

**INTERIM FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

# Financial review for the year ended December 31, 2021

## Mission focus helps ComBank Group end tough 2021 with solid growth

- Net interest income up 30.56% to Rs 66.416 billion
- Bank's CASA ratio strengthens further to 47.83%, an industry benchmark
- Bank's Cost to Income Ratio (excluding VAT on Financial Services) improves to 31.61% from 33.95% at end 2020 and 38.51% at end 2019
- Total taxes increased to Rs 14.512 billion
- Impairment charges increased by 17.37% to Rs 25.140 billion

The Commercial Bank Group has ended 2021 with gross income of Rs 163.675 billion, an improvement of 7.70%, with interest income accounting for more than 80% of the top line in a year of mixed fortunes.

The Group, comprising the Commercial Bank of Ceylon PLC – Sri Lanka's largest private sector bank – its subsidiaries and the associate, reported interest income of Rs 132.818 billion for the year ended 31<sup>st</sup> December 2021, reflecting a growth of 7.04%. With interest expenses for the year reducing by 9.31% to Rs 66.402 billion, the Group achieved net interest income of Rs 66.416 billion, an increase of 30.56%.

The final quarter of the year saw interest income growing by 17.84% to Rs 36.592 billion and accounting for more than 83% of the Group's three-month gross income of Rs 43.625 billion, which was up 13.76% over the fourth quarter of 2020. This was despite interest expenses increasing by 4.30% to Rs 17.709 billion in the final quarter due to an increase in interest rates.

Total operating income for the year under review grew by 21.98% to Rs 93.598 billion, and the Group's impairment charges and other losses increased by 17.37% to Rs 25.140 billion.

Net operating income for the full year improved by a healthy 23.77% to Rs 68.458 billion, but grew by a comparatively lower rate of 7.89% to Rs 17.504 billion due to the higher impairment charges provided in the fourth quarter, the Bank said. Total operating expenses increased by 12.93% to Rs 29.658 billion consequent to an increase in personnel expenses following the signing of a Collective Agreement effective January 2021, while general cost increases resulted in other operating expenses for the year growing by 18.01% to Rs 9.638 billion.

Operating profit before VAT on Financial Services grew by a noteworthy 33.58% to Rs 38.801 billion and the Group's VAT on Financial Services for the year increased by 28.99% to Rs 5.845 billion, while profit before income tax for the year improved by 34.41% to Rs 32.957 billion. With income tax charges increasing at a relatively lower rate of 16.60% to Rs 8.667 billion due to the reduction in the income tax rate, the Group posted a profit after tax of Rs 24.290 billion for the year, achieving a growth of 42.16% before providing for the proposed Surcharge Tax, which had not been enacted in Parliament at the time of reporting. It has therefore not been provided for in the year reviewed.

Taken separately, Commercial Bank of Ceylon PLC reported a profit before tax of Rs 32.001 billion for the year under review, achieving a robust growth of 36.11% and profit after tax of Rs 23.606 billion, recording an improvement of 44.17%.

Total assets of the Group grew by Rs 221 billion or 12.54% over the year to reach Rs 1.983 trillion as at 31<sup>st</sup> December 2021.

Gross loans and advances of the Group increased by Rs 133 billion or 13.83% to Rs 1.095 trillion, recording a monthly average growth of Rs 11 billion over the 12 months.

Total deposits of the Group recorded an improvement of Rs 186 billion or 14.46% in the 12 months reviewed at a monthly average of Rs 15.5 billion to reach Rs 1.473 trillion as at 31<sup>st</sup> December 2021.

A noteworthy achievement of the year under review was the continuing improvement of the Bank's CASA ratio, an industry benchmark. For the year ended 31<sup>st</sup> December 2021, the Bank's CASA ratio stood at 47.83% improving from 42.72% at the end of 2020.

Elaborating on some of the highlights of the income performance for the year under review, the Bank said that net fee and commission income of the Group improved by a steady 24.64% to Rs 12.242 billion, while net other operating income grew by 28.72% to Rs 10.002 billion, helped by exchange gains of Rs 1.4 billion. The Group posted a net gain of Rs 1.936 billion from trading and a net gain of Rs 3.002 billion from de-recognition of financial assets, the latter figure reflecting a decline due to a reduction in gains from the sale of Treasury Bonds and Sovereign Bonds.

In other key indicators, the Bank's basic earnings per share improved by 33.49% from Rs 14.81 to Rs 19.77, while its net assets value per share increased to Rs 138.08 from Rs 134.67 as at end 2020.

The Bank's Cost to Income Ratio before VAT on Financial Services improved to 31.61% at the end of the year under review from 33.95% at the end of 2020 and 38.51% at the end of 2019. The Cost to Income Ratio inclusive of VAT on Financial Services improved to 37.97% from 39.96% at end 2020 and 49.41% at the end of 2019.

The Bank's Tier 1 Capital Adequacy Ratio (CAR) stood at 11.923% as at 31<sup>st</sup> December 2021, and its Total Capital Ratio stood at 15.650%, compared to the revised minimum requirements of 9% and 13% respectively imposed by the regulator consequent to the COVID-19 pandemic.

The Bank's gross non-performing loans (NPL) ratio improved to 4.62% from 5.11% at end 2020, while its net NPL ratio improved to 1.44% from 2.18% as at 31<sup>st</sup> December 2020.

The Bank's interest margin improved to 3.51% from 3.17% for the year 2020. Similarly, the Return On Assets (before taxes) and Return On Equity too improved to 1.74% and 14.66% respectively for the year ended 31<sup>st</sup> December 2021 compared to 1.51% and 11.28% a year ago.

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

## INCOME STATEMENT - GROUP

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	For the year ended			For the quarter ended		
	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %
<b>Gross income</b>	<b>163,675,312</b>	<b>151,966,413</b>	<b>7.70</b>	<b>43,625,180</b>	<b>38,347,287</b>	<b>13.76</b>
Interest income	132,818,178	124,087,713	7.04	36,591,673	31,052,397	17.84
Less : Interest expense	66,401,846	73,218,911	(9.31)	17,708,621	16,979,357	4.30
<b>Net interest income</b>	<b>66,416,332</b>	<b>50,868,802</b>	<b>30.56</b>	<b>18,883,052</b>	<b>14,073,040</b>	<b>34.18</b>
Fee and commission income	15,917,337	11,839,689	34.44	4,915,199	3,517,993	39.72
Less: Fee and commission expense	3,675,143	2,018,014	82.12	1,269,724	456,071	178.40
<b>Net fee and commission income</b>	<b>12,242,194</b>	<b>9,821,675</b>	<b>24.64</b>	<b>3,645,475</b>	<b>3,061,922</b>	<b>19.06</b>
Net gains/(losses) from trading	1,936,007	1,878,060	3.09	(101,050)	1,129,001	(108.95)
Net gains/(losses) from derecognition of financial assets	3,001,574	6,390,197	(53.03)	25,076	1,731,852	(98.55)
Net other operating income	10,002,216	7,770,754	28.72	2,194,282	916,044	139.54
<b>Total operating income</b>	<b>93,598,323</b>	<b>76,729,488</b>	<b>21.98</b>	<b>24,646,835</b>	<b>20,911,859</b>	<b>17.86</b>
Less : Impairment charges and other losses	25,139,926	21,419,532	17.37	7,142,508	4,686,932	52.39
<b>Net operating income</b>	<b>68,458,397</b>	<b>55,309,956</b>	<b>23.77</b>	<b>17,504,327</b>	<b>16,224,927</b>	<b>7.89</b>
<b>Less: Expenses</b>	<b>29,657,739</b>	<b>26,262,613</b>	<b>12.93</b>	<b>8,378,026</b>	<b>6,630,066</b>	<b>26.36</b>
Personnel expenses	16,799,212	14,992,748	12.05	4,639,350	3,685,828	25.87
Depreciation and amortisation	3,220,066	3,102,695	3.78	798,333	777,234	2.71
Other operating expenses	9,638,461	8,167,170	18.01	2,940,343	2,167,004	35.69
<b>Operating profit before Value Added Tax on financial services</b>	<b>38,800,658</b>	<b>29,047,343</b>	<b>33.58</b>	<b>9,126,301</b>	<b>9,594,861</b>	<b>(4.88)</b>
Less: Value Added Tax on financial services	5,845,230	4,531,381	28.99	1,237,602	1,470,894	(15.86)
<b>Operating profit after Value Added Tax on financial services</b>	<b>32,955,428</b>	<b>24,515,962</b>	<b>34.42</b>	<b>7,888,699</b>	<b>8,123,967</b>	<b>(2.90)</b>
Share of profit/(loss) of associate, net of tax	1,896	3,898	(51.36)	1,813	1,970	(7.97)
<b>Profit before income tax</b>	<b>32,957,324</b>	<b>24,519,860</b>	<b>34.41</b>	<b>7,890,512</b>	<b>8,125,937</b>	<b>(2.90)</b>
Less : Income tax expense	8,667,036	7,433,063	16.60	2,617,567	2,214,421	18.21
<b>Profit for the period</b>	<b>24,290,288</b>	<b>17,086,797</b>	<b>42.16</b>	<b>5,272,945</b>	<b>5,911,516</b>	<b>(10.80)</b>
<b>Profit attributable to:</b>						
Equity holders of the Bank	24,062,469	16,939,950	42.05	5,217,687	5,873,127	(11.16)
Non-controlling interest	227,819	146,847	55.14	55,258	38,389	43.94
<b>Profit for the period</b>	<b>24,290,288</b>	<b>17,086,797</b>	<b>42.16</b>	<b>5,272,945</b>	<b>5,911,516</b>	<b>(10.80)</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	20.15	15.32	31.53	4.37	5.31	(17.70)
Diluted earnings per ordinary share (Rs.)	20.15	15.32	31.53	4.37	5.31	(17.70)

	For the year ended			For the quarter ended		
	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %
<b>Profit for the Period</b>	<b>24,290,288</b>	<b>17,086,797</b>	<b>42.16</b>	<b>5,272,945</b>	<b>5,911,516</b>	<b>(10.80)</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net actuarial gains/(losses) on defined benefit plans	10,944	(228,745)	104.78	39,914	(228,745)	117.45
Gains/(losses) on remeasurement of defined benefit liability/asset	33,309	(295,594)	111.27	34,147	(295,594)	111.55
Less : Deferred tax on actuarial gains/(losses) - includes the effect of tax rate change in 2020 but adjusted in 2021	(22,365)	66,849	(133.46)	5,767	66,849	(91.37)
Net change in revaluation surplus	589,166	2,674,142	(77.97)	919	2,674,142	(99.97)
Changes in revaluation surplus/(deficit)	-	3,684,535	(100.00)	-	3,684,535	(100.00)
Less : Deferred tax on revaluation surplus - includes the effect of tax rate change in 2020 but adjusted in 2021	589,166	(1,010,393)	158.31	919	(1,010,393)	100.09
Net change in fair value of investments in equity	156,573	72,255	116.70	157,257	59,749	163.20
Change in fair value of investments in equity at fair value through other comprehensive income	156,573	72,255	116.70	157,257	59,749	163.20
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	(100.00)	-	-	-
Gain on disposal of investments in equity instruments	-	1,719	(100.00)	-	1,719	(100.00)
Share of other comprehensive income/(expense) of associate, net of tax	(1,512)	3,436	(144.00)	(371)	(177)	(109.60)
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	1,278,891	596,723	114.32	(90,674)	228,710	(139.65)
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	(12,598,258)	(1,400,936)	(799.27)	(3,837,002)	(2,757,482)	(39.15)
Fair value gains/(losses) that arose during the period, net of tax	(12,917,795)	1,537,097	(940.40)	(5,875,379)	(2,328,818)	(152.29)
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(2,281,196)	(4,026,616)	43.35	(19,057)	(821,096)	97.68
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	2,600,733	1,088,583	138.91	2,057,434	392,432	424.28
Cash flow hedges - effective portion of changes in fair value, net of tax	46,169	(64,139)	171.98	32,946	10,892	202.48
<b>Other comprehensive income/(expense) for the period, net of taxes</b>	<b>(10,518,027)</b>	<b>1,660,081</b>	<b>(733.59)</b>	<b>(3,697,011)</b>	<b>(11,192)</b>	<b>(32,932.62)</b>
<b>Total comprehensive income for the period</b>	<b>13,772,261</b>	<b>18,746,878</b>	<b>(26.54)</b>	<b>1,575,934</b>	<b>5,900,324</b>	<b>(73.29)</b>
<b>Attributable to:</b>						
Equity holders of the Bank	13,435,179	18,553,575	(27.59)	1,518,253	5,840,975	(74.01)
Non-controlling interest	337,082	193,303	74.38	57,681	59,349	(2.81)
<b>Total comprehensive income for the period</b>	<b>13,772,261</b>	<b>18,746,878</b>	<b>(26.54)</b>	<b>1,575,934</b>	<b>5,900,324</b>	<b>(73.29)</b>

## INCOME STATEMENT - BANK

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	For the year ended			For the quarter ended		
	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %
<b>Gross income</b>	<b>160,885,882</b>	<b>149,711,481</b>	<b>7.46</b>	<b>42,921,556</b>	<b>37,686,892</b>	<b>13.89</b>
Interest income	130,443,030	122,330,386	6.63	35,978,803	30,543,800	17.79
Less : Interest expense	65,832,418	72,759,045	(9.52)	17,581,190	16,862,308	4.26
<b>Net interest income</b>	<b>64,610,612</b>	<b>49,571,341</b>	<b>30.34</b>	<b>18,397,613</b>	<b>13,681,492</b>	<b>34.47</b>
Fee and commission income	15,410,402	11,268,543	36.76	4,755,171	3,357,377	41.63
Less: Fee and commission expense	3,658,939	2,012,138	81.84	1,265,573	462,054	173.90
<b>Net fee and commission income</b>	<b>11,751,463</b>	<b>9,256,405</b>	<b>26.95</b>	<b>3,489,598</b>	<b>2,895,323</b>	<b>20.53</b>
Net gains/(losses) from trading	1,936,007	1,878,086	3.08	(101,050)	1,129,027	(108.95)
Net gains/(losses) from derecognition of financial assets	3,001,574	6,390,197	(53.03)	25,076	1,731,852	(98.55)
Net other operating income	10,094,869	7,844,269	28.69	2,263,556	924,836	144.75
<b>Total operating income</b>	<b>91,394,525</b>	<b>74,940,298</b>	<b>21.96</b>	<b>24,074,793</b>	<b>20,362,530</b>	<b>18.23</b>
Less :Impairment charges for loans and other losses	24,692,343	21,483,698	14.94	7,072,801	4,601,958	53.69
<b>Net operating income</b>	<b>66,702,182</b>	<b>53,456,600</b>	<b>24.78</b>	<b>17,001,992</b>	<b>15,760,572</b>	<b>7.88</b>
<b>Less: Expenses</b>	<b>28,891,755</b>	<b>25,439,966</b>	<b>13.57</b>	<b>8,206,015</b>	<b>6,356,643</b>	<b>29.09</b>
Personnel expenses	16,321,317	14,563,999	12.07	4,525,895	3,573,815	26.64
Depreciation and amortisation	3,178,628	2,989,031	6.34	763,581	753,944	1.28
Other expenses	9,391,810	7,886,936	19.08	2,916,539	2,028,884	43.75
<b>Operating profit before Value Added Tax on financial services</b>	<b>37,810,427</b>	<b>28,016,634</b>	<b>34.96</b>	<b>8,795,977</b>	<b>9,403,929</b>	<b>(6.46)</b>
Less: Value Added Tax on financial services	5,809,224	4,505,322	28.94	1,219,378	1,458,787	(16.41)
<b>Profit before income tax</b>	<b>32,001,203</b>	<b>23,511,312</b>	<b>36.11</b>	<b>7,576,599</b>	<b>7,945,142</b>	<b>(4.64)</b>
Less : Income tax expense	8,395,152	7,137,823	17.62	2,576,156	2,166,250	18.92
<b>Profit for the period</b>	<b>23,606,051</b>	<b>16,373,489</b>	<b>44.17</b>	<b>5,000,443</b>	<b>5,778,892</b>	<b>(13.47)</b>
<b>Earnings per share (EPS)</b>						
Basic earnings per ordinary share (Rs.)	19.77	14.81	33.49	4.19	5.23	(19.89)
Diluted earnings per ordinary share (Rs.)	19.77	14.81	33.49	4.19	5.23	(19.89)

	For the year ended			For the quarter ended		
	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %	31.12.2021 Rs.'000	31.12.2020 Rs.'000	Change %
<b>Profit for the period</b>	<b>23,606,051</b>	<b>16,373,489</b>	<b>44.17</b>	<b>5,000,443</b>	<b>5,778,892</b>	<b>(13.47)</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Net actuarial gains/(losses) on defined benefit plans	6,051	(223,039)	102.71	34,955	(223,039)	115.67
Gains/(losses) on remeasurement of defined benefit liability/asset	26,549	(287,668)	109.23	26,549	(287,668)	109.23
Less : Deferred tax on actuarial gains/(losses) - includes the effect of tax rate change in 2020 but adjusted in 2021	(20,498)	64,629	(131.72)	8,406	64,629	(86.99)
Net change in revaluation surplus	532,740	2,574,858	(79.31)	-	2,574,858	(100.00)
Changes in revaluation surplus/(deficit)	-	3,585,430	(100.00)	-	3,585,430	(100.00)
Less : Deferred tax on revaluation surplus - includes the effect of tax rate change in 2020 but adjusted in 2021	532,740	(1,010,572)	152.72	-	(1,010,572)	100.00
Net change in fair value of investments in equity	156,573	72,255	116.70	157,257	59,749	163.20
Change in fair value of investments in equity at fair value through other comprehensive income	156,573	72,255	116.70	157,257	59,749	163.20
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	(100.00)	-	-	-
Realised gains/(losses) from disposal of investments in equity	-	1,719	(100.00)	-	1,719	(100.00)
<b>Items that are or may be reclassified to profit or loss</b>						
Net gains/(losses) arising from translating the Financial Statements of foreign operations	1,152,856	439,883	162.08	(119,450)	197,667	(160.43)
Net gains/(losses) on investment in financial assets at fair value through other comprehensive income	(12,599,079)	(1,400,991)	(799.30)	(3,836,921)	(2,755,040)	(39.27)
Fair value gains/(losses) that arose during the period, net of tax	(12,918,616)	1,537,042	(940.49)	(5,875,298)	(2,326,376)	(152.55)
Fair value (gains)/losses realised to the Income Statement on disposal, net of tax	(2,281,196)	(4,026,616)	43.35	(19,057)	(821,096)	97.68
Fair value gains/(losses) recycled to the Income Statement as impairment, net of tax	2,600,733	1,088,583	138.91	2,057,434	392,432	424.28
Cash flow hedges - effective portion of changes in fair value, net of tax	46,169	(64,139)	171.98	32,946	10,892	202.48
<b>Other comprehensive income/(expense) for the period, net of taxes</b>	<b>(10,704,690)</b>	<b>1,406,172</b>	<b>(861.26)</b>	<b>(3,731,213)</b>	<b>(133,194)</b>	<b>(2,701.34)</b>
<b>Total comprehensive income for the period</b>	<b>12,901,361</b>	<b>17,779,661</b>	<b>(27.44)</b>	<b>1,269,230</b>	<b>5,645,698</b>	<b>(77.52)</b>



## STATEMENT OF FINANCIAL POSITION

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	Group			Bank		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>ASSETS</b>						
Cash and cash equivalents	69,335,379	51,255,030	35.28	68,078,076	50,250,627	35.48
Balances with Central Banks	56,777,465	115,358,732	(50.78)	52,897,908	110,971,105	(52.33)
Placements with banks	12,498,709	16,421,867	(23.89)	11,584,952	15,938,982	(27.32)
Securities purchased under resale agreements	3,000,490	-	100.00	3,000,490	-	100.00
Derivative financial assets	3,245,120	2,636,717	23.07	3,245,120	2,636,717	23.07
Financial assets recognised through profit or loss - measured at fair value	23,436,123	35,189,471	(33.40)	23,436,123	35,189,471	(33.40)
Financial assets at amortised cost - Loans and advances to banks	-	779,705	(100.00)	-	779,705	(100.00)
Financial assets at amortised cost - Loans and advances to other customers	1,029,584,075	909,829,172	13.16	1,014,618,580	896,845,453	13.13
Financial assets at amortised cost - Debt and other financial instruments	385,390,598	302,059,529	27.59	369,417,889	292,727,566	26.20
Financial assets measured at fair value through other comprehensive income	335,953,802	278,716,794	20.54	335,463,338	278,461,369	20.47
Investments in subsidiaries	-	-	-	5,808,429	5,808,429	-
Investment in associate	60,428	64,155	(5.81)	44,331	44,331	-
Property, plant and equipment and right-of-use assets	24,744,634	25,386,630	(2.53)	23,075,467	23,212,394	(0.59)
Investment properties	72,400	67,116	7.87	-	-	-
Intangible assets	2,272,639	1,800,516	26.22	1,724,864	1,232,863	39.91
Deferred tax assets	10,036,105	2,735,566	266.87	9,793,129	2,499,860	291.75
Other assets	27,083,177	20,195,153	34.11	27,024,475	19,619,149	37.75
<b>Total Assets</b>	<b>1,983,491,144</b>	<b>1,762,496,153</b>	<b>12.54</b>	<b>1,949,213,171</b>	<b>1,736,218,021</b>	<b>12.27</b>
<b>LIABILITIES</b>						
Due to banks	73,801,195	88,248,056	(16.37)	73,777,420	87,451,306	(15.64)
Derivative financial liabilities	2,092,198	1,501,262	39.36	2,092,198	1,501,262	39.36
Securities sold under repurchase agreements	151,424,854	91,411,522	65.65	151,911,842	91,437,612	66.14
Financial liabilities at amortised cost - due to depositors	1,472,640,456	1,286,616,399	14.46	1,443,093,453	1,265,965,918	13.99
Financial liabilities at amortised cost - other borrowings	32,587,051	54,555,933	(40.27)	32,587,051	54,555,933	(40.27)
Current tax liabilities	9,486,772	6,991,005	35.70	9,294,180	6,777,992	37.12
Deferred tax liabilities	349,106	403,846	(13.55)	-	-	-
Other liabilities	33,253,518	33,572,283	(0.95)	33,210,883	33,037,669	0.52
Due to subsidiaries	-	-	-	48,699	97,015	(49.80)
Subordinated liabilities	38,303,466	38,247,138	0.15	38,303,466	38,247,138	0.15
<b>Total Liabilities</b>	<b>1,813,938,616</b>	<b>1,601,547,444</b>	<b>13.26</b>	<b>1,784,319,192</b>	<b>1,579,071,845</b>	<b>13.00</b>

As at	Group			Bank		
	31.12.2021	31.12.2020	Change	31.12.2021	31.12.2020	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>EQUITY</b>						
Stated capital	54,566,957	52,187,747	4.56	54,566,957	52,187,747	4.56
Statutory reserves	10,590,338	9,285,233	14.06	10,204,368	9,024,065	13.08
Retained earnings	9,890,762	8,124,261	21.74	9,028,265	7,596,260	18.85
Other reserves	92,426,660	89,595,571	3.16	91,094,389	88,338,104	3.12
<b>Total equity attributable to equity holders of the Bank</b>	<b>167,474,717</b>	<b>159,192,812</b>	<b>5.20</b>	<b>164,893,979</b>	<b>157,146,176</b>	<b>4.93</b>
<b>Non-controlling Interest</b>	<b>2,077,811</b>	<b>1,755,897</b>	<b>18.33</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>169,552,528</b>	<b>160,948,709</b>	<b>5.35</b>	<b>164,893,979</b>	<b>157,146,176</b>	<b>4.93</b>
<b>Total Liabilities and Equity</b>	<b>1,983,491,144</b>	<b>1,762,496,153</b>	<b>12.54</b>	<b>1,949,213,171</b>	<b>1,736,218,021</b>	<b>12.27</b>
<b>Contingent Liabilities and Commitments</b>	<b>685,379,028</b>	<b>730,561,685</b>	<b>(6.18)</b>	<b>682,399,783</b>	<b>728,711,698</b>	<b>(6.36)</b>
<b>Net Assets Value per Ordinary Share (Rs.)</b>	<b>140.24</b>	<b>136.42</b>	<b>2.80</b>	<b>138.08</b>	<b>134.67</b>	<b>2.53</b>
<b>Memorandum Information</b>						
Number of Employees				5,072	5,057	
Number of Customer Service Centers				287	287	

**CERTIFICATION :**

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

**(Sgd.) K.D.N. Buddhipala**

*Group Chief Financial Officer*

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

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

**(Sgd.) Justice K. Sripavan**

*Chairman*

*February 25, 2022*

*Colombo*

**(Sgd.) S. Renganathan**

*Managing Director/Group Chief Executive Officer*

## STATEMENT OF CHANGES IN EQUITY - GROUP

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	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, 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 associate, 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 by 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
Issue of Ordinary voting shares under Employee Share Option Plans	-	-	-	-	-	-	-	-	-	-	-	-
Transfer o/a Share-based Payment transactions	-	-	-	-	-	-	-	-	-	-	-	-
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
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

	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, 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
<b>Total comprehensive income for the year 2021</b>												
Profit for the year	-	-	24,062,469	-	-	-	-	-	-	24,062,469	227,819	24,290,288
Other comprehensive income, net of tax	-	-	8,647	579,943	(12,443,197)	1,181,148	46,169	-	-	(10,627,290)	109,263	(10,518,027)
Net actuarial gains/(losses) on defined benefit plans			8,647							8,647	2,297	10,944
Gain on disposal of investments in equity instruments			-							-	-	-
Share of other comprehensive income of associate, net of tax			-	-	(1,512)					(1,512)	-	(1,512)
Net change in revaluation surplus				579,943						579,943	9,223	589,166
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income					(12,441,685)					(12,441,685)		(12,441,685)
Net gains/(losses) arising from translating the Financial Statements of foreign operations						1,181,148				1,181,148	97,743	1,278,891
Cash flow hedges - effective portion of changes in fair value, net of tax							46,169			46,169		46,169
<b>Total comprehensive income for the year 2021</b>	-	-	24,071,116	579,943	(12,443,197)	1,181,148	46,169	-	-	13,435,179	337,082	13,772,261
<b>Transactions with owners recognised directly in equity, contributions by and distributions to owners</b>												
Issue of Ordinary voting shares under Employee Share Option Plans	40,866	-	-	-	-	-	-	-	-	40,866	-	40,866
Transfer o/a Share-based Payment transactions	3,646	-	-	-	-	-	-	-	(3,646)	-	-	-
Transfer of cost o/a of expired ESOP Shares (net of tax)	-	-	244,188	-	-	-	-	-	(321,300)	(77,112)	-	(77,112)
Dividends to equity holders	2,334,698		(7,493,698)							(5,159,000)	(15,168)	(5,174,168)
First & Final dividend for 2020 satisfied in the form of cash	-	-	(5,253,070)	-	-	-	-	-	-	(5,253,070)	(12,200)	(5,265,270)
First & Final dividend for 2020 satisfied in the form of issue and allotment of new shares	2,334,698	-	(2,334,698)	-	-	-	-	-	-	-	-	-
Unclaimed dividend absorbed / (dividend paid) in respect of previous years			94,070							94,070	32	94,102
Interim Dividend for 2021	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Share-based Payment transactions	-	-	-	-	-	-	-	-	41,972	41,972	-	41,972
Transfers during the year	-	1,305,105	(15,055,105)	-	-	-	-	13,750,000	-	-	-	-
<b>Total transactions with equity holders</b>	<b>2,379,210</b>	<b>1,305,105</b>	<b>(22,304,615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,750,000</b>	<b>(282,974)</b>	<b>(5,153,274)</b>	<b>(15,168)</b>	<b>(5,168,442)</b>
Balance as at December 31, 2021	54,566,957	10,590,338	9,890,762	11,084,711	(11,979,313)	4,507,072	(56,342)	88,720,003	150,529	167,474,717	2,077,811	169,552,528

## STATEMENT OF CHANGES IN EQUITY - BANK

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	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 by 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
Issue of Ordinary voting shares under Employee Share Option Plans	-	-	-	-	-	-	-	-	-	-	-	-
Transfer o/a Share-based Payment transactions	-	-	-	-	-	-	-	-	-	-	-	-
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)
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

	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, 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
Total comprehensive income for the year 2021												
Profit for the year	-	-	23,606,051	-	-	-	-	-	-	23,606,051	-	23,606,051
Other comprehensive income, net of tax	-	-	6,051	532,740	(12,442,506)	1,152,856	46,169	-	-	(10,704,690)	-	(10,704,690)
Net actuarial gains/(losses) on defined benefit plans			6,051							6,051		6,051
Gain on disposal of investments in equity instruments			-							-		-
Net change in revaluation surplus				532,740						532,740		532,740
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income					(12,442,506)					(12,442,506)		(12,442,506)
Net gains/(losses) arising from translating the Financial Statements of the foreign operations						1,152,856				1,152,856		1,152,856
Cash flow hedges - effective portion of changes in fair value, net of tax							46,169			46,169		46,169
Total comprehensive income for the year 2021	-	-	23,612,102	532,740	(12,442,506)	1,152,856	46,169	-	-	12,901,361	-	12,901,361
Transactions with owners recognised directly in equity, contributions by and distributions to owners												
Issue of Ordinary voting shares under Employee Share Option Plans	40,866	-	-	-	-	-	-	-	-	40,866	-	40,866
Transfer o/a Share-based Payment transactions	3,646	-	-	-	-	-	-	-	(3,646)	-	-	-
Transfer of cost o/a of expired ESOP Shares (net of tax)	-	-	244,188	-	-	-	-	-	(321,300)	(77,112)	-	(77,112)
Dividends to equity holders	2,334,698		(7,493,982)							(5,159,284)	-	(5,159,284)
First & Final dividend for 2020 satisfied in the form of cash	-	-	(5,253,070)	-	-	-	-	-	-	(5,253,070)	-	(5,253,070)
First & Final dividend for 2020 satisfied in the form of issue and allotment of new shares	2,334,698	-	(2,334,698)	-	-	-	-	-	-	-	-	-
Unclaimed dividend absorbed / (dividend paid) in respect of previous years			93,786							93,786		93,786
Share-based Payment transactions	-	-	-	-	-	-	-	-	41,972	41,972	-	41,972
Transfers during the year	-	1,180,303	(14,930,303)	-	-	-	-	13,750,000	-	-	-	-
Total transactions with equity holders	2,379,210	1,180,303	(22,180,097)	-	-	-	-	13,750,000	(282,974)	(5,153,558)	-	(5,153,558)
Balance as at December 31, 2021	54,566,957	10,204,368	9,028,265	10,195,652	(11,980,175)	4,064,722	(56,342)	88,720,003	150,529	164,893,979	-	164,893,979

For the year ended December 31,	Group		Bank	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash flows from operating activities</b>				
Profit before income tax	32,957,324	24,519,860	32,001,203	23,511,312
Adjustments for:				
Non-cash items included in profit before tax	30,473,593	24,764,927	30,013,192	24,705,430
Change in operating assets	(230,261,220)	(374,761,711)	(221,556,713)	(369,030,667)
Change in operating liabilities	208,070,200	325,708,382	200,391,382	322,115,757
(Gains)/losses on sale of property, plant and equipment	(4,054)	(5,820)	(5,164)	(926)
Share of profit of associate, net of tax	(1,896)	(3,898)	-	-
Dividends received from investments in associate and subsidiaries	-	-	(105,911)	(98,200)
Interest expense on subordinated liabilities	3,398,554	3,756,921	3,398,554	3,756,921
Net unrealized gains/(losses) arising from translating the financial statements of foreign operations	1,278,891	596,723	1,152,856	439,883
Benefits paid on defined benefit plans	(1,116,195)	(673,106)	(1,107,421)	(670,487)
Income tax paid	(8,963,620)	(7,748,870)	(8,660,823)	(7,428,411)
<b>Net cash from/(used in) operating activities</b>	<b>35,831,577</b>	<b>(3,846,592)</b>	<b>35,521,155</b>	<b>(2,699,388)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,034,299)	(1,159,712)	(922,623)	(1,106,641)
Purchase of investment properties	-	(41)	-	-
Proceeds from sale of property, plant and equipment	49,463	8,901	14,335	2,829
Purchase of financial investments	(5,607,000)	(300,000)	(5,607,000)	(300,000)
Proceeds from sale and maturity of financial investments	484,800	2,368,509	484,800	2,368,509
Purchase of intangible assets	(810,454)	(460,053)	(768,047)	(409,322)
Investments in subsidiaries	-	-	-	(1,125,000)
Dividends received from investments in associate and subsidiaries	-	-	105,911	98,200
<b>Net cash from/(used in) investing activities</b>	<b>(6,917,490)</b>	<b>457,604</b>	<b>(6,692,624)</b>	<b>(471,425)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary voting shares under Employee Share Option Plans	40,866	-	40,866	-
Proceeds from issue of ordinary voting shares to IFC parties (Private placement)	-	9,215,775	-	9,215,775
Proceeds from issue of subordinated liabilities	8,595,470	-	8,595,470	-
Redemption of subordinated liabilities	(9,502,140)	-	(9,502,140)	-
Interest paid on subordinated liabilities	(3,422,766)	(3,802,023)	(3,422,766)	(3,802,023)
Payment of lease liabilities/Advance payment of right-of-use assets	(1,366,628)	(1,354,902)	(1,548,914)	(1,446,874)
Dividend paid to non-controlling interest	(15,168)	(15,996)	-	-
Dividend paid to shareholders of the Bank	(5,159,000)	(3,082,420)	(5,159,284)	(3,082,634)
<b>Net cash from / (used in) financing activities</b>	<b>(10,829,366)</b>	<b>960,434</b>	<b>(10,996,768)</b>	<b>884,244</b>
Net increase/(decrease) in cash and cash equivalents	18,084,721	(2,428,554)	17,831,763	(2,286,569)
Cash and cash equivalents as at January 1,	51,258,271	53,686,825	50,253,868	52,540,437
<b>Gross cash and cash equivalents as at December 31,</b>	<b>69,342,992</b>	<b>51,258,271</b>	<b>68,085,631</b>	<b>50,253,868</b>
Less: Impairment charges	(7,613)	(3,241)	(7,555)	(3,241)
<b>Cash and cash equivalents as per Statement of Financial Position</b>	<b>69,335,379</b>	<b>51,255,030</b>	<b>68,078,076</b>	<b>50,250,627</b>

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



	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
<b>FINANCIAL ASSETS</b>				
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
<b>Total financial assets</b>	<b>37,826,188</b>	<b>1,395,704,035</b>	<b>278,716,794</b>	<b>1,712,247,017</b>
		Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Total
		Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>				
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
<b>Total financial liabilities</b>		<b>1,501,262</b>	<b>1,559,079,048</b>	<b>1,560,580,310</b>

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

	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
<b>FINANCIAL ASSETS</b>				
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
<b>Total financial assets</b>	<b>37,826,188</b>	<b>1,367,513,438</b>	<b>278,461,369</b>	<b>1,683,800,995</b>
		Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Total
		Rs.'000	Rs.'000	Rs.'000
<b>FINANCIAL LIABILITIES</b>				
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
<b>Total financial liabilities</b>		<b>1,501,262</b>	<b>1,537,657,907</b>	<b>1,539,159,169</b>

**Level 1**

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

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

**Level 2**

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

This category includes instruments valued using;

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

**Level 3**

Inputs that are unobservable.

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

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

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

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

	Group				Bank			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at December 31, 2021	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financial Assets</b>								
Derivative financial assets	-	3,245,120	-	3,245,120	-	3,245,120	-	3,245,120
Financial assets recognized through profit or loss - measured at fair value	23,436,123	-	-	23,436,123	23,436,123	-	-	23,436,123
Financial assets measured at fair value through other comprehensive income	280,964,850	54,935,442	53,510	335,953,802	280,474,510	54,935,442	53,386	335,463,338
<b>Total financial assets at fair value</b>	<b>304,400,973</b>	<b>58,180,562</b>	<b>53,510</b>	<b>362,635,045</b>	<b>303,910,633</b>	<b>58,180,562</b>	<b>53,386</b>	<b>362,144,581</b>
<b>Financial Liabilities</b>								
Derivative financial liabilities	-	2,092,198	-	2,092,198	-	2,092,198	-	2,092,198
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>2,092,198</b>	<b>-</b>	<b>2,092,198</b>	<b>-</b>	<b>2,092,198</b>	<b>-</b>	<b>2,092,198</b>

  

	Group				Bank			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at December 31, 2020	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financial Assets</b>								
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
<b>Total financial assets at fair value</b>	<b>259,018,619</b>	<b>59,147,901</b>	<b>52,296</b>	<b>318,218,816</b>	<b>258,763,318</b>	<b>59,147,901</b>	<b>52,172</b>	<b>317,963,391</b>
<b>Financial Liabilities</b>								
Derivative financial liabilities	-	1,501,262	-	1,501,262	-	1,501,262	-	1,501,262
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>1,501,262</b>	<b>-</b>	<b>1,501,262</b>	<b>-</b>	<b>1,501,262</b>	<b>-</b>	<b>1,501,262</b>

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

	Group					Bank				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
As at December 31, 2021	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financial Assets</b>										
Financial assets at amortised cost - Loans and advances to other customers	-	-	1,023,382,541	1,023,382,541	1,029,584,075	-	-	1,008,417,046	1,008,417,046	1,014,618,580
Financial assets at amortised cost - Debt and other financial instruments	299,805,766	21,283,153	-	321,088,919	385,390,598	283,833,057	21,283,153	-	305,116,210	369,417,889
<b>Total financial assets not at fair value</b>	<b>299,805,766</b>	<b>21,283,153</b>	<b>1,023,382,541</b>	<b>1,344,471,460</b>	<b>1,414,974,673</b>	<b>283,833,057</b>	<b>21,283,153</b>	<b>1,008,417,046</b>	<b>1,313,533,256</b>	<b>1,384,036,469</b>
<b>Financial Liabilities</b>										
Financial liabilities at amortised cost - due to depositors	-	-	1,473,182,119	1,473,182,119	1,472,640,456	-	-	1,443,635,116	1,443,635,116	1,443,093,453
Subordinated liabilities	-	-	38,730,460	38,730,460	38,303,466	-	-	38,730,460	38,730,460	38,303,466
<b>Total financial liabilities not at fair value</b>	<b>-</b>	<b>-</b>	<b>1,511,912,579</b>	<b>1,511,912,579</b>	<b>1,510,943,922</b>	<b>-</b>	<b>-</b>	<b>1,482,365,576</b>	<b>1,482,365,576</b>	<b>1,481,396,919</b>
	Group					Bank				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
As at December 31, 2020	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financial Assets</b>										
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
<b>Total financial assets not at fair value</b>	<b>258,101,089</b>	<b>10,530,450</b>	<b>913,411,806</b>	<b>1,182,043,345</b>	<b>1,211,888,701</b>	<b>248,769,126</b>	<b>10,530,450</b>	<b>900,428,087</b>	<b>1,159,727,663</b>	<b>1,189,573,019</b>
<b>Financial Liabilities</b>										
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
Subordinated liabilities	-	-	39,803,997	39,803,997	38,247,138	-	-	39,803,997	39,803,997	38,247,138
<b>Total financial liabilities not at fair value</b>	<b>-</b>	<b>-</b>	<b>1,330,656,074</b>	<b>1,330,656,074</b>	<b>1,324,863,537</b>	<b>-</b>	<b>-</b>	<b>1,310,005,593</b>	<b>1,310,005,593</b>	<b>1,304,213,056</b>

**Assets and Liabilities for which fair value approximates carrying value**

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

**Financial Assets**

- Cash and cash equivalents
- Balances with Central Banks
- Placements with banks
- Securities purchased under resale agreements
- Financial assets at amortised cost - Loans and advances to banks

**Financial Liabilities**

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

	Bank		Group	
	As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
<b>Regulatory Capital - Rs. '000</b>				
Common Equity Tier I	132,375,019	134,689,261	138,148,271	139,730,833
Tier I Capital	132,375,019	134,689,261	138,148,271	139,730,833
Total Capital	173,756,083	171,396,831	179,968,392	176,611,213
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier I Capital Ratio (Minimum Requirement - 7.500%)	11.923	13.217	12.049	13.356
Tier I Capital Ratio (Minimum Requirement - 9.000%)	11.923	13.217	12.049	13.356
Total Capital Ratio (Minimum Requirement - 13.000%)	15.650	16.819	15.696	16.882
<b>Leverage Ratio (%) (Minimum Requirement - 3%)</b>	5.29	5.74	5.44	5.88
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets - Rs. '000				
Domestic Banking Unit	542,366,118	560,796,115		
Off-Shore Banking Unit	31,662,800	26,358,959		
Statutory Liquid Assets Ratio (%) (Minimum Requirement 20%)				
Domestic Banking Unit	38.73	44.99		
Off-Shore Banking Unit	36.39	32.70		
Total Stock of High Quality Liquid Assets - Rs. '000	402,280,333	362,921,544		
Liquidity Coverage Ratio (%) (Minimum Requirement - 2021 - 100%, 2020 - 90%)				
Liquidity Coverage Ratio (%) - Rupee	425.97	599.38		
Liquidity Coverage Ratio (%) - All Currency	242.52	422.86		
Net Stable Funding Ratio (%) (Minimum Requirement - 2021 - 100%, 2020 - 90%)	157.47	157.49		
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio (%) (Net of Interest in Suspense)	4.62	5.11		
Net Non-Performing Advances Ratio (%) (Net of Interest in Suspense and Provisions)	1.44	2.18		
Impaired Loans (Stage 3) Ratio (%)	3.85	6.78		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	42.76	30.87		
<b>Profitability</b>				
Interest Margin (%)	3.51	3.17		
Return on Assets (before tax) (%)	1.74	1.51		
Return on Equity (%)	14.66	11.28		
<b>Debt Security Related Ratios</b>				
Debt to Equity Ratio (%)	23.74	35.51		
Interest Cover (Times)	13.18	10.37		

OPERATING SEGMENTS - GROUP														17
For the year ended December 31,	Personal Banking		Corporate Banking		International Operations		Dealing/Treasury		NBFI, Real Estate & Services		Unallocated/Eliminations		Total/Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	32,270,665	26,764,757	8,623,181	8,996,447	6,913,097	5,439,904	13,922,653	3,707,529	766,718	496,073	3,920,018	5,464,092	66,416,332	50,868,802
Foreign exchange profit	223,310	96,113	133,161	141,319	1,959,462	1,391,472	5,696,483	5,652,485	106	70	2,624,242	1,091,259	10,636,764	8,372,718
Net fees and commission income	6,469,190	5,590,664	3,448,082	2,269,088	1,611,173	1,273,871	18,217	8,005	264,667	314,503	430,865	365,544	12,242,194	9,821,675
Other income	654,622	451,804	11,077	5,079	279,152	796,000	3,168,281	6,167,497	1,068,770	838,796	(878,869)	(592,883)	4,303,033	7,666,293
Total Operating income	39,617,787	32,903,338	12,215,501	11,411,933	10,762,884	8,901,247	22,805,634	15,535,516	2,100,261	1,649,442	6,096,256	6,328,012	93,598,323	76,729,488
Credit loss expenses	(9,208,638)	(12,548,294)	(9,287,430)	(6,165,407)	(476,662)	(206,221)	(5,780,798)	(2,289,624)	(386,483)	(210,012)	85	26	(25,139,926)	(21,419,532)
Net Operating income	30,409,149	20,355,044	2,928,071	5,246,526	10,286,222	8,695,026	17,024,836	13,245,892	1,713,778	1,439,430	6,096,341	6,328,038	68,458,397	55,309,956
Segment result	12,369,922	6,427,440	604,247	3,058,224	6,411,835	5,237,040	14,390,893	10,440,327	636,451	437,531	(1,457,920)	(1,084,600)	32,955,428	24,515,962
Profit from operations													32,955,428	24,515,962
Share of profit of associate, net of tax													1,896	3,898
Income tax expense													(8,667,036)	(7,433,063)
Non Controlling Interest													(227,819)	(146,847)
Net profit for the period, attributable to Equity holders of the Bank													24,062,469	16,939,950
As at December 31,	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	589,421,251	628,115,371	426,521,897	323,883,043	254,416,091	209,243,351	770,572,291	602,609,010	13,385,658	11,306,239	(70,886,472)	(12,725,016)	1,983,430,716	1,762,431,998
Investment in associate	-	-	-	-	-	-	-	-			60,428	64,155	60,428	64,155
Total assets	589,421,251	628,115,371	426,521,897	323,883,043	254,416,091	209,243,351	770,572,291	602,609,010	13,385,658	11,306,239	(70,826,044)	(12,660,861)	1,983,491,144	1,762,496,153
Segment liabilities	1,124,769,169	1,022,841,375	302,425,307	237,889,091	214,486,976	174,499,274	216,394,172	152,504,141	7,711,555	6,016,087	(51,848,563)	7,797,476	1,813,938,616	1,601,547,444
Total liabilities	1,124,769,169	1,022,841,375	302,425,307	237,889,091	214,486,976	174,499,274	216,394,172	152,504,141	7,711,555	6,016,087	(51,848,563)	7,797,476	1,813,938,616	1,601,547,444
For the year ended December 31,	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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													35,831,577	(3,846,592)
Cash flows from investing activities													(5,122,200)	2,068,509
Cash flows from financing activities													(10,829,366)	960,434
Capital expenditure -														
Property, Plant & Equipment													(984,836)	(1,150,811)
Investment properties													-	(41)
Intangible assets													(810,454)	(460,053)
Net cash flow generated during the period													18,084,721	(2,428,554)

Twenty largest ordinary voting shareholders as at December 31, 2021

Name of the Shareholder	No. of Shares	%
01. DFCC Bank PLC A/C 1	136,272,121	12.12
02. Mr.Y. S. H. I. Silva	111,100,779	9.88
03. Employees' Provident Fund	96,883,940	8.62
04. CB NY S/A International Finance Corporation	79,992,025	7.11
05. Sri Lanka Insurance Corporation Ltd - Life Fund	56,747,851	5.05
06. Melstacorp PLC	46,521,219	4.14
07. CB NY S/A IFC Emerging Asia Fund. LP	41,238,490	3.67
07. CB NY S/A IFC Financial Institutions Growth Fund LP	41,238,490	3.67
09. Citibank New York S/A Norges Bank Account 2	40,824,369	3.63
10. Sri Lanka Insurance Corporation Ltd - General Fund	39,793,725	3.54
11. Mr. K. D. D. Perera	35,623,143	3.17
12. Mr. D. P. Pieris	26,696,174	2.37
13. Employees' Trust Fund Board	19,586,019	1.74
14. Renuka Hotels PLC	11,118,680	0.99
15. Mr. M. J. Fernando	10,108,137	0.90
16. Mrs. L. E. M. Yaseen	10,000,000	0.89
17. Renuka Consultants & Services Limited	8,935,921	0.79
18. Cargo Boat Development Company PLC	8,017,215	0.71
19. Hallsville Trading Group INC.	7,876,387	0.70
20. Mr. S. V. Somasunderam	6,001,380	0.53
Sub total	834,576,065	74.22
Other Shareholders	289,904,463	25.78
<b>Total</b>	<b>1,124,480,528</b>	<b>100.00</b>

Percentage of public holding as at December 31, 2021 - 99.77% (99.80% as at December 31, 2020)

Number of shareholders representing public holding as at December 31, 2021 - 16,569 (16,785 as at December 31, 2020)

Twenty largest ordinary non-voting shareholders as at December 31, 2021

Name of the Shareholder	No. of Shares	%
01. Employees' Trust Fund Board	5,425,375	7.78
02. Akbar Brothers (Pvt) Ltd. A/C No 1	3,345,296	4.80
03. GF Capital Global Limited	1,803,067	2.59
04. Mr. A. H. Munasinghe	1,694,141	2.43
05. Mr. M. F. Hashim	1,362,616	1.95
06. M. J. F. Exports (Pvt) Ltd	1,193,037	1.71
07. Janashakthi Insurance PLC - Shareholders	1,098,757	1.58
08. Mrs. L. V. C. Samarasinha	1,052,622	1.51
09. Saboor Chatoor (Pvt) Ltd	997,913	1.43
10. Deutsche Bank AG as Trustee to Assetline Income Plus Growth Fund	899,345	1.29
11. Mr. T. W. A. Wickramasinghe & Mrs. N. Wickremasinghe (Joint)	859,923	1.23
12. Mr. E. Chatoor	825,963	1.18
13. Mr. J. G. De Mel	780,974	1.12
14. Mr. R. Gautam	745,897	1.07
15. Mr. J. D. Bandaranayake , Ms. N. Bandaranayake & Dr. V. Bandaranayake (Joint)	742,382	1.06
16. Mr. J. D. Bandaranayake , Dr. V. Bandaranayake & Ms. I. Bandaranayake (Joint)	720,767	1.03
17. Mr. A. L. Gooneratne	718,873	1.03
18. Mr. K. S. M. De Silva	706,366	1.01
19. Mr. M. J. Fernando	685,247	0.98
20. Serendip Investments Limited	635,881	0.91
Sub total	26,294,442	37.70
Other Shareholders	43,446,329	62.30
<b>Total</b>	<b>69,740,771</b>	<b>100.00</b>

Percentage of public holding as at December 31, 2021 - 99.86% (99.84% as at December 31, 2020)

Number of shareholders representing public holding as at December 31, 2021 - 5,949 (5,781 as at December 31, 2020)

Directors' holding in shares as at December 31, 2021

Name of Director	No. of Shares	
	Voting	Non-voting
Justice K. Sripavan - Chairman	14,319	-
Prof. A. K. W. Jayawardane - Deputy Chairman	13,083	-
Mr. S. Renganathan - Managing Director/Group Chief Executive Officer	432,336	12,781
Mr. S. C. U. Manatunge - Chief Operating Officer	73,038	-
Mr. K. Dharmasiri	-	-
Mr. L. D. Niyangoda	-	-
Ms. N. T. M. S. Cooray	350,274	54,251
Mr. T. L. B. Hurulle	-	-
Ms. Judy Lee	-	-
Mr. Raja Senanayake	-	-
Mr. Sharhan Muhseen	2,503	-
Mrs. D. L. T. S. Wijewardena	-	-



	2021 Rs.	2020 Rs.
<b>Market price of an ordinary share as at December 31,</b>		
Voting	79.30	80.90
Non-Voting	72.00	70.10
<b>Highest price during the quarter ended December 31,</b>		
Voting	91.20	85.20
Non-Voting	81.00	74.00
<b>Lowest price during the quarter ended December 31,</b>		
Voting	76.90	70.20
Non-Voting	69.60	61.00
<b>As at December 31,</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.000</b>	<b>Rs.000</b>
Float adjusted market capitalization - Compliant under Option 1	93,980,518	93,483,151
<b>Number of ordinary shares as at December 31,</b>	<b>2021</b>	<b>2020</b>
Voting	1,124,480,528	1,098,934,937
Non-Voting	69,740,771	67,970,701

- 1 The Financial Statements of the Bank and the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report for the year ended December 31, 2020, other than those disclosed under items 4 & 5 below.
- 2 These Interim Financial Statements of the Bank and the Group have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting', and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
- 3 **Impact due to the COVID-19**  
The outbreak of COVID-19 has caused disruption to business and economic activities, and uncertainty in the global and local economy. Subsequent to the outbreak of COVID-19 in Sri Lanka, the Bank has strictly adhered to the guidelines and directions issued by both the government and the Central Bank of Sri Lanka (CBSL) when conducting its business operations. Further, the Bank has provided relief for the affected businesses and individuals in line with the directions issued by the CBSL in addition to its own relief schemes. These relief measures include deferment of repayment terms of credit facilities, offering concessionary rates of interest on eligible loan products (debt moratorium) and waiving off certain fees and charges. The Bank continuously monitors the impact of the pandemic and takes necessary action to manage its impact on the operations and performance of the Bank.
- 4 During the year 2021, the Bank re-evaluated stage assessment criteria for individually impaired facilities and made the necessary changes to reflect the actual risk associated with customers subjected to individual impairment.
- 5 **Expected Credit Loss Computation**  
The Group's estimated Expected Credit Loss (ECL) was based on the Probability of Default (PD), Loss Given Default (LGD) and Economic Factor Adjustment (EFA) applying the forecasts and projections published by the Central Bank of Sri Lanka. Given the high degree of uncertainty and unprecedented circumstances in the short-term economic outlook mainly due to the continuous disruptions to businesses, significant amount of additional ECL provision was made by using expert credit judgements (management overlays) along with the modelled ECL provisions to ensure that the overall ECL provisions are adequate to cover unseen risk factors in the uncertain and highly volatile environment.
- 6 **Imposition of a Surcharge Tax**  
As per provisions of the Government Bill issued on February 07, 2022 (to be passed in parliament for enactment), if the aggregate of the taxable income of the holding company and all subsidiaries in a group of companies, for the Year of Assessment 2020/21, exceeded rupees two thousand million (2 billion), each company in the group of companies is liable to pay Surcharge Tax calculated at twenty five per centum on the taxable income (after deducting profit from dividends received from subsidiaries included in the taxable income). The surcharge tax is payable in two equal installments on or before March 31 and June 30, 2022, to the Commissioner General of Inland Revenue.  
Since the proposed tax has not been substantively enacted as at the date the Financial Statements for the year ended December 31, 2021, are authorised for issue, the Financial Statements have not been adjusted to reflect the consequences of this tax proposal.
- 7 During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.
- 8 All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- 9 The Bank announced a debenture issue in May 2021 to issue 50,000,000 Basel III compliant - Tier II, listed, rated, unsecured, subordinated redeemable debentures of Rs. 100/- each, with a non-viability conversion feature amounting to Rs 5 Bn. with an option to issue up to a further 50,000,000 debentures amounting to Rs. 5 Bn. This debenture issue was opened for investors on September 13, 2021, and initial issue was oversubscribed on the same day. The allotment and the listing of debentures were concluded on September 21, 2021, and September 28, 2021, respectively.  
The quantum of funds raised through the above Debenture Issue was utilised to achieve the following objectives as stipulated in the prospectus.  
a) Expansion of the lending portfolio.  
b) Improving the Tier II capital base thus, increasing the Capital Adequacy Ratio (CAR).  
c) Reducing Maturity gaps in the Assets and Liabilities of the Bank.

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

Objective number	Objective as per prospectus	Amount allocated as per prospectus	Proposed date of utilisation as per prospectus	Amount allocated from proceeds (a)	% of total proceeds	Amounts utilised (b)	% of utilisation against allocation (b/a)	Clarification if not fully-utilised including where the funds are invested (eg: whether lent to related party/s etc.)
1	Expansion of the lending portfolio	Rs. 8.595 Bn.	Within 6 months from date of receipt of cash flows	Rs. 8.595 Bn.	100	Rs. 8.595 Bn.	100	N/A
2	Improving the Tier II capital base thus, increasing the Capital Adequacy Ratio (CAR)		Subsequent to the allotment of Debentures					
3	Reducing Maturity gaps in the Assets and Liabilities of the Bank		Within 6 months from date of receipt of cash flows as and when funds are disbursed for lending					

- 10 There were no material events that took place since December 31, 2021, that require disclosure in these Interim Financial Statements other than those disclosed above.

## INFORMATION ON DEBENTURES - BANK

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

### Market Values

- Highest (Rs.)	Not traded during the period	Not traded during the period	Not traded during the period	Not traded during the period	Not traded during the period	102.00
- Lowest (Rs.)						100.00
- Period end (Rs.)						* 102.00

### Interest Rates

- Coupon Rate (%)	11.25	12.25	12.00	12.50	9.00	9.50
- Effective Annual Yield (%)	11.57	12.63	12.36	12.89	9.20	9.73
- Interest Rate of comparable Government Security (%)	10.67	10.86	8.45	11.32	10.65	11.42

### Other Ratios as at date of last trade

- Interest Yield (%)	- N/A -	- N/A -	- N/A -	- N/A -	- N/A -	- N/A -
- Yield to Maturity (%)	- N/A -	- N/A -	- N/A -	- N/A -	- N/A -	9.12

\* Last traded date - October 06, 2021.

## ANALYSIS OF LOANS AND ADVANCES TO OTHER CUSTOMERS AND IMPAIRMENT

22

As at	Group		Bank	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross loans and advances to other customers	1,094,930,882	961,859,118	1,078,685,128	947,841,905
Impairment on loans and advances to other customers				
Accumulated impairment under stage 1	10,181,101	6,567,755	10,027,938	6,470,880
Accumulated impairment under stage 2	19,165,658	12,396,301	18,973,409	12,244,433
Accumulated impairment under stage 3	36,000,048	33,065,890	35,065,201	32,281,139
Total impairment	65,346,807	52,029,946	64,066,548	50,996,452
Net value of loans and advances to other customers	1,029,584,075	909,829,172	1,014,618,580	896,845,453
Gross loans and advances to other customers				
By product - Domestic Currency				
Overdrafts	95,804,755	87,742,248	95,827,216	88,194,066
Trade finance	69,711,010	56,633,628	69,711,010	56,633,628
Lease rental receivable	37,416,375	36,186,103	35,647,114	34,764,688
Credit cards	16,188,134	14,846,642	16,188,134	14,846,642
Pawning	7,649,037	4,615,697	7,649,037	4,615,697
Staff loans	12,852,363	11,757,733	12,839,578	11,742,732
Housing loans	69,490,504	61,116,362	69,490,504	61,116,362
Personal loans	50,327,752	50,172,807	50,289,642	50,110,145
Term loans	464,685,792	390,822,253	458,163,633	384,560,557
Bills of Exchange	498,334	533,753	498,334	533,753
Sub total	824,624,056	714,427,226	816,304,202	707,118,270
By product - Foreign Currency				
Overdrafts	20,170,566	16,694,220	18,498,205	14,763,901
Trade finance	23,787,742	23,946,806	23,138,627	23,429,704
Lease rental receivable	1,486,793	1,050,947	1,486,793	1,050,947
Credit cards	208,995	148,219	189,352	148,219
Staff loans	244,822	183,312	236,755	176,994
Housing loans	5,174,448	6,031,465	5,174,448	6,031,465
Personal loans	1,030,317	972,614	624,241	522,233
Term loans	171,740,267	162,993,885	166,569,629	159,189,748
Bills of Exchange	46,462,876	35,410,424	46,462,876	35,410,424
Sub total	270,306,826	247,431,892	262,380,926	240,723,635
Gross loans and advances to other customers	1,094,930,882	961,859,118	1,078,685,128	947,841,905

	Group		Bank	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Movement of impairment during the period</b>				
<b>Under Stage 1</b>				
Balance as at January 1,	6,567,755	2,702,070	6,470,880	2,613,480
Charge/(write back) to the Income Statement	3,607,700	3,863,356	3,552,303	3,856,007
Net write-off during the period	(482)	(166)	(482)	(166)
Exchange rate variance on foreign currency provisions	6,128	2,495	5,237	1,559
<b>Balance as at December 31,</b>	<b>10,181,101</b>	<b>6,567,755</b>	<b>10,027,938</b>	<b>6,470,880</b>
<b>Under Stage 2</b>				
Balance as at January 1,	12,396,301	8,494,001	12,244,433	8,318,831
Charge/(write back) to the Income Statement	6,767,014	3,901,554	6,729,149	3,925,463
Net write-off during the period	(158)	(982)	(158)	(906)
Exchange rate variance on foreign currency provisions	2,501	1,728	(15)	1,045
<b>Balance as at December 31,</b>	<b>19,165,658</b>	<b>12,396,301</b>	<b>18,973,409</b>	<b>12,244,433</b>
<b>Under Stage 3</b>				
Balance as at January 1,	33,065,890	25,622,009	32,281,139	24,879,180
Charge/(write back) to the Income Statement	4,572,554	10,359,763	4,271,910	10,083,744
Net write-off during the period	(856,261)	(365,444)	(691,667)	(110,886)
Exchange rate variance on foreign currency provisions	95,686	39,600	93,581	39,274
Interest accrued on impaired loans and advances	(1,174,854)	(2,895,955)	(1,132,155)	(2,850,806)
Other movements	297,033	305,917	242,393	240,633
<b>Balance as at December 31,</b>	<b>36,000,048</b>	<b>33,065,890</b>	<b>35,065,201</b>	<b>32,281,139</b>
<b>Total Impairment</b>				
Balance as at January 1,	52,029,946	36,818,080	50,996,452	35,811,491
Charge/(write back) to the Income Statement	14,947,268	18,124,673	14,553,362	17,865,214
Net write-off during the period	(856,901)	(366,592)	(692,307)	(111,958)
Exchange rate variance on foreign currency provisions	104,315	43,823	98,803	41,878
Interest accrued on impaired loans and advances	(1,174,854)	(2,895,955)	(1,132,155)	(2,850,806)
Other movements	297,033	305,917	242,393	240,633
<b>Balance as at December 31,</b>	<b>65,346,807</b>	<b>52,029,946</b>	<b>64,066,548</b>	<b>50,996,452</b>

As at	Group		Bank	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Gross commitments and contingencies</b>	<b>685,379,028</b>	<b>730,561,685</b>	<b>682,399,783</b>	<b>728,711,698</b>
<b>Impairment on commitments and contingencies</b>				
Accumulated impairment under stage 1	2,090,696	1,536,100	2,082,029	1,532,691
Accumulated impairment under stage 2	814,948	244,482	814,948	244,482
Accumulated impairment under stage 3	2,459,923	339,676	2,459,923	339,676
<b>Total Impairment</b>	<b>5,365,567</b>	<b>2,120,258</b>	<b>5,356,900</b>	<b>2,116,849</b>
<b>Gross commitments and contingencies</b>				
<b>By product - Domestic currency</b>				
<b>Contingencies</b>	<b>71,232,733</b>	<b>62,196,672</b>	<b>71,232,733</b>	<b>62,196,672</b>
Guarantees	50,193,979	43,136,686	50,193,979	43,136,686
Bonds	18,311,490	15,928,299	18,311,490	15,928,299
Documentary Credits	1,458,013	1,735,026	1,458,013	1,735,026
Acceptances	740,479	461,784	740,479	461,784
Bills for collection	528,772	934,877	528,772	934,877
<b>Commitments</b>	<b>125,588,182</b>	<b>107,301,147</b>	<b>125,588,182</b>	<b>107,301,147</b>
Undrawn commitments	123,341,378	106,282,360	123,341,378	106,282,360
Capital commitments	2,246,804	1,018,787	2,246,804	1,018,787
<b>Sub Total</b>	<b>196,820,915</b>	<b>169,497,819</b>	<b>196,820,915</b>	<b>169,497,819</b>
<b>By product - Foreign Currency</b>				
<b>Contingencies</b>	<b>466,418,225</b>	<b>536,913,400</b>	<b>465,519,936</b>	<b>535,924,812</b>
Guarantees	24,646,329	22,660,078	24,905,847	22,445,085
Bonds	17,835,718	22,119,480	17,815,810	22,028,860
Documentary Credits	83,077,720	73,763,620	82,097,642	73,140,481
Forward exchange, Currency Swaps and Currency Options	217,305,838	307,412,792	217,305,838	307,412,792
Acceptances	73,222,869	63,909,527	73,219,061	63,907,728
Bills for collection	48,644,120	45,454,558	48,490,107	45,396,521
Bullion on consignment	14,882	14,545	14,882	14,545
Other Contingencies	1,670,749	1,578,800	1,670,749	1,578,800
<b>Commitments</b>	<b>22,139,888</b>	<b>24,150,466</b>	<b>20,058,932</b>	<b>23,289,067</b>
Undrawn commitments	22,129,783	24,135,827	20,058,932	23,289,067
Capital commitments	10,105	14,639	-	-
<b>Sub Total</b>	<b>488,558,113</b>	<b>561,063,866</b>	<b>485,578,868</b>	<b>559,213,879</b>
<b>Total</b>	<b>685,379,028</b>	<b>730,561,685</b>	<b>682,399,783</b>	<b>728,711,698</b>

## ANALYSIS OF COMMITMENTS AND CONTINGENCIES AND IMPAIRMENT

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	Group		Bank	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Movement of impairment during the period</b>				
<b>Under Stage 1</b>				
Balance as at January 1,	1,536,100	768,100	1,532,691	764,857
Charge/(write back) to the Income Statement	551,897	767,211	546,862	767,138
Net write-off/(recoveries) during the year	-	-	-	-
Exchange rate variance on foreign currency provisions	2,699	789	2,476	696
<b>Balance as at December 31,</b>	<b>2,090,696</b>	<b>1,536,100</b>	<b>2,082,029</b>	<b>1,532,691</b>
<b>Under Stage 2</b>				
Balance as at January 1,	244,482	187,237	244,482	187,237
Charge/(write back) to the Income Statement	570,466	57,245	570,466	57,245
<b>Balance as at December 31,</b>	<b>814,948</b>	<b>244,482</b>	<b>814,948</b>	<b>244,482</b>
<b>Under Stage 3</b>				
Balance as at January 1,	339,676	364,743	339,676	364,743
Charge/(write back) to the Income Statement	2,120,247	(25,067)	2,120,247	(25,067)
<b>Balance as at December 31,</b>	<b>2,459,923</b>	<b>339,676</b>	<b>2,459,923</b>	<b>339,676</b>
<b>Total Impairment</b>				
Balance as at January 1,	2,120,258	1,320,080	2,116,849	1,316,837
Charge/(write back) to the Income Statement	3,242,610	799,389	3,237,575	799,316
Exchange rate variance on foreign currency provisions	2,699	789	2,476	696
<b>Balance as at December 31,</b>	<b>5,365,567</b>	<b>2,120,258</b>	<b>5,356,900</b>	<b>2,116,849</b>

## ANALYSIS OF DEPOSITS

	Group		Bank	
	31.12.2021 Rs.'000	31.12.2020 Rs.'000	31.12.2021 Rs.'000	31.12.2020 Rs.'000
<b>As at</b>				
<b>By product - Domestic Currency</b>				
Current account deposits	84,663,624	61,440,763	84,663,528	61,257,980
Savings deposits	430,411,206	345,520,769	430,571,564	345,972,947
Time deposits	548,717,236	560,306,283	544,587,562	557,499,145
Certificates of deposit	24,902	29,289	24,902	29,288
<b>Sub Total</b>	<b>1,063,816,968</b>	<b>967,297,104</b>	<b>1,059,847,556</b>	<b>964,759,360</b>
<b>By product - Foreign Currency</b>				
Current account deposits	66,784,343	47,108,754	56,116,885	39,808,968
Savings deposits	124,954,064	97,540,150	118,933,106	93,773,096
Time deposits	217,085,081	174,670,391	208,195,906	167,624,494
<b>Sub Total</b>	<b>408,823,488</b>	<b>319,319,295</b>	<b>383,245,897</b>	<b>301,206,558</b>
<b>Total</b>	<b>1,472,640,456</b>	<b>1,286,616,399</b>	<b>1,443,093,453</b>	<b>1,265,965,918</b>

**GENERAL**

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 : CCEYLKXLX  
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 re-affirmed by Fitch Ratings Lanka Ltd. in September 2021.

**Bangladesh Operation**

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

**PROFESSIONAL EXPERTISE****LAWYERS**

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

**AUDITORS**

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

**REGISTRARS**

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

**SUBSIDIARIES AND ASSOCIATE****LOCAL SUBSIDIARIES**

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

**FOREIGN SUBSIDIARIES**

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

**ASSOCIATE**

Equity Investments Lanka Ltd.

**BOARD OF DIRECTORS**

Justice K. Sripavan - Chairman  
Prof. A. K. W. Jayawardane - Deputy Chairman  
Mr. S. Renganathan - Managing Director/Group 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  
Mr. Raja Senanayake  
Mr. Sharhan Muhseen  
Mrs. D. L. T. S. Wijewardena

**COMPANY SECRETARY**

Mr. R. A. P. Rajapaksha