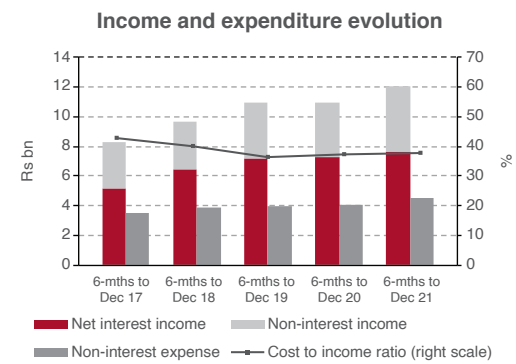


## HIGHLIGHTS

- Rise of 4.1% in net interest income
- Growth of 39.9% in net fee and commission income
- 'Other income' remained relatively flat
- Operating expenses up by 11.7%
- Impairment charges declined by Rs 453 million; Gross NPL ratio stood at 3.8%
- Share of profit of associates up by Rs 295 million
- Y-o-y growth of 19.1% in deposits and of 16.3% in gross loans

**PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS**

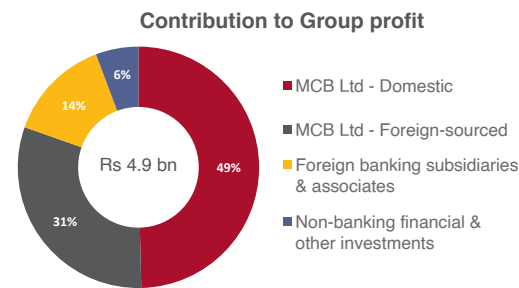
**Rs 4.9 bn**  
▲ 29.5%


**OPERATING INCOME**

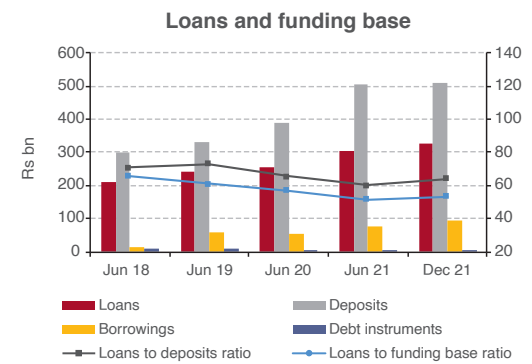
**Rs 12.0 bn**  
▲ 10.3%

**IMPAIRMENT CHARGES (INCL. ECL)**

**Rs 1.9 bn**  
▼ 19.2%


**GROSS LOANS**

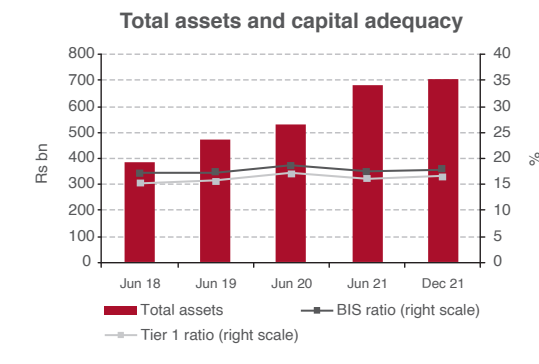
**Rs 325.2 bn**  
▲ 16.3%


**DEPOSITS**

**Rs 508.6 bn**  
▲ 19.1%

**ASSETS**

**Rs 705.4 bn**  
▲ 22.2%


**FINANCIAL SOUNDNESS INDICATORS (%)**

	Dec-21	Jun-21	Dec-20
<b>Profitability</b>			
Return on average total assets <sup>1</sup>	1.4	1.3	1.4
Return on average equity <sup>1</sup>	13.2	11.8	11.7
Return on average Tier 1 capital <sup>1</sup>	13.4	11.9	11.6
<b>Efficiency</b>			
Cost-to-income	37.7	36.9	37.2
<b>Asset quality</b>			
Gross NPL/Gross loans and advances	3.8	3.6	3.7
Net NPL/Net loans and advances	2.1	2.3	2.3
<b>Liquidity</b>			
Liquid assets <sup>2</sup> /Total assets	45.8	47.2	43.0
Loans to deposits	63.9	60.2	65.4
Loans to deposits and borrowings <sup>3</sup>	53.3	51.7	57.2
<b>Capital adequacy</b>			
Shareholders equity to assets	10.8	10.7	11.5
BIS risk adjusted ratio <sup>4</sup>	17.9	17.4	17.6
o/w Tier 1 <sup>4</sup>	16.5	16.1	16.2

<sup>1</sup> Annualised rate for December  
<sup>2</sup> In the computation, liquid assets comprise cash, balances with BoM, placements, T-Bills, Government securities and bonds  
<sup>3</sup> Borrowings include debt instruments  
<sup>4</sup> Based on Basel III

**Consolidated summary statement of financial position as at 31 December 2021**

	31-Dec-21 Rs'M	31-Dec-20 Rs'M	30-Jun-21 Rs'M
<b>ASSETS</b>			
Cash and cash equivalents	98,772	65,323	108,706
Mandatory balances with Central Banks	26,818	22,758	25,301
Derivative financial instruments	395	1,243	1,083
Loans to and placements with banks	18,013	35,048	39,579
Loans and advances to customers	293,049	250,618	273,399
Investment securities	230,063	170,266	198,530
Investments in associates	12,578	11,379	12,525
Investment properties	4,852	4,788	5,032
Goodwill and other intangible assets	2,278	1,822	2,089
Property, plant and equipment	7,292	6,759	7,199
Deferred tax assets	1,799	1,567	1,519
Post employee benefit asset	1,218	-	1,218
Other assets	8,301	5,662	6,953
<b>Total assets</b>	<b>705,428</b>	<b>577,233</b>	<b>683,133</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks	4,721	13,637	18,069
Deposits from customers	503,839	413,441	485,903
Derivative financial instruments	341	1,269	1,454
Other borrowed funds	95,493	57,868	77,136
Debt securities	4,008	2,007	4,007
Subordinated liabilities	1,897	2,009	1,984
Preference shares	3,396	3,396	3,396
Current tax liabilities	991	1,186	1,097
Deferred tax liabilities	343	343	347
Post employee benefit liability	-	1,170	-
Other liabilities	11,464	11,914	13,944
<b>Total liabilities</b>	<b>626,493</b>	<b>508,240</b>	<b>607,337</b>
<b>Shareholders' equity</b>			
Stated capital	3,086	2,747	2,776
Retained earnings	60,518	54,246	57,746
Other components of equity	12,306	9,446	12,370
<b>Equity attributable to the equity holders of the parent</b>	<b>75,910</b>	<b>66,439</b>	<b>72,892</b>
Non-controlling interests	3,025	2,554	2,904
<b>Total equity</b>	<b>78,935</b>	<b>68,993</b>	<b>75,796</b>
<b>Total equity and liabilities</b>	<b>705,428</b>	<b>577,233</b>	<b>683,133</b>
<b>CONTINGENT LIABILITIES</b>	<b>180,029</b>	<b>109,504</b>	<b>133,837</b>

**Consolidated summary statement of profit or loss for the period ended 31 December 2021**

	Quarter to 31-Dec-21 Rs'M	Quarter to 31-Dec-20 Rs'M	6 mths to 31-Dec-21 Rs'M	6 mths to 31-Dec-20 Rs'M	Year to 30-Jun-21 Rs'M
Interest income calculated using the effective interest method	4,536	4,238	8,939	8,464	17,148
Interest income - others	30	80	116	154	329
Interest expense	(837)	(636)	(1,458)	(1,317)	(2,617)
<b>Net interest income</b>	<b>3,729</b>	<b>3,682</b>	<b>7,597</b>	<b>7,301</b>	<b>14,860</b>
Fee and commission income	2,327	1,435	4,170	2,796	5,828
Fee and commission expense	(691)	(380)	(1,202)	(674)	(1,368)
<b>Net fee and commission income</b>	<b>1,636</b>	<b>1,055</b>	<b>2,968</b>	<b>2,122</b>	<b>4,460</b>
Other income	997	733	1,464	1,478	3,084
<b>Operating income</b>	<b>6,362</b>	<b>5,470</b>	<b>12,029</b>	<b>10,901</b>	<b>22,404</b>
Non-interest expense	(2,283)	(2,074)	(4,532)	(4,056)	(8,271)
<b>Operating profit before impairment</b>	<b>4,079</b>	<b>3,396</b>	<b>7,497</b>	<b>6,845</b>	<b>14,133</b>
Net impairment of financial assets	(1,078)	(1,128)	(1,904)	(2,357)	(4,766)
<b>Operating profit</b>	<b>3,001</b>	<b>2,268</b>	<b>5,593</b>	<b>4,488</b>	<b>9,367</b>
Share of profit of associates	288	83	475	180	372
<b>Profit before tax</b>	<b>3,289</b>	<b>2,351</b>	<b>6,068</b>	<b>4,668</b>	<b>9,739</b>
Income tax expense	(480)	(406)	(955)	(792)	(1,500)
<b>Profit for the period</b>	<b>2,809</b>	<b>1,945</b>	<b>5,073</b>	<b>3,876</b>	<b>8,239</b>
<b>Profit for the period attributable to:</b>					
Ordinary equity holders of the parent	2,660	1,859	4,900	3,784	8,019
Preference shareholders	80	80	80	80	160
Non-controlling interests	69	6	93	12	60
<b>2,809</b>	<b>1,945</b>	<b>5,073</b>	<b>3,876</b>	<b>8,239</b>	
<b>Consolidated summary statement of comprehensive income for the period ended 31 December 2021</b>					
<b>Profit for the period</b>	<b>2,809</b>	<b>1,945</b>	<b>5,073</b>	<b>3,876</b>	<b>8,239</b>
<b>Other comprehensive income/(expense):</b>					
Items that will not be reclassified to profit or loss	176	243	110	125	3,086
Items that may be reclassified subsequently to profit or loss	(80)	(295)	40	(36)	1,272
<b>Other comprehensive income/(expense) for the period</b>	<b>96</b>	<b>(52)</b>	<b>150</b>	<b>89</b>	<b>4,358</b>
<b>Total comprehensive income for the period</b>	<b>2,905</b>	<b>1,893</b>	<b>5,223</b>	<b>3,965</b>	<b>12,597</b>
<b>Total comprehensive income attributable to:</b>					
Ordinary equity holders of the parent	2,737	1,759	4,988	3,866	12,033
Preference shareholders	80	80	80	80	160
Non-controlling interests	88	54	155	19	404
<b>2,905</b>	<b>1,893</b>	<b>5,223</b>	<b>3,965</b>	<b>12,597</b>	
<b>Earnings per share:</b>					
Basic (Rs)	11.10	7.77	20.46	15.82	33.51
Diluted (Rs)	11.10	7.77	20.45	15.81	33.48
Basic weighted average number of shares (thousands)	239,604	239,256	239,548	239,254	239,330
Diluted weighted average number of shares (thousands)	239,682	239,397	239,626	239,395	239,518

Our share of profit of associates grew by Rs 295 million on the back of the higher contributions from BFCOI and PAD Group. Our capitalisation level remains comfortable with shareholders' funds increasing to Rs 75.9 billion, contributing to a capital adequacy ratio of 17.9%, of which 16.5% in the form of Tier 1.

**Outlook**

The operating context is still uncertain, as evidenced by the recent downgrade in the global growth prospects by the IMF, prompted by the emergence of the Omicron variant and the persisting supply chain disruptions, which are contributing to heightened inflationary pressures. The environment is thus likely to remain challenging for the local economy, with the pace and strength of its recovery being subject to the evolution of the global macro-economic parameters, the upturn in the tourism industry and the ramifications of rising inflation. Against this backdrop, the Group will anchor its growth performance on its diversification strategy while continuing to play an active role in helping the local economic rebound.

By order of the Board  
11 February 2022

**COMMENTS ON RESULTS**

Group profits attributable to ordinary shareholders for the half year to 31 December 2021 stood at Rs 4,900 million, representing an increase of 29.5% compared to the corresponding period last year. This performance was driven by an improvement in our core earnings and a drop in net impairment charges.

Operating income grew by 10.3% to Rs 12,029 million. Net interest income increased by only 4.1% despite the significant expansion in the Group's interest bearing assets. This reflects the lower yields recorded in the deployment of our excess liquidity domestically as well as lower interest margins generated on our loan portfolio, whose expansion was geared principally towards short term advances and commodity trade finance loans. Net fee and commission income rose by 39.9%, boosted by higher revenues from trade financing and payment activities. 'Other Income' declined slightly due to market volatility.

In line with continuing investment to strengthen our technological capabilities, operating expenses were up by 11.7% to Rs 4,532 million, leading to an increase in our cost to income ratio to 37.7% compared to 37.2% in the corresponding period in the previous year.

Net impairment charges fell by 19.2% to Rs 1,904 million, representing an annualised cost of risk of 103 basis points of gross loans and advances. The gross Non-Performing Loan ratio increased to 3.8%, compared to 3.6% in June 2021.

**Consolidated summary statement of changes in equity for the period ended 31 December 2021**

	Attributable to equity holders of the parent					Non-Controlling Interests Rs'M	Total Equity Rs'M
	Stated Capital Rs'M	Retained Earnings Rs'M	Capital Reserve Rs'M	Translation Reserve Rs'M	Statutory Reserve Rs'M		
<b>2,719</b>	<b>50,460</b>	<b>2,226</b>	<b>193</b>	<b>6,947</b>	<b>62,545</b>	<b>2,549</b>	<b>65,094</b>
-	3,864	-	-	-	3,864	12	3,876
-	-	65	17	-	82	7	89
-	3,864	65	17	-	3,946	19	3,965
-	-	-	-	-	-	(14)	(14)
-	(80)	-	-	-	(80)	-	(80)
28	-	-	-	-	28	-	28
28	(80)	-	-	-	(52)	(14)	(66)
-	2	(2)	-	-	-	-	-
<b>2,747</b>	<b>54,246</b>	<b>2,289</b>	<b>210</b>	<b>6,947</b>	<b>66,439</b>	<b>2,554</b>	<b>68,993</b>
<b>2,719</b>	<b>50,460</b>	<b>2,226</b>	<b>193</b>	<b>6,947</b>	<b>62,545</b>	<b>2,549</b>	<b>65,094</b>
-	8,179	-	-	-	8,179	60	8,239
-	2,108	544	1,362	-	4,014	344	4,358
-	10,287	544	1,362	-	12,193	404	12,597
-	(1,736)	-	-	-	(1,736)	(22)	(1,758)
-	(160)	-	-	-	(160)	-	(160)
-	-	-	-	-	-	(21)	(21)
57	-	-	-	-	57	-	57
57	(1,896)	-	-	-	(1,839)	(43)	(1,882)
-	(1,105)	(16)	-	1,114	(7)	(6)	(13)
<b>2,776</b>	<b>57,746</b>	<b>2,754</b>	<b>1,555</b>	<b>8,061</b>	<b>72,892</b>	<b>2,904</b>	<b>75,796</b>
-	4,980	-	-	-	4,980	93	5,073
-	72	(4)	20	-	88	62	150
-	5,052	(4)	20	-	5,068	155	5,223
-	(2,277)	-	-	-	(2,277)	-	(2,277)
-	-	-	-	-	-	(32)	(32)
-	(80)	-	-	-	(80)	-	(80)
248	-	-	-	-	248	-	248
62	-	-	-	-	62	-	62
310	(2,357)	-	-	-	(2,047)	(32)	(2,079)
-	77	(80)	-	-	(3)	(2)	(5)
<b>3,086</b>	<b>60,518</b>	<b>2,670</b>	<b>1</b>				