



Bank for Life

MCB Bank Limited

☎ UAN: 111-000-622 🌐 www.mcb.com.pk



Bank for Life

HALF YEARLY REPORT — 2016 —



Bank for Life

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

MCB Bank Limited

CORPORATE PROFILE

BOARD OF DIRECTORS:

Mian Mohammad Mansha	Chairman
Mr. S. M. Muneer	Vice Chairman
Mr. Tariq Rafi	Director
Mr. Shahzad Saleem	Director
Mr. Aftab Ahmad Khan	Director
Mian Umer Mansha	Director
Dato’ Seri Ismail Shahudin	Director
Mr. Ahmad Alman Aslam	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh	Director
Mrs. Iqraa Hassan Mansha	Director
Mr. Imran Maqbool	President & CEO

AUDIT COMMITTEE:

Mr. Ahmad Alman Aslam	Chairman
Mr. Aftab Ahmad Khan	Member
Dato’ Seri Ismail Shahudin	Member
Mr. Muhammad Ali Zeb	Member

Chief Financial Officer:	Mr. Salman Zafar Siddiqi
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, 15-Main Gulberg Jail Road, Lahore Pakistan
Registrar’s and Share Registration Office (s):	Head Office: M/s. THK Associates (Pvt.) Limited 2 nd Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi Pakistan Branch Office: M/s. THK Associates (Pvt.) Limited 2 nd Floor, DYL Motorcycles Ltd. Office Building Plot No. 346, Block No. G-III, Khokhar Chowk Main Boulevard, Johar Town, Lahore Pakistan.

DIRECTORS' REPORT - JUNE 2016

I am pleased to place before you, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the six months ended June 30, 2016;

Financial Highlights

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

Remeasurement of Defined Benefit Plans - net of tax

Transferred from Surplus on Revaluation of Fixed Assets - net of tax

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final Cash Dividend - December 2015

Interim Cash Dividend - March 2016

Total Appropriations

Un - appropriated Profit Carried Forward

Performance Review

The Bank has reported half yearly Profit Before Tax (PBT) of Rs. 18.9 billion and Profit After Tax (PAT) of Rs. 10.7 billion. Net markup income of the Bank was reported at Rs. 23.4 billion, down by 6.2% over corresponding period last year. On the gross markup income side, the bank reported a decrease of Rs.5.1 billion which was mainly on account of decreased yields on advances and investments in-line with the interest rate movements. However, advances and investments grew by Rs. 10.9 billion and Rs. 11.2 billion on average respectively when compared with corresponding period last year. On the interest bearing liabilities side, the consistent tapering of high cost deposits along with the decrease in minimum deposit rate resulted in a significant drop in cost of funds.

On the non-markup income front, the Bank reported a base of Rs. 6.1 billion with major contributions from fee, commission and dividend income.

The administrative expense base (excluding pension fund reversal) recorded a nominal increase of 0.2% over corresponding period last year. On the provision front, MCB Bank Limited continued with its recovery trajectory and posted a reversal in provision of Rs. 620 million in the six months period ended June 30, 2016.

Total asset base of the Bank was reported at Rs. 1,086.4 billion presenting a growth of 8.16% over 2015. Analysis of the asset mix highlights that net investments have increased by Rs. 32.5 billion (+5.75%) with net advances increasing by Rs. 38.2 billion (+12.56%) over December 31, 2015. Coverage ratio of the Bank was reported at 86.49% with infection ratio of 5.71%.

On the liabilities side, deposit base of the Bank recorded an increase of Rs. 58.6 billion (8.41%) over December 2015. MCB Bank Limited continued to enjoy one of the highest CASA mix in the banking industry of 94% with current deposits increasing by 17% and savings deposits by 5% over December 2015.

Earnings per share (EPS) for the period came to Rs. 9.62 as compared to Rs. 12.17 during the same period last year. Return on Assets and Return on Equity were reported at 2.05% and 18.78% respectively, whereas Book value per share stood at Rs. 103.23.

The Board of Directors declared 2nd interim cash dividend of Rs. 4.0 per share for the half year ended June 30, 2016 which is in addition to Rs. 4.0 per share interim dividend already paid to the shareholders.

Material Information

The Bank and Fullerton Financial Holdings Pte. Ltd ("FFH") (being the majority shareholder of NIB Bank via its wholly-owned subsidiary Bugis Investments (Mauritius) Pte. Ltd.) are engaged in discussions for the possible merger of NIB with and into MCB under the provisions of Section 48 of the Banking Companies Ordinance 1962. Accordingly, after obtaining approval of State Bank of Pakistan for conducting due diligence, MCB, FFH and NIB are in the final stages of the due diligence exercise. The terms of the proposed merger are subject to agreement of the parties and would be subject to, amongst others, the following conditions: (i) receipt of all requisite regulatory authorizations, consents and approvals; and (ii) receipt of all requisite corporate and other internal approvals of MCB, NIB and/or their respective shareholders.



Ratings

PACRA has maintained the Bank's long term credit rating at AAA [triple A] and its short term credit rating at A1+ [A one plus], through its notification dated June 24, 2016.

Economy Review

During the second quarter of 2016, the majority of Pakistan's macroeconomic fundamentals remained fairly positive, which continued to contribute to economic growth and development. Despite encouraging signs, however, downside risks to economic growth persist which will need to be addressed via prudent policies.

Growth in Large Scale Manufacturing (LSM) picked up to 3.45% YoY from July – May FY16, a minor improvement from the growth of 3.33% YoY achieved from July – May FY15. Most of this growth has come in the automobile and fertilizer industries. However, worryingly, Pakistan's exports contracted by 12.11% YoY (in dollar terms) with total exports amounting to \$20,802 million during FY16, less than half of the value of imports, which fell in dollar terms by 2.32% YoY and amounted to \$44,765 million during FY16. The decrease in oil imports owing to lower prices was counteracted by an increase in non-oil imports especially machinery. Therefore, as a result, Pakistan's trade deficit widened to \$-23,963 million, an increase of 8.14% YoY. This gap was largely bridged by increasing volumes of worker's remittances which grew at 6.38% YoY during FY16 to \$19.915 billion.

Pakistan's CPI inflation tilted on the lower side in the last quarter, peaking at 4.17% YoY in April but later, falling to 3.17% and 3.19% respectively in the next two months. Core Inflation, meanwhile, experienced an uptrend from 4.4% YoY in April to 4.6% YoY in June. The State Bank of Pakistan cut the policy rate by 25 basis points to 5.75% at its Monetary Policy Committee meeting on May 21, 2016.

On the foreign exchange market side, the Pakistani Rupee remained stable relative to the US dollar, starting the quarter at Rs. 104.73 and closing at Rs. 104.83. Pakistan's FX reserves increased from \$20,921.9 million at the beginning of the quarter to \$23,084.9 million by end FY16. During the quarter, Pakistan received inflows of \$500 million under the IMF program and a further \$500 million in Development Policy Credit (DPC) from the World Bank. Improvement in the foreign exchange reserves position has helped maintain stability in the exchange rate. The IMF also expressed the belief that economic recovery has gradually strengthened in Pakistan and short-term vulnerabilities have subsided. However, continued progress in structural reforms particularly with regards to restructuring and privatization of loss-making public sector enterprises would be necessary going forward.

As regards Pakistani stock markets, the KSE-100 had an exceptional quarter, buoyed by MSCI's decision to include it in its Emerging Market Index. The index gained nearly 14% and broke its all-time high on numerous occasions in June, ending the quarter at 37,784 points.

In summation, while it is expected that economic growth in Pakistan will accelerate, the effectiveness of policy measures will largely dictate whether the material benefits are realized to their inherent potential. At the same time, risks emanating from the current global economic turbulence will have to be closely watched.

Future Outlook

Pakistan achieved GDP growth of 4.7% in FY16 against a target of 5.5%. In the future, expected acceleration in projects under the China Pakistan Economic Corridor (CPEC) and improvements in energy supply will become significant contributors to greater GDP growth. FBR tax collection during the last fiscal year was also impressive, growing by almost 20% and meeting the target of Rs. 3.1 trillion. The government has taken several measures in the fiscal budget FY17 to widen the tax net and increase collection to Rs. 3.6 trillion. However, despite all these positives, Pakistan's export competitiveness remains a concern. Zero-rating facility for five major export-oriented sectors as announced in the budget will help address some of the problems that exporters are facing. We remain confident that the pace of structural improvements will continue and the country remains on an overall upward economic trajectory.

Acknowledgement

In the end, the Board of Directors of MCB Bank Limited would like to take this opportunity to thank all the shareholders and customers of the Bank for their trust, our employees for their continuous dedication and commitment, the Government and the State Bank of Pakistan for their support.

For and on behalf of the Board of Directors

Mian Mohammad Mansha
Mian Mohammad Mansha
Chairman

August 10, 2016

ڈائریکٹرز کی رپورٹ

بینک کے بورڈ آف ڈائریکٹرز کی جانب سے میں 30 جون 2016ء کو اختتام پذیر ششماہی کے مالیاتی حسابات آپ کو پیش کرتے ہوئے نہایت مسرت محسوس کر رہا ہوں۔

مالیاتی جھلکیاں:

ملین روپے

18,904

8,193

10,711

50,747

(81)

24

50,690

61,401

1,071

4,452

4,452

9,975

51,426

قبل ازنگس منافع

نگس

بعد ازنگس منافع

اختتامی غیر تخصیص شدہ منافع

ایمپلائز بٹیفیکس پلان کی دوبارہ چٹائی (خالص ازنگس)

پائیدار اثاثوں کی ازسرنو تخمینے پر اضافی آمدن (خالص ازنگس)

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

فائل کش ڈیویڈنڈ برائے دسمبر 2015

عمدوری کش ڈیویڈنڈ برائے مارچ 2016

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

کارکردگی کا تجزیہ:

بینک کا موجودہ ششماہی عرصہ میں قبل ازنگس منافع (PBT) 18.9 ملین روپے اور بعد ازنگس منافع (PAT) 10.7 ملین روپے رہا۔ بینک کی خالص مارک اپ آمدنی 23.4 ملین روپے رپورٹ ہوئی جو پچھلے سال کے اسی تقابلی مدت کے منافع سے 6.2 فی صد کم رہی۔ گراس مارک اپ آمدنی میں 5.1 ملین روپے کی ریکارڈ کی گئی جس کی بڑی وجہ قرضہ جات اور سرمایہ کاری پر ریٹرن میں کمی تھی جو شرح سود میں کمی کے تناسب ہے۔ تاہم قرضہ جات اور سرمایہ کاری کے حجم میں پچھلے سال کے اسی تقابلی عرصہ کی نسبت بالترتیب 10.9 ملین روپے اور 11.2 ملین روپے کا اوسط اضافہ ہوا۔ انٹرنسٹ سے متعلقہ ادائیگیوں کے حوالہ سے زیادہ لاگت کے ڈیپازٹ کی مسلسل تحلیل اور اس کے ساتھ ساتھ کم از کم ڈیپازٹ ریٹ کی کمی بھی سرمایہ کی لاگت میں نمایاں انحطاط پریری کا باعث بنی۔

غیر مارک اپ آمدنی کی مدتیں بینک نے 6.1 ملین روپے کمائے جس میں زیادہ کردار فیس، کمیشن اور ڈیویڈنڈ سے متعلقہ آمدنی کا تھا۔

بک کے انتظامی اخراجات میں (ماسوائے عینیشن فنڈ کی ریورسل کے) پچھلے سال کی اسی تقابلی کی نسبت 0.2 فی صد کا انتہائی معمولی اضافہ ریکارڈ کیا گیا۔ ایم سی بی بینک نے اپنی وصولیوں کی کامیاب حکمت عملی پر کاربند رہتے ہوئے 30 جون 2016 کو اختتام پذیر اس ششماہی میں پروڈن (Provision) کی مدتیں 620 ملین روپے کی کمی ریکارڈ کی۔

بینک کے کل اثاثا جات دسمبر 2015 سے 8.16 فی صد اضافے کے ساتھ 1,086.4 ملین روپے رہے۔ اثاثا جات کی ترکیب کا جائزہ واضح کرتا ہے کہ 31 دسمبر 2015 کی نسبت بینک کی خالص سرمایہ کاری میں 32.5 ملین روپے (+5.75%) کا اضافہ ہوا جبکہ خالص قرضہ جات 38.2 ملین روپے (+12.56%) تک بڑھے۔ بینک کی کوریج کا تناسب (Coverage Ratio) 86.49 فیصد اور انفیکشن کا تناسب (Infection Ratio) 5.71 فیصد رہا۔

واجبات کی مدتیں بینک کے ڈیپازٹس میں دسمبر 2015 سے 58.6 ملین روپے (8.41 فیصد) کا اضافہ ہوا ہے۔ ایم سی بی بینک لمیٹڈ نے دسمبر 2015 کی نسبت کرنٹ اکاؤنٹس میں 17 فیصد اور سیونگ اکاؤنٹس میں 5 فیصد اضافے کے ساتھ کرنٹ اکاؤنٹ سیونگ اکاؤنٹس (CASA) کے تناسب کو 94 فیصد کی سطح پر نہایت کامیابی سے برقرار رکھا ہے۔ جو بینکنگ انڈسٹری میں بلند ترین میں سے ہے۔

اس مدت میں فی شخص آمدنی (EPS) 9.62 روپے رہی جو کہ گزشتہ سال کی اسی مدت میں 12.17 روپے تھی۔ اثاثا جات پر ریٹرن (ROA) اور ایکٹیوٹی پر ریٹرن (ROE) بالترتیب 2.05 فیصد اور 18.78 فیصد رہا۔ جبکہ ودیونی حصص 103.23 روپے ہے۔

بورڈ آف ڈائریکٹرز نے 30 جون 2016ء کو اختتام پذیر اس ششماہی مدت کیلئے 4 روپے فی حصص کے دوسرے عموری کش ڈیویڈنڈ کا اعلان کیا ہے۔ جو پچھلے ادا شدہ 4.0 روپے فی حصص کے عموری ڈیویڈنڈ کے علاوہ ہے۔

اہم افکار مشن

بینک اور ملٹرن ٹرانزیکشن ہولڈنگ پرائیویٹ لمیٹڈ (ایف ایف ایچ۔ FFF) (جو کہ اپنی مکمل ملکیت شدہ ذیلی ادارے پیوگس انویسٹمنٹس (موریشیوس) پرائیویٹ لمیٹڈ کے ذریعہ این آئی بی (NIB) بینک کے اکثریتی حصہ دار (شیئرز ہولڈرز) ہیں۔) کے درمیان بینکنگ کپیچیز آرڈیننس کی دفعہ 48 کے تحت این آئی بی (NIB) بینک کو ایم سی بی بینک میں مکمل طور پر شرم کرنے سے متعلق معاملات زیرِ غور ہیں۔

چنانچہ اسٹیٹ بینک آف پاکستان کی اجازت کے بعد ایم سی بی، ایف ایف ایچ اور این آئی بی ڈیو ڈیلینس (Due Diligence) کے اختتامی مراحل میں ہیں۔

اس مجوزہ انضمام کی شرائط متعلقہ فریقین کی آمدگی سے مشروط ہیں اور دیگر کے ساتھ مندرجہ ذیل شرائط کے بھی تابع ہیں۔

- تمام مطلوبہ ریگولیٹری منظوری، رضامندی اور اجازت کا حصول
- ایم سی بی، این آئی بی اور ان کے متعلقہ حصص کے مالکان (شیئرز ہولڈرز) کی تمام مطلوبہ کارپوریٹ اور داخلی رضامندی کا حصول

ریٹنگز:

پاکستان کریڈٹ ریٹنگ ایجنسی (Pacra) نے اپنے نوٹیفکیشن بتاریخ 24 جون 2016ء کے ذریعے بینک کی طویل مدتی کریڈٹ ریٹنگ کو ٹریبل اے (AAA) پر اور قلیل مدتی کریڈٹ ریٹنگ کو اے ون پلس (A1+) کی سطح پر برقرار رکھا ہے۔

معاشی جائزہ:

سال 2016 کی دوسری سہ ماہی کے دوران، پاکستان کی معیشت کی اساس قدرے مثبت رہی اور مجموعی معاشی ترقی اور نمو کیلئے اپنا کردار ادا کرتی رہی۔ ان امید افزاء علامات کے باوجود معاشی ترقی کو کئی خدشات لاحق رہے جن کا تدارک پالیسیوں کے ذریعہ تدارک ناگزیر ہے۔

بڑے پیمانے کی صنعت (ایمل ایس ایم۔ LSM) میں 3.45 فیصد کا، سالانہ بنیاد پر جولائی تا مئی 2016 کے مالی سال میں، بتدریج اضافہ دیکھنے میں آیا جو پچھلے سال کے جولائی تا مئی 2015 کے 3.33 فیصد کے تناسب سے قدرے بہتر ہے۔ اس ترقی کی بڑی وجہ آٹوموبائل اور کھاد کی صنعت ہے۔ بحر حال برآمدات میں مسلسل کمی ایک تشویشناک پہلو ہے جن میں 12.11 فیصد (ڈالروں میں) کی سالانہ کمی نظر آئی اور کل برآمدات کا حجم مالی سال 2016ء میں 20,802 ملین امریکی ڈالر رہا جو کل درآمدات کی مالیت کی آدھی قدر و قیمت سے بھی کم ہے۔ درآمدات کا حجم مالی سال 2016 میں 23.22 فیصد کی سالانہ کمی کے بعد 44,765 ملین امریکی ڈالر رہا۔ تیل کی قیمت میں کمی کے باعث درآمدات میں ہونے والے فائدہ کو تیل کے علاوہ کی درآمدات مثلاً مشینری کی درآمدات نے زائل کر دیا۔

چنانچہ اس کے نتیجے میں پاکستان کا تجارتی خسارہ 8.14 فیصد کے سالانہ اضافہ کے باعث 23,963 ملین امریکی ڈالر تک پہنچ گیا۔ تاہم اس غلام کو بیرون ملک مقیم پاکستانیوں کی ترسیلات زر نے کافی حد تک پورا کیا جو 6.38 فیصد کی سالانہ اضافہ کے ساتھ مالی سال 2016 میں 19,915 ملین امریکی ڈالر ہیں۔

گزشتہ سہ ماہی میں پاکستان کی (کنزرویٹو پرائس انڈیکس۔ CPI) صارف قیوتوں کے جدول میں نہایت کمی دیکھنے میں آئی۔ اپریل 2016ء میں سالانہ 4.17 فیصد کی شرح کو چھونے کے بعد اگلے دو ماہ میں کمی کی بدولت بالترتیب 3.17 فیصد اور 3.19 فیصد رہی۔ اس دوران خالص افراط زر میں اضافہ کا رجحان نمایاں رہا جو اپریل 2016 میں سالانہ بنیاد پر 4.4 فیصد سے بڑھ کر جون 2016 تک سالانہ بنیاد پر 4.6 فیصد ریکارڈ کیا گیا۔ اسٹیٹ بینک آف پاکستان نے 21 مئی 2016 کو مانیٹری پالیسی کمیٹی کی میٹنگ میں پالیسی ریٹ میں 25 بی پی ایس (bps) کی کمی کے بعد 5.75 فی صد کی سطح پر مقرر کر دیا۔

قارن انکسچینج مارکیٹ کے حوالہ سے پاکستانی روپیہ امریکی ڈالر کے مقابلے میں اپنا استحکام برقرار رکھتے ہوئے اس سہ ماہی کے آغاز پر 104.73 روپے اور اختتام 104.83 روپے رہا۔

پاکستان کے غیر ملکی زرمبادلہ کے ذخائر اس سہ ماہی کے آغاز میں 20,921.9 ملین امریکی ڈالر سے بڑھتے ہوئے مالی سال 2016 ء کے اختتام پر 23,084.9 ملین امریکی ڈالر تک آگئے۔ اس سہ ماہی کے دوران پاکستان نے آئی ایم ایف (IMF) کے پروگرام کے تحت 500 ملین امریکی ڈالر وصول کئے علاوہ ازیں عالمی بینک کے ڈیولپمنٹ کریڈٹ پالیسی (DPC) کے تحت مزید 500 ملین امریکی ڈالر بھی حاصل کئے۔ غیر ملکی زرمبادلہ کے ذخائر میں اضافہ انکسچینج ریٹ کے استحکام کو برقرار رکھنے میں مددگار ثابت ہوا۔ آئی ایم ایف (IMF) نے بھی اس امر پر احتیاطاً اظہار کیا ہے کہ پاکستان میں معاشی بحالی قدرے مضبوط ہوئی اور قلیل مدتی زونڈیری میں کمی واقع ہوئی ہے۔ تاہم بنیادی اصلاحات خصوصاً پبلک سیکٹر کے غیر منافع بخش اداروں کی نجی شعبہ منتقلی اور ان کی تشکیل نو وہ ضروری عوامل ہیں جن کے باعث مسلسل ترقی اور بہتری کے عمل کو جاری رکھا جاسکتا ہے۔

جہاں تک پاکستانی ٹاک مارکیٹ کا تعلق ہے کے ایس ای۔ 100 (KSE-100) انڈیکس کو، ایم ایس سی آئی (MSCI) کی جانب سے اس کو ابھرتی مارکیٹ انڈیکس (Emerging Market Index) میں شمولیت کے فیصلے کے باعث، ایک مثالی سہ ماہی میسر آئی۔ انڈیکس تقریباً 14 فیصد کے اضافہ کے ساتھ جون میں اپنی ہی بلند ترین سطح کو پار ہا عبور کرتے ہوئے اس سہ ماہی کے اختتام تک 37,784 پوائنٹس تک پہنچ گیا۔

مختصر اچھاں پاکستان معاشی ترقی کی رفتار میں مزید بہتری متوقع ہے وہاں معاشی پالیسیوں کی افادیت اس امر کو غماز ہے کہ تمام مادی فوائد کو ان کی حقیقی صلاحیتوں سے مشروط کیا جاسکے۔ اسی کے ساتھ عالمی معیشت کے موجودہ تغیرات سے متصل خدشات پر کڑی نظر رکھنے کی ضرورت ہے۔

مستقبل کی پیش بینی:

پاکستان نے مالی سال 2016 میں جی ڈی پی گرتھ (GDP Growth) میں 5.5 فیصد ہدف کے مقابلے میں 4.7 فیصد کی شرح حاصل کی۔ مستقبل میں پاک چین اقتصادی راہداری (CPEC) سے متصل پراجیکٹس میں متوقع تیزی اور توانائی کی رسد میں بہتری جی ڈی پی کی نمو میں افزائش کیلئے قابل قدر کردار ادا کرے گی۔

ایف بی آر (FBR) کی ٹیکس وصولیاں بھی گزشتہ مالی سال میں متاثر کن رہیں۔ تقریباً 20 فیصد کے اضافہ کے ساتھ 3.1 ٹریلین روپے کا ہدف عبور کیا گیا۔ حکومت نے مالی سال 2017 کے میزانیہ (بجٹ) میں ٹیکس نیٹ کو وسیع کرنے کے کئی اقدامات اٹھائے ہیں اور وصولیوں کے ہدف میں اضافہ کرتے ہوئے اسے 3.6 ٹریلین روپے مقرر کیا ہے۔

تاہم ان تمام مثبت عوامل کے باوجود پاکستان کی برآمدات کی استعدادتشویش طلب ہے۔ بجٹ میں پانچ بڑی برآمدات سے متعلق شعبوں کیلئے زیر۔ریٹنگ کی سہولت برآمد کنندگان کی درخیش مسائل کو حل کرنے میں مددگار ثابت ہوگی۔ ہم پرامید ہیں کہ بنیادی اصلاحات کی سبھی رفتار جاری رہے گی اور ملک اپنی مجموعی معیشت کی بلند پروازی پر کاربند رہے گا۔

تسلیم و تشکر:

آخر میں ایم سی بی بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز نے تمام حصص یافتگان اور صارفین کو ان کے اعتماد کیلئے، ملازمین کا ان کی مسلسل لگن اور مخلصانہ خدمات کیلئے، گورنمنٹ بینک آف پاکستان کا ان کے تعاون کیلئے شکر ادا کرتے ہیں۔

برائے دلچسپ بورڈ آف ڈائریکٹرز

Mawla
میاں محمد منشاء
چیئر مین

10 اگست 2016ء

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of MCB Bank Limited("the Bank") as at 30 June 2016, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and explanatory notes (here-in-after referred to as "interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of the interim financial information in accordance with approved accounting standards applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 information as of and for the six months period ended 30 June 2016 is not prepared, in all material respects, in accordance with approved accounting 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 quarters ended 30 June 2016 and 30 June 2015 have not been reviewed and we do not express a conclusion on them.

The financial statements of the Bank for the year ended 31 December 2015 and six months period ended 30 June 2015 were audited and reviewed respectively by another auditor whose reports, dated 26 February 2016 and 20 August 2015, expressed unqualified opinion / conclusion on those statements.

Lahore
Dated: August 10, 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner
M. Rehan Chughtai

Unconsolidated Condensed Interim Statement of Financial Position As at June 30, 2016

Note	Unaudited June 30, 2016	Audited December 31, 2015 Restated
----- (Rupees in '000) -----		
Assets		
Cash and balances with treasury banks	72,980,089	60,567,695
Balances with other banks	3,940,662	3,611,185
Lendings to financial institutions	7 3,235,936	3,079,564
Investments - net	8 598,236,261	565,695,932
Advances - net	9 342,314,698	304,121,938
Operating fixed assets	10 30,123,117	29,949,890
Deferred tax assets - net	-	-
Other assets - net	35,545,809	37,383,936
	1,086,376,572	1,004,410,140
Liabilities		
Bills payable	11,203,204	11,888,776
Borrowings	11 139,988,703	118,039,748
Deposits and other accounts	12 755,434,193	696,804,929
Sub-ordinated loan	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	13 12,146,234	11,376,589
Other liabilities	26,327,485	28,498,160
	945,099,819	866,608,202
Net assets	141,276,753	137,801,938
Represented by		
Share capital	11,130,307	11,130,307
Reserves	52,346,920	51,309,081
Unappropriated profit	51,425,573	50,746,685
	114,902,800	113,186,073
Surplus on revaluation of assets - net of tax	26,373,953	24,615,865
	141,276,753	137,801,938

Contingencies and commitments

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The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.

Imran Maqbool
Imran Maqbool
President / CEO

Tariq Rafi
Tariq Rafi
Director

Mian Umer Mansha
Mian Umer Mansha
Director

Ahmad Almas Aslam
Ahmad Almas Aslam
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended June 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
Note				
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	18,774,414	36,388,562	20,901,423	41,526,821
Mark-up / return / interest expensed	6,703,044	12,992,000	7,969,481	16,592,693
Net mark-up / interest income	12,071,370	23,396,562	12,931,942	24,934,128
Provision / (reversal) against loans and advances - net	(159,208)	(624,848)	(489,881)	(739,540)
Provision / (reversal) for diminution in the value of investments - net	4,479	4,479	(402)	(16,461)
Bad debts written off directly	6	18	67	67
	(154,723)	(620,351)	(490,216)	(755,934)
Net mark-up / interest income after provisions	12,226,093	24,016,913	13,422,158	25,690,062
Non mark-up / interest income				
Fee, commission and brokerage income	1,950,527	3,882,300	2,145,689	4,085,662
Dividend income	286,668	736,858	257,712	615,053
Income from dealing in foreign currencies	281,558	492,984	228,675	482,559
Gain on sale of securities - net	463,829	668,302	464,574	2,915,646
Unrealized gain/(loss) on revaluation of investments classified as held for trading	1,220	(212)	34,553	(159)
Other income	116,226	277,838	941,854	1,078,745
Total non mark-up / interest income	3,100,028	6,058,070	4,073,057	9,177,506
	15,326,121	30,074,983	17,495,215	34,867,568
Non mark-up / interest expenses				
Administrative expenses	5,255,269	10,719,181	5,318,125	10,570,579
Other provision / (reversal) - net	12,696	31,841	10,725	3,925
Other charges	228,602	420,283	249,970	502,946
Total non mark-up / interest expenses	5,496,567	11,171,305	5,578,820	11,077,450
	9,829,554	18,903,678	11,916,395	23,790,118
Extraordinary / unusual item	-	-	-	-
Profit before taxation	9,829,554	18,903,678	11,916,395	23,790,118
Taxation - current period	3,421,962	6,637,434	4,248,335	8,216,777
- prior years	1,693,330	1,693,330	1,906,156	1,906,156
- deferred	19,946	(138,071)	132,959	126,238
	5,135,238	8,192,693	6,287,450	10,249,171
Profit after taxation	4,694,316	10,710,985	5,628,945	13,540,947
	----- (In Rupees) -----			
Earnings per share - basic and diluted	4.22	9.62	5.06	12.17

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended June 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
	----- (Rupees in '000) -----			
Profit after tax for the period	4,694,316	10,710,985	5,628,945	13,540,947
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Remeasurement of defined benefit plans - net of tax	(81,063)	(81,063)	(1,129,965)	(1,129,965)
Items that may be reclassified to profit and loss account				
Effect of translation of net investment in foreign branches	40,440	(33,260)	(32,643)	(16,031)
Comprehensive income transferred to equity	4,653,693	10,596,662	4,466,337	12,394,951
Components of comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	1,170,506	2,626,790	665,353	5,713,348
Deferred tax	(412,715)	(922,413)	(384,722)	(2,318,504)
	757,791	1,704,377	280,631	3,394,844
Total comprehensive income for the period	5,411,484	12,301,039	4,746,968	15,789,795

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2016

Cash flows from operating activities

Profit before taxation
Less: Dividend income

Adjustments for:

Depreciation
Amortization
Bad debts written off directly
Provision / (reversal) against loans and advances - net
Provision / (reversal) for diminution in the value of investments - net
Other provision / (reversal) - net
Provision for Workers' Welfare Fund
Charge / (reversal) for defined benefit plans
Unrealized loss on revaluation of investments classified as held for trading
Gain on sale of shares in associate
Gain on disposal of fixed assets - net

(Increase) / decrease in operating assets

Lendings to financial institutions
Net investment in held for trading securities
Advances - net
Other assets - net

Increase / (decrease) in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Defined benefits paid
Income tax paid

Net cash flows from operating activities

Cash flows from investing activities

Net investments in available-for-sale securities
Net investments in held-to-maturity securities
Dividend income received
Investment in subsidiary company
Proceeds from divestment in subsidiary
Proceeds from demerger scheme
Proceeds from divestment in associate
Sale proceeds of property and equipment disposed off
Investment in operating fixed assets

Net cash flows from investing activities

Cash flows from financing activities

Dividend paid

Net cash flows from financing activities

Exchange difference on translation of net investment in foreign branches

Increase in cash and cash equivalents

Cash and cash equivalents at January 1
Cash and cash equivalents at June 30

	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
	18,903,678	23,790,118
	(736,858)	(615,053)
	18,166,820	23,175,065
	789,228	1,022,225
	192,926	179,728
	18	67
	(624,848)	(739,540)
	4,479	(16,461)
	31,841	3,925
	378,074	475,802
	(94,245)	(224,235)
	212	159
	(98,588)	(224,748)
	(47,408)	(108,704)
	531,689	368,218
	18,698,509	23,543,283
	(156,372)	43,298
	(219,400)	20,297
	(37,567,930)	(10,973,724)
	(4,257,288)	1,422,625
	(42,200,990)	(9,487,504)
	(685,572)	(5,805,354)
	21,568,657	70,405,706
	58,629,264	77,461,400
	(2,381,386)	(3,645,331)
	77,130,963	138,416,421
	53,628,482	152,472,200
	(190,507)	(204,587)
	(7,805,257)	(7,776,440)
	45,632,718	144,491,173
	(24,438,447)	(100,100,885)
	(5,280,125)	(626,780)
	735,674	609,577
	-	(10,000,000)
	-	77
	5,901,988	-
	118,330	274,533
	132,719	238,020
	(1,226,084)	(2,107,269)
	(24,055,945)	(111,712,727)
	(9,181,940)	(7,812,963)
	(9,181,940)	(7,812,963)
	(33,260)	(16,031)
	12,361,573	24,949,452
	63,682,342	49,427,335
	76,043,915	74,376,787

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended June 30, 2016

Balance as at December 31, 2014

Change in equity for six months ended June 30, 2015

Total comprehensive income for the six months ended June 30, 2015

Profit after taxation for six months period
ended June 30, 2015

Remeasurement of defined benefit plans - net of tax

Exchange differences on translation of net
investment in foreign branches

Transactions with owners recognized directly in equity

Final cash dividend at Rs. 4.0 per share - December 31, 2014

Interim cash dividend at Rs. 4.0 per share - March 31, 2015

Transferred from surplus on revaluation of fixed
assets to unappropriated profit - net of tax

Transferred to statutory reserve

Balance as at June 30, 2015

Change in equity for six months ended December 31, 2015

Total comprehensive income for the six months ended December 31, 2015

Profit after taxation for six months period
ended December 31, 2015

Remeasurement of defined benefit plans - net of tax

Exchange differences on translation of net
investment in foreign branches

Transactions with owners recognized directly in equity

Interim cash dividend at Rs. 4.0 per share - June 30, 2015

Interim cash dividend at Rs. 4.0 per share - September 30, 2015

Transferred from surplus on revaluation of fixed
assets to unappropriated profit - net of tax

Transferred to statutory reserve

Balance as at December 31, 2015 - previously reported

Effect of demerger - Note 8.4.3

Balance as at December 31, 2015 - restated

Change in equity for six months ended June 30, 2016

Total comprehensive income for the six months ended June 30, 2016

Profit after taxation for six months period
ended June 30, 2016

Remeasurement of defined benefit plans - net of tax

Exchange differences on translation of net
investment in foreign branches

Transactions with owners recognized directly in equity

Final cash dividend at Rs. 4.0 per share - December 31, 2015

Interim cash dividend at Rs. 4.0 per share - March 31, 2016

Transferred from surplus on revaluation of fixed
assets to unappropriated profit - net of tax

Transferred to statutory reserve

Balance as at June 30, 2016

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.

Share capital	Capital Reserves		Statutory reserve	Revenue Reserves		Total
	Share premium	Exchange translation reserve		General reserve	Unappropriated profit	
(Rupees in'000)						
11,130,307	9,702,528	394,507	20,132,970	18,600,000	46,947,863	106,908,175
0, 2015						
-	-	-	-	-	13,540,947	13,540,947
-	-	-	-	-	(1,129,965)	(1,129,965)
-	-	(16,031)	-	-	-	(16,031)
-	-	(16,031)	-	-	12,410,982	12,394,951
-	-	-	-	-	(4,452,123)	(4,452,123)
-	-	-	-	-	(4,452,123)	(4,452,123)
-	-	-	-	-	(8,904,246)	(8,904,246)
-	-	-	-	-	24,438	24,438
-	-	-	1,354,095	-	(1,354,095)	-
11,130,307	9,702,528	378,476	21,487,065	18,600,000	49,124,942	110,423,318
ber 31, 2015						
-	-	-	-	-	12,010,043	12,010,043
-	-	-	-	-	(590,017)	(590,017)
-	-	(59,992)	-	-	-	(59,992)
-	-	(59,992)	-	-	11,420,026	11,360,034
-	-	-	-	-	(4,452,123)	(4,452,123)
-	-	-	-	-	(4,452,123)	(4,452,123)
-	-	-	-	-	(8,904,246)	(8,904,246)
-	-	-	-	-	24,437	24,437
-	-	-	1,201,004	-	(1,201,004)	-
11,130,307	9,702,528	318,484	22,688,069	18,600,000	50,464,155	112,903,543
-	-	-	-	-	282,530	282,530
11,130,307	9,702,528	318,484	22,688,069	18,600,000	50,746,685	113,186,073
0, 2016						
-	-	-	-	-	10,710,985	10,710,985
-	-	-	-	-	(81,063)	(81,063)
-	-	(33,260)	-	-	-	(33,260)
-	-	(33,260)	-	-	10,629,922	10,596,662
-	-	-	-	-	(4,452,123)	(4,452,123)
-	-	-	-	-	(4,452,123)	(4,452,123)
-	-	-	-	-	(8,904,246)	(8,904,246)
-	-	-	-	-	24,311	24,311
-	-	-	1,071,099	-	(1,071,099)	-
11,130,307	9,702,528	285,224	23,759,168	18,600,000	51,425,573	114,902,800

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2016

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 Pakistan Stock Exchange whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,213 branches (December 31, 2015: 1,212 branches) within Pakistan and 11 branches (December 31, 2015: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

2.1 This financial information represents unconsolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is 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 (SBP) 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 the financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.3 The Bank has transferred its Islamic business to a wholly owned Islamic subsidiary and accordingly assets and liabilities placed as per arrangements permissible under Shariah are NIL in this unconsolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 104.8344 per US Dollar (December 31, 2015: Rs.104.7410) and Rs. 0.7198 per LKR (December 31, 2015: Rs 0.7271) have been used.

3 STATEMENT OF COMPLIANCE

3.1 The unconsolidated condensed interim financial information of the Bank has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter 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 this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2015.

3.4 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of this standard have not been applied in the preparation of this unconsolidated condensed interim financial information to the extent of their applicability to these mutual funds.

4 BASIS OF MEASUREMENT

4.1 This unconsolidated condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

4.2 This unconsolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2016

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2015 except for the following:

In line with the requirements of the Debt Swap Regulations issued by SBP through BPRD circular No. 01 of 2016 dated January 01, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims effective from January 01, 2016. These were previously recorded at the lower of cost or market value and are now recorded at market value less accumulated depreciation. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 106.975 million while surplus on revaluation of assets and deferred tax liabilities would have been lower by Rs 69.534 million and Rs 37.441 million respectively.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2015.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2015.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	June 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
Call money lendings	2,212,964	2,795,034
Repurchase agreement lendings	-	72,710
Other lendings to financial institutions	1,022,972	211,820
	3,235,936	3,079,564

8. INVESTMENTS - NET

8.1 Investments by types

Held-for-trading securities		582,217	-	582,217
Available-for-sale securities	8.2	429,469,387	117,182,503	546,651,890
Held-to-maturity securities		17,862,106	49,410	17,911,516
		447,913,710	117,231,913	565,145,623
Associates	8.3	926,594	-	926,594
Subsidiaries	8.4	10,845,787	-	10,845,787
		11,772,381	-	11,772,381
Investments at cost		459,686,091	117,231,913	576,918,004
Less: Provision for diminution in the value of investments		(2,538,656)	-	(2,538,656)
Investments (net of provisions)		457,147,435	117,231,913	574,379,348
Surplus / (deficit) on revaluation of available for sale securities - net		23,539,650	317,475	23,857,125
Deficit on revaluation of held-for-trading securities - net		(212)	-	(212)
Investments at revalued amounts - net of provisions		480,686,873	117,549,388	598,236,261

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

Note	December 31, 2015		
	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----		
Held-for-trading securities	367,209	-	367,209
Available-for-sale securities	439,267,213	82,946,230	522,213,443
Held-to-maturity securities	12,549,162	63,608	12,612,770
	452,183,584	83,009,838	535,193,422
Associates	946,336	-	946,336
Subsidiaries	10,845,787	-	10,845,787
	11,792,123	-	11,792,123
Investments at cost	463,975,707	83,009,838	546,985,545
Less: Provision for diminution in the value of investments	(2,515,556)	-	(2,515,556)
Investments (net of provisions)	461,460,151	83,009,838	544,469,989
Surplus / (deficit) on revaluation of available for sale securities - net	21,231,078	(743)	21,230,335
Deficit on revaluation of held-for-trading securities - net	(4,392)	-	(4,392)
Investments at revalued amounts - net of provisions	482,686,837	83,009,095	565,695,932

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2015: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2015: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 874.073 million (December 31, 2015: Rs. 893.815 million) as at June 30, 2016 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2016 amounted to Rs. 4,737.056 million (December 31, 2015: Rs. 5,457.279 million).

8.4 The Bank incorporated MCB Islamic Bank Limited (MCBIBL), a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. During 2015, the Bank injected equity of Rs. 10 billion in the said subsidiary. SBP has granted "Certificate of commencement of Banking Business" to MCBIBL effective September 14, 2015.

The Board of Directors in their meeting held on October 20, 2015 approved a Scheme of Compromise, Arrangement and Reconstruction (the Scheme) of the Bank. The Scheme envisages transfer and vesting of assets, rights, liabilities and obligations of the Bank relating to Islamic Banking Group (the demerged undertaking) to MCBIBL effective from September 30, 2015 and subject to approval by the Bank's shareholders and sanction by the Honourable Lahore High Court.

The shareholders of the Bank approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on January 8, 2016. The Honourable Lahore High Court has granted sanction of, and ordered for implementation of the Scheme through its order received certified true copy dated April 19, 2016 whereby assets and liabilities of MCB's domestic Islamic Banking Operations were to be transferred as at the effective date September 30, 2015. The scheme was submitted to registrar on April 22, 2016.

The Scheme envisages the demerger as follows:

a) Transfer of all assets and liabilities of demerged undertaking at their respective book values as of the Effective Date, against cash, which is subject to adjustment if any.

b) From the Effective Date and upto the Completion Date, all the business and activities of the demerged undertaking shall be deemed to have been carried on by the Bank for and on account of, and in trust for, MCBIBL. On this basis, all profits and losses accruing or arising to or incurred by the MCB Bank Limited through the operation of the demerged undertaking from the Effective Date shall be treated as and be deemed to be the profits, income, losses and expenditure, as the case may be, of MCBIBL.

Consequently, the financial results of the demerged undertaking have been separated from the Bank from the Effective Date. Accordingly, the assets and liabilities and the items of profit and loss of the demerged undertaking have been excluded from this unconsolidated condensed interim financial information from October 01, 2015 and therefore the comparative figures of the statement of financial position as at December 31, 2015 have been re-adjusted to incorporate the effect of demerger.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

Details of assets and liabilities transferred to MCBIBL and the related adjustments made in the statement of financial position as at December 31, 2015 are as follows:

Statement of Financial Position

Note	Audited December 31, 2015	Net assets transferred to MCBIBL	Settlement / Adjustments/ reclassification	Audited December 31, 2015 Restated
	----- (Rupees in '000) -----			
ASSETS				
Cash and balances with treasury banks	61,208,938	641,243	-	60,567,695
Balances with other banks	3,681,893	70,708	-	3,611,185
Lendings to financial institutions	5,132,480	2,264,736	211,820	3,079,564
Investments - net	568,802,508	3,106,576	-	565,695,932
Advances - net	314,124,939	10,029,288	26,287	304,121,938
Operating fixed assets	32,432,650	2,456,473	(26,287)	29,949,890
Deferred tax assets - net	-	-	-	-
Other assets - net	31,246,245	52,342	6,190,033	37,383,936
	1,016,629,653	18,621,366	6,401,853	1,004,410,140
LIABILITIES				
Bills payable	11,975,237	86,461	-	11,888,776
Borrowings	118,459,448	631,520	211,820	118,039,748
Deposits and other accounts	708,091,171	11,286,242	-	696,804,929
Sub-ordinated loan	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-
Deferred tax liabilities - net	11,376,589	-	-	11,376,589
Other liabilities	28,926,802	428,642	-	28,498,160
	878,829,247	12,432,865	211,820	866,608,202
	137,800,406	6,188,501	6,190,033	137,801,938

Less: Net profit from October 01, 2015 to December 31, 2015 transferred to MCBIBL under scheme of demerger

4,723

Add: Deficit on revaluation of AFS investments from October 01, 2015 to December 31, 2015 transferred to MCBIBL under scheme of demerger

6,255

1,532

Net Amount receivable from MCBIBL

6,190,033

	Audited December 31, 2015	Net assets transferred to MCBIBL	Settlement / Adjustments/ reclassification	Audited December 31, 2015 Restated
	----- (Rupees in '000) -----			
Represented by				
Share capital	11,130,307	-	-	11,130,307
Reserves	51,309,081	-	-	51,309,081
Unappropriated profit	50,464,155	-	282,530	50,746,685
	112,903,543	-	282,530	113,186,073
Surplus on revaluation of assets - net of tax	24,896,863	-	(280,998)	24,615,865
	137,800,406	-	1,532	137,801,938

8.4.1 This includes foreign currency lendings of Rs. 211.820 million grouped under branch adjustment account (due from Islamic Banking Group) as on December 31, 2015.

8.4.2 This includes consideration receivable from MCBIBL amounting to Rs 6.190 billion.

8.4.3 Amount included in this unconsolidated condensed interim statement of changes in equity as at December 31, 2015 is worked out as follows:

	(Rupees in '000)
Deficit on revaluation of AFS investments transferred to MCBIBL	(2,424)
Surplus on revaluation of fixed assets transferred to MCBIBL	289,677
Net profit from October 01, 2015 to December 31, 2015	(4,723)
Net amount included in unappropriated profit as at December 31, 2015	282,530

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

9. ADVANCES - NET

	Note	June 30, 2016 (Rupees in '000)	December 31, 2015
Loans, cash credits, running finances, etc			
- In Pakistan		326,695,667	294,900,406
- Outside Pakistan		18,178,415	15,953,412
		344,874,082	310,853,818
Net Investment in finance lease			
- In Pakistan		2,039,354	2,100,015
- Outside Pakistan		201,005	87,243
		2,240,359	2,187,258
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		5,724,375	5,168,459
- Payable outside Pakistan		7,255,931	4,318,976
		12,980,306	9,487,435
Advances - gross		360,094,747	322,528,511
Less: Provision against loans and advances			
- Specific provision	9.1	(17,043,828)	(17,847,780)
- General provision	9.2	(360,120)	(238,332)
- General provision against consumer loans & small enterprise loans	9.3	(302,048)	(284,400)
- General provision by Sri Lanka & UAE operations		(74,053)	(36,061)
		(17,780,049)	(18,406,573)
Advances - net of provision		342,314,698	304,121,938

9.1 Advances include Rs. 20,556.562 million (December 31, 2015: Rs. 20,368.096 million) which have been placed under non-performing status as detailed below:

June 30, 2016						
Category of Classification	Note	Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	45,328	-	45,328	1,937	1,937
Substandard		450,101	58,050	508,151	116,952	116,952
Doubtful		617,538	29,822	647,360	66,107	66,107
Loss		14,329,680	5,026,043	19,355,723	16,858,832	16,858,832
		15,442,647	5,113,915	20,556,562	17,043,828	17,043,828
December 31, 2015						
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	-	-	-	-	-
Substandard		-	-	-	-	-
Doubtful		430	45,897	46,327	23,164	23,164
Loss		15,284,568	5,037,201	20,321,769	17,824,616	17,824,616
		15,284,998	5,083,098	20,368,096	17,847,780	17,847,780

9.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

9.2 General provision against advances represents provision maintained at around 0.1% of gross advances.

9.3 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the 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 the fully secured performing portfolio and 2% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

9.4 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.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	June 30, 2016 (Rupees in '000)	December 31, 2015
10. OPERATING FIXED ASSETS		
Capital work-in-progress	810,026	889,741
Property and equipment	28,835,397	28,413,140
Intangible asset	477,694	647,009
	30,123,117	29,949,890
10.1. Additions and disposals during the period amounted to Rs. 1,226.084 million (June 30,2015: Rs. 2,107.269 million) and Rs. 85.311 million (June 30, 2015: Rs. 129.316 million), respectively.		
11. BORROWINGS		
In Pakistan	135,397,862	112,745,024
Outside Pakistan	4,590,841	5,294,724
	139,988,703	118,039,748
11.1. Details of borrowings (secured / unsecured)		
Secured		
Borrowings from State Bank of Pakistan	10,703,372	11,006,888
Export refinance scheme	4,264,239	4,422,334
Long term financing facility	2,558	5,108
Long term financing - export oriented projects scheme	375,790	470,367
Financing facility for storage of agricultural produce	15,345,959	15,904,697
Repurchase agreement borrowings	117,701,313	83,010,691
	133,047,272	98,915,388
Unsecured		
Borrowings from other financial institutions	1,074,708	2,116,053
Call borrowings	4,989,887	16,511,769
Overdrawn nostro accounts	876,836	496,538
	6,941,431	19,124,360
	139,988,703	118,039,748
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	42,136,479	45,853,181
Savings deposits	402,341,272	383,205,902
Current accounts	286,821,704	246,316,336
Margin accounts	5,792,062	5,164,176
	737,091,517	680,539,595
Financial institutions		
Remunerative deposits	9,634,420	9,956,795
Non-remunerative deposits	8,708,256	6,308,539
	18,342,676	16,265,334
	755,434,193	696,804,929
13. DEFERRED TAX LIABILITY / (ASSET) - NET		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	917,781	901,919
Accelerated tax depreciation	1,304,369	1,503,574
Receivable from pension fund	2,074,365	1,979,736
Surplus / deficit on revaluation of securities	8,349,994	7,427,581
	12,646,509	11,812,810
Deductible temporary differences on:		
Provision for bad debts	(41,611)	-
Provision for post retirement benefits	(458,664)	(436,221)
	(500,275)	(436,221)
	12,146,234	11,376,589
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring		
- Government	22,981,451	21,814,111
- Banks and financial institutions	1,126,781	2,032,180
- Others	3,175,469	1,965,279
	27,283,701	25,811,570
14.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	15,115,266	9,961,864
- Banks and financial institutions	40,813	585,970
- Others	8,212,647	8,513,778
- Suppliers credit / payee guarantee	2,047,320	2,235,176
	25,416,046	21,296,788

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	June 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
14.3 Trade-related contingent liabilities	128,189,152	114,758,424
14.4 Other contingencies		
Claims against the Bank not acknowledged as debts	6,552,839	5,350,286
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 and accordingly no provision has been made in this unconsolidated interim financial information.		
14.5 Commitments to extend credit		
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.		
14.6 Commitments in respect of forward foreign exchange contracts		
Purchase	76,044,381	75,975,136
Sale	75,882,313	71,836,248
14.7 Commitments for the acquisition of fixed assets	540,830	190,608
14.8 Forward outright of Government Securities		
Purchase	302,000	-
Sale	100,000	-
14.9 Other commitments		
FX options (notional amount)		
Purchase	409,719	1,460,979
Sale	409,719	1,460,979
14.10 Taxation		

For assessment year 1988-89 through tax year 2015, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,968 million (2015: Rs. 2,747 million) which has been paid. 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 the 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.

	Half year ended	
	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
15. DIVIDEND INCOME		
Adamjee Insurance Company Limited	141,658	144,858
Allied Bank Limited	17,764	15,574
Archroma Pakistan Limited	3,189	3,189
Attock Petroleum Limited	13,524	9,013
Bank Alfalah Limited	16,816	33,641
Bank Al-Habib Limited	47,443	44,403
Bestway Cement Limited	800	-
Cherat Cement Company Limited	2,039	-
Credit Information Bureau Sri Lanka	129	124
Crescent Steel & Allied Products Limited	3,167	-
Dawood Hercules Corporation Limited	18,362	-
Engro Corporation Limited	11,067	1,783
Engro Fertilizers Limited	18,426	2
Euronet Pakistan (Pvt) Limited	-	5,700
Fauji Cement Company Limited	20,780	-
Fauji Fertilizer Bin Qasim Limited	1,098	110
Fauji Fertilizer Company Limited	54,424	29,301
Faysal Bank Limited	12,949	-
Fecto Cement Limited	17,530	-
Ferozsons Laboratories Limited	3,229	977
GlaxoSmithKline Pakistan Limited	-	10,965
Habib Bank Limited	5,985	1,917
Habib Metropolitan Bank Limited	17,051	21,064
IGI Insurance Limited	-	6,738
Kot Addu Power Company Limited	53,746	-
Maple Leaf Cement Factory Limited	1,885	6,637

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	Half year ended	
	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
Masood Textile Mills Limited	2,145	2,241
MCB Arif Habib Savings & Investment Limited	55,435	55,435
MCB Trade Services Limited	-	931
Millat Tractors Limited	130	-
National Bank of Pakistan	52,020	39,248
National Institutional Facilitation Technologies (Pvt) Limited	-	21,582
National Investment Trust Limited	21,780	31,680
Nestle Pakistan Limited	900	979
Oil & Gas Development Company Limited	3,621	7,830
Packages Limited	9,920	5,553
Pak Suzuki Motor Company Limited	-	125
Pakistan Oilfields Limited	26,143	13,977
Pakistan Petroleum Limited	4,916	9,761
Pakistan Reinsurance Company Limited	13,983	839
Pakistan State Oil Company Limited	4,834	-
Pakistan Telecommunication Company Limited	15,465	15,149
Pioneer Cement Limited	5,665	422
Rafhan Maize Products Limited	8,586	4,449
Saif Power Limited	11,513	39,518
Siemens (Pakistan) Engineering Company Limited	113	113
Unilever Pakistan Foods Limited	83	-
United Bank Limited	16,545	29,225
	736,858	615,053

16. INCOME FROM DEALING IN FOREIGN CURRENCIES

Gain / (loss) realised from dealing in:

Foreign currencies

Derivative financial instruments

17. GAIN ON SALE OF SECURITIES - NET

Federal Government Securities

-Market Treasury Bills

-Pakistan Investment Bonds

Listed Shares

18. OTHER INCOME

Rent on property / lockers

Net profit on sale of property and equipment

Bad debts recovered

Postal, SWIFT and other charges recovered

Compensation on tax refunds

19. TAXATION

The Finance Act 2016 has levied super tax at the rate of 4 percent of the taxable income for the tax year 2016, i.e. accounting year ended December 31, 2015. The effect of above levy has been incorporated in this condensed interim financial information and an amount of Rs.1,693 million (June 30, 2015 :Rs.1,906 million) has been recognised as prior year tax charge.

	Half year ended	
	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
20. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX		
Profit after taxation	10,710,985	13,540,947
	(Number of shares)	
Weighted average number of shares outstanding during the period	1,113,030,748	1,113,030,748
	(Rupees)	
Basic and diluted Earnings per share - after tax	9.62	12.17

21. CREDIT RATING

PACRA through its notification dated June 24, 2016, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

22 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended June 30, 2016					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination	Total
	------(Rupees in '000)-----					
Total income	102,441	10,906,750	15,140,988	3,304,453	-	29,454,632
Total expenses	(24,753)	(654,350)	(8,450,018)	(1,421,833)	-	(10,550,954)
Income tax expense	-	-	-	-	-	(8,192,693)
Net income	77,688	10,252,400	6,690,970	1,882,620	-	10,710,985
Segment assets - (Gross of NPLs Provisions)	579,827	705,479,528	819,644,566	273,710,641	(698,264,202)	1,101,150,360
Advance taxation (payment less provision)	-	-	-	-	-	2,270,040
Total assets	579,827	705,479,528	819,644,566	273,710,641	(698,264,202)	1,103,420,400
Segment non performing loans	-	-	7,005,086	13,551,476	-	20,556,562
Segment specific provision required	-	-	6,984,122	10,059,706	-	17,043,828
Segment liabilities	62,279	613,322,215	766,905,273	250,928,020	(698,264,202)	932,953,585
Deferred tax liabilities - net	-	-	-	-	-	12,146,234
Total liabilities - net	62,279	613,322,215	766,905,273	250,928,020	(698,264,202)	945,099,819
Segment return on assets (ROA) (%)	35.34%	3.09%	3.73%	2.51%	-	-
Segment cost of fund (%)	-	6.09%	3.35%	5.37%	-	-
	Half year ended June 30, 2015					
	------(Rupees in '000)-----					
Total income	148,735	11,847,802	18,181,310	3,933,787	-	34,111,634
Total expenses	(24,560)	(1,079,806)	(8,067,645)	(1,149,505)	-	(10,321,516)
Income tax expense	-	-	-	-	-	(10,249,171)
Net income	124,175	10,767,996	10,113,665	2,784,282	-	13,540,947
Segment assets - (Gross of NPLs provision)	737,740	717,605,418	822,319,783	248,686,529	(689,386,247)	1,099,963,223
Advance taxation (payment less provision)	-	-	-	-	-	850,368
Total assets	737,740	717,605,418	822,319,783	248,686,529	(689,386,247)	1,100,813,591
Segment non performing loans	-	-	7,872,221	13,328,546	-	21,200,767
Segment specific provision required	-	-	7,788,356	9,604,195	-	17,392,551
Segment liabilities	84,583	637,325,430	761,990,555	224,276,013	(689,386,247)	934,290,334
Deferred tax liabilities - net	-	-	-	-	-	12,229,787
Total liabilities - net	84,583	637,325,430	761,990,555	224,276,013	(689,386,247)	946,520,121
Segment return on assets (ROA) (%)	40.32%	3.30%	4.46%	3.29%	-	-
Segment cost of fund (%)	-	8.14%	3.71%	7.77%	-	-

Total income = Net markup income + non-markup income
Total expenses = Non Mark up expenses + Provisions
Segment assets and liabilities include inter segment balances.
Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.
Segment cost of funds have been computed based on the average balances.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Six months ended June 30, 2016	Year ended Dec 31, 2015	Six months ended June 30, 2016	Year ended Dec 31, 2015	Six months ended June 30, 2016	Year ended Dec 31, 2015	Six months ended June 30, 2016	Year ended Dec 31, 2015	Six months ended June 30, 2016	Year ended Dec 31, 2015
(Rupees in '000)										
A. Balances	1,719,008	3,386,220	2,859,600	1,719,822	12,836	62,291	6,448,313	11,923,096	139,106	135,024
	1,899,175	3,461,173	7,762,295	10,844,402	632,708	13,490,864	21,867,357	49,934,665	299,102	767,184
	(1,777,827)	(5,128,365)	(8,101,356)	(9,704,624)	(619,768)	(13,540,319)	(20,257,816)	(55,208,448)	(296,878)	(763,102)
	1,840,356	1,719,008	2,520,539	2,859,600	25,776	12,836	8,258,854	6,649,313	141,330	139,106
	886	1,549	-	-	276,726	502,416	-	21,918	68,520	68,672
Deposits	-	-	-	-	-	-	1,520,863	-	4,111	15,414
	(342)	(663)	-	-	246	(225,690)	(1,511,589)	(21,918)	(11,196)	(15,566)
	544	886	-	-	276,972	276,726	9,274	-	61,435	68,520
	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	211,820	1,963,412	-	-	-	-
	-	-	-	-	1,922,779	-	-	-	-	-
	-	-	-	-	(211,820)	(1,751,592)	-	-	-	-
	-	-	-	-	1,922,779	211,820	-	-	-	-
Lendings to Financial Institutions	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Other Balances	71	770	10,364	8,937	-	-	131	480	1,618	1,380
	-	-	-	-	-	-	5,926,756	5,656,386	-	-
	-	-	-	-	-	-	563,818	531,782	-	-
	-	-	-	-	-	-	2,825,203	6,459,845	-	-
Outstanding balance of credit cards	-	-	-	-	193	-	(56,023)	(6,254)	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	524,172	1,047,410	-	-
	-	-	-	-	1,208	-	-	-	-	-
Receivable from Pension Fund	6,208	6,212	22,414	44,472	-	-	932	17,901	-	-
	818	2,423	7,171	6,876	28	9,827	50,949	53,764	321	456
	-	-	1,309	516	11,409	7,095	-	-	-	-
	-	-	1,694	2,684	-	-	20,000	20,000	-	-
Commitments and contingent liabilities - outstanding	-	-	-	-	5,185	4,240	1,132	776	809	689
	-	-	-	-	4,213	6,794	-	-	-	-
	-	-	-	-	9,662	17,137	2	2	-	-
	-	-	70,317	34,964	-	-	-	-	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Unrealized gain / (loss) on FCY lendings - outstanding	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Borrowings outstanding	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Overdrawn nostro balance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Trade payable	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Markup payable	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Other advance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Commission receivable	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

23 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associates, subsidiaries, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. The Bank's related party transactions are given in the notes to the financial statements. The Bank's related party transactions are disclosed in accordance with the requirements of the Companies Act, 2013. The Bank's related party transactions are disclosed in accordance with the requirements of the Companies Act, 2013. The Bank's related party transactions are disclosed in accordance with the requirements of the Companies Act, 2013.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
B. Transactions during the period										
Received against scheme of demerger	-	-	-	-	5,901,988	-	-	-	-	-
Received against staff finances	-	-	-	-	111,879	-	-	-	-	-
Insurance premium-net of refund	-	-	296,789	220,485	-	-	-	-	-	-
Insurance claim settled	-	-	4,966	4,122	-	-	-	-	-	-
Markup income on advances and lendings	18	34	-	-	10,498	12,811	1,011	821	2,539	2,600
Forward exchange contracts matured during the period	-	-	-	-	-	-	31,756,200	69,779,887	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	-	-	54,497	(62,889)	-	-
Investment made during the period	-	-	-	-	-	10,000,000	-	-	-	-
Dividend income	-	-	-	-	-	55,435	-	21,582	-	-
Commission income	-	-	141,658	150,558	55,435	55,435	-	-	-	-
Rent income and reimbursement of other expenses	-	-	396,523	433,803	58,402	91,884	4,591	7,661	-	-
Outsourcing service expenses	-	-	1,974	-	5,444	1,180	2,160	-	-	-
Sale of foreign currency	-	-	63,913	64,450	-	-	-	-	-	-
Purchase of foreign currency	-	-	-	-	1,705,680	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	134,283	-	-	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	19	7
Cash sorting expenses	-	-	-	-	-	-	-	-	19	7
Stationery expenses	-	-	-	-	-	-	26,871	25,003	-	-
Security guards expenses	-	-	-	-	-	-	87,468	104,798	-	-
Remuneration and non-executive directors fee	-	-	-	-	-	-	195,265	189,053	-	-
Mark-up expense	77,591	75,575	-	-	-	-	-	-	267,522	309,751
Clearing expenses paid to NIFT	39,268	78,807	25,833	35,722	185	731	128,213	338,881	589	1,165
Contribution to provident fund	-	-	-	-	-	-	66,296	74,930	-	-
Gas charges	-	-	-	-	-	-	122,848	118,892	-	-
Rent and other expenses	-	-	-	-	-	-	-	6,689	-	-
Call borrowing deals entered and matured during the period	-	-	3,464	3,845	5,355	-	511	305	-	-
Sale of government securities	-	-	-	-	-	-	1,075,000	-	-	-
Purchase of government securities	-	-	1,756,781	346,395	-	-	3,785,357	1,178,329	-	-
Gain / (loss) on sale of government securities	-	-	4,458,389	120,367	-	-	6,838,928	-	-	-
Miscellaneous expenses and payments	-	-	(44)	-	-	-	23,191	-	-	-

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.



Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

24 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- The corresponding figures have been changed due to application of SBP BPRD Circular Letter No. 05 of 2016 dated February 29, 2016. No significant reclassification has been made except for as follows:

Description	Amount (Rupees in '000)	Reclassified	
		From	To
Depreciation and insurance expenses on Ijara assets	208,482	Administrative expenses	Mark-up / return / interest earned
Rental income on Ijarah assets	251,704	Fee, commission and brokerage income	Mark-up / return / interest earned

25 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 10, 2016 has announced cash dividend in respect of the half year ended June 30, 2016 of Rs. 4.00 per share (June 30, 2015: Rs. 4.00 per share). This unconsolidated condensed interim financial information for the half year ended June 30, 2016 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

26 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on August 10, 2016.

Imran Maqbool
President / CEO

Tariq Rafi
Director

Mian Umer Mansha
Director

Ahmad Alman Aslam
Director



MCB BANK LIMITED

(Consolidated Condensed Interim Financial Information for the six months period ended June 30, 2016)



Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2016

	Note	Unaudited June 30, 2016	Audited December 31, 2015
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		74,090,398	61,265,859
Balances with other banks	7	8,344,971	10,058,662
Lendings to financial institutions	8	1,313,591	2,867,744
Investments - net	9	599,793,628	566,564,304
Advances - net	10	358,640,681	316,771,355
Operating fixed assets	11	31,954,930	31,536,887
Deferred tax assets - net		-	-
Other assets - net		36,339,302	31,915,210
		1,110,477,501	1,020,980,021
Liabilities			
Bills payable		11,823,107	11,975,237
Borrowings	12	143,715,912	118,615,031
Deposits and other accounts	13	768,194,915	706,239,715
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	14	13,340,311	12,482,287
Other liabilities		27,587,972	29,491,131
		964,662,217	878,803,401
Net assets		145,815,284	142,176,620
Represented by			
Share capital		11,130,307	11,130,307
Reserves		52,545,123	51,491,384
Unappropriated profit		53,538,357	52,631,368
		117,213,787	115,253,059
Non controlling interest		528,523	512,076
		117,742,310	115,765,135
Surplus on revaluation of assets - net of tax	15	28,072,974	26,411,485
		145,815,284	142,176,620

Contingencies and commitments

16

The annexed notes 1 to 29 form an integral part of this consolidated condensed interim financial information.

Imran Maqbool
Imran Maqbool
President / CEO

Tariq Rafi
Tariq Rafi
Director

Mian Umer Mansha
Mian Umer Mansha
Director

Ahmad Alman Aslam
Ahmad Alman Aslam
Director

Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended June 30, 2016

		Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
Note					
		----- (Rupees in '000) -----			
Mark-up / return / interest earned		19,289,118	37,304,232	20,932,421	41,582,598
Mark-up / return / interest expensed		6,863,626	13,274,512	7,979,726	16,606,758
Net mark-up / interest income		12,425,492	24,029,720	12,952,695	24,975,840
Provision / (reversal) against loans and advances - net		(138,176)	(568,834)	(489,968)	(739,525)
Provision / (reversal) for diminution in the value of investments - net		4,479	4,479	(402)	(16,461)
Bad debts written off directly		6	18	67	67
		(133,691)	(564,337)	(490,303)	(755,919)
Net mark-up / interest income after provisions		12,559,183	24,594,057	13,442,998	25,731,759
Non mark-up / interest income					
Fee, commission and brokerage income		2,111,501	4,206,793	2,306,572	4,399,406
Dividend income	17	154,337	564,702	110,018	411,924
Income from dealing in foreign currencies	18	287,749	505,623	228,199	352,987
Gain on sale of securities - net	19	519,447	681,683	535,970	2,812,472
Unrealized gain/(loss) on revaluation of investments classified as held for trading		(4,089)	1,151	(16,333)	(134)
Other income	20	136,801	300,533	945,282	1,083,736
Total non mark-up / interest income		3,205,746	6,260,485	4,109,708	9,060,391
		15,764,929	30,854,542	17,552,706	34,792,150
Non mark-up / interest expenses					
Administrative expenses		5,582,674	11,355,914	5,427,815	10,777,580
Other provision / (reversal) - net		12,696	31,841	10,725	3,925
Other charges		233,272	438,271	250,016	503,052
Total non mark-up / interest expenses		5,828,642	11,826,026	5,688,556	11,284,557
		9,936,287	19,028,516	11,864,150	23,507,593
Share of profit of associates		279,107	506,659	278,535	501,761
Extraordinary / unusual item		-	-	-	-
Profit before taxation		10,215,394	19,535,175	12,142,685	24,009,354
Taxation - current period		3,516,420	6,774,917	4,284,730	8,252,682
- prior years	21	1,693,330	1,693,330	1,906,156	1,906,156
- deferred		74,648	(28,370)	441,429	442,665
Share of tax of associates		71,718	87,544	26,754	39,125
		5,356,116	8,527,421	6,659,069	10,640,628
Profit after taxation		4,859,278	11,007,754	5,483,616	13,368,726
Profit attributable to Non-controlling interest		(31,074)	(61,024)	(32,869)	(64,763)
Profit attributable to ordinary share holders		4,828,204	10,946,730	5,450,747	13,303,963
		----- (In Rupees) -----			
Earnings per share - basic and diluted	22	4.34	9.84	4.90	11.95

The annexed notes 1 to 29 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended June 30, 2016

	Quarter ended June 30, 2016	Half year ended June 30, 2016	Quarter ended June 30, 2015	Half year ended June 30, 2015
	----- (Rupees in '000) -----			
Profit after tax for the period	4,859,278	11,007,754	5,483,616	13,368,726
Other comprehensive income				
Items that will not be reclassified to profit and loss account				
Remeasurement of defined benefit plans - net of tax	(81,063)	(81,063)	(1,129,965)	(1,129,965)
Items that may be reclassified to profit and loss account				
Effect of translation of net investment in foreign branches and subsidiaries	40,862	(30,974)	(32,256)	(68,836)
- Equity shareholders of the Bank	-	1	-	(2,800)
- Minority interest	40,862	(30,973)	(32,256)	(71,636)
Share of exchange translation reserve of associates	6	(2,453)	4,119	(10,123)
Comprehensive income transferred to equity	4,819,083	10,893,265	4,325,514	12,157,002
Components of comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	1,216,453	2,640,972	709,225	5,757,220
Deferred tax	(414,483)	(911,975)	(385,674)	(2,319,456)
	801,970	1,728,997	323,551	3,437,764
Total comprehensive income for the period	5,621,053	12,622,262	4,649,065	15,594,766

The annexed notes 1 to 29 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2016

Cash flows from operating activities

Profit before taxation
Less: Dividend income and share of profit of associates

Adjustments for:

Depreciation
Amortization
Bad debts written off directly
Provision / (reversal) against loans and advances - net
Provision / (reversal) for diminution in the value of investments - net
Other provision / (reversal) - net
Provision for Workers' Welfare Fund
Charge / (reversal) for defined benefit plans
Unrealized (gain)/loss on revaluation of investments classified as held for trading
Gain on sale of shares in associate
Gain on disposal of fixed assets - net

(Increase) / decrease in operating assets

Lendings to financial institutions
Net investment in held for trading securities
Advances - net
Other assets - net

Increase / (decrease) in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Defined benefits paid

Income tax paid

Net cash flows from operating activities

Cash flows from investing activities

Net investments in available-for-sale securities
Net investments in held-to-maturity securities
Dividend income received
Proceeds from divestment in associate
Sale proceeds of property and equipment disposed off
Investment in operating fixed assets

Net cash flows from investing activities

Cash flows from financing activities

Dividend paid

Net cash flows from financing activities

Exchange difference on translation of net investment in foreign branches & subsidiaries

Increase in cash and cash equivalents

Cash and cash equivalents at January 1

Cash and cash equivalents at June 30

	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
Profit before taxation	19,535,175	24,009,354
Less: Dividend income and share of profit of associates	(1,071,361)	(913,685)
	18,463,814	23,095,669
Adjustments for:		
Depreciation	819,662	1,030,112
Amortization	200,592	182,394
Bad debts written off directly	18	67
Provision / (reversal) against loans and advances - net	(568,834)	(739,525)
Provision / (reversal) for diminution in the value of investments - net	4,479	(16,461)
Other provision / (reversal) - net	31,841	3,925
Provision for Workers' Welfare Fund	378,074	475,908
Charge / (reversal) for defined benefit plans	(94,245)	(224,235)
Unrealized (gain)/loss on revaluation of investments classified as held for trading	(1,151)	134
Gain on sale of shares in associate	(29,567)	(74,242)
Gain on disposal of fixed assets - net	(69,360)	(108,704)
	671,509	529,373
	19,135,323	23,625,042
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,554,153	43,298
Net investment in held for trading securities	(239,598)	516,596
Advances - net	(41,300,510)	(10,708,129)
Other assets - net	(4,700,964)	1,304,200
	(44,686,919)	(8,844,035)
Increase / (decrease) in operating liabilities		
Bills payable	(152,130)	(5,805,354)
Borrowings	24,720,583	70,325,161
Deposits and other accounts	61,955,200	67,455,037
Other liabilities	(2,113,870)	(3,522,894)
	84,409,783	128,451,950
Defined benefits paid	58,858,187	143,232,957
Income tax paid	(190,507)	(204,587)
	(7,862,161)	(7,787,404)
Net cash flows from operating activities	50,805,519	135,240,966
Cash flows from investing activities		
Net investments in available-for-sale securities	(24,949,869)	(100,674,955)
Net investments in held-to-maturity securities	(5,328,749)	(626,780)
Dividend income received	705,176	557,006
Proceeds from divestment in associate	118,280	274,533
Sale proceeds of property and equipment disposed off	161,628	238,020
Investment in operating fixed assets	(1,515,957)	(2,107,042)
Net cash flows from investing activities	(30,809,491)	(102,339,218)
Cash flows from financing activities		
Dividend paid	(9,234,505)	(7,865,528)
Net cash flows from financing activities	(9,234,505)	(7,865,528)
Exchange difference on translation of net investment in foreign branches & subsidiaries	(30,973)	(71,636)
Increase in cash and cash equivalents	10,730,550	24,964,584
Cash and cash equivalents at January 1	70,827,983	49,475,549
Cash and cash equivalents at June 30	81,558,533	74,440,133

The annexed notes 1 to 29 form an integral part of this consolidated condensed interim financial information.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2016

Balance as at December 31, 2014

Change in equity for six months ended June 30, 2015

Total comprehensive income for the six months ended June 30, 2015

Profit after taxation for six months period ended June 30, 2015

Remeasurement of defined benefit plans - net of tax

Exchange differences on translation of net investment in foreign branches & subsidiaries

Profit attributable to non controlling interest

Share of exchange translation reserve of associate

Transactions with owners recognized directly in equity

Final cash dividend at Rs. 4.0 per share - December 31, 2014

Interim cash dividend at Rs. 4.0 per share - March 31, 2015

Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax

Share of dividend attributable to non controlling interest

Transferred to statutory reserve

Balance as at June 30, 2015

Change in equity for six months ended December 31, 2015

Total comprehensive income for the six months ended December 31, 2015

Profit after taxation for six months period ended December 31, 2015

Remeasurement of defined benefit plans - net of tax

Exchange differences on translation of net investment in foreign branches & subsidiaries

Profit attributable to non controlling interest

Share of exchange translation reserve of associate

Transactions with owners recognized directly in equity

Interim cash dividend at Rs. 4.0 per share - June 30, 2015

Interim cash dividend at Rs. 4.0 per share - September 30, 2015

Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax

Proceeds from issue of shares to non controlling interest

Payment for the acquisition of shares from non controlling interest

Share of dividend attributable to non controlling interest

Transferred to statutory reserve

Balance as at December 31, 2015

Change in equity for six months ended June 30, 2016

Total comprehensive income for the six months ended June 30, 2016

Profit after taxation for six months period ended June 30, 2016

Remeasurement of defined benefit plans - net of tax

Exchange differences on translation of net investment in foreign branches & subsidiaries

Profit attributable to non controlling interest

Share of exchange translation reserve of associate

Transactions with owners recognized directly in equity

Final cash dividend at Rs. 4.0 per share - December 31, 2015

Interim cash dividend at Rs. 4.0 per share - March 31, 2016

Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax

Share of dividend attributable to non controlling interest

Transferred to statutory reserve

Balance as at June 30, 2016

The annexed notes 1 to 29 form an integral part of this consolidated condensed interim financial information.

Capital Reserves			Revenue Reserves			Sub Total	Non Controlling Interest	Total
Share capital	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit			
(Rupees in'000)								
11,130,307	9,924,438	542,637	20,132,970	18,600,000	49,765,031	110,095,383	511,960	110,607,343
-	-	-	-	-	13,368,726	13,368,726	-	13,368,726
-	-	-	-	-	(1,129,965)	(1,129,965)	-	(1,129,965)
-	-	(68,836)	-	-	-	(68,836)	(2,800)	(71,636)
-	-	(10,123)	-	-	(64,763)	(64,763)	64,763	-
-	-	(78,959)	-	-	(10,123)	(10,123)	-	(10,123)
-	-	-	-	-	12,173,998	12,095,039	61,963	12,157,002
-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
-	-	-	-	-	(8,904,246)	(8,904,246)	-	(8,904,246)
-	-	-	-	-	24,577	24,577	132	24,709
-	-	-	-	-	-	-	(52,565)	(52,565)
-	-	-	1,354,095	-	(1,354,095)	-	-	-
11,130,307	9,924,438	463,678	21,487,065	18,600,000	51,705,265	113,310,753	521,490	113,832,243
-	-	-	-	-	11,666,386	11,666,386	-	11,666,386
-	-	-	-	-	(589,753)	(589,753)	-	(589,753)
-	-	(201,205)	-	-	-	(201,205)	(751)	(201,956)
-	-	-	-	-	(60,348)	(60,348)	60,348	-
-	-	6,887	-	-	-	6,887	-	6,887
-	-	(194,318)	-	-	11,016,285	10,821,967	59,597	10,881,564
-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
-	-	-	-	-	(8,904,246)	(8,904,246)	-	(8,904,246)
-	-	-	-	-	24,585	24,585	140	24,725
-	-	-	-	-	-	-	157	157
-	-	-	-	-	-	-	(7,982)	(7,982)
-	-	-	-	-	-	-	(61,326)	(61,326)
-	-	-	1,210,521	-	(1,210,521)	-	-	-
11,130,307	9,924,438	269,360	22,697,586	18,600,000	52,631,368	115,253,059	512,076	115,765,135
-	-	-	-	-	11,007,754	11,007,754	-	11,007,754
-	-	-	-	-	(81,063)	(81,063)	-	(81,063)
-	-	(30,974)	-	-	-	(30,974)	1	(30,973)
-	-	(61,024)	-	-	(61,024)	(61,024)	61,024	-
-	-	(2,453)	-	-	-	(2,453)	-	(2,453)
-	-	(33,427)	-	-	10,865,667	10,832,240	61,025	10,893,265
-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
-	-	-	-	-	(8,904,246)	(8,904,246)	-	(8,904,246)
-	-	-	-	-	32,734	32,734	7,987	40,721
-	-	-	-	-	-	-	(52,565)	(52,565)
-	-	-	1,087,166	-	(1,087,166)	-	-	-
11,130,307	9,924,438	235,933	23,784,752	18,600,000	53,538,357	117,213,787	528,523	117,742,310


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2016

1 STATUS AND NATURE OF BUSINESS

The Group consists of:
Holding Company
- MCB Bank Limited

Subsidiary Companies

- MCB Financial Services Limited
- MNET Services (Private) Limited
- MCB - Arif Habib Savings and Investments Limited
- "MCB Leasing" Closed Joint Stock Company
- MCB Islamic Bank Limited

"Percentage holding of
MCB Bank Limited"

99.99%
99.95%
51.329%
99.94%
100.00%

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 Pakistan Stock Exchange whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,213 branches (December 31, 2015: 1,212 branches) within Pakistan and 11 branches (December 31, 2015: 11 branches) outside the country (including the Karachi Export Processing Zone Branch).

- 1.1 The Bank incorporated MCB Islamic Bank Limited (MCBIBL), a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. During 2015, the Bank injected equity of Rs. 10 billion in the said subsidiary. SBP has granted "Certificate of commencement of Banking Business" to MCBIBL effective September 14, 2015.

The Board of Directors in their meeting held on October 20, 2015 approved a Scheme of Compromise, Arrangement and Reconstruction (the Scheme) of the Bank. The Scheme envisages transfer and vesting of assets, rights, liabilities and obligations of the Bank relating to Islamic Banking Group (the demerged undertaking) to MCBIBL effective from September 30, 2015 and subject to approval by the Bank's shareholders and sanction by the Honourable Lahore High Court.

The shareholders of the Bank approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on January 8, 2016. The Honourable Lahore High Court has granted sanction of, and ordered for implementation of the Scheme through its order received certified true copy dated April 19, 2016. The scheme was submitted to registrar on April 22, 2016. All assets and liabilities have been transferred of demerged undertaking at their respective book values as of the Effective Date against cash.

2 BASIS OF PRESENTATION

- 2.1 This consolidated condensed financial information includes the financial information of MCB Bank Limited and its subsidiary companies and associates.

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial information for the period ended June 30, 2016 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. 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 information for the period ended June 30, 2016.

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 (SBP) 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 the financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

- 2.3 The financial results of the Islamic Banking business have been consolidated in this financial information for reporting purposes, after eliminating material inter-group transactions / balances. Key financial figures of the Islamic Banking business are disclosed in note 26 to this financial information.

- 2.4 For the purpose of translation, rates of Rs. 104.8344 per US Dollar (December 31, 2015: Rs.104.7410) and Rs. 0.7198 per LKR (December 31, 2015: Rs 0.7271) have been used.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2016

3 STATEMENT OF COMPLIANCE

- 3.1 The consolidated condensed interim financial information of the Bank has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter 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 this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

- 3.3 The disclosures made in this consolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2015.

- 3.4 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of this standard have not been applied in the preparation of this consolidated condensed interim financial information to the extent of their applicability to these mutual funds.

- 3.5 '(IFAS) 3, Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. 'The standard is effective from January 1, 2014 and deals with accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The SBP through BPRD Circular Letter No. 4 dated February 25, 2015, has deferred the applicability of IFAS 3 till further instructions.

4 BASIS OF MEASUREMENT

- 4.1 This consolidated condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and commitments in respect of certain forward foreign exchange contracts have been marked to market and are carried at fair value.

- 4.2 This consolidated condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2015 except for the following:

In line with the requirements of the Debt Swap Regulations issued by SBP through BPRD circular No. 01 of 2016 dated January 01, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims effective from January 01, 2016. These were previously recorded at the lower of cost or market value and are now recorded at market value less accumulated depreciation. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 106.975 million while surplus on revaluation of assets and deferred tax liabilities would have been lower by Rs 69.534 million and Rs 37.441 million respectively.

- 5.2 The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2015.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2015.

7 BALANCES WITH OTHER BANKS

These include Rs. 4,294.543 million (December 31, 2015: 6,347.459 million) placed under Shariah permissible modes.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

8 LENDINGS TO FINANCIAL INSTITUTIONS

		June 30, 2016 ----- (Rupees in '000) -----	December 31, 2015 ----- (Rupees in '000) -----
Call money lendings		1,313,591	2,795,034
Repurchase agreement lendings		-	72,710
		1,313,591	2,867,744

9. INVESTMENTS - NET

9.1 Investments by types

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		1,017,707	-	1,017,707
Available-for-sale securities	9.2	433,094,748	117,182,503	550,277,251
Held-to-maturity securities		21,344,087	49,410	21,393,497
		455,456,542	117,231,913	572,688,455
Associates				
- Adamjee Insurance Company Limited	9.3	5,533,517	-	5,533,517
- Euronet Pakistan (Private) Limited	9.4	66,043	-	66,043
		5,599,560	-	5,599,560
Investments at cost		461,056,102	117,231,913	578,288,015
Less: Provision for diminution in the value of investments		(2,538,656)	-	(2,538,656)
Investments (net of provisions)		458,517,446	117,231,913	575,749,359
Surplus on revaluation of available for sale securities - net		23,725,643	317,475	24,043,118
Surplus on revaluation of held-for-trading securities - net		1,151	-	1,151
Investments at revalued amounts - net of provisions		482,244,240	117,549,388	599,793,628

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		782,501	-	782,501
Available-for-sale securities	9.2	442,381,152	82,946,230	525,327,382
Held-to-maturity securities		16,001,140	63,608	16,064,748
		459,164,793	83,009,838	542,174,631
Associates				
- Adamjee Insurance Company Limited	9.3	5,456,165	-	5,456,165
- Euronet Pakistan (Private) Limited	9.4	64,962	-	64,962
		5,521,127	-	5,521,127
Investments at cost		464,685,920	83,009,838	547,695,758
Less: Provision for diminution in the value of investments		(2,534,177)	-	(2,534,177)
Investments (net of provisions)		462,151,743	83,009,838	545,161,581
Surplus / (deficit) on revaluation of available for sale securities - net		21,402,889	(743)	21,402,146
Surplus on revaluation of held-for-trading securities - net		577	-	577
Investments at revalued amounts - net of provisions		483,555,209	83,009,095	566,564,304

9.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2015: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2015: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

9.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 874.073 million (December 31, 2015: Rs. 893.815 million) as at June 30, 2016 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2016 amounted to Rs. 4,737.056 million (December 31, 2015: Rs. 5,457.279 million).

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

Investment in Adamjee Insurance Company Limited under equity method - holding 26.98% (2015: 27.59%)

		June 30, 2016 ----- (Rupees in '000) -----	December 31, 2015 ----- (Rupees in '000) -----
Opening Balance		5,456,165	6,203,825
Share of profit for the period/year before tax		499,062	783,180
Dividend from associate		(141,658)	(289,716)
Share of tax		(81,028)	(72,895)
		276,376	420,569
Share of other comprehensive income	9.3.1	(78,513)	(840,911)
Disposal during the period / year		(120,511)	(327,318)
Closing Balance		5,533,517	5,456,165
9.3.1 Share of other comprehensive income			
Share of unrealized surplus / (deficit) on assets -net of tax		(78,936)	(844,716)
Share of exchange translation reserve of associate		423	3,805
		(78,513)	(840,911)

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

		June 30, 2016 ----- (Rupees in '000) -----	December 31, 2015 ----- (Rupees in '000) -----
Opening Balance		64,962	64,511
Share of profit for the period/year before tax		7,597	12,427
Dividend from associate		-	(5,700)
Share of tax		(6,516)	(6,276)
		1,081	451
Closing Balance		66,043	64,962

Investment in Euronet Pakistan Private Limited under equity method - holding 30%

10. ADVANCES - NET

Loans, cash credits, running finances, etc			
- In Pakistan		326,695,667	294,863,641
- Outside Pakistan		17,901,443	15,676,687
		344,597,110	310,540,328
Islamic Financing and related assets	10.5	16,243,459	12,569,208
Net Investment in finance lease			
- In Pakistan		2,039,354	2,100,015
- Outside Pakistan		714,310	578,704
		2,753,664	2,678,719
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		5,724,375	5,168,459
- Payable outside Pakistan		7,255,931	4,318,976
		12,980,306	9,487,435
Advances - gross		376,574,539	335,275,690
Less: Provision against loans and advances			
- Specific provision	10.1	(17,119,857)	(17,848,909)
- General provision	10.2	(435,502)	(332,614)
- General provision against consumer loans & small enterprise loans	10.3	(302,048)	(284,400)
- General provision by overseas operations		(76,451)	(38,412)
		(17,933,858)	(18,504,335)
Advances - net of provision		358,640,681	316,771,355

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2016

10.1 Advances include Rs. 20,707,591 million (December 31, 2015: Rs. 20,369,225 million) which have been placed under non-performing status as detailed below:

		June 30, 2016				
Category of Classification	Note	Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	10.1.1	45,328	-	45,328	1,937	1,937
Substandard		450,101	58,050	508,151	116,952	116,952
Doubtful		767,538	29,822	797,360	141,107	141,107
Loss		14,330,709	5,026,043	19,356,752	16,859,861	16,859,861
		15,593,676	5,113,915	20,707,591	17,119,857	17,119,857
December 31, 2015						
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	10.1.1	-	-	-	-	-
Substandard		-	-	-	-	-
Doubtful		430	45,897	46,327	23,164	23,164
Loss		15,285,697	5,037,201	20,322,898	17,825,745	17,825,745
		15,286,127	5,083,098	20,369,225	17,848,909	17,848,909

10.1.1 This represents non-performing portfolio of agricultural financing and advances to small enterprises classified as OAEM as per the requirements of the Prudential Regulations issued by the SBP.

10.2 General provision against advances represents provision maintained at around 0.1% of gross advances.

10.3 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the 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 the fully secured performing portfolio and 2% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

10.4 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.

10.5 These represent financing and related assets placed under Shariah permissible modes.

11. OPERATING FIXED ASSETS

Capital work-in-progress
Property and equipment
Intangible asset

	June 30, 2016	December 31, 2015
(Rupees in '000)		
Capital work-in-progress	1,330,577	1,132,926
Property and equipment	29,789,201	29,399,474
Intangible asset	835,152	1,004,487
	31,954,930	31,536,887

11.1. Additions and disposals during the period amounted to Rs. 1,515,957 million (June 30, 2015: Rs. 2,107,042 million) and Rs. 92,268 million (June 30, 2015: Rs. 129,316 million), respectively.

12. BORROWINGS

In Pakistan
Outside Pakistan

	June 30, 2016	December 31, 2015
In Pakistan	138,985,862	113,164,724
Outside Pakistan	4,730,050	5,450,307
	143,715,912	118,615,031

12.1. Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan
Export refinance scheme
Long term financing facility
Long term financing - export oriented projects scheme
Financing facility for storage of agricultural produce

	June 30, 2016	December 31, 2015
Borrowings from State Bank of Pakistan	10,891,372	11,426,588
Export refinance scheme	4,264,239	4,422,334
Long term financing facility	2,558	5,108
Long term financing - export oriented projects scheme	375,790	470,367
Financing facility for storage of agricultural produce	15,533,959	16,324,397
	117,701,313	83,010,691
	133,235,272	99,335,088

Repurchase agreement borrowings

Unsecured

Borrowings from other financial institutions
Call borrowings
Overdrawn nostro accounts

	June 30, 2016	December 31, 2015
Borrowings from other financial institutions	4,613,917	2,271,636
Call borrowings	4,989,887	16,511,769
Overdrawn nostro accounts	876,836	496,538
	10,480,640	19,279,943
	143,715,912	118,615,031

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2016

13. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
Savings deposits
Current accounts
Margin accounts

Financial institutions

Remunerative deposits
Non-remunerative deposits

	June 30, 2016	December 31, 2015
(Rupees in '000)		
Fixed deposits	46,284,944	48,746,900
Savings deposits	406,471,737	386,718,924
Current accounts	289,305,770	248,229,583
Margin accounts	5,880,901	5,217,836
	747,943,352	688,913,243
Remunerative deposits	11,543,307	10,964,397
Non-remunerative deposits	8,708,256	6,362,075
	20,251,563	17,326,472
	768,194,915	706,239,715

13.1 Deposits include Rs. 12,777.336 million (December 31, 2015: 9,450.072 million) placed under Shariah permissible modes.

14. DEFERRED TAX LIABILITY / (ASSET) - NET

The details of the tax effect of taxable and deductible temporary differences are as follows:

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets
Accelerated tax depreciation
Receivable from pension fund
Investments in associated undertaking
Surplus / deficit on revaluation of securities

	June 30, 2016	December 31, 2015
Surplus on revaluation of operating fixed assets	917,781	906,836
Accelerated tax depreciation	1,388,631	1,558,013
Receivable from pension fund	2,074,365	1,979,736
Investments in associated undertaking	1,165,532	1,092,940
Surplus / deficit on revaluation of securities	8,326,138	7,414,163
	13,872,447	12,951,688

Deductible temporary differences on:

Provision for bad debts
Provision for post retirement benefits
Taxable losses
Others

	June 30, 2016	December 31, 2015
Provision for bad debts	(41,611)	-
Provision for post retirement benefits	(459,090)	(436,647)
Taxable losses	(29,677)	(32,754)
Others	(1,758)	-
	(532,136)	(469,401)
	13,340,311	12,482,287

15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

This includes deficit of Rs. 47.633 million (December 31, 2015: 29.673 million) placed under Shariah permissible modes.

16. CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring
- Government
- Banks and financial institutions
- Others

	June 30, 2016	December 31, 2015
Guarantees given favouring	22,981,451	21,934,238
- Government	1,126,781	2,032,180
- Banks and financial institutions	4,225,953	1,965,279
- Others	28,334,185	25,931,697

16.2 Transaction-related contingent liabilities

Guarantees in favour of:

- Government
- Banks and financial institutions
- Others
- Suppliers credit / payee guarantee

	June 30, 2016	December 31, 2015
Guarantees in favour of	15,115,266	9,961,864
- Government	40,813	585,970
- Banks and financial institutions	9,475,715	9,461,583
- Others	2,047,320	2,235,176
- Suppliers credit / payee guarantee	26,679,114	22,244,593
	129,526,330	116,434,886

16.3 Trade-related contingent liabilities

16.4 Other contingencies

Claims against the Bank not acknowledged as debts

	June 30, 2016	December 31, 2015
Claims against the Bank not acknowledged as debts	6,552,839	5,350,286

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 and accordingly no provision has been made in this consolidated interim financial information.

16.5 Commitments to extend credit

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.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	June 30, 2016	December 31, 2015
	----- (Rupees in '000) -----	
16.6 Commitments in respect of forward foreign exchange contracts		
Purchase	76,044,381	75,975,136
Sale	75,882,313	71,836,248
16.7 Commitments for the acquisition of fixed assets	566,491	190,608
16.8 Forward outright of Government Securities		
Purchase	302,000	-
Sale	100,000	-
16.9 Other commitments		
FX options (notional amount)		
Purchase	409,719	1,460,979
Sale	409,719	1,460,979
16.10 Taxation		

For assessment year 1988-89 through tax year 2015, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,968 million (2015: Rs. 2,747 million) which has been paid. 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 the 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.

17. DIVIDEND INCOME

	Half year ended	
	June 30, 2016	June 30, 2015
	---- (Rupees in '000) ----	
Allied Bank Limited	17,764	15,574
Archroma Pakistan Limited	3,189	3,189
Attock Petroleum Limited	13,524	9,013
Bank Alfalah Limited	16,816	33,641
Bank Al-Habib Limited	47,443	44,403
Bestway Cement Limited	800	-
Cherat Cement Company Limited	2,039	-
Credit Information Bureau Sri Lanka	129	124
Crescent Steel & Allied Products Limited	3,167	-
Dawood Hercules Corporation Limited	18,362	-
Engro Corporation Limited	11,067	1,783
Engro Fertilizers Limited	26,968	2
Fauji Cement Company Limited	20,780	-
Fauji Fertilizer Bin Qasim Limited	1,098	110
Fauji Fertilizer Company Limited	63,868	29,301
Faysal Bank Limited	12,949	-
Fecto Cement Limited	17,530	-
Ferozsons Laboratories Limited	3,229	977
GlaxoSmithKline Pakistan Limited	-	10,965
Habib Bank Limited	5,985	1,917
Habib Metropolitan Bank Limited	17,051	21,064
IGI Insurance Limited	-	6,738
Kot Addu Power Company Limited	57,996	-
Maple Leaf Cement Factory Limited	1,885	6,637
Masood Textile Mills Limited	2,145	2,241
Millat Tractors Limited	130	-
MCB Pakistan Assets Allocation Fund	774	-
MCB Pakistan Stock Market Fund	956	3,795
National Bank of Pakistan	52,020	39,248
National Institutional Facilitation Technologies (Pvt) Limited	-	21,582
National Investment Trust Limited	21,780	31,680
Nestle Pakistan Limited	900	979

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	Half year ended	
	June 30, 2016	June 30, 2015
	---- (Rupees in '000) ----	
Oil & Gas Development Company Limited	3,621	7,830
Packages Limited	9,920	5,553
Pak Suzuki Motor Company Limited	-	125
Pakistan Oilfields Limited	26,143	13,977
Pakistan Petroleum Limited	4,916	9,761
Pakistan Reinsurance Company Limited	13,983	839
Pakistan State Oil Company Limited	5,105	-
Pakistan Telecommunication Company Limited	16,165	15,149
Pioneer Cement Limited	5,665	422
Rafhan Maize Products Limited	8,586	4,449
Saif Power Limited	11,513	39,518
Siemens (Pakistan) Engineering Company Limited	113	113
Unilever Pakistan Foods Limited	83	-
United Bank Limited	16,545	29,225
	564,702	411,924

18. INCOME FROM DEALING IN FOREIGN CURRENCIES

Gain / (loss) realised from dealing in:

Foreign currencies	502,553	350,956
Derivative financial instruments	3,070	2,031
	505,623	352,987

19. GAIN ON SALE OF SECURITIES - NET

Federal Government Securities

-Market Treasury Bills

-Pakistan Investment Bonds

Listed Shares/Units

	2,504	4,033
	71,385	1,115,505
	607,794	1,692,934
	681,683	2,812,472

19.1. These include gain of Rs. 71.352 million (June 30, 2015: NIL) earned on sale of investments as per arrangement permissible under Shariah.

20. OTHER INCOME

Rent on property / lockers
Net profit on sale of property and equipment
Bad debts recovered
Postal, SWIFT and other charges recovered
Compensation on tax refunds
Switch and outsourcing revenue

	136,678	141,271
	69,360	107,812
	20,573	30,860
	72,561	101,819
	-	699,093
	1,361	2,881
	300,533	1,083,736

21. TAXATION

The Finance Act 2016 has levied super tax at the rate of 4 percent of the taxable income for the tax year 2016, i.e. accounting year ended December 31, 2015. The effect of above levy has been incorporated in this condensed interim financial information and an amount of Rs.1,693 million (June 30, 2015 :Rs.1,906 million) has been recognised as prior year tax charge.

22. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit after taxation attributable to ordinary share holders

	Half year ended	
	June 30, 2016	June 30, 2015
	---- (Rupees in '000) ----	
	10,946,730	13,303,963

(Number of shares)

Weighted average number of shares outstanding during the period

	1,113,030,748	1,113,030,748
--	---------------	---------------

(Rupees)

Basic and diluted Earnings per share - after tax

	9.84	11.95
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23. CREDIT RATING

PACRA through its notification dated June 24, 2016, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

24 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended June 30, 2016					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination
	(Rupees in '000)					
Total income	123,537	11,134,977	15,316,275	3,890,476	331,599	-
Total expenses	(39,942)	(803,568)	(8,460,721)	(1,813,330)	(144,128)	-
Income tax expense	-	-	-	-	-	-
Net income	83,595	10,331,409	6,855,554	2,077,146	187,471	-
Segment assets - (Gross of NPLs Provisions)	693,040	715,830,097	821,646,399	296,480,203	2,173,871	(711,515,864)
Advance taxation (payment less provision)	-	-	-	-	-	-
Total assets	693,040	715,830,097	821,646,399	296,480,203	2,173,871	(711,515,864)
Segment non performing loans	-	-	7,006,115	13,701,476	-	-
Segment specific provision required	-	-	6,985,151	10,134,706	-	-
Segment liabilities	116,904	624,906,205	770,942,918	266,247,101	624,642	(711,515,864)
Deferred tax liabilities - net	-	-	-	-	-	-
Total liabilities - net	116,904	624,906,205	770,942,918	266,247,101	624,642	(711,515,864)
Segment return on assets (ROA) (%)	35.65%	3.11%	3.76%	2.72%	30.51%	-
Segment cost of fund (%)	-	6.09%	3.35%	5.37%	-	-
	Half year ended June 30, 2015					
	(Rupees in '000)					
Total income	171,298	11,642,003	18,595,755	3,779,152	349,784	-
Total expenses	(38,879)	(1,088,759)	(8,303,009)	(951,173)	(146,818)	-
Income tax expense	-	-	-	-	-	-
Net income	132,419	10,553,244	10,292,746	2,827,979	202,966	-
Segment assets - (Gross of NPLs provision)	861,523	722,967,682	825,361,243	256,042,465	2,019,332	(710,791,994)
Advance taxation (payment less provision)	-	-	-	-	-	-
Total assets	861,523	722,967,682	825,361,243	256,042,465	2,019,332	(710,791,994)
Segment non performing loans	-	-	7,872,221	13,328,546	-	-
Segment specific provision required	-	-	7,788,356	9,604,195	-	-
Segment liabilities	152,621	642,345,287	766,923,866	225,653,013	514,293	(710,791,994)
Deferred tax liabilities - net	-	-	-	-	-	-
Total liabilities - net	152,621	642,345,287	766,923,866	225,653,013	514,293	(710,791,994)
Segment return on assets (ROA) (%)	39.77%	3.22%	4.55%	3.07%	34.64%	-
Segment cost of fund (%)	-	8.14%	4.89%	7.77%	-	-

Total income = Net markup income + non-markup income
Total expenses = Non Mark up expenses + Provisions
Segment assets and liabilities include inter segment balances.
Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.
Segment cost of funds have been computed based on the average balances.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

25 RELATED PARTY TRANSACTIONS AND BALANCES

The Group has related party relationship with its associates, companies with common directorship, employee benefit plans and its directors and key management personnel and their close family members. Investments in associates are given in note 9 of this consolidated condensed interim financial information for the half year ended June 30, 2016.

The Group enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances with them as at the period-end were as follows:

	Directors		Associates		Other Related Parties		Key Management	
	Six months ended June 30, 2016	Year ended Dec 31, 2015	Six months ended June 30, 2016	Year ended Dec 31, 2015	Six months ended June 30, 2016	Year ended Dec 31, 2015	Six months ended June 30, 2016	Year ended Dec 31, 2015
	(Rupees in '000)							
A. Balances								
Deposits								
Opening balance	1,719,008	3,386,220	2,859,600	1,719,822	6,649,313	11,923,096	139,106	135,024
Received during the period / year	1,899,175	3,461,173	7,762,295	10,844,402	21,867,357	49,934,665	299,102	767,184
Withdrawn during the period / year	(1,777,827)	(5,128,385)	(8,101,356)	(9,704,624)	(20,257,816)	(55,208,448)	(296,878)	(763,102)
Closing balance	1,840,356	1,719,008	2,520,539	2,859,600	8,258,854	6,649,313	141,330	139,106
Advances								
Opening balance	886	1,549	-	-	-	21,918	68,520	68,672
Additions / adjustments during the period / year	-	(663)	-	-	1,520,863	-	4,111	15,414
Repaid / adjustments during the period / year	(342)	-	-	-	(1,511,589)	(21,918)	(11,196)	(15,566)
Closing balance	544	886	-	-	9,274	-	61,435	68,520
Other Balances								
Outstanding balance of credit cards	71	770	-	-	131	480	1,618	1,380
Receivable from Pension Fund	-	-	-	-	5,926,756	5,656,386	-	-
Commitments and contingent liabilities - outstanding	-	-	10,364	8,937	563,818	531,782	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	2,825,203	6,459,845	-	-
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	-	-	(56,023)	(6,254)	-	-
Borrowings outstanding	-	-	-	-	524,172	1,047,410	-	-
Trade payable	-	-	22,414	44,472	932	17,901	-	456
Markup payable	6,208	6,212	7,171	6,876	50,949	53,764	321	-
Other payable	818	2,423	1,309	516	-	-	-	-
Other advance receivable	-	-	1,694	2,684	20,000	20,000	-	-
Markup receivable	-	-	-	-	1,132	776	809	689
Commission receivable	-	-	70,317	34,964	2	2	-	-

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

	Directors		Associates		Other Related Parties		Key Management	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees in '000)							
Insurance premium-net of refund	-	-	296,789	220,485	-	-	-	-
Insurance claim settled	-	-	4,966	4,122	-	-	-	-
Markup income on advances and lendings	18	34	-	-	1,011	821	2,539	2,600
Forward exchange contracts matured during the period	-	-	-	-	31,758,200	69,779,887	-	-
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	-	54,497	(62,889)	-	-
Dividend income	-	-	141,658	150,558	-	21,582	-	-
Commission income	-	-	396,523	433,803	4,591	7,661	-	-
Rent income and reimbursement of other expenses	-	-	1,974	-	2,160	-	-	-
Outsourcing service expenses	-	-	63,913	64,450	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	19	7
Gain / (loss) on sale of fixed assets	-	-	-	-	-	-	19	7
Cash sorting expenses	-	-	-	-	26,371	25,003	-	-
Stationery expenses	-	-	-	-	87,468	104,798	-	-
Security guards expenses	-	-	-	-	195,265	189,053	-	-
Remuneration and non-executive directors fee	-	-	-	-	-	-	267,522	309,751
Mark-up expense	77,591	75,575	25,833	35,722	128,213	338,881	589	1,165
Clearing expenses paid to NIFT	39,268	78,807	-	-	66,296	74,930	-	-
Contribution to provident fund	-	-	-	-	122,848	118,892	-	-
Gas charges	-	-	-	-	-	6,669	-	-
Rent and other expenses	-	-	3,464	3,845	511	305	-	-
Call borrowing deals entered and matured during the period	-	-	-	-	1,075,000	-	-	-
Sale of government securities	-	-	1,756,781	346,395	3,785,357	1,178,329	-	-
Purchase of government securities	-	-	4,158,389	120,367	6,838,928	-	-	-
Gain / (loss) on sale of government securities	-	-	(44)	-	2,501	-	-	-
Miscellaneous expenses and payments	-	-	-	-	23,191	27,231	-	-

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.

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2016

26 ISLAMIC BANKING BUSINESS

The Group is operating 41 Islamic branches as at June 30, 2016 (December 31, 2015: 40). The statement of financial position of the Group's Islamic Banking Business as at June 30, 2016 is as follows:

Note	June 30, 2016		December 31, 2015	
	(Rupees in '000)		(Rupees in '000)	
Assets				
Cash and balances with treasury banks		1,110,267		698,123
Balances with other banks		4,294,543		6,347,459
Due from financial institutions		-		-
Investments - net		6,468,400		5,995,470
Islamic financing and related assets - net	26.1	16,092,048		12,473,797
Operating fixed assets		1,485,884		1,192,382
Deferred tax assets - net		-		-
Other assets - net		217,095		171,847
		29,668,237		26,879,078
Liabilities				
Bills payable		619,903		89,864
Due to financial institutions		5,510,345		631,520
Deposits and other accounts		12,777,336		9,450,072
Sub-ordinated loans		-		-
Liabilities against assets subject to finance lease		-		-
Deferred tax liabilities - net		11,456		9,962
Other liabilities		706,603		6,739,219
		19,625,643		16,920,637
		10,042,594		9,958,441
Net assets				
Represented by				
Share capital		10,000,000		10,000,000
Reserves		25,584		5,161
Unappropriated profit / (loss)		64,643		(17,047)
		10,090,227		9,988,114
		(47,633)		(29,673)
		10,042,594		9,958,441
26.1 Islamic Financing and Related Assets				
Murabaha	26.1.1	8,693,469		6,844,354
Ijarah	26.1.2	1,512,072		1,506,083
Diminishing Musharakah	26.1.3	5,887,918		4,068,771
Istisna	26.1.4	150,000		150,000
Gross Advances		16,243,459		12,569,208
Provision held		(151,411)		(95,411)
Advance - net of provision		16,092,048		12,473,797
26.1.1 Murabaha				
Financing/Investments/Receivables		2,512,780		1,352,558
Advances		1,219,331		238,217
Assets/Inventories		4,769,780		4,841,213
Others		191,578		412,366
		8,693,469		6,844,354
26.1.2 Ijarah				
Advances		41,213		71,872
Others		1,470,859		1,434,211
		1,512,072		1,506,083
26.1.3 Diminishing Musharakah				
Financing/Investments/Receivables		3,937,422		2,572,200
Advances		1,668,340		1,423,937
Others		282,156		72,634
		5,887,918		4,068,771
26.1.4 Istisna				
Advances		150,000		150,000
		150,000		150,000

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2016

The profit and loss account of the Group's Islamic banking business for the half year ended June 30, 2016 is as follows:

	Half year ended	
	June 30, 2016	June 30, 2015
	----- (Rupees in '000) -----	
Profit / return earned	868,358	910,922
Profit / return expensed	277,744	278,553
Net spread earned	590,614	632,369
Provision against non-performing Islamic financing and related assets - net	56,000	-
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
	56,000	-
Net profit / income after provisions	534,614	632,369
Other income		
Fee, commission and brokerage income	17,035	25,188
Dividend income	23,207	-
Income from dealing in foreign currencies	9,042	7,841
Gain on sale of securities - net	71,352	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net	-	-
Other income	6,791	30,926
	127,427	63,955
	662,041	696,324
Other expenses		
Administrative expenses	464,730	293,985
Other provisions / write offs	-	-
Other charges	13,873	-
Total other expenses	478,603	293,985
Extra ordinary / unusual items	-	-
Profit for the period	183,438	402,339

27 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- The corresponding figures have been changed due to application of SBP BPRD Circular Letter No. 05 of 2016 dated February 29, 2016. No significant reclassification has been made except for as follows:

Description	Amount (Rupees in '000)	Reclassified	
		From	To
Bai Muajjal from Government of Pakistan	2,264,736	Lendings to financial institutions	Investments - net
Ijarah Assets	1,460,498	Operating fixed assets	Advances - net
Depreciation and insurance expenses on Ijara assets	208,482	Administrative expenses	Mark-up / return / interest earned
Rental income on Ijarah assets	251,704	Fee, commission and brokerage income	Mark-up / return / interest earned

28 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 10, 2016 has announced cash dividend in respect of the half year ended June 30, 2016 of Rs. 4.00 per share (June 30, 2015: Rs. 4.00 per share). This consolidated condensed interim financial information for the half year ended June 30, 2016 does not include the effect of this appropriation which will be accounted for subsequent to the period end.

29 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on August 10, 2016.


Imran Maqbool
President / CEO


Tariq Rafi
Director


Mian Umer Mansha
Director


Ahmad Alman Aslam
Director



Bank for Life

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