

MCB BANK LIMITED

Sri Lanka

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STATEMENT OF FINANCIAL POSITION		operations R 000	s Group Pakistan PKR 000		STATEMENT OF COMPREHENSIVE INCOME	Sri Lanka operations LKR 000		Group Pakistan PKR 000		CASH FLOW STATEMENT	Sri Lanka operations LKR 000	
As at	30.09.2019	31.12.2018 AUDITED	30.09.2019	31.12.2018 AUDITED	For the Nine months ended 30th September,	2019	2018	2019	2018	For the period ended 30th September	2019	2018
ASSETS					Interest income	2,372,828	2,054,768	105,533,314	61,541,250	Cash Flows From Operating Activities		
Cash and cash equivalents	207,691	221,412	114,646,150	110,165,006	Interest expenses	(1,144,617)	(972,937)	(59,508,698)	(26,392,134)	Interest and commission receipts	2,471,567	2,145,843
Balances with central banks	1,712,838	2,021,412	00 570 504	-	Net interest income	1,228,211	1,081,831	46,024,616	35,149,116	Interest payments	(1,144,617)	(972,937)
Placements with banks	1,150,285	752,542	32,578,531	52,488,007	Fee and commission income	98,740	91,075	9,048,543	8,620,082	Receipts/(outgoings) from other operating activities	(81,040)	32,604
Derivative financial instruments	-	284,488	C 44E 000	- 40 444 744	Fee and commission expenses	_	2	_	-	Cash payments to employees and suppliers	(793,803)	(615,278)
Financial assets at amortised cost	20.945.039	21,134,248	6,415,992 548,253,680	10,441,741 566,792,265	Net fee and commission income	98,740	91,075	9,048,543	8,620,082	Operating profit before changes in Operating		
Loans and Advances to customers	20,940,039	21,134,240	340,233,000	300,792,203	Other operating income (net)	(81,040)	32,604	2,974,167	3,962,085	Assets and Liabilities	452,107	590,232
Debt and other financial instrument / Held to maturity	2,380,685	2,227,311	24,054,981	23,552,948	Total operating income	1,245,911	1,205,510	58,047,326	47.731.283			
Investment securities at FVTPL/	2,300,003	2,221,311	24,054,901	23,332,940	Impairment charges for loans and other losses	(32,151)	(19,176)	(1,823,093)	2.524.688	Increase in Operating Assets		
Available for sale	4.206.054	3.146.982	838,710,692	716.371.560	Net operating income	1,213,761	1,186,334	56,224,233	50,255,971	Deposits held for Regulatory or Monetary Control Purposes	308,574	990,847
Investments in associates and joint ventures	, ,		4,066,934	4,019,526	Personnel expenses	(240,964)	(230,064)	,	,, 1	Financial assets at amortised cost - loans & advances	157,058	(518,122)
Property, plant and equipment	225,514	267,217	53,098,861	43,531,396	Depreciation and amortisation	(61,071)	(60,154)	(1,406,333)	(1 491 163)	Other Assets	255,585	(172,514)
Intangible assets	24,625	29,991	1,764,703	1,452,462	Other expenses	(391,264)	(212,256)	(27,702,225)		Increase/(Decrease) in Operating Liabilities		(45.8 58 59
Other assets	155,308	126,405	56,961,420		Operating profit before VAT & NBT on	(551,204)	(212,200)	(21,102,220)	(20,701,404)	Deposits from customers	(304,222)	2,467,711
Calor doors	100,000	120,100	00,001,120	00,000,000	financial Services	520,462	683,860	27 445 675	21,973,314	Other Liabilities	204,257	9,466
Total assets	31.008.039	30,212,008	1,680,551,944	1.585,210,007	Value Addedd Tax(VAT) & Nation Building	520,462	003,000	21,115,075	21,973,314	Net Cash Generated from Operations	1,073,360	3,367,620
	,,	, ,	, , ,	, , ,		(400 E04)	(442.004)					83 88
Liabilities					Tax (NBT) on Financial Services	(100,504)	(112,804)	07.445.075		Income Tax Paid	(130,547)	(139,765)
Due to banks	1,310,746	734,418	53,691,054	57,350,580	Operating profit after value added tax (VAT)	419,958	571,056	27,115,675	, ,		2012 10000000	000000000000000000000000000000000000000
Derivative financial instruments	119,695	2,427	-	-	Share of profits of associates and joint ventures	440.050	-	374,289	477,014	Net Cash Flows Generated from Operating Activities	942,814	3,227,854
Financial Liabilities at amortised cost					Profit before tax	419,958	571,056	27,489,964	22,450,328		7	=======================================
- Due to depositors	21,621,199	21,925,421	1,226,178,901	1,122,306,535	Tax expense	(109,473)	(144,301)	(11,327,158)		Cash Flows from Investing Activities		
Other borrowings	87,341	83,532	154,640,874	165,865,535	Profit for the period	310,485	426,755	16,162,806	13,623,505	Net proceeds from maturity and purchase		
Current tax liabilities	66,732	98,101	-	-						of Financial Investments	(1,185,997)	(106,013)
Deferred tax liabilities	24,963	14,667	2,538,060	1,983,145	Profit attributable to:					Proceed from maturity of other Placements with Banks	(397,743)	(1,512,517)
Provision	12,986	13,153	-	-	Owners of the parent	310,485	426,755	16,152,480	13,575,688	Purchase of Property, Plant and Equipments	47,069	22,408
Other liabilities	1,043,693	952,580	87,914,557	86,381,333	Non-controlling interests		-	10,326	47,817	Proceeds from Sale of Property, Plant and Equipment	-	-
Total liabilities	24,287,355	23,824,300	1,524,963,446	1,433,887,128		310,485	426,755	16,162,806	13,623,505	Net Cash Flows generated from Investing Activities	(1,536,672)	(1,596,123)
Equity					Other comprehensive income/(expenses)							
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	Actuarial gains and losses on defined benefit plans	-	-	(534, 194)	(679,241)	Cash flow from Financing Activities		
Statutory reserve fund	214,190	214,190	30,914,121	29,285,450	Foreign currency translation reserve - Gain / (Loss) or	า				Capital Infusion from Head Office	-	-
Retained earnings	2,214,941	1,904,457	53,791,119		translation of Foreign Operation	(3,957)	77,633	50,566	7,237	Profit transferred to head office	-	-
Other reserves	322,045	299,553	58,313,557	55,506,998	Net Change in Fair Value of Available-for-					Increase/(Decrease) of borrowings	580,137	(1,678,111)
Total shareholders' equity	6,720,684	6,387,708	154,869,397	150,614,127	Sale Financial Assets	26,448	(7,585)	1,683,289	(5,020,581)	Decrease of Securities Sold Under Repurchase Agreement		-
Non-controlling interests	6 700 604	6 207 700	719,101 155,588,498	708,752	Effect of translation of net investment in						580,137	(1,678,111)
Total equity	6,720,684 31,008,039	6,387,708	, ,	, ,	foreign branches and subsidiaries	-	-	1,228,029	552,190	Net cash generated from/(used in) financing Activities		- Victoria
Total equity and liabilities	15,682,635		1,680,551,944 736,245,091	, , ,	Less: Tax expense/(income) relating to			,	-,,	Net Increase in Cash and Cash Equivalents	(13,721)	(46,380)
Contingent liabilities and commitments	10,002,000	17,303,201	730,243,091	000,110,170	components of other comprehensive income	T.	(2,950)	(104,157)	(177,807)	Cash and Cash Equivalents at the Beginning of the year	221,412	197,472
Number of Employees	144	139	13,430	14,952	Other comprehensive income for the period,		, , , , ,			Cash and Cash Equivalents at the End of the year	207,691	151,092
Number of Employees Number of Branches	8	8	1,393	1.387	net of taxes	22,492	67.098	2,323,533	(5,318,202)			
Number of Dialitates	0	Ü	1,000	1,001	Total comprehensive income for the period	332,976	493,853	18,486,339	8,305,303	Reconciliation of cash and cash equivalents		
Note: Amount stated are net of impairement and depreciation	on						,	,,	-,,	Cash and cash equivalents	207,691	151,092
random states are not of impairement and depreciation											207,691	151,092
										Figures in brackets indicate deductions.		

GROUP CASH FLOW STATEMENT	Grou	Group Pakistan PKR 000		
For the period ended 30th September	2019	20		
Cash Flows From Operating Activities				
Profit before taxation	27,489,964	22,450,3		
_ess: Dividend income and share of profit of associates	(1,202,784)	(1,201,70		
Adjustments:	26,287,180	21,248,6		
Depreciation of fixed assets	1,642,213	1,657,4		
Depreciation on right of use assets	1,193,657	1,007,1		
Depreciation on non-banking assets acquired in satisfaction of claims	34,815	37,2		
Amortisation	290,609	264,4		
Provisions / (reversals) and write offs - net	1,823,093	(2,524,68		
Vorker welfare fund	551,441	466,3		
Gain on sale of fixed assets	(76,803)	(317,44		
Reversal)/ charge for defined benefit plans	9,825	2,082,3		
nrealised loss on revaluation of investments classified as held for trading	41,815	8,2		
Sain on sale of shares in associates	41,013	(51,3		
	31,797,845	22,871,2		
ecrease / (increase) in operating assets				
ending to financial institutions	24,957,038	(137,998,2		
eld-for-trading securities	3,977,983	(2,461,6		
dvances	19,110,736	(42,445,4		
thers assets (excluding advance taxation)	(9,060,999)	1,257,9		
	38,984,758	(181,647,3		
crease in operating liabilities				
ills payable	(6,588,807)	(9,562,1		
orrowings from financial institutions	(13,451,483)	(78,228,8		
eposits	103,872,366	95,542,		
thers liabilities (excluding current taxation)	2,912,467	760,0		
	86,744,543	8,511,		
efind benefits paid	(238,381)	(251,8		
ncome tax paid	(2,375,252)	(1,557,3		
et cash flow from operating activities	154,913,513	(152,073,3		
ash flow from investing activities et investments in available-for-sale securities	(122,338,902)	191,719,		
et investments in available-ior-sale securities	(329,608)	3,719,		
roceeds from divestment in an associate	(329,000)	295.		
ividends received	040.720			
ivestments in fixed assets	840,739	1,006,4		
vestments in intendiassets	(4,083,725) (578,679)	(3,390,0		
	, , ,	(236,1		
roceeds from sale of fixed assets	141,417	555,		
roceeds from sale of non-banking assets acquired insatisfaction of claims	40,000	682,		
ivestments in non-banking assets acquired in satisfaction of claims	(64,445)	(307,5		
ffect of translation of net investment in foreign branches and subsidiaries	1,228,029	552,		
et cash flow used in investing activities	(125,145,174)	194,597,		
ash flow from financing activities ayments of subordinated debt	(3,891,019)	(7		
ayments of subordinated debt ayment of lease liability against right-of-use-assets		(/		
, , , , , , , , , , , , , , , , , , , ,	(807,025)	(AE AAE A		
ividend paid	(14,108,885)	(15,445,1		
et cashflow used in financing activities	(18,806,929)	(15,445,9		
ffects of exchange rate changes on cash and cash equivalents	3,835,293	2,695,0		
crease in cash and cash equivalents	14,796,703	29,773,		
cash and Cash equivalents at beginning of the period	117,721,724	113,049,6		
Cash and Cash equivalents at end of the period	132,518,427	142,823,1		

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 2019	11,850,600	29,285,450	10,417,875	45,089,123	53,971,079	708,752	151,322,879			
Total comprehensive income for the year										
Profit for the year	_	2		_	16,152,480	10,326	16,162,806			
Other comprehensive income (net of tax)		-	1,579,132	1,278,572	(534,194)	23	2,323,533			
Total comprehensive income for the year	-	-	1,579,132	1,278,572	15,618,286	10,349	18,486,339			
Transfers to reserves during the period	12	1,628,671	2	_	(1,628,671)	-	-			
Final cash dividend	-	-	-	-	(4,740,240)	-	(4,740,240)			
Interim Cash dividends	-	=	2	-	(9,480,480)	_	(9,480,480)			
Others	-	5.	(51,145)	-	51,145	-	-			
Total transactions with equity holders	-	1,628,671	(51,145)	-	(15,798,246)	-	(14,220,720)			
Balance as at 30th September 2019	11,850,600	30,914,121	11,945,862	46,367,695	53,791,119	719,101	155,588,498			

STATEMENT OF CHANGES IN EQUITY Sri Lanka operations LKR (
	Assigned Capital	Reserve Fund	Revaluation Reserve	Available for Sale Reserve	Retained Earnings	Exchange Equilization Reserves	Tota		
Balance as at 01 January 2019	3,969,508	214,190	57,876	(7,253)	1,904,457	248,930	6,387,70		
otal comprehensive income for the year									
Profit for the year	5	15		5	310,485	ā	310,48		
Other comprehensive income (net of tax)	-	-		26,448	-	(3,957)	22,49		
otal comprehensive income for the year		-		26,448	310,485	(3,957)	332,9		
Sain on revaluation of property, plant & equipment	-	·	-	-	- 1	-			
ransfers to reserves during the period	2	-	-	-	-	2			
hare issue/increase of assigned capital	-	15	-	-	-	-			
Profit transferred to head office	-	-	-	-	-	-			
Others	2	12	U	2	-	1			
otal transactions with equity holders	-	-	-	-	-	-			
alance as at 30th September 2019	3,969,508	214,190	57,876	19,195	2,214,942	244,974	6,720,6		

SELECTED PERFORMANCE INDICATORS	Sri Lank	a Operation	Group		
	As of 30.09.2019	As of 31.12.2018	As of 30.09.2019	As of 31.12.2018	
Regulatory Capital Adequacy (LKR in Million)					
Common Equity Tier 1	6,212	6,213			
Core Tier 1 Capital	6,212	6,213	129,212	125,999	
Total Capital Base	5,772	5,726	146,117	143,503	
Regulatory Capital Ratio (%)					
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2018 - 6.375%, 2019 -7.00%)	30.38	30.14			
Tier 1 Capital Ratio (Minimum Requirement -2018 -7.875%, 2019 -8.50%)	30.38	30.14	15.2	14.9	
Total Capital Ratio (Minimum Requirement - 2018-11.875%, 2019-12.50%)	28.23	27.78	17.1	17.0	
Assets Quality - Loans Portfolio					
Gross Non - performing Ratio %(net of Interest in Suspense)	3.45	5.15	8.77	8.0	
Net Non - performing Ratio %(net of interest in suspense & Provisions)	2.99	4.71	9.46	8.6	
Profitability					
Interest Margin %	5.4	5.2	3.76	3.2	
Return on Assets %	1.4	1.6	1.32	1.4	
Return on Equity %	6.3	7.0	15.15	14.6	
Leverage Ratio (Minimum Requirement -3%)	16.0	14.8			
Net Stable Funding Ratio (Minimum Requirement - 2019 -100%)	143.8	114.3			
Regulatory Liquidity					
Statutory Liquid Assets Rs mn -DBU	7,182	4,766			
Statutory Liquid Assets Rs mn - OSBU	1,036	768			
Statutory Liquid Assets Ratio % -Minimum requirement 20%					
Domestic Banking Unit	33.7	23.2			
Off Shore Banking Unit	42.3	32.3			
Total Stock of High-Quality Liquid Assets (LKR in Million)	5,273.7	4,286.8			
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 2019 -100%, 2018-90%)	267.6	110.4			
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 2019 -100% , 2018-90%)	248.5	106.0			

EXPLANATORY NOTES

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, 2018, except for the Accounting Policies and methods of computation adopted to be in compliant with the requirements of the Sri Lanka Accounting Standard SLFRS - 16 on Leases, which became effective for Annual Financial periods from January 01, 2019.

2. SLFRS 9 - 'Financial Instruments' is applicable for financial period on or after 1st January 2018 and it sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 "Financial Instruments: Recognition and Measurement". The requirements of SLFRS 9 represent a significant change from LKAS 39. Accordingly adoption of SLFRS 9 are recognised in retained earnings and reserves as at 1st January 2018. Hence the information presented in the Statement of Profit or Loss and Other Comprehensive Income for 30th September 2018 does not reflect the requirement of SLFRS 9 and therefore is not comparable to the information presented for 2019.

3. Other operating income includes the swap cost incurred from buying and selling two currencies at two different maturities amounting to SLRS 154.05 Mn (Year 2018:

4. 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,

- 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 Pakistan through 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.

(sgd) Aali Shafi Country General Manager 28th November 2019

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 = LKR 1.164 (30th September 2019)

MCB BANK LIMITED