

MCB BANK LIMITED

Sri Lanka

STATEMENT OF FINANCIAL POSITIO		operations R 000		p Pakistan KR 000	STATEMENT OF COMPREHENSIVE INCOME		a operations (R 000	Group Pa PKR 0		CASH FLOW STATEMENT	Sri Lanka opera	tions LKR 000
As at	31.12.2019 AUDITED	31.12.2018 AUDITED	31.12.2019 AUDITED	31.12.2018 AUDITED	For the Twelve months ended December 31	2019 AUDITED	2018 AUDITED	2019 AUDITED	2018 AUDITED	For the period ended 31st December	2019	2018
ASSETS					Interest income	3,080,383	2,820,853	148,088,700	87,502,337	Cash Flows From Operating Activities		
Cash and cash equivalents	267,190	221,412	23,635,710	21,516,831	Interest expenses	(1,556,814)	(1,356,591)	(, , , , , , , , , , , , , , , , , , ,	39,495,913)	Interest and commission receipts	3,219,270	2,946,192
Balances with central banks	1,280,647	2,021,412		88,648,175	Net interest income	1,523,569	1,464,262	, , ,	48,006,424	'	(1,526,822)	(1,356,591)
Placement with banks	1,295,306	752,542	27,432,622	52,488,007	Fee and commission income	138,888	125,339	12,230,871	11,636,751	Interest payments	,	,
Derivative financial instrument	-	284,488	-	-	Fee and commission expenses	400.000	-	40.000.074	- 44 000 754	Receipts / (outgoings) from other operating activities	(72,225)	30,544
Financial assets held-for-trading	-	-	-	-	Net fee and commission income	138,888	125,339	12,230,871	11,636,751	Cash payments to employees and suppliers	(1,058,895)	(855,642)
Financial assets at amortised cost	- 04 000 570	- 04 404 040	10,542,688	10,441,741	Net trading income/(expenses) Net gain/(loss) from financial instruments designated at fair valu	-	-	-	-	Operating profit before changes in Operating	561,329	764,503
Loans and Advances to customers	21,089,579	21,134,248	548,472,860	566,792,265	through profit or loss	-		-	-	Assets and Liabilities		
Debt and other financial instrument /	0 004 424	0 007 044	32,663,856	23,552,948	Net gain/(loss) from financial investments		_	_		Increase in Operating Assets		
Held to maturity	2,284,431	2,227,311	32,003,030	23,332,940	Other operating income (net)	(72,225)	30,544	5,286,810	6,428,864	Deposits held for Regulatory or Monetary Control Purposes	740,765	91,070
Investment securities at FVTPL /	4,292,837	3,146,982	709.959.388	716.371.560	Total operating income	1,590,233	1,620,145	81,235,772	66,072,039			
Available for sale	, . ,	3,140,902	4,275,658	4,019,526	Impairment charges for loans and other losses	(71,357)	(160, 154)	(2,673,592)	821,807	Funds Advanced to Customers	(26,688)	(1,097,726)
Investments in associates and joint venture	455,294	267,217	64,201,807	43,531,396	Net operating income	1,518,875	1,459,992	78,562,180	66,893,846	Other Assets	297,152	(293,627)
Property, plant and equipment	28,415	29,991	1,978,975	1,452,462	Personnel expenses	(321,164)	(297,407)			Increase / (Decrease) in Operating Liabilities		
Intangible assets Investment properties	20,413	23,331	1,570,575	1,402,402	Depreciation and amortisation	(116,291)	(80,951)	,	(2,611,529)	Deposits from customers	120,187	3,255,121
Current tax Assets					Other expenses	(455,508)	(302,417)	(34,433,278) (3	, , , , , , , , , , , , , , , , , , , ,	Other Liabilities	49,597	564,243
Deferred tax assets			_	_	Operating profit before VAT & NBT on financial Services	625,912	779,217	39,813,960	30,359,664	Net Cash Generated from Operations	1,742,342	3,283,584
Other assets	113,740	126,405	69,729,659	56,395,096	Value Addedd Tax(VAT) & Nation Building Tax (NBT) on Financia Services	al (137,942)	(173,885)	-		-		
Total assets	31,107,439		1,612,214,871	, ,	Operating profit after value added tax (VAT)	487.970	605.332	39.813.960	30,359,664	Income Tax Paid	(170,735)	(192,643)
LIABILITIES	01,101,100	00,2.2,000	.,0.12,2.1.,0.1	1,000,210,001	Share of profits of associates and joint ventures	407,970	005,552	339.633	446,257	Net Cash Flows Generated from Operating Activities	1,571,606	3,090,941
Due to banks	1,273,593	734,418	64,598,453	57,350,580	Profit before tax	487,970	605,332	,	30,805,921	Cash Flows from Investing Activities		
Derivative financial instruments	143,396	2,427	-	-	Tax expense	(128,045)	(161,597)		10.390.637)	Net proceeds from maturity and purchase of		
Financial liabilities at amortised cost - Due t	to 22,045,607	21,925,421	1,226,593,025	1,122,306,535	Profit for the period	359,925	443,735	23,947,211	20,415,284	Financial Investments	(1,184,510)	(393,966)
depositors					Profit attributable to:					Proceed from maturity of other Placements with Banks	(542,764)	121,235
Other borrowings	142,968	83,532	28,261,515	165,865,535	Owners of the parent	359,925	443,735		20,352,756	•		(4.649)
Current tax liabilities	54,479	98,101	-	-	Non-controlling interests		-	78,962	62,528	Purchase of Property, Plant and Equipments	(175,297)	(4,049)
Deferred tax liabilities	15,600	14,667	6,214,223	1,983,145		359,925	443,735	23,947,211	20,415,284	Proceeds from Sale of Property, Plant and Equipment		
Provision	12,489	13,153	-		Other comprehensive income / (expenses)	0.704	(4.005)	(474 404)	(050,000)	Net Cash Flows generated from Investing Activities	(1,902,571)	(277,380)
Other liabilities	869,313	952,580	115,200,838	86,381,333	Actuarial gains and losses on defined benefit plans	2,781	(1,365)	(474,421)	(659,286)	Cash flow from Financing Activities		
Total liabilities	24,557,447	23,824,300	1,440,868,054	1,433,887,128	Foreign currency translation reserve - Gain / (Loss) on translation of Foreign Operation	on (7,442)	148,835	-	-	Capital Infusion from Head Office	_	_
EQUITY					Net Change in Fair Value of Available-for-Sale Financial Assets	25,645	(24,642)	7,232,382	(7,337,534)	Profit transferred to head office	(221,868)	(171,253)
Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	Surplus from revaluation of Property, plant & equipment	15.561	(24,042)	7,038,689	(1,001,004)		598,611	, ,
Statutory reserve fund	232,186	214,190	31,683,134	29,285,450	Surplus on revaluation of non-banking assets - net of tax	-		165,776	172,774	Increase / (Decrease) of borrowings	590,011	(2,618,368)
Retained earnings	2,026,520	1,904,457	56,108,779	53,971,079	Effect of translation of net investment in foreign branches and			1,122,592	1,210,846	Decrease of Securities Sold Under Repurchase Agreement		
Other reserves	321,779	299,553	70,963,901	55,506,998	subsidiaries					Net cash generated from / (used in) financing Activities	376,743	(2,789,621)
Total shareholders' equity	6,549,993	6,387,708	170,606,414	150,614,127	Share of profits of associates and joint ventures	-	-	-	-	Net Increase in Cash and Cash Equivalents	45,779	23,940
Non-controlling interests	-		740,403	708,752	Less: Tax expense / (income) relating to components of other	(12,316)	7,282	-	-	Cash and Cash Equivalents at the Beginning of the year	221,412	197,472
Total equity	6,549,993	6,387,708	,	151,322,879	comprehensive income					Cash and Cash Equivalents at the End of the year	267,190	221,412
Total equity and liabilities	31,107,439		1,612,214,871	1,585,210,007	Other comprehensive income for the year, net of taxes	24,228	130,110	15,085,018	(6,613,200)	,	201,100	221,712
Contingent liabilities and commitments	14,777,059	17,363,201	865,456,042	602,337,487	Total comprehensive income for the period	384.153	573,845	39,032,229	13,802,084	Reconciliation of cash and cash equivalents	267.190	221,412
Number of Employees	141	139	15,564	14,952	Total comprehensive income for the period	304,133	373,043	00,002,220	10,002,004	Cash and cash equivalents	201,190	221,412
Number of Branches	8	8	1,410	1,387								
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STATEMENT OF CHNAGES IN EQUIT	Υ				Sri Lanka operations LKR 000	CII FI OW	TATER ACNIT				6	data a DKD 000
		hadaaad Da	anna Baraba	ian landani	Available for Poteined Furbance Total	SH FLOW S	TATEMENT				Group Pak	kistan PKR 000

STATEMENT OF CHNAGES IN EQUITY Sri Lanka operations LKR 000								s LKR 000
	Assigned Capital	Reserve Fund	Revaluation Reserve		Available for Sale Reserve	Retained Earnings	Exchange Equilization Reserves	Total
	0.000.500	044.400			(7.050)	1001157	0.40.000	
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								
Profit for the year	-	-	-		-	359,925	-	359,925
Other comprehensive income (net of tax)	-	-	-	-	18,464	2,002	(7,442)	13,024
Total comprehensive income for the year	-	-	-	-	18,464	361,927	(7,442)	372,949
Transfers to reserves during the period	-	17,996	-		-	(17,996)	-	-
Gain on revaluation of property, plant & equipment	-	-	11,204			-	-	11,204
Share issue / increase of assigned capital	-	-				-	-	-
Profit transferred to head office	-	-				(221,868)	-	(221,868)
Bonus issue	-	-		-		-	-	-
Rights issue	-	-				-	-	-
Others	-	-				-	-	-
Tax Effect on Revaluation	-	-				-	-	-
Total transactions with equity holders	-	17,996	11,204		-	(239,864)	-	(210,664)
Balance as at 31 December 2019	3,969,508	232,186	69,080		11,211	2,026,520	241,488	6,549,993

Balance as at 31 December 2019	3,96	9,508 232,186	69,080	-	11,211 2,026,5	20 241,	488 6,549,993
STATEMENT OF CHNAGES IN EQUITY						Group Pak	kistan 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 year							
Profit for the year	-	-	-	-	23,868,249	78,962	23,947,211
Other comprehensive income (net of tax)	-	-	14,436,847	1,122,572	-	20	15,085,018
Total comprehensive income for the year	-	-	14,436,847	1,122,572	23,393,828	78,982	39,032,229
Issue of bonus shares	-	-	-	-	-	-	-
Transfers to reserves during the period	-	2,397,684	-	-	(2,397,684)	-	
Surplus on revaluation	-	-	-	-	-	-	
Final cash dividend	-	-	-	-	(4,740,240)	(47,331)	(4,787,571)
Interim Cash dividends	-	-	-	-	(14,220,720)	-	(14,220,720)
Share Issued	-	-	-	-	-	-	-
Others	-	-	(102,516)	-	102,516	-	-
Total transactions with equity holders	-	2,397,684	(102,516)		(21,256,128)	(47,331)	(19,008,291)
Balance as at 31 December 2019	11,850,600	31,683,134	10,315,359	46,211,695	56,108,779	740,403	171,346,817

	Sri Lanka Operation		Group	
	As of 31.12.2019	As of 31.12.2018	As of 31.12.2019	As of 31.12.2018
Regulatory Capital Adequacy (LKR in Million)				
Common Equity Tier 1				
Core Tier 1 Capital	6,362	6,213		
Total Capital Base	6,362	6,213	132,504	125,999
Regulatory Capital Ratio (%)	6,077	5,726	161,007	143,50
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2018 - 6.375%, 2019				
-7.00%)	31.65	30.14		
Tier 1 Capital Ratio (Minimum Requirement -2018 -7.875%, 2019 -8.50%)	31.65	30.14	14.7	14.9
Total Capital Ratio (Minimum Requirement - 2018-11.875%, 2019-12.50%)	30.24	27.78	17.8	17.0
Assets Quality - Loans Portfolio				
Gross Non - performing Ratio %(net of Interest in Suspense)	3.49	5.15	8.41	8.0
Net Non - performing Ratio %(net of interest in suspense & Provisions)	3.03	4.71	9.08	8.0
Profitability				
Interest Margin %	5.1	5.2	3.99	3.2
Return on Assets %	1.2	1.6	1.50	1.4
Return on Equity %	5.4	7.0	16.66	14.6
Leverage Ratio (Minimum Requirement -3%)	16.6	14.8		
Net Stable Funding Ratio (Minimum Requirement - 2019 -100%)	131.0	114.3		
Regulatory Liquidity				
Statutory Liquid Assets Rs mn -DBU	7,071	4,766		
Statutory Liquid Assets Rs mn - OSBU	702	768		
Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Domestic Banking Unit	33.3	23.2		
Off Shore Banking Unit	33.8	32.3		
Total Stock of High-Quality Liquid Assets (LKR in Million)	5,095.3	4,286.8		
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 2019 -100%, 2018-90%	₆₎ 187.7	110.4		
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 2019 -100% .	167.0	106.0		

For the period ended 31st December	2019	20
Cook Flows From Charating Activities		
Cash Flows From Operating Activities Profit before taxation	40,153,593	30,805,9
Less: Dividend income and share of profile of associates	(1,580,404)	(1,603,20
Less. Dividend income and share of profile of associates	38,573,189	29,202,7
Adjsutments:	33,373,133	20,202,1
Depreciation of fixed assets	2,233,008	2,205,8
Depreciation on right of use assets	1,610,893	
Depreciation on non-banking assets acquired in satisfaction of claims	45,456	49,1
Amortisation	425,585	356,5
(Reversal) / Provisions and write offs - net	2,673,592	(821,8
Worker welfare fund	802,046	644,3
Gain on sale of non-banking assets acuired in satisfaction of claims	(111,948)	(82,4
Gain on sale of fixed assets	(63,176)	(245,8
Charge / (reversal) for defined benefit plan	(101,509)	943,6
unrealised loss on revaluation of investments classified as held for trading	(83,986)	47,7
Interest expensed on lease liability against right-of-use assets	1,506,301	
Gain on sale of shares in associates	-	(51,3
	47,509,451	32,248,
Decrease / (increase) in operating assets		
Lending to financial institutions	33,089,021	(33,876,3
Held-for-trading securities	(148,713)	(10,019,5
Advances	18,629,092	(63,057,8
Others assets (excluding advance taxation)	(17,511,282)	(1,188,9
	34,058,118	(108,142,7
Increase in operating liabilities		
Bills payable	(4,207,947)	(5,991,6
Borrowings from financial institutions	(129,752,644)	81,874,4
Deposits	104,286,490	121,160,3
Others liabilities (excluding current taxation)	14,307,719	7,955,6
	(15,366,382)	204,998,8
Defind benefits paid	(309,074)	(343,7
Income tax paid	(2,506,095)	(3,421,7
Net cash flow from operating activities	63,386,018	125,339,
Cash flow from investing activities		
Net investments in available-for-sale securities	6,412,423	(96,176,3
Net investments in held-to-maturity securities	(1,001,069)	(2,380,8
Net cash inflow on amalgamation		
Proceeds from divestment in an associate		295,
Dividends received	1,433,411	1,619,
Investments in fixed assets	(4,817,498)	(4,812,3
Investments in intangible assets	(949,464)	(376,8
Proceeds from sale of fixed assets	167,374	574,
Proceeds from sale of non-banking assets acquired insatisfaction of claims	540,000	682,4
Investments in non-banking assets acquired in satisfaction of claims	(64,445)	4 000
Effect of translation of net investment in foreign branches and subsidiaries	1,079,223	1,200,4
Net cash flow used in investing activities	2,799,955	(99,373,7
Cash flow from financing activities	(0.004.040)	/4.5
Payments of subordinated debt	(3,891,019)	(1,5
Payment of lease liability against right-of-use-assets	(1,987,479)	(00.450.0
Dividend paid	(18,877,984)	(20,152,0
Net cashflow used in financing activities	(24,756,482)	(20,153,5
Effects of exchange rate changes on each and each equivalents	3,553,077	5,575,3
Effects of exchange rate changes on cash and cash equivalents	44,982,568	5,575,3 11,387,
ncrease in cash and cash equivalents	118,003,940	110,169,
Cash and Cash equivalents at beginning of the period	162,986,508	
Cash and Cash equivalents at end of the period EXPLANATORY NOTES	102,980,008	121,557,0

- Other operating income includes the swap cost incurred norm buying and senting two currences at two different includes an owning for the cost incurred norm buying and senting two currences at two different includes an owning to the cost incurred norm buying and senting two currences at two different includes an owning the cost incurred norm buying and senting the cost incurred norm buying and
- 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.

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 audited financial statements of the bank.

(sgd) Apiramy Jeyarajah Department Head - Finance Control 31st March 2020

2018-90%)

Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 2019 -100%,

(sgd) Aali Shafi Country General Manager 31st March 2020

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 1.171 (31st December 2019)

MCB BANK LIMITED

Kandy - Kattankudy - Galle - Kollupitiya