

REPORT

MCB Bank for Life

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

	Note	Unaudited June 30, 2024	Audited December 31, 2023
		Rupee	es 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.

Hammad Khalid Chief Financial Officer

que Shoaib Mumtaz President / CEO

Un Mark Mian Umer Mansha

Director

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Director



MCB Bank Limited

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



		Quarte	r Ended	Half Yea	r Ended
		April 01	April 01	January 01	January 01
	Note	to June 30, 2024	to June 30, 2023	to June 30, 2024	to June 30, 2023
		June 30, 2024	Rupees	,	June 30, 2023
			Rupooo		
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
			Rup	ees	

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

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Shoaib Mumtaz President / CEO

36





12.98

26.95

Hammad Khalid Chief Financial Officer

Basic and diluted earnings per share

Director

_ Shahzad Hussain Director

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11.50

Muhammad Ali Zeb Director

22.52



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

	Quarte	r Ended	Half Yea	r Ended
	April 01 to June 30, 2024	April 01 to June 30, 2023 Rupees	January 01 to June 30, 2024 in '000	January 01 to June 30, 2023
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	-
Remeasurement gain on defined benefit obligations - net of tax	-	292,162	-	292,162
Movement in surplus on revaluation of property and equipment - net of tax	-	(459,275)	-	(459,275)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(52,418)	-	(52,418)
	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

gunde. Shoaib Mumtaz President / CEO







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

				Capital reserve			Revenue reserve	Surplus/(deficit)	Surplus/(deficit) on revaluation of		
		Share capital	Share premium	Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	General reserve	Investments	Property and equipment / non- banking assets	Unappropriated profit	Total
F	Babinos as at December 31, 2022 (Audited)	11,850,600	23,751,114	718,808	4,402,973	40,915,620	-Rupees in '000	(19,082,376)	37,723,027	70,425,375	189,494,650
ţ	Profit after transform for the period ented June 30, 2023 Other commerciencies income - and if are									26,687,032	26,687,032
	Effect of translation of net investment in foeign branches Movement in scalate for of more variance and a comment - net of lav				5,084,290				-	• •	2/08
	Movement in supplies on reveauation of non-banking assets - net of lax								(52,418)		(52,418)
	Kenneasurement gaan / ijoss) on deined benetit obigatons - net of tax Movement in surplus / (deficit) on revaluation of AFS investments - net of tax							- (3,903,053)			23.90
			•	•	5,084,290	•		(3,903,053)	(511,693)	292,162	6
	Transfer to statutory reserve		•	•		2,668,703	•		•	(2,668,703)	
9	Transfer in respectof incremental depreciation from suplus on revaluation of of prometry and environment to maximumidiated enorth 1 - and of tax								(76.597)	76.507	
J	Surplus realized on disposal of revalued property and equipment - net of lax		•	•	•	•	•	•	(1,097,114)	1,097,114	
بد ==			•	•				•	(/00'81)	/CC' 81	
ud.	Ir ans actions with owners, recorded of meetly in equity Final cash dividend at Rs. 6.0 per share - December 31, 2022									(7.110.360)	12)
k.	Interim cash dividend at Rs. 6.0 per share - March 31, 2023									(7,110,360)	(7,110,360)
				•	•	•		•		(14,220,720)	(14,220,720)
	Balance as at June 30, 2023 (Un-audited)	11,850,600	23,751,114	908,317	9,487,263	43,584,323	18,600,000	(22,985,429)	36,019,086	101,394	202,922,668
	Profit after taration for the six months period ended December 31, 2023									32,944,065	32,944,065
	Other comprehensive income - net of tax Effect of translation of net investment in foreion branches	•			(801.888)					•	6)
Ú,	Movement in surplus on revaluation of property and equipment - net of tax		•	•		•		•	204,974	•	. ~
	Movement in surpus on revaluation of non-banking asses - net of tax Remeasurement gain / (loss) on defined benefit obligations - net of tax	•••					•••			- 2,377,694	(111,458) 2,377,694
M	Movement in surplus / (deficit) on revaluation of AFS investments - net of tax		•		- /001 8.88)		•	11,046,714 11 046 714	- 02 5 16	- -	11,046,714
9	Transfer i a tatal an raceana				(non' i ne)	LUV VOL C		11, '040'i I		1201 100 6	0'71
rL						101,107,0				(10+"+67"0)	
	iranser in respection increments representation from surplus on reveauation of of property and equipment to unappresentation in the of fax.								(75,597) JE 0003	75,597	
	ou puos realizati ori uspicasti ori riori-tari Miligi assess - ritati ori tati								(ren'r)	cenic	
	Transactions with owners, recorded directly in equity Interim cash dividend at Rs. 7.0 per share - June 30, 2023									(8,295,420)	(8,295,420)
10.1	Interim cash dividend at Rs. 8.0 per share - September 30, 2023			•		•				(9,480,480)	(9,4
ł	Delener or of Decomber 21, 2009 (Intered)	11 950 600	- 12 751 114	- 000 217	- 37,0 30,0	- 007 070 34	-	111 020 7151		(W5/0////)	108/07///I)
	baceroo de advoigner et actor y actor y actor of advoigner et al 25.	-		-	-	-	-	(5.119.484)		ULL 107	(4627714)
p.	Opening balance as at January 01, 2024 - after adoption of IFRS 9	11,850,600	23,751,114	908,317	8,585,375	96,878,730	18,600,000	(17,058,199)	36,031,912	96,531,306	226,079,155
~	Profit after taxation for the period ended June 30, 2024									31,936,222	31,936,222
	Other comprehensive income - net of tax				100 454						÷
	clear or an sector of returnsement in rotegy or access Movement in surplus / (deficit) on revaluation of equity investments through PVOCI - net of tax				- -			2,011,852		•••	2,011,852
	Movement in surplus / (deficit) on revaluance of deat investments intrough FVU cl - net of tax				- 123,454			5,371,321			5,494,775
	Transfer to statutory reserve	•				3,193,622				(3,193,622)	
	Transfer in respect of incremental depreciation from surpuls on revaluation of of properity and equipment to unappropriated profit 1- net of tax								(72.834)	72.834	
	Surplus realized on disposal of investments in equity instruments through PVOCI - net of tax	•	•	•		•	•	(181,502)		181,502	
ķ	Surpus realized on disposal of revialed property and equipment - record tax		•	•	•	•	•	•	(777'91)	777'01	
2	Transactions with owners, recorded directly in equity Final cash dividend at Rs. 9.0 per share - December 31, 2023									(10,665,540)	(10,66
	Interim cash dividend at Rs. 9.0 per share - March 31, 2024	•	•	•	•	•	•	•	•	(10,665,540)	(10,665,540)
		•	•	•						1001/100/17	21/17



Half Year Ended

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

	Note	January 01 to June 30, 2024	January 01 to June 30, 2023
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		62,716,965	53,841,534
Less: Dividend income		(1,668,037) 61,048,928	(1,477,590) 52,363,944
Adjustments:		01,040,020	52,000,044
Net mark-up / interest income		(74,857,512)	(67,008,869)
Depreciation on property and equipment	32	1,776,037	1,349,260
Depreciation on right-of-use assets	32	792,741	687,348
Depreciation on non-banking assets acquired in satisfaction of claims	32	9,338	11,939
Amortization	32 34	288,690	170,839
Credit loss allowance / provisions and write offs - net Gain on sale of property and equipment - net	34 31	505,157 (141,202)	1,911,759 (9,369)
Gain on sale of non-banking assets acquired in satisfaction of claims - net	31	(141,202)	(9,369) (776)
Finance charges on lease liability against right-of-use assets	28	715,614	557,149
Workers Welfare Fund	20	1,254,339	1,076,831
Charge for defined benefit plans - net		(206,767)	148,131
Gain on termination of lease liability against right-of-use assets	31	(27,046)	(31,401)
Unrealized (gain) / loss on revaluation of investments classified as FVTPL	30	(25,608)	11,936
		(69,916,219)	(61,125,223)
Decrease / (increase) in operating assets		(8,867,291)	(8,761,279)
Lendings to financial institutions		15,273,708	(18,868,656)
Securities classified as FVTPL		3,157,581	(116,802)
Advances		(38,059,847)	156,076,073
Others assets (excluding advance taxation)		60,792,099	(18,761,904)
		41,163,541	118,328,711
Increase / (decrease) in operating liabilities		(40 540 004)	(00.440.000)
Bills Payable Borrowings from financial institutions		(10,516,691) 67,446,000	(23,116,608) (93,145,337)
Deposits		188,566,508	(93,145,337) 291,423,683
Other liabilities (excluding current taxation)		(1,568,303)	14,137,085
		243,927,514	189,298,823
Mark-up / Interest received		178,972,759	130,216,717
Mark-up / Interest paid		(107,818,275)	(104,000,432)
Defined benefits paid		(154,929)	(132,813)
Income tax paid		(41,099,696)	(23,901,902)
Net cash flow from operating activities		306,123,623	301,047,825
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities classified as FVOCI		(224,138,437)	(181,287,384)
Net investment in securities classified as amortized cost		330,528	(950,787)
Dividends received		1,673,893	1,472,659
Investments in property and equipment		(4,408,614)	(2,831,366)
Disposal of property and equipment		193,628	1,740,367
Investments in Intangible assets Proceeds from sale of non-banking assets acquired in satisfaction of claims		(635,935)	(173,526) 87,000
Investment in subsidiary		(1,000,000)	(649.925)
Effect of translation of net investment in foreign branches		123,454	5,084,290
Net cash flow used in investing activities		(227,861,483)	(177,508,672)
-		(227,001,403)	(177,506,072)
CASH FLOW FROM FINANCING ACTIVITIES		(4.474.505)	(1.000.100)
Payment of lease liability against right-of-use-assets		(1,174,585)	(1,066,106)
Dividend paid Net cash flow used in financing activities		(21,171,482) (22,346,067)	(14,091,437) (15,157,543)
-			(13,137,343)
Effects of credit loss allowance changes on cash and cash equivalents		(2,896)	-
Effects of exchange rate changes on cash and cash equivalents		(522,175)	11,422,007
Increase in cash and cash equivalents		55,391,002	119,803,617
Cash and cash equivalents at beginning of the period		204.434.226	109,005,334
Cash and cash equivalents at beginning of the period		204,434,226	228,808,951
		200,020,220	220,000,301

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

Hammad Khalid

Shoaih Mumtaz Chief Financial Officer

und President / CEO

Un Mark Mian Umer Mansha Director

Muhammad Ali Zeb Director

nesam

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.

BASIS OF PREPARATION 2.

- 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 IERS 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



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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:

	(annual periods beginning on or after)
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 01, 2027

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 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 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.

MCB Bank Limited



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.

4.2.2 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.

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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:

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

	Before adoption	on of IFRS 9*	After adopti	on of IFRS 9**
Financial Asset	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
			4.0	45 400 744
	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

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

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 & 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.



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

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, prepayments 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:

Balances as of Recognition of revi December 31, expected credit classifi 2023 (Audited) losses (ECL) under 2023 (Audited) losses (ECL) under 2023 (Audited) losses (ECL) under 2023 (Audited) (97,154) (97,156) (97,154) (97,154) (97,154) (97,154) (97,154) (97,154) (97,154) (97,154) (97,156) (97,166) (97,16	tion of classifications ised of due to business ications model and SPP1 iFRS 9 assessments	Remeasurements Reverements (3.501) (3.	Reversal of provisions held	Total impact - gross of tax gross of tax (495,202) (287,756) (97,154) (97,154) (1,208,566,005) (1,208,566,005) (1,199,799,641 (1,208,566,005) (1,199,799,641 (2,2919,831) (15,498,371) (2,2919,831) (15,64,352) (16,564,352) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,805) (7,154) (7,154) (7,154) (7,155) (Taxation (aurrent + deferred)	Total impact - net of tax (495,202) (287,726) (97,154) (97,154) (1,208,566,005) (1,199,799,641 (22,919,833) (22,919,833) (22,919,873) (22,919,873) (22,919,873) (22,919,873)	Jan Ba	IFRS 9 Category AC AC AC
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230,706,869 (9,070,447) -		(3,501)	•	(9,073,948)	(4,446,234)	(4,627,714)	226,079,155	
BY 11 DED END							11 050 500	
98,723,536 -							98,723,536	
of assets - net of tax 24,093,197	- (11,416)		(10,026,787)	(10,038,203)	(4,918,719)	Ð		
7011t 96,033,536 (9,070,447) 230,706,869 (9,070,447)	- 11,416	(3,501) (3,501)	10,026,787	964,255 (9,073,948)	4/2,485 (4,446,234)	491,770 (4,627,714)	96,531,306 226,079,155	

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)



estiments - Classified as av - Classified as ta comprehensive - Classified as tr - Classified as tr



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.

	ended December 31, 2023.			Note	Unaudited June 30, 2024	Audited December 31, 2023
7.	CASH AND BALANCES WITH TREASURY BAN	KS			Rupee	es in '000
1.	In hand	NO				
	Local currency				42,546,691	33,955,027
	Foreign currencies				8,727,187	8,187,466
	r oroign ourrenoice				51,273,878	42,142,493
	With State Bank of Pakistan in					,,
	Local currency current account				104,066,903	74,211,050
	Foreign currency current accounts				1,665,870	1,524,981
	Foreign currency deposit account				12,688,518	12,812,091
					118,421,291	88,548,122
	With other central banks in Foreign currency current accounts				14,574,544	7,618,129
	е ,				14,574,544	7,010,129
	With National Bank of Pakistan in				38,846,501	32,236,362
	Local currency current accounts Prize bonds				143,683	32,236,362 171,542
	Less: Credit loss allowance held against cash an	d balances with treasury b	anks		(495,801)	-
	Cash and balances with treasury banks - net of c				222,764,096	170,716,648
	•	reuit ioss allowalice			222,704,090	170,710,040
8.	BALANCES WITH OTHER BANKS					
	Outside Pakistan				6,139,603	9,196,853
	In current accounts In deposit accounts				32,661,496	9,196,853
					38,801,099	35,083,357
	Less: Credit loss allowance held against balance	s with other banks			(300,113)	(10,221)
	Balances with other banks - net of credit loss allo				38,500,986	35,073,136
		lando			00,000,000	
9.	LENDINGS TO FINANCIAL INSTITUTIONS					
	Call / clean money lendings				46,017,892	74,714,000
	Repurchase agreement lendings (Reverse Repo)				34,921,800	21,499,400
					80,939,692	96,213,400
	Less: Credit loss allowance held against lending			9.1	(78,515)	-
	Lending to financial institutions - net of credit loss	allowance			80,861,177	96,213,400
			Unaudited	June 30, 2024	Audited Decer	mber 31, 2023
			Lending	Credit loss allowance held	Classified Lending	Provision held
					ees in '000	
	9.1 Particulars of credit loss allowance			Kup		
	Domestic					
	Performing	Stage 1	35,832,016	(73,592)	-	-
	Under performing	Stage 2	-	-	-	-
	Non-performing	Stage 3				
	Substandard Doubtful		-	-	-	-
	Loss			-	-	-
			-	-	-	-
	Total		35,832,016	(73,592)		-
	Overseas					
	Performing	Stage 1	45,107,676	(4,923)	-	-
	Under performing	Stage 2	-	-	-	-
	Non-performing	Stage 3				
	Substandard Doubtful				-	-
	Loss		_	_	-	-
	-		-	-	-	
	Total		45,107,676	(4,923)	-	-

MCB Bank Limited

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10.1.

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

	INVESTMENTS			Unaudited Ju	ine 30, 2024	
I	Investments by type:	Note	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
		Note Amortised cost allowance (Deficit) C				
	FVTPL Federal Government Securities		2 847 200		_	2,847,299
	Non Government Debt Securities			-	15.337	9,876,582
	Shares and units		688,427	-	10,271	698,698
	EV/OOI		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			-		33,006,427
	Foreign Securities			-		67,979,090
	Amortised Cost		1,450,104,324	(303,713)	(23,271,334)	1,434,529,277
	Federal Government Securities		14,441,266	(243,474)	-	14,197,792
	Provincial Government Securities				-	-
	Non Government Debt Securities				-	880,391 15,078,183
	Associates			-	-	700,401
		10 E				
	Subsidiaries Total Investments	10.5		-	(22.245.726)	17,968,237
	rotar investments		1,506,033,659			1,481,698,677
					nber 31, 2023	
					•	Carrying Value
			Amortised cost		. ,	
	Held-for-trading securities					
	Shares			-		284,873
	Available-for-sale securities		292,517	-	(7,644)	284,873
	Federal Government Securities		1,164,709,805	(414,772)	(29,273,303)	1,135,021,730
	Shares and units			(10,026,787)		26,536,325
	Non Government Debt Securities Foreign Securities			-		2,950,890 44,057,060
	l orolgi ocourileo			(10,441,559)		1,208,566,005
	Held-to-maturity securities		44 700 004	(000.040)		44,500,045
	Federal Government Securities Provincial Government Securities				-	14,528,015
	Non Government Debt Securities				-	8,391,816
	Foreign Securities		-	-	-	-
				(737,975)	-	22,919,831
	Associates			-	-	700,401
	Subsidiaries			-	-	16,968,237
	Total Investments		1,284,035,772	(11,179,534)		1,249,439,347
						Audited December 31,
.1	Investments given as collateral					2023
					· ·	
	- Market Treasury Bills Rakistan Investment Bonds					30,763,692 75,842,086
	- Pakistan Investment Bonds					106,605,778
,	Credit loss allowance for diminution in value of inv	ostmonte				
	Opening balance	councillo			11,179,534	10,330,107
	Reversal of impairment charged against equity instrum	ents through EV	OCI on adoption of IER	S 9	(10.026.787)	_
	Impact of ECL on debt securities on adoption of IFRS 9			0.0		-
						54,762
	Exchange adjustments Charge / (reversals)				(0,399)	04,702
	Charge for the period / year				306	1,744,532
	Reversals for the period / year				(59,502)	-
	Reversal on disposals				(50, 106)	(949,867)
	Amounts written off				(59,196) -	794,665
	Closing Balance				1,089,456	11,179,534



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

					Unaudited .	June 30, 2024	Audited Dece	ember 31, 2023
					Outstanding amount	Credit loss allowance held	Outstanding amount	*Provision / Credit loss allowance held
10.3	Particulars of credit loss allowance against debt securitie	es				Rupees i	in '000	
	Domestic							
	Performing		Stage 1		1,367,386,427	4,610	-	-
	Under performing		Stage 2		2,841,362	-	-	-
	Non-performing		Stage 3					
	Substandard				-	-	-	-
	Doubtful Loss				- 477,659	- 477,659	- 477,659	- 477,65
	LOSS				477,659	477,659	477,659	477,65
					1,370,705,448	482,269	477,659	477,65
	Overseas				.,,,	,	,	,
	Performing		Stage 1		74,589,199	-	-	-
	Under performing		Stage 2		7,696,705	607,187	10,418,986	675,08
	Non-performing		Stage 3		-	-		-
					82,285,904	607,187	10,418,986	675,08
	Total				1,452,991,352	1,089,456	10,896,645	1,152,74
	* This amount includes overseas ECL for branches where IFR	S 9 was already a	applicable.					
0.4	Summarized financial information of associates and subs	sidiaries						
					Unaudited Ju			
		Country of	% of	Revenue	Profit / (loss)	Total	Assets	Liabilities
		incorporation	interest held	Revenue	after tax	comprehensive income / (loss)	Assels	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	1,973,77
	Adamjee Insurance Company Limited (unaudited based on March 31, 2024)	Pakistan	20%	12,034,918	1,047,115	2,122,194	178,656,939	144,750,02
	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	277,377,78
	MCB Exchange Company (Private) Limited							
	(unaudited based on June 30, 2024)	Pakistan	100.00%	77,826	35,125	35,125	1,099,018	63,89
	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	1,143,27
	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	3,791,49
					Audited Decen	nher 31 2023		
			% of			Total		
		Country of incorporation	interest	Revenue	Profit / (loss) after tax	comprehensive	Assets	Liabilities
	A	meerperation	held			income / (loss)		
	Associates							
	Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Dekieter	200/	4 474 000	4.045	(4.045)	1 550 04 1	4 500 00
		Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014	1,526,98
	Adamjee Insurance Company Limited							
	(audited based on December 31, 2023)	Pakistan	20%	41,976,789	2,716,915	7,247,972	172,799,968	141,046,00
	Subsidiaries							
	MCB Islamic Bank Limited							
	(audited based on December 31, 2023)	Pakistan	100 00%	35,942,266	5,153,335	5,689,370	266,999,705	244,963,45
		1 anisidii	100.00%	33,342,200	0,100,035	5,009,570	200,399,705	244,903,45
	MCB Investment Management Limited							

(formerly MCB - Arif Habib Savings and Investment Limited) (audited based on June 30, 2023) Pakistan 81.42% 1,200,663 378,218 378,218 2,711,449 970,740 MCB Non-Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2023) 4,122,446 2,961,675 Azerbaijan 99.94% 617,756 182,559 182,559 10.5 During the period, the Bank injected share capital of Rs 1.0 billion into MCB Exchange Company (Private) Limited, a wholly owned subsidiary.

MCB Bank Limited



11. ADVANCES	ANCES		Performing	ming	Non Pe	Non Performing	Total	2
		Note	Unaudited June 30, 2024	Audited December 31, 2023	Unaudited Aud June 30, 2024 Decembe	Audited December 31, 2023 sin '000	Unaudited June 30, 2024	Audited December 31, 2023
Loar Bills Adva	Loans, cash credits, running finances, etc. Bills discounted and purchased Advances - gross		588,157,433 14,295,563 602,452,996	547,237,076 21,305,091 568,542,167	56,327,697 677,197 57,004,894	53,000,544 882,051 53,882,595	644,485,130 14,972,760 659,457,890	600,237,620 22,187,142 622,424,762
Crec	Credit loss allowance against advances - Stage 1 - Stage 2 - Stage 3 - Stage 3 - General	11.3	4,284,686 1,069,411 - 2,102,424	- - - 2,624,303	- - 43,317,759	- - 41,937,130	4,284,686 1,069,411 43,317,759 2,102,424	- - 41,937,130 2,624,303
Adve	Advances - net of credit loss allowance		(7,456,521) 594,996,475	(2,624,303) 565,917,864	(43,317,759) 13,687,135	(41,937,130) 11,945,465	(50,774,280) 608,683,610	(44,561,433) 577,863,329
11.1	Particulars of advances (gross)						Unaudited Audite June 30, 2024 December 2023Rupees in '000	Audited December 31, 2023 s in '000
	In local currency In foreign currencies						591,762,761 67,695,129 659,457,890	545,801,761 76,623,001 622,424,762
11.2	Advances include Rs. 57,004.894 million (2023: Rs. 53,882.595 million) which have been placed under the non-performing / Stage 3 status as detailed below:	n) which have l	been placed under the	non-performing / Sta	ge 3 status as detail	ed below:		
				Note	Unaudited J	Unaudited June 30, 2024	Audited December 31, 2023	lber 31, 2023
	Category of Classification				Non Performing Loans	Credit loss allowance Rupees	t loss Non Performing ance Loans Rupees in '000	Provision
	Domestic					-		
	Other Assets Especially Mentioned (OAEM)			11.2.1	1,644,199	839,046	1,517,142	1,684
	Substandard				3,830,346	1,700,330	834,737	46,687
	Doubtful				2,086,673	1,065,400	224,303	111,716
	Loss				35,454,222	34,672,005 38 276 781	36,557,845	36,043,900 36,043,900
	Overseas					0.010	100100	00,004,00
	Upto 90 Days						2,902	726
	91 to 180 days				•	•	24,898	6,225
	180 to 365 days				622,113	314,724	1,297	1,297
	> 365 days				13,367,341	4,726,254	14,719,471	5,724,895
					13,989,454	5,040,978	14,748,568	5,733,143
	Total				57,004,894	43,317,759	53,882,595	41,937,130
11.2	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.	se and Infrastru	ucture Project Financir	ng classified as "Othe	ər Assets Especially	/ Mentioned" as per th	e requirements of re	spective Prudential





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 J	une 30, 2024		Audite	d December 31,	2023
	Expected C	redit Loss					
	Stage 1 & Stage 2	Stage 3	General	Total	Specific	General	Total
				Rupees in	'000		
Opening balance	-	41,937,130	2,624,303	44,561,433	41,947,778	2,224,575	44,172,353
Impact of ECL on adoption of IFRS 9	4,854,913	1,653,711	(163,371)	6,345,253	-	-	-
Exchange adjustments	26,101	(30,988)	-	(4,887)	1,230,321	236,763	1,467,084
Charge for the period / year	1,698,486	3,149,648	-	4,848,134	3,108,219	382,213	3,490,432
Reversals	(1,225,403)	(2,276,963)	(358,508)	(3,860,874)	(3,570,328)	(219,248)	(3,789,576)
	473,083	872,685	(358,508)	987,260	(462,109)	162,965	(299,144)
Amounts written off	-	(1,114,779)	-	(1,114,779)	(778,860)	-	(778,860)
Closing balance	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:

			Ex	pected Credit Lo	oss	General	Total
			Stage 1	Stage 2	Stage 3 Rupees in '000		
	Opening balance		-	-	41,937,130	2,624,303	44,561,433
	Impact of ECL on adoption of IFRS 9		3,475,280	1,379,633	1,653,711	(163,371)	6,345,253
	Exchange adjustments		26,101	-	(30,988)	-	(4,887
	New Advances		214,003	17,503	20,127		251.63
	Advances derecognized or repaid		(81,134)	(44,854)	(475,703)	(358,508)	(960,19
	Transfer to stage 1		401,684	(397,575)	(4,109)	-	(,
	Transfer to stage 2		(26,624)	33,581	(6,957)	_	-
	Transfer to stage 3		(8,418)	(111,447)	119,865		
	Transfer to stage 5		499,511	(502,792)	(346,777)	(358,508)	(708,56
	Amounts written off / charged off		100,011	(002,102)	(1,114,779)	(000,000)	(1,114,77
	Changes in risk parameters		- 283.794	- 192,570	1,219,462	-	1,695,82
	Closing balance		4,284,686	1,069,411	43,317,759	2,102,424	50,774,28
	Closing balance		4,204,000	1,003,411	45,517,755	2,102,424	50,774,20
				Unaudited Ju	ine 30, 2024	Audited Decem	nber 31, 2023
				Outstanding amount	Credit loss allowance Held	Outstanding amount	Provision
						s in '000	
~ ~	Cotomore of Classification						
.3.2	Category of Classification						
.3.2							
.3.2	Domestic	Stage 1		551 355 591	4 146 540	543 341 237	
.3.2	Domestic Performing	Stage 1		551,355,591 26,831,961	4,146,540	543,341,237	-
.3.2	Domestic Performing Under performing	Stage 2		551,355,591 26,831,961	4,146,540 668,565	543,341,237 -	-
.3.2	Domestic Performing Under performing Non-performing			26,831,961	668,565	-	- - 1 68
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned	Stage 2		26,831,961	668,565 839,046	- 1,517,142	
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard	Stage 2		26,831,961 1,644,199 3,830,346	668,565 839,046 1,700,330	- 1,517,142 834,737	46,68
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful	Stage 2		26,831,961 1,644,199 3,830,346 2,086,673	668,565 839,046 1,700,330 1,065,400	- 1,517,142 834,737 224,303	46,68 111,71
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard	Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222	668,565 839,046 1,700,330 1,065,400 34,672,005	- 1,517,142 834,737 224,303 36,557,845	46,68 111,71 36,043,90
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss	Stage 2		26,831,961 1,644,199 3,830,346 2,086,673	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781	- 1,517,142 834,737 224,303	46,68 111,71 36,043,90 36,203,98
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful	Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049	1,517,142 834,737 224,303 36,557,845 39,134,027	46,68 111,71 36,043,90 36,203,98 2,624,30
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss	Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781	- 1,517,142 834,737 224,303 36,557,845	46,68 111,71 36,043,90 36,203,98 2,624,30
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision	Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049	1,517,142 834,737 224,303 36,557,845 39,134,027	46,68 111,71 36,043,90 36,203,98 2,624,30
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas	Stage 2 Stage 3		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935	1,517,142 834,737 224,303 36,557,845 39,134,027 	46,68 111,71 36,043,90 36,203,98 2,624,30
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas Performing	Stage 2 Stage 3 Stage 1		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992 15,297,618	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935 138,146	1,517,142 834,737 224,303 36,557,845 39,134,027 	46,68 111,71 36,043,90 36,203,98 2,624,30
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas Performing Under performing	Stage 2 Stage 3 Stage 1 Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992 15,297,618	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935 138,146	1,517,142 834,737 224,303 36,557,845 39,134,027 	46,68 111,71 <u>36,043,90</u> <u>36,203,98</u> <u>2,624,30</u> <u>38,828,29</u> - -
-3.2	Domestic Performing Under performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas Performing Under performing Non-performing	Stage 2 Stage 3 Stage 1 Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992 15,297,618	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935 138,146	1,517,142 834,737 224,303 36,557,845 39,134,027 	46,68 111,71 36,043,90 36,203,98 2,624,30 38,828,29 - - - 6,95
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas Performing Under performing Non-performing Substandard	Stage 2 Stage 3 Stage 1 Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992 15,297,618 8,967,826 -	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935 138,146 400,846	1,517,142 834,737 224,303 36,557,845 39,134,027 582,475,264 25,200,930	46,68 111,71 36,043,90 36,203,98 2,624,30 38,828,29 - - - 6,95 244,22
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas Performing Under performing Non-performing Substandard Doubtful	Stage 2 Stage 3 Stage 1 Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992 15,297,618 8,967,826 - 622,113	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935 138,146 400,846	1,517,142 834,737 224,303 36,557,845 39,134,027 	46,68 111,71 36,043,90 36,203,98 2,624,30 38,828,29 - - - - - - - - - - - - - - - - - - -
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas Performing Under performing Non-performing Substandard Doubtful	Stage 2 Stage 3 Stage 1 Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992 15,297,618 8,967,826 - 622,113 13,367,341	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935 138,146 400,846 - 314,724 4,726,254	1,517,142 834,737 224,303 36,557,845 39,134,027 - 582,475,264 25,200,930 - 27,800 488,452 14,232,316	- - - - - - - - - - - - - - - - - - -
.3.2	Domestic Performing Under performing Non-performing Other Assets Especially Mentioned Substandard Doubtful Loss General Provision Overseas Performing Under performing Non-performing Substandard Doubtful Loss	Stage 2 Stage 3 Stage 1 Stage 2		26,831,961 1,644,199 3,830,346 2,086,673 35,454,222 43,015,440 - 621,202,992 15,297,618 8,967,826 - 622,113 13,367,341	668,565 839,046 1,700,330 1,065,400 34,672,005 38,276,781 2,040,049 45,131,935 138,146 400,846 - 314,724 4,726,254 5,040,978	1,517,142 834,737 224,303 36,557,845 39,134,027 - 582,475,264 25,200,930 - 27,800 488,452 14,232,316	46,68 111,71 36,043,90 36,203,98 2,624,30 38,828,29 - - - - - - - - - - - - - - - - - - -

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.

MCB Bank Limited

Closing net carrying amount



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

					Note	Unaudited June 30, 2024	Audited December 31, 2023
12.	PROPERTY AND EQUIPMENT					Rupee	es in '000
	Capital work-in-progress				12.1	2,847,765	1,696,937
	Property and equipment				12.1	76,677,571	75,246,609
	Property and equipment					79,525,336	76,943,546
						79,525,550	70,943,540
12.1	Capital work-in-progress						
	Civil works					2,210,229	1,335,418
	Equipment					38,774	26,012
	Advances to suppliers					589,224	330,898
	Others					9,538	4,609
						2,847,765	1,696,937
						Unaudited Half year ended	Unaudited Half year ended
						June 30, 2024	June 30, 2023
							s in '000
12.2	Additions to property and equipment The following additions have been made to proper	ty and equipmen	t during the r	period:			
	Capital work-in-progress - net additions	ty and equipmen				1,150,828	198,327
	Property and equipment						
	Building on freehold land					197,832	195,778
	Building on leasehold land					2,185	2,639
	Electrical office and computer equipment					2,174,913	1,737,942
	Furniture and fixture					168,086	94,724
	Leasehold improvements					367,094	370,404
	Vehicles					347,676	231,552
						3,257,786	2,633,039
						4,408,614	2,831,366
12.3	Disposal of property and equipment						
	The net book value of property and equipment dis	posed off during	the period is	as follows:			
	Freehold land					13,240	1,699,344
	Vehicles					25,445	10,338
	Furniture and fixture					636	1,599
	Electrical office and computer equipment					13,105	4,110
	Building on freehold land					-	15,607
						52,426	1,730,998
						Unaudited	Audited
					Note	June 30, 2024	December 31, 2023
13.	RIGHT-OF-USE ASSETS					Rupee	es in '000
	Right-of-use assets				13.1	5,637,632	5,877,865
		Unauc	lited June 30), 2024	Aud	ited December 31	, 2023
		Buildings	Others	Total	Buildings	Others	Total
				Rup	pees in '000		
13.1	At January 1,						
	Cost	11,457,135	-	11,457,135	10,191,155	-	10,191,155
	Accumulated depreciation	(5,579,270)	-	(5,579,270)	(4,476,309)	-	(4,476,309)
	Net carrying amount at January 1,	5,877,865	-	5,877,865	5,714,846	-	5,714,846
	Additions / adjustments during the period / year	585,036	-	585,036	1,725,069	-	1,725,069
	Deletions during the period / year	(36,952)	-	(36,952)	(151,124)	-	(151,124)
	Exchange adjustments	4,424	-	4,424	110,412	-	110,412
	Depreciation charge for the period / year	(792,741)	-	(792,741)	(1,521,338)	-	(1,521,338)
	Closing net carrying amount	5 637 632		5 637 632	5 877 865		5 877 865

5,637,632

-

5,637,632

5,877,865

5,877,865



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
14.	INTANGIBLE ASSETS		Rupee	es in '000
	Computer software		1,046,768	515,528
	Capital work-in-progress		337,225	519,955
			1,383,993	1,035,483
			Unaudited Half	Unaudited Half
			year ended June 30, 2024	year ended June 30, 2023
	14.1 Additions to intangible assets		Rupee	es in '000
	The following additions have been made to intangible assets during the period:			
	Computer software		818,665	124,878
	Capital work-in-progress - net additions		-	48,648
			818,665	173,526
		Nata	Unaudited	Audited
		Note	June 30, 2024	December 31, 2023
			Rupee	es in '000
15.	DEFERRED TAX ASSETS / (LIABILITIES) - NET			
	Deductible Temporary Differences on			
	- Credit loss allowance against financial assets		5,420,104	201,520
	- Deficit on revaluation of investments		11,402,954	11,470,532
	Taxable Temporary Differences on		16,823,058	11,672,052
	- Surplus on revaluation of property and equipment		(3,538,834)	(3,608,814)
	- Surplus on revaluation of non-banking assets		(297,334)	(297,334)
	- Accelerated tax depreciation		(3,546,687)	(3,521,615)
	- Receivable from pension fund		(3,905,551)	(3,639,789)
	- Business combination		(705,218)	(705,218)
			(11,993,624)	(11,772,770)
			4,829,434	(100,718)
16.	OTHER ASSETS			
	Income / mark-up accrued in local currency		66,178,481	62,017,227
	Income / mark-up accrued in foreign currencies		549,613	503,365
	Advances, deposits, advance rent and other prepayments		5,805,076	4,753,438
	Non-banking assets acquired in satisfaction of claims		1,628,546	1,637,884
	Compensation for delayed income tax refunds		133,809	133,809
	Mark to market gain on forward foreign exchange contracts		1,408,377	2,348,323
	Unrealized gain on derivative financial instruments		5,497	73,852
	Acceptances	22	32,677,344	40,966,674
	Receivable from the pension fund		7,970,513	7,428,142
	Clearing and settlement accounts		32,604,592	25,796,177
	Receivable from the Government of Pakistan		-	67,187,000
	Claims receivable against fraud and forgeries		580,698	607,980 2 225 470
	Others		2,868,953	3,325,470 216,779,341
	Less: Credit loss allowance / provision held against other assets	16.1	3,544,360	3,370,145
	Other Assets net of credit loss allowance	10.1	148,867,139	213,409,196
	Surplus on revaluation of non-banking assets		5,001,100	2.0,100,100
	acquired in satisfaction of claims	24	606,806	606,806
	Other Assets - total		149,473,945	214,016,002
				<u> </u>

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
16.1	Credit loss allowance / provision held against other assets	Rupe	es in '000
	Non banking assets acquired in satisfaction of claims	88,083	88,083
	Claims receivable against fraud and forgeries	580,698	607,980
	Mark-up accrued	224,417	4,972
	Others	2,651,162	2,669,110
		3,544,360	3,370,145
16.1.1	Movement in credit loss allowance held against other assets		
	Opening balance	3,370,145	3,066,275
	Impact of ECL on adoption of IFRS 9	237,105	-
	Charge for the period / year	6,246	36,184
	Reversals	(50,948)	(8,080)
		(44,702)	28,104
	Amounts written off	(521)	(2,062)
	Exchange and other adjustments	(17,667)	277,828
	Closing balance	3,544,360	3,370,145

17. CONTINGENT ASSETS

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

		Unaudited June 30, 2024	Audited December 31, 2023
18.	BILLS PAYABLE	Rupe	es in '000
	In Pakistan	14,549,441	24,832,685
	Outside Pakistan	29,779	263,226
		14,579,220	25,095,911
19.	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Under export refinance scheme	37,285,629	47,943,376
	Under long term financing facility	17,593,592	19,511,569
	Under renewable energy performance platform	2,086,426	2,126,104
	Under temporary economic refinance facility	36,452,530	38,160,612
	Under financing facility for storage of agricultural produce	209,700	239,697
	Under refinance and credit guarantee scheme		
	for Women Entrepreneurs	5,494	6,272
		93,633,371	107,987,630
	Repurchase agreement borrowings	189,166,583	106,366,325
	Total secured	282,799,954	214,353,955
	Unsecured		
	Call borrowings	-	1,000,000
	Overdrawn nostro accounts	1,439,854	1,094,805
	Others	162,286	162,286
	Total unsecured	1,602,140	2,257,091
		284,402,094	216,611,046

S.

Bank for Life

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

In Local Currency In Local Currency In Foreign In Local Currency In Foreign In Foreign In Local Currency In Foreign In Foreign In Local Currencies In Foreign In Local Currencies In Foreign		IIns	Ilnaudited June 30 2024		Aud	Audited December 31 2023	ç
Image: Non-state state st			In Foreign currencies		al Currency	In Foreign currencies	Total
T03.477.11 187.465.415 680.322.62.6 656.39,483 152.61601 7 93.070347 3537.000 393.46657 80.00.012 27.64.443 17. 23.02.023 165.070 20.000012 47.60.71 37.17.30 17.50.61 17.50.71 17.130 17.130 15.03.10.01 7.66.130 17.50.01 7.742.961 1044.302 14.1020.373 1.80 7.71.30 17.130 1.71.30 15.77.137 7.742.961 1044.302 14.000.333 14.000.333 1.80 7.71.302 1.81 1.81 1.85 1.81 1.85 1.81 1.81 1.85 1.81 1.85 1.81 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.81 1.81 1.81 1.81 1.81 1.81 1.81 1.81 1.81 1.81 1.81 1.81 1.71 1.71 1.81 1.81 1.71 1.81 1.81 1.81 1.81 1.81	Customers			Kupees	000. UI		
Sister in the period /period /p	Current deposits	703,437,211	187,495,415	890,932,626	636,394,833	162,616,011	799,010,844
25,52,383 18,507,073 42,030,012 21,530,642 20,254,444 17 1,666,133,171 246,472,910 1,941,666,233 1,533,43,280 2,045,743 1,71,302 1,71,302 1,557,137 1,560,771 7,333,3,280 2,045,713 1,243,005 1,243,005 1,243,005 1,243,005 1,2466,733 1,523,34,202 1,243,005 1,243,005 1,2466,733 1,523,34,202 1,243,005 1,243,005 1,244,022 1,243,005 1,244,022 1,243,005 1,244,022 1,244,026 1,246,04 1,246,04 1,246,04 1,246,04 1,246,04 1,246,04 1,246,04 1,246,04 1,246,04 1,246,04 1,246,06 1,244,426 1,246,06 1,246,06 1,246,06 1,446,06 1,446,06 1,446,06 <td>Savings deposits</td> <td>903,079,487</td> <td>36,357,080</td> <td>939,436,567</td> <td>820,048,373</td> <td>42,644,437</td> <td>862,692,810</td>	Savings deposits	903,079,487	36,357,080	939,436,567	820,048,373	42,644,437	862,692,810
66,153,01 61,13,351 60,267,028 45,300,420 4,300,420 4,300,457 1,17 11,557,137 11,577,137 1,11,517,107 1,044,002 1,1567,171 3,777,302 1,3577,130 1,3577,137 3,777,302 1,3577,130 1,3577,137 3,470,660 2,068,025 1,1560,771 3,777,302 1,3577,130 1,3577,230 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,3577,300 1,	Term deposits	23,522,939	18,507,073	42,030,012	21,590,642	20,254,444	41,845,086
1 1 1 1 3 1 1 1	Others	65,153,677	4,113,351	69,267,028	45,309,420	4,930,851	50,240,271
Since Sector Sector </td <td></td> <td>1,695,193,314</td> <td>246,472,919</td> <td>1,941,666,233</td> <td>1,523,343,268</td> <td>230,445,743</td> <td>1,753,789,011</td>		1,695,193,314	246,472,919	1,941,666,233	1,523,343,268	230,445,743	1,753,789,011
Index Index <t< td=""><td>Financial Institutions</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Financial Institutions						
15.77.137 1.004.302 14,661.438 14,020.325 486.668	Current deposits	17,212,065	3,470,960	20,683,025	17,560,771	3,717,302	21,278,073
9,101,071 7,742,961 16,844,022 8,469,897 7,216,607 10,4683 10,4683 10,4683 10,4683 11,527,290 11,527,290 11,527,290 11,527,290 1,537,441,261 241,973,033 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,135,7290 1,114,1350	Savings deposits	13,577,137	1,084,302	14,661,439	14,020,325	488,698	14,509,023
· 90,083 90,083 90,083 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 1,1,52,290 3,1,1,52,290 1,1,52,290 3,1,1,52,290 1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,52,290 3,1,1,1,21,21 3,1,1,1,21,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,21 3,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1	Term deposits	9,101,071	7,742,951	16,844,022	8,489,897	7,216,607	15,706,504
39,800,273 12,307,296 52,81,660 40,070,693 11,527,290 31,524 31,524 11,527,290 31,524 11,526,54 31,522,494 31,522,423 31,522,423 31,522,423 31,522,423 31,522,423	Others	•	99,083	99,083	•	104,683	104,683
1/35,083,567 256,870,215 1,963,955,802 1,563,414,261 241,973,033 1,9 Note Unaudited Unaudited Unaudited Mote 21,1 8,752,494 Mote Mote Mote Mote Mote Mote Mote 10,0		39,890,273	12,397,296	52,287,569	40,070,993	11,527,290	51,598,283
Note Unaudited Audited Inserting Inserting Audited Inserting Inserting Inserting Audited Inserting Inserting Inserting Inserting Audited Inserting Inserting Inserting Inserting Inserting Inserting Inserting <		1,735,083,587	258,870,215	1,993,953,802	1,563,414,261	241,973,033	1,805,387,294
Internet					Note	Unaudited	Audited December
Inaudited June 30, 2024 Inaudited December 31, 2023 Buildings Audited December 31, 2023 Buildings Others Total Buildings Others Total Buildings Others Buildings </th <th></th> <th></th> <th></th> <th></th> <th></th> <th>June Ju, zuz4 Rupees</th> <th>31, 2023 in '000</th>						June Ju, zuz4 Rupees	31, 2023 in '000
Intendited June 30, 2024 Indited December 31, 2023 Buildings Others Total Buildings Indited December 31, 2023 Buildings Others Total Buildings Others Total sts including the period / year 8,686,003 7,943,563 0 0 1,612,638 1 sts including interest 7,15,614 1,745,685 7,943,563 1 1 1 sts including interest 7,15,614 1,75,614 1,360,534 1 <td>Lease Liabilities</td> <td></td> <td></td> <td></td> <td>21.1</td> <td>8,752,494</td> <td>8,686,003</td>	Lease Liabilities				21.1	8,752,494	8,686,003
Buildings Dthers Total Buildings Others T Image: Building (1) 8,686,003 0 7,943,593 0<		ŋ	audited June 30, 2024		Audi	ited December 31, 202	3
with the period / year ***********************************		Buildings	Others	Total	Buildings	Others	Total
Bit Reference of Vear Bit Reference of Vear Bit Reference of Vear Circle of Set				Rupees	000, ui	1	
Uning the period / year 590,858 - 590,858 1,612,638 - g interest (1,174,585) - (1,174,585) (2,082,123) - 715,614 - 715,614 1,360,534 - - od / year (1399) - (1,174,585) (2,082,123) - od / year (1399) - (1,399) - - - od / year (1,399) - (1,399) - (1,399) - - od / year (1,399) - (1,399) 66,784 - - od / year (1,399) - (1,399) 66,784 - - od / year (1,399) - (1,399) 66,784 - - od / year (1,299,45 - 0,102,945 98,860 - - od for wears 3,679,863 - 0,029,95 3,645,351 - - ot wears - 0,029,66 - 0	21.1 At January 1,	8,686,003		8,686,003	7,943,593		7,943,593
g interest (1, 174, 585) - (1, 174, 585) (2, 082, 123) - 715, 614 - 715, 614 1, 360, 534 - 715, 614 - (1, 399) (215, 423) - (1, 399) - (1, 399) (215, 423) - 8, 752, 494 - (1, 399) (66, 784 - 8, 752, 494 - (1, 399) (66, 784 - 8, 752, 494 - 1, 029, 945 - 1, 029, 945 - 988, 860 - 4, 042, 886 - 8, 752, 404 - 9, 752, 404 - 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1	Additions / adjustments during the period / year	590,858		590,858	1,612,638		1,612,638
715,614 - 715,614 - 715,614 1,360,534 - 1 od / year (63,997) - (63,997) 2(15,423) - - 1 x (1,399) - (1,399) 66,784 - - 8 x (1,399) - (1,399) 66,784 - - 8 x 575,494 - 8,686,003 - - 8 - 8 ypto five years 3,679,863 - 1,029,945 988,860 - - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - - 3 - - 3 -<	Lease payments including interest	(1,174,585)		(1,174,585)	(2,082,123)		(2,082,123)
od / yaar (63,997) - (63,997) (215,423) - (1,399) - (1,399) 66,784 - - 8,752,494 - 8,752,494 8,686,003 - 8 1,029,945 - 1,029,945 - 1,029,945 - 8 upto five years 3,679,863 - 1,029,945 - 4,047,686 - - 4,051,792 - - 4 0 for years - - 4,042,686 - 4,051,792 - - 4 4 -	Finance charges	715,614		715,614	1,360,534		1,360,534
(1,399) - (1,399) 66,784 - 8,752,494 - 8,752,494 8,686,003 - 1,029,945 - 8,752,494 98,860 - 1,029,945 - 1,029,945 988,860 - 1,029,945 - 1,029,945 988,860 - 4,042,686 - 4,042,686 4,051,792 - 8,73,04 - 4,051,792 - - 8,73,04 - 4,051,792 - -	Deletions during the period / year	(63,997)		(63,997)	(215,423)		(215,423)
B,752,494 - B,752,494 B,686,003 - I,029,945 - 1,029,945 988,860 - I,029,945 - 1,029,945 3645,351 - I,029,945 - 3,679,863 3,645,351 - I,042,686 - 4,042,686 - 4,051,792 - I,042,040 I,051,792 - - - -	Exchange adjustments	(1,399)		(1,399)	66,784		66,784
upto five years 3,679,863 - 1,029,945 - 1,029,945 - 3,679,863 - 3,679,863 - 3,679,863 - 4,042,686 - 4,051,792 - 4,042,686 - 4,051,792 - 2,000	Closing Balance	8,752,494		8,752,494	8,686,003		8,686,003
1,029,945 - 1,029,945 988,860 - 3,679,863 - 3,679,863 3,645,351 - 4,042,686 - 4,042,686 4,051,792 - 8,757,404 8,557,404 8,560,002 -	21.2 Liabilities Outstanding						
3,679,863 - 3,679,863 3,645,351 - 4,042,886 - 4,051,792 - 3,752,404 8,552,552,552,552,552,552,552,552,552,55	Not later than one year	1,029,945		1,029,945	988,860		988,860
4,042,686 - 4,042,686 4,051,792 - and a sac 003	Later than one year and upto five years	3,679,863		3,679,863	3,645,351		3,645,351
8 757 ADA 8 757 ADA 8 757 ADA 8 696 AD3	Over five years	4,042,686		4,042,686	4,051,792		4,051,792
0,/32,434 0,/32,434 0,000,003 -	Total at the year end	8,752,494		8,752,494	8,686,003		8,686,003

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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

22. OTHER LIABILITIES	Note	Unaudited June 30, 2024 Rupee	Audited December 31, 2023 s in '000
Mark-up / return / interest payable in local currency		4,534,838	3,926,926
Mark-up / return / interest payable in foreign currencies		459,071	562,509
Unearned commission and income on bills discounted		2,327,023	2,024,523
Accrued expenses		6,963,366	7,856,382
Current taxation (provisions less payments)		15,475,762	20,150,115
Workers Welfare Fund	22.1	15,064,923	13,810,584
Acceptances	16	32,677,344	40,966,674
Unclaimed / dividends payable		2,579,615	2,420,017
Mark to market loss on forward foreign exchange contracts		937,370	996,797
Unrealised loss on derivative financial instruments		5,497	73,848
Branch adjustment account		173,885	240,409
Provision for employees' compensated absences		1,323,417	1,266,190
Provision for post retirement medical benefits		2,250,759	2,121,129
Provision for employees' contributory benevolent scheme		134,665	140,847
Insurance payable against consumer assets		30,726	586,691
Unclaimed balances		404.832	508,115
Duties and taxes payable		6,426,937	10.955.674
Credit loss allowance / provision against off-balance sheet obligations	22.2	1,412,938	78,807
Security deposits against lease		2,551,329	2.068.373
Clearing and settlement accounts		27,170,921	24,223,005
Others		6,586,986	5.613.300
		129,492,204	140,590,915
		.,	.,

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

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

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

		Unaudited June 30, 2024 Rupee	Audited December 31, 2023 s in '000
Opening balance Impact of ECL on adoption of IFRS 9 Exchange adjustment		78,807 1,603,703 (57)	48,403 - 8,449
Charge for the period / year Reversals		- (269,515) (269,515)	21,955 - 21,955
Amount written off Closing balance		1,412,938	78,807
	Note	Unaudited June 30, 2024	Audited December 31, 2023
23. RESERVES		Rupee	s in '000
Share premium		23,751,114	23,751,114
Non - distributable capital reserve - gain on bargain purchase option	23.1	908,317	908,317
Exchange translation reserve	23.2	8,708,829	8,585,375
Statutory reserve General reserve	23.2	50,072,352 18,600,000	46,878,730 18,600,000
		102,040,612	98,723,536

23.1 Under IFRS 3 a bargain purchase represents an economic gain which should be immediately recognized by the acquirer as income. However, the amount of bargain purchase gain was not 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 the Bank of the 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.



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

			Note	Unaudited June 30, 2024	Audited December 31, 2023
24.	SURPI	LUS ON REVALUATION OF ASSETS		Rupee	es in '000
	•	s / (deficit) on revaluation of			(
		rities measured at FVOCI - Debt / AFS securities	10.1	(22,592,319)	(29,182,464)
		rities measured at FVOCI - Equity / AFS securities	10.1	(679,015)	5,773,217
		erty and equipment	40	39,175,218	39,331,254
	- Non-	banking assets acquired in satisfaction of claims	16	606,806	606,806 16,528,813
	Doforr	ed tax on (surplus) / deficit on revaluation of:		16,510,690	10,520,015
		rities measured at FVOCI - Debt / AFS securities	15	11,070,237	14,299,408
		rities measured at FVOCI - Equity / AFS securities	15	332,717	(2,828,876)
		erty and equipment	15	(3,538,834)	(3,608,814)
		banking assets acquired in satisfaction of claims	15	(297,334)	(297,334)
				7,566,786	7,564,384
				24,077,476	24,093,197
25.	CONTI	NGENCIES AND COMMITMENTS			
	-Guara	ntees	25.1	269,385,990	302,480,219
		itments	25.2	435,957,156	477,719,622
	-Other	contingent liabilities	25.3	28,788,140	33,273,187
				734,131,286	813,473,028
	25.1	Guarantees:			
		Financial guarantees		153,931,019	126,410,819
		Performance guarantees		110,550,356	169,265,393
		Other guarantees		4,904,615	6,804,007
				269,385,990	302,480,219
	25.2	Commitments:			
		Documentary credits and short-term trade-related transactions - letters of credit		251,092,207	303,775,804
				231,092,207	505,775,004
		Commitments in respect of:			
		- forward foreign exchange contracts	25.2.1	177,741,356	153,858,023
		- forward government securities transactions	25.2.2	-	15,220,315
		- derivatives	25.2.3	3,635,442	1,595,548
		Commitments for acquisition of:			
		- property and equipment		2,804,382	2,023,934
		- intangible assets		683,769 435,957,156	1,245,998 477,719,622
	25.2.1	Commitments in respect of forward foreign exchange contracts		100,001,100	
		Purchase		101,910,972	82,635,941
		Sale		75,830,384	71,222,082
				177,741,356	153,858,023
	25.2.2	Commitments in respect of forward government securities transactions			<u> </u>
		Purchase		-	15,197,000
		Sale		-	23,315
				-	15,220,315
	25.2.3	Commitments in respect of derivatives			
		FX options			
		Purchase		1,817,721	736,983
		Sale		1,817,721	736,983
		Cross Currency Swaps		3,635,442	1,473,966
		Purchase		-	60,791
		Sale		-	60,791
				-	121,582
				3,635,442	1,595,548

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
			Rupee	s in '000
25.3	Other contingent liabilities			
	Claims against the Bank not acknowledged as debts	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

IVATIVE INSTRUMENTS			Unaudited J	une 30, 2024		
_	Cross Curre	ency Swaps	Interest R	ate Swaps	FX O	otions
	Notional	Mark to market gain /	Notional	Mark to market gain /	Notional	Mark to market gain / loss
	Principal	loss	Principal	loss	Principal	gain / ioss
			Rupe	esin '000		
Total						
Hedging	-	-	-	-	1,817,721	5,497
Market Making	-	-	-	-	1,817,721	(5,497)
_			Audited Dec	ember 31, 2023		
			Rupee	esin '000		
Total						
Hedging	60,791	62,365	-	-	736,983	11,487
Market Making	60,791	(62,361)	-	-	736,983	(11,487)



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 Rupee	Unaudited Half year ended June 30, 2023 s in '000
27. MARK-UP / RETURN / IN	TEREST EARNED			
Loans and advances			53,580,944	54,619,002
Investments			123,779,640	85,644,145
Lendings to financial insti	utions		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:			
	measured at amortised cost		59,566,993	
	measured at FVOCI		121,947,700	
	measured at FVTPL		1,665,568	
			183,180,261	
28. MARK-UP / RETURN / IN				
			04 005 054	57 000 540
Deposits Borrowings			91,925,351 13,655,199	57,296,516 18,645,598
Cost of foreign currency s	waps against		13,033,199	10,040,090
	cy deposits / borrowings		2,026,585	1,771,333
-	liability against right-of-use assets		715,614	557,149
			108,322,749	78,270,596
29. FEE & COMMISSION IN	COME			
			1,998,696	1,664,952
Branch banking customer Consumer finance related			327,025	360,450
Card related fees (debit a			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 guarante	es		673,490	374,716
Commission on cash mar	-		524,300	436,178
	es including home remittances		799,987	806,130
Commission on bancassu Rent on lockers	Tance		356,685 114,821	471,052 112,698
Commission on utility bills			48,715	37,297
Commission on investme			220,541	138,086
Others			99,710	67,646
			11,312,883	8,791,497
30. GAIN / (LOSS) ON SECU	RITIES			
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 / (,			
Federal Govern			62,242	68,753
	t Debt Securities		6,521	626
Shares			(4,987) 63,776	<u> </u>
30.2 Realised gain /	loss) on:		00,110	0-1,101
•	measured at FVTPL			
	upon initial recognition		41,051	21,050
•	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
		Rupee	es 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
32.	OPERATING EXPENSES	238,210	116,697
02.	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	22,420	10 000
	Directors' fees and allowances	22,420	18,620
	Legal and professional charges Outsourced services costs	223,856 506,794	184,299 434,057
	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



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

33.	OTHER CHARGES	Note	Unaudited Half year ended June 30, 2024 Rupee	Unaudited Half year ended June 30, 2023 s in '000
	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		Rupee	s in '000
	Profit after tax		31,936,222	26,687,032
			Nu	mber
	Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
			Rı	ipees
	Basic and diluted earnings per share		26.95	22.52

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.

MCB Bank Limited

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

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).

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 o 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 or 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.



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

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.

	Corning / Notional	Level 1	udited June 30, 20 Level 2	Level 3	
	Carrying / Notional Value	Level	Level 2	Level 3	Total
On balance sheet financial instruments			-Rupees in '000		
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	-	32,274,39
Non-Government Debt Securities	9,876,582	-	9,876,582	-	9,876,58
Foreign Securities	67,979,090	-	67,979,090	-	67,979,09
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	-	845,05
Forward sale of foreign exchange	75,830,384	-	1,316,058	-	1,316,058
Derivatives purchase	1,817,721	_	5,497	_	5,49
Derivatives sale	1,817,721	-	5,497	-	5,49
	1,011,121	A 1			0,10
	Carrying / Notional	Level 1	ited December 31, 2 Level 2	Level 3	
	Value				Total
On balance sheet financial instruments			-Rupees in '000		
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	-	44,057,06
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	-	2,156,600
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	82 635 0/1		504,883		504,88
Forward purchase of foreign exchange	82,635,941 71,222,082	-	1,856,409	-	504,883 1,856,409
a simala sale of foreign exchange	11,222,002	-	1,000,409	-	1,030,403
Derivatives purchase	797,774	-	73,852	-	73,852

MCB Bank Limited

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SEGMENT INFORMATION



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

			5	Olauanoa lai jea elaea oule oo, 1011				
Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
				Rupees in '000				
(74,001,189)	1,954,320	30,429,233	112,369,046	4,106,102		74,857,512	,	74,857,512
142,335,047	(559,060)	(24,855,552)	(126,620,726)	(212,637)	9,912,928			
6,631,477	1,291,080	5,584,822	4,171,664	1,106,193	(529,915)	18,255,321	•	18,255,321
74,965,335	2,686,340	11,158,503	(10,080,016)	4,999,658	9,383,013	93,112,833	•	93,112,833
18,628,199	1,200,831	951,255	359,366	1,380,125	7,370,935	29,890,711		29,890,711
•	•		•				•	
18,628,199	1,200,831	951,255	359,366	1,380,125	7,370,935	29,890,711	•	29,890,711
835,405	456,263	933,273	(24,281)	49,665	(1,745,168)	505,157	•	505,157
55,501,731	1,029,246	9,273,975	(10,415,101)	3,569,868	3,757,246	62,716,965		62,716,965
			Una	Unaudited June 30, 2024	4			
88,829,010	1,134,014	435,473	122,718,573	48,158,248	(10,236)	261,265,082	•	261,265,082
		10,730,535	1,389,518,701	81,200,397	249,044	1,481,698,677		1,481,698,677
1,470,521,327		•	•		257,838,191	1,728,359,518	(1,728,359,518)	
			101 011 10	012 007 11		10000		

1				000, 11, 1000				
				unu m saadnu				
	1,134,014	435,473	122,718,573	48,158,248	(10,236)	261,265,082		261,265,082
		10,730,535	1,389,518,701	81,200,397	249,044	1,481,698,677		1,481,698,677
	ı	,	ı		257,838,191	1,728,359,518	(1,728,359,518)	ı
		•	35,758,425	45,102,752		80,861,177		80,861,177
	34,682,231	459,996,081		23,664,078	(2,040,049)	594,996,475		594,996,475
	187,032	1,516,333		8,948,475	518,666	13,687,135		13,687,135
59,322,418	4,761,451	51,862,753	44,934,500	2,615,932	77,353,286	240,850,340		240,850,340
1,699,883,518	40,764,728	524,541,175	1,592,930,199	209,689,882	333,908,902	4,401,718,404	(1,728,359,518)	2,673,358,886
6,902,931	43,862	86,631,004	187,746,497	3,077,800	'	284,402,094	ı	284,402,094
1,676,995,617	30,338,224	111,488,662		175,103,631	27,668	1,993,953,802	•	1,993,953,802
	4,943,144	292,716,856	1,403,615,482	27,084,036		1,728,359,518	(1,728,359,518)	
15,984,970	5,439,498	33,704,653	1,568,220	4,424,415	91,702,162	152,823,918		152,823,918
1,699,883,518	40,764,728	524,541,175	1,592,930,199	209,689,882	91,729,830	4,159,539,332	(1,728,359,518)	2,431,179,814
					242,179,072	242,179,072		242,179,072
1,699,883,518	40,764,728	524,541,175	1,592,930,199	209,689,882	333,908,902	4,401,718,404	(1,728,359,518)	2,673,358,886
69.813.770		131 638 617	181 376 708	15 921 314	32 380 757	734 131 286	1	734 131 286

Profit & Loss
Net mark-up/return/profit
Inter segment revenue - net
Non mark-up / return / interest income
Total Income
Segment direct expenses
Inter segment expense allocation
Total expenses
Credit loss allowance and write offs - net
Profit before tax
Statement of Financial Position
Cash & Bank balances
Investments
Net inter segment lending
Lendings to financial institutions
Advances - performing / underperforming
- non performing
Others
Total Assets
Borrowings
Deposits & other accounts
Net inter segment borrowing
Others
Total liabilities
Equity
Total Equity & liabilities
Contingencies & Commitments



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

				Unaudited F	Unaudited Half year ended June 30, 2023	e 30, 2023			
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
Profit & Loss					-Rupees in '000				
Net mark-up/return/profit	(43,939,273)	2,383,553	35,794,899	69,378,193	3,391,497		67,008,869		67,008,869
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	5,350,087	1,301,957	3,710,990	2,259,371	1,093,655	348,631	14,064,691		14,064,691
Total Income	69,173,979	2,279,910	10,093,863	(12,932,764)	4,312,905	8,145,667	81,073,560		81,073,560
Segment direct expenses	15,978,802	1,147,198	519,098	313,298	1,249,183	6,112,688	25,320,267		25,320,267
Inter segment expense allocation									
Total expenses	15,978,802	1,147,198	519,098	313,298	1,249,183	6,112,688	25,320,267		25,320,267
Provisions / (reversals) & write offs - net	501,212	36,029	43,984	1,304,165	673,955	(647,586)	1,911,759		1,911,759
Profit before tax	52,693,965	1,096,683	9,530,781	(14,550,227)	2,389,767	2,680,565	53,841,534		53,841,534
				Audi	Audited December 31, 2023	123			
Statement of Financial Position					Rupees in '000				
Cash & Bank balances	73,010,365	1,075,800	286,062	90,718,130	40,699,427		205,789,784		205,789,784
Investments			11,329,945	1,185,533,827	52,575,575		1,249,439,347		1,249,439,347
Net inter segment lending	1,323,367,835					249,763,494	1,573,131,329	(1,573,131,329)	
Lendings to financial institutions				33,703,733	62,509,667		96,213,400		96,213,400
Advances - performing	93,175,361	36,852,172	410,689,401		25,200,930		565,917,864		565,917,864
- non performing	892,197	213,265	1,318,978		9,015,425	505,600	11,945,465	,	11,945,465
Others	58,036,413	4,929,573	59,669,219	108,819,168	1,977,880	64,440,643	297,872,896		297,872,896
Total Assets	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,904	314,709,737	4,000,310,085	(1,573,131,329)	2,427,178,756
Borrowings	7,854,875	28,071	100,265,851	105,313,558	3,148,691		216,611,046	,	216,611,046
Deposits & other accounts	1,502,187,242	26,053,661	119,652,517		157,493,874		1,805,387,294		1,805,387,294
Net inter segment borrowing		12,006,350	220,902,573	1,313,185,790	27,036,616		1,573,131,329	(1,573,131,329)	
Others	38,440,054	4,982,728	42,472,664	275,510	4,299,723	84,002,868	174,473,547	,	174,473,547
Total liabilities	1,548,482,171	43,070,810	483,293,605	1,418,774,858	191,978,904	84,002,868	3,769,603,216	(1,573,131,329)	2,196,471,887
Equity						230,706,869	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	314,709,737	4,000,310,085	(1,573,131,329)	2,427,178,756
Contingencies & Commitments	91,494,401		499,006,135	170,673,886	15,455,739	36,842,867	813,473,028		813,473,028
		:		•					:

rates. een reportable s ded in the Head Transactions b 38.2

RELATED PARTY TRANSACTIONS 33 and their close family m benefit plans, its directors and key m The Bank has related party relati

staff respect of s 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 ordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. The Banks enters into transactions with related benefits and other benefit plans are made in acc

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MCB Bank Limited

Other Relat Parties

	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	
					(Rupes in '000)	(000, u				
			9,000,000		'					
		•	61,600,000		'	'	•	78,200,000		
			(69,989,783)		'	'		(69,200,000)		
		'	•	'	'	'		'	'	
	•	•	610,217					9,000,000		
ig to financial institutions*			(4,712)							
			16,968,237	700,401	249,253			16,318,312	700,401	
ır	'	'	1,000,000	•			'	649,925		
d / year	•	•	•	•	•		•		•	
			17,968,237	700,401	249,253		•	16,968,237	700,401	
alue of investments*					1					
	1,436	339,386	581,933		1,509,280	1,543	281,237	1,039,898		
he period / year	3,018	66,716		'	392,147	5,963	95,327	'		
e period / year	(4,310)		(531)	'	(641,118)	(6,070)	(85,184)	(457,965)	'	
	•		•	•	•		48,006	•	•	
	144	304,035	581,402	•	1,260,309	1,436	339,386	581,933		



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

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4,445,292 914,191 (3,850,203)

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edit loss allo osing bala

Opening balance Addition during the period / year Repaid during the period / year Transfer in / (out) - net

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ngs to Fin

ment during the I nent during the p dvances ppening balance ddition / exchange adjustr tepaid / exchange adjustr ransfer in / (out) Xosing balance

Credit loss allowance ixed Assets urchase of fixed asse

17,557)

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e / markup accrued ces, deposits, advance re /able from pension fund

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dit loss allowance / ntingencies and C

Contingencies al Letter of Credit Bank guarantee



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

		Unaudited June 30. 2024). 2024			Aud	Audited December 31, 2023	1. 2023	
Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
					(000, u				
· ← ·	3,827 - -	66,047 102,316 -	- 408,251 -	7,992 207,113 7,970,513		4,302 -	22,354 25,663 -	- 573,809 -	26,675 25,684 7,428,143
1	3,827	168,363	408,251	8,185,618		4,302	48,017	573,809	7,480,502
	(375)	(607)		(104)	'				
		71,914					5,146		
'		2,408,597		ı			4,458,449		
		(2,433,363)			'		(4,391,681)		
		47,148			'		71,914		
3,034,686	200,484	102,012	8,321,464	10,033,148	193,547	184,112	187,369	5,623,897	5,594,903
1,906,228	1,193,710	9,741,172	37,425,885	69,144,494	4,574,426	1,701,697	9,730,003	90,801,961	108,421,525
(4,687,042)	(1,096,502)	(9,756,532)	(38,224,600)	(65,697,349)	(1,733,287)	(1,718,969)	(9,815,360)	(88,104,394)	(103,993,441)
253,835	296		7,522,749	13,745,095	3,034,686	200,484	102,012	8,321,464	10,033,148
	4 149		21 383	6 710		900 C		101 341	5 26R
		28.474	103.828	836	,	î	24 157	47 714	168
'		20,000				'	20,000		
	4,149	48,474	125,211	7,546		2,009	44,157	169,055	5,436
		192	126	19,941					
				7.544.701					5.009.367
'	'	159,453	8,727,646	1,734,614			174,196	8,839,177	1,722,909
•		159,453	8,727,646	9,279,315			174,196	8,839,177	6,732,276

			Unaudited June 30, 2024), 2024			5	Unaudited June 30, 2023	2023
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates
					(Rupes in '000)	(000, u			
Income									
Markup / return / interest earned		11,861	406,308		56,002	24	11,017	267,655	
Fee and commission income	~		128,965	455,633	14,697	'		65,770	377,761
	'	'	205,173	100, 301	59,325			'	114,704
Gain / (loss) on forward foreign exchange contracts matured	' '	' 10 U	' 5		1,035		-	I	
Net gam / (joss) on sale of securities Gain on sale of fixed assets	30	88	ר - מ		-		136		
Rent income			43,849	5,474	3,122			33,144	5,164
Expense Markup / return / interest expensed	36,223	9,399	77,983	312,532	1,050,870	7,202	4,782	3,724	273,263
Other Onerating expenses									
Clearing expenses paid to NIFT	'	'	'	'	107,035	'	,	'	
Contribution to provident fund		'	'	'	306,337				
Rent expenses		•	'	41,193	29,154	'		'	37,966
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		1	'	67,032	'			'	72,511
Donation during the period	'	•	'	•	'	'	'	'	
E-dividend processing fee and CDC charges	'	•	'	•	3,460	'		'	
Travelling Expenses		'	'	'	64,881				
Hotel stay expenses		'	'	'	13,669			'	
Repair & Maintenance Charges			'		2,280		'	'	
Utility expenses	'	•	'	•	1,327	'	'	'	
Miscellaneous expenses and payments	'		'		2,509	'	'	'	
Insurance premium-net of refund			'	368,726	'		'	'	324,575
Insurance claim settled	•	'	'	61,331	•			'	12,841
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		'			21,025,838	
Payments against home remittances		'	2,205,160		'	'	'	2,968,591	
Reimbursement of other expenses			43,757		'			32,235	
Sale of government securities	73,455		160,611	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	'			



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

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17,077,946 32,596,383 399,000

MCB Bank Limited

Other Relate Parties



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

		Unaudited June 30, 2024 Rupee	Audited December 31, 2023 es in '000
40 0	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	-	-
	Total Eligible Tier 1 Capital	200,451,305	189,956,074
	Eligible Tier 2 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	Audited December 31, 2023
	Rupee	es in '000
40.2 Leverage Ratio (LR):		1
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	То	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.







Director

Shoaib Mumtaz President / CEO

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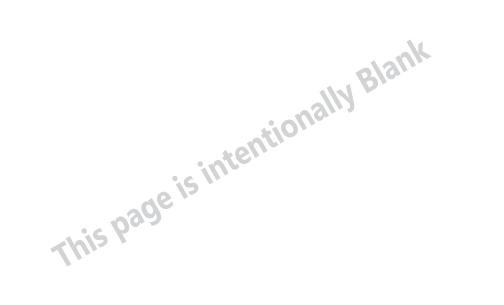
Mian Umer Ma Director

Shahzad Hussain Director

ussam









MCB BANK LIMITED

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

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



	Note	Unaudited June 30, 2024	Audited December 31, 2023 es in '000
ASSETS		itupet	5 m 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			
Bills payable	18	16,371,008	27,271,384
Borrowings	19	298,346,732	235,664,480
Deposits and other accounts	20	2,245,113,501	2,009,828,619
Lease liabilities	21	11,493,150	11,429,243
Subordinated debt		-	-
Deferred tax liabilities	15	-	3,552,321
Other liabilities	22	139,234,538	150,588,030
Total Liabilities		2,710,558,929	2,438,334,077
NET ASSETS		255,282,853	241,751,102
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	23	104,854,995	101,129,809
Surplus on revaluation of assets	24	25,678,994	25,740,282
Unappropriated profit	<u>.</u>	112,519,835	102,689,217
		254,904,424	241,409,908
Non-controlling interest		378,429	341,194
		255,282,853	241,751,102
CONTINGENCIES AND COMMITMENTS	25		

CONTINGENCIES AND COMMITMENTS

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

Hammad Khalid Chief Financial Officer

June Shoaib Mumtaz President / CEO

Un Mark Mian Umer Mansha Director

sesan Shahzad Hussain

Director

Muhammad Ali Zeb Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Profit and Loss Account (Un-Audited) MCH For The Half Year Ended June 30, 2024 Bank for Life

		Quarte	r Ended	Half Yea	r Ended
	Note	April 01 to June 30, 2024	April 01 to June 30, 2023 Rupees	January 01 to June 30, 2024 s in '000	January 01 to June 30, 2023
•• • • • • • • •	27	106.262.286	89.999.147	206,903,843	160,232,937
Mark-up / return / interest earned	28	65,108,013	48,824,177	123,301,832	86,015,544
Mark-up / return / interest expensed	20	41,154,273	41,174,970	83.602.011	74,217,393
Net mark-up / interest income		11,101,210	11,111,010	00,002,011	1,211,000
NON MARK-UP / INTEREST INCOME					
Fee and commission income	29	5,992,042	5,254,002	12,787,974	9,902,627
Dividend income		559,256	724,997	1,357,864	1,379,179
Foreign exchange income		3,082,966	2,870,941	5,009,043	3,907,029
Income from derivatives		777	819	1,174	12,875
Gain / (loss) on securities-net	30	74,614	(11,528)	80,742	72,815
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	31	146,552	69,044	247,397	120,945
Total non-markup / interest Income		9,856,207	8,908,275	19,484,194	15,395,470
Total income		51,010,480	50,083,245	103,086,205	89,612,863
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	17,231,685	14,245,212	33,546,565	27,803,288
Workers Welfare Fund		652,157	678,911	1,357,187	1,175,069
Other charges	33	88,868	167,902	239,979	266,069
Total non-markup / interest expenses		17,972,710	15,092,025	35,143,731	29,244,426
Share of profit of associates		553,826	327,921	970,341	331,678
Profit before credit loss allowance		33,591,596	35,319,141	68,912,815	60,700,115
Credit loss allowance and write offs - net	34	588,059	1,490,560	560,104	2,230,515
PROFIT BEFORE TAXATION		33,003,537	33,828,581	68,352,711	58,469,600
Taxation	35	16,162,154	19,133,413	33,657,175	29,795,186
PROFIT AFTER TAXATION		16,841,383	14,695,168	34,695,536	28,674,414
Less: Profit attributable to non-controlling interest		(49,605)	(24,458)	(84,069)	(75,684)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		16,791,778	14,670,710	34,611,467	28,598,730
			Rup		
Basic and diluted earnings per share	36	14.17	12.38	29.21	24.13

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

June

Shoaib Mumtaz President / CEO





Muhammad Ali Zeb Director

ussam

Shahzad Hussain

Director



Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited) MCB For The Half Year Ended June 30, 2024 Bank for Life

	Quarte	r Ended	Half Yea	ar 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	16,841,383	14,695,168	34,695,536	28,674,414
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	(78,964)	272,362	108,859	5,292,778
- Non-controlling interest	3 (78,961)	6 272,368	(7) 108,852	125 5,292,903
Share of exchange translation reserve of associate	(6,677)	116,697	(11,907)	106,395
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.	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
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	-
Remeasurement gain on defined benefit obligations - net of tax	-	292,162	-	292,162
Movement in surplus on revaluation of property and equipment - net of tax Movement in surplus on revaluation of non-banking assets - net of tax	-	(471,259) (52,418)	-	(471,259) (52,418)
movement in surpus on revaluation of non-baliking assets - net of tax	1,916,320	(231,515)	2,011,852	(231,515)
Total comprehensive income	22,671,316	18,893,308	40,115,975	29,854,903
Attributable to:				
- Equity shareholders of the bank - Non-controlling interest	22,621,708 49,608	18,868,844 24,464	40,031,913 84,062	29,779,094 75,809
Total comprehensive income	22.671.316	18.893.308	40.115.975	29.854.903

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

gunde.

Un mart Mian Umer Mansha Director





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				v	5	,				
	Share capital	Share premium	Non-distributable capital reserve	Exchange translation reserve	Statutoryreserve	General reserve	ou puinte Investments	Averica, di rerausion Associate e	Property and equipment / non-	Unappropri ated profit	Total	Non contro lling interest	Grand Total
							P unseein 100		banking assets				
Balance as at December 51, 2022 (Audited)	11,850,600	23,973,024	216,317	4,845,697	41,313,438	18,600,000	(19,162,304)	127,321	38,490,465	72,796,700	193,745,258	732,489	194,477,747
Profit after taxetion for the period embed June 30, 2023 Other remembershipsingenes - and ref as	•	•		•			•	•	•	28,596,730	28,596,730	75,684	28,674,414
Effect of translation of net investment in foreign branches and subsidiary Movement in surplus on revaluation of properly and expipment - net of lax				5,399,173					(471,259)		5,399,173 (471,259)	ξS.	5,399,298 (471,259)
Morement in surplus on associated undertaking-met of tax Morement in surplus on revaluation of non-banking assels - net of tax		•••	• •					(60,429) -	(52,418)	• •	(60,429) (52,418)	• •	(60,429) (52,418)
Remeasurement/gain/ (bss) on defined benefitobligations- net of tax Movement in surptus /(dafidi) on revaluationof AFS investments - net of tax							(3,926,865)		• •	292,162	292,162 (3,926,865)		292,162 (3926,865)
				5,399,173			(998'925'2)	(80,429)	(523,677)	292,162	1,180,364	52	1,180,489
Transter to statutory reserve Transter in respect of incremental dispectation from surplus on revaluation of	•	•	•		3,061,223					(5,061,823)	•	•	
fixed assets tourrappropriated profit - net of tax Surplus realized on discussif of revalued property and equipment - net of tax									(76,708) (1,097,114)	76,708 1,097,114			
Surplus realized on disposal of non-banking assess - net of tax						•			(19,537)	19,537			
Acquisition of additional interest insubsidiary	•	•	•	•	•			•		(165,720)	(165,720)	(484,205)	(649,925)
Transactions with wrines, recorded diredly in equity Final cash divident at Rs. 6.0 per share - December 31, 2022		•					•	•		(7,110,360)	(7,110,360)	•	(7,110,360)
Interniticash di waend ar MS. 6.U per Share - March 31, 2023										(14,220,720)	(14,220,720)		(14,220,720)
Belance as a June 30, 2023 (Un-euclied)	11,850,600	23,973,024	908,317	10,244,870	44,375,261	18,600,000	(23,089,169)	66,692	36,776,429	86,431,688	209,137,912	324,083	209,462,005
Profit after taxetion for the six months period enobed December 31, 2003										36,505,889	36,506,889	16906	36,996,586
Other comprehensive/income - net of tax Effect of translation of net investment in foreign branches and subsidiary				(903,617)					•		(503,617)	(11)	(803,628)
Movement in surplus on revaluation of properly and equipment - net of tax Movement in surplus on associated undertaking-net of tax	• •	• •			• •	•		366,869	204,974		204,974 366,869		204,974
Movement in suplus on revelatation of non-banking aseks - net of tax Remeasurementigain / (loss) on defined benefitobligations - net of tax		• •			• •				(111,458)	2,377,694	(111,458) 2,377,694		(111,458) 2,377,694
Movement in surplus / (deficit) on revaluation of AFS investments - net of tax				. (903.617)			11,618,545	366,869	93.516	2377.694	11,618,545 13,542,007	. (1)	11,618,545
Transfer to statutory reserve	•				3,931,964		·	•	·	(3,901,964)	•		·
Transfer in respect of incremental dispectation from surplus correveluation of fixed assets tourneppropriated profit-met of fax. Surplus realized on disposal of non-branking assets - met of lax.									(76,707) (5,063)	76,707 5,063			
Transactions with owners, recorded directly in equity Interimicash dividend at Rs. 7 Oner share - June 30, 2023										B 295 4201	B 295 420		(8.295.4.20)
Interimcash dividendat Rs. 8.0per share - September 30, 2023			•		•					(9,480,480)	(9,480,480)		(9,480,480)
Share of dividend attributable to Mon-controling interest										- -	- (ng/c///1)	. (73,585)	(006'02) (985'02)
Belance as at December 31, 2023 (Audited)	11,850,600	23,973,024	216,309	9,341,253	48,307,215	18,600,000	(11,470,624)	422,761	36,788,145	102,689,217	241,409,908	341,194	241,751,102
Impact of adoption of IFRS 9 - net of tax (note 4.25)							(5,116,113)			(90,204)	(5,206,317)		(5206,317)
Opening belance as at January 01, 2024 - after adoption of IFRS 9	11,850,600	23,973,024	216,302	8/34/263	48,307,215	18,600,000	(16,586,737)	422,761	36,788,145	102,599,013	236,203,591	341,194	236,544,785
Profit after taxation for the period ended June 30, 2024 Other comprehensive income - net of tax						·			•	34,611,467	34,611,467	84,069	34,686,536
Effect of translation of net investment in foreign branches and subsidiary Nonement in suprils or nace added unstratietiky oper of data Nonement in suprils of (datiod) on mealuation of equity investments frough FIVOC - net of las Nonement in suprils (identicit) on mealuation of dest/ newsimetric finoculty FIVOC - net of las				296'96			2,011,852 3,126,097	183,545			96,952 183,545 2,011,852 3,128,097	ω	96,945 183,545 2,011,852 3,128,097
	•			96,962		•	5,139,949	183,545		-	5,420,446	(J)	5,420,439
riarister to statutory reserve Transfer in respect of incremental depreciation from surplus on revealuation of	•	•	•	•	3,026,234		•	•		(9570235)	•	•	•
fixed assets to unsproprided profit - net of lax. Surphis realized on disposed of investments in negatify instruments through PVOC3 - net of lax. Surphis realized on disposed of revealed fixed sexies - net of lax.							(181,502)		(73,945) (13,222)	73,945 181,502 13,222			
Transactions with owners, recorded directly in equity Final cash dividend at Rs. 9.0 per store - Docember 31, 2023 Interactions of Actionations - Docember 31, 2023				•					•	(10,666,540)	(01923000) (01923000)	•	(10,665,540)
										(21,331,080)	(21,331,080)	•	(21,331,080)
Share of dividend attributable to Non-controlling interest Between and June 30, 2004 // June Serviced				- 100 GUT 0					. ero ore			(46827)	(46,827) nee non een
המפווינה פא פו אזווב האי דינה ו (המחוזבה)	000001	47/10/207	300.01	017/04/6	RHTOPRIC	10,000,000	1027/070111	000,000	20,100,310	000610711	474-402-407	674010	000707007



que Shoaib Mumtaz President / CEO

Un Mark Mian Umer Mansha Director



C.

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

		Half Yea	r Ended
	Note	January 01	January 01
		to	to
		June 30, 2024	June 30, 2023
CASH FLOW FROM OPERATING ACTIVITIES		Rupees	in 000
Profit before taxation		68,352,711	58,469,600
Less: Dividend income and share of profit of associates		(2,328,205)	(1,710,857)
Adjustments:		66,024,506	56,758,743
Net mark-up / interest income		(83,602,011)	(74,217,393)
Depreciation on property and equipment	32	2,062,730	1,583,418
Depreciation on right-of-use assets	32	1,108,301	961,951
Depreciation on non-banking assets acquired in satisfaction of claims Amortization	32 32	9,338 395,830	11,939 271,318
Credit loss allowance / provisions and write offs - net	34	560,104	2,230,515
Gain on sale of property and equipment - net	31	(142,510)	(9,619)
Gain on sale of non-banking assets acquired in satisfaction of claims - net	31		(776)
Finance charges on lease liability against right-of-use assets	28	899,117	715,656
Workers Welfare Fund Charge for defined benefit plans - net		1,357,187 (206,767)	1,175,069 148,131
Gain on conversion of Ijarah agreements		(5,841)	(8,809)
Gain on termination of lease liability against right-of-use assets	31	(27,046)	(37,720)
Unrealized (gain) / loss on revaluation of investments classified as FVTPL	30	(22,424)	11,936
		(77,613,992) (11,589,486)	(67,164,384) (10,405,641)
Decrease / (increase) in operating assets		(,	,
Lendings to financial institutions		883,925	(20,213,226)
Securities classified as FVTPL Advances		5,358,604 (53,288,761)	(116,802) 152,227,248
Others assets (excluding advance taxation)		61,100,212	(19,711,938)
		14,053,980	112,185,282
Increase / (decrease) in operating liabilities Bills Payable		(10,900,376)	(24,754,331)
Bins rayable Borrowings from financial institutions		62,392,048	(96,072,164)
Deposits		235,284,882	322,404,216
Other liabilities (excluding current taxation)		(1,710,374)	14,405,049
		285,066,180	215,982,770
Mark-up / Interest received Mark-up / Interest paid		201,363,763 (121,203,932)	143,310,835 (111,222,832)
Defined benefits paid		(121,203,932) (154,929)	(111,222,632) (132,813)
Income tax paid		(45,040,540)	(25,627,333)
Net cash flow from operating activities		322,495,036	324,090,268
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities classified as FVOCI		(230,382,506)	(186,284,955)
Net investment in securities classified as amortized cost		8,167,099	(8,950,874) 1,483,392
Dividends received Investments in property and equipment		1,468,720 (5,490,342)	(3,183,043)
Disposal of property and equipment		196,067	1,741,500
Investments in Intangible assets		(1,282,140)	(250,355)
Proceeds from sale of non-banking assets acquired in satisfaction of claims		-	87,000
Investment in subsidiary Net investment in associates		- (350,823)	(649,925) (162,602)
Effect of translation of net investment in foreign branches and subsidiary		108,859	5,292,903
Net cash flow used in investing activities		(227,565,066)	(190,876,959)
CASH FLOW FROM FINANCING ACTIVITIES		()	(,,,,
Payment of lease liability against right-of-use-assets		(1,667,502)	(1,451,151)
Dividend paid		(21,218,019)	(14,091,437)
Net cash flow used in financing activities		(22,885,521)	(15,542,588)
Effects of credit loss allowance changes on cash and cash equivalents		(675)	-
Effects of exchange rate changes on cash and cash equivalents		(522,175)	11,422,007
Increase in cash and cash equivalents		71,521,599	129,092,728
Cash and cash equivalents at beginning of the period		226,735,098	124,208,540
Cash and cash equivalents at end of the period		298,256,697	253,301,268
The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial stateme	ents.		_

June Shoaib Mumtaz Hammad Khalid Chief Financial Officer President / CEO

Un mort Mian Umer Mansha

Fursam Shahzad Hussain

Director

MCB Bank Limited & Subsidiary Companies

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



STATUS AND NATURE OF BUSINESS

	Percentage Iding of MCB	
Subsidiary Companies B	ank Limited"	
 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.

BASIS OF PREPARATION 2.

- 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.

Muhammad Ali Zeb Director

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:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	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, deposite 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 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.

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

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:

	Before adopti	on of IFRS 9*	After adoption of IFRS 9	
Financial Asset	Measurement Category	Audited December 31, 2023	Measurement Category	Balance as of January 01, 2024 - before ECL
Federal Government Securities		Rupees in	'000'	
- 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) ljarah Sukuks	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:

	Before adopt	ion of IFRS 9*	After adopti	on of IFRS 9**
Financial Asset	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	51,625,641
	ş		FVTPL	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

MCB Bank Limited & Subsidiary Companies

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



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 noncash 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 categorizers 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.

Guarantee 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.

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



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.

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 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:

MCB Bank Limited & Subsidiary Companies

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



				Impact due to:							
	Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI 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	IFRS 9 Category
					Rupees in '000	000, u					
ASSETS Cash and balances with treasury banks Balances with other banks Lendings to firrancial institutions	190,245,798 37,806,854 89,713,400	(527,297) (292,566) (97,271)					(527,297) (292,566) (97,271)		(527,297) (292,566) (97,271)	189,718,501 37,514,288 89,616,129	AC AC
hvestments - Classifiad as available for sala	1 302 802 842	,	11 302 802 8421		,	,	11 302 802 8421	•	11 302 802 8421	•	
- Classified as fair value through other	740'700'700'1		(1,004,034,044)				(1,002,032,072)		1, 306,036,046)	•	
comprehensive income Classified as held to maturity	- 59,136,761	-	1,302,892,842 (59,136,761)	(9,529,754) -			1,293,363,088 (59,136,761)		1,293,363,088 (59,136,761)	1,293,363,088 - -	
 Classified as amortised cost Classified as held for trading 	- 2,492,235	(4,304) -	29,130,701 (2,492,235)	(al.8,auc, /) -			51,625,641 (2,492,235)		51,625,641 (2,492,235)	- -	AC
 Classified as rail value unough proint Or loss Associates 	- 7 821 877		2,492,235	17,036,570	(3,501)		19,525,304		19,525,304	19,525,304 7 821 877	FVTPL Outside the score of IERS 0
	1,372,343,715	(4,304)].		(3,501)		(7,805)].	(7,805)	1,372,335,910	
varices - Gross amount - Pmvisions	716,525,774	- (7 364 752)					- [7 364 759)		- (7 364 752)	716,525,774	
	670,673,495		•		•].	(7,364,752)].	(7,364,752)	663,308,743	AC
Property and equipment	80,736,669								•		Outside the scope of IFRS 9
Right-of-use assets Internihle accete	8,001,881 1 850.032								•	8,001,881 1 850 032	Outside the scope of IFRS 9
Deferred tax asset	-							(6,371,787)	6,371,787		Outside the scope of IFRS 9
Other assets	228,704,335 2 680 085 179	(237,105) (8.523.295)			- (3.501)		(237,105) (8.526.796)	- (6.371.787)	(237,105)	228,467,230 2 677 930 170	AC
ç											
LIABILI ILES Bills payable	27,271,384								•	27,271,384	AC
Borrowings	235,664,480	•			•	•				235,664,480	AC
Deposits and other accounts Lease liability against right-of-use assets	z,u09,828,619 11,429,243			• •	•••					z,009,828,619 11,429,243	AC
Subordinated debt			•	•		•				•	AC
Deterred tax liabilities Other liahilities	3,552,321 150 588 030	- 1 688 277					- 1 688 277	3,552,321 (4 915 352)	(3,552,321) 6 603 629	- 157 191 659	Outside the scope of IFRS 9 AC
	2,438,334,077	1,688,277	•				1,688,277	(1,363,031)	3,051,308	2,441,385,385	2
NET ASSETS	241,751,102	(10,211,572)	•	•	(3,501)		(10,215,073)	(5,008,756)	(5,206,317)	236,544,785	
REPRESENTED BY Share capital	11,850,600									11,850,600	
Reserves	101,129,809									101,129,809	
Surplus on revaluation of assets - net of tax	25,740,282 100 680 217	- (40.944.679)		(8,045) 8.045	- (3 601)	(10,026,787)	(10,034,832) /180,241)	(4,918,719)	(5,116,113)	20,624,169 102 500 013	
	241,409,908	(10,211,572)			(3,501)	-	(10,215,073)	(5,008,756)	(5,206,317)	236,203,591	
Non-controlling interest	341,194						,			341,194	
	044 7E4 400	(40 244 672)			(3 501)	.	(10.915.073)	/5 008 7561	(5 206 317)	236 544 785	

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

MCH Bank for Life

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS 5.

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. Unaudited Auditod

		Note	Unaudited June 30, 2024	Audited December 31, 2023
7.	CASH AND BALANCES WITH TREASURY BANKS			s in '000
	In hand		·	
	Local currency		46,892,357	37,437,971
	Foreign currencies		9,451,792	8,807,239
			56,344,149	46,245,210
	With State Bank of Pakistan in			
	Local currency current account		121,914,507	88,108,940
	Foreign currency current accounts		2,642,060	2,454,172
	Foreign currency deposit account		12,688,518	12,812,091
	With other central banks in		137,245,085	103,375,203
	Foreign currency current accounts		14,574,544	7,618,129
	With National Bank of Pakistan in		,,	.,
	Local currency current accounts		40,319,661	32,835,691
	Prize bonds		143,706	171,565
	Less: Credit loss allowance held against cash and balances with treasury banks		(529,519)	-
	Cash and balances with treasury banks - net of credit loss allowance		248,097,626	190,245,798
8.	BALANCES WITH OTHER BANKS			
	In Pakistan			
	In current account		15,376	17,842
	In deposit account		1,581 16,957	7,886 25,728
	Outside Pakistan		10,007	23,720
	In current accounts		19,109,017	11,901,017
	In deposit accounts		32,661,496	25,869,888
			51,770,513	37,770,905
	Less: Credit loss allowance held against balances with other banks		(301,371)	(10,221)
	Balances with other banks - net of credit loss allowance		51,486,099	37,806,854
9.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Call / clean money lendings		45,407,675	65,714,000
	Repurchase agreement lendings (Reverse Repo)		34,921,800	21,499,400
	Musharaka arrangements		8,500,000	2,500,000
			88,829,475	89,713,400
	Less: Credit loss allowance held against lending to financial institutions	9.1	(73,886)	-
	Lending to financial institutions - net of credit loss allowance		88,755,589	89,713,400

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		
			Lending	Credit loss allowance held	Classified Lending	Provision held	
9.1	Particulars of credit loss	allowance		Rup	ees in '000		
	Domestic						
	Performing	Stage 1	43,721,799	(68,963)	-	-	
	Under performing	Stage 2	-	-	-	-	
	Non-performing	Stage 3					
	Substandard		-	-	-	-	
	Doubtful		-	-	-	-	
	Loss		-	-		-	
			-	-		-	
	Total		43,721,799	(68,963)	-	-	
	Overseas						
	Performing	Stage 1	45,107,676	(4,923)	-	-	
	Under performing	Stage 2	-	-	-	-	
	Non-performing	Stage 3					
	Substandard		-	-	-	-	
	Doubtful		-	-	-	-	
	Loss		-	-		-	
			-	-		-	
	Total		45,107,676	(4,923)	-	-	

INVESTMENTS 10.

10.1 Investments by type:

FVTPL

Federal Government Securities Non Government Debt Securities Shares and units

FVOCI Federal Government Securities Shares Foreign Securities

Amortised Cost Federal Government Securities Provincial Government Securities Non Government Debt Securities

Associates

Total Investments

Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	Rupee s	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

Unaudited June 30, 2024

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

			Audited Decen	nber 31, 2023	
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
			Rupee s	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	4 057 040 550	(444 770)	(00.040.000)	4 000 504 040
	Federal Government Securities Shares and units	1,257,348,552	(414,772)	(28,348,868)	1,228,584,912
	Non Government Debt Securities	30,790,160	(10,026,787)	5,773,217	26,536,590
	Foreign Securities	3,723,840 43,963,271	-	(9,560) 93,789	3,714,280 44,057,060
	l oreign Securities	1,335,825,823	(10,441,559)	(22,491,422)	1,302,892,842
	Held-to-maturity securities	1,000,020,020	(10,441,000)	(22,431,422)	1,302,032,042
	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
10.1.1	Investments given as collateral			Unaudited June 30, 2024	Audited December 31, 2023
				Rupe	es 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 invest	·			
10.2	Opening balance	tments		11,179,534	10,330,107
	Reversal of impairment charged against equity instrument	ts through FVOCI on a	doption 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)				
	Charge for the period / year			306	1,744,532
	Reversals for the period / year			(59,502)	-
	Reversal on disposals			-	(949,867)
				(59,196)	794,665
	Amounts written off				_
	Closing Balance			1,089,456	11,179,534
				.,,	, 0,001

MCB Bank Limited & Subsidiary Companies





		Unaudited J	Unaudited June 30, 2024		ember 31, 2023
		Outstanding amount	Credit loss allowance held	Outstanding amount	*Provision / Credit loss allowance held
10.3 Particulars of credit loss allowance against d	ebt securities		Rupees	in '000	
Domestic					
Performing	Stage 1	1,495,406,658	4,610	-	-
Under performing	Stage 2	2,841,362	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		477,659	477,659	477,659	477,659
		477,659	477,659	477,659	477,659
		1,498,725,679	482,269	477,659	477,659
Overseas					
Performing	Stage 1	74,589,199	-	-	-
Under performing	Stage 2	7,696,705	607,187	10,418,986	675,088
Non-performing	Stage 3	-	-	-	-
		82,285,904	607,187	10,418,986	675,088
Total		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

MCB

Bank for Life

			Unaudited Ju	ine 30, 2024		
Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
			Rupees	in '000		
Pakistan	30%	887,896	132,447	132,447	2,126,531	1,973,776
Pakistan	20%	12,034,918	1,047,115	2,122,194	178,656,939	144,750,027
			Audited Decen	nber 31, 2023		
Country of incorporation	% of interest held	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Assets	Liabilities
			Rupees	in '000		
Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014	1,526,982
Pakistan	20%	41,976,789	2,716,915	7,247,972	172,799,968	141,046,004
	Incorporation Pakistan Pakistan Country of Incorporation Pakistan	Country of incorporationinterest heldPakistan30%Pakistan20%Country of incorporation% of interest heldPakistan30%	Country of incorporation interest held Revenue Pakistan 30% 887,896 Pakistan 20% 12,034,918 Country of incorporation % of interest held Revenue Pakistan 30% 1,474,982	Country of incorporation % of interest held Revenue Profit / (loss) after tax Pakistan 30% 887,896 132,447 Pakistan 20% 12,034,918 1,047,115 Audited Decent More tax Audited Decent Country of incorporation % of interest held Revenue Profit / (loss) after tax Pakistan 30% 1,474,982 (1,915)	Country of incorporation interest held Revenue Profit / (loss) after tax comprehensive income / (loss) Pakistan 30% 887,896 132,447 132,447 Pakistan 20% 12,034,918 1,047,115 2,122,194 Audited December 31, 2023 Country of incorporation % of interest held Profit / (loss) after tax Total comprehensive income / (loss) Pakistan 30% 1,474,982 (1,915) (1,915)	Country of incorporation % of interest held Revenue Revenue Profit / (loss) after tax Total comprehensive income / (loss) Assets Pakistan 30% 887,896 132,447 132,447 2,126,531 Pakistan 20% 12,034,918 1,047,115 2,122,194 178,656,939 Audited December 31, 2023 Audited December 31, 2023 Total comprehensive incorporation Assets Pakistan 30% 1,474,982 (1,915) (1,915) 1,553,014

Unaudited June 30, 2024

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). Audited

	Unaudited June 30, 2024	December 31, 2023
	Rupee	s 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)
	272,801	276,450
Share of other comprehensive income	336,545	909,240
Closing balance	7,188,159	6,578,813
Share of other comprehensive income / (loss)		
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

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

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

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

MCB

Bank for Life

	Unaudited June 30, 2024 Rupe	Audited December 31, 2023 es in '000
Opening balance	8,361	9,356
Share of profit for the period / year before tax	52,205	20,401
Share of tax	(14,740)	(21,396)
	37,465	(995)
Closing balance	45,826	8,361

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	December 31, 2023
	Rupee	es in '000
Investment at the beginning of the period / year	1,234,703	1,105,496
Investment / (redemptions) during the period / year	360,852	(267,428)
Share of profit for the period / year	205,161	415,827
Dividend Income	(10,029)	(19,192)
	555,984	129,207
Closing balance	1,790,687	1,234,703

MCB Bank Limited & Subsidiary Companies

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

		2023	00, ui seens	1000' ui		2023
	507 360 006	EE0 707 170	EE 210 EE2	E2 000 E11	640 704 4E0	500 700 016
Loans, cash deons, funning intances, etc. Islamic financian and related assate	392,300,900 102 802 765	200,/02/4/2 88 677 808	20,340,332 2 2 2 1 2 2 5	03,000,544	046,/UI,458 105 114 000	003,703,010 00.635.616
Bills discounted and purchased	14,295,563	21,305,091	677,197	882,051	14,972,760	22,187,142
Advances - gross	709,549,234	660,685,371	59,238,984	55,840,403	768,788,218	716,525,774
Credit loss allowance against advances						
- Stage 1	4,942,159		•		4,942,159	
- Stage 2	1,181,251				1,181,251	
- Stage 3	•	•	44,877,042	•	44,877,042	•
- Specific	-	2 160 800		42,682,380	- 102 424	42,682,380 3 160 800
	(8,225,834)	(3, 169, 899)	(44,877,042)	(42,682,380)	(53, 102, 876)	(45,852,279)
Advances - net of credit loss allowance	701,323,400	657,515,472	14,361,942	13,158,023	715,685,342	670,673,495
					Unaudited June 30, 2024	Audited December 31,
11.1 Particulars of advances (gross)					202: Rupees in '000	2023 in '000
In local currency In freeinn currencies					696,898,634 71 889 584	636,444,276 80 081 498
					768,788,218	716,525,774
11.2 Advances include Rs. 59,238.984 million (2023: Rs. 55,840.403 million) which have been placed under the non-performing / Stage 3 status as detailed below:	been placed under the no	on-performing / Stage	3 status as detailed I	celow:		
		Note	Unaudited June 30, 2024	ine 30, 2024	Audited December 31, 2023	ber 31, 2023
Category of Classification			Non Performing Loans	Credit loss allowance	Non Performing Loans	Provision
Domonolio				Rupees	Rupees in '000	
Other Assets Especially Mentioned (OAEM)		11.2.1	1.652.031	839.046	1.517.142	1.684
Substandard			3,860,502	1,704,262	1,056,913	52,169
Doubtful			2,577,118	1,079,526	382,282	114,909
ross			37,147,024	36,200,376	38, 135, 498	36,780,475
			45,236,675	39,823,210	41,091,835	36,949,237
					000 0	706
Upto 30 Days 91 to 180 davs					2,302	6 225
180 to 365 davs			622.113	314.720	1.297	1,297
> 365 days			13,380,196	4,739,112	14,719,471	5,724,895
			14,002,309	5,053,832	14,748,568	5,733,143
Total			59,238,984	44,877,042	55,840,403	42,682,380

à This includes non-performing portfolio of agricultural, Regulations issued by the State Bank of Pakistan. 11.2.1

MCB Bank for Life

11.3 Particulars of credit loss allowance against advances

For The Half Year Ended June 30, 2024

	Unaudited June 30, 2024		Audited December 31, 20		2023		
	Expected C	Credit Loss					
	Stage 1 &	Stage 3	General	Total	Specific	General	Total
	Stage 2			Ru pees in	'000		
Opening balance	-	42,682,380	3,169,899	45,852,279	42,122,972	2,638,230	44,761,202
Impact of ECL on adoption of IFRS 9	5,615,036	2,458,683	(708,967)	7,364,752	-	-	-
Exchange adjustments	26,503	(30,988)	-	(4,485)	1,230,321	237,236	1,467,557
Charge for the period / year	1,810,091	3,170,160	-	4,980,251	3,685,905	531,609	4,217,514
Reversals	(1,328,220)	(2,288,414)	(358,508)	(3,975,142)	(3,576,979)	(237,176)	(3,814,155)
	481,871	881,746	(358,508)	1,005,109	108,926	294,433	403,359
Amounts written off	-	(1,114,779)	-	(1,114,779)	(779,839)	-	(779,839)
Closing balance	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:

Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)

	Opening balance Impact of ECL on adoption of IFRS 9		Stage 1	Stage 2	Stage 3 -Ru pees in '000-	General	Total
					-Ru pees in '000-		
	Impact of ECL on adoption of IFRS 9		-	-	42,682,380	3,169,899	45,852,279
			4,153,361	1,461,675	2,458,683	(708,967)	7,364,752
	Exchange adjustments		26,503	-	(30,988)	-	(4,48
	New Advances		619,908	33,458	34,211	-	687,57
	Advances derecognized or repaid		(81,134)	(43,173)	(472,324)	(358,508)	(955,13
	Transfer to stage 1		409,378	(405,269)	(4,109)	-	-
	Transfer to stage 2		(73,248)	80,205	(6,957)	-	-
	Transfer to stage 3		(11,145)	(114,462)	125,607	-	-
			863,759	(449,241)	(323,572)	(358,508)	(267,56)
	Amounts written off / charged off		-	-	(1,114,779)	-	(1,114,77
	Changes in risk parameters		(101,464)	168,817	1,205,318	-	1,272,67
	Closing balance		4,942,159	1,181,251	44,877,042	2,102,424	53,102,87
				Unaudited Ju		Audited Decen	nber 31, 2023
				Outstanding amount	Credit loss allowance Held	Outstanding amount	Provision
1.3.2	Category of Classification			Ru pees in '000			
	Domestic						
	Performing	Stage 1		651,577,663	4,799,638	635,484,441	-
	Under performing	Stage 2		29,524,527	780,405	-	-
	Non-performing	Stage 3					
	Other Assets Especially Mentioned			1,652,031	839,046	1,517,142	1,68
	Substandard			3,860,502	1,704,262	1,056,913	52,16
	Doubtful			2,577,118	1,079,526	382,282	114,90
	Loss			37,147,024	36,200,376	38,135,498	36,780,47
				45,236,675	39,823,210	41,091,835	36,949,23
	General Provision Total			- 726,338,865	2,040,049 47,443,302	676,576,276	3,169,89
	Iotai			720,330,000	47,443,302	070,570,270	40,119,13
	Overseas						
	Performing	Stage 1		19,479,218	142,521	25,200,930	-
	Under performing	Stage 2		8,967,826	400,846	-	-
	Non-performing	Stage 3					
	Substandard			-	-	27,800	6,95
	Doubtful			622,113	314,720	488,452	244,22
	Loss			13,380,196	4,739,112	14,232,316	5,481,96
				14,002,309	5,053,832	14,748,568	5,733,14
	Conorol Browinion				62.275		
	General Provision			- 42.449.353	62,375 5.659.574	- 39.949.498	- 5,733,14

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

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



					Note	Unaudited June 30, 2024	Audited December 31, 2023
12.	PROPERTY AND EQUIPMENT					Rupee	es in '000
	Capital work-in-progress				12.1	3,894,651	2,191,569
	Property and equipment					80,217,714	78,545,100
						84,112,365	80,736,669
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 3,894,651	4,609
							Unaudited Half year ended
						June 30, 2024	June 30, 2023
12.2	Additions to property and equipment					Rupee	es in '000
	The following additions have been made to proper	rty and equipmen	t 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
	Disease of a second second second					5,490,342	3,183,043
12.3	Disposal of property and equipment The net book value of property and equipment dis		the period is	an follows:			
		posed on during	ine penou is	as lollows.		40.040	4 000 044
	Freehold land					13,240	1,699,344
	Vehicles Furniture and fixture					26,520 636	10,820
						13,161	1,633 4,459
	Electrical office and computer equipment Leasehold Improvements					-	4,459
	Building on freehold land					-	15,607
						53,557	1,731,882
					Note	Unaudited June 30, 2024	Audited December 31, 2023
13.	RIGHT-OF-USE ASSETS					Rupee	es in '000
	Right-of-use assets				13.1	7,736,877	8,001,881
		Unaudi	ted June 30), 2024	Aud	ited December 31	, 2023
		Buildings	Others	Total Rup	Buildings bees in '000	Others	Total
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	875,825	-	875,825	2,449,562	-	2,449,562
	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

7.736.877

Closing net carrying amount

7.736.877

8.001.881

8,001,881

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

		Note	Unaudited June 30, 2024	Audited December 31, 2023
14	INTANGIBLE ASSETS		Rupe	es in '000
	Computer software		1,459,181	969,440
	Goodwill		82,127	82,127
	Management rights		192,000	192,000
	Capital work-in-progress		1,013,297	615,465
			2,746,605	1,859,032
	14.1 Additions to intangible assets		Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
			Rupe	es in '000
	The following additions have been made to intangible assets during the period:		004 200	177 040
	Computer software		884,308	177,249
	Capital work-in-progress - net additions		397,832	73,106
			1,282,140	250,355
			Unaudited June 30, 2024	Audited December 31, 2023
15.	DEFERRED TAX ASSETS / (LIABILITIES) - NET		Rupe	es in '000
	Deductible Temporary Differences on			
	- Credit loss allowance against financial assets		6,003,831	204,206
	- Workers Welfare Fund		198,232	154,378
	- Deficit on revaluation of investments		11,172,279	11,020,798
	Taxable Temporary Differences on		17,374,342	11,379,382
	- Surplus on revaluation of property and equipment		(3,633,497)	(3,704,544)
	- Surplus on revaluation of property and equipment		(297,334)	(297,334)
	- Accelerated tax depreciation		(3,660,116)	(3,678,662)
	- Receivable from pension fund		(3,905,551)	(3,639,789)
	- Business combination		(705,218)	(0,000,100) (705,218)
	- Investments in associated undertaking		(3,204,735)	(2,906,156)
			(15,406,451)	(14,931,703)
			1,967,891	(3,552,321)
16.	OTHER ASSETS		.,	(*)**=,*=*)
	Income / mark-up accrued in local currency		77,052,862	71,559,030
	Income / mark-up accrued in foreign currencies		549,613	503,365
	Advances, deposits, advance rent and other prepayments		6,728,143	5,429,263
	Non-banking assets acquired in satisfaction of claims		1,628,546	1,637,884
	Compensation for delayed income tax refunds		133,809	133,809
	Mark to market gain on forward foreign exchange contracts		1,412,223	2,596,164
	Unrealized gain on derivative financial instruments		5,497	73,852
	Acceptances	22	33,761,417	42,551,113
	Receivable from the pension fund		7,970,513	7,428,142
	Clearing and settlement accounts		33,692,577	27,296,155
	Receivable from the Government of Pakistan		-	67,187,000
	Claims receivable against fraud and forgeries		580,698	607,980
	Others		4,132,256	4,463,917
			167,648,154	231,467,674
	Less: Credit loss allowance / provision held against other assets	16.1	3,544,360	3,370,145
	Other Assets net of credit loss allowance		164,103,794	228,097,529
	Surplus on revaluation of non-banking assets			
	acquired in satisfaction of claims	24	606,806	606,806
	Other Assets - total		164,710,600	228,704,335

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
1	Credit loss allowance / provision held against other assets	Rupe	es in '000
	Non banking assets acquired in satisfaction of claims	88,083	88,083
		,	,
	Claims receivable against fraud and forgeries	580,698	607,980
	Mark-up accrued	224,418	4,972
	Others	2,651,161	2,669,110
		3,544,360	3,370,145
1.1	Movement in credit loss allowance held against other assets		
	Opening balance	3,370,145	3,066,275
	Impact of ECL on adoption of IFRS 9	237,105	-
	Charge for the period / year	6,246	36,184
	Reversals	(50,948)	(8,080)
		(44,702)	28,104
	Amounts written off	(521)	(2,062)
	Exchange and other adjustments	(17,667)	277,828
	Closing balance	3,544,360	3,370,145

17. CONTINGENT ASSETS

16.1

16.1.1

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Bank for Life

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

		Unaudited June 30, 2024	Audited December 31, 2023
18.	BILLS PAYABLE	Rupe	es in '000
	In Pakistan	16,341,229	27,008,158
	Outside Pakistan	29,779	263,226
		16,371,008	27,271,384
19.	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Under export refinance scheme	40,321,248	51,576,669
	Under long term financing facility	19,451,513	21,441,512
	Under renewable energy performance platform	2,373,935	2,445,557
	Under temporary economic refinance facility	40,307,172	42,326,816
	Under financing facility for storage of agricultural produce	209,700	239,697
	Under Refinance and Credit Guarantee Scheme		
	for Women Entrepreneurs	5,494	6,272
		102,669,062	118,036,523
	Repurchase agreement borrowings	189,166,583	106,366,325
	Total secured	291,835,645	224,402,848
	Unsecured		ī
	Call borrowings	-	1,000,000
	Borrowings from other financial institution	2,854,530	2,314,827
	Overdrawn nostro accounts	1,310,071	1,019,866
	Musharaka Arrangements	2,184,200	6,764,653
	Others	162,286	162,286
	Total unsecured	6,511,087	11,261,632
		298,346,732	235,664,480



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

. DEPOSITS AND OTHER ACCOUNTS	Una	Unaudited June 30, 2024		Aud	Audited December 31, 2023	3
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Customare			Rupee	Rupeesin '000		
	701 010 010	101 000 001	050 005 021	COD 110 0F1	101 000 000	011 000 014
Current deposits	/01/260,001	191,200,004	402,200,014	008,410,901	100,009,903	833,3UU,834
Savings deposits	984,736,300	37,959,376	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
	1,900,368,988	253,867,507	2,154,236,495	1,700,559,732	237,053,142	1,937,612,874
Financial Institutions						
Current deposits	18,384,409	3,470,960	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	10,666,897	7,216,607	17,883,504
Others		99,083	99,083		104,683	104,683
	78,479,879	12,397,127	90,877,006	60,688,360	11,527,385	72,215,745
	1,978,848,867	266,264,634	2,245,113,501	1,761,248,092	248,580,527	2,009,828,619
				Note	Unaudited Audited De June 30, 2024 31, 20 Rubees in '000	Audited December 31, 2023 in '000
. LEASE LIABILITIES						
Lease Liabilities				21.1	11,493,150	11,429,243
	Π	Unaudited June 30, 2024			Audited December 31, 2023	8
	Buildings	Others	Total	Buildings	Others	Total
			Rupee	Rupees in '000	1	
21.1 At January 1,	11,429,243		11,429,243	10,432,368		10,432,368
Additions / adjustments during the period / year	900,748		900,748	2,348,050		2,348,050
Lease payments including interest	(1,667,502)		(1,667,502)	(2,844,026)		(2,844,026)
Finance charges	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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MCB Bank Limited & Subsidiary Companies

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



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		Note	Unaudited June 30, 2024	Audited December 31, 2023
22.	OTHER LIABILITIES		Rupee	es in '000
	Mark-up / return / interest payable in local currency		9,220,647	7,032,232
	Mark-up / return / interest payable in foreign currencies		488,594	579,109
	Unearned commission and income on bills discounted		2,423,678	2,119,095
	Accrued expenses		9,029,609	9,446,800
	Current taxation (provisions less payments)		14,987,189	21,099,089
	Workers Welfare Fund	22.1	15,160,220	13,892,531
	Acceptances	16	33,761,417	42,551,113
	Unclaimed / dividends payable		2,585,644	2,425,756
	Mark to market loss on forward foreign exchange contracts		937,370	1,202,115
	Unrealised loss on derivative financial instruments		5,497	73,848
	Branch adjustment account		117,266	28,696
	Provision for employees' compensated absences		1,323,417	1,266,190
	Provision for post retirement medical benefits		2,250,759	2,121,129
	Provision for employees' contributory benevolent scheme		134,665	140,847
	Insurance payable against consumer assets		30,726	586,691
	Unclaimed balances		404,832	508,115
	Duties and taxes payable		7,002,848	11,440,990
	Charity fund balance		9,640	23,238
	Credit loss allowance / provision against off-balance sheet obligations	22.2	1,541,577	78,807
	Security deposits against lease		3,403,345	3,020,407
	Clearing and settlement accounts		27,170,921	24,223,005
	Others		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:

LL.L			Unaudited June 30, 2024	Audited December 31, 2023
			Rupee	s in '000
	Opening balance		78,807	48,403
	Impact of ECL on adoption of IFRS 9		1,688,277	-
	Exchange adjustment		(57)	8,449
	Charge for the period / year		44,065	21,955
	Reversals		(269,515)	-
			(225,450)	21,955
	Amount written off		-	-
	Closing balance		1,541,577	78,807
		Note	Unaudited June 30, 2024	Audited December 31, 2023
23. RESE	ERVES		Rupee	s in '000
Share	e premium		23,973,024	23,973,024
Non-	distributable capital reserve - gain on bargain purchase option	23.1	908,317	908,317
Excha	ange translation reserve		9,438,205	9,341,253
Statu	tory reserve	23.2	51,935,449	48,307,215
Gene	ral reserve		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 Nondistributable 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.

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

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

			Note	Unaudited June 30, 2024	Audited December 31, 2023
24.	SURPL	US ON REVALUATION OF ASSETS		Rupee	s in '000
	Surplus	s / (deficit) on revaluation of			
	- Secu	rities measured at FVOCI - Debt / AFS securities	10.1	(22,121,554)	(28,264,639)
	- Secu	rities measured at FVOCI - Equity / AFS securities	10.1	(679,015)	5,773,217
	- Prop	erty and equipment		40,025,002	40,183,217
		banking assets acquired in satisfaction of claims	16	606,806	606,806
	- Asso	ciated undertaking		1,598,519	1,250,067
	Deferre	ed tax on (surplus) / deficit on revaluation of:		19,429,758	19,548,668
		rities measured at FVOCI - Debt / AFS securities	15	10,839,562	13,849,674
		rities measured at FVOCI - Equity / AFS securities	15	332,717	(2,828,876)
	- Prop	erty and equipment	15	(3,633,496)	(3,704,544)
	- Non-	banking assets acquired in satisfaction of claims		(297,334)	(297,334)
	- Asso	ciated undertaking	15	(992,213)	(827,306)
				6,249,236	6,191,614
				25,678,994	25,740,282
25.	CONTI	NGENCIES AND COMMITMENTS			
	-Guara	ntees	25.1	291,631,600	318,643,498
	-Comm	litments	25.2	473,019,625	512,200,312
	-Other	contingent liabilities	25.3	29,906,777	34,363,515
				794,558,002	865,207,325
	25.1	Guarantees:			·
		Financial guarantees		153,767,059	126,236,623
		Performance guarantees		120,331,166	176,196,192
		Other guarantees		17,533,375 291,631,600	16,210,683 318,643,498
	25.2	Commitments:		291,031,000	510,045,490
		Documentary credits and short-term trade-related transactions			<u>г</u>
		- letters of credit		265,245,510	318,590,512
		Commitments in respect of:			
		- forward foreign exchange contracts	25.2.1	198,983,114	171,638,288
		- forward government securities transactions	25.2.2	-	15,220,315
		- derivatives	25.2.3	3,635,442	1,595,548
		- commitments to extent credit		1,066,635	1,128,247
		Commitments for acquisition of:			
		- property and equipment		3,129,498	2,390,799
		- intangible assets		959,426 473,019,625	1,636,603 512,200,312
	05.0.4	Committee of the second of the second formation and the second se		473,019,023	512,200,512
	20.2.1	Commitments in respect of forward foreign exchange contracts			
		Purchase		109,157,802	93,150,006
		Sale		89,825,312 198,983,114	78,488,282 171,638,288
	25 2 2	Commitments in respect of forward government securities transactions		190,903,114	171,030,200
	25.2.2				15 107 000
		Purchase Sale		-	15,197,000 23,315
		Sale		-	15,220,315
	25.2.3	Commitments in respect of derivatives			
		FX options			
		Purchase		1,817,721	736,983
		Sale		1,817,721	736,983
		Cross Currency Swaps		3,635,442	1,473,966
		Purchase		-	60,791
		Sale		-	60,791
				-	121,582
				3,635,442	1,595,548

MCB Bank Limited & Subsidiary Companies

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



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
25.3	Other contingent liabilities		Rupee	s in '000
	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

Bank for Life

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 Cur	rency Swaps	Interest F	Rate Swaps	FX O	ptions
	Notional	Mark to market	Notional	Mark to market	Notional	Mark to market
	Principal	gain / loss	Principal	gain / loss	Principal	gain / loss
Total			Rupe	es in '000		
Hedging	-	-	-	-	1,817,721	5,497
Market Making	-	-	-	-	1,817,721	(5,497)
-			Audited Dec	cember 31, 2023		
Total			Rupe	es in '000		
Hedging	60,791	62,365	-	-	736,983	11,487
Market Making	60,791	(62,361)	-	-	736,983	(11,487)

Notes to the Consolidated 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
07				Rupee	es in '000
27.		-UP / RETURN / INTEREST EARNED and advances		63,851,192	60 616 000
	Investr			137,472,872	62,616,339 92,482,338
		gs to financial institutions		4,418,830	4,161,590
		es with banks		1,160,949	972,670
	Balano			206,903,843	160,232,937
	27.1	Interest income recognised on:			· · · · · · · · · · · · · · · · · · ·
		Financial assets measured at amortised cost		72 507 507	
		Financial assets measured at FVOCI		73,507,597 131,729,518	
		Financial assets measured at FVTPL		1,666,728	
				206,903,843	
28.	MARK	-UP / RETURN / INTEREST EXPENSED			
	Deposi	its		104,124,027	64,157,529
	Borrow			16,252,103	19,371,026
	Cost of	f foreign currency swaps against			
		foreign currency deposits / borrowings		2,026,585	1,771,333
	Financ	e charges on lease liability against right-of-use assets		899,117	715,656
				123,301,832	86,015,544
29.		COMMISSION INCOME			
		banking customer fees		2,010,913	1,675,706
		mer finance related fees		336,920	367,374
		elated fees (debit and credit cards)		3,916,990	2,732,930
		related fees nent banking fee		487,520 75,820	343,161 58,963
		ission on trade		1,963,918	1,404,351
		ission on guarantees		710,222	413,196
		ission on cash management		536,247	464,563
		ission on remittances including home remittances		820,111	822,555
	Comm	ission on bancassurance		378,234	485,690
	Rent o	n lockers		125,862	122,696
		ission on utility bills		48,715	37,297
		ission on investments services		1,072,820	791,058
	Others			303,682	183,087
				12,787,974	9,902,627
30.		(LOSS) ON SECURITIES			
	Realise		30.1	58,318	84,751
	Unreal	ised - 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) 58,318	<u>15,418</u> 84,751
	30.2	Realised gain / (loss) on:		50,010	
		Financial assets measured at FVTPL			
		Designated upon initial recognition		40,199	21,050
		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

MCB Bank Limited & Subsidiary Companies

MCB

Bank for Life

Notes to the Consolidated 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
31.	OTHER INCOME	Rupee	s in '000
	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
32.	OPERATING EXPENSES	247,397	120,945
32.	Total compensation expense	15,306,575	13,019,997
	Property expense	10,000,070	10,010,007
	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 2,753,510	3,460 2,236,779
	Other operating expenses	2,755,510	2,200,773
	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 NIFT clearing charges	396,258 124,723	252,556 123,064
	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 Remittance charges	230,820 119,279	209,846 131,466
	Remittance charges Brokerage expenses	51,155	47,680
	Brokerage expenses 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

For The Half Year Ended June 30, 2024



Bank for Life

		Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
			Rupee	s 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		Rupee	s in '000

Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)

BASIC AND DILUTED EARNINGS PER SHARE	Rupee	s in '000
Profit after tax attributable to Equity Shareholders of the Bank	34,611,467	28,598,730
	Nu	mber
Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
	Rı	ipees
Basic and diluted earnings per share	29.21	24.13

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



37. FAIR VALUE MEASUREMENTS

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

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

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

37.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, Level 2: 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 PKR 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 company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued o the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with th 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 Stat 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 foreig 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 Associatio 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 basi 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.

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

MCB Bank for Life

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.

		Una	udited June 30, 20	24	
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			Rupees in '000		
Financial assets - measured at fair value nvestments					
Federal Government Securities	1,435,731,696	-	1,435,731,696	-	1,435,731,69
Shares and units	32,274,663	32,152,156	122,507	-	32,274,66
Non-Government Debt Securities	10,643,398	-	10,643,398	-	10,643,39
Foreign Securities	67,979,090	-	67,979,090	-	67,979,09
Financial assets - disclosed but not measured at fair value					
nvestments (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	_	64,776,95
Non-banking assets	2,147,269	-	2,147,269	-	2,147,26
Off-balance sheet financial instruments - measured at fair value	_,,		_,,		_,,
Forward purchase of foreign exchange	109,157,802	-	841,205	-	841,20
Forward sale of foreign exchange	89,825,312	-	1,316,058	-	1,316,05
Derivatives purchase	1,817,721	-	5,497	-	5,49
Derivatives sale	1,817,721	-	5,497	-	5,49
			ited December 31, 2		
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			Rupees in '000		
Financial assets - measured at fair value					
nvestments					
Federal Government Securities	1,230,792,274	-	1,230,792,274	-	1,230,792,27
Shares and units	25,390,857	25,283,009	107,848	-	25,390,85
Non-Government Debt Securities	3,714,280	-	3,714,280	-	3,714,28
Foreign Securities	44,057,060	-	44,057,060	-	44,057,06
			44,001,000		,,
Financial assets - disclosed but not measured at fair value			44,001,000		.,
measured at fair value nvestments (HTM, unlisted ordinary shares and	68,389,244	-	-	-	
measured at fair value nvestments (HTM, unlisted ordinary shares and associates)	68,389,244	-	-	-	- -
measured at fair value nvestments (HTM, unlisted ordinary shares and associates) Non - Financial Assets measured at fair value		-	-	-	-
measured at fair value nvestments (HTM, unlisted ordinary shares and associates) Non - Financial Assets measured at fair value Property and equipment (land and buildings)	68,389,244 66,321,263 2,156,606	-	- 66,321,263 2,156,606	- - -	- - 66,321,26
measured at fair value nvestments (HTM, unlisted ordinary shares and associates) Non - Financial Assets measured at fair value Property and equipment (land and buildings) Non-banking assets	66,321,263	-	66,321,263	-	- - 66,321,26
measured at fair value nvestments (HTM, unlisted ordinary shares and associates) Non - Financial Assets measured at fair value Property and equipment (land and buildings) Non-banking assets Off-balance sheet financial instruments - measured at fair value	66,321,263	-	66,321,263	-	- - 66,321,26 2,156,60
Investments (HTM, unlisted ordinary shares and associates) Non - Financial Assets measured at fair value Property and equipment (land and buildings) Non-banking assets Off-balance sheet financial	66,321,263 2,156,606	-	66,321,263 2,156,606	-	66,321,26 2,156,60 752,72 2,146,77
measured at fair value nvestments (HTM, unlisted ordinary shares and associates) Non - Financial Assets measured at fair value Property and equipment (land and buildings) Non-banking assets Off-balance sheet financial instruments - measured at fair value Forward purchase of foreign exchange	66,321,263 2,156,606 93,150,006	-	66,321,263 2,156,606 752,724	-	- - - 2,156,60 - - 752,72

MCB Bank Limited & Subsidiary Companies

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



	Retail Banking	Consumer banking	Corporate Bankin g	Treasury	International Bankin g	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
						Rupees in '000					
	(74,001,189)	1,954,320	30,429,233	112,369,046	4,106,102	8,423,281	19,722	301,496	83,602,011	٠	83,602,011
	142,335,047	(559,060)	(24,855,552)	(126,620,726)	(212,637)	•	•	9,912,928	•	•	•
e	6,631,477	1,291,080	5,584,822	3,861,491	1,106,193	529,250	1,167,935	282,287	20,454,535	•	20,454,535
	74,965,335	2,686,340	11,158,503	(10,390,189)	4,999,658	8,952,531	1,187,657	10,496,711	104,056,546	•	104,056,546
	18,628,199	1,200,831	951,255	359,366	1,380,125	4,645,715	479,429	7,498,811	35,143,731	•	35,143,731
	•	•	•	•	•	•	•	•	•	•	•
	18,628,199	1,200,831	951,255	359,366	1,380,125	4,645,715	479,429	7,498,811	35,143,731	•	35,143,731
- net	835,405	456,263	933,273	(24,281)	49,665	45,695	•	(1,735,916)	560,104	•	560,104
	55,501,731	1,029,246	9,273,975	(10,725,274)	3,569,868	4,261,121	708,228	4,733,816	68,352,711	•	68,352,711
					Una	Unaudited June 30, 2024	24				
						Rupees in '000					
	88,829,010	1,134,014	435,473	122,718,573	48,158,248	38,398,663	33,679	(123,935)	299,583,725	•	299,583,725
	·	•	10,730,535	1,371,445,464	81,200,397	128,322,628	1,790,952	7,052,812	1,600,542,788	•	1,600,542,788
	1,470,521,327	•	•	•	·	•	•	265,887,898	1,736,409,225	(1,736,409,225)	·
	۰	•	•	35,152,923	45,102,752	8,499,914	•	•	88,755,589	١	88,755,589
ming	78,694,134	34,682,231	459,439,399	ı	23,664,078	102,127,826	21,873	2,693,859	701,323,400	ŧ	701,323,400
	2,516,629	187,032	1,516,333	ı	8,948,475	674,807	•	518,666	14,361,942	ŧ	14,361,942
	59,322,418	4,761,451	52,419,435	44,934,500	2,615,932	22,149,524	1,325,123	73,745,955	261,274,338	•	261,274,338
	1,699,883,518	40,764,728	524,541,175	1,574,251,460	209,689,882	300,173,362	3,171,627	349,775,255	4,702,251,007	(1,736,409,225)	2,965,841,782
	6 902 931	43 862	86.631.004	186 440 815	3 077 800	11 830 108		3 411 212	208 346 732	•	208 346 732
	1.676.129.672	30.338.224	111,488,662	-	175.103.631	252.025.644		27.668	2.245.113.501		2.245.113.501
	•	4,943,144	292,716,856	1,386,233,425	27,084,036	23,399,339	2,032,425		1,736,409,225	(1,736,409,225)	•
	16,850,915	5,439,498	33,704,653	1,568,220	4,424,415	12,918,271	1,139,202	91,053,522	167,098,696	•	167,098,696
	1,699,883,518	40,764,728	524,541,175	1,574,251,460	209,689,882	300,173,362	3,171,627	94,492,402	4,446,968,154	(1,736,409,225)	2,710,558,929
	•	•	•					255,282,853	255,282,853	ŧ	255,282,853
	1,699,883,518	40,764,728	524,541,175	1,574,251,460	209,689,882	300,173,362	3,171,627	349,775,255	4,702,251,007	(1,736,409,225)	2,965,841,782
	69,813,770		434,638,647	181,212,838	15,921,314	60,590,676		32,380,757	794,558,002		794,558,002

SEGMENT INFORMATION 38.1

8

activity is as follows: ŧ t details with analysis

ne 30, 2024

Profit & Loss

mark-up /

direct exper lses Total expe

ofit before tax loss allov

Statement of Fin Cash & Bank bala ngs to fin inter segr ents

isits & other acc

Flimi Sub-total Others inded June 30. 2023 dited Half veal

nter segment revenue - net

mark-up / return / int

otal Income

t mark-up/return/profit

Profit & Loss

MCB Bank Limited & Subsidiary Companies

For The Half Year Ended June 30, 2024

Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)

Retail Banking	Consumer bankine	Corporate Bankine	Treasury	International Bankine	Islamic Banking	Asset Mana e ement	Others	Sub-total	Eliminations	Total
					Rupees in '000					
(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
107,763,165	(1,405,600)	(29,412,026)	(84,570,328)	(172,247)			7,797,036	ı	ı	
5,350,087	1,301,957	3,710,990	2,154,371	1,093,655	705,969	788,234	621,885	15,727,148		15,727,148
69,173,979	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
15,978,802	1,147,198	519,098	313,298	1,249,183	3,452,070	390,474	6,194,303	29,244,426	ı	29,244,426
•										
15,978,802	1,147,198	519,098	313,298	1,249,183	3,452,070	390,474	6,194,303	29,244,426		29,244,426
501,212	36,029	43,984	1,304,165	673,955	318,135		(646,965)	2,230,515		2,230,515
52,693,965	1,096,683	9,530,781	(14,655,227)	2,389,767	4,009,176	393,472	3,010,983	58,469,600		58,469,600
				Aud	Audited December 31, 2023	23				
					Rupees in '000					
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
,	•	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
1,323,367,835	•	•	•		•	•	257,092,572	1,580,460,407	(1,580,460,407)	
,	•	•	24,703,733	62,509,667	2,500,000	•		89,713,400	•	89,713,400
93,175,361	36,852,172	410,107,466	•	25,200,930	88,134,857	25,113	4,019,573	657,515,472	•	657,515,472
892,197	213,265	1,318,978	·	9,015,426	1,212,558		505,599	13,158,023	•	13,158,023
58,036,413	4,929,573	60,251,154	108,819,168	1,977,880	20,118,941	1,332,202	63,836,586	319,301,917		319,301,917
1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179
7,854,875	28,071	100,265,851	95,674,898	3,148,691	25,813,546	•	2,878,548	235,664,480	•	235,664,480
1,502,168,409	26,053,661	119,652,517	·	157,493,874	204,460,158		ı	2,009,828,619		2,009,828,619
ı	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)	ļ
38,458,887	4,982,728	42,472,664	275,510	4,299,724	14,478,036	1,009,145	86,864,284	192,840,978	•	192,840,978
1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	89,742,832	4,018,794,484	(1,580,460,407)	2,438,334,077
	•						241,751,102	241,751,102	•	241,751,102
1 548 482 171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179

endings to financial institut dvances - performing

inter segm estments

ton performing

otal Assets

posits & other accounts

rrowings

let inter segment borrow

otal liabilities

Others

/isions / (reversals) & write

Profit before tax

Fotal expenses

tement of Financial F

Cash & Bank balances

segment expense all Segment direct expenses

are included in the Head office. 9 not allocated are which Costs segment balances. inter ind liabilities include Transactions between reportable segments are based on an appropriate transfer pricing income taxes are managed at bank level and are not allocated to operating segments. 38.2

91,494,401

ntingencies & Comm

otal Equity & liabilities

MCB

Bank for Life

365,207,325

RELATED PARTY TRANSACTIONS 33

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 actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

as follows: cial nsolidated condensed interim final in these disclosed (which have been Details of transactions with related parties during the period, other than those

	Unaudited	Unaudited June 30, 2024			Audited Dec	Audited December 31, 2023	
Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
			(Rupees in '000)	(000, u			
		7,821,877	249,253		·	6,507,975	249,253
	1	841,943	I	I	ı	919,807	•
	-	360,852	•	•	•	394,095	
		9,024,672	249,253			7,821,877	249,253
			ľ	1	1	1	
1,436	6 339,386	ı	1,509,280	1,543	281,237	I	4,445,292
3,018	8 66,716		392,147	5,963			914,191
(4,310)	0) (56,435)	I	(641,118)	(6,070)	(85,184)	•	(3,850,203)
	- (45,632)	•	1	•	48,006	•	
144	4 304,035	•	1,260,309	1,436	339,386		1,509,280
(10)	0) (24,071)	1	(17,557)				
		:					
		6,820	243,322	•	•	7,533	191,247
	3 877		000 2		000		J 676
	170'0		766'1	1	4,002		10,02
	-	408,251	207,113		ı	573,809	25,684
	1	I	7,970,513	ı	I	I	7,428,143
	1 3,827	408,251	8,185,618		4,302	573,809	7,480,502

nvestments'

Credit loss allowance for diminution in value of

Investment / (redemptions) during the period / year

Closing balance

Equity method adjustments

Opening balance

nvestments

ient during the period / year during the period / year

Advances Opening balance Addition / exchange adjustmen Repaid / exchange adjustmen Transfer in / (out) Closing balance

Credit loss allowance against advances

Fixed Assets Purchase of fixed assets



Credit loss allowance / provision held against other assets*

rent and other prepay

Other Assets Income / markup accrued Advances, deposits, advance re

Receivable from pension fund

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	Unaudited June 30, 2024			Audited Deci	Audited December 31, 2023	
Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
			(Rupees in '000)	(000,			
3,034,686	200,484	8,321,464	10,033,148	193,547	184,112	5,623,897	5,594,903
1,906,228	1,193,710	37,425,885	69,144,494	4,574,426	1,701,697	90,801,961	108,421,525
(4,687,042)) (1,096,502)	(38,224,600)	(65,697,349)	(1,733,287)	(1,718,969)	(88,104,394)	(103,993,441)
(37)) (755)	ı	264,802	I	33,644	1	10,161
253,835	296,937	7,522,749	13,745,095	3,034,686	200,484	8,321,464	10,033,148
ľ	4.149	21.383	6.710	I	2.009	121.341	5.268
ł	•	103,828	836	•		47,714	168
T		I	I	I	1	I	1
	4,149	125,211	7,546	1	2,009	169,055	5,436
'	1	126	19,941	ľ			'
•	·	I	7,544,701	ı	·	I	5,009,367
	•	8,727,646	1,734,614	I		8,839,177	1,722,909
	•	8,727,646	9,279,315		•	8,839,177	6,732,276

Opening balance Received during the period / year Withdrawn during the period / year Transfer in / (out) - net Closinn halance	Opening balance	Deposits and other accounts	
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Ice / Credit loss allowar

and Co Contingencies & Letter of Credit

Bank guarante

MCB Bank Limited & Subsidiary Companies

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



Check on the second of the second o								Oliaualica oalio oo, 5050	
Number of the service of the		Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Internet					(Runees i	(000, u			
Mature framed 11,81 5,023 5,403 5,403 5,401 11,017 11,017 Mature framed 7 5 7 5 7 5 7 5 Mature frame 7 5 7 5 7 5 7 5 Mature frame 7 5 7	Income					(aaa			
Interaction	Markup / return / interest earned	•	11,861	•	56,002	24	11,017	ı	53,272
Gin (ress) on forward renge contracts matured (ress) on forward renge contracts matured (ress) on sale of exclutes C 115,000 53,255 C C 114,170 Kin (ress) on vale of feacurities 7 66 - 10,000 -	Fee and commission income	-	1	455,633	14,697	ı	I	377,761	6,638
(initial constrained) (i)	Dividend income	1	1	105,000	59,325	ı	I	114,704	50,169
Net gain or sale of securities 7 66 - - 108 - - 103 - - 103 - - 103 - - 103 - - 103 - 103 - 103 - 103	Gain / (loss) on forward foreign exchange contracts matured	•	ı	I	71,635	ļ	ļ	I	I
Gain on sale of fixed assets 30 89 - - 126 126 - 126 - 126 - 126	Net gain / (loss) on sale of securities	2		I	1,036	I	(23)	623	868
Retrinction 5,4,4 3,12 5,4,4 3,12 5,10 5,10 Expense Expense 1,00,087 1,00,087 7,202 4,782 2,7326 Expense Expense 36,233 3,833 1,00,087 7,202 4,782 2,7326 Ohn Operating expenses Sold 36,233 3,333 33,333 33,333 33,333 33,333 34,343 34,343 34,343 34,343 33,343 34,343 <td>Gain on sale of fixed assets</td> <td>30</td> <td></td> <td>I</td> <td>I</td> <td>ļ</td> <td>136</td> <td>I</td> <td>I</td>	Gain on sale of fixed assets	30		I	I	ļ	136	I	I
Expense Markup return (interest expresse) 36,233 9,399 312,532 1,050,070 7,202 4,782 273,365 Markup return (interest expresse) Chen Operating expresses 205,337 Chen Operating expresses Chen Operating expr	Rent income	•	·	5,474	3,122	•	•	5,164	3,288
Markur / return / interest expensed 36.233 9.396 31.5.22 1.050.870 7.202 4.782 2.73.265 Chen Controllop expenses Centrin / interest expenses 107.003 201.64 7.202 4.782 2.73.265 Centrin dipola expenses Centrin dipola expenses 107.003 201.64 7.202 4.782 2.73.265 Centrin dipola expenses Centrin dipola expenses 1.41.418 7.002 4.782 2.73.66 Station vy guerds expenses Centrin dipola expenses 2.41.193 2.91.54 Centrin dipola expenses Station vy guerds expenses Centrin grant expenses 1.44.411 7.80.02 2.73.65 Centrin grant expenses Centrin grant expenses Centrin grant expenses 1.44.411 7.80.02 2.73.65 Centrin grant expenses Centrin grant expense Centrin grant expenses Cen	Expense								
Other Operating expenses Other Operating expenses Interfig expenses Intenfig expen	Markup / return / interest expensed	36,223		312,532	1,050,870	7,202		273,263	390,591
Claimly acpenses paid to NIT Claimly acpenses paid to NIT Image (0)	Other Operating expenses								
Contribution to provident fund c 1 3337 c <	Clearing expenses paid to NIFT	·	ı	I	107,035	I	I	I	107,078
Rent expenses 2,1,133	Contribution to provident fund		ı	•	306,337		I	•	273,445
Cash sorting expenses Cash sorting expenses 64,000 C <thc< th=""> <thc< th=""> <thc< td="" th<=""><td>Rent expenses</td><td>•</td><td>I</td><td>41,193</td><td>29,154</td><td>I</td><td>I</td><td>37,966</td><td>27,139</td></thc<></thc<></thc<>	Rent expenses	•	I	41,193	29,154	I	I	37,966	27,139
Stationery expenses	Cash sorting expenses	•	I	ı	64,090	I	I	ŗ	67,736
Security guards expenses - - 2,578 -	Stationery expenses		I	I	235,272	ļ	ļ	1	275,274
Remuneration to key executives and non-executive directors fee144,481708,002 $ 103,751$ $563,791$ $5.3,791$ $-$ Outsourcing service expenses0utsourcing service expenses $ -$	Security guards expenses	•	ı	I	2,578	ļ	ļ	I	54,432
Outsourcing service expenses E 67,032 F F 7,511 Donation during the period E-dividend processing fee and CDC charges E 7 7 7 7 7 E-dividend processing fee and CDC charges E 7	Remuneration to key executives and non-executive directors fee	144,481	708,092	I	1	103,751	563,791	I	•
Donation during the period $ -$	Outsourcing service expenses	1	I	67,032	I	I	ļ	72,511	1
E-dividend processing fee and CDC charges3,460Travelling Expenses64,881Travelling Expenses64,881Hole Isaty expenses13,660 <td< td=""><td>Donation during the period</td><td>1</td><td>I</td><td>I</td><td>I</td><td>I</td><td>ļ</td><td>1</td><td>5,000</td></td<>	Donation during the period	1	I	I	I	I	ļ	1	5,000
Traveling Expenses $64,881$ $ 64,881$ $ -$	E-dividend processing fee and CDC charges	1	1	ı	3,460	ı	I	ı	2,769
Hole lay expensesHole lay expenses13,66913,669Repair & Maintenance Charges0.11002,280<	Travelling Expenses	1	1	ı	64,881	ı	I	ı	11,763
Repair & Maintenance Charges22222222Utility expenses11111111111Utility expenses111111111111Miscellaneous expenses and payments111	Hotel stay expenses	1	1	ı	13,669	ı	I	ı	3,164
Utility expenses $1,327$ $ 1,327$ $ -$ <	Repair & Maintenance Charges	1	ı	I	2,280	ļ	ı	I	2,160
Miscellaneous expenses and payments2,5092,509Insurance premium-ret of retund368,726324,575Insurance claim settled368,72612,841Insurance claim settled61,33112,841Other Transactions3189-61,33112,841Proceeds from sale of fixed assets73,45577,3265,543,42620,505,63512,964100,28312,036,175Purchase of government securities58,8774,003,60316,192,2494,99598,9703,999,075Purchase of government securitiesForward exchange contracts matured during the period6,442,102'Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9	Utility expenses	1	I	I	1,327	ļ	ı	I	366
$ \begin{tabular}{lllllllllllllllllllllllllllllllllll$	Miscellaneous expenses and payments	1	1	ı	2,509	ı	I	ı	979
Insurance claim settled - - 61,331 - - 12,841 Other Transactions 31 89 - 61,331 - - 12,841 Other Transactions 31 89 - 61,331 - - 12,841 Proceeds from sale of fixed assets 31 89 - - 136 - 12,841 Proceeds from sale of government securities 73,455 77,326 5,543,426 20,505,635 12,964 100,283 12,036,175 Purchase of government securities - - - - - - 136,172 - - 12,036,175 Purchase of government securities -	Insurance premium-net of refund	•	ı	368,726		ļ	ļ	324,575	I
Other Transactions 31 89 - 136 - 136 - 136 - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 - - 136 -	Insurance claim settled	•	I	61,331	•	ı	I	12,841	•
Proceeds from sale of fixed assets 31 89 - - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 - 136 1306	Other Transactions								
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 3,969,075 Forward exchange contracts matured during the period -<	Proceeds from sale of fixed assets	31	68	ı	•	ı	136	ı	
Purchase of government securities - 58,877 4,003,603 16,192,249 4,995 98,970 3,969,075 Forward exchange contracts matured during the period - - - 6,442,102 -	Sale of government securities	73,455		5,543,426	20,505,635	12,964		12,036,173	17,077,946
Forward exchange contracts matured during the period - 6,442,102 6,442,102	Purchase of government securities	•	58,877	4,003,603	16,192,249	4,995		3,969,079	32,596,383
*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9 .	Forward exchange contracts matured during the period	•	·	I	6,442,102	•	•	•	399,000
	*Represents credit loss allowance recognized against performing exposures	s on adoption of IF	RS 9 .						
The Chairman has hear new of the Bank's maintained car. The Chief Eventives and cortain even trives are provided with free use of the Bank's maintained cars and household an unment in accordance	The Chairman has been provided with free use of the Bank's maintained car	The Chief Evenut	ve and certain ev	continues are provid	ad with free use of t	the Bank's mainte	in and such and he	inechold equipme	ant in accordance

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



37,941,962

229,254,648

44,769,267

247,578,430

40	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	Unaudited June 30, 2024 Rupee	Audited December 31, 2023 es in '000
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	202,809,163	191,312,686
	Eligible Additional Tier 1 (ADT 1) Capital	-	-
	Total Eligible Tier 1 Capital	202,809,163	191,312,686

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit	Risk
Oreur	NISK

Credit Risk	796,923,195	736,886,134
Market Risk	177,347,757	164,887,944
Operational Risk	257,825,971	257,825,971
Total	1,232,096,923	1,159,600,049
Common Equity Tier 1 Capital Adequacy ratio	16.46%	16.50%
Tier 1 Capital Adequacy Ratio	16.46%	16.50%
Total Capital Adequacy Ratio	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		
40.2	Leverage Ratio (LR):	Rupee	Rupees in '000		
	Eligible Tier-1 Capital	202,809,163	191,312,686		
	Total Exposures	3,544,736,195	3,361,118,695		
	Leverage Ratio	5.72%	5.69%		
40.3	Liquidity Requirements				
	Liquidity Coverage Ratio (LCR):				
	Total High Quality Liquid Assets	1,492,731,407	1,206,951,258		
	Total Net Cash Outflow	614,878,795	499,477,977		
	Liquidity Coverage Ratio	242.77%	241.64%		
	Net Stable Funding Ratio (NSFR):				
	Total Available Stable Funding	1,843,814,751	1,699,651,967		
	Total Required Stable Funding	1,141,905,270	1,148,136,107		
	Net Stable Funding Ratio	161.47%	148.04%		

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	То	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
light of doo dooolo				,

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

June

Shoaib Mumtaz President / CEO

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.





Director

Shahzad Hussain

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Director

