



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the six months ended 30th June 2019

FINANCIAL COMMENTARY FOR THE 06 MONTHS ENDED 30TH JUNE 2019

- Growth in 1H NII of 18% YoY for Bank
- Group pays total taxes of Rs 7.8 Bn
- 1H PAT of Rs 5.1 Bn for Group, Rs 4.8 Bn for Bank

Hatton National Bank PLC (HNB) continued to demonstrate resilience, reporting a profit before tax of Rs 8.3 Bn and a profit after tax (PAT) of Rs 4.8 Bn for the first half of 2019. The group PAT for the period was Rs 5.1 Bn.

The Bank's robust business model coupled with prudent asset and liability management, enabled HNB to post stable results from its core banking operations despite a slowdown in balance sheet growth. Net interest income (NII) for the first six months of 2019 grew by 17.9% YoY to Rs 25.9 Bn. Fee and Commission income which HNB derives from diverse sources complimented NII and at Rs 4.4 Bn accounted for nearly 15% of the total operating income of the Bank.

An appreciating Rupee led to translation losses on foreign currency denominated long positions and FCBU earnings; this being the main reason for the Bank booking exchange losses of Rs 577.2 Mn during the first half. In comparison, a substantial exchange gain of Rs 895.5 Mn was reported for the corresponding period ending June 2018.

Bank profit before taxes (PBT) were affected by the debt repayment levy of Rs 1.2 Bn for the first half of 2019, which was not in existence in 1H 2018. PBT of the Bank was recorded at Rs 8.3 Bn while the PAT was recorded at Rs 4.8 Bn. PAT for the second quarter (Rs 2.8 Bn) grew by 36.3% from the level achieved in 1Q 2019.

All Group companies were similarly resilient in their second quarter performance and contributed to Group PBT of Rs 9 Bn. The Group PAT of Rs 5.1 Bn included the Q2 profit of Rs 3.1 Bn, an increase of 52% QoQ. Rs 7.8 Bn was paid as total Group taxes while at Bank level, total taxes of Rs 7.2 Bn was paid during the first half of 2019.

HNB has been richly awarded in the first half of 2019, being adjudged as the Best Bank in Sri Lanka by the prestigious Euromoney magazine for the third time in the Bank's history. The Asian Banker Magazine bestowed upon HNB the award of 'Best Managed Bank in Sri Lanka' concurrent to MD/CEO Mr. Jonathan Alles being awarded the 'CEO leadership achievement award' for achievements between 2016 to 2018. Earlier in the year the Bank was recognized by the Asian Banker as the Best Bank for SME in Sri Lanka by the Asian Banker while Asiamoney awarded HNB as the 'Best Bank' for SME, Trade Finance, Cash Management and Corporate Social Responsibility.

HNB is the first local Bank in Sri Lanka to receive an international rating on par with the sovereign from Moody's Investor Services and has a national long term rating of AA -(lka) from Fitch Ratings. The Bank is also ranked amongst the 'Top 1000 World banks' as published by the prestigious Banker Magazines UK, a recognition bestowed upon HNB since 2017.

STATEMENT OF PROFIT OR LOSS

	BANK						GROUP					
	For the 6 months ended 30th June			For the 3 months ended 30th June			For the 6 months ended 30th June			For the 3 months ended 30th June		
	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)
Gross Income	63,407,262	56,864,627	12	32,035,414	28,811,071	11	72,603,240	64,891,244	12	36,742,921	32,903,243	12
Interest income	58,971,080	50,904,854	16	29,616,046	26,024,456	14	63,632,917	55,024,422	16	32,026,480	28,083,850	14
Less : Interest expenses	33,099,150	28,953,574	14	16,717,421	14,700,414	14	34,397,922	30,125,923	14	17,410,770	15,272,016	14
Net interest income	25,871,930	21,951,280	18	12,898,625	11,324,042	14	29,234,995	24,898,499	17	14,615,710	12,811,834	14
Fee and commission income	4,540,405	4,503,116	1	2,271,790	2,259,274	1	5,121,123	4,898,426	5	2,517,403	2,440,053	3
Less : Fee and commission expenses	91,905	62,375	47	52,288	32,994	58	175,911	104,852	68	91,587	51,065	79
Net fee and commission income	4,448,500	4,440,741	-	2,219,502	2,226,280	-	4,945,212	4,793,574	3	2,425,816	2,388,988	2
Net interest, fee and commission income	30,320,430	26,392,021	15	15,118,127	13,550,322	12	34,180,207	29,692,073	15	17,041,526	15,200,822	12
Net gain/(loss) from trading / Net fair value gains/(losses) from financial instruments at fair value through profit or loss	(863,022)	(1,438,363)	(40)	(1,498,846)	(1,164,683)	29	(876,143)	(1,457,168)	(40)	(1,494,049)	(1,179,786)	27
Net gain from financial investments	165,384	194,991	(15)	-	-	-	167,326	200,747	(17)	2,499	2,016	24
Net insurance premium income	-	-	-	-	-	-	3,913,616	3,513,823	11	1,914,680	1,746,498	10
Net gains / (losses) on derecognition of financial assets	-	-	-	-	-	-	22,661	33,801	(33)	17,565	18,386	(4)
Net other operating income	593,415	2,700,029	(78)	1,646,424	1,692,024	(3)	621,740	2,677,193	(77)	1,758,343	1,792,226	(2)
Total operating income	30,216,207	27,848,678	9	15,265,705	14,077,663	8	38,029,407	34,660,469	10	19,240,564	17,580,162	9
Less : Impairment for loans and other losses	6,252,806	3,344,257	87	2,131,904	1,999,251	7	7,018,184	3,768,191	86	2,401,538	2,231,025	8
Net operating income	23,963,401	24,504,421	(2)	13,133,801	12,078,412	9	31,011,223	30,892,278	-	16,839,026	15,349,137	10
Less : Operating expenses												
Personnel expenses	5,893,890	5,083,767	16	3,026,154	2,719,083	11	7,118,817	6,155,302	16	3,859,708	3,438,583	12
Depreciation and amortisation	756,615	653,593	16	379,808	328,455	16	1,029,805	863,312	19	502,455	435,648	15
Benefits, claims and underwriting expenditure	-	-	-	-	-	-	3,607,387	2,678,967	35	1,680,423	1,602,919	5
Other expenses	5,292,924	4,792,682	10	2,618,947	2,462,573	6	6,378,809	5,596,035	14	3,044,528	2,706,190	13
Total operating expenses	11,943,429	10,530,042	13	6,024,909	5,510,111	9	18,134,818	15,293,616	19	9,087,114	8,183,340	11
Operating profit before value added tax (VAT), nation building tax (NBT) and debt repayment levy (DRL) on financial services	12,019,972	13,974,379	(14)	7,108,892	6,568,301	8	12,876,405	15,598,662	(17)	7,751,912	7,165,797	8
Less : Value Added Tax (VAT) on financial services	2,239,689	2,389,736	(6)	1,265,548	1,166,932	8	2,382,434	2,579,113	(8)	1,333,194	1,253,732	6
Less : Nation Building Tax (NBT) on financial services	298,626	318,631	(6)	168,741	155,591	8	319,391	342,066	(7)	179,272	166,293	8
Less : Debt Repayment Levy	1,222,871	-	-	675,122	-	-	1,301,097	-	-	717,571	-	-
Operating profit after value added tax (VAT), nation building tax (NBT) and debt repayment levy (DRL) on financial services	8,258,786	11,266,012	(27)	4,999,481	5,245,778	(5)	8,873,483	12,677,483	(30)	5,521,875	5,745,772	(4)
Share of profit of Joint Venture (net of income tax)	-	-	-	-	-	-	85,126	84,397	1	48,601	65,638	(26)
PROFIT BEFORE INCOME TAX	8,258,786	11,266,012	(27)	4,999,481	5,245,778	(5)	8,958,609	12,761,880	(30)	5,570,476	5,811,410	(4)
Less : Income tax expense	3,458,628	3,956,618	(13)	2,230,719	2,113,073	6	3,829,586	4,509,393	(15)	2,480,233	2,286,935	8
PROFIT FOR THE PERIOD	4,800,158	7,309,394	(34)	2,768,762	3,132,705	(12)	5,129,023	8,252,487	(38)	3,090,243	3,524,475	(12)
Profit attributable to:												
Equity holders of the Bank	4,800,158	7,309,394	(34)	2,768,762	3,132,705	(12)	4,920,562	7,810,616	(37)	2,973,901	3,486,634	(15)
Non-controlling interests	-	-	-	-	-	-	208,461	441,871	(53)	116,342	37,841	207
PROFIT FOR THE PERIOD	4,800,158	7,309,394	(34)	2,768,762	3,132,705	(12)	5,129,023	8,252,487	(38)	3,090,243	3,524,475	(12)
Earnings per share												
Basic earnings per ordinary share (Rs)	9.59	14.61	(34)	5.53	6.26	(12)	9.83	15.61	(37)	5.94	6.97	(15)
Diluted earnings per ordinary share (Rs)	9.59	14.61	(34)	5.53	6.26	(12)	9.83	15.61	(37)	5.94	6.97	(15)

STATEMENT OF COMPREHENSIVE INCOME

	BANK						GROUP					
	For the 6 months ended 30th June			For the 3 months ended 30th June			For the 6 months ended 30th June			For the 3 months ended 30th June		
	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)	2019 Rs000	2018 (Restated) Rs000	%Increase/ (Decrease)
PROFIT FOR THE PERIOD	4,800,158	7,309,394	(34)	2,768,762	3,132,705	(12)	5,129,023	8,252,487	(38)	3,090,243	3,524,475	(12)
Other comprehensive income that will be reclassified to profit or loss in subsequent periods												
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	1,935,969	(478,428)	505	1,297,002	(91,352)	1,520	2,356,469	(591,691)	498	1,571,789	(136,040)	1,255
Reclassification of net gains on de-recognition of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(22,661)	(33,801)	(33)	(17,565)	(18,386)	(4)
Transfer from life policy holder reserve fund	-	-	-	-	-	-	(351,473)	127,035	(377)	(227,547)	60,847	(474)
Share of other comprehensive income of joint venture	-	-	-	-	-	-	(14,085)	10,682	(232)	6,061	11,400	(47)
Less: Tax expense relating to items that will be reclassified to profit or loss	(542,071)	133,960	505	(363,160)	25,579	1,520	(552,802)	137,031	(503)	(370,118)	26,064	(1,520)
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods	1,393,898	(344,468)	505	933,842	(65,773)	1,520	1,415,448	(350,744)	504	962,620	(56,115)	1,815
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods												
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	(856,462)	(658,539)	30	(36,153)	(440,155)	(92)	(856,462)	(658,539)	30	(36,153)	(440,155)	(92)
Re-measurement of post-employment benefit obligations	-	-	-	-	-	-	9,816	15,271	(36)	-	17,515	(100)
Revaluation of freehold land & buildings	-	-	-	-	-	-	225,622	-	-	-	-	-
Share of other comprehensive income of joint venture	-	-	-	-	-	-	-	-	-	-	-	-
Less: Tax expense relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	(65,922)	(4,904)	1,244	-	(4,904)	(100)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(856,462)	(658,539)	30	(36,153)	(440,155)	(92)	(686,946)	(648,172)	6	(36,153)	(427,544)	(92)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	537,436	(1,003,007)	(154)	897,689	(505,928)	(277)	728,502	(998,916)	173	926,467	(483,659)	292
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,337,594	6,306,387	(15)	3,666,451	2,626,777	40	5,857,525	7,253,571	(19)	4,016,710	3,040,816	32
Total comprehensive income attributable to:												
Equity holders of the Bank	5,337,594	6,306,387	(15)	3,666,451	2,626,777	40	5,536,763	6,812,087	(19)	3,891,282	2,996,378	30
Non-controlling interests	-	-	-	-	-	-	320,762	441,484	(27)	125,428	44,438	182
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,337,594	6,306,387	(15)	3,666,451	2,626,777	40	5,857,525	7,253,571	(19)	4,016,710	3,040,816	32

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 30.06.2019 Rs.000	As at 31.12.2018 (Audited) Rs.000	% Increase / (Decrease)	As at 30.06.2019 Rs.000	As at 31.12.2018 (Audited) Rs.000	% Increase / (Decrease)
ASSETS						
Cash and cash equivalents	22,212,594	25,141,890	(12)	22,511,204	24,966,831	(10)
Placements with banks	3,383,353	3,292,733	3	10,600,097	8,506,255	25
Balances with Central Bank of Sri Lanka	24,374,582	33,907,057	(28)	24,374,582	33,907,057	(28)
Reverse repurchase agreements	1,091,122	90,094	1,111	1,429,720	1,168,764	22
Derivative financial instruments	989,608	4,507,576	(78)	989,608	4,507,576	(78)
Financial assets recognised through profit or loss - measured at fair value	1,025,737	100,342	922	1,161,439	264,420	339
Financial assets at amortised cost - loans and advances	724,883,925	749,048,820	(3)	749,232,927	770,263,000	(3)
Financial assets at amortised cost - debt and other instruments	149,281,450	160,145,680	(7)	155,940,619	165,821,983	(6)
Financial assets measured at fair value through other comprehensive income	104,113,757	69,436,989	50	111,109,761	76,005,258	46
Investment in Joint Venture	755,000	755,000	-	2,098,242	2,027,201	4
Investments in Subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	324,995	325,818	-	1,083,626	1,107,472	(2)
Property, plant and equipment	21,351,404	21,304,370	-	42,593,839	42,417,126	-
Intangible assets and goodwill	894,000	905,653	(1)	1,332,454	1,377,864	(3)
Other assets	14,770,284	14,509,951	2	15,917,263	16,273,512	(2)
Total assets	1,072,469,096	1,086,489,258	(1)	1,140,375,381	1,148,614,319	(1)
LIABILITIES						
Due to banks	79,116,418	77,492,582	2	80,042,669	77,976,010	3
Derivative financial instruments	1,116,781	2,519,172	(56)	1,116,781	2,519,172	(56)
Securities sold under repurchase agreements	6,329,142	16,678,946	(62)	6,329,142	16,678,946	(62)
Financial liabilities at amortised cost - due to depositors	792,780,300	799,975,357	(1)	814,772,749	818,041,962	-
Dividends payable	1,002,462	994,812	1	1,015,699	1,009,468	1
Financial liabilities at amortised cost - other borrowings	20,397,634	24,894,155	(18)	20,397,634	24,894,155	(18)
Debt securities issued	4,709,597	4,487,763	5	5,247,140	5,030,000	4
Current tax liabilities	10,351,446	9,184,814	13	10,810,566	9,559,852	13
Deferred tax liabilities	1,871,496	1,808,898	3	6,106,872	5,831,673	5
Insurance Provision -Life	-	-	-	13,508,045	12,256,686	10
Insurance Provision -General	-	-	-	2,715,277	2,525,095	8
Other provisions	3,046,158	3,559,925	(14)	3,517,530	4,081,659	(14)
Other liabilities	10,317,428	6,908,911	49	11,340,601	8,944,789	27
Subordinated term debts	22,304,343	22,229,951	-	22,016,746	21,930,246	-
Total liabilities	953,343,205	970,735,286	(2)	998,937,451	1,011,279,713	(1)

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 30.06.2019 Rs.000	As at 31.12.2018 (Audited) Rs.000	% Increase / (Decrease)	As at 30.06.2019 Rs.000	As at 31.12.2018 (Audited) Rs.000	% Increase / (Decrease)
EQUITY						
Stated capital	33,820,906	32,338,026	5	33,820,906	32,338,026	5
Statutory reserve fund	6,260,000	6,260,000	-	6,260,000	6,260,000	-
Retained earnings	17,080,116	15,728,513	9	21,656,405	20,181,416	7
Other reserves	61,964,869	61,427,433	1	74,846,647	73,881,954	1
Total equity attributable to equity holders of the Bank	119,125,891	115,753,972	3	136,583,958	132,661,396	3
Non-controlling interest	-	-	-	4,853,972	4,673,210	4
Total equity	119,125,891	115,753,972	3	141,437,930	137,334,606	3
Total equity and liabilities	1,072,469,096	1,086,489,258	(1)	1,140,375,381	1,148,614,319	(1)
Contingent liabilities and commitments	764,161,162	763,214,236	-	764,161,162	763,214,236	-
Net Assets Value per Share (Rs.)	238.06	231.32	3	272.95	265.11	3
Memorandum Information						
Number of Employees	4,937	4,781				
Number of Branches	250	250				

CERTIFICATION

I certify that the above financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and give a true and fair view of the state of affairs of Hatton National Bank PLC and the Group as at 30th June 2019 and its profit for the six months ended 30th June 2019.

(Sgd.)

Anusha Gallage

Chief Financial Officer

08th August 2019

We the undersigned, being the Managing Director / Chief Executive Officer and the Chairman of Hatton National Bank PLC certify jointly that :

- (a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka;
- (b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank, its Joint Venture and Subsidiary Companies unless indicated as audited.

(Sgd.)

Jonathan Alles

Managing Director / Chief Executive Officer

08th August 2019

(Sgd.)

Dinesh Weerakkody

Chairman

08th August 2019

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital			Other Reserves						Retained Earnings	Total
	Voting Shares	Non-Voting Shares	Statutory Reserve Fund	Capital Reserve	Available-for-Sale Reserve	Fair value Reserve	General Reserve	ESOP Reserve			
	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000		
For the 6 months ended 30th June 2019											
Balance as at 1st January 2019	26,649,460	5,688,566	6,260,000	10,790,994	-	1,536,439	49,100,000	-	15,728,513	115,753,972	
Total comprehensive income for the period											
Net profit for the period	-	-	-	-	-	-	-	-	4,800,158	4,800,158	
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	537,436	-	-	-	537,436	
Total comprehensive income for the period	-	-	-	-	-	537,436	-	-	4,800,158	5,337,594	
Transactions with equity holders, recognised directly in equity											
Final dividend 2018 - Scrip	1,190,309	292,571	-	-	-	-	-	-	(1,724,277)	(241,398)	
Final dividend 2018 - Cash	-	-	-	-	-	-	-	-	(1,724,277)	(1,724,277)	
Total transactions with equity holders	1,190,309	292,571	-	-	-	-	-	-	(3,448,554)	(1,965,675)	
Transfers during the period	-	-	-	-	-	-	-	-	-	-	
Balance as at 30th June 2019	27,839,769	5,981,137	6,260,000	10,790,994	-	2,073,875	49,100,000	-	17,080,116	119,125,891	
For the 6 months ended 30th June 2018											
Balance as at 1st January 2018	25,900,025	5,509,094	5,460,000	8,725,542	4,166,167	-	43,100,000	93,186	15,193,585	108,147,599	
Day 1 impact from the application of SLFRS 9	-	-	-	-	(4,166,167)	4,035,701	-	-	(4,042,519)	(4,172,985)	
Restated balance as at 1st January 2018	25,900,025	5,509,094	5,460,000	8,725,542	-	4,035,701	43,100,000	93,186	11,151,066	103,974,614	
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	-	7,309,394	7,309,394	
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	(1,003,007)	-	-	-	(1,003,007)	
Total comprehensive income for the period	-	-	-	-	-	(1,003,007)	-	-	7,309,394	6,306,387	
Transactions with equity holders, recognised directly in equity											
Final dividend 2017 - Scrip	706,515	173,317	-	-	-	-	-	-	(977,592)	(97,759)	
Interim dividend 2017 - Cash	-	-	-	-	-	-	-	-	(2,442,768)	(2,442,768)	
Issue of shares under ESOP	31,442	4,708	-	-	-	-	-	-	-	36,151	
Total transactions with equity holders	737,958	178,026	-	-	-	-	-	-	(3,420,361)	(2,504,377)	
Transfers during the year 2018	11,478	1,446	-	-	-	-	-	(12,924)	-	-	
Balance as at 30th June 2018	26,649,461	5,688,566	5,460,000	8,725,542	-	3,032,694	43,100,000	80,262	15,040,099	107,776,624	

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital			Other Reserves								Retained Earnings	Non Controlling Interest	Total Equity
	Voting Shares	Non-Voting Shares	Statutory Reserve Fund	Capital Reserve	Available for Sale Reserve	Fair value Reserve	General Reserve	Life policy holder Reserve	Restricted Regulatory Reserve	ESOP Reserve	Exchange Equalization Reserve			
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000			
For the 6 months ended 30th June 2019														
Balance as at 1st January 2019	26,649,460	5,688,566	6,260,000	22,994,510	-	1,537,723	49,100,000	(197,803)	381,156	-	66,368	20,181,416	4,673,210	137,334,606
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	4,920,562	208,461	5,129,023
Other Comprehensive Income for the period (net of tax)	-	-	-	68,488	-	558,817	-	-	-	-	(14,085)	2,981	112,301	728,502
Total comprehensive income for the period	-	-	-	68,488	-	558,817	-	-	-	-	(14,085)	4,923,543	320,762	5,857,525
Transactions with equity holders, recognised directly in equity														
Final dividend 2018 - Scrip	1,190,309	292,571	-	-	-	-	-	-	-	-	-	(1,724,277)	-	(241,397)
Final dividend 2018 - Cash	-	-	-	-	-	-	-	-	-	-	-	(1,724,277)	(140,000)	(1,864,277)
Total transactions with equity holders	1,190,309	292,571	-	-	-	-	-	-	-	-	-	(3,448,554)	(140,000)	(2,105,674)
Transfer from life policy holder reserve fund	-	-	-	-	-	-	-	351,473	-	-	-	-	-	351,473
Balance as at 30th June 2019	27,839,769	5,981,137	6,260,000	23,062,998	-	2,096,540	49,100,000	153,670	381,156	-	52,283	21,656,405	4,853,972	141,437,930
For the 6 months ended 30th June 2018														
Balance as at 1st January 2018	25,900,025	5,509,094	5,460,000	19,433,829	4,207,731	-	43,100,000	223,271	-	93,186	-	18,082,284	3,648,703	125,658,123
Day 1 impact from the application of SLFRS 9	-	-	-	-	(4,207,731)	4,058,756	-	(4,507)	-	-	-	(4,225,558)	(274,989)	(4,654,029)
Restated balance as at 1st January 2018	25,900,025	5,509,094	5,460,000	19,433,829	-	4,058,756	43,100,000	218,764	-	93,186	-	13,856,726	3,373,714	121,004,094
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	7,810,616	441,871	8,252,487
Other comprehensive income for the period (net of tax)	-	-	-	-	-	(1,013,182)	-	-	-	-	10,682	3,970	(387)	(998,916)
Total comprehensive income for the period	-	-	-	-	-	(1,013,182)	-	-	-	-	10,682	7,814,586	441,484	7,253,571
Transactions with equity holders, recognised directly in equity														
Final dividend 2017 - Scrip	706,515	173,317	-	-	-	-	-	-	-	-	-	(977,592)	-	(97,759)
Interim dividend 2017 - Cash	-	-	-	-	-	-	-	-	-	-	-	(2,442,768)	(209,514)	(2,652,282)
Issue of shares under ESOP	29,021	4,237	-	-	-	-	-	-	-	-	-	-	-	33,258
Total transactions with equity holders	735,536	177,554	-	-	-	-	-	-	-	-	-	(3,420,361)	(209,514)	(2,716,784)
Transfer from life policy holder reserve fund	-	-	-	-	-	-	-	127,035	-	-	-	-	-	127,035
Transfers during the year 2018	-	-	-	-	-	-	-	-	381,156	-	-	(381,156)	-	-
Fair value of the employee share options exercised	11,478	1,446	-	-	-	-	-	-	-	(11,895)	-	-	-	1,029
Balance as at 30th June 2018	26,647,039	5,688,094	5,460,000	19,433,829	-	3,045,574	43,100,000	345,799	381,156	81,291	10,682	17,869,796	3,605,684	125,668,945

STATEMENT OF CASH FLOWS

For the 6 months ended 30th June	BANK		GROUP	
	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000
Cash flows from operating activities				
Interest receipts	60,099,129	47,791,791	64,804,615	51,970,746
Interest payments	(33,613,634)	(29,901,268)	(34,677,366)	(30,924,489)
Net commission receipts	4,439,261	4,447,356	4,937,029	4,831,410
Trading income	1,118,578	255,329	1,082,797	80,995
Payments to employees	(5,865,595)	(4,588,435)	(7,060,090)	(5,774,599)
VAT & NBT on financial services & DRL	(3,744,111)	(2,855,679)	(4,014,189)	(2,992,077)
Receipts from other operating activities	937,330	238,576	5,087,613	4,200,183
Payments on other operating activities	(5,198,926)	(5,076,725)	(8,505,809)	(7,292,187)
Operating profit before change in operating assets & liabilities	18,172,032	10,310,945	21,654,600	14,099,982
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	9,532,475	813,617	9,532,475	813,617
Financial assets at amortised cost - loans & advances	19,210,021	(55,554,963)	15,901,244	(57,931,923)
Reverse repurchase agreements	(1,000,000)	-	(253,826)	(187,017)
Other assets	4,032,523	(104,305)	3,672,361	(370,761)
	31,775,019	(54,845,651)	28,852,254	(57,676,084)
Increase / (decrease) in operating liabilities				
Financial liabilities at amortised cost - due to depositors	(7,453,203)	40,844,060	(3,687,717)	40,468,501
Financial liabilities at amortised cost - other borrowings	(3,541,064)	(4,017,448)	(3,098,241)	(4,017,990)
Securities sold under repurchase agreements	(10,354,246)	7,424,674	(10,354,246)	7,424,674
Other liabilities	(158,589)	544,279	(232,849)	687,099
	(21,507,102)	44,795,565	(17,373,053)	44,562,284
Net cash generated from operating activities before income tax	28,439,949	260,859	33,133,801	986,182
Income tax paid	(2,863,841)	(2,319,755)	(2,978,218)	(2,610,609)
Net cash (used in) / generated from operating activities	25,576,108	(2,058,896)	30,155,583	(1,624,427)
Cash flows from investing activities				
Purchase of property, plant & equipment	(674,980)	(492,442)	(798,700)	(558,349)
Proceeds from the sale of property, plant & equipment	7,979	1,163	12,437	3,649
Net proceeds from sale, maturity and purchase of financial investments	(25,965,599)	5,658,244	(27,627,714)	4,327,412
Net purchase of intangible assets	(131,543)	(152,226)	(135,215)	(161,218)
Dividends received from investment in subsidiaries	182,338	221,095	-	-
Dividends received from other investments	125,047	168,483	131,269	171,305
Net cash (used in) / generated from investing activities	(26,456,758)	5,404,317	(28,417,923)	3,782,799
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital	-	36,151	-	36,150
Repayment of subordinated debt	-	(4,000,000)	-	(4,055,658)
Dividend paid to non controlling interest	-	-	(141,419)	(212,994)
Dividend paid to shareholders of the parent company	(1,958,026)	(2,500,047)	(1,958,026)	(2,500,956)
Net cash used in financing activities	(1,958,026)	(6,463,896)	(2,099,445)	(6,733,458)
Net decrease in cash & cash equivalents	(2,838,676)	(3,118,475)	(361,785)	(4,575,086)
Cash and cash equivalents at the beginning of the period	28,434,623	24,922,177	33,473,086	31,595,023
Cash and cash equivalents at the end of the period	25,595,947	21,803,702	33,111,301	27,019,937
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	22,212,594	21,803,702	22,511,204	21,959,801
Placements with banks	3,383,353	-	10,600,097	5,060,136
	25,595,947	21,803,702	33,111,301	27,019,937

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 30th June 2019	Fair Value Through Profit or Loss	Amortised Cost	Fair Value Through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	-	22,212,594	-	22,212,594
Placements with banks	-	3,383,353	-	3,383,353
Balances with Central Bank of Sri Lanka	-	24,374,582	-	24,374,582
Reverse repurchase agreements	-	1,091,122	-	1,091,122
Derivative financial instruments	989,608	-	-	989,608
Financial assets recognised through profit or loss	1,025,737	-	-	1,025,737
Financial assets at amortised cost - loans and advances	-	724,883,925	-	724,883,925
Financial assets at amortised cost - debt and other instruments	-	149,281,450	-	149,281,450
Financial assets measured at fair value through other comprehensive income	-	-	104,113,757	104,113,757
Other assets	-	500,000	-	500,000
Total financial assets	2,015,345	925,727,026	104,113,757	1,031,856,128
LIABILITIES				
Due to banks	-	79,116,418	-	79,116,418
Derivative financial instruments	1,116,781	-	-	1,116,781
Securities sold under repurchase agreements	-	6,329,142	-	6,329,142
Financial liabilities at amortised cost - due to depositors	-	792,780,300	-	792,780,300
Dividends payable	-	1,002,462	-	1,002,462
Financial liabilities at amortised cost - other borrowings	-	20,397,634	-	20,397,634
Debt securities issued	-	4,709,597	-	4,709,597
Other liabilities	-	59,481	-	59,481
Subordinated term debts	-	22,304,343	-	22,304,343
Total financial liabilities	1,116,781	926,699,377	-	927,816,158
As at 31st December 2018				
	Fair Value Through Profit or Loss	Amortised Cost	Fair Value Through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	-	25,141,890	-	25,141,890
Placements with banks	-	3,292,733	-	3,292,733
Balances with Central Bank of Sri Lanka	-	33,907,057	-	33,907,057
Reverse repurchase agreements	-	90,094	-	90,094
Derivative financial instruments	4,507,576	-	-	4,507,576
Financial assets recognised through profit or loss	100,342	-	-	100,342
Financial assets at amortised cost - loans and advances	-	749,048,820	-	749,048,820
Financial assets at amortised cost - debt and other instruments	-	160,145,680	-	160,145,680
Financial assets measured at fair value through other comprehensive income	-	-	69,436,989	69,436,989
Other assets	-	466,252	-	466,252
Total financial assets	4,607,918	972,092,526	69,436,989	1,046,137,433
LIABILITIES				
Due to banks	-	77,492,582	-	77,492,582
Derivative financial instruments	2,519,172	-	-	2,519,172
Securities sold under repurchase agreements	-	16,678,946	-	16,678,946
Financial liabilities at amortised cost - due to depositors	-	799,975,356	-	799,975,356
Dividends payable	-	994,812	-	994,812
Financial liabilities at amortised cost - other borrowings	-	24,894,155	-	24,894,155
Debt securities issued	-	4,487,763	-	4,487,763
Other liabilities	-	12,951	-	12,951
Subordinated term debts	-	22,229,951	-	22,229,951
Total financial liabilities	2,519,172	946,766,516	-	949,285,688

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 30th June 2019	Fair Value Through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	-	22,511,204	-	22,511,204
Placements with banks	-	10,600,097	-	10,600,097
Balances with Central Bank of Sri Lanka	-	24,374,582	-	24,374,582
Reverse repurchase agreements	-	1,429,720	-	1,429,720
Derivative financial instruments	989,608	-	-	989,608
Financial assets recognised through profit or loss	1,161,439	-	-	1,161,439
Financial assets at amortised cost - loans and advances	-	749,232,927	-	749,232,927
Financial assets at amortised cost - debt and other instruments	-	155,940,619	-	155,940,619
Financial assets measured at fair value through other comprehensive income	-	-	111,109,761	111,109,761
Other assets	-	1,725,533	-	1,725,533
Total financial assets	2,151,047	965,814,682	111,109,761	1,079,075,490
LIABILITIES				
Due to banks	-	80,042,669	-	80,042,669
Derivative financial instruments	1,116,781	-	-	1,116,781
Securities sold under repurchase agreements	-	6,329,142	-	6,329,142
Financial liabilities at amortised cost - due to depositors	-	814,772,749	-	814,772,749
Dividends payable	-	1,015,699	-	1,015,699
Financial liabilities at amortised cost - other borrowings	-	20,397,634	-	20,397,634
Debt securities issued	-	5,247,140	-	5,247,140
Other liabilities	-	2,062,551	-	2,062,551
Subordinated term debts	-	22,016,746	-	22,016,746
Total financial liabilities	1,116,781	951,884,330	-	953,001,111
As at 31st December 2018				
	Fair Value Through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	-	24,966,831	-	24,966,831
Placements with banks	-	8,506,255	-	8,506,255
Balances with Central Bank of Sri Lanka	-	33,907,057	-	33,907,057
Reverse repurchase agreements	-	1,168,764	-	1,168,764
Derivative financial instruments	4,507,576	-	-	4,507,576
Financial assets recognised through profit or loss	264,420	-	-	264,420
Financial assets at amortised cost - loans and advances	-	770,263,000	-	770,263,000
Financial assets at amortised cost - debt and other instruments	-	165,821,983	-	165,821,983
Financial assets measured at fair value through other comprehensive income	-	-	76,005,258	76,005,258
Other assets	-	1,322,063	-	1,322,063
Total financial assets	4,771,996	1,005,955,953	76,005,258	1,086,733,207
LIABILITIES				
Due to banks	-	77,976,010	-	77,976,010
Derivative financial instruments	2,519,172	-	-	2,519,172
Securities sold under repurchase agreements	-	16,678,946	-	16,678,946
Financial liabilities at amortised cost - due to depositors	-	818,041,962	-	818,041,962
Dividends payable	-	1,009,468	-	1,009,468
Financial liabilities at amortised cost - other borrowings	-	24,894,155	-	24,894,155
Debt securities issued	-	5,030,000	-	5,030,000
Other liabilities	-	2,124,432	-	2,124,432
Subordinated term debts	-	21,930,246	-	21,930,246
Total financial liabilities	2,519,172	967,685,219	-	970,204,391

SEGMENT REPORTING

For the 6 months ended 30th June	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBFI*		Eliminations / Unallocated		Consolidated		
	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000	
Net interest income	5,455,587	5,510,727	8,643,024	7,879,214	6,698,093	6,828,649	577,859	534,622	5,121,185	1,972,647	(53,534)	(78,950)	1,073,316	901,849	2,225,283	2,146,664	(505,818)	(796,923)	29,234,995	24,898,499	
Foreign Exchange income	92,640	98,275	62,787	111,162	167,401	206,311	1,416	1,745	(652,707)	453,787	-	-	-	-	-	-	(69,826)	2,515	(398,289)	873,795	
Net fee and commission income	1,490,548	1,429,614	1,069,531	999,252	1,922,647	2,009,083	86,832	74,758	503,722	413,231	-	-	91,930	80,547	489,413	316,814	(709,411)	(529,725)	4,945,212	4,793,574	
Other operating income	-	-	-	-	-	-	-	-	59,995	1,062	483,218	493,150	3,982,310	3,559,330	212,638	66,231	(490,672)	(25,172)	4,247,489	4,094,601	
Total operating income	7,038,775	7,038,616	9,775,342	8,989,628	8,788,141	9,044,043	666,107	611,125	5,032,195	2,840,727	429,684	414,200	5,147,556	4,541,726	2,927,334	2,529,709	(1,775,727)	(1,349,305)	38,029,407	34,660,469	
Impairment charge for loans and other losses	2,431,949	1,826,520	1,128,403	(1,495,620)	2,199,517	2,862,054	534,286	187,301	(41,349)	(35,998)	-	-	993	-	755,443	423,934	8,942	-	7,018,184	3,768,191	
Net operating income	4,606,826	5,212,096	8,646,939	10,485,248	6,588,624	6,181,989	131,821	423,824	5,073,544	2,876,725	429,684	414,200	5,146,563	4,541,726	2,171,891	2,105,775	(1,784,669)	(1,349,305)	31,011,223	30,892,278	
Profit from Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,873,483	12,677,483
Share of profit of Joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,126	84,397
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,829,586)	(4,509,393)
Non - controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(208,461)	(441,871)
Net Profit for the year attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,920,562	7,810,616
Segment assets	335,669,782	330,428,259	164,770,427	142,550,040	239,761,082	223,498,718	25,870,172	22,477,450	246,834,999	196,650,871	10,237,609	10,186,653	24,547,507	20,101,158	34,973,007	25,572,743	55,612,554	81,604,614	1,138,277,139	1,053,070,506	
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,098,242	1,784,342	2,098,242	1,784,342	
Total Assets	335,669,782	330,428,259	164,770,427	142,550,040	239,761,082	223,498,718	25,870,172	22,477,450	246,834,999	196,650,871	10,237,609	10,186,653	24,547,507	20,101,158	34,973,007	25,572,743	57,710,796	83,388,956	1,140,375,381	1,054,854,848	
Segment liabilities	110,500,770	127,252,050	505,442,188	456,626,684	156,912,056	140,812,852	6,679,764	5,771,304	76,736,083	65,064,664	10,237,609	10,186,653	24,547,507	20,101,158	34,973,007	25,572,743	214,346,397	203,466,740	1,140,375,381	1,054,854,848	
Total liabilities	110,500,770	127,252,050	505,442,188	456,626,684	156,912,056	140,812,852	6,679,764	5,771,304	76,736,083	65,064,664	10,237,609	10,186,653	24,547,507	20,101,158	34,973,007	25,572,743	214,346,397	203,466,740	1,140,375,381	1,054,854,848	

* Business of HNB Finance Ltd.

EXPLANATORY NOTES

1. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2018 except for the initial adoption of SLFRS 16 – “Leases” which became applicable for financial reporting periods beginning on or after 1st January 2019.

SLFRS 16 requires the recognition of lease liabilities and right of use of assets for leases previously classified as operating leases in accordance with LKAS 17 – “Leases”.

2. The comparative financial statements for the period ended 30th June 2018 presented in these financial statements have been restated by incorporating the impact of adopting SLFRS 9 – “Financial Instruments” on 1st January 2018. SLFRS 9 became applicable for financial periods beginning on or after 1st January 2018. However, Bank previously presented the interim financial statement for the period ended 30th June 2018 by applying LKAS 39 – “Financial Instruments – Recognition and Measurement” as permitted by the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by CA Sri Lanka.
3. There are no material changes during the period in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures. All known expenditure items have been provided for.
4. These interim financial statements are presented in accordance with Sri Lanka Accounting Standard (LKAS 34) “Interim Financial Reporting” and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
5. Where required, comparative figures have been reclassified to conform to Central Bank of Sri Lanka publication requirements.
6. The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd, HNB Finance Ltd & the Group’s interest in Joint Venture Acuity Partners (Pvt) Ltd.
7. The funds raised through debentures were fully utilized for the objectives mentioned in the prospectuses.
8. There are no material events that took place after the balance sheet date which require adjustment or disclosure in the financial statements.

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at 30.06.2019	As at 31.12.2018	As at 30.06.2019	As at 31.12.2018
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	101,677	104,029	112,465	114,423
Tier 1 Capital. Rs. Mn	101,677	104,029	112,465	114,423
Total Capital. Rs. Mn	121,586	123,725	132,373	134,012
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2019 - 8.50%;2018 - 7.375%)	13.02%	12.80%	13.25%	13.16%
Tier 1 Capital Ratio (Minimum Requirement - 2019 - 10.00%;2018 - 8.875%)	13.02%	12.80%	13.25%	13.16%
Total Capital Ratio (Minimum Requirement 2019 - 14.00%;2018 - 12.875%)	15.57%	15.22%	15.59%	15.41%
Leverage Ratio	8.42%	8.33%	8.81%	8.80%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio,% (net of Interest in Suspense)	4.69%	2.78%		
Net Non-Performing Advances Ratio,% (net of Interest in Suspense and provisions)	2.43%	1.11%		
Profitability (Annualised)				
Interest Margin, %	4.79%	4.64%		
Return on Assets (before Tax), %	1.53%	2.24%		
Return on Equity, %	8.22%	14.07%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	232,828	187,213		
Off-Shore Banking Unit	30,986	38,402		
Statutory Liquid Assets Ratio (Minimum requirement 20%)				
Domestic Banking unit	26.35%	22.03%		
Off-Shore Banking Unit	37.50%	43.52%		
Total Stock of High-Quality Liquid Assets, Rs. Mn	126,689	90,942		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2019 -100%,2018 -90%)	216.62%	153.16%		
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 2019 -100%,2018 -90%)	119.44%	103.85%		
Net Stable Funding Ratio (Minimum Requirement 90%)	108.00%	100.00%		

LISTED DEBENTURE INFORMATION

Quarter ended 30th June	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		
	2019		2018		2019	2018	2019		2018
	Highest Rs.	Lowest Rs.	Highest Rs.	Lowest Rs.	Rs.	Rs.			
HNB DEBENTURES 2006									
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
HNB DEBENTURES 2007									
15 year Fixed Rate (16.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
HNB DEBENTURES 2011									
10 year Fixed Rate (11.50% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
HNB DEBENTURES 2013									
10 year Fixed Rate (14.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
HNB DEBENTURES 2014									
5 year Fixed Rate (7.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
10 year Fixed Rate (8.33% p.a.)	75.00	75.00	N/T	N/T	75.00	N/T		8.33	N/T
HNB DEBENTURES 2016									
5 year Fixed Rate (11.25% p.a.)	94.90	94.90	94.00	94.00	94.90	94.00		11.25	11.25
5 year Fixed Rate (11.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
7 year Fixed Rate (13.00% p.a.)	100.00	100.00	100.00	100.00	100.00	100.00		13.00	13.00

N/T – Not Traded as at 30th June, N/A – Not Applicable as at 30th June

N/T – Not Traded as at 30th June
N/A – Not Applicable as at 30th June

RATIOS OF DEBT		
	30.06.2019	31.12.2018
Debt Equity Ratio (%)	70.45	78.38
	30.06.2019	30.06.2018
Interest Cover (Times)	3.86	4.52
	30.06.2019	30.06.2018
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 15 year maturity	9.11	9.97
2006 series 18 year maturity	9.94	10.51
2007 series 15 year maturity	9.60	10.29
2011 series 10 year maturity	9.28	10.06
2013 series 10 year maturity	9.85	10.43
2014 series 5 year maturity	8.39	9.13
2014 series 10 year maturity	10.01	10.51
2016 series 5 year maturity	9.11	9.97
2016 series 5 year maturity	9.30	10.06
2016 series 7 year maturity	9.83	10.43

Quarter ended 30th June	Yield to Maturity of Last Trade Done (% p.a)	
	2019	2018
HNB DEBENTURES 2006		
15 year Fixed Rate (11.00% p.a.)	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T
HNB DEBENTURES 2007		
15 year Fixed Rate (16.75% p.a.)	N/T	N/T
HNB DEBENTURES 2011		
10 year Fixed Rate (11.50% p.a.)	N/T	N/T
HNB DEBENTURES 2013		
10 year Fixed Rate (14.25% p.a.)	N/T	N/T
HNB DEBENTURES 2014		
5 year Fixed Rate (7.75% p.a.)	N/T	N/T
10 year Fixed Rate (8.33% p.a.)	15.18	N/T
HNB DEBENTURES 2016		
5 year Fixed Rate (11.25% p.a.)	14.68	13.86
5 year Fixed Rate (11.75% p.a.)	N/T	N/T
7 year Fixed Rate (13.00% p.a.)	12.94	12.95

N/T – Not Traded as at 30th June
N/A – Not Applicable as at 30th June

SHARE INFORMATION

As at	30-Jun-19	31-Dec-18
Number of Shares		
Voting	401,343,863	395,451,248
Non-voting	99,062,844	97,199,341
Last Traded Price per share		
Voting	134.50	214.00
Non-voting	124.90	168.50

For the Quarter Ended	30-Jun-19	30-Jun-18
Highest price per share		
Voting	185.00	252.90
Non-voting	153.00	192.00
Lowest price per share		
Voting	130.50	223.00
Non-voting	122.50	176.00

PUBLIC SHAREHOLDING PERCENTAGE

	30-Jun-19	
	Number	%
Number of shareholders representing the public holding (Voting)	4,980	69% approx.
Number of shareholders representing the public holding (Non Voting)	10,224	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs. 37 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	30-Jun-19	31-Dec-18
1. Mr.D.S.Weerakkody	2,089	2,050
2. Mr.A.J.Alles *	125,452	123,504
3. Ms.M.A.R.C.Cooray **	N/A	7,068
4. Dr.L.R.Karunaratne	1,070	1,055
5. Mr.R.S.Captain	7,379	7,271
6. Mr.D.A.Cabraal	-	-
7. Mr.P.S.C.Pelpola	-	-
8. Mr.E.D.P.Soosaipillai	-	-
9. Mr.A.H.D.A.N.De Silva	102	101
10. Mr.L.U.D.Fernando	624	615
11. Mr.W.M.M.D.Ratnayake	-	-
12. Mr.H.A.Pieris****	-	-
Mr.P.R.Saldin*****	-	-

* Chief Executive Officer

** Retired w.e.f 15.02.2019

*** Resigned w.e.f 29.03.2019

**** Appointed w.e.f.01.04.2019

***** Alternate Director to Mr.Rusi Captain

20 MAJOR SHAREHOLDERS (VOTING) AS AT 30TH JUNE 2019

	Name	No. of shares	% on total voting capital
1.	Employees Provident Fund	39,119,092	9.75
2.	Sri Lanka Insurance Corporation Ltd-Life Fund	33,180,292	8.27
3.	Milford Exports (Ceylon) (Pvt) Limited	31,736,382	*7.91
4.	Stassen Exports (Pvt) Limited	27,508,042	*6.85
5.	Mr.S.E. Captain	26,129,128	6.51
6.	Sonetto Holdings Limited.	19,725,642	4.91
7.	Sri Lanka Insurance Corporation Ltd-General Fund	16,989,898	4.23
8.	Distilleries Company of Sri Lanka Plc	12,307,446	*3.07
9.	JPMLU-Franklin Templeton Investment Funds	11,799,126	2.94
10.	National Savings Bank	11,515,728	2.87
11.	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	7,532,868	1.88
12.	Ms. L.A. Captain	7,500,710	1.87
13.	RBC Investor Services Trust-RBC Emerging Markets Small-CAP Equity Fund	7,331,420	1.83
14.	HSBC Intl Nom Ltd-CMG First state global umbrella Fund PLC-CMG First State Indian Subcontinent Fund	6,755,476	1.68
15.	RBC Investor Services Bank-Coeli SICAV i- Frontier Markets Fund	6,540,834	1.63
16.	BNYM SANV Re-IF Ruffer Total Return Fund	6,313,648	1.57
17.	SSBT-AI Mehwar Commercial Investments L.L.C.	6,130,896	1.53
18.	JPMCB-Scottish Orf SML TR GTI 6018	5,700,082	1.42
19.	Citibank Newyork S/A Norges Bank Account 2	4,715,374	1.17
20.	BNYM SANV Re-IF Ruffer Absolute Return Fund	4,237,905	1.06

** Pursuant to the provisions of the Banking Act Directions No. 1 of 2007, the total collective voting rights in the Bank, of Milford Exports (Ceylon) Limited, Stassen Exports Limited and Distilleries Company of Sri Lanka (who collectively hold 17.83% of the voting shares of the Bank) are limited to 10% of the total voting rights of the Bank with effect from 15th March 2012 as the voting rights in excess of such percentage is deemed invalid from that date.

20 MAJOR SHAREHOLDERS (NON-VOTING) AS AT 30TH JUNE 2019

	Name	No. of shares	% on total non-voting capital
1.	Citibank Newyork S/A Norges Bank Account 2	10,288,143	10.39
2.	UBS AG Zurich	8,781,597	8.86
3.	JPMLU-Franklin Templeton Investment Funds	7,145,272	7.21
4.	BNYM SANV Re-Frontaura Global Frontier Fund LLC	5,480,087	5.53
5.	Akbar Brothers Pvt Ltd A/c No 1	3,697,509	3.73
6.	BNYM SANV Re-neon liberty lorikeet master fund lp	3,670,992	3.71
7.	BNYM SANV Re-IF Ruffer total return fund	3,171,728	3.20
8.	BNYM SANV Re-IF Ruffer absolute return fund	2,112,783	2.13
9.	CB Europe plc lux s/a Dunross and co ab	2,057,553	2.08
10.	Union Assurance plc/no-01a/c	1,545,068	1.56
11.	Mr. S.E. Captain	1,533,976	1.55
12.	Rubber Investment trust limited a/c # 01	1,343,990	1.36
13.	BNYM SANV Re-IF ruffer Investment funds : IF Ruffer Pacific fund	1,254,145	1.27
14.	Employees Trust Fund Board	1,159,235	1.17
15.	Deutsche Bank AG as trustee for JB Vantage value equity fund	1,053,788	1.06
16.	Union assurance plc/account no.05 (unit-linked life insurance fund-equity fund)	995,529	1.00
17.	Hatton National Bank PLC A/c No 2	712,874	0.72
18.	Saboor Chatoor (pvt) ltd	671,124	0.68
19.	JPMCB-Templeton Global Investment Trust-Templeton Frontier Markets Fund	651,968	0.66
20.	The Ceylon Investment PLC A/c # 02	591,185	0.60

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

As at	BANK		GROUP	
	30.06.2019 Rs.000	31.12.2018 (Audited) Rs.000	30.06.2019 Rs.000	31.12.2018 (Audited) Rs.000
1) Product-wise Gross loans and Receivables to Customers				
By product-Domestic Currency				
Overdrafts	117,182,021	119,831,175	117,181,036	119,621,682
Bills of exchange	1,043,804	841,909	1,043,804	841,909
Commercial papers	154,231	154,193	154,231	154,193
Short term loans	83,846,832	86,203,919	84,426,035	86,447,031
Credit Cards	8,219,317	7,926,448	8,219,317	7,926,448
Trust receipts	34,991,113	44,398,097	34,991,113	44,398,097
Packing credit loans	1,580,124	1,652,797	1,580,124	1,652,797
Staff loans	13,763,611	13,139,967	14,455,339	13,830,322
Term loans	299,070,124	301,545,505	315,514,364	316,207,450
Lease rentals receivable	51,197,816	49,608,344	60,014,400	57,244,901
Housing loans	35,181,987	34,106,316	35,181,987	34,106,316
Pawning advances	18,391,926	17,449,986	18,616,814	17,449,986
Securitised notes	642,874	605,111	642,874	605,111
Sub total	665,265,780	677,463,767	692,021,438	700,486,243
By product-Foreign Currency				
Overdrafts	1,910,695	2,751,256	1,910,695	2,751,256
Bills of exchange	1,760,666	1,659,634	1,760,666	1,659,634
Short term loans	2,086,818	1,717,758	2,086,818	1,717,758
Trust receipts	3,560,342	4,628,051	3,560,342	4,628,051
Packing credit loans	14,035,778	16,954,308	14,035,778	16,954,308
Term loans	61,925,081	64,003,962	61,925,081	64,003,962
Lease rentals receivable	263,887	316,345	263,887	316,345
Housing loans	2,052,200	2,197,543	2,052,200	2,197,543
Sub total	87,595,467	94,228,857	87,595,467	94,228,857
Total	752,861,247	771,692,624	779,616,905	794,715,100
2) Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	1,262,792	1,450,717	1,262,792	1,450,717
Guarantees	58,051,285	63,566,164	58,051,285	63,566,164
Acceptances	32,802	51,870	32,802	51,870
Bills for collection	393,811	289,156	393,811	289,156
Forward exchange contracts				
Forward exchange sales	721,685	-	721,685	-
Forward exchange purchases	66,312,064	56,150,044	66,312,064	56,150,044
Cheques sent on clearing	4,450,651	7,581,336	4,450,651	7,581,336
Undrawn credit lines	367,725,787	357,998,169	367,725,787	357,998,169
Sub total	498,950,877	487,087,456	498,950,877	487,087,456
By Product - Foreign Currency				
Documentary credit	21,695,601	28,310,053	21,695,601	28,310,053
Guarantees	71,887,248	77,786,353	71,887,248	77,786,353
Acceptances	14,480,490	19,014,038	14,480,490	19,014,038
Bills for collection	10,732,123	14,118,765	10,732,123	14,118,765
Forward exchange contracts				
Forward exchange sales	53,333,079	38,199,566	53,333,079	38,199,566
Forward exchange purchases	24,140,156	29,121,059	24,140,156	29,121,059
Cheques sent on clearing	13,841	23,404	13,841	23,404
Undrawn credit lines	68,927,748	69,553,540	68,927,748	69,553,540
Sub total	265,210,285	276,126,778	265,210,285	276,126,778
Total	764,161,162	763,214,234	764,161,162	763,214,234
Stage-wise impairment on loans and receivables, commitments and contingencies				
Gross loans and advances, commitments and contingencies	1,517,022,409	1,534,906,858	1,543,778,067	1,557,929,334
Less : Accumulated impairment under stage 1	4,799,399	4,108,454	5,476,200	4,784,975
Accumulated impairment under stage 2	4,129,574	3,945,079	4,513,463	4,171,125
Accumulated impairment under stage 3	20,707,806	15,866,194	22,053,772	16,771,922
Net value of loans and advances, commitments and contingencies	1,487,385,630	1,510,987,131	1,511,734,632	1,532,201,312

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

3) Movements in Stage-wise Impairment during the period

	Bank			Total Rs.000
	Stage 1 Rs.000	Satge 2 Rs.000	Stage 3 Rs.000	
Opening balance as at 1st January 2018	3,228,383	2,548,157	9,388,896	15,165,436
Net impairment charge for the period	495,061	455,815	2,434,098	3,384,974
Interest accrued on impaired loans and receivables	-	-	(80,111)	(80,111)
Write-offs during the period	-	-	-	-
Other movements	-	-	103,126	103,126
Closing balance as at 30th June 2018	3,723,444	3,003,972	11,846,009	18,573,425
Opening balance as at 1st January 2019	4,108,454	3,945,079	15,866,194	23,919,727
Net impairment charge for the period	690,945	184,495	5,135,365	6,010,805
Interest accrued on impaired loans and receivables	-	-	(161,461)	(161,461)
Write-offs during the period	-	-	-	-
Other movements	-	-	(132,292)	(132,292)
Closing balance as at 30th June 2019	4,799,399	4,129,574	20,707,806	29,636,779

	Group			Total Rs.000
	Stage 1 Rs.000	Satge 2 Rs.000	Stage 3 Rs.000	
Opening balance as at 1st January 2018	3,958,207	2,719,386	9,850,882	16,528,475
Net impairment charge for the period	571,072	468,748	2,673,268	3,713,088
Interest accrued on impaired loans and receivables	-	-	(80,111)	(80,111)
Write-offs during the period	-	-	-	-
Other movements	-	-	103,126	103,126
Closing balance as at 30th June 2018	4,529,279	3,188,134	12,547,165	20,264,578
Opening balance as at 1st January 2019	4,784,975	4,171,125	16,771,922	25,728,022
Net impairment charge for the period	691,225	342,338	5,734,366	6,767,929
Interest accrued on impaired loans and receivables	-	-	(161,461)	(161,461)
Write-offs during the period	-	-	(158,763)	(158,763)
Other movements	-	-	(132,292)	(132,292)
Closing balance as at 30th June 2019	5,476,200	4,513,463	22,053,772	32,043,435

ANALYSIS OF DEPOSITS

As at	30.06.2019 Rs.000	31.12.2018 (Audited) Rs.000	30.06.2019 Rs.000	31.12.2018 (Audited) Rs.000
4) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	37,523,159	39,706,969	37,335,972	39,220,539
Savings deposits	184,792,197	187,874,484	186,483,209	190,175,309
Time deposits	424,718,017	408,457,298	445,384,885	424,883,991
Certificates of deposit	385,197	407,482	385,197	407,482
Margin deposits	1,508,301	4,034,869	1,508,301	4,034,869
Sub total	648,926,871	640,481,102	671,097,564	658,722,190
By product- Foreign Currency				
Current account deposits	3,987,122	5,234,158	3,987,122	5,234,158
Savings deposits	39,799,590	43,766,109	39,788,007	43,738,792
Time deposits	99,950,880	110,132,027	99,784,219	109,984,861
Margin deposits	115,837	361,961	115,837	361,961
Sub total	143,853,429	159,494,255	143,675,185	159,319,772
Total	792,780,300	799,975,357	814,772,749	818,041,962