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3rd March 2023

The Board of Directors,
Seylan Bank PLC,
Seylan Towers
No. 90, Galle Road,
Colombo 03.

Dear Sirs/Madam,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF SEYLAN BANK PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the Public Offer of Listed, Rated, BASEL III compliant, Tier II, Unsecured Subordinated Redeemable Debentures with a feature for Non-viability Conversion to ordinary Voting shares which said Debenture Issue comprises **an issue of 50 million of such Debentures of LKR 100/- each amounting to LKR 5 Billion; with the option to issue further 20 Million Debentures of LKR 100/- each amounting to LKR 2 Billion** in the event of an oversubscription of such initial issue.

We have examined the audited financial statements of Seylan Bank PLC and consolidated financial statements of the bank and its subsidiary ("the group") for the financial years ended 31st December 2018 to 2022 extracted from the annual reports of the respective years, included in the prospectus and report as follows.

1. INCORPORATION

Seylan Bank PLC ("the Bank") is a listed Company incorporated in 1987 and domiciled in Sri Lanka. As per section 487 (2) of Companies Act No. 7 of 2007, the Bank has been re-registered under the registration number PQ9. The shares of the Bank have a primary listing on the Colombo Stock Exchange.

The Bank is licensed by the Central Bank of Sri Lanka to conduct banking and related activities such as accepting deposits, corporate and retail banking, personal financial services, offshore banking, foreign currency operations, trade services, rural finance, project finance, dealing in government securities, etc. under the provisions of the Banking Act No. 30 of 1988.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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Ms. B.K.D.T.N. Rodrigo FCA
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A.M.R.P. Alahakoon ACA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS

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2. FINANCIAL STATEMENTS

2.1 Five Years Summary of Financial Statements

A summary of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows of Seylan Bank PLC for the years ended 31st December 2018 to 2022, based on the audited financial statements of the Bank are set out in Annexure 1.

Summaries presented for Operating Results, Assets, Liabilities and Shareholders' funds for financial years ended 31st December 2018 to 2022 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1st January 2012 in the annual reports of the respective years.

2.2 Audit Reports

We have audited the financial statements of the Bank for the years ended 31st December 2018 to 2022. Unqualified audit opinions have been issued for the said financial years.

2.3 Application of Accounting Standards and Accounting Policies

The financial statements of the Bank for the financial years ended 31st December 2018 to 2022 complied with the applicable Sri Lanka Accounting Standards.

The accounting policies of the Bank are stated in detail in the audited financial statements of Seylan Bank PLC for the year ended 31st December 2022. The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the Bank from financial years ended 31st December 2018 to 2022 are given below.

Financial Year	Adoption of revised Accounting Standards and related changes in Accounting Policies
31st December 2018	**(A) Adoption of SLFRS 9 – "Financial Instruments" And SLFRS 15 – "Revenue from Contracts with Customers"** The new judgments and accounting policies adopted with effect from 1st January 2018 are given below. **(A.01) Use of Estimates and Judgements** **Classification of Financial Assets** The Bank used judgements when assessing of the business model within which the assets are held and assessment whether the contractual terms of the financial assets are Solely-Payment-of-Principal-and-Interest (SPPI) on the principal amount of the outstanding.

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	The Bank also used judgements when establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of Expected Credit Losses (ECL) and selection and approval of models to measure ECL. **Changes in Accounting Policies** The Bank has initially adopted SLFRS 9 and SLFRS 15 from 1st January 2018. Due to the transition method chosen by the Bank in applying SLFRS 9 comparative information throughout these financial statements has not been restated to reflect its requirements. The adoption of SLFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognized by the Bank. Accordingly, the impact on the comparative information is limited to new disclosure requirements. The effect of initially applying these standards is mainly attributed to the following: • An increase in impairment losses recognized on financial assets • Additional disclosures related to SLFRS 9 • Additional disclosures related to SLFRS 15 **(A.1.1) SLFRS 9 – Financial Instruments** SLFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. The requirements of SLFRS 9 represent a significant change from LKAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As permitted by SLFRS 9, the Bank has elected to continue to apply the hedge accounting requirements of LKAS 39. **Classification of financial assets and financial liabilities** SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). SLFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous LKAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SLFRS 9, derivatives embedded in contracts where

	the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification. SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, although under LKAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under SLFRS 9 fair value changes are generally presented as follows: • the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and • the remaining amount of change in the fair value is presented in profit or loss. **Impairment of financial assets** SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39. **Transition** Changes in accounting policies resulting from the adoption of SLFRS 9 have been applied retrospectively, except as described below. • The Bank used the exemption not to restate comparatives. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of SLFRS 9 and therefore is not comparable to the information presented for 2018 under SLFRS 9. • The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application. – The determination of the business model within which a financial asset is held. – The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL. – The designation of certain investments in equity instruments not held for trading as at FVOCI. – For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

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	– If a debt security had low credit risk at the date of initial application of SLFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition. **(A.1.2) SLFRS 15 Revenue from Contracts with Customers** SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. The Bank initially applied SLFRS 15 on 1 January 2018 retrospectively in accordance with LKAS 8 without any practical expedients. The timing or amount of the Bank's fee and commission income from contracts with customers was not impacted by the adoption of SLFRS 15. The impact of SLFRS 15 was limited to the new disclosure requirements. **(A.2) Significant Accounting Policies** **(A.2.1) Classification** **Financial assets** On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: – the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and – the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL – the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and – the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

(A.2.2) Derecognition

Financial Assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

From 1 January 2018 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial Liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled,or expire.

(A.2.3) Modification of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (refer write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(A.2.3) Impairment

Recognition of ECL

The Bank recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- undrawn credit commitments.

No impairment loss is recognized on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as "Stage 3 financial instruments".

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is past due for a period more than 90 days or classified as non- performing under CBSL direction No. 03 of 2008 is considered credit-impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision under other liabilities;
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognized in the fair value reserve.

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	Write-off Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due. **(B) Changes to Retirement Benefit Obligation** The Board has resolved to pay an additional half a month basic salary (last drawn) over and above the statutory gratuity entitlement for each year of service for eligible existing employees and ex-employees who joined before 05th March 2009 and retired/resigned after 5th March 2009 having completed uninterrupted and unblemished service period of ten years in the Bank, subject to entering into a memorandum of settlement which confers on them the said entitlement to the additional payment and giving the right to the Bank to settle the said liability by disposal of the shares in the Share Trust companies. **Debt Repayment Levy (DRL)** DRL has been imposed through Finance Act No 35 of 2018 approved by the Parliament on 01st November 2018 and has been retrospectively imposed from 01st October 2018 till 31st December 2021 on Banks & Financial Institutions only. The purpose of the Levy is to facilitate the Debt settlement of the government where the government expects to collect approximately Rs. 20Bn per Annum. DRL is payable at 7% on the same value base considered for VAT and NBT.

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31st December 2019	**(A) Adoption of SLFRS 16 – "Leases"** The Bank has applied SLFRS 16 Leases using modified retrospective approach from 1 January 2019. The effects of initially applying this standard mainly attributed to following: • Recognition of right-of-use assets • Recognition of corresponding lease liabilities **(A.1) Changes in accounting policies** The Bank applied SLFRS 16 using the modified retrospective approach, under which an amount equal to the lease liability is accounted for as the right-of-use asset as at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated. The details of the changes in the accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information. **Definition of a lease** Previously, the Bank determined at contract inception whether an arrangement is or contains a lease under International Financial Reporting Interpretations Committee 4 (IFRIC 4) determining whether an arrangement contains a Lease. The Bank now assesses whether a contract is or contains a lease based on the definition of a lease. On transition to SLFRS 16, the Bank elected to apply the practical expedient to the assessment of which transaction are leases. It applied SLFRS 16 only to contracts that were previously identified as leases. **As a lessee** The Bank previously classified these leases as operating leases under LKAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under SLFRS 16, the Bank recognises right-of-use assets and lease liabilities for leases of branch and office premises - i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at 1 January 2019.

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Right-of-use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payables relating to that lease recognised in the Statement of Financial Position, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Bank used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Bank:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Bank leases out certain property and equipment. The Bank had classified these leases as follows:

- finance leases of property and equipment;
- operating leases of investment property.

The Bank is not required to make any adjustments on transition to SLFRS 16 for leases in which it acts as a lessor.

The Bank has applied SLFRS 15 –"Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

(A.2) Significant accounting policies

The Bank has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and IFRIC 4. The details of accounting policies under LKAS 17 and IFRIC 4 are disclosed separately.

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in SLFRS 16.

(A.2.1) Bank acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand- alone price. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets and lease liabilities separately in the Statement of Financial Position.

Short-term leases and leases of low-value assets
The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(A.2.2) Bank acting as a lessor

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

31st December 2020	The Group has initially adopted definition of the Business (Amendments to SLFRS 3) from 1st January 2020. A number of other new standards are also effective from 1st January 2020 that do not have a material effect on the financial statements. • **Definition of a business** The Group applied Definition of a Business (Amendments to SLFRS 3) to business combinations whose dates of acquisition are on or after 1st January 2020 in assessing whether it had acquired a business or a group of assets. The amendments do not have a material effect on the Group's financial statements because the Group has not acquired any subsidiaries during the year. However, the Group has amended its accounting policies for acquisition on or after 1st January 2020.
31st December 2021	**Specific Policies applicable from 1 January 2021 for Interest Rate Benchmark Reform ("IBOR") (Amendments to SLFRS 9, LKAS 39 and SLFRS 7)** A fundamental reform of major interest rate benchmark is being undertaken globally, replacing certain interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). The Bank has exposure to certain IBORs on its financial instruments that are being reformed as part of these market-wide initiatives. The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform Phase 1 and Phase 2. The effective date of both IBOR reform Phase 1 and Phase 2 amendments are for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context and the requirements under phase 2 amendments have to be applied retrospectively. The main risks to which the Bank has been exposed as a result of IBOR reform are operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms and revision of operational controls related to the reform and regulatory risk. Financial risk is predominantly limited to interest rate risk. The Bank has commenced a process to evaluate the impact from this reform on its financial instruments. This process will involve evaluating the extent to which loans advanced, loan commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform, how to manage communication about IBOR reform with counterparties and the changes required for the existing credit policies. As at 31st December 2021, the IBORs for certain key currencies to which the Bank has exposure to are in the process of reforming.

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31st December 2022	**Onerous Contracts (Amendment to SLAS 37)** The Group has adopted Onerous Contracts - Costs of fulfilling a Contract (Amendments to SLAS 37) from 01st January 2022. This resulted in a change in accounting policy for performing an onerous contract assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 01st January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy - i.e. there is no impact on the opening equity balances as at 01st January 2022 as a result of the change. **Reclassification of Debt portfolio from Fair value through Other Comprehensive Income to Amortised Cost** The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" which provides a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVOCI) to Amortised cost. The Bank has adopted the above SoAT and re-classified its Debt Portfolio from Fair Value Through Other Comprehensive Income (FVOCI) to Amortised Cost (AC) with effect from 01st April 2022. **Social Security Contribution Levy** The Social Security Contribution Levy (SSCL) Act No. 25 of 2022, has been passed in the parliament imposing a new levy on the turnover of persons. The SSCL comes into operations with effect from 01st October 2022. The Value Addition attributable for Financial Services shall be derived with the application of the turnover ratio distinguishing General VAT and VAT on Financial Services. Tax fraction 2.5/120.5 is applied in computing SSCL.

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2.4 Dividends

The Bank had declared the following dividends in respect of Ordinary Shares for the years ended 31st December 2017 to 31st December 2021.

Year ended 31st December	**Total Dividend Declared Rs. '000**	**Dividend Per Share Rs.**
2017	1,240,596	3.50*
2018	915,248	2.50**
2019	1,007,248	2.00***
2020	775,535	1.50****
2021	1,602,572	3.00*****

* Rs.1/- by way of cash dividend and Rs. 2.50/- by way of a scrip dividend.

** Rs.0.50/- by way of cash dividend and Rs. 2.00/- by way of a scrip dividend.

*** Rs. 1/- by way of cash dividend and Rs.1/- by way of a scrip dividend.

**** Rs. 1.50/- by way of a scrip dividend.

***** Rs. 3.00/- by way of a scrip dividend.

2.5 Events after the Reporting Date

The Board of directors of the Bank has recommended that a final dividend of Rs. 2.00 per share on both voting and non-voting shares of the Bank for the year ended 31st December 2022 which will be paid by way of scrip dividend of Rs. 2.00 per share.

Yours faithfully,

KPMG

Chartered Accountants
Colombo

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Annexure 1: Five Year Summary

Statement of Profit or Loss and Other Comprehesive Income	**Bank**					**Group**				
Financial period ended 31st December	**2022 Rs.'000**	**2021 Rs.'000**	**2020 Rs.'000**	**2019 Rs.'000**	**2018 Rs.'000**	**2022 Rs.'000**	**2021 Rs.'000**	**2020 Rs.'000**	**2019 Rs.'000**	**2018 Rs.'000**
Trading Results										
Gross Income	96,817,975	54,767,049	57,224,196	61,369,654	54,872,530	96,836,414	54,750,691	57,227,750	61,356,249	54,844,593
Profit before Taxation	6,628,860	6,027,776	4,111,247	5,098,640	4,666,252	6,796,658	6,184,680	4,295,636	5,267,110	4,687,124
Taxation	(1,916,597)	(1,447,236)	(1,099,947)	(1,418,378)	(1,477,046)	2,218,888	(1,449,010)	(1,197,578)	(1,468,858)	(1,536,268)
Profit after Taxation	4,712,263	4,580,540	3,011,300	3,680,262	3,189,206	4,577,770	4,735,670	3,098,058	3,798,252	3,150,856
Other Comprehensive Income, Net of Income Tax	(2,724,398)	(1,521,020)	1,832,025	2,233,532	(616,711)	(2,746,463)	(1,479,099)	1,865,107	2,322,388	(520,242)
Total Comprehensive Income	1,987,865	3,059,520	4,843,325	5,913,794	2,572,495	1,831,307	3,256,571	4,963,165	6,120,640	2,630,614
Dividend Per Share (Rs.)	2.00*	3.00	1.50	2.00	2.50	2.00*	3.00	1.50	2.00	2.50

* *Recommended by the Board of Directors as Scrip Dividend.*

Annexure 1: Five Year Summary (Continued)

Statement of Financial Position

As At 31st December	Bank 2022 Rs.'000	Bank 2021 Rs.'000	Bank 2020 Rs.'000	Bank 2019 Rs.'000	Bank 2018 Rs.'000	Group 2022 Rs.'000	Group 2021 Rs.'000	Group 2020 Rs.'000	Group 2019 Rs.'000	Group 2018 Rs.'000
Assets										
Cash & Short Term Funds (Including Securities purchased under resale agreements)	43,883,063	26,108,085	16,179,037	16,923,888	18,035,778	43,883,103	26,108,125	16,179,077	16,923,928	18,035,818
Balances with Central Bank of Sri Lanka	16,784,172	8,725,834	7,371,203	14,458,970	18,472,275	16,784,172	8,725,834	7,371,203	14,458,970	18,472,275
Investments (Including Investment properties)	137,448,482	102,037,867	111,119,662	84,583,126	87,820,385	138,655,933	103,132,956	112,041,466	85,497,031	88,719,558
Loans & Receivables, Placements with Banks and Finance Companies (Including Leases & Bills of Exchange)	446,038,544	450,223,571	404,496,675	380,432,342	326,882,538	446,038,544	450,223,571	404,496,675	380,432,342	326,882,538
Investment in Subsidiary	1,153,602	1,153,602	1,153,602	1,153,602	1,153,602	-	-	-	-	-
Other Assets (Including Taxation)	18,334,776	9,653,966	8,284,599	9,293,053	10,214,344	17,777,800	9,648,269	8,303,769	9,292,942	10,046,134
Property, Plant & Equipment, Right-of-use assets, Leasehold Rights and Intangible Assets	9,163,005	9,673,986	9,102,642	9,449,206	4,354,096	9,695,624	10,251,378	9,613,742	9,926,056	7,505,173
Total Assets	672,805,644	607,576,911	557,707,420	516,294,187	466,933,018	672,835,176	608,090,133	558,005,932	516,531,269	469,661,496
Liabilities										
Deposits from Customers and Due to Banks	559,473,785	513,157,715	472,982,813	429,500,987	383,938,968	559,473,785	513,157,715	472,982,813	429,500,987	383,938,968
Borrowings and Debentures	33,569,308	24,287,127	19,648,554	28,320,235	37,455,943	33,569,308	24,287,127	19,648,554	28,320,235	37,455,943
Other Liabilities (Including Lease Liabilities)	20,165,011	16,163,392	13,725,819	12,552,228	9,674,086	17,098,473	13,130,109	10,638,933	9,585,321	9,572,931
Taxation (Including Deferred tax)	5,128,484	1,881,540	2,339,674	1,250,715	1,209,464	5,179,000	2,194,227	2,636,448	1,437,924	1,185,533
Dividends Payable	18,758	34,128	43,585	42,748	44,758	48,141	34,128	43,585	42,748	44,758
Total Liabilities	618,355,346	555,523,902	508,740,445	471,666,913	432,323,219	615,368,707	552,803,306	505,950,333	468,887,215	432,198,133
Equity										
Stated Capital	19,926,453	18,323,882	17,548,347	17,044,724	12,025,795	19,926,453	18,323,882	17,548,347	17,044,724	12,025,795
Reserve Fund	2,568,162	2,332,549	2,103,522	1,952,957	1,768,944	2,568,162	2,332,549	2,103,522	1,952,957	1,768,944
Reserves	31,955,683	31,396,578	29,315,106	25,629,593	20,815,060	33,707,446	33,301,803	31,117,954	27,381,785	22,452,167
Non Controlling Interest	-	-	-	-	-	1,264,408	1,328,593	1,285,776	1,264,588	1,216,457
Total Equity	54,450,298	52,053,009	48,966,975	44,627,274	34,609,799	57,466,469	55,286,827	52,055,599	47,644,054	37,463,363
Total Liabilities & Equity	672,805,644	607,576,911	557,707,420	516,294,187	466,933,018	672,835,176	608,090,133	558,005,932	516,531,269	469,661,496
Commitments and Contingencies	167,641,150	224,389,878	195,154,154	150,147,271	129,692,642	167,642,941	224,389,963	195,173,315	150,189,462	129,721,740

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December - Bank - Rs'000

	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Reserves			Total
	Ordinary Shares - Voting Rs. ' 000	Ordinary Shares - Non Voting Rs. ' 000	Rs. ' 000	Rs. ' 000	Revaluation Reserve Rs. ' 000	AFS / FVOCI Reserve Rs. ' 000	Other Reserves Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2018	7,319,076	3,909,193	1,609,484	17,178,024	1,242,493	945,408	2,002,245	34,205,923
Adjustment on Initial Application of SLFRS 9, Net of Tax	-	-	-	(155,362)	-	(1,570,187)	-	(1,725,549)
(2) Adjusted Balance as at 01st January 2018	7,319,076	3,909,193	1,609,484	17,022,662	1,242,493	(624,779)	2,002,245	32,480,374
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,189,206	-	-	-	3,189,206
Other Comprehensive Income (net of tax)								
- Actuarial Gain on Defined Benefit Obligations	-	-	-	84,326	-	-	-	84,326
- Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	(1,105,151)	-	(1,105,151)
- Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	368,208	-	368,208
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	35,906	35,906
(3) Total Comprehensive Income for the Year	-	-	-	3,273,532	-	(736,943)	35,906	2,572,495
Transactions with Equity Holders , Recognised Directly In Equity								
Cash/Scrip Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	-	(443,070)
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	376,203	(376,203)	-	-	-
Transferred to Statutory Reserve Fund*	-	-	159,460	(159,460)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,727	-	-	(8,727)	-
Net Gain on Disposal Equity Investments measured at fair value through other comprehensive income	-	-	-	517,579	-	(517,579)	-	-
(4) Total Transactions with Equity Holders	404,131	393,395	159,460	(497,547)	(376,203)	(517,579)	(8,727)	(443,070)
Balance as at 31st December 2018 (2 + 3 + 4)	7,723,207	4,302,588	1,768,944	19,798,647	866,290	(1,879,301)	2,029,424	34,609,799
(1) Balance as at 01st January 2019	7,723,207	4,302,588	1,768,944	19,798,647	866,290	(1,879,301)	2,029,424	34,609,799
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,680,262	-	-	-	3,680,262
Other Comprehensive Income (net of tax)								
- Actuarial Gain on Defined Benefit Obligations	-	-	-	177,461	-	-	-	177,461
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	1,828,712	-	1,828,712
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	289,432	-	289,432
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(62,073)	(62,073)
(2) Total Comprehensive Income for the Year	-	-	-	3,857,723	-	2,118,144	(62,073)	5,913,794
Transactions with Equity Holders , Recognised Directly In Equity								
Cash/Scrip Dividends to Equity Holders	316,659	313,032	-	(915,248)	-	-	-	(285,557)
Rights Issue	2,844,844	1,544,394	-	-	-	-	-	4,389,238
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	7,978	(7,978)	-	-	-
Transferred to Statutory Reserve Fund*	-	-	184,013	(184,013)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	5,090	-	-	(5,090)	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	253,062	-	(253,062)	-	-
(3) Total Transactions with Equity Holders	3,161,503	1,857,426	184,013	(833,131)	(7,978)	(253,062)	(5,090)	4,103,681
Balance as at 31st December 2019 (1 + 2 + 3)	10,884,710	6,160,014	1,952,957	22,823,239	858,312	(14,219)	1,962,261	44,627,274

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax).

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Bank (Continued) - Rs'000

	Stated Capital		Statutory	Retained	Reserves			Total
	Ordinary Shares - Voting	Ordinary Shares - Non Voting	Reserve Fund *	Earnings	Revaluation Reserve	FVOCI Reserve	Other Reserves	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2020	**10,884,710**	**6,160,014**	**1,952,957**	**22,823,239**	**858,312**	**(14,219)**	**1,962,261**	**44,627,274**
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,011,300	-	-	-	3,011,300
Other Comprehensive Income (net of tax)								
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(495,480)	-	-	-	(495,480)
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	1,238,707	-	1,238,707
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	1,062,026	-	1,062,026
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772
(2) Total Comprehensive Income for the Year	-	-	-	**2,515,820**	-	**2,300,733**	**26,772**	**4,843,325**
Transactions with Equity Holders , Recognised Directly In Equity								
Cash/Scrip Dividends to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,624)
Transferred to Statutory Reserve Fund*	-	-	150,565	(150,565)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	500,795	-	-	(500,795)	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	1,490	-	(1,490)	-	-
Net Loss on Reclassification of Debt Investments measured at FVOCI	-	-	-	(308)	-	308	-	-
(3) Total Transactions with Equity Holders	**251,477**	**252,146**	**150,565**	**(655,835)**	-	**(1,182)**	**(500,795)**	**(503,624)**
Balance as at 31st December 2020 (1 + 2 + 3)	**11,136,187**	**6,412,160**	**2,103,522**	**24,683,224**	**858,312**	**2,285,332**	**1,488,238**	**48,966,975**
(1) Balance as at 01st January 2021	**11,136,187**	**6,412,160**	**2,103,522**	**24,683,224**	**858,312**	**2,285,332**	**1,488,238**	**48,966,975**
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,580,540	-	-	-	4,580,540
Other Comprehensive Income (net of tax)								
- Revaluation of Property, Plant and Equipment	-	-	-	-	601,759	-	-	601,759
- Actuarial Gain on Defined Benefit Obligations	-	-	-	(390,122)	-	-	-	(390,122)
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	(2,093,966)	-	(2,093,966)
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	438,794	-	438,794
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(77,485)	(77,485)
(2) Total Comprehensive Income for the Year	-	-	-	**4,190,418**	**601,759**	**(1,655,172)**	**(77,485)**	**3,059,520**
Transactions with Equity Holders , Recognised Directly In Equity								
Scrip Dividends to Equity Holders	385,076	390,459	-	(775,535)	-	-	-	-
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	9,228	-	-	-	9,228
Transferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	434,435	-	-	(434,435)	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	875,339	-	(875,339)	-	-
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,535	8,751	-	-	17,286
(3) Total Transactions with Equity Holders	**385,076**	**390,459**	**229,027**	**322,975**	**8,751**	**(875,339)**	**(434,435)**	**26,514**
Balance as at 31st December 2021 (1 + 2 + 3)	**11,521,263**	**6,802,619**	**2,332,549**	**29,196,617**	**1,468,822**	**(245,179)**	**976,318**	**52,053,009**

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax).

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Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Bank (Continued) - Rs'000

	Stated Capital		Statutory	Retained	Reserves			
	Ordinary Shares - Voting	Ordinary Shares - Non Voting	Reserve Fund	Earnings	Revaluation Reserve	FVOCI Reserve	Other Reserves	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2022	11,521,263	6,802,619	2,332,549	29,196,617	1,468,822	(245,179)	976,318	52,053,009
Surcharge Tax	-	-	-	(1,168,335)	-	-	-	(1,168,335)
(2) Restated Balance as at 01st January 2022	11,521,263	6,802,619	2,332,549	28,028,282	1,468,822	(245,179)	976,318	50,884,674
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,712,263	-	-	-	4,712,263
Other Comprehensive Income (net of tax)								
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(222,236)	-	-	-	(222,236)
- Net Losses on Investments in Debt Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	(1,240,758)	-	(1,240,758)
- Net Change in Fair Value on Investments in Equity Instruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	(1,251,047)	-	(1,251,047)
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	84,246	84,246
- Deferred Tax Impact on Tax Rate Change	-	-	-	-	(94,603)	-	-	(94,603)
(3) Total Comprehensive Income for the Year	-	-	-	4,490,027	(94,603)	(2,491,805)	84,246	1,987,865
Transactions with Equity Holders , Recognised Directly In Equity								
Scrip Dividend to Equity Holders	792,802	809,769	-	(1,602,571)	-	-	-	-
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	14,484	-	-	-	14,484
Transferred to Statutory Reserve Fund*	-	-	235,613	(235,613)	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	359,989	-	-	(359,989)	-
Net Gains on Disposal of Equity Investments measured at Fair Value through Other Comprehensive Income	-	-	-	9,396	-	(9,396)	-	-
Reclassification of Debt Intruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,563,275	-	1,563,275
(4) Total Transactions with Equity Holders	792,802	809,769	235,613	(1,454,315)	-	1,553,879	(359,989)	1,577,759
Balance as at 31st December 2022 (2 + 3 + 4)	12,314,065	7,612,388	2,568,162	31,063,994	1,374,219	(1,183,105)	700,575	54,450,298

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax).

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Group - Rs'000

	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Reserves			Total	Non Controlling Interest	Total Equity
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	AFS / FVOCI Reserve	Other Reserves			
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2018	**7,319,076**	3,909,193	**1,609,484**	**17,818,539**	**1,967,727**	**945,496**	**2,257,458**	**35,826,973**	**1,213,666**	37,040,639
Adjustment on Initial Application of SLFRS 9, Net of Tax	-	-	-	(121,806)	-	(1,603,743)	-	(1,725,549)	-	(1,725,549)
(2) Adjusted Balance as at 01st January 2018	7,319,076	3,909,193	1,609,484	17,696,733	1,967,727	(658,247)	2,257,458	34,101,424	1,213,666	**35,315,090**
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	3,137,243	-	-	-	3,137,243	13,613	**3,150,856**
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	71,327	-	-	71,327	29,832	**101,159**
- Actuarial Gain on Defined Benefit Obligations	-	-	-	83,986	-	-	-	83,986	(142)	**83,844**
- Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	-	-	-	(1,410)	-	(1,106,708)	-	(1,108,118)	(1,241)	**(1,109,359)**
- Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	368,208	-	368,208	-	**368,208**
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	35,906	35,906	-	**35,906**
(3) Total Comprehensive Income for the Year	-	-	-	**3,219,819**	**71,327**	**(738,500)**	**35,906**	**2,588,552**	**42,062**	**2,630,614**
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	-	(443,070)	(39,271)	**(482,341)**
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	376,427	(376,427)	-	-	-	-	-
Transferred to Statutory Reserve Fund*	-	-	159,460	(159,460)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,727	-	-	(8,727)	-	-	-
Net Gain on Disposal Equity Investments measured at fair value through other comprehensive income	-	-	-	517,579	-	(517,579)	-	-	-	-
(4) Total Transactions with Equity Holders	**404,131**	**393,395**	**159,460**	**(497,323)**	**(376,427)**	**(517,579)**	**(8,727)**	**(443,070)**	**(39,271)**	**(482,341)**
Balance as at 31st December 2018 (2 + 3 + 4)	**7,723,207**	**4,302,588**	**1,768,944**	**20,419,229**	**1,662,627**	**(1,914,326)**	**2,284,637**	**36,246,906**	**1,216,457**	**37,463,363**
(1) Balance as at 01st January 2019	**7,723,207**	**4,302,588**	**1,768,944**	**20,419,229**	**1,662,627**	**(1,914,326)**	**2,284,637**	**36,246,906**	**1,216,457**	**37,463,363**
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	3,732,691	-	-	-	3,732,691	65,561	**3,798,252**
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	60,088	-	-	60,088	25,131	**85,219**
- Actuarial Gain on Defined Benefit Obligations	-	-	-	175,841	-	-	-	175,841	(678)	**175,163**
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	1,832,262	-	1,832,262	1,485	**1,833,747**
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	290,067	-	290,067	265	**290,332**
- Reversal of FVOCI reserve of equity instrument written-off	-	-	-	(564)	-	564	-	-	-	-
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(62,073)	(62,073)	-	**(62,073)**
(2) Total Comprehensive Income for the Year	-	-	-	**3,907,968**	**60,088**	**2,122,893**	**(62,073)**	**6,028,876**	**91,764**	**6,120,640**
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividends to Equity Holders	316,659	313,032	-	(915,245)	-	-	-	(285,554)	(43,633)	**(329,187)**
Rights issue	2,844,844	1,544,394	-	-	-	-	-	4,389,238	-	**4,389,238**
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	7,987	(7,987)	-	-	-	-	-
Transferred to Statutory Reserve Fund*	-	-	184,013	(184,013)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	5,090	-	-	(5,090)	-	-	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	253,168	-	(253,168)	-	-	-	-
(3) Total Transactions with Equity Holders	**3,161,503**	**1,857,426**	**184,013**	**(833,013)**	**(7,987)**	**(253,168)**	**(5,090)**	**4,103,684**	**(43,633)**	**4,060,051**
Balance as at 31st December 2019 (1 + 2 + 3)	**10,884,710**	**6,160,014**	**1,952,957**	**23,494,184**	**1,714,728**	**(44,601)**	**2,217,474**	**46,379,466**	**1,264,588**	**47,644,054**

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax)

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Group (Continued) - Rs'000

	Stated Capital		Statutory	Retained	Reserves			Total	Non	Total
	Ordinary Shares - Voting	Ordinary Shares - Non Voting	Reserve Fund *	Earnings	Revaluation Reserve	FVOCI Reserve	Other Reserves		Controlling Interest	Equity
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2020	10,884,710	6,160,014	1,952,957	23,494,184	1,714,728	(44,601)	2,217,474	46,379,466	1,264,588	47,644,054
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	3,038,629	-	-	-	3,038,629	59,429	3,098,058
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	21,139	-	-	21,139	8,841	29,980
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(495,369)	-	-	-	(495,369)	46	(495,323)
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	1,240,784	-	1,240,784	868	1,241,652
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	1,062,026	-	1,062,026	-	1,062,026
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	26,772	26,772	-	26,772
(2) Total Comprehensive Income for the Year	-	-	-	2,543,260	21,139	2,302,810	26,772	4,893,981	69,184	4,963,165
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividends to Equity Holders	251,477	252,146	-	(1,007,247)	-	-	-	(503,624)	(47,996)	(551,620)
Transferred to Statutory Reserve Fund*	-	-	150,565	(150,565)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	500,795	-	-	(500,795)	-	-	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	1,490	-	(1,490)	-	-	-	-
Net Loss on Reclassification of Debt Investments measured at FVOCI	-	-	-	(308)	-	308	-	-	-	-
(3) Total Transactions with Equity Holders	251,477	252,146	150,565	(655,835)	-	(1,182)	(500,795)	(503,624)	(47,996)	(551,620)
Balance as at 31st December 2020 (1 + 2 + 3)	11,136,187	6,412,160	2,103,522	25,381,609	1,735,867	2,257,027	1,743,451	50,769,823	1,285,776	52,055,599
(1) Balance as at 01st January 2021	11,136,187	6,412,160	2,103,522	25,381,609	1,735,867	2,257,027	1,743,451	50,769,823	1,285,776	52,055,599
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	4,653,003	-	-	-	4,653,003	82,667	4,735,670
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	629,607	-	-	629,607	11,648	641,255
- Actuarial Losses on Defined Benefit Obligations	-	-	-	(390,684)	-	-	-	(390,684)	(235)	(390,919)
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	(2,091,694)	-	(2,091,694)	950	(2,090,744)
- Change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	438,794	-	438,794	-	438,794
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(77,485)	(77,485)	-	(77,485)
(2) Total Comprehensive Income for the Year	-	-	-	4,262,319	629,607	(1,652,900)	(77,485)	3,161,541	95,030	3,256,571
Transactions with Equity Holders , Recognised Directly In Equity										
Scrip Dividends to Equity Holders	385,076	390,459	-	(775,535)	-	-	-	-	(52,362)	(52,362)
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	9,228	-	-	-	9,228	-	9,228
Transferred to Statutory Reserve Fund*	-	-	229,027	(229,027)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	434,435	-	-	(434,435)	-	-	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	875,339	-	(875,339)	-	-	-	-
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	8,654	8,661	-	-	17,315	12	17,327
Others	-	-	-	327	-	-	-	327	137	464
(3) Total Transactions with Equity Holders	385,076	390,459	229,027	323,421	8,661	(875,339)	(434,435)	26,870	(52,213)	(25,343)
Balance as at 31st December 2021 (1 + 2 + 3)	11,521,263	6,802,619	2,332,549	29,967,349	2,374,135	(271,212)	1,231,531	53,958,234	1,328,593	55,286,827

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax)

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Group (Continued) - Rs'000

	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Reserves			Total	Non Controlling Interest	Total Equity
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	FVOCI Reserve	Other Reserves			
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2022	11,521,263	6,802,619	2,332,549	29,967,349	2,374,135	(271,212)	1,231,531	53,958,234	1,328,593	55,286,827
Surcharge Tax	-	-	-	(1,168,335)	-	-	-	(1,168,335)	-	(1,168,335)
(2) Restated Balance as at 01st January 2022	11,521,263	6,802,619	2,332,549	28,799,014	2,374,135	(271,212)	1,231,531	52,789,899	1,328,593	54,118,492
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	4,574,359	-	-	-	4,574,359	3,411	4,577,770
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	(9,945)	-	-	(9,945)	(4,159)	(14,104)
- Actuarial Gain/ (loss) on Defined Benefit Obligations	-	-	-	(221,122)	-	-	-	(221,122)	466	(220,656)
- Net gains/(losses) on investments in debt instruments measured at FVOCI	-	-	-	-	-	(1,247,267)	-	(1,247,267)	(2,722)	(1,249,989)
- Net change in fair value on investments in equity instruments measured at FVOCI	-	-	-	-	-	(1,251,047)	-	(1,251,047)	-	(1,251,047)
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	84,246	84,246	-	84,246
- Deferred Tax Impact on Tax Rate Change	-	-	-	-	(94,821)	-	-	(94,821)	(92)	(94,913)
(3) Total Comprehensive Income for the Year	-	-	-	4,353,237	(104,766)	(2,498,314)	84,246	1,834,403	(3,096)	1,831,307
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividends to Equity Holders	792,802	809,769	-	(1,602,571)	-	-	-	-	(61,089)	(61,089)
Unclaimed Dividend Absorbed/(Dividend Paid) in respect of Previous Years	-	-	-	14,484	-	-	-	14,484	-	14,484
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Transferred to Statutory Reserve Fund*	-	-	235,613	(235,613)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	359,989	-	-	(359,989)	-	-	-
Net Gain on Disposal Equity Investments measured at FVOCI	-	-	-	9,396	-	(9,396)	-	-	-	-
Reclassification of Debt Intruments measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	1,563,275	-	1,563,275	-	1,563,275
(4) Total Transactions with Equity Holders	792,802	809,769	235,613	(1,454,315)	-	1,553,879	(359,989)	1,577,759	(61,089)	1,516,670
Balance as at 31st December 2022 (2 + 3 + 4)	12,314,065	7,612,388	2,568,162	31,697,936	2,269,369	(1,215,647)	955,788	56,202,061	1,264,408	57,466,469

* Statutory Reserve Fund represents the statutory requirement in terms of the Section 20(1) and (2) of the Banking Act No. 30 of 1988 (5% of net profit after tax)

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS

For the Year ended 31st December	Bank					Group				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Operating Activities										
Interest receipts	78,479,079	41,685,072	48,732,142	53,327,880	46,871,290	78,516,805	41,695,861	48,739,823	53,335,401	46,872,456
Interest payments	(33,232,226)	(21,411,294)	(29,889,168)	(32,820,976)	(28,162,777)	(33,219,943)	(21,402,467)	(29,879,048)	(32,817,258)	(28,139,546)
Net commission receipts	6,462,018	4,641,200	3,729,610	4,232,771	4,053,967	6,461,207	4,640,476	3,728,304	4,232,555	4,048,998
Trading income	196,078	28,216	165,587	66,587	79,954	196,078	29,416	166,776	68,172	79,756
Payments to employees	(7,583,372)	(7,353,685)	(6,961,878)	(6,249,124)	(5,973,776)	(7,626,699)	(7,390,910)	(6,995,809)	(6,283,773)	(6,008,216)
VAT and NBT on financial services and DRL	(2,548,404)	(2,164,565)	(1,199,766)	(2,694,167)	(2,258,810)	(2,548,404)	(2,164,565)	(1,199,766)	(2,694,167)	(2,258,810)
Receipts from other operating activities	15,234,119	3,707,288	2,455,564	2,780,711	1,596,098	15,360,974	3,804,412	2,565,231	2,848,147	1,686,424
Payments on other operating activities	(5,861,384)	(3,850,485)	(4,062,152)	(5,067,052)	(5,213,731)	(5,916,877)	(3,892,235)	(4,111,841)	(5,127,664)	(5,095,557)
Operating Profit before Changes in Operating Assets and Liabilities	51,145,908	15,281,747	12,969,939	13,576,630	10,992,215	51,223,141	15,319,988	13,013,670	13,561,413	11,185,505
(Increase)/Decrease in Operating Assets :										
Balances with Central Bank of Sri Lanka	(8,058,338)	(1,354,631)	7,087,767	4,013,305	647,568	(8,058,338)	(1,354,631)	7,087,767	4,013,305	647,568
Financial assets at amortised cost - loans and advances	(19,115,338)	(54,727,268)	(18,421,886)	(54,623,855)	(48,243,676)	(19,115,466)	(54,727,317)	(18,421,886)	(54,623,855)	(48,243,676)
Other Assets	(5,063,032)	103,576	178,558	(2,784,945)	(1,745,640)	(5,106,545)	94,723	125,778	7,341	(1,740,419)
Increase/(Decrease) in Operating Liabilities :										
Financial liabilities at amortised cost - due to depositors	49,236,984	49,744,819	40,673,176	42,076,603	48,740,109	49,236,984	49,744,819	40,673,176	42,076,603	48,740,109
Financial liabilities at amortised cost - due to debt securities holders	9,238,188	89,286	(5,824,851)	(12,663,143)	4,463,652	9,238,188	89,286	(5,824,851)	(12,663,143)	4,463,652
Financial liabilities at amortised cost - due to other borrowers	188	(6,828)	(9,284)	(8,611)	9,622	188	(6,828)	(9,284)	(8,611)	9,622
Other Liabilities	(7,677,735)	181,437	(704,858)	1,061,064	(1,246,270)	(7,653,888)	262,403	(787,487)	(1,704,826)	(360,964)
Due to banks	(12,346,357)	(8,175,300)	3,910,058	2,390,848	(674,191)	(12,346,357)	(8,175,300)	3,910,058	2,390,848	(674,191)
Cash Generated from Operations	57,360,468	1,136,838	39,858,619	(6,962,104)	12,943,389	57,417,907	1,247,143	39,766,941	(6,950,925)	14,027,206
Income Tax Paid	(2,138,520)	(1,242,538)	(976,468)	(1,827,863)	(1,690,523)	(2,138,520)	(1,242,538)	(976,468)	(1,829,340)	(1,715,678)
Surcharge Tax Paid	(1,168,335)	-	-	-	-	(1,168,335)	-	-	-	-
Net Cash (Used in)Generated from Operating Activities	54,053,613	(105,700)	38,882,151	(8,789,967)	11,252,866	54,111,052	4,605	38,790,473	(8,780,265)	12,311,528
Cash Flows from Investing Activities										
Purchase of property , plant & equipment	(192,907)	(312,432)	(512,836)	(1,321,767)	(870,778)	(197,090)	(356,854)	(528,926)	(1,374,033)	(887,614)
Improvements to investment properties	-	-	-	-	-	(43,087)	(33,725)	(18,863)	(20,357)	(4,246)
Proceeds from sale of property , plant and equipment	2,359	10,323	15,896	38,302	972,594	2,359	10,323	15,896	38,308	38,795
Net proceeds from Sale, maturity and purchase of financial investments of government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing after 03 months	(11,411,748)	4,966,410	(19,049,799)	4,826,187	(3,733,611)	(11,489,675)	4,966,410	(19,049,799)	4,826,187	(3,733,611)
Net proceeds from sale, maturity and purchase of financial investments of shares and debentures	47,606	767,816	36,381	124,660	338,335	58,572	772,153	31,929	117,946	289,640
Reverse repurchase agreements maturing after three months	-	1,801	4,433	1,819	2,248	-	1,801	4,433	1,819	2,248
Net purchase of intangible assets	(102,672)	(149,882)	(177,129)	(185,862)	(332,855)	(102,672)	(149,882)	(177,129)	(185,862)	(332,855)
Dividend received from investment in subsidiaries	146,065	125,199	114,765	89,726	84,509	-	-	-	-	-
Dividend received from other investments	16,446	32,674	19,173	24,989	41,641	16,446	32,674	19,173	24,989	41,641
Net Cash (Used in) / Generated from Investing Activities	(11,494,851)	5,441,909	(19,549,116)	3,598,054	(3,497,917)	(11,755,147)	5,242,900	(19,703,286)	3,428,997	(4,586,002)

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Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS (CONTINUED)	Bank					Group				
Cash Flows from Financing Activities	**2022 Rs.'000**	**2021 Rs.'000**	**2020 Rs.'000**	**2019 Rs.'000**	**2018 Rs.'000**	**2022 Rs.'000**	**2021 Rs.'000**	**2020 Rs.'000**	**2019 Rs.'000**	**2018 Rs.'000**
Net proceeds from the issue of ordinary share capital	-	-	-	4,389,238	-	-	-	-	4,389,238	-
Net proceeds from the issue of subordinated debt	-	6,000,000	-	5,000,000	6,234,000	-	6,000,000	-	4,971,000	6,134,000
Repayment of subordinated debt	-	(1,727,720)	(2,806,040)	(1,866,550)	(2,462,280)	-	(1,727,720)	(2,806,040)	(1,866,550)	(2,312,280)
Interest paid on subordinated debt	(2,589,596)	(2,261,775)	(2,232,788)	(1,577,377)	(1,320,046)	(2,578,780)	(2,250,959)	(2,221,972)	(1,561,452)	(1,309,155)
Interest paid on un-subordinated debt	-	-	(241,770)	(402,293)	(438,365)	-	-	(241,770)	(402,293)	(430,562)
Dividend paid to non-controlling interest	-	-	-	-	-	(57,343)	(42,931)	(49,720)	(54,302)	(39,271)
Dividend paid to shareholders of the bank	(886)	(229)	(502,788)	(287,567)	(440,436)	(886)	(229)	(502,788)	(287,567)	(440,436)
Repayment of Principal Portion of Lease Liabilities	(752,565)	(822,434)	(750,450)	(748,544)	-	(474,202)	(537,647)	(465,698)	(521,812)	-
Net Cash (Used in) Generated from Financing Activities	(3,343,047)	1,187,842	(6,533,836)	4,506,907	1,572,873	(3,111,211)	1,440,514	(6,287,988)	4,666,262	1,602,296
Net Increase / (Decrease) in Cash and Cash Equivalents	39,215,715	6,524,051	12,799,199	(685,006)	9,327,822	39,244,694	6,688,019	12,799,199	(685,006)	9,327,822
Cash and Cash Equivalents at beginning of the Year	44,039,917	37,515,866	24,716,667	25,401,673	16,073,851	44,204,423	37,516,404	24,717,205	25,402,211	16,073,891
Cash and Cash Equivalents at end of the Year	83,255,632	44,039,917	37,515,866	24,716,667	25,401,673	83,449,117	44,204,423	37,516,404	24,717,205	25,401,713
Reconciliation of Cash and Cash Equivalents										
Cash and cash equivalents	40,402,164	16,113,653	10,044,937	11,775,495	12,598,457	40,402,204	16,113,693	10,044,977	11,775,535	12,598,497
Placements with banks and finance companies	1,828,177	8,288,351	10,784,450	1,179,174	-	1,828,675	8,288,849	10,784,948	1,179,672	-
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing within 03 months	37,396,742	9,608,882	10,543,586	6,601,739	7,346,010	37,589,689	9,772,850	10,543,586	6,601,739	7,346,010
Securities purchased under resale agreements maturing within three months	3,628,549	10,029,031	6,142,893	5,160,259	5,457,206	3,628,549	10,029,031	6,142,893	5,160,259	5,457,206
	83,255,632	44,039,917	37,515,866	24,716,667	25,401,673	83,449,117	44,204,423	37,516,404	24,717,205	25,401,713