

Annual Financial Statements

Bank for Life												
STATEMENT OF FINANCIAL POSITI		nka operations LKR 000		Pakistan (R 000	STATEMENT OF COMPREHENSIVE INCOME		ka operations LKR 000		Pakistan R 000	CASH FLOW STATEMENT	Sri Lanka operati	ons LKR 000
As at	31. 12.2020 AUDITED		31.012.2020 AUDITED	31.12.2019 AUDITED	For the Year ended 31st December	2020	2019	2020	2019	For the Year ended 31st December	2020	2019
Assets					Identify and	0.404.070	2 000 202	445 770 454		Cash Flows From Operating Activities		
Cash and cash equivalents	289,328	267,190	132,053,041	142,957,358		2,131,670	3,080,383	-, , -	148,088,700	Interest and commission receipts	2,253,338	3,219,270
Balances with central banks	743,866		00 044 504	- 07 420 600					(84,370,609)	Interest payments	((1,098,008)	(1,556,814)
Placements with banks	3,016,633	1,295,306	29,011,521	27,432,622				75,843,439		Receipts/(outgoings) from other operating activities	127,673	(72,225)
Derivative financial instruments	42,374	-	47 060 242	10 626 674	Fee and commission income	121,668	138,888	11,971,491	12,230,871	Cash payments to employees and suppliers	(845,662)	(1,028,903)
Financial assets held-for-trading	-	-	17,968,243	10,626,674			100 000			Operating profit before changes in Operating		
Financial assets at amortised cost	15 201 000	24 090 570	547,685,708	E40 472 960	Net fee and commission income	121,668	138,888	11,971,491	12,230,871	Assets and Liabilities	437,341	561,329
Loans and Advances to customers	., . ,		347,000,700	548,472,860	Net trading income/(expenses)	-	-	-	-		•	· .
Debt and other financial instrument	3,627,391	2,284,431	-	37,132,032	Net gain/(loss) from financial instruments designed at fair value	ie -	-	-	-	Increase in Operating Assets		,
Iatmost assumition at EVTOCI	0 724 071	4,292,837	1,036,217,535	705,407,226	through profit or loss	-	-	-	-	Deposits held for Regulatory or Monetary Control Purposes	536,781	740,765
Investment securities at FVTOCI	8,724,871	4,292,001	1,030,217,333	100,401,220	Net gain/(loss) from financial investments	_	-	3,400,383	843,489	Financial assets at amortised cost - loans & advances	5,776,748	(26,688)
It saturable is accordated and laint wants		-		4,275,658	Other operating income (net)	127,673	(72,225)	3,896,653	4,443,321	Other Assets	(20,598)	297,152
Investments in associates and joint ventur		455,294	63,679,312	64,201,807	Total operating income	1,283,003	1,590,232		81,235,772	Increase/(Decrease) in Operating Liabilities	(,,	
Property, plant and equipment	492,581		1,867,244	1,978,975		(110,843)	(71,357)	(7,330,044)	(2,673,592)	Deposits from customers	(485,693)	120,187
Intangible assets Current tax Assets	30,910		1,001,444	1,510,515	Net operating income	1,172,160	1,518,875		78,562,180	Other Liabilities	135,006	49,597
	10,412	-	-	-	Personnel expenses	(318,834)	(321,164)		-,,	Net Cash Generated from Operations		
Deferred tax assets	01.064	113,740	62,793,791	69,729,659	•	(111,182)	(116,291)	(2,057,475)	(2,044,123)	not outli constated nom operations	0,010,000	1,172,012
Other assets	91,964	113,140	02,130,131	03,123,033	Other expenses	(324,235)	(380,498)	,	(36,704,097)	Income Tax Paid	(136,043)	(170,735)
Total assets	32,272,318	24 407 /30	1,891,276,395	1.612.214.871		417,909	700,922	. , , ,	39,813,960	IIICUITIE TAXT AIU	(130,040)	(170,733)
lotai assets	32,212,310	31,101,400	1,031,210,333	1,012,214,011	Operating profit before VAT & NBT on financial Services		(212,952)	40,740,210	35,013,500	Net Cash Flows Generated from Operating Activities	6 243 542	1,571,606
Liabilities					Value Addedd Tax(VAT) & Nation Buildingxax (NBT) on	1 (101,300)	(212,332)			Net Cash i lows deliciated from Operating Activities	0,240,042	1,57 1,000
Due to banks	2,571,044	1,273,593	92,189,524	64,598,453	Financial Services	04=004	407.070		22 240 000	Cash Flows from Investing Activities		I
	2,371,044 6,702		32,103,027	04,000,700	Operating profit after value added tax (VAT)	315,921	487,970	,,	39,813,960	Net proceeds from maturity and purchase		ļ
Derivative financial instruments Financial Liabilities at amortised cost	0,702	140,000	-		Share of profits of associates and joint ventures		-	573,078	339,633	of Financial Investments	(5,768,449)	(1,184,510)
- Due to depositors	21,559,914	22,045,607	1,388,737,961	1,226,593,025	Profit before tax	315,921	487,970	,,	40,153,593		, , ,	, , ,
Other borrowings	153,670	142,968	92,387,816	28,261,515	Tax expense	(109,227)	(128,045)	(19,756,019)	(16,206,382)	Proceed from maturity of other Placements with Banks	(1,721,327)	(542,764)
Current tax liabilities	53,675		32,001,010	20,201,010	Profit for the period	206,694	359,925	29,562,269	23,947,211	Purchase of Property, Plant and Equipments	(39,782)	(175,297)
Deferred tax liabilities	33,013	15,600	7,491,040	6,214,223			-			Proceeds from Sale of Property, Plant and Equipment	(7, 500 FE7)	
Provision	13,387	12,489	7,701,070	0,217,220	Profit attributable to:					Net Cash Flows generated from Investing Activities	(7,529,557) ((1,902,571)
Other liabilities	1,097,606	869,313	- 117,478,671	115,200,838	Owners of the parent	206,694	359,925	29,410,227	23,868,249	A LONG BOOK LANGUAGE		ŀ
Other liabilities Total liabilities		24,557,447			= A1	· -	-	152,042	78,962	Cash flow from Financing Activities		ŀ
Equity	20,400,000	24,551,771	1,030,200,0.2	1,440,000,000	Horr controlling intersects	206,694	359,925	29,562,269		Capital Infusion from Head Office	-	(204.000)
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	Other comprehensive income/(expenses)					Profit transferred to head office		(221,868)
Stated capital/Assigned capital Statutory reserve fund	242,521	232,186	34,628,527	31,683,134	,	14,688	2,781	(342,311)	(474,421)	Increase/(Decrease) of borrowings	1,308,152	598,611
Retained earnings	2,233,456		70,498,820	56,108,779			(7,442)	(072,011)	(7/7,72/)	Decrease of Securities Sold Under Repurchase Agreement		
Other reserves	370,835	321,779	75,234,875	70,963,901	: 0.0.g.: 0a.:0.0) ::airoiatao::1000:10	42,010	(', ' '-',			Net cash generated from/(used in) financing Activities	1,308,152	376,743
Total shareholders' equity	6,816,320		192,212,822	170,606,414	translation of Foreign Operation	0.000	25,645	4 040 740	7,232,382			
Non-controlling interests	0,010,020	- 0,040,000	778,561	740,403	- Net Orlange in Fair Value of Investment securities	9.092	20,040	4,049,719	1,232,362	Net Increase in Cash and Cash Equivalents	22,137	45,779
Total equity	6 816 320	6,549,993			unought vicor		1E EG1		7 038 680	Cash and Cash Equivalents at the Beginning of the year		221,412
Total equity Total equity and liabilities		· ·	1,891,276,3951		Surplus from revaluation of Property, plant & equipmen		15,561	-	7,038,689	Cash and Cash Equivalents at the End of the year	289,328	267,190
Contingent liabilities and commitments					Surplus on revaluation of non-banking assets - net of ta	ax -	-	119,544	165,776			
Contingent navinues and communicate	44,001,171	14,111,000	740,070,000	000,700,07	Effect of translation of net investment in		-	219,836	1,122,592	Reconciliation of cash and cash equivalents		
Number of Employees	140	141	13,879	13,910	foreign branches and subsidiaries			-		Cash and cash equivalents	289,328	267,190
Number of Employees Number of Branches	8	8	1,429	1,410	Chara of profite of acceptates and inint continues						289,328	267,190
Nulling of praticites	C	Ü	1,720	1,110	Less: Tax expense/(income) relating to					Figures in brackets indicate deductions.		
Nete: Amount stated are not of impairment and dopro	-i-tion				components of other comprehensive income	(6,659)	(12,316)	-				
Note: Amount stated are net of impairement and deprec	lation				Other comprehensive income for the period,	59,632		4,046,788	8 15,085,018	8		
1					net of taxes	00,002	,	7,0,	10,000,0			
					Total comprehensive income for the period	266,326	384,15	33,609,057	7 39,032,22	<u>.</u>		

STATEMENT OF CHANGES IN EQUITY

GROUP CASH FLOW STATEMENT	Grou	STATEMENT OF CH	
For the Year ended 31st December	2020	2019	
Cash Flows From Operating Activities			
Profit before taxation	49,318,288	40,153,593	Balance as at 01 Janu
Less: Dividend income and share of profit of associates	(1,542,400) 47,775,888	(1,580,404) 38,573,189	Total comprehensive
Adjustments:	47,775,000	30,573,109	Profit for the year
Depreciation of fixed assets	2,403,220	2,233,008	Other comprehensive i
Depreciation on right of use assets	1,697,826	1,610,893	Total comprehensive
Depreciation on non-banking assets acquired in satisfaction of claims	30,049	45,456	Gain on revaluation of
Amortisation	469,860	425,585	Transfers to reserves of
Provisions / (reversals) and write offs - net	7,330,044	2,673,592	
Worker welfare fund	974,808	802,046	Share issue/increase of
Gain on sale of non-banking assets acuired in satisfaction of claims	(3,976)	(111,948)	Profit transferred to he
Gain on sale of fixed assets	(73,164)	(63,176)	Others
(Reversal)/ charge for defined benefit plans	74,827	(101,509)	Total transactions with
unrealised loss on revaluation of investments classified as held for trading	(110,269)	(83,986)	
Interest expensed on lease liability against right-of-use assets	1,495,614	1,506,301	D
Gain on sale of shares in associates	(47,653)	-	Balance as at 31st De
	62,021,343	47,509,451	
Decrease / (increase) in operating assets	(11 007 274)	22 000 004	SELECTED PERFOR
Lending to financial institutions	(11,907,374) 8,244,331	33,089,021	SEEECTED I ENI ON
Held-for-trading securities Advances		(148,713)	
	(6,724,193) 9,319,674	18,629,092	
Others assets (excluding advance taxation)	(1,067,562)	(17,511,282) 34,058,118	Regulatory Capital Adeq
Increase in operating liabilities	(1,007,302)	34,030,110	Common Equity Tier 1
Bills payable	13,656,188	(4,207,947)	Core Tier 1 Capital
Borrowings from financial institutions	92,691,055	(129,752,644)	Total Capital Base
Deposits	162,144,936	104,286,490	Regulatory Capital Ratio
Others liabilities (excluding current taxation)	(18,845,300)	14,307,719	Common Equity Tier 1 Cap
California and Colorading Carroll Canadon,	249,646,879	(15,366,382)	Tier 1 Capital Ratio (Minim
Defind benefits paid	(302,940)	(309,074)	Total Capital Ratio (Minimu
Income tax paid	(16,309,576)	(2,506,095)	Assets Quality - Loans
Net cash flow from operating activities	293,988,144	63,386,018	Gross Non - performing
Cash flow from investing activities	, ,	,,	Net Non - performing R
Net Investment securities at FVTPL	(297,967,382)	6,412,423	Profitability
Net investment securities at amortised cost	17,593,419	(1,001,069)	Interest Margin %
Net cash inflow on amalgamation	-	-	Return on Assets %
Proceeds from divestment in an associate	99,694	-	Return on Equity %
Dividends received	1,161,822	1,433,411	Leverage Ratio (Minimus
Investments in fixed assets	(3,051,399)	(4,817,498)	Net Stable Funding Ratio
Investments in intangible assets	(358,181)	(949,464)	Regulatory Liquidity Statutory Liquid Assets Rs
Proceeds from sale of fixed assets	191,342	167,374	Statutory Liquid Assets Rs
Proceeds from sale of non-banking assets acquired insatisfaction of claims	39,000	540,000	Statutory Liquid Assets R
Investments in non-banking assets acquired in satisfaction of claims	<u>-</u>	(64,445)	Domestic Banking Unit
Effect of translation of net investment in foreign branches and subsidiaries	212,515	1,079,223	Off Shore Banking Unit
Net cash flow used in investing activities	(282,079,170)	2,799,955	Total Stock of High-Quality
Cash flow from financing activities			Liquidity Coverage Ratio (9
Payments of subordinated debt		(3,891,019)	Liquidity Coverage Ratio (
Payment of lease liability against right-of-use-assets	(11,872,206)	(18,877,984)	
Dividend paid	(2,327,634)	(1,987,479)	
Net cashflow used in financing activities	(14,199,840)	(24,756,482)	EXPLANATORY NOTES
Effects of exchange rate changes on cash and cash equivalents	1,595,436	3,553,077	1. These was a st
Increase in cash and cash equivalents	(695,430)	44,982,568	1. There were no chang

	Balance as at 01 January 2020	3,969,508	232,186	69,080	11,211	2,026,520	241,488	6,549,993
	Total comprehensive income for the year	0,000,000	202,100	,	,=	_,0_0,0_0	,	-,,
	Profit for the year	-	-		-	206,695	-	206,695
	Other comprehensive income (net of tax)	-	-		6,564	10,576	42,510	59,632
'	Total comprehensive income for the year	-	-	-	6,564	217,271	42,510	266,327
	Gain on revaluation of property, plant & equipment	-	-	-				-
	Transfers to reserves during the period	-	10,335	-	-	(10,335)	-	-
	Share issue/increase of assigned capital	-	-	-	-			-
	Profit transferred to head office	-	-	-	-	-		-
	Others	-	-	-	-			-
	Total transactions with equity holders	-	10,335	-	-	(10,335)	-	-
	Balance as at 31st December 2020	2 000 500	040 504	-	-	0.000.450	202.000	6 946 220
_	Salation as at 0 1st Section 2020	3,969,508	242,521	69,080	17,757	2,233,456	283,998	6,816,320
	SELECTED PERFORMANCE INDICATORS			Sri Lan	1	Group		
				As of 31.12.2020	As 31.12.20	of 019	As of 31.12 .2020	As of 31.12.2019
_	Regulatory Capital Adequacy (LKR in Million)							
	Common Equity Tier 1			6,596	6.3	362		
	0 7 40 11			0,500	Ć.	000	450.004	420 504

Revaluation

Sri Lanka operations LKR 000

Equilization

Available for Retained

Sale Reserve Earnings

SELECTED PERFORMANCE INDICATORS	Sri Lank	G	Group		
	As of 31.12.2020	As of 31.12.2019	As of 31.12 .2020	As 31.12.201	
Regulatory Capital Adequacy (LKR in Million)					
Common Equity Tier 1	6,596	6,362			
Core Tier 1 Capital	6,596	6,362	152,901	132,50	
Total Capital Base	6,738	6,077	188,409	161,0	
Regulatory Capital Ratio (%)					
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2020 -7.00%)	37.75	31.65			
Fier 1 Capital Ratio (Minimum Requirement - 2020 -8.50%)	37.75	31.65	17.0	14	
Total Capital Ratio (Minimum Requirement - 2020 - 12.00%)	38.56	30.24	21.0	17	
Assets Quality - Loans Portfolio					
Gross Non - performing Ratio %(net of Interest in Suspense)	4.87	3.49	9.97	3	
Net Non - performing Ratio %(net of interest in suspense & Provisions)	3.87	3.03	11.06		
Profitability					
nterest Margin %	3.4	5.0	4.35	4	
Return on Assets %	0.7	1.2	1.77		
Return on Equity %	3.0	5.4	18.88	16	
Leverage Ratio (Minimum Requirement -3%)	14.3	16.6			
Net Stable Funding Ratio (Minimum Requirement - 2020 -90%)	177.0	131.0			
Regulatory Liquidity					
Statutory Liquid Assets Rs mn -DBU	12,754	7,071			
Statutory Liquid Assets Rs mn - OSBU	1,886	702			
Statutory Liquid Assets Ratio % -Minimum requirement 20%					
Domestic Banking Unit	64.2	33.3			
Off Shore Banking Unit	63.0	33.8			
Total Stock of High-Quality Liquid Assets (LKR in Million)	9,188.0	5,095.3			
iquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 2020 - 90%)	599.0	187.7			
iquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 2020 - 90%)	337.5	167.0			

Increase in cash and cash equivalents Cash and Cash equivalents at beginning of the pr Cash and Cash equivalents at end of the period	eriod				(695,430 161,391,07 160,695,64	2	14,982,568 118,003,940 62,986,508
STATEMENT OF CHANGES IN EQUITY						Group Pakis	stan 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	171,346,817
Total comprehensive income for the year							
Profit for the year	-	-	-	-	29,410,22	152,042	29,562,269
Other comprehensive income (net of tax)	-	-	4,169,263	219,829	(342,311)	7	4,046,788
Total comprehensive income for the year	-	-	4,169,263	219,829	29,067,916	152,049	33,609,057
Shares issued	-		-	-	-	-	
Transfers to reserves during the period	-	2,945,393	-	-	(2,945,393)		
Final cash dividend	-		-	-	(11,850,600)	(113,891)	(11,964,491)
Interim Cash dividends	-	-	-	-	-		
Others		-	(118,118)	-	118,118	-	
Total transactions with equity holders		2,945,393	(118,118)	-	(14,677,875)	(113,891)	(11,964,491)

inges to the Accounting Policies and methods of computation since the publication of the Annual Financial statements for the year ended December 31, 2019

2. Other operating income includes the swap cost incurred from buying and selling two currencies at two different maturities amounting to LKR 72.93 Mn (Year 2019 - 206.39 Mn)

3. 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 Pakistanthrough various circulars." Pakistanthrough various circulars."

Credit Ratings

28,803,351 46,431,524 70,498,820 778,561 192,991,383

MCB Sri Lanka - [SL] A + stable by ICRA Lanka Limited Group by PACRA Short Term - A1+ Long Term - AAA Exchange rate: Pak Rs. 1 = 1.116 LKR (31st December 2020) MCB Bank Limited Fort - Pettah - Maradana - Wellawatta

Kandy - Kattankudy - Galle - Kollupitiya

Balance as at 31st December 2020

11,850,600 34,628,527