

## MCB Bank Limited Sri Lanka

## **Interim Financial Statements**

Bank for Life STI LATIKA												
STATEMENT OF FINANCIAL POSITIO	ON Sri Lank Li	a operations KR 000	Grou P	p Pakistan KR 000	STATEMENT OF COMPREHENSIVE INCOMI	E Sri L	anka operation LKR 000		Pakistan R 000	CASH FLOW STATEMENT	Sri Lanka operat	tions LKR 000
As at	31.03.2023	31.12.2022 Audited	31.03.2023	31.12.2022 Audited	For the three months ended 31st March	2023	2022	2023	2022	For the period ended 31st March	2023	2022
Assets					Interest income	1,078,225	443,767	70,233,790	42,688,643			
Cash and cash equivalents	244,365	260,570	157,308,119	110,275,163	Interest expenses	(341,859)	(178,556)	(37,191,367)	(23,330,894)	Cash Flows From Operating Activities		
Balances with central banks	770,733	1,418,618	-	-	Net interest income	736,366	265,210	33,042,423	19,357,749	Interest and commission receipts	1,096,037	454,531
Placements with banks / Financial Institutions	3,709,106	6,337,049	170,617,015	82,748,617	Fee and commission income Fee and commission expenses	17,811 (5,860)	10,764 (3,606)	4,648,625	3,548,604	Interest payments	(341,859)	(178,556)
Derivative financial instruments	-	-	-	-	Net fee and commission income	11,951	7,158	4,648,625	3,548,604	Receipts/(outgoings) from other operating activities	156,921	1,215
Financial assets recognized through profit or loss			4 450 407	4 405 400	Net gains/(losses) from trading	-	-	-	-	Cash payments to employees and suppliers	(320,163)	(215,324)
measured at fair value designated at fair value	-	-	1,158,107	1,105,496	Net fair value gains/(losses) on: financial assets at fair value through profit or loss	-	-	- 96,399	- 292,850		(320,103)	(210,024)
Financial assets at amortised cost	-		-	-	illiancial assets at fair value through profit of loss	-	-	90,399	292,030	Operating profit before changes in Operating		
Loans and Advances to customers	8,925,813	10,568,197	752,749,051	844,985,763	financial liabilities at fair value through profit or loss	-	-	-	-	Assets and Liabilities	590,935	61,865
Debt and other financial instrument	-	-	40,517,798	40,126,259	Net gains/(losses) on derecognition of financial assets:							
Financial Assets measured at FVTOCI	9,787,521	6,701,555	960,885,667	994,254,825	at fair value through profit or loss	-	-	-	-	Increase in Operation Access		
Investments in associates and joint ventures	-	-	5,680,632	5,402,479	at amortised cost	-	-	-	-	Increase in Operating Assets	0.47.005	(70.077)
Property, plant and equipment	494,389	514,258	85,503,856	85,021,165	at fair value through other comprehensive income				<del>-</del>	Deposits held for Regulatory or Monetary Control Purposes	647,885	(72,077)
Goodwill and Intangible assets	22,313	26,300	1,653,133	1,682,671	Other operating income (net)  Total operating income	156,921 <b>905,238</b>	1,215 <b>273,583</b>	1,742,171 39,529,618	2,034,097 <b>25,233,300</b>	Financial assets at amortised cost - loans & advances	1,592,135	1,045,515
Deferred tax assets	106,931	130,162	11,736,492	5,439,278	Impairment charges for loans and other losses	(50,249)	11,637	(739,955)	992,388	Other Assets	(13,083)	(25,166)
Current tax assets	-	-	-	-	Net operating income	854,989	285,220	38,789,663	26,225,688	Increase/(Decrease) in Operating Liabilities		
Other assets	110,012	96,928	126,746,083	103,291,437	Personnel expenses	(94,796)	(91,758)	(6,439,033)	(5,310,650)	Deposits from customers	(2,483,296)	1,555,421
Total assets	24,171,183	26,053,639	2,314,555,953	2,274,333,153	Depreciation and amortisation Other expenses	(23,995) (109,337)	(21,341) (77,103)	(1,377,038) (6,336,330)	(1,153,582) (4,618,746)	Other Liabilities	(265,452)	513,623
					Operating profit before VAT on financial	(100,001)	(11,100)		, ,	Net Cash Generated from Operations	69,123	3,079,181
Liabilities					Services	626,862	95,018	24,637,262	15,142,710	not such contains from operations	00,120	0,010,101
Due to banks	755,341		239,060,016	349,970,905	Value Addedd Tax on Financial Services and Social Security Contribution Levy	(110,170)	(24,703)	_	-	Income Tax Paid	(186,163)	(152,232)
Derivative financial instruments	-		-	-	Operating profit after value added tax (VAT)	516,691	70,316	24,637,262	15,142,710	IIICUIIIE I AX FAIU	(100,103)	(152,252)
Financial liabilities recognized through profit or loss					Share of profits of associates and joint ventures	-	70,316	3,757	204,471	N 4 0 1 5 1 0 4 1 4 0 4 1 A 4 1 1 1	(447.040)	
measured at fair value	-	-	-	-	Profit before tax	516,691	70,316	24,641,019	15,347,181	Net Cash Flows Generated from Operating Activities	(117,040)	2,926,949
designated at fair value	-	-	-	-	Tax expense	(188,059)	(17,579)	(10,661,773)	(6,241,532)			
Financial liabilities at amortised cost					Profit for the period	328,633	52,737	13,979,246	9,105,649			
due to depositors	13,226,032	15,709,328	1,702,739,734	1,532,695,961	Profit attributable to: Owners of the parent	328,633	52,737	13,928,020	9,082,889	Cash Flows from Investing Activities		
due to debt securities holders	-	-	-	-	Non-controlling interests		-	51,226	22,760	·	(2.000.527)	000 505
due to other borrowers	33,368	-	8,347,200	6,045,705		328,633	52,737	13,979,246	9,105,649	Net proceeds from maturity and purchase of Financial Investments	(3,008,527)	990,585
Debt securities issued	-		-	-	Items that will be reclassified to income					Proceed from maturity of other Placements with Banks	2,627,943	(2,419,573)
Retirement benefit obligations	66,705	63,526	-	-	statement Foreign currency translation reserve - Gain /					Purchase of Property, Plant and Equipments	(138)	19,856
Current tax liabilities Deferred tax liabilities	295,062	293,166	-	-	(Loss) on translation of Foreign Operation	(206, 192)	494,714	(10,302)	14,187	, ,	(100)	10,000
Other provisions	30,958	30,958	-	-	Net gains/(losses) on cash flow hedges	-	-	-	-	Proceeds from Sale of Property, Plant and Equipment	-	-
Other liabilities	1,208,725	1,271,164	166,080,021	191,142,835	Net gains/(losses) on investments in Financial Assets measured at fair value through other					Net Cash Flows generated from Investing Activities	(380,722)	(1,409,132)
Total liabilities	15,616,191	17,368,143	2,116,226,971	2,079,855,406	comprehensive income	77,439	(13,142)	-	-	Not oddin now generated from investing Activities	(000,122)	(1,400,102)
Total Habilities	10,010,101	,,	_,,,,,,	_,,,	Share of profits of associates and joint ventures	-	-	-	-			
					Debt instruments at fair value through other comprehensive income	-	-	-	-	Cash flow from Financing Activities		
Equity					Movement in share of surplus / deficit on					ů		
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	revaluation of associated undertaking- net of tax	-	-	(8,027,884)	(3,212,934)	Capital Infusion from Head Office	-	-
Statutory reserve fund	297,591	281,160	96,124,097	89,640,476	Less: Tax expense relating to items that will be reclassified to income statement	(23,232)	3,154			Profit transferred to head office	(307,153)	
Retained earnings	3,025,641	3,020,592	11,387,731	19,458,482	Items that will not be reclassified to income	(20,202)	0,104			Increase/(Decrease) of borrowings	788,709	(1,073,623)
Other reserves	1,262,252	1,414,236	78,182,720	72,795,700	statement	-	-	-	-	Decrease of Securities Sold Under Repurchase Agreement	-	-
Total shareholders' equity	8,554,992	8,685,496	197,545,148	193,745,258	Change in fair value on investments in equity instruments designated at fair value through other					Net cash generated from/(used in) financing Activities	481,556	(1,073,623)
Non-controlling interests	-	-	783,834	732,489	comprehensive income	-	-	-	-	, ,		( / = = / = = /
Total equity	8,554,992	8,685,496	198,328,982	194,477,747	Change in fair value attributable to change in the					Net Increase in Cash and Cash Equivalents	(16,206)	444,195
Total equity and liabilities	24,171,183	26,053,639	2,314,555,953	2,274,333,153	Bank's own credit risk on financial liabilities designated at fair value through profit or loss		-	5,020,535	(1,184,593)	Cash and Cash Equivalents at the Beginning of the year	260,570	220,254
Contingent liabilities and commitments	5,745,301	6,222,613	825,478,786	706,450,061	Re-measurement of post-employment benefit			-,,	(1,104,000)	Cash and Cash Equivalents at the End of the year		664,449
Contingent habilities and commitments	5,745,301	0,222,013	023,470,700	700,430,001	obligations	-	-	-	-	Cash and Cash Equivalents at the End of the year	244,365	004,449
					Changes in revaluation surplus Share of profits of associates and joint ventures	-	<u>-</u>	-	-			
Number of Employees	119	114	16,772	16,671	Less: Tax expense relating to items that will not be	-	-			Reconciliation of cash and cash equivalents		
Number of Branches	6	6	1,445	1,448	reclassified to income statement			-	-	Cash and cash equivalents	244,365	664,449
					Other comprehensive income for the period, net of taxes	(151 094)	484,726	(3.017.654)	(4 383 340)		244,365	664,449
					Hot of taxes	(151,984)	404,720	(3,017,651)	(4,383,340)			
Note: Amount stated are net of impairement and depr	reciation				Total comprehensive income for the period	176,649	537,463	10,961,595	4,722,309	Figures in brackets indicate deductions.		
										•		

GROUP CASH FLOW STATEMENT	Group Pakis	Group Pakistan PKR 000'				
For the period ended 31 <sup>st</sup> March Cash Flows From Operating Activities	2023	2022				
Profit before taxation	24,641,019	15,347,181				
Less: Dividend income and share of profit of associates	(657,939)	(903,233)				
	23,983,080	14,443,948				
Adjsutments:						
Depreciation of fixed assets	770,627	655,047				
Depreciation on right of use assets	466,482	370,120				
Depreciation on non-banking assets acquired in satisfaction of claims	5,970	5,986				
Amortisation	133,959	122,429				
Provisions / (reversals) and write offs - net	739,955	(992,388)				
Fixed assets written off	-	-				
Worker welfare fund	496,158	306,068				
(Gain) / Loss on sale of fixed assets - net	(5,235)	(7,970)				
Gain on sale of non-banking assets acuired in satisfaction of claims	- · ·	-				
Gain on conversion of Ijarah agreements	(5,785)	(3,478)				
(Reversal)/ charge for defined benefit plans	74,065	87,000				
unrealised loss on revaluation of investments classified as held for trading	(40,795)	163				
Interest expensed on lease liability against right-of-use assets	347,268	319,645				
Gain on termination of lease liability against right of use assets	(10,248)	(33,911)				
	26,955,501	15,272,659				
Decrease / (increase) in operating assets						
Lending to financial institutions	(69,430,511)	(28,022)				
Held-for-trading securities	(11,816)	(8,624,166)				
Advances	92,454,921	3,702,089				
Others assets (excluding advance taxation)	(6,792,982)	(2,847,646)				
	16 240 642	(7 707 745)				

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Fixed assets written off	-	-
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Held-for-trading securities	(11,816)	(8,624,166)
Advances	92,454,921	3,702,089
Others assets (excluding advance taxation)	(6,792,982)	(2,847,646)
	16,219,612	(7,797,745)
Increase in operating liabilities		
Bills payable	(28,398,952)	(12,576,898)
Borrowings from financial institutions	(108,014,675)	49,974,554
Deposits	170,043,773	81,990,595
Others liabilities (excluding current taxation)	(13,930,151)	8,830,720
Defeathers for sold	19,699,995	128,218,971
Defind benefits paid Income tax paid	(55,789) (10,754,247)	(68,615) (6,049,943)
Net cash flow from operating activities	52,065,072	129,575,327
Cash flow from investing activities		
Net investments in available-for-sale securities	18,294,586	(138,993,039)
Net investments in held-to-maturity securities	(701,301)	1,801,182
Net cash inflow on amalgamation	-	-
Proceeds from divestment in a subsidiary	-	-
Dividends received	493,562	642,101
Investments in fixed assets	(1,239,253)	(971,587)
Investments in intangible assets	(103,299)	(71,320)
Proceeds from sale of fixed assets	8,337	14,788
Proceeds from sale of non-banking assets acquired insatisfaction of claims	-	87,800
Proceeds from divestment in a subsidiary	-	-
Effect of translation of net investment in foreign branches and subsidiaries	5,010,114	(1,170,419)
Net cash flow used in investing activities	21,762,746	(138,660,494)
Cash flow from financing activities		
Payments of subordinated debt	-	-

STATEMENT OF CHANGES IN E	QUITY				0	Group Pakist	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	194,477,74
Total comprehensive income for the year Profit for the year Other comprehensive income (net of tax)	-	-	- (8,027,884)	- 5,010,114	13,928,020	51,226 119	13,979,24 (3,017,65
Total comprehensive income for the year	11,850,600	41,313,438	11,430,598	53,337,152	86,723,720	783,834	205,439,34
Share Issued	-	-	-	-	-	-	-
Transfers to reserves during the period	-	1,473,507	-	-	(1,473,507)	-	-
Profit transferred to head office	-	-	-	-	-	-	-
Final cash dividend	-	-	-	-	(7,110,360)	-	(7,110,36
Interim Cash dividends	-	-	-	-	-	-	-
Others	-	-	(42,867)	-	42,867	-	-
Total transactions with equity holders	-	1,473,507	(42,867)	-	(8,541,000)	•	(7,110,36
Balance as at 31st March 2023	11,850,600	42,786,945	11,387,731	53,337,152	78,182,720	783,834	198,328,982

STATEMENT OF CHANGES IN EQUITY					Sri Lan	ka operations	s 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	8,685,496
Change in the foreign exchange reserve	•	•			· · ·		
Total comprehensive income for the year							
Profit for the year	-	-		-	328,633		328,633
Other comprehensive income (net of tax)	<u> </u>			54,208		(206,192)	(151,984)
Total comprehensive income for the year		<del></del> -		54,208	328,633	(206,192)	176,649
Gain on revaluation of property, plant & equipment					-		
Transfers to reserves during the period		16,432		-	(16,432)	-	-
Share issue/increase of assigned capital	-		-	-		-	-
Profit transferred to head office	-	-		-	(307,153)	-	(307,153)
Others						<u> </u>	
Total transactions with equity holders	-	16,432	<u> </u>		(323,585)	-	(307,153)
Balance as at 31st March 2023	3,969,508	297,591	141,799	59,947	3,025,641	1,060,506	8,554,992

SELECTED PERFORMANCE INDICATORS	Sri L	anka Operation	Group		
	As of 31.03.2023	As of 31.12.2022	As of 31.03.2023	As of 31.12.2022	
Regulatory Capital Adequacy (LKR in Million)					
Common Equity Tier 1	5,472	6,101			
Core Tier 1 Capital	5,472	6,101	165,076	160,614	
Total Capital Base	6,021	6,538	188,597	185,384	
Regulatory Capital Ratio (%)	-,	2,222	,	,	
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7.00%)	58.07	33.95			
Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	58.07	33.95	15.1	16.3	
Total Capital Ratio (Minimum Requirement - 12.50%)	62.36	36.38	17.3	18.8	
Assets Quality - Loans Portfolio					
Impaired Loans (Stage 3) Ratio (%)	6.11	5.09			
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	55.46	55.41			
Profitability					
Interest Margin %	12.14	8.16			
Return on Assets %	5.42	2.74			
Return on Equity %	15.35	9.01			
Leverage Ratio (Minimum Requirement -3%)	22.11	22.91			
Net Stable Funding Ratio (Minimum Requirement -100%)	204.80	190.55			
Regulatory Liquidity					
Statutory Liquid Assets Rs mn -DBU	12,773	11,773			
Statutory Liquid Assets Rs mn - OBU	1,180	922			
Statutory Liquid Assets Ratio % -Minimum requirement 20%					
Domestic Banking Unit	93.53	79.05			
Off Shore Banking Unit	73.35	42.37			
Total Stock of High-Quality Liquid Assets (LKR in Million)	10,223	7,475			
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 100%) Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	1,250 998	984 672			

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, 2022.

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.

(714,769)

(7,047,487)

(7,762,256)

10,636,374

76,701,936

124,994,173

(607,002)

(5,620,419)

(6,227,421)

(565,466)

(15,878,054)

197,359,601

Exchange rate: Pak Rs. 1 = LKR 1.154 (31st March 2023)

Credit Ratings

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

Effects of exchange rate changes on cash and cash equivalents

Net cashflow used in financing activities

Increase in cash and cash equivalents

MCB Bank Limited

Media Monkey (Pvt) Ltd