

STATEMENT OF FINANCIAL POSITION		operations R 000		Pakistan R 000	STATEMENT OF COMPREHENSIVE INCOME		a operations (R 000		Pakistan R 000	CASH FLOW STATEMENT	Sri Lanka operat	tions LKR 000
As at	30.06.2019	31.12.2018 AUDITED	30.06.2019	31.12.2018 AUDITED	For the Six months ended June 30,	2019	2018	2019	2018	For the period ended 30th June	2019	2018
ASSETS					Interest income	1,577,407	1,343,223	63,418,278	39,272,450	Cash Flows From Operating Activities		
Cash and cash equivalents	177,634	221,412	59,392,889	47,818,942	Interest expenses	(774,516)	(621,922)	(33,838,728)	(15,947,896)	Interest and commission receipts	1,637,764	1,405,724
Balances with central banks	1,330,855	2,021,412	87,772,613	62,346,064	Net interest income	802,891	721,301	29,579,550	23,324,554	I I		
Placements with banks	618,196	752,542	24,261,269	52,488,007	Fee and commission income	60,358	62,501	6,069,062	5,809,043	Interest payments	(774,516)	(621,922)
Derivative financial instruments	11,261	284,488	-	-	Fee and commission expenses	-	-	-	-	Receipts/(outgoings) from other operating activities	(28,591)	16,557
Financial assets held-for-trading	-	-	-	-	Net fee and commission income	60,358	62,501	6,069,062	5,809,043	Cash payments to employees and suppliers	(466,958)	(417,762)
Financial assets at amortised cost	-	-	7,199,596	10,441,741	Net trading income/(expenses)	-	-	-	-	Operating profit before changes in Operating		<u>, , , ,</u>
Loans and Advances to customers	22,266,693	21,134,248	574,354,212	566,792,265	Net gain/(loss) from financial instruments					Assets and Liabilities	367.699	200 507
Debt and other financial instrument /					designated at fair value	-	-	-	-		307,099	382,597
Held to maturity	1,978,667	2,227,311	20,800,242	23,552,948	Through profit or loss	-	-	-	-	Increase in Operating Assets		
Investment securities at FVTPL /					Net gain/(loss) from financial investments	-	-	-	-	Deposits held for Regulatory or Monetary Control Purposes	690,557	1,151,540
Available for sale	3,858,931	3,146,982	771,864,789	716,371,560	Other operating income (net)	(28,591)	16,557	2,316,370	2,963,686	Financial assets at amortised cost - loans & advances	(1,135,659)	1,194,175
Investments in associates and					Total operating income	834,658 (3,214)	800,359 (43,667)	37,964,982 (907,499)	32,097,283 2,211,646	Other Assets	218.249	1,492
joint ventures	-	-	4,011,334	4,019,526	Impairment charges for loans and other losses	831,444	(43,007) 756,692	<u>(907,499)</u> 37,057,483	34,308,929	Increase/(Decrease) in Operating Liabilities	210,240	1,402
Property, plant and equipment	235,163	267,217	52,927,693	43,789,201	Personnel expenses	(160,738)	(155,282)	37,057,403	34,300,929			
Intangible assets	19,842	29,991	1,501,976	1,194,657	Depreciation and amortisation	(42,601)	(38,394)	(2,085,752)	(1,320,566)	Deposits from customers	(422,602)	(2,185,647)
Investment properties	-	-	-	-	Other expenses	(191,985)	(143,007)	(17,196,285)		Other Liabilities	(361,316)	(64,806)
Current tax Assets	-	-	-	-	Operating profit before VAT & NBT on	(101,000)	(140,007)	(17,150,205)	(17,004,407)	Net Cash Generated from Operations	(643,073)	479,351
Deferred tax assets	-	-	-	-	financial Services	436.120	420.009	37.057.483	15,333,876	Income Tax Paid	(89,948)	(64,569)
Other assets	181,383	126,405	66,038,383	56,395,096	Value Addedd Tax(VAT) & Nation Building	400,120	420,000	01,001,400	10,000,010			(/
Total assets	30,678,624	30,212,008	1,670,124,996	1,585,210,007	Tax (NBT) on Financial Services	(71,634)	(81,079)	-	-	Net Cash Flows Generated from Operating Activities	(733,022)	414,781
Liabilities					Operating profit after value added tax (VAT)	364,486	338,930	37.057.483	15,333,876	Cash Flows from Investing Activities		
Due to banks	1,684,400	734,418	57,786,052	57,350,580	Share of profits of associates and joint ventures	-	-	199,907	357,513	Net proceeds from maturity and purchase of		
Derivative financial instruments	87,524	2,427	-	-	Profit before tax	364,486	338,930	37,257,390	15,691,389	Financial Investments	(439.038)	1,176,808
Financial Liabilities at amortised cost -					Tax expense	(101,296)	(94,194)	(7,553,728)	(6,220,167)	Proceed from maturity of other Placements with Banks	134,346	
Due to depositors	21,502,818	21,925,421	1,231,815,400	1,122,306,535	Profit for the period	263,190	244,736	29,703,662	9,471,222			(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Other borrowings	85,281	83,532	129,802,374	165,865,535	Profit attributable to:					Purchase of Property, Plant and Equipments	42,204	4,847
Current tax liabilities	100,001	98,101	-	-	Owners of the parent	263,190	244,736	10,420,807	9,423,669	Proceeds from Sale of Property, Plant and Equipment	-	-
Deferred tax liabilities	24,115	14,667	1,025,463	1,983,145	Non-controlling interests	-	-	818	47,553	Net Cash Flows generated from Investing Activities	(262,488)	27,600
Provision	10,786	13,153	-	-		263,190	244,736	10,421,625	9,471,222	Cash flow from Financing Activities		
Other liabilities	544,056	952,580	97,543,697	86,381,333	Other comprehensive income/(expenses)					Capital Infusion from Head Office		
Total liabilities	24,038,981	23,824,300	1,517,972,986	1,433,887,128	Remeasurement loss on defined benefit			(504.404)	(070.044)	·····	-	-
Equity					obligations - net of tax	-	-	(534,194)	(679,241)	Profit transferred to head office	-	
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	Foreign currency translation reserve - Gain / (Loss) on	(35,521)	17,539	17.709	1,574	Increase/(Decrease) of borrowings	951,731	(478,078)
Statutory reserve fund	214,190	214,190	30,352,949	29,285,450	translation of Foreign Operation Net Change in Fair Value of Available-for-	(35,521)	17,009	17,709	1,3/4	Decrease of Securities Sold Under Repurchase Agreement		
Retained earnings	2,167,646	1,904,457	53,347,349	53,971,079	Sale Financial Assets	24,267	(10,424)	(1,230,109)	(4,586,756)	Net cash generated from/(used in) financing Activities	951,731	(478,078)
Other reserves	288,299	299,553	55,891,515	55,506,998	Surplus from revaluation of Property, plant & equipment		(10,424)	(1,200,109)	-,500,750	Net Increase in Cash and Cash Equivalents	(43,778)	(35,697)
Total shareholders' equity	6,639,643	6,387,708	151,442,413	150,614,127	Effect of translation of net investment in		-	-	2	I	,	
Non-controlling interests	-	-	709,597	708,752	foreign branches and subsidiaries	-	-	1,661,349	650,575	Cash and Cash Equivalents at the Beginning of the year	221,412	197,472
Total equity	6,639,643	6,387,708	152,152,010	151,322,879	Movement in share of surplus / deficit on revaluation			.,	000,010	Cash and Cash Equivalents at the End of the year	177,634	161,775
Total equity and liabilities	30,678,624	30,212,008	1,670,124,996	1,585,210,007	of associated undertaking- net of tax	-	-	(26,769)	(119,947)			
Contingent liabilities and commitments	13,569,494	17,363,201	662,122,682	600,116,170	Less: Tax expense/(income) relating to			(-,)	(Reconciliation of cash and cash equivalents		
-					components of other comprehensive income	-	3,173	-	1,610,044	Cash and cash equivalents	177.634	161,775
Number of Employees	142	139	13,661	14,952	Other comprehensive income for the period,						,	,
Number of Branches	8	8	1,385	1,387	net of taxes	(11,254)	10,288	(112,014)	(3,123,751)		177,634	161,775
Note: Amount stated are net of impairement and depreciation	n				Total comprehensive income for the period	251,936	255,024	10,309,611	6,347,471	Figures in brackets indicate deductions.		

GROUP CASH FLOW STATEMENT	Group	Group Pakistan PKR 000			
For the period ended 30th June	2019	2018			
Cash Flows From Operating Activities					
Profit before taxation	17,975,353	15,691,389			
Less: Dividend income and share of profile of associates	(854,512)	(887,895)			
Adjustments:	17,120,841	14,803,494			
Depreciation of fixed assets	1,873,037	1,121,091			
Depreciation on non-banking assets acquired in satisfaction of claims	24,124	24,895			
Amortisation	188,591	174,580			
Provisions / (reversals) and write offs - net	907,499	(2,211,646)			
Fixed assets written off	-	-			
Worker welfare fund	365,700	321,996			
Gain on sale of fixed assets	(36,625)	(67,079)			
Gain on sale of non-banking assets acuired in satisfaction of claims					
(Reversal)/ charge for defined benefit plans	(32,175)	1,953,336			
unrealised loss on revaluation of investments classified as held for trading	82,646	133,363			
Gain on sale of shares in associates		(51,360)			
Decrease / (increase) in operating assets	20,493,638	16,202,670			
Lending to financial institutions	31,958,227	1,603,863			
Held-for-trading securities	3,194,379	(875,733)			
Advances	(6,791,304)	(61,554,700)			
Others assets (excluding advance taxation)	(16,375,035)	(961,470)			
	11,986,267	(61,788,040)			

STATEMENT OF CHANGES IN EQUITY Sri Lanka operations LKR 000							
	Assigned Capital	Reserve Fund	Revaluation Reserve	Available for Sale Reserve	Retained Earnings	Exchange Equilization Reserves	Total
Balance as at 01 January 2019	3,969,508	214,190	57,876	(7,253)	1,904,457	248,930	6,387,708
Total comprehensive income for the period							
Profit for the period	-	-	-	-	263,190	-	263,190
Other comprehensive income (net of tax)	-	-	-	24,267	-	(35,521)	(11,254)
Total comprehensive income for the period	-	-	-	24,267	263,190	(35,521)	251,936
Transfers to reserve during the period	-	-	-	-	-	-	-
Gain on revaluation of property, plant & equipment	-	-	-	-	-	-	-
Share issue/increase of assigned capital	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Tax effect on revaluation	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-
Balance as at 30th June 2019	3,969,508	214,190	57,876	17,014	2,167,647	213,410	6,639,643
-							

Sri Lanka Operation

As of

31.12.2018

As of

30.06.2019

Group

As of

31.12.2018

As of

30.06.2019

Increase in operating liabilities		
Bills payable	(5,398,546)	(9,261,947)
Borrowings from financial institutions	(34,949,534)	58,910,320
Deposits	109,508,865	69,194,635
Others liabilities (excluding current taxation)	11,290,900	1,086,391
	80,451,685	119,929,399
Defind benefits paid	(166,874)	(177,282)
Income tax paid	(378,874)	(5,302,446)
Net cash flow from operating activities	112,385,842	68,864,301
Cash flow from investing activities		
Net investments in available-for-sale securities	(55,492,926)	(41,630,509)
Net investments in held-to-maturity securities	(882,746)	3,461,051
Net cash inflow on amalgamation		
Proceeds from divestment in an associate	-	295,448
Dividends received	728,817	919,009
Investments in fixed assets	(3,069,841)	(2,611,199)
Investments in intangible assets	(257,037)	(269,791)
Proceeds from sale of fixed assets	88,240	79,753
Proceeds from sale of non-banking assets acquired insatisfaction of claims	40,000	-
Investments in non-banking assets acquired in satisfaction of claims	(64,445)	-
Effect of translation of net investment in foreign branches and subsidiaries	1,661,349	650,575
Net cash flow used in investing activities	(57,248,589)	(39,105,663)
Cash flow from financing activities		
Payments of subordinated debt	(3,891,019)	(780)
Payment of lease liability against right-of-use-assets	(442,002)	-
Dividend paid	(9,394,092)	(10,783,824)
Net cashflow used in financing activities	(13,727,113)	(10,784,604)
Effects of exchange rate changes on cash and cash equivalents	4,750,546	2,223,887
Increase in cash and cash equivalents	46,160,686	21,197,921
Cash and Cash equivalents at beginning of the period	116,806,471	113,521,354
Cash and Cash equivalents at end of the period	162,967,157	134,719,275

STATEMENT OF CHANGES IN EQUITY Group Pakistan PKR 000									
	Assigned Capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained Earnings	Minority Interest	Total		
Balance as at 01 January 2019	11,850,600	29,285,450	10,417,875	45,089,123	53,971,079	708,752	151,322,879		
Total comprehensive income for the period									
Profit for the period	-	-	-	-	10,420,807	818	10,421,625		
Other comprehensive income (net of tax)	-	-	(1,256,878)	1,679,031	(534,194)	27	(112,014)		
Total comprehensive income for the period	-	-	(1,256,878)	1,679,031	9,886,613	845	10,309,611		
Transfers to reserves during the period	-	1,067,499	-	-	(1,067,499)	-	-		
Cash dividends	-	-	-	-	(4,740,240)	-	(4,740,240)		
Interim Cash dividends	-				(4,740,240)		(4,740,240)		
Others	-	-	(37,636)	-	37,636	-	-		
Total transactions with equity holders	-	1,067,499	(37,636)	-	(10,510,343)	-	(9,480,480)		
Balance as at 30th June 2019	11,850,600	30,352,949	9,123,361	46,768,154	53,347,349	709,597	152,152,010		

We, the undersigned, being the Country General Manager and Department Head - Finance Control of MCB Bank Limited jointly certify that (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (b) the information contained in these statements have been extracted from the un-audited financial statements of the bank unless stated as Audited.

(sgd) Apiramy Jayarajah Department Head - Finance Control 28th August 2019 (sgd) Aali Shafi Country General Manager 28th August 2019

Regulatory Capital Adequacy (LKR in Million) Common Equity Tier 1 6,014 6,213 Core Tier 1 Capital 6.014 6,213 125,852 125,999 Total Capital Base 5,574 5,726 143,206 143,503 Regulatory Capital Ratio (%) Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2018 - 6.375%, 2019 -7.00%) 29.32 30.14 Tier 1 Capital Ratio (Minimum Requirement -2018 -7.875%, 2019 -8.50%) 29.32 30.14 14.53 14.94 Total Capital Ratio (Minimum Requirement - 2018-11.875% , 2019- 12.50%) 27.17 27.78 16.53 17.02 Assets Quality - Loans Portfolio Gross Non - performing Ratio %(net of Interest in Suspense) 3.71 5.15 7.86 8.0 Net Non - performing Ratio %(net of interest in suspense & Provisions) 3.30 4.71 8.45 8.6 Profitability Interest Margin % 5.3 5.2 3.63 3.2 Return on Assets % 1.7 1.6 1.28 1.4 Return on Equity % 8.0 7.0 14.6 14.76 Leverage Ratio (Minimum Requirement -3%) 15.9 14.8 Net Stable Funding Ratio (Minimum Requirement - 2019 -100%) 130.5 114.3 **Regulatory Liquidity** Statutory Liquid Assets Rs mn -DBU 6,109 4,766 Statutory Liquid Assets Rs mn - OSBU 878 768 Statutory Liquid Assets Ratio % -Minimum requirement 20% Domestic Banking Unit 26.8 23.2 Off Shore Banking Unit 40.1 32.3 Total Stock of High-Quality Liquid Assets (LKR in Million) 4.527.9 4.286.8 Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 2019 -100% , 2018-90%) 161.1 110.4 Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 2019 -100% , 2018-90%) 170.2 106.0

EXPLANATORY NOTES

SELECTED PERFORMANCE INDICATORS

1. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Financial statements for the year ended December 31, 2018, except for the Accounting Policies and methods of computation adopted to be in compliant with the requirements of the Sri Lanka Accounting Standard SLFRS - 16 on Leases, which became effective for Annual Financial periods from January 01, 2019.

2. SLFRS 9 - 'Financial Instruments' is applicable for financial period on or after 1st January 2018 and it sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 "Financial Instruments: Recognition and Measurement". The requirements of SLFRS 9 represent a significant change from LKAS 39. Accordingly adoption of SLFRS 9 are recognised in retained earnings and reserves as at 1st January 2018. Hence the information presented in the Statement of Profit or Loss and Other Comprehensive Income for 30th June 2018 does not reflect the requirement of SLFRS 9 and therefore is not comparable to the information presented for 2019.

3. Other operating income includes the swap cost incurred from buying and selling two currencies at two different maturities amounting to SLRS 101.855 Mn (Year 2018 : 63.812 Mn)

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

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

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

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

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

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail. The State Bank of Pakistan has deferred the applicability of International Financial Reporting Standard (IFRS) 9, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

Credit Ratings MCB Sri Lanka - [SL] A + stable by ICRA Lanka Limited Group by PACRA Short Term - A1+ Long Term - AAA Exchange rate: Pak Rs. 1 = LKR 1.102 (30th June 2019)

MCB BANK LIMITED Fort - Pettah - Maradana - Wellawatta

Fort - Pettah - Maradana - Wellawatta Kandy - Kattankudy - Galle - Kollupitiya