



MCB BANK LIMITED

Sri Lanka

STATEMENT OF FINANCIAL POSITION	Sri Lanka operations LKR 000		Group Pakistan PKR 000	
	30.09.2019	31.12.2018 AUDITED	30.09.2019	31.12.2018 AUDITED
ASSETS				
Cash and cash equivalents	207,691	221,412	114,646,150	110,165,006
Balances with central banks	1,712,838	2,021,412	-	-
Placements with banks	1,150,285	752,542	32,578,531	52,488,007
Derivative financial instruments	-	284,488	-	-
Financial assets at amortised cost	-	-	6,415,992	10,441,741
Loans and Advances to customers	20,945,039	21,134,248	548,253,680	566,792,265
Debt and other financial instrument / Held to maturity	2,380,685	2,227,311	24,054,981	23,552,948
Investment securities at FVTPL / Available for sale	4,206,054	3,146,982	838,710,692	716,371,560
Investments in associates and joint ventures	-	-	4,066,934	4,019,526
Property, plant and equipment	225,514	267,217	53,098,861	43,531,396
Intangible assets	24,625	29,991	1,764,703	1,452,462
Other assets	155,308	126,405	56,961,420	56,395,096
Total assets	31,008,039	30,212,008	1,680,551,944	1,585,210,007
Liabilities				
Due to banks	1,310,746	734,418	53,691,054	57,350,580
Derivative financial instruments	119,695	2,427	-	-
Financial Liabilities at amortised cost				
- Due to depositors	21,621,199	21,925,421	1,226,178,901	1,122,306,535
Other borrowings	87,341	83,532	154,640,874	165,865,535
Current tax liabilities	66,732	98,101	-	-
Deferred tax liabilities	24,963	14,667	2,538,060	1,983,145
Provision	12,986	13,153	-	-
Other liabilities	1,043,693	952,580	87,914,557	86,381,333
Total liabilities	24,287,355	23,824,300	1,524,963,446	1,433,887,128
Equity				
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600
Retained earnings	2,214,941	1,904,457	53,791,119	53,971,079
Other reserves	322,045	299,553	58,313,557	55,506,998
Total shareholders' equity	6,720,684	6,387,708	154,869,397	150,614,127
Non-controlling interests	-	-	719,101	708,752
Total equity	6,720,684	6,387,708	155,588,498	151,322,879
Total equity and liabilities	31,008,039	30,212,008	1,680,551,944	1,585,210,007
Contingent liabilities and commitments	15,682,635	17,363,201	736,245,091	600,116,170
Number of Employees	144	139	13,430	14,952
Number of Branches	8	8	1,393	1,387

Note: Amount stated are net of impairment and depreciation

STATEMENT OF COMPREHENSIVE INCOME	Sri Lanka operations LKR 000		Group Pakistan PKR 000	
	2019	2018	2019	2018
For the Nine months ended 30 th September,				
Interest income	2,372,828	2,054,768	105,533,314	61,541,250
Interest expenses	(1,144,617)	(972,937)	(59,508,698)	(26,392,134)
Net interest income	1,228,211	1,081,831	46,024,616	35,149,116
Fee and commission income	98,740	91,075	9,048,543	8,620,082
Fee and commission expenses	-	-	-	-
Net fee and commission income	98,740	91,075	9,048,543	8,620,082
Other operating income (net)	(81,040)	32,604	2,974,167	3,962,085
Total operating income	1,245,911	1,205,510	58,047,326	47,731,283
Impairment charges for loans and other losses	(32,151)	(19,176)	(1,823,093)	2,524,688
Net operating income	1,213,761	1,186,334	56,224,233	50,255,971
Personnel expenses	(240,964)	(230,064)	-	-
Depreciation and amortisation	(61,071)	(60,154)	(1,406,333)	(1,491,163)
Other expenses	(391,264)	(212,256)	(27,702,225)	(26,791,494)
Operating profit before VAT & NBT on financial Services	520,462	683,860	27,115,675	21,973,314
Value Added Tax (VAT) & Nation Building Tax (NBT) on Financial Services	(100,504)	(112,804)	-	-
Operating profit after value added tax (VAT)	419,958	571,056	27,115,675	21,973,314
Share of profits of associates and joint ventures	-	-	374,289	477,014
Profit before tax	419,958	571,056	27,489,964	22,450,328
Tax expense	(109,473)	(144,301)	(11,327,158)	(8,826,823)
Profit for the period	310,485	426,755	16,162,806	13,623,505
Profit attributable to:				
Owners of the parent	310,485	426,755	16,152,480	13,575,688
Non-controlling interests	-	-	10,326	47,817
310,485	426,755	16,162,806	13,623,505	
Other comprehensive income/(expenses)				
Actuarial gains and losses on defined benefit plans	-	-	(534,194)	(679,241)
Foreign currency translation reserve - Gain / (Loss) on translation of Foreign Operation	(3,957)	77,633	50,566	7,237
Net Change in Fair Value of Available-for-Sale Financial Assets	26,448	(7,585)	1,683,289	(5,020,581)
Effect of translation of net investment in foreign branches and subsidiaries	-	-	1,228,029	552,190
Less: Tax expense/(income) relating to components of other comprehensive income	-	(2,950)	(104,157)	(177,807)
Other comprehensive income for the period, net of taxes	22,492	67,098	2,323,533	(5,318,202)
Total comprehensive income for the period	332,976	493,853	18,486,339	8,305,303

CASH FLOW STATEMENT	Sri Lanka operations LKR 000	
	2019	2018
For the period ended 30 th September		
Cash Flows From Operating Activities		
Interest and commission receipts	2,471,567	2,145,843
Interest payments	(1,144,617)	(972,937)
Receipts/(outgoings) from other operating activities	(81,040)	32,604
Cash payments to employees and suppliers	(793,803)	(615,278)
Operating profit before changes in Operating Assets and Liabilities	452,107	590,232
Increase in Operating Assets		
Deposits held for Regulatory or Monetary Control Purposes	308,574	990,847
Financial assets at amortised cost - loans & advances	157,058	(518,122)
Other Assets	255,585	(172,514)
Increase/(Decrease) in Operating Liabilities		
Deposits from customers	(304,222)	2,467,711
Other Liabilities	204,257	9,466
Net Cash Generated from Operations	1,073,360	3,367,620
Income Tax Paid	(130,547)	(139,765)
Net Cash Flows Generated from Operating Activities	942,814	3,227,854
Cash Flows from Investing Activities		
Net proceeds from maturity and purchase of Financial Investments	(1,185,997)	(106,013)
Proceed from maturity of other Placements with Banks	(397,743)	(1,512,517)
Purchase of Property, Plant and Equipments	47,069	22,408
Proceeds from Sale of Property, Plant and Equipment	-	-
Net Cash Flows generated from Investing Activities	(1,536,672)	(1,596,123)
Cash flow from Financing Activities		
Capital Infusion from Head Office	-	-
Profit transferred to head office	-	-
Increase/(Decrease) of borrowings	580,137	(1,678,111)
Decrease of Securities Sold Under Repurchase Agreement	-	-
Net cash generated from/(used in) financing Activities	580,137	(1,678,111)
Net Increase in Cash and Cash Equivalents	(13,721)	(46,380)
Cash and Cash Equivalents at the Beginning of the year	221,412	197,472
Cash and Cash Equivalents at the End of the year	207,691	151,092
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	207,691	151,092
	207,691	151,092

Figures in brackets indicate deductions.

GROUP CASH FLOW STATEMENT	Group Pakistan PKR 000	
	2019	2018
For the period ended 30 th September		
Cash Flows From Operating Activities		
Profit before taxation	27,489,964	22,450,328
Less: Dividend income and share of profit of associates	(1,202,784)	(1,201,703)
	26,287,180	21,248,625
Adjustments:		
Depreciation of fixed assets	1,642,213	1,657,485
Depreciation on right of use assets	1,193,657	-
Depreciation on non-banking assets acquired in satisfaction of claims	34,815	37,258
Amortisation	290,609	264,476
Provisions / (reversals) and write offs - net	1,823,093	(2,524,688)
Worker welfare fund	551,441	466,305
Gain on sale of fixed assets	(76,803)	(317,445)
(Reversal)/ charge for defined benefit plans	9,825	2,082,336
unrealised loss on revaluation of investments classified as held for trading	41,815	8,236
Gain on sale of shares in associates	-	(51,360)
	31,797,845	22,871,228
Decrease / (increase) in operating assets		
Lending to financial institutions	24,957,038	(137,998,281)
Held-for-trading securities	3,977,983	(2,461,600)
Advances	19,110,736	(42,445,471)
Others assets (excluding advance taxation)	(9,060,999)	1,257,990
	38,984,758	(181,647,362)
Increase in operating liabilities		
Bills payable	(6,588,807)	(9,562,117)
Borrowings from financial institutions	(13,451,483)	(78,228,878)
Deposits	103,872,366	95,542,843
Others liabilities (excluding current taxation)	2,912,467	760,032
	86,744,543	8,511,880
Defined benefits paid	(238,381)	(251,803)
Income tax paid	(2,375,252)	(1,557,309)
Net cash flow from operating activities	154,913,513	(152,073,366)
Cash flow from investing activities		
Net investments in available-for-sale securities	(122,338,902)	191,719,362
Net investments in held-to-maturity securities	(329,608)	3,719,631
Proceeds from investment in an associate	-	295,448
Dividends received	840,739	1,006,492
Investments in fixed assets	(4,083,725)	(3,390,046)
Investments in intangible assets	(578,679)	(236,147)
Proceeds from sale of fixed assets	141,417	555,380
Proceeds from sale of non-banking assets acquired in satisfaction of claims	40,000	682,410
Investments in non-banking assets acquired in satisfaction of claims	(64,445)	(307,500)
Effect of translation of net investment in foreign branches and subsidiaries	1,228,029	552,190
Net cash flow used in investing activities	(125,145,174)	194,597,220
Cash flow from financing activities		
Payments of subordinated debt	(3,891,019)	(780)
Payment of lease liability against right-of-use-assets	(807,025)	-
Dividend paid	(14,108,885)	(15,445,121)
Net cashflow used in financing activities	(18,806,929)	(15,445,901)
Effects of exchange rate changes on cash and cash equivalents	3,835,293	2,695,627
Increase in cash and cash equivalents	14,796,703	29,773,580
Cash and Cash equivalents at beginning of the period	117,721,724	113,049,614
Cash and Cash equivalents at end of the period	132,518,427	142,823,194

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 year	-	-	-	-	310,485	-	310,485
Profit for the year	-	-	-	-	310,485	-	310,485
Other comprehensive income (net of tax)	-	-	26,448	-	(3,957)	-	22,492
Total comprehensive income for the year	-	-	-	26,448	310,485	(3,957)	332,976
Gain on revaluation of property, plant & equipment	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-	-
Share issue/increase of assigned capital	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-
Balance as at 30th September 2019	3,969,508	214,190	57,876	19,195	2,214,942	244,974	6,720,684

SELECTED PERFORMANCE INDICATORS	Sri Lanka Operation				Group	
	As of 30.09.2019	As of 31.12.2018	As of 30.09.2019	As of 31.12.2018		
Regulatory Capital Adequacy (LKR in Million)						
Common Equity Tier 1	6,212	6,213	-	-	-	-
Core Tier 1 Capital	6,212	6,213	129,212	125,999	-	-
Total Capital Base	5,772	5,726	146,117	143,503	-	-
Regulatory Capital Ratio (%)						
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2018 - 6.375%, 2019 - 7.00%)	30.38	30.14	-	-	-	-
Tier 1 Capital Ratio (Minimum Requirement - 2018 - 7.875%, 2019 - 8.50%)	30.38	30.14	15.2	14.9	-	-
Total Capital Ratio (Minimum Requirement - 2018 - 11.875%, 2019 - 12.50%)	28.23	27.78	17.1	17.0	-	-
Assets Quality - Loans Portfolio						
Gross Non - performing Ratio % (net of Interest in Suspense)	3.45	5.15	8.77	8.0	-	-
Net Non - performing Ratio % (net of interest in suspense & Provisions)	2.99	4.71	9.46	8.6	-	-
Profitability						
Interest Margin %	5.4	5.2	3.76	3.2	-	-
Return on Assets %	1.4	1.6	1.32	1.4	-	-
Return on Equity %	6.3	7.0	15.15	14.6	-	-
Leverage Ratio (Minimum Requirement - 3%)	16.0	14.8	-	-	-	-
Net Stable Funding						