



Bank for Life

MCB Bank Limited

UAN: 111-000-622 (MCB) www.mcb.com.pk

Bank for Life



Half Yearly Report 2014



Our Vision

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

Our Mission

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

Our Values

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

Credit Rating

Long - Term AAA (Triple A)

Short-Term A1+(A one plus)

By PACRA



CORPORATE PROFILE

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

| | |
|----------------------------|-----------------|
| Tariq Rafi | Chairman |
| Aftab Ahmad Khan | Member |
| Dato' Seri Ismail Shahudin | Member |
| Ahmad Alman Aslam | Member |

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

DIRECTORS' REPORT - JUNE 2014

I am pleased to place before you, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the half year ended June 30, 2014;

Financial Highlights

| | Rs. in Million |
|---|----------------|
| Profit Before Taxation | 17,800 |
| Taxation | 6,074 |
| Profit After Taxation | 11,726 |
| Un - appropriated Profit Brought Forward | 40,552 |
| Remeasurement of defined benefit plans - net of tax | 164 |
| Transfer from Surplus on Revaluation of Fixed Assets (net of tax) | 24 |
| | 40,740 |
| Profit Available for Appropriation | 52,466 |
| Appropriations: | |
| Statutory Reserve | 1,173 |
| Issue of Bonus Shares – December 2013 | 1,012 |
| Final Cash Dividend – December 2013 | 3,541 |
| Interim Cash Dividend – March 2014 | 3,339 |
| Total Appropriations | 9,065 |
| Un - appropriated Profit Carried Forward | 43,401 |

Performance Review

From a financial performance perspective, the Bank registered significant growth in its core business income stream with second quarter's profit before tax being ranked as the highest earning quarter in the history of the Bank. This was achieved through effective management of the asset book, making correct interest rate calls and strategic shift in the low cost deposit base. For the half year ended June 30, 2014, the Bank posted profit before and after tax of Rs. 17.800 billion and Rs. 11.726 billion respectively.

The gross markup income of the Bank registered an increase of 14% over corresponding period last year, which was mainly contributed by income earned on investment portfolio. Non-markup income block of the Bank has decreased by 7%, primarily on account of one-off gains realized in 2013 on disposal of Unilever holding. Income from dealing in foreign currencies increased significantly by 153% over corresponding period last year. On the administrative expenses side (excluding pension fund reversal), the Bank registered an increase of 11% over corresponding period last year. Considering the growth in operational infrastructure of the Bank coupled with inflationary surge, the reported increase in administrative expenses falls within the defined budgetary levels. The significant reversal in provision charge is reflective of the prudent and aggressive provision strategy, rigorous recovery efforts coupled with the refined risk management framework adopted by the Bank.

On the financial position side, the asset base was reported at an all-time high of Rs. 868.513 billion which increased by 6% over December 31, 2013. The analysis of asset mix highlights robust increase in gross advances which have crossed the landmark of Rs. 300 billion and stood at Rs. 303.033 billion as at June 30, 2014. Increase of 13% has been reported in gross advances over December 31, 2013. Non-performing loan (NPL) base of the Bank, following the trajectory set over last two years, registered a decrease of Rs. 1.167 billion over December 31, 2013. With reference to the concentration of NPLs, 94.86% of the total base is categorized in the "loss" category for which 100% provision is held after deducting liquid security benefit, signifying the adequacy of provisioning held in the books of the Bank. The coverage ratio of the Bank was reported at 85.60% with infection ratio improving to 7.29%, primarily on account of significant decrease in NPL base and increase in gross advances. Gross investment base of the Bank was reported at PKR 445.4 billion, reflecting a decrease of PKR 4.1 billion over December 31, 2013 in absolute terms. A major shift in Government Securities concentration level can be observed over the six months period where T-Bills decreased from levels of 72% in December 2013 to 34% in June 2014, whereas PIBs increased from 24% in December 2013 to 62% in June 2014.

Moving on to the liabilities side, the deposit base of the Bank recorded an increase of 8% over December 2013, translating into Rs. 53.4 billion in absolute terms. The Bank continued with its strategy of shifting its base to low cost Current and Savings accounts, with CASA reported at 91.5%. Major decrease of 10% was recorded in Term deposits while Current deposits recorded an increase of 23% over December 31, 2013.

Earnings per share (EPS) for the period came to Rs. 10.54 as compared to Rs. 10.68 for June 30, 2013. Return on assets of the Bank was reported at 2.79%, return on equity at 23.53% with book value per share improving to Rs. 91.68.

The Board of Directors declared 2nd interim cash dividend of Rs.3.5 per share for the period ended June 30, 2014, which is in addition to Rs. 3 per share interim dividend already paid to the shareholders.

Ratings

PACRA has maintained the long term and short term credit ratings of the Bank at AAA [triple A] and A1+ [A one plus], respectively, through its notification dated June 26, 2014.

Economic Review – Half Year 2014

A majority of Pakistan's economic indicators have shown improvement over the past six months. Pakistan was able to attain a growth rate of 4.14% during the fiscal year 2013-14, which was the highest since FY 2008-09. This was led by strong growth in services and large scale manufacturing sectors. Credit to the private sector also picked up during the first-half of 2014. Fiscal deficit, which was registered at 8.2% during 2012-13, was brought down to only 5.7% during 2013-14. Pakistan also successfully completed the 3rd IMF review meeting under the Extended Fund Facility (EFF). The lending agency praised country's improving macroeconomic conditions. It showed satisfaction over the progress in structural reforms in spite of Pakistan missing the quantitative performance criteria on Net Domestic Assets (NDA) of the State Bank of Pakistan.

Pakistan's balance of payments (BoP) position, which has remained a key source of concern over the past few years, has seen a significant turnaround. Country's BoP position was boosted by strong growth in remittances, foreign financial inflows (which include \$2 billion Euro Bond transaction), receipt of foreign assistance of \$1.5 billion in Pakistan Development fund (PDF) and resumption of program lending by World Bank and Asian Development Bank. This resulted in Pakistan registering a BoP surplus of \$3.843 billion in FY 2014 compared to a deficit of \$1.992 billion in the same period last year. The current account deficit also stood at just 1.2% of GDP (\$2.925 billion) during FY 2014. Consequently, the precariously low level of foreign exchange reserves of Pakistan increased from \$8.0 billion in January 2014 to \$14.0 billion by the end of June 2014. The increase in FX reserves was led by materialization of Coalition Support Fund proceeds, successful auction of 3G-4G licenses, resumption of the privatization program and foreign financial and bilateral inflows. This led to an increased confidence in PKR as the USD-PKR rate moved from 105.58 in January 2014 to 98.80 in June 2014 depicting an appreciation of 6.43%.

Positive sentiments prevailing in the market helped contain inflation during the first six months of 2014. Consumer Price Index (CPI) increased from 7.91% in January 2014 to 8.22% in June 2014. Pakistan's equity market maintained its status as one of the best performing in the world with the gains of over 17.0% during the period of Jan-June 2014. In spite of these positive developments, the recovery is in its nascent stage and the country still faces a number of challenges. For this reason, SBP has maintained its discount rate at 10% during the first half of 2014.

Future Outlook

Paving the way for economic development, it can be demonstrated that steps have been taken in the right direction by the Government. The budgetary measures for the next financial year highlight significant efforts to promote industrial development. However, key challenges in the shape of energy crisis, law and order situation and tax reforms are still to be worked on. The confidence shown by foreign investors has to be taken to the next level to present the country as a land of potential investment opportunities.

MCB Bank Limited remains committed in providing the most optimal banking services to its customers. We have the technical infrastructure and operational outreach to serve our customers. The loyalty of our prestigious clients serves as a benchmark to determine that MCB Bank delivers what it promises. Regardless of the challenges posed, the Bank remains focused on capitalizing on its strengths and bank on every possible opportunity falling within its risk appetite.

Acknowledgement

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

August 12, 2014

on behalf of Directors



Mian Mohammad Mansha
Chairman

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

Introduction

We have reviewed the accompanying un-consolidated condensed interim statement of financial position of MCB Bank Limited as at June 30, 2014 and the related un-consolidated condensed interim profit and loss account, un-consolidated condensed interim statement of comprehensive income, un-consolidated condensed interim cash flow statement, un-consolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "un-consolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this un-consolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this un-consolidated condensed interim financial information based on our review. The figures of the un-consolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2014. The un-consolidated condensed interim financial information incorporate the returns received from overseas branches which have not been reviewed by the auditors of these branches.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying un-consolidated condensed interim financial information as of and for the half year ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Ferguson & Co.

Chartered Accountants

Name of engagement partner: Imran Farooq Mian

Lahore

Dated: August 20, 2014

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2014

| | Note | Unaudited June 30, 2014 | Audited December 31, 2013 |
|---|------|-------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Assets | | | |
| Cash and balances with treasury banks | | 71,174,056 | 59,946,150 |
| Balances with other banks | | 2,340,201 | 1,536,946 |
| Lendings to financial institutions | 7 | 1,086,250 | 1,224,638 |
| Investments - net | 8 | 444,019,884 | 449,006,019 |
| Advances - net | 9 | 284,115,466 | 248,242,965 |
| Operating fixed assets | | 29,568,688 | 28,595,338 |
| Deferred tax assets - net | | - | - |
| Other assets - net | | 36,208,239 | 26,956,315 |
| | | 868,512,784 | 815,508,371 |
| Liabilities | | | |
| Bills payable | | 8,841,424 | 10,138,726 |
| Borrowings | 10 | 30,829,821 | 38,542,660 |
| Deposits and other accounts | 11 | 685,765,679 | 632,330,286 |
| Sub-ordinated loan | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities - net | 12 | 3,927,208 | 4,201,373 |
| Other liabilities | | 24,662,378 | 20,064,345 |
| | | 754,026,510 | 705,277,390 |
| Net assets | | 114,486,274 | 110,230,981 |
| Represented by | | | |
| Share capital | | 11,130,307 | 10,118,461 |
| Reserves | | 47,513,340 | 46,601,214 |
| Un-appropriated profit | | 43,401,093 | 40,552,043 |
| | | 102,044,740 | 97,271,718 |
| Surplus on revaluation of assets - net of tax | | 12,441,534 | 12,959,263 |
| | | 114,486,274 | 110,230,981 |

Contingencies and commitments

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The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.


 Imran Maqbool
 President / CEO


 S.M. Muneer
 Director


 Dato' Seri Ismail Shahudin
 Director


 Mian Umer Mansha
 Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended June 30, 2014

| Note | Quarter ended June 30, 2014 | Half year ended June 30, 2014 | Quarter ended June 30, 2013 | Half year ended June 30, 2013 |
|--|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| ----- (Rupees in '000) ----- | | | | |
| Mark-up / return / interest earned | 19,638,472 | 37,573,378 | 16,259,629 | 32,974,914 |
| Mark-up / return / interest expensed | 8,215,500 | 16,136,524 | 7,172,627 | 14,165,224 |
| Net mark-up / interest income | 11,422,972 | 21,436,854 | 9,087,002 | 18,809,690 |
| Reversal of provision against loans and advances - net | (386,340) | (939,201) | (468,869) | (1,279,800) |
| Reversal of provision for diminution in the value of investments - net | (10,272) | (40,749) | (5,296) | (34,773) |
| Bad debts written off directly | 20 | 20 | - | - |
| | (396,592) | (979,930) | (474,165) | (1,314,573) |
| Net mark-up / interest income after provisions | 11,819,564 | 22,416,784 | 9,561,167 | 20,124,263 |
| Non mark-up / interest income | | | | |
| Fee, commission and brokerage income | 1,717,364 | 3,402,276 | 1,737,856 | 3,265,203 |
| Dividend income | 171,257 | 448,776 | 129,210 | 506,900 |
| Income from dealing in foreign currencies | 333,848 | 750,271 | 155,804 | 296,370 |
| Gain on sale of securities - net | 374,118 | 628,497 | 1,347,341 | 1,552,989 |
| Unrealized gain on revaluation of investments classified as held for trading | - | - | 3,173 | 2,241 |
| Other income | 118,633 | 225,888 | 118,294 | 218,378 |
| Total non mark-up / interest income | 2,715,220 | 5,455,708 | 3,491,678 | 5,842,081 |
| | 14,534,784 | 27,872,492 | 13,052,845 | 25,966,344 |
| Non-mark-up / interest expenses | | | | |
| Administrative expenses | 4,765,481 | 9,570,671 | 3,906,100 | 7,944,215 |
| Other provisions / (reversals) | 119,643 | 115,253 | (72,302) | (62,122) |
| Other charges | 205,966 | 386,782 | 196,301 | 384,245 |
| Total non mark-up / interest expenses | 5,091,090 | 10,072,706 | 4,030,099 | 8,266,338 |
| | 9,443,694 | 17,799,786 | 9,022,746 | 17,700,006 |
| Extraordinary / unusual item | - | - | - | - |
| Profit before taxation | 9,443,694 | 17,799,786 | 9,022,746 | 17,700,006 |
| Taxation - current period | 3,078,246 | 5,910,889 | 2,657,515 | 5,518,291 |
| - prior years | - | - | - | - |
| - deferred | 151,191 | 162,691 | 245,909 | 294,442 |
| | 3,229,437 | 6,073,580 | 2,903,424 | 5,812,733 |
| Profit after taxation | 6,214,257 | 11,726,206 | 6,119,322 | 11,887,273 |
| Earnings per share - basic and diluted - Rupees | 14 5.58 | 10.54 | 5.50 | 10.68 |

The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Dato' Seri Ismail Shahudin
Director


Mian Umer Mansha
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended June 30, 2014

| | Quarter ended June 30, 2014 | Half year ended June 30, 2014 | Quarter ended June 30, 2013 | Half year ended June 30, 2013 |
|---|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| ----- (Rupees in '000) ----- | | | | |
| Profit after tax for the period | 6,214,257 | 11,726,206 | 6,119,322 | 11,887,273 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit and loss account | | | | |
| Remeasurement of defined benefit plans - net of tax | 164,050 | 164,050 | 96,341 | 165,960 |
| Items that may be reclassified to profit and loss account | | | | |
| Effect of translation of net investment in foreign branches | (289,074) | (260,495) | (40,771) | 19,056 |
| Comprehensive income transferred to equity | 6,089,233 | 11,629,761 | 6,174,892 | 12,072,289 |
| Components of comprehensive income not reflected in equity | | | | |
| Net change in fair value of available for sale securities | (3,046,821) | (1,019,104) | 2,808,117 | 949,126 |
| Deferred tax | 1,175,498 | 525,190 | (1,096,594) | (525,975) |
| | (1,871,323) | (493,914) | 1,711,523 | 423,151 |
| Total comprehensive income for the period | 4,217,910 | 11,135,847 | 7,886,415 | 12,495,440 |

The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Dato' Seri Ismail Shahudin
Director


Mian Umer Mansha
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2014

| | June 30, 2014 | June 30, 2013 |
|--|------------------------------|--------------------|
| | ----- (Rupees in '000) ----- | |
| Cash flows from operating activities | | |
| Profit before taxation | 17,799,786 | 17,700,006 |
| Less: Dividend income | (448,776) | (506,900) |
| | <u>17,351,010</u> | <u>17,193,106</u> |
| Adjustments for: | | |
| Depreciation | 800,074 | 727,736 |
| Amortization | 144,530 | 126,637 |
| Bad debts written off directly | 20 | - |
| Reversal of provision against loans and advances - net | (939,201) | (1,279,800) |
| Reversal of provision for diminution in the value of investments - net | (40,749) | (34,773) |
| Other provisions / (reversals) | 115,253 | (62,122) |
| Provision for Workers' Welfare Fund | 355,997 | 354,000 |
| Charge / (reversal) for defined benefit plans | (219,827) | (863,991) |
| Unrealized gain on revaluation of investments classified as held for trading | - | (2,241) |
| Gain on disposal of fixed assets | (13,855) | (15,310) |
| | <u>202,242</u> | <u>(1,049,864)</u> |
| | <u>17,553,252</u> | <u>16,143,242</u> |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | 138,388 | (4,860,521) |
| Net investment in held for trading securities | - | (794,800) |
| Advances - net | (34,933,322) | 17,773,081 |
| Other assets - net | (9,996,400) | (1,979,216) |
| | <u>(44,791,334)</u> | <u>10,138,544</u> |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | (1,297,302) | (308,383) |
| Borrowings | (7,638,741) | (60,020,857) |
| Deposits and other accounts | 53,435,393 | 65,280,072 |
| Other liabilities | 4,880,194 | (4,823,395) |
| | <u>49,379,544</u> | <u>127,437</u> |
| | <u>22,141,462</u> | <u>26,409,223</u> |
| Defined benefits paid | (410,455) | (224,647) |
| Income tax paid | (4,514,929) | (6,138,601) |
| | <u>17,216,078</u> | <u>20,045,975</u> |
| Net cash flows from operating activities | | |
| Cash flows from investing activities | | |
| Net investments in available-for-sale securities | 4,886,815 | (5,366,817) |
| Net investments in held-to-maturity securities | (879,035) | (1,005,216) |
| Dividend income received | 446,125 | 497,714 |
| Sale proceeds of property and equipment disposed off | 48,897 | 44,062 |
| Investment in operating fixed assets | (1,952,996) | (2,057,381) |
| | <u>2,549,806</u> | <u>(7,887,638)</u> |
| Net cash flows from investing activities | | |
| Cash flows from financing activities | | |
| Dividend paid | (7,400,130) | (5,773,550) |
| | <u>(7,400,130)</u> | <u>(5,773,550)</u> |
| Net cash flows from financing activities | | |
| Exchange difference on translation of net investment in foreign branches | (260,495) | 19,056 |
| | <u>12,105,259</u> | <u>6,403,843</u> |
| Increase in cash and cash equivalents | | |
| Cash and cash equivalents at January 01 | 60,857,124 | 57,783,180 |
| | <u>72,962,383</u> | <u>64,187,023</u> |

The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.


Imran Maqbool
President / CEO


S.M. Muneer
Director


Dato' Seri Ismail Shahudin
Director


Mian Umer Mansha
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended June 30, 2014

| | Capital Reserves | | | | Revenue Reserves | | Total | |
|---|-----------------------------|-----------------------------------|------------------|------------------------------|-------------------|-------------------|-------------------|-----------------------|
| | Share capital | Reserve for issue of bonus shares | Share premium | Exchange translation reserve | Statutory reserve | General reserve | | Unappropriated profit |
| | ----- (Rupees in'000) ----- | | | | | | | |
| Balance as at December 31, 2012 | 9,198,601 | - | 9,702,528 | 399,782 | 15,550,960 | 18,600,000 | 35,424,921 | 88,876,792 |
| Change in equity for six months ended June 30, 2013 | | | | | | | | |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | - | 17,894 | 17,894 |
| Exchange differences on translation of net investment in foreign branches | - | - | - | 19,056 | - | - | - | 19,056 |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | - | 165,960 | 165,960 |
| Profit after taxation for six months period ended June 30, 2013 | - | - | - | - | - | - | 11,887,273 | 11,887,273 |
| Total comprehensive income for the period ended June 30, 2013 | - | - | - | 19,056 | - | - | 12,053,233 | 12,072,289 |
| Transferred to statutory reserve | - | - | - | - | 1,188,727 | - | (1,188,727) | - |
| Transfer to reserve for issue of bonus shares | - | 919,860 | - | - | - | - | (919,860) | - |
| Issue of bonus shares - December 31, 2012 | 919,860 | (919,860) | - | - | - | - | - | - |
| Final cash dividend - December 31, 2012 | - | - | - | - | - | - | (2,759,581) | (2,759,581) |
| Interim cash dividend - March 31, 2013 | - | - | - | - | - | - | (3,541,471) | (3,541,471) |
| Balance as at June 30, 2013 | 10,118,461 | - | 9,702,528 | 418,838 | 16,739,687 | 18,600,000 | 39,086,409 | 94,665,923 |
| Change in equity for six months ended December 31, 2013 | | | | | | | | |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | - | 17,894 | 17,894 |
| Exchange differences on translation of net investment in foreign branches | - | - | - | 179,354 | - | - | - | 179,354 |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | - | (116,587) | (116,587) |
| Profit after taxation for six months ended December 31, 2013 | - | - | - | - | - | - | 9,608,065 | 9,608,065 |
| Total comprehensive income for six months ended December 31, 2013 | - | - | - | 179,354 | - | - | 9,491,478 | 9,670,832 |
| Transferred to statutory reserve | - | - | - | - | 960,807 | - | (960,807) | - |
| Interim cash dividend - June 30, 2013 | - | - | - | - | - | - | (3,541,470) | (3,541,470) |
| Interim cash dividend - September 30, 2013 | - | - | - | - | - | - | (3,541,461) | (3,541,461) |
| Balance as at December 31, 2013 | 10,118,461 | - | 9,702,528 | 598,192 | 17,700,494 | 18,600,000 | 40,552,043 | 97,271,718 |
| Change in equity for six months ended June 30, 2014 | | | | | | | | |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | - | 23,814 | 23,814 |
| Exchange differences on translation of net investment in foreign branches | - | - | - | (260,495) | - | - | - | (260,495) |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | - | 164,050 | 164,050 |
| Profit after taxation for six months period ended June 30, 2014 | - | - | - | - | - | - | 11,726,206 | 11,726,206 |
| Total comprehensive income for the period ended June 30, 2014 | - | - | - | (260,495) | - | - | 11,890,256 | 11,629,761 |
| Transferred to statutory reserve | - | - | - | - | 1,172,621 | - | (1,172,621) | - |
| Transfer to reserve for issue of bonus shares | - | 1,011,846 | - | - | - | - | (1,011,846) | - |
| Issue of bonus shares - December 31, 2013 | 1,011,846 | (1,011,846) | - | - | - | - | - | - |
| Final cash dividend - December 31, 2013 | - | - | - | - | - | - | (3,541,461) | (3,541,461) |
| Interim cash dividend - March 31, 2014 | - | - | - | - | - | - | (3,339,092) | (3,339,092) |
| Balance as at June 30, 2014 | 11,130,307 | - | 9,702,528 | 337,697 | 18,873,115 | 18,600,000 | 43,401,093 | 102,044,740 |

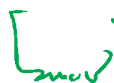
The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.



Imran Maqbool
President / CEO



S.M. Muneer
Director



Dato' Seri Ismail Shahudin
Director



Mian Umer Mansha
Director

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014**

1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,208 branches including 27 Islamic banking branches (December 31, 2013: 1,208 branches including 27 Islamic banking branches) within Pakistan and 10 (December 31, 2013: 9) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

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

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

2.3 The financial results of the Islamic banking branches have been consolidated in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 18 to this unconsolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 98.8046 per US Dollar (2013: Rs.105.3246) and Rs. 0.7581 per LKR (2013: Rs. 0.8052) have been used.

3 STATEMENT OF COMPLIANCE

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

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

3.3 The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this unconsolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2013.

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2013.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from January 01, 2014 and has no impact on this condensed interim financial information. The standard would result in certain new disclosures in the annual financial statements for the year ending December 31, 2014.

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014**

There are other new and amended standards and interpretations that are effective from January 01, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's financial statements and therefore not detailed in this condensed interim financial information.

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2013.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2013.

7. LENDINGS TO FINANCIAL INSTITUTIONS

| | June 30, 2014 | December 31, 2013 |
|-------------------------------|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Call money lendings | 100,000 | 664,261 |
| Repurchase agreement lendings | 986,250 | 560,377 |
| | 1,086,250 | 1,224,638 |

June 30, 2014

8 INVESTMENTS - NET

8.1 Investments by types

| | | Held by bank | Given as collateral | Total |
|---|-----|------------------------------|------------------------|--------------------|
| | | ----- (Rupees in '000) ----- | | |
| Held-for-trading securities | | - | - | - |
| Available-for-sale securities | 8.2 | 434,655,112 | 990,133 | 435,645,245 |
| Held-to-maturity securities | 8.2 | 8,114,410 | 51,378 | 8,165,788 |
| | | 442,769,522 | 1,041,511 | 443,811,033 |
| Associates | 8.3 | 1,059,421 | - | 1,059,421 |
| Subsidiaries | | 576,507 | - | 576,507 |
| | | 1,635,928 | - | 1,635,928 |
| Investments at cost | | 444,405,450 | 1,041,511 | 445,446,961 |
| Less: Provision for diminution in the value of investments | | (2,390,402) | - | (2,390,402) |
| Investments (net of provisions) | | 442,015,048 | 1,041,511 | 443,056,559 |
| Surplus / (deficit) on revaluation of available for sale securities - net | | 963,643 | (318) | 963,325 |
| Investments at revalued amounts - net of provisions | | 442,978,691 | 1,041,193 | 444,019,884 |

December 31, 2013

| | | Held by bank | Given as collateral | Total |
|---|-----|------------------------------|------------------------|--------------------|
| | | ----- (Rupees in '000) ----- | | |
| Held-for-trading securities | | - | - | - |
| Available-for-sale securities | 8.2 | 424,019,008 | 16,631,860 | 440,650,868 |
| Held-to-maturity securities | 8.2 | 7,221,917 | 64,836 | 7,286,753 |
| | | 431,240,925 | 16,696,696 | 447,937,621 |
| Associates | 8.3 | 1,059,421 | - | 1,059,421 |
| Subsidiaries | | 576,507 | - | 576,507 |
| | | 1,635,928 | - | 1,635,928 |
| Investments at cost | | 432,876,853 | 16,696,696 | 449,573,549 |
| Less: Provision for diminution in the value of investments | | (2,549,959) | - | (2,549,959) |
| Investments (net of provisions) | | 430,326,894 | 16,696,696 | 447,023,590 |
| Surplus / (deficit) on revaluation of available for sale securities - net | | 1,995,296 | (12,867) | 1,982,429 |
| Investments at revalued amounts - net of provisions | | 432,322,190 | 16,683,829 | 449,006,019 |

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014**

- 8.2** Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2013: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2013: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.
- 8.3** Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 943.600 million (December 31, 2013: Rs. 943.600 million) as at June 30, 2014 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2014 amounted to Rs. 4,666.294 million (December 31, 2013: Rs. 3,809.906 million).

9 ADVANCES - NET

| | | June 30, 2014 | December 31, 2013 |
|--|------|---------------------|----------------------|
| ----- (Rupees in '000) ----- | | | |
| Loans, cash credits, running finances, etc | | | |
| - In Pakistan | | 268,563,885 | 230,190,144 |
| - Outside Pakistan | | 12,665,924 | 13,943,718 |
| | | 281,229,809 | 244,133,862 |
| Islamic Financing and related assets | 18.1 | 9,203,333 | 11,303,966 |
| Net Investment in finance lease | | | |
| - In Pakistan | | 1,548,168 | 1,027,911 |
| - Outside Pakistan | | 96,618 | 108,534 |
| | | 1,644,786 | 1,136,445 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| - Payable in Pakistan | | 4,701,647 | 1,455,467 |
| - Payable outside Pakistan | | 6,253,031 | 10,162,518 |
| | | 10,954,678 | 11,617,985 |
| Advances - gross | | 303,032,606 | 268,192,258 |
| Less: Provision against loans and advances | | | |
| - Specific provision | 9.1 | (18,388,100) | (19,450,148) |
| - General provision | | (303,033) | (267,860) |
| - General provision against consumer loans & Small Enterprise Finance | | (196,568) | (201,354) |
| - General Provision for potential lease losses (in Sri Lanka operations) | | (29,439) | (29,931) |
| | | (18,917,140) | (19,949,293) |
| Advances - net of provision | | 284,115,466 | 248,242,965 |

- 9.1** Advances include Rs. 22,100.497 million (December 31, 2013: Rs. 23,267.733 million) which have been placed under non-performing status as detailed below:

| | | June 30, 2014 | | | | |
|--|-------|---------------------|------------------|-------------------|-----------------------------------|-------------------------------|
| | | Classified Advances | | | Specific Provision Required | Specific Provision Held |
| Category of Classification | | Domestic | Overseas | Total | | |
| ----- (Rupees in '000) ----- | | | | | | |
| Other Assets Especially Mentioned (OAEM) | | | | | | |
| | 9.1.1 | 48,181 | - | 48,181 | 2,727 | 2,727 |
| Substandard | | 187,075 | 19,048 | 206,123 | 51,072 | 51,072 |
| Doubtful | | 770,867 | 111,860 | 882,727 | 440,779 | 440,779 |
| Loss | | 16,301,486 | 4,661,980 | 20,963,466 | 17,893,522 | 17,893,522 |
| | | 17,307,609 | 4,792,888 | 22,100,497 | 18,388,100 | 18,388,100 |
| December 31, 2013 | | | | | | |
| | | Classified Advances | | | Specific Provision Required | Specific Provision Held |
| Category of Classification | | Domestic | Overseas | Total | | |
| ----- (Rupees in '000) ----- | | | | | | |
| Other Assets Especially Mentioned (OAEM) | | | | | | |
| | 9.1.1 | 35,782 | - | 35,782 | 2,660 | 2,660 |
| Substandard | | 168,423 | 50,438 | 218,861 | 53,810 | 53,810 |
| Doubtful | | 1,453,012 | - | 1,453,012 | 405,827 | 405,827 |
| Loss | | 16,584,176 | 4,975,902 | 21,560,078 | 18,987,851 | 18,987,851 |
| | | 18,241,393 | 5,026,340 | 23,267,733 | 19,450,148 | 19,450,148 |

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014**

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

| | June 30, 2014 | December 31, 2013 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 10 BORROWINGS | | |
| In Pakistan | 20,660,168 | 30,267,778 |
| Outside Pakistan | 10,169,653 | 8,274,882 |
| | 30,829,821 | 38,542,660 |
| 10.1 Details of borrowings (secured / unsecured) | | |
| Secured | | |
| Borrowings from State Bank of Pakistan | | |
| Export refinance scheme | 8,338,341 | 8,939,210 |
| Long term financing facility | 4,714,464 | 3,832,857 |
| Long term financing - export oriented projects scheme | 136,451 | 213,965 |
| Financing Facility for Storage of Agricultural Produce | 589,960 | 670,858 |
| | 13,779,216 | 13,656,890 |
| Repurchase agreement borrowings | 1,041,146 | 16,675,724 |
| | 14,820,362 | 30,332,614 |
| Unsecured | | |
| Borrowings from other financial institutions | 7,510,582 | 2,633,818 |
| Call borrowings | 7,947,003 | 4,950,256 |
| Overdrawn nostro accounts | 551,874 | 625,972 |
| | 16,009,459 | 8,210,046 |
| | 30,829,821 | 38,542,660 |
| 11 DEPOSITS AND OTHER ACCOUNTS | | |
| Customers | | |
| Fixed deposits | 57,008,695 | 60,524,016 |
| Savings deposits | 356,414,931 | 349,223,728 |
| Current accounts | 255,476,860 | 206,720,753 |
| Margin accounts | 3,883,663 | 3,937,113 |
| | 672,784,149 | 620,405,610 |
| Financial institutions | | |
| Remunerative deposits | 8,360,146 | 8,058,094 |
| Non-remunerative deposits | 4,621,384 | 3,866,582 |
| | 12,981,530 | 11,924,676 |
| | 685,765,679 | 632,330,286 |
| 12 DEFERRED TAX LIABILITY / (ASSET) - NET | | |
| The details of the tax effect of taxable and deductible temporary differences are as follows: | | |
| Taxable temporary differences on: | | |
| Surplus on revaluation of operating fixed assets | 944,671 | 957,493 |
| Accelerated tax depreciation | 1,207,563 | 1,236,316 |
| Receivable from pension fund | 2,316,403 | 2,048,974 |
| Surplus / deficit on revaluation of securities | - | 311,153 |
| | 4,468,637 | 4,553,936 |
| Deductible temporary differences on: | | |
| Provision for bad debts | (18,830) | (19,766) |
| Surplus / deficit on revaluation of securities | (214,037) | - |
| Provision for retirement benefits | (308,562) | (332,797) |
| | (541,429) | (352,563) |
| | 3,927,208 | 4,201,373 |
| 13 CONTINGENCIES AND COMMITMENTS | | |
| 13.1 Direct credit substitutes | | |
| Contingent liabilities in respect of guarantees given favouring | | |
| - Government | 10,287,915 | 6,488,041 |
| - Banks and financial institutions | 2,642,967 | 2,347,585 |
| - Others | 21,129,638 | 16,054,851 |
| | 34,060,520 | 24,890,477 |
| 13.2 Transaction-related contingent liabilities | | |
| Guarantees in favour of: | | |
| - Banks and financial institutions | 19,637 | 20,933 |
| - Others | 1,080,648 | 1,500,019 |
| - Suppliers credit / payee guarantee | 2,475,102 | 2,489,432 |
| | 3,575,387 | 4,010,384 |

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014**

| | June 30, 2014 | December 31, 2013 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 13.3 Trade-related contingent liabilities | 86,322,960 | 80,638,690 |
| 13.4 Other contingencies | | |
| Claims against the Bank not acknowledged as debts | 4,207,980 | 3,035,863 |
| These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote. | | |
| 13.5 Commitments to extend credit | | |
| The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn. | | |
| 13.6 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 60,745,782 | 72,216,751 |
| Sale | 54,512,063 | 79,959,563 |
| 13.7 Commitments for the acquisition of fixed assets | 574,568 | 243,614 |
| 13.8 Forward outright of Government Securities | | |
| Purchase | 150,000 | - |
| Sale | 4,000,000 | - |
| 13.9 Other commitments | | |
| FX options (notional amount) | | |
| Purchase | 127,801 | 216,344 |
| Sale | 127,801 | 216,344 |

13.10 Taxation

For assessment year 1988-89 through tax year 2013, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 3,818 million (2013: Rs.4,189 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in this unconsolidated interim financial information 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.

For tax years 2012 and 2013, the liability of Rs 224 million has been adjudged under section 161 of the Income Tax Ordinance, 2001 on the grounds that Bank failed to deduct applicable withholding tax while making payments on certain accounts. Such liability has not been provided for in this unconsolidated interim financial information as Bank's management is of the view that while departmental action for has been adjudged on an arbitrary basis.

| | Half year ended | |
|---|----------------------------|------------------|
| | June 30, 2014 | June 30, 2013 |
| | ---- (Rupees in '000) ---- | |
| 14 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX | | |
| Profit after taxation | 11,726,206 | 11,887,273 |
| | (Number of shares) | |
| Weighted average number of shares outstanding during the period | 1,113,030,748 | 1,113,030,748 |
| | (Rupees) | |
| Basic and diluted Earnings per share - after tax | 10.54 | 10.68 |

15 CREDIT RATING

PACRA through its notification dated June 26, 2014, has maintained bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

**Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014**

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | Six months ended June 30, 2014 | | | | | Total |
|---|--------------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|
| | Corporate Finance | Trading and Sales | Retail & Consumer Banking | Commercial Banking | Inter segment elimination | |
| | (Rupees in '000) | | | | | |
| Total income | 80,787 | 4,677,569 | 17,555,447 | 4,578,759 | - | 26,892,562 |
| Total expenses | (17,837) | (602,206) | (7,456,943) | (1,015,790) | - | (9,092,776) |
| Income tax expense | - | - | - | - | - | (6,073,580) |
| Net income | 62,950 | 4,075,363 | 10,098,504 | 3,562,969 | - | 11,726,206 |
| Segment assets - (Gross of NPLs Provisions) | 424,555 | 505,510,226 | 755,769,548 | 241,784,923 | (621,273,929) | 882,215,323 |
| Advance taxation (payment less provision) | - | - | - | - | - | 4,685,561 |
| Total assets | 424,555 | 505,510,226 | 755,769,548 | 241,784,923 | (621,273,929) | 886,900,884 |
| Segment non performing loans | - | - | 8,804,243 | 13,296,254 | - | 22,100,497 |
| Segment specific provision required | - | - | 8,770,525 | 9,617,575 | - | 18,388,100 |
| Segment liabilities | 30,773 | 479,053,766 | 682,654,888 | 209,633,804 | (621,273,929) | 750,099,302 |
| Deferred tax liabilities - net | - | - | - | - | - | 3,927,208 |
| Total liabilities - net | 30,773 | 479,053,766 | 682,654,888 | 209,633,804 | (621,273,929) | 754,026,510 |
| Segment return on assets (ROA) (%) | 38.06% | 1.85% | 4.70% | 3.94% | - | - |
| Segment cost of fund (%) | - | 9.85% | 6.04% | 9.33% | - | - |
| | Six months ended June 30, 2013 | | | | | |
| Total income | 64,071 | 4,732,941 | 15,994,946 | 3,859,813 | - | 24,651,771 |
| Total expenses | (10,687) | (146,432) | (5,984,032) | (810,614) | - | (6,951,765) |
| Income tax expense | - | - | - | - | - | (5,812,733) |
| Net income | 53,384 | 4,586,509 | 10,010,914 | 3,049,199 | - | 11,887,273 |
| Segment assets - (Gross of NPLs provision) | 339,374 | 473,571,048 | 682,191,975 | 189,520,199 | (560,845,622) | 784,776,974 |
| Advance taxation (payment less provision) | - | - | - | - | - | 11,497,618 |
| Total assets | 339,374 | 473,571,048 | 682,191,975 | 189,520,199 | (560,845,622) | 796,274,592 |
| Segment non performing loans | - | - | 10,359,290 | 14,406,449 | - | 24,765,739 |
| Segment specific provision required | - | - | 10,328,816 | 10,789,381 | - | 21,118,197 |
| Segment liabilities | 29,588 | 440,347,362 | 615,498,296 | 161,022,176 | (560,845,622) | 656,051,800 |
| Deferred tax liabilities - net | - | - | - | - | - | 10,439,508 |
| Total liabilities - net | 29,588 | 440,347,362 | 615,498,296 | 161,022,176 | (560,845,622) | 666,491,308 |
| Segment return on assets (ROA) (%) | 37.76% | 2.00% | 4.76% | 4.32% | - | - |
| Segment cost of fund (%) | - | 9.28% | 5.43% | 8.86% | - | - |

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

Segment cost of funds have been computed based on the average balances.

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014

| | Directors | | Associates | | Subsidiary companies | | Other Related Parties | | Key Management | |
|--|---------------|---------------|---------------|---------------|----------------------|---------------|-----------------------|---------------|----------------|---------------|
| | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 |
| Insurance premium paid-net of refund | - | 265,490 | - | - | - | - | - | - | - | - |
| Insurance claim settled | - | 41,007 | - | - | - | - | - | - | - | - |
| Markup income on advances | 50 | 66 | 274,977 | 15,548 | 12,047 | 5,704 | 1,814 | 3,237 | 2,250 | 1,201 |
| Forward contracts during the period | - | - | - | - | - | - | 43,970,528 | 4,120,314 | - | - |
| Repo deals during the period | - | - | - | 39,742,107 | - | - | - | - | - | - |
| Rent Income Received | - | - | - | 1,215 | - | - | - | - | - | - |
| Dividend Income | - | - | 101,951 | 36,034 | 46,196 | 55,435 | 7,391 | 125,288 | - | - |
| Commission income | - | - | 236,773 | 359,782 | 19,498 | 18,034 | 2,820 | 382 | - | - |
| Reimbursement of expenses | - | - | - | - | - | 6,681 | - | - | - | - |
| Brokerage expense | - | - | - | - | - | - | - | 156 | - | - |
| ATM Outsourcing Expense | - | - | 60,720 | 76,277 | - | 23,776 | - | - | - | - |
| Outsourcing service expenses | - | - | - | - | - | 19,407 | - | - | - | - |
| Switch Expense | - | - | - | - | - | - | - | - | - | - |
| Cash sorting expenses | - | - | - | - | - | - | 26,947 | 23,892 | - | - |
| Stationery Expenses | - | - | - | - | - | - | 99,265 | 109,193 | - | - |
| Security guard expenses | - | - | - | - | - | - | 166,380 | 140,096 | - | - |
| Remuneration and non-executive directors fee | 65,799 | 50,354 | - | - | - | - | - | - | 283,287 | 206,776 |
| Mark-up expense | 21,993 | 69,471 | 35,770 | 41,037 | 887 | 554 | 423,941 | 1,341,079 | 1,789 | 922 |
| Clearing expenses paid to NIFT | - | - | - | - | - | - | 69,008 | 60,505 | - | - |
| Contribution to provident fund | - | - | - | - | - | - | 108,392 | 99,636 | - | - |
| Gas Charges | - | - | - | - | - | - | 5,817 | 5,180 | - | - |
| Miscellaneous expenses and payments | - | - | 2,212 | 2,400 | - | - | 20,442 | 36,987 | - | - |

(Rupees in '000)

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

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014

18 ISLAMIC BANKING BUSINESS

The Bank is operating 27 Islamic banking branches at the end of June 30, 2014 (2013: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at June 30, 2014 is as follows:

| | June 30, 2014 | December 31, 2013 |
|--|------------------------------|------------------------------|
| | ----- (Rupees in '000) ----- | |
| Assets | | |
| Cash and balance with treasury banks | 551,994 | 609,797 |
| Balance with other banks | - | - |
| Due from financial institution | - | - |
| Investments - net | 1,772,391 | 2,817,667 |
| Islamic financing and related assets | 9,111,551 | 11,207,333 |
| Operating fixed assets | 1,901,483 | 1,632,910 |
| Deferred tax assets | - | - |
| Other assets | 44,469 | 90,592 |
| | 13,381,888 | 16,358,299 |
| Liabilities | | |
| Bill payable | 585,856 | 107,938 |
| Due to financial institution | 434,800 | 682,770 |
| Deposits and other accounts | | |
| - Current accounts | 1,688,654 | 1,302,177 |
| - Saving accounts | 1,622,682 | 2,391,100 |
| - Term deposits | 2,671,508 | 2,765,346 |
| - Others | 18,223 | 96,641 |
| Deposits from financial institution - remunerative | 2,845,242 | 4,609,453 |
| Deposits from financial institution - non remunerative | 12 | 12 |
| Due to head office | 1,294,804 | 1,898,328 |
| Deferred tax liability | - | - |
| Other liabilities | 439,955 | 729,272 |
| | 11,601,736 | 14,583,037 |
| Net assets | 1,780,152 | 1,775,262 |
| Represented by | | |
| Islamic Banking Fund | 1,500,000 | 1,500,000 |
| Unappropriated profit | 189,173 | 257,952 |
| | 1,689,173 | 1,757,952 |
| Surplus on revaluation of assets | 90,979 | 17,310 |
| | 1,780,152 | 1,775,262 |

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014

| | June 30, 2014 | December 31, 2013 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 18.1. Islamic Financing and Related Assets | | |
| Murabaha | 18.1.1 7,318,079 | 9,500,229 |
| Ijarah | 18.1.2 293,151 | 268,721 |
| Diminishing Musharaka | 18.1.3 1,592,103 | 1,535,016 |
| Gross Advances | 9,203,333 | 11,303,966 |
| Provision held | (91,782) | (96,633) |
| Advance - net of provision | 9,111,551 | 11,207,333 |
| 18.1.1 Murabaha | | |
| Financing/Investments/Receivables | 3,056,644 | 4,162,888 |
| Advances | 14,289 | 756,568 |
| Assets/Inventories | 4,247,146 | 4,580,773 |
| | 7,318,079 | 9,500,229 |
| 18.1.2 Ijarah | | |
| Advances | 293,151 | 268,721 |
| 18.1.3 Diminishing Musharakah | | |
| Financing/Investments/Receivables | 1,489,920 | 1,305,563 |
| Advances | 102,183 | 229,453 |
| | 1,592,103 | 1,535,016 |
| CHARITY FUND | | |
| Opening balance | 2,877 | 6,892 |
| Additions during the period | | |
| Received from customers on delayed payments | 20,066 | 8,208 |
| Return on charity saving account | 376 | 277 |
| | 20,442 | 8,485 |
| Payments / utilization during the period | | |
| Social Welfare | (1,000) | (1,000) |
| Health | - | (500) |
| Education | - | (1,000) |
| Relief and disaster recovery | - | (10,000) |
| | (1,000) | (12,500) |
| Closing balance | 22,319 | 2,877 |

Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014

The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2014 is as follows:

| | Half Year ended | |
|---|------------------------------|------------------|
| | June 30, 2014 | June 30, 2013 |
| | ----- (Rupees in '000) ----- | |
| Income / return / profit earned | 676,204 | 637,202 |
| Income / return / profit expensed | 377,538 | 346,945 |
| Net Income / Profit | 298,666 | 290,257 |
| Provision / (reversal) against loans and advances - net | (4,851) | 13,962 |
| Provision / (reversal) for diminution in the value of investments | 4,851 | (14,091) |
| Bad debts written off directly | - | - |
| | - | (129) |
| Net profit / income after provisions | 298,666 | 290,386 |
| Other income | | |
| Fees, commission and brokerage income | 228,910 | 177,876 |
| Dividend income | - | - |
| Income from dealing in foreign currencies | 6,479 | 5,288 |
| Other Income | 21,826 | 13,112 |
| Total other income | 257,215 | 196,276 |
| | 555,881 | 486,662 |
| Other expenses | | |
| Administrative expenses | 366,708 | 311,310 |
| Other provisions / write offs | - | - |
| Other charges (Penalty paid to SBP) | - | 6 |
| Total other expenses | 366,708 | 311,316 |
| Extra ordinary / unusual items | - | - |
| Profit before taxation | 189,173 | 175,346 |
| Remuneration to Shariah Advisor / Board | 1,072 | 972 |

19 GENERAL

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

20 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 12, 2014 has announced cash dividend in respect of the half year ended June 30, 2014 of Rs. 3.5 per share (June 30, 2013: Rs. 3.5 per share). This unconsolidated condensed interim financial information for the half year ended June 30, 2014 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

21 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information were authorized for issue by the Board of Directors of the Bank in their meeting held on August 12, 2014 .


Imran Maqbool
President / CEO


S.M. Muneer
Director


Dato' Seri Ismail Shahudin
Director


Mian Umer Mansha
Director



MCB BANK LIMITED

(Consolidated Financial Statements of MCB Bank Limited and its Subsidiary Companies)

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2014

| | Note | Unaudited June 30, 2014 | Audited December 31, 2013 |
|---|------|-------------------------------|---------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Assets | | | |
| Cash and balances with treasury banks | | 71,174,144 | 59,946,218 |
| Balances with other banks | | 2,437,621 | 1,594,660 |
| Lendings to financial institutions | 7 | 1,086,250 | 1,224,638 |
| Investments - net | 8 | 449,425,914 | 453,808,345 |
| Advances - net | 9 | 284,359,293 | 248,521,792 |
| Operating fixed assets | | 29,970,478 | 29,005,931 |
| Deferred tax assets - net | | - | - |
| Other assets - net | | 36,506,982 | 27,176,720 |
| | | 874,960,682 | 821,278,304 |
| Liabilities | | | |
| Bills payable | | 8,841,424 | 10,138,726 |
| Borrowings | 10 | 30,963,408 | 38,660,405 |
| Deposits and other accounts | 11 | 685,750,320 | 632,309,094 |
| Sub-ordinated loan | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities - net | 12 | 4,309,635 | 4,500,293 |
| Other liabilities | | 24,882,274 | 20,206,991 |
| | | 754,747,061 | 705,815,509 |
| Net assets | | 120,213,621 | 115,462,795 |
| Represented by | | | |
| Share capital | | 11,130,307 | 10,118,461 |
| Reserves | | 47,864,723 | 47,008,936 |
| Un-appropriated profit | | 45,952,603 | 43,038,094 |
| | | 104,947,633 | 100,165,491 |
| Minority interest | | 497,249 | 489,671 |
| | | 105,444,882 | 100,655,162 |
| Surplus on revaluation of assets - net of tax | | 14,768,739 | 14,807,633 |
| | | 120,213,621 | 115,462,795 |

Contingencies and commitments

13

The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.


 Imran Maqbool
 President / CEO


 S.M. Muneer
 Director


 Dato' Seri Ismail Shahudin
 Director


 Mian Umer Mansha
 Director

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the half year ended June 30, 2014

| Note | Quarter ended June 30, 2014 | Half year ended June 30, 2014 | Quarter ended June 30, 2013 | Half year ended June 30, 2013 |
|--|-----------------------------------|-------------------------------------|-----------------------------------|--|
| ----- (Rupees in '000) ----- | | | | |
| Mark-up / return / interest earned | 19,670,804 | 37,631,625 | 16,288,961 | 33,029,122 |
| Mark-up / return / interest expensed | 8,218,537 | 16,140,895 | 7,175,867 | 14,171,662 |
| Net mark-up / interest income | 11,452,267 | 21,490,730 | 9,113,094 | 18,857,460 |
| Reversal of provision against loans and advances - net | (379,295) | (932,156) | (468,869) | (1,279,800) |
| Reversal of provision for diminution in the value of investments - net | (10,272) | (40,749) | (5,296) | (34,773) |
| Bad debts written off directly | 20 | 20 | - | - |
| | (389,547) | (972,885) | (474,165) | (1,314,573) |
| Net mark-up / interest income after provisions | 11,841,814 | 22,463,615 | 9,587,259 | 20,172,033 |
| Non mark-up / interest income | | | | |
| Fee, commission and brokerage income | 1,866,735 | 3,670,209 | 1,849,927 | 3,482,250 |
| Dividend income | 69,306 | 300,629 | 93,176 | 415,431 |
| Income from dealing in foreign currencies | 333,938 | 750,393 | 155,995 | 296,687 |
| Gain on sale of securities - net | 376,248 | 627,118 | 1,351,723 | 1,537,585 |
| Unrealized gain on revaluation of investments classified as held for trading | 17,175 | 41,156 | 11,622 | 45,541 |
| Other income | 119,565 | 227,475 | 119,842 | 221,640 |
| Total non mark-up / interest income | 2,782,967 | 5,616,980 | 3,582,285 | 5,999,134 |
| | 14,624,781 | 28,080,595 | 13,169,544 | 26,171,167 |
| Non-mark-up / interest expenses | | | | |
| Administrative expenses | 4,878,525 | 9,776,164 | 4,009,430 | 8,129,587 |
| Other provisions / (reversals) | 119,643 | 115,253 | (72,302) | (62,122) |
| Other charges | 205,966 | 386,782 | 196,333 | 384,314 |
| Total non mark-up / interest expenses | 5,204,134 | 10,278,199 | 4,133,461 | 8,451,779 |
| Share of profit of associates | 68,270 | 257,438 | 266,656 | 451,687 |
| | 9,488,917 | 18,059,834 | 9,302,739 | 18,171,075 |
| Extraordinary / unusual item | - | - | - | - |
| Profit before taxation | 9,488,917 | 18,059,834 | 9,302,739 | 18,171,075 |
| Taxation - current period | 3,096,980 | 5,944,183 | 2,668,822 | 5,544,191 |
| - prior years | - | - | - | - |
| - deferred | 215,352 | 246,116 | 268,600 | 335,167 |
| Share of tax of associates | 7,958 | 26,136 | 25,297 | 48,862 |
| | 3,320,290 | 6,216,435 | 2,962,719 | 5,928,220 |
| Profit after taxation | 6,168,627 | 11,843,399 | 6,340,020 | 12,242,855 |
| Profit attributable to minority interest | (28,175) | (51,894) | (18,925) | (36,613) |
| Profit attributable to ordinary shareholders | 6,140,452 | 11,791,505 | 6,321,095 | 12,206,242 |
| Earnings per share - basic and diluted - Rupees | 5.52 | 10.59 | 5.68 | 10.97 |

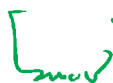
The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.



Imran Maqbool
President / CEO



S.M. Muneer
Director



Dato' Seri Ismail Shahudin
Director



Mian Umer Mansha
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the half year ended June 30, 2014

| | Quarter ended June 30, 2014 | Half year ended June 30, 2014 | Quarter ended June 30, 2013 | Half year ended June 30, 2013 |
|--|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| ----- (Rupees in '000) ----- | | | | |
| Profit after tax for the period | 6,168,627 | 11,843,399 | 6,340,020 | 12,242,855 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit and loss account | | | | |
| Remeasurement of defined benefit plans - net of tax | 164,050 | 164,050 | 96,341 | 165,960 |
| Items that may be reclassified to profit and loss account | | | | |
| Effect of translation of net investment in foreign branches and subsidiaries | | | | |
| - Equity shareholders of the bank | (231,264) | (273,197) | (38,619) | 23,270 |
| - Minority interest | 35 | (663) | 112 | 220 |
| | (231,229) | (273,860) | (38,507) | 23,490 |
| Share of exchange translation reserve of associate | (21,068) | (43,637) | 24,345 | 28,906 |
| Comprehensive income transferred to equity | 6,080,380 | 11,689,952 | 6,422,199 | 12,461,211 |
| Components of comprehensive income not reflected in equity | | | | |
| Net change in fair value of available for sale securities | (3,030,207) | (987,356) | 2,825,664 | 969,983 |
| Deferred tax | 1,175,498 | 525,190 | (1,096,594) | (525,975) |
| | (1,854,709) | (462,166) | 1,729,070 | 444,008 |
| Total comprehensive income for the period | 4,225,671 | 11,227,786 | 8,151,269 | 12,905,219 |

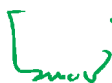
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Imran Maqbool
President / CEO



S.M. Muneer
Director



Dato' Seri Ismail Shahudin
Director



Mian Umer Mansha
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2014

| | June 30, 2014 | June 30, 2013 |
|---|------------------------------|--------------------|
| | ----- (Rupees in '000) ----- | |
| Cash flows from operating activities | | |
| Profit before taxation | 18,059,834 | 18,171,075 |
| Less: Dividend income & share of associates | (558,067) | (867,118) |
| | <u>17,501,767</u> | <u>17,303,957</u> |
| Adjustments for: | | |
| Depreciation | 800,074 | 727,736 |
| Amortization | 144,530 | 126,637 |
| Bad debts written off directly | 20 | - |
| Reversal of provision against loans and advances - net | (932,156) | (1,279,800) |
| Reversal of provision for diminution in the value of investments - net | (40,749) | (34,773) |
| Other provisions / (reversals) | 115,253 | (62,122) |
| Provision for Workers' Welfare Fund | 355,997 | 354,000 |
| Charge / (reversal) for defined benefit plans | (219,827) | (863,991) |
| Unrealized gain on revaluation of investments classified as held for trading | (41,156) | (45,541) |
| Gain on disposal of fixed assets | (13,855) | (15,310) |
| | <u>168,131</u> | <u>(1,093,164)</u> |
| | <u>17,669,898</u> | <u>16,210,793</u> |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | 138,388 | (4,860,521) |
| Net investment in held for trading securities | 85,485 | (779,102) |
| Advances - net | (34,905,367) | 17,725,524 |
| Other assets - net | (10,093,472) | (1,995,915) |
| | <u>(44,774,966)</u> | <u>10,089,986</u> |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | (1,297,302) | (308,383) |
| Borrowings | (7,622,899) | (60,021,713) |
| Deposits and other accounts | 53,441,226 | 65,339,810 |
| Other liabilities | 4,957,444 | (4,790,659) |
| | <u>49,478,469</u> | <u>219,055</u> |
| | <u>22,373,401</u> | <u>26,519,834</u> |
| Defined benefits paid | (410,455) | (224,647) |
| Income tax paid | (4,529,369) | (6,153,456) |
| Net cash flows from operating activities | <u>17,433,577</u> | <u>20,141,731</u> |
| Cash flows from investing activities | | |
| Net investments in available-for-sale securities | 4,803,604 | (5,349,746) |
| Net investments in held-to-maturity securities | (879,035) | (1,005,216) |
| Dividend income received | 399,929 | 442,279 |
| Sale proceeds of property and equipment disposed off | 48,897 | 44,062 |
| Investment in operating fixed assets | (1,944,193) | (2,052,107) |
| Net cash flows from investing activities | <u>2,429,202</u> | <u>(7,920,728)</u> |
| Cash flows from financing activities | | |
| Dividend paid | (7,443,934) | (5,826,115) |
| Net cash flows from financing activities | <u>(7,443,934)</u> | <u>(5,826,115)</u> |
| Exchange difference on translation of net investment in foreign branches & subsidiaries | (273,860) | 23,490 |
| Increase in cash and cash equivalents | <u>12,144,985</u> | <u>6,418,378</u> |
| Cash and cash equivalents at January 01 | <u>60,914,906</u> | <u>57,828,024</u> |
| Cash and cash equivalents at June 30 | <u>73,059,891</u> | <u>64,246,402</u> |

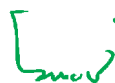
The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.



Imran Maqbool
President / CEO



S.M. Muneer
Director



Dato' Seri Ismail Shahudin
Director



Mian Umer Mansha
Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended June 30, 2014

| | Capital Reserves | | | Revenue Reserves | | | Minority interest | Total | | |
|---|-------------------|-----------------------------------|------------------|------------------------------|-------------------|-------------------|-------------------|--------------------|-----------------------|--------------------|
| | Share capital | Reserve for issue of bonus shares | Share premium | Exchange translation reserve | Statutory reserve | General reserve | | | Unappropriated profit | Sub total |
| | (Rupees in'000) | | | | | | | | | |
| Balance as at December 31, 2012 | 9,198,601 | - | 9,924,438 | 545,530 | 15,550,960 | 18,600,000 | 37,530,955 | 91,350,484 | 501,256 | 91,851,740 |
| Change in equity for six months ended June 30, 2013 | | | | | | | | | | |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | - | 18,027 | 18,027 | 126 | 18,153 |
| Exchange differences on translation of net investment in foreign branches and subsidiaries | - | - | - | 23,270 | - | - | - | 23,270 | 220 | 23,490 |
| Share of exchange translation reserve of associate | - | - | - | 28,906 | - | - | - | 28,906 | - | 28,906 |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | - | 165,960 | 165,960 | - | 165,960 |
| Profit after taxation for six months period ended June 30, 2013 | - | - | - | - | - | - | 12,242,855 | 12,242,855 | - | 12,242,855 |
| Profit attributable to minority interest | - | - | - | - | - | - | (36,613) | (36,613) | 36,613 | - |
| Total comprehensive income for the period ended June 30, 2013 | - | - | - | 52,176 | - | - | 12,372,202 | 12,424,378 | 36,833 | 12,461,211 |
| Transferred to statutory reserve | - | - | - | - | 1,188,727 | - | (1,188,727) | - | - | - |
| Transfer to reserve for issue of bonus shares | - | 919,860 | - | - | - | - | (919,860) | - | - | - |
| Issue of bonus shares - December 31, 2012 | 919,860 | (919,860) | - | - | - | - | - | - | - | - |
| Share of dividend attributable to minority interest | - | - | - | - | - | - | - | - | (52,565) | (52,565) |
| Final cash dividend - December 31, 2012 | - | - | - | - | - | - | (2,759,581) | (2,759,581) | - | (2,759,581) |
| Interim cash dividend - March 31, 2013 | - | - | - | - | - | - | (3,541,471) | (3,541,471) | - | (3,541,471) |
| Balance as at June 30, 2013 | 10,118,461 | - | 9,924,438 | 597,706 | 16,739,687 | 18,600,000 | 41,511,545 | 97,491,837 | 485,650 | 97,977,487 |
| Change in equity for six months ended December 31, 2013 | | | | | | | | | | |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | - | 18,018 | 18,018 | 117 | 18,135 |
| Exchange differences on translation of net investment in foreign branches and subsidiaries | - | - | - | 188,502 | - | - | - | 188,502 | 517 | 189,019 |
| Share of exchange translation reserve of associate | - | - | - | (2,204) | - | - | - | (2,204) | - | (2,204) |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | - | (116,587) | (116,587) | - | (116,587) |
| Profit after taxation for six months ended December 31, 2013 | - | - | - | - | - | - | 9,707,286 | 9,707,286 | - | 9,707,286 |
| Profit attributable to minority interest | - | - | - | - | - | - | (38,430) | (38,430) | 38,430 | - |
| Total comprehensive income for six months ended December 31, 2013 | - | - | - | 186,298 | - | - | 9,552,269 | 9,738,567 | 38,947 | 9,777,514 |
| Transferred to statutory reserve | - | - | - | - | 960,807 | - | (960,807) | - | - | - |
| Share of dividend attributable to minority interest | - | - | - | - | - | - | - | - | (35,043) | (35,043) |
| Interim cash dividend - June 30, 2013 | - | - | - | - | - | - | (3,541,470) | (3,541,470) | - | (3,541,470) |
| Interim cash dividend - September 30, 2013 | - | - | - | - | - | - | (3,541,461) | (3,541,461) | - | (3,541,461) |
| Balance as at December 31, 2013 | 10,118,461 | - | 9,924,438 | 784,004 | 17,700,494 | 18,600,000 | 43,038,094 | 100,165,491 | 489,671 | 100,655,162 |
| Change in equity for six months ended June 30, 2014 | | | | | | | | | | |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | - | 23,974 | 23,974 | 151 | 24,125 |
| Exchange differences on translation of net investment in foreign branches and subsidiaries | - | - | - | (273,197) | - | - | - | (273,197) | (663) | (273,860) |
| Share of exchange translation reserve of associate | - | - | - | (43,637) | - | - | - | (43,637) | - | (43,637) |
| Remeasurement of defined benefit plans - net of tax | - | - | - | - | - | - | 164,050 | 164,050 | - | 164,050 |
| Profit after taxation for six months period ended June 30, 2014 | - | - | - | - | - | - | 11,843,399 | 11,843,399 | - | 11,843,399 |
| Profit attributable to minority interest | - | - | - | - | - | - | (51,894) | (51,894) | 51,894 | - |
| Total comprehensive income for the period ended June 30, 2014 | - | - | - | (316,834) | - | - | 11,955,555 | 11,638,721 | 51,231 | 11,689,952 |
| Transferred to statutory reserve | - | - | - | - | 1,172,621 | - | (1,172,621) | - | - | - |
| Transfer to reserve for issue of bonus shares | - | 1,011,846 | - | - | - | - | (1,011,846) | - | - | - |
| Issue of bonus shares - December 31, 2013 | 1,011,846 | (1,011,846) | - | - | - | - | - | - | - | - |
| Share of dividend attributable to minority interest | - | - | - | - | - | - | - | - | (43,804) | (43,804) |
| Final cash dividend - December 31, 2013 | - | - | - | - | - | - | (3,541,461) | (3,541,461) | - | (3,541,461) |
| Interim cash dividend - March 31, 2014 | - | - | - | - | - | - | (3,339,092) | (3,339,092) | - | (3,339,092) |
| Balance as at June 30, 2014 | 11,130,307 | - | 9,924,438 | 467,170 | 18,873,115 | 18,600,000 | 45,952,603 | 104,947,633 | 497,249 | 105,444,882 |

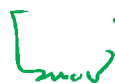
The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.



Imran Maqbool
President / CEO



S.M. Muneer
Director



Dato' Seri Ismail Shahudin
Director



Mian Umer Mansha
Director

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2014

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

"Percentage holding of
MCB Bank Limited"

Subsidiary Companies

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

99.99%
99.95%
100.00%
95.00%
51.329%

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB -15 Main Gulberg, Lahore. The Bank operates 1,208 branches including 27 Islamic banking branches (December 31, 2013: 1,208 branches including 27 Islamic banking branches) within Pakistan and 10 (December 31, 2013: 9) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

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

- a) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the unaudited financial statements for the period ended June 30, 2014 except for MCB - Arif Habib Savings and Investment Limited which are based on audited financial statements for the year ended June 30, 2014 and the carrying value of investments held by the Group 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 period ended June 30, 2014.
- c) Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

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

2.3 The financial results of the Islamic banking branches have been consolidated in this consolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 18 to this unconsolidated condensed interim financial information.

2.4 For the purpose of translation, rates of Rs. 98.8046 per US Dollar (2013: Rs.105.3246) and Rs. 0.7581 per LKR (2013: Rs. 0.8052) have been used.

3 STATEMENT OF COMPLIANCE

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

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2014

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

3.3 The disclosures made in this consolidated condensed interim financial information have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the disclosures required for annual financial statements and this consolidated condensed interim financial information should be read in conjunction with the financial statements of the Group for the year ended December 31, 2013.

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2013.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from January 01, 2014 and has no impact on this condensed interim consolidated financial information. The standard would result in certain new disclosures in the annual financial statements for the year ending December 31, 2014.

There are other new and amended standards and interpretations that are effective from January 01, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's financial statements and therefore not detailed in this condensed consolidated interim financial information.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2013.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2013.

7. LENDINGS TO FINANCIAL INSTITUTIONS

| | June 30, 2014 | December 31, 2013 |
|-------------------------------|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Call money lendings | 100,000 | 664,261 |
| Repurchase agreement lendings | 986,250 | 560,377 |
| | <u>1,086,250</u> | <u>1,224,638</u> |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014

| | | June 30, 2014 | | |
|-------------------|---|------------------------------|------------------------|--------------------|
| | | Held by bank | Given as collateral | Total |
| | | ----- (Rupees in '000) ----- | | |
| 8 | INVESTMENTS - NET | | | |
| 8.1 | Investments by types | | | |
| | Held-for-trading securities | 513,185 | - | 513,185 |
| | Available-for-sale securities | 434,960,766 | 990,133 | 435,950,899 |
| | Held-to-maturity securities | 8,114,410 | 51,378 | 8,165,788 |
| | | 443,588,361 | 1,041,511 | 444,629,872 |
| | Associates | | | |
| | - Adamjee Insurance Company Limited | 5,921,959 | - | 5,921,959 |
| | - Euronet Pakistan (Private) Limited | 60,791 | - | 60,791 |
| | - First Women Bank Limited | 63,300 | - | 63,300 |
| | | 6,046,050 | - | 6,046,050 |
| | Investments at cost | 449,634,411 | 1,041,511 | 450,675,922 |
| | Less: Provision for diminution in the value of investments | (2,390,402) | - | (2,390,402) |
| | Investments (net of provisions) | 447,244,009 | 1,041,511 | 448,285,520 |
| | Surplus / (deficit) on revaluation of available for sale securities - net | 1,099,556 | (318) | 1,099,238 |
| | Surplus on revaluation of held-for-trading securities - net | 41,156 | - | 41,156 |
| | Investments at revalued amounts - net of provisions | 448,384,721 | 1,041,193 | 449,425,914 |
| December 31, 2013 | | | | |
| | | Held by bank | Given as collateral | Total |
| | | ----- (Rupees in '000) ----- | | |
| | Held-for-trading securities | 575,270 | - | 575,270 |
| | Available-for-sale securities | 424,241,451 | 16,631,860 | 440,873,311 |
| | Held-to-maturity securities | 7,221,917 | 64,836 | 7,286,753 |
| | | 432,038,638 | 16,696,696 | 448,735,334 |
| | Associates | | | |
| | - Adamjee Insurance Company Limited | 5,386,250 | - | 5,386,250 |
| | - Euronet Pakistan (Private) Limited | 63,426 | - | 63,426 |
| | - First Women Bank Limited | 63,300 | - | 63,300 |
| | | 5,512,976 | - | 5,512,976 |
| | Investments at cost | 437,551,614 | 16,696,696 | 454,248,310 |
| | Less: Provision for diminution in the value of investments | (2,549,959) | - | (2,549,959) |
| | Investments (net of provisions) | 435,001,655 | 16,696,696 | 451,698,351 |
| | Surplus / (deficit) on revaluation of available for sale securities - net | 2,099,461 | (12,867) | 2,086,594 |
| | Surplus on revaluation of held-for-trading securities - net | 23,400 | - | 23,400 |
| | Investments at revalued amounts - net of provisions | 437,124,516 | 16,683,829 | 453,808,345 |

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2013: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2013: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

8.3 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2014 amounted to Rs. 4,666.293 million (December 31, 2013: Rs. 3,809.906 million).

Investment in Adamjee Insurance Company Limited under equity method - holding 29.13%

| | June 30, 2014 | December 31, 2013 |
|--|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Opening Balance | 5,386,250 | 4,176,476 |
| Share of profit for the period / year before tax | 259,725 | 622,902 |
| Dividend from associate | (101,951) | (126,118) |
| Share of tax | (25,788) | (83,961) |
| | 131,986 | 412,823 |
| Share of other comprehensive income | 403,723 | 796,951 |
| Closing Balance | 5,921,959 | 5,386,250 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2014

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

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

| | June 30, 2014 | December 31, 2013 |
|--|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Opening Balance | 63,426 | 55,679 |
| Share of profit for the period / year before tax | (2,287) | 5,959 |
| Share of tax | (348) | 1,788 |
| | (2,635) | 7,747 |
| Closing Balance | 60,791 | 63,426 |

- 8.5 The Group's investment in First Women Bank Limited is being carried at cost and have not been accounted for under equity method as the Group does not have significant influence over the entity.

9 ADVANCES - NET

| | | June 30, 2014 | December 31, 2013 |
|---|------|------------------------------|----------------------|
| | | ----- (Rupees in '000) ----- | |
| Loans, cash credits, running finances, etc | | | |
| - In Pakistan | | 268,563,885 | 230,190,144 |
| - Outside Pakistan | | 12,171,775 | 13,419,914 |
| | | 280,735,660 | 243,610,058 |
| Islamic Financing and related assets | 18.1 | 9,203,333 | 11,303,966 |
| Net Investment in finance lease | | | |
| - In Pakistan | | 1,548,168 | 1,027,911 |
| - Outside Pakistan | | 841,497 | 911,165 |
| | | 2,389,665 | 1,939,076 |
| Bills discounted and purchased (excluding treasury bills) | | | |
| - Payable in Pakistan | | 4,701,647 | 1,455,467 |
| - Payable outside Pakistan | | 6,253,031 | 10,162,518 |
| | | 10,954,678 | 11,617,985 |
| Advances - gross | | 303,283,336 | 268,471,085 |
| Less: Provision against loans and advances | | | |
| - Specific provision | 9.1 | (18,388,100) | (19,450,148) |
| - General provision | | (303,033) | (267,860) |
| - General provision against consumer loans & Small Enterprise Finance | | (196,568) | (201,354) |
| - Provision for potential lease losses | | (36,342) | (29,931) |
| | | (18,924,043) | (19,949,293) |
| Advances - net of provision | | 284,359,293 | 248,521,792 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2014

| | June 30, 2014 | December 31, 2013 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 12 DEFERRED TAX LIABILITY / (ASSET) - NET | | |
| The details of the tax effect of taxable and deductible temporary differences are as follows: | | |
| Taxable temporary differences on: | | |
| Surplus on revaluation of operating fixed assets | 950,426 | 963,433 |
| Accelerated tax depreciation | 1,249,831 | 1,276,877 |
| Receivable from pension fund | 2,316,403 | 2,048,974 |
| Investments in associates | 335,106 | 254,886 |
| Surplus / deficit on revaluation of securities | - | 311,153 |
| | 4,851,766 | 4,855,323 |
| Deductible temporary differences on: | | |
| Provision for bad debts | (18,830) | (19,766) |
| Taxable losses | (702) | (2,467) |
| Surplus / deficit on revaluation of securities | (214,037) | - |
| Provision for retirement benefits | (308,562) | (332,797) |
| | (542,131) | (355,030) |
| | 4,309,635 | 4,500,293 |
| 13 CONTINGENCIES AND COMMITMENTS | | |
| 13.1 Direct credit substitutes | | |
| Contingent liabilities in respect of guarantees given favouring | | |
| - Government | 10,287,915 | 6,488,041 |
| - Banks and financial institutions | 2,642,967 | 2,347,585 |
| - Others | 21,129,638 | 16,054,851 |
| | 34,060,520 | 24,890,477 |
| 13.2 Transaction-related contingent liabilities | | |
| Guarantees in favour of: | | |
| - Banks and financial institutions | 19,637 | 20,933 |
| - Others | 1,080,648 | 1,500,019 |
| - Suppliers credit / payee guarantee | 2,475,102 | 2,489,432 |
| | 3,575,387 | 4,010,384 |
| 13.3 Trade-related contingent liabilities | 86,322,960 | 80,638,690 |
| 13.4 Other contingencies | | |
| Claims against the Bank not acknowledged as debts | 4,207,980 | 3,035,863 |
| These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote. | | |
| 13.5 Commitments to extend credit | | |
| The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn. | | |
| 13.6 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 60,745,782 | 72,216,751 |
| Sale | 54,512,063 | 79,959,563 |
| | 574,568 | 243,614 |
| 13.7 Commitments for the acquisition of fixed assets | | |
| 13.8 Forward outright of Government Securities | | |
| Purchase | 150,000 | - |
| Sale | 4,000,000 | - |
| 13.9 Other commitments | | |
| FX options (notional amount) | | |
| Purchase | 127,801 | 216,344 |
| Sale | 127,801 | 216,344 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2014

13.10 Taxation

For assessment year 1988-89 through tax year 2013, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums, entailing an additional tax liability of Rs. 3,818 million (2013: Rs.4,189 million) which has been paid. Such issues inter alia principally include disallowance of expenses for non deduction of withholding tax and non availability of underlying records, provision for non performing loans, attribution of expenses to heads of income other than income from business and disallowance of credit for taxes paid in advance / deducted at source.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in this unconsolidated interim financial information 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.

For tax years 2012 and 2013, the liability of Rs. 224 million has been adjudged under section 161 of the Income Tax Ordinance, 2001 on the grounds that Bank failed to deduct applicable withholding tax while making payments on certain accounts. Such liability has not been provided for in this consolidated interim financial information as Bank's management is of the view that while departmental action for has been adjudged on an arbitrary basis.

| Half year ended | |
|----------------------------|------------------|
| June 30, 2014 | June 30, 2013 |
| ---- (Rupees in '000) ---- | |

14 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

Profit attributable to ordinary shareholders

| | |
|-------------------|------------|
| 11,791,505 | 12,206,242 |
|-------------------|------------|

(Number of shares)

Weighted average number of shares outstanding during the period

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

(Rupees)

Basic and diluted Earnings per share - after tax

| | |
|--------------|-------|
| 10.59 | 10.97 |
|--------------|-------|

15 CREDIT RATING

PACRA through its notification dated June 26, 2014, has maintained Bank's long term credit rating of AAA [triple A] and short-term credit rating of A1+ [A one plus].

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the half year ended June 30, 2014

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | Six months ended June 30, 2014 | | | | | | Total |
|---|--------------------------------|--------------------|---------------------------|--------------------|------------------|---------------------------|--------------------|
| | Corporate Finance | Trading and Sales | Retail & Consumer Banking | Commercial Banking | Asset Management | Inter segment elimination | |
| ------(Rupees in '000)----- | | | | | | | |
| Total income | 100,350 | 4,572,049 | 17,756,184 | 4,649,709 | 289,694 | (2,838) | 27,365,148 |
| Total expenses | (31,016) | (601,415) | (7,496,725) | (1,028,917) | (150,079) | 2,838 | (9,305,314) |
| Income tax expense | - | - | - | - | - | - | (6,216,435) |
| Net income | 69,334 | 3,970,634 | 10,259,459 | 3,620,792 | 139,615 | - | 11,843,399 |
| Segment assets - (Gross of NPLs Provisions) | 530,336 | 506,065,557 | 759,771,434 | 243,186,996 | 1,607,734 | (622,480,102) | 888,681,955 |
| Advance taxation (payment less provision) | - | - | - | - | - | - | 4,666,827 |
| Total assets | 530,336 | 506,065,557 | 759,771,434 | 243,186,996 | 1,607,734 | (622,480,102) | 893,348,782 |
| Segment non performing loans | - | - | 8,804,243 | 13,296,254 | - | - | 22,100,497 |
| Segment specific provision required | - | - | 8,770,525 | 9,617,575 | - | - | 18,388,100 |
| Segment liabilities | 40,192 | 479,278,352 | 683,436,585 | 209,908,511 | 253,888 | (622,480,102) | 750,437,426 |
| Deferred tax liabilities - net | - | - | - | - | - | - | 4,309,635 |
| Total liabilities - net | 40,192 | 479,278,352 | 683,436,585 | 209,908,511 | 253,888 | (622,480,102) | 754,747,061 |
| Segment return on assets (ROA) (%) | 37.84% | 1.81% | 4.73% | 3.98% | 36.04% | - | - |
| Segment cost of fund (%) | - | 9.85% | 6.04% | 9.33% | - | - | - |

| | Six months ended June 30, 2013 | | | | | | Total |
|--|--------------------------------|--------------------|---------------------------|--------------------|------------------|---------------------------|--------------------|
| | Corporate Finance | Trading and Sales | Retail & Consumer Banking | Commercial Banking | Asset Management | Inter segment elimination | |
| Total income | 82,463 | 4,763,166 | 16,324,865 | 3,981,039 | 223,854 | (67,106) | 25,308,281 |
| Total expenses | (21,639) | (163,770) | (6,040,076) | (856,746) | (122,081) | 67,106 | (7,137,206) |
| Income tax expense | - | - | - | - | - | - | (5,928,220) |
| Net income | 60,824 | 4,599,396 | 10,284,789 | 3,124,293 | 101,773 | - | 12,242,855 |
| Segment assets - (Gross of NPLs provision) | 431,593 | 474,355,108 | 685,300,242 | 190,464,336 | 1,411,536 | (562,019,155) | 789,943,660 |
| Advance taxation (payment less provision) | - | - | - | - | - | - | 11,486,311 |
| Total assets | 431,593 | 474,355,108 | 685,300,242 | 190,464,336 | 1,411,536 | (562,019,155) | 801,429,971 |
| Segment non performing loans | - | - | 10,359,290 | 14,406,449 | - | - | 24,765,739 |
| Segment specific provision required | - | - | 10,328,816 | 10,789,381 | - | - | 21,118,197 |
| Segment liabilities | 39,040 | 440,628,063 | 616,240,251 | 161,256,795 | 138,508 | (562,019,155) | 656,283,502 |
| Deferred tax liabilities - net | - | - | - | - | - | - | 10,719,115 |
| Total liabilities - net | 39,040 | 440,628,063 | 616,240,251 | 161,256,795 | 138,508 | (562,019,155) | 667,002,617 |
| Segment return on assets (ROA) (%) | 38.21% | 2.01% | 4.84% | 4.43% | 31.72% | - | - |
| Segment cost of fund (%) | - | 9.28% | 5.43% | 8.86% | - | - | - |

Total income = Net markup income + non-markup income

Total expenses = Non Mark up expenses + Provisions

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

Segment cost of funds have been computed based on the average balances.

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

For the half year ended June 30, 2014

18 ISLAMIC BANKING BUSINESS

The Bank is operating 27 Islamic banking branches at the end of June 30, 2014 (2013: 27 branches). The statement of financial position of the Bank's Islamic Banking Branches as at June 30, 2014 is as follows:

| | June 30, 2014 | December 31, 2013 |
|--|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Assets | | |
| Cash and balance with treasury banks | 551,994 | 609,797 |
| Balance with other banks | - | - |
| Due from financial institution | - | - |
| Investments - net | 1,772,391 | 2,817,667 |
| Islamic financing and related assets | 9,111,551 | 11,207,333 |
| Operating fixed assets | 1,901,483 | 1,632,910 |
| Deferred tax assets | - | - |
| Other assets | 44,469 | 90,592 |
| | 13,381,888 | 16,358,299 |
| Liabilities | | |
| Bill payable | 585,856 | 107,938 |
| Due to financial institution | 434,800 | 682,770 |
| Deposits and other accounts | | |
| - Current accounts | 1,688,654 | 1,302,177 |
| - Saving accounts | 1,622,682 | 2,391,100 |
| - Term deposits | 2,671,508 | 2,765,346 |
| - Others | 18,223 | 96,641 |
| Deposits from financial institution - remunerative | 2,845,242 | 4,609,453 |
| Deposits from financial institution - non remunerative | 12 | 12 |
| Due to head office | 1,294,804 | 1,898,328 |
| Deferred tax liability | - | - |
| Other liabilities | 439,955 | 729,272 |
| | 11,601,736 | 14,583,037 |
| Net assets | 1,780,152 | 1,775,262 |
| Represented by | | |
| Islamic Banking Fund | 1,500,000 | 1,500,000 |
| Unappropriated profit | 189,173 | 257,952 |
| | 1,689,173 | 1,757,952 |
| Surplus on revaluation of assets | 90,979 | 17,310 |
| | 1,780,152 | 1,775,262 |

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

For the half year ended June 30, 2014

| | June 30, 2014 | December 31, 2013 |
|---|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| 18.1. Islamic Financing and Related Assets | | |
| Murabaha | 18.1.1 7,318,079 | 9,500,229 |
| Ijarah | 18.1.2 293,151 | 268,721 |
| Diminishing Musharaka | 18.1.3 1,592,103 | 1,535,016 |
| Gross Advances | 9,203,333 | 11,303,966 |
| Provision held | (91,782) | (96,633) |
| Advance - net of provision | 9,111,551 | 11,207,333 |
| 18.1.1 Murabaha | | |
| Financing/Investments/Receivables | 3,056,644 | 4,162,888 |
| Advances | 14,289 | 756,568 |
| Assets/Inventories | 4,247,146 | 4,580,773 |
| | 7,318,079 | 9,500,229 |
| 18.1.2 Ijarah | | |
| Advances | 293,151 | 268,721 |
| 18.1.3 Diminishing Musharakah | | |
| Financing/Investments/Receivables | 1,489,920 | 1,305,563 |
| Advances | 102,183 | 229,453 |
| | 1,592,103 | 1,535,016 |
| CHARITY FUND | | |
| Opening balance | 2,877 | 6,892 |
| Additions during the period | | |
| Received from customers on delayed payments | 20,066 | 8,208 |
| Return on charity saving account | 376 | 277 |
| | 20,442 | 8,485 |
| Payments / utilization during the period | | |
| Social Welfare | (1,000) | (1,000) |
| Health | - | (500) |
| Education | - | (1,000) |
| Relief and disaster recovery | - | (10,000) |
| | (1,000) | (12,500) |
| Closing balance | 22,319 | 2,877 |

Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2014

The profit and loss account of the Bank's Islamic banking business for the half year ended June 30, 2014 is as follows:

| | Half Year ended | |
|---|------------------------------|------------------|
| | June 30, 2014 | June 30, 2013 |
| | ----- (Rupees in '000) ----- | |
| Income / return / profit earned | 676,204 | 637,202 |
| Income / return / profit expensed | 377,538 | 346,945 |
| Net Income / Profit | 298,666 | 290,257 |
| Provision / (reversal) against loans and advances - net | (4,851) | 13,962 |
| Provision / (reversal) for diminution in the value of investments | 4,851 | (14,091) |
| Bad debts written off directly | - | - |
| | - | (129) |
| Net profit / income after provisions | 298,666 | 290,386 |
| Other income | | |
| Fees, commission and brokerage income | 228,910 | 177,876 |
| Dividend income | - | - |
| Income from dealing in foreign currencies | 6,479 | 5,288 |
| Other Income | 21,826 | 13,112 |
| Total other income | 257,215 | 196,276 |
| | 555,881 | 486,662 |
| Other expenses | | |
| Administrative expenses | 366,708 | 311,310 |
| Other provisions / write offs | - | - |
| Other charges (Penalty paid to SBP) | - | 6 |
| Total other expenses | 366,708 | 311,316 |
| Extra ordinary / unusual items | - | - |
| Profit before taxation | 189,173 | 175,346 |
| Remuneration to Shariah Advisor / Board | 1,072 | 972 |

19 GENERAL

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

20 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 12, 2014 has announced cash dividend in respect of the half year ended June 30, 2014 of Rs. 3.5 per share (June 30, 2013: Rs. 3.5 per share). This consolidated condensed interim financial information for the half year ended June 30, 2014 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

21 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information were authorized for issue by the Board of Directors of the Bank in their meeting held on August 12, 2014 .


Imran Maqbool
President / CEO


S.M. Muneer
Director


Dato' Seri Ismail Shahudin
Director


Mian Umer Mansha
Director

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