

**Basel III - Market Disclosures requirement Under Pillar III as per the Banking Act  
Direction No. 01 of 2016**

**Template 1**

**Key Regulatory Ratios - Capital and Liquidity**

Selected Performance Indicators	Sri Lanka Operation	
	As of 31.03.2018	As of 31.12.2017
<b>Regulatory Capital (LKR 000)</b>		
Common Equity Tier 1 Capital	5,899,209	5,893,670
Tier 1 Capital	5,899,209	5,893,670
Total Capital	5,270,303	5,260,698
<b>Regulatory Capital Ratio (%)</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 5.75%)	33.85	35.12
Tier 1 Capital Ratio (Minimum Requirement - 7.75%)	33.85	35.12
Total Capital Ratio (Minimum Requirement - 11.75%)	30.24	31.34
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets ( LKR 000)	4,843,110	5,705,135
Statutory Liquid Assets Ratio % -Minimum requirement 20%		
Domestic Banking Unit (%)	20.4	25.0
Off Shore Banking Unit (%)	23.4	25.4
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2018 - 90% ,2017-80%)	202.3	169.6
Liquidity Coverage Ratio (%) - All currencies (Minimum Requirement - 2018- 90% ,2017-80%)	138.6	237.2

Template 2

Basel III Computation of Capital Ratio

Item	Amount (LKR '000)	
	31.03.2018	31.12.2017
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	5,899,209	5,893,670
<b>Common Equity Tier 1 (CET1) Capital</b>	5,941,061	5,941,061
Equity Capital (Stated Capital)/Assigned Capital	3,969,508	3,969,508
Reserve Fund	192,003	192,003
Published Retained Earnings/(Accumulated Retained Losses)	1,713,200	1,713,200
Published Accumulated Other Comprehensive Income (OCI)	66,350	66,350
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to CET1 Capital</b>	<b>41,852</b>	<b>47,392</b>
Goodwill (net)	-	-
Intangible Assets (net)	41,852	47,392
Others (specify)	-	-
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	-	-
<b>Additional Tier 1 (AT1) Capital</b>	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to AT1 Capital</b>	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
<b>Tier 2 Capital after Adjustments</b>	<b>(628,907)</b>	<b>(632,972)</b>
<b>Tier 2 Capital</b>	<b>69,471</b>	<b>65,461</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	69,471	65,461
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	698,378	698,433
<b>Total Adjustments to Tier 2</b>	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
<b>CET1 Capital</b>	<b>5,899,209</b>	<b>5,893,670</b>
<b>Total Tier 1 Capital</b>	<b>5,899,209</b>	<b>5,893,670</b>
<b>Total Capital</b>	<b>5,270,303</b>	<b>5,260,698</b>

Item	Amount (LKR '000)	
	31.03.2018	31.12.2017
<b>Total Risk Weighted Assets (RWA)</b>	<b>17,429,653</b>	<b>16,759,159</b>
RWAs for Credit Risk	15,716,770	15,105,380
RWAs for Market Risk	6,813	21,272
RWAs for Operational Risk	1,706,071	1,632,508
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>33.85</b>	<b>35.17</b>
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		
<b>Total Tier 1 Capital Ratio (%)</b>	<b>33.85</b>	<b>35.17</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>30.24</b>	<b>31.39</b>
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		

Template 4

Bael III Computation of Liquidity Coverage Ratio - All Currencies

Item	Amount (LKR '000)			
	31.03.2018		31.12.2017	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	3,004,761	3,004,761	3,584,385	3,584,385
<b>Total Adjusted Level 1A Assets</b>	3,004,761	3,004,761	3,584,385	3,584,385
<b>Level 1 Assets</b>	3,004,761	3,004,761	3,584,385	3,584,385
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2A Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	-	-	-	-
<b>Level 2B Assets</b>	-	-	-	-
<b>Total Cash Outflows</b>	<b>29,237,558</b>	<b>8,671,470</b>	<b>29,821,146</b>	<b>8,452,331</b>
Deposits	7,931,639	793,164	7,739,848	1,547,970
Unsecured Wholesale Funding	9,818,047	6,764,538	10,157,261	6,351,117
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	11,487,616	1,113,512	11,923,825	2,654,033
Additional Requirements	256	256	213	213
<b>Total Cash Inflows</b>	<b>11,324,805</b>	<b>7,270,335</b>	<b>10,493,281</b>	<b>6,366,708</b>
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	11,322,897	7,268,427	10,492,846	6,366,273
Operational Deposits	-	-	-	-
Other Cash Inflows	1,908	1,908	435	435
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100</b>		<b>138.60</b>		<b>169.63</b>

**Template 5**  
**Basel III Main Features of Regulatory Capital Instruments**

Description of the Capital Instrument	Assigned Capital
Issuer	MCB Bank Pakistan
Unique Identifier (e.g., ISIN or Bloomberg Identifier for Private Placement)	
Governing Law(s) of the Instrument	Pakistan
Original Date of Issuance	N/A
Par Value of Instrument	N/A
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	LKR 3,969,508,163/-
Accounting Classification (Equity/Liability)	Equity
<b>Issuer Call subject to Prior Supervisory Approval</b>	
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A
Subsequent Call Dates, if Applicable	N/A
<b>Coupons/Dividends</b>	
Fixed or Floating Dividend/Coupon	N/A
Coupon Rate and any Related Index	N/A
Non-Cumulative or Cumulative	N/A
<b>Convertible or Non-Convertible</b>	
If Convertible, Conversion Trigger (s)	N/A
If Convertible, Fully or Partially	N/A
If Convertible, Mandatory or Optional	N/A
If Convertible, Conversion Rate	N/A

**Template 7**

**Basel III Credit Risk under Standardised Approach –Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

As at 31st March 2018	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On - Balance Sheet Amount	Off -Balance Sheet Amount	On - Balance Sheet Amount	Off -Balance Sheet Amount	RWA	RWA Density (%)
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	
Claims on Central Government and CBSL	4,256,643	-	4,256,643	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	2,030	-	2,030	-	2,030	100.00
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	2,060,633	1,715,744	2,060,633	34,315	700,026	33.41
Claims on Financial Institutions	4,645,603	16,881	3,136,348	8,440	1,661,112	52.82
Claims on Corporates	10,341,416	3,885,468	7,554,830	919,358	8,382,243	98.92
Retail Claims	752,006	172,303	533,630	54,954	556,461	94.54
Claims Secured by Residential Property	678,971	143,765	678,971	59,896	711,162	96.25
Claims Secured by Commercial Real Estate	2,489,465	1,164,055	1,974,125	266,974	2,241,099	100.00
Non-Performing Assets (NPAs)	689,047	-	689,047	-	1,003,085	145.58
Higher-risk Categories	58,992	-	58,992	-	147,480	250.00
Cash Items and Other Assets	522,327	-	522,327	-	312,071	59.75
<b>Total</b>	<b>26,497,132</b>	<b>7,098,215</b>	<b>21,467,575</b>	<b>1,343,937</b>	<b>15,716,770</b>	<b>68.90</b>

**Template 9**  
**Market Risk under Standardised Measurement Method**

Item	RWA Amount (LKR' 000) as at 31st March 2018
<b>(a) RWA for Interest Rate Risk</b>	-
<b>General Interest Rate Risk</b>	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iiii) Vertical Disallowance	-
(iv) Options	-
<b>Specific Interest Rate Risk</b>	-
<b>(b) RWA for Equity</b>	-
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
<b>( c ) RWA for Foreign Exchange &amp; Gold</b>	<b>809</b>
<b>Capital Charge for Market Risk [(a) + (b) + ( c ) * CAR</b>	<b>6,813</b>

### Template 10

#### Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach

Business Lines (20.5.1.4.0.0)	Capital Charge Factor	Fixed Factor 'm' (20.5.1.6.0.0)	Gross Income (LKR '000) as at 31st March 2018		
			1st Year	2nd Year	3rd Year
<b>The Basic Indicator Approach</b>	15%		930,709	1,342,275	1,553,934
<b>The Standardised Approach</b>			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		-	-	-
Commercial Banking	15%		-	-	-
The Alternative Standardised Approach			-	-	-
Sub Total			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Sub Total			-	-	-
Retail Banking	12%	0.035			
Commercial Banking	15%	0.035			
<b>Capital Charges for Operational Risk (LKR'000)</b>					
<b>The Basic Indicator Approach</b>	<b>1,607,306</b>				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk Weighted Amount for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	<b>191,346</b>				
The Standardised Approach	-				
The Alternative Standardised Approach	-				

## Template 11

### Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

As at 31st March 2018	Bank				
	a	b	c	d	e
	Carrying Value as Reported In Published Financial Statements	Carrying Value as under the Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from Capital
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Assets</b>	<b>27,217,170</b>	<b>27,202,361</b>	<b>22,166,922</b>	-	<b>5,873,858</b>
Cash and Cash Equivalents	210,256	210,256	210,256		
Balances with Central Banks	1,546,934	2,046,710	2,046,710		
Placements with Banks	2,064,449	1,561,602	1,561,602		
Derivative Financial Instruments	-				
Other Financial Assets Held-For- Trading	-	-	-		
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-
Loans and Receivables to Banks	393,724	393,724	393,724		
Loans and Receivables to Other Customers	19,121,063	19,166,814	14,173,227		5,133,628
Financial Investments - Available- For Sale	2,392,693	2,390,115	2,390,115		
Financial Investments - Held-To- Maturity	1,106,062	1,079,217	1,079,217		698,378
Investments in Subsidiaries	-	-	-		
Investments in Associates and Joint Ventures	-	-	-		
Property, Plant and Equipment	231,260	231,260	231,260		
Investment Properties	-	-	-		
Goodwill and Intangible Assets	41,852	41,852	-		41,852
Deferred Tax Assets	-	-	-		
Other Assets	108,876	80,811	80,811		
<b>Liabilities</b>	<b>21,059,075</b>	<b>21,058,551</b>	-	-	-
Due to Banks	5,134,301	5,097,210			
Derivative Financial Instruments	60,241				
Other Financial Liabilities Held-For-Trading					
Financial Liabilities Designated at Fair Value Through Profit or Loss					
Due to Other Customers	15,070,819	14,804,523			
Other Borrowings	77,652	76,800			
Debt Securities Issued	-	-			
Current Tax Liabilities	125,807	153,371			
Deferred Tax Liabilities	31,646	31,646			
Other Liabilities	558,610	895,001			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
<b>Off-Balance Sheet Liabilities</b>	<b>14,765,792</b>	<b>14,825,578</b>	<b>1,307,804</b>	<b>36,132</b>	-
Guarantees	1,532,148	1,532,148	154,709		
Performance Bonds	153,676	153,676	298,493		
Letters of Credit	1,455,751	1,409,218	281,844		
Other Contingent Items	4,968,542	5,073,849	572,758	36,132	
Undrawn Loan Commitments	4,859,912	4,859,912			
Other Commitments	1,795,762	1,796,775			
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital					
of which Amount Eligible for CET1	5,859,091	5,878,170			
of which Amount Eligible for AT1	-	-			
Retained Earnings	131,679	102,701			
Accumulated Other Comprehensive Income	109,448	105,060			
Other Reserves	57,876	57,879			
<b>Total Shareholders' Equity</b>	<b>6,158,094</b>	<b>6,143,810</b>	-	-	-