

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 30.09.2018	As of 30.06.2018
Regulatory Capital (LKR 000)		
Common Equity Tier 1 Capital	5,906,659	5,903,962
Tier 1 Capital	5,906,659	5,903,962
Total Capital	5,284,147	5,277,658
Regulatory Capital Ratio (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 5.75%)	29.38	33.58
Tier 1 Capital Ratio (Minimum Requirement -7.75%)	29.38	33.58
Total Capital Ratio (Minimum Requirement - 11.75%)	26.28	30.01
Regulatory Liquidity		
Statutory Liquid Assets (LKR 000)		
Statutory Liquid Assets (LKR 000)	6,434,598	5,110,907
Statutory Liquid Assets Ratio % -Minimum requirement 20%		
Domestic Banking Unit (%)	30.3	22.1
Off Shore Banking Unit (%)	28.9	35.8
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2018 - 90% ,2017-80%)	139.1	158.0
Liquidity Coverage Ratio (%) - All currencies (Minimum Requirement - 2018- 90% ,2017-80%)	114.1	251.6

Template 2

Basel III Computation of Capital Ratio

Item	Amount (LKR '000)	
	30.09.2018	30.06.2018
Common Equity Tier 1 (CET1) Capital after Adjustments	5,906,659	5,903,962
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	34,402	37,100
Goodwill (net)	-	-
Intangible Assets (net)	34,402	37,100
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	(622,512)	(626,303)
Tier 2 Capital	75,791	72,027
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	75,791	72,027
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	698,303	698,330
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
CET1 Capital	5,906,659	5,903,962
Total Tier 1 Capital	5,906,659	5,903,962
Total Capital	5,284,147	5,277,658

Item	Amount (LKR '000)	
	30.09.2018	30.06.2018
Total Risk Weighted Assets (RWA)	20,106,555	17,584,112
RWAs for Credit Risk	17,854,388	15,848,448
RWAs for Market Risk	536,409	69,782
RWAs for Operational Risk	1,715,757	1,665,882
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	29.38	33.58
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
Total Tier 1 Capital Ratio (%)	29.38	33.58
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	26.28	30.01
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)			
	30.09.2018		30.06.2018	
	Total Un- weighted Value	Total Weighted Value	Total Un- weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	3,484,821	3,484,821	3,101,130	3,101,130
Total Adjusted Level 1A Assets	3,484,821	3,484,821	3,101,130	3,101,130
Level 1 Assets	3,484,821	3,484,821	3,101,130	3,101,130
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	28,384,175	9,657,194	27,711,438	7,851,528
Deposits	7,949,708	794,971	8,401,059	840,106
Unsecured Wholesale Funding	11,788,148	7,945,504	8,531,560	5,841,178
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	8,643,012	913,413	10,778,819	1,170,245
Additional Requirements	3,306	3,306	-	-
Total Cash Inflows	10,564,493	6,602,073	10,196,165	6,547,410
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	10,562,717	6,600,297	10,193,711	6,544,956
Operational Deposits	-	-	-	-
Other Cash Inflows	1,776	1,776	2,454	2,454
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		114.06		157.99

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 September 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	5,397,882	-	5,397,882	-	170,900	3.17
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	2,369,466	4,469,810	2,369,466	89,396	1,228,212	49.95
Claims on Financial Institutions	5,311,702	18,972	2,751,702	9,486	1,499,453	54.30
Claims on Corporates	9,185,001	4,245,721	7,433,695	1,342,023	8,667,302	98.76
Retail Claims	468,666	54,717	234,472	15,452	210,182	84.10
Claims Secured by Residential Property	1,841,411	35,321	1,697,301	10,064	1,680,860	98.45
Claims Secured by Commercial Real Estate	3,332,766	980,424	2,701,164	246,515	2,947,679	100.00
Non-Performing Assets (NPAs)	645,691	-	645,691	-	908,556	140.71
Higher-risk Categories	59,067	-	59,067	-	147,666	250.00
Cash Items and Other Assets	542,640	-	542,640	-	391,548	72.16
Total	29,156,321	9,804,965	23,835,109	1,712,936	17,854,388	69.89

Template 9
Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR' 000) as at 30th September 2018
(a) RWA for Interest Rate Risk	-
General Interest Rate Risk	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iiii) 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	63,699
Capital Charge for Market Risk [(a) + (b) + (c) * CAR	536,409

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 September 2018		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		1,113,312	1,503,399	1,468,425
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	1,715,757				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	204,257				
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 September 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	30,050,557	29,853,750	23,649,321	-	5,866,334
Cash and Cash Equivalents	151,092	151,092	151,092		
Balances with Central Banks	1,121,635	1,121,613	1,121,613		
Placements with Banks	2,386,294	2,382,449	2,382,449		
Derivative Financial Instruments	134,351				
Other Financial Assets Held-For- Trading	-	-	-		
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-
Loans and Receivables to Banks	349,608	349,608	349,608		
Loans and Receivables to Other Customers	20,388,449	20,387,370	14,217,343		5,133,628
Financial Investments - Available- For Sale	3,089,000	3,086,393	3,086,393		
Financial Investments - Held-To- Maturity	2,004,548	1,949,276	1,949,276		698,303
Investments in Subsidiaries	-	-	-		
Investments in Associates and Joint Ventures	-	-	-		
Property, Plant and Equipment	235,750	235,750	235,750		
Investment Properties	-	-	-		
Goodwill and Intangible Assets	34,402	34,402	-		34,402
Deferred Tax Assets	-	-	-		
Other Assets	155,429	155,797	155,797		
Liabilities	23,529,154	23,400,978	-	-	-
Due to Banks	5,185,963	5,141,145			
Derivative Financial Instruments	-				
Other Financial Liabilities Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	17,630,471	17,362,216			
Other Borrowings	79,783	76,870			
Debt Securities Issued	-	-			
Current Tax Liabilities	110,989	125,614			
Deferred Tax Liabilities	37,361	37,361			
Other Liabilities	484,587	657,773			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities	15,278,502	15,278,503	1,623,540	89,396	-
Guarantees	900,441	900,441	149,999		
Performance Bonds	114,859	114,859	117,731		
Letters of Credit	1,870,154	1,870,154	374,031		
Other Contingent Items	6,807,949	6,807,949	312,009	89,396	
Undrawn Loan Commitments	4,142,865	4,142,865	669,771		
Other Commitments	1,442,234	1,442,234			
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	426,755	336,701			
Accumulated Other Comprehensive Income	177,682	154,838			
Other Reserves	57,876	57,879			
Total Shareholders' Equity	6,521,403	6,452,772	-	-	-