



HALF YEARLY
REPORT
JUNE 30, 2024

Vision

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

Mission

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

Core Values

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

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

Corporate Profile

Board of Directors:

Mian Mohammad Mansha	Chairman
Mr. Muhammad Tariq Rafi	Director
Mian Umer Mansha	Director
Mrs. Iqraa Hassan Mansha	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh bin Abdullah	Director
Mr. Yahya Saleem	Director
Mr. Salman Khalid Butt	Director
Mr. Shahzad Hussain	Director
Mr. Masood Ahmed Puri	Director
Shaikh Muhammad Jawed	Director
Mr. Shoaib Mumtaz	President & CEO

Audit Committee:

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

Chief Financial Officer:	Mr. Hammad Khalid
Company Secretary:	Mr. Farid Ahmad
Auditors:	M/s. A. F. Ferguson & Co. Chartered Accountants
Legal Advisors:	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
Registered /Principal Office:	MCB House,15-Main Gulberg, Jail Road, Lahore, Pakistan.
Contact us:	UAN: + 92 42 111 000 622 E-mail: investor.relations@mcb.com.pk Visit us: www.mcb.com.pk
Registrar's and Share Registration Office(s):	Head Office: M/s. THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, Pakistan. Branch Office: M/s. THK Associates (Pvt.) Limited Office No. 309, 3rd Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore, Pakistan.



On behalf of the Board of Directors, we are pleased to present the financial statements of MCB Bank Limited (MCB) for the half year ended June 30, 2024.

Performance Review

On a standalone basis, the profit before and after taxation for the period ended June 30, 2024 together with appropriations is as under:

	Rs. in Million
Profit Before Taxation	62,717
Taxation	30,781
Profit After Taxation	31,936
Un-appropriated Profit Brought Forward	96,040
Impact of adoption of IFRS 9	492
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	182
Surplus realized on disposal of revalued property and equipment - net of tax	13
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	73
	96,800
Profit Available for Appropriation	128,736
Appropriations:	
Statutory Reserve	(3,194)
Final Cash Dividend at Rs. 9.0 per share - December 2023	(10,666)
First Interim Cash Dividend at Rs. 9.0 per share - March 2024	(10,666)
Total Appropriations	(24,526)
Un-appropriated Profit Carried Forward	104,210

Through focused efforts of the Bank's management in building no-cost deposits base and optimizing its earning assets mix, MCB's Profit Before Tax (PBT) for the first half of 2024 increased to Rs 62.7 billion with a growth of 16%. Profit After Tax (PAT) posted a growth of 20% to reach Rs. 31.9 billion; translating into Earning Per Share (EPS) of Rs. 26.95 compared to an EPS of Rs. 22.52 reported in the corresponding period last year.

On the back of strong volumetric growth in average current deposits and timely repositioning within the asset book, net interest income for the first half of 2024 increased by 12% over corresponding period last year.

Non-markup income increased to Rs. 18.3 billion (+30%) against Rs. 14.1 billion in the corresponding period last year with major contributions coming in from fee commission income of Rs. 11.3 billion (+29%), foreign exchange income of Rs. 4.9 billion (+38%) and dividend income of Rs. 1.7 billion (+13%).

Improving customer and interbank flows, diversification of revenue streams through continuous enrichment of service suite, investments towards digital transformation and an unrelenting focus on upholding high standards of service delivery supplemented a broad-based growth in income from fee commission; with trade and guarantee related business income growing by 50%, cards related income by 43%, credit related fee by 41% and branch banking customer fees by 20%.

The Bank continues to manage an efficient operating expense base and monitor costs prudently. Amidst a persistently high inflationary environment and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 28.4 billion (+18%). Increase was primarily



on account of staff cost (+15%), utility cost (+28%) and IT related expenses (+22%). The cost to income ratio of the Bank stands at 30.50% as compared to 29.58% reported in the corresponding period last year.

Navigating a challenging operating and macroeconomic environment, the Bank has been addressing asset quality issues by maintaining discipline in management of its risk return decisions. Diversification of the loan book across customer segments and a robust credit underwriting framework that encompasses structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk; the Non-performing loan (NPLs) base of the Bank was reported at Rs. 57.0 billion as at June 30, 2024. The coverage and infection ratios of the Bank were reported at 89.07% and 8.64% respectively.

On the financial position side, the total asset base of the Bank was reported at Rs. 2.67 trillion with increase of 10.1% over Dec 2023. Increase was contributed by 19% increase in investment base i.e. Rs. 232 billion over Dec 2023 and 6% increase in advances (gross) i.e. Rs. 37 billion over Dec 2023.

The Bank continued its focus on building no cost deposits, leading to a growth of Rs. 110 billion (+13%) in absolute current deposits during first half of 2024. The Bank's total deposit base stands at Rs. 1.99 trillion. The domestic cost of deposits was contained at 10.76% as compared to 7.93% in the corresponding period of last year despite the significant increase in average policy rate during the period.

Return on Assets and Return on Equity was maintained at 2.50% and 30.08% respectively, whereas the book value per share was reported at Rs. 184.04.

During the period under review, MCB attracted home remittance inflows of USD 1,973 million (+23%) to consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is improved to 20.68% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 17.09% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.23% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 261.91% and Net Stable Funding Ratio (NSFR) of 164.85% against requirement of 100%.

The Board of Directors has declared 2nd interim cash dividend of Rs. 9.0 per share i.e. 90%, in addition to 90% already paid, bringing the total cash dividend for the half year ended June 30, 2024 to 180%.

Ratings

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 22, 2024.

Economy Review

The Pakistani economy has shown signs of improvement in the second quarter of 2024, with key indicators pointing to a gradual recovery. Inflation has decelerated sharply, dropping from a high of 29.40% YoY in June 2023 to 12.57% YoY in June 2024. GDP growth accelerated to 2.4% in FY 2024, a marked improvement from the previous year's contraction of 0.21%. The government aims to achieve a growth rate of 3.6% in the FY 2024-25. During the first half of 2024, the State Bank of Pakistan has cut interest rates by 150 basis points to 20.50%, helping to restore business confidence.

On the external front, a sustained improvement was observed in the current account balance. The current account posted a deficit of USD 0.681 billion for FY 2024, compared to a deficit of USD 3.275 billion last year, largely reflecting improvements in the trade balance (trade deficit declining by 6% YoY) and remittances (increasing by 11% YoY). Total net foreign investment during FY 2024 recorded an inflow of USD 1.519 billion as against an inflow of USD 0.6 billion last year.

The government has approved a tight budget for FY 2024-25, with a fiscal deficit target of 5.9% of GDP. The budget includes measures to increase revenues target by approximately 38%, with a focus on broadening the tax base and improving tax compliance.

Future Outlook

In the month of July, Pakistan and the International Monetary Fund (IMF) reached a staff level agreement for a USD 7 billion Extended Fund Facility (EFF) program. The program bodes well for the economy as it aims to capitalize on the traction in macroeconomic stability achieved over the past year by furthering efforts to strengthen public finances, reduce inflation, rebuild external buffers and remove economic distortions to spur private-sector led growth.

The higher budget revenue target is expected to further reduce aggregate demand in the economy, with inflation expected to reduce further. This is likely to provide further room to the SBP to cut interest rates in the future.

Despite the economic improvements seen in the second quarter of 2024, significant challenges remain - higher interest payments, sustainable external financing, and implementation of IMF's program conditions. To achieve sustainable growth, Pakistan needs to address its long-standing structural issues, such as a narrow tax base, inefficient state-owned enterprises, and lack of competitiveness.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,



Shoaib Mumtaz
President & CEO
MCB Bank Limited
August 07, 2024



Mian Umer Mansha
Director
MCB Bank Limited

ریٹنگز:

پاکرا (PACRA) کے نوٹیفیکیشن بتاریخ 22 جون 2024ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بائرتیب AAA اور A1+ کی بلند ترین کریٹ رینگیوں سے مستفید ہو رہا ہے۔

معاشی جائزہ:

سال 2024 کی دوسری سہ ماہی کے دوران، پاکستان کی معیشت میں قدرے بہتری کے آثار دیکھے گئے اور کئی اہم اشاریے میں بتدریج بہتری کی نشاندہی پائی گئی۔ افراط زر کی شرح میں تیزی سے کمی نظر آئی جو کہ جون 2023 کی 29.4 فیصد کی شرح کی نسبت جون 2024 تک کم ہوتے ہوئے سال بہ سال کی بنیاد پر، 12.57 فیصد پر پہنچ گیا۔ جی ڈی پی کی نمو مالی سال 2024 میں بڑھتے ہوئے 2.4 فیصد پر درج ہوئی جو کہ پچھلے سال کے 0.21 فیصد کے سگڑاؤ کی نسبت بہتری کے رجحان کا اظہار ہے۔ حکومت مالی سال 2024 - 25 کے لیے نمونہ کی 3.6 فیصد کی شرح کے ہدف کے حصول کے لیے پرعزم ہے۔ اسٹیٹ بینک آف پاکستان نے کاروباری اعتماد کی بحالی میں اعانت کے لیے پالیسی ریٹ میں 150 بیسز پوائنٹس کی کمی کرتے ہوئے اسکی شرح 20.50 فیصد پر مقرر کی ہے۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ توازن میں پائیدار بہتری کا مشاہدہ کیا گیا۔ کرنٹ اکاؤنٹ میں گزشتہ مالی سال کے 3.275 بلین امریکی ڈالر کے خسارے کی نسبت مالی سال 2024ء کے دوران 0.681 بلین امریکی ڈالر کا خسارہ درج کیا گیا جس میں تجارتی توازن (تجارتی خسارہ میں، سال بہ سال کی بنیاد پر، 6 فیصد کمی) اور ترسیلات زر (سال بہ سال کی بنیاد پر، 11 فیصد اضافہ) میں ہونے والی بہتری کا نمایاں کردار رہا۔ مالی سال 2024ء کے دوران کل غیر ملکی سرمایہ کاری میں گزشتہ سال کے 0.6 بلین امریکی ڈالر کی نسبت 1.519 بلین امریکی ڈالر کا بہاؤ ریکارڈ ہوا۔

حکومت نے مالی سال 2024 - 25 کے لیے ایک سخت بجٹ کو منظور کیا ہے جس میں مالی خسارے کا ہدف جی ڈی پی کا 5.9 فیصد کی شرح پر مقرر کیا ہے۔ اس بجٹ میں آمدنی کے ہدف میں تقریباً 38 فیصد اضافے کے اقدامات شامل کیے گئے اور ساتھ ہی ٹیکس میں وسعت اور ٹیکس کی تعمیلات میں بہتری پر توجہ مرکوز کی گئی ہے۔

مستقبل کی پیش بینی:

جولائی کے مہینے میں پاکستان اور آئی ایم ایف کے مابین 7 بلین امریکی ڈالر کے ایکسٹینڈڈ فنڈ فیسلٹی پروگرام (Extended Fund Facility Program) پر اسٹاف لیول معاہدے پر اتفاق ہوا ہے۔ یہ پروگرام، ناصرف معیشت کے لیے سود مند ثابت ہوگا بلکہ پبلک فنانس کی مضبوطی، افراط زر میں کمی، بیرونی بفرز کی تعمیر اور نجی شعبے کی سربراہی میں نمونے کے فروغ کے لیے تمام معاشی دشواریوں اور رکاوٹوں کے خاتمے کے ذریعے پچھلے سال سے حاصل شدہ کلاں معاشی استحکام کو مزید دوام اور پائیداری فراہم کرنے کا مقصد بھی رکھتا ہے۔ آمدنی کے تخمینے کے بلند ہدف سے معیشت میں مجموعی طلب میں مزید کمی کی امید ہے اور ساتھ ہی افراط زر میں مزید کمی کی توقع بھی ہے۔ اس بناء پر اسٹیٹ بینک آف پاکستان کو مستقبل میں پالیسی ریٹ میں مزید کٹوتی کے مواقع بھی میسر ہو سکیں گے۔

سال 2024ء کی دوسری سہ ماہی کے دوران دیکھی گئی معاشی بہتری کے باوجود معیشت کو کئی ایک خطرات اور غمگیناں بھی درپیش ہیں جن میں سود کی مد میں بلند ادائیگیاں، بیرونی قرضہ جات کی پائیداری اور آئی ایم ایف کے پروگرام کی شرائط کا نفاذ جیسے معاملات شامل ہیں۔ ایک مسلسل اور پائیدار نمو کے حصول کے لیے پاکستان کو اپنے تعمیری ڈھانچے میں طویل عرصے سے موجود مسائل کو درست کرنا ہوگا جن میں ٹیکسوں کے ناکافی حجم، حکومتی ملکیت میں موجود نااہل ادارے اور مسابقت کی عدم دستیابی جیسے عوامل شامل ہیں۔

تحسین و تشکر

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

منجانب و برائے بورڈ آف ڈائریکٹرز

شعیب ممتاز

میاں عمر منشا

ڈائریکٹر

ایم سی بی بینک لمیٹڈ

پریذیڈنٹ اور سی ای او

ایم سی بی بینک لمیٹڈ

07 اگست 2024ء

صارفین اور بینکوں کے مابین کاروباری لین دین کے بہاؤ میں اضافے، اپنی خدمات کے معیار میں مسلسل بہتری کی بناء پر آمدنی کی نوعیت میں تنوع، ڈیجیٹل منتقلی میں سرمایہ کاری اور اپنی خدمات کی فراہمی کے بلند معیار پر مرکز خصوصی توجہ کے ذریعے فیس و کمیشن کی آمدنی میں بڑھوتی ہوئی جس میں ٹریڈ اور گارنٹی سے متعلقہ کاروباری آمدنی میں 50 فیصد، کارڈ سے متعلقہ آمدنی میں 43 فیصد، کریڈٹ سے متعلقہ آمدنی میں 41 فیصد اور برانچ بینکنگ کی کسٹمر فیس میں 20 فیصد کی وسیع الہیاد مو شامل ہے۔

بینک نے اپنے کاروباری اخراجات کا موزوں انتظام جاری رکھا اور لاگت کے انصرام میں بھی دانشمندی کا مظاہرہ کیا۔ مسلسل بڑھتے بلند افراط زر کے ماحول اور افرادی وسائل و ٹیکنالوجی اپ گریڈیشن میں جاری سرمایہ کاری کے ماحول کے درمیان بینک کے کاروباری اخراجات 28.4 بلین روپے (+18%) پر درج ہوئے۔ اس اضافے میں اسٹاف کی لاگت (+15%)، سہولتوں (یوٹیلیٹی) کی لاگت (+28) اور آئی ٹی سے متعلقہ اخراجات (+22%) کا بنیادی کردار رہا۔ بینک کی لاگت اور آمدنی کی شرح گزشتہ تقابلی عرصہ کی 29.58 فیصد کی شرح کے تناسب میں 30.50 فیصد پر رپورٹ ہوئی۔

ایک چیلنجنگ کاروباری اور میکرو اکنامک دور سے گزرتے ہوئے بینک، اپنی آمدنی کے خدشات سے متعلقہ فیصلوں کے انتظام میں نظم و ضبط کو برقرار رکھتے ہوئے اثاثہ جات کے معیار کے معاملات کو حل کرنے کی راہ پر گامزن ہے۔ اپنے قرضہ جات کی صارفین کی تمام شعبوں کے لیے فراہمی، قرضہ جات کے اجراء سے پہلے جانچ کے موزوں اصولوں اور اگلی تقسیم کے بعد نگرانی کے مسلسل اور موثر نظام کے باعث ایم سی بی نے اپنے کریڈٹ رسک کا نہایت کامیابی سے تدارک کیا۔ بینک کے غیر فعال قرضہ جات کا حجم 30 جون 2024ء تک 57 بلین روپے پر رپورٹ ہوا۔ بینک کی کوریج اور ان فیکشن کی شرحیں بالترتیب 89.07 فیصد اور 8.64 فیصد پر درج کی گئیں۔

مالیاتی صورتحال کی مدین، بینک کے گل اثاثہ جات 2.67 ٹریلین روپے پر رپورٹ کیے گئے جو کہ دسمبر 2023ء کی سطح سے 10.1 فیصد کا اضافہ ہے۔ سرمایہ کاری میں ہونے والے 19 فیصد اضافے، جو کہ دسمبر 2023ء سے 232 بلین روپے زیادہ ہے، اور قرضہ جات (خالص) میں ہونے والے 6 فیصد اضافے، جو کہ دسمبر 2023ء سے 37 بلین روپے زیادہ ہے، کا اس بڑھوتی میں کلیدی کردار رہا۔

بغیر لاگت کے ڈیپازٹس کے حصول پر مسلسل مرکز توجہ کی بدولت، سال 2024ء کی پہلی ششماہی کے دوران، مکمل کرنٹ ڈیپازٹس میں 110 بلین روپے (+13%) کی افزائش ہوئی۔ بینک کے گل ڈیپازٹس 1.99 ٹریلین روپے پر درج ہوئے۔ اس عرصے کے دوران، اوسط پالیسی ریش میں غیر معمولی اضافے کے باوجود، ڈیپازٹس کی لاگت کو گزشتہ سال کی اسی تقابلی مدت کی 7.93 فیصد کی شرح کے مقابلے میں 10.76 فیصد پر محدود رکھا گیا۔

اثاثہ جات کی آمدنی اور سرمائے (ایکویٹی) کی آمدنی کی شرحیں برقرار رہے ہوئے بالترتیب 2.50 فیصد اور 30.08 فیصد کی سطح پر درج کی گئیں۔ جبکہ، بک ویلیو فی حصص 184.04 پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، ایم سی بی نے 1,973 ملین امریکی ڈالرز (+23%) کی ترسیلات زر کو راغب کیا تاکہ ملک میں بینکنگ چیلنجز کے ذریعے ترسیلات زر کے بہاؤ میں بہتری کے اسٹیٹ بینک آف پاکستان کے مقصد میں ایک فعال شراکت دار کے اپنے کردار کو مضبوط بنایا جاسکے۔

سرمائے کے ضوابط کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکویسی) 11.5 فیصد کی مطلوبہ شرح کی نسبت بہتر ہوتے ہوئے 20.68 فیصد رہی (جس میں 2020ء کے بی پی آر ڈی (BPRD) سرکلر لیٹر نمبر 12 کے تحت سرمایہ کو تحفظ دینے کے لیے 1.50 فیصد کی تحلیل کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایکویٹی ٹائر - 1 - Common Equity Tier - 1 (CET1) سے کل رسک ویٹیڈ اسٹنس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.0 فیصد کی مطلوبہ حد کے مقابلہ 17.09 فیصد کی شرح پر درج کی گئی۔ بینک کی کیپٹل ازیشن کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کی حد سے نمایاں اضافہ کے ساتھ 6.23 فیصد پر جا پہنچی۔ بینک نے لیکویڈٹی کوریج ریشو (LCR - Liquidity Coverage Ratio) کو 261.91 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 164.85 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 9 روپے فی حصص، یعنی 90 فیصد، کے دوسرے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے۔ جو کہ پہلے سے ادا شدہ 90 فیصد کے علاوہ ہے۔ اس طرح 30 جون 2024ء کو اختتام پذیر ششماہی تک کیش ڈیویڈنڈ کی کل شرح 180 فیصد پر درج کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 30 جون 2024ء کو اختتام پذیر ششماہی کے مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ

30 جون 2024ء کو اختتام پذیر مدت تک کے بینک کے انفرادی منافع قبل و بعد از ٹیکس اور تخصیص، مندرجہ ذیل ہے:

ملین روپے
62,717
30,781
31,936
96,040
492
182
13
73
96,800
128,736
(3,194)
(10,666)
(10,666)
(24,526)
104,210

منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

اقتتاحی غیر تخصیص شدہ منافع

آئی ایف آر ایس (IFRS-9) کے اطلاق کے اثرات
ایف وی اوی آئی (FVOCI) کے ذریعے ایکویٹی انشورمنٹس
کی فروخت سے حاصل شدہ سرپلس - خالص از ٹیکس
از سر نو تخمینہ شدہ جائیداد و آلات کی فروخت
سے حاصل شدہ سرپلس - خالص از ٹیکس
از سر نو تخمینہ شدہ مین اثاثوں کے سرپلس سے اضافی فرسودگی
کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتمی کیش ڈیویڈنڈ 9 روپے فی شیئر - برائے دسمبر 2023ء
پہلا عبوری کیش ڈیویڈنڈ 9 روپے فی شیئر - برائے مارچ 2024ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

بینک کی انتظامیہ کے بغیر لاگت کے اپنے ڈیپازٹس کی تعمیر اور پیداواری اثاثہ جات کی ترکیب کو مزید موزوں کرنے کی مسلسل کوششوں کے ذریعے، سال 2024ء کی پہلی ششماہی کے دوران، ایم سی بی کا منافع قبل از ٹیکس 16 فیصد کی نمو کے ساتھ 62.7 بلین روپے پر درج ہوا۔ منافع بعد از ٹیکس، 20 فیصد کے اضافے کے ساتھ 31.9 بلین روپے پر جا پہنچا۔ جس کے اثرات فی حصص آمدنی پر بھی مرتب ہوئے اور اسکی سطح گزشتہ سال کے تقابلی عرصے کی 22.52 روپے فی حصص کی نسبت بڑھتے ہوئے 26.95 روپے فی حصص پر رپورٹ ہوئی۔

اس زیر تجزیہ عرصہ کے دوران، انتظامیہ کی مربوط کوششوں سے اوسط کرنٹ ڈیپازٹس میں ہونے والی نمایاں مقدار کی نمو اور اثاثہ جات کی معیاد سے متعلقہ بروقت فیصلوں کی بناء پر سال 2024ء کی پہلی ششماہی کے دوران، خالص انٹرنسٹ آمدنی میں گزشتہ سال کی تقابلی مدت کی نسبت 12 فیصد کا اضافہ ہوا۔

فیس و کمیشن کی 11.3 بلین روپے آمدنی (+29%)، غیر ملکی زرمبادلہ کی 4.9 بلین روپے (+38%) اور ڈیویڈنڈ کی مدین 1.7 بلین روپے کی آمدنی (+13%) کی نمایاں شمولیت کے باعث نان مارک اپ آمدنی، گزشتہ سال کے مماثل عرصہ کے 14.1 بلین روپے کے مقابلے میں 18.3 بلین روپے (+30%) تک بڑھ گئی۔

REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of MCB Bank Limited ("the Bank") as at June 30, 2024 and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2024 and June 30, 2023 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

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

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

A. F. Ferguson & Co.
Chartered Accountants
Lahore
Dated: August 27, 2024
UDIN: RR202410092rW6MtsySz



	Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	222,764,096	170,716,648
Balances with other banks	8	38,500,986	35,073,136
Lendings to financial institutions	9	80,861,177	96,213,400
Investments	10	1,481,698,677	1,249,439,347
Advances	11	608,683,610	577,863,329
Property and equipment	12	79,525,336	76,943,546
Right-of-use assets	13	5,637,632	5,877,865
Intangible assets	14	1,383,993	1,035,483
Deferred tax assets	15	4,829,434	-
Other assets	16	149,473,945	214,016,002
Total Assets		2,673,358,886	2,427,178,756
LIABILITIES			
Bills payable	18	14,579,220	25,095,911
Borrowings	19	284,402,094	216,611,046
Deposits and other accounts	20	1,993,953,802	1,805,387,294
Lease liabilities	21	8,752,494	8,686,003
Subordinated debt		-	-
Deferred tax liabilities	15	-	100,718
Other liabilities	22	129,492,204	140,590,915
Total Liabilities		2,431,179,814	2,196,471,887
NET ASSETS		242,179,072	230,706,869
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	23	102,040,612	98,723,536
Surplus on revaluation of assets	24	24,077,476	24,093,197
Unappropriated profit		104,210,384	96,039,536
		242,179,072	230,706,869
CONTINGENCIES AND COMMITMENTS	25		

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

Hammad Khalid
Chief Financial Officer

Shoab Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director



Note	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2024	April 01 to June 30, 2023	January 01 to June 30, 2024	January 01 to June 30, 2023
	-----Rupees in '000-----			
Mark-up / return / interest earned	94,170,971	81,424,620	183,180,261	145,279,465
Mark-up / return / interest expensed	57,384,955	44,485,484	108,322,749	78,270,596
Net mark-up / interest income	36,786,016	36,939,136	74,857,512	67,008,869
NON MARK-UP / INTEREST INCOME				
Fee and commission income	5,226,530	4,619,111	11,312,883	8,791,497
Dividend income	664,256	828,936	1,668,037	1,477,590
Foreign exchange income	3,011,538	2,610,483	4,945,633	3,593,170
Income from derivatives	777	820	1,174	12,876
Gain on securities - net	89,906	20,976	89,384	72,861
Net gains / (loss) on derecognition of financial assets measured at amortised cost	-	-	-	-
Other income	138,541	62,667	238,210	116,697
Total non-markup / interest Income	9,131,548	8,142,993	18,255,321	14,064,691
Total income	45,917,564	45,082,129	93,112,833	81,073,560
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	14,475,875	12,185,871	28,396,615	23,978,693
Workers Welfare Fund	603,506	616,513	1,254,339	1,076,831
Other charges	88,863	166,581	239,757	264,743
Total non-markup / interest expenses	15,168,244	12,968,965	29,890,711	25,320,267
Profit before credit loss allowance	30,749,320	32,113,164	63,222,122	55,753,293
Credit loss allowance and write offs - net	573,988	1,287,505	505,157	1,911,759
PROFIT BEFORE TAXATION	30,175,332	30,825,659	62,716,965	53,841,534
Taxation	14,794,428	17,194,340	30,780,743	27,154,502
PROFIT AFTER TAXATION	15,380,904	13,631,319	31,936,222	26,687,032
-----Rupees -----				
Basic and diluted earnings per share	12.98	11.50	26.95	22.52

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

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director



	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2024	April 01 to June 30, 2023	January 01 to June 30, 2024	January 01 to June 30, 2023
	-----Rupees in '000-----			
Profit after taxation for the period	15,380,904	13,631,319	31,936,222	26,687,032
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	(80,678)	263,720	123,454	5,084,290
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI / AFS investments - net of tax	3,939,712	4,198,116	3,359,469	(3,903,053)
	3,859,034	4,461,836	3,482,923	1,181,237
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	1,916,320	-	2,011,852	-
Remeasurement gain on defined benefit obligations - net of tax	-	292,162	-	292,162
Movement in surplus on revaluation of property and equipment - net of tax	-	(459,275)	-	(459,275)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(52,418)	-	(52,418)
	1,916,320	(219,531)	2,011,852	(219,531)
Total comprehensive income	21,156,258	17,873,624	37,430,997	27,648,738

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

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director


Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
For The Half Year Ended June 30, 2024

	Rupees in '000-									
	Share capital	Share premium	Capital reserve Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	Revenue reserve General reserve	Investments	Property and equipment / non- banking assets	Unappropriated profit	Total
Balance as at December 31, 2022 (Audited)	11,850,600	23,75,114	908,317	4,402,973	40,915,620	18,600,000	(19,082,376)	37,723,027	70,425,375	188,494,630
Profit after taxation for the period ended June 30, 2023	-	-	-	-	-	-	-	-	26,697,032	26,697,032
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Effect of transition of reinvestment in foreign branches	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	5,094,230	-	-	-	-	(499,275)	-	5,094,230
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(62,418)	-	(62,418)
Reassessment (gain) / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	292,162	-	292,162
Movement in surplus / (deficit) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	(3,901,053)	-	-	(3,901,053)
Transfer to statutory reserve	-	-	-	-	2,660,700	-	-	(511,683)	(2,660,700)	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(75,597)	75,597	-
Surplus realized on disposal of revalued property and equipment - net of tax	-	-	-	-	-	-	-	(1,097,114)	1,097,114	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(19,537)	19,537	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 6.0 per share - December 31, 2022	-	-	-	-	-	-	-	-	(7,110,380)	(7,110,380)
Interim cash dividend at Rs. 6.0 per share - March 31, 2023	-	-	-	-	-	-	-	-	(14,220,220)	(14,220,220)
Balance as at June 30, 2023 (Un-audited)	11,850,600	23,75,114	908,317	4,402,973	43,586,320	18,600,000	(22,984,429)	36,019,086	81,707,394	202,922,688
Profit after taxation for the six months period ended December 31, 2023	-	-	-	-	-	-	-	-	32,944,065	32,944,065
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Effect of transition of reinvestment in foreign branches	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	(901,388)	-	-	-	-	204,924	-	(696,464)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(111,458)	-	(111,458)
Reassessment (gain) / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	2,377,694	2,377,694
Movement in surplus / (deficit) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	11,045,714	-	-	11,045,714
Transfer to statutory reserve	-	-	-	-	3,294,407	-	-	83,516	(3,294,407)	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(75,597)	75,597	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(6,093)	6,093	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 7.0 per share - June 30, 2023	-	-	-	-	-	-	-	-	(17,773,900)	(17,773,900)
Interim cash dividend at Rs. 6.0 per share - September 30, 2023	-	-	-	-	-	-	-	-	(30,038,336)	(30,038,336)
Balance as at December 31, 2023 (Audited)	11,850,600	23,75,114	908,317	4,402,973	46,879,727	18,600,000	(11,938,719)	36,081,912	49,170	162,714
Impact of adoption of IFRS 9 - net of tax (note 4.2.5)	-	-	-	-	-	-	(5,119,494)	-	49,170	(4,627,114)
Opening balances as at January 01, 2024 - after adoption of IFRS 9	11,850,600	23,75,114	908,317	4,402,973	46,879,727	18,600,000	(17,058,199)	36,081,912	66,531,306	226,078,155
Profit after taxation for the period ended June 30, 2024	-	-	-	-	-	-	-	-	31,938,222	31,938,222
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Effect of transition of reinvestment in foreign branches	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	-	-	2,011,652	-	-	2,011,652
Surplus realized on disposal of revalued property and equipment - net of tax	-	-	-	-	-	-	3,358,468	-	-	3,358,468
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	-	5,371,321	-	-	5,371,321
Transfer to statutory reserve	-	-	-	-	3,189,622	-	-	-	(3,189,622)	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(72,034)	72,034	-
Surplus realized on disposal of investments in equity investments through FVOCI - net of tax	-	-	-	-	-	-	-	161,502	-	161,502
Surplus realized on disposal of revalued property and equipment - net of tax	-	-	-	-	-	-	-	(13,222)	-	(13,222)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 9.0 per share - December 31, 2023	-	-	-	-	-	-	-	-	(10,855,540)	(10,855,540)
Interim cash dividend at Rs. 6.0 per share - March 31, 2024	-	-	-	-	-	-	-	-	(10,855,540)	(10,855,540)
Balance as at June 30, 2024 (Un-audited)	11,850,600	23,75,114	908,317	4,402,973	50,072,352	18,600,000	(11,864,300)	35,845,656	109,430,384	242,179,072

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


Hammad Khalid
Chief Financial Officer


Shoaib Mumtaz
President / CEO


Mian Umer Mansha
Director


Shahzad Hussain
Director


Muhammad Ali Zeb
Director


Hammad Khalid
Chief Financial Officer


Shoaib Mumtaz
President / CEO


Mian Umer Mansha
Director


Shahzad Hussain
Director


Muhammad Ali Zeb
Director

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



CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	62,716,965	53,841,534
Less: Dividend income	(1,668,037)	(1,477,590)
	61,048,928	52,363,944
Adjustments:		
Net mark-up / interest income	(74,857,512)	(67,008,869)
Depreciation on property and equipment	1,776,037	1,349,260
Depreciation on right-of-use assets	792,741	687,348
Depreciation on non-banking assets acquired in satisfaction of claims	9,338	11,939
Amortization	288,690	170,839
Credit loss allowance / provisions and write offs - net	505,157	1,911,759
Gain on sale of property and equipment - net	(141,202)	(9,369)
Gain on sale of non-banking assets acquired in satisfaction of claims - net	-	(776)
Finance charges on lease liability against right-of-use assets	715,614	557,149
Workers Welfare Fund	1,254,339	1,076,831
Charge for defined benefit plans - net	(206,767)	148,131
Gain on termination of lease liability against right-of-use assets	(27,046)	(31,401)
Unrealized (gain) / loss on revaluation of investments classified as FVTPL	(25,608)	11,936
	(69,916,219)	(61,125,223)
	(8,867,291)	(8,761,279)
Decrease / (increase) in operating assets		
Lendings to financial institutions	15,273,708	(18,868,656)
Securities classified as FVTPL	3,157,581	(116,802)
Advances	(38,059,847)	156,076,073
Others assets (excluding advance taxation)	60,792,099	(18,761,904)
	41,163,541	118,328,711
Increase / (decrease) in operating liabilities		
Bills Payable	(10,516,691)	(23,116,608)
Borrowings from financial institutions	67,446,000	(93,145,337)
Deposits	188,566,508	291,423,683
Other liabilities (excluding current taxation)	(1,568,303)	14,137,085
	243,927,514	189,298,823
Mark-up / Interest received	178,972,759	130,216,717
Mark-up / Interest paid	(107,818,275)	(104,000,432)
Defined benefits paid	(154,929)	(132,813)
Income tax paid	(41,099,696)	(23,901,902)
Net cash flow from operating activities	306,123,623	301,047,825

Decrease / (increase) in operating assets
Lendings to financial institutions
Securities classified as FVTPL
Advances
Others assets (excluding advance taxation)

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

Mark-up / Interest received
Mark-up / Interest paid
Defined benefits paid
Income tax paid
Net cash flow from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investment in securities classified as FVOCI	(224,138,437)	(181,287,384)
Net investment in securities classified as amortized cost	330,528	(950,787)
Dividends received	1,673,893	1,472,659
Investments in property and equipment	(4,408,614)	(2,831,366)
Disposal of property and equipment	193,628	1,740,367
Investments in Intangible assets	(635,935)	(173,526)
Proceeds from sale of non-banking assets acquired in satisfaction of claims	-	87,000
Investment in subsidiary	(1,000,000)	(649,925)
Effect of translation of net investment in foreign branches	123,454	5,084,290
Net cash flow used in investing activities	(227,861,483)	(177,508,672)

CASH FLOW FROM FINANCING ACTIVITIES

Payment of lease liability against right-of-use-assets	(1,174,585)	(1,066,106)
Dividend paid	(21,171,482)	(14,091,437)
Net cash flow used in financing activities	(22,346,067)	(15,157,543)
Effects of credit loss allowance changes on cash and cash equivalents	(2,896)	-
Effects of exchange rate changes on cash and cash equivalents	(522,175)	11,422,007

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period	204,434,226	109,005,334
Cash and cash equivalents at end of the period	259,825,228	228,808,951

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

1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB - 15 Main Gulberg, Lahore. The Bank operates 1,428 branches (2023: 1,430 branches) within Pakistan and 08 branches (2023: 08 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

1.1 Demerger of 39 Branches from MCB Bank Limited

The Board of Directors of MCB Bank Limited (MCB) in its meeting held on April 24, 2024 had approved the Scheme of Compromises, Arrangements and Reconstruction (the 'Scheme'), under Section 279 to 283 and 285 of the Companies Act, 2017, between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB) to demerge business operations of its 39 branches and transfer to wholly owned subsidiary MIB subject to regulatory approvals.

No Objection Certificate of the State Bank of Pakistan on the Scheme was received on April 29, 2024 and petition was filed before the Honourable Lahore High Court for sanctioning the scheme of demerger. The shareholders had approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on July 06, 2024.

Subject to sanction by the Honourable Lahore High Court, the banking business of these branches will stand converted into Islamic banking business and will be transferred to and vested in MIB against payment of cash consideration.

2. BASIS OF PREPARATION

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

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

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

2.4 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts, certain investments and derivative financial instruments have been marked to market and are carried at fair value and defined benefit obligations and right of use of assets with related lease liability have been measured at present value on initial recognition.

2.5 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated condensed interim financial statements have been prepared on a going concern basis.

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;

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

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

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

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

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

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

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 and IAS 34, Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2023.

3.5 Standards, interpretations of and amendments to approved accounting standards that are effective in the current period

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these unconsolidated condensed interim financial statements except for IFRS 9 'Financial Instruments', the impact of which is disclosed under note 4.2.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations except for:

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

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

4.1 Adoption of new forms for the preparation of unconsolidated condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of unconsolidated condensed interim financial statements of banks that are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 4.2.

4.2 Impact of IFRS 9 Financial Instruments

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

In preparation of these financial statements, the Bank has applied requirements of IFRS 9 and instructions issued by SBP, through various circulars, from the date of initial application of January 01, 2024 with a modified retrospective approach for restatement. As permitted by the transitional provisions of IFRS 9, the Bank has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative figures.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has provided additional clarification on earlier issued 'IFRS 9 Application Instructions' to address certain key matters that had been raised by the banks with a direction to ensure compliance by extended timelines. There are a few other matters, including treatment of unencumbered general provision, which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

4.2.1 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit and loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit and loss account. Interest / profit / dividend income on these assets are recognised in the profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the profit and loss account. These assets are subsequently measured at fair value with changes recorded in the profit and loss account. Interest / dividend income on these assets are recognised in the profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

4.2.2 Classification and measurement

The classification and measurement of financial assets is based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at fair value through profit or loss ('FVTPL') regardless of the business model in which they are held. The Bank's business model in which financial assets are held determines whether the financial assets are measured at amortized cost (AC), fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Debt based financial assets can only be held at amortized cost if these are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt based financial assets where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are measured at FVOCI, with unrealized gains or losses deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVOCI in which case, both the unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

The requirements of IFRS 9 led to changes in classification of certain financial assets held by the Bank which are explained as follows:

a. Debt based financial assets previously classified as available for sale (AFS)

The application of IFRS 9 has resulted in classification and consequent remeasurement of investments in INPC's, amounting to Rs. 5,699.494 million, held under AFS portfolio as of December 31, 2023 to FVTPL based on their business model assessment.

The failure of SPPI test upon assessment of contractual cash flows of debt based financial assets has resulted in classification and consequent remeasurement of investments in certain non government debt securities, amounting to Rs. 2,950.890 million, to FVTPL.

All other debt based financial assets previously classified as AFS upon passing the SPPI test have been designated as FVOCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. There is no change to their measurement basis and recognition of realized and unrealized gain/loss under IFRS 9.

b. Debt based financial assets previously classified as held to maturity (HTM)

Debt based financial assets currently classified as HTM upon passing the SPPI test have been designated as amortized cost under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows. Investments in certain non government debt securities, amounting to Rs. 7,506.816 million, on failing the SPPI test have been reclassified to FVTPL.

The following table reconciles the carrying value of investments in debt based financial assets as reported on December 31, 2023 to the carrying amounts on transition to IFRS 9 at January 01, 2024:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement Category	Audited December 31, 2023	Measurement Category	Balance as of January 01, 2024 - before ECL
-----Rupees in '000'-----				
Federal Government Securities				
- Market Treasury Bills	Available for sale	353,834,432	FVOCI	353,834,432
- Pakistan Investment Bonds	Available for sale	770,131,998	FVOCI	770,131,998
	Held to maturity	11,367,944	AC	11,367,944
- Islamic Naya Pakistan Certificates	Available for sale	5,699,494	FVTPL	5,699,494
- Euro Bonds	Available for sale	5,355,806	FVOCI	5,355,806
	Held to maturity	3,160,071	AC	3,160,071
Non Government Debt Securities				
- Sukuk Bonds	Available for sale	300,000	FVTPL	2,398,001
	Held to maturity	2,983,001	AC	885,000
- Term Finance Certificates	Available for sale	2,650,890	FVTPL	8,059,705
	Held to maturity	5,408,815	AC	-
Foreign Securities				
- Government securities	Available for sale	44,057,060	FVOCI	44,057,060
		1,204,949,511		1,204,949,511

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

c. Equity instruments previously classified as available for sale (AFS)

The Bank has elected to irrevocably designate all quoted and unquoted equity securities previously classified as available for sale (AFS) as FVOCI except units of open end mutual funds, amounting to Rs. 115.98 million, that have been mandatorily classified as measured at FVTPL. The fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 9,783.874 million on listed equity investments and Rs. 205.765 million for unlisted equity investments held as at December 31, 2023 to surplus / deficit on revaluation of investments.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 01, 2024 are compared as follows:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9**	
	Measurement Category	Audited December 31, 2023	Measurement Category	IFRS 9 January 01, 2024
-----Rupees in '000'-----				
Cash and balances with treasury banks	Loans and receivables	170,716,648	AC	170,221,446
Balances with other banks	Loans and receivables	35,073,136	AC	34,785,410
Lending to financial institutions	Loans and receivables	96,213,400	AC	96,116,246
Investments - net	Held for Trading	284,873	FVTPL	284,873
	Available for sale	1,208,566,005	FVOCI	1,199,799,641
			FVTPL	8,766,364
	Held to maturity	22,919,831	AC	15,408,711
			FVTPL	7,503,315
Advances - net	Loans and receivables	577,863,329	AC	571,518,076
Other assets	Loans and receivables	214,016,002	AC	213,778,897
		2,325,653,224		2,318,182,979

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

** The reconciliation between carrying amounts of financial assets before and after adoption of IFRS 9 has been disclosed in note 4.2.5 19

4.2.3 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit and loss account.

4.2.4 Expected Credit Loss (ECL)

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations. Based on the level of increase in credit risk, the Bank shall calculate 12mECL for assets which did not have a SICR i.e., stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., stage 2.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio / segment. When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs.

Guarantee & Letter of Credit contracts: The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

EAD the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

LGD It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Bank has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

- If a customer fails to service mark-up and / or principal within days past due (dpd) criteria as prescribed by SBP from time to time;
- The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if held).

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

4.2.5 Adoption Impacts

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 4,627.714 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Balances as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)		Adoption of revised classifications under IFRS 9		Impact due to:		Reversal of provisions held	Total impact - gross of tax	Taxation (current + deferred)	Total impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
	(495,202) (287,726) (97,154)	(4,304)	(1,208,566,005)	(8,766,364) (22,919,831) (22,919,831) (4,304)	(1,208,566,005)	(1,199,799,641) (22,919,831) (22,919,831) (284,873)						
170,716,648	(495,202)	(4,304)	(1,208,566,005)	(8,766,364)	(1,208,566,005)	(1,199,799,641)	(1,208,566,005)	(1,199,799,641)	-	(1,208,566,005)	170,221,446	AC
35,073,136	(287,726)	-	-	-	-	-	-	1,199,799,641	-	(287,726)	34,785,410	AC
96,213,400	(97,154)	-	-	-	-	-	-	(22,919,831)	-	(97,154)	96,116,246	AC
1,208,566,005	-	(4,304)	(1,208,566,005)	(8,766,364)	(1,208,566,005)	(1,199,799,641)	(1,208,566,005)	(22,919,831)	-	(1,208,566,005)	-	FVOCI
-	-	-	-	-	-	-	-	15,408,711	-	15,408,711	15,408,711	AC
22,919,831	(4,304)	-	(22,919,831)	(7,506,816)	(22,919,831)	(22,919,831)	(22,919,831)	(284,873)	-	(284,873)	-	AC
284,873	-	-	(284,873)	16,273,180	(284,873)	(284,873)	(284,873)	-	-	-	-	AC
-	-	-	-	-	-	-	-	16,554,552	-	16,554,552	16,554,552	FVTPL
700,401	-	-	-	-	-	-	-	-	-	700,401	700,401	Outside the scope of IFRS 9
16,968,237	-	(4,304)	-	-	-	-	-	-	-	16,968,237	16,968,237	Outside the scope of IFRS 9
1,249,439,347	(4,304)	-	-	-	-	-	(3,501)	(7,805)	-	(7,805)	1,249,431,542	AC
622,424,762	(6,345,253)	-	(6,345,253)	-	-	-	-	(6,345,253)	-	(6,345,253)	622,424,762	AC
(44,561,433)	(6,345,253)	-	(6,345,253)	-	-	-	-	(6,345,253)	-	(6,345,253)	(44,561,433)	AC
577,863,329	(6,345,253)	-	(6,345,253)	-	-	-	-	(6,345,253)	-	(6,345,253)	577,863,329	AC
76,943,546	-	-	-	-	-	-	-	-	-	-	76,943,546	Outside the scope of IFRS 9
5,877,865	-	-	-	-	-	-	-	-	-	-	5,877,865	Outside the scope of IFRS 9
1,035,483	-	-	-	-	-	-	-	-	-	-	1,035,483	Outside the scope of IFRS 9
9,262,520	-	-	-	-	-	-	-	(9,262,520)	-	(9,262,520)	9,262,520	Outside the scope of IFRS 9
214,016,002	(287,105)	-	(287,105)	-	-	-	-	(237,105)	-	(237,105)	213,778,897	AC
2,427,178,796	(7,466,744)	-	(7,466,744)	-	-	-	(3,501)	(7,470,245)	-	(7,470,245)	2,428,971,031	AC
25,095,911	-	-	-	-	-	-	-	-	-	-	25,095,911	AC
2,161,046	-	-	-	-	-	-	-	-	-	-	2,161,046	AC
1,805,387,294	-	-	-	-	-	-	-	-	-	-	1,805,387,294	AC
8,686,003	-	-	-	-	-	-	-	-	-	-	8,686,003	AC
100,718	-	-	-	-	-	-	-	-	-	-	100,718	AC
140,590,915	1,603,703	-	1,603,703	-	-	-	-	1,603,703	-	1,603,703	142,194,618	AC
2,196,471,887	1,603,703	-	1,603,703	-	-	-	-	1,603,703	-	1,603,703	2,202,891,876	AC
230,706,889	(9,070,447)	-	(9,070,447)	-	-	-	(3,501)	(9,073,948)	-	(9,073,948)	228,079,155	AC
11,850,600	-	-	-	-	-	-	-	-	-	-	11,850,600	AC
98,723,536	-	-	-	-	-	-	-	-	-	-	98,723,536	AC
24,093,197	-	-	-	(11,416)	-	-	-	(10,038,203)	-	(10,038,203)	13,055,000	AC
96,039,536	(9,070,447)	-	(9,070,447)	11,416	-	-	(3,501)	964,255	-	964,255	86,969,089	AC
230,706,889	(9,070,447)	-	(9,070,447)	-	-	-	(3,501)	(9,073,948)	-	(9,073,948)	228,079,155	AC

ASSETS

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions

Investments
- Classified as available for sale
- Classified as fair value through other comprehensive income
- Classified as held to maturity
- Classified as amortised cost
- Classified as held for trading
- Classified as fair value through profit or loss
- Associates
- Subsidiaries

Advances
- Gross amount
- Provisions

Property and equipment
Right-of-use assets
Intangible assets
Deferred tax asset
Other assets

LIABILITIES

Bills payable
Borrowings
Deposits and other accounts
Lease liability against right-of-use assets
Subordinated debt
Deferred tax liabilities
Other liabilities

NET ASSETS

REPRESENTED BY

Share capital
Reserves
Surplus on revaluation of assets - net of tax
Unappropriated profit

5. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**
The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

6. **FINANCIAL RISK MANAGEMENT**
The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

7. **CASH AND BALANCES WITH TREASURY BANKS**

In hand

Local currency
Foreign currencies

With State Bank of Pakistan in

Local currency current account
Foreign currency current accounts
Foreign currency deposit account

With other central banks in

Foreign currency current accounts

With National Bank of Pakistan in

Local currency current accounts

Prize bonds

Less: Credit loss allowance held against cash and balances with treasury banks

Cash and balances with treasury banks - net of credit loss allowance

8. **BALANCES WITH OTHER BANKS**

Outside Pakistan

In current accounts
In deposit accounts

Less: Credit loss allowance held against balances with other banks

Balances with other banks - net of credit loss allowance

9. **LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings

Repurchase agreement lendings (Reverse Repo)

Less: Credit loss allowance held against lending to financial institutions

Lending to financial institutions - net of credit loss allowance

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	
	42,546,691	33,955,027
	8,727,187	8,187,466
	51,273,878	42,142,493
	104,066,903	74,211,050
	1,665,870	1,524,981
	12,688,518	12,812,091
	118,421,291	88,548,122
	14,574,544	7,618,129
	38,846,501	32,236,362
	143,683	171,542
	(495,801)	-
	222,764,096	170,716,648
	6,139,603	9,196,853
	32,661,496	25,886,504
	38,801,099	35,083,357
	(300,113)	(10,221)
	38,500,986	35,073,136
	46,017,892	74,714,000
	34,921,800	21,499,400
	80,939,692	96,213,400
9.1	(78,515)	-
	80,861,177	96,213,400

	Unaudited June 30, 2024		Audited December 31, 2023	
	Lending	Credit loss allowance held	Classified Lending	Provision held
	-----Rupees in '000-----			
Domestic				
Performing	35,832,016	(73,592)	-	-
Under performing	-	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	35,832,016	(73,592)	-	-
Overseas				
Performing	45,107,676	(4,923)	-	-
Under performing	-	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	45,107,676	(4,923)	-	-

9.1 **Particulars of credit loss allowance**

Domestic

Performing Stage 1
Under performing Stage 2
Non-performing Stage 3
Substandard
Doubtful
Loss

Total

Overseas

Performing Stage 1
Under performing Stage 2
Non-performing Stage 3
Substandard
Doubtful
Loss

Total

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



10. INVESTMENTS

10.1 Investments by type:

Note	Unaudited June 30, 2024			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	-----Rupees in '000-----			
FVTPL				
Federal Government Securities	2,847,299	-	-	2,847,299
Non Government Debt Securities	9,861,245	-	15,337	9,876,582
Shares and units	688,427	-	10,271	698,698
	13,396,971	-	25,608	13,422,579
FVOCI				
Federal Government Securities	1,356,523,751	(363,713)	(22,616,278)	1,333,543,760
Shares	33,685,442	-	(679,015)	33,006,427
Foreign Securities	67,955,131	-	23,959	67,979,090
	1,458,164,324	(363,713)	(23,271,334)	1,434,529,277
Amortised Cost				
Federal Government Securities	14,441,266	(243,474)	-	14,197,792
Provincial Government Securities	118	(118)	-	-
Non Government Debt Securities	1,362,542	(482,151)	-	880,391
	15,803,926	(725,743)	-	15,078,183
Associates	700,401	-	-	700,401
Subsidiaries	17,968,237	-	-	17,968,237
Total Investments	1,506,033,859	(1,089,456)	(23,245,726)	1,481,698,677

Audited December 31, 2023

	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees in '000-----			
Held-for-trading securities				
Shares	292,517	-	(7,644)	284,873
	292,517	-	(7,644)	284,873
Available-for-sale securities				
Federal Government Securities	1,164,709,805	(414,772)	(29,273,303)	1,135,021,730
Shares and units	30,789,895	(10,026,787)	5,773,217	26,536,325
Non Government Debt Securities	2,953,840	-	(2,950)	2,950,890
Foreign Securities	43,963,271	-	93,789	44,057,060
	1,242,416,811	(10,441,559)	(23,409,247)	1,208,566,005
Held-to-maturity securities				
Federal Government Securities	14,788,331	(260,316)	-	14,528,015
Provincial Government Securities	118	(118)	-	-
Non Government Debt Securities	8,869,357	(477,541)	-	8,391,816
Foreign Securities	-	-	-	-
	23,657,806	(737,975)	-	22,919,831
Associates	700,401	-	-	700,401
Subsidiaries	16,968,237	-	-	16,968,237
Total Investments	1,284,035,772	(11,179,534)	(23,416,891)	1,249,439,347

Unaudited June 30, 2024 Audited December 31, 2023

-----Rupees in '000-----

- Market Treasury Bills	6,602,855	30,763,692
- Pakistan Investment Bonds	176,759,341	75,842,086
	183,362,196	106,605,778
10.2 Credit loss allowance for diminution in value of investments		
Opening balance	11,179,534	10,330,107
Reversal of impairment charged against equity instruments through FVOCI on adoption of IFRS 9	(10,026,787)	-
Impact of ECL on debt securities on adoption of IFRS 9	4,304	-
Exchange adjustments	(8,399)	54,762
Charge / (reversals)		
Charge for the period / year	306	1,744,532
Reversals for the period / year	(59,502)	-
Reversal on disposals	-	(949,867)
	(59,196)	794,665
Amounts written off	-	-
Closing Balance	1,089,456	11,179,534

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



10.3 Particulars of credit loss allowance against debt securities

Domestic

		Unaudited June 30, 2024		Audited December 31, 2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	*Provision / Credit loss allowance held
		-----Rupees in '000-----			
Performing	Stage 1	1,367,386,427	4,610	-	-
Under performing	Stage 2	2,841,362	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		477,659	477,659	477,659	477,659
		477,659	477,659	477,659	477,659
		1,370,705,448	482,269	477,659	477,659
Overseas					
Performing	Stage 1	74,589,199	-	-	-
Under performing	Stage 2	7,696,705	607,187	10,418,986	675,088
Non-performing	Stage 3	-	-	-	-
		82,285,904	607,187	10,418,986	675,088
Total		1,452,991,352	1,089,456	10,896,645	1,152,747

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

10.4 Summarized financial information of associates and subsidiaries

	Country of incorporation	% of interest held	Unaudited June 30, 2024				Assets	Liabilities
			Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)			
			----- Rupees in '000 -----					
Associates								
Euronet Pakistan (Private) Limited (unaudited based on June 30, 2024)	Pakistan	30%	887,896	132,447	132,447	2,126,531	1,973,776	
Adamjee Insurance Company Limited (unaudited based on March 31, 2024)	Pakistan	20%	12,034,918	1,047,115	2,122,194	178,656,939	144,750,027	
Subsidiaries								
MCB Islamic Bank Limited (unaudited based on June 30, 2024)	Pakistan	100.00%	23,630,999	2,173,062	1,941,690	300,777,119	277,377,780	
MCB Exchange Company (Private) Limited (unaudited based on June 30, 2024)	Pakistan	100.00%	77,826	35,125	35,125	1,099,018	63,893	
MCB Investment Management Limited (formerly MCB - Arif Habib Savings and Investment Limited) (unaudited based on March 31, 2024)	Pakistan	81.42%	1,272,750	672,964	672,964	2,908,950	1,143,277	
MCB Non-Bank Credit Organization Closed Joint Stock Company (unaudited based on June 30, 2024)	Azerbaijan	99.94%	391,966	122,970	122,970	5,060,630	3,791,493	

Audited December 31, 2023

	Country of incorporation	% of interest held	Audited December 31, 2023				Assets	Liabilities
			Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)			
Associates								
Euronet Pakistan (Private) Limited (unaudited based on December 31, 2023)	Pakistan	30%	1,474,982	(1,915)	(1,915)	1,553,014	1,526,982	
Adamjee Insurance Company Limited (audited based on December 31, 2023)	Pakistan	20%	41,976,789	2,716,915	7,247,972	172,799,968	141,046,004	
Subsidiaries								
MCB Islamic Bank Limited (audited based on December 31, 2023)	Pakistan	100.00%	35,942,266	5,153,335	5,689,370	266,999,705	244,963,453	
MCB Investment Management Limited (formerly MCB - Arif Habib Savings and Investment Limited) (audited based on June 30, 2023)	Pakistan	81.42%	1,200,663	378,218	378,218	2,711,449	970,740	
MCB Non-Bank Credit Organization Closed Joint Stock Company (audited based on December 31, 2023)	Azerbaijan	99.94%	617,756	182,559	182,559	4,122,446	2,961,675	

10.5 During the period, the Bank injected share capital of Rs 1.0 billion into MCB Exchange Company (Private) Limited, a wholly owned subsidiary.

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



11. ADVANCES

Note	Performing		Non Performing		Total	
	Unaudited June 30, 2024	Audited December 31, 2023	Unaudited June 30, 2024	Audited December 31, 2023	Unaudited June 30, 2024	Audited December 31, 2023
Loans, cash credits, running finances, etc. Bills discounted and purchased Advances - gross	588,157,433	547,237,076	56,327,697	53,000,544	644,485,130	600,237,620
	14,295,563	21,305,091	677,197	882,051	14,972,760	22,187,142
Advances - gross	602,452,996	568,542,167	57,004,894	53,882,595	659,457,890	622,424,762
Credit loss allowance against advances	4,284,686	-	-	-	4,284,686	-
	1,069,411	-	43,317,759	-	43,317,759	-
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- Specific	2,102,424	2,624,303	41,937,130	41,937,130	41,937,130	41,937,130
- General	(7,456,521)	(2,624,303)	(43,317,759)	(41,937,130)	(50,774,280)	(44,561,433)
Advances - net of credit loss allowance	594,996,475	565,917,864	13,687,135	11,945,465	608,683,610	577,863,229

11.1 Particulars of advances (gross)

In local currency
In foreign currencies

Unaudited June 30, 2024	Audited December 31, 2023
591,762,761	545,801,761
67,695,129	76,623,001
659,457,890	622,424,762

11.2 Advances include Rs. 57,004,894 million (2023: Rs. 53,882,595 million) which have been placed under the non-performing / Stage 3 status as detailed below:

Category of Classification

Category of Classification	Unaudited June 30, 2024		Audited December 31, 2023	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned (OAE M)	1,644,199	839,046	1,517,142	1,684
Substandard	3,830,346	1,700,330	834,737	46,687
Doubtful	2,086,673	1,065,400	224,303	111,716
Loss	35,454,222	34,672,005	36,557,845	36,043,900
Overseas				
Upto 90 Days	43,015,440	38,276,781	39,134,027	36,203,987
91 to 180 days	-	-	2,902	726
180 to 365 days	622,113	314,724	24,898	6,225
> 365 days	13,367,341	4,726,254	1,297	1,297
Total	13,989,454	5,040,978	14,748,568	5,733,143
	57,004,894	43,317,759	53,882,595	41,937,130

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

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



11.3 Particulars of credit loss allowance against advances

	Unaudited June 30, 2024				Audited December 31, 2023			
	Expected Credit Loss			General	Total	Specific	General	Total
	Stage 1 & Stage 2	Stage 3	General					
	-----Rupees in '000-----							
Opening balance	-	41,937,130	2,624,303	44,561,433	41,947,778	2,224,575	44,172,353	
Impact of ECL on adoption of IFRS 9	4,854,913	1,653,711	(163,371)	6,345,253	-	-	-	
Exchange adjustments	26,101	(30,988)	-	(4,887)	1,230,321	236,763	1,467,084	
Charge for the period / year	1,698,486	3,149,648	-	4,848,134	3,108,219	382,213	3,490,432	
Reversals	(1,225,403)	(2,276,963)	(358,508)	(3,860,874)	(3,570,328)	(219,248)	(3,789,576)	
Amounts written off	473,083	872,685	(358,508)	987,260	(462,109)	162,965	(299,144)	
Closing balance	5,354,097	43,317,759	2,102,424	50,774,280	41,937,130	2,624,303	44,561,433	

11.3.1 An analysis of changes in the credit loss allowance in relation to loans & advances of the Bank as at June 30, 2024 is as follows:

	Expected Credit Loss			General	Total
	Stage 1	Stage 2	Stage 3		
		-----Rupees in '000-----			
Opening balance	-	-	41,937,130	2,624,303	44,561,433
Impact of ECL on adoption of IFRS 9	3,475,280	1,379,633	1,653,711	(163,371)	6,345,253
Exchange adjustments	26,101	-	(30,988)	-	(4,887)
New Advances	214,003	17,503	20,127	-	251,633
Advances derecognized or repaid	(81,134)	(44,854)	(475,703)	(358,508)	(960,199)
Transfer to stage 1	401,684	(397,575)	(4,109)	-	-
Transfer to stage 2	(26,624)	33,581	(6,957)	-	-
Transfer to stage 3	(8,418)	(111,447)	119,865	-	-
Amounts written off / charged off	499,511	(502,792)	(346,777)	(358,508)	(708,566)
Changes in risk parameters	-	-	(1,114,779)	-	(1,114,779)
Closing balance	4,284,686	1,069,411	43,317,759	2,102,424	50,774,280

11.3.2 Category of Classification

	Unaudited June 30, 2024		Audited December 31, 2023	
	Outstanding amount	Credit loss allowance Held	Outstanding amount	Provision
	-----Rupees in '000-----			
Domestic				
Performing	551,355,591	4,146,540	543,341,237	-
Under performing	26,831,961	668,565	-	-
Non-performing				
Other Assets Especially Mentioned	1,644,199	839,046	1,517,142	1,684
Substandard	3,830,346	1,700,330	834,737	46,687
Doubtful	2,086,673	1,065,400	224,303	111,716
Loss	35,454,222	34,672,005	36,557,845	36,043,900
General Provision	43,015,440	38,276,781	39,134,027	36,203,987
	-	2,040,049	-	2,624,303
	621,202,992	45,131,935	582,475,264	38,828,290
Overseas				
Performing	15,297,618	138,146	25,200,930	-
Under performing	8,967,826	400,846	-	-
Non-performing				
Substandard	-	-	27,800	6,950
Doubtful	622,113	314,724	488,452	244,226
Loss	13,367,341	4,726,254	14,232,316	5,481,967
General Provision	13,989,454	5,040,978	14,748,568	5,733,143
	-	62,375	-	-
	38,254,898	5,642,345	39,949,498	5,733,143
Total	659,457,890	50,774,280	622,424,762	44,561,433

11.3.3 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. However, management has not taken the FSV benefit in calculation of specific provision.

12. PROPERTY AND EQUIPMENT	Note	Unaudited June 30, 2024		Audited December 31, 2023	
		-----Rupees in '000-----			
Capital work-in-progress	12.1	2,847,765		1,696,937	
Property and equipment		76,677,571		75,246,609	
		<u>79,525,336</u>		<u>76,943,546</u>	
12.1 Capital work-in-progress					
Civil works		2,210,229		1,335,418	
Equipment		38,774		26,012	
Advances to suppliers		589,224		330,898	
Others		9,538		4,609	
		<u>2,847,765</u>		<u>1,696,937</u>	
		Unaudited Half year ended June 30, 2024		Unaudited Half year ended June 30, 2023	
		-----Rupees in '000-----			
12.2 Additions to property and equipment					
The following additions have been made to property and equipment during the period:					
Capital work-in-progress - net additions		1,150,828		198,327	
Property and equipment					
Building on freehold land		197,832		195,778	
Building on leasehold land		2,185		2,639	
Electrical office and computer equipment		2,174,913		1,737,942	
Furniture and fixture		168,086		94,724	
Leasehold improvements		367,094		370,404	
Vehicles		347,676		231,552	
		<u>3,257,786</u>		<u>2,633,039</u>	
		<u>4,408,614</u>		<u>2,831,366</u>	
12.3 Disposal of property and equipment					
The net book value of property and equipment disposed off during the period is as follows:					
Freehold land		13,240		1,699,344	
Vehicles		25,445		10,338	
Furniture and fixture		636		1,599	
Electrical office and computer equipment		13,105		4,110	
Building on freehold land		-		15,607	
		<u>52,426</u>		<u>1,730,998</u>	
		Unaudited June 30, 2024		Audited December 31, 2023	
		-----Rupees in '000-----			
13. RIGHT-OF-USE ASSETS					
Right-of-use assets	13.1	5,637,632		5,877,865	
		<u>5,637,632</u>		<u>5,877,865</u>	
		Unaudited June 30, 2024		Audited December 31, 2023	
		Buildings	Others	Total	Buildings
					Others
		-----Rupees in '000-----			
13.1 At January 1,					
Cost		11,457,135	-	11,457,135	10,191,155
Accumulated depreciation		(5,579,270)	-	(5,579,270)	(4,476,309)
Net carrying amount at January 1,		<u>5,877,865</u>	<u>-</u>	<u>5,877,865</u>	<u>5,714,846</u>
Additions / adjustments during the period / year		585,036	-	585,036	1,725,069
Deletions during the period / year		(36,952)	-	(36,952)	(151,124)
Exchange adjustments		4,424	-	4,424	110,412
Depreciation charge for the period / year		(792,741)	-	(792,741)	(1,521,338)
Closing net carrying amount		<u>5,637,632</u>	<u>-</u>	<u>5,637,632</u>	<u>5,877,865</u>

14. INTANGIBLE ASSETS	Note	Unaudited June 30, 2024		Audited December 31, 2023	
		-----Rupees in '000-----			
Computer software		1,046,768		515,528	
Capital work-in-progress		337,225		519,955	
		<u>1,383,993</u>		<u>1,035,483</u>	
		Unaudited Half year ended June 30, 2024		Unaudited Half year ended June 30, 2023	
		-----Rupees in '000-----			
14.1 Additions to intangible assets					
The following additions have been made to intangible assets during the period:					
Computer software		818,665		124,878	
Capital work-in-progress - net additions		-		48,648	
		<u>818,665</u>		<u>173,526</u>	
		Unaudited June 30, 2024		Audited December 31, 2023	
		-----Rupees in '000-----			
15. DEFERRED TAX ASSETS / (LIABILITIES) - NET					
Deductible Temporary Differences on					
- Credit loss allowance against financial assets		5,420,104		201,520	
- Deficit on revaluation of investments		11,402,954		11,470,532	
		<u>16,823,058</u>		<u>11,672,052</u>	
Taxable Temporary Differences on					
- Surplus on revaluation of property and equipment		(3,538,834)		(3,608,814)	
- Surplus on revaluation of non-banking assets		(297,334)		(297,334)	
- Accelerated tax depreciation		(3,546,687)		(3,521,615)	
- Receivable from pension fund		(3,905,551)		(3,639,789)	
- Business combination		(705,218)		(705,218)	
		<u>(11,993,624)</u>		<u>(11,772,770)</u>	
		<u>4,829,434</u>		<u>(100,718)</u>	
16. OTHER ASSETS					
Income / mark-up accrued in local currency		66,178,481		62,017,227	
Income / mark-up accrued in foreign currencies		549,613		503,365	
Advances, deposits, advance rent and other prepayments		5,805,076		4,753,438	
Non-banking assets acquired in satisfaction of claims		1,628,546		1,637,884	
Compensation for delayed income tax refunds		133,809		133,809	
Mark to market gain on forward foreign exchange contracts		1,408,377		2,348,323	
Unrealized gain on derivative financial instruments		5,497		73,852	
Acceptances	22	32,677,344		40,966,674	
Receivable from the pension fund		7,970,513		7,428,142	
Clearing and settlement accounts		32,604,592		25,796,177	
Receivable from the Government of Pakistan		-		67,187,000	
Claims receivable against fraud and forgeries		580,698		607,980	
Others		2,868,953		3,325,470	
		<u>152,411,499</u>		<u>216,779,341</u>	
Less: Credit loss allowance / provision held against other assets	16.1	3,544,360		3,370,145	
Other Assets net of credit loss allowance		<u>148,867,139</u>		<u>213,409,196</u>	
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	24	606,806		606,806	
Other Assets - total		<u>149,473,945</u>		<u>214,016,002</u>	

22. OTHER LIABILITIES

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Mark-up / return / interest payable in local currency	4,534,838	3,926,926
Mark-up / return / interest payable in foreign currencies	459,071	562,509
Unearned commission and income on bills discounted	2,327,023	2,024,523
Accrued expenses	6,963,366	7,856,382
Current taxation (provisions less payments)	15,475,762	20,150,115
Workers Welfare Fund	15,064,923	13,810,584
Acceptances	32,677,344	40,966,674
Unclaimed / dividends payable	2,579,615	2,420,017
Mark to market loss on forward foreign exchange contracts	937,370	996,797
Unrealised loss on derivative financial instruments	5,497	73,848
Branch adjustment account	173,885	240,409
Provision for employees' compensated absences	1,323,417	1,266,190
Provision for post retirement medical benefits	2,250,759	2,121,129
Provision for employees' contributory benevolent scheme	134,665	140,847
Insurance payable against consumer assets	30,726	586,691
Unclaimed balances	404,832	508,115
Duties and taxes payable	6,426,937	10,955,674
Credit loss allowance / provision against off-balance sheet obligations	1,412,938	78,807
Security deposits against lease	2,551,329	2,068,373
Clearing and settlement accounts	27,170,921	24,223,005
Others	6,586,986	5,613,300
	<u>129,492,204</u>	<u>140,590,915</u>

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

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

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

	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Opening balance	78,807	48,403
Impact of ECL on adoption of IFRS 9	1,603,703	-
Exchange adjustment	(57)	8,449
Charge for the period / year	-	21,955
Reversals	(269,515)	-
	(269,515)	21,955
Amount written off	-	-
Closing balance	<u>1,412,938</u>	<u>78,807</u>

23. RESERVES

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Share premium	23,751,114	23,751,114
Non - distributable capital reserve - gain on bargain purchase option	908,317	908,317
Exchange translation reserve	8,708,829	8,585,375
Statutory reserve	50,072,352	46,878,730
General reserve	18,600,000	18,600,000
	<u>102,040,612</u>	<u>98,723,536</u>

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

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

24. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of

- Securities measured at FVOCI - Debt / AFS securities
- Securities measured at FVOCI - Equity / AFS securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

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

- Securities measured at FVOCI - Debt / AFS securities
- Securities measured at FVOCI - Equity / AFS securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

25. CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

25.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

25.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit

Commitments in respect of:

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

Commitments for acquisition of:

- property and equipment
- intangible assets

25.2.1 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

25.2.2 Commitments in respect of forward government securities transactions

- Purchase
- Sale

25.2.3 Commitments in respect of derivatives

- FX options
- Purchase
- Sale

- Cross Currency Swaps
- Purchase
- Sale

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
10.1	(22,592,319)	(29,182,464)
10.1	(679,015)	5,773,217
	39,175,218	39,331,254
16	606,806	606,806
	<u>16,510,690</u>	<u>16,528,813</u>
15	11,070,237	14,299,408
15	332,717	(2,828,876)
15	(3,538,834)	(3,608,814)
15	(297,334)	(297,334)
	<u>7,566,786</u>	<u>7,564,384</u>
	<u>24,077,476</u>	<u>24,093,197</u>
25.1	269,385,990	302,480,219
25.2	435,957,156	477,719,622
25.3	28,788,140	33,273,187
	<u>734,131,286</u>	<u>813,473,028</u>
	153,931,019	126,410,819
	110,550,356	169,265,393
	4,904,615	6,804,007
	<u>269,385,990</u>	<u>302,480,219</u>
	251,092,207	303,775,804
25.2.1	177,741,356	153,858,023
25.2.2	-	15,220,315
25.2.3	3,635,442	1,595,548
	2,804,382	2,023,934
	683,769	1,245,998
	<u>435,957,156</u>	<u>477,719,622</u>
	101,910,972	82,635,941
	75,830,384	71,222,082
	<u>177,741,356</u>	<u>153,858,023</u>
	-	15,197,000
	-	23,315
	-	15,220,315
	1,817,721	736,983
	1,817,721	736,983
	3,635,442	1,473,966
	-	60,791
	-	60,791
	-	121,582
	<u>3,635,442</u>	<u>1,595,548</u>



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

25.3 Other contingent liabilities

	Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----			
Claims against the Bank not acknowledged as debts	25.3.1	28,788,140	33,273,187

25.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

25.4 Taxation

For assessment year 1999-2000 through tax year 2024, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,632.390 million (2023: 5,902.495 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these unconsolidated condensed interim financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

25.5 Amortization of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortization for few years has been assessed in Bank's favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

26. DERIVATIVE INSTRUMENTS

	Unaudited June 30, 2024					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----						
Total						
Hedging	-	-	-	-	1,817,721	5,497
Market Making	-	-	-	-	1,817,721	(5,497)
-----Rupees in '000-----						
Audited December 31, 2023						
-----Rupees in '000-----						
Total						
Hedging	60,791	62,365	-	-	736,983	11,487
Market Making	60,791	(62,361)	-	-	736,983	(11,487)



27. MARK-UP / RETURN / INTEREST EARNED

	Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
-----Rupees in '000-----			
Loans and advances		53,580,944	54,619,002
Investments		123,779,640	85,644,145
Lendings to financial institutions		4,659,761	4,056,084
Balances with banks		1,159,916	960,234
		183,180,261	145,279,465

27.1 Interest income recognised on:

Financial assets measured at amortised cost	59,566,993
Financial assets measured at FVOCI	121,947,700
Financial assets measured at FVTPL	1,665,568
	183,180,261

28. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	91,925,351	57,296,516
Borrowings	13,655,199	18,645,598
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,026,585	1,771,333
Finance charges on lease liability against right-of-use assets	715,614	557,149
	108,322,749	78,270,596

29. FEE & COMMISSION INCOME

Branch banking customer fees	1,998,696	1,664,952
Consumer finance related fees	327,025	360,450
Card related fees (debit and credit cards)	3,740,721	2,617,495
Credit related fees	465,524	330,999
Investment banking fee	75,820	58,963
Commission on trade	1,866,848	1,314,835
Commission on guarantees	673,490	374,716
Commission on cash management	524,300	436,178
Commission on remittances including home remittances	799,987	806,130
Commission on bancassurance	356,685	471,052
Rent on lockers	114,821	112,698
Commission on utility bills	48,715	37,297
Commission on investments services	220,541	138,086
Others	99,710	67,646
	11,312,883	8,791,497

30. GAIN / (LOSS) ON SECURITIES

Realised	30.1	63,776	84,797
Unrealised - Measured at FVTPL	10.1	25,608	(11,936)
		89,384	72,861

30.1 Realised gain / (loss) on:

Federal Government Securities	62,242	68,753
Non Government Debt Securities	6,521	626
Shares	(4,987)	15,418
	63,776	84,797

30.2 Realised gain / (loss) on:

Financial assets measured at FVTPL		
Designated upon initial recognition	41,051	21,050
Mandatorily measured at FVPL	-	-
	41,051	21,050
Financial assets measured at FVOCI	22,725	63,747

	22,725	63,747
	63,776	84,797

	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
	-----Rupees in '000-----	
31. OTHER INCOME		
Rent on property	69,962	75,151
Gain on termination of lease liability against right of use assets	27,046	31,401
Gain on sale of property and equipment - net	141,202	9,369
Gain on sale of non-banking assets acquired in satisfaction of claims - net	-	776
	<u>238,210</u>	<u>116,697</u>
32. OPERATING EXPENSES		
Total compensation expense	12,681,415	11,038,979
Property expense		
Rent and taxes	133,149	152,187
Insurance	13,083	12,719
Utilities cost	1,093,539	853,691
Fuel expense generators	481,409	634,045
Security (including guards)	1,040,980	884,578
Repair and maintenance (including janitorial charges)	580,298	482,335
Depreciation on right-of-use assets	792,741	687,348
Depreciation	524,962	442,133
	<u>4,660,161</u>	<u>4,149,036</u>
Information technology expenses		
Software maintenance	874,428	832,762
Hardware maintenance	159,897	160,722
Depreciation	605,468	363,791
Amortization	288,690	170,839
Network charges	310,559	302,968
Insurance	3,467	2,218
	<u>2,242,509</u>	<u>1,833,300</u>
Other operating expenses		
Directors' fees and allowances	22,420	18,620
Legal and professional charges	223,856	184,299
Outsourced services costs	506,794	434,057
Travelling and conveyance	291,894	213,459
NIFT clearing charges	107,035	107,078
Depreciation	645,607	543,336
Depreciation on non-banking assets acquired in satisfaction of claims	9,338	11,939
Training and development	33,743	46,658
Postage and courier charges	152,630	120,211
Communication	933,873	560,093
Stationery and printing	609,949	530,797
Marketing, advertisement & publicity	608,779	351,075
Donations	10,100	10,000
Auditors' remuneration	43,414	29,560
Cash transportation charges	621,584	534,505
Repair and maintenance	380,467	311,743
Subscription	19,449	10,828
Entertainment	180,386	174,734
Remittance charges	119,279	131,466
Brokerage expenses	28,409	20,438
Card related expenses	1,671,125	1,282,682
CNIC verification charges	197,446	173,814
Insurance	1,153,021	972,927
Others	241,932	183,059
	<u>8,812,530</u>	<u>6,957,378</u>
	<u>28,396,615</u>	<u>23,978,693</u>

	Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
		-----Rupees in '000-----	
33. OTHER CHARGES			
Penalties of State Bank of Pakistan		61,584	25,734
VAT & National Building tax & Crop Insurance Levy		129,373	192,395
Education cess		48,800	46,614
		<u>239,757</u>	<u>264,743</u>
34. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against balance with other banks		2,297	10,296
Credit loss allowance against cash and balances with treasury banks		599	-
(Reversal of) / credit loss allowance for diminution in value of investments	10.2	(59,196)	1,824,672
Credit loss allowance against loans and advances	11.3	987,260	119,650
Reversal of credit loss allowance against lendings to financial institutions		(18,639)	-
(Reversal of) / credit loss allowance against off balance sheet items		(269,515)	8,420
(Reversal of) / credit loss allowance against other assets	16.1.1	(44,702)	33,666
Recovery of written off / charged off bad debts		(92,947)	(84,945)
		<u>505,157</u>	<u>1,911,759</u>
35. TAXATION			
Current		31,333,955	26,476,225
Prior years		-	-
Deferred		(553,212)	678,277
		<u>30,780,743</u>	<u>27,154,502</u>
36. BASIC AND DILUTED EARNINGS PER SHARE			
		-----Rupees in '000-----	
Profit after tax		<u>31,936,222</u>	<u>26,687,032</u>
		-----Number-----	
Weighted average number of ordinary shares		<u>1,185,060,006</u>	<u>1,185,060,006</u>
		-----Rupees-----	
Basic and diluted earnings per share		<u>26.95</u>	<u>22.52</u>
37. FAIR VALUE MEASUREMENTS			

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

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

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

37.1 Fair value of financial assets

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

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

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Property and equipment (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX Options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

	Unaudited June 30, 2024				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,336,391,059	-	1,336,391,059	-	1,336,391,059
Shares and units	32,274,398	32,151,891	122,507	-	32,274,398
Non-Government Debt Securities	9,876,582	-	9,876,582	-	9,876,582
Foreign Securities	67,979,090	-	67,979,090	-	67,979,090
Financial assets - disclosed but not measured at fair value					
Investments (amortized cost, unlisted ordinary shares, subsidiaries and associates)	35,177,548	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,776,954	-	64,776,954	-	64,776,954
Non-banking assets	2,147,269	-	2,147,269	-	2,147,269
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	101,910,972	-	845,051	-	845,051
Forward sale of foreign exchange	75,830,384	-	1,316,058	-	1,316,058
Derivatives purchase	1,817,721	-	5,497	-	5,497
Derivatives sale	1,817,721	-	5,497	-	5,497
-----Rupees in '000-----					
Audited December 31, 2023					
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,135,021,730	-	1,135,021,730	-	1,135,021,730
Shares and units	25,390,592	25,283,009	107,583	-	25,390,592
Non-Government Debt Securities	2,950,890	-	2,950,890	-	2,950,890
Foreign Securities	44,057,060	-	44,057,060	-	44,057,060
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares, subsidiaries and associates)	42,019,075	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,936,842	-	64,936,842	-	64,936,842
Non-banking assets	2,156,606	-	2,156,606	-	2,156,606
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	82,635,941	-	504,883	-	504,883
Forward sale of foreign exchange	71,222,082	-	1,856,409	-	1,856,409
Derivatives purchase	797,774	-	73,852	-	73,852
Derivatives sale	797,774	-	73,848	-	73,848

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



The Bank has related party relationship with its subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members. The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	Unaudited June 30, 2024				Audited December 31, 2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
Lendings to Financial Institutions										
Opening balance	-	-	9,000,000	-	-	-	-	-	-	-
Addition during the period / year	-	-	61,600,000	-	-	-	-	78,200,000	-	-
Repaid during the period / year	-	-	(69,989,783)	-	-	-	-	(69,200,000)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	610,217	-	-	-	-	9,000,000	-	-
Credit loss allowance held against lending to financial institutions*	-	-	(4,712)	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	16,988,237	700,401	249,253	-	-	16,318,312	700,401	249,253
Investment made during the period / year	-	-	1,000,000	-	-	-	-	649,925	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	17,988,237	700,401	249,253	-	-	16,968,237	700,401	249,253
Credit loss allowance for diminution in value of investments*	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	1,436	339,386	581,933	-	1,509,280	1,543	281,237	1,039,898	-	4,445,292
Addition / exchange adjustment during the period / year	3,018	66,716	-	-	392,147	5,963	95,327	-	-	914,191
Repaid / exchange adjustment during the period / year	(4,310)	(56,435)	(531)	-	(641,118)	(6,070)	(85,184)	(457,965)	-	(3,850,203)
Transfer in / (out)	-	(45,632)	-	-	-	-	-	48,006	-	-
Closing balance	144	304,035	581,402	-	1,260,309	1,436	339,386	581,933	-	1,509,280
Credit loss allowance against advances*	(10)	(24,071)	(10,876)	-	(17,557)	-	-	-	-	-
Fixed Assets										
Purchase of fixed assets	-	-	-	6,820	243,322	-	-	-	7,533	191,247

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



	Unaudited June 30, 2024				Audited December 31, 2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
(Rupees in '000)										
Other Assets										
Income / markup accrued	-	3,827	66,047	-	7,992	-	-	-	-	26,675
Advances, deposits, advance rent and other prepayments	1	-	102,316	408,251	207,113	-	4,302	22,354	-	25,684
Receivable from pension fund	1	-	-	-	7,970,513	-	-	25,663	573,809	25,684
Closing balance	1	3,827	168,363	408,251	8,185,618	-	4,302	48,017	573,809	7,428,143
Credit loss allowance / provision held against other assets*	-	(375)	(709)	-	(104)	-	-	-	-	-
Borrowings										
Opening balance	-	-	71,914	-	-	-	-	5,146	-	-
Borrowings / exchange adjustment during the period / year	-	-	2,408,597	-	-	-	-	4,458,449	-	-
Settled during the period / year	-	-	(2,433,363)	-	-	-	-	(4,391,681)	-	-
Closing balance	-	-	47,148	-	-	-	-	71,914	-	-
Deposits and other accounts										
Opening balance	3,034,686	200,484	102,012	8,321,464	10,033,148	193,547	184,112	187,369	5,623,897	5,594,903
Received during the period / year	1,906,228	1,193,710	9,741,172	37,426,885	69,144,494	4,574,426	1,701,697	9,730,003	90,801,961	108,421,525
Withdrawn during the period / year	(4,687,042)	(1,096,502)	(9,756,532)	(38,224,600)	(65,697,349)	(1,733,287)	(1,718,969)	(9,815,360)	(88,104,394)	(103,993,441)
Transfer in / (out) - net	(37)	(755)	1,018,033	-	264,802	-	-	33,644	-	10,161
Closing balance	253,835	296,937	1,104,685	7,522,749	13,745,095	3,034,686	200,484	102,012	8,321,464	10,033,148
Other Liabilities										
Markup / return / interest payable	-	4,149	-	21,383	6,710	-	2,009	-	121,341	5,268
Accrued expenses and other payable	-	-	28,474	103,828	836	-	-	24,157	47,714	168
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Closing balance	-	4,149	48,474	125,211	7,546	-	2,009	44,157	169,055	5,436
Credit loss allowance / provision against off-balance sheet obligations*	-	-	192	126	19,941	-	-	-	-	-
Contingencies and Commitments										
Letter of Credit	-	-	-	-	7,544,701	-	-	-	-	5,009,367
Bank guarantee	-	-	159,453	8,727,646	1,734,614	-	-	174,196	8,839,177	1,722,909
Closing balance	-	-	159,453	8,727,646	9,279,315	-	-	174,196	8,839,177	6,732,276



	Unaudited June 30, 2024				Unaudited June 30, 2023					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Income										
Markup / return / interest earned	-	11,361	406,308	-	56,002	24	11,017	287,655	-	53,272
Fee and commission income	1	-	128,965	455,633	14,697	-	-	65,770	377,761	6,638
Dividend income	-	-	205,173	105,000	59,325	-	-	-	114,704	50,169
Gain / (loss) on forward foreign exchange contracts matured	-	-	-	-	71,635	-	-	-	-	-
Net gain / (loss) on sale of securities	7	65	91	-	1,036	-	(23)	-	623	868
Gain on sale of fixed assets	30	89	-	5,474	3,122	-	136	-	5,164	3,288
Rent income	-	-	43,849	-	-	-	-	33,144	-	-
Expense										
Markup / return / interest expense	36,223	9,399	77,983	312,532	1,050,870	7,202	4,782	3,724	273,263	390,591
Other Operating expenses										
Cleaning expenses paid to NIFT	-	-	-	-	107,035	-	-	-	-	107,078
Contribution to provident fund	-	-	-	41,193	306,337	-	-	-	37,966	273,445
Rent expenses	-	-	-	-	28,154	-	-	-	-	27,139
Cash sorting expenses	-	-	-	-	64,090	-	-	-	-	67,736
Stationery expenses	-	-	-	-	235,272	-	-	-	-	275,274
Security guards expenses	-	-	-	-	2,578	-	-	-	-	54,432
Remuneration to key executives and non-executive directors fee	144,481	708,092	-	-	-	103,751	563,791	-	-	-
Outsourcing service expenses	-	-	-	67,032	-	-	-	-	72,511	-
Donation during the period	-	-	-	-	-	-	-	-	-	5,000
E-dividend processing fee and CDC charges	-	-	-	-	3,460	-	-	-	-	2,769
Traveling Expenses	-	-	-	-	64,881	-	-	17,797,689	-	11,763
Hotel stay expenses	-	-	-	-	13,669	-	-	21,025,838	-	3,164
Repair & Maintenance Charges	-	-	-	-	2,280	-	-	2,968,591	-	2,160
Utility expenses	-	-	-	-	1,327	-	-	-	-	366
Miscellaneous expenses and payments	-	-	-	-	2,509	-	-	-	-	979
Insurance premium-net of refund	-	-	-	368,726	-	-	-	-	324,575	-
Insurance claim settled	-	-	-	61,331	-	-	-	-	12,841	-
Other Transactions										
Proceeds from sale of fixed assets	31	89	-	-	-	-	136	-	-	-
Sale of foreign currency	-	-	824,104	-	-	-	-	-	-	-
Purchase of foreign currency	-	-	1,519,104	-	-	-	-	-	-	-
Payments against home remittances	-	-	2,205,160	-	-	-	-	-	-	-
Reimbursement of other expenses	-	-	43,757	-	-	-	-	32,235	-	-
Sale of government securities	73,455	77,326	160,611	5,543,426	20,505,635	12,964	100,283	-	12,036,173	17,077,946
Purchase of government securities	-	58,877	-	4,003,603	16,192,249	4,995	98,970	-	3,969,079	32,596,383
Forward exchange contracts matured during the period	-	-	-	-	6,442,102	-	-	-	-	399,000

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.
The Chairman has been provided with free use of the Bank's 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.

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

40.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

The Bank has not taken benefit allowed to banks to absorb the impact of IFRS 9 on regulatory capital.

Unaudited June 30, 2024
Audited December 31, 2023
-----Rupees in '000-----

Paid-up capital (net of losses)	11,850,600	11,850,600
Eligible Common Equity Tier 1 (CET 1) Capital	200,451,305	189,956,074
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	200,451,305	189,956,074
Eligible Tier 2 Capital	42,073,086	34,993,403
Total Eligible Capital (Tier 1 + Tier 2)	242,524,391	224,949,477
Credit Risk	767,700,206	710,062,627
Market Risk	169,807,271	158,148,274
Operational Risk	235,260,192	235,260,192
Total	1,172,767,669	1,103,471,093
Common Equity Tier 1 Capital Adequacy ratio	17.09%	17.21%
Tier 1 Capital Adequacy Ratio	17.09%	17.21%
Total Capital Adequacy Ratio	20.68%	20.39%

40.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

40.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

Unaudited June 30, 2024
Audited December 31, 2023
-----Rupees in '000-----

Eligible Tier-1 Capital	200,451,305	189,956,074
Total Exposures	3,216,446,060	3,079,976,278
Leverage Ratio	6.23%	6.17%
Total High Quality Liquid Assets	1,392,840,656	1,122,745,627
Total Net Cash Outflow	531,797,952	447,994,607
Liquidity Coverage Ratio	261.91%	250.62%
Total Available Stable Funding	1,660,454,817	1,534,467,842
Total Required Stable Funding	1,007,274,599	1,040,919,407
Net Stable Funding Ratio	164.85%	147.41%



41. EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 07, 2024 has announced an interim cash dividend in respect of half year ended June 30, 2024 of Rs. 9.00 per share (June 30, 2023: Rs. 7.00 per share). These unconsolidated condensed interim financial statements for the period ended June 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42. GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated condensed interim financial statements for the purposes of better presentation.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated condensed interim financial statements due to adoption of new forms for the preparation of financial statements as explained in note 4.1 is as follows:

Description of item	Nature	From	To	Rs in '000'
Right-of-use assets	Asset	Property and equipment	Right-of-use assets	5,877,865
Lease liabilities against right-of-use-assets	Liability	Other liabilities	Lease liabilities	8,686,003

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

43. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held August 07, 2024.



MCB BANK LIMITED

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

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

Note Unaudited June 30, 2024 Audited December 31, 2023

-----Rupees in '000-----

ASSETS

Cash and balances with treasury banks	7	248,097,626	190,245,798
Balances with other banks	8	51,486,099	37,806,854
Lendings to financial institutions	9	88,755,589	89,713,400
Investments	10	1,600,542,788	1,372,343,715
Advances	11	715,685,342	670,673,495
Property and equipment	12	84,112,365	80,736,669
Right-of-use assets	13	7,736,877	8,001,881
Intangible assets	14	2,746,605	1,859,032
Deferred tax assets	15	1,967,891	-
Other assets	16	164,710,600	228,704,335

Total Assets

2,965,841,782 2,680,085,179

LIABILITIES

Bills payable	18	16,371,008	27,271,384
Borrowings	19	298,346,732	235,664,480
Deposits and other accounts	20	2,245,113,501	2,009,828,619
Lease liabilities	21	11,493,150	11,429,243
Subordinated debt		-	-
Deferred tax liabilities	15	-	3,552,321
Other liabilities	22	139,234,538	150,588,030

Total Liabilities

2,710,558,929 2,438,334,077

NET ASSETS

255,282,853 241,751,102

REPRESENTED BY

Share capital		11,850,600	11,850,600
Reserves	23	104,854,995	101,129,809
Surplus on revaluation of assets	24	25,678,994	25,740,282
Unappropriated profit		112,519,835	102,689,217
		254,904,424	241,409,908
Non-controlling interest		378,429	341,194
		255,282,853	241,751,102

CONTINGENCIES AND COMMITMENTS

25

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



Hammad Khalid
Chief Financial Officer



Shoaib Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

Note Quarter Ended April 01 to June 30, 2024 April 01 to June 30, 2023 Half Year Ended January 01 to June 30, 2024 January 01 to June 30, 2023
-----Rupees in '000-----

Mark-up / return / interest earned	27	106,262,286	89,999,147	206,903,843	160,232,937
Mark-up / return / interest expensed	28	65,108,013	48,824,177	123,301,832	86,015,544
Net mark-up / interest income		41,154,273	41,174,970	83,602,011	74,217,393
NON MARK-UP / INTEREST INCOME					
Fee and commission income	29	5,992,042	5,254,002	12,787,974	9,902,627
Dividend income		559,256	724,997	1,357,864	1,379,179
Foreign exchange income		3,082,966	2,870,941	5,009,043	3,907,029
Income from derivatives		777	819	1,174	12,875
Gain / (loss) on securities-net	30	74,614	(11,528)	80,742	72,815
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	31	146,552	69,044	247,397	120,945
Total non-markup / interest Income		9,856,207	8,908,275	19,484,194	15,395,470
Total income		51,010,480	50,083,245	103,086,205	89,612,863
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	17,231,685	14,245,212	33,546,565	27,803,288
Workers Welfare Fund		652,157	678,911	1,357,187	1,175,069
Other charges	33	88,868	167,902	239,979	266,069
Total non-markup / interest expenses		17,972,710	15,092,025	35,143,731	29,244,426
Share of profit of associates		553,826	327,921	970,341	331,678
Profit before credit loss allowance		33,591,596	35,319,141	68,912,815	60,700,115
Credit loss allowance and write offs - net	34	588,059	1,490,560	560,104	2,230,515
PROFIT BEFORE TAXATION		33,003,537	33,828,581	68,352,711	58,469,600
Taxation	35	16,162,154	19,133,413	33,657,175	29,795,186
PROFIT AFTER TAXATION		16,841,383	14,695,168	34,695,536	28,674,414
Less: Profit attributable to non-controlling interest		(49,605)	(24,458)	(84,069)	(75,684)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		16,791,778	14,670,710	34,611,467	28,598,730
Basic and diluted earnings per share					
	36	14.17	12.38	29.21	24.13

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



Hammad Khalid
Chief Financial Officer



Shoaib Mumtaz
President / CEO



Mian Umer Mansha
Director



Shahzad Hussain
Director



Muhammad Ali Zeb
Director

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For The Half Year Ended June 30, 2024



	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2024	April 01 to June 30, 2023	January 01 to June 30, 2024	January 01 to June 30, 2023
Profit after taxation for the period	16,841,383	14,695,168	34,695,536	28,674,414
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches and subsidiary	(78,964)	272,362	108,859	5,292,778
- Equity shareholders of the bank	3	6	(7)	125
- Non-controlling interest	(78,961)	272,368	108,852	5,292,903
Share of exchange translation reserve of associate	(6,677)	116,697	(11,907)	106,395
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI / AFS investments - net of tax	3,880,563	4,307,286	3,128,097	(3,926,865)
Movement in surplus on associated undertaking-net of tax	118,688	(266,696)	183,545	(60,429)
	3,913,613	4,429,655	3,408,587	1,412,004
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	1,916,320	-	2,011,852	-
Remeasurement gain on defined benefit obligations - net of tax	-	292,162	-	292,162
Movement in surplus on revaluation of property and equipment - net of tax	-	(471,259)	-	(471,259)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(52,418)	-	(52,418)
Movement in surplus on revaluation of non-banking assets - net of tax	1,916,320	(231,515)	2,011,852	(231,515)
Total comprehensive income	22,671,316	18,893,308	40,115,975	29,854,903
Attributable to:				
- Equity shareholders of the bank	22,621,708	18,868,844	40,031,913	29,779,094
- Non-controlling interest	49,608	24,464	84,062	75,809
Total comprehensive income	22,671,316	18,893,308	40,115,975	29,854,903

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

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
For The Half Year Ended June 30, 2024



	Share capital	Capital reserve		Share premium	Surplus/(deficit) on revaluation of investments	Surplus/(deficit) on revaluation of Associate	Property and equipment/non-banking assets	Unappropriated profit	Total	Non controlling interest	Grand Total
		Share premium	Non-distributable capital reserve								
Balance as at December 31, 2023 (Audited)	11,860,600	23,970,024	908,317	4,848,697	41,313,468	18,600,000	18,600,000	72,283,700	183,742,526	732,489	184,477,747
Profit after taxation for the period ended June 30, 2023	-	-	-	5,384,713	-	-	-	28,588,730	28,588,730	7,584	28,614,414
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on associated undertaking-net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	3,061,823	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to appropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of revalued property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-	-	-	-	-
Transfer from share with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend of Rs. 6.0 per share - December 31, 2023	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend of Rs. 6.0 per share - March 31, 2023	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2023 (Un-audited)	11,860,600	23,970,024	908,317	10,244,870	44,375,261	18,600,000	18,600,000	84,451,888	208,079,912	32,468	208,462,076
Profit after taxation for the six months period ended December 31, 2023	-	-	-	9,942,671	-	-	-	30,532,889	30,532,889	9,697	30,595,386
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on associated undertaking-net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of AFS investments - net of tax	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	9,942,671	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to appropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Transfer from share with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend of Rs. 6.0 per share - June 30, 2024	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend of Rs. 6.0 per share - September 30, 2023	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2023 (Audited)	11,860,600	23,970,024	908,317	9,942,671	48,307,215	18,600,000	18,600,000	102,889,217	208,079,912	34,194	208,158,106
Impact of adoption of FRSS 9 - net of tax in Feb 2024	-	-	-	-	422,761	-	-	90,204	90,204	-	-
Opening balance as at January 01, 2024 - after adoption of FRSS 9	11,860,600	23,970,024	908,317	9,942,671	48,307,215	18,600,000	18,600,000	102,980,015	208,203,591	34,194	208,544,795
Profit after taxation for the period ended June 30, 2024	-	-	-	9,942,671	-	-	-	30,532,889	30,532,889	9,697	30,595,386
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on associated undertaking-net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	9,942,671	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to appropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of revalued property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Transfer from share with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend of Rs. 6.0 per share - December 31, 2023	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend of Rs. 6.0 per share - March 31, 2024	-	-	-	-	-	-	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2024 (Un-audited)	11,860,600	23,970,024	908,317	9,942,671	49,320,000	18,600,000	18,600,000	103,022,106	208,203,591	34,194	208,544,795

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

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

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Cash Flow Statement (Un-Audited)
For The Half Year Ended June 30, 2024



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

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

Hammad Khalid
Chief Financial Officer

Shoaib Mumtaz
President / CEO

Mian Umer Mansha
Director

Shahzad Hussain
Director

Muhammad Ali Zeb
Director

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



1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies

- MCB Investment Management Limited
- MCB Non-Bank Credit Organization Closed Joint Stock Company
- MCB Islamic Bank Limited
- MCB Exchange Company (Private) Limited *

"Percentage holding of MCB Bank Limited"
81.42%
99.94%
100%
100%

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB - 15 Main Gulberg, Lahore. The Bank operates 1,428 branches (2023: 1,430 branches) within Pakistan and 08 branches (2023: 08 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

*During the period, the Holding company injected share capital of Rs 1.0 billion into MCB Exchange Company (Private) Limited, a wholly owned subsidiary.

1.1 Demerger of 39 Branches from MCB Bank Limited

The Board of Directors of MCB Bank Limited (MCB) in its meeting held on April 24, 2024 had approved the Scheme of Compromises, Arrangements and Reconstruction (the 'Scheme'), under Section 279 to 283 and 285 of the Companies Act, 2017, between the Bank and its wholly owned subsidiary MCB Islamic Bank Limited (MIB) to demerger business operations of its 39 branches and transfer to wholly owned subsidiary MIB subject to regulatory approvals.

No Objection Certificate of the State Bank of Pakistan on the Scheme was received on April 29, 2024 and petition was filed before the Honourable Lahore High Court for sanctioning the scheme of demerger. The shareholders had approved the Scheme in the Extra Ordinary General Meeting (EOGM) held on July 06, 2024.

Subject to sanction by the Honourable Lahore High Court, the banking business of these branches will stand converted into Islamic banking business and will be transferred to and vested in MIB against payment of cash consideration.

2. BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and share of the profit / reserves of associates (the "Group").

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial statements for the half year ended June 30, 2024 and the carrying value of investments held by the parent is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have also been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the half year ended June 30, 2024.

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

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

The financial results of the Group's Islamic Banking business have been consolidated in these financial statements for reporting purposes, after eliminating material intra-group transactions / balances.

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

2.4 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts, certain investments and derivative financial instruments have been marked to market and are carried at fair value and defined benefit obligations and right of use of assets with related lease liability have been measured at present value on initial recognition.

2.5 The Group believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated condensed interim financial statements have been prepared on a going concern basis.

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;

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

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

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

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

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

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

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 and IAS 34, Interim Financial Reporting. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2023.

3.5 Standards, interpretations of and amendments to approved accounting standards that are effective in the current period

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any material effect on the Group's operations and therefore are not detailed in these consolidated condensed interim financial statements except for IFRS 9 'Financial Instruments', the impact of which is disclosed under note 4.2.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Group's operations except for:

Effective date (annual periods beginning on or after)

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments January 01, 2026
 IFRS 18 – Presentation and Disclosure in Financial Statements January 01, 2027

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

4.1 Adoption of new forms for the preparation of consolidated condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of consolidated condensed interim financial statements of banks that are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 42.

4.2 Impact of IFRS 9 Financial Instruments

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

In preparation of these financial statements, the Group has applied requirements of IFRS 9 and instructions issued by SBP, through various circulars, from the date of initial application of January 01, 2024 with a modified retrospective approach for restatement. As permitted by the transitional provisions of IFRS 9, the Group has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative figures.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has provided additional clarification on earlier issued 'IFRS 9 Application Instructions' to address certain key matters that had been raised by the banks with a direction to ensure compliance by extended timelines. There are a few other matters, including treatment of unencumbered general provision, which are still under deliberation with the SBP. The Group has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

4.2.1 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit and loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit and loss account. Interest / profit / dividend income on these assets are recognised in the profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs will be directly recorded in the profit and loss account. These assets are subsequently measured at fair value with changes recorded in the profit and loss account. Interest / dividend income on these assets are recognised in the profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

4.2.2 Classification and measurement

The classification and measurement of financial assets is based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at fair value through profit or loss ('FVTPL') regardless of the business model in which they are held. The Group's business model in which financial assets are held determines whether the financial assets are measured at amortized cost (AC), fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Debt based financial assets can only be held at amortized cost if these are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt based financial assets where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are measured at FVOCI, with unrealized gains or losses deferred in reserves until the asset is derecognized. The debt based financial assets that are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The classification of equity instruments is generally measured at FVTPL unless the Group, at initial recognition, irrevocably designates as FVOCI in which case, both the unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

The requirements of IFRS 9 led to changes in classification of certain financial assets held by the Group which are explained as follows:

a. Debt based financial assets previously classified as available for sale (AFS)

The application of IFRS 9 has resulted in classification and consequent remeasurement of investments in INPC's, amounting to Rs. 5,699.494 million, held under AFS portfolio as of December 31, 2023 to FVTPL based on their business model assessment.

The failure of SPPI test upon assessment of contractual cash flows of debt based financial assets has resulted in classification and consequent remeasurement of investments in certain non government debt securities, amounting to Rs. 3,714.280 million to FVTPL.

All other debt based financial assets previously classified as AFS upon passing the SPPI test have been designated as FVOCI under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. There is no change to their measurement basis and recognition of realized and unrealized gain/loss under IFRS 9.

b. Debt based financial assets previously classified as held to maturity (HTM)

Debt based financial assets currently classified as HTM upon passing the SPPI test have been designated as amortized cost under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows. Investments in certain non government debt securities, amounting to Rs. 7,506.816 million, on failing the SPPI test have been reclassified to FVTPL.

The following table reconciles the carrying value of investments in debt based financial assets as reported on December 31, 2023 to the carrying amounts on transition to IFRS 9 at January 01, 2024:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement Category	Audited December 31, 2023	Measurement Category	Balance as of January 01, 2024 - before ECL
-----Rupees in '000'-----				
Federal Government Securities				
- Market Treasury Bills	Available for sale	353,834,432	FVOCI	353,834,432
	Held for trading	206,562	FVTPL	206,562
- Pakistan Investment Bonds	Available for sale	770,131,998	FVOCI	770,131,998
	Held to maturity	11,367,944	AC	11,367,944
- Islamic Naya Pakistan Certificates	Available for sale	5,699,494	FVTPL	5,699,494
- Euro Bonds	Available for sale	5,355,806	FVOCI	5,355,806
	Held to maturity	3,160,071	AC	3,160,071
Government of Pakistan (GOP) Ijarah Sukuks	Available for sale	93,563,182	FVOCI	93,563,182
	Held for trading	2,000,800	FVTPL	2,000,800
	Held to maturity	36,216,930	AC	36,216,930
Non Government Debt Securities				
- Sukuk Bonds	Available for sale	1,063,390	FVTPL	3,161,391
	Held to maturity	2,983,001	AC	885,000
- Term Finance Certificates	Available for sale	2,650,890	FVTPL	8,059,705
	Held to maturity	5,408,815	AC	-
Foreign Securities				
- Government securities	Available for sale	44,057,060	FVOCI	44,057,060
		1,337,700,375		1,337,700,375

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

c. Equity instruments previously classified as available for sale (AFS)

The Group has elected to irrevocably designate all quoted and unquoted equity securities previously classified as available for sale (AFS) as FVOCI except units of open end mutual funds, amounting to Rs. 115.98 million, that have been mandatorily classified as measured at FVTPL. The fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rs. 9,783.874 million on listed equity investments and Rs. 205.765 million for unlisted equity investments held as at December 31, 2023 to surplus / deficit on revaluation of investments.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 01, 2024 are compared as follows:

Financial Asset	Before adoption of IFRS 9*		After adoption of IFRS 9**	
	Measurement Category	Audited December 31, 2023	Measurement Category	IFRS 9 January 01, 2024
-----Rupees in '000'-----				
Cash and balances with treasury banks	Loans and receivables	190,245,798	AC	189,718,501
Balances with other banks	Loans and receivables	37,806,854	AC	37,514,288
Lending to financial institutions	Loans and receivables	89,713,400	AC	89,616,129
Investments - net	Held for Trading	2,492,235	FVTPL	2,492,235
	Available for sale	1,302,892,842	FVOCI	1,293,363,088
			FVTPL	8,759,754
	Held to maturity	59,136,761	AC	51,625,641
			FVTPL	8,273,315
Advances - net	Loans and receivables	670,673,495	AC	663,308,743
Other assets	Loans and receivables	228,704,335	AC	228,467,230
		2,581,665,720		2,573,138,924

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

** The reconciliation between carrying amounts of financial assets before and after adoption of IFRS 9 has been disclosed in note 4.2.5

4.2.3 Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit and loss account.

4.2.4 Expected Credit Loss (ECL)

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt based financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Group recognises a credit loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations. Based on the level of increase in credit risk, the Group shall calculate 12mECL for assets which did not have a SICR i.e., stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., stage 2.

Based on the above process, the Group categorizes its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Group recognises the LTECLs for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio / segment. When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Group records an allowance for the LTECLs.

Guarantee & Letter of Credit contracts: The Group estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

EAD The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

LGD It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Group expects to receive, including any form of collateral.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Group uses an approximation e.g. contractual rate (at reporting date).

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No.16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Group's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Bank has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

- If a customer fails to service mark-up and / or principal within days past due (dpd) criteria as prescribed by SBP from time to time;
- The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if held).

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

4.2.5 Adoption Impacts

The Group has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS 9. The cumulative impact of initial application of Rs. 5,206.317 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balance as of December 31, 2023 (Audited)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Impact due to: Classifications due to business model and SPP assessments	Remeasurements	Reversal of provisions held	Total impact - gross of tax	Taxation (current + deferred)	Total impact - net of tax	Balance as of January 01, 2024	IFRS 9 Category
ASSETS											
Cash and balances with treasury banks	190,245,798	(527,297)	-	-	-	-	(527,297)	-	(527,297)	189,718,501	AC
Balances with other banks	37,806,854	(292,566)	-	-	-	-	(292,566)	-	(292,566)	37,514,288	AC
Lendings to financial institutions	89,713,400	(97,271)	-	-	-	-	(97,271)	-	(97,271)	89,616,129	AC
Investments	1,302,892,842	-	(1,302,892,842)	(9,529,754)	-	-	(1,302,892,842)	-	(1,302,892,842)	-	FVOCI
- Classified as available for sale	-	-	1,302,892,842	(9,529,754)	-	-	1,293,363,088	-	1,293,363,088	1,293,363,088	FVOCI
- Classified as fair value through other comprehensive income	-	-	(59,136,761)	-	-	-	(59,136,761)	-	(59,136,761)	(59,136,761)	AC
- Classified as held to maturity	59,136,761	(4,304)	59,136,761	(7,506,816)	-	-	51,625,641	-	51,625,641	51,625,641	AC
- Classified as amortised cost	-	-	(2,492,235)	-	-	-	(2,492,235)	-	(2,492,235)	-	AC
- Classified as held for trading	2,492,235	-	2,492,235	17,036,570	(3,501)	-	19,525,304	-	19,525,304	19,525,304	FVTPL
- Classified as fair value through profit or loss	7,821,877	-	-	-	(3,501)	-	(7,821,877)	-	(7,821,877)	7,821,877	Outside the scope of IFRS 9
- Associates	1,372,343,715	(4,304)	-	-	(3,501)	-	(1,372,343,715)	-	(1,372,343,715)	1,372,339,410	Outside the scope of IFRS 9
Advances	716,525,774	(7,364,752)	-	-	-	-	(7,364,752)	-	(7,364,752)	716,525,774	AC
- Gross amount	(45,852,273)	(7,364,752)	-	-	-	-	(53,217,025)	-	(53,217,025)	-	AC
- Provisions	670,673,495	(7,364,752)	-	-	-	-	(7,364,752)	-	(7,364,752)	663,308,743	AC
Property and equipment	80,736,669	-	-	-	-	-	-	-	-	80,736,669	Outside the scope of IFRS 9
Right-of-use assets	8,001,881	-	-	-	-	-	-	-	-	8,001,881	Outside the scope of IFRS 9
Intangible assets	1,859,032	-	-	-	-	-	-	-	-	1,859,032	Outside the scope of IFRS 9
Deferred tax asset	228,704,335	(237,105)	-	-	-	-	(237,105)	(6,371,787)	6,371,787	6,371,787	Outside the scope of IFRS 9
Other assets	2,680,065,179	(8,523,295)	-	-	(3,501)	-	(8,526,796)	(6,371,787)	(2,155,009)	2,677,930,170	AC
LIABILITIES											
Bills payable	27,271,384	-	-	-	-	-	-	-	-	27,271,384	AC
Borrowings	235,664,480	-	-	-	-	-	-	-	-	235,664,480	AC
Deposits and other accounts	2,009,828,619	-	-	-	-	-	-	-	-	2,009,828,619	AC
Lease liability against right-of-use assets	11,429,243	-	-	-	-	-	-	-	-	11,429,243	AC
Subordinated debt	3,552,321	-	-	-	-	-	-	3,552,321	3,552,321	-	AC
Deferred tax liabilities	150,588,030	1,688,277	-	-	-	-	1,688,277	(4,915,352)	6,603,629	157,191,659	AC
Other liabilities	2,438,334,077	1,688,277	-	-	(3,501)	-	1,688,277	(1,363,031)	3,051,306	2,441,385,385	AC
NET ASSETS	241,751,102	(10,211,572)	-	-	(3,501)	-	(10,215,073)	(5,008,756)	(5,206,317)	236,544,785	
REPRESENTED BY											
Share capital	11,850,600	-	-	-	-	-	-	-	-	11,850,600	
Reserves	101,129,809	-	-	-	-	-	-	-	-	101,129,809	
Surplus on revaluation of assets - net of tax	25,740,282	-	-	(8,045)	-	(10,026,787)	(10,034,832)	(4,918,719)	(5,116,113)	20,624,169	
Unappropriated profit	102,689,217	(10,211,572)	-	8,045	(3,501)	10,026,787	(1,80,241)	(90,037)	(90,204)	102,599,013	
	241,409,908	(10,211,572)	-	-	(3,501)	(10,215,073)	(5,008,756)	(5,206,317)	(5,206,317)	236,203,591	
Non-controlling interest	341,194	-	-	-	-	-	-	-	-	341,194	
	241,751,102	(10,211,572)	-	-	(3,501)	(10,215,073)	(5,008,756)	(5,206,317)	(5,206,317)	236,544,785	

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the consolidated condensed interim financial statements.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023.

7. CASH AND BALANCES WITH TREASURY BANKS

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
In hand		
Local currency	46,892,357	37,437,971
Foreign currencies	9,451,792	8,807,239
	56,344,149	46,245,210
With State Bank of Pakistan in		
Local currency current account	121,914,507	88,108,940
Foreign currency current accounts	2,642,060	2,454,172
Foreign currency deposit account	12,688,518	12,812,091
	137,245,085	103,375,203
With other central banks in		
Foreign currency current accounts	14,574,544	7,618,129
With National Bank of Pakistan in		
Local currency current accounts	40,319,661	32,835,691
Prize bonds	143,706	171,565
Less: Credit loss allowance held against cash and balances with treasury banks	(529,519)	-
Cash and balances with treasury banks - net of credit loss allowance	248,097,626	190,245,798

8. BALANCES WITH OTHER BANKS

In Pakistan		
In current account	15,376	17,842
In deposit account	1,581	7,886
	16,957	25,728
Outside Pakistan		
In current accounts	19,109,017	11,901,017
In deposit accounts	32,661,496	25,869,888
	51,770,513	37,770,905
Less: Credit loss allowance held against balances with other banks	(301,371)	(10,221)
Balances with other banks - net of credit loss allowance	51,486,099	37,806,854

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	45,407,675	65,714,000
Repurchase agreement lendings (Reverse Repo)	34,921,800	21,499,400
Musharaka arrangements	8,500,000	2,500,000
	88,829,475	89,713,400
Less: Credit loss allowance held against lending to financial institutions	(73,886)	-
Lending to financial institutions - net of credit loss allowance	88,755,589	89,713,400

9.1 Particulars of credit loss allowance

		Unaudited June 30, 2024	Audited December 31, 2023		
		Lending	Credit loss allowance held	Classified Lending	Provision held
-----Rupees in '000-----					
Domestic					
Performing	Stage 1	43,721,799	(68,963)	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		43,721,799	(68,963)	-	-
Overseas					
Performing	Stage 1	45,107,676	(4,923)	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		45,107,676	(4,923)	-	-

10. INVESTMENTS

10.1 Investments by type:

FVTPL

	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Federal Government Securities	2,847,299	-	-	2,847,299
Non Government Debt Securities	10,631,245	-	12,153	10,643,398
Shares and units	688,427	-	10,271	698,698
	14,166,971	-	22,424	14,189,395

FVOCI

Federal Government Securities	1,455,393,623	(363,713)	(22,145,513)	1,432,884,397
Shares	33,685,707	-	(679,015)	33,006,692
Foreign Securities	67,955,131	-	23,959	67,979,090
	1,557,034,461	(363,713)	(22,800,569)	1,533,870,179

Amortised Cost

Federal Government Securities	42,821,625	(243,474)	-	42,578,151
Provincial Government Securities	118	(118)	-	-
Non Government Debt Securities	1,362,542	(482,151)	-	880,391
	44,184,285	(725,743)	-	43,458,542

Associates

	9,024,672	-	-	9,024,672
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Total Investments

Unaudited June 30, 2024				
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
-----Rupees in '000-----				
	1,624,410,389	(1,089,456)	(22,778,145)	1,600,542,788

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

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

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

10.7 Investment in units of funds under management of MCB Investment Management Limited

Investment of the Group in units of funds under management of MCB Investment Management Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'.

	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	
Investment at the beginning of the period / year	1,234,703	1,105,496
Investment / (redemptions) during the period / year	360,852	(267,428)
Share of profit for the period / year	205,161	415,827
Dividend Income	(10,029)	(19,192)
	555,984	129,207
Closing balance	1,790,687	1,234,703

11. ADVANCES

Loans, cash credits, running finances, etc.
Islamic financing and related assets
Bills discounted and purchased
Advances - gross
Credit loss allowance against advances
- Stage 1
- Stage 2
- Stage 3
- Specific
- General
Advances - net of credit loss allowance

Note	Performing		Non Performing		Total	
	Unaudited June 30, 2024	Audited December 31, 2023	Unaudited June 30, 2024	Audited December 31, 2023	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----					
	592,360,906	550,702,472	56,340,552	53,000,544	648,701,458	603,703,016
	102,892,765	88,677,808	2,221,235	1,957,808	105,114,000	90,635,616
	14,295,563	21,305,091	677,197	882,051	14,972,760	22,187,142
	709,549,234	660,685,371	59,238,984	55,840,403	768,788,218	716,525,774
11.3	4,942,159	-	-	-	4,942,159	-
	1,181,251	-	44,877,042	-	1,181,251	-
	-	-	-	42,682,380	44,877,042	42,682,380
	2,102,424	3,169,899	-	-	2,102,424	3,169,899
	(8,225,834)	(3,169,899)	(44,877,042)	(42,682,380)	(53,102,876)	(45,852,279)
	701,323,400	657,515,472	14,361,942	13,158,023	715,685,342	670,673,495
					Unaudited June 30, 2024	Audited December 31, 2023
					-----Rupees in '000-----	
					696,898,634	636,444,276
					71,889,584	80,081,498
					768,788,218	716,525,774

11.1 Particulars of advances (gross)

In local currency
In foreign currencies

Advances include Rs. 59,238,984 million (2023: Rs. 55,840,403 million) which have been placed under the non-performing / Stage 3 status as detailed below:

Category of Classification

Category of Classification	Unaudited June 30, 2024		Audited December 31, 2023	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Provision
	-----Rupees in '000-----			
Domestic	1,652,031	839,046	1,517,142	1,684
Other Assets Especially Mentioned (OAEI)	3,860,502	1,704,262	1,056,913	52,169
Substandard	2,577,118	1,079,526	382,282	114,909
Doubtful	37,147,024	36,200,376	38,135,498	36,780,475
Loss	45,236,675	39,823,210	41,091,835	36,949,237
Overseas	-	-	2,902	726
Upto 90 Days	-	-	24,898	6,225
91 to 180 days	622,113	314,720	1,297	1,297
180 to 365 days	13,380,196	4,739,112	14,719,471	5,724,895
> 365 days	14,002,309	5,053,832	14,748,568	5,733,143
Total	59,238,984	44,877,042	55,840,403	42,682,380

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

11.3 Particulars of credit loss allowance against advances

	Unaudited June 30, 2024			Audited December 31, 2023			
	Expected Credit Loss		General	Total	Specific	General	Total
	Stage 1 & Stage 2	Stage 3					
	-----Rupees in '000-----						
Opening balance	-	42,682,380	3,169,899	45,852,279	42,122,972	2,638,230	44,761,202
Impact of ECL on adoption of IFRS 9	5,615,036	2,458,683	(708,967)	7,364,752	-	-	-
Exchange adjustments	26,503	(30,988)	-	(4,485)	1,230,321	237,236	1,467,557
Charge for the period / year	1,810,091	3,170,160	-	4,980,251	3,685,905	531,609	4,217,514
Reversals	(1,328,220)	(2,288,414)	(358,508)	(3,975,142)	(3,576,979)	(237,176)	(3,814,155)
	481,871	881,746	(358,508)	1,005,109	108,926	294,433	403,359
Amounts written off	-	(1,114,779)	-	(1,114,779)	(779,839)	-	(779,839)
Closing balance	6,123,410	44,877,042	2,102,424	53,102,876	42,682,380	3,169,899	45,852,279

11.3.1 An analysis of changes in the credit loss allowance in relation to loans & advances of the Group as at June 30, 2024 is as follows:

	Expected Credit Loss				Total
	Stage 1	Stage 2	Stage 3	General	
	-----Rupees in '000-----				
Opening balance	-	-	42,682,380	3,169,899	45,852,279
Impact of ECL on adoption of IFRS 9	4,153,361	1,461,675	2,458,683	(708,967)	7,364,752
Exchange adjustments	26,503	-	(30,988)	-	(4,485)
New Advances	619,908	33,458	34,211	-	687,577
Advances derecognized or repaid	(81,134)	(43,173)	(472,324)	(358,508)	(955,139)
Transfer to stage 1	409,378	(405,269)	(4,109)	-	-
Transfer to stage 2	(73,248)	80,205	(6,957)	-	-
Transfer to stage 3	(11,145)	(114,462)	125,607	-	-
	863,759	(449,241)	(323,572)	(358,508)	(267,562)
Amounts written off / charged off	-	-	(1,114,779)	-	(1,114,779)
Changes in risk parameters	(101,464)	168,817	1,205,318	-	1,272,671
Closing balance	4,942,159	1,181,251	44,877,042	2,102,424	53,102,876

11.3.2 Category of Classification

		Unaudited June 30, 2024		Audited December 31, 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Provision
-----Rupees in '000-----					
Domestic					
Performing	Stage 1	651,577,663	4,799,638	635,484,441	-
Under performing	Stage 2	29,524,527	780,405	-	-
Non-performing	Stage 3				
Other Assets Especially Mentioned		1,652,031	839,046	1,517,142	1,684
Substandard		3,860,502	1,704,262	1,056,913	52,169
Doubtful		2,577,118	1,079,526	382,282	114,909
Loss		37,147,024	36,200,376	38,135,498	36,780,475
		45,236,675	39,823,210	41,091,835	36,949,237
General Provision		-	2,040,049	-	3,169,899
Total		726,338,865	47,443,302	676,576,276	40,119,136
Overseas					
Performing	Stage 1	19,479,218	142,521	25,200,930	-
Under performing	Stage 2	8,967,826	400,846	-	-
Non-performing	Stage 3				
Substandard		-	-	27,800	6,950
Doubtful		622,113	314,720	488,452	244,226
Loss		13,380,196	4,739,112	14,232,316	5,481,967
		14,002,309	5,053,832	14,748,568	5,733,143
General Provision		-	62,375	-	-
Total		42,449,353	5,659,574	39,949,498	5,733,143
		768,788,218	53,102,876	716,525,774	45,852,279

11.3.3 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of credit loss allowance. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 551.968 million (December 31, 2023: Rs. 967.863 million) in determining the credit loss allowance against non-performing Islamic financing and related assets as at June 30, 2024. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 281.504 million as at June 30, 2024 (December 31, 2023: Rs. 493.610 million) and is not available for payment of cash or stock dividends to shareholders.

12. PROPERTY AND EQUIPMENT

Capital work-in-progress
Property and equipment

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers
Others

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	
12.1	3,894,651	2,191,569
	80,217,714	78,545,100
	84,112,365	80,736,669
	2,441,597	1,348,446
	269,397	101,966
	1,174,119	736,548
	9,538	4,609
	3,894,651	2,191,569
	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
	-----Rupees in '000-----	

12.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

Capital work-in-progress - net additions

Property and equipment

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

	1,703,082	103,442
	207,408	196,433
	2,185	2,639
	2,515,521	2,135,380
	221,420	114,869
	443,123	398,729
	397,603	231,551
	3,787,260	3,079,601
	5,490,342	3,183,043

12.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

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

	13,240	1,699,344
	26,520	10,820
	636	1,633
	13,161	4,459
	-	19
	-	15,607
	53,557	1,731,882

13. RIGHT-OF-USE ASSETS

Right-of-use assets

Note	Unaudited June 30, 2024	Audited December 31, 2023
	-----Rupees in '000-----	
13.1	7,736,877	8,001,881

13.1 At January 1,

Cost
Accumulated depreciation
Net carrying amount at January 1,

Additions / adjustments during the period / year
Deletions during the period / year
Exchange adjustments
Depreciation charge for the period / year
Closing net carrying amount

	Unaudited June 30, 2024			Audited December 31, 2023		
	Buildings	Others	Total	Buildings	Others	Total
	-----Rupees in '000-----					
Cost	15,874,475	-	15,874,475	13,758,044	-	13,758,044
Accumulated depreciation	(7,872,594)	-	(7,872,594)	(6,094,319)	-	(6,094,319)
Net carrying amount at January 1,	8,001,881	-	8,001,881	7,663,725	-	7,663,725
Additions / adjustments during the period / year	875,825	-	875,825	2,449,562	-	2,449,562
Deletions during the period / year	(36,952)	-	(36,952)	(173,181)	-	(173,181)
Exchange adjustments	4,424	-	4,424	110,412	-	110,412
Depreciation charge for the period / year	(1,108,301)	-	(1,108,301)	(2,048,637)	-	(2,048,637)
Closing net carrying amount	7,736,877	-	7,736,877	8,001,881	-	8,001,881

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

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
16.1 Credit loss allowance / provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,083	88,083
Claims receivable against fraud and forgeries	580,698	607,980
Mark-up accrued	224,418	4,972
Others	2,651,161	2,669,110
	<u>3,544,360</u>	<u>3,370,145</u>
16.1.1 Movement in credit loss allowance held against other assets		
Opening balance	3,370,145	3,066,275
Impact of ECL on adoption of IFRS 9	237,105	-
Charge for the period / year	6,246	36,184
Reversals	(50,948)	(8,080)
	<u>(44,702)</u>	<u>28,104</u>
Amounts written off	(521)	(2,062)
Exchange and other adjustments	(17,667)	277,828
Closing balance	<u>3,544,360</u>	<u>3,370,145</u>
17. CONTINGENT ASSETS		
There were no contingent assets of the Group as at June 30, 2024 (2023: Nil).		
18. BILLS PAYABLE		
In Pakistan	16,341,229	27,008,158
Outside Pakistan	29,779	263,226
	<u>16,371,008</u>	<u>27,271,384</u>
19. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	40,321,248	51,576,669
Under long term financing facility	19,451,513	21,441,512
Under renewable energy performance platform	2,373,935	2,445,557
Under temporary economic refinance facility	40,307,172	42,326,816
Under financing facility for storage of agricultural produce	209,700	239,697
Under Refinance and Credit Guarantee Scheme for Women Entrepreneurs	5,494	6,272
	<u>102,669,062</u>	<u>118,036,523</u>
Repurchase agreement borrowings	189,166,583	106,366,325
Total secured	<u>291,835,645</u>	<u>224,402,848</u>
Unsecured		
Call borrowings	-	1,000,000
Borrowings from other financial institution	2,854,530	2,314,827
Overdrawn nostro accounts	1,310,071	1,019,866
Musharaka Arrangements	2,184,200	6,764,653
Others	162,286	162,286
Total unsecured	<u>6,511,087</u>	<u>11,261,632</u>
	<u>298,346,732</u>	<u>235,664,480</u>

20. DEPOSITS AND OTHER ACCOUNTS

	Unaudited June 30, 2024		Audited December 31, 2023	
	In Local Currency	In Foreign currencies	Total	Total
Customers				
Current deposits	761,059,810	191,206,064	952,265,874	165,889,903
Savings deposits	984,736,300	37,959,376	1,022,695,676	44,118,221
Term deposits	76,084,480	20,588,716	96,673,196	22,114,167
Others	78,488,398	4,113,351	82,601,749	4,930,851
	1,900,368,988	253,867,507	2,154,236,495	237,053,142
Financial Institutions				
Current deposits	18,384,409	3,470,960	21,855,369	3,717,505
Savings deposits	48,422,399	1,084,133	49,506,532	488,590
Term deposits	11,673,071	7,742,951	19,416,022	7,216,607
Others	78,479,879	12,397,127	90,877,006	104,683
	1,978,848,867	266,264,634	2,245,113,501	11,527,385
			1,761,248,092	248,580,527
			2,245,113,501	2,009,828,619

21. LEASE LIABILITIES

Lease Liabilities

	Unaudited June 30, 2024	Audited December 31, 2023
	11,493,150	11,429,243

21.1 At January 1,

Additions / adjustments during the period / year

Lease payments including interest

Finance charges

Deletions during the period / year

Exchange adjustments

Closing Balance

	Unaudited June 30, 2024	Audited December 31, 2023
Buildings	11,429,243	10,432,368
Others	900,748	2,348,050
	(1,667,502)	(2,844,026)
	899,117	1,669,866
	(67,057)	(243,799)
	(1,399)	66,784
	11,493,150	11,429,243

21.2 Liabilities Outstanding

Not later than one year

Later than one year and upto five years

Over five years

Total at the year end

	Unaudited June 30, 2024	Audited December 31, 2023
Buildings	11,429,243	10,432,368
Others	900,748	2,348,050
	(1,667,502)	(2,844,026)
	899,117	1,669,866
	(67,057)	(243,799)
	(1,399)	66,784
	11,493,150	11,429,243

22. OTHER LIABILITIES

Mark-up / return / interest payable in local currency
Mark-up / return / interest payable in foreign currencies
Unearned commission and income on bills discounted
Accrued expenses
Current taxation (provisions less payments)
Workers Welfare Fund
Acceptances
Unclaimed / dividends payable
Mark to market loss on forward foreign exchange contracts
Unrealised loss on derivative financial instruments
Branch adjustment account
Provision for employees' compensated absences
Provision for post retirement medical benefits
Provision for employees' contributory benevolent scheme
Insurance payable against consumer assets
Unclaimed balances
Duties and taxes payable
Charity fund balance
Credit loss allowance / provision against off-balance sheet obligations
Security deposits against lease
Clearing and settlement accounts
Others

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

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

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

	Unaudited June 30, 2024	Audited December 31, 2023
Opening balance	78,807	48,403
Impact of ECL on adoption of IFRS 9	1,688,277	-
Exchange adjustment	(57)	8,449
Charge for the period / year	44,065	21,955
Reversals	(269,515)	-
	(225,450)	21,955
Amount written off	-	-
Closing balance	1,541,577	78,807

23. RESERVES

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

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

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

Note	Unaudited June 30, 2024	Audited December 31, 2023
	9,220,647	7,032,232
	488,594	579,109
	2,423,678	2,119,095
	9,029,609	9,446,800
	14,987,189	21,099,889
22.1	15,160,220	13,892,531
16	33,761,417	42,551,113
	2,585,644	2,425,756
	937,370	1,202,115
	5,497	73,848
	117,266	28,696
	1,323,417	1,266,190
	2,250,759	2,121,129
	134,665	140,847
	30,726	586,691
	404,832	508,115
	7,002,848	11,440,990
	9,640	23,238
22.2	1,541,577	78,807
	3,403,345	3,020,407
	27,170,921	24,223,005
	7,244,677	6,728,227
	139,234,538	150,588,030

Note	Unaudited June 30, 2024	Audited December 31, 2023
	23,973,024	23,973,024
23.1	908,317	908,317
	9,438,205	9,341,253
23.2	51,935,449	48,307,215
	18,600,000	18,600,000
	104,854,995	101,129,809

24. SURPLUS ON REVALUATION OF ASSETS

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Surplus / (deficit) on revaluation of		
- Securities measured at FVOCI - Debt / AFS securities	10.1 (22,121,554)	(28,264,639)
- Securities measured at FVOCI - Equity / AFS securities	10.1 (679,015)	5,773,217
- Property and equipment	40,025,002	40,183,217
- Non-banking assets acquired in satisfaction of claims	16 606,806	606,806
- Associated undertaking	1,598,519	1,250,067
	19,429,758	19,548,668
Deferred tax on (surplus) / deficit on revaluation of:		
- Securities measured at FVOCI - Debt / AFS securities	15 10,839,562	13,849,674
- Securities measured at FVOCI - Equity / AFS securities	15 332,717	(2,828,876)
- Property and equipment	15 (3,633,496)	(3,704,544)
- Non-banking assets acquired in satisfaction of claims	(297,334)	(297,334)
- Associated undertaking	15 (992,213)	(827,306)
	6,249,236	6,191,614
	25,678,994	25,740,282

25. CONTINGENCIES AND COMMITMENTS

-Guarantees	25.1 291,631,600	318,643,498
-Commitments	25.2 473,019,625	512,200,312
-Other contingent liabilities	25.3 29,906,777	34,363,515
	794,558,002	865,207,325

25.1 Guarantees:

Financial guarantees	153,767,059	126,236,623
Performance guarantees	120,331,166	176,196,192
Other guarantees	17,533,375	16,210,683
	291,631,600	318,643,498

25.2 Commitments:

Documentary credits and short-term trade-related transactions		
- letters of credit	265,245,510	318,590,512
Commitments in respect of:		
- forward foreign exchange contracts	25.2.1 198,983,114	171,638,288
- forward government securities transactions	25.2.2 -	15,220,315
- derivatives	25.2.3 3,635,442	1,595,548
- commitments to extent credit	1,066,635	1,128,247
Commitments for acquisition of:		
- property and equipment	3,129,498	2,390,799
- intangible assets	959,426	1,636,603
	473,019,625	512,200,312

25.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	109,157,802	93,150,006
Sale	89,825,312	78,488,282
	198,983,114	171,638,288

25.2.2 Commitments in respect of forward government securities transactions

Purchase	-	15,197,000
Sale	-	23,315
	-	15,220,315

25.2.3 Commitments in respect of derivatives

FX options		
Purchase	1,817,721	736,983
Sale	1,817,721	736,983
	3,635,442	1,473,966
Cross Currency Swaps		
Purchase	-	60,791
Sale	-	60,791
	-	121,582
	3,635,442	1,595,548

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

25.3 Other contingent liabilities

Note	Unaudited June 30, 2024	Audited December 31, 2023
-----Rupees in '000-----		
Claims against the Group not acknowledged as debts	25.3.1 29,906,777	34,363,515

25.3.1 These mainly represent counter claims by borrowers for damages and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

25.4 Taxation

For assessment year 1999-2000 through tax year 2024, the tax department disputed Bank's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 2,632.390 million (2023: 5,902.495 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Group has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Group are being contested by the department at higher forums. No provision has been made in these consolidated condensed interim financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Group's favour as and when these are taken up by the Appellate Authorities.

25.5 Amortization of goodwill and other intangibles amounting to Rs 28.08 billion of Ex. NIB

Issue of goodwill and other related assets amortization for few years has been assessed in Holding company's favour at appellate forums, however, the tax department has filed appeal against these decisions. The management has not recorded any tax benefit because the issue has not attained finality.

26. DERIVATIVE INSTRUMENTS

	Unaudited June 30, 2024					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----						
Total						
Hedging	-	-	-	-	1,817,721	5,497
Market Making	-	-	-	-	1,817,721	(5,497)
-----Rupees in '000-----						
Audited December 31, 2023						
Total						
Hedging	60,791	62,365	-	-	736,983	11,487
Market Making	60,791	(62,361)	-	-	736,983	(11,487)

Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
	-----Rupees in '000-----	
27. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	63,851,192	62,616,339
Investments	137,472,872	92,482,338
Lendings to financial institutions	4,418,830	4,161,590
Balances with banks	1,160,949	972,670
	<u>206,903,843</u>	<u>160,232,937</u>
27.1 Interest income recognised on:		
Financial assets measured at amortised cost	73,507,597	
Financial assets measured at FVOCI	131,729,518	
Financial assets measured at FVTPL	1,666,728	
	<u>206,903,843</u>	
28. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	104,124,027	64,157,529
Borrowings	16,252,103	19,371,026
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,026,585	1,771,333
Finance charges on lease liability against right-of-use assets	899,117	715,656
	<u>123,301,832</u>	<u>86,015,544</u>
29. FEE & COMMISSION INCOME		
Branch banking customer fees	2,010,913	1,675,706
Consumer finance related fees	336,920	367,374
Card related fees (debit and credit cards)	3,916,990	2,732,930
Credit related fees	487,520	343,161
Investment banking fee	75,820	58,963
Commission on trade	1,963,918	1,404,351
Commission on guarantees	710,222	413,196
Commission on cash management	536,247	464,563
Commission on remittances including home remittances	820,111	822,555
Commission on bancassurance	378,234	485,690
Rent on lockers	125,862	122,696
Commission on utility bills	48,715	37,297
Commission on investments services	1,072,820	791,058
Others	303,682	183,087
	<u>12,787,974</u>	<u>9,902,627</u>
30. GAIN / (LOSS) ON SECURITIES		
Realised	58,318	84,751
Unrealised - Measured at FVTPL	22,424	(11,936)
	<u>80,742</u>	<u>72,815</u>
30.1 Realised gain / (loss) on:		
Federal Government Securities	64,123	68,753
Non Government Debt Securities	6,521	580
Shares	(12,326)	15,418
	<u>58,318</u>	<u>84,751</u>
30.2 Realised gain / (loss) on:		
Financial assets measured at FVTPL		
Designated upon initial recognition	40,199	21,050
Mandatorily measured at FVPL	-	-
	<u>40,199</u>	<u>21,050</u>
Financial assets measured at FVOCI	18,119	63,701
	<u>18,119</u>	<u>63,701</u>
	<u>58,318</u>	<u>84,751</u>

Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
	-----Rupees in '000-----	
31. OTHER INCOME		
Rent on property	72,000	64,021
Gain on conversion of Ijarah agreements	5,841	8,809
Gain on termination of lease liability against right of use assets	27,046	37,720
Gain on sale of property and equipment - net	142,510	9,619
Gain on sale of non-banking assets acquired in satisfaction of claims - net	-	776
	<u>247,397</u>	<u>120,945</u>
32. OPERATING EXPENSES		
Total compensation expense	15,306,575	13,019,997
Property expense		
Rent and taxes	166,819	162,100
Insurance	35,498	31,881
Utilities cost	1,294,070	979,655
Fuel expense generators	481,409	667,166
Security (including guards)	1,279,575	1,060,350
Repair and maintenance (including janitorial charges)	694,123	571,572
Depreciation on right-of-use assets	1,108,301	961,951
Depreciation	727,083	593,714
	<u>5,786,878</u>	<u>5,028,389</u>
Information technology expenses		
Software maintenance	1,083,327	985,132
Hardware maintenance	182,676	194,470
Depreciation	675,604	425,210
Amortization	395,830	271,318
Network charges	411,263	357,189
Insurance	4,810	3,460
	<u>2,753,510</u>	<u>2,236,779</u>
Other operating expenses		
Directors' fees and allowances	22,420	18,620
Remuneration to shariah board members	9,756	7,784
Legal and professional charges	285,535	218,353
Outsourced services costs	600,985	505,391
Travelling and conveyance	396,258	252,556
NIFT clearing charges	124,723	123,064
Depreciation	660,043	564,494
Depreciation on non-banking assets acquired in satisfaction of claims	9,338	11,939
Training and development	41,774	51,184
Postage and courier charges	179,803	141,487
Communication	1,007,888	586,162
Stationery and printing	699,424	587,649
Marketing, advertisement & publicity	657,965	366,622
Donations	10,100	10,000
Auditors' remuneration	58,656	39,780
Cash transportation charges	621,584	534,505
Repair and maintenance	404,983	334,195
Subscription	48,526	30,650
Entertainment	230,820	209,846
Remittance charges	119,279	131,466
Brokerage expenses	51,155	47,680
Card related expenses	1,671,125	1,282,682
CNIC verification charges	197,702	173,814
Insurance	1,255,271	1,044,695
Others	334,489	243,505
	<u>9,699,602</u>	<u>7,518,123</u>
	<u>33,546,565</u>	<u>27,803,288</u>

	Note	Unaudited Half year ended June 30, 2024	Unaudited Half year ended June 30, 2023
-----Rupees in '000-----			
33. OTHER CHARGES			
Penalties of State Bank of Pakistan		61,806	27,060
VAT & National Building tax & Crop Insurance Levy		129,373	192,395
Education cess		48,800	46,614
		<u>239,979</u>	<u>266,069</u>
34. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against balance with other banks		3,705	10,470
Credit loss allowance against cash and balances with treasury banks		(3,030)	-
(Reversal of) / credit loss allowance for diminution in value of investments	10.2	(59,196)	1,824,672
Credit loss allowance against loans and advances	11.3	1,005,109	438,232
Reversal of credit loss allowance against lendings to financial institutions		(23,385)	-
(Reversal of) / credit loss allowance against off balance sheet items		(225,450)	8,420
(Reversal of) / credit loss allowance against other assets	16.1.1	(44,702)	33,666
Recovery of written off / charged off bad debts		(92,947)	(84,945)
		<u>560,104</u>	<u>2,230,515</u>
35. TAXATION			
Current		33,825,783	28,848,138
Prior years		11,469	(1,940)
Deferred		(529,991)	740,225
Share of tax of associates		349,914	208,763
		<u>33,657,175</u>	<u>29,795,186</u>
36. BASIC AND DILUTED EARNINGS PER SHARE			
-----Rupees in '000-----			
Profit after tax attributable to Equity Shareholders of the Bank		<u>34,611,467</u>	<u>28,598,730</u>
-----Number-----			
Weighted average number of ordinary shares		<u>1,185,060,006</u>	<u>1,185,060,006</u>
-----Rupees-----			
Basic and diluted earnings per share		<u>29.21</u>	<u>24.13</u>

37. FAIR VALUE MEASUREMENTS

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

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

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

37.1 Fair value of financial assets

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

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

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates while floating rate Pakistan Investments Bonds are revalued using PKFRV rates. The fair values of foreign currency denominated GoP Eurobonds are determined on the basis of rates taken from Bloomberg.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign Government Debt Securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg.
Foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Property and equipment (land and building) & Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Mutual Fund units, Term Finance certificates, FX Options, Cross Currency Swaps, Interest Rate Swaps and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

	Unaudited June 30, 2024				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,435,731,696	-	1,435,731,696	-	1,435,731,696
Shares and units	32,274,663	32,152,156	122,507	-	32,274,663
Non-Government Debt Securities	10,643,398	-	10,643,398	-	10,643,398
Foreign Securities	67,979,090	-	67,979,090	-	67,979,090
Financial assets - disclosed but not measured at fair value					
Investments (amortized cost, unlisted ordinary shares and associates)	53,913,941	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	64,776,954	-	64,776,954	-	64,776,954
Non-banking assets	2,147,269	-	2,147,269	-	2,147,269
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	109,157,802	-	841,205	-	841,205
Forward sale of foreign exchange	89,825,312	-	1,316,058	-	1,316,058
Derivatives purchase	1,817,721	-	5,497	-	5,497
Derivatives sale	1,817,721	-	5,497	-	5,497

	Audited December 31, 2023				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,230,792,274	-	1,230,792,274	-	1,230,792,274
Shares and units	25,390,857	25,283,009	107,848	-	25,390,857
Non-Government Debt Securities	3,714,280	-	3,714,280	-	3,714,280
Foreign Securities	44,057,060	-	44,057,060	-	44,057,060
Financial assets - disclosed but not measured at fair value					
Investments (HTM, unlisted ordinary shares and associates)	68,389,244	-	-	-	-
Non - Financial Assets measured at fair value					
Property and equipment (land and buildings)	66,321,263	-	66,321,263	-	66,321,263
Non-banking assets	2,156,606	-	2,156,606	-	2,156,606
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	93,150,006	-	752,724	-	752,724
Forward sale of foreign exchange	78,488,282	-	2,146,773	-	2,146,773
Derivatives purchase	797,774	-	73,852	-	73,852
Derivatives sale	797,774	-	73,848	-	73,848

	Unaudited Half year ended June 30, 2024										Total	
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management	Others	Sub-total	Eliminations		
-----Rupees in '000-----												
Profit & Loss												
Net mark-up/return/profit	88,629,010	1,134,014	30,429,233	112,369,046	4,106,102	8,423,281	19,722	301,496	83,602,011	-	-	83,602,011
Inter segment revenue - net	1,470,521,327	-	(24,855,552)	(126,620,726)	(212,637)	-	-	9,912,928	-	-	-	-
Non mark-up / return / interest income	6,631,477	1,291,080	5,584,822	3,861,491	1,106,193	529,250	1,167,935	282,287	20,454,535	-	-	20,454,535
Total income	74,965,335	2,686,340	11,158,503	(10,390,189)	4,999,658	8,952,531	1,187,657	10,496,711	104,056,546	-	-	104,056,546
Segment direct expenses	18,628,199	1,200,831	951,255	359,366	1,360,125	4,645,715	479,429	7,498,811	35,143,731	-	-	35,143,731
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	18,628,199	1,200,831	951,255	359,366	1,360,125	4,645,715	479,429	7,498,811	35,143,731	-	-	35,143,731
Credit loss allowance and write offs - net	835,405	456,263	933,273	(24,281)	49,665	45,695	-	(1,735,916)	560,104	-	-	560,104
Profit before tax	55,501,731	1,029,246	9,273,975	(10,725,274)	3,569,868	4,261,121	706,228	4,733,816	68,352,711	-	-	68,352,711
-----Rupees in '000-----												
Statement of Financial Position												
Cash & Bank balances	299,583,725	1,134,014	435,473	122,718,573	48,158,246	38,398,663	33,679	(123,935)	299,583,725	-	-	299,583,725
Investments	1,600,542,788	-	10,730,535	1,371,445,464	81,200,397	128,322,628	1,790,952	7,052,812	1,600,542,788	-	-	1,600,542,788
Net inter segment lending	-	-	-	-	-	-	-	-	1,736,409,225	(1,736,409,225)	-	-
Lending to financial institutions	88,755,589	-	-	35,152,823	45,102,752	8,499,914	-	-	88,755,589	-	-	88,755,589
Advances - performing / underperforming	701,323,400	34,862,231	459,439,399	1,866,449,815	23,664,078	102,127,826	21,873	2,693,859	701,323,400	-	-	701,323,400
- non performing	14,361,942	187,032	1,516,333	1,386,233,425	8,948,475	674,807	-	518,666	14,361,942	-	-	14,361,942
Others	261,274,338	4,761,451	52,419,435	44,934,500	2,615,932	22,148,524	1,325,123	73,745,955	261,274,338	-	-	261,274,338
Total Assets	2,965,841,782	40,764,728	524,541,175	1,574,251,460	209,669,882	300,173,362	3,171,627	349,175,255	4,702,251,007	(1,736,409,225)	-	2,965,841,782
Borrowings	298,346,732	43,862	86,631,004	186,449,815	3,077,800	11,830,108	-	3,411,212	298,346,732	-	-	298,346,732
Deposits & other accounts	2,245,113,501	30,338,224	111,488,662	1,574,251,460	175,103,631	252,025,644	-	27,668	2,245,113,501	-	-	2,245,113,501
Net inter segment borrowing	-	-	-	-	-	-	-	-	1,736,409,225	(1,736,409,225)	-	-
Others	167,098,696	4,943,144	292,716,856	1,588,220	27,094,036	23,399,339	2,032,425	91,053,522	167,098,696	-	-	167,098,696
Total liabilities	2,710,558,929	40,764,728	524,541,175	1,574,251,460	209,669,882	300,173,362	3,171,627	349,175,255	4,446,988,154	(1,736,409,225)	-	2,710,558,929
Equity	255,282,853	-	524,541,175	1,574,251,460	209,669,882	300,173,362	3,171,627	349,175,255	255,282,853	-	-	255,282,853
Total Equity & liabilities	2,965,841,782	40,764,728	524,541,175	1,574,251,460	209,669,882	300,173,362	3,171,627	349,175,255	4,702,251,007	(1,736,409,225)	-	2,965,841,782
Contingencies & Commitments	794,558,002	-	434,638,647	181,212,838	15,921,314	60,590,676	-	32,380,757	794,558,002	-	-	794,558,002

38 SEGMENT INFORMATION
38.1 Segment details with respect to business activities

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

Unaudited Half year ended June 30, 2023

Profit & Loss	Rupees in '000							Total			
	Retail Banking	Consumer Banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management				
Net mark-up/return/profit	(43,939,273)	2,383,553	35,794,899	69,378,193	3,391,497	7,073,412	(4,288)	139,400	74,217,393	-	74,217,393
Inter segment revenue - net	107,763,165	(1,405,600)	(29,412,026)	(84,570,328)	(172,247)	-	-	7,797,036	-	-	-
Non mark-up / return / interest income	5,350,087	1,301,957	3,710,990	2,154,371	1,093,655	705,969	788,234	621,885	15,727,148	-	15,727,148
Total Income	69,173,979	2,279,910	10,093,863	(19,037,764)	4,312,905	7,779,381	783,946	8,559,321	89,944,541	-	89,944,541
Segment direct expenses	15,978,802	1,147,198	519,098	313,298	1,249,183	3,452,070	390,474	6,194,303	29,244,426	-	29,244,426
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	15,978,802	1,147,198	519,098	313,298	1,249,183	3,452,070	390,474	6,194,303	29,244,426	-	29,244,426
Provisions / (reversals) & write offs - net	501,212	36,029	43,984	1,304,165	673,955	318,135	-	(849,965)	2,230,515	-	2,230,515
Profit before tax	52,693,965	1,096,683	9,530,781	(14,655,227)	2,389,767	4,009,176	393,472	3,010,983	58,469,600	-	58,469,600
Statement of Financial Position											
Audited December 31, 2023											
Cash & Bank balances	73,010,365	1,075,800	286,062	90,718,130	40,699,427	22,277,334	42,703	(57,169)	228,052,652	-	228,052,652
Investments	-	-	11,329,945	1,168,355,590	52,575,575	132,544,302	1,441,530	6,096,773	1,372,343,715	-	1,372,343,715
Net inter segment lending	1,323,367,835	-	-	-	-	-	-	257,092,572	1,580,460,407	(1,580,460,407)	-
Lendings to financial institutions	-	-	-	24,703,733	62,509,667	2,900,000	-	-	89,713,400	-	89,713,400
Advances - performing	93,175,361	36,852,172	410,107,466	-	25,200,930	88,134,857	25,113	4,019,573	657,515,472	-	657,515,472
- non performing	892,197	213,265	1,318,978	-	9,015,426	1,212,558	-	506,599	13,158,023	-	13,158,023
Others	58,038,413	4,929,573	60,251,154	108,819,168	1,977,880	20,118,941	1,332,202	63,836,586	319,301,917	-	319,301,917
Total Assets	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179
Borrowings	7,854,875	28,071	100,265,851	96,674,698	3,148,691	25,813,546	-	2,878,548	235,664,480	-	235,664,480
Deposits & other accounts	1,502,168,409	26,053,661	119,652,517	-	157,493,874	204,460,158	-	-	2,009,828,619	-	2,009,828,619
Net inter segment borrowing	-	12,006,350	220,902,573	1,296,646,213	27,036,616	22,036,252	1,832,403	-	1,580,460,407	(1,580,460,407)	-
Others	38,458,887	4,982,728	42,472,664	275,510	4,299,724	14,478,036	1,009,145	86,884,284	192,940,978	-	192,940,978
Total liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	89,742,832	4,018,794,484	(1,580,460,407)	2,438,334,077
Equity	-	-	-	-	-	-	-	241,751,102	241,751,102	-	241,751,102
Total Equity & liabilities	1,548,482,171	43,070,810	483,293,605	1,392,596,621	191,978,905	266,787,992	2,841,548	331,493,934	4,260,545,586	(1,580,460,407)	2,680,085,179
Contingencies & Commitments	91,494,401	-	499,006,135	170,499,690	15,455,739	51,909,493	-	36,842,867	865,207,325	-	865,207,325

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

39 RELATED PARTY TRANSACTIONS

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

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

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

	Unaudited June 30, 2024			Audited December 31, 2023		
	Directors	Key Management Personnel	Other Related Parties	Directors	Key Management Personnel	Other Related Parties
-----Rupees in 1000-----						
Investments						
Opening balance	-	-	7,821,877	249,253	-	249,253
Equity method adjustments	-	-	841,943	-	-	919,807
Investment / (redemptions) during the period / year	-	-	360,852	-	-	394,095
Closing balance	-	-	9,024,672	249,253	-	7,821,877
Credit loss allowance for diminution in value of investments*	-	-	-	-	-	-
Advances						
Opening balance	1,436	339,386	-	1,509,280	1,543	281,237
Addition / exchange adjustment during the period / year	3,018	66,716	-	392,147	5,963	95,327
Repaid / exchange adjustment during the period / year	(4,310)	(56,435)	-	(641,118)	(6,070)	(85,184)
Transfer in / (out)	-	(45,632)	-	-	-	48,006
Closing balance	144	304,035	-	1,260,309	1,436	339,386
Credit loss allowance against advances*	(10)	(24,071)	-	(17,557)	-	-
Fixed Assets						
Purchase of fixed assets	-	-	6,820	243,322	-	7,533
Other Assets						
Income / markup accrued	-	3,827	-	7,992	-	4,302
Advances, deposits, advance rent and other prepayments	1	-	408,251	207,113	-	573,809
Receivable from pension fund	-	-	-	7,970,513	-	7,428,143
Credit loss allowance / provision held against other assets*	1	3,827	408,251	8,185,618	-	573,809
	-	(375)	-	(104)	-	-

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



	Unaudited June 30, 2024			Audited December 31, 2023				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Deposits and other accounts								
Opening balance	3,034,686	200,484	8,321,464	10,033,148	193,547	184,112	5,623,897	5,594,903
Received during the period / year	1,906,228	1,193,710	37,425,885	69,144,494	4,574,426	1,701,697	90,801,961	108,421,525
Withdrawn during the period / year	(4,687,042)	(1,096,502)	(38,224,600)	(65,697,349)	(1,733,287)	(1,718,969)	(88,104,394)	(103,993,441)
Transfer in / (out) - net	(37)	(755)	-	264,802	-	33,644	-	10,161
Closing balance	253,835	296,937	7,522,749	13,745,095	3,034,686	200,484	8,321,464	10,033,148
Other Liabilities								
Markup / return / interest payable	-	4,149	21,383	6,710	-	2,009	121,341	5,268
Accrued expenses and other payable	-	-	103,828	836	-	-	47,714	168
Advance received against sale of property	-	-	-	-	-	-	-	-
Credit loss allowance / provision against off-balance sheet obligations*	-	4,149	125,211	7,546	-	2,009	169,055	5,436
	-	-	126	19,941	-	-	-	-
Contingencies and Commitments								
Letter of Credit	-	-	-	7,544,701	-	-	-	5,009,367
Bank guarantee	-	-	8,727,646	1,734,614	-	-	8,839,177	1,722,909
	-	-	8,727,646	9,279,315	-	-	8,839,177	6,732,276

(Rupees in '000)

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.

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



	Unaudited June 30, 2024			Unaudited June 30, 2023				
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Income								
Markup / return / interest earned	-	11,861	-	56,002	24	11,017	-	53,272
Fee and commission income	1	-	455,633	14,697	-	-	377,761	6,638
Dividend income	-	-	105,000	59,325	-	-	114,704	50,169
Gain / (loss) on forward foreign exchange contracts matured	-	-	-	71,635	-	-	-	-
Net gain / (loss) on sale of securities	7	65	-	1,036	-	(23)	623	868
Gain on sale of fixed assets	30	89	-	-	-	136	-	-
Rent income	-	-	5,474	3,122	-	-	5,164	3,288
Expense								
Markup / return / interest expensed	36,223	9,399	312,532	1,050,870	7,202	4,762	273,263	390,591
Other Operating expenses								
Clearing expenses paid to NIFT	-	-	-	107,035	-	-	-	107,078
Contribution to provident fund	-	-	-	306,337	-	-	-	273,445
Rent expenses	-	-	41,193	29,154	-	-	37,966	27,139
Cash sorting expenses	-	-	-	64,090	-	-	-	67,736
Stationery expenses	-	-	-	235,272	-	-	-	275,274
Security guards expenses	-	-	-	2,578	-	-	-	54,432
Remuneration to key executives and non-executive directors fee	144,481	708,092	-	-	103,751	563,791	-	-
Outsourcing service expenses	-	-	67,032	-	-	-	72,511	-
Donation during the period	-	-	-	-	-	-	-	5,000
E-dividend processing fee and CDC charges	-	-	-	3,460	-	-	-	2,769
Travelling Expenses	-	-	-	64,881	-	-	-	11,763
Hotel stay expenses	-	-	-	13,669	-	-	-	3,164
Repair & Maintenance Charges	-	-	-	2,280	-	-	-	2,160
Utility expenses	-	-	-	1,327	-	-	-	366
Miscellaneous expenses and payments	-	-	-	2,509	-	-	-	979
Insurance premium-net of refund	-	-	368,726	-	-	-	324,575	-
Insurance claim settled	-	-	61,331	-	-	-	12,841	-
Other Transactions								
Proceeds from sale of fixed assets	31	89	-	-	-	136	-	-
Sale of government securities	73,455	77,326	5,543,426	20,505,635	12,964	100,283	12,036,173	17,077,946
Purchase of government securities	-	56,877	4,003,603	16,192,249	4,995	98,970	3,969,079	32,596,363
Forward exchange contracts matured during the period	-	-	-	6,442,102	-	-	-	399,000

(Rupees in '000)

*Represents credit loss allowance recognized against performing exposures on adoption of IFRS 9.

The Chairman has been provided with free use of the Bank's 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.

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Unaudited June 30, 2024 Audited December 31, 2023
-----Rupees in '000-----

40.1 Capital Adequacy

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,850,600	11,850,600
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

202,809,163	191,312,686
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Eligible Additional Tier 1 (ADT 1) Capital

-	-
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Total Eligible Tier 1 Capital

202,809,163	191,312,686
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Eligible Tier 2 Capital

44,769,267	37,941,962
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Total Eligible Capital (Tier 1 + Tier 2)

247,578,430	229,254,648
-------------	-------------

Risk Weighted Assets (RWAs):

Credit Risk

796,923,195	736,886,134
-------------	-------------

Market Risk

177,347,757	164,887,944
-------------	-------------

Operational Risk

257,825,971	257,825,971
-------------	-------------

Total

1,232,096,923	1,159,600,049
---------------	---------------

Common Equity Tier 1 Capital Adequacy ratio

16.46%	16.50%
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Tier 1 Capital Adequacy Ratio

16.46%	16.50%
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Total Capital Adequacy Ratio

20.09%	19.77%
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The Group has not taken benefit allowed to banks to absorb the impact of IFRS 9 on regulatory capital.

Unaudited June 30, 2024 Audited December 31, 2023
-----Rupees in '000-----

40.2 Leverage Ratio (LR):

Eligible Tier-1 Capital

202,809,163	191,312,686
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Total Exposures

3,544,736,195	3,361,118,695
---------------	---------------

Leverage Ratio

5.72%	5.69%
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40.3 Liquidity Requirements

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

1,492,731,407	1,206,951,258
---------------	---------------

Total Net Cash Outflow

614,878,795	499,477,977
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Liquidity Coverage Ratio

242.77%	241.64%
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Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

1,843,814,751	1,699,651,967
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Total Required Stable Funding

1,141,905,270	1,148,136,107
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Net Stable Funding Ratio

161.47%	148.04%
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41 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 07, 2024 has announced an interim cash dividend in respect of half year ended June 30, 2024 of Rs. 9.00 per share (June 30, 2023: Rs. 7.00 per share). These consolidated condensed interim financial statements for the period ended June 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42 GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated in these consolidated condensed interim financial statements for the purposes of better presentation.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements due to adoption of new forms for the preparation of financial statements as explained in note 4.1 is as follows:

Description of item	Nature	From	To	Rs in '000'
Right-of-use assets	Asset	Property and equipment	Right-of-use assets	8,001,881
Lease liabilities against right-of-use-assets	Liability	Other liabilities	Lease liabilities	11,429,243

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

43 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held August 07, 2024.