

Annual Financial Statements

STATEMENT OF FINANCIAL POSITIO	SITION Sri Lanka operations Group Pakist LKR 000 PKR 000		Group Pakistan PKR 000 STATEMENT OF COMPREHENSIVE INCOM		ΛΕ Sri l	E Sri Lanka operations LKR 000		Pakistan R 000	CASH FLOW STATEMENT	Sri Lanka operations LKR 00		
As at	31.12.2022 Audited	31.12.2021 Audited	31.12.2022 Audited	31.12.2021 Audited	For the twelve months ended 31st December	2022	2021	2022	2021	For the period ended 31st December	2022	2021
Cook and each equivalents	000 570	000.054	440.075.400	475 000 400	Interest income	3,159,406	1,419,856	219,422,758	132,609,303			
Cash and cash equivalents Balances with central banks	260,570	220,254 866,541	110,275,163	175,922,469	Interest expenses Net interest income	(1,009,432) 2,149,974	(596,754) 823,102	(123,454,752) 95,968,006	(64,231,302) 68,378,001	Cash Flows From Operating Activities		
Placements with banks / Financial Institutions	1,418,618 6,337,049	2,674,180	- 82,748,617	63,171,439	Fee and commission income	64,115	110,620	15,573,910	13,691,432	Interest and commission receipts	3,223,521	1,530,477
Derivative financial instruments	0,337,049	2,074,100	02,740,017	03,171,439	Fee and commission expenses	(22,844)	(17,562)	-		Interest payments	(1,009,432)	(596,754)
Financial assets recognized through profit or loss					Net fee and commission income	41,271	93,058	15,573,910	13,691,432	Receipts/(outgoings) from other operating activities	374,088	162,507
measured at fair value	-	-	1,105,496	1,255,085	Net gains/(losses) from trading Net fair value gains/(losses) on:	-	-	-	-	Cash payments to employees and suppliers	(1,142,282)	(760,021)
designated at fair value	-	-	-	-	financial assets at fair value through profit or loss	-	-	(1,708,860)	262,835	Operating profit before changes in Operating		
Financial assets at amortised cost					6 1111111111111111111111111111111111111					Assets and Liabilities	1,445,895	336,209
Loans and Advances to customers	10,568,197	12,385,467	844,985,763	686,388,652	financial liabilities at fair value through profit or loss Net gains/(losses) on derecognition of financial	-	-	-	-	7.00010 4114 =1417111100	1,111,011	,
Debt and other financial instrument	-	815,028	40,126,259	24,426,134	assets:	-	-	-	-			
Financial Assets measured at FVTOCI	6,701,555	8,637,800	994,254,825	1,031,604,010	at fair value through profit or loss					Increase in Operating Assets		
Investments in associates and joint ventures	-	-	5,402,479	5,283,282	at amortised cost at fair value through other comprehensive income	-	-	-	-	Deposits held for Regulatory or Monetary Control Purposes	(552,077)	(122,675)
Property, plant and equipment	514,258	428,704	85,021,165	62,351,545	Other operating income (net)	374,088	162,507	12,047,899	6,700,256	Financial assets at amortised cost - loans & advances	1,401,485	2,565,743
Goodwill and Intangible assets	26,300	31,945	1,682,671	1,838,136	Total operating income	2,565,333	1,078,668	121,880,955	89,032,524	Other Assets	(6,407)	43,817
Deferred tax assets	130,162	21,812	5,439,278	-	Impairment charges for loans and other losses	(415,784)	(250,778)	(2,641,001)	(5,472,779)		(0,407)	43,017
Current tax assets	-	50,332	-	-	Net operating income Personnel expenses	2,149,548 (395,886)	827,890 (308,278)	124,521,956 (22,136,078)	94,505,303 (19,367,589)	Increase/(Decrease) in Operating Liabilities	(004 000)	(F.04F.000)
Other assets	96,928 26,053,639	90,521	103,291,437	69,880,727 2,122,121,479	Depreciation and amortisation	(89,420)	(98,068)	(5,206,349)	(4,813,335)	Deposits from customers	(634,983)	(5,215,603)
Total assets	20,000,009	20,222,303	2,274,333,133	2,122,121,475	Other expenses	(379,101)	(309,824)	(22,510,276)	(17,992,566)	Other Liabilities	1,158,971	243,526
					Operating profit before VAT on financial Services	1,285,142	111,719	74,669,253	52,331,813	Net Cash Generated from Operations	2,812,883	(2,148,983)
Liabilities					Value Addedd Tax on Financial Services and			74,003,233	32,331,013			
Due to banks	-	1,497,685	349,970,905	270,453,627	Social Security Contribution Levy	267,317	(58,112)	<u> </u>		Income Tax Paid	(201,876)	(131,709)
Derivative financial instruments	-	6,152	-	-	Operating profit after value added tax (VAT)	1,017,824	53,607	74,669,253	52,331,813			
Financial liabilities recognized through profit or loss					Share of profits of associates and joint ventures	- 4 047 024	-	671,231	943,587	Net Cash Flows Generated from Operating Activities	2,611,007	(2,280,692)
measured at fair value	-	-	-	-	Profit before tax Tax expense	1,017,824 (292,735)	53,607 (5,921)	75,340,484 (40,889,320)	53,275,400 (21,947,646)	The state of the s		()))
designated at fair value Financial liabilities at amortised cost	-	-	-	-	Profit for the period	725,089	47,686	34,451,164	31,327,754			
due to depositors	15,709,328	16.344.311	1,532,695,961	1,534,586,671	Profit attributable to:					And Electrical and Addition		
due to depositors due to debt securities holders	15,709,326	10,344,311	1,552,695,961	1,334,360,071	Owners of the parent	725,089	47,886	34,365,061	31,179,708	Cash Flows from Investing Activities		
due to other borrowers		162,812	6,045,705	12,445,255	Non-controlling interests	725,089	47,886	86,103 34,451,164	148,046 31,327,754	Net proceeds from maturity and purchase of Financial Investments	2,763,702	2,870,541
Debt securities issued		102,012	0,040,700	12,440,200	Items that will be reclassified to income	-,	,		, , , , , , , , , , , , , , , , , , , ,	Proceed from maturity of other Placements with Banks		342,453
Retirement benefit obligations	63,526	72,128	-	_	statement					•	(3,662,869)	
Current tax liabilities	293,166	-	-	-	Foreign currency translation reserve - Gain /					Purchase of Property, Plant and Equipments	(11,028)	62,841
Deferred tax liabilities	-	-	-	-	(Loss) on translation of Foreign Operation Net gains/(losses) on cash flow hedges	862,719	64,137	862,259	874,051	Draggada from Cala of Draggaty, Dlant and Equipment		
Other provisions	30,958	7,930	-	-	Net gains/(losses) on reast now nedges Net gains/(losses) on investments in Financial	-	-	-	-	Proceeds from Sale of Property, Plant and Equipment	-	-
Other liabilities	1,271,164	1,150,960	191,142,835	127,067,266	Assets measured at fair value through other					Net Cash Flows generated from Investing Activities	(910,195)	3,275,836
Total liabilities	17,368,143	19,241,978	2,079,855,406	1,944,552,819	comprehensive income Share of profits of associates and joint ventures	12,429	(28,892)	(14,366,272) 151,001	(13,196,825) 8,328			
					Debt instruments at fair value through other	_	_	151,001	0,320			
Equity					comprehensive income	-	-	-	-	Cash flow from Financing Activities		
Equity 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			(288,807)	96,109	Capital Infusion from Head Office	_	_
Statutory reserve fund	281,160	244,905	89,640,476	37,729,718	Less: Tax expense relating to items that will be	_	-	(200,007)	90, 109	Profit transferred to head office	-	
Retained earnings	3,020,592	2,319,471	19,458,482	64,697,360	reclassified to income statement	(3,475)	7,921	-	-			(4.064.047)
Other reserves	1,414,236	446,723	72,795,700	62,539,563	Items that will not be reclassified to income statement	_	_	_	_	Increase/(Decrease) of borrowings	(1,660,497)	(1,064,217)
Total shareholders' equity	8,685,495	6,980,608	193,745,258	176,817,241	Change in fair value on investments in equity				-	Decrease of Securities Sold Under Repurchase Agreement	-	-
Non-controlling interests	-		732,489	751,419	instruments designated at fair value through other					Net cash generated from/(used in) financing Activities	(1,660,497)	(1,064,217)
Total equity	8,685,495	6,980,608	194,477,747	177,568,660	comprehensive income Change in fair value attributable to change in the	-	-	-	-			
Total equity and liabilities	26,053,639	26,222,585	2,274,333,153		Bank's own credit risk on financial liabilities					Net Increase in Cash and Cash Equivalents	40,316	(69,074)
<u>-</u>					designated at fair value through profit or loss	-	-	-	-	Cash and Cash Equivalents at the Beginning of the year	220,254	289,328
Contingent liabilities and commitments	6,222,613	7,731,208	706,450,061	643,516,382	Re-measurement of post-employment benefit	16 166	10.701	(204 720)	27.022	Cash and Cash Equivalents at the End of the year	260,570	220,254
-					obligations Changes in revaluation surplus	16,166 106,625	12,701	(301,720) 19,022,731	37,922 (28,185)	•	=======================================	,
					Share of profits of associates and joint ventures	-	-	.0,022,701	(20, 100)	Reconciliation of cash and cash equivalents		
Number of Employees	114	140	16,671	15,961	Less: Tax expense relating to items that will not be	(44.004)	700			•	000 570	200.054
Number of Branches	6	8	1,448	1,437	reclassified to income statement Other comprehensive income for the period,	(41,624)	790	-	-	Cash and cash equivalents	260,570	220,254
					net of taxes	952,840	56,655	5,079,192	(12,208,520)		260,570	220,254
Note: Amount stated are net of impairement and depre	eciation				Total comprehensive income for the period		404.040	20 520 050				
1.000. Full out to take and the of impaliement and depict	Column				- Otal comprehensive income for the period	1,677,929	104,342	39,530,356	19,119,234	Figures in brackets indicate deductions.		

GROUP CASH FLOW STATEMENT		akistan PKR 0
For the period ended 31st December Cash Flows From Operating Activities	2022	2021
Profit before taxation	75,340,484	53,275,400
Less: Dividend income and share of profit of associates	(2,801,594)	(2,898,800
Adjsutments:	72,538,890	50,376,600
Depreciation of fixed assets	2,781,591	2,587,352
Depreciation on right of use assets	1,834,736	1,709,613
Depreciation on non-banking assets acquired in satisfaction of claims	23,389	35,544
Amortisation	566,633	480,826
Provisions / (reversals) and write offs - net	(2,641,001)	(5,472,77
Fixed assets written off		
Norker welfare fund	1,509,781	1,058,419
Gain on sale of non-banking assets acuired in satisfaction of claims	(6,817)	(571,449
Gain on sale of fixed assets	(138,376)	(107,78
Gain on conversion of Ijarah agreements	(18,878)	(20,76
Reversal)/ charge for defined benefit plans	209,051	289,14
nrealised loss on revaluation of investments classified as held for trading	(20,063)	7,020
nterest expensed on lease liability against right-of-use assets	1,474,249	1,257,25
Sain on termination of lease liability against right of use assets	(62,670)	(149,12
	5,511,625	1,103,27
Decrease / (increase) in operating assets		
ending to financial institutions	(15,968,658)	(22,648,86
Held-for-trading securities	169,652	1,316,22
Advances	(156,476,863)	(133,965,47
Others assets (excluding advance taxation)	(31,526,863)	(5,854,95
,	(203,802,732)	(161,153,07
ncrease in operating liabilities	40.007.004	
bills payable	16,387,921	34,93
Borrowings from financial institutions	73,992,926	97,007,79
Deposits	(1,890,710)	145,848,71
Others liabilities (excluding current taxation)	34,222,005 122,712,142	6,448,65 249,340,09
Defind benefits paid	(292,346)	(250,97
ncome tax paid	(28,409,347)	(21,722,46
Net cash flow from operating activities	(31,741,768)	117,693,45
Cash flow from investing activities		
let investments in available-for-sale securities	12,249,839	(41,999,82
let investments in held-to-maturity securities	(15,737,320)	(4,886,76
let cash inflow on amalgamation	-	-
Proceeds from divestment in a subsidiary	2 225 000	0.477.64
Dividends received	2,335,990 (4,930,232)	2,177,61
nvestments in fixed assets	,	(3,205,07)
nvestments in intangible assets	(416,497) 405,748	405,76
Proceeds from sale of fixed assets Proceeds from sale of non-banking assets acquired insatisfaction of claims	153,500	2,052,92
	-	_,002,02
Proceeds from divestment in a subsidiary Effect of translation of net investment in foreign branches and subsidiaries	- 1,013,164	882,35
Net cash flow used in investing activities	(4,925,808)	(45,024,08
tot oddi nom daed in investing detrities	(4,925,808)	(45,024,08
Cash flow from financing activities		
Payments of subordinated debt	-	-
Payment of lease liability against right-of-use-assets	(2,583,670)	(2,359,33
Dividend paid	(21,912,342)	(34,211,54
let cashflow used in financing activities	(24,496,012)	(36,570,87
iffects of exchange rate changes on cash and cash equivalents	9,600,183	5,341,97
ncrease in cash and cash equivalents	(51,563,405)	41,440,46
Cash and Cash equivalents at beginning of the period	187,193,972	155,353,66
Cash and Cash equivalents at beginning of the period	135,630,567	196,794,13

Cash and Cash equivalents at beginning of	the period				1	87,193,972	155,353,669
Cash and Cash equivalents at end of the pe	eriod				1	35,630,567	196,794,135
STATEMENT OF CHANGES IN E	QUITY					Group Pa	ıkistan PKR 000
	Share capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained earnings	Minority Interest	Total
Balance as at 01st January 2022	11,850,600	37,729,718	18,600,000	43,939,563	64,697,360	751,419	177,568,66
Total comprehensive income for the year							
Profit for the year					34,365,061	86,103	34,451,16
Other comprehensive income (net of tax)	-		-	5,380,816	(301,720)	96	5,079,19
otal comprehensive income for the year	-	-	-	5,380,816	34,063,341	86,199	39,530,35
Share Issued	-	-	-	-	-	-	-
ransfers to reserves during the period	-	3,583,720	-	-	(3,583,720)	-	-
Profit transferred to head office	-	-	-	-		-	-
Final cash dividend	-	-	-	-	(5,925,300)	(105,129)	(6,030,42
nterim Cash dividends	-	-	-	-	(16,590,840)	-	(16,590,84
Others	-	-	-	(134,859)	134,859	-	-
otal transactions with equity holders	-	3,583,720	-	(134,859)	(25,965,001)	(105,129)	(22,621,26
Balance as at 31st December 2022	11,850,600	41,313,438	18,600,000	49,185,520	72,795,700	732,489	194,477,74

STATEMENT OF CHANGES IN EQUITY						anka operation	
	Assigned Capital	Reserve Fund	Revaluation Reserve	Reserve for FVTOCI	Retained Earnings	Exchange Equilization Reserves	Total
Balance as at 01st January 2022	3,969,508	244,905	72,918	(3,215)	2,319,471	377,021	6,980,609
Change in the foreign exchange reserve	•	•	•	-	- -	26,959	26,959
Total comprehensive income for the year							
Profit for the year	•	-	-	-	725,089	-	725,089
Other comprehensive income (net of tax)	-	-	<u> </u>	8,954	12,286	862,719	883,959
Total comprehensive income for the year		<u> </u>		8,954	737,375	862,719	1,609,048
Gain on revaluation of property, plant & equipment		-	68,881	-	_	-	68,881
Transfers to reserves during the period	-	36,254	-	-	(36,254)	-	-
Share issue/increase of assigned capital	-	-	-	-	-	-	-
Profit transferred to head office	•	-	-	-	-	-	-
Others	<u> </u>	<u> </u>	<u> </u>	-	<u> </u>	<u> </u>	-
Total transactions with equity holders	<u> </u>	36,254	68,881	<u>-</u>	(36,254)	<u> </u>	68,881
Balance as at 31st December 2022	3,969,508	281,160	141,799	5,739	3,020,592	1,266,699	8,685,496

SELECTED PERFORMANCE INDICATORS	Sri La	anka Operation		Group
	As of 31.12.2022	As of 31.12.2021	As of 31.12.2022	As of 31.12.2021
Regulatory Capital Adequacy (LKR in Million)				
Common Equity Tier 1	6,101	6,688		
Core Tier 1 Capital	6,101	6,688	160,614	150,354
Total Capital Base	6,538	6,859	185,384	169,604
Regulatory Capital Ratio (%)				
Common Equity Tigs 1 Capital Patis (Minimum Paguiroment 7 009/)	33.95	45.83		
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7.00%) Tier 1 Capital Ratio (Minimum Requirement - 8.50%)	33.95	45.83	16.3	15.1
Total Capital Ratio (Minimum Requirement - 12.50%)	36.38	47.00	18.8	17.0
Total Capital Natio (willimin Nequilement - 12.30%)	00.00	47.00	10.0	17.0
Assets Quality - Loans Portfolio				
Impaired Loans (Stage 3) Ratio (%)	5.09	5.02		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	55.41	48.40		
Profitability				
Interest Margin %	8.2	1.0		
Return on Assets %	2.8	0.2		
Return on Equity %	9.0	0.8		
Leverage Ratio (Minimum Requirement -3%)	22.91	24.7		
Net Stable Funding Ratio (Minimum Requirement -100%)	190.5	189.7		
Regulatory Liquidity				
Statutory Liquid Assets Rs mn -DBU	11,773	11,521		
Statutory Liquid Assets Rs mn - OBU	922	828		
Statutory Liquid Assets Ratio % -Minimum requirement 20%				
Domestic Banking Unit	79.1	70.2		
Off Shore Banking Unit	42.4	69.5		
Total Stock of High-Quality Liquid Assets (LKR in Million)	7,474.8	9,077.0		
Liquidity Coverage Ratio (%)- Rupee(Minimum Requirement - 100%)	984.0	312.0		
Liquidity Coverage Ratio (%)- All currencies (Minimum Requirement - 100%)	671.7	258.7		

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. Other operating income includes the swap cost incurred from buying and selling two currencies at two different maturities amounting to LKR N/L (Year 2021 gain 0.618Mn) 3. 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 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 has deferred the applicability of International Financial Reporting Standard (IFRS) 9, 'Financial Instruments: Recognition and Measurement' and The state bank of Pakistan has delened the applicability of international minimum standard (IRS) 9, Philancial institutions. Recognition and Measurement 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.

(b) the information contained in these statements have been extracted from the audited financial statements of the bank.

(sgd) Apiramy Jeyarajah Department Head - Finance Control 30th March 2023

(sgd) Tahir Riaz Country General Manager 30th March 2023

Credit Ratings

Group by PACRA Long Term - AAA Exchange rate: Pak Rs. 1 = LKR 1.623 (31st December 2022)

MCB Bank Limited Fort - Pettah - Maradana - Wellawatta

Kandy - Kollupitiya