

MCB Bank Limited

Interim Financial Statements

Bank for Life Sri Lan	ıka				_							•
STATEMENT OF FINANCIAL POSITIO		a operations (R 000		ıp Pakistan KR 000	STATEMENT OF COMPREHENSIVE INCOM	IE Sri L	anka operation LKR 000	ns Group Pk	Pakistan IR 000	CASH FLOW STATEMENT	Sri Lanka operati	ions LKR 000
As at	30.09.2023 Unaudited	31.12.2022 Audited	30.09.2023 Unaudited	31.12.2022 Audited	For the nine months ended 30 th September	2023	2022	2023	2022	For the period ended 30th 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					Net gains/(losses) from trading	-	-	-	-	. (5 5)		
measured at fair value	-	-	159,335		Net fair value gains/(losses) on:	-	-	-	- (4.45,000)	Cash payments to employees and suppliers	(1,034,703)	(812,214)
designated at fair value Financial assets at amortised cost	-	-	-	-	financial assets at fair value through profit or loss	-	-	217,886	(145,262)	Operating profit before changes in Operating		
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	870,615
Debt and other financial instrument		10,300,137	53,176,090		Net gains/(losses) on derecognition of financial							
Financial Assets measured at FVTOCI	12,939,583	6,701,555	1,297,431,386		assets: at fair value through profit or loss	-	-	-	-	Lancard Country Assets		
Investments in associates and joint ventures	-	-	7,299,099		at amortised cost	-	-	-	-	Increase in Operating Assets		((=0 (00)
Property, plant and equipment	451,030	514,258	86,060,889		at fair value through other comprehensive income	-	-	-	-	Deposits held for Regulatory or Monetary Control Purposes	994,421	(170,423)
Goodwill and Intangible assets	14,936	26,300	1,616,789		Other operating income (net) Total operating income	379,211	259,658	8,446,780	9,951,158	Financial assets at amortised cost - loans & advances	2,987,612	502,813
Deferred tax assets	74,056	130,162	10,070,895		Impairment charges for loans and other losses	2,566,666 (154,735)	1,666,524 (176,051)	143,722,300 (1,796,507)	88,329,681 1,298,217	Other Assets	(21,507)	(34,405)
Current tax assets	-	-	-	-	Net operating income	2,411,930	1,490,473	141,925,793	89,627,898	Increase/(Decrease) in Operating Liabilities		
Other assets	118,435	96,928	161,713,896	103,291,437	Personnel expenses	(340,096)	(286,010)	(19,900,384)	(16,245,121)	Deposits from customers	(1,558,939)	(521,360)
Total assets	26,101,974	26,053,639	2,616,381,855	2,274,333,153	Depreciation and amortisation Other expenses	(64,444) (324,626)	(64,500) (265,813)	(4,333,523) (21,691,103)	(3,819,971) (16,315,070)	Other Liabilities	(501,970)	1,224,322
-	_				Operating profit before VAT on financial	(324,020)	(205,613)	(21,691,103)	(10,315,070)	Net Cash Generated from Operations	3,450,756	1,871,562
Liabilities					Services	1,682,764	874,149	96,000,783	53,247,736	Net dash denerated from operations	3,430,730	1,071,302
Due to banks	1,301,643		301,831,025	349,970,905	Value Addedd Tax on Financial Services and	(350,804)	(179,585)	_		Income Tay Daid	(407.700)	040 004
Derivative financial instruments	1,301,043		301,031,023	-	Social Security Contribution Levy			00.000.700	50.047.700	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 -	96,000,783 894,936	53,247,736 522,009			
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:	005 774	400 405	40,000,000	00 045 457	Cash Flows from Investing Activities		
due to debt securities holders	-	-	-	-	Owners of the parent Non-controlling interests	865,774	486,195 -	48,233,600 107,099	20,615,157 53,462	•	(0.054.007)	0.000.400
due to other borrowers	149,606	-	6,666,364	6,045,705		865,774	486,195	48,340,699	20,668,619	Net proceeds from maturity and purchase of Financial Investments	(6,051,007)	2,289,103
Debt securities issued	-	-	-	-	Items that will be reclassified to income					Proceed from maturity of other Placements with Banks	2,020,208	(3,367,378)
Retirement benefit obligations	60,304	63,526	-	-	statement Foreign currency translation reserve - Gain /					Purchase of Property, Plant and Equipments	10 140	54,185
Current tax liabilities	261,626	293,166	-	-	(Loss) on translation of Foreign Operation	(227,572)	854,239	5,065,724	1,003,501	ruicilase of Froperty, Flant and Equipments	10,148	54,165
Deferred tax liabilities	-	-	-	-	Net gains/(losses) on cash flow hedges	-	-	-	-	Proceeds from Sale of Property, Plant and Equipment		-
Other provisions	45,374	30,958	-	-	Net gains/(losses) on investments in Financial Assets measured at fair value through other						(4 020 CE4)	(4.024.000)
Other liabilities	985,573.00 16,954,514		186,236,623 2,393,810,426	191,142,835	Assets measured at fair value through other comprehensive income	187,021	(22,951)		-	Net Cash Flows generated from Investing Activities	(4,020,651)	(1,024,090)
Total liabilities	16,954,514	17,300,143	2,393,810,426	2,079,055,406	Share of profits of associates and joint ventures	-	-	117,643	93,152			
					Debt instruments at fair value through other		_			Cash flow from Financing Activities		
Equity					comprehensive income Movement in share of surplus / deficit on				-	Cash now from Financing Activities		
Stated capital/Assigned capital	3,969,508	3,969,508	11,850,600	11,850,600	revaluation of associated undertaking- net of tax	-	-	(2,032,804)	(9,745,423)	Capital Infusion from Head Office	-	-
Statutory reserve fund	324,448	281,160	100,005,147	89,640,476	Less: Tax expense relating to items that will be	(50.400)	5 500			Profit transferred to head office	(307,153)	-
Retained earnings	3,535,925	3,020,592	15,665,194	19,458,482	reclassified to income statement Items that will not be reclassified to income	(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	statement	-	-	-	-	Decrease of Securities Sold Under Repurchase Agreement		-
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 nonniqueed in manning Activities	1,144,000	(000,021)
Total equity	9,147,460	8,685,496	222,571,429	194,477,747	Change in fair value attributable to change in the					Not be seen to Ocean and Ocean Free best and	70 470	(00.000)
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					Net Increase in Cash and Cash Equivalents	76,476	(20,336)
O-matin manual Harb 1990					designated at fair value through profit or loss Re-measurement of post-employment benefit	-	-	-	-	Cash and Cash Equivalents at the Beginning of the year	260,570	220,254
Contingent liabilities 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	-	-	(523,677)	(173,085)			
Number of Employees	119	114	16,275	16,671	Share of profits of associates and joint ventures Less: Tax expense relating to items that will not be	-	-					
Number of Employees Number of Branches	5	6	1,439	1,448	reclassified to income statement			-	-	Reconciliation of cash and cash equivalents	337,046	199,918
. Tallibor of brailotto	5	0	1,439	1,440	Other comprehensive income for the period,					Cash and cash equivalents	337,046	199,918
					net of taxes	(96,658)	836,796	2,919,048	(8,657,582)	<u>'</u>		
Note: Amount stated are net of impairment, depreciation and	amortization				Total comprehensive income for the period	769,116	1,322,991	51,259,747	12,011,037	Figures in brackets indicate deductions.		

vae. Amount stated are net of impairment, depreciation and amortization	i otal comprehensive income to	tal comprenensive income for the period			
GROUP CASH FLOW STATEMENT	Group Pakist	Group Pakistan PKR 000			
For the period ended 30 th 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			

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	103,434,674	56,454,564
Decrease / (increase) in operating assets	(40.407.000)	(00.004.00=)
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)
Increase in operating liabilities	76,341,989	(39,608,246)
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	15,801,828
Chief a liabilities (excitating current taxation)	294,391,487	121,360,462
Defind benefits paid	(203,890)	(177,211)
Income tax paid Net cash flow from operating activities	(42,604,356)	(19,515,639)
Net cash how 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
Dividends received	1,985,277	1,588,347
Investments in fixed assets	(5,435,643)	(3,171,845)
Investments in intangible assets	(315,478)	(234,877)
Proceeds from sale of fixed assets	1,828,177	78,796
Proceeds from sale of non-banking assets acquired insatisfaction of claims	132,000	153,500
Proceeds from divestment in a subsidiary	-	-
Effect of translation of net investment in foreign branches and subsidiaries	5,065,724	1,014,932
Net cash flow used in investing activities	(323,464,180)	(95,584,871)
Cook flow from financing activities		
Cash flow from financing activities		
Payments of subordinated debt	(2,125,088)	- (1,864,867)
Payment of lease liability against right-of-use-assets	(2,125,086)	(1,004,007)
Dividend paid	(22,014,004)	(10,294,230)

	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	194,477,747
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	_	-	_	_	-	_	_
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 30 th 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 000
	Assigned Capital	Reserve Fund	Revaluation Reserve	Reserve for FVTOCI	Retained Earnings	Exchange Equalization 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	-	-		-	865,774	-	865,77
Other comprehensive income (net of tax)				130,914	-	(227,572)	(96,658)
Total comprehensive income for the year		-		130,914	865,774	(227,572)	769,116
Gain on revaluation of property, plant & equipment		-	-		-		
Transfers to reserves during the period	-	43,289	-	-	(43,289)	-	-
Share issue/increase of assigned capital	-		-				-
Profit transferred to head office	-	-		-	(307,153)		(307,153
Others			<u> </u>	-	· · · · ·		
Total transactions with equity holders		43,289	-	-	(350,442)	-	(307,153
Balance as at 30th September 2023	3,969,508	324,448	141,799	136,654	3,535,925	1,039,126	9,147,460

Balance as at 30th September 2023 3,969,508 324,448	141,799	136,654 3,53	5,925 1,03	39,126 9,147,4
SELECTED PERFORMANCE INDICATORS	Sri La	nka Operation		Group
	As of 30.09.2023	As of 31.12.2022 Audited	As of 30.09.2023	As of 31.12.2022 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			-	
mpaired Loans (Stage 3) Ratio (%)	5.62	5.09		
mpairment (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%)	623	984		
iquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	1,017	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 (IAS) 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.

(18,159,103)

9.559.736

14,329,692

187,234,399

201,564,091

(24,999,172) 11,029,512

93,926,064

124,293,692

218,219,756

Exchange rate: Pak Rs. 1 = LKR 1.126 (30th September 2023)

Credit Ratings

MCB Bank Limited

Net cashflow used in financing activities

Cash and Cash equivalents at end of the period

Increase in cash and cash equivalents

Effects of exchange rate changes on cash and cash equivalents