

**Basel III - Market Disclosures requirement Under Pillar III as per the Banking Act
Direction No. 01 of 2016**

Template 1

Key Regulatory Ratios - Capital and Liquidity

Selected Performance Indicators	Sri Lanka Operation	
	As of 30.06.2018	As of 31.03.2018
Regulatory Capital (LKR 000)		
Common Equity Tier 1 Capital	5,903,962	5,899,209
Tier 1 Capital	5,903,962	5,899,209
Total Capital	5,277,658	5,270,303
Regulatory Capital Ratio (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 5.75%)	33.58	33.85
Tier 1 Capital Ratio (Minimum Requirement - 7.75%)	33.58	33.85
Total Capital Ratio (Minimum Requirement - 11.75%)	30.01	30.24
Regulatory Liquidity		
Statutory Liquid Assets (LKR 000)	5,110,907	4,843,110
Statutory Liquid Assets Ratio % -Minimum requirement 20%		
Domestic Banking Unit (%)	22.1	20.4
Off Shore Banking Unit (%)	35.8	23.4
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2018 - 90% ,2017-80%)	158.0	202.3
Liquidity Coverage Ratio (%) - All currencies (Minimum Requirement - 2018- 90% ,2017-80%)	251.6	138.6

Template 2

Basel III Computation of Capital Ratio

Item	Amount (LKR '000)	
	30.06.2018	31.03.2018
Common Equity Tier 1 (CET1) Capital after Adjustments	5,903,962	5,899,209
Common Equity Tier 1 (CET1) Capital	5,941,061	5,941,061
Equity Capital (Stated Capital)/Assigned Capital	3,969,508	3,969,508
Reserve Fund	192,003	192,003
Published Retained Earnings/(Accumulated Retained Losses)	1,713,200	1,713,200
Published Accumulated Other Comprehensive Income (OCI)	66,350	66,350
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	37,100	41,852
Goodwill (net)	-	-
Intangible Assets (net)	37,100	41,852
Others (specify)	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Additional Tier 1 (AT1) Capital	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
Tier 2 Capital after Adjustments	(626,303)	(628,907)
Tier 2 Capital	72,027	69,471
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	72,027	69,471
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	698,330	698,378
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
CET1 Capital	5,903,962	5,899,209
Total Tier 1 Capital	5,903,962	5,899,209
Total Capital	5,277,658	5,270,303

Item	Amount (LKR '000)	
	30.06.2018	31.03.2018
Total Risk Weighted Assets (RWA)	17,584,112	17,429,653
RWAs for Credit Risk	15,848,448	15,716,770
RWAs for Market Risk	69,782	6,813
RWAs for Operational Risk	1,665,882	1,706,071
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	33.58	33.85
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	33.58	33.85
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	30.01	30.24
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 4

Bael III Computation of Liquidity Coverage Ratio - All Currencies

Item	Amount (LKR '000)			
	30.06.2018		31.03.2018	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	3,101,130	3,101,130	3,004,761	3,004,761
Total Adjusted Level 1A Assets	3,101,130	3,101,130	3,004,761	3,004,761
Level 1 Assets	3,101,130	3,101,130	3,004,761	3,004,761
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	27,711,438	7,851,528	29,237,558	8,671,470
Deposits	8,401,059	840,106	7,931,639	793,164
Unsecured Wholesale Funding	8,531,560	5,841,178	9,818,047	6,764,538
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	10,778,819	1,170,245	11,487,616	1,113,512
Additional Requirements	-	-	256	256
Total Cash Inflows	10,196,165	6,547,410	11,324,805	7,270,335
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	10,193,711	6,544,956	11,322,897	7,268,427
Operational Deposits	-	-	-	-
Other Cash Inflows	2,454	2,454	1,908	1,908
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		157.99		138.60

Template 5
Basel III Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Assigned Capital
Issuer	MCB Bank Pakistan
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	
Governing Law(s) of the Instrument	Pakistan
Original Date of Issuance	N/A
Par Value of Instrument	N/A
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	LKR 3,969,508,163/-
Accounting Classification (Equity/Liability)	Equity
Issuer Call subject to Prior Supervisory Approval	
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A
Subsequent Call Dates, if Applicable	N/A
Coupons/Dividends	
Fixed or Floating Dividend/Coupon	N/A
Coupon Rate and any Related Index	N/A
Non-Cumulative or Cumulative	N/A
Convertible or Non-Convertible	
If Convertible, Conversion Trigger (s)	N/A
If Convertible, Fully or Partially	N/A
If Convertible, Mandatory or Optional	N/A
If Convertible, Conversion Rate	N/A

Template 7

Basel III Credit Risk under Standardised Approach –Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

As at 30th June 2018	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On - Balance Sheet Amount	Off -Balance Sheet Amount	On - Balance Sheet Amount	Off -Balance Sheet Amount	RWA	RWA Density (%)
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	
Claims on Central Government and CBSL	3,986,172	-	3,986,172	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	2,030	-	2,030	-	2,030	100.00
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	2,004,262	2,154,970	2,004,262	43,099	657,534	32.12
Claims on Financial Institutions	4,476,589	17,790	2,846,589	8,895	1,529,149	53.55
Claims on Corporates	8,698,746	3,359,393	6,969,236	748,004	7,625,013	98.80
Retail Claims	426,289	278,179	244,736	74,240	290,542	91.09
Claims Secured by Residential Property	1,540,471	50,470	1,494,567	13,094	1,470,359	97.53
Claims Secured by Commercial Real Estate	3,208,696	905,776	2,650,213	215,439	2,865,652	100.00
Non-Performing Assets (NPAs)	808,572	-	808,572	-	927,452	114.70
Higher-risk Categories	59,040	-	59,040	-	147,599	250.00
Cash Items and Other Assets	494,892	-	494,892	-	333,117	67.31
Total	25,705,759	6,766,577	21,560,309	1,102,771	15,848,448	69.93

Template 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR' 000) as at 30th June 2018
(a) RWA for Interest Rate Risk	-
General Interest Rate Risk	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	-
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
(c) RWA for Foreign Exchange & Gold	8,287
Capital Charge for Market Risk [(a) + (b) + (c) * CAR	69,782

Template 10

Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach

Business Lines (20.5.1.4.0.0)	Capital Charge Factor	Fixed Factor 'm' (20.5.1.6.0.0)	Gross Income (LKR '000) as at 30th June 2018		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		986,921	1,482,082	1,497,382
The Standardised Approach			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		-	-	-
Commercial Banking	15%		-	-	-
The Alternative Standardised Approach			-	-	-
Sub Total			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Sub Total			-	-	-
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	1,665,882				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	198,319				
The Standardised Approach	-				
The Alternative Standardised Approach	-				

Template 11

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

As at 30th June 2018	Bank				
	a	b	c	d	e
	Carrying Value as Reported In Published Financial Statements	Carrying Value as under the Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets	26,251,113	26,360,745	21,831,253	-	5,869,058
Cash and Cash Equivalents	161,775	161,775	161,775		
Balances with Central Banks	960,942	960,918	960,918		
Placements with Banks	2,027,831	2,023,838	2,023,838		
Derivative Financial Instruments	1,164				
Other Financial Assets Held-For- Trading	-	-	-		
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-
Loans and Receivables to Banks	368,461	368,461	368,461		
Loans and Receivables to Other Customers	18,514,607	18,690,882	14,198,490		5,133,628
Financial Investments - Available- For Sale	2,700,371	2,697,700	2,697,700		
Financial Investments - Held-To- Maturity	1,113,639	1,086,954	1,086,954		698,330
Investments in Subsidiaries	-	-	-		
Investments in Associates and Joint Ventures	-	-	-		
Property, Plant and Equipment	250,613	250,613	250,613		
Investment Properties	-	-	-		
Goodwill and Intangible Assets	37,100	37,100	-		37,100
Deferred Tax Assets	-	-	-		
Other Assets	114,610	82,504	82,504		
Liabilities	20,086,740	20,079,564	-	-	-
Due to Banks	6,214,234	4,313,320			
Derivative Financial Instruments	1,292				
Other Financial Liabilities Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	13,150,735	14,771,667			
Other Borrowings	77,923	76,870			
Debt Securities Issued	-	-			
Current Tax Liabilities	136,078	156,191			
Deferred Tax Liabilities	37,361	37,361			
Other Liabilities	469,117	724,155			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities	12,766,266	12,766,266	1,059,672	43,099	-
Guarantees	589,077	589,077	113,319		
Performance Bonds	115,222	115,222	112,653		
Letters of Credit	2,218,563	2,218,563	443,713		
Other Contingent Items	4,605,109	4,605,109	389,989	43,099	
Undrawn Loan Commitments	4,264,622	4,264,622			
Other Commitments	973,673	973,673			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	5,859,091	5,903,354			
of which Amount Eligible for AT1	-	-			
Retained Earnings	126,536	219,786			
Accumulated Other Comprehensive Income	120,870	100,161			
Other Reserves	57,876	57,879			
Total Shareholders' Equity	6,164,373	6,281,181	-	-	-