

MCB Bank Limited Sri Lanka

Interim Financial Statements

Bank for Life SII Lai												
STATEMENT OF FINANCIAL POSITIO	N Sri Lank	a operations (R 000	ations Group Pakistan PKR 000		STATEMENT OF COMPREHENSIVE INCOM		ME Sri Lanka operations LKR 000		Pakistan R 000	CASH FLOW STATEMENT	Sri Lanka operations LKR	
As at	30.06.2023 Unaudited	12.31.2022 Audited	30.06.2023 Unaudited	31.12.2022 Audited	For the six months ended 30 th June	2023	2022	2023	2022	For the period ended 30 th June	2023	2022
Assets					Interest income	2,151,086	1,035,562	160,232,937	92,315,591			
Cash and cash equivalents	449,993	260,570	200,723,379	110,275,163	Interest expenses	(692,157)	(377,198)	(86,015,544)	(50,066,043)	Cash Flows From Operating Activities		
Balances with central banks	2,293,033	1,418,618	-	-	Net interest income	1,458,928	658,364	74,217,393	42,249,548	Interest and commission receipts	2,191,744	454,531
Placements with banks / Financial Institutions	3,683,702	6,337,049	130,049,025	82,748,617	Fee and commission income	40,658	24,226	9,902,627	7,373,534	•	, ,	,
Derivative financial instruments	-	-	-	-	Fee and commission expenses Net fee and commission income	(12,602) 28,056	(9,044) 15,182	9,902,627	7,373,534	Interest payments	(692,157)	(178,556)
Financial assets recognized through profit or loss					Net gains/(losses) from trading	-	-	5,502,627	-	Receipts/(outgoings) from other operating activities	278,426	1,215
measured at fair value	-	-	-	-	Net fair value gains/(losses) on:	-	-	-	-	Cash payments to employees and suppliers	(693,849)	(215,324)
designated at fair value	-	-	104,866	1,105,496	financial assets at fair value through profit or loss	-	-	85,690	389,967	Operating profit before changes in Operating		
Financial assets at amortised cost					financial liabilities at fair value through profit or loss					Assets and Liabilities	1,084,164	61,865
Loans and Advances to customers	8,077,112	10,568,197	692,405,228	844,985,763	Net gains/(losses) on derecognition of financial	_	_	_	_			
Debt and other financial instrument	-	-	48,864,274	40,126,259	assets:	-	-	-	-			
Financial Assets measured at FVTOCI	11,949,573	6,701,555	1,167,273,168	994,254,825	at fair value through profit or loss					Increase in Operating Assets		
Investments in associates and joint ventures	-	-	6,866,141	5,402,479	at amortised cost at fair value through other comprehensive income	-	-	-	-	Deposits held for Regulatory or Monetary Control Purposes	(874,415)	(72,077)
Property, plant and equipment	474,930	514,258	84,798,138	85,021,165	Other operating income (net)	278,426	74,802	5,407,153	5,465,855	Financial assets at amortised cost - loans & advances	2,457,350	1,045,515
Goodwill and Intangible assets	18,481	26,300	1,667,236	1,682,671	Total operating income	1,765,411	748,348	89,612,863	55,478,904	Other Assets		
Deferred tax assets	66,390	130,162	12,059,916	5,439,278	Impairment charges for loans and other losses	(33,735)	(3,726)	2,230,515	(921,170)		(34,246)	(25,166)
Current tax assets	-	-	-	-	Net operating income Personnel expenses	1,731,675	744,621	87,382,348	56,400,074	Increase/(Decrease) in Operating Liabilities		
Other assets	131,175	96,928	153,869,058	103,291,437	Depreciation and amortisation	(216,458) (47,049)	(182,344) (42,512)	(13,019,997) (2,828,626)	(10,753,987) (2,555,094)	Deposits from customers	(1,300,101)	1,555,421
Total assets	27,144,388	26,053,639	2,498,680,429	2,274,333,153	Other expenses	(214,245)	(163,609)	(13,395,803)	(10,005,169)	Other Liabilities	(470,764)	513,623
					Operating profit before VAT on financial					Net Cash Generated from Operations	861,988	3,079,181
Liabilities					Services Value Addedd Tax on Financial Services and	1,253,924	356,157	58,137,922	33,085,824	·	•	
Due to banks	2,309,686	_	256,487,732	349,970,905	Social Security Contribution Levy	(250,544)	(85,110)	_		Income Tax Paid	(370,055)	(152,232)
Derivative financial instruments	-		-	-	Operating profit after value added tax (VAT)	1,003,380	271,046	58,137,922	33,085,824	moome rax raid	(070,000)	(102,202)
Financial liabilities recognized through profit or loss					Share of profits of associates and joint ventures	-	-	331,678	362,387	N (404.000	0.000.040
measured at fair value	-	-	-	-	Profit before tax	1,003,380	271,046	58,469,600	33,448,211	Net Cash Flows Generated from Operating Activities	491,933	2,926,949
designated at fair value	-	-	-	-	Tax expense	(376,177)	(81,314)	(29,795,186)	(22,061,683)			
Financial liabilities at amortised cost					Profit for the period	627,203	189,732	28,674,414	11,386,528			
due to depositors	14,409,227	15,709,328	1,855,100,177	1,532,695,961	Profit attributable to: Owners of the parent	627,203	189,732	28,598,730	11,369,337	Cash Flows from Investing Activities		
due to debt securities holders	-	-	-	-	Non-controlling interests	627,203	169,732	28,598,730 75,684	17,369,337	•	(5.005.440)	000 505
due to other borrowers	76,953	-	3,321,391	6,045,705		627,203	189,732	28,674,414	11,386,528	Net proceeds from maturity and purchase of Financial Investments	(5,035,442)	990,585
Debt securities issued	-	-	-	-	Items that will be reclassified to income					Proceed from maturity of other Placements with Banks	2,653,347	(2,419,573)
Retirement benefit obligations	58,921	63,526	-	-	statement					•		, , , , , , , , , , , , , , , , , , , ,
Current tax liabilities	299,288	293,166	-	-	Foreign currency translation reserve - Gain / (Loss) on translation of Foreign Operation	(325,519)	782,429	5,292,903	(552,953)	Purchase of Property, Plant and Equipments	99	19,856
Deferred tax liabilities	-	-	-	-	Net gains/(losses) on cash flow hedges	(020,010)	-	-	-	Proceeds from Sale of Property, Plant and Equipment		
Other provisions	45,374	30,958	-	-	Net gains/(losses) on investments in Financial						(2.224.225)	// /**
Other liabilities	1,116,110	1,271,164	174,309,124	191,142,835	Assets measured at fair value through other comprehensive income	212,575	34,674			Net Cash Flows generated from Investing Activities	(2,381,997)	(1,409,132)
Total liabilities	18,315,559	17,368,143	2,289,218,424	2,079,855,406	Share of profits of associates and joint ventures	212,575	34,674	106,395	33,925			
					Debt instruments at fair value through other			100,000	00,020			
Equity					comprehensive income	-	-	-	-	Cash flow from Financing Activities		
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	Movement in share of surplus / deficit on revaluation of associated undertaking- net of tax			(3,987,294)	(8,717,789)	Capital Infusion from Head Office	_	_
Statutory reserve fund	312,520	281,160	98,101,472	89,640,476	Less: Tax expense relating to items that will be	-	-	(3,307,234)	(0,717,709)	Profit transferred to head office	(307,153)	
Retained earnings	3,309,282	3,020,592	13,754,152	19,458,482	reclassified to income statement	(63,773)	(8,322)	-	-			(4.070.000)
Other reserves	1,237,519	1,414,236	85,431,688	72,795,700	Items that will not be reclassified to income statement					Increase/(Decrease) of borrowings	2,386,639	(1,073,623)
Total shareholders' equity	8,828,829	8,685,496	209,137,912	193,745,258	Change in fair value on investments in equity	-	-	-	-	Decrease of Securities Sold Under Repurchase Agreement		-
Non-controlling interests	-		324,093	732,489	instruments designated at fair value through other					Net cash generated from/(used in) financing Activities	2,079,486	(1,073,623)
Total equity	8,828,829	8,685,496	209,462,005	194,477,747	comprehensive income	-	-	-	-			
Total equity and liabilities	27,144,388	26,053,639		2,274,333,153	Change in fair value attributable to change in the Bank's own credit risk on financial liabilities					Net Increase in Cash and Cash Equivalents	189,423	444,195
				_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	designated at fair value through profit or loss	-	-	-	-	Cash and Cash Equivalents at the Beginning of the year	260,570	220,254
Contingent liabilities and commitments	8,056,330	6,222,613	846,997,650	706,450,061	Re-measurement of post-employment benefit					Cash and Cash Equivalents at the End of the year	449,993	664,449
	-,,	-,,,-	,,	,,	obligations	-	-	292,162 (523,677)	164,273 (173,085)	Sacration and the sacration at the said of the your	440,000	007,770
					Changes in revaluation surplus Share of profits of associates and joint ventures	-	-	(523,677)	(173,000)	Barrier Walter of each and as I am I at I		
Number of Employees	116	114	16,183	16,671	Less: Tax expense relating to items that will not be					Reconciliation of cash and cash equivalents		
Number of Branches	5	6	1,439	1,448	reclassified to income statement			-	-	Cash and cash equivalents	449,993	664,449
					Other comprehensive income for the period, net of taxes	(176 716)	808,781	1,180,489	(9 245 620)		449,993	664,449
					not of taxes	(176,716)	000,701	1, 100,409	(9,245,629)			
Note: Amount stated are net of impairement and depre	ciation				Total comprehensive income for the period	450,486	998,513	29,854,903	2,140,899	Figures in brackets indicate deductions.		
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GROUP CASH FLOW STATEMENT	Group Pakis	Group Pakistan PKR 000'		
For the period ended 30 th June Cash Flows From Operating Activities	2023	2022		
Profit before taxation	58,469,600	33,448,21		
Less: Dividend income and share of profit of associates	(1,710,857)	(1,467,18		
•	56,758,743	31,981,02		
Adjsutments:	4 502 440	4 055 40		
Depreciation of fixed assets	1,583,418	1,355,43		
Depreciation on right of use assets	961,951	884,28		
Depreciation on non-banking assets acquired in satisfaction of claims	11,939	11,97		
Amortisation	271,318	303,39		
Provisions / (reversals) and write offs - net	2,230,515	(921,17		
Fixed assets written off	-	-		
Worker welfare fund	1,175,069	667,30		
Gain) / Loss on sale of fixed assets - net	(9,619)	(31,72		
Gain on sale of non-banking assets acuired in satisfaction of claims	(776)	- (7.22		
Gain on conversion of Ijarah agreements (Reversal)/ charge for defined benefit plans	(8,809) 148,131	(7,22- 90,81:		
unrealised loss on revaluation of investments classified as held for trading	11,936	43,45		
Interest expensed on lease liability against right-of-use assets	715,656	697,09		
Gain on termination of lease liability against right of use assets	(37,720)	(42,59		
, , ,	63,811,752	35,032,08		
Decrease / (increase) in operating assets				
Lending to financial institutions	(20,213,226)	(56,555,70		
Held-for-trading securities	(116,802)	(7,021,91		
Advances	152,227,248	(15,869,89		
Others assets (excluding advance taxation)	(36,634,040)	(16,165,35		
	95,263,180	(95,612,86		
Increase in operating liabilities	(04.754.004)	(40.040.40		
Bills payable	(24,754,331)	(10,812,40		
Borrowings from financial institutions	(96,072,164)	(111,326,36		
Deposits	322,404,216	198,501,23		
Others liabilities (excluding current taxation)	(10,802,239) 190,775,482	5,664,71 82,027,18		
Defind benefits paid	(132,813)	(128,79		
Income tax paid	(25,627,333)	(12,646,51		
Net cash flow from operating activities	324,090,268	8,671,10		
Cash flow from investing activities	(496 294 055)	26 445 07		
Net investments in available-for-sale securities	(186,284,955)	26,415,97		
Net investments in held-to-maturity securities Acquisition of additional interest in subsidiary	(8,950,874) (649,925)	554,37		
Net investment in associates	(162,602)	84,86		
Dividends received	1,483,392	1,189,81		
Investments in fixed assets	(3,183,043)	(2,040,03		
Investments in intangible assets	(250,355)	(120,49		
Proceeds from sale of fixed assets	1,741,500	50,85		
Proceeds from sale of non-banking assets acquired insatisfaction of claims	87,000	87,80		
Proceeds from divestment in a subsidiary	-	-		
Effect of translation of net investment in foreign branches and subsidiaries	5,292,903	(552,95		
Net cash flow used in investing activities	(190,876,959)	25,670,19		
Cash flow from financing activities				
Payments of subordinated debt	-	-		
Payment of lease liability against right-of-use-assets	(1,451,151)	(1,147,42		
Dividend paid	(14,091,437)	(11,825,60		
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Increase in cash and cash equivalents						129,092,728	26,021,467
Cash and Cash equivalents at beginning o	f the period					124,208,540	192,140,943
Cash and Cash equivalents at end of the p	period				•	253,301,268	218,162,410
STATEMENT OF CHANGES IN E	QUITY					Group Pakis	tan PKR 000
	Share capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained earnings	Minority Interest	Total
Balance as at 01st January 2023	11,850,600	41,313,438	19,458,482	48,327,038	72,795,700	732,489	194,477,747
Total comprehensive income for the year Profit for the year	_	_	_	_	28.598.730	75,684	28,674,414
Other comprehensive income (net of tax)	-	_	(4,510,971)	5,399,173	292,162	125	1,180,489
Total comprehensive income for the year	11,850,600	41,313,438	14,947,511	53,726,211	101,686,592	808,298	224,332,650
Share Issued	-	-	-	-	-	-	-
Transfers to reserves during the period	-	3,061,823	-	-	(3,061,823)	-	-
Profit transferred to head office	-	-	-	-	-	-	<u> </u>
Final cash dividend	-	-	-	-	(7,110,360)	-	(7,110,360)
Interim Cash dividends	-	-	-	-	(7,110,360)	-	(7,110,360)
Others	-	-	(1,193,359)	-	1,027,639	(484,205)	(649,925)
Total transactions with equity holders	-	3,061,823	(1,193,359)		(16,254,904)	(484,205)	(14,870,645)
Balance as at 30 th June 2023	11,850,600	44,375,261	13,754,152	53,726,211	85,431,688	324,093	209,462,005

STATEMENT OF CHANGES IN EQUITY Sri Lanka operations LKR 000									
	Assigned Capital	Reserve Fund	Revaluation Reserve	Reserve for FVTOCI	Retained Earnings	Exchange Equilization Reserves	Total		
Balance as at 01st January 2023	3,969,508	281,160	141,799	5,739	3,020,592	1,266,698	8,685,49		
Change in the foreign exchange reserve				•	-				
Fotal comprehensive income for the year									
Profit for the year	-	-			627,203		627,20		
Other comprehensive income (net of tax)				148,803		(325,519)	(176,71		
Total comprehensive income for the year				148,803	627,203	(325,519)	450,48		
ain on revaluation of property, plant & equipment					-				
ransfers to reserves during the period		31,360	-	-	(31,360)	-	-		
hare issue/increase of assigned capital	-		-				-		
rofit transferred to head office	-	-	-	-	(307,153)		(307,1		
thers						-	-		
otal transactions with equity holders		31,360			(338,513)	-	(307,1		
Balance as at 30 th June 2023	3,969,508	312,520	141,799	154,542	3,309,282	941,179	8,828,8		

SELECTED PERFORMANCE INDICATORS	Sri La	nka Operation		Group		
	As of 30.06.2023	As of 31.12.2022 Audited	As of 30.06.2023	As of 31.12.2022 Audited		
Regulatory Capital Adequacy (LKR in Million)						
Common Equity Tier 1	7,556	6,101				
Core Tier 1 Capital	7,556	6,101	174,320	160,614		
Total Capital Base Regulatory Capital Ratio (%)	7,674	6,538	198,808	185,384		
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7.00%)	63.99	33.95				
Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	63.99	33.95	17.1	16.3		
Total Capital Ratio (Minimum Requirement - 12.50%)	64.99	36.38	19.5	18.8		
Assets Quality - Loans Portfolio						
Impaired Loans (Stage 3) Ratio (%)	4.96	5.09				
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	62.56	55.41				
Profitability						
Interest Margin %	11.86	8.16				
Return on Assets %	5.10	2.74				
Return on Equity %	14.58	9.01				
Leverage Ratio (Minimum Requirement -3%)	27.32	22.91				
Net Stable Funding Ratio (Minimum Requirement -100%)	216.05	190.55				
Regulatory Liquidity						
Statutory Liquid Assets Rs mn -DBU	14,671	11,773				
Statutory Liquid Assets Rs mn - OBU	1,231	922				
Statutory Liquid Assets Ratio % -Minimum requirement 20%	44.4.60	70.05				
Domestic Banking Unit	114.68	79.05				
Off Shore Banking Unit	87.50	42.37				
Total Stock of High-Quality Liquid Assets (LKR in Million)	10,625	7,475				
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 100%)	1,155	984				
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	1,421	672				

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,

2. 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 (SBP) has deferred the applicability of International Financial Reporting Standard (IFRS) 9, 'Financial Instruments: Recognition and Measurement' SBP's BPRD Circular Letter no. 07 dated April 13, 2023 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.

Credit Ratings

Long Term - AAA

Exchange rate: Pak Rs. 1 = LKR 1.082 (30th June 2023)

Effects of exchange rate changes on cash and cash equivalents

11,422,007

4,653,192

Media Monkey (Pvt) Ltd