

INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2022

Financial review for the six months ended June 30, 2022

High impairment provisions neutralise solid 6-month operational growth of ComBank Group

- Forward looking, expected credit loss related macroeconomic indicators necessitate impairment provisioning of Rs 35.2 Bn for 6 months; Rs 29.3 Bn for Q2 alone
- Revenue grows 49.52% and 66.41% in 1H and Q2 respectively
- Total assets up 21.17% to Rs 2.4 Tn.
- Loan book grows by Rs 205 Bn., deposits by Rs 284 Bn. in 1H, influenced mainly by currency depreciation
- Records a net gain of Rs 33 Bn from forward exchange contracts, spot and swap transactions

The Commercial Bank Group reported a six-month financial performance that mirrors the impacts of the country's macroeconomic variables, with solid operational gains negated by extraordinary provisioning in the second quarter for impairment charges and other losses.

Comprising of the Commercial Bank of Ceylon PLC, its subsidiaries and an associate, the Group posted a gross income of Rs 119.517 billion for the six months ended 30th June 2022 and Rs 64.944 billion for the second quarter, achieving a healthy topline growth of 49.52% and 66.41% respectively.

Interest income grew by 39.08% to Rs 88.117 billion for the six months, and by 58.78% to Rs 50.270 billion for the second quarter primarily due to repricing of assets. With rising interest rates and the consequent repricing of deposits, interest expenses increased by 47.23% to Rs 47.404 billion for the six months and by 77.61% to Rs 28.380 billion for the second quarter. As a result, net interest income for the six months improved by 30.66% to Rs 40.713 billion, while net interest income for the second quarter reported a higher growth of 39.59% to Rs 21.890 billion.

The Commercial Bank Group achieved a solid growth in fee and commission income, which was up 65.56% to Rs 11.759 billion for the six months mainly due to a noteworthy improvement in fee and commission income of 79.21% to Rs 6.366 billion for the second quarter; which helped the net fee and commission income, for the first half of 2022 to improve by 55.41% to Rs 8.878 billion compared to Rs. 5.712 billion reported for the corresponding period of 2021.

Further, other income, which comprises of net gains from trading, net gains from derecognition of financial assets and net other operating income grew by 107.32% to Rs 19.642 billion for the six months and by 117.88% to Rs 8.309 billion for second quarter of 2022. Net gains from trading for the six months amounted to Rs 32.102 billion compared to Rs 1.425 billion recorded for the corresponding period of the previous year. This was primarily from realized and unrealized gains from forward exchange contracts, spot and swap transactions. However, 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 resulted in a net other operating expense of Rs 12.524 billion for the first half of 2022, compared to the net other operating income of Rs 5.213 billion reported for the corresponding period of last year.

Total operating income for the six months under review amounted to Rs 69.232 billion, an improvement of 49.39%. The figure for the second quarter was Rs 34.988 billion, reflecting an even stronger growth of 57.72%.

The Group reported impairment charges and other losses totaling to Rs 35.219 billion for the six months and Rs 29.258 billion for the second quarter alone, reflecting increases of 157.93% and 350.24% respectively. The exchange impact on impairment charges on loans and advances and Government Securities denominated in foreign currency was adjusted in Net Other Operating Income where the corresponding exchange gains are recognised.

The Bank provided substantial impairment charges on loans and advances in respect of individually significant customers as well as collectively for other customers and those customers in the risk-elevated sectors, necessitated by the most recent developments in macroeconomic indicators impacting the credit risk. The Bank also continued to recognise additional impairment provisions by way of management overlays on account of loans under moratoriums, in the second quarter. In addition, the Bank also recognised substantial impairment provisions on its foreign currency denominated government securities owing to the recent downgrading by rating agencies of Sri Lanka's sovereign, and the announcement by the government that it is considering a consensual restructuring of the country's external debt via an economic adjustment programme supported by the IMF. Accordingly, the Bank has increased impairment provisions on account of foreign currency denominated government securities during the second quarter.

Consequently, the growth in the net operating income for the six months under review reduced to 4.05% or Rs 34.014 billion, while the figure of Rs 5.730 billion for the second quarter reflected a decline of 63.47%.

Operating expenses increased by 28.07% for the six months to Rs 18.031 billion and by 32.50% for the second quarter to Rs 9.311 billion, mainly due to increases in staff related expenses and other operating expenses owing to inflation and the sharp depreciation of the rupee during the first half of 2022, which had a significant impact on expenses paid in foreign currency such as card related payments, license fees and annual maintenance charges. As a result, the Group's operating profit before Value Added Tax (VAT) on financial services reduced by 14.12% to Rs 15.982 billion for the six months under review and by 141.36% to Rs. 3.581 billion loss for the second quarter.

With VAT on financial services reducing only by 8.91% to Rs 2.603 billion, the Group reported a profit before tax of Rs 13.376 billion for the six months, recording a decline of 15.09% over the first half of 2021. Income tax for the period increased by 23.47% to Rs 4.198 billion despite the drop in pre-tax profit for the period under review as the figure for the corresponding six months of 2021 was reduced by the reversal of an over-provision for 2020 resulting from the reduction in the tax rate from 28% to 24%, which was adjusted in the first quarter of 2021. Therefore, the Group's profit after tax of Rs 9.178 billion for the six months reflected a decline of 25.71% compared to the corresponding period of last year.

Taken separately, Commercial Bank of Ceylon PLC posted a profit before tax of Rs 12.576 billion for the six months, recording a drop of 18.44% and a profit after tax of Rs 8.592 billion, a decline of 29.19% compared to profit before tax of Rs. 15.420 billion and profit after tax of Rs. 12.134 billion reported for the corresponding period of the last year.

Total assets of the Group grew by Rs 420 billion or 21.17% over the six months to reach Rs 2.403 trillion as at 30th June 2022. Asset growth over the preceding 12 months was Rs 469 billion or 24.23%. It is pertinent to mention that a significant portion of the growth in assets during the period under review was due to the sharp depreciation of the SLR against US dollar.

Gross loans and advances of the Group increased by Rs 205 billion or 18.71% at a monthly average of Rs 34 billion to Rs 1.300 trillion as at 30th June 2022, while the growth of the loan book of the Group over the preceding year was Rs 266 billion or 25.71%. In the meantime, total deposits of the Group recorded a

growth of Rs 284 billion or 19.30% in the six months to Rs 1.757 trillion as at 30th June 2022, recording a monthly average of Rs 47 billion, while the YOY deposit growth was Rs 352 billion at a monthly average of Rs 29 billion. Once again, the primary reason for the growth in both gross loans and advances and deposits was due to the sharp depreciation of the SLR against US dollar during the period under review.

In other key indicators, the Bank's net assets value per share increased by 12.69% to Rs 155.60 from Rs 138.08 as at end 2021. The Bank's Tier 1 Capital Adequacy Ratio (CAR) stood at 10.604% as at 30th June 2022, and its Total Capital Ratio at 13.528%. It is pertinent to mention that the Bank expects to maintain the minimum earnings retention ratio at 60% for which the capital conservation buffer (CCB) requirement as per the Banking Act Direction No of 2022 is between 1.250% and 1.875%. Accordingly, the minimum total capital ratio required to be maintained by the Bank is between 12.750% and 13.375%. The Bank has in place a capital augmentation plan towards rebuilding the CCB to 2.5% within three years as required by the said Direction.

In terms of liquidity, the Bank's statutory liquid assets ratios for its domestic banking unit and offshore banking unit stood at 25.37% and 30.13% respectively, well above the minimum requirement of 20%. In terms of asset quality, the Bank's impaired loans (stage 3) ratio stood at 3.65% while its stage 3 impairment to stage 3 loans ratio stood at 42.33% as at 30th June 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 improved to 3.71% for the six months ended 30th June 2022, while its return on assets (before taxes) stood at 1.18% and return on equity stood at 9.69%.

Commercial Bank is Sri Lanka's first 100% carbon neutral bank, the first Sri Lankan bank to be ranked among the Top 1000 Banks of the World and the only Sri Lankan bank to be so listed for 12 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 - GROUP

1

	For the six months ended			For the quarter ended		
	30.06.2022 Rs.'000	30.06.2021 Rs.'000	Change %	30.06.2022 Rs.'000	30.06.2021 Rs.'000	Change %
Gross income	119,517,450	79,931,495	49.52	64,944,217	39,026,067	66.41
Interest income	88,116,673	63,355,028	39.08	50,269,825	31,660,505	58.78
Less : Interest expense	47,404,088	32,196,996	47.23	28,380,265	15,979,194	77.61
Net interest income	40,712,585	31,158,032	30.66	21,889,560	15,681,311	39.59
Fee and commission income	11,758,745	7,102,410	65.56	6,365,740	3,552,087	79.21
Less: Fee and commission expense	2,881,243	1,390,163	107.26	1,575,925	863,162	82.58
Net fee and commission income	8,877,502	5,712,247	55.41	4,789,815	2,688,925	78.13
Net gains/(losses) from trading	32,101,899	1,424,864	2,152.98	8,560,357	1,210,289	607.30
Net gains/(losses) from derecognition of financial assets	64,262	2,835,868	(97.73)	49,119	1,060,265	(95.37)
Net other operating income/(expense)	(12,524,129)	5,213,325	(340.23)	(300,824)	1,542,921	(119.50)
Total operating income	69,232,119	46,344,336	49.39	34,988,027	22,183,711	57.72
Less : Impairment charges and other losses	35,218,619	13,654,441	157.93	29,258,063	6,498,391	350.24
Net operating income	34,013,500	32,689,895	4.05	5,729,964	15,685,320	(63.47)
Less: Expenses	18,031,447	14,079,182	28.07	9,310,867	7,027,069	32.50
Personnel expenses	9,584,347	7,991,562	19.93	4,972,094	3,917,539	26.92
Depreciation and amortisation	1,724,022	1,588,002	8.57	906,117	825,735	9.73
Other operating expenses	6,723,078	4,499,618	49.41	3,432,656	2,283,795	50.30
Operating profit/(loss) before Value Added Tax on financial services	15,982,053	18,610,713	(14.12)	(3,580,903)	8,658,251	(141.36)
Less: Value Added Tax on financial services	2,602,781	2,857,470	(8.91)	(552,444)	1,309,314	(142.19)
Operating profit/(loss) after Value Added Tax on financial services	13,379,272	15,753,243	(15.07)	(3,028,459)	7,348,937	(141.21)
Share of profit/(loss) of associate, net of tax	(3,476)	413	(941.65)	(1,607)	546	(394.32)
Profit/(loss) before income tax	13,375,796	15,753,656	(15.09)	(3,030,066)	7,349,483	(141.23)
Less : Income tax expense/(reversal)	4,198,046	3,400,119	23.47	(433,112)	1,793,203	(124.15)
Profit/(loss) for the period	9,177,750	12,353,537	(25.71)	(2,596,954)	5,556,280	(146.74)
Profit attributable to:						
Equity holders of the Bank	8,940,996	12,257,282	(27.06)	(2,743,585)	5,507,737	(149.81)
Non-controlling interest	236,754	96,255	145.97	146,631	48,543	202.06
Profit/(loss) for the period	9,177,750	12,353,537	(25.71)	(2,596,954)	5,556,280	(146.74)
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	7.21	10.27	(29.80)	(2.21)	4.61	(147.94)
Diluted earnings per ordinary share (Rs.)	7.21	10.26	(29.73)	(2.21)	4.61	(147.94)

	For the six months ended			For the quarter ended		
	30.06.2022	30.06.2021	Change	30.06.2022	30.06.2021	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit/(loss) for the period	9,177,750	12,353,537	(25.71)	(2,596,954)	5,556,280	(146.74)
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Net actuarial gains/(losses) on defined benefit plans	-	(28,970)	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	-	-	-
Net change in revaluation surplus	-	588,247	(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)	-	-	-
Net change in fair value on investments in equity	(225,082)	(41,061)	(448.16)	(23,579)	13,451	(275.30)
Change in fair value on investments in equity at fair value through other comprehensive income	(225,082)	(41,061)	(448.16)	(23,579)	13,451	(275.30)
Transfer of fair value losses o/a reclassification of debt instruments from fair value through other comprehensive income to amortised cost, net of tax	26,481,256	-	100.00	26,481,256	-	100.00
Gain on disposal of investments in equity instruments	7,373	-	100.00	-	-	-
Share of other comprehensive income/(expense) of associate, net of tax	(1,322)	(818)	(61.61)	(420)	92	(556.52)
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	23,375,604	1,834,011	1,174.56	7,618,300	25,772	29,460.38
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	(16,433,757)	(618,873)	(2,555.43)	(744,116)	523,608	(242.11)
Fair value gains/(losses) that arose during the period, net of tax	(17,924,064)	764,314	(2,445.12)	(706,785)	1,215,093	(158.17)
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(48,839)	(2,155,260)	97.73	(37,331)	(805,802)	95.37
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	1,539,146	772,073	99.35	-	114,317	(100.00)
Cash flow hedges - effective portion of changes in fair value, net of tax	60,630	13,333	354.74	51,100	22,206	130.12
Other comprehensive income/(expense) for the period, net of taxes	33,264,702	1,745,869	1,805.34	33,382,541	585,129	5,605.16
Total comprehensive income for the period	42,442,452	14,099,406	201.02	30,785,587	6,141,409	401.28
Attributable to:						
Equity holders of the Bank	40,753,915	13,888,596	193.43	29,992,537	6,073,598	393.82
Non-controlling interest	1,688,537	210,810	700.98	793,050	67,811	1,069.50
Total comprehensive income for the period	42,442,452	14,099,406	201.02	30,785,587	6,141,409	401.28

INCOME STATEMENT - BANK

3

	For the six months ended			For the quarter ended		
	30.06.2022	30.06.2021	Change	30.06.2022	30.06.2021	Change
	(Audited) Rs.'000	(Audited) Rs.'000	%	Rs.'000	Rs.'000	%
Gross income	117,499,318	78,530,000	49.62	63,725,794	38,296,544	66.40
Interest income	86,395,659	62,190,683	38.92	49,236,483	31,059,850	58.52
Less : Interest expense	46,968,692	31,912,618	47.18	28,104,507	15,833,688	77.50
Net interest income	39,426,967	30,278,065	30.22	21,131,976	15,226,162	38.79
Fee and commission income	11,439,879	6,840,254	67.24	6,180,820	3,430,272	80.18
Less: Fee and commission expense	2,859,416	1,382,378	106.85	1,562,590	859,288	81.85
Net fee and commission income	8,580,463	5,457,876	57.21	4,618,230	2,570,984	79.63
Net gains/(losses) from trading	32,101,899	1,424,864	2,152.98	8,560,357	1,210,289	607.30
Net gains/(losses) from derecognition of financial assets	64,262	2,835,868	(97.73)	49,119	1,060,265	(95.37)
Net other operating income/(expense)	(12,502,381)	5,238,331	(338.67)	(300,985)	1,535,868	(119.60)
Total operating income	67,671,210	45,235,004	49.60	34,058,697	21,603,568	57.65
Less : Impairment charges and other losses	34,960,351	13,358,042	161.72	29,091,260	6,306,004	361.33
Net operating income	32,710,859	31,876,962	2.62	4,967,437	15,297,564	(67.53)
Less: Expenses	17,551,433	13,610,560	28.95	9,036,710	6,750,978	33.86
Personnel expenses	9,289,213	7,748,282	19.89	4,804,873	3,792,653	26.69
Depreciation and amortisation	1,704,118	1,566,515	8.78	888,749	816,986	8.78
Other operating expenses	6,558,102	4,295,763	52.66	3,343,088	2,141,339	56.12
Operating profit/(loss) before Value Added Tax on financial services	15,159,426	18,266,402	(17.01)	(4,069,273)	8,546,586	(147.61)
Less: Value Added Tax on financial services	2,583,556	2,846,800	(9.25)	(556,443)	1,310,163	(142.47)
Operating profit/(loss) after Value Added Tax on financial services	12,575,870	15,419,602	(18.44)	(3,512,830)	7,236,423	(148.54)
Less : Income tax expense/(reversal)	3,983,655	3,285,746	21.24	(557,428)	1,760,639	(131.66)
Profit/(loss) for the period	8,592,215	12,133,856	(29.19)	(2,955,402)	5,475,784	(153.97)
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	6.93	10.16	(31.79)	(2.38)	4.59	(151.85)
Diluted earnings per ordinary share (Rs.)	6.93	10.16	(31.79)	(2.38)	4.59	(151.85)

	For the six months ended			For the quarter ended		
	30.06.2022	30.06.2021	Change	30.06.2022	30.06.2021	Change
	(Audited)	(Audited)				
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit/(loss) for the period	8,592,215	12,133,856	(29.19)	(2,955,402)	5,475,784	(153.97)
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Net actuarial gains/(losses) on defined benefit plans	-	(28,904)	100.00	-	-	-
Gains/(losses) on remeasurement of defined benefit liability/asset	-	-	-	-	-	-
Less : Deferred tax charge/(reversal) on actuarial gains/(losses) - includes the effect of tax rate change in 2020 but adjusted in 2021	-	(28,904)	100.00	-	-	-
Net change in revaluation surplus	-	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	-	532,740	(100.00)	-	-	-
Net change in fair value on investments in equity	(225,082)	(41,061)	(448.16)	(23,579)	13,451	(275.30)
Change in fair value on investments in equity at fair value through other comprehensive income	(225,082)	(41,061)	(448.16)	(23,579)	13,451	(275.30)
Transfer of fair value losses o/a reclassification of debt instruments from fair value through other comprehensive income to amortised cost, net of tax	26,481,256	-	100.00	26,481,256	-	100.00
Gain on disposal of investments in equity instruments	7,373	-	100.00	-	-	-
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	19,913,148	1,654,237	1,103.77	6,091,726	32,128	18,860.80
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	(16,420,021)	(619,817)	(2,549.17)	(732,060)	522,968	(239.98)
Fair value gains/(losses) that arose during the period, net of tax	(17,910,328)	763,370	(2,446.22)	(694,729)	1,214,453	(157.21)
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(48,839)	(2,155,260)	97.73	(37,331)	(805,802)	95.37
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	1,539,146	772,073	99.35	-	114,317	(100.00)
Cash flow hedges - effective portion of changes in fair value, net of tax	60,630	13,333	354.74	51,100	22,206	130.12
Other comprehensive income/(expense) for the period, net of taxes	29,817,304	1,510,528	1,873.97	31,868,443	590,753	5,294.55
Total comprehensive income for the period	38,409,519	13,644,384	181.50	28,913,041	6,066,537	376.60

STATEMENT OF FINANCIAL POSITION

5

As at	Group			Bank		
	30.06.2022	31.12.2021	Change	30.06.2022	31.12.2021	Change
	(Audited)	(Audited)		(Audited)	(Audited)	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
ASSETS						
Cash and cash equivalents	107,999,772	69,335,379	55.76	106,644,408	68,078,076	56.65
Balances with Central Banks	51,501,124	56,777,465	(9.29)	45,197,919	52,897,908	(14.56)
Placements with banks	18,313,838	12,498,709	46.53	17,327,567	11,584,952	49.57
Securities purchased under resale agreements	2,002,143	3,000,490	(33.27)	2,002,143	3,000,490	(33.27)
Derivative financial assets	23,674,635	3,245,120	629.55	23,674,635	3,245,120	629.55
Financial assets recognised through profit or loss - measured at fair value	54,201,704	23,436,123	131.27	54,201,704	23,436,123	131.27
Financial assets at amortised cost - Loans and advances to other customers	1,219,947,845	1,029,584,075	18.49	1,197,683,170	1,014,618,580	18.04
Financial assets at amortised cost - Debt and other financial instruments	770,170,847	385,390,598	99.84	730,882,224	369,417,889	97.85
Financial assets measured at fair value through other comprehensive income	71,383,043	335,953,802	(78.75)	69,648,186	335,463,338	(79.24)
Investments in subsidiaries	-	-	-	5,808,429	5,808,429	-
Investment in associate	55,628	60,428	(7.94)	44,331	44,331	-
Property, plant and equipment and right-of-use assets	25,830,332	24,744,634	4.39	23,872,579	23,075,467	3.45
Investment properties	72,400	72,400	-	-	-	-
Intangible assets	2,653,532	2,272,639	16.76	2,084,157	1,724,864	20.83
Deferred tax assets	15,604,218	10,036,105	55.48	15,274,931	9,793,129	55.98
Other assets	40,069,160	27,083,177	47.95	39,964,157	27,024,475	47.88
Total Assets	2,403,480,221	1,983,491,144	21.17	2,334,310,540	1,949,213,171	19.76
LIABILITIES						
Due to banks	64,607,923	73,801,195	(12.46)	64,643,031	73,777,420	(12.38)
Derivative financial liabilities	8,640,775	2,092,198	313.00	8,640,775	2,092,198	313.00
Securities sold under repurchase agreements	214,906,611	151,424,854	41.92	215,162,077	151,911,842	41.64
Financial liabilities at amortised cost - due to depositors	1,756,807,475	1,472,640,456	19.30	1,696,848,972	1,443,093,453	17.58
Financial liabilities at amortised cost - other borrowings	30,611,911	32,587,051	(6.06)	30,611,911	32,587,051	(6.06)
Current tax liabilities	17,887,416	9,486,772	88.55	17,505,583	9,294,180	88.35
Deferred tax liabilities	348,867	349,106	(0.07)	-	-	-
Other liabilities	57,394,541	33,253,518	72.60	57,008,590	33,210,883	71.66
Due to subsidiaries	-	-	-	115,191	48,699	136.54
Subordinated liabilities	50,868,395	38,303,466	32.80	50,868,395	38,303,466	32.80
Total Liabilities	2,202,073,914	1,813,938,616	21.40	2,141,404,525	1,784,319,192	20.01

As at	Group			Bank		
	30.06.2022	31.12.2021	Change	30.06.2022	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	4,689,644	9,890,762	(52.59)	3,647,706	9,028,265	(59.60)
Other reserves	124,232,206	92,426,660	34.41	120,904,320	91,094,389	32.72
Total equity attributable to equity holders of the Bank	197,661,809	167,474,717	18.02	192,906,015	164,893,979	16.99
Non-controlling Interest	3,744,498	2,077,811	80.21	-	-	-
Total Equity	201,406,307	169,552,528	18.79	192,906,015	164,893,979	16.99
Total Liabilities and Equity	2,403,480,221	1,983,491,144	21.17	2,334,310,540	1,949,213,171	19.76
Contingent Liabilities and Commitments	723,286,189	685,379,028	5.53	719,729,198	682,399,783	5.47
Net Assets Value per Ordinary Share (Rs.)	159.43	140.24	13.68	155.60	138.08	12.69
Memorandum Information						
Number of Employees				5,178	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

August 12, 2022

Colombo

(Sgd.) S. C. U. Manatunge

Managing Director/Chief Executive Officer

	Stated Capital	Statutory Reserve Fund	Retained Earnings	Other Reserves						Total equity attributable to equity holders of the Bank	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 six months ended 30.06.2021												
Profit for the six months ended 30.06.2021	-	-	12,257,282	-	-	-	-	-	-	12,257,282	96,255	12,353,537
Other comprehensive income for the six months ended 30.06.2021	-	-	(29,223)	579,392	(660,752)	1,728,564	13,333	-	-	1,631,314	114,555	1,745,869
Total comprehensive income for the six months ended 30.06.2021	-	-	12,228,059	579,392	(660,752)	1,728,564	13,333	-	-	13,888,596	210,810	14,099,406
Transactions with owners recognised directly in equity, contributions by and distributions to owners												
Issue of ordinary voting shares under Employee Share Option Plans [ESOPs]	39,388	-	-	-	-	-	-	-	-	39,388	-	39,388
Transfer o/a Share-based Payment transactions	3,517	-	-	-	-	-	-	(3,517)	-	-	-	-
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	-	-	86,862	-	-	-	-	-	-	86,862	-	86,862
Share-based Payment transactions	-	-	-	-	-	-	-	20,418	-	20,418	-	20,418
Transfers during the period	-	2,495	(2,495)	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	2,377,603	2,495	(7,503,401)	-	-	-	-	16,901	-	(5,106,402)	(12,200)	(5,118,602)
Balance as at 30.06.2021	54,565,350	9,287,728	12,848,919	11,084,160	(196,868)	5,054,488	(89,178)	450,404	74,970,003	167,975,006	1,954,507	169,929,513
Total comprehensive income for the six months ended 31.12.2021												
Profit for the six months ended 31.12.2021	-	-	11,805,187	-	-	-	-	-	-	11,805,187	131,564	11,936,751
Other comprehensive income for the six months ended 31.12.2021	-	-	37,870	551	(11,782,445)	(547,416)	32,836	-	-	(12,258,604)	(5,292)	(12,263,896)
Total comprehensive income for the six months ended 31.12.2021	-	-	11,843,057	551	(11,782,445)	(547,416)	32,836	-	-	(453,417)	126,272	(327,145)
Transactions with owners recognised directly in equity, contributions by and distributions to owners												
Issue of ordinary voting shares under Employee Share Option Plans [ESOPs]	1,478	-	-	-	-	-	-	-	-	1,478	-	1,478
Transfer o/a Share-based Payment transactions	129	-	-	-	-	-	-	(129)	-	-	-	-
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	-	-	7,208	-	-	-	-	-	-	7,208	32	7,240
Interim dividend for 2021	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Share-based Payment transactions	-	-	-	-	-	-	-	21,554	-	21,554	-	21,554
Transfers during the period	-	1,302,610	(15,052,610)	-	-	-	-	-	13,750,000	-	-	-
Total transactions with equity holders	1,607	1,302,610	(14,801,214)	-	-	-	-	(299,875)	13,750,000	(46,872)	(2,968)	(49,840)
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
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	(5,205,524)	-	-	-	-	-	-	(5,205,524)	(11,050)	(5,216,574)
Adjusted balance as at 01.01.2022	54,566,957	10,590,338	4,685,238	11,084,711	(11,979,313)	4,507,072	(56,342)	150,529	88,720,003	162,269,193	2,066,761	164,335,954
Total comprehensive income for the six months ended 30.06.2022												
Profit for the six months ended 30.06.2022	-	-	8,940,996	-	-	-	-	-	-	8,940,996	236,754	9,177,750
Other comprehensive income for the six months ended 30.06.2022	-	-	7,373	-	9,821,095	21,923,821	60,630	-	-	31,812,919	1,451,783	33,264,702
Total comprehensive income for the six months ended 30.06.2022	-	-	8,948,369	-	9,821,095	21,923,821	60,630	-	-	40,753,915	1,688,537	42,442,452
Transactions with owners recognised directly in equity, contributions by and distributions to owners												
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	-	-	12,697	-	-	-	-	-	-	12,697	-	12,697
Total transactions with equity holders	3,582,664	-	(8,943,963)	-	-	-	-	-	-	(5,361,299)	(10,800)	(5,372,099)
Balance as at 30.06.2022	58,149,621	10,590,338	4,689,644	11,084,711	(2,158,218)	26,430,893	4,288	150,529	88,720,003	197,661,809	3,744,498	201,406,307

	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 six months ended 30.06.2021										
Profit for the six months ended 30.06.2021	-	-	12,133,856	-	-	-	-	-	-	12,133,856
Other comprehensive income for the six months ended 30.06.2021	-	-	(28,904)	532,740	(660,878)	1,654,237	13,333	-	-	1,510,528
Total comprehensive income for the six months ended 30.06.2021	-	-	12,104,952	532,740	(660,878)	1,654,237	13,333	-	-	13,644,384
Transactions with owners recognised directly in equity, contributions by and distributions to owners										
Issue of ordinary voting shares under Employee Share Option Plans [ESOPs]	39,388	-	-	-	-	-	-	-	-	39,388
Transfer o/a Share-based Payment transactions	3,517	-	-	-	-	-	-	(3,517)	-	-
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	-	-	86,862	-	-	-	-	-	-	86,862
Share-based Payment transactions	-	-	-	-	-	-	-	20,418	-	20,418
Total transactions with equity holders	2,377,603	-	(7,500,906)	-	-	-	-	16,901	-	(5,106,402)
Balance as at 30.06.2021 - Audited	54,565,350	9,024,065	12,200,306	10,195,652	(198,547)	4,566,103	(89,178)	450,404	74,970,003	165,684,158
Total comprehensive income for the six months ended 31.12.2021										
Profit for the six months ended 31.12.2021	-	-	11,472,195	-	-	-	-	-	-	11,472,195
Other comprehensive income for the six months ended 31.12.2021	-	-	34,955	-	(11,781,628)	(501,381)	32,836	-	-	(12,215,218)
Total comprehensive income for the six months ended 31.12.2021	-	-	11,507,150	-	(11,781,628)	(501,381)	32,836	-	-	(743,023)
Transactions with owners recognised directly in equity, contributions by and distributions to owners										
Issue of ordinary voting shares under Employee Share Option Plans [ESOPs]	1,478	-	-	-	-	-	-	-	-	1,478
Transfer o/a Share-based Payment transactions	129	-	-	-	-	-	-	(129)	-	-
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	-	-	6,924	-	-	-	-	-	-	6,924
Share-based Payment transactions	-	-	-	-	-	-	-	21,554	-	21,554
Transfers during the period	-	1,180,303	(14,930,303)	-	-	-	-	-	13,750,000	-
Total transactions with equity holders	1,607	1,180,303	(14,679,191)	-	-	-	-	(299,875)	13,750,000	(47,156)
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
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	(5,036,184)	-	-	-	-	-	-	(5,036,184)
Adjusted balance as at 01.01.2022	54,566,957	10,204,368	3,992,081	10,195,652	(11,980,175)	4,064,722	(56,342)	150,529	88,720,003	159,857,795
Total comprehensive income for the six months ended 30.06.2022										
Profit for the six months ended 30.06.2022	-	-	8,592,215	-	-	-	-	-	-	8,592,215
Other comprehensive income for the six months ended 30.06.2022	-	-	7,373	-	9,836,153	19,913,148	60,630	-	-	29,817,304
Total comprehensive income for the six months ended 30.06.2022	-	-	8,599,588	-	9,836,153	19,913,148	60,630	-	-	38,409,519
Transactions with owners recognised directly in equity, contributions by and distributions to owners										
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	-	-	12,697	-	-	-	-	-	-	12,697
Total transactions with equity holders	3,582,664	-	(8,943,963)	-	-	-	-	-	-	(5,361,299)
Balance as at 30.06.2022 - Audited	58,149,621	10,204,368	3,647,706	10,195,652	(2,144,022)	23,977,870	4,288	150,529	88,720,003	192,906,015

STATEMENT OF CASH FLOWS

9

For the six months ended June 30,	Group		Bank	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	(Audited) Rs.'000	(Audited) Rs.'000
Cash Flows from Operating Activities				
Profit before income tax	13,375,796	15,753,656	12,575,870	15,419,602
Adjustments for:				
Non-cash items included in profit before tax	50,082,405	16,617,538	49,655,742	16,306,304
Change in operating assets	(396,093,347)	(162,960,415)	(361,419,439)	(157,303,445)
Change in operating liabilities	363,739,410	165,207,415	333,227,762	159,580,057
(Gains)/losses on sale of property, plant and equipment	(2,153)	(3,618)	(115)	(3,439)
Share of profits from associate, net of tax	3,476	(413)	-	-
Dividends received from investments in subsidiaries	-	-	(52,200)	(49,800)
Interest expense on subordinated liabilities	2,179,702	1,682,728	2,179,702	1,682,728
Benefits paid on defined benefit plans	(533,839)	(453,437)	(527,306)	(449,834)
Net unrealized gains/(losses) arising from translating the financial statements of foreign operations	23,375,604	1,834,011	19,913,148	1,654,237
Income tax paid	(4,511,665)	(3,316,735)	(4,306,699)	(3,201,353)
Surcharge tax paid	(2,608,287)	-	(2,518,092)	-
Net cash from/(used in) operating activities	49,007,102	34,360,730	48,728,373	33,635,057
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(1,159,378)	(542,117)	(1,021,894)	(477,787)
Proceeds from sale of property, plant and equipment	34,951	9,458	6,527	1,152
Purchase of financial investments	(1,200,000)	(5,000,000)	(1,200,000)	(5,000,000)
Proceeds from sale and maturity of financial investments	774,369	171,491	774,369	171,491
Purchase of intangible assets	(635,121)	(242,718)	(566,110)	(227,484)
Dividends received from investments in subsidiaries	-	-	52,200	49,800
Net cash from/(used in) investing activities	(2,185,179)	(5,603,886)	(1,954,908)	(5,482,828)
Cash Flows from Financing Activities				
Proceeds from issue of ordinary voting shares under Employee Share Option Plans	-	39,388	-	39,388
Redemption of subordinated liabilities	-	(4,430,340)	-	(4,430,340)
Interest paid on subordinated liabilities	(1,952,273)	(1,826,558)	(1,952,273)	(1,826,558)
Payment of lease liabilities/advance payment of right-of-use assets	(838,785)	(718,083)	(899,235)	(798,780)
Dividend paid to shareholders of the Bank	(5,361,299)	(5,166,208)	(5,361,299)	(5,166,208)
Dividend paid to non-controlling interest	(10,800)	(12,200)	-	-
Net cash from /(used in) financing activities	(8,163,157)	(12,114,001)	(8,212,807)	(12,182,498)
Net increase/(decrease) in cash & cash equivalents	38,658,766	16,642,843	38,560,658	15,969,731
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	108,001,758	67,901,114	106,646,289	66,223,599
Less: Impairment charges	(1,986)	(12,370)	(1,881)	(12,370)
Cash and cash equivalents as per Statement of Financial Position (Net)	107,999,772	67,888,744	106,644,408	66,211,229

	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		107,999,772		107,999,772
Balances with Central Banks		51,501,124		51,501,124
Placements with banks		18,313,838		18,313,838
Securities purchased under resale agreements		2,002,143		2,002,143
Derivative financial assets	23,674,635			23,674,635
Financial assets recognised through profit or loss - measured at fair value	54,201,704			54,201,704
Financial assets at amortised cost - Loans and advances to other customers		1,219,947,845		1,219,947,845
Financial assets at amortised cost - Debt and other financial instruments		770,170,847		770,170,847
Financial assets measured at fair value through other comprehensive income			71,383,043	71,383,043
Total financial assets	77,876,339	2,169,935,569	71,383,043	2,319,194,951
		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			64,607,923	64,607,923
Derivative financial liabilities		8,640,775		8,640,775
Securities sold under repurchase agreements			214,906,611	214,906,611
Financial liabilities at amortised cost - due to depositors			1,756,807,475	1,756,807,475
Financial liabilities at amortised cost - other borrowings			30,611,911	30,611,911
Subordinated liabilities			50,868,395	50,868,395
Total financial liabilities		8,640,775	2,117,802,315	2,126,443,090

	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		106,644,408		106,644,408
Balances with Central Banks		45,197,919		45,197,919
Placements with banks		17,327,567		17,327,567
Securities purchased under resale agreements		2,002,143		2,002,143
Derivative financial assets	23,674,635			23,674,635
Financial assets recognised through profit or loss - measured at fair value	54,201,704			54,201,704
Financial assets at amortised cost - Loans and advances to other customers		1,197,683,170		1,197,683,170
Financial assets at amortised cost - Debt and other financial instruments		730,882,224		730,882,224
Financial assets measured at fair value through other comprehensive income			69,648,186	69,648,186
Total financial assets	77,876,339	2,099,737,431	69,648,186	2,247,261,956
		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			64,643,031	64,643,031
Derivative financial liabilities		8,640,775		8,640,775
Securities sold under repurchase agreements			215,162,077	215,162,077
Financial liabilities at amortised cost - due to depositors			1,696,848,972	1,696,848,972
Financial liabilities at amortised cost - other borrowings			30,611,911	30,611,911
Subordinated liabilities			50,868,395	50,868,395
Total financial liabilities		8,640,775	2,058,134,386	2,066,775,161

	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
								(Audited)
As at June 30, 2022	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets								
Derivative financial assets	-	23,674,635	-	23,674,635	-	23,674,635	-	23,674,635
Financial assets recognized through profit or loss - measured at fair value	54,201,704	-	-	54,201,704	54,201,704	-	-	54,201,704
Financial assets measured at fair value through other comprehensive income	63,803,277	7,511,414	68,352	71,383,043	62,068,544	7,511,414	68,228	69,648,186
Total financial assets at fair value	118,004,981	31,186,049	68,352	149,259,382	116,270,248	31,186,049	68,228	147,524,525
Financial Liabilities								
Derivative financial liabilities	-	8,640,775	-	8,640,775	-	8,640,775	-	8,640,775
Total financial liabilities at fair value	-	8,640,775	-	8,640,775	-	8,640,775	-	8,640,775

	Group				Bank			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at December 31, 2021 - (Audited)	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
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	278,551,947	57,348,345	53,510	335,953,802	278,061,607	57,348,345	53,386	335,463,338
Total financial assets at fair value	301,988,070	60,593,465	53,510	362,635,045	301,497,730	60,593,465	53,386	362,144,581
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
										(Audited)
As at June 30, 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	-	-	1,172,612,956	1,172,612,956	1,219,947,845	-	-	1,150,348,281	1,150,348,281	1,197,683,170
Financial assets at amortised cost - Debt and other financial instruments	480,514,724	50,200,309	-	530,715,033	770,170,847	441,226,101	50,200,309	-	491,426,410	730,882,224
Total financial assets not at fair value	480,514,724	50,200,309	1,172,612,956	1,703,327,989	1,990,118,692	441,226,101	50,200,309	1,150,348,281	1,641,774,691	1,928,565,394
Financial Liabilities										
Financial liabilities at amortised cost - due to depositors	-	-	1,752,713,880	1,752,713,880	1,756,807,475	-	-	1,692,755,377	1,692,755,377	1,696,848,972
Subordinated liabilities	-	-	45,412,379	45,412,379	50,868,395	-	-	45,412,379	45,412,379	50,868,395
Total financial liabilities not at fair value	-	-	1,798,126,259	1,798,126,259	1,807,675,870	-	-	1,738,167,756	1,738,167,756	1,747,717,367

	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 30.06.2022	As at 31.12.2021	As at 30.06.2022	As at 31.12.2021
Regulatory Capital - Rs. '000				
Common Equity Tier I	153,647,123	132,375,019	159,986,419	138,148,271
Tier I Capital	153,647,123	132,375,019	159,986,419	138,148,271
Total Capital	196,016,008	173,756,083	203,189,173	179,968,392
Regulatory Capital Ratios (%) (CCB drawdown by 1.250% - Refer Note 6 in Explanatory Notes)				
Common Equity Tier I Capital Ratio (Minimum Requirement - 8.500%)	10.604	11.923	10.555	12.049
Tier I Capital Ratio (Minimum Requirement - 10.000%)	10.604	11.923	10.555	12.049
Total Capital Ratio (Minimum Requirement - 14.000%)	13.528	15.650	13.405	15.696
Leverage Ratio (%) (Minimum Requirement - 3%)	5.21	5.29	5.29	5.44
Regulatory Liquidity				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	406,960,421	542,366,118		
Off-Shore Banking Unit	56,491,304	31,662,800		
Statutory Liquid Assets Ratio (%) (Minimum Requirement 20%)				
Domestic Banking Unit	25.37	38.73		
Off-Shore Banking Unit	30.13	36.39		
Total Stock of High Quality Liquid Assets - Rs. '000	262,628,977	402,280,333		
Liquidity Coverage Ratio (%) (Minimum Requirement - 2022 - 90%, 2021 - 100%)				
Liquidity Coverage Ratio (%) - Rupee	200.03	425.97		
Liquidity Coverage Ratio (%) - All Currency	105.36	242.52		
Net Stable Funding Ratio (%) (Minimum Requirement - 2022 - 90%, 2021 - 100%)	156.21	157.47		
Asset Quality (Quality of Loan Portfolio)				
Impaired Loans (Stage 3) Ratio (%)	3.65	3.85		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	42.33	42.76		
Profitability				
Interest Margin (%)	3.71	3.51		
Return on Assets (before tax) (%)	1.18	1.74		
Return on Equity (%)	9.69	14.66		
Debt Security Related Ratios				
Debt to Equity Ratio (%)	33.54	23.74		
Interest Cover (Times)	10.70	13.18		

OPERATING SEGMENTS - GROUP

17

For the six months ended June 30,	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	17,659,245	15,111,577	8,571,487	3,629,033	5,684,450	3,477,855	4,730,997	6,488,643	360,496	385,216	3,705,910	2,065,708	40,712,585	31,158,032
Foreign exchange profit	196,639	107,810	(292,552)	10,743	3,537,442	598,423	(11,791,447)	2,556,343	1,225	-	28,703,859	2,765,524	20,355,166	6,038,843
Net fee and commission income	4,182,581	2,997,470	3,353,742	1,613,800	1,097,894	770,632	(4,995)	10,662	69,266	136,677	179,014	183,006	8,877,502	5,712,247
Other income	192,342	198,459	(199,762)	158,275	(74,156)	137,389	(1,274,716)	2,754,006	451,977	459,160	191,181	(272,075)	(713,134)	3,435,214
Total Operating income	22,230,807	18,415,316	11,432,915	5,411,851	10,245,630	4,984,299	(8,340,161)	11,809,654	882,964	981,053	32,779,964	4,742,163	69,232,119	46,344,336
Impairment charges and other losses	(6,984,497)	(7,853,960)	(7,721,372)	(3,217,544)	(209,682)	(182,530)	(20,145,568)	(2,141,108)	(157,500)	(259,293)	-	(6)	(35,218,619)	(13,654,441)
Net Operating income	15,246,310	10,561,356	3,711,543	2,194,307	10,035,948	4,801,769	(28,485,729)	9,668,546	725,464	721,760	32,779,964	4,742,157	34,013,500	32,689,895
Segment result	3,071,277	2,166,705	2,359,372	1,182,153	6,889,477	2,963,425	(28,727,697)	8,110,436	282,536	202,069	29,504,307	1,128,455	13,379,272	15,753,243
Profit from operations													13,379,272	15,753,243
Share of profit/(loss) of associate, net of tax													(3,476)	413
Income tax expense													(4,198,046)	(3,400,119)
Non-controlling Interest													(236,754)	(96,255)
Net profit for the period, attributable to equity holders of the Bank													8,940,996	12,257,282

As at June 30,	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	739,898,254	564,635,713	554,759,764	384,764,126	409,781,480	242,006,943	765,278,183	762,815,516	14,274,096	12,960,414	(80,567,184)	(32,521,770)	2,403,424,593	1,934,660,942
Investment in associate	-	-	-	-	-	-	-	-	-	-	55,628	63,749	55,628	63,749
Total assets	739,898,254	564,635,713	554,759,764	384,764,126	409,781,480	242,006,943	765,278,183	762,815,516	14,274,096	12,960,414	(80,511,556)	(32,458,021)	2,403,480,221	1,934,724,691
Segment liabilities	1,195,648,098	1,088,648,224	466,117,817	257,630,720	336,859,230	202,641,339	285,237,021	206,526,961	8,459,618	7,404,657	(90,247,870)	1,943,277	2,202,073,914	1,764,795,178
Total liabilities	1,195,648,098	1,088,648,224	466,117,817	257,630,720	336,859,230	202,641,339	285,237,021	206,526,961	8,459,618	7,404,657	(90,247,870)	1,943,277	2,202,073,914	1,764,795,178

For the six months ended June 30,													2022	2021
													Rs.'000	Rs.'000
Information on cash flows														
Net cash from/(used in) operating activities													49,007,102	34,360,730
Net cash from/(used in) investing activities													(425,631)	(4,828,509)
Net cash from / (used in) financing activities													(8,163,157)	(12,114,001)
Capital expenditure -														
Property, Plant & Equipment													(1,124,427)	(532,659)
Intangible assets													(635,121)	(242,718)
Net increase/(decrease) in cash & cash equivalents													38,658,766	16,642,843

Twenty largest ordinary voting shareholders as at June 30, 2022

Name of the Shareholder	No. of Shares	%
01. DFCC Bank PLC A/C 1	141,453,570	12.12
02. Mr.Y. S. H. I. Silva	115,528,595	9.90
03. Employees' Provident Fund	100,567,740	8.62
04. CB NY S/A International Finance Corporation	83,033,546	7.11
05. Sri Lanka Insurance Corporation Ltd - Life Fund	58,905,563	5.05
06. Melstacorp PLC	48,290,086	4.14
07. Mr. D. P. Pieris	45,287,027	3.88
08. Mr. K. D. D. Perera	42,894,365	3.67
09. CB NY S/A IFC Emerging Asia Fund. LP	42,806,493	3.67
09. CB NY S/A IFC Financial Institutions Growth Fund LP	42,806,493	3.67
11. Sri Lanka Insurance Corporation Ltd - General Fund	41,306,794	3.54
12. Citibank New York S/A Norges Bank Account 2	38,516,844	3.30
13. Employees' Trust Fund Board	20,330,734	1.74
14. Renuka Hotels PLC	13,819,216	1.18
15. Mr. M. J. Fernando	10,492,476	0.90
16. Hallsville Trading Group INC.	9,977,057	0.85
17. Cargo Boat Development Company PLC	9,527,932	0.82
18. Renuka Consultants & Services Limited	9,275,689	0.79
19. Mr. A. H. Munasinghe	7,620,822	0.65
20. Mr. S. V. Somasunderam	6,385,272	0.55
Sub total	888,826,314	76.15
Shares held by Directors	648,449	0.06
Other Shareholders	277,761,679	23.79
Total	1,167,236,442	100.00

Percentage of public holding as at June 30, 2022 - 99.80% (99.80% as at June 30, 2021)

Number of shareholders representing public holding as at June 30, 2022 - 16,907 (16,571 as at June 30, 2021)

Twenty largest ordinary non-voting shareholders as at June 30, 2022

Name of the Shareholder	No. of Shares	%
01. Employees' Trust Fund Board	5,643,261	7.78
02. Akbar Brothers (Pvt) Ltd. A/C No 1	3,479,645	4.80
03. GF Capital Global Limited	1,875,479	2.59
04. Mr. A. H. Munasinghe	1,762,178	2.43
05. Mr. M. F. Hashim	1,404,172	1.94
06. M. J. F. Exports (Pvt) Ltd	1,240,950	1.71
07. Janashakthi Insurance PLC - Shareholders	1,142,883	1.58
08. Mrs. L. V. C. Samarasinha	1,094,895	1.51
09. Saboor Chatoor (Pvt) Ltd	1,037,989	1.43
10. Mr. T. W. A. Wickramasinghe	985,150	1.36
11. Deutsche Bank AG as Trustee to Assetline Income Plus Growth Fund	935,463	1.29
12. Mr. E. Chatoor	859,134	1.18
13. Mr. I. S. P. Perera	835,286	1.15
14. Mr. J. G. De Mel	792,809	1.09
15. Mr. R. Gautam	781,344	1.08
16. Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint)	772,196	1.06
17. Mr. J. D. Bandaranayake , Dr. V. Bandaranayake & Ms. I. Bandaranayake (Joint)	749,713	1.03
18. Mr. A. L. Gooneratne	747,743	1.03
19. Mr. K. S. M. De Silva	740,918	1.02
20. Mr. M. J. Fernando	712,766	0.98
Sub total	27,593,974	38.04
Shares held by Directors	81,007	0.01
Other Shareholders	44,866,624	61.95
Total	72,541,605	100.00

Percentage of public holding as at June 30, 2022 - 99.88% (99.86% as at June 30, 2021)

Number of shareholders representing public holding as at June 30, 2022 - 5,880 (6,001 as at June 30, 2021)

Directors' holding in shares as at June 30, 2022

Name of Director	No. of Shares	
	Voting	Non-voting
Prof. A. K. W. Jayawardane - Chairman	13,580	-
Mr. Sharhan Muhseen- Deputy Chairman	2,598	-
Mr. S. C. U. Manatunge - Managing Director/Chief Executive Officer	75,815	-
Mr. S. Prabagar - Chief Operating Officer	165,703	24,578
Mr. K. Dharmasiri	-	-
Mr. L. D. Niyangoda	-	-
Ms. N. T. M. S. Cooray	363,592	56,429
Ms. Judy Lee	-	-
Mr. Raja Senanayake	-	-
Ms. D. L. T. S. Wijewardena	-	-
Dr. S. Selliah	27,161	-
Total	648,449	81,007

	2022 Rs.	2021 Rs.
Market price of an ordinary share as at June 30,		
Voting	50.60	88.00
Non-Voting	41.50	78.00
Highest price during the quarter ended June 30,		
Voting	64.80	92.30
Non-Voting	62.50	80.00
Lowest price during the quarter ended June 30,		
Voting	50.00	79.00
Non-Voting	40.00	71.10
As at June 30,	2022	2021
	Rs.000	Rs.000
Float adjusted market capitalization - Compliant under Option 1	61,950,904	104,187,031
Number of ordinary shares as at June 30,	2022	2021
Voting	1,167,236,442	1,124,463,321
Non-Voting	72,541,605	69,740,771

- 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(CASL). 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 below.
- 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 and unprecedented changes in the macro-economic conditions**
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 **Impairment of loans & advances and other financial assets**
Loans and advances
The Bank performed a comprehensive assessment of individually significant customers as at June 30, 2022 and based on the assessment, those customers with an increased credit risk were moved from Stage 1 to Stage 2. The Bank continued to review the key assumptions used in the impairment computation against individually significant customers classified under Stages 2 and 3 during the period under review. Key assumptions such as security realisation period, and factors used to determine the security valuation were continuously monitored in relation to customers who have been affected by the economic downturn and accordingly additional provisions were recognized.

In addition, the macro-economic variables such as gross domestic product, inflation, interest rates, exchange rate and unemployment rate and other qualitative factors used for the calculation of impairment under the collective impairment model were updated with most recent macro-economic indicators. As a result, substantial provisions were made under the collective impairment as well. Further, the Bank continues to apply all other prudent assumptions used in 2021 during the period under review as well. Further, the Bank continued to recognize additional impairment provisions by way management overlays on account of moratorium loans and for facilities in the risk elevated industries during the period.
Other Financial Assets
During the Q2 of 2022, the Bank recognized substantial impairment provisions on the foreign currency denominated government securities, owing to the recent downgrading of Sri Lanka's sovereign by rating agencies and the announcement by the Government of Sri Lanka that it is considering a consensual restructuring of the Country's external debts through an economic adjustment program supported by the IMF. Accordingly, the Bank increased the impairment provisions o/a foreign currency denominated government securities during second quarter of 2022.
- 5 **Reclassification of Government Securities**
The Bank reclassified bulk of its Treasury Bond Portfolio amounting to Rs. 197.08 Bn., majority of Sri Lanka Development Bond (SLDB) portfolio amounting to Rs. 55.47 Bn., (USD 152.19 Mn) and entire Sri Lanka Sovereign Bond (SLSB) portfolio amounting to Rs. 39.60 Bn., (USD 108.63 Mn) in Fair Value Through Other Comprehensive Income (FVOCI) category to Amortized Cost category, with effect from April 01, 2022, as a result of changes to the business model of managing the assets due to unprecedented changes in the macro-economic conditions in line with the guidelines issued by the CA Sri Lanka in the form of a Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio. Accordingly, the required adjustments in respect of the aforesaid reclassification of debt securities have been made in the Interim Financial Statements as at June 30, 2022. The fair value of the reclassified debt portfolio as at June 30, 2022 amounted to Rs. 173.15 Bn., and the cumulative fair value loss amounted to Rs. 117.63 Bn.,(Net of tax Rs.89.40 Bn).
- 6 **Basel III Minimum Capital Adequacy Ratios**
As per the Banking Act Direction No. 04 of 2022, dated May 23, 2022, licensed banks were allowed to drawdown the Capital Conservation Buffer (CCB) up to 2.5% subject to the conditions stipulated in the Banking Act Direction No. 01 of 2016 on Capital Requirements under Basel III for licensed commercial banks and licensed specialised banks. The Bank expects to maintain the Minimum Earnings Retention Ratio at 60%, for which the CCB requirement as per the said Direction No. 04 of 2022 is between 1.250% and 1.875%. Accordingly, the minimum Total Capital Ratio required to be maintained by the Bank is between 12.750% and 13.375%. The Bank has in place a capital augmentation plan towards rebuilding the CCB to 2.5% within three years as required by the said Direction.
- 7 **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 Rs. 2,000 million for the year of assessment 2020/2021 and same was applicable to the Commercial Bank Group as the combined taxable income of the applicable companies of the Group exceeded Rs. 2,000 Mn for the referred year of assessment.
Total Surcharge Tax liability of Rs. 5,217 Mn., and Rs.5,036 Mn., has been recognised for the Group and the Bank respectively as an adjustment to the retained earnings as at January 1, 2022 in the Statement of Changes in Equity.
The Group and the Bank paid Rs. 2,608 Mn., and Rs. 2,518 Mn., respectively, as the first installment (50% of the liability) of the Surcharge Tax liability on April 20, 2022. The second/final installment of Surcharge Tax has been recognized as a liability in these Interim Financial Statements as of June 30, 2022, as same was paid on July 20, 2022.
- 8 During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.
- 9 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- 10 There were no material events that took place since June 30, 2022, that require disclosure in these Interim Financial Statements other than those disclosed above.

Auditors' Opinion on the Financial Statements of the Bank as at June 30, 2022 and for the six months period then ended

The figures relating to the Bank have been extracted from the Financial Statements that had been audited by M/s Ernst & Young, the External Auditors of the Bank. The Auditors expressed an unqualified opinion on the said Financial Statements prepared as at June 30, 2022 and for the six months period then ended.

INFORMATION ON DEBENTURES - BANK

21

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 (%)	22.90	22.55	20.75	21.85	22.55	21.50

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

22

As at	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross loans and advances to other customers	1,299,836,880	1,094,930,882	1,276,301,719	1,078,685,128
Impairment on loans and advances to other customers				
Accumulated impairment under stage 1	14,909,416	10,181,101	14,767,957	10,027,938
Accumulated impairment under stage 2	26,235,483	19,165,658	25,886,210	18,973,409
Accumulated impairment under stage 3	38,744,136	36,000,048	37,964,382	35,065,201
Total impairment	79,889,035	65,346,807	78,618,549	64,066,548
Net value of loans and advances to other customers	1,219,947,845	1,029,584,075	1,197,683,170	1,014,618,580
Gross loans and advances to other customers				
By product - Domestic Currency				
Overdrafts	110,014,391	95,804,755	110,023,955	95,827,216
Trade finance	79,108,401	69,711,010	79,108,401	69,711,010
Lease rental receivable	38,478,126	37,416,375	36,544,362	35,647,114
Credit cards	16,557,451	16,188,134	16,557,451	16,188,134
Pawning	10,255,985	7,649,037	10,255,985	7,649,037
Staff loans	13,255,393	12,852,363	13,290,882	12,839,578
Housing loans	72,563,870	69,490,504	72,563,870	69,490,504
Personal loans	48,821,300	50,327,752	48,780,593	50,289,642
Term loans	494,581,448	464,685,792	489,084,493	458,163,633
Bills of Exchange	1,065,929	498,334	1,065,929	498,334
Sub total	884,702,294	824,624,056	877,275,921	816,304,202
By product - Foreign Currency				
Overdrafts	33,665,891	20,170,566	30,500,391	18,498,205
Trade finance	44,967,592	23,787,742	44,253,354	23,138,627
Lease rental receivable	2,471,814	1,486,793	2,471,814	1,486,793
Credit cards	428,807	208,995	329,913	189,352
Staff loans	655,081	244,822	641,179	236,755
Housing loans	8,319,544	5,174,448	8,319,544	5,174,448
Personal loans	1,808,585	1,030,317	1,093,820	624,241
Term loans	254,722,398	171,740,267	243,320,909	166,569,629
Bills of Exchange	68,094,874	46,462,876	68,094,874	46,462,876
Sub total	415,134,586	270,306,826	399,025,798	262,380,926
Gross loans and advances to other customers	1,299,836,880	1,094,930,882	1,276,301,719	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	2,509,697	3,607,700	2,566,537	3,552,303
Net write-off during the period	-	(482)	-	(482)
Exchange rate variance on foreign currency provisions	2,218,618	6,128	2,173,482	5,237
Balance as at June 30/December 31,	14,909,416	10,181,101	14,767,957	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	5,658,100	6,767,014	5,507,320	6,729,149
Net write-off during the period	-	(158)	-	(158)
Exchange rate variance on foreign currency provisions	1,411,725	2,501	1,405,481	(15)
Balance as at June 30/December 31,	26,235,483	19,165,658	25,886,210	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	202,699	4,572,554	127,884	4,271,910
Net write-off during the period	(40,547)	(856,261)	229,076	(691,667)
Exchange rate variance on foreign currency provisions	3,167,135	95,686	3,129,400	93,581
Interest accrued on impaired loans and advances	(573,977)	(1,174,854)	(556,701)	(1,132,155)
Other movements	(11,222)	297,033	(30,478)	242,393
Balance as at June 30/December 31,	38,744,136	36,000,048	37,964,382	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	8,370,496	14,947,268	8,201,741	14,553,362
Net write-off during the period	(40,547)	(856,901)	229,076	(692,307)
Exchange rate variance on foreign currency provisions	6,797,478	104,315	6,708,363	98,803
Interest accrued on impaired loans and advances	(573,977)	(1,174,854)	(556,701)	(1,132,155)
Other movements	(11,222)	297,033	(30,478)	242,393
Balance as at June 30/December 31,	79,889,035	65,346,807	78,618,549	64,066,548

As at	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross commitments and contingencies	723,286,189	685,379,028	719,729,198	682,399,783
Impairment on commitments and contingencies				
Accumulated impairment under stage 1	2,748,312	2,090,696	2,737,237	2,082,029
Accumulated impairment under stage 2	1,936,786	814,948	1,936,786	814,948
Accumulated impairment under stage 3	2,399,859	2,459,923	2,399,859	2,459,923
Total Impairment	7,084,957	5,365,567	7,073,882	5,356,900
Gross commitments and contingencies				
By product - Domestic currency				
Contingencies	63,261,416	71,232,733	63,261,416	71,232,733
Guarantees	43,919,925	50,193,979	43,919,925	50,193,979
Bonds	16,969,492	18,311,490	16,969,492	18,311,490
Documentary Credits	1,271,971	1,458,013	1,271,971	1,458,013
Acceptances	217,898	740,479	217,898	740,479
Bills for collection	882,130	528,772	882,130	528,772
Commitments	107,601,554	125,588,182	107,601,554	125,588,182
Undrawn commitments	105,354,750	123,341,378	105,354,750	123,341,378
Capital commitments	2,246,804	2,246,804	2,246,804	2,246,804
Sub Total	170,862,970	196,820,915	170,862,970	196,820,915
By product - Foreign Currency				
Contingencies	514,335,364	466,418,225	513,133,614	465,519,936
Guarantees	30,333,065	24,646,329	30,695,241	24,905,847
Bonds	71,945,446	17,835,718	70,702,285	17,815,810
Documentary Credits	73,203,112	83,077,720	73,161,924	82,097,642
Forward exchange and Currency Swaps	174,119,752	217,305,838	174,119,752	217,305,838
Acceptances	73,928,872	73,222,869	73,928,872	73,219,061
Bills for collection	87,983,356	48,644,120	87,703,778	48,490,107
Bullion on consignment	27,302	14,882	27,302	14,882
Other Contingencies	2,794,459	1,670,749	2,794,460	1,670,749
Commitments	38,087,855	22,139,888	35,732,614	20,058,932
Undrawn commitments	38,069,437	22,129,783	35,732,614	20,058,932
Capital commitments	18,418	10,105	-	-
Sub Total	552,423,219	488,558,113	548,866,228	485,578,868
Total	723,286,189	685,379,028	719,729,198	682,399,783

ANALYSIS OF COMMITMENTS AND CONTINGENCIES AND IMPAIRMENT

25

	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	459,313	551,897	463,138	546,862
Exchange rate variance on foreign currency provisions	198,303	2,699	192,070	2,476
Balance as at June 30/December 31,	2,748,312	2,090,696	2,737,237	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	1,019,933	570,466	1,019,933	570,466
Exchange rate variance on foreign currency provisions	101,905	-	101,905	-
Balance as at June 30/December 31,	1,936,786	814,948	1,936,786	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	(104,662)	2,120,247	(104,662)	2,120,247
Exchange rate variance on foreign currency provisions	44,598	-	44,598	-
Balance as at June 30/December 31,	2,399,859	2,459,923	2,399,859	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	1,374,584	3,242,610	1,378,409	3,237,575
Exchange rate variance on foreign currency provisions	344,806	2,699	338,573	2,476
Balance as at June 30/December 31,	7,084,957	5,365,567	7,073,882	5,356,900

ANALYSIS OF DEPOSITS

	Group		Bank	
	30.06.2022 Rs. '000	31.12.2021 Rs. '000	30.06.2022 Rs. '000	31.12.2021 Rs. '000
As at				
By product - Domestic Currency				
Current account deposits	92,176,545	84,663,624	92,181,015	84,663,528
Savings deposits	412,510,476	430,411,206	412,697,867	430,571,564
Time deposits	568,266,926	548,717,236	563,783,158	544,587,562
Certificates of deposit	22,902	24,902	22,902	24,902
Sub Total	1,072,976,849	1,063,816,968	1,068,684,942	1,059,847,556
By product - Foreign Currency				
Current account deposits	120,648,381	66,784,343	96,442,270	56,116,885
Savings deposits	183,257,175	124,954,064	170,378,093	118,933,106
Time deposits	379,925,070	217,085,081	361,343,667	208,195,906
Sub Total	683,830,626	408,823,488	628,164,030	383,245,897
Total	1,756,807,475	1,472,640,456	1,696,848,972	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 : 011-2430420, 011-2336700
011-2445010-15, 011-2486000, 011-4792000
Telex :21520 COMEX CE
Facsimile : 011-2449889
SWIFT Code-Sri Lanka : CCEYLK LX
SWIFT Code-Bangladesh : CCEYBDDH
E-mail : email@combank.net
Website : www.combank.lk

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
Assistant General Manager - Compliance

CREDIT RATINGS

Sri Lanka Operation
AA-(lka) (rating watch negative) by Fitch Ratings Lanka Ltd.

Bangladesh Operation

AAA was re-affirmed by Credit Rating Information & Services Limited in June 2022.

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: 011-2573894, 011-2576871
Facsimile: 011-2573609
E-mail: sspssec@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 & COMPANY SECRETARY**BOARD OF DIRECTORS**

Prof. A. K. W. Jayawardane - Chairman
Mr. Sharhan Muhseen- Deputy Chairman
Mr. S. C. U. Manatunge - Managing Director/Chief Executive Officer
Mr. S. Prabagar - Chief Operating Officer
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

COMPANY SECRETARY

Mr. R. A. P. Rajapaksha