



INTERIM FINANCIAL STATEMENTS
For the year ended December 31, 2020

Financial review for the year ended December 31, 2020

ComBank ends tough 2020 with platform for growth

- Group's Operating income up 13.36% to Rs 76.73 billion
- Total assets grow 25% to Rs 1.762 trillion
- Provision cover rises to 57.42%; impairment charges up 89.03% to Rs 21.420 billion
- CASA ratio improves to 42.72%, interest expenses down 9.53%

Strong asset and other income growth combined with an emphasis on prudent provisioning in one of the most challenging years on record, have enabled the Commercial Bank of Ceylon Group to end 2020 on a stable platform for growth, with better liquidity than most peers and adequate provision cover.

The Group, comprising of Sri Lanka's benchmark private bank, its subsidiaries and an associate, has reported Gross income of Rs 151.966 billion for the year ending 31st December 2020, which although a marginal improvement over the preceding year, included net interest income of Rs 50.869 billion for the full year and Rs 14.073 billion for the last quarter alone, representing growths of 5.20% and 17.93% respectively.

This growth was attributed to interest expenses reducing by 9.53% to Rs 73.219 billion in a period when interest income declined by 4.02% to Rs 124.088 billion due to the reduction in interest rates and the modification losses incurred on interest concessions granted as pandemic relief to borrowers, that were recognised in the second quarter of the year. The Bank also achieved a creditable improvement to its CASA ratio from 37.10% to 42.72% helping to reduce interest expenses.

One of the noteworthy contributors to performance in the year under review was other income of Rs 16.039 billion, reflecting a growth of 86.97% from Rs 8.578 billion for 2019. This was made possible by net gains from trading improving by 38.01% to Rs 1.878 billion; a net gain of Rs 6.390 billion on derecognition of financial assets, which was an increase of 462.66% over the preceding year; and foreign exchange income growing by 27.87% to Rs 7.396 billion due to a 2.81% depreciation of the Rupee against the Dollar in the period under review, leading to net other operating income improving by 27.77% to Rs 7.771 billion.

Consequently, total operating income of the Group for the year grew by 13.36% to Rs 76.729 billion and by an impressive 17.61% to Rs 20.912 billion for the fourth quarter alone. The impairment charges and provisioning for other losses increased by Rs 10.088 billion or 89.03% YoY, taking impairment charges for the year to Rs 21.420 billion in consideration of certain identified risk-elevated sectors.

As a result, net operating income declined by 1.85% to Rs 55.310 billion, but the Group's success in reducing operating expenses marginally to Rs 26.263 billion, enabled it to post operating profit of Rs 29.047 billion before taxes on financial services for the year, limiting the YoY decline to 3.91%. Notably, operating profit before taxes on financial services for the final quarter amounted to Rs 9.595 billion, reflecting growth of 19.66%.

Meanwhile, net fees and commissions reduced by 8.65% to Rs 9.822 billion as a result of the impact of the COVID-19 pandemic on import and export income, the waivers and reductions of fees and charges by the Bank and a drop in commissions on credit cards.

While the higher impairment charges and pandemic-linked concessions granted to borrowers resulted in a decline in the Group's operating profit before taxes on financial services, taxes on financial services also declined by 37.55% to Rs 4.531 billion due to the abolition of the Debt Repayment Levy (DRL) and Nation Building Tax (NBT) from January 2020 and December 2019 respectively.

As a result, profit before income tax recorded an improvement of 6.68% over the previous year to Rs 24.520 billion for 2020. Significantly, profit before tax for the fourth quarter alone was up by an impressive 30.25% to Rs 8.126 billion. The Group's income tax charge for the year, at Rs 7.433 billion, reflected an increase of 33.60% principally because the previous year's income tax computation was reduced by an exemption granted on the interest income from Sri Lanka Development Bonds (SLDBs).

The higher income tax incurred in 2020 led to profit after tax declining by 1.91% to Rs 17.087 billion. However, net profit for the fourth quarter improved by a marginal 0.16% to Rs 5.912 billion, despite income taxes for the three months, at Rs 2.214 billion, reflecting an increase of 557%.

Taken separately, the Commercial Bank of Ceylon PLC reported a profit before tax of Rs 23.511 billion for the year, a growth of 5.25% and profit after tax of Rs 16.373 billion, a reduction of 3.83%.

Total assets of the Group grew by Rs 354 billion or 25.09% to Rs 1.763 trillion as at 31st December 2020.

Gross loans and advances of the Group grew by Rs 31.122 billion or 3.34% to Rs 961.859 billion. This includes loans of approximately Rs 30 billion granted to COVID-19 affected businesses. As much as 35% of the Bank's Sri Lanka loan book was under moratorium at the start of the pandemic, but the figure reduced to 16% by the end of the year.

Total deposits of the Group recorded remarkable growth of Rs 218 billion or 20.36% in the year reviewed at a monthly average of Rs 18.136 billion to stand at Rs 1.287 trillion as at 31st December 2020.

In other key indicators, the Bank's Tier 1 capital adequacy ratio (CAR) stood at 13.217% as at 31st December 2020, after an infusion of US\$ 50 million via an equity investment by the International Finance Corporation (IFC) Group. The Bank's Tier I CAR was well above the revised minimum requirement of 9% imposed by the regulator consequent to the COVID-19 pandemic, while its Total Capital Ratio of 16.819% was also comfortably above the revised requirement of 13%.

The Bank's gross NPL ratio increased to 5.11% from 4.95% at end 2019 while its net NPL ratio reduced to 2.18% from 3.00% due to additional provisioning. The Bank's interest margin recorded a decline from 3.51% to 3.17%. Its net assets value per share increased to Rs 134.67 from Rs 129.60 at end 2019, while return on assets (before taxes) and return on equity stood at 1.51% and 11.28% respectively for the year ended 31st December 2020 compared to 1.66% and 13.54% for 2019.

At the forefront as a contributor to the national economy for many decades, the Commercial Bank has been a driving force in economic recovery in the post-pandemic period, leading the private banks in granting working capital loans and providing concessions to affected businesses. The Bank has grouped 11 different programmes being implemented for affected businesses and individuals under the umbrella of the 'Arunella' Financial Support Scheme and extended these relief programmes beyond the mandated debt moratorium. These concessions included flexible payment options, up to 20% rebates on accrued interest during the moratorium periods, extension of

moratorium periods for up to another six months, further reductions on Credit Card repayments and applicable interest rates, and Debt Consolidation Plans.

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 ten years consecutively, Commercial Bank operates a network of 268 branches and 887 ATMs in Sri Lanka.

Commercial 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

1

| | For the year ended | | | For the quarter ended | | |
|--|-----------------------|-----------------------|----------------|-----------------------|-----------------------|----------------|
| | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 | Change % | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 | Change % |
| Gross income | 151,966,413 | 150,741,129 | 0.81 | 38,347,287 | 38,382,512 | (0.09) |
| Interest income | 124,087,713 | 129,287,743 | (4.02) | 31,052,397 | 31,934,535 | (2.76) |
| Less : Interest expense | 73,218,911 | 80,931,352 | (9.53) | 16,979,357 | 20,001,648 | (15.11) |
| Net interest income | 50,868,802 | 48,356,391 | 5.20 | 14,073,040 | 11,932,887 | 17.93 |
| Fee and commission income | 11,839,689 | 12,874,966 | (8.04) | 3,517,993 | 3,673,244 | (4.23) |
| Less: Fee and commission expense | 2,018,014 | 2,123,128 | (4.95) | 456,071 | 600,502 | (24.05) |
| Net fee and commission income | 9,821,675 | 10,751,838 | (8.65) | 3,061,922 | 3,072,742 | (0.35) |
| Net gains/(losses) from trading | 1,878,060 | 1,360,833 | 38.01 | 1,129,001 | 1,655,082 | (31.79) |
| Net gains/(losses) from derecognition of financial assets | 6,390,197 | 1,135,711 | 462.66 | 1,731,852 | 690,957 | 150.65 |
| Net other operating income | 7,770,754 | 6,081,876 | 27.77 | 916,044 | 428,694 | 113.68 |
| Total operating income | 76,729,488 | 67,686,649 | 13.36 | 20,911,859 | 17,780,362 | 17.61 |
| Less : Impairment charges and other losses | 21,419,532 | 11,331,523 | 89.03 | 4,686,932 | 2,786,933 | 68.18 |
| Net operating income | 55,309,956 | 56,355,126 | (1.85) | 16,224,927 | 14,993,429 | 8.21 |
| Less: Expenses | 26,262,613 | 26,125,494 | 0.52 | 6,630,066 | 6,975,099 | (4.95) |
| Personnel expenses | 14,992,748 | 14,408,914 | 4.05 | 3,685,828 | 3,736,073 | (1.34) |
| Depreciation and amortisation | 3,102,695 | 2,841,264 | 9.20 | 777,234 | 694,008 | 11.99 |
| Other expenses | 8,167,170 | 8,875,316 | (7.98) | 2,167,004 | 2,545,018 | (14.85) |
| Operating profit before taxes on financial services | 29,047,343 | 30,229,632 | (3.91) | 9,594,861 | 8,018,330 | 19.66 |
| Less: Taxes on financial services | 4,531,381 | 7,255,728 | (37.55) | 1,470,894 | 1,779,922 | (17.36) |
| Value Added Tax (VAT) | 4,531,381 | 4,233,302 | 7.04 | 1,470,894 | 1,023,541 | 43.71 |
| Nation Building Tax (NBT) | - | 553,802 | - | - | 127,836 | - |
| Debt Repayment Levy (DRL) | - | 2,468,624 | - | - | 628,545 | - |
| Operating profit after taxes on financial services | 24,515,962 | 22,973,904 | 6.71 | 8,123,967 | 6,238,408 | 30.23 |
| Add: Share of profits/(losses) of associates, net of tax | 3,898 | 9,992 | (60.99) | 1,970 | 484 | 307.02 |
| Profit before income tax | 24,519,860 | 22,983,896 | 6.68 | 8,125,937 | 6,238,892 | 30.25 |
| Less : Income tax expense | 7,433,063 | 5,563,500 | 33.60 | 2,214,421 | 336,798 | 557.49 |
| Profit for the period | 17,086,797 | 17,420,396 | (1.91) | 5,911,516 | 5,902,094 | 0.16 |
| Profit attributable to: | | | | | | |
| Equity holders of the Bank | 16,939,950 | 17,263,259 | (1.87) | 5,873,127 | 5,865,074 | 0.14 |
| Non-controlling interest | 146,847 | 157,137 | (6.55) | 38,389 | 37,020 | 3.70 |
| Profit for the period | 17,086,797 | 17,420,396 | (1.91) | 5,911,516 | 5,902,094 | 0.16 |
| Earnings per share (EPS) | | | | | | |
| Basic earnings per ordinary share (Rs.) | 15.70 | 16.41 | (4.33) | 5.44 | 5.58 | (2.51) |
| Diluted earnings per ordinary share (Rs.) | 15.70 | 16.41 | (4.33) | 5.44 | 5.58 | (2.51) |

| | For the year ended | | | For the quarter ended | | |
|---|--------------------|-------------------|----------------|-----------------------|------------------|--------------|
| | 31.12.2020 | 31.12.2019 | Change | 31.12.2020 | 31.12.2019 | Change |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| Profit for the Period | 17,086,797 | 17,420,396 | (1.91) | 5,911,516 | 5,902,094 | 0.16 |
| Other comprehensive income, net of tax | | | | | | |
| Items that will never be reclassified to profit or loss | | | | | | |
| Net actuarial gains/(losses) on defined benefit plans | (228,745) | (57,336) | (298.96) | (228,745) | (57,336) | (298.96) |
| Gains/(losses) on remeasurement of defined benefit liability/asset | (295,594) | (65,354) | (352.30) | (295,594) | (65,354) | (352.30) |
| Less : Deferred tax charge/(reversal) on actuarial gains/(losses) | (66,849) | (8,018) | (733.74) | (66,849) | (8,018) | (733.74) |
| Net change in revaluation surplus | 2,674,142 | - | - | 2,674,142 | - | - |
| Changes in revaluation surplus/(deficit) | 3,684,535 | - | - | 3,684,535 | - | - |
| Less: Deferred tax charge/(reversal) on revaluation surplus | 1,010,393 | - | - | 1,010,393 | - | - |
| Net change in fair value on investments in equity | 72,255 | (26,547) | 372.18 | 59,749 | (581) | 10,383.82 |
| Change in fair value on investments in equity at fair value through other comprehensive income | 72,255 | (26,547) | 372.18 | 59,749 | (581) | 10,383.82 |
| Transfer of fair value (gains)/losses o/a reclassification of debt instruments from fair value through other comprehensive income to amortised cost, net of tax | 5,626 | - | - | - | - | - |
| Realised gains/(losses) from disposal of investments in equity | 1,719 | - | - | 1,719 | - | - |
| Share of other comprehensive income/(expense) of associates, net of tax | 3,436 | 38,633 | (91.11) | (177) | 705 | (125.11) |
| Items that are or may be reclassified to profit or loss | | | | | | |
| Net gains/(losses) arising from translating the Financial Statements of foreign operations | 596,723 | (396,201) | 250.61 | 228,710 | (179,750) | 227.24 |
| Net gains/(losses) on investment in financial assets at fair value through other comprehensive income | (1,400,936) | 3,197,347 | (143.82) | (2,757,482) | (95,634) | (2,783.37) |
| Fair value gains/(losses) that arose during the period, net of tax | 1,537,097 | 3,865,752 | (60.24) | (2,328,818) | 467,971 | (597.64) |
| Fair value (gains)/losses realised to the Income Statement on disposal, net of tax | (4,026,616) | (816,182) | (393.35) | (821,096) | (456,810) | (79.75) |
| Fair value (gains)/losses recycled to the Income Statement as impairment, net of tax | 1,088,583 | 147,777 | 636.64 | 392,432 | (106,795) | 467.46 |
| Cash flow hedges - effective portion of changes in fair value, net of tax | (64,139) | (62,391) | (2.80) | 10,892 | 7,929 | 37.37 |
| Other comprehensive income/(expense) for the period, net of taxes | 1,660,081 | 2,693,505 | (38.37) | (11,192) | (324,667) | 96.55 |
| Total comprehensive income for the period | 18,746,878 | 20,113,901 | (6.80) | 5,900,324 | 5,577,427 | 5.79 |
| Attributable to: | | | | | | |
| Equity holders of the Bank | 18,553,575 | 19,961,841 | (7.05) | 5,840,975 | 5,541,311 | 5.41 |
| Non-controlling interest | 193,303 | 152,060 | 27.12 | 59,349 | 36,116 | 64.33 |
| Total comprehensive income for the period | 18,746,878 | 20,113,901 | (6.80) | 5,900,324 | 5,577,427 | 5.79 |

INCOME STATEMENT - BANK

3

| | For the year ended | | | For the quarter ended | | |
|--|-----------------------|-----------------------|----------------|-----------------------|-----------------------|----------------|
| | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 | Change % | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 | Change % |
| Gross income | 149,711,481 | 148,706,284 | 0.68 | 37,686,892 | 37,835,298 | (0.39) |
| Interest income | 122,330,386 | 127,779,540 | (4.26) | 30,543,800 | 31,516,434 | (3.09) |
| Less : Interest expense | 72,759,045 | 80,571,268 | (9.70) | 16,862,308 | 19,938,962 | (15.43) |
| Net interest income | 49,571,341 | 47,208,272 | 5.01 | 13,681,492 | 11,577,472 | 18.17 |
| Fee and commission income | 11,268,543 | 12,406,584 | (9.17) | 3,357,377 | 3,473,419 | (3.34) |
| Less: Fee and commission expense | 2,012,138 | 2,117,072 | (4.96) | 462,054 | 599,205 | (22.89) |
| Net fee and commission income | 9,256,405 | 10,289,512 | (10.04) | 2,895,323 | 2,874,214 | 0.73 |
| Net gains/(losses) from trading | 1,878,086 | 1,360,858 | 38.01 | 1,129,027 | 1,655,107 | (31.79) |
| Net gains/(losses) from derecognition of financial assets | 6,390,197 | 1,135,711 | 462.66 | 1,731,852 | 690,957 | 150.65 |
| Net other operating income | 7,844,269 | 6,023,591 | 30.23 | 924,836 | 499,381 | 85.20 |
| Total operating income | 74,940,298 | 66,017,944 | 13.52 | 20,362,530 | 17,297,131 | 17.72 |
| Less :Impairment charges for loans and other losses | 21,483,698 | 11,061,466 | 94.22 | 4,601,958 | 2,738,260 | 68.06 |
| Net operating income | 53,456,600 | 54,956,478 | (2.73) | 15,760,572 | 14,558,871 | 8.25 |
| Less: Expenses | 25,439,966 | 25,425,636 | 0.06 | 6,356,643 | 6,749,000 | (5.81) |
| Personnel expenses | 14,563,999 | 14,082,659 | 3.42 | 3,573,815 | 3,631,067 | (1.58) |
| Depreciation and amortisation | 2,989,031 | 2,754,521 | 8.51 | 753,944 | 729,942 | 3.29 |
| Other expenses | 7,886,936 | 8,588,456 | (8.17) | 2,028,884 | 2,387,991 | (15.04) |
| Operating profit before taxes on financial services | 28,016,634 | 29,530,842 | (5.13) | 9,403,929 | 7,809,871 | 20.41 |
| Less: Taxes on financial services | 4,505,322 | 7,191,737 | (37.35) | 1,458,787 | 1,758,199 | (17.03) |
| Value Added Tax (VAT) | 4,505,322 | 4,191,758 | 7.48 | 1,458,787 | 1,010,295 | 44.39 |
| Nation Building Tax (NBT) | - | 548,708 | - | - | 126,493 | - |
| Debt Repayment Levy (DRL) | - | 2,451,271 | - | - | 621,411 | - |
| Profit before income tax | 23,511,312 | 22,339,105 | 5.25 | 7,945,142 | 6,051,672 | 31.29 |
| Less : Income tax expense | 7,137,823 | 5,314,138 | 34.32 | 2,166,250 | 250,065 | 766.27 |
| Profit for the period | 16,373,489 | 17,024,967 | (3.83) | 5,778,892 | 5,801,607 | (0.39) |
| Earnings per share (EPS) | | | | | | |
| Basic earnings per ordinary share (Rs.) | 15.18 | 16.19 | (6.24) | 5.36 | 5.52 | (2.90) |
| Diluted earnings per ordinary share (Rs.) | 15.18 | 16.19 | (6.24) | 5.36 | 5.52 | (2.90) |

| | For the year ended | | | For the quarter ended | | |
|---|-----------------------|-----------------------|---------------|-----------------------|-----------------------|---------------|
| | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 | Change % | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 | Change % |
| Profit for the period | 16,373,489 | 17,024,967 | (3.83) | 5,778,892 | 5,801,607 | (0.39) |
| Other comprehensive income, net of tax | | | | | | |
| Items that will never be reclassified to profit or loss | | | | | | |
| Net actuarial gains/(losses) on defined benefit plans | (223,039) | (56,940) | (291.71) | (223,039) | (56,940) | (291.71) |
| Gains/(losses) on remeasurement of defined benefit liability/asset | (287,668) | (64,804) | (343.90) | (287,668) | (64,804) | (343.90) |
| Less : Deferred tax charge/(reversal) on actuarial gains/(losses) | (64,629) | (7,864) | (721.83) | (64,629) | (7,864) | (721.83) |
| Net change in revaluation surplus | 2,574,858 | - | - | 2,574,858 | - | - |
| Changes in revaluation surplus/(deficit) | 3,585,430 | - | - | 3,585,430 | - | - |
| Less : Deferred tax charge/(reversal) on revaluation surplus | 1,010,572 | - | - | 1,010,572 | - | - |
| Net change in fair value on investments in equity | 72,255 | (26,547) | 372.18 | 59,749 | (581) | 10,383.82 |
| Change in fair value on investments in equity at fair value through other comprehensive income | 72,255 | (26,547) | 372.18 | 59,749 | (581) | 10,383.82 |
| Transfer of fair value gains/(losses) o/a reclassification of debt instruments from fair value through other comprehensive income to amortised cost, net of tax | 5,626 | - | - | - | - | - |
| Realised gains/(losses) from disposal of investments in equity | 1,719 | - | - | 1,719 | - | - |
| Items that are or may be reclassified to profit or loss | | | | | | |
| Net gains/(losses) arising from translating the Financial Statements of foreign operations | 439,883 | (399,787) | 210.03 | 197,667 | (194,193) | 201.79 |
| Net gains/(losses) on investment in financial assets at fair value through other comprehensive income | (1,400,991) | 3,196,970 | (143.82) | (2,755,040) | (96,011) | (2,769.50) |
| Fair value gains/(losses) that arose during the period, net of tax | 1,537,042 | 3,865,375 | (60.24) | (2,326,376) | 467,594 | (597.52) |
| Fair value (gains)/losses realised to the Income Statement on disposal, net of tax | (4,026,616) | (816,182) | (393.35) | (821,096) | (456,810) | (79.75) |
| Fair value (gains)/losses recycled to the Income Statement as impairment, net of tax | 1,088,583 | 147,777 | 636.64 | 392,432 | (106,795) | 467.46 |
| Cash flow hedges - effective portion of changes in fair value, net of tax | (64,139) | (62,391) | (2.80) | 10,892 | 7,929 | 37.37 |
| Other comprehensive income/(expense) for the period, net of taxes | 1,406,172 | 2,651,305 | (46.96) | (133,194) | (339,796) | 60.80 |
| Total comprehensive income for the period | 17,779,661 | 19,676,272 | (9.64) | 5,645,698 | 5,461,811 | 3.37 |

STATEMENT OF FINANCIAL POSITION

5

| As at | Group | | | Bank | | |
|---|----------------------|----------------------|--------------|----------------------|----------------------|--------------|
| | 31.12.2020 | 31.12.2019 | Change | 31.12.2020 | 31.12.2019 | Change |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| ASSETS | | | | | | |
| Cash and cash equivalents | 51,255,030 | 53,681,118 | (4.52) | 50,250,627 | 52,534,730 | (4.35) |
| Balances with Central Banks | 115,358,732 | 46,101,232 | 150.23 | 110,971,105 | 39,461,127 | 181.22 |
| Placements with banks | 16,421,867 | 24,903,809 | (34.06) | 15,938,982 | 24,527,241 | (35.02) |
| Securities purchased under resale agreements | - | 13,147,534 | - | - | 13,147,534 | - |
| Derivative financial assets | 2,636,717 | 1,830,927 | 44.01 | 2,636,717 | 1,830,927 | 44.01 |
| Financial assets recognised through profit or loss - measured at fair value | 35,189,471 | 21,468,033 | 63.92 | 35,189,471 | 21,468,033 | 63.92 |
| Financial assets at amortised cost - Loans and advances to banks | 779,705 | 757,787 | 2.89 | 779,705 | 757,787 | 2.89 |
| Financial assets at amortised cost - Loans and advances to other customers | 909,829,172 | 893,919,311 | 1.78 | 896,845,453 | 884,645,744 | 1.38 |
| Financial assets at amortised cost - Debt and other financial instruments | 302,059,529 | 107,059,021 | 182.14 | 292,727,566 | 101,144,819 | 189.41 |
| Financial assets measured at fair value through other comprehensive income | 278,716,794 | 197,825,017 | 40.89 | 278,461,369 | 197,568,330 | 40.94 |
| Investments in subsidiaries | - | - | - | 5,808,429 | 5,011,284 | 15.91 |
| Investment in associate | 64,155 | 56,821 | 12.91 | 44,331 | 44,331 | - |
| Property, plant & equipment | 25,386,630 | 22,524,658 | 12.71 | 23,212,394 | 20,507,203 | 13.19 |
| Investment properties | 67,116 | 46,350 | 44.80 | - | - | - |
| Intangible assets | 1,800,516 | 1,645,714 | 9.41 | 1,232,863 | 1,080,010 | 14.15 |
| Deferred tax assets | 2,735,566 | 530,165 | 415.98 | 2,499,860 | 294,059 | 750.12 |
| Other assets | 20,195,153 | 23,443,869 | (13.86) | 19,619,149 | 23,322,247 | (15.88) |
| Total Assets | 1,762,496,153 | 1,408,941,366 | 25.09 | 1,736,218,021 | 1,387,345,406 | 25.15 |
| LIABILITIES | | | | | | |
| Due to banks | 88,248,056 | 53,807,425 | 64.01 | 87,451,306 | 51,505,694 | 69.79 |
| Derivative financial liabilities | 1,501,262 | 1,495,317 | 0.40 | 1,501,262 | 1,495,317 | 0.40 |
| Securities sold under repurchase agreements | 91,411,522 | 51,117,342 | 78.83 | 91,437,612 | 51,220,023 | 78.52 |
| Financial liabilities at amortised cost - due to depositors | 1,286,616,399 | 1,068,982,587 | 20.36 | 1,265,965,918 | 1,053,307,660 | 20.19 |
| Financial liabilities at amortised cost - other borrowings | 54,555,933 | 23,248,893 | 134.66 | 54,555,933 | 23,248,893 | 134.66 |
| Current tax liabilities | 6,991,005 | 5,197,188 | 34.52 | 6,777,992 | 4,967,644 | 36.44 |
| Deferred tax liabilities | 403,846 | 416,458 | (3.03) | - | - | - |
| Other liabilities | 33,572,283 | 30,775,884 | 9.09 | 33,037,669 | 30,496,709 | 8.33 |
| Due to subsidiaries | - | - | - | 97,015 | 54,292 | 78.69 |
| Subordinated liabilities | 38,247,138 | 37,886,789 | 0.95 | 38,247,138 | 37,886,789 | 0.95 |
| Total Liabilities | 1,601,547,444 | 1,272,927,883 | 25.82 | 1,579,071,845 | 1,254,183,021 | 25.90 |

STATEMENT OF FINANCIAL POSITION

6

| As at | Group | | | Bank | | |
|--|----------------------|----------------------|--------------|----------------------|----------------------|--------------|
| | 31.12.2020 | 31.12.2019 | Change | 31.12.2020 | 31.12.2019 | Change |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| EQUITY | | | | | | |
| Stated capital | 52,187,747 | 40,916,958 | 27.55 | 52,187,747 | 40,916,958 | 27.55 |
| Statutory reserves | 9,285,233 | 8,387,701 | 10.70 | 9,024,065 | 8,205,391 | 9.98 |
| Retained earnings | 8,124,261 | 5,182,185 | 56.77 | 7,596,260 | 5,144,433 | 47.66 |
| Other reserves | 89,595,571 | 79,937,405 | 12.08 | 88,338,104 | 78,895,603 | 11.97 |
| Total equity attributable to equity holders of the Group/Bank | 159,192,812 | 134,424,249 | 18.43 | 157,146,176 | 133,162,385 | 18.01 |
| Non-controlling Interest | 1,755,897 | 1,589,234 | 10.49 | - | - | - |
| Total Equity | 160,948,709 | 136,013,483 | 18.33 | 157,146,176 | 133,162,385 | 18.01 |
| Total Liabilities and Equity | 1,762,496,153 | 1,408,941,366 | 25.09 | 1,736,218,021 | 1,387,345,406 | 25.15 |
| Contingent Liabilities and Commitments | 730,561,685 | 580,961,807 | 25.75 | 728,711,698 | 579,999,273 | 25.64 |
| Net Assets Value per Ordinary Share (Rs.) | 136.42 | 130.83 | 4.27 | 134.67 | 129.60 | 3.91 |
| Memorandum Information | | | | | | |
| Number of Employees | | | | 5,057 | 5,062 | |
| Number of Customer Service Centres | | | | 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 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.) Justice K. Sripavan

Chairman

February 24, 2021

Colombo

(Sgd.) S. Renganathan

Managing Director/Chief Executive Officer

| | Stated Capital | Statutory Reserve fund | Retained Earnings | Other Reserves | | | | | | Shareholders' Funds | Non-Controlling Interest | Total Equity |
|---|----------------|------------------------|-------------------|---------------------|--------------------|--------------------------------------|-----------------|-----------------|-------------------------------|---------------------|--------------------------|--------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | 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, 2018 | 39,147,882 | 7,444,178 | 4,949,955 | 7,819,131 | (1,386,355) | 3,157,052 | 24,019 | 57,650,003 | 591,984 | 119,397,849 | 1,198,981 | 120,596,830 |
| Impact arising from the adoption of SLFRS 16 | - | - | (57,627) | - | - | - | - | - | - | (57,627) | - | (57,627) |
| Reversal of deferred tax asset created on liability o/a straight lining of lease rentals | - | - | (57,627) | - | - | - | - | - | - | (57,627) | - | (57,627) |
| Balance as at January 01, 2019 | 39,147,882 | 7,444,178 | 4,892,328 | 7,819,131 | (1,386,355) | 3,157,052 | 24,019 | 57,650,003 | 591,984 | 119,340,222 | 1,198,981 | 120,539,203 |
| Total comprehensive income for the year 2019 | | | | | | | | | | | | |
| Profit for the year | - | - | 17,263,259 | - | - | - | - | - | - | 17,263,259 | 157,137 | 17,420,396 |
| Other comprehensive income, net of tax | - | - | (57,400) | 39,575 | 3,169,858 | (391,060) | (62,391) | - | - | 2,698,582 | (5,077) | 2,693,505 |
| Net actuarial gains/(losses) on defined benefit plans | - | - | (57,400) | - | - | - | - | - | - | (57,400) | 64 | (57,336) |
| Share of other comprehensive income of associates, net of tax | - | - | - | 39,575 | (942) | - | - | - | - | 38,633 | - | 38,633 |
| Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income | - | - | - | - | 3,170,800 | - | - | - | - | 3,170,800 | - | 3,170,800 |
| Net gains/(losses) arising from translating the Financial Statements of foreign operations | - | - | - | - | - | (391,060) | - | - | - | (391,060) | (5,141) | (396,201) |
| Cash flow hedges - effective portion of changes in fair value, net of tax | - | - | - | - | - | - | (62,391) | - | - | (62,391) | - | (62,391) |
| Total comprehensive income for the year 2019 | - | - | 17,205,859 | 39,575 | 3,169,858 | (391,060) | (62,391) | - | - | 19,961,841 | 152,060 | 20,113,901 |
| Transactions with owners, recognised directly in equity, contributions and distributions to owners | | | | | | | | | | | | |
| Issue of Ordinary shares under Employee Share Option Plans | 30,128 | - | - | - | - | - | - | - | - | 30,128 | - | 30,128 |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | 88,913 | - | - | - | - | - | (123,490) | (34,577) | - | (34,577) |
| Dividends to equity holders | 1,738,948 | - | (6,596,511) | - | - | - | - | - | - | (4,857,563) | (4,988) | (4,862,551) |
| Second interim dividend for 2018 | - | - | (3,032,869) | - | - | - | - | - | - | (3,032,869) | - | (3,032,869) |
| Final cash dividend for 2018 | - | - | - | - | - | - | - | - | - | - | (3,188) | (3,188) |
| Final dividend for 2018 satisfied in the form of issue and allotment of new shares | 1,738,948 | - | (2,022,032) | - | - | - | - | - | - | (283,084) | - | (283,084) |
| Unclaimed dividend absorbed / (dividend paid) in respect of previous years | - | - | (350) | - | - | - | - | - | - | (350) | 22 | (328) |
| First interim dividend for 2019 | - | - | (1,541,260) | - | - | - | - | - | - | (1,541,260) | (1,822) | (1,543,082) |
| Share-based Payment transactions | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit due to change in ownership | - | - | 14,498 | - | - | - | - | - | - | 14,498 | - | 14,498 |
| Movement due to change in ownership | - | - | (9,379) | (20,921) | - | - | - | - | - | (30,300) | 30,300 | - |
| Acquisition of a subsidiary with Non-Controlling Interest | - | - | - | - | - | - | - | - | - | - | 212,881 | 212,881 |
| Transfers during the year | - | 943,523 | (10,413,523) | - | - | - | - | 9,470,000 | - | - | - | - |
| Total transactions with equity holders | 1,769,076 | 943,523 | (16,916,002) | (20,921) | - | - | - | 9,470,000 | (123,490) | (4,877,814) | 238,193 | (4,639,621) |

| | 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, 2019 | 40,916,958 | 8,387,701 | 5,182,185 | 7,837,785 | 1,783,503 | 2,765,992 | (38,372) | 67,120,003 | 468,494 | 134,424,249 | 1,589,234 | 136,013,483 |
| Total comprehensive income for the year 2020 | | | | | | | | | | | | |
| Profit for the year | - | - | 16,939,950 | - | - | - | - | - | - | 16,939,950 | 146,847 | 17,086,797 |
| Other comprehensive income, net of tax | - | - | (225,018) | 2,662,469 | (1,319,619) | 559,932 | (64,139) | - | - | 1,613,625 | 46,456 | 1,660,081 |
| Net actuarial gains/(losses) on defined benefit plans | | | (226,737) | | | | | | | (226,737) | (2,008) | (228,745) |
| Gain on disposal of investments in equity instruments | | | 1,719 | | | | | | | 1,719 | - | 1,719 |
| Share of other comprehensive income of associates, net of tax | | | - | - | 3,436 | | | | | 3,436 | - | 3,436 |
| Net change in revaluation surplus | | | | 2,662,469 | | | | | | 2,662,469 | 11,673 | 2,674,142 |
| Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income | | | | | (1,323,055) | | | | | (1,323,055) | | (1,323,055) |
| Net gains/(losses) arising from translating the Financial Statements of foreign operations | | | | | | 559,932 | | | | 559,932 | 36,791 | 596,723 |
| Cash flow hedges - effective portion of changes in fair value, net of tax | | | | | | | (64,139) | | | (64,139) | | (64,139) |
| Total comprehensive income for the year 2020 | - | - | 16,714,932 | 2,662,469 | (1,319,619) | 559,932 | (64,139) | - | - | 18,553,575 | 193,303 | 18,746,878 |
| Transactions with owners, recognised directly in equity, contributions and distributions to owners | | | | | | | | | | | | |
| Proceeds on issue of ordinary voting shares to IFC parties (Private placement) | 9,215,775 | - | - | - | | - | - | - | - | 9,215,775 | - | 9,215,775 |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | 105,980 | - | | - | - | - | (147,194) | (41,214) | - | (41,214) |
| Dividends to equity holders | 2,055,014 | | (5,137,434) | | | | | | | (3,082,420) | (15,996) | (3,098,416) |
| Second interim dividend for 2019 | - | - | (3,082,520) | - | | - | - | - | - | (3,082,520) | - | (3,082,520) |
| Final cash dividend for 2019 | - | - | - | - | | - | - | - | - | - | (13,620) | (13,620) |
| Final dividend for 2019 satisfied in the form of issue and allotment of new shares | 2,055,014 | - | (2,055,014) | - | | - | - | - | - | - | - | - |
| Unclaimed dividend absorbed / (dividend paid) in respect of previous years | | | 100 | | | | | | | 100 | 24 | 124 |
| First interim dividend for 2020 | - | - | - | - | | - | - | - | - | - | (2,400) | (2,400) |
| Share-based Payment transactions | - | - | - | - | | - | - | - | 112,203 | 112,203 | - | 112,203 |
| Movement due to change in ownership | - | - | 6,130 | 4,514 | | - | - | - | - | 10,644 | (10,644) | - |
| Transfers during the year | - | 897,532 | (8,747,532) | - | | - | - | 7,850,000 | - | - | - | - |
| Total transactions with equity holders | 11,270,789 | 897,532 | (13,772,856) | 4,514 | - | - | - | 7,850,000 | (34,991) | 6,214,988 | (26,640) | 6,188,348 |
| 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 |

| | 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, 2018 | 39,147,882 | 7,354,143 | 5,063,076 | 7,088,054 | (1,384,982) | 2,871,770 | 24,019 | 57,650,003 | 591,984 | 118,405,949 | - | 118,405,949 |
| Impact arising from the adoption of SLFRS 16 | - | - | (57,627) | - | - | - | - | - | - | (57,627) | - | (57,627) |
| Reversal of deferred tax asset created on liability o/a straight lining of lease rentals | | | (57,627) | | | | | | | (57,627) | | (57,627) |
| Balance as at January 01, 2019 | 39,147,882 | 7,354,143 | 5,005,449 | 7,088,054 | (1,384,982) | 2,871,770 | 24,019 | 57,650,003 | 591,984 | 118,348,322 | - | 118,348,322 |
| Total comprehensive income for the year 2019 | | | | | | | | | | | | |
| Profit for the year | - | - | 17,024,967 | - | - | - | - | - | - | 17,024,967 | - | 17,024,967 |
| Other comprehensive income, net of tax | - | - | (56,940) | - | 3,170,423 | (399,787) | (62,391) | - | - | 2,651,305 | - | 2,651,305 |
| Net actuarial gains/(losses) on defined benefit plans | | | (56,940) | | | | | | | (56,940) | | (56,940) |
| Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income | | | | | 3,170,423 | | | | | 3,170,423 | | 3,170,423 |
| Net gains/(losses) arising from translating the Financial Statements of the foreign operations | | | | | | (399,787) | | | | (399,787) | | (399,787) |
| Cash flow hedges - effective portion of changes in fair value, net of tax | | | | | | | (62,391) | | | (62,391) | | (62,391) |
| Total comprehensive income for the year 2019 | - | - | 16,968,027 | - | 3,170,423 | (399,787) | (62,391) | - | - | 19,676,272 | - | 19,676,272 |
| Transactions with owners, recognised directly in equity, contributions and distributions to owners | | | | | | | | | | | | |
| Issue of Ordinary shares under Employee Share Option Plans | 30,128 | - | - | - | - | - | - | - | - | 30,128 | - | 30,128 |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | 88,913 | - | - | - | - | - | (123,490) | (34,577) | - | (34,577) |
| Dividends to equity holders | 1,738,948 | | (6,596,708) | | | | | | | (4,857,760) | - | (4,857,760) |
| Second interim dividend for 2018 | - | - | (3,032,869) | - | - | - | - | - | - | (3,032,869) | - | (3,032,869) |
| Final dividend for 2018 satisfied in the form of issue and allotment of new shares | 1,738,948 | - | (2,022,032) | - | - | - | - | - | - | (283,084) | - | (283,084) |
| Unclaimed dividend absorbed / (dividend paid) in respect of previous years | | | (547) | | | | | | | (547) | - | (547) |
| First interim dividend for 2019 | - | - | (1,541,260) | - | - | - | - | - | - | (1,541,260) | - | (1,541,260) |
| Transfers during the year | - | 851,248 | (10,321,248) | - | | | | 9,470,000 | - | - | - | - |
| Total transactions with equity holders | 1,769,076 | 851,248 | (16,829,043) | - | - | - | - | 9,470,000 | (123,490) | (4,862,209) | - | (4,862,209) |

| | 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, 2019 | 40,916,958 | 8,205,391 | 5,144,433 | 7,088,054 | 1,785,441 | 2,471,983 | (38,372) | 67,120,003 | 468,494 | 133,162,385 | - | 133,162,385 |
| Total comprehensive income for the year 2020 | | | | | | | | | | | | |
| Profit for the year | - | - | 16,373,489 | - | - | - | - | - | - | 16,373,489 | - | 16,373,489 |
| Other comprehensive income, net of tax | - | - | (221,320) | 2,574,858 | (1,323,110) | 439,883 | (64,139) | - | - | 1,406,172 | - | 1,406,172 |
| Net actuarial gains/(losses) on defined benefit plans | | | (223,039) | | | | | | | (223,039) | | (223,039) |
| Gain on disposal of investments in equity instruments | | | 1,719 | | | | | | | 1,719 | | 1,719 |
| Net change in revaluation surplus | | | | 2,574,858 | | | | | | 2,574,858 | | 2,574,858 |
| Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income | | | | | (1,323,110) | | | | | (1,323,110) | | (1,323,110) |
| Net gains/(losses) arising from translating the Financial Statements of the foreign operations | | | | | | 439,883 | | | | 439,883 | | 439,883 |
| Cash flow hedges - effective portion of changes in fair value, net of tax | | | | | | | (64,139) | | | (64,139) | | (64,139) |
| Total comprehensive income for the year 2020 | - | - | 16,152,169 | 2,574,858 | (1,323,110) | 439,883 | (64,139) | - | - | 17,779,661 | - | 17,779,661 |
| Transactions with owners, recognised directly in equity, contributions and distributions to owners | | | | | | | | | | | | |
| Proceeds on issue of ordinary voting shares to IFC parties (Private placement) | 9,215,775 | - | - | - | - | - | - | - | - | 9,215,775 | - | 9,215,775 |
| Transfer of cost o/a of expired ESOP Shares (net of tax) | - | - | 105,980 | - | - | - | - | - | (147,194) | (41,214) | - | (41,214) |
| Dividends to equity holders | 2,055,014 | | (5,137,648) | | | | | | | (3,082,634) | - | (3,082,634) |
| Second interim dividend for 2019 | - | - | (3,082,520) | - | - | - | - | - | - | (3,082,520) | - | (3,082,520) |
| Final dividend for 2019 satisfied in the form of issue and allotment of new shares | 2,055,014 | - | (2,055,014) | - | - | - | - | - | - | - | - | - |
| Unclaimed dividend absorbed / (dividend paid) in respect of previous years | | | (114) | | | | | | | (114) | | (114) |
| First interim dividend for 2020 | - | - | - | - | - | - | - | - | - | - | - | - |
| Share-based Payment transactions | - | - | - | - | - | - | - | - | 112,203 | 112,203 | - | 112,203 |
| Transfers during the year | - | 818,674 | (8,668,674) | - | - | - | - | 7,850,000 | - | - | - | - |
| Total transactions with equity holders | 11,270,789 | 818,674 | (13,700,342) | - | - | - | - | 7,850,000 | (34,991) | 6,204,130 | - | 6,204,130 |
| 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 | - | 157,146,176 |

| | Group | | Bank | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Cash flows from operating activities | | | | |
| Profit before income tax | 24,519,860 | 22,983,896 | 23,511,312 | 22,339,105 |
| Adjustments for: | | | | |
| Non-cash items included in profit before tax | 24,764,927 | 14,014,272 | 24,705,430 | 13,702,213 |
| Change in operating assets | (374,761,711) | (84,218,375) | (369,030,667) | (74,749,286) |
| Change in operating liabilities | 325,708,382 | 69,879,669 | 322,115,757 | 65,515,273 |
| (Gains)/losses on sale of property, plant and equipment | (5,820) | (19,731) | (926) | (7,958) |
| Share of profits in associates, net of tax | (3,898) | (9,992) | - | - |
| Dividend income from subsidiaries | - | - | (98,200) | (85,397) |
| Interest expense on subordinated liabilities | 3,756,921 | 3,848,979 | 3,756,921 | 3,848,979 |
| Net unrealized gains/(losses) arising from translating the financial statements of foreign operations | 596,723 | (396,201) | 439,883 | (399,787) |
| Profit due to change in ownership | - | - | - | (14,498) |
| Benefits paid on defined benefit plans | (673,106) | (198,799) | (670,487) | (194,728) |
| Income tax paid | (7,748,870) | (8,301,839) | (7,428,411) | (8,087,930) |
| Net cash from/(used in) operating activities | (3,846,592) | 17,581,879 | (2,699,388) | 21,865,986 |
| Cash flows from investing activities | | | | |
| Net purchase of property, plant and equipment | (1,159,712) | (1,372,832) | (1,106,641) | (1,307,244) |
| Net purchase of investment properties | (41) | - | - | - |
| Proceeds from sale of property, plant and equipment | 8,901 | 24,189 | 2,829 | 11,025 |
| Purchase of financial investments | (300,000) | (95,031) | (300,000) | (95,031) |
| Proceeds from sale and maturity of financial investments | 2,368,509 | 3,428,080 | 2,368,509 | 3,428,080 |
| Net purchase of intangible assets | (460,053) | (415,088) | (409,322) | (387,432) |
| Proceeds due to change in ownership | - | 21,503 | - | 21,503 |
| Acquisition of a subsidiary, net of cash acquired | - | (91,716) | (1,125,000) | (754,657) |
| Dividends received from investments in subsidiaries | - | - | 98,200 | 85,397 |
| Net cash from/(used in) investing activities | 457,604 | 1,499,105 | (471,425) | 1,001,641 |
| Cash flows from financing activities | | | | |
| Proceeds from issue of ordinary voting shares | - | 30,128 | - | 30,128 |
| Proceeds from issue of ordinary voting shares to IFC parties (Private placement) | 9,215,775 | - | 9,215,775 | - |
| Interest paid on subordinated liabilities | (3,802,023) | (3,873,107) | (3,802,023) | (3,873,107) |
| Repayment of principal portion of lease liabilities | (1,354,902) | (1,049,004) | (1,446,874) | (1,165,340) |
| Dividend paid to non-controlling interest | (15,996) | (4,988) | - | - |
| Dividend paid to shareholders of the Bank | (3,082,420) | (4,857,563) | (3,082,634) | (4,857,760) |
| Net cash from / (used in) financing activities | 960,434 | (9,754,534) | 884,244 | (9,866,079) |
| Net increase/(decrease) in cash and cash equivalents | (2,428,554) | 9,326,450 | (2,286,569) | 13,001,548 |
| Cash and cash equivalents as at January 1, | 53,686,825 | 44,360,375 | 52,540,437 | 39,538,889 |
| Gross cash and cash equivalents as at December 31, | 51,258,271 | 53,686,825 | 50,253,868 | 52,540,437 |
| Less: Impairment charges | (3,241) | (5,707) | (3,241) | (5,707) |
| Cash and cash equivalents as per Statement of Financial Position | 51,255,030 | 53,681,118 | 50,250,627 | 52,534,730 |

| | 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 | | 51,255,030 | | 51,255,030 |
| Balances with Central Banks | | 115,358,732 | | 115,358,732 |
| Placements with banks | | 16,421,867 | | 16,421,867 |
| Securities purchased under resale agreements | | - | | - |
| Derivative financial assets | 2,636,717 | | | 2,636,717 |
| Financial assets recognised through profit or loss - measured at fair value | 35,189,471 | | | 35,189,471 |
| Financial assets at amortised cost - Loans and advances to banks | | 779,705 | | 779,705 |
| Financial assets at amortised cost - Loans and advances to other customers | | 909,829,172 | | 909,829,172 |
| Financial assets at amortised cost - Debt and other financial instruments | | 302,059,529 | | 302,059,529 |
| Financial assets measured at fair value through other comprehensive income | | | 278,716,794 | 278,716,794 |
| Total financial assets | 37,826,188 | 1,395,704,035 | 278,716,794 | 1,712,247,017 |
| | | 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 | | | 88,248,056 | 88,248,056 |
| Derivative financial liabilities | | 1,501,262 | | 1,501,262 |
| Securities sold under repurchase agreements | | | 91,411,522 | 91,411,522 |
| Financial liabilities at amortised cost - due to depositors | | | 1,286,616,399 | 1,286,616,399 |
| Financial liabilities at amortised cost - other borrowings | | | 54,555,933 | 54,555,933 |
| Subordinated liabilities | | | 38,247,138 | 38,247,138 |
| Total financial liabilities | | 1,501,262 | 1,559,079,048 | 1,560,580,310 |

| | 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 | | 53,681,118 | | 53,681,118 |
| Balances with Central Banks | | 46,101,232 | | 46,101,232 |
| Placements with banks | | 24,903,809 | | 24,903,809 |
| Securities purchased under resale agreements | | 13,147,534 | | 13,147,534 |
| Derivative financial assets | 1,830,927 | | | 1,830,927 |
| Financial assets recognised through profit or loss - measured at fair value | 21,468,033 | | | 21,468,033 |
| Financial assets at amortised cost - Loans and advances to banks | | 757,787 | | 757,787 |
| Financial assets at amortised cost - Loans and advances to other customers | | 893,919,311 | | 893,919,311 |
| Financial assets at amortised cost - Debt and other financial instruments | | 107,059,021 | | 107,059,021 |
| Financial assets measured at fair value through other comprehensive income | | | 197,825,017 | 197,825,017 |
| Total financial assets | 23,298,960 | 1,139,569,812 | 197,825,017 | 1,360,693,789 |
| | | 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 | | | 53,807,425 | 53,807,425 |
| Derivative financial liabilities | | 1,495,317 | | 1,495,317 |
| Securities sold under repurchase agreements | | | 51,117,342 | 51,117,342 |
| Financial liabilities at amortised cost - due to depositors | | | 1,068,982,587 | 1,068,982,587 |
| Financial liabilities at amortised cost - other borrowings | | | 23,248,893 | 23,248,893 |
| Subordinated liabilities | | | 37,886,789 | 37,886,789 |
| Total financial liabilities | | 1,495,317 | 1,235,043,036 | 1,236,538,353 |

| | 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 | | 50,250,627 | | 50,250,627 |
| Balances with Central Banks | | 110,971,105 | | 110,971,105 |
| Placements with banks | | 15,938,982 | | 15,938,982 |
| Securities purchased under resale agreements | | - | | - |
| Derivative financial assets | 2,636,717 | | | 2,636,717 |
| Financial assets recognised through profit or loss - measured at fair value | 35,189,471 | | | 35,189,471 |
| Financial assets at amortised cost - Loans and advances to banks | | 779,705 | | 779,705 |
| Financial assets at amortised cost - Loans and advances to other customers | | 896,845,453 | | 896,845,453 |
| Financial assets at amortised cost - Debt and other financial instruments | | 292,727,566 | | 292,727,566 |
| Financial assets measured at fair value through other comprehensive income | | | 278,461,369 | 278,461,369 |
| Total financial assets | 37,826,188 | 1,367,513,438 | 278,461,369 | 1,683,800,995 |
| | | 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 | | | 87,451,306 | 87,451,306 |
| Derivative financial liabilities | | 1,501,262 | | 1,501,262 |
| Securities sold under repurchase agreements | | | 91,437,612 | 91,437,612 |
| Financial liabilities at amortised cost - due to depositors | | | 1,265,965,918 | 1,265,965,918 |
| Financial liabilities at amortised cost - other borrowings | | | 54,555,933 | 54,555,933 |
| Subordinated liabilities | | | 38,247,138 | 38,247,138 |
| Total financial liabilities | | 1,501,262 | 1,537,657,907 | 1,539,159,169 |

| | 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 | | 52,534,730 | | 52,534,730 |
| Balances with Central Banks | | 39,461,127 | | 39,461,127 |
| Placements with banks | | 24,527,241 | | 24,527,241 |
| Securities purchased under resale agreements | | 13,147,534 | | 13,147,534 |
| Derivative financial assets | 1,830,927 | | | 1,830,927 |
| Financial assets recognised through profit or loss - measured at fair value | 21,468,033 | | | 21,468,033 |
| Financial assets at amortised cost - Loans and advances to banks | | 757,787 | | 757,787 |
| Financial assets at amortised cost - Loans and advances to other customers | | 884,645,744 | | 884,645,744 |
| Financial assets at amortised cost - Debt and other financial instruments | | 101,144,819 | | 101,144,819 |
| Financial assets measured at fair value through other comprehensive income | | | 197,568,330 | 197,568,330 |
| Total financial assets | 23,298,960 | 1,116,218,982 | 197,568,330 | 1,337,086,272 |

| | 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 | | 51,505,694 | 51,505,694 |
| Derivative financial liabilities | 1,495,317 | | 1,495,317 |
| Securities sold under repurchase agreements | | 51,220,023 | 51,220,023 |
| Financial liabilities at amortised cost - due to depositors | | 1,053,307,660 | 1,053,307,660 |
| Financial liabilities at amortised cost - other borrowings | | 23,248,893 | 23,248,893 |
| Subordinated liabilities | | 37,886,789 | 37,886,789 |
| Total financial liabilities | 1,495,317 | 1,217,169,059 | 1,218,664,376 |

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 asset or liability 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 31.12.2020 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Non-Financial Assets | | | | | | | | |
| Property, plant and equipment | | | | | | | | |
| Land and building | - | - | 15,417,319 | 15,417,319 | - | - | 14,616,368 | 14,616,368 |
| Investment properties | | | 67,116 | 67,116 | - | - | - | - |
| Total non-financial assets at fair value | | | 15,484,435 | 15,484,435 | - | - | 14,616,368 | 14,616,368 |
| Financial Assets | | | | | | | | |
| Derivative financial assets | - | 2,636,717 | - | 2,636,717 | - | 2,636,717 | - | 2,636,717 |
| Financial assets recognized through profit or loss - measured at fair value | 35,189,471 | - | - | 35,189,471 | 35,189,471 | - | - | 35,189,471 |
| Financial assets measured at fair value through other comprehensive income | 223,829,148 | 56,511,184 | 52,296 | 280,392,628 | 223,573,847 | 56,511,184 | 52,172 | 280,137,203 |
| Total financial assets at fair value | 259,018,619 | 59,147,901 | 52,296 | 318,218,816 | 258,763,318 | 259,018,619 | 259,018,619 | 259,018,619 |
| Total assets at fair value | 259,018,619 | 59,147,901 | 15,536,731 | 333,703,251 | 258,763,318 | 259,018,619 | 273,634,987 | 273,634,987 |
| Financial Liabilities | | | | | | | | |
| Derivative financial liabilities | - | 1,501,262 | - | 1,501,262 | - | 1,501,262 | - | 1,501,262 |
| Total financial liabilities at fair value | - | 1,501,262 | - | 1,501,262 | - | 1,501,262 | - | 1,501,262 |

| | Group | | | | Bank | | | |
|---|--------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| As at 31.12.2019 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Non-Financial Assets | | | | | | | | |
| Property, plant and equipment | | | | | | | | |
| Land and building | - | - | 11,810,606 | 11,810,606 | - | - | 11,078,500 | 11,078,500 |
| Investment properties | - | - | 46,350 | 46,350 | - | - | - | - |
| Total non-financial assets at fair value | - | - | 11,856,956 | 11,856,956 | - | - | 11,078,500 | 11,078,500 |
| Financial Assets | | | | | | | | |
| Derivative financial assets | - | 1,830,927 | - | 1,830,927 | - | 1,830,927 | - | 1,830,927 |
| Financial assets recognized through profit or loss - measured at fair value | 21,468,033 | - | - | 21,468,033 | 21,468,033 | - | - | 21,468,033 |
| Financial assets measured at fair value through other comprehensive income | 141,625,036 | 57,009,964 | 51,710 | 198,686,710 | 141,368,473 | 57,009,964 | 51,586 | 198,430,023 |
| Total financial assets at fair value | 163,093,069 | 58,840,891 | 51,710 | 221,985,670 | 162,836,506 | 58,840,891 | 51,586 | 221,728,983 |
| Total assets at fair value | 163,093,069 | 58,840,891 | 11,908,666 | 233,842,626 | 162,836,506 | 58,840,891 | 11,130,086 | 232,807,483 |
| Financial Liabilities | | | | | | | | |
| Derivative financial liabilities | - | 1,495,317 | - | 1,495,317 | - | 1,495,317 | - | 1,495,317 |
| Total financial liabilities at fair value | - | 1,495,317 | - | 1,495,317 | - | 1,495,317 | - | 1,495,317 |

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST
15

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 31.12.2020 | 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 | - | - | 913,411,806 | 913,411,806 | 909,829,172 | - | - | 900,428,087 | 900,428,087 | 896,845,453 |
| Financial assets at amortised cost - Debt and other financial instruments | 258,101,089 | 10,530,450 | - | 268,631,539 | 302,059,529 | 248,769,126 | 10,530,450 | - | 259,299,576 | 292,727,566 |
| Total financial assets not at fair value | 258,101,089 | 10,530,450 | 913,411,806 | 1,182,043,345 | 1,211,888,701 | 248,769,126 | 10,530,450 | 900,428,087 | 1,159,727,663 | 1,189,573,019 |
| Financial Liabilities | | | | | | | | | | |
| Financial liabilities at amortised cost - due to depositors | - | - | 1,290,852,077 | 1,290,852,077 | 1,286,616,399 | - | - | 1,270,201,596 | 1,270,201,596 | 1,265,965,918 |
| Financial liabilities at amortised cost - other borrowings | - | - | 54,555,933 | 54,555,933 | 54,555,933 | - | - | 54,555,933 | 54,555,933 | 54,555,933 |
| Subordinated liabilities | - | - | 39,803,997 | 39,803,997 | 38,247,138 | - | - | 39,803,997 | 39,803,997 | 38,247,138 |
| Total financial liabilities not at fair value | - | - | 1,385,212,007 | 1,385,212,007 | 1,379,419,470 | - | - | 1,364,561,526 | 1,364,561,526 | 1,358,768,989 |

| | 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 31.12.2019 | 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 | - | - | 896,280,708 | 896,280,708 | 893,919,311 | - | - | 887,007,141 | 887,007,141 | 884,645,744 |
| Financial assets at amortised cost - Debt and other financial instruments | 105,056,577 | - | - | 105,056,577 | 107,059,021 | 99,142,375 | - | - | 99,142,375 | 101,144,819 |
| Total financial assets not at fair value | 105,056,577 | - | 896,280,708 | 1,001,337,285 | 1,000,978,332 | 99,142,375 | - | 887,007,141 | 986,149,516 | 985,790,563 |
| Financial Liabilities | | | | | | | | | | |
| Financial liabilities at amortised cost - due to depositors | - | - | 1,067,138,675 | 1,067,138,675 | 1,068,982,587 | - | - | 1,051,463,748 | 1,051,463,748 | 1,053,307,660 |
| Financial liabilities at amortised cost - other borrowings | - | - | 23,248,893 | 23,248,893 | 23,248,893 | - | - | 23,248,893 | 23,248,893 | 23,248,893 |
| Subordinated liabilities | - | - | 39,479,119 | 39,479,119 | 37,886,789 | - | - | 39,479,119 | 39,479,119 | 37,886,789 |
| Total financial liabilities not at fair value | - | - | 1,129,866,687 | 1,129,866,687 | 1,130,118,269 | - | - | 1,114,191,760 | 1,114,191,760 | 1,114,443,342 |

Financial assets and liabilities measured at amortised cost (except for disclosed above) are short term in nature and/or re-priced to current market price frequently and therefore, the carrying value of such assets/liabilities as at reporting date provides a reasonable approximation of fair value.

| | Bank | | Group | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.12.2020 | As at 31.12.2019 | As at 31.12.2020 | As at 31.12.2019 |
| Regulatory Capital - Rs. '000 | | | | |
| Common Equity Tier I | 134,689,259 | 119,622,141 | 139,730,831 | 123,239,984 |
| Tier I Capital | 134,689,259 | 119,622,141 | 139,730,831 | 123,239,984 |
| Total Capital | 171,396,829 | 157,045,547 | 176,611,211 | 160,842,808 |
| Regulatory Capital Ratios (%) | | | | |
| Common Equity Tier I Capital Ratio (Minimum Requirement - 2020 - 7.500%, 2019 - 8.500%) | 13.217 | 12.298 | 13.356 | 12.399 |
| Tier I Capital Ratio (Minimum Requirement - 2020 - 9.000%, 2019 - 10.000%) | 13.217 | 12.298 | 13.356 | 12.399 |
| Total Capital Ratio (Minimum Requirement - 2020 - 13.000%, 2019 - 14.000%) | 16.819 | 16.146 | 16.882 | 16.182 |
| Leverage Ratio (%) (Minimum Requirement - 3%) | 5.74 | 6.45 | 5.88 | 6.55 |
| Regulatory Liquidity | | | | |
| Statutory Liquid Assets - Rs. '000 | | | | |
| Domestic Banking Unit | 560,796,115 | 312,024,836 | | |
| Off-Shore Banking Unit | 26,358,959 | 18,706,801 | | |
| Statutory Liquid Assets Ratio (%) (Minimum Requirement 20%) | | | | |
| Domestic Banking Unit | 44.99 | 30.42 | | |
| Off-Shore Banking Unit | 32.70 | 25.25 | | |
| Total Stock of High Quality Liquid Assets - Rs. '000 | 452,407,112 | 193,108,535 | | |
| Liquidity Coverage Ratio (%) (Minimum Requirement - 2020 - 90%, 2019 - 100%) | | | | |
| Liquidity Coverage Ratio (%) - Rupee | 330.84 | 158.79 | | |
| Liquidity Coverage Ratio (%) - All Currency | 258.06 | 224.74 | | |
| Net Stable Funding Ratio (%) (Minimum Requirement - 2020 - 90%, 2019 - 100%) | 157.49 | 137.05 | | |
| Asset Quality (Quality of Loan Portfolio) | | | | |
| Gross Non-Performing Advances Ratio (%) (Net of Interest in Suspense) | 5.11 | 4.95 | | |
| Net Non-Performing Advances Ratio (%) (Net of Interest in Suspense and Provisions) | 2.18 | 3.00 | | |
| Profitability | | | | |
| Interest Margin (%) | 3.17 | 3.51 | | |
| Return on Assets (before tax) (%) | 1.51 | 1.66 | | |
| Return on Equity (%) | 11.28 | 13.54 | | |
| Debt Security Related Ratios | | | | |
| Debt Equity Ratio (%) | 35.51 | 38.97 | | |
| Interest Cover (Times) | 10.37 | 8.54 | | |

OPERATING SEGMENTS - GROUP

17

| | Personal Banking | | Corporate Banking | | International Operations | | Dealing/Treasury | | NBFI, Real Estate & Services | | Unallocated/Eliminations | | Total/Consolidated | |
|---|------------------|-------------|-------------------|-------------|--------------------------|-----------|------------------|-----------|------------------------------|-----------|--------------------------|-------------|--------------------|--------------|
| For the year ended December 31, | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | 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 | 26,764,757 | 27,988,262 | 8,996,447 | 10,555,019 | 5,439,904 | 5,658,240 | 3,707,529 | (381,397) | 496,073 | 548,801 | 5,464,092 | 3,987,466 | 50,868,802 | 48,356,391 |
| Foreign exchange profit | 96,113 | 293,571 | 141,319 | (197,352) | 1,391,472 | 1,777,036 | 5,652,485 | 4,705,294 | 70 | (8) | 1,091,259 | 283,803 | 8,372,718 | 6,862,344 |
| Net fees and commission income | 5,590,664 | 6,298,366 | 2,269,088 | 2,357,802 | 1,273,871 | 1,238,145 | 8,005 | 4,006 | 314,503 | 152,713 | 365,544 | 700,806 | 9,821,675 | 10,751,838 |
| Other income | 451,804 | 44,930 | 5,079 | 4,011 | 796,000 | 10,310 | 6,167,497 | 1,214,550 | 838,796 | 840,539 | (592,883) | (398,264) | 7,666,293 | 1,716,076 |
| Total Operating Income | 32,903,338 | 34,625,129 | 11,411,933 | 12,719,480 | 8,901,247 | 8,683,731 | 15,535,516 | 5,542,453 | 1,649,442 | 1,542,045 | 6,328,012 | 4,573,811 | 76,729,488 | 67,686,649 |
| Credit loss expenses | (12,548,294) | (8,185,606) | (6,165,407) | (2,657,152) | (206,221) | 22,271 | (2,289,624) | (278,068) | (210,012) | (232,893) | 26 | (75) | (21,419,532) | (11,331,523) |
| Net Operating Income | 20,355,044 | 26,439,523 | 5,246,526 | 10,062,328 | 8,695,026 | 8,706,002 | 13,245,892 | 5,264,385 | 1,439,430 | 1,309,152 | 6,328,038 | 4,573,736 | 55,309,956 | 56,355,126 |
| Segment result | 6,427,440 | 9,837,267 | 3,058,224 | 6,822,088 | 5,237,040 | 5,514,956 | 10,440,327 | 3,908,482 | 437,531 | 376,357 | (1,084,600) | (3,485,246) | 24,515,962 | 22,973,904 |
| Profit from operations | | | | | | | | | | | | | 24,515,962 | 22,973,904 |
| Share of profit of Associates, net of tax | | | | | | | | | | | | | 3,898 | 9,992 |
| Income tax expense | | | | | | | | | | | | | (7,433,063) | (5,563,500) |
| Non Controlling Interest | | | | | | | | | | | | | (146,847) | (157,137) |
| Net profit for the period, attributable to Equity holders of the Bank | | | | | | | | | | | | | 16,939,950 | 17,263,259 |

| As at December 31, | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|-------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|--------------|--------------|---------------|---------------|
| | 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 | 628,115,371 | 544,782,281 | 323,883,043 | 337,929,901 | 209,243,351 | 173,080,105 | 602,609,010 | 369,624,769 | 11,306,239 | 10,014,567 | (12,725,016) | (26,547,078) | 1,762,431,998 | 1,408,884,545 |
| Investment in associate | - | - | - | - | - | - | - | - | - | - | 64,155 | 56,821 | 64,155 | 56,821 |
| Total assets | 628,115,371 | 544,782,281 | 323,883,043 | 337,929,901 | 209,243,351 | 173,080,105 | 602,609,010 | 369,624,769 | 11,306,239 | 10,014,567 | (12,660,861) | (26,490,257) | 1,762,496,153 | 1,408,941,366 |
| Segment liabilities | 1,022,841,375 | 853,921,966 | 237,889,091 | 206,696,789 | 174,499,274 | 141,365,900 | 152,504,141 | 73,342,100 | 6,016,087 | 5,997,042 | 7,797,476 | (8,395,914) | 1,601,547,444 | 1,272,927,883 |
| Total liabilities | 1,022,841,375 | 853,921,966 | 237,889,091 | 206,696,789 | 174,499,274 | 141,365,900 | 152,504,141 | 73,342,100 | 6,016,087 | 5,997,042 | 7,797,476 | (8,395,914) | 1,601,547,444 | 1,272,927,883 |

| For the year ended December 31, | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------|-------------|
| | 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 |
| Information on cash flows | | | | | | | | | | | | | | |
| Cash flows from operating activities | | | | | | | | | | | | | (3,846,592) | 17,581,879 |
| Cash flows from investing activities | | | | | | | | | | | | | 2,068,509 | 3,262,836 |
| Cash flows from financing activities | | | | | | | | | | | | | 960,434 | (9,754,534) |
| Capital expenditure - | | | | | | | | | | | | | | |
| Property, Plant & Equipment | | | | | | | | | | | | | (1,150,811) | (1,348,643) |
| Investment properties | | | | | | | | | | | | | (41) | - |
| Intangible assets | | | | | | | | | | | | | (460,053) | (415,088) |
| Net cash flow generated during the period | | | | | | | | | | | | | (2,428,554) | 9,326,450 |

Twenty largest ordinary voting shareholders as at December 31, 2020

| Name of the Shareholder | No. of Shares | % |
|--|----------------------|---------------|
| 01. DFCC Bank PLC A/C 1 | 132,119,619 | 12.02 |
| 02. Mr. Y. S. H. I. Silva | 97,441,255 | 8.87 |
| 03. Employees Provident Fund | 94,723,763 | 8.62 |
| 04. CB NY S/A International Finance Corporation | 78,208,480 | 7.12 |
| 05. Sri Lanka Insurance Corporation Ltd. - Life Fund | 61,403,691 | 5.59 |
| 06. Citibank New York S/A Norges Bank Account 2 | 45,759,984 | 4.16 |
| 07. Melstacorp PLC | 45,483,957 | 4.14 |
| 08. CB NY S/A IFC Emerging Asia Fund. LP | 40,319,015 | 3.67 |
| 09. CB NY S/A IFC Financial Institutions Growth Fund LP | 40,319,015 | 3.67 |
| 10. Sri Lanka Insurance Corporation Ltd. - General Fund | 38,906,463 | 3.54 |
| 11. Mr. D. P. Pieris | 21,003,054 | 1.91 |
| 12. Employees Trust Fund Board | 19,159,319 | 1.74 |
| 13. Mrs. L. E. M. Yaseen | 17,077,784 | 1.55 |
| 14. Renuka Hotels PLC | 9,893,069 | 0.90 |
| 15. Mr. M. J. Fernando | 9,882,761 | 0.90 |
| 16. BP2S London-Asia Dragon Trust PLC | 9,093,567 | 0.83 |
| 17. Renuka Consultants & Services Limited | 8,631,578 | 0.79 |
| 18. Hallsville Trading Group INC. | 7,564,706 | 0.69 |
| 19. BNYMSANV RE - LF Ruffer Investment Funds : LF Ruffer Pacific and Emerging Markets Fund | 7,219,310 | 0.66 |
| 20. Seylan Bank PLC / Andaradeniya Estate (PVT) LTD | 6,586,740 | 0.60 |
| Sub total | 790,797,130 | 71.96 |
| Other Shareholders | 308,137,807 | 28.04 |
| Total | 1,098,934,937 | 100.00 |

Percentage of public holding as at December 31, 2020 - 99.80% (99.76% as at December 31, 2019)

Number of shareholders representing public holding as at December 31, 2020 - 16,785 (12,234 as at December 31, 2019)

Twenty largest ordinary non-voting shareholders as at December 31, 2020

| Name of the Shareholder | No. of Shares | % |
|---|-------------------|---------------|
| 01. Employees Trust Fund Board | 5,287,676 | 7.78 |
| 02. Akbar Brothers (Pvt) Ltd. A/C No 1 | 3,117,457 | 4.59 |
| 03. Deutsche Bank AG as Trustee to Assetline Income Plus Growth Fund | 1,770,354 | 2.60 |
| 04. GF Capital Global Limited | 1,757,304 | 2.59 |
| 05. Mr. A. H. Munasinghe | 1,651,143 | 2.43 |
| 06. Mr. M. F. Hashim | 1,282,270 | 1.89 |
| 07. Serendip Investments Limited | 1,167,646 | 1.72 |
| 08. M. J. F. Exports (Pvt) Ltd | 1,162,757 | 1.71 |
| 09. Mrs. L. V. C. Samarasingha | 1,025,906 | 1.51 |
| 10. Saboor Chatoor (Pvt) Ltd | 947,600 | 1.39 |
| 11. Mr. E. Chatoor | 805,000 | 1.18 |
| 12. Mr. M. J. Fernando | 801,511 | 1.18 |
| 13. Mr. T. W. A. Wickramasinghe | 780,000 | 1.15 |
| 14. Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint) | 723,540 | 1.06 |
| 15. Mr. R. Gautam | 708,999 | 1.04 |
| 16. Mr. J. D. Bandaranayake , Dr. V. Bandaranayake & Ms. I. Bandaranayake (Joint) | 702,474 | 1.03 |
| 17. Mr. K. S. M. De Silva | 626,249 | 0.92 |
| 18. Mr. J. G. De Mel | 590,000 | 0.87 |
| 19. Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint) | 569,975 | 0.84 |
| 20. Mr. A. L. Gooneratne | 500,628 | 0.74 |
| Sub total | 25,978,489 | 38.22 |
| Other Shareholders | 41,992,212 | 61.78 |
| Total | 67,970,701 | 100.00 |

Percentage of public holding as at December 31, 2020 - 99.84% (86.62% as at December 31, 2019)

Number of shareholders representing public holding as at December 31, 2020 - 5,781 (4,663 as at December 31, 2019)

Directors' holding in shares as at December 31, 2020

| Name of Director | No. of Shares | |
|---|---------------|------------|
| | Voting | Non-voting |
| Justice K. Sripavan (Appointed as the Chairman with effect from December 21, 2020) | 14,000 | - |
| Prof. A. K. W. Jayawardane (Appointed as the Deputy Chairman with effect from December 29, 2020) | 12,792 | - |
| Mr. S. Renganathan - Managing Director/Chief Executive Officer | 362,010 | 12,457 |
| Mr. S. C. U. Manatunge - Chief Operating Officer | 71,410 | - |
| Mr. K. Dharmasiri | - | - |
| Mr. L. D. Niyangoda | - | - |
| Ms. N. T. M. S. Cooray | 342,465 | 52,875 |
| Mr. T. L. B. Hurulle | - | - |
| Ms. Judy Lee (Appointed as a Non-Executive/Independent Director with effect from August 13, 2020) | - | - |
| Mr. Raja Senanayake (Appointed as a Non-Executive/Independent Director with effect from September 16, 2020) | - | - |

| | 2020 Rs. | 2019 Rs. |
|---|---------------|---------------|
| Market price of an ordinary share as at December 31, | | |
| Voting | 80.90 | 95.00 |
| Non-Voting | 70.10 | 83.00 |
| Highest price during the quarter ended December 31, | | |
| Voting | 85.20 | 104.00 |
| Non-Voting | 74.00 | 89.90 |
| Lowest price during the quarter ended December 31, | | |
| Voting | 70.20 | 94.70 |
| Non-Voting | 61.00 | 82.50 |
| As at December 31, | 2020 | 2019 |
| | Rs.000 | Rs.000 |
| Float adjusted market capitalization - Compliant under Option 1 | 93,483,151 | 95,863,129 |
| Number of ordinary shares as at December 31, | 2020 | 2019 |
| Voting | 1,098,934,937 | 961,252,317 |
| Non-Voting | 67,970,701 | 66,254,269 |

- 1 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, 2019, other than those disclosed under items 4 to 6.
- 2 These Interim Financial Statements 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 Amendments to the Income Tax Law Announced by the Government

As per notice dated April 08, 2020, issued by the Inland Revenue Department on "Implementation of Proposed Changes to the Inland Revenue Act No. 24 of 2017", effective from January 01, 2020, Corporate Income Tax rate was revised from 28% to 24%.

- However, the Bank did not consider the above revisions in computing the income tax liabilities, pending legal enactment and formal amendments to the Inland Revenue Act.

If the above proposal was considered, the impact to the Income Statement for the year ended December 31, 2020 would be an Income Tax reversal of Rs. 306.956 Mn. (a reversal of Rs. 1,063.834 Mn from Income Tax payable and a Deferred Tax expense of Rs.756.878 Mn).

Further, the impact to the Statement of Profit or Loss and Other Comprehensive Income would have been a Deferred tax reversal of Rs. 445.812 Mn.

- Exemption announced as per the aforementioned Notice on interest income from Sri Lanka Development Bonds, effective from April 01, 2018 was availed by the Bank. However, other exemptions eligible to be claimed effective from January 01, 2020, were not considered in computing the income tax liability as at December 31, 2020, pending legal enactment and formal amendments to the Inland Revenue Act.

4 Impact due to the COVID-19

The outbreak of COVID-19 has caused disruption to business and economic activities, and uncertainty to 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 reliefs for the affected businesses and individuals in line with the directions issued by the CBSL. These relief measures include deferment of repayment terms of credit facilities, offering concessionary rates of interest to eligible borrowers and waiving off certain fees and charges.

The impact of the COVID-19 on the loans and advances portfolio of the Bank has been assessed and adjusted in these Interim Financial Statements based on the available information, understanding and assumptions made as at the reporting date in line with the guidelines issued by the CBSL and the CA Sri Lanka. However, the actual losses may differ depending on how borrowers avail the moratorium.

5 Impairment Provision

Given the high degree of uncertainty and unprecedented circumstances in the short-term economic outlook and various relief programs launched by the Bank, ECL models could not automatically capture the significant increase in credit risk of the loans and advances portfolio of the Group. Accordingly, significant amount of additional ECL provision was made by using expert credit judgements (management overlays) along with the modelled ECL provision to ensure the overall ECL provisions are adequate to cover unseen risk factors in the highly uncertain and highly volatile environment.

6 Private Placement of Shares

The Bank issued and allotted 115,197,186 ordinary voting shares of the Bank by way of private placement to the International Finance Corporation, IFC Financial Institutions Growth Fund LP and IFC Emerging Asia Fund LP together being the IFC parties at a price of Rs. 80/- per share for a total consideration of Rs. 9.125 Bn.

The proceeds of the issue of the private placement of shares was utilized to raise the Tier 1 capital of the Bank to support envisaged business growth of the Bank in the future.

- 7 The Bank acquired further 20% stake (120,000 shares) in Commercial Insurance Brokers (Private) Limited (CIBL) for a purchase consideration of Rupees One Hundred and Twenty Five Million (Rs. 125,000,000/-) from its own subsidiary, Commercial Development Co. PLC on December 30, 2020.

Accordingly, the Bank's direct stake in CIBL increased to 60% from 40%. Prior to the above acquisition, the Bank had an effective holding of 58.40% (40% direct and 18.40% indirect) in CIBL.

- 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 December 31, 2020, that require disclosure in these Interim Financial Statements other than those disclosed above.

INFORMATION ON DEBENTURES - BANK

21

| | | | | | | |
|---|---------------|---------------|--------------|--------------|---------------|---------------|
| Type of Issue | Public | Public | Public | Public | Public | Public |
| Debenture Type | Type "A" | Type "B" | Type "A" | Type "B" | Type "A" | Type "B" |
| CSE Listing | Listed | Listed | Listed | Listed | Listed | Listed |
| Issue Date | March 9, 2016 | March 9, 2016 | Oct 28, 2016 | Oct 28, 2016 | Jul 23, 2018 | Jul 23, 2018 |
| Maturity Date | March 8, 2021 | March 8, 2026 | Oct 27, 2021 | Oct 27, 2026 | July 22, 2023 | July 22, 2028 |
| Interest Payable Frequency (Fixed Interest Rate) | Bi-Annually | Bi-Annually | Bi-Annually | Bi-Annually | Bi-Annually | Bi-Annually |
| Offered Interest Rate | 10.75% p.a. | 11.25% p.a. | 12.00% p.a. | 12.25% p.a. | 12.00% p.a. | 12.50% p.a. |
| Amount (Rs.'000) | 4,430,340 | 1,749,090 | 5,071,800 | 1,928,200 | 8,393,840 | 1,606,160 |

Market Values

| | | | | | | |
|--------------------|------------|---------|---------------------------------|---------------------------------|---------------------------------|-----------|
| - Highest (Rs.) | 100.49 | 100.00 | Not traded during the period | Not traded during the period | Not traded during the period | 100.00 |
| - Lowest (Rs.) | 100.00 | 95.00 | | | | 100.00 |
| - Period end (Rs.) | *** 100.49 | * 95.00 | | | | ** 100.00 |

Interest Rates

| | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| - Coupon Rate (%) | 10.75 | 11.25 | 12.00 | 12.25 | 12.00 | 12.50 |
| - Effective Annual Yield (%) | 11.04 | 11.57 | 12.36 | 12.63 | 12.36 | 12.89 |
| - Interest Rate of comparable Government Security (%) | 4.70 | 6.75 | 5.00 | 6.80 | 5.95 | 7.15 |

Other Ratios as at date of last trade

| | | | | | | |
|-------------------------|------|-------|---------|---------|---------|-------|
| - Interest Yield (%) | 9.80 | 12.43 | - N/A - | - N/A - | - N/A - | 12.49 |
| - Yield to Maturity (%) | 9.86 | 12.37 | - N/A - | - N/A - | - N/A - | 12.50 |

* Last traded date - January 21, 2020.

** Last traded date - June 10, 2020.

*** Last traded date - August 13, 2020.

ANALYSIS OF LOANS AND ADVANCES TO OTHER CUSTOMERS AND IMPAIRMENT

22

| As at | Group | | Bank | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Gross loans and advances to other customers | 961,859,118 | 930,737,391 | 947,841,905 | 920,457,235 |
| Less: Accumulated impairment under stage 1 | 6,567,755 | 2,702,070 | 6,470,880 | 2,613,480 |
| : Accumulated impairment under stage 2 | 12,396,301 | 8,494,001 | 12,244,433 | 8,318,831 |
| : Accumulated impairment under stage 3 | 33,065,890 | 25,622,009 | 32,281,139 | 24,879,180 |
| Net value of loans and advances to other customers | 909,829,172 | 893,919,311 | 896,845,453 | 884,645,744 |
| Gross loans and advances to other customers | | | | |
| By product - Domestic Currency | | | | |
| Overdrafts | 87,742,248 | 119,085,803 | 88,194,066 | 119,190,591 |
| Trade finance | 56,633,628 | 49,353,315 | 56,633,628 | 49,353,316 |
| Lease rental receivable | 36,186,103 | 35,228,945 | 34,764,688 | 33,250,399 |
| Credit cards | 14,846,642 | 14,826,447 | 14,846,642 | 14,826,447 |
| Pawning | 4,615,697 | 2,973,662 | 4,615,697 | 2,973,662 |
| Staff loans | 11,757,733 | 10,445,210 | 11,742,732 | 10,429,734 |
| Housing loans | 61,116,362 | 57,546,164 | 61,116,362 | 57,546,164 |
| Personal loans | 50,172,807 | 38,857,645 | 50,110,145 | 38,799,381 |
| Term loans | 390,822,253 | 365,491,282 | 384,560,557 | 362,799,866 |
| Bills of Exchange | 533,753 | 579,198 | 533,753 | 579,198 |
| Sub total | 714,427,226 | 694,387,671 | 707,118,270 | 689,748,758 |
| By product - Foreign Currency | | | | |
| Overdrafts | 16,694,220 | 18,558,014 | 14,763,901 | 16,527,204 |
| Trade finance | 23,946,806 | 22,840,984 | 23,429,704 | 22,376,296 |
| Lease rental receivable | 1,050,947 | 918,884 | 1,050,947 | 918,884 |
| Credit cards | 148,219 | 149,455 | 148,219 | 149,455 |
| Staff loans | 183,312 | 178,989 | 176,994 | 172,906 |
| Housing loans | 6,031,465 | 6,022,930 | 6,031,465 | 6,022,930 |
| Personal loans | 972,614 | 884,403 | 522,233 | 596,362 |
| Term loans | 162,993,885 | 155,897,536 | 159,189,748 | 153,045,915 |
| Bills of Exchange | 35,410,424 | 30,898,525 | 35,410,424 | 30,898,525 |
| Sub total | 247,431,892 | 236,349,720 | 240,723,635 | 230,708,477 |
| Gross loans and advances to other customers | 961,859,118 | 930,737,391 | 947,841,905 | 920,457,235 |

| | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Movement of impairment during the period | | | | |
| Under Stage 1 | | | | |
| Balance as at January 1, | 2,702,070 | 2,814,943 | 2,613,480 | 2,659,185 |
| Charge/(write back) to the Income Statement | 3,863,356 | (108,915) | 3,856,007 | (41,669) |
| Net write-off during the period | (166) | (2,396) | (166) | (2,396) |
| Exchange rate variance on foreign currency provisions | 2,495 | (1,562) | 1,559 | (1,640) |
| Balance as at December 31, | 6,567,755 | 2,702,070 | 6,470,880 | 2,613,480 |
| Under Stage 2 | | | | |
| Balance as at January 1, | 8,494,001 | 5,984,306 | 8,318,831 | 5,873,226 |
| Charge/(write back) to the Income Statement | 3,901,554 | 2,511,088 | 3,925,463 | 2,447,313 |
| Net write-off during the period | (982) | (1,150) | (906) | (1,118) |
| Exchange rate variance on foreign currency provisions | 1,728 | (243) | 1,045 | (590) |
| Balance as at December 31, | 12,396,301 | 8,494,001 | 12,244,433 | 8,318,831 |
| Under Stage 3 | | | | |
| Balance as at January 1, | 25,622,009 | 21,544,571 | 24,879,180 | 20,596,642 |
| Charge/(write back) to the Income Statement | 10,359,763 | 7,907,684 | 10,083,744 | 7,637,999 |
| Net write-off during the period | (365,444) | (2,596,520) | (110,886) | (2,121,615) |
| Exchange rate variance on foreign currency provisions | 39,600 | 6,035 | 39,274 | 5,915 |
| Interest accrued / (reversals) on impaired loans and advances | (2,895,955) | (1,258,339) | (2,850,806) | (1,258,339) |
| Other movements | 305,917 | 18,578 | 240,633 | 18,578 |
| Balance as at December 31, | 33,065,890 | 25,622,009 | 32,281,139 | 24,879,180 |
| Total Impairment | | | | |
| Balance as at January 1, | 36,818,080 | 30,343,820 | 35,811,491 | 29,129,053 |
| Charge/(write back) to the Income Statement | 18,124,673 | 10,309,857 | 17,865,214 | 10,043,643 |
| Net write-off during the period | (366,592) | (2,600,066) | (111,958) | (2,125,129) |
| Exchange rate variance on foreign currency provisions | 43,823 | 4,230 | 41,878 | 3,685 |
| Interest accrued / (reversals) on impaired loans and advances | (2,895,955) | (1,258,339) | (2,850,806) | (1,258,339) |
| Other movements | 305,917 | 18,578 | 240,633 | 18,578 |
| Balance as at December 31, | 52,029,946 | 36,818,080 | 50,996,452 | 35,811,491 |

ANALYSIS OF COMMITMENT AND CONTINGENCIES AND IMPAIRMENT

24

| As at | Group | | Bank | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 | 31.12.2020 Rs.'000 | 31.12.2019 Rs.'000 |
| Gross contingent liabilities and commitments | 730,561,685 | 580,961,807 | 728,711,698 | 579,999,273 |
| Impairment on contingent liabilities and commitments | | | | |
| Accumulated impairment under stage 1 | 1,536,100 | 768,100 | 1,532,691 | 764,857 |
| Accumulated impairment under stage 2 | 244,482 | 187,237 | 244,482 | 187,237 |
| Accumulated impairment under stage 3 | 339,676 | 364,743 | 339,676 | 364,743 |
| Total Impairment | 2,120,258 | 1,320,080 | 2,116,849 | 1,316,837 |
| Gross contingent liabilities and commitments | | | | |
| By product - Domestic currency | | | | |
| Contingencies | 62,196,672 | 53,819,582 | 62,196,672 | 53,819,582 |
| Guarantees | 43,136,686 | 35,965,149 | 43,136,686 | 35,965,149 |
| Bonds | 15,928,299 | 14,982,010 | 15,928,299 | 14,982,010 |
| Documentary Credits | 1,735,026 | 1,450,184 | 1,735,026 | 1,450,184 |
| Acceptances | 461,784 | 505,130 | 461,784 | 505,130 |
| Bills for collection | 934,877 | 917,109 | 934,877 | 917,109 |
| Commitments | 107,301,147 | 84,367,895 | 107,301,147 | 84,367,895 |
| Undrawn commitments | 106,282,360 | 84,039,827 | 106,282,360 | 84,039,827 |
| Capital commitments | 1,018,787 | 328,068 | 1,018,787 | 328,068 |
| Sub Total | 169,497,819 | 138,187,477 | 169,497,819 | 138,187,477 |
| By product - Foreign Currency | | | | |
| Contingencies | 536,913,400 | 417,116,282 | 535,924,812 | 416,805,102 |
| Guarantees | 22,660,078 | 22,654,559 | 22,445,085 | 22,498,571 |
| Bonds | 22,119,480 | 23,722,626 | 22,028,860 | 23,624,877 |
| Documentary Credits | 73,763,620 | 50,911,486 | 73,140,481 | 50,867,623 |
| Forward exchange/Currency Swaps/Currency options | 307,412,792 | 246,399,958 | 307,412,792 | 246,399,958 |
| Acceptances | 63,909,527 | 43,513,040 | 63,907,728 | 43,502,686 |
| Bills for collection | 45,454,558 | 28,355,879 | 45,396,521 | 28,352,653 |
| Bullion on consignment | 14,545 | 11,344 | 14,545 | 11,344 |
| Other Contingencies | 1,578,800 | 1,547,390 | 1,578,800 | 1,547,390 |
| Commitments | 24,150,466 | 25,658,048 | 23,289,067 | 25,006,694 |
| Undrawn commitments | 24,135,827 | 25,636,281 | 23,289,067 | 25,006,694 |
| Capital commitments | 14,639 | 21,767 | - | - |
| Sub Total | 561,063,866 | 442,774,330 | 559,213,879 | 441,811,796 |
| Total | 730,561,685 | 580,961,807 | 728,711,698 | 579,999,273 |

ANALYSIS OF COMMITMENT AND CONTINGENCIES AND IMPAIRMENT

25

| | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Movement of impairment during the period | | | | |
| Under Stage 1 | | | | |
| Balance as at January 1, | 768,100 | 528,932 | 764,857 | 528,932 |
| Charge/(write back) to the Income Statement | 767,211 | 239,399 | 767,138 | 236,209 |
| Exchange rate variance on foreign currency provisions | 789 | (231) | 696 | (284) |
| Balance as at December 31, | 1,536,100 | 768,100 | 1,532,691 | 764,857 |
| Under Stage 2 | | | | |
| Balance as at January 1, | 187,237 | 89,177 | 187,237 | 89,177 |
| Charge/(write back) to the Income Statement | 57,245 | 98,060 | 57,245 | 98,060 |
| Balance as at December 31, | 244,482 | 187,237 | 244,482 | 187,237 |
| Under Stage 3 | | | | |
| Balance as at January 1, | 364,743 | 108,531 | 364,743 | 108,531 |
| Charge/(write back) to the Income Statement | (25,067) | 256,212 | (25,067) | 256,212 |
| Balance as at December 31, | 339,676 | 364,743 | 339,676 | 364,743 |
| Total Impairment | | | | |
| Balance as at January 1, | 1,320,080 | 726,640 | 1,316,837 | 726,640 |
| Charge/(write back) to the Income Statement | 799,389 | 593,671 | 799,316 | 590,481 |
| Exchange rate variance on foreign currency provisions | 789 | (231) | 696 | (284) |
| Balance as at December 31, | 2,120,258 | 1,320,080 | 2,116,849 | 1,316,837 |

ANALYSIS OF DEPOSITS

| | Group | | Bank | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| As at | | | | |
| By product - Domestic Currency | | | | |
| Current account deposits | 61,440,763 | 43,981,795 | 61,257,980 | 44,009,507 |
| Savings deposits | 345,520,769 | 248,903,630 | 345,972,947 | 249,181,306 |
| Time deposits | 560,306,283 | 507,284,805 | 557,499,145 | 507,443,380 |
| Certificates of deposit | 29,289 | 54,047 | 29,288 | 54,047 |
| Sub Total | 967,297,104 | 800,224,277 | 964,759,360 | 800,688,240 |
| By product - Foreign Currency | | | | |
| Current account deposits | 47,108,754 | 31,851,740 | 39,808,968 | 23,694,078 |
| Savings deposits | 97,540,150 | 77,548,427 | 93,773,096 | 73,941,830 |
| Time deposits | 174,670,391 | 159,358,143 | 167,624,494 | 154,983,512 |
| Sub Total | 319,319,295 | 268,758,310 | 301,206,558 | 252,619,420 |
| Total | 1,286,616,399 | 1,068,982,587 | 1,265,965,918 | 1,053,307,660 |

GENERAL**NAME OF COMPANY**

Commercial Bank of Ceylon PLC

COMPANY REGISTRATION NUMBER

PQ116

LEGAL FORM

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

ACCOUNTING YEAR END

December 31

TAX PAYER IDENTIFICATION NUMBER (TIN)

124006007

REGISTERED OFFICE

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

HEAD OFFICE

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

STOCK EXCHANGE LISTING

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

COMPLIANCE OFFICER

Ms. A. V. P. K. T. Amarasinghe
Assistant General Manager - Compliance

CREDIT RATINGS**Sri Lanka Operation**

AA+(lka) was revised downward to AA-(lka) by Fitch Ratings Lanka Ltd. in January 2021 whilst outlook being revised to stable from negative.

Bangladesh Operation

AAA was re-affirmed by Credit Rating Information & Services Limited in June 2020.

PROFESSIONAL EXPERTISE**LAWYERS**

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

AUDITORS

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

REGISTRARS

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

SUBSIDIARIES AND ASSOCIATES**LOCAL SUBSIDIARIES**

Commercial Development Company PLC
CBC Tech Solutions Limited
CBC Finance Limited (formerly known as Serendib 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

Justice K. Sripavan
(Appointed as the Chairman with effect from December 21, 2020)
Prof. A. K. W. Jayawardane
(Appointed as the Deputy Chairman with effect from December 29, 2020)
Mr. S. Renganathan - Managing Director/Chief Executive Officer
Mr. S. C. U. Manatunge - Chief Operating Officer
Mr. K. Dharmasiri
Mr. L. D. Niyangoda
Ms. N. T. M. S. Cooray
Mr. T. L. B. Hurulle
Ms. Judy Lee
(Appointed as a Non-Executive/Independent Director with effect from August 13, 2020)
Mr. Raja Senanayake
(Appointed as a Non-Executive/Independent Director with effect from September 16, 2020)
Mr. M. M. S. Mohamed
(Appointed as a Non-Executive/Independent Director with effect from February 15, 2021)

COMPANY SECRETARY

Mr. R. A. P. Rajapaksha