925	1,580,460,407	(1,580,460,407)	-
Lending to financial institutions	-	-	-	-	25,200,930	88,134,857	25,113	4,019,573	89,713,400	-	89,713,400
Advances - performing	93,175,361	36,852,172	410,107,466	-	9,015,226	1,212,558	-	505,599	13,158,023	-	65,515,472
- non performing	892,197	213,265	1,318,978	-	1,97,880	20,118,941	1,332,202	63,836,586	319,301,917	-	13,158,023
Others	58,036,413	4,929,573	60,251,154	108,819,168	1,392,596,621	191,978,905	268,787,982	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)
Total Assets	1,548,482,171	43,070,810	463,283,605	1,392,596,621	191,978,905	268,787,982	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,889,085,179
Borrowings	7,854,875	28,071	100,265,851	95,674,888	3,148,691	25,813,546	-	2,878,548	235,684,480	-	235,684,480
Deposits & other accounts	1,502,161,409	26,053,661	119,653,517	-	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	38,455,887	4,982,728	42,472,664	275,510	4,299,724	14,478,036	1,009,145	88,864,294	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	268,787,982	2,841,548	89,742,832	4,018,794,384	(1,580,460,407)	2,438,334,077
Equity	-	-	-	-	-	-	-	241,751,102	241,751,102	-	241,751,102
Total Equity & Liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	268,787,982	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,889,085,179
Contingencies & Commitments	91,494,401	-	499,006,135	170,499,690	15,455,739	51,908,493	-	36,842,867	865,207,325	-	865,207,325

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 Group's 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.

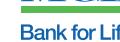
Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	Audited December 31, 2023				(Rupees in '000)			
	Unaudited June 30, 2024		Key Management Personnel		Directors	Other Related Parties	Key Management Personnel	Other Related Parties
Investments	-	-	7,821,877	249,253	-	-	6,507,975	249,253
Opening balance	-	-	841,943	-	-	-	919,807	-
Equity method adjustments	-	-	360,852	-	-	-	394,095	-
Investment / (redemptions) during the period / year	-	-	9,024,672	249,253	-	-	7,821,877	249,253
Closing balance	-	-	-	-	-	-	-	-
Credit loss allowance for diminution in value of investments*	-	-	-	-	-	-	-	-
Advances	1,436	339,386	-	1,509,280	1,543	281,237	-	4,445,292
Opening balance	3,018	66,716	-	392,147	5,963	95,327	-	914,191
Addition / exchange adjustment during the period / year	(4,310)	(56,435)	-	(641,118)	(6,070)	(85,184)	-	(3,850,203)
Repayment / exchange adjustment during the period / year	-	(45,632)	-	-	-	48,006	-	-
Transfer in / out)	144	304,035	-	1,260,309	1,436	339,386	-	1,509,290
Closing balance	(10)	(24,071)	-	(17,557)	-	-	-	-
Credit loss allowance against advances*	-	-	6,820	243,322	-	-	7,533	191,247
Fixed Assets	-	-	6,820	243,322	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-
Other Assets	-	-	3,827	-	408,251	7,992	-	26,675
Income / markup accrued	1	-	-	-	207,113	-	-	25,684
Advances, deposits, advance rent and other prepayments	-	-	-	-	7,970,513	-	-	7,428,143
Receivable from pension fund	1	3,827	408,251	8,185,618	-	-	4,302	57,809
Credit loss allowance / provision held against other assets*	-	(375)	-	(104)	-	-	-	-



MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024



MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024



	Unaudited June 30, 2024	Audited December 31, 2023					
Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
(Rupees in 000)							
Deposits and other accounts							
Opening balance	3,034,686	200,484	8,321,464	10,033,148	193,547	184,112	5,623,897
Received during the period / year	1,906,228	1,193,710	37,425,885	69,144,494	4,574,426	1,701,687	90,801,961
Withdrawn during the period / year	(4,687,042)	(1,096,502)	(38,224,600)	(65,697,349)	(1,753,287)	(1,718,969)	(88,104,394)
Transfer in / (out) - net	(37)	(755)					(103,993,441)
Closing balance	253,835	296,337	7,522,749	13,745,095	3,034,686	200,484	8,321,464
							10,033,148
Other Liabilities							
Markup / return / interest payable	-	4,149	21,383	6,710	-	2,009	121,341
Accrued expenses and other payable	-	-	103,828	836	-	-	47,714
Advance received against sale of property	-	-	-	-	-	-	-
Credit loss allowance / provision against off-balance sheet obligations*	-	4,149	125,211	7,546	-	2,009	169,055
							5,436
Contingencies and Commitments							
Letter of Credit	-	-	8,727,646	7,544,701	-	-	-
Bank guarantee	-	-	8,727,646	1,734,614	-	-	-
				9,279,315	-	-	-
					-	-	-
					8,839,177	8,839,177	1,722,909
							6,732,276

Credit loss allowance / provision against off-balance sheet obligations*

Contingencies and Commitments

Letter of Credit

Bank guarantee

MCB Bank Limited & Subsidiary Companies

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For The Half Year Ended June 30, 2024



	Unaudited June 30, 2024	Audited June 30, 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	-	11,861	-	56,002	24	11,017	-
Fee and commission income	-	-	455,633	14,697	-	-	377,761
Dividend income	-	-	105,000	59,325	-	-	114,704
Gain / (loss) on forward foreign exchange contracts matured	-	-	-	71,635	-	-	-
Net gain / (loss) on sale of securities	7	65	-	-	-	-	-
Gain on sale of fixed assets	30	89	-	1,036	-	(23)	623
Rent income	-	-	5,474	-	136	136	868
Expense							
Markup / return / interest expensed	36,223	9,399	312,532	1,050,870	7,202	4,782	273,263
Other Operating expenses							
Clearing expenses paid to NIFT	-	-	-	107,035	-	-	-
Contribution to provident fund	-	-	-	306,337	-	-	273,445
Rent expenses	-	-	41,193	29,154	-	-	27,139
Cash sorting expenses	-	-	-	64,090	-	-	67,736
Stationery expenses	-	-	-	235,272	-	-	275,274
Security guards expenses	144,481	708,992	-	2,578	-	-	54,432
Remuneration to key executives and non-executive directors fee	-	-	67,032	-	103,751	563,791	-
Outsourcing service expenses	-	-	-	-	-	-	72,511
Donation during the period	-	-	-	-	-	-	-
E-dividend processing fee and CDC charges	-	-	-	3,460	-	-	5,000
Travelling Expenses	-	-	-	64,881	-	-	2,769
Hotel stay expenses	-	-	-	13,669	-	-	11,763
Repair & Maintenance Charges	-	-	-	2,280	-	-	3,164
Utility expenses	-	-	-	1,327	-	-	2,160
Miscellaneous expenses and payments	-	-	-	2,509	-	-	366
Insurance premium-net of refund	-	-	368,726	-	-	-	979
Insurance claim settled	-	-	61,331	-	-	-	-
Other Transactions							
Proceeds from sale of fixed assets	31	89	-	-	-	136	-
Sale of government securities	73,455	77,326	5,543,426	20,505,635	12,964	100,283	12,036,173
Purchase of government securities	-	58,877	4,003,603	16,192,249	4,995	98,970	3,969,079
Forward exchange contracts matured during the period	-	-	-	6,442,102	-	-	32,596,383
							399,000

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.

The Chairman has been provided with free use of the Bank's 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 & Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024



40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

40.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Unaudited
June 30, 2024 Audited
December 31, 2023

Rupees in '000-----

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)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

202,809,163	191,312,686
-	-
202,809,163	191,312,686
44,769,267	37,941,962
247,578,430	229,254,648

796,923,195	736,886,134
177,347,757	164,887,944
257,825,971	257,825,971
1,232,096,923	1,159,600,049
16.46%	16.50%
16.46%	16.50%
20.09%	19.77%

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

Unaudited
June 30, 2024 Audited
December 31, 2023

Rupees in '000-----

202,809,163	191,312,686
3,544,736,195	3,361,118,695
5.72%	5.69%

1,492,731,407	1,206,951,258
614,878,795	499,477,977
242.77%	241.64%

1,843,814,751	1,699,651,967
1,141,905,270	1,148,136,107
161.47%	148.04%

40.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

40.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

MCB Bank Limited & Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended June 30, 2024



41 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 07, 2024 has announced an interim cash dividend in respect of half year ended June 30, 2024 of Rs. 9.00 per share (June 30, 2023: Rs. 7.00 per share). These consolidated condensed interim financial statements for the period ended June 30, 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 consolidated condensed interim financial statements for the purposes of better presentation.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements due to adoption of new forms for the preparation of financial statements as explained in note 4.1 is as follows:

Description of item	Nature	From	To	Rs in '000'
Right-of-use assets	Asset	Property and equipment	Right-of-use assets	8,001,881
Lease liabilities against right-of-use-assets	Liability	Other liabilities	Lease liabilities	11,429,243

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 August 07, 2024.



Hammad Khalid
Chief Financial Officer



Shoaib Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director