MCB Bank Limited Bank for Life Sri Lanka

Interim Financial Statements

STATEMENT OF FINANCIAL POSITION Sri Lanka operations Group Pakistan LKR 000 PKR 000		STATEMENT OF COMPREHENSIVE INCOME	Sri Lanka operations Group Pakistan		Pakistan	CASH FLOW STATEMENT	Sri Lanka operations LKR 000					
As at	30.09.2021	LKR 000 31.12.2020	Pi 30.09.2021			L	KR 000	PK	R 000		· · ·	
		AUDITED		AUDITED	For the Nine months ended 30th September	2021	2020	2021	2020	For the Nine Months Period ended 30th September	2021	2020
Assets	005 000	000 000	100 110 005	400.050.044	Interest income	984,871 (430,705)	1,753,378	96,765,925	114,516,948	Cash Flows From Operating Activities		
Cash and cash equivalents	235,080	289,328	129,110,265	132,053,041	Interest expenses Net interest income	(430,703) 554,167	(897,402)	(45,717,878) 51,048,047	(55,717,040)	Interest and commission receipts	1,082,631	1,829,085
Balances with central banks	1,079,166	743,866	-	-	Fee and commission income	97,760	75,706	10,086,348	8,791,768	Interest payments	(430,705)	(897,402)
Placements with banks / Financial Institutio		3,016,633	48,706,365	46,979,764	Fee and commission expenses	97,700	13,100	10,000,040			165,520	80,577
Derivative financial instruments	3,240	42,374	-	-	Net fee and commission income	97,760	75,706	10,086,348	8,791,768	Receipts/(outgoings) from other operating activities	(622,013)	(653,804)
Financial assets recognized through profito measured at fair value	1055		6,705,901		Net gains/(losses) from trading	-	-	-	-	Cash payments to employees and suppliers	(,)	(***,*** /
designated at fair value	-	-	0,705,901	-	Net fair value gains/(losses) on:	-	-	-	-	"Operating profit before changes in Operating	405 400	
Financial assets at amortised cost	-	-	-	-	financial assets at fair value through profit or loss financial liabilities at fair value through profit or loss	-	-	750,022	2,873,843	Assets and Liabilities"	195,433	358,455
Loans and Advances to customers	13,158,218	15,201,988	572,286,943	547,685,708	Net gains/(losses) on derecognition of financial assets:	-	-	-	-			
Debt and other financial instruments	800,389	3,627,391	25,419,298	-	at fair value through profit or loss	-	-	-	-			
Financial Assets measured at FVTOCI	5,802,702	8,724,871	1,159,711,639	1,036,217,535	at amortised cost	-	-	-	-	Increase in Operating Assets		
Investments in associates and joint ventu			4,658,303	-	at fair value through other comprehensive income	-	-	-	-	Deposits held for Regulatory or Monetary Control Purposes	(335,300)	507,125
Property, plant and equipment	446,522	492,581	62,620,129	63,679,312	Other operating income (net)	165.520	80.577	4,409,817	2,897,727	Financial assets at amortised cost - loans & advances	1,969,288	5,719,303
Goodwill and Intangible assets	22,003	30,910	1,848,922	1,867,244	Total operating income			66,294,234	73,363,246	Other Assets	32,720	(10,993)
Deferred tax assets	20,141	10,412.00	, , - 12	,,	Impairment charges for loans and other losses	(74,482)	(88,203)	3,501,227	(5,189,574)	Increase/(Decrease) in Operating Liabilities	- , -	
Other assets	98,379	91,964	60,172,058	62,793,791	Net operating income	742,964	924,057	69,795,461	68,173,672	Deposits from customers	(7 444 050)	(3.001.460)
Total assets		30 070 040	2,071,239,823	1 801 276 205	Personnel expenses	(250,001)	(242,062)	-	-		(7,144,350)	(3,901,462) 65,594
10101 033513	24,313,004	32,212,310	2,011,239,823	1,031,270,395	Depreciation and amortisation	(74,625)	(84,427)	(3,590,799)	(3,452,045)	Other Liabilities	<u>37,280</u> (5,244,929)	2,738,021
					Other expenses	(245,451)	(247,770)	(27,654,523)	(25,806,675)	Net Cash Generated from Operations	(3,244,323)	2,130,021
Liabilities					Operating profit before VAT & NBT on financial Services Value Addedd Tax(VAT) & Nation Building tax (NBT) on	172,887 (51,937)	349,798 (79,545)	38,550,139	38,914,952			
Due to banks	1,532,664	2,571,044	99,100,370	92,189,524	Financial Services	(31,937)	(13,343)	-				
Derivative financial instruments	1,598	6,702	-	-	Operating profit after value added tax (VAT)	120,949	270,253	38,550,139	38,914,952	Income Tax Paid	(73,769)	(104,689)
Financial liabilities recognized through					Share of profits of associates and joint ventures	-	-	690,426	518,852			
profit or loss					Profit before tax	120,949	270,253	39,240,565	39,433,804			
measured at fair value	-	-	-	-	Tax expense	(27,848)	(70,266)	(16,273,635)	(15,921,924)	Net Cash Flows Generated from Operating Activities	(5,318,698)	2,633,333
designated at fair value	-	-	-	-	Profit for the period	93,101	199,988	22,966,930	23,511,880	······		
Financial liabilities at amortised cost	-	-	-	-	Profit attributable to:							
due to depositors	14,415,564	21,559,914	1,572,890,782	1,388,737,961	Owners of the parent	93,101	199,988	22,854,456	23,463,425	Cash Flows from Investing Activities		
due to debt securities holders	-	-	-	- 92,387,816	Non-controlling interests	-	-	(112.474)	48,455	0	.1. 5 700 000	(4.000.007)
due to other borrowers	325,433	153,670	103,386,366	92,387,810	liame that will be real as ified to income statement	93,101	199,988	22,966,930	23,511,880	Net proceeds from maturity and purchase of Financial Investme		(4,336,687)
Debt securities issued Retirement benefit obligations	-	- 98,382	- 2,197,906	2,004,122	Items that will be reclassified to income statement Foreign currency translation reserve - Gain / (Loss) on					Proceed from maturity of other Placements with Banks	367,467	(551,012) 42,888
Current tax liabilities	92,509 7,754	53,675	2,197,900	2,004,122	translation of Foreign Operation	64,102	23,119	522,656	699,468	Purchase of Property, Plant and Equipments	54,966	42,000
Deferred tax liabilities	7,754		5,349,378	7,491,040	Net gains/(losses) on cash flow hedges	-	-	-	-			
Other provisions	14,459	13,387	-	-	Net gains/(losses) on investments in Financial Assets					Proceeds from Sale of Property, Plant and Equipment	-	-
Other liabilities	953,424	999,224	107,657,112	115,474,549	measured at fair value through other comprehensive income	(40,538)	37,780	(6,181,995)	6,439,804	Net Cash Flows generated from Investing Activities	6,131,066	(4,844,812)
		,			Share of profits of associates and joint ventures	-	-	(26,745)	13,019			
Total liabilities	17,343,405	25,455,998	1,890,581,914	1,698,285,012	Debt instruments at fair value through other							
Equity					comprehensive income Movement in share of surplus / deficit on revaluation	-	-	-	-	Cash flow from Financing Activities		
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	of associated undertaking- net of tax	-	-	(148,954)	(110,516)	gg		
Statutory reserve fund	247,176	242,521	36,900,413	34,628,527	Less: Tax expense relating to items that will be			(,	(,0.0)	Capital Infusion from Head Office	_	
Retained earnings	2,321,901	2,233,456	62,186,776	70,498,820	reclassified to income statement	9,729	(9,067)			Profit transferred to head office	-	-
Other reserves	433,013	370,835	68,907,913	75,234,875	Items that will not be reclassified to income						- (866,617)	2,098,635
Total shareholders' equity	6,971,599	6,816,320	179,845,702	192,212,822	statement	-	-	-	-	Increase/(Decrease) of borrowings	-	-
Non-controlling interests	-	-	812,207	778,561	Change in fair value on investments in equity instruments designated at fair value through					Decrease of Securities Sold Under Repurchase Agreement	(0.00 0.17)	
Total equity	6,971,599	6,816,320	180,657,909	192,991,383	other comprehensive income	-		-		Net cash generated from/(used in) financing Activities	(866,617)	2,098,635
Total equity and liabilities	24 315 004	32 272 318	2,071,239,823	1.891.276.395	Change in fair value attributable to change in the		-		-			
- stat equity and habilition	24,010,004	52,212,010	_,,200,020	.,,,	Bank's own credit risk on financial liabilities							
					designated at fair value through profit or loss Re-measurement of post-employment benefit	-	-	-	-	Net Increase in Cash and Cash Equivalents	(54,249)	(112,844)
Contingent liabilities and	10,077,133	24,637,147	723,700,270	740,375,303	obligations	-	-	(166,181)	(1,738,103)	Cash and Cash Equivalents at the Beginning of the per		267,191
commitments					Changes in revaluation surplus	-	-	(186,368)		Cash and Cash Equivalents at the End of the period	235,079	154,347
					Share of profits of associates and joint ventures	-	-	-	-			
Number of Employees	126	140	15,626	15,567	Less: Tax expense relating to items that will not be reclassified to income statement		-	-	-	Reconciliation of cash and cash equivalents	235,080	154,347
Number of Branches	8	8	1,430	1,429	Other comprehensive income for the period, net of taxes	33,293	51,832	(6,187,587)	5,303,672	Cash and cash equivalents	235,080	154,347
Note: Amount stated are net of impairemen	nt and depreciation	ı			Total comprehensive income for the period	126,394	251,820	16,779,343	28,815,552	Figures in brookste indicate de funtions		
					· ·					Figures in brackets indicate deductions.		
						STAT <u>EMEN</u> I	Г OF <u>CHAN</u>	GES IN EQUIT	Y		Sri Lanka ope	erations LKR 000
GROUP CASH FLOW STATEMEN					Group Pakistan PKR 000				A		etained Exchan	ge Total
For the Nine Months period en	ded 30th Sep	tember			2021 2020						Earnings Equilizati Reserv	on

For the Nine Months period ended 30th September	2021	2020
Cash Flows From Operating Activities		
Profit before taxation	39,240,565	39,433,804
Less: Dividend income and share of profit of associates	(1,918,804)	(1,148,062)
—	37,321,761	38,285,742
Adjsutments:		
Depreciation of fixed assets	1,909,306	1,787,456
Depreciation on right of use assets	1,294,059	1,291,383
Depreciation on non-banking assets acquired in satisfaction of claims	28,081	22,835
Amortisation	359,353	350,371
Provisions / (reversals) and write offs - net	(3,501,227)	5,189,574
Fixed assets written off	-	-
Worker welfare fund	780,151	767,073
Gain on sale of non-banking assets acuired in satisfaction of claims	(551,339)	(3,976)
Gain on sale of fixed assets	(46,988)	(43,823)
(Reversal)/ charge for defined benefit plans	377,438	263,546
unrealised loss on revaluation of investments classified as held for trading	40,468	(54,426)
Interest expensed on lease liability against right-of-use assets	1,051,304	1,358,910
Gain on termination of lease liability against right of use assets	(136,317)	-
	1,604,289	10,928,923

STATEMENT OF CHANGES IN EQUITY Sri Lanka operations LKR 000									
	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	312,883	6,845,205		
Total comprehensive income for the period Profit for the period	-	-							
Other comprehensive income (net of tax)	-	-		-	93,101	-	93,101		
Total comprehensive income for the period _	-	-	-	(30,809)		64,102	33,293		
				(30,809)	93,101	64,102	126,394		
Gain on revaluation of property, plant & equipment			-		-		-		
Transfers to reserves during the period	-	4,655	-	-	(4,655)	-	-		
Share issue/increase of assigned capital	-		-				-		
Profit transferred to head office	-	-	-	-	-	-	-		
Others _	-	-	-	-	(4.055)		-		
Total transactions with equity holders	-	4,655	-	-	(4,655)	-	-		
Balance as at 30th September 2021	3,969,508	247,176	69,080	(13,053)	2,321,902	376,985	6,971,598		

Sri Lanka Operation

Group

Decrease / (increase) in operating assets		
Lending to financial institutions	(11,875,095)	3,092,317
Held-for-trading securities	(4,168,032)	(23,187,494)
Advances	(21,343,836)	19,819,131
Others assets (excluding advance taxation)	(375,652)	17,625,452
	(37,762,615)	17,349,406
Increase in operating liabilities		
Bills payable	(12,455,215)	(1,632,724)
Borrowings from financial institutions	17,611,936	40,119,333
Deposits	184,152,821	137,812,490
Others liabilities (excluding current taxation)	6,734,642	(20,546,262)
	196,044,184	155,752,837
Defind benefits paid	(187,985)	(233,433)
Income tax paid	(15,986,817)	(10,328,829)
Net cash flow from operating activities	181,032,817	211,754,646
Cash flow from investing activities		
Net investments in available-for-sale securities	(159,151,718)	(211,785,245)
Net investments in held-to-maturity securities	(5,844,958)	16,768,806
Net cash inflow on amalgamation	(0,011,000)	-
Proceeds from divestment in a subsidiary	-	-
Dividends received	1,236,633	601,932
Investments in fixed assets	(2,317,001)	(1,917,693)
Investments in intangible assets	(319,662)	(141,486)
Proceeds from sale of fixed assets	205,458	64,846
Proceeds from sale of non-banking assets acquired insatisfaction of claims	1,887,103	39,000
Investments in non-banking assets acquired in satisfaction of claims	-	-
Effect of translation of net investment in foreign branches and subsidiaries	495,892	712,471
Net cash flow used in investing activities	(163,808,253)	(195,657,369)
Cash flow from financing activities		
Payments of subordinated debt	-	-
Payment of lease liability against right-of-use-assets	(1,797,410)	(1,645,992)
Dividend paid	(28,815,884)	(11,784,023)
Net cashflow used in financing activities	(30,613,294)	(13,430,015)
Effects of exchange rate changes on cash and cash equivalents	3,419,961	3,189,458
Increase in cash and cash equivalents	(9,968,769)	5,856,720
Cash and Cash equivalents at beginning of the period	157,275,681	159,797,050
Cash and Cash equivalents at end of the period		
. ,	147,306,912	165,653,770

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY						Group Pak	istan PKR 000
	Share 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	-	-	-	-	22,854,456	112,474	22,966,930
Other comprehensive income (net of tax)	-	-	(6,517,317)	495,892	(166,181)	19	(6,187,587)
Total comprehensive income for the period	-	-	(6,517,317)	495,892	22,688,275	112,493	16,779,343
Share Issued	-	-	-	-		-	-
Transfers to reserves during the period	-	2.271.886	-	-	(2,271,886)	-	-
Profit transferred to head office	-	-	-	-	-	-	-
Final cash dividend	-	-	-	-	(17,775,900)	(78.848)	(17,854,748)
Interim Cash dividends					(5,332,770)	(,)	(5,332,770)
					(5,925,300)	-	(5,925,300)
Others		-	(305,537)		305,537	-	(0,020,000)
Total transactions with equity holders	-	2,271,886	(305,537)	-	(31,000,319)	(78,848)	(29,112,818)
Balance as at 30th September 2021	11,850,600	36,900,413	21,980,497	46,927,416	62,186,776	812,206	180,657,908

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 30 September 2021

(sgd) Tahir Riaz Country General Manager 30 September 2021

	As of 30.09.2021	As of 31.12.2020	As of 30.09.2021	As of 31.12.2020
Regulatory Capital Adequacy (LKR in Million)				
Common Equity Tier 1	6,589	6,596		
Core Tier 1 Capital	6,589	6,596	143,911	152,901
Total Capital Base	6,757	6,738	171,650	188,409
Regulatory Capital Ratio (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7.00%)	40.54	37.75		
Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	40.54	37.75	15.0	17.0
Total Capital Ratio (Minimum Requirement - 12.50%)	41.57	38.56	17.9	21.0
Assets Quality - Loans Portfolio	6.70	4.87		
Gross Non - performing Ratio %(net of Interest in Suspense) Net Non - performing Ratio %(net of interest in suspense & Provisions)	6.70 4.78	4.87 3.87		
Net Non - performing Ratio %(net of interest in suspense & Provisions)	4./0	3.07		
Impaired Loans (Stage 3) Ratio (%)	4.61	4.36		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	30.08	42.02		
Profitability				
Interest Margin %	2.9	3.4		
Return on Assets %	0.5	0.7		
Return on Equity %	1.8	3.0		
Leverage Ratio (Minimum Requirement -3%)	25.62	14.3		
Net Stable Funding Ratio (Minimum Requirement -100%)	172.4	177.0		
Regulatory Liquidity				
Statutory Liquid Assets Rs mn -DBU	8,100	12,754		
Statutory Liquid Assets Rs mn - OSBU	943	1,886		
Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Domestic Banking Unit	48.9	64.2		
Off Shore Banking Unit	90.1	63.0		
Total Stock of High-Quality Liquid Assets (LKR in Million)	5,992.7	9,188.0		
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 100%)	444.2	599.0		
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	541.3	337.5		

EXPLANATORY NOTES

Group by PACRA

Short Term - A1+

Long Term - AAA

Exchange rate: Pak Rs. 1 = LKR 1.2372 (30th September 2021)

SELECTED PERFORMANCE INDICATORS

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 0.859 Mn (Year 2020 -70.87Mn)

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 (IASB) 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;

Island: Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountains of Pakistan as are notined under the Companies Act, ...
 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 how here classified and unlead in exercising with the strumenting encidence of the Devicted through under a circular with the struments and the preparation of the preparation of the provide a circular of through under a circular of through under a circular of the preparation of through under a circular of the preparation of the preparation of through under a circular of through under a circular of the preparation of through the preparation of through under a circular of the preparation of through under a circular of through under a circular of through under a circular of through under a circle of the preparation of through under a circle of through under a circular of through under a circle of through under a circ have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

Credit Ratings MCB Sri Lanka - [SL] A + stable by ICRA Lanka Limited **MCB Bank Limited**

Fort - Pettah - Maradana - Wellawatta Kandy - Kattankudy - Galle - Kollupiti ya