

MCB Bank Limited Sri Lanka

Annual Financial Statements

Bank for Life STI Lan	ıka											•
STATEMENT OF FINANCIAL POSITION		a operations (R '000	Grou P	p Pakistan KR '000	STATEMENT OF COMPREHENSIVE INCOM	∕IE Sri L	anka operation LKR '000	ns Grouj P	Pakistan KR '000	CASH FLOW STATEMENT S	ri Lanka operatio	ns LKR '000
As at	31.12.2023 Audited	31.12.2022 Audited	31.12.2023 Audited	31.12.2022 Audited	For the year ended 31st December	2023	2022	2023	2022	For the year ended 31st December	2023	2022
Assets					Interest income	4,139,379	3,159,406	364,448,721	219,442,758			
Cash and cash equivalents	284,370	260,570	190,245,798	110,275,163	Interest expenses	(1,373,374)	(1,009,432)	(199,026,667)	(123,454,752)	Cash Flows From Operating Activities		
Balances with central banks	1,077,675	1,418,618	-	-	Net interest income	2,766,005	2,149,974	165,422,054	95,968,006	Interest and commission receipts	4,238,710	3,223,521
Placements with banks / Financial Institutions	4,160,047	6,337,049	127,520,254	82,748,617	Fee and commission income	99,331	64,115	22,460,483	15,573,910	Interest payments	(1,373,374)	(1,009,432)
Derivative financial instruments	-	-	-	-	Fee and commission expenses Net fee and commission income	(25,607) 73,724	(22,844) 41,271	22,460,483	15,573,910	Payments to employees	(485,158)	(395,886)
Financial assets recognized through profit or	loss				Net gains/(losses) from trading	-		-	-	VAT on financial services and SSCL	(419,328)	(267,317)
measured at fair value	-	-	2,492,235	-	Net fair value gains/(losses) on:	-	-	-	-	Receipts/(outgoings) from other operating activities	441,181	374,088
designated at fair value Financial assets at amortised cost	-	-	-	-	financial assets at fair value through profit or loss	-	-	853,279	(1,681,702)	Cash payments to employees and suppliers	(479,054)	(481,779)
Loans and Advances to customers	9,546,297	10,568,197	670,673,495	844,985,763	financial liabilities at fair value through profit or loss	-	-	-	-	Operating profit before changes in Operating	(479,004)	(401,773)
Debt and other financial instrument	9,540,297	10,300,197	59,136,761	40,126,259	Net gains/(losses) on derecognition of financial					Assets and Liabilities	1,922,978	1,443,195
Financial Assets measured at FVTOCI	12,933,560	6,701,555	1,302,892,842	994,254,825	assets: at fair value through profit or loss	-	-	-	-		1,922,970	1,443,193
Investments in associates and joint ventures	-	-	7,821,877	6,507,975	at amortised cost	-	-	-	_	Increase in Operating Assets		
Property, plant and equipment	435,348	514,258	88,738,550	85,021,165	at fair value through other comprehensive income	-	-	-	-	Balances with Central Bank of Sri Lanka	340,943	(552,077)
Goodwill and Intangible assets	31,944	26,300	1,859,032	1,682,671	Other operating income (net)	441,181	374,088	12,083,989	12,006,084	Financial assets at amortised cost - loans & advances	706,696	1,401,485
Deferred tax assets	208,383	130,162	-	5,439,278	Total operating income Impairment charges for loans and other losses	3,280,911 (315,204)	2,565,333 (415,784)	200,819,805 (1,075,258)	121,866,298 2,641,001	Other Assets	7,794	(6,407)
Current tax assets	-	-	-	-	Net operating income	2,965,707	2,149,548	199,744,547	124,507,299	Increase/(Decrease) in Operating Liabilities		
Other assets	89,134	96,928	228,704,335	103,291,437	Personnel expenses	(485,158)	(395,886)	(27,287,976)	(22,136,078)	Financial liabilities at amortised cost - due to depositors	1,003,984	(634,983)
Total assets	28,766,757	26,053,639	2,680,085,179	2,274,333,153	Depreciation and amortisation Other expenses	(84,750) (444,757)	(89,420) (379,101)	(4,028,221) (32,257,896)	(3,348,224) (24,368,401)	Other Liabilities	(607,775)	1,161,671
					Operating profit before VAT on financial Services	(444,737)	(379,101)	(32,237,690)	(24,300,401)	Net Cash Generated from Operations	3,374,621	2,812,883
Liabilities					and Social Security Contribution levy	1,951,042	1,285,142	136,170,454	74,654,596	Net dash denerated from operations	3,374,021	2,012,003
Due to banks	1,901,503	-	224,402,848	349,970,905	Value Addedd Tax on Financial Services and SSCL	(419,328)	(267,317)	_	_	Income Tay Daid	(605.045)	(204.076)
Derivative financial instruments	-	-	-	-				100 170 151	74.054.500	Income Tax Paid	(605,045)	(201,876)
Financial liabilities recognized through profit or loss					Operating profit after value added tax (VAT) Share of profits of associates and joint ventures	1,531,714 -	1,017,824	136,170,454 1,348,508	74,654,596 685,888			
measured at fair value	-	-	-	-	Profit before tax	1,531,714	1,017,824	137,518,962	75,340,484	Net Cash Flows Generated from Operating Activities	2,769,576	2,611,007
designated at fair value	-	-	-	-	Tax expense	(554,970)	(292,735)	(72,247,962)	(40,889,320)			
Financial liabilities at amortised cost					Profit for the year	976,744	725,089	65,271,000	34,451,164			
due to depositors	16,713,312	15,709,328	2,009,828,619	1,532,695,961	Profit attributable to: Owners of the parent	976,744	725.080	65,104,619	34,365,061	Cash Flows from Investing Activities		
due to debt securities holders	-	-	-	-	Non-controlling interests	970,744	725,089	166,381	86,103	•	(0.440.000)	0.700.700
due to other borrowers	-	-	11,261,632	6,045,705	_	976,744	725,089	65,271,000	34,451,164	Net proceeds from maturity and purchase of Financial Investmen	ts (6,143,992)	2,763,702
Debt securities issued	-	-	-	-	Items that will be reclassified to income					Proceed from maturity of other Placements with Banks	2,177,002	(3,662,869)
Retirement benefit obligations	79,586	63,526	-	-	statement Foreign currency translation reserve - Gain /					Purchase of Property, Plant and Equipments	(11,483)	(11,028)
Current tax liabilities	321,312	293,166	-	-	(Loss) on translation of Foreign Operation	(232,915)	862,719	4,374,146	862,259			(11,020)
Deferred tax liabilities	-	-	3,552,321	-	Net gains/(losses) on cash flow hedges	-	-	-	-	Dividends received from investment in subsidiaries and associate	-	-
Other provisions	43,343	30,958	-	-	Net gains/(losses) on investments in Financial Assets measured at fair value through other					Proceeds from Sale of Property, Plant and Equipment	891	-
Other liabilities Total liabilities	895,115 19,954,211	1,271,164 17,368,143	189,288,657 2,438,334,077	191,142,835 2,079,855,406	comprehensive income	88,013	12,429	-	-	Net Cash Flows generated from Investing Activities	(3,977,582)	(910,195)
Total liabilities	10,004,211	11,000,140	2,400,004,077	2,070,000,400	Share of profits of associates and joint ventures	-	-	121,524	151,001	Net Cash I lows generated from investing Activities	(3,911,302)	(310,133)
					Debt instruments at fair value through other comprehensive income	_	_	_	_	Cash flow from Financing Activities		
Equity					Movement in share of surplus / deficit on					Cash now from I mancing Activities		
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	revaluation of associated undertaking- net of tax	-	-	7,987,120	(14,655,079)	Capital Infusion from Head Office	-	-
Statutory reserve fund	329,997	281,160	101,129,809	89,640,476	Less: Tax expense relating to items that will be reclassified to income statement	(26,404)	(3,475)			Profit transferred to head office	(669,698)	-
Retained earnings	3,270,111	3,020,592	25,740,282	19,458,482	Items that will not be reclassified to income	(20,404)	(3,473)	-	-	Increase/(Decrease) of borrowings	1,901,503	(1,660,497)
Other reserves	1,242,930	1,414,236	102,689,217	72,795,700	statement	-	-	-	-	Decrease of Securities Sold Under Repurchase Agreement	-	-
Total shareholders' equity	8,812,546	8,685,496	241,409,908	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	1,231,806	(1,660,497)
Non-controlling interests	-	-	341,194	732,489	comprehensive income	-	-	-	-	,		(1,000,1001)
Total equity	8,812,546	8,685,496	241,751,102	194,477,747	Change in fair value attributable to change in the					Net Increase in Cash and Cash Equivalents	23,800	40,316
Total equity and liabilities	28,766,757	26,053,639	2,680,085,179	2,274,333,153	Bank's own credit risk on financial liabilities 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	8,434,555	6,222,613	865,207,325	706,450,061	Re-measurement of post-employment benefit							
Contingent national and commitments	0,434,555	0,222,013	000,207,325	700,400,001	obligations	(12,414)	16,166	2,669,856	(301,720)	Cash and Cash Equivalents at the End of the year	284,370	260,570
					Changes in revaluation surplus Share of profits of associates and joint ventures	-	106,625	(430,161)	19,022,731 -			
Number of Employees	116	114	14,420	16,671	Less: Tax expense relating to items that will not be	-	-	-		Reconciliation of cash and cash equivalents	284,370	260,570
Number of Branches	5	6	1,438	1,448	reclassified to income statement	3,724	(41,624)	-	-	Cash and cash equivalents	284,370	260,570
					Other comprehensive income for the year - net of taxes	(179,996)	952,840	14,722,485	5,079,192			
						(173,330)	332,040	17,722,405	5,079,192			
Note: Amount stated are net of impairment am	notization and de	epreciation			Total comprehensive income for the year	796,748	1,677,929	79,993,485	39,530,356	Figures in brackets indicate deductions.		
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GROUP CASH FLOW STATEMENT	Group Pakist	
For the period ended 31st December	2023	2022
Cash Flows From Operating Activities		
Profit before taxation	137,518,962	75,340,484
Less: Dividend income and share of profit of associates	(3,859,265)	(2,807,584)
	133,659,697	72,532,900
Adjustments:		
Depreciation of fixed assets	3,468,181	2,781,591
Depreciation on right of use assets	2,079,323	1,834,736
Depreciation on non-banking assets acquired in satisfaction of claims	23,878	23,389
Amortisation	560,040	566,633
Provisions / (reversals) and write offs - net	1,075,258	(2,641,001)
Fixed assets written off	-	-
Worker welfare fund	2,744,424	1,509,781
(Gain) / Loss on sale of fixed assets - net	(160,262)	(138,376)
Loss / (Gain) on sale of non-banking assets acquired in satisfaction of claims	3,224	(6,817)
(Reversal)/ charge for defined benefit plans	250,527	209,051
Unrealised loss on revaluation of investments classified as held for trading	3,038	-
interest expensed on lease liability against right-of-use assets	1,688,954	1,474,249
Gain on termination of lease liability against right of use assets	(70,616)	(62,670)
	145,325,666	78,083,466

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Gaill On termination or lease liability against right of use assets	(70,616) 145,325,666	78,083,466
Decrease / (increase) in operating assets		
Lending to financial institutions	(33,127,632)	(15,968,658)
Held-for-trading securities	(2,495,273)	-
Advances	174,088,768	(156,476,863)
Others assets (excluding advance taxation)	(106,990,868)	(31,390,952)
Increase in operating liabilities	31,474,995	(203,836,473)
Bills payable	(15,602,982)	16,387,921
• •	(120,564,531)	73,992,926
Borrowings from financial institutions	, , ,	
Deposits	477,132,658	(1,890,710)
Others liabilities (excluding current taxation)	(7,095,050) 333,870,095	34,222,005 122,712,142
Defined benefits paid	(284,916)	(292,346)
Income tax paid	(66,204,582)	(28,409,347)
Net cash flow from operating activities	444,181,258	(31,742,558)
Cash flow from investing activities		
Net (investment) / divestment in available-for-sale securities	(298,144,174)	12,249,839
Net investments in held-to-maturity securities	(19,172,354)	(15,737,320)
Investment in subsidiary	(649,925)	-
Net investment in associates	267,428	143,124
Dividends received	2,738,028	2,344,657
Investments in fixed assets	(8,116,651)	(4,930,232)
Investments in intangible assets	(729,428)	(416,497)
Proceeds from sale of fixed assets	1,925,535	405,748
Proceeds from sale of non-banking assets acquired in satisfaction of claims	132,000	153,500
Effect of translation of net investment in foreign branches and subsidiaries	4,374,032	862,163

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ncrease in cash and cash equivalents					7	101,935,222	(51,563,425
Cash and Cash equivalents at beginning of	the year				1	25,097,564	187,193,972
ash and cash equivalents at end of th	ne period				2	227,032,786	135,630,547
TATEMENT OF CHANGES IN E	QUITY				G	roup Pakista	an PKR '000
	Share capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained earnings	Minority Interest	Tota
alance 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
otal comprehensive income for the year inded December 31, 2023 rofit after taxation for the year ended ecember 31, 2023 ther comprehensive income (net of tax)	-	-	- 7,556,959	- 4,495,556	65,104,619 2.669.856	166,381 114	65,271,000 14,722,48
otal comprehensive income for the year	11,850,600	41,313,438	27,015,441	52,822,594	140,570,175	898,984	274,471,232
are Issued	-	-	-	-	-	-	-
ansfer to statutory reserve	-	6,993,777	-	-	(6,993,777)	-	-
ofit transferred to head office vestment in subsidiary nal cash dividend	- - -	- - -	-	-	(165,720) (7,110,360)	(484,205) -	(649,925 (7,110,360)
terim Cash dividends	-	-	-	-	(24,886,260)	-	(24,886,26
hers	-	-	(1,275,159)	-	1,275,159	-	-
tal transactions with equity holders are of dividend attributable to on-controlling interest	-	6,993,777	(1,275,159)	-	(37,880,958)	(484,205) (73,585)	(32,646,545 (73,585

	Assigned	Reserve	Revaluation	Reserve	Retained	Exchange	Total
	Capital	Fund	Reserve	for FVTOCI	Earnings	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	-	-	-	-	976,744	-	976,744
Other comprehensive income (net of tax)				61,609	(8,690)	(232,915)	(179,996)
Total comprehensive income for the year	<u> </u>		<u> </u>	61,609	968,053	(232,915)	796,748
Gain on revaluation of property, plant & equipment		-			-		
Transfers to reserves during the period	-	48,837	-	-	(48,837)	-	-
Share issue/increase of assigned capital	-		-				-
Profit transferred to head office	-	-	-	-	(669,698)	-	(669,698)
Others						-	
Total transaction with equity holders	 -	48,837		<u> </u>	(718,535)	<u> </u>	(669,698)
Balance as at 31st December 2023	3,969,508	329,997	141,799	67,349	3,270,111	1,033,783	8,812,546

SELECTED PERFORMANCE INDICATORS	Sri La	nka Operation	Group		
	As of 31.12.2023 Audited	As of 31.12.2022 Audited	As of 31.12.2023 Audited	As of 31.12.2022 Audited	
Regulatory Capital Adequacy (LKR in Million)					
Common Equity Tier 1	8,180	6,101			
Core Tier 1 Capital	8,180	6,101	191,313	158,468	
Total Capital Base	8,313	6,538	229,255	184,912	
Regulatory Capital Ratio (%)					
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7.00%)	53.79	33.95			
Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	53.79	33.95	16.5	15.4	
Total Capital Ratio (Minimum Requirement - 12.50%)	54.66	36.38	19.8	18.0	
Assets Quality - Loans Portfolio					
Impaired Loans (Stage 3) Ratio (%)	3.62	5.09			
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	62.36	55.41			
Profitability					
Interest Margin %	10.73	8.16			
Return on Assets %	3.79	2.74			
Return on Equity %	11.09	9.01			
Leverage Ratio (Minimum Requirement -3%)	24.33	22.91			
Net Stable Funding Ratio (Minimum Requirement -100%)	233.70	190.55			
Regulatory Liquidity					
Statutory Liquid Assets Rs mn -DBU	15,309	11,773			
Statutory Liquid Assets Rs mn - OBU	1,103	922			
Statutory Liquid Assets Ratio % -Minimum requirement 20%	,				
Domestic Banking Unit	103.31	79.05			
Off Shore Banking Unit	65.40	42.37			
Total Stock of High-Quality Liquid Assets (LKR in Million)	11,811	7,475			
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 100%) Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	410 732	984 672			

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,
- 2. Consolidated condensed annual financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for annual financial reporting. The accounting and reporting standards as applicable in Pakistan for annual financial reporting comprise of:
 - Islamic Financial Accounting Standard (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 IFAS 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. Accordingly, the requirements of this standard 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 - Financial 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 audited financial statements of the bank.

Credit Ratings

MCB Bank Limited Fort - Pettah - Maradana

29th March 2024

(317,375,509) (4,925,018)

(2,583,670)

(21,912,342)

(24,496,012)

9.600.163

(3,022,309)

(32,381,201)

(35,403,510) 10,532,983

Media Monkey (Pvt) Ltd

Net cash flow used in investing activities

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

Cash flow from financing activities

Payments of subordinated debt