MCB Bank Limited
Sri Lanka

Interim Financial Statements

STATEMENT OF FINANCIAL POSITION

As at	Sri Lanka operations LKR '000		Group Pakistan PKR '000	
	31.03.2024	31.12.2023 Audited	31.03.2024	31.12.2023 Audited
Assets				
Cash and cash equivalents	224,471	284,370	209,122,539	190,245,798
Balances with central banks	1,445,008	1,077,675	-	-
Placements with banks / Financial Institutions	2,969,749	4,160,047	89,563,248	127,520,254
Derivative financial instruments	-	-	-	-
Financial assets recognized through profit or loss				
measured at fair value	-	-	392,214	2,492,235
designated at fair value	-	-	-	-
Financial assets at amortised cost				
Loans and Advances to customers	7,987,144	9,546,297	707,512,085	670,673,495
Debt and other financial instrument	-	-	59,857,963	59,136,761
Financial Assets measured at FVTOCI	13,390,551	12,933,560	1,324,877,330	1,302,892,842
Investments in associates and joint ventures	-	-	8,211,555	7,821,877
Property, plant and equipment	418,995	435,348	90,001,885	88,738,550
Goodwill and Intangible assets	27,853	31,944	2,411,909	1,859,032
Deferred tax assets	218,605	208,383	6,362,899	-
Current tax assets	-	-	-	-
Other assets	119,724	89,134	169,165,130	228,704,335
Total assets	**26,802,100**	**28,766,757**	**2,667,478,757**	**2,680,085,179**
Liabilities				
Due to banks	-	1,901,503	158,596,575	224,402,848
Derivative financial instruments	-	-	-	-
Financial liabilities recognized through profit or loss				
measured at fair value	-	-	-	-
designated at fair value	-	-	-	-
Financial liabilities at amortised cost				
due to depositors	16,829,699	16,713,312	2,054,114,663	2,009,828,619
due to debt securities holders	-	-	-	-
due to other borrowers	75,522	-	24,670,635	11,261,632
Debt securities issued	-	-	-	-
Retirement benefit obligations	79,489	79,586	-	-
Current tax liabilities	304,174	321,312	-	-
Deferred tax liabilities	-	-	-	3,552,321
Other provisions	43,343	43,343	-	-
Other liabilities	621,412	895,155	186,050,469	189,288,657
Total liabilities	**17,953,639**	**19,954,211**	**2,423,432,342**	**2,438,334,077**
Equity				
Stated capital/Assigned capital	3,969,508	3,969,508	1 1,850,600	1 1,850,600
Statutory reserve fund	339,247	329,997	103,199,143	101,129,809
Retained earnings	3,445,869	3,270,111	20,139,296	25,740,282
Other reserves	1,093,837	1,242,930	108,528,553	102,689,217
Total shareholders' equity	**8,848,461**	**8,812,546**	**243,717,592**	**241,409,908**
Non-controlling interests	-	-	328,823	341,194
Total equity	**8,848,461**	**8,812,546**	**244,046,415**	**241,751,102**
Total equity and liabilities	**26,802,100**	**28,766,757**	**2,667,478,757**	**2,680,085,179**
Contingent liabilities and commitments	**9,538,925**	**8,434,555**	**794,594,825**	**865,207,325**
Number of Employees	110	116	17,125	16,828
Number of Branches	5	5	1,437	1,438

Note: Amount stated are net of impairment, amotization and depreciation

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31st March	Sri Lanka operations LKR '000		Group Pakistan PKR '000	
	2024	2023	2024	2023
Interest income	815,060	1,078,225	100,641,557	70,233,790
Interest expenses	(294,295)	(341,859)	(58,193,819)	(37,191,367)
Net interest income	**520,765**	**736,366**	**42,447,738**	**33,042,423**
Fee and commission income	34,393	17,811	6,795,932	4,648,625
Fee and commission expenses	(5,081)	(5,860)	-	-
Net fee and commission income	**29,312**	**11,951**	**6,795,932**	**4,648,625**
Net gains/(losses) from trading	-	-	-	-
Net fair value gains/(losses) on:	-	-	-	-
financial assets at fair value through profit or loss	-	-	6,525	96,399
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)	51,268	156,921	2,825,530	1,742,171
Total operating income	**601,345**	**905,238**	**52,075,725**	**39,529,618**
Impairment charges for loans and other losses	-	(50,249)	27,955	(739,955)
Net operating income	**601,345**	**854,989**	**52,103,680**	**38,789,663**
Personnel expenses	(102,194)	(94,796)	(7,676,761)	(6,439,033)
Depreciation and amortisation	(20,811)	(23,995)	(1,614,511)	(1,377,038)
Other expenses	(111,852)	(109,337)	(7,879,749)	(6,336,330)
Operating profit before VAT on financial Services and Social Security Contribution levy	**366,487**	**626,862**	**34,932,659**	**24,637,262**
Value Addedd Tax on Financial Services and SSCL	(81,859)	(110,170)	-	-
Operating profit after value added tax (VAT)	**284,628**	**516,691**	**34,932,659**	**24,637,262**
Share of profits of associates and joint ventures	-	-	416,515	3,757
Profit before tax	**284,628**	**516,691**	**35,349,174**	**24,641,019**
Tax expense	(99,620)	(188,059)	(17,495,021)	(10,661,773)
Profit for the period	**185,008**	**328,633**	**17,854,153**	**13,979,246**
Profit attributable to:				
Owners of the parent	185,008	328,633	17,819,689	13,928,020
Non-controlling interests	-	-	34,464	51,226
	185,008	**328,633**	**17,854,153**	**13,979,246**
Items that will be reclassified to income statement				
Foreign currency translation reserve - Gain / (Loss) on translation of Foreign Operation	(125,244)	(206,192)	187,813	(10,302)
Net gains/(losses) on cash flow hedges	-	-	-	-
Net gains/(losses) on investments in Financial Assets measured at fair value through other comprehensive income	(34,071)	77,439	-	-
Share of profits of associates and joint ventures	-	-	(5,230)	-
Debt instruments at fair value through other comprehensive income	-	-	-	-
Movement in share of surplus / deficit on revaluation of associated undertaking- net of tax	-	-	(687,609)	(8,027,884)
Less: Tax expense relating to items that will be reclassified to income statement	10,221	(23,232)	-	-
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	-	-	-	5,020,535
Re-measurement of post-employment benefit obligations	-	-	95,532	-
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 period - net of taxes	**(149,093)**	**(151,984)**	**(409,494)**	**(3,017,651)**
Total comprehensive income for the period	**35,915**	**176,649**	**17,444,659**	**10,961,595**

CASH FLOW STATEMENT

For the period ended 31st March	Sri Lanka operations LKR '000	
	2024	2023
Cash Flows From Operating Activities		
Interest and commission receipts	849,453	1,096,037
Interest payments	(294,295)	(341,859)
Payments to employees	(102,194)	(94,796)
VAT on financial services and SSCL	(81,859)	(110,170)
Receipts/(outgoings) from other operating activities	51,268	156,921
Cash payments to employees and suppliers	(116,933)	(115,197)
Operating profit before changes in Operating Assets and Liabilities	**305,439**	**590,935**
Increase in Operating Assets		
Balances with Central Bank of Sri Lanka	(367,333)	647,885
Financial assets at amortised cost - loans & advances	1,559,153	1,592,135
Other Assets	(30,590)	(13,083)
Increase/(Decrease) in Operating Liabilities		
Financial liabilities at amortised cost - due to depositors	116,387	(2,483,296)
Other Liabilities	(388,863)	(266,452)
Net Cash Generated from Operations	**1,194,194**	**69,123**
Income Tax Paid	(126,979)	(186,163)
Net Cash Flows Generated from Operating Activities	**1,067,215**	**(117,040)**
Cash Flows from Investing Activities		
Net proceeds from maturity and purchase of Financial Investments	(491,062)	(3,008,527)
Proceed from maturity of other Placements with Banks	1,190,298	2,627,943
Purchase of Property, Plant and Equipments	(368)	(138)
Dividends received from investment in subsidiaries and associates	-	-
Proceeds from Sale of Property, Plant and Equipment	-	-
Net Cash Flows generated from Investing Activities	**698,868**	**(380,722)**
Cash flow from Financing Activities		
Capital Infusion from Head Office	-	-
Profit transferred to head office	-	(307,153)
Increase/(Decrease) of borrowings	(1,825,981)	788,709
Decrease of Securities Sold Under Repurchase Agreement	-	-
Net cash generated from/(used in) financing Activities	**(1,825,981)**	**481,556**
Net Increase in Cash and Cash Equivalents	**(59,899)**	**(16,206)**
Cash and Cash Equivalents at the Beginning of the Period	**284,370**	**260,570**
Cash and Cash Equivalents at the End of the Period	**224,471**	**244,365**
Reconciliation of cash and cash equivalents	224,471	244,365
Cash and cash equivalents	**224,471**	**244,365**

Figures in brackets indicate deductions.

GROUP CASH FLOW STATEMENT

For the period ended 31st March	Group Pakistan PKR '000	
	2024	2023
Cash Flows From Operating Activities		
Profit before taxation	35,349,174	24,641,019
Less: Dividend income and share of profit of associates	(1,215,123)	(657,939)
	34,134,051	**23,983,080**
Adjustments:		
Depreciation of fixed assets	956,836	770,627
Depreciation on right of use assets	472,110	466,482
Depreciation on non-banking assets acquired in satisfaction of claims	4,669	5,970
Amortization	180,896	133,959
Provisions / (reversals) and write offs - net	(27,955)	739,955
Fixed assets written off	-	-
Worker welfare fund	705,030	496,158
(Gain) / Loss on sale of fixed assets - net	(48,398)	(5,235)
Gain on conversion of Ijrah agreements	(2,559)	(5,785)
(Reversal)/ charge for defined benefit plans	(103,383)	74,065
Unrealised loss on revaluation of investments classified as held for trading	(6,139)	(40,795)
Interest expensed on lease liability against right-of-use assets	372,601	347,268
Gain on termination of lease liability against right of use assets	(15,999)	(10,248)
Decrease / (increase) in operating assets	**36,621,760**	**26,955,501**
Lending to financial institutions	40,488,562	(69,430,511)
Held-for-trading securities	2,222,140	(11,816)
Advances	(43,686,568)	92,454,921
Others assets (excluding advance taxation)	57,552,740	(6,792,982)
Increase / (decrease) in operating liabilities	**56,576,874**	**16,219,612**
Bills payable	(14,227,358)	(28,398,952)
Borrowings from financial institutions	(52,294,641)	(108,014,675)
Deposits	44,286,044	170,043,773
Others liabilities (excluding current taxation)	11,945,822	(13,930,151)
	(10,290,133)	**19,699,995**
Defined benefits paid	(67,436)	(55,789)
Income tax paid	(24,058,343)	(10,754,247)
Net cash flow from operating activities	**58,782,722**	**52,065,072**
Cash flow from investing activities		
Net investment in securities classified as FVOCI	(23,364,161)	18,294,586
Net investment in securities classified as amortized cost	(825,850)	(701,301)
Dividends received	658,840	493,562
Net investment in associates	(51,264)	-
Investments in property and equipment	(2,579,274)	(1,239,253)
Investments in intangible assets	(859,963)	(103,299)
Proceeds from sale of property and equipment	64,416	8,337
Effect of translation of net investment in foreign branches and subsidiaries	187,823	5,010,114
Net cash flow used in investing activities	**(26,769,433)**	**21,762,746**
Cash flow from financing activities		
Payment of lease liability against right-of-use-assets	(830,395)	(714,769)
Dividend paid	(9,223,809)	(7,047,487)
Net cashflow used in financing activities	**(10,054,204)**	**(7,762,256)**
Effects of credit loss allowance changes on cash and cash equivalents	75,833	-
Effects of exchange rate changes on cash and cash equivalents	(487,304)	10,636,374
Increase in cash and cash equivalents	**21,547,614**	**76,701,936**
Cash and Cash equivalents at beginning of the period	226,996,354	124,994,173
Cash and cash equivalents at end of the period	**248,543,968**	**201,696,109**

STATEMENT OF CHANGES IN EQUITY

Sri Lanka operations LKR '000

	Assigned Capital	Reserve Fund	Revaluation Reserve	FVTOCI Reserve	Retained Earnings	Exchange Equilization Reserves	Total
Balance as at 01st January 2024	**3,969,508**	**329,997**	**141,799**	**67,349**	**3,270,111**	**1,033,783**	**8,812,546**
Change in the foreign exchange reserve	-	-	-	-	-	-	-
Total comprehensive income for the year							
Profit for the year	-	-	-	-	185,008	-	**185,008**
Other comprehensive income (net of tax)	-	-	-	(23,849)	-	(125,244)	**(149,093)**
Total comprehensive income for the year	-	-	-	**(23,849)**	**185,008**	**(125,244)**	**35,915**
Gain on revaluation of property, plant & equipment	-	-	-	-	-	-	-
Transfers to reserves during the period	-	9,250	-	-	(9,250)	-	-
Share issue/increase of assigned capital	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total transaction with equity holders	-	**9,250**	-	-	**(9,250)**	-	-
Balance as at 31st March 2024	**3,969,508**	**339,247**	**141,799**	**43,499**	**3,445,869**	**908,539**	**8,848,461**

STATEMENT OF CHANGES IN EQUITY

Group Pakistan PKR '000

	Share Capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained Earnings	Minority Interest	Total
Balance as at 01st January 2024	11,850,600	48,307,215	25,740,282	52,822,594	102,689,217	341,194	241,751,102
Impact of adoption of IFRS 9	-	-	(4,933,195)	-	496,214	-	(4,436,981)
Profit afer taxation for the year ended March 31, 2024	-	-	-	-	17,819,689	34,464	17,854,153
Other comprehensive income (net of tax)	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branches and subsidiary	-	-	-	182,593	-	(10)	182,583
Movement in Surplus / (deficit) on revaluation of investments in equity instruments through FVOCI - net of tax	-	-	95,532	-	-	-	95,532
Movement in Surplus on associated undertaking - net of tax	-	-	64,857	-	-	-	64,857
Movement in Surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	(752,466)	-	-	-	(752,466)
Total comprehensive income for the year	**11,850,600**	**48,307,215**	**20,215,010**	**53,005,187**	**121,005,120**	**375,648**	**254,758,780**
Transfer to statutory reserve		1,886,741	-	-	(1,886,741)	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	(38,287)	-	38,287	-	-
Surplus realized on disposal of investments in equity instruments through FVOCI - net of tax	-	-	(37,427)	-	37,427	-	-
Final cash dividend	-	-	-	-	(10,665,540)	-	(10,665,540)
Total transactions with equity holders	-	**1,886,741**	**(75,714)**	-	**(12,476,567)**	-	**(10,665,540)**
Share of dividend attributable to Non-controlling interest	-	-	-	-	-	(46,825)	(46,825)
Balance as at 31st March 2024	**11,850,600**	**50,193,956**	**20,139,296**	**53,005,187**	**108,528,553**	**328,823**	**244,046,415**

SELECTED PERFORMANCE INDICATORS

	Sri Lanka Operation		Group	
	As of 31.03.2024	As of 31.12.2023 Audited	As of 31.03.2024	As of 31.12.2023 Audited
Regulatory Capital Adequacy (LKR in Million)				
Common Equity Tier 1	8,071	8,180		
Core Tier 1 Capital	8,071	8,180	197,976	191,313
Total Capital Base	8,168	8,313	237,686	229,255
Regulatory Capital Ratio (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7.00%)	65.12	53.79		
Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	65.12	53.79	15.88	16.50
Total Capital Ratio (Minimum Requirement - 12.50%)	65.90	54.66	19.06	19.77
Assets Quality - Loans Portfolio				
Impaired Loans (Stage 3) Ratio (%)	3.10	3.62		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	71.17	62.36		
Profitability				
Interest Margin %	7.68	10.73		
Return on Assets %	2.73	3.79		
Return on Equity %	8.37	11.09		
Leverage Ratio (Minimum Requirement -3%)	29.58	24.33		
Net Stable Funding Ratio (Minimum Requirement -100%)	230.37	233.70		
Regulatory Liquidity				
Statutory Liquid Assets Rs mn -DBU	16,298	15,309		
Statutory Liquid Assets Rs mn - OBU	1,216	1,103		
Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Domestic Banking Unit	105.30	103.31		
Off Shore Banking Unit	71.32	65.40		
Total Stock of High-Quality Liquid Assets (LKR in Million)	13,673	11,811		
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 100%)	635	410		
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	869	732		

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, 2023.

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 Standard Board (IASB) as notified under the Companies Act, 2017;
- 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.

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 unaudited financial statements of the bank unless stated as Audited.

(sgd) Thushara Perera
Department Head - Financial Control
30th May 2024

(sgd) Tahir Riaz
Country General Manager
30th May 2024

Credit Ratings

Group by PACRA
Short Term - A1+
Long Term - AAA
Exchange rate: Pak Rs. 1 = LKR 1.081 (31st March 2024)

MCB Bank Limited
Fort - Pettah - Maradana
Wellawatta - Kandy

Media Monkey (Pvt) Ltd