

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018****INCOME STATEMENT - FOR THE YEAR ENDED 31ST DECEMBER 2018**

In Rupees Thousand	Current Year From 01/01/2018 To 31/12/2018 (Unaudited)	Previous Year From 01/01/2017 To 31/12/2017 (Audited)
Interest Income	24,642,397	20,909,580
Interest Expenses	(12,837,905)	(11,233,284)
Net Interest Income	11,804,421	9,676,295
Fee and Commission Income	1,195,810	1,101,825
Fee and Commission Expenses	(254,017)	(181,086)
Net Fee and Commission Income	941,793	920,739
Net Gain/(Loss) from trading	-	-
Net Gain/(Loss) from financial Instruments at fair value through profit or loss	(31)	(8)
Net gain/(Loss) from Financial Investments	-	-
Other Operating Income (net)	12,021	4,674
Total Operating Income	12,758,204	10,601,701
Impairment for Loans & Other Losses	-	(149,640)
Individual Impairment	-	(294,227)
Collective Impairment	(1,138,928)	-
Net Operating Income	11,619,276	10,157,834
Personnel Expenses	6,259,257	4,980,436
Depreciation and amortisation	265,330	326,101
Other Expenses	1,731,133	1,544,302
Operating Profit/(Loss) before Value Added Tax (VAT)	3,363,556	3,306,995
Nation Building Tax	(154,972)	(131,326)
Value Added Tax (VAT) on financial services	(1,162,287)	(984,943)
Debt Repayment Levy	(189,637)	-
Profit/(Loss) before Tax	1,856,661	2,190,726
Tax Expenses	(996,803)	(906,796)
Profit/(Loss) for the year	859,858	1,283,930
Profit attributable to:		
Shareholders	859,858	1,283,930
Earning Per Share		
Basic earning per ordinary share	2.22	9.23

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2018

In Rupees Thousand	Current Year From 01/01/2018 To 31/12/2018 (Unaudited)	Previous Year From 01/01/2017 To 31/12/2017 (Audited)
Profit for the Period	859,858	1,283,930
Other Comprehensive Income/(expenses) Items that will not be reclassified to profit & Loss		
Actuarial Gain/(Loss) on define Benefit Plan	(111,150)	(236,287)
Deferred tax effect on above	-	66,160
Total Other Comprehensive income for the year, net of Taxes	(111,150)	(170,126)
Total Comprehensive Income for the Year	748,708	1,113,804

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

In Rupees Thousand	Current Year As at 31/12/2018 (Unaudited)	Previous Year As at 31/12/2017 (Audited)
Assets		
Cash and cash equivalents	537,274	482,920
Sri Lankan Government Securities	2,512,363	2,512,363
Balance with banks	23,966,150	27,702,520
Placements with Banks	6,214,934	6,682,476
Financial assets held for trading	4,176,459	197
Financial assets designated at fair value through profit or loss	-	-
Loans and receivables given to banks	-	-
Loans and receivables given to other customers	135,318,903	127,508,812
Financial Investments - Available for sale	-	-
Financial Investments - Held to Maturity	516,935	516,935
Investments in Subsidiaries	-	-
Investments in associate and Joint Ventures	-	-
Property, Plant and Equipment	1,276,288	1,204,893
Investment Properties	-	-
Goodwill and intangible assets	60,788	37,843
Deferred Tax assets	343,876	343,879
Other Assets	3,812,450	2,966,366
Total assets	178,736,419	169,259,202
Liabilities		
Due to banks	10,941,568	10,729,312
Derivatives Financial instruments	-	-
Other Financial liabilities held for trading	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Due to other customers	141,495,686	139,827,365
Debt issued and other borrowed funds	-	-
Debt Securities Issued	4,707,853	4,707,853
Other Provision	-	-
Other Liabilities	5,117,967	2,686,029
Retirement Benefit Obligation	1,926,924	1,695,895
Total Liabilities	164,189,999	159,646,453
Equity		
State Capital/Assigned capital	8,047,230	3,870,937
Statutory Reserve Fund	663,652	663,652
Retained Earnings	2,465,617	1,716,909
Other Reserves	3,369,921	3,361,251
Total Shareholders' Equity	14,546,420	9,612,749
Non-controlling Interests	-	-
Total Equity	14,546,420	9,612,749
Total Equity and Liabilities	178,736,419	169,259,202
Contingent Liabilities and Commitments	103,233	406,561
Memorandum Information		
Number of Permanent Employees	2,335	2,316
Number of Branches	265	265

1) Loans and Receivables to other Customers

In Rupees Thousand	Bank	
	Current Year As at 31/12/2018	Previous Year As at 31/12/2017 (Audited)
Gross loans and receivables	139,302,784	130,324,846
(Less): Zero rate loan fair value adjustment	(106,516)	(106,516)
Staff loan fair value adjustment	(745,241)	(745,241)
Individual impairment charges	(173,823)	(173,823)
Collective impairment charges	(2,958,301)	(1,790,453)
Net loans and receivables including those designated at fair value through profit or loss	135,318,903	127,508,812
(Less): Loans and Receivables designated at fair value through profit & Loss	-	-
Net loans and receivables	135,318,903	127,508,812

2) Loans and Receivables to other Customers - By product

In Rupees Thousand	Bank	
	Current Year As at 31/12/2018	Previous Year As at 31/12/2017 (Audited)
By Product-Domestic Currency		
Term Loans	121,439,799	115,330,985
Pawning	10,556,334	9,511,755
Staff Loans	3,473,572	3,500,798
Interest Receivable on Loans & Advances	3,833,079	1,981,307
Total	139,302,784	130,324,846

3) Movements in individual and collective impairment during the year for Loans and Receivables to other customers

In Rupees Thousand	Bank	
	Current Year As at 31/12/2018	Previous Year As at 31/12/2017 (Audited)
Individual Impairment		
Opening Balance	173,823	24,184
Charge/(Write back) to Income Statement	-	149,640
Write-off during the year	-	-
Other movements	-	-
Closing Balance	173,823	173,823
Collective Impairment		
Opening Balance	1,790,453	1,504,275
Charge/(Write back) to Income Statement	1,138,928	294,227
Write-off during the period	-	-
Other movements	28,920	(8,049)
Closing Balance	2,958,301	1,790,453
Total Impairment	3,132,124	1,964,276

4) Due to other customers - By Product

In Rupees Thousand	Bank	
	Current Year As at 31/12/2018	Previous Year As at 31/12/2017 (Audited)
By Product-Domestic Currency		
Savings Deposits	32,252,196	28,050,273
Fixed Deposits	89,954,947	90,839,384
Long Term Savings	19,288,544	20,937,708
Total	141,495,686	139,827,365

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31ST DECEMBER 2018

In Rupees Thousand	Bank - Current Year				
	HFT	HTM	Loans & Receivables	AFS	Total
ASSETS					
Cash and cash equivalents	-	-	537,274	-	537,274
Sri Lankan Government Securities	-	2,512,363	-	-	2,512,363
Balances with other Banks	-	-	23,966,150	-	23,966,150
Placements with banks	-	-	6,214,934	-	6,214,934
Derivative Financial instruments	-	-	-	-	-
Financial assets held for trading	4,176,459	-	-	-	4,176,459
Financial assets held to maturity	-	516,935	-	-	516,935
Loans and receivables given to banks	-	-	-	-	-
Loans and receivables given to other customers	-	-	135,318,903	-	135,318,903
Financial Investments	-	-	-	-	-
Other Assets	-	-	1,203,268	-	1,203,268
Total Financial Assets	4,176,459	3,029,297	167,240,592	-	174,446,285

In Rupees Thousand	Bank - Previous Year as at 31.12.2017 (audited)				
	HFT	HTM	Amortized Cost	AFS	Total
LIABILITIES					
Due to banks	-	-	10,941,568	-	10,941,568
Derivative financial instruments	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	141,495,686	-	141,495,686
Debt securities issued	-	-	4,707,853	-	4,707,853
Other Liabilities	-	-	5,117,967	-	5,117,967
Total Financial Liabilities	-	-	162,263,074	-	162,263,074

In Rupees Thousand	Bank - Previous Year as at 31.12.2017 (audited)				
	HFT	HTM	Loans & Receivables	AFS	Total
ASSETS					
Cash and cash equivalents	-	-	482,920	-	482,920
Sri Lankan Government Securities	-	2,512,363	-	-	2,512,363
Balances with other Banks	-	-	27,702,520	-	27,702,520
Placements with banks	-	-	6,682,476	-	6,682,476
Derivative Financial instruments	-	-	-	-	-
Financial assets held for trading	197	-	-	-	197
Financial assets held to maturity	-	516,935	-	-	516,935
Loans and receivables to banks	-	-	-	-	-
Loans and receivables given to other customers	-	-	127,508,812	-	127,508,812
Other Assets	-	-	1,203,617	-	1,203,617
Total Financial Assets	197	3,029,297	163,580,345	-	166,609,838

In Rupees Thousand	Bank				
	HFT	HTM	Amortized Cost	AFS	Total
LIABILITIES					
Due to banks	-	-	10,729,312	-	10,729,312
Derivative financial instruments	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	139,827,365	-	139,827,365
Debt securities issued	-	-	4,707,853	-	4,707,853
Other liabilities	-	-	2,686,029	-	2,686,029
Total Financial Liabilities	-	-	157,950,558	-	157,950,558

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2018

In Rupees Thousand	Bank	
	Current Year 31/12/2018 (Unaudited)	Previous Year 31/12/2017 (Audited)
Cash Flows from Operating Activities		
Profit before tax	3,363,556	3,306,995
Adjustment for:		
Non-Cash item included in Profits before tax	1,722,074	1,077,334
Change in Operating assets	(10,019,762)	(24,958,618)
Change in Operating Liabilities	4,313,925	34,542,627
Other reclassification	-	30
Contribution paid to defined benefit plans	(145,505)	(47,156)
Tax paid	(2,414,744)	(1,990,669)
Net cash generated from operating activities	(3,180,457)	11,930,543
Cash flows from investing activities		
Purchase of property, plant and equipment	(291,556)	(303,998)
Proceeds from the sale of property, plant and equipment	11,534	1,017
Net Purchase of intangible assets	(50,631)	(20,603)
Net cash (used in)/from investing activities	(330,653)	(323,583)
Cash flow from financing activities		
Net proceeds from the issue of ordinary share capital	-	2,500,000
Net proceeds from the issue of subordinate debt	-	2,000,000
Interest paid on debentures	(535,785)	(460,164)
Dividend paid	-	-
Net cash from financing activities	(535,785)	4,039,836
Net increase / (decrease) in cash & cash equivalents	(4,046,895)	15,646,796
Cash and cash equivalents at the beginning of the year	34,702,875	19,056,079
Cash and cash equivalents at the end of the year	30,655,981	34,702,875
Reconciliation of Cash & Cash Equivalents		
Cash and cash equivalents	537,274	482,920
Favourable Balances with banks	31,181,084	34,384,996
Unfavourable Balances with banks	(62,377)	(165,041)
Total	30,655,981	34,702,875

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2018

Bank	Stated Capital	Reserves				Total	Non-Controlling Interest	Total Equity
		Ordinary voting Shares	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings			
In Rupees Thousand								
Balance as at 01/01/2018 (Opening balance)	3,870,937	663,652	-	1,716,909	3,361,251	9,612,749	-	9,612,749
Profit/(loss) for the period	-	-	-	859,858	-	859,858	-	859,858
Other comprehensive income (net of Tax)	-	-	-	(111,150)	-	(111,150)	-	(111,150)
Transaction with Equity Holders								
Issued Share Capital	4,176,293	-	-	-	-	4,176,293	-	4,176,293
Adjustments	-	-	-	-	8,670	8,670	-	8,670
Transferred to Statutory Reserve Fund	-	-	-	-	-	-	-	-
Transferred to Special Reserve Fund	-	-	-	-	-	-	-	-
Transferred to General Reserve Fund	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
Total Transaction with equity holders	4,176,293	-	-	-	8,670	4,184,963	-	4,184,963 </