



MCB Bank Limited

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PSX-100(5F)2022/38
August 23, 2022

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

Sub: Transmission of Half Yearly Financial Statements for the period ended June 30, 2022

Dear Sir,

We have to inform you that the Half Yearly Financial Statements of the Bank for the period ended **June 30, 2022** have been transmitted through PUCARS and will also be available on Bank's website.

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

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Muhammad Imran', with a horizontal line underneath.

Muhammad Imran
Department Head
Corporate Affairs Division



Half Yearly Report

JUNE 30, 2022



Vision

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

Mission

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

Core Values

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

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

Corporate Profile

Board of Directors:

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

Audit Committee:

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

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



On behalf of the Board of Directors, we are pleased to place before you, the financial statements of MCB Bank Limited (MCB) for the half year ended June 30, 2022.

Performance Review

Profit Before Taxation

Taxation

Profit After Taxation

Un-appropriated Profit Brought Forward

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

Re-measurement gain on defined benefit obligation - net of tax

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

Profit Available for Appropriation

Appropriations:

Statutory Reserve

Final Cash Dividend at Rs. 5.0 per share - December 2021

First Interim Dividend at Rs. 5.0 per share - March 2022

Total Appropriations

Un-appropriated Profit Carried Forward

Rs. in Million

	32,536
	21,411
	11,125
	63,683
	8
	164
	38
	63,893
	75,018
	(1,113)
	(5,925)
	(5,925)
	(12,963)
	62,055

With strong build up in core earnings, MCB's Profit Before Tax (PBT) for the half year ended June 30, 2022 increased to Rs 32.5 billion with a historic high PBT of Rs. 17.6 billion for the second quarter. Retrospective application of tax amendments along with higher tax rates for the current period enacted through Finance Act, 2022 resulted into 87% effective tax rate for second quarter. Profit After Tax (PAT) registered a decline of 25% to reach Rs. 11.13 billion against Rs. 14.74 billion reported in the corresponding period last year; translating into Earning Per Share (EPS) of Rs. 9.39 compared to an EPS of Rs. 12.44.

On the back of strong volumetric growth in current account and favorable yield curve movements, net interest income for H1'22 increased by 24% over corresponding period last year. YoY average current deposits of the Bank registered a growth of Rs 86.30 billion (+17%) while the CASA deposits averaged at Rs. 1,366 billion; hence, the average CASA to total deposits ratio was measured at a level of 93% in H1'22.

Non-markup income registered a growth of 36% and aggregated to Rs. 12.90 billion against Rs. 9.50 billion in the corresponding period last year. The growth achieved is broad based and driven primarily by the prudent positioning of foreign exchange assets/liabilities amidst comparatively favorable swap curves and diversification of revenue streams through continuous enrichment of service suite while upholding highest service standards; foreign exchange, dividend income and fee & commission income rose by 195%, 28% and 12% respectively.

MCB strives to inculcate operational efficiencies across its entire spectrum through optimization, automation and streamlining of business processes. This relentless focus has enabled the Bank to prudently manage its operating expense base despite sustained inflationary pressures due to currency devaluation and rising commodity prices, higher compliance related regulatory charges, expansion in branch outreach and regular performance and merit adjustments of the Human Capital.

For H1'22, the operating expenses of the Bank were recorded at Rs. 19.44 billion, growing by a modest 13% year on year, while the cost to income ratio significantly improved to 38% from 42% reported in corresponding period last year.

Proactive monitoring and recovery efforts led to a net provision reversal against non-performing loans (NPL's) which aggregated to Rs. 1,696 million for the period under review.



Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk. The Non-performing loan (NPLs) base of the Bank was reported at Rs. 51.19 billion. The Bank has not taken FSV benefit in calculation of specific provision against its non-performing loans (NPL's) base. The coverage and infection ratios of the Bank were reported at 86.78% and 7.87% respectively.

On the financial position side, the total asset base of the Bank grew by 3% and was reported at Rs. 2,039 billion. Gross advances registered an increase, of Rs. 15 billion (+2%), as the consumer lending book further consolidated its traction gained in the last year and grew by Rs. 5.4 billion (+14%).

During the period under review, MCB's strategic objective of achieving growth in no-cost current account base was reinforced by an uncertain and volatile interest rate scenario; leading to persistent re-pricing gaps between the earning assets and liabilities. Hence, the Bank registered a growth of 21% in non-remunerative deposits to close the period at Rs. 681.46 billion. CASA mix was reported at an industry leading level of 92.41% which in turn is a reflection of the customer loyalty earned by the Bank through sustained provision of quality services over a rich heritage of 75 years. The total deposits of the Bank grew by 13%, as compared to an industry growth of 9%.

During the ongoing year, the Bank celebrates successful completion of 75 years of its banking services to the nation. Originating from modest beginnings, the Bank has transformed into a dynamic and innovative organization; overcoming a multitude of challenges along the way with resolve and fortitude. Recognition by the globally coveted Asia Money awards as 'Pakistan's Best Corporate Bank of the Year' in 2022 is a testament to its legacy of posting consistent and exceptional performance for its stakeholders.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 16.45% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.43% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 5.86% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 214.25% and Net Stable Funding Ratio (NSFR) of 131.53% against requirement of 100%.

The Board of Directors has declared a 2nd interim cash dividend of Rs. 4.0 per share i.e 40%, in addition to 50% already paid, bringing the total cash dividend for the half year ended June 30, 2022 to 90%.

Ratings

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 23, 2022.

Economy Review

During the first half of calendar year (CY) 2022, Pakistan's macroeconomic conditions worsened on the back of rising international commodity prices and untargeted energy subsidies. Uncertain political situation caused overall economic confidence to fall sharply during March and April. Unsustainable fiscal measures taken especially during March – May 2022 caused import bill to further expand, resulting in higher monthly current account deficits. As a result, country's foreign exchange reserves fell to critical levels. However, the Government of Pakistan (GOP) presented a contractionary budget for the fiscal year 2023 to improve economic stability of the country.

Annual inflation in Pakistan reached a fourteen-year high level of 21.3% in June 2022 from 13.8% in May 2022. The monthly inflation was recorded as 6.3%. The average annual inflation for fiscal year 2022 (FY22) has reached 12.2%, above SBP's initial forecast of 11%. The sharp increase in the rate of price hikes was observed mainly due to consistently rising international commodity prices, PKR devaluation against USD, and reversal of fuel and electricity subsidies.

On the external front, Pakistan's trade deficit expanded by 55.3% in a year from USD 31.1 billion in FY21 to USD 48.3 billion in FY22. Import bill continued to increase as an outcome the GOP imposed ban on almost 800 import items in June 2022. The current account deficit (CAD) for the FY22 reached USD 17.41 billion. Higher current account deficits and external debt repayments caused country's foreign exchange reserves to fall from USD 17.7 billion in January 2022 to USD 9.8 billion in June 2022. Pakistan received a commercial loan of USD 2.3 billion from China in June to support falling foreign exchange reserves. PKR depreciated almost by 16% during the first six months of CY 2022; from 176.5135 on December 31, 2021 to 204.8467 on June 30, 2022. Subsequent to half year end, PKR touched its lowest of 239.9427 on July 28, 2022 before improvement to 213.8992 on August 16, 2022.

The State Bank of Pakistan raised policy rate cumulatively by 400 bps in the second quarter of 2022 from 9.75% to 13.75% and further 125 bps increase on July 07, 2022 taking the benchmark rate to 15.0%. SBP noted the need to cool down economic activities as the growth in economy had been much stronger than expected to keep inflation expectations anchored and contain risks to external stability. Real GDP growth rate for FY22 is estimated at 5.97%.

On the fiscal side, the FBR collected net tax revenue of PKR 6,125 billion in FY22 against an upwardly revised target of PKR 6,100 billion. On yearly basis, FBR revenue collection presented a growth of 29.1% from PKR 4,744 billion in FY21. In May 2022 and June 2022, the GOP removed fuel and energy subsidies to meet the IMF conditions for the seventh and eighth reviews of Extended Fund Facility (EFF). This has caused a sharp increase in the domestic headline inflation.

Future Outlook

The budget of FY23 is comparatively contractionary. This coupled with rising policy rate is expected to moderate domestic demand and economic activity in Pakistan. On the back of international interest rate hikes, the global demand is expected to fall in the coming months, which may impact domestic GDP growth as well. The staff-level agreement reached between IMF and Pakistan on the combined seventh and eight reviews for EFF, amounting to USD 1.9 billion, bodes well for the country's dwindling foreign reserves and shall pave the way for financing from other multilateral and bilateral sources. Under these measures, the balance of payment issues are expected to be resolved and PKR depreciation against USD is expected to moderate. Inflation in the economy will likely remain elevated throughout the fiscal year 2023. SBP expects the GDP growth rate for FY23 to be in between 3% to 4%.

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors,



Shoaib Mumtaz
President & CEO,
MCB Bank Limited
August 17, 2022



Muhammad Ali Zeb
Director
MCB Bank Limited

پاکستان میں سالانہ افراط زر مئی 2022ء میں 13.8 فیصد سے جون 2022 تک گزشتہ 14 سال کی بلند ترین شرح عبور کرتے ہوئے 21.3 فیصد پر پہنچ گیا۔ افراط زر کی ماہانہ شرح 6.3 فیصد پر ریکارڈ کی گئی۔ مئی سال 2022ء کے لیے اوسط سالانہ افراط زر کی شرح 12.2 فیصد پر جا پہنچی۔ جو کہ اسٹیٹ بینک آف پاکستان کی ابتدائی پیش بینی 11 فیصد کی شرح سے بھی زیادہ ہے۔ قیمتوں میں اس تیز اور بے حد اضافے کی بنیادی وجوہات میں اشیاء کی عالمی قیمتوں میں مسلسل اضافہ، امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی اور تیل و بجلی کی قیمتوں میں سب سیز پر کی واپسی کا کلیدی کردار رہا۔

بیرونی حاذپہ، پاکستان کا تجارتی خسارہ مئی سال 2021ء کے 31.1 بلین امریکی ڈالر سے ایک سال کے دوران 55.3 فیصد کے اضافے کے اندراج کے ساتھ مئی سال 2022ء میں 48.3 بلین امریکی ڈالر پر پہنچ گیا۔ درآمدات کے بل میں مسلسل اضافے کے تناظر اور روگل میں حکومت نے جون 2022ء میں تقریباً 800 درآمدی اشیاء پر پابندی عائد کر دی۔ کرنٹ اکاؤنٹ کا خسارہ مئی سال 2022ء میں 17.41 بلین امریکی ڈالر پر جا پہنچا۔ کرنٹ اکاؤنٹ کے بلند خسارے اور بیرونی قرضوں کی ادائیگیوں کے باعث ملک کے زرمبادلہ کے ذخائر جنوری 2022ء میں 17.7 بلین امریکی ڈالر پر آگئے۔ زرمبادلہ کے گرتے ذخائر کو سپورٹ فراہم کرنے کے غرض سے پاکستان نے چین سے 2.3 بلین امریکی ڈالر کا ایک کمرشل قرض حاصل کیا۔ پاکستانی روپے کی قدر میں سال 2022ء کے پہلے چھ ماہ کے عرصہ میں تقریباً 16 فیصد کمی دیکھی گئی جو کہ 31 دسمبر 2021ء کی 176.5135 روپے فی ڈالر کی سطح سے فروسوگی کے ساتھ 30 جون 2022ء تک 204.8467 روپے فی ڈالر پر آگئی۔ ششماہی کے اختتام کے بعد پاکستانی روپے نے 28 جولائی کو ڈالر کے مقابلے میں اپنی کم ترین سطح 239.9427 روپے فی ڈالر کو چھوا لیکن اس کے بعد اس کی قدر میں بہتری دیکھی گئی اور 16 اگست تک اس کی سطح 213.8992 روپے فی ڈالر پر جا پہنچی۔

اسٹیٹ بینک آف پاکستان نے سال 2022ء کی دوسری سہ ماہی میں پالیسی ریٹ میں مجموعی طور پر 400 بی پی ایس کا اضافہ کرتے ہوئے اس کی شرح کو 9.75 فیصد سے 13.75 فیصد تک بڑھا دیا جبکہ 07 جولائی 2022 کو 125 بی پی ایس کا مزید اضافہ کرتے ہوئے اس کی شرح 15 فیصد پر مقرر کیا۔ اسٹیٹ بینک آف پاکستان نے معاشی نمو، جو توقع سے کہیں زیادہ مضبوط اشاریے ظاہر کر رہی ہے، کو پائیدار بنانے کے لیے اس امر کا ادراک کیا کہ افراط زر کی توقعات پر بند باندھنے اور بیرونی استحکام سے متعلقہ خدشات کو محدود کرنے کے لیے معاشی سرگرمیوں کو قدرے معتدل رکھنے کی ضرورت ہے۔ مئی سال 2022ء کے لیے جی ڈی پی کی حقیقی نمو کا تخمینہ 5.97 فیصد کی شرح پر کیا گیا ہے۔

مالیاتی حوالے سے، ایف بی آر نے مئی سال 2022ء کے دوران، اپنے بلندی کی طرف نظر ثانی شدہ 6,100 بلین روپے کے ہدف کے مقابلے میں 6,125 بلین روپے کی ٹیکس وصولیاں کیں۔ سالانہ بنیاد پر ایف بی آر کی آمدنی کی یہ وصولیاں مئی سال 2021ء میں حاصل شدہ 4,744 بلین روپے کی رقم سے 29.1 فیصد بڑھتی ہوئی کو ظاہر کرتی ہیں۔ مئی اور جون 2022ء میں حکومت پاکستان نے آئی ایم ایف کے ایکسٹنڈڈ فنڈ فیسلٹی کی مدد میں ساتویں اور آٹھویں تجزیے کی شرائط کو پورا کرنے کی خاطر ٹیل اور بجلی میں دی گئی سب سیز پر کو واپس لے لیا۔ جس سے ملک میں اندرونی طور پر نمایاں افراط زر میں تیزی سے اضافہ دیکھا گیا۔

مستقبل کی پیش بینی :

مئی سال 2023ء کا بجٹ تقابلی طور پر اختصاری نوعیت کا تھا۔ اس بجٹ اور بڑھتے پالیسی ریٹ سے پاکستان میں معاشی سرگرمی اور داخلی طلب کی قدرے معتدل ہونے کی توقع ہے۔ عالمی طور پر بڑھتے انٹرسٹ ریٹ کی بنیاد پر عالمی طلب میں اگلے چند مہینوں میں کمی کی توقع ہے جس کے اثرات جی ڈی پی کی داخلی نمو پر بھی مرتب ہو سکیں گے۔ ایکسٹنڈڈ فنڈ فیسلٹی کے ساتویں اور آٹھویں تجزیے کی مدد میں مجموعی طور پر پاکستان اور آئی ایم ایف کے مابین 1.9 بلین امریکی ڈالر کے سٹاف لیول ایگزیکٹو پر اتفاق سے ناصرف ملک کے لاکھڑاتے زر مبادلہ کے ذخائر کو تقویت ملے گی بلکہ، اس سے دیگر کثیرالجہت اور دو طرفہ ذرائع سے بھی مالی اعانت حاصل کرنے کی راہ ہموار ہوگی۔ ان اقدامات کے تحت، ادائیگیوں کے توازن سے متعلقہ معاملات کے حل ہونے کی امید ہے اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں استحکام بھی حاصل ہوگا۔ معیشت میں افراط زر میں مئی سال 2023ء کے دوران بلندی کی سطح کے برقرار رہنے کی توقع ہے۔ اسٹیٹ بینک آف پاکستان کو توقع ہے کہ مئی سال 2023ء کے لیے جی ڈی پی کی نمو کی شرح 3 فیصد سے 4 فیصد کے مابین رہے گی۔

تشکر و تحسین

ایم سی بی بینک کے بورڈ آف ڈائریکٹرز، حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی اداروں کا اکی جاری معاہدے کے لیے، بینک کے شہر ہولڈرز اور صارفین کا اکتے پورا اعتماد کے لیے اور اپنے ملازمین کا اکی مسلسل لگن اور مخلصانہ خدمات پر شکر یہ ادا کرتے ہیں۔

مخانب و برائے بورڈ آف ڈائریکٹرز

شعیب ممتاز

پریذیڈنٹ اور سی ای او
ایم سی بی بینک لمیٹڈ
17 اگست 2022ء

محمد علی زیب
ڈائریکٹر
ایم سی بی بینک لمیٹڈ

سال 2022ء کی پہلی ششماہی کے دوران بینک کے کاروباری اخراجات، سال بہ سال کی بنیاد پر، 13 فیصد کے معتدل اضافے کے ساتھ 19.44 بلین روپے پر ریکارڈ ہوئے۔ جبکہ لاگت اور آمدنی کے مابین شرح تناسب گزشتہ سال کے تقابلی عرصہ کی 42 فیصد کی سطح سے نمایاں بہتری کے ساتھ 38 فیصد پر رپورٹ ہوئی۔

پیش قدم گمرانی اور وصولیوں کی کوششوں کی بدولت اس زیر تجزیہ عرصہ کے دوران غیر فعال قرضوں کے لیے مختص خالص اخراجات (پروویژن) میں 1,696 بلین روپے کی کمی ہوئی۔

خدشات کے مدارک کے مضبوط فریم ورک جو کہ جانچ کے حقیقی ماڈلز، قرض کی ادائیگی سے پہلے اسکی قدر پیمائی کے موزوں طریقہ کار اور ادائیگی کے بعد گمرانی کے موثر نظام پر مبنی عوامل پر مسلسل توجہ برقرار رکھتے ہوئے، ایم سی بی نے اپنے کریڈٹ کے خدشات کا، ارتقائی عمل سے دوچار میکرو اکنامک صورتحال سے درپیش منظم اور مربوط خطرات کے باوجود، احسن طریقے سے انتظام کیا۔ بینک کے غیر فعال قرضہ جات 51.19 بلین روپے پر رپورٹ ہوئے۔ بینک نے اپنی مخصوص پروویژن کا شمار کرتے ہوئے جبری فروخت کے فوائد کو شامل نہیں کیا۔ بینک کی کوریج اور انفلیکشن کی شرحیں بالترتیب 86.78 فیصد اور 7.87 فیصد پر رپورٹ ہوئیں۔

مالیاتی حوالے سے، بینک کے کل اثاثہ جات کی اساس 3 فیصد کے اضافے کے ساتھ 2,039 بلین روپے پر رپورٹ ہوئی۔ کل قرضہ جات میں 15 بلین روپے (+2%) کا اضافہ دیکھا گیا جس کی بنیاد وجہ کمزور قرضہ جات میں گزشتہ سال سے جاری تحریک کے تسلسل و برقرار رہنا ہے جن میں 5.4 بلین روپے (+14%) کا اضافہ درج کیا گیا۔

اس زیر تجزیہ عرصہ کے دوران، ایم سی بی کی حکمت عملی کا کلیدی مقصد ایک غیر یقین اور ناپائیدار انٹرنسٹ ریٹ کے منظر نامے جس کی بدولت پیداواری اثاثہ جات اور واجبات کی قیمتوں کے دوبارہ تعین میں موجود تفاوت برقرار ہے، سے پیدا ہونے والے مساقتی ماحول میں بغیر لاگت کے کرنٹ اکاؤنٹ کی اساس میں اضافہ رہا۔ لہذا، بینک نے غیر پیداواری ڈیپازٹس میں 21 فیصد کی نمو درج کرتے ہوئے، اس مدت کے اختتام تک، اس کا حجم 681.46 بلین روپے پر درج کیا۔ کاسا کی ترکیب کی شرح 92.41 فیصد رہی جو ناصرف صنعت میں اولین سطح کے تناسب کو ظاہر کرتی ہے بلکہ گزشتہ 75 سالوں پر محیط ایک شاندار تاریخ، کردار اور اعلیٰ معیار کی خدمات کی فراہمی کے ذریعے حاصل کیے گئے صارفین کے اعتماد کا منہ بولتا ثبوت ہے۔ کل ڈیپازٹس میں صنعت کی حاصل شدہ 9 فیصد کی شرح کی نسبت 13 فیصد کی نمو درج کی گئی۔

دو سال کے دوران، بینک نے اپنی بینکاری کی خدمات کی فراہمی کے 75 سال تکمیل کیے ہیں۔ ایک معتدل شروعات سے، بینک نے خود کو ایک جدید اور متحرک ادارے میں ڈھالا اور اس طرح اپنے عزم، حوصلے اور ثابت قدمی سے کئی ایک مسائل اور خدشات کا موزوں تدارک کیا۔ بینک کی ان کاوشوں کو عالمی اداروں نے بھی سراہا۔ ایشیاء منی (Asia Money) کی جانب سے سال 2022ء کے لیے "پاکستان کے بہترین کارپوریٹ بینک" کا اعزاز بینک کی اپنے تمام اسٹیبل ہولڈرز کے لیے مسلسل اور قابل رشک کارکردگی کی خدمات کی فراہمی کا مظہر اور اعتراف ہے۔

سرمائے کے ضوابط کی مطلوبات کی تعمیل کرتے ہوئے بینک کے کل سرمائے کی معقولیت (کیپٹل ایڈیکویٹی) 11.5 فیصد کی مطلوبہ شرح کی نسبت 16.45 فیصد پر رہی (جس میں 2020ء کے بی بی آر ڈی (BPRD) سرکل لیٹر نمبر 12 کے تحت سرمایہ کو محفوظ دینے کے لیے 1.50 فیصد کی تخفیف کی شرح شامل ہے)۔ سرمایہ کے اعلیٰ معیار کا اظہار بینک کی کامن ایڈیکویٹی ٹائر - 1 (Common Equity Tier -1) (CET1) سے کل رسک ویٹیڈ اسٹیٹس (Risk Weighted Assets) کی شرح سے ہوتا جو کہ 6.0 فیصد کی مطلوبہ حد کے مقابلہ 15.43 فیصد کی شرح پر درج کی گئی۔ بینک کی کپٹل زربندی کے نتیجے میں لیوریج (Leverage) کی شرح بھی 3.0 فیصد کی ضوابط کے ساتھ 5.86 فیصد پر چاہی۔ بینک نے لیکویڈٹی کوریج ریشو (LCR - Liquidity Coverage Ratio) کو 214.25 فیصد اور نیٹ سٹیبل فنڈنگ ریشو (NSFR - Net Stable Funding Ratio) کو 100 فیصد کی مطلوبہ شرح کی نسبت 131.53 فیصد پر رپورٹ کیا۔

بورڈ آف ڈائریکٹرز نے 4 روپے فی حصص کے دوسرے عبوری کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ 40 فیصد کی شرح ہے اور پہلی سرمایہ کی 50 فیصد کے عبوری کیش ڈیویڈنڈ سے اضافی ہے۔ اس طرح سال 2022ء کو اختتام پذیر سال کے دوران کل کیش ڈیویڈنڈ کی شرح کو 90 فیصد تک درج کیا ہے۔

ریٹنگ:

پاکرا (PACRA) کے نوٹیفیکیشن بتاریخ 23 جون 2022ء کی بنیاد پر بینک، طویل اور قلیل مدت کی بالترتیب AAA اور +A1 کی بلند ترین کریڈٹ ریٹنگ سے مستفید ہو رہا ہے۔

معاشی جائزہ:

سال 2022ء کی پہلی ششماہی کے دوران پاکستان کی کلاں معاشی صورتحال، اشیاء کی بڑھتی ہوئی قیمتوں اور توانائی کی مد میں ہدف شدہ سب سٹیڈیز کی وجہ سے زبوں حالی کا شکار رہی۔ غیر یقینی سیاسی صورتحال سے مجموعی معاشی اعتماد مارچ اور اپریل کے مہینوں میں نہایت تیزی سے پستی کی طرف مائل ہوا۔ ناپائیدار مالیاتی اقدامات سے، خصوصاً مارچ سے مئی 2022ء کے دوران، درآمدات کی ادائیگیوں میں مزید اضافہ ہوا جس کے نتیجے میں نہایت بلند شرح کا ماہانہ کرنٹ اکاؤنٹ خسارہ درج کیا گیا۔ ان اقدامات کی بدولت ملک کے زرمبادلہ کے ذخائر خطرناک حد تک نیچے چلے گئے۔ تاہم، حکومت پاکستان نے ملک کے معاشی استحکام کی بحالی اور بہتری کی خاطر مالی سال 2023ء کے لیے ایک اختصاری بجٹ پیش کیا۔

ڈائریکٹرز کا تجزیہ - جون 2022ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم، ایم سی بی بینک لمیٹڈ (ایم سی بی) کے 30 جون 2022ء کو اختتام پذیر ششماہی کے مالیاتی گوشواروں کو آپ کے سامنے پیش کرتے ہوئے نہایت مسرت محسوس کرتے ہیں۔

کارکردگی کا جائزہ

ملین روپے
32,536
21,411
11,125
63,683
8
164
38
63,893
75,018
(1,113)
(5,925)
(5,925)
(12,963)
62,055

منافع قبل از ٹیکس

ٹیکس

منافع بعد از ٹیکس

افتتاحی غیر تخصیص شدہ منافع

غیر بینکنگ اثاثہ جات کی فروخت پر سربس (خالص از ٹیکس)

ڈیفائنڈ بینیفٹ واجبات کے نقصان کی دوبارہ پیمائش (خالص از ٹیکس)

پائیدار اثاثوں کی از سر نو تخمینہ پر سربس سے اضافی فرسودگی

کی غیر تخصیص شدہ منافع میں منتقلی (خالص از ٹیکس)

تخصیص کیلئے دستیاب منافع

تخصیص:

قانونی ریزرو

حتمی کیش ڈیویڈنڈ 5 روپے فی شیئر۔ برائے دسمبر 2021ء

عبوری کیش ڈیویڈنڈ 5 روپے فی شیئر۔ برائے مارچ 2022ء

کل تخصیص

اختتامی غیر تخصیص شدہ منافع

اپنی خالص آمدنی کو مضبوط بناتے ہوئے، ایم سی بی بینک کا منافع قبل از ٹیکس 30 جون 2022ء کو اختتام پذیر ششماہی کے لیے 32.5 بلین روپے تک بڑھ گیا۔ کئی بھی دوسری سرمایہ کے دوران 17.6 بلین روپے کا منافع قبل از ٹیکس تاریخ کی ایک بلند ترین سطح ہے۔ فنانس ایکٹ 2022ء کے تحت ٹیکس قوانین میں گزشتہ سال سے قابل اطلاق ٹیکسز کے نفاذ اور رواں مدت کے لیے ٹیکس ریش میں اضافے کے نتیجے میں دوسری سرمایہ کے دوران اہلکلیو (effective) ٹیکس ریٹ 87 فیصد تک پہنچ گیا۔ منافع بعد از ٹیکس گزشتہ سال کے تقابلی عرصہ کے 14.74 بلین روپے کی نسبت 25 فیصد کی تخفیف کا اندراج کرتے ہوئے 11.13 بلین روپے پر پہنچ گیا۔ فی حصص آمدنی گزشتہ سال کے تقابلی عرصے کے دوران کی 12.44 روپے فی شیئر کی سطح کے تناسب میں 9.39 روپے فی شیئر پر درج کی گئی۔

کرنٹ اکاؤنٹ میں مقداری نمو اور خط آمدنی میں مثبت تحریک کی بنیاد پر مالی سال 2022ء کی پہلی ششماہی میں خالص انٹرنسٹ آمدنی نے اپنے گزشتہ سال کے تقابلی عرصہ کے حاصل شدہ حجم سے 24 فیصد کا اضافہ ظاہر کیا۔ سال بہ سال کی بنیاد پر، بینک کے اوسط کرنٹ ڈیپازٹس میں 86.30 بلین (+17%) کی بڑھوتی دیکھی گئی جبکہ کاسا ڈیپازٹس کی اوسط 1,366 بلین پر رہی۔ چنانچہ، مالی سال 2022ء کی پہلی ششماہی میں اوسط کاسا کل ڈیپازٹس سے تناسب 93 فیصد کی سطح پر رہا۔

نان مارک اپ آمدنی اپنی گزشتہ سال کی 9.5 بلین روپے کی سطح سے 36 فیصد کی نمو کے ساتھ مجموعی طور پر 12.90 بلین روپے پر درج کی گئی۔ اس وسیع البیاد نمو میں نسبتاً مثبت سوپ خطوط (Curves) کے درمیان غیر ملکی زرمبادلہ کے اثاثہ جات 1 واجبات کے دانشمندانہ انصرام اور اعلیٰ ترین معیار کو برقرار رکھتے ہوئے بہترین خدمات کی فراہمی کے تسلسل کے ذریعہ آمدنی کے ذرائع میں تنوع پیدا کرنے جیسے عوامل کی بنیاد پر درج رہا۔ فارن ایکچینج، ڈیویڈنڈ اور فیس کمیشن کی آمدنی میں بالترتیب 195 فیصد، 28 فیصد اور 12 فیصد کا اضافہ ہوا۔

ایم سی بی اپنے بزنس کے طریقہ کار کو موزوں، خود کار اور بلا تامل بنانے کے ذریعے اپنی کاروباری اہلیتوں کے مسلسل فروغ کے لیے روز اول سے کوشاں ہے۔ اس امر پر مکمل انکار کے باعث بینک نے اپنے کاروباری اخراجات کو کرنسی کی فرسودگی سے ہونے والے افراط زر کے دباؤ اور اشیاء کی بڑھتی قیمتوں، بڑھتی قیمتوں سے جڑے ضوابطی اخراجات، برانچوں کے پھیلاؤ میں وسعت اور اپنے افرادی سرمائے کی کارکردگی اور صلاحیتوں کی مسلسل اور موزوں مطابقت جیسے اہم اخراجات کے باوجود، انکا نہایت دانشمندانہ انتظام کیا۔

Independent Auditor's Review Report

To The Members of MCB Bank Limited

Report on Review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of MCB Bank Limited ("the Bank") as at June 30, 2022 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended June 30, 2022 and June 30, 2021 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

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

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

A. F. Ferguson & Co
Chartered Accountants
Lahore

Dated: August 23, 2022
UDIN: RR202210092fDRBmdLC1



Unconsolidated Condensed Interim Statement of Financial Position

As At June 30, 2022



Note	Unaudited June 30, 2022	Audited December 31, 2021	
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks	7	171,330,965	164,613,179
Balances with other banks	8	20,496,109	18,830,310
Lendings to financial institutions	9	90,562,687	42,467,110
Investments	10	1,003,424,633	1,035,585,496
Advances	11	606,208,875	589,711,091
Fixed assets	12	58,240,347	57,327,871
Intangible assets	13	823,491	978,785
Deferred tax assets	14	5,306,865	-
Other assets	15	82,170,593	60,954,606
		2,038,564,565	1,970,468,448
LIABILITIES			
Bills payable	17	13,897,020	24,589,644
Borrowings	18	160,147,809	269,525,556
Deposits and other accounts	19	1,590,595,907	1,411,851,527
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	729,424
Other liabilities	20	109,430,768	89,364,889
		1,874,071,504	1,796,061,040
NET ASSETS		164,493,061	174,407,408
REPRESENTED BY			
Share capital		11,850,600	11,850,600
Reserves	21	85,072,611	84,602,024
Surplus on revaluation of assets - net	22	5,514,384	14,271,517
Unappropriated profit		62,055,466	63,683,267
		164,493,061	174,407,408
CONTINGENCIES AND COMMITMENTS	23		

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Profit & Loss Account (Un-audited)
For The Half Year Ended June 30, 2022



Note	Quarter Ended		Half Year Ended		
	April 01 to June 30, 2022	April 01 to June 30, 2021	January 01 to June 30, 2022	January 01 to June 30, 2021	
	-----Rupees in '000-----				
Mark-up / return / interest earned	25	45,699,191	29,853,633	85,415,965	58,201,095
Mark-up / return / interest expensed	26	24,823,053	13,544,944	46,427,801	26,652,061
Net mark-up / interest income		20,876,138	16,308,689	38,988,164	31,549,034
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	3,451,523	2,675,612	6,725,767	6,011,156
Dividend income		498,580	562,419	1,254,011	978,665
Foreign exchange income		2,903,035	770,927	4,114,310	1,395,377
Income / (loss) from derivatives		9,531	(649)	11,970	8,545
Gain / (loss) on securities	28	252,522	134,792	667,251	484,545
Other Income	29	61,424	606,568	124,992	620,317
Total non-markup / interest Income		7,176,615	4,749,669	12,898,301	9,498,605
Total Income		28,052,753	21,058,358	51,886,465	41,047,639
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	9,989,560	8,559,655	19,438,873	17,195,607
Workers Welfare Fund		352,149	274,742	650,718	500,263
Other charges	31	42,166	310,083	63,088	339,300
Total non-markup / interest expenses		10,383,875	9,144,480	20,152,679	18,035,170
Profit before provisions		17,668,878	11,913,878	31,733,786	23,012,469
(Reversals) / provisions and write offs - net	32	61,439	(1,823,217)	(802,098)	(2,000,682)
PROFIT BEFORE TAXATION		17,607,439	13,737,095	32,535,884	25,013,151
Taxation	33	15,397,161	5,784,497	21,411,220	10,270,479
PROFIT AFTER TAXATION		2,210,278	7,952,598	11,124,664	14,742,672
Basic and diluted earnings per share	34	1.87	6.71	9.39	12.44

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

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year Ended June 30, 2022



	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2022	April 01 to June 30, 2021	January 01 to June 30, 2022	January 01 to June 30, 2021
	-----Rupees in '000-----			
Profit after taxation for the period	2,210,278	7,952,598	11,124,664	14,742,672
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	564,155	372,059	(641,879)	(425,981)
Movement in surplus / (deficit) on revaluation of investments - net of tax	(5,310,729)	1,250,183	(8,542,540)	(2,344,321)
	(4,746,574)	1,622,242	(9,184,419)	(2,770,302)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	164,273	(166,181)	164,273	(166,181)
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	(168,265)	(181,188)	(168,265)	(181,188)
	(3,992)	(347,369)	(3,992)	(347,369)
Total comprehensive income / (loss)	(2,540,288)	9,227,471	1,936,253	11,625,001

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director


Mian Umer Mansha
Director

Muhammad Ali Zeb
Director

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Half Year Ended June 30, 2022

	Rupees in '000								
	Share capital	Share premium	Capital reserve Non-distributable capital reserve	Exchange translation reserve	Statutory reserve	Revenue reserve General reserve	Surplus/(deficit) on revaluation of Fixed / non- banking assets	Unappropriated profit	Total
Balance as at December 31, 2020 (Audited)	11,850,600	23,751,114	908,317	2,876,483	34,560,421	18,600,000	8,293,633	19,480,785	190,011,955
Total comprehensive income for the period ended June 30, 2021	-	-	-	(425,961)	-	-	(2,344,321)	(181,188)	14,742,672
Profit after taxation for the period ended June 30, 2021	-	-	-	(425,961)	-	-	(2,344,321)	(181,188)	(3,177,671)
Other comprehensive loss - net of tax	-	-	-	(425,961)	-	-	(2,344,321)	(181,188)	(11,525,001)
Transfer to statutory reserve	-	-	-	-	1,474,267	-	-	-	(1,474,267)
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(41,091)	41,091
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(6,181)	6,181
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(209,067)	209,067
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 15.0 per share - December 31, 2020	-	-	-	-	-	-	-	-	(17,775,900)
Interim cash dividend at Rs. 4.5 per share - March 31, 2021	-	-	-	-	-	-	-	-	(5,332,770)
Balance as at June 30, 2021 (Un-audited)	11,850,600	23,751,114	908,317	2,450,522	36,034,688	18,600,000	5,949,312	19,043,258	178,618,286
Change in equity for six months period ended December 31, 2021	-	-	-	-	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-	-	-	-	-
Profit after taxation for the six months period ended December 31, 2021	-	-	-	1,250,565	-	-	(10,634,037)	155,186	16,068,375
Other comprehensive loss - net of tax	-	-	-	1,250,565	-	-	(10,634,037)	155,186	(9,021,183)
Transfer to statutory reserve	-	-	-	-	1,606,838	-	-	-	(1,606,838)
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(40,976)	40,976
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	(109,082)	109,082
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(41,144)	41,144
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
Interim cash dividend at Rs. 5.0 per share - June 30, 2021	-	-	-	-	-	-	-	-	(5,925,300)
Interim cash dividend at Rs. 4.5 per share - September 30, 2021	-	-	-	-	-	-	-	-	(5,332,770)
Balance as at December 31, 2021 (Audited)	11,850,600	23,751,114	908,317	3,701,087	37,641,526	18,600,000	(4,738,725)	19,010,242	174,407,409
Total comprehensive income for the period ended June 30, 2022	-	-	-	(64,879)	-	-	(8,542,500)	(168,265)	11,724,664
Profit after taxation for the period ended June 30, 2022	-	-	-	(64,879)	-	-	(8,542,500)	(168,265)	(9,168,411)
Other comprehensive loss - net of tax	-	-	-	(64,879)	-	-	(8,542,500)	(168,265)	(1,338,255)
Transfer to statutory reserve	-	-	-	-	1,112,466	-	-	-	(1,112,466)
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(38,016)	38,016
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-	-	-	(8,312)	8,312
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 5.0 per share - December 31, 2021	-	-	-	-	-	-	-	-	(5,925,300)
Interim cash dividend at Rs. 4.5 per share - March 31, 2022	-	-	-	-	-	-	-	-	(5,332,770)
Balance as at June 30, 2022 (Un-audited)	11,850,600	23,751,114	908,317	3,056,188	38,753,992	18,600,000	(13,281,265)	18,705,646	164,493,065

For details of dividend declaration and appropriations, please refer note 39 to these unconsolidated condensed interim financial statements.
For details of reserves, please refer note 21 to these unconsolidated condensed interim financial statements.
The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.


Shoaib Mumtaz
President / CEO


Hammad Khalid
Chief Financial Officer


S. M. Muneer
Director


Mian Umer Mansha
Director



Muhammad Ali Zeb
Director



Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended June 30, 2022

	Half Year Ended	
Note	January 01 to June 30, 2022	January 01 to June 30, 2021
-----Rupees in '000-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	32,535,884	25,013,151
Less: Dividend income	(1,254,011)	(978,665)
	31,281,873	24,034,486
Adjustments:		
Depreciation on fixed assets	1,138,678	1,054,729
Depreciation on right-of-use assets	653,480	609,702
Depreciation on non-banking assets acquired in satisfaction of claims	11,973	18,721
Amortization	211,893	158,332
Reversals and write offs - net	(802,098)	(2,000,682)
(Gain) / loss on sale of fixed assets	(31,318)	26,956
Gain on sale of non-banking assets acquired in satisfaction of claims	-	(536,464)
Finance charges on lease liability against right-of-use assets	544,682	528,558
Workers Welfare Fund	650,718	500,263
Charge for defined benefit plans - net	90,813	290,438
Gain on termination of lease liability against right of use assets	(42,593)	(44,175)
Unrealized loss on revaluation of investments classified as held for trading	237	9,335
	2,426,465	615,713
	33,708,338	24,650,199
Decrease / (increase) in operating assets		
Lendings to financial institutions	(48,095,577)	(15,354,761)
Held-for-trading securities	(7,021,910)	(71,422,294)
Advances	(14,698,890)	1,876,710
Others assets (excluding advance taxation)	(15,637,963)	(1,198,221)
	(85,454,340)	(86,098,566)
(Decrease) / increase in operating liabilities		
Bills Payable	(10,692,624)	(11,052,169)
Borrowings from financial institutions	(110,167,454)	(24,681,243)
Deposits	178,744,380	151,706,101
Other liabilities (excluding current taxation)	5,414,334	(1,902,006)
	63,298,636	114,070,683
Defined benefits paid	(128,794)	(135,300)
Income tax paid	(12,491,969)	(8,164,331)
Net cash flow (used in) / from operating activities	(1,068,129)	44,322,685
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment in available-for-sale securities	27,835,299	3,393,910
Net (investment) in held-to-maturity securities	(1,101,521)	(14,807,657)
Dividends received	1,234,023	977,434
Investments in fixed assets	(2,152,978)	(1,191,619)
Investments in Intangible assets	(64,244)	(177,956)
Proceeds from sale of fixed assets	48,410	22,246
Proceeds from sale of non-banking assets acquired in satisfaction of claims	87,800	1,518,881
Investment in subsidiary	(4,000,000)	-
Effect of translation of net investment in foreign branches	(641,879)	(425,981)
Net cash flow from / (used in) investing activities	21,244,910	(10,690,742)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(827,178)	(819,344)
Dividend paid	(11,755,725)	(22,885,202)
Net cash flow used in financing activities	(12,582,903)	(23,704,546)
Effects of exchange rate changes on cash and cash equivalents	4,653,192	889,448
Increase in cash and cash equivalents	12,247,070	10,816,845
Cash and cash equivalents at beginning of the period	177,130,179	144,924,406
Cash and cash equivalents at end of the period	189,377,249	155,741,251

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


Shoaib Mumtaz
President / CEO


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Chief Financial Officer


S. M. Muneer
Director


Mian Umer Mansha
Director


Muhammad Ali Zeb
Director



1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,428 branches (2021: 1,426 branches) within Pakistan and 09 branches (2021: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

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

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

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

2.4 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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

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

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

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

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

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

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2021.

3.5 Amendments to approved accounting standards that are effective in the current period

There are certain amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are considered either to not be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

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

The following new standard and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
Amended Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 1, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024

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

As per the SBP's BPRD Circular Letter no. 03 dated July 5, 2022, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2023. Therefore, these unconsolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted. The impact of the application of IFRS 9 on Bank's financial statements is being assessed with respect to domestic operations.

There are other amendments and interpretations to existing standards that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2021. These risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly in line with emerging risks.

7. CASH AND BALANCES WITH TREASURY BANKS

	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
In hand		
Local currency	33,560,706	22,275,982
Foreign currencies	9,849,065	6,201,240
	43,409,771	28,477,222
With State Bank of Pakistan in		
Local currency current accounts	59,947,864	81,786,372
Local currency special account	482,144	979,736
Foreign currency current accounts	1,490,183	2,315,211
Foreign currency deposit accounts	11,275,182	10,550,168
	73,195,373	95,631,487
With other central banks in		
Foreign currency current accounts	6,837,445	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	47,765,350	33,521,087
Prize bonds	123,026	255,248
	171,330,965	164,613,179

8. BALANCES WITH OTHER BANKS

Outside Pakistan		
In current accounts	7,936,748	8,494,144
In deposit accounts	12,559,361	10,336,166
	20,496,109	18,830,310

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	46,101,157	27,571,021
Repurchase agreement lendings (Reverse Repo)	44,461,530	14,896,089
	90,562,687	42,467,110

10. INVESTMENTS	Unaudited June 30, 2022			Audited December 31, 2021				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
10.1 Investments by type:								
10.1.1 Investments given as collateral								
- Market Treasury Bills	7,034,365	-	(237)	7,034,128	12,467	-	(12)	12,455
- Pakistan Investment Bonds	7,034,365	-	(237)	7,034,128	12,467	-	(12)	12,455
10.2 Provision for diminution in value of investments								
10.2.1 Opening balance	951,678,319	(26,761)	(23,599,265)	928,052,293	977,660,377	(22,288)	(9,111,067)	968,527,022
Exchange and other adjustments	32,161,762	(11,000,419)	280,480	21,441,823	31,011,555	(10,096,489)	1,342,189	22,257,255
Charge / (reversals)	1,583,840	-	8,850	1,592,690	1,443,840	-	5,900	1,449,740
Charge for the period / year	4,422,300	(1,748)	9,472	4,430,024	7,557,240	(1,748)	(5,424)	7,550,068
Reversals for the period / year	989,846,221	(11,028,928)	(23,300,463)	955,516,830	1,017,673,012	(10,120,525)	(7,768,402)	999,784,088
Reversal on disposals	16,255,516	(78,071)	-	16,177,445	14,360,970	(52,637)	-	14,308,333
Closing Balance	118	(118)	-	7,677,517	8,155,476	(477,541)	-	7,677,935
10.2.2 Particulars of provision against debt securities	8,155,058	(477,541)	-	7,677,517	792,607	(6,632)	-	783,975
Category of classification	24,410,692	(555,730)	-	23,854,962	23,309,171	(538,928)	-	22,770,243
Domestic	700,401	-	-	700,401	700,401	-	-	700,401
Loss	16,319,037	(725)	-	16,318,312	12,319,037	(725)	-	12,318,312
	1,038,310,716	(11,585,383)	(23,300,700)	1,003,424,633	1,054,014,088	(10,660,178)	(7,768,414)	1,035,585,496
10.3 In addition to the above, overseas branches hold a general provision of Rs 104.832 million (December 31, 2021: Rs 83.557 million) in accordance with the requirements of IFRS 9.								
10.3 The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 22,087.782 million (December 31, 2021: Rs. 22,217.535 million).								
10.4 During the period, the Bank has invested Rs. 4,000 million via subscription of right shares in the ordinary share capital of MCB Islamic Bank Limited, a wholly owned subsidiary.								

Note	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
13. INTANGIBLE ASSETS		
Computer software	614,288	549,332
Capital work-in-progress	209,203	429,453
	<u>823,491</u>	<u>978,785</u>
	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
	-----Rupees in '000-----	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	284,494	169,300
Capital work-in-progress - net additions	-	8,656
	<u>284,494</u>	<u>177,956</u>
	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
14. DEFERRED TAX (ASSET) / LIABILITY - NET		
Deductible Temporary Differences on		
- Provision against advances	(1,625,937)	(1,966,314)
- Surplus/deficit on revaluation of investments	(10,019,198)	(3,029,677)
	<u>(11,645,135)</u>	<u>(4,995,991)</u>
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,477,693	1,366,245
- Surplus on revaluation of non-banking assets	296,178	274,315
- Accelerated tax depreciation	2,408,120	2,124,452
- Receivable from pension fund - net	1,451,061	1,255,185
- Business combination	705,218	705,218
	<u>6,338,270</u>	<u>5,725,415</u>
	<u>(5,306,865)</u>	<u>729,424</u>
15. OTHER ASSETS		
Income/ Mark-up accrued in local currency	30,999,400	21,654,370
Income/ Mark-up accrued in foreign currencies	260,260	304,911
Advances, deposits, advance rent and other prepayments	3,309,095	1,897,020
Non-banking assets acquired in satisfaction of claims	2,085,750	2,170,938
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	275,191	-
Mark to market gain on forward foreign exchange contracts	6,259,874	4,319,018
Unrealized gain on derivative financial instruments	329,501	304,893
Acceptances	26,489,953	20,941,457
Receivable from the pension fund	3,374,562	3,218,426
Clearing and settlement accounts	6,473,223	4,794,316
Claims receivable against fraud and forgeries	1,197,978	1,117,067
Others	3,224,069	2,104,292
	<u>84,412,665</u>	<u>62,960,517</u>
Less: Provision held against other assets	2,930,858	2,709,281
Other Assets (net of provision)	81,481,807	60,251,236
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	688,786	703,370
Other Assets - total	<u>82,170,593</u>	<u>60,954,606</u>
15.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	573,489	486,976
Others	2,268,596	2,133,532
	<u>2,930,858</u>	<u>2,709,281</u>
15.1.1 Movement in provision held against other assets		
Opening balance	2,709,281	2,582,686
Charge for the period / year	87,520	56,128
Reversals	(7,395)	(25,036)
	<u>80,125</u>	<u>31,092</u>
Amounts written off	(368)	(991)
Exchange and other adjustments	141,820	96,494
Closing balance	<u>2,930,858</u>	<u>2,709,281</u>

16. CONTINGENT ASSETS
There were no contingent assets of the Bank as at June 30, 2022 (2021: NIL).

	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
17. BILLS PAYABLE		
In Pakistan	13,879,512	24,541,023
Outside Pakistan	17,508	48,621
	<u>13,897,020</u>	<u>24,589,644</u>
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	51,395,299	44,958,974
Under Long Term Financing Facility	23,478,270	22,532,703
Under Renewable Energy Performance Platform	1,876,293	1,443,069
Under Refinance Scheme for Payment of Wages & Salaries	3,164,326	5,683,739
Under Temporary Economic Refinance Facility	36,025,876	24,881,195
Under Refinance Facility for combating COVID-19	15,776	18,357
Under Financing Facility for Storage of Agricultural Produce	129,561	147,260
	<u>116,085,401</u>	<u>99,665,297</u>
Bai Muajjal	-	44,809,236
Repurchase agreement borrowings	41,423,653	116,920,102
Total secured	<u>157,509,054</u>	<u>261,394,635</u>
Unsecured		
Borrowings from other financial institution	26,644	41,365
Call borrowings	-	6,267,152
Overdrawn nostro accounts	2,449,825	1,660,118
Others	162,286	162,286
Total unsecured	<u>2,638,755</u>	<u>8,130,921</u>
	<u>160,147,809</u>	<u>269,525,556</u>

19. DEPOSITS AND OTHER ACCOUNTS

	Unaudited June 30, 2022			Audited December 31, 2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	519,565,218	93,233,671	612,798,889	454,999,719	68,396,660	523,396,379
Savings deposits	734,154,363	42,085,820	776,240,183	692,860,151	44,991,159	737,851,310
Term deposits	99,829,601	14,204,910	114,034,511	80,826,341	12,107,066	92,933,407
Others	48,215,251	3,709,232	51,924,483	25,795,729	3,062,911	28,858,640
	<u>1,401,764,433</u>	<u>153,233,633</u>	<u>1,554,998,066</u>	<u>1,254,481,940</u>	<u>128,557,796</u>	<u>1,383,039,736</u>
Financial Institutions						
Current deposits	13,565,279	1,363,986	14,929,265	9,064,099	1,472,720	10,536,819
Savings deposits	12,137,267	64,209	12,201,476	10,894,817	117,898	11,012,715
Term deposits	623,968	6,037,248	6,661,216	539,968	6,319,339	6,859,307
Others	-	1,805,884	1,805,884	-	402,950	402,950
	<u>26,326,514</u>	<u>9,271,327</u>	<u>35,597,841</u>	<u>20,498,884</u>	<u>8,312,907</u>	<u>28,811,791</u>
	<u>1,428,090,947</u>	<u>162,504,960</u>	<u>1,590,595,907</u>	<u>1,274,980,824</u>	<u>136,870,703</u>	<u>1,411,851,527</u>

Note	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
20. OTHER LIABILITIES		
Mark-up/ return/ interest payable in local currency	3,683,442	5,303,967
Mark-up/ return/ interest payable in foreign currencies	162,500	171,780
Unearned commission and income on bills discounted	1,079,839	807,468
Accrued expenses	5,227,285	6,420,208
Provision for taxation (provisions less payments)	16,611,799	8,641,789
Workers' Welfare Fund	20.1 10,529,188	9,878,470
Acceptances	15 26,489,953	20,941,457
Unclaimed / dividends payable	2,117,700	2,022,825
Mark to market loss on forward foreign exchange contracts	7,671,679	4,388,436
Unrealised loss on derivative financial instruments	328,506	302,365
Branch adjustment account	-	78,348
Staff welfare fund	2,635	4,755
Provision for employees' compensated absences	1,133,077	1,100,865
Provision for post retirement medical benefits	2,063,342	1,982,169
Provision for employees' contributory benevolent scheme	202,482	197,712
Insurance payable against consumer assets	799,343	736,768
Unclaimed balances	635,240	755,141
Duties and taxes payable	5,613,619	3,868,463
Provision against off-balance sheet obligations	43,156	46,319
Security deposits against lease	1,092,763	799,331
Lease liability against right of use assets	7,669,216	7,399,921
Clearing and settlement accounts	8,226,983	6,234,150
Others	8,047,021	7,282,182
	<u>109,430,768</u>	<u>89,364,889</u>

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

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

Note	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
21. RESERVES		
Share premium	23,751,114	23,751,114
Non- distributable capital reserve - gain on bargain purchase option	21.1 908,317	908,317
Exchange translation reserve	3,059,188	3,701,067
Statutory reserve	21.2 38,753,992	37,641,526
General reserve	18,600,000	18,600,000
	<u>85,072,611</u>	<u>84,602,024</u>

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

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

Note	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
22. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	10.1 (23,300,463)	(7,768,402)
- Fixed Assets	19,880,734	19,947,432
- Non-banking assets acquired in satisfaction of claims	15 688,786	703,370
	(2,730,943)	12,882,400
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	14 (10,019,198)	(3,029,677)
- Fixed Assets	14 1,477,693	1,366,245
- Non-banking assets acquired in satisfaction of claims	14 296,178	274,315
	(8,245,327)	(1,389,117)
	<u>5,514,384</u>	<u>14,271,517</u>
23. CONTINGENCIES AND COMMITMENTS		
-Guarantees	23.1 225,909,691	186,607,084
-Commitments	23.2 459,072,563	406,841,074
-Other contingent liabilities	23.3 29,104,766	25,738,784
	<u>714,087,020</u>	<u>619,186,942</u>
23.1 Guarantees:		
Financial guarantees	92,956,561	158,802,090
Performance guarantees	132,167,202	25,596,864
Other guarantees	785,928	2,208,130
	<u>225,909,691</u>	<u>186,607,084</u>
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	237,324,232	178,952,056
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 198,306,199	217,379,046
- forward government securities transactions	23.2.2 7,977,735	5,098,200
- derivatives	23.2.3 13,004,096	4,434,780
Commitments for acquisition of:		
- operating fixed assets	2,282,710	806,239
- intangible assets	177,591	170,753
	<u>459,072,563</u>	<u>406,841,074</u>
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	109,260,431	119,831,839
Sale	89,045,768	97,547,207
	<u>198,306,199</u>	<u>217,379,046</u>
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	5,477,735	5,098,200
Sale	2,500,000	-
	<u>7,977,735</u>	<u>5,098,200</u>
23.2.3 Commitments in respect of derivatives		
FX options		
Purchase	5,993,906	1,432,779
Sale	5,993,906	1,432,779
	<u>11,987,812</u>	<u>2,865,558</u>
Cross Currency Swaps		
Purchase	508,142	784,611
Sale	508,142	784,611
	<u>1,016,284</u>	<u>1,569,222</u>
	<u>13,004,096</u>	<u>4,434,780</u>

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

23.3 Other contingent liabilities

	Note	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees in '000-----			
Claims against the Bank not acknowledged as debts	23.3.1	29,104,766	25,738,784

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

23.4 Taxation

For assessment year 1999-2000 through tax year 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,158 million (2021: Rs. 1,497 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

DERIVATIVE INSTRUMENTS

	Unaudited June 30, 2022					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
-----Rupees in '000-----						
Total						
Hedging	508,142	264,474	-	-	5,993,906	65,027
Market Making	508,142	(263,479)	-	-	5,993,906	(65,027)
-----Rupees in '000-----						
	Audited December 31, 2021					
-----Rupees in '000-----						
Total						
Hedging	784,611	298,956	-	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	-	1,432,779	(5,937)

	Note	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
-----Rupees in '000-----			
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		26,667,912	15,721,650
Investments		57,397,231	42,240,046
Lendings to financial institutions		1,196,585	199,429
Balances with banks		154,237	39,970
		85,415,965	58,201,095
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		38,521,136	21,399,893
Borrowings		5,920,861	3,987,814
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,441,122	735,796
Finance charges on lease liability against right-of-use assets		544,682	528,558
		46,427,801	26,652,061
27. FEE & COMMISSION INCOME			
Branch banking customer fees		1,542,251	1,351,456
Consumer finance related fees		294,711	251,823
Card related fees (debit and credit cards)		1,799,017	1,376,263
Credit related fees		135,440	115,877
Investment banking fee		73,384	97,430
Commission on trade		758,485	676,115
Commission on guarantees		284,569	321,196
Commission on cash management		415,686	335,391
Commission on remittances including home remittances		603,794	473,537
Commission on bancassurance		558,908	760,832
Rent on lockers		115,275	116,347
Commission on utility bills		40,412	37,679
Commission on investments services		28,346	19,782
Others		75,489	77,428
		6,725,767	6,011,156
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	667,488	493,880
Unrealised - Held For Trading	10.1	(237)	(9,335)
		667,251	484,545
28.1 Realised gain / (loss) on:			
Federal Government Securities		89,778	345,791
Shares		577,710	147,850
Others		-	239
		667,488	493,880
29. OTHER INCOME			
Rent on property		51,081	66,634
Gain on termination of lease liability against right of use assets		42,593	44,175
Gain / (Loss) on sale of fixed assets - net		31,318	(26,956)
Gain on sale of non-banking assets acquired in satisfaction of claims - net		-	536,464
		124,992	620,317

	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
	-----Rupees in '000-----	
30. OPERATING EXPENSES		
Total compensation expense	9,232,758	8,610,124
Property expense		
Rent and taxes	84,407	104,564
Insurance	9,940	10,650
Utilities cost	694,925	560,810
Fuel expense generators	346,163	185,700
Security (including guards)	804,496	682,774
Repair and maintenance (including janitorial charges)	429,703	320,324
Depreciation on right-of-use assets	653,480	609,702
Depreciation	374,107	360,618
	3,397,221	2,835,142
Information technology expenses		
Software maintenance	577,686	524,443
Hardware maintenance	124,737	83,773
Depreciation	296,046	287,333
Amortization	211,893	158,332
Network charges	288,352	285,351
Insurance	1,367	1,729
	1,500,081	1,340,961
Other operating expenses		
Directors' fees and allowances	18,720	19,620
Legal and professional charges	163,844	146,090
Outsourced services costs	418,624	346,516
Travelling and conveyance	173,793	112,280
NIFT clearing charges	89,058	76,383
Depreciation	468,525	406,778
Depreciation on non-banking assets acquired in satisfaction of claims	11,973	18,721
Training and development	30,544	10,267
Postage and courier charges	128,238	107,787
Communication	191,189	169,549
Stationery and printing	358,219	284,988
Marketing, advertisement & publicity	435,999	291,099
Donations	-	6,600
Auditors' remuneration	26,735	33,488
Cash transportation charges	456,543	413,523
Repair and maintenance	255,535	220,133
Subscription	10,759	7,996
Entertainment	129,741	93,799
Remittance charges	113,480	95,691
Brokerage expenses	18,080	18,037
Card related expenses	576,516	475,423
CNIC verification charges	184,676	106,385
Insurance	901,738	836,767
Others	146,284	111,460
	5,308,813	4,409,380
	19,438,873	17,195,607
31. OTHER CHARGES		
Penalties of State Bank of Pakistan	4,168	314,286
VAT & National Building tax & Crop Insurance Levy	58,920	25,014
	63,088	339,300

	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
	-----Rupees in '000-----	
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
(Reversal) / provision against balance with Banks	(698)	121
Provision / (reversal) for diminution in value of investments	916,697	(528,973)
Reversal against loans and advances	(1,696,094)	(1,386,639)
Reversal against off balance sheet items	(4)	-
Provision against other assets	80,125	1,009
Bad debts written off directly	676	-
Recovery of written off / charged off bad debts	(102,800)	(86,200)
	(802,098)	(2,000,682)
33. TAXATION		
Current	16,991,473	9,429,146
Prior years	3,470,506	-
Deferred	949,241	841,333
	21,411,220	10,270,479
34. BASIC AND DILUTED EARNINGS PER SHARE		
	-----Rupees in '000-----	
Profit after tax	11,124,664	14,742,672
	-----Number-----	
Weighted average number of ordinary shares	1,185,060,006	1,185,060,006
	-----Rupees-----	
Basic and diluted earnings per share	9.39	12.44

35. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

In the opinion of the management, the fair value of the financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

35.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

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

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

	Unaudited June 30, 2022				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupeesin '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	935,086,421	-	935,086,421	-	935,086,421
Shares	19,985,343	19,985,343	-	-	19,985,343
Non-Government Debt Securities	1,592,690	-	1,592,690	-	1,592,690
Foreign Securities	4,430,024	-	4,430,024	-	4,430,024
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	42,330,155	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,243,283	-	44,243,283	-	44,243,283
Non-banking assets	2,685,763	-	2,685,763	-	2,685,763
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	109,260,431	-	5,926,303	-	5,926,303
Forward sale of foreign exchange	89,045,768	-	7,338,108	-	7,338,108
Derivatives purchase	6,502,048	-	329,501	-	329,501
Derivatives sale	6,502,048	-	328,506	-	328,506

	Audited December 31, 2021				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupeesin '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	968,539,477	-	968,539,477	-	968,539,477
Shares	20,800,775	20,800,775	-	-	20,800,775
Non-Government Debt Securities	1,449,740	-	1,449,740	-	1,449,740
Foreign Securities	7,544,505	-	7,544,505	-	7,544,505
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares, subsidiaries and associates)	37,250,999	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,349,165	-	44,349,165	-	44,349,165
Non-banking assets	2,785,535	-	2,785,535	-	2,785,535
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	119,831,839	-	3,767,037	-	3,767,037
Forward sale of foreign exchange	97,547,207	-	3,836,455	-	3,836,455
Derivatives purchase	2,217,390	-	304,893	-	304,893
Derivatives sale	2,217,390	-	302,365	-	302,365

36.1 Segment details with respect to business activities

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

	Unaudited Half year ended June 30, 2022								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
Profit & Loss									
Net mark-up/return/profit	(31,327,745)	1,823,881	16,614,049	50,955,242	922,737	-	38,988,164	-	38,988,164
Inter segment revenue - net	62,291,678	(825,857)	(14,714,892)	(53,148,446)	(76,665)	6,474,182	-	-	-
Non mark-up / return / interest income	4,464,500	1,136,377	2,568,472	3,899,929	546,018	283,005	12,898,301	-	12,898,301
Total Income	35,428,433	2,134,401	4,467,629	1,706,725	1,392,090	6,757,187	51,886,465	-	51,886,465
Segment direct expenses	13,155,395	967,020	441,644	251,751	673,137	4,663,732	20,152,679	-	20,152,679
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	13,155,395	967,020	441,644	251,751	673,137	4,663,732	20,152,679	-	20,152,679
Provisions	(216,760)	14,955	(44,324)	903,930	9,099	(1,463,998)	(802,098)	-	(802,098)
Profit before tax	22,489,798	1,152,426	4,070,309	551,044	709,854	3,562,453	32,535,884	-	32,535,884
Balance Sheet									
Cash & Bank balances	87,665,551	711,004	320,269	75,048,218	26,590,798	1,491,234	191,827,074	-	191,827,074
Investments	-	-	9,270,192	982,212,048	11,942,393	-	1,003,424,633	-	1,003,424,633
Net inter segment lending	1,211,240,332	-	-	-	-	187,931,674	1,399,172,006	(1,399,172,006)	-
Lendings to financial institutions	-	-	-	47,341,402	43,221,285	-	90,562,687	-	90,562,687
Advances - performing	105,342,330	42,065,445	432,815,037	-	17,515,590	-	597,738,402	-	597,738,402
- non performing	185,492	90,893	1,405,530	-	6,361,764	426,794	8,470,473	-	8,470,473
Others	48,644,176	2,071,051	34,719,710	20,083,429	1,229,681	39,793,249	146,541,296	-	146,541,296
Total Assets	1,453,077,881	44,938,393	478,530,738	1,124,685,097	106,861,511	229,642,951	3,437,736,571	(1,399,172,006)	2,038,564,565
Borrowings	16,922,291	-	98,799,641	41,396,786	3,029,091	-	160,147,809	-	160,147,809
Deposits & other accounts	1,411,996,850	27,141,423	65,101,004	-	86,345,167	11,463	1,590,595,907	-	1,590,595,907
Net inter segment borrowing	-	13,406,000	288,864,128	1,082,205,130	14,696,748	-	1,399,172,006	(1,399,172,006)	-
Others	24,158,740	4,390,970	25,765,965	1,083,181	2,790,505	65,138,427	123,327,788	-	123,327,788
Total Liabilities	1,453,077,881	44,938,393	478,530,738	1,124,685,097	106,861,511	65,149,890	3,273,243,510	(1,399,172,006)	1,874,071,504
Equity	-	-	-	-	-	164,493,061	164,493,061	-	164,493,061
Total Equity & liabilities	1,453,077,881	44,938,393	478,530,738	1,124,685,097	106,861,511	229,642,951	3,437,736,571	(1,399,172,006)	2,038,564,565
Contingencies & Commitments	80,423,671	-	373,180,295	219,288,030	9,347,549	31,847,475	714,087,020	-	714,087,020

Rpees in '000-

	Unaudited Half year ended June 30, 2021								
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Others	Sub-total	Eliminations	Total
Profit & Loss									
Net mark-up/return/profit	(17,518,820)	1,292,992	9,488,524	37,676,979	609,359	-	31,549,034	-	31,549,034
Inter segment revenue - net	36,173,493	(265,883)	(7,312,833)	(32,255,351)	(58,971)	3,719,545	-	-	-
Non mark-up / return / interest income	3,280,854	1,227,386	1,680,845	2,192,578	423,629	693,313	9,498,605	-	9,498,605
Total Income	21,935,527	2,254,495	3,856,536	7,614,206	974,017	4,412,858	41,047,639	-	41,047,639
Segment direct expenses	11,733,247	841,928	331,985	216,929	560,590	4,330,491	18,035,170	-	18,035,170
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	11,733,247	841,928	331,985	216,929	560,590	4,330,491	18,035,170	-	18,035,170
Provisions	1,243,978	42,413	(83,724)	(506,925)	90,918	(2,787,342)	(2,000,682)	-	(2,000,682)
Profit before tax	8,958,302	1,370,154	3,608,275	7,904,202	302,509	2,869,709	25,013,151	-	25,013,151
Balance Sheet									
Cash & Bank balances	59,335,963	487,065	283,447	97,130,099	23,726,201	2,500,714	183,443,489	-	183,443,489
Investments	-	-	9,125,927	1,012,813,179	13,646,390	-	1,035,585,496	-	1,035,585,496
Net inter segment lending	1,109,475,892	-	-	-	-	187,691,251	1,297,167,143	(1,297,167,143)	-
Lendings to financial institutions	100,287,979	36,615,372	427,159,422	-	24,071,021	-	42,467,110	-	42,467,110
Advances - performing	223,751	92,152	26,224	-	19,313,984	-	583,376,757	-	583,376,757
- non performing	38,048,057	1,846,406	25,494,493	15,021,037	5,565,096	427,111	6,334,334	-	6,334,334
Others	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591	(1,297,167,143)	1,970,468,448
Total Assets	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591	(1,297,167,143)	1,970,468,448
Borrowings	15,037,907	-	84,434,986	167,180,272	2,872,391	-	269,525,556	-	269,525,556
Deposits & other accounts	1,260,878,141	24,186,891	59,464,220	-	67,311,591	10,684	1,411,851,527	-	1,411,851,527
Net inter segment borrowing	-	10,396,935	298,741,975	973,411,802	14,616,431	-	1,297,167,143	(1,297,167,143)	-
Others	31,455,594	4,457,169	19,428,332	2,768,330	3,419,635	53,154,897	114,683,957	-	114,683,957
Total Liabilities	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	53,165,581	3,093,228,183	(1,297,167,143)	1,796,061,040
Equity	-	-	-	-	-	174,407,408	174,407,408	-	174,407,408
Total Equity & liabilities	1,307,371,642	39,040,995	462,069,513	1,143,360,404	88,220,048	227,572,989	3,267,635,591	(1,297,167,143)	1,970,468,448
Contingencies & Commitments	64,622,665	-	298,150,190	226,912,026	2,506,084	26,995,977	619,186,942	-	619,186,942

Rpees in '000-

Audited December 31, 2021

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

The Bank has related party relationship with its subsidiaries, associates, employee benefit plans, its directors and key management personnel and their close family members. The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	Unaudited June 30, 2022				Audited December 31, 2021					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Lendings to Financial Institutions										
Opening balance	-	-	3,500,000	-	-	-	-	-	-	-
Addition during the period / year	-	-	88,246,765	-	-	-	-	103,400,000	-	-
Repaid during the period / year	-	-	(90,866,893)	-	-	-	-	(99,900,000)	-	-
Closing balance	-	-	879,872	-	-	-	-	3,500,000	-	-
Investments										
Opening balance	-	-	12,319,037	700,401	254,253	-	-	12,319,037	700,401	254,253
Investment made during the period / year	-	-	4,000,000	-	-	-	-	-	-	-
Investment disposed off during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	16,319,037	700,401	254,253	-	-	12,319,037	700,401	254,253
Provision for diminution in value of investments										
Opening balance	-	-	725	-	5,000	-	-	725	-	5,000
Advances										
Opening balance	109	147,331	940,062	1,018,449	3,084,862	1,042	166,757	856,704	366,898	152,147
Addition / exchange adjustment during the period / year	8,228	50,063	56,667	-	12,206,332	16,460	48,891	83,368	1,390,000	3,103,637
Repaid / exchange adjustment during the period / year	(6,948)	(39,222)	-	(929,225)	(10,663,020)	(16,576)	(63,410)	-	(728,448)	(170,922)
Transfer in / (out)	-	113,543	-	-	-	(817)	(14,907)	-	-	-
Closing balance	1,389	271,705	986,729	89,224	4,628,174	109	147,331	940,062	1,018,449	3,084,862
Provision held against advances	-	-	-	-	-	-	-	-	-	-

(Rupees in '000)

	Unaudited June 30, 2022				Audited December 31, 2021					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Fixed Assets										
Advance for purchase of fixed assets	-	-	200,000	-	19,653	-	-	-	-	-
Other Assets										
Markup receivable	-	3,325	11,763	246	57,796	-	2,436	20,398	17,154	16,572
Advances, deposits, advance rent and other prepayments	-	-	8,535	280,216	45,330	-	-	7,040	182,467	44,060
Receivable from Pension Fund	-	-	-	-	3,374,562	-	-	-	-	3,218,426
Unrealized gain / (loss) on forward foreign exchange contracts - outstanding	-	-	13,901	-	(1,018)	-	-	-	-	-
Closing balance	-	3,325	34,199	280,462	3,476,670	-	2,436	27,438	199,621	3,279,058
Borrowings										
Opening balance	-	-	19,134	-	103,120	-	-	25,356	-	77,139
Borrowings / exchange adjustment during the period / year	-	-	584,562	-	(24,314)	-	-	598,267	-	25,981
Settled during the period / year	-	-	(583,259)	-	-	-	-	(604,489)	-	-
Closing balance	-	-	20,437	-	78,806	-	-	19,134	-	103,120
Deposits and other accounts										
Opening balance	700,547	196,067	51,961	3,827,846	8,285,021	302,130	138,566	53,877	4,815,780	4,869,941
Received during the period / year	760,042	778,192	3,008,202	27,590,121	60,004,525	2,874,441	1,315,435	3,162,263	49,364,225	86,845,287
Withdrawn during the period / year	(907,429)	(817,231)	(3,010,533)	(25,780,763)	(59,570,676)	(2,468,887)	(1,256,285)	(3,164,179)	(60,352,159)	(83,429,013)
Transfer in / (out) - net	-	332	-	-	26,429	(7,137)	(1,649)	-	-	(1,194)
Closing balance	553,160	157,380	49,630	5,637,204	8,745,299	700,547	196,067	51,961	3,827,846	8,285,021
Other Liabilities										
Markup payable	475	344	5	3,121	39,237	1,475	-	2	18,219	16,792
Accrued expenses and other payable	-	-	33,619	130,015	103	100,100	3,500	23,556	66,889	2,893
Payable to MCB Employee Security Services	-	-	-	-	22,248	-	-	-	-	55,567
Advance received against sale of property	-	-	20,000	-	-	-	-	20,000	-	-
Closing balance	475	344	53,624	133,136	61,588	101,575	3,500	43,566	85,108	75,262
Contingencies and Commitments										
Letter of Credit	-	-	-	-	9,546,315	-	-	-	-	5,207,768
Bank guarantees	-	-	20,472	6,425,279	770,075	-	-	35,276	10,739	666,342
Forward foreign exchange contracts (Notional)	-	-	776,754	-	74,057	-	-	-	-	-
Closing balance	-	-	797,226	6,425,279	10,389,447	-	-	35,276	10,739	5,874,110

(Rupees in '000)



	Unaudited June 30, 2022				Unaudited June 30, 2021					
	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties
Income										
Markup / return / interest earned	49	8,932	240,751	26,803	129,712	23	7,985	32,714	1,491	3,917
Fee and commission income	-	-	31,528	401,025	2,891	-	-	19,839	424,967	2,097
Dividend income	-	-	73,914	105,000	33,750	-	-	83,153	87,900	50,845
(Loss) / gain on forward foreign exchange contracts matured	-	-	-	-	(360)	-	-	-	-	17,809
Net gain / (loss) on sale of securities	-	23	-	166	37,201	3	-	-	32	210
Gain on sale of fixed assets	-	71	-	-	626	-	72	-	-	-
Rent income	-	-	27,404	6,820	1,920	-	-	24,198	5,685	1,140
Expense										
Markup / return / interest expensed	21,171	1,736	1,475	105,015	771,238	8,927	1,487	563	61,727	187,476
Other Operating expenses										
Cleaning expenses paid to NIFT	-	-	-	-	89,058	-	-	-	-	76,383
Contribution to provident fund	-	-	-	-	240,906	-	-	-	-	216,947
Rent expenses	-	-	6,324	34,626	25,961	-	-	5,750	21,688	23,263
Cash sorting expenses	-	-	-	-	56,866	-	-	-	-	54,562
Stationery expenses	-	-	-	-	162,686	-	-	-	-	128,424
Security guards expenses	-	-	-	-	146,620	-	-	-	-	173,829
Remuneration to key executives and non-executive directors fee	85,864	404,677	-	-	-	114,483	326,633	-	-	-
Outsourcing service expenses	-	-	-	62,065	-	-	-	-	106,273	-
E-dividend processing fee and CDC charges	-	-	-	-	3,121	-	-	-	-	3,100
Travelling Expenses	-	-	-	-	25,689	-	-	-	-	22,681
Hotel stay expenses	-	-	-	-	3,963	-	-	-	-	63
Repair and maintenance charges	-	-	-	-	1,206	-	-	-	-	1,063
Advertisement Expenses	-	-	-	-	3,132	-	-	-	-	-
Miscellaneous expenses and payments	-	-	-	-	4,556	-	-	-	-	1,143
Insurance premium-net of refund	-	-	-	423,806	-	-	-	-	240,393	-
Insurance claim settled	-	-	-	24,273	-	-	-	-	11,741	-
Other Transactions										
Proceeds from sale of fixed assets	-	6,329	-	-	1,417	-	72	-	-	-
Purchase of fixed assets	-	-	-	2,375	28,158	-	-	-	14,824	12,810
Sale of foreign currency	-	-	11,433,731	-	-	-	-	11,044,337	-	-
Purchase of foreign currency	-	-	7,138,604	-	436,000	-	-	7,211,829	-	-
Payments against home remittances	-	-	2,306,511	-	-	-	-	2,300,794	-	-
Reimbursement of other expenses	-	-	21,718	-	-	-	-	15,684	-	-
Sale of government securities	-	83,990	-	6,968,691	19,831,120	396,165	4,131	-	4,303,668	2,809,322
Purchase of government securities	-	8,803	-	9,987,678	13,995,326	-	-	-	10,842,126	2,463,278
Forward exchange contracts matured during the period	-	-	-	-	961,076	-	-	-	-	2,838,228

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.



	Unaudited June 30, 2022	Audited December 31, 2021
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	-----Rupees in '000-----	
38.1 Capital Adequacy		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,850,600	11,850,600
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	148,437,042	150,353,964
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	148,437,042	150,353,964
Eligible Tier 2 Capital	9,884,321	19,249,838
Total Eligible Capital (Tier 1 + Tier 2)	158,321,363	169,603,802
Risk Weighted Assets (RWAs):		
Credit Risk	672,996,948	711,304,243
Market Risk	136,110,650	132,894,633
Operational Risk	153,080,409	153,080,409
Total	962,188,007	997,279,285
Common Equity Tier 1 Capital Adequacy ratio	15.43%	15.08%
Tier 1 Capital Adequacy Ratio	15.43%	15.08%
Total Capital Adequacy Ratio	16.45%	17.01%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	148,437,042	150,353,964
Total Exposures	2,533,417,655	2,451,779,962
Leverage Ratio	5.86%	6.13%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,036,469,627	1,109,267,469
Total Net Cash Outflow	483,771,099	450,352,949
Liquidity Coverage Ratio	214.25%	246.31%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,312,517,529	1,213,585,786
Total Required Stable Funding	997,852,774	782,982,025
Net Stable Funding Ratio	131.53%	155.00%



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 17, 2022 has announced an interim cash dividend in respect of half ended June 30, 2022 of Rs. 4.00 per share (June 30, 2021: Rs. 5.00 per share). These unconsolidated condensed interim financial statements for the period ended June 30, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative information has been rearranged wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the period.

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

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on August 17, 2022.



MCB BANK LIMITED

Consolidated Condensed Interim Financial Statements for the half year ended June 30, 2022

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director



Note Unaudited June 30, 2022 Audited December 31, 2021

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

ASSETS

Cash and balances with treasury banks	7	183,788,717	175,922,469
Balances with other banks	8	36,799,424	22,554,329
Lendings to financial institutions	9	97,172,815	40,617,110
Investments	10	1,026,210,056	1,062,568,511
Advances	11	703,914,379	686,388,652
Fixed assets	12	62,863,435	62,351,545
Intangible assets	13	1,698,672	1,838,136
Deferred tax assets	14	4,235,115	-
Other assets	15	90,429,639	69,880,727
		2,207,112,252	2,122,121,479

LIABILITIES

Bills payable	17	15,674,045	26,486,445
Borrowings	18	172,315,585	282,898,882
Deposits and other accounts	19	1,733,087,907	1,534,586,671
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	1,578,782
Other liabilities	20	118,245,843	99,002,039
		2,039,323,380	1,944,552,819
		167,788,872	177,568,660

NET ASSETS

REPRESENTED BY

Share capital		11,850,600	11,850,600
Reserves	21	85,709,644	85,043,592
Surplus on revaluation of assets - net	22	6,287,757	15,225,689
Unappropriated profit		63,242,295	64,697,360
		167,090,296	176,817,241
Non-controlling interest		698,576	751,419
		167,788,872	177,568,660

CONTINGENCIES AND COMMITMENTS

23

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director



Note Quarter Ended April 01 to June 30, 2022 April 01 to June 30, 2021 Half Year Ended January 01 to June 30, 2022 January 01 to June 30, 2021

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

Mark-up / return / interest earned	25	49,626,948	32,131,944	92,315,591	62,733,431
Mark-up / return / interest expensed	26	26,735,149	14,698,370	50,066,043	29,001,691
Net mark-up / interest income		22,891,799	17,433,574	42,249,548	33,731,740
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	3,824,930	2,974,529	7,373,534	6,611,051
Dividend income		406,040	505,138	1,104,802	853,078
Foreign exchange income		2,951,739	818,432	4,237,583	1,424,246
Income from derivatives		9,531	(649)	11,970	8,545
Gain / (loss) on securities	28	87,586	167,829	377,997	534,539
Other Income	29	73,979	660,771	123,470	669,132
Total non-markup / interest Income		7,353,805	5,126,050	13,229,356	10,100,591
Total Income		30,245,604	22,559,624	55,478,904	43,832,331
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	11,827,867	9,901,885	22,582,275	19,731,252
Workers Welfare Fund		361,239	279,934	667,307	510,192
Other charges	31	42,166	347,178	64,668	376,395
Total non-markup / interest expenses		12,231,272	10,528,997	23,314,250	20,617,839
Share of profit of associates		157,916	155,307	362,387	431,851
Profit before provisions		18,172,248	12,185,934	32,527,041	23,646,343
(Reversals) / provisions and write offs - net	32	71,218	(1,786,565)	(921,170)	(1,999,908)
PROFIT BEFORE TAXATION		18,101,030	13,972,499	33,448,211	25,646,251
Taxation	33	15,820,151	6,058,450	22,061,683	10,682,617
PROFIT AFTER TAXATION		2,280,879	7,914,049	11,386,528	14,963,634
(Profit) / loss attributable to non-controlling interest		5,569	(43,139)	(17,191)	(80,804)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE BANK		2,286,448	7,870,910	11,369,337	14,882,830
Basic and diluted earnings per share	34	1.93	6.64	9.59	12.56

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year Ended June 30, 2022



Profit after taxation for the period

Other comprehensive income / (loss)

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

Effect of translation of net investment in foreign branches and subsidiary

- Equity shareholders of the bank
- Non-controlling interest

Share of exchange translation reserve of associate

Movement in surplus/ (deficit) on revaluation of investments - net of tax

Equity shareholders of the bank
Movement in surplus / (deficit) on associated undertaking- net of tax

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

Remeasurement gain / (loss) on defined benefit obligations - net of tax
Movement in surplus on revaluation of fixed / non-banking assets - net of tax

Total comprehensive income / (loss)

Attributable to:

- Equity shareholders of the bank
- Non-controlling interest

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

	Quarter Ended		Half Year Ended	
	April 01 to June 30, 2022	April 01 to June 30, 2021	January 01 to June 30, 2022	January 01 to June 30, 2021
Profit after taxation for the period	2,280,879	7,914,049	11,386,528	14,963,634
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches and subsidiary				
- Equity shareholders of the bank	631,600	385,029	(553,006)	(432,054)
- Non-controlling interest	40	7	53	(4)
Share of exchange translation reserve of associate	631,640	385,036	(552,953)	(432,058)
Movement in surplus/ (deficit) on revaluation of investments - net of tax	19,738	(16,973)	33,925	(38,746)
Equity shareholders of the bank	(5,333,831)	1,315,101	(8,525,734)	(2,345,186)
Movement in surplus / (deficit) on associated undertaking- net of tax	(171,024)	(76,089)	(192,055)	(49,786)
Revenue reserve	(5,504,855)	1,239,012	(8,717,789)	(2,394,972)
General reserve	(4,853,477)	1,607,075	(9,236,817)	(2,865,776)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	164,273	(166,181)	164,273	(166,181)
Movement in surplus on revaluation of fixed / non-banking assets - net of tax	(173,085)	(186,368)	(173,085)	(186,368)
Statutory reserve	(8,812)	(352,549)	(8,812)	(352,549)
Exchange translation reserve	(2,581,410)	9,168,575	2,140,899	11,745,309
Total comprehensive income / (loss)	(2,581,410)	9,168,575	2,140,899	11,745,309
Attributable to:				
- Equity shareholders of the bank	(2,575,881)	9,125,429	2,123,655	11,664,509
- Non-controlling interest	(5,529)	43,146	17,244	80,800
	(2,581,410)	9,168,575	2,140,899	11,745,309

Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For The Half Year Ended June 30, 2022



	Quarter Ended		Half Year Ended		Grand Total
	April 01 to June 30, 2022	April 01 to June 30, 2021	January 01 to June 30, 2022	January 01 to June 30, 2021	
Share capital	11,850,600	23,973,024	11,850,600	23,973,024	11,850,600
Share premium	908,317	2,950,183	908,317	2,950,183	908,317
Capital reserve	-	-	-	-	-
Non-distributable capital reserve	-	-	-	-	-
Exchange translation reserve	-	670,800	-	670,800	-
Statutory reserve	-	34,028,267	-	34,028,267	-
Revenue reserve	-	18,600,000	-	18,600,000	-
General reserve	-	-	-	-	-
Surplus/(deficit) on revaluation of investments	-	8,400,793	-	8,400,793	-
Surplus/(deficit) on revaluation of Associate	-	319,939	-	319,939	-
Fixed/ non-banking	-	20,082,619	-	20,082,619	-
Unappropriated profit	-	14,882,800	-	14,882,800	-
Sub total	-	14,882,800	-	14,882,800	-
Non controlling interest	-	(86,804)	-	(86,804)	-
Grand Total	11,850,600	23,973,024	11,850,600	23,973,024	11,850,600
Balance as at December 31, 2021 (Audited)	11,850,600	23,973,024	11,850,600	23,973,024	11,850,600
Total comprehensive income for the period ended June 30, 2021	-	-	-	-	-
Profit after taxation for the period ended June 30, 2021	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-
Final cash dividend of Rs. 15.0 per share - December 31, 2020	-	-	-	-	-
Interim cash dividend of Rs. 4.5 per share - March 31, 2021	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-
Balance as at June 30, 2021 (Un-audited)	11,850,600	23,973,024	11,850,600	23,973,024	11,850,600
Change in equity for six months period ended December 31, 2021	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-
Profit after taxation for the six months period ended December 31, 2021	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-
Surplus realized on disposal of revalued fixed assets - net of tax	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-
Interim cash dividend of Rs. 5.0 per share - June 30, 2021	-	-	-	-	-
Interim cash dividend of Rs. 4.5 per share - September 30, 2021	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-
Balance as at December 31, 2021 (Audited)	11,850,600	23,973,024	11,850,600	23,973,024	11,850,600
Total comprehensive income for the period ended June 30, 2022	-	-	-	-	-
Profit after taxation for the period ended June 30, 2022	-	-	-	-	-
Other comprehensive loss - net of tax	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-
Surplus realized on disposal of non-banking assets - net of tax	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-
Final cash dividend of Rs. 5.0 per share - December 31, 2021	-	-	-	-	-
Interim cash dividend of Rs. 5.0 per share - March 31, 2022	-	-	-	-	-
Share of dividend attributable to Non-controlling interest	-	-	-	-	-
Balance as at June 30, 2022 (Un-audited)	11,850,600	23,973,024	11,850,600	23,973,024	11,850,600

For details of dividend declaration and appropriations, please refer to note 39 to these consolidated condensed interim financial statements.

For details of reserves, please refer to note 21 to these consolidated condensed interim financial statements.

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director



Note	Half Year Ended	
	January 01 to June 30, 2022	January 01 to June 30, 2021
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	33,448,211	25,646,251
Less: Dividend income and share of profit of associates	(1,467,189)	(1,284,929)
	31,981,022	24,361,322
Adjustments:		
Depreciation on fixed assets	30 1,355,437	1,252,930
Depreciation on right-of-use assets	30 884,288	868,303
Depreciation on non-banking assets acquired in satisfaction of claims	30 11,973	18,721
Amortization	30 303,396	244,454
Reversals and write offs - net	32 (921,170)	(1,999,908)
(Gain) / loss on sale of fixed assets	29 (31,720)	26,411
Gain on sale of non-banking assets acquired in satisfaction of claims	29 -	(536,464)
Finance charges on lease liability against right-of-use assets	26 697,099	710,926
Workers Welfare Fund	667,307	510,192
Charge for defined benefit plans - net	90,813	290,438
Gain on conversion of Ijarah agreements	29 (7,224)	(10,762)
Gain on termination of lease liability against right of use assets	29 (42,593)	(106,537)
Unrealized loss / (gain) on revaluation of investments classified as held for trading	28 43,457	(109,477)
	3,051,063	1,159,227
	35,032,085	25,520,549
Decrease / (increase) in operating assets		
Lendings to financial institutions	(56,555,705)	(15,525,971)
Held-for-trading securities	(6,937,049)	(71,358,392)
Advances	(15,869,890)	4,195,393
Others assets (excluding advance taxation)	(16,199,227)	(1,314,846)
	(95,561,871)	(84,003,816)
(Decrease) / increase in operating liabilities		
Bills Payable	(10,812,400)	(11,943,039)
Borrowings from financial institutions	(111,326,365)	(37,515,092)
Deposits	198,501,236	167,428,774
Other liabilities (excluding current taxation)	5,664,715	(2,341,864)
	82,027,186	115,628,779
Defined benefits paid	(128,794)	(135,300)
Income tax paid	(12,646,515)	(8,274,301)
Net cash flow (used in) / from operating activities	8,722,091	48,735,911
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment in available-for-sale securities	26,415,976	1,199,082
Net (investment) in held-to-maturity securities	554,370	(14,692,657)
Dividends received	1,189,814	939,347
Investments in fixed assets	(2,040,034)	(1,370,871)
Investments in Intangible assets	(120,491)	(205,203)
Proceeds from sale of fixed assets	50,851	28,176
Proceeds from sale of non-banking assets acquired in satisfaction of claims	87,800	1,518,881
Effect of translation of net investment in foreign branches, subsidiary and associate	(519,081)	(470,800)
Net cash flow from / (used in) investing activities	25,619,205	(13,054,045)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use-assets	(1,147,420)	(1,170,297)
Dividend paid	(11,825,601)	(22,963,843)
Net cash flow used in financing activities	(12,973,021)	(24,134,140)
Effects of exchange rate changes on cash and cash equivalents	4,653,192	889,448
Increase in cash and cash equivalents	26,021,467	12,437,174
Cash and cash equivalents at beginning of the period	192,140,943	159,806,194
Cash and cash equivalents at end of the period	218,162,410	172,243,368

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

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director



1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding Company - MCB Bank Limited

Subsidiary Companies

"Percentage holding of
MCB Bank Limited"

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

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on the Pakistan stock exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,428 branches (2021: 1,426 branches) within Pakistan and 09 branches (2021: 11 branches) outside Pakistan (including the Karachi Export Processing Zone branch).

2. BASIS OF PREPARATION

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

a. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based in the financial statements for the half year ended June 30, 2022 and the carrying value of investments held by the parent is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.

b. Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associates. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associates have been accounted for based on the financial statements for the half year ended June 30, 2022.

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

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

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

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

2.4 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right of use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.



3. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

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

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019 and IAS 34, Interim Financial Reporting. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2021.

3.5 Amendments to approved accounting standards that are effective in the current period

There are certain amendments to existing accounting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2022. These are considered either to not be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.

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

The following new standard and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
Amended Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12	January 1, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024

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

As per the SBP's BPRD Circular Letter no. 03 dated July 5, 2022, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2023. Therefore, these consolidated condensed interim financial statements have been prepared in accordance with the existing prudential regime to the extent of the Group's domestic operations, whereas the requirements of this standard are incorporated for overseas jurisdictions where IFRS 9 has been adopted. The impact of the application of IFRS 9 on Bank's financial statements is being assessed with respect to domestic operations.



There are other amendments and interpretations to existing standards that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2021.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021. These risk management policies continue to remain robust and the Group is reviewing its portfolio regularly in line with emerging risks.

	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
7. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	37,053,913	24,962,316
Foreign currencies	10,801,242	6,622,320
	47,855,155	31,584,636
With State Bank of Pakistan in		
Local currency current accounts	66,460,111	88,832,014
Local currency special account	482,144	979,736
Foreign currency current accounts	2,139,435	2,937,151
Foreign currency deposit accounts	11,275,182	10,550,168
	80,356,872	103,299,069
With other central banks in		
Foreign currency current accounts	6,837,445	6,728,135
With National Bank of Pakistan in		
Local currency current accounts	48,596,254	34,016,028
Prize bonds	142,991	294,601
	183,788,717	175,922,469
8. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	30,244	27,123
In deposit accounts	14,006,207	71,563
	14,036,451	98,686
Outside Pakistan		
In current accounts	10,203,606	12,119,471
In deposit accounts	12,559,367	10,336,172
	22,762,973	22,455,643
	36,799,424	22,554,329
9. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	45,221,285	24,071,021
Repurchase agreement lendings (Reverse Repo)	44,461,530	14,896,089
Musharaka arrangements	7,490,000	1,650,000
	97,172,815	40,617,110



Investments by type:	Unaudited June 30, 2022			Audited December 31, 2021				
	Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value
Held-for-trading securities								
Federal Government Securities	7,034,365	-	(237)	7,034,128	12,467	-	(12)	12,455
Shares and units	1,157,769	-	(43,220)	1,114,549	1,249,644	-	(7,014)	1,242,630
Available-for-sale securities								
Federal Government Securities	984,317,090	(26,761)	(23,688,048)	960,602,281	1,008,297,650	(22,288)	(9,216,775)	999,058,587
Shares and units	32,219,379	(11,000,419)	291,825	21,510,785	31,651,347	(10,358,683)	1,342,018	22,634,682
Non Government Debt Securities	2,482,840	-	15,234	2,498,074	2,342,840	-	17,833	2,360,673
Foreign Securities	4,422,300	(1,748)	9,472	4,430,024	7,557,240	(1,748)	(5,424)	7,550,068
Held-to-maturity securities								
Federal Government Securities	1,023,441,609	(11,028,928)	(23,371,517)	989,041,164	1,049,849,077	(10,382,719)	(7,862,348)	1,031,604,010
Provincial Government Securities	16,255,516	(78,071)	-	16,177,445	15,901,861	(52,637)	-	15,849,224
Non Government Debt Securities	118	(118)	-	-	118	(118)	-	-
Foreign Securities	8,155,058	(477,541)	-	7,677,517	8,270,476	(477,541)	-	7,792,935
Associates	24,410,692	(555,730)	-	23,854,962	24,965,062	(8,632)	-	24,426,134
Total Investments	1,061,209,688	(11,584,658)	(23,414,974)	1,026,210,056	1,081,359,532	(10,921,647)	(7,869,374)	1,062,568,511

10.1.1 Investments given as collateral

- Market Treasury Bills
- Pakistan Investment Bonds

10.2 Provision for diminution in value of investments

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

Closing Balance

Unaudited June 30, 2022	Audited December 31, 2021
14,530,389	107,136,184
26,426,678	53,303,403
40,957,067	160,439,587
10,921,647	11,691,434
8,508	570
1,300,273	985,236
(4,662)	(18,390)
(641,108)	(1,737,203)
654,503	(770,357)
11,584,658	10,921,647



10.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Loss

Category of classification	Unaudited June 30, 2022		Audited December 31, 2021	
	NPI	Provision	NPI	Provision
Loss	477,659	477,659	477,659	477,659

10.2.3 In addition to the above, overseas branches hold a general provision of Rs 104.832 million (December 31, 2021: Rs 83.557 million) in accordance with the requirements of IFRS 9.

10.3 The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 22,087.782 million (December 31, 2021: Rs. 22,233.571 million).

10.4 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2022 amounted to Rs. 2,209.200 million. (2021: Rs. 2,800.000 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 20.00% (2021: 20.00%)

	Unaudited June 30, 2022	Audited December 31, 2021
Opening balance	5,240,911	4,435,075
Share of profit for the period / year before tax	360,220	934,170
Dividend from associate	(105,000)	(192,500)
Share of tax	(165,983)	(155,337)
Share of other comprehensive income	89,237	586,333
Closing balance	(210,475)	219,503
Share of unrealized surplus on assets - net of tax	5,119,673	5,240,911
Share of exchange translation reserve of associate	(244,400)	211,175
	33,925	8,328
	(210,475)	219,503

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

Investment in Euronet Pakistan Private Limited under equity method - holding 30% (2021: 30.00%)

	Unaudited June 30, 2022	Audited December 31, 2021
Opening balance	42,371	44,285
Share of profit for the period / year before tax	2,167	9,417
Share of tax	1,042	(11,331)
Closing balance	3,209	(1,914)
	45,580	42,371



	Performing		Non Performing		Total	
	Unaudited June 30, 2022	Audited December 31, 2021	Unaudited June 30, 2022	Audited December 31, 2021	Unaudited June 30, 2022	Audited December 31, 2021
Loans, cash credits, running finances, etc.	580,872,981	565,602,060	50,138,104	49,404,885	631,011,085	615,006,945
Islamic financing and related assets	96,712,271	95,793,392	708,489	701,770	97,420,760	96,495,162
Bills discounted and purchased	19,183,130	19,852,814	1,055,315	1,085,920	20,238,445	20,938,734
Advances - gross	696,768,382	681,248,266	51,901,908	51,192,575	748,670,290	732,440,841
Provision against advances						
- Specific	(1,782,895)	(1,771,000)	(42,973,016)	(44,281,189)	(42,973,016)	(44,281,189)
- General	(1,782,895)	(1,771,000)	(42,973,016)	(44,281,189)	(42,973,016)	(44,281,189)
Advances - net of provision	694,985,487	679,477,266	8,928,892	6,911,386	703,914,379	688,388,652

11.1 Particulars of advances (Gross)
In local currency
In foreign currencies

11.2 Advances include Rs. 51,901,908 million (2021: Rs.51,192,575 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Unaudited June 30, 2022		Audited December 31, 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned	1,480,172	1,034	49,911	1,340
Substandard	172,350	42,625	279,422	67,795
Doubtful	573,058	92,095	750,097	169,179
Loss	39,231,446	38,754,144	40,720,274	40,215,089
	41,457,026	38,869,898	41,799,704	40,453,413
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	5,180	4,049	38,999	14,993
91 to 180 days	1,207	302	12,212	5,750
181 to 365 days	548	274	109,551	54,776
> 365 days	10,437,947	4,078,493	9,232,109	3,752,257
	10,444,882	4,083,118	9,392,871	3,827,776
Total	51,901,908	42,973,016	51,192,575	44,281,189

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



11.3 Particulars of provision against advances

	Unaudited June 30, 2022			Audited December 31, 2021		
	Specific	General	Total	Specific	General	Total
Opening balance	44,281,189	1,771,000	46,052,189	45,168,351	5,511,716	50,680,067
Exchange adjustments	304,107	(35,136)	268,971	319,945	18,951	338,896
Charge for the period / year	589,510	113,301	702,811	2,457,017	230,979	2,687,996
Reversals	(2,189,578)	(66,270)	(2,255,848)	(3,258,052)	(3,990,646)	(7,248,698)
Amounts written off	(1,600,068)	47,031	(1,553,037)	(801,035)	(3,759,667)	(4,560,702)
Closing balance	42,973,016	1,782,895	44,755,911	44,281,189	1,771,000	46,052,189

11.3.1 State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No. 1 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against Non Performing Loans (NPLs) for five years from the date of classification. The Bank (holding company) has not taken the FSV benefit in calculation of specific provision. However, one of the subsidiary of the Bank has availed benefit of forced sale values amounting to Rs. 239.324 million (December 31, 2021: Rs. 249.750 million) in determining the provisioning against non-performing Islamic financing and related assets as at June 30, 2022. The additional benefit arising from availing the FSV benefit - net of tax amounts to Rs. 122.055 million as at June 30, 2022 (December 31, 2021: Rs. 152.378 million) is not available for payment of cash or stock dividends to shareholders.

11.3.2 The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP. General provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, the Group also maintains a general provision against gross advances on a prudent basis.

12. FIXED ASSETS

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

12.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers
Others

12.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:
Capital work-in-progress - net additions

Property and equipment

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

12.3 Disposal of fixed assets

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

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

Note	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
12.1	1,185,032	928,545
	53,936,690	53,472,833
	7,741,713	7,950,167
	62,863,435	62,351,545
	886,461	483,986
	34,642	15,180
	243,820	422,256
	20,109	7,123
	1,185,032	928,545
	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
	-----Rupees in '000-----	
	256,487	341,147
	170,872	35,108
	37,796	176,108
	711	14,911
	1,237,226	471,883
	134,930	91,906
	132,429	206,166
	69,583	33,642
	1,783,547	1,029,724
	2,040,034	1,370,871
	13,379	2,018
	2,230	2,756
	3,492	4,930
	30	1,734
	-	43,149
	19,131	54,587



Note	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
13. INTANGIBLE ASSETS		
Capital work-in-progress	251,721	468,679
Goodwill	82,127	82,127
Management rights	192,000	192,000
Computer software	1,172,824	1,095,330
	<u>1,698,672</u>	<u>1,838,136</u>
	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
	-----Rupees in '000-----	
13.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer software	337,449	175,390
Capital work-in-progress - net additions	-	29,813
	<u>337,449</u>	<u>205,203</u>
	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees in '000-----	
14. DEFERRED TAX (ASSET) / LIABILITY - NET		
Deductible Temporary Differences on		
- Provision against advances	(1,677,312)	(2,008,135)
- Surplus/deficit on revaluation of investments	(10,049,751)	(3,066,316)
- Tax losses carried forward	(391,871)	(594,182)
- Minimum Tax and WWF	(586,942)	(489,240)
	<u>(12,705,876)</u>	<u>(6,157,873)</u>
Taxable Temporary Differences on		
- Surplus on revaluation of fixed assets	1,528,986	1,413,266
- Surplus on revaluation of non-banking assets	296,178	274,315
- Accelerated tax depreciation	2,566,448	2,297,390
- Receivable from pension fund - net	1,451,061	1,255,185
- Business combination	705,218	705,218
- Investments in associated undertaking	1,922,870	1,791,281
	<u>8,470,761</u>	<u>7,736,655</u>
	<u>(4,235,115)</u>	<u>1,578,782</u>
15. OTHER ASSETS		
Income/ Mark-up accrued in local currency	34,212,765	24,316,843
Income/ Mark-up accrued in foreign currencies	265,668	313,062
Advances, deposits, advance rent and other prepayments	3,835,645	2,253,754
Non-banking assets acquired in satisfaction of claims	2,085,750	2,170,938
Compensation for delayed income tax refunds	133,809	133,809
Branch adjustment account	72,356	-
Mark to market gain on forward foreign exchange contracts	6,300,706	4,335,561
Unrealized gain on derivative financial instruments	329,501	304,893
Acceptances	29,935,373	25,430,129
Receivable from the pension fund	3,374,562	3,218,426
Clearing and settlement accounts	7,099,643	5,553,219
Claims receivable against fraud and forgeries	1,197,978	1,117,067
Others	3,827,955	2,738,937
	<u>92,671,711</u>	<u>71,886,638</u>
Less: Provision held against other assets	2,930,858	2,709,281
Other Assets (net of provision)	89,740,853	69,177,357
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	688,786	703,370
Other Assets - total	<u>90,429,639</u>	<u>69,880,727</u>
15.1 Provision held against other assets		
Non banking assets acquired in satisfaction of claims	88,773	88,773
Claims receivable against fraud and forgeries	573,489	486,976
Others	2,268,596	2,133,532
	<u>2,930,858</u>	<u>2,709,281</u>
15.1.1 Movement in provision held against other assets		
Opening balance	2,709,281	2,582,686
Charge for the period / year	87,520	56,128
Reversals	(7,395)	(25,036)
	<u>80,125</u>	<u>31,092</u>
Amounts written off	(368)	(991)
Exchange and other adjustments	141,820	96,494
Closing balance	<u>2,930,858</u>	<u>2,709,281</u>

16. CONTINGENT ASSETS
There were no contingent assets of the Group as at June 30, 2022 (2021: NIL).



	Unaudited June 30, 2022	Audited December 31, 2021				
	-----Rupees in '000-----					
17. BILLS PAYABLE						
In Pakistan	15,656,537	26,437,824				
Outside Pakistan	17,508	48,621				
	<u>15,674,045</u>	<u>26,486,445</u>				
18. BORROWINGS						
Secured						
Borrowings from State Bank of Pakistan						
Under export refinance scheme	55,149,039	47,986,546				
Under long term financing facility	25,061,662	23,577,802				
Under renewable energy performance platform	2,272,110	1,536,207				
Under payment of Wages & Salaries	3,711,677	6,660,043				
Under temporary economic refinance facility	40,282,206	28,773,614				
Under refinance facility for combating COVID-19	37,179	42,817				
Under financing facility for storage of agricultural produce	129,561	147,260				
	<u>126,643,434</u>	<u>108,724,289</u>				
Bai Muajjal	-	44,809,236				
Repurchase agreement borrowings	41,423,653	116,920,102				
Total secured	<u>168,067,087</u>	<u>270,453,627</u>				
Unsecured						
Borrowings from other financial institution	608,987	464,272				
Call borrowings	-	2,767,152				
Overdrawn nostro accounts	2,425,731	1,682,663				
Musharaka Arrangements	1,051,494	7,368,882				
Others	162,286	162,286				
Total unsecured	<u>4,248,498</u>	<u>12,445,255</u>				
	<u>172,315,585</u>	<u>282,898,882</u>				
19. DEPOSITS AND OTHER ACCOUNTS						
	Unaudited June 30, 2022	Audited December 31, 2021				
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	564,567,323	95,860,985	660,428,308	489,666,685	71,126,591	560,793,276
Savings deposits	778,884,409	44,072,629	822,957,038	738,874,979	46,969,241	785,844,220
Term deposits	137,471,308	14,279,717	151,751,025	109,600,671	12,107,066	121,707,737
Others	55,248,678	3,709,232	58,957,910	30,673,250	3,062,911	33,736,161
	<u>1,536,171,718</u>	<u>157,922,563</u>	<u>1,694,094,281</u>	<u>1,368,815,585</u>	<u>133,265,809</u>	<u>1,502,081,394</u>
Financial Institutions						
Current deposits	13,697,408	1,364,133	15,061,541	9,317,311	1,472,847	10,790,158
Savings deposits	12,796,782	64,203	12,860,985	11,808,667	117,895	11,926,562
Term deposits	3,227,968	6,037,248	9,265,216	3,066,268	6,319,339	9,385,607
Others	-	1,805,884	1,805,884	-	402,950	402,950
	<u>29,722,158</u>	<u>9,271,468</u>	<u>38,993,626</u>	<u>24,192,246</u>	<u>8,313,031</u>	<u>32,505,277</u>
	<u>1,565,893,876</u>	<u>167,194,031</u>	<u>1,733,087,907</u>	<u>1,393,007,831</u>	<u>141,578,840</u>	<u>1,534,586,671</u>



Note	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees in '000-----		
20. OTHER LIABILITIES		
Mark-up/ return/ interest payable in local currency	4,698,769	6,100,587
Mark-up/ return/ interest payable in foreign currencies	168,643	178,437
Unearned commission and income on bills discounted	1,148,691	862,173
Accrued expenses	6,007,562	6,905,279
Provision for taxation (provisions less payments)	16,664,105	8,627,030
Workers' welfare fund	20.1	9,931,139
Acceptances	15	25,430,129
Unclaimed / dividends payable	2,122,911	2,027,825
Mark to market loss on forward foreign exchange contracts	7,657,778	4,397,120
Unrealised loss on derivative financial instruments	328,506	302,365
Branch adjustment account	-	238,420
Staff welfare fund	2,635	4,755
Provision for employees' compensated absences	1,133,077	1,100,865
Provision for post retirement medical benefits	2,063,342	1,982,169
Provision for employees' contributory benevolent scheme	202,482	197,712
Insurance payable against consumer assets	799,343	736,768
Unclaimed balances	635,240	755,141
Duties and taxes payable	6,057,264	4,344,738
Charity fund balance	1,681	8,823
Provision against off-balance sheet obligations	43,156	46,319
Security deposits against lease	1,748,633	1,506,241
Lease liability against right of use assets	10,229,805	10,059,815
Clearing and settlement accounts	8,226,983	6,234,150
Others	7,785,182	7,024,039
	<u>118,245,843</u>	<u>99,002,039</u>

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

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

Note	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees in '000-----		
21. RESERVES		
Share premium	23,973,024	23,973,024
Non- distributable capital reserve - gain on bargain purchase option	21.1	908,317
Exchange translation reserve	3,313,452	3,832,533
Statutory reserve	21.2	38,914,851
General reserve	18,600,000	18,600,000
	<u>85,709,644</u>	<u>85,043,592</u>

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

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



Note	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees in '000-----		
22. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	10.1	(23,371,517)
- Fixed Assets		20,521,828
- Non-banking assets acquired in satisfaction of claims	15	688,786
- Associated undertaking		543,774
		<u>(1,617,129)</u>
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	14	(10,049,751)
- Fixed Assets	14	1,528,986
- Non-banking assets acquired in satisfaction of claims	14	296,178
- Associated undertaking		319,701
		<u>(7,904,886)</u>
		<u>6,287,757</u>
23. CONTINGENCIES AND COMMITMENTS		
-Guarantees	23.1	236,935,948
-Commitments	23.2	482,956,655
-Other contingent liabilities	23.3	29,602,636
		<u>749,495,239</u>
		<u>643,516,382</u>
23.1 Guarantees:		
Financial guarantees		92,936,089
Performance guarantees		136,191,461
Other guarantees		7,808,398
		<u>236,935,948</u>
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit		253,197,527
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1	205,469,129
- forward government securities transactions	23.2.2	7,977,735
- derivatives	23.2.3	13,004,096
- commitments to extent credit		674,346
Commitments for acquisition of:		
- operating fixed assets		2,345,598
- intangible assets		288,224
		<u>482,956,655</u>
		<u>422,955,840</u>
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase		113,095,708
Sale		92,373,421
		<u>205,469,129</u>
		<u>218,878,371</u>
23.2.2 Commitments in respect of forward government securities transactions		
Purchase		5,477,735
Sale		2,500,000
		<u>7,977,735</u>
		<u>5,098,200</u>
23.2.3 Commitments in respect of derivatives		
FX options		
Purchase		5,993,906
Sale		5,993,906
		<u>11,987,812</u>
Cross Currency Swaps		
Purchase		508,142
Sale		508,142
		<u>1,016,284</u>
		<u>1,432,779</u>
		<u>1,432,779</u>
		<u>2,865,558</u>
		<u>784,611</u>
		<u>784,611</u>
		<u>1,569,222</u>
		<u>4,434,780</u>



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

	Note	Unaudited June 30, 2022	Audited December 31, 2021
		-----Rupees in '000-----	

23.3 Other contingent liabilities

Claims against the Group not acknowledged as debts 23.3.1 29,602,636 26,189,566

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

23.4 Taxation

For assessment year 1999-2000 through tax year 2021, the tax department disputed Group's treatment on certain issues, where the Group's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 1,158 million (2021: Rs. 1,497 million). Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

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

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

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

24. DERIVATIVE INSTRUMENTS

	Unaudited June 30, 2022					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	-----Rupees in '000-----					
Total						
Hedging	508,142	264,474	-	-	5,993,906	65,027
Market Making	508,142	(263,479)	-	-	5,993,906	(65,027)
	-----Rupees in '000-----					
	Audited December 31, 2021					
	-----Rupees in '000-----					
Total						
Hedging	784,611	298,956	-	-	1,432,779	5,937
Market Making	784,611	(296,428)	-	-	1,432,779	(5,937)



	Note	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
		-----Rupees in '000-----	
25. MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		31,870,397	19,118,798
Investments		59,143,500	43,323,374
Lendings to financial institutions		1,065,931	216,073
Balances with banks		235,763	75,186
		92,315,591	62,733,431
26. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		41,641,502	23,161,664
Borrowings		6,286,320	4,393,305
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,441,122	735,796
Finance charges on lease liability against right-of-use assets		697,099	710,926
		50,066,043	29,001,691
27. FEE & COMMISSION INCOME			
Branch banking customer fees		1,550,087	1,358,544
Consumer finance related fees		305,845	260,726
Card related fees (debit and credit cards)		1,874,073	1,428,972
Credit related fees		149,623	123,519
Investment banking fee		73,384	105,760
Commission on trade		818,535	720,528
Commission on guarantees		308,900	344,598
Commission on cash management		417,534	336,089
Commission on remittances including home remittances		611,882	477,768
Commission on bancassurance		579,416	789,453
Rent on lockers		122,686	123,119
Commission on utility bills		40,412	37,679
Commission on investments services		384,032	383,392
Others		137,125	120,904
		7,373,534	6,611,051
28. GAIN / (LOSS) ON SECURITIES			
Realised	28.1	421,454	425,062
Unrealised - Held For Trading	10.1	(43,457)	109,477
		377,997	534,539
28.1 Realised gain / (loss) on:			
Federal Government Securities		89,778	345,791
Shares		331,676	79,032
Others		-	239
		421,454	425,062
29. OTHER INCOME			
Rent on property		41,933	41,780
Gain on conversion of Ijarah agreements		7,224	10,762
Gain on termination of lease liability against right of use assets		42,593	106,537
Gain / (Loss) on sale of fixed assets - net		31,720	(26,411)
Gain on sale of non-banking assets acquired in satisfaction of claims - net		-	536,464
		123,470	669,132



	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
-----Rupees in '000-----		
30. OPERATING EXPENSES		
Total compensation expense	10,753,987	9,759,911
Property expense		
Rent and taxes	101,684	112,346
Insurance	24,715	33,052
Utilities cost	779,727	622,890
Fuel expense generators	346,163	185,700
Security (including guards)	952,856	792,336
Repair and maintenance (including janitorial charges)	496,465	374,900
Depreciation on right-of-use assets	884,288	868,303
Depreciation	502,679	474,450
	4,088,577	3,463,977
Information technology expenses		
Software maintenance	718,469	659,035
Hardware maintenance	189,184	95,260
Depreciation	355,420	356,741
Amortization	303,396	244,454
Network charges	355,576	338,953
Insurance	2,235	3,572
	1,924,280	1,698,015
Other operating expenses		
Directors' fees and allowances	18,720	24,630
Remuneration to shariah board members	6,340	5,501
Legal and professional charges	202,123	171,534
Outsourced services costs	469,889	423,893
Travelling and conveyance	223,527	140,470
NIFT clearing charges	100,264	88,802
Depreciation	497,338	421,739
Depreciation on non-banking assets acquired in satisfaction of claims	11,973	18,721
Training and development	35,636	13,080
Postage and courier charges	150,059	130,345
Communication	207,486	189,573
Stationery and printing	401,241	316,903
Marketing, advertisement & publicity	499,942	305,743
Donations	-	6,600
Auditors' remuneration	34,837	38,132
Cash transportation charges	456,543	413,523
Repair and maintenance	256,729	221,191
Subscription	24,572	19,093
Entertainment	158,730	117,267
Remittance charges	113,480	95,691
Brokerage expenses	38,878	35,942
Card related expenses	576,516	475,423
CNIC verification charges	184,676	106,385
Insurance	964,615	891,560
Others	181,317	137,608
	5,815,431	4,809,349
	22,582,275	19,731,252



	Note	Unaudited Half Year ended June 30, 2022	Unaudited Half Year ended June 30, 2021
-----Rupees in '000-----			
31. OTHER CHARGES			
Penalties of State Bank of Pakistan		5,748	351,381
VAT & National Building tax & Crop Insurance Levy		58,920	25,014
		64,668	376,395
32. PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
(Reversal) / provision against balance with Banks		(633)	173
Provision / (reversal) for diminution in value of investments	10.2.1	654,503	(606,978)
Reversal against loans and advances	11.3	(1,553,037)	(1,307,912)
Reversal against off balance sheet items		(4)	-
Provision against other assets	15.1.1	80,125	1,009
Bad debts written off directly		676	-
Recovery of written off / charged off bad debts		(102,800)	(86,200)
		(921,170)	(1,999,908)
33. TAXATION			
Current		17,213,084	9,563,497
Prior years		3,470,506	(3,447)
Deferred		1,213,152	1,096,686
Share of tax of associates		164,941	25,881
		22,061,683	10,682,617
34. BASIC AND DILUTED EARNINGS PER SHARE			
-----Rupees in '000-----			
Profit after tax attributable to Equity Shareholders of the Bank		11,369,337	14,882,830
-----Number-----			
Weighted average number of ordinary shares		1,185,060,006	1,185,060,006
-----Rupees-----			
Basic and diluted earnings per share		9.59	12.56

35. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy.

In the opinion of the management, the fair value of the financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or re-priced over short term.

35.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

Item	Valuation approach and input used
Federal Government securities	The fair values of Treasury Bills and fixed rate Pakistan Investments Bonds are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Term Finance and Bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration etc.
Unlisted Shares	Breakup value determined on the basis of NAV of the company using the latest available audited financial statements.
Mutual Funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP)
Operating fixed assets and Non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

	Unaudited June 30, 2022				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	967,636,409	-	967,636,409	-	967,636,409
Shares	21,168,854	21,168,854	-	-	21,168,854
Non-Government Debt Securities	2,498,074	-	2,498,074	-	2,498,074
Foreign Securities	4,430,024	-	4,430,024	-	4,430,024
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	30,476,695	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	44,243,283	-	44,243,283	-	44,243,283
Non-banking assets	2,685,763	-	2,685,763	-	2,685,763
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	113,095,708	-	6,300,706	-	6,300,706
Forward sale of foreign exchange	92,373,421	-	7,657,778	-	7,657,778
Derivatives purchase	6,502,048	-	329,501	-	329,501
Derivatives sale	6,502,048	-	328,506	-	328,506

	Audited December 31, 2021				Total
	Carrying / Notional Value	Level 1	Level 2	Level 3	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	999,071,042	-	999,071,042	-	999,071,042
Shares	22,420,832	22,420,832	-	-	22,420,832
Non-Government Debt Securities	2,360,673	-	2,360,673	-	2,360,673
Foreign Securities	7,544,503	-	7,544,503	-	7,544,503
Financial assets - disclosed but not measured at fair value					
Investments (HTM, AFS, unlisted ordinary shares and associates)	31,171,461	-	-	-	-
Non - Financial Assets measured at fair value					
Operating fixed assets (land and buildings)	45,663,822	-	45,663,822	-	45,663,822
Non-banking assets	2,785,535	-	2,785,535	-	2,785,535
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	120,320,899	-	4,272,640	-	4,272,640
Forward sale of foreign exchange	98,557,472	-	4,855,404	-	4,855,404
Derivatives purchase	2,217,390	-	304,893	-	304,893
Derivatives sale	2,217,390	-	302,365	-	302,365



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

	Unaudited Half year ended June 30, 2022							Total			
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management		Others	Sub-total	Eliminations
Profit & Loss											
Net mark-up/return/profit	(31,327,745)	1,823,881	16,614,049	50,955,242	922,736	3,181,257	(1,266)	81,394	42,249,548	-	42,249,548
Inter segment revenue - net	62,291,678	(825,857)	(14,714,892)	(63,148,446)	(76,665)	-	-	6,474,182	-	-	-
Non mark-up / return / interest income	4,464,500	1,136,377	2,568,472	3,721,015	546,018	150,277	389,601	645,483	13,591,743	-	13,591,743
Total Income	35,428,433	2,134,401	4,467,629	1,527,811	1,392,089	3,331,534	388,335	7,201,059	55,841,291	-	55,841,291
Segment direct expenses	13,155,395	967,020	441,644	251,751	673,137	2,861,892	260,455	4,702,956	23,314,250	-	23,314,250
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	13,155,395	967,020	441,644	251,751	673,137	2,861,892	260,455	4,702,956	23,314,250	-	23,314,250
Provisions	(216,760)	14,955	(44,324)	903,930	9,099	(119,174)	-	(1,468,896)	(921,170)	-	(921,170)
Profit before tax	22,489,798	1,152,426	4,070,309	372,130	709,853	568,816	97,880	3,969,999	33,448,211	-	33,448,211
Balance Sheet											
Cash & Bank balances	87,665,551	711,004	320,269	75,066,638	26,590,798	28,712,188	51,523	1,470,170	220,588,141	-	220,588,141
Investments	-	-	9,270,192	965,788,735	11,942,393	33,524,069	1,114,815	4,569,852	1,026,210,056	-	1,026,210,056
Net inter segment lending	1,211,221,912	-	-	-	-	-	-	188,374,939	1,399,596,851	(1,399,596,851)	-
Lendings to financial institutions	105,342,330	42,065,445	431,816,307	46,461,530	43,221,285	7,490,000	-	-	97,172,815	-	97,172,815
Advances - performing	185,492	90,893	1,405,530	-	17,515,590	96,636,033	7,663	1,600,119	694,985,487	-	694,985,487
- non performing	48,644,173	2,071,050	35,716,442	20,083,428	1,229,679	13,808,636	959,007	36,714,446	159,225,861	-	159,225,861
Total Assets	1,453,059,458	44,938,392	478,530,740	1,107,400,331	106,861,509	180,629,345	2,133,008	233,156,320	3,606,709,103	(1,399,596,851)	2,207,112,252
Borrowings	16,903,871	-	98,799,641	401,01,546	3,029,091	12,489,399	-	992,037	172,315,585	-	172,315,585
Deposits & other accounts	1,411,980,582	27,141,423	65,101,004	-	86,345,167	142,508,288	-	11,463	1,733,087,907	-	1,733,087,907
Net inter segment borrowing	-	13,406,000	288,864,128	1,066,215,605	14,686,748	14,978,875	1,434,495	-	1,399,596,851	(1,399,596,851)	-
Others	24,175,025	4,390,969	25,765,967	1,083,180	2,790,503	10,651,783	688,513	64,363,948	133,919,888	-	133,919,888
Total liabilities	1,453,059,458	44,938,392	478,530,740	1,107,400,331	106,861,509	180,629,345	2,133,008	233,156,320	3,606,709,103	(1,399,596,851)	2,207,112,252
Equity	-	-	-	-	-	-	-	167,788,872	167,788,872	-	167,788,872
Total Equity & liabilities	1,453,059,458	44,938,392	478,530,740	1,107,400,331	106,861,509	180,629,345	2,133,008	233,156,320	3,606,709,103	(1,399,596,851)	2,207,112,252
Contingencies & Commitments	80,423,671	-	373,180,295	218,507,652	9,347,549	36,188,597	-	31,847,475	749,495,239	-	749,495,239



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

	Unaudited Half year ended June 30, 2021							Total			
	Retail Banking	Consumer banking	Corporate Banking	Treasury	International Banking	Islamic Banking	Asset Management		Others	Sub-total	Eliminations
Profit & Loss											
Net mark-up/return/profit	(17,518,820)	1,292,992	9,488,524	37,676,979	609,359	2,132,368	(2,964)	53,302	33,731,740	-	33,731,740
Inter segment revenue - net	36,173,493	(265,883)	(7,312,833)	(32,255,351)	(58,971)	-	-	3,719,545	-	-	-
Non mark-up / return / interest income	3,280,954	1,227,386	1,680,945	2,182,578	423,629	342,933	450,158	934,059	10,532,442	-	10,532,442
Total Income	21,935,627	2,254,495	3,856,636	7,614,206	974,017	2,475,301	447,194	4,706,906	44,264,182	-	44,264,182
Segment direct expenses	11,733,247	841,928	331,985	216,929	580,590	2,353,939	227,405	4,331,816	20,617,839	-	20,617,839
Inter segment expense allocation	-	-	-	-	-	-	-	-	-	-	-
Total expenses	11,733,247	841,928	331,985	216,929	580,590	2,353,939	227,405	4,331,816	20,617,839	-	20,617,839
Provisions	1,243,978	42,413	(83,724)	(506,925)	90,918	(22,693)	-	(2,763,875)	(1,999,908)	-	(1,999,908)
Profit before tax	8,958,502	1,370,154	3,608,275	7,904,202	302,509	144,055	219,789	3,138,065	25,646,251	-	25,646,251
Balance Sheet											
Cash & Bank balances	59,335,963	487,065	263,447	97,130,099	23,726,201	15,005,358	44,580	2,484,085	198,476,798	-	198,476,798
Investments	-	-	9,125,927	1,000,302,366	13,646,390	33,475,816	1,242,631	4,775,381	1,062,588,511	-	1,062,588,511
Net inter segment lending	1,109,475,894	-	-	-	-	-	-	187,703,715	1,297,179,609	(1,297,179,609)	-
Lendings to financial institutions	100,287,979	36,615,373	426,219,357	14,896,089	24,071,021	1,650,000	-	-	40,617,110	-	40,617,110
Advances - performing	223,751	92,152	26,224	-	5,565,096	577,052	8,483	1,300,580	679,477,266	-	679,477,266
- non performing	38,048,057	1,846,406	26,434,560	15,021,037	1,897,366	13,820,699	970,718	36,031,575	134,070,408	-	134,070,408
Total Assets	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	2,266,412	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Borrowings	15,037,907	-	84,434,986	163,304,758	2,872,391	16,472,906	-	775,934	282,898,882	-	282,898,882
Deposits & other accounts	1,260,865,507	24,186,891	59,464,220	-	67,311,591	122,747,778	-	10,684	1,534,586,671	-	1,534,586,671
Net inter segment borrowing	-	10,986,935	298,741,978	961,276,503	14,616,431	10,604,555	1,543,207	-	1,297,179,609	(1,297,179,609)	-
Others	31,468,230	4,457,170	19,428,331	2,768,330	3,419,635	10,435,196	723,205	54,367,169	127,067,266	-	127,067,266
Total liabilities	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	2,266,412	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Equity	-	-	-	-	-	-	-	177,568,660	177,568,660	-	177,568,660
Total Equity & liabilities	1,307,371,644	39,040,996	462,069,515	1,127,349,591	88,220,048	160,260,435	2,266,412	232,722,447	3,419,301,088	(1,297,179,609)	2,122,121,479
Contingencies & Commitments	64,622,665	-	298,150,190	226,887,638	2,506,084	24,353,828	-	26,995,977	643,516,382	-	643,516,382

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



37 RELATED PARTY TRANSACTIONS

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

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

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

	Un-Audited June 30, 2022				Audited December 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
----- (Rupees in'000)								
Investments								
Opening balance	-	-	5,283,282	254,253	-	-	4,479,360	254,253
Equity method adjustments	-	-	(118,029)	-	-	-	803,922	-
Closing balance	-	-	5,165,253	254,253	-	-	5,283,282	254,253
Provision for diminution in value of investments								
	-	-	-	5,000	-	-	-	5,000
Advances								
Opening balance	109	147,331	1,018,449	3,084,862	1,042	166,757	356,898	162,147
Addition / exchange adjustment during the period / year	8,228	50,053	-	12,206,332	16,460	48,891	1,390,000	3,103,637
Repaid / exchange adjustment during the period / year	(6,948)	(39,222)	(929,225)	(10,663,020)	(16,576)	(53,410)	(728,449)	(170,922)
Transfer in / (out)	-	113,543	-	-	(817)	(14,907)	-	-
Closing balance	1,389	271,705	89,224	4,628,174	109	147,331	1,018,449	3,084,862
Fixed Assets								
Advance for purchase of fixed assets	-	-	-	19,653	-	-	-	-
Other Assets								
Markup receivable	-	3,325	246	57,796	-	2,436	17,154	16,572
Advances, deposits, advance rent and other prepayments	-	-	280,216	45,330	-	-	182,467	44,060
Receivable from Pension Fund	-	-	-	3,374,562	-	-	-	3,218,426
Unrealized gain on forward foreign exchange contracts - outstanding	-	-	-	(1,018)	-	-	-	-
Closing balance	-	3,325	280,462	3,476,670	-	2,436	199,621	3,279,058



	Un-Audited June 30, 2022				Audited December 31, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
----- (Rupees in'000)								
Borrowings								
Opening balance	-	-	-	103,120	-	-	-	77,139
Borrowings / exchange adjustment during the period / year	-	-	-	(24,314)	-	-	-	25,981
Settled during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	78,806	-	-	-	103,120
Deposits and other accounts								
Opening balance	700,547	196,067	3,827,846	8,285,021	302,130	138,566	4,815,780	4,869,941
Received during the period / year	760,042	778,192	27,590,121	60,004,525	2,874,441	1,315,435	49,364,225	86,845,287
Withdrawn during the period / year	(907,429)	(817,231)	(25,780,763)	(59,570,676)	(2,468,887)	(1,256,285)	(50,352,159)	(83,429,013)
Transfer in / (out) - net	-	332	-	26,429	(7,137)	(1,649)	-	(1,194)
Closing balance	553,160	157,360	5,637,204	8,745,299	700,547	196,067	3,827,846	8,285,021
Other Liabilities								
Markup payable	475	344	3,121	39,237	1,475	-	18,219	16,792
Accrued expenses and other payable	-	-	130,015	103	100,100	3,500	66,889	2,893
Payable to MCB Employee Security Services	-	-	-	22,248	-	-	-	55,567
Closing balance	475	344	133,136	61,588	101,575	3,500	85,108	75,252
Contingencies and Commitments								
Letter of Credit	-	-	-	9,545,315	-	-	-	5,207,768
Bank guarantee	-	-	6,425,279	770,075	-	-	10,739	666,342
Forward foreign exchange contracts (Notional)	-	-	-	74,057	-	-	-	-
Closing balance	-	-	6,425,279	10,389,447	-	-	10,739	5,874,110
Income								
Markup / return / interest earned	49	8,932	26,803	129,712	23	7,965	1,491	3,917
Fee and commission income	-	-	401,025	2,891	-	-	424,967	2,097
Dividend income	-	-	105,000	33,750	-	-	87,500	50,645
Gain / (loss) on forward foreign exchange contracts matured during the period	-	-	-	(360)	-	-	-	17,609
Net gain / (loss) on sale of securities	-	23	156	37,201	3	-	32	210
Gain on sale of fixed assets	-	71	-	626	-	72	-	-
Rent income	-	-	6,820	1,920	-	-	5,685	1,140



	Un-audited June 30, 2022				Unaudited June 30, 2021			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Expense								
Markup / return / interest expensed	21,171	1,736	105,015	771,238	8,927	1,487	61,727	187,476
Other Operating expenses								
Cleaning expenses paid to NIFT	-	-	-	89,058	-	-	-	76,383
Contribution to provident fund	-	-	34,626	240,906	-	-	-	216,847
Rent expenses	-	-	-	25,961	-	-	21,688	23,263
Cash sorting expenses	-	-	-	56,866	-	-	-	54,562
Stationery expenses	-	-	-	162,696	-	-	-	128,424
Security guards expenses	-	-	-	146,620	-	-	-	173,829
Remuneration to key executives and non-executive directors fee	85,864	404,677	-	-	114,483	326,633	-	-
Outsourcing service expenses	-	-	62,065	-	-	-	106,273	-
E-dividend processing fee and CDC charges	-	-	-	3,121	-	-	-	3,100
Travelling Expenses	-	-	-	25,699	-	-	-	22,681
Hotel stay expenses	-	-	-	3,963	-	-	-	63
Repair & Maintenance Charges	-	-	-	1,206	-	-	-	1,063
Advertisement Expenses	-	-	-	3,132	-	-	-	-
Miscellaneous expenses and payments	-	-	-	4,556	-	-	-	1,143
Insurance premium-net of refund	-	-	423,805	-	-	-	240,393	-
Insurance claim settled	-	-	24,273	-	-	-	11,741	-
Other Transactions								
Proceeds from sale of fixed assets	-	6,329	-	1,417	-	72	-	-
Purchase of fixed assets	-	-	2,375	28,158	-	-	14,624	12,810
Purchase of foreign currency	-	-	-	436,000	-	-	-	-
Sale of government securities	-	83,990	6,968,691	19,831,120	396,165	4,131	4,303,668	2,809,322
Purchase of government securities	-	8,803	9,987,678	13,995,326	-	-	10,842,126	2,463,278
Forward exchange contracts matured during the period	-	-	-	961,076	-	-	-	2,838,228

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.



	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees in '000-----		
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
38.1 Capital Adequacy		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,850,600	11,850,600
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	145,109,139	146,487,908
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	145,109,139	146,487,908
Eligible Tier 2 Capital	10,991,496	20,400,167
Total Eligible Capital (Tier 1 + Tier 2)	156,100,635	166,888,075
Risk Weighted Assets (RWAs):		
Credit Risk	707,340,401	743,393,585
Market Risk	139,544,098	137,136,055
Operational Risk	163,273,225	163,273,225
Total	1,010,157,724	1,043,802,865
Common Equity Tier 1 Capital Adequacy ratio	14.36%	14.03%
Tier 1 Capital Adequacy Ratio	14.36%	14.03%
Total Capital Adequacy Ratio	15.45%	15.99%
38.2 Leverage Ratio (LR):		
Eligible Tier-1 Capital	145,109,139	146,487,908
Total Exposures	2,722,453,894	2,625,918,532
Leverage Ratio	5.33%	5.58%
38.3 Liquidity Requirements		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,079,697,393	1,143,437,748
Total Net Cash Outflow	512,987,648	480,179,056
Liquidity Coverage Ratio	210.47%	238.13%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,423,774,839	1,312,628,842
Total Required Stable Funding	1,075,778,886	862,352,888
Net Stable Funding Ratio	132.35%	152.21%



39 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 17, 2022 has announced an interim cash dividend in respect of half ended June 30, 2022 of Rs. 4.00 per share (June 30, 2021: Rs. 5.00 per share). These consolidated condensed interim financial statements for the period ended June 30, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40 GENERAL

Comparative information has been rearranged wherever necessary for better presentation of the financial statements. There have been no significant reclassifications during the period.

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

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on August 17, 2022.

Shoaib Mumtaz
President / CEO

Hammad Khalid
Chief Financial Officer

S. M. Muneer
Director

Mian Umer Mansha
Director

Muhammad Ali Zeb
Director