

Interim Financial Statements

Dank for Life												
STATEMENT OF FINANCIAL POSITIO		ka operations KR 000		Pakistan R 000	STATEMENT OF COMPREHENSIVE INCOME		a operations (R 000		Pakistan 1 000	CASH FLOW STATEMENT	Sri Lanka operati	ions LKR 000
As at	30.06.2020	31.12.2019 AUDITED	30.06.2020	31.12.2019 AUDITED	For the Six months ended 30th June	2020	2019	2020	2019	For the period ended 30th June	2020	2019
ASSETS										Cash Flows From Operating Activities		
Cash and cash equivalents	240,571	267,190	154,458,276	142,957,358	Interest income	1,244,426	1,577,407	80,408,589	63,418,278	Interest and commission receipts	1,290,949	1,637,764
Balances with central banks	1,022,639	1,280,647		-	Interest expenses	(665, 158)	(774,516)	(42,155,774)	(33,838,728)	Interest payments	(665,158)	(774,516)
Placements with banks	1,624,179	1,295,306	19,744,338	27,432,622	Net interest income	579,268	802,891	38,252,815	29,579,550	Receipts/(outgoings) from other operating activities	51,911	(28,591)
Derivative financial instruments	8,409	-	-	-	Fee and commission income	46,523	60,358	5,658,116	6,069,062	Cash payments to employees and suppliers	(438,167)	(522,269)
Financial assets held-for-trading	-	-	17,372,601	10,542,688	Fee and commission expenses	-	-	_	_	Operating profit before changes in Operating	(430,107)	(322,209)
Financial assets at amortised cost	-	-	-		Net fee and commission income	46,523	60,358	5,658,116	6,069,062	Assets and Liabilities	239,535	312,388
Loans and Advances to customers	18,077,619		530,556,220	548,472,860	Net trading income/(expenses)		· -	-	-	Assets and Elabinties	239,333	312,300
Debt and other financial instrument	3,215,043	2,284,431	28,364,154	32,663,856	Net gain/(loss) from financial instruments designed at fair value	_		_	_	Increase in Operating Assets		
					through profit or loss	_			_		250 000	600 EE7
Investment securities at FVTOCI	4,979,000	4,292,837	895,823,346	709,959,388	Net gain/(loss) from financial investments	_	_		_	Deposits held for Regulatory or Monetary Control Purposes	258,008	690,557
		-			Other operating income (net)	51,911	(28,591)	1,968,384	2,316,370	Financial assets at amortised cost - loans & advances	2,975,993	(1,135,659)
Investments in associates and joint venture			4,129,558	4,275,658	Total operating income	677,702	834,658			Other Assets	(1,740)	218,249
Property, plant and equipment	439,624	455,294	63,290,907	64,201,807	. •	(35,967)		45,879,315	37,964,982	Increase/(Decrease) in Operating Liabilities	(0.704.750)	(400,000)
Intangible assets	26,221	28,415	1,847,525	1,978,975	Impairment charges for loans and other losses	,	(3,214)	(4,076,022)	(907,499)	Deposits from customers	(2,764,753)	(422,602)
Other assets	107,072	113,740	65,470,291	69,729,659	Net operating income	641,736	831,444	41,803,293	37,057,483	Other Liabilities	(95,390)	(361,316)
					Personnel expenses	(161,282)	(160,738)		-	Net Cash Generated from Operations	611,652	(698,384)
Total assets	29,740,376	31,107,439	1,781,057,216	1,612,214,871	Depreciation and amortisation	(37,877)	(42,601)	(2,253,971)	(2,085,752)		(00 =00)	(00.040)
				_		(177,265)	(247,296)	(17,115,030)	(17,196,285)	Income Tax Paid	(66,706)	(89,948)
Liabilities				04.500.450	Operating profit before VAT & NBT on financial Services	265,312	380,809	22,434,292	17,775,446			(=00.00)
Due to banks	2,644,196	1,273,593	64,414,856	64,598,453	Value Addedd Tax(VAT) & Nation Buildingxax (NBT) on	(61,743)	(71,634)	-	-	Net Cash Flows Generated from Operating Activities	544,946	(788,333)
Derivative financial instruments	-	143,396		-	Financial Services							
Financial Liabilities at amortised cost		00 04= 00=		4 000 500 005	Operating profit after value added tax (VAT)	203,569	309,175	22,434,292	17,775,446	Cash Flows from Investing Activities		
- Due to depositors	19,280,854		1,371,348,008	1,226,593,025	Share of profits of associates and joint ventures	-		412,806	199,907	Net proceeds from maturity and purchase		
Other borrowings	93,650	142,968	52,657,800	28,261,515	Profit before tax	203,569	309,175	22,847,098	17,975,353	of Financial Investments	(1,581,842)	(439,038)
Current tax liabilities	37,136	54,479	40.004.040	- 014 000	Tax expense	(60,405)	(86,569)	(9,373,265)	(7,553,728)	Proceed from maturity of other Placements with Banks	(328,873)	134,346
Deferred tax liabilities	26,641	15,600	12,081,916	6,214,223	Profit for the period	143,164		13,473,833		Purchase of Property, Plant and Equipments	17,864	42,204
Provision	13,155	12,489	- 02 240 454	445 000 000	_	· · ·	,	,,	,,	Proceeds from Sale of Property, Plant and Equipment		
Other liabilities	885,334	869,313	93,310,454	115,200,838 1,440,868,054	Profit attributable to:					Net Cash Flows generated from Investing Activities	(1,892,851)	(262,488)
Total liabilities	22,980,968	24,557,447	1,593,813,034	1,440,868,054	Owners of the parent	143,164	222 606	13,425,378	10,420,807			
Equity	2 000 500	3,969,508	11,850,600	11,850,600	Non-controlling interests	-	222,000	48,455	818	Cash flow from Financing Activities		
Stated capital/Assigned capital	3,969,508	, ,	, ,	31,683,134	Non-controlling interests	143,164	222,606	13,473,833	10,421,625	Capital Infusion from Head Office	-	-
Statutory reserve fund	239,344	232,186	33,014,106 54,660,021	56,108,779	Other comprehensive income/(expenses)	140,104	222,000	10,110,000	10,421,023	Profit transferred to head office	-	-
Retained earnings	388,031	2,026,520 321,779	86,965,620	70,963,901	Other comprehensive income/(expenses)			_		Increase/(Decrease) of borrowings	(1,321,285)	951,731
Other reserves	6,759,409		186,490,347	170,606,414	Actuarial gains and losses on defined benefit plans	24 240	(25 504)	7,189	47.700	Decrease of Securities Sold Under Repurchase Agreement		
Total shareholders' equity	0,759,409	0,049,993	753,835	740,403	Foreign currency translation reserve - Gain / (Loss) on	31,319	(35,521)	7,103	17,709	Net cash generated from/(used in) financing Activities	1,321,285	951,731
Non-controlling interests	6 750 400	6.549.993	187,244,182		translation of Foreign Operation	04.000						
Total equity	6,759,409 29,740,376	-,,		171,346,817 1,612,214,871	Net Change in Fair Value of Available-for-	34,933	24,267	-	-	Net Increase in Cash and Cash Equivalents	(26,620)	(43,778)
Total equity and liabilities			1,781,057,216 567,764,800	865,456,042	Sale Financial Assets					Cash and Cash Equivalents at the Beginning of the year	267,190	221,412
Contingent liabilities and commitments	13,331,007	14,777,000	567,764,800	003,430,042	Surplus from revaluation of Property, plant & equipment	-	-	-	-	Cash and Cash Equivalents at the End of the year	240,571	177,634
Number of Employees	140	141	15,267	15,564	Surplus on revaluation of non-banking assets - net of tax	· -	-		-			
	8	8	1,411	1,410	Effect of translation of net investment in		-	832,139	1,661,349	Reconciliation of cash and cash equivalents		
Number of Branches	0	0	1,411	1,410	foreign branches and subsidiaries			-		Cash and cash equivalents	240,571	177,634
Nata. Associated as not of impointment and decrees	11				Share of profits of associates and joint ventures			15,207,950	(1,256,878)	•	240,571	177,634
Note: Amount stated are net of impairement and deprecia	1UUII				Less: Tax expense/(income) relating to			(1,738,103)	(534,194)	Figures in brackets indicate deductions.		
					components of other comprehensive income			(1,100,100)	, , /			
					Other comprehensive income for the period,	66,252	(11.254)	14,309,175	112,014)			
					net of taxes	,	(,= + +)	.,>,		_		

	Other comprehensive income for net of taxes Total comprehensive income for	or the period,		9,611						
GROUP CASH FLOW STATEMENT	Group Pakist	Group Pakistan PKR 000							Sri Lanka operations LKR 000	
For the period ended 30th June	2020	2019		Assigned Capital	Reserve Fund	Revaluation Reserve	FVTOCI	Retained Earnings	Exchange Equilization Reserves	Total
Cash Flows From Operating Activities										
Profit before taxation	22,847,098	17,975,353	Balance as at 01 January 2020	3,969,508	232,186	69,080	11,211	2,026,520	241,488	6,549,993
Less: Dividend income and share of profit of associates	(828,368)	(854,512)	Total comprehensive income for the year							
	22,018,730	17,120,841	Profit for the year	_	_			143,164		143,164
Adjustments:			,				34,933	,	31,319	66,252
Depreciation of fixed assets	1,190,148	1,081,871	Other comprehensive income (net of tax)					-		· · · · · · · · · · · · · · · · · · ·
Depreciation on right of use assets	820,537	791,166	Total comprehensive income for the year		-	-	34,933	143,164	31,319	209,416
Depreciation on non-banking assets acquired in satisfaction of claims	15,675	24,124	Gain on revaluation of property, plant & equipment	-	-	-	-	-	-	-
Amortisation	227,611	188,591	Transfers to reserves during the period	-	7,158	-	-	(7,158)	-	-
Provisions / (reversals) and write offs - net	4,076,022	907,499	Share issue/increase of assigned capital	_	_	_	_			_
Worker welfare fund	445,087	365,700	Profit transferred to head office				_			_
Gain on sale of fixed assets	(18,982)	(36,625)					_			
(Reversal)/ charge for defined benefit plans unrealised loss on revaluation of investments classified as held for trading	161,546 (62,676)	(32,175) 82,646	Others		-	-	-	-	-	
Interest expensed on lease liability against right-of-use assets	(62,676) 804.608	467,237	Total transactions with equity holders	-	7,158	-	-	(7,158)	-	-
Gain on sale of shares in associates	004,000	407,237								
Gaill oil Sale oi Silales ill associates	29,678,306	20,960,875	Balance as at 30th June 2020	3,969,508	239,344	69,080	46,143	2,162,526	272,807	6,759,409
Decrease / (increase) in operating assets	23,070,000	20,300,073					·			
Lending to financial institutions	2,875,304	31,958,227								
Held-for-trading securities	(6,683,251)	3,194,379	SELECTED PERFORMANCE INDICATORS			Sri Lar	ıka Operatio	n	Gr	oup
Advances	, , ,	(6,791,304)				As of	۸	s of	As of	As of
Others assets (excluding advance taxation)		16,375,035)				30.06.2020	31.12.2		0.06.2020	31.12.2019
,		1,986,267								
Increase in operating liabilities			Regulatory Capital Adequacy (LKR in Million)							
Bills payable	(182,428)	(5,398,546)	Common Equity Tier 1			6,364		362		
Borrowings from financial institutions		34,949,534)	Core Tier 1 Capital			6,364		362	134,341	132,504
Deposits	144,754,983	109,508,865	Total Capital Base			6,246	6,	077	183,015	161,007
Others liabilities (excluding current taxation)		11,290,900	Regulatory Capital Ratio (%)	0000 7.000()		22.67	•	4.05		
		80,451,685	Common Equity Tier 1 Capital Ratio (Minimum Requirement -	2020 -7.00%)		33.97		1.65	14.3	14.7
Defind benefits paid	(165,300)	(166,874)	Tier 1 Capital Ratio (Minimum Requirement - 2019 -8.50%) Total Capital Ratio (Minimum Requirement - 2019- 12.50%)			33.97 33.34		1.65).24	14.3	14.7 17.8
Income tax paid	(7,177,096)	(378,874)	iotai Gapitai Ratio (Minimum Requirement - 2019- 12.50%)			33.34	30	J. 24	19.4	11.0

riola for trading occurred	(0,000,201)	0,104,010					•
Advances	14,022,050	(6,791,304)		As of	As of	As of	As of
Others assets (excluding advance taxation)	1,419,719	(16,375,035)		30.06.2020	31.12.2019	30.06.2020	31.12.2019
	11,633,822	11,986,267	B 14 B 14 14 1 4 14 14 14 14 14 14 14 14 14 14				
Increase in operating liabilities			Regulatory Capital Adequacy (LKR in Million)				
Bills payable	(182,428)	(5,398,546)	Common Equity Tier 1	6,364	6,362		
Borrowings from financial institutions	24,923,181	(34,949,534)	Core Tier 1 Capital	6,364	6,362	134,341	132,504
Deposits	144,754,983	109,508,865	Total Capital Base	6,246	6,077	183,015	161,007
Others liabilities (excluding current taxation)	(25,423,332)	11,290,900	Regulatory Capital Ratio (%)				
	144,072,404	80,451,685	Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2020 -7.00%)	33.97	31.65		
Defind benefits paid	(165,300)	(166,874)	Tier 1 Capital Ratio (Minimum Requirement - 2019 -8.50%)	33.97	31.65	14.3	14.7
Income tax paid	(7,177,096)	(378,874)	Total Capital Ratio (Minimum Requirement - 2019- 12.50%)	33.34	30.24	19.4	17.8
Net cash flow from operating activities	178,042,136	112,853,079	Assets Quality - Loans Portfolio				
Cash flow from investing activities	, , , , , , , , , , , , , , , , , , , ,	,,-	Gross Non - performing Ratio %(net of Interest in Suspense)	4.05	3.49	8.84	8.4
Net investments in available-for-sale securities	(166,762,830)	(55,492,926)	Net Non - performing Ratio %(net of interest in suspense & Provisions)	3.48	3.03	9.63	9.1
Net investments in held-to-maturity securities	8,677,322	(882,746)	Profitability				
Proceeds from divestment in an associate	-,,	(,)	Interest Margin %	3.7	5.0	2.25	4.0
Dividends received	492,898	728,817	Return on Assets %	0.9	1.2	1.59	1.5
Investments in fixed assets	(963,909)	(3,069,841)	Return on Equity %	4.3	5.4	18.34	16.7
Investments in intangible assets	(86,772)	(257,037)	Leverage Ratio (Minimum Requirement -3%)	18.2	16.6		
Proceeds from sale of fixed assets	31,257	88,240	Net Stable Funding Ratio (Minimum Requirement - 2019 -100%)	151.0	131.0		
Proceeds from sale of non-banking assets acquired insatisfaction of claims	51,257	40,000	Regulatory Liquidity				
Investments in non-banking assets acquired in satisfaction of claims	-	(64,445)	Statutory Liquid Assets Rs mn -DBU	8,017	7,071		
Effect of translation of net investment in foreign branches and subsidiaries	839,308	1,661,349	Statutory Liquid Assets Rs mn - OSBU	1,527	702		
Net cash flow used in investing activities			Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Ÿ	(157,772,726)	(57,248,589)	Domestic Banking Unit	49.0	33.3		
Cash flow from financing activities		(2.004.040)	Off Shore Banking Unit	67.6	33.8		
Payments of subordinated debt	(4.400.554)	(3,891,019)	Total Stock of High-Quality Liquid Assets (LKR in Million)	6,689.0	5,095.3		
Payment of lease liability against right-of-use-assets	(1,129,551)	(909,239)	Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 2020 - 100%)	462.0	187.7		
Dividend paid	(11,741,428)	(9,394,092)	Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 2020 - 100%)	331.5	167.0		
Net cashflow used in financing activities	(12,870,979)	(14,194,350)					
Effects of exchange rate changes on cash and cash equivalents	3,766,686	4,750,546	EXPLANATORY NOTES				
Increase in cash and cash equivalents	11,165,117	46,160,686	1. There were no changes to the Accounting Policies and methods of computation since the	publication of the Annua	I Financial statements	for the year ended De	cember 31,

116,806,471

162,967,157

159,219,822

170,384,939

STATEMENT OF CHANGES IN EQUITY						Group Pak	istan PKR 000
	Assigned Capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained earnings	Minority Interest	Total
Balance as at 01 January 2020	11,850,600	31,683,134	24,752,206	46,211,695	56,108,779	740,403	171,346,81
Total comprehensive income for the year							
Profit for the year	-	-	-	-	13,425,378	48,455	13,473,83
Other comprehensive income (net of tax)	-	-	15,207,950	839,308	(1,738,103)	20	14,309,17
Total comprehensive income for the year	-	-	15,207,950	839,308	11,687,275	48,475	27,783,00
Transfers to reserves during the period	-	1,330,972	-	-	(1,330,972)	-	
Final cash dividend	-	-	-	-	(11,850,600)	(35,043)	(11,885,643
Interim Cash dividends	-	-	-	-	-	-	
Others	-	-	(45,539)	-	45,539		
Total transactions with equity holders	-	1,330,972	(45,539)	- ((13,136,033)	(35,043)	(11,885,643
Balance as at 30th June 2020	11,850,600	33,014,106	39,914,617	47,051,003	54,660,021	753,835	187,244,18

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, 2019.

Other operating income includes the swap cost incurred from buying and selling two currencies at two different maturities amounting to SLRS 68.871 Mn (Year 2019 - SLRS 101.855 Mn)
 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,
- 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
- Provisions of and directives issued under the banking Companies Ordinance, 1902 and the Companies Act, 2011, and Directives issued by the State Bank of Pakistan (SBCP) 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 un-audited financial statements of the bank unless stated as Audited.

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

Cash and Cash equivalents at beginning of the period

Cash and Cash equivalents at end of the period

(sgd) Aali Shafi **Country General Manager** 31 August 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 1.112 (30th June 2020)

MCB Bank Limited
Fort - Pettah - Maradana - Wellawatta
Kandy - Kattankudy - Galle - Kollupitiya