

HALF YEARLY REPORT JUNE 30, 2020

Our Vision

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

Our 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

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

Audit Committee

Mr. Shahzad Hussain	Chairman	
Mian Umer Mansha	Member	
Mr. Muhammad Ali Zeb	Member	
Mr. Shariffuddin bin Khalid	Member	

Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary:	Mr. Fida Ali Mirza
Auditors:	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB House, 15-Main Gulberg, Jail Road, Lahore Pakistan
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited 1 st Floor, 40-C, Block 6, P.E.C.H.S., 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.

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Directors' Report - June 2020

On behalf of the Board of Directors, we are pleased to place before you, the unconsolidated condensed interim financial statements of MCB Bank Limited (MCB) for the six months period ended June 30, 2020.

Introduction

During H1 2020, MCB accelerated its business momentum while overcoming the challenges posed by the COVID-19 pandemic which had an adverse impact on the economic growth the world over, including Pakistan. Following the breakout of the Covid-19 pandemic, MCB has taken all necessary steps to ensure continued and uninterrupted services to our customers in a safe environment. The State Bank of Pakistan has taken a host of measures to dilute the impact of the pandemic, including cuts in interest rates, refinance schemes for continued payment of wages and salaries, ease in debt burden ratio, rescheduling/ restructuring of financing facilities, etc.

The risks and related measures adopted by the Bank to mitigate the impact associated with the outbreak of COVID-19 are detailed in note 6 of the unconsolidated financial statements.

Performance Review	Rs. in Million
Profit Before Taxation Taxation	22,254 9,045
Profit After Taxation	13,209
Un-appropriated Profit Brought Forward Remeasurement loss on defined benefit obligations - net of tax Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	55,778 (1,739) 45
	54,084
Profit Available for Appropriation Appropriations:	67,293
Statutory Reserve	1,321
Final Cash Dividend at Rs. 5.0 per share - December 2019	5,925
Interim Cash dividend at Rs. 5.0 per share - March 2020	5,925
Total Appropriations	13,171
Un-appropriated Profit Carried Forward	54,122

With strong build up in core earnings, MCB reported a profit after tax (PAT) of Rs. 13.2 billion which is up by a significant 24%, when mapped against corresponding period last year. This performance translated to Earnings Per Share (EPS) of Rs 11.15 for H1'20 (H1'19: Rs 9.01).

The Bank's net interest income for the period increased by 30% to Rs 36.01 billion. This was achieved through generation of current accounts and timely investment in the interest earning assets. The strategic shift in the maturity profiling of the investment base from short term to long term supplemented the net interest margin growth.

On the operating expenses side (excluding pension fund reversal), despite the surge in inflationary pressures and increased operational and infrastructural outreach, the Bank was able to contain the growth in administrative expenses and reported a net decrease of Rs. 138 million versus last year, with the cost to income ratio improving from 46.1 percent in H1'19 to 38.0 percent in H1'20. This was achieved through a strategic cost efficiency drive initiated in 2019 ensuring delivery through well-defined tactical plans.

The stock market has responded to the COVID-19 pandemic with worrying volatility; resultantly, Bank has recorded a charge of Rs. 1.3 billion against equity investment portfolio. With respect to advances, the full potential effect of the economic stress posed by the COVID-19 outbreak remains difficult to predict, therefore management has exercised prudence and booked General Provision of Rs 4.0 billion during the half year ended June 30, 2020, providing insulation and loss absorption capacity in case of any unforeseen deterioration in asset quality.

On the financial position side, the total asset base of the Bank on unconsolidated basis was reported at Rs. 1.67 trillion depicting an increase of 10% over December 2019. Analysis of the asset mix highlights that net investments increased by Rs. 180 billion (24%) whereas gross advances decreased by Rs 32 billion (-6%) over December 2019.

MCB Bank Limited



The Non-performing loan (NPLs) base of the Bank recorded an increase of Rs. 939 million and was reported at Rs. 50.4 billion. The increase was primarily on account of currency devaluation impact of foreign currency denominated NPLs with no significant accretion in the number of cases. The Bank has not taken FSV benefit in calculation of specific provision and has increased its un-encumbered general provision reserve to Rs. 4.5 billion. The coverage and infection ratios of the Bank were reported at 94.02% and 9.91% respectively.

On the liabilities side, the deposit base of the Bank registered an unprecedented increase of Rs. 129.92 billion (+11%) over December 2019, with over 50% growth from current accounts, improving the current account mix to 39.0% and CASA ratio to 94.2%.

Return on Assets and Return on Equity improved to 1.66% and 18.16% respectively, whereas book value per share was reported at Rs. 122.93.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio is 20.51% against the requirement of 11.50% (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 15.23% against the requirement of 6.00%. Bank's capitalization also resulted in a leverage ratio of 6.72% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 227.51% and Net Stable Funding Ratio (NSFR) of 174.47% against requirement of 100.

No dividend has been announced for the second quarter ended June 30, 2020 in compliance with State Bank of Pakistan letter no. BPRD/BA&CPD/006315-2/20 dated 22 April, 2020. The first Interim Cash Dividend has already been paid at Rs.5.0 per share i.e. 50% for the quarter ended March 31, 2020.

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 26, 2020.

Economy Review

Pakistan started the year 2020 on a positive note as the tough economic measures taken by the government since the commencement of its tenure in 2018 started bearing fruit. However, the country was hit by the Covid-19 pandemic in March which led to the deterioration of the macroeconomic variables in the second quarter.

Pressure on the external account started building in March when the foreign exchange reserves of the country declined from approximately \$18bn at the start of the year to \$16.7bn mainly due to the external debt repayments. Moreover, foreign investors divested a major portion of their investments in government debt instruments under SCRA due to the uncertain economic conditions prevailing at the international and domestic front amid the Coronavirus pandemic. However, Pakistan was able to secure a loan worth \$1.4bn from IMF right in time under the IMF's Rapid Financing Instrument facility to support its reserves. Moreover, inflows received from multilateral sources, including WB, ADB and AIIB, during June also helped to reduce some of the pressure on the external account. Another development that lent support to the economy under these unprecedented times was the debt relief initiative taken by the G-20 countries. According to the WB estimates, Pakistan is expected to get a debt relief worth \$2.7bn valid till December, 2020 under the World Bank's Debt Service Suspension Initiative.

Moving on to the current account, Pakistan's exports took a larger hit as compared to the imports and declined by 18.4% during Jan-Jun FY20 as compared to the same period last year. Imports, on the other hand, declined by 16.8% despite a significant drop in international oil prices. However, current account deficit still showed a contraction of 79% due to growth in remittances.

In spite of the dollar inflows received by the State Bank and the contracting current account deficit, the USDPKR parity remained largely volatile. The Rupee started the year against the dollar at PKR 154.8476. However, it depreciated by 8.5% during the six month period before closing at PKR 168.0506.

Meanwhile, Inflation dropped to 8.59% in June after touching a high of 14.6% in January, 2020. The drop in inflation was observed due to the high base impact and the decline in demand as major parts of the economy went under lockdown.

As regards to Pakistani stock markets, the KSE-100 tumbled down to 27,229 in March after starting the year near 42,000 as the government took stringent measures to control the spread of the coronavirus in the economy. However, the index picked up again in the second quarter of the year as businesses reopened and closed the half year at 34,422.



On the fiscal side, the situation deteriorated during the last quarter of FY20 as revenue collection declined. Moreover, the government announced a relief package worth PKR 1.2 trillion, which led to an increase in the government expenditure, to combat the impact of Covid-19 on the economy. Consequently, the fiscal deficit which was initially projected to be 7.1% of GDP clocked-in at 9.1% according to the provisional figures released by the Ministry of Finance.

Future Outlook

Pakistan's economy was hit by the Covid-19 crisis at a time when it started moving towards stabilization and had to bear the brunt of the pandemic like various other economies across the globe. Moving forward, as the economy opens up, the demand is expected to pick up. However, growth will remain subdued due to the lasting impact of the virus on different sectors of the economy. On the external front, the challenge for the government remains to increase its exports as the international market recovers from the effects of the lockdown. Moreover, the expected decline in remittances due to the recent lay-offs in GCC countries will put pressure on the external front. Towards the fiscal side, the highly optimistic tax revenue target set in the budget will pose another challenge for the government. However, it's imperative that the government takes measures to meet its tax revenue target to restart the IMF program which is currently at halt.

In short, pressures arising from both the internal and external side will have to be closely watched to avoid any critical situation moving 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,

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Imran Maqbool President & CEO, MCB Bank Limited August 20, 2020



Muhammad Ali Zeb Director MCB Bank Limited





پاکستان کو قرضوں کی ادائیگی میں ورلڈ بینک کے ڈیٹ سروس سینشن انیشی ایٹو (Debt Service Suspension Initiative) کے تحت دسمبر2020 تک 2.7 بلین امریکی ڈالرز تک کی آسانی متوقع ہے۔

کرنٹ اکاؤنٹ کی طرف آتے ہوئے، پاکستان کی برآ مدات میں درآ مدات کے مقابلہ سے زیادہ بڑے اثرات دیکھے گئے جو کہ مالی سال2020ء کے جنوری تاجون کے عرصہ میں گزشتہ سال کے اس عرصہ کے جم کے تناسب میں18.4 فیصد کی کی کا شکار ہوئیں۔دوسری طرف درآ مدات، تیل کی بین الاقوامی قیبتوں میں نمایاں کی کے باوجود 16.8 فیصد کم ہوئیں۔تاہم کرنٹ اکاؤنٹ کے خسارہ میں ترسیلات زرمیں اضافے کی وجہ سے 79 فیصد تک کی کار بحان جاری رہا۔

اسٹیٹ بینک آف پاکستان کی جانب سے ڈالر کی جاری وصولیوں اور مختصر ہوتے کرنٹ اکاؤنٹ خسارے کے باوجود پاکستان روپے کی امریکی ڈالر کے مقابلے میں شرح تبادلہ میں طیران پذیری کا عضر برقرار رہا ۔ پاکستانی روپے نے ڈالر کے مقابلے میں سال کا آغاز 154.8476 روپے فی ڈالر پر کیا، تاہم 168.0506 روپے فی ڈالرکی سطح پرچینچنے سے پہلے، چھاہ کے دوران اس کی شرح میں 8.5 فیصد کی فرسودگی ہوئی۔

دریں اثناء،افراط زرجنوری 2020ء میں 14.6 فیصد کی بلند شرح کو پھونے کے بعد جون میں کم ہوتے ہوئے 8.59 فیصد کی شرح پر درج ہوا۔افراط زر میں کی کی وجہ کے بنیادی عوامل میں گزشتہ عرصہ میں افراط زر کے اتارو چڑھاؤ (ہائی ہیں امپیکٹ - High Base Impact) اور معیشت کے اہم حصوں میں لاک ڈاؤن نے باعث اشیاء کی طلب میں کی دیکھی گئی۔

پاکستانی اسٹاک مارکیٹ کے حوالہ سے کے الیس ای (KSE-100) انڈ کس سال کے آغاز میں تقریباً 42,000 پو اُنٹس کے بعد حکومت کی جانب سے معیشت پر کرونا دائر ایس مے مطراثرات کے ازالے کے لیےا تلفائے گئے کڑے اقدامات کے باعث مارچ تک کم ہوتے ہوئے 27,229 پو اُنٹس تک پینچ گیا۔تا ہم سال کی دوسری سہ ماہی میں کاروباری سرگرمیوں کی بحالی سے انڈ کس میں دوبارہ بڑھوتی دیکھی گئی اور نصف سال کے اخترام پر بیر 42,422 پو اُنٹس پر بند ہوا۔

مالیاتی حوالہ سے، مالی سال2020ء کے آخری سہ ماہی میں آمدنی کی وصولی میں کمی کی بدولت صورتحال مزید ابتر ہوگئی۔ مزید براں، حکومت نے کووڈ 19 کے معیشت پراثرات کو کم کرنے کے لئے 1.2 ٹریلین روپے کے ریلیف پیکنے کا اعلان بھی کیا۔ جس سے حکومت کے اخراجات میں اضافہ درج ہوا۔ چنانچہ وزارت خزانہ کے جاری کردہ عارضی اعداد دشار کے مطابق مالی خسارہ، جس کے ابتدائی تخیینہ کو بی پی کیا تھا۔ بڑو تی ہوائی اور کا میں پر بی گئی کی سے معام مستقصب کی پیش بینی

ایم می بی بینک کے بورڈ آف ڈائیر یکٹرز ؛ حکومت پا کستان ، اسٹیٹ بینک آف پا کستان ، سکیور ٹیز ایک پیخ کمیشن آف پا کستان اوردیگرا نضباطی اداروں کا انگی جاری معاونت کے لیے، بینک کے شیر ہولڈرز اور صارفین کا الحکے جمر پوراعتماد کے لیے اوراپنے طاز مین کا انگی سلسل گن اور مخلصا نہ خدمات پر شکر بیادا کرتے ہیں۔ منجانب و ہرائے بورڈ آف ڈائر یکٹرز

گریلی زیب ڈا ئیریکٹر ايم تى يې بېنك كميٹڈ

عران مقبول پریذیڈینٹ اورسی ای او ایم سی بینک کمیٹڈ 20 اگس**ت 202**2ء





مشکل عمل ہے چنانچہ مینجنٹ نے دانائی کا مظاہرہ کرتے ہوئے 30 جون 2020ء کو انفتام پذیر ششماندی کے دوران 4 بلین روپے کی جنرل پروویژن کا اندراج کیا ہےتا کہ اثاثہ جات کے معیار میں سمی میں ناگهانی تظہیر کاسدِ باب کیا جا سکے اور اس نقصان کو برداشت کرنے کی صلاحیت میں اضافہ کیا جا سکے۔

مالیاتی پوزیشن کی مدیس بینک کے کل اثاثہ جات کی اساس، نیمر مجموعی بنیاد پر، دسمبر 2019 سے 10 فیصد کے اضافہ کے ساتھ 1.67 ٹریلین روپے پر ریکارڈ ہوئی۔اثاثہ جات کی ترکیب کا جائزہ سے امرداضح ہوتا ہے کہ خالص سرما بیکاری میں 180 بلین روپے (24%) کا اضافہ ہوا جبکہ کل قرضہ جات میں دسمبر 2019 سے مقابلہ میں 32 بلین روپے (% 6-) کی کی درج ہوئی۔

بینک کے غیر فعال قرضہ جات 939 ملین روپے کے اضافہ کے ساتھ 4.06 ملین روپے پر رپورٹ کتے گئے۔ اس اضافہ کے بنیا دی عوال میں غیر ملکی کرنی سے متعلقہ غیر فعال قرضوں پر پاکستانی روپ کی قدر میں کمی کے اثر ات تھے جبکہ کھا توں کی جملہ تعداد میں کوئی قابل ذکر اضافہ نیں بین کے نے مصوص اخراجات (پر دویترن) کا شار کرتے ہوئے جبری فروخت (FSV) کے دستیاب فوائدکوشامل نہیں کیا اورا پٹی بلا کفالت عمومی پر دویت نے ریز دو (FSV) کے دستیاب فوائد کو شامل نہیں کیا اورا پٹی بلا کفالت عمومی پر دویت نے معلقہ خیر ناجا ہے (پر دویترن) کا شار کرتے ہوئے جبری فروخت (FSV) کے دستیاب فوائدکوشامل نہیں کیا اورا پٹی بلا کفالت عمومی پر دویت نے اور دوست (unencumbered) میں معلقہ خیر کی معلقہ میں کہ معلقہ میں کر دویت کے دین کے معلقہ معداد را جات (پر پورٹ ہو کی ہے کہ میں جبری کی کا شافہ کی کہ میں کہ معلقہ کی کہ معلقہ میں کہ میں کہ معلقہ معلقہ میں کہ معلقہ ک

واجبات کے حوالہ سے، بینک کے ڈیپازٹس کی اساس میں دسمبر 2019 کی نسبت 129.92 بلین روپے (% 11+) کا اضافہ کے ساتھ کرنٹ اکاونٹٹ میں 50 فیصد سے زائد کی نموکا اندراج کرتے ہوئے کرنٹ اکاونٹٹ کی ترکیب میں 39.0 فیصد اورکا سا (CASA) کا نتاسب 94.2 فیصد تک پہتر کیا۔

ا ثاثہ جات کی آمدنی اور سرمائے کی آمدنی کی شرح بہتر ہوتے ہوئے بالتر تیب 1.66 فیصد اور 18.16 فیصد پردرج ہو کیں جبکہ بک ویلیو 122.93 روپے فی شیئر پر پورٹ ہوئی۔

اسٹیٹ بینک آف پاکستان کے لیٹر # BPRD/BA & CPD/006315-2/20 بتاریخ 22 اپریل 2020ء کا تھیل کرتے ہوئے بینک نے 30 جون 2020ء کو اختتام پذیر سہ ماہی کے لیے سی ڈیوڈیٹڈ کا اعلان نہیں کیا۔31 مارچ 2020ء کو اختتام پذیر سہ ماہی کے لیے پہلے عبوری کیش ڈیوڈیٹڈ کی 5 روپے فی حصص یعنی 50 فیصد کی پیشتر ادائیگی کی جاچکی ہے۔

ر بینکو: پاکرا (PACRA) کے نوٹیفیکیشن ہتاریخ26جون 2020ء کی بنیاد پر بینک،طویل او قلیل مدت کی بالتر تیب AAAاور +A1 کی بلندترین کریڈٹ رٹینگز سے مستفید ہور ہاہے۔

معاشی جائزہ

پاکستان نے سال2020ء کا آغاز مثبت طریقے ء سے کیا کیونکہ حکومت کی جانب سے سال 2018 سے اپنے دور کے آغاز سے ہی اٹھائے گئے کڑے اقدامات کے ثمرات نظر آنا شروع ہو گئے ہیں۔ تاہم مارچ میں کود ڈ-19 کی عالمگیروباء کے حملہ سے دوسری سہ ماہی کے دوران میکردا کنا مک عوامل میں تنزلی دیکھی گئی۔

بیرونی اکاؤنٹ پردباؤماری سے ہی بڑھنا شروع ہو گیا تھا جب غیر ملکی زرمبادلہ کے ذخائر کا جم بیرونی قرضوں کی ادائیگی کے باعث سال کے شروع کی 18 بلین امر کی ڈالرز کی سطح سے کم ہوتے ہوئے 16.7 بلین امر کی ڈالرز تک جا پہنچا۔ مزید براں ، غیر ملکی سرمایہ کاروں نے کرونا دائرس کی عالمگیروباء کے مناظر میں ملکی اور غیر ملکی دونوں محاذ پرچیلی غیر یقین معاثی صورتحال کے باعث سکر (SCRA) کے ذریعے حکومتی تمسکات میں کی گئی سرمایہ کاری کے بیشتر حصد کو دال کر لیا۔ تاہم پا کرتان آئی ایم ایف سے اس کے ریپڈ فنانسنگ انسٹر ومینٹ فیسلٹی (SCRA) کے ذریعے حکومتی تمسکات میں کی گئی سرمایہ کاری کے بیشتر حصد کو دالی کر لیا۔ تاہم پا کستان آئی ایم ایف سے اس کے ریپڈ فنانسنگ انسٹر ومینٹ فیسلٹی (SCRA) کے ذریعے حکومتی تمسکات میں کی گئی سرمایہ کاری کے بیشتر حصد کو دالی کر لیا۔ تاہم پا کستان کی ایم ایف سے اس کے ریپڈ فنانسنگ انسٹر ومینٹ فیسلٹی (SCRA) کے ذریعے حکومتی تمسکات میں کی گئی سرمایہ کاری کے بیشتر حصد کو دالی کر لیا۔ تاہم پا کستان کی ایم ایف سے اس کے ریپڈ فنانسنگ انسٹر ومینٹ فیسلٹی (SCRA) کے ذریعے حکومتی تمسکات میں کی گئی سرمایہ کاری کے بیشتر حصد کو دائر کی برد وقت مد کیلئے 1.4 بلین امر کی ڈالرز کا قرض حاصل کرنے میں کا میاب ہو گیا۔ علادہ ازیں , کثیر اطراف ذرائع جن میں ورلڈ بینک (WB)، ایشین ڈو بلیمنٹ بینک (ADB) اور ایشین انفرا ظیر انور اسٹرین (ADB) شامل ہیں، سے جون میں ملنے والی رقوم سے ہیرونی اکاؤنٹ پردباؤ کو قدر کے کم کرنے میں مدد طے گی۔ ایک مزید ہی جس سے اس مشکل اور خیر مثالی دونت میں معیشت کو مدون میں میں گی ہم میں آسانی کے اقدام سے دورلڈ بینک کے خل ڈائر یکٹرزر پورٹ - جون 2020ء

بورڈ آف ڈائر یکٹرز کی جانب سے ہم ایم سی ٹی بینک کمیٹڈ (ایم سی بی) کے 30 جون 2020 ءکوا خدتا م پذیر ششا ہی کے غیر مجموعی مختصر وعبور کی مالیاتی گوشواروں کا خلاصہ آپ کے سامنے پیش کرتے ہوئے مسرت محسوں کرتے ہیں۔

ابتمائیم سال 2020ء کی پہلی ششماہی کے دوران ایم می بی نے کودڈ 19 کی عالمگیر دیاء، جس نے پاکستان سمیت پوری دنیا کوشد بد متاثر کیا ہے، سے در پیش چیلنجز کو نیٹتے ہوئے، اپنے کا روبار کی رفتار میں مزیداضا فہ کیا کے ودڈ 19 کی عالمگیر دیاء، جس نے پاکستان سمیت پوری دنیا کوشد بد متاثر کیا ہے، سے در پیش ماحول میں اپنے صارفین کوسلسل اور بلانقطل خدمات کی فراہمی کوئیتی پنایا جا سے۔ اسٹیٹ بینک آف پاکستان نے اس عالمگیر دیاء کے تاک کے خطوط اقد امات اٹھائے ہیں جن میں انٹرسٹ ریٹ میں کٹوتی، اجرت اور تخواہوں کی چاری ادائیتی کہ پیلے قرض کی دیاؤ کو برداشت کرنے کے تناصب میں سہولت، قرضوں کی ری شیڈ دائلگ اورری سٹر پچر مگ کی سہولتیں وغیرہ شامل ہیں۔

بینک کی جانب سے کودڈ-19 کے پھیلاؤ سے جڑے اثرات کو کم کرنے کیلئے اختیار کئے گئے رسکز اور دیگر اقدامات کی تفصیل غیر مجموعہ مالیاتی اسٹیٹنوں (گوشواروں) کے نوٹ 6 میں درج کی گئی ہیں۔

کارکردگی کا جا تزہ	ملین رویے
سافع قمل ازکیس	22,254
ئىگى	9,045
منافع بعدا زئيك	13,209
افتتاحى غير تخصيص شده منافع	55,778
ایم پلائز بینیفٹ پلان کی دوبارہ پیائش سے نقصان 	
(خالص ازتیکس)	(1,739)
پائیدارا انوک کی از سرنو تخینه پر اضافی آمدن سیانید	
ی غیر خصیص شده منافع میں منتقلی (خالص از عمیک)	45
	54,084
فتخصيص كيلية وستنياب منافع	67,293
فتخصيص:	
تا لونى ريزرو	1,321
حتی کیش ڈیوڈینڈ5 روپے فی شیئر۔ ہرائے دسمبر 2019	5,925
عبوری کیش ڈیوڈینڈ 5 روپے فی شیئر۔ برائے مارچ 2020	5,925
كالتخصيص	13,171
اعتتاى خير فتحصيص شده منافع	54,122
	, , , , , , , , , , , , , , , , , , ,

اپنی خالص آمدنی کی مضبوط تفکیل کے ساتھ ایم تی بی نے 13.2 بلین روپے کا منافع بعد از کیس رپورٹ کیا جو کد گزشتہ سال کے تقابلی عرصہ سے 24 فیصد کی نمایاں افزودگی کو ظاہر کرتا ہے۔ اس کار کردگی کے اثرات فی حصص آمدنی پر ہوئے جو کہ سال 2020ء کی پہلی ششماہی میں 11.5 روپے فی حصص پر دہی (سال 2019: پہلی ششماہی 9.01 روپے فی حصص)۔

بینک کی خالص انٹرسٹ 7 مدنی اس مدت میں 30 فیصد کے اضافہ کے ساتھ 36.01 بلین روپے پر درج ہوئی اس کا حصول کرنٹ اکاؤنٹس کی تقسر اور انٹرسٹ کے حامل پیداداری ا ثاثوں میں بردفت سرما بیکاری سے ممکن ہوا۔ اپنی سرما بیکاری کی میچور ٹی مے حوالہ سے انکی لیرت سے طویل المدت میں دانشمندا نہ پنتلی کی بدولت خالص انٹرسٹ مارجن میں موکااندران کیا گیا۔

کاروباری اخراجات کی مدیس (ماسوائے پیشن فنڈ کی کٹوتی کے) ، افراط زر کے دباؤ میں اضافے اور کاروباری و بنیادی ڈھانچ میں بڑھتی وسعت کے باوجود بینک اپنے انتظامی اخراجات سے فروغ کو تحدود در کھنے میں کا میاب رہاہے۔اور اس مدمیں گزشتہ سال کی نسبت 138 ملین روپے کی خالص کی کور پورٹ کیا ہے اور اس سے ساتھ لاگت کی آمدنی سے تناسب کی شرح سال 2019ء کی پہلی ششاہی کی 16.1 فیصد سطح سے بہتری سے ساتھ سال 2020ء کی پہلی ششاہی میں 38 فیصد پر درج ہوئی۔ بیکی سال 2019 میں سے شروع کی گئی لاگت میں کھی کی دانشمندانہ تحریک کیا عث صاصل ہوئی جس میں واضح اور میں تنا پر میں تا ہے اور استعداد کارکویتینی بنایا گیا ہے۔

اسٹاک مارکیٹ نے کووڈ-19 کی عالمگیروباء کے بعد پریشان کن اورطیران پذیر سے بھر پوررد عمل دیا ہے جس کے نتیج میں بینک کواپنے ایکو پٹی انویسٹمنٹ پورٹ فولیو کیلئے 1.3 بلین روپے کے اخراجات تعین کرنا پڑا۔ قرضہ جات کی مدمیں کووڈ-19 کے پھیلاؤ سے پیدا ہونے والے دباؤ اور حقیقی اثرات کا احاطہ کرنا ایک

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MCB Bank Limited ("the Bank")

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of the Bank as at 30 June 2020 and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matters

The figures for the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarter ended 30 June 2020 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is M. Rehan Chughtai.

MCB Bank Limited





Audited

	Note	Unaudited June 30, 2020	Audited December 31, 2019
		Rupees	in '000
ASSETS			
Cash and balances with treasury banks	7	144,167,677	132,704,797
Balances with other banks	8	14,701,174	12,542,239
Lendings to financial institutions	9	2,056,775	1,090,058
Investments	10	928,707,595	748,764,502
Advances	11	460,611,078	496,678,874
Fixed assets	12	57,585,682	58,271,245
Intangible assets	13	880,772	957,552
Deferred tax assets		-	-
Other assets	14	58,893,352	64,142,748
		1,667,604,105	1,515,152,015
LIABILITIES			
Bills payable	16	10,504,227	11,821,698
Borrowings	17	113,229,580	89,505,892
Deposits and other accounts	18	1,274,682,178	1,144,763,259
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	11,804,208	5,850,645
Other liabilities	20	72,498,372	94,295,738
		1,482,718,565	1,346,237,232
NET ASSETS		184,885,540	168,914,783
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	79,712,168	77,591,253
Surplus on revaluation of assets	22	39,200,797	23,695,441
Unappropriated profit		54,121,975	55,777,489
	_	184,885,540	168,914,783
CONTINGENCIES AND COMMITMENTS	23		

Unaudited

CONTINGENCIES AND COMMITMENTS

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



KPMG Taseer Hadi & Co Chartered Accountants









Salman Khalid Butt



Unconsolidated Condensed Interim Profit & Loss Account (Un-audited) For The Half Year Ended June 30, 2020

	Note	Quarter ended June 30, 2020	Half Year ended June 30, 2020	Quarter ended June 30, 2019	Half Year ended June 30, 2019
			Rupee	sin '000	
Mark-up / return / interest earned	25	36,112,002	75,211,630	31,750,823	59,132,742
Mark-up / return / interest expensed	26	16,406,846	39,198,774	17,429,817	31,332,982
Net mark-up / interest income		19,705,156	36,012,856	14,321,006	27,799,760
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	2,299,959	5,145,608	2,752,224	5,566,442
Dividend income		310,199	533,799	520,879	710,261
Foreign exchange income		702,520	1,427,687	1,286,372	1,727,697
Income/ (loss) from derivatives		3,502	(6,903)	(19,666)	(3,936)
Loss on securities	28	(138,186)	(67,047)	(129,218)	(117,785)
Other Income	29	17,093	49,628	34,298	76,665
Total non-markup / interest Income		3,195,087	7,082,772	4,444,889	7,959,344
Total Income		22,900,243	43,095,628	18,765,895	35,759,104
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	8,031,132	16,192,564	8,108,813	16,279,039
Workers welfare fund		227,788	445,087	183,384	364,971
Other charges	31	30,865	240,120	60,660	106,855
Total non-markup / interest expenses		8,289,785	16,877,771	8,352,857	16,750,865
Profit before provisions		14,610,458	26,217,857	10,413,038	19,008,239
Provisions / (reversals) and write offs - net	32	3,221,035	3,963,497	1,243,821	759,664
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		11,389,423	22,254,360	9,169,217	18,248,575
Taxation	33	4,699,025	9,044,936	3,574,082	7,573,581
PROFIT AFTER TAXATION		6,690,398	13,209,424	5,595,135	10,674,994
			Rup	Dees	
Basic and diluted earnings per share	34	5.65	11.15	4.72	9.01

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



12



Chief Financial Officer











Salman Khalid Butt Director

MCB Bank Limited



1,617,407

(1,175,588)

441,819

(534,194)

(534,194)

10,582,619

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year Ended June 30, 2020

		Half Year ended June 30, 2020		Half Year ended June 30, 2019			
Rupees in '000							
	6.690.398	13,209,424	5.595.135	10.674.994			

799,973

15,550,063

16,350,036

(1,738,103)

(1,738,103)

27,821,357

1,289,581

(1,668,743)

(379,162)

(534,194)

(534,194)

4,681,779

200,145

,012,604

7,212,749

(1,738,103)

(1,738,103)

12,165,044

Other comprehensive income

Profit after taxation for the period

Items that may be reclassified to profit and loss account in subsequent periods: Effect

Effect of translation of net investment in foreign branches	
Movement in surplus on revaluation of investments - net of tax	7,

Items that will not be reclassified to profit and loss account in subsequent periods:

Remeasurement loss on defined benefit obligations - net of tax

Total comprehensive income

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







Director

Muhammad Ali Zeb Director

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited) For The Half Year Ended June 30, 2020

			Capital reserve	T	Ctatuton/	Kevenue reserve	Surplus/(deficit) on revaluation of	revaluation of	Inanomiated	
	Share capital	Share premium	Non- distributable capital reserve	Exchange translation reserve	reserve	General reserve	Investments	Fixed / non- banking assets	oriapprofit	Total
_					Rupe	Rupees in '000				
Balance as at December 31, 2018	11,850,600	23,751,114	908,317	1,629,543	29,259,007	18,600,000	(2,758,144)	12,505,248	53,532,044	149,277,729
l otal comprehensive income for the period ended June 30, 2019 Droffi after twetton for the six months nariod anded Tune 30, 2010									10.674.004	10.674.004
rious area revealed for the ski months period shows out 5 00, 2015 Other comprehensive income - net of tax				1,617,407			(1,175,588)		(534,194)	(92,37
				1,617,407			(1,175,588)		10,140,800	10,582,619
Transfer to statutory reserve					1,067,499				(1,067,499)	
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax								(26,651)	26,651	
Surplus realised on disposal of revalued fixed assets - net of tax								(10 563)	10 563	
Transactions with owners recorded directly in equity								(poplar)	2	
ri ansacuons muri omiera, recorded anecuj ni equity Einal and dividand at D. 4.0 aarabara. Daarabara 21.2010										
rnial cash owoeno at rs. 4.0 per stare - Decentiber 3.1, 2010 Interim cash dividend at Rs. 4.0 per share - March 3.1, 2019									(4,740,240) (A 7A0 2A0)	(4,740,240) (4,740,240)
									(9,480,480)	(9,480,480
Balance as at June 30, 2019	11,850,600	23,751,114	908,317	3,246,950	30,326,506	18,600,000	(3,933,732)	12,468,034	53,162,079	150,379,868
Change in equity for six months period ended December 31, 2019										
Total comprehensive income for the six months period ended December 31, 2019	, 2019									
Profit after taxation for the six months period ended December 31, 2019 Other commodencing income - not of tax				- (671,810)			- 8 151 470	- 7 074 117	13,301,845 50,773	13,301,845 14 713 550
				(571,819)			8,151,479	7,074,117	13,361,618	28,015,395
Transfer to statutory reserve					1,330,185				(1,330,185)	
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax								(26,594)	26,594	
Surplus realized on disposal of non-banking assets - net of tax								(37,863)	37,863	
Transactions with owners, recorded directly in equity										
Interim cash dividend at Rs. 4.0 per share - June 30, 2019 Interim cash dividend at Rs. 4.0 ner share - Sentember 20, 2019									(4,740,240) (4,740,240)	(4,740,240)
									(9,480,480)	(9,480,480)
Balance as at December 31, 2019	11,850,600	23,751,114	908,317	2,675,131	31,656,691	18,600,000	4,217,747	19,477,694	55,777,489	168,914,783
Total comprehensive income for the period ended June 30, 2020										
Profit after taxation for the six months period ended June 30, 2020 Other commerchensive income - net of tax				- 799.973			- 15.550.063		13,209,424 (1.738.103)	13,209,424 14.611.933
				799,973	•		15,550,063		11,471,321	27,821,357
Transfer to statutory reserve					1,320,942				(1,320,942)	•
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax								(44,707)	44,707	
Transactions with owners, recorded directly in equity										
Final cash dividend at Rs. 5.0 per share - December 31, 2019 Interim cash dividend at Rs. 5.0 per share - March 31, 2020									(5,925,300) (5,925,300)	(5,925,300) (5,925,300)
-									(11,850,600)	(11,850,600
Balance as at June 30, 2020	11.850.600	23,751,114	908.317	3,475,104	32.977.633	18,600,000	19,767,810	19,432,987	54,121,975	184,885,540

Ung March

Mian Umer Mansha

Director

Muhammad Ali Zeb

Director

Salman Khalid Butt

Director

Hammad Khalid Chief Financial Officer

MCB Bank Limited

MCH

Bank for Life



Note Half Year ended Half Year ended

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended June 30, 2020

	Note	Half Year ended	Half Year ended
		June 30, 2020	June 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES		Rupee	s in '000
Profit before taxation		22,254,360	18,248,575
Less: Dividend income		(533,799)	(710,261)
		21,720,561	17,538,314
Adjustments:		21,720,301	17,000,014
Depreciation on fixed assets	30	980,049	930,597
Depreciation on right of use assets	30	600,945	593,847
Depreciation on non-banking assets acquired in satisfaction of claims	30	15,675	24,124
Amortization	30	155,492	128,980
Provisions / (reversals) and write offs - net	32	3,963,497	759,664
Workers welfare fund		445,087	364,971
Gain on sale of fixed assets and non-banking assets acquired-net	29	(18,950)	(36,641)
Charge / (reversal) for defined benefit plans		161,546	(32,175)
Interest expensed on lease liability against right-of-use assets		605,176	302,045
Unrealized (gain)/loss on revaluation of investments classified as held for trading	28	(13,078)	9,237
		6,895,439	3,044,649
		28,616,000	20,582,963
Decrease / (increase) in operating assets		(000 7 (7))	
Lendings to financial institutions		(966,717)	30,799,110
Held-for-trading securities		(6,591,374)	3,303,019
Advances		32,275,576	(9,780,771)
Others assets (excluding advance taxation)		2,214,965 26,932,450	(15,414,213) 8,907,145
Increase / (decrease) in operating liabilities		20,932,430	0,907,145
Bills Payable		(1,317,471)	(5,185,586)
Borrowings from financial institutions		24,437,832	(31,436,836)
Deposits		129,918,919	99,593,533
Other liabilities (excluding current taxation)		(25,220,404)	11,287,055
		127,818,876	74,258,166
Defined benefits paid		(165,300)	(166,874)
Income tax paid		(7,107,083)	(332,689)
Net cash flow from operating activities		176,094,943	103,248,711
CASH FLOW FROM INVESTING ACTIVITIES		.,,.	
Net investments in available-for-sale securities		(158,168,756)	(51,375,701)
Net investments in held-to-maturity securities		8,562,322	543,145
Dividends received		506,135	679,473
Investments in fixed assets		(833,424)	(2,707,878)
Investments in Intangible assets		(77,410)	(148,681)
Proceeds from sale of fixed assets		28,597	87,749
Proceeds from sale of non-banking assets acquired in satisfaction of claims		-	40,000
Investments in non-banking assets acquired in satisfaction of claims		-	(64,445)
Effect of translation of net investment in foreign branches		799,973	1,617,407
Net cash flow used in investing activities		(149,182,563)	(51,328,931)
CASH FLOW FROM FINANCING ACTIVITIES		(,,)	(,,,
Payments of subordinated debt		-	(3,891,019)
Payment of lease liability against right-of-use-assets		(842,551)	(636,608)
Dividend paid		(11,733,870)	(9,394,092)
Net cash flow used in financing activities		(12,576,421)	(13,921,719)
Effects of exchange rate changes on cash and cash equivalents		3,766,686	4,750,546
Increase in cash and cash equivalents		18,102,645	42,748,607
Cash and cash equivalents at beginning of the period		140,130,903	108,430,862
Cash and cash equivalents at end of the period		158,233,548	151,179,469
		100,200,040	101,173,403

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

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Hammad Khalid Chief Financial Officer

Juren hing pool Imran Maqbool President / CEO

12. [][00/1-Mian Umer Mansha Director

Muhammad Ali Zeb

Director

Salman Khalid Butt

Director

Imran Maqbool

President / CEO



Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,400 branches (2019: 1,399 branches) within Pakistan and 11 branches (2019: 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 Financial Reporting Standard 9, 'Financial Instruments' through BPRD Circular No. 04 of 2019 dated October 23, 2019 and 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, 2019.

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, 2020. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.



Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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)
IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2022
IAS 16, Property, plant and equipment (Amendments)	January 1, 2022
IAS 37, Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 17, Insurance Contracts	January 1, 2021

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

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. The Bank is in the process of assessing the full impact of this standard.

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

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 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, 2019.

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, 2019 except as explained in note 6.1.

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, 2019. 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.

The COVID - 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points during the period to 7% in June 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who
 require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
 letter the set of the principal heap of theap of the principal heap of the
- Introduction of refinancing schemes for payment of wages and salaries.

COVID 19 has impacted the banks in Pakistan from various facets which include muted credit risk increase, reduced fee income due to slowdown in economic activity, branch closures and cyber security threat management.

6.1 Credit Risk Management

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its risk appetite and related credit review procedures in the light of COVID-19, which would insulate the Bank from any unforeseen shock.



Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

As the full potential effect of the economic stress posed by the COVID-19 outbreak is difficult to predict, the management has exercised prudence and booked General Provision of Rs 4 billion during the half year ended June 30, 2020.

6.2 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to address any requirement, as reflected by the cushion in liquidity ratios above the statutory requirement.

6.3 Equity Risk Management

During the first six months the Pakistan Stock Exchange fell by 15.5%, triggering an impairment of Rs 1,906.830 million. The Bank has recorded an impairment of Rs 1,336.097 million resulting from the valuation of listed equity securities held as Available for Sale in the first half and has deferred the recognition of the remaining impairment to the remainder part of the calendar year 2020 and has been taken to deficit on revaluation of investments as allowed by the State Bank of Pakistan under the Para (viii) of BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

6.4 Operational Risk Management

The Bank is closely monitoring the situation and has invoked required actions to ensure the safety and security of Bank staff while ensuring uninterrupted service to customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and duly tested. The Bank has significantly enhanced monitoring of cyber security risk during these times. The remote work capabilities were enabled for staff, where required and related risk and control measures were assessed to ensure that the Bank's assets are protected from emerging cyber threats and comply with the regulatory protocols. The Bank is communicating with its customers for their financial transactions to be conducted through digital channel offerings. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored to meet customer requirements and expectations.

6.5 Capital Adequacy Ratio (CAR)

In order to encourage Banks to continue lending, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

6.6 Suspension of Dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that banks which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

7.	CASH AND BALANCES WITH TREASURY BANKS	Unaudited June 30, 2020 Rupee	Audited December 31, 2019 es in '000
	In hand	-	
	Local currency	21,802,586	18,738,087
	Foreign currencies	3,656,347	2,201,941
	With State Bank of Pakistan in	25,458,933	20,940,028
	Local currency current accounts	70,610,977	56,533,231
	Foreign currency current accounts	876,598	277,126
	Foreign currency deposit accounts	10,800,394	14,023,401
	With other central banks in	82,287,969	70,833,758
	Foreign currency current accounts	10,883,558	16,220,148
	With National Bank of Pakistan in		
	Local currency current accounts	25,467,850	24,390,028
	Prize bonds	69,367	320,835
		144,167,677	132,704,797
8.	BALANCES WITH OTHER BANKS Outside Pakistan		
	In current accounts	8,683,795	8,396,527
	In deposit accounts	6,017,379	4,145,712
		14,701,174	12,542,239
9.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call / clean money lendings	1,647,040	880,853
	Repurchase agreement lendings (Reverse Repo)	409,735	209,205
		2,056,775	1,090,058

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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

- - (4,126) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,176) - - (4,18) - - (4,18) - - (4,18) - - (4,18) - - (4,176) - - (10,148,76) - - (10,148,76) - - (11,19) - - (11,19) - - (125) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <th></th>										
16.060.205 - 13.078 16.063.233 9.473.649 - - (4.03) 82.441.2864 (10.260.056) - 30.733.751 (10.360.056) - (4.461.76) (4.461.76) 82.441.2864 (10.260.056) - 30.430.07 66.123.289 (10.447.60) - (4.461.76) 82.441.564 (10.260.056) 0.9480.01 66.123.235 3.446.750 66.13.247 (4.461.76) - (4.461.76) 84.43.614 (10.260.056) 0.943.617 (6.66.123.752 (10.461.76) 6.480.411 - (4.461.76)		Held-for-trading securities				1220 June - Land				
(6,00.205 13,078 16,00.203 13,078 64,00.203 13,077 22,4412,864 (10,280,40) (10,490) (10,490) (10,490) (10,4170) (14,4770) 24,445,974 (10,284,40) 30,533,616 65,193,177 66,123,239 (10,147,10) (14,730) 24,445,974 (10,284,40) 30,425,043 (10,284,40) 30,733,172 (10,147,10) (14,730) 24,445,974 (10,284,40) 30,425,043 (10,284,40) 30,425,043 (10,143,10) (14,370) 24,455,913 (12,241,10) (12,241,10) (12,34,10) (14,150,10) (13,376) 24,455,913 (10,481,10) (10,481,10) (10,481,10) (14,150,10) 24,455,914 (10,481,10) (10,481,10) (14,150,10) 24,455,914 (10,481,10) (14,147,10) (14,150,10) 24,455,914 (10,481,10) (10,481,10) (14,150,10) 24,455,914 (10,481,10) (10,481,11) (14,150,10) 24,455,914 (10,481,10) (10,481,11) (14,150,10) 24,455,914 (10,481,10) (11,141,10) (14,150,10) 24,455,914 (10,481,11) (10,481,11) (14,150,10) 24,455,914 (10,481,11) (10,481,11)		Federal Government Securities	16,080,205		13,078	16,093,283 -	9,479,849 13 158		(4,128) (48)	9,475,721 13 110
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$			16,080,205].	13,078	16,093,283	9,493,007].	(4,176)	9,488,831
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$		Available-for-sale securities	001 110 BEA	12 5351	30 533 818	861 013 117	666 178 780		1 081 240	671 100 638
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$		Pederal GOVERTITIETI Securities	021,412,004 26 402 047	(10 260 005)	10,000,000	001,940,147 46.020.066	24 020 000	- 10 110 7601	4,301,343 1 A07 FEE	0/1,109,030 16 706 006
4,744,514, 14,744,514, 15,17,097 1,0,24,300 3,4,70,15 6,4,36,477 1,0,24,300 6,4,36,471 64,277,097 (1,0,0) -,4,366,369 (1,0,0) -,4,366,364 -,1,5,266 -,1,5,266 9,9,9,77,309 (1,0,0) -,1,27 8,6,0,321 -,1,27,166 -,1,27,166 -,1,27,166 -,1,27,166 -,1,27,166 -,1,27,166 -,1,27,166 -,1,27,166 -,1,27,266 -,1,27,166 -,1,27,266 -,1,22,266		Von Government Deht Securities	1 875 872	(000,000,01) -	104,307)	1 886 722	1 309 773	(10,140,700)	(3359)	1 306 414
Beh. 217,097 (10,264,340) 30,412,015 $673,361$ $(10,145,700)$ $6,468,641$ 7,423,787 (2,001) - 7,421,706 $(15,27),229$ $(22,11)$ - - 9,966,061 (906,616) - 9,379,445 $9,87,259$ $(233,789)$ - -		Foreign Securities	4,444,514		52,334	4,496,848	3,657,020		13,295	3,670,315
T42.1761 (2.09) (1.2.01) (1.2.01) (1.2.01) (1.2.01) (1.2.01) (1.2.01) (1.0.01) (Held-to-maturity securities	854,217,097	(10,264,340)	30,412,015	874,364,772	696,033,172	(10,148,760)	6,488,841	692,373,253
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$		Federal Government Securities	7,423,787	(2,081)	•	7,421,706	16,207,249	(2,211)		16,205,038
⁰ 906.001 ⁰ (01.47) ¹ (0.865.307 ^{00.417} ¹ (0.865.107 ¹ (01.865.107		Provincial Government Securities	118	(118)	1	•	118	(118)		'
firvestments for example $\frac{28.43603}{700,401}$ $\frac{(71.477)}{(70.401)}$ $\frac{1}{2.500,227}$ $\frac{(3.569)}{3.305,601}$ $\frac{(3.569)}{(5.3660)}$ $\frac{(3.569)}{(10.693,171)}$ $\frac{(3.569)}{(441.665)}$ $\frac{(3.2465)}{(10.693,171)}$ $\frac{(3.365,207)}{(10.693,171)}$ $\frac{(3.365,207)}{(10.202,171)}$ $\frac{(3.365,207)}{(10.202,171)}$		Non Government Debt Securities	9,986,061	(606,616)	•	9,379,445	9,867,925	(533,788)		9,334,137
Introduction Control of transmission Control of transmitter <thcontenter< th=""> <th< td=""><td></td><td>Foreign Securities</td><td>8,423,603 75,022,560</td><td>(21,427)</td><td></td><td>8,402,176 25 202 227</td><td>8,320,599 24 205 201</td><td>(3,569)</td><td></td><td>8,317,030 22 056 205</td></th<></thcontenter<>		Foreign Securities	8,423,603 75,022,560	(21,427)		8,402,176 25 202 227	8,320,599 24 205 201	(3,569)		8,317,030 22 056 205
12.346.57 725 936.57 725 936.57 725 936.71 10.346.65 <t< td=""><td></td><td>Associates</td><td>700.401</td><td>(000,242)</td><td>,</td><td>700.401</td><td>700.401</td><td>(000,800) -</td><td></td><td>700.401</td></t<>		Associates	700.401	(000,242)	,	700.401	700.401	(000,800) -		700.401
999,177.809 (10,889,307) 30,425,033 928,707,555 722,969,000 (10,689,171) 6,444,665 Investments		Subsidiaries	12.346.537	(725)	ı	12.345.812	12.346.537	(725)	,	12.345.812
firvestments firve		Total Investments	909,177,809	(10.895.307)	30.425.093	928.707.595	752.969.008	(10.689.171)	6.484.665	748.764.502
filvestments filvestments funcestments funcestments filvestments	0.1.1	Investments given as collateral								Audited December 31, 2019
firvestments firvestments		- Market Treasury Bills							Rupee 46,385,243	s in '000 22,820,226
firvestments firvestments firvestments tivestments tivestments firvestments tivestments tivestments tight of the times of times of the times of		- Pakistan Investment Bonds							6,397,772	5,316,208
firvestments firvestments the securities the securities th									52,783,015	28,136,434
10,689,171 15,169 1,145,019 1,145,019 1,145,019 1,145,019 1,10,895,307 1,0,895,307 1,0,895,307 1,0,895,307 1,0,895,307 1,0,895,307 1,145,019 1,10,0967 1,10,0967 1,145,019	0.2	Provision for diminution in value of investments								
bt securities $ \frac{1,415,019}{(1,224,052)} = \frac{1,415,019}{(1,224,052)} = \frac{1,10,967}{(1,224,052)} = \frac{1,10,967}{(1,224,052)} = \frac{1,10,967}{(1,224,052)} = \frac{1,10,967}{(1,224,052)} = \frac{1,10,967}{(1,10,10)} = \frac{1,10,10}{(1,10,10)} = \frac{1,10,10}{(1,10$	0.2.1	Opening balance Adiustments							10,689,171 15,169	7,865,388 251
bt securities bt securities bt securities bt securities bt securities bt securities bt securities bt securities ct (1, 234, 055) ct (1, 224, 055)		Charge / (reversals)								
bt securities $\frac{130,967}{130,967}$ $\frac{130,967}{10,965,307}$ $\frac{190,967}{10,965,307}$ $\frac{190,967}{10,965,307}$ $\frac{10,895,307}{10,00,000}$		Charge for the period / year							1,415,019	3,275,539
bt securities Unaudited June 30, 2020 Audited December 31, NPI Provision NPI Pro- Rupees in '000 666, 734 660, 734 660, 734 461,078		Reversals for the period / year							•	(29,964)
bt securities Unaudited June 30, 2020 Audited December 31, NPI Provision NPI Pro- Rupees in '000 606,734 606,734 641,078 666,74 565 666,74 567 461,078 565 566 566 734 566 567 565 566 566 734 566 566 734 566 566 734 766 736 756 756 756 756 756 756 756 756 756 75		Reversal on disposals							(1,224,052) 190,967	(422,043) 2,823,532
Dt securities Unaudited June 30, 2020 Audited December 31, 10,865,307 Trousion NPI Provision NPI<		Amounts written off							. '	
Unaudited June 30, 2020 Audited December NPI Provision NPI ————————————————————————————————————		Closing Balance							10,895,307	10,689,17
NPI Provision NPI	0.2.2	Particulars of provision against debt securities					coul bodibioal I		Auditord Docord	0100 10 10400
Rupees in '000 145,656 606,734 616,734 616,734 616,734 616,734 616,734 616,734		Category of classification					Unaudited June NPI	e 30, 2020 Provision	Audited Decer NPI	Provision
606.734 606.734 606.734 cm6.734 cm6.73		Domestic						Rupet	es in '000	
606,734 600,734 600,734 600,734 600,734 600,734 600,704 600,704 600,704 600,734 600,704 600,704 600,700,700 700,700,		Doubtful							145,656	72,828
		Loss					606,734 606,734	606,734 606,734	461,078 606,734	461,078 533,906

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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

. ADVANCES	CES	Perfo	Performing	Non Pe	Non Performing		Total
	I	Unaudited June 30, 2020	Audited December 31, 2019	Unaudited June 30, 2020	Audited December 31, 2019	Unaudited June 30, 2020	Audited December 31, 2019
				Rupee	Rupees in '000		
Loans, c Bills disc	Loans, cash credits, running finances, etc. Bills discounted and purchased	440,490,628 17,109,952	471,126,199 19,486,758	49,698,399 665.102	48,759,157 665,102	490,189,027 17.775.054	519,885,356 20.151.860
Advance	Advances - gross	457,600,580	490,612,957	50,363,501	49,424,259	507,964,081	540,037,216
Provisio	Provision against advances			(111 00E 700)	100 000 000	(44 00E 700)	
- Specific - General	a	- (5,517,275)	- (1,423,921)	(4 1,033,720) -	(4 1, 334, 42 1) -	(4 1, 839, 728) (5,517,275)	(4 1,934,42 1) (1,423,921)
		(5,517,275)	(1,423,921)	(41,835,728)	(41,934,421)	(47,353,003)	(43,358,342)
Advance	Advances - net of provision	452,083,305	489,189,036	8,527,773	7,489,838	460,611,078	496,678,874
						Unaudited June 30, 2020	Audited December 31, 2019
11.1	Particulars of advances (Gross)					Rupe	Rupees in '000
						461,550,643 46,413,438	481,408,603 58,628,613
						507,964,081	540,037,216
11.2	Advances include Rs. 50,363.501 million (2019: Rs. 49,424.259 million) which have been placed under the non-performing status as detailed below:	. 49,424.259 million)) which have been place	ed under the non-peri	orming status as detaile	ed below:	
	:::::::::::::::::::::::::::::::::::::::		Note	Unaudited .	Unaudited June 30, 2020	Audited Dec	Audited December 31, 2019
	Category of Classification			Non Performing Loans	Provision	Non Performing Loans	Provision
	Domestic				222		
	Other Assets Especially Mentioned		11.2.1	85,790	3,291	123,678	3,529
	Substandard			1,160,432	289,662	584,129	145,075
	Doubtrui Loss			3,151,978	1,5/5,989 36.334.626	2,690,841 37.835.619	1,345,421 37.087.269
				41,495,655	38,203,568	41,234,267	38,581,294
	Overseas Not past due but impaired			,	I		
	Overdue by:						
	Upto 90 days			1,807	1,634	10,688	7,400
	91 to 180 days			4,331 128 027	2,105	118,182	95,452 137 601
	> 365 davs			8.732.771	3.515.650	7.919.891	3.112.674
	×			8,867,846	3,632,160	8,189,992	3,353,127
	Total			50,363,501	41,835,728	49,424,259	41,934,421
11.2.1	This represents non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as OAEM as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.	tural, small enterpris	se and Infrastructure Pr	roject Financing clas	sified as OAEM as per	the requirements c	f respective Prudential

MCB Bank Limited



Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

11.3 Particulars of provision against advances

	Unaudited June 30, 2020 Audited December 31,			019		
	Specific	General	Total Rupe	Specific es in '000	General	Total
Opening balance	41,934,421	1,423,921	43,358,342	41,943,509	1,266,717	43,210,226
Exchange adjustments	229,995	24,929	254,924	302,297	21,237	323,534
Charge for the period / year	735,931	4,146,445	4,882,376	3,356,159	155,449	3,511,608
Reversals	(947,694)	(78,020)	(1,025,714)	(3,649,742)	(19,482)	(3,669,224)
	(211,763)	4,068,425	3,856,662	(293,583)	135,967	(157,616)
Amounts written off	(116,925)	-	(116,925)	(17,802)	-	(17,802)
Closing balance	41,835,728	5,517,275	47,353,003	41,934,421	1,423,921	43,358,342

11.3.1 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.

11.3.2 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.

11.3.3 In addition, the Bank has also maintained a general provision of Rs 4,574 million (December 31, 2019: Rs 527 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations as explained in note 6.1. Unaudited Audited

			Unaudited	Audited
12.		Note	June 30, 2020	December 31, 2019
	FIXED ASSETS		Rupee	s in '000
	Capital work-in-progress	12.1	1,237,230	975,566
	Property and equipment		49,220,359	49,620,934
	Right-of-use assets		7,128,093	7,674,745
			57,585,682	58,271,245
12.1	Capital work-in-progress			
	Civil works		800,438	451,189
	Equipment		9,574	90,946
	Advances to suppliers Others		397,999 29,219	428,617 4,814
	Others		1,237,230	975,566
			Unaudited half	Unaudited half
			Year ended	Year ended
40.0			June 30, 2020	June 30, 2019
12.2	Additions to fixed assets The following additions have been made to fixed assets during the period:		Rupee	s in '000
	Capital work-in-progress		261,664	208,830
			201,004	200,000
	Property and equipment Freehold land		25,327	708,245
	Building on freehold land		34,316	1,002,557
	Electrical office and computer equipment		250,685	491,681
	Furniture and fixture		99,721	97,233
	Leasehold Improvements		107,016	122,848
	Vehicles Leasehold land		47,696 6,999	76,484
			571,760	2,499,048
	Total		833,424	2,707,878
			055,424	2,707,070
12.3	Disposal of fixed assets			
	The net book value of fixed assets disposed off during the period is as follows:			
	Freehold land Vehicles		-	21,000
	Venicies Furniture and fixture		6,971 130	28,910 572
	Electrical office and computer equipment		2,546	343
	Leasehold Improvements			283
	Total		9,647	51,108

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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

					Daniellor Elio
			Note	Unaudited June 30, 2020	Audited December 31, 2019
13.	INTAN	GIBLE ASSETS		Rupee	s in '000
	Capital	work-in-progress		330,894	316,742
	Compu	iter software		549,878	640,810
				880,772	957,552
				Unaudited half Year ended June 30, 2020	Unaudited half Year ended June 30, 2019
	13.1	Additions to intangible assots		Rupee	s in '000
		Additions to intangible assets			
		lowing additions have been made to intangible assets during the period:			
	-	l work-in-progress		14,152	-
	Directly	y purchased		63,258 77,410	148,681 148,681
				11,410	
				Unaudited June 30, 2020	Audited December 31, 2019
	OTUE			Rupee	
14.		R ASSETS e/ mark-up accrued in local currency		24,567,029	22,099,766
		e/ mark-up accrued in foreign currencies		668,412	558,407
		ces, deposits, advance rent and other prepayments		2,070,627	3,720,012
		ensation for delayed income tax refunds		133,809	133,809
	Non-ba	anking assets acquired in satisfaction of claims		3,235,832	3,251,508
	Branch	adjustment account		-	37,075
	Mark to	o market gain on forward foreign exchange contracts		2,888,954	3,875,681
	Unreali	ized gain on derivative financial instruments		1,186,368	1,236,517
	Accept		20	17,493,374	18,152,032
		able from the pension fund		1,239,559	3,605,121
	Others			7,376,016	9,399,297
	Loss. E	Provision held against other assets	14.1	60,859,980 2,644,288	66,069,225 2,604,137
		-	14.1		
		Assets (net of provision)		58,215,692	63,465,088
		s on revaluation of non-banking assets			
	acq	uired in satisfaction of claims		677,660	677,660
	Other A	Assets - total		58,893,352	64,142,748
	14.1	Provision held against other assets			
		Non banking assets acquired in satisfaction of claims		90,938	90,938
		Claims against fraud and forgeries		499,238	516,497
		Others		2,054,112	1,996,702
		Management in any define hald any instant of an angele		2,644,288	2,604,137
	14.1.1			2 604 127	2 550 594
		Opening balance Charge for the period / year		2,604,137	2,550,584
		Reversals		(19,188)	(36,023)
				(17,877)	(23,436)
		Amounts written off		(3,922)	(3,638)
		Exchange and other adjustments		61,950	80,627
		Closing balance		2,644,288	2,604,137
15.		NGENT ASSETS			

There were no contingent assets of the Bank as at June 30, 2020 (2019: NIL).



Bank for Life



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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020



	Unaudited June 30, 2020	Audited December 31, 2019 es in '000
BILLS PAYABLE	Rupe	es in 000
In Pakistan	10,429,940	11,786,207
Outside Pakistan	74,287	35,491
	10,504,227	11,821,698
	,	,
BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	34,931,001	33,862,262
Under long term financing facility	20,360,284	18,138,200
Under renewable energy performance platform	77,834	85,062
Under payment of Wages & Salaries	1,984,481	-
Under financing facility for storage of agricultural produce	215,346	188,809
	57,568,946	52,274,333
Repurchase agreement borrowings	52,657,800	28,099,229
Total secured	110,226,746	80,373,562
Total Secured	110,220,740	00,070,002
Unsecured		
Borrowings from other financial institution	1,937,194	774,914
Call borrowings	268,051	6,845,683
Overdrawn nostro accounts	635,303	1,349,447
Others	162,286	162,286
Total unsecured	3,002,834	9,132,330
	113,229,580	89,505,892

18. DEPOSITS AND OTHER ACCOUNTS

	Una	udited June 30, 2	020	Aud	ited December 31	, 2019
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
		Rupees in '000				
Customers						
Current deposits	401,226,780	48,508,279	449,735,059	336,833,189	51,619,020	388,452,209
Savings deposits	639,622,891	49,646,526	689,269,417	552,121,108	45,357,701	597,478,809
Term deposits	53,861,722	13,656,232	67,517,954	85,296,905	15,518,802	100,815,707
Others	30,740,413	3,340,067	34,080,480	21,537,429	2,854,010	24,391,439
	1,125,451,806	115,151,104	1,240,602,910	995,788,631	115,349,533	1,111,138,164
Financial Institutions						
Current deposits	12,080,416	1,658,128	13,738,544	9,421,664	2,093,098	11,514,762
Savings deposits	13,275,059	41,625	13,316,684	13,005,530	26,432	13,031,962
Term deposits	1,068,968	5,794,997	6,863,965	1,143,468	7,741,444	8,884,912
Others	-	160,075	160,075	-	193,459	193,459
	26,424,443	7,654,825	34,079,268	23,570,662	10,054,433	33,625,095
	1,151,876,249	122,805,929	1,274,682,178	1,019,359,293	125,403,966	1,144,763,259

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

	Note	Unaudited June 30, 2020	Audited December 31, 2019
		Rupee	s in '000
19. DEFERRED TAX LIABILITIES			
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		1,322,477	1,346,550
- Surplus on revaluation of Non-banking assets		237,181	237,181
- Accelerated tax depreciation		1,743,431	1,754,097
- Receivable from pension fund		433,846	1,261,793
- Business combination		705,218	705,218
- Surplus/deficit on revaluation of investments		10,644,205	2,271,094
Deductible Temporary Differences on		15,086,358	7,575,933
- Provision against advances		(3,282,150)	(1,725,288)
		(3,282,150)	(1,725,288)
20 07/177 1 107/17750		11,804,208	5,850,645
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		3,200,695	22,831,727
Mark-up/ return/ interest payable in foreign currencies		248,030	649,536
Unearned commission and income on bills discounted		187,239	181,751
Accrued expenses		4,639,937	5,397,614
Provision for taxation (provisions less payments)		9,541,063	6,119,564
Workers' welfare fund	20.1	8,318,793	7,873,706
Acceptances	14	17,493,374	18,152,032
Unclaimed / dividends payable		1,709,709	1,592,979
Mark to market loss on forward foreign exchange contracts		2,382,336	4,642,692
Unrealised loss on derivative financial instruments		1,182,033	1,232,806
Staff welfare fund		3,755	5,727
Provision for employees' compensated absences		1,041,980	939,495
Provision for post retirement medical benefits		2,094,346	1,921,348
Provision for employees' contributory benevolent scheme		250,398	221,193
Retention money		20,657	20,657
Insurance payable against consumer assets		562,087	655,146
Unclaimed balances		892,242	993,105
Duties and taxes payable		1,584,504	753,674
Provision against off-balance sheet obligations		46,653 509,250	46,581
Security deposits against lease Branch adjustment account		509,250 101,037	491,366
Lease liability against right of use assets		8,089,556	- 8,295,864
Others		8,398,698	0,295,004 11,277,175
Ouicis		72,498,372	94,295,738
		12,700,012	07,200,100

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, 2020	Audited December 31, 2019
21. RESERVES		Rupee	es in '000
Share premium		23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
Exchange translation reserve		3,475,104	2,675,131
Statutory reserve	21.2	32,977,633	31,656,691
General reserve		18,600,000	18,600,000
		79,712,168	77,591,253



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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

- 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 Nondistributable Capital Reserve (NCR). The NCR may become available for distribution through a stock dividend only with prior approval of the SBP. The Bank, before distribution of the gain as a stock dividend, may adjust any subsequent provisions/deficit, assessed by the Bank or recommended by the Banking Inspection Department of SBP, in the acquired assets and liabilities of NIB Bank Limited against the NCR.
- 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, 2020	Audited December 31, 2019
2. SURPLUS ON REVALUATION OF ASSETS		Rupee	
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	30,412,015	6,488,841
- Fixed Assets		20,314,985	20,383,765
 Non-banking assets acquired in satisfaction of claims 		677,660	677,660
Deferred tax on surplus / (deficit) on revaluation of:		51,404,660	27,550,266
- Available for sale securities		10,644,205	2,271,094
- Fixed Assets		1,322,477	1,346,550
- Non-banking assets acquired in satisfaction of claims		237,181	237,181
		12,203,863	3,854,825
		39,200,797	23,695,441
3. CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	181,579,424	173,535,128
-Commitments -Other contingent liabilities	23.2 23.3	337,407,733	649,690,990
	23.3	30,747,517 549,734,674	27,920,652 851,146,770
23.1 Guarantees:		010,101,011	001,110,110
Financial guarantees		151,387,602	141,181,839
Performance guarantees		28,874,915	30,401,373
Other guarantees		1,316,907	1,951,916
		181,579,424	173,535,128
23.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		130,557,754	145 017 000
Commitments in respect of:		130,557,754	145,217,983
- forward foreign exchange contracts	23.2.1	180,981,528	405,615,318
- forward government securities transactions	23.2.2	17,218,440	87,696,638
- derivatives	23.2.3	7,415,438	10,244,806
Commitments for acquisition of:			
- operating fixed assets		1,176,975	859,953
- intangible assets		57,598	56,292
22.2.4. Committee in account of formula forming and home on the start		337,407,733	649,690,990
23.2.1 Commitments in respect of forward foreign exchange contracts Purchase		109,640,916	217,809,539
Sale		71,340,612	187,805,779
		180,981,528	405,615,318
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		16,956,208	82,284,304
Sale		262,232	5,412,334
		17,218,440	87,696,638
23.2.3 Commitments in respect of derivatives			
FX options (notional)			
Purchase		63,433	431,449
Sale		63,433 126,866	431,449 862,898
Cross Currency Swaps (notional)			
Purchase		3,408,368	4,428,663
Sale		3,563,704 6,972,072	4,636,745 9.065.408
Interest Rate Swaps (notional)			.,,
Purchase		316,500	316,500
		7,415,438	10,244,806

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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

		Note	Unaudited June 30, 2020	Audited December 31, 2019 s in '000
23.3	Other contingent liabilities		Кирее	5 111 000
	Claims against the Bank not acknowledged as debts	23.3.1	30,747,517	27,920,652
00.04				

23.3.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

23.4 Taxation

For assessment year 1988-89 through tax year 2018, 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. 1,487 million (2019: Rs. 1,487 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.

24. DERIVATIVE INSTRUMENTS

_			Unaudited J	une 30, 2020			
	Cross Curre	ency Swaps	Interest R	ate Swaps		FX Optic	ons
-	Notional Principal	Mark to market gain / loss	Notional Principal Rupee	Mark to marke gain / loss sin '000	et Notion Princip		/lark to market gain / loss
Total Hedging Market Making	3,408,368 3,563,704	1,180,562 (1,179,267)	316,500 -	3,04 - mber 31, 2019		3,433 3,433	2,766 (2,766)
				sin '000			
Total Hedging Market Making	4,428,663 4,636,745	1,218,634 (1,226,433)	316,500 -	11,51		,449 ,449	2,683 (2,683)
				Year e 30	udited half ended June), 2020 Rupee	Year 3	udited half ended June 0, 2019)
MARK-UP/RETURN/INTER Loans and advances Investments Lendings to financial instituti Balances with banks					25,962,430 48,366,469 736,991 145,740 75,211,630		26,608,927 28,738,340 3,534,613 250,862 59,132,742
MARK-UP/RETURN/INTER	EST EXPENSE	D			10,211,000		00,102,112
Deposits					33,820,985		27,049,029
Borrowings					3,572,092		2,676,136
Subordinated debt					-		213,604
Cost of foreign currency swa	aps against						
foreign currency		0			1,200,521		1,092,168
Unwinding cost of liability ag	ainst right-of-u	se assets			605,176		302,045
					39,198,774		31,332,982

MCB Bank Limited

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Bank for Life

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020



I Insudited half

I Insudited half

			Unaudited half	Unaudited half
			Year ended June 30, 2020	Year ended June 30, 2019
27.	FEE & COMMISSION INCOME	Note	Rupee	
	Branch banking customer fees		941,135	943,429
	Consumer finance related fees		187,430	153,475
	Card related fees (debit and credit cards)		1,511,464	1,410,047
	Credit related fees		14,765	108,557
	Investment banking fee		71,482	85,381
	Commission on trade		633,111	732,257
	Commission on guarantees		295,762	325,513
	Commission on cash management		286,992	334,914
	Commission on remittances including home remittances		514,359	565,634
	Commission income - Bancassurance		474,901	647,898
	Rent on lockers		102,233	120,378
	Commission on utility bills		36,734	49,115
	Commission on investments services		17,503	25,349
	Other Commission		57,737	64,495
	Other Commission		5,145,608	5,566,442
28.	GAIN ON SECURITIES, NET		0,140,000	0,000,442
20.	Realised	28.1	(80,125)	(108,548)
	Unrealised - held for trading	10.1	13,078	. ,
	Officalised - field for trading	10.1	(67,047)	(9,237) (117,785)
	28.1 Realised gain / (loss) on:		(07,047)	(117,703)
	Federal Government Securities		183,380	15,976
	Shares		(266,359)	(124,524)
	Others		2,854	(121,021)
			(80,125)	(108,548)
29.	OTHER INCOME			
	Rent on property		30,678	40,024
	Gain on sale of fixed assets-net		18,950	36,641
			49,628	76,665
30.	OPERATING EXPENSES			
	Total compensation expense		7,936,780	7,247,160
	Property expense Rent and taxes		82,632	185,941
	Insurance		11,507	10,590
	Utilities cost		507,439	487,096
	Fuel expense generators		156,053	264,488
	Security (including guards)		621,515	762,888
	Repair and maintenance (including janitorial charges)		310,135	456,680
	Depreciation on right-of-use assets		600,945	593,847
	Depreciation		304,520	236,417
	Information technology expenses		2,594,746	2,997,947
	Software maintenance		600,676	648,972
	Hardware maintenance		116,075	183,424
	Depreciation		262,974	224,357
	Amortisation		155,492	128,980
	Network charges		301,910 1,876	281,059 1,566
	Insurance		1,876	1,468,358
			1,459,005	1,400,300

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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

	Note	Unaudited half Year ended June 30, 2020	Unaudited half Year ended June 30, 2019
Other operating expenses		Rupees	
Directors' fees and allowances		21,956	23,347
Legal and professional charges		145,138	177,888
Outsourced services costs		340,925	338,789
Travelling and conveyance NIFT clearing charges		119,966 82,632	151,279 72,992
Depreciation			
•	alaima	412,555	469,823 24,124
Depreciation on non-banking assets acquired in satisfaction of Training and development	ciaims	15,675	,
Postage and courier charges		13,749 136,650	21,269
Communication		,	143,410
		164,080	174,825
Stationery and printing		270,983	358,820
Marketing, advertisement & publicity		330,612	402,043
Donations		112,596	-
Auditors' remuneration		16,298	14,406
Cash transportation charges		338,437	367,222
Repair and maintenance		165,097	182,326
Subscription		10,154	4,239
Entertainment		83,638	113,825
Remittance charges		95,524	103,543
Brokerage expenses		17,229	14,970
Card related expenses		419,694	444,920
CNIC verification charges		53,129	112,886
Insurance		743,134	716,257
Others		112,184	132,371
		4,222,035	4,565,574
		16,192,564	16,279,039
OTHER CHARGES			
Penalties of State Bank of Pakistan		183,541	15,252
VAT & National Building tax & Crop Insurance Levy		56,579	91,603
		240,120	106,855
PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Reversal against balance with Banks		(1,813)	(507)
Provision for diminution in value of investments	10.2.1	190,967	1,570,509
Provision / (reversal) against loans and advances	11.3	3,856,662	(701,246)
Reversal against other assets	14.1.1	(17,877)	(29,144)
Recovery of written off / charged off bad debts		(64,442)	(79,948)
		3,963,497	759,664
TAXATION			
Current		10,576,822	6,892,716
Prior years		-	450,438
Deferred		(1,531,886)	230,427
		9,044,936	7,573,581
BASIC AND DILUTED EARNINGS PER SHARE		During	in 1000
		Rupees	
Profit after tax		13,209,424	10,674,994
		Nur	nber
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
		<u>_</u>	
Basic and diluted earnings per share		Ruj 11.15	pees 9.01
Euclo and diluted curnings per sildre		11.13	3.01

MCB Bank Limited

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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020



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 (land and building) & NBA	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

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.

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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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.

<u>.</u>		Una	udited June 30, 202		
On balance sheet financial instruments	Carrying value	Level 1	Level 2 Rupeesin '000	Level 3	Total
			Rupeesiii 000		
Financial assets - measured at fair value					
Investments	000 000 400		000 000 400		000 000 40
Federal Government Securities Shares	868,036,430 14,629,376	- 14,629,376	868,036,430	-	868,036,43 14,629,37
Non-Government Debt Securities	1,886,722	14,029,370	1,886,722	-	1,886,72
Foreign Securities	4,489,450	-	4,489,450	-	4,489,45
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	39,665,617	_	_	_	
Cash and balances with treasury banks	144,167,677	_	_	_	_
Balances with other banks	14,701,174	_	_	_	_
Lendings to financial institutions	2,056,775	-	-	-	-
Advances	460,611,078	-	-	-	-
Other assets	51,626,803	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	43,377,704	-	43,377,704	-	43,377,70
Non-banking assets	3,822,554	-	3,822,554	-	3,822,55
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	109,640,916	-	2,824,808	-	2,824,80
Forward sale of foreign exchange	71,340,612	-	2,318,190	-	2,318,19
Derivatives purchase	3,788,301	-	1,186,368	-	1,186,36
Derivatives sale	3,627,137	-	1,182,033	-	1,182,03
-	<u> </u>		December 31, 2019		
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			Rupeesin '000		
Financial assets - measured at fair value					
Investments					
Federal Government Securities	680,585,359	-	680,585,359	-	680,585,35
Shares	14,912,747	14,912,747	-	-	14,912,74
Non-Government Debt Securities	1,306,414	, . ,	1,306,414	-	1,306,41
Foreign Securities	3,663,065	-	3,663,065	-	3,663,06
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary					
investments (innii, vi e, uniisted orunary					
shares, subsidiaries and associates)	48,296,917	-	-	-	-
shares, subsidiaries and associates) Cash and balances with treasury banks	132,704,797	-	-	-	-
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks	132,704,797 12,542,239	- -	- -	-	-
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions	132,704,797 12,542,239 1,090,058	- - -	- - -	- - -	- - -
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances	132,704,797 12,542,239 1,090,058 496,678,874		- - - -	- - - -	
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets	132,704,797 12,542,239 1,090,058	- - - -	- - - -		
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value	132,704,797 12,542,239 1,090,058 496,678,874 52,808,501	- - - -			
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets	132,704,797 12,542,239 1,090,058 496,678,874	- - - - - -	- - - - 43,552,234 3,838,230	-	
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - measu	132,704,797 12,542,239 1,090,058 496,678,874 52,808,501 43,552,234 3,838,230	- - - - -		-	
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - measured at fair value	132,704,797 12,542,239 1,090,058 496,678,874 52,808,501 43,552,234 3,838,230 ured		3,838,230	-	3,838,23
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - measured at fair value Forward purchase of foreign exchange	132,704,797 12,542,239 1,090,058 496,678,874 52,808,501 43,552,234 3,838,230 ured 217,809,539		3,838,230	-	3,838,23
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - measu at fair value Forward purchase of foreign exchange Forward sale of foreign exchange	132,704,797 12,542,239 1,090,058 496,678,874 52,808,501 43,552,234 3,838,230 ured 217,809,539 187,805,779	- - - - - - - -	3,838,230 4,146,908 3,379,897	-	3,838,23 4,146,90 3,379,89
shares, subsidiaries and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - measured at fair value Forward purchase of foreign exchange	132,704,797 12,542,239 1,090,058 496,678,874 52,808,501 43,552,234 3,838,230 ured 217,809,539		3,838,230	-	- - - - 43,552,23 3,838,23 4,146,90 3,379,89 1,232,82 1,229,11

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Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

36 SEGMENT INFORMATION

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36.1 Segment details with respect to business activities

The segment analysis with respect t	U DUSINESS ACTIVIT	,		Unoudited	half year ended Ju	no 20, 2020			
		Consumer	Comerate	Unaudited		ne 30, 2020			
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	others	Sub-total	Eliminations	Total
					Rupees in '000)			
Profit & Loss									
Net mark-up/return/profit	(27,559,261)	1,413,318	17,388,362	44,012,291	758,146	-	36,012,856	-	36,012,856
Inter segment revenue - net Non mark-up / return / interest income	51,405,696 3,001,626	(341,750) 839,091	(14,511,898) 1,560,124	(40,745,318) 1,081,216	(40,431) 389,622	4,233,701 211,093	- 7,082,772	-	- 7,082,772
Total Income	26.848.061	1,910,659	4,436,588	4,348,189	1,107,337	4.444.794	43.095.628		43.095.628
Segment direct expenses	10,709,498	734,317	291,724	205,675	658,988	4,277,569	16,877,771		16,877,771
	10,709,496	734,317	291,724	205,675		4,277,509	10,077,771	-	10,077,771
Inter segment expense allocation	-	-					-	-	-
Total expenses	10,709,498	734,317	291,724	205,675	658,988	4,277,569	16,877,771	-	16,877,771
Provisions	60,375	80,643	132,357	116,820	69,294	3,504,008	3,963,497	-	3,963,497
Profit before tax	16,078,188	1,095,699	4,012,507	4,025,694	379,055	(3,336,783)	22,254,360	-	22,254,360
Balance Sheet Cash & Bank balances	55,106,944	175,171	1,163,300	79.420.765	22,227,261	775.410	158,868,851		158.868.851
Investments	-	-	11,266,166	900,921,593	16.519.836	-	928,707,595		928,707,595
Net inter segment lending	1,033,055,215	-	-		,,	199,430,952	1,232,486,167	(1,232,486,167)	-
Lendings to financial institutions	-	-	-	-	2,056,775		2,056,775	-	2,056,775
Advances - performing	92,298,606	23,238,258	313,764,259	-	22,782,182	-	452,083,305	-	452,083,305
- non performing	663,280	395,774	1,511,143	-	5,235,685	721,891	8,527,773	-	8,527,773
Others	34,794,268	2,053,790	23,483,940	17,717,230	2,104,716	37,205,862	117,359,806	-	117,359,806
Total Assets	1,215,918,313	25,862,993	351,188,808	998,059,588	70,926,455	238,134,115	2,900,090,272	(1,232,486,167)	1,667,604,105
Borrowings	49,997,305	-	7,619,601	52,518,360	3,094,314		113,229,580	_	113,229,580
Deposits & other accounts	1,147,409,495	18.397.080	58,278,271	,,	50.587.067	10.265	1,274,682,178		1.274.682.178
	1,147,405,455	5.132.607	269.645.221	- 943,948,218	13.760.121	10,205	1.232.486.167	(1 000 496 167)	1,274,002,170
Net inter segment borrowing						-		(1,232,486,167)	-
Others	18,511,513	2,333,306	15,645,715	1,593,010	3,484,953	53,238,310	94,806,807	-	94,806,807
Total liabilities	1,215,918,313	25,862,993	351,188,808	998,059,588	70,926,455	53,248,575	2,715,204,732	(1,232,486,167)	1,482,718,565
Equity	-	-	-	-	-	184,885,540	184,885,540	-	184,885,540
Total Equity & liabilities	1,215,918,313	25,862,993	351,188,808	998,059,588	70,926,455	238,134,115	2,900,090,272	(1,232,486,167)	1,667,604,105
Contingencies & Commitments	58,187,888	-	247,077,504	201,916,906	10,260,493	32,291,883	549,734,674	-	549,734,674
				L la su dite d	half	00,0040			
				Unaudited	half year ended Ju	ne 30, 2019			
	Retail Banking	Consumer	Corporate Banking	Unaudited Treasury	International	ne 30, 2019 others	Sub-total	Eliminations	Total
	Retail Banking	Consumer banking	Corporate Banking		International Banking	others	Sub-total	Eliminations	Total
Profit & Loss	Retail Banking				International	others	Sub-total	Eliminations	Total
Profit & Loss Net mark-up/return/profit	Retail Banking (19,538,108)				International Banking	others	Sub-total 27,799,760	Eliminations	Total
	(19,538,108) 40,337,346	banking 1,856,388 (1,127,219)	Banking 16,247,861 (14,068,644)	Treasury 28,416,955 (29,962,383)	International Banking Rupees in '000 816,664 11,857	others	27,799,760	Eliminations - -	27,799,760
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income	(19,538,108) 40,337,346 3,078,903	banking 1,856,388 (1,127,219) 965,557	Banking 16,247,861 (14,068,644) 1,819,643	Treasury 28,416,955 (29,962,383) 1,399,508	International Banking Rupees in '000 816,664 11,857 404,110	others 4,809,043 291,623	27,799,760 - 7,959,344	Eliminations - -	27,799,760 - 7,959,344
Net mark-up/return/profit Inter segment revenue - net	(19,538,108) 40,337,346	banking 1,856,388 (1,127,219)	Banking 16,247,861 (14,068,644)	Treasury 28,416,955 (29,962,383)	International Banking Rupees in '000 816,664 11,857		27,799,760	Eliminations - - - -	27,799,760
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income	(19,538,108) 40,337,346 <u>3,078,903</u> 23,878,141	banking 1,856,388 (1,127,219) 965,557 1,694,726	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920)	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631	others 4,809,043 291,623 5,100,666	27,799,760 - - - - - - - - - - - - - - - - - - -	Eliminations - - - -	27,799,760 - 7,959,344 35,759,104
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses	(19,538,108) 40,337,346 3,078,903	banking 1,856,388 (1,127,219) 965,557	Banking 16,247,861 (14,068,644) 1,819,643	Treasury 28,416,955 (29,962,383) 1,399,508	International Banking Rupees in '000 816,664 11,857 404,110	others 4,809,043 291,623	27,799,760 - 7,959,344	Eliminations - - - -	27,799,760 - 7,959,344
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income	(19,538,108) 40,337,346 <u>3,078,903</u> 23,878,141 11,005,975	1,856,388 (1,127,219) 965,557 1,694,726 677,706 -	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 -	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206		27,799,760 	Eliminations	27,799,760 - - 7,959,344 35,759,104 16,750,865 -
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 - 677,706 (27,876)	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - - 302,159 (472,029)	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 - 166,930 1,60,930	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	4,809,043 291,623 5,100,666 3,952,889 (296,059)	27,799,760 - - - - - - - - - - - - - - - - - - -		27,799,760 35,759,104 16,750,865 16,750,865 759,664
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 -	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - 302,159	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206		27,799,760 - - - - - - - - - - - - -		27,799,760 35,759,104 16,750,865
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 - 677,706 (27,876)	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - - 302,159 (472,029)	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1,60,930 1,60,930 1,60,932 1,10,288	International Banking Rupees in '000 816,664 411,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836	27,799,760 - - - - - - - - - - - - - - - - - - -		27,799,760 35,759,104 16,750,865 16,750,865 759,664
Net mark-up/retum/profit Inter segment revenue - net Non mark-up / retum / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 11,005,975 (78,764) 12,950,930	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - - - - - - - - - - - - -	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 - <t< td=""><td>International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 </td><td>others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019</td><td>27,799,760 7,959,344 35,759,104 16,750,865 16,750,865 759,664 18,248,575</td><td></td><td>27,799,760 - 7,959,344 35,759,104 16,750,865 - 16,750,865 759,664 18,248,575</td></t<>	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019	27,799,760 7,959,344 35,759,104 16,750,865 16,750,865 759,664 18,248,575		27,799,760 - 7,959,344 35,759,104 16,750,865 - 16,750,865 759,664 18,248,575
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 - 677,706 (27,876)	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 302,159 (472,029) 4,168,730 676,139	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 - - 166,930 - 160,028 (1,912,878) Aud 65,572,277 Aud	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 645,206 34,364 553,061 ited December 31, 28,149,362	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836	27,799,760 7,959,344 35,759,104 16,750,865 759,964 18,248,575 145,247,036		27,799,760 - - 7,959,344 35,759,104 16,750,865 - 16,750,865 759,664 18,248,575 145,247,036
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments	(19,538,108) 40,337,346 3,079,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - - - - - - - - - - - - -	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 - - 1,60,028 (1,912,878)	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502		27,799,760 - 7,959,344 35,759,104 16,750,865 - 16,750,865 759,664 18,248,575
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 11,005,975 (78,764) 12,950,930	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 302,159 (472,029) 4,168,730 676,139	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1,600,028 (1,912,878) Aud 65,572,277 723,114,519	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651		27,799,760 - 7,959,344 36,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 11,005,975 (78,764) 12,950,930 50,154,942 940,015,024	banking 1,856,388 (1,127,219) 996,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896 21,483 - -	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - 302,159 (472,029) 4,168,730 676,139 10,638,292 - -	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 - - 166,930 - 160,028 (1,912,878) Aud 65,572,277 Aud	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833	27,799,760 7,959,344 35,759,104 16,750,865 16,750,865 759,664 18,249,575 145,247,036 748,764,502 1,104,307,651 1,090,058		27,799,760 - - 7,959,344 35,759,104 16,750,865 - 16,750,865 759,664 18,248,575 145,247,036 748,764,502 - 1,090,058
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending	(19,538,108) 40,337,346 3,079,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 302,159 (472,029) 4,168,730 676,139	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1,600,028 (1,912,878) Aud 65,572,277 723,114,519	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651		27,799,760 - 7,959,344 36,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions Advances - performing	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942 - 98,464,054	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 (27,876) 1,044,896 21,483 - - 24,342,756	Banking 16,247,861 (14,068,644) 1,819,644 3,998,860 302,159 - 302,159 (472,029) 4,168,730 676,139 10,638,292 - - 341,191,287	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1,600,028 (1,912,878) Aud 65,572,277 723,114,519	International Banking Rupees in '000 816,664 411,857 404,110 1,232,631 645,206 34,364 553,061 ited December 31, 28,911,691 209,205 25,190,939	others 4,600,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 - 164,292,627	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036		27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502
Net mark-up/retum/profit Inter segment revenue - net Non mark-up / retum / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions Advances - performing	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 78,764) 12,950,930 50,154,942 - 98,646,054 1,074,787	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 677,706 (27,876) 1,044,896 21,483 - - 24,342,756 113,148	Banking 16,247,861 (14,068,644) 1.819,643 3.998,860 302,159 - - - - - - - - - - - - -	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1,600,028 (1,912,878) Aud 65,572,277 723,114,519 880,853 -	International Banking Rupees in '000 816,664 411,857 404,110 1,232,631 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691 209,205 25,190,939 4,836,865	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 - 164,292,627 - 227,544	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,489,838		27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 - 1,090,058 489,189,038 7,489,838
Net mark-up/retum/profit Inter segment revenue - net Non mark-up/ retum / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Elence Shett Rota & Bank balances Inter segment lending Net inter segment lending Lendings to financial institutions Advanes - performing Others	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 11,005,975 (78,764) 12,950,930 50,154,942 - 940,015,024 - 98,464,054 1,074,787 34,759,963	banking 1,856,388 (1,127,219) 996,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896 21,483 - - 24,342,756 113,148 1,882,259	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - - 302,159 (472,029) 4,168,730 - - - - - - - - - - - - -	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (290,059) 1,443,836 2019 672,833 164,292,627 164,292,627 227,544 45,162,743	27,799,760 7,959,344 35,759,104 16,750,865 16,750,865 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,489,838 123,371,545		27,799,760 - 7,959,344 35,759,104 16,750,865 - 16,750,865 759,864 18,249,575 145,247,036 748,764,502 - 1,090,058 489,189,036 7,489,838 123,371,545
Net mark-up/retum/profit Inter segment revenue - net Non mark-up/ retum / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Elence Shett Rota & Bank balances Inter segment lending Net inter segment lending Lendings to financial institutions Advanes - performing Others	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 11,005,975 (78,764) 12,950,930 50,154,942 - 940,015,024 - 98,464,054 1,074,787 34,759,963	banking 1,856,388 (1,127,219) 996,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896 21,483 - - 24,342,756 113,148 1,882,259	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - - 302,159 (472,029) 4,168,730 - - - - - - - - - - - - -	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (290,059) 1,443,836 2019 672,833 164,292,627 164,292,627 227,544 45,162,743	27,799,760 7,959,344 35,759,104 16,750,865 16,750,865 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,489,838 123,371,545		27,799,760 - 7,959,344 35,759,104 16,750,865 - 16,750,865 759,864 18,249,575 145,247,036 748,764,502 - 1,090,058 489,189,036 7,489,838 123,371,545
Net mark-up/return/profit Inter segment revenue - net Non mark-up/ return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Profit before tax Belance Sheet Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions Advances - performing - ono performing Others	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942 - 98,464,054 1,074,787 34,759,963 1,124,468,770	banking 1,856,388 (1,127,219) 996,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896 21,483 - - 24,342,756 113,148 1,882,259	Banking 16,247,861 (14,068,644) 1.819,644 3.998,860 302,159 - 302,159 (472,029) 4,168,730 676,139 10,638,292 - 341,191,287 1,237,494 25,393,004 379,136,216	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1.600,028 (1,912,878) Aud 65,572,277 723,114,519 - 880,853 - - 13,804,786 803,372,435	International Banking Rupees in '000 816,664 411,857 404,110 1,232,631 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691 209,205 25,190,939 4,836,865 2,368,790 75,766,852	others 4,809,043 291,623 5,100,666 3,952,889 (290,059) 1,443,836 2019 672,833 164,292,627 164,292,627 227,544 45,162,743	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 499,189,036 7,489,838 123,371,545 2,619,459,666		27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,090,058 489,189,036 7,489,838 123,371,545 1,515,152,015
Net mark-up/retum/profit Inter segment revenue - net Non mark-up / retum / interest income Jotal Income Segment direct expenses Inter segment expense allocation Jotal expenses Provisions Profit before tax Delate Sement Net inter segment lending Net inter segment lending Lendings to financial institutions Advings to financial institutions Adv	(19,538,108) 40,337,346 3,079,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942 940,015,024 98,466,54 1,074,787 34,759,963 1,124,468,770 45,355,965 1,033,804,761	banking 1,856,388 (1,127,219) 996,557 1,694,726 677,706 - 677,706 (27,876) 1,044,896 21,483 - - 24,342,756 113,148 1,882,259	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - 302,159 (472,029) 4,168,730 676,139 10,638,292 - 341,191,287 1,237,494 25,393,004 379,136,216 7,057,504 255,425,048 299,650,838	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1.600,028 (1,912,878) Aud 65,572,277 723,114,519 - 880,853 - - 13,804,786 803,372,435	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691 209,205 25,190,939 4,836,865 2,368,790 75,766,852 3,520,223 35,522,627 12,464,722	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 - 164,292,627 - 164,292,627 - 227,544 45,162,743 210,355,747 - 9,823 -	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,489,838 123,371,545 2,619,459,666 89,505,892 1,144,763,259 1,104,307,651		27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,090,058 489,189,036 7,489,838 123,371,545 1,515,152,015 89,505,892 1,144,763,259
Net mark-up/retum/profit Inter segment revenue - net Non mark-up / retum / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions Advances - performing - non performing Others Borowings Deposits & other accounts Net inter segment borowing Others	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 677,706 (27,876) 1,044,896 21,483 - - - 24,342,756 113,148 1,882,259 26,359,646 - - 24,124,908 2,224,738	Banking 16,247,861 (14,068,644) 1.819,643 3.998,860 302,159 - - 302,159 (472,029) 4.168,730 - 676,139 10,638,292 - - 341,191,287 1.237,494 25,393,004 379,136,216 7,057,504 55,425,048 299,650,838 17,002,826	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1,600,028 (1,912,878) Aud 65,572,277 723,114,519 880,853 - 13,804,786 803,372,435 33,572,200 - 768,067,183 1,733,052	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691 209,205 26,190,39 4,836,865 2,368,790 75,766,852 3,552,627 12,446,722 4,255,280	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 - 164,292,627 - 227,544 45,162,743 210,355,747 - 9,823 - 41,431,141	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,180,036 7,489,838 123,371,545 2,619,459,666 89,505,892 1,144,763,259 1,104,307,651 111,966,081	- - - - - - - - - - - - - - - - - - -	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,090,058 489,189,038 7,489,838 123,371,545 1,515,152,015 89,505,892 1,114,763,259 - 111,968,081
Net mark-up/retum/profit Inter segment revenue - net Non mark-up/ retum / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investig Balance Sheet Cash & Bank balances Investig Balance Sheet Net miter segment lending Lendings to financial institutions Advanes - performing Denosits financial institutions Advanes - performing Denosits & other accounts Net miter segment borrowing Dithers Dital liabilities	(19,538,108) 40,337,346 3,079,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942 940,015,024 98,466,54 1,074,787 34,759,963 1,124,468,770 45,355,965 1,033,804,761	banking 1,856,388 (1,127,219) 966,557 1,694,726 677,706 - 677,706 1,044,896 21,483 - - - - - - - - - - - - - - - - 24,342,756 26,359,646 - - - <tr tr=""></tr>	Banking 16,247,861 (14,068,644) 1,819,643 3,998,860 302,159 - 302,159 (472,029) 4,168,730 676,139 10,638,292 - 341,191,287 1,237,494 25,393,004 379,136,216 7,057,504 255,425,048 299,650,838	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 - 166,930 1,600,028 (1,912,878) Aud 65,572,277 723,114,519 80,853 - 13,804,786 803,972,435 33,572,200 - 768,067,183	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691 209,205 25,190,939 4,836,865 2,368,790 75,766,852 3,520,223 35,522,627 12,464,722	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 2164,292,627 - 227,544 45,162,743 210,355,747 - 9,823 - 41,431,141 41,440,964	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,748,9,838 123,371,545 2,619,459,666 89,505,892 1,144,763,255 1,104,307,651 111,968,081 2,450,544,883	(1,104,307,651) (1,104,307,651) (1,104,307,651)	27,799,760 7,959,344 36,759,104 16,750,865 759,664 18,245,75 145,247,036 748,764,502
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions Advances - performing - non performing Others Borrowings Deposits & other accounts Net inter segment borrowing Others Total labilities Equity	(19,538,108) 40,337,346 3,079,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942 	banking 1,856,388 (1,127,219) 966,557 1,694,726 677,706 - 677,706 1,044,896 21,483 - <	Banking 16,247,861 (14,068,644) 1.819,643 3.998,860 302,159 - 302,159 (472,029) 4,168,730 676,139 10,638,292 - - 341,191,287 1,237,494 25,339,004 379,136,216 7,057,504 55,425,048 299,650,838 17,002,826 379,136,216	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 166,930 166,930 (1,912,878) Aud 65,572,277 723,114,519 880,853 13,804,786 803,372,435 33,572,200 768,067,183 1,733,052 803,372,435	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 - 164,292,627 - - 164,292,627 - - -	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,489,838 123,371,545 2,619,459,666 89,505,892 1,144,763,259 1,104,307,651 11,19,68,081 2,450,544,883 168,914,783	(1,104,307,651) (1,104,307,651) (1,104,307,651) (1,104,307,651)	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,090,058 489,189,036 7,489,838 123,371,545 1,515,2015 89,505,892 1,144,763,259 1,144,763,259 1,346,237,232 168,914,763
Net mark-up/return/profit Inter segment revenue - net Non mark-up/ return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Shett Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions Advanes - performing Denset Total Assets Borrowings Deposits & other accounts Net inter segment borrowing Others Total labilities	(19,538,108) 40,337,346 3,078,903 23,878,141 11,005,975 	banking 1,856,388 (1,127,219) 965,557 1,694,726 677,706 677,706 (27,876) 1,044,896 21,483 - - - 24,342,756 113,148 1,882,259 26,359,646 - - 24,124,908 2,224,738	Banking 16,247,861 (14,068,644) 1.819,643 3.998,860 302,159 - - 302,159 (472,029) 4.168,730 - 676,139 10,638,292 - - 341,191,287 1.237,494 25,393,004 379,136,216 7,057,504 55,425,048 299,650,838 17,002,826	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 1,600,028 (1,912,878) Aud 65,572,277 723,114,519 880,853 - 13,804,786 803,372,435 33,572,200 - 768,067,183 1,733,052	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 34,364 553,061 ited December 31, 28,149,362 15,011,691 209,205 26,190,39 4,836,865 2,368,790 75,766,852 3,552,627 12,446,722 4,255,280	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 2164,292,627 - 227,544 45,162,743 210,355,747 - 9,823 - 41,431,141 41,440,964	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,748,9,838 123,371,545 2,619,459,666 89,505,892 1,144,763,255 1,104,307,651 111,968,081 2,450,544,883	- - - - - - - - - - - - - - - - - - -	27,799,760 7,959,344 36,759,104 16,750,865 759,664 18,245,75 145,247,036 748,764,502
Net mark-up/return/profit Inter segment revenue - net Non mark-up / return / interest income Total Income Segment direct expenses Inter segment expense allocation Total expenses Provisions Profit before tax Balance Sheet Cash & Bank balances Investments Net inter segment lending Lendings to financial institutions Advances - performing - non performing Others Borrowings Deposits & other accounts Net inter segment borrowing Others Total labilities Equity	(19,538,108) 40,337,346 3,079,903 23,878,141 11,005,975 (78,764) 12,950,930 50,154,942 	banking 1,856,388 (1,127,219) 966,557 1,694,726 677,706 - 677,706 1,044,896 21,483 - <	Banking 16,247,861 (14,068,644) 1.819,643 3.998,860 302,159 - 302,159 (472,029) 4,168,730 676,139 10,638,292 - - 341,191,287 1,237,494 25,339,004 379,136,216 7,057,504 55,425,048 299,650,838 17,002,826 379,136,216	Treasury 28,416,955 (29,962,383) 1,399,508 (145,920) 166,930 166,930 166,930 (1,912,878) Aud 65,572,277 723,114,519 880,853 13,804,786 803,372,435 33,572,200 768,067,183 1,733,052 803,372,435	International Banking Rupees in '000 816,664 11,857 404,110 1,232,631 645,206 	others 4,809,043 291,623 5,100,666 3,952,889 (296,059) 1,443,836 2019 672,833 - 164,292,627 - - 164,292,627 - - -	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,104,307,651 1,090,058 489,189,036 7,489,838 123,371,545 2,619,459,666 89,505,892 1,144,763,259 1,104,307,651 11,19,68,081 2,450,544,883 168,914,783	(1,104,307,651) (1,104,307,651) (1,104,307,651) (1,104,307,651)	27,799,760 7,959,344 35,759,104 16,750,865 759,664 18,248,575 145,247,036 748,764,502 1,090,058 489,189,036 7,489,838 123,371,545 1,515,2015 89,505,892 1,144,763,259 1,144,763,259 1,346,237,232 168,914,763

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.

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RELATED PARTY TRANSACTIONS 37

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 including loans provided to them is determined in accordance with the terms of the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers including loans provided to them is determined in accordance with the terms of the actuarial valuations.

MCB Bank Limited

For The Half Year Ended June 30, 2020

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

		5	Unaudited June 30, 2020), 2020			Audite	Audited December 31, 2019	2019	
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Balances with other banks					(Rupee	(Rupees in '000)				
In current accounts	•	•								14,389
	•	•		•	•					14,389
Lendings to Financial Institutions										
Opening balance			880,853					631,351		
Addition during the period / year	•	•	8,403,928	•				22,355,349	•	
Repaid during the period / year	•	•	(9,284,781)					(22,105,847)		
Closing balance			•	•	•		•	880,853	•	•
Investments										
Opening balance			12,346,537	700,401	254,253			12,046,512	700,401	254,253
Investment made during the period / year	•		•	•		•	•	350,000		
Adjustment under amalgamation scheme					•			(49,975)		
Closing balance			12,346,537	700,401	254,253		•	12,346,537	700,401	254,253
Provision for diminution in value of investments			725		5,000			725		5,000
Advances										
Opening balance	1,722	129,049	889,811	•	339,520	658	141,390	366,872		1,050,277
Addition / exchange adjustment during the period / year	7,123	10,525	(66,675)	356,898	19,933	29,148	62,216	522,939		1,642,434
Repaid during the period / year	(7,858)	(12,106)			(138, 311)	(28,084)	(55,470)			(1,558,481)
Transfer in / (out)		60			(220,438)	'	(19,087)		'	(794,710)

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

MCB Bank Limited

Audited December 31, 2019

naudited June 30,

MCB

Bank for Life

(220,438) 704

Closing balance

Provision held against advances

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	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
					(Runee	(Rimees in '000)				
	1	3,036	2,478	15	2,824		3,202	31,552		5,191
ments	•	•	4,790	186,973	27,739		•	5,322	246,720	27,080
	•		•	•	1,239,559	•				3,605,121
acts - outstanding	1	•	(17,032)	•	'		'	27,493		
						'				
			3,903		69,166			19,146		
/ year	'		190,505		13,949			386,228		144,166
	•		(187,966)					(401,471)		(75,000)
	•		6,442	•	83,115			3,903		69,166
	602,381	140,761	54,482	3,657,552	4,179,849	3,745,457	168,528	65,933	3,339,847	3,212,620
	394,326	591,768	1,205,187	38,995,354	43,631,518	9,889,584	866,766	4,513,372	22,234,251	62,263,273
	(724,836)	9)	(1,204,723)	(39,084,188)	(43,502,723)	(13,025,336)	(884,532)	(4,515,594)	(21,916,546)	(61,423,281)
		(7,959)			(503,148)	(7,324)	(10,001)	(9,229)		127,237
	271,871	114,031	54,946	3,568,718	3,805,496	602,381	140,761	54,482	3,657,552	4,179,849
	1	•		8,395	9,139	7,263	556	158	50,535	66,906
	1,292		34,623	145,144	12,117	15,326		23,134	62,402	50
	•				24,573					24,565
	'		20,000					20,000		
				10,606	1,217,060		,		10,444	746,868
standing	•		1,449,337	•		•		2,044,093		
	•		103,364	•	'			26,711		

Markup receivable

Other Assets

contract Advances, deposits, advance rent and other prepaym Receivable from Pension Fund

Unrealized (loss)/ gain on forward foreign exchange Provision held against other

Borrowings Opening balance Borrowings / exchange adjustment during the period / Settled during the period / year g osing balan ö

Deposits and other accounts

Withdrawn during the period / year Transfer in / (out) - net Received during the period / year Opening balance Closing balance

Other Liabilities Markup payable

Payable to MCB Employee Security Services Advance received against sale of property Accrued expenses and other payable

Contingencies and Commitments Commitments and contingent liabilities - outstanding Forward foreign exchange contracts (Notional) - outsta Bank guarantee

RELATED PARTY TRANSACTIONS 34

KELALED PAKLY IKANSACTIONS										
		Unaudited	Unaudited half Year ended June 30, 2020	June 30, 2020			Unaudited h	Unaudited half Year ended June 30, 2019	une 30, 2019	
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
					(Rupees in '000)	(000' ui				
income Markup / return / interest earned	'	6,705	114,416	15	11,229	I	7,247	148,948		10,578
Fee and commission income	'	•	17,564	418,858	836			25,413	582,985	9,314
Dividend income	'	•	36,957	105,000	7,933				105,000	6,800
Gain on forward toreign exchange contracts matured during the period		' c	•	- 104	43,062				- 10	17,522
Net gain / (loss) on sale of securities Gain on sale of fived assets	71	33 17		- 190	3,000 - -		- 116		(n/)	3,200 -
Rent income and reimbursement of other expenses		: '	19,748	4,455	1,140			20,923	4,931	2,025
Expense	7 EE 00		007 7	101 011	007				011 10	110 PC
Markup / return / interest expensed	22,114	1,202	1,400	110,421	108,478	91,046	/89	124	91,479	1/1,011
Other Operating expenses	'	•	•		'			•		
Clearing expenses paid to NIFT	'	•	•	'	82,632			•	'	72,992
Contribution to provident fund	'	•	'		197,239					184,476
Kent expenses		•	5,227	21,299	15,121 EE 44E	•	•	4,/52		18,640 90.647
	'	•	•		50,415 121 204	'				80,047 121 005
	•	'	•		166 204	•	•	•		101,330
oeculity guarus experises Dominaration to key avocutives and non-avocutive directors foo	108 475	- -			100,024	- 06.607	- 282 546			100,601
		000,000		100 001	I	20,00	101,010		001 711	I
Oursourcing service expenses		'	•	100,001	- 00 20		•	•	111,432	
Domanon duming the year E dividand amonoming for and ODC abarana	•	•	'	•	20,000	•	•	•		- 036 6
E-unvidend processing ree and out organges	•	'	•	•	2,030 17 AEE	•	•			000°°C
		'	•	•	064,11		•	•		10,904
notel stay expenses		•	•	•	0,110 070		•	•		101
repair & Mainterlatice Cliarges Advartisement Evnenses	• •	• •	• •		930 6 264	• •	• •	• •		- 5 220
Miccellanaous evolueses and naumante					880					0,420
	•	•	•		600	•	•	•	• •	2
Insurance premium-net of refund	'	•	'	270,375	'	'		'	371,783	
Insurance claim settled	'	•	'	18,232	'	'		'	46,814	
Other Transactions										
Proceeds from sale of fixed assets		18	1	'	'		116	'	•	•
Purchase of fixed assets		'	'	3,277	'		'	'	26,373	20,003
Sale of foreign currency	'	'	21,656,614	1	'	'	'	11,502,173	'	
Purchase of foreign currency		'	14,173,970	•	'		'	7,557,201	'	•
Payments against home remittances		'	1,709,813	•	'			1,505,011	'	•
Sale of government securities	188,884	64,784	1	3,154,645	1,718,066	42,438			2,346,615	9,916,427
Purchase of government securities	19,827	'	'	631,712	546,800	'	24,980	'	2,474,320	5,826,379
Forward exchange contracts matured during the period		•	•	•	10,494,150		•	•		9,630,628
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.	d car. The Ch	ief Executive an	d certain executi	ves are provide	d with free use of	the Bank's ma	intained cars an	d household equ	uipment in acco	dance with the

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

MCB Bank Limited

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MCB

Bank for Life





		Unaudited June 30, 2020	Audited December 31, 2019
CAP	ITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	Rupee	es in '000
38.1	Capital Adequacy		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	11,850,600	11,850,600
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	137,704,187	136,256,771
	Eligible Additional Tier 1 (ADT 1) Capital	-	-
	Total Eligible Tier 1 Capital	137,704,187	136,256,771
	Eligible Tier 2 Capital	47,752,697	27,354,014
	Total Eligible Capital (Tier 1 + Tier 2)	185,456,884	163,610,785
	Risk Weighted Assets (RWAs):		
	Credit Risk	622,495,241	638,492,645
	Market Risk	160,700,181	108,276,486
	Operational Risk	120,887,137	120,887,137
	Total	904,082,559	867,656,268
	Common Equity Tion 4 Comited Adamyoou retio	15 020/	15 70%
	Common Equity Tier 1 Capital Adequacy ratio Tier 1 Capital Adequacy Ratio	15.23% 15.23%	15.70% 15.70%
	Total Capital Adequacy Ratio	20.51%	18.86%
		2010170	
38.2	Leverage Ratio (LR):		
50.2	Eligible Tier-1 Capital	137,704,187	136,256,771
	Total Exposures	2,049,446,659	1,928,383,315
	Leverage Ratio	6.72%	7.07%
38.3	Liquidity Requirements		
	Liquidity Coverage Ratio (LCR):		
	Total High Quality Liquid Assets	882,824,794	713,965,089
	Total Net Cash Outflow	388,042,823	362,188,259
	Liquidity Coverage Ratio	227.51%	197.13%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	1,116,561,010	983,364,374
	Total Required Stable Funding	639,978,307	699,043,391
	Net Stable Funding Ratio	174.47%	140.67%
			. 10.01 /0

Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020



39 EVENTS AFTER THE REPORTING DATE

In compliance with the SBP's instructions as disclosed in note 6.6 to the unconsolidated condensed interim financial statements, the Board of Directors, in its meeting held on August 20, 2020 has not declared any cash dividend in respect of the quarter ended June 30, 2020 (June 30, 2019: Rs 4 per share). Therefore, there is no non-adjusting event after the balance sheet date.

40 GENERAL

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 20, 2020.

MCB Bank Limited & Subsidiary Companies





MCB BANK LIMITED

(Consolidated Condensed Interim Financial Statements for the half year ended June 30, 2020)

Junean hingbook Imran Maqbool







Hammad Khalid Chief Financial Officer

Mian Umer Mansha Director

Muhammad Ali Zeb Director

Salman Khalid Butt Director





Consolidated Condensed Interim Statement of Financial Position As at June 30, 2020

Note Unaudited	Audited
June 30, 2020 Dec	ember 31, 2019
Rupees in '0	00
ASSETS	
Cash and balances with treasury banks 7 154,458,276	142,957,358
Balances with other banks 8 16,558,773	21,371,753
Lendings to financial institutions 9 3,185,565	6,060,869
Investments 10 945,689,659	757,441,590
Advances 11 530,556,220	548,472,860
Fixed assets 12 63,290,907	64,201,807
Intangible assets 13 1,847,525	1,978,975
Deferred tax assets -	-
Other assets 14 65,470,291	69,729,659
1,781,057,216	1,612,214,871
LIABILITIES	
Bills payable 16 12,612,897	12,795,325
Borrowings 17 117,072,656	92,859,968
Deposits and other accounts 18 1.371,348,008	1,226,593,025
Liabilities against assets subject to finance lease -	1,220,393,023
Subordinated debt	
Deferred tax liabilities 19 12,081,916	6,214,223
Other liabilities 20 80,697,557	102,405,513
1.593,813,034	1,440,868,054
NET ASSETS 187,244,182	171,346,817
REPRESENTED BY	
Share capital 11,850,600	11,850,600
Reserves 21 80,065,109	77,894,829
Surplus on revaluation of assets 22 39,914,617	24,752,206
Unappropriated profit 54,660,021	56,108,779
186,490,347	170,606,414
Non-controlling interest 753,835	
187,244,182	740,403

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

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Profit & Loss Account (Un-audited) For The Half Year Ended June 30, 2020



	Note	Quarter ended June 30, 2020	Half Year ended June 30, 2020	Quarter ended June 30, 2019	Half Year ended June 30, 2019
			Rupees	in '000	
Made in the form the former of	25	38,752,021	80,408,589	34,082,170	63,418,278
Mark-up / return / interest earned	26	17,784,988	42,155,774	18,841,312	33,838,728
Mark-up / return / interest expensed	20	20,967,033	38,252,815	15.240.858	29,579,550
Net mark-up / interest income		20,000,000	00,202,010	10,210,000	20,010,000
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	2,532,588	5,658,116	3,005,247	6,069,062
Dividend income		215,236	415,562	452,264	654,605
Foreign exchange income		698,671	1,533,230	1,324,715	1,786,380
Income/ (loss) from derivatives		3,502	(6,903)	(19,666)	(3,936)
Loss on securities	28	(51,410)	(57,664)	(192,310)	(177,682)
Other Income	29	60,513	84,159	24,305	57,003
Total non-markup / interest Income		3,459,100	7,626,500	4,594,555	8,385,432
Total Income		24,426,133	45,879,315	19,835,413	37,964,982
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	9,292,038	18,683,734	9,348,238	18,809,457
Workers welfare fund		227,788	445,087	182,703	365,700
Other charges	31	30,867	240,180	60,608	106,880
Total non-markup / interest expenses		9,550,693	19,369,001	9,591,549	19,282,037
Share of profit of associates		151,910	412,806	42,364	199,907
Profit before provisions		15,027,350	26,923,120	10,286,228	18,882,852
Provisions / (reversals) and write offs - net	32	3,296,366	4,076,022	1,355,669	907,499
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		11,730,984	22,847,098	8,930,559	17,975,353
Taxation	33	4,867,333	9,373,265	3,519,156	7,553,728
PROFIT AFTER TAXATION		6,863,651	13,473,833	5,411,403	10,421,625
(Profit) / loss attributable to non-controlling interest		(62,187)	(48,455)	23,271	(818)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE	BANK	6,801,464	13,425,378	5,434,674	10,420,807
			Rup	ees	
Basic and diluted earnings per share	34	5.74	11.33	4.59	8.79

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







Director







Hammad Khalid Chief Financial Officer





Salman Khalid Butt Director



Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year Ended June 30, 2020

	Quarter ended June 30, 2020	Half Year ended June 30, 2020	Quarter ended June 30, 2019	Half Year ended June 30, 2019
		Rupees	in '000	
Profit after taxation for the period	6,863,651	13,473,833	5,411,403	10,421,625
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	204,044	832,119	1,329,609	1,661,322
- Non-controlling interest	4 204,048	20 832,139	25 1,329,634	27 1,661,349
Share of exchange translation reserve of associate	22,343	7,189	1,667	17,709
Movement in surplus/ (deficit) on revaluation of investments - net of tax				
- Equity shareholders of the bank	7,107,527	15,446,405 15,446,405	(1,746,639) (1,746,639)	(1,230,109) (1,230,109)
Movement in share of surplus / deficit on revaluation of associated undertaking- net of tax	150,837	(238,455)	(1,746,639)	(1,230,109)
	7,484,755	16,047,278	(544,959)	422,180
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	(1,738,103) (1,738,103)	(1,738,103) (1,738,103)	(534,194) (534,194)	(534,194) (534,194)
Total comprehensive income	12,610,303	27,783,008	4,332,250	10,309,611
Attributable to:				
- Equity shareholders of the bank - Non-controlling interest	12,548,112 62,191 12,610,303	27,734,533 48,475 27,783,008	4,309,004 23,246 4,332,250	10,308,766 845 10,309,611

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



President / CEO

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Mian Umer Mansha Director

Muhammad Ali Zeb Director

Salman Khalid Butt Director

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited) For The Half Year Ended June 30, 2020



					Capital reserve			Revenue reserve	Cincles(Mo	Cumbus(Moffinit) on soundination of	Ē		Ī	Ī		F
	tu		Share capital	Share premium	Non-distributable canital recerve	Exchange translation reserve	Statutory reserve	General reserve	Invactmente	deenrista	-ixed / non-	Unappropriated profit	Sub total	Nan controlling interest	Total	or 1
	m							0001 T. T. 1000			canking assets			Ī		he
nran I reside	••••	Balance as at December 31, 2018	11,850,600	23,973,024	908,317	1,607,782	29,285,450		(2,812,615)	251,246	12,979,244	53,971,079	150,614,127	708,752	151,322,879	ена
	M	Total comprehensive income for the period ended June 30, 2019														11
	ma	Profit after tavation for the six months period ended June 30, 2019 Other comprehensive income - net of tax				- 1.679.031			- (1.230.109)	- (26,769)		10,420,807 (534.194)	10,420,807 (112.041)	818 27	10,421,625 (112.014)	rea
	l na			•	•	1,679,031	•		(1,230,109)	(26,769)		9,886,613	10,308,766	845	10,309,611	r ŀ
	ne.	Transfer to statutory reserve	•	•	•		1,067,499					(1,067,499)	•	•	•	Lno
-		Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax									(27,073)	27,073				ded
-		Surplus realised on disposal of revalued fixed assets - net of tax									(10,563)	10,563				Ju
		Transactions with owners, recorded directly in equity														ne
Han ief F		Final cash dividend at Rs. 4.0 per share - December 31, 2018			•							(4,740,240)	(4,740,240)		(4,740,240)	30
	(Interim cash dividend at Rs. 4.0 per share - March 31, 2019		•	•							(4,740,240)	(4,740,240)		(4,740,240)	, 2
	pt											(9,480,480)	(9,480,480)		(9,480,480)	02
		Balance as at June 30, 2019	11,850,600	23,973,024	908,317	3,286,813	30,352,949	18,600,000	(4,042,724)	224,477	12,941,608	53,347,349	151,442,413	709,597	152, 152, 010	U
d ficer		Change in equity for six months period ended December 31, 2019														
-		Total comprehensive income for the six months period ended December 31, 2019	1, 2019													
_		Profit after taxation for the six months period ended December 31, 2019 Other comprehensive income - net of tax	• •			- (556,459)			- 8,368, <i>9</i> 75	- 120,285	7,204,465	13,447,442 59,773	13,447,442 15,197,039	78,144 (7)	13,525,586 15,197,032	
N				•	•	(556,459)	•		8,368,975	120,285	7,204,465	13,507,215	28,644,481	78, 137	28,722,618	
	U	Transfer to statutiony reserve					1,330,185					(1,330,185)				
Umer Direct	× //	Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of lax									(27,017)	27,017				
	lor	Sumlis realized or discosed of non-banking assets - net of fax									(37 863)	37,863				
sha	ch	ten in tel sennen Busines intel in wooddun in norman and in									(applied)					
		Transactions with owners, recorded directly in equity														
		Interim cash dividend at Rs. 4.0 per share - June 30, 2019 Interim cash dividend at Rs. 4.0 per share - September 30, 2019										(4,740,240) (4,740,240)	(4,740,240) (4,740,240)		(4,740,240) (4,740,240)	
_			•									(9,480,480)	(9,480,480)		(9,480,480)	
М		Share of dividend attributable to Non-controlling interest												(47,331)	(47,331)	
uha	(Balance as at December 31, 2019	11,850,600	23,973,024	908,317	2,730,354	31,683,134	18,600,000	4,326,251	344,762	20,081,193	56,108,779	170,606,414	740,403	171,346,817	
mma Direc	4	Total comprehensive income for the period ended June 30, 2020														
d Ali tor	R	Profit after taxation for the six months period ended June 30, 2020		• •	• •	- - 300 308	• •	• •	- 15.4.46.405	-	• •	13,425,378	13,425,378 14 300 155	48,455	13,473,833	
Zeb) 7					839,308			15,446,405	(238,455)		11,687,275	27,734,533	48,475	27,783,008	
)		Transfer to statutory reserve	1			•	1,330,972					(1,330,972)				
		Transfer in respect of incernential depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	•		•		•			•	(45,539)	45,539		•		
_		Transactions with owners, recorded directly in equity														
Sal	ζ	Final cash dividend at Rs. 5.0 per share - December 31, 2019 Interim cash dividend at Rs. 5.0 per share - March 31, 2020	• •								• •	(5,925,300) (5,925,300)	(5,925,300) (5,925,300)		(5,925,300) (5,925,300)	
mar E	shu											(11,850,600)	(11,850,600)		(11,850,600)	
n Kh Direc	ىيون	Share of dividend attributable to Non-controlling interest	•			•				•		•		(35,043)	(35,043)	
alid tor	bu	Balance as at June 30, 2020	11,850,600	23,973,024	908,317	3,569,662	33,014,106	18,600,000	19,772,656	106,307	20,035,654	54,660,021	186,490,347	753,835	187,244,182	Dai
But	19	For details of dividend declaration and appropriations, please refer note 40 to fress consultated condensed interim financial statements	ese consolidated co	ndensed interim financ	aal statements.											ax I
	-	For details of reserves, please refer note 21 to these consolidated condensed interim financial statements	terim financial stater	nents.												
																-1



Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended June 30, 2020

	Note	Half Year ended June 30, 2020 Rupee	Half Year ended June 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		22,847,098	17,975,353
Less: Dividend income and share of profit of associates		(828,368)	(854,512)
		22,018,730	17,120,841
Adjustments:	00	4 400 4 40	4 004 074
Depreciation on fixed assets	30 30	1,190,148	1,081,871
Depreciation on right of use assets	30 30	820,537 15,675	791,166 24,124
Depreciation on non-banking assets acquired in satisfaction of claims Amortization	30	227,611	188,591
Provisions / (reversals) and write offs - net	30	4,076,022	907,499
Workers welfare fund	52	445,087	365,700
Gain on sale of fixed assets and non-banking assets acquired-net	29	(18,982)	(36,625)
Charge / (reversal) for defined benefit plans	20	161,546	(32,175)
Interest expensed on lease liability against right-of-use assets		804,608	467,237
Unrealized (gain)/loss on revaluation of investments classified as held for trading	28	(62,676)	82,646
		7,659,576	3,840,034
		29,678,306	20,960,875
Decrease / (increase) in operating assets		23,070,000	20,300,075
Lendings to financial institutions		2,875,304	31,958,227
Held-for-trading securities		(6,683,251)	3,194,379
Advances		14,022,050	(6,791,304)
Others assets (excluding advance taxation)		1,419,719	(16,375,035)
		11,633,822	11,986,267
Increase / (decrease) in operating liabilities			
Bills Payable		(182,428)	(5,398,546)
Borrowings from financial institutions		24,923,181	(34,949,534)
Deposits		144,754,983	109,508,865
Other liabilities (excluding current taxation)		(25,423,332)	11,290,900
		144,072,404	80,451,685
Defined benefits paid		(165,300)	(166,874)
Income tax paid		(7,177,096)	(378,874)
Net cash flow from operating activities		178,042,136	112,853,079
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(166,762,830)	(55,492,926)
Net investments in held-to-maturity securities		8,677,322	(882,746)
Dividends received		492,898	728,817
Investments in fixed assets		(963,909)	(3,069,841)
Investments in Intangible assets		(86,772)	(257,037)
Proceeds from sale of fixed assets		31,257	88,240
Proceeds from sale of non-banking assets acquired in satisfaction of claims		-	40,000
Investments in non-banking assets acquired in satisfaction of claims Effect of translation of net investment in foreign branches		- 839,308	(64,445) 1,661,349
C C		,	
Net cash flow used in investing activities		(157,772,726)	(57,248,589)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated debt		-	(3,891,019)
Payment of lease liability against right-of-use-assets		(1,129,551)	(909,239)
Dividend paid		(11,741,428)	(9,394,092)
Net cash flow used in financing activities Effects of exchange rate changes on cash and cash equivalents		(12,870,979) 3,766,686	(14,194,350) 4,750,546
Increase in cash and cash equivalents		11,165,117	46,160,686
		159,219,822	
Cash and cash equivalents at beginning of the period Cash and cash equivalents at end of the period		159,219,822 170,384,939	116,806,471 162,967,157
The annexed notes 1 to 42 form an integral part of these consolidated condensed interim financial	stateme		



President / CEO

Imran Maqbool

Hammad Khalid **Chief Financial Officer**

Mian Umer Mansha Director



Muhammad Ali Zeb

Directo

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

STATUS AND NATURE OF BUSINESS

The Group consists of:	
- Holding Company	- MCB Bank Limited

Subsidiary Companies	"Percentage ho MCB Bank Lir	0
- MCB Financial Services Limited	100%	
- MCB - Arif Habib Savings and Investments Limited	51.33%	
- MCB Non-Bank Credit Organization " Closed Joint Stock Company"	99.94%	
- MCB Islamic Bank Limited	100%	
- Financial Management Services (Private) Limited	95.90%	

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,400 branches (2019: 1,399 branches) within Pakistan and 11 branches (2019: 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.
- 1.2 The Bank is in the process of disposal of its wholly owned subsidiary "MCB Financial Services Limited" subject to all regulatory and shareholders approvals.

BASIS OF PREPARATION 2.

- 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, 2020 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, 2020.
 - 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.



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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 Financial Reporting Standard 9, 'Financial Instruments' through BPRD Circular No. 04 of 2019 dated October 23, 2019 and 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 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 consolidated financial statements for the financial year ended December 31, 2019.

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, 2020. 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)
IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2022
IAS 16, Property, plant and equipment (Amendments)	January 1, 2022
IAS 37, Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 17, Insurance Contracts	January 1, 2021

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

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. The Bank is in the process of assessing the full impact of this standard.

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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, 2019.

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, 2019 except as explained in note 6.1.

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, 2019. 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.

The COVID - 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points during the period to 7% in June 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;

- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;

Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who
require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and

- Introduction of refinancing schemes for payment of wages and salaries.

COVID 19 has impacted the banks in Pakistan from various facets which include muted credit risk increase, reduced fee income due to slowdown in economic activity, branch closures and cyber security threat management.

6.1 Credit Risk Management

The Risk Management function of the Group is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Group has further strengthened its risk appetite and related credit review procedures in the light of COVID-19, which would insulate the Group from any unforeseen shock.

As the full potential effect of the economic stress posed by the COVID-19 outbreak is difficult to predict, the management has exercised prudence and booked General Provision of Rs 4 billion during the half year ended June 30, 2020.

6.2 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Group. The Asset and Liability Committee (ALCO) of the Group is continuously monitoring the liquidity position and the Group is confident that the liquidity buffer currently maintained is sufficient to address any requirement, as reflected by the cushion in liquidity ratios above the statutory requirement.

6.3 Equity Risk Management

During the first six months the Pakistan Stock Exchange fell by 15.5%, triggering an impairment of Rs 1,931.930 million. The Group has recorded an impairment of Rs 1,346.097 million resulting from the valuation of listed equity securities held as Available for Sale in the first half and has deferred the recognition of the remaining impairment to the remainder part of the calendar year 2020 and has been taken to deficit on revaluation of investments as allowed by the State Bank of Pakistan under the Para (viii) of BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

6.4 Operational Risk Management

The Group is closely monitoring the situation and has invoked required actions to ensure the safety and security of Group staff while ensuring uninterrupted service to customers. The senior management of the Group is continuously monitoring the situation and is taking timely decisions to resolve any concerns.



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

Business Continuity Plans (BCP) for respective areas are in place and duly tested. The Group has significantly enhanced monitoring of cyber security risk during these times. The remote work capabilities were enabled for staff, where required and related risk and control measures were assessed to ensure that the Group's assets are protected from emerging cyber threats and comply with the regulatory protocols. The Group is communicating with its customers for their financial transactions to be conducted through digital channel offerings. The Group has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored to meet customer requirements and expectations.

6.5 Capital Adequacy Ratio (CAR)

In order to encourage Group to continue lending, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

6.6 **Suspension of Dividends**

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The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that banks which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

		Unaudited June 30, 2020	Audited December 31, 2019
	CASH AND BALANCES WITH TREASURY BANKS	Rupee	es in '000
	In hand		
	Local currency	24,045,179	20,833,520
	Foreign currencies	4,727,614	2,802,190
		28,772,793	23,635,710
	With State Bank of Pakistan in	75 405 000	62,480,402
	Local currency current accounts Foreign currency current accounts	75,465,668 1,185,958	62,180,493 599,384
	Foreign currency deposit accounts	11,090,785	14,320,863
		87,742,411	77,100,740
	With other central banks in		
	Foreign currency current accounts	10,883,558	16,220,148
	With National Bank of Pakistan in		
	Local currency current accounts	26,988,827	25,666,525
	Prize bonds	70,687	334,235
		154,458,276	142,957,358
		,,	
-	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In current account	9,415	9,183
	In deposit account	1,578 10,993	4,378,142 4,387,325
		10,995	4,307,323
	Outside Pakistan	40 500 500	40.045.550
	In current accounts In deposit accounts	10,533,586 6,014,194	12,845,556 4,138,872
		16,547,780	16,984,428
		16,558,773	21,371,753
		10,000,770	21,071,700
-	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call / clean money lendings	1,647,040	-
	Repurchase agreement lendings (Reverse Repo)	409,735	209,205
	Musharaka arrangements Bai Muajjal receivable - with State Bank of Pakistan	300,000 828,790	2,480,000 3,371,664
	Dai wuajjai receivable - Willi State Dalik UI Pakistan	3,185,565	6,060,869
		0,100,000	0,000,009

MCB Bank Limited & Subsidiary Companies



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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

	Unaudited June 30, 2020	те 30, 2020			Audited December 31, 2019	ber 31, 2019	
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
			Rupees in '000-	in '000			
16,080,205	1	13,078	16,093,283	9,479,849	'	(4,128)	9,475,721
1,229,720	ı	49,598	1,279,318	1,062,839		88,114	1,150,953
17,309,925		62,676	17,372,601	10,542,688	ĺ,	83,986	10,626,674
840,940,829	(3,535)	30,502,481	871,439,775	677,027,359	'	4,973,965	682,001,324
28,394,672	(11,329,977)	(162,984)	16,901,711	26,846,236	(11,207,932)	1,673,181	17,311,485
2,957,372	ı	27,640	2,985,012	2,428,773	ı	(4,671)	2,424,102
4,444,514	ı	52,334	4,496,848	3,657,020		13,295	3,670,315
876,737,387	(11,333,512)	30,419,471	895,823,346	709,959,388	(11,207,932)	6,655,770	705,407,226
10,124,614	(2,081)		10,122,533	18,908,076	(2,211)		18,905,865
118	(118)	'		118	(118)		'
10,446,061	(606,616)	•	9,839,445	10,442,925	(533,788)		9,909,137
8,423,603	(21,427)		8,402,176	8,320,599	(3,569)		8,317,030
28,994,396	(630,242)		28,364,154	37,671,718	(539,686)		37,132,032
4,129,558			4,129,558	4,275,658			4,275,658
927,171,266	(11,963,754)	30,482,147	945,689,659	762,449,452	(11,747,618)	6,739,756	757,441,590
						Unaudited June 30, 2020	Audited December 31, 2019
						Rupee	Rupees in '000
						46,385,243	22,820,226
						6, 397, 772	5,316,208
						52,783,015	28,136,434
rvestments						11,747,618	8,746,566

Investments by type INVESTMENTS

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Held-for-trading securiti Federal Government Sec es

-for-sale ailable-

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

Held-to-maturity securi Federal Government Sec Provincial Government S ent Debt Von Governme ⁻oreign Securi

Fotal Investments ociates

estments giv 2 10.1.1

Market Treasury Bills Pakistan Investment

<u>ء</u>. Provision for dimin 10.2 ening balance d 10.2.1

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written off **Closing Balance** unts



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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited Ju	ne 30, 2020	Audited Decem	nber 31, 2019
	NPI	Provision	NPI	Provision
Domestic		Rupees	s in '000	
Doubtful	-	-	145,656	72,828
Loss	606,734	606,734	461,078	461,078
	606,734	606,734	606,734	533,906

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 27.043 million (December 31, 2019: Rs 5.780 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, 2020 amounted to Rs. 25,556.883 million (December 31, 2019: Rs. 34,042.566 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, 2020 amounted to Rs. 2,317.700 million (2019: Rs. 2,946.300 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2019: 20.00%)

	Unaudited June 30, 2020	Audited December 31, 2019
	Rupee	s in '000
Opening balance	4,211,707	3,959,039
Share of profit for the period / year before tax	436,717	326,755
Dividend from associate	(105,000)	(175,000)
Share of tax	(95,334)	(109,675)
	236,383	42,080
Share of other comprehensive income	(355,796)	210,588
Closing balance	4,092,294	4,211,707
Share of other comprehensive income		
Share of unrealized surplus on assets -net of tax	(362,985)	167,219
Share of exchange translation reserve of associate	7,189	43,369
	(355,796)	210,588

Investment of the Group in Euronet Pakistan Private Limited has been accounted for under the equity method of 10.5 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% (2019: 30.00%)

	Unaudited June 30, 2020 Rupee	Audited December 31, 2019 s in '000
Opening balance	63,951	60,487
Share of profit/(loss) for the period / year before tax Share of tax	(23,911) (2,776)	12,878 (9,414)
Closing balance	(26,687)	3,464
	37,264	63,951

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
				Rupeesin '000-	esin '000		
Loans, (Loans, cash credits, running finances, etc.	441,030,385	471,613,945	49,698,399	48,	490,728,784	520,373,102
Islamic Bills dise	Islamic financing and related assets Bills discounted and purchased	68,798,169 17.109.952	50,965,243 19.486.758	747,891 665.102	381,427 665.102	69,546,060 17.775.054	51,346,670 20.151.860
Advance	Advances - gross	526,938,506	542,065,946	51,111,392	49,805,686	578,049,898	591,871,632
Provisio	Provision against advances						
- Specific - General	al	- (5,630,310)	- (1,461,011)	(41,863,368) -	(41,937,761) -	(41,863,368) (5,630,310)	(41,937,761) (1,461,011)
		(5,630,310)	(1,461,011)	(41,863,368)	(41,937,761)	(47,493,678)	(43,398,772)
Advance	Advances - net of provision	521,308,196	540,604,935	9,248,024	7,867,925	530,556,220	548,472,860
						Unaudited June 30, 2020	Audited December 31, 2019
11.1	Particulars of advances (Gross)					Rupe	Rupees in '000
	In local currency					531,096,703	532,760,442
	In foreign currencies					46,953,195 578,049,898	59,111,190 591,871,632
11.2	Advances include Rs. 51,111.392 million (2019: Rs. 49,805.686 million) which have been placed under the non-performing status as detailed below:	. 49,805.686 million)) which have been place	ed under the non-pe	rforming status as detai	iled below:	
			Note	Unaudited .	Unaudited June 30, 2020	Audited Dec	Audited December 31, 2019
	Category of Classification			Non Performing Loans	Provision	n Non Performing Loans	Provision
	Domestic				222		
	Other Assets Especially Mentioned		11.2.1	141,903	3,291	138,432	3,529
	Substantiation Doubtful			3,266,109	230,340	33,048,946	1,346,099
	Loss			37,455,471 42 243 546	36,335,894 38,231,208	37,836,484 41 615 694	37,088,134 38,584,634
	Overseas						0000
	Not past due but impaired			1		ı	
	Overdue by:						
	Upto 90 days			1,807	1,634	10,688	7,400
	91 to 180 days			4,331	2,105	118,182	95,452
	101 to 303 days > 365 days			8.732.771	3.515.650	7.919.891	3.112.674
	×			8,867,846	3,632,160	8,189,992	3,353,127
	Total			51,111,392	41,863,368	49,805,686	41,937,761
11.2.1	This represents non-performing portfolio of agricultural, small enterprise and Infrastructure Project Financing classified as OAEM as per the requirements of respective Prudential Regulations issued by the State Bank of Pakistan.	tural, small enterpris	e and Infrastructure Pr	oject Financing clas	ssified as OAEM as per	the requirements o	f respective Prudential



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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

11.3 Particulars of provision against advances

	Una	audited June 30, 2	2020	Audit	ed December 31, 2	December 31, 2019		
	Specific	General	Total Ru pe	Specific ees in '000	General	Total		
Opening balance	41,937,761	1,461,011	43,398,772	41,944,267	1,292,113	43,236,380		
Exchange adjustments	229,995	25,167	255,162	302,297	23,426	325,723		
Charge for the period / year	763,606	4,222,152	4,985,758	3,359,542	174,710	3,534,252		
Reversals	(948,706)	(78,020)	(1,026,726)	(3,649,841)	(29,238)	(3,679,079)		
	(185,100)	4,144,132	3,959,032	(290,299)	145,472	(144,827)		
Amounts written off	(119,288)	-	(119,288)	(18,504)	-	(18,504)		
Closing balance	41,863,368	5,630,310	47,493,678	41,937,761	1,461,011	43,398,772		

- 11.3.1 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.442.062 million (December 31, 2019: Rs.178.374 million) in determining the provisioning against non-performing Islamic financing and related assets as at June 30, 2020. The additional benefit on the Bank's statement of profit and loss arising from availing the FSV benefit - net of tax amounts to Rs 287.340 million as at June 30, 2020 (December 31, 2019: Rs 115.943 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.
- 11.3.2 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.
- 11.3.3 In addition, the Group has also maintained a general provision of Rs 4,650 million (December 31, 2019: Rs 527 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations as explained in note 6.1. Line and the st

Note June 30, 2020 December 31, 2019 12. FIXED ASSETS		•		Unaudited	Audited
12. FIXED ASSETS Rupees in '000 Capital work-in-progress 12.1 1.276,595 1.086,429 Property and equipment 52,037,660 52,466,540 9,976,662 10.666,638 Right-of-use assets 63,290,907 64,201,807 64,201,807 Image: Chil work-in-progress 822,241 476,799 9,974 30,976,662 10.866,838 Chil work in-progress 0 9,974 30,907 64,201,807 12.1 12.76,595 10.866,838 Others 0 9,974 30,019 9,974 30,2019 12.1 12.76,595 10.876 Unaudited hair Unaudited hair Unaudited hair Unaudited hair Unaudited hair Vear ended June 30,2019			Note	June 30, 2020	
Property and equipment Right-of-use assets 52,037,660 52,466,540 Right-of-use assets 9,976,652 10,666,333 12.1 Capital work-in-progress Civil works 63,299,097 64,201,807 201 Capital work-in-progress Civil works 822,241 476,799 201 Advances to suppliers 9,574 90,946 Advances to suppliers 404,008 491,968 Others 10,068,429 Unaudited half Unaudited half 12.2 Additions to fixed assets 0,020 30, 2019	12.	FIXED ASSETS		Rupee	
Right-of-use assets 9.976.652 10.666.838 12.1 Capital work-in-progress 822.241 476,799 Equipment 9.976.652 10.668.838 Advances to suppliers 9.976.652 10.668.838 Others 404.008 491.968 Unaudited half Unaudited half Unaudited half Verar ended June 90.2019 30.2019 Unaudited half Verar ended June Year ended June Year ended June 90.2019 30.2019 Unaudited half Verar ended June Year ended June Year ended June 708.245 314.899 336.278 Property and equipment 708.245 315.941 316.829 Freehold land 25.327 708.245 10.166 Leasehold improvements 103.916 114.142 111.765 137.480 Vehicles 649.010 2.733.563 64.991 - - - Leasehold ind 963.909 3.069.841 963.909 3.069.841 - - - - - - - - - - -<		Capital work-in-progress	12.1	1,276,595	1,068,429
12.1 Capital work-in-progress 63,290,907 64,201,807 Civil works Equipment 9,574 90,946 Advances to suppliers 9,574 90,946 94,008 491,968 Others 9,574 90,946 94,008 491,968 404,008 491,968 404,008 491,968 404,772 8,716 1,276,585 1,068,429 Unaudited half Unaudited half Unaudited half Vaer ended June 90,245 1,068,429 30,2019		Property and equipment		52,037,660	52,466,540
12.1 Capital work-in-progress 822,241 476,799 Equipment 9,574 409,408 Advances to suppliers 404,008 491,968 Others 404,008 491,968 Unaudited half 11,27,276,6595 1,088,429 Unaudited half Unaudited half Vear ended June Vear ended June 30,2019		Right-of-use assets		9,976,652	10,666,838
Civil works822,241476,799Equipment9,57490,946Advances to suppliers9,57490,946Others40,0728,7161,276,5951,068,429Unaudited halfUnaudited halfYear ended JuneYear ended JuneCapital work-in-progress30,202Property and equipment33,6,278Freehold land25,327Building on freehold land336,278Electrical office and computer equipment114,142Leasehold Improvements963,909Vehicles649,010Leasehold land963,009Jospal of fixed assets963,909Jospal of fixed assets disposed off during the period is as follows: Freehold land-Lasehold Improvements-Vehicles6,971Leasehold Ind-Leasehold Ind-Cited assets-Total963,009Jospal of fixed assets-Vehicles6,971Leasehold Ind-Vehicles6,971Leasehold Ind-Vehicles6,971Leasehold Ind-Vehicles6,971Leasehold Ind-Vehicles6,971<				63,290,907	64,201,807
Equipment Advances to suppliers 9,574 90,946 404,008 90,946 404,008 Others 404,008 491,968 Others 1,276,595 1,068,429 Unaudited half Unaudited half Vear ended June 30, 2020 30, 2019 The following additions have been made to fixed assets during the period:	12.1				
Advances to suppliers 404,008 491,968 Others 404,008 491,968 40,772 8,716 1,276,595 1,068,429 Unaudited half Unaudited half Year ended June Year ended June Capital work-in-progress 314,899 336,278 Property and equipment 25,327 708,245 Freehold land 335,941 688,953 Electrical office and computer equipment 315,941 688,953 Furniture and fixture 111,765 137,480 Vehicles 649,010 2,733,563 Leasehold land 50,229 76,484 963,909 3,069,841 141,42 Total 963,909 3,069,841 12.3 Disposal of fixed assets - 21,000 Vehicles - 21,000 Leasehold land - 21,000 Vehicles 6,971 28,910 Furniture and fixture 6,971 28,910 Vehicles 6,971 28,910					
Others40,7728,7161,276,5951,068,429Unaudited halfUnaudited half12.2 Additions to fixed assetsUnaudited halfThe following additions have been made to fixed assets during the period:Rupees in '000Capital work-in-progress314,899Properly and equipment25,327Freehold land25,327Building on freehold land34,833Electrical office and computer equipment314,899Furniture and fixture334,834Leasehold Improvements334,839Vehicles50,229Total963,90930,698,84112.3 Disposal of fixed assets disposed off during the period is as follows:Freehold land-Vehicles6,971Leasehold landUnaudited fixed assetsUnaudie of fixed assets					
1.2.2 Additions to fixed assets 1.068,429 Unaudited half Unaudited half Year ended June 30,2020 Capital work-in-progress 314,899 Property and equipment 34,833 Freehold land 25,327 Building on freehold land 31,008,259 Electrical office and computer equipment 34,833 Furniture and fixture 311,4142 Leasehold Improvements 311,4142 Leasehold land 27,33,563 Total 963,909 1.2.3 Disposal of fixed assets disposed off during the period is as follows: - Freehold land - Vehicles 6,971 Leasehold land - 1.008,259 6,991 3.0,69,841 - 1.008,259 - 649,010 2,733,563 Total 963,909 3.069,841 - 1.2.3 Disposal of fixed assets disposed off during the period is as follows: - Freehold land - 21,000 Vehicles 6,971 28,910 Furniture and fixture 3,390 <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>					
12.2 Additions to fixed assets Unaudited half Unaudited half Year ended June 30, 2020 30, 2019 30, 2019 Capital work-in-progress 314,899 336,278 Property and equipment 25,327 708,245 Freehold land 34,833 1,008,259 Building on freehold land 314,899 346,833 Electrical office and computer equipment 708,245 348,833 Furniture and fixture 26,327 768,245 Leasehold Improvements 314,899 346,833 Vehicles 649,010 27,33,563 Total 963,909 3,069,841 12.3 Disposal of fixed assets 6,971 28,910 Furniture and fixture 6,971 28,910 Leasehold land 6,971 28,910 Total 6,971 28,910 Vehicles 6,971 28,910 Furniture and fixture 6,971 28,910 Leasehold land 6,971 28,910 Vehicles 6,971 28,910 Furniture and fixture 6,971 28,910 Leasehold lan		Others			
12.2 Additions to fixed assets Year ended June 30, 2020 30, 2019 The following additions have been made to fixed assets during the period:					
12.2Additions to fixed assets30, 202030, 2019The following additions have been made to fixed assets during the period:Rupees in '000Capital work-in-progress314,899336,278Property and equipment					
The following additions have been made to fixed assets during the period:	12.2	Additions to fixed assets			
Capital work-in-progress 314,89 336,278 Property and equipment 25,327 708,245 Building on freehold land 34,833 1,008,259 Electrical office and computer equipment 315,941 688,953 Furniture and fixture 1111,765 137,480 Leasehold land 50,229 76,484 Leasehold land 649,010 2,733,563 Total 963,909 3,069,841 12.3 Disposal of fixed assets - 21,000 Vehicles 6,971 28,910 - Freehold land - 21,000 649,101 2,733,563 Total 963,909 3,069,841 - 21,000 2,733,563 Leasehold land - - 21,000 - 21,000 2,733,563 Total 963,909 3,069,841 - 21,000 2,733,563 21,000 2,733,563 21,000 2,733,563 21,000 24,910 21,000 2,733,563 21,000 24,910 21,000 24,910					
Property and equipment 25,327 708,245 Freehold land 24,333 1,008,259 Building on freehold land 34,833 1315,941 Electrical office and computer equipment 313,946 114,142 Furniture and fixture 111,765 50,229 76,484 Leasehold Iand 6,999 - 137,480 Vehicles 50,229 76,484 137,480 Leasehold Iand 649,010 2,733,563 Total 963,909 3,069,841 12.3 Disposal of fixed assets - 21,000 Vehicles 6,971 28,910 - Freehold land - 21,000 2,733,563 Vehicles 6,971 28,910 - Freehold land - 21,000 - Vehicles 6,971 28,910 - Furniture and fixture 614 573 - Electrical office and computer equipment 3,330 849 - Leasehold Improvements 3,330 <t< td=""><td></td><td>÷ • •</td><td></td><td></td><td></td></t<>		÷ • •			
Freehold land 25,327 708,245 Building on freehold land 34,833 1,008,259 Electrical office and computer equipment 315,941 688,953 Furniture and fixture 103,916 1114,142 Leasehold Improvements 1111,765 50,229 Vehicles 50,229 76,484 Leasehold land 649,010 2,733,563 Total 963,909 3,069,841 12.3 Disposal of fixed assets - The net book value of fixed assets - 21,000 Vehicles 6,971 28,910 Furniture and fixture 614 573 Leasehold land 614 573 Vehicles 6,971 28,910 Furniture and fixture 614 573 Leasehold Improvements 3,330 849 Leasehold Improvements 1,300 283				014,000	000,210
Building on freehold land 34,833 1,008,259 Electrical office and computer equipment 315,941 688,953 Furniture and fixture 103,916 114,142 Leasehold Improvements 101,765 137,480 Vehicles 50,229 76,484 Leasehold Iand 649,010 2,733,563 Total 963,909 3,069,841 The net book value of fixed assets - 21,000 Vehicles 6,971 28,910 Freehold land - 21,000 Vehicles 6,971 28,910 Freehold land 6,14 573 Leasehold Improvements 6,14 573 Leasehold Ind - 21,000 Vehicles 6,14 573 Electrical office and computer equipment 3,390 849 Leasehold Improvements 3,390 849				25 327	708 245
Electrical office and computer equipment 315,941 688,953 Furniture and fixture 103,916 114,142 Leasehold Improvements 111,765 137,480 Vehicles 50,229 74,40 Leasehold land 649,010 2,733,563 Total 963,909 3,069,841 12.3 Disposal of fixed assets - The net book value of fixed assets 6,971 28,910 Freehold land - 21,000 Vehicles 614 573 Electrical office and computer equipment 3,300 849 Leasehold Improvements 3,300 849					
Furniture and fixture 103,916 114,142 Leasehold Improvements 137,480 74,480 Vehicles 50,229 76,484 6,9901 2,733,563 Total 963,909 3,069,841 12.3 Disposal of fixed assets - 21,000 Vehicles 6,971 28,910 Freehold land - 21,000 Vehicles 6,14 573 Electrical office and computer equipment 3,300 849 Leasehold Improvements 13,300 283					
Vehicles50,22976,484Leasehold land6,999-Total963,9093,069,841 12.3 Disposal of fixed assets The net book value of fixed assets disposed off during the period is as follows: Freehold land-Vehicles6,97128,910Furniture and fixture614573Electrical office and computer equipment3,390849Leasehold Improvements1,300283					
Vehicles50,22976,484Leasehold land6,999-Total963,9093,069,841 12.3 Disposal of fixed assets The net book value of fixed assets disposed off during the period is as follows: Freehold land-Vehicles6,97128,910Furniture and fixture614573Electrical office and computer equipment3,390849Leasehold Improvements1,300283		Leasehold Improvements		111,765	137,480
Image: Total 649,010 2,733,563 12.3 Disposal of fixed assets 963,909 3,069,841 12.3 Disposal of fixed assets - 21,000 Freehold land - 21,000 Vehicles 6,971 28,910 Furniture and fixture 614 573 Electrical office and computer equipment 3,390 849 Leasehold Improvements 1,300 283				50,229	76,484
Total963,9093,069,84112.3Disposal of fixed assets-21,000The net book value of fixed assets disposed off during the period is as follows: Freehold land-21,000Vehicles6,97128,910Furniture and fixture614573Electrical office and computer equipment3,330849Leasehold Improvements1,300283		Leasehold land			-
12.3 Disposal of fixed assets The net book value of fixed assets disposed off during the period is as follows: Freehold land Vehicles Furniture and fixture Electrical office and computer equipment Leasehold Improvements 12.3 Disposal of fixed assets 12.4 Disposal of fixed assets 12.5 Disposal of fixed assets 12.6 Disposal of fixed assets 12.7 Disposal of fixed assets 12.8 Disposal of fixed assets 12.9 Disposal of fixed assets 12.0 Disposal of fixe				649,010	2,733,563
The net book value of fixed assets disposed off during the period is as follows: - 21,000 Freehold land - 28,910 Vehicles 6,971 28,910 Furniture and fixture 614 573 Electrical office and computer equipment 3,390 849 Leasehold Improvements 1,300 283		Total		963,909	3,069,841
Freehold land-21,000Vehicles6,97128,910Furniture and fixture614573Electrical office and computer equipment3,390849Leasehold Improvements1,300283	12.3	Disposal of fixed assets			
Vehicles 6,971 28,910 Furniture and fixture 614 573 Electrical office and computer equipment 3,390 849 Leasehold Improvements 1,300 283		The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture614573Electrical office and computer equipment3,390849Leasehold Improvements1,300283		Freehold land		-	21,000
Electrical office and computer equipment3,390849Leasehold Improvements1,300283					
Leasehold Improvements 1,300 283					
iotal <u>12,2/5</u> 51,615					
		IOTAI		12,275	51,615

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

		Note	Unaudited June 30, 2020	Audited December 31, 2019
INTANG	IBLE ASSETS		Rupee	s in '000
Capital w	vork-in-progress		330,894	472,336
Goodwill	F3		82,127	82,127
	nont rights		192,000	192,000
-	nent rights er software		1,242,504	1,232,512
Compute			1,847,525	1,978,975
			Unaudited half	Unaudited half
			Year ended June	Year ended June
	Additions to intangible assets		30, 2020	30, 2019
	wing additions have been made to intangible assets durin	g the period:		s in '000
	/ork-in-progress		14,530	-
Directly p	burchased		72,242 86,772	257,037 257,037
			00,112	Audited
			Unaudited	December 31,
			June 30, 2020	2019
OTHER /	ASSETS		Rupee	s in '000
	mark-up accrued in local currency		27,300,723	24,533,964
	mark-up accrued in foreign currencies		668,412	564,667
	s, deposits, advance rent and other prepayments		2,380,470	3,940,446
	sation for delayed income tax refunds		133,809	133,809
-	king assets acquired in satisfaction of claims		3,235,832	3,251,508
	djustment account		67,164	77,281
	narket gain on forward foreign exchange contracts		2,997,691	3,848,188
	ed gain on derivative financial instruments		1,186,368	1,236,517
Acceptan	nces	20	19,933,620	20,346,205
Receivab	ble from the pension fund		1,239,559	3,605,121
Others			8,293,271	10,118,430
			67,436,919	71,656,136
Less: Pro	ovision held against other assets	14.1	2,644,288	2,604,137
Other As:	sets (net of provision)		64,792,631	69,051,999
Surplus c	on revaluation of non-banking assets			
acquii	red in satisfaction of claims		677,660	677,660
Other As	sets - total		65,470,291	69,729,659
14.1	Provision held against other assets			
	Non banking assets acquired in satisfaction of claims		90,938	90,938
	Claims against fraud and forgeries		499,238	-
(Others		2,054,112	2,513,199
			2,644,288	2,604,137
14.1.1	Movement in provision held against other assets			
(Opening balance		2,604,137	2,550,585
	Charge for the period / year		1,311	12,587
F	Reversals		(19,188)	(36,023)
			(17,877)	(23,436)
	Amounts written off		(3,922)	(3,638)
	Exchange and other adjustments		61,950 2 644 288	2 604 137
	Closing balance		2,644,288	2,604,137

CONTINGENT ASSETS 15.

There were no contingent assets of the Group as at June 30, 2020 (2019: NIL).



19.

20.

Bank for Life

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

		Unaudited June 30, 2020	Audited December 31, 2019
16.	BILLS PAYABLE	Rupe	es in '000
	In Pakistan	12,538,610	12,759,834
	Outside Pakistan	74,287	35,491
		12,612,897	12,795,325
17.	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Under export refinance scheme	38,109,698	36,513,083
	Under long term financing facility	20,360,284	18,138,200
	Under renewable energy performance platform	77,834	85,062
	Under payment of Wages & Salaries	1,984,481	-
	Under financing facility for storage of agricultural produce	215,346	188,809
		60,747,643	54,925,154
	Repurchase agreement borrowings	52,657,800	28,099,229
	Total secured	113,405,443	83,024,383
	Unsecured		
	Borrowings from other financial institution	2,100,791	889,161
	Call borrowings	265,305	5,964,830
	Overdrawn nostro accounts	632,110	1,342,603
	Musharaka arrangements	506,721	1,476,705
	Others	162,286	162,286
	Total unsecured	3,667,213	9,835,585
		117,072,656	92,859,968

18. DEPOSITS AND OTHER ACCOUNTS

	Una	Unaudited June 30, 2020 Audited December 31		ited December 31,	, 2019	
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
			Rupe	es in'000		
Customers						
Current deposits	426,606,566	50,534,795	477,141,361	357,303,848	53,340,189	410,644,037
Savings deposits	678,903,046	51,704,589	730,607,635	583,751,817	47,420,170	631,171,987
Term deposits	72,609,973	13,733,424	86,343,397	100,346,882	15,590,901	115,937,783
Others	35,021,420	3,340,067	38,361,487	26,456,179	2,854,010	29,310,189
	1,213,141,005	119,312,875	1,332,453,880	1,067,858,726	119,205,270	1,187,063,996
Financial Institutions						
Current deposits	12,187,314	1,658,272	13,845,586	9,520,075	2,094,703	11,614,778
Savings deposits	14,240,717	43,285	14,284,002	14,992,263	27,986	15,020,249
Term deposits	4,809,468	5,794,997	10,604,465	4,959,099	7,741,444	12,700,543
Others	-	160,075	160,075	-	193,459	193,459
	31,237,499	7,656,629	38,894,128	29,471,437	10,057,592	39,529,029
	1,244,378,504	126,969,504	1,371,348,008	1,097,330,163	129,262,862	1,226,593,025

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

Note DEFERRED TAX LIABILITIES Taxable Temporary Differences on	Unaudited June 30, 2020 Rupees	Audited December 31, 2019 s in '000
 Surplus on revaluation of fixed assets Surplus on revaluation of Non-banking assets Accelerated tax depreciation Receivable from pension fund Business combination Investments in associated undertaking Surplus/deficit on revaluation of investments 	1,366,020 237,181 1,939,965 433,846 705,218 1,205,545 10,646,815	1,390,542 237,181 1,961,113 1,261,793 705,218 1,247,340 2,329,519
Deductible Temporary Differences on - Tax losses carried forward - Provision against advances - Others	16,534,590 (840,983) (3,317,786) (293,905) (4,452,674) 12,081,916	9,132,706 (949,800) (1,726,151) (242,532) (2,918,483) 6,214,223
OTHER LIABILITIES	,	
Mark-up/ return/ interest payable in local currencyMark-up/ return/ interest payable in foreign currenciesUnearned commission and income on bills discountedAccrued expensesProvision for taxation (provisions less payments)Workers' welfare fund20.1Acceptances14Unclaimed / dividends payableMark to market loss on forward foreign exchange contractsUnrealised loss on derivative financial instrumentsStaff welfare fundProvision for employees' compensated absencesProvision for employees' contributory benevolent schemeRetention moneyInsurance payable against consumer assetsUnclaimed balancesDuties and taxes payableCharity fund balanceProvision set off-balance sheet obligationsSecurity deposits against leaseBranch adjustment accountLease liability against right of use assetsLoreit use assets	3,865,836 255,668 274,779 5,044,366 9,532,780 8,318,793 19,933,620 1,714,295 2,382,336 1,182,033 3,755 1,041,980 2,094,346 250,398 20,657 562,087 892,242 2,034,110 35,410 46,653 1,398,888 101,037 11,218,815	23,511,019 664,130 252,842 6,310,392 6,045,948 7,873,706 20,346,205 1,605,123 4,638,011 1,232,806 5,727 939,495 1,921,348 221,193 20,657 655,146 993,105 775,694 54,782 46,581 1,497,296 -
Others	8,492,673 80,697,557	11,357,674 102,405,513

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 Federa IGovernment 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	June 30, 2020	December 31, 2019
21.	RESERVES		Rupees	in '000
	Share premium		23,973,024	23,973,024
	Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317	908,317
	Exchange translation reserve		3,569,662	2,730,354
	Statutory reserve	21.2	33,014,106	31,683,134
	General reserve		18,600,000	18,600,000
			80,065,109	77,894,829



183,736,687

404,891,089

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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.

22.	SURPI	LUS ON REVALUATION OF ASSETS	Note	Unaudited June 30, 2020	Audited December 31, 2019
		s / (deficit) on revaluation of		Rupee	es in '000
	- Fixed	lable for sale securities d Assets	10.1	30,419,471 20,961,195	6,655,770 21,031,256
		-banking assets acquired in satisfaction of claims ociated undertaking		677,660 248,264 52,306,590	677,660 611,247 28,975,933
		ed tax on surplus / (deficit) on revaluation of: lable for sale securities		10,646,815	2,329,519
		d Assets		1,366,020	1,390,542
		-banking assets acquired in satisfaction of claims ociated undertaking		237,181 141,957	237,181 266,485
				12,391,973 39,914,617	4,223,727
23.	CONT	INGENCIES AND COMMITMENTS		39,914,017	24,732,200
	-Guara	antees	23.1	189,045,775	180,002,174
		nitments	23.2	347,485,871	657,101,777
	-Other	contingent liabilities	23.3	31,233,154 567,764,800	28,352,091 865,456,042
	23.1	Guarantees:			
		Financial guarantees		151,387,602	141,181,839
		Performance guarantees Other guarantees		33,100,782 4,557,391	33,833,099 4,987,236
				189,045,775	180,002,174
	23.2	Commitments: Documentary credits and short-term trade-related transactions - letters of credit		137,707,458	153,036,304
		Commitments in respect of:			
		 forward foreign exchange contracts forward government securities transactions 	23.2.1 23.2.2	183,736,687 17,218,440	404,891,089 87,696,638
		- derivatives	23.2.2	7,415,438	10,244,806
		- commitments to extent credit		158,202	307,755
		Commitments for acquisition of:			
		- operating fixed assets		1,176,975	859,953
		- intangible assets		72,671 347,485,871	65,232 657,101,777
	23.2.1	Commitments in respect of forward foreign exchange contracts			
		Purchase		111,003,579	216,647,656
		Sale		72,733,108	188,243,433

MCB Bank Limited & Subsidiary Companies



Auditod

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

Note	Unaudited June 30, 2020	Audited December 31, 2019
8.2.2 Commitments in respect of forward government securities transactions	Rupee	s in '000
Purchase	16,956,208	82,284,304
Sale	262,232	5,412,334
	17,218,440	87,696,638
8.2.3 Commitments in respect of derivatives		
FX options (notional)		
Purchase	63,433	431,449
Sale	63,433	431,449
Cross Currency Swaps (notional)	126,866	862,898
Purchase	3,408,368	4,428,663
Sale	3,563,704	4,636,745
Interest Rate Swaps (notional)	6,972,072	9,065,408
Purchase	316,500	316,500
	7,415,438	10,244,806

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.

23.3 Other contingent liabilities

Claims against the Group not acknowledged as debts 23.3.1 23,23,154 28,352,091

23.3.1 These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

23.4 Taxation

23.

23.

For assessment year 1988-89 through tax year 2018, 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. 1,487 million (2019: Rs. 1,487 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 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.

24. DERIVATIVE INSTRUMENTS

_			Unaudited Ju	une 30, 2020		
	Cross Curre	ency Swaps	Interest R	ate Swaps	FX Op	otions
-	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
Total			Rupees	sin '000		
Hedging Market Making	3,408,368 3,563,704	1,180,562 (1,179,267)	316,500 -	3,040	63,433 63,433	2,766 (2,766)
-			Audited Dece	mber 31, 2019		
			Rupees	s in '000		
Total Hedging Market Making	4,428,663 4,636,745	1,218,634 (1,226,433)	316,500 -	11,510 -	431,449 431,449	2,683 (2,683)

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020



Bank for Life

30.

Unaudited half

Year ended June

Unaudited half

Year ended June

		Year ended June 30, 2020	Year ended June 30, 2019
	Note	Rupee	s in '000
25.	MARK-UP/RETURN/INTEREST EARNED	Rupoo	
	Loans and advances	29,887,052	30,007,273
	Investments	49,453,561	29,503,271
	Lendings to financial institutions	797,002	3,627,611
	Balances with banks	270,974	280,123
		80,408,589	63,418,278
26.	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	36,456,056	29,182,289
	Borrowings	3,694,589	2,883,430
	Subordinated debt	-	213,604
	Cost of foreign currency swaps against		,
	foreign currency deposits / borrowings	1,200,521	1,092,168
	Unwinding cost of liability against right-of-use assets	804,608	467,237
		42,155,774	33,838,728
27.	FEE & COMMISSION INCOME		
	Branch banking customer fees	946,071	949,785
	Consumer finance related fees	191,363	164,142
	Card related fees (debit and credit cards)	1,556,444	1,446,732
	Credit related fees	14,765	108,557
	Investment banking fee	71,482	85,381
	Commission on trade	665,174	770,798
	Commission on guarantees	317,793	334,409
	Commission on cash management	286,992	334,914
	Commission on remittances including home remittances	519,685	569,231
	Commission income - Bancassurance	498,653	683,875
	Rent on lockers	106,977	124,914
	Commission on utility bills	36,734	49,115
	Commission on investments services	360,833	384,019
	Other Commission	85,150	63,190
		5,658,116	6,069,062
28.	GAIN ON SECURITIES, NET		
	Realised 28.1	(120,340)	(95,036)
	Unrealised - held for trading 10.1	62,676	(82,646)
		(57,664)	(177,682)
	28.1 Realised gain / (loss) on:		
	Federal Government Securities	183,380	7,948
	Shares	(315,800)	(102,984)
	Others	12,080	-
		(120,340)	(95,036)
29.	OTHER INCOME		
	Rent on property	12,628	20,378
	Gain on conversion of Ijarah agreements	52,549	-
	Gain on sale of fixed assets-net	18,982	36,625
		84,159	57,003
56			

MCB Bank Limited & Subsidiary Companies





Unaudited half

Unaudited half

	Unaudited half	Unaudited half
	Year ended June	Year ended June
	30, 2020	30, 2019
	Rupee	s in '000
OPERATING EXPENSES		
Total compensation expense	9,151,578	8,505,312
Property expense		
Rent and taxes	116,291	264,809
Insurance	29,563	29,759
Utilities cost	552,665	548,811
Fuel expense generators	156,053	264,488
Security (including guards)	717,700	861,865
Repair and maintenance (including janitorial charges)	364,031	513,615
Depreciation on right-of-use assets	820,537	791,166
Depreciation	403,281	306,556
	3,160,121	3,581,069
Information technology expenses		
Software maintenance	657,788	690,337
Hardware maintenance	186,999	221,857
Depreciation	336,149	282,055
Amortisation	227,611	188,591
Network charges	361,367	345,754
Insurance	3,070	2,971
Other energing expenses	1,772,984	1,731,565
Other operating expenses Directors' fees and allowances	21,956	23,347
Remuneration to shariah board members	5,080	4,022
Legal and professional charges		
Outsourced services costs	167,249	201,410
	437,240	419,309
Travelling and conveyance	146,697	197,142
NIFT clearing charges	95,164	82,188
Depreciation	450,718	493,260
Depreciation on non-banking assets acquired in satisfaction of claims	15,675	24,124
Training and development	15,898	28,713
Postage and courier charges	166,202	166,414
Communication	167,607	179,929
Stationery and printing	296,161	384,332
Marketing, advertisement & publicity	340,931	438,341
Donations	112,596	-
Auditors' remuneration	21,730	20,908
Cash transportation charges	338,437	367,222
Repair and maintenance	165,693	182,903
Subscription	21,603	4,667
Entertainment	100,963	133,328
Remittance charges	95,524	103,543
Brokerage expenses	23,419	21,160
Card related expenses	419,694	444,920
CNIC verification charges	53,129	112,886
Insurance	788,743	748,953
Others	130,942	208,490
	4,599,051	4,991,511
	18,683,734	18,809,457

For The Half Year Ended June 30, 2020



Bank for Life

		Note	Unaudited half Year ended June 30, 2020	Unaudited half Year ended June 30, 2019
			Rupee	s in '000
31.	OTHER CHARGES			
	Penalties of State Bank of Pakistan VAT & National Building tax & Crop Insurance Levy		183,601 56,579 240,180	15,277 91,603 106,880
32.	PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
	Reversal against balance with Banks Provision for diminution in value of investments Provision / (reversal) against loans and advances Reversal against other assets Recovery of written off / charged off bad debts	10.2.1 11.3 14.1.1	(1,658) 200,967 3,959,032 (17,877) (64,442) 4,076,022	(506) 1,707,792 (690,695) (29,144) (79,948) 907,499
33.	TAXATION			
	Current Prior years Deferred		10,719,826 (7,658) (1,437,013)	7,000,058 450,124 14,386

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

BASIC AND DILUTED EARNINGS PER SHARE 34.

Share of tax of associates

Profit after tax attributable to Equity Shareholders of the Bank

Weighted average number of ordinary shares

Basic and diluted earnings per share

4,076,022	907,499
10,719,826 (7,658) (1,437,013) 98,110	7,000,058 450,124 14,386 89,160
9,373,265	7,553,728
Rupee	es in '000
13,425,378	10,420,807
Nu	mber

--Rupees-

11.33 8.79

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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 (land and building) & NBA	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

The Group 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) For The Half Year Ended June 30, 2020

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.

		Unaudite	ed June 30, 2020		
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			Rupeesin '000		
Financial assets - measured at fair value					
Investments Federal Government Securities	887,533,058		887,533,058	_	887,533,058
Shares	16,772,350	16,772,350	-	-	16,772,350
Non-Government Debt Securities	2,985,012		2,985,012	-	2,985,012
Foreign Securities	4,489,450	-	4,489,450	-	4,489,450
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary					
shares, and associates)	33,909,789	_	_	_	_
Cash and balances with treasury banks	154,458,276	-	-	-	-
Balances with other banks	16,558,773	-	-	-	-
Lendings to financial institutions	3,185,565	-	-	-	-
Advances	530,556,220	-	-	-	-
Other assets	57,826,735	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	43,377,704	-	43,377,704	-	43,377,704
Non-banking assets	3,822,554	-	3,822,554	-	3,822,554
Off-balance sheet financial instruments - measured at fair value					
	444 000 570		0.000 5.45		0 000 5 45
Forward purchase of foreign exchange	111,003,579	-	2,933,545	-	2,933,545
Forward sale of foreign exchange	72,733,108	-	2,318,190	-	2,318,190
Derivatives purchase	3,788,301	-	1,186,368	-	1,186,368
Derivatives sale	3,627,137	-	1,182,033	-	1,182,033
		Audited I	December 31, 2019		
	Carrying value	Level 1	Level 2	Level 3	Total
			Rupeesin '000		
On balance sheet financial instruments					
On balance sheet financial instruments Financial assets - measured at fair value					
Financial assets - measured at fair value					
	691,477,045	-	691,477,045	_	691,477,045
Financial assets - measured at fair value Investments	691,477,045 17,075,189	- 17,075,189	691,477,045 -	-	691,477,045 17,075,189
Financial assets - measured at fair value Investments Federal Government Securities		- 17,075,189	691,477,045 - 2,424,102	- - -	
Financial assets - measured at fair value Investments Federal Government Securities Shares	17,075,189	- 17,075,189 -	-	- - -	17,075,189
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities	17,075,189 2,424,102	- 17,075,189 -	2,424,102	- - -	17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities	17,075,189 2,424,102	- 17,075,189 -	2,424,102	- - -	17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured	17,075,189 2,424,102	- 17,075,189 -	2,424,102	- - -	17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates)	17,075,189 2,424,102 3,663,065 42,802,189	- 17,075,189 - -	2,424,102	- - -	17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358	- 17,075,189 - - -	2,424,102	- - - -	17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753	- 17,075,189 - - - - - -	2,424,102	- - - -	17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869	- 17,075,189 - - - - - - - -	2,424,102	- - - - -	17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860	- 17,075,189 - - - - - - - - - - - - -	2,424,102		17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869	- 17,075,189 - - - - - - - - - - - - - - - -	2,424,102		17,075,189 2,424,102
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618	- 17,075,189 - - - - - - - - - - - - - - - - -	- 2,424,102 3,663,065 - - - - - - - - - - - -	-	17,075,189 2,424,102 3,663,065 - - - - - - - - - - -
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings)	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204	- 17,075,189 - - - - - - - - - - - - - - - - - - -	- 2,424,102 3,663,065 - - - - - - - - - 44,882,204		17,075,189 2,424,102 3,663,065 - - - - - - - - - 44,882,204
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204 3,838,230	- 17,075,189 - - - - - - - - - - - - - - - - - - -	- 2,424,102 3,663,065 - - - - - - - - - - - -		17,075,189 2,424,102 3,663,065 - - - - - - - - - - -
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - measures	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204 3,838,230	- 17,075,189 - - - - - - - - - - - - - - - - - - -	- 2,424,102 3,663,065 - - - - - - - - - 44,882,204		17,075,189 2,424,102 3,663,065 - - - - - - - - - 44,882,204
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - meas at fair value	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204 3,838,230 ured	- 17,075,189 - - - - - - - - - - - - - - - - - - -	2,424,102 3,663,065 - - - - - - - - 44,882,204 3,838,230		17,075,189 2,424,102 3,663,065 - - - - - - - - - 44,882,204 3,838,230
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - mease at fair value Forward purchase of foreign exchange	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204 3,838,230 ured 216,647,656	- 17,075,189 - - - - - - - - - - - - - - - - - - -	- 2,424,102 3,663,065 - - - - - - 44,882,204 3,838,230 4,142,227	-	17,075,189 2,424,102 3,663,065 - - - - - - - 44,882,204 3,838,230 4,142,227
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - meas at fair value	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204 3,838,230 ured 216,647,656 188,243,433	- 17,075,189 - - - - - - - - - - - - - - - - - - -	2,424,102 3,663,065 - - - - - - - - 44,882,204 3,838,230		17,075,189 2,424,102 3,663,065 - - - - - 44,882,204 3,838,230 4,142,227 3,352,404
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - meas at fair value Forward purchase of foreign exchange Forward sale of foreign exchange Derivatives purchase	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204 3,838,230 ured 216,647,656 188,243,433 5,176,612	- 17,075,189 - - - - - - - - - - - - - - - - - - -	2,424,102 3,663,065		17,075,189 2,424,102 3,663,065 - - - - - - - - - - - - - - - - - - -
Financial assets - measured at fair value Investments Federal Government Securities Shares Non-Government Debt Securities Foreign Securities Financial assets - disclosed but not measured at fair value Investments (HTM, AFS, unlisted ordinary shares, and associates) Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Advances Other assets Non - Financial Assets measured at fair value Operating fixed assets (land and buildings) Non-banking assets Off-balance sheet financial instruments - meas at fair value Forward purchase of foreign exchange Forward sale of foreign exchange	17,075,189 2,424,102 3,663,065 42,802,189 142,957,358 21,371,753 6,060,869 548,472,860 58,219,618 44,882,204 3,838,230 ured 216,647,656 188,243,433	- 17,075,189 - - - - - - - - - - - - - - - - - - -	2,424,102 3,663,065 - - - - - 44,882,204 3,838,230 4,142,227 3,352,404		17,075,189 2,424,102 3,663,065 - - - - - - - 44,882,204 3,838,230 4,142,227 3,352,404

MCB Bank Limited & Subsidiary Companies

activities

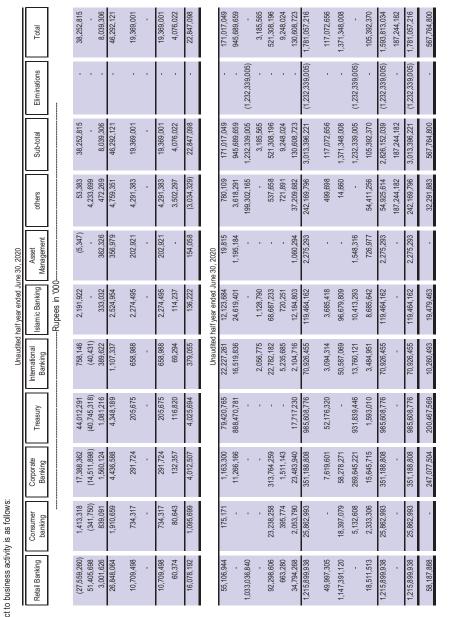
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SEGMENT INFORMATION

36.36

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020



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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

	Retail Banking	banking	Corporate Banking	Treasury	Banking	Islamic Banking	Management	others	Sub-total	Eliminations	Total
Drofit & Loce						Rupees in '000					
Net mark-up/return/profit	(19,538,108)	1,856,388	16,246,578	28,416,956	817,946	1,733,871	677	44,942	29,579,550		29,579,550
Inter segment revenue - net	40,337,346	(1,127,219)	(14,032,827)	(29,962,383)	(23,960)	•		4,809,043			
Non mark-up / return / interest income	3,078,903	965,557	1,808,467	1,399,509	415,285	210,555	343,691	363,372	8,585,339		8,585,339
Total Income	23,878,141	1,694,726	4,022,218	(145,918)	1,209,271	1,944,426	344,668	5,217,357	38,164,889		38,164,889
Segment direct expenses	11,005,975	677,706	298,981	166,930	645,206	2,219,912	310,135	3,957,192	19,282,037		19,282,037
Inter segment expense allocation		,		,	,	,	,		,		
Total expenses	11,005,975	677,706	298,981	166,930	645,206	2,219,912	310,135	3,957,192	19,282,037		19,282,037
Provisions	(78,764)	(27,876)	(472,029)	1,600,028	34,364	149,669		(297,893)	907,499		907,499
Profit before tax	12,950,930	1,044,896	4,195,266	(1,912,876)	529,701	(425,155)	34,533	1,558,058	17,975,353		17,975,353
Balance Sheet					Auc	Audited December 31, 2019	2019				
Cash & Bank balances	50,154,942	21,483	676,139	65,572,277	28,149,362	19,075,532	28,347	651,029	164,329,111		164,329,111
Investments			10,638,292	710,593,710	15,011,692	16,309,796	1,055,226	3,832,874	757,441,590		757,441,590
Net inter segment lending	940,015,023							164,180,279	1,104,195,302	(1,104,195,302)	
Lendings to financial institutions					209,206	5,851,663			6,060,869		6,060,869
Advances - performing	98,464,054	24,342,756	341,191,287		25,190,939	50,931,880	5,169	478,850	540,604,935		540,604,935
- non performing	1,074,787	113,148	1,237,494		4,836,865	378,087	ı	227,544	7,867,925	ı	7,867,925
Others	34,759,967	1,882,259	25,393,004	13,804,785	2,368,787	11,538,184	1,060,496	45,102,959	135,910,441		135,910,441
Total Assets	1,124,468,773	26,359,646	379,136,216	789,970,772	75,766,851	104,085,142	2,149,238	214,473,535	2,716,410,173	(1,104,195,302)	1,612,214,871
Borrowings	45,355,966		7,057,504	32,270,471	3,520,222	4,127,525		528,280	92,859,968		92,859,968
Deposits & other accounts	1,033,790,838		55,425,048		55,523,628	81,853,511		,	1,226,593,025		1,226,593,025
Net inter segment borrowing		24,124,908	299,650,838	755,967,249	12,464,722	10,466,801	1,520,784		1,104,195,302	(1,104,195,302)	
Others	45,321,969	2,234,738	17,002,826	1,733,052	4,258,279	7,637,305	628,454	42,598,438	121,415,061		121,415,061
Total liabilities	1,124,468,773	26,359,646	379,136,216	789,970,772	75,766,851	104,085,142	2,149,238	43,126,718	2,545,063,356	(1,104,195,302)	1,440,868,054
Equity								171,346,817	171,346,817		171,346,817
Total Equity & liabilities	1,124,468,773	26,359,646	379,136,216	789,970,772	75,766,851	104,085,142	2,149,238	214,473,535	2,716,410,173	(1,104,195,302)	1,612,214,871
Contingencies & Commitments	48,973,361		262,455,692	496,556,621	14,015,586	18,397,458		25,057,324	865,456,042		865,456,042

MCB Bank Limited & Subsidiary Companies

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Bank for Life

36.2

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

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RELATED PARTY TRANSACTIONS 37

ent personnel and their close family mer loyee benefit plans, its directors and key managen asso with its : The Group has related party relationship

f similar standing. Remuneration to with person of s intribution plan. F The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions. 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 con the executives / officers including loans provided to them is determined in accordance with the terms of their appointment.

as follows: ents are a state lcial finan nsed inte ğ idated (Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these

		Other Related Parties
	mber 31, 2019	Associates
	Audited Dece	Key Management Personnel
		Directors
		Other Related Parties
	June 30, 2020	Associates
	Unaudited	Key Management Personnel
		Directors
-		

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Investments Opening balance Equity method adjus

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1,050,277 1,642,434 (1,558,481) (794,710) 339,520

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141,390 62,216 (55,470) (19,087) 129,049

658 29,148 (28,084)

339,520 19,933 (138,311) (220,438)

-356,898

129,049 10,525 (12,106) 60

1,722 7,123 (7,858)

advances Provision held against

vances, deposits, advance rent and other prepayments ceivable from Pension Fund ovision held against other assets

ier Assets rkup receivable

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iorrowings pening balance orrowings / exchange adjustmer ettled during the period / year 'osing balance



· outstanding

Contingencies and Commitments Commitments and contingent liabilitie

Other Liabilities Markup payable Accrued expenses and other payable Payable to MCB Employee Security Services

Deposits and other accounts Dening balance Received during the period / year Mithdrawn during the period / year Transfer in / (out) - net Closing balance

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Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

	Other Related Parties			5,191	27,080	3,605,121			144,166	(75,000)	69,166	3,212,620	62,263,273	(61,423,281)	127,237	4,179,849		00,900	50	24,565	746,868	
nber 31, 2019	Associates			•	246,720				ı			3,339,847	22,234,251	(21,916,546)		3,657,552		G5G,DG	62,402	'	10,444	
Audited December 31, 2019	Key Management Personnel			3,202		·			'			168,528	866,766	(884,532)	(10,001)	140,761	L	999	ı	,	'	
	Directors	(Rupees in '000)							ı			3,745,457	9,889,584	(13,025,336)	(7,324)	602,381	r T	1,203	15,326		,	
	Other Related Parties	(Rupee	-	2,824	27,739	1,239,559	007.00	09,100	13,949		83,115	4,179,849	43,631,518	(43,502,723)	(503,148)	3,805,496		9,139	12,117	24,573	1,217,060	
Unaudited June 30, 2020	Associates			15	186,973			•	,	-		3,657,552	38,995,354	(39,084,188)		3,568,718		8,395	145,144		10,606	
Unaudited J	Key Management Personnel	-		3,036	,	•			ı			140,761	591,768	(610,539)	(7,959)	114,031						
	Directors				•				ı		•	602,381	394,326	(724,836)		271,871			1,292			

ATED PARTY TRANSACTIONS Ë

	Un	Unaudited half Year ended June 30, 2020	r ended June 30	, 2020	Unau	Unaudited half Year ended June 30, 2019	ended June 30,	, 2019
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
				(Rupees in '000)	(000, ui			
income Markup / return / interest eamed		6,705	15	11,229		7,247		10,578
Fee and commission income	1		418,858	836	'		582,985	9,314
Dividend income	'	'	105,000	7,933	'	'	105,000	6,800
Gain on forward foreign exchange contracts matured during the period	1	'	'	43,062			'	17,522
Net gain / (loss) on sale of securities	72	33	495	3,553	I	'	(02)	3,265
Gain on sale of fixed assets	'	17	- 1 166	' 77 ' 7		116	- 100 1	- 100 0
	•	'	4,400	1, 140		'	4,301	670'7
Expense						t T		
Warkup / return / interest expensed	22,114	1,202	1.10,421	108,478	91,040	1 89	91,479	1.1.0,1.7.1
Other Operating expenses		'	'	I	ı	•		'
Clearing expenses paid to NIFT	I	ı	ı	82,632	ı	'	1	72,992
Contribution to provident fund	I	ı	ı	197,239	ı	'	1	184,476
Rent expenses	I	'	21,299	15,121				18,640
Cash sorting expenses	I	'	'	56,415				80,647
Stationery expenses	1	'	'	121,204				131,995
Security guards expenses	1	'	'	165,324		'		189,657
Remuneration to key executives and non-executive directors fee	108,475	328,036	'	1	96,692	282,546		'
Outsourcing service expenses	1	'	138,301	1		'	117,432	
Donation during the year	1	'	'	95,000	1	1		
E-dividend processing fee and CDC charges	1	'	'	2,638	'	'		3,368
Travelling Expenses	1	'	'	17,456				13,934
Hotel stay expenses	I	'	'	3,110	'	'		784
Repair & Maintenance Charges	1	'	'	938				
Advertisement Expenses	1	'	'	6,264	'	'		5,220
Miscellaneous expenses and payments		'	'	889	'	'	'	10
Insurance premium-net of refund	•••		270,375	I	'	'	371,783	
Insurance claim settled	1	I	18,232	I	ı	'	46,814	I
Other Transactions		:						
Proceeds from sale of fixed assets	'	18	'	'	'	116	'	
Purchase of fixed assets	1	'	3,277	1	1	1	26,373	20,003
Sale of government securities	188,884	64,784	3,154,645	1,718,066	42,438	39,782	2,346,615	9,916,427
Purchase of government securities	19,827	•	631,712	546,800	'	24,980	2,474,320	5,826,379
Forward exchange contracts matured during the period	'	'		10,494,150	'		'	9,630,628

MCB Bank Limited & Subsidiary Companies



CAPITAL ADEQUACY, LEVERAGE RATIO

For The Half Year Ended June 30, 2020

38.1 Capital Adequacy

38



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

	Unaudited June 30, 2020	Audited December 31, 2019 es in '000
PITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	Rupee	95 III 000
Capital Adequacy		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,850,600	11,850,600

Capital Adequacy Ratio (CAR): Eligible Common Equity Tier 1 (CET 1) Capital 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**

38.2 Leverage Ratio (LR):

Eligible Tier-1 Capital Total Exposures	2,177,619,037	2,037,241,480
Leverage Ratio	6.17%	6.50%

38.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

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

Net Stable Funding Ratio (NSFR):

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

134,341,034	132,504,188
-	-
134,341,034	132,504,188
48,674,110	28,503,091
183,015,144	161,007,279
649,202,264	662,366,497
165,818,564	113,394,030
126,966,330	126,966,330
941,987,158	902,726,857
14.26%	14.68%
14.26%	14.68%

17.84%

140.26%

134,341,0 2,177,619,0		32,504,188 37,241,480
	17%	6.50%

19.43%

906,546,081	734,587,045
405,912,874	379,626,249
223.34%	193.50%
1,184,581,144	1,045,877,006
702,208,064	745,689,676

168.69%

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

ISLAMIC BANKING BUSINESS 39

The Group through a wholly owned subsidiary (MCB Islamic Bank Limited) is operating 179 branches in Pakistan (December 31, 2019: 185 branches). The statement of financial position of the Group's Islamic Banking Business as at June 30, 2020 is as follows:

	Note	Unaudited June 30, 2020	Audited December 31, 2019	
ASSETS		Rupees in '000		
		40.000.570	40.050.547	
Cash and balances with treasury banks		10,290,578	10,252,547	
Balances with other banks		1,833,108	8,822,985	
Due from financial institutions	39.1	1,128,790	5,851,664	
Investments - net	39.2	24,619,401	16,309,800	
Islamic financing and related assets - net	39.3	69,407,484	51,309,967	
Fixed assets		5,577,869	5,779,772	
Intangible assets		671,148	719,723	
Deferred tax assets - net		978,470	921,017	
Other assets - net		5,940,403	5,049,786	
Total Assets		120,447,251	105,017,261	
LIABILITIES				
Bills payable		2,108,670	973,627	
Due to financial institutions		3,685,418	4,127,526	
Deposits and other accounts	39.4	96,679,809	81,853,511	
Liabilities against assets subject to finance lease		-	-	
Sub-ordinated debts		-	-	
Deferred tax liabilities - net		-	-	
Other liabilities		7,560,059	7,595,796	
		110,033,956	94,550,460	
NET ASSETS		10,413,295	10,466,801	
REPRESENTED BY				
Share capital		11,550,000	11,550,000	
Reserves		36,474	26,444	
Surplus on revaluation of assets - net of tax		317,837	422,326	
Accumulated loss		(1,491,016)	(1,531,969)	
		10,413,295	10,466,801	

CONTINGENCIES AND COMMITMENTS

39.5



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

The profit and loss account of the Group's Islamic banking branches for the half year ended June 30, 2020 is as follows:

		Note	Quarter ended June 30, 2020	Half Year ended June 30, 2020	Quarter ended June 30, 2019	Half Year ended June 30, 2019
				Rupees	s in '000	
Profit / retu Profit / retu Net spread	urn expensed	39.6 39.7	2,671,478 1,436,452 1,235,026	5,233,242 3,041,319 2,191,923	2,373,725 1,398,120 975,605	4,368,617 2,634,746 1,733,871
OTHER IN	ICOME					
Dividend ir Foreign ex	xchange income s) on securities me		66,738 10,033 (3,756) 9,226 57,551 139,792	137,243 17,799 105,543 9,590 62,857 333,032	75,544 32,582 38,574 (10,268) 4,336 140,768	141,152 44,007 59,089 (43,077) 9,402 210,573
Total incor	ne		1,374,818	2,524,955	1,116,373	1,944,444
OTHER EX	XPENSES					
Operating Workers w Other char	velfare fund		1,177,191 4,145 -	2,268,619 5,816 62	1,098,427 - (34)	2,219,887 - 43
Total other	r expenses		1,181,336	2,274,497	1,098,393	2,219,930
Provisions	ss) before provisions a and write offs - net nary / unusual items		193,482 79,812 -	250,458 114,236 -	17,980 112,172 -	(275,486) 149,669 -
PROFIT /	(LOSS) BEFORE TAXATION		113,670	136,222	(94,192)	(425,155)
Taxation			69,721	86,073	(78,206)	(148,787)
PROFIT /	(LOSS) AFTER TAXATION		43,949	50,149	(15,986)	(276,368)
					Unaudited June 30, 2020	Audited December 31, 2019
39.1	DUE FROM FINANCIAL INSTITUTIONS				Rupees	s in '000
	Secured Bai Muajjal receivable - with State Bank of P	akistan			828,790	3,371,664
	Unsecured Musharaka arrangements				300,000 1,128,790	2,480,000 5,851,664

MCB Bank Limited & Subsidiary Companies



Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

-Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439				Unau June 30					Audited December 31, 2019		
Average scalar Topos Topos Topos Process 190.055 10.00	39.2	Investments by type:					/Amortised				
Peteral Covernment scurities 19.827.865 10.93.067 10.93.067 10.93.007 10.93.						Rupees	in '000				
Non Covernment securities 1993 500 - 15700 10982.001 - (1.332) 1172.820 Helded Construct securities 2.700.827 -			19,527,965	-	(31,337)	19,496,628	10,899,070	-	(7,384)	10,891,686	
Held co-maturity securities 22,520,220 (1,099,172) 7,468 21,499,174 13,202,216 (1,099,172) 166,220 13,033,373 Peddeal Covernment securities 2700,827 -				(1,069,172)				(1,059,172)		11 1	
Head Construints Construints Pederal Construints 2,700,827 - - 2,700,827 Non Covernment securities 3,908,827 - - 3,758,827 Total Investments 25,881,117 (1,008,172) 7,468 24,819,401 17,202,043 (1,009,172) 168,920 15,309,800 Audited December 31, June 30, 2020 2019 - - 2,700,827 2019 2019 June 30, 2020 2019 - 0 - 2,700,827 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 2019 200 2019<		Non Government securities		- (1.060.172)				- (1.050.172)			
Non Government securities 480,000 3,150,027 575,001 3,150,027 575,001 3,150,027 575,001 3,150,027 575,001 3,150,027 575,001 3,150,027 575,001 1,150,072 575,001 1,100,071 575,001 2,003,102 575,001 2,003 570,013 7,009,830 2,000 500,072 5,000 5,000 5,000 5,000 5,000 5,000 5,000 5,000 5,000 5,000 5,134,6,070 5,000 5,1346,670 5,000 5,1346,670 5,346,670		Held-to-maturity securities	22,320,290	(1,009,172)	7,430	21,430,374	13,920,210	(1,039,172)	100,929	13,033,973	
3.100.827 - 3.100.827 - 3.275.827 - - 3.275.827 Total Investments 25.881.117 (1.089.172) 7.456 24.818.401 7.252 (1.059.172) (1.059.202) 16.80.200 3.93 Islamic financing and related assets Audited Unaudited December 31, 200.827 - - - - 4.808.000 Murabaha Musawanah 5.00 - - - 0.750.128 7.609.830 2.000 Istina Salam 3.808.109 4.881.400 2.0118 7.609.830 2.000 1.11.287 3.808.109 4.881.400 1.000 1.12.87 3.808.109 4.881.400 1.000 1.12.87 3.808.109 4.881.400 1.11.287 3.808.109 4.881.400 1.000 1.81.76.482 1.191.077 1.203.082 1.53.096.107 1.53.90.82 5.060 1.346.760 1.8.76.403 1.8.76.403 1.8.76.403 1.8.76.403 1.346.760 1.346.770 1.203.082 1.346.760 1.346.770 1.209.02 1.346.70				-	-			-	-		
Total investments 25.891.117 (1.099.172) 10.99.172 11.1287		Non Government securities		-	-			-	-		
39.3 Islamic financing and related assets Audited Unaudited June 30, 2020 Audited December 31, 2019 39.3 Islamic financing and related assets 9,750,128 7,609,830 2,603,493 Musawamah Istisna 3,896,032 5,70,699 111,287 2,603,493 Salam 3,896,032 5,70,699 111,287 2,603,493 Diminishing Musharaka 118,176,482 1,181,070 4,881,46,670 Diminishing Musharaka 1,910,071 18,176,482 1,191,077 Staff financing and related assets 69,546,060 51,346,670 18,176,482 Less: provision against Islamic financings - Specific (27,640) (3,340) - General (10,938) (33,578) (36,703) Islamic financing and related assets - net of provision 69,544,080 51,330,967 Savings deposits 27,406,302 22,191,828 Current deposits 27,406,302 22,191,828 Savings deposits 15,122,076 4,281,007 Term deposits 97,318 1982,827 Term deposits 96,673,808		Total Investments		(1,069,172)				(1,059,172)	166,929		
Unaudided December 31, June 30, 2020 December 31, 2019 39.3 Islamic financing and related assets 9,750,128 7,609,830 2,000 Istana 3,896,032 2,000,483 2,000 3,896,032 2,000,483 Salam 9,750,128 7,609,830 2,000,483 5,069 111,287 Ijarah 3,808,169 4,881,400 32,117,582 16,669,096 18,176,482 1,191,077 1,293,082 18,776,402 1,293,082 1,346,670 Cross Islamic financing and related assets 69,546,060 18,176,482 1,293,082 1,346,670 18,776,482 1,293,082 1,346,670 Less: provision against Islamic financings 69,546,060 18,176,482 1,346,670 13,340,103 (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,340) (3,41,30) (3,560) (3,560) (3,560) (3,560) (3,560) (3,560) (3,560) (3,560) (3,560) (3,560)										Audited	
June 30, 2020 2019 39.3 Islamic financing and related assets Rupees in '000 Murabaha 9,750,128 - Musawamah - - Istiana 3,896,032 2,603,493 Salam 5,7669 111,287 Ijarah 3,808,069 4,881,400 Running Musharaka 32,117,582 16,669,096 Diminishing Musharaka 18,176,482 111,287 Staff financig 18,176,482 1,191,077 12,330,627 Gross Islamic financing and related assets 69,546,600 51,346,670 16,669,096 Less: provision against Islamic financings - - - - General (27,640) (3,340) (3,346) - General (27,640) (3,346) (3,363) Savings deposits 27,406,302 22,191,828 3,716,605 Term deposits 27,406,302 22,191,828 3,716,605 Gurent deposits 19,864,944 75,949,259 - Financial Institutions 107,042								Una	udited [
Murabaha 9,750,128 7,609,830 Musawamah 2,000 2,603,433 Istisna 3,896,032 2,603,433 Salam 3,806,169 4,881,400 Running Musharaka 32,117,582 16,669,096 Diminishing Musharaka 32,117,582 11,91,077 Gross Islamic financing and related assets 69,546,060 51,346,670 Less: provision against Islamic financings 51,346,670 (33,40) - Specific (27,640) (33,40) - General (110,936) (33,433) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits 22,191,828 33,716,605 Current deposits 21,91,071 15,122,076 Savings deposits 15,322,197 33,716,605 Term deposits 15,22,076 15,242,076 Others 91,864,949 75,949,259 Current deposits 19,760,321 22,191,828 Savings deposits 15,722,076 15,722,076 Urrent deposits 97,3											
Musawamah - 2,000 Istisna 3,896,032 2,603,493 Salam 3,080,169 4,881,400 Running Musharaka 32,117,582 16,669,096 Diminishing Musharaka 32,117,582 16,669,096 Diminishing Musharaka 18,726,003 18,176,482 Staff finance 1,191,077 1,293,082 Gross Islamic financing and related assets 69,546,060 51,346,670 Less: provision against Islamic financings (27,640) (3,340) - Specific (27,640) (3,340) - General (27,640) (3,363) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits 27,406,302 22,191,828 Current deposits 27,406,302 22,191,828 Savings deposits 18,825,443 15,122,076 Term deposits 107,042 100,334 Gurrent deposits 107,042 100,334 Gurrent deposits 91,864,949 75,949,259 Financial Institutions <t< td=""><td>39.3</td><td>Islamic financing and related</td><td>assets</td><td></td><td></td><td></td><td></td><td></td><td>Rupees i</td><td>n '000</td></t<>	39.3	Islamic financing and related	assets						Rupees i	n '000	
Istisna 3,896,032 2,603,493 Salam 57,069 111,287 Ijarah 3,808,169 4,881,400 Running Musharaka 32,117,582 16,669,060 Diminishing Musharaka 18,726,003 18,176,482 Staff finance 1,91,077 1,233,082 Gross Islamic financing and related assets 69,546,060 51,346,670 Less: provision against Islamic financings (27,640) (3,340) - Specific (27,640) (3,340) - General (27,640) (3,340) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits 27,406,302 22,191,828 Current deposits 27,406,302 22,191,828 Savings deposits 18,825,443 15,122,076 Term deposits 21,071,212 100,334 Current deposits 91,864,949 75,949,259 Financial Institutions 107,042 100,334 Current deposits 3,740,500 3,815,651 Gurent deposits 96,679,809 3,815,651 Gurent deposits 3,8		Murabaha						9,	750,128	7,609,830	
Salam 57,069 111,287 Ijarah 3,808,169 3,808,169 Running Musharaka 32,117,582 16,669,096 Diminishing Musharaka 13,176,482 12,233,082 Staff finance 1,191,077 1,233,082 Gross Islamic financing and related assets 69,546,060 51,346,670 Less: provision against Islamic financings (27,640) (3,340) - General (110,936) (33,363) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits (27,406,302 22,191,828 Current deposits 27,406,302 22,191,828 33,716,605 Term deposits 14,352,197 33,716,605 14,825,443 15,122,076 Others 91,864,949 75,949,259 91,864,949 75,949,259 Financial Institutions 107,042 100,334 967,318 1,988,287 Current deposits 3,816,60 3,816,631 1,988,287 3,740,600 3,816,631 Savings deposits 3,746,053,511 1,98		Musawamah							-	2,000	
ijarah 3,808,169 4,881,400 Running Musharaka 32,117,582 16,669,096 Diminishing Musharaka 18,726,003 18,176,482 Staff finance 1,191,077 1.293,082 Gross Islamic financing and related assets 69,546,000 51,346,670 Less: provision against Islamic financings (27,640) (3,340) - Specific (27,640) (33,363) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits (27,406,302 22,191,828 Current deposits 27,406,302 22,191,828 Savings deposits 16,825,443 15,122,076 Others 91,864,949 75,949,259 Financial Institutions 91,864,949 75,949,259 Current deposits 3,716,605 14,918,750 Others 91,864,949 75,949,259 Financial Institutions 107,042 100,334 Current deposits 3,816,631 1,988,287 Gurrent deposits 3,816,631 1,988,287 Gurrent deposits 3,816,631 1,988,287 G		Istisna						3,8	896,032	2,603,493	
Running Musharaka 32,117,582 16,669,096 Diminishing Musharaka 1,191,077 18,176,482 Staff finance 69,546,060 51,346,670 Less: provision against Islamic financings 69,546,060 51,346,670 - Specific (27,640) (3,340) - General (110,936) (33,633) Islamic financing and related assets - net of provision 69,546,060 51,346,670 39.4 Deposits (27,640) (3,340) Current deposits 33,716,605 138,756) (36,703) Savings deposits 27,406,302 22,191,828 33,716,605 Term deposits 41,352,197 33,716,605 18,825,443 15,122,076 Others 91,864,949 75,949,259 96,7318 1,982,287 Financial Institutions 91,864,949 75,949,259 100,334 Current deposits 97,318 1,982,287 3,740,500 3,815,631 Savings deposits 97,318 1,982,287 3,740,500 3,815,631 Current deposits 97,718 1,982,287 3,740,500 3,815,631 Genosits		Salam							57,069	111,287	
Diminishing Musharaka 18,726,003 18,176,482 Staff finance 1,191,077 1,293,082 Gross Islamic financing and related assets 69,546,060 51,346,670 Less: provision against Islamic financings (27,640) (3,340) - General (110,936) (33,363) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits (27,406,302) 22,191,828 Current deposits 27,406,302 22,191,828 Savings deposits 18,25,197 33,716,605 Term deposits 18,25,443 15,122,076 Others 91,864,949 75,949,259 Financial Institutions 91,864,949 75,949,259 Current deposits 91,7042 100,334 Savings deposits 107,042 100,334 Current deposits 947,345 1,988,287 Current deposits 947,345 1,988,287 Current deposits 96,673,809 81,853,511 General 96,679,809 81,853,511 Javings deposits 96,679,809 81,853,511 Guaran		Ijarah						3,8	808,169	4,881,400	
Diminishing Musharaka 18,726,003 18,176,482 Staff finance 1,191,077 1,293,082 Gross Islamic financing and related assets 69,546,060 51,346,670 Less: provision against Islamic financings (27,640) (3,340) - Specific (27,640) (3,340) - General (110,936) (33,363) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits (27,406,302) 22,191,828 Current deposits 27,406,302 22,191,828 Savings deposits 18,25,197 33,716,605 Term deposits 18,25,443 15,122,076 Others 91,864,949 75,949,259 Financial Institutions 91,864,949 75,949,259 Current deposits 91,734 1,988,287 Current deposits 3,740,500 3,815,631 Current deposits 96,679,809 81,853,511 Savings deposits 96,679,809 81,853,511 General 10,942 100,334 Savings deposits 96,679,809 81,853,511 General <td></td> <td>Running Musharaka</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>32,</td> <td>117,582</td> <td>16,669,096</td>		Running Musharaka						32,	117,582	16,669,096	
Gross Islamic financing and related assets 69,546,060 51,346,670 Less: provision against Islamic financings (27,640) (3,340) - Specific (27,640) (3,340) - General (110,936) (33,363) Islamic financing and related assets - net of provision 69,9407.484 51,309,967 39.4 Deposits (27,460,302) 22,191,828 Current deposits 21,309,967 33,716,605 Term deposits 18,825,443 15,122,076 Others 4,281,007 4,918,750 Financial Institutions 91,864,949 75,949,259 Current deposits 91,864,949 75,949,259 Current deposits 96,673,80 3,815,631 General 107,042 100,334 Savings deposits 96,679,809 38,855,511 General 107,042 100,334 Savings deposits 96,679,809 81,855,511 General 10,904,252 96,679,809 81,855,511 General 10,904,252 96,679,809 81,855,511		-						18,	726,003	18,176,482	
Less: provision against Islamic financings (27,640) (3,340) - Specific (27,640) (3,340) - General (110,936) (33,653) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits (27,406,302 22,191,828 Customers (27,406,302 22,191,828 Current deposits 27,406,302 22,191,828 Savings deposits 18,825,443 15,122,076 Others 91,864,949 75,949,259 Financial Institutions 107,042 100,334 Current deposits 96,7318 1,988,287 Savings deposits 96,7318 1,988,287 Term deposits 96,679,800 81,853,511 4,814,860 5,904,252 96,679,800 81,853,511 4,814,860 5,904,252 96,679,800 81,853,511 4,814,860 5,904,252 96,679,800 81,853,511 4,814,860 5,904,252 96,679,800 81,853,511 4,814,860 5,904,252 96,679,800 81,853,511 4,814,860 5,904,252		Staff finance						1,	191,077	1,293,082	
- Specific (27,640) (3,340) - General (110,936) (33,46) Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits (27,406,302) 22,191,828 Customers 27,406,302 22,191,828 Current deposits 41,352,197 33,716,605 Term deposits 18,825,443 15,122,076 Others 91,864,949 75,949,259 Financial Institutions 91,864,949 75,949,259 Current deposits 107,042 100,334 Savings deposits 107,042 100,334 Savings deposits 91,864,949 75,949,259 Financial Institutions 91,864,949 75,949,259 Current deposits 107,042 100,334 Savings deposits 3,740,500 3,815,631 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 39.5 Contingencies and Commitments 7,466,351 6,467,046 -Guarantees 7,466,351 6,467,046 12,976,812 11,498,973		Gross Islamic financing and rela	ated assets					69,	546,060	51,346,670	
- General (110,936) (33,363) Islamic financing and related assets - net of provision (113,8,576) (36,703) 39.4 Deposits (113,8,576) (36,703) Customers (110,936) (138,576) (36,703) Current deposits 27,406,302 22,191,828 Savings deposits 41,352,197 33,716,605 Term deposits 18,825,443 15,122,076 Others 91,864,949 75,949,259 Financial Institutions 107,042 100,334 Savings deposits 107,042 100,334 Savings deposits 96,73,18 1,988,287 Term deposits 96,73,18 1,988,287 Savings deposits 107,042 100,334 Savings deposits 96,73,80 81,853,611 A,814,860 5,904,252 96,679,809 81,853,611 4,814,860 5,904,252 96,679,809 81,853,511 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 3,816,631 4,814,860 5,904,252 96,679,809 81,853,511 Guarantees		Less: provision against Islamic	financings								
Islamic financing and related assets - net of provision (138,576) (36,703) 39.4 Deposits 69.407.484 51,309,967 Customers 27,406,302 22,191,828 Savings deposits 41,352,197 33,716,605 Term deposits 15,122,076 4,281,007 4,918,750 Others 91,864,949 75,949,259 91,864,949 75,949,259 Financial Institutions 107,042 100,334 967,318 1,988,287 Current deposits 3,740,500 3,815,631 4,814,860 5,904,252 39.5 Contingencies and Commitments -Guarantees 7,466,351 6,467,046 -Commitments -Other contingent liabilities 11,498,973 431,439		- Specific							(27,640)	(3,340)	
Islamic financing and related assets - net of provision 69,407,484 51,309,967 39.4 Deposits Customers 27,406,302 22,191,828 Savings deposits 27,406,302 22,191,828 33,716,605 Term deposits 41,352,197 33,716,605 18,825,443 15,122,076 Others 91,864,949 75,949,259 107,042 100,334 Savings deposits 107,042 100,334 3,740,500 3,815,631 Current deposits 96,679,809 81,863,511 4,814,860 5.904,252 96,679,809 81,863,511 4,814,860 5.904,252 96,679,809 81,863,511 39.5 Contingencies and Commitments 7,466,351 6,467,046 11,498,973 11,498,973 -Guarantees -Commitments 12,976,812 11,498,973 431,439		- General						(*	110,936)	(33,363)	
39.4 Deposits Customers 27,406,302 22,191,828 Savings deposits 41,352,197 33,716,605 Term deposits 18,825,443 15,122,076 Others 91,864,949 75,949,259 Financial Institutions 91,864,949 75,949,259 Current deposits 107,042 100,334 Savings deposits 107,042 100,334 Savings deposits 3,740,500 3,815,631 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 39.5 Contingencies and Commitments 7,466,351 -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439											
Customers 27,406,302 22,191,828 Savings deposits 41,352,197 33,716,605 Term deposits 18,825,443 15,122,076 Others 4,281,007 4,918,750 Pinancial Institutions 91,864,949 75,949,259 Financial Institutions 107,042 100,334 Current deposits 967,318 1,988,287 Savings deposits 3,740,500 3,815,631 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments 6,467,046 12,976,812 11,498,973 -Guarantees -Commitments 12,976,812 11,498,973 431,439		-	sets - net of pro	ovision				69,4	407,484	51,309,967	
Current deposits 27,406,302 22,191,828 Savings deposits 41,352,197 33,716,605 Term deposits 18,825,443 15,122,076 Others 4,281,007 4,918,750 91,864,949 75,949,259 Financial Institutions 107,042 100,334 Current deposits 967,318 1,988,287 Savings deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments 7,466,351 6,467,046 -Commitments 7,466,351 6,467,046 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439 431,439	39.4	Deposits									
Savings deposits 41,352,197 33,716,605 Term deposits 18,825,443 15,122,076 Others 4,281,007 4,918,750 91,864,949 75,949,259 Financial Institutions 107,042 100,334 Current deposits 967,318 1,988,287 Savings deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 431,439		Customers									
Term deposits 18,825,443 15,122,076 Others 4,281,007 4,918,750 Financial Institutions 91,864,949 75,949,259 Function deposits 107,042 100,334 Savings deposits 967,318 1,988,287 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511		Current deposits						27,4	406,302	22,191,828	
Others 4,281,007 4,918,750 Financial Institutions 91,864,949 75,949,259 Current deposits 107,042 100,334 Savings deposits 967,318 1,988,287 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 431,439		Savings deposits						41,3	352,197	33,716,605	
Financial Institutions 91,864,949 75,949,259 Current deposits 107,042 100,334 Savings deposits 967,318 1,988,287 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439		Term deposits						18,8	325,443	15,122,076	
Financial Institutions 107,042 100,334 Current deposits 107,042 100,334 Savings deposits 967,318 1,988,287 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439		Others									
Current deposits 107,042 100,334 Savings deposits 967,318 1,988,287 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439		Financial Institutions						91,8	364,949	75,949,259	
Savings deposits 967,318 1,988,287 Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439									107 042	100 334	
Term deposits 3,740,500 3,815,631 4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments 96,679,809 81,853,511 -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439											
4,814,860 5,904,252 96,679,809 81,853,511 39.5 Contingencies and Commitments -Guarantees 7,466,351 -Commitments 12,976,812 -Other contingent liabilities 485,637 431,439											
96,679,809 81,853,511 39.5 Contingencies and Commitments 96,679,809 81,853,511 -Guarantees -Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439		Term deposits						-			
-Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439											
-Guarantees 7,466,351 6,467,046 -Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439	39.5	Contingencies and Commit	nents							<u> </u>	
-Commitments 12,976,812 11,498,973 -Other contingent liabilities 485,637 431,439		-Guarantees						7.4	166.351	6.467.046	
-Other contingent liabilities 485,637 431,439											
										18,397,458	



Unaudited

(1,531,969)

Unaudited

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2020

Profit/Return Earned of Financing, Investments and Placement 39.6

Profit/Return Earned of Financing, Investments and Placement	June 30, 2020	June 30, 2019
Profit earned on:	Rupee	es in '000
	0.050.000	0.050.470
Financing	3,858,022	3,350,478
Investments	1,087,092	764,931
Musharaka arrangements with financial institutions	164,561	226,331
Deposits with financial institutions	123,567	26,877
	5,233,242	4,368,617
Profit on Deposits and other Dues Expensed		
Deposits and other accounts	2,635,071	2,133,260
Musharaka arrangements with the State Bank of Pakistan under IERS	29,194	24,534
Musharaka arrangements with other financial institutions	171,847	311,347
Musharaka arrangements with other institution	7,900	2,064
Unwinding of liability against ROU asset	197,307	163,541
	3,041,319	2,634,746
Islamic Banking Business Unappropriated Profit	Unaudited June 30, 2020 Rupee	Audited December 31, 2019 es in '000
Opening Balance	(1,531,969)	(1,289,202)
Movement during the period / year	. ,	. ,
Islamic Banking profit/(loss) before tax	136,222	(365,759)
Taxation	(86,073)	122,147
Other adjustments	(9,196)	845
-	40,953	(242,767)

Closing Balance

40 EVENTS AFTER THE REPORTING DATE

In compliance with the SBP's instructions as disclosed in note 6.6 to the consolidated condensed interim financial statements, the Board of Directors, in its meeting held on August 20,2020 has not declared any cash dividend in respect of the quarter ended June 30, 2020 (June 30, 2019: Rs 4 per share). Therefore, there is no non-adjusting event after the balance sheet date.

41 GENERAL

39.7

39.8

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 Group in their meeting held on August 20, 2020.



Salman Khalid Butt

(1,491,016)

President / CEO

70

Director