

Interim Financial Statements

Bank for Life	IIINA											
STATEMENT OF FINANCIAL POSITI		ka operations LKR 000	Group PKI	Pakistan R 000	STATEMENT OF COMPREHENSIVE INCOME		operations R 000	Group F PKR	Pakistan 000	CASH FLOW STATEMENT	Sri Lanka operatio	ons LKR 000
As at	30.06.2021	31.12.2020 AUDITED	30.06.2021	31.12.2020 AUDITED	For the Six Months Period ended 30th June	2021	2020	2021	2020	For the Six Months Period ended 30th June	2021	2020
Assets	227.624	200 200	450 040 004	120.052.044	Interest income	661,972	1 044 406	62,733,431	00 400 500	Cash Flows From Operating Activities		
Cash and cash equivalents Balances with central banks	237,624 1,013,160	289,328 743,866	152,246,891	132,053,041	Interest income Interest expenses	(296,591)	1,244,426 (665,158)		80,408,589	Interest and commission receipts	736,850	1,290,949
Placements with banks	1,013,160	,	20,651,751	29,011,521	' =	365,380		33,731,740	(42,155,774 <u>)</u>	Interest payments	(296,591)	(665,158)
Derivative financial instruments	1,055,10	42,374	20,031,731	20,011,021	Fee and commission income	•		6,611,051		Receipts/(outgoings) from other operating activities	81,426	51,911
Financial assets held-for-trading	_	-	33,494,214	17,968,243	Fee and commission expenses	74,878	46,523	0,011,031	5,658,116	Cash payments to employees and suppliers	(421,952)	(438,167)
Financial assets at amortised cost			,,	,,	Net fee and commission income	74,878	46,523	6,611,051	5,658,116	Operating profit before changes in Operating		
Loans and Advances to customers	13,500,556	15,201,988	544,884,427	547,685,708	Net trading income/(expenses)	14,010	-0,020	0,011,001	0,000,110	Assets and Liabilities	99,734	239,535
	1 420 677	0.007.004			Net gain/(loss) from financial instruments designed at fair value	-		-	-	Increase in Occupation Access		
Debt and other financial instrument	1,438,677	3,627,391	-	-	through profit or loss	-	-	-	-	Increase in Operating Assets Deposits held for Regulatory or Monetary Control Purposes	(260.204)	258.008
Investment securities at FVTPL / Available	e 7,910,072	8,724,871	1,119,010,391	1,036,217,535		_	_	543,084	(64,567)	Financial assets at amortised cost - loans & advances	(269,294) 1,632,022	2,975,993
for sale	, ,	, ,			Other operating income (net)	81,426	51,911	2.946.456	2,032,951	Other Assets	15,687	(1,740)
Investments in associates and joint ventu		400 504	-	-	Total operating income	521,685	677,702	43,832,331		Increase/(Decrease) in Operating Liabilities	15,007	(1,740)
Property, plant and equipment	460,213	492,581	62,759,572	63,679,312	Impairment charges for loans and other losses	(69,410)	(35,967)	1,999,908	(4,076,022)	Deposits from customers	(5,002,515)	(2,764,753)
Intangible assets	23,898 11,195	30,910	1,832,178	1,867,244	Net operating income	452,275	641,736	45,832,239	41,803,293	Other Liabilities	68,708	(95,390)
Current tax Assets Deferred tax assets	17,440	10,412	-		Personnel expenses	(177,209)	(161,282)	-		Net Cash Generated from Operations	(3,455,659)	611,652
Other assets	118,651	91,964	61,390,283	62,793,791	Depreciation and amortisation	(49,948)	(37,877)	(2.384.408)	(2,253,971)	оролины	(0,100,000)	0.1,002
Other assets	110,031	01,004	01,000,200	02,700,707	Other expenses	(164,361)	(177,256)	(18,233,431)	(17,115,030)	Income Tax Paid	(64,870)	(66,706)
Total assets	25,766,949	32,272,318	1,996,269,707	1,891,276,395	Operating profit before VAT & NBT on financial Services	60,757	265,312	25,214,400	22,434,292		(0.1,01.0)	(00,000)
		, ,-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Value Addedd Tax(VAT) & Nation Buildingxax (NBT) on		(61,743)			Net Cash Flows Generated from Operating Activities	(3,520,529)	544,946
Liabilities					Financial Services	(, - ,	,				•	
Due to banks	1,077,463	2,571,044	87,578,932	92,189,524	Operating profit after value added tax (VAT)	30,323	203,569	25,214,400	22,434,292	Cash Flows from Investing Activities		
Derivative financial instruments	16,625	6,702	-	-	Share of profits of associates and joint ventures	-	-	431,851		Net proceeds from maturity and purchase		
Financial Liabilities at amortised cost					Profit before tax	30,323	203,569	25,646,251	22,847,098	of Financial Investments	2,974,227	(1,581,842)
- Due to depositors	16,557,399	21,559,914	1,556,166,735	1,388,737,961	Tax expense	(7,884)	(60,405)	(10,682,617)	(9,373,265)	Proceed from maturity of other Placements with Banks	1,981,169	(328,873)
Other borrowings	121,298	153,670	59,769,670	92,387,816	Profit for the period	22,439	143,164	14,963,634		Purchase of Property, Plant and Equipments	39,380	17,846
Current tax liabilities	7,884	53,675		7 404 040			-, -	, ,		Proceeds from Sale of Property, Plant and Equipment	-	
Deferred tax liabilities	16 125	13,387	7, 773, 005	7,491,040	Profit attributable to:					Net Cash Flows generated from Investing Activities	4,994,776 ((1,892,851)
Provision	16,125 1,053,809	1,097,606	103,432,191	- 117,478,671	Owners of the parent	22,439	143,164	14,882,830	13,425,378			
Other liabilities Total liabilities		25,455,998	1,814,720,533	1,698,285,012	Non-controlling interests	-	_	80,804	48,455	Cash flow from Financing Activities		
Equity	10,000,000	20,400,000	1,014,720,333	1,030,203,012	,	22,439	143,164	14,963,634	13,473,833	Capital Infusion from Head Office	-	-
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	(4.505.052)	4 204 205
Statutory reserve fund	243,643	242,521	36,114,728	34,628,527	Actuarial gains and losses on defined benefit plans	_	-	(166,181)	(1,738,103)	Increase/(Decrease) of borrowings	(1,525,953)	1,321,285
Retained earnings	2,254,772	2,233,456	60,877,459	70,498,820	Foreign currency translation reserve - Gain / (Loss) on	99,843	31,319	(38,746)	7,189	Decrease of Securities Sold Under Repurchase Agreement Net cash generated from/(used in) financing Activities	(4 505 050)	1,321,285
Other reserves	448,423	370,835	71,925,874	75,234,875	translation of Foreign Operation					Net cash generated from/(used iii) infancing Activities	(1,525,953)	1,321,205
Total shareholders' equity	6,916,346	6,816,320	180,768,661	192,212,822	Net Change in Fair Value of Fair Value through Other	(29,285)	34,933	-	-	Net Increase in Cash and Cash Equivalents	(51,705)	(26,620)
Non-controlling interests	-	-	780,513	778,561	Comprehnsive Income	, , ,				Cash and Cash Equivalents at the Beginning of the period		267,190
Total equity		<u> </u>	181,549,174		Surplus/(deficit) on revaluation of investments - net tax	_	-	(2,345,186)	15,446,405	Cash and Cash Equivalents at the End of the period	237,623	240,571
Total equity and liabilities	-, -, -		1,996,269,707	, , , , _	Surplus on revaluation of fixed/non-banking assets -	-	-	(186,368)	-	out and out and equivalents at the End of the ported	207,020	
Contingent liabilities and commitments	16,026,086	24,637,147	745,168,447	740,375,303						Reconciliation of cash and cash equivalents		
N. obsert Fredrick	404	140	15 570	15 567	Effect of translation of net investment in foreign branches and subsidiaries	-	-	(432,058)	832,139	Cash and cash equivalents	237,623	240,571
Number of Employees	131 8	140 8	15,573 1,430	15,567 1.429	Share of profits of associates and joint ventures	-	-	(49,786)	(238,455)	'	237,623	240,571
Number of Branches	0	0	1,430	1,423	Less: Tax expense/(income) relating to					Figures in brackets indicate deductions.	<u> </u>	<u> </u>
Note: Amount stated are net of impairement and depre	ciation				components of other comprehensive income	7,029	-	-	-			
11000. Annount stated are net or impairement and depre	oiddoii				Other comprehensive income for the period,	77,587	66,252	(3,218,325)	14,309,175			
					net of taxes			, .,				
			Total comprehensive income for the period 100,026 209,416 11,745,309 27,783,008									

	Total comprehensive inco	me for the period	100,026 209,416 11,745,309 27,	783,008						
GROUP CASH FLOW STATEMENT	Group	Pakistan PKR 000	STATEMENT OF CHANGES IN EQUITY						Lanka operat	tions LKR 000
For the Six Months Period ended 30th June	2021	2020		Assigned Capital	Reserve Fund	Revalua on Reserve	Available for Sale Reserve	Retained Earnings	Exchange Equiliza on Reserves	Tota
Cash Flows From Operating Activities									110001100	
Profit before taxation	25,646,251	22,847,098	Balance as at 01 January 2021	3,969,508	242,521	69,080	17.757	2,233,456	283,998	6,816,320
Less: Dividend income and share of profit of associates	(1,284,929)	(828,368)	Total comprehensive income for the period	, ,	,		, -	, ,	,	
	24,361,322	22,018,730						00.400		00.40
Adjustments:			Profit for the period	-	-	-	-	22,439		22,43
Depreciation of fixed assets	1,252,930	1,190,148	Other comprehensive income (net of tax)	-	-	-	(22,256)	-	99,843	77,58
Depreciation on right of use assets	868,303	820,537 15,675	Total comprehensive income for the period	-	-	-	(22,256)	22,439	99,843	100,0
Depreciation on non-banking assets acquired in satisfaction of claims	18,721		Gain on revaluation of property, plant & equipment	-	-	-	-	-	-	
Amortisation	244,454 227,611 Trans		Transfers to reserves during the period	_	10,335	_	_	(10,335)	_	
Provisions / (reversals) and write offs - net	(1,999,908) 510,192 (536,464)	4,076,022 445,087	ů i	-		-	-	(10,000) - - -		
Worker welfare fund			Share issue/increase of assigned capital Profit transferred to head office Others	-					-	
Gain on sale of non-banking assets acuired in satisfaction of claims				-					-	
Gain on sale of fixed assets	26,411	(18,982)								
(Reversal)/ charge for defined benefit plans	290,438	161,546	Total transactions with equity holders		10,335	-		(10,335)		
unrealised loss on revaluation of investments classified as held for trading	,	(109,477) (62,676)			10,333			(10,333)		
Interest expensed on lease liability against right-of-use assets	710,926	804,608	Balance as at 30th June 2021	3,969,508	252,856	69,080	(4,499)	2,245,560	383,842	6,916,340
Gain on termination of lease liability against right of use assets	(106,537)	<u> </u>								
	1,169,989	7,659,576								
Decrease / (increase) in operating assets			CELECTED DEDEODRAANICE INDICATORS			Cui Lau	les Ouerstien		C.,	
Lending to financial institutions	(15,525,971)	2,875,304	SELECTED PERFORMANCE INDICATORS			Sri Lan	ka Operation		Gr	oup
Held-for-trading securities	(71,358,392)	(6,683,251)				As o			As of	As of
Advances	4,195,393	14,022,050				30.06.202	1 31.12.202	30.06.	2021 31.	12.2020
Others assets (excluding advance taxation)	(1,325,608)	1,419,719	Descriptions Conital Adequates (LKD in Millian)							
Increase in operating liabilities	(84,014,578)	11,633,822	Regulatory Capital Adequacy (LKR in Million) Common Equity Tier 1			6,560	6,59	ne.		
Bills payable	(11,943,039)	(182,428)	Core Tier 1 Capital			6,56			1.778 1	152,901
Borrowings from financial institutions	(37,515,092)	24,923,181	Total Capital Base			6,71			, -	188,409
Deposits	167,428,774	144,754,983	Regulatory Capital Ratio (%)			0,7 13	0,73	00 17	3,900	100,409
Others liabilities (excluding current taxation)	(2,341,864)	(25,423,332)	Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6	6 F0/.)		39.83	2 37.7	75		
	115,628,779	144,072,404	Tier 1 Capital Ratio (Minimum Requirement - 8.00%)	U.J /0)		39.6 <i>i</i> 39.8i			14.8	17.0
Defind benefits paid	(135,300)	(165,300)	Total Capital Patio (Minimum Poquiroment 12 00%)			39.0 <i>i</i>			18.0	21.0

(7,177,096)

178,042,136

(166,762,830)

8,677,322

492,898

(963,909)

(86,772)

31,257

839,308

(157,772,726)

(1,129,551)

(11,741,428)(12,870,979)

3,766,686

(11,165,117)

(8,274,301)

1,199,082

(14,692,657)

939,347

(205, 203)

28,176

1,518,881

(470,800)

(13,054,045)

(1,170,297)

(22,963,843)

889,448

(24,134,140)

(12,437,174)

(1,370,871)

48,753,911

	As of 30.06.2021	As of 31.12.2020	As of 30.06.2021	As of 31.12.2020
Regulatory Capital Adequacy (LKR in Million)				
Common Equity Tier 1	6,566	6,596		
Core Tier 1 Capital	6,566	6,596	141,778	152,901
Total Capital Base	6,715	6,738	173,986	188,409
Regulatory Capital Ratio (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.5%)	39.82	37.75		
Tier 1 Capital Ratio (Minimum Requirement - 8.00%)	39.82	37.75	14.8	17.0
Total Capital Ratio (Minimum Requirement - 12.00%)	40.73	38.56	18.2	21.0
Assets Quality - Loans Portfolio				
Gross Non - performing Ratio %(net of Interest in Suspense)	5.24	4.87	8.6	10.0
Net Non - performing Ratio %(net of interest in suspense & Provisions)	3.37	3.87	9.4	11.1
Profitability				
Interest Margin %	2.8	3.4	3.5	4.4
Return on Assets %	0.2	0.7	1.5	1.8
Return on Equity %	0.6	3.0	18.7	18.9
Leverage Ratio (Minimum Requirement -3%)	21.98	14.3	5.8	6.4
Net Stable Funding Ratio (Minimum Requirement - 90%)	177.1	177.0	181.6	169.5
Regulatory Liquidity				
Statutory Liquid Assets Rs mn -DBU	9,873	12,754		
Statutory Liquid Assets Rs mn - OSBU	1,490	1,886		
Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Domestic Banking Unit	53.2	64.2		
Off Shore Banking Unit	100.1	63.0		
Total Stock of High-Quality Liquid Assets (LKR in Million)	8,292.6	9,188.0		
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 90%)	473.2	599.0		
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 90%)	535.2	337.5		

Cash and Cash equivalents at beginning of the pe	159,806,194	159,219,822							
Cash and Cash equivalents at end of the period	172,243,368								
STATEMENT OF CHANGES IN EQUITY Group Pakistan 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	192,991,383		
Total comprehensive income for the period									
Profit for the period	-	-	-	-	14,882,830	80,804	14,963,634		
Other comprehensive income (net of tax)	-	-	(2,581,340)	(470,800)	(166,181)	(4)	(3,218,325)		
Total comprehensive income for the period	-	-	(2,581,340)	(470,800)	14,716,649	80,800	11,745,30		
Shares issued	-		-	-	-	-	-		
Transfers to reserves during the period	-	1,486,201	-	_	(1,486,201)	-	-		
Final cash dividend	-	_	-	-	(17,775,900)	(78,848)	(17,854,748)		
Interim Cash dividends	-	_	-	-	(5,332,770)	-	(5,332,770)		
Others			(256,861)	-	256.861	-	-		
Total transactions with equity holders		1,486,201	(256,861)		(24,338,010)	(78,848)	(23,187,518)		
Balance as at 30th June 2021	11,850,600	36,114,728	25,965,150	45,960,724	60,877,459	780,513	181,549,174		

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

. Other operating income includes the swap cost incurred from buying and selling two currencies at two different maturities amounting to LKR 0.995 Mn Year 2020 - 68.87 Mn)

s. 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 he 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." 'akistanthrough various circulars.'

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 = 1.266 LKR (30th June 2021)

MCB Bank Limited

Dividends received

Dividend paid

Investments in fixed assets

Investments in intangible assets

Proceeds from sale of fixed assets

Net cash flow used in investing activities

Payment of lease liability against right-of-use-assets

Effects of exchange rate changes on cash and cash equivalents

Cash flow from financing activities Payments of subordinated debt

Net cashflow used in financing activities

Increase in cash and cash equivalents

Net cash flow from operating activities

Cash flow from investing activities Net Investment in vailable-for-sale securities

Net investment in held-to-maturity securities Net cash inflow on amalgamation Proceeds from divestment in a subsidiary

Proceeds from sale of non-banking assets acquired insatisfaction of claims

Effect of translation of net investment in foreign branches and subsidiaries

Investments in non-banking assets acquired in satisfaction of claims

Income tax paid