MCB Bank Limited

Un-consolidated Condensed Interim Financial Statements
for the half year ended June 30, 2021

MCB BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	142,190,958	122,180,839
Balances with other banks	8	14,221,640	24,030,328
Lendings to financial institutions	9	32,494,214	17,139,453
Investments	10	1,096,213,219	1,015,869,448
Advances	11	462,537,916	462,941,787
Fixed assets	12	57,587,543	58,027,904
Intangible assets	13	956,039	938,458
Deferred tax assets		-	-
Other assets	14	54,721,830	56,334,253
		1,860,923,359	1,757,462,470
LIABILITIES			
Bills payable	16	12,928,523	23,980,692
Borrowings	17	139,594,324	164,001,533
Deposits and other accounts	18	1,441,208,405	1,289,502,304
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	6,989,155	6,975,158
Other liabilities	20	81,584,666	82,900,828
		1,682,305,073	1,567,360,515
NET ASSETS		178,618,286	190,101,955
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	81,744,621	80,696,335
Surplus on revaluation of assets	22	24,938,570	27,720,418
Unappropriated profit		60,084,495	69,834,602
		178,618,286	190,101,955
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED

UNCONSOLIDATED CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	Quarter Ended		Half Year Ended	
		April 01 to June 30, 2021	April 01 to June 30, 2020	January 01 to June 30, 2021	January 01 to June 30, 2020
		---------Rupees in '000---------			
Mark-up / return / interest earned	25	29,853,633	36,112,002	58,201,095	75,211,630
Mark-up / return / interest expensed	26	13,544,944	16,406,846	26,652,061	39,198,774
Net mark-up / interest income		16,308,689	19,705,156	31,549,034	36,012,856
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	2,675,612	2,299,959	6,011,156	5,145,608
Dividend income		562,419	310,199	978,665	533,799
Foreign exchange income		770,927	702,520	1,395,377	1,427,687
Income/ (loss) from derivatives		(649)	3,502	8,545	(6,903)
Gain/ (loss) on securities	28	134,792	(138,186)	484,545	(67,047)
Other Income	29	606,568	17,093	620,317	49,628
Total non-markup / interest Income		4,749,669	3,195,087	9,498,605	7,082,772
Total Income		21,058,358	22,900,243	41,047,639	43,095,628
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	8,559,655	8,031,132	17,195,607	16,192,564
Workers Welfare Fund		274,742	227,788	500,263	445,087
Other charges	31	310,083	30,865	339,300	240,120
Total non-markup / interest expenses		9,144,480	8,289,785	18,035,170	16,877,771
Profit before provisions		11,913,878	14,610,458	23,012,469	26,217,857
Provisions / (reversals) and write offs - net	32	(1,823,217)	3,221,035	(2,000,682)	3,963,497
PROFIT BEFORE TAXATION		13,737,095	11,389,423	25,013,151	22,254,360
Taxation	33	5,784,497	4,699,025	10,270,479	9,044,936
PROFIT AFTER TAXATION		7,952,598	6,690,398	14,742,672	13,209,424
Basic and diluted earnings per share	34	6.71	5.65	12.44	11.15

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2021	April 01 to June 30, 2020	January 01 to June 30, 2021	January 01 to June 30, 2020
	---------Rupees in '000---------			
Profit after taxation for the period	7,952,598	6,690,398	14,742,672	13,209,424
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	372,059	200,145	(425,981)	799,973
Movement in surplus on revaluation of investments - net of tax	1,250,183	7,012,604	(2,344,321)	15,550,063
	1,622,242	7,212,749	(2,770,302)	16,350,036
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	(166,181)	(1,738,103)	(166,181)	(1,738,103)
Movement in surplus on revaluation of fixed/non-banking assets - net of tax	(181,188)	-	(181,188)	-
	(347,369)	(1,738,103)	(347,369)	(1,738,103)
Total comprehensive income	9,227,471	12,165,044	11,625,001	27,821,357

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Share capital	Capital reserve			Statutory reserve	Revenue reserve	Surplus/(deficit) on revaluation of		Unappropriated profit	Total
		Share premium	Non-distributable capital reserve	Exchange translation reserve		General reserve	Investments	Fixed / non-banking assets		
	---Rupees in '000---									
Balance as at December 31, 2019 (Audited)	11,850,600	23,751,114	908,317	2,675,131	31,656,691	18,600,000	4,217,747	19,477,694	55,777,489	168,914,783
Total comprehensive income for the period ended June 30, 2020										
Profit after taxation for the six months period ended June 30, 2020	-	-	-	-	-	-	-	-	13,209,424	13,209,424
Other comprehensive income - net of tax	-	-	-	799,973	-	-	15,550,063	-	(1,738,103)	14,611,933
	-	-	-	799,973	-	-	15,550,063	-	11,471,321	27,821,357
Transfer to statutory reserve	-	-	-	-	1,320,942	-	-	-	(1,320,942)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(44,707)	44,707	-
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 5.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
Interim cash dividend at Rs. 5.0 per share - March 31, 2020	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
	-	-	-	-	-	-	-	-	(11,850,600)	(11,850,600)
Balance as at June 30, 2020 (Un-audited)	11,850,600	23,751,114	908,317	3,475,104	32,977,633	18,600,000	19,767,810	19,432,987	54,121,975	184,885,540
Change in equity for six months period ended December 31, 2020										
Total comprehensive income for the six months period ended December 31, 2020										
Profit after taxation for the six months period ended December 31, 2020	-	-	-	-	-	-	-	-	15,827,877	15,827,877
Other comprehensive income - net of tax	-	-	-	(598,621)	-	-	(11,528,177)	119,544	1,395,792	(10,611,462)
	-	-	-	(598,621)	-	-	(11,528,177)	119,544	17,223,669	5,216,415
Transfer to statutory reserve	-	-	-	-	1,582,788	-	-	-	(1,582,788)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(44,428)	44,428	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(22,544)	22,544	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(4,774)	4,774	-
Balance as at December 31, 2020 (Audited)	11,850,600	23,751,114	908,317	2,876,483	34,560,421	18,600,000	8,239,633	19,480,785	69,834,602	190,101,955
Total comprehensive income for the period ended June 30, 2021										
Profit after taxation for the six months period ended June 30, 2021	-	-	-	-	-	-	-	-	14,742,672	14,742,672
Other comprehensive income - net of tax	-	-	-	(425,981)	-	-	(2,344,321)	(181,188)	(166,181)	(3,117,671)
	-	-	-	(425,981)	-	-	(2,344,321)	(181,188)	14,576,491	11,625,001
Transfer to statutory reserve	-	-	-	-	1,474,267	-	-	-	(1,474,267)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(41,091)	41,091	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(6,181)	6,181	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(209,067)	209,067	-
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)
Interim cash dividend at Rs. 4.50 per share - March 31, 2021	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)
	-	-	-	-	-	-	-	-	(23,108,670)	(23,108,670)
Balance as at June 30, 2021 (Un-audited)	11,850,600	23,751,114	908,317	2,450,502	36,034,688	18,600,000	5,895,312	19,043,258	60,084,495	178,618,286

For details of dividend declaration and appropriations, please refer note 39 to these unconsolidated condensed interim financial statements.

For details of reserves, please refer note 21 to these unconsolidated condensed interim financial statements.

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	January 01 to June 30, 2021	January 01 to June 30, 2020
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		25,013,151	22,254,360
Less: Dividend income		(978,665)	(533,799)
		24,034,486	21,720,561
Adjustments:			
Depreciation on fixed assets	30	1,054,729	980,049
Depreciation on right-of-use assets	30	609,702	600,945
Depreciation on non-banking assets acquired in satisfaction of claims	30	18,721	15,675
Amortization	30	158,332	155,492
Provisions / (reversals) and write offs - net	32	(2,000,682)	3,963,497
(Loss) / Gain on sale of fixed assets - net	29	26,956	(18,950)
Gain on sale of non-banking assets acquired in satisfaction of claims - net	29	(536,464)	-
Finance charges on lease liability against right-of-use assets	26	528,558	605,176
Workers Welfare Fund		500,263	445,087
Charge for defined benefit plans - net		290,438	161,546
Gain on termination of lease liability against right of use assets	29	(44,175)	-
Unrealized loss / (gain) on revaluation of investments - Held For Trading	28	9,335	(13,078)
		615,713	6,895,439
		24,650,199	28,616,000
Decrease / (increase) in operating assets			
Lendings to financial institutions		(15,354,761)	(966,717)
Held-for-trading securities		(71,422,294)	(6,591,374)
Advances		1,876,710	32,275,576
Others assets (excluding advance taxation)		(1,198,221)	2,214,965
		(86,098,566)	26,932,450
Increase / (decrease) in operating liabilities			
Bills Payable		(11,052,169)	(1,317,471)
Borrowings from financial institutions		(24,681,243)	24,437,832
Deposits		151,706,101	129,918,919
Other liabilities (excluding current taxation)		(1,902,006)	(25,220,404)
		114,070,683	127,818,876
Defined benefits paid		(135,300)	(165,300)
Income tax paid		(8,164,331)	(7,107,083)
Net cash flow from operating activities		44,322,685	176,094,943
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		3,393,910	(158,168,756)
Net investments in held-to-maturity securities		(14,807,657)	8,562,322
Dividends received		977,434	506,135
Investments in operating fixed assets		(1,191,619)	(833,424)
Proceeds from sale of operating fixed assets		22,246	28,597
Investments in Intangible assets		(177,956)	(77,410)
Proceeds from sale of non-banking assets acquired in satisfaction of claims		1,518,881	-
Effect of translation of net investment in foreign branches		(425,981)	799,973
Net cash flow used in investing activities		(10,690,742)	(149,182,563)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use-assets		(819,344)	(842,551)
Dividend paid		(22,885,202)	(11,733,870)
Net cash flow used in financing activities		(23,704,546)	(12,576,421)
Effects of exchange rate changes on cash and cash equivalents		889,448	3,766,686
Increase in cash and cash equivalents		10,816,845	18,102,645
Cash and cash equivalents at beginning of the period		144,924,406	140,130,903
Cash and cash equivalents at end of the period		155,741,251	158,233,548

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

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 1419 branches (2020: 1418 branches) within Pakistan and 11 branches (2020: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

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

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

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

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

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan

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

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 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, 2020.

3.5 Amendments to approved accounting standards that are effective in the current period

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

3.6 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 1, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 1, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

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

As per the SBP's BPRD Circular Letter no. 24 dated July 5, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Therefore, these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant 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, 2020.

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, 2020.

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, 2020. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	24,436,062	22,094,317
Foreign currencies	6,940,477	6,183,785
	31,376,539	28,278,102
With State Bank of Pakistan in		
Local currency current accounts	57,100,505	47,257,342
Foreign currency current accounts	2,576,648	1,966,635
Foreign currency deposit accounts	9,952,524	10,215,984
	69,629,677	59,439,961
With other central banks in		
Foreign currency current accounts	3,153,826	11,851,311
With National Bank of Pakistan in		
Local currency current accounts	36,673,318	21,673,576
Prize bonds	1,357,598	937,889
	142,190,958	122,180,839
8. BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts	8,425,353	21,798,363
In deposit accounts	5,796,287	2,231,965
	14,221,640	24,030,328
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	29,220,496	11,002,195
Repurchase agreement lendings (Reverse Repo)	3,273,718	6,137,258
	32,494,214	17,139,453

10. INVESTMENTS

10.1 Investments by type:

	Unaudited June 30, 2021				Audited December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Held-for-trading securities								
Federal Government Securities	72,605,846	-	(7,949)	72,597,897	1,309,116	-	(224)	1,308,892
Shares	125,340	-	(1,386)	123,954	-	-	-	-
	72,731,186	-	(9,335)	72,721,851	1,309,116	-	(224)	1,308,892
Available-for-sale securities								
Federal Government Securities	942,550,633	(5,028)	6,465,060	949,010,665	946,641,148	(4,719)	9,537,433	956,173,862
Shares and units	28,479,450	(9,609,358)	3,190,228	22,060,320	26,582,088	(10,116,283)	3,119,160	19,584,965
Non Government Debt Securities	1,797,840	-	14,889	1,812,729	1,797,840	-	2,252	1,800,092
Foreign Securities	6,255,820	(1,714)	(5,731)	6,248,375	7,463,939	(1,714)	17,509	7,479,734
	979,083,743	(9,616,100)	9,664,446	979,132,089	982,485,015	(10,122,716)	12,676,354	985,038,653
Held-to-maturity securities								
Federal Government Securities	23,977,239	(10,801)	-	23,966,438	4,612,390	(11,542)	-	4,600,848
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	6,662,763	(477,541)	-	6,185,222	9,270,317	(490,341)	-	8,779,976
Foreign Securities	1,200,009	(11,103)	-	1,188,906	3,149,647	(27,281)	-	3,122,366
	31,840,129	(499,563)	-	31,340,566	17,032,472	(529,282)	-	16,503,190
Associates	700,401	-	-	700,401	700,401	-	-	700,401
Subsidiaries	12,319,037	(725)	-	12,318,312	12,319,037	(725)	-	12,318,312
Total Investments	1,096,674,496	(10,116,388)	9,655,111	1,096,213,219	1,013,846,041	(10,652,723)	12,676,130	1,015,869,448

10.1.1 Investments given as collateral

	Unaudited June 30, 2021	Audited December 31, 2020
	Rupees in '000	
- Market Treasury Bills	14,022,219	91,279,273
- Pakistan Investment Bonds	45,768,292	1,000,283
	59,790,511	92,279,556

10.2 Provision for diminution in value of investments

10.2.1	Opening balance	10,652,723	10,689,171
	Exchange and other adjustments	(7,362)	13,474
	Charge / (reversals)		
	Charge for the period / year	357,514	1,956,360
	Reversals for the period / year	(13,614)	(1,529)
	Reversal on disposals	(872,873)	(2,004,753)
		(528,973)	(49,922)
	Amounts written off	-	-
	Closing Balance	10,116,388	10,652,723

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited June 30, 2021		Audited December 31, 2020	
	NPI	Provision	NPI	Provision
	Rupees in '000			
Domestic				
Loss	477,659	477,659	490,459	490,459

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 26.931 million (December 31, 2020: Rs 43.542 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs. 31,382.008 million (December 31, 2020: Rs. 17,002.908 million).

11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited June 30, 2021	Audited December 31, 2020	Unaudited June 30, 2021	Audited December 31, 2020	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000----------					
Loans, cash credits, running finances, etc.	443,500,989	444,168,998	49,999,590	50,524,753	493,500,579	494,693,751
Bills discounted and purchased	16,825,569	18,192,157	1,060,096	664,294	17,885,665	18,856,451
Advances - gross	460,326,558	462,361,155	51,059,686	51,189,047	511,386,244	513,550,202
Provision against advances						
- Specific	-	-	(44,883,675)	(45,142,956)	(44,883,675)	(45,142,956)
- General	(3,964,653)	(5,465,459)	-	-	(3,964,653)	(5,465,459)
	(3,964,653)	(5,465,459)	(44,883,675)	(45,142,956)	(48,848,328)	(50,608,415)
Advances - net of provision	456,361,905	456,895,696	6,176,011	6,046,091	462,537,916	462,941,787

		Unaudited June 30, 2021	Audited December 31, 2020
11.1	**Particulars of advances (Gross)**	----------Rupees in '000--------	
	In local currency	468,236,215	469,211,685
	In foreign currencies	43,150,029	44,338,517
		511,386,244	513,550,202

11.2 Advances include Rs. 51,059.686 million (2020: Rs.51,189.047 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited June 30, 2021		Audited December 31, 2020	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----------Rupees in '000----------			
Domestic					
Other Assets Especially Mentioned	11.2.1	100,359	4,048	43,508	1,983
Substandard		239,864	59,622	211,900	52,156
Doubtful		205,073	102,537	264,759	132,380
Loss		42,256,479	41,358,140	42,224,438	41,485,949
		42,801,775	41,524,347	42,744,605	41,672,468
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		3,842	961	5,321	4,913
91 to 180 days		282	71	2,020	505
181 to 365 days		9,120	4,567	19,961	9,981
> 365 days		8,244,667	3,353,729	8,417,140	3,455,089
		8,257,911	3,359,328	8,444,442	3,470,488
Total		51,059,686	44,883,675	51,189,047	45,142,956

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

11.3 Particulars of provision against advances

	Unaudited June 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----------Rupees in '000----------					
Opening balance	45,142,956	5,465,459	50,608,415	41,934,421	1,423,921	43,358,342
Exchange adjustments	(67,350)	(12,963)	(80,313)	50,555	7,065	57,620
Charge for the period / year	1,723,824	20,038	1,743,862	5,703,057	4,097,524	9,800,581
Reversals	(1,622,620)	(1,507,881)	(3,130,501)	(2,215,829)	(63,051)	(2,278,880)
	101,204	(1,487,843)	(1,386,639)	3,487,228	4,034,473	7,521,701
Amounts written off	(293,135)	-	(293,135)	(329,248)	-	(329,248)
Closing balance	44,883,675	3,964,653	48,848,328	45,142,956	5,465,459	50,608,415

11.3.1 General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

11.3.2 In addition, the Bank has also maintained an un-encumbered general provision of Rs 3,064 million (December 31, 2020: Rs 4,564 million) against financing made on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

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 NPLs for five years from the date of classification. However, management has not taken the FSV benefit in calculation of specific provision.

	Note	Unaudited June 30, 2021	Audited December 31, 2020
12. FIXED ASSETS		----------Rupees in '000--------	
Capital work-in-progress	12.1	1,158,792	802,966
Property and equipment		50,182,584	50,467,607
Right-of-use assets		6,246,167	6,757,331
		57,587,543	58,027,904

12.1 Capital work-in-progress

Civil works	587,652	418,187
Equipment	240,649	98,383
Advances to suppliers	321,691	283,029
Others	8,800	3,367
	1,158,792	802,966

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	----------Rupees in '000--------	

12.2 Additions to fixed assets

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

Capital work-in-progress - net additions	355,826	261,664
Property and equipment		
Freehold land	35,108	25,327
Building on freehold land	175,672	34,316
Building on leasehold land	14,911	-
Electrical office and computer equipment	389,205	250,685
Furniture and fixture	77,915	99,721
Leasehold Improvements	109,340	107,016
Vehicles	33,642	47,696
Leasehold land	-	6,999
	835,793	571,760
	1,191,619	833,424

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Vehicles	2,018	6,971
Furniture and fixture	1,005	130
Electrical office and computer equipment	3,030	2,546
Building on freehold land	43,149	-
	49,202	9,647

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	

13. INTANGIBLE ASSETS

Computer software	552,740	543,815
Capital work-in-progress	403,299	394,643
	956,039	938,458

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	----------Rupees in '000--------	

13.1 Additions to intangible assets

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

Computer software	169,300	63,258
Capital work-in-progress - net additions	8,656	14,152
	177,956	77,410

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	

14. OTHER ASSETS

Income/ Mark-up accrued in local currency		19,614,597	17,085,615
Income/ Mark-up accrued in foreign currencies		551,277	305,759
Advances, deposits, advance rent and other prepayments		1,714,589	2,249,497
Non-banking assets acquired in satisfaction of claims		2,624,726	3,277,778
Compensation for delayed income tax refunds		133,809	133,809
Branch adjustment account		263,289	276,102
Mark to market gain on forward foreign exchange contracts		2,225,445	4,854,527
Unrealized gain on derivative financial instruments		276,993	517,033
Acceptances	20	18,584,386	20,030,754
Receivable from the pension fund		3,007,326	3,370,179
Clearing and settlement accounts		4,560,383	2,698,271
Others		3,236,229	3,263,384
		56,793,049	58,062,708
Less: Provision held against other assets	14.1	2,582,715	2,582,686
Other Assets (net of provision)		54,210,334	55,480,022
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	511,496	854,231
Other Assets - total		54,721,830	56,334,253

14.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims	89,745	95,095
Claims receivable against fraud and forgeries	493,733	478,773
Others	1,999,237	2,008,818
	2,582,715	2,582,686

14.1.1 Movement in provision held against other assets

Opening balance	2,582,686	2,604,137
Charge for the period / year	24,898	54,269
Reversals	(23,889)	(77,917)
	1,009	(23,648)
Amounts written off	-	(16,591)
Exchange and other adjustments	(980)	18,788
Closing balance	2,582,715	2,582,686

15. CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2021 (2020: NIL).

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	

16. BILLS PAYABLE

In Pakistan	12,132,845	23,912,803
Outside Pakistan	795,678	67,889
	12,928,523	23,980,692

17. BORROWINGS

Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	32,784,572	34,998,802
Under long term financing facility	22,152,006	22,150,335
Under renewable energy performance platform	1,035,699	74,760
Under payment of Wages & Salaries	8,257,075	10,074,011
Under temporary economic refinance facility	12,356,336	1,694,659
Under refinance facility for combating COVID-19	20,937	-
Under financing facility for storage of agricultural produce	167,162	191,254
	76,773,787	69,183,821
Bai Muajjal	44,809,236	-
Repurchase agreement borrowings	14,798,148	92,225,530
Total secured	136,381,171	161,409,351
Unsecured		
Borrowings from other financial institution	60,807	1,712,914
Call borrowings	2,318,713	319,669
Overdrawn nostro accounts	671,347	397,313
Others	162,286	162,286
Total unsecured	3,213,153	2,592,182
	139,594,324	164,001,533

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited June 30, 2021			Audited December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in '000----------					
Customers						
Current deposits	467,879,532	65,063,523	532,943,055	397,258,854	53,823,514	451,082,368
Savings deposits	680,019,455	43,486,511	723,505,966	649,410,009	45,805,328	695,215,337
Term deposits	96,304,947	13,119,263	109,424,210	71,492,234	14,103,734	85,595,968
Others	41,279,645	3,015,917	44,295,562	23,319,545	3,218,232	26,537,777
	1,285,483,579	124,685,214	1,410,168,793	1,141,480,642	116,950,808	1,258,431,450
Financial Institutions						
Current deposits	10,451,795	1,362,091	11,813,886	10,885,621	659,092	11,544,713
Savings deposits	15,411,916	297,177	15,709,093	14,068,212	115,935	14,184,147
Term deposits	959,468	2,358,372	3,317,840	1,030,968	4,090,613	5,121,581
Others	-	198,793	198,793	-	220,413	220,413
	26,823,179	4,216,433	31,039,612	25,984,801	5,086,053	31,070,854
	1,312,306,758	128,901,647	1,441,208,405	1,167,465,443	122,036,861	1,289,502,304

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
19. DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on			
- Provision against advances		(2,256,969)	(2,782,530)
		(2,256,969)	(2,782,530)
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		1,403,211	1,286,416
- Surplus/deficit on revaluation of investments		3,769,134	4,436,721
- Surplus on revaluation of non-banking assets		199,483	298,982
- Accelerated tax depreciation		1,996,222	1,850,789
- Receivable from pension fund		1,172,856	1,179,562
- Business combination		705,218	705,218
		9,246,124	9,757,688
		6,989,155	6,975,158
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		3,433,914	2,272,650
Mark-up/ return/ interest payable in foreign currencies		130,090	247,926
Unearned commission income		653,083	212,337
Accrued expenses		4,960,096	5,898,224
Current taxation (provisions less payments)		11,373,995	10,185,375
Workers' welfare fund	20.1	9,338,947	8,838,684
Acceptances	14	18,584,386	20,030,754
Unclaimed / dividends payable		1,916,410	1,692,942
Mark to market loss on forward foreign exchange contracts		1,860,373	4,485,302
Unrealised loss on derivative financial instruments		273,411	513,343
Staff welfare fund		3,722	5,598
Provision for employees' compensated absences		1,145,701	919,407
Provision for post retirement medical benefits		2,156,504	2,004,122
Provision for employees' contributory benevolent scheme		219,007	222,084
Retention money		12,473	20,657
Insurance payable against consumer assets		665,370	698,949
Unclaimed balances		756,294	877,552
Duties and taxes payable		1,809,238	1,846,580
Provision against off-balance sheet obligations		46,210	46,189
Security deposits against lease		665,500	569,756
Lease liability against right of use assets		7,779,310	8,035,048
Clearing and settlement accounts		7,198,163	7,421,975
Others		6,602,469	5,855,374
		81,584,666	82,900,828

20.1 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.

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
21. RESERVES			
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		2,450,502	2,876,483
Statutory reserve	21.2	36,034,688	34,560,421
General reserve		18,600,000	18,600,000
		81,744,621	80,696,335

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

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

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	9,664,446	12,676,354
- Fixed Assets		20,134,456	20,211,952
- Non-banking assets acquired in satisfaction of claims	14	511,496	854,231
		30,310,398	33,742,537
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	19	3,769,134	4,436,721
- Fixed Assets	19	1,403,211	1,286,416
- Non-banking assets acquired in satisfaction of claims	19	199,483	298,982
		5,371,828	6,022,119
		24,938,570	27,720,418
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	181,681,521	178,571,960
-Commitments	23.2	505,584,578	507,506,107
-Other contingent liabilities	23.3	28,662,246	27,960,316
		715,928,345	714,038,383
23.1 Guarantees:			
Financial guarantees		157,215,086	149,925,920
Performance guarantees		22,168,028	25,900,273
Other guarantees		2,298,407	2,745,767
		181,681,521	178,571,960
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		193,920,928	172,617,563
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	191,771,547	318,420,575
- forward government securities transactions	23.2.2	114,002,109	11,089,775
- derivatives	23.2.3	4,970,119	4,471,383
Commitments for acquisition of:			
- operating fixed assets		765,647	710,570
- intangible assets		154,228	196,241
		505,584,578	507,506,107
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		107,347,223	168,432,858
Sale		84,424,324	149,987,717
		191,771,547	318,420,575
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		112,502,109	11,089,775
Sale		1,500,000	-
		114,002,109	11,089,775
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		1,356,125	182,800
Sale		1,356,125	182,800
		2,712,250	365,600
Cross Currency Swaps			
Purchase		1,090,187	1,975,311
Sale		1,167,682	2,130,472
		2,257,869	4,105,783
		4,970,119	4,471,383

23.2.4 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, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Bank not acknowledged as debts	23.3.1	28,662,246	27,960,316

23.3.1 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.

23.4 Taxation

For assessment year 1999-2000 through tax year 2020, 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. 2,400 million (2020: Rs. 6,033 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.

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

Issue of goodwill and other related assets amortization for few years has been assessed in Bank's favour at appellate forums during the year, 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.

24. DERIVATIVE INSTRUMENTS

	Unaudited June 30, 2021					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	----------Rupees in '000----------					
Total						
Hedging	1,090,187	268,785	-	-	1,356,125	8,208
Market Making	1,167,682	(265,203)	-	-	1,356,125	(8,208)
	Audited December 31, 2020					
	----------Rupees in '000----------					
Total						
Hedging	1,975,311	512,508	-	-	182,800	4,525
Market Making	2,130,472	(508,818)	-	-	182,800	(4,525)

	Note	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		15,721,650	25,962,430
Investments		42,240,046	48,366,469
Lendings to financial institutions		199,429	736,991
Balances with banks		39,970	145,740
		58,201,095	75,211,630
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		21,399,893	33,820,985
Borrowings		3,987,814	3,572,092
Cost of foreign currency swaps against		-	
foreign currency deposits / borrowings		735,796	1,200,521
Finance charges on lease liability against right-of-use assets		528,558	605,176
		26,652,061	39,198,774
27. FEE & COMMISSION INCOME			
Branch banking customer fees		1,351,456	941,135
Consumer finance related fees		251,823	187,430
Card related fees (debit and credit cards)		1,376,263	1,511,464
Credit related fees		115,877	26,381
Investment banking fee		97,430	71,482
Commission on trade		676,115	633,111
Commission on guarantees		321,196	295,762
Commission on cash management		335,391	286,992
Commission on remittances including home remittances		473,537	514,359
Commission on bancassurance		760,832	474,901
Rent on lockers		116,347	102,233
Commission on utility bills		37,679	36,734
Commission on investments services		19,782	17,503
Others		77,428	46,121
		6,011,156	5,145,608
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	493,880	(80,125)
Unrealised - Held For Trading	10.1	(9,335)	13,078
		484,545	(67,047)
28.1 Realised gain / (loss) on:			
Federal Government Securities		345,791	183,380
Shares		147,850	(266,359)
Others		239	2,854
		493,880	(80,125)
29. OTHER INCOME			
Rent on property		66,634	30,678
Gain on termination of lease liability against right of use assets		44,175	-
(Loss) / Gain on sale of fixed assets - net		(26,956)	18,950
Gain on sale of non-banking assets acquired in satisfaction of claims - net		536,464	-
		620,317	49,628

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	8,610,124	7,936,780
Property expense		
Rent and taxes	104,564	82,632
Insurance	10,650	11,507
Utilities cost	560,810	507,439
Security (including guards)	682,774	621,515
Repair and maintenance (including janitorial charges)	320,324	310,135
Depreciation on right-of-use assets	609,702	600,945
Depreciation	360,618	304,520
Fuel expense generators	185,700	156,053
	2,835,142	2,594,746
Information technology expenses		
Software maintenance	524,443	600,676
Hardware maintenance	83,773	116,075
Depreciation	287,333	262,974
Amortization	158,332	155,492
Network charges	285,351	301,910
Insurance	1,729	1,876
	1,340,961	1,439,003
Other operating expenses		
Directors' fees and allowances	19,620	21,956
Legal and professional charges	146,090	145,138
Outsourced services costs	346,516	340,925
Travelling and conveyance	112,280	119,966
NIFT clearing charges	76,383	82,632
Depreciation	406,778	412,555
Depreciation on non-banking assets acquired in satisfaction of claims	18,721	15,675
Training and development	10,267	13,749
Postage and courier charges	107,787	136,650
Communication	169,549	164,080
Stationery and printing	284,988	270,983
Marketing, advertisement & publicity	291,099	330,612
Donations	6,600	112,596
Auditors' remuneration	33,488	16,298
Cash transportation charges	413,523	338,437
Repair and maintenance	220,133	165,097
Subscription	7,996	10,154
Entertainment	93,799	83,638
Remittance charges	95,691	95,524
Brokerage expenses	18,037	17,229
Card related expenses	475,423	419,694
CNIC verification charges	106,385	53,129
Insurance	836,767	743,134
Others	111,460	112,184
	4,409,380	4,222,035
	17,195,607	16,192,564

	Note	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
		----------Rupees in '000--------	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		314,286	183,541
VAT & National Building tax & Crop Insurance Levy		25,014	56,579
		339,300	240,120
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision / (reversal) against balance with Banks		121	(1,813)
(Reversal) / provision for diminution in value of investments	10.2.1	(528,973)	190,967
(Reversal) / provision against loans and advances	11.3	(1,386,639)	3,856,662
Provision / (reversal) against other assets	14.1.1	1,009	(17,877)
Recovery of written off / charged off bad debts		(86,200)	(64,442)
		(2,000,682)	3,963,497
33. TAXATION			
Current		9,429,146	10,576,822
Deferred		841,333	(1,531,886)
		10,270,479	9,044,936
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax		14,742,672	13,209,424
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		12.44	11.15

35. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. Quoted securities classified as held to maturity are carried at amortised 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 financial statements.

Fair value of 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 financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

35.1 Fair value of financial assets

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

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

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined using the PKRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid 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.
Operating fixed assets and 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 effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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 and units of mutual funds.

(b) Financial instruments in level 2
Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3
Currently, no financial instruments are classified in level 3.

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

	Unaudited June 30, 2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------Rupees in '000----------				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,021,608,562	-	1,021,608,562	-	1,021,608,562
Shares	20,719,752	20,719,752	-	-	20,719,752
Non-Government Debt Securities	1,812,729		1,812,729	-	1,812,729
Foreign Securities	6,248,375	-	6,248,375	-	6,248,375
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	45,823,801	-	-	-	-
Cash and balances with treasury banks	142,190,958	-	-	-	-
Balances with other banks	14,221,640	-	-	-	-
Lendings to financial institutions	32,494,214	-	-	-	-
Advances	462,537,916	-	-	-	-
Other assets	49,049,310	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,172,826	-	44,172,826	-	44,172,826
Non-banking assets	3,046,477	-	3,046,477	-	3,046,477
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	107,347,223	-	990,932	-	990,932
Forward sale of foreign exchange	84,424,324	-	1,356,004	-	1,356,004
Derivatives purchase	2,446,312	-	276,993	-	276,993
Derivatives sale	2,523,807	-	273,411	-	273,411

	Audited December 31, 2020				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------Rupees in '000----------				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	957,482,754	-	957,482,754	-	957,482,754
Shares	18,171,840	18,171,840	-	-	18,171,840
Non-Government Debt Securities	1,800,092	-	1,800,092	-	1,800,092
Foreign Securities	7,474,188	-	7,474,188	-	7,474,188
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	30,940,574	-	-	-	-
Cash and balances with treasury banks	122,180,839	-	-	-	-
Balances with other banks	24,030,328	-	-	-	-
Lendings to financial institutions	17,139,453	-	-	-	-
Advances	462,941,787	-	-	-	-
Other assets	46,267,752	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,275,487	-	44,275,487	-	44,275,487
Non-banking assets	4,036,914	-	4,036,914	-	4,036,914
					-
Off-balance sheet financial instruments - measured at fair value					-
Forward purchase of foreign exchange	168,432,858	-	3,902,198	-	3,902,198
Forward sale of foreign exchange	149,987,717	-	4,271,423	-	4,271,423
Derivatives purchase	2,158,111	-	517,033	-	517,033
Derivatives sale	2,313,272	-	513,343	-	513,343

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

	Un audited Half Year ended June 30, 2021								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	Rupees in '000								
Profit & Loss									
Net mark-up/return/profit	(17,518,820)	1,292,992	9,488,524	37,676,979	609,359	-	31,549,034	-	31,549,034
Inter segment revenue - net	36,173,493	(265,883)	(7,312,833)	(32,255,351)	(58,971)	3,719,545	-	-	-
Non mark-up / return / interest income	3,280,854	1,227,386	1,680,845	2,192,578	423,629	693,313	9,498,605	-	9,498,605
Total Income	21,935,527	2,254,495	3,856,536	7,614,206	974,017	4,412,858	41,047,639	-	41,047,639
Segment direct expenses	11,733,247	841,928	331,985	216,929	580,590	4,330,491	18,035,170	-	18,035,170
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	11,733,247	841,928	331,985	216,929	580,590	4,330,491	18,035,170	-	18,035,170
Provisions	1,243,978	42,413	(83,724)	(506,925)	90,918	(2,787,342)	(2,000,682)	-	(2,000,682)
Profit before tax	8,958,302	1,370,154	3,608,275	7,904,202	302,509	2,869,709	25,013,151	-	25,013,151
Balance Sheet									
Cash & Bank balances	66,642,041	331,057	202,138	66,905,744	18,188,087	4,143,531	156,412,598	-	156,412,598
Investments	-	-	7,996,236	1,075,901,706	12,315,277	-	1,096,213,219	-	1,096,213,219
Net inter segment lending	1,176,501,277	-	-	-		193,326,604	1,369,827,881	(1,369,827,881)	-
Lendings to financial institutions	-	-	-	3,373,718	29,120,496	-	32,494,214	-	32,494,214
Advances - performing	88,921,889	30,960,301	318,829,658	-	17,650,057	-	456,361,905	-	456,361,905
- non performing	292,668	103,700	2,382	-	4,898,583	878,678	6,176,011	-	6,176,011
Others	35,636,437	1,913,413	21,112,149	14,820,161	3,514,123	36,269,129	113,265,412	-	113,265,412
Total Assets	1,367,994,312	33,308,471	348,142,563	1,161,001,329	85,686,623	234,617,942	3,230,751,240	(1,369,827,881)	1,860,923,359
Borrowings	64,484,923	-	12,163,954	60,173,923	2,771,524	-	139,594,324	-	139,594,324
Deposits & other accounts	1,285,296,396	21,494,863	70,798,768	-	63,607,522	10,856	1,441,208,405	-	1,441,208,405
Net inter segment borrowing	-	7,757,087	248,314,174	1,100,008,505	13,748,115	-	1,369,827,881	(1,369,827,881)	-
Others	18,212,993	4,056,521	16,865,667	818,901	5,559,462	55,988,800	101,502,344	-	101,502,344
Total liabilities	1,367,994,312	33,308,471	348,142,563	1,161,001,329	85,686,623	55,999,656	3,052,132,954	(1,369,827,881)	1,682,305,073
Equity						178,618,286	178,618,286	-	178,618,286
Total Equity & liabilities	1,367,994,312	33,308,471	348,142,563	1,161,001,329	85,686,623	234,617,942	3,230,751,240	(1,369,827,881)	1,860,923,359
Contingencies & Commitments	61,877,293	-	310,113,602	308,422,611	5,702,184	29,812,655	715,928,345	-	715,928,345

	Un audited Half Year ended June 30, 2020								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
	Rupees in '000								
Profit & Loss									
Net mark-up/return/profit	(27,559,261)	1,413,318	17,388,362	44,012,291	758,146	-	36,012,856	-	36,012,856
Inter segment revenue - net	51,405,696	(341,750)	(14,511,898)	(40,745,318)	(40,431)	4,233,701	-	-	-
Non mark-up / return / interest income	3,001,626	839,091	1,560,124	1,081,216	389,622	211,093	7,082,772	-	7,082,772
Total Income	26,848,061	1,910,659	4,436,588	4,348,189	1,107,337	4,444,794	43,095,628	-	43,095,628
Segment direct expenses	10,709,498	734,317	291,724	205,675	658,988	4,277,569	16,877,771	-	16,877,771
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	10,709,498	734,317	291,724	205,675	658,988	4,277,569	16,877,771	-	16,877,771
Provisions	60,375	80,643	132,357	116,820	69,294	3,504,008	3,963,497	-	3,963,497
Profit before tax	16,078,188	1,095,699	4,012,507	4,025,694	379,055	(3,336,783)	22,254,360	-	22,254,360
Balance Sheet	Audited December 31, 2020								
Cash & Bank balances	58,362,119	317,242	394,030	64,577,425	21,166,578	1,393,773	146,211,167	-	146,211,167
Investments	-	-	10,578,310	990,720,067	14,571,071	-	1,015,869,448	-	1,015,869,448
Net inter segment lending	1,050,376,236	-	-	-	-	201,834,399	1,252,210,635	(1,252,210,635)	-
Lendings to financial institutions	-	-	-	6,137,258	11,002,195	-	17,139,453	-	17,139,453
Advances - performing	94,735,206	26,845,772	313,633,477	-	21,681,241	-	456,895,696	-	456,895,696
- non performing	171,804	177,613	2,382	-	4,973,954	720,338	6,046,091	-	6,046,091
Others	35,621,546	2,370,726	22,789,948	12,206,991	4,580,374	37,731,030	115,300,615	-	115,300,615
Total Assets	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	241,679,540	3,009,673,105	(1,252,210,635)	1,757,462,470
Borrowings	58,910,004	-	10,372,566	91,069,170	3,649,793	-	164,001,533	-	164,001,533
Deposits & other accounts	1,147,268,725	21,263,015	65,961,390	-	55,009,174	-	1,289,502,304	-	1,289,502,304
Net inter segment borrowing	-	4,816,853	252,358,835	981,733,802	13,301,145	-	1,252,210,635	(1,252,210,635)	-
Others	33,088,182	3,631,485	18,705,356	838,769	6,015,301	51,577,585	113,856,678	-	113,856,678
Total liabilities	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	51,577,585	2,819,571,150	(1,252,210,635)	1,567,360,515
Equity	-	-	-	-	-	190,101,955	190,101,955	-	190,101,955
Total Equity & liabilities	1,239,266,911	29,711,353	347,398,147	1,073,641,741	77,975,413	241,679,540	3,009,673,105	(1,252,210,635)	1,757,462,470
Contingencies & Commitments	55,974,597	-	288,001,956	320,068,131	20,930,195	29,063,504	714,038,383	-	714,038,383

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

37 RELATED PARTY TRANSACTIONS

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

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

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

	Unaudited June 30, 2021					Audited December 31, 2020				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Lendings to Financial Institutions										
Opening balance	-	-	-	-	-	-	-	880,853	-	-
Addition during the period / year	-	-	23,900,000	-	-	-	-	23,703,928	-	-
Repaid during the period / year	-	-	(23,900,000)	-	-	-	-	(24,584,781)	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	12,319,037	700,401	254,253	-	-	12,346,537	700,401	254,253
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	(27,500)	-	-
Adjustment under amalgamation scheme	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	12,319,037	700,401	254,253	-	-	12,319,037	700,401	254,253
Provision for diminution in value of investments	-	-	725	-	5,000	-	-	725	-	5,000
Advances										
Opening balance	1,042	166,757	856,704	356,898	152,147	1,722	129,048	889,811	-	339,520
Addition / exchange adjustment during the period / year	7,250	26,714	45,419	-	305,457	18,202	60,257	-	356,898	336,695
Repaid / exchange adjustment during the period / year	(7,103)	(38,144)	-	(89,225)	(417,191)	(18,882)	(21,947)	(33,107)	-	(303,183)
Transfer in / (out)	-	(24,462)	-	-	-	-	(601)	-	-	(220,885)
Closing balance	1,189	130,865	902,123	267,673	40,413	1,042	166,757	856,704	356,898	152,147
Provision held against advances	-	-	-	-	-	-	-	-	-	-

	Unaudited June 30, 2021					Audited December 31, 2020				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Other Assets										
Markup receivable	-	2,430	2,227	693	1,637	-	3,149	2,338	895	2,382
Advances, deposits, advance rent and other prepayments	-	-	9,977	184,941	28,987	-	-	12,715	310,504	27,835
Receivable from Pension Fund	-	-	-	-	3,007,326	-	-	-	-	3,370,179
Unrealized (loss)/ gain on forward foreign exchange contracts - outstanding	-	-	(196)	-	-	-	-	39,415	-	-
Provision held against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	25,356	-	77,139	-	-	3,902	-	69,166
Borrowings / exchange adjustment during the period / year	-	-	278,697	-	13,677	-	-	482,356	-	7,973
Settled during the period / year	-	-	(279,231)	-	-	-	-	(460,902)	-	-
Closing balance	-	-	24,822	-	90,816	-	-	25,356	-	77,139
Deposits and other accounts										
Opening balance	302,130	138,566	53,878	4,815,780	4,869,941	602,381	140,761	54,482	3,657,552	4,179,849
Received during the period / year	2,296,862	756,353	1,536,354	26,519,401	58,604,396	669,282	1,189,437	2,349,111	44,628,206	76,375,987
Withdrawn during the period / year	(2,121,148)	(720,088)	(1,529,581)	(27,291,714)	(50,146,921)	(969,533)	(1,163,832)	(2,346,830)	(43,469,978)	(75,154,115)
Transfer in / (out) - net	-	(701)	-	-	27	-	(27,800)	(2,885)	-	(531,780)
Closing balance	477,844	174,130	60,651	4,043,467	13,327,443	302,130	138,566	53,878	4,815,780	4,869,941
Other Liabilities										
Markup payable	112	690	1	5,521	3,031	50	100	-	42,549	10,654
Accrued expenses and other payable	-	-	29,249	61,046	20	-	-	22,850	62,624	32
Payable to MCB Employee Security Services	-	-	-	-	29,405	-	-	-	-	27,031
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Contingencies and Commitments										
Letter of Credit	-	-	-	-	3,660,289	-	-	-	-	1,361,776
Forward foreign exchange contracts (Notional)	-	-	223,772	-	-	-	-	1,342,106	-	-
Bank guarantee	-	-	86,200	10,390	494,360	-	-	102,038	10,512	394,495

	Unaudited June 30, 2021					Unaudited June 30, 2020				
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
	(Rupees in '000)									
Income										
Markup / return / interest earned	23	7,985	32,714	1,491	3,917	-	6,705	114,416	15	11,229
Fee and commission income	-	-	19,839	424,967	2,097	-	-	17,564	418,858	836
Dividend income	-	-	83,153	87,500	50,645	-	-	36,957	105,000	7,933
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	17,609	-	-	-	-	43,062
Net gain / (loss) on sale of securities	3	-	-	32	210	72	33	-	495	3,553
Gain on sale of fixed assets	-	72	-	-	-	-	17	-	-	-
Rent income	-	-	24,198	5,685	1,140	-	-	19,509	4,455	1,140
Expense										
Markup / return / interest expensed	8,927	1,487	553	61,727	187,476	22,774	1,202	1,466	110,421	108,478
Other Operating expenses										
Clearing expenses paid to NIFT	-	-	-	-	76,383	-	-	-	-	82,632
Contribution to provident fund	-	-	-	-	216,847	-	-	-	-	197,239
Rent expenses	-	-	5,750	21,688	23,263	-	-	5,227	21,299	15,121
Cash sorting expenses	-	-	-	-	54,562	-	-	-	-	56,415
Stationery expenses	-	-	-	-	128,424	-	-	-	-	121,204
Security guards expenses	-	-	-	-	173,829	-	-	-	-	165,324
Remuneration to key executives and non-executive directors fee	114,483	326,633	-	-	-	108,475	328,036	-	-	-
Outsourcing service expenses	-	-	-	106,273	-	-	-	-	138,301	-
Donation during the year	-	-	-	-	-	-	-	-	-	95,000
E-dividend processing fee and CDC charges	-	-	-	-	3,100	-	-	-	-	2,638
Travelling Expenses	-	-	-	-	22,681	-	-	-	-	17,456
Hotel stay expenses	-	-	-	-	63	-	-	-	-	3,110
Repair & Maintenance Charges	-	-	-	-	1,063	-	-	-	-	938
Advertisement Expenses	-	-	-	-	-	-	-	-	-	6,264
Miscellaneous expenses and payments	-	-	-	-	1,143	-	-	-	-	889
Insurance premium-net of refund	-	-	-	240,393	-	-	-	-	270,375	-
Insurance claim settled	-	-	-	11,741	-	-	-	-	18,232	-
Other Transactions										
Proceeds from sale of fixed assets	-	72	-	-	-	-	18	-	-	-
Purchase of fixed assets	-	-	-	14,624	12,810	-	-	-	3,277	-
Sale of foreign currency	-	-	11,044,337	-	-	-	-	21,656,614	-	-
Purchase of foreign currency	-	-	7,211,829	-	-	-	-	14,173,970	-	-
Payments against home remittances	-	-	2,300,794	-	-	-	-	1,709,813	-	-
Reimbursement of other expenses	-	-	15,684	-	-	-	-	14,536	-	-
Sale of government securities	396,165	4,131	-	4,303,668	2,809,322	188,884	64,784	-	3,154,645	1,718,066
Purchase of government securities	-	-	-	10,842,126	2,463,278	19,827	-	-	631,712	546,800
Forward exchange contracts matured during the period	-	-	-	-	2,838,228	-	-	-	-	10,494,150

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

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
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	145,366,450	152,901,428
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	145,366,450	152,901,428
Eligible Tier 2 Capital	31,041,712	35,507,111
Total Eligible Capital (Tier 1 + Tier 2)	176,408,162	188,408,539
Risk Weighted Assets (RWAs):		
Credit Risk	621,239,083	635,599,185
Market Risk	143,368,094	122,603,850
Operational Risk	139,735,092	139,735,092
Total	904,342,269	897,938,127
Common Equity Tier 1 Capital Adequacy ratio	16.07%	17.03%
Tier 1 Capital Adequacy Ratio	16.07%	17.03%
Total Capital Adequacy Ratio	19.51%	20.98%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	145,366,450	152,901,428
Total Exposures	2,294,791,377	2,174,932,446
Leverage Ratio	6.33%	7.03%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,066,679,996	934,508,535
Total Net Cash Outflow	433,929,839	393,109,786
Liquidity Coverage Ratio	245.82%	237.72%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,218,523,940	1,130,301,361
Total Required Stable Funding	648,774,308	646,417,507
Net Stable Funding Ratio	187.82%	174.86%

39 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 11, 2021 has announced a cash dividend in respect of half year ended June 30, 2021 of Rs.5 per share (June 30, 2020: Rs. Nil per share). These unconsolidated condensed interim financial statements for the period ended June 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

41 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 on August 11, 2021.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED
& SUBSIDIARY COMPANIES

Consolidated Condensed Interim Financial Statements
for the half year ended June 30, 2021

MCB BANK LIMITED & SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		---------Rupees in '000---------	
ASSETS			
Cash and balances with treasury banks	7	152,246,891	132,053,041
Balances with other banks	8	20,651,751	29,011,521
Lendings to financial institutions	9	33,494,214	17,968,243
Investments	10	1,119,010,391	1,036,217,535
Advances	11	544,884,427	547,685,708
Fixed assets	12	62,759,572	63,679,312
Intangible assets	13	1,832,178	1,867,244
Deferred tax assets		-	-
Other assets	14	61,390,283	62,793,791
		1,996,269,707	1,891,276,395
LIABILITIES			
Bills payable	16	14,508,474	26,451,513
Borrowings	17	147,348,602	184,577,340
Deposits and other accounts	18	1,556,166,735	1,388,737,961
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	7,773,005	7,491,040
Other liabilities	20	88,923,717	91,027,158
		1,814,720,533	1,698,285,012
NET ASSETS		181,549,174	192,991,383
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	82,075,452	81,060,051
Surplus on revaluation of assets	22	25,965,150	28,803,351
Unappropriated profit		60,877,459	70,498,820
		180,768,661	192,212,822
Non-controlling interest		780,513	778,561
		181,549,174	192,991,383
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED & SUBSIDIARY COMPANIES

CONSOLIDATED CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	Quarter Ended		Half Year Ended	
		April 01 to June 30, 2021	April 01 to June 30, 2020	January 01 to June 30, 2021	January 01 to June 30, 2020
		---------Rupees in '000---------			
Mark-up / return / interest earned	25	32,131,944	38,752,021	62,733,431	80,408,589
Mark-up / return / interest expensed	26	14,698,370	17,784,988	29,001,691	42,155,774
Net mark-up / interest income		17,433,574	20,967,033	33,731,740	38,252,815
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	2,974,529	2,532,588	6,611,051	5,658,116
Dividend income		505,138	215,236	853,078	415,562
Foreign exchange income		818,432	698,671	1,424,246	1,533,230
Income/ (loss) from derivatives		(649)	3,502	8,545	(6,903)
Gain/ (loss) on securities	28	167,829	(51,410)	534,539	(57,664)
Other Income	29	660,771	60,513	669,132	84,159
Total non-markup / interest Income		5,126,050	3,459,100	10,100,591	7,626,500
Total Income		22,559,624	24,426,133	43,832,331	45,879,315
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	9,901,885	9,292,038	19,731,252	18,683,734
Workers Welfare Fund		279,934	227,788	510,192	445,087
Other charges	31	347,178	30,867	376,395	240,180
Total non-markup / interest expenses		10,528,997	9,550,693	20,617,839	19,369,001
Share of profit of associates		155,307	151,910	431,851	412,806
Profit before provisions		12,185,934	15,027,350	23,646,343	26,923,120
Provisions / (reversals) and write offs - net	32	(1,786,565)	3,296,366	(1,999,908)	4,076,022
PROFIT BEFORE TAXATION		13,972,499	11,730,984	25,646,251	22,847,098
Taxation	33	6,058,450	4,867,333	10,682,617	9,373,265
PROFIT AFTER TAXATION		7,914,049	6,863,651	14,963,634	13,473,833
(Profit) / loss attributable to non-controlling interest		(43,139)	(62,187)	(80,804)	(48,455)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		7,870,910	6,801,464	14,882,830	13,425,378
Basic and diluted earnings per share	34	6.64	5.74	12.56	11.33

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED & SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2021	April 01 to June 30, 2020	January 01 to June 30, 2021	January 01 to June 30, 2020
	---------Rupees in '000---------			
Profit after taxation for the period	7,914,049	6,863,651	14,963,634	13,473,833
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 subsidiaries				
- Equity shareholders of the bank	385,029	204,044	(432,054)	832,119
- Non-controlling interest	7	4	(4)	20
	385,036	204,048	(432,058)	832,139
Share of exchange translation reserve of associate	(16,973)	22,343	(38,746)	7,189
Movement in surplus/ (deficit) on revaluation of investments - net of tax				
- Equity shareholders of the bank	1,315,101	7,107,527	(2,345,186)	15,446,405
	1,315,101	7,107,527	(2,345,186)	15,446,405
Movement in share of surplus / deficit on revaluation of associated undertaking- net of tax	(76,089)	150,837	(49,786)	(238,455)
	1,607,075	7,484,755	(2,865,776)	16,047,278
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	(166,181)	(1,738,103)	(166,181)	(1,738,103)
Movement in surplus on revaluation of fixed/non-banking assets - net of tax	(186,368)	-	(186,368)	-
	(352,549)	(1,738,103)	(352,549)	(1,738,103)
Total comprehensive income	9,168,575	12,610,303	11,745,309	27,783,008
Attributable to:				
- Equity shareholders of the bank	9,125,429	12,548,112	11,664,509	27,734,533
- Non-controlling interest	43,146	62,191	80,800	48,475
	9,168,575	12,610,303	11,745,309	27,783,008

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED & SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Share capital	Capital reserve			Statutory reserve	Revenue reserve	Surplus/(deficit) on revaluation of			Unappropriated profit	Sub total	Non controlling interest	Grand Total
		Share premium	Non-distributable capital reserve	Exchange translation reserve		General reserve	Investments	Associate	Fixed / non-banking assets				
	---Rupees in '000---												
Balance as at December 31, 2019 (Audited)	11,850,600	23,973,024	908,317	2,730,354	31,683,134	18,600,000	4,326,251	344,762	20,081,193	56,108,779	170,606,414	740,403	171,346,817
Total comprehensive income for the period ended June 30, 2020													
Profit after taxation for the six months period ended June 30, 2020	-	-	-	-	-	-	-	-	-	13,425,378	13,425,378	48,455	13,473,833
Other comprehensive income - net of tax	-	-	-	839,308	-	-	15,446,405	(238,455)	-	(1,738,103)	14,309,155	20	14,309,175
	-	-	-	839,308	-	-	15,446,405	(238,455)	-	11,687,275	27,734,533	48,475	27,783,008
Transfer to statutory reserve	-	-	-	-	1,330,972	-	-	-	-	(1,330,972)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(45,539)	45,539	-	-	-
Transactions with owners, recorded directly in equity													
Final cash dividend at Rs. 5.0 per share - December 31, 2019	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
Interim cash dividend at Rs. 5.0 per share - March 31, 2020	-	-	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)	-	(5,925,300)
	-	-	-	-	-	-	-	-	-	(11,850,600)	(11,850,600)	-	(11,850,600)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(35,043)	(35,043)
Balance as at June 30, 2020 (Un-audited)	11,850,600	23,973,024	908,317	3,569,662	33,014,106	18,600,000	19,772,656	106,307	20,035,654	54,660,021	186,490,347	753,835	187,244,182
Change in equity for six months period ended December 31, 2020													
Total comprehensive income for the six months period ended December 31, 2020													
Profit after taxation for the six months period ended December 31, 2020	-	-	-	-	-	-	-	-	-	15,984,849	15,984,849	103,587	16,088,436
Other comprehensive income - net of tax	-	-	-	(619,479)	-	-	(11,371,863)	213,632	119,544	1,395,792	(10,262,374)	(13)	(10,262,387)
	-	-	-	(619,479)	-	-	(11,371,863)	213,632	119,544	17,380,641	5,722,475	103,574	5,826,049
Transfer to statutory reserve	-	-	-	-	1,614,421	-	-	-	-	(1,614,421)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(45,261)	45,261	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(22,544)	22,544	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(4,774)	4,774	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(78,848)	(78,848)
Balance as at December 31, 2020 (Audited)	11,850,600	23,973,024	908,317	2,950,183	34,628,527	18,600,000	8,400,793	319,939	20,082,619	70,498,820	192,212,822	778,561	192,991,383
Total comprehensive income for the period ended June 30, 2021													
Profit after taxation for the six months period ended June 30, 2021	-	-	-	-	-	-	-	-	-	14,882,830	14,882,830	80,804	14,963,634
Other comprehensive income - net of tax	-	-	-	(470,800)	-	-	(2,345,186)	(49,786)	(186,368)	(166,181)	(3,218,321)	(4)	(3,218,325)
	-	-	-	(470,800)	-	-	(2,345,186)	(49,786)	(186,368)	14,716,649	11,664,509	80,800	11,745,309
Transfer to statutory reserve	-	-	-	-	1,486,201	-	-	-	-	(1,486,201)	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(41,613)	41,613	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(6,181)	6,181	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(209,067)	209,067	-	-	-
Transactions with owners, recorded directly in equity													
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	-	(17,775,900)	(17,775,900)	-	(17,775,900)
Interim cash dividend at Rs. 4.50 per share - March 31, 2021	-	-	-	-	-	-	-	-	-	(5,332,770)	(5,332,770)	-	(5,332,770)
	-	-	-	-	-	-	-	-	-	(23,108,670)	(23,108,670)	-	(23,108,670)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(78,848)	(78,848)
Balance as at June 30, 2021 (Un-audited)	11,850,600	23,973,024	908,317	2,479,383	36,114,728	18,600,000	6,055,607	270,153	19,639,390	60,877,459	180,768,661	780,513	181,549,174

For details of dividend declaration and appropriations, please refer note 40 to these consolidated condensed interim financial statements.

For details of reserves, please refer note 21 to these consolidated condensed interim financial statements.

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED & SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	January 01 to June 30, 2021	January 01 to June 30, 2020
		----------Rupees in '000--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		25,646,251	22,847,098
Less: Dividend income and share of profit of associates		(1,284,929)	(828,368)
		24,361,322	22,018,730
Adjustments:			
Depreciation on fixed assets	30	1,252,930	1,190,148
Depreciation on right-of-use assets	30	868,303	820,537
Depreciation on non-banking assets acquired in satisfaction of claims	30	18,721	15,675
Amortization	30	244,454	227,611
Provisions / (reversals) and write offs - net	32	(1,999,908)	4,076,022
(Loss) / Gain on sale of fixed assets - net	29	26,411	(18,982)
Gain on sale of non-banking assets acquired in satisfaction of claims - net	29	(536,464)	-
Finance charges on lease liability against right-of-use assets	26	710,926	804,608
Workers Welfare Fund		510,192	445,087
Charge for defined benefit plans - net		290,438	161,546
Gain on termination of lease liability against right of use assets	29	(106,537)	-
Unrealized loss / (gain) on revaluation of investments - Held For Trading	28	(109,477)	(62,676)
		1,169,989	7,659,576
		25,531,311	29,678,306
Decrease / (increase) in operating assets			
Lendings to financial institutions		(15,525,971)	2,875,304
Held-for-trading securities		(71,358,392)	(6,683,251)
Advances		4,195,393	14,022,050
Others assets (excluding advance taxation)		(1,325,608)	1,419,719
		(84,014,578)	11,633,822
Increase / (decrease) in operating liabilities			
Bills Payable		(11,943,039)	(182,428)
Borrowings from financial institutions		(37,515,092)	24,923,181
Deposits		167,428,774	144,754,983
Other liabilities (excluding current taxation)		(2,341,864)	(25,423,332)
		115,628,779	144,072,404
Defined benefits paid		(135,300)	(165,300)
Income tax paid		(8,274,301)	(7,177,096)
Net cash flow from operating activities		48,735,911	178,042,136
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		1,199,082	(166,762,830)
Net investments in held-to-maturity securities		(14,692,657)	8,677,322
Dividends received		939,347	492,898
Investments in operating fixed assets		(1,370,871)	(963,909)
Proceeds from sale of operating fixed assets		28,176	31,257
Investments in Intangible assets		(205,203)	(86,772)
Proceeds from sale of non-banking assets acquired in satisfaction of claims		1,518,881	-
Investments in non-banking assets acquired in satisfaction of claims		-	-
Effect of translation of net investment in foreign branches and subsidiaries		(470,800)	839,308
Net cash flow used in investing activities		(13,054,045)	(157,772,726)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use-assets		(1,170,297)	(1,129,551)
Dividend paid		(22,963,843)	(11,741,428)
Net cash flow used in financing activities		(24,134,140)	(12,870,979)
Effects of exchange rate changes on cash and cash equivalents		889,448	3,766,686
Increase in cash and cash equivalents		12,437,174	11,165,117
Cash and cash equivalents at beginning of the period		159,806,194	159,219,822
Cash and cash equivalents at end of the period		172,243,368	170,384,939

The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

MCB BANK LIMITED & SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies	"Percentage holding of MCB Bank Limited"
- MCB - Arif Habib Savings and Investments Limited	51.33%
-MCB Non-Bank Credit Organization " Closed Joint Stock Company"	99.94%
- MCB Islamic Bank Limited	100%
- Financial Management Services (Private) Limited	95.90%

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 1419 branches (2020: 1418 branches) within Pakistan and 11 branches (2020: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

1.1 The board of directors of the Bank has approved the winding up of Financial & Management Services (Private) Limited. The Bank holds 95.90% shareholding of the Company.

2. BASIS OF PREPARATION

2.1 These consolidated financial statements include the financial statements of MCB Bank Limited and its subsidiary companies.

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 in the financial statements for the six months ended June 30, 2021 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 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, 2021.

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

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

The financial results of the Group's Islamic Banking business have been consolidated in these financial statements for reporting purposes, after eliminating material inter-group transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 39 to these consolidated condensed interim financial statements.

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

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

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan

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

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 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, 2020.

3.5 Amendments to approved accounting standards that are effective in the current period

There are certain new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2021. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.

3.6 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 1, 2022
Cost of Fulfilling an Onerous Contracts – Amendments to IAS 37	January 1, 2022
Updating a Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
Amended by Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

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

As per the SBP's BPRD Circular Letter no. 24 dated July 5, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Therefore, these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Group's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted.

There are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant 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, 2020.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

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, 2020. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	27,121,832	25,039,386
Foreign currencies	7,761,047	7,088,257
	34,882,879	32,127,643
With State Bank of Pakistan in		
Local currency current accounts	61,996,309	51,920,851
Foreign currency current accounts	3,300,169	2,271,659
Foreign currency deposit accounts	9,952,524	10,532,776
	75,249,002	64,725,286
With other central banks in		
Foreign currency current accounts	3,153,826	11,851,311
With National Bank of Pakistan in		
Local currency current accounts	37,463,073	22,308,442
Prize bonds	1,498,111	1,040,359
	152,246,891	132,053,041
8. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	22,012	9,190
In deposit accounts	2,010,894	1,554
	2,032,906	10,744
Outside Pakistan		
In current accounts	12,822,553	26,768,812
In deposit accounts	5,796,292	2,231,965
	18,618,845	29,000,777
	20,651,751	29,011,521
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	29,220,496	11,002,195
Repurchase agreement lendings (Reverse Repo)	3,273,718	6,137,258
Musharaka arrangements	1,000,000	-
Bai Muajjal receivable - with State Bank of Pakistan	-	828,790
	33,494,214	17,968,243

10. INVESTMENTS

10.1 Investments by type:

	Unaudited June 30, 2021				Audited December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Held-for-trading securities								
Federal Government Securities	72,605,846	-	(7,949)	72,597,897	1,309,116	-	(224)	1,308,892
Shares and units	1,330,883	-	117,426	1,448,309	1,158,952	-	110,493	1,269,445
	73,936,729	-	109,477	74,046,206	2,468,068	-	110,269	2,578,337
Available-for-sale securities								
Federal Government Securities	965,042,630	(5,028)	6,475,829	971,513,431	969,144,840	(4,719)	9,477,853	978,617,974
Shares and units	32,539,450	(10,570,789)	3,420,225	25,388,886	28,398,065	(11,155,719)	3,412,147	20,654,493
Non Government Debt Securities	2,804,340	-	36,902	2,841,242	2,841,840	-	16,780	2,858,620
Foreign Securities	6,255,820	(1,714)	(5,731)	6,248,375	7,463,939	(1,714)	17,509	7,479,734
	1,006,642,240	(10,577,531)	9,927,225	1,005,991,934	1,007,848,684	(11,162,152)	12,924,289	1,009,610,821
Held-to-maturity securities								
Federal Government Securities	26,678,066	(10,801)	-	26,667,265	7,313,217	(11,542)	-	7,301,675
Provincial Government Securities	118	(118)	-	-	118	(118)	-	-
Non Government Debt Securities	6,892,763	(477,541)	-	6,415,222	9,615,317	(490,341)	-	9,124,976
Foreign Securities	1,200,009	(11,103)	-	1,188,906	3,149,647	(27,281)	-	3,122,366
	34,770,956	(499,563)	-	34,271,393	20,078,299	(529,282)	-	19,549,017
Associates	4,700,858	-	-	4,700,858	4,479,360	-	-	4,479,360
Total Investments	1,120,050,783	(11,077,094)	10,036,702	1,119,010,391	1,034,874,411	(11,691,434)	13,034,558	1,036,217,535

10.1.1 Investments given as collateral

	Unaudited June 30, 2021	Audited December 31, 2020
	Rupees in '000	
- Market Treasury Bills	14,022,219	91,279,273
- Pakistan Investment Bonds	45,768,292	1,000,283
	59,790,511	92,279,556

10.2 Provision for diminution in value of investments

10.2.1 Opening balance	11,691,434	11,747,618
Exchange and other adjustments	(7,362)	13,474
Charge / (reversals)		
Charge for the period / year	357,514	1,993,335
Reversals for the period / year	(13,614)	(1,529)
Reversal on disposals	(950,878)	(2,061,464)
	(606,978)	(69,658)
Amounts written off	-	-
Closing Balance	11,077,094	11,691,434

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited June 30, 2021		Audited December 31, 2020	
	NPI	Provision	NPI	Provision
Domestic	----------Rupees in '000--------			
Loss	477,659	477,659	490,459	490,459
	477,659	477,659	490,459	490,459

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 26.931 million (December 31, 2020: Rs 43.542 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs. 31,614.111 million (December 31, 2020: Rs. 17,531.392 million).

10.4 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, 2021 amounted to Rs. 2,902.900 million (2020: Rs. 2,752.400 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2020: 20.00%)

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
Opening balance	4,435,075	4,211,707
Share of profit for the period / year before tax	411,273	585,968
Dividend from associate	(87,500)	(192,500)
Share of tax	(16,888)	(143,175)
	306,885	250,293
Share of other comprehensive income	(96,972)	(26,925)
Closing balance	4,644,988	4,435,075
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(58,226)	(34,246)
Share of exchange translation reserve of associate	(38,746)	7,321
	(96,972)	(26,925)

10.5 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'.

Investment in Euronet Pakistan Private Limited under equity method - holding 30% (2020: 30.00%)

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
Opening balance	44,285	63,951
Share of profit for the period / year before tax	20,578	(12,890)
Share of tax	(8,993)	(6,776)
Closing balance	11,585	(19,666)
	55,870	44,285

11. ADVANCES

	Performing		Non Performing		Total	
	Unaudited June 30, 2021	Audited December 31, 2020	Unaudited June 30, 2021	Audited December 31, 2020	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000----------					
Loans, cash credits, running finances, etc.	443,550,691	444,022,138	49,999,590	50,524,753	493,550,281	494,546,891
Islamic financing and related assets	82,329,768	84,205,962	113,467	756,471	82,443,235	84,962,433
Bills discounted and purchased	16,825,569	18,192,157	1,060,096	664,294	17,885,665	18,856,451
Advances - gross	542,706,028	546,420,257	51,173,153	51,945,518	593,879,181	598,365,775
Provision against advances						
- Specific	-	-	(44,919,359)	(45,168,351)	(44,919,359)	(45,168,351)
- General	(4,075,395)	(5,511,716)	-	-	(4,075,395)	(5,511,716)
	(4,075,395)	(5,511,716)	(44,919,359)	(45,168,351)	(48,994,754)	(50,680,067)
Advances - net of provision	538,630,633	540,908,541	6,253,794	6,777,167	544,884,427	547,685,708

		Unaudited June 30, 2021	Audited December 31, 2020
11.1	**Particulars of advances (Gross)**	----------Rupees in '000--------	
	In local currency	549,729,473	554,179,378
	In foreign currencies	44,149,708	44,186,397
		593,879,181	598,365,775

11.2 Advances include Rs. 51,173.153 million (2020: Rs.51,945.518 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	Unaudited June 30, 2021		Audited December 31, 2020	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----------Rupees in '000----------			
Domestic					
Other Assets Especially Mentioned	11.2.1	109,084	4,048	61,612	1,983
Substandard		254,124	63,187	309,191	60,382
Doubtful		279,415	118,361	459,053	137,341
Loss		42,272,619	41,374,435	42,671,220	41,498,157
		42,915,242	41,560,031	43,501,076	41,697,863
Overseas					
Not past due but impaired		-	-	-	-
Overdue by:					
Upto 90 days		3,842	961	5,321	4,913
91 to 180 days		282	71	2,020	505
181 to 365 days		9,120	4,567	19,961	9,981
> 365 days		8,244,667	3,353,729	8,417,140	3,455,089
		8,257,911	3,359,328	8,444,442	3,470,488
Total		51,173,153	44,919,359	51,945,518	45,168,351

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

11.3 Particulars of provision against advances

	Unaudited June 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----------Rupees in '000----------					
Opening balance	45,168,351	5,511,716	50,680,067	41,937,761	1,461,011	43,398,772
Exchange adjustments	(67,350)	(12,818)	(80,168)	50,555	7,162	57,717
Charge for the period / year	1,745,044	60,963	1,806,007	5,730,579	4,106,594	9,837,173
Reversals	(1,629,453)	(1,484,466)	(3,113,919)	(2,215,829)	(63,051)	(2,278,880)
	115,591	(1,423,503)	(1,307,912)	3,514,750	4,043,543	7,558,293
Amounts written off	(297,233)	-	(297,233)	(334,715)	-	(334,715)
Closing balance	44,919,359	4,075,395	48,994,754	45,168,351	5,511,716	50,680,067

11.3.1 General provision against consumer loans represents provision maintained against fully secured performing portfolio and unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Finance represents provision maintained at an amount equal to 1% of unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

11.3.2 In addition, the Group has also maintained an un-encumbered general provision of Rs 3,094 million (December 31, 2020: Rs 4,564 million) against financing made on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

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 NPLs for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs.21.964 million (December 31, 2020: Rs.543.151 million) in determining the provisioning against non-performing Islamic financing and related assets as at June 30, 2021. The additional benefit on the Group's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs 13.398 million as at June 30, 2021 (December 31, 2020: Rs 353.048 million). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

	Note	Unaudited June 30, 2021	Audited December 31, 2020
12. FIXED ASSETS		----------Rupees in '000--------	
Capital work-in-progress	12.1	1,212,421	871,274
Property and equipment		52,899,053	53,190,768
Right-of-use assets		8,648,098	9,617,270
		62,759,572	63,679,312

12.1 Capital work-in-progress

Civil works	611,395	472,314
Equipment	240,649	98,383
Advances to suppliers	333,268	296,456
Others	27,109	4,121
	1,212,421	871,274

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	----------Rupees in '000--------	
12.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress - net additions	341,147	314,899
Property and equipment		
Freehold land	35,108	25,327
Building on freehold land	176,108	34,833
Building on leasehold land	14,911	-
Electrical office and computer equipment	471,883	315,941
Furniture and fixture	91,906	103,916
Leasehold Improvements	206,166	111,765
Vehicles	33,642	50,229
Leasehold land	-	6,999
	1,029,724	649,010
	1,370,871	963,909

12.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:		
Vehicles	2,018	6,971
Furniture and fixture	2,756	614
Electrical office and computer equipment	4,930	3,390
Leasehold Improvements	1,734	1,300
Building on freehold land	43,149	-
	54,587	12,275

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	
13. INTANGIBLE ASSETS		
Computer software	1,109,429	1,157,787
Goodwill	82,127	82,127
Management rights	192,000	192,000
Capital work-in-progress	448,622	435,330
	1,832,178	1,867,244

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	----------Rupees in '000--------	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	175,390	72,242
Capital work-in-progress - net additions	29,813	14,530
	205,203	86,772

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
14. OTHER ASSETS			
Income/ Mark-up accrued in local currency		22,207,249	19,451,779
Income/ Mark-up accrued in foreign currencies		598,814	311,024
Advances, deposits, advance rent and other prepayments		2,088,599	2,524,851
Non-banking assets acquired in satisfaction of claims		2,624,726	3,277,778
Compensation for delayed income tax refunds		133,809	133,809
Branch adjustment account		303,692	421,204
Mark to market gain on forward foreign exchange contracts		2,248,549	4,847,284
Unrealized gain on derivative financial instruments		276,993	517,033
Acceptances	20	21,361,862	22,747,369
Receivable from the pension fund		3,007,326	3,370,179
Clearing and settlement accounts		4,560,384	2,698,271
Others		4,049,499	4,221,665
		63,461,502	64,522,246
Less: Provision held against other assets	14.1	2,582,715	2,582,686
Other Assets (net of provision)		60,878,787	61,939,560
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	511,496	854,231
Other Assets - total		61,390,283	62,793,791

14.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	89,745	95,095
Claims receivable against fraud and forgeries	493,733	478,773
Others	1,999,237	2,008,818
	2,582,715	2,582,686

14.1.1 Movement in provision held against other assets		
Opening balance	2,582,686	2,604,137
Charge for the period / year	24,898	54,269
Reversals	(23,889)	(77,917)
	1,009	(23,648)
Amounts written off	-	(16,591)
Exchange and other adjustments	(980)	18,788
Closing balance	2,582,715	2,582,686

15. CONTINGENT ASSETS

There were no contingent assets of the Group as at June 30, 2021 (2020: NIL).

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000--------	

16. BILLS PAYABLE

In Pakistan	13,712,796	26,383,624
Outside Pakistan	795,678	67,889
	14,508,474	26,451,513

17. BORROWINGS

Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	35,739,169	37,844,720
Under long term financing facility	22,928,390	22,596,183
Under renewable energy performance platform	1,035,699	74,760
Under payment of Wages & Salaries	9,662,331	11,789,824
Under temporary economic refinance facility	14,567,908	2,878,487
Under refinance facility for combating COVID-19	48,455	-
Under financing facility for storage of agricultural produce	167,162	191,254
	84,149,114	75,375,228
Bai Muajjal	44,809,236	-
Repurchase agreement borrowings	14,798,148	92,225,530
Total secured	143,756,498	167,600,758
Unsecured		
Borrowings from other financial institution	262,316	1,720,341
Call borrowings	2,318,713	319,669
Overdrawn nostro accounts	655,274	368,920
Musharaka arrangements	193,515	14,405,366
Others	162,286	162,286
Total unsecured	3,592,104	16,976,582
	147,348,602	184,577,340

18. DEPOSITS AND OTHER ACCOUNTS

	Unaudited June 30, 2021			Audited December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----------Rupees in '000----------					
Customers						
Current deposits	501,538,860	68,097,427	569,636,287	425,760,845	55,999,023	481,759,868
Savings deposits	721,439,183	45,341,982	766,781,165	689,241,146	47,759,213	737,000,359
Term deposits	119,435,457	13,129,026	132,564,483	89,353,999	14,182,837	103,536,836
Others	46,747,127	3,015,917	49,763,044	26,013,457	3,218,232	29,231,689
	1,389,160,627	129,584,352	1,518,744,979	1,230,369,447	121,159,305	1,351,528,752
Financial Institutions						
Current deposits	10,588,226	1,362,204	11,950,430	11,033,694	659,230	11,692,924
Savings deposits	17,153,897	298,796	17,452,693	16,530,222	117,569	16,647,791
Term deposits	5,461,468	2,358,372	7,819,840	4,557,468	4,090,613	8,648,081
Others	-	198,793	198,793	-	220,413	220,413
	33,203,591	4,218,165	37,421,756	32,121,384	5,087,825	37,209,209
	1,422,364,218	133,802,517	1,556,166,735	1,262,490,831	126,247,130	1,388,737,961

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
19. DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on			
- Provision against advances		(2,264,655)	(2,786,856)
- Tax losses carried forward		(676,706)	(772,357)
- Others		(429,626)	(366,547)
		(3,370,987)	(3,925,760)
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		1,450,732	1,329,511
- Surplus/deficit on revaluation of investments		3,871,618	4,523,498
- Surplus on revaluation of non-banking assets		199,483	298,982
- Accelerated tax depreciation		2,185,212	2,054,509
- Receivable from pension fund		1,172,856	1,179,562
- Investments in associated undertaking		1,558,873	1,325,520
- Business combination		705,218	705,218
		11,143,992	11,416,800
		7,773,005	7,491,040
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		3,857,823	2,884,255
Mark-up/ return/ interest payable in foreign currencies		135,717	254,433
Unearned commission income		697,722	252,312
Accrued expenses		5,824,344	6,888,435
Current taxation (provisions less payments)		11,339,783	10,130,229
Workers' welfare fund	20.1	9,338,947	8,838,684
Acceptances	14	21,361,862	22,747,369
Unclaimed / dividends payable		1,921,083	1,697,408
Mark to market loss on forward foreign exchange contracts		1,867,827	4,618,138
Unrealised loss on derivative financial instruments		273,411	513,343
Staff welfare fund		3,722	5,598
Provision for employees' compensated absences		1,145,701	919,407
Provision for post retirement medical benefits		2,156,504	2,004,122
Provision for employees' contributory benevolent scheme		219,007	222,084
Retention money		12,473	20,657
Insurance payable against consumer assets		665,370	698,949
Unclaimed balances		756,294	877,552
Duties and taxes payable		1,836,724	1,860,730
Charity fund balance		2,954	46,615
Provision against off-balance sheet obligations		46,210	46,188
Security deposits against lease		1,405,095	1,354,666
Lease liability against right of use assets		10,583,347	11,268,508
Clearing and settlement accounts		7,198,163	7,421,975
Others		6,273,634	5,455,501
		88,923,717	91,027,158

20.1 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.

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
21. RESERVES			
Share premium		23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		2,479,383	2,950,183
Statutory reserve	21.2	36,114,728	34,628,527
General reserve		18,600,000	18,600,000
		82,075,452	81,060,051

21.1 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 Group, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Group or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.

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

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	9,927,225	12,924,291
- Fixed Assets		20,778,109	20,856,881
- Non-banking assets acquired in satisfaction of claims	14	511,496	854,231
- Associated undertaking		518,775	577,001
		31,735,605	35,212,404
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	19	3,871,618	4,523,498
- Fixed Assets	19	1,450,732	1,329,511
- Non-banking assets acquired in satisfaction of claims	19	199,483	298,982
- Associated undertaking		248,622	257,062
		5,770,455	6,409,053
		25,965,150	28,803,351
23. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	191,254,813	186,572,634
-Commitments	23.2	524,800,624	525,404,920
-Other contingent liabilities	23.3	29,113,010	28,397,749
		745,168,447	740,375,303
23.1 Guarantees:			
Financial guarantees		157,134,884	149,925,920
Performance guarantees		26,081,320	29,835,397
Other guarantees		8,038,609	6,811,317
		191,254,813	186,572,634
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		209,391,045	180,272,534
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	195,071,154	327,646,242
- forward government securities transactions	23.2.2	114,002,109	11,089,775
- derivatives	23.2.3	4,970,119	4,471,383
- commitments to extent credit		426,086	1,007,451
Commitments for acquisition of:			
- operating fixed assets		765,647	710,570
- intangible assets		174,464	206,965
		524,800,624	525,404,920
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		107,726,251	172,137,589
Sale		87,344,903	155,508,653
		195,071,154	327,646,242
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		112,502,109	11,089,775
Sale		1,500,000	-
		114,002,109	11,089,775
23.2.3 Commitments in respect of derivatives			
FX options			
Purchase		1,356,125	182,800
Sale		1,356,125	182,800
		2,712,250	365,600
Cross Currency Swaps			
Purchase		1,090,187	1,975,311
Sale		1,167,682	2,130,472
		2,257,869	4,105,783
		4,970,119	4,471,383

23.2.4 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, 2021	Audited December 31, 2020
		----------Rupees in '000--------	
23.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	23.3.1	29,113,010	28,397,749

23.3.1 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.

23.4 Taxation

For assessment year 1999-2000 through tax year 2020, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,400 million (2020: Rs. 6,033 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.

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

Issue of goodwill and other related assets amortization for few years has been assessed in Group's favour at appellate forums during the year, 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.

24. DERIVATIVE INSTRUMENTS

	Unaudited June 30, 2021					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	----------Rupees in '000----------					
Total						
Hedging	1,090,187	268,785	-	-	1,356,125	8,208
Market Making	1,167,682	(265,203)	-	-	1,356,125	(8,208)
	Audited December 31, 2020					
	----------Rupees in '000----------					
Total						
Hedging	1,975,311	512,508	-	-	182,800	4,525
Market Making	2,130,472	(508,818)	-	-	182,800	(4,525)

	Note	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
		----------Rupees in '000--------	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		19,118,798	29,887,052
Investments		43,323,374	49,453,561
Lendings to financial institutions		216,073	797,002
Balances with banks		75,186	270,974
		62,733,431	80,408,589
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		23,161,664	36,456,056
Borrowings		4,393,305	3,694,589
Cost of foreign currency swaps against foreign currency deposits / borrowings		735,796	1,200,521
Finance charges on lease liability against right-of-use assets		710,926	804,608
		29,001,691	42,155,774
27. FEE & COMMISSION INCOME			
Branch banking customer fees		1,358,544	946,071
Consumer finance related fees		260,726	191,363
Card related fees (debit and credit cards)		1,428,972	1,556,444
Credit related fees		123,519	14,765
Investment banking fee		105,760	71,482
Commission on trade		720,528	665,174
Commission on guarantees		344,598	317,793
Commission on cash management		336,089	286,992
Commission on remittances including home remittances		477,768	519,685
Commission on bancassurance		789,453	498,653
Rent on lockers		123,119	106,977
Commission on utility bills		37,679	36,734
Commission on investments services		383,392	360,833
Others		120,904	85,150
		6,611,051	5,658,116
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	425,062	(120,340)
Unrealised - Held For Trading	10.1	109,477	62,676
		534,539	(57,664)
28.1 Realised gain / (loss) on:			
Federal Government Securities		345,791	183,380
Shares and units		79,032	(315,800)
Others		239	12,080
		425,062	(120,340)
29. OTHER INCOME			
Rent on property		41,780	12,628
Gain on conversion of Ijarah agreements		10,762	52,549
Gain on termination of lease liability against right of use assets		106,537	-
(Loss) / Gain on sale of fixed assets - net		(26,411)	18,982
Gain on sale of non-banking assets acquired in satisfaction of claims - net		536,464	-
		669,132	84,159

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	----------Rupees in '000--------	
30. OPERATING EXPENSES		
Total compensation expense	9,759,911	9,151,578
Property expense		
Rent and taxes	112,346	116,291
Insurance	33,052	29,563
Utilities cost	622,890	552,665
Security (including guards)	792,336	717,700
Repair and maintenance (including janitorial charges)	374,900	360,166
Depreciation on right-of-use assets	868,303	820,537
Depreciation	474,450	403,281
Fuel expense generators	185,700	156,053
	3,463,977	3,156,256
Information technology expenses		
Software maintenance	659,035	657,788
Hardware maintenance	95,260	186,999
Depreciation	356,741	336,149
Amortization	244,454	227,611
Network charges	338,953	361,367
Insurance	3,572	3,070
	1,698,015	1,772,984
Other operating expenses		
Directors' fees and allowances	24,630	21,956
Remuneration to shariah board members	5,501	5,080
Legal and professional charges	171,534	167,249
Outsourced services costs	423,893	437,240
Travelling and conveyance	140,470	146,697
NIFT clearing charges	88,802	95,164
Depreciation	421,739	450,718
Depreciation on non-banking assets acquired in satisfaction of claims	18,721	15,675
Training and development	13,080	15,898
Postage and courier charges	130,345	166,202
Communication	189,573	167,607
Stationery and printing	316,903	296,161
Marketing, advertisement & publicity	305,743	344,796
Donations	6,600	112,596
Auditors' remuneration	38,132	21,730
Cash transportation charges	413,523	338,437
Repair and maintenance	221,191	165,693
Subscription	19,093	21,603
Entertainment	117,267	100,963
Remittance charges	95,691	95,524
Brokerage expenses	35,942	23,419
Card related expenses	475,423	419,694
CNIC verification charges	106,385	53,129
Insurance	891,560	788,743
Others	137,608	130,942
	4,809,349	4,602,916
	19,731,252	18,683,734

	Note	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
		----------Rupees in '000--------	
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		351,381	183,601
VAT & National Building tax & Crop Insurance Levy		25,014	56,579
		376,395	240,180
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision / (reversal) against balance with Banks		173	(1,658)
(Reversal) / provision for diminution in value of investments	10.2.1	(606,978)	200,967
(Reversal) / provision against loans and advances	11.3	(1,307,912)	3,959,032
Provision / (reversal) against other assets	14.1.1	1,009	(17,877)
Recovery of written off / charged off bad debts		(86,200)	(64,442)
		(1,999,908)	4,076,022
33. TAXATION			
Current		9,563,497	10,719,826
Prior years		(3,447)	(7,658)
Deferred		1,096,686	(1,437,013)
Share of tax of associates		25,881	98,110
		10,682,617	9,373,265
34. BASIC AND DILUTED EARNINGS PER SHARE			
		----------Rupees in '000--------	
Profit after tax attributable to Equity Shareholders of the Bank		14,882,830	13,425,378
		----------Number--------	
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		----------Rupees-------	
Basic and diluted earnings per share		12.56	11.33

35. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Group as 'held to maturity'. Quoted securities classified as held to maturity are carried at amortised 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 financial statements.

Fair value of 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 financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

35.1 Fair value of financial assets

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

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

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined using the PKRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid 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.
Operating fixed assets and 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 effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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 and units of mutual funds.

(b) Financial instruments in level 2
Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3
Currently, no financial instruments are classified in level 3.

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

	Unaudited June 30, 2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------Rupees in '000----------				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,044,111,328	-	1,044,111,328	-	1,044,111,328
Shares	25,372,673	25,372,673	-	-	25,372,673
Non-Government Debt Securities	2,841,242		2,841,242	-	2,841,242
Foreign Securities	6,248,375	-	6,248,375	-	6,248,375
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	40,436,773	-	-	-	-
Cash and balances with treasury banks	152,246,891	-	-	-	-
Balances with other banks	20,651,751	-	-	-	-
Lendings to financial institutions	33,494,214	-	-	-	-
Advances	544,884,427	-	-	-	-
Other assets	-	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,172,826	-	44,172,826	-	44,172,826
Non-banking assets	3,046,477	-	3,046,477	-	3,046,477
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	107,726,251	-	2,248,549	-	2,248,549
Forward sale of foreign exchange	87,344,903	-	1,867,827	-	1,867,827
Derivatives purchase	2,446,312	-	276,993	-	276,993
Derivatives sale	2,523,807	-	273,411	-	273,411

	Audited December 31, 2020				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------Rupees in '000----------				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	979,926,866	-	979,926,866	-	979,926,866
Shares	20,510,813	20,510,813	-	-	20,510,813
Non-Government Debt Securities	2,858,620	-	2,858,620	-	2,858,620
Foreign Securities	7,474,190	-	7,474,190	-	7,474,190
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares,and associates)	25,447,046	-	-	-	-
Cash and balances with treasury banks	132,053,041	-	-	-	-
Balances with other banks	29,011,521	-	-	-	-
Lendings to financial institutions	17,968,243	-	-	-	-
Advances	547,685,708	-	-	-	-
Other assets	52,518,097	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	45,595,081	-	45,595,081	-	45,595,081
Non-banking assets	4,036,914	-	4,036,914	-	4,036,914
					-
Off-balance sheet financial instruments - measured at fair value					-
Forward purchase of foreign exchange	172,137,589	-	4,011,602	-	4,011,602
Forward sale of foreign exchange	155,508,653	-	4,240,748	-	4,240,748
Derivatives purchase	2,158,111	-	517,033	-	517,033
Derivatives sale	2,313,272	-	513,343	-	513,343

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

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

	Un audited Half Year ended June 30, 2021										
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	Rupees in '000										
Profit & Loss											
Net mark-up/return/profit	(17,518,820)	1,292,992	9,488,524	37,676,979	609,359	2,132,368	(2,964)	53,302	33,731,740	-	33,731,740
Inter segment revenue - net	36,173,493	(265,883)	(7,312,833)	(32,255,351)	(58,971)	-	-	3,719,545	-	-	-
Non mark-up / return / interest income	3,280,854	1,227,386	1,680,845	2,192,578	423,629	342,933	450,158	934,059	10,532,442	-	10,532,442
Total Income	21,935,527	2,254,495	3,856,536	7,614,206	974,017	2,475,301	447,194	4,706,906	44,264,182	-	44,264,182
Segment direct expenses	11,733,247	841,928	331,985	216,929	580,590	2,353,939	227,405	4,331,816	20,617,839	-	20,617,839
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	11,733,247	841,928	331,985	216,929	580,590	2,353,939	227,405	4,331,816	20,617,839	-	20,617,839
Provisions	1,243,978	42,413	(83,724)	(506,925)	90,918	(22,693)		(2,763,875)	(1,999,908)	-	(1,999,908)
Profit before tax	8,958,302	1,370,154	3,608,275	7,904,202	302,509	144,055	219,789	3,138,965	25,646,251	-	25,646,251
Balance Sheet											
Cash & Bank balances	66,642,041	331,057	202,138	66,905,744	18,188,087	16,460,443	43,929	4,125,203	172,898,642	-	172,898,642
Investments	-	-	7,996,236	1,063,495,893	12,315,277	29,790,672	1,324,355	4,087,958	1,119,010,391	-	1,119,010,391
Net inter segment lending	1,176,501,277	-	-	-				193,636,474	1,370,137,751	(1,370,137,751)	-
Lendings to financial institutions	-	-	-	3,373,718	29,120,496	1,000,000		-	33,494,214	-	33,494,214
Advances - performing	88,921,889	30,960,301	317,927,533	-	17,650,057	82,247,996	2,378	920,479	538,630,633	-	538,630,633
- non performing	292,668	103,700	2,382	-	4,898,583	77,783		878,678	6,253,794	-	6,253,794
Others	35,636,437	1,913,413	22,014,274	14,820,161	3,514,123	11,728,335	965,699	35,389,591	125,982,033	-	125,982,033
Total Assets	1,367,994,312	33,308,471	348,142,563	1,148,595,516	85,686,623	141,305,229	2,336,361	239,038,383	3,366,407,458	(1,370,137,751)	1,996,269,707
Borrowings	64,484,923	-	12,163,954	59,842,762	2,771,524	7,568,842		516,597	147,348,602	-	147,348,602
Deposits & other accounts	1,285,283,528	21,494,863	70,798,768	-	63,607,522	114,971,198		10,856	1,556,166,735	-	1,556,166,735
Net inter segment borrowing	-	7,757,087	248,314,174	1,087,933,853	13,748,115	10,781,393	1,603,129	-	1,370,137,751	(1,370,137,751)	-
Others	18,225,861	4,056,521	16,865,667	818,901	5,559,462	7,983,796	733,232	56,961,756	111,205,196	-	111,205,196
Total liabilities	1,367,994,312	33,308,471	348,142,563	1,148,595,516	85,686,623	141,305,229	2,336,361	57,489,209	3,184,858,284	(1,370,137,751)	1,814,720,533
Equity								181,549,174	181,549,174	-	181,549,174
Total Equity & liabilities	1,367,994,312	33,308,471	348,142,563	1,148,595,516	85,686,623	141,305,229	2,336,361	239,038,383	3,366,407,458	(1,370,137,751)	1,996,269,707
Contingencies & Commitments	61,877,293	-	310,113,602	308,118,637	5,702,184	29,544,075		29,812,656	745,168,447	-	745,168,447

	Un audited Half Year ended June 30, 2020										
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
	Rupees in '000										
Profit & Loss											
Net mark-up/return/profit	(27,559,260)	1,413,318	17,388,362	44,012,291	758,146	2,191,922	(5,347)	53,383	38,252,815	-	38,252,815
Inter segment revenue - net	51,405,698	(341,750)	(14,511,898)	(40,745,318)	(40,431)	-	-	4,233,699	-	-	-
Non mark-up / return / interest income	3,001,626	839,091	1,560,124	1,081,216	389,622	333,032	362,326	472,269	8,039,306	-	8,039,306
Total Income	26,848,064	1,910,659	4,436,588	4,348,189	1,107,337	2,524,954	356,979	4,759,351	46,292,121	-	46,292,121
Segment direct expenses	10,709,498	734,317	291,724	205,675	658,988	2,274,495	202,921	4,291,383	19,369,001	-	19,369,001
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	10,709,498	734,317	291,724	205,675	658,988	2,274,495	202,921	4,291,383	19,369,001	-	19,369,001
Provisions	60,374	80,643	132,357	116,820	69,294	114,237	-	3,502,297	4,076,022	-	4,076,022
Profit before tax	16,078,192	1,095,699	4,012,507	4,025,694	379,055	136,222	154,058	(3,034,329)	22,847,098	-	22,847,098
Balance Sheet	Audited December 31, 2020										
Cash & Bank balances	58,362,119	317,242	394,030	64,577,425	21,166,578	14,868,799	25,853	1,352,516	161,064,562	-	161,064,562
Investments	-	-	10,578,310	978,209,256	14,571,071	27,617,997	1,269,444	3,971,457	1,036,217,535	-	1,036,217,535
Net inter segment lending	1,050,376,236	-	-	-	-	-	-	202,001,071	1,252,377,307	(1,252,377,307)	-
Lendings to financial institutions	-	-	-	6,137,258	11,002,195	828,790	-	-	17,968,243	-	17,968,243
Advances - performing	94,735,206	26,845,772	313,362,719	-	21,361,572	84,165,115	5,260	432,897	540,908,541	-	540,908,541
- non performing	171,804	177,613	2,382	-	4,973,954	731,076	-	720,338	6,777,167	-	6,777,167
Others	35,621,546	2,370,727	23,382,913	12,206,991	4,577,833	12,079,087	986,042	37,115,208	128,340,347	-	128,340,347
Total Assets	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,653,203	140,290,864	2,286,599	245,593,487	3,143,653,702	(1,252,377,307)	1,891,276,395
Borrowings	58,910,004	-	10,694,773	90,718,570	3,330,124	20,596,773	-	327,096	184,577,340	-	184,577,340
Deposits & other accounts	1,147,251,222	21,263,015	65,961,390	-	55,009,174	99,253,160	-	-	1,388,737,961	-	1,388,737,961
Net inter segment borrowing	-	4,816,853	252,358,835	969,573,590	13,301,145	10,727,772	1,599,112	-	1,252,377,307	(1,252,377,307)	-
Others	33,105,685	3,631,486	18,705,356	838,770	6,012,760	9,713,159	687,487	52,275,008	124,969,711	-	124,969,711
Total liabilities	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,653,203	140,290,864	2,286,599	52,602,104	2,950,662,319	(1,252,377,307)	1,698,285,012
Equity	-	-	-	-	-	-	-	192,991,383	192,991,383	-	192,991,383
Total Equity & liabilities	1,239,266,911	29,711,354	347,720,354	1,061,130,930	77,653,203	140,290,864	2,286,599	245,593,487	3,143,653,702	(1,252,377,307)	1,891,276,395
Contingencies & Commitments	55,974,597	-	288,001,956	320,068,131	20,930,195	29,021,132	-	26,379,292	740,375,303	-	740,375,303

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

37 RELATED PARTY TRANSACTIONS

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

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

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

	Unaudited June 30, 2021				Audited December 31, 2020			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	4,479,360	254,253	-	-	4,275,658	254,253
Equity method adjustments	-	-	221,498	-	-	-	203,702	-
Closing balance	-	-	4,700,858	254,253	-	-	4,479,360	254,253
Provision for diminution in value of investments	-	-	-	5,000	-	-	-	5,000
Advances								
Opening balance	1,042	166,757	356,898	152,147	1,722	129,048	-	339,520
Addition / exchange adjustment during the period / year	7,250	26,714	-	305,457	18,202	60,257	356,898	336,695
Repaid / exchange adjustment during the period / year	(7,103)	(38,144)	(89,225)	(417,191)	(18,882)	(21,947)	-	(303,183)
Transfer in / (out)	-	(24,462)	-	-	-	(601)	-	(220,885)
Closing balance	1,189	130,865	267,673	40,413	1,042	166,757	356,898	152,147
Provision held against advances	-	-	-	-	-	-	-	-

	Unaudited June 30, 2021				Audited December 31, 2020			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Rupees in '000)							
Other Assets								
Markup receivable	-	2,430	693	1,637	-	3,149	895	2,382
Advances, deposits, advance rent and other prepayments	-	-	184,941	28,987	-	-	310,504	27,835
Receivable from Pension Fund	-	-	-	3,007,326	-	-	-	3,370,179
Unrealized (loss)/ gain on forward foreign exchange contracts - outstanding	-	-	-	-	-	-	-	-
Provision held against other assets	-	-	-	-	-	-	-	-
Borrowings								
Opening balance	-	-	-	77,139	-	-	-	69,166
Borrowings / exchange adjustment during the period / year	-	-	-	13,677	-	-	-	7,973
Closing balance	-	-	-	90,816	-	-	-	77,139
Deposits and other accounts								
Opening balance	302,130	138,566	4,815,780	4,869,941	602,381	140,761	3,657,552	4,179,849
Received during the period / year	2,296,862	756,353	26,519,401	58,604,396	669,282	1,189,437	44,628,206	76,375,987
Withdrawn during the period / year	(2,121,148)	(720,088)	(27,291,714)	(50,146,921)	(969,533)	(1,163,832)	(43,469,978)	(75,154,115)
Transfer in / (out) - net	-	(701)	-	27	-	(27,800)	-	(531,780)
Closing balance	477,844	174,130	4,043,467	13,327,443	302,130	138,566	4,815,780	4,869,941
Other Liabilities								
Markup payable	112	690	5,521	3,031	50	100	42,549	10,654
Accrued expenses and other payable	-	-	61,046	20	-	-	62,624	32
Payable to MCB Employee Security Services	-	-	-	29,405	-	-	-	27,031
Advance received against sale of property	-	-	-	-	-	-	-	-
Contingencies and Commitments								
Letter of Credit	-	-	-	3,660,289	-	-	-	1,361,776
Forward foreign exchange contracts (Notional)	-	-	-	-	-	-	-	-
Bank guarantee	-	-	10,390	494,360	-	-	10,512	394,495

	Unaudited June 30, 2021				Unaudited June 30, 2020			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
	(Rupees in '000)							
Income								
Markup / return / interest earned	23	7,985	1,491	3,917	-	6,705	15	11,229
Fee and commission income	-	-	424,967	2,097	-	-	418,858	836
Dividend income	-	-	87,500	50,645	-	-	105,000	7,933
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	17,609	-	-	-	43,062
Net gain / (loss) on sale of securities	3	-	32	210	72	33	495	3,553
Gain on sale of fixed assets	-	72	-	-	-	17	-	-
Rent income	-	-	5,685	1,140	-	-	4,455	1,140
Expense								
Markup / return / interest expensed	8,927	1,487	61,727	187,476	22,774	1,202	110,421	108,478
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	76,383	-	-	-	82,632
Contribution to provident fund	-	-	-	216,847	-	-	-	197,239
Rent expenses	-	-	21,688	23,263	-	-	21,299	15,121
Cash sorting expenses	-	-	-	54,562	-	-	-	56,415
Stationery expenses	-	-	-	128,424	-	-	-	121,204
Security guards expenses	-	-	-	173,829	-	-	-	165,324
Remuneration to key executives and non-executive directors fee	114,483	326,633	-	-	108,475	328,036	-	-
Outsourcing service expenses	-	-	106,273	-	-	-	138,301	-
Donation during the year	-	-	-	-	-	-	-	95,000
E-dividend processing fee and CDC charges	-	-	-	3,100	-	-	-	2,638
Travelling Expenses	-	-	-	22,681	-	-	-	17,456
Hotel stay expenses	-	-	-	63	-	-	-	3,110
Repair & Maintenance Charges	-	-	-	1,063	-	-	-	938
Advertisement Expenses	-	-	-	-	-	-	-	6,264
Miscellaneous expenses and payments	-	-	-	1,143	-	-	-	889
Insurance premium-net of refund	-	-	240,393	-	-	-	270,375	-
Insurance claim settled	-	-	11,741	-	-	-	18,232	-
Other Transactions								
Proceeds from sale of fixed assets	-	72	-	-	-	18	-	-
Purchase of fixed assets	-	-	14,624	12,810	-	-	3,277	-
Sale of foreign currency	-	-	-	-	-	-	-	-
Purchase of foreign currency	-	-	-	-	-	-	-	-
Payments against home remittances	-	-	-	-	-	-	-	-
Reimbursement of other expenses	-	-	-	-	-	-	-	-
Sale of government securities	396,165	4,131	4,303,668	2,809,322	188,884	64,784	3,154,645	1,718,066
Purchase of government securities	-	-	10,842,126	2,463,278	19,827	-	631,712	546,800
Forward exchange contracts matured during the period	-	-	-	2,838,228	-	-	-	10,494,150

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

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
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	141,778,224	149,417,496
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	141,778,224	149,417,496
Eligible Tier 2 Capital	32,207,915	36,710,001
Total Eligible Capital (Tier 1 + Tier 2)	173,986,139	186,127,497
Risk Weighted Assets (RWAs):		
Credit Risk	655,411,104	668,413,516
Market Risk	154,254,584	128,392,302
Operational Risk	148,348,258	148,348,258
Total	958,013,946	945,154,076
Common Equity Tier 1 Capital Adequacy ratio	14.80%	15.81%
Tier 1 Capital Adequacy Ratio	14.80%	15.81%
Total Capital Adequacy Ratio	18.16%	19.69%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	141,778,224	149,417,496
Total Exposures	2,450,843,720	2,323,456,613
Leverage Ratio	5.78%	6.43%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,098,285,227	962,045,524
Total Net Cash Outflow	462,016,872	415,665,992
Liquidity Coverage Ratio	237.72%	231.45%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,308,436,013	1,212,910,470
Total Required Stable Funding	720,550,201	715,405,667
Net Stable Funding Ratio	181.59%	169.54%

39 ISLAMIC BANKING BUSINESS

The Group through a wholly owned subsidiary (MCB Islamic Bank Limited) is operating 173 branches in Pakistan (December 31, 2020: 187 branches). The statement of financial position of the Group's Islamic Banking Business as at June 30, 2021 is as follows:

	Note	Unaudited June 30, 2021	Audited December 31, 2020
		----------Rupees in '000-------	
ASSETS			
Cash and balances with treasury banks		10,055,928	9,872,197
Balances with other banks		6,404,515	4,996,602
Due from financial institutions	39.1	1,000,000	828,790
Investments - net	39.2	29,790,672	27,617,997
Islamic financing and related assets - net	39.3	82,325,779	84,896,191
Fixed assets		5,088,190	5,548,894
Intangible assets		591,482	639,428
Deferred tax assets - net		840,939	874,878
Other assets - net		6,050,237	5,895,909
Total Assets		142,147,742	141,170,886
LIABILITIES			
Bills payable		1,579,951	2,470,821
Due to financial institutions		7,568,842	20,596,773
Deposits and other accounts	39.4	114,971,198	99,253,161
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debts		-	-
Deferred tax liabilities - net		-	-
Other liabilities		7,246,358	8,122,359
		131,366,349	130,443,114
NET ASSETS		10,781,393	10,727,772
REPRESENTED BY			
Share capital		11,550,000	11,550,000
Reserves		80,041	68,107
Surplus on revaluation of assets - net of tax		466,747	473,316
Accumulated loss		(1,315,395)	(1,363,651)
		10,781,393	10,727,772
CONTINGENCIES AND COMMITMENTS	39.5		

The profit and loss account of the Group's Islamic banking branches for the three months period ended June 30, 2021 is as follows:

	Note	Quarter Ended		Half Year Ended	
		April 01, 2021 to June 30, 2021	**April 01, 2020 to June 30, 2020**	**January 01, 2021 to June 30, 2021**	**January 01, 2020 to June 30, 2020**
		----------Rupees in '000----------			
Profit / return earned	39.6	2,248,685	2,671,478	4,495,274	5,233,242
Profit / return expensed	39.7	1,151,547	1,436,452	2,362,906	3,041,319
Net spread earned		1,097,138	1,235,026	2,132,368	2,191,923
OTHER INCOME					
Fee and commission income		100,331	69,063	192,897	141,987
Dividend income		25,141	10,033	37,556	17,799
Foreign exchange income		47,504	(3,756)	28,868	105,543
Gain on securities		-	9,226	3,602	9,590
Other income		71,743	55,226	80,010	58,113
Total other income		244,719	139,792	342,933	333,032
Total income		1,341,857	1,374,818	2,475,301	2,524,955
OTHER EXPENSES					
Operating expenses		1,236,755	1,177,191	2,311,415	2,268,619
Workers welfare fund		2,692	4,145	5,429	5,816
Other charges		37,095	-	37,095	60
Total other expenses		1,276,542	1,181,336	2,353,939	2,274,495
Profit before provisions		65,315	193,482	121,362	250,460
Provisions and write offs - net		12,869	79,812	(22,693)	114,236
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		52,446	113,670	144,055	136,224
Taxation		47,548	69,721	84,387	86,073
PROFIT AFTER TAXATION		4,898	43,949	59,668	50,151

	Unaudited June 30, 2021	Audited December 31, 2020
39.1 DUE FROM FINANCIAL INSTITUTIONS		
Secured		
Bai Muajjal receivable - with State Bank of Pakistan	-	828,790
Unsecured		
Musharaka arrangements	1,000,000	-
	1,000,000	828,790

39.2 Investments by type:	Unaudited June 30, 2021				Audited December 31, 2020			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----------Rupees in '000----------							
Available-for-sale securities								
Federal Government securities	22,491,997	-	10,769	22,502,766	22,503,692	-	(59,578)	22,444,114
Shares	4,060,000	961,431	229,997	3,328,566	1,815,977	1,039,436	292,987	1,069,528
Non Government securities	1,006,500	-	22,013	1,028,513	1,044,000	-	14,528	1,058,528
	27,558,497	961,431	262,779	26,859,845	25,363,669	1,039,436	247,937	24,572,170
Held-to-maturity securities								
Federal Government securities	2,700,827	-	-	2,700,827	2,700,827	-	-	2,700,827
Non Government securities	230,000	-	-	230,000	345,000	-	-	345,000
	2,930,827	-	-	2,930,827	3,045,827	-	-	3,045,827
Total Investments	30,489,324	961,431	262,779	29,790,672	28,409,496	1,039,436	247,937	27,617,997

39.3 Islamic financing and related assets	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
Murabaha	14,069,965	12,055,820
Musawamah	-	-
Istisna	3,289,789	3,455,789
Salam	-	-
Ijarah	2,422,762	2,815,368
Running Musharaka	36,425,515	40,757,574
Diminishing Musharaka	25,035,072	24,693,571
Staff finance	1,200,132	1,184,311
Gross Islamic financing and related assets	82,443,235	84,962,433
Less: provision against Islamic financings		
- Specific	(35,684)	(25,395)
- General	(81,772)	(40,847)
	(117,456)	(66,242)
Islamic financing and related assets - net of provision	82,325,779	84,896,191

39.4 Deposits

	Unaudited June 30, 2021	Audited December 31, 2020
Customers	----------Rupees in '000-------	
Current deposits	36,693,232	30,677,500
Savings deposits	43,276,311	41,802,208
Term deposits	23,140,273	17,940,868
Others	5,467,482	2,693,912
	108,577,298	93,114,488
Financial Institutions		
Current deposits	136,544	148,529
Savings deposits	1,755,356	2,463,644
Term deposits	4,502,000	3,526,500
	6,393,900	6,138,673
	114,971,198	99,253,161

39.5 Contingencies and Commitments

-Guarantees	9,653,494	8,000,674
-Commitments	19,439,818	20,583,025
-Other contingent liabilities	450,763	437,433
	29,544,075	29,021,132

39.6 Profit/Return Earned of Financing, Investments and Placement

	Half Year ended June 30, 2021	Half Year ended June 30, 2020
	----------Rupees in '000-------	
Profit earned on:		
Financing	3,336,989	3,858,022
Investments	1,083,328	1,087,092
Musharaka arrangements with financial institutions	40,426	164,561
Deposits with financial institutions	34,531	123,567
	4,495,274	5,233,242

39.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,762,323	2,635,071
Musharaka arrangements with the State Bank of Pakistan under IERS	40,310	29,194
Musharaka arrangements with other financial institutions	372,002	171,847
Musharaka arrangements with other institution	7,747	7,900
Unwinding of liability against ROU asset	180,524	197,307
	2,362,906	3,041,319

	Unaudited June 30, 2021	Audited December 31, 2020
	----------Rupees in '000-------	
39.8 Islamic Banking Business Unappropriated Profit		
Opening Balance	(1,363,651)	(1,531,969)
Movement during the period / year		
Islamic Banking profit for the period / year	144,055	393,079
Taxation	(84,387)	(184,763)
Other Adjustments	(11,412)	(39,998)
	48,256	168,318
Closing Balance	(1,315,395)	(1,363,651)

40 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 11, 2021 has announced a cash dividend in respect of half year ended June 30, 2021 of Rs.5 per share (June 30, 2020: Rs. Nil per share). These consolidated condensed interim financial statements for the period ended June 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

41 GENERAL

Comparative figures have been re-arranged and reclassified for comparison purposes. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

42 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 on August 11, 2021.

President/Chief Executive	Chief Financial Officer	Director	Director	Director