



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the three months ended 31st March 2019

FINANCIAL COMMENTARY FOR THE 03 MONTHS ENDED 31ST MARCH 2019

- HNB Group records a PBT of Rs 3.4 Bn in 1Q 2019
- Core Banking generates Rs 13 Bn in NII as compared with Rs 10.6 Bn last year
- Effective tax rate increases to 58.6% as compared with 43.6% last year

Amidst challenging market conditions, Hatton National Bank posted a profit before tax of Rs 3.3 Bn and a profit after tax of Rs 2 Bn for the first quarter of 2019.

During the 12 month period ended 31st March 2019, advances and deposits of the Bank grew by 11.4% to Rs 749.8 Bn and 11% to Rs 799.7 Bn respectively. The Bank was also successful in maintaining a CASA base of Rs 279.6 Bn enabling the Bank to record a 22.1% growth in Net Interest Income (NII) of Rs 13 Bn for the period.

Net Fee income amounted to Rs 2.2 Bn for the first quarter and constituted 14.9% of Total Operating Income. Income from credit cards and guarantee commission which are key contributors to fee income, demonstrated robust growth.

The slowdown in economic growth, collection difficulties experienced by many industries as well as the impact from the extreme weather conditions experienced in previous years, has resulted in higher non-performing assets in the banking industry and it continues to affect the current portfolio. In addition, the introduction of the stringent SLFRS 9 requirements on impairment on performing loans as well as on investments in other financial instruments has contributed to an increase in impairment charges for the period.

Accordingly, impairment charge for the Bank amounted to Rs 4.1 Bn for the three months ended March 2019.

Total Operating Expenses increased by 17.9% YoY to Rs 5.9 Bn and the Bank reported a cost to income ratio of 39.6% for the period.

The introduction of the debt repayment levy in 4Q 2018 as well as the removal of certain exemptions on income from investments with effect from April 2018, resulted in an increase in the total effective tax rate to a significant 58.6%. Accordingly, the Bank's total tax charge amounted to Rs 2.9 Bn for the period.

All Group companies contributed to Group Total Operating Income of Rs 18.7 Bn for the first quarter, recording a 9.6% YoY growth. HNB Group made a profit before tax of Rs 3.4 Bn and a profit after tax of Rs 2 Bn during the first three months of 2019.

During the first quarter of 2019, HNB was awarded as the Best Bank for SME in Sri Lanka by the Asian Banker Magazine while Asiamoney recognised HNB as 'the Best Bank' in SME, Cash Management, Trade Finance 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. HNB is the No. 1 Bank in Sri Lanka in the Top 1000 World Banks ranking by the prestigious UK based 'The Banker' magazine.

STATEMENT OF PROFIT OR LOSS

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2019	2018	% Increase/ (Decrease)	2019	2018	% Increase/ (Decrease)
	Rs 000	(Restated) Rs 000		Rs 000	(Restated) Rs 000	
Gross Income	31,371,848	28,053,556	12	33,856,287	30,205,261	12
Interest income	29,355,034	24,880,398	18	31,606,437	26,940,572	17
Less : Interest expenses	16,381,729	14,253,160	15	16,987,152	14,853,907	14
Net interest income	12,973,305	10,627,238	22	14,619,285	12,086,665	21
Fee and commission income	2,268,615	2,243,842	1	2,603,720	2,458,373	6
Less : Fee and commission expenses	39,617	29,381	35	84,324	53,787	57
Net fee and commission income	2,228,998	2,214,461	1	2,519,396	2,404,586	5
Net interest, fee and commission income	15,202,303	12,841,699	18	17,138,681	14,491,251	18
Net gain/(loss) from trading / Net fair value gains / (losses) from financial instruments at fair value through profit or loss	635,824	(273,680)	332	617,906	(277,382)	323
Net gain from financial investments	165,384	194,991	(15)	164,827	198,731	(17)
Net insurance premium income	-	-	-	1,998,936	1,767,325	13
Net gains/(loss) on derecognition of financial assets	-	-	-	5,096	15,415	(67)
Net other operating income	(1,053,009)	1,008,005	(204)	(1,136,603)	884,967	(228)
Total operating income	14,950,502	13,771,015	9	18,788,843	17,080,307	10
Less : Impairment for loans and other losses	4,120,902	1,345,006	206	4,616,646	1,537,166	200
Net operating income	10,829,600	12,426,009	(13)	14,172,197	15,543,141	(9)
Less : Operating expenses						
Personnel expenses	2,698,515	2,195,730	23	3,259,109	2,716,719	20
Depreciation and amortisation	376,807	325,138	16	527,350	427,664	23
Benefits, claims and underwriting expenditure	-	-	-	1,926,964	1,076,048	79
Other expenses	2,843,198	2,499,063	14	3,334,281	2,889,845	15
Total operating expenses	5,918,520	5,019,931	18	9,047,704	7,110,276	27
Operating profit before value added tax (VAT), nation building tax (NBT) and debt repayment levy (DRL) on financial services	4,911,080	7,406,078	(34)	5,124,493	8,432,865	(39)
Less : Value Added Tax (VAT) on financial services	974,141	1,222,804	(20)	1,049,240	1,325,381	(21)
Less : Nation Building Tax (NBT) on financial services	129,885	163,040	(20)	140,119	175,773	(20)
Less : Debt Repayment Levy	547,749	-	-	583,526	-	-
Operating profit after value added tax (VAT), nation building tax (NBT) and debt repayment levy (DRL) on financial services	3,259,305	6,020,234	(46)	3,351,608	6,931,711	(52)
Share of profit of Joint Venture (net of income tax)	-	-	-	36,525	18,759	95
PROFIT BEFORE INCOME TAX	3,259,305	6,020,234	(46)	3,388,133	6,950,470	(51)
Less : Income tax expense	1,227,909	1,843,545	(33)	1,349,353	2,222,458	(39)
PROFIT FOR THE PERIOD	2,031,396	4,176,689	(51)	2,038,780	4,728,012	(57)
Profit attributable to:						
Equity holders of the Bank	2,031,396	4,176,689	(51)	1,946,661	4,323,982	(55)
Non-controlling interests	-	-	-	92,119	404,030	(77)
PROFIT FOR THE PERIOD	2,031,396	4,176,689	(51)	2,038,780	4,728,012	(57)
Earnings per share						
Basic earnings per ordinary share (Rs)	4.06	8.35	(51)	3.89	8.64	(55)
Diluted earnings per ordinary share (Rs)	4.06	8.35	(51)	3.89	8.64	(55)

STATEMENT OF COMPREHENSIVE INCOME

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2019 Rs 000	2018 (Restated) Rs 000	% Increase/ (Decrease)	2019 Rs 000	2018 (Restated) Rs 000	% Increase/ (Decrease)
PROFIT FOR THE PERIOD	2,031,396	4,176,689	(51)	2,038,780	4,728,011	(57)
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	638,967	(387,076)	265	784,680	(455,651)	272
Reclassification of net gains on de-recognition of debt instruments at fair value through other comprehensive income	-	-	-	(5,096)	(15,415)	67
Transfer (to) / from life policy holder reserve fund	-	-	-	(123,926)	66,188	(287)
Share of other comprehensive income of joint venture	-	-	-	(20,146)	(718)	(2,706)
Less: Tax expense relating to items that will be reclassified to profit or loss	(178,911)	108,381	(265)	(182,684)	110,967	(265)
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods	460,056	(278,695)	265	452,828	(294,629)	254
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	(820,309)	(218,384)	(276)	(820,309)	(218,384)	(276)
Re-measurement of post-employment benefit obligations	-	-	-	9,816	(2,244)	537
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)	-	-
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(820,309)	(218,384)	(276)	(650,793)	(220,628)	(195)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(360,253)	(497,079)	28	(197,965)	(515,257)	62
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,671,143	3,679,610	(55)	1,840,815	4,212,755	(56)
Total comprehensive income attributable to:						
Equity holders of the Bank	1,671,143	3,679,610	(55)	1,645,481	3,815,709	(57)
Non-controlling interests	-	-	-	195,334	397,046	(51)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,671,143	3,679,610	(55)	1,840,815	4,212,755	(56)

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2019 Rs.000	As at 31.12.2018 (Audited) Rs.000	% Increase / (Decrease)	As at 31.03.2019 Rs.000	As at 31.12.2018 (Audited) Rs.000	% Increase / (Decrease)
ASSETS						
Cash and cash equivalents	23,025,645	25,141,890	(8)	23,418,533	24,966,831	(6)
Placements with banks	2,784,118	3,292,733	(15)	8,136,375	8,506,255	(4)
Balances with Central Bank of Sri Lanka	29,374,092	33,907,057	(13)	29,374,092	33,907,057	(13)
Reverse repurchase agreements	1,297,224	90,094	1,340	2,265,661	1,168,764	94
Derivative financial instruments	2,007,229	4,507,576	(55)	2,007,229	4,507,576	(55)
Financial assets recognised through profit or loss						
- measured at fair value	1,067,414	100,342	964	1,208,755	264,420	357
Financial assets at amortised cost - loans and advances	749,826,719	749,048,820	-	772,932,937	770,263,000	-
Financial assets at amortised cost - debt and other instruments	147,314,407	160,145,680	(8)	154,010,590	165,821,983	(7)
Financial assets measured at fair value through other comprehensive income	85,696,573	69,436,989	23	92,432,290	76,005,258	22
Investment in Joint Venture	755,000	755,000	-	2,043,581	2,027,201	1
Investments in Subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	325,407	325,818	-	951,550	1,107,472	(14)
Property, plant and equipment	21,272,874	21,304,370	-	42,734,725	42,417,126	1
Intangible assets and goodwill	865,961	905,653	(4)	1,321,457	1,377,864	(4)
Other assets	15,835,769	14,509,951	9	16,650,932	16,273,512	2
Total assets	1,084,465,717	1,086,489,258	-	1,149,488,707	1,148,614,319	-
LIABILITIES						
Due to banks	73,596,704	77,492,582	(5)	74,555,037	77,976,010	(4)
Derivative financial instruments	1,703,736	2,519,172	(32)	1,703,736	2,519,172	(32)
Securities sold under repurchase agreements	16,395,900	16,678,946	(2)	16,395,900	16,678,946	(2)
Financial liabilities at amortised cost - due to depositors	799,666,800	799,975,357	-	820,011,721	818,041,962	-
Dividends payable	2,471,175	994,812	148	2,625,672	1,009,468	160
Financial liabilities at amortised cost - other borrowings	21,091,242	24,894,155	(15)	21,091,242	24,894,155	(15)
Debt securities issued	4,597,139	4,487,763	2	5,137,573	5,030,000	2
Current tax liabilities	10,156,688	9,184,814	11	10,558,765	9,559,852	10
Deferred tax liabilities	1,089,615	1,808,898	(40)	5,189,722	5,831,673	(11)
Insurance Provision -Life	-	-	-	13,028,922	12,256,686	6
Insurance Provision -General	-	-	-	2,697,709	2,525,095	7
Other provisions	2,543,839	3,559,925	(29)	2,932,098	4,081,659	(28)
Other liabilities	13,875,091	6,908,911	101	14,844,380	8,944,789	66
Subordinated term debts	21,818,348	22,229,951	(2)	21,522,558	21,930,246	(2)
Total liabilities	969,006,277	970,735,286	-	1,012,295,035	1,011,279,713	-

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2019 Rs.000	As at 31.12.2018 (Audited) Rs.000	% Increase / (Decrease)	As at 31.03.2019 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	14,311,354	15,728,513	(9)	18,682,503	20,181,416	(7)
Other reserves	61,067,180	61,427,433	(1)	73,701,719	73,881,954	-
Total equity attributable to equity holders of the Bank	115,459,440	115,753,972	-	132,465,128	132,661,396	-
Non-controlling interest	-	-	-	4,728,544	4,673,210	1
Total equity	115,459,440	115,753,972	-	137,193,672	137,334,606	-
Total equity and liabilities	1,084,465,717	1,086,489,258	-	1,149,488,707	1,148,614,319	-
Contingent liabilities and commitments	749,459,776	763,214,236	(2)	749,459,776	763,214,236	(2)
Net Assets Value per Share (Rs.)	230.73	231.32	-	264.71	265.11	-
Memorandum Information						
Number of Employees	4,940	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 31st March 2019 and its profit for the three months ended 31st March 2019.

(Sgd.)

Anusha Gallage

Chief Financial Officer

10th May 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

10th May 2019

(Sgd.)

Dinesh Weerakkody

Chairman

10th May 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 3 months ended 31st March 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	-	-	-	-	-	-	-	-	2,031,396	2,031,396	
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	(360,253)	-	-	-	(360,253)	
Total comprehensive income for the period	-	-	-	-	-	(360,253)	-	-	2,031,396	1,671,143	
Transactions with equity holders, recognised directly in equity											
Final dividend 2018 - Scrip	1,190,308	292,570	-	-	-	-	-	-	(1,961,025)	(478,147)	
Final dividend 2018 - Cash	-	-	-	-	-	-	-	-	(1,487,528)	(1,487,528)	
Total transactions with equity holders	1,190,308	292,570	-	-	-	-	-	-	(3,448,554)	(1,965,676)	
Transfers during the period	-	-	-	-	-	-	-	-	-	-	
Balance as at 31st March 2019	27,839,769	5,981,136	6,260,000	10,790,994	-	1,176,186	49,100,000	-	14,311,356	115,459,440	
For the 3 months ended 31st March 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	-	-	-	-	-	-	-	-	4,176,689	4,176,689	
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	(497,079)	-	-	-	(497,079)	
Total comprehensive income for the period	-	-	-	-	-	(497,079)	-	-	4,176,689	3,679,610	
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	29,021	4,237	-	-	-	-	-	-	-	33,258	
Total transactions with equity holders	735,536	177,554	-	-	-	-	-	-	(3,420,361)	(2,507,270)	
Transfer of unclaimed dividends	-	-	-	-	-	-	-	-	39,229	39,229	
Transfers during the year 2018	10,594	1,301	-	-	-	-	-	(11,895)	-	-	
Balance as at 31st March 2018	26,646,155	5,687,949	5,460,000	8,725,542	-	3,538,622	43,100,000	81,291	11,946,624	105,186,183	

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital			Other Reserves										Total Equity Rs 000
	Voting Shares	Non-Voting Shares	Statutory Reserve Fund	Capital Reserve	Available for Sale Reserve	Fair value Reserve	General Reserve	Life policy holder Reserve fund	Restricted Regulatory Reserve	ESOP Reserve	Exchange Equalization Reserve	Retained Earnings	Non Controlling Interests	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	
For the 3 months ended 31st March 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	-	-	-	-	-	-	-	-	-	-	-	1,946,661	92,119	2,038,780
Other Comprehensive Income for the period (net of tax)	-	-	-	68,488	-	(352,502)	-	-	-	-	(20,146)	2,980	103,215	(197,965)
Total comprehensive income for the period	-	-	-	68,488	-	(352,502)	-	-	-	-	(20,146)	1,949,641	195,334	1,840,815
Transactions with equity holders, recognised directly in equity														
Final dividend 2018 - Scrip	1,190,308	292,570	-	-	-	-	-	-	-	-	-	(1,961,025)	-	(478,147)
Final dividend 2018 - Cash	-	-	-	-	-	-	-	-	-	-	-	(1,487,529)	(140,000)	(1,627,529)
Total transactions with equity holders	1,190,308	292,570	-	-	-	-	-	-	-	-	-	(3,448,554)	(140,000)	(2,105,676)
Transfer to life policy holder reserve fund	-	-	-	-	-	-	-	123,926	-	-	-	-	-	123,926
Balance as at 31st March 2019	27,839,769	5,981,136	6,260,000	23,062,998	-	1,185,221	49,100,000	(73,877)	381,156	-	46,222	18,682,503	4,728,544	137,193,672
For the 3 months ended 31st March 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	-	-	-	-	-	-	-	-	-	-	-	4,323,981	404,030	4,728,011
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	(506,929)	-	-	-	-	-	(1,344)	(6,984)	(515,257)
Total comprehensive income for the period	-	-	-	-	-	(506,929)	-	-	-	-	-	4,322,637	397,046	4,212,755
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	-	-	-	-	-	-	-	(66,188)	-	-	-	-	-	(66,188)
Transfers during the year 2018	10,594	1,301	-	-	-	-	-	-	381,156	(11,895)	-	(381,156)	-	-
Balance as at 31st March 2018	26,646,155	5,687,949	5,460,000	19,433,829	-	3,551,827	43,100,000	152,576	381,156	81,291	-	14,377,847	3,561,246	122,433,877

STATEMENT OF CASH FLOWS

For the 3 month ended 31st March	BANK		GROUP	
	2019 Rs 000	2018 Rs 000	2019 Rs 000	2018 Rs 000
Cash flows from operating activities				
Interest receipts	29,665,832	23,180,095	31,935,141	25,547,497
Interest payments	(17,014,933)	(16,102,546)	(17,649,438)	(15,848,557)
Net commission receipts	2,255,819	2,206,681	2,573,470	2,384,323
Trading income	1,705,321	614,158	1,706,077	599,794
Payments to employees	(3,320,678)	(2,749,057)	(4,015,457)	(3,451,918)
VAT & NBT on financial services & DRL	(2,089,367)	(1,193,098)	(2,235,822)	(1,307,073)
Receipts from other operating activities	(683,767)	718,110	1,207,628	1,873,054
Payments on other operating activities	(2,685,604)	(2,494,666)	(4,191,562)	(3,557,510)
Operating profit before change in operating assets & liabilities	7,832,623	4,179,677	9,330,037	6,239,610
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	4,532,965	1,979,694	4,532,965	1,979,694
Financial assets at amortised cost - loans & advances	(2,630,510)	(33,303,846)	(5,032,338)	(35,364,111)
Reverse repurchase agreements	(1,200,000)	(1,528,000)	(1,089,767)	(1,699,599)
Other assets	2,925,412	(90,108)	5,652,778	(215,835)
	3,627,867	(32,942,260)	4,063,638	(35,299,851)
Increase / (decrease) in operating liabilities				
Financial liabilities at amortised cost - due to depositors	(359,025)	20,127,019	1,889,655	20,043,768
Financial liabilities at amortised cost - other borrowings	(7,913,919)	613,617	(7,439,015)	612,177
Securities Sold under repurchase agreements	(286,845)	10,194,165	(286,845)	10,194,165
Other liabilities	3,577,471	4,468,533	964,212	4,737,430
	(4,982,318)	35,403,334	(4,871,993)	35,587,540
Net cash generated from operating activities before income tax	6,478,172	6,640,751	8,521,683	6,527,299
Income tax paid	(1,246,601)	(900,428)	(1,338,577)	(1,091,930)
Net cash generated from operating activities	5,231,571	5,740,323	7,183,106	5,435,369
Cash flows from investing activities				
Purchase of property, plant & equipment	(264,478)	(242,913)	(327,874)	(277,432)
Proceeds from the sale of property, plant & equipment	420	253	1,185	2,308
Net proceeds from sale, maturity and purchase of financial investments	(7,183,840)	(6,275,599)	(8,364,571)	(7,034,464)
Net purchase of intangible assets	(44,310)	(49,587)	(46,468)	(54,629)
Dividends received from investment in subsidiaries	-	221,095	-	-
Dividends received from other investments	125,090	166,544	125,916	168,158
Net cash used in investing activities	(7,367,118)	(6,180,207)	(8,611,812)	(7,196,059)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital	-	11,896	-	11,896
Dividend paid to non controlling interest	-	-	(159)	(212,994)
Dividend paid to shareholders of the parent company	(489,313)	(2,477,803)	(489,313)	(2,477,803)
Net cash used in financing activities	(489,313)	(2,465,907)	(489,472)	(2,678,901)
Net decrease in cash and cash equivalents	(2,624,860)	(2,905,791)	(1,918,178)	(4,439,591)
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	25,809,763	22,016,386	31,554,908	27,155,432
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	23,025,645	22,016,386	23,418,533	21,977,907
Placements with banks	2,784,118	-	8,136,375	5,177,525
	25,809,763	22,016,386	31,554,908	27,155,432

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st March 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	-	23,025,645	-	23,025,645
Placements with banks	-	2,784,118	-	2,784,118
Balances with Central Bank of Sri Lanka	-	29,374,092	-	29,374,092
Reverse repurchase agreements	-	1,297,224	-	1,297,224
Derivative financial instruments	2,007,229	-	-	2,007,229
Financial assets recognised through profit or loss	1,067,414	-	-	1,067,414
Financial assets at amortised cost - loans and advances	-	749,826,719	-	749,826,719
Financial assets at amortised cost - debt and other instruments	-	147,314,407	-	147,314,407
Financial assets measured at fair value through other comprehensive income	-	-	85,696,573	85,696,573
Other assets	-	482,831	-	482,831
Total financial assets	3,074,643	954,105,036	85,696,573	1,042,876,252
LIABILITIES				
Due to banks	-	73,596,704	-	73,596,704
Derivative financial instruments	1,703,736	-	-	1,703,736
Securities sold under repurchase agreements	-	16,395,900	-	16,395,900
Financial liabilities at amortised cost - due to depositors	-	799,666,800	-	799,666,800
Dividends payable	-	2,471,175	-	2,471,175
Financial liabilities at amortised cost - other borrowings	-	21,091,242	-	21,091,242
Debt securities issued	-	4,597,139	-	4,597,139
Other liabilities	-	35,206	-	35,206
Subordinated term debts	-	21,818,348	-	21,818,348
Total financial liabilities	1,703,736	939,672,514	-	941,376,250
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 31st March 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	-	23,418,533	-	23,418,533
Balances with Central Bank of Sri Lanka	-	29,374,092	-	29,374,092
Placements with banks	-	8,136,375	-	8,136,375
Reverse repurchase agreements	-	2,265,661	-	2,265,661
Derivative financial instruments	2,007,229	-	-	2,007,229
Financial assets recognised through profit or loss	1,208,755	-	-	1,208,755
Financial assets at amortised cost - loans and advances	-	772,932,937	-	772,932,937
Financial assets at amortised cost - debt and other instruments	-	154,010,590	-	154,010,590
Financial assets measured at fair value through other comprehensive income	-	-	92,432,290	92,432,290
Other assets	-	1,914,741	-	1,914,741
Total financial assets	3,215,984	992,052,929	92,432,290	1,087,701,203
LIABILITIES				
Due to banks	-	74,555,037	-	74,555,037
Derivative financial instruments	1,703,736	-	-	1,703,736
Securities sold under repurchase agreements	-	16,395,900	-	16,395,900
Financial liabilities at amortised cost - due to depositors	-	820,011,721	-	820,011,721
Dividends payable	-	2,625,672	-	2,625,672
Financial liabilities at amortised cost - other borrowings	-	21,091,242	-	21,091,242
Debt securities issued	-	5,137,573	-	5,137,573
Other liabilities	-	2,123,529	-	2,123,529
Subordinated term debts	-	21,522,558	-	21,522,558
Total financial liabilities	1,703,736	963,463,232	-	965,166,968
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 - due to other borrowers	-	24,894,155	-	24,894,155
Financial liabilities at amortised cost - debt securities issued	-	5,030,000	-	5,030,000
Other liabilities	-	2,124,432	-	2,124,432
Financial liabilities at amortised cost - Subordinated term debts	-	21,930,246	-	21,930,246
Total financial liabilities	2,519,172	967,692,978	-	970,212,150

SEGMENT REPORTING

For the 3 months ended 31st March	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	2,318,662	2,613,244	4,232,214	3,845,813	3,063,595	3,306,991	282,665	254,085	2,920,170	766,901	(29,310)	(40,992)	524,492	245,001	1,090,000	1,051,529	216,797	44,093	14,619,285	12,086,665
Foreign Exchange income	46,722	31,995	66,727	27,028	102,439	66,431	941	539	(172,752)	61,963	-	-	-	-	-	-	(678,925)	293,781	(634,848)	481,737
Net fee and commission income	598,442	514,054	504,985	471,008	850,476	845,045	40,308	35,433	301,070	240,584	-	-	57,995	45,471	232,403	144,653	(66,283)	108,338	2,519,396	2,404,586
Other operating income	-	-	-	-	-	-	-	-	4,261	79	241,242	246,985	2,023,084	1,795,054	165,525	33,578	(149,102)	31,623	2,285,010	2,107,319
Total operating income	2,963,826	3,159,293	4,803,926	4,343,849	4,016,510	4,218,467	323,914	290,057	3,052,750	1,069,527	211,932	205,993	2,605,571	2,085,526	1,487,928	1,229,760	(677,514)	477,835	18,788,843	17,080,307
Impairment charge for loans and other losses	1,632,901	64,177	409,370	(24,938)	1,838,176	1,148,059	330,066	91,281	(89,611)	66,427	-	-	191	-	495,553	192,160	-	-	4,616,646	1,537,166
Net operating income	1,330,925	3,095,116	4,394,556	4,368,787	2,178,334	3,070,408	(6,152)	198,776	3,142,361	1,003,100	211,932	205,993	2,605,380	2,085,526	992,375	1,037,600	(677,514)	477,835	14,172,197	15,543,141
Profit from Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,351,608	6,931,711
Share of profit of Joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,525	18,759
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,349,353	2,222,458
Non - controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92,119	404,030
Net Profit for the year attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,946,661	4,323,982
Segment assets	353,583,461	319,255,005	164,016,789	139,389,684	242,646,237	216,446,552	26,766,084	21,757,708	232,126,724	210,865,834	10,251,781	10,177,228	23,828,193	19,287,665	33,171,003	25,292,034	61,054,854	80,158,640	1,147,445,126	1,042,630,350
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,043,581	1,707,304	2,043,581	1,707,304
Total Assets	353,583,461	319,255,005	164,016,789	139,389,684	242,646,237	216,446,552	26,766,084	21,757,708	232,126,724	210,865,834	10,251,781	10,177,228	23,828,193	19,287,665	33,171,003	25,292,034	63,098,435	81,865,944	1,149,488,707	1,044,337,654
Segment liabilities	128,927,554	121,177,218	493,258,196	445,795,479	157,168,575	138,062,917	6,815,711	5,169,068	80,291,893	71,883,180	10,251,781	10,177,228	23,828,193	19,287,665	33,171,003	25,292,034	215,775,802	207,492,865	1,149,488,707	1,044,337,654
Total liabilities	128,927,554	121,177,218	493,258,196	445,795,479	157,168,575	138,062,917	6,815,711	5,169,068	80,291,893	71,883,180	10,251,781	10,177,228	23,828,193	19,287,665	33,171,003	25,292,034	214,775,802	207,492,865	1,149,488,707	1,044,337,654

* 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 31st March 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 statements for the period ended 31st March 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 31.03.2019	As at 31.12.2018	As at 31.03.2019	As at 31.12.2018
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	101,589	104,029	112,316	114,423
Total Tier 1 Capital. Rs. Mn	101,589	104,029	112,316	114,423
Total Capital. Rs. Mn	119,694	123,725	130,314	134,012
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement 2019 - 8.50%; 2018 - 7.375%)	12.56%	12.80%	12.94%	13.16%
Tier 1 Capital Ratio (Minimum Requirement 2019 - 10.00%; 2018 - 8.875%)	12.56%	12.80%	12.94%	13.16%
Total Capital Ratio (Minimum Requirement 2019 - 14.00%; 2018 - 12.875%)	14.79%	15.22%	15.01%	15.41%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio,% (net of Interest in Suspense)	4.63%	2.78%		
Net Non-Performing Advances Ratio,% (net of Interest in Suspense and provisions)	2.92%	1.11%		
Profitability (Annualised)				
Interest Margin, %	4.78%	4.64%		
Return on Assets (before Tax), %	1.20%	2.24%		
Return on Equity, %	7.03%	14.01%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	219,475	187,213		
Off-Shore Banking Unit	31,515	38,402		
Statutory Liquid Assets Ratio % (Minimum requirement 20%)				
Domestic Banking unit	24.88%	22.03%		
Off-Shore Banking Unit	37.50%	43.52%		
Total Stock of High Quality Liquid Assets, Rs. Mn.				
	101,555	90,942		
Liquidity Coverage Ratio % - Rupee (Minimum Requirement - 2019 - 100%; 2018 - 90%)				
	191.62%	153.16%		
Liquidity Coverage Ratio % - All currency (Minimum Requirement - 2019 - 100%; 2018 - 90%)				
	115.82%	103.85%		
Net Stable Funding Ratio % - (Minimum Requirement 90%)				
	105.00%	100.00%		

LISTED DEBENTURE INFORMATION

Quarter ended 31st March	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									
5 year Fixed Rate (14.00% p.a.)	N/A	N/A	N/T	N/T	N/A	N/T		N/A	N/T
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.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
HNB DEBENTURES 2016									
5 year Fixed Rate (11.25% p.a.)	96.00	94.00	98.00	92.50	94.00	92.50		14.93	14.52
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	N/T	N/T	100.00	N/T		12.95	N/T

N/T – Not Traded as at 31st March, N/A – Not Applicable as at 31st March

N/T – Not Traded as at 31st March
N/A – Not Applicable as at 31st March

RATIOS OF DEBT		
	31.03.2019	31.12.2018
Debt Equity Ratio (%)	74.03	78.38
	31.03.2019	31.03.2018
Interest Cover (Times)	3.28	4.81
	31.03.2019	31.03.2018
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 15 year maturity	10.52	11.10
2006 series 18 year maturity	10.97	11.48
2007 series 15 year maturity	10.74	11.23
2011 series 10 year maturity	10.60	11.08
2013 series 5 year maturity	N/A	8.09
2013 series 10 year maturity	10.86	10.32
2014 series 5 year maturity	9.81	9.34
2014 series 10 year maturity	11.05	10.34
2016 series 5 year maturity	10.52	9.99
2016 series 5 year maturity	10.52	9.99
2016 series 7 year maturity	10.86	10.32

Quarter ended 31st March	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		
5 year Fixed Rate (14.00% p.a.)	N/A	N/T
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.)	N/T	N/T
HNB DEBENTURES 2016		
5 year Fixed Rate (11.25% p.a.)	11.25	11.25
5 year Fixed Rate (11.75% p.a.)	N/T	N/T
7 year Fixed Rate (13.00% p.a.)	13.00	N/T

N/T – Not Traded as at 31st March
N/A – Not Applicable as at 31st March

SHARE INFORMATION

As at	31-Mar-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	175.00	214.00
Non-voting	147.00	168.50

For the Quarter Ended	31-Mar-19	31-Mar-18
Highest price per share		
Voting	214.90	257.50
Non-voting	168.50	200.00
Lowest price per share		
Voting	173.50	238.00
Non-voting	142.60	185.10

PUBLIC SHAREHOLDING PERCENTAGE

	31-Mar-19	
	Number	%
Number of shareholders representing the public holding (Voting)	4,802	69% approx.
Number of shareholders representing the public holding (Non Voting)	10,211	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs. 48 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-Mar-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.D.T.S.H.Mudalige***	N/A	-
6. Mr.R.S.Captain	7,379	7,271
7. Mr.D.A.Cabraal	-	-
8. Mr.P.S.C.Pelpola	-	-
9. Mr.E.D.P.Soosaipillai	-	-
10. Mr.A.H.D.A.N.De Silva	102	101
11. Mr.L.U.D.Fernando	624	615
12. Mr.W.M.M.D.Ratnayake	-	-
13. Mr.P.R.Saldin****	-	-

* Chief Executive Officer

** Retired w.e.f 15.02.2019

*** Resigned w.e.f 29.03.2019

**** Alternate Director to Mr.Rusi Captain

20 MAJOR SHAREHOLDERS (VOTING) AS AT 31ST MARCH 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	11,820,282	*3.07
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	0.93
17.	SSBT-AI Mehwar Commercial Investments L.L.C.	6,130,896	0.88
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	0.79

** 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 31ST MARCH 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	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	Rs.000	(Audited) Rs.000	Rs.000	(Audited) Rs.000
1) Product-wise Gross loans and Receivables to Customers				
By product-Domestic Currency				
Overdrafts	125,208,993	119,831,175	125,208,993	119,621,682
Bills of exchange	990,911	841,909	990,911	841,909
Commercial papers	153,978	154,193	153,978	154,193
Short term loans	93,449,302	86,203,919	94,006,979	86,447,031
Credit Cards	8,070,514	7,926,448	8,070,514	7,926,448
Trust receipts	40,640,280	44,398,097	40,640,280	44,398,097
Packing credit loans	1,467,665	1,652,797	1,467,665	1,652,797
Staff loans	13,545,028	13,139,967	14,248,561	13,830,322
Term loans	299,065,093	301,545,505	314,532,593	316,207,450
Lease rentals receivable	51,619,733	49,608,344	60,063,644	57,244,901
Housing loans	34,809,403	34,106,316	34,809,403	34,106,316
Pawning advances	17,995,898	17,449,986	18,075,102	17,449,986
Securitized notes	623,874	605,111	623,874	605,111
Sub total	687,640,672	677,463,767	712,892,497	700,486,243
By product-Foreign Currency				
Overdrafts	1,986,228	2,751,256	1,986,228	2,751,256
Bills of exchange	1,628,103	1,659,634	1,628,103	1,659,634
Short term loans	1,388,262	1,717,758	1,388,262	1,717,758
Trust receipts	3,958,610	4,628,051	3,958,610	4,628,051
Packing credit loans	15,895,933	16,954,308	15,895,933	16,954,308
Term loans	60,899,693	64,003,962	60,899,693	64,003,962
Lease rentals receivable	278,794	316,345	278,794	316,345
Housing loans	2,119,854	2,197,543	2,119,854	2,197,543
Sub total	88,155,477	94,228,857	88,155,477	94,228,857
Total	775,796,149	771,692,624	801,047,974	794,715,100
2) Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	1,545,297	1,450,717	1,545,297	1,450,717
Guarantees	61,875,446	63,566,164	61,875,446	63,566,164
Acceptances	72,106	51,870	72,106	51,870
Bills for collection	387,933	289,156	387,933	289,156
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	57,932,197	56,150,044	57,932,197	56,150,044
Cheques sent on clearing	5,058,846	7,581,336	5,058,846	7,581,336
Undrawn credit lines	336,225,472	357,998,171	336,225,472	357,998,171
Sub total	463,097,297	487,087,458	463,097,297	487,087,458
By Product - Foreign Currency				
Documentary credit	25,626,329	28,310,053	25,626,329	28,310,053
Guarantees	72,071,714	77,786,353	72,071,714	77,786,353
Acceptances	11,136,559	19,014,038	11,136,559	19,014,038
Bills for collection	11,979,142	14,118,765	11,979,142	14,118,765
Forward exchange contracts				
Forward exchange sales	35,919,413	38,199,566	35,919,413	38,199,566
Forward exchange purchases	30,249,278	29,121,059	30,249,278	29,121,059
Cheques sent on clearing	71,141	23,404	71,141	23,404
Undrawn credit lines	99,308,903	69,553,540	99,308,903	69,553,540
Sub total	286,362,479	276,126,778	286,362,479	276,126,778
Total	749,459,776	763,214,236	749,459,776	763,214,236
Stage-wise impairment on loans and receivables, commitments and contingencies				
Gross loans and advances, commitments and contingencies	1,525,255,925	1,534,906,858	1,550,507,750	1,557,929,334
Less : Accumulated impairment under stage 1	5,203,574	4,108,230	5,881,630	4,784,975
Accumulated impairment under stage 2	3,653,788	3,944,918	3,982,163	4,171,125
Accumulated impairment under stage 3	18,687,648	15,866,581	19,826,823	16,771,922
Net value of loans and advances, commitments and contingencies	1,497,710,915	1,510,987,129	1,520,817,134	1,532,201,312

3) Movements in Stage-wise Impairment during the period

	Bank			Total Rs.000
	Stage 1 Rs.000	Stage 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 year	583,340	(558,099)	1,277,500	1,302,741
Interest accrued on impaired loans and receivables	-	-	(23,500)	(23,500)
Write-offs during the year	-	-	-	-
Other movements	-	-	52,084	52,084
Closing balance as at 31st March 2018	3,811,723	1,990,058	10,694,980	16,496,761
Opening balance as at 1st January 2019	4,108,230	3,944,918	15,866,581	23,919,729
Net impairment charge for the year	1,095,344	(291,130)	3,074,170	3,878,384
Interest accrued on impaired loans and receivables	-	-	(101,019)	(101,019)
Write-offs during the year	-	-	-	-
Other movements	-	-	(152,084)	(152,084)
Closing balance as at 31st March 2019	5,203,574	3,653,788	18,687,648	27,545,010

	Group			Total Rs.000
	Stage 1 Rs.000	Stage 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 year	610,582	(552,305)	1,436,624	1,494,901
Interest accrued on impaired loans and receivables	-	-	(23,500)	(23,500)
Write-offs during the year	-	-	-	-
Other movements	-	-	52,084	52,084
Closing balance as at 31st March 2018	4,568,789	2,167,081	11,316,090	18,051,960
Opening balance as at 1st January 2019	4,784,975	4,171,125	16,771,922	25,728,022
Net impairment charge for the year	1,096,655	(188,962)	3,466,767	4,374,460
Interest accrued on impaired loans and receivables	-	-	(101,019)	(101,019)
Write-offs during the year	-	-	(158,763)	(158,763)
Other movements	-	-	(152,084)	(152,084)
Closing balance as at 31st March 2019	5,881,630	3,982,163	19,826,823	29,690,616

ANALYSIS OF DEPOSITS

As at	31.03.2019 Rs.000	31.12.2018 (Audited) Rs.000	31.03.2019 Rs.000	31.12.2018 (Audited) Rs.000
4) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	39,930,040	39,706,969	39,186,563	39,220,539
Savings deposits	193,126,492	187,874,484	195,358,644	190,175,309
Time deposits	411,074,837	408,457,298	430,039,645	424,883,991
Certificates of deposit	383,009	407,482	383,009	407,482
Margin deposits	2,280,961	4,034,869	2,280,961	4,034,869
Sub total	646,795,339	640,481,102	667,248,822	658,722,190
By product- Foreign Currency				
Current account deposits	6,047,018	5,234,158	6,047,018	5,234,158
Savings deposits	40,525,056	43,766,109	40,525,056	43,738,792
Time deposits	106,125,704	110,132,027	106,017,143	109,984,861
Margin deposits	173,683	361,961	173,683	361,961
Sub total	152,871,461	159,494,255	152,762,900	159,319,772
Total	799,666,800	799,975,357	820,011,722	818,041,962