

# **MCB Bank Limited** Sri Lanka

Bank for Life <b>SII Lall</b>	na			
STATEMENT OF FINANCIAL POSITION LKR '000 PKR'				
ATEMENT OF FINANCIAL POSITION         Sri Lanka operations LKR 000         Group Pakistan PKR 000           at         31.12.2023 Audited         31.12.2023 Audi	31.12.2022 Audited			
Assets				
Cash and cash equivalents	284,370		190,245,798	110,275,163
			-	-
	4,160,047	6,337,049	127,520,254	82,748,617
	-	-	-	-
0 01	5		2 402 225	
			2,492,235	-
5				
Loans and Advances to customers	9,546,297	10,568,197	670,673,495	844,985,763
Debt and other financial instrument	-			40,126,259
Financial Assets measured at FVTOCI	12,933,560	6,701,555		994,254,825
Investments in associates and joint ventures	-	-	7,821,877	6,507,975
Property, plant and equipment	435,348	514,258	88,738,550	85,021,165
Goodwill and Intangible assets	31,944	26,300	1,859,032	1,682,671
Deferred tax assets	208,383	130,162	-	5,439,278
Current tax assets	-	-	-	-
Other assets				103,291,437
Total assets	28,766,757	26,053,639	2,680,085,179	2,274,333,153
Linkillaine				
	4 004 500		004 400 040	0.40,070,005
	1,901,503	-	224,402,848	349,970,905
	-	-	-	-
profit or loss				
measured at fair value	-	-	-	-
designated at fair value	-	-	-	-
Financial liabilities at amortised cost				
	16,713,312	15,709,328	2,009,828,619	1,532,695,961
	-	-	-	-
	-	-	11,261,632	6,045,705
	-	-	-	-
-			-	-
			- 3 552 321	-
			-	-
Other liabilities			189 288 657	191 142 835
Total liabilities				2,079,855,406
<b>F</b> = 14				
Equity				
				11,850,600
-				89,640,476
				19,458,482
				193,745,258
Total shareholders' equity	0,012,040	0,000,490		
Non-controlling interests Total equity	- 8,812,546	- 8 685 406	341,194 <b>241,751,102</b>	732,489 <b>194 477 747</b>
Total equity and liabilities	28,766,757	8,685,496 26,053,639	2,680,085,179	194,477,747 2,274,333,153
	20,100,101	10,000,000	_,,,,	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Contingent liabilities and commitments	8,434,555	6,222,613	865,207,325	706,450,061
Number of Employees	440	444	40.000	10.074
Number of Employees Number of Branches	116	114	16,828	16,671
Number Of Dianones	5	6	1,438	1,448

Note: Amount stated are net of impairment amotization and depreciation

STATEMENT OF COMPREHENSIVE INCO	OME Sri L	Sri Lanka operations LKR '000         Group Pakistan PKR '000           2023         2022         2023         2022           4,139,379         3,159,406         364,448,721         219,442,758           (1,373,374)         (1,009,432)         (199,026,667)         (123,454,752)           27,66,005         2,149,974         165,422,054         95,968,006           99,31         64,115         22,460,483         15,573,910           (25,607)         (22,844)         -         -           73,724         41,271         22,460,483         15,573,910           -         -         853,279         (1,681,702)           -         -         -         -           -         -         -         -		
For the year ended 31 <sup>st</sup> December	2023	2022	2023	2022
Interest income	4.139.379	3.159.406	364.448.721	219.442.758
Interest expenses				
Net interest income				
Fee and commission income			, ,	
Fee and commission expenses			-	10,070,010
Net fee and commission income			22 460 483	15 573 910
Net gains/(losses) from trading	10,124	41,271	22,400,400	10,070,010
Net fair value gains/(losses) on:	-	-	-	-
financial assets at fair value through profit or loss	-	-	853,279	(1,681,702)
financial liabilities at fair value through profit or loss Net gains/(losses) on derecognition of financial	-	-	-	-
assets:	-	-	-	-
at fair value through profit or loss				
at amortised cost	-	-	-	-
at fair value through other comprehensive income	-	-	-	-
Other operating income (net)	441,181	374,088	12,083,989	12,006,084
Total operating income	3,280,911	2,565,333	200,819,805	121,866,298
Impairment charges for loans and other losses	(315,204)	(415,784)	(1,075,258)	2,641,001
Net operating income	2,965,707	2,149,548	199,744,547	124,507,299
Personnel expenses	(485,158)	(395,886)	(27,287,976)	(22,136,078
Depreciation and amortisation	(84,750)	(89,420)	(4,028,221)	(3,348,224
Other expenses	(444,757)	(379,101)	(32,257,896)	(24,368,401
Operating profit before VAT on financial Services and Social Security Contribution levy	1,951,042	1,285,142	136,170,454	74,654,596
Value Addedd Tax on Financial Services and SSCL	(419,328)	(267,317)		-
Dperating profit after value added tax (VAT) Share of profits of associates and joint ventures	1,531,714	1,017,824	<b>136,170,454</b> 1,348,508	<b>74,654,596</b> 685,888
	1,531,714	1,017,824	137,518,962	75,340,484
Profit before tax	(554,970)	(292,735)	(72,247,962)	(40,889,320
Tax expense		725,089	<u>(72,247,902)</u> 65,271,000	
Profit for the year	976,744	725,005	65,271,000	34,451,164
Profit attributable to:				
Owners of the parent	976,744	725,089	65,104,619	34,365,061
Non-controlling interests	976,744	725,089	166,381	86,103
-	970,744	725,089	65,271,000	34,451,164
Items that will be reclassified to income statement				
Foreign currency translation reserve - Gain /				
(Loss) on translation of Foreign Operation	(232,915)	862,719	4,374,146	862,259
Net gains/(losses) on cash flow hedges	-	-	-	-
Net gains/(losses) on investments in Financial Assets measured at fair value through other				
comprehensive income	88,013	12,429	-	-
Share of profits of associates and joint ventures	-	-	121,524	151,001
Debt instruments at fair value through other				
comprehensive income	-	-	-	-
Movement in share of surplus / deficit on				
revaluation of associated undertaking- net of tax	-	-	7,987,120	(14,655,079
Less: Tax expense relating to items that will be				
reclassified to income statement	(26,404)	(3,475)	-	-
Items that will not be reclassified to income	/			
statement	-	-	-	-
Change in fair value on investments in equity				
instruments designated at fair value through other comprehensive income	-	-	-	-
Change in fair value attributable to change in the				
Bank's own credit risk on financial liabilities				
designated at fair value through profit or loss	-	-	-	-
Re-measurement of bost-employment benetit			2,669,856	(301,720
	(12.414)	16.166	2,009,000	
obligations	(12,414)	16,166 106 625		
obligations Changes in revaluation surplus	(12,414) -	16,166 106,625	(430,161)	
obligations Changes in revaluation surplus Share of profits of associates and joint ventures	(12,414) - -			
obligations Changes in revaluation surplus Share of profits of associates and joint ventures Less: Tax expense relating to items that will not be	-	106,625		
Re-measurement of post-employment benefit obligations Changes in revaluation surplus Share of profits of associates and joint ventures Less: Tax expense relating to items that will not be reclassified to income statement Other comprehensive income for the year -	(12,414) - - 3,724			
obligations Changes in revaluation surplus Share of profits of associates and joint ventures Less: Tax expense relating to items that will not be reclassified to income statement	-	106,625		19,022,731 - - <b>5,079,19</b> 2

Annual	Financial	Statements
Annual	Financial	Statements

akistan 1 '000	CASH FLOW STATEMENT	Sri Lanka operation	s LKR '000
2022	For the year ended 31 <sup>st</sup> December	2023	2022
219,442,758			
(123,454,752) 95,968,006	Cash Flows From Operating Activities		
15,573,910	Interest and commission receipts	4,238,710	3,223,521
15,573,910	Interest payments Payments to employees	(1,373,374) (485,158)	(1,009,432) (395,886)
-	VAT on financial services and SSCL	(419,328)	(267,317)
- (1,681,702)	Receipts/(outgoings) from other operating activities	441,181	374,088
	Cash payments to employees and suppliers	(479,054)	(481,779)
-	Operating profit before changes in Operating		
-	Assets and Liabilities	1,922,978	1,443,195
-	Increase in Operating Assets	0.40.0.40	(550.077)
-	Balances with Central Bank of Sri Lanka	340,943	(552,077) 1 401 495
12,006,084 121,866,298	Financial assets at amortised cost - loans & advances	706,696	1,401,485
2,641,001 <b>124,507,299</b>	Other Assets Increase/(Decrease) in Operating Liabilities	7,794	(6,407)
(22,136,078)	Financial liabilities at amortised cost - due to depositors	1,003,984	(634,983)
(3,348,224) (24,368,401)	Other Liabilities	(607,775)	1,161,671
74,654,596	Net Cash Generated from Operations	3,374,621	2,812,883
	Income Tax Paid	(605,045)	(201,876)
<b>74,654,596</b> 685,888		0.700.670	0.014.007
<b>75,340,484</b> (40,889,320)	Net Cash Flows Generated from Operating Activities	2,769,576	2,611,007
34,451,164	Cook Flows from Investing Activities		
34,365,061 86,103	Cash Flows from Investing Activities		
34,451,164	Net proceeds from maturity and purchase of Financial Investme	nts (6,143,992)	2,763,702
	Proceed from maturity of other Placements with Banks	2,177,002	(3,662,869)
	Purchase of Property, Plant and Equipments	(11,483)	(11,028)
862,259	Dividends received from investment in subsidiaries and associat		-
-	Proceeds from Sale of Property, Plant and Equipment	891	-
- 151,001	Net Cash Flows generated from Investing Activities	(3,977,582)	(910,195)
-	Cash flow from Financing Activities		
(14,655,079)	Capital Infusion from Head Office	-	-
_	Profit transferred to head office	(669,698)	-
	Increase/(Decrease) of borrowings	1,901,503	(1,660,497)
-	Decrease of Securities Sold Under Repurchase Agreement	-	-
	Net cash generated from/(used in) financing Activities	1,231,806	(1,660,497)
-	Net Increase in Cash and Cash Equivalents	23,800	40,316
-	Cash and Cash Equivalents at the Beginning of the year	260,570	220,254
(301,720)	Cash and Cash Equivalents at the End of the year	284,370	260,570
19,022,731			
-	Reconciliation of cash and cash equivalents	284,370	260,570
-	Cash and cash equivalents	284,370	260,570
5,079,192			
39,530,356	Figures in brackets indicate deductions.		

**GROUP CASH FLOW STATEMENT** Group Pakistan PKR '000 For the period ended 31<sup>st</sup>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 23,878 Depreciation on non-banking assets acquired in satisfaction of claims 23,389 Amortisation 560.040 566.633 Provisions / (reversals) and write offs - net 1,075,258 (2,641,001) Fixed assets written off 2,744,424 1,509,781 Worker welfare fund (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 Interest expensed on lease liability against right-of-use assets 3.038 1,688,954 1,474,249 (62,670) **78,083,466** Gain on termination of lease liability against right of use assets (70,616) 145,325,666

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)

STATEMENT OF CHANGES IN EQUITY					Sri Lank	a operatior	is LKR '000
	Assigned Capital	Reserve Fund	Revaluation Reserve	Reserve for FVTOCI	Retained Earnings	Exchange Equilization Reserves	Total
Balance as at 01 <sup>st</sup> January 2023 Change in the foreign exchange reserve	3,969,508 -	281,160 -	141,799 -	5,739 -	3,020,592 -	1,266,698 -	8,685,496 -
Total comprehensive income for the year							
Profit for the year	-	-	-	-	976,744		976,744
Other comprehensive income (net of tax) Total comprehensive income for the year	<u> </u>	<u> </u>		61,609 61,609	(8,690) 968.053	(232,915) (232,915)	<u>(179,996</u> 796,748
Total comprehensive income for the year		· ·		01,009	908,053	[232,915]	/90,/40
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 Others	-	-	-	-	(669,698)	-	(669,698
Total transaction with equity holders		48,837	-		(718,535)		(669,698
Balance as at 31 <sup>st</sup> December 2023	3,969,508	329,997	141,799	67,349	3,270,111	1,033,783	8,812,546
SELECTED PERFORMANCE INDICATORS			Sr	i Lanka Opera	tion	Gro	oup
			As of 31.12.2023		022 31.1	ls of 2.2023 udited	As of 31.12.2022
			Audited	Audit	eu Al	Jailea	Audited
Regulatory Capital Adequacy (LKR in Million)							
			0 100	0.10			
Common Equity Tier 1			8,180	6,10	1		

Others assets (excluding advance taxation)	(106,990,868)	(31,390,952)
	31,474,995	(203,836,473)
Increase in operating liabilities		
Bills payable	(15,602,982)	16,387,921
Borrowings from financial institutions	(120,564,531)	73,992,926
Deposits	477,132,658	(1,890,710)
Others liabilities (excluding current taxation)	(7,095,050)	34,222,005
	333,870,095	122,712,142
Defined benefits paid Income tax paid	(284,916) (66,204,582)	(292,346) (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) 267,428	- 143.124
Net investment in associates		- /
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
Net cash flow used in investing activities	(317,375,509)	(4,925,018)
Cash flow from financing activities		
Payments of subordinated debt	-	-
Payment of lease liability against right-of-use-assets	(3,022,309)	(2,583,670)
Dividend paid	(32,381,201)	(21,912,342)
Net cashflow used in financing activities	(35,403,510)	(24,496,012)
-	(30,400,010)	(,,
Effects of exchange rate changes on cash and cash equivalents	10,532,983	9,600,163
Increase in cash and cash equivalents	101,935,222	(51,563,425)

STATEMENT OF CHANGES IN EQ	UITY				G	roup Pakista	an PKR '000
	Share capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained earnings	Minority Interest	Total
Balance as at 01 <sup>st</sup> January 2023 Total comprehensive income for the year ended December 31, 2023	11,850,600	41,313,438	19,458,482	48,327,038	72,795,700	732,489	194,477,747
Profit after taxation for the year ended December 31, 2023 Other comprehensive income (net of tax)	-	-	7,556,959	4,495,556	65,104,619 2,669,856	166,381 114	65,271,000 14,722,485
Total 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
Share Issued	-	-	-	-	-	-	-
Transfer to statutory reserve	-	6,993,777	-	-	(6,993,777)	-	-
Profit transferred to head office Investment in subsidiary Final cash dividend	-			- -	(165,720) (7.110.360)	(484,205)	(649,925) (7,110,360)
Interim Cash dividends	-	-	-	-	(24,886,260)	-	(24,886,260)
Others	-	-	(1.275,159)		1,275,159	-	-
Total transactions with equity holders Share of dividend attributable to Non-controlling interest	-	6,993,777	(1,275,159)	•	(37,880,958)	(484,205) (73,585)	<b>(32,646,545)</b> (73,585)
Balance as at 31st December 2023	11,850,600	48,307,215	25,740,282	52,822,594	102,689,217	341,194	241,751,102

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.

(sgd) Thushara Perera Department Head - Financial Control 29<sup>th</sup>March 2024

Cash and Cash equivalents at beginning of the year

Cash and cash equivalents at end of the period

(sgd) Tahir Riaz Country General Manager 29th March 2024

125,097,564

227,032,786

187,193,972

135,630,547

## Regulatory Capital Ratio (%)

Total Capital Base

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

8,313

6,538

229,255

184,912

#### 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	
Retum 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%)	410	984	
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	732	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, 2022.

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.

## Credit Ratings

Group by PACRA

Short Term - A1+ Long Term - AAA Exchange rate: Pak Rs. 1 = LKR 1.149 (31st December 2023)



Fort - Pettah - Maradana Wellawatta - Kandy