

INTERIM FINANCIAL STATEMENTS
For the year ended December 31, 2022

Financial review for the year ended December 31, 2022

ComBank Group consistent with solid topline growth in 2022, increases provisioning

- Income grows 71% to Rs 280.4 Bn. for the year and 94% to Rs 84.8 Bn. in Q4
- Record impairment provisioning for the year - up 186% to Rs 71.9 Bn.; Rs 46.8 Bn. increase for 2022 for US\$ denominated Government Securities and Stage 2 & 3 loans
- Assets approach Rs 2.5 Tn., recording a growth of 26% over 12 months
- Depreciation of Rupee exerts mixed impact on key indicators

The Commercial Bank of Ceylon Group has ended 2022 with a solid operational performance, having navigated the perfect storm with a series of forward-looking strategies that included making the highest-ever impairment provision in a year in the history of the institution.

In a period of unprecedented macroeconomic variables, the Group comprising of Sri Lanka's biggest private sector bank, its subsidiaries and an associate, saw its assets grow by Rs 516.063 billion or 26.02% to approach Rs 2.5 trillion, gross income grow by 71.31% to Rs 280.387 billion and interest income improve 67.44% to Rs 222.393 billion, with the sharp depreciation of the Sri Lanka Rupee exerting a distortionary impact on some key indicators.

In a filing with the Colombo Stock Exchange (CSE), the Group reported that the value of its loan book had grown by Rs 151.239 billion or 13.81% over the 12 months ending 31st December 2022, assisted by the impact of the sharp depreciation of the Rupee on foreign currency loans and advances. Discounting the impact of the Rupee depreciation, the loan book recorded a marginal growth during the year, amidst a sharp decrease in credit to the private sector. Deposits had increased by Rs 505.103 billion or 34.30%, with the depreciation of the Rupee also accounting for part of the growth.

The Group made a provision of Rs 71.924 billion for impairment charges and other losses, an increase of Rs 46.784 billion or 186.10% over the Rs 25.140 billion provided in respect of 2021. This resulted in net operating income reducing by 5.47% to Rs 64.712 billion for the 12 months and by 24.90% to Rs 13.147 billion for the fourth quarter, despite the fact that total operating income for the year had improved by a robust Rs 43.038 billion or 45.98% to Rs 136.637 billion.

According to the Group's financial statements for 2022, despite the heightened challenges of the fourth quarter of the year, gross income for the three months grew by 94.41% to Rs 84.814 billion while interest income improved by 97.14% to Rs 72.136 billion, partly due to an increase in interest-earning assets, rise in interest rates and higher foreign currency income due to the depreciation of the Rupee. However, interest expenses for the quarter rose 183.96% to Rs 50.285 billion in contrast to the increase of 107.42% reflected in the full year's interest expenses of Rs 137.728 billion. The shift from low cost funds to high cost funds, resulting from the higher interest rates on Rupee deposits as well as the increased cost of living which directly affects savings, also caused a significant drop in the Bank's CASA ratio. The Bank's CASA ratio, an industry benchmark, stood at 38.36% at the end of the year reviewed, as against 47.83% at end 2021 and 42.72% at end 2020.

Consequently, while net interest income for the full year improved by 27.48% to Rs 84.665 billion, the figure of Rs 21.851 billion for the fourth quarter reflected lower growth of 15.72%, as the full impact of the increased interest rates and the shift from low cost to high cost funds was felt in the final quarter of the year.

The Group reported fee and commission income of Rs 26.192 billion for the full year and Rs 7.986 billion for the fourth quarter, with growth rates of 64.55% and 62.47% respectively, with an increase in trade related activities and the impact of the depreciation of the Rupee on fees received in foreign currency. However, a combination of higher cards-related payments and the depreciation of the Rupee contributed to fee and commission expenses increasing by 63.87% to Rs 6.022 billion for the year. As a result, net fee and commission income improved by 64.75% to Rs 20.169 billion for the year, and by 71.61% to Rs 6.256 billion for the fourth quarter.

Other income comprising of net gains or losses from trading, net gains or losses from de-recognition of financial assets and net other operating income more than doubled, growing by 112.87% to Rs 31.802 billion for the 12 months and grew by 121.49% to Rs 4.692 billion for the last quarter. A gain of Rs 35.903 billion on foreign exchange and substantial gains from swap transactions generated a net gain from trading of Rs 35.297 billion for the year, as against Rs 1.936 billion for 2021.

The Group posted a loss of Rs 3.772 billion in net other operating income due to a net loss of Rs 5.133 billion on revaluation of assets and liabilities in the year under review.

With operating expenses for the year rising 22.34% to Rs 36.282 billion due to higher personnel costs, depreciation and amortisation, an increase in other operating expenses owing to price hikes, foreign currency payments for the maintenance of assets and an increase in the VAT rate, the Group's operating profit before taxes on financial services reduced by 26.73% to Rs 28.430 billion for the 12 months, and by 68.43% to Rs 2.881 billion for the fourth quarter.

Consequently, the Group's profit before tax of Rs 24.505 billion for the year reflected a drop of 25.65% over 2021. Although the income tax rate increased to 30% for the second half of 2022, the impact of income tax on the Group's results reduced due to a reversal of the deferred tax computed at 24% for the previous year. As a result, net profit for the year improved by a marginal 0.45% to Rs 24.399 billion, and grew by 69.53% to Rs 8.939 billion in the final quarter. Taken separately, Commercial Bank of Ceylon PLC reported a profit before tax of Rs 22.598 billion for the year, a drop of 29.38% while profit after tax for the year was down only by 2.7% to Rs 22.970 billion compared with the profit after tax of Rs 23.606 billion for 2021.

In other key indicators, the Bank's net assets value per share increased by 18.99% to Rs 164.30 from Rs 138.08 as at end 2021. The Bank's Tier 1 Capital Ratio, and the Total Capital Ratio stood at 11.389% and 14.657% respectively as at 31st December 2022, both above the statutory minimum ratios of 10% and 14% respectively. The Bank's interest margin improved to 3.74% for 2022, from 3.51% for 2021. The Bank's return on assets (before taxes) stood at 1.03% and return on equity at 12.46%.

In terms of asset quality, the Bank's impaired loans (Stage 3) ratio stood at 5.26% compared to 3.85% at end 2021, while its impairment (Stage 3) to Stage 3 loans ratio stood at 39.50% as at 31st December 2022, compared to 42.76% at end 2021. In terms of liquidity, the Bank's statutory liquid asset ratios for its domestic banking unit and offshore banking unit stood at 35.01% and 32.37% respectively, while the consolidated liquid asset ratio for the Sri Lankan operations of the Bank stood at 35.88%, which is well above the minimum requirement of 20%.

The Bank's Cost to Income Ratio before taxes on financial services improved to 26.29% for the period under review from 31.61% for 2021 and 33.95% for 2020. The cost to income ratio inclusive of taxes on financial services improved to 29.22% from 37.97% for 2021 and 39.96% for 2020.

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 12 years consecutively, Commercial Bank operates a network of 269 branches and 943 automated machines in Sri Lanka. Commercial Bank 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; Myanmar, where it has a Microfinance company in Nay Pyi Taw; and the Maldives, where the Bank has a fully-fledged Tier I bank with a majority stake.

INCOME STATEMENT - GROUP

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	For the year ended			For the quarter ended		
	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %
Gross income	280,386,944	163,675,312	71.31	84,813,856	43,625,180	94.41
Interest income	222,393,079	132,818,178	67.44	72,136,429	36,591,673	97.14
Less : Interest expense	137,727,868	66,401,846	107.42	50,285,038	17,708,621	183.96
Net interest income	84,665,211	66,416,332	27.48	21,851,391	18,883,052	15.72
Fee and commission income	26,191,530	15,917,337	64.55	7,985,635	4,915,199	62.47
Less: Fee and commission expense	6,022,429	3,675,143	63.87	1,729,591	1,269,724	36.22
Net fee and commission income	20,169,101	12,242,194	64.75	6,256,044	3,645,475	71.61
Net gains/(losses) from trading	35,297,450	1,936,007	1,723.21	1,173,354	(101,050)	1,261.16
Net gains/(losses) from derecognition of financial assets	276,884	3,001,574	(90.78)	105,790	25,076	321.88
Net other operating income	(3,771,999)	10,002,216	(137.71)	3,412,648	2,194,282	55.52
Total operating income	136,636,647	93,598,323	45.98	32,799,227	24,646,835	33.08
Less : Impairment charges and other losses	71,924,260	25,139,926	186.10	19,652,653	7,142,508	175.15
Net operating income	64,712,387	68,458,397	(5.47)	13,146,574	17,504,327	(24.90)
Less: Expenses	36,282,241	29,657,739	22.34	10,265,566	8,378,026	22.53
Personnel expenses	19,788,283	16,799,212	17.79	5,148,402	4,639,350	10.97
Depreciation and amortisation	3,598,371	3,220,066	11.75	968,895	798,333	21.36
Other operating expenses	12,895,587	9,638,461	33.79	4,148,269	2,940,343	41.08
Operating profit before taxes on financial services	28,430,146	38,800,658	(26.73)	2,881,008	9,126,301	(68.43)
Less: Taxes on financial services	3,921,381	5,845,230	(32.91)	410,754	1,237,602	(66.81)
Operating profit after taxes on financial services	24,508,765	32,955,428	(25.63)	2,470,254	7,888,699	(68.69)
Share of profit/(loss) of associate, net of tax	(3,727)	1,896	(296.57)	(1,471)	1,813	(181.14)
Profit before income tax	24,505,038	32,957,324	(25.65)	2,468,783	7,890,512	(68.71)
Less : Income tax expense/(reversal)	105,566	8,667,036	(98.78)	(6,470,284)	2,617,567	(347.19)
Profit for the period	24,399,472	24,290,288	0.45	8,939,067	5,272,945	69.53
Profit attributable to:						
Equity holders of the Bank	23,811,914	24,062,469	(1.04)	8,775,188	5,217,687	68.18
Non-controlling interest	587,558	227,819	157.91	163,879	55,258	196.57
Profit for the period	24,399,472	24,290,288	0.45	8,939,067	5,272,945	69.53
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	19.21	19.41	(1.03)	7.08	4.37	62.01
Diluted earnings per ordinary share (Rs.)	19.21	19.41	(1.03)	7.08	4.37	62.01

	For the year ended			For the quarter ended		
	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %
Profit for the period	24,399,472	24,290,288	0.45	8,939,067	5,272,945	69.53
Other comprehensive income						
Items that will never be reclassified to profit or loss, net of tax						
Net actuarial gains/(losses) on defined benefit plans	(19,835)	10,944	(281.24)	(19,835)	(16,350)	(21.31)
Gains/(losses) on remeasurement of defined benefit liability/asset	(85,582)	33,309	(356.93)	(85,582)	34,147	(350.63)
Less : Deferred tax charge/(reversal) on actuarial gains/(losses) - includes the effect of tax rate change	(65,747)	22,365	(393.97)	(65,747)	50,497	(230.20)
Net change in revaluation surplus	(884,829)	589,166	(250.18)	884,829	1,177,413	(24.85)
Changes in revaluation surplus/(deficit)	-	-	-	-	-	-
Less : Deferred tax charge/(reversal) on revaluation surplus due to the effect of tax rate change	884,829	(589,166)	250.18	884,829	(1,177,413)	175.15
Net change in fair value on investments in equity	(233,640)	156,573	(249.22)	(35,708)	157,257	(122.71)
Change in fair value on investments in equity at fair value through other comprehensive income	(233,640)	156,573	(249.22)	(35,708)	157,257	(122.71)
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	-	-	-
Gain on disposal of investments in equity instruments	7,373	-	100.00	-	-	-
Share of other comprehensive income/(expense) of associate, net of tax	(1,399)	(1,512)	7.47	(282)	(371)	23.99
Items that are or may be reclassified to profit or loss						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	18,347,815	1,278,891	1,334.67	(588,053)	(90,674)	(548.54)
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	(14,194,634)	(12,598,258)	(12.67)	1,224,917	(3,837,002)	131.92
Fair value gains/(losses) that arose during the period, net of tax	(15,536,105)	(12,917,795)	(20.27)	1,292,561	(5,875,379)	122.00
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(197,675)	(2,281,196)	91.33	(67,644)	(19,057)	(254.96)
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	1,539,146	2,600,733	(40.82)	-	2,057,434	(100.00)
Cash flow hedges - effective portion of changes in fair value, net of tax	92,896	46,169	101.21	20,384	32,946	(38.13)
Other comprehensive income/(expense) for the period, net of taxes	29,595,003	(10,518,027)	381.37	1,486,252	(2,576,781)	157.68
Total comprehensive income for the period	53,994,475	13,772,261	292.05	10,425,319	2,696,164	286.67
Attributable to:						
Equity holders of the Bank	51,939,463	13,435,179	286.59	10,256,698	2,638,483	288.73
Non-controlling interest	2,055,012	337,082	509.65	168,621	57,681	192.33
Total comprehensive income for the period	53,994,475	13,772,261	292.05	10,425,319	2,696,164	286.67

INCOME STATEMENT - BANK

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	For the year ended			For the quarter ended		
	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %
Gross income	275,443,682	160,885,882	71.20	83,278,297	42,921,556	94.02
Interest income	218,326,576	130,443,030	67.37	71,030,386	35,978,803	97.42
Less : Interest expense	136,582,546	65,832,418	107.47	49,996,893	17,581,190	184.38
Net interest income	81,744,030	64,610,612	26.52	21,033,493	18,397,613	14.33
Fee and commission income	25,463,976	15,410,402	65.24	7,743,463	4,755,171	62.84
Less: Fee and commission expense	5,972,708	3,658,939	63.24	1,714,888	1,265,573	35.50
Net fee and commission income	19,491,268	11,751,463	65.86	6,028,575	3,489,598	72.76
Net gains/(losses) from trading	35,297,450	1,936,007	1,723.21	1,173,354	(101,050)	1,261.16
Net gains/(losses) from derecognition of financial assets	276,884	3,001,574	(90.78)	105,790	25,076	321.88
Net other operating income	(3,921,204)	10,094,869	(138.84)	3,225,304	2,263,556	42.49
Total operating income	132,888,428	91,394,525	45.40	31,566,516	24,074,793	31.12
Less : Impairment charges and other losses	71,461,622	24,692,343	189.41	19,550,116	7,072,801	176.41
Net operating income	61,426,806	66,702,182	(7.91)	12,016,400	17,001,992	(29.32)
Less: Expenses	34,936,205	28,891,755	20.92	9,666,104	8,206,015	17.79
Personnel expenses	19,112,546	16,321,317	17.10	4,958,766	4,525,895	9.56
Depreciation and amortisation	3,563,476	3,178,628	12.11	978,135	763,581	28.10
Other operating expenses	12,260,183	9,391,810	30.54	3,729,203	2,916,539	27.86
Operating profit before taxes on financial services	26,490,601	37,810,427	(29.94)	2,350,296	8,795,977	(73.28)
Less: Taxes on financial services	3,892,216	5,809,224	(33.00)	400,747	1,219,378	(67.14)
Operating profit after taxes on financial services	22,598,385	32,001,203	(29.38)	1,949,549	7,576,599	(74.27)
Less : Income tax expense/(reversal)	(371,406)	8,395,152	(104.42)	(6,581,884)	2,576,156	(355.49)
Profit for the period	22,969,791	23,606,051	(2.70)	8,531,433	5,000,443	70.61
Earnings per share (EPS)						
Basic earnings per ordinary share (Rs.)	18.53	19.04	(2.68)	6.88	4.19	64.20
Diluted earnings per ordinary share (Rs.)	18.53	19.04	(2.68)	6.88	4.19	64.20

	For the year ended			For the quarter ended		
	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %	31.12.2022 Rs.'000	31.12.2021 Rs.'000	Change %
Profit for the period	22,969,791	23,606,051	(2.70)	8,531,433	5,000,443	70.61
Other comprehensive income						
Items that will never be reclassified to profit or loss, net of tax						
Net actuarial gains/(losses) on defined benefit plans	(22,166)	6,051	(466.32)	(22,166)	26,549	(183.49)
Gains/(losses) on remeasurement of defined benefit liability/asset	(88,363)	26,549	(432.83)	(88,363)	26,549	(432.83)
Less : Deferred tax charge/(reversal) on actuarial gains/(losses) - includes the effect of tax rate change	(66,197)	20,498	(422.94)	(66,197)	-	(100.00)
Net change in revaluation surplus	(799,110)	532,740	(250.00)	(799,110)	1,065,480	(175.00)
Changes in revaluation surplus/(deficit)	-	-	-	-	-	-
Less : Deferred tax charge/(reversal) on revaluation surplus due to the effect of tax rate change	799,110	(532,740)	250.00	799,110	(1,065,480)	175.00
Net change in fair value on investments in equity	(233,640)	156,573	(249.22)	(35,708)	157,257	(122.71)
Change in fair value on investments in equity at fair value through other comprehensive income	(233,640)	156,573	(249.22)	(35,708)	157,257	(122.71)
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	-	-	-
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	14,876,983	1,152,856	1,190.45	(634,622)	(119,450)	(431.29)
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	(14,188,698)	(12,599,079)	(12.62)	1,209,371	(3,836,921)	131.52
Fair value gains/(losses) that arose during the period, net of tax	(15,530,169)	(12,918,616)	(20.22)	1,277,015	(5,875,298)	121.74
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(197,675)	(2,281,196)	91.33	(67,644)	(19,057)	(254.96)
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	1,539,146	2,600,733	(40.82)	-	2,057,434	(100.00)
Cash flow hedges - effective portion of changes in fair value, net of tax	92,896	46,169	101.21	20,384	32,946	(38.13)
Other comprehensive income/(expense) for the period, net of taxes	26,214,894	(10,704,690)	344.89	(261,851)	(2,674,139)	90.21
Total comprehensive income for the period	49,184,685	12,901,361	281.24	8,269,582	2,326,304	255.48

STATEMENT OF FINANCIAL POSITION

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As at	Group			Bank		
	31.12.2022	31.12.2021	Change	31.12.2022	31.12.2021	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
ASSETS						
Cash and cash equivalents	151,109,490	69,335,379	117.94	149,393,611	68,078,076	119.44
Balances with Central Banks	78,597,120	56,777,465	38.43	66,493,499	52,897,908	25.70
Placements with banks	96,082,937	12,498,709	668.74	95,899,645	11,584,952	727.79
Securities purchased under resale agreements	1,517,308	3,000,490	(49.43)	1,517,308	3,000,490	(49.43)
Derivative financial assets	8,345,091	3,245,120	157.16	8,345,091	3,245,120	157.16
Financial assets recognised through profit or loss - measured at fair value	24,873,057	23,436,123	6.13	24,873,057	23,436,123	6.13
Financial assets at amortised cost - Loans and advances to other customers	1,155,492,527	1,029,584,075	12.23	1,130,442,579	1,014,618,580	11.42
Financial assets at amortised cost - Debt and other financial instruments	761,650,234	385,390,598	97.63	725,935,299	369,417,889	96.51
Financial assets measured at fair value through other comprehensive income	118,652,257	335,953,802	(64.68)	117,056,240	335,463,338	(65.11)
Investments in subsidiaries	-	-	-	5,808,429	5,808,429	-
Investment in associate	55,302	60,428	(8.48)	44,331	44,331	-
Property, plant and equipment and right-of-use assets	27,446,607	24,744,634	10.92	25,425,452	23,075,467	10.18
Investment properties	80,350	72,400	10.98	-	-	-
Intangible assets	4,113,200	2,272,639	80.99	3,563,120	1,724,864	106.57
Deferred tax assets	30,727,213	10,036,105	206.17	30,301,203	9,793,129	209.41
Other assets	40,811,211	27,083,177	50.69	40,699,168	27,024,475	50.60
Total Assets	2,499,553,904	1,983,491,144	26.02	2,425,798,032	1,949,213,171	24.45
LIABILITIES						
Due to banks	64,971,170	73,801,195	(11.96)	65,130,061	73,777,420	(11.72)
Derivative financial liabilities	2,880,667	2,092,198	37.69	2,880,667	2,092,198	37.69
Securities sold under repurchase agreements	97,726,435	151,424,854	(35.46)	97,726,435	151,911,842	(35.67)
Financial liabilities at amortised cost - due to depositors	1,977,743,661	1,472,640,456	34.30	1,914,359,494	1,443,093,453	32.66
Financial liabilities at amortised cost - other borrowings	16,150,356	32,587,051	(50.44)	16,150,356	32,587,051	(50.44)
Current tax liabilities	24,916,074	9,486,772	162.64	24,475,319	9,294,180	163.34
Deferred tax liabilities	437,123	349,106	25.21	-	-	-
Other liabilities	40,354,877	33,253,518	21.36	39,860,573	33,210,883	20.02
Due to subsidiaries	-	-	-	115,484	48,699	137.14
Subordinated liabilities	61,400,967	38,303,466	60.30	61,400,967	38,303,466	60.30
Total Liabilities	2,286,581,330	1,813,938,616	26.06	2,222,099,356	1,784,319,192	24.53

As at	Group			Bank		
	31.12.2022	31.12.2021	Change	31.12.2022	31.12.2021	Change
	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	12,079,670	10,590,338	14.06	11,352,858	10,204,368	11.25
Retained earnings	6,790,304	9,890,762	(31.35)	5,592,121	9,028,265	(38.06)
Other reserves	131,845,571	92,426,660	42.65	128,604,076	91,094,389	41.18
Total equity attributable to equity holders of the Bank	208,865,166	167,474,717	24.71	203,698,676	164,893,979	23.53
Non-controlling Interest	4,107,408	2,077,811	97.68	-	-	-
Total Equity	212,972,574	169,552,528	25.61	203,698,676	164,893,979	23.53
Total Liabilities and Equity	2,499,553,904	1,983,491,144	26.02	2,425,798,032	1,949,213,171	24.45
Contingent Liabilities and Commitments	555,531,537	685,379,028	(18.95)	549,421,699	682,399,783	(19.49)
Net Assets Value per Ordinary Share (Rs.)	168.47	140.24	20.13	164.30	138.08	18.99
Memorandum Information						
Number of Employees				5,121	5,072	
Number of Customer Service Centers				289	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 audited Financial Statements of the Group & the Bank.

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

Chairman

February 24, 2023

Colombo

(Sgd.) S. C. U. Manatunge

Managing Director/Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY - GROUP

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	Stated Capital Rs.'000	Statutory Reserve fund Rs.'000	Retained Earnings Rs.'000	Other Reserves						Shareholders' Funds Rs.'000	Non-Controlling Interest Rs.'000	Total Equity Rs.'000
				Revaluation Reserve Rs.'000	Fair Value Reserve Rs.'000	Foreign Currency/ Translation Reserve Rs.'000	Hedging Reserve Rs.'000	General Reserve Rs.'000	Employee Share Option Reserve Rs.'000			
Balance as at December 31, 2020	52,187,747	9,285,233	8,124,261	10,504,768	463,884	3,325,924	(102,511)	74,970,003	433,503	159,192,812	1,755,897	160,948,709
Total comprehensive income for the year 2021												
Profit for the year	-	-	24,062,469	-	-	-	-	-	-	24,062,469	227,819	24,290,288
Other comprehensive income, net of tax	-	-	8,647	579,943	(12,443,197)	1,181,148	46,169	-	-	(10,627,290)	109,263	(10,518,027)
Net actuarial gains/(losses) on defined benefit plans			8,647							8,647	2,297	10,944
Share of other comprehensive income of associate, net of tax					(1,512)					(1,512)		(1,512)
Net change in revaluation surplus				579,943						579,943	9,223	589,166
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income					(12,441,685)					(12,441,685)		(12,441,685)
Net gains/(losses) arising from translating the Financial Statements of foreign operations						1,181,148				1,181,148	97,743	1,278,891
Cash flow hedges - effective portion of changes in fair value, net of tax							46,169			46,169		46,169
Total comprehensive income for the year 2021	-	-	24,071,116	579,943	(12,443,197)	1,181,148	46,169	-	-	13,435,179	337,082	13,772,261
Transactions with owners recognised directly in equity, contributions by and distributions to owners												
Issue of Ordinary voting shares under Employee Share Option Plans	40,866	-	-	-	-	-	-	-	-	40,866	-	40,866
Transfer o/a Share-based Payment transactions	3,646	-	-	-	-	-	-	-	(3,646)	-	-	-
Transfer of cost o/a of expired ESOP Shares (net of tax)	-	-	244,188	-	-	-	-	-	(321,300)	(77,112)	-	(77,112)
Dividends to equity holders	2,334,698		(7,493,698)							(5,159,000)	(15,168)	(5,174,168)
First & Final dividend for 2020 satisfied in the form of cash	-	-	(5,253,070)	-	-	-	-	-	-	(5,253,070)	(12,200)	(5,265,270)
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			94,070							94,070	32	94,102
Interim Dividend for 2021										-	(3,000)	(3,000)
Share-based Payment transactions	-	-	-	-	-	-	-	-	41,972	41,972	-	41,972
Transfers during the year	-	1,305,105	(15,055,105)	-	-	-	-	13,750,000	-	-	-	-
Total transactions with equity holders	2,379,210	1,305,105	(22,304,615)	-	-	-	-	13,750,000	(282,974)	(5,153,274)	(15,168)	(5,168,442)

	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	General Reserve	Employee Share Option 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 December 31, 2021	54,566,957	10,590,338	9,890,762	11,084,711	(11,979,313)	4,507,072	(56,342)	88,720,003	150,529	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 January 01, 2022	54,566,957	10,590,338	4,685,238	11,084,711	(11,979,313)	4,507,072	(56,342)	88,720,003	150,529	162,269,193	2,066,761	164,335,954
Total comprehensive income for the year 2022												
Profit for the year	-	-	23,811,914	-	-	-	-	-	-	23,811,914	587,558	24,399,472
Other comprehensive income, net of tax	-	-	(11,362)	(870,467)	12,051,583	16,864,899	92,896	-	-	28,127,549	1,467,454	29,595,003
Net actuarial gains/(losses) on defined benefit plans			(18,735)							(18,735)	(1,100)	(19,835)
Gain on disposal of investments in equity instruments			7,373							7,373	-	7,373
Share of other comprehensive income of associate, net of tax			-	-	(1,399)					(1,399)	-	(1,399)
Net change in revaluation surplus				(870,467)						(870,467)	(14,362)	(884,829)
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income					12,052,982					12,052,982		12,052,982
Net gains/(losses) arising from translating the Financial Statements of foreign operations						16,864,899				16,864,899	1,482,916	18,347,815
Cash flow hedges - effective portion of changes in fair value, net of tax							92,896			92,896		92,896
Total comprehensive income for the year 2022	-	-	23,800,552	(870,467)	12,051,583	16,864,899	92,896	-	-	51,939,463	2,055,012	53,994,475
Transactions with owners recognised directly in equity, contributions by and distributions to owners												
Dividends to equity holders	3,582,664		(8,926,154)							(5,343,490)	(14,365)	(5,357,855)
First & Final dividend for 2021 satisfied in the form of cash	-	-	(5,373,996)	-	-	-	-	-	-	(5,373,996)	(10,800)	(5,384,796)
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			30,506							30,506	35	30,541
Interim Dividend for 2022	-	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Transfers during the year	-	1,489,332	(12,769,332)	-	-	-	-	11,280,000	-	-	-	-
Total transactions with equity holders	3,582,664	1,489,332	(21,695,486)	-	-	-	-	11,280,000	-	(5,343,490)	(14,365)	(5,357,855)
Balance as at December 31, 2022	58,149,621	12,079,670	6,790,304	10,214,244	72,270	21,371,971	36,554	100,000,003	150,529	208,865,166	4,107,408	212,972,574

STATEMENT OF CHANGES IN EQUITY - BANK

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	Stated Capital	Statutory Reserve fund	Retained Earnings	Other Reserves						Total Equity
				Revaluation Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Hedging Reserve	General Reserve	Employee Share Option Reserve	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at December 31, 2020	52,187,747	9,024,065	7,596,260	9,662,912	462,331	2,911,866	(102,511)	74,970,003	433,503	157,146,176
Total comprehensive income for the year 2021										
Profit for the year	-	-	23,606,051	-	-	-	-	-	-	23,606,051
Other comprehensive income, net of tax	-	-	6,051	532,740	(12,442,506)	1,152,856	46,169	-	-	(10,704,690)
Net actuarial gains/(losses) on defined benefit plans			6,051							6,051
Net change in revaluation surplus				532,740						532,740
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income					(12,442,506)					(12,442,506)
Net gains/(losses) arising from translating the Financial Statements of the foreign operations						1,152,856				1,152,856
Cash flow hedges - effective portion of changes in fair value, net of tax							46,169			46,169
Total comprehensive income for the year 2021	-	-	23,612,102	532,740	(12,442,506)	1,152,856	46,169	-	-	12,901,361
Transactions with owners recognised directly in equity, contributions by and distributions to owners										
Issue of Ordinary voting shares under Employee Share Option Plans	40,866	-	-	-	-	-	-	-	-	40,866
Transfer o/a Share-based Payment transactions	3,646	-	-	-	-	-	-	-	(3,646)	-
Transfer of cost o/a of expired ESOP Shares (net of tax)	-	-	244,188	-	-	-	-	-	(321,300)	(77,112)
Dividends to equity holders	2,334,698		(7,493,982)							(5,159,284)
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	-		93,786	-	-	-	-	-	-	93,786
Share-based Payment transactions	-	-	-	-	-	-	-	-	41,972	41,972
Transfers during the year	-	1,180,303	(14,930,303)	-	-	-	-	13,750,000	-	-
Total transactions with equity holders	2,379,210	1,180,303	(22,180,097)	-	-	-	-	13,750,000	(282,974)	(5,153,558)

	Stated Capital	Statutory Reserve fund	Retained Earnings	Other Reserves						Total Equity
				Revaluation Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Hedging Reserve	General Reserve	Employee Share Option Reserve	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at December 31, 2021	54,566,957	10,204,368	9,028,265	10,195,652	(11,980,175)	4,064,722	(56,342)	88,720,003	150,529	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 January 01, 2022	54,566,957	10,204,368	3,992,081	10,195,652	(11,980,175)	4,064,722	(56,342)	88,720,003	150,529	159,857,795
Total comprehensive income for the year 2022										
Profit for the year	-	-	22,969,791	-	-	-	-	-	-	22,969,791
Other comprehensive income, net of tax	-	-	(14,793)	(799,110)	12,058,918	14,876,983	92,896	-	-	26,214,894
Net actuarial gains/(losses) on defined benefit plans			(22,166)							(22,166)
Gain on disposal of investments in equity instruments			7,373							7,373
Net change in revaluation surplus				(799,110)						(799,110)
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income					12,058,918					12,058,918
Net gains/(losses) arising from translating the Financial Statements of the foreign operations						14,876,983				14,876,983
Cash flow hedges - effective portion of changes in fair value, net of tax							92,896			92,896
Total comprehensive income for the year 2022	-	-	22,954,998	(799,110)	12,058,918	14,876,983	92,896	-	-	49,184,685
Transactions with owners recognised directly in equity, contributions by and distributions to owners										
Dividends to equity holders	3,582,664		(8,926,468)							(5,343,804)
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			30,192							30,192
Transfers during the year	-	1,148,490	(12,428,490)	-		-	-	11,280,000	-	-
Total transactions with equity holders	3,582,664	1,148,490	(21,354,958)	-	-	-	-	11,280,000	-	(5,343,804)
Balance as at December 31, 2022	58,149,621	11,352,858	5,592,121	9,396,542	78,743	18,941,705	36,554	100,000,003	150,529	203,698,676

For the year ended December 31,	Group		Bank	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash flows from operating activities				
Profit before income tax	24,505,038	32,957,324	22,598,385	32,001,203
Adjustments for:				
Non-cash items included in profit before tax	91,299,070	30,473,593	90,747,133	30,013,192
Change in operating assets	(463,345,077)	(230,261,220)	(424,402,972)	(221,556,713)
Change in operating liabilities	430,778,836	208,070,200	396,536,876	200,391,382
(Gains)/losses on sale of property, plant and equipment	(20,118)	(4,054)	(10,868)	(5,164)
Share of profit of associate, net of tax	3,727	(1,896)	-	-
Dividends received from investments in associate and subsidiaries	-	-	(109,600)	(105,911)
Interest expense on subordinated liabilities	4,843,571	3,398,554	4,843,571	3,398,554
Net unrealised gains/(losses) arising from translating the financial statements of foreign operations	18,347,815	1,278,891	14,876,983	1,152,856
Benefits paid on defined benefit plans	(780,828)	(1,116,195)	(765,208)	(1,107,421)
Income tax paid	(11,143,271)	(8,963,620)	(10,643,395)	(8,660,823)
Surcharge tax paid	(5,216,574)	-	(5,036,184)	-
Net cash from/(used in) operating activities	89,272,189	35,831,577	88,634,721	35,521,155
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,370,339)	(1,034,299)	(3,144,592)	(922,623)
Proceeds from sale of property, plant and equipment	47,856	49,463	12,132	14,335
Purchase of financial investments	(1,200,000)	(5,607,000)	(1,200,000)	(5,607,000)
Proceeds from sale and maturity of financial investments	952,369	484,800	952,369	484,800
Purchase of intangible assets	(2,224,915)	(810,454)	(2,218,024)	(768,047)
Dividends received from investments in associate and subsidiaries	-	-	109,600	105,911
Net cash from/(used in) investing activities	(5,795,029)	(6,917,490)	(5,488,515)	(6,692,624)
Cash flows from financing activities				
Proceeds from issue of ordinary voting shares under Employee Share Option Plans	-	40,866	-	40,866
Proceeds from issue of subordinated liabilities	10,000,000	8,595,470	10,000,000	8,595,470
Redemption of subordinated liabilities	-	(9,502,140)	-	(9,502,140)
Interest paid on subordinated liabilities	(4,283,280)	(3,422,766)	(4,283,280)	(3,422,766)
Payment of lease liabilities/Advance payment of right-of-use assets	(2,055,498)	(1,366,628)	(2,197,452)	(1,548,914)
Dividend paid to non-controlling interest	(14,365)	(15,168)	-	-
Dividend paid to shareholders	(5,343,490)	(5,159,000)	(5,343,804)	(5,159,284)
Net cash from / (used in) financing activities	(1,696,633)	(10,829,366)	(1,824,536)	(10,996,768)
Net increase/(decrease) in cash and cash equivalents	81,780,527	18,084,721	81,321,670	17,831,763
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 as at December 31,	151,123,519	69,342,992	149,407,301	68,085,631
Less: Impairment charges	(14,029)	(7,613)	(13,690)	(7,555)
Cash and cash equivalents as per Statement of Financial Position	151,109,490	69,335,379	149,393,611	68,078,076

	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		151,109,490		151,109,490
Balances with Central Banks		78,597,120		78,597,120
Placements with banks		96,082,937		96,082,937
Securities purchased under resale agreements		1,517,308		1,517,308
Derivative financial assets	8,345,091			8,345,091
Financial assets recognised through profit or loss - measured at fair value	24,873,057			24,873,057
Financial assets at amortised cost - Loans and advances to other customers		1,155,492,527		1,155,492,527
Financial assets at amortised cost - Debt and other financial instruments		761,650,234		761,650,234
Financial assets measured at fair value through other comprehensive income			118,652,257	118,652,257
Total financial assets	33,218,148	2,244,449,616	118,652,257	2,396,320,021
		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			64,971,170	64,971,170
Derivative financial liabilities		2,880,667		2,880,667
Securities sold under repurchase agreements			97,726,435	97,726,435
Financial liabilities at amortised cost - due to depositors			1,977,743,661	1,977,743,661
Financial liabilities at amortised cost - other borrowings			16,150,356	16,150,356
Subordinated liabilities			61,400,967	61,400,967
Total financial liabilities		2,880,667	2,217,992,589	2,220,873,256

	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		149,393,611		149,393,611
Balances with Central Banks		66,493,499		66,493,499
Placements with banks		95,899,645		95,899,645
Securities purchased under resale agreements		1,517,308		1,517,308
Derivative financial assets	8,345,091			8,345,091
Financial assets recognised through profit or loss - measured at fair value	24,873,057			24,873,057
Financial assets at amortised cost - Loans and advances to other customers		1,130,442,579		1,130,442,579
Financial assets at amortised cost - Debt and other financial instruments		725,935,299		725,935,299
Financial assets measured at fair value through other comprehensive income			117,056,240	117,056,240
Total financial assets	33,218,148	2,169,681,941	117,056,240	2,319,956,329
		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			65,130,061	65,130,061
Derivative financial liabilities		2,880,667		2,880,667
Securities sold under repurchase agreements			97,726,435	97,726,435
Financial liabilities at amortised cost - due to depositors			1,914,359,494	1,914,359,494
Financial liabilities at amortised cost - other borrowings			16,150,356	16,150,356
Subordinated liabilities			61,400,967	61,400,967
Total financial liabilities		2,880,667	2,154,767,313	2,157,647,980

	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
As at December 31, 2022	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets								
Derivative financial assets	-	8,345,091	-	8,345,091	-	8,345,091	-	8,345,091
Financial assets recognized through profit or loss - measured at fair value	24,873,057	-	-	24,873,057	24,873,057	-	-	24,873,057
Financial assets measured at fair value through other comprehensive income	118,586,766	-	65,491	118,652,257	116,990,873	-	65,367	117,056,240
Total financial assets at fair value	143,459,823	8,345,091	65,491	151,870,405	141,863,930	8,345,091	65,367	150,274,388
Financial Liabilities								
Derivative financial liabilities	-	2,880,667	-	2,880,667	-	2,880,667	-	2,880,667
Total financial liabilities at fair value	-	2,880,667	-	2,880,667	-	2,880,667	-	2,880,667

	Group				Bank			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at December 31, 2021	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
As at December 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	-	-	1,090,864,107	1,090,864,107	1,155,492,527	-	-	1,065,814,159	1,065,814,159	1,130,442,579
Financial assets at amortised cost - Debt and other financial instruments	503,835,751	53,911,427	-	557,747,178	761,650,234	468,120,816	53,911,427	-	522,032,243	725,935,299
Total financial assets not at fair value	503,835,751	53,911,427	1,090,864,107	1,648,611,285	1,917,142,761	468,120,816	53,911,427	1,065,814,159	1,587,846,402	1,856,377,878
Financial Liabilities										
Financial liabilities at amortised cost - due to depositors	-	-	1,985,993,019	1,985,993,019	1,977,743,661	-	-	1,922,608,851	1,922,608,851	1,914,359,494
Subordinated liabilities	-	-	54,899,526	54,899,526	61,400,967	-	-	54,899,526	54,899,526	61,400,967
Total financial liabilities not at fair value	-	-	2,040,892,545	2,040,892,545	2,039,144,628	-	-	1,977,508,377	1,977,508,377	1,975,760,461

	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	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 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Regulatory Capital - Rs. '000				
Common Equity Tier I	154,397,408	132,375,019	161,743,687	138,148,271
Tier I Capital	154,397,408	132,375,019	161,743,687	138,148,271
Total Capital	198,689,452	173,756,083	206,898,033	179,968,392
Regulatory Capital Ratios (%)				
Common Equity Tier I Capital Ratio (Minimum Requirement - 8.500%)	11.389	11.923	11.341	12.049
Tier I Capital Ratio (Minimum Requirement - 10.000%)	11.389	11.923	11.341	12.049
Total Capital Ratio (Minimum Requirement - 14.000%)	14.657	15.650	14.507	15.696
Leverage Ratio (%) (Minimum Requirement - 3%)	5.56	5.29	5.66	5.44
Regulatory Liquidity				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	589,479,103	542,366,118		
Off-Shore Banking Unit	47,065,915	31,662,800		
Consolidated (Sri Lankan Operations)	622,692,705	- N/A -		
Statutory Liquid Assets Ratio (%) (Minimum Requirement 20%)				
Domestic Banking Unit	35.01	38.73		
Off-Shore Banking Unit	32.37	36.39		
Consolidated (Sri Lankan Operations)	35.88	- N/A -		
Total Stock of High Quality Liquid Assets - Rs. '000	476,447,368	402,280,333		
Liquidity Coverage Ratio (%) (Minimum Requirement - 2022 - 90%, 2021 - 100%)				
Liquidity Coverage Ratio (%) - Rupee	405.91	425.97		
Liquidity Coverage Ratio (%) - All Currency	293.91	242.52		
Net Stable Funding Ratio (%) (Minimum Requirement - 2022 - 90%, 2021 - 100%)	173.58	157.47		
Asset Quality (Quality of Loan Portfolio)				
Impaired Loans (Stage 3) Ratio (%)	5.25	3.85		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	39.60	42.76		
Profitability				
Interest Margin (%)	3.74	3.51		
Return on Assets (before tax) (%)	1.03	1.74		
Return on Equity (%)	12.46	14.66		
Debt Security Related Ratios				
Debt to Equity Ratio (%)	34.02	23.74		
Interest Cover (Times)	7.31	13.18		

OPERATING SEGMENTS - GROUP

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For the year ended December 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	36,987,980	32,270,665	20,629,260	8,623,181	14,050,779	6,913,097	3,214,015	13,922,653	679,395	766,718	9,103,782	3,920,018	84,665,211	66,416,332
Foreign exchange profit	384,657	223,310	121,407	133,161	8,756,885	1,959,462	(7,822,874)	5,696,483	1,736	106	29,782,201	2,624,242	31,224,012	10,636,764
Net fee and commission income	9,213,649	6,469,190	8,016,550	3,448,082	2,386,823	1,611,173	8,343	18,217	180,331	264,667	363,405	430,865	20,169,101	12,242,194
Other income	729,478	654,622	(28,599)	11,077	144,679	279,152	(1,343,029)	3,168,281	1,368,511	1,068,770	(292,717)	(878,869)	578,323	4,303,033
Total Operating income	47,315,764	39,617,787	28,738,618	12,215,501	25,339,166	10,762,884	(5,943,545)	22,805,634	2,229,973	2,100,261	38,956,671	6,096,256	136,636,647	93,598,323
Impairment charges and other losses	(8,602,197)	(9,208,638)	(24,928,376)	(9,287,430)	(1,091,208)	(476,662)	(37,053,061)	(5,780,798)	(249,418)	(386,483)	-	85	(71,924,260)	(25,139,926)
Net Operating income	38,713,567	30,409,149	3,810,242	2,928,071	24,247,958	10,286,222	(42,996,606)	17,024,836	1,980,555	1,713,778	38,956,671	6,096,341	64,712,387	68,458,397
Segment result	16,427,308	12,369,922	1,097,633	604,247	17,424,026	6,411,835	(44,857,143)	14,390,893	541,888	636,451	33,875,053	(1,457,920)	24,508,765	32,955,428
Profit from operations													24,508,765	32,955,428
Share of profit/(loss) of associate, net of tax													(3,727)	1,896
Income tax expense													(105,566)	(8,667,036)
Non-controlling Interest													(587,558)	(227,819)
Net profit for the period, attributable to equity holders of the parent													23,811,914	24,062,469

As at December 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	620,049,967	589,421,251	498,406,103	426,521,897	422,835,358	254,416,091	945,053,191	770,572,291	14,566,106	13,385,658	(1,412,123)	(70,886,472)	2,499,498,602	1,983,430,716
Investment in associate	-	-	-	-	-	-	-	-	-	-	55,302	60,428	55,302	60,428
Total assets	620,049,967	589,421,251	498,406,103	426,521,897	422,835,358	254,416,091	945,053,191	770,572,291	14,566,106	13,385,658	(1,356,821)	(70,826,044)	2,499,553,904	1,983,491,144
Segment liabilities	1,379,454,937	1,124,769,169	423,811,188	302,425,307	348,705,590	214,486,976	157,098,344	216,394,172	8,655,671	7,711,555	(31,144,400)	(51,848,563)	2,286,581,330	1,813,938,616
Total liabilities	1,379,454,937	1,124,769,169	423,811,188	302,425,307	348,705,590	214,486,976	157,098,344	216,394,172	8,655,671	7,711,555	(31,144,400)	(51,848,563)	2,286,581,330	1,813,938,616

For the year ended December 31,													2022	2021
													Rs.'000	Rs.'000
Information on cash flows														
Cash flows from operating activities													89,272,189	35,831,577
Cash flows from investing activities													(247,631)	(5,122,200)
Cash flows from financing activities													(1,696,633)	(10,829,366)
Capital expenditure -														
Property, Plant & Equipment													(3,322,483)	(984,836)
Intangible assets													(2,224,915)	(810,454)
Net cash flow generated during the period													81,780,527	18,084,721

Twenty largest ordinary voting shareholders as at December 31, 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. Mr. D. P. Pieris	90,005,231	7.71
05. CB NY S/A International Finance Corporation	83,033,546	7.11
06. Sri Lanka Insurance Corporation Ltd - Life Fund	58,905,563	5.05
07. Melstacorp PLC	48,290,086	4.14
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. Employees' Trust Fund Board	20,330,734	1.74
13. Renuka Hotels PLC	15,053,876	1.29
14. Cargo Boat Development Company PLC	10,565,178	0.91
15. Mr. M. J. Fernando	10,492,476	0.90
16. Hallsville Trading Group INC.	10,271,852	0.88
17. Renuka Consultants & Services Limited	9,275,689	0.79
18. Mr. A. H. Munasinghe	7,660,822	0.66
19. Mr. S. V. Somasunderam	6,391,472	0.55
20. Seylan Bank PLC/Andaradeniya Estate (Pvt) Ltd	5,555,536	0.48
Sub total	903,196,111	77.40
Shares held by Directors	648,449	0.06
Other Shareholders	263,391,882	22.54
Total	1,167,236,442	100.00

Percentage of public holding as at December 31, 2022 - 99.81% (99.77% as at December 31, 2021)

Number of shareholders representing public holding as at December 31, 2022 - 16,989 (16,569 as at December 31, 2021)

Twenty largest ordinary non-voting shareholders as at December 31, 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	3,542,491	4.88
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	1,304,361	1.80
06. M. J. F. Exports (Pvt) Ltd	1,240,950	1.71
07. Mrs. L. V. C. Samarasingha	1,144,500	1.58
08. Janashakthi Insurance PLC - Shareholders	1,076,533	1.48
09. Saboor Chatoor (Pvt) Ltd	1,037,989	1.43
10. Mr. T. W. A. Wickramasinghe & Mrs. N. Wickremasinghe (Joint)	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. Bansei Securities Capital (Pvt) Ltd/I. S. P. Perera	836,000	1.15
14. Mr. R. Gautam	786,344	1.08
15. Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint)	772,196	1.06
16. Mr. K. S. M. De Silva	758,418	1.05
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. M. J. Fernando	712,766	0.98
20. Mr. P. G. N. D. Gunathilake	700,000	0.96
Sub total	27,470,669	37.85
Shares held by Directors	81,007	0.01
Other Shareholders	44,989,929	62.14
Total	72,541,605	100.00

Percentage of public holding as at December 31, 2022 - 99.88% (99.86% as at December 31, 2021)

Number of shareholders representing public holding as at December 31, 2022 - 5,985 (5,949 as at December 31, 2021)

Directors' holding in shares as at December 31, 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. 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	-
Mr. D. N. L. Fernando (Appointed as a Non-Executive/Independent Director with effect from February 07, 2023)	-	-
Mr. K. Dharmasiri (Retired with effect from January 08, 2023)	-	-
Total	648,449	81,007

	2022 Rs.	2021 Rs.
Market price of an ordinary share as at December 31,		
Voting	50.20	79.30
Non-Voting	41.30	72.00
Highest price during the quarter ended December 31,		
Voting	55.50	91.20
Non-Voting	45.00	81.00
Lowest price during the quarter ended December 31,		
Voting	48.70	76.90
Non-Voting	39.60	69.60
As at December 31,	2022	2021
	Rs.000	Rs.000
Float adjusted market capitalization - Compliant under Option 1	61,476,312	93,980,518
Number of ordinary shares as at December 31,	2022	2021
Voting	1,167,236,442	1,124,480,528
Non-Voting	72,541,605	69,740,771

- 1 These Financial Statements have been audited by M/S Ernst & Young, the External Auditors of the Bank. The Auditors have expressed an unqualified opinion on these Financial Statements prepared as at December 31, 2022 and for the period then ended.
- 2 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 (CA 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 items 6 & 7 below.
- 3 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.

4 Dividends for 2022

The Bank did not declare cash dividends during the year 2022 (for the year ended December 31, 2022), in conformity with the restrictions imposed by the Central Bank of Sri Lanka on the payment of cash dividends for the financial year 2022, as per the instructions given in the Banking Act Direction No 2 of 2022, dated May 6, 2022, on "Restrictions on Discretionary Payments of Licensed Banks".

Since the Financial Statements for the year 2022 are finalised and audited by the Bank's external auditors, the Board of Directors of the Bank has now recommended the payment of a first and final dividend of Rs. 4.50 per share to be satisfied in the form of issue and allotment of new shares for both voting and non-voting ordinary shareholders' of the Bank for the year ended December 31, 2022.

The above first and final dividend recommended by the Board of Directors is to be approved at the forthcoming Annual General Meeting to be held on March 30, 2023.

5 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 Bank's 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.

6 Impairment of loans & advances and other financial assets

Loans and advances

The Bank performed a comprehensive assessment of individually significant customers as at December 31, 2022, and based on the assessment, those customers who have been impaired due to an increased credit risk were moved from Stage 1 to Stage 2 or Stage 3 based on the higher risk. 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. Further, the Bank continues to apply all other prudent assumptions used in 2021 during the period under review as well. The Bank also 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 year under review.

Other Financial Assets

The Bank increased the impairment provision on the foreign currency denominated government securities further considering the ongoing efforts for a consensual restructuring of the country's external debts through an economic adjustment program supported by the IMF.

7 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. 55.85 Bn., (USD 152.19 Mn) and entire Sri Lanka Sovereign Bond (SLSB) portfolio amounting to Rs. 39.87 Bn., (USD 108.63 Mn) from Fair Value Through Other Comprehensive Income (FVOCI) category to Amortized Cost category, with effect from April 01, 2022, 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 due to unprecedented changes in the macro-economic conditions. The fair value of the debt portfolio reclassified on April 1, 2022, and remaining as at December 31, 2022 amounted to Rs. 179.44 Bn., and the cumulative fair value loss thereon amounted to Rs. 83.76 Bn., (Net of tax Rs. 58.63 Bn).

8 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.

However, The Bank's Tier I and total capital ratios as at December 31, 2022 stood at 11.389% and 14.657% respectively.

9 Debenture Issue 2022

The Bank announced a debenture issue in August 2022 to issue 50,000,000 Basel III compliant - Tier II, listed, rated, unsecured, subordinated, redeemable debentures of Rs. 100/- each, with a non-viability conversion feature amounting to Rs 5 Bn. with an option to issue up to a further 50,000,000 debentures amounting to Rs. 5 Bn. This debenture issue was opened for investors on December 1, 2022, and initial issue was oversubscribed on the same day. The allotment and the listing of debentures were concluded on December 12, 2022, and December 16, 2022, respectively.

The quantum of funds raised through the above Debenture Issue was/will be utilised to achieve the following objectives as stipulated in the prospectus.

- Improve the Tier II capital base thus, increasing the Capital Adequacy Ratio (CAR)
- Reduce maturity gaps in the assets and liabilities of the Bank
- Grow the lending portfolio, especially in segments such as Small and Medium Enterprises (SME) and export oriented industries

As stated in the prospectus, the following table indicates utilisation of funds raised through the above debentures.

Objective number	Objective as per prospectus	Amount allocated as per prospectus	Proposed date of utilisation as Per Prospectus	Amount allocated from proceeds (A)	% of total proceeds	Amounts utilised (B)	% of utilisation against allocation (B/A)	Clarification if not fully-utilised including where the funds are invested (eg: whether lent to related party/s etc.)
1	Improve the Tier II capital base thus, increasing the Capital Adequacy Ratio (CAR)	Rs. 10 Bn.	Subsequent to the allotment of Debentures	Rs. 10 Bn.	100	Rs. 10 Bn.	100	N/A
2	Reduce maturity gaps in the assets and liabilities of the Bank							
3	Grow the lending portfolio, especially in segments such as Small and Medium Enterprises (SME) and export oriented industries		Within 12 months from date of receipt of cash flows			-	-	Funds will be utilised within 12 months from the date of receipt of cash flows

10 Income tax charge of the Bank for the year reflected a net tax reversal due to the increase in the deferred tax asset on provision for impairment charges for loans and other financial assets and also due to the increase in the income tax rate to 30% effective from July 01, 2022, from 24%. Since the effect of the increase in deferred tax asset being higher than the current tax charge, the net tax charge for the year reflects a negative figure. However, this does not have any impact on the income tax liability of the Bank, as the Bank is liable to pay income tax based on the taxable income at the income tax rates that prevailed during the year.

11 During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.

12 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.

13 There were no material events that took place since December 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	Public	Public	Public
Debenture Type	Type "B"	Type "B"	Type "A"	Type "B"	Type "A"	Type "B"	Type "A"	Type "B"	Type "C"
CSE Listing	Listed	Listed	Listed	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	Dec 12, 2022	Dec 12, 2022	Dec 12, 2022
Maturity Date	March 8, 2026	Oct 27, 2026	July 22, 2023	July 22, 2028	Sep 20, 2026	Sep 20, 2028	Dec 11, 2027	Dec 11, 2029	Dec 11, 2032
Interest Payable Frequency (Fixed Interest Rate)	Bi-Annually	Bi-Annually	Bi-Annually	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.	28.00% p.a.	27.00% p.a.	22.00% p.a.
Amount (Rs.'000)	1,749,090	1,928,200	8,393,840	1,606,160	4,237,470	4,358,000	6,724,680	3,263,820	11,500

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	100.00 100.00 * 100.00	Not traded during the period	Not traded during the period	Not traded during the period
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Interest Rates

- Coupon Rate (%)	11.25	12.25	12.00	12.50	9.00	9.50	28.00	27.00	22.00
- Effective Annual Yield (%)	11.57	12.63	12.36	12.89	9.20	9.73	29.96	28.82	23.21
- Interest Rate of comparable Government Security (%)	30.70	28.20	32.02	26.30	28.20	26.30	26.85	26.85	26.10

Other Ratios as at date of last trade

- Interest Yield (%)	- N/A -	- N/A -	- N/A -	- N/A -	- N/A -	9.73	- N/A -	- N/A -	- N/A -
- Yield to Maturity (%)	- N/A -	- N/A -	- N/A -	- N/A -	- N/A -	9.50	- N/A -	- N/A -	- N/A -

* Last traded date - September 15, 2022.

ANALYSIS OF LOANS AND ADVANCES TO OTHER CUSTOMERS AND IMPAIRMENT

22

As at	Group		Bank	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross loans and advances to other customers	1,246,170,215	1,094,930,882	1,219,667,243	1,078,685,128
Impairment on loans and advances to other customers				
Accumulated impairment under Stage 1	14,799,919	10,181,101	14,598,587	10,027,938
Accumulated impairment under Stage 2	28,559,919	19,165,658	28,248,676	18,973,409
Accumulated impairment under Stage 3	47,317,850	36,000,048	46,377,401	35,065,201
Total impairment	90,677,688	65,346,807	89,224,664	64,066,548
Net value of loans and advances to other customers	1,155,492,527	1,029,584,075	1,130,442,579	1,014,618,580
Gross loans and advances to other customers				
By product - Domestic Currency				
Overdrafts	109,291,481	95,804,755	109,345,131	95,827,216
Trade finance	73,096,708	69,711,010	73,096,708	69,711,010
Lease rental receivable	33,358,946	37,416,375	31,301,200	35,647,114
Credit cards	17,476,077	16,188,134	17,476,077	16,188,134
Pawning	16,389,557	7,649,037	16,389,557	7,649,037
Staff loans	13,112,448	12,852,363	13,098,664	12,839,578
Housing loans	69,554,603	69,490,504	69,554,603	69,490,504
Personal loans	42,658,801	50,327,752	42,613,882	50,289,642
Term loans	466,877,675	464,685,792	461,656,665	458,163,633
Bills of Exchange	304,118	498,334	304,118	498,334
Sub total	842,120,414	824,624,056	834,836,605	816,304,202
By product - Foreign Currency				
Overdrafts	34,026,879	20,170,566	30,321,807	18,498,205
Trade finance	46,070,743	23,787,742	45,324,464	23,138,627
Lease rental receivable	2,363,319	1,486,793	2,363,319	1,486,793
Credit cards	485,195	208,995	340,479	189,352
Staff loans	539,257	244,822	528,702	236,755
Housing loans	7,142,995	5,174,448	7,142,995	5,174,448
Personal loans	1,504,655	1,030,317	864,067	624,241
Term loans	280,499,335	171,740,267	266,527,382	166,569,629
Bills of Exchange	31,417,423	46,462,876	31,417,423	46,462,876
Sub total	404,049,801	270,306,826	384,830,638	262,380,926
Gross loans and advances to other customers	1,246,170,215	1,094,930,882	1,219,667,243	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	2,380,187	3,607,700	2,389,315	3,552,303
Net write-off during the period	-	(482)	-	(482)
Exchange rate variance on foreign currency provisions	2,238,631	6,128	2,181,334	5,237
Balance as at December 31,	14,799,919	10,181,101	14,598,587	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	8,141,759	6,767,014	8,028,839	6,729,149
Net write-off during the period	-	(158)	-	(158)
Exchange rate variance on foreign currency provisions	1,252,502	2,501	1,246,428	(15)
Balance as at December 31,	28,559,919	19,165,658	28,248,676	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	11,774,775	4,572,554	11,543,632	4,271,910
Net write-off during the period	(3,045,410)	(856,261)	(2,775,787)	(691,667)
Exchange rate variance on foreign currency provisions	3,608,686	95,686	3,581,147	93,581
Interest accrued on impaired loans and advances	(1,295,278)	(1,174,854)	(1,216,457)	(1,132,155)
Other movements	275,029	297,033	179,665	242,393
Balance as at December 31,	47,317,850	36,000,048	46,377,401	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	22,296,721	14,947,268	21,961,786	14,553,362
Net write-off during the period	(3,045,410)	(856,901)	(2,775,787)	(692,307)
Exchange rate variance on foreign currency provisions	7,099,819	104,315	7,008,909	98,803
Interest accrued on impaired loans and advances	(1,295,278)	(1,174,854)	(1,216,457)	(1,132,155)
Other movements	275,029	297,033	179,665	242,393
Balance as at December 31,	90,677,688	65,346,807	89,224,664	64,066,548

As at	Group		Bank	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross commitments and contingencies	555,531,537	685,379,028	549,421,699	682,399,783
Impairment on commitments and contingencies				
Accumulated impairment under Stage 1	3,857,397	2,090,696	3,832,620	2,082,029
Accumulated impairment under Stage 2	1,605,681	814,948	1,605,681	814,948
Accumulated impairment under Stage 3	2,449,385	2,459,923	2,449,385	2,459,923
Total Impairment	7,912,463	5,365,567	7,887,686	5,356,900
Gross commitments and contingencies				
By product - Domestic currency				
Contingencies	56,806,385	71,232,733	56,806,385	71,232,733
Guarantees	38,264,711	50,193,979	38,264,711	50,193,979
Bonds	16,778,896	18,311,490	16,778,896	18,311,490
Documentary Credits	792,352	1,458,013	792,352	1,458,013
Acceptances	208,713	740,479	208,713	740,479
Bills for collection	761,713	528,772	761,713	528,772
Commitments	102,608,399	125,588,182	102,608,399	125,588,182
Undrawn commitments	100,487,341	123,341,378	100,487,341	123,341,378
Capital commitments	2,121,058	2,246,804	2,121,058	2,246,804
Sub Total	159,414,784	196,820,915	159,414,784	196,820,915
By product - Foreign Currency				
Contingencies	359,275,330	466,418,225	358,429,138	465,519,936
Guarantees	23,299,714	24,646,329	24,032,167	24,905,847
Bonds	56,198,995	17,835,718	55,109,955	17,815,810
Documentary Credits	48,660,954	83,077,720	48,546,705	82,097,642
Forward exchange and Currency Swaps	121,722,586	217,305,838	121,722,586	217,305,838
Acceptances	32,692,926	73,222,869	32,692,926	73,219,061
Bills for collection	73,719,512	48,644,120	73,719,512	48,490,107
Bullion on consignment	27,429	14,882	27,429	14,882
Other Contingencies	2,953,214	1,670,749	2,577,858	1,670,749
Commitments	36,841,423	22,139,888	31,577,777	20,058,932
Undrawn commitments	36,684,519	22,129,783	31,577,777	20,058,932
Capital commitments	156,904	10,105	-	-
Sub Total	396,116,753	488,558,113	390,006,915	485,578,868
Total	555,531,537	685,379,028	549,421,699	682,399,783

ANALYSIS OF COMMITMENTS AND CONTINGENCIES AND IMPAIRMENT

25

	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,	2,090,696	1,536,100	2,082,029	1,532,691
Charge/(write back) to the Income Statement	1,564,590	551,897	1,556,600	546,862
Exchange rate variance on foreign currency provisions	202,111	2,699	193,991	2,476
Balance as at December 31,	3,857,397	2,090,696	3,832,620	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	687,280	570,466	687,280	570,466
Exchange rate variance on foreign currency provisions	103,453	-	103,453	-
Balance as at December 31,	1,605,681	814,948	1,605,681	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	(55,814)	2,120,247	(55,814)	2,120,247
Exchange rate variance on foreign currency provisions	45,276	-	45,276	-
Balance as at December 31,	2,449,385	2,459,923	2,449,385	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	2,196,056	3,242,610	2,188,066	3,237,575
Exchange rate variance on foreign currency provisions	350,840	2,699	342,720	2,476
Balance as at December 31,	7,912,463	5,365,567	7,887,686	5,356,900

ANALYSIS OF DEPOSITS

	Group		Bank	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at				
By product - Domestic Currency				
Current account deposits	86,197,384	84,663,624	86,197,776	84,663,969
Savings deposits	362,455,763	430,411,206	362,666,802	430,571,124
Time deposits	794,859,320	548,717,236	791,034,117	544,587,562
Certificates of deposit	22,302	24,902	22,302	24,902
Sub Total	1,243,534,769	1,063,816,968	1,239,920,997	1,059,847,557
By product - Foreign Currency				
Current account deposits	132,032,767	66,784,343	105,720,231	56,116,885
Savings deposits	191,459,487	124,954,064	179,730,080	118,933,105
Time deposits	410,716,638	217,085,081	388,988,186	208,195,906
Sub Total	734,208,892	408,823,488	674,438,497	383,245,896
Total	1,977,743,661	1,472,640,456	1,914,359,494	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 : CCEYLKX
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**

A(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: sspsc@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. L. D. Niyangoda
Ms. N. T. M. S. Cooray
Ms. Judy Lee
Mr. Raja Senanayake
Ms. D. L. T. S. Wijewardena
Dr. S. Selliah
Mr. D. N. L. Fernando (Appointed as a Non-Executive/Independent Director[□] with effect from February 07, 2023)
Mr. K. Dharmasiri (Retired with effect from January 08, 2023)

COMPANY SECRETARY

Mr. R. A. P. Rajapaksha