

PSX-100(5F)2021/30
August 26, 2021

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

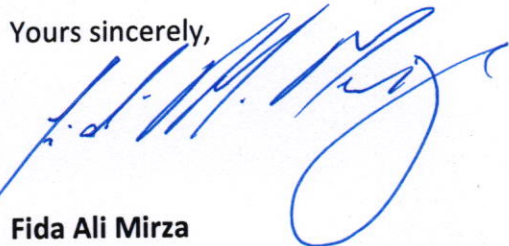
Sub: **Transmission of Quarterly Report for the Period Ended June 30, 2021**

Dear Sir,

We have to inform you that the Half Yearly Financial Statements of the Bank for the period ended **June 30, 2021** have been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours sincerely,



Fida Ali Mirza
Company Secretary

A watercolor illustration of a multi-story brick building with a series of arches, resembling a modern architectural style. The building is surrounded by greenery and is set against a background of soft, blended colors like blue, yellow, and green, suggesting a sky and landscape. The MCB logo is visible on the building's facade.

Half Yearly **Report**

JUNE 30, 2021

Vision

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

Mission

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

Core Values

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

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

Corporate Profile

Board of Directors:

Mian Mohammad Mansha Mr. S.M. Muneer Mr. Muhammad Tariq Rafi Mian Umer Mansha Mrs. Iqraa Hassan Mansha Mr. Muhammad Ali Zeb Mr. Mohd Suhail Amar Suresh bin Abdullah Mr. Yahya Saleem Mr. Salman Khalid Butt Mr. Masood Ahmed Puri Mr. Shahzad Hussain Mr. Shariffuddin Bin Khalid Mr. Imran Maqbool	Chairman Vice-Chairman Director Director Director Director Director Director Director Director Director Director President & CEO
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Audit Committee:

Mr. Shahzad Hussain Mian Umer Mansha Mr. Muhammad Ali Zeb Mr. Shariffuddin Bin Khalid	Chairman Member Member Member
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Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan.
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, Pakistan. Branch Office: M/s. THK Associates (Pvt.) Limited Siddique Trade Centre, Office No. PL-29, PL Floor, 72 Main Boulevard Gulberg -2, Lahore, Pakistan.



On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the six months period ended June 30, 2021.

Introduction

Despite the challenges posed to the operating environment by the recently witnessed resurgence in COVID-19 infections amidst the most virulent wave of the outbreak, MCB remained operationally resilient and capitalized on the earlier gained business traction to post another period of sustainable financial growth for its stakeholders.

The Bank's exceptional performance has also been recognized by the globally coveted Finance Asia's Country Awards wherein it has been bestowed with the "Best Bank in Pakistan" accolade for the year 2020.

Performance Review

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

Re-measurement loss on defined benefit obligations - net of tax

Surplus realized on disposal of revalued fixed assets - net of tax

Surplus realized on disposal of non-banking assets - net of tax

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

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final Cash Dividend at Rs. 15.0 per share - December 2020

First Interim Dividend at Rs. 4.5 per share - March 2021

Total Appropriations

Un-appropriated Profit Carried Forward

MCB's unconsolidated Profit After Tax (PAT) for the six month period ended June 30, 2021 increased to Rs. 14.74 billion (+12%); translating into an Earning Per Share (EPS) of Rs. 12.44 against an EPS of Rs. 11.15 reported in the corresponding period last year.

Net Interest income reported at Rs. 31.55 billion with a drop of 12% on account of decreased earning margins due to the expansionary monetary policy regime adopted by the State Bank of Pakistan to combat the downside risks emanating from COVID-19 outbreak. Low policy rate diluted the impact of positive volumetric growth achieved by the Bank in its average earning assets.

Non-markup income registered phenomenal growth of 34% and aggregated to Rs. 9.50 billion against Rs. 7.08 billion in the corresponding period last year. Improved transactional volumes, surge in business activities, diversification of revenue streams through continuous enrichment of Bank's product suite, investments towards digital transformation and an unrelenting focus on upholding the high service standards in the industry supplemented a growth of 17% in fee income while the dividend income increased by 83%.

On the operating expenses side, despite sustained inflationary pressures amidst currency devaluation, higher compliance related regulatory charges, expansion in branch outreach and regular performance and merit adjustments of the Human Capital, the Bank was able to contain the growth to 6%.

Rs. in Million

25,013
10,270
14,743
69,835
(166)
6
209
41
69,925
84,668
(1,474)
(17,776)
(5,333)
(24,583)
60,085



On the provision front, the equity scrip disposals resulted in net reversal of Rs. 529 million for the six month period ended June 30, 2021. Proactive monitoring and recovery efforts led to a net provision reversal against non-performing loans (NPL's) aggregating to Rs. 1,387 million for the period under review.

On the financial position side, the total asset base of the Bank on an unconsolidated basis was reported at Rs. 1,861 billion (+6%). Analysis of the asset mix highlights that while the growth in gross advances remained subdued amidst a dearth of quality lending opportunities, the excess liquidity was diverted towards the investment book; which in turn grew by Rs. 80 billion and contributed the major share to the total increase. However, the consumer lending book grew by Rs. 3.98 billion (+14%) on account of significant activity in the construction and auto segment.

Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risks despite realization of systematic risks emanating from the evolving macroeconomic situation. The non-performing loan (NPLs) base of the Bank hence registered a decline over December 2020 to report at Rs. 51.06 billion.

The Bank has not taken FSV benefit in calculation of specific provision and carries un-encumbered general provision reserve of Rs. 3.06 billion. The coverage and infection ratios of the Bank were reported at 95.67% and 9.98% respectively.

On the liabilities side, achieving growth in no-cost current account base remained a key strategic objective for the Bank. Thereby, non-remunerative deposits grew by 20% to close at Rs. 589 billion; improving their mix in the total deposits to 41% in absolute terms as at June 30, 2021 compared to 38% as at December 31, 2020. CASA mix was reported at 92% whereas the total deposits of the Bank grew by 12% to close the period at Rs. 1.44 trillion.

Return on Assets and Return on Equity reported at 1.63% and 18.66% respectively, whereas the book value per share was reported at Rs. 129.68.

Under Roshan Digital Account (RDA), the Bank has brought in over USD 125 million since the inception of the proposition in September 2020. The volume of foreign trade showed tremendous growth of 64% over H1'2020.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 19.51% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 16.07% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.33% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 245.82% and Net Stable Funding Ratio (NSFR) of 187.82% against requirement of 100%.

The Board of Directors has declared 2nd interim cash dividend of Rs. 5.0 per share i.e. 50% bringing the total cash dividend for the year ending 2021 to 95%, continuing with its highest dividend payout trend.

Ratings

The Bank enjoys highest local credit ratings of AAA/A1+ categories for long term and short term respectively, based on PACRA notification dated June 23, 2021.

Economy Review

During the last quarter of FY 2021, Pakistan's macroeconomic fundamentals remained largely robust. However, the spread of the COVID-19 Delta variant and an increasing monthly current account deficit highlighted the developing challenges for the economy.

On the external front, Pakistan reported a current account deficit of USD 1.85 billion for FY 2021 as compared to a deficit of USD 4.45 billion last year. For the full year, the increased remittances and export numbers kept the current account in check.

As aggregate demand in the economy improved, imports continued to rise at a faster pace compared to exports. To support the balance of payments (BoP), the country issued EURO bonds in the International market. On March 30, 2021, Pakistan received USD 2.5 billion through these bonds. Moreover, SBP's Roshan Digital Account (RDA) gained traction during the first half of 2021. Inflows from RDA crossed the USD 1.5 billion market by end of the second quarter of the financial year.

The improved FX reserves helped stabilize the exchange rate. Starting the calendar year at PKR 159.8344, the USD/PKR parity marginally appreciated to close at 157.54 on June 30, 2021. The headline inflation rate picked up during first half of 2021. From the low reading of 5.65% in Jan'21, the headline inflation touched a high of 11.10% in April'21 before settling at 9.70% in Jun'21. Increased aggregate demand, elevated global commodity prices and transitory disruptions in the food-chain were the major triggers.

Nonetheless, SBP decided to keep the policy rate at 7% in order to support growth in the economy. SBP's strategy is in-line with its global counterparts. It follows the widely held viewpoint that inflation is largely transitory and expected to normalize going forward.

On the fiscal side, the Government in its budget targeted tax revenue of Rs. 5.829 trillion, envisioning a budget deficit of 6.30%. The focus of the budget remained on supporting growth amidst the ongoing pandemic.

Future Outlook

Pakistan is currently entering the fourth wave of COVID-19 which poses threats to the ongoing economic rebound. The comparatively slow speed of vaccinations and non-adherence to COVID-19 safety protocols in the country is a major challenge and poses significant risk.

Pakistan is currently pursuing expansionary fiscal and monetary policies. These growth focused policies are beginning to exert pressure on inflation and our trade and current-account balances. For this reason, successful negotiation of the IMF program and implementation of structural reforms remain critical and will determine the likely course the economy will take going forward.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,

Imran Maqbool

Imran Maqbool
President & CEO,
MCB Bank Limited
August 11, 2021



Muhammad Ali Zeb
Director
MCB Bank Limited

بیرونی محاذ پر، پاکستان نے گزشتہ سال کے 4.45 بلین امریکی ڈالر کے مقابلے میں 1.85 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ رپورٹ کیا ہے۔ مکمل سال کے لیے ترسیلات زر کی بڑھتی ہوئی اور برآمدات کے اہداف کرنٹ اکاؤنٹ کے خسارے کو کم کرنے میں مددگار ثابت ہوئے۔

معیشت کی مجموعی طلب بڑھی ہے جس کی بدولت درآمدات میں برآمدات کی نسبت زیادہ تیزی سے اضافہ ہو رہا ہے۔ ادائیگی کے توازن کو مدد فراہم کرنے کے لیے ملک نے عالمی مارکیٹ میں یورو بانڈ کا اجراء کیا ہے۔ 30 مارچ 2021ء کو پاکستان نے 2.5 بلین امریکی ڈالر، ان بانڈز کی فروخت کے ذریعے حاصل کیے۔ مزید برآں، اسٹیٹ بینک آف پاکستان کے روشن ڈیجیٹل اکاؤنٹ (آر ڈی اے) نے سال 2021ء کی پہلی ششماہی کے دوران زیادہ توجہ حاصل کی۔ مالی سال کی دوسری سہ ماہی کے اختتام تک آر ڈی اے کی مد میں وصول ہونے والی رقم کا حجم 1.5 بلین امریکی ڈالر سے تجاوز کر گیا۔

غیر ملکی زرمبادلہ کے ذخائر میں بہتری شرح تبادلہ میں استحکام کے لیے معاون ثابت ہوئی۔ کیلنڈر سال کے آغاز پر 159.8344 روپے فی امریکی ڈالر کی سطح سے 30 جون 2021ء تک ایک معمولی اضافے کے ساتھ امریکی ڈالر اور پاکستان روپے کی شرح تبادلہ 157.54 روپے فی امریکی ڈالر پر درج ہوئی۔ افراط زر کی شرح میں، سال 2021ء کی پہلی سہ ماہی کے دوران مزید اضافہ دیکھا گیا۔ جنوری 2021ء میں 5.65 فیصد کی ایک کم تر شرح سے اپریل 2021ء میں 11.10 فیصد کی بلند شرح کو چھوٹے ہوئے یہ جون 2021ء تک 9.70 فیصد کی سطح پر جا پہنچی۔ مجموعی طلب میں اضافہ، اشیاء کی قیمتوں میں عالمی سطح پر تیزی اور خوراک کی رسد میں عارضی رکاوٹیں اس رجحان کے بنیادی عوامل رہے۔

بحر حال، اسٹیٹ بینک آف پاکستان نے معیشت میں نمو کے سفر کو برقرار رکھنے اور مدد کے لیے پالیسی ریٹ کو 7 فیصد کی سطح پر برقرار رکھنے کا فیصلہ کیا ہے۔ اسٹیٹ بینک آف پاکستان کی یہ حکمت عملی اس کے عالمی ہم رتبہ اداروں کی منشاء کے مطابق ہے۔ یہ اس نقطہ نظر کی تقلید کرتے ہیں کہ افراط زر زیادہ تر عبوری صورتحال ہے اور مستقبل میں اس صورتحال میں بہتری ممکن ہے۔

مالیاتی حوالے سے، حکومت نے اپنے بجٹ میں ٹیکس کی وصولی کا ہدف 5.829 ٹریلین روپے مقرر کیا ہے۔ اور بجٹ کے خسارے کو 6.3 فیصد پر تخمینہ کیا ہے۔ بجٹ کا فوکس اس جاری عالمگیر وباء میں گھری ہوئی نمو کو تعاون اور مدد فراہم کرنے پر برقرار ہے۔

مستقبل کی پیش بینی

پاکستان اس وقت کووڈ - 19 کی چوتھی لہر سے نبرد آزما ہونے کو ہے جو کہ معاشی بحالی کے جاری سفر کے لیے ایک خطرے کی حیثیت رکھتی ہے۔ ملک میں ویکسین کی رفتار میں سست روی اور کووڈ -19 سے بچاؤ کی حفاظتی تدابیر کو اختیار نہ کرنے کے روش سے اہم چیلنجز اور پیچیدہ خطرات و خدشات لاحق ہیں۔

پاکستان فی الحال، وسعت پسند مالیاتی اور ضوابطی پالیسیوں کی تقلید کر رہا ہے۔ نمو پر مرکوز یہ پالیسیاں افراط زر، اور ہمارے تجارتی اکاؤنٹ توازن پر اثر انداز ہونا شروع ہو چکی ہیں۔ اسی وجہ سے آئی ایم ایف پروگرام میں کامیاب مذاکرات اور تعمیری اصلاحات کا نفاذ تاگزیر حیثیت اختیار کر چکا ہے اور مستقبل میں معاشی سفر کی راہ کے تعین میں اپنا کردار ادا کر سکے گا۔

تحسین و تشکر

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کا ان کی جاری معاونت کے لیے، بینک کے شیر ہولڈرز اور صارفین کا ان کے بھرپور اعتماد کے لیے اور اپنے ملازمین کا ان کی مسلسل لگن اور مخلصانہ خدمات پر شکریہ ادا کرتے ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

محمد علی زیب
ڈائریکٹر
ایم سی بی بینک لمیٹڈ

عمران مقبول
پریذیڈنٹ اور سی ای او
ایم سی بی بینک لمیٹڈ
11 اگست 2021ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 30 جون 2021ء کو اختتام پذیر ہونے والے سالانہ اجلاس کے مابین گزشتہ سال کے مابین پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

ابتدائیہ:

کووڈ-19 کے انفیکشنز کے ایک مرتبہ پھر ظہور پذیر ہونے سے، جو کہ اس وباء کی اب تک کی خطرناک ترین لہر ہے، کاروباری ماحول کو درپیش خدشات کے باوجود، بینک نے اپنے کاروبار میں پیش قدمی کی طاقت اور صلاحیت کو برقرار رکھا اور اپنے سابقہ کاروباری منافع کے حصول کے تجربے سے استفادہ کرتے ہوئے اپنے اسٹیک ہولڈرز کے لیے، ایک مزید مدت کے لیے، پائیدار مالی نمو حاصل کرنے میں کامیاب رہا۔

بینک کی اس شاندار کارکردگی کا اعتراف عالمی شہرت یافتہ فنانس ایشیاء کے کنٹری ایوارڈ سے بھی ہوتا ہے جس کے تحت بینک کو سال 2020 کا "بیسٹ بینک آف پاکستان" کے ایوارڈ سے نوازا گیا۔

کارکردگی کا جائزہ

ملین روپے
25,013
10,270
14,743
69,835
(166)
6
209
41
69,925
84,668
(1,474)
(17,776)
(5,333)
(24,583)
60,085

منافع قبل از ٹیکس
ٹیکس
منافع بعد از ٹیکس
افتتاحی غیر تخصیص شدہ منافع
ڈیفائنڈ بینفٹ واجبات کے نقصان کی دوبارہ پیمائش (خالص از ٹیکس)
ریویوڈ معینہ اثاثہ جات کی فروخت پر سربس (خالص از ٹیکس)
غیر بینکنگ اثاثہ جات کی فروخت پر سربس (خالص از ٹیکس)
پائیدار اثاثوں کی از سر نو تخمینہ پر سربس سے اضافی فروسودگی
کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)

تخصیص کیلئے دستیاب منافع
تخصیص:
قانونی ریزرو
حتی کیش ڈیوڈینڈ 15 روپے فی شیئر - برائے دسمبر 2020ء
پہلا عبوری کیش ڈیوڈینڈ 4.50 روپے فی شیئر - برائے مارچ 2021ء
کل تخصیص
اختتامی غیر تخصیص شدہ منافع

30 جون 2021ء کو اختتام پذیر ہونے والے سالانہ اجلاس کے لیے ایم سی بی کی غیر مجموعی منافع بعد از ٹیکس بڑھتے ہوئے 14.74 بلین روپے (+12%) تک پہنچ گیا۔ جس کے باعث فی حصص آمدنی گزشتہ سال کے تقابلی عرصہ کی 11.15 روپے فی حصص کی نسبت 12.44 روپے فی حصص پر درج ہوئی۔

اسٹیٹ بینک آف پاکستان کی جانب سے کووڈ - 19 کے پھیلاؤ سے پیدا ہونے والے تظہیر کے خدشات سے خبردار ہونے کے لیے اختیار کیے گئے وسیع مانیٹری پالیسی بیانیہ کی بدولت آمدنی کے مارجنز کی تنزلی کی وجہ سے خالص انٹرسٹ آمدنی 12 فیصد کی کمی کے ساتھ 31.55 بلین روپے پر رپورٹ ہوئی۔ کم پالیسی ریٹ نے بینک کی جانب سے اپنے اوسط پیداواری اثاثہ جات سے حاصل کی گئی قابل قدر آمدنی کے مثبت اثرات کو زائل کر دیا۔

نان مارک آمدنی گزشتہ سال کی تقابلی مدت کے 7.08 بلین روپے کے حجم سے 34 فیصد کی گراں قدر بڑھوتی کے ساتھ 9.50 بلین روپے پر درج ہوئی۔ لین دین کی مقدار میں بہتری، کاروباری سرگرمیوں میں اضافہ، بینک کی پراڈکٹس کو مزید پرکشش بنانے کے ذریعے آمدنی میں تنوع، ڈیجیٹل منتقلی میں سرمایہ کاری اور صنعت میں اپنی خدمات کے اعلیٰ معیار کے استحکام کے لیے غیر متنزل اور مستقل توجہ کے ثمر کے طور پر فیس کی آمدنی میں 17 فیصد کی نمو حاصل ہوئی جبکہ ڈیوڈینڈ کی آمدنی میں 83 فیصد کا اضافہ ہوا۔ کاروباری اخراجات کی مدیں افراط زر میں کرنسی کی فروسودگی، ضوابطی تعلیمات کے بڑھتے اخراجات، برانچوں کی توسیع میں اضافہ اور اس کے ساتھ باقاعدہ کارکردگی اور افرادی سرمائے کے لیے میرٹ پر مبالغہ کی مسلسل دباؤ کے باوجود بینک انتظامی اخراجات میں اضافے کو 6 فیصد تک محدود رکھنے میں کامیاب رہا۔

پروویژن کی مد میں ایکویٹی سکرپ کی فروخت کے نتیجے میں 30 جون 2021ء کو اختتام پذیر ہونے والے سالانہ اجلاس کے لیے 529 ملین روپے کی خالص کنٹری (ریپورٹ) کی گئی۔ پیش قدمی گراں اور وصولی کی کوششوں کے باعث غیر فعال قرضہ جات کے لیے مختص اخراجات (پروویژن) کی مد میں، اس زیر نظر عرصہ کے دوران، 1,387 ملین روپے کی کنٹری درج کی گئی۔

مالیاتی پوزیشن کے حوالے سے، بینک کے کل اثاثہ جات کی اساس، غیر مجموعہ بنیاد پر، 1,861 بلین روپے (+6%) پر رپورٹ ہوئی۔ اثاثہ جات کی ترکیب کا جائزہ اس امر کو واضح کرتا ہے کہ قرض کے معیاری مواقع محدود ہونے کے باعث، کل قرضہ جات میں خاطر خواہ نمو حاصل نہ کی جاسکی۔ لہذا، فاضل سیالیت (لیکوڈیٹی) کا رخ سرمایہ کاری کی طرف موڑ دیا گیا جس سے اس کے حجم میں 80 بلین روپے کی افزائش ہوئی اور جو اثاثہ جات کے اس اضافے بنیادی جزو ہے۔ تاہم، تعمیرات اور گاڑیوں کے شعبے میں نمایاں سرگرمیوں کے باعث کنزیومر لینڈنگ میں 3.98 بلین روپے (+14%) کا اضافہ دیکھنے میں آیا۔

خدشات کے مدارک کے مضبوط فریم ورک جو کہ جانچ کے حقیقی ماڈلز، قرض کی ادائیگی سے پہلے اسکی قدر پیمائی کے موزوں طریقہ کار اور ادائیگی کے بعد گراں کی موخر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھتے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدشات کا، ارتقائی عمل سے دوچار میکرو اکنامک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقہ سے انتظام کیا۔ چنانچہ، بینک کے غیر فعال قرضہ جات میں دسمبر 2020ء سے ان کا حجم کم ہو کر 51.06 بلین روپے پر درج ہوا۔

بینک نے اپنی مخصوص پروویژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا اور 3.06 بلین روپے کی بلا کالات عام پروویژن کا اندراج کیا۔ بینک کی کوریج اور انشیکشن کی شرحیں بالترتیب 95.67 فیصد اور 9.98 فیصد پر رپورٹ ہوئیں۔

واجبات کے حوالے سے، بغیر لاگت کے ڈیپازٹس کے حصول میں اضافہ، بینک کی حکمت عملی کے طور پر برقرار ہے۔ لہذا، غیر پیداواری ڈیپازٹس 20 فیصد کے اضافے کے ساتھ 589 بلین روپے پر بند ہوئے اور کل ڈیپازٹس کی ترکیب میں اپنے حصے کو 31 دسمبر 2020ء کی 38 فیصد کی سطح کی نسبت 30 جون 2021ء کو 41 فیصد تک کی حتمی شرح پر پہنچ گئے۔ کاسا (CASA) کی ترکیب بہتر ہوتے ہوئے 92 فیصد پر رہی۔ جبکہ بینک کے کل ڈیپازٹس، رواں مدت کے اختتام تک 12 فیصد کے اضافے کے ساتھ 1.44 ٹریلین تک پہنچ گئے۔

اثاثہ جات کی آمدنی اور سرمائے کی آمدنی کی شرح بہتر ہوتے ہوئے بالترتیب 1.63 فیصد اور 18.66 فیصد پر درج ہوئیں جبکہ بک ویلیو 129.68 روپے فی شیئر پر رپورٹ ہوئی

روشن ڈیجیٹل اکاؤنٹ (آر ڈی اے) کے تحت بینک نے ستمبر 2020ء میں اس کے اجراء سے اب تک 125 ملین امریکی ڈالرز سے زائد رقم جمع کی ہے۔ غیر ملکی تجارت کا حجم سال 2020ء کی پہلی ششماہی سے 64 فیصد کی شاندار بلندی کا مظہر ہے۔

سرمائے کے ضوابط کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کپینٹل ایڈیکویٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 19.51 فیصد پر رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو تحفظ دینے کے لیے 1.50 فیصد کی تحلیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایکویٹی ٹائر 1 - CET1 Common Equity Tier (سکل رسک ویٹڈ ایسٹس Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.00 فیصد کی مطلوبہ حد کے مقابلہ 16.07 فیصد کی شرح پر درج کی گئی۔ بینک کی کپٹلائزیشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کی حد سے نمایاں اضافہ کے ساتھ 6.33 فیصد پر جا پہنچی۔ بینک نے لیکویڈیٹی کوریج ریشو (LCR - Liquidity Coverage Ratio) کو 245.82 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 187.82 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 5 روپے فی شیئر کے دوسرے عبوری کیش ڈیوڈینڈ کا اعلان کیا ہے جس کا 50 فیصد، اس طرح سال 2021ء کو اختتام پذیر مدت کے لیے کل کیش ڈیوڈینڈ کو 95 فیصد کی شرح تک پہنچا کر اپنی ڈیوڈینڈ کی بلند ترین ادائیگی کی روایت کو برقرار رکھا ہے۔

ریٹنگز:

پاکرا (PACRA) کے نوٹیفیکیشن بتاریخ 23 جون 2021ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور A1+ کی بلند ترین کریڈٹ ریٹنگز سے مستفید ہو رہا ہے۔

معاشی جائزہ

مالی سال 2021 کی آخری سہ ماہی کے دوران پاکستان کے میکرو اکنامک عوامل زیادہ تر مضبوط اور توانا رہے، تاہم کووڈ - 19 کے ڈیلٹا ویریئنٹ (نئی شکل) کے پھیلاؤ اور کرنٹ اکاؤنٹ کے مابانہ خسارے میں اضافہ سے معیشت کو مشکلات کا سامنا ہے۔

Independent Auditor's Review Report

To The Members of MCB Bank Limited
Report on Review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of MCB Bank Limited ("the Bank") as at June 30, 2021 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended June 30, 2021 and June 30, 2020 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

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

Other matter

The financial statements of the Bank for the year ended December 31, 2020 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated February 26, 2021.

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

A. F. Ferguson & Co
Chartered Accountants

Lahore
Dated: August 25, 2021



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.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Salman Khalid Butt
Director

Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Half Year Ended June 30, 2021



		Quarter Ended		Half Year Ended	
Note		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.

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.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Salman Khalid Butt
Director

Muhammad Ali Zeb
Director

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Salman Khalid Butt
Director

Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Half Year Ended June 30, 2021

	Share capital	Share premium	Capital reserve Non-distributable capital reserve	Exchange transition reserve	Statutory reserve	Revenue reserve General reserve	Surplus/(deficit) on revaluation of Investments Fixed / non- banking assets	Unappropriated profit	Total
Balance as at December 31, 2019 (Audited)	11,850,600	23,751,114	908,317	2,875,131	31,656,891	18,600,000	4,217,747	55,777,489	168,914,783
Total comprehensive income for the period ended June 30, 2020	-	-	-	-	-	-	-	13,209,424	13,209,424
Profit after taxation for the six months period ended June 30, 2020	-	-	-	799,973	-	-	15,550,083	(1,738,103)	14,611,533
Other comprehensive income - net of tax	-	-	-	799,973	-	-	15,550,083	11,471,321	27,821,357
Transfer to statutory reserve	-	-	-	-	-	-	-	(1,320,942)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(44,707)	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	(5,925,300)	(5,925,300)
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	-	-	-	-	-	-	-	(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	54,21,975	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	-	-	-	-	-	-	-	15,827,877	15,827,877
Profit after taxation for the six months period ended December 31, 2020	-	-	-	(598,621)	-	-	119,544	1,395,792	(10,611,622)
Other comprehensive income - net of tax	-	-	-	(598,621)	-	-	119,544	17,223,669	5,216,415
Transfer to statutory reserve	-	-	-	-	-	-	-	(1,582,788)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(44,428)	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	22,544	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	4,774	-
Balance as at December 31, 2020 (Audited)	11,850,600	23,751,114	908,317	2,976,483	34,560,421	18,600,000	8,238,633	69,334,602	190,101,955
Total comprehensive income for the period ended June 30, 2021	-	-	-	-	-	-	-	14,742,672	14,742,672
Profit after taxation for the six months period ended June 30, 2021	-	-	-	(425,981)	-	-	(2,344,321)	(186,181)	(3,117,671)
Other comprehensive income - net of tax	-	-	-	(425,981)	-	-	(2,344,321)	14,576,491	11,625,001
Transfer to statutory reserve	-	-	-	-	-	-	-	(1,474,267)	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(41,091)	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	6,181	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(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)
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	60,084,495	178,618,268

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.




Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


S. M. Muneer
Director


Salman Khalid Butt
Director


Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended June 30, 2021

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: Dividend income

Adjustments:

Depreciation on fixed assets
Depreciation on right-of-use assets
Depreciation on non-banking assets acquired in satisfaction of claims
Amortization
Provisions / (reversals) and write offs - net
(Loss) / Gain on sale of fixed assets - net
Gain on sale of non-banking assets acquired in satisfaction of claims - net
Finance charges on lease liability against right-of-use assets
Workers Welfare Fund
Charge for defined benefit plans - net
Gain on termination of lease liability against right of use assets
Unrealized loss / (gain) on revaluation of investments - Held For Trading

Decrease / (increase) in operating assets
Lendings to financial institutions
Held-for-trading securities
Advances
Others assets (excluding advance taxation)

Increase / (decrease) in operating liabilities
Bills Payable
Borrowings from financial institutions
Deposits
Other liabilities (excluding current taxation)

Defined benefits paid
Income tax paid
Net cash flow from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities
Net investments in held-to-maturity securities
Dividends received
Investments in operating fixed assets
Proceeds from sale of operating fixed assets
Investments in Intangible assets
Proceeds from sale of non-banking assets acquired in satisfaction of claims
Effect of translation of net investment in foreign branches
Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

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

Increase in cash and cash equivalents

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

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


Imran Maqbool
President / CEO


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Chief Financial Officer


S. M. Muneer
Director


Salman Khalid Butt
Director


Muhammad Ali Zeb
Director



Note	January 01 to June 30, 2021	January 01 to June 30, 2020
	-----Rupees in '000-----	
	25,013,151	22,254,360
	(978,665)	(533,799)
	24,034,486	21,720,561
30	1,054,729	980,049
30	609,702	600,945
30	18,721	15,675
30	158,332	155,492
32	(2,000,682)	3,963,497
29	26,956	(18,950)
29	(536,464)	-
26	528,558	605,176
	500,263	445,087
	290,438	161,546
29	(44,175)	-
28	9,335	(13,078)
	615,713	6,895,439
	24,650,199	28,616,000
	(15,354,761)	(966,717)
	(71,422,294)	(6,591,374)
	1,876,710	32,275,576
	(1,198,221)	2,214,965
	(86,098,566)	26,932,450
	(11,052,169)	(1,317,471)
	(24,681,243)	24,437,832
	151,706,101	129,918,919
	(1,902,006)	(25,220,404)
	114,070,683	127,818,876
	(135,300)	(165,300)
	(8,164,331)	(7,107,083)
	44,322,685	176,094,943
	3,393,910	(158,168,756)
	(14,807,657)	8,562,322
	977,434	506,135
	(1,191,619)	(833,424)
	22,246	28,597
	(177,956)	(77,410)
	1,518,881	-
	(425,981)	799,973
	(10,690,742)	(149,182,563)
	(819,344)	(842,551)
	(22,885,202)	(11,733,870)
	(23,704,546)	(12,576,421)
	889,448	3,766,686
	10,816,845	18,102,645
	144,924,406	140,130,903
	155,741,251	158,233,548



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 (SECP).

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

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

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

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular 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, 2022 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.



7. CASH AND BALANCES WITH TREASURY BANKS

	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
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	Audited December 31, 2020				Unaudited June 30, 2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----								
10.1 Investments by type:								
Held-for-trading securities								
Federal Government Securities	72,605,846	-	(7,949)	72,597,897	72,731,186	-	(1,386)	72,729,800
Shares	125,340	-	(9,335)	123,954	72,731,186	-	(9,335)	72,721,851
Available-for-sale securities								
Federal Government Securities	942,550,633	(5,028)	6,465,060	949,010,665	942,550,633	(5,028)	6,465,060	949,010,665
Shares and units	28,479,450	(9,609,358)	3,190,228	22,060,320	28,479,450	(9,609,358)	3,190,228	22,060,320
Non Government Debt Securities	1,797,840	-	14,889	1,812,729	1,797,840	-	14,889	1,812,729
Foreign Securities	6,255,820	(1,714)	(5,731)	6,248,375	6,255,820	(1,714)	(5,731)	6,248,375
Held-to-maturity securities								
Federal Government Securities	979,083,743	(9,616,100)	9,684,446	979,132,089	979,083,743	(9,616,100)	9,684,446	979,132,089
Provincial Government Securities	23,977,239	(10,801)	-	23,966,438	23,977,239	(10,801)	-	23,966,438
Non Government Debt Securities	118	(118)	-	-	118	(118)	-	-
Foreign Securities	6,662,763	(477,541)	-	6,185,222	6,662,763	(477,541)	-	6,185,222
Associates	1,200,009	(11,103)	-	1,188,906	1,200,009	(11,103)	-	1,188,906
Subsidiaries	31,840,129	(499,553)	-	31,340,576	31,840,129	(499,553)	-	31,340,576
Total Investments	700,401	-	-	700,401	700,401	-	-	700,401
	12,319,037	(725)	-	12,318,312	12,319,037	(725)	-	12,318,312
	1,096,674,496	(10,116,388)	9,655,111	1,096,213,219	1,096,674,496	(10,116,388)	9,655,111	1,096,213,219

10.1.1 Investments given as collateral

- Market Treasury Bills
- Pakistan Investment Bonds

10.2 Provision for diminution in value of investments

10.2.1 Opening balance

- Exchange and other adjustments
- Charge / (reversals)
- Charge for the period / year
- Reversals for the period / year
- Reversal on disposals

Amounts written off

Closing Balance

10.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Loss

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).

Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees in '000-----	
14,022,219	91,279,273
45,768,292	1,000,283
59,790,511	92,279,556
10,652,723	10,689,171
(7,362)	13,474
357,514	1,956,360
(13,614)	(1,529)
(872,873)	(2,004,753)
(528,973)	(49,922)
-	-
10,116,388	10,652,723



	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
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	(3,964,653)	(5,465,459)	(44,883,675)	(45,142,956)	(44,883,675)	(45,142,956)
- Specific	(3,964,653)	(5,465,459)	(44,883,675)	(45,142,956)	(3,964,653)	(5,465,459)
- General						
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
					Rupees in '000-	
					468,236,215	469,211,685
					43,150,029	44,338,517
					511,386,244	513,550,202

11.1 Particulars of advances (Gross)

In local currency
In foreign currencies

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

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



13. INTANGIBLE ASSETS

Computer software
Capital work-in-progress

Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees in '000-----	
552,740	543,815
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-----	
169,300	63,258
8,656	14,152
177,956	77,410

13.1 Additions to intangible assets

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

Computer software
Capital work-in-progress - net additions

Unaudited June 30, 2021	Audited December 31, 2020
169,300	63,258
8,656	14,152
177,956	77,410

14. OTHER ASSETS

Income/ Mark-up accrued in local currency
Income/ Mark-up accrued in foreign currencies
Advances, deposits, advance rent and other prepayments
Non-banking assets acquired in satisfaction of claims
Compensation for delayed income tax refunds
Branch adjustment account
Mark to market gain on forward foreign exchange contracts
Unrealized gain on derivative financial instruments
Acceptances
Receivable from the pension fund
Clearing and settlement accounts
Others

Note	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
	19,614,597	17,085,615
	551,277	305,759
	1,714,589	2,249,497
	2,624,726	3,277,778
	133,809	133,809
	263,289	276,102
	2,225,445	4,854,527
	276,993	517,033
20	18,584,386	20,030,754
	3,007,326	3,370,179
	4,560,383	2,698,271
	3,236,229	3,263,384
	56,793,049	58,062,708
14.1	2,582,715	2,582,686
	54,210,334	55,480,022
22	511,496	854,231
	54,721,830	56,334,253

14.1 Provision held against other assets

Non banking assets acquired in satisfaction of claims
Claims receivable against fraud and forgeries
Others

Unaudited June 30, 2021	Audited December 31, 2020
89,745	95,095
493,733	478,773
1,999,237	2,008,818
2,582,715	2,582,686

14.1.1 Movement in provision held against other assets

Opening balance
Charge for the period / year
Reversals

Amounts written off
Exchange and other adjustments
Closing balance

Unaudited June 30, 2021	Audited December 31, 2020
2,582,686	2,604,137
24,898	54,269
(23,889)	(77,917)
1,009	(23,648)
-	(16,591)
(980)	18,788
2,582,715	2,582,686

15. CONTINGENT ASSETS

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

MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



16. BILLS PAYABLE

In Pakistan
Outside Pakistan

Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees in '000-----	
12,132,845	23,912,803
795,678	67,889
12,928,523	23,980,692

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan

Under export refinance scheme
Under long term financing facility
Under renewable energy performance platform
Under payment of Wages & Salaries
Under temporary economic refinance facility
Under refinance facility for combating COVID-19
Under financing facility for storage of agricultural produce

Unaudited June 30, 2021	Audited December 31, 2020
32,784,572	34,998,802
22,152,006	22,150,335
1,035,699	74,760
8,257,075	10,074,011
12,356,336	1,694,659
20,937	-
167,162	191,254
76,773,787	69,183,821
44,809,236	-
14,798,148	92,225,530
136,381,171	161,409,351

Total secured

Unsecured

Borrowings from other financial institution
Call borrowings
Overdrawn nostro accounts
Others

Unaudited June 30, 2021	Audited December 31, 2020
60,807	1,712,914
2,318,713	319,669
671,347	397,313
162,286	162,286
3,213,153	2,592,182
139,594,324	164,001,533

Total unsecured

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



19. DEFERRED TAX LIABILITIES

Deductible Temporary Differences on

- Provision against advances

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets
- Surplus/deficit on revaluation of investments
- Surplus on revaluation of non-banking assets
- Accelerated tax depreciation
- Receivable from pension fund
- Business combination

20. OTHER LIABILITIES

Mark-up/ return/ interest payable in local currency
Mark-up/ return/ interest payable in foreign currencies
Unearned commission income
Accrued expenses
Current taxation (provisions less payments)
Workers' welfare fund
Acceptances
Unclaimed / dividends payable
Mark to market loss on forward foreign exchange contracts
Unrealised loss on derivative financial instruments
Staff welfare fund
Provision for employees' compensated absences
Provision for post retirement medical benefits
Provision for employees' contributory benevolent scheme
Retention money
Insurance payable against consumer assets
Unclaimed balances
Duties and taxes payable
Provision against off-balance sheet obligations
Security deposits against lease
Lease liability against right of use assets
Clearing and settlement accounts
Others

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.

21. RESERVES

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

Note	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
	(2,256,969)	(2,782,530)
	(2,256,969)	(2,782,530)
	1,403,211	1,286,416
	3,769,134	4,436,721
	199,483	298,982
	1,996,222	1,850,789
	1,172,856	1,179,562
	705,218	705,218
	9,246,124	9,757,688
	6,989,155	6,975,158
	3,433,914	2,272,650
	130,090	247,926
	653,083	212,337
	4,960,096	5,898,224
	11,373,995	10,185,375
20.1	9,338,947	8,838,684
14	18,584,386	20,030,754
	1,916,410	1,692,942
	1,860,373	4,485,302
	273,411	513,343
	3,722	5,598
	1,145,701	919,407
	2,156,504	2,004,122
	219,007	222,084
	12,473	20,657
	665,370	698,949
	756,294	877,552
	1,809,238	1,846,580
	46,210	46,189
	665,500	569,756
	7,779,310	8,035,048
	7,198,163	7,421,975
	6,602,469	5,855,374
	81,584,666	82,900,828

Note	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
	23,751,114	23,751,114
21.1	908,317	908,317
	2,450,502	2,876,483
21.2	36,034,688	34,560,421
	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.

22. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

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

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

23. CONTINGENCIES AND COMMITMENTS

-Guarantees
-Commitments
-Other contingent liabilities

23.1 Guarantees:

Financial guarantees
Performance guarantees
Other guarantees

23.2 Commitments:

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

Commitments in respect of:

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

Commitments for acquisition of:

- operating fixed assets
- intangible assets

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase
Sale

23.2.2 Commitments in respect of forward government securities transactions

Purchase
Sale

23.2.3 Commitments in respect of derivatives

FX options
Purchase
Sale

Cross Currency Swaps
Purchase
Sale

Note	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
	9,664,446	12,676,354
10.1	20,134,456	20,211,952
	511,496	854,231
14	30,310,398	33,742,537
	3,769,134	4,436,721
19	1,403,211	1,286,416
	199,483	298,982
	5,371,828	6,022,119
	24,938,570	27,720,418
	181,681,521	178,571,960
23.1	505,584,578	507,506,107
23.2	28,662,246	27,960,316
23.3	715,928,345	714,038,383
	157,215,086	149,925,920
	22,168,028	25,900,273
	2,298,407	2,745,767
	181,681,521	178,571,960
	193,920,928	172,617,563
	191,771,547	318,420,575
23.2.1	114,002,109	11,089,775
23.2.2	4,970,119	4,471,383
23.2.3		
	765,647	710,570
	154,228	196,241
	505,584,578	507,506,107
	107,347,223	168,432,858
	84,424,324	149,987,717
	191,771,547	318,420,575
	112,502,109	11,089,775
	1,500,000	-
	114,002,109	11,089,775
	1,356,125	182,800
	1,356,125	182,800
	2,712,250	365,600
	1,090,187	1,975,311
	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.

23.3 Other contingent liabilities

Note	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
Claims against the Bank not acknowledged as debts	23.3.1	28,662,249

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)
	-----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)

25. MARK-UP/RETURN/INTEREST EARNED

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

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
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

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

Note	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
Realised	493,880	(80,125)
Unrealised - Held For Trading	(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

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
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

30. OPERATING EXPENSES

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

Note	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	-----Rupees in '000-----	
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
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	(528,973)	190,967
(Reversal) / provision against loans and advances	(1,386,639)	3,856,662
Provision / (reversal) against other assets	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 unconsolidated 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.

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
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The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. 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
	-----Rupees in '000-----				
On balance sheet financial instruments					
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

On balance sheet financial instruments
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

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



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
-----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	-
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	-
Total Income	21,935,527	2,254,495	3,856,536	7,614,206	974,017	4,412,858	41,047,639	-
Segment direct expenses	11,733,247	841,928	331,985	216,929	580,590	4,330,491	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	-
Provisions	1,243,978	42,413	(83,724)	(506,925)	90,918	(2,787,342)	(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	-
Balance Sheet								
Cash & Bank balances	66,642,041	331,057	202,138	66,905,744	18,188,087	4,143,531	156,412,598	-
Investments	-	-	7,996,236	1,075,901,706	12,315,277	-	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	-
Advances - performing	88,921,889	30,960,301	318,829,658	-	17,650,057	-	456,361,905	-
- non performing	35,636,437	1,913,413	21,112,149	14,820,161	3,514,123	36,269,129	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)
Borrowings	64,484,923	-	12,163,954	60,173,923	2,771,524	-	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	-
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	-
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)
Equity	-	-	-	-	-	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)
Contingencies & Commitments	61,877,293	-	310,113,602	308,422,611	5,702,184	29,812,655	715,928,345	-

	Un audited Half Year ended June 30, 2020							
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations
-----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	-
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	-
Total Income	26,848,061	1,910,659	4,436,588	4,348,189	1,107,337	4,444,794	43,095,628	-
Segment direct expenses	10,709,498	734,317	291,724	205,675	658,988	4,277,569	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	-
Provisions	60,375	80,643	132,357	116,820	69,294	3,504,008	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	-
Balance Sheet								
Cash & Bank balances	58,362,119	317,242	394,030	64,577,425	21,166,578	1,393,773	146,211,167	-
Investments	-	-	10,578,310	990,720,067	14,571,071	-	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	-
Advances - performing	94,735,206	26,845,772	313,633,477	-	21,681,241	-	456,895,696	-
- non performing	171,804	177,613	2,382	-	4,973,954	720,338	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	-
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)
Borrowings	58,910,004	-	10,372,566	91,069,170	3,649,793	-	164,001,533	-
Deposits & other accounts	1,147,268,725	21,263,015	65,961,390	-	55,009,174	-	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	-
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)
Equity	-	-	-	-	-	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)
Contingencies & Commitments	55,974,597	-	288,001,956	320,068,131	20,930,195	29,063,504	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	-	-	-	-	-	-	-	-	-	-



MCB Bank Limited

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



	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
Unrealised (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
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	-	-	-	-	1,143	-	-	-	-	6,264
Miscellaneous expenses and payments	-	-	-	240,393	-	-	-	-	-	889
Insurance premium-net of refund	-	-	-	11,741	-	-	-	-	270,375	-
Insurance claim settled	-	-	-	-	-	-	-	-	18,232	-
Other Transactions										
Proceeds from sale of fixed assets	-	72	-	-	-	-	18	-	-	-
Purchase of fixed assets	-	-	-	14,624	12,810	-	-	21,656,614	3,277	-
Sale of foreign currency	-	-	11,044,337	-	-	-	-	14,173,970	-	-
Purchase of foreign currency	-	-	7,211,829	-	-	-	-	1,709,813	-	-
Payments against home remittances	-	-	2,300,794	-	-	-	-	-	-	-
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)

Capital Adequacy Ratio (CAR):
Eligible Common Equity Tier 1 (CET 1) Capital
Eligible Additional Tier 1 (ADT 1) Capital
Total Eligible Tier 1 Capital
Eligible Tier 2 Capital
Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):
Credit Risk
Market Risk
Operational Risk
Total

Common Equity Tier 1 Capital Adequacy ratio
Tier 1 Capital Adequacy Ratio
Total Capital Adequacy Ratio

Leverage Ratio (LR):
Eligible Tier-1 Capital
Total Exposures
Leverage Ratio

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets
Total Net Cash Outflow
Liquidity Coverage Ratio

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding
Total Required Stable Funding
Net Stable Funding Ratio

11,850,600	11,850,600
145,366,450	152,901,428
-	-
145,366,450	152,901,428
31,041,712	35,507,111
176,408,162	188,408,539
621,239,083	635,599,185
143,368,094	122,603,850
139,735,092	139,735,092
904,342,269	897,938,127
16.07%	17.03%
16.07%	17.03%
19.51%	20.98%
145,366,450	152,901,428
2,294,791,377	2,174,932,446
6.33%	7.03%
1,066,679,996	934,508,535
433,929,839	393,109,786
245.82%	237.72%
1,218,523,940	1,130,301,361
648,774,308	646,417,507
187.82%	174.86%



39 EVENTS AFTER THE REPORTING 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.5.00 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.



MCB BANK LIMITED

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


Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


S. M. Muneer
Director


Salman Khalid Butt
Director


Muhammad Ali Zeb
Director

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
		181,549,174	192,991,383
NET ASSETS			
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.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Salman Khalid Butt
Director

Muhammad Ali Zeb
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.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Salman Khalid Butt
Director

Muhammad Ali Zeb
Director

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.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Salman Khalid Butt
Director

Muhammad Ali Zeb
Director

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Half Year Ended June 30, 2021



	Share capital	Share premium	Capital reserve	Non-distributable capital reserve	Exchange transition reserve	Statutory reserve	Revenue reserve	General reserve	Surplus/(deficit) on revaluation of investments	Fixed / non-banking assets	Unappropriated profit	Sub total	Non-controlling interest	Grand Total
Balance as at December 31, 2020 (Audited)	11,850,000	23,973,024	908,317	2,730,354	31,683,134	18,600,000	18,600,000	18,600,000	4,326,251	344,762	20,081,193	170,866,414	749,403	171,346,817
Total comprehensive income for the period ended June 30, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Profit after taxation for the six months period ended June 30, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021 (Un-audited)	11,850,000	23,973,024	908,317	2,730,354	31,683,134	18,600,000	18,600,000	18,600,000	15,446,405	(238,455)	13,425,378	170,866,414	749,403	171,346,817
Change in equity for six months period ended December 31, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
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Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021 (Un-audited)	11,850,000	23,973,024	908,317	2,730,354	31,683,134	18,600,000	18,600,000	18,600,000	15,446,405	(238,455)	13,425,378	170,866,414	749,403	171,346,817
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Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Profit after taxation for the six months period ended June 30, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
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Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021 (Un-audited)	11,850,000	23,973,024	908,317	2,730,354	31,683,134	18,600,000	18,600,000	18,600,000	15,446,405	(238,455)	13,425,378	170,866,414	749,403	171,346,817
Change in equity for six months period ended December 31, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
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Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021 (Un-audited)	11,850,000	23,973,024	908,317	2,730,354	31,683,134	18,600,000	18,600,000	18,600,000	15,446,405	(238,455)	13,425,378	170,866,414	749,403	171,346,817
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Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021 (Un-audited)	11,850,000	23,973,024	908,317	2,730,354	31,683,134	18,600,000	18,600,000	18,600,000	15,446,405	(238,455)	13,425,378	170,866,414	749,403	171,346,817
Change in equity for six months period ended December 31, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Profit after taxation for the six months period ended June 30, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
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Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021 (Un-audited)	11,850,000	23,973,024	908,317	2,730,354	31,683,134	18,600,000	18,600,000	18,600,000	15,446,405	(238,455)	13,425,378	170,866,414	749,403	171,346,817
Change in equity for six months period ended December 31, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Profit after taxation for the six months period ended June 30, 2021	-	-	-	-	-	-	-	-	15,446,405	(238,455)	13,425,378	13,425,378	48,455	13,473,833
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	(13,371,863)	213,632	19,544	(10,862,374)	(13)	(10,262,387)

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended June 30, 2021



CASH FLOW FROM OPERATING ACTIVITIES

Note	January 01 to June 30, 2021	January 01 to June 30, 2020
	-----Rupees in '000-----	
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.

Imran Maqbool
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Salman Khalid Butt
Director

Muhammad Ali Zeb
Director

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
- MCB Non-Bank Credit Organization " Closed Joint Stock Company"
- MCB Islamic Bank Limited
- Financial Management Services (Private) Limited

51.33%
99.94%
100%
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 (SECP).

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

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

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

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular 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, 2022 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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



	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

- Market Treasury Bills
- Pakistan Investment Bonds

10.2 Provision for diminution in value of investments

10.2.1 Opening balance
Exchange and other adjustments
Charge / (reversals)
Charge for the period / year
Reversals for the period / year
Reversal on disposals
Amounts written off
Closing Balance

	Unaudited June 30, 2021	Audited December 31, 2020
	Rupees in '000	
	14,022,219	91,279,273
	45,768,292	1,000,283
	59,790,511	92,279,556
	11,691,434	11,747,618
	(7,362)	13,474
	357,514	1,993,335
	(13,614)	(1,529)
	(950,878)	(2,061,464)
	(606,978)	(69,658)
	-	-
	11,077,094	11,691,434

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



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
	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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



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

Loans, cash credits, running finances, etc.
Islamic financing and related assets
Bills discounted and purchased
Advances - gross
Provision against advances
- Specific
- General
Advances - net of provision

11.1 Particulars of advances (Gross)

In local currency
In foreign currencies

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

Category of Classification	Note		Rupees in '000	
	Unaudited June 30, 2021	Audited December 31, 2020	Unaudited June 30, 2021	Audited December 31, 2020
Domestic				
Other Assets Especially Mentioned				
Substandard			109,084	4,048
Doubtful			254,124	63,187
Loss			279,415	118,361
			42,272,619	41,374,435
			42,915,242	41,560,031
Overseas				
Not past due but impaired			-	-
Overdue by:				
Upto 90 days			3,842	961
91 to 180 days			282	71
181 to 365 days			9,120	4,567
> 365 days			8,244,667	3,353,729
			8,257,911	3,359,328
Total			51,173,153	44,919,359

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.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



11.3 Particulars of provision against advances

	Unaudited June 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
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)
Amounts written off	115,591	(1,423,503)	(1,307,912)	3,514,750	4,043,543	7,558,293
Closing balance	(297,233)	-	(297,233)	(334,715)	-	(334,715)
	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.

12. FIXED ASSETS

Capital work-in-progress
Property and equipment
Right-of-use assets

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers
Others

12.2 Additions to fixed assets

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

Capital work-in-progress - net additions
Property and equipment
Freehold land
Building on freehold land
Building on leasehold land
Electrical office and computer equipment
Furniture and fixture
Leasehold Improvements
Vehicles
Leasehold land

12.3 Disposal of fixed assets

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

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

Note	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
12.1	1,212,421	871,274
	52,899,053	53,190,768
	8,648,098	9,617,270
	62,759,572	63,679,312
	611,395	472,314
	240,649	98,383
	333,268	296,456
	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-----	
	341,147	314,899
	35,108	25,327
	176,108	34,833
	14,911	-
	471,883	315,941
	91,906	103,916
	206,166	111,765
	33,642	50,229
	-	6,999
	1,029,724	649,010
	1,370,871	963,909
	2,018	6,971
	2,756	614
	4,930	3,390
	1,734	1,300
	43,149	-
	54,587	12,275

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



13. INTANGIBLE ASSETS

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
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
	<u>1,832,178</u>	<u>1,867,244</u>

	Unaudited Half Year ended June 30, 2021	Unaudited Half Year ended June 30, 2020
	-----Rupees in '000-----	
	175,390	72,242
	29,813	14,530
	<u>205,203</u>	<u>86,772</u>

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
	<u>205,203</u>	<u>86,772</u>

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	21,361,862	22,747,369
Receivable from the pension fund	3,007,326	3,370,179
Clearing and settlement accounts	4,560,383	2,698,271
Others	4,049,500	4,221,665
	<u>63,461,502</u>	<u>64,522,246</u>
Less: Provision held against other assets	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	511,496	854,231
Other Assets - total	<u>61,390,283</u>	<u>62,793,791</u>

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
	<u>2,582,715</u>	<u>2,582,686</u>

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	<u>2,582,715</u>	<u>2,582,686</u>

15. CONTINGENT ASSETS

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

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



16. BILLS PAYABLE

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees in '000-----	
In Pakistan	13,712,796	26,383,624
Outside Pakistan	795,678	67,889
	<u>14,508,474</u>	<u>26,451,513</u>

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
	<u>84,149,114</u>	<u>75,375,228</u>

Bai Muajjal

Repurchase agreement borrowings	44,809,236	-
	<u>14,798,148</u>	<u>92,225,530</u>

Total secured

Unsecured

Borrowings from other financial institution

Call borrowings	262,316	1,720,341
Overdrawn nostro accounts	2,318,713	319,669
	<u>655,274</u>	<u>368,920</u>
Musharaka arrangements	193,515	14,405,366
Others	162,286	162,286
	<u>3,592,104</u>	<u>16,976,582</u>
Total unsecured	<u>147,348,602</u>	<u>184,577,340</u>

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
	<u>1,389,160,627</u>	<u>129,584,352</u>	<u>1,518,744,979</u>	<u>1,230,369,447</u>	<u>121,159,305</u>	<u>1,351,528,752</u>
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
	<u>33,203,591</u>	<u>4,218,165</u>	<u>37,421,756</u>	<u>32,121,384</u>	<u>5,087,825</u>	<u>37,209,209</u>
	<u>1,422,364,218</u>	<u>133,802,517</u>	<u>1,556,166,735</u>	<u>1,262,490,831</u>	<u>126,247,130</u>	<u>1,388,737,961</u>

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



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	9,338,947	8,838,684
Acceptances	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	908,317	908,317
Exchange translation reserve	2,479,383	2,950,183
Statutory reserve	36,114,728	34,628,527
General reserve	18,600,000	18,600,000
	82,075,452	81,060,051

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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	



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

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



	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

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



	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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
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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.



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
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The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Group essentially carries its investments in debt and equity securities at fair values. 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	
-----Rupees in '000-----					
On balance sheet financial instruments					
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
-----Rupees in '000-----					
On balance sheet financial instruments					
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



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

	Half Year ended June 30, 2021							Rupees in '000			
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations	Total
Profit & Loss											
Net mark-up/return/profit	(17,518,620)	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)	(32,255,341)	(58,971)	-	-	3,719,545	-	-	-
Non mark-up / return / interest income	3,280,854	1,202,386	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	44,284,182	-	44,284,182
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 segment 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
Total expenses	12,433,976	42,413	(83,724)	(506,925)	90,918	(22,693)	-	(2,763,875)	(1,999,908)	-	(1,999,908)
Provisions	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
Profit before tax	-	-	-	-	-	-	-	-	-	-	-
Balance Sheet											
Assets & 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	-	-	-	-	-	1,000,000	-	-	33,494,214	-	33,494,214
Advances - performing	88,921,889	30,960,301	317,927,533	17,650,057	29,120,496	82,247,996	2,378	920,479	538,630,633	-	538,630,633
- non performing	292,668	103,700	2,362	4,898,983	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	985,699	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
Intangibles & 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

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	689,282	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

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



	Unaudited June 30, 2021			Unaudited June 30, 2020		
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel
(Rupees in '000)						
Income						
Markup / return / interest earned	23	7,985	1,491	3,917	-	6,705
Fee and commission income	-	-	424,967	2,097	-	-
Dividend income	-	-	87,500	50,645	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	17,609	-	-
Net gain / (loss) on sale of securities	3	-	32	210	72	33
Gain on sale of fixed assets	-	72	-	-	-	17
Rent income	-	-	5,685	1,140	-	-
Expense						
Markup / return / interest expensed	8,927	1,487	61,727	187,476	22,774	1,202
Other Operating expenses						
Clearing expenses paid to NIFT	-	-	-	-	-	-
Contribution to provident fund	-	-	-	76,383	-	-
Rent expenses	-	-	21,688	216,847	-	-
Cash sorting expenses	-	-	-	23,263	-	-
Stationery expenses	-	-	-	54,562	-	-
Security guards expenses	-	-	-	128,424	-	-
Remuneration to key executives and non-executive directors fee	-	-	-	173,829	-	-
Outsourcing service expenses	114,483	328,633	-	-	108,475	328,036
Donation during the year	-	-	106,273	-	-	-
E-dividend processing fee and CDC charges	-	-	-	-	-	-
Travelling Expenses	-	-	-	-	-	-
Hotel stay expenses	-	-	-	3,100	-	-
Repair & Maintenance Charges	-	-	-	22,681	-	-
Advertisement Expenses	-	-	-	63	-	-
Miscellaneous expenses and payments	-	-	-	1,063	-	-
Insurance premium-net of refund	-	-	-	1,143	-	-
Insurance claim settled	-	-	240,393	-	-	-
Other Transactions						
Proceeds from sale of fixed assets	-	72	-	-	-	18
Purchase of fixed assets	-	-	14,624	12,810	-	-
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
Purchase of government securities	-	-	10,842,126	2,463,278	19,827	-
Forward exchange contracts matured during the period	-	-	-	2,838,228	-	-

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.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)
For The Half Year Ended June 30, 2021



	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
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%

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



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:

		Unaudited June 30, 2021	Audited December 31, 2020
	Note		
		-----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

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



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

39.1 DUE FROM FINANCIAL INSTITUTIONS

Secured

Bai Muajjal receivable - with State Bank of Pakistan

Unsecured

Musharaka arrangements

	Unaudited June 30, 2021	Audited December 31, 2020
	-	828,790
	1,000,000	-
	1,000,000	828,790

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



	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-----								
39.2 Investments by type:								
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

Customers

	Unaudited June 30, 2021	Audited December 31, 2020
-----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

	Unaudited June 30, 2021	Audited December 31, 2020
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

MCB Bank Limited & Subsidiary Companies

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021



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

39.6 Profit/Return Earned of Financing, Investments and Placement

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

39.8 Islamic Banking Business Unappropriated Profit

	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees in '000-----		
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 EVENTS AFTER THE REPORTING 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.5.00 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.


Imran Maqbool
President / CEO


Hammad Khalid
Chief Financial Officer


S. M. Muneer
Director


Salman Khalid Butt
Director


Muhammad Ali Zeb
Director