MCB Bank Limited Sri Lanka

Interim Financial Statements

JII Lairka												
STATEMENT OF FINANCIAL POSITION		ika operations LKR 000	Group PKI	Pakistan R 000	STATEMENT OF COMPREHENSIVE INCOME		a operations R 000	Group F PKR	Pakistan 000	CASH FLOW STATEMENT	Sri Lanka operati	ons LKR 000
As at	31.03.2021	31.12.2020 AUDITED	31.03.2021	31.12.2020 AUDITED	For the Period ended 31st March	2021	2020	2021	2020	For the Period ended 31st March	2021	2020
Assets		000 000	100 100 007	100.050.044	Interest income	204.070	654 722	20 004 407	44.050.500	Cash Flows From Operating Activities		
Cash and cash equivalents	212,874	289,328 743,866	120,428,027	132,053,041	Interest income Interest expenses	324,672 (153,756)	654,733 (363,097)	30,601,487 (14,303,321)	41,656,568	Interest and commission receipts	362,473	679,724
Balances with central banks Placements with banks	610,325 567,962	3,016,633	24,630,472	29,011,521	·	170,916		16,298,166	(24,370,786) 47,385,783	Interest payments	(153,756)	(363,097)
Derivative financial instruments	136,453	42,374	24,030,472	29,011,521	Fee and commission income	•				Receipts/(outgoings) from other operating activities	59,534	63
Financial assets held-for-trading	130,733		21,788,199	17,968,243	Fee and commission expenses	37,801	24,992	3,636,522	3,125,528	Cash payments to employees and suppliers	(224,082)	(228,511)
Financial assets at amortised cost	_	_	21,100,100	,000,2.0	Net fee and commission income	37,801	24,992	3,636,522	3,125,528	Operating profit before changes in Operating		
Loans and Advances to customers	14,207,658	15,201,988	513,874,632	547,685,708	Net trading income/(expenses)	37,001	24,332	3,030,322	3,123,320	Assets and Liabilities	44,169	88,180
			-	-	Net gain/(loss) from financial instruments designed at fair value	-	-	-	-	Increase in Operation Access		
Debt and other financial instrument	1,402,056	3,627,391			through profit or loss	-	•		_	Increase in Operating Assets	122 544	F04.7C4
Investment securities at FVTPL / Available	8,823,156	8,724,871	1,111,322,424	1,036,217,535	Net gain/(loss) from financial investments	-	•	375,904	(16,659)	Deposits held for Regulatory or Monetary Control Purposes Financial assets at amortised cost - loans & advances	133,541 975,326	594,764 1,027,722
for sale					Other operating income (net)	59,534	63	962,115	1,058,531	Other Assets		
Investments in associates and joint venture		-			Total operating income	268,251		21,272,707	21,453,182	Increase/(Decrease) in Operating Liabilities	(103,007)	(103,079)
Property, plant and equipment	472,039	492,581	63,159,768	63,679,312	Impairment charges for loans and other losses	(19,004)	3,598	213,343	(779,656)	Deposits from customers	(3,363,498)	(1,050,589)
Intangible assets	27,630	30,910	1,894,903	1,867,244	Net operating income	249,247	320,289	21,486,050	20,673,526	Other Liabilities	55,669	(274,771)
Current tax Assets	16 210	10,412	-	-	Personnel expenses	(93,987)	(86,746)	-	-	Net Cash Generated from Operations	(2,257,799)	282,227
Deferred tax assets	16,318	91,964	54,286,071	62,793,791	Depreciation and amortisation	(25,535)	(28,505)	(1,150,718)	(1,123,051)	Not out officially from operations	(2,201,100)	202,221
Other assets	100,891	31,304	34,200,071	02,733,731	Other expenses	(81,767)	(85,207)	(8,938,124)	(8,695,257)	Income Tax Paid	(33,845)	(36,577)
Total assets	26,577,361	32,272,318	1,911,384,496	1,891,276,395	Operating profit before VAT & NBT on financial Services	47,958	119,831	11,397,208	10,855,218		(00,010)	(00,011)
Total assets	20,011,001	02,2: 2,0:0	1,011,001,100	.,001,210,000	Value Addedd Tax(VAT) & Nation Buildingxax (NBT) on		(28,053)	- 11,007,200	-	Net Cash Flows Generated from Operating Activities	(2,291,644)	245,651
Liabilities					Financial Services	(LL,101)	(==,===)				() -) -)	
Due to banks	216,790	2,571,044	92,294,641	92,189,524	Operating profit after value added tax (VAT)	25,164	91,778	11,397,208	10,855,218	Cash Flows from Investing Activities		
Derivative financial instruments	-	6,702	-	-	Share of profits of associates and joint ventures	20,104	-	276,544	260,896	Net proceeds from maturity and purchase		
Financial Liabilities at amortised cost					Profit before tax	25,164	91,778	11,673,752	11,116,114	of Financial Investments	2,102,440	(1,795,819)
- Due to depositors	18,196,416	21,559,914	1,414,518,735	1,388,737,961	Tax expense	(7,046)	(29,108)	(4,624,167)	(4,505,932)	Proceed from maturity of other Placements with Banks	2,448,671	(249,656)
Other borrowings	148,180	153,670	117,506,064	92,387,816	Profit for the period	18,118	62,670	7,049,585	6,610,182	Purchase of Property, Plant and Equipments	23,822	3,873
Current tax liabilities	26,876	53,675	-	-	Profit for the period	10,110	02,070	7,049,303	0,010,102	Proceeds from Sale of Property, Plant and Equipment		<u>-</u>
Deferred tax liabilities	-	-	5,587,450	7,491,040	Profit attributable to:					Net Cash Flows generated from Investing Activities	4,574,993	(2,041,603)
Provision	13,387	13,387	-	-	Owners of the parent	18,118	62,670	7,087,250	6,596,450			
Other liabilities	1,068,703	1,097,606	103,764,237	117,478,671	Non-controlling interests	10,110	02,070	(37,665)	13,732	Cash flow from Financing Activities		
Total liabilities	19,670,353	25,455,998 1	,733,671,127	1,698,285,012	Non-controlling interests	18,118	62,670		6,610,182	Capital Infusion from Head Office	-	-
Equity	3,969,508	3,969,508	11,850,600	11,850,600	Other comprehensive income/(expenses)	10,110	02,010	7,043,000	0,010,102	Profit transferred to head office	-	
Stated capital/Assigned capital Statutory reserve fund	243,427	242,521	35,318,488	34,628,527	Actuarial gains and losses on defined benefit plans	_				Increase/(Decrease) of borrowings	(2,359,744)	1,709,608
Retained earnings	2,250,668	2,233,456	59,143,691	70,498,820	Foreign currency translation reserve - Gain / (Loss) on	91,274	72,194	(21,773)	(15,154)	Decrease of Securities Sold Under Repurchase Agreement		
Other reserves	443,406	370,835	70,663,223	75,234,875	translation of Foreign Operation	31,274	12,134	(21,773)	(13,134)	Net cash generated from/(used in) financing Activities	(2,359,744)	1,709,608
Total shareholders' equity	6,907,008	6,816,320	176,976,002	192,212,822	Net Change in Fair Value of Fair Value through Other	(24,610)	4,828	_	_			(22.242)
Non-controlling interests	-	-	737,367	778,561		(24,010)	4,020	-	_	Net Increase in Cash and Cash Equivalents	(76,455)	(86,343)
	6,907,008	6,816,320	177,713,369		Comprehnsive Income Surplus from revaluation of Property, plant & equipment				_	Cash and Cash Equivalents at the Beginning of the year	289,328	267,190
	26,577,361	32,272,318 1	1,911,384,496	1,891,276,395				(817,094)	628,091	Cash and Cash Equivalents at the End of the year	212,873	180,847
Contingent liabilities and commitments	21,517,745	24,637,147	643,399,084	740,375,303	Surplus on revaluation of non-banking assets - net of tax Effect of translation of net investment in	х -	_	(3,633,984)	7,949,586	Decemblication of each and each assistation to		
								(3,033,304)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Reconciliation of cash and cash equivalents	212 074	100 047
Number of Employees	137	140	15,630	15,567	foreign branches and subsidiaries			-		Cash and cash equivalents	212,874	180,847 180,847
Number of Branches	8	8	1,429	1,429	Share of profits of associates and joint ventures Less: Tax expense/(income) relating to					Figures in brestate indicate deductions	212,874	100,047
					, , ,	5 006	(1 150)	_		Figures in brackets indicate deductions.		
Note: Amount stated are net of impairement and deprecia	ation				components of other comprehensive income	5,906	(1,159)	(4.450.054)	0 500 500			
					Other comprehensive income for the period, net of taxes	72,570	75,863	(4,472,851)	8,526,523			
			Total comprehensive income for the period	90,688	138.53	3 2,576,734	15,172,70	- 5				
					rotal comprehensive income for the period		. 55,55	_,0.0,.04	, ,	* =		

Group Pakistan PKR 000

For the Period ended 31st March	2021	2020
Cash Flows From Operating Activities		
Profit before taxation	11,673,752	11,116,114
Less: Dividend income and share of profit of associates	(624,484)	(461,222)
·	11,049,268	10,654,892
Adjustments:		
Depreciation of fixed assets	613,317	583,177
Depreciation on right of use assets	408,609	422,219
Depreciation on non-banking assets acquired in satisfaction of claims	9,360	8,074
Amortisation	119,432	109,581
Provisions / (reversals) and write offs - net	(213,343)	779,656
Worker welfare fund	230,258	217,299
Gain on sale of non-banking assets acuired in satisfaction of claims	31,550	-
Gain on sale of fixed assets	-	(17,386)
(Reversal)/ charge for defined benefit plans	87,000	57,000
unrealised loss on revaluation of investments classified as held for trading	(107,067)	(3,514)
Interest expensed on lease liability against right-of-use assets	359,708	375,369
Gain on sale of shares in associates	(19,853)	-
Decrees (Comment of the comment of	12,568,239	13,186,367
Decrease / (increase) in operating assets	(2.040.050)	(4.004.075)
Lending to financial institutions	(3,819,956)	(4,061,675)
Held-for-trading securities	(6,141,200) 33,849,476	(5,395,951)
Advances Others accepts (quality advance to valie)		7,148,673
Others assets (excluding advance taxation)	5,382,122	4,120,539
Increase in operating liabilities Bills payable	29,270,442 (12,739,976)	1,811,586 (3,826,537)
Borrowings from financial institutions	24,812,440	,
Deposits	25,780,774	(666,437) 45,357,158
Others liabilities (excluding current taxation)	450,037	(10,100,686)
Others habilities (excluding current taxation)	38,303,275	30,763,498
Defind benefits paid	(65,768)	(82,171)
Income tax paid	(3,620,061)	(3,152,477)
Net cash flow from operating activities	76,456,127	42,553,803
Cash flow from investing activities	. 5, . 55, . 2.	42,000,000
Net Investment in vailable-for-sale securities	(78,252,501)	(81,461,963)
Net investment in held-to-maturity securities	4,726,170	12,259,730
Net cash inflow on amalgamation	-	12,200,100
Proceeds from divestment in a subsidiary	-	_
Dividends received	244,208	101,023
Investments in fixed assets	(575,566)	(557,401)
Investments in intangible assets	(144,091)	(68,504)
Proceeds from sale of fixed assets	22,862	27,190
Proceeds from sale of non-banking assets acquired insatisfaction of claims	-	,
Investments in non-banking assets acquired in satisfaction of claims	-	_
Effect of translation of net investment in foreign branches and subsidiaries	(817,094)	612,921
Net cash flow used in investing activities	(74,796,012)	(69,087,004)
Cash flow from financing activities	, , ,	, , , ,
Payments of subordinated debt	-	-
Payment of lease liability against right-of-use-assets	(581,361)	(527,673)
Dividend paid	(17,495,742)	(5,829,391)
Net cashflow used in financing activities	(18,077,103)	(6,357,064)
Effects of exchange rate changes on cash and cash equivalents	(1,931,902)	-
Increase in cash and cash equivalents	(18,348,890)	(32,890,265)
Cash and Cash equivalents at beginning of the period	162,627,544	162,986,508
		,,

	Assigned Capital	Reserve Fund	Revaluation Reserve	Available for Sale Reserve	Retained Earnings	Exchange Equilization Reserves	Total
Balance as at 01 January 2021	3,969,508	242,521	69,080	17,757	2,233,456	283,998	6,816,320
Total comprehensive income for the year							
Profit for the year	-	-			18,118	-	18,118
Other comprehensive income (net of tax)	-	-	-	(18,704)		91,274	72,570
Total comprehensive income for the year	-	-	-	(18,704)	18,118	91,274	90,688
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 March 2021	3,969,508	252,856	69,080	(947)	2,241,239	375,272	6,907,008

SELECTED PERFORMANCE INDICATORS	Sri Lanka	Operation		Group
	As of 31.03.2021	As of 31.12.2020	As of 31.03 .2021	As of 31.12.2020
Regulatory Capital Adequacy (LKR in Million)				
Common Equity Tier 1	6,599	6,596		
Core Tier 1 Capital	6,599	6,596	138,906	152,901
Total Capital Base	6,741	6,738	170,630	188,409
Regulatory Capital Ratio (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.5%)	40.69	37.75		
Tier 1 Capital Ratio (Minimum Requirement - 8.00%)	40.69	37.75	15.3	17.0
Total Capital Ratio (Minimum Requirement - 12.00%)	41.57	38.56	18.8	21.0
Assets Quality - Loans Portfolio				
Gross Non - performing Ratio %(net of Interest in Suspense)	5.13	4.87	9.2	10.0
Net Non - performing Ratio %(net of interest in suspense & Provisions)	3.91	3.87	10.1	11.1
Profitability				
Interest Margin %	2.5	3.4	3.4	4.4
Return on Assets %	0.3	0.7	1.5	1.8
Return on Equity %	1.0	3.0	17.8	18.9
Leverage Ratio (Minimum Requirement -3%)	18.09	14.3	6	6
Net Stable Funding Ratio (Minimum Requirement - 90%)	187.4	177.0	180	170
Regulatory Liquidity				
Statutory Liquid Assets Rs mn -DBU	10,691	12,754		
Statutory Liquid Assets Rs mn - OSBU	1,367	1,886		
Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Domestic Banking Unit	54.9	64.2		
Off Shore Banking Unit	78.8	63.0		
Total Stock of High-Quality Liquid Assets (LKR in Million)	9,077.9	9,188.0		
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 90%)	702.0	599.0		
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 90%)	650.6	337.5		

Cash and Cash equivalents at end of the period					144,278,65	4 13	0,096,243
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 2021	11,850,600	34,628,527	28,803,351	46,431,524	70,498,820	778,561	192,991,38
Total comprehensive income for the year							
Profit for the year	-	-	-	-	7,087,250	37,665	7,124,91
Other comprehensive income (net of tax)	-	-	(4,692,669)	219,829		(11)	(4,472,851
Total comprehensive income for the year	-	-	(4,692,669)	219,829	7,087,250	37,651	2,652,06
Shares issued	-		-	-	-	-	
Transfers to reserves during the period	-	689,961	-	-	(689,961)		
Final cash dividend	-		-	-	(17,851,230)	(78,848)	(17,930,078
Interim Cash dividends	-		-	-	-		
Others		-	(98,812)	-	98,812	-	
Total transactions with equity holders		- 689,961	(98,812)	-	(18,442,379)	(78,848)	(17,930,078
Balance as at 31st March 2021	11,850,600	35,318,488	24,011,870	46,651,353	59,143,691	737,367	177,713,36

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, 2020

2. Other operating income includes the swap cost incurred from buying and selling two currencies at two different maturities amounting to LKR 2.13 Mn (Year 2020 - 43.37Mn)

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."

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. Credit Ratings

MCB Sri Lanka - [SL] A + stable by ICRA Lanka Limited **Group by PACRA** Short Term - A1+ Exchange rate: Pak Rs. 1 = 1.303 LKR (31st March 2021)

GROUP CASH FLOW STATEMENT