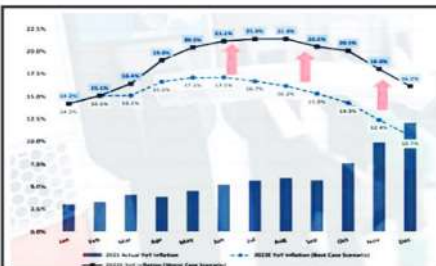


Financial Review

business@unl.upali.lk (T) 2497500 (F) 2497543



Markets brace for macro setback: First Capital

Sri Lanka's foreign reserves recorded at USD 2.3 billion in February 22 and due to lack of expected foreign inflows, foreign reserves are expected to significantly deteriorate well ahead of the previous timelines, First Capital Research says.

Moreover, approximately USD 7

billion outstanding loan payments due for next 12 months further kindles the situation. Depleting foreign reserves, rising foreign currency debt repayment requirements and restricted market funding sources are projected to put more pressure on yields in 2022. As mentioned in the strategy report, in January 2022, we expected

three rate hikes for 2022 targeting a total of 150bps, First Capital said.

"However, under the worsening economic conditions, CBSL had to tighten 150 bps in two policy review meetings (in January - 22, 50 bps and in March - 22, 100 bps) while March - 22 hike was a couple of months ahead of our expectations to balance the over-

all economy."

"In light of the weaker economic conditions, we believe CBSL to maintain the momentum on tightening policy rates resulting in yields to further surge at an accelerated pace and expect it to move further over upcoming months, days," First Capital said in its monthly economic report.

AIA announces 'very strong' financial results for 2021 with US\$ 10 billion share buyback programme

The Board of AIA Group Limited has announced the Group's financial results for the year ended 31 December 2021.

Lee Yuan Siong, AIA's Group Chief Executive and President, issuing a press statement said: "AIA has delivered very strong results in 2021 with VONB up by 18 per cent and growth in all of our key financial metrics including a new high for EV Equity of US\$75.0 billion. On a like-for-like basis, VONB for the Group outside Hong Kong exceeded pre-pandemic levels and all of our reportable segments grew VONB year-on-year."

"Our financial position continues to be very strong with pro forma free surplus of US\$24.8 billion. The Board has recommended a final dividend of 108.00 Hong Kong cents per share which increases the total dividend by 8 per cent. This follows AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group."

"As a result of our very strong financial position, the Board has approved a return of capital to shareholders of up to US\$10 billion to be conducted through a share buy-back programme over the next three years. The share buy-back represents capital accumulated over time that is surplus to our needs, allowing for capital market stress conditions and retention of capital for strategic and financial flexibility. This capital



AIA China was again the largest contributor to the Group's VONB

return programme enhances shareholder returns while retaining the financial strength that allows AIA to continue investing in the significant growth opportunities available to us with confidence."

"Our focus on profitable growth continued to deliver attractive returns and, since our IPO, our new business invest-

ment of US\$16.2 billion has increased the value of future distributable earnings for shareholders by US\$44.5 billion. In 2021, we also committed US\$2.4 billion to additional growth opportunities, further increasing our exposure to the highly-attractive Chinese life insurance market through our investment in China Post Life Insurance Co., Ltd. (China Post Life) and extending our distribution by partnering with The Bank of East Asia, Limited (BEA). In addition, we are investing up to US\$1.5 billion by 2023 as we transform our use of technology, digital and analytics across the Group to support our future growth ambitions."

"AIA China was again the largest contributor to the Group's VONB and delivered a 10 per cent increase on a like-for-like basis, driven by a very strong double-digit increase in agent productivity in 2021. While active agent numbers declined slightly in the first half, our initiatives successfully supported a significant increase in recruitment and returned our differentiated agency to growth in the second half. The Chinese life insurance market remains significantly underpenetrated, offering tremendous growth potential for AIA. We see significant additional opportunities to help customers save for their long-term financial needs including retirement. Our new suite of long-term savings propositions are helping us to attract new customers and to deepen our share of wallet with existing customers."

Cargills successfully conducts its 10th 'Village to Home' programme supporting local SMEs



Chief Guest, Director General - Development and Finance : Ministry of Finance Ms Geetha Wimalaweera with Yamuna Kumari from Cargills Village to Home Team

The 10th programme of Cargills 'Village to Home' was successfully conducted on the 26th and 27th of February at the Kadawatha 3 Cargills FoodCity premises. The 10th programme had an exciting array of products on offer ranging from Ayurvedic beauty products, coconut oil & coconut-based products, aloe vera jelly & desserts, sugar cane-based products, coir & reed (pan) products to soft toys etc.

The products on offer as well as the event were received well by the customers. The recently introduced Lanka QR payment facility was also available for consumers to make cashless payments, providing added convenience. The National Enterprise Development Authority (NEDA), the Small Enterprises Development Division (SED), the Ministry of Cane, Brass, Clay, Furniture, and Rural Industry Promotion, and the Ministry of Industry and Commerce have assisted Cargills in the selection of SMEs.

The pandemic has caused many challenges to the agricultural and SME communities across Sri Lanka. Among the challenges was a lack of market access. In this context, the Cargills 'Village to Home' programme was launched with the intention of addressing this issue and supporting the country's small and medium entre-

preneurs by providing them with a platform to engage with a larger network of customers.

The programme is a monthly trade fair at Cargills FoodCity premises, which commenced in the latter part of 2020, for selected SMEs with demarcated stalls to sell their products directly to customers. Cargills bears all expenses related to this programme, including the cost of stalls, utility, marketing. To date, over 80 SMEs have taken part in the programme.

In addition to a marketplace and an added source of income, Cargills also provides technical support to the SMEs in terms of packaging, labelling and quality assurance, while the Cargills Bank provides financing through low-cost loan schemes. SMEs also stand an opportunity to get their products listed at Cargills while the programme has also been able to open markets beyond Sri Lanka for some SMEs. Cargills is committed to assisting entrepreneurs to contribute towards national development.

Cargills has been supporting the agricultural and SME communities of Sri Lanka for over 20 years since the company established its farmer out-grower network in 1996. The Cargills community development programme features both dairy and agricultural farmers as well the local SMEs at the heart of it.

Exterminators IPO opens today

Exterminators Limited, a leading pest management and environmental enhancement technology company's IPO will open today. The company will mark a milestone by becoming the first pest control company in South Asia and among the few in the world to be listed on a stock exchange. The offer is managed by Atarah Capital Partners. Exterminators Limited offers 20% of the stake via the 'Initial Public Offering' (IPO) to raise Rs.60 million by offering 10,000,000 Ordinary Voting shares at a price of LKR 6/= per share.

The funds raised through the IPO will be utilized to expand the company's branch network by setting up three



branches in 2022, build capacity by investing in novel equipment/technology and improve the vehicle fleet in the existing branches in Colombo and

Kandy. The company plans to set up a 24x7 customer care and retail center to market internationally renowned energy saving, non-chemical pest management, health and safety brands. The funds will also be utilized to expand local manufacturing by further investing in 'Made in Sri Lanka' products to contribute mitigating the outflow of foreign exchange from the country.

Exterminators also intends to setup pest control business in the Maldives and Botswana in 2023.

For more details, the prospectus is viewable at www.exterminators.lk

Indian finance minister concerned about 'macro international economic situation'

Controlling inflation while balancing the need for growth is the key challenge for countries in the current global economic situation, Indian Finance Minister Nirmala Sitharaman said in a virtual discussion with International Monetary Fund (IMF) managing director Kristalina Georgieva on Friday evening.

The Minister also discussed the issue of global supply chains being affected, rising commodity prices and the possible effects on the world economy, stressing



Finance Minister Nirmala Sitharaman

the need for multilateral action in the evolving 'macro international economic situation', the Indian Finance Ministry said in a statement.

Ms. Sitharaman and Ms. Georgieva both expressed concern at a 'diminishing focus and global supply of COVID-19 vaccines. On the priorities for IMF's upcoming Spring board meetings, the Finance Minister reiterated India's call to ensure that 'underrepresentation of emerging market and developing economies is addressed'. The Hindu

BOC sponsors Sri Lanka Air Force 'Guwan Hamuda Papadi Sawariya 2022'

The Bank of Ceylon (BOC) joined with Sri Lanka Air Force, in celebrating its 71st Anniversary as the official banking partner for the 'Guwan Hamuda Papadi Sawariya 2022'.

The Bank considers this initiative taken by Sri Lanka Air Force will breathe a new life to sports in the country that encourages unity and good sportsmanship among citizens in the community.

The opening ceremony was graced by the Minister of Youth and Sports, Minister of Development Coordination and Monitoring and State Minister of Digital Technology and Entrepreneur Development, Namal Rajapaksa. The event was organised with the patronage of Commander of the Sri Lanka Air Force, Air Marshal Sudarshana



Pathirana and officials of the Sri Lanka Air Force. The Deputy General Manager (Corporate and Offshore Banking) Priyal Silva, Deputy General Manager Branch Operations and Development Banking Nilantha Meneripitiyage and Assistant General Manager (Marketing)

Aruna Hottiarachchi. The cycling tour covered a total of 419 km with over 200 cyclists participating for the race. The race took the route starting from SLAF headquarters Colombo, then via Puttalam, Dambulla and finishing at Katunayake.