

AMĀNA BANK PLC
ANNUAL REPORT 2022

WITH FORTITUDE

Amāna Bank



It's *Your* Bank

WITH FORTITUDE

The year 2022 with its unique challenges tested our ability to rise up against the tides to become stronger, more purposeful and more resolute. The events of the year were indeed unprecedented. Yet we navigated through the challenges by strengthening our focus and commitment to our values which proved once again to be the recipe to our success, stability and endurance.

Engaging and caring for our customers and stakeholders genuinely and protecting their interests with deep understanding is something we strived to achieve continuously at every opportunity and touch point of all our interactions. We did this while upholding our ceaseless commitment to those who needed our assistance the most, through which we have created truly inclusive banking for all.

In the face of challenge and uncertainty we march forward with fortitude by embracing our core values harder than ever before and ensuring such values are ingrained in everything we do, our signature way of banking!

Amāna Bank 

It's *Your* Bank

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View this Annual Report online at
<https://www.amanabank.lk/investor-relations/annual-reports.html>

About The Report

INTRODUCTION

This is the first Integrated Annual Report published by Amāna Bank PLC. The decision to move to integrated reporting reflects the Bank's commitment to continuously improve the quality of information and transparency of the disclosures made to stakeholders. Accordingly, the Annual Report 2022 strives to provide information that may be of interest to shareholders, customers, employees, regulators and the wider community.

All previous reports are available for viewing and downloading at www.amanabank.lk. There are no restatements pertaining to these previous reports.

SCOPE AND BOUNDARY

This integrated report has been prepared for the period 1 January 2022 to 31 December 2022 to coincide with the Bank's financial year. The report covers Amāna Bank PLC's core banking activities conducted under the non-interest based principles of Islamic Banking.

REPORTING FRAMEWORKS

For its first Integrated Annual Report, Amāna Bank has chosen to report on the basis of the SIX CAPITALS defined by the International Integrated Reporting Council's (IIRC) International <IR> Integrated Reporting Framework. In this way, the report seeks to demonstrate how the Bank creates value for all its stakeholders. The intention here is to inform stakeholders about the Bank's holistic approach to value creation, covering both tangible and intangible, financial and non-financial aspects of the business. The report also lists the Bank's commitment to selected UN Sustainable Development Goals.

QUICK REFERENCE GUIDE AMĀNA BANK PLC INTEGRATED ANNUAL REPORT FOR 2022

| | | |
|--|--|--|
| Chairman's Message 10 page | Managing Director / CEO's Review 20 page | Strategy and Focus 44 page |
| Management Discussion and Analysis 56 page |  | Governance and Stewardship 98 page |

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No. 07 of 2007.

The Corporate Governance report is in accordance with Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks and subsequent amendments thereto as issued by Central Bank of Sri Lanka along with the Code of Best Practices on Corporate Governance issued by Securities and Exchange Commission of Sri Lanka and code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL).

DETERMINATION OF REPORT CONTENT BASED ON THE PRINCIPLE OF MATERIALITY

The principle of Materiality has been applied in assessing what information is to be included in this integrated report. Topics deemed material are those that have the ability to affect our value creation capacity. Page 48 of this report outlines the Material Topics relevant to Amāna Bank PLC for 2022.

ASSURANCE

Assurance of the report content is provided through a combination of internal and external sources. The content included in this Integrated Report has been endorsed by the respective business heads and reviewed by Amāna Bank's Managing Director/CEO and relevant Board Sub Committees prior to submission to the Board of Directors for approval, where relevant.

An independent review of the Bank's Financial Statements has been carried out by Messrs Ernst & Young. Their report is on page 186.

FORWARD LOOKING STATEMENTS

This integrated report may contain what are deemed to be "forward-looking statements" based on judgements of the Bank's management as well as assumptions made by and information currently available. These forward-looking statements include information relating to Amāna Bank's business prospects, future developments, trends and likely conditions in the industry and markets in which the Bank operates. Such forward-looking statements are, by their nature, subject to significant risks and uncertainties and as such, actual results and performance of the Bank may differ materially from those implied by such statements due to many factors. Readers are therefore advised not to place undue reliance on such statements. Amāna Bank PLC does not undertake any obligation to update any revisions to these statements publicly after the date of this report.

BOARD RESPONSIBILITY

The Board of Directors of Amāna Bank PLC acknowledges its responsibility for ensuring the completeness, accuracy and integrity of this report. The Board confirms that it collectively reviewed the contents of the report in conjunction with the assurance reports obtained from the Bank's various internal and external assurance providers, including assessments on risk and internal controls.

On this basis, the Board is satisfied that the Integrated Report for 2022 addresses all the issues that are material to its ability to create value and thereby provides an accurate assessment of the Bank's performance for the financial year ended 31 December 2022.

FEEDBACK

Having just commenced its integrated reporting journey, Amāna Bank PLC welcomes suggestions to help improve the quality of its reporting process and request that all feedback be directed to :

Amāna Bank PLC


Company Secretarial Division
6th Floor, No. 403,
Galle Road,
Colombo 3,
Sri Lanka.
Tel: +94 11 7757400 (weekdays between 9 am to 5 pm)

Vision

To be an admired leader in providing equitable financial solutions, not limited to numerics, but also in earning the trust of our customers, employees, shareholders and country.

Mission

To adopt a unique and people friendly approach in banking with a passion for continuous improvement, enabling growth and enriching lives.

An aerial photograph of a massive, white iceberg floating in the deep blue ocean. The iceberg's surface is textured with shadows and highlights, showing its irregular shape. The surrounding water is a rich, dark blue, with some white foam visible near the base of the iceberg. The sky is bright and clear, occupying the upper right portion of the frame.

**We are navigating the
rough waters of the
economy**

Our Journey



2011

Commencement
of Banking
Operations



2013

Initial Public Offer
(Listed in January
2014)



2018

Inaugural
Dividend Payment
which has since
continued
annually

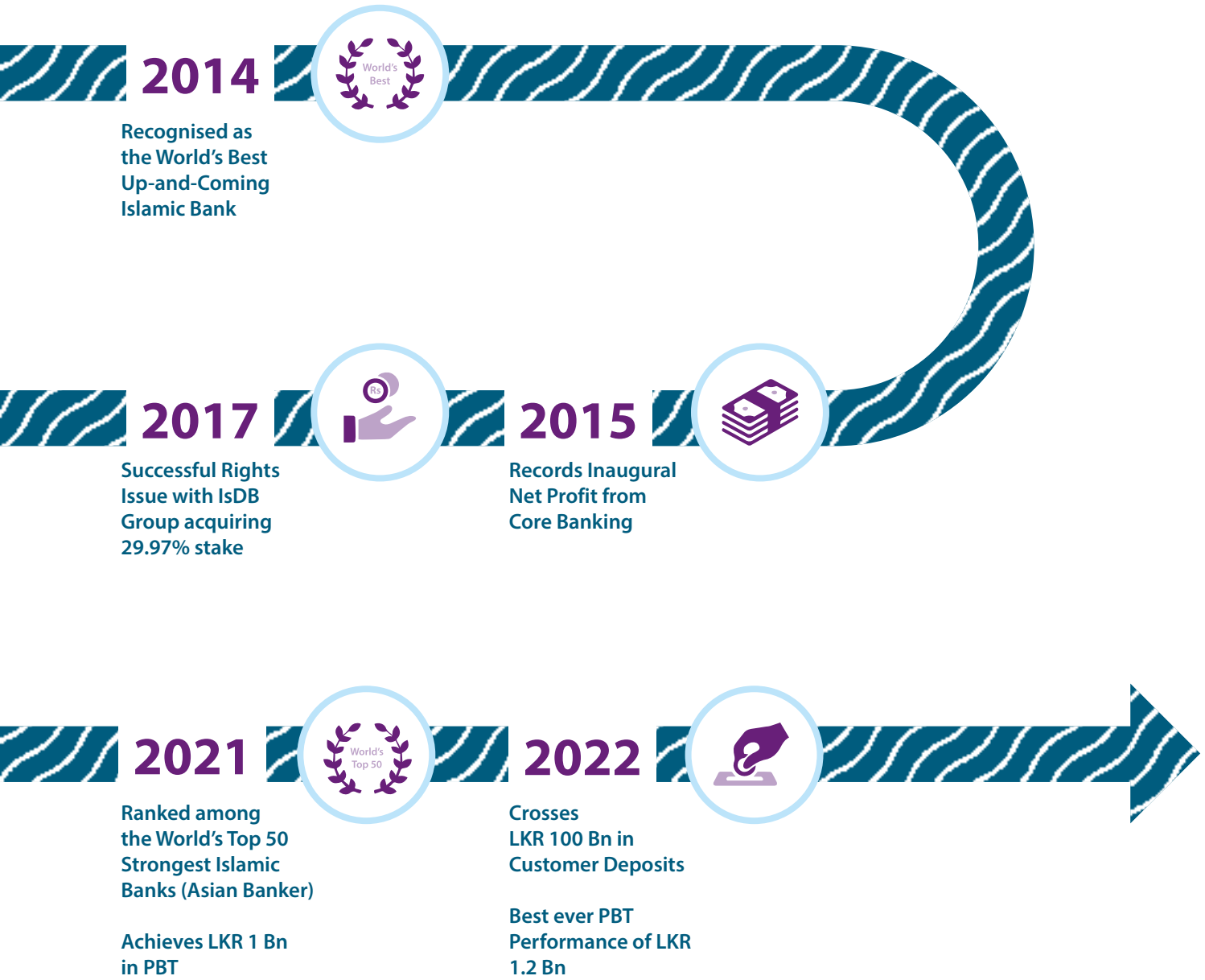


2020

Reaches LKR 100 Bn
in Total Assets

Recognised as Fastest
Growing Retail Bank
in Sri Lanka





Chairman's Message





I am most humbled to announce that despite facing many challenges throughout the year, Amāna Bank's vision, agility and ethical business model combined with strong customer engagement enabled the Bank to record its best-ever performance to date. I find this to be a commendable achievement as it comes in the backdrop of unprecedented macroeconomic challenges Sri Lanka has experienced in recent history.



MACROECONOMIC REVIEW

The past few years have been tough for Sri Lanka, with each passing year proving to be increasingly more challenging than the last. In 2022, Sri Lanka found itself challenged on several fronts - economically, politically and socially leading to an economic contraction. The rapid depletion in the Country's foreign reserves since the latter half of 2021 cascaded into the debt crisis in early 2022, which prompted the government to float the Rupee in March followed up by its announcement in May of its intention to suspend meeting its overseas debt commitments. The situation was exacerbated by rising market rates along with escalating commodity prices which were further influenced by the lagged effect of COVID-induced supply chain delays and geopolitical tension in Europe caused by the Russia Ukraine war.

In order to contain adverse effects stemming from the above, the authorities adopted corrective fiscal and monetary measures aimed at curtailing foreign currency outflows and stabilising the economy as a key priority.

The combined effect of these challenges impacted the Banking sector specially in terms of rising default rates. This was an industry-wide development in 2022 with the sector average of Stage 3 Impaired Ratio crossing 10% during the year which was sharp increase from the Non Performing Loans ratio of 4.5% in 2021. In the backdrop of this industry phenomenon, I am happy to convey that Amāna Bank has emerged to be a notable exception with a Stage 3 Impaired Ratio of 2.1%. This is strongly attributable to our responsible approach to financing based on our unique model of banking coupled with our disciplined underwriting and collection processes.

A WINNING STRATEGY

Considering the economic uncertainties and their impact on our core markets, we revisited our risk fundamentals to channel our short term focus towards the corporate segment, a strategy that produced strong results.

The unique model of banking adopted by Amāna Bank shielded its exposure to many elements which posed challenges across the industry thereby bolstering the Bank's resilience against economic turbulence. Zero exposure towards interest bearing Government Securities, offered Amāna Bank a measure of insulation against a multitude of associated risks, thereby enabling the Bank to have a stronger position of liquidity.

Leveraging on such liquidity, the Bank contributed towards normalizing essential services, by assisting the supply chain network in the areas of food, fuel, pharmaceuticals and medical supplies. In addition, the Bank played a key role in supporting the SME and Retail segments, helping them to consolidate and sustain presence in their respective domains and livelihoods by providing much needed relief.

PERFORMANCE HIGHLIGHTS

Showcasing its strength and fortitude amidst a challenging economic environment, Amāna Bank posted its highest ever Profit Before Tax of LKR 1.21 billion for the year ending 31 December 2022, which is a noteworthy 12% improvement from the LKR 1.08 billion reported in the previous financial year. As a result of its continued trend in profitability, Amāna Bank, during the year, announced its 5th successive annual dividend by way of a Scrip Dividend totaling LKR 269 million.

The Bank's balance sheet further strengthened in 2022, with Total Assets growing by 16% to close at LKR 142 billion, from LKR 122 billion reported at the close of the previous year. The Bank remained well capitalised throughout the year. The Total Capital Ratio was a healthy 15.8% as at 31 December 2022 while Tier 1 Capital Ratio stood at 13%, both well above the minimum regulatory requirement of 12.5% and 8.5% respectively. I am pleased to say that our 2022 performance has augmented the Bank's Tier 1 capital base and I remain confident that we are on track to comply with the Minimum Capital Requirement of CBSL within the regulatory deadline through infusion of new capital.

Chairman's Message

Strong all round performance saw Amāna Bank's National Long-Term Rating of BB+(Ika) with RWN outlook being reaffirmed by Fitch Ratings Lanka Limited in their latest review conducted in September 2022. It is commendable to note that the Bank's rating was affirmed in the backdrop of multiple challenges being faced by the industry during the year under review.

OTHER KEY ACHIEVEMENTS

In testimony to the growing acceptance of our brand as a practitioner of the people friendly banking model, the Bank was recognised amongst the Top 100 Strongest Islamic Banks in the World for 2022, by The Asian Banker.

The launch of the "Your Bank" mobile banking application marks another major milestone for Amāna Bank in 2022. The robust new app which offers a fully integrated convenient banking experience will be a key catalyst for Amāna Bank to explore opportunities and grow in the digital banking space in Sri Lanka and perhaps even beyond.

The OrphanCare initiative, founded by Amāna Bank, operating under UN Charter #2 which requires the orphan to be treated without any form of discrimination, was further strengthened under a new mandate, as resolved by the Trustees, which saw Amāna Bank classified as the founder and cost sponsor. This was done with the intention of creating the space to facilitate sponsor partnerships with other like-minded corporates and organisations which will propel the expansion of this initiative and thereby widen its positive impact on society, which has currently reached out to 3,100+ Orphans country wide.

Having proven our resilience during tough times, while also demonstrating our ability to succeed in the face of adversity, the Board decided to do

justice to these achievements by undertaking to publish Amāna Bank PLC's first-ever Integrated Annual Report in 2022, with an aptly titled theme - "With Fortitude".

GOVERNANCE AND STEWARDSHIP

Strong governance has been the mainstay of our business model. As in the past, the Board and the Management Committee together were instrumental in providing strategic direction that steered the Bank to achieve success.

As part of our overall approach towards strengthening governance and accountability at a leadership level, our CEO Mr. Mohamed Azmeer was appointed as Managing Director/CEO with a seat on the Board with effect from April 2022.

Several Board changes also took place in the recent months. Mr. Rajiv Nandlal Dvivedi, having reached the mandatory retirement age, stepped down from the Board on 11 January 2023. Mr. Rajiv Nandlal Dvivedi who served the Board in an independent, non-executive capacity was also the Chairman of the Board Integrated Risk Management Committee for the past 8 years, where he gave leadership towards strengthening the foundational structures for Amāna Bank's Governance, Risk and Compliance framework, disseminating his knowledge, based on his 35+ years of global experience in Citi Bank, which has benefited Amāna Bank immensely.

The IsDB Group representative on the Amāna Bank Board-Mr. Paul Mercer also resigned with effect from 20 November 2022. His replacement, Mr. Mohammad Hassan joined the Board on 18 January 2023 and I take this opportunity to warmly welcome him.

To further reiterate the importance we place on good governance across all our business operations, we gathered our leadership teams from all levels, to benefit from the expertise of our local and foreign Directors, sharing global case studies and best practices at Amāna Bank's Governance, Risk and Compliance (GRC) Forum held in December 2022. The GRC Forum focused mainly on educating teams on good governance and best practices that will empower the Bank to pursue its objectives with confidence ensuring stability and sustainability.

LOOKING AHEAD

Despite having gone through the foreign currency crisis and subsequently the debt crisis, Sri Lanka has managed to stave off further deterioration to the economy by implementing required policy measures which resulted in safeguarding the financial system. Through such measures we expect gradual economic recovery to take place from 2023. While these measures may appear stringent and often quite painful for individuals and businesses alike, I believe they are vital for mid to long term growth of the economy while providing the impetus for a firm turnaround.

Amāna Bank on its part will aim to build on the success achieved in 2022, while continuing to be prudent and cautious of the environmental dynamics. While I do expect our traditional brick and mortar banking model to play an important role in our onward journey, I do believe that from this point on, digital channels will play a more pronounced role in our future growth trajectory. Focusing on growing our digital footprint would give us the leverage to expand our value proposition beyond Sri Lanka and take our expertise on the people friendly banking model to a wider Asian region in the years ahead.

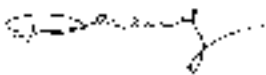
ACKNOWLEDGEMENTS

In what has been a challenging year, I would like to express my immense gratitude to my fellow Directors on the Board, for their encouragement and guidance at all times. Sharia Supervisory Council has been supporting the Bank at every occasion and my sincere gratitude goes out to all the Scholars. The crucial role played by the Amāna Bank team has been invaluable in these difficult times and in recognition of this commitment, the Board is currently working on an Employee Share Option Scheme that will allow employees to benefit from share ownership. The scheme will be finalised by Q1 2023.

Let me also take this opportunity to thank the Board of Trustees of OrphanCare for their unwavering commitment towards this worthy cause over the years.

A special word of thanks to the Governor and officials of the Central Bank of Sri Lanka for their support and guidance at all times.

Last but not least, I would like to thank our valued customers, shareholders and all stakeholders for being part of the Amāna Bank journey. I urge you to continue to be a part of our progress as we move **with fortitude** to a new and exciting phase in the future.



Asgi Akbarally

Chairman

18 February 2023

Colombo

සභාපතිතුමාගේ පණිවුඩය

අමානා බැංකුවේ, 2022 දෙසැම්බර් 31 දිනයෙන් අවසන් වූ වර්ෂය සඳහා වන වාර්ෂික වාර්තාව සහ මූල්‍ය ප්‍රකාශය, මා ඔබ වෙත ඉදිරිපත් කරන්නේ ඉමහත් සතුටිනි. වර්ෂය පුරා අභියෝග රාශියකට මුහුණ දීමට සිදු වුවද, අමානා බැංකුවේ දැක්ම, නම්‍යශීලී බව සහ සදාචාරාත්මක ව්‍යාපාර ආකෘතිය සමග එක් වූ ශක්තිමත් පාරිභෝගික බැඳීම හේතුවෙන්, අමානා බැංකුවට ඉතිහාසයේ මෙතෙක් වාර්තා වූ විශිෂ්ටතම කාර්ය සාධනය වාර්තා කරගැනීමට හැකි විය. ශ්‍රී ලංකාවට මෑත ඉතිහාසයේ මුහුණ දීමට සිදු වූ ආර්ථික අභියෝග හමුවේ පවා මෙවැනි ප්‍රගතියක් අත්කර ගැනීමට හැකි වීම ප්‍රශංසනීය කරුණකි.

ආර්ථික සමාලෝචනය

පසුගිය වසර කිහිපය ශ්‍රී ලංකාවට දුෂ්කර කාලයක් වූ අතර, එළඹුණු සෑම වර්ෂයකම ඊට පෙර වර්ෂයට වඩා දුෂ්කරත්වයෙන් නිමා විය. 2022 වසරේදී ශ්‍රී ලංකාවට ආර්ථික, දේශපාලනික හා සමාජමය මානයන් රැසකින් අභියෝග වලට මුහුණ දීමට සිදු වූ අතර, එය ආර්ථිකය සංකෝචනය වීමට හේතුවක් විය. 2021 වසරේ අග භාගයේ සිට රටේ විදේශ සංචිත සීඝ්‍රයෙන් ක්ෂය වීමත් සමග 2022 වසරේ මුල් භාගයේදී ණය අර්බුදයක් නිර්මාණය වූ අතර, එය මාර්තු මාසයේදී විනිමය අනුපාතය පාවීමට හැරීමට රජය පෙළඹවී ය. ඉන් අනතුරුව මැයි මාසයේදී, පොදුගත ණය ගෙවීම තාවකාලිකව නැවැත්වීමට තීරණය කළ බව රජය විසින් නිවේදනය කරන ලදී. ඉහළ ගිය පොලී අනුපාත සහ බදු මිල නිසා තත්ත්වය තවත් බරපතළ වූ අතර, ඊට COVID-19 රෝග ව්‍යාප්තිය හේතුවෙන් සැපයුම් ප්‍රමාද වීම සහ රුසියා යුක්රේන යුද්ධය නිසා ඇතිවූ භූ දේශපාලනික පීඩනයද දරුණු ලෙස බලපෑවේ ය.

ඉහත සඳහන් සාධක වල අහිතකර බලපෑම් පාලනය කිරීමේ අරමුණින්, විදේශ මුදල් පිටතට ගලායාම සීමා කිරීම සහ ආර්ථිකය ස්ථාවර කිරීම සඳහා ප්‍රමුඛත්වය දෙමින්, බලධාරීන් විසින් නිවැරදි කිරීමේ මූල්‍යමය විධිවිධාන එකතුවක් ක්‍රියාවට නංවන ලදී.

මෙම අභියෝගවල ඒකාබද්ධ බලපෑම බැංකු අංශයට, විශේෂයෙන්ම ඉහළ යන බොල් ණය අනුපාතයන් සම්බන්ධයෙන් බලපෑවේ ය. මෙය 2022 වසරේදී සමස්ත ක්ෂේත්‍රයටම බලපෑ

තත්ත්වයක් වූ අතර, වර්ෂය තුළ අක්‍රීය ණය අනුපාතය (3 වන පෙළ) මට්ටම 10% ඉක්මවා ගියේ ය. මෙය 2021 වසරේ පැවති අක්‍රීය ණය අනුපාතය වන 4.5% සිට තියුණු වැඩිවීමකි. ක්ෂේත්‍රයේ පවතින මෙම සංසිද්ධිය හමුවේ කැපීපෙනෙන නිදර්ශණයක් වෙමින්, තම අක්‍රීය අන්තිකාරම් අනුපාතය (3 වන පෙළ) 2.1% මට්ටමේ රඳවා ගැනීමට අමානා බැංකුව සමත් වී තිබේ. මූල්‍ය සේවාවන්වලදී අප භාවිතා කරන, අපගේ සුවිශේෂී බැංකුකරණ ආකෘතිය පදනම් කරගත් වගකීම්සහගත ප්‍රවේශය මෙන්ම, අපගේ ශක්තිමත් මූලික තක්සේරු ක්‍රියාවලීන් හා අන්තිකාරම් ආපසු එකතු කිරීමේ ක්‍රියාවලීන් මීට මූලික වශයෙන් හේතු වී ඇත.

සාර්ථක ක්‍රමෝපායක්

ආර්ථික අවිනිශ්චිතතාවන් සහ ඒවායින් ප්‍රධාන වෙළඳපළවල් කෙරෙහි ඇති වූ බලපෑම සැලකිල්ලට ගනිමින්, අවදානම් සම්බන්ධයෙන් අපගේ ප්‍රවේශය නැවත සලකා බැලීමකට භාජනය කළ අප, කෙටිකාලීනව අපගේ අවධානය ආයතනික අංශය වෙත යොමු කිරීමට තීරණය කළෙමු. මෙම ක්‍රමෝපාය අපට යහපත් ප්‍රතිඵල රාශියක් රැගෙන ඒමට සමත් විය.

අමානා බැංකුව භාවිතා කරන සුවිශේෂී බැංකුකරණ ආකෘතිය හේතුවෙන් ක්ෂේත්‍රය පොදුගත මුහුණ දුන් අභියෝග රැසකින් ආරක්ෂා වීමට හැකි වූ අතර, ආර්ථික සැලකීම වලට ඔරොත්තු දීමට අපට ශක්තියක් විය. පොලී රහිත බැංකුකරණ ආකෘතිය අනුගමනය කිරීම හේතුවෙන් පොලී සහිත රාජ්‍ය සුරැකුම්පත් වලට සම්බන්ධ නොවීම නිසා ඒ සම්බන්ධ අවදානම් රැසකින් මිදීමට අමානා බැංකුවට හැකි වූ අතර, බැංකුවේ ද්‍රවශීලතා මට්ටම ශක්තිමත්ව පවත්වා ගැනීමට හැකි විය.

මෙම ද්‍රවශීලතා ශක්තියෙන් ප්‍රයෝජන ගනිමින්, ආහාර, ඉන්ධන, මාෂධ සහ සෞඛ්‍ය උපකරණ යන ක්ෂේත්‍රවල සැපයුම් දාම ප්‍රකෘතිමත් කරමින්, අත්‍යවශ්‍ය සේවාවන් සාමාන්‍ය තත්ත්වයට ගෙන ඒමට බැංකුව දායක විය. මීට අමතරව, සුළු හා මධ්‍යම පරිමාණ ව්‍යාපාර සහ පුද්ගලික බැංකුකරණ අංශයන්ට සහය දැක්වීම සඳහා බැංකුව ප්‍රධාන භූමිකාවක් ඉටු කළ අතර, එම අංශයන්ට අත්‍යවශ්‍ය වූ සහන සලසමින් ඔවුන්ට

තම ව්‍යාපාර හා ජීවනෝපායන් ආරක්ෂා කරගැනීමට උපකාර කළේ ය.

කාර්ය සාධනයේ ප්‍රධාන අංශ

අභියෝගාත්මක ආර්ථික පරිසරය තුළ තම ශක්තිය පිළිබිඹු කරමින්, 2022 දෙසැම්බර් 31 දිනයෙන් අවසන් වූ වර්ෂය තුළ, තම ඉතිහාසයේ ඉහළම බදු පෙර ලාභය ලෙස රු. බිලියන 1.21 ක් සනිටුහන් කරගැනීමට අමානා බැංකුව සමත් විය. මෙය ඊට පෙර මූල්‍ය වර්ෂයේ වාර්තා වූ අගය වන රු. බිලියන 1.08 ට සාපේක්ෂව 12% ක වර්ධනයකි. සිය ලාභ ලැබීමේ ප්‍රවණතාවයෙහි ප්‍රතිඵලයක් ලෙස, අඛණ්ඩව 5 වන වරටත් වාර්ෂික ලාභාංශ ප්‍රකාශයට පත්කිරීමට අමානා බැංකුවට හැකිවූ අතර, රු. මිලියන 269 ක් වටිනා ලාභාංශ කොටස් මගින් ගෙවන ලදී.

2022 වසරේදී බැංකුවේ ශේෂ පත්‍රය තවදුරටත් ශක්තිමත් වූ අතර, පෙර වසරේ වාර්තා වූ රු. බිලියන 122 ක සමස්ථ වත්කම් මෙම වසරේදී 16% කින් වර්ධනය වී, රු. බිලියන 142 ක් ලෙස සටහන් වී ඇත. බැංකුව වර්ෂය පුරාම හොඳින් ප්‍රාග්ධනීකරණය වී පැවතිණි. 2022 දෙසැම්බර් 31 දින වනවිට සමස්ත ප්‍රාග්ධන අනුපාතය 15.8% ක් වූ යහපත් මට්ටමක පැවති අතර, පළමු පෙළ ප්‍රාග්ධන අනුපාතය 13% ක් විය. මෙම අගයන් දෙකම, අවම නියාමන අවශ්‍යතාවන්ට (පිළිවෙළින් 12.5% සහ 8.5%) වඩා පැහැදිලිවම ඉහළ මට්ටමක පැවතිණි. 2022 වර්ෂයේ කාර්ය සාධනය මගින් බැංකුවේ පළමු ස්ථරයේ ප්‍රාග්ධන පදනම ඉහළ ගොස් තිබීම මට මහත් සතුටක් වන අතර, නව ප්‍රාග්ධනය තුළින් ශ්‍රී ලංකා මහ බැංකුවේ ප්‍රාග්ධන නිර්දේශයන්ට කල්තියා අනුගත වීමේ ඉලක්කය කරා අප සාර්ථක ලෙස ගමන් කළ හැකි බව මම විශ්වාස කරමි.

2022 වසරේ සැප්තැම්බර් මාසයේදී අවසන් වරට සිදුකරන ලද විශ්ලේෂණය අනුව Fitch Ratings Lanka Limited විසින් නැවත වරක් අමානා බැංකුවේ ජාතික දීර්ඝකාලීන ශේෂය BB+(lka) - Outlook RWN ලෙස තහවුරු කරන ලදී. මෙම විශ්ලේෂණයට අදාළ වර්ෂය තුළ බැංකු ක්ෂේත්‍රයට අභියෝග රාශියකට මුහුණ දීමට සිදු වූ අතර, එවැනි පසුබිමක් තුළ පවා මෙම ශේෂය නැවත තහවුරු කරගැනීමට අමානා බැංකුව සමත් වීම ප්‍රශංසනීය යි.

අනෙකුත් ජයග්‍රහණ

The Asian Banker විසින් අමානා බැංකුව 2022 වසරේ ලොව ප්‍රමුඛතම ඉස්ලාමීය බැංකු 100 අතරින් එකක් ලෙස නම්කරන ලදී. මෙය මානුෂ හිතවාදී බැංකුකරණ ආකෘතියක් භාවිතා කරන බැංකුවක් වශයෙන් අපගේ සන්නාමය ක්‍රමක්‍රමයෙන් ජනප්‍රිය වෙමින් පවතින බවට මනා සාක්ෂියකි.

“Your Bank” ජංගම බැංකුකරණ මෘදුකාංගය දියත් කිරීම, 2022 වසරේදී සිදු වූ තවත් වැදගත් විශේෂාංගයක් ලෙස හැඳින්විය හැක. වඩාත් පහසු බැංකුකරණ අත්දැකීමක් ලබාදෙන මෙම ශක්තිමත් නව මෘදුකාංගය, ශ්‍රී ලංකාවේ සහ ඉන් ඔබ්බට පවා ඩිජිටල් බැංකුකරණ අවකාශයේ දිගහැරෙන අවස්ථා ගවේෂණය කිරීමට සහ එම අවකාශය තුළ වර්ධනය වීමට අමානා බැංකුවට මහෝපකාරී වනු ඇත.

අමානා බැංකුව ආරම්භ කළ, එක්සත් ජාතීන්ගේ 2 වැනි ප්‍රඥප්තිය යටතේ කිසිම හේදයකින් තොරව ක්‍රියාත්මක වන OrphanCare වැඩසටහන, එහි භාරකරුවන් විසින් සම්මත කරගන්නා ලද නව විධිවිධාන එකතුවක් මගින් තවදුරටත් ශක්තිමත් වී ඇත. මෙම නව විධිවිධාන අනුව අමානා බැංකුව, OrphanCare වැඩසටහනේ නිර්මාතෘ සහ පිරිවැය අනුග්‍රාහකයා ලෙස නම් කර තිබේ. මේ තුළින් මෙම සමාජ ගැටළු වලට සංවේදී වන සහ සමාන අදහස් දරන සමාගම්, ආයතන හා සංවිධාන OrphanCare වැඩසටහන සමඟ අනුග්‍රාහකත්ව හවුල්කාරීත්වයක් ඇතිකර ගැනීමට අවශ්‍ය අවකාශය සැලසෙනු ඇත. මෙය OrphanCare වැඩසටහන තවදුරටත් පුළුල් කරමින්, එමගින් සමාජයට සිදුවන යහපත් බලපෑම තවදුරටත් වැඩි කරන පියවරක් වනු ඇත. දැනටමත් මෙම වැඩසටහන දිවයින පුරා දෙමාපිය රැකවරණය අහිමි දරුවන් 3,100 කට අධික පිරිසක් ආවරණය කර ඇත.

දුෂ්කර අවස්ථාවන්ට සාර්ථක ලෙස මුහුණ දෙමින්, ආපදාවන් හමුවේ පවා සාර්ථකත්වය ළඟා කරගැනීමට අපට ඇති හැකියාව සනාථ කිරීමෙන් අනතුරුව, අප ලබාගත් ජයග්‍රහණයන්ට සාධාරණය ඉටුකිරීමක් වශයෙන්, “With Fortitude” යන මාතෘකාව යටතේ අමානා බැංකුවේ ඉතිහාසයේ ප්‍රථම ඒකාබද්ධ වාර්ෂික

වාර්තාව 2022 වසරේදී ප්‍රකාශයට පත්කිරීමට අධ්‍යක්ෂ මණ්ඩලය තීරණය කළේ ය.

යහ පාලනය සහ භාරකාරත්වය

ශක්තිමත් ආයතනික යහ පාලනය සෑම විටම අපගේ ව්‍යාපාර ආකෘතියේ ප්‍රධානතම ලක්ෂණයක් විය. අතීතයේදී මෙන්ම මෙම කාලසීමාවේදීද, බැංකුවේ සාර්ථකත්වය වෙනුවෙන් ක්‍රමෝපායික මගපෙන්වීමක් ලබාදීම සඳහා අධ්‍යක්ෂ මණ්ඩලය සහ කළමනාකරණ කමිටුව එක්ව පුරෝගාමී මෙහෙවරක් ඉටුකර තිබේ.

නායකත්ව මට්ටමේදී, ආයතනික යහ පාලනය සහ වගකීම්සහගත බව තවදුරටත් ශක්තිමත් කිරීමේ උත්සාහයේ එක් පියවරක් වශයෙන්, 2022 වර්ෂයේ අප්‍රේල් මාසයේ සිට ක්‍රියාත්මක වන පරිදි, අපගේ ප්‍රධාන විධායක නිලධාරී මොහොමඩ් ඇස්මීර් මහතා, අධ්‍යක්ෂ මණ්ඩල සාමාජිකත්වය සහිතව කළමනාකාර අධ්‍යක්ෂ/ප්‍රධාන විධායක නිලධාරී ලෙස පත්කරන ලදී.

මෙම වර්ෂය තුළ අධ්‍යක්ෂ මණ්ඩලයේ වෙනස්කම් කිහිපයක්ද සිදු විය. අනිවාර්යයෙන් විශ්‍රාම යා යුතු කාලසීමාව එළඹීම නිසා රජීව් නන්ද්‍රාල් ද්විවේදී මහතා 2023 ජනවාරි 11 දින අධ්‍යක්ෂ මණ්ඩලයෙන් ඉවත් විය. ස්වාධීන විධායක නොවන අධ්‍යක්ෂවරයෙකු ලෙස සේවය කළ ද්විවේදී මහතා පසුගිය වසර 8 ක කාලය තුළ අධ්‍යක්ෂ මණ්ඩලයේ ඒකාබද්ධ අවදානම් කළමනාකරණ කමිටුවේ සභාපතිවරයා ලෙසද කටයුතු කළ අතර, අමානා බැංකුවේ ආයතනික පාලන, අවදානම් හා අනුකූලතා රාමුවේ මූලික ව්‍යුහයන් තවදුරටත් ශක්තිමත් කිරීම සඳහා පුරෝගාමී කාර්යභාරයක් ඉටුකළේ ය. Citi Bank හි වසර 35 කට අධික කාලයක් සේවය කරමින් ඒ මහතා ලැබූ ජාත්‍යන්තර අත්දැකීම්, අමානා බැංකුවට බෙහෙවින් උපකාරී විය.

අමානා බැංකුවේ අධ්‍යක්ෂ මණ්ඩලය තුළ IsDB Group නියෝජනය කළ පෝල් මර්සර් මහතාද 2022 නොවැම්බර් 20 දින සිට ක්‍රියාත්මක වන පරිදි ඉල්ලා අස් වූ අතර, ඔහු වෙනුවට 2023 ජනවාරි 18 දින සිට ක්‍රියාත්මක වන පරිදි මොහොමඩ් හසන් මහතා පත්කරන ලදී. ඒ මහතා සාදරයෙන් පිළිගැනීමට මම මෙය අවස්ථාවක් කරගනිමි.

ආයතනික යහපාලනය උදෙසා අප ලබා දෙන වැදගත්කම තවදුරටත් අවධාරණය කිරීමේ අරමුණින්, බැංකුකරණය හා සම්බන්ධ වූ ගෝලීය සිද්ධාන්ත හා සිදුවීම් සහ විශිෂ්ට ගෝලීය අවදානම් කළමනාකරණ ක්‍රමවේදයන් සම්බන්ධයෙන් අපගේ දේශීය හා විදේශීය අධ්‍යක්ෂවරුන්ගේ හසල දැනුමින් උපරිම ප්‍රයෝජන ලබාගැනීමේ අරමුණින්, 2022 දෙසැම්බර් මාසයේදී ආයතනික පාලන, අවදානම් සහ අනුකූලතා මුල් කරගත් වැඩසටහනක් සංවිධානය කරන ලදී. අමානා බැංකුවේ සෑම තරාතිරමකම නායකත්ව කණ්ඩායම් වලට මෙම වැඩසටහනට සහභාගී වීමට අවස්ථාව උදා විය. ස්ථාවරත්වය සහ තිරසාර බව සහතික කරමින් විශ්වාසයෙන් යුතුව තම අරමුණු ඉටුකර ගැනීමට බැංකුව සවිබල ගන්වන ආයතනික යහපාලන ක්‍රමවේදයන් පිළිබඳව දැනුම බෙදාගැනීමට මෙය කදිම අවස්ථාවක් විය.

අනාගතය

විදේශ විනිමය අර්බුදයට සහ ඉන් අනතුරුව එළඹුණු ණය අර්බුදයට මුහුණ දීමට සිදු වුවද, මූල්‍ය පද්ධතිය ස්ථාවර කරන ප්‍රතිපත්තිය විධිවිධාන ක්‍රියාවට නැංවීම මගින් ආර්ථිකය තවදුරටත් පරිහානියට ලක්වීම වැළැක්වීමට ශ්‍රී ලංකාව සමත් වී තිබේ. මෙම විධිවිධාන නිසා 2023 වසරේදී ආර්ථිකය ක්‍රමානුකූලව යථා තත්ත්වයට පත්වීම සිදුවනු ඇතැයි අපි අපේක්ෂා කරන්නෙමු. මෙම විධිවිධාන දැඩි ලෙස පෙනෙන අතරම ඒවා පුද්ගලයන්ටත් ව්‍යාපාරවලටත් පීඩාකාරී වන නමුත්, ආර්ථිකයේ මධ්‍යකාලීන හා දීර්ඝකාලීන වර්ධනය සඳහා ඒවා අත්‍යවශ්‍ය වන අතර, ශක්තිමත් පරිවර්තනයක් සඳහා අවශ්‍ය උත්තේජනය සපයනු ඇති බවද මම විශ්වාස කරමි.

තම භූමිකාව තුළ අමානා බැංකුව, බාහිර තත්ත්වයන් හමුවේ විචක්ෂණශීලී සහ සුපරීක්ෂාකාරී ලෙස කටයුතු කරන අතරම, 2022 වර්ෂයේදී අත්කරගත් සාර්ථකත්වය ඔස්සේ තවදුරටත් ඉදිරියට ගමන් කරනු ඇත. මේ ඉදිරි ගමනේදී ශාඛා හා කාර්යාල පදනම් කරගත් සාම්ප්‍රදායික ව්‍යාපාර ආකෘතිය වැදගත් භූමිකාවක් ඉටුකරනු ඇති නමුත්, ඩිජිටල් ක්‍රමවේදයන්හි භූමිකාව ක්‍රමානුකූලව වර්ධනය වනු ඇත. ඩිජිටල් තාක්ෂණය තුළින් අපගේ සේවාවන් ශ්‍රී ලංකාවෙන්

සභාපතිතුමාගේ පණිවුඩය

ඔබට රැගෙන යාමට අපට හැකි වනු ඇති අතර, ජනතා හිතවාදී බැංකුකරණය සම්බන්ධයෙන් අප සතු විශේෂඥ දැනුම ආසියානු කලාපයේ වෙනත් රටවල් වල ස්ථාපිත වීමට හා සාර්ථක වීමට මහඟු රුකුළක් වනු නිසැක ය.

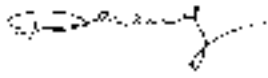
ස්තූතිය

අතිශය අභියෝගකාරී වර්ෂයක් තුළ, සෑම විටම අප දිරිමත් කිරීම සහ මගපෙන්වීම් ලබාදීම වෙනුවෙන්, අපගේ අධ්‍යක්ෂ මණ්ඩලයේ සාමාජිකයන්ට මගේ හෘදයාංග කෘතඥතාව පළකර සිටිමි. ශාරියා අධීක්ෂණ කවුන්සිලයද බැංකුවට සෑම විටම සහයෝගය ලබාදුන් අතර, එහි සාමාජිකයන් සියලුම දෙනාටද මගේ ස්තූතිය හිමි වේ. දුෂ්කර අවස්ථාවන්හිදී අමාතෘ බැංකුවේ කාර්ය මණ්ඩලය ලබාදුන් සහයෝගයට මාගේ හද පිරි ප්‍රමාණය පුද කරන අතර, එම කැපවීම අගය කිරීමක් වශයෙන්, කාර්ය මණ්ඩලයේ සාමාජික සාමාජිකාවන්ට බැංකුවේ කොටස් හිමිකාරීත්වය තුළින් ප්‍රතිලාභ ලැබීමට අවස්ථාව සලසා දීම සඳහා සේවක කොටස් හිමිකම් යෝජනා ක්‍රමයක් හඳුන්වා දීමට බැංකුව මේ වනවිට පියවර ගනිමින් සිටී. 2023 වර්ෂයේ ප්‍රථම කාර්තුව තුළ මෙම යෝජනා ක්‍රමය සකස් කිරීමේ කටයුතු අවසන් වනු ඇත.

එමෙන්ම පසුගිය කාලය තුළ උදාර මෙහෙවරක් උදෙසා දැක්වූ නොසැලෙන කැපවීම වෙනුවෙන් OrphanCare භාරකාර මණ්ඩලයේ සාමාජිකයන්ට ස්තූතිය පළකිරීමටද මම මෙය අවස්ථාවක් කරගනිමි.

සෑම විටම අප වෙත ලබාදුන් සහයෝගය සහ මගපෙන්වීම් වෙනුවෙන්, ශ්‍රී ලංකා මහ බැංකුවේ අධිපතිතුමන් සහ එහි කාර්ය මණ්ඩලයටද අපගේ විශේෂ ස්තූතිය හිමි වේ.

අවසන් වශයෙන්, අමාතෘ බැංකුවේ ඉදිරි ගමනේ හවුල්කරුවන් වීම වෙනුවෙන්, අපගේ වටිනා ගනුදෙනුකරුවන්ට, කොටස් හිමිකරුවන්ට සහ අනෙකුත් සියලුම පාර්ශ්වකරුවන්ට මගේ ස්තූතිය මෙසේ පිරිනමන අතර, අප දියුණුවෙන් දියුණුව කරා පියනගන අතර දිගින් දිගටම අපත් සමග අත්වැල් බැඳගෙන සිටින මෙන් මම ඔබ සැමගෙන් ඉමහත් ඕනෑකමින් යුතුව ඉල්ලා සිටිමි.



අස්භි අක්බරුලි
සභාපති

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කොළඹ

தலைவரின் செய்தி

கஜலுவரீனு் சேய்து

அமாளா வங்கி பி.எல்.சி. இன் வருடாந்த அறிக்கை மற்றும் 31 டிசம்பர் 2022 இல் நிறைவடைந்த வருடத்திற்கான நிதிக் கூற்றுக்களை உங்களுக்கு சமர்ப்பிப்பதில் நான் பெருமகிழ்ச்சியடைகின்றேன். வருடம் பூராவமான பல சவால்களுக்கு மத்தியில், அமாளா வங்கியின் தொலைநோக்கு, விரைவுக்கத்திறன் மற்றும் நெறிமுறையான வணிக மாதிரி என்பவற்றுடன் திடமான வாடிக்கையாளர் ஈடுபாடும் ஒருங்கிணைந்து அமாளா வங்கி இதுநாள் வரைக்குமான அதன் சிறந்த செயற்திறனை பதிவுசெய்வதனை இயலுமையாக்கியது என்பதை நான் மிகவும் தாழ்மையுடன் அறிவிக்கின்றேன். சமீபத்தைய வரலாற்றில் இலங்கை அனுபவித்த முன்னிகழ்ந்திராத பாரிய பொருளாதார சவால்களின் பின்னணியில் வருகின்ற இந்த விளைவானது ஒரு பாராட்டத்தக்க சாதனையாகும்.

புரீயு பேர்ருள்தார் கு முீளூப்பு

கடந்த சில வருடங்கள் இலங்கைக்கு மிகவும் கடினமான வருடங்களாகக் காணப்பட்டன, ஒவ்வொரு கடந்து செல்லும் வருடமும் முன்னைய வருடத்தை விட அதிக சவால்மிக்கதாய் இருந்தன. 2022 இல் இலங்கையானது பல்வேறு முனைகளில் பொருளாதார, அரசியல் மற்றும் சமூக ரீதியாக பல சவால்களை சந்தித்ததுடன் இது பொருளாதார சுருக்கத்திற்கு வழி அமைத்தது. 2021 இன் இறுதி பகுதியிலிருந்து நாட்டின் அந்நியசெலாவணி ஒதுக்கங்களின் விரைவான வீழ்ச்சியானது 2022 இன் ஆரம்பத்தில் கடன் நெருக்கடியினை விளைவித்ததுடன் இது அரசாங்கம் மார்ச் மாதத்தில் இலங்கை ரூபாயினை மிதக்கவிடுவதற்கு தூண்டியது. இதனைத் தொடர்ந்து மே மாதத்தில் வெளிநாட்டு கடன் பொறுப்புக்களை இடைநிறுத்தி வைப்பதற்கான அதன் நோக்கத்தினை அறிவித்தது. இந்நிலைமையானது, அதிகரிக்கும் விலைகளுடன் கோவிட் தொற்றினால் தூண்டப்பட்ட வழங்கல் சங்கிலியிலான தாமதங்களின் பின் விளைவுகளினால் மேலும் செல்வாக்கு செலுத்திய உயர்வடையுடன் பண்டங்களின் விலைகள் மற்றும் யுக்டேன் நாட்டின் மீதான ரஷ்யாவின் முற்றுகையின்

விளைவாக ஐரோப்பாவில் ஏற்பட்ட புவிசார் அரசியல் பதற்றங்கள் என்பவற்றால், மேலும் தீவிரமடைந்தது.

மேற்குறிப்பிட்டவற்றிலிருந்து உருவாகிய மோசமான விளைவுகளை கட்டுப்படுத்துவதற்காக, வெளிநாட்டு நாணய வெளிப்பாய்ச்சல்களை குறைப்பதையும் மற்றும் முக்கிய முன்னுரிமையாக பொருளாதாரத்தினை நிலைப்படுத்துவதையும் நோக்காகக் கொண்டு சரியான அரசு இறை மற்றும் நாணய வழிமுறைகள் அதிகாரிகளினால் மேற்கொள்ளப்பட்டன.

இந்த சவால்களின் ஒருங்கிணைந்த விளைவானது உயர்வடையும் இயல்புநிலை விகிதங்களின் விதிமுறைகள் வங்கியியல் துறையில் தாக்கம் செலுத்தியது. இதன் காரணமாக கட்டம் 3 வலுக்குன்றல் விகிதாசாரத்திலான துறைசார் சராசரியானது 10% இனை தாண்டியதுடன் இது 2022 இல் காணப்பட்ட ஒரு துறைவாரியான பெருக்கமாகும். இது 2021 இல் காணப்பட்ட செயற்திறன்ற கடன்களது சதவீதமான 4.5% இலிருந்து ஒரு சடுதியான அதிகரிப்பாகும். இந்த துறைசார் தோற்றப்பாட்டின் பின்னணியில், கட்டம் 3 வலுக்குன்றல் விகிதாசாரமான 2.1% உடன் அமாளா வங்கி ஒரு குறிப்பிடத்தக்க விதிவிலக்காக தோன்றியதை தெரிவிப்பதில் நான் மகிழ்ச்சியடைகின்றேன். எமது தனித்துவமான வங்கியியல் மாதிரியின் அடிப்படையில் நிதியளிப்பிற்கான எமது பொறுப்பான அணுகுமுறையுடன் சேர்ந்து எமது ஒழுக்கமிக்க கீழேதுமுறை மற்றும் திரட்டல் செயன்முறைகள் இதற்கு திடமான காரணிகளாயிருந்தன.

ஒரு வேற்றியுள் முலேர்ப்பு

பொருளாதார நிச்சயமற்றதன்மைகள் மற்றும் எமது முக்கியத்துவமான சந்தைகளிலான அவற்றின் தாக்கத்தினை கருத்திற்கொண்டு, கூட்டாண்மை பிரிவை நோக்கிய எமது குறுங்கால முன்னிறுத்தத்திற்காக எமது இடர் அடிப்படைக்கூறுகளை மீள்விழும் செய்தோம். இந்த மூலோபாயமானது திடமான விளைவுகளை உருவாக்கியது.

அமாளா வங்கியினால் கடைப்பிடிக்கப்பட்ட தனித்துவமான வங்கியியல் மாதிரியானது துறைவாரியாக சவால்களை முன்வைத்த பல கூறுகளுக்கான அதன் வெளிப்பாட்டினை பாதுகாத்ததுடன் பொருளாதார கொந்தளிப்புகளுக்கு எதிராக வங்கியின் மீளெழுச்சியினை அதிகரித்தது. வட்டி செலுத்தப்படும் அரசாங்கப் பிணையங்கள் நோக்கிய பூச்சிய வெளிப்பாடானது, தொடர்புடைய திரளான இடர்களுக்கு எதிராக அமாளா வங்கிக்கு ஒரு காப்பிடல் வழிமுறையினை வழங்கியதுடன் வங்கி ஒரு திடமான திரவத்தன்மை நிலையினை கொண்டிருப்பதனை இயலுமையாக்கியது.

அத்தகைய திரவத்தன்மையில் பயனடைவதன் மூலம் வங்கியானது, உணவு, எரிபொருள், மருந்து வகைகள் மற்றும் மருத்துவ பொருட்கள் போன்ற பிரிவுகளிலான வழங்கல் சங்கிலிகளை சீராக்குவதன் மூலம் அத்தியாவசிய சேவைகளை வழமைக்கு கொண்டுவருவதற்கு பங்களிப்பு செய்தது. இதற்கும் மேலாக, சிறிய நடுத்தர முயற்சிகள் மற்றும் தனியார் பிரிவுகளுக்கு துணையளிப்பதில் வங்கி ஒரு முக்கிய பங்கினை வகித்ததுடன், அவர்களுக்கு மிகவும் அவசியமான நிவாரணங்களை வழங்குவதன் மூலம் அவர்களுக்குரிய களங்கள் மற்றும் வாழ்வாதாரங்களில் அவர்களது இருப்பினை ஒருங்கிணைப்பதற்கும் நிலைநிறுத்துவதற்கும் துணைபுரிகின்றது.

சேயுத்திறனு் கீறுப்புக்குள்

ஒரு சவால்மிக்க பொருளாதார சூழலில் அமாளா வங்கி அதன் பலம் மற்றும் வலிமையினை எடுத்துக்காட்டும் விதமாக 31 டிசம்பர் 2022 இல் நிறைவடைந்த வருடத்திற்கான வரிக்கு முந்திய அதன் அதியுயர்ந்த இலாபமாக ரூபா 1.21 பில்லியனை பதிவுசெய்ததுடன், இது முன்னைய நிதியாண்டில் அறிக்கையிடப்பட்ட ரூபா 1.08 பில்லியனிலிருந்து ஒரு குறிப்பிடத்தக்க 12% மேம்பாடாகும். அதன் தொடர்ச்சியான இலாபகரத்தன்மையின் விளைவாக அமாளா வங்கி தொடர்ச்சியாக வருடாந்த பங்கிலாபமாக அதன் 5ஆவது பங்கிலாபத்தினை ரூபா 269 மில்லியன் தொகைக்கு ஒரு பத்திர பங்கிலாபமாக அறிவித்தது.

தலைவரின் செய்தி

வங்கியின் ஐந்தொகையானது 2022 இல் மேலும் பலமடைந்ததுடன், அதன் மொத்த சொத்துக்கள் முன்னைய ஆண்டின் இறுதியில் அறிக்கையிடப்பட்ட ரூபா 122 பில்லியனிலிருந்து 16௫ ஆல் அதிகரித்து ரூபா 142 பில்லியனாக வளர்ச்சியடைந்துள்ளது. வங்கியானது வருடம் பூராவும் சிறந்த மூலதனவாக்கத்துடன் காணப்பட்டது. 31 டிசம்பர் 2022 இல் மொத்த மூலதன விகிதமானது ஆரோக்கியமான 15.8% ஆக காணப்பட்டவேளை, அடுக்கு 1 மூலதன விகிதமானது 13% ஆக காணப்பட்டுள்ளது. இவையே முறையே ஆகக் குறைந்த முறைமைப்படுத்தல் தேவைப்பாடான 12.5% மற்றும் 8.5% க்கும் மேலாகக் காணப்படுகின்றன. 2022 இற்கான எமது செயற்திறனானது வங்கியின் அடுக்கு 1 மூலதனத் தளத்தினை பெருக்கியுள்ளதுடன் புதிய மூலதன உட்செலுத்துகையுடன் முறைமைப்படுத்தல் காலக்கெடுவினுள் இலங்கை மத்திய வங்கியின் ஆகக் குறைந்த மூலதனத் தேவைப்பாட்டை பூர்த்தி செய்வதில் நான் நம்பிக்கையுடன் உள்ளேன் எனக் கூறுவதில் மகிழ்ச்சியடைகின்றேன்.

அமானா வங்கியின் திடமான பன்முகச் செயற்திறனானது தேசிய நீண்டகாலத் தரப்படுத்தலில் BB+ (Ika) - RWN தோற்றப்பாடு ஆக பி(f)டீச் ரேட்டிங்ஸ் லங்கா லிமிட்டெட்ஸினால் செப்டம்பர் 2022 இல் அவர்களினால் நடாத்தப்பட்ட சமீபத்தைய மீளாய்வில் உறுதிப்படுத்தப்பட்டது. மீளாய்வின் துறையினால் முகங்கொடுத்த பன்முகமான சவால்களின் பின்னணியில் வங்கியின் தரப்படுத்தல் உறுதிசெய்யப்பட்டமையானது மெச்சத்தக்கதாகும்.

ஏஜென்சியு முக்தீயு கீர்துஜெனுக்கு

மக்கள் தோழமையான வங்கியியல் மாதிரியினை கடைப்பிடிக்கும் எமது வணிக நாமத்தின் வளர்ச்சியடையும் ஏற்புடைமைக்கான சான்றாக, வங்கியானது ஆசிய வங்கியாளரினால் 2022 இற்கான உலகத்திலுள்ள முதன்மையான 50 பலமான இஸ்லாமிய வங்கிகளுள் ஒன்றாக அங்கீகரிக்கப்பட்டது.

மொபைல் வங்கியியல் செயலியான “உங்கள் வங்கி” இன் ஆரம்பம் அமானா வங்கிக்கு 2022 இல் மற்றுமோர் மைல்கல்லாகக் காணப்பட்டது. முழுவதும் ஒருங்கிணைக்கப்பட்ட சௌகரியமான வங்கியியல் அனுபவத்தினை வழங்கும் இந்த பலமான புதிய செயலியானது அமானா வங்கிக்கு இலங்கையிலும் மற்றும் இலங்கைக்கு அப்பாலும் டிஜிட்டல் வங்கியியல் இடத்தில் வாய்ப்புக்களை ஆராய்ந்து வளர்ச்சியடைவதற்கான ஒரு முக்கிய விணையூக்கியாக இருக்கும்.

அமானா வங்கியினால் ஸ்தாபிக்கப்பட்ட அனாதைப் பராமரிப்பு முன்னெடுப்பானது எவ்விதமான பாகுபாடுமின்றி ஐக்கிய நாடுகள் சாசனம் #2 இன் கீழ் செயலாற்றப்படுவதுடன், நம்பிக்கைப் பொறுப்பாளர்களினால் தீர்மானிக்கப்பட்டவாறு ஒரு புதிய ஆணையின் கீழ் மேலும் பலப்படுத்தப்பட்டதுடன், இது அமானா வங்கியினை ஸ்தாபகராவும் மற்றும் செலவின ஆதரவாளராகவும் வகைப்படுத்தியது. இது ஏனைய ஒத்தநோக்குடைய கூட்டாணைமகள் மற்றும் நிறுவனங்களுடன் ஆதரவாளர் பங்குடைமைகளுக்கு வசதியளிக்கும் வாய்ப்பினை உருவாக்கும் நோக்கினைக் கொண்டதுடன், இந்த முன்னெடுப்பின் விரிவாக்கத்திற்கு தூண்டுதலாய் இருத்தல் மற்றும் சமூகத்தின் அதன் சாத்தியமான தாக்கத்தினை பரவலாக்கும் என்பதுடன் இது தற்போது நாடுபூராவும் 3,100 ற்கும் அதிகமான அனாதைகளை அடைந்துள்ளது.

கடினமான நேரங்களில் எமது மீளெழுச்சியானது நிரூபிக்கப்பட்டுள்ளதுடன், இன்னல்களுக்கு மத்தியில் வெற்றியடைவதற்கான எமது ஆற்றலினை காட்சிப்படுத்தும்வேளை சபையானது இந்த சாதனைகளுக்கு நியாயம் செய்யும் விதமாக அமானா வங்கி பி.எல்.சி. இன் முதலாவது ஒருங்கிணைக்கப்பட்ட வருடாந்த அறிக்கையினை நிதியாண்டு 2022 இல், “With Fortitude” என்ற பொருத்தமாக தலைப்பிடப்பட்ட ஒரு தலைப்புடன் பிரசுரிக்கும் பொறுப்பினை ஏற்றது.

ஆளுஜகு முற்றுமு சேர்துது மேறுப்பீரஜவுப் பேரூப்பு

எமது வணிக மாதிரியின் பிரதான காரணியாக திடமான ஆளுகை காணப்படுகின்றது. கடந்த காலங்களைப்போல், வங்கி வெற்றியினை அடைவதற்கு வழிநடத்துவதற்கான மூலோபாய வழிகாட்டலை வழங்குவதில் சபையும் முகாமைத்துவக் குழுக்களும் கூட்டாக காரணியாயிருந்தன.

தலைமைத்துவ மட்டத்தில் ஆளுகை மற்றும் பொறுப்புக்கூறலை பலப்படுத்துவது நோக்கிய எமது ஒட்டுமொத்த அணுகுமுறையின் ஒரு பகுதியாக, எமது பிரதம நிறைவேற்று அதிகாரியான (பி.நி.அ.) திரு. மொஹமட் ஹஸ்ஸீ அவர்கள் ஏப்ரல் 2022 இலிருந்து சபை இருக்கையுடன் முகாமைத்துவப் பணிப்பாளராக நியமிக்கப்பட்டார்.

இவ்வருடத்தில் சபையில் பல மாற்றங்கள் இடம்பெற்றன. கட்டாய இளைப்பாறல் வயதினை எட்டிய திரு. ரஜீஸ் நந்தலால் திவேதி அவர்கள் 11 ஜனவரி 2023 இல் சபையிலிருந்து பதவி விலகினார். திரு. ரஜீஸ் நந்தலால் திவேதி அவர்கள் சபையில் ஒரு சுயாதீன, நிறைவேற்றத்திற்காரமற்ற பணிப்பாளராகவும் சபை ஒருங்கிணைக்கப்பட்ட இடர் முகாமைத்துவக் குழுவின் தலைவராகவும் கடந்த 8 வருடங்களாக சேவையாற்றியுள்ளார். இவர் அமானா வங்கியின் ஆளுகை, இடர் மற்றும் இணைக்கப்பட்டு வரம்புகைக்கான அடித்தள கட்டமைப்புகளை பலப்படுத்துவதற்கான தலைமைத்துவத்தினை வழங்கியதுடன், சிட்டி வங்கியில் 35 வருடங்கள் உலகளாவிய அனுபவத்தின் அடிப்படையில் அவரது அறிவினை பரப்பியதுடன் இதனால் அமானா வங்கி பெருமளவில் நலனடைந்துள்ளது.

அமானா வங்கி சபையில் IsDB குழுமத்தின் பிரதிநிதியான திரு. போல் மேர்சர் அவர்களும் 20 நவம்பர் 2022 முதல் பதவி விலகினார்கள். அவரது மாற்றிடாக, திரு. மொஹமட் ஹஸ்ஸீ அவர்கள் 18 ஜனவரி 2023 இல் சபையில் இணைந்ததுடன் இந்த சந்தர்ப்பத்தில் நான் அவரை அன்புடன் வரவேற்கின்றேன்.

எமது அனைத்து வணிகச் செயற்பாடுகள் பூராவும் சிறந்த ஆளுகையில் நாம் வைத்துள்ள முக்கியத்துவத்தினை மேலும் வலியுறுத்துவதற்காகவும், எமது உள்ளூர் மற்றும் வெளிநாட்டு பணிப்பாளர்களது நிபுணத்துவத்திலிருந்து நலனடைவதற்காகவும், டிசம்பர் 2022 இல் இடம்பெற்ற அமானா வங்கியின் ஆளுகை, இடர் மற்றும் இணக்கப்பாட்டு (GRC) மன்றத்தில் உலகளாவிய நிகழ்வாய்வுகள் மற்றும் சிறந்த நடைமுறைகளை பகிர்ந்து கொள்வதற்காகவும் அனைத்து மட்டங்களிலுமான எமது தலைமைத்துவக் குழுக்களை நாம் ஒன்று திரட்டினோம். புகஊ மன்றமானது பிரதானமாக குழுக்களை சிறந்த ஆளுகை மற்றும் சிறந்த நடைமுறைகளில் கற்பிப்பதில் முன்னிறுத்தம் செய்ததுடன் இது ஸ்திரத்தன்மை மற்றும் நிடிப்புத்திறன் ஆகியவற்றை உறுதிசெய்து நம்பிக்கையுடன் வங்கியின் குறிக்கோள்களை பின்பற்றுவதற்கு வழிவகுக்கும்.

முன்னோக்குப் புரீஜவு

வெளிநாட்டு நாணயச் சிக்கல் மற்றும் அதன்பின்னர் ஏற்பட்ட கடன் சிக்கல் என்பவற்றினூடான அனுபவத்தின் மத்தியில், இலங்கை தனது அவசியமான கொள்கை நடைமுறைகளை அமுலாக்குவதன் மூலம் பொருளாதாரம் மேலும் சீரூலவைதனை தவிர்க்கக்கூடியதாயிருந்ததுடன் இது நிதியியல் முறைமையின் பாதுகாப்பினை உருவாக்கியது. அத்தகைய வழிமுறைகளினூடாக 2023 இல் படிப்படியாக பொருளாதார மீட்சி இடம்பெறும் என நாம் எதிர்பார்க்கின்றோம். இந்த வழிமுறைகள் தனிநபர்களுக்கும் வணிகங்களுக்கும் கடுமையான மற்றும் மிகவும் சிரமமாக தோன்றினாலும் பொருளாதாரத்தின் மத்திய மற்றும் நீண்டகால வளர்ச்சிக்கு இவை முக்கியம் என நான் நம்புவதுடன் இவை ஒரு திடமான திருப்புமுனைக்கான உத்வேகத்தினை வழங்குகின்றன.

அமானா வங்கி அதன் பங்கிற்கு 2022 இல் அடைந்த வெற்றியின் கட்டமைப்பை நோக்குவதுடன் சூழல் இயக்கவியல் குறித்து தொடர்ந்தும் விவேகமாகவும் எச்சரிக்கையாகவும் இருக்கும். எமது முன்னோக்கிய பயணத்தில் பாரம்பரிய கிளை வங்கியியல் மாதிரியானது ஒரு முக்கிய பங்கினை வகிக்கும் என நான் எதிர்பார்ப்பதுடன் எமது எதிர்கால வளர்ச்சிக்கு டிஜிட்டல் வழிமுறைகள் மிகவும் தீர்மானமான பங்கினை வகிக்கும் என நான் நம்புகின்றேன். எமது டிஜிட்டல் அடிச்சுவட்டினை வளர்ப்பதிலான முன்னிறுத்தம் வாடிக்கையாளர்களுக்கு வாக்குறுதியளிக்கும் எமது விழுமியங்களை இலங்கைக்கு அப்பால் விரிவாக்குவதற்கான செல்வாக்கினை வழங்குவதுடன் எதிர்வரும் வருடங்களில் மக்கள் தோழமையான வங்கியியல் மாதிரியிலான எமது நிபுணத்துவத்தினை பரந்த ஆசிய பிராந்தியத்திற்கு எடுத்துச்செல்லும்.

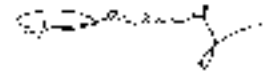
ஏற்புளிப்புக்குள்

ஒரு சவால்மிக்க வருடத்தில் சபையிலுள்ள எனது சக பணிப்பாளர்களுக்கு எந்நேரத்திலும் அவர்களது ஊக்குவிப்பு மற்றும் வழிகாட்டலுக்கு நான் எனது மனமார்ந்த நன்றியினை தெரிவித்துக்கொள்ள விரும்புகின்றேன். ஷரிஆ மேற்பார்வை சபையானது ஒவ்வொரு சந்தர்ப்பத்திலும் வங்கிக்கு உறுதுணையளித்துள்ளதுடன் அனைத்து அறிஞர்களுக்கும் எனது மனமார்ந்த நன்றிகள் உரித்தாகட்டும். சிரமமான நேரங்களில் அமானா வங்கி அணியினால் ஆற்றப்பட்ட முக்கிய பங்களானது விலைமதிக்க முடியாது என்பதுடன் இந்த கடப்பாட்டினை அங்கீகரித்து சபையானது ஊழியர்கள் பங்கு உரித்துவத்திலிருந்து நலனடைவதற்காக தற்போது ஒரு ஊழியர் பங்குத் தெரிவுத் திட்டத்தினை செயற்படுத்துவதில் ஈடுபட்டுள்ளது. இத்திட்டமானது 2023 இன் 1ஆம் காலாண்டில் நிறைவேற்றப்படும்.

அனாதைகள் பராமரிப்பின் பொறுப்பாளர்கள் சபைக்கு பலவருடங்களாக இந்த கௌவர செய்கைக்கான அவர்களது உறுதியான அர்ப்பணிப்பிற்கு நான் நன்றியினைத் தெரிவித்துக்கொள்கின்றேன்.

அனைத்து நேரங்களிலும் எமக்கு வழங்கிய உறுதுணைக்கும் வழிகாட்டலுக்கும் இலங்கை மத்திய வங்கியின் ஆளுனர் மற்றும் அதிகாரிகளுக்கு ஒரு விசேட நன்றியினைத் தெரிவிக்கின்றேன்.

இறுதியாக, நான் எமது வாடிக்கையாளர்கள், பங்குதாரர்கள் மற்றும் அனைத்து பங்காளிகளுக்கும் அமானா வங்கியின் பயணத்தில் ஒரு பகுதியாக இருந்ததற்காக எனது நன்றியினைத் தெரிவித்துக்கொள்ள விரும்புகின்றேன். எதிர்காலத்தில் ஒரு புதிய மற்றும் உற்சாகமான கட்டத்திற்கு நாம் வலிமையுடன் நகரும்போது எமது முன்னேற்றத்தில் நீங்கள் தொடர்ந்தும் ஒரு பகுதியாய் இருப்பதனை நான் வலியுறுத்துகின்றேன்.



ஆஸ்கீ ஆத்புருவீ
தஜலுவீர்

18 பெப்ரவரி 2023
கொழும்பு

Managing Director/CEO's Review



It has been an eventful year for Amāna Bank PLC, where despite the multitude of external challenges, the Bank made strong headway in reinforcing its value proposition.

The country as a whole experienced what is thought to be its worst economic crisis since independence, which transpired into a series of events that led to the Country's political, social and economic woes.

In this context, Amāna Bank's attention and priority was to stand by and support our customers and stakeholders, while bolstering the Bank's defences against strong headwinds. Anchored to our ethos of people friendly banking, we went beyond to deepen relationships with our customers and truly understand their unique circumstances in order to guide them through this period of unprecedented challenges. We moved quickly and decisively to support businesses, particularly concentrating on essential goods and services including agriculture, fisheries, retail, health care, manufacturing and renewable energy sectors. Meanwhile, we aligned our strategies to pursue emerging growth opportunities in the corporate segment, which saw the onboarding of several leading conglomerates which also proved to be a clear affirmation of the growing confidence on the Bank.

Having commenced our dividend journey in 2018 at a time when the economy was making sound progression, I am extremely pleased to highlight that the Bank succeeded in rewarding its shareholders for the 5th consecutive year, despite the turbulent period that prevailed. Amāna Bank has succeeded in increasing both the dividend yield and the quantum paid out to shareholders during this period, which I believe is a true reflection of our stability and resilience. Backed by our profitability momentum, I am confident of our ability to continue this positive trend of rewarding our shareholders in the years ahead, God willing.

Being sensitive to the needs of our employees during this period of socio-economic challenges, we implemented various incentives and engagements towards securing their financial and mental wellbeing. I believe we truly demonstrated that our people are the most valued asset and resource we are blessed with. Our people in turn have contributed passionately not only to ensure that the Bank sustained its trend in performance, but also went on to record its best ever performance.

KEY PERFORMANCE HIGHLIGHTS

In testimony to the success of our prudent growth strategies, Amāna Bank's advances portfolio grew by 10% year-on-year, while our asset quality of 2.1%, remained amongst the lowest in the industry.

Our deposit base crossed the LKR 100 billion milestone in Q1 2022 making Amāna Bank one of the very few Licensed Commercial Banks in Sri Lanka to reach this landmark in just over a decade. This feat stands evidence to the growing acceptance, confidence and popularity of our people friendly banking model among all Sri Lankans.

The Bank's fund-based income increased by 58%, from LKR 7.7 billion reported in the previous year to LKR 12.1 billion in 2022. Driven by higher digital transactions and trade volumes, fee-based income too significantly increased by 87% year on year. The combined improvement in both fund based and fee based income saw Amāna Bank recording a total operating income of LKR 6.4 billion for 2022, which stands to be the highest ever in the Bank's history.

While cost containment remained a key priority, cost increases were inevitable due to high exchange rates and inflationary pressures. As a result, operating expenses rose by 16% year on year. Nevertheless, I am pleased to highlight that our cost to income ratio improved from 54% in 2021 to 47%.

Complemented by the achievements discussed above, Amāna Bank recorded its highest ever PBT since launch which stood at LKR 1.2 billion. This achievement is a further testament to the Bank's resilience and clear strategic direction by the Board to steer the Bank through these extremely challenging times.

EMPOWERING CUSTOMERS

Amāna Bank's approach has always been to offer tailor-made solutions to our customers by understanding their specific requirements and partnering with them on equitable terms; a prerequisite of our people friendly banking model. Through this approach we continue to empower our customers and help them sustain and navigate through challenges.

The year 2022 created a compelling environment to showcase and practice our unique approach to Banking, which I believe went a long way in building customer confidence and appreciation towards the Bank. In addition to the relief measures initiated by CBSL, the Bank offered a host of other concessions to facilitate business continuity of its loyal customers, especially in the SME segment. These measures provided a much needed lifeline for businesses to steer through this challenging period and revive their operations, as the country gradually worked towards regaining normalcy.

Managing Director/CEO's Review



I sincerely acknowledge the contribution of our Team and their efforts to enable Amāna Bank's best ever performance, despite being surrounded by unprecedented socio-economic challenges. This, I believe is a reflection of the dedication of our employees coupled with the impetus provided by our performance driven culture where the year 2022 produced the highest number of performers who delivered beyond the Bank's expectations established through their KPIs.



Taking into consideration the challenging macroeconomic environment, the Bank realigned its financing offerings, enabling the export-oriented businesses and other companies generating much needed foreign currency to the country, to be adequately and comfortably supported for growth and business opportunities.

A notable development was the introduction of the 'Women Entrepreneur Financing Scheme' a dedicated financing facility to support women entrepreneurs who are engaged in small businesses to supplement household income induced by the post COVID changes in consumer behaviour.

With a view to enhance the experience of our Corporate, Emerging Corporate and Top Tier SME customers, we relocated our dedicated business banking centre to the Main Branch premises in Colombo 3, thereby offering convenience and synergised solutions to this segment of customers.

STRENGTHENING THE DIGITAL ECOSYSTEM

The year saw the launch of the "Your Bank" mobile application. Equipped with a new dynamic interface design, the new app offers customers a refreshing banking experience, with many added features and conveniences coupled with an enhanced level of security. This launch marks an important milestone in our digital journey and signals our commitment to drive digital adoption and enhance customer experience.

The Bank also launched an e-Onboarding platform, which enables new Bank customers to open their first account with Bank, without having to visit a Branch or meeting a Bank's representative physically. The platform is enabled to offer video based engagements and other digital tools to complete all regulatory requirements for such onboarding.

The Bank continues to explore various digital solutions aimed at enhancing customer experience and convenience leveraging on modern technology.

INSPIRING THE TEAM

I sincerely acknowledge the contribution of our Team and their efforts to enable Amāna Bank's best ever performance, despite being surrounded by unprecedented socio-economic challenges. This, I believe is a reflection of the dedication of our employees coupled with the impetus provided by our performance driven culture where the year 2022 produced the highest number of performers who delivered beyond the Bank's expectations established through their KPIs.

To formally recognize the commitment shown by our team, Amāna Bank Awards was resumed in 2022, after a lapse of 4 years. Held under the theme 'Rewarding Excellence', the Awards saw employees being recognized in several categories, the highlight being the presentation of the pinnacle awards titled "CEO Awards", given only to a selected few who showcased the quality of going beyond the call of duty to epitomize Amāna Bank's core values.

DRIVING SUSTAINABILITY

Sustainability has always been fundamental to the way we manage our business. During the year we deepened our commitment to sustainability through a range of efforts across our three main sustainability pillars - Business, Operations and CSR.

Forming a new partnership with the United Nations Development Programme (UNDP) in Sri Lanka, we actively engaged in providing support through the recently launched 'Private Sector Giving Facility for Emergency Relief', aimed at overcoming the rising challenge of severe medical and food supply shortages due to the ongoing

economic crisis. Through this collaboration, our goal is to provide a platform to our customers, shareholders as well as well-wishers to contribute to this timely cause and support the socio-economic recovery for the most vulnerable in the country, and drive a sustainable transformation over the long term.

We continued to support the OrphanCare initiative, for which the Bank continues to contribute as the 'Founding Sponsor' bearing all operational and administrative costs, thereby ensuring every rupee donated goes on to secure the future of orphans. Despite the challenging environment, OrphanCare, made good head way during 2022, where 4 rounds of fund disbursements were carried out to benefit over 3,100 Orphans from 90 child care homes across the country. Since the launch of the OrphanCare initiative in 2019, a sum of LKR 42 million has been distributed to date, to the respective orphans, while also channeling many timely qualitative support interventions by supporting donors and contributors. I sincerely thank all such donors and contributors for partnering with the OrphanCare initiative despite the challenging times.

As guided by our Board of Directors, the Bank remains fully committed to uphold the principles of good governance and promotes a culture of compliance with emphasis on countering bribery and corruption at all times.

AWARDS AND ACCOLADES

Amāna Bank continued to be ranked amongst the World's Top 100 Strongest Islamic Banks by Asian Banker. Further, the Bank continued to demonstrate its market leadership status as it was recognized as a Market Leader for Islamic Banking & Finance by EuroMoney. At the IFFSA Awards, the Bank claimed the top spot as the Entity of the Year as well as the Bank of the Year, amongst its counterparts in the South Asian Region.

Amāna Bank continued to be recognised locally at the SLIBFI Awards 2022, where the Bank secured top awards, including 2 highly coveted Golds for the Entity of the Year and the Social Upliftment Award of the year.

OUTLOOK AND PROSPECTS

The year 2022 has certainly been laden with challenges. Possibly one of the toughest in the Bank's history. Having steered through it effectively, I firmly believe that the situation is bound to improve in the next 12 - 18 months as the regulatory policy framework falls into place.

Amidst this backdrop, Amāna Bank's goal would be to strategically improve scalability while staying firmly anchored to our core banking principles. In this regard, I remain confident that our people-friendly banking model and our investment in expanding our Digital footprint and Regional footprint will together provide the impetus to steer Amāna Bank forward in the years ahead.

APPRECIATIONS

Before I conclude, I wish to take this opportunity to thank the Chairman and the Board of Directors for the unstinted support extended to me at all times. I would also like to thank the Sharia Supervisory Council for their guidance and support. A special appreciation to the OrphanCare Trustees for their commitment, enthusiasm and guidance in ensuring the OrphanCare initiative serves its intended purpose.

We are indeed grateful for the timely regulatory initiatives and support provided by the CBSL towards economic stability amidst multiple challenges.

To our Management Committee and each and every one of the staff, I thank you for your team spirit and single minded commitment that has remained the driving force behind Amāna Bank's continued success.

In conclusion, I wish to thank Amāna Bank's shareholders, customers and other stakeholders for the trust and confidence placed on our brand. I seek your continued patronage as we forge ahead **with fortitude** as Sri Lanka's most people-friendly bank.



Mohamed Azmeer
Managing Director/CEO

18 February 2023
Colombo

Board of Directors



ALI ASGHAR (ASGI) AKBARALLY

*Chairman, Non-Executive,
Non-Independent Director*

Ali Asghar (Asgi) Akbarally is an Executive Director of Akbar Brothers (Pvt) Ltd, one of Sri Lanka's largest diversified corporates, globally renowned for its tea exports. Asgi Akbarally holds directorship in multiple subsidiaries and affiliates of the Akbar Group covering sectors such as Manufacturing, Property Development, Hotels & Leisure, Healthcare, Power Generation, Packaging & Printing, Logistics and Environmental Services. He is the Managing Director of Renewgen (Pvt) Ltd and Deputy Chairman of Windforce PLC, Chairman of Hermitage Resorts (Pvt) Ltd, Uthurumaafaru Holding (Pvt) Ltd Maldives, Lhaviyani Holdings (Pvt) Ltd and Cocoon Investments (Pvt) Ltd Maldives. He is also a director of Alumex PLC.

Asgi Akbarally is currently the Honorary Consul of the Hashemite Kingdom of Jordan. He holds a BSc Degree in Industrial Engineering from the California State University and is a Fellow Member of the Institute of Certified Professional Managers. A classic car enthusiast, Asgi Akbarally has authored a coffee table book on "Classic and Vintage Automobiles of Ceylon" and is the Patron of the Classic Car Club of Ceylon.



MOHAMED AZMEER

Managing Director/CEO

Appointed as Managing Director with effect from 27 April 2022

Mohamed Azmeer, MD/CEO of Amāna Bank, is a seasoned banker with a career spanning over 30 years holding senior positions at leading financial institutions globally, including CitiBank, Al Rajhi Bank and Sharjah Islamic Bank.

Mohamed Azmeer took over the leadership of the Bank in June 2014. Prior to that, as the Bank's Chief Operating Officer, he was overseeing the business functions of the Bank's Consumer, SME, Corporate and Treasury divisions. Before joining Amāna Bank, Azmeer had gained significant exposure to conventional and Islamic banking through his illustrious career, both locally and internationally, which spans over 30 years. Having commenced a career in banking at Commercial Bank of Ceylon, Azmeer's leadership progression and banking intuitiveness was a result of his overseas experience, primarily at Citibank, UAE, where he had gained the unique experience of both business and risk aspects of banking, having overseen such operations at senior levels. During such tenure, he also carried out many short overseas assignments to countries such as UK, India and Kenya, where he acquainted himself to the different dynamics and challenges specific to each business and region. At the culmination of his career at Citibank he held the position of Vice President – Risk, for UAE and Oman.

Azmeer's experience also includes 'start-ups' where he was a founder member of the erstwhile Dubai Bank which was established at the direction of the Dubai Government.

Azmeer's journey towards Islamic banking was a result of him wanting to have this nascent but people friendly concept accepted and embraced by a wider audience. In the field of Islamic banking, Azmeer's track record involved holding senior positions at Al-Rajhi Bank Saudi Arabia, the largest and leading Islamic Bank in the world and Sharjah Islamic Bank, a pioneering bank in UAE and the first Islamic bank in the world to fully convert its operations from being a conventional entity, in which he was an Executive Vice President.

Azmeer has served on the Boards of Sri Lanka Banks' Association (Guarantee) Ltd., LankaClear, the national payment and clearing association of Sri Lanka, and was the Chairman of the Financial Ombudsman Sri Lanka (Guarantee) Ltd. Azmeer holds a Master's Degree in Business Administration from the University of Leicester, UK. Utilising his sound knowledge and wide experience, Azmeer has played a key role in guiding Amāna Bank towards the success it has reached thus far.



RAJIV NANDLAL DVIVEDI

Non-Executive, Senior Independent Director
Retired with effect from 11 January 2023

Rajiv Nandlal Dvivedi is currently the CEO of Eagle Investments Limited, a privately owned Investments and Advisory firm regulated by DFSA, based in the DIFC, Dubai, UAE. He has over 40 years of Commercial and Investment banking, Corporate finance, and Investments experience. He spent 35 years at Citibank in various senior executive positions: 28 years in Commercial and Investment Banking, Corporate Finance and Risk Management in the Middle East and seven years in Consumer Banking with Citibank in New York, USA. In addition to Amāna Bank, Mr. Dvivedi currently sits on the Board of Maldives Islamic Bank (Maldives), Eagle Investments Limited (UAE) and Eagle India Investments Sharia Fund I Limited (Mauritius). He holds an MBA in Finance from Long Island University, New York, USA.



DILSHAN HETTIARATCHI

Non-Executive, Senior Independent Director
Appointed as Senior Director with effect from 11 January 2023

Dilshan Hettiaratchi is a Partner/ Managing Director of Faber Capital Limited which is an investment banking firm headquartered in Dubai. The firm specialises in Capital Markets, Renewable Energy and Advisory opportunities. He has over 25 years of banking and financial markets experience. Prior to joining Faber Capital, he was the Managing Director and Head of Debt Capital Markets-MENA and Pakistan for Standard Chartered Bank. In this role he advised many high profile issuers from the Middle East such as The Government of Dubai, The Government of Ras Al Khaimah and other Corporates and Financial Institutions from the ME region to tap the International Bond and Sukuk markets. Prior to joining SCB, he worked with Citi National Investment Bank, which was the investment banking arm of Citibank and NDB based in Colombo, as well as at Waldock Mackenzie Limited which was the investment banking arm of John Keells Holdings. He is a Director of Asset Trust Management Limited, which is a SEC regulated Asset Management Company. He was also a Steering Committee member of the Gulf Bond and Sukuk Association (GBSA), and the Chair of the Government Bond issuance committee in 2011. He has been a speaker/panellist at a number of industry conferences in Debt Markets over the last few years.

He holds an MBA from the University of Colombo, is a CFA Charter Holder and is an ACMA (UK).



AARON RUSSELL-DAVISON

Non-Executive, Independent Director

Aaron Russell-Davison is a veteran banker with 26 years' experience across banking and financial institutions, including capital markets, bond and loan syndication, sales, trading, portfolio management and brokerage. Most recently, his tenure at Standard Chartered Bank, Singapore spanned over 6 years, at the most senior levels of Capital Markets, including as the Global Head of Debt Capital Markets. He also has served as Director, Capital Markets in prominent global institutions such as Credit Suisse, Hong Kong; Standard Bank of South Africa, Hong Kong; and Hypo-Vereins Bank, London. He has also held Board positions as an Independent Non-Executive Director of leading financial institutions, whilst serving in the capacity of Chairman-Group Risk Committee and as a member in the Group Audit, Remuneration and Related Party Committees. He has worked across multiple geographies and cultures with a strong Asian aspect, and holds a Bachelor of Arts (Asian History and Politics) from the University of Western Australia.

Board of Directors



MOHAMMED ATAUR RAHMAN CHOWDHURY

Non-Executive, Non-Independent Director

Mr. Mohammed Ataur Rahman Chowdhury is a seasoned financial sector specialist, having spent more than 20 years across in the Financial Institutions domain covering multiple geographic regions across Middle East, North Africa, West Africa, Central Asia and Southeast Asia. His diversified experience was spent mostly in senior roles in direct financing, investment banking, commercial banking, FI equities, board representations and turning around financial institutions. Joined in 2007, at present, Mr. Chowdhury is leading Non- Banking Financial Institutions at the Islamic Corporation for the Development of the Private Sector (ICD); the private sector arm of the Islamic Development Bank (IsDB) Group providing strategic direction and support to company and management across Ijarah (Leasing), mortgage financing takaful, liquidity management and investment company operations to become profitable and sustainable. Prior to that, Mr. Chowdhury, being Head of Banking Investment, led establishments and formulating strategies of more than 15 Islamic banks with aggregate portfolio of nearly USD 260 million.

He is an experienced and veteran board member with proven track of transforming financial institutions from loss making into profitable. He has joined the Board of Taiba Leasing in Uzbekistan in April 2022. He is a former Board member in Maldives Islamic Bank Limited for the period 2012-2022 and played vital roles in the foundation, growth, and public listing stage of the bank. Briefly, Mr. Chowdhury also worked as



SYED MUHAMMED ASIM RAZA

Non-Executive, Non-Independent Director

Syed Muhammed Asim Raza has over thirty-five years of diverse experience in banking and engineering industries at senior management level. He is well versed in all aspects of public and private sector projects and equity financing including identification, preparation, due diligence, implementation and post implementation activities. He has a vast experience in remedial asset management which involved recovery of classified portfolio through restructuring, liquidation and litigation activities. Currently attached to Islamic Development Bank Group (IsDB), Mr. Raza is involved in developing the enabling environment for trusts and endowments sector in OIC member and non-member countries; providing technical assistance for capacity building, regulatory and institutional development. He is deeply involved in the development of new endowments as well as establishment of commercial real estate projects on idle endowment land for transforming them into revenue generating asset. Currently, he is supervising the global projects portfolio of more than US\$ 300 million. Prior to joining IsDB, Mr. Raza worked in Pakistan and served on various senior positions at different financial institutions. He served as Vice President at Muslim Commercial Bank and Atlas Investment Bank Limited. He worked twelve years with the National Development Finance Corporation, which was mandated for the development of infrastructure projects in Pakistan. Mr. Raza holds a bachelors degree in Mechanical Engineering and Masters in Business Administration. He is a member of various Engineering Councils and Institutes and has represented IsDB as a speaker at various prestigious forums and conferences.

Adviser, Financial Institutions for The European Bank for Reconstruction and Development (EBRD) in London, UK on secondment from ICD.

Mr. Chowdhury's professional career, preceding his ICD tenor, included 7 years in Bangladesh's financial sector, holding the roles of: Corporate Relationship Manager in Commercial Bank of Ceylon Limited (Bangladesh operation), Investment Manager in IPDC (the first Development Financial Institution in the country) and Senior Investment Analyst in BRAC-EPL (a premier investment bank in the country).

A well-learned individual, Mr. Chowdhury holds an MBA in Finance from IE Business School, Spain, and another MBA in Finance & Accounting from North South University, Bangladesh. He has also earned a Diploma in Board Certification of Company Direction from the Institute of Directors, United Kingdom.



KHAIRUL MUZAMEL PERERA BIN ABDULLAH

Non-Executive, Non-Independent Director

Khairul Muzamel Perera has over 35 years of banking related experience including stints at a credit rating agency and a national asset management institution. Prior to his retirement in October 2022, he was the Group Chief Credit Officer overseeing the Credit Management Division at Bank Islam Malaysia Berhad. His key function as the GCCO was to manage the asset quality of the bank which he undertook by overseeing the credit analysis function (pre-approval transactional credit), credit analytics (model development and maintenance – retail and non-retail) the central financing processing function which handled the end-to-end processing and approval of all retail financing and the Valuation unit which oversees all collateral valuations in the Bank. He chaired the Financing Committees and the Underwriting & Investment Committee in the Bank and remains as the Chairman of the Investment Committee at BIMB Investment Management Berhad, a wholly owned subsidiary of the Bank. Arising from his involvement as the Bank's representative in the Joint Committee for Climate risk management spearheaded by Bank Negara, he initiated the development of an Environmental Social and Governance (ESG) Framework to introduce the assessment of Climate related risks in the credit risk process in line with Bank Negara's Climate Change Principles based on taxonomy and set up an ESG unit in the Bank to oversee the introduction of ESG risks and its impact on the Bank's financing portfolio. A Chartered Company Secretary by profession, Khairul is an Associate Member of the Institute of Chartered Secretaries & Administrators, London and a Chartered member of the Chartered Institute of Islamic Finance Professionals, Malaysia.



OMAR KASSIM

Non-Executive, Non-Independent Director

Omar Kassim is a fintech focused technology entrepreneur, who specialises in conceiving, building, and exiting interesting technology ventures. Omar is the Co-Founder and Chief Executive Officer of Nomod, a London headquartered startup building a highly efficient, scalable, business banking platform to empower millions of entrepreneurs and startups around the world to start and grow their businesses with inventive payment and banking tools. Omar also Co-Founded and was the Chief Executive Officer of Esanjo, a trading, investment, and technology business based in Dubai, where he remains a member of the Board. Omar previously founded and exited JadoPado, a highly regarded e-commerce technology platform addressing the Middle East, North African, and South Asian markets. Omar holds a BSc in Electronics Engineering and Business Studies from the University of Warwick in the United Kingdom.



TISHAN SUBASINGHE

Non-Executive, Independent Director

Tishan Subasinghe, is a Fellow and Council Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Managing Director and Joint Managing Partner of Moore Stephens Consulting (Private) Limited and Moore Stephens Aiyar respectively. Before that he was the Head of Audit and Assurance at BDO Partners. He is also the Chairman of Sanasa General Insurance Company Limited and is also a Council Member of the University of Moratuwa. His profession also expands overseas where he had work experience with PricewaterhouseCoopers (PwC) in New York, Philadelphia, Chicago and Botswana spanning several years. These were supported by the international training that he has undergone in USA, Hong Kong, Bangkok, Hyderabad, Mumbai, Malaysia, Indonesia and Rome. As a member of CA Sri Lanka, Tishan has served as the Chairman of the Annual Report Awards Committee, National Conference Committee and Examinations Committee. He also held the post of Vice President of the Young Chartered Accountants Forum (YCAF). Tishan is a Certified Information Systems Auditor (CISA-USA) and has an MBA in Finance by the University of Colombo with a Gold Medal and has earned an LLB (Hons.) degree from the Buckinghamshire New University. He is also a visiting lecturer at several Government Universities and had also conducted international training in Maldives and Bhutan.

Board of Directors



MOHAMED ADAMALY

Non-Executive, Non-Independent Director

Mohamed Adamaly is a leading legal professional in Sri Lanka having a wide Civil Law practice in the Original Courts and Appellate Courts, with a focus on Commercial Law, Labour Law, Insurance Law, and Banking & Credit related laws. Adamaly also specializes in Investment Advisory, Business Set-up/Restructuring Services and Corporate Acquisitions. Adamaly graduated from the Faculty of Law University of Colombo with Honours while also achieving First Class Honours from the Sri Lanka Law College before being admitted as an Attorney-at-law of the Supreme Court of Sri Lanka in 1994. Adamaly has served as a visiting lecturer at the University of Colombo and at the Sri Lanka Law College. He also holds a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM UK) and is a leading lecture for CIM and formerly for CIMA, in Sri Lanka. In view of his combined legal, Marketing and business expertise, Adamaly holds and has held directorships in several public and private companies including in the David Peiris Group, Bogala Graphite Lanka PLC, Assetline Leasing Company Limited and Sinwa Holdings Limited. Adamaly is also a leading thespian and cinema personality in the country and has received the National TOYP Award for his contribution to Drama and Literature.



MOHAMMAD HASSAN

Non-Executive, Non-Independent Director

Appointed with effect from 18 January 2023

Mohammad Hassan has over 10 years of extensive experience across the asset management industry in both equity and fixed income investing. He has a deep understanding and is well-versed in financial statement analysis particularly relating to valuation of equity and fixed income instruments as well as utilizing tools such as Bloomberg and S&P Capital IQ to build comparable companies and transaction models.

Hassan is currently attached to ICD, the private sector arm of the Islamic Development Bank (IsDB) Group as the Principal of the Banking Equities Department. As a part of his role, Hassan oversees the private equity portfolio of investee banks spread across 8 countries while also involved in reviewing financial models and business plans for potential new investee banks working closely with C-level management of each bank to optimize business strategy in the context of regulatory and macroeconomic developments. Prior to this Hassan was associated as a Co-Portfolio Manager for ICD's fixed income funds including the ICD Money Market Fund and ICD Corporate Premium Fund, 2 high-yield income funds currently having more than \$300 million under management. As

part of his Asset Management role in ICD, Hassan was also responsible to many notable fixed income investments and private placements.

Prior to joining the IsDB Group, Hassan's professional career included over 5 years in Pakistan's financial sector, including holding the roles of Manager – Business Internal Controls and Money Market Dealer in Burj Bank, Relationship Manager in Bank Al-Falah and Relationship Associate at Meezan Bank.

Hassan is a Chartered Financial Analyst and holds a Bachelor of Science Degree in Industrial Engineering and Management Science from North Western University, USA.



MISS PRIMROSE SHIREEN WATSON, FCG
Company Secretary

Miss Shireen Watson joined Amāna Bank PLC in June 2021.

She is a Fellow Member of The Chartered Governance Institute UK formerly known as the Institute of Chartered Secretaries and Administrators – London. Her professional experience as a Chartered Secretary counts for over 30 years.

Prior to joining Amāna Bank, she held the position of Head of Secretarial of Hemas Corporate Services (Pvt) Ltd, secretaries for the Hemas Group of Companies. She also held the position of Company Secretary of a Finance Company and its subsidiaries and has gathered extensive knowledge and experience in handling both the registrars and secretarial functions of listed entities and private /public companies of two conglomerates over the years.

In addition, Miss Shireen has exposure to people management by having an oversight on the Human Resource function of a Finance Company with over 30 Branches Island wide.

Miss Shireen was invited by the Institute of Chartered Corporate Secretaries in Sri Lanka to share her knowledge and experience in Company Secretarial Practice with the students of the Institute by lecturing for the Intermediate Level and Professional level.

Independent Sharia Supervisory Council

ASH-SHEIKH DR. MUFTI MUHAMMAD IMRAN ASHRAF USMANI

Chairman, Sharia Supervisory Council

Sheikh Dr. Mufti Muhammad Imran Ashraf Usmani, son of Justice (Retd.) Mufti Muhammad Taqi Usmani, graduated with specialisation in Islamic Fiqh (Islamic jurisprudence) from Jamia Darul-Uloom, Karachi, where he has been teaching Fiqh since 1990. He also holds an LL.B and Ph.D. in Islamic Finance. He is a member of the administration board of Jamia DarulUloom, Karachi.

Presently Dr. Imran Usmani is the Group Head and Vice Chairman of Shariah Supervisory Board at Meezan Bank Ltd and is responsible for Research and Product Development of Islamic Banking products, advisory for Sharia-compliant banking and supervision of Sharia Audit & Compliance.

He is also the President and CEO of Usmani & Co. Pvt. Ltd that provides a full suite of Islamic Finance consultancy, Shariah advisory and related ancillary services to local and international clients across all legal jurisdictions and financial & non-financial sectors.

Dr. Imran Usmani has been involved with the Government of Pakistan in various initiatives and is also a member of the Steering Committee and Implementation Committee for promotion of Islamic Banking since 2013.

Dr. Imran Usmani has served as an advisor/member of Sharia Boards of several renowned institutions in various jurisdictions since 1997 including the State Bank of Pakistan, Takaful Pakistan Ltd., Pakistan Mercantile Association, ICFAL–Australia, The Zeal–Canada and USA, Astana

International Financial Centre -Kazakhstan, HSBC–Amānah Finance, UBS–Switzerland, Guidance Financial Group USA, Lloyds TSB Bank -UK, Japan Bank for International Cooperation (JABIC), Credit Suisse Switzerland, Royal Bank of Scotland Global, Old Mutual AlBarakah Equity & Balanced Funds South Africa, AIG Takaful, ACR ReTakaful Malaysia, Premier Takaful Pakistan, Capitas Group USA, Bank of London and Middle East Kuwait, BMI Bank Bahrain, Al Khaliji Bank Qatar, Sarasin Bank Switzerland, AIFA-Amāna Islamic Finance Australia, DCD Group Dubai, Nafa Mutual Fund, Acumen Fund, Swip Sicave Fund, Old Mutual AlBarakah fund and other mutual and property funds, Takaful companies and international Sukuk, etc.

He also served as an Executive Committee Member of AAOIFI (Dubai), Sharia Supervisory Board of International Islamic Financial Market (IIFM) Bahrain and Chairman of Academic Board at International Centre for Education in Islamic Finance (INCEIF)-Malaysia, Institute of Business Administration (IBA)-Centre for Excellence in Islamic Finance (CEIF), Karachi and Director at Centre for Islamic Economics (CIE), Hira Foundation School and Hira Institute of Emerging Sciences, Karachi.

Dr. Usmani is the author of numerous publications related to Islamic Finance and other Sharia related subjects. He has presented papers in numerous national and international seminars and has delivered lectures at academic institutions including Harvard, LSE, LUMS and IBA.

He also has special interest in Entrepreneurship, Eco-system, Sustainable Development investments and works for different green projects.

ASH-SHEIKH MOHD. NAZRI CHIK

Vice Chairman, Sharia Supervisory Council

Ash-Sheikh Mohd. Nazri Chik is the Group Chief Financial Inclusion Officer of Bank Islam Malaysia. He holds a Master's Degree in Sharia from University of Malaya, Certified Sharia Adviser and Auditor (CSAA-AAOIFI), Certified Sharia Advisor (CSA-ASAS), Certified Professional Sharia Auditor (CPSA-IBFIM) and Certificate in Internal Auditing for Financial Institutions (CIAFIN-AICB). He started his career as a tutor in University of Malaya until he joined Bank Islam in June 2004. He left the Bank to join Noor Investment Group, Dubai in September 2009 as its Sharia Audit Manager. During this time, he had been appointed as a member of Bank Islam's Sharia Supervisory Council. He re-joined the Bank to lead the Shariah Division in January 2011, a role he had continued until December 2019. He is a Corporate Member of Institute of Corporate Directors Malaysia and he has been appointed as an Independent Non-Executive Director of Terengganu Incorporated, the investment arm of Terengganu state government, Malaysia. He is also a Registered Sharia Adviser with the Securities Commission Malaysia, Chairman of the Sharia Committee of TEKUN Nasional, the federal government owned micro finance company of Malaysia and a Sharia Advisor to several organisations including Malaysia Professional Accountancy Centre (MyPAC), Kelantan State Economic Development Corporation, BIMB Holdings Group Staff Cooperative Limited, etc. He is the Deputy President of Association of Sharia Advisors Malaysia (ASAS), Distinguished Trainer for Islamic Banking and Finance Institute of Malaysia (IBFIM), and an academic advisor to various Islamic Finance programmes offered by universities in Malaysia.

ASH-SHEIKH MUFTI M.I.M. RIZWE

Member, Sharia Supervisory Council

Mufti M.I.M. Rizwe is the President of the All Ceylon Jamiyyathul Ulama (ACJU), which is the supreme body of Islamic Theologians in Sri Lanka.

Mufti Rizwe is a prominent Islamic Religious Scholar, philanthropist and a specialist in fields of Islamic Jurisprudence and Islamic Finance. The following are some areas in which his contributions have been made:

Economy - Mufti Rizwe has contributed immensely to the world of Islamic Finance especially in Sri Lanka, as he is one of the founders of the concept of Islamic Banking in the conventional banking industry in Sri Lanka.

Religious Education - He has initiated several contributions that have greatly benefited the community at large, such as a Preliminary Religious Education System which provides fundamental religious knowledge to children.

Counseling - Careline Counseling Services, another initiative by Mufti Rizwe, which strives to assist the community especially the women, by providing counselling services and premarital workshops.

Skills Development – Identifying the need of grooming and developing skills of students of Religious studies, Mahmoud Institute for Skill Development of Religious Scholars was founded by Mufti Rizwe which focuses on providing skill development for religious scholars in Sri Lanka.

Social Services – ‘Masjid Based Social Services’ is another significant concept developed by Mufti Rizwe, which focuses on social needs and provides assistance in possible forms irrespective of racial or religious differences, especially during the periods of adversity.

Unity and Coexistence - It is significant to note that Mufti Rizwe is one of the most important personalities of Sri Lanka renowned for his advocacy for unity within the community and for peaceful coexistence among the ethnicities.

ASH-SHEIKH MUFTI MUHAMMAD HASSAAN KALEEM

Member, Sharia Supervisory Council

Ash-Sheikh Mufti Muhammad Hassaan Kaleem is a renowned figure in the field of Islamic Finance. He is considered as one of the most revered Sharia Scholar in the Islamic Finance Industry, who sits on the Sharia Advisory Boards of numerous financial institutions, Islamic Investment Funds and Takaful Companies, including Al-Ameen UBL Funds, Adamjee Takaful, State Life-Window Takaful Operations, Pak Qatar Family Takaful Ltd- Pakistan, Hanover Re Takaful-Bahrain, and Takaful Emirate-UAE etc.

In addition, Mufti Hassaan is a Sharia Consultant of Deloitte (Global Islamic Finance Team), Trainer of Sharia Standards, a Member of Subcommittee of Sharia Standards at AAOIFI- Bahrain, visiting faculty member of National Institute of Banking and Finance (State Bank of Pakistan) and Centre for Excellence in Islamic Finance (CEIF)-IBA and a permanent faculty member of Centre for Islamic Economics Karachi. Furthermore, he was the former Sharia Advisor of Bank Al Baraka and Chairman Sharia Board of SECP.

Mufti Hassaan holds vast experience of teaching various Islamic Subjects at the Jamia Darul Uloom Karachi for approximately the past 20 years.

He also works as Member-Shari’ah Board of Dubai Islamic Bank Pakistan Ltd. He is a frequent trainer and expert in simplifying complex issues related to Islamic Finance. He has delivered lectures and presentations in many Islamic Finance conferences and seminars in Pakistan and around the world.

MR. OSMAN KASSIM

Member, Sharia Supervisory Council

Mr. Osman Kassim is a renowned and highly respected entrepreneur in Sri Lanka. He is regarded as the pioneer of Islamic finance in Sri Lanka for having introduced Islamic banking and insurance and counts over 40 years of senior management experience in these fields.

He was the Founder Chairman of Amāna Bank PLC, Sri Lanka’s first and only licensed commercial bank to conduct all its operations under the principles of Islamic banking. He has travelled extensively and is fully conversant with Islamic banking practice and methodology in most countries, where Islamic banking is available.

Mr. Osman Kassim was formerly the Chairman of the Expolanka Group. He is also the Chairman of Vidullanka PLC, Aberdeen Holdings (Pvt) Ltd, Al-Hassan Foundation and Rokfam (Pvt) Ltd. He concurrently holds directorship in Amāna Takaful Life PLC and Amāna Takaful (Maldives) PLC.

Mr. Osman Kassim is the Nominee Director appointed to the Board of the Maldives Islamic Bank PLC., representing Amāna Takaful (Maldives) PLC.

Mr. Osman Kassim previously served as a member of the Board of Directors of the Maldives Islamic Bank PLC from 2017 until July 2020.

In recognition of his achievements as a global entrepreneur and visionary educationalist, Mr. Osman Kassim was conferred an Honorary Doctorate by Staffordshire University, United Kingdom.

The LMD Magazine, a leading business magazine in Sri Lanka also recognized Mr. Osman Kassim among the ‘A-List of the Captains of Business’ at the dawn of this decade, in recognition of his services for the nation’s growth.

Profiles of Strategic Shareholders

ISLAMIC DEVELOPMENT BANK



The Islamic Development Bank (IsDB) is a multilateral development bank, working to improve the lives of those it serves by promoting social and economic development in Muslim countries and communities' worldwide, delivering impact at scale. IsDB provides the infrastructure to enable people to lead better lives and achieve their full potential. It brings together 57 member countries across four continents—touching the lives of 1 in 5 of the world's population. IsDB is a global leader in Islamic Finance, with an AAA rating, and operating assets of more than USD 16 billion and subscribed capital of USD 70 billion. Headquartered in Jeddah, Saudi Arabia, IsDB has major hubs in Morocco, Malaysia, Kazakhstan and Senegal, and gateway offices in Egypt, Turkey, Indonesia, Bangladesh and Nigeria. IsDB fosters collaboration between its member's nations in a uniquely non-political environment, as it focuses on the betterment of humanity. IsDB's 5 pillars of activities include building partnerships between governments, the private sector and civil society through public private partnerships; adding value to the economies and societies of developing countries through increased skills and knowledge sharing, focusing on science, technology and innovation led solutions to the world's greatest development challenges, through boosted connectivity and funding, and a focus on the UN's Sustainable Development Goals, promoting global development that is underpinned by Sharia compliant long term sustainable and ethical financing structures, as global leaders in Islamic Finance, and, fostering collaboration between IsDB's members nations in a uniquely non-political environment, focusing on the betterment of humanity. (<https://www.isdb.org>)

THE ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

Limited Partner of IB Growth Fund (Labuan) LLP



The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral development financial institution and is part of the Islamic Development Bank (IsDB) Group. Founded in November 1999, ICD was established to support the economic development of its member countries through the extension of finance for private sector projects, promoting entrepreneurship, encouraging cross-border investments, and providing advisory services to governments and private companies. ICD's authorised capital is US\$ 4 billion, and its current shareholders are: the IsDB, fifty-four (54) Islamic countries and five (5) public financial institutions. ICD's development mandate ensures that its interventions are underpinned by factors that promote for: job creation, Islamic finance development, contribution to exports etc. As for its advisory services, ICD looks to aid governments and private sector groups on issues ranging from policy design to the advancement of private enterprises; other areas include: development of capital markets, and adoption of best management and governance practices. ICD strives to add value in its member countries by complementing the activities of IsDB and respective national financial institutions.



BANK ISLAM MALAYSIA BERHAD

Established in July 1983 as the country's first Islamic Bank, BIMB has 141 branches and more than 940 self-service terminals throughout Malaysia. Following its listing on the Main Board of Bursa Malaysia in October 2021, BIMB became Malaysia's first public listed Islamic Bank. BIMB has not only become the symbol of Islamic banking in Malaysia but has also played an integral role in setting the stage for a robust growth of the country's Islamic financial services industry. As a full-fledged and pure-play Islamic bank, BIMB provides banking and financial solutions that strictly adhere to Shariah rules and principles and the ideals of sustainable prosperity and ESG values. The core subsidiaries of the BIMB Group are pioneers in various Islamic financial services, including investment and stockbroking.



AKBAR BROTHERS (PVT) LIMITED

The Akbar Group, a diversified conglomerate rooted in Sri Lankan trade tradition; is internationally renowned as one of Sri Lanka's foremost exporters of tea, spices and coconut products. Having achieved success as the largest exporter of Ceylon Teas for over two decades, Akbar Brothers sets international standards in providing reliable and honest service to its customers & marked 26 years as Sri Lanka's largest tea exporter, operating with expertise in the tea trade passed down generations to uphold a legacy of a hundred years. The Group has been the recipient of many top national and international awards over the years including the prestigious Presidential Awards for Sri Lanka Exporter of the Year, Most Globally Outreached Sri Lankan Brand of the Year for outstanding exports to over 90 countries worldwide and Best Exporter in the Tea Industry for the 12th consecutive year.

Akbar Brothers has also successfully diversified into a range of sectors through strategic reinvention and expansion over its 52-year journey.

The Group has a strong presence in several industries, including Exports, Imports, Marketing, Power Generation (Hydro, Wind and Solar), Healthcare, Printing/Packaging, Property Development, Hospitality & Leisure, Strategic Investments, Agriculture, Warehousing, Transportation and Environmental Services.

Management Committee



MOHAMED AZMEER
Managing Director/CEO



IMTIAZ IQBAL
Chief Operating Officer



M. M. S. QUVYLIDH
Senior Vice President | Chief Risk Officer



AJMAL NALEER
Senior Vice President | Chief Compliance Officer



M. ALI WAHID
Senior Vice President | Chief Financial Officer



SIDDEEQE AKBAR
Vice President - Retail Banking & Marketing



IRSHAD IQBAL
Vice President - Business Banking



FAZLY MARIKAR
Vice President - Strategy Management



NUMAIR CASSIM
Chief Internal Auditor



FARHAN REFAI
Head of Human Resources



SULANI DAYARATNE
Head of Legal



MOHAMED KIYASUDEEN
Chief Information Officer



HARINDRA OBEYSEKERE
Acting Head of Treasury & Financial Institutions



ASH-SHEIKH NAZHAN NAUROOZ
In-House Sharia Advisor

Assistant Vice Presidents and Heads of Departments



CHAMINDA DE SILVA
Assistant Vice President - SME Banking



ARSHAD JAMALDEEN
Assistant Vice President - Deposits & Digital Innovation



RAMAKRISHNAN KIRUBAKARAN
Assistant Vice President – Head of Credit Risk



RAJENDRA JAYASINGHE
Assistant Vice President - Corporate Banking



PRIMROSE SHIREEN WATSON, FCG
Company Secretary

Senior Managers



AZAM AMEER
Head of Business - Kandy Branch



RIZAH ISMAIL
Head of Remedial Management



ARSHAD ADHNaN
Head of SME



PRINCE KEVITIYAGALA
Senior Manager - Projects



NIYAZ ABOOBUCKER
Head of Equity Trading



SANJEEWA FONSEKA
Head of Learning & Development



AZAD ZAHEED
Head of OrphanCare



ARKAM AZEEZ
Senior Manager – Internal Audit



RUZAIK JAMEEL
Head of Branch Operations

Senior Managers



AZIM RALI
Head of Marketing & Corporate Communications



NIZATH MUSTAPHA
Head of Digital Development & Automation



UDARA KODIPPILI
Head of Emerging Corporates – Western Region



SHEEREEN JAIN
Senior Manager – Talent Acquisition

Our horizons for growth
are vast, as we focus on
leveraging our strengths
on the opportunities that
lie beyond plain sight

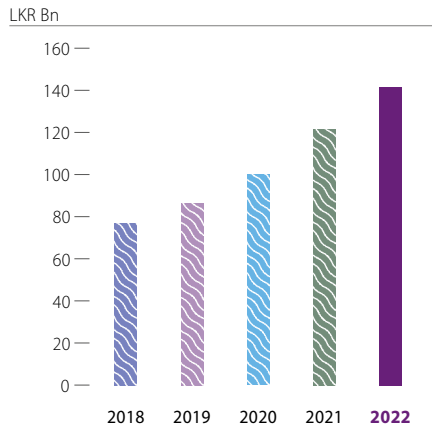


Financial Highlights

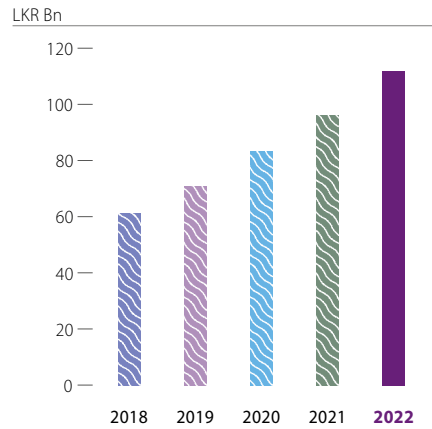
| | 2022 | 2021 | Change % |
|--|-------------|-------------|----------|
| Operating Results for the Year - LKR '000 | | | |
| Financing Income | 12,113,113 | 7,674,187 | 58 |
| Financing Expenses | 7,344,488 | 3,418,693 | 115 |
| Total Operating Income | 6,365,696 | 4,799,002 | 33 |
| Total Operating Expenses | 2,990,948 | 2,569,405 | 16 |
| Operating Profit Before VAT on Financial Services & Social Security Levy | 1,736,265 | 1,444,645 | 20 |
| Profit Before Tax | 1,207,275 | 1,081,013 | 12 |
| Profit for the Year | 788,177 | 824,698 | (4) |
| Assets and Liabilities - LKR '000 | | | |
| Total Assets | 141,687,893 | 121,908,903 | 16 |
| Advances | 83,185,917 | 75,816,397 | 10 |
| Deposits | 112,546,017 | 96,157,776 | 17 |
| Shareholders' Funds | 14,361,355 | 13,638,534 | 5 |
| Key Ratios - % | | | |
| Net Financing Margin | 3.6 | 3.8 | |
| Return on Assets (before Tax) | 0.9 | 1.0 | |
| Return on Equity | 5.6 | 6.3 | |
| Dividend Yield | 3.4 | 2.3 | |
| Dividend Pay Out Ratio (%) | 34.1 | 31.5 | |
| Impaired Financing and Advances (Stage 3) Ratio | 2.1 | 1.7 | |
| Impairment (Stage 3) to Stage 3 Financing and Advances Ratio | 37.9 | 35.6 | |
| Investor Information - LKR | | | |
| Net Assets Value Per Share | 5.16 | 5.07 | |
| Market Value Per Share - as at 31 December | 2.90 | 4.40 | |
| Earnings Per Share - Basic / Diluted | 0.28 | 0.30 | |
| Dividend Per Share | 0.10 | 0.10 | |
| Regulatory Ratios - % | | | |
| Capital Adequacy Ratios | | | |
| - Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%) | 13.0 | 13.7 | |
| - Tier I Capital Ratio (Minimum Requirement - 8.5%) | 13.0 | 13.7 | |
| - Total Capital Ratio (Minimum Requirement - 12.5%) | 15.8 | 15.7 | |
| Leverage Ratio (Minimum Requirement - 3%) | 7.4 | 7.4 | |
| Statutory Liquid Asset Ratio | | | |
| Bank - Consolidated (Minimum Requirement - 20%) | 28.3 | N/A | |
| Domestic Banking Unit (Minimum Requirement - 20%) | N/A | 26.9 | |
| Offshore Banking Unit (Minimum Requirement - 20%) | N/A | 45.3 | |
| Liquidity Coverage Ratio | | | |
| Rupee (Minimum Requirement: 2022 - 90% ; 2021 - 100%) | 150.3 | 165.2 | |
| All Currency (Minimum Requirement: 2022 - 90% ; 2021 - 100%) | 126.5 | 118.5 | |
| Net Stable Funding Ratio (Minimum Requirement: 2022 - 90% ; 2021 - 100%) | 187.8 | 191.5 | |

Financial Year 2022 Snapshot

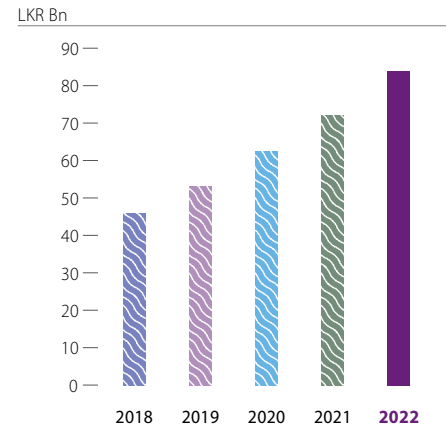
Total Assets



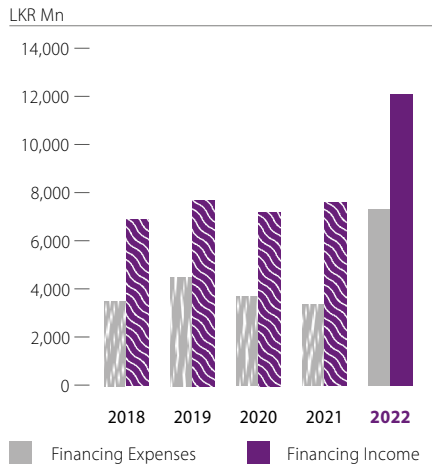
Deposits



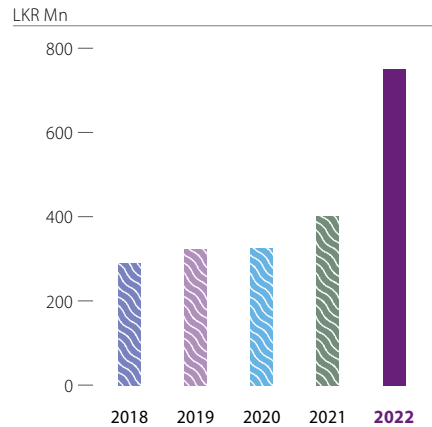
Advances



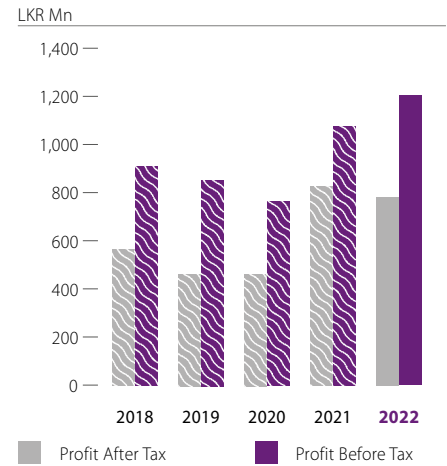
Financing Income and Financing Expenses



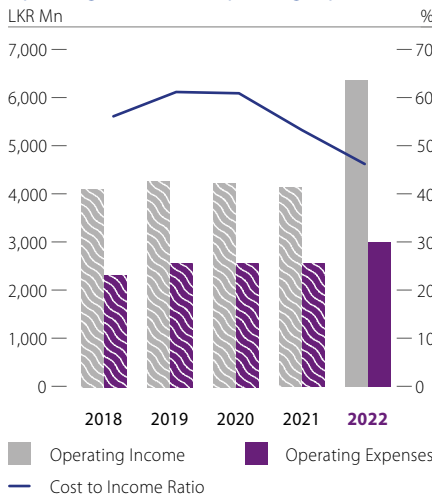
Net Fee and Commission Income



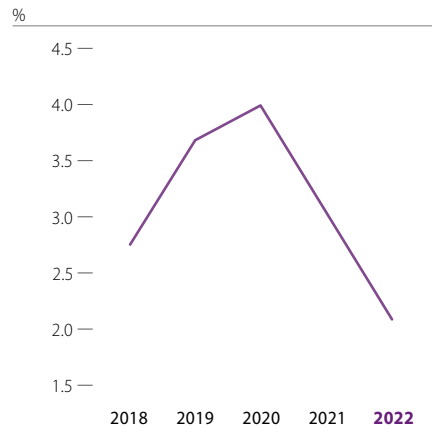
Profit Before Tax and Profit After Tax



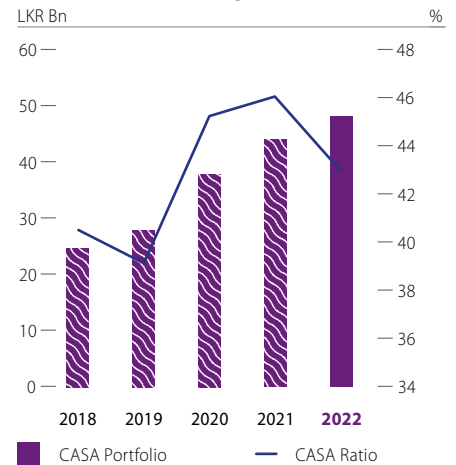
Operating Income and Operating Expenses



Gross NPA / Stage 3 Impaired Financing Ratio



Current Account & Savings Account (CASA)



Non-Financial Highlights



439,661

No. of Customers

415,361 • 2021



33

No. of Branches

33 • 2021



20

No. of Self Banking Centres

19 • 2021



1050+

No. of Points for Deposits

948 • 2021



5,800+

No. of Points for Withdrawals

5,559 • 2021



31

No. of Gold Safekeeping Units

31 • 2021



LKR 607 Mn

Brand Value
(Brand Finance)

LKR 574 Mn • 2021



BB+(lka) RWN Outlook

External
Rating

BB+(lka) Stable Outlook • 2021



19

No. of Awards Won

18 • 2021



81st

LMD Brand Finance
Most Valuable Brands

80th • 2021



95th

LMD Top 100
Ranking

80th • 2021

We are committed to
explore new seas with
our unique approach of
people friendly banking



Business Model

Vision and Mission

Strategy

Inputs



Financial Capital

- Equity Capital - LKR 14.3 Bn
- Deposit Base - LKR 112.5 Bn



Human Capital

- 797 Employees
- Employee Experience
- Remuneration and Benefits
- Performance Management
- Training and Development
- Employee Relations
- Employee Wellbeing
- Intensive Learning Programme (ILP)
- Knowledge Marketing Quizzes



Manufactured Capital

- 33 Branches
- 20 Self Banking Centres
- 5800+ Withdrawal Touch Points
- 1050+ Deposit Touch Points
- 31 Gold Certificate Financing Units
- "Your Bank" Mobile App & Web Portal
- eOnboarding Platform



Social and Relationship Capital

- Product Stewardship
- Customer Centricity & Service Excellence
- Customer Communication and Engagement
- Customer Privacy
- Customer Feedback Management
- Community Support through the OrphanCare Initiative



Intellectual Capital

- Brand Reputation (Brand Value LKR 607 Mn)
- Tacit Knowledge of the Amāna Bank Team
- Culture and Ethics
- Business Support Systems
- ISO 27000 certified Information Security Systems
- Knowledge Marketing Sessions - 16
- Knowledge Marketing Videos - 21



Natural Capital

- Sustainable Financing
- Responsible Consumption and Resource Management

Risk Management Framework

External Environment

Opportunities and Challenges


Corporate Governance Framework

Core Business
Retail Banking
Business Banking
Treasury

Outputs for Amāna Bank

- Increased public trust in the Amāna Bank brand
- Strong competitive edge over peers
- Increased Market Share
- Stable Issuer Rating
- Ranked among the Top 100 Strongest Islamic Banks in the World by Asian Banker
- Increased Employee Motivation and loyalty
- Lower Employee Attrition
- Improved ranking as an employer of choice
- Good standing in the community

Stakeholder Outcomes




Shareholders / Investors

- ROE – **5.6%** (6.3% - 2021)
- Dividend Payout - **LKR 269 Mn** (LKR 260 Mn - 2021)
- Consistent 5 year dividend track-record




Employees

- New Recruits - **191**
- Average annual salary increment **20%** - (10% - 2021)
- Total Monetary Benefits Distributed **LKR 1.2 Bn** (LKR 1.0 Bn - 2021)
- Promotions - **165**
- Training Hours - **19,602** (5,971 - 2021)
- Employee Retention - **81%**
- Employees completing Ten Years - **214**




Customers

- Access to an unparalleled range of Model compliant products and services
- Guarantee of Model compliant solutions on par with international standards
- Tailor-made support for retail and SME sectors
- Maximum customer satisfaction
- No. of Customers - **439,661**
- No. of Your Bank App Transactions - **149,511** (in 4 months since launch)
- Increase in Digital Customers - **9,484**
- Your Bank New Self Registrations - **4,345** (in 4 months since launch)
- Increase in No. of CDM and ATM Transactions **137,553 / 343,953**
- Increase in No. of Debit Card Trx: - **166,718**




Communities

- **LKR 14.7 Mn** distributed under the OrphanCare initiative for the benefit of **3,119** orphans in the care of 90 orphanages (LKR 42.6 Mn distributed to date through 13 rounds of annual disbursements)
- Other CSR Donations – **LKR 3 Mn**
- Knowledge Marketing Beneficiaries - **3,000+**



Regulators

- Taxes Paid **LKR 945 Mn** (LKR 873 Mn 2021)
- Incidents of Regulatory non-compliance - None
- Incidents of Model non-compliance - None



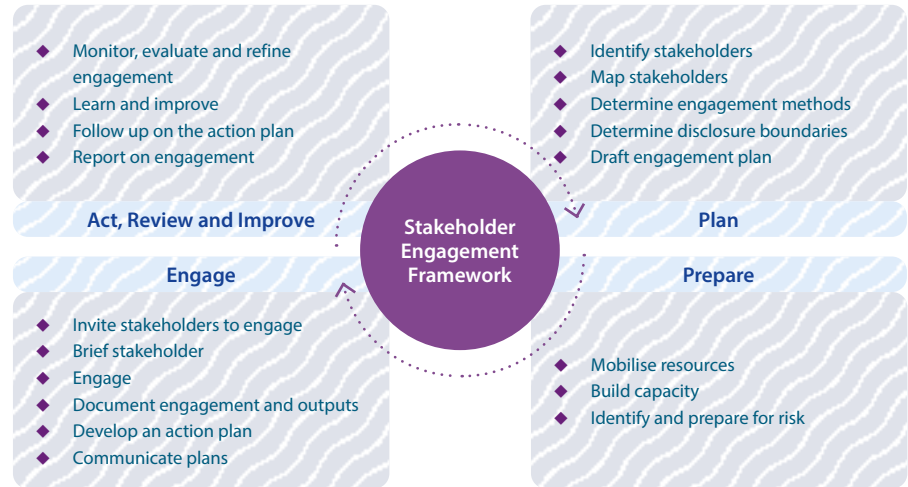
Environment

- Solar Power Generated : **26,817 kWh**
- CO2 Reduction: **19,040 kg**
- Power Generated through Financing Large Scale Renewable Energy Projects - **36,627 MWh**
- Resulting CO₂ Reduction - **26,000 Mt**

Stakeholder Engagement

As Sri Lanka's only licensed commercial bank to carry out its operations under non-interest based banking principles, Amāna Bank considers it a duty to make a sustainable contribution to society. To support this endeavour, the Bank engages with various stakeholders to understand what matters most to them and also learn how and why these needs will change over time.

Insights gained through these stakeholder interactions enable the Bank to refresh its strategy and update the decision making process where appropriate, in order to ensure value creation is timely and relevant and in keeping with stakeholder expectations.



SHAREHOLDERS / INVESTORS

| Method of Engagement | Frequency of Engagement | Material Topics |
|------------------------------------|-------------------------|--|
| Annual General Meeting | Annual | <ul style="list-style-type: none"> Financial Stability Capital Adequacy and Liquidity Governance, Risk Management and Compliance Business ethics and anti-corruption Information Security and fraud prevention Materiality Integration: Financial Capital - Page 59 Intellectual Capital - Page 69 Corporate Governance Report - Page 98 Investor Relations - Page 286 |
| Annual Report | Annual | |
| Extraordinary General Meetings | As required | |
| Interim Financial Statements | Quarterly | |
| CSE Announcements | As required | |
| Press Conferences / Press Releases | As required | |
| Corporate Website | Continuous and Ongoing | |
| Social Media Platforms | Continuous and Ongoing | |

CUSTOMERS

| Method of Engagement | Frequency of Engagement | Material Topics |
|---|-------------------------|--|
| Sales Teams / Branch Managers / Relationship Managers | Continuous and Ongoing | <ul style="list-style-type: none"> Model compliant Products and Services Reliability of Service through Excellence and Digital Transformation Banking Convenience for different customer segments Support for the Retail and SME sector Business ethics and anti-corruption Information Security and fraud prevention Materiality Integration: Social and Relationship Capital - Page 80 Intellectual Capital - Page 69 Manufactured Capital - Page 66 |
| Call Centre | Continuous and Ongoing | |
| Promotional Activities | Continuous and Ongoing | |
| Press Conferences / Press Releases | As required | |
| Corporate Website | Continuous and Ongoing | |
| Social Media Platforms | Continuous and Ongoing | |
| Customer Surveys | As required | |
| Feedback Platforms | Continuous and Ongoing | |

EMPLOYEES

| Method of Engagement | Frequency of Engagement | Material Topics |
|---------------------------------|-------------------------|--|
| Sales Briefings / Team Meetings | Continuous and Ongoing | <ul style="list-style-type: none"> - Market Competitive Remuneration - Non- financial benefits - Career Prospects <p>Materiality Integration: Human Capital - Page 74 Intellectual Capital - Page 69</p> |
| Management Meetings | As required | |
| Internal Communications | Continuous and Ongoing | |
| Employee Notice Board | As required | |
| Training Activities | Continuous and Ongoing | |
| Awards Ceremonies | Annual | |
| Bank events | As scheduled | |
| Intranet | Continuous and Ongoing | |
| Performance Appraisals | Mid Year and Year End | |
| Employee Surveys | As required | |

REGULATORS

| Method of Engagement | Frequency of Engagement | Material Topics |
|--|---------------------------|--|
| Directives and circulars | Continuous and Ongoing | <ul style="list-style-type: none"> - Financial Stability - Capital Adequacy and Liquidity - Governance and Compliance - Business ethics and anti-corruption - Information Security and fraud prevention - Support for the SME Sector <p>Materiality Integration: Financial Capital - Page 59 Corporate Governance Report - Page 98 Investor Relations - Page 286 Manufactured Capital - Page 66 Intellectual Capital - Page 69</p> |
| CBSL Audit | Annual | |
| Sharia Supervisory Council Evaluations | At least 3 times Annually | |
| Interim Financials | Quarterly | |
| Annual Report | Annual | |
| Regulatory submissions / filings | As mandated | |
| Other meetings | As required | |

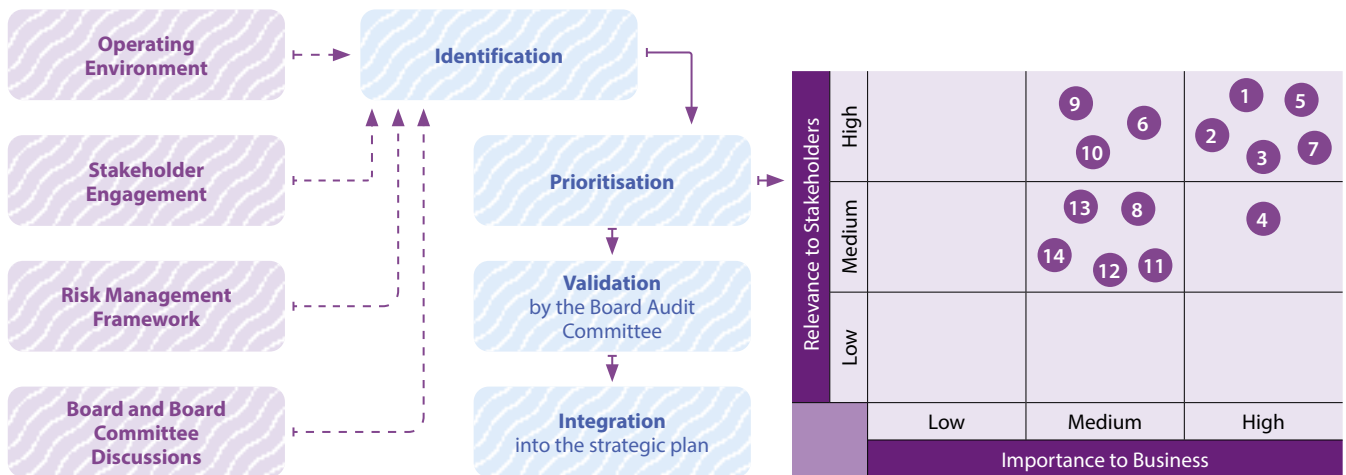
COMMUNITY

| Method of Engagement | Frequency of Engagement | Material Topics |
|------------------------------------|-------------------------|---|
| Press Conferences / Press Releases | As required | <ul style="list-style-type: none"> - Local community development and support - Environmental Footprint <p>Materiality Integration: Social and Relationship Capital - Page 80 Natural Capital - Page 87</p> |
| Corporate Website | Continuous and Ongoing | |
| Social Media Platforms | Continuous and Ongoing | |
| Annual Report | Annual | |
| Community Initiatives | As required | |

Materiality

Amāna Bank applies the principle of Materiality to identify and prioritise the issues that matter most to the business and the Bank’s stakeholders. The determination of Material Topics involves a combination of various internal and external processes. A topic is deemed to be material, if on one hand, it has a significant impact on the business in terms of growth, cost or risk. This could be due to the Bank’s strategic objectives set out by the Board, changes in the Bank’s risk context or influenced by new developments in the immediate operating environment. On the other hand, matters important to stakeholders, are also considered to be Material as they act as key levers influencing the Bank’s strategy.

All Material Topics identified in this manner are mapped on the Materiality Matrix to measure their importance to the business against their relevance to stakeholders. On this basis, a total of 14 Topics have been deemed Material for Amāna Bank and its stakeholders in 2022.



1. Financial Stability
2. Capital Adequacy and Liquidity
3. Governance, Risk Management and Compliance
4. Model Compliant Products and Services
5. Reliability of Service through Excellence and Digital Transformation
6. Banking Convenience for different customer segments
7. Support for the Retail and SME sector

8. Business Ethics and Anti-corruption
9. Information Security and fraud prevention
10. Market Competitive Remuneration
11. Non- financial benefits
12. Career Prospects
13. Local Community development and support
14. Environmental Footprint

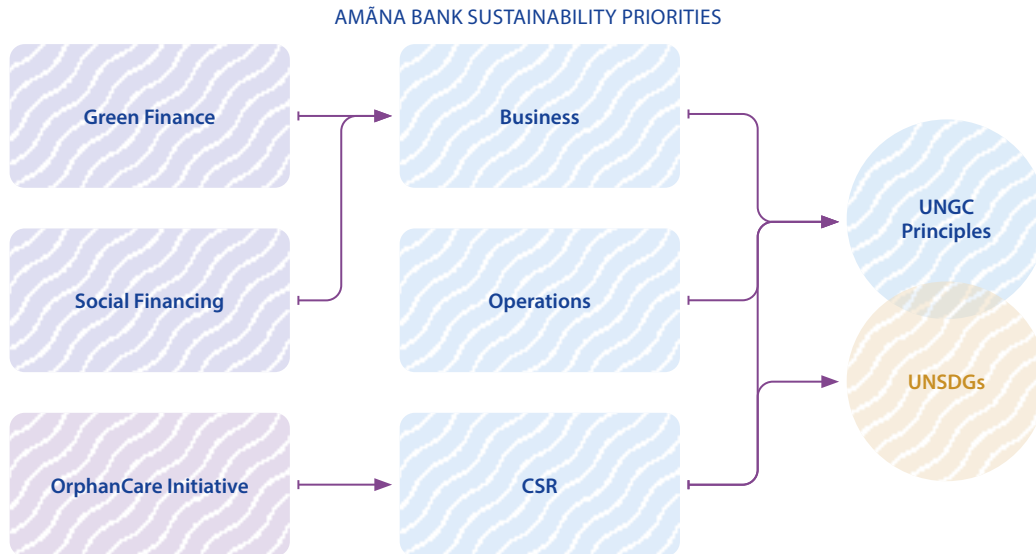
Sustainability Priorities

Amāna Bank's people friendly banking model in itself is the very definition of sustainability. Stemming from this business model and its strategic plan, the Bank is engaged and aligned with the larger community towards achieving sustainability goals in line with the Bank's mission of enabling growth and enriching lives.

Inspired and guided by same, the Bank strives to build on the core values and continuously strengthen its credentials by embedding sustainability more deeply across its Core Business, Operations and CSR activities.

In what is seen as a major step in advancing sustainability across its core business, Amāna Bank began working towards early adoption of the green finance taxonomy guidelines issued by CBSL in May 2022. In this regard, the Bank's credit policy and internal credit proposal documentations were reviewed and updated to include mandatory ESG (Environmental, Social, Governance) screening as part of the pre-credit assessment process to enable customers to qualify for additional benefits under sustainable financing. In parallel, a series of awareness workshops were also conducted to build capacity of managers and frontline staff, in particular to educate them on the importance of proper due diligence at the pre-credit stage. Going forward, the Bank aims to further strengthen these efforts through the introduction of a sustainability audit and other initiatives to create a broader paradigm shift in favour of sustainable business.

On the CSR front, Amāna Bank continues to make a significant impact towards sustainability through the OrphanCare initiative that aims to tackle the issue of poverty-driven social inequality faced by orphaned children across Sri Lanka. A comprehensive update on the progress of this noble initiative is given on page 92 of the Annual Report.



Sustainability Priorities

Amāna Bank's partnership with the United Nations Global Compact also signifies an important landmark in the Bank's journey towards sustainability. The UN Global Compact (UNGC) is the largest corporate sustainability initiative that calls on global corporations to align their strategies and operations with ten universally accepted principles on Human Rights, Labour, Environment and Anti-Corruption. Being a member of the UNGC partner network paves the

way for Amāna Bank to advance its corporate sustainability journey in many ways. Firstly by aligning with the UNGC's core principles across the business and operations and secondly by engaging in collaborative CSR projects that contribute towards the broader development goals of the United Nations, particularly the Sustainable Development Goals (SDG's). The opportunity for the Bank to partner with United Nations Development Programme (UNDP), during

the year, in addressing the immediate food and medical needs of the most vulnerable segments of the country, is an apt example of the benefits reaped from the UNGC partnership. Bank's contribution towards the SDGs are given below.

GOAL 1. NO POVERTY

- ◆ The Bank's Gold Certificate Financing, which promotes the concept of Social Financing for the unbanked and under-banked, creating convenient credit at grass root level grew by 60% providing assistance to 10,600 customers



GOAL NO. 3 – GOOD HEALTH AND WELL-BEING

- ◆ Partnered with UNDP's Emergency Relief programme which addressed the severe shortage medicine owing to the socio-economic crisis.
- ◆ Invited Expatriate customers to donate to the above
- ◆ Donated essential medicine to the Puttalam Base Hospital



GOAL NO. 4 QUALITY EDUCATION

- ◆ Focused on increasing Financial Literacy through its Knowledge Marketing initiatives to create awareness on the Bank's business model.
- ◆ 16 customer awareness programmes were carried out while plans are afoot to launch its very own digital knowledge academy.



GOAL NO. 5 GENDER EQUALITY

- ◆ Continued to serve female customers with exclusive banking units for ladies
- ◆ Promoted its 'Women Entrepreneur Financing' scheme to assist women with entrepreneurial ambitions to support their dreams in bringing financial prosperity to their family's well-being.
- ◆ Higher female workforce at branches and across functional departments.
- ◆ Continued to maintain female presence in the Bank's senior management team.



GOAL NO. 7 AFFORDABLE AND CLEAN ENERGY

- ◆ Promote the use of green energy by encouraging and financing customers to invest in renewable energy projects thereby reducing dependency on fossil fuels
- ◆ 16,962 MWh of renewable energy generated during 2022 through financing of Mini Hydro Power Plants. Resultant reduction of CO₂ emission - 12,040 Mt
- ◆ 17,905 MWh of renewable energy generated through financing of Bio Mass Power Plants using sustainably grown fuel wood (Gliricida). Resultant reduction of CO₂ emission - 12,710 Mt
- ◆ 1,761 MWh of renewable energy generated through offering solar financing for large scale projects. Resultant reduction of CO₂ emission - 1,250 Mt
- ◆ 213 solar financing facilities were approved for households to switch to solar energy



GOAL NO. 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- ◆ Supported SMEs worst hit by the economic challenges
- ◆ Offered moratorium solutions and other concessions to affected customers
- ◆ The Bank also continued its contribution towards key areas of economic growth such as maritime and infrastructure development.



GOAL NO. 10 REDUCED INEQUALITIES

- ◆ Through OrphanCare the Bank continued to provide maturing orphans an equal footing as they enter adult life. By December 2022, OrphanCare had enrolled over 3100 orphans from across 90 orphanages and carried out 13 rounds of account disbursements. OrphanCare has also undertaken qualitative support initiatives to those orphans reaching 18 years of age.



GOAL NO. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- ◆ The Bank encourages businesses as well as its operations to adopt responsible consumption
- ◆ Facilitated and encouraged customers to switch from traditional banking methods to modern banking ways which reduces wastage of resources by promoting its digital solutions
- ◆ Continued drive amongst employees to foster a culture of responsible consumptions within their departments which has resulted in many adapting 'green' measures and initiatives towards reducing, reusing and recycling.

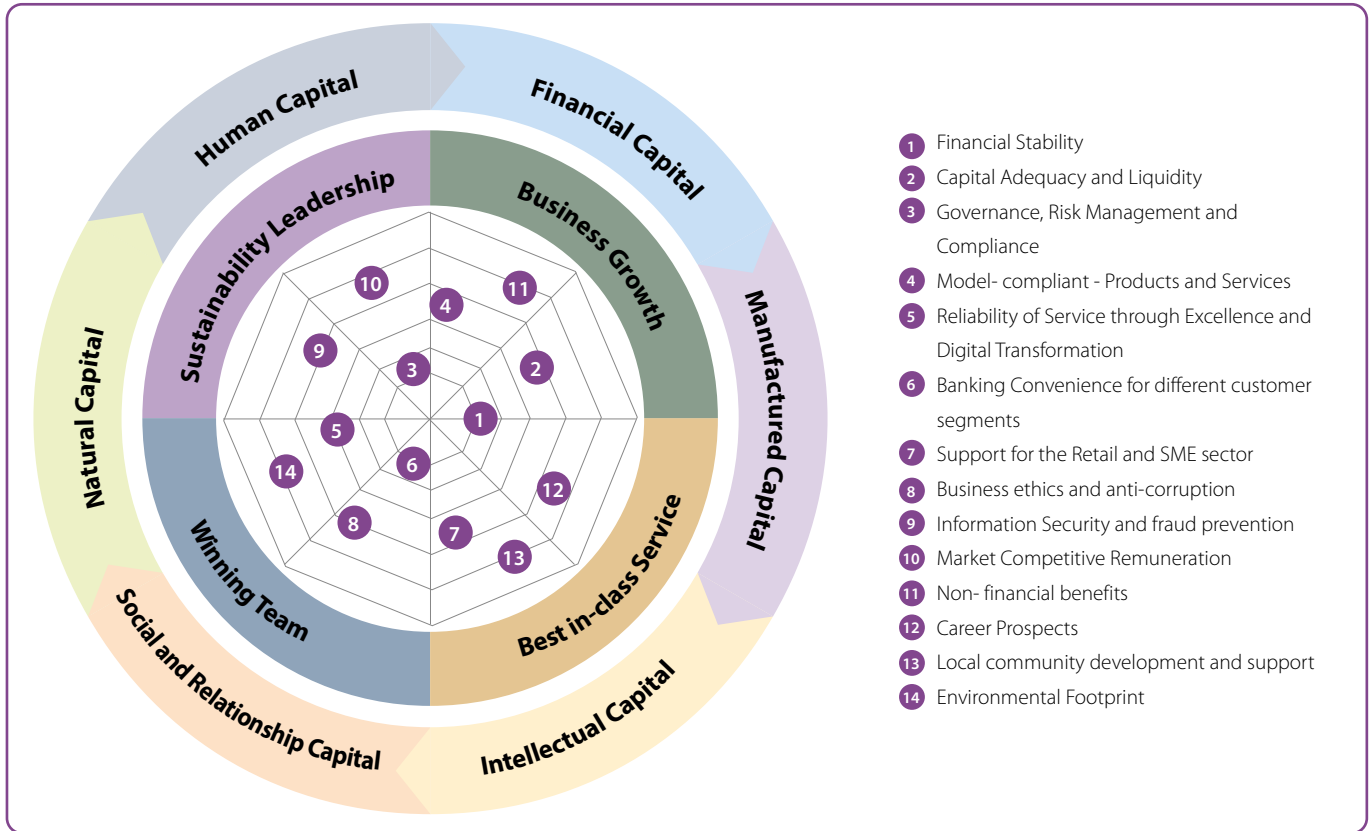


GOAL NO. 14 LIFE BELOW WATER

- ◆ 918 Mt of fish were sustainably harvested by providing financing solutions to the country's first ever revolutionary sustainable aquaculture fish farm thereby assisting to manage and protect marine and coastal ecosystems.
- ◆ 250 Mt of items of plastic items were sustainably produced by re-using waste plastic as raw material, thereby avoiding a similar amount of plastic waste entering our oceans



Strategy and Resource Allocation



BUSINESS GROWTH

Considering that some of Amāna Bank’s core markets were adversely affected by the ongoing uncertainties, the Bank’s Business Growth strategy was pivoted on prudent credit expansion mainly through short term facilities in order to safeguard the Bank from rate and tenor risks.

With the SME segment among the worst affected by the ongoing economic crisis, the Bank sought to consolidate its exposure to risk elevated industries. In parallel, proactive efforts were initiated to offer relief to stressed customers by assisting them to manage their cash flows and sustain their businesses during these difficult times. These approaches were consistent with Amāna Bank’s responsible banking principles that are based on discouraging already stressed customers from further aggravating their financial burdens.

At the same time, the Bank moved quickly to leverage available opportunities through selective credit expansion focused primarily on penetrating manufacturing and export related industries and supporting defensive sectors of the economy.

In the retail segment, stronger emphasis was placed on promoting Amāna Bank’s signature personalised banking solutions such as the Prestige, Vantage and ExpatGold to tap into high net worth customers. Driving the Expat Banking services as a holistic solution to attract inward remittances to the Country was another key priority, especially given the widespread shortage of USD liquidity in the Country’s banking system. Efforts to promote the award-winning Gold Certificate Financing product were also redoubled on the back of robust market demand, while the Women Entrepreneur Financing solution was launched in response to the growing market for women-led small scale businesses.

Extending its selective approach to the business banking domain, the Bank made a conscious effort to leverage its range of bespoke solutions and highly coveted relationship banking model to make inroads into the corporate segment. The main focus in this regard was to provide tailor-made short term working capital solutions to help large and emerging corporates address their most pressing needs in the current context.

Meanwhile, as part of the overall effort to meet its funding targets, the Bank continued to focus on deposit mobilisation especially to maintain a strong CASA (Current Accounts and Savings Accounts) portfolio.

| Resource Allocation - 2022 | | Reference |
|--|---|-----------------------------|
| New exposures to the Retail segment | 19% YoY portfolio growth (26% - 2021) | Financial Capital - Page 59 |
| Growth in Gold Certificate Financing | 60% YoY portfolio growth (37% - 2021) | |
| New exposures to the Corporate segment | 27% YoY portfolio growth (20% - 2021) | |
| Growth in CASA | LKR 3.9 billion YoY portfolio growth (LKR 6.1 billion - 2021) | |

BEST IN-CLASS SERVICE

Ensuring Amāna Bank customers benefit from best in-class service, especially in these difficult times was a major priority for the Bank. In this regard, all branches were kept open and extended hours introduced to prevent customers from being inconvenienced by frequent power outages.

Aiming to bring banking convenience closer to the customer, Amāna Bank invested in expanding its network of customer touch-points, particularly the ATM footprint and the network of Self Banking Centres (SBC) across Sri Lanka. Additional investments were also made to strengthen backup power systems and security surveillance at ATMs and SBCs.

To enable the Bank's customers to benefit from the growing popularity of digital banking, Amāna Bank's digital footprint was significantly expanded, most notably through the roll out of the "Your Bank" mobile app and launch of several other digital solutions, including the eOnboarding online account opening platform with video conference feature for customer verification.

As part of the overall approach to offer uninterrupted serviceability to customers, the Bank's IT infrastructure was further strengthened with additional safeguards to augment system capacity and support real time availability.

Meanwhile customer engagement was further intensified using social media, with several targeted campaigns to connect with customers more frequently and inform and educate them on the importance of practising responsible banking, especially in these uncertain times.

| Resource Allocation - 2022 | Reference |
|--|---|
| Commissioned 6 ATMs | Manufactured Capital - Page 66 |
| 1 New SBC set up | |
| Launch of the Your Bank app | |
| Upgrading the oracle database to the latest stable version | |
| Migrated the disaster recovery site to the Dialog Tier III Data Centre | Social and Relationship Capital - Page 80 |
| Customer engagement campaigns on social media | |

WINNING TEAM

Amāna Bank has always understood the importance of building a winning team and as such has remained firmly committed to present a holistic employee value proposition to attract, motivate and retain the ideal team. In 2022 the Bank continued to reiterate its commitment to the team, by supporting employees in various ways and helping them to overcome the challenges arising out of the ongoing economic crisis.

To safeguard the financial wellbeing of employees in these difficult times, existing salary structures were rescaled and all employees were given additional allowances over and above their respective salaries. Considering inflationary pressures, all employees were granted an additional monthly utility allowance.

Strategy and Resource Allocation

All planned training and development activities continued throughout the year without interruption. Classroom based in-person training activities resumed in full after being suspended for the past few years due to COVID restrictions, while e-learning tools were also widely used as part of ongoing effort to drive the learning culture.

Several employee recognition schemes were implemented to reward employees for their commitment and contribution to the Bank notwithstanding challenges. Most notably, the Amāna Bank Annual Awards ceremony was held after a lapse of four years.

| Resource Allocation - 2022 | Reference |
|---|----------------------------|
| 20% average annual increment granted to all employees (10% - 2021) | Human Capital - Page 74 |
| LKR 1.2 Bn - total monetary benefits distributed to employees (LKR 1.0 Bn - 2021) | |
| 165 employees were promoted | |
| 6 employees honoured with the CEO Award at the Amāna Bank Annual Award programme | |
| 13.18 average training hours per employee (5.09 - 2021) | |

SUSTAINABILITY LEADERSHIP

Macroeconomic uncertainties have never distracted Amāna Bank from upholding its sustainability commitments. In 2022, the Bank continued to support community causes through the OrphanCare initiative.

Demonstrating its willingness to contribute towards resolving national priority issues in times of adversity, the Bank partnered with the United Nations Development Programme (UNDP) in Sri Lanka, to channel support through the 'Private Sector Giving Facility for Emergency Relief', initiated by the Government as a means of overcoming shortages of food and medical supplies caused by the current economic crisis.

| Resource Allocation - 2022 | Reference |
|--|---|
| LKR 14.7 Mn distributed under the OrphanCare initiative (LKR 13.6 Mn - 2021) | Social and Relationship Capital - Page 80 |
| LKR 1 Mn allocated for disaster relief under the UNDP partnership | |

**We take priority in
listening to our customers
and caring for their needs**

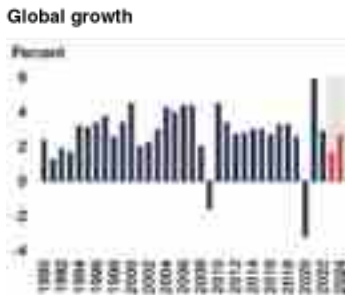


Operating Environment

GLOBAL ECONOMIC PERFORMANCE - KEY HIGHLIGHTS FOR 2022

Global Growth

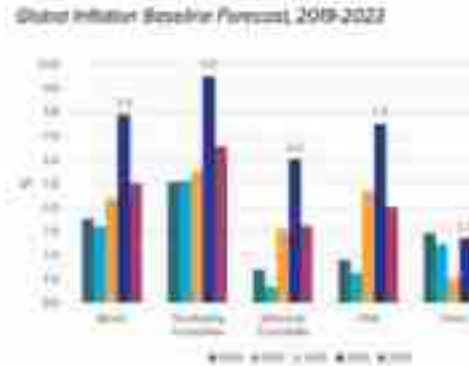
Significant contraction in global economic activity caused by muted growth across advanced economies and emerging market economies, especially in the second half of 2022



World Bank Global Economic Prospects - January 2023

Inflation

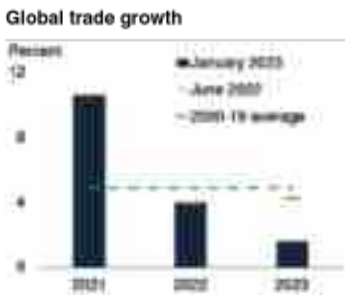
Inflation increased sharply on the back of persistent COVID-19 induced supply chain disruptions and the knock-on effect of economic stimulus packages granted by governments during the pandemic period



Source: Euromonitor International Macro Model (updated 11 April 2022)

Global Trade

After witnessing a strong post-pandemic uptick in 2021, global trade softened considerably in 2022 owing to the slowdown in economic activity reported across most countries around the world



World Bank Global Economic Prospects - January 2023

Commodities Market

Increased volatility and an upward trend in the first half of 2022 was followed by gradual easing of commodities prices reflecting the economic slowdown from mid-2022 onwards



World Bank Global Economic Prospects - January 2023

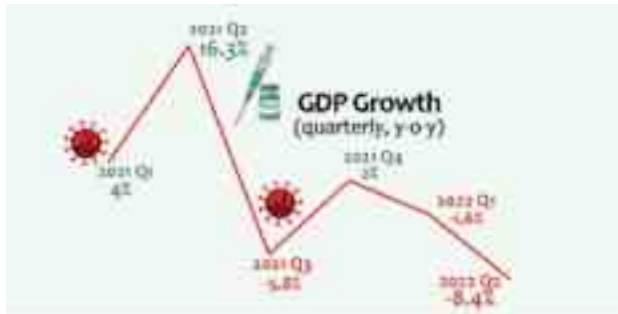
Outlook

Global growth is expected to weaken further in 2023 with forecasts indicating that inflationary pressures too are likely to persist in the short term

SRI LANKAN ECONOMY - KEY HIGHLIGHTS FOR 2022

GDP Growth

GDP contracted by -4.8% in 1H 2022. Amid major decelerations in all key sectors of the economy, GDP is forecast to have contracted by as much -8.4% by the end of 4Q 2022

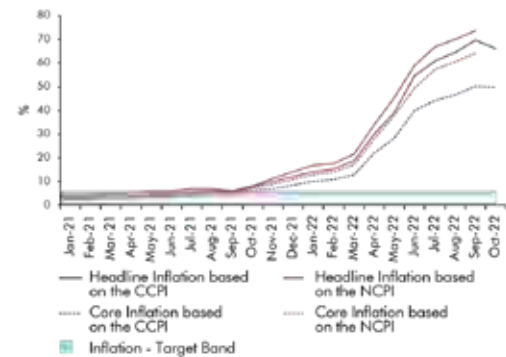


CBSL - Recent Economic Developments - Highlights of 2022 and Prospects for 2023

Inflation

Inflation rose sharply throughout the year, often reaching historical highs driven by the combined effect of high cost of imported items including food and medicines along with the devaluation of the LKR against the USD

Movements of Headline and Core Inflation (y-o-y)



CBSL - Recent Economic Developments - Highlights of 2022 and Prospects for 2023

Exchange Rate

The Sri Lanka rupee depreciated substantially by 41.4% against the USD by end April 2022 following the government decision to remove the control environment and allow the Rupee to adjust to the market

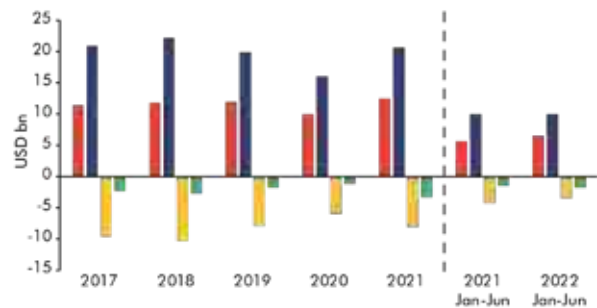


CBSL - Recent Economic Developments - Highlights of 2022 and Prospects for 2023

External Sector

The external sector remained under pressure as currency outflows continue to outpace inflows with some improvement seen in 4Q 2022

Trade Balance and Current Account Balance



CBSL - Recent Economic Developments - Highlights of 2022 and Prospects for 2023

Outlook

While the Sri Lankan economy is likely to remain under stress in the short to medium term, it is hoped that that the proposed IMF-EFF programme will help alleviate some of the long term structural issues

Operating Environment

LOCAL BANKING SECTOR - KEY HIGHLIGHTS FOR 2022

Credit Growth

Credit growth decelerated significantly on the back of tight monetary policy measures. Year-on-year growth in gross loans and advances slowed to 7.2% as at end September 2022, compared to a growth of 15.5% at end September 2021.



CBSL - Financial System Stability Review 2022

Liquidity Levels

Despite continued stress, healthy liquidity levels were recorded across the banking sector with the Statutory Liquid Assets Ratio being above the statutory minimum required level at end September 2022.



CBSL - Financial System Stability Review 2022

Asset Quality

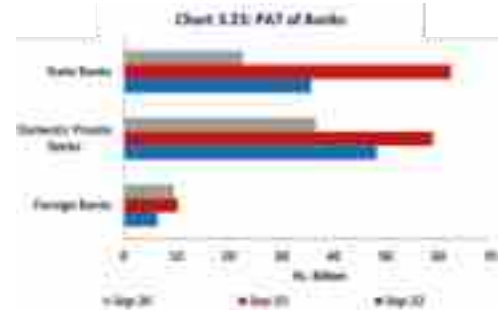
Asset quality of the banking sector deteriorated as demonstrated by the surge in Stage 3 loans by 41.7% for the nine months ending September 2022.



CBSL - Financial System Stability Review 2022

Profitability

Profitability of the banking sector was compromised by higher impairment charges and consequently the sector reported Profit After Tax (PAT) of LKR 90.2 billion for the nine months ending September 2022, which is a reduction of 31.5% compared to the PAT reported during the nine months ending September 2021.



CBSL - Financial System Stability Review 2022

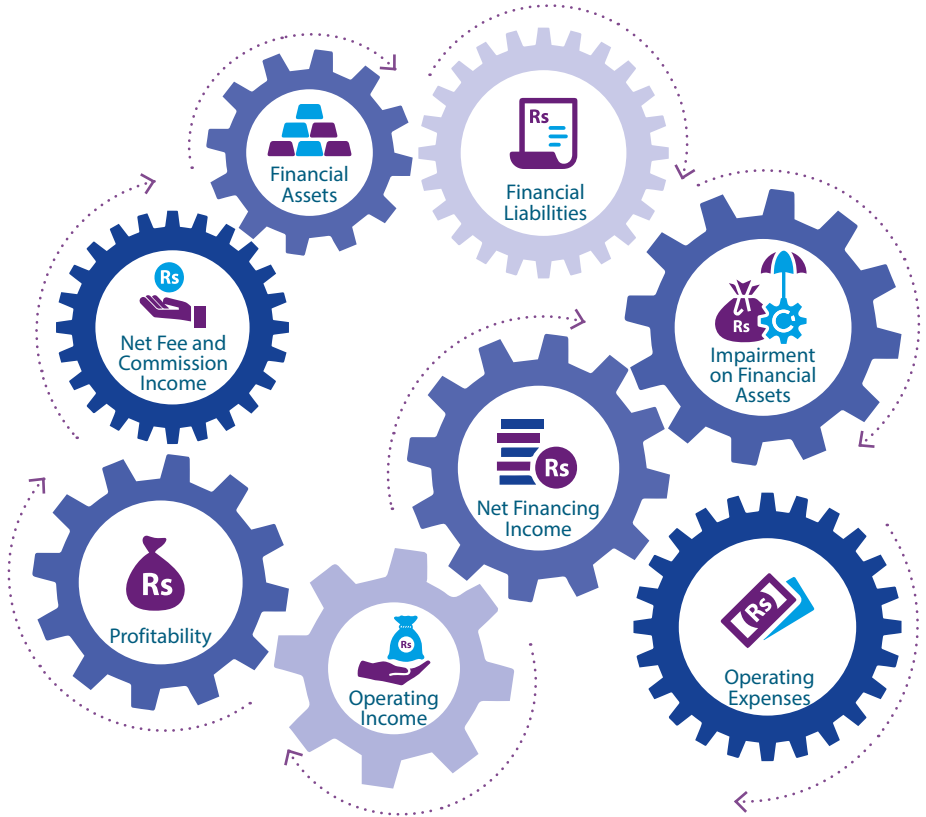
Outlook

The local banking sector is likely face challenges in maintaining its capital position over the short to medium term, alongside additional pressure owing to further deterioration in asset quality.

Financial Capital



Financial Capital refers to the key financial components that together ensure the Bank has adequate capital and liquidity to continue as a going concern, even after meeting its financial obligations



Impact to the Business and Stakeholders

Enables investment to expand channel architecture in order to grow market share



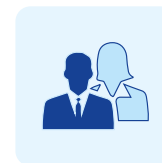
Augments brand reputation and supports the Bank to maintain a consistent credit rating



Provides resources to develop new innovations and tailor-made solutions for customers and increase investment in the community



Improves the Bank's people development capability



Financial Capital

CONTEXTUAL OVERVIEW

With Sri Lanka experiencing unprecedented economic challenges, the year 2022 saw almost all the sectors in the economy come under severe stress. A majority of businesses were hit by low demand as a result of lower disposable incomes triggered by very high inflation and the drastic increase in market interest rates seen since April 2022. Additionally, the combined effect of high rates and tight monetary policy measures caused private sector credit growth to decline significantly compared to the previous year. Amidst this backdrop, the local banking industry was compelled to adopt various defensive strategies and focus more on consolidation rather than the pursuit of growth.

Amāna Bank remained resilient, where despite uncertainties, the Bank was able to sustain its growth momentum. By capitalising on opportunities available in the market whilst also exercising greater prudence during periods of uncertainty, the Bank succeeded in consolidating its resources to stay on track with the growth trajectory maintained over the past decade.

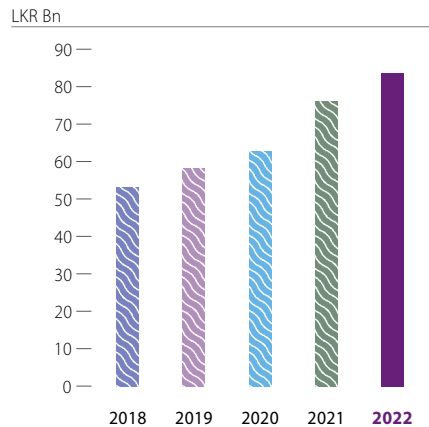
Based on this consistent performance for over a decade, the Board of Directors, in 2022, declared the 5th consecutive dividend by rewarding shareholders with a scrip dividend of 10 cents per share which resulted in a total pay-out of LKR 269 million.

FINANCIAL POSITION

Financial Assets

Total financial assets grew from LKR 121.9 billion in 2021 to close at LKR 141.7 billion as at end-December 2022, an increase of LKR 19.8 billion or equivalent of 16% increase YoY which was partly driven by the expansion in the Bank's advances portfolio. Despite the negative developments in the market, the Bank adopted a prudent approach to customer financing with business divisions focusing more on stable segments for new financing. Testifying to the success of these strategies, the Bank's advances portfolio recorded a double-digit growth of 10% to reach LKR 83.1 billion when compared with LKR 75.8 billion recorded at end 2021.

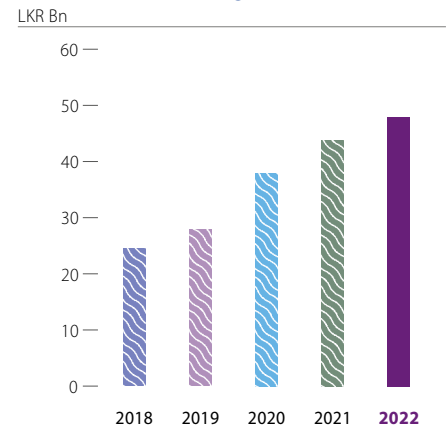
Advances



Financial Liabilities

With market liquidity constraints and the upward movement in policy rates from 2Q 2022 onwards resulting in intense competition for funds in the market, deposit mobilisation proved to be a considerable challenge. Nonetheless customers continued to place their trust and confidence in Amāna Bank which propelled the Bank's deposit portfolio to record a commendable growth of 17% and close the year under review at LKR 112.5 billion, up from LKR 96.1 billion at the end of the previous financial year. The Bank continued to maintain a strong portfolio of Current Accounts and Savings Accounts (CASA), which in the current financial year stood at 43%, a commendable achievement under stressed conditions.

Current Account & Savings Account

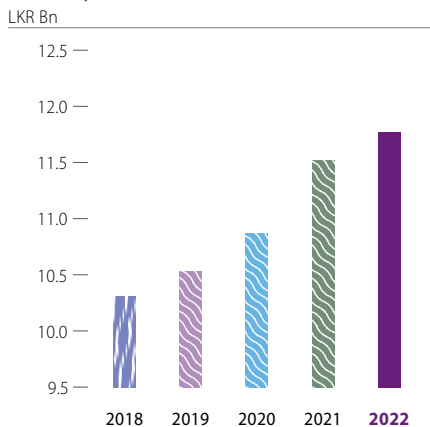


Capital and Liquidity

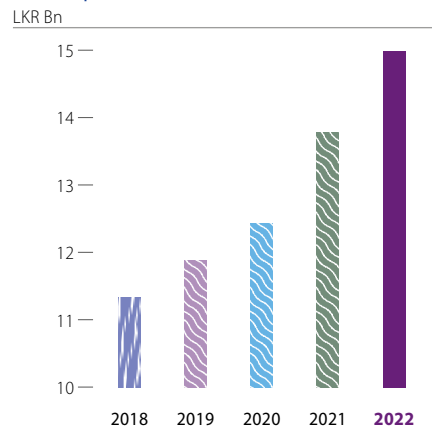
Amāna Bank's Total Capital Ratio improved in the year under review, supported by the increase in reserves. Capital ratios are expected to improve further in 2023 after the expected capital infusion in order to meet the LKR 20 billion minimum capital requirement mandated by CBSL. In addition to strengthening the Bank's reserves and capital position, part of this new capital infusion would also be directed towards business expansion opportunities that would create a positive impact on the Banks' bottom line.

Given the macroeconomic uncertainties in 2022, the Bank continued to focus on maintaining healthy liquidity levels in both LKR and USD. The strong emphasis on maintaining adequate liquidity buffers ensured that the Bank ably met all stakeholder obligations on time and without delay.

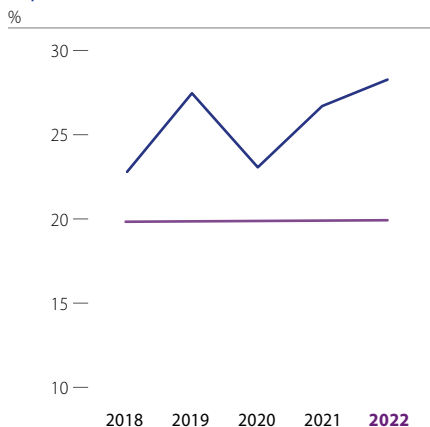
Tier 1 Capital



Total Capital

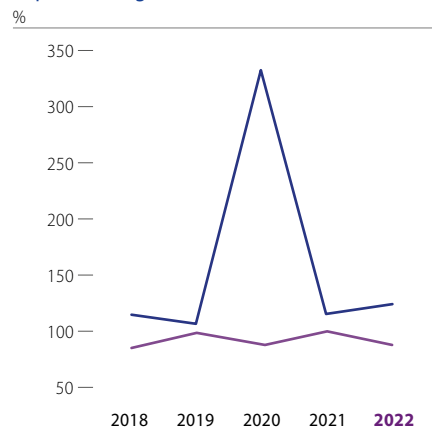


Liquid Asset Ratio - DBU



— Liquid Asset Ratio
— Statutory Liquid Asset Ratio - Mn. Req.

Liquid Coverage Ratio



— Liquid Coverage Ratio - Bank
— Statutory Liquid Coverage Ratio - Mn. Req.

INCOME STATEMENT

Net Financing Income

Following the drastic increase in financing rates and effective re-pricing of customer facilities, financing income increased substantially to reach LKR 12.1 billion in 2022 from LKR 7.7 billion recorded in 2021, denoting a substantial increase of 58% YoY. Meanwhile, with liabilities being re-priced at a faster pace in the market, financing expenses rose from LKR 3.4 billion in 2021 to LKR 7.3 billion in the year under review. However, strong growth on the income side enabled Amāna Bank to offset this impact, to record Net Financing Income of LKR 4.8 billion in 2022, a 12% YoY increase from LKR 4.3 billion registered in 2021.

Net Fee and Commission income

Due to the shortage in foreign exchange and import restrictions for most part of 2022, trade-related business volumes dwindled. Nevertheless, through the facilitation of imports of essential items, earnings from related foreign exchange commissions and revision of tariffs for various services, the Bank succeeded in growing its Net Fee and Commission Income increasing by a commendable 87% to LKR 750.3 million in 2022 as opposed to LKR 401.9 million in the previous year.

Aggressive efforts to promote digital channels saw the Bank make good headway in boosting revenue generated through these sources. Included within Bank's total income for 2022, income generated from digitally enabled customers stood at LKR 673.1 million reflecting a remarkable 241% growth over the LKR 197.2 million reported in the previous year.

Operating Income

The total operating income reached LKR 6.4 billion for 2022, a sizable 33% higher than the LKR 4.8 billion recorded in 2021. This increase was mainly supported by income earned through foreign exchange transactions.

Financial Capital

Impairment on Financial Assets

Considering current market conditions and future challenges, the Bank on a prudent basis continued to maintain an elevated level of credit buffers. As a result the impairment charge on financial assets more than doubled from LKR 784.9 million in 2021 to LKR 1.6 billion in 2022 compared to a year ago. The increase was in part due to the additional management overlays applied to take account of businesses operating in sectors experiencing stress and others most vulnerable to economic shocks.

While the Bank adopted a more selective approach in terms of expanding its credit portfolio, additional resources were deployed to follow up on recoveries with timely customer engagements after complying with necessary regulations. This resulted in containing customer defaults and enabled the Bank to maintain the stage 3 impaired financing ratio at 2.1% as at 31 December 2022, which was well below the industry average as at the same date.

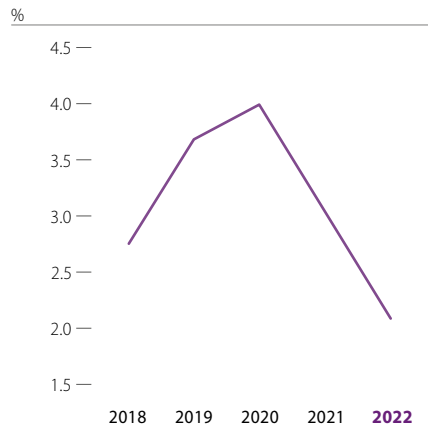
Net Operating Income

In light of the high level of impairment, the Bank closed the year with a Net Operating Income of LKR 4.7 billion, above the LKR 4.0 billion reported for 2021.

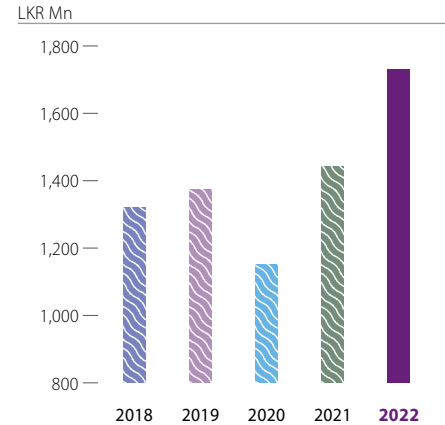
Operating Expenses

Operating Expenses increased mainly due to the high level of inflation in 2022 leading to the unexpected increase in the costs of goods and services across the board. However, Bank-wide cost containment measures helped to trim costs, ensuring overall costs were restricted to LKR 3.0 billion in 2022, from LKR 2.6 billion recorded in 2021.

Gross NPA / Stage 3 Impaired Financing Ratio



Operating Profit Before Taxes on Financial Services



Profitability

Amāna Bank achieved a record Profit Before Tax of LKR 1.21 billion 2022, up 12% from LKR 1.08 billion posted a year ago. After accounting for LKR 529.0 million as Value Added Tax on Financial Services & Social Security Contribution Levy and another LKR 419.1 million as income tax expenses for the current financial year, Amāna Bank ended 2022 with a Profit After Tax of LKR 788.2 million.

Meanwhile Other Comprehensive Income (OCI) for the year recorded a loss of LKR 65.1 million mainly due to the deferred tax effect on the revaluation surplus of the Bank's property, which was revalued in 2021. Consequently the Bank closed 2022 with a Total Comprehensive Income of LKR 723.0 million.



BUSINESS BANKING

Strategic highlights

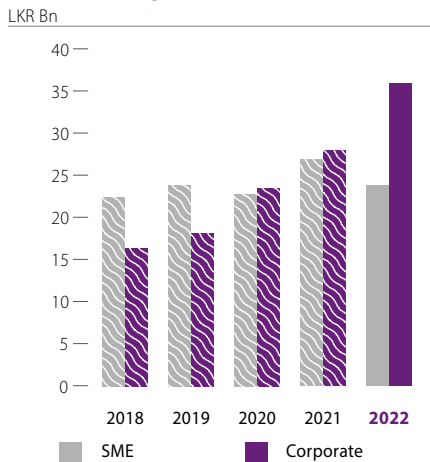
- ◆ Selective diversification into the corporate sector through tailor made solutions for short term working capital needs of large corporates
- ◆ Customised financing solutions, including value added services to promote SME sector investment in manufacturing and exports
- ◆ Competitive pricing and special concessionary terms to support business continuity of SMEs operating in industries dealing in essential items
- ◆ Scaling back on promoting long term financing solutions as a risk mitigation measure to manage asset quality
- ◆ Strengthening trade services facilities to assist importers of essential goods
- ◆ Increased contribution of corporates towards growth of deposit portfolio leveraging on the Bank's relationship managed services



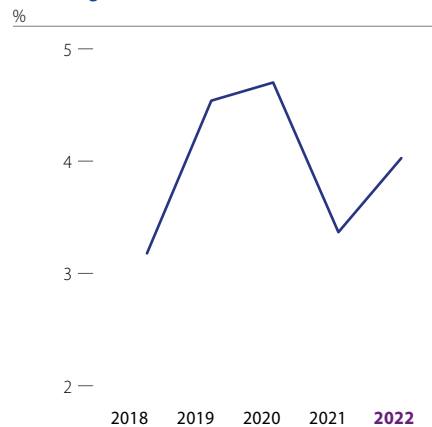
Performance Highlights

| LKR Mn | 2022 | 2021 | Change |
|-------------------------------|--------|--------|--------|
| Financing Income | 6,924 | 4,137 | 67% |
| Net Fee and Commission Income | 477 | 195 | 144% |
| Total Income | 7,401 | 4,333 | 71% |
| Gross Advances | 59,862 | 55,348 | 8% |
| Deposits | 27,271 | 17,880 | 53% |

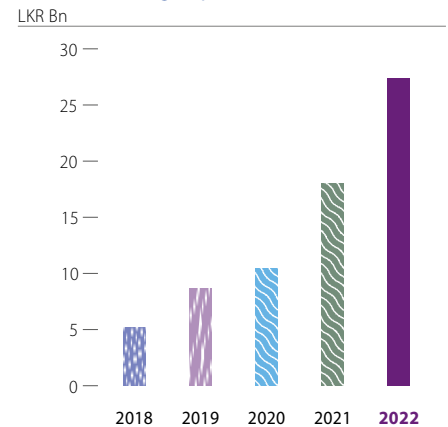
Business Banking Portfolio



Business Banking NPA/Stage 3 Impaired Financing Ratio



Business Banking Deposits



Financial Capital

RETAIL BANKING

Strategic Highlights

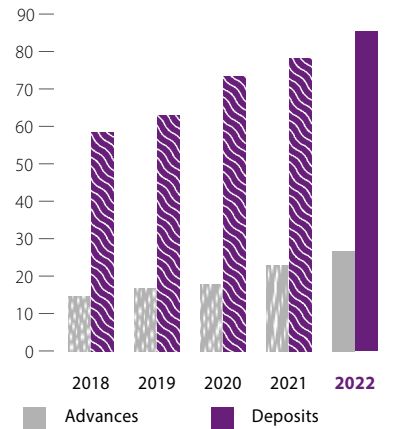
- ◆ Strong effort to promote Amāna Bank's Gold Certificate Financing solution in both conventional and non-conventional market segments
- ◆ Focus on cross selling of leasing, housing and other advances products to existing customers through personalized banking channels: Prestige, Vantage and ExpatGold
- ◆ Launch of the Women Entrepreneur Financing solution, customised to empower women-led micro enterprises, mainly home based businesses
- ◆ Responsible approach to financing with disciplined underwriting and collection processes, leading to an industry low Retail Stage 3 impaired financing ratio of 1.87%
- ◆ Emphasis on growing CASA deposits maintaining a healthy 43% ratio
- ◆ Driving the Expat Banking services as a holistic solution to attract inward remittances to the Country
- ◆ Facilitated customers to commence their financing journey through an online process
- ◆ Year round offers to increase debit card usage leading to a 61% growth in transaction volume

Performance Highlights

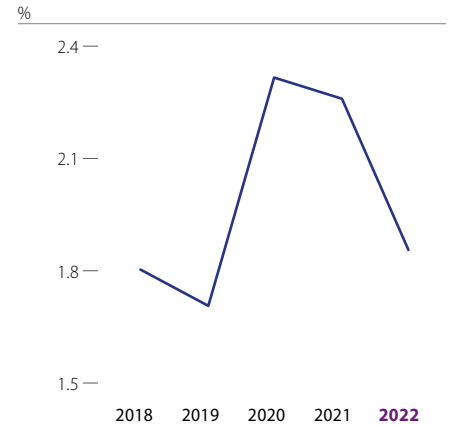
| LKR Mn | 2022 | 2021 | Change |
|-------------------------------|--------|--------|--------|
| Financing Income | 3,068 | 2,238 | 37% |
| Net Fee and Commission Income | 247 | 189 | 31% |
| Total Income | 3,314 | 2,427 | 37% |
| Gross Advances | 27,243 | 22,838 | 19% |
| Deposits | 85,275 | 78,290 | 9% |

Retail Banking

LKR Bn



Retail Portfolio NPA/Stage 3 Impaired Financing Ratio



TREASURY OPERATIONS

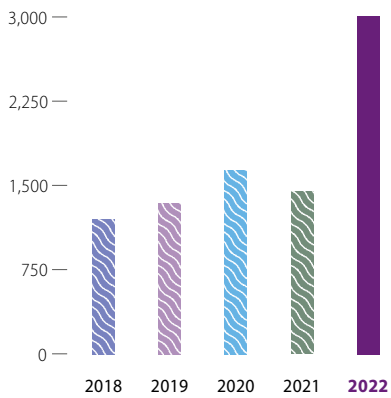
Strategic Highlights

- ◆ Leveraging market conditions to improve foreign exchange income
- ◆ Prudent liquidity management approaches to maintain adequate liquidity buffers in both LKR and USD
- ◆ Ensured that business divisions had sufficient funds to pursue growth objectives while managing inflows, outflows and financial risk
- ◆ Capitalised on Amāna Bank's consistent performance and stability to expand the network of global correspondent banks resulting in new tie ups to strengthen the coverage in the Middle East region

Performance Highlights

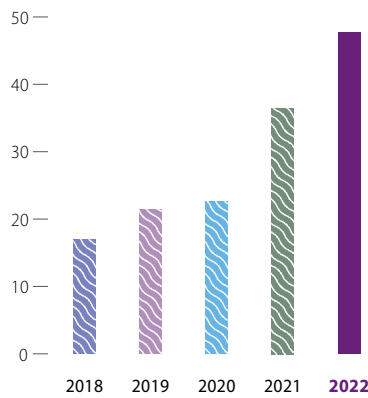
Treasury Income

LKR Mn



Treasury Assets

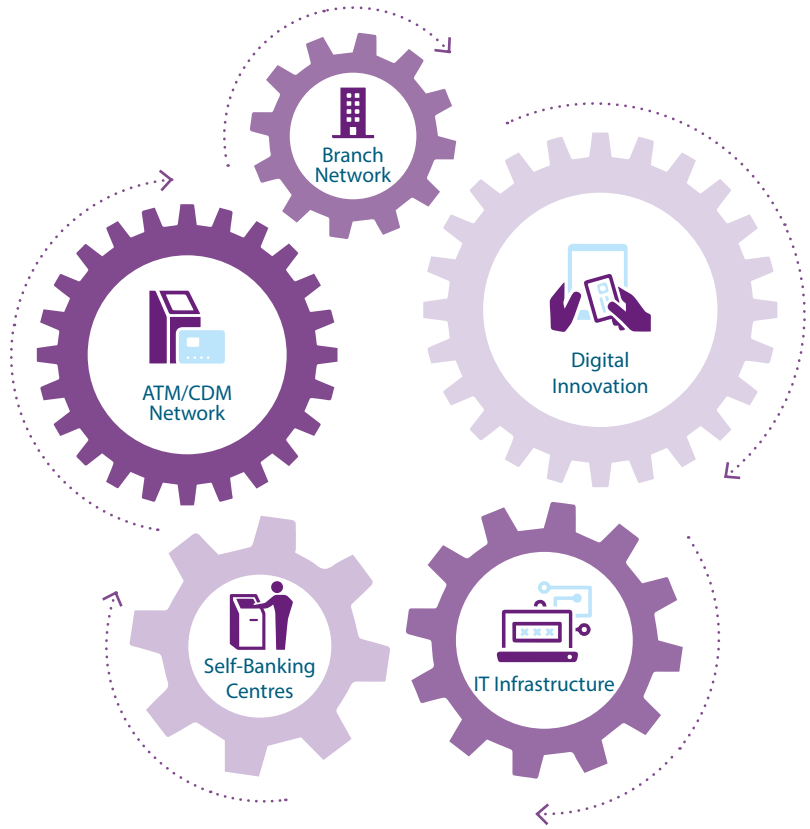
LKR Bn



Manufactured Capital



Manufactured Capital consists of the physical and digital infrastructure that together provide the foundation for Amāna Bank to engage in its core business of banking.



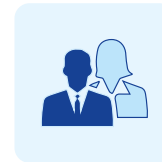
Impact to the Business and Stakeholders

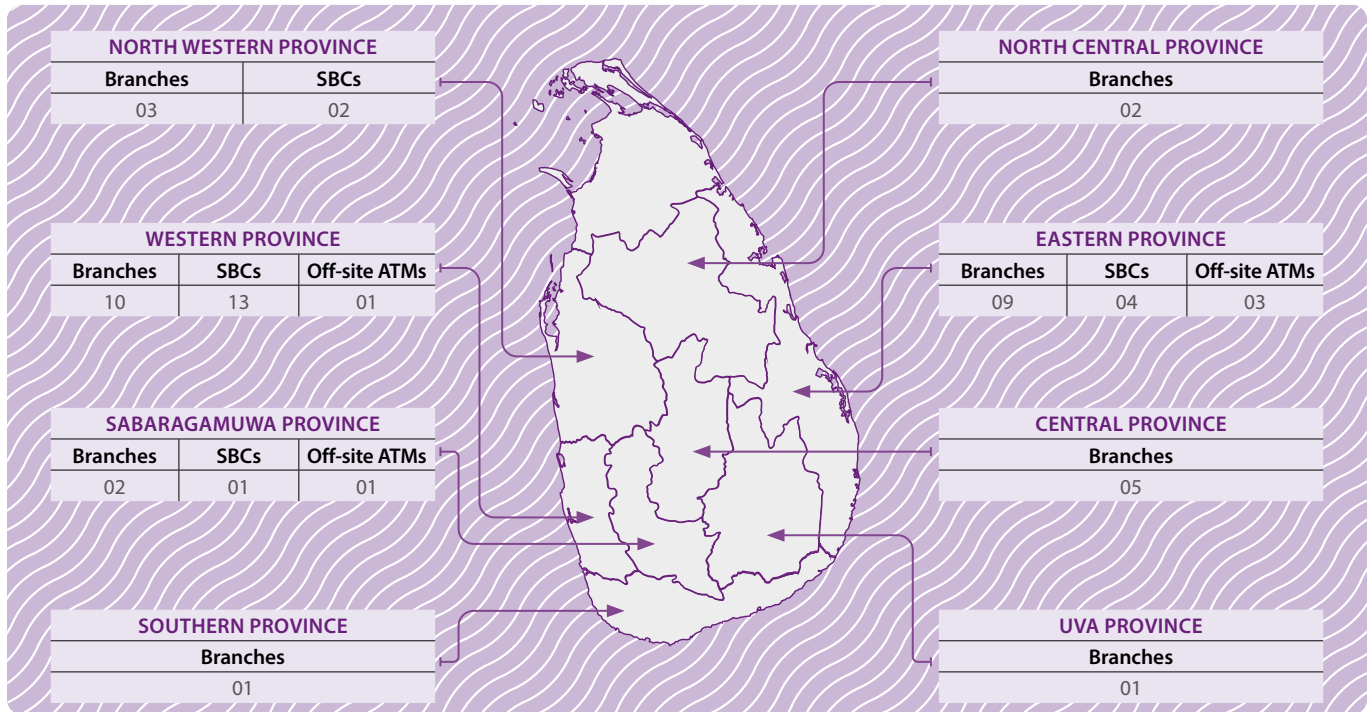
Empowers the Bank to grow captive market share

Improves visibility and strengthens brand reputation

Builds trust among customers and the wider community

Supports job creation thus enhancing Amāna Bank's status as an employer of choice





BRANCH NETWORK

Having made consistent investment since the inception to build a strong island-wide branch network, Amāna Bank’s branch footprint today comprises 33 fully fledged branches and 20 Self Banking Centres (SBC) across 8 provinces in Sri Lanka.

Over the years the Bank has adopted a pragmatic approach to ensure new branches/SBCs are strategically located in key cities which are deemed major economic hubs within their respective provinces. Most often these cities are also anchored to many neighbouring townships and an even larger number of fringe villages, and thus represent a relatively high population density. Therefore, developing a strong branch presence in these hub cities is seen as the key to delivering sustainable economic development across a broader social spectrum.

All branches are equipped to offer the full range of banking services offered by Amāna Bank. Meanwhile signalling its commitment to support women’s empowerment, the Bank facilitated Sri Lanka’s first-ever dedicated women’s banking units at selected branches. With 8 such units available across its branch network, they support efforts of the recently launched Women Entrepreneur Financing’ scheme.

An annual budgetary allocation for upkeep ensures all branches are regularly refreshed to maintain greater consistency and uniformity across the network.

ATM / CDM NETWORK

While Amāna Bank’s own ATM footprint in the early years was largely tangential to the expansion of the branch network, more recently, especially in the past five years, the Bank has significantly accelerated its investment in the ATM network. Amāna Bank’s ATM network as at 31 December 2022, in total comprised 59 ATMs – 33 on-site ATMs at branches and another 26 stand-alone ATMs. This includes the 6 new ATMs commissioned at SBCs in 2022. Besides, with the Bank connected to the Common ATM switch offered through LankaPay, Amāna Bank customers can access over 5,800 ATMs across the country. Meanwhile, given the challenges stemming from frequent and often prolonged power outages during 2022, the Bank took steps to enhance the backup power systems across the ATM network.

In addition to its ongoing collaboration with Pay&Go, which facilitate Cash Deposits at 900+

Manufactured Capital

locations, Amāna Bank further strengthened its own CDM network during the year.

As part of ongoing efforts to improve the operational efficiency of ATMs and CDMs, the existing cash loading process was streamlined in the current financial year. Following the implementation of the new process from mid-2022, cash unload & delivery Turn-around-Time (TaTs) have improved significantly, alongside improved security while some notable cost savings have also been registered.

SELF BANKING CENTRES (SBC)

Stand alone, self-contained units comprising ATMs, CDMs and Cheque Deposit Machines, SBCs are designed to facilitate a more convenient banking experience for customers. Since investing in its first SBC in Kompannavidiya in the year 2017, Amāna Bank has gradually expanded its network of SBCs in selected provinces. Expansion of the SBC network is typically undertaken after careful evaluation of historical data including; average footfall at the nearest Amāna Bank branch, overall ATM usage in the area as well as relevant economic and social statistics for the areas.

As of 31 December 2022, the Bank accounted for 20 Self Banking Centres with its latest being open in the remote city of Thoppur, where people previously had to travel several miles to access the closest financial institution. Backup power systems at SBCs were also further strengthened in order to minimise downtime during power outages.

DIGITAL INNOVATION

Amāna Bank's presence in the digital banking space is denoted by the "Your Bank" online banking platform which offers online access through the newly developed mobile application for Android and iOS enabled devices as well as through a similar user interface based web platform.

The "Your Bank" mobile app rolled out in September 2022, is a highly versatile, world class

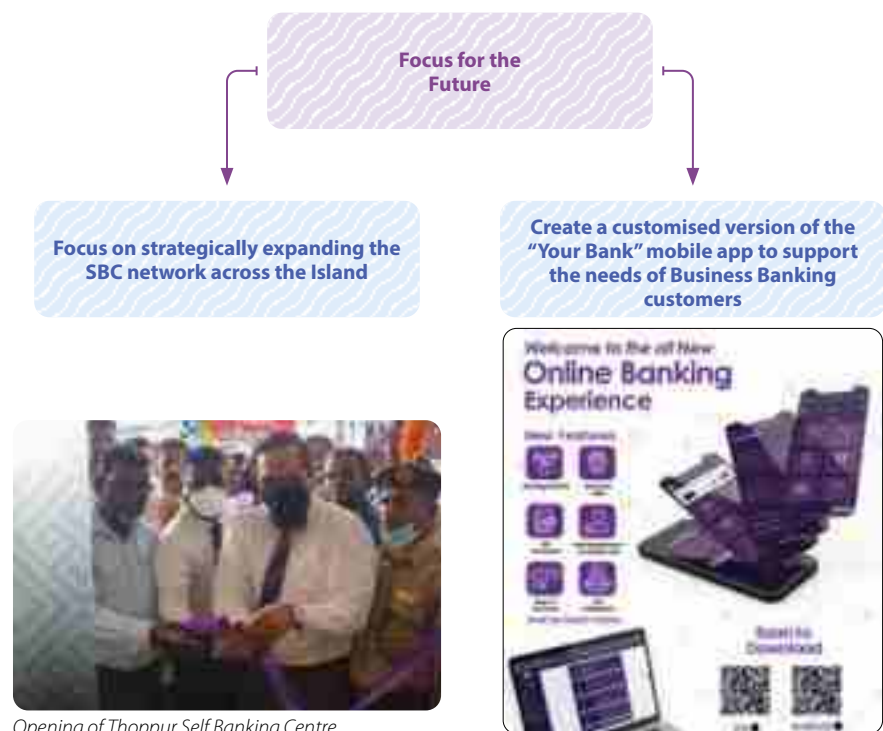
banking solution that allows retail banking customers to perform a host of transactions with ease with a few clicks on their mobile device. It is in effect a self-service channel designed to heighten the customers' banking experience by offering greater control and freedom to manage their finances from wherever they are.

The end-to-end app interface development process for the "Your Bank" app, which has been ongoing since early 2021, was managed in-house under the oversight of Amāna Bank's IT team, while the application configuration was done in collaboration with an external vendor.

IT INFRASTRUCTURE

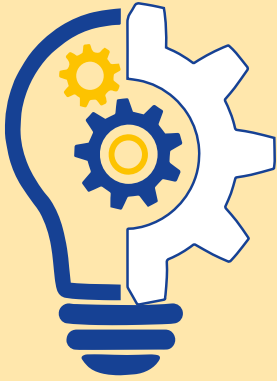
As in the case of all modern Banks, Amāna Bank too relies heavily on its core IT infrastructure. Given the fundamental role of IT in day to day operations, continuous and ongoing investments to strengthen the Bank's IT capability is deemed a key strategic imperative. On this basis, the following improvements were made in the current financial year;

- ◆ Upgrade of the Oracle database to the latest version
- ◆ Migrating the disaster recovery site to the Dialog Tier III Data Centre
- ◆ Setting up a virtualisation cluster by creating a dedicated environment to support high availability of internal systems
- ◆ File server restructuring to introduce online real time synchronisation of data
- ◆ Upgrade of core switch to improve the stability of the entire network

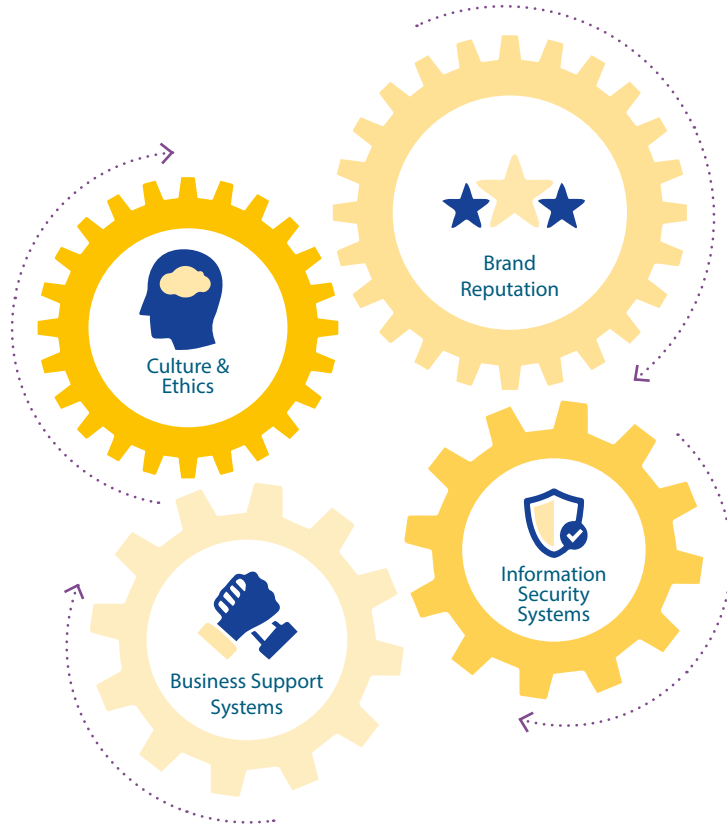


Opening of Thoppur Self Banking Centre

Intellectual Capital



Intellectual Capital represents the unique attributes that differentiate Amāna Bank from peers



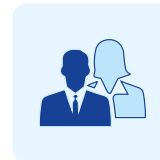
Impact to the Business and Stakeholders

Enhances Amāna Bank's competitive position in the local banking sector

Drives operational efficiency and better use of physical assets

Builds trust among customers and the wider community

Strengthens employee commitment towards the business



Intellectual Capital

BRAND REPUTATION

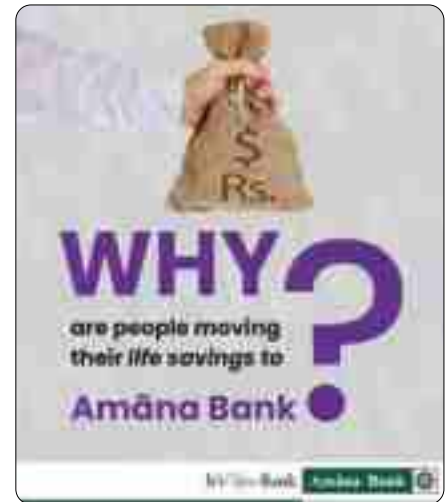
Amāna Bank PLC is the first and only licensed commercial bank in Sri Lanka to operate under Islamic banking principles, whereby the Bank's core business model remains fully disengaged from any interest based transactions. Having pioneered the non-interest based banking model to Sri Lanka in 2011, Amāna Bank has over the past decade earned the trust of thousands of Sri Lankans thanks to its disciplined approach to deliver the full spectrum of commercial banking solutions including Retail Banking, SME Banking, Corporate Banking, Treasury and Trade Finance Services.

The Amāna Bank brand is further strengthened by the backing of the Jeddah based Islamic Development Bank (IsDB) Group - which holds a 29.97% equity stake in the Bank. The IsDB Group is a 'AAA' rated multilateral development financial institution with a global membership spanning 57 countries.

Aside from being the leading practitioner of the non-interest based banking model in Sri Lanka, Amāna Bank's focus on supporting vulnerable communities such as through fully sponsoring the independent CSR project - the OrphanCare initiative, has seen the Amāna Bank brand being recognised for its passion to give back to society.

In the current financial year, the Bank continued to focus on improving the visibility of the Amāna Bank brand through a targeted brand building campaign titled "Why are people moving their life savings to Amāna Bank?" to showcase the Bank's stability, strength and resilience. The campaign highlighted Amāna Bank's recent achievement, including reaching the milestone PBT of LKR 1 Billion in 2021 in record time, the deposit base crossing the LKR 100 Billion in 1Q2022 as well as key accolades such as the Bank's ranking in Asian Banker's Strongest Islamic Bank's in the World amongst 400+ Islamic Banks worldwide and being declared one of the Fastest Growing Banks in Sri Lanka.

Meanwhile, as part of a broad based effort to strengthen Amāna Bank's brand credentials as a dynamic digital bank, the "Your Bank" mobile banking application for retail customers was rolled out in September 2022.



TACIT KNOWLEDGE OF THE AMĀNA TEAM

The knowledge and expertise of the Amāna Bank team is a significant advantage for the business especially given that more than 50% of our employee cadre have been with the Bank for over 5 years and approximately 24% since the inception in 2011.

AWARDS FOR 2022

Top 100 Strongest Islamic Banks in the World by Asian Banker

Top 100 Largest Islamic Banks in the World by Asian Banker

The Banker Magazine – Islamic Bank of the Year

EuroMoney – Market Leader for Islamic Finance

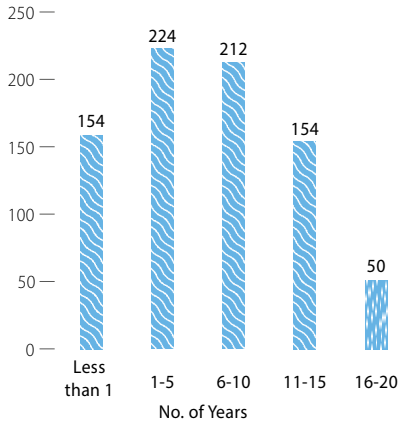
SLIBFI Awards 2022 – Entity of the Year – Gold

SLIBFI Awards 2022 – Social Upliftment Award – Gold

IFFSA Awards 2022 – Entity of the Year – Gold

IFFSA Awards 2022 – Bank of the Year – Gold

No. of Staff



Each year we invest in training and targeted capacity building initiatives to enable our teams to upgrade their skills not only on their respective field of expertise but also on other complementary areas that could potentially enhance their thinking.

As part of our overall approach to augmenting employee knowledge, we encourage our teams to strive for continuous professional development. In 2022, a new professional development allowance was introduced for all middle management and above employees to assist in obtaining a professional qualification.

CULTURE & ETHICS

As a practitioner of the non-interest based banking model, culture and ethics go hand in hand with the way the day to day business operations of Amāna Bank are managed. The Board sets a clear tone for imbuing culture and ethics at all levels of the business. Towards this end, the Board approved code of conduct sets a precedent that all employees are required to comply without exception. The code of conduct is a comprehensive document that provides clear guidelines on appropriate employee behaviour in the workplace, including specific protocol for the prevention of bribery and corruption. The effectiveness of the code of conduct is further reinforced through a Board approved disciplinary policy for managing ethics violations. In addition, the Board approved Whistleblower Policy serves as an independent channel for internal and external stakeholders to report on misconduct in any form.

As part of ongoing reinforcement of ethics, a new online training tool was developed and on-boarded to the e-learning platform. This dedicated tool which focused on educating employees on AML and CFT compliance, was compulsory learning for all Bank teams.



Finance Entity of the Year Gold Award Collection



Bank of the Year Gold Award Collection

IFFSA Awards 2022 – CSR Project of the Year – Silver

Asia’s Best Company of the Year Award 2022 (Awarded by Berkshire Media)

CA Sri Lanka Awards / TAGS Awards – Certificate of Compliance

LMD Top 100 – 95th Ranked

LMD Brand Finance Top 100 – 81st Ranked

LMD Most Respected Ranking

IFN Country Award for Best Islamic Bank

IFN Country Award for Best Islamic Corporate Bank

IFN Country Award for Best Islamic Retail Bank

IFN Country Award for Best Islamic Digital Offering

IFN Country Award for Most Innovative Islamic Bank

Intellectual Capital

BUSINESS SUPPORT SYSTEMS

Business Support Systems offer crucial backend support for the day to day operations of the Bank. In 2022, support systems were further strengthened with a view to supporting the business continuity amidst widespread macroeconomic uncertainty.

The Treasury Processing Unit continued the settlement of weekly mandatory sales on export proceeds/worker remittances to the regulator, including an additional 10% which was made as a request to all banks to support the Country to obtain financing of coal for emergency power generation. Meanwhile, although the FX Interbank market witnessed unprecedented challenges amidst depleting USD reserves in the Country, the Treasury Processing Unit continued to ensure US Dollar obligations were settled in full and on time to support the Bank in meeting its financial obligations.

SWIFT Operations continued with a hybrid functional structure having one operator on site and one working remotely to perform day to day operations. This was a crucial factor in ensuring uninterrupted operations during challenging times such as nationwide protests & transportation limitations due to fuel shortage.

Process Automation remained a major priority, with the following initiatives being implemented during the course of the year;

- ◆ Automation of bulk insurance forms
- ◆ Launch of the C-flash (credit in a flash) tool to expedite filling of customer information for specific financing products
- ◆ Upgrading the Customer Cheque Deposit Clearing Module to the Oracle 19c version
- ◆ E-Advice for the Term Investment Renewal: Replaces the printing and posting of physical renewal advices.
- ◆ Integration with Lanka Pay Online Payment Platform (LPOPP) for Inland Revenue Department Tax payments
- ◆ Integration with LankaRemit, National Remittance Mobile Application: Using the Lanka-Remit mobile app, the users will be facilitated to conveniently obtain remittance information and other related services provided by the Sri Lankan Government and other Local Remittances Service Providers.
- ◆ Re-launch of an enhanced WeCare Feedback app

The Bank also invested in implementing BI solutions using power BI to enhance management decision making by creating performance dashboards accessible to branch managers and top management. A new audit analytics tool was also implemented to support the work of the internal audit department thus eliminating errors caused by manual analysis.

INFORMATION SECURITY SYSTEMS

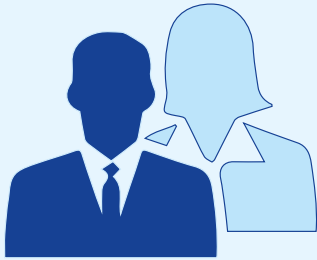


Amāna Bank has always sought 100% compliance of regulatory requirements coupled with the adoption of global best practices to safeguard its information security systems. Accordingly, for the past 5 years, Amāna Bank's information Security systems are secured by the ISO 27001:2013 Information Security Standards. In 2022, the Bank's systems were re-certified for a further year.

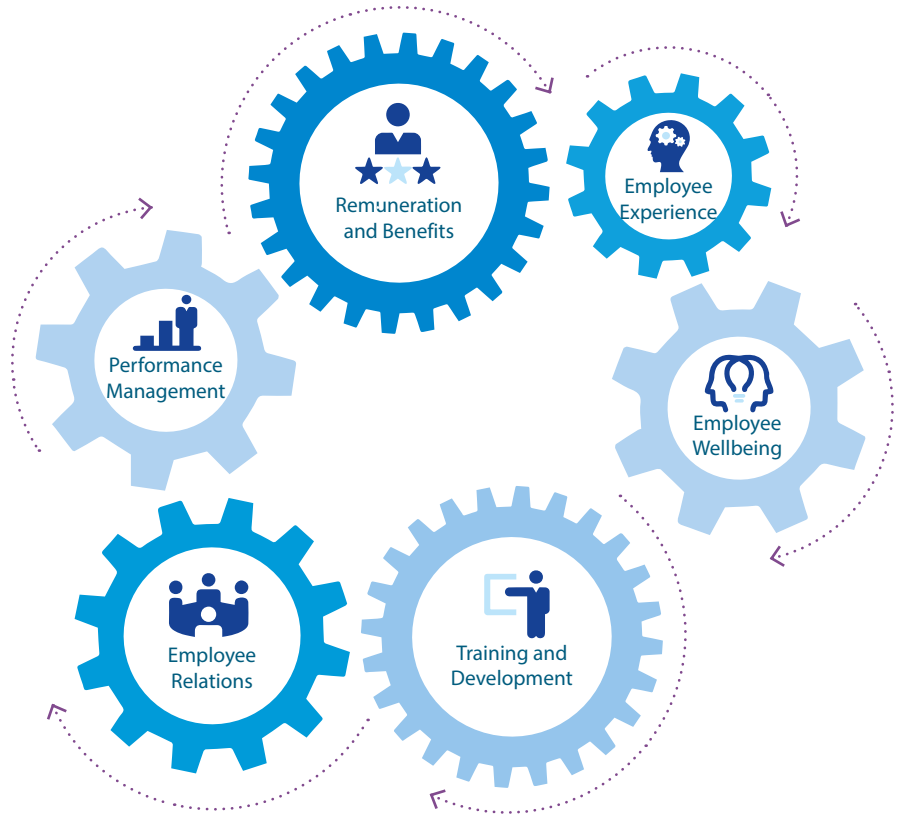
Moreover, having already established a strong information security system and supporting policy frameworks, Amāna Bank was easily able to ensure early adoption of the new requirements set out under the CBSL's Data Classification Directive released in December 2021.



Human Capital



Human Capital consists of the collective knowledge, skills and expertise of the Amāna Bank team that enables the Bank to fulfill its stakeholder commitments



Impact to the Business and Stakeholders

Strengthens the Bank's ability to grow and sustain revenue generation capacity

Augments the Bank's competitive advantage and enhances the Amāna brand position against peers

Reinforces the connections between Bank and its customers

Ensures optimal use of available resources



| Employees By Region | Male | Female | Total | Male% | Female% |
|---------------------|------|--------|-------|-------|---------|
| Central | 125 | 10 | 135 | 93% | 7% |
| Western | 164 | 26 | 190 | 86% | 14% |
| Eastern | 131 | 4 | 135 | 97% | 3% |
| Head Office | 275 | 62 | 337 | 82% | 18% |
| No. of Total Staff | 695 | 102 | 797 | | |

| Employees By Employment Contract | Male | Female | Total | Male% | Female% |
|----------------------------------|------|--------|-------|-------|---------|
| Permanent | 503 | 51 | 554 | 91% | 9% |
| Probationary | 124 | 43 | 167 | 74% | 26% |
| Contract | 68 | 8 | 76 | 89% | 11% |
| No. of Total Staff | 695 | 102 | 797 | | |

| Employees Based On Employment Category and Gender | Male | Female | Total | Male% | Female% |
|---|------|--------|-------|-------|---------|
| Managers & Above | 128 | 6 | 134 | 96% | 4% |
| Executives | 170 | 16 | 186 | 91% | 9% |
| Junior Executives & Below | 397 | 80 | 477 | 83% | 17% |
| No. of Total Staff | 695 | 102 | 797 | | |

EMPLOYEE EXPERIENCE AND EMPLOYEE ENGAGEMENT

Amāna Bank's approach to managing the employee experience is based on striving towards achieving 100% employee satisfaction. The Bank focuses on continuous Employee Engagement activities for the wellbeing of our employees where a reward programme was introduced to recognize and reward the children of staff members who have excelled in National Examinations with attractive prize money which has been well received by staff and their families. In addition, the Women's Day Celebration for 2022 was carried out successfully by appreciating the role of females through means of a token of appreciation which was given away to all female staff in commemoration of the International Women's Day.

Recruitment and Selection

The Bank considers its recruitment and selection process as the first opportunity to create a strong positive experience for employees. Based strictly on merit-based recruitment, the Bank seeks to hire candidates who are deemed the best fit for the job role. Accordingly, all new vacancies are advertised publicly and notified internally to enable existing employees to apply thus giving all applicants equal opportunity to prove they are the right fit.

Every application is strictly vetted by the Bank's recruitment team under the supervision of the Head of HR to assess the candidate's suitability vis-a-vis Amāna Bank's benchmark requirements for the specific role. All short listed candidates are subject to a preliminary interview with the Head of HR followed by a

second interview with HR and the line manager with successful candidates moving onto the final interview with the respective line corporate management member. Candidates for senior roles are further filtered through a fourth and final interview with the Bank's COO and/or MD/CEO.

Commitment to compliance and HR Best Practices

Amāna Bank's operations come under the purview of the Shop and Office Employees Act No 15 of 1954 and the Bank remains fully compliant with all requirements of the act.

The Bank further strives to align with the following best practices for human rights and labour as stipulated in the UN Global compact;

Principle 4: Forced or Compulsory Labour - where employees enter into the contract of employment at their own free will and no individual will be forced to remain in employment should they not wish to do so.

Principle 5: Child Labour- Child labour is strictly prohibited at Amāna Bank and only those of full legal age are permitted to work in the Bank.

Principle 6: Non-discriminatory employment- Amāna Bank endorses equal opportunity at every stage of the employment life cycle and maintains a non-discriminatory approach throughout the employment process including recruitment, selection, evaluation, promotion, training and development of all employees. The Bank offers equal pay (1:1) for both men and women in comparable roles and ensures that all employees receive equal opportunities for growth and development regardless of age, gender or other factors.

Human Capital

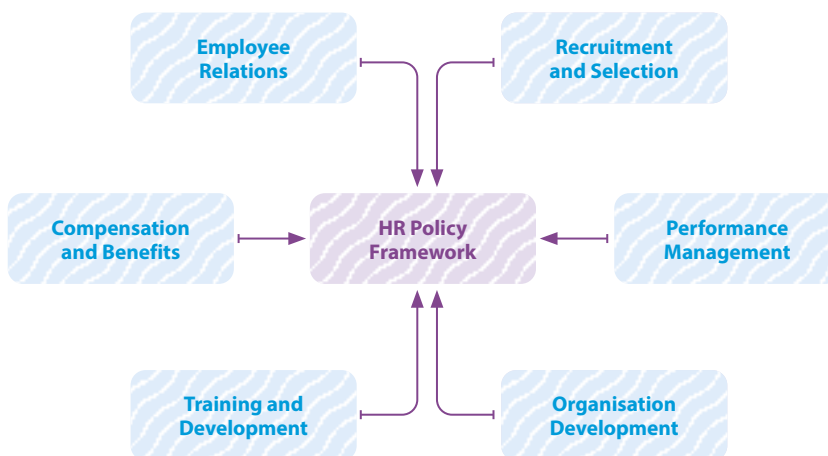
| New Employee Recruits By Age | Total |
|------------------------------|-------|
| Under 30 years | 173 |
| 30-50 years | 16 |
| Over 50 years | 2 |
| Total No. of New Recruits | 191 |

| New Employee Recruits By Region | Total |
|---------------------------------|-------|
| Central | 28 |
| Western | 134 |
| Southern | 10 |
| Eastern | 19 |
| Total | 191 |

On-boarding

The on-boarding process is the next step in augmenting the employee experience. The Bank's principle approach to on-boarding aims to empower new recruits to absorb Amāna Bank's unique culture and work ethic. Towards this end, all new recruits are subject to a three-day induction wherein they are welcomed by the Bank's senior leadership and made aware of the Bank's code of ethics and other relevant policy frameworks. It is also during the induction that all new recruits receive formal access to the Bank's intranet and other internal systems.

HR GOVERNANCE



The Bank believes that the effective governance of HR processes helps to create a stable work environment that in turn fosters employee commitment and loyalty. All HR activities are managed under the stewardship of the Amāna Bank HR team. The team provides oversight for the implementation of the Bank's HR policy framework including recruitment, benefits, performance management, promotions, training and development, grievance handling and exit procedures, which together provide the ecosystem for the effective management of all HR aspects across the employment lifecycle.

The Bank thoroughly condemns any gender discrimination or harassment during and out of employment. The Anti-Corruption policy of the Bank explicitly applies to all employees, directors, persons who aren't employees but authorized to act on behalf of the company (agents, advisors, representatives, suppliers, contractors, sub-contractors) thus are required to abide by the policy. Every new recruit is made aware with regards to the Anti-Corruption policy at the time of the Induction & Orientation Training programme. Policies are regularly reviewed and monitored on a continuous basis.

The Bank communicates and maintains its 'Code of Conduct' Bank-wide and discourages acceptance of any form of gift in cash or kind from the Bank's internal or external customers. In addition the company gift policy on giving gifts, hospitality, entertainment or expenses include a descriptive quoted amount as a threshold limit and the procedures and reporting requirements. The Bank explicitly prohibits any form of facilitation payment that would incur reputational damages to the Bank.

REMUNERATION AND BENEFITS

Amāna Bank's remuneration and benefit structures are designed to attract, motivate and retain the best in-class talent. Towards this end, the Bank's salary structures aim to strike the optimal balance between internal equity (primary job requisites) and external equity (industry benchmarks and statutory labour laws of the country).

As per the existing remuneration structures, all employees are entitled to a range of benefits in addition to their basic salary. These include; Professional Development Allowance, Fuel Allowance, Travelling Allowance, Utility Allowance, Special Allowance, Vehicle Allowance and Mobile Allowance.

Recognising the intense pressure on employees brought on by the economic crisis that unfolded in 2022, Amāna Bank implemented several additional schemes to secure the financial situation of its employees. Taking into consideration rising inflation, all existing salary structures were rescaled in 2022, and all employees were offered an average 20% allowance over and above their respective salaries. This is in addition to all routine annual performance-driven salary increments which were also implemented. An additional monthly utility allowance was introduced to enable employees to meet their added personal expenses. Moreover, the 'Dwelling for All' staff housing facility which was previously available to the management cadre, was extended to the Junior Executive grade in 2022.

PERFORMANCE MANAGEMENT

Performance management is an integral part of Amāna Bank's approach to motivating its employees and encouraging them to align their personal aspirations with the Bank's short, medium and long term growth objectives.

The performance management process begins with the departmental goal setting exercise undertaken by the Management Committee based on the broader strategic objectives set out

under the Board approved strategic plan. Goals are set at the start of each financial year and supported by ongoing performance monitoring together with a 2-part review cycle comprising an interim review conducted mid-year and the final year-end review immediately after the close of the financial year. Both the mid-year review and the final year-end review are meant to assess employee performance against predetermined goals as well as to determine qualitative and behavioural aspects of employees on an individual and team basis. High performing employees identified through the year end review are rewarded by way of financial rewards, promotions etc. These performance appraisals also help to identify training and developmental needs of employees.

A total of 165 new promotions were awarded for 2022. The Bank adopts a fair promotion policy where every employee gets an equal opportunity which is solely based on their performance irrespective of their gender. Meanwhile those who had performed exceptionally well for the past few years were recognised at the Amāna Bank Awards 2022. Held after a lapse of four years, the 2022 award programme was themed 'Rewarding Excellence' and saw employees being recognised under several categories, most notably the six employees honoured with the CEO Award. The CEO Award is typically given to outstanding employees of the Bank in recognition of their unwavering display of dedication, passion and going beyond the call of duty to demonstrate Amāna Bank's core values. The CEO Award winners for 2022 were Azam Ameer, Azim Rali, Udara Kodipilli, Mohamed Asmil, Nizath Mustapha and Sameera Senanayake.

| Promotions By Age | Total |
|-------------------|-------|
| Under 30 years | 93 |
| 30-50 years | 71 |
| Over 50 years | 1 |
| Total No. of | 165 |

| Promotions By Region | Total |
|----------------------|-------|
| Central | 20 |
| Eastern | 28 |
| Western | 117 |
| Total No. | 165 |



CEO Award winners Sameera Senanayake, Nizath Mustafa, Mohamed Asmil, Azam Ameer, Azim Rali and Udara Kodipilli with Chairman Asgi Akbarally and Managing Director/CEO Mohamed Azmeer



Branch Award winners with Board of Directors



Corporate CRM Award winners with Board of Directors

Human Capital

TRAINING AND DEVELOPMENT

Training and Development is a critical component of Amāna Bank's Human Capital development strategy. A two-pronged training approach ensures training interventions focus on 1) job-specific training and 2) leadership training. Job specific training, which is typically based on the skill matrix assigned to each job role, aims to equip employees with the appropriate knowledge and skills to perform their job roles effectively and efficiently, while leadership training is designed to address the developmental needs of employees and drive their career progression.

Establishment of Bank's MidCom, the cross functional middle management leadership structure, is an example of developing the next level of leadership and paving the way to achieve the aspirations of performing staff.

Employee training needs are typically identified through the Annual Performance Appraisal process. All training activities are coordinated by the Bank's Learning and Development team. The Learning and Development team also handles all soft skill and leadership training. Job-specific training is carried out by the Bank's pool of internal trainers who are experts in their respective fields. The internal trainer pool was further expanded in 2022.

In an effort to promote continuous learning, Amāna Bank's e-learning platform is continuously updated with schematised training programmes on a vast array of technical topics. The Knowledge Marketing team too conducts various activities to promote continuous learning. These include structured sessions to improve product knowledge of frontline teams, the weekly quiz programme and the Intensive Learning Programme (ILP), a gamified, interactive programme designed to introduce a fun learning experience for branch staff.

| Training focus for 2022 | | | |
|-------------------------|---|---------------------|----------------|
| Programme Scope | Target Group | No. of Participants | Training Hours |
| Customer Service | Junior Executive & Below | 144 | 1,656 |
| Islamic Banking | All Staff | 294 | 4,704 |
| Mandatory Skills | New Recruits, Branch Staff, All Employees | 579 | 8,464 |
| Personal Skills | Junior Executive & Below | 168 | 1,132 |

EMPLOYEE RELATIONS

Amāna Bank remains committed to ensure that employees have the opportunity to connect with their respective superiors and, where necessary, the Bank's leadership. The Bank has always maintained an open door policy that encourages two-way dialogue between employees and the management. Various routine team briefings, held weekly and monthly are also meant to facilitate employee interaction and foster team spirit. In addition, all employees participate in the online interactive session chaired by the Bank's MD/CEO and/or a Management Committee member on a monthly basis.

The mid-year and annual performance reviews are key channels for employees to connect with their superiors to discuss concerns regarding their work or job roles. Beyond this, the Bank has assigned certain Management Committee members to maintain one-on-one engagement in order to mentor and develop high performers.

Apart from this, the Amāna Bank Sports Club has an annual activity calendar which is also designed to encourage employees to interact with the management and colleagues in an informal setting.

Employees have the right to escalate any work related concerns they may have directly to the Head of HR or the Manager - HR Operations by activating the private messaging feature on the Bank's intranet. The Bank's COO is kept informed of all grievances and thereafter directed to the relevant management committee member for appropriate action.



Induction Programme for New Recruits



Training for Branch Managers and CRMs



Panellist of Governance Risk Compliance Forum



Governance Risk Compliance Forum



Aurudu Celebration at Amāna Bank



Online Seminar to celebrate Women's Day

EMPLOYEE WELLBEING

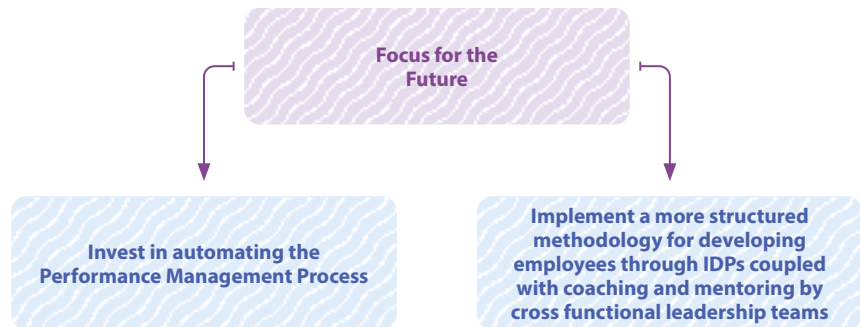
Based on the premise that a healthy team is a motivated team, Amāna Bank strives to create a safe and healthy work environment for all its employees. The Bank's wellbeing initiatives encompass both physical safety of employees in the workplace as well as their overall psychological wellbeing.

The Bank's Central Safety Team provides oversight to ensure compliance with all relevant national building safety regulations at all physical locations. For the added safety of employees, all physical locations have been equipped with CCTV.

In the interest of the psychological wellbeing of employees, the trained counsellor within the L & D team conducts special events and wellness programmes focused on promoting a better work-life balance and healthy lifestyle choices.

To encourage employees to incorporate physical activity into their daily routine, Amāna Bank has partnered with a number of leading clubs to enable its employees to benefit from access to gymnasiums and other recreational facilities at concessionary rates.

The work-from-home scheme introduced during the pandemic remains in place to a limited extent and serves as a key tool in promoting greater work-life balance.



Social and Relationship Capital



Social and Relationship Capital is made up of the relationships the Bank has built over the years with customers and the wider community



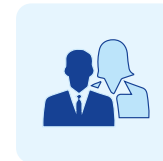
Impact to the Business and Stakeholders

Creates the ecosystems for the Bank to sustain and grow its core business within captive markets

Reinforces the Amāna Bank brand position in the local banking space

Provides the impetus for timely and relevant improvements to channel architecture

Helps the Bank to invest in more effectively in building employee capacity



CUSTOMER

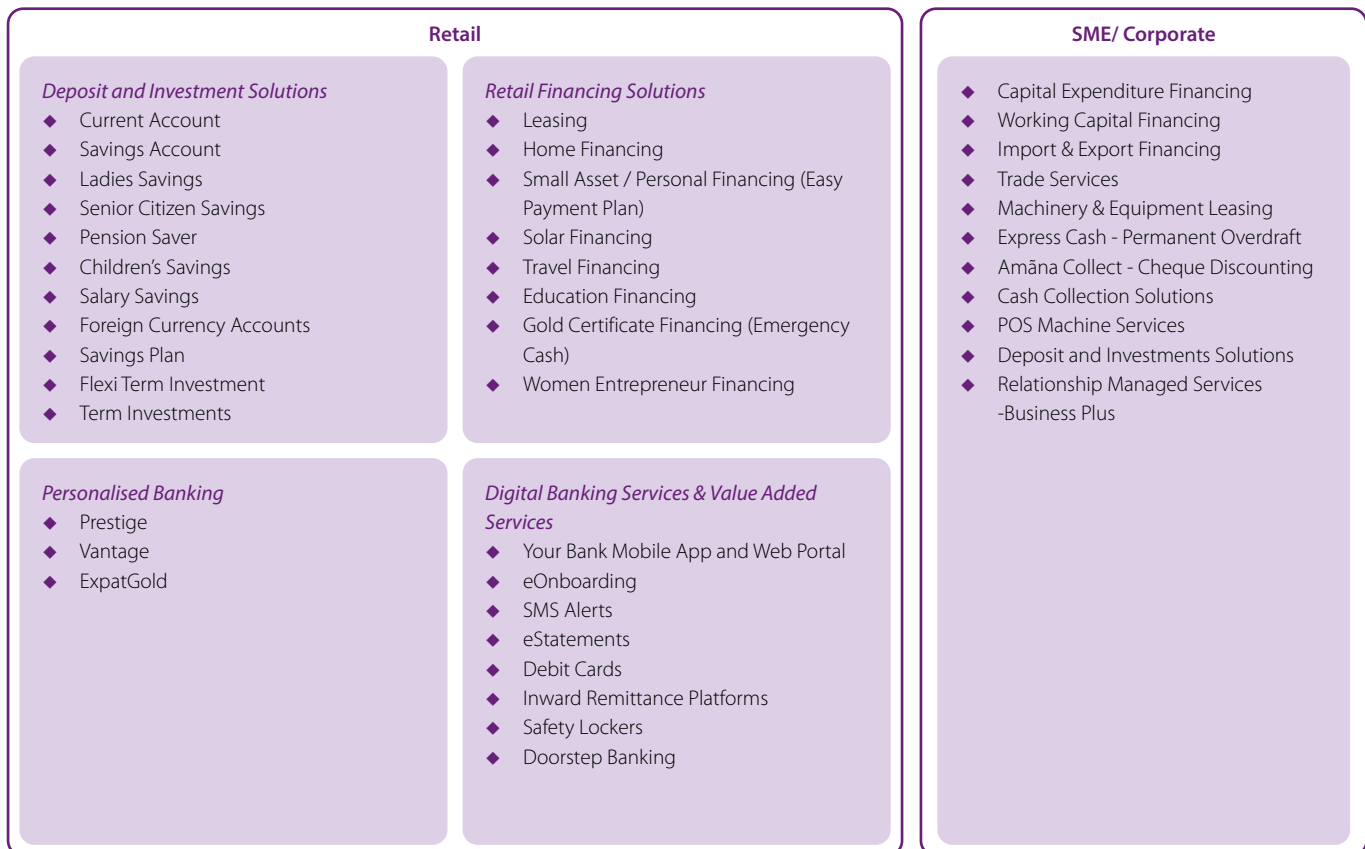
Product Stewardship

Amāna Bank's commitment to product stewardship is framed by the principles of Islamic Banking that prohibits dealing in interest related financing activities. Accordingly, as stipulated by the Bank's Product Policy, all products and services offered by Amāna Bank are designed and developed in strict compliance with the non-interest banking model. Bearing in mind these fundamental principles, the internal Product Innovation function in collaboration with relevant business divisions, works to continuously improve existing products, while also focusing on expanding the product suite through the introduction of viable alternatives to financial solutions that exist in the market.

In this regard, the Bank's product development process seeks to create holistic solutions to support the precise needs of various customers. The key to achieving this high degree of precision is based on clear customer segmentation coupled with a careful assessment of the needs of each segment.

A notable addition which was made to the Bank's product suite in 2022, is the 'Women Entrepreneur Financing' scheme.

PRODUCTS AND SERVICE PORTFOLIO



Social and Relationship Capital



Women Entrepreneur Financing

The Women Entrepreneur Financing scheme is designed to empower women-led new start ups to access financial support starting from as low as LKR 50,000 up to LKR 1 million and enjoy repayment tenures up to 5 years. The scheme also gives customers the flexibility to apply for the facility jointly with their spouses if required, while existing Amāna Bank Ladies Savings Account holders benefit from several additional benefits, including preferential consideration on rates.



Amāna Bank Prestige

Amāna Bank Prestige Banking is an exclusive platform for our most valued customers who seek superlative customer service and care with a personal touch to look after their everyday banking and financial needs.

Amāna Bank Prestige Banking is the only non-interest based high net worth banking proposition in the country and stands testimony to an upwardly mobile bank focused on enhancing our service offering and ensuring the well-being of our customers.



Amāna Bank Vantage

Amāna Bank Vantage is a superior banking and financial services platform that is tailor-made for individuals who are progressing in expanding their horizons in life. Amāna Bank Vantage is designed to help accelerate your personal growth and be a financial partner in your success.



Amāna Bank Expat Gold

Amāna Bank Expat Gold is a platform designed exclusively, to cater to unique and diverse requirements of banking from abroad.

Being apart from your family, timely support and care of their financial requirements is essential, in your busy lifestyle. That's why we believe you need a caring and dedicated financial partner back home to look into their finances as if you are personally attending to it.



Business Plus

Business Plus is a tailor-made solution for SME's to help them expand and strengthen their business with the aim of becoming the emerging corporates of the future. Business Plus customers benefit from a dedicated relationship manager and a host of other services including doorstep banking, preferential pricing, branded cheque books, payroll solutions, thus allowing them freedom and space to focus on growing their business. Business Plus is offered in two membership categories - Business Plus Silver and Business Plus Gold

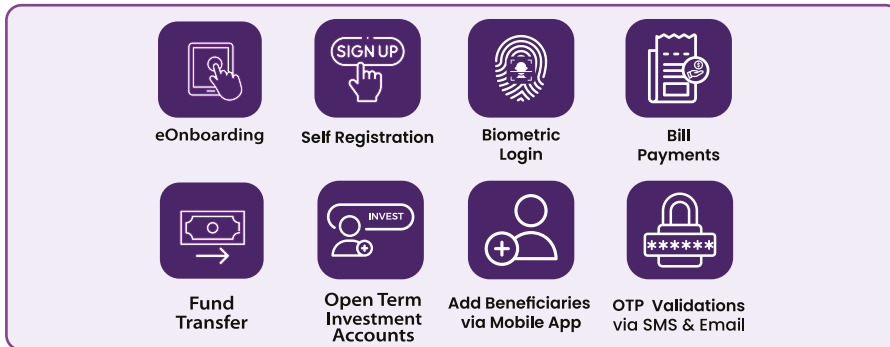
CUSTOMER DIGITAL EXPERIENCE

Emphasis on enhancing the customers’ digital banking experience has seen Amāna Bank increasingly focusing on creating more versatile solutions to enable customers to perform various banking tasks remotely at their convenience.

In the current financial year, the corporate website was updated with the introduction of the online account opening feature along with the e-onboarding link that allows customers to complete their account opening using video conferencing, thus eliminating the need to visit a branch.

Another key improvement to the corporate website was the inclusion of a dynamic support function to facilitate customers to conveniently initiate their retail financing requirement online itself, providing comprehensive information on various key areas along with the respective relationship manager contact information if they need further details.

However the most notable development in strengthening Amāna Bank’s digital presence, was the roll out of the "Your Bank" online banking app for retail customers. Available for download on both Android and iOS platforms, the functionality and features of the "Your Bank" app is also mirrored on to the web platform accessible through the Amāna Bank corporate website.



CUSTOMER CENTRICITY AND SERVICE EXCELLENCE

Amāna Bank’s approach to customer centricity and service excellence is based on the “WeCare” philosophy encompassing the 7 basic values that the Bank strives to articulate through its every action and reaction to customers - **Welcoming**, **Empathy-Rich**, **Comforting**, **Accommodative**, **Reliable** and **Efficient**.

The Bank has a dedicated cross functional team aided by a Service Quality Assurance unit that drives the ‘WeCare’ philosophy across the organisation. Through this team a monthly dashboard on ‘Customer Experience’ capturing various metrics is presented to the Management Committee for evaluation and decision making.

During the year the Bank introduced Customer Experience Associates at branches with a key role of addressing the needs of walk-in customers as well as towards introducing and onboarding customers to the Bank’s digital solutions. The Bank also strengthened its Relationship Management structure at branches, so that customers will benefit from having a single point of contact to effectively fulfill

any of their banking needs. The relationship management structure cuts across the Bank’s retail financing offerings and personalised banking platforms.

In line with its ‘WeCare’ mantra, Amāna Bank greatly values customer feedback, including complaints. Towards this end, the Bank has established multiple channels, including a dedicated e-mail, feedback tabs at branches, feedback forms on the corporate website and the secure messaging service on the Your Bank app to allow customers to share feedback and complaints. Customers can also make a complaint via the Bank’s social media platforms.

A systematic process is in place to capture, record and resolve customer complaints and pain points. The efficacy of the complaint management process was further strengthened in 2022, with a dedicated Service Quality Assurance Officer appointed to ensure all complaints are resolved within the Bank mandated timelines to the satisfaction of the complainant. The duties of the Service Quality Assurance Officer also includes disseminating complaint data and other feedback stats to the Bank’s leadership and support management decision making.



Social and Relationship Capital

Staying true to the Bank's unique people friendly business model, collections were strictly made only for the overdue amount and no penalty charges were imposed. This was an immense financial relief for customers who were already burdened by ongoing economic hardships.

CUSTOMER COMMUNICATION AND ENGAGEMENT

The Bank strives to promote responsible banking, wherein sales teams work with customers to understand their financial needs and promote products that best satisfy these specific needs with due consideration of their potential risks.

All promotional campaigns too reflect these underlying values and serve to educate customers the benefits of consuming Banking products. Accordingly, all information regarding products and services are presented in a clear and transparent manner so as to ensure customers have adequate facts to make informed decisions.

In addition, the Bank's Knowledge Marketing team conducts financial literacy and market awareness workshops to educate the public on the Islamic Banking together with Amāna Bank's product portfolio and expertise in this sphere. A total of 16 public awareness workshops were conducted in 2022 targeting various groups, including students, teachers, women entrepreneurs and business communities.



Awareness Programme for Business Traders



Awareness Programme for University Students



Awareness Programme for School Children

Amāna Bank Market Intelligence Survey 2022

Keen to project Amāna Bank as a listening organisation, the Bank initiated a special market intelligence survey in December 2022 to gauge customer responses on a variety of areas, including products services, service levels, digital experience etc.

CUSTOMER PRIVACY

Amāna Bank recognises that safeguarding the privacy of customer information is critical in strengthening the bonds of trust. As such the Bank collects only information required by law and this too is done through the KYC (Know-your-customer) form. Customer information gathered in this manner is stored within the Bank's database, archived and secured by multiple layers of physical, electronic and procedural safeguards to prevent unauthorised access to information. Furthermore employees are trained regularly on the importance of upholding confidentiality and customer privacy with necessary disciplinary measures in place to enforce employee privacy responsibilities.

Moreover, as a policy Amāna Bank does not reveal customer information to third parties unless mandated by law.

There were no reported incidents in 2022 relating to violation of customer privacy

COMMUNITY

Social Upliftment

Amāna Bank's approach cascades through and goes on to underpin Bank's community initiatives, in particular through the OrphanCare initiative. This initiative for which Amāna Bank is the Founding Sponsor, has 90 orphanages enrolled and continues to benefit from the fund disbursements made each year. Since its inception in 2019, Amāna Bank has made 13 rounds of fund disbursements to date amounting to LKR 43 million. For more information on the progress of OrphanCare refer page 92.

In the current financial year, the Bank further deepened its commitment to the OrphanCare initiative, through the launch of the "ජයග්‍රහණයට එහා ගිය මනුෂ්‍යත්වය | Humanity Beyond Victory" campaign to coincide with the ICC T20 Cricket World Cup held in Australia in Oct / Nov 2022. Accordingly during the T20 World Cup, the Bank pledged to contribute LKR 10,000 to the OrphanCare Trust for every wicket claimed by Sri Lankan bowlers and LKR 4,000 and LKR 6,000 respectively for every boundary and six scored by Sri Lankan batsmen. In parallel, the scope of the OrphanCare initiative was further expanded to create a platform to encourage other organisations to also participate in the endeavour.



Children's Day Celebration at Puttalam



Children's Day Celebration at Panadura branch

Social and Relationship Capital

Emergency Relief

In response to the challenges in the Country during the current year, Amāna Bank partnered with the United Nations Development Programme (UNDP) in Sri Lanka, to channel support through the 'Private Sector Giving Facility for Emergency Relief', initiated by the government as a means of overcoming shortages of food and medical supplies caused by the ongoing economic crisis. In the long term, the Bank hopes to leverage this collaboration with UNDP in order to create a platform for customers and well-wishers to also contribute to worthy causes that will support the socio-economic recovery for vulnerable communities in the Country.

Other CSR Activities undertaken in 2022

Donation of essential lifesaving medicine for Puttalam Base Hospital

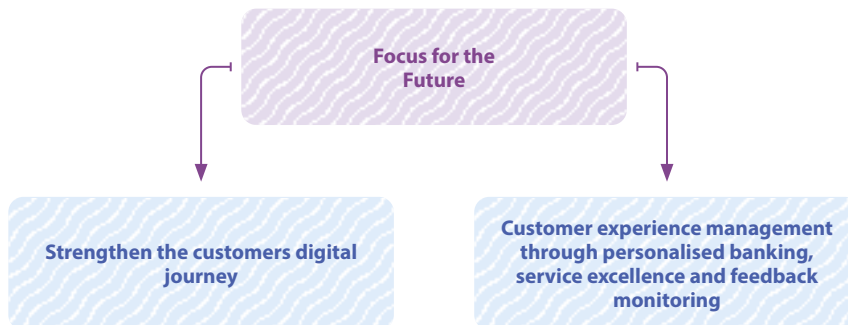
Sponsorship of training expenses of Blind Triathlete and Sportsman Khalid Oshman to participate Asian Games and Blind Cricket World Cup



UNDP Partnership for Emergency Relief



Donation of essential lifesaving medicine for Puttalam Base Hospital



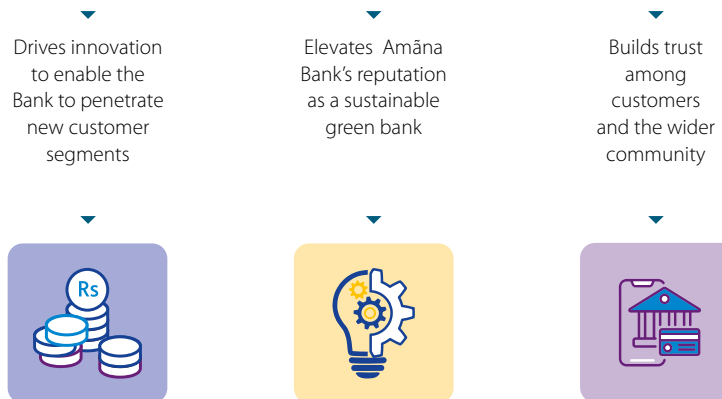
Natural Capital



As a service organisation, Amāna Bank's use of natural resources is comparatively limited to a greater extent. Nevertheless, the Bank remains committed to work towards preventing the depletion of Natural Capital



Impact to the Business and Stakeholders



Natural Capital

GREEN FINANCING SOLUTIONS

Amāna Bank operates on the premise that the best way the Bank can contribute towards the preservation of Natural Capital is by offering bespoke green financing solutions for various customer segments. The Bank took the first step in this regard a few years ago, by extending financing for retail and SME customers to support their migration to renewables. By empowering more customers to reduce their dependency on non-renewable energy in this way, Amāna Bank hopes to contribute towards reducing greenhouse gas emissions over time.

| | Projects | Energy Generated (MWh) | CO ₂ Reduction (Mt) |
|------------------------------|----------|------------------------|--------------------------------|
| Solar - Large Scale Projects | 3 | 1,761 | 1,250 |
| Hydro | 2 | 16,962 | 12,040 |
| Bio-Mass | 1 | 17,905 | 12,710 |

RESOURCE MANAGEMENT

Although Amāna Bank's core business does not directly depend on natural resources, the day to day operations of the Bank have an indirect impact on the environment in terms of waste generation. As such, the Bank focuses on responsible waste management through partnerships with like minded sustainable service providers. In parallel, through its emphasis on digitalisation and process automation, the Bank is working towards reducing the volume of waste generated on a daily basis.

The Bank continued to encourage customers to switch from traditional banking methods to modern banking ways which reduces wastage of resources, by promoting its 'Your Bank' mobile app, online account opening platform, SMS alerts, e-statements, voucher-less deposits, PIN via SMS, as well as a host of services accessible through the 'Message to Bank' option available on the 'Your Bank' platform.

The Bank strives to promote the 'Green' culture amongst its staff through the facilitation of continuous training programmes, creating awareness and learning opportunities.



Report on Sharia Supervision



نحمدك ربنا رب السموات والأرض والعرش العظيم ونسئلك من فضلك

للسلام عليكم ورحمة الله وبركاته

By the Grace of Almighty Allah, Amāna Bank completed 11 years of commercial operations in 2022.

During the year under review, the Sharia Supervisory Council (SSC) of the Bank held three SSC meetings to review various products, modifications, concepts, transactions & processes.

NEW PRODUCTS APPROVED BY THE SSC DURING THE YEAR

1. Wakala Easy Cash
2. Deposits based on Wakala Bil Isthismar

SHARIA GUIDELINES REVIEWED DURING THE YEAR

1. Sharia Guidelines on Profit Equalisation Reserve

SHARIA DOCUMENTATIONS/AGREEMENTS REVIEWED DURING THE YEAR

1. Sharia Documentation on Express Cash
2. Sharia Documentation on Musharaka
3. Sharia Documentation on Wakala

SHARIA REVIEW AND COMPLIANCE PROCESS

To ensure that revenue generated by the Bank adheres strictly to conjunctions of the rules and principles of Sharia, the Sharia Supervision Department actively assessed various operational activities throughout the year. Credit approvals, restructuring of financing facilities, customer specific transaction process flows, text of Letters of Guarantee and Sharia Documents were reviewed to ensure Sharia compliance when offering financing products to the customers.

The Sharia Review function plays a vital role in achieving the objective of ensuring Sharia compliance by evaluating adherence to the rules and principles of Sharia in all activities undertaken by the Bank.

The Sharia Supervision Department focuses on matters pertaining to the rules and principles of Sharia, enabling the facilitation of smooth operations whilst ensuring Sharia compliance at all levels in the Bank.

Income generated from customer advances via retail and business banking transactions that were reviewed are as follows:

| | |
|--|------------|
| Income Generated from Retail Financing (LKR '000) | 3,067,518 |
| Income Generated from Business Financing (LKR '000) | 6,923,688 |
| Number of Transactions Performed | 6,946 |
| Number of Transactions Reviewed | 6,946 |
| Total Gross Advances as at 31 December 2022 (LKR '000) | 87,105,788 |
| Impaired Financing and Advances (Stage 3) Ratio | 2.1% |

Moreover, physical inspections were conducted on a random basis and measures were taken to verify the relevant purchase evidences / invoices, further enhancing the controls. All financing granted using various products and services during the year were reviewed by the Sharia Supervision Department and their alignment with the guidelines issued by SSC was also verified.

The process and the scope of the review included the following:

- ◆ Invoices and other related purchase evidences were verified by confirmations and the existence of suppliers was confirmed by visiting their premises on a sample basis.
- ◆ Genuine purchase evidences were provided to execute Murabaha transactions so that Murabaha disbursements are not availed to set-off previous balances with the supplier and Murabaha Status Sheets.
- ◆ Sharia documentation, security documents and procedures followed by different functional areas for Local Murabaha, Import Musawama/Murabaha, Extended Murabaha, Ijara (Leasing), Diminishing Musharaka, Musharaka, Istisna, Thijara, Wakala, Education Financing, Travel Financing, Solar Financing, Express Cash and Gold Safekeeping Facility.
- ◆ Declarations, description of assets, relevant purchase invoices, sequence and order of the documents and time difference between purchases and declaration in Murabaha transactions.
- ◆ Purchase deeds, certificates of registration of motor vehicles, treatment of ownership related cost and recovery of rentals in Ijara transactions, ownership ratio in Diminishing Musharaka facilities and issuance of timely unit sale receipts.

Report on Sharia Supervision

- ◆ Investments made in equity with reference to the equity stock screening criteria.
- ◆ Import finance transactions and related documentation.
- ◆ Extensive reviews of customer payment, purchase cycles and periodic assessment of customers' processes.
- ◆ Profit sharing ratio, Mudaraba pool working and the applicable profit allocation for deposit products.
- ◆ Treasury placements with other Islamic Financial Institutions and Window Operations.

ONLINE SHARIA COMPLIANCE PROCESS

The Sharia review process is carried out to ensure Sharia compliance of all transactions and also to build a zero tolerance culture within the Bank to Sharia non-compliance. In order to streamline and make the Sharia compliance process effective & efficient, the Bank continued to make use of the Online Sharia Compliance Process, which essentially is a live compliance process. The Online Sharia Compliance Process takes place at the fund disbursement and deal creation stages. All the products were added to the Online Sharia Compliance Process except Education/Travel Finance and Amāna Collect products. This will also be included to this process in 2023.

REVIEW OF MARKETING AND COMMUNICATION ACTIVITIES

All Marketing and Communication activities and materials were reviewed by the Sharia Supervision Department to ensure such activities of the Bank adhere to the rules and principles of Sharia.

TRAINING AND DEVELOPMENT

During the year, 10 internal Sharia training sessions were held in which 195 employees participated. These programmes were conducted with the objective of enhancing the knowledge and strengthening the skills of staff members on the rules and principles of Sharia and Sharia documentation related to the respective contracts.

During the year, the Sharia Supervision Department focused on increasing the level of awareness amongst the key stakeholders, on Islamic Banking and products offered by the Bank and to further inculcate the values of Islamic Banking. In this regard, 9 external programmes were conducted for Sharia scholars and students. The total participation at these programmes was 525.

| Programme | Audience | No. of Sessions | No. of Participants |
|---|--|-----------------|---------------------|
| Internal | | | |
| Amāna Bank Certified Islamic Banker Level-1 | Branch Frontline Staff / Business Development Officers / Retail & Business Banking Staff | 10 | 195 |
| External | | | |
| Awareness Programme on Islamic Finance & Products of Amāna Bank | Sharia Scholars, Students | 9 | 525 |
| Total | | 19 | 720 |

SHARIA RISK MANAGEMENT COMMITTEE

The Sharia Risk Management Committee (SRMC) is a Sub-Committee of the Bank's Management Committee that was established to discharge the responsibilities of management on Sharia Compliance.

REGIONAL SHARIA REVIEW UNITS

The regional Sharia units in the Central and Eastern regions continue to play a significant role towards accomplishment of the objective of ensuring Sharia compliance at all levels through 100% review of transactions and facilitating smooth operations in a timely manner. Despite the ongoing pandemic situation which caused severe disruptions to human lives and economic activity, regional operations were conducted by following strict health and safety guidelines issued by the authorities.

SHARIA ADVISORY SERVICES

Internal Support

Sharia Supervision Department provides advisory services on structuring of products and transactional processing on an on-going basis, based on existing guidelines and resolutions made by the SSC. Issues encountered would be escalated to the Executive Committee of the SSC based on the complexity of the issue. All such advisory provided by the Sharia Supervision Department are tabled at subsequent SSC meetings and ratified by the SSC. The Sharia Supervision Department also reviews Credit Memorandums on pre-approval basis of both new proposals as well as at annual reviews of facilities to ensure that the most appropriate product is provided to the customer.

| | |
|--|------------|
| Number of Advisory Provided by the Executive Committee of the Sharia Supervisory Council | 5 |
| Number of Advisory/Clearances Provided by the Sharia Supervision Department based on existing guidelines and resolutions | 402 |
| Total | 407 |
| Number of Credit Memorandums reviewed by the Sharia Supervision Department | 117 |

External Support

The Bank continued to offer Sharia Advisory Services to a public listed company engaged in commodity brokerage, in order to structure their financing operations in compliance with Sharia principles. In this regard, the Bank provides Advisory Services on Product Development, Transaction Structuring, Internal Process, Procedures and Guidelines, Documentation, Monitoring and Control, Training as well as monitoring compliance to the requirements of Sharia.

CHARITY

During the year, a total of LKR 504,981 was transferred to the Charity Fund. As at 31 December 2022, a balance of LKR 516,274 remained in the fund.

STATEMENT OF SOURCES AND UTILISATION OF CHARITY FUND

| | LKR | LKR |
|---|---------|----------------|
| Opening balance as at 1 January 2022 | | 360,884 |
| Additions During the Year | | |
| Excess Cash | 193,715 | |
| Sharia Non-Compliance Income | 73,037 | |
| Purification of Dividends Received | 238,229 | 504,981 |
| | | 865,865 |
| Less: Distribution of Charity (Social Benefits) | | (349,591) |
| Closing Balance as at 31 December 2022 | | 516,274 |

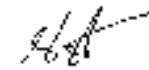
The amount of LKR 349,591 was disbursed from the Charity Fund with the approvals of Managing Director/Chief Executive Officer, Chief Financial Officer, and Head of Sharia Supervision and was duly reported to SSC for its concurrence.

THE WAY FORWARD IN 2023

- ◆ Continue to ensure the zero tolerance culture on Sharia noncompliance.
- ◆ Strengthen the Sharia Risk Management process and mitigate Sharia violations with the involvement of the Sharia Risk Management Committee.
- ◆ Review and update the Sharia product process, guidelines, documentation and checklists to offer the most appropriate product for the customer.
- ◆ Advice and guide to provide the best-fit product to customers.
- ◆ Education/Travel Finance and Amāna Collect products to be included to the Online Compliance Process.
- ◆ Digitalisation of Sharia documentation to mitigate the errors and improve efficiency in terms of speed.
- ◆ Actively engage in the New Product Development process by initiating and structuring new products.

- ◆ Facilitate and conduct training sessions to develop Sharia competency levels and instil onus on all stakeholders as follows:
 - Introduction to Islamic Banking for new recruits
 - Continue the Amāna Bank Certified Islamic Banker Programme and implement stage 2 for the successful candidates.
 - Focused training programmes on rules and principles of Sharia, documentation and Sharia compliance
 - Sharia compliance and Sharia Risk programmes for Management Committee and Other Senior Management staff
 - Conduct Sharia Awareness Programmes for Academics, Students, Customers, Sharia Scholars and General Public

May Almighty Allah make us successful in accomplishing His precious tasks and reward us in this world and in the Hereafter.



Ash-Sheikh Nazhan Naurooz

Head of Sharia Supervision and Secretary to the Sharia Supervisory Council

26 Rajab 1444 A.H.
18 February 2023

OrphanCare

PROGRESS UPDATE 2022

The OrphanCare programme, for which Amāna Bank is the Founding Sponsor, continued to make significant strides despite encountering another challenging year marked by an unprecedented economic crisis and the residual impact of the Covid-19 pandemic.

Launched in 2019, OrphanCare was established as an independent Trust with the objective of addressing a very important yet mostly unattended need of orphan children; which is to secure the fate of orphans once they reach the age of 18, the age at which they are compelled to leave institutional care. The OrphanCare program addresses Goal Number 10 of the UN Sustainable Development Goals (SDG) – “Reduced Inequalities”, contributing towards enabling growth and enriching the lives of orphaned young adults, saving them from a second abandonment.

As a foundational principle that defines the essence and identity of the Trust, OrphanCare ensures every monetary donation received by the trust is allocated for orphans accounts while Amāna Bank continues to bear all operating and administrative costs of the Trust.

While anticipated fund inflows to the Trust account and the orphan enrolment process were subject to unforeseen disruptions largely due to the impact of the pandemic and the economic challenges encountered by the country, the trust ensured timely payment of funds to all beneficiaries by exercising 4 rounds of fund disbursements during the year.

Since launch, OrphanCare has made 13 rounds of fund disbursements totalling over LKR 42 million. As of 31 December 2022, the OrphanCare had enrolled over 3,100 orphans to the programme represented from 90 Child Care homes across the country.



FUND MOBILISATION

Despite encountering conditions not ideal and not conducive to fund mobilisation for reasons detailed above, the OrphanCare fund continued to showcase healthy growths trends with contributions flowing in from individual and institutional donors locally and overseas. A significant feature of the team’s fund mobilisation efforts is fund inflows have consistently been higher than the funds disbursed to individual orphan’s accounts a trend which bears testimony to the sustainability of the Trust.

- ◆ OrphanCare Till placements served as a good tool of building publicity and engagement apart from the fund mobilisation benefits. In addition to till placements at Amāna Bank Branches, till placements at external merchant locations were also expanded across the country by using the branch network to good effect. This is an on-going exercise and augurs well for the future growth in funds.
- ◆ In addition to the project’s Pay&Go partnership which is a convenient channel of donations powered by 900+ Pay&Go kiosks placed island-wide, the Bank also initiated digital payments for donations by activating the QR code donation option, giving donors the option of scanning the QR labels and making payments using their payment apps on the mobile phone.
- ◆ OrphanCare launched its very own exclusive website under the banner www.orphanare.org. The website was developed in partnership with eBEYONDS (Pvt) Limited, who have come on board as the Official Digital Technology and Solutions Partner for OrphanCare. The informative and interactive www.orphanare.org website, provides donors and well-wishers an insight to the OrphanCare initiative as well as the impact it has reached thus far. The website also facilitate online donation payments where donors can use their credit/debit cards for donations. The internet payment gateway was facilitated courtesy of our IPG service partner M/s Webexpay.

- ◆ The OrphanCare team continued to pursue standing orders by re-launching the one standing order per day initiative at all Amāna Bank branches from which a steady inflow of funds were ensured to the Trust.
- ◆ As the Founding Sponsor, Amāna Bank launched an innovative and unique fund mobilisation campaign associated with the T20 Cricket World Cup. With the purpose of sharing the joy and achievements of Sri Lanka Cricket, a campaign under the theme “ජයග්‍රහණයට එතා ගිය මනුෂ්‍යත්වය | Humanity Beyond Victory”, was carried out, where the Bank contributed funds to OrphanCare based on the performance of the Sri Lankan cricket team during the Super 12 stage and knock-out matches. Every boundary and six scored by a Lankan batsman and every wicket taken by a Lankan bowler resulted in the Bank contributing a significant sum of funds to the Trust account in what was a successful campaign initiated and driven by the Bank’s Marketing & Corporate Communications Department.
- ◆ The donor engagement process, where the team issues a periodic update of new and repeat initiatives undertaken as well as the achievements was continued. This aided the fund mobilisation with repeat donations recorded and new leads established through donor referrals.

CARING FOR 18+ ORPHANS

The OrphanCare team continued with its focus on profiling Orphans registered with OrphanCare who reached the age of 18. This is an on-going process to facilitate skills development and employability and constitutes part of orphan engagement to guide them with sound financial advice and qualitative support. Profiling is done capturing their educational levels, language skills and career aspirations based on which the OrphanCare team facilitated their needs by matching their requirements with forthcoming donors of both individual and institutional capacity. This will continue to be a strong area of focus and engagement of the OrphanCare initiative. Over 43 students have so far benefitted through our qualitative support initiatives.



OrphanCare

PARTNERSHIP PLATFORM

With the objective of OrphanCare reaching greater heights, the OrphanCare Trust had embarked on a structured engagement plan with reputed business organisations, inviting leading corporates to join hands as partners providing both financial and non-financial value addition. Through this platform, the partners are given an opportunity to engage as well as feature OrphanCare as one of their key CSR and Sustainability Contributions. OrphanCare Trust introduced three types of Partnership Platforms

- ◆ **Corporate Partner:** Provide an annual financial contribution to Orphan Care Trust Fund
- ◆ **Service Partner:** Provide services to defined areas of support to OrphanCare Trust such as Media, Creative Production, Hotel, Loyalty Platform, Event, etc
- ◆ **Care Partner:** Supporting orphan enrichment through Health, Education, Vocational Training, Employment, etc

The on-boarding of partners is expected to enhance the financial contribution to the fund as well as the benefits to Orphan in the coming years.

PUBLICITY ENGAGEMENT AND RECOGNITIONS

OrphanCare continued to be highly revered amongst donors, well-wishers and the general public for which the initiative received both local and international recognitions including Amāna Bank winning the award for Best CSR Bank in Sri Lanka by Global Banking & Finance Review Awards. The team continued with its public engagement programs through its OrphanCare Facebook page and partnership with eBeyonds (Pvt) Ltd launched an exclusive OrphanCare website under the address www.orphancares.org.

The Trust was also presented with the Citizens Social Responsibility Award 2022 by the UNICEF Country Representative Mr. Christian Skoog at the United Nations Volunteer Day Celebrations in recognition of the humanitarian service the Trust has rendered towards orphans welfare in Sri Lanka.



Scan Me to Visit Orphancares
<https://www.orphancares.org>

TRUSTEES AND GOVERNANCE

The OrphanCare Trust is administered by a team of independent trustees who have a strong track record of passionate social service and have instituted a robust governance framework to maintain the highest standard of integrity and to ensure long-term sustainability of the Trust. Further the trust has engaged the services of M/s Ernst & Young, whom having learnt our noble cause, provided auditing services on a gratis basis, to audit the OrphanCare trust activities and accounts. The Trust has been subjected to three financial audits which have been successfully concluded with compliance to all regulatory and tax requirements.

Board of Trustees

- ◆ Ruzly Hussain – Chairman of the Trust (founder of Rotaract Movement in Sri Lanka)
- ◆ Miss Primrose Shireen Watson (Secretary to the Trust)
- ◆ Jazri Magdon Ismail - Treasurer of the Trust (Past President AAT)
- ◆ Harsha Amarasekera (President's Counsel)
- ◆ K R Ravindran (Chairman, Board of Trustees Rotary Foundation USA and former President Rotary International)
- ◆ Tilak De Zoysa (Chairman – Helpage)
- ◆ Sharad Amalean (Founder MAS Holdings)
- ◆ Osman Kassim (Founder Chairman Amāna Bank)
- ◆ Tyeab Akbarally (Senior Director Akbar Brothers)
- ◆ Mohamed Azmeer (Managing Director/CEO Amāna Bank)

OrphanCare Management Team

- ◆ Azad Zaheed (Head of OrphanCare)
- ◆ Marshad Barry (Deputy Head – OrphanCare)
- ◆ Rishan Tuan (Junior Executive)



ORPHANCARE SUCCESS STORIES

Pathmeswaran Thuzanthika, an orphan from Trincomalee who was preparing for her advance level examinations, reached out to the OrphanCare trust to support her with assistance to cover her tuition fees for the 2021 A/L examinations. With OrphanCare’s assistance and her hard work, Thuzanthika was able to obtain 3 ‘B’ passes at the examinations and is eagerly awaiting for her university admission.

“I am an orphan and I have big dream to become a university lecturer but I never thought I will be able to come this far if not for many who helped me in this life journey of mine. I can’t forget the support OrphanCare gave me for the tuition to get the additional knowledge which helped me do well in my exams and gain university admission. I will reach my dream one day and I want to help many orphans like me in future and I will always support OrphanCare.”

Fahim Fazloon, from Makola Orphanage successfully completed his O/L exams and went on complete a vocational training programme at the Divisional Secretariat Resource Centre. Having completed this course, Fahim was on a look for a suitable employment and approached OrphanCare for assistance. In response to his appeal and to help his upward progression, the OrphanCare team was successful in arranging a job for him at the popular restaurant chain. He is currently employed as a Trainee Store Keeper, a post he enjoys and hopes to continue with the intention of self-funding his higher studies.

“I am indeed thankful to OrphanCare. When I completed 18 years I walked in to Amāna Bank to withdraw the funds in my account. They directed me to the OrphanCare Secretariat who already had my information and they advised me for better use of my funds and I also shared with them my requirement of an employment and they arranged it. I look forward to my life to be better in this new chapter open for me”

Farook Fathima Minha, a bright student from Al Ashraq National School, had excelled in her O/L examinations securing 9 A’s. With an ambition of becoming a doctor, Minha commenced her A/L preparation, but due to the pandemic and her financial status, she could not make much progress due to not having the necessary IT equipment to attend virtual classes and was considering of giving up her dream. Having understood her plight and her eagerness to do well in her studies, OrphanCare was able to intervene and support Minha’s online studies by facilitating a brand new laptop. Despite falling short in her first attempt, Minha is eager to re-sit the A/L examinations with renewed vigour.

“I am indeed grateful to OrphanCare because during the pandemic everything came to a standstill and I did not have any hope to continue my Advanced Level Examination because many classes were conducted online and I didn’t have any facility to continue my studies. At that crucial time I got a call from Orphan Care and they were inquiring about my education and progress. I told them my problem and it was indeed quite a surprise when I got call from Amāna Bank Ninthaur Branch to collect a Brand new Lap top. I was very happy to receive this. I feel even if my father was alive I don’t think I would have got a Lap top like this which encouraged me to reconsider to do my Advance Level”

OrphanCare

LIST OF ENGAGED ORPHANAGES

- ◆ A C C C Child Development Centre
- ◆ Al Akram Child Development Center
- ◆ Al Noor Orphanage
- ◆ Al-Hassanath Orphanage
- ◆ Amman Mahalir Illam Child Development Centre
- ◆ Anbu Illam Child Development Centre
- ◆ Annai Saratha Girls Home
- ◆ Aroma Boys/Girls Children's Home
- ◆ Ash-Shifa Children's Home
- ◆ Bhakthiwedantha Child Development Centre (Gokulam)
- ◆ Bosko Sewana
- ◆ Boys Industrial Home
- ◆ Buddha Boys\Girls Child Development Centre
- ◆ Buddhist Girls Home - Matara
- ◆ Canaan Harvest Children's Home
- ◆ Ceylon Moor Ladies Union
- ◆ Children Of Joy Home
- ◆ CIS Infants Home & Orphanage
- ◆ Convent of the Child Jesus
- ◆ Dharul Hasanath Children's Home
- ◆ Disala Children's Home
- ◆ Don Bosko Child Development Center
- ◆ Fathima Welfare Centre
- ◆ Girls Child Development Centre Of Child Protection Association
- ◆ Give Light Home
- ◆ Gnanodaya Padanama Mawpiya Sewana Lama Niwasaya
- ◆ Gunasekara Child Development Center
- ◆ Hindu Anbaham Children's Home
- ◆ Holy Cross Children's Home
- ◆ Ishathul Islam Orphanage
- ◆ Islamia Home for the Needy & Orphan Children
- ◆ Isuru Lama Sewana Child Development Centre
- ◆ Jeevani Child Development Centre
- ◆ Karunalayam Child Development Centre
- ◆ Ladani Institute / Children's Home
- ◆ Loris Girl's Home
- ◆ Lourdes Girl's Home
- ◆ Kattankudy Muslim Orphanage Welfare
- ◆ Makola Muslim Orphanage
- ◆ Manikkavasagar Boys Home
- ◆ Maw Sewana
- ◆ Mercy Lanka
- ◆ Methodist Children's Home
- ◆ Methsarana Rehabilitation Child Development Centre
- ◆ Mithra Lama Niwasaya
- ◆ Noguchi Child Development Centre
- ◆ Pearls of Paradise
- ◆ Peter Weerasekara Boys & Girls Development Centre
- ◆ Rawlathul Athfa Child Development Centre
- ◆ Ruhuna Children's Orphanage
- ◆ Salvation Army-Girls Child Development Centre
- ◆ Samadhi Child Development Center
- ◆ Sebamalai Mariyannai
- ◆ Serving Centre For Differently Abled
- ◆ Shakti Girls Home
- ◆ Shalom Children's Home
- ◆ Share & Care Community Home
- ◆ Sharon Orphanage
- ◆ Shepherd's Heart
- ◆ Shilpa Children Home
- ◆ Shri Sanghamitta Balika Development Centre
- ◆ Sirisangabo Children's Home
- ◆ Sivan Arul Child Development Centre
- ◆ Sivananda Thapovanam
- ◆ Sneha Development Centre
- ◆ SOS Children's Village (Anuradhapura)
- ◆ SOS Children's Village (Galle)
- ◆ SOS Children's Village (Jaffna)
- ◆ SOS Children's Village (Monaragala)
- ◆ SOS Children's Village (Nuwara Eliya)
- ◆ SOS Children's Village (Piliyandala)
- ◆ Sri Agilandeswari Arulham
- ◆ Sri Jinananda Development Centre
- ◆ Sri Lankadhara Child Development Centre
- ◆ Sri Sanmuga Girls Home
- ◆ Sri Sri Ravishankar, Children's Living & Learning Center
- ◆ Sri Yasodara Devi Aramaya, Girls Home
- ◆ Sripathi Childrens Home
- ◆ St. Joseph Girls Home
- ◆ St. Peter's Children's Home
- ◆ Sunfor Child Development Centre
- ◆ Swami Vipulananda Children's Home
- ◆ Swami Vipulanantha Children's Home
- ◆ The Guardian Child Development Centre
- ◆ Tudawe Children Home
- ◆ Udhaya Children Hmoe
- ◆ Ursula Children's Home
- ◆ V S B Child Development Centre
- ◆ Wijewardhana Balika Child Development Centre
- ◆ Yoga Swamy Saiva Girl's Hostel

WE INVITE YOUR CONCERN, COLLABORATION AND CONTRIBUTIONS

If you are moved and driven by our cause, please join us in making a difference in the lives of young adults who have, for too long, been forgotten and neglected. You may make your contributions by visiting any of our branches or transferring your donation to the Amāna Bank OrphanCare Trust Account.

HOW TO DONATE

Account Deposit / Transfer

Account Name : Amāna Bank OrphanCare Trust
 Account Number : 037-0345503-003
 Account Bank & Branch : Amāna Bank – Main Branch
 SWIFT Code : AMNALKLX

Donate through any Pay&Go Kiosks | <https://www.orphancares.org/donate/>

CONTACT DETAILS

Azad Zaheed


Head of OrphanCare

Marshad Barry

Deputy Head - OrphanCare

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Telephone : +94 11 775 6 775

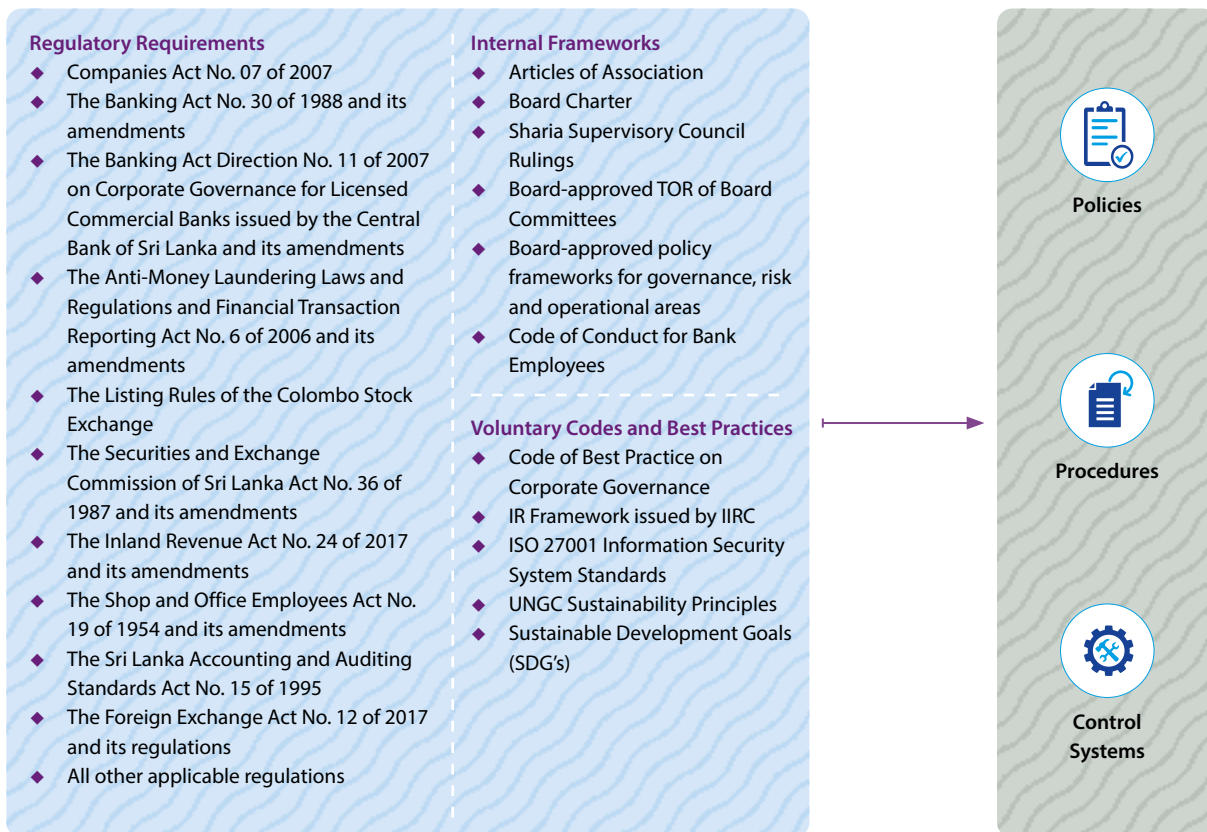


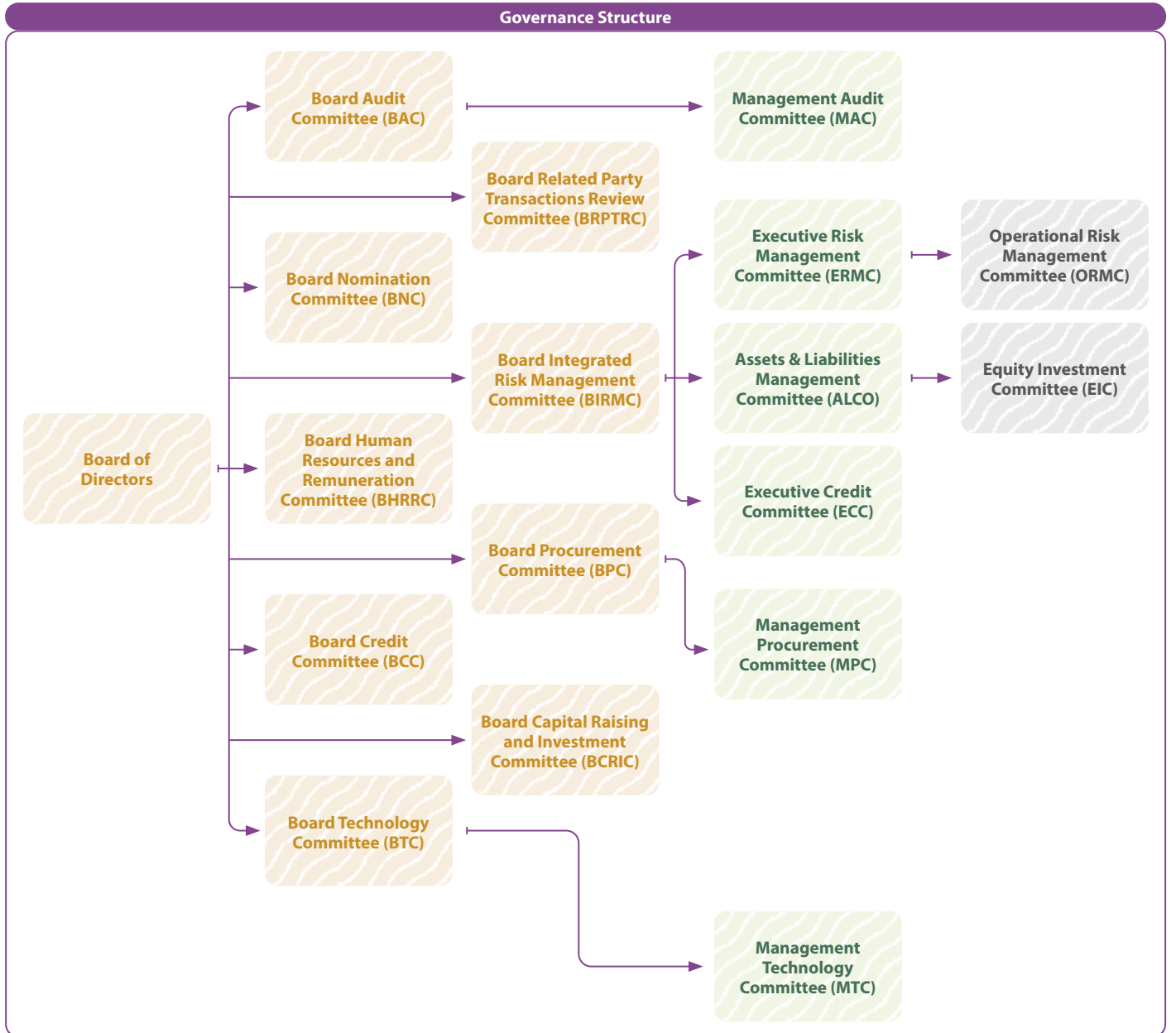
Built upon our values,
ethics and inclusivity we
are consistent in our quest
towards enabling growth
and enriching lives

Corporate Governance Report

AMĀNA BANK'S COMMITMENT TO GOOD GOVERNANCE

Amāna Bank is committed to the highest standards of corporate governance at all levels of the business. As an essential part of this commitment, the Bank has established a comprehensive Corporate Governance Framework that encapsulates the internal principles and external regulatory requirements applicable to Amāna Bank PLC's operations as a licensed commercial bank operating under Islamic banking principles and voluntary codes and best practices that the Bank has adopted, which together provide the foundation for the governance policies, procedures and oversight structures established by the Bank.





Corporate Governance Report

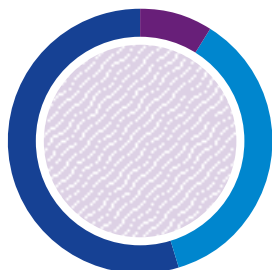
BOARD OF DIRECTORS

Amāna Bank’s Board of Directors is the highest governing body of the Bank and as such remains the key custodian of stakeholder interests. In this capacity the Board is accountable to its stakeholders for conducting the affairs of the Bank in line with their expectations and aspirations.

Changes that took place to the Board composition during the current financial year include the appointment of Mr. Mohamed Azmeer as Managing Director/CEO to the Board with effect from 27 April 2022. Meanwhile Mr. Rajiv Nandlal Dvivedi having reached the mandatory retirement age of 70, stepped down from his position as a Non-Executive, Senior Independent Director on the Amāna Bank Board with effect from 11 January 2023. Mr. Mohammad Hassan of IsDB Group was appointed to the Board on 18 January 2023, to take up the vacancy created by the resignation of Mr. Paul Mercer, the IsDB Group representative, who functioned as a Non-Executive Director on the Board of Amāna Bank until 20 November 2022.

Consequently, the Amāna Bank Board as at 31 December 2022 consisted of 1 Executive Director and 10 Non-Executive Directors of whom 4 are

Mix of Directors



- Executive Directors 1
- Independent Non-Executive Directors 4
- Non-Independent Non-Executive Directors 6

Independent Directors. The current size and composition of the Bank’s Board is considered to have the appropriate balance and mix of skills to provide the necessary breadth and depth of knowledge and experience to effectively meet the Board’s responsibilities and objectives.

Among the 11 members on the Amāna Bank Board, 10 are Non-Executive Directors. Non-Executive Directors have various different perspectives to facilitate active Board debate. They draw on their experience and knowledge to deliberate management proposals in relation to the development of strategy and business objectives.

Please refer page 24 of this report for the profiles of all Board directors.

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| International Banking and Finance | ● | ● | ● | ● | ● | ● | ● | | | | | | | | | | | | | |
| Financial Advisory | ● | ● | ● | ● | | | | | | | | | | | | | | | | |
| Audit and Assurance | ● | | | | | | | | | | | | | | | | | | | |
| Marketing | ● | ● | ● | ● | | | | | | | | | | | | | | | | |
| Strategy and Business Development | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Information Technology | ● | | | | | | | | | | | | | | | | | | | |
| Legal and Regulatory | ● | ● | ● | ● | ● | | | | | | | | | | | | | | | |
| ESG | ● | ● | | | | | | | | | | | | | | | | | | |
| Leadership Roles in other organisations | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board provides leadership and strategic guidance for conducting the affairs of the Bank in accordance with applicable legal and regulatory frameworks and governance best practices.

As the apex governing body of Amāna Bank, the duties and responsibilities of the Board are outlined by the Board Charter. As specified in the Board Charter, the Board is responsible for monitoring the operational and financial position and performance of the Bank and for providing guidance and oversight for establishing a comprehensive Bank-wide risk and control system to manage risks across all operations.

The Board is accountable for ensuring that financial and other reporting mechanisms are in place to support accurate and timely disclosures to shareholders and the regulators. The Board is further responsible for ensuring the Bank’s IT systems are safeguarded against internal and external breaches at all times. As the ultimate authority within the Bank, the Amāna Bank Board strives to ensure the Bank is managed sustainably in line with Environmental, Social, Governance best practices.

The Board is also the chief advocate for shareholder rights and as such is responsible for keeping shareholders abreast of the Bank’s affairs through the publication of all regulatory disclosures, including quarterly and Interim Financial Statements as well the Annual Report and Annual Financial Statements. The Board considers the AGM to be an opportunity for shareholders to connect with Directors and Key

Management Personnel. The Amāna Bank PLC AGM for 2021 was conducted on 25 March 2022 at the Bank's Head Office with the participation of all Board Directors, KMPs and approximately 42 shareholders/proxy holders representing 71% of the equity stake in the Bank. All shareholders are invited to participate in the Bank's 14th AGM which is scheduled to be held on 30 March 2023 at the Bank's head office via a digital platform.

As part of its oversight role, the Board is also responsible for reviewing and updating the Bank's internal compliance procedures and in doing so sets the tone for a culture of ethics and good business conduct. Taking all reasonable steps to ensure that the Bank's business operations are conducted in an open and ethical manner in line with all regulatory requirements and governance best practices, the Board has established the whistleblower process to enable any form of misconduct to be reported anonymously. A link on the corporate website, a dedicated email and a direct call-in number have been put in place to receive whistleblower complaints. A drop box has also been installed at the Amāna Bank head office with necessary safeguards in place to protect the confidentiality of the whistleblower. Complaints received through these channels are received by the whistleblower investigation panel comprising the Chief Internal Auditor together with the CRO and the CCO. The panel conducts a thorough investigation. Furthermore, if in the event a whistleblower has chosen to disclose his/her identity, the panel maintains ongoing two-way communication to keep the complainant party informed of the progress of the investigation. However, should the whistleblower choose to remain anonymous, the Bank does not contact the complainant. All whistleblower complaints along with their appropriate resolution are recorded by the investigation panel and formally communicated to the Board Audit Committee on a quarterly basis.

Matters expressly reserved for Board approval;

- ◆ Setting the Bank's vision, mission and values
- ◆ Oversees the development of the corporate strategy and reviewing and approving strategic plans to reflect the Bank's vision
- ◆ Approving of all major capital investments to support the Bank's growth trajectory
- ◆ Appointment/Removal of Board members and members of Board Sub Committees, Key Management Personnel (KMPs) and the Company Secretary
- ◆ Reviewing and updating Directors' Remuneration and KMPs
- ◆ Evaluating the performance of the Managing Director / CEO and KMPs to assess the achievement of corporate objectives
- ◆ Approving succession plans for key leadership positions across the Bank
- ◆ Regularly reviewing and to the extent necessary, amending the Board Charter, the TOR's of Board Committees and other governance policies and procedures

Board Focus 2022

| | |
|--------------------------------------|---|
| Strategy and Purpose | <ul style="list-style-type: none"> ◆ Approval of strategic plan for 2022 and Beyond ◆ Approval of annual budgets and performance goals for 2022 |
| Risk management and Internal control | <ul style="list-style-type: none"> ◆ Revised credit risk appetite limits to take cognizance of the worsening economic crisis ◆ Strengthened the Integrated Risk Management Framework |
| Governance and Control | <ul style="list-style-type: none"> ◆ Reviewed and updated the following policies to reflect compliance requirements and take cognizance of macroeconomic uncertainties ◆ Treasury Risk Policy ◆ AML Policy ◆ Credit Risk Policy ◆ AML/CFT policy ◆ Reviewed and updated the TOR (Terms of Reference) for the BHRRRC (Board Human Resources and Remuneration) Committees |
| Financial performance and Reporting | <ul style="list-style-type: none"> ◆ Reviewed the financial performance of the Bank ◆ Approved quarterly financials for publication ◆ Approved the annual report for publication ◆ Set the date for the AGM for Financial Year 2022 |
| Sustainability | <ul style="list-style-type: none"> ◆ Expanded the scope of the Orphan Care initiative to create a platform of fraternal organisations to contribute to the cause. |

Please refer to the Annual Report of the Board of Directors on the Affairs of the Bank on Page 136 of this Annual Report for more information about Board activities for 2022.

Corporate Governance Report

Roles of the Chairman and Managing Director/CEO

The roles of Amāna Bank PLC Chairman and the Managing Director / CEO are distinctly different. The Chairman - a Non-Executive, Non-Independent Director presides over Board meetings and leads the Directors to ensure adequate time is allocated to evaluate the Bank's performance against strategy on an ongoing basis. In this regard, the Chairman is required to maintain regular contact with the Managing Director/CEO on operational matters and in turn keep the Board apprised accordingly.

The Managing Director/CEO operates under the delegated authority of the Board and functions as the leading executive in charge of the day to day management of the Bank. The primary responsibilities of Amāna Bank's Managing Director/ CEO are;

- ◆ Executing strategy agreed by the Board and reporting regularly on the progress and performance of the Bank
- ◆ Collaborating with KMPs to achieve the strategic objectives and performance targets set out by the Board
- ◆ Providing oversight for risk management activities, including formulating strategies for managing these risks for consideration by the Board
- ◆ Managing the Bank's current financial and other reporting mechanisms together with managing day-to-day operations within the budget
- ◆ Implementing the Bank's internal controls and procedures for monitoring these controls and ensuring that these controls and procedures are appropriate and effective
- ◆ Providing the Board with accurate and sufficient information regarding the Bank's operations on a timely basis and ensuring that the Board is made aware of all relevant matters

BOARD MEETINGS

The Amāna Bank Board meets at least once every month, and more often when needed, to discuss and decide on business strategies / policies and review the financial and operational performance of the Bank in the context of ongoing challenges and opportunities.

Board meetings are planned well in advance and communicated to all Board members. The agenda for each Board meeting is set by the Chairman in discussion with the Company Secretary. The agenda and all relevant board papers are circulated among the Directors at least 7 working days prior to the meeting. Directors are expected to fully review board papers in preparation for the Board meeting. For this purpose, the Directors have unfettered access to the Company Secretary and any member of the Management Committee for any information or clarifications. All Directors are expected to participate and actively contribute at Board Meetings. On occasion, members of the Management Committee may also be invited to attend meetings to address specific agenda items.

Minutes of every Board Meeting are documented and maintained under the purview of the Company Secretary. The Company Secretary is required to obtain the Chairman's approval prior to circulating minutes among the Directors. Minutes of the meetings are typically circulated within 7 days after the meeting date.

Directors' Attendance at Board and Subcommittee Meetings during 2022

| Name of Director | Main Board | | Board Audit Committee | | Board Credit Committee | | Board Nomination Committee | | Board Integrated Risk Management Committee | | Board Human Resources and Remuneration Committee | | Board Related Party Transactions Review Committee | |
|---|--------------|-------------|-----------------------|-------------|------------------------|-------------|----------------------------|-------------|--|-------------|--|-------------|---|-------------|
| | Participated | Eligibility | Participated | Eligibility | Participated | Eligibility | Participated | Eligibility | Participated | Eligibility | Participated | Eligibility | Participated | Eligibility |
| Mr. Ali Asghar Akbarally ¹ | 11 | 12 | - | - | 8 | 9 | 4 | 4 | - | - | 2 | 2 | - | - |
| Mr. Mohamed Azmeer ² (appointed w.e.f. 27 April 2022) | 8 | 8 | - | - | - | - | - | - | 2 | 4 | - | - | - | - |
| Mr. Rajiv Nandlal Divedi ³ | 11 | 12 | 4 | 7 | - | - | 4 | 4 | 4 | 4 | - | - | 2 | 4 |
| Mr. Dilshan Hettiaratchi ⁴ | 11 | 12 | - | - | 9 | 9 | 4 | 4 | - | - | 2 | 2 | 4 | 4 |
| Mr. Aaron Russell-Davison ⁴ | 12 | 12 | 5 | 7 | - | - | - | - | 3 | 4 | 2 | 2 | 4 | 4 |
| Mr. Mohammed Ataur Rahman Chowdhury ⁵ | 12 | 12 | 6 | 7 | - | - | 4 | 4 | 4 | 4 | 2 | 2 | - | - |
| Mr. Syed Muhammed Asim Raza ⁵ | 12 | 12 | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Khairul Muzamel Perera Bin Abdullah ⁵ | 12 | 12 | - | - | - | - | - | - | 4 | 4 | - | - | - | - |
| Mr. Omar Kassim ⁵ | 11 | 12 | 4 | 7 | - | - | - | - | - | - | - | - | - | - |
| Mr. Tishan Subasinghe ⁴ | 11 | 12 | 7 | 7 | - | - | 4 | 4 | 4 | 4 | 2 | 2 | 4 | 4 |
| Mr. Paul Mercer ⁵ (resigned w.e.f. 20 November 2022) | 11 | 11 | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Mohamed Adamaly ⁵ | 12 | 12 | - | - | 8 | 9 | - | - | - | - | - | - | - | - |

1 - Chairman, Non-Executive, Non-Independent Director

2 - Managing Director/CEO

3 - Non-Executive, Senior Independent Director

4 - Non-Executive, Independent Director

5 - Non-Executive, Non-Independent Director

Corporate Governance Report

Board Sub committees

To assist in carrying out its duties and responsibilities effectively, the Board has established Board Sub-Committees to oversee and report back with their recommendations on particular functional areas. These Committees are tasked with providing oversight and guidance to KMPs and provides insights to the Board in the respective areas. The scope, functions, roles and responsibilities and meeting frequency of each Board Committee are set out in their respective TOR (Terms of Reference) which are reviewed regularly by the Board to ensure they are in line with the updated regulations. Please refer pages 143 to 150 of this report for full details regarding the work undertaken by the Board Sub Committees in 2022.

Evaluating the Performance of the Board and Board Sub Committees

Each Director and the Amāna Bank Board as a whole carries an annual self-evaluation to determine if, Directors individually and the Board collectively has executed their respective duties and responsibilities effectively in line with the provisions outlined by the Board Charter. The annual Board and self-evaluation of the Directors is conducted through an online portal where each director is given a link to complete and submit the evaluation online to the Company Secretary who then collates the findings and presents it at the Board Meeting. The Board Evaluation for the year 2022 was carried out in January 2023 and the outcome was presented to the Board on 28 January 2023. The annual self-evaluation of Board Sub Committees is also an important part of the Board evaluation process.

Directors Training

All Directors have access to training to build their skills and expertise on relevant topics. In the current financial year, several Amāna Bank Directors participated in the AML / CFT knowledge sharing workshops conducted by the CBSL.

In December 2022, Amāna Bank held its first ever GRC (Governance, Risk, Compliance) Forum which served as an important capacity building initiative for Board members and KMPs of the Bank.

Management Level Committees

Management Level Committees are executive committees instilled by the Managing Director/CEO to deepen the focus on certain areas of the day to day business operations.

Management Committees usually consist of KMPs and operate via the committee-specific TOR's approved by the Board. Board Sub Committees provide supervisory oversight for Management Level Committees.

| Rule Number | Rule | Status of Compliance |
|---------------|--|--|
| 3 (1) | THE RESPONSIBILITIES OF THE BOARD | |
| 3 (1) (i) | The Board shall strengthen the safety and soundness of the Bank by ensuring the implementation of the following:- | |
| 3 (1) (i) (a) | Approve and oversee the Bank's strategic objectives and corporate values and ensure that these are communicated throughout the Bank. | <p>Complied.</p> <p>The strategic objective and corporate values of the Bank are incorporated in the Board approved Strategic Plan. Annual Budget has been approved by the Board and prepared based on the Strategic Plan for 2023 to 2026. Strategic objectives and Corporate values are assessed at regular meetings with the Management Committee and cascaded down to all staff levels by each Management Committee member through regular meetings, briefings and discussions.</p> |
| 3 (1) (i) (b) | Approve the overall business strategy of the Bank, including the Risk Policy and Risk Management procedures and mechanisms with measurable goals, for at least for the next three years. | <p>Complied.</p> <p>The Bank's overall Strategic Plan was prepared for the next four years which includes business strategy and measurable goals were approved by the Board subsequent to detailed deliberation. This includes the financial projections too. Board approved Risk Policy and the Integrated Risk Management (IRM) Framework includes risk management procedures, mechanism and measurable goals based on the Strategic Plan. These are monitored regularly and annually reviewed to dynamically and effectively manage the risk appetite of the Bank.</p> |
| 3 (1) (i) (c) | Identify the principal risks and ensure implementation of appropriate systems to manage the risks prudently. | <p>Complied.</p> <p>A stringent risk management process has been established in the Risk Policy and appropriate strategies have been adopted according to Bank's risk appetite. The Board Integrated Risk Management Committee (BIRMC) uses a comprehensive dashboard to monitor the IRM Framework prudently and reports to the Board through a well-structured Risk reporting system. BIRMC Chairman's report consisting of deliberation and minutes of the BIRMC are submitted to the Board periodically. The Board has a process where Board members discuss new strategies and products in detail, which is to be introduced during the year.</p> |
| 3 (1) (i) (d) | Approve implementation of a policy of communication with all stakeholders, including depositors, creditors, shareholders and borrowers. | <p>Complied.</p> <p>A comprehensive communication policy approved by the Board is in place. This covers the communication to all stakeholders, depositors, creditors, shareholders and clients.</p> |
| 3 (1) (i) (e) | Review the adequacy and the integrity of the Bank's internal control systems and management information systems. | <p>Complied.</p> <p>Board Audit Committee (BAC) reviews the adequacy and the integrity of the Bank's internal control system and management information system (MIS) on a regular basis. The adequacy and the integrity of the Bank's internal control system and MIS are determined by the Internal Audit Department regularly who submit a report to the BAC. The BAC and the Board have examined the report for 2022 and have expressed their satisfaction on the adequacy and integrity of the MIS.</p> |

Corporate Governance Report

| Rule Number | Rule | Status of Compliance |
|---------------|---|---|
| 3 (1) (i) (f) | Identify and designate Officers Performing Executive Functions of Licensed Commercial Banks (LCB) as referred to in the Banking Act Determination No. 01 of 2019 on Assessment of Fitness and Propriety of Chief Executive Officer and Officers Performing Executive Functions in Licensed Banks. | Complied. The Bank has identified and designated Key Management Personnel (KMP) as per the Banking Act Determination No. 01 of 2019. The MD/CEO, CFO, SVPs, VPs, Chief Compliance Officer, Head of Legal, Company Secretary, Chief Information Officer, Chief Internal Auditor and Chief Risk Officer have been identified as KMP as per the CBSL Guideline. |
| 3 (1) (i) (g) | Define the areas of authority and key responsibilities for the Board Directors themselves and for Key Management Personnel. | Complied. Segregation of duties and authorities between the Board of Directors and KMPs is in place, where Directors are responsible for strategic decisions and the KMPs are responsible for carrying out the decisions. Article 29 of the Bank's Articles of Association, stipulates the authority and key responsibilities of the Board of Directors. Board approved functions and responsibilities of the MD/CEO are in place. Key responsibilities of the KMPs are defined in the individual job description which have been submitted to the Board Nomination Committee and approved by the Board. Delegated authorities of the KMPs have been approved by the Board through the amendment to the Credit Risk Policy. |
| 3 (1) (i) (h) | Ensure that there is appropriate oversight of the affairs of the Bank by Key Management Personnel that is consistent with Board's policy. | Complied. Board of Directors has oversight on the KMPs at Board and Board sub-committee meetings, where KMPs are called or present to make regular presentations to the Board on matters under their purview and explain matters relating to their concerns. All policies are also reviewed and approved by the Board, thereby ensuring appropriate Board oversight. |
| 3 (1) (i) (i) | Periodically assess the effectiveness of the Board of Directors' own governance practices, including | Complied. |
| | (i) the selection, nomination and election of Directors and Key Management Personnel: | The Board Nomination Committee (BNC) is delegated with the functions of selecting, nominating and election of Directors and KMPs in line with the approved Terms of Reference (TOR) of the BNC by the Board. Further, Article 28 of the Bank's Articles of Association stipulates the appointment of the Directors. |
| | (ii) the management of conflicts of interest and | Article 34 of the Bank's Articles of Association cover Directors' interests and a Directors' interest register is maintained by the Board Secretary. Furthermore, management of conflicts of interest is covered in the Board approved Policy of Related Party transactions. |

| Rule Number | Rule | Status of Compliance |
|---------------|--|---|
| 3 (1) (i) (i) | (iii) the determination of weaknesses and implementation of changes where necessary | Bank has a self-evaluation process in place for the Board of Directors, which evaluates the Directors' own governance practices. The Company Secretary submits a summary of the self-evaluation to the Board for their review and action if necessary. |
| 3 (1) (i) (j) | Ensure that the Board has an appropriate succession plan for Key Management Personnel | Complied. A succession plan for Key Management Personnel approved by the Board is in place. |
| 3 (1) (i) (k) | Meet regularly, on a needs basis, with the Key Management Personnel to review policies, establish communication lines and monitor progress towards corporate objectives. | Complied. KMPs are called or present to make regular presentations to the Board or Board Sub-Committees relating to matters under their purview and bring up any concerns, thus, establishing communication and monitoring progress towards corporate objectives. All policies are also reviewed and approved at the Board, thereby ensuring appropriate Board oversight. |
| 3 (1) (i) (l) | Understand the regulatory environment and ensure that the Bank maintains an effective relationship with regulators | Complied. The Company Secretary is statutorily responsible for communications with the Registrar of Companies and also furnishes the Board Orientation Pack which includes CBSL guidelines, Regulatory guidelines, determinations and rules of Corporate Governance to a new Director for his/her information, on being appointed to the Board. A web Conference on the theme of "High Level web conference on key aspects of AML/CFT compliance for BOD and Key Management Personnel of Licensed Banks and Licensed Finance Companies" conducted by Finance Intelligence Unit of Sri Lanka was arranged for Directors on 30 November 2022. The Chief Compliance Officer (CCO) submits AML/CFT Dashboard and quarterly Compliance reports to the Board through BIRMC that assists the Board to identify the regulatory environment and requirements. Furthermore, the CCO also updates the BIRMC with the latest regulatory changes on a quarterly basis which is escalated to the Board for their information. Board ensures that effective relationships with the regulators are maintained by way of active participation at the meetings with the regulators by the MD/ CEO and Board members. |
| 3 (1) (i) (m) | Exercise due diligence in the hiring and oversight of external auditors. | Complied. The Board has delegated this process for hiring and oversight of the External Auditors to the BAC as per the approved TOR of the BAC. Furthermore, Article 46 of the Bank's Articles of Association covers the appointment of the External Auditors who are appointed at the Annual General Meeting (AGM). |

Corporate Governance Report

| Rule Number | Rule | Status of Compliance |
|--------------|--|---|
| 3 (1) (ii) | The Board shall appoint the Chairman and the Chief Executive Officer and define and approve the functions and responsibilities of the Chairman and the Chief Executive Officer in line with direction 3 (5) of these directions | Complied. The functions and responsibilities of the Chairman and MD/CEO are appropriately defined and approved by the Board in line with Direction 3 (5). The positions of the Chairman and MD/CEO are separated. |
| | BOARD PROCEDURE | |
| 3 (1) (iii) | The Board shall meet regularly and Board meetings shall be held at least twelve times a year at approximately monthly interval. Such regular Board meetings shall normally involve active participation in person of a majority of Directors entitled to be present. Obtaining the Board's consent through the circulation of written resolutions/papers shall be avoided as far as possible. | Complied. The Board ensures that it meets on a regular basis and has held twelve (12) meetings during the year. There were ten (10) circular resolutions passed for the year which were subsequently ratified by the Board. |
| 3 (1) (iv) | The Board shall ensure that arrangements are in place to enable all Directors to include matters and proposals in the agenda for regular Board meetings where such matters and proposals relate to the promotion of business and the management of risks of the Bank. | Complied. Agenda, Minutes and Board Papers are forwarded to the Directors in line with Corporate Governance directive and Board approved procedure, which enables the Directors to raise matters related to promotion of business and the management of risk and inform such matters and proposals to the Board Secretary to include in the Board meetings. |
| 3 (1) (v) | The Board procedures shall ensure that notice of at least 7 days is given of a regular Board meeting to provide all Directors an opportunity to attend. For all other Board meetings, reasonable notice may be given. | Complied. Board Meeting Notice and Board Papers are circulated at least 7 days prior to the Board meeting to the Directors providing them an opportunity to attend the meeting. |
| 3 (1) (vi) | The Board procedure shall ensure that a Director, who has not attended at least two-thirds of the meetings in the period of 12 months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a Director. Participation at the Directors' meetings through an alternative Director shall, however, be acceptable as attendance. | Complied. The Board Meetings have been duly attended and the Directors have attended the required number of meetings during the year 2022 in accordance with the Corporate Governance code. The attendance of the Directors are set out in Page 103 of the Annual Report. |
| 3 (1) (vii) | The Board shall appoint a Company Secretary who satisfies the provisions of Section 43 of the Banking Act No 30 of 1988, whose primary responsibilities shall be to handle the secretarial services to the Board and shareholder meetings and to carry out other functions specified in the statutes and other regulations. | Complied. The Board has appointed a Company Secretary, a Fellow of the Institute of Chartered Secretaries UK and a Fellow of the Chartered Corporate Secretaries of SL who satisfies the provisions of Section 43 of the Banking Act No. 30 of 1988 (as amended). |
| 3 (1) (viii) | All Directors shall have access to advice and services of the Company Secretary with a view to ensure that Board procedures and all applicable rules and regulations are followed. | Complied. All Directors have equal opportunity to access the Company Secretary to advice and services. A Board approved policy is in place in this regard. |

| Rule Number | Rule | Status of Compliance |
|-------------|--|---|
| 3 (1) (ix) | <p>The Company Secretary shall maintain the minutes of the Board meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any Director.</p> | <p>Complied. Comprehensive minutes of the Board meetings are maintained by the Company Secretary and there is a Board approved procedure that enables all Directors to have access to such minutes as per the Corporate Governance code.</p> |
| 3 (1) (x) | <p>Minutes of Board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the Board acted with due care and prudence in performing its duties.</p> <p>The minutes shall also serve as a reference for regulatory and supervisory authorities to assess the depth of deliberations at the Board meetings. Therefore, the minutes of a Board meeting shall clearly contain or refer to the following;</p> <ol style="list-style-type: none"> a) A summary of data and information used by the Board in its deliberations. b) The matters considered by the Board. c) The fact-finding discussions and the issues of contention or dissent which may illustrate whether the Board was carrying out its duties with due care and prudence. d) The testimonies and confirmations of relevant executives which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations. e) The Board's knowledge and understanding of the risks to which the Bank is exposed and an overview of the Risk Management measures adopted. f) The decisions and Board resolutions. | <p>Complied. Comprehensive Minutes of the Board meetings are recorded with sufficient details and maintained by the Company Secretary in order to enable the assessment made of the depth of the Board deliberation, decisions, matters considered by the Board and also on approval of resolutions.</p> <p>The Board minutes also captures the fact-finding discussions, compliance with Board's Strategies and Policies and adherence to relevant laws and regulations. The understandings of the risks to which the Bank is exposed and an overview of the Risk Management measures adopted are also captured in the Board minutes.</p> |
| 3 (1) (xi) | <p>There shall be a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Bank's expense.</p> <p>The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Director or Directors to discharge his/her/their duties to the bank.</p> | <p>Complied. A Board approved procedure is in place for Directors to obtain independent professional advice in appropriate circumstances, at the Bank's expense.</p> |

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| Rule Number | Rule | Status of Compliance |
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| 3 (1) (xii) | <p>Directors shall avoid conflicts of interests, or the appearance of conflicts of interest in their activities with, and commitments to, other organisations or related parties. If a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter should be dealt with at a Board meeting, where Independent Non-Executive Directors who have no material interest in the transaction, are present.</p> <p>Further, a Director shall abstain from voting on any Board resolution in relation to which he/she or any of his/her close relation or a concern, in which a Director has substantial interest, is interested and</p> <p>He/She shall not be counted in the quorum for the relevant agenda item at the Board meeting.</p> | <p>Complied.</p> <p>The Board approved Policy of Related Party Transactions includes provision to manage avoiding conflicts of interests, or the appearance of conflicts of interest, which is in accordance to the Corporate Governance Direction No. 11 of 2007. This procedure further evidences that the Director concerned is to abstain from voting and not participate in the discussion in a relationship / concern in which he has an interest. Furthermore, the Director disclosures of interest (if any) are tabled at Board meetings and a register is maintained by the Board Secretary to record such interests and recorded in the Board minutes.</p> <p>In line with the procedure, the Directors abstain from participating in discussions, opinion or approving situations where there is a conflict of interest. The concerned Director shall leave the room during the time of discussion and approval on the subject matter in which the Director has an interest.</p> <p>Such Director is not counted in the quorum.</p> |
| 3 (1) (xiii) | <p>The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Bank is firmly under its authority.</p> | <p>Complied.</p> <p>The Board has a formal schedule of matters specifically reserved to the Board for its decision to ensure that the direction and control of the Bank is within the Board's authority.</p> |
| 3 (1) (xiv) | <p>The Board shall, if it considers that the Bank is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of Bank Supervision of the situation of the Bank prior to taking any decision or action.</p> | <p>Complied.</p> <p>Such a situation has not arisen during the year 2022. The Board is aware of the requirement to inform the Director of Bank Supervision if such a situation arises at the Bank prior to taking any decision or action in this regard.</p> |
| 3 (1) (xv) | <p>The Board shall ensure that the Bank is capitalised at levels as required by the Monetary Board in terms of the capital adequacy ratio and other prudential grounds.</p> | <p>Complied.</p> <p>The Bank is in compliance with the regulatory and prudential requirements relating to Capital Adequacy Ratio as specified by the Central Bank of Sri Lanka (CBSL).</p> <p>Furthermore, the Board monitors the Capital Adequacy Ratio and other prudential requirements on a monthly basis.</p> |
| 3 (1) (xvi) | <p>The Board shall publish in the Bank's Annual Report, an annual corporate governance report setting out the compliance with Direction 3 of these Directions.</p> | <p>Complied.</p> <p>The Corporate Governance Report is published on Pages 98 to 129 of the Annual Report.</p> |
| 3 (1) (xvii) | <p>The Board shall adopt a scheme of self-assessment to be undertaken by each Director annually, and maintain records of such assessments.</p> | <p>Complied.</p> <p>The Board has a process of self-assessment of each Director which is performed by the Directors annually and is filed with the Company Secretary.</p> |

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| 3 (2) | THE BOARD'S COMPOSITION | |
| 3 (2) (i) | The number of Directors on the Board shall not be less than 7 and not more than 13. | <p>Complied. The Board comprises of 11 Directors which is in line with the regulation.</p> |
| 3 (2) (ii) | The total period of service of a Director other than a Director who holds a position of a Chief Executive Officer shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such Director up to 1st January 2008. | <p>Complied. During the year 2022, one resignation had taken place where Non- Executive Non Independent Director Mr. Paul Ronald Andrew Mercer has tendered his resignations since the Islamic Corporation for the Development of the Private Sector (ICD), the Managers of IB Growth Fund (Labuan) LLP has replaced their Board representative and nominated Mr. Mohammad Hassan for same.</p> |
| 3 (2) (iii) | An employee of a Bank may be appointed, elected or nominated as a Director of the Bank (hereinafter referred to as an "Executive Director") provided that the number of Executive Directors shall not exceed one-third of the number of Directors of the Board. In such an event, one of the Executive Directors shall be the Chief Executive Officer of the Bank. | <p>Complied. The CEO has been appointed as the Managing Director (MD) during the year 2022 and serves as the only Executive Director. Thus, the Bank complies with the requirement.</p> |
| 3 (2) (iv) | <p>The Board shall have at least three Independent Non-Executive Directors or one third of the total number of the Directors, whichever is higher. This sub-direction shall be applicable from 1st January 2010 onwards.</p> <p>A Non-Executive Director shall not be considered independent if he/she has;</p> <ol style="list-style-type: none"> directly and indirectly shareholdings of more than 1% of the Bank. currently has or had during the period of two years immediately preceding his/her appointment as Director, any business transactions with the Bank as described in Direction 3 (7) hereof, exceeding 10% of the regulatory capital of the Bank. has been employed by the Bank during the two year period immediately preceding the appointment as Director. has a close relation who is a Director or CEO or a member of Key Management Personnel or a material shareholder of the Bank or another bank. For this purpose, a "close relation" shall mean the spouse or a financially dependent child. represents a specific stakeholder of the Bank. | <p>Complied. The Board consists of four Independent Non-Executive Directors out of a total of 11 Directors as at end December 2022, which constitutes to more than one third of the total number of Directors, hence complying with the requirement.</p> |

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| | <p>f) is an employee or Director or a material shareholder in a company or business organisation:</p> <ul style="list-style-type: none"> i) which currently has a transaction with the Bank as defined in Direction 3(7) of these Directions, exceeding 10% of the regulatory capital of the Bank, or ii) in which any of the other Directors of the Bank are employed or are Directors or are material shareholder; or iii) in which any of the other Directors of the Bank have a transaction as defined in Direction 3 (7) of these Directions, exceeding 10% of the regulatory capital of the Bank. | |
| 3 (2) (v) | In the event an Alternate Director is appointed to represent an Independent Director, the person so appointed shall also meet the criteria that apply to the Independent Director. | <p>Complied. No Alternative Director has been appointed to represent the Independent Directors during the year 2022.</p> |
| 3 (2) (vi) | Non-Executive Directors shall be persons with credible track records and/or have necessary skills and experience to bring an independent judgment to bear on issues of strategy, performance and resources. | <p>Complied. Board Nomination Committee (BNC) has a formal documented procedure in place to appoint Non-Executive Directors to the Board, who must possess the necessary skills and experience to bring an independent judgment on Bank issues and all such Board appointments have been carried out accordingly. Further, Article 28 of the Articles of Association stipulates appointment of Directors.</p> |
| 3 (2) (vii) | A meeting of the Board shall not be duly constituted, although the number of Directors required to constitute the quorum at such meeting is present, unless more than one half of the number of Directors present at such meeting are Non-Executive Directors. | <p>Complied. Board of the Bank comprises of only one Executive Director. Hence the quorum for Board meeting has been in line with the Direction.</p> |
| 3 (2) (viii) | The Independent Non-Executive Directors shall be expressly identified as such in all corporate communications that disclose the names of Directors of the Bank. The Bank shall disclose the composition of the Board, by category of Directors, including the names of the Chairman, Executive Directors, Non-Executive Directors and Independent Non-Executive Directors in the annual corporate governance report. | <p>Complied. The composition of the Board by category of Directors are disclosed on Page 138 and Pages 24 to 29 in the Annual Report.</p> |
| 3 (2) (ix) | There shall be a formal, considered and transparent procedure for the appointment of new Directors to the Board. There shall also be procedures in place for the orderly succession of appointment of the Board. | <p>Complied. Board Nomination Committee (BNC) has a formal documented procedure in place to appoint Directors to the Board, who are required to possess the necessary skills and experience to bring an independent judgment on Bank issues and all such new Board appointment have been carried out accordingly. Further, Article 28 of the Articles of Association stipulates appointment of Directors.</p> |

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| 3 (2) (x) | All Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment. | Complied. Article 28 of Bank's Articles of Association covers the appointment of Directors to fill a casual vacancy and all such appointments for the year are subject to election at the next AGM. |
| 3 (2) (xi) | If a Director resigns or if removed from office, the Board shall: a) Announce the Director's resignation or removal and reasons for such removal or resignation including but not limited to information relating to the relevant Director's disagreement with the Bank, if any; and b) Issue a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders. | Complied. Resignations or removal of Directors are communicated to the Regulators, shareholders and CSE together with a statement confirming whether or not any matters should be brought to the attention of shareholders, including the reasons for such resignations or removal. Accordingly, resignation of Non- Executive, Non Independent Director Mr. Paul Ronald Andrew Mercer has been duly informed and approved in accordance with above requirement. |
| 3 (2) (xii) | A Director or an employee of a Bank shall not be appointed, elected or nominated as a Director of another bank except where such bank is a subsidiary company or an associate company of the first mentioned bank. | Complied. Such a situation has not arisen during the year 2022. None of the Directors of the Bank are Directors of another Bank. The Bank has a process to identify whether a Director of a Bank is appointed, elected or nominated as a Director of another Bank based on the affidavit obtained and submitted to CBSL annually. |
| 3 (3) | CRITERIA TO ASSESS THE FITNESS AND PROPRIETY OF DIRECTORS | |
| | In addition to provisions of Section 42 of the Banking Act No. 30 of 1988, the criteria set out below shall apply to determine the fitness and propriety of a person who serves or wishes to serve as a Director of a bank. Non-compliance with any one of the criteria as set out herein shall disqualify a person to be appointed, elected or nominated as a Director or to continue as a Director. | |
| 3 (3) (i) | The age of a person who serves as a Director shall not exceed 70 years. | Complied. None of the Directors' age exceeds 70 years, during the year under review. |
| 3 (3) (ii) | A person shall not hold office as a Director of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the Bank. | Complied. None of the Directors holds Directorships of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the Bank, in the year under review. |

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| 3 (3) (iii) | A Director or a Chief Executive Officer of a licensed bank operating in Sri Lanka shall not be appointed as a Director or a Chief Executive Officer of another licensed bank operating in Sri Lanka before the expiry of a period of 6 months from the date of cessation of his/her office at the licensed bank in Sri Lanka. Any variation thereto in exceptional situations such as where expertise of retiring bankers may be required when reconstituting Boards of licensed banks which need restructuring, shall be subject to the prior approval of the Monetary Board. In this regard, licensed banks shall ensure to adhere to the requirement of the cooling-off period when appointing Directors or Chief Executive Officer. If a Director is appointed to the licensed bank by an appointing authority violating these Directions, the licensed bank shall take steps to prevent such appointee from exercising any powers or enjoying any privileges or benefits. | Complied. Such a situation has not arisen during the year 2022. None of the Directors of the Bank are Directors of another Bank. The Bank has a process to identify whether a Director of a Bank is appointed, elected or nominated as a Director of another Bank based on the affidavit obtained and submitted to CBSL annually. |
| 3 (4) | MANAGEMENT FUNCTIONS DELEGATED BY THE BOARD | |
| 3 (4) (i) | The Directors shall carefully study and clearly understand the delegation arrangements in place. | Complied. Article 31 of the Articles of Association empowers the delegation powers of the Board of Directors. Further, all delegation arrangements are approved by the Board after due consideration and are periodically reviewed to ensure that the extent of delegation addresses the needs of the Bank. |
| 3 (4) (ii) | The Board shall not delegate any matters to the Board Committee, CEO, Executive Directors or Key Management Personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions. | Complied. The Board has not delegated powers to Board Committees, MD/CEO or Key Management Personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions. |
| 3 (4) (iii) | The Board shall review the delegation process in place on a periodic basis to ensure that they remain relevant to the needs of the Bank. | Complied. The Board periodically reviews and approves the delegation arrangements in place and ensures that the extent of delegation is in accordance to the needs of the Bank based on the recommendations made by the management. |
| 3 (5) | THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER | |
| 3 (5) (i) | The roles of the Chairman and the Chief Executive Officer shall be separated and shall not be performed by the same individual. | Complied. The roles of the Chairman and the MD/CEO are separate and are held by two individuals appointed by the Board. The Chairman provides leadership to the Board and MD/CEO manages the day to day operations of the Bank giving effect to the strategies and policies approved by the Board. |

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| 3 (5) (ii) | <p>The Chairman shall be a Non-Executive Director and preferably an independent Director as well.</p> <p>In the case where the Chairman is not an Independent Director, the Board shall designate an Independent Director as the Senior Director with suitably documented terms of reference to ensure a greater independent element.</p> <p>The designation of Senior Director shall be disclosed in the Bank's Annual Report</p> | <p>Complied.</p> <p>The Chairman is a Non-Executive Director. Since the Chairman is a Non-Independent Director, the Board has appointed an Independent Director, Mr. Rajiv Nandlal Divedi as the Senior Director.</p> <p>The Terms of Reference for the Senior Director, recommended by the BNC is approved by the Board.</p> <p>Designation of Senior Director is disclosed on Page 25 of the Annual Report.</p> |
| 3 (5) (iii) | <p>The Board shall disclose in its Corporate Governance report, which shall be an integral part of its Annual Report, the identity of the Chairman and the CEO and the nature of the relationship (including financial, business, family or other material/relevant relationship(s), if any, between the Chairman and the CEO and the relationships among members of the Board.</p> | <p>Complied.</p> <p>A process is in place to identify relationship of the Board Members and is maintained at the Board Secretary's Division. Further, the Company Secretary obtains an annual declaration from all Board Members to this effect and the Directors' interest register is updated regularly.</p> <p>The relationships among the Directors are given below:</p> <p>Family Ties</p> <p>1. The Chairman, Mr. Ali Asghar Akbarally and Mr. Mohamed Adamaly</p> <p>Business Relationship</p> <p>1. The Chairman, Mr. Ali Asghar Akbarally and Mr. Dilshan Hettiaratchi</p> |
| 3 (5) (iv) | <p>The Chairman shall;</p> <p>a) Provide leadership to the Board</p> <p>b) Ensure that the Board works effectively and discharges its responsibilities; and</p> <p>c) Ensure all key and appropriate issues are discussed by the Board in a timely manner.</p> | <p>Complied.</p> <p>A self-evaluation process is in place, which ensures that Chairman provides leadership to the Board, the Board works effectively and discharges its responsibilities and all key and appropriate issues are discussed by the Board in a timely manner.</p> |
| 3 (5) (v) | <p>The Chairman shall be primarily responsible for drawing up and approving the agenda for each Board Meeting, taking into account where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The Chairman may delegate the drawing up of the agenda to the Company Secretary.</p> | <p>Complied.</p> <p>The Chairman has delegated the drawing of the agenda to the Company Secretary, which is drawn in consultation / approval with the Chairman.</p> |

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| 3 (5) (vi) | The Chairman shall ensure that all the Directors are properly briefed on issues arising at Board meetings and also ensure that Directors receive adequate information in a timely manner. | Complied. The Board papers are forwarded to the Board members 7 days prior to the meeting and the Chairman ensures that the Board is adequately briefed and informed of all matters arising at the Board. Further, minutes of the previous Board meeting are distributed to the Board members and tabled at the next Board meeting for confirmation. |
| 3 (5) (vii) | The Chairman shall encourage all the Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interest of the Bank. | Complied. The Chairman encourages all Directors to make full and active contribution to the affairs of the Bank. This requirement is addressed in the self-evaluation process where all Directors disclose their full and active contribution to the affairs of the Bank based on their field of expertise. |
| 3 (5) (viii) | The Chairman shall facilitate the effective contribution of Non-Executive Directors in particular and ensure constructive relations between Executive and Non-Executive Directors. | Complied. The Chairman ensures that the Non-Executive Directors actively contribute to make decisions at the Board. Further, the self-evaluation process is evident that the Non-Executive Directors assess the contributions made by them to the Bank. |
| 3 (5) (ix) | The Chairman shall not engage in activities involving direct supervision of Key Management Personnel or any other executive duties whatsoever. | Complied. The Chairman is a Non-Executive Director and does not get directly involved in the supervision of KMPs or any other executive duties. |
| 3 (5) (x) | The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board. | Complied. The Chairman ensures effective communication with the shareholders at the AGM, which is the main forum where the Board discusses shareholders' issues. |
| 3 (5) (xi) | The CEO shall function as the apex executive-in-charge of the day-to-day management of Bank's operations and business. | Complied. MD/CEO functions as the apex executive-in-charge of the day-to-day management of Bank's operations and business. |
| 3 (6) | BOARD APPOINTED COMMITTEES | |
| 3 (6) (i) | Each Bank shall have at least four Board committees as set out in the following Direction; 3(6)(ii) Audit Committee 3(6)(iii) Human Resources and Remuneration Committee 3(6)(iv) Nomination Committee 3(6)(v) Integrated Risk Management Committee | Complied. The Board has established the following mandatory Board Sub-Committees as per regulatory requirement: 1. Board Audit Committee (BAC) 2. Board Human Resources and Remuneration Committee (BHRC) 3. Board Nomination Committee (BNC) 4. Board Integrated Risk Management Committee (BIRMC). In addition, the Board has also appointed Board Credit Committee (BCC), Board Related Party Transactions Review Committee and Board Technological Committee (BTC) |

| Rule Number | Rule | Status of Compliance |
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| 3 (6) (i) | <p>Each Committee shall report directly to the Board</p> <p>Each Committee shall appoint a Secretary to arrange the meetings and maintain, minutes, records etc. under the supervision of the Chairman of the Committee.</p> <p>The Board shall present a report of the performance on each Committee, on their duties and roles at the Annual General meeting.</p> | <p>Reports / Minutes of the above Committees are submitted to the Board for discussion and ratification at the monthly Board meetings.</p> <p>Each Committee has appointed a Secretary to arrange the meetings and maintain minutes under the supervision of the Chairman of the Sub-Committees.</p> <p>Report of each Board Committee is presented in the Annual Report. Refer Pages 143 to 150 of the Annual Report.</p> |
| 3 (6) (ii) | Audit Committee | |
| 3 (6) (ii) (a) | The Chairman of the committee shall be an Independent Non-Executive Director who possesses qualifications and experience in accounting and/or audit. | <p>Complied.</p> <p>The Chairman of the BAC, Mr. Tishan Subasinghe, is a Non-Executive, Independent Director who is a Fellow and Council Member of the Institute of Chartered Accountants of Sri Lanka and possesses the required qualifications and experience.</p> |
| 3 (6) (ii) (b) | All members of the committee shall be Non-Executive Directors. | <p>Complied.</p> <p>All members of the BAC are Non-Executive Directors</p> |
| 3 (6) (ii) (c) | <p>The committee shall make recommendations on matters in connection with;</p> <p>a) The appointment of external auditor for audit services to be provided in compliance with the relevant statutes;</p> <p>b) The implementation of the Central Bank guidelines issued to auditors from time to time;</p> <p>c) The application of the relevant accounting standards; and</p> <p>d) The service period, audit fees and any resignation or dismissal of the auditor, provided that the engagement of the Audit partner shall not exceed five years, and that the particular Audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term.</p> | <p>Complied</p> <p>The appointment of External Auditors for audit services is in compliance with the relevant statutes as recommended by the BAC.</p> <p>The BAC has discussed the implementation of the CBSL guidelines issued to the External Auditors from time to time and any issues raised by the External Auditors in line with CBSL guidelines have been responded accordingly.</p> <p>The BAC reviews, discusses and makes recommendations where necessary in relation to the application of the relevant accounting standards at least on a quarterly basis.</p> <p>All matters related to the service period of the Engagement Partner are discussed and recommendations made where necessary. The BAC reviews and recommends to the Board with regard to the audit fees.</p> |
| 3 (6) (ii) (d) | The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices. | <p>Complied.</p> <p>The External Auditor's scope, objectivity and the effectiveness of the audit process carried out has been discussed by the BAC and is in accordance with the applicable SLAuS.</p> <p>The External Auditor's independence is evidenced through the Engagement Letter and their reports presented to the BAC directly.</p> |

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| 3 (6) (ii) (e) | <p>The committee shall develop and implement a policy on the engagement of an external auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines. In doing so, the committee shall ensure that the provision by an external auditor of non-audit services does not impair the external auditor's independence or objectivity. When assessing the external auditor's independence or objectivity in relation to the provision of non-audit services, the committee shall consider:</p> <ul style="list-style-type: none"> (i) whether the skills and experience of the audit firm make it a suitable provider of the non-audit services; (ii) whether there are safeguards in place to ensure that there is no threat to the objectivity and/or independence in the conduct of the audit resulting from the provision of such services by the external auditor; and (iii) whether the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the audit firm, pose any threat to the objectivity and/or independence of the external auditor. | <p>Complied.</p> <p>A policy on engagement of the External Auditors to provide non-audit services recommended by the BAC was approved by the Board of Directors and is in place.</p> <p>This policy is duly followed whenever the firm providing audit services to the Bank is considered for awarding a non-audit service.</p> |
| 3 (6) (ii) (f) | <p>The committee shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including:</p> <ul style="list-style-type: none"> (i) an assessment of the Bank's compliance with the relevant Directions in relation to corporate governance and the management's internal controls over financial reporting; (ii) the preparation of financial statements for external purposes in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between firms where more than one audit firm is involved. | <p>Complied.</p> <p>The BAC has discussed in detail and finalized the nature and scope of the audit with the External Auditors in accordance with the SLAuS on their presentation of the financial statement audit plan for the year ended 31 December 2022, outlining the scope and deliverable of their engagement.</p> |

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| 3 (6) (ii) (g) | <p>The committee shall review the financial information of the Bank, in order to monitor the integrity of the financial statements of the Bank, its annual report, accounts and quarterly reports prepared for disclosure and the significant financial reporting judgments contained therein. In reviewing the Bank's annual report and accounts and quarterly reports before submission to the Board, the committee shall focus particularly on;</p> <ul style="list-style-type: none"> (i) Major judgemental areas (ii) Any changes in accounting policies and practices (iii) Significant adjustments arising from the audit (iv) The going concern assumption; and (v) The compliance with relevant accounting standards and other legal requirements. | <p>Complied.</p> <p>The BAC has a process to review and discuss the quarterly financial statements, year-end audited financial statements and reports for disclosure that are presented by the CFO.</p> <p>Such financial statements are recommended by the BAC for approval of the Board of Directors.</p> |
| 3 (6) (ii) (h) | <p>The committee shall discuss issues, problems and reservations arising from the financial audit, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of the Key Management personnel, if necessary.</p> | <p>Complied.</p> <p>The Committee has met with the External Auditors twice in the year 2022, in the absence of the executive management to discuss issues, problems and reservations arising from the financial audit.</p> |
| 3 (6) (ii) (i) | <p>The committee shall review the external auditor's management letter and the management's response thereto.</p> | <p>Complied.</p> <p>The Committee has reviewed the External Auditor's Management Letter and the management's response thereto.</p> |
| 3 (6) (ii) (j) | <p>The committee shall take the following steps with regard to the internal audit function of the Bank;</p> <ul style="list-style-type: none"> (i) Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work; (ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department; (iii) Review any appraisal or assessment of the performance of the head and senior staff member of the internal audit department; | <p>Complied.</p> <p>The BAC reviews and approves the Internal Audit Plan at the beginning of the year, which cover the scope and resource requirement relating to audit plan and satisfies itself that the Internal Audit Department (IAD) has the necessary authority to carry out its work. The BAC also monitors the Internal Audit function and the progress made by IAD against the internal audit plan.</p> <p>Internal Audit Programmes are discussed by the BAC as part of the review of the Internal Audit Policy Manual. Further, Internal Audit Scope and Findings related to specific engagements are discussed by the BAC on an on-going basis. The Committee also monitors whether appropriate actions are taken by the management based on the IAD recommendations as well as on further actions which are sanctioned by the BAC.</p> <p>The Performance appraisal of the Chief Internal Auditor and the senior staff member were carried out by the BAC on 26 January 2023.</p> |

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| 3 (6) (ii) (j) | <ul style="list-style-type: none"> (iv) Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function; (v) Ensure that the committee is appraised of resignations of senior staff members of the internal audit department including the Chief Internal Auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced services providers to submit reasons for resigning; (vi) Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care; | <p>There were no appointments or termination of the Head or any Senior Staff members during the year 2022.</p> <p>There were no resignations related to the Chief Internal Auditor or Senior Staff members of IAD during the year 2022.</p> <p>IAD is an independent function reporting directly to the BAC. The audits are performed with impartiality, proficiency and due professional care.</p> |
| 3 (6) (ii) (k) | The committee shall consider the major findings of internal investigation and management's responses thereto. | <p>Complied.</p> <p>The BAC discusses in detail the major findings of internal investigation and management's responses thereto are also discussed with suitable action points agreed upon and recorded in the minutes of the BAC meetings.</p> |
| 3 (6) (ii) (l) | The CFO, CIA and a representative of the External Auditors may normally attend meetings. Other Board members and the CEO may also attend meetings upon invitation of the committee. However, at least twice a year, the committee shall meet the External Auditors without the Executive Directors being present. | <p>Complied.</p> <p>The MD/CEO, CFO, CIA and a representative of the External Auditors attend meetings regularly. Other Senior Management personnel have attended meetings by invitation as appropriate.</p> <p>The BAC met the External Auditors twice during the year 2022 in the absence of the Executive Director and all members of the Executive Management.</p> |
| 3 (6) (ii) (m) | <p>The committee shall have</p> <ul style="list-style-type: none"> (i) Explicit authority to investigate into any matter within its terms of reference; (ii) The resources which it needs to do so; (iii) Full access to information; and (iv) Authority to obtain external professional advice and invite outsiders with relevant experience and attend, if necessary. | <p>Complied.</p> <p>The Board approved Terms of Reference of the BAC covers the requirements as stipulated.</p> |
| 3 (6) (ii) (n) | The committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. | <p>Complied.</p> <p>The BAC has had Seven meetings in the year 2022 and all conclusions are recorded comprehensively in the minutes.</p> |
| 3 (6) (ii) (o) | <p>The Board shall disclose in an informative way,</p> <ul style="list-style-type: none"> (i) Details of the activities of the audit committee; (ii) The number of audit committee meetings held in the year; and (iii) Details of attendance of each individual Director at such meetings. | <p>Complied.</p> <p>The Board has disclosed the required information in Pages 143 and 144 in the Annual Report.</p> |

| Rule Number | Rule | Status of Compliance |
|--------------------|---|--|
| 3 (6) (ii) (p) | The Secretary of the Committee (who may be the Company Secretary or the head of Internal Audit function) shall record and keep detailed minutes of the meetings. | Complied. The Chief Internal Auditor has been appointed as the Secretary to the BAC who maintains detailed minutes of all meetings. |
| 3 (6) (ii) (q) | The committee shall review arrangements by which employees of the bank may, in confidence raise concerns about possible improprieties in financial reporting, internal control or other matters. Accordingly, the committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action and to act as the key representative body for overseeing the bank's relations with the external auditor. | Complied. The Board approved 'Whistle Blowing' policy is in place which covers the processes in place to report any improprieties in financial reporting, internal control or other matters in a confidential/anonymous manner, fair and independent investigation of such matters and appropriate follow-up action. The BAC is the key representative body for overseeing the Bank's relations with the External Auditors. |
| 3 (6) (iii) | Human Resource And Remuneration Committee | |
| 3 (6) (iii) (a) | The committee shall determine the remuneration policy (salaries, allowances and other financial payments) relating to Directors, CEO and Key Management Personnel of the Bank. | Complied. The Board approved benefit policy determines the remuneration relating to Directors, MD/CEO and Key Management Personnel of the Bank. |
| 3 (6) (iii) (b) | The committee shall set goals and targets for the Directors, CEO and Key Management Personnel. | Complied. The BHRRRC has discussed and approved the goals and targets of each KMP for the year 2023 aligned to the Strategic Plan. The BHRRRC has agreed that the 2023 Business Plan be considered as the KPI for MD/CEO. Board approved goals and targets for Directors are in place. |
| 3 (6) (iii) (c) | The committee shall evaluate the performance of the CEO and Key Management Personnel against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance-based incentives. | Complied. The BHRRRC has assessed the evaluation of the performance of the MD/CEO and the KMPs against the goals and targets set out for the year 2022. |
| 3 (6) (iii) (d) | The CEO shall be present at all meetings of the committee, except when matters relating to the CEO are being discussed. | Complied. The MD/CEO was not present at meetings when matters relating to the CEO were being discussed. The Board approved Terms of Reference of the BHRRRC addresses this rule. |
| 3 (6) (iv) | Nomination Committee | |
| 3 (6) (iv) (a) | The committee shall implement a procedure to select/ appoint new Director, CEO and Key Management Personnel. | Complied. The Board has reviewed and approved the policy / procedure on selection and appointment of new members to the Board, Chairman and CEO and on the recommendation of the Board Nomination Committee (BNC) on 18 August 2020. |

Corporate Governance Report

| Rule Number | Rule | Status of Compliance |
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| 3 (6) (iv) (b) | The committee shall consider and recommend (or not recommend) the re-election of current Directors, taking into account the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities. | <p>Complied.</p> <p>The Committee has considered the services rendered by the existing Directors and recommended the re-election accordingly for the year 2022.</p> |
| 3 (6) (iv) (c) | The committee shall set criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the key management positions. | <p>Complied.</p> <p>A Board approved eligibility criteria for appointment or promotion to the post of CEO and KMPs are in place. All such appointments are recommended by the BNC and subsequently approved by the Board.</p> |
| 3 (6) (iv) (d) | The committee shall ensure that Directors, CEO and Key Management Personnel are fit and proper persons to hold office as specified in the criteria given in Direction 3 (3) and as set out in the Statutes. | <p>Complied.</p> <p>The Directors', MD/CEO's and Key Management Personnel's affidavits and declarations were submitted to BNC during the year 2022 for recommendation prior to submitting to the Central Bank of Sri Lanka for approval to ensure that the Directors, MD/CEO and Key Management Personnel are fit and proper persons to hold office.</p> <p>Further, fit and proper certificates have been submitted and cleared by Central Bank of Sri Lanka, as and when required</p> |
| 3 (6) (iv) (e) | The committee shall consider and recommend from time to time, the requirement of additional/new expertise and the succession arrangements for retiring Directors and Key Management Personnel. | <p>Complied.</p> <p>Policy & Procedure approved by the Board is in place for the appointment of new Directors. BNC has considered the requirements for succession arrangements for Directors and KMPs during the year 2022.</p> <p>The Succession Plan for the Management Committee has been reviewed and recommended by the BNC and subsequently approved by the Board.</p> |
| 3 (6) (iv) (f) | <p>The committee shall be chaired by an Independent Director and preferably be constituted with a majority of Independent Directors.</p> <p>The CEO may be present at the meeting by invitation.</p> | <p>Complied.</p> <p>The Committee is Chaired by an Independent Director and comprises of three Independent Directors and two Non-Independent Directors.</p> <p>The MD/CEO is present at meetings only by invitation.</p> |
| 3 (6) (v) | Integrated Risk Management Committee | |
| 3 (6) (v) (a) | <p>The committee shall consist of at least three Non-Executive Directors, CEO and Key Management Personnel supervising Board risk categories, i.e., credit, market, liquidity, operational and strategic risks.</p> <p>The committee shall work with Key Management Personnel very closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.</p> | <p>Complied.</p> <p>The BIRMC consists of 5 Non-Executive Directors, along with MD/CEO and CRO who satisfy the said criteria.</p> <p>Further, Key Management Personnel are called or present to make regular presentations to the Committee on matters under their purview and explain matters relating to their subject.</p> |

| Rule Number | Rule | Status of Compliance |
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| 3 (6) (v) (b) | <p>The committee shall assess all risks, i.e., credit, market, liquidity, operational and strategic risks to the Bank on a monthly basis through appropriate risk indicators and management information.</p> <p>In the case of subsidiary companies and associate companies, Risk Management shall be done, both on a bank basis and group basis.</p> | <p>Complied. BIRMC assesses the risk profile of the Bank through the use of dashboards which is circulated on a monthly basis. This dashboard which covers the below mentioned risks are shared with BIRMC members:</p> <ul style="list-style-type: none"> ◆ Credit Risk ◆ Market Risk ◆ Liquidity Risk ◆ Operational Risk ◆ Rate Risk ◆ Concentration Risk ◆ Strategic Risk <p>Not applicable as the Bank does not have any subsidiaries or associate companies.</p> |
| 3 (6) (v) (c) | <p>The committee shall review the adequacy and effectiveness of all management level committees, such as the credit committee and asset-liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.</p> | <p>Complied. The BIRMC reviews the adequacy and effectiveness of the management committees under its purview, namely ERM, ALCO and ECC1.</p> <p>The committee ensures that the Executive Risk Management Committee, Asset & Liability Management Committee and Executive Credit Committee under BIRMC are functioning adequately and effectively, through reviewing the TOR of the sub committees and the key functions of the committees which are evaluated and reviewed through the IRMF review by the BIRMC annually.</p> |
| 3 (6) (v) (d) | <p>The committee shall take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Bank's policies and regulatory and supervisory requirements.</p> | <p>Complied. Risks are monitored and reviewed by the BIRMC through the dashboard on the risk tolerance/appetite. All risk indicators which are negative to the prudent limits decided by the committee on the basis of the Bank's policies, regulatory and supervisory requirements are considered and corrective actions are taken promptly for any deviations to mitigate the effects.</p> |
| 3 (6) (v) (e) | <p>The committee shall meet at least quarterly to assess all aspects of Risk Management including updated business continuity plans.</p> | <p>Complied. The Committee has met four times during the year 2022 and reviewed all aspects of Risk Management. Detailed updates on the major risks such as Credit Risk, Market Risk, Liquidity Risk and Operational Risk were reviewed. The Business Continuity Plan that was adopted during the pandemic has been strengthened and new scenarios were tested during the BCP drill conducted in year 2022.</p> <p>The section on the Recovery Plan as required by the CBSL has been included in the IRM framework. The requirement was discussed at a BIRMC meeting in detail as this would enable the Bank to recover from any stress and shock to maintain the continuity of business of any of the critical functions of the Bank.</p> |

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| Rule Number | Rule | Status of Compliance |
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| 3 (6) (v) (f) | The committee shall take appropriate action against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the committee, and/or as directed by the Director of Bank Supervision. | <p>Complied.</p> <p>The Bank's specific risks and the limits are identified by the relevant committees, and decisions are taken collectively.</p> <p>Amongst its other processes, the Bank has a mechanism through which risk tools such Stress Testing, KRI, RCSA are used to measure and identify risks proactively. These tools have been used effectively and have now been incorporated as key components for the performance evaluation of the Senior Management thereby strengthening the process of accountability.</p> |
| 3 (6) (v) (g) | The committee shall submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/or specific directions. | <p>Complied.</p> <p>The BIRMC Chairman's report contains a Risk assessment, which is submitted at the subsequent Board meeting informing the BIRMC's deliberations and decisions and seeking the Board's views, concurrence and/or for specific directions.</p> |
| 3 (6) (v) (h) | The committee shall establish a compliance function to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. A dedicated Compliance Officer selected from Key Management Personnel shall carry out the compliance function and report to the committee periodically. | <p>Complied.</p> <p>An independent compliance function has been established, headed by a dedicated Compliance Officer to assess and ensure the Bank's compliance with laws, regulations and regulatory guidelines and reports to the BIRMC regularly through a comprehensive quarterly compliance status report. The Compliance function performs monthly / quarterly independent verification and testing for compliance with CBSL requirements.</p> <p>The Compliance function also assesses the Bank's internal controls and policies on all areas of business operations.</p> |
| 3 (7) | RELATED PARTY TRANSACTIONS | |
| 3 (7) (i) | <p>The Bank shall take necessary steps to avoid any conflicts of interest that may arise from any transaction of the Bank with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purpose of this Direction;</p> <ol style="list-style-type: none"> Any of the Bank's subsidiary companies; Any of the Bank's associate companies; Any of the Directors of the Bank; Any of the Bank's Key Management Personnel; A close relation of any of the Bank's Directors or Key Management Personnel; A shareholder owning a material interest in the Bank. A concern in which any of the Bank's Directors or a close relation of any of the Bank's Directors or any of its material shareholders has a substantial interest. | <p>Complied.</p> <p>The Board takes necessary steps in line with the Banking Act, Corporate Governance Direction and the Bank's Policy on Related Party Transactions to avoid any conflicts of interest that may arise from any transaction of the Bank with its related parties.</p> <p>A Board approved Policy on Related Party Transactions is in place which manages the conflict of interest that may arise from any transactions of the Bank.</p> <p>The Board Related Party Transaction Review Committee meets quarterly to identify and review such transactions.</p> |

| Rule Number | Rule | Status of Compliance |
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| 3 (7) (ii) | <p>The type of transactions with related parties that shall be covered by this Direction shall include the following:</p> <ul style="list-style-type: none"> a) The grant of any type of accommodation, as defined in the Monetary Board’s Directions a maximum amount of accommodation. b) The creation of any liabilities of the Bank in the form of deposits, borrowings and investments. c) The provision of any services of a financial or non-financial nature provided to the Bank or received from the Bank. d) The creation or maintenance of reporting lines and information flows between the Bank and any related parties which may lead to the sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties. | <p>Complied.</p> <p>The Board approved Policy on Related Party Transactions covers types of specific related parties and related party transactions as noted in the Direction to avoid any conflicts of interest that may arise from any related party transactions.</p> |
| 3 (7) (iii) | <p>The Board shall ensure that the Bank does not engage in transactions with related parties as defined in Direction 3 (7) (i) above, in a manner that would grant such parties ‘more favourable treatment’ than that accorded to other constitutes of the Bank carrying on the same business. In this context, ‘more favourable treatment’ shall mean and include treatment, including the;</p> <ul style="list-style-type: none"> a) Granting of “total net accommodation” to related parties, exceeding a prudent percentage of the Bank’s regulatory capital, as determined by the Board. For purposes of this sub-direction; <ul style="list-style-type: none"> i) “Accommodation” shall mean accommodation as defined in the Banking Act Directions, No 7 of 2007 on Maximum Amount of Accommodation. ii) The “total net accommodation” shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related parties in the Bank’s share capital and debt instruments with a maturity of 5 years or more. b) Charging a lower rate than the Bank’s best lending rate or paying more than the Bank’s deposit rate for a comparable transaction with an unrelated comparable counterparty. c) Providing of preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/ commissions that extend beyond the terms granted in the normal course of business undertaken with unrelated parties. | <p>Complied.</p> <p>Please refer comment in 3 (7) (i) and 3 (7) (ii) above.</p> <p>The formal policy approved by the Board on Related Party Transactions enhances transparency and contains provisions of this rule to ensure compliance.</p> <p>Further, to strengthen the corporate governance of the Bank, the Board Related Party Transactions Review Committee reviews the related party transactions in line with the policy to avoid any ‘favourable treatment’ granted to such parties.</p> |

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| Rule Number | Rule | Status of Compliance |
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| 3 (7) (iii) (Contd.) | <ul style="list-style-type: none"> d) Providing services to or receiving services from a related-party without an evaluation procedure. e) Maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties, except as required for the performance of legitimate duties and functions. | |
| 3 (7) (iv) | <p>The Bank shall not grant any accommodation to any of the Directors or to a close relation of such Director unless such accommodation is sanctioned at a meeting of its Board of Directors, with not less than two-thirds of the number of Directors other than the Director concerned, voting in favour of such accommodation. This accommodation shall be secured by such security as may from time to time be determined by the Monetary Board as well.</p> | <p>Complied. Any accommodation granted to related party is approved at the Board meetings with not less than 2/3 of the number of Directors other than the Directors concerned, voting for such accommodation granted as per the Board approved Policy on Related Party Transactions.</p> <p>All accommodation granted to KMPs of the Bank are subject to staff financing schemes of the Bank.</p> |
| 3 (7) (v) | <ul style="list-style-type: none"> a) Where any accommodation has been granted by a bank to a person or a close relation of a person or to any concern in which the person has a substantial interest, and such person is subsequently appointed as a Director of the Bank, steps shall be taken by the Bank to obtain the necessary security as may be approved for that purpose by the Monetary Board, within one year from the date of appointment of the person as a Director. b) Where such security is not provided by the period as provided in Direction 3(7)(v)(a) above, the Bank shall take steps to recover any amount due on account of any accommodation, together with interest, if any within the period specified at the time of the grant of accommodation or at the expiry of a period of eighteen months from the date of appointment of such Director, whichever is earlier. c) Any Director who fails to comply with the above sub-directions shall be deemed to have vacated the office of a Director and the Bank shall disclose such fact to the public. d) The sub-direction, however, shall not apply to a Director who at the time of grant of the accommodation was an employee of the Bank and the accommodation was granted under a scheme applicable to all employees of the Bank. | <p>Complied. The Bank did not encounter such a situation during the year under review.</p> |

| Rule Number | Rule | Status of Compliance |
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| 3 (7) (vi) | The Bank shall not grant any accommodation or 'more favourable treatment' relating to the waiver of fees and/ or commissions to any employee or a close relation of such employee or to any concern in which the employee or close relation has a substantial interest other than on the basis of a scheme applicable to the employees of the Bank or when secured by security as may be approved by the Monetary Board in respect of accommodation granted as per Direction 3(7)(v) above. | <p>Complied.</p> <p>The Bank has a process in the RPT system to capture KMPs transactions, as and when such transactions take place. Additionally, such transactions are verified by the relevant authorities (Finance Division).</p> <p>No accommodation was granted to any employees or to any concern in which the employee or close relation has a substantial interest on more 'favourable treatment' other than on the basis of a scheme applicable to the employees of the Bank or when secured by security as may be approved by the Monetary Board in respect of accommodation granted as per Direction 3(7)(v) above.</p> |
| 3 (7) (vii) | No accommodation granted by the Bank under Direction 3(7) (v) and 3(7)(vi) above, nor any part of such accommodation, nor any interest due thereon shall be remitted without the prior approval of the Monetary Board and any remission without such approval shall be void and of no effect. | <p>Complied.</p> <p>The Bank did not encounter such a situation during the year under review.</p> |
| 3 (8) | DISCLOSURE | |
| 3 (8) (i) | <p>The Board shall ensure that;</p> <p>a) Annual audited statements and quarterly financial statements are prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards and that</p> <p>b) Such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.</p> | <p>Complied.</p> <p>Annual audited financial statements and quarterly financial statements are prepared and published in accordance with the regulatory requirements and as per the accounting standards.</p> <p>Financial statements are published in all three languages.</p> |

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| Rule Number | Rule | Status of Compliance | | | | | | | | | | | | | | | | | | |
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| 3 (8) (ii) | <p>The Board shall ensure that the following minimum disclosures are made in the Annual Report;</p> <ul style="list-style-type: none"> a) A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. b) A report by the Board on the Bank's internal control mechanism that confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. c) To obtain the External Auditor's certification on the effectiveness of the internal control mechanism referred to in Direction 3(8)(ii)(b) above. d) Details of Directors, including names, qualifications, age, experience fulfilling the requirements of the guidelines fitness and propriety, transactions with the Bank and the total of fees/remuneration paid by the Bank. | <p>Complied.</p> <p>Refer Statement of Directors' Responsibility, on Pages 151 and 152.</p> <p>Refer Directors' Statement on Internal Control over Financial Reporting on Pages 122 and 133.</p> <p>Refer Independent Assurance Report on Directors' Statement on Internal Control over Financial Reporting on Pages 134 and 135.</p> <p>Refer Profiles of Directors, on Pages 24 to 29.</p> <table border="1" data-bbox="808 1014 1469 1271"> <thead> <tr> <th data-bbox="813 1027 980 1078">Transactions with the Bank:</th> <th data-bbox="1263 1027 1317 1078">2022 LKR</th> <th data-bbox="1409 1027 1463 1078">2021 LKR</th> </tr> </thead> <tbody> <tr> <td data-bbox="813 1087 1081 1108">a) Financing and Receivables</td> <td data-bbox="1219 1087 1317 1108">21,900,816</td> <td data-bbox="1430 1087 1463 1108">NIL</td> </tr> <tr> <td data-bbox="813 1126 1008 1147">b) Financing Income</td> <td data-bbox="1219 1126 1317 1147">1,217,135</td> <td data-bbox="1430 1126 1463 1147">NIL</td> </tr> <tr> <td data-bbox="813 1164 932 1186">c) Deposits</td> <td data-bbox="1214 1164 1317 1186">73,203,500</td> <td data-bbox="1430 1164 1463 1186">NIL</td> </tr> <tr> <td data-bbox="813 1203 1024 1224">d) Financing Expenses</td> <td data-bbox="1219 1203 1317 1224">2,656,385</td> <td data-bbox="1430 1203 1463 1224">NIL</td> </tr> <tr> <td data-bbox="813 1242 1138 1263">e) Commitment and Contingencies</td> <td data-bbox="1268 1242 1317 1263">NIL</td> <td data-bbox="1430 1242 1463 1263">NIL</td> </tr> </tbody> </table> <p>The above includes transactions of Executive and Non-Executive Directors.</p> <p>Total fees/remuneration paid by the Bank in respect of Executive and Non-Executive Directors: Refer Note 13 to the Financial Statements on Page 212.</p> | Transactions with the Bank: | 2022 LKR | 2021 LKR | a) Financing and Receivables | 21,900,816 | NIL | b) Financing Income | 1,217,135 | NIL | c) Deposits | 73,203,500 | NIL | d) Financing Expenses | 2,656,385 | NIL | e) Commitment and Contingencies | NIL | NIL |
| Transactions with the Bank: | 2022 LKR | 2021 LKR | | | | | | | | | | | | | | | | | | |
| a) Financing and Receivables | 21,900,816 | NIL | | | | | | | | | | | | | | | | | | |
| b) Financing Income | 1,217,135 | NIL | | | | | | | | | | | | | | | | | | |
| c) Deposits | 73,203,500 | NIL | | | | | | | | | | | | | | | | | | |
| d) Financing Expenses | 2,656,385 | NIL | | | | | | | | | | | | | | | | | | |
| e) Commitment and Contingencies | NIL | NIL | | | | | | | | | | | | | | | | | | |

| Rule Number | Rule | Status of Compliance | | | | | | | | | | | | | | | | | | |
|--|---|---|-----------------------------|-------------------------------|-------------------------|-----------------------|------------|-------|------|------------|-------|--|-----|-----|---|-----|-----|----------------------|-----|-----|
| 3 (8) (ii) (Contd.) | <p>e) Total net accommodation as defined in 3(7)(iii) granted to each category of related parties.</p> <p>The net accommodation granted to each category of related parties shall also be disclosed as a percentage of the Bank's regulatory capital.</p> <p>f) The aggregate values of remuneration paid by the Bank to its Key Management Personnel and the aggregate values of the transactions of the Bank with its Key Management Personnel, set out by Board categories such remuneration paid, accommodation granted and deposits or investments made in the Bank.</p> <p>g) To obtain the External Auditor's certification of the compliance with these Corporate Governance Directions.</p> <p>h) A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any material non-compliance.</p> <p>i) A statement of the regulatory and supervisory concerns on lapses in the Bank's risk management, or non-compliance with these Directions that have been pointed out by the Director of Bank Supervision, if so directed by the Monetary Board to be disclosed to the public, together with the measures taken by the Bank to address such concerns.</p> | <table border="1" data-bbox="805 465 1476 962"> <thead> <tr> <th data-bbox="813 490 959 542">Category of Related Parties</th> <th data-bbox="1122 479 1279 552">Total Net Accommodation (LKR)</th> <th data-bbox="1305 490 1459 542">% of Regulatory Capital</th> </tr> </thead> <tbody> <tr> <td data-bbox="813 571 997 595">Directors of the Bank</td> <td data-bbox="1122 571 1214 595">21,900,816</td> <td data-bbox="1305 571 1357 595">0.15%</td> </tr> <tr> <td data-bbox="813 610 867 633">KMPs</td> <td data-bbox="1122 610 1214 633">97,843,755</td> <td data-bbox="1305 610 1357 633">0.65%</td> </tr> <tr> <td data-bbox="813 649 1073 823">A concern in which any of the Bank's Directors or a close relation of any of the Bank's Directors or any of its material shareholders has a substantial interest</td> <td data-bbox="1122 649 1159 672">NIL</td> <td data-bbox="1305 649 1343 672">NIL</td> </tr> <tr> <td data-bbox="813 838 1040 919">A close relation of any of the Bank's Directors or Key Management Personnel</td> <td data-bbox="1122 838 1159 861">NIL</td> <td data-bbox="1305 838 1343 861">NIL</td> </tr> <tr> <td data-bbox="813 935 997 958">Material Shareholder</td> <td data-bbox="1122 935 1159 958">NIL</td> <td data-bbox="1305 935 1343 958">NIL</td> </tr> </tbody> </table> <p>Nature of Transaction KMPs (LKR) Remuneration: 254,234,325 Accommodation granted: 119,744,571 Deposits: 566,810,555</p> <p>The Bank has obtained External Auditor's certification on compliance with these Corporate Governance Directions. Board confirms that all the findings of the 'Factual Findings Report' of auditors have been incorporated in the Corporate Governance Report.</p> <p>Refer Bank's Compliance with Prudential Requirements, on Pages 130 and 131.</p> <p>The Director of Bank Supervision or the Monetary Board has not directed the Bank to disclose any non-compliance issues to the public.</p> | Category of Related Parties | Total Net Accommodation (LKR) | % of Regulatory Capital | Directors of the Bank | 21,900,816 | 0.15% | KMPs | 97,843,755 | 0.65% | A concern in which any of the Bank's Directors or a close relation of any of the Bank's Directors or any of its material shareholders has a substantial interest | NIL | NIL | A close relation of any of the Bank's Directors or Key Management Personnel | NIL | NIL | Material Shareholder | NIL | NIL |
| Category of Related Parties | Total Net Accommodation (LKR) | % of Regulatory Capital | | | | | | | | | | | | | | | | | | |
| Directors of the Bank | 21,900,816 | 0.15% | | | | | | | | | | | | | | | | | | |
| KMPs | 97,843,755 | 0.65% | | | | | | | | | | | | | | | | | | |
| A concern in which any of the Bank's Directors or a close relation of any of the Bank's Directors or any of its material shareholders has a substantial interest | NIL | NIL | | | | | | | | | | | | | | | | | | |
| A close relation of any of the Bank's Directors or Key Management Personnel | NIL | NIL | | | | | | | | | | | | | | | | | | |
| Material Shareholder | NIL | NIL | | | | | | | | | | | | | | | | | | |

Bank's Compliance with Prudential Requirements

"Compliance is a core element of Amāna Bank's DNA and it reflects the Bank's ongoing commitment to governance and ethical conduct"

Compliance is a fundamental building block in the Bank's Governance model as well as an essential pillar which supports in managing the Compliance Risk based on the key principles of Integrity, Transparency, Confidentiality, Regulatory Compliance and Financial Crime Compliance.

The Bank's Compliance Division functions independently to oversee and improve Bank-wide compliance. In this regard, the Compliance Division's service centric compliance eco-system serves as the target operating model to ensure Compliance management within the Bank. Target Operating Model in Compliance is reinforced by the Supporting Capacity Model "MAT" (Monitoring, Advisory, Training) which focuses attention on the areas of Governance, Legal & Regulatory Compliance, Monitoring & Reporting, Creating Awareness in order to prevent regulatory sanctions, reputational damage, financial losses and fines due to non-compliance.

In accordance with the best practices and good governance promoted in the Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks, the Bank has established a Compliance Division, headed by Chief Compliance Officer (CCO) who is a Key Management Personnel (KMP) and reports directly to the Board Integrated Risk Management Committee (BIRMC).

Compliance Division's responsibilities include the facilitation of the day-to-day challenges in the interpretation and understanding of regulations; proactively take initiatives to highlight common industry-wide compliance concerns, that operations and administration of activities are in alignment with laws and regulations pertaining to the banking standards and develop a Compliance culture by emphasising on standards of honesty and integrity.

The key responsibilities of the Compliance Division are;

- ◆ Collaborating with the Branches & Departments in managing Compliance Risk
- ◆ Recommending measures to mitigate Compliance Risk and corrective actions in the event of any deviations.
- ◆ Disseminating information to relevant stakeholders regarding regulatory requirements/changes and guidelines
- ◆ Consistently assessing the Bank's compliance with laws, regulations, statutory guidelines and ensure that internal controls, policies and operational procedures are aligned with the regulatory requirements
- ◆ Ensuring compliance with the Financial Transactions Reporting Act-this includes Monitoring and reporting suspicious transactions.
- ◆ Periodic reporting to the Board Integrated Risk Management Committee

In addition, Compliance Division addresses effective Compliance management across the Bank with the support and cooperation of the Chief Executive Officer (CEO) and Management Committee (Mancom) in order to ensure that the policies and processes of the Bank are adhered to and duly complied with, and continuously engages with the Mancom and the Senior Management to oversee and assess the level of Compliance by obtaining management confirmations and initiating corrective actions wherever necessary.

COMPLIANCE AN UBIQUITOUS CULTURE

Compliance Division strives to maintain an exemplary control and Compliance culture, emphasising standards of honesty, integrity and sustainability of the Bank by creating an enhanced Compliance culture across the Bank.

Meanwhile, training and awareness programmes are carried out for all staff regularly to ensure that all employees are adequately aware of the Bank's Compliance requirements, structures and procedures.

All newly recruited staff members are introduced to the Bank's Compliance processes during orientation programmes and Compliance Division takes a proactive approach in promoting a Compliance culture and operates as a strategic partner to all business units.

REGULATORY INTERACTION AND CO-ORDINATION

Regulatory interaction and co-ordination through proactive monitoring of Regulatory developments enabled the Compliance Division to swiftly comply with all new directives/guidelines introduced during the year 2022.

POLICY FRAMEWORK

The Bank's Compliance procedures and guidelines are clearly set out in its Board approved Compliance Policy. The Policy details the Risk identification, roles and responsibilities, structure and processes, reporting lines and methods for Risk mitigation among others.

The Policy is reviewed by the Board periodically, and updated as and when necessary. Meanwhile, the Bank Compliance Policy outlines Bank-wide Compliance Risk management, encapsulating the overall Compliance principles adopted by the Bank.

RISK ASSESSMENT PROGRAMMES

With the view to improve the robustness of the current Risk Assessment methodology and sharpen the alignment between the Compliance Review Programme and the Risk Assessment Programme, a comprehensive set of Compliance Risk Models were developed for Branches, Departments and for the overall Bank as well. Such Compliance Risk Assessments have been carried out throughout the year to determine the Risk Profiles of Branches, Departments and Products and Services offered by the Bank.

COMPLIANCE MONITORING AND TESTING

The Compliance Division performs Testing and Monitoring on a continuous basis to ensure conformance with the board approved Compliance Programme. In the year 2022, the Compliance focus was mainly on strengthening the monitoring mechanisms, specifically in line with the new developments in the Anti-Money Laundering (AML) Regulations.

COMPLIANCE TRAINING

Training activities for 2022 was primarily focused on the AML landscape, with special emphasis on capacity building among front-line cadre. In order to emphasize and educate staff on the importance of Regulatory changes, one-to-one exclusive physical training sessions were conducted at Branch level among all staff of a Branch. In addition, several online training sessions have been conducted as well, whilst recorded sessions were made available in "Amāna Layup", the Bank's e-Learning platform.

The Board of Directors participated in a High-Level Web Conference on the theme of "Creating a Culture of Anti-Money Laundering & Countering the Financing of Terrorism Compliance" conducted by the Financial Intelligence Unit (FIU) of Sri Lanka in collaboration with the Financial Intelligence Unit (FIU) of Malaysia.

OUTCOMES

These steps proved successful with all Regulatory and AML/CFT Compliance requirements for the year 2022 being fulfilled. Furthermore, the diligent efforts of the Compliance Division ensured that a high level of Compliance to Regulations was observed across the Bank, yielding real results that would protect all stakeholders now and in the future.

FUTURE FOCUS

Moving forward, the focus for the forthcoming year would be to automate major operational control areas of the Compliance Division in order to further streamline the Regulatory Reporting process. In addition, the Compliance Division would focus on micro-level Compliance requirements, which are emerging as key challenges in the fast-changing world of Risk-based Compliance.

"To be the trusted enabler, leading the Bank towards a holistic Compliance framework in order to facilitate sound governance"

Directors' Statement on Internal Control Over Financial Reporting

RESPONSIBILITY

In line with the Banking Act Direction No. 11 of 2007, section 3(8) (ii) (b), the Board of Directors present this report on Internal Control over Financial Reporting.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at Amāna Bank PLC, ("the Bank"). In considering such adequacy and effectiveness, the Board recognises that the business of banking requires reward to be balanced with risk on a managed basis and as such the internal control systems are primarily designed with a view to highlighting any deviations from the limits and indicators which comprise the risk appetite of the Bank. In this light, the system of internal controls can only provide reasonable, but not absolute assurance, against material misstatement of financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank and this process includes enhancing the system of internal control over financial reporting as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the Guidance for Directors of Banks on the Directors' Statement on Internal Control issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control over financial reporting taking into account principles for the assessment of internal control system as given in that guidance.

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance

with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

KEY FEATURES OF THE PROCESS ADOPTED IN APPLYING IN REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following:

- ◆ Various Committees are established by the Board to assist the Board in ensuring the effectiveness of the Bank's daily operations and that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- ◆ The Internal Audit Department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual Audit Plan is reviewed and approved by the Board Audit Committee. Findings of the Internal Audit Department are submitted to the Board Audit Committee for review at their periodic meetings.
- ◆ The Board Audit Committee of the Bank reviews internal control issues identified by the Internal Audit Department, the External Auditors, regulatory authorities and the Management: and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of the same. The minutes of the Board Audit Committee meetings are forwarded to the Board on a periodic basis. Further details of the activities undertaken by the Board Audit Committee of the Bank are set out in the Board Audit Committee Report on pages 143 and 144.
- ◆ In assessing the internal control system over financial reporting, identified officers of the Bank collated all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Bank. These in turn were observed and checked by the Internal Audit Department for suitability of design and effectiveness on an ongoing basis.
- ◆ The Bank further strengthened its internal control processes to ensure that the impacts arising from the prevailing Economic conditions in the Country are captured on a timely basis and in a reasonably accurate manner as part of its financial reporting.
- ◆ The comments made by the External Auditors in connection with internal control system over financial reporting in previous years were reviewed during the year and appropriate steps have been taken to rectify them.

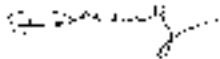
CONFIRMATION

Based on the above processes, the Board confirms that the financial reporting system of the Bank has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

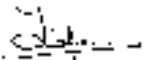
The External Auditors, Messrs Ernst & Young, have reviewed the above Directors Statement on Internal Control over Financial Reporting included in the Annual Report of the Bank for the year ended 31 December 2022 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control over financial reporting of the Bank. Their Report on the Statement of Internal Control over Financial Reporting is given on pages 134 and 135 of this Annual Report.

By Order of the Board,



Ali Asghar Akbarally

Chairman - Board of Directors



Tishan Subasinghe

Chairman - Board Audit Committee

18 February 2023
Colombo



risks and controls or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 (Revised) also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Bank.

A handwritten signature in black ink, appearing to be 'E. J. ...'.

18 February 2023
Colombo

Annual Report of the Board of Directors on the Affairs of the Bank

1. GENERAL

Your Directors have the pleasure in presenting their Annual Report on the State of Affairs, together with the Audited Financial Statements for the year ended 31 December 2022. Amāna Bank PLC, a licensed commercial bank was incorporated under the Companies Act No. 07 of 2007 as a public limited liability company in Sri Lanka under the registration number PB 3618. It was listed in the Colombo Stock Exchange on 29 January 2014 and re-registered under the Companies Act No. 07 of 2007 under the registration number PB 3618 PQ on 28 August 2014. Amāna Bank PLC is a licensed commercial bank under the Banking Act No. 30 of 1988 and amendments thereto and commenced commercial operations on 1 August 2011.

The Annual Report has been prepared in conformity with the requirements of the Companies Act No. 07 of 2007, the Banking Act No. 30 of 1988 (as amended), Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks and subsequent amendments thereto, the Listing Rules of the Colombo Stock Exchange and the recommended best practice on Corporate Governance.

The Financial Statements reviewed and recommended by the Board Audit Committee was approved by the Board on 18 February 2023 along with this report.

The Bank has been assigned a National Long Term Rating of BB+ (lka) with a Rating Watch Negative Outlook by Fitch Ratings Lanka Limited. The Registered Office and the Corporate Office of the Bank is located at No. 486, Galle Road, Colombo 3, Sri Lanka.

2. PRINCIPAL ACTIVITIES

The principal activities of the Bank are the provision of commercial banking and related services.

3. COMPLIANCE AND CORPORATE GOVERNANCE FOR LICENSED COMMERCIAL BANKS IN SRI LANKA

The Board of Directors of the Bank has adopted a comprehensive policy on compliance and in accordance with the regulations of the Central Bank of Sri Lanka (CBSL) has established an independent compliance function in respect of statutory requirements and CBSL Directions relating to licensed commercial banks. Further, in accordance with the provisions of the Financial Transaction Reporting Act No. 06 of 2006, the Board has appointed a Compliance Officer at Senior Management level in charge of compliance of the Bank. The Bank has also a Compliance Policy and Guideline on Know Your Customer (KYC) and Anti Money Laundering (AML). The Compliance Division monitors the compliance of the statutory requirements of the Bank and a report is submitted to the Board Integrated Risk Management Committee, Board Audit Committee and the Board of Directors on a quarterly basis ensuring the Bank complies with all such requirements.

4. REVIEW OF OPERATIONS

The Financial and Operational performance of the Bank and the important events that took place during the year under review is contained in the Chairman's Message, Managing Director/CEO's Review and the Management Discussion and Analysis of the Annual Report. These reports form an integral part of the Annual Report of the Board of Directors.

5. FINANCIAL STATEMENTS

5.1 Compliance

The Financial Statements of the Bank have been prepared in accordance with the Sri Lanka Accounting Standards (SLRFS and LKAS) laid down by the Institute of Chartered Accountants Sri Lanka and comply with the requirements of Companies Act No. 07 of 2007 and Banking Act No. 30 of 1988 (as amended) inclusive of specific disclosures. In terms of Section 150(1) (b) & (c) the Financial Statements for the year ended 31 December 2022 has been duly signed by two Directors on the certification of the Chief Financial Officer of the Bank.

5.2 Auditors' Report

The Auditors' of the Bank, Messrs Ernst & Young, Chartered Accountants, carried out the Audit for the financial year ended 31 December 2022 and their report on those financial statements are given on pages 186 to 189 of the Annual Report.

5.3 Significant Accounting Policies

The Significant Accounting Policies adopted in the preparation of the Financial Statements are given on pages 196 to 207 of the Annual Report.

5.4 Financial Results and Comprehensive Income

5.4.1 Financing Income

The Financing Income of the Bank for the period under review was LKR 12,113,112,544 (2021-LKR 7,674,186,731) and an analysis of the Financing Income is given in Note 4 to the Financial Statements.

5.4.2 Profits and Comprehensive Income

A breakdown of the Profits and Comprehensive Income of the Bank is given below:

| Financial Results | 2022 LKR | 2021 LKR |
|---|-----------------|-----------------|
| Net Operating Income | 4,727,212,865 | 4,014,050,309 |
| Total Operating Expenses | (2,990,948,130) | (2,569,405,274) |
| Operating Profit Before VAT on Financial Services & Social Security Contribution Levy | 1,736,264,735 | 1,444,645,035 |
| VAT on Financial Services & Social Security Contribution Levy | (528,989,373) | (363,632,453) |
| Profit Before Tax | 1,207,275,362 | 1,081,012,582 |
| Tax Expenses | (419,098,458) | (256,314,684) |
| Profit for the Year | 788,176,904 | 824,697,898 |
| Other Comprehensive Income/(Loss) for the Year Net of Tax | (65,150,747) | 346,757,887 |
| Total Comprehensive Income for the Year | 723,026,157 | 1,171,455,785 |

6. DIVIDENDS

6.1 Interim Scrip Dividend

An Interim Scrip Dividend of 10 cents per share was declared and paid in November 2022 for the financial year ended 31 December 2022. Prior to the declaration, the Board of Directors signed a Certificate in terms of Section 56(2) of the Companies Act No. 07 of 2007 stating that in their opinion and based on the information available the Bank will satisfy the solvency test immediately after the distribution is made and have obtained a Certificate from the Auditors in terms of Section 57 of the Companies Act No. 07 of 2007.

7. PROVISION FOR TAXATION

Income Tax payable by the Bank has been duly provided for in the Financial Statements, under existing tax legislations and in conformity with Sri Lanka Accounting Standards.

8. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

Details of the property, plant, equipment and right-of-use assets of the Bank, additions made during the year and the depreciation charges for the year are shown in Note 26 to the Financial Statements.

9. STATED CAPITAL

The Stated Capital of the Bank as at 31 December 2022 is LKR 11,348,821,130 comprising of 2,783,949,511 ordinary shares (2021 – LKR 11,079,706,011 comprising 2,691,151,194 ordinary shares). The movement in the Bank's Ordinary Share capital is given below:

Issued Capital (No. of Shares)

| Balance as at 31 December 2021 | Interim Scrip Dividend Issue | Balance as at 31 December 2022 |
|-----------------------------------|---------------------------------|-----------------------------------|
| 2,691,151,194 | 92,798,317 | 2,783,949,511 |

The details of the stated capital are given in Note 36 to the Financial Statements on page 230 of the Annual Report.

10. RESERVES

The Total Reserves (including Statutory Reserves) as at the end of the financial year was LKR 3,012,533,934 (2021 – LKR 2,558,828,124). The movement of Reserves is indicated under the Statement of Changes in Equity in the Financial Statements on page 194 of the Annual Report.

11. DONATIONS

During the year under review, the Bank made donations amounting to LKR 799,591 (2021 – LKR 2,070,233).

12. DIRECTORATE

The Board is the highest decision making authority of the Bank and is responsible for leadership and strategic direction, whilst the Management Committee is responsible for daily operations and implementing effective internal controls.

The Board and Management work with mutual trust, respect and understanding of their respective roles, thus bringing a productive and a harmonious environment conducive to effective Corporate Governance. The Board comprises of 11 Directors, as at 31 December 2022, with the desired Board Balance and consist of eminent professionals in their respective fields with skills and expertise, to constructively deliberate on matters presented to the Board. Collectively they combine expertise in accounting, banking and finance, business and entrepreneurial management, investor and regulatory perspective and law and also bring in independent judgement to bear on matters reserved for the Board.

12.1 Board Process

Based on a schedule of meeting dates agreed at the beginning of the year, the Board meets at least every calendar month in addition to other meetings convened for specific purposes. The Chairman is responsible for determining the Agenda which is prepared with the assistance of the Company Secretary and circulated

Annual Report of the Board of Directors on the Affairs of the Bank

with relevant Board Papers via 'Board Pac' to the Directors. Minutes of deliberations and decisions are maintained in sufficient detail.

The Board plays an active role in strategy formulation by providing direction to the Management on the preparation of the Bank's five year Strategic Plan. This process was further enhanced by Brainstorming Sessions of the Management Committee and its outcome incorporated into the Plan which was then presented to the Board for approval.

12.2 Changes to the Directorate

The Board of Directors of the Bank comprised of Eleven Directors as at 31 December 2022 with wide financial and commercial knowledge and experience. The names of the persons who were Directors during the year 2022 are given below as per section 168 (1)(h) of the Companies Act No. 07 of 2007 and the classification of the Directors into Non-Executive, Non-Executive Non-Independent, and Executive Director is mentioned against their names as per the listing rules of the Colombo Stock Exchange and the Banking Act Direction No. 11 of 2007 issued by the Central Bank of Sri Lanka.

| Name | Designation/Capacity |
|---|---|
| Mr. Ali Asghar Akbarally | Chairman, Non-Executive, Non Independent Director |
| Mr. Rajiv Nandlal Dvivedi | Non-Executive, Independent Senior Director (Retired with effect from 11 January 2023) |
| Mr. Dilshan Hettiaratchi | Non-Executive, Independent Director |
| Mr. Aaron Russell-Davison | Non-Executive, Independent Director |
| Mr. Mohammed Ataur Rahman Chowdhury | Non-Executive, Non Independent Director |
| Mr. Syed Muhammed Asim Raza | Non-Executive, Non Independent Director |
| Mr. Khairul Muzamel Perera Bin Abdullah | Non-Executive, Non Independent Director |
| Mr. Tishan Subasinghe | Non-Executive, Independent Director |
| Mr. Paul Mercer | Non-Executive, Non Independent Director (Resigned with effect from 20 November 2022) |
| Mr. Omar Kassim | Non-Executive, Non Independent Director |
| Mr. Mohamed Adamaly | Non-Executive, Non Independent Director |
| Mr. Mohamed Thowfeek Mohamed Azmeer | Managing Director/CEO (Executive Director) (Appointed with effect from 27 April 2022) |

Mr. Mohamed Azmeer was appointed to the Board as the Managing Director/CEO with effect from 27 April 2022 and Mr. Paul Mercer (Non- Executive, Non-Independent), the representative Director of IB Growth Fund (Labuan) LLP, resigned from the Board with effect from 20 November 2022.

Mr. Rajiv Dvivedi (Senior Independent Director) retired from the Board having reached the age of 70 years on 11 January 2023 as per the Corporate Governance Directions of the Central Bank of Sri Lanka. Mr. Dilshan Hettiaratchi was re-designated as the Senior Independent Director with effect from 11 January 2023.

Further, Mr. Mohammad Hassan was nominated by Islamic Corporation for the Development of the Private Sector (ICD), being the Fund Manager of IB Growth Fund (Labuan) LLP, (major Shareholder) to be appointed to the Board of Amāna Bank PLC to fill the casual vacancy created by the resignation of Mr. Paul Mercer. Mr. Hassan was appointed to the Board with effect from 18 January 2023.

The Bank had made timely disclosures to the Colombo Stock Exchange and obtained the regulatory approvals from Central Bank for the above changes.

12.3 Recommendation for Re-election of Directors Retiring by Rotation or Otherwise

In terms of Article 29(13) of the Articles of Association, Mr. Mohammad Hassan who was appointed to the Board subsequent to the last Annual General Meeting to fill a casual vacancy, retires and offers himself for re-election.

In terms of Article 29(6) of the Articles of Association of the Bank, Mr. Mohamed Ataur R Chowdhury, Mr. Syed M Asim Raza and Mr. Khairul Muzamel Perera Bin Abdullah retires by rotation at the forthcoming Annual General Meeting of the Bank and offer themselves for re-election.

The Board Nomination Committee and the Board of Directors have pleasure in recommending their re-election.

12.4 Directors' Emoluments

The Directors' remuneration in respect of the Bank for the financial year ended 31 December 2022 is given in Note 13 to the Financial Statements which represents the emoluments paid to Executive and Non-Executive Directors of the Bank.

12.5 Interest Register/Directors' Interest in Contracts

As at 31 December 2022, none of the Directors had interests in contracts with the Bank, other than those disclosed in Note 46 to the Financial Statements.

The Bank has maintained an Interest Register as required by the Companies Act No. 07 of 2007. We wish to confirm that all Directors have made general declarations as required by the Sections 192 (1) and (2) of the Companies Act No. 07 of 2007. This Annual Report contains the particulars of the entries made in the Interest Register in addition to the following in terms of Section 168(1) e of the Companies Act No. 07 of 2007.

Mr. Mohammed Ataur Rahman Chowdhury

- ◆ F E Taiba Leasing L.L.C., Uzbekistan – Appointed with effect from 20 March 2022
- ◆ Maldives Islamic Bank – Resigned with effect from 30 May 2022

Mr. Aaron Russell-Davison

- ◆ Softlogic Finance PLC – Resigned with effect from 31 July 2022
- ◆ Softlogic Asset Management (Pvt) Ltd – Resigned with effect from 4 May 2022
- ◆ Softlogic Stockbrokers (Pvt) Ltd – Resigned with effect from 4 May 2022

Mr. Dilshan Hettiaratchi

- ◆ Wealth Lanka Management (Pvt) Ltd – Appointed with effect from 30 April 2022
- ◆ Sagasolar Power (Pvt) Limited – Resigned with effect from 6 July 2022

Mr. Tishan Subasinghe

Resigned as a member of the Advisory Committee of CBSL for failed finance companies with effect from 5 April 2022.

Mr. Omar Kassim

On 12 January 2023, Domon Ltd purchased 111,021,549 shares of Amāna Bank PLC at a price of LKR 2.90 where Mr. Omar Kassim has a relevant interest being a Non-Executive Director of Domon Ltd.

Any other interest that arose after the Balance Sheet date is mentioned under item 20 "Events After the Reporting Date" found on page 141.

The share ownership of Directors is disclosed below. The Interest Register is available for inspection by shareholders or their authorised representatives as required by the Section 119 (1) (d) of the Companies Act No. 07 of 2007.

12.5 Directors' Investments in Shares

The shareholdings of Directors who held office as at 31 December 2022 were as follows:

| Name of Director | Number of Shares Held | Percentage of Shareholding (%) |
|---|-----------------------|--------------------------------|
| Mr. Ali Asghar Akbarally | Nil | Nil |
| Mr. Rajiv Nandlal Dvivedi | Nil | Nil |
| Mr. Dilshan Hettiaratchi | Nil | Nil |
| Mr. Aaron Russell-Davison | Nil | Nil |
| Mr. Mohammed Ataur Rahman Chowdhury | Nil | Nil |
| Mr. Syed Muhammed Asim Raza | Nil | Nil |
| Mr. Khairul Muzamel Perera Bin Abdullah | Nil | Nil |
| Mr. Tishan Subasinghe | Nil | Nil |
| Mr. Omar Kassim | Nil | Nil |
| Mr. Mohamed Adamaly | Nil | Nil |
| Mr. Mohamed Azmeer | 556,478 | 0.02% |

Mr. Mohamed Azmeer held 537,929 shares as at 1 January 2022 and was entitled to a Scrip Dividend of 18,549 Ordinary Shares during the period under review.

Other than the above, no other Director held any shares as at 1 January 2022.

Mr. Mohammad Hassan did not hold any shares as at the date of his appointment viz 18 January 2023.

Annual Report of the Board of Directors on the Affairs of the Bank

13. INVESTOR INFORMATION

13.1 Shareholding

There were 8,374 registered shareholders as at 31 December 2022. The following details relating to investor information is given on pages 288 to 290 of the Annual Report.

1. Distribution of Shareholders
2. Resident and Non-Resident Shareholding
3. Individual and Institutional Shareholders
4. Twenty Major Shareholders

13.2 Share Information

Information relating to the earnings, dividend, net assets and the market value per share is given in the Financial Highlights on page 40 of the Annual Report.

The Bank has at all times ensured that all shareholders are treated equitably.

13.3 Status of Compliance to the Minimum Public Holding Requirement of the Listing Rules

The number of Ordinary Shares held by the public as at 31 December 2022 is 1,014,560,982 (36.44%) of the issued capital (number of shares) of the Bank.

The minimum public holding requirement as at 31 December 2022 maintained by the Bank in compliance with the Listing Rules is as follows:

| Type of Share | Float Adjusted Market Capitalisation (LKR) | Public Holding Percentage | No. of Shareholders representing the Public Holding Percentage | Option |
|-----------------|--|---------------------------|--|--------|
| Ordinary Shares | 2,941,966,485 | 36.44 | 8,356 | 4 |

14. RELATED PARTY TRANSACTIONS

The Bank's transactions with Related Parties given in Note 46 to the Financial Statements, have complied with the listing Rule 9.3.2 of the Colombo Stock Exchange and under the Code of Best Practice on Related Party Transactions issued under the directive of The Securities and Exchange Commission.

There were no other non-recurrent Related Party Transactions where the aggregate value exceeds 10% of equity or 5% of total assets of the Bank whichever was lower as at 31 December 2022.

There were no other recurrent Related Party Transactions where the aggregate value exceeds 10% of the gross income of the Bank which requires additional disclosures as per the Listing Rules of the Colombo Stock Exchange.

The Directors declare that they have complied with the provisions of the Code relating to full disclosure of Related Party Transactions entered into during the Financial Year ended 31 December 2022.

15. CONTINGENT LIABILITIES

In the opinion of the Directors who in consultation with the Bank's lawyers have established that litigation currently pending against the Bank will not have a material impact on the reported financial results or the future operations of the Bank. Details of litigation pending against the Bank are given in Note 49 to the Financial Statements.

16. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government, other regulatory bodies and related to the employees have been paid on a timely basis.

17. RISK MANAGEMENT

The Bank has an ongoing process in place to identify, evaluate and manage risks that are faced by the Bank. The Board Integrated Risk Management Committee regularly reviews these processes and updates the Board. The Risk Management Framework is detailed in pages 160 to 184 of the Annual Report.

18. ENVIRONMENTAL PROTECTION

To the best knowledge of the Board, the Bank has not engaged in any activity that is harmful or hazardous to the environment. The Directors also confirm that to the best of their knowledge and belief the Bank has complied with the relevant environmental laws and regulations.

19. GOING CONCERN

The Board of Directors has reviewed the Strategic Plan of the Bank and the Budget for the ensuing year and is satisfied that the Bank has adequate resources to continue their operations in the foreseeable future. Accordingly the Financial Statements of the Bank are prepared on a going concern basis.

20. EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the Financial Statements except for the events disclosed in Note 47 to the Financial Statements.

21. BOARD COMMITTEES

The Board of Directors, while assuming the overall responsibility and accountability for the management oversight of the Bank has also appointed Board Committees to ensure oversight and control over certain functions of the Bank conforming to Directions on Corporate Governance issued by CBSL. The members of the Board Sub-Committees are detailed under Corporate Information of the Annual Report.

The mandatory Committees, established under the Listing Rules of the Colombo Stock Exchange and the Corporate Governance Directions issued to licensed commercial banks by CBSL, have reports included in this Annual Report detailing the composition of membership, their movement, attendance and the activities carried out during the year and their functions.

22. AUDITORS

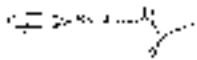
The Financial Statements for year ended 31 December 2022 have been audited by Messrs Ernst & Young, Chartered Accountants who offer themselves for reappointment. A resolution relating to their reappointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors Messrs Ernst & Young, Chartered Accountants were paid/provided with LKR 4,200,000 as Audit fees by the Bank. As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor and Tax Consultant) with the Bank. The Auditors also do not have any interest in the Bank.

23. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30 March 2023 at 3.30 p.m. at the Registered Office, No. 486, Galle Road, Colombo 3, via a digital platform.

By Order of the Board
AMANA BANK PLC



Ali Asghar Akbarally
Chairman



Mohamed Azmeer
Managing Director/CEO



Miss P. S. Watson
Company Secretary

18 February 2023
Colombo

Directors' Interest in Contracts

| Name of Director | Name of Company | Position | Nature of Transaction | Amount 2022 LKR | Amount 2021 LKR |
|--|---------------------------------------|----------|-----------------------|-----------------|-----------------|
| Mr. Ali Asghar Akbarally | Akbar Brothers (Pvt) Limited | Director | Due to Depositors | 2,751,474,773 | 1,446,436,322 |
| Mr. Ali Asghar Akbarally, Chairman of the Bank is also Chairman of Windforce PLC, Laviyani Holdings (Pvt) Limited, Uthurumaafaru Holdings (Pvt) Limited-Maldives, Cocoon Investments (Pvt) Limited-Maldives and Hermitage Resorts (Pvt) Limited and also a Director of Alumex PLC, AB Lagoon (Pvt) Limited, Akbar Brothers Exports (Pvt) Limited, Falcon Trading (Pvt) Limited, Falcon Development (Pvt) Limited, Chadstone Holdings (Pvt) Limited, Flexi Print (Pvt) Limited, Quick Tea (Pvt) Limited, Land & Building (Pvt) Limited, Stella Plastic India (Pvt) Limited, Renewgen (Pvt) Limited, Kassanfaru One (Pvt) Limited and Joy Resorts (Pvt) Limited. | | | | | |
| Mr. Omar Kassim | Nomod Inc | Director | Due to Depositors | 378,860,874 | 66,108 |
| Mr. Omar Kassim, a Director of the Bank is also a Director of Esanjo Ventures Limited. | | | | | |
| Mr. Dilshan Hettiaratchi, a Director of the Bank is also a Director of Widforce PLC, Asset Trust Management (Pvt) Limited, Faber Capital Lanka (Pvt) Limited, Faber Capital (DIFC) Limited, Southern Gammiris Lanka (Pvt) Limited, Last Mile Delivery (Pvt) Limited, Boda Boda (Pvt) Limited, Preserving Land and Nature (Guarantee) Limited and Wealth Lanka Management (Pvt) Limited. | | | | | |
| Mr. Mohamed Azmeer * | Better Space Holdings (Pvt) Limited | Director | Due to Depositors | 6,942,228 | 11,590,108 |
| Mr. Mohamed Azmeer * | Better Space Properties (Pvt) Limited | Director | Due to Depositors | 9,468 | 9,215 |
| Mr. Tishan Subasinghe, a Director of the Bank is also Chairman of Sanasa General Insurance Company Limited and also a Director of Kapruka Holdings PLC and Moore Stephens Consulting (Pvt) Limited and also a Partner of Moore Stephens Aiyar. | | | | | |
| Mr. Mohamed Adamaly, a Director of the Bank is also a Director of Bogala Graphite Lanka PLC, David Pieris Holdings (Pvt) Limited, David Pieris Leisure (Pvt) Limited, Synergy Plus (PTE) Limited, Palm Stone (Pvt) Limited, Soul Resorts (Pvt) Limited, Monad (Pvt) Limited, Monad Corporate Services (Pvt) Limited, S A A Lanka (Pvt) Limited, Adamantium Investments (Pvt) Limited and Blue Sky Luxury Apartments (Pvt) Limited. | | | | | |
| Mr. Khairul Muzamel Perera Bin Abdullah, a Director of the Bank is also a Director of Raeed Holdings SDN BHD and IAP Integrated SDN BHD. | | | | | |
| Mr. Paul Mercer**, a Director of the Bank is also a Director of Mercer Consultancy S P C. | | | | | |

* Mr. Mohamed Azmeer was appointed to the Board of Directors of the Bank with effect from 27 April 2022

** Mr. Paul Mercer resigned from the Board of Directors of the Bank with effect from 20 November 2022

Board Audit Committee Report

COMPOSITION

The Board Audit Committee (BAC) conducts its proceedings in accordance with the terms of reference approved by the Board of Directors. The Committee as at the end of the year 2022 comprised of five (5) Non-Executive Directors, three of them being Independent. The Chairman of the Committee, Mr. Tishan Subasinghe is a Fellow and Council Member of the Institute of Chartered Accountants of Sri Lanka.

Table below shows the list of members of the BAC during the year under review and their attendance at Committee meetings held during the year:

| Member | Total Number of Meetings Attended / Total Number of Meetings Eligible to Attend |
|--|---|
| Mr. Tishan Subasinghe – Chairman (Non-Executive, Independent Director) | 7/7 |
| Mr. Rajiv Nandlal Dvivedi (Non-Executive, Independent Senior Director) | 4/7 |
| Mr. Aaron Russell-Davison (Non-Executive, Independent Director) | 5/7 |
| Mr. Mohammed Ataur Rahman Chowdhury (Non-Executive, Non-Independent Director) | 6/7 |
| Mr. Omar Kassim (Non-Executive, Non-Independent Director) | 4/7 |

The Chief Internal Auditor functions as the Secretary to BAC.

ROLE OF THE BOARD AUDIT COMMITTEE

The Committee assists the Board of Directors in carrying out its responsibilities in relation to financial reporting requirements and assessment of internal controls. The role and responsibilities of the Committee is defined in the Committee's "Terms of Reference" document. The Committee amongst other functions performs the following key tasks:

- Reviewing the operations and effectiveness of the Bank's internal control system to ensure that a good financial reporting system is in place to comply with the Sri Lanka Accounting Standards.
- Ensuring that the presentation of Financial Statements satisfies all applicable accounting standards as well as the relevant legal and regulatory requirements.
- Recommending appointment or reappointment of the External Auditor for audit services in compliance with the relevant statutes.
- Reviewing and monitoring the External Auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.
- Discussing and finalising with the External Auditors the nature and scope of the audit before the commencement of the audit.
- Ensuring that an Internal Audit Charter and a comprehensive Internal Audit Manual comprising of relevant Guidelines are in place.
- Reviewing the adequacy of the scope, functions and resources of the Internal Audit Division and ensuring that appropriate actions are taken on the findings and recommendations reported by the Division.

REGULATORY COMPLIANCE

The role and functions of the BAC are regulated by the Banking Act Direction No. 11 of 2007, the Mandatory Code of Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka, the Best Practices of Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Section 7 of the Continuing Listing Rules of the Colombo Stock Exchange.

MEETINGS

The Committee met seven (7) times during the year under review. The regular attendees on invitation to the BAC meetings are the Managing Director/CEO and the Chief Financial Officer.

On the invitation of the Committee, the Engagement Partner of the Bank's External Auditors, M/s Ernst and Young also attended two (2) meetings held during the year. Further where necessary, Key Management Personnel from pertinent business and support divisions of the Bank were also invited to attend relevant segments of the meetings to enhance the awareness of the Committee with regard to issues and/or developments relating to such divisions. Such invitations were extended to ensure that the Committee is provided with all the relevant information to facilitate the discharge of its role and responsibilities.

FINANCIAL REPORTING

The BAC as part of its responsibility to oversee the Bank's financial reporting process on behalf of the Board of Directors, has reviewed and discussed with the Management, the Annual Financial Statements for the year 2022, prior to release. These Financial Statements have been prepared in line with the Sri Lanka Accounting Standards (SLFRS & LKAS) and are an integral part of the Bank's Annual Report.

Above review by the Committee included the extent of compliance with the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, the Banking Act No. 30 of 1988 and amendments thereto.

Board Audit Committee Report

RISKS AND INTERNAL CONTROLS

The internal controls within the Bank are designed to provide reasonable but not absolute assurance to the Directors and assist them to monitor the financial position of the Bank. During the year, the Committee reviewed the effectiveness of the Bank's internal control system and assessed the effectiveness of the internal controls over financial reporting as of 31 December 2022, as required by the Banking Act Direction No. 11 of 2007, Corporate Governance for Licensed Commercial Banks in Sri Lanka, Subsection 3 (8) (ii) (b), based on the "Guidance for Directors of Banks on the Directors' Statement of Internal Control" issued by the Institute of Chartered Accountants of Sri Lanka.

The result of the assessment is given on pages 132 and 133 of the Annual Report, titled "Directors' Statement on Internal Control over Financial Reporting". The External Auditors have issued an Assurance Report on the Directors' Statement on Internal Control over Financial Reporting. This report is given on pages 134 and 135 of the Annual Report. Based on its assessment of the Internal Control System, the Committee concluded and confirmed to the Board as of 31 December 2022 that the Bank's Internal Control over financial reporting is effective.

EXTERNAL AUDIT

The BAC reviewed and monitored the independence of the External Auditors and the objectivity as well as the effectiveness of the External Audit process and having satisfied itself of the same, assisted the Board with its recommendations to the shareholders on re-appointment of M/s Ernst & Young, Chartered Accountants as external auditors for the financial year ended 31 December 2022. The role played by the BAC with regard to the External Audit and also to ensure the independence of External Auditors is as follows:

- ◆ Monitoring and evaluating the independence, objectivity and effectiveness of the External Audit at the planning, execution, completion and reporting phases of the External Audit Assignment.

- ◆ BAC discussed the approach and procedures followed by the External Auditors, including matters relating to the audit plan, key risk areas, scope and the methodology proposed to be adopted in conducting the audit, prior to commencement of the annual audit.
- ◆ Discussion of the time frame allocated for the External Audit and approving remuneration to be paid to the External Auditors.
- ◆ Reviewing the existing non-audit services provided by the External Auditors and also approving any new services to the external auditors by ensuring that such functions do not fall within the restricted services which will impair the External Auditors' independence and objectivity.
- ◆ BAC met the External Auditors two (2) times during the year without the presence of the executive management to ensure that there was no limitation of scope in relation to the Audit and any other related incidents which could have had a negative impact on the effectiveness of the external audit, and concluded that there was no cause for concern.
- ◆ Moreover, the Committee also reviewed the External Auditor's Management Letter – 2021 and the management's responses thereto.

INTERNAL AUDIT

During the year, the BAC reviewed the independence, objectivity and performance of the Internal Audit Function. This review also included the findings from the internal audits completed and the Internal Audit Division's evaluation of the Bank's internal controls. The Committee also reviewed the adequacy of Internal Audit coverage through the Internal Audit Plan and approved the same. It also assessed the Internal Audit Division's resource requirements.

During the year 2022, Internal Audit Division successfully enhanced its Audit Analytical capability by moving to a new automated platform for the purpose. This solution enables the Division to perform Internal Audits in a more efficient and

effective manner. BAC constantly monitors the progress made by the Internal Audit Division in leveraging automated solutions for its functions and provides directions/guidance for improvement where necessary.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview.

WHISTLE BLOWING

An internal Whistle Blowing scheme is in place for all staff members to raise any concerns and expose any suspected wrongdoings and provides a process for resolving such wrongdoings without any fear of reprisal or adverse consequences to those associated in disclosure thereof. The Committee has put in place a process to continuously review and investigate the complaints received via this scheme and appropriate directions are provided by the Committee where applicable in relation to the conclusions arrived at, based on such investigations.

The Bank's Whistle Blowing process has provision for the anonymity of the Whistle Blower and ensures the confidentiality of the subject-matter. Further, where possible two-way communication with the whistle blower is made in instances where the Whistle Blower has chosen to disclose his/her identity.

COMMITTEE EVALUATION

The annual evaluation of the BAC was carried out by the members of the Board of Directors who are not part of the BAC and the Committee has taken note of the feedback received.



Tishan Subasinghe

Chairman – Board Audit Committee

18 February 2023

Colombo

Board Integrated Risk Management Committee Report

COMPOSITION OF THE COMMITTEE

The Board Integrated Risk Management Committee (BIRMC) comprising of members listed below conducts its proceedings in accordance with the Terms of Reference approved by the Board of Directors. The Committee was formed by the Board on 30 May 2011 and the Chairman Mr. Rajiv Nandlal Dvivedi resigned w. e. f. 11 January 2023 and was succeeded by Mr. Aaron Russell-Davison.

The Committee met four times during the year 2022 and the attendance is as follows:

| Member | Participated / Eligibility |
|---|----------------------------|
| Mr. Rajiv Nandlal Dvivedi (Chairman) (Non-Executive, Senior Independent Director) | 4/4 |
| Mr. Mohammed Ataur Rahman Chowdhury(Non-Executive, Non-Independent Director) | 4/4 |
| Mr. Tishan Subasinghe(Non-Executive, Independent Director) | 4/4 |
| Mr. Khairul Muzamel Perera Bin Abdullah (Non-Executive, Non-Independent Director) | 4/4 |
| Mr. Aaron Russell-Davison(Non-Executive, Independent Director) | 3/4 |
| Mr. Mohamed Azmeer (Managing Director/Chief Executive Officer) | 2/4 |
| Mr. M. M. S. Quvylidh (Chief Risk Officer) | 4/4 |

Manager – Integrated Risk Management functions as the Secretary to BIRMC.

REGULATORY COMPLIANCE

The BIRMC was established by the Board of Directors, in compliance with the Section 3 (6) of Direction No. 11 of 2007, on Corporate Governance for Licensed Commercial Banks in Sri Lanka, issued by the Monetary Board of the Central Bank of Sri Lanka (CBSL) under powers vested in the Monetary Board, in terms of the Banking Act No. 30 of 1988 as amended.

MEETINGS

Chief Operating Officer, Head of Risk Middle Office and Chief Financial Officer attended BIRMC meetings by invitation. Key Management Personnel from relevant business and support departments of the Bank including Chief Compliance Officer (CCO) were also invited to attend segments of the meetings to articulate and clarify matters relating to their respective areas. Such invitations were extended to ensure that the BIRMC is provided with all relevant information to facilitate the discharge of its roles and responsibilities. A report from the BIRMC Chairman along with the confirmed BIRMC meeting minutes is forwarded to the Board of Directors for perusal.

ROLES AND RESPONSIBILITIES OF THE BIRMC

The BIRMC is primarily responsible for the effective functioning of the risk management function within the Bank. The BIRMC has the authority to request diverse information from various sources, in order to effectively carry out its responsibilities on the risk management process of the Bank. The committee oversees and controls integrated planning and monitoring of the risk profile and capital capacity, providing an alignment of risk appetite and capital requirements.

Its main responsibilities include:

- Ensure that the Bank has comprehensive risk management policies and framework and appropriate compliance policies and processes are in place and to continuously monitor their effectiveness so as to inculcate a proactive risk management culture within the Bank.
- Review and recommend the risk appetite/ tolerance for the Bank at all levels of business, to the Board for adoption.
- Assess and oversee risks, i.e. credit, market, liquidity, operational and strategic risks to the Bank, on a monthly basis through appropriate risk indicators and management information.
- Review the independence and robustness of risk management processes and internal controls throughout the Bank, with a view to manage the Bank's key risk controls and mitigation processes.
- Oversee management level committees managing risk, such as Executive Risk Management Committee (ERMC), Executive Credit Committee 1 (ECC 1) and the Asset and Liability Committee (ALCO).
- Ensure that there are clear and independent reporting lines and responsibilities for risk management functions.
- Apprise the Board on the proper management of risk, specifically relating to Capital, Market, Credit and Operational risks and seeking the Board's endorsement on any strategic decisions taken relating to such risks.
- Take prompt corrective action to mitigate the effects of specific risks, in case such risks are at levels beyond prudent levels decided by the Committee, on the basis of the Bank's policies and regulatory and supervisory requirements.
- Take appropriate actions against officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the Committee, and/or as directed by the Director of Bank Supervision.
- Submit an update on key matters discussed and resolved at the following Board meeting, prior to the issuance of the BIRMC minutes.

Board Integrated Risk Management Committee Report

- xi. Establish a compliance function to assess the Bank's compliance with laws, regulatory guidelines, other statutes, internal controls and approved policies on all areas of business operations. A dedicated Compliance Officer selected from the Key Management Personnel shall carry out the compliance function and report to the Committee periodically.

The BIRMC has the authority to seek external professional advice on matters within its purview.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management controls are implemented across the Bank to provide reasonable assurance to the Board and Senior Management that, effective mitigation action plans are implemented to address all risk exposures. During the year, BIRMC has reviewed and assessed the effectiveness of the Bank's risk management controls for the financial year ended 31 December 2022. In pursuit of managing its risk profile, the Bank has further strengthened the Risk Management Department (RMD) with the objective of effectively managing the core functions of risk: credit, market, liquidity and operational risks.

The Risk management functions cover comprehensive aspects of risk management and it is to provide an enhanced focus on holistic risk management and cross-risk oversight to further enhance our risk culture and the risk profile.

BIRMC has emphasised the importance of strengthening self-assessment on regulatory aspects and provided a clear direction which is being strictly adhered to.

COMMITTEE EVALUATION

The Risk Management Department has carried out Risk Control and Self-Assessment (RCSA) in the critical business units for identifying, assessing, mitigating, monitoring and reporting of operational risks. It is our aim to continue to strengthen the RCSA process.

The stress test analysis carried out by the Risk Management division on the customer advances portfolio with inflationary pressure was reviewed by the committee as it was imperative to understand the purpose of the analysis. The US dollar liquidity shortage prevailing in the market was also considered for analysis in order to ascertain the impact on the Bank's portfolio. The Committee reviewed the new rating module applied for credit evaluation.

The Committee also evaluated the continuity of the Bank's operations during the fuel crisis and appreciated the efforts of the Management to continue critical operations in an uninterrupted manner. It was well noted that the Bank had taken necessary measures in terms of preparedness of the Bank's key operations and its staff to overcome unprecedented challenges that were experienced during the year under review, which helped all critical functions to be adequately provided and managed effectively.

The Committee evaluated the stress testing assessment of the impact due to the economic challenges and the same was detailed in the ICAAP prepared in 2022. It was presented and endorsed by the BIRMC.

Risk Management Department has successfully conducted a Business Continuity Plan (BCP) drill with a negligible number of issues with the new scenarios being included. The BCP/DR (Disaster Recovery) test results were validated by the Internal Audit Department and submitted to the Board Audit Committee. BCP/DR test results were recommended by the BIRMC which was tabled for approval of the Board of Directors and submitted to CBSL.

BIRMC has also reviewed major policies during the year 2022 and recommended same for onward submission to Board of Directors for approval. It also reviewed the Directions announced by CBSL which required relevant policies to be amended with immediate effect, and forwarded such policies to Board of Directors with its recommendation.

The committee reviewed cyber security risk through the presentation which had detailed recent cyber security incidents around the industry in 2022. It was noted that new CBSL regulation has come into effect with regard to the Technology Risk Management and Resilience and the committee emphasized the importance of reviewing the technology risk along with cyber security incidents on a regular basis in compliant with the regulation.

BIRMC evaluated its management committees under its purview and ensured that they are functioning adequately and effectively according to their Terms of Reference.

The Bank continued to grow its balance sheet despite the overall slowdown in economic activity. The Bank managed the overall risk profile successfully to ensure that the Bank maintained its stability, whilst achieving a sustained level of portfolio growth and income generation which are key ingredients to increasing stakeholder value. The Board and the BIRMC are satisfied with the effective risk management strategies implemented by the Bank, under its Integrated Risk Management Framework (IRMF).

The Bank shall continue to review, monitor and proactively address potential risks identified in all its operations and implement appropriate mitigation strategies, to remain in a steady growth and expansion phase. The Bank shall also continue to function within its approved risk appetite as well as comply with BASEL regulations in line with the CBSL requirements of effective risk management practices.



Aaron Russell-Davison

Chairman-Board Integrated Risk Management Committee

18 February 2023

Board Human Resources and Remuneration Committee Report

The Board Human Resources and Remuneration Committee (BHRRC) comprises of the following members during the year under review:

1. Mr. Ali Asghar Akbarally – Chairman (Non-Executive, Non-Independent Director)
2. Mr. Dilshan Hettiaratchi – Member (Non-Executive, Independent Director)
3. Mr. Aaron Russell-Davison – Member (Non-Executive, Independent Director)
4. Mr. Mohammed Ataur Rahman Chowdhury- Member (Non- Executive, Non-Independent Director)
5. Mr. Tishan Subasinghe – Member (Non-Executive, Independent Director)

All five (5) Directors in the Committee are Non-Executive Directors with three (3) being Independent Directors.

Mr. Mohamed Azmeer, Managing Director/CEO, is a permanent invitee and attends BHRRC meetings regularly.

AUTHORITY AND RESPONSIBILITIES

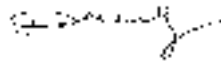
The BHRRC has the explicit authority to decide on and review the Bank's Human Resources and Remuneration Policy and Structure within its Terms of Reference on behalf of the Board of Directors. It may however, refer any matter which in the opinion of BHRRC should be decided by the Board of Directors together with its recommendations. In discharging its duties and functions the BHRRC has all the resources it needs to do so and full and unrestricted access to information and the right to obtain external professional advice and invite outsiders with relevant experience to attend meetings if necessary.

The Roles and Responsibilities of the Committee include:

- (i) Approving the periodic review of Human Resource Policies and Procedures based on Management's recommendation.
- (ii) Approval of Remuneration.
 - a. Directors' emoluments
 - b. Annual salary and bonus based on performance evaluations
 - c. Incentives, allowances and other perquisites
- (iii) Evaluating the performance of the CEO and Key Management Personnel against the set targets and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.

MEETINGS

Meetings are held as and when necessary after providing sufficient notice to all members. There were 2 BHRRC meetings held in 2022.



Ali Asghar Akbarally

Chairman-Board Human Resources and Remuneration Committee

18 February 2023
Colombo

Board Nomination Committee Report

COMPOSITION OF THE COMMITTEE

Amāna Bank's Board Nomination Committee (BNC) constitutes of (5) Non-Executive Directors, majority of whom are Independent Directors. The members of the Committee at the end of the year were as follows:

1. Mr. Dilshan Hettiaratchi – Chairman (Non-Executive, Independent Director)
2. Mr. Rajiv Nandlal Dvivedi – Member (Non-Executive, Senior Independent Director)
3. Mr. Mohammed Aatur Rahman Chowdhury- Member (Non- Executive, Non-Independent Director)
4. Mr. Ali Asghar Akbarally – Member (Non-Executive, Non-Independent Director)
5. Mr. Tishan Subasinghe – Member (Non-Executive, Independent Director)

Mr. Rajiv Dvivedi retired on 11 January 2023 from the Board and the resultant vacancy created in the BNC was filled by the appointment of Mr. Aaron Russell-Davison – Non-Executive, Independent Director to the Committee.

Brief profiles of the Members of the Committee are given on pages 24 to 29 in the Annual Report. The Company Secretary functions as the Secretary of the Committee.

AUTHORITY OF THE COMMITTEE

- The Committee has the authority to discuss issues under its purview and provide the Board with recommendations, enabling the Board to take a final decision on the matter.
- The Members of the Committee have the authority to express their views when making decisions.
- The Committee regularly reviews the structure, size, composition and competencies of the Board and makes recommendations to the Board with regard to any changes.
- The Committee recommends to the Board on insurance covers to be taken in respect of all Directors and KMP including indemnity insurance covers.
- If a need arises, the Committee has the authority to hire professionals from outside

in the capacity of consultants for advice on specific issues.

- Bank staff may be present at Committee meetings as required based on the committee's invitation.

RESPONSIBILITIES OF THE BOARD NOMINATION COMMITTEE

According to the Terms of Reference (TOR) given by the Board to the BNC, the following are its key responsibilities:

- (i) Establishing a procedure to select/appoint new Directors, Chief Executive Officer (CEO) and Key Management Personnel (KMP).
- (ii) Considering and recommending the re-election of current Directors, taking into account the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities.
- (iii) Setting the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the key management positions.
- (iv) Evaluate with the assistance of the HR function of the Bank that the Directors, CEO and KMP are fit and proper persons to hold office as specified and set out in the Banking Act and other relevant Statutes and in terms of the Directions issued by the Central Bank of Sri Lanka (CBSL) from time to time.
- (v) Considering and recommending from time to time, the requirements of additional/new expertise and the succession arrangements for retiring Directors and KMP.

The Quorum necessary for transaction of business is three Members.

FREQUENCY OF MEETINGS

The Committee is required to meet as and when necessary and at least twice during a financial year.

REGULAR ATTENDEES BY INVITATION

Mr. Mohamed Azmeer (Managing Director/CEO) attends BNC Meetings regularly.

MEETINGS

| Member | Participated / Eligibility |
|-------------------------------------|----------------------------|
| Mr. Dilshan Hettiaratchi | 4/4 |
| Mr. Tishan Subasinghe | 4/4 |
| Mr. Ali Asghar Akbarally | 4/4 |
| Mr. Rajiv Nandlal Dvivedi | 4/4 |
| Mr. Mohammed Aatur Rahman Chowdhury | 4/4 |
| Mr. Mohamed Azmeer (By Invitation) | 4/4 |

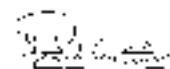
PERFORMANCE DURING THE YEAR

During the year 2022, the BNC held 4 Meetings. As mandated under the Corporate Governance Direction issued by the Central Bank of Sri Lanka, the Committee also considered the appointment of Directors and the reappointment of Directors who retire by rotation in terms of Article 29(6) of the Articles of Association of the Bank and also Fitness and Propriety of the continuing Directors.

In addition, the continuing Directors affidavits were reviewed and recommended to the Board for consideration and submission to the Central Bank of Sri Lanka for approval.

The Succession Plan for the Directors retiring during the year 2023 were also considered by the Committee and appropriate measures were taken.

The BNC is actively involved in the selection and appointment/promotions of KMPs to ensure that they are fit and proper persons to hold their offices.



Dilshan Hettiaratchi
Chairman-Board Nomination Committee

18 February 2023
Colombo

Board Related Party Transactions Review Committee Report

COMPOSITION OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board Related Party Transaction Review Committee (BRPTRC) was formed as a Board Sub-Committee with effect from 28 March 2016 in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

The Committee comprises of the following four Independent, Non-Executive Directors during the year under review:

- ◆ Mr. Tishan Subasinghe – Chairman (Non-Executive, Independent Director)
- ◆ Mr. Rajiv Nandlal Dvivedi – Member (Non-Executive, Senior Independent Director)
- ◆ Mr. Dilshan Hettiaratchi – Member (Non-Executive, Independent Director)
- ◆ Mr. Aaron Russell-Davison – Member (Non-Executive, Independent Director)

Mr. Rajiv N Dvivedi – Non-Executive, Senior Independent Director retired from the Board with effect from 11 January 2023. The Board decided to appoint Mr. Mohamed Thowfeek Mohamed Azmeer – Managing Director/CEO to the BRPTRC with effect from 11 January 2023, which is in compliance with Rule 9.2.2 of the Listing Rules of the Colombo Stock Exchange.

REGULAR ATTENDEES BY INVITATION

Mr. M. Ali Wahid (Chief Financial Officer) attends BRPTRC Meetings regularly by invitation. In addition, the Committee summons other Management officials to participate in proceedings on a need basis.

MEETINGS

The committee meets quarterly as stipulated by the regulations. During 2022, the Committee held four meetings.

| Member | Participated/Eligibility |
|------------------------------------|--------------------------|
| Mr. Tishan Subasinghe | 4/4 |
| Mr. Rajiv Nandlal Dvivedi | 2/4 |
| Mr. Dilshan Hettiaratchi | 4/4 |
| Mr. Aaron Russell-Davison | 4/4 |
| Mr. Mohamed Azmeer (By Invitation) | 3 /4 |
| Mr. M. Ali Wahid (By Invitation) | 4/4 |

The Company Secretary functions as the Secretary to the Committee.

TERMS OF REFERENCE AND SCOPE OF OPERATIONS

The Committee operates in accordance with the Terms of Reference on monitoring Related Party Transactions as regulated by the "Code" and the "Rules" with a view to determining that they have not received any favourable nor preferential-considerations vis a vis-the other shareholders and customers of the Bank as well as to ascertain that their transactions and dealings are in strict conformity with Statutory and Regulatory requirements, which the Bank is obliged to adhere to.

The Terms of Reference of BRPTRC was amended in January 2023 to include in its Composition the Managing Director/CEO which is in line with Rule 9.2.2 of the Listing Rules of the Colombo Stock Exchange permitting a listed entity to include Executive Directors to be co-opted into the BRPTRC.

In discharging the obligations arising out of the Terms of Reference, the Committee adheres to the Bank's Policy and Procedures on Related Party Transactions when reviewing such transactions.

The Mandate of the Committee includes the following:

- ◆ Developing, updating and recommending for adoption by the Board of Directors of the Bank, a Related Party Transactions Policy consistent with that proposed by the SEC.
- ◆ Updating the Board of Directors on Related Party Transactions on a quarterly basis.
- ◆ Advising the Board in making immediate market disclosures on applicable Related Party Transactions as required by Section 9 of the Continuing Listing Requirements of the CSE.

Board Related Party Transactions Review Committee Report

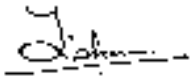
The Committee relies on the integrity of periodically reportable Related Party Transactions of Board Members, Key Management Personnel and other relevant individuals and entities based on the following:

- ◆ An updated and detailed list of all Related Parties.
- ◆ Confirmations from Business Heads on transactions entered into with Related Parties during each quarter.
- ◆ Analysis of terms to ensure that transactions have been at arm's length and no favourable treatment has been offered to the Related Party.

Related Party Transactions during the year were reviewed by the Committee and relevant observations were communicated to the Board of Directors.

REPORTING TO THE BOARD

The Minutes of the Committee Meetings are tabled at the immediately following Board Meeting enabling all Board Members to have access to same.



Tishan Subasinghe

Chairman-Board Related Party Transactions Review Committee

18 February 2023

Colombo

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the Financial Statements of Amāna Bank PLC (Bank) is set out in this Statement. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Auditors' Report given on pages 186 to 189. In terms of Sections 150, 151 and 153 of the Companies Act No. 07 of 2007, the Directors of the Bank are responsible for ensuring that the Bank keeps proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Bank as at end of each financial year and of the financial performance of the Bank for each year and place them before a general meeting. The Financial Statements comprise of the Statement of Financial Position as at 31 December 2022, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Bank give a true and fair view of:

- (a) the financial position of the Bank as at reporting date; and
- (b) the financial performance of the Bank for the financial year ended on the reporting date.

The Financial Statements of the Bank have been certified by the Bank's Chief Financial Officer, the officer responsible for their preparation, as required by the Sections 150 and 152 of the Companies Act and the Chief Executive Officer.

In addition, the Financial Statements of the Bank have been signed by two Directors of the Bank on 18 February 2023 as required by the Sections 150 and 152 of the Companies Act. Under the Section 148 of the Companies Act, the Directors are also responsible for ensuring that proper accounting records which correctly record and explain the Bank's transactions are maintained and that the Bank's financial position, with reasonable accuracy, at any point of time is determined by the Bank,

enabling preparation of the Financial Statements, in accordance with the Act to facilitate proper audit of the Financial Statements.

The Financial Statements for the year 2022, prepared and presented in this Annual Report have been prepared based on new Sri Lanka Accounting Standards which came to effect from 1 January 2012 and are in agreement with the underlying books of accounts conforming with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Banking Act No. 30 of 1988 and amendments thereto and the Directions on Corporate Governance No. 11 of 2007 and amendments thereto issued by the Central Bank of Sri Lanka.

In addition, these financial statements comply with the prescribed format issued by the Central Bank of Sri Lanka for the preparation of Annual Financial Statements of licensed commercial banks.

The Directors have taken appropriate steps to ensure that the Bank maintains proper books of accounts and review the financial reporting system directly by them at their regular meetings and also through the Board Audit Committee. The Report of the said Committee is given on pages 143 and 144.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report. The Directors confirm that in preparing the Financial Statements exhibited on pages 190 to 257 including appropriate Accounting Policies based on the new financial reporting framework, had been selected and applied in a consistent manner, while reasonable and prudent judgements have been made so that the form and substance of the transactions are properly reflected.

The Directors also have taken reasonable measures to safeguard the assets of the Bank and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business of banking in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records. The Directors' Statement on Internal Control over Financial Reporting is given on pages 132 and 133 of this Annual Report. The Board of Directors also wishes to confirm that, as required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Bank, who have expressed desire to receive a hard copy or to other shareholders who can access the Annual Report through the Bank's website. The Directors also wish to confirm that all shareholders have been treated equally in accordance with the original terms of issue.

The Bank's External Auditors, Messrs Ernst & Young who were appointed in terms of the Section 158 of the Companies Act and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Bank together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 134 and 135.

Statement of Directors' Responsibility

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Bank, all contribution, levies and taxes payable on behalf of and in respect of the employees of the Bank, and all other known statutory dues as were due and payable by the Bank as at the reporting date have been paid or, where relevant, provided for. The Directors further confirm that after considering the financial position, operating conditions, regulatory and other factors and relevant matters the Directors have a reasonable expectation that the Bank possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the Going Concern basis in preparing the Financial Statements.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board,



Miss P. S. Watson
Company Secretary

18 February 2023
Colombo

Independent Sharia Supervisory Council Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

نحمد الله رب العالمين، والصلاة والسلام على رسوله الكريم وعلى آله وأصحابه أجمعين.

لسلام عليكم ورحمة الله وبركاته.

In carrying out the roles and the responsibilities of the Sharia Supervisory Council, we hereby submit our report for the financial year ended 31 December 2022.

The Board of Directors and Management are responsible for ensuring that the Bank conducts its business in accordance with the rules and principles of Sharia and it is our responsibility to form an independent opinion, based on our review of the operations of the Bank and to produce this report.

We had three (3) meetings during the financial year in which we reviewed inter alia the contracts relating to the transactions and applications introduced by the Bank.

We have also conducted our review to form an opinion as to whether the Bank has complied with the rules and principles of Sharia and also with the specific rulings and guidelines issued by us. We conducted our review, with the assistance of Sharia Supervision Department, which included examining on a test basis each type of transaction, the relevant documentation and procedures adopted by the Bank.

We planned and performed the review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the rules and principles of Sharia.

Based on the above, in our opinion:

1. The contracts, transactions and deals entered into by the Bank during the financial year ended 31 December 2022, that we have reviewed are in compliance with the rules and principles of Sharia.
2. The allocation of profit and charging of losses relating to Investment Accounts conform to the basis that had been approved by us in accordance with the rules and principles of Sharia.
3. All earnings that have been realised from sources or by means prohibited by the Sharia were disposed to charitable causes upon our approval.

و عليكم السلام ورحمة الله وبركاته

Allah Knows Best.

Ash-Sheikh Dr. Mufti Muhammad Imran Ashraf Usmani

Chairman

Ash-Sheikh Mohd. Nazri Chik

Vice-Chairman

Ash-Sheikh Mufti Muhammad Hassaan Kaleem

Member

Ash-Sheikh Mufti M.I.M. Rizve

Member

ස්වාධීන ශරියා අධීක්ෂණ සහ වාර්තාව



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
نحمدك رب العالمين، والصلاة والسلام على رسوله الكريم وعلى آله وأصحابه أجمعين.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ශරියා අධීක්ෂණ සභාවේ කාර්යභාරයන් සහ වගකීම් ඉටුකරමින්, 2022 දෙසැම්බර් 31 දිනෙන් අවසන් මූල්‍ය වර්ෂය සඳහා වන අපගේ වාර්තාව මෙමගින් ඉදිරිපත් කරමු.

ශරියා නීතිරීති සහ මූලධර්ම අනුව බැංකුව විසින් එහි ව්‍යාපාර කටයුතු මෙහෙයවනු ලබන බව සහතික කිරීමේ වගකීම කළමනාකාරිත්වය සතු වන අතර, බැංකුවේ මෙහෙයුම් කටයුතු සම්බන්ධයෙන් අපගේ සමාලෝචනය මත පදනම්ව ස්වාධීන මතයක් ගොඩනැගීම සහ මෙම වාර්තාව ඉදිරිපත් කිරීම අපගේ වගකීම වේ.

මූල්‍ය වර්ෂය ඇතුළත අප විසින් රැස්වීම් තුනක් (03)ක් පවත්වන ලද අතර, එහිදී අනෙකුත් දෑ අතර, ගනුදෙනු ආශ්‍රිත ගිවිසුම් සහ බැංකුව විසින් හඳුන්වා දෙන ලද යෙදුම් ද අප විසින් සමාලෝචනය කරන ලදී.

ශරියා නීතිරීති සහ මූලධර්ම වලට සහ අප විසින් නිකුත් කරන ලද විශේෂිත නියමයන් සහ මගපෙන්වුම් වලට අනුකූලව බැංකුව කටයුතු කර තිබේදැයි යන්න පිළිබඳව අපගේ මතය ගොඩනැගීම සඳහා ද අපගේ සමාලෝචනය අප විසින් සිදුකරන ලදී. බැංකුව විසින් යොදා ගන්නා ලද එක හා සමාන වර්ගයේ ගනුදෙනු කාණ්ඩයක්, අදාළ ලේඛන සහ ක්‍රියාපටිපාටි පරීක්ෂණ පදනමක් මත විභාගකිරීමක්ද ද සමාලෝචනයේ දී අප විසින් සිදුකරන ලදී. ශරියා නීතිරීති සහ ප්‍රතිපත්ති බැංකුව විසින් උල්ලංඝනය කර නොමැති බවට සාධාරණ සහතිකයක් ලබාදීම පිණිස ප්‍රමාණවත් සාක්ෂි අප වෙත රැස්කරගැනීම උදෙසා අපට අවශ්‍ය යැයි අප විසින් සලකන ලද සියලු තොරතුරු සහ විස්තර කිරීම් ලබාගැනීමට හැකිවන ආකාරයෙන් අප විසින් අපගේ සමාලෝචනය සැලසුම් කර, ක්‍රියාවට නංවන ලදී.

ඉහත කරුණු මත පදනම් වූ අපගේ මතය වන්නේ:

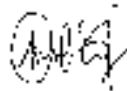
1. අප විසින් සමාලෝචනය කරන ලද, 2022 දෙසැම්බර් 31 දිනෙන් අවසන් වූ මූල්‍ය වර්ෂය තුළ බැංකුව විසින් ඇතිකරගත් ගිවිසුම්, ගනුදෙනු සහ ව්‍යාපාර කටයුතු, ශරියා නීතිරීති සහ ප්‍රතිපත්ති වලට අනුකූලව සිදුකර ඇත.
2. ආයෝජන ගිණුම් ආශ්‍රිත ලාභාංශ වෙන්කිරීම් සහ අලාභ සඳහා අයකිරීම්, ශරියා නීතිරීති සහ මූලධර්ම වලට අනුව අප විසින් අනුමත කරන ලද පදනමට අනුකූල වේ.
3. ශරියා නීතිය මගින් තහනම් කර ඇති ප්‍රභවයන් සහ මාර්ග වෙතින් උපලබ්ධි වූ සියලු උපයාගැනීම් අපගේ අනුමැතිය මත, පුණ්‍යාධාර කටයුතු වෙත බෙදාහරින ලදී.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

අල්ලාහ් දෙවියන් සියල්ල දන්නේ ය.



අශ්-ශෙයික් ආවාර්ස මුෆ්ති මුහම්මද් ඉම්රාන් අෂ්රෆ් උස්මානි සභාපති



අශ්-ශෙයික් මොහමඩ් නසිර් වික් උප-සභාපති



අශ්-ශෙයික් මුෆ්ති මුහම්මද් හස්සාන් කලීම් සාමාජික



අශ්-ශෙයික් මුෆ්ති එම්.අයි.එම්. ඊස්වි සාමාජික

சுயாதீன ஷரிஆ மேற்பார்வைச் சபையின் அறிக்கை



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
 نَحْمَدُكَ يَا رَبُّ الْعَالَمِينَ، وَإِنَّا بِكَ لَوَالِدُونَ، وَإِنَّا بِكَ لَمُتَوَانُونَ، وَإِنَّا بِكَ لَمُتَوَانُونَ، وَإِنَّا بِكَ لَمُتَوَانُونَ.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ஷரிஆ மேற்பார்வைச் சபையின் பொறுப்புக்கள் மற்றும் பணிகளை நிறைவேற்றும் நாம், 2022 டிசம்பர் 31இல் முடிவடைந்த நிதியாண்டிற்கான எமது அறிக்கையை இத்தால் சமர்ப்பிக்கின்றோம்.

வங்கியின் வியாபார நடவடிக்கைகள் அனைத்தும் ஷரிஆ விதிகள் மற்றும் கோட்பாடுகளுக்கு அமைவாக மேற்கொள்ளப்படுவதை உறுதிப்படுத்துவது வங்கி முகாமைத்துவத்தின் பொறுப்பாகும். வங்கியின் செயற்பாடுகளை மீளாய்வு செய்து அதன் அடிப்படையில் ஒரு சுயாதீன அபிப்பிராயத்தை உருவாக்கி இந்த அறிக்கையை வெளியிடுவது எமது பொறுப்பாகும்.

நிதியாண்டில் நாம் மூன்று (3) கூட்டங்களை நடத்தினோம். வங்கியினால் மேற்கொள்ளப்பட்ட கொடுக்கல் வாங்கல்கள் மற்றும் அறிமுகப்படுத்தப்பட்ட செயற்பாடுகள் தொடர்பான ஒப்பந்தங்கள் இக் கூட்டங்களில் எம்மால் மீளாய்வு செய்யப்பட்டன.

வங்கியானது ஷரிஆ விதிகள், கோட்பாடுகள், எம்மால் வழங்கப்பட்ட தீர்ப்புக்கள் மற்றும் வழிகாட்டுதல்களுக்கும் அமைவாகச் செயற்பட்டதா என்பதைக் குறித்து எமது சுயாதீன அபிப்பிராயத்தை உருவாக்குவதற்காகவும் நாம் மீளாய்வை மேற்கொண்டோம். வங்கியினால் மேற்கொள்ளப்பட்ட ஒவ்வொரு வகையான கொடுக்கல் வாங்கல்கள் தொடர்பாகவும் ஏற்படைய ஆவணப்படுத்தல்கள் மற்றும் நடைமுறைகள் தொடர்பாகவும் பரிட்சை அடிப்படையிலான பரிசீலனைகளும் எமது மீளாய்வில் உள்ளடங்கியிருந்தன. வங்கியானது ஷரிஆ விதிகளையும், கோட்பாடுகளையும் மீறவில்லை என்பதற்கு நியாயமான உத்தரவாதத்தை வழங்குவதற்குப் போதுமான சான்றுகள் எமக்குக் கிடைக்க வேண்டும் என்பதற்காக, நாம் அவசியமெனக் கருதிய

சகல தகவல்களையும் விளக்கவுரைகளையும் பெற்றுக்கொள்ளும் முறையில் நாம் எமது மீளாய்வைத் திட்டமிட்டு மேற்கொண்டோம்.

மேற்குறிப்பிட்ட மீளாய்வின் அடிப்படையில் எமது அபிப்பிராயம் பின்வருமாறு:

1. 2022 டிசம்பர் 31இல் முடிவடைந்த நிதியாண்டில் வங்கியினால் மேற்கொள்ளப்பட்டு எம்மால் மீளாய்வு செய்யப்பட்ட ஒப்பந்தங்கள், கொடுக்கல் வாங்கல்கள் மற்றும் வியாபாரச் செயற்பாடுகள் யாவும் ஷரிஆ விதிகள் மற்றும் கோட்பாடுகளுக்கு அமைவாகவே இருந்தன.
2. முதலீட்டுக் கணக்குகள் தொடர்பான இலாப ஒதுக்கீடும் மற்றும் இழப்புக்களின் அறவீடும், ஷரிஆ விதிகள் மற்றும் கோட்பாடுகளுக்கு அமைவாக எம்மால் அங்கீகரிக்கப்பட்ட அடிப்படையிலேயே அமைந்திருந்தன.
3. ஷரிஆவினால் தடை செய்யப்பட்ட மூலங்கள் அல்லது வழிகளில் இருந்து பெறப்பட்ட வருவாய்கள் அனைத்தும் எமது அனுமதியின்பேரில் தர்ம காரியங்களுக்கு வழங்கப்பட்டன.

وَبِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

அல்லாஹ் அனைத்தையும் நன்கறிவான்.

அஷ்-ஷெய்க் கலாநிதி முப்தி முஹம்மத் இம்ரான் அஷ்ரப் உஸ்மானி
 தலைவர்

அஷ்-ஷெய்க் மொஹமட் நஸ்ரி சிக்
 உப தலைவர்

அஷ்-ஷெய்க் முப்தி எம்.ஐ.எம். ரிஸ்வி
 அங்கத்தவர்

அஷ்-ஷெய்க் முப்தி முஹம்மத் ஹஸ்ஸான் கலீம்
 அங்கத்தவர்

Sharia Governance

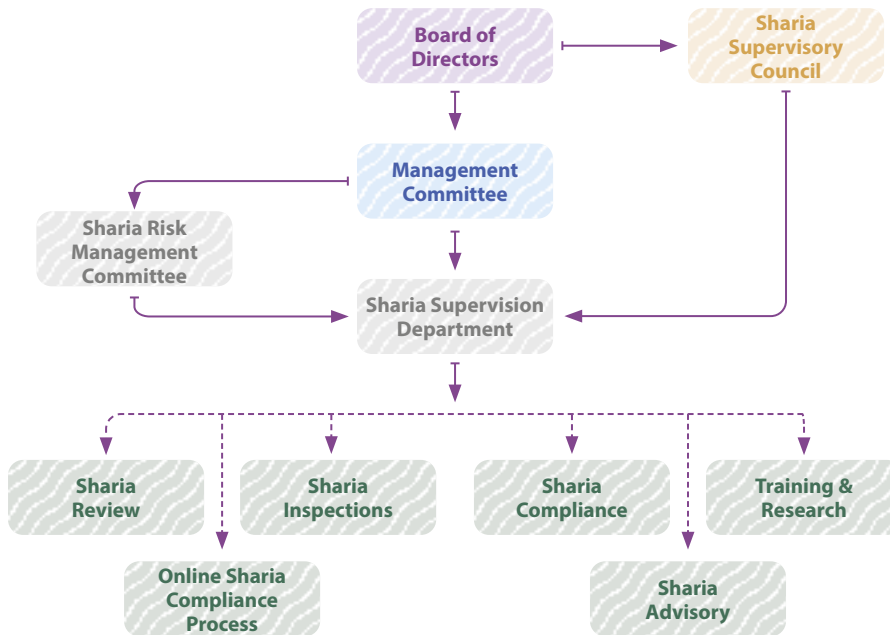
The cornerstone of the unique business model of Amāna Bank PLC rests on the rules and principles of Sharia which is the foundation for the practice of Islamic banking. Therefore, the Bank has placed great importance in ensuring that the overall operations are in accordance with the rules and principles of Sharia.

In this regard, the Bank has established a Sharia Governance Framework with the Sharia Supervisory Council (SSC) functioning as the apex body with regards to Sharia matters. The standards issued by the Islamic Financial Services Board (IFSB), namely IFSB-10 (2009) Guiding Principles on Sharia Governance Systems for Institutions Offering Islamic Financial Services (IIFS) are taken into consideration in operating the Sharia Governance Framework of the Bank. A detailed report on the compliance status of Sharia Governance of the Bank to IFSB10 is depicted at the end of this report.

SHARIA SUPERVISORY COUNCIL (SSC)

The SSC functionally reports to the Board of Directors (BOD). The roles and responsibilities of the SSC are spelt out in its Terms of Reference (TOR). The SSC is assisted by the Sharia Supervision Department that performs six (6) compliance functions, namely Sharia Review, Online Sharia Compliance Process, Sharia Inspection, Sharia Compliance, Sharia Advisory and Training & Research. At the management level, the Bank has established the Sharia Risk Management Committee (SRMC) which is a Sub-Committee of the Management Committee to discharge the responsibilities of management on Sharia Compliance. The SRMC is chaired by the Head of Sharia Supervision and its membership comprises of several management members.

The diagram below describes the framework:



COMPOSITION OF THE SSC

The composition of the SSC is a minimum of three (3) members. As at 31 December 2022, the SSC has four (4) members comprising of one (1) local scholar and three (3) foreign scholars.

Coming from diverse backgrounds with wide experience and knowledge, each SSC member is an expert in their specialised field such as Islamic law, Islamic Banking, Capital Market, Takaful, Waqf, Zakat, Halal industry, etc. Additionally, their qualification in Islamic jurisprudence (usul al-fiqh) and Islamic commercial laws (fiqh al-mu'amalat), expertise and vast experience in the academia as well as in the industry, definitely support the depth and breadth of the Sharia deliberations.

RESPONSIBILITIES OF THE BANK TOWARDS SSC AND SHARIA COMPLIANCE

While the SSC is responsible for forming and expressing decisions on the Bank's compliance with the rules and principles of Sharia, the responsibility for compliance therewith rests with the Board and management of the Bank.

Therefore, it is the responsibility of the Management to perform the following:

- (i) to refer all Sharia issues in its business operations to the SSC for decision;
- (ii) to adopt and take necessary measures for implementation of the SSC's decisions;
- (iii) to provide sufficient resources to the SSC including budget allocation, independent expert consultation, reference materials and training;
- (iv) to ensure that the SSC is familiar with the operations and the business of the Bank;
- (v) to provide the SSC with access to all relevant records, transactions, manuals and information, as required by its members in performing their duties; and
- (vi) to recommend the appropriate remuneration to the SSC members which commensurate with and reflect the duties and responsibilities of the SSC.

It is the Bank's responsibility to perform the following with regard to Sharia Compliance:

- (i) to comply with SSC decisions and established Sharia requirements in all its products, services, legal documentations and activities; and
- (ii) the Bank shall not act in contravention to the SSC decisions to suit its convenience.

AUTHORITY OF THE SSC

The SSC assumes the following authority based on its TOR:

- (i) the decision of the SSC is binding on the Bank, whilst its recommendation is not binding on it.
- (ii) the SSC has the right to check the Assets and Liabilities of the Bank.
- (iii) the SSC has the right to review the Bank's books, registers and documents at any time and it shall have the right to request to check any data it deems necessary.
- (iv) in the event the Bank is unable to provide information requested, which results in the SSC's inability to carry on its role and responsibilities, SSC will submit a written report to the Board of Directors and may demand that a meeting of the Shareholders be convened.
- (v) the SSC has the right to accept or reject any activity carried out by the Bank based on the rules and principles of Sharia.

SSC MEETINGS

SSC meetings are scheduled to be held at least three (3) times annually with additional meetings convened as and when warranted, to facilitate important decisions that are required between the scheduled meetings.

Three (3) SSC meetings were held during the financial year ended 31 December 2022, as follows:

| Date of Meeting | Percentage of Members' Attendance |
|------------------|-----------------------------------|
| 16 March 2022 | 100% |
| 25 August 2022 | 100% |
| 21 December 2022 | 100% |

In between the meetings, the Bank refers its Sharia issues in its daily operations to the Executive Committee (ExCom) of the SSC that is comprised of two (2) appointed members for guidance and the decision. The decisions taken by the Executive Committee are tabled in the SSC meeting for concurrence. The Executive Committee members are Ash-Sheikh Mohd. Nazri Chik and Ash-Sheikh Mufti Muhammad Hassaan Kaleem.

Two (2) ExCom meetings were held during the financial year ended 31 December 2022, as follows:

| Date of Meeting | Percentage of Members' Attendance |
|-----------------|-----------------------------------|
| 12 January 2022 | 100% |
| 9 June 2022 | 100% |

APPOINTMENT AND RE-APPOINTMENT OF SSC MEMBERS

- (i) The shareholders of the Bank shall appoint the member of the SSC based on the recommendation made by the Board of Directors.

- (ii) Each member of the SSC shall have a term of office of one (1) year as appointed by the shareholders. Upon expiry of such term, the members may be reappointed at the approval of the shareholders in conformity with the governance standards defined by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)'s Governance Standard No 1.3 "Appointment of Sharia Supervisory Board and Fixing of its Remuneration."
- (iii) Notwithstanding the above, the Board of Directors may appoint new members to the posts which become vacant in the SSC during the year, subject to the approval of the shareholders at the subsequent Annual General Meeting.

IFSB-10 (2009), GUIDING PRINCIPLES ON SHARIA GOVERNANCE SYSTEMS FOR IIFS

The IFSB-10 defined "Sharia Governance System" as a set of institutional and organisational arrangements through which an IIFS ensures that there is effective independent oversight of Sharia compliance over each of the following structures and processes:

- a) issuance of relevant Sharia pronouncements/resolutions;
- b) dissemination of information on such Sharia pronouncements/resolutions to the operative personnel of the IIFS who monitor the day-to-day compliance with the Sharia pronouncements/resolutions vis-à-vis every level of operations and each transaction;
- c) an internal Sharia compliance review/audit for verifying that Sharia compliance has been satisfied, during which any incident of noncompliance will be recorded and reported, and as far as possible, addressed and rectified;
- d) an annual Sharia compliance review/audit for verifying that the internal Sharia compliance review/audit has been appropriately carried out and its findings have been duly noted by the Sharia board;

Sharia Governance

| Guiding Principle | Status |
|-------------------|---|
| Part I: | General Approach to the Sharia Governance System |
| Principle 1.1: | <p>The Sharia governance structure adopted by the IIFS should be commensurate and proportionate with the size, complexity and nature of its business.</p> <p>(a) A detailed Sharia Governance Framework is adopted by the Bank, which sets the Sharia Supervisory Council (SSC) as the apex body with regards to Sharia matters. (b) The SSC has wide ranging rights of access to every activity of the Bank. (c) The SSC comprises of four (4) members where two (2) of them are appointed as Executive Committee members to ensure timely adequate access to the Bank. (d) The Bank has established a Sharia Supervision Department (SSD), led by the Head of Sharia Supervision to assist SSC in providing daily guidance to the Bank. As the principal Sharia officer of the Bank and the Secretary of the SSC, he chairs the Sharia Risk Management Committee (SRMC) to discharge the responsibilities of management on Sharia Compliance.</p> |
| Principle 1.2: | <p>Each IIFS must ensure that the Sharia board has:</p> <ul style="list-style-type: none"> ◆ clear terms of reference regarding its mandate and responsibility; ◆ well-defined operating procedures and lines of reporting; and ◆ good understanding of, and familiarity with, professional ethics and conduct. <p>(a) A detailed Terms of Reference (TOR) spells out the roles and responsibilities of the SSC. (b) The TOR outlines operating procedures and lines of reporting that includes having an internal SSD comprising of officers with appropriate qualifications and experience. The SSD is; <ul style="list-style-type: none"> ◆ the secretariat to the SSC and serves as the first point of reference for Sharia compliance issues, with an advisory/consultancy role delegated by the SSC; ◆ handle the processing and secretarial matters relating to issues to be raised to the SSC; and ◆ provide input for executive decisions to be made by the senior management. (c) The SSC comprises of respected and accepted scholars with high standard of professional ethics and conduct.</p> |
| Part II: | Competence |
| Principle 2.1: | <p>The IIFS shall ensure that any person mandated with overseeing the Sharia Governance System fulfils acceptable fit and proper criteria.</p> <p>The members of the SSC and Head of Sharia Supervision being the principal Sharia officer have met the "Fit and Proper" criteria which covers;</p> <ul style="list-style-type: none"> ◆ good character-that is, honesty, integrity, fairness and reputation; and ◆ competence, diligence, capability and soundness of judgment. |
| Principle 2.2: | <p>The IIFS shall facilitate continuous professional development of persons serving on its Sharia board, as well as its ISCU and ISRU, if any.</p> <p>In view of continuous professional development of the SSC members, the Bank shall invest for their personal knowledge development programme as required.</p> |
| Principle 2.3: | <p>There should be a formal assessment of the effectiveness of the Sharia board as a whole and of the contribution by each member to the effectiveness of the Sharia board.</p> <p>There is a formal assessment on the effectiveness of the SSC carried out on annual basis.</p> |
| Part III: | Independence |
| Principle 3.1: | <p>The Sharia board should play a strong and independent oversight role, with adequate capability to exercise objective judgment on Sharia-related matters. No individual or group of individuals shall be allowed to dominate the Sharia board's decision-making.</p> <p>(a) The independence of the SSC is clearly spelt out in the TOR of the SSC and continued to be respected by the Board of Directors and the Management of the Bank. (b) None of the members of the SSC have blood or intimate relationship with the Bank, its related companies or its officers.</p> |

| Guiding Principle | Status |
|-------------------|--|
| | <p>(c) None of the members of the SSC are under full-time employment of the Bank or its related companies except for; Ash Sheikh Mohd. Nazri Chik (Vice Chairman-SSC), who is the Group Chief Financial Inclusion Officer of Bank Islam Malaysia who has a shareholding of 7.22% in the Bank. It is worth noting that he was independent of Bank Islam during his initial appointment to the SSC in 2010 and later he joined Bank Islam as its Head of Sharia in 2011. Despite of his employment with Bank Islam Malaysia, he continues to exercise objective judgment on Sharia-related matters brought to the SSC for decision.</p> <p>(d) None of the members of the SSC, or his or her immediate family member, is accepting any compensation or financing from the Bank or any of its subsidiaries other than compensation for service on the SSC.</p> <p>(e) None of the members of the SSC, their immediate family members, are a substantial shareholder of or a partner in (with a stake of 5% or more), or an executive officer of, or a Director of any for-profit business organisation to which the Bank or any of its subsidiaries made, or from which the Bank or any of its subsidiaries received, significant payments in the current or immediate past financial year.</p> |
| Principle 3.2: | <p>In order to fulfil their responsibilities, the Sharia board should be provided with complete, adequate and timely information prior to all meetings and as an on-going basis.</p> <p>(a) The SSD which has a direct reporting line to the SSC is entrusted with providing timely and accurate information.</p> <p>(b) Being a direct report, the SSC has direct access to the SSD to check whether internal control and compliance procedures have been appropriately followed and that applicable rules and regulations to which the Bank is subject to have been complied with.</p> <p>(c) Such controls were reviewed through the Risk Control and Self-Assessment (RCSA) exercise.</p> <p>(d) According to the TOR of the SSC, in the event the Bank is unable to provide information requested, which results in the SSC's inability to carry on its role and responsibilities, the SSC will submit a written report to the Board of Directors and may demand that a meeting of the Shareholders be convened.</p> |
| Part IV: | Confidentiality |
| Principle 4.1: | <p>Sharia board members should ensure that internal information obtained in the course of their duties is kept confidential.</p> <p>A confidentiality clause is incorporated in the TOR of the SSC.</p> |
| Part V: | Consistency |
| Principle 5.1: | <p>The IIFS should fully understand the legal and regulatory framework for issuance of Sharia pronouncements/resolutions in the jurisdiction where it operates. It should ensure that its Sharia board strictly observes the said framework and, wherever possible, promotes convergence of the Sharia governance standards.</p> <p>All decisions, pronouncements and resolutions of the SSC have been arrived at on consensus of the members.</p> <p>The SSC takes due care in the dissemination of Sharia pronouncements/resolutions, ensuring that the business intelligence and internal information of the Bank would not be exploited by inappropriate parties.</p> |

Risk Management Report

RISK MANAGEMENT

Amāna Bank's approach to managing risk aims to support informed decision-making based on solid risk fundamentals. To achieve this, the Bank has implemented a comprehensive Enterprise Risk Management (ERM) framework to serve as the foundation for proactive identification, active management and ongoing monitoring of all key risks faced by the Bank. The ERM Framework encompasses a clear risk control architecture, including risk appetite statements, policies, control procedures and monitoring protocols, and is further supported by a strong Risk Governance Structure and a Bank-wide risk-awareness culture.

THREE-LINES-OF-DEFENCE MECHANISM

The three-line-of-defence mechanism is a key component of the Bank's ERM framework. It is through the three-line-of-defence mechanism that risk in day to day operations are managed.

1ST LINE OF DEFENCE: RISK TAKING UNITS

The units directly exposed to specific risks daily and must assume primary responsibility in their management. By identifying and analysing risks and shortcomings, instituting regular controls, monitoring and reporting procedures and taking appropriate action, they are in the best position to mitigate or avoid risks. The overall ownership of the risk environment and responsibility to manage the risks therefore reside with them.

2ND LINE OF DEFENCE: RISK CONTROL UNITS

Risk Management Team and the Risk Control Committees, including other control and monitoring departments such as Legal, Compliance and Sharia Supervision. The RMD shall be responsible for the development and maintenance of the risk management framework and its implementation. Other controlling and monitoring departments are responsible to develop guidelines in managing risks under their purview. Both RMD and controlling departments ensure timely receipt of reports and perform analyses before submitting them to top management and the BOD for their oversight. Where appropriate, they provide support to the risk taking units and initiate changes to policies and procedures.

3RD LINE OF DEFENCE: INDEPENDENT ASSURANCE

Internal Audit function whose roles and responsibilities under the risk management policy are to provide independent assurance to the BOD on the effectiveness of the risk management framework, that the policy has been implemented with integrity

Risk-awareness Culture

To drive its holistic approach to risk management, Amāna Bank seeks to promote a strong risk-awareness culture wherein all employees are expected to be fully aware of their respective risk management responsibilities within the boundaries of the Bank's ERM framework. In this regard, the Bank's Risk Management division undertakes various training and other capacity building initiatives aimed at reinforcing the risk culture at all levels of the business.

Integrated Risk Management

The Risk Management Division (RMD) is mandated to design and operate the Bank's integrated risk management process and is independent of the Bank's business lines. The Bank has developed a risk management framework adhering to the Basel III Accord which provides guidance to the overall risk management goals and strategy.

RMD adopted an Integrated Risk Management (IRM) framework with a set of policies approved by its Board of Directors (BOD) along with supporting procedures. The purpose of these policies and procedures is to manage and optimise the risk-reward trade off. Through the IRM framework, the BOD assesses the risk profile and has an oversight over the implementation of the IRM framework of the Bank and its management on a regular basis, at minimum on a quarterly basis. Integrated Risk Management is a set of practices and processes supported by a risk-aware culture and enabling technologies that improves decision making and performance through an integrated view of how well the Bank manages its unique set of risks.

The Bank's risk management framework is applied on an enterprise wide basis and consists of three key elements:

- ◆ Risk governance
- ◆ Risk appetite
- ◆ Risk management techniques



Risk Governance

The Amāna Bank Board, as the highest governing body of the Bank, is responsible for ensuring the proper management and control of all material risks applicable to the Bank.

The Board sets out the overall risk policies, procedures and limits for all material risk types and also determines the general principles for managing and monitoring risk. In doing so, the Board uses the principle of the risk appetite to establish the maximum allowable risk thresholds for all key risk types.

To assist in executing its risk management responsibilities, the Board has appointed several committees; the Board Integrated Risk Management Committee (BIRMC) has been appointed for integrated risk management which is assisted by the Executive Risk Management Committee (ERMC), Assets and Liabilities Committee (ALCO), the Executive Credit Committee (ECC) and the Operational Risk Management Committee (ORMC).

The BIRMC along with the management committees are tasked with identifying all main risks faced by the Bank and for setting out guidelines for implementing risk mitigation activities and appropriate procedures for measuring and controlling risk. They are also collectively responsible for reviewing the Bank’s risk management practices at the operational level and recommending necessary action.

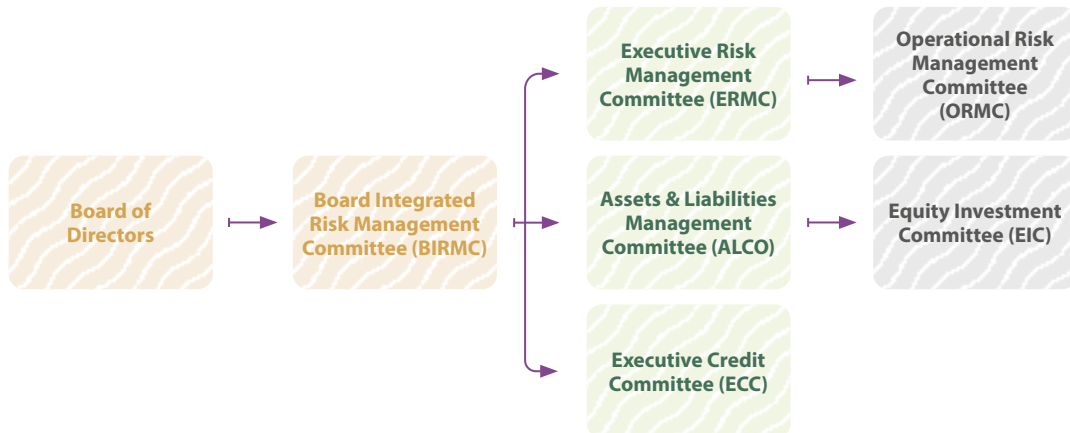
Risk Appetite

Risk appetite refers to the scope and scale of risk the Bank is willing to take in order to achieve its objectives. The determination of risk appetite statements is therefore anchored to the vision, values and proposed growth trajectory of Amāna Bank PLC.

Amāna Bank’s risk appetite statements have been developed in line with global best practices to cover Pillar 1 and Pillar 2 risks as defined by the BASEL framework for commercial banks. Accordingly quantitative indicators have been established on all risk categories. Stemming from this, appropriate risk policies, procedures and monitoring protocols are in place to prevent undue exposure to one or more risks that could compromise the achievement of the Bank’s strategic objectives.

Risk Policies, Procedural Safeguards and Monitoring Protocols

For each risk category, the Bank has established a set of policies; control procedures and monitoring protocols to ensure all risks are managed effectively within predetermined risk appetite limits. In this regard, the policies and procedures are designed to ensure the timely identification, measurement, monitoring, control and mitigation of the risks posed by the Bank’s core business activities and operations.



Risk Management Report

All policies and procedures are reviewed and updated to ensure they continue to reflect the current trends and remain fully in line with regulations, laws, corporate governance and industry best practices.

The major categories of risks are credit, market, liquidity and operational risks. Banks also face other risks including but not limited to reputational, legal, regulatory, etc. Success in Risk Management depends on effective management of key risk areas through an integrated approach, ensuring Enterprise wide Risk Management, guided by BIRMC.

| | Policies | Control Procedures and Monitoring Protocols |
|---|--|--|
| Credit (Default) Risk & Credit Concentration Risk | Credit Policy | Pre-disbursement review by the Credit Administration unit |
| | Prudential Limits for large exposures | Post-credit monitoring by the Credit Risk Management Unit - monthly monitoring of sectoral limits, top 20 exposures, stage 3 facilities, etc. |
| | Product paper guidelines for financing products | Monthly review by the Board Credit Committee to assess the status of all financing facilities, top 50 exposures, progress on litigation cases, etc. |
| | Application of the Customer risk rating criteria | Stress testing and scenario analysis of the financing portfolio |
| Market Risk (Liquidity Risk, Foreign Exchange Risk, Interest Rate Risk) | Market Risk Management Policy/Middle Office Policy | Monitoring by the Market Risk Management Unit - Daily monitoring of NOP limits, VaR exposure, Net Open Currency Position (by currency and in aggregate), Daily FX turnover Limit, Daily FX Settlement Limit, Daily Loss Limit, Daylight Position Limits, Overnight Position Limits, FX Forward Maturity Gap Limits, FX VaR Daily Loss Limit, Daily Revaluation Loss Limit, Foreign Exchange Funding Limit. |
| | Treasury Policy | Monitoring of Liquidity and Rate Risk via the following ratios/analysis; |
| | Treasury Risk Limit | - Statutory Liquid Asset Ratio (SLAR) |
| | Foreign Exchange Policy | - Liquidity Coverage Ratio (LCR) |
| | Asset & Liabilities Management Policy | - Net Stable Funding Ratio (NSFR) |
| | Equity Investment Policy | - Maximum Cash out flow (MCO) |
| | Market Risk Procedure Manual/Middle Office Guidelines, including Prudential limits | - Economic Value of Equity (EVE) |
| Stressed testing Guidelines | - Earning at Risk (EaR) | |
| Operational Risk (Human Capital, IT Systems) | Operational Risk Management Policy | - Value at Risk(VaR) |
| | Information Security Policy | - Duration Analysis |
| | BCM Policy | - Maturity Gap Analysis |
| | Human Resources Policy/ Procedures | Stress testing and Scenario Analysis |
| | | Bi-annual RCSA (Risk and Control Self-Assessment) Process |
| | | Internal Loss data (ILD) |
| | | Key Risk Indicators (KRI) |
| | Information security surveillance Audits and vulnerability testing | |
| | Due diligence programme by the Internal Audit function | |
| | Tier III DR Infrastructure | |
| | Business Impact Analysis (BIA) | |
| | BCP /DR exercise | |
| | Data Classification | |
| | Human Resources Plan towards risk management and Training Plan | |

Managing Principal Risks For 2022

| Key Risk Drivers | Impact to Amāna Bank | | Overview of Risk Mitigation Action Adopted by the Bank |
|--------------------|---|--|--|
| Political | <p>Political instability caused by the economic crisis and the foreign currency liquidity shortage</p> <p>Policy uncertainty threatened the ability of businesses to continue in operation, in turn bringing pressure on their earnings</p> | Likely increase in customer defaults as their repayment capacity deteriorates amidst lower earnings in the current unstable business climate | Credit Risk Revised focus on selectively increasing the exposure to the SME sector, while more emphasis was placed on increasing the contribution of corporates in the financing portfolio mix |
| Economic | <p>Large scale disruptions in economic activity owing to the ongoing economic crisis, rising market interest rates and tight fiscal controls</p> <p>Weak consumption due to lower disposable incomes on the back of inflationary pressures and high taxes</p> | | <p>Credit Risk</p> <p>Increased impairment provisions by recognising additional management overlays for customers operating in industries operating under stress</p> <p>Expanded the Stress testing criteria to enable more in-depth monitoring of the moratorium portfolio.</p> <p>Credit Risk awareness training for the first-line-of defence</p> |
| Social | Social unrest along with widespread fuel and energy shortages | <p>Disruptions to business operations</p> <p>Possible increase in employee attrition as the rising cost of living continues to diminish disposable incomes</p> | <p>Operational Risk</p> <p>Investment in backup power systems</p> <p>Launch of digital channels to provide an uninterrupted services to customers</p> <p>Operational Risk awareness training for the first-line-of defence</p> <p>Granted salary increments as well as additional allowances and incentive schemes for employees</p> |
| Environmental | No major environmental impacts were attributed to the current crisis | | |
| Legal / Regulatory | Amāna Bank did not face any major risk impact from legal / regulatory changes, owing to the Bank's unique business model | | |

Risk Management Report

CREDIT RISK MANAGEMENT

Overview

Credit Risk is the risk of potential loss arising from failure of a customer or counterparty to perform according to its contractual obligations to the Bank or its ability to perform such obligation is impaired resulting in a loss to the Bank. It includes failure in the repayment of capital plus the Bank's profit/mark-up on direct financing or from off balance sheet assets such as letters of credit, letters of guarantee, documents against acceptance, etc. within the agreed tenor and in the agreed currency. In effect right management of credit risk results in the Bank's growth and stability and as such Bank has a well-structured Credit risk management process to maintain a healthy portfolio to achieve Bank's objectives.

The challenges in relation to the economic conditions severely impacted businesses and consumers in all key sectors and industries throughout the country compelling the Bank to realign its strategies and consolidate its resources while continuing to analyse and monitor its financial assets for any possible shocks to ensure resilience in a volatile market.

The following key objectives of the Credit Risk Management function assists the Bank to manage its portfolio to achieve the desired outcome:

- ◆ actively manage the financing portfolio to ensure optimal risk reward pay off for the Bank and to maximise returns in an evolving market.
- ◆ maintain quality of the portfolio by minimising stage 3 impaired credit facilities and probable losses.
- ◆ maintain a well-diversified portfolio by prudently managing risk in the financing portfolio to ensure the risk of excessive concentration to any industry/sector/ individual customer is minimised

- ◆ ensure that all requirements as per regulatory guidelines are complied with and all related party transactions are monitored and reported to the relevant stakeholders as well as ensuring that clearly defined internal policies and guidelines are set and reviewed regularly to meet the current requirements of the Bank.

Policies and Guidelines

The Bank has a well-defined Credit Risk Policy approved by the BOD and a Credit Procedure Manual which are reviewed regularly. These documents outline fundamental standards and disciplines to actively manage the credit risk across the financing portfolio of the Bank, defines the credit culture, target markets, prohibited areas of business, set acceptable risk parameters, set standards for collateral, delegated authorities and the guide to post-disbursement monitoring of accommodated financing. The policy guidelines are used to manage the incidence of credit risk, which is spelt out in the Credit Risk Policy ensuring stringent pre/post credit risk management in line with the risk appetite of the Bank, the regulations of CBSL and BASEL guidelines.

Structured Standardised Credit

Credit proposals are prepared in predetermined formats, and comprise of financial appraisal, independent review of financial and non-financial information such as credit ratings, collateral and covenants, and credit approval based on BOD sanctioned Delegation of Authority (DA).

Credit is extended only to suitable and well-identified customers after a rigorous assessment of the applicants on evaluating and establishing the purpose, strength of the business model, ascertaining primary and acceptable source of repayment through a conservative evaluation of realistic cash flow projection by the client, sources of income, their ethical standards and records including any sustainable initiatives. Where the source of repayment is unknown or speculative or where the purpose/destination

of funds is undisclosed such requests are not accommodated, further ensuring that risk considerations and core values shall have priority over business and profit considerations.

A pricing mechanism is in place that reflects variation in the risk profile of various exposures to ensure that higher risks are compensated by higher returns, based on risk based pricing. With the drastic increase in market interest rates since April 2022, the Bank had to revise its pricing strategies to counter the volatilities that prevailed in the market.

The financial performance of the customers is continuously monitored and frequently reviewed as set out in each approval and as per credit procedure guidelines. The Bank obtains collateral as a possible secondary recourse or as a fall back option in an unforeseen adverse situation. These are obtained based on exposure guidelines set in the credit risk policy and collateral guidelines, which in turn are set according to regulatory guidelines on collateral.

Collateral and Credit Enhancements

The general credit worthiness of a customer tends to be the most relevant indicator of credit quality, however the Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The amount and type of collateral required depends on assessment of credit risk of a counterparty. Collateral comes in various forms such as cash, gold, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting arrangements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's approved valuation policy. To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Guidelines are in place covering acceptability and valuation of different types of collateral.

Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent professional valuers. Bank has a valuation policy in place which is reviewed regularly to reflect the statutory guidelines and to have a standardised policy towards immovable property valuations to have a meaningful understanding of valuations.

Bank also considers financing for strong reputable corporates whose performance is regularly assessed on the basis of reliable financials on an unsecured basis purely depending on their ability to generate cash flows. In terms of collateral repossessed, the Bank's policy is to realize the repossessed assets at the earliest possible opportunity. Such collateral repossessed are held on a memorandum basis without derecognising the underlying receivable.

Delegation of Authority

The BIRMC has been delegated with the responsibility of managing the Bank's overall risk including credit risk. At an executive level, credit authority has been further delegated to two Executive Credit Committees (ECC) which are headed by MD/CEO and CRO respectively. The Credit Risk Department conducts independent reviews of credit risks prevalent in the portfolios carried by relevant business divisions and makes recommendations on credit policies, prudential limits on sector exposures and counterparty exposures in order to make improvements.

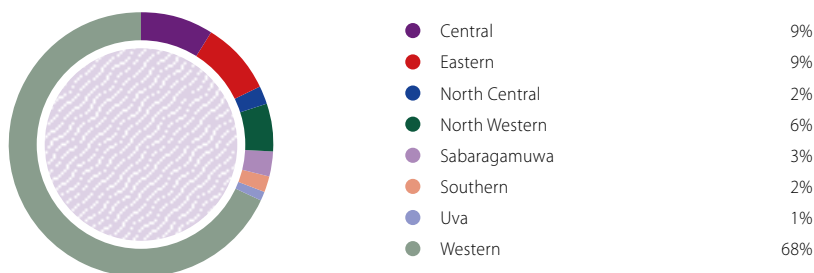
Final authority and responsibility for all activities that expose the Bank to credit risk rests with the BOD which has delegated approval authority to the MD/CEO along with CRO to re-delegate limits to business divisions. All DAs to individual members are name specific and are based on the individual experience, judgement, ability, facility type and collateral in order to ensure accountability and mitigate any judgemental errors.

Prudential Limits

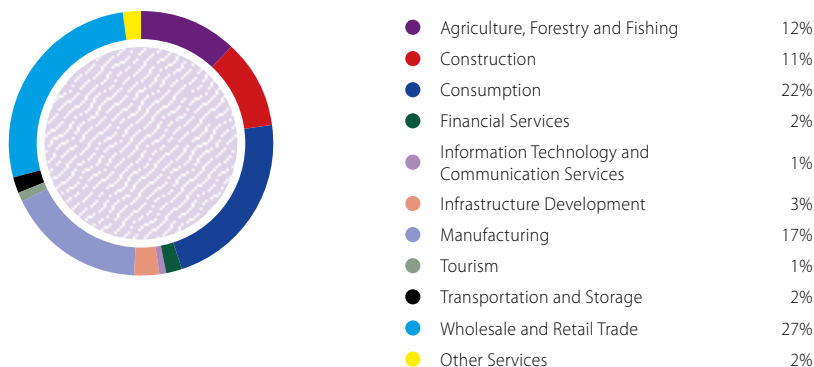
The Bank continuously strengthens its monitoring mechanism of credit risk to ensure regular and frequent review of the portfolio. This helps the Bank to understand any emerging risk trends, align its credit risk appetite to its business objectives, whilst promoting risk based business decision-making. This exercise covers analysis of the portfolio based on industry sectors, products, geographies and trends in stage 3 impaired credit facilities.

Prudential, sector, geographic and portfolio limits are set by the BIRMC. Credit Risk Department monitors compliance with these approved limits. Desired diversification is achieved by setting maximum exposure limits on single / group obligor exposures, where the internal limits are more stringent than the limits set by the regulator, which too are monitored by RMD for compliance.

Geographical Concentration of Portfolio - 2022

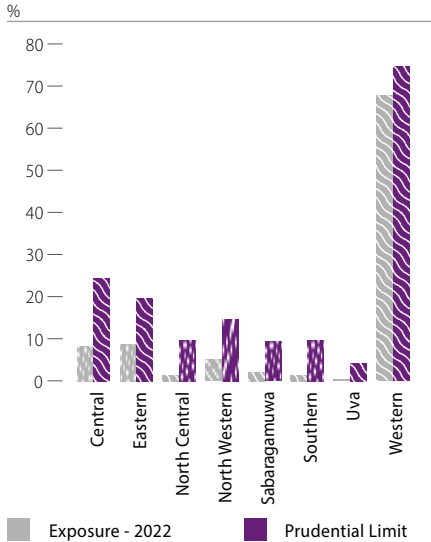


Exposure by Sector - 2022



Risk Management Report

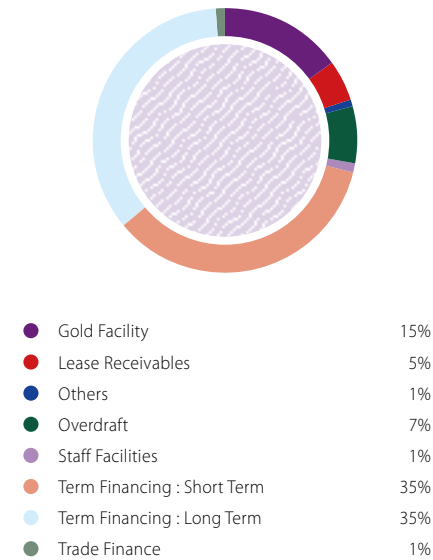
Geographical Concentration Against Prudential Limits



Portfolio Management

Credit portfolio management is an important function within the overall credit risk management. The need for such critical and objective portfolio management emanates from the need to optimise benefits associated with diversification. It also helps the Bank to identify and address potential adverse impact of concentration of exposures. The Bank has a well-structured portfolio management mechanism which evaluates exposures on the basis of industry concentration, rating quality, internally established early warning indicators, apart from regulator imposed quantitative ceilings such as the single borrower and aggregate exposure limits. On feedback from regular reviews and interactions with business divisions, the criteria for credit accommodation are amended to insulate portfolios from further deterioration.

Exposure by Product - 2022

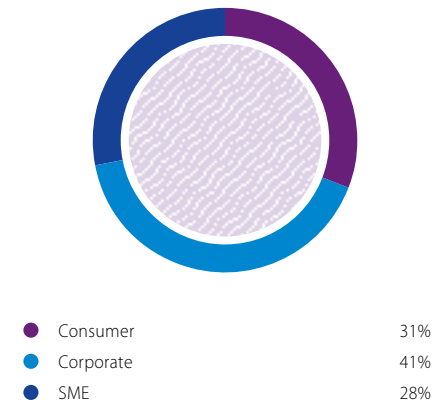


In addition, stress tests and scenario analyses are carried out regularly to assess the impact of any material changes in the external environment and make suitable recommendations to maintain the quality of the portfolio. Any deteriorating credits with emphasis on internal and external early warning signals are identified and monitored closely. Potential stage 3 impaired credit facilities are identified at an early stage through regular interactions with business divisions, enabling management to take action as appropriate. In addition, a post-approval hindsight review of credit approved is carried out by an independent committee which reports to BIRMC with appropriate recommendations. All monitoring reports are submitted regularly to the respective credit committees and BIRMC.

Developments in 2022

The economic crisis coupled with socio-economic related challenges impacted all key sectors of the economy which gave rise to a situation where customers required relief to their obligations towards the Bank. Customer engagements, continued to understand the impact on their businesses and levels of income which was inevitable due to the economic shocks that the entire country had to endure. Accordingly, relief measures were granted based on feedback from customers which helped to reduce their financial commitments during this period of difficulty. Prudent measures were adopted for new facility approvals with priority being given to businesses dealing in essential items which was an important sector that the Bank assisted to overcome supply chain challenges that existed for most of 2022. Effective re-pricing of existing facilities contributed immensely to the Bank's top line performance which was done in a timely manner as market rates increased drastically during the year under review.

Exposure by Segment - 2022



The Bank leveraged the CRISIL (subsidiary of S&P Global) credit risk rating model which was implemented in 2022 after the completion of parallel run in the previous year, to arrive at customer ratings which will assist in effective pricing of facilities reflecting the appropriate risk profile of the customer.

Despite the deterioration of asset quality witnessed in the banking sector, Your Bank was able to close 2022 with a stage 3 impaired financing ratio of 2.1% which is considered to be one of the lowest in the industry with the average for the sector crossing 10% during the year 2022. This was mainly due to the robust credit risk management strategies adopted by the Bank and focused customer engagements through the dedicated Teams setup for this purpose which enabled the Bank to closely follow up on customer repayments. All these efforts were made in line with CBSL circulars which were issued from time to time considering the Country's economic situation.

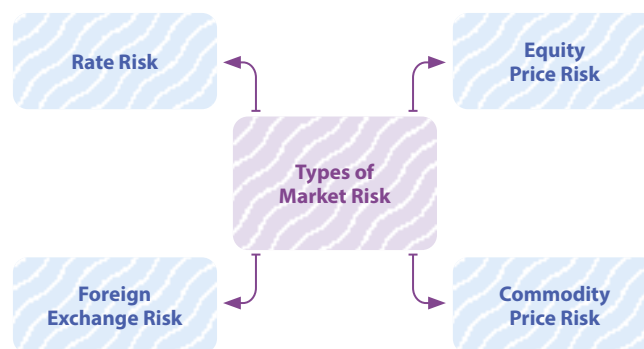
The Bank continued the outsourced collection of dues from facilities which are in default status for more than one year, mainly facilities which were offered as retail financing. These customers were provided adequate time for settlement of overdue balances and recovery of such dues were outsourced for collections after all available means of recovery were exhausted. These collections were also carried out in compliance with existing CBSL guidelines on recoveries. Staying true to the Bank's unique people friendly business model, collections were strictly made only for the overdue amount and no penalty charges were imposed. This was an immense financial relief for customers who were already burdened by ongoing economic hardships.

Plans for 2023

- ◆ Review and update Credit Policies of the Bank to be in line with latest developments and align such policies with the Bank's strategic focus especially on Sustainable Financing.
- ◆ Review and update the Credit Procedure Manual with the process and structural changes in the Bank.
- ◆ Post disbursement monitoring to be strengthened to enhance credit quality.
- ◆ Strengthening efforts and resources of the customer engagement Teams in light of the expected increase in default risk as businesses and consumers face stiff challenges in the year ahead stemming from new tax legislations and spike in overhead costs affecting their cash flows directly.

MARKET RISK

Market risk is the risk of loss from changes in market prices and rates (including rates, credit spreads, foreign exchange rates, equity prices and commodity prices), the correlations among them and their levels of volatility. A description of each market risk category is provided below.



Foreign Exchange Rate Risk

This is the risk of loss due to changes in spot and forward prices and the volatility of currency exchange rates. Potential large losses could reduce the extent of an entity's foreign investment and also put it at a competitive disadvantage compared to its foreign competitors.

Such risks are primarily due to changes in foreign exchange rates which are managed by setting and monitoring dealer, currency, counterparty and settlement limits for on and off balance sheet instruments.

Foreign exchange exposures in individual currencies are managed in accordance with the limits approved by the BOD. In addition, this is also managed and monitored against the regulatory/statutory limits approved by CBSL.

The Bank engages in interbank forward transactions to cover positions created due to customer transactions and mismatches in balance sheet positions. Cash flows of currencies are managed by undertaking promissory buy/sell transactions on a matching basis. In addition, the Bank's activities in the trade finance business result in off balance sheet exposures.

Risk Management Report

FOREIGN CURRENCY RISK - AS AT 31 DECEMBER 2022

| Currency | Spot | | | Forward | | | Net Open Position | Net Position in Other Exchange Contracts | Overall Exposure in Respective Foreign Currency | Overall Exposure in LKR |
|--|------------|--------------|--------------|---------|-------------|-----|-------------------|--|---|-------------------------|
| | Assets | Liabilities | Net | Assets | Liabilities | Net | | | | |
| U.S. Dollar | 52,251,175 | (67,062,070) | (14,810,896) | - | - | - | (14,810,896) | - | (14,810,896) | (424,395,383) |
| Pound Sterling | 724,509 | (653,498) | 71,011 | - | - | - | 71,011 | - | 71,011 | 24,780,821 |
| Euro | 248,471 | (305,267) | (56,796) | - | - | - | (56,796) | - | (56,796) | 35,972,813 |
| Japanese Yen | 2,455,966 | (49,814) | 2,406,152 | - | - | - | 2,406,152 | - | 2,406,152 | 7,386,324 |
| Indian Rupee | - | - | - | - | - | - | - | - | - | - |
| Australian Dollar | 448,327 | (367,061) | 81,266 | - | - | - | 81,266 | - | 81,266 | 19,613,979 |
| Canadian Dollar | 230 | - | 230 | - | - | - | 230 | - | 230 | 62,092 |
| Other Currencies | - | - | - | - | - | - | - | - | - | 68,223,413 |
| Total Exposure | - | - | - | - | - | - | - | - | - | 580,434,826 |
| Total Capital Base as at 31.12.2022 | | | | | | | | | | 14,960,985,024 |
| Total exposure as a % of Total Capital funds (should not exceed 30%) | | | | | | | | | | 3.88% |

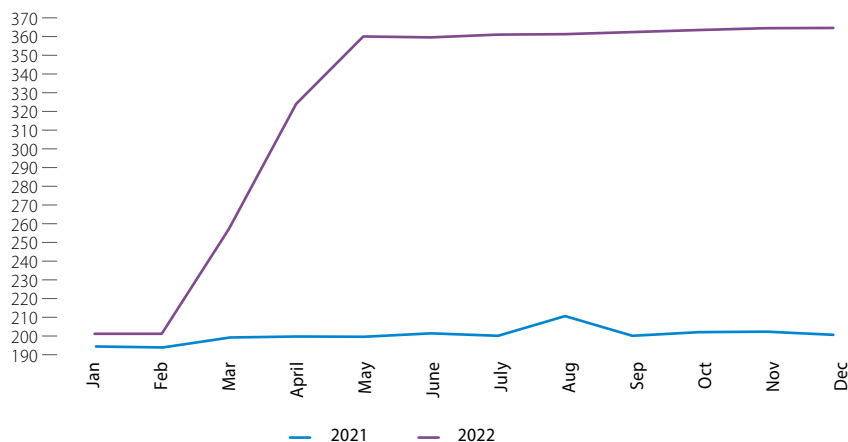
FOREIGN CURRENCY RISK - AS AT 31 DECEMBER 2021

| Currency | Spot | | | Forward | | | Net Open Position | Net Position in Other Exchange Contracts | Overall Exposure in Respective Foreign Currency | Overall Exposure in LKR |
|--|------------|--------------|--------------|-------------|--------------|------------|-------------------|--|---|-------------------------|
| | Assets | Liabilities | Net | Assets | Liabilities | Net | | | | |
| U.S. Dollar | 38,534,314 | (60,724,710) | (22,190,396) | 115,900,000 | (93,207,727) | 22,692,273 | 501,877 | - | 501,877 | 129,055,201 |
| Pound Sterling | 71,139 | (829,884) | (758,746) | 758,000 | - | 758,000 | (746) | - | (746) | (590,732) |
| Euro | 210,769 | (270,287) | (59,518) | 61,000 | - | 61,000 | 1,482 | - | 1,482 | 334,850 |
| Japanese Yen | 1,388,715 | (446,956) | 941,759 | - | (0) | (0) | 941,759 | - | 941,759 | 1,636,350 |
| Indian Rupee | - | - | - | - | - | - | - | - | - | - |
| Australian Dollar | 233,588 | (328,046) | (94,458) | 94,500 | - | 94,500 | 42 | - | 42 | (16,493) |
| Canadian Dollar | - | - | - | - | - | - | - | - | - | - |
| Other Currencies | - | - | - | - | - | - | - | - | - | 53,623,542 |
| Total Exposure | - | - | - | - | - | - | - | - | - | 185,257,168 |
| Total Capital Base as at 31.12.2021 | | | | | | | | | | 13,764,883,503 |
| Total exposure as a % of Total Capital funds (should not exceed 30%) | | | | | | | | | | 1.35% |

During the year 2022, the LKR depreciated by 44.8% against the US Dollar, based on average middle rates.

Exchange Rate

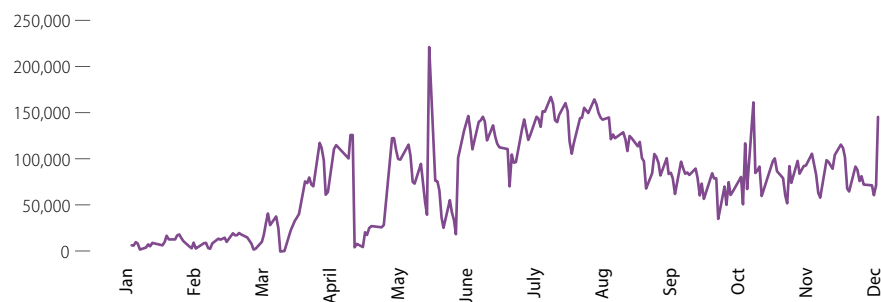
USD/LKR



A graph giving daily VaR figures of the foreign currency exposure is given below:

FX VaR - 2022

USD



| | | VaR of Foreign Exchange Exposures (LKR million) | Approved Loss Limits for FX Operations (LKR million) |
|------|---------------|---|--|
| 2022 | End December | 53.11 | 21.94 |
| | Daily Average | 28.57 | |
| | High | 81.63 | |
| | Low | 0.16 | |
| 2021 | End December | 0.53 | 12.00 |
| | Daily Average | 6.72 | |
| | High | 23.90 | |
| | Low | 0.35 | |

RATE RISK

Rate risk arising from the Bank's financing and investment activities is managed in accordance with the Board approved policies and limits, which are designed to control the risk to net financing income and economic value of shareholders' equity.

Mismatches in maturity of assets and liabilities that mature or are re-priced during a specified time period, does have an impact on the Bank's exposure to rate risk. In order to manage and mitigate such risks, ALCO reviews the re-pricing of assets and liabilities on a monthly basis. The Bank's rate risk is limited due to the business model adopted where customer deposits have been taken on the profit and loss sharing basis.

Risk Management Report

However, rate risk is monitored by measuring the impact on rate sensitive maturity gaps with yield curve shifts of parallel and non-parallel nature.

| | 1 to 30 Days | 1-3 Months | 3-6 Months | 6-9 Months | 9-12 Months | 1-3 Years | 3-5 Years | 5-10 Years | 10-15 Years | Over 15 | Unclassified |
|--------------|--------------|------------|------------|------------|-------------|-----------|-----------|------------|-------------|---------|--------------|
| Scenario I | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Scenario II | (2.00)% | (2.00)% | (2.00)% | (2.00)% | (2.00)% | (2.00)% | (2.00)% | (2.00)% | (2.00)% | (2.00)% | (2.00)% |
| Scenario III | (1.50)% | (1.50)% | (1.25)% | (1.25)% | (1.00)% | 1.00% | 1.00% | 1.25% | 1.25% | 1.50% | 1.50% |
| Scenario IV | 1.50% | 1.50% | 1.25% | 1.25% | 1.00% | (1.00)% | (1.00)% | (1.25)% | (1.25)% | (1.50)% | (1.50)% |
| Scenario V | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% |

Impact of yield curve shifts on rate sensitive assets and liabilities on contractual and behavioural basis are given below:

| Behavioural Basis | | | | | |
|-------------------|-------------------------|-------------------|--------------|-------------------------|-------------------|
| 2022 | | | 2021 | | |
| Scenario | Rate Risk (LKR million) | Impact on Capital | Scenario | Rate Risk (LKR million) | Impact on Capital |
| Scenario I | 75.57 | 0.51% | Scenario I | (155.89) | 1.13% |
| Scenario II | (152.26) | 1.02% | Scenario II | 325.21 | 2.36% |
| Scenario III | (145.65) | 0.97% | Scenario III | (52.28) | 0.38% |
| Scenario IV | 144.70 | 0.97% | Scenario IV | 56.86 | 0.41% |
| Scenario V | 18.84 | 0.13% | Scenario V | (39.49) | 0.29% |

| Contractual Basis | | | | | |
|-------------------|-------------------------|-------------------|--------------|-------------------------|-------------------|
| 2022 | | | 2021 | | |
| Scenario | Rate Risk (LKR million) | Impact on Capital | Scenario | Rate Risk (LKR million) | Impact on Capital |
| Scenario I | (104.46) | 0.70% | Scenario I | (608.48) | 4.42% |
| Scenario II | 240.25 | 1.61% | Scenario II | 1,312.65 | 9.54% |
| Scenario III | (426.38) | 2.85% | Scenario III | (615.57) | 4.47% |
| Scenario IV | 437.51 | 2.92% | Scenario IV | 652.91 | 4.74% |
| Scenario V | (27.14) | 0.18% | Scenario V | (155.08) | 1.13% |

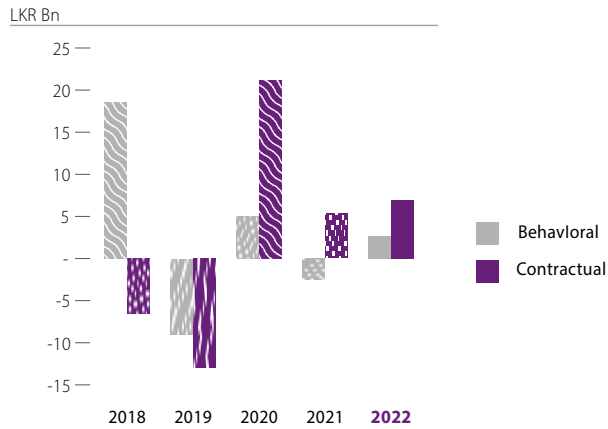
The impact of 1% increase in market rates on Economic Value of Equity (EVE) and Earnings at Risk (EaR) calculated based on Behavioural and Contractual maturities are given in the table below:

| | 2022 | 2021 |
|---|----------|----------|
| Economic Value of Equity (EVE) - (100 bps shift) | | |
| Behavioural - % of Total Capital | 0.51% | 1.13% |
| - Value in LKR million | 75.57 | (155.89) |
| Contractual - % of Total Capital | 0.70% | 4.42% |
| - Value in LKR million | (104.46) | (608.48) |
| Earnings at Risk (EaR) - (100 bps shift) | | |
| Behavioural - % of Total Capital | -0.35% | 0.26% |
| - Value in LKR million | (52.80) | 35.77 |
| Contractual - % of Total Capital | 1.92% | 1.31% |
| - Value in LKR million | (287.89) | (180.37) |

Asset and Liability Maturity Gaps

The contractual and behavioural assets and liability maturity gaps as at end of year are indicated below:

Asset and Liability Maturity Gaps



Risk Management Report

MATURITY GAPS OF ASSETS AND LIABILITIES (BEHAVIOURAL BASIS) AS AT 31 DECEMBER 2022

| | Upto 3 Months LKR | 3 - 12 Months LKR | 1-3 Years LKR | 3-5 Years LKR | Over 5 Years LKR | Total LKR | Sensitive to Rates |
|---|-----------------------|------------------------|-----------------------|------------------------|----------------------|------------------------|-----------------------|
| Assets | | | | | | | |
| Cash and Cash Equivalents | 22,603,294,374 | - | - | - | - | 22,603,294,374 | Yes |
| Balance with Central Bank of Sri Lanka | 3,428,784,019 | 913,752,569 | 393,744,540 | 206,398,032 | 142,999,903 | 5,085,679,063 | No |
| Placements with Banks | 10,202,904,092 | 5,117,388,356 | 9,250,000,000 | - | - | 24,570,292,448 | Yes |
| Placements with Licensed Finance Companies | 77,154 | - | - | - | - | 77,154 | Yes |
| Derivative Financial Assets | 56,208,335 | 14,525,001 | - | - | - | 70,733,336 | Yes |
| Financial Assets Measured at Fair Value through Profit or Loss | 59,561,097 | - | - | - | - | 59,561,097 | Yes |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 28,664,249,096 | 29,765,212,353 | 12,946,377,274 | 6,260,794,328 | 5,549,283,490 | 83,185,916,541 | Yes |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | 332,504,996 | 332,504,996 | Yes |
| Other Assets - Financial | 1,336,908,929 | 906,461,154 | 35,195,630 | 45,000,000 | - | 2,323,565,713 | Yes |
| Property, Plant, Equipment And Right-of-Use Assets | - | - | - | - | 2,466,761,457 | 2,466,761,457 | No |
| Intangible Assets | - | - | - | - | 319,253,349 | 319,253,349 | No |
| Other Assets - Non Financial | 120,189,184 | 132,596,814 | 9,681,489 | - | - | 262,467,487 | No |
| Deferred Tax Assets | - | - | - | - | 407,785,544 | 407,785,544 | No |
| Total Assets | 66,472,176,280 | 36,849,936,247 | 22,634,998,933 | 6,512,192,360 | 9,218,588,739 | 141,687,892,559 | |
| Liabilities | | | | | | | |
| Due to Banks | 7,445,353,076 | 4,411,369,859 | - | - | - | 11,856,722,935 | Yes |
| Derivative Financial Liabilities | 20,880,000 | - | - | - | - | 20,880,000 | Yes |
| Financial Liabilities at Amortised Cost - Due to Depositors | 38,161,435,602 | 41,080,007,891 | 17,725,446,895 | 9,247,126,195 | 6,332,000,646 | 112,546,017,229 | Yes |
| Other Liabilities - Financial | 1,997,769,830 | 11,449,796 | 32,747,806 | - | - | 2,041,967,432 | Yes |
| Current Tax Liabilities | 131,186,060 | 514,420,405 | - | - | - | 645,606,465 | No |
| Dividend Payable | 6,351,708 | - | - | - | - | 6,351,708 | No |
| Retirement Benefit Liability | - | - | - | - | 109,411,635 | 109,411,635 | Yes |
| Other Liabilities - Non Financial | 99,580,091 | - | - | - | - | 99,580,091 | No |
| Total Liabilities | 47,862,556,367 | 46,017,247,951 | 17,758,194,701 | 9,247,126,195 | 6,441,412,281 | 127,326,537,495 | |
| Maturity Gap | 18,609,619,913 | (9,167,311,704) | 4,876,804,232 | (2,734,933,835) | 2,777,176,458 | 14,361,355,064 | |

MATURITY GAPS OF ASSETS AND LIABILITIES (CONTRACTUAL BASIS) AS AT 31 DECEMBER 2022

| | Upto 3 Months LKR | 3 - 12 Months LKR | 1-3 Years LKR | 3-5 Years LKR | Over 5 Years LKR | Total LKR | Sensitive to Rates |
|---|------------------------|-------------------------|-----------------------|----------------------|----------------------|------------------------|-----------------------|
| Assets | | | | | | | |
| Cash and Cash Equivalents | 22,603,294,374 | - | - | - | - | 22,603,294,374 | Yes |
| Balance with Central Bank of Sri Lanka | 5,085,679,063 | - | - | - | - | 5,085,679,063 | No |
| Placements with Banks | 10,202,904,092 | 5,117,388,356 | 9,250,000,000 | - | - | 24,570,292,448 | Yes |
| Placements with Licensed Finance Companies | 77,154 | - | - | - | - | 77,154 | Yes |
| Derivative Financial Assets | 56,208,335 | 14,525,001 | - | - | - | 70,733,336 | Yes |
| Financial Assets Measured at Fair Value through Profit or Loss | 59,561,097 | - | - | - | - | 59,561,097 | Yes |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 28,664,249,096 | 29,765,212,353 | 12,946,377,274 | 6,260,794,328 | 5,549,283,489 | 83,185,916,541 | Yes |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | 332,504,996 | 332,504,996 | Yes |
| Other Assets - Financial | 1,336,908,929 | 906,461,154 | 35,195,630 | 45,000,000 | - | 2,323,565,713 | Yes |
| Property, Plant and Equipment and Right-of-Use Assets | - | - | - | - | 2,466,761,457 | 2,466,761,457 | No |
| Intangible Assets | - | - | - | - | 319,253,349 | 319,253,349 | No |
| Other Assets - Non Financial | 120,189,184 | 132,596,814 | 9,681,489 | - | - | 262,467,487 | No |
| Deferred Tax Assets | - | - | - | - | 407,785,544 | 407,785,544 | |
| Total Assets | 68,129,071,324 | 35,936,183,678 | 22,241,254,393 | 6,305,794,328 | 9,075,588,835 | 141,687,892,559 | |
| Liabilities | | | | | | | |
| Due to Banks | 7,445,353,076 | 4,411,369,859 | - | - | - | 11,856,722,935 | Yes |
| Derivative Financial Liabilities | 20,880,000 | - | - | - | - | 20,880,000 | Yes |
| Financial Liabilities at Amortised Cost - Due to Depositors | 64,869,695,083 | 44,006,121,333 | 895,727,477 | 879,040,534 | 1,895,432,802 | 112,546,017,229 | Yes |
| Other Liabilities - Financial | 1,997,769,830 | 11,449,796 | 32,747,806 | - | - | 2,041,967,432 | Yes |
| Current Tax Liabilities | 131,186,060 | 514,420,405 | - | - | - | 645,606,465 | No |
| Dividend Payable | 6,351,708 | - | - | - | - | 6,351,708 | No |
| Retirement Benefit Liability | - | - | - | - | 109,411,635 | 109,411,635 | Yes |
| Other Liabilities - Non Financial | 99,580,091 | - | - | - | - | 99,580,091 | No |
| Total Liabilities | 74,570,815,848 | 48,943,361,393 | 928,475,283 | 879,040,534 | 2,004,844,437 | 127,326,537,495 | |
| Maturity Gap | (6,441,744,524) | (13,007,177,715) | 21,312,779,110 | 5,426,753,794 | 7,070,744,398 | 14,361,355,064 | |

Risk Management Report

MATURITY GAP ANALYSIS FOR LOCAL CURRENCY DENOMINATED ASSETS AND LIABILITIES AS AT 31 DECEMBER 2022

| | Up to 1 Month LKR | 1 - 3 Months LKR | 3 - 6 Months LKR | 6 - 9 Months LKR | 9 - 12 Months LKR | 1 - 3 Years LKR | 3 - 5 Years LKR | Over 5 Years LKR | Total LKR |
|--|----------------------|---------------------|---------------------|---------------------|----------------------|--------------------|--------------------|---------------------|-----------------|
| Inflows | | | | | | | | | |
| Cash in Hand | 4,656,259,882 | - | - | - | - | - | - | - | 4,656,259,882 |
| Balance with Central Bank of Sri Lanka | 2,840,533,653 | 298,827,047 | 402,318,190 | 237,335,865 | 237,020,346 | 242,683,589 | 241,628,135 | 650,932,237 | 5,151,279,062 |
| Balances Due from Other Banks and Financial Institutions | 9,502,421,978 | - | 4,499,783,215 | - | - | 9,248,106,623 | 44,930,838 | - | 23,295,242,654 |
| Derivative Financial Assets | - | - | 70,733,336 | - | - | - | - | - | 70,733,336 |
| Investments | 392,066,093 | - | - | - | - | - | - | - | 392,066,093 |
| Overdrafts | 444,074,984 | 444,074,984 | 444,074,984 | 444,074,984 | 444,074,984 | 1,233,541,622 | 1,233,541,622 | 1,233,541,622 | 5,920,999,786 |
| Financing and Receivables to Other Customers | 6,279,813,172 | 1,458,532,528 | 3,358,446,057 | 13,312,740,789 | 7,130,882,957 | 8,604,790,092 | 10,021,506,199 | 21,347,607,830 | 71,514,319,624 |
| Non-Performing Advances | - | - | - | - | 469,227,906 | - | - | 1,407,683,718 | 1,876,911,624 |
| Other Assets | 2,046,916,830 | 116,199,569 | 449,897,942 | 13,936,298 | 920,297,452 | 63,532,528 | 407,785,544 | 3,039,334,973 | 7,057,901,136 |
| Total (a) | 26,162,086,592 | 2,317,634,128 | 9,225,253,724 | 14,008,087,936 | 9,201,503,645 | 19,392,654,454 | 11,949,392,338 | 27,679,100,380 | 119,935,713,197 |
| Outflows | | | | | | | | | |
| Demand Deposits | 1,312,201,897 | 1,312,201,897 | 984,151,423 | 656,100,949 | 656,100,949 | - | - | 1,640,252,372 | 6,561,009,487 |
| Savings Deposits | 1,577,826,546 | 1,531,509,067 | 1,550,623,404 | 1,549,521,186 | 1,554,606,505 | 8,002,585,116 | 7,985,784,483 | 9,210,329,787 | 32,962,786,094 |
| Balance Due to Other Banks | - | - | - | - | - | - | - | - | - |
| Derivative Financial Liabilities | - | - | 20,880,000 | - | - | - | - | - | 20,880,000 |
| Time Deposits | 3,836,857,680 | 7,232,528,985 | 11,031,114,408 | 5,797,177,985 | 5,781,453,588 | 180,536,541 | 161,748,005 | 11,098,399,648 | 45,119,816,840 |
| Profit Payable | 504,469,590 | 122,512,435 | 586,549,245 | 102,458,315 | 102,309,941 | 114,123,205 | 113,626,873 | 283,228,992 | 1,929,278,596 |
| Provisions Other than for Financing Losses and Depreciation in the Value of Investment Portfolio | 1,350,043,207 | 22,548,506 | 81,101,711 | 191,254,613 | 77,934,430 | 305,963,635 | 343,894,619 | 270,813,251 | 2,643,553,972 |
| Other Liabilities | 14,877,451,340 | 300,000,000 | 4,000,000,000 | - | - | - | - | - | 19,177,451,340 |
| Unutilised Portion of Overdraft, Financing and Receivables to Other Customers | 565,245,315 | 1,130,490,629 | 1,695,735,944 | 1,695,735,944 | 1,695,735,944 | - | - | - | 6,782,943,776 |
| Letters of Credit/Guarantees/Acceptances | 1,352,629,738 | 551,633,992 | 697,186,377 | 654,537,222 | 659,873,783 | 128,402,108 | 156,530 | - | 4,044,419,750 |
| Repo/Bills Rediscounted/Swaps/Forward Contracts | 731,420,000 | (2,803,776,668) | (2,377,115,000) | - | - | - | - | - | (4,449,471,668) |
| Others | - | - | - | - | - | - | - | 14,530,668,994 | 14,530,668,994 |
| Total (b) | 26,108,145,313 | 9,399,648,843 | 18,270,227,512 | 10,646,786,214 | 10,528,015,140 | 8,731,610,605 | 8,605,210,510 | 37,033,693,044 | 129,323,337,181 |
| Gap = (a) - (b) | 53,941,279 | (7,082,014,715) | (9,044,973,788) | 3,361,301,722 | (1,326,511,495) | 10,661,043,849 | 3,344,181,830 | (9,354,592,666) | (9,387,623,984) |
| Cumulative Gap | 53,941,279 | (7,028,073,436) | (16,073,047,224) | (12,711,745,502) | (14,038,256,997) | (3,377,213,148) | (33,031,318) | (9,387,623,984) | |

MATURITY GAP ANALYSIS FOR U.S. DOLLAR DENOMINATED ASSETS AND LIABILITIES AS AT 31 DECEMBER 2022

| | Up to 1 Month USD | 1 - 3 Months USD | 3 - 6 Months USD | 6 - 9 Months USD | 9 - 12 Months USD | 1 - 3 Years USD | 3 - 5 Years USD | Over 5 Years USD | Total USD |
|--|-------------------------|---------------------|---------------------|---------------------|----------------------|--------------------|--------------------|---------------------|--------------|
| Inflows | | | | | | | | | |
| Cash in Hand | 2,221,558 | - | - | - | - | - | - | - | 2,221,558 |
| Balance with Central Bank of Sri Lanka | - | - | - | - | - | - | - | - | - |
| Balances Due from Other Banks and Financial Institutions | 44,727,052 | - | - | - | - | - | - | - | 44,727,052 |
| Derivative Financial Assets | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - |
| Overdrafts | 7,423 | 7,423 | 7,423 | 7,423 | 7,423 | 20,620 | 20,620 | 20,620 | 98,975 |
| Financing and Receivables to Other Customers | 2,540,355 | 2,683 | 20,513 | 3,430,951 | 903,183 | 574,871 | 1,491,920 | 1,277,847 | 10,242,323 |
| Non-Performing Advances | - | - | - | - | - | - | - | - | - |
| Inter Branch Transactions | - | - | - | - | - | - | - | - | - |
| Other Assets | 2 | - | - | - | - | - | - | - | 2 |
| Total (a) | 49,496,390 | 10,106 | 27,936 | 3,438,374 | 910,606 | 595,491 | 1,512,540 | 1,298,467 | 57,289,910 |
| Outflows | | | | | | | | | |
| Demand Deposits | 931,890 | 931,890 | 698,917 | 465,945 | 465,945 | - | - | 1,164,862 | 4,659,449 |
| Savings Deposits | 751,110 | 750,961 | 766,776 | 751,257 | 750,961 | 3,777,217 | 3,800,978 | 3,862,484 | 15,211,744 |
| Balance Due to Other Banks | - | - | - | - | - | - | - | - | - |
| Derivative Financial Liabilities | - | - | - | - | - | - | - | - | - |
| Time Deposits | 7,543,112 | 8,344,219 | 13,827,217 | 8,736,770 | 4,747,663 | - | - | 8,389,113 | 51,588,094 |
| Net Inter-Branch Transactions | - | - | - | - | - | - | - | - | - |
| Profit Payable | 116,215 | 128,923 | 206,867 | 134,491 | 77,942 | 53,541 | 53,878 | 173,664 | 945,521 |
| Provisions Other than for Financing Losses and Depreciation in the Value of Investment Portfolio | 295,799 | - | - | - | - | 33,105 | - | - | 328,904 |
| Other Liabilities | (23,142,984) | - | - | - | - | - | - | - | (23,142,984) |
| Unutilised Portion of Overdraft, Financing and Receivables to Other Customers | - | - | - | - | - | - | - | - | - |
| Letters of Credit/ Guarantees/Acceptances | 5,463,038 | 3,368,835 | 2,235,657 | 1,463,194 | 400,600 | 54,323 | - | - | 12,985,647 |
| Repo/Bills Rediscounted/ Swaps/Forward Contracts | (2,000,000) | 7,666,667 | 6,500,000 | - | - | - | - | - | 12,166,667 |
| Others | - | - | - | - | - | - | - | (418,187) | (418,187) |
| Total (b) | (10,041,820) | 21,191,495 | 24,235,434 | 11,551,657 | 6,443,111 | 3,918,186 | 3,854,856 | 13,171,936 | 74,324,855 |
| Gap = (a) - (b) | 59,538,210 | (21,181,390) | (24,207,498) | (8,113,283) | (5,532,505) | (3,322,695) | (2,342,316) | (11,873,469) | (17,034,946) |
| Cumulative Gap | 59,538,210 | 38,356,821 | 14,149,323 | 6,036,040 | 503,535 | (2,819,160) | (5,161,477) | (17,034,946) | |

Risk Management Report

SENSITIVITY ANALYSIS FOR LOCAL CURRENCY DENOMINATED ASSETS AND LIABILITIES AS AT 31 DECEMBER 2022

| | Up to 1 Month LKR | 1 - 3 Months LKR | 3 - 6 Months LKR | 6 - 12 Months LKR | 1 - 2 Years LKR | 2 - 3 Years LKR |
|--|----------------------|---------------------|---------------------|----------------------|--------------------|--------------------|
| Inflows | | | | | | |
| Cash in Hand | - | - | - | - | - | - |
| Balance with Central Bank of Sri Lanka | - | - | - | - | - | - |
| Balances Due from Other Banks and Financial Institutions | 9,499,588,220 | - | 4,499,783,215 | - | 6,748,642,014 | 2,499,464,608 |
| Derivative Financial Assets | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - |
| Overdrafts | 5,920,999,788 | - | - | - | - | - |
| Financing and Receivables to Other Customers | 11,827,206,260 | 14,662,896,451 | 8,783,258,165 | 13,525,951,794 | 6,933,396,090 | 5,265,129,943 |
| Non-Performing Advances | - | - | - | - | 214,903,684 | - |
| Fixed Assets | - | - | - | - | - | - |
| Accrued Profit | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - |
| Total (a) | 27,247,794,268 | 14,662,896,451 | 13,283,041,380 | 13,525,951,794 | 13,896,941,788 | 7,764,594,551 |
| Outflows | | | | | | |
| Demand Deposits | - | - | - | - | - | - |
| Savings Deposits | 29,573,611,671 | 58,046,692 | 77,161,029 | 157,202,941 | 333,664,771 | 301,608,470 |
| Time Deposits | 5,023,389,728 | 8,963,094,580 | 14,473,284,037 | 16,066,658,881 | 156,574,756 | 98,515,896 |
| Other Deposits | - | - | - | - | - | - |
| Other Borrowings/Balance Due to Other Banks | 6,500,000,000 | 300,000,000 | 4,000,000,000 | - | - | - |
| Derivative Financial Liabilities | - | - | - | - | - | - |
| Profit Payable | - | - | - | - | - | - |
| Provisions (Others) | - | - | - | - | - | - |
| Capital | - | - | - | - | - | - |
| Reserves | - | - | - | - | - | - |
| Retained earnings | - | - | - | - | - | - |
| Others (Liabilities) | - | - | - | - | - | - |
| FRAs | 731,400,000 | (2,803,776,667) | (2,377,115,000) | - | - | - |
| Total (b) | 41,828,401,399 | 6,517,364,605 | 16,173,330,066 | 16,223,861,822 | 490,239,527 | 400,124,366 |
| Gap = (a) - (b) | (14,580,607,131) | 8,145,531,846 | (2,890,288,687) | (2,697,910,028) | 13,406,702,260 | 7,364,470,184 |

| 3 - 4 Years LKR | 4 - 5 Years LKR | 5 - 7 Years LKR | 7 - 10 Years LKR | 10 - 15 Years LKR | 15 - 20 Years LKR | Non Sensitive LKR | Total LKR |
|--------------------|--------------------|--------------------|---------------------|----------------------|----------------------|----------------------|-----------------|
| - | - | - | - | - | - | 4,656,259,882 | 4,656,259,882 |
| - | - | - | - | - | - | 5,151,301,461 | 5,151,301,461 |
| 44,930,838 | - | - | - | - | - | 2,830,000 | 23,295,238,895 |
| - | - | - | - | - | - | 70,733,336 | 70,733,336 |
| - | - | - | - | - | - | 392,066,093 | 392,066,093 |
| - | - | - | - | - | - | - | 5,920,999,788 |
| 3,654,189,350 | 2,117,129,886 | 2,230,017,298 | 1,624,348,192 | 773,206,195 | 117,585,432 | - | 71,514,315,056 |
| - | 130,914,082 | 396,163,303 | - | - | - | 1,134,930,554 | 1,876,911,624 |
| - | - | - | - | - | - | 2,786,014,806 | 2,786,014,806 |
| - | - | - | - | - | - | 6,044,564,411 | 6,044,564,411 |
| - | - | - | - | - | - | 4,273,307,470 | 4,273,307,470 |
| 3,699,120,188 | 2,248,043,968 | 2,626,180,601 | 1,624,348,192 | 773,206,195 | 117,585,432 | 24,512,008,013 | 125,981,712,822 |
| - | - | - | - | - | - | 6,561,009,487 | 6,561,009,487 |
| 322,609,438 | 295,863,170 | 552,734,770 | 644,121,876 | 577,579,061 | 68,582,205 | - | 32,962,786,094 |
| 150,321,132 | 79,881,491 | - | - | - | - | - | 45,011,720,503 |
| - | - | - | - | - | - | 108,096,336 | 108,096,336 |
| - | - | - | - | - | - | - | 10,800,000,000 |
| - | - | - | - | - | - | 20,880,000 | 20,880,000 |
| - | - | - | - | - | - | 1,929,278,597 | 1,929,278,597 |
| - | - | - | - | - | - | 2,635,663,099 | 2,635,663,099 |
| - | - | - | - | - | - | 4,325,951,385 | 4,325,951,385 |
| - | - | - | - | - | - | 282,495,507 | 282,495,507 |
| - | - | - | - | - | - | 9,922,222,102 | 9,922,222,102 |
| - | - | - | - | - | - | 8,385,342,212 | 8,385,342,212 |
| - | - | - | - | - | - | - | (4,449,491,667) |
| 472,930,570 | 375,744,661 | 552,734,770 | 644,121,876 | 577,579,061 | 68,582,205 | 34,170,938,726 | 118,495,953,655 |
| 3,226,189,618 | 1,872,299,307 | 2,073,445,831 | 980,226,316 | 195,627,134 | 49,003,227 | (9,658,930,713) | 7,485,759,166 |

Risk Management Report

SENSITIVITY ANALYSIS FOR U.S. DOLLAR DENOMINATED ASSETS AND LIABILITIES AS AT 31 DECEMBER 2022

| | Up to 1 Month USD | 1 - 3 Months USD | 3 - 6 Months USD | 6 - 12 Months USD | 1 - 2 Years USD | 2 - 3 Years USD |
|--|----------------------|---------------------|---------------------|----------------------|--------------------|--------------------|
| Inflows | | | | | | |
| Cash in Hand | - | - | - | - | - | - |
| Balance with Central Bank of Sri Lanka | - | - | - | - | - | - |
| Balances Due from Other Banks and Financial Institutions | - | - | - | - | - | - |
| Derivative Financial Assets | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - |
| Overdrafts | 99,362 | - | - | - | - | - |
| Financing and Receivables to Other Customers | 2,911,475 | 3,430,187 | 893,212 | 572,860 | 839,667 | 583,805 |
| Non Performing Advances | - | - | - | - | - | - |
| Fixed Assets | - | - | - | - | - | - |
| Accrued Profit | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - |
| Total (a) | 3,010,837 | 3,430,187 | 893,212 | 572,860 | 839,667 | 583,805 |
| Outflows | | | | | | |
| Demand Deposits | - | - | - | - | - | - |
| Savings Deposits | 15,019,361 | - | 15,815 | 296 | 17,143 | 5,271 |
| Time Deposits | 8,491,059 | 9,793,421 | 15,312,748 | 17,895,306 | - | - |
| Other Deposits | - | - | - | - | - | - |
| Other Borrowings/Balances Due to Other Banks | - | - | - | - | - | - |
| Derivative Financial Liabilities | - | - | - | - | - | - |
| Profit Payable | - | - | - | - | - | - |
| Provisions (Others) | - | - | - | - | - | - |
| Capital | - | - | - | - | - | - |
| Reserves | - | - | - | - | - | - |
| Retained earnings | - | - | - | - | - | - |
| Others (Liabilities) | - | - | - | - | - | - |
| FRAs | (2,000,000) | 7,666,667 | 6,500,000 | - | - | - |
| Total (b) | 21,510,420 | 17,460,088 | 21,828,563 | 17,895,602 | 17,143 | 5,271 |
| Gap = (a) - (b) | (18,499,583) | (14,029,901) | (20,935,352) | (17,322,742) | 822,524 | 578,534 |

| 3 - 4 Years USD | 4 - 5 Years USD | 5 - 7 Years USD | 7 - 10 Years USD | 10 - 15 Years USD | 15 - 20 Years USD | Non Sensitive USD | Total USD |
|--------------------|--------------------|--------------------|---------------------|----------------------|----------------------|----------------------|--------------|
| - | - | - | - | - | - | 2,221,558 | 2,221,558 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 44,724,926 | 44,724,926 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 99,362 |
| 448,679 | 139,018 | 200,178 | 241,882 | - | - | - | 10,260,963 |
| - | - | 231,921 | - | - | - | - | 231,921 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 636,001 | 636,001 |
| - | - | - | - | - | - | 2 | 2 |
| 448,679 | 139,018 | 432,099 | 241,882 | - | - | 47,582,487 | 58,174,733 |
| - | - | - | - | - | - | 4,659,450 | 4,659,450 |
| 19,635 | 26,540 | 20,513 | 52,652 | 33,155 | 1,360 | - | 15,211,741 |
| - | - | - | - | - | - | - | 51,492,536 |
| - | - | - | - | - | - | 95,558 | 95,558 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 945,521 | 945,521 |
| - | - | - | - | - | - | 328,902 | 328,902 |
| - | - | - | - | - | - | (2,103,770) | (2,103,770) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,741,437 | 1,741,437 |
| - | - | - | - | - | - | (23,083,004) | (23,083,004) |
| - | - | - | - | - | - | - | 12,166,667 |
| 19,635 | 26,540 | 20,513 | 52,652 | 33,155 | 1,360 | (17,415,904) | 61,455,038 |
| 429,044 | 112,478 | 411,586 | 189,230 | (33,155) | (1,360) | 64,998,391 | (3,280,306) |

Risk Management Report

EQUITY RISK

This relates to the risk of loss due to changes in the prices and the volatility of individual equity instruments and equity indices.

The Bank holds equity portfolios for trading and investment purposes. These portfolios expose the Bank to rate risks, credit spread and equity risks. Equity position risk arises due to changes in individual equity prices. The performance of the equity portfolio is monitored by the Equity Investment Committee (EIC) and ALCO. The Board of Directors has laid down sector, portfolio and loss limits to control and mitigate the risks of the equity portfolio. The Bank also adheres to the Guidelines issued by CBSL regarding the exposure to a single entity and the total exposure limit for the equity portfolio. The Bank conducts transactions only in white-listed equities.

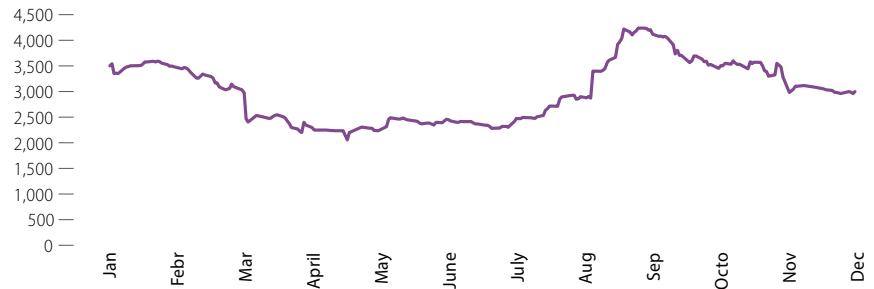
The sectoral exposure of the Equity portfolio for 2022 is given below:

| Equity/Sector | Total Cost as at 31 December LKR | Mark-to-Market Value as at 31 December LKR | Maximum Exposure Limit for Sector LKR |
|--------------------------------|----------------------------------|--|---------------------------------------|
| Industrials | 12,312,543.60 | 10,380,081.60 | 70,000,000.00 |
| Chemicals | 7,680,000.00 | 5,760,000.00 | 52,500,000.00 |
| Consumer Staples | 3,146,929.50 | 2,343,045.00 | 87,500,000.00 |
| Power | 10,978,636.40 | 8,908,859.80 | 52,500,000.00 |
| Consumer Discretionary | 27,061,558.40 | 18,400,300.00 | 52,500,000.00 |
| Telecommunication Services | 17,656,474.00 | 13,768,810.00 | 87,500,000.00 |
| | 78,836,141.90 | 59,561,096.40 | |
| Strategic Investments | 343,016,586.00 | 329,511,996.00 | |
| Total Equity Portfolio | 421,852,727.90 | 389,073,092.40 | |
| Total Approved Portfolio Limit | | | 710,000,000.00 |

A graph indicating the daily VaR figures for the Equity portfolio (excluding the Strategic Portfolio) is given below:

Equity VaR - 2022

LKR '000



| | | VaR of Equity Portfolio (LKR million) | Approved Loss Limits for Equity Operations (LKR million) |
|------|---------------|---------------------------------------|--|
| 2022 | End December | 2.93 | 35.00 |
| | Daily Average | 2.94 | |
| | High | 4.28 | |
| | Low | 1.91 | |
| 2021 | End December | 3.31 | 35.00 |
| | Daily Average | 3.69 | |
| | High | 4.70 | |
| | Low | 2.78 | |

LIQUIDITY RISK

Liquidity risk is the risk that the Bank is unable to meet its financial obligations in a timely manner without incurring high cost.

Effective liquidity risk management is essential in order to maintain the confidence of depositors and counterparties, manage cost of funds, and to enable business units to continue to generate revenue, even under adverse circumstances.

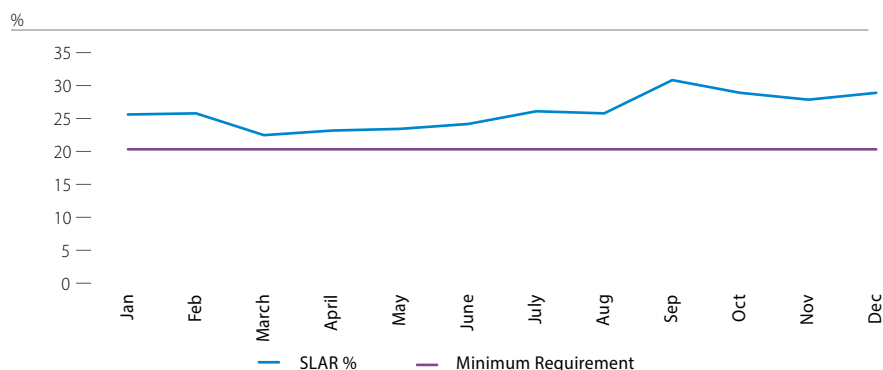
Liquidity risk is managed within the framework of policies and limits that are approved by the BOD. The BOD receives reports on risk exposures and performance against approved limits. ALCO provides senior management oversight of liquidity risk and meets at least monthly to discuss the Bank's liquidity profile.

Statutory Liquid Assets Ratio

Adequate liquid assets are maintained by the Bank to ensure the Statutory Liquid Assets Ratio (SLAR) is maintained in accordance with the regulatory requirements. Liquid assets defined for purposes of the liquidity ratio are mainly cash holdings, bank balances and short-term interbank deposits. The maintenance of SLAR during 2022 is given below:

| | 2022 | 2021 |
|----------|--------|--------|
| Year-end | 28.65% | 26.87% |
| Minimum | 22.06% | 21.71% |
| Maximum | 30.63% | 28.44% |

SLAR - 2022



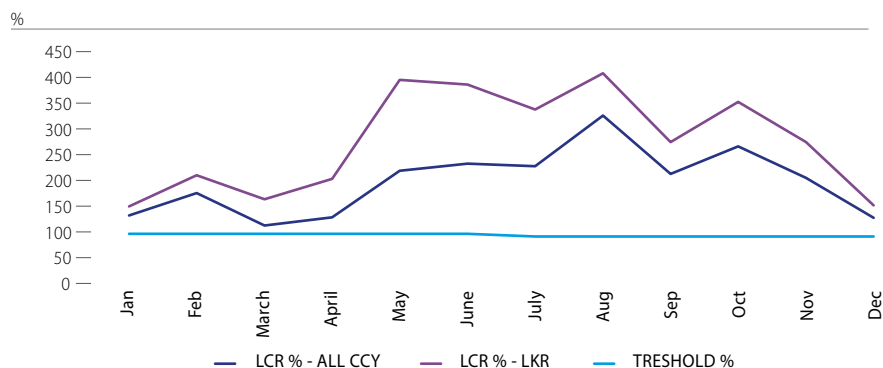
Liquidity Coverage Ratio (LCR)

Regulations require banks to maintain LCR in respect of Rupee Liquidity for local currency operations and All Currency Liquidity Minimum Requirement for overall operations. Though the CBSL revised the minimum requirement for LCR from 100% to 90% providing short-term relief up to 31 December 2022, the Bank continuously maintained this ratio well above the prudential requirement which is a minimum of 100%.

During 2022, LCR was maintained as given below:

| | 2022 | | 2021 | |
|----------|--------|--------|--------|--------|
| | ALL | LKR | ALL | LKR |
| Year-end | 126.5% | 150.0% | 118.5% | 165.0% |
| Minimum | 111.3% | 148.0% | 118.5% | 156.0% |
| Maximum | 327.7% | 409.0% | 599.9% | 742.0% |

LCR - 2022



Risk Management Report

Stress Testing

Stress testing is carried out based on Board approved stress testing guidelines and the results are reviewed by BIRMC and ALCO regularly. Stress testing is carried out for areas in relation to exchange exposure, equity portfolio and liquidity to ascertain the impact if the markets faced stressed situations.

Foreign Exchange

Amāna Bank's foreign exchange exposure has been stress tested using three scenarios which are based on 10%, 15% and 20%, in order to assess adverse rate movements of exchange rates, for which the result would impact upon the Capital Adequacy Ratio (CAR).

The stress testing results of exchange exposures as of 31 December 2022 are given below:

| Particulars | Scenario 1 | Scenario 2 | Scenario 3 |
|--|----------------|----------------|----------------|
| Adverse Change in Exchange Rate (%) | 10 | 15 | 20 |
| Net Exposure (LKR) | 504,314,090 | 504,314,090 | 504,314,090 |
| Exchange Loss (LKR) | 50,431,409 | 75,647,114 | 100,862,818 |
| Capital Funds - Dec 2022 (LKR) | 14,960,985,024 | 14,960,985,024 | 14,960,985,024 |
| Capital Adjusted for Loss (LKR) | 14,910,553,615 | 14,885,337,910 | 14,860,122,206 |
| Risk Weighted Assets - Dec 2022 (LKR) | 94,718,796,297 | 94,718,796,297 | 94,718,796,297 |
| Adjusted Risk Weighted Assets (LKR) | 94,668,364,888 | 94,643,149,184 | 94,617,933,479 |
| Capital Adequacy Ratio as at 31 Dec 2022 (%) | 15.80% | 15.80% | 15.80% |
| Revised Capital Adequacy Ratio (%) | 15.75% | 15.73% | 15.71% |
| Decline in CAR (%) | 0.05% | 0.07% | 0.09% |

ii. Equity Portfolio

Amāna Bank's equity portfolio has been stress tested using three scenarios which are based on 10%, 20% and 30% in order to assess adverse price movements of equities, for which the result would impact upon the CAR.

The stress testing results of the equity portfolio as of 31 December 2022 is given below:

| Particulars | Scenario 1 | Scenario 2 | Scenario 3 |
|--|----------------|----------------|----------------|
| Adverse Change in Equity Price (%) | 10 | 15 | 30 |
| Value of Equity Portfolio (LKR) | 421,852,728 | 421,852,728 | 421,852,728 |
| Revaluation Loss (LKR) | 42,185,273 | 84,370,546 | 126,555,818 |
| Capital Funds - Dec 2022 (LKR) | 14,960,985,024 | 14,960,985,024 | 14,960,985,024 |
| Capital adjusted for Loss (LKR) | 14,918,799,751 | 14,876,614,478 | 14,834,429,205 |
| Risk Weighted Assets - Dec 2022 (LKR) | 94,718,796,297 | 94,718,796,297 | 94,718,796,297 |
| Adjusted Risk Weighted Assets (LKR) | 94,676,611,024 | 94,634,425,752 | 94,592,240,479 |
| Capital Adequacy Ratio as at 31 Dec 2022 (%) | 15.80% | 15.80% | 15.80% |
| Revised Capital Adequacy Ratio (%) | 15.76% | 15.72% | 15.68% |
| Decline in CAR (%) | 0.04% | 0.08% | 0.12% |

OPERATIONAL RISK MANAGEMENT

Management of Operational Risk at Amāna Bank

Operational Risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, which includes legal risk. This definition excludes Strategic and Reputation Risks. Therefore, in line with the BASEL accord and risk management framework and leading practices, operational risk in the Bank is composed of the following risk types: operations risk, legal risk, regulatory compliance risk, financial crime risk, people risk, property risk, technology risk, vendor risk, financial risk and environmental risk. While the overall Operational Risk management responsibility is with RMD, different departments such as Legal, Compliance, IT manages the individual risks, which can be classified as operational risk.

OPERATIONAL RISK ASSESSMENT

The Bank uses the following tools for

Operational risk identification:

RCSA (Risk and Control Self-Assessment)

Process: RCSA is a structured means for a Business Line, Supporting Unit, Product Line or Process to identify and assess its own risks and introduce measures aimed at improving operational risk control. Results of RCSA reviews are summarized and reported to Operational Risk Management Committee and the Board Integrated Risk Management Committee. However as the Bank strengthens the risk management culture, ORMU is taking further initiatives in the RCSA process to make the mitigation more effective. ,

Internal Loss data (ILD): Bank maintains a centralised operational loss event database, capturing all operational losses reported by the Branches and business/support units. All actual operational losses are categorised into the Business Lines and Event Types in accordance with the BIA in calculating operational risk.

Significant operational losses are tabled and discussed at the Operational Risk Management Committee meetings, as well as the Board Integrated Risk Management Committee meetings, if deemed appropriate.

Key Risk Indicators (KRI): KRIs allow the early detection of operational risk before actual failure occurs. It is an early warning indicator of the breach of an operational risk appetite or tolerance. The Bank has developed a comprehensive set of KRIs with two threshold levels, which are constantly monitored by ORMC and BIRMC respectively. Operational Risk Unit has been following up on the incidents reported and proposing new KRIs on recurring issues to avoid unidentified risk materialising in the future.

All risks identified are assessed using the Operational Risk grading matrix. Risks are assigned risk grades (high, medium and low) based on the assessments of likelihood and impact of the risks. Impact is assessed qualitatively and quantitatively against the Operational Risk tolerance limits set for the 3 dimensions of impacts: financial, reputational and regulatory

INFORMATION SECURITY RISK

Information Security Risk is the Risk of exposure to a threat, which arises due to the existence of vulnerabilities in information assets. Bank has initiated the holistic “Data Protection” programme covering Data Classification, Data Leakage Prevention, Encryption, Network Access Control, Mobile Device Management, Rights Management and Database Security solutions to protect key customer data and to prevent breaches that adversely affect the business and customers. The Bank has implemented numerous risk mitigation techniques to maintain and improve its brand value and strengthen business. The Bank has also invested on Data Protection programmes in strengthening the trust of relevant stakeholders.

Cyber incidents identified in the industry and posing a considerable threat to banks were discussed at BIRMC meetings on a periodic basis. The Bank has adopted a bank-wide data classification framework to streamline flow of information internally as well as externally.

BUSINESS CONTINUITY MANAGEMENT (BCM)

As an integral component of the risk management framework, the Bank has deployed a Business Continuity Policy which enables it to plan the Business Continuity in a desired manner while identifying the critical Business division and Support units, formulating key roles with required responsibilities in order to respond adequately in the event of a disaster. This planning is done annually fulfilling the requirements of regulatory guidelines and best practices in BCM. The Bank’s Business Continuity Plan (BCP) is structured to ensure centralised monitoring & reporting and decentralised execution, which is supported by a robust governance process.

The BCPs developed are backed by infrastructure to support key services, core systems and critical business functions.

The BCM Policy approved by the Board of Directors defines the roles and responsibilities of different divisions, departments and units of the Bank during a contingency situation. The Bank’s Executive Risk Management Committee (ERMC) acts as a BCM Steering Committee that establishes appropriate strategies and processes for continuity of the Bank.

Bank has successfully conducted DR Testing in 2022 from the Bank’s DR Site in respect of its critical business operations. BCP/DR Drill Reports highlighting test results, technical & operational functions, issues encountered, lessons learnt and risk mitigation measures adopted during the

testing process were reported to the Regulator with the review and recommendation of the BIRMC along with the approval of the Board of Directors well within stipulated deadlines. Members engaged in critical operations were provided with remote access to Bank’s networks and worked from home following the fuel crisis that prevailed in the country in 2022.

Responding to the Economic Crisis and Way Forward in Risk Management

- ◆ Comprehensive stress testing in light of the economic crisis was carried out to ascertain the impact to the Bank’s financing portfolio with due consideration being given for customers in stress who were offered moratoria. Shocks to macroeconomic variables were applied to the assessment and results were tabled at various forums.
- ◆ BIRMC met for special discussions to understand the impact towards the Bank’s advances portfolio following the economic crisis that unfolded.
- ◆ Integrating ESG Risk into a Risk Management Framework would be considered as a risk management focus in the future.
- ◆ Consideration shall be given to Sustainability Risk as part of the Bank’s risk appetite statement, having regard to the definition of Sustainability Risk.
- ◆ Risk aspects such as cyber risk, data breach and third party risk shall be closely reviewed when offering product/services via digital channels.
- ◆ Awareness on Data Classification and the Data Loss Prevention will be conducted to staff members with the aim of mitigating the risk of data breach.

Risk Management Report

ASSESSMENT OF CAPITAL ADEQUACY

In order to provide assurance that Amāna Bank has sufficient capital to support all its business and risk taking activities, the Bank carried out the Internal Capital Adequacy Assessment Process (ICAAP) as per the Basel III guidelines required by CBSL.

ICAAP guides the minimum internal capital requirement for the Bank's current and future business strategies and financial plans for the next three years via a comprehensive risk assessment process on its portfolio risk exposures, its risk management practices towards material risks and potential capital planning buffer required in the event of stress.

CBSL directed all licensed commercial banks in Sri Lanka to formulate their ICAAP document and submit the same for regulatory evaluation within five months of the financial year end. The Bank has, in compliance with the CBSL guidelines, formulated the ICAAP document and met the said requirement.

The compilation of the ICAAP report is spearheaded by the Management Committee and a cross functional team which consists of resource personnel from risk, audit and finance Divisions.

ICAAP report was prepared in 2022 in consideration of the economic condition that was prevailing in 2022 in order to assess the capital adequacy in the normal circumstances as well as during times of stress in the market that would be faced by the Bank.

Sources of Capital and Capital Management


The growth in profitability in the ensuing years will be a source of internally generated capital for the Bank, whilst external sources will include equity via rights issue and/or private placements.

The Bank having raised equity capital in 2017 through a rights issue, satisfied the regulator's current minimum capital requirement of LKR 10 billion. This also enabled the Bank to support its current and future expansion activities whilst continuing to maintain its regulatory capital adequacy ratios at a healthy level well above minimum requirement.

Supplemented by sustained growth in profits, the Bank expects its level of capital to be adequate in the short to medium term. Based on the relief granted by CBSL due to the economic downfall, local Banks have been offered an extended timeline till end 2023 to increase its capital up to LKR 20 billion and in this regard, the Board of Directors is in the process of taking necessary steps to augment its capital base and fulfill the minimum capital requirement before the specified deadline.

Whilst the current level of capital is adequate to support the planned capital expenditure as well as business growth up to the mid-term, subsequent to meeting the requirement by end 2023 the Bank expects to be well-positioned in terms of the desired capital level.

Following its fifth successive dividend to its shareholders in 2022, the Bank may, subject to the provisions of the Articles of Association, the Companies Act No. 07 of 2007 and any other applicable guidelines make future dividend payments by way of interim and final dividends in relation to the profits made from time to time. Such dividends will be paid after taking into consideration the Bank's earnings, investment requirements and other financial conditions.



Our passion towards
supporting the less fortunate
with empathy, runs deep

Independent Auditors' Report



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HMAJ/UM/MSK/TW

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF AMANA BANK PLC Report on the Audit of the Financial Statements

We have audited the financial statements of Amana Bank PLC ("The Bank"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and statement of comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters specific to the Bank

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>Provision for impairment allowance on financing and receivables to other customers carried at amortised cost</p> <p>Provision for impairment allowance on financing and receivables to other customers carried at amortised cost as stated in Note 23.4 is determined by management in accordance with the accounting policies described in Note 2.3.3.</p> <p>This was a key audit matter due to the materiality of the reported provision for impairment allowance which involved complex calculations; degree of judgements, significance of assumptions and level of estimation uncertainty associated with estimating future cashflows management expects to receive from such financing and receivables.</p> | <p>In addressing the adequacy of the provision for impairment allowance on financing and receivables to other customers carried at amortised cost, our audit procedures included the following key procedures.</p> <ul style="list-style-type: none"> ◆ We assessed the alignment of the Bank's provision for impairment allowance computations and underlying methodology including responses to market economic volatility with its accounting policies, based on the best available information up to the date of our report. ◆ We evaluated the internal controls over estimation of impairment allowance, which included assessing the level of oversight, review and approval of provision for impairment allowance policies and procedures by the Board and management. |

පළමුවෙන්ම සියලුම තොරතුරු සහ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න. අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න. අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න. අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න.

අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න. අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න. අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න. අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න.

අපගේ සේවාවන් සඳහා අපගේ වෙබ් අඩවිය වෙත යොමු වන්න.



Key audit matter

How our audit addressed the key audit matter

Key areas of significant judgements estimates and assumptions used by management in the assessment of the provision for impairment allowance included the following;

- ◆ management overlays to incorporate the current economic contraction.
- ◆ the incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors, in the multiple economic scenarios and the probability weighting determined for each of these scenarios.

Information Technology (IT) systems and controls over financial reporting

Bank's financial reporting process is significantly reliant on multiple IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets.

Accordingly, IT systems and related internal controls over financial reporting were considered a key audit matter.

- ◆ We checked the completeness and accuracy of the underlying data used in the impairment computation by agreeing details to relevant source documents and accounting records of the Bank.
- ◆ In addition to the above, the following procedures were performed:

For financing and receivables assessed on an individual basis for impairment:

- ◆ We evaluated the reasonableness of credit quality assessments.
- ◆ We checked the arithmetical accuracy of the underlying individual impairment calculations.
- ◆ We evaluated the reasonableness of key inputs used in the provision for impairment allowance made with particular focus on current economic contraction. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries, debt moratoriums and status of recovery actions of the collaterals

For financing and receivables assessed on a collective basis for impairment:

- ◆ We tested the key inputs and the calculations used in the provision for impairment allowance.
- ◆ We assessed whether judgements, assumptions and estimates used by the Management when estimating future cashflows, in the underlying methodology and the management overlays were reasonable. Our testing included evaluating the reasonableness of forward-looking information used based on available market data, economic scenarios considered, and probability weighting assigned to each of those scenarios.

- ◆ We assessed the adequacy of the related financial statement disclosures set out in note 23

Our audit procedures included the following key procedures:

- ◆ We obtained an understanding of the internal control environment of the processes and test checked relevant controls relating to financial reporting and related disclosures.
- ◆ We identified and test checked relevant controls of IT systems related to the Bank's financial reporting process.
- ◆ We involved our internal specialized resources to check and evaluate the design and operating effectiveness of IT systems and relevant controls, including those related to user access and change management.
- ◆ We also obtained a high-level understanding, primarily through inquiry, of the cybersecurity risks affecting the bank and the actions taken to address these risks.
- ◆ We checked source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.

Independent Auditors' Report



Other information included in the 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank

or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Bank.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examinations, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.

A handwritten signature in black ink, appearing to be 'S. S. S.', is located below the text of the report.

18 February 2023
Colombo

Statement of Profit or Loss

| Year ended 31 December | Note | 2022 Rs. | 2021 Rs. |
|--|------|----------------------|----------------------|
| Financing Income | 4 | 12,113,112,544 | 7,674,186,731 |
| Financing Expenses | 5 | (7,344,487,821) | (3,418,693,290) |
| Net Financing Income | | 4,768,624,723 | 4,255,493,441 |
| Net Fee and Commission Income | 6 | 750,312,668 | 401,922,403 |
| Net Trading Income | 7 | 864,699,138 | 155,105,107 |
| Net Gains / (Losses) from Financial Assets at Fair Value Through Profit or Loss | 8 | (21,646,296) | (7,013,153) |
| Net Gains / (Losses) from Derecognition of Financial Assets | 9 | (1,453,173) | (11,732,213) |
| Net Other Operating Income | 10 | 5,159,290 | 5,226,813 |
| Total Operating Income | | 6,365,696,350 | 4,799,002,398 |
| Impairment on Financial Assets | 11 | (1,638,483,485) | (784,952,089) |
| Net Operating Income | | 4,727,212,865 | 4,014,050,309 |
| Personnel Expenses | 12 | 1,488,370,644 | 1,399,260,032 |
| Depreciation of Property, Plant, Equipment and Right-of-Use Assets | 26 | 274,607,079 | 279,632,013 |
| Amortisation of Intangible Assets | 27 | 51,327,168 | 58,685,409 |
| Other Operating Expenses | 13 | 1,176,643,239 | 831,827,820 |
| Total Operating Expenses | | 2,990,948,130 | 2,569,405,274 |
| Operating Profit Before VAT on Financial Services & Social Security Contribution Levy | | 1,736,264,735 | 1,444,645,035 |
| VAT on Financial Services & Social Security Contribution Levy | | (528,989,373) | (363,632,453) |
| Profit Before Tax | | 1,207,275,362 | 1,081,012,582 |
| Tax Expenses | 14 | (419,098,458) | (256,314,684) |
| Profit for the Year | | 788,176,904 | 824,697,898 |
| Earnings Per Share - Basic / Diluted | 15 | 0.28 | 0.30 |

The Accounting Policies and Notes on pages 196 through 257 form an integral part of the Financial Statements.

Statement of Comprehensive Income

| Year ended 31 December | Note | 2022 Rs. | 2021 Rs. |
|---|------|--------------|---------------|
| Profit for the Year | | 788,176,904 | 824,697,898 |
| Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods: | | | |
| Financial Assets - Fair Value through Other Comprehensive Income: | | | |
| Net Profit / (Loss) on Financial Assets - Fair Value through Other Comprehensive Income | | (13,504,590) | 54,018,360 |
| Revaluation Surplus on Property, Plant and Equipment | 26 | - | 274,905,537 |
| Deferred Tax Effect on Revaluation Surplus | | (67,325,187) | (14,588,542) |
| | | (67,325,187) | 260,316,995 |
| Re-measurement Gain / (Loss) on Defined Benefit Plans | 34 | 22,398,615 | 42,661,226 |
| Deferred Tax Effect on Defined Benefit Plans | | (6,719,585) | (10,238,694) |
| | | 15,679,030 | 32,422,532 |
| Net Other Comprehensive Income not to be reclassified to Profit or Loss in Subsequent Periods: | | (65,150,747) | 346,757,887 |
| Other Comprehensive Income / (Loss) for the Year Net of Tax | | (65,150,747) | 346,757,887 |
| Total Comprehensive Income for the Year | | 723,026,157 | 1,171,455,785 |

The Accounting Policies and Notes on pages 196 through 257 form an integral part of the Financial Statements.

Statement of Financial Position

| As at 31 December | Note | 2022 Rs. | 2021 Rs. |
|---|------|------------------------|------------------------|
| Assets | | | |
| Cash and Cash Equivalents | 17 | 22,603,294,374 | 8,673,811,858 |
| Balance with Central Bank of Sri Lanka | 18 | 5,085,679,063 | 4,800,026,593 |
| Placements with Banks | 19 | 24,570,292,448 | 27,302,269,408 |
| Placements with Licensed Finance Companies | 20 | 77,154 | 73,341 |
| Derivative Financial Assets | 21 | 70,733,336 | 510,066,210 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 22 | 59,561,097 | 64,634,084 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 23 | 83,185,916,541 | 75,816,397,323 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 24 | 332,504,996 | 346,009,586 |
| Other Assets - Financial | 25 | 2,323,565,713 | 1,213,996,086 |
| Property, Plant, Equipment and Right-of-Use Assets | 26 | 2,466,761,457 | 2,447,149,785 |
| Intangible Assets | 27 | 319,253,349 | 232,834,506 |
| Other Assets - Non Financial | 28 | 262,467,487 | 449,563,025 |
| Deferred Tax Asset | 29 | 407,785,544 | 52,071,523 |
| Total Assets | | 141,687,892,559 | 121,908,903,328 |
| Liabilities | | | |
| Due to Banks | 30 | 11,856,722,935 | 9,009,986,183 |
| Derivative Financial Liabilities | 31 | 20,880,000 | 783,199,782 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 32 | 112,546,017,229 | 96,157,776,116 |
| Other Liabilities - Financial | 33 | 2,041,967,432 | 1,696,126,980 |
| Current Tax Liabilities | | 645,606,465 | 419,795,391 |
| Dividend Payable | | 6,351,708 | 6,459,073 |
| Retirement Benefit Liability | 34 | 109,411,635 | 131,081,167 |
| Other Liabilities - Non Financial | 35 | 99,580,091 | 65,944,501 |
| Total Liabilities | | 127,326,537,495 | 108,270,369,193 |

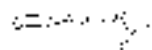
| As at 31 December | Note | 2022 Rs. | 2021 Rs. |
|--|------|------------------------|------------------------|
| Shareholders' Funds | | | |
| Stated Capital | 36 | 11,348,821,130 | 11,079,706,011 |
| Statutory Reserve Fund | 37 | 197,101,965 | 157,693,120 |
| Fair Value Reserve | 38 | 85,393,536 | 98,898,126 |
| Revaluation Reserve | 39 | 1,008,276,291 | 1,076,687,938 |
| Retained Earnings | 40 | 1,721,762,142 | 1,225,548,940 |
| Total Equity | | 14,361,355,064 | 13,638,534,135 |
| Total Liabilities and Shareholders' Funds | | 141,687,892,559 | 121,908,903,328 |
| Commitments and Contingencies | 45 | 34,094,313,300 | 67,801,327,449 |
| Net Assets Value per Share | 41 | 5.16 | 5.07 |

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

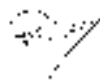


M. Ali Wahid
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:



Ali Asghar Akbarally
Chairman



Mohamed Azmeer
Managing Director / Chief Executive Officer

The Accounting Policies and Notes on pages 196 through 257 form an integral part of the Financial Statements.

18 February 2023
Colombo

Statement of Changes in Equity

| Year ended 31 December | Notes | Stated Capital Rs. | Statutory Reserve Fund Rs. | Fair Value Reserve Rs. | Revaluation Reserve Rs. | Retained Earnings Rs. | Total Rs. |
|-------------------------------------|-------|-----------------------|-------------------------------|---------------------------|----------------------------|--------------------------|----------------|
| As at 1 January 2021 | | 10,819,561,398 | 116,458,225 | 44,879,766 | 817,457,403 | 668,921,558 | 12,467,278,350 |
| Profit for the Year | | - | - | - | - | 824,697,898 | 824,697,898 |
| Other Comprehensive Income | 38 | - | - | 54,018,360 | 260,316,995 | 32,422,532 | 346,757,887 |
| Interim Scrip Dividend 2021 | | 260,144,613 | - | - | - | (260,144,613) | - |
| Share Issue Expenses | | - | - | - | - | (200,000) | (200,000) |
| Transfers to Statutory Reserve Fund | 37 | - | 41,234,895 | - | - | (41,234,895) | - |
| Transferred to Retained Earnings | 40 | - | - | - | (1,086,460) | 1,086,460 | - |
| As at 1 January 2022 | | 11,079,706,011 | 157,693,120 | 98,898,126 | 1,076,687,938 | 1,225,548,940 | 13,638,534,135 |
| Profit for the Year | | - | - | - | - | 788,176,904 | 788,176,904 |
| Other Comprehensive Income | 38 | - | - | (13,504,590) | (67,325,187) | 15,679,030 | (65,150,747) |
| Interim Scrip Dividend 2022 | | 269,115,119 | - | - | - | (269,115,119) | - |
| Share Issue Expenses | | - | - | - | - | (205,228) | (205,228) |
| Transfers to Statutory Reserve Fund | 37 | - | 39,408,845 | - | - | (39,408,845) | - |
| Transferred to Retained Earnings | 40 | - | - | - | (1,086,460) | 1,086,460 | - |
| As at 31 December 2022 | | 11,348,821,130 | 197,101,965 | 85,393,536 | 1,008,276,291 | 1,721,762,142 | 14,361,355,064 |

The Accounting Policies and Notes on pages 196 through 257 form an integral part of the Financial Statements.

Statement of Cash Flows

| Year ended 31 December | Note | 2022 Rs. | 2021 Rs. |
|---|------|-----------------------|-------------------------|
| Cash Flow from Operating Activities | | | |
| Financing Income Received | | 11,693,445,345 | 7,246,032,366 |
| Fee and Commission Received | | 748,859,495 | 390,190,190 |
| Financing Expenses Paid | | (6,463,893,804) | (3,353,863,652) |
| Foreign Exchange Income Received | | 862,745,140 | 155,105,107 |
| Gratuity Payments Made | 34 | (28,185,205) | (13,465,655) |
| Payments to Employees and Suppliers | | (3,165,088,968) | (2,578,176,631) |
| Operating Profit before Changes in Operating Assets and Liabilities (Note A) | | 3,647,882,003 | 1,845,821,725 |
| (Increase) / Decrease in Operating Assets | | | |
| Financing and Receivables to Other Customers | | (8,923,852,269) | (14,022,678,701) |
| Other Financial Assets | | (1,109,611,149) | 229,652,779 |
| Other Non Financial Assets | | (135,891,370) | (39,780,042) |
| Balance with Central Bank of Sri Lanka | | (285,652,470) | 6,610,443,970 |
| Increase / (Decrease) in Operating Liabilities | | | |
| Due to Depositors | | 15,547,636,262 | 12,577,708,993 |
| Due to Banks | | 2,846,736,752 | 7,042,093,083 |
| Other Liabilities | | (143,859,705) | 347,551,326 |
| Net Cash Flow from Operating Activities before Income Tax | | 11,443,388,054 | 14,590,813,133 |
| Income Tax Paid | | (444,759,164) | (462,065,809) |
| Net Cash Flow from Operating Activities | | 10,998,628,890 | 14,128,747,324 |
| Cash Flows From / (Used In) Investing Activities | | | |
| Acquisition of Property, Plant and Equipment | | (65,867,597) | (83,813,857) |
| Proceeds from Sale of Property, Plant and Equipment | | 315,625 | 130,000 |
| Acquisition of Intangible Assets | | (137,746,011) | (34,279,592) |
| Placements with Licensed Finance Companies | | (3,828) | 2,969,402,445 |
| Placements with Banks | | 3,149,994,271 | (15,155,102,537) |
| Dividend Received from Financial Assets | | 4,843,665 | 5,096,813 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | | (16,573,309) | (15,725,432) |
| Net Cash Flows Used in Investing Activities | | 2,934,962,816 | (12,314,292,160) |
| Cash Flows From / (Used In) Financing Activities | | | |
| Share Issue Expenses | | (205,228) | (200,000) |
| Dividend Paid | | (107,365) | (67,212) |
| Net Cash Flows From Financing Activities | | (312,593) | (267,212) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 13,933,279,113 | 1,814,187,952 |
| Cash and Cash Equivalents at the Beginning of the Year | | 8,674,644,482 | 6,860,456,530 |
| Cash and Cash Equivalents at the End of the Year | 17.1 | 22,607,923,595 | 8,674,644,482 |
| A. Reconciliation of Operating Profit | | | |
| Profit Before Tax | | 1,207,275,362 | 1,081,012,582 |
| Depreciation of Property, Plant, Equipment and Right-of-Use Assets | 26 | 274,607,079 | 279,632,013 |
| Amortisation of Intangible Assets | 27 | 51,327,168 | 58,685,409 |
| (Profit) / Loss on Disposal of Property, Plant and Equipment | 10 | (315,625) | (130,000) |
| Impairment on Financial Assets | 11 | 1,638,483,485 | 784,952,089 |
| Provision for Gratuity | 34 | 28,914,288 | 16,543,674 |
| (Increase) / Decrease in Placement Income Receivable | | (419,667,199) | (428,154,365) |
| Increase / (Decrease) in Profit Payable | | 840,604,851 | 25,826,135 |
| Other Non Cash Items | | 38,035,168 | 39,003,503 |
| Dividend Income (Net) | | (4,843,665) | (5,096,813) |
| Gratuity Payments | 34 | (28,185,205) | (13,465,655) |
| (Profit) / Loss on Mark to Market Valuation | | 21,646,296 | 7,013,153 |
| | | 3,647,882,003 | 1,845,821,725 |

The Accounting Policies and Notes on pages 196 through 257 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Amāna Bank PLC ('the Bank') is a licensed commercial bank established under the Banking Act No. 30 of 1988 ('Banking Act') and amendments thereto. It is a public limited liability company incorporated on 5 February 2009 and is domiciled in Sri Lanka. The registered office of the Bank is located at No. 486, Galle Road, Colombo 3. The Bank commenced commercial banking operations on 1 August 2011. The shares of the Bank are listed on the Colombo Stock Exchange. The Bank does not have investments in subsidiaries, associates or joint-ventures.

The Bank's network comprised of 33 (2021 – 33) branches whilst its staff strength was 797 (2021 – 777).

1.2 Principal Activities

The principal activities of the Bank continue to be providing banking and related activities such as accepting customer deposits, personal banking, lease financing, home and property financing, gold facilities, resident and non-resident foreign currency operations, trade financing, import and export financing, equipment and machinery financing, working capital financing and project financing.

1.3 Parent Entity and Ultimate Parent Entity

The Bank does not have an identifiable parent of its own.

1.4 Date of Authorisation of Issue

The Financial Statements of Amāna Bank PLC for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 18 February 2023.

2.1 BASIS OF PREPARATION

2.1.1 Basis of Measurement

The Financial Statements are prepared under the historical cost basis, except for, Derivative Financial Instruments, Financial Assets recognised through

Profit or Loss, Financial Assets recognised through Other Comprehensive Income, Freehold Land and Building and Retirement Benefit Liability, all of which have been measured at fair value.

The Financial Statements are presented in Sri Lankan Rupees (Rs.), except as otherwise indicated.

2.1.2 Statement of Compliance

The Financial Statements of the Bank which comprise of the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Significant Accounting Policies and notes, have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007. The presentation of the Financial Statements is also in compliance with the requirements of the Banking Act No. 30 of 1988 and amendments thereto.

2.1.3 Presentation of Financial Statements

The Bank presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the Statement of Financial Position date (current) and more than 12 months after the Statement of Financial Position date (non-current) is presented in Note 44.

Financial Assets and Financial Liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

The Financial Statements of the Bank provide comparative information in respect of the previous period.

2.1.4 Going Concern

The Board of Directors of the Bank has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements of the Bank in conformity with Sri Lanka Accounting Standards, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognised in the Financial Statements of the Bank are as follows:

a. Fair Value of Property, Plant and Equipment

The Freehold Land and Buildings of the Bank are reflected at fair value. The management determined that these constitute class of assets under SLFRS 13, based on the nature,

characteristics and risks of the properties. The Bank engages independent valuers to determine fair value of Freehold Land and Building. When current market prices of similar assets are available, such evidence is considered in estimating fair values of these assets using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The valuation techniques and assumption used to determine the fair value of Property, Plant and Equipment and the sensitivity on the amounts presented are disclosed in Note 26 to the Financial Statements.

b. Fair value of Financial Instruments

Where the fair values of Financial Assets and Financial Liabilities are recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The valuation of Financial Instruments is described in more detail in Note 42.

c. Impairment Losses on Financing and Receivables to Other Customers

The Bank reviews its individually significant Financing and Receivables to Other Customers at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Financing and Receivables to Other Customers that have been assessed individually and found not to be impaired and all individually insignificant Financing and Receivables to Other Customers are then assessed collectively, in

groups of assets with similar risk characteristics, to determine whether provision should be made due to Expected Credit Loss (ECL), events for which there is objective evidence, but the effects of which are not yet evident.

The impairment loss on Financing and Receivables to Other Customers is disclosed in more detail in Note 11 and Note 23.4

The Bank's recognition of default corresponds with Banking Act Directions No. 13 of 2021 and No. 14 of 2021 issued by Central Bank of Sri Lanka, governing Classification, Recognition and Measurement of Credit Facilities and Classification, Recognition and Measurement of Financial Assets Other than Credit Facilities in Licensed Banks respectively.

The Bank considers Financing and Receivables to Other Customers to be in default when contractual payments of a customer becomes past due for more than 90 days and any other credit facilities classified as Stage 3 under SLFRS 9 – Financial Instruments.

Collateral Valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting arrangements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's approved valuation policy.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent professional valuers.

d. Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Details on deferred tax assets are disclosed in Note 29.

e. Defined Benefit Plans

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, salary increment rate, age of retirement, and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Assumptions used are reviewed at each reporting date and disclosed in Note 34.

f. Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

Commitments and Contingencies are subject to ECL and relevant details are disclosed in Note. 45

Notes to the Financial Statements

2.3 Summary of Significant Accounting Policies

2.3.1 Foreign Currency Transactions and Balances

These Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the Bank's functional and presentation currency.

Transactions in foreign currencies are initially recorded at the spot rate of exchange prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange, at the reporting date. All differences arising on non-trading activities are taken to 'Net Other Operating Income' in the Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Promissory Forward Exchange transactions are valued at the forward market rates prevailing on the date of the reporting date. The resulting net unrealised gains or losses are dealt within the Statement of Profit or Loss.

2.3.2 Derivative Financial Instruments

Derivatives are financial instruments that derive their value in response to changes in market rates, financial instrument prices, commodity prices, foreign exchange rates and credit risk indices.

Derivatives are initially recognised at fair value at the date the derivative transaction is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit or Loss immediately.

Derivative assets/liabilities represent the Promissory Forward Exchange transactions as at the reporting date.

2.3.3 Non-Derivative Financial Instruments

a. Date of Recognition

All Non-Derivative Financial Assets and Liabilities are initially recognised on the trade date (i.e. the date that the Bank becomes a party to the contractual provisions of the instrument). This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

b. Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of Financial Assets and Financial Liabilities which are recorded at Fair Value through Profit or Loss. Transaction costs in relation to Financial Assets and Financial Liabilities at Fair Value through Profit or Loss are dealt within the Statement of Profit or Loss.

c. 'Day 1' Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in Statement of Profit or Loss. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Statement of Profit or Loss when the inputs become observable, or when the instrument is derecognised.

d. Financial Instruments

(i) Classification of Financial Instruments

The Bank classifies its Financial Assets into the following measurement categories:

Measured at fair value (either through other Comprehensive Income, or through Profit or Loss); and Measured at amortised cost.

The classification depends on the Bank's business model for managing Financial Assets and the contractual terms of the Financial Assets' cash flows.

The Bank classifies its Financial Liabilities at amortised cost unless it has designated liabilities at fair value through Profit or Loss or is required to measure liabilities at fair value through Profit or Loss such as Derivative Liabilities.

(ii) Financial Assets Measured at Amortised Cost

Placements, Financing and Receivables to Other Customers and Other Financial Assets are measured at amortised cost where they have contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and profits on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note (v) Impairment of Financial Assets.

(iii) Financial Assets Measured at Fair Value through Other Comprehensive Income Equity instruments

Investment in equity instruments that are neither Trading Financial Assets recognised through Profit or Loss, nor contingent consideration

recognised by the Bank in a business combination to which SLFRS 3 'Business Combination' applies, are measured at fair value through other Comprehensive Income, where an irrevocable election has been made by management. For portfolios where management does not consider an irrevocable election of adopting fair value through Other Comprehensive Income, by default such investments shall be measured at fair value through Profit and Loss.

Amounts presented in Other Comprehensive Income are not subsequently transferred to Profit or Loss. Dividends on such investments are recognised in Profit or Loss.

(iv) Fair Value through Profit or Loss

Fair Value through Profit or Loss comprise:

Financial Investments - For Trading; and Instruments with contractual terms that do not represent solely payments of Principal and Profit.

Financial Instruments held at fair value through Profit or Loss are initially recognised at fair value, with transaction costs recognised in the Statement of Profit or Loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the Statement of Profit or Loss as they arise.

Where a Financial Asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

(a) Financial Investments - For Trading

A Financial Investment is classified as Financial Assets recognised through Profit or Loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of Financial Instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as Financial Assets recognised through Profit or Loss and recognised at fair value. Refer Note 21 & 31 for Trading Derivative Assets and Liabilities, and Note 22 for Trading securities.

(b) Financial Instruments Designated as Measured at Fair Value through Profit or Loss

Upon initial recognition, Financial Instruments may be designated as measured at fair value through Profit or Loss. A Financial Asset may only be designated at fair value through Profit or Loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring Financial Assets or Liabilities on a different basis.

A Financial Liability may be designated at fair value through Profit or Loss if it eliminates or significantly reduces an accounting mismatch or host contract contains one or more embedded derivatives; or Financial Assets and Liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a Financial Liability is designated at Fair Value through Profit or Loss, the movement in fair value attributable to changes in the Bank's own credit quality is calculated by determining the changes in credit spreads above observable market rates and is presented separately in Other Comprehensive Income.

(v) Impairment of Financial Assets

The Bank applies a three-stage approach to measuring Expected Credit Losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

Debt Instruments

- ◆ Instruments measured at Amortised Cost and Fair Value through Other Comprehensive Income;

- ◆ Financing and Receivables commitments; and
- ◆ Financial Guarantee Contracts

ECL is not recognised on equity instruments.

Financial Assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Bank determines 12 month ECL from customers who are not significantly credit deteriorated (i.e. less than 30 days past due)

Stage 2: Lifetime ECL – not Credit Impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the Financial Asset) is recognised.

In being consistent with the policies of the Bank, significant deterioration is measured through the rebuttable presumption of 30 days past due in line with the requirements of the standard.

In terms of qualitative assessments of whether an individually significant customer's exposure is subject to a significant increase in credit risk or default, the Bank considers a variety of instances that may signal customer's inability to service the facility. When such events occur, the Bank will carefully consider the developments and decide if such events will give rise to a customer default to be assessed as Stage 3 or if Stage 2 is sufficient for ECL computation purposes. Events include downgrade of customer rating, negative impact on customers' performance either due to future adverse economic conditions

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or significant change in geographical locations/ natural disasters, litigations affecting the repayment capacity, frequent management changes, requests for modifications of original terms of the facility, the customer becoming insolvent/deceased reduction in Turnover/PBT of 50% or more compared to previous year for two consecutive years and erosion of net worth of the customer by more than 25% when compared to previous year.

Stage 3: Lifetime ECL – Credit Impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and Financing Income is calculated by applying the Effective Rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the Stage for Impairment

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Bank considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for impairment loss reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Bank's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision

for impairment loss for these Financial Assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the Statement of Profit or Loss.

The Bank assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, Financial Instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- ◆ Financial Assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the Financial Asset discounted by the effective rate. The cash shortfall is the difference between the cash flows due to the Bank 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 is calculated as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective rate.
- ◆ Undrawn 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.
- ◆ Financial Guarantee Contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

For further details on how the Bank calculates ECLs including the use of forward looking information, refer to the Credit quality of Financial Assets section in Note 23. For details on the effect of modifications of Financing and Receivables on the measurement of ECL refer to note on Provision for expected credit loss.

ECLs are recognised using a provision for impairment loss account in Statement of Profit and Loss. The Bank recognises the provision charge in Statement of Profit or Loss, with the corresponding amount recognised in other Comprehensive Income, with no reduction in the carrying amount of the asset in the Statement of Financial Position, where applicable.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

PD : The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD : The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of capital and financing income, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued financing income from missed payments.

LGD : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, including the realisation of any collateral. In estimating LGD for ECL computations, the Bank will use historic data of the product/economic life cycle which is currently up to 6 years from the date of reporting before arriving at an average.

Rescheduled and Restructured Advances

The Bank, at times, modifies the contractual cash flows based on borrower's financial difficulties, rather than pursuing legal action or taking possession of any collateral at the outset. Such credit facilities with modified cash flows are considered as rescheduled or restructured advances. Rescheduling or restructuring credit facilities may involve extending the payment arrangement and the agreement of new facility conditions. Once the terms have been renegotiated, any impairment is measured using the original effective profit rate as calculated before the modification of terms. It is the Bank's policy to monitor rescheduled and restructured credit facilities to ensure that regular repayments occur based on revised terms. Rescheduled and restructured credit facilities are at minimum classified as Stage 2 at the date of the modification of such facilities.

(vi) Recognition and Derecognition of Financial Instruments

A Financial Asset or Financial Liability is recognised in the Statement of Financial Position when the Bank becomes a party to the contractual provisions of the instrument, which is generally on trade date. Financing and Receivables are recognised when cash is advanced (or settled) to the borrowers.

Financial Assets at fair value through Profit or Loss are recognised initially at fair value. All other Financial Assets are recognised initially at fair value plus directly attributable transaction costs.

The Bank derecognises a Financial Asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the Financial Asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any income in transferred Financial Assets that is created or retained by the Bank is recognised as a separate asset or liability.

A Financial Liability is derecognised from the Statement of Financial Position when the Bank has discharged its obligation or the contract is cancelled or expires.

(vii) Offsetting

Financial Assets and Liabilities are offset and the net amount is presented in the Statement of Financial Position when the Bank has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

e. Critical Accounting Assumptions and Estimates Applicable for Financial Assets

The application of the Bank's accounting policies requires the use of judgements, estimates and assumptions. If different assumptions or estimates were applied, the resulting values would change, impacting the net assets and income of the Bank.

Assumptions made at each reporting date are based on best estimates at that date. Although the Bank has internal control systems in place to ensure that estimates are reliably measured, actual amounts may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policies which are most sensitive to the use of judgement, estimates and assumptions are specified below.

(i) Fair Value Measurement

A significant portion of Financial Instruments are carried on the Statement of Financial Position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where the classification of a Financial Asset or Liability results in it being measured at fair value,

wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the Bank has immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate.

Fair value for a net open position that is a Financial Liability quoted in an active market is the current offer price, and for a Financial Asset the bid price, multiplied by the number of units of the instrument held or issued.

Where no active market exists for a particular asset or liability, the Bank uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques, based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

The best evidence of the fair value of a Financial Instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Bank recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day 1).

(ii) Impairment Charges on Financing and Receivables

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for Financing and Receivables. In estimating these cash flows, the Bank makes judgments about

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the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the advance portfolio (such as credit quality, levels of arrears, credit utilisation, advances to collateral ratios, etc.), and concentrations of risk and economic data (including levels of Unemployment, Inflation, GDP Growth Rate, Benchmarked PLR, Exchange Rate, Country Risk and the performance of different individual groups) which is used to arrive at the Economic Factor Adjustment. In addition to the above quantitative economic factors, qualitative drivers of credit risk such as Status of the Industry Business, Regulatory Impact and Government Policies were considered for the Economic Factor Adjustment.

The impairment loss on Financing and Receivables is disclosed in more detail in Note 23 - Financial Assets at Amortised Cost - Financing and Receivables to Other Customers.

The Bank considers multiple scenarios with different weightages in its ECL model. The applicable scenarios with the respective weightages are as follows:

| Scenario | 2022 | 2021 |
|------------|------|------|
| Base Case | 20% | 35% |
| Best Case | 0% | 25% |
| Worst Case | 80% | 40% |

A sensitivity analysis performed by the Bank based on a shift in weightages of 5% out of Base Case scenario into the Worst Case scenario, will increase the collective impairment provision by an estimated Rs. 10 million as at 31 December 2022.

2.3.4 Other Assets - Financial

Other Financial Assets are stated at cost less impairment for unrecoverable amount.

2.3.5 Other Assets - Non Financial

Other Non-Financial Assets are valued net of specific provision, where necessary, so as to reduce the carrying value of such assets to their estimated realisable value.

2.3.6 Property, Plant and Equipment and Right-of-Use Assets

Property, Plant and Equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

(a) Valuation

Freehold Land and Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in Statement of Other Comprehensive Income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in Statement of Profit or Loss, the increase is recognised in Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the

revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(b) Cost

Property, Plant and Equipment other than Freehold Land and Building is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the Property, plant and equipment when that cost is incurred, if the recognition criteria are met.

(c) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all Property, Plant and Equipment other than freehold land, in order to write off such amounts over the estimated useful lives by equal installments.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

The useful lives of the assets are estimated as follows:

| | 2022 | 2021 |
|------------------------------------|--|--|
| Freehold Buildings | 40 years | 40 years |
| Furniture and Fittings | 5 years | 5 years |
| Office and Other Equipment | 5 - 6 years | 5 - 6 years |
| Computer Equipment | 5 - 6 years | 5 - 6 years |
| Motor Vehicles | 4 years | 4 years |
| Computer Servers | 5 years | 5 years |
| Improvements to Leasehold Premises | Over the Period of Lease or Useful Life whichever is lower | Over the Period of Lease or Useful Life whichever is lower |

(d) De-recognition

An Item of Property, Plant and Equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss in the year the asset is de-recognised.

(e) Right-of-Use Assets

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 did not have an impact for leases where the Bank is the lessor.

The Bank has lease contracts for various branches. Before the adoption of SLFRS 16, the Bank classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of SLFRS 16, the Bank applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Bank.

The Bank also applied the available practical expedients wherein it:

- ◆ Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- ◆ Relied on its assessment of whether leases are onerous immediately before the date of initial application
- ◆ Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- ◆ Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- ◆ Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

2.3.7 Intangible Assets

The Bank's Intangible Assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits attributable to it will flow to the Bank.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

| | 2022 | 2021 |
|-------------------|----------|----------|
| Computer Software | 10 years | 10 years |

De-recognition of Intangible Assets

The carrying amount of an item of intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of intangible asset is included in the Statement of Profit or Loss in the year the item is de-recognised.

2.3.8 Leasing

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

a) Finance Lease

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases.

The Bank has no agreement that is to be recognised as finance lease as at the reporting date.

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b) Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Bank includes the assets subject to operating leases in 'Property, Plant and Equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

2.3.9 Retirement Benefit Liability

(a) Defined Benefit Plan – Gratuity

Based on the Sri Lanka Accounting Standard LKAS 19 - Employee Benefits, the Bank has adopted the actuarial valuation technique to ascertain the retirement benefit liability. An Actuarial Valuation has been carried out as at 31 December 2022 by a qualified actuary using projected unit credit method.

The principal assumptions, which have the most significant effects on the valuation, are the rate of discount, rate of increase in salary, rate of turnover at the selected ages, rate of disability, death benefits and expenses.

The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

The Bank recognises the total actuarial gains and losses that arise in calculating the Bank's obligation in respect of the plan in the Statement of Comprehensive Income during the period in which it occurs.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service. The liability is not externally funded.

Details of the key assumptions used in the estimates are contained in Note 34 to the Financial Statements.

(b) Defined Contribution Plan - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective Statutes and Regulations. The Bank contributes 12% and 3% of gross salary, respectively.

2.3.10 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

2.3.11 Taxes

(a) Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax computation is based on the provisions of the Inland Revenue Act No. 24 of 2017 is the principal enactment as amended by Inland Revenue (Amendment) Act, No.10 of 2021 and any subsequent amendments thereto enacted (or substantively enacted) as at the end of the reporting period.

The provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto at the rates specified in Note 14 to the Financial Statements.

(b) Deferred Tax

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss.

(c) Value Added Tax on Financial Services and Social Security Contribution Levy

The Bank's total value addition is subjected to a 18% Value Added Tax on Financial Services as per Section 25A of the Value Added Tax Act No. 14 of 2002 and amendments thereto.

Social Security Contribution Levy (SSCL) on Financial Services (value addition) is calculated in accordance with the Social Security Contribution Levy Act, No. 25 of 2022 and value addition is computed based on the guidelines given under the Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The SSCL rate applied in 2022 is 2.5% (with effect from 01 October 2022).

(d) IRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to finance costs and penalties associated within certain tax treatments. The Interpretation specifically addresses the following:

- ◆ Whether an entity considers uncertain tax treatments separately
- ◆ The assumptions an entity makes about the examination of tax treatments by taxation authorities
- ◆ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- ◆ How an entity considers changes in facts and circumstances

The Bank determines whether to consider each uncertain tax treatment separately or together

with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Bank applies significant judgement in identifying uncertainties over income tax treatments. Since the Bank operates in a complex environment, it assessed whether the interpretation had an impact on its Financial Statements. Upon adoption of the interpretation, the Bank considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Bank determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the Financial Statements of the Bank.

Except for the changes mentioned above, the Bank has consistently applied the accounting policies for all periods presented in these Financial Statements.

2.3.12 Recognition of Financial Income and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(a) Income

Financing income and expenses are recognised in Statement of Profit or Loss using the Effective Profit Rate (EPR).

The EPR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the Financial Asset or Liability (or, where appropriate, a shorter period) to the carrying amount of the Financial Asset or Liability.

When calculating the EPR, the Bank estimates future cash flows considering all contractual terms

of the Financial Instrument, but not future credit losses. The calculation of the EPR includes all fees and points paid or received that are an integral part of the effective profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a Financial Asset or Liability.

(b) Fee and Commission Income

Fee and Commission Income and expense that are integral to the EPR on a Financial Asset or Liability are included in the measurement of the EPR.

The Bank earns Fee and Commission Income from a diverse range of services it provides to its customers comprising of fees receivable from customers for issuing Letters of credit, guarantees, account servicing fees, legal fees and other services provided by the Bank and are recognised as the related services are performed.

(c) Dividend Income

Dividend Income is recognised when the Bank's right to receive the payment is established.

(d) Net Trading Income

Results arising from gains and losses on spot and promissory forward transactions.

(e) Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided, and are included under Personnel Expenses in the Statement of Profit or Loss. A liability is recognised for the amounts expected to be paid under short-term bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee and the obligation can be measured reliably.

2.3.13 Financial Guarantees

In the ordinary course of business, the Bank gives Financial Guarantees, consisting of letters of credit, guarantees and acceptances. Financial

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Guarantees are initially recognised in the Financial Statements (within 'Other Liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's Liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit or Loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the Liability relating to Financial Guarantees is recorded in the Statement of Profit or Loss under Impairment on Financial Assets. The premium received is recognised in the Statement of Profit or Loss in 'Net Fee and Commission Income' on a straight line basis over the life of the guarantee.

2.3.14 Segment Reporting

A Segment is a distinguishable component of the Bank that is engaged in providing services (Business Segments) or in providing services within a particular economic environment (Geographical Segment) which is subject to risks and rewards that are different from those of other segments.

In accordance with the Sri Lankan Accounting Standard SLFRS 8 - 'Segmental Reporting', segmental information is presented in respect of the Bank based on Bank's management and internal reporting structure.

The Bank's segmental reporting is based on the following operating segments.

- ◆ Consumer Banking: Individual customers' deposits and consumer financing including overdrafts, asset financing, lease financing, gold facilities, home and property financing.
- ◆ Business Banking: Deposits of corporate and SME customers, trade financing, overdraft, equipment and machinery financing, working capital financing, lease financing and other credit facilities.

- ◆ Treasury: Placements of funds with other banks and financial institutions, equity investments and managing exposures in foreign exchange.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of respective segment.

Details of segment reporting are given in Note 3 to the Financial Statements.

2.3.15 Earnings Per Share

Earnings Per Share is calculated by dividing profit or loss attributable to Ordinary Shareholders of the Bank by the weighted average number of ordinary shares outstanding for the period.

Details of Earnings Per Share are given in Note 15 to the Financial Statements.

2.3.16 Cash Flow Statement

The cash flow statement has been prepared using the direct method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS 7) - Statement of Cash Flows whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognised. Cash and cash equivalents comprise of short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

The cash and cash equivalents include cash in hand and balances with banks.

2.3.17 New Accounting Standards

The following new accounting standards and amendments/improvements to existing standards which have been issued by the Institute of Chartered Accountants of Sri Lanka (CASL) are not effective as at 31 December 2022.

2.3.17.1 Standards Issued but not yet Effective

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. Management is in the process of assessing the probable impacts from the below not yet effective standards:

(a) SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025. The Bank does not have a material impact from the above standard.

(b) Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and related expense) or to the related asset component (and related expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

(d) Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- ◆ Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.

- ◆ Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023

(e) Classification of Liabilities as Current or Non current - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify

- ◆ What is meant by a right to defer settlement
- ◆ That a right to defer must exist at the end of the reporting period
- ◆ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ◆ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- ◆ Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023

Notes to the Financial Statements

3. SEGMENT INFORMATION

The following table presents information on total income, profit, total assets and liabilities regarding the Bank's operating segments.

| Year ended 31 December | Consumer Banking 2022 Rs. | Business Banking 2022 Rs. | Total Banking 2022 Rs. | Treasury 2022 Rs. | Unallocated / Elimination 2022 Rs. | Total 2022 Rs. |
|--|---------------------------------|---------------------------------|------------------------------|-------------------------|---|------------------------|
| Income | | | | | | |
| Financing Income | 3,067,517,532 | 6,923,688,302 | 9,991,205,834 | 2,121,906,710 | - | 12,113,112,544 |
| Net Fee and Commission Income | 246,859,711 | 477,157,738 | 724,017,449 | 26,295,219 | - | 750,312,668 |
| Net Trading Gain | - | - | - | 864,699,138 | - | 864,699,138 |
| Net Gains / (Losses) from Financial Assets at Fair Value Through Profit or Loss | - | - | - | (21,646,296) | - | (21,646,296) |
| Net Gains / (Losses) from Derecognition of Financial Assets | - | - | - | (1,453,173) | - | (1,453,173) |
| Net Other Operating Income | - | - | - | 5,159,290 | - | 5,159,290 |
| Total Income | 3,314,377,243 | 7,400,846,040 | 10,715,223,283 | 2,994,960,888 | - | 13,710,184,171 |
| Less | | | | | | |
| Financing Expenses | | | (6,095,979,754) | (1,208,518,901) | (39,989,166) | (7,344,487,821) |
| Impairment on Financial Assets | | | (1,638,483,485) | | | (1,638,483,485) |
| Total Operating Expenses | | | (2,113,054,411) | (877,893,719) | | (2,990,948,130) |
| Operating Profit Before VAT on Financial Services & Social Security Contribution Levy | | | 867,705,633 | 908,548,268 | (39,989,166) | 1,736,264,735 |
| VAT on Financial Services & Social Security Contribution Levy | | | | | | (528,989,373) |
| Profit Before Tax | | | | | | 1,207,275,362 |
| Tax Expenses | | | | | | (419,098,458) |
| Profit for the Year | | | | | | 788,176,904 |
| Total Assets | 26,796,693,629 | 56,389,222,911 | 83,185,916,540 | 47,244,397,312 | 11,257,578,707 | 141,687,892,559 |
| Total Liabilities | 85,274,795,198 | 27,271,222,031 | 112,546,017,229 | 11,662,712,873 | 3,117,807,393 | 127,326,537,495 |

| | Consumer Banking 2021 Rs. | Business Banking 2021 Rs. | Total Banking 2021 Rs. | Treasury 2021 Rs. | Unallocated / Elimination 2021 Rs. | Total 2021 Rs. |
|---|---------------------------------|---------------------------------|------------------------------|-------------------------|---|------------------------|
| Income | | | | | | |
| Financing Income | 2,237,818,336 | 4,137,129,644 | 6,374,947,980 | 1,279,185,643 | 20,053,108 | 7,674,186,731 |
| Net Fee and Commission Income | 188,973,207 | 195,468,285 | 384,441,492 | 15,058,973 | 2,421,938 | 401,922,403 |
| Net Trading Gain | - | - | - | 155,105,107 | - | 155,105,107 |
| Net Gains / (Losses) from Financial Assets at Fair Value Through Profit or Loss | - | - | - | (7,013,153) | - | (7,013,153) |
| Net Gains / (Losses) from Derecognition of Financial Assets | - | - | - | (11,732,213) | - | (11,732,213) |
| Net Other Operating Income | - | - | - | 5,226,813 | - | 5,226,813 |
| Total Income | 2,426,791,543 | 4,332,597,929 | 6,759,389,472 | 1,435,831,170 | 22,475,046 | 8,217,695,688 |
| Less | | | | | | |
| Financing Expenses | | | (3,275,280,336) | (104,409,451) | (39,003,503) | (3,418,693,290) |
| Impairment on Financial Assets | | | (773,246,523) | (11,705,566) | | (784,952,089) |
| Total Operating Expenses | | | (1,802,730,817) | (741,653,106) | (25,021,351) | (2,569,405,274) |
| Operating Profit Before VAT on Financial Services | | | 908,131,796 | 578,063,047 | (41,549,808) | 1,444,645,035 |
| Taxes on Financial Services | | | | | | (363,632,453) |
| Profit Before Tax | | | | | | 1,081,012,582 |
| VAT on Financial Services | | | | | | (256,314,684) |
| Profit for the Year | | | | | | 824,697,898 |
| Total Assets | 22,398,558,265 | 53,417,839,057 | 75,816,397,322 | 36,486,220,827 | 9,606,285,189 | 121,908,903,328 |
| Total Liabilities | 78,289,803,510 | 17,879,793,700 | 96,169,597,210 | 8,668,144,987 | 3,432,626,996 | 108,270,369,193 |

4. FINANCING INCOME

| | 2022 Rs. | 2021 Rs. |
|------------------|-----------------------|----------------------|
| Financing Income | 9,991,205,834 | 6,395,001,088 |
| Placement Income | 2,121,906,710 | 1,279,185,643 |
| Total | 12,113,112,544 | 7,674,186,731 |

Accrued Income from Impaired Financial Assets amounting to Rs. 302,331,690/- (2021 - Rs. 174,281,598/-) has been deducted from Financing Income.

Notes to the Financial Statements

| 5. FINANCING EXPENSES | | |
|--|----------------------|----------------------|
| Year ended 31 December | 2022 Rs. | 2021 Rs. |
| Expenses on Due to Other Customers | 6,095,979,754 | 3,275,280,336 |
| Expenses on Due to Banks | 1,208,518,901 | 104,409,451 |
| Finance Expense on Lease Liability | 39,989,166 | 39,003,503 |
| Total | 7,344,487,821 | 3,418,693,290 |
| 6. NET FEE AND COMMISSION INCOME | | |
| Year ended 31 December | 2022 Rs. | 2021 Rs. |
| Trade Related Services | 322,771,459 | 173,540,443 |
| Other Banking and Financial Services | 427,541,209 | 228,381,960 |
| Total | 750,312,668 | 401,922,403 |
| 7. NET TRADING INCOME | | |
| Year ended 31 December | 2022 Rs. | 2021 Rs. |
| Foreign Exchange Income | | |
| - From Banks | 631,449,207 | 46,471,214 |
| - From Customers | 233,249,931 | 108,633,893 |
| Total | 864,699,138 | 155,105,107 |
| Foreign Exchange Income includes Gains and Losses from Spot and Promissory Forward transactions. | | |
| 8. NET GAINS / (LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | |
| Year ended 31 December | 2022 Rs. | 2021 Rs. |
| Equity Securities | (21,646,296) | (7,013,153) |
| Total | (21,646,296) | (7,013,153) |
| The above consists of Unrealised Gains and Losses from changes in the Fair Value of Equity Securities. | | |

9. NET GAINS / (LOSSES) FROM DERECOGNITION OF FINANCIAL ASSETS

| Year ended 31 December | 2022 Rs. | 2021 Rs. |
|-----------------------------|--------------------|---------------------|
| Equity and Other Securities | (1,453,173) | (11,732,213) |
| Total | (1,453,173) | (11,732,213) |

10. NET OTHER OPERATING INCOME

| Year ended 31 December | 2022 Rs. | 2021 Rs. |
|--|------------------|------------------|
| Income from Dividends | 4,843,665 | 5,096,813 |
| Gain/(Loss) on Disposal of Property, Plant and Equipment | 315,625 | 130,000 |
| Total | 5,159,290 | 5,226,813 |

11. IMPAIRMENT ON FINANCIAL ASSETS

The table below shows the ECL charges on Financial Instruments for the Year 2022

| Year ended 31 December | Stage 1 Rs. | Stage 2 Rs. | Stage 3 Rs. | Total Rs. |
|--|----------------|----------------|----------------|---------------|
| Cash and Cash Equivalents (Note 17.2) | 3,796,597 | - | - | 3,796,597 |
| Placements with Banks (Note 19.1) | 1,649,903 | - | - | 1,649,903 |
| Placements with Licensed Finance Companies (Note 20.1) | 41,522 | - | - | 41,522 |
| Commitments and Contingencies (Note 45.2.1) | 39,337,353 | 30,289,600 | 9,035,459 | 78,662,412 |
| Financing and Receivables to Other Customers (Note 23.4) | 104,267,010 | 1,109,567,123 | 340,498,918 | 1,554,333,051 |
| | 149,092,385 | 1,139,856,723 | 349,534,377 | 1,638,483,485 |

The table below shows the ECL charges on Financial Instruments for the Year 2021

| Year ended 31 December | Stage 1 Rs. | Stage 2 Rs. | Stage 3 Rs. | Total Rs. |
|--|----------------|----------------|----------------|--------------|
| Cash and Cash Equivalents (Note 17.2) | 346,452 | - | - | 346,452 |
| Placements with Banks (Note 19.1) | 351,191 | - | - | 351,191 |
| Placements with Licensed Finance Companies (Note 20.1) | (385,897) | - | - | (385,897) |
| Commitments and Contingencies (Note 45.2.1) | 11,367,907 | 82,167 | (56,252) | 11,393,822 |
| Financing and Receivables to Other Customers (Note 23.4) | 523,039,580 | (32,752,599) | 282,959,540 | 773,246,521 |
| | 534,719,233 | (32,670,432) | 282,903,288 | 784,952,089 |

Notes to the Financial Statements

| 12. PERSONNEL EXPENSES | | |
|--|----------------------|----------------------|
| Year ended 31 December | 2022 Rs. | 2021 Rs. |
| Salaries and Bonus | 924,984,211 | 971,303,839 |
| Defined Contribution Plan - EPF/ETF | 115,096,452 | 118,082,239 |
| Defined Benefit Plan - Gratuity (Note 34) | 28,914,288 | 16,543,674 |
| Other Staff Related Expenses | 419,375,693 | 293,330,280 |
| Total | 1,488,370,644 | 1,399,260,032 |
| 13. OTHER OPERATING EXPENSES | | |
| Year ended 31 December | 2022 Rs. | 2021 Rs. |
| Directors' Emoluments | 29,573,864 | 15,085,908 |
| Auditors' Remuneration | | |
| - Audit Fee and Expenses | 4,200,000 | 4,160,646 |
| - Non Audit Services | 2,493,296 | 2,400,000 |
| Professional Fees | 51,502,435 | 49,807,923 |
| Office Administration and Establishment Expenses | 656,888,023 | 463,576,738 |
| Advertising and Promotion | 44,249,027 | 27,185,693 |
| Deposit Insurance Premium | 106,518,501 | 90,508,222 |
| System Support Fee | 165,400,134 | 120,048,187 |
| Others | 115,817,959 | 59,054,503 |
| Total | 1,176,643,239 | 831,827,820 |
| 14. TAX EXPENSES | | |
| Year ended 31 December | 2022 Rs. | 2021 Rs. |
| Current Tax: | | |
| Tax Expense | 760,528,872 | 419,795,390 |
| Due to Changes in Rates | 94,975,290 | - |
| Tax Expense (Note 14.1) | 855,504,162 | 419,795,390 |
| (Over)/Under Provision in respect of Previous Year | | |
| - Due to Changes in Rates | - | 30,385,673 |
| - Other (Reversal) Charge | (6,646,911) | (46,702,087) |
| Deferred Tax: | | |
| Deferred Taxation Charged/(Reversal) (Note 29) | (429,758,793) | (147,164,292) |
| Tax Expense | 419,098,458 | 256,314,684 |

14.1 Reconciliation of Accounting Profit to Tax Expense

| Year ended 31 December | 2022 Rs. | 2021 Rs. |
|---|--------------------|--------------------|
| Accounting Profit before Income Tax | 1,207,275,362 | 1,081,012,582 |
| Statutory Tax Rate | 24% & 30% | 24% |
| At the Statutory Income Tax Rate | | |
| - 24% | 144,873,043 | 260,156,574 |
| - 30% | 181,091,304 | - |
| Income Exempt from Tax | (3,536,433) | (14,413,400) |
| Non Deductible Expenses | 630,399,858 | 439,534,502 |
| Deductible Expenses | (97,323,611) | (265,482,286) |
| Tax Expense | 855,504,162 | 419,795,390 |

The Effective Income Tax rate for 2022 is 35% (2021 - 24%).

15. EARNINGS PER SHARE

Earnings Per Share is calculated by dividing the Net Profit or Loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and data on ordinary shares used in the Earnings Per Share computation.

| Year ended 31 December | 2022 Rs. | 2021 Rs. |
|---|---------------|---------------|
| Amount used as the Numerator: | | |
| Net Profit Attributable to Ordinary Shareholders | 788,176,904 | 824,697,898 |
| Number of Ordinary Shares used as Denominator: | | |
| Weighted Average Number of Ordinary Shares in Issue (Note 15.1) | 2,783,949,511 | 2,783,949,511 |
| Earnings Per Share - Basic / Diluted | 0.28 | 0.30 |

15.1 Weighted Average Number of Ordinary Shares for Basic and Diluted Earnings per Share

| Year ended 31 December | Outstanding No. of Shares | | Weighted average No. of Shares | |
|--|---------------------------|---------------|--------------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Number of Shares in Issue as at 1 January | 2,691,151,194 | 2,691,151,194 | 2,691,151,194 | 2,691,151,194 |
| Add | | | | |
| Scrip Dividend | 92,798,317 | 92,798,317 | 92,798,317 | 92,798,317 |
| Weighted Average Number of Ordinary Shares for Diluted Earnings per Ordinary Share Calculation | 2,783,949,511 | 2,783,949,511 | 2,783,949,511 | 2,783,949,511 |

Notes to the Financial Statements

16. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

16.1 Analysis of Financial Instruments by Measurement - as at 31 December 2022

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in SLFRS 9 and by headings of the Statement of Financial Position.

| As at 31 December 2022 | Fair Value through Profit or Loss Rs. | Amortised Cost Rs. | Fair Value through Other Comprehensive Income Rs. | Total Rs. |
|---|---------------------------------------|--------------------|---|-----------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | - | 22,603,294,374 | - | 22,603,294,374 |
| Balance with Central Bank of Sri Lanka | - | 5,085,679,063 | - | 5,085,679,063 |
| Placements with Banks | - | 24,570,292,448 | - | 24,570,292,448 |
| Placements with Licensed Finance Companies | - | 77,154 | - | 77,154 |
| Derivative Financial Assets | 70,733,336 | - | - | 70,733,336 |
| Financial Assets recognised through Profit or Loss - Measured at Fair Value | 59,561,097 | - | - | 59,561,097 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | - | 83,185,916,541 | - | 83,185,916,541 |
| Financial Assets measured at Fair Value through Other Comprehensive Income | - | - | 332,504,996 | 332,504,996 |
| Other Assets - Financial | - | 2,323,565,713 | - | 2,323,565,713 |
| Total Financial Assets | 130,294,433 | 137,768,825,293 | 332,504,996 | 138,231,624,722 |
| Financial Liabilities | | | | |
| Due to Banks | - | 11,856,722,935 | - | 11,856,722,935 |
| Derivative Financial Liabilities | 20,880,000 | - | - | 20,880,000 |
| Financial Liabilities at Amortised Cost - Due to Depositors | - | 112,546,017,229 | - | 112,546,017,229 |
| Other Liabilities - Financial | - | 2,041,967,432 | - | 2,041,967,432 |
| Total Financial Liabilities | 20,880,000 | 126,444,707,596 | - | 126,465,587,596 |

16.2 Analysis of financial instruments by measurement - as at 31 December 2021

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in SLFRS 9 and by headings of the Statement of Financial Position.

| As at 31 December 2021 | Fair Value through Profit or Loss Rs. | Amortised Cost Rs. | Fair Value through Other Comprehensive Income Rs. | Total Rs. |
|---|---------------------------------------|--------------------|---|-----------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | - | 8,673,811,858 | - | 8,673,811,858 |
| Balance with Central Bank of Sri Lanka | - | 4,800,026,593 | - | 4,800,026,593 |
| Placements with Banks | - | 27,302,269,408 | - | 27,302,269,408 |
| Placements with Licensed Finance Companies | - | 73,341 | - | 73,341 |
| Derivative Financial Assets | 510,066,210 | - | - | 510,066,210 |
| Financial Assets recognised through Profit or Loss - Measured at Fair Value | 64,634,084 | - | - | 64,634,084 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | - | 75,816,397,323 | - | 75,816,397,323 |
| Financial Assets measured at Fair Value through Other Comprehensive Income | - | - | 346,009,586 | 346,009,586 |
| Other Assets - Financial | - | 1,213,996,086 | - | 1,213,996,086 |
| Total Financial Assets | 574,700,294 | 117,806,574,609 | 346,009,586 | 118,727,284,489 |
| Financial Liabilities | | | | |
| Due to Banks | - | 9,009,986,183 | - | 9,009,986,183 |
| Derivative Financial Liabilities | 783,199,782 | - | - | 783,199,782 |
| Financial Liabilities at Amortised Cost - Due to Depositors | - | 96,157,776,116 | - | 96,157,776,116 |
| Other Liabilities - Financial | - | 1,696,126,980 | - | 1,696,126,980 |
| Total Financial Liabilities | 783,199,782 | 106,863,889,279 | - | 107,647,089,061 |

17. CASH AND CASH EQUIVALENTS

| As at 31 December | Note | 2022 Rs. | 2021 Rs. |
|---|------|----------------|---------------|
| Cash in Hand | | 5,621,228,557 | 4,985,324,859 |
| Balances with Banks | | 16,986,695,038 | 3,689,319,623 |
| Cash and Cash Equivalents before Allowance for Impairment | 17.1 | 22,607,923,595 | 8,674,644,482 |
| Less: Allowance for Impairment - Stage 1 | 17.2 | (4,629,221) | (832,624) |
| Total | | 22,603,294,374 | 8,673,811,858 |

Notes to the Financial Statements

17. CASH AND CASH EQUIVALENTS (CONTD.)

17.2 Impairment Allowance for Balances with Banks

| As at 31 December | 2022 Rs. | 2021 Rs. |
|----------------------------------|------------------|----------------|
| ECL allowance as at 1 January | 832,624 | 486,172 |
| Charge/(Write Back) for the year | 3,796,597 | 346,452 |
| Amounts Written Off | - | - |
| As at 31 December | 4,629,221 | 832,624 |

18. BALANCE WITH CENTRAL BANK OF SRI LANKA

| As at 31 December | 2022 Rs. | 2021 Rs. |
|--|---------------|---------------|
| Statutory Deposit with the Central Bank of Sri Lanka | 5,085,679,063 | 4,800,026,593 |
| | 5,085,679,063 | 4,800,026,593 |

As required by the Provisions of Section 93 of the Monetary Law Act, a cash balance is required to be maintained with Central Bank of Sri Lanka. As at 31 December 2022, the minimum cash reserve requirement was 4.0% (2021 - 4.0%) of Rupee liabilities of the Domestic Banking Unit. There is no reserve requirement for foreign currency deposit liabilities of the Domestic Banking Unit.

The statutory deposit with Central Bank of Sri Lanka is not available for financing the Bank's day to day operations and therefore it is not considered as part of Cash and Cash Equivalents.

19. PLACEMENTS WITH BANKS

| As at 31 December | Note | 2022 Rs. | 2021 Rs. |
|---------------------------------------|------|-----------------------|-----------------------|
| Saving Deposits | | 165,474 | 159,746 |
| Term Deposits | | 24,572,891,546 | 27,303,224,332 |
| Less: Allowance for Impairment | | | |
| - Stage 1 | 19.1 | (2,764,572) | (1,114,670) |
| Total | | 24,570,292,448 | 27,302,269,408 |

| 19.1 Impairment Allowance for Placements with Banks | | | |
|---|------|-------------------|--------------------|
| As at 31 December | | 2022 Rs. | 2021 Rs. |
| ECL allowance as at 1 January | | 1,114,670 | 763,479 |
| Charge/(Write Back) for the year | | 1,649,902 | 351,191 |
| Amounts Written Off | | - | - |
| As at 31 December | | 2,764,572 | 1,114,670 |
| 20. PLACEMENTS WITH LICENSED FINANCE COMPANIES | | | |
| As at 31 December | Note | 2022 Rs. | 2021 Rs. |
| Saving Deposits | | 77,179,00 | 73,351 |
| Less: Allowance for Impairment | | | |
| - Stage 1 | 20.1 | (25) | (10) |
| Total | | 77,154 | 73,341 |
| 20.1 Impairment Allowance for Licensed Finance Companies | | | |
| As at 31 December | | 2022 Rs. | 2021 Rs. |
| ECL allowance as at 1 January | | 10 | 413,562 |
| Charge/(Write Back) for the year | | 41,522 | (385,897) |
| Transfer | | (41,507) | (27,655) |
| As at 31 December | | 25 | 10 |
| 21. DERIVATIVE FINANCIAL ASSETS | | | |
| As at 31 December | | 2022 Rs. | 2021 Rs. |
| Spot and Promissory Forward Foreign Exchange Transactions | | 70,733,336 | 510,066,210 |
| Total | | 70,733,336 | 510,066,210 |

Notes to the Financial Statements

| 22. FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE | | | | |
|---|------------------------|-----------------|----------------------------------|----------------------------------|
| As at 31 December | | 2022 Rs. | 2021 Rs. | |
| Investment in Equity Securities - Quoted (22.1) | | 59,561,097 | 64,634,084 | |
| | | 59,561,097 | 64,634,084 | |
| 22.1 Investment in Equity Securities - Quoted | | | | |
| As at 31 December | No. of Ordinary Shares | | Carrying Value 2022 Rs. | Carrying Value 2021 Rs. |
| | 2022 | 2021 | | |
| Dialog Axiata PLC | 1,619,860 | 1,619,860 | 13,768,810 | 17,656,474 |
| Dipped Products PLC | 380,000 | 100,000 | 11,058,000 | 5,070,000 |
| Haycarb PLC | 100,000 | 100,000 | 5,760,000 | 7,680,000 |
| Hemas Holdings PLC | 184,044 | 184,044 | 10,380,082 | 12,312,544 |
| Tokyo Cement Company PLC | 135,000 | 115,000 | 4,455,000 | 6,877,000 |
| Tokyo Cement Company PLC Non Voting | 111,050 | 50,000 | 2,887,300 | 2,485,000 |
| Vidullanka PLC | 26,400 | 26,400 | 161,040 | 176,880 |
| Wind Force PLC | 587,102 | 507,102 | 8,747,820 | 9,229,256 |
| Nestle Lanka PLC | 2,589 | 2,589 | 2,343,045 | 3,146,930 |
| Total Carrying Value | | | 59,561,097 | 64,634,084 |
| 23. FINANCIAL ASSETS AT AMORTISED COST - FINANCING AND RECEIVABLES TO OTHER CUSTOMERS | | | | |
| As at 31 December Summary | | 2022 Rs. | 2021 Rs. | |
| Gross Financing and Receivables to Other Customers | | | | |
| Stage 1 | | 74,873,086,835 | 66,727,677,974 | |
| Stage 2 | | 9,044,027,200 | 9,072,714,428 | |
| Stage 3 | | 3,188,674,257 | 2,385,588,140 | |
| | | 87,105,788,292 | 78,185,980,542 | |
| Less: Accumulated Impairment | | | | |
| Stage 1 | | (980,928,975) | (876,661,967) | |
| Stage 2 | | (1,711,995,885) | (602,428,762) | |
| Stage 3 | | (1,226,946,891) | (890,492,490) | |
| Total | | 83,185,916,541 | 75,816,397,323 | |

| 23.1 By Product | | |
|-------------------------------------|-----------------------|-----------------------|
| As at 31 December | 2022 Rs. | 2021 Rs. |
| Overdraft | 6,475,276,703 | 6,508,768,621 |
| Trade Finance | 844,144,103 | 1,172,994,046 |
| Lease Receivables | 4,189,836,195 | 4,958,225,780 |
| Staff Facilities | 826,906,607 | 812,258,699 |
| Term Financing: | | |
| - Short Term | 31,172,561,392 | 21,832,574,068 |
| - Long Term | 30,311,917,654 | 34,029,584,026 |
| Gold Facilities | 12,741,591,227 | 7,979,483,504 |
| Others | 543,554,411 | 892,091,798 |
| | 87,105,788,292 | 78,185,980,542 |
| Less: Accumulated Impairment | | |
| Stage 1 | (980,928,975) | (876,661,967) |
| Stage 2 | (1,711,995,885) | (602,428,762) |
| Stage 3 | (1,226,946,891) | (890,492,490) |
| Total | 83,185,916,541 | 75,816,397,323 |
| 23.2 By Currency | | |
| As at 31 December | 2022 Rs. | 2021 Rs. |
| Sri Lanka Rupees | 82,515,923,059 | 75,408,983,479 |
| United States Dollars | 4,589,865,233 | 2,776,997,063 |
| | 87,105,788,292 | 78,185,980,542 |
| Less: Accumulated Impairment | | |
| Stage 1 | (980,928,975) | (876,661,967) |
| Stage 2 | (1,711,995,885) | (602,428,762) |
| Stage 3 | (1,226,946,891) | (890,492,490) |
| Total | 83,185,916,541 | 75,816,397,323 |

Notes to the Financial Statements

23. FINANCIAL ASSETS AT AMORTISED COST - FINANCING AND RECEIVABLES TO OTHER CUSTOMERS (CONTD.)

23.3 By Industry

| As at 31 December | 2022 Rs. | 2021 Rs. |
|---|-----------------------|-----------------------|
| Agriculture, Forestry and Fishing | 10,385,556,681 | 9,545,359,505 |
| Construction | 9,440,824,510 | 12,156,899,462 |
| Consumption | 19,471,053,339 | 15,055,651,354 |
| Financial Services | 2,021,625,999 | 1,065,600,010 |
| Information Technology and Communication Services | 1,124,142,282 | 1,035,159,849 |
| Infrastructure Development | 2,529,693,215 | 586,138,066 |
| Manufacturing | 15,043,105,583 | 10,700,855,546 |
| Tourism | 421,169,719 | 537,179,459 |
| Transportation and Storage | 1,408,203,227 | 2,231,147,449 |
| Wholesale and Retail Trade | 23,862,458,683 | 23,289,672,692 |
| Other Services | 1,397,955,054 | 1,982,317,150 |
| | 87,105,788,292 | 78,185,980,542 |
| Less: Accumulated Impairment | | |
| Stage 1 | (980,928,975) | (876,661,967) |
| Stage 2 | (1,711,995,885) | (602,428,762) |
| Stage 3 | (1,226,946,891) | (890,492,490) |
| Total | 83,185,916,541 | 75,816,397,323 |

23.4 Impairment Allowance for Financing and Receivables to Other Customers

A reconciliation of the allowance for impairment losses for Financing and Receivables to Other Customers, under SLFRS 9 as at 31 December 2022 is as follows:

| | Stage 1 Rs. | Stage 2 Rs. | Stage 3 Rs. | Total Impairment Rs. |
|----------------------------------|----------------|----------------|----------------|----------------------------|
| As at 1 January 2022 | 876,661,967 | 602,428,762 | 890,492,491 | 2,369,583,220 |
| Charge/(Write Back) for the year | 104,267,008 | 1,109,567,123 | 340,498,918 | 1,554,333,049 |
| Amounts Written Off | - | - | (4,044,518) | (4,044,518) |
| As at 31 December 2022 | 980,928,975 | 1,711,995,885 | 1,226,946,891 | 3,919,871,751 |

A reconciliation of the allowance for impairment losses for Financing and Receivables to Other Customers, under SLFRS 9 as at 31 December 2021 is as follows:

| | Stage 1 Rs. | Stage 2 Rs. | Stage 3 Rs. | Total Impairment Rs. |
|----------------------------------|----------------|----------------|----------------|----------------------------|
| As at 1 January 2021 | 353,622,387 | 635,181,361 | 702,742,554 | 1,691,546,302 |
| Charge/(Write Back) for the year | 523,039,580 | (32,752,599) | 282,959,540 | 773,246,521 |
| Amounts Written Off | - | - | (95,209,603) | (95,209,603) |
| As at 31 December 2021 | 876,661,967 | 602,428,762 | 890,492,491 | 2,369,583,220 |

Based on the requirements of the SLFRS 9, the Bank applies the amortised cost method to measure the Financial Instruments in instances where the Bank's business model is to hold the Financial Asset to collect the contractual cash flows. The characteristics of the contractual cash flows herein refers to repayment of capital and profits/income only (referred to as "SPPI" test under SLFRS 9). Capital is the fair value of the instrument at initial recognition.

Profit/Income is the return within a basic financing arrangement and typically consists of consideration for the credit risk and may also include consideration for other basic risks such as liquidity risk as well as a financing margin.

The Bank manages its Financial Assets to achieve its business objective having carried out the appropriate business model assessment.

24. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial Assets held under the category of Fair Value through Other Comprehensive Income (FVOCI) consists of equity investments. Gains or Losses arising due to changes in fair value are recognised in OCI. Realised Gains or Losses are not recognised to the Statement of Profit or Loss and is also not subject to any impairment assessment. Dividends earned whilst holding FVOCI Financial Assets are recognised in the Statement of Profit or Loss under 'Net Other Operating Income' when the right to receive the dividend is established.

| As at 31 December | 2022 Rs. | 2021 Rs. |
|----------------------------|-------------|-------------|
| Investments in Securities | | |
| Equities - Quoted (24.1) | 329,511,996 | 343,016,586 |
| Equities - Unquoted (24.2) | 2,993,000 | 2,993,000 |
| | 332,504,996 | 346,009,586 |

Notes to the Financial Statements

24. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTD.)

24.1 Investment in Equity - Quoted

| As at 31 December | No. of Ordinary Shares | | Carrying Value 2022 Rs. | Carrying Value 2021 Rs. |
|-------------------|------------------------|------------|-------------------------------|-------------------------------|
| | 2022 | 2021 | | |
| Amana Takaful PLC | 27,009,180 | 27,009,180 | 329,511,996 | 343,016,586 |
| Total | | | 329,511,996 | 343,016,586 |

24.2 Investment in Equity - Unquoted

| As at 31 December | No. of Ordinary Shares | | Carrying Value 2022 Rs. | Carrying Value 2021 Rs. |
|--|------------------------|--------|-------------------------------|-------------------------------|
| | 2022 | 2021 | | |
| LankaClear (Private) Limited | 50,000 | 50,000 | 2,000,000 | 2,000,000 |
| Credit Information Bureau of Sri Lanka | 300 | 300 | 993,000 | 993,000 |
| Total Carrying Value | | | 2,993,000 | 2,993,000 |

All unquoted investments are recorded at cost and the Bank intends to hold them for the long term.

25. OTHER ASSETS - FINANCIAL

| As at 31 December | 2022 | 2021 |
|---------------------------------------|---------------|---------------|
| Refundable Deposits and Other Debtors | 1,053,858,237 | 459,763,329 |
| Prepaid Staff Costs | 299,189,020 | 306,447,332 |
| Other Receivables | 970,518,456 | 447,785,425 |
| Total | 2,323,565,713 | 1,213,996,086 |

26. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

| | Freehold Land and Building Rs. | Improvements to Leasehold Premises Rs. | Furniture and Fittings Rs. | Office Equipment Rs. | Computer Equipment Rs. | Motor Vehicles Rs. | Computer Servers Rs. | Right-of-Use Assets Rs. | Total Rs. |
|----------------------------------|-----------------------------------|---|-------------------------------|-------------------------|---------------------------|-----------------------|-------------------------|----------------------------|---------------|
| Cost or Valuation: | | | | | | | | | |
| As at 1 January 2021 | 1,506,001,095 | 322,028,962 | 231,471,103 | 445,629,280 | 380,400,657 | 24,316,572 | 193,163,592 | 736,328,367 | 3,839,339,628 |
| Additions | 399,100 | 5,813,753 | 5,003,290 | 15,108,091 | 27,162,303 | - | 29,241,200 | 14,540,614 | 97,268,351 |
| Revaluation | 274,905,537 | - | - | - | - | - | - | - | 274,905,537 |
| Transfer* | - | - | - | - | - | - | - | - | - |
| Disposals | - | (581,898) | - | - | - | (12,500) | - | - | (594,398) |
| As at 31 | | | | | | | | | |
| December 2021 | 1,781,305,732 | 327,260,817 | 236,474,393 | 460,737,371 | 407,562,960 | 24,304,072 | 222,404,792 | 750,868,981 | 4,210,919,118 |
| Additions | - | 20,284,751 | 5,808,098 | 17,209,775 | 18,542,243 | - | 4,022,730 | 228,351,140 | 294,218,737 |
| Revaluation | - | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - | - |
| Disposals | - | (125,663,540) | (91,204) | (233,578) | - | - | - | - | (125,988,322) |
| As at 31 | 1,781,305,732 | 221,882,028 | 242,191,287 | 477,713,568 | 426,105,203 | 24,304,072 | 226,427,522 | 979,220,121 | 4,379,149,533 |
| December 2022 | | | | | | | | | |
| Depreciation | | | | | | | | | |
| As at 1 January 2021 | 9,604,941 | 219,654,152 | 184,616,410 | 391,304,589 | 263,668,817 | 11,997,970 | 155,763,327 | 248,121,512 | 1,484,731,718 |
| Disposals | - | (581,898) | - | - | - | (12,500) | - | - | (594,398) |
| Depreciation Charge for the Year | 2,600,791 | 29,004,553 | 19,768,264 | 25,156,910 | 43,274,769 | 104,123 | 16,827,246 | 142,895,357 | 279,632,013 |
| Transfer* | - | - | - | - | - | - | - | - | - |
| As at 31 | 12,205,732 | 248,076,807 | 204,384,674 | 416,461,499 | 306,943,586 | 12,089,593 | 172,590,573 | 391,016,869 | 1,763,769,333 |
| December 2021 | | | | | | | | | |
| Disposals | - | (125,663,540) | (91,204) | (233,578) | - | - | - | - | (125,988,322) |
| Depreciation Charge for the Year | 1,411,015 | 29,492,985 | 17,136,863 | 21,256,873 | 42,319,465 | 93,742 | 21,049,423 | 141,846,713 | 274,607,079 |
| Transfer | - | - | - | - | - | - | - | - | - |
| As at 31 | 13,616,747 | 151,906,252 | 221,430,333 | 437,484,794 | 349,263,051 | 12,183,335 | 193,639,982 | 532,863,582 | 1,912,388,076 |
| December 2022 | | | | | | | | | |
| Net Book Value: | | | | | | | | | |
| As at 31 | | | | | | | | | |
| December 2022 | 1,767,688,985 | 69,975,776 | 20,760,954 | 40,228,774 | 76,842,152 | 12,120,737 | 32,787,540 | 446,356,539 | 2,466,761,457 |
| As at 31 | | | | | | | | | |
| December 2021 | 1,769,100,000 | 79,184,010 | 32,089,719 | 44,275,872 | 100,619,374 | 12,214,479 | 49,814,219 | 359,852,112 | 2,447,149,785 |

26.1 During the year, the Bank acquired Property, Plant and Equipment to the aggregate value of Rs. 294,218,737/- (2021 - Rs. 97,268,351/-). Cash payments amounting to Rs. 65,867,597/- (2021 - Rs. 83,813,857/-) were made during the year for purchase of Property, Plant and Equipment.

Notes to the Financial Statements

26. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTD.)

26.2 Property, Plant and Equipment includes fully depreciated assets with a gross carrying amount of Rs. 964,218,148/- (2021 - Rs. 928,458,931/-) which are still in use at the date of the Statement of Financial Position.

26.3 There were no Property, Plant and Equipment identified as temporarily idle as at the date of the Statement of Financial Position.

26.4 No assets have been pledged by the Bank.

26.5 The Bank measures land and buildings at revalued amounts with gains in fair value being recognised in Statement of Comprehensive Income and losses in the Statement of Profit or Loss. An independent valuation specialist was engaged to assess the fair value as at 31 December 2021 for the revalued land and buildings. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the revalued land and buildings and the sensitivity analyses are further discussed below.

The revalued land and buildings consists of a land comprising three office buildings located in 486, Galle Road, Colombo 3, Sri Lanka. Management determined that these constitute one class of asset under SLFRS 13, based on the nature, characteristics and risks of the property.

Valuation Methods, Assumptions and Measurement Hierarchy

Fair value of the land and building is determined at Rs. 1,769,100,000 that falls under Level 3 (Significant unobservable inputs) of the fair value measurement hierarchy. The fair value was determined using the market comparable method. This means that valuations performed by the valuer are based on market prices, significantly adjusted for differences in the nature, location or condition of the specific property. The property's fair values are based on valuations performed by Mr. P.P.T. Mohideen (Chartered Valuation Surveyor and Fellow of the Institute of Valuers of Sri Lanka), an accredited independent valuer and having recent experience in the location and category of the Land and Building.

Key Valuation Assumptions used are:**Significant Unobservable Valuation Input:**

Land : Price per perch Rs. 23,500,000

Building : Price per square foot Rs. 3,650 - Rs. 5,000

Significant increases / (decreases) in estimated price per perch and square foot in isolation would result in a significantly higher / (lower) fair value.

Reconciliation of Fair Value of Revalued Land and Buildings:

| | 2022 Rs. | 2021 Rs. |
|---|---------------|---------------|
| As at 1 January | 1,769,100,000 | 1,494,194,463 |
| Level 3 Revaluation Recognised due to Revaluation Model | - | 274,905,537 |
| As at 31 December | 1,769,100,000 | 1,769,100,000 |

If Freehold Land and Buildings were Measured using the Cost Model, the Carrying Amounts would be as follows:

| As at 31 December | 2022 | | | 2021 | | |
|---------------------|-------------|------------------------------|-------------------------|-------------|------------------------------|-------------------------|
| | Cost Rs. | Accumulated Depreciation Rs. | Net Carrying Amount Rs. | Cost Rs. | Accumulated Depreciation Rs. | Net Carrying Amount Rs. |
| Freehold Land | 300,299,702 | - | 300,299,702 | 300,299,702 | - | 300,299,702 |
| Building | 67,390,603 | (13,457,895) | 53,932,708 | 67,390,603 | (13,158,054) | 54,232,549 |
| Net Carrying Amount | 367,690,305 | (13,457,895) | 354,232,410 | 367,690,305 | (13,158,054) | 354,532,251 |

26.6 The Details of the Land and Building Owned by the Bank are as follows;

| As at 31 December | Extent | | 2022 Valuation | | 2021 Valuation | |
|----------------------------|----------------|------------------|----------------|--------------|----------------|--------------|
| | Land (Perches) | Building (Sq.ft) | Land Rs. | Building Rs. | Land Rs. | Building Rs. |
| 486, Galle Road, Colombo 3 | 70.80 | 22,718 | 1,663,800,000 | 105,300,000 | 1,663,800,000 | 105,300,000 |

26.7 Cash payments amounting to Rs. 178,399,442/- (2021 - Rs. 148,567,611/-) was paid relating to lease liabilities recognised under SLFRS 16 - Leases

27. INTANGIBLE ASSETS

| | 2022 Rs. | 2021 Rs. |
|----------------------------------|--------------------|--------------------|
| Cost Computer Software | | |
| As at 1 January | 678,191,032 | 643,911,439 |
| Additions | 137,746,011 | 34,279,593 |
| Disposals | - | - |
| As at 31 December | 815,937,043 | 678,191,032 |
| Amortisation | | |
| As at 1 January | 445,356,526 | 386,671,117 |
| Amortisation Charge for the Year | 51,327,168 | 58,685,409 |
| Disposals | - | - |
| As at 31 December | 496,683,694 | 445,356,526 |
| Net Book Value: | | |
| As At 31 December | 319,253,349 | 232,834,506 |

Notes to the Financial Statements

28. OTHER ASSETS - NON FINANCIAL

| As at 31 December | 2022 Rs. | 2021 Rs. |
|--------------------------|--------------------|--------------------|
| Stationery Stock | 10,472,521 | 5,639,314 |
| Prepayments and Advances | 223,359,968 | 236,866,301 |
| Tax Receivables | 28,634,998 | 207,057,410 |
| Total | 262,467,487 | 449,563,025 |

29. DEFERRED TAX ASSET

| As at 31 December | 2022 | | | 2021 | | |
|-------------------------------------|--------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------|---------------------------------------|
| | Deferred Tax Liability / (Asset) Rs. | Statement of Profit or Loss Rs. | Statement of Comprehensive Income Rs. | Deferred Tax Liability / (Asset) Rs. | Statement of Profit or Loss Rs. | Statement of Comprehensive Income Rs. |
| Deferred Tax Liability | | | | | | |
| Capital Allowances for Tax purposes | 80,500,725 | (1,754,999) | - | 82,255,725 | (57,136,464) | - |
| Capital Gain for Tax purposes | 396,097,938 | - | 67,325,187 | 328,772,751 | - | 14,588,542 |
| Impact of Adopting SLFRS 16 | (16,991,014) | (4,222,948) | - | (12,768,067) | (920,316) | - |
| Deferred Tax Assets | | | | | | |
| Defined Benefit Plans | (32,823,490) | (8,083,595) | 6,719,585 | (31,459,480) | 6,087,851 | 10,238,694 |
| Provision for Impairment Losses | (834,569,703) | (415,697,251) | - | (418,872,452) | (95,195,363) | - |
| Total | (407,785,544) | (429,758,793) | 74,044,772 | (52,071,523) | (147,164,292) | 24,827,236 |

Deferred Tax Asset increased by Rs. 145,523,033/- due to increase in income tax rate from 24% to 30%. Deferred Tax charges includes Rs. 79,863,346/- which is attributable to the change in base from Specific provision to Stage 3 provision.

30. DUE TO BANKS

| As at 31 December | 2022 Rs. | 2021 Rs. |
|--|-----------------------|----------------------|
| Vostro Balances | 21,934,551 | 11,821,094 |
| Balance Due to Central Bank of Sri Lanka (Saubagya Renaissance Facility) | 192,955,511 | 1,113,219,884 |
| Balances Due to Banks | 11,641,832,873 | 7,884,945,205 |
| Total | 11,856,722,935 | 9,009,986,183 |

| 31. DERIVATIVE FINANCIAL LIABILITIES | | |
|--|------------------------|-----------------------|
| As at 31 December | 2022 Rs. | 2021 Rs. |
| Spot and Promissory Forward Foreign Exchange Transactions | 20,880,000 | 783,199,782 |
| Total | 20,880,000 | 783,199,782 |
| 32. FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO DEPOSITORS | | |
| As at 31 December | 2022 Rs. | 2021 Rs. |
| 32.1 Total Amount Due to Depositors | 112,546,017,229 | 96,157,776,116 |
| 32.2 By Product | | |
| Demand Deposits | 8,283,481,239 | 6,575,399,857 |
| Savings Deposits | 39,594,167,255 | 37,390,321,471 |
| Time Deposits | 64,668,368,735 | 52,192,054,788 |
| Total | 112,546,017,229 | 96,157,776,116 |
| 32.3 By Currency | | |
| As at 31 December | 2022 Rs. | 2021 Rs. |
| Sri Lanka Rupees | 85,579,461,803 | 82,962,432,260 |
| United States Dollars | 26,444,215,096 | 12,844,496,000 |
| Great Britain Pounds | 308,579,182 | 233,094,778 |
| Others | 213,761,148 | 117,753,078 |
| Total | 112,546,017,229 | 96,157,776,116 |
| 33. OTHER LIABILITIES - FINANCIAL | | |
| As at 31 December | 2022 Rs. | 2021 Rs. |
| Accrued Expenses | 1,021,469,294 | 781,183,073 |
| Balances Held in Margin | 143,043,021 | 98,980,973 |
| Cheques Pending Realisation | 119,160,872 | 253,793,338 |
| Impairment Provision for ECL - Credit related Commitment and Contingencies (Note 45) | 94,618,798 | 15,956,385 |
| Other Liabilities | 196,746,278 | 146,822,876 |
| Lease Liability (Note 33.1) | 455,790,270 | 386,994,053 |
| Sundry Creditors | 11,138,899 | 12,396,282 |
| Total | 2,041,967,432 | 1,696,126,980 |

Notes to the Financial Statements

| 33.1 Maturity Analysis of Lease Liability | | | |
|--|------|--------------------|--------------------|
| As at 31 December | | 2022 Rs. | 2021 Rs. |
| Less than 1 year | | 80,665,723 | 36,796,359 |
| Between 1 and 5 years | | 294,301,395 | 335,295,552 |
| More than 5 years | | 80,823,152 | 14,902,141 |
| Total Expected Payments | | 455,790,270 | 386,994,052 |
| 34. RETIREMENT BENEFIT LIABILITY | | | |
| | Note | 2022 Rs. | 2021 Rs. |
| At 1 January | | 131,081,167 | 170,664,374 |
| Adjustments due to actual census at 1 January 2022 | | (11,346,374) | - |
| At 1 January (Adjusted) | | 119,734,793 | 170,664,374 |
| Expenses Recognised in the Statement of Profit or Loss | 34.1 | 28,914,288 | 16,543,674 |
| Actuarial Gain | 34.2 | (11,052,241) | (42,661,226) |
| Benefits Paid | | (28,185,205) | (13,465,655) |
| At 31 December | | 109,411,635 | 131,081,167 |
| 34.1 Expenses Recognised in the Statement of Profit or Loss | | | |
| Year ended 31 December | | 2022 Rs. | 2021 Rs. |
| Current Service Cost | | 15,216,628 | 2,805,192 |
| Finance Cost | | 13,697,660 | 13,738,482 |
| Components Recognised in the Statement of Profit or Loss | | 28,914,288 | 16,543,674 |

34.2 Expenses Recognised in the Statement of Comprehensive Income

| Year ended 31 December | 2022 Rs. | 2021 Rs. |
|--|--------------|--------------|
| Recognition of Actuarial (Gain)/Loss | (11,052,241) | (42,661,226) |
| Components Recognised in the Statement of Comprehensive Income | (11,052,241) | (42,661,226) |

Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

| Year ended 31 December | 2022 | 2021 |
|------------------------|----------------------------|----------------------------|
| Discount Rate | 19.00% | 11.44% |
| Salary Increment Rate | 5.50% | 4.00% |
| Age of Retirement | 60 | 60 |
| Mortality | GA 1983 Mortality Table | GA 1983 Mortality Table |

Sensitivity of assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the Employment Benefit Liability measurement.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

| Increase / (decrease) in Discount Rate | Increase / (Decrease) in Salary Increment | Sensitivity Effect on Comprehensive Income Increase/(Reduction) in results for the year (Rs. Mn) | | Sensitivity Effect on Employment Benefit Obligation Increase/(Decrease) in the Liability (Rs. Mn) | |
|---|--|--|---------|---|---------|
| | | 2022 | 2021 | 2022 | 2021 |
| 1% | - | 3.93 | 8.25 | (3.93) | (8.25) |
| (1%) | - | (4.36) | (9.45) | 4.36 | 9.45 |
| | 1% | (4.79) | (11.66) | 4.79 | 11.66 |
| | (1%) | 4.35 | 10.25 | (4.35) | (10.25) |

Notes to the Financial Statements

34. RETIREMENT BENEFIT LIABILITY (CONTD.)

34.3 Distribution of Defined Benefit Obligation Over Future Lifetime

The following table demonstrates distribution of the future working lifetime of the Defined Benefit Obligation as at the reporting date.

| As at 31 December | 2022 Rs. | 2021 Rs. |
|--------------------------------|--------------------|--------------------|
| Less than 1 year | 17,726,948 | 13,168,836 |
| Between 1 and 2 years | 25,593,043 | 34,658,643 |
| Between 3 and 5 years | 49,660,024 | 39,017,849 |
| Beyond 5 years | 142,212,247 | 134,679,843 |
| Total Expected Payments | 235,192,262 | 221,525,171 |

35. OTHER LIABILITIES - NON FINANCIAL

| As at 31 December | 2022 Rs. | 2021 Rs. |
|-------------------|-------------------|-------------------|
| Statutory Payable | 99,580,091 | 65,944,501 |
| Total | 99,580,091 | 65,944,501 |

The above balances consists of statutory taxes payable.

36 STATED CAPITAL

| As at 31 December | 2022 | | 2021 | |
|----------------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Number | Rs. | Number | Rs. |
| Fully Paid Ordinary Shares | 2,783,949,511 | 11,348,821,130 | 2,691,151,194 | 11,079,706,011 |
| Total | 2,783,949,511 | 11,348,821,130 | 2,691,151,194 | 11,079,706,011 |

36.1 Fully Paid Ordinary Shares

| | 2022 | | 2021 | |
|---------------------------|---------------|----------------|---------------|----------------|
| | Number | Rs. | Number | Rs. |
| Balance as at 1 January | 2,691,151,194 | 11,079,706,011 | 2,601,446,155 | 10,819,561,398 |
| Scrip shares | 92,798,317 | 269,115,119 | 89,705,039 | 260,144,613 |
| Balance as at 31 December | 2,783,949,511 | 11,348,821,130 | 2,691,151,194 | 11,079,706,011 |

37. STATUTORY RESERVE FUND

The Statutory Reserve Fund is maintained as required by Section 20 (1) of the Banking Act No. 30 of 1988. A sum equivalent to 5% of the Profit for the year should be transferred to the Reserve until the reserve is equal to 50% of the paid up capital of the Bank and thereafter a sum equivalent to 2% of such profits until the amount of reserve is equal to the paid up capital of the Bank. This Reserve Fund will be used only for the purpose specified in Section 20 (2) of the Banking Act No. 30 of 1988.

Statutory Reserve Fund

| | 2022 Rs. | 2021 Rs. |
|---------------------------|-------------|-------------|
| Balance as at 1 January | 157,693,120 | 116,458,225 |
| Transfers during the Year | 39,408,845 | 41,234,895 |
| Balance as at 31 December | 197,101,965 | 157,693,120 |

38. FAIR VALUE RESERVE

| | 2022 Rs. | 2021 Rs. |
|---|--------------|-------------|
| As at 1 January | 98,898,126 | 44,879,766 |
| Gain / (Loss) on Financial Assets - Fair Value through Other Comprehensive Income | (13,504,590) | 54,018,360 |
| As at 31 December | 85,393,536 | 98,898,126 |

39. REVALUATION RESERVE

| | 2022 Rs. | 2021 Rs. |
|---|---------------|---------------|
| As at 1 January | 1,076,687,938 | 817,457,403 |
| Revaluation of Freehold Land and Building | (67,325,187) | 260,316,995 |
| Transferred to Retained Earnings | (1,086,460) | (1,086,460) |
| As at 31 December | 1,008,276,291 | 1,076,687,938 |

40. RETAINED EARNINGS

| | 2022 Rs. | 2021 Rs. |
|--|----------------------|----------------------|
| As at 1 January | 1,225,548,940 | 668,921,558 |
| Profit for the Year | 788,176,904 | 824,697,898 |
| Transfers to Statutory Reserve Fund | (39,408,845) | (41,234,895) |
| Transfer from Other Comprehensive Income | 15,679,030 | 32,422,532 |
| Transfer from Revaluation Reserve | 1,086,460 | 1,086,460 |
| Dividends | (269,115,119) | (260,144,613) |
| Share Issue Expenses | (205,228) | (200,000) |
| As at 31 December | 1,721,762,142 | 1,225,548,940 |

Notes to the Financial Statements

41. NET ASSETS VALUE PER SHARE

| As at 31 December | 2022 Rs. | 2021 Rs. |
|---|----------------|----------------|
| Amount used as the Numerator: | | |
| Total Equity Attributable to Equity Holders of the Bank | 14,361,355,064 | 13,638,534,135 |
| Number of Ordinary Shares used as Denominator: | | |
| Total Number of Shares | 2,783,949,511 | 2,691,151,194 |
| Net Assets Value Per Share | 5.16 | 5.07 |

42. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities, derivative financial instruments and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk. The information presented herein represents the determination of fair values as at the reporting date.

42.1 Financial Instruments carried at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value as at the reporting date. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

Derivative Financial Assets and Liabilities:

Derivative products are promissory forward foreign exchange transactions, valued using a valuation technique with market-observable inputs. The most frequently applied valuation techniques include promissory forward foreign exchange spot and Net Present Value.

Financial Assets Recognised through Profit or Loss - Measured at Fair Value, Financial Assets Measured at Fair Value through Other Comprehensive Income

The estimated fair values are based on quoted and observable market prices.

Fair Value Hierarchy

SLFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- ◆ **Level 1** Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- ◆ **Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ◆ **Level 3** Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

| As at 31 December 2022 | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. | Total Rs. |
|---|------------------------|------------------------|------------------------|----------------------|
| Financial Assets | | | | |
| Derivative Financial Assets | - | 70,733,336 | - | 70,733,336 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 59,561,097 | - | - | 59,561,097 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 329,511,996 | - | 2,993,000 | 332,504,996 |
| | 389,073,093 | 70,733,336 | 2,993,000 | 462,799,429 |
| Financial Liabilities | | | | |
| Derivative Financial Liabilities | - | 20,880,000 | - | 20,880,000 |
| | - | 20,880,000 | - | 20,880,000 |
| As at 31 December 2021 | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. | Total Rs. |
| Financial Assets | | | | |
| Derivative Financial Assets | - | 510,066,210 | - | 510,066,210 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 64,634,084 | - | - | 64,634,084 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 343,016,586 | - | 2,993,000 | 346,009,586 |
| | 407,650,670 | 510,066,210 | 2,993,000 | 920,709,880 |
| Financial Liabilities | | | | |
| Derivative Financial Liabilities | - | 783,199,782 | - | 783,199,782 |
| | - | 783,199,782 | - | 783,199,782 |

Notes to the Financial Statements

42. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTD.)

42.2 Financial Instruments not Carried at Fair Value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of Non-Financial Assets and Non-Financial Liabilities.

| As at 31 December | 2022 | | 2021 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | Carrying Value Rs. | Fair Value Rs. | Carrying Value Rs. | Fair Value Rs. |
| Financial Assets | | | | |
| Cash and Cash Equivalents | 22,603,294,374 | 22,603,294,374 | 8,673,465,406 | 8,673,465,406 |
| Balance with Central Bank of Sri Lanka | 5,085,679,063 | 5,085,679,063 | 4,800,026,593 | 4,800,026,593 |
| Placements with Banks | 24,570,292,448 | 24,573,057,020 | 27,302,269,408 | 27,303,384,078 |
| Placements with Licensed Finance Companies | 77,154 | 77,179 | 73,351 | 73,351 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 83,185,916,541 | 79,698,416,396 | 75,816,397,323 | 67,951,886,926 |
| Other Assets - Financial | 2,323,565,713 | 2,323,565,713 | 1,213,996,076 | 1,213,996,076 |
| | 137,768,825,294 | 134,284,089,746 | 117,806,228,158 | 109,942,832,430 |
| Financial Liabilities | | | | |
| Due to Banks | 11,856,722,935 | 11,856,722,935 | 9,009,986,183 | 9,009,986,183 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 112,546,017,229 | 112,546,017,229 | 96,157,776,116 | 96,157,776,116 |
| Other Liabilities - Financial | 2,041,967,432 | 2,041,967,432 | 1,696,126,980 | 1,696,126,980 |
| | 126,444,707,596 | 126,444,707,596 | 106,863,889,279 | 106,863,889,279 |

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements:

Balances with Banks, Balances with Licensed Finance Companies, Other Financial Assets and Other Financial Liabilities

For the above, which includes only instruments with maturities of less than 12 months, the carrying value is a reasonable estimate of fair values.

Financial Assets at Amortised Cost - Financing and Receivables to Other Customers

The fair value of the above are estimated by discounting the estimated future cash flows using the prevailing market rates for financing as of the reporting date with similar credit risks and maturities (Level 3).

Financial Liabilities at Amortised Cost - Due to Depositors

The fair values of the above are deemed to approximate their carrying amounts as rate of returns are determined at the end of their holding periods based on the profit generated from the relevant investments.

43. RISK MANAGEMENT

43.1 Introduction

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her areas of responsibility. The Bank is mainly exposed to;

1. Credit Risk
2. Liquidity risk
3. Market risk

Refer report on Risk Management in the Annual Report 2022, for additional information on each type of risk that the Bank is exposed to in providing banking and related activities.

43.2 Risk Management Structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. Risk Management Department (RMD) oversees the risks faced by the Bank in its internal operations and from external environment.

The Board Integrated Risk Management Committee

The Board Integrated Risk Management Committee (BIRMC), is a subcommittee of the Board, meets quarterly or more regularly as required to review and assess the Bank's overall risk and to focus on policy recommendations and strategies in an integrated manner.

Assets and Liabilities Committee

The Bank's Assets and Liabilities Committee (ALCO) regularly reviews and monitors the maintenance of liquidity position of the Bank and the concentration of large deposits in order to avoid undue dependence on individual deposits. Bank monitors liquidity by way of various ratios as required by the Board approved Asset and Liability Management Policy.

Risk Measurement and Reporting Systems

The Bank's risks are measured using a method which reflects the expected loss likely to arise in normal circumstances. These are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Board of Directors, the BIRMC, and the head of each business unit.

The report includes aggregate credit exposure, Value at Risk (VaR), liquidity ratios and risk profile changes.

Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry.

Notes to the Financial Statements

43. RISK MANAGEMENT (CONTD.)**43.3 Credit Risk**

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

a) Impairment Assessment

The approach used for the assessment of impairment is elaborated under Accounting Policies (Note No. 2.3.3)

b) Credit related Commitment Risk

The risk arising from transactions relating to contingent liabilities (Letters of Credit, Letters of Guarantees and undrawn amounts under approved authorisations) is included under this caption. Notwithstanding the non-funded nature of these products, the Bank is prone to a resultant financial loss due to the nature of such products, i.e. claim on guarantees, negotiation of LCs and non-utilisation of facilities.

c) Collateral and Other Credit Enhancement

An assessment of the credit risk of an individual at the time of issuing or enhancing a facility shall determine the amount and type of collateral that is required.

In the event of default, the Bank may, as a remedial measure, exercise its charge of the collateral obtained at the time of approval of credit facilities. Hence, the credit risk is eliminated to the extent of the net realisable value of such collateral, which has a weightage depending on nature of the collateral. Management monitors the market value of such collateral and requests additional collateral if required when reviewing the adequacy of the allowance for impairment.

d) Credit Quality by Class of Financial Assets (Gross)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

| Financial Assets as at 31 December 2022 | Current/Past Due (Stage 1 and Stage 2) | | | | Stage 3* | Total Rs. |
|---|--|--------------------------|------------------------------|----------------------|----------------------|------------------------|
| | High Grade Rs. | Standard Grade Rs. | Sub-Standard Grade Rs. | Un-Rated Rs. | Rs. | |
| Cash and Cash Equivalents | 22,603,294,374 | - | - | - | - | 22,603,294,374 |
| Balance with Central Bank of Sri Lanka | 5,085,679,063 | - | - | - | - | 5,085,679,063 |
| Placements with Banks | 24,570,292,448 | - | - | - | - | 24,570,292,448 |
| Placements with Licensed Finance Companies | 77,154 | - | - | - | - | 77,154 |
| Derivative Financial Assets | 70,733,336 | - | - | - | - | 70,733,336 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 11,058,000 | 48,503,097 | - | - | - | 59,561,097 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 60,516,697,331 | 23,400,416,704 | - | - | 3,188,674,257 | 87,105,788,292 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | 329,511,996 | - | 2,993,000 | - | 332,504,996 |
| Other Assets - Financial | 676,564 | - | - | 2,322,889,149 | - | 2,323,565,713 |
| Total | 112,858,508,270 | 23,778,431,797 | - | 2,325,882,149 | 3,188,674,257 | 142,151,496,473 |

| Financial Assets as at 31 December 2021 | Current/Past Due (Stage 1 and Stage 2) | | | | Stage 3* | Total Rs. |
|---|--|--------------------------|------------------------------|----------------------|----------------------|------------------------|
| | High Grade Rs. | Standard Grade Rs. | Sub-Standard Grade Rs. | Un-Rated Rs. | Rs. | |
| Cash and Cash Equivalents | 8,673,811,858 | - | - | - | - | 8,673,811,858 |
| Balance with Central Bank of Sri Lanka | 4,800,026,593 | - | - | - | - | 4,800,026,593 |
| Placements with Banks | 27,302,269,408 | - | - | - | - | 27,302,269,408 |
| Placements with Licensed Finance Companies | 73,341 | - | - | - | - | 73,341 |
| Derivative Financial Assets | 510,066,210 | - | - | - | - | 510,066,210 |
| Financial Assets Measured at Fair Value through Profit or Loss | 41,916,018 | 22,718,066 | - | - | - | 64,634,084 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 30,716,011,797 | 44,948,814,720 | 135,565,885 | - | 2,385,588,140 | 78,185,980,542 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | 343,016,586 | - | 2,993,000 | - | 346,009,586 |
| Other Assets - Financial | 11,036,666 | - | - | 1,202,959,420 | - | 1,213,996,086 |
| Total | 72,055,211,891 | 45,314,549,372 | 135,565,885 | 1,205,952,420 | 2,385,588,140 | 121,096,867,708 |

***Age Analysis of Financing and Receivables to Other Customers - Stage 3**

| As at 31 December | Stage 3* | | | | Total Rs. |
|--|-----------------------------|-------------------------|-------------------------|-----------------------------|---------------|
| | Less than 30 days Rs. | 30 to 59 days Rs. | 60 to 89 days Rs. | More than 89 days Rs. | |
| Financing and Receivables to Other Customers - 31 December 2022 | 47,170,098 | 33,739,130 | 40,679,305 | 3,067,085,724 | 3,188,674,257 |
| Financing and Receivables to Other Customers - 31 December 2021 | 1,205,481,850 | 46,324,730 | 42,184,984 | 1,091,596,576 | 2,385,588,140 |

Notes to the Financial Statements

43. RISK MANAGEMENT (CONTD.)

e) Analysis of Risk Concentration

Maximum exposure to credit risk is reviewed/monitored without taking account of any collateral and other credit enhancements. The concentration risk is monitored by industry. The following table shows the maximum exposure to credit risk for the components of the Statement of Financial Position, including sector.

Industry Analysis

The following table shows the risk concentration by industry for the components of the Statement of Financial Position.

| Financial Assets as at 31 December 2022 | Government Rs. | Financial Services Rs. | Agriculture, Forestry and Fishing Rs. | Manufacturing Rs. | Tourism Rs. |
|--|----------------------|------------------------------|--|----------------------|-----------------------|
| Cash and Cash Equivalents | - | 22,603,294,374 | - | - | - |
| Balance with Central Bank of Sri Lanka | 5,085,679,063 | - | - | - | - |
| Placements with Banks | - | 24,570,292,448 | - | - | - |
| Placements with Licensed Finance Companies | - | 77,154 | - | - | - |
| Derivative Financial Assets | - | 70,733,336 | - | - | - |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | - | - | - | 26,503,345 | - |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | - | 421,169,719 | 10,385,556,681 | 9,440,824,510 | 19,471,053,339 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | 332,504,996 | - | - | - |
| Other Assets - Financial | 1,362,958,561 | 609,294,315 | - | - | - |
| Total | 6,448,637,624 | 48,607,366,342 | 10,385,556,681 | 9,467,327,855 | 19,471,053,339 |

| Financial Assets as at 31 December 2021 | Government Rs. | Financial Services Rs. | Agriculture, Forestry and Fishing Rs. | Manufacturing Rs. | Tourism Rs. |
|--|----------------------|------------------------------|--|-----------------------|-----------------------|
| Cash and Cash Equivalents | - | 8,673,811,858 | - | - | - |
| Balance with Central Bank of Sri Lanka | 4,800,026,593 | - | - | - | - |
| Placements with Banks | - | 27,302,269,408 | - | - | - |
| Placements with Licensed Finance Companies | - | 73,341 | - | - | - |
| Derivative Financial Assets | - | 510,066,210 | - | - | - |
| Financial Assets Measured at Fair Value through Profit or Loss | - | - | - | 25,258,930 | - |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | - | 537,179,459 | 9,545,359,505 | 12,156,899,462 | 15,055,651,354 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | 346,009,586 | - | - | - |
| Other Assets - Financial | 426,899,162 | 427,339,764 | - | - | - |
| Total | 5,226,925,755 | 37,796,749,626 | 9,545,359,505 | 12,182,158,392 | 15,055,651,354 |

| Transportation and Storage Rs. | Construction Rs. | Wholesale and Retail Trade Rs. | Information Technology and Communication Services Rs. | Infrastructure Development Rs. | Other Services Rs. | Consumption Rs. | Total Rs. |
|--------------------------------|------------------|--------------------------------|---|--------------------------------|--------------------|-----------------|-----------------|
| - | - | - | - | - | - | - | 22,603,294,374 |
| - | - | - | - | - | - | - | 5,085,679,063 |
| - | - | - | - | - | - | - | 24,570,292,448 |
| - | - | - | - | - | - | - | 77,154 |
| - | - | - | - | - | - | - | 70,733,336 |
| - | - | 10,380,082 | 13,768,810 | 8,908,860 | - | - | 59,561,097 |
| 2,021,625,999 | 1,124,142,282 | 2,529,693,215 | 15,043,105,583 | 1,408,203,227 | 1,397,955,054 | 23,862,458,683 | 87,105,788,292 |
| - | - | - | - | - | - | - | 332,504,996 |
| - | - | - | - | - | - | 351,312,837 | 2,323,565,713 |
| 2,021,625,999 | 1,124,142,282 | 2,540,073,297 | 15,056,874,393 | 1,417,112,087 | 1,397,955,054 | 24,213,771,520 | 142,151,496,473 |

| Transportation and Storage Rs. | Construction Rs. | Wholesale and Retail Trade Rs. | Information Technology and Communication Services Rs. | Infrastructure Development Rs. | Other Services Rs. | Consumption Rs. | Total Rs. |
|--------------------------------|------------------|--------------------------------|---|--------------------------------|--------------------|-----------------|-----------------|
| - | - | - | - | - | - | - | 8,673,811,858 |
| - | - | - | - | - | - | - | 4,800,026,593 |
| - | - | - | - | - | - | - | 27,302,269,408 |
| - | - | - | - | - | - | - | 73,341 |
| - | - | - | - | - | - | - | 510,066,210 |
| - | - | 12,312,544 | 17,656,474 | 9,406,136 | - | - | 64,634,084 |
| 1,065,600,010 | 1,035,159,849 | 586,138,066 | 10,700,855,546 | 2,231,147,449 | 1,982,317,150 | 23,289,672,692 | 78,185,980,542 |
| - | - | - | - | - | - | - | 346,009,586 |
| - | - | - | - | - | - | 359,757,160 | 1,213,996,086 |
| 1,065,600,010 | 1,035,159,849 | 598,450,610 | 10,718,512,020 | 2,240,553,585 | 1,982,317,150 | 23,649,429,852 | 121,096,867,708 |

Notes to the Financial Statements

43. RISK MANAGEMENT (CONTD.)

f) Analysis of Maximum Exposure to Credit risk and Collateral and Other Credit Enhancements

The following table shows the maximum exposure to credit risk by class of financial asset and the value of financial assets covered by collateral.

| Financial Assets as at 31 December 2022 | Maximum Exposure to Credit Risk Rs. | Fixed, Savings and Other deposits Rs. | Stocks in Trade Rs. |
|---|--|--|------------------------|
| Balances with Banks | 16,986,695,038 | - | - |
| Placements with Banks | 24,570,292,448 | - | - |
| Placements with Licensed Finance Companies | 77,154 | - | - |
| Derivative Financial Assets | 70,733,336 | - | - |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 59,561,097 | - | - |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 83,185,916,541 | 1,225,915,359 | 2,559,565,298 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 332,504,996 | - | - |
| Other Assets - Financial | 2,323,565,713 | - | - |
| Total | 127,529,346,323 | 1,225,915,359 | 2,559,565,298 |

| Financial Assets as at 31 December 2021 | Maximum Exposure to Credit Risk Rs. | Fixed, Savings and Other deposits Rs. | Stocks in Trade Rs. |
|---|--|--|------------------------|
| Balances with Banks | 3,689,319,623 | - | - |
| Placements with Banks | 27,302,269,408 | - | - |
| Placements with Licensed Finance Companies | 73,341 | - | - |
| Derivative Financial Assets | 510,066,210 | - | - |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 64,634,084 | - | - |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 78,185,980,542 | 986,028,524 | 2,674,863,759 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 346,009,586 | - | - |
| Other Assets - Financial | 1,213,996,086 | - | - |
| Total | 111,312,348,880 | 986,028,524 | 2,674,863,759 |

| Immovable Property, Plant and Equipments Rs. | Motor Vehicles Rs. | Gold Rs. | Shares & Other Rs. | Net Exposure Rs. |
|---|-----------------------|----------------|-----------------------|---------------------|
| - | - | - | - | 16,986,695,038 |
| - | - | - | - | 24,570,292,448 |
| - | - | - | - | 77,154 |
| - | - | - | - | 70,733,336 |
| - | - | - | - | 59,561,097 |
| 44,609,120,628 | 5,852,162,404 | 12,800,729,467 | 972,020,442 | 15,166,402,943 |
| | | | | 332,504,996 |
| | | | | 2,323,565,713 |
| 44,609,120,628 | 5,852,162,404 | 12,800,729,467 | 972,020,442 | 59,509,832,725 |

| Immovable Property, Plant and Equipments Rs. | Motor Vehicles Rs. | Gold Rs. | Shares & Other Rs. | Net Exposure Rs. |
|---|-----------------------|---------------|-----------------------|---------------------|
| - | - | - | - | 3,689,319,623 |
| - | - | - | - | 27,302,269,408 |
| - | - | - | - | 73,341 |
| - | - | - | - | 510,066,210 |
| - | - | - | - | 64,634,084 |
| 45,914,899,236 | 6,751,162,134 | 8,057,081,387 | 574,733,390 | 13,227,212,112 |
| | | | | 346,009,586 |
| | | | | 1,213,996,086 |
| 45,914,899,236 | 6,751,162,134 | 8,057,081,387 | 574,733,390 | 46,353,580,450 |

Notes to the Financial Statements

43. RISK MANAGEMENT (CONTD.)

43.4 Liquidity Risk and Funding Management

Liquidity risk implies the potential for loss to the Bank due to inability to meet its obligation or to fund the increase in assets as they fall due without incurring high cost.

Internal control processes and contingency plans for managing liquidity risk have been developed by the Bank under the Asset and Liability Management Policy of the Bank. This incorporates an assessment of expected cash flows and the availability of liquid funds which could be used if required.

As required by the Provisions of Section 93 of the Monetary Law Act, a cash balance is required to be maintained with Central Bank of Sri Lanka. As at 31 December 2022, the minimum cash reserve requirement was 4.0% (2021 - 4.0%) of the Rupee liabilities of the Domestic Banking Unit. There is no reserve requirement for foreign currency deposit liabilities of the Domestic Banking Unit.

The Bank monitors the mix of deposits closely and concentrates on mobilising zero or low cost deposits such as current accounts and savings accounts as a source of major funding.

Liquid assets are defined for the purposes of the liquidity ratio which are mainly Cash and Cash equivalents and Placements with Banks. Adequate liquid assets are maintained based on the Bank's business model adopted and ensure the Statutory Liquid Asset Ratio is maintained as per regulatory requirements.

a) Liquidity Ratios

| As at 31 December | 2022 | 2021 |
|--|--------|--------|
| Financing and Receivables to Other Customers to Due to Other Customers Ratio (Net) | 73.91% | 78.85% |
| Statutory Liquid Assets Ratio - Consolidated | 28.26% | N/A |

b) Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summarises the maturity profile of the undiscounted cash flows (Gross) of the Bank's Financial Assets and Financial Liabilities as at the end of the reporting period.

| Statement of Financial Position as at 31 December 2022 | Up to 3 Months Rs. | 3-12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Total Rs. |
|---|-----------------------|------------------------|-----------------------|----------------------|----------------------|------------------------|
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 22,603,294,374 | - | - | - | - | 22,603,294,374 |
| Balance with Central Bank of Sri Lanka | 5,085,679,063 | - | - | - | - | 5,085,679,063 |
| Placements with Banks | 10,202,904,092 | 5,117,388,356 | 9,250,000,000 | - | - | 24,570,292,448 |
| Placements with Licensed Finance Companies | 77,154 | - | - | - | - | 77,154 |
| Derivative Financial Assets | 56,208,335 | 14,525,001 | - | - | - | 70,733,336 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 59,561,097 | - | - | - | - | 59,561,097 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 35,443,661,899 | 34,976,351,521 | 17,930,246,037 | 8,566,474,325 | 7,380,823,243 | 104,297,557,025 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | 332,504,996 | 332,504,996 |
| Other Assets - Financial | 1,336,908,929 | 906,461,154 | 35,195,630 | 45,000,000 | - | 2,323,565,713 |
| Total Undiscounted Financial Assets | 74,788,294,943 | 41,014,726,032 | 27,215,441,667 | 8,611,474,325 | 7,713,328,239 | 159,343,265,206 |
| Financial Liabilities | | | | | | |
| Due to Banks | 7,445,353,076 | 4,411,369,859 | - | - | - | 11,856,722,935 |
| Derivative Financial Liabilities | 20,880,000 | - | - | - | - | 20,880,000 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 64,869,695,083 | 44,006,121,333 | 895,727,477 | 879,040,534 | 1,895,432,802 | 112,546,017,229 |
| Other Liabilities - Financial | 1,997,769,830 | 11,449,796 | 32,747,806 | - | - | 2,041,967,432 |
| Total Undiscounted Financial Liabilities | 74,333,697,990 | 48,428,940,988 | 928,475,283 | 879,040,533 | 1,895,432,802 | 126,465,587,596 |
| Total Net Financial Assets/ (Liabilities) | 454,596,954 | (7,414,214,957) | 26,286,966,384 | 7,732,433,792 | 5,817,895,438 | 32,877,677,610 |

Notes to the Financial Statements

43. RISK MANAGEMENT (CONTD.)

43.4 Liquidity Risk and Funding Management (Contd.)

b) Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities(Contd.)

| Statement of Financial Position as at 31 December 2021 | Up to 3 Months Rs. | 3-12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Total Rs. |
|---|-----------------------|-------------------------|-----------------------|-----------------------|----------------------|------------------------|
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 8,673,811,858 | - | - | - | - | 8,673,811,858 |
| Balance with Central Bank of Sri Lanka | 4,800,026,593 | - | - | - | - | 4,800,026,593 |
| Placements with Banks | 160,010 | 18,052,109,398 | 6,750,000,000 | 2,500,000,000 | - | 27,302,269,408 |
| Placements with Licensed Finance Companies | 73,341 | - | - | - | - | 73,341 |
| Derivative Financial Assets | 11,481,665 | 498,584,545 | - | - | - | 510,066,210 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | 64,634,084 | - | - | - | - | 64,634,084 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 50,158,700,056 | 15,605,889,467 | 18,316,779,217 | 10,333,292,040 | 8,412,199,985 | 102,826,860,765 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | 346,009,586 | 346,009,586 |
| Other Assets - Financial | 713,317,488 | 417,253,237 | 34,215,630 | 49,209,731 | - | 1,213,996,086 |
| Total Undiscounted Financial Assets | 64,422,205,095 | 34,573,836,648 | 25,100,994,847 | 12,882,501,771 | 8,758,209,571 | 145,737,747,930 |
| Financial Liabilities | | | | | | |
| Due to Banks | 1,125,040,978 | 7,884,945,205 | - | - | - | 9,009,986,183 |
| Derivative Financial Liabilities | 55,104,807 | 728,094,975 | - | - | - | 783,199,782 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 10,250,185,232 | 53,210,314,332 | 16,172,016,870 | 10,604,929,209 | 5,920,330,473 | 96,157,776,116 |
| Other Liabilities - Financial | 1,665,454,096 | 10,250,092 | 20,422,792 | - | - | 1,696,126,980 |
| Total Undiscounted Financial Liabilities | 13,095,785,113 | 61,833,604,604 | 16,192,439,662 | 10,604,929,209 | 5,920,330,473 | 107,647,089,061 |
| Total Net Financial Assets/ (Liabilities) | 51,326,419,982 | (27,259,767,956) | 8,908,555,184 | 2,277,572,562 | 2,837,879,096 | 38,090,658,869 |

c) Contractual Maturities of Commitments & Contingencies

| As at 31 December | Up to 3 Months Rs. | 3-12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Total Rs. |
|---------------------------------------|-----------------------|-----------------------|--------------------|--------------------|---------------------|-----------------------|
| Acceptances | 1,813,249,792 | 1,596,987,127 | - | - | - | 3,410,236,919 |
| Letters of Credit | 488,984,123 | 6,565,225 | - | - | - | 495,549,348 |
| Guarantees, Bonds | 2,677,208,621 | 2,055,682,330 | 155,575,807 | 157,500 | - | 4,888,624,258 |
| Outward Clearing Receivable | 902,610,532 | - | - | - | - | 902,610,532 |
| Promissory Forward Sales | 4,693,278,332 | - | - | - | - | 4,693,278,332 |
| Promissory Forward Purchases | 6,765,635,000 | 2,377,115,000 | - | - | - | 9,142,750,000 |
| Commitments for Unutilised Facilities | 3,391,471,887 | 5,087,207,831 | - | - | - | 8,478,679,718 |
| Bills for Collection and Other | 2,177,202,466 | - | - | - | - | 2,177,202,466 |
| Total | 22,909,640,753 | 11,123,557,513 | 155,575,807 | 157,500 | - | 34,188,931,573 |

| As at 31 December | Up to 3 Months Rs. | 3-12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Total Rs. |
|---------------------------------------|-----------------------|-----------------------|--------------------|--------------------|---------------------|-----------------------|
| Acceptances | 1,630,404,851 | 1,115,504,624 | - | - | - | 2,745,909,475 |
| Letters of Credit | 2,696,717,406 | 124,999,555 | - | - | - | 2,821,716,961 |
| Guarantees, Bonds | 1,320,922,340 | 1,918,835,969 | 139,126,155 | 157,500 | - | 3,379,041,964 |
| Outward Clearing Receivable | 618,210,754 | - | - | - | - | 618,210,754 |
| Promissory Forward Sales | 11,681,544,048 | 6,960,000,000 | - | - | - | 18,641,544,048 |
| Promissory Forward Purchases | 18,042,293,995 | 5,370,000,000 | - | - | - | 23,412,293,995 |
| Commitments for Unutilised Facilities | 5,823,362,958 | 8,735,044,437 | - | - | - | 14,558,407,395 |
| Bills for Collection and Other | 1,640,159,242 | - | - | - | - | 1,640,159,242 |
| Total | 43,453,615,594 | 24,224,384,585 | 139,126,155 | 157,500 | - | 67,817,283,834 |

43.5 Market Risk

Market Risk denotes the risk of losses arising out of balance sheet positions due to changes in market prices. Market risk mainly arises from activities undertaken by the Bank's treasury and foreign exchange, equity, commodity and money market portfolios, which mainly contribute towards market risk of the Bank. A Board approved comprehensive limit structure has been adopted by the Bank to mitigate and monitor the market risk of the Bank.

a) Rate Risk

The rate risk arises due to changes in value of financial instruments arising due to changes in market rates. The Bank is exposed to this risk due to the mismatches in maturities of assets and liabilities that mature or are re-priced during a specified time period. In order to manage and mitigate rate risk, the Bank's ALCO reviews the re-pricing of assets and liabilities at ALCO meetings held regularly. Bank's rate risk is limited due to the model adopted where all of its Due to Depositors (customer deposits) have been accepted on Profit and Loss sharing basis.

Notes to the Financial Statements

43. RISK MANAGEMENT (CONTD.)

43.5 Market Risk (Contd.)

| Rate Sensitive Assets and Liabilities Maturity Gaps (Contractual Basis) as at 31 December 2022 | Up to 3 Months Rs. | 3-12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Non-Rate Bearing Rs. | Total Rs. |
|--|-------------------------|-------------------------|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Cash and Cash Equivalents | - | - | - | - | - | 22,603,294,374 | 22,603,294,374 |
| Balance with Central Bank of Sri Lanka | - | - | - | - | - | 5,085,679,063 | 5,085,679,063 |
| Placements with Banks | 10,202,904,092 | 5,117,388,356 | 9,250,000,000 | - | - | - | 24,570,292,448 |
| Placements with Licensed Finance Companies | 77,154 | - | - | - | - | - | 77,154 |
| Derivative Financial Assets | - | - | - | - | - | 70,733,336 | 70,733,336 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | - | - | - | - | - | 59,561,097 | 59,561,097 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 28,664,249,096 | 29,765,212,353 | 12,946,377,274 | 6,260,794,328 | 5,549,283,490 | - | 83,185,916,541 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | - | 332,504,996 | 332,504,996 |
| Other Assets - Financial | - | - | - | - | - | 2,323,565,713 | 2,323,565,713 |
| Total Assets | 38,867,230,342 | 34,882,600,709 | 22,196,377,274 | 6,260,794,328 | 5,549,283,490 | 30,475,338,579 | 138,231,624,722 |
| Due to Banks | 7,445,353,076 | 4,411,369,859 | - | - | - | - | 11,856,722,935 |
| Derivative Financial Liabilities | - | - | - | - | - | 20,880,000 | 20,880,000 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 56,610,658,507 | 44,006,121,333 | 895,727,477 | 879,040,534 | 1,895,432,802 | 8,259,036,576 | 112,546,017,229 |
| Other Liabilities - Financial | - | - | - | - | - | 2,041,967,432 | 2,041,967,432 |
| Total Liabilities | 64,056,011,583 | 48,417,491,192 | 895,727,477 | 879,040,534 | 1,895,432,802 | 10,321,884,008 | 126,465,587,596 |
| Rate Sensitivity Gap | (25,188,781,241) | (13,534,890,484) | 21,300,649,798 | 5,381,753,794 | 3,653,850,688 | 20,153,454,571 | |

| Rate Sensitive Assets and Liabilities Maturity Gaps (Contractual Basis) as at 31.12.2021 | Up to 3 Months Rs. | 3-12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Non Rate Bearing Rs. | Total Rs. |
|--|-----------------------|------------------------|-----------------------|-----------------------|----------------------|-------------------------|------------------------|
| Cash and Cash Equivalents | - | - | - | - | - | 8,673,811,858 | 8,673,811,858 |
| Balance with Central Bank of Sri Lanka | - | - | - | - | - | 4,800,026,593 | 4,800,026,593 |
| Placements with Banks | 160,010 | 18,052,109,398 | 6,750,000,000 | 2,500,000,000 | - | - | 27,302,269,408 |
| Placements with Licensed Finance Companies | 73,341 | - | - | - | - | - | 73,341 |
| Derivative Financial Assets | - | - | - | - | - | 510,066,210 | 510,066,210 |
| Financial Assets Recognised through Profit or Loss - Measured at Fair Value | - | - | - | - | - | 64,634,084 | 64,634,084 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 13,287,689,818 | 35,191,272,555 | 14,687,017,589 | 7,251,949,557 | 5,398,467,804 | - | 75,816,397,323 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | - | 346,009,586 | 346,009,586 |
| Other Assets - Financial | - | - | - | - | - | 1,213,996,086 | 1,213,996,086 |
| Total Assets | 13,287,923,169 | 53,243,381,954 | 21,437,017,589 | 9,751,949,557 | 5,398,467,804 | 15,608,544,417 | 118,727,284,490 |
| Due to Banks | 1,125,040,978 | 7,884,945,205 | - | - | - | - | 9,009,986,183 |
| Derivative Financial Liabilities | - | - | - | - | - | 783,199,782 | 783,199,782 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 3,714,156,730 | 53,210,314,332 | 16,172,016,870 | 10,604,929,209 | 5,920,330,473 | 6,536,028,502 | 96,157,776,116 |
| Other Liabilities - Financial | - | - | - | - | - | 1,696,126,980 | 1,696,126,980 |
| Total Liabilities | 4,839,197,708 | 61,095,259,537 | 16,172,016,870 | 10,604,929,209 | 5,920,330,473 | 9,015,355,264 | 107,647,089,061 |
| Rate Sensitivity Gap | 8,448,725,471 | (7,851,877,585) | 5,265,000,720 | (852,979,652) | (521,862,670) | 6,592,842,691 | |

43.6 Foreign Exchange Risk

Foreign Exchange risk which arises due to the changes in foreign exchange rates is managed by the Bank by setting and monitoring dealer, currency, counterparty and settlement limits for On and Off Balance Sheet instruments.

Bank's activities in the Trade Finance business results in Off Balance Sheet financial instruments. In addition, the Bank engages in interbank promissory forward foreign exchange transactions to cover the positions created due to customer transactions. Such transactions are carried out on a matched basis to manage the cash flows of currencies.

The currency risk is managed and monitored against the regulatory limits approved for the Bank by the Central Bank of Sri Lanka. The foreign exchange exposures in individual currencies are managed according to the limits approved by the Board of Directors.

Notes to the Financial Statements

43. RISK MANAGEMENT (CONTD.)

43.7 Currency Risk

Currency risk arises as a result of price fluctuations in assets due to change in exchange rates. The Board of Directors has set limits for currency wise exposures. The currency exposures are monitored on a daily basis as required by the Risk Management policy of the Bank.

The table below indicates the exposures in currencies the Bank carried as at 31.12.2022 and the effect of the gains/losses if the market rates appreciate/depreciate by 5%. The calculation indicates a reasonably practical movement of currency rates against Sri Lankan Rupees.

If market rates appreciate or depreciate by 5% the effect of the same to the exchange gain/(loss) would be:

| Currency | 2022 | | 2021 | |
|-----------------------|------------------------|------------------------|------------------------|------------------------|
| | 5% Appreciation Rs. | 5% Depreciation Rs. | 5% Appreciation Rs. | 5% Depreciation Rs. |
| Australian Dollars | 931,879 | (931,879) | (13,610) | 13,610 |
| Great Britain Pounds | 1,323,831 | (1,323,831) | (235,700) | 235,700 |
| Japanese Yen | 369,323 | (369,323) | 81,816 | (81,816) |
| United States Dollars | (171,582) | 171,582 | (2,185) | 2,185 |
| Other Currencies | 7,794,427 | (7,794,427) | 2,738,648 | (2,738,648) |
| Total | 10,247,878 | (10,247,878) | 2,568,969 | (2,568,969) |

43.8 Equity Price Risk

Equity price risk arises due to changes in individual equity prices.

The Board of Directors of the Bank has laid down sector, portfolio and loss limits to control and mitigate the risks of the equity portfolio. The Bank also adheres to the guidelines issued by Central Bank of Sri Lanka regarding the exposure to a single entity and the total exposure limit for the equity portfolio. The performance of the equity portfolio is monitored by the Equity Investment Committee (EIC), ALCO and the Board of Directors. The Bank engages in transactions only in white-listed equities.

Daily Mark-to-Market of portfolios are carried out based on the weighted average closing prices of the Colombo Stock Exchange.

| 44. MATURITY ANALYSIS | | | | | | |
|---|--------------------------|-------------------------|-----------------------|------------------------|------------------------|------------------------|
| As at 31 December 2022 | Up to 3 Months Rs. | 3 - 12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Total Rs. |
| Cash and Cash Equivalents | 22,603,294,374 | - | - | - | - | 22,603,294,374 |
| Balance with Central Bank of Sri Lanka | 3,428,784,019 | 913,752,569 | 393,744,540 | 206,398,032 | 142,999,903 | 5,085,679,063 |
| Placements with Banks | 10,202,904,092 | 5,117,388,356 | 9,250,000,000 | - | - | 24,570,292,448 |
| Placements with Licensed Finance Companies | 77,154 | - | - | - | - | 77,154 |
| Derivative Financial Assets | 56,208,335 | 14,525,001 | - | - | - | 70,733,336 |
| Financial Assets Recognised Through Fair Value through Profit or Loss | 59,561,097 | - | - | - | - | 59,561,097 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 28,664,249,096 | 29,765,212,353 | 12,946,377,274 | 6,260,794,328 | 5,549,283,490 | 83,185,916,541 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | 332,504,996 | 332,504,996 |
| Other Assets - Financial | 1,336,908,929 | 906,461,154 | 35,195,630 | 45,000,000 | - | 2,323,565,713 |
| Property, Plant, Equipment And Right-of-Use Assets | - | - | - | - | 2,466,761,457 | 2,466,761,457 |
| Intangible Assets | - | - | - | - | 319,253,349 | 319,253,349 |
| Other Assets - Non Financial | 120,189,184 | 132,596,814 | 9,681,489 | - | - | 262,467,487 |
| Deferred Tax Assets | - | - | - | - | 407,785,544 | 407,785,544 |
| Total Assets | 66,472,176,280 | 36,849,936,247 | 22,634,998,933 | 6,512,192,360 | 9,218,588,739 | 141,687,892,559 |
| Liabilities | | | | | | |
| Due to Banks | 7,445,353,076 | 4,411,369,859 | - | - | - | 11,856,722,935 |
| Derivative Financial Liabilities | 20,880,000 | - | - | - | - | 20,880,000 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 38,161,435,602 | 41,080,007,891 | 17,725,446,895 | 9,247,126,195 | 6,332,000,646 | 112,546,017,229 |
| Other Liabilities - Financial | 1,997,769,830 | 11,449,796 | 32,747,806 | - | - | 2,041,967,432 |
| Current Tax Liabilities | 131,186,060 | 514,420,405 | - | - | - | 645,606,465 |
| Dividend Payable | 6,351,708 | - | - | - | - | 6,351,708 |
| Retirement Benefit Liability | - | - | - | - | 109,411,635 | 109,411,635 |
| Other Liabilities - Non Financial | 99,580,091 | - | - | - | - | 99,580,091 |
| Total Liabilities | 47,862,556,367 | 46,017,247,951 | 17,758,194,701 | 9,247,126,195 | 6,441,412,281 | 127,326,537,495 |
| Maturity Gap | 18,609,619,913 | (9,167,311,704) | 4,876,804,232 | (2,734,933,835) | 2,777,176,458 | 14,361,355,064 |

Notes to the Financial Statements

| 44. MATURITY ANALYSIS (CONTD.) | | | | | | |
|---|--------------------------|-------------------------|-----------------------|-----------------------|------------------------|------------------------|
| As at 31 December 2021 | Up to 3 Months Rs. | 3 - 12 Months Rs. | 1 - 3 Years Rs. | 3 - 5 Years Rs. | Over 5 Years Rs. | Total Rs. |
| Cash and Cash Equivalents | 8,673,811,858 | - | - | - | - | 8,673,811,858 |
| Balance with Central Bank of Sri Lanka | 2,573,915,254 | 1,376,867,407 | 420,044,142 | 275,814,425 | 153,385,365 | 4,800,026,593 |
| Placements with Banks | 160,010 | 18,052,109,398 | 6,750,000,000 | 2,500,000,000 | - | 27,302,269,408 |
| Placements with Licensed Finance Companies | 73,341 | - | - | - | - | 73,341 |
| Derivative Financial Assets | 11,481,665 | 498,584,545 | - | - | - | 510,066,210 |
| Financial Assets Recognised Through Fair Value through Profit or Loss | 64,634,084 | - | - | - | - | 64,634,084 |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 13,287,689,818 | 35,191,272,555 | 14,687,017,589 | 7,251,949,557 | 5,398,467,804 | 75,816,397,323 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | - | - | - | - | 346,009,586 | 346,009,586 |
| Other Financial Assets | 713,317,488 | 417,253,237 | 34,215,630 | 49,209,731 | - | 1,213,996,086 |
| Property, Plant, Equipment And Right-of-Use Assets | - | - | - | - | 2,447,149,785 | 2,447,149,785 |
| Intangible Assets | - | - | - | - | 232,834,506 | 232,834,506 |
| Other Assets - Non Financial | 243,243,186 | 206,319,839 | - | - | - | 449,563,025 |
| Deferred Tax Assets | - | - | - | - | 52,071,523 | 52,071,523 |
| Total Assets | 25,568,326,704 | 55,742,406,981 | 21,891,277,361 | 10,076,973,713 | 8,629,918,569 | 121,908,903,328 |
| Liabilities | | | | | | |
| Due to Banks | 1,125,040,978 | 7,884,945,205 | - | - | - | 9,009,986,183 |
| Derivative Financial Liabilities | 55,104,807 | 728,094,975 | - | - | - | 783,199,782 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 10,250,185,231 | 53,210,314,332 | 16,172,016,870 | 10,604,929,209 | 5,920,330,474 | 96,157,776,116 |
| Other Liabilities - Financial | 1,665,454,096 | 10,250,092 | 20,422,792 | - | - | 1,696,126,980 |
| Current tax liabilities | - | 419,795,391 | - | - | - | 419,795,391 |
| Dividend Payable | 6,459,073 | - | - | - | - | 6,459,073 |
| Deferred Tax Liability | - | - | - | - | - | - |
| Retirement Benefit Liability | - | - | - | - | 131,081,167 | 131,081,167 |
| Other Liabilities - Non Financial | 65,944,501 | - | - | - | - | 65,944,501 |
| Total Liabilities | 13,168,188,686 | 62,253,399,995 | 16,192,439,662 | 10,604,929,209 | 6,051,411,641 | 108,270,369,193 |
| Maturity Gap | 12,400,138,018 | (6,510,993,014) | 5,698,837,699 | (527,955,496) | 2,578,506,928 | 13,638,534,135 |

45. COMMITMENTS AND CONTINGENCIES**45.1 Capital Expenditure Commitments**

The Bank does not have significant capital commitments as at the reporting date.

45.2 Contingencies

In the normal course of business the Bank makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations are not recognised on the statement of financial position, they do contain credit risk and therefore form part of the overall risk profile of the Bank.

| As at 31 December 2022 | Note | Stage 1 Rs. | Stage 2 Rs. | Stage 3 Rs. | Total Rs. |
|---|--------|----------------|----------------|----------------|----------------|
| Commitments on Direct Advances and Indirect Advances | | | | | |
| Commitments for Unutilised Facilities | | 6,224,291,396 | 2,191,004,355 | 63,383,967 | 8,478,679,718 |
| | | 6,224,291,396 | 2,191,004,355 | 63,383,967 | 8,478,679,718 |
| Contingent Liabilities | | | | | |
| Letters of Credit | | 424,370,724 | 38,394,659 | 32,783,965 | 495,549,348 |
| Guarantees and Bonds | | 4,630,236,887 | 258,387,371 | | 4,888,624,258 |
| Outward Clearing Cheques | 45.2.1 | 902,610,532 | | | 902,610,532 |
| Acceptances | | 3,104,455,436 | 305,781,483 | | 3,410,236,919 |
| Bills for Collection and Others | | 1,819,382,680 | 357,819,786 | | 2,177,202,466 |
| | | 10,881,056,259 | 960,383,299 | 32,783,965 | 11,874,223,523 |
| Gross Credit related Commitments and Contingencies | | 17,105,347,655 | 3,151,387,654 | 96,167,932 | 20,352,903,241 |
| Impairment for Expected Credit Losses | 45.2.2 | (61,469,460) | (25,480,231) | (7,668,582) | (94,618,273) |
| Net Credit related Commitments and Contingencies | | 17,043,878,195 | 3,125,907,423 | 88,499,350 | 20,258,284,968 |
| Promissory Forward Foreign Exchange Transactions | | | | | |
| Promissory Forward Sales | | | | | 4,693,278,332 |
| Promissory Forward Purchases | | | | | 9,142,750,000 |
| | | | | | 13,836,028,332 |
| Total Commitments and Contingencies | | | | | 34,094,313,300 |

45.2.1 Outward Clearing Cheques represent the cheques deposited in current accounts but pending realisation from clearing as at the reporting date.

Notes to the Financial Statements

45. COMMITMENTS AND CONTINGENCIES (CONTD.)

45.2 Contingencies (Contd.)

45.2.2 Impairment Allowance for Commitment and Contingencies

| | 2022 Rs. | 2021 Rs. |
|----------------------------------|-------------|-------------|
| ECL Allowance as at 1 January | 15,956,388 | 4,562,566 |
| Charge/(Write Back) for the year | 78,661,888 | 11,393,822 |
| Amounts Written Off | - | - |
| As at 31 December | 94,618,276 | 15,956,388 |

The table below shows the total Commitment and Contingencies as at 31 December 2021

| As at 31 December | Note | Stage 1 Rs. | Stage 2 Rs. | Stage 3 Rs. | Total Rs. |
|--|--------|----------------|----------------|----------------|----------------|
| Commitments on Direct Advances and Indirect Advances: | | | | | |
| Commitments for Unutilised Facilities | | 13,812,855,560 | 698,602,941 | 46,948,894 | 14,558,407,395 |
| | | 13,812,855,560 | 698,602,941 | 46,948,894 | 14,558,407,395 |
| Contingent Liabilities | | | | | |
| Letters of Credit | | 2,821,716,961 | - | - | 2,821,716,961 |
| Guarantees and Bonds | | 3,343,142,964 | 21,699,000 | 14,200,000 | 3,379,041,964 |
| Outward Clearing Cheques | 45.2.1 | 618,210,754 | - | - | 618,210,754 |
| Acceptances | | 2,738,982,675 | 6,926,800 | - | 2,745,909,475 |
| Bills for Collection and Other | | 1,634,516,623 | - | 5,642,619 | 1,640,159,242 |
| | | 11,156,569,977 | 28,625,800 | 19,842,619 | 11,205,038,396 |
| Gross Credit related Commitments and Contingencies | | | | | |
| Impairment for Expected Credit Losses | 45.2.2 | (15,533,335) | (395,619) | (27,431) | (15,956,385) |
| Net Credit related Commitments and Contingencies | | 24,953,892,202 | 726,833,122 | 66,764,082 | 25,747,489,406 |
| Promissory Forward Foreign Exchange Transactions | | | | | |
| Promissory Forward Sales | | | | | 18,641,544,048 |
| Promissory Forward Purchases | | | | | 23,412,293,995 |
| | | | | | 42,053,838,043 |
| | | | | | |
| Total Commitment and Contingencies | | | | | 67,801,327,449 |

45.3 Lease Receivables

| As at 31 December 2022 | Total Future Minimum Payments Rs. | Unearned Finance Income Rs. | Present Value of Minimum Lease Payment Rs. |
|------------------------|--------------------------------------|--------------------------------|---|
| 0 - 1 Year | 2,387,677,954 | 463,408,068 | 1,924,269,886 |
| 1 - 5 Years | 2,627,634,478 | 371,429,946 | 2,256,204,532 |
| More than 5 Years | 9,910,953 | 549,176 | 9,361,777 |
| | 5,025,223,385 | 835,387,190 | 4,189,836,195 |

| As at 31 December 2021 | Total Future Minimum Payments Rs. | Unearned Finance Income Rs. | Present Value of Minimum Lease Payment Rs. |
|------------------------|--------------------------------------|--------------------------------|---|
| 0 - 1 Year | 2,585,599,713 | 398,343,743 | 2,187,255,970 |
| 1 - 5 Years | 3,261,044,389 | 499,273,320 | 2,761,771,069 |
| More than 5 Years | 10,792,974 | 1,594,233 | 9,198,741 |
| | 5,857,437,076 | 899,211,296 | 4,958,225,780 |

Notes to the Financial Statements

46. RELATED PARTY DISCLOSURES

The Bank carries out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties as defined under LKAS 24 "Related Party Disclosures".

The pricing applicable to such transactions is based on the risk profile and the pricing model of the Bank which is in line with what is applied to transactions between the Bank and its non-related customers.

46.1 Parent and Ultimate controlling party

The Bank does not have an identifiable parent of its own.

46.2 Transactions with Key Management Personnel (KMPs)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of that entity.

Accordingly the Bank's KMPs include the Board of Directors and selected key employees who meet the criteria above.

Key Management Personnel Compensation

| Year ended 31 December | 2022 Rs. | 2021 Rs. |
|--|--------------------|-------------------|
| Short-term Employee Benefits including Director's Emoluments | 128,579,762 | 73,852,732 |
| Total | 128,579,762 | 73,852,732 |

No other benefits have been paid to KMPs other than those which are statutory in nature.

46.3 Transactions, Arrangements and Agreements involving KMPs & their Close family members (CFMs)

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include: the individual's domestic partner and children; children of the individual's domestic partner; and dependents of the individual or the individual's domestic partner.

Statement of Financial Position

| As at 31 December | 2022 Rs. | 2021 Rs. |
|--|-------------|-------------|
| Financing and Receivables to Other Customers | 50,378,909 | 26,414,299 |
| Due to Depositors | 94,994,142 | 28,471,739 |
| Statement of Profit or Loss | | |
| Financing Income | 2,539,900 | 1,428,419 |
| Financing Expenses | 3,997,624 | 1,273,601 |
| Scrip Dividend | 1,855 | 1,793 |

Terms and Conditions of Transactions with Related Parties

The above mentioned outstanding balances arose from the ordinary course of business. The rates charged from/paid to related parties are at normal commercial rates.

46.4 Transaction, Arrangements & Agreements Involving Entities which are Controlled and Jointly controlled by the KMPs or their CFMs.

In addition to transactions with Key Management Personnel and their Close Family Members, the Bank enters into transactions, arrangements and agreements with entities which are controlled and jointly controlled by the KMPs or their CFMs over the Bank. The transactions below were made in the ordinary course of business on substantially the same terms, including financing/commission rates and security, as for comparable transactions with unrelated counterparties. The Bank has not made any provision for impairment losses on amounts owed by related parties.

Statement of Financial Position

| As at 31 December | 2022 Rs. | 2021 Rs. |
|------------------------------------|-------------|-------------|
| Due to Depositors | 385,812,569 | - |
| Statement of Profit or Loss | | |
| Financing Expenses | 19,538,180 | - |

47. EVENTS AFTER REPORTING DATE

There were no events after the reporting date which requires adjustments or disclosures in the Financial Statements.

48. CAPITAL

The Bank maintains an actively managed capital base to cover risks inherent in the business and meet the capital requirements of the local prudential regulator, Central Bank of Sri Lanka. The adequacy of the Bank's Capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Central Bank of Sri Lanka.

Capital Management

The Bank's capital management objectives can be summarised as follows:

- 1 Maintain sufficient capital to meet minimum regulatory capital requirements.
- 2 Hold sufficient capital to support the Bank's risk appetite.
- 3 Allocate capital to businesses to support the Bank's strategic objectives.
- 4 Ensure that the Bank maintains capital in order to achieve rating objectives and withstand the impact of potential stress events.

Notes to the Financial Statements

48. CAPITAL (CONTD.)

Regulatory Capital

The Bank manages its capital considering regulatory capital requirements. The Central Bank of Sri Lanka (CBSL) sets and monitors Capital Requirements for Licensed Banks in Sri Lanka based on the Basel Framework. Thus the Bank's operations are directly supervised by the CBSL and the Bank is required to comply with the provisions of the Basel III framework in respect of Regulatory Capital and capital to cover any additional risk. Commercial banks in Sri Lanka with total assets of less than Rs. 500 billion need to maintain a minimum Common Equity Tier 1 Capital Ratio of 7.00% (2021 - 7.00%) and minimum Total Capital Ratio of 12.50% (2021 - 12.50%) for the year 2022. The Bank has maintained its Capital Ratios well above the regulatory minimum.

Enhancement of Minimum Capital Requirement

In accordance with Central Bank of Sri Lanka's Direction issued regarding enhancement of minimum capital requirement, all locally incorporated licensed commercial banks should enhance their capital funds to Rs. 20 billion. Due to the challenging macroeconomic conditions that prevailed during the year, Central Bank of Sri Lanka extended the deadline of the above requirement from 31 December 2022 to 31 December 2023. In line with this, the Bank is in the process of taking necessary steps to augment its capital base and fulfill the minimum capital requirement before the specified deadline.

Economic/Operating Environment

The local economy, having faced unprecedented challenges, contracted in 2022. With macroeconomic variables weakening during the year, the country as a whole had to grapple with several challenges the most crucial of which were declining foreign reserves in an import driven economy which led to a shortage of foreign exchange and a sharp depreciation of the rupee, non-repayment of debt resulting in sovereign credit-rating downgrades, a sudden spike in market interest rates and high rates of inflation.

The regulatory authorities adopted various fiscal and monetary policy measures to halt the economic downturn, the results of which are progressively becoming evident with the decline in foreign reserves being arrested, the rupee stabilising and inflation easing to some extent by end of the year. The Government's plan to seek assistance from IMF is also progressing, as it seeks to unlock a USD 2.9 billion loan, with the initial staff level agreement signed off in September 2022 and the possibility of on going negotiations concluding with the country's bilateral creditors before March 2023.

In this backdrop, the Bank took prudent measures to remain resilient in the face of such external shocks and maintain stability even at heightened levels of economic uncertainty. Capital and liquidity buffers were strengthened to satisfy the needs of the Bank's stakeholders which were duly honoured in a prompt manner. In terms of credit buffers, the Bank increased its impairment provisions significantly, over and above expected credit losses considering the current market conditions and the potential impact on businesses including from the new tax legislations that have been introduced.

49. MATERIAL LITIGATION AGAINST THE BANK

In the normal course of business, the Bank has recourse to litigation for purposes of recovery of facilities when there are customers who have not honoured the terms and conditions stipulated in their respective facility documentation and where parate procedure is not available. On the other hand, there are actions instituted against the Bank as well. In all these cases Bank obtains professional advise and adjustments are made to the Financial Statements, if required.

The Bank is of the opinion that all such litigation which is currently pending will not have a material impact on the Financial Statements reported herein or the assumption of going concern of the Bank.

50. DIVIDENDS

| Year ended 31 December | 2022 Rs. | 2021 Rs. |
|-----------------------------|-------------|-------------|
| Dividends declared - Cash | - | - |
| Dividends declared - Scrip | 269,115,119 | 260,144,613 |
| Dividend per Ordinary Share | 0.10 | 0.10 |

Ten Years at a Glance

| For the Year ended 31 December | 2022 LKR | 2021 LKR | 2020 LKR |
|--|----------------|---------------|---------------|
| Operating Results | | | |
| Financing Income | 12,113,112,544 | 7,674,186,731 | 7,211,643,435 |
| Financing Expenses | 7,344,487,821 | 3,418,693,290 | 3,757,313,167 |
| Net Financing Income | 4,768,624,723 | 4,255,493,441 | 3,454,330,268 |
| Net Fee and Commission Income | 750,312,668 | 401,922,403 | 328,562,743 |
| Net Trading Income | 864,699,138 | 155,105,107 | 444,376,037 |
| Net Gains/(Losses) from Financial Investments at Fair Value Through Profit or Loss | (21,646,296) | (7,013,153) | 3,260,627 |
| Net Gains/(Losses) from Derecognition of Financial Assets | (1,453,173) | (11,732,213) | 928,646 |
| Net Other Operating Income | 5,159,290 | 5,226,813 | 2,302,448 |
| Total Operating Income | 6,365,696,350 | 4,799,002,398 | 4,233,760,769 |
| Impairment on Financial Assets | 1,638,483,485 | 784,952,089 | 513,726,961 |
| Net Operating Income | 4,727,212,865 | 4,014,050,309 | 3,720,033,808 |
| Personnel Expenses | 1,488,370,644 | 1,399,260,032 | 1,446,138,333 |
| Depreciation of Property, Plant, Equipment and Right-of-Use Assets | 274,607,079 | 279,632,013 | 281,177,308 |
| Amortisation of Intangible Assets | 51,327,168 | 58,685,409 | 70,374,848 |
| Other Operating Expenses | 1,176,643,239 | 831,827,820 | 767,727,520 |
| Total Operating Expenses | 2,990,948,130 | 2,569,405,274 | 2,565,418,009 |
| Operating Profit/(Loss) Before VAT on Financial Services and Other Taxes | 1,736,264,735 | 1,444,645,035 | 1,154,615,799 |
| VAT on Financial Services and Other Taxes | 528,989,373 | 363,632,453 | 393,167,272 |
| Profit/(Loss) Before Tax | 1,207,275,362 | 1,081,012,582 | 761,448,527 |
| Tax Expenses/(Reversal) | 419,098,458 | 256,314,684 | 297,753,065 |
| Profit/(Loss) for the Year | 788,176,904 | 824,697,898 | 463,695,462 |

Supplementary Information

| 2019 LKR | 2018 LKR | 2017 LKR | 2016 LKR | 2015 LKR | 2014 LKR | 2013 LKR |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 7,709,286,294 | 6,883,221,870 | 5,544,237,256 | 4,039,624,179 | 2,885,931,540 | 2,407,652,724 | 1,768,061,705 |
| 4,544,370,605 | 3,522,889,356 | 2,790,618,052 | 2,115,335,249 | 1,405,258,772 | 1,198,032,200 | 1,050,007,868 |
| 3,164,915,689 | 3,360,332,514 | 2,753,619,204 | 1,924,288,930 | 1,480,672,768 | 1,209,620,524 | 718,053,837 |
| 329,040,746 | 297,048,806 | 236,134,326 | 246,568,285 | 168,555,950 | 138,484,328 | 100,223,308 |
| 738,397,355 | 461,155,830 | 388,699,264 | 257,454,611 | 390,234,591 | 287,377,278 | 219,719,256 |
| 4,862,561 | (22,436,152) | - | - | - | - | - |
| 11,150,575 | 1,892,185 | - | - | - | - | - |
| 8,251,376 | 6,662,241 | 9,467,520 | 4,961,144 | 27,659,037 | 33,213,115 | 21,579,603 |
| 4,256,618,302 | 4,104,655,424 | 3,387,920,314 | 2,433,272,970 | 2,067,122,346 | 1,668,695,245 | 1,059,576,004 |
| 288,928,583 | 476,765,687 | 289,782,674 | 217,177,926 | 2,817,355 | 94,680,026 | 100,820,541 |
| 3,967,689,719 | 3,627,889,737 | 3,098,137,640 | 2,216,095,044 | 2,064,304,991 | 1,574,015,219 | 958,755,463 |
| 1,381,445,709 | 1,246,223,287 | 1,095,792,424 | 1,025,032,323 | 896,614,338 | 858,179,900 | 720,351,418 |
| 256,195,369 | 126,685,717 | 148,879,193 | 162,620,642 | 150,818,192 | 150,665,594 | 121,287,043 |
| 51,025,609 | 47,939,212 | 48,967,708 | 78,634,792 | 40,881,465 | 39,373,883 | 36,995,102 |
| 902,349,033 | 884,804,269 | 745,933,727 | 678,729,131 | 605,026,871 | 526,776,102 | 504,942,745 |
| 2,591,015,720 | 2,305,652,485 | 2,039,573,052 | 1,945,016,888 | 1,693,340,866 | 1,574,995,479 | 1,383,576,308 |
| 1,376,673,999 | 1,322,237,252 | 1,058,564,588 | 271,078,156 | 370,964,125 | (980,260) | (424,820,845) |
| 531,825,986 | 420,038,265 | 319,245,989 | 168,266,306 | 152,248,222 | 79,288,996 | 13,184,143 |
| 844,848,013 | 902,198,987 | 739,318,599 | 102,811,850 | 218,715,903 | (80,269,256) | (438,004,988) |
| 383,916,616 | 345,753,279 | 236,490,936 | 62,171,499 | 60,086,657 | - | (120,971,087) |
| 460,931,397 | 556,445,708 | 502,827,663 | 40,640,351 | 158,629,246 | (80,269,256) | (317,033,901) |

Ten Years at a Glance

| As at 31 December | 2022 LKR | 2021 LKR | 2020 LKR |
|---|------------------------|------------------------|------------------------|
| Assets | | | |
| Cash and Cash Equivalents | 22,603,294,374 | 8,673,811,858 | 6,859,970,358 |
| Balance with Central Bank of Sri Lanka | 5,085,679,063 | 4,800,026,593 | 11,410,470,563 |
| Placements with Banks | 24,570,292,448 | 27,302,269,408 | 11,580,356,721 |
| Placements with Licensed Finance Companies | 77,154 | 73,341 | 3,108,069,281 |
| Derivative Financial Assets | 70,733,336 | 510,066,210 | 228,515,144 |
| Financial Assets Recognised Through Profit or Loss - Measured at Fair Value | 59,561,097 | 64,634,084 | 55,921,805 |
| Financial Investments - Held for Trading | - | - | - |
| Financial Assets at Amortised Cost - Financing and Receivables to Other Customers | 83,185,916,541 | 75,816,397,323 | 62,566,964,280 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 332,504,996 | 346,009,586 | 291,991,226 |
| Financial Investments - Available for Sale | - | - | - |
| Other Assets - Financial | 2,323,565,713 | 1,213,996,086 | 1,048,477,201 |
| Property, Plant, Equipment and Right-of-Use Assets | 2,466,761,457 | 2,447,149,785 | 2,354,607,910 |
| Intangible Assets | 319,253,349 | 232,834,506 | 257,240,323 |
| Deferred Tax Assets | 407,785,544 | 52,071,523 | - |
| Other Assets - Non Financial | 262,467,487 | 449,563,025 | 409,782,983 |
| Total Assets | 141,687,892,559 | 121,908,903,328 | 100,172,367,795 |
| Liabilities | | | |
| Due to Banks | 11,856,722,935 | 9,009,986,183 | 1,967,893,100 |
| Derivative Financial Liabilities | 20,880,000 | 783,199,782 | 111,881,845 |
| Financial Liabilities at Amortised Cost - Due to Depositors | 112,546,017,229 | 96,157,776,116 | 83,554,240,988 |
| Other Liabilities - Financial | 2,041,967,432 | 1,696,126,980 | 1,287,362,598 |
| Current Tax Liabilities | 645,606,465 | 419,795,391 | 420,490,984 |
| Dividend Payable | 6,351,708 | 6,459,073 | 6,526,286 |
| Deferred Tax Liability | - | - | 70,265,535 |
| Retirement Benefit Liability | 109,411,635 | 131,081,167 | 170,664,374 |
| Other Liabilities - Non Financial | 99,580,091 | 65,944,501 | 115,763,735 |
| Total Liabilities | 127,326,537,495 | 108,270,369,193 | 87,705,089,445 |
| Shareholders' Funds | | | |
| Stated Capital | 11,348,821,130 | 11,079,706,011 | 10,819,561,398 |
| Reserves | 3,012,533,934 | 2,558,828,124 | 1,647,716,952 |
| Total Equity | 14,361,355,064 | 13,638,534,135 | 12,467,278,350 |
| Total Liabilities and Shareholders' Funds | 141,687,892,559 | 121,908,903,328 | 100,172,367,795 |
| Commitments and Contingencies | 34,094,313,300 | 67,801,327,449 | 65,337,219,792 |
| Share/Other Information | | | |
| Earnings/(Loss) per Share - Basic/Diluted | 0.28 | 0.30 | 0.17 |
| Net Assets Value per Share | 5.16 | 5.07 | 4.79 |
| Dividends Paid | 269,115,119 | 260,144,613 | 200,111,242 |
| Dividend per Share | 0.10 | 0.10 | 0.08 |
| Dividend Pay Out Ratio (%) | 34.14 | 31.54 | 43.15 |

Supplementary Information

| 2019 LKR | 2018 LKR | 2017 LKR | 2016 LKR | 2015 LKR | 2014 LKR | 2013 LKR |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 10,067,003,265 | 5,338,090,636 | 5,859,766,950 | 5,686,924,056 | 5,016,458,817 | 1,627,383,695 | 2,444,552,371 |
| 3,448,797,331 | 3,543,444,781 | 4,127,811,572 | 2,816,770,223 | 2,292,887,937 | 1,036,425,974 | 685,320,420 |
| 10,625,183,324 | 9,264,699,249 | 5,285,796,238 | 4,662,466,350 | 3,624,928,993 | 3,306,210,009 | 1,737,895,772 |
| 12,053,159 | 2,427,970,097 | 2,112,166,496 | 20,517 | 954,528,071 | 1,172,213,115 | 661,958,238 |
| 226,091,973 | 445,732,740 | 127,616,662 | 59,483,044 | 61,037,310 | 23,269,364 | 21,470,669 |
| 72,789,000 | 113,249,108 | - | - | - | - | - |
| - | - | 41,645,557 | 45,181,589 | 59,474,357 | 48,998,818 | 175,334,631 |
| 57,716,960,999 | 52,853,663,356 | 42,914,143,571 | 38,451,662,449 | 33,073,596,195 | 25,426,941,810 | 15,015,318,081 |
| 146,141,654 | 186,655,424 | - | - | - | - | - |
| - | - | 323,264,501 | 394,775,149 | 432,056,080 | 427,582,574 | 600,337,971 |
| 888,380,624 | 585,704,833 | 388,890,295 | 307,321,725 | 315,749,183 | 295,502,221 | 519,546,392 |
| 2,505,901,129 | 1,890,194,155 | 1,795,135,517 | 1,247,590,879 | 1,271,732,452 | 794,829,469 | 852,960,574 |
| 237,074,723 | 238,311,383 | 230,675,871 | 269,376,298 | 236,502,947 | 270,615,476 | 283,027,619 |
| - | - | - | 146,355,559 | 145,702,993 | 161,426,033 | 159,355,340 |
| 633,193,251 | 382,051,706 | 333,169,325 | 227,058,761 | 257,216,898 | 306,189,958 | 240,777,613 |
| 86,579,570,432 | 77,269,767,468 | 63,540,082,555 | 54,314,986,599 | 47,741,872,233 | 34,897,588,516 | 23,397,855,691 |
| 1,103,040,822 | 1,210,204,847 | - | 751,963,513 | 2,955,277,882 | - | - |
| 56,478,657 | 1,441,005,622 | 29,924,292 | 98,341,433 | 67,405,185 | 7,844,969 | 3,130,759 |
| 71,614,753,475 | 61,722,682,595 | 50,922,561,081 | 46,915,289,690 | 38,467,460,755 | 29,224,330,525 | 17,983,111,581 |
| 1,110,537,746 | 480,628,881 | 680,470,646 | 566,565,119 | 341,597,683 | 557,363,638 | 290,819,822 |
| 402,511,650 | 330,606,614 | 187,075,365 | 80,814,263 | 58,684,717 | - | - |
| 6,891,441 | 3,562,069 | - | - | - | - | - |
| 194,314,961 | 221,536,935 | 216,241,918 | - | - | - | - |
| 144,987,628 | 127,517,726 | 119,241,024 | 82,606,302 | 74,070,679 | 58,202,580 | 45,071,342 |
| 92,486,021 | 97,921,864 | 70,765,834 | 31,360,761 | 54,378,732 | 23,607,873 | 13,688,807 |
| 74,726,002,401 | 65,635,667,153 | 52,226,280,160 | 48,526,941,081 | 42,018,875,633 | 29,871,349,585 | 18,335,822,311 |
| 10,619,450,156 | 10,619,450,156 | 10,619,450,156 | 5,866,808,141 | 5,866,808,141 | 5,866,808,141 | 5,866,808,141 |
| 1,234,117,875 | 1,014,650,159 | 694,352,239 | (78,762,623) | (143,811,541) | (840,569,210) | (804,774,761) |
| 11,853,568,031 | 11,634,100,315 | 11,313,802,395 | 5,788,045,518 | 5,722,996,600 | 5,026,238,931 | 5,062,033,380 |
| 86,579,570,432 | 77,269,767,468 | 63,540,082,555 | 54,314,986,599 | 47,741,872,233 | 34,897,588,516 | 23,397,855,691 |
| 54,012,976,973 | 46,485,430,714 | 27,813,190,776 | 26,191,124,490 | 18,272,602,735 | 14,978,855,627 | 7,641,018,045 |
| 0.18 | 0.22 | 0.29 | 0.03 | 0.13 | (0.06) | (0.33) |
| 4.74 | 4.65 | 4.52 | 4.63 | 4.58 | 4.02 | 4.99 |
| 200,111,243 | 175,097,337 | - | - | - | - | - |
| 0.08 | 0.07 | - | - | - | - | - |
| 43.41 | 31.46 | - | - | - | - | - |

Compliance with Disclosure Requirements of Central Bank of Sri Lanka

The following explains the Disclosure Requirements under the prescribed format issued by the Central Bank of Sri Lanka for the Preparation of Annual Financial Statements of Licensed Commercial Banks.

| 1. INFORMATION ABOUT THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS FOR FINANCIAL POSITION AND PERFORMANCE | | |
|--|--|---|
| 1.1 Statement of Financial Position | | |
| 1.1.1 | Disclosures on categories of financial assets and financial liabilities. | Note 16 to the Financial Statements - Analysis of Financial Instruments by Measurement Basis. |
| 1.1.2 | Other Disclosures | |
| | (i) Special disclosures about financial assets and financial liabilities designated to be measured at Fair value through profit or loss, including disclosures about credit risk and market risk, changes in fair values attributable to these risks and the methods of measurement. | Note 42 to the Financial Statements - Fair Value of Financial Assets and Liabilities. |
| | (ii) Reclassifications of financial instruments from one category to another. | Not Applicable. |
| | (iii) Information about financial assets pledged as collateral and about financial or non-financial assets held as collateral. | Not Applicable. |
| | (iv) Reconciliation of the impairment allowance account for credit losses by class of financial assets. | Note 17.2 to the Financial Statements - Impairment Allowance for Balances with Banks Note 19.1 to the Financial Statements - Impairment Allowance for Placements with Banks Note 20.1 to the Financial Statements - Impairment Allowance for Licensed Finance Companies Note 23.4 to the Financial Statements - Impairment Allowance for Financing and Receivables to Other Customers. |
| | (v) Information about compound financial instruments with multiple embedded derivatives. | Not Applicable. |
| | (vi) Breaches of terms of financing agreements. | None. |
| 1.2 Statement of Comprehensive Income | | |
| 1.2.1 | Disclosures on items of income, expense, gains and losses. | Notes 4 - 14 to the Financial Statements. |
| 1.2.2 | Other Disclosures | |
| | (i) Total financing income and total financing expense for those financial instruments that are not measured at fair value through profit and loss. | Notes 4 and 5 to the Financial Statements - Financing Income and Financing Expenses respectively. |
| | (ii) Fee income and expense. | Note 6 to the Financial Statements - Net Fee and Commission Income. |
| | (iii) Amount of impairment losses by class of financial assets. | Note 11 to the Financial Statements - Impairment on Financial Assets. |
| | (iv) Financing income on impaired financial assets. | Note 4 to the Financial Statements - Financing Income. |

| 1.3 Other Disclosures | | |
|--|---|--|
| 1.3.1 | Accounting policies for financial instruments. | Note 2.3 to the Financial Statements - Summary of Significant Accounting Policies. |
| 1.3.2 | Financial liabilities designated as at FVTPL | |
| | (i) If a bank is presenting the effects of changes in that financial liability's credit risk in other comprehensive income (OCI): | } Not Applicable. |
| | <ul style="list-style-type: none"> ◆ any transfers of the cumulative gain/loss within equity during the period, including the reasons for the transfers; ◆ if the liability is derecognised during the period, then the amount (if any) presented in OCI that was realised at derecognition; ◆ detailed description of the methodologies used to determine whether presenting the effects of changes in a liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss; and | |
| (ii) Detailed description, if the effects of changes in a liability's credit risk are presented in profit or loss. | | |
| 1.3.3 | Investments in equity instruments designated as at FVOCI | |
| | (i) Details of equity instruments that have been designated as at FVOCI and the reasons for the designation; | Notes 2.3.3 d (iii) and 24 to the Financial Statements - Financial Assets Measured at Fair Value Through Other Comprehensive Income and Financial Assets Measured at Fair Value Through Other Comprehensive Income respectively. |
| | (ii) Fair value of each investment at the reporting date; | Note 24 to the Financial Statements - Financial Assets Measured at Fair Value Through Other Comprehensive Income. |
| | (iii) Dividends recognised during the period, separately for investments derecognised during the reporting period and those held at the reporting date; | Not Applicable. |
| | (iv) Any transfers of the cumulative gain or loss within equity during the period and the reasons for those transfers; | Not Applicable. |
| | (v) If investments in equity instruments measured at FVOCI are derecognised during the reporting period, | } Not Applicable. |
| <ul style="list-style-type: none"> ◆ reasons for disposing of the investments; ◆ fair value of the investments at the date of derecognition; and ◆ the cumulative gain or loss on disposal. | | |

Compliance with Disclosure Requirements of Central Bank of Sri Lanka

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|--|--|---|
| 1.3.4 | Reclassifications of financial assets | |
| | (i) For all reclassifications of financial assets in the current or previous reporting period: | |
| | <ul style="list-style-type: none"> ◆ date of reclassification; ◆ detailed explanation of the change in the business model and a qualitative description of its effect on the financial statements; and ◆ the amount reclassified into and out of each category. | } Not Applicable. |
| | (ii) For reclassifications from FVTPL to amortised cost or FVOCI: | |
| | <ul style="list-style-type: none"> ◆ the effective profit rate (EPR) determined on the date of reclassification; and ◆ the financing income recognised. | Not Applicable. |
| | (iii) For reclassifications from FVOCI to amortised cost, or from FVTPL to amortised cost or FVOCI: | |
| <ul style="list-style-type: none"> ◆ the fair value of the financial assets at the reporting date; and ◆ the fair value gain or loss that would have been recognised in profit or loss or OCI during the reporting period if the financial assets had not been reclassified. | } Not Applicable. | |
| 1.3.5 | Information on hedge accounting | Not Applicable. |
| 1.3.6 | Information about the fair values of each class of financial asset and financial liability, along with: | |
| | (i) Comparable carrying amounts. | } Note 42 to the Financial Statements - Fair Value of Financial Assets and Liabilities. |
| | (ii) Description of how fair value was determined. | |
| | (iii) The level of inputs used in determining fair value. | |
| | (iv) (a) Reconciliations of movements between levels of fair value measurement hierarchy. | Not Applicable |
| | (b) Additional disclosures for financial instruments that fair value is determined using level 3 inputs. | Note 42 to the Financial Statements - Fair Value of Financial Assets and Liabilities. |
| (v) Information if fair value cannot be reliably measured. | Note 24.2 to the Financial Statements - Investment in Equity – Unquoted and Note 42.2 to the Financial Statements - Financial Instruments Not Carried at Fair Value. | |

| 2. INFORMATION ABOUT THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS | | |
|---|---|--|
| 2.1 Qualitative Disclosures | | |
| 2.1.1 | Risk exposures for each type of financial instrument. | Note 43 to the Financial Statements - Risk Management. |
| 2.1.2 | Management's objectives, policies, and processes for managing those risks. | Note 43 to the Financial Statements - Risk Management, and please refer section relating to Risk Management in the Annual Report for additional information. |
| 2.1.3 | Changes from the prior period. | Not Applicable. |
| 2.2 Quantitative Disclosures | | |
| 2.2.1 | Summary of quantitative data about exposure to each risk at the reporting date. | Note 43 to the Financial Statements - Risk Management. |
| 2.2.2 | Disclosures about credit risk, liquidity risk, market risk, operational risk, rate risk and how these risks are managed. | Note 43 to the Financial Statements - Risk Management and please refer section relating to Risk Management in the Annual Report for additional Information. |
| | (i) Credit Risk | |
| | (a) Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired and information about credit quality of financial assets. | Note 43.3 to the Financial Statements - Credit Risk and Note 2.2 c. to the Financial Statements - Impairment Losses on Financing and Receivables to Other Customers. |
| | (b) For financial assets that are past due or impaired, disclosures on age, factors considered in determining as impaired and the description of collateral on each class of financial asset | Note 43.3 to the Financial Statements - Credit Risk. |
| | (c) Information about collateral or other credit enhancements obtained or called. | Note 43 to the Financial Statements - Risk Management and please refer section relating to Risk Management in the Annual Report for additional Information. |
| | (d) Credit risk management practices: | |
| | ◆ Information about credit risk management practices and how they relate to the recognition and measurement of expected credit losses (ECL), including the methods, assumptions and information used to measure ECL. | Note 2.3.3 d. (v) to the Financial Statements - Impairment of Financial Assets. |
| ◆ Quantitative and qualitative information to evaluate the amounts in the financial statements arising from ECL, including changes and the reasons for those changes. | Note 2.3.3 d. (v), Note 2.3.3 e. (ii) and Note 11 to the Financial Statements - Impairment of Financial Assets, Impairment Charges on Financing and Receivables and Impairment of Financial Assets respectively. | |

Compliance with Disclosure Requirements of Central Bank of Sri Lanka

| | |
|--|---|
| <ul style="list-style-type: none"> ◆ How the Bank determines whether the credit risk of financial instruments has increased significantly since initial recognition, including whether and how financial instruments are considered to have low credit risk, including the classes of financial instruments to which the low credit risk exception has been applied; and the presumption that financial assets with contractual payments more than 30 days past due have a significant increase in credit risk has been rebutted; ◆ The Bank's definitions of default for different financial instruments, including the reasons for selecting those definitions; ◆ How instruments are grouped if ECL are measured on a collective basis; ◆ How the Bank determines that financial assets are credit-impaired; ◆ The Bank's write-off policy, including the indicators that there is no reasonable expectation of recovery; and ◆ How the modification requirements have been applied, including how the Bank determines whether the credit risk of a financial asset that has been modified while subject to a lifetime ECL allowance has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month ECL and monitors the extent to which the loss allowance on those assets subsequently reverts to being measured at an amount equal to lifetime ECL. | <p>Note 2.2 c., 2.3.3 d. (v) and Note 2.3.3 e. (ii) to the Financial Statements – Impairment Losses on Financing and Receivables to Other Customers, Impairment of Financial Assets and Impairment Charges on Financing and Receivables respectively.</p> |
| <p>(e) ECL calculations</p> | |
| <ul style="list-style-type: none"> ◆ Basis of the inputs, assumptions and the estimation techniques used when, | |
| <ul style="list-style-type: none"> ◆ estimating 12-month and lifetime ECL; ◆ determining whether the credit risk of financial instruments has increased significantly since initial recognition; and ◆ determining whether financial assets are credit-impaired. | <p>Note 2.3.3 d. (v) and Note 2.3.3 e. (ii) to the Financial Statements – Impairment of Financial Assets and Impairment Charges on Financing and Receivables respectively.</p> |
| <ul style="list-style-type: none"> ◆ How forward-looking information has been incorporated into the determination of ECL, including the use of macro-economic information; and | |
| <ul style="list-style-type: none"> ◆ changes in estimation techniques or significant assumptions made during the reporting period and the reasons for those changes. | <p>Note 2.3.3 d. (v), Note 2.3.3 e. (ii) and Note 48 to the Financial Statements – Impairment of Financial Assets, Impairment Charges on Financing and Receivables and Capital respectively.</p> |

| | |
|---|--|
| (f) Amounts arising from ECL | |
| <ul style="list-style-type: none"> ◆ Provide reconciliation for each class of financial instrument [Financial assets measured at AC, Financial assets mandatorily measured at FVOCI, financing commitments when there is an obligation to extend credit (except those measured at Fair Value through Profit or Loss), Financial guarantee contracts (except those measured at Fair Value through Profit or Loss), Lease receivables within the scope of LKAS 17: Leases, Contract assets within the scope of SLFRS 15: Revenue from contracts with customers etc. . .] of the opening balance to the closing balance of the impairment loss allowance. | <p>Note 17.2 to the Financial Statements – Impairment Allowance for Balances with Banks, Note 19.1 to the Financial Statements – Impairment Allowance for Placements with Banks, Note 20.1 to the Financial Statements – Impairment Allowance for Licensed Finance Companies, Note 23.4 to the Financial Statements - Impairment Allowance for Financing and Receivables to Other Customers, and Note 45.2.1 to the Financial Statements - Impairment Allowance for Commitment & Contingencies.</p> |
| <ul style="list-style-type: none"> ◆ Explain the reasons for changes in the loss allowances in the reconciliation. | <p>Due to the specific credit risks in each of the asset class. Please also refer Note 11 to the Financial Statements - Impairment on Financial Assets, for additional information.</p> |
| (g) Collaterals | |
| <ul style="list-style-type: none"> ◆ Amount that best represents the Bank's maximum exposure to credit risk at the reporting date, without taking account of any collateral held or other credit enhancements; | <p>Note 43.3.3 (f) to the Financial Statements – Analysis of Maximum Exposure to Credit risk and Collateral and Other Credit Enhancements.</p> |
| <ul style="list-style-type: none"> ◆ Narrative description of collateral held as security and other credit enhancements (except for lease receivables), including: | <p>} Note 2.2 c. to the Financial Statements - Impairment Losses on Financing and Receivables to Other Customers and please refer section relating to Risk Management in the Annual Report for additional Information.</p> |
| <ul style="list-style-type: none"> ◆ discussion on the nature and quality of the collaterals held; | |
| <ul style="list-style-type: none"> ◆ explanation of any significant changes in quality as a result of a deterioration or changes in the Bank's collateral policies during the reporting period; | |
| <ul style="list-style-type: none"> ◆ information about financial instruments for which the Bank has not recognised a loss allowance because of the collateral; | <p>None.</p> |
| <ul style="list-style-type: none"> ◆ quantitative information about the collateral held as security and other credit enhancements; | <p>Note 43.3.3 (f) to the Financial Statements - Analysis of Maximum Exposure to Credit risk and Collateral and Other Credit Enhancements.</p> |
| <ul style="list-style-type: none"> ◆ information about the fair value of the collateral and other credit enhancements, or to quantify the exact value of the collateral that was included in the calculation of ECL. | <p>Note 2.2 c. to the Financial Statements - Impairment Losses on Financing and Receivables to Other Customers and please refer section relating to Risk Management in the Annual Report for additional Information.</p> |

Compliance with Disclosure Requirements of Central Bank of Sri Lanka

| | |
|--|---|
| (h) Written-off assets | |
| ◆ Contractual amount outstanding of financial assets written off during the reporting period that are still subject to enforcement activity. | Note 23.4 to the Financial Statements - Impairment Allowance for Financing and Receivables to Other Customers. |
| (i) For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks. | Please refer section on Market Discipline Disclosure Requirements on pages 271 to 285 and section relating to Risk Management in the Annual Report for additional information. |
| (ii) Liquidity Risk | |
| (a) A maturity analysis of financial assets and liabilities. | Note 43.4 to the Financial Statements - Liquidity Risk and Funding Management and please refer section relating to Risk Management in the Annual Report. |
| (b) Description of approach to risk management. | Note 43.4 to the Financial Statements - Liquidity Risk and Funding Management and please refer section relating to Risk Management in the Annual Report for additional information. |
| (c) For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks. | Please refer section on Market Discipline Disclosure Requirements on pages 271 to 285 and section relating to Risk Management in the Annual Report for additional information. |
| (iii) Market Risk | |
| (a) A sensitivity analysis of each type of market risk to which the Bank is exposed. | Note 43.5 to the Financial Statements - Market Risk and please refer section relating to Risk Management in the Annual Report for additional information. |
| (b) Additional information, if the sensitivity analysis is not representative of the Bank's risk exposure. | Not Applicable. |
| (c) For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks. | Please refer section on Market Discipline Disclosure Requirements on pages 271 to 285 and section relating to Risk Management in the Annual Report for additional information. |
| (iv) Operational Risk | |
| For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks. | Please refer section on Market Discipline Disclosure Requirements on pages 271 to 285 and section relating to Risk Management in the Annual Report for additional information. |
| (v) Equity Risk in the Banking Book | |
| (a) Qualitative Disclosures | |
| ◆ Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. | Note 43.8 to the Financial Statements - Equity Price Risk and please refer section relating to Risk Management in the Annual Report |
| ◆ Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. | Note 2.3 to the Financial Statements - Summary of Significant Accounting Policies and Note 24.2 to the Financial Statements - Investment in Equity – Unquoted. |

| | | |
|---|---|--|
| | (b) Quantitative Disclosures | |
| | Value disclosed in the statement of financial position of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value, the types and the nature of investments and the cumulative realised gains/(losses) arising from sales and liquidations in the reporting period. | Notes 22 and 24 to the Financial Statements - Financial Assets Recognised Through Profit or Loss – Measured at Fair Value and Financial Assets Measured at Fair Value Through Other Comprehensive Income, respectively. Also please refer Notes 8 and 9 to the Financial Statements - Net Gains / (Losses) from Financial Assets at Fair Value Through Profit or Loss and Net Gains / (Losses) from Derecognition of Financial Assets, respectively. |
| | (vi) Rate Risk in the Banking Book | |
| | (a) Qualitative Disclosures | Notes 43.5, 43.6, 43.7 and 43.8 to the Financial Statements - Market Risk, Foreign Exchange Risk, Currency Risk and Equity Price Risk respectively. You may also refer the section relating to Risk Management in the Annual Report for additional information. |
| | Nature of Rate Risk in the Banking Book and key assumptions. | |
| | (b) Quantitative Disclosures | |
| | The increase/(decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring rate risk in the banking book broken down by currency (as relevant) | |
| 2.2.3 | Information on concentrations of risk | Notes 43.2 and 43.3 to the Financial Statements - Risk Management Structure and Credit Risk respectively. Also please refer section relating to Risk Management in the Annual Report for additional information. |
| 3. MARKET DISCIPLINE DISCLOSURE REQUIREMENTS | | |
| 3.1 Regulatory Requirements on Capital and Liquidity | | |
| | (i) Key Regulatory Ratios - Capital and Liquidity | Please refer page 271 |
| | (ii) Basel III Computation of Capital Ratios | Please refer pages 271 and 272 |
| | (iii) Computation of Leverage Ratio | Please refer page 273 |
| | (iv) Basel III Computation of Liquidity Coverage Ratio | Please refer page 273 |
| | (v) Main Features of Regulatory Capital Instruments | Please refer page 274 |
| 3.2 Risk Weighted Assets (RWA) | | |
| | (i) Summary Discussion on Adequacy/Meeting Current and Future Capital Requirements | Please refer page 184 including Note 48 to the Financial Statements - Capital and section relating to Risk Management in the Annual Report for additional information |
| | (ii) Credit Risk under Standardised Approach: Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects | Please refer page 275 |
| | (iii) Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights | Please refer page 276 |
| | (iv) Market Risk under Standardised Measurement Method | Please refer page 276 |
| | (v) Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach | Please refer page 277 |

Compliance with Disclosure Requirements of Central Bank of Sri Lanka

| 3.3 Linkages Between Financial Statements & Regulatory Exposures | | |
|--|--|---|
| | (i) Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only | Please refer pages 278 and 279 |
| | (ii) Explanations of Differences between Accounting & Regulatory Exposure Amounts | Please refer pages 280 and 281 and also section relating to Risk Management in the Annual Report for additional information |
| 3.4 Risk Management | | |
| | (i) Bank Risk Management Approach | Please refer section relating to Risk Management of the Annual Report and Note 43 to the Financial Statements - Risk Management |
| | (ii) Risk Management related to Key Risk Exposures | Please refer section relating to Risk Management of the Annual Report and Note 43 to the Financial Statements - Risk Management |

Market Discipline Disclosure Requirements

| KEY REGULATORY RATIOS - CAPITAL AND LIQUIDITY | | |
|---|------------------|------------------|
| As at 31 December | 2022 | 2021 |
| Regulatory Capital (LKR '000) | | |
| Common Equity Tier 1 | 12,336,541 | 12,016,737 |
| Tier 1 Capital | 12,336,541 | 12,016,737 |
| Total Capital | 14,960,985 | 13,764,884 |
| Regulatory Capital Ratios (%) | | |
| Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7.0%) | 13.0% | 13.7% |
| Tier 1 Capital Ratio (Minimum Requirement - 8.5%) | 13.0% | 13.7% |
| Total Capital Ratio (Minimum Requirement - 12.5%) | 15.8% | 15.7% |
| Leverage Ratio (Minimum Requirement - 3%) | 7.37% | 7.42% |
| Regulatory Liquidity | | |
| Statutory Liquid Assets (LKR '000) - Domestic Banking Unit | 35,743,999 | 27,508,421 |
| Statutory Liquid Assets (USD '000) - Offshore Banking Unit | 1,581 | 4,099 |
| Statutory Liquid Assets Ratio (Minimum Requirement - 20%) | | |
| Domestic Banking Unit (%) | 28.65% | 26.87% |
| Offshore Banking Unit (%) | 24.15% | 45.33% |
| Liquidity Coverage Ratio (%) – Rupee (Min Requirement - 90%/100%) | 150.29% | 165.18% |
| Liquidity Coverage Ratio (%) – All Currency (Min Requirement - 90%/100%) | 126.45% | 118.47% |
| BASEL III COMPUTATION OF CAPITAL RATIOS | | |
| | 2022 LKR '000 | 2021 LKR '000 |
| Common Equity Tier 1 (CET1) Capital after Adjustments | 12,336,541 | 12,016,737 |
| Common Equity Tier 1 (CET1) Capital * | 12,336,541 | 12,016,737 |
| Equity Capital (Stated Capital)/Assigned Capital | 11,348,821 | 11,079,706 |
| Reserve Fund | 197,102 | 157,693 |
| Published Retained Earnings/(Accumulated Retained Losses) | 1,721,762 | 1,225,549 |
| Published Accumulated Other Comprehensive Income (OCI) | - | 59,339 |
| General and other Disclosed Reserves | - | - |
| Unpublished Current Year's Profit/Loss and Gains reflected in OCI | - | - |
| Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties | - | - |
| Total Adjustments to CET1 Capital | 931,145 | 505,550 |

Market Discipline Disclosure Requirements

| BASEL III COMPUTATION OF CAPITAL RATIOS (CONTD.) | 2022 LKR '000 | 2021 LKR '000 |
|---|------------------|------------------|
| Goodwill (net) | | |
| Intangible Assets (net) | 319,253 | 232,835 |
| Others (Net Deferred Tax Asset & Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity) | 611,892 | 272,715 |
| Additional Tier 1 (AT1) Capital after Adjustments | - | - |
| Additional Tier 1 (AT1) Capital | - | - |
| Qualifying Additional Tier 1 Capital Instruments | - | - |
| Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties | - | - |
| Total Adjustments to AT1 Capital | - | - |
| Investment in Own Shares | - | - |
| Others (specify) | - | - |
| Tier 2 Capital after Adjustments | 2,624,444 | 1,748,146 |
| Tier 2 Capital | 2,624,444 | 1,748,146 |
| Qualifying Tier 2 Capital Instruments | - | - |
| Revaluation Gains | 707,723 | 570,270 |
| Provisions on Financing and Advances | 1,916,721 | 1,177,876 |
| Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties | - | - |
| Total Adjustments to Tier 2 | - | - |
| Investment in Own Shares | - | - |
| Others (specify) | - | - |
| CET1 Capital * | 12,336,541 | 12,016,737 |
| Total Tier 1 Capital | 12,336,541 | 12,016,737 |
| Total Capital | 14,960,985 | 13,764,884 |
| Total Risk Weighted Assets (RWA) | 94,718,796 | 87,952,947 |
| RWAs for Credit Risk | 88,027,334 | 82,377,356 |
| RWAs for Market Risk | 533,294 | 265,871 |
| RWAs for Operational Risk | 6,158,168 | 5,309,720 |
| CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 13.02% | 13.66% |
| of which: Capital Conservation Buffer (%) | 2.500% | 2.500% |
| of which: Countercyclical Buffer (%) | - | - |
| of which: Capital Surcharge on D-SIBs (%) | - | - |
| Total Tier 1 Capital Ratio (%) | 13.02% | 13.66% |
| Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 15.80% | 15.65% |
| of which: Capital Conservation Buffer (%) | 2.500% | 2.500% |
| of which: Countercyclical Buffer (%) | - | - |
| of which: Capital Surcharge on D-SIBs (%) | - | - |
| * This represents CET1 Capital after applicable adjustments | | |
| - CET1 Capital before adjustments (LKR '000) | 13,267,685 | 12,522,287 |

| COMPUTATION OF LEVERAGE RATIO | | | | |
|--|------------------|--|------------------|--|
| As at 31 December | 2022 LKR '000 | | 2021 LKR '000 | |
| Tier 1 Capital | 11,884,715 | | 12,016,737 | |
| Total Exposures | 161,273,299 | | 161,945,756 | |
| On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral) | 140,756,748 | | 121,403,353 | |
| Derivative Exposures | 12,927,848 | | 33,104,984 | |
| Securities Financing Transaction Exposures | - | | - | |
| Other Off-Balance Sheet Exposures | 7,588,703 | | 7,437,419 | |
| Basel III Leverage Ratio (%) (Tier 1/Total Exposure) | 7.37% | | 7.42% | |

| BASEL III COMPUTATION OF LIQUIDITY COVERAGE RATIO | | | | |
|--|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| As at 31 December | 2022 | | 2021 | |
| | Total Un-weighted Value LKR '000 | Total Weighted Value LKR '000 | Total Un-weighted Value LKR '000 | Total Weighted Value LKR '000 |
| Total Stock of High-Quality Liquid Assets (HQLA) | 8,256,196 | 8,226,415 | 7,346,859 | 7,314,542 |
| Total Adjusted Level 1A Assets | 8,196,635 | 8,196,635 | 7,282,225 | 7,282,225 |
| Level 1 Assets | 8,196,635 | 8,196,635 | 7,282,225 | 7,282,225 |
| Total Adjusted Level 2A Assets | - | - | - | - |
| Level 2A Assets | - | - | - | - |
| Total Adjusted Level 2B Assets | - | - | - | - |
| Level 2B Assets | 59,561 | 29,780 | 64,634 | 32,317 |
| Total Cash Outflows | 132,414,300 | 26,022,408 | 113,301,390 | 15,361,454 |
| Deposits | 94,271,050 | 9,427,105 | 85,305,361 | 8,530,536 |
| Unsecured Wholesale Funding | 17,759,517 | 9,131,826 | 10,705,997 | 5,404,010 |
| Secured Funding Transactions | - | - | - | - |
| Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations | 20,362,853 | 7,442,597 | 17,231,150 | 1,368,026 |
| Additional Requirements | 20,880 | 20,880 | 58,882 | 58,882 |
| Total Cash Inflows | 41,497,638 | 22,150,798 | 12,761,216 | 9,187,395 |
| Maturing Secured Lending Transactions Backed by Collateral | 9,824,951 | 9,824,951 | 7,371,019 | 7,371,019 |
| Committed Facilities | - | - | - | - |
| Other Inflows by Counterparty which are Maturing within 30 Days | 15,047,363 | 12,273,720 | 1,781,936 | 891,005 |
| Operational Deposits | 16,521,070 | - | 1,757,519 | - |
| Other Cash Inflows | 104,254 | 52,127 | 1,850,742 | 925,371 |
| Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100 | | 126.45 | | 118.47 |

Market Discipline Disclosure Requirements

| MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS | |
|--|----------------------|
| Description of the Capital Instrument | Ordinary Shares |
| Issuer | Amana Bank PLC |
| CSE Security Code | ABL.N0000 |
| Original Date of Issuance | Multiple |
| Par Value of Instrument | N/A |
| Perpetual or Dated | Perpetual |
| Original Maturity Date, if Applicable | N/A |
| Amount Recognised in Regulatory Capital (in LKR '000 as at 31 December 2022) | 13,267,685 |
| Accounting Classification (Equity/Liability) | Shareholders' Equity |
| Issuer Call subject to Prior Supervisory Approval | |
| Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000) | N/A |
| Subsequent Call Dates, if Applicable | N/A |
| Coupons/Dividends | |
| Fixed or Floating Dividend/Coupon | N/A |
| Coupon Rate and any Related Index | N/A |
| Non-Cumulative or Cumulative | N/A |
| Convertible or Non-Convertible | |
| If Convertible, Conversion Trigger (s) | N/A |
| If Convertible, Fully or Partially | N/A |
| If Convertible, Mandatory or Optional | N/A |
| If Convertible, Conversion Rate | N/A |
| Summary Discussion on Adequacy/Meeting Current and Future Capital Requirements | |
| Please refer Note 48 to the Financial Statements - Capital and section relating to Risk Management in the Annual Report on page 184. | |

CREDIT RISK UNDER STANDARDISED APPROACH – CREDIT RISK EXPOSURES AND CREDIT RISK MITIGATION (CRM) EFFECTS

| As at 31 December 2022 | Exposures before Credit Conversion Factor (CCF) and CRM | | Exposures Post CCF and CRM | | RWA and RWA Density | |
|--|---|-----------------------------------|----------------------------------|-----------------------------------|---------------------|---------------|
| | On-Balance Sheet Amount LKR '000 | Off-Balance Sheet Amount LKR '000 | On-Balance Sheet Amount LKR '000 | Off-Balance Sheet Amount LKR '000 | RWA LKR '000 | RWA Density % |
| Claims on Central Government and CBSL | 5,992,140 | - | 5,992,140 | - | - | 0% |
| Claims on Foreign Sovereigns and their Central Banks | - | - | - | - | - | - |
| Claims on Public Sector Entities | - | - | - | - | - | 0% |
| Claims on Official Entities and Multilateral Development Banks | - | - | - | - | - | - |
| Claims on Banks Exposures | 41,623,768 | 9,696,970 | 41,623,769 | 259,214 | 11,506,901 | 27% |
| Claims on Financial Institutions | 55,363 | - | 55,363 | - | 55,363 | 100% |
| Claims on Corporates | 32,346,950 | 11,204,593 | 32,169,590 | 3,818,361 | 35,987,951 | 100% |
| Retail Claims | 44,328,716 | 6,396,085 | 43,170,601 | 2,783,425 | 30,399,976 | 66% |
| Claims Secured by Residential Property | 4,552,064 | - | 4,552,064 | - | 2,748,618 | 60% |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | 0% |
| Non-Performing Assets (NPAs) | 1,961,181 | 88,499 | 1,961,181 | 17,700 | 2,042,908 | 103% |
| Higher-risk Categories | 125,406 | - | 125,406 | - | 313,516 | 250% |
| Cash Items and Other Assets | 9,690,719 | 902,611 | 9,690,719 | 902,610 | 4,972,101 | 47% |
| Total | 140,676,307 | 28,288,758 | 139,340,833 | 7,781,310 | 88,027,334 | 60% |

Notes:

- (i) As per Banking Act Directions on Classification of Financing and Receivables to Other Customers, Income Recognition and Provisioning
(ii) RWA Density - Total RWA/Exposures Post CCF and CRM.

Market Discipline Disclosure Requirements

| CREDIT RISK UNDER STANDARDISED APPROACH: EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS | | | | | | | | | |
|--|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|----------------|----------------|--|
| As at 31 December 2022 | Post CCF & CRM | | | | | | | | Total Credit Exposures Amount LKR '000 |
| Risk Weight / Asset Classes | 0% LKR '000 | 20% LKR '000 | 50% LKR '000 | 60% LKR '000 | 75% LKR '000 | 100% LKR '000 | 150% LKR '000 | >150% LKR '000 | |
| Claims on Central Government and Central Bank of Sri Lanka | 5,992,140 | - | - | - | - | - | - | - | 5,992,140 |
| Claims on Foreign Sovereigns and their Central Banks | - | - | - | - | - | - | - | - | - |
| Claims on Public Sector Entities | - | - | - | - | - | - | - | - | - |
| Claims on Official Entities and Multilateral Development Banks | - | - | - | - | - | - | - | - | - |
| Claims on Banks Exposures | - | 31,883,977 | 9,737,799 | - | - | 261,206 | - | - | 41,882,982 |
| Claims on Financial Institutions | - | - | - | - | - | 55,363 | - | - | 55,363 |
| Claims on Corporates | - | - | - | - | - | 35,987,951 | - | - | 35,987,951 |
| Retail Claims | 4,522,523 | 8,213,697 | - | 4,449,133 | 10,723,667 | 18,045,006 | - | - | 45,954,026 |
| Claims Secured by Residential Property | - | - | 2,774,531 | - | - | 1,777,533 | - | - | 4,552,064 |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - | - | - | - |
| Non-Performing Assets (NPAs) | - | - | 333,917 | - | - | 1,182,994 | 461,970 | - | 1,978,881 |
| Higher-risk Categories | - | - | - | - | - | - | - | 125,406 | 125,406 |
| Cash Items and Other Assets | 5,621,229 | - | - | - | - | 4,972,101 | - | - | 10,593,330 |
| Total | 16,135,892 | 40,097,674 | 12,846,247 | 4,449,133 | 10,723,667 | 62,282,154 | 461,970 | 125,406 | 147,122,143 |

| MARKET RISK UNDER STANDARDISED MEASUREMENT METHOD | |
|---|---------------------|
| As at 31 December 2022 | RWA Amount LKR '000 |
| (a) RWA for Rate Risk | - |
| General Rate Risk | - |
| (i) Net Long or Short Position | - |
| (ii) Horizontal Disallowance | - |
| (iii) Vertical Disallowance | - |
| (iv) Options | - |
| Specific Rate Risk | - |
| (b) RWA for Equity | 14,449 |
| (i) General Equity Risk | 7,446 |
| (ii) Specific Equity Risk | 7,003 |
| (c) RWA for Foreign Exchange & Gold | 52,213 |
| Capital Charge for Market Risk [(a) + (b) + (c)] * CAR | 533,294 |

| OPERATIONAL RISK UNDER BASIC INDICATOR APPROACH / THE STANDARDISED APPROACH / THE ALTERNATIVE STANDARDISED APPROACH | | | | | |
|---|-----------------------|--------------|----------------------|----------------------|----------------------|
| As at 31 December 2022 | Capital Charge Factor | Fixed Factor | Gross Income | | |
| | | | 1st Year LKR '000 | 2nd Year LKR '000 | 3rd Year LKR '000 |
| The Basic Indicator Approach | 15% | | 4,232,493 | 4,797,552 | 6,365,381 |
| The Standardised Approach | | | | | |
| Corporate Finance | 18% | | } | N/A | |
| Trading and Sales | 18% | | | | |
| Payment and Settlement | 18% | | | | |
| Agency Services | 15% | | | | |
| Asset Management | 12% | | | | |
| Retail Brokerage | 12% | | | | |
| Retail Banking | 12% | | | | |
| Commercial Banking | 15% | | | | |
| The Alternative Standardised Approach | | | | | |
| Corporate Finance | 18% | | } | N/A | |
| Trading and Sales | 18% | | | | |
| Payment and Settlement | 18% | | | | |
| Agency Services | 15% | | | | |
| Asset Management | 12% | | | | |
| Retail Brokerage | 12% | | | | |
| Retail Banking | 12% | 0.035 | | | |
| Commercial Banking | 15% | 0.035 | | | |
| Capital Charges for Operational Risk (LKR'000) | | | | | |
| The Basic Indicator Approach | | | | | 769,771 |
| The Standardised Approach | | | } | N/A | |
| The Alternative Standardised Approach | | | | | |
| Risk Weighted Amount for Operational Risk (LKR'000) | | | | | |
| The Basic Indicator Approach | | | | | 6,158,168 |
| The Standardised Approach | | | } | N/A | |
| The Alternative Standardised Approach | | | | | |

Market Discipline Disclosure Requirements

| DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES AND MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES – BANK ONLY | | | | | | |
|--|-------------------------|--|---|---|---|---|
| As at 31 December 2022 | | a | b | c | d | e |
| | Explanation Reference # | Carrying Values as Reported in Published Financial Statements LKR '000 | Carrying Values as under Scope of Regulatory Reporting LKR '000 | Subject to Credit Risk Framework LKR '000 | Subject to Market Risk Framework LKR '000 | Not Subject to Capital Requirements or Subject to Deduction From Capital LKR '000 |
| Assets | | 141,687,893 | 141,687,893 | 139,340,833 | 59,561 | 2,847,866 |
| Cash and Cash Equivalents | 1 | 22,603,294 | 5,621,229 | 5,621,229 | - | - |
| Balances with Central Bank | | 5,085,679 | 5,085,679 | 5,085,679 | - | - |
| Placements with Banks & Financial Institutions | 1 | 24,570,370 | 40,229,544 | 40,229,544 | - | - |
| Derivative Financial Instruments | | 70,733 | 70,733 | 49,852 | - | - |
| Other Financial Assets Held-For-Trading | | - | - | - | - | - |
| Financial Assets Designated at Fair Value through Profit or Loss | | 59,561 | 59,561 | - | 59,561 | - |
| Financing and Receivables to Banks | | - | - | - | - | - |
| Financing and Receivables to Other Customers | | 83,185,917 | 83,185,917 | 81,269,195 | - | 1,916,722 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | | 332,505 | 332,505 | 128,399 | - | 204,105 |
| Investments in Subsidiaries | | - | - | - | - | - |
| Investments in Associates and Joint Ventures | | - | - | - | - | - |
| Property, Plant and Equipment | | 2,466,761 | 2,466,761 | 2,466,761 | - | - |
| Investment Properties | | - | - | - | - | - |
| Goodwill and Intangible Assets | | 319,253 | 319,253 | - | - | 319,253 |
| Deferred Tax Assets | | 407,786 | 407,786 | - | - | 407,786 |
| Liabilities | | 127,326,537 | 127,326,537 | - | - | - |
| Due to Banks | 2 | 11,856,723 | 10,821,935 | - | - | - |
| Derivative Financial Instruments | | 20,880 | 20,880 | - | - | - |
| Other Financial Liabilities Held-For-Trading | | - | - | - | - | - |

Supplementary Information

| As at 31 December 2022 | | a | b | c | d | e |
|--|-------------------------|--|---|---|---|---|
| | Explanation Reference # | Carrying Values as Reported in Published Financial Statements LKR '000 | Carrying Values as under Scope of Regulatory Reporting LKR '000 | Subject to Credit Risk Framework LKR '000 | Subject to Market Risk Framework LKR '000 | Not Subject to Capital Requirements or Subject to Deduction From Capital LKR '000 |
| Due to Other Customers | 2 | 112,546,017 | 111,152,812 | - | - | - |
| Other Borrowings | | - | 10,800,000 | - | - | - |
| Debt Securities Issued | | - | - | - | - | - |
| Current Tax Liabilities | 2 | 645,606 | 645,606 | - | - | - |
| Deferred Tax Liabilities | | - | - | - | - | - |
| Other Provisions | | - | - | - | - | - |
| Other Liabilities | 2 | 2,257,311 | 4,685,304 | - | - | - |
| Due to Subsidiaries | | - | - | - | - | - |
| Subordinated Term Debts | | - | - | - | - | - |
| Off-Balance Sheet Liabilities | | 20,258,285 | 20,258,285 | 18,658,394 | - | 1,599,891 |
| Guarantees | | 3,453,275 | 3,453,275 | 3,453,275 | - | - |
| Performance Bonds | | 1,241,052 | 1,241,052 | 1,241,052 | - | - |
| Letters of Credit | | 492,816 | 492,816 | 492,816 | - | - |
| Other Contingent Items | | 3,539,717 | 3,539,717 | 3,539,717 | - | - |
| Undrawn Financing Commitments | | 8,452,054 | 8,452,054 | 8,452,054 | - | - |
| Other Commitments | | 3,079,372 | 3,079,372 | 1,479,481 | - | 1,599,891 |
| Shareholders' Equity | | | | | | |
| Equity Capital (Stated Capital)/Assigned Capital | | 11,348,821 | 11,348,821 | - | - | - |
| of which Amount Eligible for CET1 | | 11,348,821 | 11,348,821 | - | - | - |
| of which Amount Eligible for AT1 | | - | - | - | - | - |
| Retained Earnings | | 1,721,762 | 1,704,997 | - | - | - |
| Accumulated Other Comprehensive Income | | 85,394 | 85,394 | - | - | - |
| Other Reserves | | 1,205,378 | 1,222,143 | - | - | 707,723 |
| Total Shareholders' Equity | | 14,361,355 | 14,361,355 | - | - | 707,723 |

Market Discipline Disclosure Requirements

EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNTS

a. Significant Differences between Amounts in Carrying Values Reported in Published Financial Statements and Regulatory Reporting

EXPLANATION REFERENCE # 1 : CASH AND CASH EQUIVALENTS AND PLACEMENTS WITH BANKS AND FINANCIAL INSTITUTIONS

| | Carrying Values as Reported in Published Financial Statements (LKR '000) | Carrying Values as under Scope of Regulatory Reporting (LKR '000) | Difference (LKR '000) | Remarks |
|--|--|---|-----------------------|--|
| Cash and Cash Equivalents | 22,603,294 | 5,621,229 | | |
| Placements with Banks and Financial Institutions | 24,570,370 | 40,229,544 | | |
| | 47,173,664 | 45,850,773 | 1,322,891 | Accrued Profits Receivable on Placements is classified separately for CBSL Reporting purposes. |

EXPLANATION REFERENCE # 2 : DUE TO BANKS, DUE TO DEPOSITORS, TAX LIABILITIES & OTHER LIABILITIES

| | | Carrying Values as Reported in Published Financial Statements (LKR '000) | Carrying Values as under Scope of Regulatory Reporting (LKR '000) | Difference (LKR '000) | Remarks |
|---|---------------|--|---|-----------------------|---|
| Due to Banks / Other Borrowings under Regulatory Reporting | | | | | |
| Balance Due to CBSL (Saubagya Renaissance Facility) | | 192,956 | - | 192,956 | Saubhagya Renaissance Facility payable has been reported under Other Payables for CBSL Reporting purposes |
| Vostro Balances | | 21,935 | 21,935 | - | |
| Balances Due to Banks | | 11,641,833 | 10,800,000 | 841,833 | Profits payable on Wakala Financing has been reported under Profits Payable for CBSL reporting purposes |
| | A | 11,856,723 | 10,821,935 | | |
| Financial Liabilities at Amortised Cost - Due to Depositors | B | 112,546,017 | 111,295,855 | 1,250,162 | |
| Profits Payable | C | - | 2,235,038 | (2,235,038) | Profits Payable on Deposits has been reported under Profits Payable for CBSL reporting purposes |
| | D | - | (143,043) | 143,043 | Margin Deposits have been reported under Deposits for CBSL reporting purposes |
| | E = (A+B+C+D) | 124,402,740 | 124,209,785 | 192,956 | |

| | | Carrying Values as Reported in Published Financial Statements (LKR '000) | Carrying Values as under Scope of Regulatory Reporting (LKR '000) | Difference (LKR '000) | Remarks |
|-------------------------|------------------|---|---|--------------------------|---|
| Current Tax Liabilities | F | 645,606 | 645,606 | | |
| Other Liabilities | G | 2,257,311 | 2,450,266 | (192,956) | Saubhagya Renaissance Facility payable has been reported under Other Payables for CBSL Reporting purposes |
| Derivative Liabilities | H | 20,880 | 20,880 | | |
| | I = (E+F+G+H) | 127,326,537 | 127,326,537 | - | |

NET STABLE FUNDING RATIO UNDER BASEL III - LIQUIDITY STANDARDS

Calculation of Net Stable Funding Ratio (NSFR)

| As at 31 December | 2022 LKR '000 | 2021 LKR '000 |
|---|------------------|------------------|
| Total Available Stable Funding | 90,953,686 | 94,702,326 |
| Required Stable Funding - On Balance Sheet Assets | 47,542,401 | 48,338,278 |
| Required Stable Funding - Off Balance Sheet Items | 887,789 | 1,181,035 |
| Total Required Stable Funding | 48,430,190 | 49,519,314 |
| NSFR (Minimum Requirement - 100%/90%) | 188% | 191% |

Market Discipline Disclosure Requirements

| TOTAL AVAILABLE STABLE FUNDING | | | |
|---|-------------------------------|-----------------|-----------------------------|
| As at 31 December 2022 | Unweighted Amount LKR '000 | ASF Factor % | Weighted Amount LKR '000 |
| Total Available Stable Funding | | | 90,953,686 |
| Liabilities and Capital Assigned a 100% ASF factor | | | 16,431,267 |
| Total Regulatory Capital Before Capital Deductions (Excluding Tier 2 Instruments with Residual Maturity of less than One Year) | 13,267,685 | 100% | 13,267,685 |
| Any Other Capital Instrument With Effective Residual Maturity of One Year or More | - | 100% | - |
| Secured and Unsecured Borrowings and Liabilities with Effective Residual Maturities of One Year or More | 3,163,582 | | 3,163,582 |
| Net Deferred Tax Liabilities | - | 100% | - |
| Minority Interest | - | 100% | - |
| Other Liabilities | 3,163,582 | 100% | 3,163,582 |
| Liabilities Assigned a 90% ASF Factor | 80,726,630 | | 72,653,967 |
| Non-Maturity Deposits and Term Deposits with Residual Maturity of less than One Year Provided by Retail Customers and SME | 80,726,630 | 90% | 72,653,967 |
| Liabilities Assigned a 50% ASF Factor | 1,952,501 | | 1,868,451 |
| Funding with Residual Maturity of less than One Year Provided by Non-Financial Corporate Customers | 214,763 | 50% | 107,382 |
| Operational Deposits | 1,737,738 | 50% | 868,869 |
| Funding with Residual Maturity of less than One Year from Sovereigns, Public Sector Entities (PSES), and Multilateral Development Banks (MDBs) | - | 50% | - |
| Other Funding with Residual Maturity between Six Months and less than One Year not included in the Above Categories, including Funding Provided by Central Banks and Financial Institutions | - | - | 892,201 |
| Net Deferred Tax Liabilities | - | 50% | - |
| Minority Interest | - | 50% | - |
| Other Liabilities | 1,784,401 | 50% | 892,201 |
| Liabilities Assigned a 0% ASF Factor | 44,148,895 | | - |
| All Other Liabilities and Equity not included in the Above Categories including Other Funding with Residual Maturity of less than Six Months from Central Banks and Financial Institutions | 11,695,695 | 0% | - |
| Other Liabilities without a Stated Maturity | 28,003,728 | - | - |
| Net Deferred Tax Liabilities | - | - | - |
| Minority Interest | - | - | - |
| Other Liabilities | 28,003,728 | 0% | - |
| NSFR Derivative Liabilities Net of Derivative Assets (If NSFR Derivative Liabilities are Greater than NSFR Derivative Assets) | 4,449,472 | 0% | - |
| "Trade Date" Payables arising from Purchases of Financial Instruments, Foreign Currencies and Commodities | - | - | - |

| REQUIRED STABLE FUNDING – ON BALANCE SHEET ASSETS | | | |
|--|-------------------------------|-----------------|-----------------------------|
| As at 31 December 2022 | Unweighted Amount LKR '000 | ASF Factor % | Weighted Amount LKR '000 |
| Required Stable Funding - On Balance Sheet Assets | | | 47,542,401 |
| Assets assigned a 0% RSF factor | - | | - |
| Cash in Hand | 5,621,229 | 0% | - |
| Central Bank Reserves (Statutory Reserve Ratio (SRR) including Excess SRR) | 5,085,679 | 0% | - |
| All Claims on Central Banks with Residual Maturities of less than Six Months | - | 0% | - |
| "Trade Date" Receivables arising from Sales of Financial Instruments, Foreign Currencies and Commodities | - | 0% | - |
| Assets Assigned a 5% RSF Factor | - | | - |
| Unencumbered Level 1 Assets | - | | - |
| Qualifying Marketable Securities | - | | - |
| Issued by Sovereigns | - | 5% | - |
| Guaranteed by Sovereigns | - | 5% | - |
| Issued or Guaranteed by Central Banks | - | 5% | - |
| Issued or Guaranteed by BIS, IMF, ECB And European Community or Eligible MDBs | - | 5% | - |
| 20% of Derivative Liabilities | - | 5% | - |
| Assets Assigned a 10% RSF Factor | - | | - |
| Unencumbered Financing to Financial Institutions with Residual Maturities of less than Six Months | - | 10% | - |
| Assets Assigned a 15% RSF Factor | - | | - |
| Unencumbered Level 2A Assets | - | | - |
| Qualifying Marketable Securities | - | | - |
| Issued or Guaranteed by Sovereigns | - | 15% | - |
| Issued or Guaranteed by Central Banks | - | 15% | - |
| Issued or Guaranteed By PSEs | - | 15% | - |
| Issued or Guaranteed By MDBs | - | 15% | - |
| Qualifying Non-Financial Corporate Debt Securities (including Commercial Paper and Promissory Notes) and Covered Bonds | - | 15% | - |
| Qualifying Investments in Gilt Unit Trust Backed by Government of Sri Lanka (GoSL) Securities | - | 15% | - |
| All Other Unencumbered Financing to Financial Institutions with Residual Maturities of less than Six Months | - | 15% | - |

Market Discipline Disclosure Requirements

| REQUIRED STABLE FUNDING – ON BALANCE SHEET ASSETS (CONTD.) | | | |
|---|----------------------------------|-----------------|--------------------------------|
| As at 31 December 2022 | | | |
| | Unweighted Amount LKR '000 | ASF Factor % | Weighted Amount LKR '000 |
| Assets Assigned a 50% RSF Factor | - | | 15,521,996 |
| Unencumbered Level 2B Assets | - | | 31,277 |
| Qualifying Non-Financial Corporate Debt Securities (including Commercial Paper And Promissory Notes) | - | 50% | - |
| Qualifying Non-Financial Common Equity Shares | 62,554 | 50% | 31,277 |
| Residential Mortgage Backed Securities (RMBs) with a Credit Rating of at least AA | - | 50% | - |
| HQLA Encumbered for a Period of Six Months or more and less than One Year | - | 50% | - |
| Unencumbered Financing to Financial Institutions and Central Banks with Residual Maturity between Six Months and less than One Year | - | 50% | - |
| Deposits held at Other Financial Institutions for Operational Purposes | - | 50% | - |
| All Other Non HQLA not included in the above categories with Residual Maturity of less than One Year | 30,981,437 | 50% | 15,490,719 |
| Assets Assigned a 65% RSF Factor | - | | 1,277,199 |
| Qualifying Unencumbered Residential Mortgages with a Residual Maturity of One Year or More | 2,955,186 | 65% | 1,920,871 |
| Other Qualifying Unencumbered Financing Financial Institutions, with a Residual Maturity of One Year or more | - | 65% | - |
| Assets Assigned a 85% RSF Factor | - | | 22,996,810 |
| Cash, Securities or Other Assets Posted as Initial Margin for Derivative Contracts | - | 85% | - |
| Other Unencumbered Performing Loans | 27,055,070 | 85% | 22,996,810 |
| Unencumbered Securities that are not in Default and do not Qualify as HQLA | - | 85% | - |
| Physical Traded Commodities, including Gold | - | 85% | - |
| Assets Assigned a 100% RSF Factor | - | | 7,102,725 |
| All Assets that are Encumbered for a Period of One Year or more | - | 100% | - |
| NSFR Derivative Assets Net of NSFR Derivative Liabilities If NSFR Derivative Assets are greater than NSFR Derivative Liabilities | - | 100% | - |
| All Other Assets not included in Above | 7,102,725 | 100% | 7,102,725 |

REQUIRED STABLE FUNDING – OFF BALANCE SHEET ITEMS

As at 31 December 2022

| | Unweighted Amount LKR '000 | ASF Factor % | Weighted Amount LKR '000 |
|--|----------------------------------|-----------------|--------------------------------|
| Required Stable Funding - Off Balance Sheet Items | | | 887,789 |
| Irrevocable and Conditionally Revocable Credit and Liquidity Facilities to any Client | 8,452,054 | 5% | 422,603 |
| Other Contingent Funding Obligations, including Products and Instruments | - | | 465,186 |
| Unconditionally Revocable Credit and Liquidity Facilities | - | 0% | - |
| Trade Finance-Related Obligations (including Guarantees and Letters of Credit) | 9,303,729 | 5% | 465,186 |
| Guarantees Unrelated to Trade Finance Obligations | - | 0% | - |
| Non-Contractual Obligations | - | | - |
| Potential Requests for Debt Repurchases of the Bank'S Own Debt or that of Related Conduits, Securities Investment Vehicles and Other such Financing Facilities | - | 5% | - |
| Structured Products where Customers Anticipate Ready Marketability, such as Adjustable Rate Notes and Variable Rate Demand Notes (VRDNs) | - | 5% | - |
| Managed Funds that are Marketed with the Objective of Maintaining a Stable Value | - | 5% | - |
| Any Other Obligations | - | 5% | - |

Investor Relations

Compliance Report on the Contents of Annual Report in terms of Continuing Listing Requirements of the Colombo Stock Exchange

The table below summarises the Bank's degree of compliance with the Listing Rules issued by Colombo Stock Exchange.

| Rule No. | Disclosure Requirement | Section Reference | Page Reference |
|------------|---|--|------------------------------------|
| 7.6 (i) | Names of persons who during the financial year were Directors of the Entity. | Annual Report of the Board of Directors on the Affairs of the Bank. | 138 |
| 7.6 (ii) | Principal activities of the Entity during the year and any changes therein. | Note 1.2 to the Financial Statements - Principal Activities. | 196 |
| 7.6 (iii) | The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held. | Item 3 of Investor Relations. | 289 and 290 |
| 7.6 (iv) | The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement. | Annual Report of the Board of Directors on the Affairs of the Bank. | 140 |
| 7.6 (v) | A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of financial year. | Annual Report of the Board of Directors on the Affairs of the Bank. | 139 |
| 7.6 (vi) | Information pertaining to material foreseeable risk factors of the Entity. | Note 43 to the Financial Statements - Risk Management and refer section on Risk Management in the Annual Report. | 160 to 184 and 235 to 248 |
| 7.6 (vii) | Details of material issues pertaining to employees and industrial relations. | Item 4 of Investor Relations. | 290 |
| 7.6 (viii) | Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties. | Note 26 to the Financial Statements - Property, Plant, Equipment and Right-of-Use Assets. | 223 to 225 |
| 7.6 (ix) | Number of shares representing the Entity's Stated Capital. | Note 36 to the Financial Statements - Stated Capital. | 230 |
| 7.6 (x) | A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings. | Item 2 of Investor Relations. | 288 and 289 |
| 7.6 (xi) | Ratios and Market Price information. Equity Ratios Market Value Debt Instruments Credit Rating | Item 1 of Investor Relations. Item 1 of Investor Relations. Not Applicable. Corporate Information. | 288 288 Inner Back Cover |

| Rule No. | Disclosure Requirement | Section Reference | Page Reference |
|-----------------|--|---|-----------------------|
| 7.6 (xii) | Significant changes in the Entity's fixed assets and the market value of land, if the value differs substantially from the book value. | Note 26 to the Financial Statements - Property, Plant, Equipment and Right-of-Use Assets. | 223 to 225 |
| 7.6 (xiii) | Details of funds raised through Public Issues, Rights Issues and Private Placements during the year. | Not Applicable. | |
| 7.6 (xiv) | Information in respect of Employee Share Option Scheme. | Not Applicable. | |
| 7.6 (xv) | Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules. | Exempted under section 7.10 of Continuing Listing Requirements since the Bank complies with Directions laid down in the Banking Act Direction No. 11 of 2007 on Corporate Governance. | |
| 7.6 (xvi) | Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. | Annual Report of the Board of Directors on the Affairs of the Bank. | 140 |
| 9.3.2 (b) | Disclosure of recurrent Related Party transactions exceeding 10% of the gross revenue/income of the Entity as per the latest Audited Financial Statements. | Annual Report of the Board of Directors on the Affairs of the Bank. | 140 |
| 9.3.2 (c) | Report of the Related Party Transactions Review Committee setting out the specified disclosures. | Please refer report on Board Related Party Transactions Review Committee. | 149 and 150 |
| 9.3.2 (d) | Declaration by the Board of Directors on Compliance with Rules pertaining to Related Party Transactions. | Please refer the section - Annual Report of the Board of Directors on the Affairs of the Bank. | 136 to 141 |

Investor Relations

The Ordinary Shares of the Bank are listed on the Main Board of Colombo Stock Exchange with Security Code ABL.N0000.

1. RATIOS AND MARKET VALUE INFORMATION

1.1 Equity Ratios

| | 2022 | 2021 |
|---------------------------------|-------|-------|
| Dividend Per Share (LKR) * | 0.10 | 0.10 |
| Dividend Pay Out Ratio (%) | 34.14 | 31.54 |
| Net Asset Value Per Share (LKR) | 5.16 | 5.07 |

* A Scrip Dividend was issued during the year ended 31 December 2022 in proportion of one share for approximately every 29 shares held in the Bank.

1.2 Market Value Per Share

| | 2022 | 2021 |
|-------------------|------|------|
| As at 31 December | 2.90 | 4.40 |
| Highest | 5.30 | 5.20 |
| Lowest | 2.10 | 2.90 |

Market Capitalisation as at 31 December 2022 - LKR 8,073,453,582 (2021 - LKR 11,841,065,254)

2. DISTRIBUTION OF SHAREHOLDERS

| Range of Shareholding | As at 31 December 2022 | | | As at 31 December 2021 | | |
|-----------------------------|------------------------|---------------|--------|------------------------|---------------|--------|
| | No. of Shareholders | No. of Shares | % | No. of Shareholders | No. of Shares | % |
| 1 To 1,000 Shares | 1,579 | 266,531 | 0.01 | 1,465 | 279,247 | 0.01 |
| 1,001 To 10,000 Shares | 3,939 | 12,283,053 | 0.44 | 3,747 | 11,941,464 | 0.44 |
| 10,001 To 100,000 Shares | 2,330 | 62,309,878 | 2.24 | 2,174 | 59,782,985 | 2.23 |
| 100,001 To 1,000,000 Shares | 461 | 102,847,567 | 3.70 | 434 | 102,353,114 | 3.80 |
| Over 1,000,000 Shares | 65 | 2,606,242,482 | 93.61 | 63 | 2,516,794,384 | 93.52 |
| | 8,374 | 2,783,949,511 | 100.00 | 7,883 | 2,691,151,194 | 100.00 |

2.1 Resident and Non-Resident Shareholding

| Shareholder | As at 31 December 2022 | | | As at 31 December 2021 | | |
|--------------|------------------------|---------------|--------|------------------------|---------------|--------|
| | No. of Shareholders | No. of Shares | % | No. of Shareholders | No. of Shares | % |
| Resident | 8,330 | 1,364,404,026 | 49.01 | 7,837 | 1,100,324,559 | 38.36 |
| Non-Resident | 44 | 1,419,545,485 | 50.99 | 46 | 1,590,826,635 | 61.64 |
| | 8,374 | 2,783,949,511 | 100.00 | 7,883 | 2,691,151,194 | 100.00 |

2.2 Individual and Institutional Shareholding

| Shareholder | As at 31 December 2022 | | | As at 31 December 2021 | | |
|---------------|------------------------|---------------|--------|------------------------|---------------|--------|
| | No. of Shareholders | No. of Shares | % | No. of Shareholders | No. of Shares | % |
| Individual | 8,238 | 884,640,121 | 31.78 | 7,729 | 1,038,424,788 | 38.59 |
| Institutional | 136 | 1,899,309,390 | 68.22 | 154 | 1,652,726,406 | 61.41 |
| | 8,374 | 2,783,949,511 | 100.00 | 7,883 | 2,691,151,194 | 100.00 |

3. TWENTY LARGEST SHAREHOLDERS AS AT 31 DECEMBER

| No. | Name of Shareholder | 2022 No. of Shares | % |
|-----|--|-----------------------|--------|
| 1 | IB Growth Fund (Labuan) LLP (Part of Islamic Development Bank Group) | 658,404,057 | 23.65 |
| 2 | Seylan Bank PLC/Senthilveri Holdings (Pvt) Ltd | 278,394,951 | 10.00 |
| 3 | Mr. Mohamed Haji Omar | 231,535,306 | 8.32 |
| 4 | Bank Islam Malaysia Berhad | 200,958,432 | 7.22 |
| 5 | AB Bank Limited | 200,958,431 | 7.22 |
| 6 | Islamic Development Bank | 175,916,532 | 6.32 |
| 7 | Akbar Brothers (Pvt) Ltd | 175,563,158 | 6.31 |
| 8 | Mr. Farook Kassim | 111,021,549 | 3.98 |
| 9 | Hatton National Bank PLC/Almas Holdings (Pvt) Ltd | 81,875,185 | 2.94 |
| 10 | Millennium Capital Investments (Pte) Ltd | 78,063,626 | 2.80 |
| 11 | Mr. Shafik Kassim | 64,452,364 | 2.32 |
| 12 | Mr. Osman Kassim jointly with Mrs. K. Kassim | 52,329,465 | 1.88 |
| 13 | Mr. Sattar Kassim | 50,403,132 | 1.81 |
| 14 | Mr. Nagi Saleh Mohammed Al Faqih | 41,607,591 | 1.49 |
| 15 | Mr. Sathiyamurthy Chandramohan | 33,388,821 | 1.20 |
| 16 | Mr. Saifullah Yusooif | 17,000,000 | 0.61 |
| 17 | Mr. Ahamed Mihilar Mohamed Fazal Jiffry | 15,897,752 | 0.57 |
| 18 | ABC International Limited | 13,266,490 | 0.48 |
| 19 | Mr. Feroz Omar | 11,400,000 | 0.41 |
| 20 | Abdul Majeed Mohamedu Risvi | 8,895,317 | 0.32 |
| | Sub Total | 2,501,332,159 | 89.85 |
| | Other Shareholders (Number of Shareholders - 8,354) | 282,617,352 | 10.15 |
| | Total | 2,783,949,511 | 100.00 |

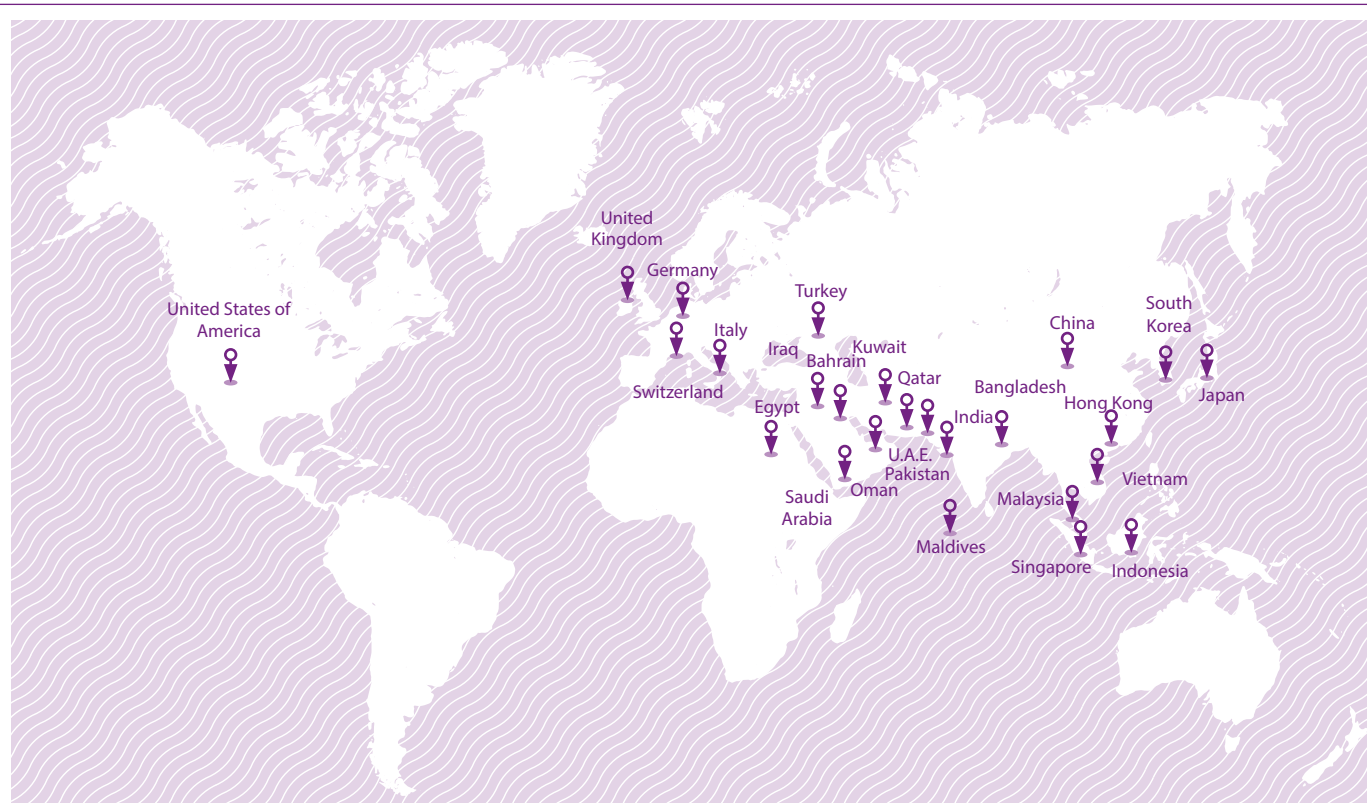
Investor Relations

3. TWENTY LARGEST SHAREHOLDERS AS AT 31 DECEMBER (CONTD.)

| No. | Name of Shareholder | 2021 No. of Shares | % |
|-----|--|-----------------------|--------|
| 1 | IB Growth Fund (Labuan) LLP (Part of Islamic Development Bank Group) | 636,457,256 | 23.65 |
| 2 | Mr. Mohamed Haji Omar | 223,427,463 | 8.30 |
| 3 | Mr. Hossain Ahmed Ismail | 214,733,180 | 7.98 |
| 4 | Bank Islam Malaysia Berhad | 194,259,818 | 7.22 |
| 5 | AB Bank Limited | 194,259,817 | 7.22 |
| 6 | Islamic Development Bank | 170,052,648 | 6.32 |
| 7 | Akbar Brothers (Pvt) Ltd | 169,711,053 | 6.31 |
| 8 | Mr. Farook Kassim | 107,008,165 | 3.98 |
| 9 | Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd | 92,268,826 | 3.43 |
| 10 | Millennium Capital Investments (Pte) Ltd | 75,461,506 | 2.80 |
| 11 | Mr. Shafik Kassim | 62,303,952 | 2.32 |
| 12 | Hatton National Bank PLC/Almas Organisation(Pvt) Ltd | 61,391,253 | 2.28 |
| 13 | Mr. Osman Kassim jointly with Mrs. K. Kassim | 56,965,517 | 2.12 |
| 14 | Mr. Sattar Kassim | 52,339,165 | 1.94 |
| 15 | Mr. Nagi Saleh Mohammed Al Faqih | 40,220,672 | 1.49 |
| 16 | Mr. Sathiyamurthy Chandramohan | 32,275,861 | 1.20 |
| 17 | Mr. Ahamed Mihilar Mohamed Fazal Jiffry | 15,367,827 | 0.57 |
| 18 | ABC International Limited | 12,824,274 | 0.48 |
| 19 | Mr. Feroz Omar | 7,300,337 | 0.27 |
| 20 | Lanka Commodity Brokers Limited | 6,608,804 | 0.25 |
| | Sub Total | 2,425,237,394 | 90.13 |
| | Other Shareholders (Number of Shareholders - 7,863) | 265,913,800 | 9.87 |
| | Total | 2,691,151,194 | 100.00 |

4. There were no material issues pertaining to employees and industrial relations that occurred during the year ended 31 December 2022

Correspondent Banks



- | | | |
|--|---|--|
| <p>1. BANGLADESH Bank Name : AB BANK LIMITED - DHAKA, BANGLADESH Swift Code : ABBLBDDH</p> | <p>4. BAHRAIN Bank Name : KHALEEJI COMMERCIAL BANK B.S.C. (C) - BAHRAIN Swift Code : KHCBHBM</p> | <p>7. EGYPT Bank Name : MASHREQ BANK - CAIRO, EGYPT Swift Code : MSHQEGCA</p> |
| <p>2. BANGLADESH Bank Name : INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LTD Swift Code : IFICBDDH</p> | <p>5. CHINA Bank Name : STANDARD CHARTERED BANK - SHANGHAI, CHINA Swift Code : SCBLCSNX</p> | <p>8. GERMANY Bank Name : STANDARD CHARTERED BANK - GERMANY Swift Code : SCBLDEFX</p> |
| <p>3. BAHRAIN Bank Name : MASHREQBANK PSC - MANAMA, BAHRAIN Swift Code : BOMLBHBM</p> | <p>6. CHINA Bank Name : AXIS BANK LIMITED - SHANGHAI BRANCH, CHINA Swift Code : AXISCSNH</p> | <p>9. HONG KONG Bank Name : STANDARD CHARTERED BANK LIMITED - HONG KONG Swift Code : SCBLHKHH</p> |

Correspondent Banks

| | | |
|---|---|---|
| 10. INDIA Bank Name : AB BANK LIMITED - MUMBAI, INDIA Swift Code : ABBLINBB | 19. JAPAN Bank Name : STANDARD CHARTERED BANK - TOKYO, JAPAN Swift Code : SCBLPJPT | 28. NEPAL Bank Name : SIDDHARTHA BANK LTD - KATHMANDU Swift Code : SIDDNPKA |
| 11. INDIA Bank Name : STANDARD CHARTERED BANK - MUMBAI, INDIA Swift Code : SCBLINBB | 20. KUWAIT Bank Name : MASHREQBANK PSC - KUWAIT, KUWAIT Swift Code : MSHQKWKW | 29. OMAN Bank Name : BANK NIZWA - OMAN Swift Code : BNZWOMRX |
| 12. INDIA Bank Name : STANDARD CHARTERED BANK - MAHARASHTRA, INDIA Swift Code : SCBLINAAXX | 21. KOREA Bank Name : KOOKMIN BANK - SEOUL, SOUTH KOREA Swift Code : CZNBKRSE | 30. OMAN Bank Name : ALIZZ ISLAMIC BANK - OMAN Swift Code : IZZBOMRU |
| 13. INDIA Bank Name : MASHREQ BANK - MUMBAI, INDIA Swift Code : MSHQINBB | 22. KOREA Bank Name : STANDARD CHARTERED BANK - KOREA Swift Code : SCBLKRSE | 31. PAKISTAN Bank Name : MEEZAN BANK LIMITED - KARACHI, PAKISTAN Swift Code : MEZNPCKA |
| 14. INDIA Bank Name : AXIS BANK LIMITED - MUMBAI, INDIA Swift Code : AXISINBB | 23. MALAYSIA Bank Name : BANK ISLAM MALAYSIA - BERHAD Swift Code : BIMBMYKL | 32. PAKISTAN Bank Name : STANDARD CHARTERED BANK - KARACHI, PAKISTAN Swift Code : SCBLPKKX |
| 15. INDIA Bank Name : DOHA BANK Q.S.C - MUMBAI BRANCH, INDIA Swift Code : DOHBINBB | 24. MALAYSIA Bank Name : MALAYAN BANKING BERHAD (MAYBANK) - KUALA LUMPUR, MY Swift Code : MBBEMYKL | 33. PAKISTAN Bank Name : FAYSAL BANK LIMITED - KARACHI, PAKISTAN Swift Code : FAYSPKKA |
| 16. INDIA Bank Name : HDFC BANK LIMITED INDIA - MUMBAI, INDIA Swift Code : HDFCINBB | 25. MALAYSIA Bank Name : STANDARD CHARTERED BANK MALAYSIA - BERHAD, MALAYSIA Swift Code : SCBLMYKX | 34. PHILIPPINES Bank Name : ASIAN DEVELOPMENT BANK Swift Code : ASDBPHMM |
| 17. INDONESIA Bank Name : STANDARD CHARTERED BANK - JAKARTA, INDONESIA Swift Code : SCBLIDJX | 26. MALDIVES Bank Name : BANK OF CEYLON - MALE, MALDIVES Swift Code : BCEYMVMV | 35. QATAR Bank Name : MASHREQ BANK - DOHA, QATAR Swift Code : MSHQQAQA |
| 18. ITALY Bank Name : BANCA UBAE SPA - ROMA, ITALY Swift Code : UBAITRR | 27. MALDIVES Bank Name : MALDIVES ISLAMIC BANK PVT LTD - MALDIVES Swift Code : MADVMVMV | 36. QATAR Bank Name : AL KHALIJ COMMERCIAL BANK - DOHA, QATAR Swift Code : KLJIQAQA |
| | | 37. QATAR Bank Name : ABU DHABI ISLAMIC BANK - DOHA, QATAR Swift Code : ABDIQAQA |

| | | |
|---|---|--|
| 38. QATAR Bank Name : DOHA BANK - DOHA Swift Code : DOHBQAQA | 48. TURKEY Bank Name : TURKIYE FINANS KATILIM BANKASI A.S. - ISTANBUL, TURKEY Swift Code : AFKBTRIS | 58. UAE Bank Name : ABU DHABI COMMERCIAL BANK - UAE Swift Code : ADCBAEAA |
| 39. SINGAPORE Bank Name : STANDARD CHARTERED BANK SINGAPORE - SINGAPORE Swift Code : SCBLSGSG | 49. TURKEY Bank Name : AKTIF YATIRIM BANKASI A.S. - ISTANBUL, TURKEY Swift Code : CAYTTRIS | 59. UAE Bank Name : SHARJAH ISLAMIC BANK - UAE Swift Code : NBSHAEAS |
| 40. SINGAPORE Bank Name : STANDARD CHARTERED BANK SINGAPORE - SINGAPORE (AUD) Swift Code : SCBLSG22 | 50. UAE Bank Name : DUBAI ISLAMIC BANK - DUBAI, UAE Swift Code : DUIBAEAD | 60. UK Bank Name : BANK OF CEYLON - LONDON, UK Swift Code : BCEYGB2L |
| 41. SINGAPORE Bank Name : AXIS BANK LTD - SINGAPORE Swift Code : AXISSGSG | 51. UAE Bank Name : STANDARD CHARTERED BANK - DUBAI, UAE Swift Code : SCBLAEAD | 61. UK Bank Name : STANDARD CHARTERED BANK - LONDON, UK Swift Code : SCBLGB2L |
| 42. SAUDI ARABIA Bank Name : BANK AL-JAZIRA - JEDDAH, SAUDI ARABIA Swift Code : BJAZSAJE | 52. UAE Bank Name : MASHREQBANK PSC - DUBAI, UAE Swift Code : BOMLAEAD | 62. UK Bank Name : QIB (UK) PLC - UK Swift Code : EFHLGB2L |
| 43. SAUDI ARABIA Bank Name : BANK AL BILAD Swift Code : ALBISARIXXX | 53. UAE Bank Name : NOOR ISLAMIC BANK - DUBAI, UAE Swift Code : NISLAEAD | 63. USA Bank Name : MASHREQBANK PSC - NEW YORK BRANCH, USA Swift Code : MSHQUS33 |
| 44. SPAIN Bank Name : ABANCA CORPORACION BANCARIA - SPAIN Swift Code : CAGLESMM | 54. UAE Bank Name : ABU DHABI ISLAMIC BANK - ABU DHABI, UAE Swift Code : ABDIAEAD | 64. USA Bank Name : INTERNATIONAL FINANCE CORPORATION - USA Swift Code : IFCWUS33 |
| 45. SWITZERLAND Bank Name : HABIB BANK AG ZURICH - ZURICH, SWITZERLAND Swift Code : HBZUCHZZ | 55. UAE Bank Name : UNITED ARAB BANK - UAE Swift Code : UARBAEAA | 65. USA Bank Name : STANDARD CHARTERED BANK - NEW YORK, USA Swift Code : SCBLUS33 |
| 46. TAIWAN Bank Name : STANDARD CHARTERED BANK - TAIWAN Swift Code : SCBLTWPT | 56. UAE Bank Name : MCB BANK LIMITED - DUBAI, UAE Swift Code : MUCBAEAD | 66. USA Bank Name : HABIB AMERICAN BANK - USA Swift Code : HANYUS33 |
| 47. THAILAND Bank Name : STANDARD CHARTERED BANK (THAI) PCL - THAILAND Swift Code : SCBLTHBK | 57. UAE Bank Name : AXIS BANK LIMITED - UAE Swift Code : AXISAEAD | 67. VIETNAM Bank Name : STANDARD CHARTERED BANK (VIETNAM) LIMITED - VIETNAM Swift Code : SCBLNVX |

Glossary of Banking and Financial Terms

A

ACCEPTANCES

Promise to pay created when the drawee of a time draft stamps or writes the words 'accepted' above his signature and a designated payment date.

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

ACTUARIAL VALUATION

Fund value as determined by computing its normal cost, actuarial accrued liability, actuarial value of assets and other relevant costs and value.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AMORTISED COST

Amount at which the Financial Asset or Financial Liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective profit rate of any difference between that initial amount and the maturity amount and minus any reduction for impairment or un-collectability.

ASSETS AND LIABILITIES COMMITTEE (ALCO)

A risk management committee in a bank that generally comprises the corporate and senior management levels of the institution. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. Among the factors considered are liquidity risk, market risk, foreign exchange risk and external events that may affect the Bank's forecast and strategic balance sheet allocations.

B

BILLS FOR COLLECTION

A bill of exchange drawn by an exporter usually at a term, on an importer overseas and brought by the exporter to his bank with a request to collect the proceeds.

C

CAPITAL ADEQUACY RATIO (CAR)

The ratio between capital and risk weighted assets as defined in the standards developed by the Bank for International Settlement (BIS) and as modified by the Central Bank of Sri Lanka to suit local requirements.

CAPITAL GAIN

The gain on the disposal of an asset calculated by deducting the cost of the asset from the proceeds received on its disposal.

CAPITAL RESERVE

A reserve identified for specific purposes which is not available for distribution.

CARRYING VALUE

Value of an asset or a liability as per books of the organisation before adjusting for fair value.

CASH EQUIVALENTS

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

COLLECTIVELY ASSESSED IMPAIRMENT

Impairment assessment on a collective basis for homogeneous groups of advances that are not considered individually significant and to cover losses which have been incurred but have not yet been identified on advances subject to individual assessment.

COMMITMENTS

Credit facilities approved but not yet utilised by customers as at the reporting date.

CONTINGENCIES

A condition or situation, the ultimate outcome of which, gain or loss, will be confirmed only by occurrence or non-occurrence of one or more future events.

CONTRACTUAL MATURITY

Contractual maturity refers to the final payment date of a facility or other financial instrument, at which point all the remaining outstanding capital will be repaid and financing charges is due to be paid.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and the direction of the Bank, the supervision of executive actions and accountability to stakeholders.

CORRESPONDENT BANK

A bank in a foreign country that offers banking facilities to customers of a bank in another country.

COST TO INCOME RATIO

Operating expenses excluding impairment charge for financial assets as a percentage of total operating income.

CREDIT RATINGS

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

CREDIT RISK

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

CURRENCY RISK

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

D**DEFERRED TAXATION**

Sum set aside for income tax in the Financial Statements that may become payable/receivable in a financial year other than the current financial year. It arises because of timing differences between tax rules and accounting conventions.

DEPRECIATION

The systematic allocation of the depreciable amount of an asset over its useful life.

DERECOGNITION

Removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

DERIVATIVES

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

DIVIDEND COVER

Profit after tax divided by gross dividends. This ratio measures the number of times dividends is covered by the current year's distributable profits.

DIVIDEND PAYOUT RATIO

It is the percentage of earnings paid to shareholders in dividends.

DIVIDEND YIELD

Dividend earned per share as a percentage of its market value.

E**EARNINGS PER SHARE (EPS)**

Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue.

EFFECTIVE PROFIT RATE (EPR)

The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

EFFECTIVE TAX RATE

Income tax expense for the year divided by the profit before tax.

EMPLOYEE SHARE OPTION PLAN (ESOP)

A method of giving employees shares in the business for which they work.

EQUITY INSTRUMENT

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

EQUITY RISK

The risk arising from positions, either long or short, in equities or equity based instruments, which create exposure to a change in the market price of the equities or equity instruments.

EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

EXPECTED CREDIT LOSSES

The weighted average of credit losses with the respective risks of a default occurring as the weights

EXPECTED LOSS (EL)

A regulatory calculation of the amount expected to be lost on an exposure using a 12 month time horizon and downturn loss estimates. EL is calculated by multiplying the probability of default by the exposure at default and loss given default.

EXPOSURE AT DEFAULT (EAD)

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal & profit and expected drawdowns of committed facilities.

F**FAIR VALUE**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

FAIR VALUE RESERVE

A reserve that captures the cumulative net change in the fair value of an asset as long as it is still recognized on the financial statements of an entity.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

A financial asset is measured at amortised cost if 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 solely payments of principal and profit on the principal amount outstanding.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it 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 solely payments of principal and profit on the principal amount outstanding. Equity investments may be irrevocably classified as FVOCI when they meet the definition of Equity under LKAS 32 Financial Instruments: Presentation, and are not held for trading.

Glossary of Banking and Financial Terms

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

All financial assets other than those classified at Amortised Cost or FVOCI are classified as measured at FVTPL. These are held for trading or managed and their performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

FINANCE LEASE

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of the asset under lease.

FINANCIAL ASSETS

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL GUARANTEE CONTRACTS

A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

FINANCIAL INSTRUMENTS

Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

FINANCIAL LIABILITY

Financial liability is a contractual obligation to deliver cash to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

FOREIGN EXCHANGE INCOME

The gain recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan Rupees on the reporting date at prevailing rates which differ from those rates in force at inception or on the previous reporting date. Foreign exchange income also arises from trading in foreign currencies.

FORWARD EXCHANGE CONTRACTS

An agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

G

GENERAL PROVISIONS

General provisions are established for loans and advances for anticipated losses on aggregate exposures where credit losses cannot yet be determined on an individual facility basis.

GUARANTEES

A promise made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable on behalf of whom the guarantee is issued if the individual fails to fulfil the contractual obligations.

H

HIGH QUALITY LIQUID ASSETS (HQLA)

Assets that are unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible. These include, for example, cash and claims on central governments and central banks.

HISTORICAL COST CONVENTION

Recording transactions at the actual value received or paid.

I

IMPAIRMENT

This occurs when the recoverable amount of an asset is less than its carrying amount.

IMPAIRMENT ALLOWANCES

Management's best estimate of losses incurred on its assets as at the reporting date.

IMPAIRMENT CHARGE/ (REVERSAL)

The difference between the carrying value of an asset and the sum of discounted future cash flows generating from the same asset.

INDIVIDUALLY ASSESSED IMPAIRMENT

Exposure to loss is assessed individually for assets that are individually significant above a certain threshold.

INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance.

INVESTING ACTIVITIES

The acquisition and disposal of long term assets and other investments not included in cash equivalents.

K

KEY MANAGEMENT PERSONNEL (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the Bank.

KEY PERFORMANCE INDICATORS (KPIs)

KPIs are quantifiable measurements, agreed at the commencement of the year that reflect the critical success factors of the Bank.

L

LEASE LIABILITY

A lease liability is a lessee's obligation to make the lease payments arising from a lease, measured on a discounted basis. Under the new lease accounting standard, the lease liability is calculated as the present value of the lease payments over the lease term discounted, typically, using the lessee's incremental cost of funds.

LETTER OF CREDIT

Written undertakings by a Bank on behalf of its customer (typically an importer), authorising a third party (e.g. an exporter) to draw drafts on the Bank up to a stipulated amount under specific terms and conditions. Such undertakings are established for the purpose of facilitating international trade.

LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily.

LIQUIDITY COVERAGE RATIO (LCR)

Ratio of stock of high quality liquid assets available to Total net cash outflows over next 30 calendar days. LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus, reducing the risk of spill over from the financial sector to the real economy.

LIQUIDITY RISK

Liquidity risk implies the potential for loss to the Bank due to inability to meet its obligation or to fund the increase in assets as they fall due without incurring high cost.

LOSS GIVEN DEFAULT ('LGD')

The estimated ratio (percentage) of the loss on an exposure to the amount outstanding at default (EAD) upon default of counterparty.

M**MARKET CAPITALISATION**

Number of ordinary shares in issue multiplied by the market value of each share at the year end.

MARKET RISK

Market risk denotes the risk of losses arising out of positions in the Statement of Financial Position due to changes in market prices.

MATERIALITY

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

MORATORIUM

Moratorium refers to the deferment of capital and/or profit payments which fall due within the respective concession periods. However, moratorium does not mean a waive-off of capital and /or profit permanently. The customer should pay the capital and/or profit payments which fall due within the concession periods at a later date according to the revised repayment plan.

N**NET ASSETS VALUE PER SHARE**

Shareholders' funds divided by the number of ordinary shares in issue.

NET REALISABLE VALUE

The estimated selling price in the ordinary course of the business, less the estimated cost of completion and the estimated necessary costs to make the sale.

NET FINANCING MARGINS (NFM)

Net Financing income expressed as a percentage of average income earning assets.

NET STABLE FUNDING RATIO (NSFR)

The ratio of available stable funding to required stable funding over a one year time horizon, assuming a stressed scenario. Available stable funding would include items such as equity capital, preferred stock with a maturity of over one year and liabilities with an assessed maturity of over one year.

NON-PERFORMING ADVANCES RATIO

Non-Performing advances expressed as a percentage of the total outstanding advances.

NOSTRO ACCOUNT

A foreign currency current account maintained with another Bank, usually but not necessarily a foreign correspondent Bank.

O**OFF BALANCE SHEET TRANSACTIONS**

Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, but which give rise to commitments and contingencies.

OPERATIONAL RISK

Operational risk refers to the loss resulting from inadequate or failed internal processes, people and systems or from external events.

P**PAST DUE**

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

PROBABILITY OF DEFAULT

Probability of default is an internal estimate for each customer grade of the likelihood that an obligor will default on an obligation.

PROJECTED UNIT CREDIT METHOD

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

PROVISIONS

A provision is an amount set aside for probable, but uncertain, economic obligations of the Bank.

R**RELATED PARTIES**

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RETAINED EARNINGS

Retained earnings (RE) is the amount of net income left over for the business after it has paid out dividends to its shareholders.

RETURN ON AVERAGE ASSETS (ROA)

Profit before Tax divided by Average Assets.

RETURN ON EQUITY (ROE)

Profit for the year expressed as a percentage of average ordinary shareholders' equity.

Glossary of Banking and Financial Terms

REVALUATION RESERVE

Part of the shareholders' equity that arises from changes in the current value of property, plant and equipment.

REVENUE RESERVES

Reserves set aside for future distribution and investment.

RIGHT-OF-USE ASSET

The right-of-use asset, or ROU asset, is an asset that represents a lessee's right to to operate, hold, or occupy a leased property, item, or piece of equipment for the lease term. It is calculated as the initial amount of the lease liability, plus lease payments made before lease commencement, plus initial direct costs, less any lease incentives.

RIGHTS ISSUE

Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

RISK WEIGHTED ASSETS

On Balance Sheet assets and the credit equivalent of off Balance Sheet assets multiplied by the relevant risk weighting factors.

S

SCRIP DIVIDEND/ BONUS ISSUE

This is a dividend which shareholders have the option to receive in the form of additional shares instead of cash.

SEGMENT REPORTING

Segment reporting indicates the contribution to the revenue derived from business segments.

SHAREHOLDERS' FUNDS

Shareholders' funds consist of stated capital plus capital and revenue reserves.

STATUTORY RESERVE FUND

A capital reserve created in accordance with the provisions of the Banking Act No. 30 of 1988 as amended.

T

TIER I CAPITAL

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

TIER II CAPITAL

Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

TOTAL CAPITAL

Capital base is summation of the core capital (Tier 1) and the supplementary capital (Tier II).

TRANSACTION COSTS

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

U

UNDRAWN CREDIT LINES

Credit facilities approved but not yet utilised by the clients as at the end of the reporting period

V

VALUE ADDED

Value added is the wealth created by providing banking services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to Government by way of taxes and retained for expansion and growth.

VALUE ADDED TAXES ON FINANCIAL SERVICES

Value Added Taxes on Financial Services is computed based on profit before tax from financial services subject to adjustment for depreciation and emoluments payable to employees and Directors.

VOSTRO ACCOUNT

A Vostro account is an account the reporting bank holds on behalf of another bank. These accounts are an essential aspect of correspondent banking in which the bank holding the funds acts as custodian for or manages the account of a foreign counterpart.

Branch Network Information

BRANCHES

Main Branch - Colombo 3

No. 365, Galle Road, Colombo 3
T: 011-7756000
E: mainbranch@amana.lk

Beruwala

No. 5, China Fort Road, Beruwala
T: 034-7756250
E: beruwala@amana.lk

Dehiwala

No. 28, Galle Road, Dehiwala
T: 011-7756016
dehiwala@amana.lk

Dematagoda

No. 7, Kent Road, Dematagoda, Colombo 9
T: 011-7756028
E: dematagoda@amana.lk

Kirulapone

No. 124, Maya Avenue, Colombo 6
T: 011-7756029
E: kirulapone@amana.lk

Ladies Branch - Colombo 3

No. 365, Galle Road, Colombo 3
T: 011-7756381
E: ladiesbranch@amana.lk

Negombo

No. 97, Colombo Road, Negombo
T: 031-7756020
E: negombo@amana.lk

Old Moor Street

No. 330, Old Moor Street, Colombo 12
T: 011-7756027
E: oms@amana.lk

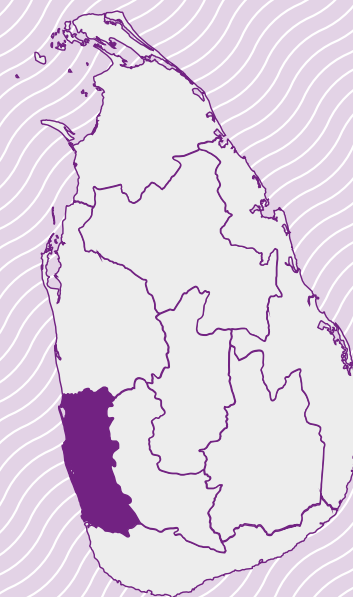
Panadura

No. 145, Galle Road, Pallimulla, Keselwatte, Panadura
T: 038-7756032
E: panadura@amana.lk

Pettah

No. 129, Main Street, Colombo 11
T: 011-7756002
E: pettah@amana.lk

WESTERN PROVINCE



SELF BANKING CENTRES

Dharga Town

No. 241, Mathugama Road, Dharga Town

Hill Street

No. 160 A, D.B. Jayathilake Mawatha, Hill Street, Dehiwala

Kalubowila

No. 9 B, S.De.S Jayasinghe Manwatha, Kalubowila

Kaluthara

No. 437, Galle Road, Kalutara

Kolonnawa

No. 529, Kolonnawa Road, Wellampitiya

Maligawatte

No. 132/1 A, Jumma Masjid Road, Maligawatte

Malwana

No. 114/1, Main Street, Malwana

Mattakkuliya

No. 74/18/2, Muthuwella Jumma Mosque, Muthuwella Mawatha, Colombo 15

Rajagiriya

No. 1576/19, Cotta Road, Rajagiriya

Ratmalana

No. 360, Galle Road, Ratmalana

Kompannavidiya

No. 113, Justice Akbar Mawatha, Kompannavidiya, Colombo 2

Thihariya

No. 124, Kandy Road, Thihariya

Wattala

No. 697A, Negombo Road, Mabola, Wattala

Branch Network Information

BRANCHES

Akkaraipattu

No. 102, Main Street, Akkaraipattu
T: 067-7756015
E: akkaraipattu@amana.lk

Eravur

No. 108/5, Punnakuda Road, Eravur
T: 065-7756019
E: eravur@amana.lk

Kalmunai

No. 32, Main Street, Kalmunai
T: 067-7756006
E: kalmunai@amana.lk

Kalmunai Unity Square

KUS Shopping Complex, Main Street, Kalmunai
T: 067-7756026
E: kalmunaimi@amana.lk

Kattankudy

No. 237, Main Street, Kattankudy
T: 065-7756004
E: kattankudy@amana.lk

Kinniya

No. 264, Main Street, Kinniya
T: 026-7756025
E: kinniya@amana.lk

Nintavur

No. 40/5, Main Street, Nintavur 24
T: 067-7756017
E: nintavur@amana.lk

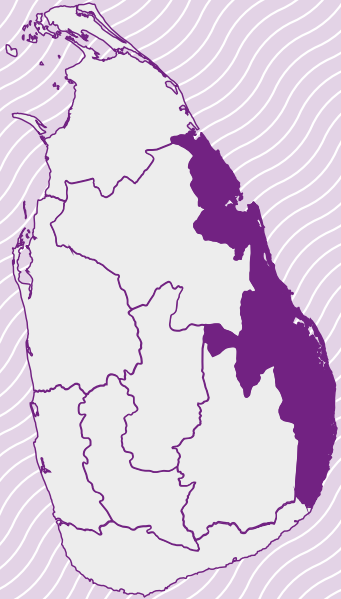
Oddamavadi

Main Street, Oddamavadi-01
T: 065-7756225
E: oddamavadi@amana.lk

Sammanthurai

Hajiyar Palace, Hijra Junction, Viliniyadi-03,
Ampara Road, Sammanthurai
T: 067-7756012
E: sammanthurai@amana.lk

EASTERN PROVINCE



SELF BANKING CENTRES

Batticaloa

No. 111, Main Street, Batticaloa

Mutur

No. 146, Main Street, Mutur

Thopur

Ward No. 2 - Main Road, Thopur

Trincomalee

No. 255, Central Road, Trincomalee

BRANCHES

Kuliyapitiya

No. 215 1/1, Main Street, Kuliyapitiya
T: 037-7756018
E: kuliyapitiya@amana.lk

Kurunegala

No. 137, Puttalam Road, Kurunegala
T: 037-7756014
E: kurunegala@amana.lk

Puttalam

No. 23, Colombo Road, Puttalam
T: 032-7756024
E: puttalam@amana.lk

SELF BANKING CENTRES

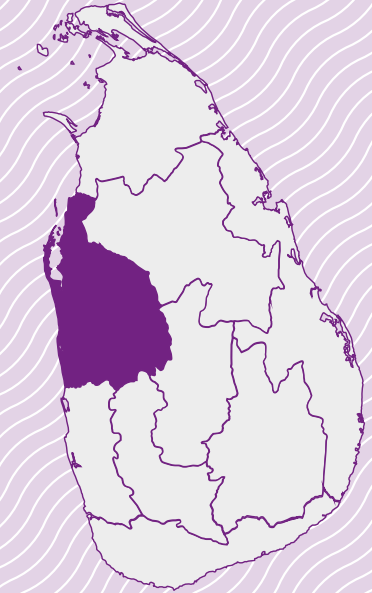
Pulichchakulam

No. 5931, Colombo Road, Pulichchankulam,
Bathulu Oya

Siyambalagaskotuwa

No. 326, Kahatagahamada, Siyambalgaskotuwa

NORTH WESTERN PROVINCE



BRANCHES

Mawanella

No. 22B, New Kandy Road, Mawanella
T: 035-7756013
E: mawanella@amana.lk

Ratnapura

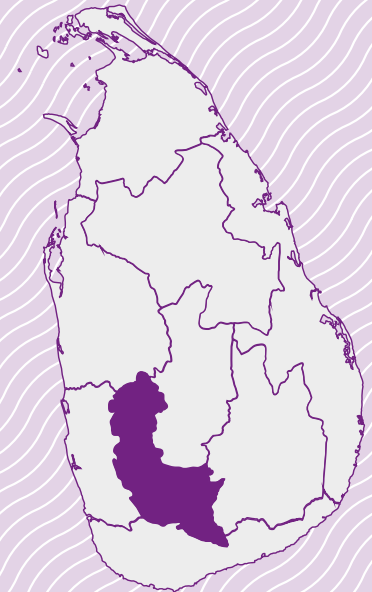
No. 131-133, Main Street, Ratnapura
T: 045-7756023
E: ratnapura@amana.lk

SELF BANKING CENTRES

Hemmathagama

No. 2122/A, Mawanella Road, Hemmathagama

SABARAGAMUWA PROVINCE



Branch Network Information

BRANCHES

Akurana

No. 204/1, Matale Road, Akurana
T: 081-7756010
E: akurana@amana.lk

Gampola

No. 119, Kandy Road, Gampola
T: 081-7756011
E: gampola@amana.lk

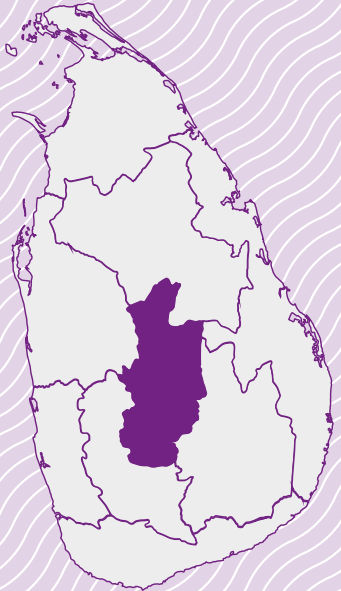
Kandy

No. 105, Kotugodella Veediya, Kandy
T: 081-7756003
E: kandy@amana.lk

Katugastota

No. 93, Kurunegala Road, Katugastota
T: 081-7756030
E: katugastota@amana.lk

CENTRAL PROVINCE



BRANCHES

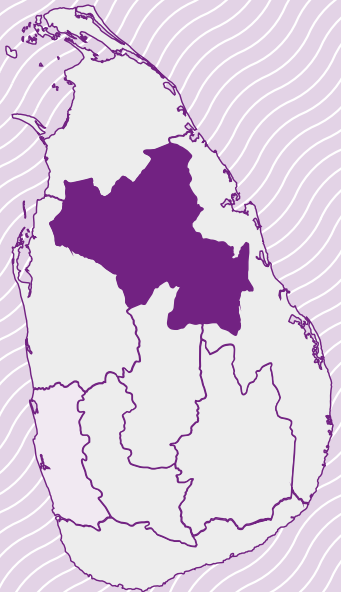
Anuradhapura

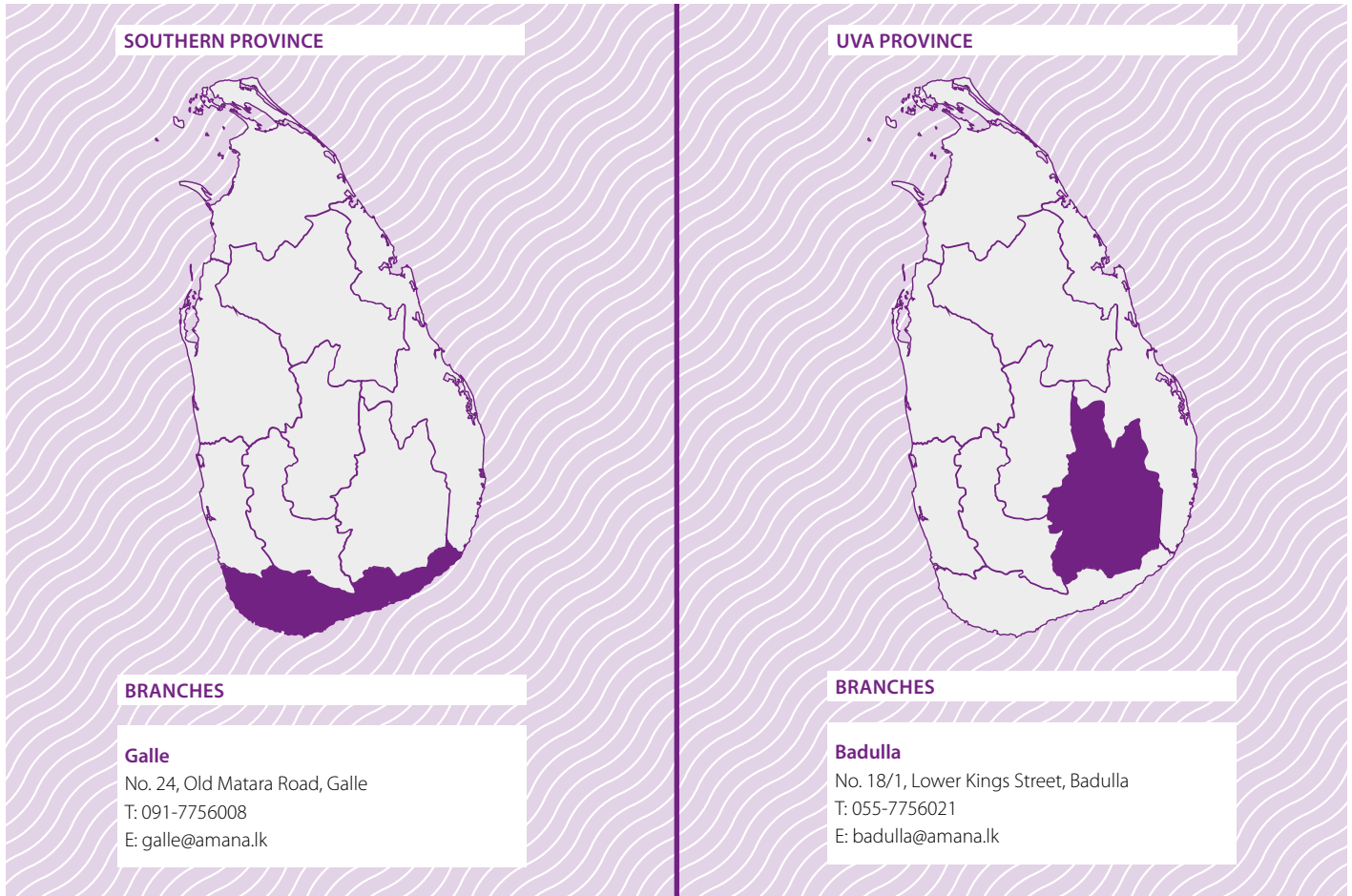
No. 36A, Maithripala Senanayake Mawatha,
Anuradhapura
T: 025-7756034
E: anuradhapura@amana.lk

Kaduruwela

No. 379, Main Street, Kaduruwela
T: 027-7756022
E: kaduruwela@amana.lk

NORTH CENTRAL PROVINCE





Notes

A large rectangular area with a thin purple border, containing 25 horizontal dotted lines for writing notes.


Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting (AGM) of Amāna Bank PLC will be held on Thursday, 30 March 2023 at 3.30 p.m. at the Registered Office, No. 486, Galle Road, Colombo 3, Sri Lanka, as a virtual meeting using a digital platform.

AGENDA

- 1) To receive and consider the Annual Report of the Board of Directors and the Audited Financial Statements of the Bank for the financial year ended 31 December 2022 together with the Report of the Auditors thereon.
- 2) To re-elect Mr. Mohammad Hassan (Non-Executive, Non-Independent Director) who retires in terms of Article 29(13) of the Articles of Association of the Bank, as a Director.
- 3) To re-elect Mr. Mohammed Ataur Rahman Chowdhury, (Non-Executive, Non-Independent Director), who retires by rotation in terms of Article 29(6) of the Articles of Association of the Bank, as a Director.
- 4) To re-elect Mr. Syed Muhammed Asim Raza, (Non-Executive, Non-Independent Director), who retires by rotation in terms of Article 29(6) of the Articles of Association of the Bank, as a Director.
- 5) To re-elect Mr. Khairul Muzamel Perera Bin Abdullah, (Non-Executive, Non-Independent Director), who retires by rotation in terms of Article 29(6) of the Articles of Association of the Bank, as a Director.
- 6) To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors for the ensuing year and authorise the Directors to determine their remuneration.
- 7) To re-appoint the Sharia Supervisory Council consisting of:
 - (a) Ash-Sheikh Dr. Mufti Muhammad Imran Ashraf Usmani
 - (b) Ash-Sheikh Mohd. Nazri Chik
 - (c) Ash-Sheikh Mufti M. I. M. Rizwe
 - (d) Ash-Sheikh Mufti Muhammad Hassaan Kaleem
 - (e) Mr. Osman Kassim
- 8) To authorise the Directors to determine contributions to charities for the financial year 2023.
- 9) To consider any other business of which due notice has been given.

By Order of the Board
Amāna Bank PLC



Miss P. S. Watson
Company Secretary

18 February 2023
Colombo.

Notes:

- i. A Shareholder is entitled to appoint a proxy to participate in the Meeting by virtual means and vote instead of him/her. A proxy need not be a shareholder of the Bank.
- ii. A Form of Proxy is enclosed for this purpose.
- iii. Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the "Registration of Shareholder Information" form attached hereto to the email address "agm@amana.lk" with the email subject title "AGM 2023" or post it to the address mentioned below to be received not less than 2 days before holding of the meeting. Shareholders are requested to provide their email addresses in the space provided in the "Registration of Shareholder Information" form in order to forward the web link if they wish to participate at the meeting through the online platform.
- iv. Shareholders who wish to appoint a member of the Board of Directors as his/her proxy to represent them at the AGM may do so by completing the Form of Proxy, in such an event the email address of the proxy holder will not be required.
- v. Shareholders may send their questions/ comments on the items listed in the Agenda of the Notice convening the AGM by email to "agm@amana.lk" or by post to Company Secretary, Amāna Bank PLC, Company Secretarial Division, 6th Floor, No. 403, Galle Road, Colombo 3, Sri Lanka not less than 3 days before holding of the meeting.
- vi. The instrument appointing a proxy should be deposited at Amāna Bank PLC, Company Secretarial Division, 6th Floor, No. 403, Galle Road, Colombo 3, Sri Lanka not less than 24 hours before the date of the meeting.

Form of Proxy

I/We* of
..... being shareholder/s of Amāna Bank PLC

hereby appoint: of

NIC No: or failing him/her*

- | | |
|--|----------------|
| 1. Mr. Ali Asghar Akbarally | or failing him |
| 2. Mr. Mohamed Azmeer | or failing him |
| 3. Mr. Dilshan Hettiaratchi | or failing him |
| 4. Mr. Aaron Russell-Davison | or failing him |
| 5. Mr. Mohammed Ataur Rahman Chowdhury | or failing him |
| 6. Mr. Syed Muhammed Asim Raza | or failing him |
| 7. Mr. Khairul Muzamel Perera Bin Abdullah | or failing him |
| 8. Mr. Tishan Subasinghe | or failing him |
| 9. Mr. Omar Kassim | or failing him |
| 10. Mr. Mohamed Adamaly | or failing him |
| 11. Mr. Mohammad Hassan | |

as my/our* Proxy to represent and speak for me/us* and vote for me/us* on my/our* behalf at the Fourteenth Annual General Meeting of the Bank to be held on Thursday, 30 March 2023 at 3.30 p.m. via a digital platform, at the Registered Office, No. 486, Galle Road, Colombo 3, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

*Please delete what is inapplicable

Signed this day of 2023.

.....
Signature

Please provide the following details:

Shareholder's NIC No./Company Registration No:

Number of Shares held:

Form of Proxy

INSTRUCTIONS FOR THE COMPLETION OF FORM OF PROXY

1. The Form of Proxy must be duly completed and signed by the shareholder/s, giving in block capitals, the name and address of shareholder/s and the name, address and NIC of the Proxy holder clearly and legibly. Where necessary delete the inapplicable words indicated by asterisk.
2. The completed Form of Proxy should be deposited at the office of the Company Secretary, Company Secretarial Division, 6th Floor, No. 403, Galle Road, Colombo 3, Sri Lanka not less than 24 hours before the time appointed for the holding of the meeting.
3. If the Proxy has been signed by an Attorney, the relevant Power of Attorney should accompany the completed Proxy for registration, if such Power of Attorney had not been registered with the Bank.
4. In the case of a Company/Corporation, the Proxy must be under its Common Seal (where applicable) which should be affixed and attested in the manner prescribed by its Articles of Association/Act of Incorporation signed by two Directors or a Director and Secretary of the Company with the Company rubber stamp placed on it.

Corporate Information

NAME OF THE INSTITUTION

Amāna Bank PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka on 5 February 2009 under the Companies Act No. 07 of 2007 and listed on the Main Board of the Colombo Stock Exchange and re-registered under the Companies Act No. 07 of 2007 on 28 August 2014. Amāna Bank PLC is a Licensed Commercial Bank under the Banking Act No. 30 of 1988 and amendments thereto

COMPANY REGISTRATION NUMBER

PB 3618 PQ

ACCOUNTING YEAR END

31 December

BUSINESS

Commercial banking and related services

EXTERNAL CREDIT RATING

The Bank is rated by Fitch Ratings Lanka Limited as BB+(lka) with a RWN Outlook

INDUSTRY MEMBERSHIPS

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
The Islamic Financial Services Board (IFSB)
The Association of Alternate Financial Institutions (AAFI)

REGISTERED OFFICE

486, Galle Road, Colombo 3, Sri Lanka
Tel : (94) - (11) - 7756000
Email : info@amana.lk

SWIFT

AMNALKLX

WEB

www.amanabank.lk

TAX PAYER IDENTIFICATION NUMBER (TIN)

134036184

BOARD OF DIRECTORS

1. Mr. Ali Asghar Akbarally – Chairman (Non-Executive, Non-Independent Director)
2. Mr. Mohamed Azmeer (Managing Director/CEO)
3. Mr. Dilshan Hettiaratchi (Non-Executive, Senior Independent Director)
4. Mr. Aaron Russell-Davison (Non-Executive, Independent Director)
5. Mr. Mohammed Ataur Rahman Chowdhury (Non-Executive, Non-Independent Director)
6. Mr. Syed Muhammed Asim Raza (Non-Executive, Non-Independent Director)
7. Mr. Khairul Muzamel Perera Bin Abdullah (Non-Executive, Non-Independent Director)
8. Mr. Omar Kassim (Non-Executive, Non-Independent Director)
9. Mr. Tishan Subasinghe (Non-Executive, Independent Director)
10. Mr. Mohamed Adamaly (Non-Executive, Non-Independent Director)
11. Mr. Mohammad Hassan (Non-Executive, Non-Independent Director)

SHARIA SUPERVISORY COUNCIL

- a) Ash-Sheikh Dr. Mufti Muhammad Imran Ashraf Usmani - Chairman
- b) Ash-Sheikh Mohd. Nazri Chik – Vice Chairman
- c) Ash-Sheikh Mufti M. I. M. Rizwe - Member
- d) Ash-Sheikh Mufti Muhammad Hassaan Kaleem – Member
- e) Mr. Osman Kassim – Member

BOARD COMMITTEES

Board Audit Committee

1. Mr. Tishan Subasinghe - Chairman
2. Mr. Aaron Russell-Davison - Member
3. Mr. Mohammed Ataur Rahman Chowdhury - Member

Board Integrated Risk Management Committee

1. Mr. Aaron Russell-Davison - Chairman
2. Mr. Tishan Subasinghe - Member
3. Mr. Mohammed Ataur Rahman Chowdhury – Member
4. Mr. Khairul Muzamel Perera Bin Abdullah - Member
5. Mr. Mohamed Azmeer (MD/CEO) - Member
6. Mr. M. M. S. Quvylidh (CRO) – Member

Board Nomination Committee

1. Mr. Dilshan Hettiaratchi - Chairman
2. Mr. Tishan Subasinghe - Member
3. Mr. Ali Asghar Akbarally -Member
4. Mr. Mohammed Ataur Rahman Chowdhury - Member

Board Human Resources and Remuneration Committee

1. Mr. Ali Asghar Akbarally - Chairman
2. Mr. Dilshan Hettiaratchi - Member
3. Mr. Aaron Russell-Davison - Member
4. Mr. Mohammed Ataur Rahman Chowdhury – Member
5. Mr. Tishan Subasinghe - Member

Board Related Party Transactions Review Committee

1. Mr. Tishan Subasinghe - Chairman
2. Mr. Dilshan Hettiaratchi - Member
3. Mr. Aaron Russell-Davison - Member

COMPANY SECRETARY

Miss Primrose Shireen Watson, FCG

AUDITORS

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

LAWYERS

Messrs F J & G de Saram
Attorneys-at-Law & Notaries Public
No. 216, De Saram Place,
Colombo 10, Sri Lanka

FOR INVESTOR RELATIONS AND CLARIFICATIONS ON THE REPORT, PLEASE CONTACT:

Company Secretarial Division
6th Floor
No. 403, Galle Road, Colombo 3,
Sri Lanka
Tel : +94 11 7757400



www.amanabank.lk

Amāna Bank PLC 486, Galle Road, Colombo 3, Sri Lanka T: +94 117 756 000 E: info@amana.lk