

INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2022

Financial review for the three months ended March 31, 2022

ComBank Group navigates devaluation impact in complex Q1 performance

- Total assets cross Rs 2 Tn., first private sector bank to achieve the milestone
- Mainly influenced by Rupee devaluation, loan book grows by Rs 133 Bn., deposits by Rs 234 Bn. in 3 months
- 3-month net operating income up 66% to Rs 28.3 Bn.
- Posts other operating income of Rs 11.3 Bn. primarily from realized and unrealized exchange gains

The Commercial Bank Group has posted a balanced financial performance for the first quarter of 2022, highly influenced by the sharp devaluation of the Rupee impacting key performance indicators both positively and negatively.

The Group, comprising of the Commercial Bank of Ceylon PLC, its subsidiaries and an associate, reported gross income of Rs 54.573 billion, total operating income of Rs 34.244 billion and net operating income of Rs 28.284 billion for the three months ended 31st March 2022, recording improvements of 33.41%, 41.74% and 66.33% respectively.

YOY growth in the loan book coupled with the positive impact of the unprecedented depreciation of the Rupee witnessed in March 2022 on interest income from the foreign currency denominated assets portfolio saw interest income for the three months increasing by 19.41% to Rs 37.847 billion. Interest expenses too increased by 17.30% to Rs 19.024 billion due to the YOY growth in the deposit portfolio as well as a substantial increase in interest expenses booked on deposits and borrowings denominated in foreign currency owing to the sharp depreciation of Rupee. As a result, the Group posted net interest income of Rs 18.823 billion for the quarter, an improvement of 21.62%.

The Group's other operating income more than doubled to Rs 11.333 billion in the three months reviewed while net fee and commission income improved by 35.21% to Rs 4.088 billion, and combined with net interest income, contributed to the growth in the total operating income of the Group.

Meanwhile, the growth in the net operating income was helped by impairment charges and other losses reducing by 16.71% to Rs 5.961 billion. The exchange impact on impairment charges on loans and advances and Government Securities denominated in foreign currency was recognised in Net Other Operating Income where the corresponding exchange gains are recognised.

The Group recorded a net gain of Rs 23.542 billion from trading via realized and unrealized exchange profits resulting from the sharp depreciation of the Rupee, offsetting the impact of reduced capital gains from government securities in comparison with the corresponding quarter of 2021, which led to net gains from derecognition of financial assets reducing to Rs 15.143 million during the three months under review from Rs 1.776 billion reported for the corresponding period last year. However, a net loss of Rs 12.223 billion was posted in other operating income due to the exchange losses on the revaluation of foreign currency assets and liabilities and the exchange impact on impairment charges on loans and advances and Government Securities denominated in foreign currency.

Consequently, net operating income increased to Rs. 28.284 billion from Rs. 17.005 billion reported for the corresponding quarter of 2021, an improvement of 66.33%.

With operating expenses of Rs 8.721 billion for the three months reflecting a lower rate of increase of 23.66% in comparison to the 66.33% growth achieved in net operating income, the Group reported operating profit before taxes on financial services of Rs 19.563 billion, recording a higher growth of 96.56%.

VAT on Financial Services for the quarter more than doubled to Rs 3.155 billion due to the increase in profits liable for VAT as well as the upward revision of the VAT rate from 15% to 18% effective 1st January 2022. As a result, the Group's profit before income tax for the three months grew by 95.21% to Rs 16.406 billion.

The Group's income tax expense for the period under review amounted Rs 4.631 billion, a 188.2% increase as a result of the increase in taxable profits and the figure for the corresponding quarter of 2021 being reduced by the reversal of the over-provision for 2020 resulting from the reduction in the tax rate from 28% to 24%.

Consequent to the extraordinary increase in income tax for the reviewed quarter, the Group reported profit after tax of Rs 11.775 billion for the three months, an improvement of 73.23%.

Taken separately, Commercial Bank of Ceylon PLC posted a profit before tax of Rs 16.089 billion for the three months, achieving a growth of 96.61% and a profit after tax of Rs 11.548 billion, recording an improvement of 73.44%.

Total assets of the Group and the Bank crossed the milestone of Rs 2 trillion during the quarter, making Commercial Bank the first private sector bank in the country to achieve this significant milestone. The total assets of the Group stood at Rs 2.287 trillion as at 31st March 2022, an increase of Rs 304 billion or 15.28% since December 2021, with gains from the depreciation of the Rupee in March 2022 too contributing to the growth. Asset growth over the preceding 12 months was Rs 462.259 billion or 25.34%.

Gross loans and advances of the Group increased by Rs 133 billion or 12.16% to Rs 1.228 trillion, while the growth of the loan book of the Group over the preceding year was 24.47%.

Total deposits of the Group recorded a growth of Rs 233 billion or 15.88% in the quarter reviewed and stood at Rs 1.706 trillion as at 31st March 2022, while the YOY deposit growth was 26.73%.

In other key indicators, the Bank's basic and diluted earnings per share improved by 66.85% from Rs 5.58 to Rs 9.31. Total equity attributed to shareholders of the Bank increased by Rs 4.122 billion or 2.5% to Rs 169.016 billion. With the increase in the number of shares due to the scrip dividend for 2021, the Bank's net assets value per share reduced to Rs 136.33 from Rs 138.08 as at end 2021.

The Bank's Tier 1 Capital Adequacy Ratio (CAR) stood at 9.835% as at 31st March 2022, and its Total Capital Ratio at 13.087%, both marginally above the revised minimum requirements of 9% and 13% respectively imposed by the regulator consequent to the COVID-19 pandemic. Capital adequacy ratios were impacted by an increase in risk-weighted assets due to the growth of the assets denominated in foreign currency as a result of the unprecedented depreciation of the Rupee and mark to market losses on government securities in the Fair Value through Other Comprehensive Income (FVOCI) portfolio due to the unprecedented increase in market interest rates during the quarter under review.

In terms of liquidity, the Bank's statutory liquid asset ratios for its domestic banking unit and offshore banking unit stood at 39.68% and 31.90% respectively, well above the minimum requirement of 20%. In terms of asset quality, the Bank's impaired loans (stage 3) ratio stood at 3.58% while its stage 3 impairment to stage 3 loans ratio stood at 43.51% as at 31st March 2022, compared to the ratios of 3.85% and 42.76% reported as at end 2021.

In key profitability indicators, the Bank's net interest margin, return on assets (before taxes) and return on equity improved to 3.55%, 3.12% and 28.05% respectively for the three months ended 31st March 2022 compared to 3.51%, 1.74% and 14.66% respectively for 2021. In the meantime, the Bank's Cost to Income Ratio (CIR) before VAT on Financial Services improved to 25.33% for the quarter under review from 31.61% for 2021 and 33.95% for 2020. The cost to income ratio inclusive of VAT on Financial Services improved to 34.67% from 37.97% for 2021 and 39.96% for 2020.

The Bank's CASA ratio, an industry benchmark, stood at 48.10% at the end of the three months reviewed, as against 47.83% and 42.72% respectively as at end of 2021 and 2020.

Commercial Bank is Sri Lanka's first 100% carbon neutral bank, the first Sri Lankan bank to be listed among the Top 1000 Banks of the World and the only Sri Lankan bank to be so listed for 11 years consecutively. It is the largest lender to Sri Lanka's SME sector and is a leader in digital innovation in the country's Banking sector. The Bank's overseas operations encompass Bangladesh, where the Bank operates 19 outlets; the Maldives, where the Bank has a fully-fledged Tier I Bank with a majority stake, and Myanmar, where it has a microfinance company in Nay Pyi Taw.

INCOME STATEMENT

1

| For the three months ended March 31, | GROUP | | | BANK | | |
|--|-------------------|-------------------|--------------|-------------------|-------------------|--------------|
| | 2022 Rs.'000 | 2021 Rs.'000 | Change % | 2022 Rs.'000 | 2021 Rs.'000 | Change % |
| Gross income | 54,573,233 | 40,905,428 | 33.41 | 53,773,524 | 40,233,456 | 33.65 |
| Interest income | 37,846,848 | 31,694,523 | 19.41 | 37,159,176 | 31,130,833 | 19.36 |
| Less : Interest expense | 19,023,823 | 16,217,802 | 17.30 | 18,864,185 | 16,078,930 | 17.32 |
| Net interest income | 18,823,025 | 15,476,721 | 21.62 | 18,294,991 | 15,051,903 | 21.55 |
| Fee and commission income | 5,393,005 | 3,550,323 | 51.90 | 5,259,059 | 3,409,982 | 54.23 |
| Less: Fee and commission expense | 1,305,318 | 527,001 | 147.69 | 1,296,826 | 523,090 | 147.92 |
| Net fee and commission income | 4,087,687 | 3,023,322 | 35.21 | 3,962,233 | 2,886,892 | 37.25 |
| Net gains/(losses) from trading | 23,541,542 | 214,575 | 10,871.24 | 23,541,542 | 214,575 | 10,871.24 |
| Net gains/(losses) from derecognition of financial assets | 15,143 | 1,775,603 | (99.15) | 15,143 | 1,775,603 | (99.15) |
| Net other operating income | (12,223,305) | 3,670,404 | (433.02) | (12,201,396) | 3,702,463 | (429.55) |
| Total operating income | 34,244,092 | 24,160,625 | 41.74 | 33,612,513 | 23,631,436 | 42.24 |
| Less : Impairment charges and other losses | 5,960,556 | 7,156,050 | (16.71) | 5,869,091 | 7,052,038 | (16.77) |
| Net operating income | 28,283,536 | 17,004,575 | 66.33 | 27,743,422 | 16,579,398 | 67.34 |
| Less: Expenses | 8,720,580 | 7,052,113 | 23.66 | 8,514,723 | 6,859,582 | 24.13 |
| Personnel expenses | 4,612,253 | 4,074,023 | 13.21 | 4,484,340 | 3,955,629 | 13.37 |
| Depreciation and amortisation | 817,905 | 762,267 | 7.30 | 815,369 | 749,529 | 8.78 |
| Other operating expenses | 3,290,422 | 2,215,823 | 48.50 | 3,215,014 | 2,154,424 | 49.23 |
| Operating profit before Value Added Tax on financial services | 19,562,956 | 9,952,462 | 96.56 | 19,228,699 | 9,719,816 | 97.83 |
| Less: Value Added Tax on financial services | 3,155,225 | 1,548,156 | 103.81 | 3,139,999 | 1,536,637 | 104.34 |
| Operating profit after Value Added Tax on financial services | 16,407,731 | 8,404,306 | 95.23 | 16,088,700 | 8,183,179 | 96.61 |
| Share of profit/(loss) of associate, net of tax | (1,869) | (133) | (1,305.26) | - | - | - |
| Profit before income tax | 16,405,862 | 8,404,173 | 95.21 | 16,088,700 | 8,183,179 | 96.61 |
| Less : Income tax expense | 4,631,158 | 1,606,916 | 188.20 | 4,541,083 | 1,525,107 | 197.76 |
| Profit for the period | 11,774,704 | 6,797,257 | 73.23 | 11,547,617 | 6,658,072 | 73.44 |
| Profit attributable to: | | | | | | |
| Equity holders of the Bank | 11,684,581 | 6,749,545 | 73.12 | 11,547,617 | 6,658,072 | 73.44 |
| Non-controlling interest | 90,123 | 47,712 | 88.89 | - | - | - |
| Profit for the period | 11,774,704 | 6,797,257 | 73.23 | 11,547,617 | 6,658,072 | 73.44 |
| Earnings per share (EPS) | | | | | | |
| Basic earnings per ordinary share (Rs.) | 9.42 | 5.65 | 66.73 | 9.31 | 5.58 | 66.85 |
| Diluted earnings per ordinary share (Rs.) | 9.42 | 5.65 | 66.73 | 9.31 | 5.58 | 66.85 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

2

| For the three months ended March 31, | GROUP | | | BANK | | |
|---|-------------------|------------------|--------------|-------------------|------------------|--------------|
| | 2022 Rs.'000 | 2021 Rs.'000 | Change % | 2022 Rs.'000 | 2021 Rs.'000 | Change % |
| Profit for the Period | 11,774,704 | 6,797,257 | 73.23 | 11,547,617 | 6,658,072 | 73.44 |
| Other comprehensive income, net of tax | | | | | | |
| Items that will never be reclassified to profit or loss | | | | | | |
| Net actuarial gains/(losses) on defined benefit plans | - | (28,970) | 100.00 | - | (28,904) | 100.00 |
| Gains/(losses) on remeasurement of defined benefit liability/asset | - | (838) | 100.00 | - | - | - |
| Less : Deferred tax charge/(reversal) on actuarial gains/(losses) - includes the effect of tax rate change in 2020 but adjusted in 2021 | - | (28,132) | 100.00 | - | (28,904) | 100.00 |
| Net change in revaluation surplus | - | 588,247 | (100.00) | - | 532,740 | (100.00) |
| Changes in revaluation surplus/(deficit) | - | - | - | - | - | - |
| Less : Deferred tax charge/(reversal) on revaluation surplus - includes the effect of tax rate change in 2020 but adjusted in 2021 | - | 588,247 | (100.00) | - | 532,740 | (100.00) |
| Net change in fair value on investments in equity | (201,503) | (54,512) | (269.65) | (201,503) | (54,512) | (269.65) |
| Change in fair value on investments in equity at fair value through other comprehensive income | (201,503) | (54,512) | (269.65) | (201,503) | (54,512) | (269.65) |
| Gain on disposal of investments in equity instruments | 7,373 | - | 100.00 | 7,373 | - | 100.00 |
| Share of other comprehensive income/(expense) of associate, net of tax | (902) | (910) | 0.88 | - | - | - |
| Items that are or may be reclassified to profit or loss | | | | | | |
| Net gains/(losses) arising from translating the Financial Statements of foreign operations | 15,757,304 | 1,808,239 | 771.42 | 13,821,422 | 1,622,109 | 752.06 |
| Net gains/(losses) on investment in financial assets at fair value through other comprehensive income | (15,689,641) | (1,142,481) | (1,273.30) | (15,687,961) | (1,142,785) | (1,272.78) |
| Fair value gains/(losses) that arose during the period, net of tax | (17,217,279) | (450,779) | (3,719.45) | (17,215,599) | (451,083) | (3,716.50) |
| Fair value (gains)/losses realised to the Income Statement on disposal, net of tax | (11,508) | (1,349,458) | 99.15 | (11,508) | (1,349,458) | 99.15 |
| Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax | 1,539,146 | 657,756 | 134.00 | 1,539,146 | 657,756 | 134.00 |
| Cash flow hedges - effective portion of changes in fair value, net of tax | 9,530 | (8,873) | 207.40 | 9,530 | (8,873) | 207.40 |
| Other comprehensive income/(expense) for the period, net of taxes | (117,839) | 1,160,740 | (110.15) | (2,051,139) | 919,775 | (323.00) |
| Total comprehensive income for the period | 11,656,865 | 7,957,997 | 46.48 | 9,496,478 | 7,577,847 | 25.32 |
| Attributable to: | | | | | | |
| Equity holders of the Bank | 10,761,378 | 7,814,998 | 37.70 | 9,496,478 | 7,577,847 | 25.32 |
| Non-controlling interest | 895,487 | 142,999 | 526.22 | - | - | - |
| Total comprehensive income for the period | 11,656,865 | 7,957,997 | 46.48 | 9,496,478 | 7,577,847 | 25.32 |

STATEMENT OF FINANCIAL POSITION

3

| As at | Group | | | Bank | | |
|---|----------------------|----------------------|--------------|----------------------|----------------------|--------------|
| | 31.03.2022 | 31.12.2021 | Change | 31.03.2022 | 31.12.2021 | Change |
| | | (Audited) | | | (Audited) | |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| ASSETS | | | | | | |
| Cash and cash equivalents | 139,725,913 | 69,335,379 | 101.52 | 138,554,687 | 68,078,076 | 103.52 |
| Balances with Central Banks | 87,849,345 | 56,777,465 | 54.73 | 81,086,848 | 52,897,908 | 53.29 |
| Placements with banks | 5,882,556 | 12,498,709 | (52.93) | 4,580,100 | 11,584,952 | (60.47) |
| Securities purchased under resale agreements | 1,756,293 | 3,000,490 | (41.47) | 1,756,293 | 3,000,490 | (41.47) |
| Derivative financial assets | 24,426,913 | 3,245,120 | 652.73 | 24,426,913 | 3,245,120 | 652.73 |
| Financial assets recognised through profit or loss - measured at fair value | 25,090,307 | 23,436,123 | 7.06 | 25,090,307 | 23,436,123 | 7.06 |
| Financial assets at amortised cost - Loans and advances to other customers | 1,158,500,812 | 1,029,584,075 | 12.52 | 1,139,304,710 | 1,014,618,580 | 12.29 |
| Financial assets at amortised cost - Debt and other financial instruments | 451,890,370 | 385,390,598 | 17.26 | 424,805,507 | 369,417,889 | 14.99 |
| Financial assets measured at fair value through other comprehensive income | 316,414,558 | 335,953,802 | (5.82) | 315,781,767 | 335,463,338 | (5.87) |
| Investments in subsidiaries | - | - | - | 5,808,429 | 5,808,429 | - |
| Investment in associate | 57,656 | 60,428 | (4.59) | 44,331 | 44,331 | - |
| Property, plant and equipment and right-of-use assets | 25,535,145 | 24,744,634 | 3.19 | 23,719,230 | 23,075,467 | 2.79 |
| Investment properties | 72,400 | 72,400 | - | - | - | - |
| Intangible assets | 2,505,708 | 2,272,639 | 10.26 | 1,941,213 | 1,724,864 | 12.54 |
| Deferred tax assets | 16,467,507 | 10,036,105 | 64.08 | 16,169,713 | 9,793,129 | 65.11 |
| Other assets | 30,384,439 | 27,083,177 | 12.19 | 30,285,171 | 27,024,475 | 12.07 |
| Total Assets | 2,286,559,922 | 1,983,491,144 | 15.28 | 2,233,355,219 | 1,949,213,171 | 14.58 |
| LIABILITIES | | | | | | |
| Due to banks | 78,825,477 | 73,801,195 | 6.81 | 78,898,400 | 73,777,420 | 6.94 |
| Derivative financial liabilities | 13,445,927 | 2,092,198 | 542.67 | 13,445,927 | 2,092,198 | 542.67 |
| Securities sold under repurchase agreements | 168,475,481 | 151,424,854 | 11.26 | 168,582,810 | 151,911,842 | 10.97 |
| Financial liabilities at amortised cost - due to depositors | 1,706,467,472 | 1,472,640,456 | 15.88 | 1,660,680,484 | 1,443,093,453 | 15.08 |
| Financial liabilities at amortised cost - other borrowings | 32,042,811 | 32,587,051 | (1.67) | 32,042,811 | 32,587,051 | (1.67) |
| Current tax liabilities | 13,745,921 | 9,486,772 | 44.90 | 13,482,706 | 9,294,180 | 45.07 |
| Deferred tax liabilities | 348,851 | 349,106 | (0.07) | - | - | - |
| Other liabilities | 52,266,429 | 33,253,518 | 57.18 | 52,002,171 | 33,210,883 | 56.58 |
| Due to subsidiaries | - | - | - | 86,493 | 48,699 | 77.61 |
| Subordinated liabilities | 45,117,068 | 38,303,466 | 17.79 | 45,117,068 | 38,303,466 | 17.79 |
| Total Liabilities | 2,110,735,437 | 1,813,938,616 | 16.36 | 2,064,338,870 | 1,784,319,192 | 15.69 |

| As at | Group | | | Bank | | |
|--|----------------------|----------------------|---------------|----------------------|----------------------|---------------|
| | 31.03.2022 | 31.12.2021 | Change | 31.03.2022 | 31.12.2021 | Change |
| | (Audited) | (Audited) | | (Audited) | (Audited) | |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| EQUITY | | | | | | |
| Stated capital | 58,149,621 | 54,566,957 | 6.57 | 58,149,621 | 54,566,957 | 6.57 |
| Statutory reserves | 10,590,338 | 10,590,338 | - | 10,204,368 | 10,204,368 | - |
| Retained earnings | 12,625,944 | 9,890,762 | 27.65 | 11,626,483 | 9,028,265 | 28.78 |
| Other reserves | 91,496,084 | 92,426,660 | (1.01) | 89,035,877 | 91,094,389 | (2.26) |
| Total equity attributable to equity holders of the Bank | 172,861,987 | 167,474,717 | 3.22 | 169,016,349 | 164,893,979 | 2.50 |
| Non-controlling Interest | 2,962,498 | 2,077,811 | 42.58 | - | - | - |
| Total Equity | 175,824,485 | 169,552,528 | 3.70 | 169,016,349 | 164,893,979 | 2.50 |
| Total Liabilities and Equity | 2,286,559,922 | 1,983,491,144 | 15.28 | 2,233,355,219 | 1,949,213,171 | 14.58 |
| Contingent Liabilities and Commitments | 859,963,467 | 685,379,028 | 25.47 | 857,057,146 | 682,399,783 | 25.59 |
| Net Assets Value per Ordinary Share (Rs.) | 139.43 | 140.24 | (0.58) | 136.33 | 138.08 | (1.27) |
| Memorandum Information | | | | | | |
| Number of Employees | | | | 5,165 | 5,072 | |
| Number of Customer Service Centers | | | | 287 | 287 | |

CERTIFICATION :

These Financial Statements have been prepared in compliance with requirements of the Companies Act No. 07 of 2007.

(Sgd.) K.D.N. Buddhipala

Chief Financial Officer

We, the undersigned, being the Chairman and the Managing Director/Chief Executive Officer of the Commercial Bank of Ceylon PLC, certify jointly that:

- (a) the above financial statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka,
- (b) the information contained in these financial statements have been extracted from the unaudited Financial Statements of the Group & the Bank, unless indicated as audited.

(Sgd.) Prof. A. K. W. Jayawardane

Chairman

May 12, 2022

Colombo

(Sgd.) S. C. U. Manatunge

Managing Director/Chief Executive Officer

| | Stated Capital | Statutory Reserve Fund | Retained Earnings | Other Reserves | | | | | | Shareholders' Funds | Non-Controlling Interest | Total Equity |
|--|----------------|------------------------|-------------------|---------------------|--------------------|--------------------------------------|-----------------|-------------------------------|-----------------|---------------------|--------------------------|--------------|
| | | | | Revaluation Reserve | Fair Value Reserve | Foreign Currency Translation Reserve | Hedging Reserve | Employee Share Option Reserve | General Reserve | | | |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Balance as at 01.01.2021 - Audited | 52,187,747 | 9,285,233 | 8,124,261 | 10,504,768 | 463,884 | 3,325,924 | (102,511) | 433,503 | 74,970,003 | 159,192,812 | 1,755,897 | 160,948,709 |
| Total comprehensive income for the three months ended 31.03.2021 | | | | | | | | | | | | |
| Profit for the three months ended 31.03.2021 | - | - | 6,749,545 | - | - | - | - | - | - | 6,749,545 | 47,712 | 6,797,257 |
| Other comprehensive income for the three months ended 31.03.2021 | - | - | (28,970) | 584,407 | (1,197,903) | 1,716,792 | (8,873) | - | - | 1,065,453 | 95,287 | 1,160,740 |
| Total comprehensive income for the three months ended 31.03.2021 | - | - | 6,720,575 | 584,407 | (1,197,903) | 1,716,792 | (8,873) | - | - | 7,814,998 | 142,999 | 7,957,997 |
| Transactions with owners recognised directly in equity, contributions by and distributions to owners | | | | | | | | | | | | |
| Issue of ordinary voting shares under Employee Share Option Plans [ESOPs] | 38,182 | - | - | - | - | - | - | - | - | 38,182 | - | 38,182 |
| Transfer o/a Share-based Payment transactions | 3,411 | - | - | - | - | - | - | (3,411) | - | - | - | - |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends to equity holders | | | | | | | | | | | | |
| First & Final dividend for 2020 satisfied in the form of cash | - | - | (5,253,070) | - | - | - | - | - | - | (5,253,070) | - | (5,253,070) |
| First & Final dividend for 2020 satisfied in the form of issue and allotment of new shares | 2,334,698 | - | (2,334,698) | - | - | - | - | - | - | - | - | - |
| Final cash dividend for 2020 | - | - | - | - | - | - | - | - | - | - | (12,200) | (12,200) |
| Unclaimed dividend absorbed/(dividend paid) in respect of previous years | - | - | (38) | - | - | - | - | - | - | (38) | - | (38) |
| Share-based Payment transactions | - | - | - | - | - | - | - | 10,153 | - | 10,153 | - | 10,153 |
| Transfers during the period | - | 2,495 | (2,495) | - | - | - | - | - | - | - | - | - |
| Total transactions with equity holders | 2,376,291 | 2,495 | (7,590,301) | - | - | - | - | 6,742 | - | (5,204,773) | (12,200) | (5,216,973) |
| Balance as at 31.03.2021 | 54,564,038 | 9,287,728 | 7,254,535 | 11,089,175 | (734,019) | 5,042,716 | (111,384) | 440,245 | 74,970,003 | 161,803,037 | 1,886,696 | 163,689,733 |
| Total comprehensive income for the nine months ended 31.12.2021 | | | | | | | | | | | | |
| Profit for the nine months ended 31.12.2021 | - | - | 17,312,924 | - | - | - | - | - | - | 17,312,924 | 180,107 | 17,493,031 |
| Other comprehensive income for the nine months ended 31.12.2021 | - | - | 37,617 | (4,464) | (11,245,294) | (535,644) | 55,042 | - | - | (11,692,743) | 13,976 | (11,678,767) |
| Total comprehensive income for the nine months ended 31.12.2021 | - | - | 17,350,541 | (4,464) | (11,245,294) | (535,644) | 55,042 | - | - | 5,620,181 | 194,083 | 5,814,264 |
| Transactions with owners recognised directly in equity, contributions by and distributions to owners | | | | | | | | | | | | |
| Issue of ordinary voting shares under Employee Share Option Plans [ESOPs] | 2,684 | - | - | - | - | - | - | - | - | 2,684 | - | 2,684 |
| Transfer o/a Share-based Payment transactions | 235 | - | - | - | - | - | - | (235) | - | - | - | - |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | 244,188 | - | - | - | - | (321,300) | - | (77,112) | - | (77,112) |
| Dividends to equity holders | | | | | | | | | | | | |
| Unclaimed dividend absorbed / (dividend paid) in respect of previous years | - | - | 94,108 | - | - | - | - | - | - | 94,108 | 32 | 94,140 |
| Interim dividend for 2021 | - | - | - | - | - | - | - | - | - | - | (3,000) | (3,000) |
| Share-based Payment transactions | - | - | - | - | - | - | - | 31,819 | - | 31,819 | - | 31,819 |
| Transfers during the period | - | 1,302,610 | (15,052,610) | - | - | - | - | - | 13,750,000 | - | - | - |
| Total transactions with equity holders | 2,919 | 1,302,610 | (14,714,314) | - | - | - | - | (289,716) | 13,750,000 | 51,499 | (2,968) | 48,531 |
| Balance as at 31.12.2021 - Audited | 54,566,957 | 10,590,338 | 9,890,762 | 11,084,711 | (11,979,313) | 4,507,072 | (56,342) | 150,529 | 88,720,003 | 167,474,717 | 2,077,811 | 169,552,528 |
| Total comprehensive income for the three months ended 31.03.2022 | | | | | | | | | | | | |
| Profit for the three months ended 31.03.2022 | - | - | 11,684,581 | - | - | - | - | - | - | 11,684,581 | 90,123 | 11,774,704 |
| Other comprehensive income for the three months ended 31.03.2022 | - | - | 7,373 | - | (15,892,046) | 14,951,940 | 9,530 | - | - | (923,203) | 805,364 | (117,839) |
| Total comprehensive income for the three months ended 31.03.2022 | - | - | 11,691,954 | - | (15,892,046) | 14,951,940 | 9,530 | - | - | 10,761,378 | 895,487 | 11,656,865 |
| Transactions with owners recognised directly in equity, contributions by and distributions to owners | | | | | | | | | | | | |
| Issue of Ordinary Shares under Employee Share Option Plans [ESOPs] | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer o/a Share-based Payment transactions | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends to equity holders | | | | | | | | | | | | |
| First & Final dividend for 2021 satisfied in the form of cash | - | - | (5,373,996) | - | - | - | - | - | - | (5,373,996) | - | (5,373,996) |
| First & Final dividend for 2021 satisfied in the form of issue and allotment of new shares | 3,582,664 | - | (3,582,664) | - | - | - | - | - | - | - | - | - |
| Final cash dividend for 2021 | - | - | - | - | - | - | - | - | - | - | (10,800) | (10,800) |
| Unclaimed dividend absorbed/(dividend paid) in respect of previous years | - | - | (112) | - | - | - | - | - | - | (112) | - | (112) |
| Share-based Payment transactions | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers during the period | - | - | - | - | - | - | - | - | - | - | - | - |
| Total transactions with equity holders | 3,582,664 | - | (8,956,772) | - | - | - | - | - | - | (5,374,108) | (10,800) | (5,384,908) |
| Balance as at 31.03.2022 | 58,149,621 | 10,590,338 | 12,625,944 | 11,084,711 | (27,871,359) | 19,459,012 | (46,812) | 150,529 | 88,720,003 | 172,861,987 | 2,962,498 | 175,824,485 |

| | Stated Capital | Statutory Reserve Fund | Retained Earnings | Other Reserves | | | | | | Total Equity |
|---|----------------|------------------------|-------------------|---------------------|--------------------|--------------------------------------|-----------------|-------------------------------|-----------------|--------------|
| | | | | Revaluation Reserve | Fair Value Reserve | Foreign Currency Translation Reserve | Hedging Reserve | Employee Share Option Reserve | General Reserve | |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Balance as at 01.01.2021 - Audited | 52,187,747 | 9,024,065 | 7,596,260 | 9,662,912 | 462,331 | 2,911,866 | (102,511) | 433,503 | 74,970,003 | 157,146,176 |
| Total comprehensive income for the three months ended 31.03.2021 | | | | | | | | | | |
| Profit for the three months ended 31.03.2021 | - | - | 6,658,072 | - | - | - | - | - | - | 6,658,072 |
| Other comprehensive income for the three months ended 31.03.2021 | - | - | (28,904) | 532,740 | (1,197,297) | 1,622,109 | (8,873) | - | - | 919,775 |
| Total comprehensive income for the three months ended 31.03.2021 | - | - | 6,629,168 | 532,740 | (1,197,297) | 1,622,109 | (8,873) | - | - | 7,577,847 |
| Transactions with owners recognised directly in equity, contributions by and distributions to owners | | | | | | | | | | |
| Issue of ordinary voting shares under Employee Share Option Plans [ESOPs] | 38,182 | - | - | - | - | - | - | - | - | 38,182 |
| Transfer o/a Share-based Payment transactions | 3,411 | - | - | - | - | - | - | (3,411) | - | - |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | - | - | - | - | - | - | - | - |
| Dividends to equity holders | | | | | | | | | | |
| First & Final dividend for 2020 satisfied in the form of cash | - | - | (5,253,070) | - | - | - | - | - | - | (5,253,070) |
| First & Final dividend for 2020 satisfied in the form of issue and allotment of new shares | 2,334,698 | - | (2,334,698) | - | - | - | - | - | - | - |
| Unclaimed dividend absorbed/(dividend paid) in respect of previous years | - | - | (38) | - | - | - | - | - | - | (38) |
| Share-based Payment transactions | - | - | - | - | - | - | - | 10,153 | - | 10,153 |
| Total transactions with equity holders | 2,376,291 | - | (7,587,806) | - | - | - | - | 6,742 | - | (5,204,773) |
| Balance as at 31.03.2021 | 54,564,038 | 9,024,065 | 6,637,622 | 10,195,652 | (734,966) | 4,533,975 | (111,384) | 440,245 | 74,970,003 | 159,519,250 |
| Total comprehensive income for the nine months ended 31.12.2021 | | | | | | | | | | |
| Profit for the nine months ended 31.12.2021 | - | - | 16,947,979 | - | - | - | - | - | - | 16,947,979 |
| Other comprehensive income for the nine months ended 31.12.2021 | - | - | 34,955 | - | (11,245,209) | (469,253) | 55,042 | - | - | (11,624,465) |
| Total comprehensive income for the nine months ended 31.12.2021 | - | - | 16,982,934 | - | (11,245,209) | (469,253) | 55,042 | - | - | 5,323,514 |
| Transactions with owners recognised directly in equity, contributions by and distributions to owners | | | | | | | | | | |
| Issue of ordinary voting shares under Employee Share Option Plans [ESOPs] | 2,684 | - | - | - | - | - | - | - | - | 2,684 |
| Transfer o/a Share-based Payment transactions | 235 | - | - | - | - | - | - | (235) | - | - |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | 244,188 | - | - | - | - | (321,300) | - | (77,112) |
| Dividends to equity holders | | | | | | | | | | |
| Unclaimed dividend absorbed / (dividend paid) in respect of previous years | - | - | 93,824 | - | - | - | - | - | - | 93,824 |
| Share-based Payment transactions | - | - | - | - | - | - | - | 31,819 | - | 31,819 |
| Transfers during the period | - | 1,180,303 | (14,930,303) | - | - | - | - | - | 13,750,000 | - |
| Total transactions with equity holders | 2,919 | 1,180,303 | (14,592,291) | - | - | - | - | (289,716) | 13,750,000 | 51,215 |
| Balance as at 31.12.2021 - Audited | 54,566,957 | 10,204,368 | 9,028,265 | 10,195,652 | (11,980,175) | 4,064,722 | (56,342) | 150,529 | 88,720,003 | 164,893,979 |
| Total comprehensive income for the three months ended 31.03.2022 | | | | | | | | | | |
| Profit for the three months ended 31.03.2022 | - | - | 11,547,617 | - | - | - | - | - | - | 11,547,617 |
| Other comprehensive income for the three months ended 31.03.2022 | - | - | 7,373 | - | (15,889,464) | 13,821,422 | 9,530 | - | - | (2,051,139) |
| Total comprehensive income for the three months ended 31.03.2022 | - | - | 11,554,990 | - | (15,889,464) | 13,821,422 | 9,530 | - | - | 9,496,478 |
| Transactions with owners recognised directly in equity, contributions by and distributions to owners | | | | | | | | | | |
| Issue of Ordinary Shares under Employee Share Option Plans [ESOPs] | - | - | - | - | - | - | - | - | - | - |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | - | - | - | - | - | - | - | - |
| Transfer o/a Share-based Payment transactions | - | - | - | - | - | - | - | - | - | - |
| Dividends to equity holders | | | | | | | | | | |
| First & Final dividend for 2021 satisfied in the form of cash | - | - | (5,373,996) | - | - | - | - | - | - | (5,373,996) |
| First & Final dividend for 2021 satisfied in the form of issue and allotment of new shares | 3,582,664 | - | (3,582,664) | - | - | - | - | - | - | - |
| Unclaimed dividend absorbed/(dividend paid) in respect of previous years | - | - | (112) | - | - | - | - | - | - | (112) |
| Share-based Payment transactions | - | - | - | - | - | - | - | - | - | - |
| Total transactions with equity holders | 3,582,664 | - | (8,956,772) | - | - | - | - | - | - | (5,374,108) |
| Balance as at 31.03.2022 | 58,149,621 | 10,204,368 | 11,626,483 | 10,195,652 | (27,869,639) | 17,886,144 | (46,812) | 150,529 | 88,720,003 | 169,016,349 |

STATEMENT OF CASH FLOWS

7

| For the three months ended March 31, | Group | | Bank | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cash Flows from Operating Activities | | | | |
| Profit before income tax | 16,405,862 | 8,404,173 | 16,088,700 | 8,183,179 |
| Adjustments for: | | | | |
| Non-cash items included in profit before tax | 13,929,922 | 8,998,860 | 13,888,243 | 8,878,290 |
| Change in operating assets | (250,964,041) | (68,047,094) | (232,073,603) | (64,389,803) |
| Change in operating liabilities | 280,036,900 | 57,253,723 | 263,378,564 | 53,225,029 |
| (Gains)/losses on sale of property, plant and equipment | (590) | (2,893) | (423) | (2,861) |
| Share of profits from associate, net of tax | 1,869 | 133 | - | - |
| Dividends received from investments in subsidiaries | - | - | (52,200) | (49,800) |
| Interest expense on subordinated liabilities | 1,014,392 | 880,799 | 1,014,392 | 880,799 |
| Benefits paid on defined benefit plans | (515,591) | (438,308) | (512,865) | (437,681) |
| Net unrealized gains/(losses) arising from translating the financial statements of foreign operations | 15,757,304 | 1,808,239 | 13,821,422 | 1,622,109 |
| Income tax paid | (1,778,569) | (1,555,578) | (1,683,078) | (1,477,054) |
| Net cash from/(used in) operating activities | 73,887,458 | 7,302,054 | 73,869,152 | 6,432,207 |
| Cash Flows from Investing Activities | | | | |
| Purchase of property, plant and equipment | (556,602) | (297,878) | (516,410) | (248,397) |
| Proceeds from sale of property, plant and equipment | 350 | 75 | 350 | 75 |
| Purchase of financial investments | (1,200,000) | - | (1,200,000) | - |
| Proceeds from sale and maturity of financial investments | 132,396 | 87,393 | 132,396 | 87,393 |
| Purchase of intangible assets | (346,622) | (203,757) | (310,955) | (171,859) |
| Dividends received from investments in subsidiaries | - | - | 52,200 | 49,800 |
| Net cash from/(used in) investing activities | (1,970,478) | (414,167) | (1,842,419) | (282,988) |
| Cash Flows from Financing Activities | | | | |
| Proceeds from issue of ordinary voting shares under Employee Share Option Plans | - | 38,182 | - | 38,182 |
| Redemption of subordinated liabilities | - | (4,430,340) | - | (4,430,340) |
| Interest paid on subordinated liabilities | (1,100,790) | (1,357,651) | (1,100,790) | (1,357,651) |
| Payment of lease liabilities/advance payment of right-of-use assets | (415,830) | (382,466) | (450,248) | (423,461) |
| Dividend paid to shareholders of the Bank | (112) | (38) | (112) | (38) |
| Dividend paid to non-controlling interest | (10,800) | (12,200) | - | - |
| Net cash from /(used in) financing activities | (1,527,532) | (6,144,513) | (1,551,150) | (6,173,308) |
| Net increase/(decrease) in cash & cash equivalents | 70,389,448 | 743,374 | 70,475,583 | (24,089) |
| Gross cash and cash equivalents as at January 1, | 69,342,992 | 51,258,271 | 68,085,631 | 50,253,868 |
| Gross cash and cash equivalents at end of the period | 139,732,440 | 52,001,645 | 138,561,214 | 50,229,779 |
| Less: Impairment charges | (6,527) | (6,375) | (6,527) | (6,375) |
| Cash and cash equivalents as per Statement of Financial Position (Net) | 139,725,913 | 51,995,270 | 138,554,687 | 50,223,404 |

| | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | Financial instruments at fair value through other comprehensive income (FVOCI) | Total |
|---|---|---|---|----------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | | 139,725,913 | | 139,725,913 |
| Balances with Central Banks | | 87,849,345 | | 87,849,345 |
| Placements with banks | | 5,882,556 | | 5,882,556 |
| Securities purchased under resale agreements | | 1,756,293 | | 1,756,293 |
| Derivative financial assets | 24,426,913 | | | 24,426,913 |
| Financial assets recognised through profit or loss - measured at fair value | 25,090,307 | | | 25,090,307 |
| Financial assets at amortised cost - Loans and advances to other customers | | 1,158,500,812 | | 1,158,500,812 |
| Financial assets at amortised cost - Debt and other financial instruments | | 451,890,370 | | 451,890,370 |
| Financial assets measured at fair value through other comprehensive income | | | 316,414,558 | 316,414,558 |
| Total financial assets | 49,517,220 | 1,845,605,289 | 316,414,558 | 2,211,537,067 |
| | | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | Total |
| | | Rs.'000 | Rs.'000 | Rs.'000 |
| FINANCIAL LIABILITIES | | | | |
| Due to banks | | | 78,825,477 | 78,825,477 |
| Derivative financial liabilities | | 13,445,927 | | 13,445,927 |
| Securities sold under repurchase agreements | | | 168,475,481 | 168,475,481 |
| Financial liabilities at amortised cost - due to depositors | | | 1,706,467,472 | 1,706,467,472 |
| Financial liabilities at amortised cost - other borrowings | | | 32,042,811 | 32,042,811 |
| Subordinated liabilities | | | 45,117,068 | 45,117,068 |
| Total financial liabilities | | 13,445,927 | 2,030,928,309 | 2,044,374,236 |

| | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | Financial instruments at fair value through other comprehensive income (FVOCI) | Total |
|---|---|---|---|----------------------|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | | 69,335,379 | | 69,335,379 |
| Balances with Central Banks | | 56,777,465 | | 56,777,465 |
| Placements with banks | | 12,498,709 | | 12,498,709 |
| Securities purchased under resale agreements | | 3,000,490 | | 3,000,490 |
| Derivative financial assets | 3,245,120 | | | 3,245,120 |
| Financial assets recognised through profit or loss - measured at fair value | 23,436,123 | | | 23,436,123 |
| Financial assets at amortised cost - Loans and advances to other customers | | 1,029,584,075 | | 1,029,584,075 |
| Financial assets at amortised cost - Debt and other financial instruments | | 385,390,598 | | 385,390,598 |
| Financial assets measured at fair value through other comprehensive income | | | 335,953,802 | 335,953,802 |
| Total financial assets | 26,681,243 | 1,556,586,716 | 335,953,802 | 1,919,221,761 |
| | | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | Total |
| | | Rs. '000 | Rs. '000 | Rs. '000 |
| FINANCIAL LIABILITIES | | | | |
| Due to banks | | | 73,801,195 | 73,801,195 |
| Derivative financial liabilities | | 2,092,198 | | 2,092,198 |
| Securities sold under repurchase agreements | | | 151,424,854 | 151,424,854 |
| Financial liabilities at amortised cost - due to depositors | | | 1,472,640,456 | 1,472,640,456 |
| Financial liabilities at amortised cost - other borrowings | | | 32,587,051 | 32,587,051 |
| Subordinated liabilities | | | 38,303,466 | 38,303,466 |
| Total financial liabilities | | 2,092,198 | 1,768,757,022 | 1,770,849,220 |

| | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | Financial instruments at fair value through other comprehensive income (FVOCI) | Total |
|---|---|---|---|----------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | | 138,554,687 | | 138,554,687 |
| Balances with Central Banks | | 81,086,848 | | 81,086,848 |
| Placements with banks | | 4,580,100 | | 4,580,100 |
| Securities purchased under resale agreements | | 1,756,293 | | 1,756,293 |
| Derivative financial assets | 24,426,913 | | | 24,426,913 |
| Financial assets recognised through profit or loss - measured at fair value | 25,090,307 | | | 25,090,307 |
| Financial assets at amortised cost - Loans and advances to other customers | | 1,139,304,710 | | 1,139,304,710 |
| Financial assets at amortised cost - Debt and other financial instruments | | 424,805,507 | | 424,805,507 |
| Financial assets measured at fair value through other comprehensive income | | | 315,781,767 | 315,781,767 |
| Total financial assets | 49,517,220 | 1,790,088,145 | 315,781,767 | 2,155,387,132 |
| | | | | |
| | | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | Total |
| | | Rs.'000 | Rs.'000 | Rs.'000 |
| FINANCIAL LIABILITIES | | | | |
| Due to banks | | | 78,898,400 | 78,898,400 |
| Derivative financial liabilities | | 13,445,927 | | 13,445,927 |
| Securities sold under repurchase agreements | | | 168,582,810 | 168,582,810 |
| Financial liabilities at amortised cost - due to depositors | | | 1,660,680,484 | 1,660,680,484 |
| Financial liabilities at amortised cost - other borrowings | | | 32,042,811 | 32,042,811 |
| Subordinated liabilities | | | 45,117,068 | 45,117,068 |
| Total financial liabilities | | 13,445,927 | 1,985,321,573 | 1,998,767,500 |

| | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | Financial instruments at fair value through other comprehensive income (FVOCI) | Total |
|---|---|---|---|----------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | | 68,078,076 | | 68,078,076 |
| Balances with Central Banks | | 52,897,908 | | 52,897,908 |
| Placements with banks | | 11,584,952 | | 11,584,952 |
| Securities purchased under resale agreements | | 3,000,490 | | 3,000,490 |
| Derivative financial assets | 3,245,120 | | | 3,245,120 |
| Financial assets recognised through profit or loss - measured at fair value | 23,436,123 | | | 23,436,123 |
| Financial assets at amortised cost - Loans and advances to other customers | | 1,014,618,580 | | 1,014,618,580 |
| Financial assets at amortised cost - Debt and other financial instruments | | 369,417,889 | | 369,417,889 |
| Financial assets measured at fair value through other comprehensive income | | | 335,463,338 | 335,463,338 |
| Total financial assets | 26,681,243 | 1,519,597,895 | 335,463,338 | 1,881,742,476 |
| FINANCIAL LIABILITIES | | | | |
| | Financial instruments recognised through profit or loss (FVTPL) | Financial instruments at Amortised Cost (AC) | | Total |
| | Rs.'000 | Rs.'000 | | Rs.'000 |
| Due to banks | | | 73,777,420 | 73,777,420 |
| Derivative financial liabilities | | 2,092,198 | | 2,092,198 |
| Securities sold under repurchase agreements | | | 151,911,842 | 151,911,842 |
| Financial liabilities at amortised cost - due to depositors | | | 1,443,093,453 | 1,443,093,453 |
| Financial liabilities at amortised cost - other borrowings | | | 32,587,051 | 32,587,051 |
| Subordinated liabilities | | | 38,303,466 | 38,303,466 |
| Total financial liabilities | | 2,092,198 | 1,739,673,232 | 1,741,765,430 |

Level 1

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

Accordingly, if available, the Bank measures the fair value of an instrument using active quoted prices or dealer price quotations without any deduction for transaction costs. A market is regarded as active if transactions for assets and liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using;

- quoted prices in active markets for similar instruments,
- quoted prices for identical or similar instruments in markets that are considered to be less active, or
- other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices of similar instruments for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

The following table provides an analysis of assets and liabilities measured at fair value as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position:

| | Group | | | | Bank | | | |
|---|--------------------|-------------------|---------------|--------------------|--------------------|-------------------|---------------|--------------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| As at March 31, 2022 | | | | | | | | |
| Financial Assets | | | | | | | | |
| Derivative financial assets | - | 24,426,913 | - | 24,426,913 | - | 24,426,913 | - | 24,426,913 |
| Financial assets recognized through profit or loss - measured at fair value | 25,090,307 | - | - | 25,090,307 | 25,090,307 | - | - | 25,090,307 |
| Financial assets measured at fair value through other comprehensive income | 258,208,822 | 58,142,225 | 63,511 | 316,414,558 | 257,576,155 | 58,142,225 | 63,387 | 315,781,767 |
| Total financial assets at fair value | 283,299,129 | 82,569,138 | 63,511 | 365,931,778 | 282,666,462 | 82,569,138 | 63,387 | 365,298,987 |
| Financial Liabilities | | | | | | | | |
| Derivative financial liabilities | - | 13,445,927 | - | 13,445,927 | - | 13,445,927 | - | 13,445,927 |
| Total financial liabilities at fair value | - | 13,445,927 | - | 13,445,927 | - | 13,445,927 | - | 13,445,927 |
| | | | | | | | | |
| | Group | | | | Bank | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| As at December 31, 2021 - Audited | | | | | | | | |
| Financial Assets | | | | | | | | |
| Derivative financial assets | - | 3,245,120 | - | 3,245,120 | - | 3,245,120 | - | 3,245,120 |
| Financial assets recognized through profit or loss - measured at fair value | 23,436,123 | - | - | 23,436,123 | 23,436,123 | - | - | 23,436,123 |
| Financial assets measured at fair value through other comprehensive income | 279,728,171 | 61,181,770 | 53,510 | 340,963,451 | 279,237,831 | 61,181,770 | 53,386 | 340,472,987 |
| Total financial assets at fair value | 303,164,294 | 64,426,890 | 53,510 | 367,644,694 | 302,673,954 | 64,426,890 | 53,386 | 367,154,230 |
| Financial Liabilities | | | | | | | | |
| Derivative financial liabilities | - | 2,092,198 | - | 2,092,198 | - | 2,092,198 | - | 2,092,198 |
| Total financial liabilities at fair value | - | 2,092,198 | - | 2,092,198 | - | 2,092,198 | - | 2,092,198 |

The following table sets out the fair values of financial assets and liabilities not measured at fair value and related fair value hierarchy used:

| | Group | | | | | Bank | | | | |
|--|--------------------|-------------------|----------------------|----------------------|-----------------------|--------------------|-------------------|----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total fair values | Total carrying amount | Level 1 | Level 2 | Level 3 | Total fair values | Total carrying amount |
| As at March 31, 2022 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Financial Assets | | | | | | | | | | |
| Financial assets at amortised cost - Loans and advances to other customers | - | - | 1,134,963,835 | 1,134,963,835 | 1,158,500,812 | - | - | 1,115,767,733 | 1,115,767,733 | 1,139,304,710 |
| Financial assets at amortised cost - Debt and other financial instruments | 311,989,877 | 33,957,710 | - | 345,947,587 | 451,890,370 | 284,905,014 | 33,957,710 | - | 318,862,724 | 424,805,507 |
| Total financial assets not at fair value | 311,989,877 | 33,957,710 | 1,134,963,835 | 1,480,911,422 | 1,610,391,182 | 284,905,014 | 33,957,710 | 1,115,767,733 | 1,434,630,457 | 1,564,110,217 |
| Financial Liabilities | | | | | | | | | | |
| Financial liabilities at amortised cost - due to depositors | - | - | 1,706,604,959 | 1,706,604,959 | 1,706,467,472 | - | - | 1,660,817,971 | 1,660,817,971 | 1,660,680,484 |
| Subordinated liabilities | - | - | 45,495,223 | 45,495,223 | 45,117,068 | - | - | 45,495,223 | 45,495,223 | 45,117,068 |
| Total financial liabilities not at fair value | - | - | 1,752,100,182 | 1,752,100,182 | 1,751,584,540 | - | - | 1,706,313,194 | 1,706,313,194 | 1,705,797,552 |

| | Group | | | | | Bank | | | | |
|--|--------------------|-------------------|----------------------|----------------------|-----------------------|--------------------|-------------------|----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total fair values | Total carrying amount | Level 1 | Level 2 | Level 3 | Total fair values | Total carrying amount |
| As at December 31, 2021 - Audited | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Financial Assets | | | | | | | | | | |
| Financial assets at amortised cost - Loans and advances to other customers | - | - | 1,023,382,541 | 1,023,382,541 | 1,029,584,075 | - | - | 1,008,417,046 | 1,008,417,046 | 1,014,618,580 |
| Financial assets at amortised cost - Debt and other financial instruments | 299,805,766 | 21,283,153 | - | 321,088,919 | 385,390,598 | 283,833,057 | 21,283,153 | - | 305,116,210 | 369,417,889 |
| Total financial assets not at fair value | 299,805,766 | 21,283,153 | 1,023,382,541 | 1,344,471,460 | 1,414,974,673 | 283,833,057 | 21,283,153 | 1,008,417,046 | 1,313,533,256 | 1,384,036,469 |
| Financial Liabilities | | | | | | | | | | |
| Financial liabilities at amortised cost - due to depositors | - | - | 1,473,182,119 | 1,473,182,119 | 1,472,640,456 | - | - | 1,443,635,116 | 1,443,635,116 | 1,443,093,453 |
| Subordinated liabilities | - | - | 38,730,460 | 38,730,460 | 38,303,466 | - | - | 38,730,460 | 38,730,460 | 38,303,466 |
| Total financial liabilities not at fair value | - | - | 1,511,912,579 | 1,511,912,579 | 1,510,943,922 | - | - | 1,482,365,576 | 1,482,365,576 | 1,481,396,919 |

Assets and Liabilities for which fair value approximates carrying value

For below listed financial assets and liabilities with short-term maturities or with short-term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value.

Financial Assets

- Cash and cash equivalents
- Balances with Central Banks
- Placements with banks
- Securities purchased under resale agreements

Financial Liabilities

- Due to banks
- Securities sold under repurchase agreements
- Financial liabilities at amortised cost - other borrowings

| | Bank | | Group | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.12.2021 | As at 31.03.2022 | As at 31.12.2021 |
| Regulatory Capital - Rs. '000 | | | | |
| Common Equity Tier I | 129,716,300 | 132,375,019 | 135,977,959 | 138,148,271 |
| Tier I Capital | 129,716,300 | 132,375,019 | 135,977,959 | 138,148,271 |
| Total Capital | 172,598,133 | 173,756,083 | 179,518,752 | 179,968,392 |
| Regulatory Capital Ratios (%) | | | | |
| Common Equity Tier I Capital Ratio (Minimum Requirement - 7.500%) | 9.835 | 11.923 | 9.914 | 12.049 |
| Tier I Capital Ratio (Minimum Requirement - 9.000%) | 9.835 | 11.923 | 9.914 | 12.049 |
| Total Capital Ratio (Minimum Requirement - 13.000%) | 13.087 | 15.650 | 13.088 | 15.696 |
| Leverage Ratio (%) (Minimum Requirement - 3%) | 4.45 | 5.29 | 4.57 | 5.44 |
| Regulatory Liquidity | | | | |
| Statutory Liquid Assets - Rs. '000 | | | | |
| Domestic Banking Unit | 568,817,081 | 542,366,118 | | |
| Off-Shore Banking Unit | 57,095,344 | 31,662,800 | | |
| Statutory Liquid Assets Ratio (%) (Minimum Requirement 20%) | | | | |
| Domestic Banking Unit | 39.68 | 38.73 | | |
| Off-Shore Banking Unit | 31.90 | 36.39 | | |
| Total Stock of High Quality Liquid Assets - Rs. '000 | 381,562,804 | 402,280,333 | | |
| Liquidity Coverage Ratio (%) (Minimum Requirement - 100%) | | | | |
| Liquidity Coverage Ratio (%) - Rupee | 382.90 | 425.97 | | |
| Liquidity Coverage Ratio (%) - All Currency | 189.32 | 242.52 | | |
| Net Stable Funding Ratio (%) (Minimum Requirement - 100%) | 148.87 | 157.47 | | |
| Asset Quality (Quality of Loan Portfolio) | | | | |
| Impaired Loans (Stage 3) Ratio (%) | 3.58 | 3.85 | | |
| Impairment (Stage 3) to Stage 3 Loans Ratio (%) | 43.51 | 42.76 | | |
| Profitability | | | | |
| Interest Margin (%) | 3.55 | 3.51 | | |
| Return on Assets (before tax) (%) | 3.12 | 1.74 | | |
| Return on Equity (%) | 28.05 | 14.66 | | |
| Debt Security Related Ratios | | | | |
| Debt to Equity Ratio (%) | 33.83 | 23.74 | | |
| Interest Cover (Times) | 18.56 | 13.18 | | |

OPERATING SEGMENTS - GROUP

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| For the three months ended March 31, | Personal Banking | | Corporate Banking | | International Operations | | Dealing/Treasury | | NBFI, Real Estate & Services | | Unallocated/Eliminations | | Total/Consolidated | |
|--|-------------------|------------------|-------------------|------------------|--------------------------|------------------|--------------------|------------------|------------------------------|----------------|--------------------------|------------------|--------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| External Operating income : | | | | | | | | | | | | | | |
| Net interest income | 8,943,659 | 7,554,640 | 2,990,722 | 1,884,158 | 2,056,505 | 1,618,020 | 3,070,848 | 3,157,355 | 180,928 | 187,675 | 1,580,363 | 1,074,873 | 18,823,025 | 15,476,721 |
| Foreign exchange profit | (1,102,649) | 44,683 | (3,021,021) | (41,563) | 1,085,940 | 259,822 | (3,886,898) | 1,104,150 | - | - | 18,352,002 | 2,259,374 | 11,427,374 | 3,626,466 |
| Net fee and commission income | 2,317,967 | 1,662,915 | 1,387,217 | 827,576 | 499,723 | 340,427 | (872) | 11,811 | 31,416 | 72,107 | (147,764) | 108,486 | 4,087,687 | 3,023,322 |
| Other income | 105,974 | 89,906 | (143,790) | 110,934 | 61,385 | 57,533 | (573,944) | 1,706,239 | 217,860 | 230,274 | 238,521 | (160,770) | (93,994) | 2,034,116 |
| Total Operating income | 10,264,951 | 9,352,144 | 1,213,128 | 2,781,105 | 3,703,553 | 2,275,802 | (1,390,866) | 5,979,555 | 430,204 | 490,056 | 20,023,122 | 3,281,963 | 34,244,092 | 24,160,625 |
| Impairment charges and other losses | (146,159) | (3,352,015) | (778,864) | (2,142,260) | 289,673 | 3,576 | (5,270,549) | (1,586,327) | (54,657) | (79,019) | - | (5) | (5,960,556) | (7,156,050) |
| Net Operating income | 10,118,792 | 6,000,129 | 434,264 | 638,845 | 3,993,226 | 2,279,378 | (6,661,415) | 4,393,228 | 375,547 | 411,037 | 20,023,122 | 3,281,958 | 28,283,536 | 17,004,575 |
| Segment result | 4,646,517 | 1,716,817 | (289,505) | 99,700 | 2,824,564 | 1,411,941 | (7,078,056) | 3,597,446 | 158,359 | 176,938 | 16,145,852 | 1,401,464 | 16,407,731 | 8,404,306 |
| Profit from operations | | | | | | | | | | | | | 16,407,731 | 8,404,306 |
| Share of profit/(loss) of associate, net of tax | | | | | | | | | | | | | (1,869) | (133) |
| Income tax expense | | | | | | | | | | | | | (4,631,158) | (1,606,916) |
| Non-controlling Interest | | | | | | | | | | | | | (90,123) | (47,712) |
| Net profit for the period, attributable to equity holders of the parent | | | | | | | | | | | | | 11,684,581 | 6,749,545 |

| As at March 31, | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|--------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|----------------------|---------------------|----------------------|----------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Other information | | | | | | | | | | | | | | |
| Segment assets | 689,887,310 | 552,868,522 | 534,164,164 | 356,732,851 | 366,783,895 | 215,065,720 | 787,127,617 | 721,433,870 | 13,325,220 | 12,764,026 | (104,785,940) | (34,627,479) | 2,286,502,266 | 1,824,237,510 |
| Investment in associate | - | - | - | - | - | - | - | - | - | - | 57,656 | 63,111 | 57,656 | 63,111 |
| Total assets | 689,887,310 | 552,868,522 | 534,164,164 | 356,732,851 | 366,783,895 | 215,065,720 | 787,127,617 | 721,433,870 | 13,325,220 | 12,764,026 | (104,728,284) | (34,564,368) | 2,286,559,922 | 1,824,300,621 |
| Segment liabilities | 1,124,088,477 | 982,333,803 | 458,863,786 | 247,724,107 | 305,218,492 | 176,562,643 | 221,877,764 | 168,247,386 | 7,475,093 | 7,228,585 | (6,788,175) | 78,514,364 | 2,110,735,437 | 1,660,610,888 |
| Total liabilities | 1,124,088,477 | 982,333,803 | 458,863,786 | 247,724,107 | 305,218,492 | 176,562,643 | 221,877,764 | 168,247,386 | 7,475,093 | 7,228,585 | (6,788,175) | 78,514,364 | 2,110,735,437 | 1,660,610,888 |

| For the three months ended March 31, | | | | | | | | | | | | | 2022 | 2021 |
|--|--|--|--|--|--|--|--|--|--|--|--|--|-------------------|----------------|
| | | | | | | | | | | | | | Rs.'000 | Rs.'000 |
| Information on cash flows | | | | | | | | | | | | | | |
| Cash flows from operating activities | | | | | | | | | | | | | 73,887,458 | 7,302,054 |
| Cash flows from investing activities | | | | | | | | | | | | | (1,067,604) | 87,393 |
| Cash flows from financing activities | | | | | | | | | | | | | (1,527,532) | (6,144,513) |
| Capital expenditure - | | | | | | | | | | | | | | |
| Property, Plant & Equipment | | | | | | | | | | | | | (556,252) | (297,803) |
| Intangible assets | | | | | | | | | | | | | (346,622) | (203,757) |
| Net cash flow generated during the period | | | | | | | | | | | | | 70,389,448 | 743,374 |

Twenty largest ordinary voting shareholders as at March 31, 2022

| Name of the Shareholder | No. of Shares | % |
|---|----------------------|---------------|
| 01. DFCC Bank PLC A/C 1 | 136,272,121 | 12.12 |
| 02. Mr. Y. S. H. I. Silva | 111,296,779 | 9.90 |
| 03. Employees' Provident Fund | 96,883,940 | 8.62 |
| 04. CB NY S/A International Finance Corporation | 79,992,025 | 7.11 |
| 05. Sri Lanka Insurance Corporation Ltd - Life Fund | 56,747,851 | 5.05 |
| 06. Melstacorp PLC | 46,521,219 | 4.14 |
| 07. Mr. K. D. D. Perera | 41,323,143 | 3.67 |
| 08. CB NY S/A IFC Emerging Asia Fund. LP | 41,238,490 | 3.67 |
| 08. CB NY S/A IFC Financial Institutions Growth Fund LP | 41,238,490 | 3.67 |
| 10. Sri Lanka Insurance Corporation Ltd - General Fund | 39,793,725 | 3.54 |
| 11. Citibank New York S/A Norges Bank Account 2 | 37,105,971 | 3.30 |
| 12. Mr. D. P. Pieris | 26,696,174 | 2.37 |
| 13. Employees' Trust Fund Board | 19,586,019 | 1.74 |
| 14. Renuka Hotels PLC | 13,313,018 | 1.18 |
| 15. Mr. M. J. Fernando | 10,108,137 | 0.90 |
| 16. Cargo Boat Development Company PLC | 9,178,924 | 0.82 |
| 17. Hallsville Trading Group INC. | 9,129,913 | 0.81 |
| 18. Renuka Consultants & Services Limited | 8,935,921 | 0.79 |
| 19. Mr. S. V. Somasunderam | 6,151,380 | 0.55 |
| 20. Seylan Bank PLC/Andaradeniya Estate (Pvt) Ltd | 5,352,037 | 0.48 |
| Sub total | 836,865,277 | 74.43 |
| Shares held by Directors | 871,234 | 0.08 |
| Other Shareholders | 286,744,017 | 25.49 |
| Total | 1,124,480,528 | 100.00 |

Percentage of public holding as at March 31, 2022 - 99.77% (99.80% as at March 31, 2021)

Number of shareholders representing public holding as at March 31, 2022 - 16,547 (16,926 as at March 31, 2021)

Twenty largest ordinary non-voting shareholders as at March 31, 2022

| Name of the Shareholder | No. of Shares | % |
|---|-------------------|---------------|
| 01. Employees' Trust Fund Board | 5,425,375 | 7.78 |
| 02. Akbar Brothers (Pvt) Ltd. A/C No 1 | 3,345,296 | 4.80 |
| 03. GF Capital Global Limited | 1,803,067 | 2.59 |
| 04. Mr. A. H. Munasinghe | 1,694,141 | 2.43 |
| 05. Mr. M. F. Hashim | 1,415,090 | 2.03 |
| 06. M. J. F. Exports (Pvt) Ltd | 1,193,037 | 1.71 |
| 07. Janashakthi Insurance PLC - Shareholders | 1,098,757 | 1.58 |
| 08. Mrs. L. V. C. Samarasingha | 1,052,622 | 1.51 |
| 09. Saboor Chatoor (Pvt) Ltd | 997,913 | 1.43 |
| 10. Mr. T. W. A. Wickramasinghe | 920,000 | 1.32 |
| 11. Deutsche Bank AG as Trustee to Assetline Income Plus Growth Fund | 899,345 | 1.29 |
| 12. Mr. E. Chatoor | 825,963 | 1.18 |
| 13. Mr. I. S. P. Perera | 803,036 | 1.15 |
| 14. Mr. R. Gautam | 746,497 | 1.07 |
| 15. Mr. J. G. De Mel | 744,471 | 1.07 |
| 16. Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint) | 742,382 | 1.06 |
| 17. Mr. J. D. Bandaranayake , Dr. V. Bandaranayake & Ms. I. Bandaranayake (Joint) | 720,767 | 1.03 |
| 18. Mr. A. L. Gooneratne | 718,873 | 1.03 |
| 19. Mr. K. S. M. De Silva | 708,866 | 1.02 |
| 20. Mr. M. J. Fernando | 685,247 | 0.98 |
| Sub total | 26,540,745 | 38.06 |
| Shares held by Directors | 67,032 | 0.01 |
| Other Shareholders | 43,132,994 | 61.93 |
| Total | 69,740,771 | 100.00 |

Percentage of public holding as at March 31, 2022 - 99.86% (99.86% as at March 31, 2021)

Number of shareholders representing public holding as at March 31, 2022 - 5,867 (5,977 as at March 31, 2021)

Directors' holding in shares as at March 31, 2022

| Name of Director | No. of Shares | |
|---|----------------|---------------|
| | Voting | Non-voting |
| Prof. A. K. W. Jayawardane - Chairman (Appointed as the Chairman with effect from March 1, 2022) | 13,083 | - |
| Mr. Sharhan Muhseen- Deputy Chairman (Appointed as the Deputy Chairman with effect from March 1, 2022) | 2,503 | - |
| Mr. S. C. U. Manatunge - Managing Director/Chief Executive Officer (Appointed as the Managing Director/Chief Executive Officer with effect from May 12, 2022) | 73,038 | - |
| Mr. S. Renganathan - Former Managing Director/Chief Executive Officer (Retired with effect from May 11, 2022) | 432,336 | 12,781 |
| Mr. K. Dharmasiri | - | - |
| Mr. L. D. Niyangoda | - | - |
| Ms. N. T. M. S. Cooray | 350,274 | 54,251 |
| Ms. Judy Lee | - | - |
| Mr. Raja Senanayake | - | - |
| Ms. D. L. T. S. Wijewardena | - | - |
| Dr. S. Selliah (**) (Appointed as a Non-Executive/Independent Director with effect from April 27, 2022) | - N / A - | - N / A - |
| Mr. S. Prabagar - Chief Operating Officer (***) (Appointed as a Non-Independent/Executive Director and the Chief Operating Officer with effect from May 12, 2022) | - N / A - | - N / A - |
| Total | 871,234 | 67,032 |

(*) Shareholders' information as at March 31, 2022 is prior to the allotment of first and final scrip dividend for the year ended December 31, 2021. The scrip dividend shares were listed with effect from April 26, 2022.

(**) Dr. S. Selliah held 27,161 ordinary voting shares of the Bank as at April 27, 2022.

(***) Mr. S. Prabagar holds 165,703 ordinary voting shares and 24,578 ordinary non voting shares of the Bank as of May 12, 2022.

| | 2022 Rs. | 2021 Rs. |
|---|---------------|---------------|
| Market price of an ordinary share as at March 31, | | |
| Voting | 62.70 | 85.50 |
| Non-Voting | 60.90 | 78.60 |
| Highest price during the quarter ended March 31, | | |
| Voting | 85.00 | 105.00 |
| Non-Voting | 78.50 | 95.90 |
| Lowest price during the quarter ended March 31, | | |
| Voting | 61.00 | 80.00 |
| Non-Voting | 58.00 | 70.00 |
| As at March 31, (*) | 2022 | 2021 |
| | Rs.000 | Rs.000 |
| Float adjusted market capitalization - Compliant under Option 1 | 74,584,035 | 99,143,856 |

| | 2022 | 2021 |
|--|---------------|---------------|
| Number of ordinary shares as at March 31, (*) | | |
| Voting | 1,124,480,528 | 1,099,378,154 |
| Non-Voting | 69,740,771 | 67,970,701 |

(*) Prior to the allotment of first and final scrip dividend for the year ended December 31, 2021. The scrip dividend shares were listed with effect from April 26, 2022.

- 1 The Financial Statements of the Bank and the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report for the year ended December 31, 2021, other than those disclosed under item 4.
- 2 These Interim Financial Statements of the Bank and the Group have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting', and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
- 3 **Impact due to the COVID-19**
The outbreak of COVID-19 has caused disruption to business and economic activities, and uncertainty in the global and local economy. Subsequent to the outbreak of COVID-19 in Sri Lanka, the Bank has strictly adhered to the guidelines and directions issued by both the government and the Central Bank of Sri Lanka (CBSL) when conducting its business operations. Further, the Bank has provided relief for the affected businesses and individuals in line with the directions issued by the CBSL in addition to its own relief schemes. These relief measures include deferment of repayment terms of credit facilities, offering concessionary rates of interest on eligible loan products (debt moratorium) and waiving off certain fees and charges. The Bank continuously monitors the impact of the pandemic and takes necessary action to manage its impact on the operations and performance of the Bank.
- 4 **Surcharge Tax**
The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a Surcharge Tax, at the rate of 25% to be imposed on companies that have earned a taxable income in excess of LKR Rs. 2,000 million for the year of assessment 2020/2021.
The tax was imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on April 7, 2022. As the law imposing the surcharge tax was enacted after the end of the reporting period, the Financial Statements for the three months ended March 31, 2022 do not reflect the tax liability that would arise in consequence.
The Bank paid the 1st installment out of two equal installments amounting to Rs. 2.518 Bn. on April 20, 2022. (Second installment is due on July 20, 2022).
- 5 During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.
- 6 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- 7 There were no material events that took place since March 31, 2022, that require disclosure in these Interim Financial Statements other than those disclosed above.

INFORMATION ON DEBENTURES - BANK

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| | | | | | | |
|---|---------------|--------------|---------------|---------------|--------------|--------------|
| Type of Issue | Public | Public | Public | Public | Public | Public |
| Debenture Type | Type "B" | Type "B" | Type "A" | Type "B" | Type "A" | Type "B" |
| CSE Listing | Listed | Listed | Listed | Listed | Listed | Listed |
| Issue Date | March 9, 2016 | Oct 28, 2016 | July 23, 2018 | July 23, 2018 | Sep 21, 2021 | Sep 21, 2021 |
| Maturity Date | March 8, 2026 | Oct 27, 2026 | July 22, 2023 | July 22, 2028 | Sep 20, 2026 | Sep 20, 2028 |
| Interest Payable Frequency (Fixed Interest Rate) | Bi-Annually | Bi-Annually | Bi-Annually | Bi-Annually | Bi-Annually | Bi-Annually |
| Offered Interest Rate | 11.25% p.a. | 12.25% p.a. | 12.00% p.a. | 12.50% p.a. | 9.00% p.a. | 9.50% p.a. |
| Amount (Rs.'000) | 1,749,090 | 1,928,200 | 8,393,840 | 1,606,160 | 4,237,470 | 4,358,000 |

Market Values

- Highest (Rs.)
- Lowest (Rs.)
- Period end (Rs.)

| | | | | | |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Not traded during the period | Not traded during the period | Not traded during the period | Not traded during the period | Not traded during the period | Not traded during the period |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|

Interest Rates

| | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| - Coupon Rate (%) | 11.25 | 12.25 | 12.00 | 12.50 | 9.00 | 9.50 |
| - Effective Annual Yield (%) | 11.57 | 12.63 | 12.36 | 12.89 | 9.20 | 9.73 |
| - Interest Rate of comparable Government Security (%) | 18.75 | 18.35 | 16.95 | 19.00 | 18.35 | 18.65 |

Other Ratios as at date of last trade

| | | | | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|
| - Interest Yield (%) | - N/A - | - N/A - | - N/A - | - N/A - | - N/A - | - N/A - |
| - Yield to Maturity (%) | - N/A - | - N/A - | - N/A - | - N/A - | - N/A - | - N/A - |

ANALYSIS OF LOANS AND ADVANCES TO OTHER CUSTOMERS AND IMPAIRMENT

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| As at | Group | | Bank | |
|---|---------------|---------------|---------------|---------------|
| | 31.03.2022 | 31.12.2021 | 31.03.2022 | 31.12.2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Gross loans and advances to other customers | 1,228,133,854 | 1,094,930,882 | 1,207,569,094 | 1,078,685,128 |
| Impairment on loans and advances to other customers | | | | |
| Accumulated impairment under stage 1 | 12,754,358 | 10,181,101 | 12,596,890 | 10,027,938 |
| Accumulated impairment under stage 2 | 18,732,613 | 19,165,658 | 18,531,185 | 18,973,409 |
| Accumulated impairment under stage 3 | 38,146,071 | 36,000,048 | 37,136,309 | 35,065,201 |
| Total impairment | 69,633,042 | 65,346,807 | 68,264,384 | 64,066,548 |
| Net value of loans and advances to other customers | 1,158,500,812 | 1,029,584,075 | 1,139,304,710 | 1,014,618,580 |
| Gross loans and advances to other customers | | | | |
| By product - Domestic Currency | | | | |
| Overdrafts | 100,026,321 | 95,804,755 | 100,082,772 | 95,827,216 |
| Trade finance | 62,382,516 | 69,711,010 | 62,382,516 | 69,711,010 |
| Lease rental receivable | 39,076,124 | 37,416,375 | 37,203,121 | 35,647,114 |
| Credit cards | 16,600,362 | 16,188,134 | 16,600,362 | 16,188,134 |
| Pawning | 8,039,570 | 7,649,037 | 8,039,570 | 7,649,037 |
| Staff loans | 13,229,424 | 12,852,363 | 13,217,608 | 12,839,578 |
| Housing loans | 72,230,513 | 69,490,504 | 72,230,513 | 69,490,504 |
| Personal loans | 50,726,279 | 50,327,752 | 50,688,760 | 50,289,642 |
| Term loans | 483,203,349 | 464,685,792 | 476,743,895 | 458,163,633 |
| Bills of Exchange | 880,587 | 498,334 | 880,587 | 498,334 |
| Sub total | 846,395,045 | 824,624,056 | 838,069,704 | 816,304,202 |
| By product - Foreign Currency | | | | |
| Overdrafts | 23,075,360 | 20,170,566 | 20,552,972 | 18,498,205 |
| Trade finance | 36,543,914 | 23,787,742 | 36,040,010 | 23,138,627 |
| Lease rental receivable | 2,107,033 | 1,486,793 | 2,107,033 | 1,486,793 |
| Credit cards | 362,852 | 208,995 | 296,792 | 189,352 |
| Staff loans | 353,323 | 244,822 | 341,500 | 236,755 |
| Housing loans | 7,241,915 | 5,174,448 | 7,241,915 | 5,174,448 |
| Personal loans | 1,525,478 | 1,030,317 | 926,921 | 624,241 |
| Term loans | 248,490,178 | 171,740,267 | 239,953,491 | 166,569,629 |
| Bills of Exchange | 62,038,756 | 46,462,876 | 62,038,756 | 46,462,876 |
| Sub total | 381,738,809 | 270,306,826 | 369,499,390 | 262,380,926 |
| Gross loans and advances to other customers | 1,228,133,854 | 1,094,930,882 | 1,207,569,094 | 1,078,685,128 |

| | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Movement of impairment during the period | | | | |
| Under Stage 1 | | | | |
| Balance as at January 1, | 10,181,101 | 6,567,755 | 10,027,938 | 6,470,880 |
| Charge/(write back) to the Income Statement | 1,069,652 | 3,607,700 | 1,084,227 | 3,552,303 |
| Net write-off during the period | - | (482) | - | (482) |
| Exchange rate variance on foreign currency provisions | 1,503,605 | 6,128 | 1,484,725 | 5,237 |
| Balance as at March 31/December 31, | 12,754,358 | 10,181,101 | 12,596,890 | 10,027,938 |
| Under Stage 2 | | | | |
| Balance as at January 1, | 19,165,658 | 12,396,301 | 18,973,409 | 12,244,433 |
| Charge/(write back) to the Income Statement | (1,052,400) | 6,767,014 | (1,047,897) | 6,729,149 |
| Net write-off during the period | - | (158) | - | (158) |
| Exchange rate variance on foreign currency provisions | 619,355 | 2,501 | 605,673 | (15) |
| Balance as at March 31/December 31, | 18,732,613 | 19,165,658 | 18,531,185 | 18,973,409 |
| Under Stage 3 | | | | |
| Balance as at January 1, | 36,000,048 | 33,065,890 | 35,065,201 | 32,281,139 |
| Charge/(write back) to the Income Statement | 581,774 | 4,572,554 | 522,907 | 4,271,910 |
| Net write-off during the period | 80,998 | (856,261) | 80,998 | (691,667) |
| Exchange rate variance on foreign currency provisions | 1,725,512 | 95,686 | 1,713,407 | 93,581 |
| Interest accrued on impaired loans and advances | (313,546) | (1,174,854) | (294,420) | (1,132,155) |
| Other movements | 71,285 | 297,033 | 48,216 | 242,393 |
| Balance as at March 31/December 31, | 38,146,071 | 36,000,048 | 37,136,309 | 35,065,201 |
| Total Impairment | | | | |
| Balance as at January 1, | 65,346,807 | 52,029,946 | 64,066,548 | 50,996,452 |
| Charge/(write back) to the Income Statement | 599,026 | 14,947,268 | 559,237 | 14,553,362 |
| Net write-off during the period | 80,998 | (856,901) | 80,998 | (692,307) |
| Exchange rate variance on foreign currency provisions | 3,848,472 | 104,315 | 3,803,805 | 98,803 |
| Interest accrued on impaired loans and advances | (313,546) | (1,174,854) | (294,420) | (1,132,155) |
| Other movements | 71,285 | 297,033 | 48,216 | 242,393 |
| Balance as at March 31/December 31, | 69,633,042 | 65,346,807 | 68,264,384 | 64,066,548 |

| As at | Group | | Bank | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31.03.2022 | 31.12.2021 | 31.03.2022 | 31.12.2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Gross commitments and contingencies | 859,963,467 | 685,379,028 | 857,057,146 | 682,399,783 |
| Impairment on commitments and contingencies | | | | |
| Accumulated impairment under stage 1 | 2,153,508 | 2,090,696 | 2,146,176 | 2,082,029 |
| Accumulated impairment under stage 2 | 1,128,007 | 814,948 | 1,128,007 | 814,948 |
| Accumulated impairment under stage 3 | 2,479,652 | 2,459,923 | 2,479,652 | 2,459,923 |
| Total Impairment | 5,761,167 | 5,365,567 | 5,753,835 | 5,356,900 |
| Gross commitments and contingencies | | | | |
| By product - Domestic currency | | | | |
| Contingencies | 71,513,063 | 71,232,733 | 71,513,063 | 71,232,733 |
| Guarantees | 49,516,616 | 50,193,979 | 49,516,616 | 50,193,979 |
| Bonds | 18,183,988 | 18,311,490 | 18,183,988 | 18,311,490 |
| Documentary Credits | 1,772,501 | 1,458,013 | 1,772,501 | 1,458,013 |
| Acceptances | 1,125,401 | 740,479 | 1,125,401 | 740,479 |
| Bills for collection | 914,557 | 528,772 | 914,557 | 528,772 |
| Commitments | 115,620,050 | 125,588,182 | 115,620,050 | 125,588,182 |
| Undrawn commitments | 113,373,246 | 123,341,378 | 113,373,246 | 123,341,378 |
| Capital commitments | 2,246,804 | 2,246,804 | 2,246,804 | 2,246,804 |
| Sub Total | 187,133,113 | 196,820,915 | 187,133,113 | 196,820,915 |
| By product - Foreign Currency | | | | |
| Contingencies | 634,634,635 | 466,418,225 | 633,704,236 | 465,519,936 |
| Guarantees | 26,702,414 | 24,646,329 | 27,069,190 | 24,905,847 |
| Bonds | 31,400,925 | 17,835,718 | 30,334,701 | 17,815,810 |
| Documentary Credits | 118,941,462 | 83,077,720 | 118,883,339 | 82,097,642 |
| Forward exchange and Currency Swaps | 281,734,365 | 217,305,838 | 281,734,365 | 217,305,838 |
| Acceptances | 98,280,843 | 73,222,869 | 98,280,843 | 73,219,061 |
| Bills for collection | 75,123,441 | 48,644,120 | 74,950,613 | 48,490,107 |
| Bullion on consignment | 23,268 | 14,882 | 23,268 | 14,882 |
| Other Contingencies | 2,427,917 | 1,670,749 | 2,427,917 | 1,670,749 |
| Commitments | 38,195,719 | 22,139,888 | 36,219,797 | 20,058,932 |
| Undrawn commitments | 38,180,965 | 22,129,783 | 36,219,797 | 20,058,932 |
| Capital commitments | 14,754 | 10,105 | - | - |
| Sub Total | 672,830,354 | 488,558,113 | 669,924,033 | 485,578,868 |
| Total | 859,963,467 | 685,379,028 | 857,057,146 | 682,399,783 |

ANALYSIS OF COMMITMENTS AND CONTINGENCIES AND IMPAIRMENT

23

| | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 2022 Rs. '000 | 2021 Rs. '000 | 2022 Rs. '000 | 2021 Rs. '000 |
| Movement of impairment during the period | | | | |
| Under Stage 1 | | | | |
| Balance as at January 1, | 2,090,696 | 1,536,100 | 2,082,029 | 1,532,691 |
| Charge/(write back) to the Income Statement | 28,236 | 551,897 | 32,441 | 546,862 |
| Exchange rate variance on foreign currency provisions | 34,576 | 2,699 | 31,706 | 2,476 |
| Balance as at March 31/December 31, | 2,153,508 | 2,090,696 | 2,146,176 | 2,082,029 |
| Under Stage 2 | | | | |
| Balance as at January 1, | 814,948 | 244,482 | 814,948 | 244,482 |
| Charge/(write back) to the Income Statement | 313,059 | 570,466 | 313,059 | 570,466 |
| Balance as at March 31/December 31, | 1,128,007 | 814,948 | 1,128,007 | 814,948 |
| Under Stage 3 | | | | |
| Balance as at January 1, | 2,459,923 | 339,676 | 2,459,923 | 339,676 |
| Charge/(write back) to the Income Statement | 19,729 | 2,120,247 | 19,729 | 2,120,247 |
| Balance as at March 31/December 31, | 2,479,652 | 2,459,923 | 2,479,652 | 2,459,923 |
| Total Impairment | | | | |
| Balance as at January 1, | 5,365,567 | 2,120,258 | 5,356,900 | 2,116,849 |
| Charge/(write back) to the Income Statement | 361,024 | 3,242,610 | 365,229 | 3,237,575 |
| Exchange rate variance on foreign currency provisions | 34,576 | 2,699 | 31,706 | 2,476 |
| Balance as at March 31/December 31, | 5,761,167 | 5,365,567 | 5,753,835 | 5,356,900 |

ANALYSIS OF DEPOSITS

| | Group | | Bank | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31.03.2022 Rs. '000 | 31.12.2021 Rs. '000 | 31.03.2022 Rs. '000 | 31.12.2021 Rs. '000 |
| As at | | | | |
| By product - Domestic Currency | | | | |
| Current account deposits | 99,324,966 | 84,663,624 | 99,325,296 | 84,663,528 |
| Savings deposits | 451,706,249 | 430,411,206 | 451,954,470 | 430,571,564 |
| Time deposits | 542,032,344 | 548,717,236 | 538,179,829 | 544,587,562 |
| Certificates of deposit | 22,902 | 24,902 | 22,902 | 24,902 |
| Sub Total | 1,093,086,461 | 1,063,816,968 | 1,089,482,497 | 1,059,847,556 |
| By product - Foreign Currency | | | | |
| Current account deposits | 99,476,968 | 66,784,343 | 82,300,347 | 56,116,885 |
| Savings deposits | 174,951,416 | 124,954,064 | 165,128,438 | 118,933,106 |
| Time deposits | 338,952,627 | 217,085,081 | 323,769,202 | 208,195,906 |
| Sub Total | 613,381,011 | 408,823,488 | 571,197,987 | 383,245,897 |
| Total | 1,706,467,472 | 1,472,640,456 | 1,660,680,484 | 1,443,093,453 |

GENERAL**NAME OF COMPANY**

Commercial Bank of Ceylon PLC

COMPANY REGISTRATION NUMBER

PQ116

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on June 25, 1969 under the Companies Ordinance No. 51 of 1938 and quoted in the Colombo Stock Exchange in March 1970. The Company was re-registered under the Companies Act No.7 of 2007. A licensed Commercial Bank under the Banking Act No.30 of 1988.

ACCOUNTING YEAR END

December 31

TAX PAYER IDENTIFICATION NUMBER (TIN)

124006007

REGISTERED OFFICE

"Commercial House",
No. 21, Sir Razik Fareed Mawatha,
P.O. Box 856,
Colombo 1, Sri Lanka.
Telephone : 2430420, 2336700
2445010-15, 2486000, 4792000
Telex :21520 COMEX CE
Facsimile : 2449889
SWIFT Code-Sri Lanka : CCEYLKX
SWIFT Code-Bangladesh : CCEYBDDH
E-mail : email@combank.net
Website : www.combank.net

HEAD OFFICE

"Commercial House",
No. 21, Sir Razik Fareed Mawatha,
P.O. Box 856,
Colombo 1, Sri Lanka.

STOCK EXCHANGE LISTING

The Ordinary Shares and the Unsecured Subordinated Redeemable Debentures of the Bank are listed on the Colombo Stock Exchange.

COMPLIANCE OFFICER

Ms. A. V. P. K. T. Amarasinghe
Chief Compliance Officer

CREDIT RATINGS**Sri Lanka Operation**

AA-(Ika) (rating watch negative) by Fitch Ratings Lanka Ltd.

Bangladesh Operation

AAA was re-affirmed by Credit Rating Information & Services Limited in June 2021.

PROFESSIONAL EXPERTISE**LAWYERS**

Julius & Creasy,
No. 371, R. A. de Mel Mawatha,
Colombo 3, Sri Lanka.

AUDITORS

Ernst & Young
Chartered Accountants,
No. 201, De Saram Place,
Colombo 10, Sri Lanka.

REGISTRARS

S S P Corporate Services (Private) Limited,
No. 101, Inner Flower Road,
Colombo 3, Sri Lanka.
Telephone: 2573894, 2576871
Facsimile: 2573609
E-mail: sspsec@sltnet.lk

SUBSIDIARIES AND ASSOCIATE**LOCAL SUBSIDIARIES**

Commercial Development Company PLC
CBC Tech Solutions Limited
CBC Finance Limited
Commercial Insurance Brokers (Pvt) Ltd.

FOREIGN SUBSIDIARIES

Commex Sri Lanka S.R.L - Italy
Commercial Bank of Maldives Private Limited
CBC Myanmar Microfinance Company Limited

ASSOCIATE

Equity Investments Lanka Ltd.

BOARD OF DIRECTORS

Prof. A. K. W. Jayawardane - Chairman (Appointed as the Chairman with effect from March 1, 2022)

Mr. Sharhan Muhseen- Deputy Chairman (Appointed as the Deputy Chairman with effect from March 1, 2022)

Mr. S. C. U. Manatunge - Managing Director/Chief Executive Officer (Appointed as the Managing Director/Chief Executive Officer with effect from May 12, 2022)

Mr. K. Dharmasiri

Mr. L. D. Niyangoda

Ms. N. T. M. S. Cooray

Ms. Judy Lee

Mr. Raja Senanayake

Ms. D. L. T. S. Wijewardena

Dr. S. Selliah (Appointed as a Non-Executive/Independent Director with effect from April 27, 2022)

Mr. S. Prabagar - Chief Operating Officer (Appointed as a Non-Independent/Executive Director and the Chief Operating Officer with effect from May 12, 2022)

COMPANY SECRETARY

Mr. R. A. P. Rajapaksha