



Bank for Life

MCB Bank Limited

UAN: 111-000-822

[www.mcb.com.pk](http://www.mcb.com.pk)

A close-up photograph of a hand using a carving tool to create intricate white and gold floral patterns on a dark blue ceramic plate. The background is a solid brown color.

A LIFETIME OF  
EXPERIENCE

## Half Yearly Report 2015



### ***Our Vision***

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

### ***Our Mission***

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

### ***Our Values***

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

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

CORPORATE PROFILE

BOARD OF DIRECTORS:

<b>Mian Mohammad Mansha</b>	<b>Chairman</b>
Mr. S. M. Muneer	Vice Chairman
Mr. Tariq Rafi	Director
Mr. Shahzad Saleem	Director
Mr. Sarmad Amin	Director
Mr. Aftab Ahmad Khan	Director
Mian Raza Mansha	Director
Mian Umer Mansha	Director
Dato’ Seri Ismail Shahudin	Director
Mr. Ahmad Alman Aslam	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh	Director
Mr. Imran Maqbool	President & CEO

AUDIT COMMITTEE:

<b>Mr. Ahmad Alman Aslam</b>	<b>Chairman</b>
Mr. Tariq Rafi	Member
Mr. Aftab Ahmad Khan	Member
Dato' Seri Ismail Shahudin	Member

<b>Chief Financial Officer:</b>	Mr. Salman Zafar Siddiqi
<b>Company Secretary:</b>	Mr. Fida Ali Mirza
<b>Auditors:</b>	M/s. A. F. Ferguson & Co. Chartered Accountants
<b>Legal Advisors:</b>	M/s. Khalid Anwer & Co. Advocates & Legal Consultants
<b>Registered / Principal Office:</b>	MCB, 15-Main Gulberg Jail Road, Lahore Pakistan
<b>Registrar’s and Share Registration Office (s):</b>	<b>Head Office:</b> M/s. THK Associates (Pvt.) Limited 2 <sup>nd</sup> Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi Pakistan  <b>Branch Office:</b> M/s. THK Associates (Pvt.) Limited 2 <sup>nd</sup> Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346, Block No. G-III, Khokhar Chowk Main Boulevard, Johar Town, Lahore Pakistan

## DIRECTORS' REPORT - JUNE 2015

I am pleased to place before you, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the half year ended June 30, 2015;

### Financial Highlights

#### Profit Before Taxation

Taxation

#### Profit After Taxation

Un -appropriated Profit Brought Forward

Remeasurement of defined benefit plans - net of tax

Transfer from Surplus on Revaluation of Fixed Assets (net of tax)

#### Profit Available for Appropriation

#### Appropriations:

Statutory Reserve

Final Cash Dividend – December 2014

Interim Cash Dividend – March 2015

#### Total Appropriations

#### Un -appropriated Profit Carried Forward

PKR in Million	
23,790	
10,249	
13,541	
46,948	
(1,130)	
24	
45,842	
59,383	
1,354	
4,452	
4,452	
10,258	
49,125	

### Performance Review

Despite the prevalent challenge of decreasing interest rate, 2015 is proving to be a phenomenal year in terms of financial performance of MCB Bank Limited. The Bank has reported record half yearly profit before tax amounting to PKR 23.79 billion. The Bank registered growth in all key financial fundamentals of statement of financial position and performance; ever improving core CASA deposits base, healthy contribution from non-mark-up income, significant growth in net interest income and reversal of provisions based on prudent risk management framework. The Bank has posted a healthy increase of 34% in profit before tax and 15% in profit after tax over corresponding period last year.

MCB Bank Limited was able to improve its interest margin when compared with corresponding period last year by 16%. On the gross markup income side, the bank recorded an increase of PKR 3.9 billion whereas markup expense registered an increase of only PKR 470 million. Spread analysis of interest earning assets highlight that interest income on advances increased by PKR 97 million. On the investment side, markup income reported an increase of PKR 3.9 billion which was mainly driven by volume.

On the interest bearing liabilities side, the total cost of deposit registered a significant drop of 88 bps in the first half of 2015 which is commensurate with the decreasing interest rate regime. The cost of saving deposits has decreased by PKR 935 million which translates into 135 bps reduction.

The non-markup income of the Bank was reported at PKR 9.4 billion, reflecting an increase of 73% over corresponding period last year. Fee, commission and brokerage income recorded an increase of PKR 951 million (28%+) with contributions from commission from card portfolio, remittances, trade business and Bancassurance. The Bank leveraged the volatility in the interest rates and capital markets and recorded capital gains to the tune of PKR 2.9 billion as compared to PKR 628 million recorded in the first half of 2014. Income from dealing in foreign currencies registered a decrease of 36% over 2014 numbers.

The Bank registered a nominal increase of 11% in administrative expenses over corresponding period last year of which major increase was registered in salaries & wages and rent expenses. Pension fund reversal for the period was reported at PKR 388 million.

On the provisioning side, the bank continued with its history of recoveries and reversed provision to the tune of PKR 740 million on advances and PKR 16 million on investments.

The total asset base of the Bank was reported at PKR 1.083 Trillion, reflecting a healthy increase of 16% over December, 2014. The increase was primarily driven by net investments, which increased by PKR 116 billion, reflecting an increase of 23% over December 31, 2014.

Consistent with previous trends, the Non-performing loan (NPL) base of the Bank decreased by PKR 483 million during the second quarter of 2015 taking the total NPL reduction to PKR 707 million for the half year ended June 30, 2015. The contraction in NPL base has primarily been observed in the loss categorized advances which decreased by PKR 765 million in the six months period. The coverage ratio of the Bank was reported at 84.98% based on specific and general provision. The quality of advances has registered continuous improvement in the last few quarters and has improved the infection ratio to 6.36% as at June 30, 2015.

The investments of the Bank were reported at PKR 628 billion, reflecting an increase of PKR 116 billion (23%) over December 31, 2014.

On the liabilities side, total deposits of the Bank recorded a healthy increase of 11% over December 2014. The CASA base of the Bank gained strength to 93% with current deposits growing by 28% and saving deposits increasing by 5% while fixed deposits decreased by 13%.

Earnings per share (EPS) for the period came to PKR 12.17 as compared to PKR 10.54 for June 30, 2014. Return on assets (ROA) and return on equity (ROE) of the Bank were reported at 2.68% and 24.92% respectively whereas book value per share stood at PKR 99.21.

The Board of Directors declared 2nd interim cash dividend of PKR 4.0 per share for the period ended June 30, 2015, which is in addition to PKR 4.0 per share interim dividend already paid to the shareholders.

### Ratings

PACRA has maintained the long term credit rating of the Bank at AAA [triple A] and maintained the short term credit rating of A1+ [A one plus], through its notification dated June 24, 2015.

### Economy Review

During the second quarter of 2015, Pakistan continued to enjoy favorable macro-economic fundamentals, which are expected to contribute to healthy economic growth and development. However, all was not well all the way. Growth in Large Scale manufacturing (LSM) was dismal, increasing only by 3.30% from July 2014 - May 2015, while credit to the private sector failed to pick up even in the second quarter, on the backdrop of global market constraints and increased government borrowing from scheduled banks. Despite a shrinking current account deficit, the country's trade balance continued to widen on account of a sharp decline in export growth.

Subsequently, in its May meeting, the State Bank slashed its Discount Rate by 100 bps to 7.00% and introduced another benchmark which it called the new 'policy rate'. SBP set the new policy rate 50 bps below the Discount Rate in an attempt to buoy consumer and producer sentiment. The release of the Federal Budget for FY16, which was focused primarily on fiscal consolidation, development of infrastructure in lieu of CPEC, and facilitating manufacturing and export growth,

appears to be the harbinger of greater growth and stability, if implementation goes according to plan. Pakistan also managed to successfully complete its 7th review under the Extended Fund Facility (EFF) and the IMF expressed satisfaction at the country's improved economic performance, while urging for a greater commitment of structural reforms.

Pakistan's foreign exchange reserves maintained the healthy trend demonstrated in the last quarter and increased by around \$2.0 billion in 2Q-2015, on account of disbursements from the World Bank (WB), the Asian Development Bank (ADB), the Coalition Support Fund (CSF) and the International Monetary Fund (IMF). Foreign Exchange markets reacted positively to these developments, with USD-PKR rate steady around 102. Inflationary pressures remained largely subdued in the second quarter, primarily by virtue of declining global commodity prices and low food-price inflation.

Performance of the equity markets was noteworthy in the second quarter as the KSE index performed well after recovering from the unexpected slump at the end of the first quarter. Financial results of banks may come under pressure on account of the recently imposed supertax and rationalization of applicable tax through uniform tax rates.

In summation, while improving fundamentals continue to provide much needed support and cover to the economy, material benefits shall only begin to accrue if their inherent potential is realized, and their implications for and effects on the future economic trajectory of the country are adequately planned and accounted for.

#### Future Outlook

The platform provided by recent positive developments in the country, needs to be built on through structural improvements to continue strengthening the country's macroeconomic position. The key challenges in the shape of energy, law and order situation and tax reforms need to be dealt with progressively. The projects undertaken and the priorities set by the Government are expected to ensure restoration of foreign investor confidence and we remain hopeful on the timely execution of these projects for a brighter future of the country. We anticipate more improvement in law and order situation as well as better energy outlook over the year to come.

#### Acknowledgement

In the end, the Board would like to thank all the shareholders of the Bank and its customers for their trust, the staff for their continuous dedication, and the Government and the State Bank of Pakistan for their support.

August 11, 2015

on behalf of Directors

  
Mian Mohammad Mansha  
Chairman

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF UN-CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

#### Introduction

We have reviewed the accompanying un-consolidated condensed interim statement of financial position of MCB Bank Limited as at June 30, 2015 and the related un-consolidated condensed interim profit and loss account, un-consolidated condensed interim statement of comprehensive income, un-consolidated condensed interim cash flow statement, un-consolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "un-consolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this un-consolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this un-consolidated condensed interim financial information based on our review. The figures of the un-consolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015. The un-consolidated condensed interim financial information incorporate the returns received from overseas branches which have not been reviewed by the auditors of these branches.

#### 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying un-consolidated condensed interim financial information as of and for the half year ended June 30, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Name of engagement partner: Imran Farooq Mian**  
**Lahore, August 20, 2015**



**Unconsolidated Condensed Interim Statement of Financial Position**  
As at June 30, 2015

	Note	Unaudited June 30, 2015	Audited December 31, 2014
----- (Rupees in '000) -----			
<b>Assets</b>			
Cash and balances with treasury banks		70,601,544	46,753,804
Balances with other banks		4,182,047	3,015,624
Lendings to financial institutions	7	1,374,883	1,418,181
Investments - net	8	627,524,349	511,137,192
Advances - net	9	315,272,677	303,559,480
Operating fixed assets		31,876,283	31,192,588
Deferred tax assets - net		-	-
Other assets - net		32,589,257	37,554,615
		1,083,421,040	934,631,484
<b>Liabilities</b>			
Bills payable		10,822,346	16,627,700
Borrowings	10	130,013,278	59,542,861
Deposits and other accounts	11	765,790,920	688,329,520
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	12,229,787	10,397,100
Other liabilities		27,663,790	29,630,241
		946,520,121	804,527,422
<b>Net assets</b>		136,900,919	130,104,062
<b>Represented by</b>			
Share capital		11,130,307	11,130,307
Reserves		50,168,069	48,830,005
Unappropriated profit		49,124,942	46,947,863
		110,423,318	106,908,175
Surplus on revaluation of assets - net of tax		26,477,601	23,195,887
		136,900,919	130,104,062
<b>Contingencies and commitments</b>	13		

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director

**Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)**  
For the half year ended June 30, 2015

	Note	Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
----- (Rupees in '000) -----					
Mark-up / return / interest earned		20,883,003	41,482,706	19,638,472	37,573,378
Mark-up / return / interest expensed		7,981,841	16,606,508	8,215,500	16,136,524
Net mark-up / interest income		12,901,162	24,876,198	11,422,972	21,436,854
Reversal against loans and advances - net		(489,881)	(739,540)	(386,340)	(939,201)
Reversal for diminution in the value of investments - net		-	(16,000)	(10,272)	(40,749)
Bad debts written off directly		67	67	20	20
		(489,814)	(755,473)	(396,592)	(979,930)
<b>Net mark-up / interest income after provisions</b>		13,390,976	25,631,671	11,819,564	22,416,784
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		2,274,337	4,353,213	1,717,364	3,402,276
Dividend income		257,712	615,053	171,257	448,776
Income from dealing in foreign currencies		227,402	480,527	333,848	750,271
Gain on sale of securities - net	14	464,976	2,916,107	374,118	628,497
Unrealized gain/(loss) on revaluation of investments classified as held for trading		34,553	(159)	-	-
Other income	14.1	942,415	1,079,638	118,633	225,888
Total non mark-up / interest income		4,201,395	9,444,379	2,715,220	5,455,708
		17,592,371	35,076,050	14,534,784	27,872,492
<b>Non-mark-up / interest expenses</b>					
Administrative expenses		5,415,281	10,779,061	4,765,481	9,570,671
Other provisions - net		10,725	3,925	119,643	115,253
Other charges		249,970	502,946	205,966	386,782
Total non mark-up / interest expenses		5,675,976	11,285,932	5,091,090	10,072,706
		11,916,395	23,790,118	9,443,694	17,799,786
Extraordinary / unusual item			-	-	-
<b>Profit before taxation</b>		11,916,395	23,790,118	9,443,694	17,799,786
Taxation - current period		4,248,335	8,216,777	3,078,246	5,910,889
- prior years	13.10.1	1,906,156	1,906,156	-	-
- deferred		132,959	126,238	151,191	162,691
		6,287,450	10,249,171	3,229,437	6,073,580
<b>Profit after taxation</b>		5,628,945	13,540,947	6,214,257	11,726,206
Earnings per share - basic and diluted - Rupees	15	5.06	12.17	5.58	10.54

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director

**Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)**  
For the half year ended June 30, 2015

	Quarter ended June 30, 2015	Half year ended June 30, 2015 (Rupees in '000)	Quarter ended June 30, 2014	Half year ended June 30, 2014
<b>Profit after tax for the period</b>	<b>5,628,945</b>	<b>13,540,947</b>	6,214,257	11,726,206
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss account</b>				
Remeasurement of defined benefit plans - net of tax	(1,129,965)	(1,129,965)	164,050	164,050
<b>Items that may be reclassified to profit and loss account</b>				
Effect of translation of net investment in foreign branches	(32,643)	(16,031)	(289,074)	(260,495)
<b>Comprehensive income transferred to equity</b>	<b>4,466,337</b>	<b>12,394,951</b>	6,089,233	11,629,761
<b>Components of comprehensive income not reflected in equity</b>				
Net change in fair value of available for sale securities	665,353	5,713,348	(3,046,821)	(1,019,104)
Deferred tax	(384,722)	(2,318,504)	1,175,498	525,190
	280,631	3,394,844	(1,871,323)	(493,914)
<b>Total comprehensive income for the period</b>	<b>4,746,968</b>	<b>15,789,795</b>	4,217,910	11,135,847

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

*Imran Maqbool*  
Imran Maqbool  
President & CEO

*S.M. Muneer*  
S.M. Muneer  
Director

*Tariq Rafi*  
Tariq Rafi  
Director

*Mian Umer Mansha*  
Mian Umer Mansha  
Director

**Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)**  
For the half year ended June 30, 2015

**Cash flows from operating activities**

Profit before taxation  
Less: Dividend income

**Adjustments for:**

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

**(Increase) / decrease in operating assets**

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

**Increase / (decrease) in operating liabilities**

Bills payable  
Borrowings  
Deposits and other accounts  
Other liabilities

Defined benefits paid  
Income tax paid

**Net cash flows from operating activities**

**Cash flows from investing activities**

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

**Net cash flows from investing activities**

**Cash flows from financing activities**

Dividend paid

**Net cash flows from financing activities**

Exchange difference on translation of net investment in foreign branches

**Increase in cash and cash equivalents**

Cash and cash equivalents at January 1

**Cash and cash equivalents at June 30**

	June 30, 2015 (Rupees in '000)	June 30, 2014
<b>Cash flows from operating activities</b>		
Profit before taxation	23,790,118	17,799,786
Less: Dividend income	(615,053)	(448,776)
	23,175,065	17,351,010
<b>Adjustments for:</b>		
Depreciation	1,022,225	800,074
Amortization	179,728	144,530
Bad debts written off directly	67	20
Reversal against loans and advances - net	(739,540)	(939,201)
Reversal for diminution in the value of investments - net	(16,000)	(40,749)
Other provisions - net	3,925	115,253
Provision for Workers' Welfare Fund	475,802	355,997
Charge / (reversal) for defined benefit plans	(224,235)	(219,827)
Unrealized loss on revaluation of investments classified as held for trading	159	-
Gain on disposal of fixed assets	(108,704)	(13,855)
	593,427	202,242
	23,768,492	17,553,252
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	43,298	138,388
Net investment in held for trading securities	20,297	-
Advances - net	(10,973,724)	(34,933,322)
Other assets - net	1,422,625	(9,996,400)
	(9,487,504)	(44,791,334)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(5,805,354)	(1,297,302)
Borrowings	70,405,706	(7,638,741)
Deposits and other accounts	77,461,400	53,435,393
Other liabilities	(3,645,331)	4,880,194
	138,416,421	49,379,544
	152,697,409	22,141,462
	(204,587)	(410,455)
	(7,776,440)	(4,514,929)
<b>Net cash flows from operating activities</b>	<b>144,716,382</b>	<b>17,216,078</b>
<b>Cash flows from investing activities</b>		
Net investments in available-for-sale securities	(100,101,346)	4,886,815
Net investments in held-to-maturity securities	(626,780)	(879,035)
Dividend income received	609,577	446,125
Investment in subsidiary company	(10,000,000)	-
Divestment in subsidiary company	77	-
Divestment in associate	49,785	-
Sale proceeds of property and equipment disposed off	238,020	48,897
Investment in operating fixed assets	(2,107,269)	(1,952,996)
<b>Net cash flows from investing activities</b>	<b>(111,937,936)</b>	<b>2,549,806</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(7,812,963)	(7,400,130)
<b>Net cash flows from financing activities</b>	<b>(7,812,963)</b>	<b>(7,400,130)</b>
Exchange difference on translation of net investment in foreign branches	(16,031)	(260,495)
<b>Increase in cash and cash equivalents</b>	<b>24,949,452</b>	<b>12,105,259</b>
Cash and cash equivalents at January 1	49,427,335	60,857,124
<b>Cash and cash equivalents at June 30</b>	<b>74,376,787</b>	<b>72,962,383</b>

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

*Imran Maqbool*  
Imran Maqbool  
President & CEO

*S.M. Muneer*  
S.M. Muneer  
Director

*Tariq Rafi*  
Tariq Rafi  
Director

*Mian Umer Mansha*  
Mian Umer Mansha  
Director

## Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended June 30, 2015

	Capital Reserves				Revenue Reserves			Total
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit	
	(Rupees in'000)							
Balance as at December 31, 2013	10,118,461	-	9,702,528	598,192	17,700,494	18,600,000	40,552,043	97,271,718
<b>Change in equity for six months ended June 30, 2014</b>								
Profit after taxation for six months period ended June 30, 2014	-	-	-	-	-	-	11,726,206	11,726,206
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	164,050	164,050
Exchange differences on translation of net investment in foreign branches	-	-	-	(260,495)	-	-	-	(260,495)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	23,814	23,814
Transferred to statutory reserve	-	-	-	-	1,172,621	-	(1,172,621)	-
Transfer to reserve for issue of bonus shares	-	1,011,846	-	-	-	-	(1,011,846)	-
Issue of bonus shares - December 31, 2013	1,011,846	(1,011,846)	-	-	-	-	-	-
Final cash dividend - December 31, 2013	-	-	-	-	-	-	(3,541,461)	(3,541,461)
Interim cash dividend - March 31, 2014	-	-	-	-	-	-	(3,339,092)	(3,339,092)
<b>Balance as at June 30, 2014</b>	<b>11,130,307</b>	<b>-</b>	<b>9,702,528</b>	<b>337,697</b>	<b>18,873,115</b>	<b>18,600,000</b>	<b>43,401,093</b>	<b>102,044,740</b>
<b>Change in equity for six months ended December 31, 2014</b>								
Profit after taxation for six months ended December 31, 2014	-	-	-	-	-	-	12,598,550	12,598,550
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(24,524)	(24,524)
Exchange differences on translation of net investment in foreign branches	-	-	-	56,810	-	-	-	56,810
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	23,815	23,815
Transferred to statutory reserve	-	-	-	-	1,259,855	-	(1,259,855)	-
Interim cash dividend - June 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)
Interim cash dividend - September 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)
<b>Balance as at December 31, 2014</b>	<b>11,130,307</b>	<b>-</b>	<b>9,702,528</b>	<b>394,507</b>	<b>20,132,970</b>	<b>18,600,000</b>	<b>46,947,863</b>	<b>106,908,175</b>
<b>Change in equity for six months ended June 30, 2015</b>								
Profit after taxation for six months period ended June 30, 2015	-	-	-	-	-	-	13,540,947	13,540,947
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(1,129,965)	(1,129,965)
Exchange differences on translation of net investment in foreign branches	-	-	-	(16,031)	-	-	-	(16,031)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	24,438	24,438
Transferred to statutory reserve	-	-	-	-	1,354,095	-	(1,354,095)	-
Final cash dividend - December 31, 2014	-	-	-	-	-	-	(4,452,123)	(4,452,123)
Interim cash dividend - March 31, 2015	-	-	-	-	-	-	(4,452,123)	(4,452,123)
<b>Balance as at June 30, 2015</b>	<b>11,130,307</b>	<b>-</b>	<b>9,702,528</b>	<b>378,476</b>	<b>21,487,065</b>	<b>18,600,000</b>	<b>49,124,942</b>	<b>110,423,318</b>

The annexed notes 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director

## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

### 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 all the stock exchanges in Pakistan whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,236 branches including 34 Islamic banking branches (December 31, 2014: 1,222 branches including 27 Islamic banking branches) within Pakistan and 11 (December 31, 2014: 10) branches outside the country (including the Karachi Export Processing Zone Branch).

### 2 BASIS OF PRESENTATION

**2.1** This financial information represents unconsolidated condensed interim financial information of MCB Bank Limited. The consolidated condensed interim financial information of the Group is being issued separately.

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

**2.3** The financial results of the Islamic banking branches have been included in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to this unconsolidated condensed interim financial information.

**2.4** For the purpose of translation, rates of Rs. 101.7787 per US Dollar (December 31, 2014: Rs.100.4831) and Rs. 0.7607 per LKR (December 31, 2014: Rs 0.7659) have been used.

### 3 STATEMENT OF COMPLIANCE

**3.1** The unconsolidated condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

**3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**3.3** The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2014.

**3.4** IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 2015 vide SECP circular 633(1)/2014. SECP has granted exemption to the Bank from application of the requirements of this standard with respect to the investment in mutual funds managed by MCB - Arif Habib Savings and Investments Limited. Accordingly, the requirements of this standard have not been applied in the preparation of this unconsolidated condensed interim financial information to the extent of their applicability to these mutual funds.

### 4 BASIS OF MEASUREMENT

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

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



## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

### 5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2014.

### 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

	June 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Call money lendings	1,230,350	382,950
Repurchase agreement lendings	1,44,533	1,035,231
	<b>1,374,883</b>	<b>1,418,181</b>

### 8 INVESTMENTS - NET

#### 8.1 Investments by types

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		29,760	-	29,760
Available-for-sale securities	8.2	489,941,840	95,589,317	585,531,157
Held-to-maturity securities		8,452,760	58,452	8,511,212
		<b>498,424,360</b>	<b>95,647,769</b>	<b>594,072,129</b>
Associates	8.3	946,336	-	946,336
Subsidiaries	8.4	10,576,431	-	10,576,431
		<b>11,522,767</b>	<b>-</b>	<b>11,522,767</b>
Investments at cost		509,947,127	95,647,769	605,594,896
Less: Provision for diminution in the value of investments		(1,686,347)	-	(1,686,347)
Investments (net of provisions)		<b>508,260,780</b>	<b>95,647,769</b>	<b>603,908,549</b>
Surplus on revaluation of available for sale securities - net		23,557,546	58,413	23,615,959
Deficit on revaluation of held-for-trading securities - net		(159)	-	(159)
Investments at revalued amounts - net of provisions		<b>531,818,167</b>	<b>95,706,182</b>	<b>627,524,349</b>

		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		52,330	-	52,330
Available-for-sale securities	8.2	459,521,532	25,908,740	485,430,272
Held-to-maturity securities		7,825,991	58,441	7,884,432
		<b>467,399,853</b>	<b>25,967,181</b>	<b>493,367,034</b>
Associates	8.3	996,121	-	996,121
Subsidiaries		576,507	-	576,507
		<b>1,572,628</b>	<b>-</b>	<b>1,572,628</b>
Investments at cost		468,972,481	25,967,181	494,939,662
Less: Provision for diminution in the value of investments		(1,702,808)	-	(1,702,808)
Investments (net of provisions)		<b>467,269,673</b>	<b>25,967,181</b>	<b>493,236,854</b>
Surplus / (deficit) on revaluation of available for sale securities - net		17,915,048	(12,437)	17,902,611
Deficit on revaluation of held-for-trading securities - net		(2,273)	-	(2,273)
Investments at revalued amounts - net of provisions		<b>485,182,448</b>	<b>25,954,744</b>	<b>511,137,192</b>

## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2014: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2014: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 893.815 million (December 31, 2014: Rs. 943.600 million) as at June 30, 2015 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2015 amounted to Rs. 4,598.755 million (December 31, 2014: Rs. 5,042.493 million).

8.4 The Bank incorporated MCB Islamic Bank Limited, a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. Subject to regulatory approvals, the operations of Islamic Banking Division of MCB Bank Limited referred in Note 19 will be transferred to the said subsidiary. The commercial operations of the said subsidiary will start after approval from State Bank of Pakistan. During the year 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary.

### 9 ADVANCES - NET

	June 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	295,467,941	280,297,779
- Outside Pakistan	16,250,177	13,976,672
	<b>311,718,118</b>	<b>294,274,451</b>
Islamic Financing and related assets	19.1	10,125,365
Net Investment in finance lease		
- In Pakistan	2,068,330	2,101,598
- Outside Pakistan	81,275	92,758
	<b>2,149,605</b>	<b>2,194,356</b>
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	5,705,054	4,406,599
- Payable outside Pakistan	3,590,631	7,556,783
	<b>9,295,685</b>	<b>11,963,382</b>
Advances - gross	<b>333,288,773</b>	<b>322,317,993</b>
Less: Provision against loans and advances		
- Specific provision	9.1	(17,392,551)
- General provision		(333,277)
- General provision against consumer loans & small enterprise loans		(257,619)
- General provision by Sri Lanka operations		(32,649)
	<b>(18,016,096)</b>	<b>(18,758,513)</b>
Advances - net of provision	<b>315,272,677</b>	<b>303,559,480</b>

9.1 Advances include Rs. 21,200.767 million (December 31, 2014: Rs. 21,907.791 million) which have been placed under non-performing status as detailed below:

		June 30, 2015				
		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
		----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAE)	9.1.1	52,582	-	52,582	2,981	2,981
Substandard		256,425	42,570	298,995	74,456	74,456
Doubtful		861,986	3,178	865,164	432,513	432,513
Loss		15,072,406	4,911,620	19,984,026	16,882,601	16,882,601
		<b>16,243,399</b>	<b>4,957,368</b>	<b>21,200,767</b>	<b>17,392,551</b>	<b>17,392,551</b>
		----- (Rupees in '000) -----				
		December 31, 2014			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
		----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAE)	9.1.1	50,405	-	50,405	3,477	3,477
Substandard		234,172	-	234,172	58,352	58,352
Doubtful		873,888	-	873,888	436,526	436,526
Loss		15,896,249	4,853,077	20,749,326	17,650,846	17,650,846
		<b>17,054,714</b>	<b>4,853,077</b>	<b>21,907,791</b>	<b>18,149,201</b>	<b>18,149,201</b>

## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

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

	June 30, 2015 ----- (Rupees in '000) -----	December 31, 2014 ----- (Rupees in '000) -----
<b>10 BORROWINGS</b>		
In Pakistan	125,133,932	52,126,784
Outside Pakistan	4,879,346	7,416,077
	<b>130,013,278</b>	<b>59,542,861</b>
<b>10.1 Details of borrowings (secured / unsecured)</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan	9,674,419	10,604,033
Export refinance scheme	4,363,136	4,828,527
Long term financing facility	16,245	60,365
Long term financing - export oriented projects scheme	551,265	509,061
Financing Facility for Storage of Agricultural Produce	14,605,065	16,001,986
Repurchase agreement borrowings	95,659,685	25,952,261
	<b>110,264,750</b>	<b>41,954,247</b>
<b>Unsecured</b>		
Borrowings from other financial institutions	1,136,816	4,463,273
Call borrowings	18,204,908	12,783,248
Overdrawn nostro accounts	406,804	342,093
	<b>19,748,528</b>	<b>17,588,614</b>
	<b>130,013,278</b>	<b>59,542,861</b>
<b>11 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	53,824,308	62,126,560
Savings deposits	397,156,320	382,582,290
Current accounts	282,045,576	227,132,866
Margin accounts	5,457,827	4,207,605
	<b>738,484,031</b>	<b>676,049,321</b>
<b>Financial institutions</b>		
Remunerative deposits	11,336,728	7,193,847
Non-remunerative deposits	15,970,161	5,086,352
	<b>27,306,889</b>	<b>12,280,199</b>
	<b>765,790,920</b>	<b>688,329,520</b>
<b>12 DEFERRED TAX LIABILITY / (ASSET) - NET</b>		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
<b>Taxable temporary differences on:</b>		
Surplus on revaluation of operating fixed assets	915,077	931,846
Accelerated tax depreciation	1,373,469	1,391,924
Receivable from pension fund	2,122,911	2,542,139
Surplus / deficit on revaluation of securities	8,265,586	5,947,082
	<b>12,677,043</b>	<b>10,812,991</b>
<b>Deductible temporary differences on:</b>		
Provision for bad debts	(26,060)	(21,640)
Provision for post retirement benefits	(421,196)	(394,251)
	<b>(447,256)</b>	<b>(415,891)</b>
	<b>12,229,787</b>	<b>10,397,100</b>
<b>13 CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Contingent liabilities in respect of guarantees given favouring		
- Government	23,453,123	15,307,109
- Banks and financial institutions	4,251,089	3,895,904
- Others	9,030,394	15,334,608
	<b>36,734,606</b>	<b>34,537,621</b>
<b>13.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
- Banks and financial institutions	-	-
- Others	1,494,997	2,026,346
- Suppliers credit / payee guarantee	2,235,175	2,235,176
	<b>3,730,172</b>	<b>4,261,522</b>

## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

	June 30, 2015 ----- (Rupees in '000) -----	December 31, 2014 ----- (Rupees in '000) -----
<b>13.3 Trade-related contingent liabilities</b>	<b>113,836,727</b>	<b>86,547,085</b>
<b>13.4 Other contingencies</b>		
Claims against the Bank not acknowledged as debts	<b>3,116,196</b>	<b>3,393,783</b>
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this interim financial information.		
<b>13.5 Commitments to extend credit</b>		
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.		
<b>13.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<b>53,123,170</b>	<b>47,859,438</b>
Sale	<b>47,987,054</b>	<b>49,478,965</b>
	<b>365,370</b>	<b>125,438</b>
<b>13.7 Commitments for the acquisition of fixed assets</b>		
<b>13.8 Forward outright of Government Securities</b>		
Purchase	-	100,000
Sale	<b>100,000</b>	<b>250,000</b>
<b>13.9 Other commitments</b>		
FX options (notional amount)		
Purchase	<b>904,116</b>	-
Sale	<b>904,116</b>	-
<b>13.10 Taxation</b>		
For assessment year 1988-89 through tax year 2014, 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.3,818 million (2014: Rs.3,818 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.		
The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.		
<b>13.10.1</b> The Finance Act 2015 has introduced certain amendments relating to taxation of banking companies. As per these amendments, bank's income from dividend and capital gains are now taxed at the normal tax rates instead of previously applicable reduced rates. In addition, one- time super tax at the rate of 4 percent of the taxable income has also been levied. These amendments apply retrospectively for the tax year 2015, i.e year ended December 31, 2014. The effects of above amendments have been incorporated in this condensed interim financial information and an amount of Rs.1,906 million (June 30, 2014 : Nil) has been recognised as prior year tax charge.		
<b>14 GAIN ON SALE OF SECURITIES - NET</b>		
	<b>Half year ended</b>	<b>Half year ended</b>
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>---- (Rupees in '000) ----</b>	<b>---- (Rupees in '000) ----</b>
Federal Government Securities		
-Market Treasury Bills	<b>4,033</b>	(9,593)
-Pakistan Investment Bonds	<b>1,115,505</b>	29,530
Listed Shares	<b>1,796,569</b>	608,560
	<b>2,916,107</b>	<b>628,497</b>
<b>14.1</b> Other income includes compensation on delayed refunds amounting to Rs. 699.093 million (2014: NIL) under section 171 of the Income Tax Ordinance 2001.		
<b>15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX</b>		
Profit after taxation	<b>13,540,947</b>	<b>11,726,206</b>
Weighted average number of shares outstanding during the period	<b>1,113,030,748</b>	<b>1,113,030,748</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Basic and diluted Earnings per share - after tax	<b>12.17</b>	<b>10.54</b>
<b>16 CREDIT RATING</b>		
PACRA through its notification dated June 24, 2015, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].		

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)  
For the half year ended June 30, 2015

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended June 30, 2015				
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter segment elimination
(Rupees in '000)					
Total income	148,735	11,848,263	18,389,792	3,933,787	-
Total expenses	(24,560)	(1,080,267)	(8,276,127)	(1,149,505)	-
Income tax expense	-	-	-	-	-
Net income	124,175	10,767,996	10,113,665	2,784,282	-
Segment assets - (Gross of NPLs Provisions)	737,740	717,605,418	822,319,783	248,686,529	(689,386,247)
Advance taxation (payment less provision)	-	-	-	-	-
Total assets	737,740	717,605,418	822,319,783	248,686,529	(689,386,247)
Segment non performing loans	-	-	7,872,221	13,328,546	-
Segment specific provision required	-	-	7,788,356	9,604,195	-
Segment liabilities	84,583	637,325,430	761,990,555	224,276,013	(689,386,247)
Deferred tax liabilities - net	-	-	-	-	-
Total liabilities - net	84,583	637,325,430	761,990,555	224,276,013	(689,386,247)
Segment return on assets (ROA) (%)	40.32%	3.30%	4.52%	3.29%	-
Segment cost of fund (%)		8.14%	3.71%	7.77%	-
Half year ended June 30, 2014					
Total income	80,787	4,677,569	17,555,447	4,578,759	-
Total expenses	(17,837)	(602,206)	(7,456,943)	(1,015,790)	-
Income tax expense	-	-	-	-	-
Net income	62,950	4,075,363	10,098,504	3,562,969	-
Segment assets - (Gross of NPLs provision)	424,555	505,510,226	755,769,548	241,784,923	(621,273,929)
Advance taxation (payment less provision)	-	-	-	-	-
Total assets	424,555	505,510,226	755,769,548	241,784,923	(621,273,929)
Segment non performing loans	-	-	8,804,243	13,296,254	-
Segment specific provision required	-	-	8,770,525	9,617,575	-
Segment liabilities	30,773	479,053,766	682,654,888	209,633,804	(621,273,929)
Deferred tax liabilities - net	-	-	-	-	-
Total liabilities - net	30,773	479,053,766	682,654,888	209,633,804	(621,273,929)
Segment return on assets (ROA) (%)	38.06%	1.85%	4.70%	3.94%	-
Segment cost of fund (%)	-	9.85%	4.53%	9.33%	-

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

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)  
For the half year ended June 30, 2015

18 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associates, subsidiaries, employee benefit plans and its key management personnel (including their associates) and companies with common directors. The Bank enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	Directors		Associates		Subsidiary Companies		Other Related Parties		Key Management	
	Six months ended June 30, 2015	Year ended Dec 31, 2014	Six months ended June 30, 2015	Year ended Dec 31, 2014	Six months ended June 30, 2015	Year ended Dec 31, 2014	Six months ended June 30, 2015	Year ended Dec 31, 2014	Six months ended June 30, 2015	Year ended Dec 31, 2014
(Rupees in '000)										
A. Balances										
Deposits										
Opening balance	3,386,220	931,665	1,719,822	978,408	62,291	24,771	11,923,096	14,487,517	135,024	125,197
Received during the period / year	1,029,520	5,719,181	27,178,262	9,719,217	12,298,358	181,926	66,913,866	53,502,747	500,422	1,131,625
Withdrawn during the period / year	(2,945,182)	(3,264,626)	(27,133,912)	(8,977,803)	(2,290,868)	(144,406)	(61,355,362)	(56,067,168)	(503,898)	(1,121,798)
Closing balance	2,070,558	3,386,220	1,764,172	1,719,822	10,069,781	62,291	17,481,600	11,923,096	131,548	135,024
Advances (secured)										
Opening balance	1,549	2,185	-	-	502,416	526,823	21,918	116,584	68,672	67,765
Additions / adjustments during the period / year	(328)	(636)	-	-	6,478	-	43,230	627,390	10,739	16,042
Repaid / adjustments during the period / year	1,221	1,549	-	-	-	(24,207)	(21,918)	(722,056)	(7,307)	(15,135)
Closing balance	473	709	-	-	508,894	502,416	43,230	21,918	72,104	68,672
Outstanding balance of credit cards										
Receivable from Pension Fund										
Other transactions (including profit and loss related transactions)										
Directors										
June 30, 2015										
Dec 31, 2014										
Associates										
June 30, 2015										
Dec 31, 2014										
Subsidiary Companies										
June 30, 2015										
Dec 31, 2014										
Other Related Parties										
June 30, 2015										
Dec 31, 2014										
Key Management										
June 30, 2015										
Dec 31, 2014										
B. Other transactions (including profit and loss related transactions)										
Outstanding commitments and contingent liabilities										
Forward foreign exchange contracts (Notional) - outstanding										
Unrealized gain / (loss) on forward foreign exchange contracts										
Borrowings										
Trade payable										
Capital Injection										
Divestment										
Retention money										
Markup payable										
Other payable										
Advance receivable										
Markup Receivable										
Other Receivable										
Commission Receivable										

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

	Directors	Associates	Subsidiary Companies	Other Related Parties	Key Management
	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Insurance premium paid-net of refund	-	274,977	-	-	-
Insurance claim settled	-	15,548	-	-	-
Markup income on advances	50	-	12,047	1,814	2,250
Forward contracts during the period	-	-	-	43,970,528	-
Dividend Income	-	101,951	46,196	7,391	-
Capital gain on sale of investments	-	150,558	-	-	-
Commission & FX income	-	224,707	19,498	2,820	-
Outsourcing service expenses	-	433,803	-	-	-
Proceeds from sale of fixed assets	-	64,450	-	-	-
Gain / (loss) on sale of fixed assets	-	-	-	-	7
Cash sorting expenses	-	-	-	-	7
Stationery Expenses	-	-	-	26,947	-
Security guard expenses	-	-	-	99,265	-
Remuneration and non-executive directors fee	65,799	-	-	166,380	-
Mark-up expense	21,993	35,770	887	309,751	283,287
Clearing expenses paid to NIFT	-	-	731	423,941	1,789
Contribution to provident fund	-	-	-	69,008	-
Gas Charges	-	-	-	108,392	-
Miscellaneous expenses and payments	-	2,212	-	5,817	-
	75,575	3,845	-	27,536	-
	78,807	-	-	-	-

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

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

**19 ISLAMIC BANKING BUSINESS**

The Bank is operating 34 Islamic banking branches as at June 30, 2015 (2014: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at June 30, 2015 is as follows:

	June 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
<b>Assets</b>		
Cash and balances with treasury banks	948,221	611,058
Balances with other banks	826,369	-
Due from financial institutions	-	-
Investments - net	5,379,741	3,707,589
Islamic financing and related assets	10,007,595	13,768,034
Operating fixed assets	2,212,640	2,175,818
Deferred tax assets	-	-
Due from head office	1,585,960	-
Other assets	54,885	67,535
	21,015,411	20,330,034
<b>Liabilities</b>		
Bills payable	160,337	96,574
Due to financial institutions	690,200	515,200
Deposits and other accounts		
- Current accounts	1,764,386	1,127,464
- Saving accounts	2,425,026	1,978,248
- Term deposits	2,347,342	3,122,950
- Others	87,271	29,847
Deposits from financial institutions - remunerative	694,150	4,728,287
Deposits from financial institutions - non remunerative	10,010,012	12
Due to head office	-	6,427,402
Deferred tax liability	-	-
Other liabilities	483,058	541,245
	18,661,782	18,567,229
	2,353,629	1,762,805
<b>Represented by</b>		
Islamic Banking Fund	1,900,000	1,500,000
Unappropriated profit	408,228	243,462
	2,308,228	1,743,462
Surplus on revaluation of assets	45,401	19,343
	2,353,629	1,762,805



**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

		June 30, 2015	December 31, 2014
		----- (Rupees in '000) -----	
<b>19.1 Islamic Financing and Related Assets</b>			
Murabaha	19.1.1	7,480,336	12,097,673
Ijarah	19.1.2	145,352	108,984
Diminishing Musharakah	19.1.3	2,364,677	1,679,147
Istisna	19.1.4	135,000	-
<b>Gross Advances</b>		<b>10,125,365</b>	<b>13,885,804</b>
Provision held		(117,770)	(117,770)
<b>Advance - net of provision</b>		<b>10,007,595</b>	<b>13,768,034</b>
<b>19.1.1 Murabaha</b>			
Financing/Investments/Receivables		2,863,424	4,534,519
Advances		344,025	1,036,720
Assets/Inventories		4,272,887	6,526,434
		<b>7,480,336</b>	<b>12,097,673</b>
<b>19.1.2 Ijarah</b>			
Advances		145,352	108,984
		<b>145,352</b>	<b>108,984</b>
<b>19.1.3 Diminishing Musharakah</b>			
Financing/Investments/Receivables		1,602,010	1,554,785
Advances		762,667	124,362
		<b>2,364,677</b>	<b>1,679,147</b>
<b>19.1.4 Istisna</b>			
Advances		135,000	-
		<b>135,000</b>	<b>-</b>
<b>CHARITY FUND</b>			
Opening balance		19,681	2,877
<b>Additions during the period</b>			
Received from customers on delayed payments		721	20,919
Return on charity saving account		431	885
		<b>1,152</b>	<b>21,804</b>
<b>Payments / utilization during the period</b>			
Social Welfare		-	(2,000)
Health		-	(2,000)
Education		(3,000)	(1,000)
		<b>(3,000)</b>	<b>(5,000)</b>
Closing balance		<b>17,833</b>	<b>19,681</b>

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2015 is as follows:

	Half year ended June 30, 2015	June 30, 2014
	----- (Rupees in '000) -----	
Income / return / profit earned	866,807	676,204
Income / return / profit expensed	278,553	377,538
Net Income / Profit	<b>588,254</b>	<b>298,666</b>
Provision / (reversal) against loans and advances - net	-	(4,851)
Provision / (reversal) for diminution in the value of investments	-	4,851
Bad debts written off directly	-	-
Net profit / income after provisions	<b>588,254</b>	<b>298,666</b>
<b>Other income</b>		
Fee, commission and brokerage income	276,892	228,910
Dividend income	-	-
Income from dealing in foreign currencies	7,841	6,479
Other Income	31,819	21,826
Total other income	<b>316,552</b>	<b>257,215</b>
	<b>904,806</b>	<b>555,881</b>
<b>Other expenses</b>		
Administrative expenses	496,578	366,708
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	<b>496,578</b>	<b>366,708</b>
Extra ordinary / unusual items	-	-
Profit for the period	<b>408,228</b>	<b>189,173</b>
Unappropriated profit brought forward	243,462	257,952
Transfer to head office	(243,462)	(257,952)
Unappropriated profit carry forward	<b>408,228</b>	<b>189,173</b>
Remuneration to Shariah Advisor / Board	<b>2,422</b>	<b>1,072</b>

**20 GENERAL**

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

Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this unconsolidated condensed interim financial information.

**21 NON-ADJUSTING EVENT**

The Board of Directors in its meeting held on August 11, 2015 has announced cash dividend in respect of the half year ended June 30, 2015 of Rs. 4.0 per share (June 30, 2014: Rs. 3.5 per share). This unconsolidated condensed interim financial information for the half year ended June 30, 2015 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

**22 DATE OF AUTHORIZATION FOR ISSUE**

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on August 11, 2015.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director





**MCB BANK LIMITED**

*(Consolidated Condensed Interim Financial Information of MCB Bank Limited and its Subsidiary Companies)*

**Consolidated Condensed Interim Statement of Financial Position**  
As at June 30, 2015

	Note	Unaudited June 30, 2015	Audited December 31, 2014
----- (Rupees in '000) -----			
<b>Assets</b>			
Cash and balances with treasury banks		70,601,623	46,753,868
Balances with other banks		4,245,314	3,063,774
Lendings to financial institutions	7	1,374,883	1,418,181
Investments - net	8	622,999,906	516,898,299
Advances - net	9	315,448,150	304,000,563
Operating fixed assets		32,256,561	31,583,646
Deferred tax assets - net		-	-
Other assets - net		33,016,280	37,888,155
		1,079,942,717	941,606,486
<b>Liabilities</b>			
Bills payable		10,822,346	16,627,700
Borrowings	10	130,166,450	59,776,578
Deposits and other accounts	11	755,725,128	688,270,091
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	12,884,954	10,735,841
Other liabilities		28,083,162	29,927,070
		937,682,040	805,337,280
<b>Net assets</b>		142,260,677	136,269,206
<b>Represented by</b>			
Share capital		11,130,307	11,130,307
Reserves		50,475,181	49,200,045
Unappropriated profit		51,705,265	49,765,031
		113,310,753	110,095,383
Minority interest		521,490	511,960
		113,832,243	110,607,343
Surplus on revaluation of assets - net of tax		28,428,434	25,661,863
		142,260,677	136,269,206

**Contingencies and commitments** 13

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

*Imran Maqbool.*  
Imran Maqbool  
President & CEO

*S.M. Muneer*  
S.M. Muneer  
Director

*Tariq Rafi*  
Tariq Rafi  
Director

*Mian Umer Mansha*  
Mian Umer Mansha  
Director

**Consolidated Condensed Interim Profit and Loss Account (Un-audited)**  
For the half year ended June 30, 2015

	Note	Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
----- (Rupees in '000) -----					
Mark-up / return / interest earned		20,914,001	41,538,483	19,670,804	37,631,625
Mark-up / return / interest expensed		7,992,086	16,620,573	8,218,537	16,140,895
Net mark-up / interest income		12,921,915	24,917,910	11,452,267	21,490,730
Reversal against loans and advances - net		(489,968)	(739,525)	(379,295)	(932,156)
Reversal for diminution in the value of investments - net		-	(16,000)	(10,272)	(40,749)
Bad debts written off directly		67	67	20	20
		(489,901)	(755,458)	(389,547)	(972,885)
<b>Net mark-up / interest income after provisions</b>		13,411,816	25,673,368	11,841,814	22,463,615
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		2,435,220	4,666,957	1,866,735	3,670,209
Dividend income		110,018	411,924	69,306	300,629
Income from dealing in foreign currencies		226,926	350,955	333,938	750,393
Gain on sale of securities - net	14	536,372	2,963,439	376,248	627,118
Unrealized gain/(loss) on revaluation of investments classified as held for trading		(16,333)	(134)	17,175	41,156
Other income	14.1	945,843	1,084,629	119,565	227,475
Total non mark-up / interest income		4,238,046	9,477,770	2,782,967	5,616,980
		17,649,862	35,151,138	14,624,781	28,080,595
<b>Non-mark-up / interest expenses</b>					
Administrative expenses		5,524,971	10,986,062	4,878,525	9,776,164
Other provisions - net		10,725	3,925	119,643	115,253
Other charges		250,016	503,052	205,966	386,782
Total non mark-up / interest expenses		5,785,712	11,493,039	5,204,134	10,278,199
		11,864,150	23,658,099	9,420,647	17,802,396
<b>Share of profit of associates</b>		278,535	501,761	68,270	257,438
Extraordinary / unusual item		-	-	-	-
<b>Profit before taxation</b>		12,142,685	24,159,860	9,488,917	18,059,834
Taxation - current period	13.10.1	4,284,730	8,252,682	3,096,980	5,944,183
- prior years		1,906,156	1,906,156	-	-
- deferred		441,429	442,665	215,352	246,116
Share of tax of associates		26,754	39,125	7,958	26,136
		6,659,069	10,640,628	3,320,290	6,216,435
<b>Profit after taxation</b>		5,483,616	13,519,232	6,168,627	11,843,399
Profit attributable to minority interest		(32,869)	(64,763)	(28,175)	(51,894)
<b>Profit attributable to ordinary shareholders</b>		5,450,747	13,454,469	6,140,452	11,791,505
Earnings per share - basic and diluted - Rupees	15	4.90	12.09	5.52	10.59

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

*Imran Maqbool.*  
Imran Maqbool  
President & CEO

*S.M. Muneer*  
S.M. Muneer  
Director

*Tariq Rafi*  
Tariq Rafi  
Director

*Mian Umer Mansha*  
Mian Umer Mansha  
Director

**Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)**  
For the half year ended June 30, 2015

	Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
	----- (Rupees in '000) -----			
<b>Profit after tax for the period</b>	<b>5,483,616</b>	<b>13,519,232</b>	6,168,627	11,843,399
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit and loss account</b>				
Remeasurement of defined benefit plans - net of tax	(1,129,965)	(1,129,965)	164,050	164,050
<b>Items that may be reclassified to profit and loss account</b>				
Effect of translation of net investment in foreign branches and subsidiaries	(32,256)	(68,836)	(231,264)	(273,197)
- Equity shareholders of the Bank	-	(2,800)	35	(663)
- Minority interest	(32,256)	(71,636)	(231,229)	(273,860)
Share of exchange translation reserve of associates	4,119	(10,123)	(21,068)	(43,637)
<b>Comprehensive income transferred to equity</b>	<b>4,325,514</b>	<b>12,307,508</b>	6,080,380	11,689,952
<b>Components of comprehensive income not reflected in equity</b>				
Net change in fair value of available for sale securities	709,225	5,757,220	(3,030,207)	(987,356)
Deferred tax	(385,674)	(2,319,456)	1,175,498	525,190
	323,551	3,437,764	(1,854,709)	(462,166)
<b>Total comprehensive income for the period</b>	<b>4,649,065</b>	<b>15,745,272</b>	4,225,671	11,227,786

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director

**Consolidated Condensed Interim Cash Flow Statement (Un-audited)**  
For the half year ended June 30, 2015

	June 30, 2015	June 30, 2014
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>	<b>24,159,860</b>	18,059,834
Profit before taxation	(913,685)	(558,067)
Less: Dividend income & share of profit of associates	23,246,175	17,501,767
<b>Adjustments for:</b>	<b>1,030,112</b>	800,074
Depreciation	182,394	144,530
Amortization	67	20
Bad debts written off directly	(739,525)	(932,156)
Reversal against loans and advances - net	(16,000)	(40,749)
Reversal for diminution in the value of investments - net	3,925	115,253
Other provisions - net	475,908	355,997
Provision for Workers' Welfare Fund	(224,235)	(219,827)
Charge / (reversal) for defined benefit plans	134	(41,156)
Unrealized loss/(gain) on revaluation of investments classified as held for trading	(108,704)	(13,855)
Gain on disposal of fixed assets	604,076	168,131
	23,850,251	17,669,898
<b>(Increase) / decrease in operating assets</b>	<b>43,298</b>	138,388
Lendings to financial institutions	516,596	85,485
Net investment in held for trading securities	(10,708,129)	(34,905,367)
Advances - net	1,304,200	(10,093,472)
Other assets - net	(8,844,035)	(44,774,966)
<b>Increase / (decrease) in operating liabilities</b>	<b>(5,805,354)</b>	(1,297,302)
Bills payable	70,325,161	(7,622,899)
Borrowings	67,455,037	53,441,226
Deposits and other accounts	(3,522,894)	4,957,444
Other liabilities	128,451,950	49,478,469
	143,458,166	22,373,401
Defined benefits paid	(204,587)	(410,455)
Income tax paid	(7,787,404)	(4,529,369)
<b>Net cash flows from operating activities</b>	<b>135,466,175</b>	17,433,577
<b>Cash flows from investing activities</b>	<b>(100,675,416)</b>	4,803,604
Net investments in available-for-sale securities	(626,780)	(879,035)
Net investments in held-to-maturity securities	557,006	399,929
Dividend income received	49,785	-
Divestment in associate	238,020	48,897
Sale proceeds of property and equipment disposed off	(2,107,042)	(1,944,193)
Investment in operating fixed assets	(102,564,427)	2,429,202
<b>Net cash flows from investing activities</b>	<b>(102,564,427)</b>	2,429,202
<b>Cash flows from financing activities</b>	<b>(7,865,528)</b>	(7,443,934)
Dividend paid	(7,865,528)	(7,443,934)
<b>Net cash flows from financing activities</b>	<b>(7,865,528)</b>	(7,443,934)
Exchange difference on translation of net investment in foreign branches & subsidiaries	(71,636)	(273,860)
<b>Increase in cash and cash equivalents</b>	<b>24,964,584</b>	12,144,985
Cash and cash equivalents at January 1	49,475,549	60,914,906
<b>Cash and cash equivalents at June 30</b>	<b>74,440,133</b>	73,059,891

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)  
For the half year ended June 30, 2015

	Capital Reserves				Revenue Reserves			Total	Minority interest	Total
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit			
	(Rupees in'000)									
Balance as at December 31, 2013	10,118,461	-	9,924,438	784,004	17,700,494	18,600,000	43,038,094	100,165,491	489,671	100,655,162
Change in equity for six months ended June 30, 2014										
Profit after taxation for six months period ended June 30, 2014	-	-	-	-	-	-	11,843,399	11,843,399	-	11,843,399
Profit attributable to minority interest	-	-	-	-	-	-	(51,894)	(51,894)	51,894	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	11,791,505	11,791,505	51,894	11,843,399
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	164,050	164,050	-	164,050
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(273,197)	-	-	-	(273,197)	(663)	(273,860)
Share of exchange translation reserve of associates	-	-	-	(43,637)	-	-	-	(43,637)	-	(43,637)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	23,974	23,974	151	24,125
Transferred to statutory reserve	-	-	-	-	1,172,621	-	(1,172,621)	-	-	-
Transfer to reserve for issue of bonus shares	-	1,011,846	-	-	-	-	(1,011,846)	-	-	-
Issue of bonus shares - December 31, 2013	1,011,846	(1,011,846)	-	-	-	-	-	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(43,804)	(43,804)
Final cash dividend - December 31, 2013	-	-	-	-	-	-	(3,541,461)	(3,541,461)	-	(3,541,461)
Interim cash dividend - March 31, 2014	-	-	-	-	-	-	(3,339,092)	(3,339,092)	-	(3,339,092)
Balance as at June 30, 2014	11,130,307	-	9,924,438	467,170	18,873,115	18,600,000	45,952,683	104,947,633	497,249	105,444,882
Change in equity for six months ended December 31, 2014										
Profit after taxation for six months period ended December 31, 2014	-	-	-	-	-	-	12,931,047	12,931,047	-	12,931,047
Profit attributable to minority interest	-	-	-	-	-	-	(66,965)	(66,965)	66,965	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	12,864,082	12,864,082	66,965	12,931,047
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(24,550)	(24,550)	-	(24,550)
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	59,985	-	-	-	59,985	165	60,150
Share of exchange translation reserve of associates	-	-	-	15,482	-	-	-	15,482	-	15,482
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	23,967	23,967	146	24,113
Transferred to statutory reserve	-	-	-	-	1,259,855	-	(1,259,855)	-	-	-
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Interim cash dividend - June 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)	-	(3,895,608)
Interim cash dividend - September 30, 2014	-	-	-	-	-	-	(3,895,608)	(3,895,608)	-	(3,895,608)
Balance as at December 31, 2014	11,130,307	-	9,924,438	542,637	20,132,970	18,600,000	49,765,031	110,095,383	511,960	110,607,343
Change in equity for six months ended June 30, 2015										
Profit after taxation for six months period ended June 30, 2015	-	-	-	-	-	-	13,519,232	13,519,232	-	13,519,232
Profit attributable to minority interest	-	-	-	-	-	-	(64,763)	(64,763)	64,763	-
Profit after taxation attributable to ordinary shareholders of the group	-	-	-	-	-	-	13,454,469	13,454,469	64,763	13,519,232
Remeasurement of defined benefit plans - net of tax	-	-	-	-	-	-	(1,129,965)	(1,129,965)	-	(1,129,965)
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(68,836)	-	-	-	(68,836)	(2,800)	(71,636)
Share of exchange translation reserve of associates	-	-	-	(10,123)	-	-	-	(10,123)	-	(10,123)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	24,577	24,577	132	24,709
Transferred to statutory reserve	-	-	-	-	1,354,095	-	(1,354,095)	-	-	-
Derecognition of retained earning on partial disposal in associate	-	-	-	-	-	-	(150,506)	(150,506)	-	(150,506)
Share of dividend attributable to minority interest	-	-	-	-	-	-	-	-	(52,565)	(52,565)
Final cash dividend - December 31, 2014	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Interim cash dividend - March 31, 2015	-	-	-	-	-	-	(4,452,123)	(4,452,123)	-	(4,452,123)
Balance as at June 30, 2015	11,130,307	-	9,924,438	463,678	21,487,065	18,600,000	51,705,265	113,310,753	521,490	113,832,243

The annexed notes 1 to 22 form an integral part of this consolidated condensed interim financial information.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)  
For the half year ended June 30, 2015

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company  
- MCB Bank Limited

"Percentage holding of  
MCB Bank Limited"

Subsidiary Companies

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

99.99%  
99.95%  
51.329%  
95.00%  
100.00%

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depositary Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,236 branches including 34 Islamic banking branches (December 31, 2014: 1,222 branches including 27 Islamic banking branches) within Pakistan and 11 (December 31, 2014: 10) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

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

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the financial information for the period ended June 30, 2015 and the carrying value of investments held by the Group is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial information for the period ended June 30, 2015.

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

2.3 The financial results of the Islamic banking branches have been included in this consolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 19 to this consolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 101.7787 per US Dollar (December 31, 2014: Rs.100.4831) and Rs. 0.7607 per LKR (December 31, 2014: Rs 0.7659) have been used

3 STATEMENT OF COMPLIANCE

3.1 The consolidated condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

## Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

**3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**3.3** The disclosures made in this consolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2014.

**3.4** IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 2015 vide SECP circular 633(I)/2014. SECP has granted exemption to the Bank from application of the requirements of this standard with respect to the investment in mutual funds managed by MCB - Arif Habib Savings and Investments Limited. Accordingly, the requirements of this standard have not been applied in the preparation of this consolidated condensed interim financial information to the extent of their applicability to these mutual funds.

### 4 BASIS OF MEASUREMENT

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

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

### 5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

**5.1** The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2014.

**5.2** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2014.

### 6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2014.

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

	June 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Call money lendings	1,230,350	382,950
Repurchase agreement lendings	144,533	1,035,231
	<b>1,374,883</b>	<b>1,418,181</b>

## Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

		June 30, 2015		
		Held by bank	Given as collateral	Total
----- (Rupees in '000) -----				
<b>8 INVESTMENTS - NET</b>				
<b>8.1 Investments by types</b>				
Held-for-trading securities		67,760	-	67,760
Available-for-sale securities	8.2	490,866,639	95,589,317	586,455,956
Held-to-maturity securities		8,452,760	58,452	8,511,212
		<b>499,387,159</b>	<b>95,647,769</b>	<b>595,034,928</b>
<b>Associates</b>				
- Adamjee Insurance Company Limited	8.3	5,742,048	-	5,742,048
- Euronet Pakistan (Private) Limited	8.4	69,209	-	69,209
		<b>5,811,257</b>	<b>-</b>	<b>5,811,257</b>
<b>Investments at cost</b>		<b>505,198,416</b>	<b>95,647,769</b>	<b>600,846,185</b>
Less: Provision for diminution in the value of investments		(1,686,347)	-	(1,686,347)
<b>Investments (net of provisions)</b>		<b>503,512,069</b>	<b>95,647,769</b>	<b>599,159,838</b>
Surplus on revaluation of available for sale securities - net		23,781,789	58,413	23,840,202
Deficit on revaluation of held-for-trading securities - net		(134)	-	(134)
<b>Investments at revalued amounts - net of provisions</b>		<b>527,293,724</b>	<b>95,706,182</b>	<b>622,999,906</b>
December 31, 2014				
		Held by bank	Given as collateral	Total
----- (Rupees in '000) -----				
Held-for-trading securities		557,032	-	557,032
Available-for-sale securities	8.2	459,872,261	25,908,740	485,781,001
Held-to-maturity securities		7,825,991	58,441	7,884,432
		<b>468,255,284</b>	<b>25,967,181</b>	<b>494,222,465</b>
<b>Associates</b>				
- Adamjee Insurance Company Limited	8.3	6,203,825	-	6,203,825
- Euronet Pakistan (Private) Limited	8.4	64,511	-	64,511
		<b>6,268,336</b>	<b>-</b>	<b>6,268,336</b>
<b>Investments at cost</b>		<b>474,523,620</b>	<b>25,967,181</b>	<b>500,490,801</b>
Less: Provision for diminution in the value of investments		(1,702,808)	-	(1,702,808)
<b>Investments (net of provisions)</b>		<b>472,820,812</b>	<b>25,967,181</b>	<b>498,787,993</b>
Surplus / (deficit) on revaluation of available for sale securities - net		18,095,419	(12,437)	18,082,982
Surplus on revaluation of held-for-trading securities - net		27,324	-	27,324
<b>Investments at revalued amounts - net of provisions</b>		<b>490,943,555</b>	<b>25,954,744</b>	<b>516,898,299</b>

**8.2** Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2014: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2014: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

**8.3** Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2015 amounted to Rs. 4,598.755 million (December 31, 2014: Rs. 5,042.493 million).

#### Investment in Adamjee Insurance Company Limited under equity method - holding 27.59% (2014: 29.13%)

	June 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Opening Balance	6,203,825	5,386,250
Share of profit for the period / year before tax	490,906	580,609
Share of tax	(38,668)	(47,461)
Dividend from associate	(144,858)	(229,390)
	<b>307,380</b>	<b>303,758</b>
Share of other comprehensive income	(441,839)	513,817
Disposal during the period	(327,318)	-
Closing Balance	<b>5,742,048</b>	<b>6,203,825</b>



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

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

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

	June 30, 2015	December 31, 2014
	----- (Rupees in '000)-----	
Opening Balance	64,511	63,426
Share of profit for the period / year before tax	10,855	1,162
Share of tax	(457)	(77)
Dividend from associate	(5,700)	-
Closing Balance	4,698	1,085
	69,209	64,511

**8.5** The Bank incorporated MCB Islamic Bank Limited, a wholly owned subsidiary, with an authorized share capital of Rs. 15 Billion in 2014. Subject to regulatory approvals, the operations of Islamic Banking Division of MCB Bank Limited referred in Note 19 will be transferred to the said subsidiary. The commercial operations of the said subsidiary will start after approval from State Bank of Pakistan. During the year 2015, the Bank has injected equity of Rs. 10 billion in the said subsidiary.

## 9 ADVANCES - NET

	June 30, 2015	December 31, 2014
	----- (Rupees in '000)-----	
Loans, cash credits, running finances, etc		
- In Pakistan	295,467,941	280,297,779
- Outside Pakistan	15,741,283	13,477,931
	311,209,224	293,775,710
Islamic Financing and related assets	10,125,365	13,885,804
Net Investment in finance lease		
- In Pakistan	2,068,330	2,101,598
- Outside Pakistan	765,657	1,032,743
	2,833,987	3,134,341
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	5,705,054	4,406,599
- Payable outside Pakistan	3,590,631	7,556,783
	9,295,685	11,963,382
<b>Advances - gross</b>	<b>333,464,261</b>	<b>322,759,237</b>
Less: Provision against loans and advances		
- Specific provision	(17,392,551)	(18,149,201)
- General provision	(333,277)	(322,307)
- General provision against consumer loans & small enterprise loans	(257,619)	(254,595)
- General provision by Sri Lanka operations & MCB Leasing	(32,664)	(32,571)
	(18,016,111)	(18,758,674)
<b>Advances - net of provision</b>	<b>315,448,150</b>	<b>304,000,563</b>

## Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

**9.1** Advances include Rs. 21,200.767 million (December 31, 2014: Rs. 21,907.791 million) which have been placed under non-performing status as detailed below:

		June 30, 2015				
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
		----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAEM)	9.1.1	52,582	-	52,582	2,981	2,981
Substandard		256,425	42,570	298,995	74,456	74,456
Doubtful		861,986	3,178	865,164	432,513	432,513
Loss		15,072,406	4,911,620	19,984,026	16,882,601	16,882,601
		16,243,399	4,957,368	21,200,767	17,392,551	17,392,551
		December 31, 2014				
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
		----- (Rupees in '000) -----				
Other Assets Especially Mentioned (OAEM)	9.1.1	50,405	-	50,405	3,477	3,477
Substandard		234,172	-	234,172	58,352	58,352
Doubtful		873,888	-	873,888	436,526	436,526
Loss		15,896,249	4,853,077	20,749,326	17,650,846	17,650,846
		17,054,714	4,853,077	21,907,791	18,149,201	18,149,201

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

## 10 BORROWINGS

	June 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
In Pakistan	125,133,932	52,126,784
Outside Pakistan	5,032,518	7,649,794
	130,166,450	59,776,578
<b>10.1 Details of borrowings (secured / unsecured)</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan	9,674,419	10,604,033
Export refinance scheme	4,363,136	4,828,527
Long term financing facility	16,245	60,365
Long term financing - export oriented projects scheme	551,265	509,061
Financing Facility for Storage of Agricultural Produce	14,605,065	16,001,986
Repurchase agreement borrowings	95,659,685	25,952,261
	110,264,750	41,954,247
<b>Unsecured</b>		
Borrowings from other financial institutions	1,289,988	4,696,990
Call borrowings	18,204,908	12,783,248
Overdrawn nostro accounts	406,804	342,093
	19,901,700	17,822,331
	130,166,450	59,776,578

## 11 DEPOSITS AND OTHER ACCOUNTS

<b>Customers</b>		
Fixed deposits	53,824,308	62,126,560
Savings deposits	397,099,008	382,535,978
Current accounts	282,037,096	227,119,749
Margin accounts	5,457,827	4,207,605
	738,418,239	675,989,892
<b>Financial institutions</b>		
Remunerative deposits	11,336,728	7,193,847
Non-remunerative deposits	5,970,161	5,086,352
	17,306,889	12,280,199
	755,725,128	688,270,091

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

	June 30, 2015	December 31, 2014
	----- (Rupees in '000) -----	
<b>12 DEFERRED TAX LIABILITY / (ASSET) - NET</b>		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
<b>Taxable temporary differences on:</b>		
Surplus on revaluation of operating fixed assets	920,593	937,505
Accelerated tax depreciation	1,420,864	1,440,377
Receivable from pension fund	2,122,911	2,542,139
Investments in associates	601,899	285,262
Surplus / deficit on revaluation of securities	8,266,538	5,947,082
	<b>13,332,805</b>	<b>11,152,365</b>
<b>Deductible temporary differences on:</b>		
Provision for bad debts	(26,060)	(21,640)
Taxable losses	(119)	(157)
Provision for post retirement benefits	(421,672)	(394,727)
	<b>(447,851)</b>	<b>(416,524)</b>
	<b>12,884,954</b>	<b>10,735,841</b>
<b>13 CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Contingent liabilities in respect of guarantees given favouring		
- Government	23,453,123	15,307,109
- Banks and financial institutions	4,251,089	3,895,904
- Others	9,030,394	15,334,608
	<b>36,734,606</b>	<b>34,537,621</b>
<b>13.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of:		
- Banks and financial institutions	-	-
- Others	1,494,997	2,026,346
- Suppliers credit / payee guarantee	2,235,175	2,235,176
	<b>3,730,172</b>	<b>4,261,522</b>
<b>13.3 Trade-related contingent liabilities</b>	<b>113,836,727</b>	<b>86,547,085</b>
<b>13.4 Other contingencies</b>		
Claims against the Bank not acknowledged as debts	<b>3,116,196</b>	<b>3,393,783</b>
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote and accordingly no provision has been made in this interim financial information.		
<b>13.5 Commitments to extend credit</b>		
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.		
<b>13.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	53,123,170	47,859,438
Sale	47,987,054	49,478,965
	<b>365,370</b>	<b>125,438</b>
<b>13.7 Commitments for the acquisition of fixed assets</b>		
<b>13.8 Forward outright of Government Securities</b>		
Purchase	-	100,000
Sale	100,000	250,000
<b>13.9 Other commitments</b>		
FX options (notional amount)		
Purchase	904,116	-
Sale	904,116	-

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

<b>13.10 Taxation</b>	
For assessment year 1988-89 through tax year 2014, 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.3,818 million (2014: Rs.3,818 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.	
The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.	
<b>13.10.1</b>	The Finance Act 2015 has introduced certain amendments relating to taxation of banking companies. As per these amendments, bank's income from dividend and capital gains are now taxed at the normal tax rates instead of previously applicable reduced rates. In addition, one- time super tax at the rate of 4 percent of the taxable income has also been levied. These amendments apply retrospectively for the tax year 2015, i.e year ended December 31, 2014. The effects of above amendments have been incorporated in this consolidated condensed interim financial information and an amount of Rs.1,906 million (June 30, 2014 : Nil) has been recognised as prior year tax charge.
<b>14 GAIN ON SALE OF SECURITIES - NET</b>	
	Half year ended
	June 30, June 30,
	2015 2014
	---- (Rupees in '000) ----
Federal Government Securities	
-Market Treasury Bills	4,033 (9,593)
-Pakistan Investment Bonds	1,115,505 29,530
Listed Shares/Units	1,843,901 607,181
	<b>2,963,439 627,118</b>
<b>14.1</b>	Other income includes compensation on delayed refunds amounting to Rs. 699.093 million (2014: NIL) under section 171 of the Income Tax Ordinance 2001.
<b>15 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX</b>	
Profit attributable to ordinary shareholders	<b>13,454,469</b> 11,791,505
	(Number of shares)
Weighted average number of shares outstanding during the period	<b>1,113,030,748</b> 1,113,030,748
	(Rupees)
Basic and diluted Earnings per share - after tax	<b>12.09</b> 10.59
<b>16 CREDIT RATING</b>	
PACRA through its notification dated June 24, 2015, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].	

# Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

## 17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended June 30, 2015					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination
	(Rupees in '000)					
Total income	171,298	11,792,509	18,595,755	3,988,095	349,784	-
Total expenses	(38,879)	(1,088,759)	(8,303,009)	(1,160,116)	(146,818)	-
Income tax expense	-	-	-	-	-	-
<b>Net income</b>	<b>132,419</b>	<b>10,703,750</b>	<b>10,292,746</b>	<b>2,827,979</b>	<b>202,966</b>	<b>-</b>
Segment assets - (Gross of NPLs Provisions)	861,523	722,967,682	825,361,243	256,042,465	2,019,332	(710,791,994)
Advance taxation (payment less provision)	-	-	-	-	-	-
<b>Total assets</b>	<b>861,523</b>	<b>722,967,682</b>	<b>825,361,243</b>	<b>256,042,465</b>	<b>2,019,332</b>	<b>(710,791,994)</b>
Segment non performing loans	-	-	7,872,221	13,328,546	-	-
Segment specific provision required	-	-	7,788,356	9,604,195	-	-
Segment liabilities	152,621	642,345,287	766,923,866	225,653,013	514,293	(710,791,994)
Deferred tax liabilities - net	-	-	-	-	-	-
<b>Total liabilities - net</b>	<b>152,621</b>	<b>642,345,287</b>	<b>766,923,866</b>	<b>225,653,013</b>	<b>514,293</b>	<b>(710,791,994)</b>
Segment return on assets (ROA) (%)	39.77%	3.26%	4.55%	3.24%	34.64%	-
Segment cost of fund (%)	-	8.14%	4.89%	7.77%	-	-

	Half year ended June 30, 2014					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Inter segment elimination
Total income	100,350	4,572,049	17,756,184	4,649,709	289,694	(2,838)
Total expenses	(31,016)	(601,415)	(7,496,725)	(1,028,917)	(150,079)	2,838
Income tax expense	-	-	-	-	-	-
<b>Net income</b>	<b>69,334</b>	<b>3,970,634</b>	<b>10,259,459</b>	<b>3,620,792</b>	<b>139,615</b>	<b>-</b>
Segment assets - (Gross of NPLs provision)	530,336	506,065,557	759,771,434	243,186,996	1,607,734	(622,480,102)
Advance taxation (payment less provision)	-	-	-	-	-	-
<b>Total assets</b>	<b>530,336</b>	<b>506,065,557</b>	<b>759,771,434</b>	<b>243,186,996</b>	<b>1,607,734</b>	<b>(622,480,102)</b>
Segment non performing loans	-	-	8,804,243	13,296,254	-	-
Segment specific provision required	-	-	8,770,525	9,617,575	-	-
Segment liabilities	40,192	479,278,352	683,436,585	209,908,511	253,888	(622,480,102)
Deferred tax liabilities - net	-	-	-	-	-	-
<b>Total liabilities - net</b>	<b>40,192</b>	<b>479,278,352</b>	<b>683,436,585</b>	<b>209,908,511</b>	<b>253,888</b>	<b>(622,480,102)</b>
Segment return on assets (ROA) (%)	37.84%	1.81%	4.73%	3.98%	36.04%	-
Segment cost of fund (%)	-	9.85%	6.04%	9.33%	-	-

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

# Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2015

**18 RELATED PARTY TRANSACTIONS AND BALANCES**  
The Group has related party relationship with its associates, employee benefit plans and its key management personnel (including their associates) and companies with common directors.  
The Group enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.  
Details of transactions with related parties and balances with them as at the period-end were as follows:

	Directors			Associates			Other Related Parties			Key Management		
	Six months ended June 30, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Six months ended June 30, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Six months ended June 30, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015	Six months ended June 30, 2015	Year ended Dec 31, 2014	Year ended Dec 31, 2015
	(Rupees in '000)											
<b>A. Balances</b>												
<b>Deposits</b>												
Opening balance	3,386,220	931,665	1,719,822	978,408	14,487,517	135,024	11,923,096	53,502,747	67,765	500,422	1,131,625	125,197
Received during the period / year	1,629,520	5,719,181	27,478,262	9,719,217	66,913,866	500,422	66,913,866	(56,067,168)	10,739	(503,898)	(1,121,798)	1,131,625
Withdrawn during the period / year	(2,945,182)	(3,264,626)	(27,433,912)	(8,977,803)	(61,355,362)	(503,898)	(61,355,362)	56,067,168	(7,307)	72,104	68,672	(1,121,798)
Closing balance	2,070,558	3,386,220	1,764,172	1,719,822	14,487,517	135,024	17,481,600	11,923,096	68,672	131,548	135,024	135,024
<b>Advances (secured)</b>												
Opening balance	1,549	2,185	-	-	21,918	68,672	21,918	116,584	68,672	1,457	1,631	67,765
Additions / adjustments during the period / year	-	-	-	-	43,230	10,739	(21,918)	627,390	10,739	-	-	16,042
Repaid / adjustments during the period / year	(328)	(636)	-	-	(21,918)	(7,307)	(21,918)	(722,056)	(7,307)	-	-	(15,135)
Closing balance	1,221	1,549	-	-	43,230	72,104	43,230	21,918	72,104	-	-	68,672
<b>Outstanding balance of credit cards</b>	473	709	-	-	615	1,457	615	78	1,457	-	-	1,631
<b>Receivable from Pension Fund</b>	-	-	-	-	6,065,463	-	6,065,463	7,263,254	-	-	-	-
<b>B. Other transactions (including profit and loss related transactions)</b>												
Outstanding commitments and contingent liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized gain / (loss) on forward foreign exchange contracts Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Trade payable	-	-	-	-	-	-	-	-	-	-	-	-
Divestment	-	-	-	-	-	-	-	-	-	-	-	-
Retention money	-	-	-	-	-	-	-	-	-	-	-	-
Markup payable	-	-	-	-	-	-	-	-	-	-	-	-
Other payable	-	-	-	-	-	-	-	-	-	-	-	-
Advance receivable	-	-	-	-	-	-	-	-	-	-	-	-
Markup Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Commission Receivable	-	-	-	-	-	-	-	-	-	-	-	-

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

	Directors	Associates	Other Related Parties	Key Management
	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
Insurance premium paid-net of refund	-	220,485	-	-
Insurance claim settled	-	4,122	-	-
Markup income on advances	34	-	821	2,600
Forward contracts during the period	-	-	60,514,034	-
Dividend Income	-	150,558	21,582	-
Capital gain on sale of investments	-	224,707	-	-
Commission and FX income	-	433,803	7,661	-
Outsourcing service expenses	-	64,450	-	-
Proceeds from sale of fixed assets	-	-	-	7
Gain / (loss) on sale of fixed assets	-	-	-	7
Cash sorting expenses	-	-	-	-
Stationery Expenses	-	-	-	-
Security guard expenses	-	-	25,003	-
Remuneration and non-executive directors fee	-	-	104,798	-
Mark-up expense	75,575	-	189,053	309,751
Clearing expenses paid to NIFT	79,807	35,722	338,881	1,165
Contribution to provident fund	-	-	74,930	-
Gas Charges	-	-	118,892	-
Miscellaneous expenses and payments	-	-	6,669	-
The chairman has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.	-	3,845	27,536	-
			2,212	20,442

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

**19 ISLAMIC BANKING BUSINESS**

The Bank is operating 34 Islamic banking branches as at June 30, 2015 (2014: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at June 30, 2015 is as follows:

	June 30, 2015	December 31, 2014
	(Rupees in '000)	
<b>Assets</b>		
Cash and balances with treasury banks	948,221	611,058
Balances with other banks	826,369	-
Due from financial institutions	-	-
Investments - net	5,379,741	3,707,589
Islamic financing and related assets	10,007,595	13,768,034
Operating fixed assets	2,212,640	2,175,818
Deferred tax assets	-	-
Due from head office	1,585,960	-
Other assets	54,885	67,535
	21,015,411	20,330,034
<b>Liabilities</b>		
Bills payable	160,337	96,574
Due to financial institutions	690,200	515,200
Deposits and other accounts		
- Current accounts	1,764,386	1,127,464
- Saving accounts	2,425,026	1,978,248
- Term deposits	2,347,342	3,122,950
- Others	87,271	29,847
Deposits from financial institutions - remunerative	694,150	4,728,287
Deposits from financial institutions - non remunerative	10,010,012	12
Due to head office	-	6,427,402
Deferred tax liability	-	-
Other liabilities	483,058	541,245
	18,661,782	18,567,229
	2,353,629	1,762,805
<b>Net assets</b>		
Islamic Banking Fund	1,900,000	1,500,000
Unappropriated profit	408,228	243,462
	2,308,228	1,743,462
	45,401	19,343
	2,353,629	1,762,805

Surplus on revaluation of assets



**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

		June 30, 2015	December 31, 2014
		----- (Rupees in '000) -----	
<b>19.1 Islamic Financing and Related Assets</b>			
Murabaha	19.1.1	7,480,336	12,097,673
Ijarah	19.1.2	145,352	108,984
Diminishing Musharakah	19.1.3	2,364,677	1,679,147
Istisna	19.1.4	135,000	-
<b>Gross Advances</b>		<b>10,125,365</b>	<b>13,885,804</b>
Provision held		(117,770)	(117,770)
<b>Advance - net of provision</b>		<b>10,007,595</b>	<b>13,768,034</b>
<b>19.1.1 Murabaha</b>			
Financing/Investments/Receivables		2,863,424	4,534,519
Advances		344,025	1,036,720
Assets/Inventories		4,272,887	6,526,434
		<b>7,480,336</b>	<b>12,097,673</b>
<b>19.1.2 Ijarah</b>			
Advances		145,352	108,984
		<b>145,352</b>	<b>108,984</b>
<b>19.1.3 Diminishing Musharakah</b>			
Financing/Investments/Receivables		1,602,010	1,554,785
Advances		762,667	124,362
		<b>2,364,677</b>	<b>1,679,147</b>
<b>19.1.4 Istisna</b>			
Advances		135,000	-
		<b>135,000</b>	<b>-</b>
<b>CHARITY FUND</b>			
Opening balance		19,681	2,877
<b>Additions during the period</b>			
Received from customers on delayed payments		721	20,919
Return on charity saving account		431	885
		<b>1,152</b>	<b>21,804</b>
<b>Payments / utilization during the period</b>			
Social Welfare		-	(2,000)
Health		-	(2,000)
Education		(3,000)	(1,000)
		<b>(3,000)</b>	<b>(5,000)</b>
Closing balance		<b>17,833</b>	<b>19,681</b>

**Notes to the Consolidated Condensed Interim Financial Information (Un-audited)**  
For the half year ended June 30, 2015

The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2015 is as follows:

	Half year ended June 30, 2015	June 30, 2014
	----- (Rupees in '000) -----	
Income / return / profit earned	866,807	676,204
Income / return / profit expensed	278,553	377,538
Net Income / Profit	588,254	298,666
Provision / (reversal) against loans and advances - net	-	(4,851)
Provision / (reversal) for diminution in the value of investments	-	4,851
Bad debts written off directly	-	-
	<b>588,254</b>	<b>298,666</b>
Net profit / income after provisions	588,254	298,666
<b>Other income</b>		
Fee, commission and brokerage income	276,892	228,910
Dividend income	-	-
Income from dealing in foreign currencies	7,841	6,479
Other Income	31,819	21,826
Total other income	316,552	257,215
	<b>904,806</b>	<b>555,881</b>
<b>Other expenses</b>		
Administrative expenses	496,578	366,708
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	496,578	366,708
Extra ordinary / unusual items	-	-
Profit for the period	408,228	189,173
Unappropriated profit brought forward	243,462	257,952
Transfer to head office	(243,462)	(257,952)
Unappropriated profit carry forward	408,228	189,173
	<b>2,422</b>	<b>1,072</b>
Remuneration to Shariah Advisor / Board		

**20 GENERAL**

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this consolidated condensed interim financial information.

**21 NON-ADJUSTING EVENT**

The Board of Directors in its meeting held on August 11, 2015 has announced cash dividend in respect of the half year ended June 30, 2015 of Rs. 4.0 per share (June 30, 2014: Rs. 3.5 per share). This consolidated condensed interim financial information for the half year ended June 30, 2015 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

**22 DATE OF AUTHORIZATION FOR ISSUE**

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank in their meeting held on August 11, 2015.

  
Imran Maqbool  
President & CEO

  
S.M. Muneer  
Director

  
Tariq Rafi  
Director

  
Mian Umer Mansha  
Director







Bank for Life

Principal Office  
MCB House, 15-Main Gulberg, Lahore  
UAN: 111-000-622  
[www.mcb.com.pk](http://www.mcb.com.pk)