

## MCB Bank Limited Sri Lanka

## **Interim Financial Statements**

Bank for Life Sri Lanka												
STATEMENT OF FINANCIAL POSITIO		a operations (R 000		p Pakistan KR 000	STATEMENT OF COMPREHENSIVE INCO	OME Sri I	Lanka operatio LKR 000	ns Group PK	Pakistan R 000	CASH FLOW STATEMENT	Sri Lanka operati	ons LKR 000
As at	30.09.2023 Unaudited		30.09.2023 Unaudited	31.12.2022 Audited	For the nine months ended 30 <sup>th</sup> September	2023	2022	2023	2022	For the period ended 30 <sup>th</sup> September	2023	2022
Assets					Interest income	3,187,803	2,058,669	260,832,479	153,350,018			
Cash and cash equivalents	337,046	260,570	178,099,626	110,275,163	Interest expenses	(1,049,414)	(678,816)	(141,664,553)	(86,110,868)	Cash Flows From Operating Activities		
Balances with central banks	424,197	1,418,618	-	-	Net interest income	2,138,389	1,379,853	119,167,926	67,239,150	Interest and commission receipts	3,256,045	2,101,987
Placements with banks / Financial Institutions	4,316,841	6,337,049	144,787,105	82,748,617	Fee and commission income Fee and commission expenses	68,242 (19,177)	43,318 (16,305)	15,889,708	11,284,635	Interest payments	(1,049,414)	(678,816)
Derivative financial instruments	-	-	-	-	Net fee and commission income	49,065	27,013	15,889,708	11,284,635	Receipts/(outgoings) from other operating activities	379,211	259,658
Financial assets recognized through profit or loss measured at fair value			450 225	1 105 106	Net gains/(losses) from trading	-	-	· · · -	-	Cash payments to employees and suppliers	(1,034,703)	(812,214)
designated at fair value			159,335	1,105,496	Net fair value gains/(losses) on: financial assets at fair value through profit or loss	-	-	217,886	- (145,262)	Operating profit before changes in Operating	(1,004,700)	(012,214)
Financial assets at amortised cost					• •			217,000	(140,202)	Assets and Liabilities	4 554 420	870,615
Loans and Advances to customers	7,425,850	10,568,197	675,966,745	844,985,763	financial liabilities at fair value through profit or loss	-	-	-	-	Assets and Liabilities	1,551,139	070,015
Debt and other financial instrument	-	-	53,176,090	40,126,259	Net gains/(losses) on derecognition of financial assets:		_	_	_			
Financial Assets measured at FVTOCI	12,939,583	6,701,555	1,297,431,386	994,254,825	at fair value through profit or loss					Increase in Operating Assets		
Investments in associates and joint ventures	-	-	7,299,099	5,402,479	at amortised cost	-	-	-	-	Deposits held for Regulatory or Monetary Control Purposes	994,421	(170,423)
Property, plant and equipment	451,030	514,258	86,060,889	85,021,165	at fair value through other comprehensive income Other operating income (net)	- 379,211	- 259,658	- 8,446,780	- 9,951,158	Financial assets at amortised cost - loans & advances	2,987,612	502,813
Goodwill and Intangible assets	14,936		1,616,789	1,682,671	Total operating income	2,566,666	1,666,524	143,722,300	88,329,681	Other Assets	(21,507)	(34,405)
Deferred tax assets	74,056	130,162	10,070,895	5,439,278	Impairment charges for loans and other losses  Net operating income	(154,735)	(176,051) <b>1,490,473</b>	1,796,507 <b>141,925,793</b>	(1,298,217)	Increase/(Decrease) in Operating Liabilities	(21,507)	(34,403)
Current tax assets Other assets	118,435	96.928	- 161,713,896	- 103,291,437	Personnel expenses	<b>2,411,930</b> (340,096)	(286,010)	(19,900,384)	<b>89,627,898</b> (16,245,121)		(4 550 020)	(E04.260)
Total assets		26,053,639		2,274,333,153	Depreciation and amortisation	(64,444)	(64,500)	(4,333,523)	(3,819,971)	Deposits from customers	(1,558,939)	(521,360)
10141 455015			_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Other expenses Operating profit before VAT on financial	(324,626)	(265,813)	(21,691,103)	(16,315,070)	Other Liabilities	(501,970)	1,224,322
					Services	1,682,764	874,149	96,000,783	53,247,736	Net Cash Generated from Operations	3,450,756	1,871,562
Liabilities					Value Addedd Tax on Financial Services and	(350,804)	(170 595)					
Due to banks Derivative financial instruments	1,301,643	-	301,831,025	349,970,905	Social Security Contribution Levy		(179,585)	<del>-</del>		Income Tax Paid	(497,726)	210,981
Financial liabilities recognized through profit or loss	-	-	-	-	Operating profit after value added tax (VAT) Share of profits of associates and joint ventures	1,331,960	694,564	<b>96,000,783</b> 894,936	<b>53,247,736</b> 522,009			
measured at fair value	-	-	-	-	Profit before tax	1,331,960	694,564	96,895,719	53,769,745	Net Cash Flows Generated from Operating Activities	2,953,031	1,660,581
designated at fair value	-	-	-	-	Tax expense	(466,186)	(208,369)	(48,555,020)	(33,101,126)			
Financial liabilities at amortised cost					Profit for the period	865,774	486,195	48,340,699	20,668,619			
due to depositors	14,150,389	15,709,328	1,899,076,414	1,532,695,961	Profit attributable to: Owners of the parent	865,774	486,195	48,233,600	20,615,157	Cash Flows from Investing Activities		
due to debt securities holders	-	-	-	-	Non-controlling interests			107,099	53,462	Net proceeds from maturity and purchase of Financial Investments	(6,051,007)	2,289,103
due to other borrowers	149,606	-	6,666,364	6,045,705	•	865,774	486,195	48,340,699	20,668,619		, , , ,	
Debt securities issued Retirement benefit obligations	-	63,526	-	-	Items that will be reclassified to income statement					Proceed from maturity of other Placements with Banks	2,020,208	(3,367,378)
Current tax liabilities	60,304 261,626	293,166	-	-	Foreign currency translation reserve - Gain /					Purchase of Property, Plant and Equipments	10,148	54,185
Deferred tax liabilities	201,020	233,100	-	-	(Loss) on translation of Foreign Operation	(227,572)	854,239	5,065,724	1,003,501	• • •	, , , , ,	-,
Other provisions	45,374	30,958	-	-	Net gains/(losses) on cash flow hedges Net gains/(losses) on investments in Financial	-	-	-	-	Proceeds from Sale of Property, Plant and Equipment		-
Other liabilities	985,573.00		186,236,623	191,142,835	Assets measured at fair value through other					Net Cash Flows generated from Investing Activities	(4,020,651)	(1,024,090)
Total liabilities	16,954,514	17,368,143	2,393,810,426	2,079,855,406	comprehensive income Share of profits of associates and joint ventures	187,021	(22,951)	-	- 02.450	•		<u>-</u>
				<u> </u>	Debt instruments at fair value through other	-	_	117,643	93,152			
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	_	_	(2,032,804)	(9,745,423)	Capital Infusion from Head Office	-	
Statutory reserve fund	324,448		100,005,147	89,640,476	Less: Tax expense relating to items that will be			(=,002,004)	(=,1 -0,720)	Profit transferred to head office	(307,153)	
Retained earnings	3,535,925		15,665,194	19,458,482	reclassified to income statement	(56,106)	5,508	-	-	Increase/(Decrease) of borrowings	1,451,249	(656,827)
Other reserves	1,317,578	1,414,236	94,694,975	72,795,700	Items that will not be reclassified to income statement	-		-	-	Decrease of Securities Sold Under Repurchase Agreement	1,401,240	(000,027)
Total shareholders' equity	9,147,460	8,685,496	222,215,916	193,745,258	Change in fair value on investments in equity					Net cash generated from/(used in) financing Activities	1,144,096	(656,827)
Non-controlling interests	-	-	355,513	732,489	instruments designated at fair value through other comprehensive income	-	_	_	-	Net cash generated from (used in) financing Activities	1,144,030	(030,021)
Total equity	9,147,460	8,685,496	222,571,429	194,477,747	Change in fair value attributable to change in the					Not Increase in Cook and Cook Envirolants	76,476	(20.226)
Total equity and liabilities	26,101,974	26,053,639	2,616,381,855	2,274,333,153	Bank's own credit risk on financial liabilities designated at fair value through profit or loss		_	_		Net Increase in Cash and Cash Equivalents	260,570	(20,336) 220,254
Contingent liabilities and commitments	9 774 170	6,222,613	024 147 222	706 450 061	Re-measurement of post-employment benefit					Cash and Cash Equivalents at the Beginning of the year		
Contingent habilities and commitments	8,774,170	6,222,613	934,147,322	706,450,061	obligations	-	-	292,162	164,273	Cash and Cash Equivalents at the End of the year	337,046	199,918
					Changes in revaluation surplus Share of profits of associates and joint ventures	-	-	(523,677)	(173,085)			
Number of Employees	119	114	16,275	16,671	Less: Tax expense relating to items that will not be					December of each and each authority		100 2 12
Number of Branches	5	6	1,439	1,448	reclassified to income statement  Other comprehensive income for the period,			-	-	Reconciliation of cash and cash equivalents	337,046	199,918
					other comprehensive income for the period, net of taxes	(96,658)	836,796	2,919,048	(8,657,582)	Cash and cash equivalents	337,046	199,918
Note: Amount stated are net of impairment, depreciation and	amortization				Total comprehensive income for the next of					Six was in baselants indicate dadrestana		
remount stated are net of impairment, depreciation and	or azutorii				Total comprehensive income for the period	769,116	1,322,991	51,259,747	12,011,037	Figures in brackets indicate deductions.		

GROUP CASH FLOW STATEMENT	Group Pakist	an PKR 000
For the period ended 30 <sup>th</sup> September	2023	2022
Cash Flows From Operating Activities		
Profit before taxation	96,895,719	53,769,745
Less: Dividend income and share of profit of associates	(2,705,340)	(1,958,124
	94,190,379	51,811,621
Adjsutments:		
Depreciation of fixed assets	2,489,984	2,028,644
Depreciation on right of use assets	1,408,160	1,336,823
Depreciation on non-banking assets acquired in satisfaction of claims	17,909	17,736
Amortisation	417,470	436,768
Provisions / (reversals) and write offs - net	1,796,507	(1,298,217
Fixed assets written off	-	-
Worker welfare fund	1,932,563	1,075,925
Gain) / Loss on sale of fixed assets - net	(81,659)	(50,417)
Gain on sale of non-banking assets acuired in satisfaction of claims	3,224	(6,817)
Gain on conversion of Ijarah agreements	-	-
(Reversal)/ charge for defined benefit plans	222,196	143,859
unrealised loss on revaluation of investments classified as held for trading	5,654	(13,855)
Interest expensed on lease liability against right-of-use assets	1,081,823	1,026,198
Gain on termination of lease liability against right of use assets	(49,536)	(53,704
	103,434,674	56,454,564
Decrease / (increase) in operating assets		
Lending to financial institutions	(46 137 626)	(22 084 087

	2,469,964	2,020,044
Depreciation on right of use assets	1,408,160	1,336,823
Depreciation on non-banking assets acquired in satisfaction of claims	17,909	17,736
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Gain on termination of lease liability against right of use assets	(49,536)	(53,704)
	103,434,674	56,454,564
Decrease / (increase) in operating assets		
Lending to financial institutions	(46,137,626)	(22,084,087)
Held-for-trading securities	(164,989)	(1,302,158)
Advances	169,020,428	8,494,163
Others assets (excluding advance taxation)	(46,375,824)	(24,716,164)
Assessed to assessed as Red William	76,341,989	(39,608,246)
Increase in operating liabilities	(04.070.700)	(1.1.710.000)
Bills payable	(31,072,703)	(14,718,006)
Borrowings from financial institutions	(48,347,994)	(78,540,271)
Deposits	366,380,453	198,816,911
Others liabilities (excluding current taxation)	7,431,731 <b>294,391,487</b>	15,801,828 121,360,462
Defind benefits paid	(203,890)	(177,211)
Income tax paid	(42,604,356)	(19,515,639)
Net cash flow from operating activities	431,359,904	118,513,930
Cash flow from investing activities		
Net investments in available-for-sale securities	(312,670,315)	(83,391,124)
Net investments in held-to-maturity securities	(13,218,997)	(11,762,898)
Acquisition of additional interest in subsidiary	(649,925)	-
Net investment in associates	(185,000)	140,298
Net investment in associates	, , ,	
Dividends received	1,985,277	1,588,347
	1,985,277 (5,435,643)	1,588,347 (3,171,845)
Dividends received		
Dividends received Investments in fixed assets	(5,435,643)	(3,171,845)
Dividends received Investments in fixed assets Investments in intangible assets	(5,435,643) (315,478)	(3,171,845) (234,877)
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets	(5,435,643) (315,478) 1,828,177	(3,171,845) (234,877) 78,796
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims	(5,435,643) (315,478) 1,828,177	(3,171,845) (234,877) 78,796
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims Proceeds from divestment in a subsidiary	(5,435,643) (315,478) 1,828,177 132,000	(3,171,845) (234,877) 78,796 153,500
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims Proceeds from divestment in a subsidiary Effect of translation of net investment in foreign branches and subsidiaries Net cash flow used in investing activities	(5,435,643) (315,478) 1,828,177 132,000 - 5,065,724	(3,171,845) (234,877) 78,796 153,500 - 1,014,932
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims Proceeds from divestment in a subsidiary Effect of translation of net investment in foreign branches and subsidiaries Net cash flow used in investing activities  Cash flow from financing activities	(5,435,643) (315,478) 1,828,177 132,000 - 5,065,724	(3,171,845) (234,877) 78,796 153,500 - 1,014,932
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims Proceeds from divestment in a subsidiary Effect of translation of net investment in foreign branches and subsidiaries Net cash flow used in investing activities Cash flow from financing activities Payments of subordinated debt	(5,435,643) (315,478) 1,828,177 132,000 - 5,065,724 (323,464,180)	(3,171,845) (234,877) 78,796 153,500 - 1,014,932 (95,584,871)
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims Proceeds from divestment in a subsidiary Effect of translation of net investment in foreign branches and subsidiaries Net cash flow used in investing activities  Cash flow from financing activities Payments of subordinated debt Payment of lease liability against right-of-use-assets	(5,435,643) (315,478) 1,828,177 132,000 - 5,065,724 (323,464,180)	(3,171,845) (234,877) 78,796 153,500 - 1,014,932 (95,584,871)
Dividends received Investments in fixed assets Investments in intangible assets Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims Proceeds from divestment in a subsidiary Effect of translation of net investment in foreign branches and subsidiaries Net cash flow used in investing activities Cash flow from financing activities Payments of subordinated debt	(5,435,643) (315,478) 1,828,177 132,000 - 5,065,724 (323,464,180)	(3,171,845) (234,877) 78,796 153,500 - 1,014,932 (95,584,871)

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Cash and Cash equivalents at beginning o	f the period					124,293,692	187,234,399
Cash and Cash equivalents at end of the p	period				3	218,219,756	201,564,091
STATEMENT OF CHANGES IN E	QUITY				(	Group Pakis	tan PKR 000
	Share capital	Statutory Reserve	Revalua on 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	-	-	-		48,233,600	107,099	48,340,699
Other comprehensive income (net of tax)			(2,556,481)	5,183,237	292,162	130	2,919,048
Total comprehensive income for the year	11,850,600	41,313,438	16,902,001	53,510,275	121,321,462	839,718	245,737,494
Share Issued	-	-	-	-	-	-	-
Transfers to reserves during the period	-	5,181,434	-	-	(5,181,434)	-	-
Profit transferred to head office	-	-	-	-	- 1	-	-
Final cash dividend	-	-	-	-	(7,110,360)	-	(7,110,360)
Interim Cash dividends	-	-	-	-	(15,405,780)	-	(15,405,780)
Others		-	(1,236,807)	-	1,071,087	(484,205)	(649,925)
Total transactions with equity holders	-	5,181,434	(1,236,807)	-	(26,626,487)	(484,205)	(23,166,065
Balance as at 30th September 2023	11.850.600	46,494,872	15,665,194	53,510,275	94,694,975	355,513	222,571,429

STATEMENT OF CHANGES IN EQUITY					Sri Lan	ka operations	LKR 00
	Assigned Capital	Reserve Fund	Revalua on Reserve	Reserve for FVTOCI	Retained Earnings	Exchange Equiliza on 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	•	•			•		
Total comprehensive income for the year							
Profit for the year	-	-			865,774		865,77
Other comprehensive income (net of tax)	<u> </u>	<u> </u>		130,914		(227,572)	(96,658
Total comprehensive income for the year		<del></del> -		130,914	865,774	(227,572)	769,11
Gain on revaluation of property, plant & equipment					-		
Fransfers to reserves during the period	-	43,289	-	-	(43,289)	-	
Share issue/increase of assigned capital	-		-	-	-		-
Profit transferred to head office	-	-	-	-	(307,153)		(307,15
Others							<u> </u>
Total transactions with equity holders		43,289		-	(350,442)	-	(307,15
Balance as at 30th September 2023	3,969,508	324,448	141,799	136,654	3,535,925	1,039,126	9,147,46

Balance as at 30 <sup>th</sup> September 2023 3,969,508	324,448 141,799	136,654 3,53	35,925 1,03	9,126 9,147
SELECTED PERFORMANCE INDICATORS	Sri I	Lanka Operation		Group
	As of 30.09.2023	As of 31.12.2022 Audited	As of 30.09.2023	As of 31.12.202 Audited
Regulatory Capital Adequacy (LKR in Million)				
Common Equity Tier 1	7,556	6,101		
Core Tier 1 Capital	7,556	6,101	183,848	160,614
Total Capital Base	7,670	6,538	209,960	185,384
Regulatory Capital Ratio (%)	,	,		,
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7.00%)	60.21	33.95		
Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	60.21	33.95	17.7	16.3
Total Capital Ratio (Minimum Requirement - 12.50%)	61.11	36.38	20.3	18.8
Assets Quality - Loans Portfolio				
Impaired Loans (Stage 3) Ratio (%)	5.62	5.09		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	58.23	55.41		
Profitability				
Interest Margin %	11.31	8.16		
Return on Assets %	4.58	2.74		
Return on Equity %	13.17	9.01		
Leverage Ratio (Minimum Requirement -3%)	28.44	22.91		
Net Stable Funding Ratio (Minimum Requirement -100%)	232.63	190.55		
Regulatory Liquidity				
Statutory Liquid Assets Rs mn -DBU	15,766	11,773		
Statutory Liquid Assets Rs mn - OBU	1,508	922		
Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Domestic Banking Unit	102.81	79.05		
Off Shore Banking Unit	99.77	42.37		
Total Stock of High-Quality Liquid Assets (LKR in Million)	11,939	7,475		
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 100%) Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 1	623	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,

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 1.126 (30th September 2023)

Effects of exchange rate changes on cash and cash equivalents

Increase in cash and cash equivalents

Media Monkey (Pvt) Ltd

9,559,736

14,329,692

11,029,512

93,926,064