

CASH FLOW STATEMENT

For the year ended 31st December	BANK		GROUP	
	2008 Rs '000	2007 Rs '000	2008 Rs '000	2007 Rs '000
Cash Flows from Operating Activities				
Interest and Commission Receipts	54,507,416	44,673,808	59,831,325	48,627,792
Interest Payments	(33,162,198)	(25,833,702)	(35,887,445)	(27,634,719)
Recoveries of Loans Previously Written-Off	124,708	129,706	124,708	143,953
Cash Payments to Employees and Suppliers	(14,543,152)	(12,913,540)	(15,463,967)	(14,160,179)
Operating Profit before Changes in Operating Assets and Liabilities	6,926,774	6,056,272	8,604,621	6,976,847
(Increase)/Decrease in Operating Assets				
Deposits held for Regulatory or Monetary Control Purposes	4,700,324	(2,168,982)	4,700,324	(2,168,982)
Funds Advanced to Customers	(11,457,447)	(30,345,572)	(15,095,277)	(31,843,110)
Treasury Bills and Bonds	(16,165,997)	12,405,383	(16,165,997)	12,405,383
	(22,923,120)	(20,109,171)	(26,560,950)	(21,606,709)
Increase/(Decrease) in Operating Liabilities				
Deposit from Customers	23,615,948	31,085,227	22,533,687	30,840,148
Negotiable Certificate of Deposits	(82,841)	(76,180)	(82,841)	(76,180)
	23,533,107	31,009,047	22,450,846	30,763,968
Net Cash from Operating Activities before Income Tax	7,536,761	16,956,148	4,494,517	16,134,106
Income Taxes Paid	(2,999,494)	(1,348,343)	(3,380,718)	(1,853,903)
Retirement Benefit Paid during the Year	(1,421,940)	(2,461,829)	(1,421,940)	(2,461,829)
Net Cash from Operating Activities	3,115,327	13,145,976	(308,141)	11,818,374
Cash Flows from Investing Activities				
Investment in Subsidiary and Associates	(400,000)	100,000	6,060	(13,319)
Dividend Received	150,205	173,681	156,513	187,928
Proceed from Sales of Property, Plant & Equipment	182,730	11,828	196,669	15,981
Purchase of Property, Plant & Equipment	(1,056,159)	(822,448)	(1,489,814)	(943,736)
Investments Matured/(Additions)	47,750	(5,431,528)	47,750	(5,431,528)
Net Cash from/(used in) Investing Activities	(1,075,474)	(5,968,467)	(1,082,822)	(6,184,674)
Cash Flows from Financing Activities				
Capital Received from Government	1,500,000	1,500,000	1,500,000	1,500,000
Debentures	2,500,000	-	2,705,000	-
GOSL Bond Interest Paid	(219,690)	(219,690)	(219,690)	(219,690)
Special Levy paid to Treasury	(500,000)	(700,000)	(500,000)	(700,000)
Minority Interest Paid	-	-	(23)	37
Net Increase/(Decrease) in Borrowings	(15,697,231)	13,222,494	(12,490,284)	14,761,003
Net Cash from/(used in) Financing Activities	(12,416,921)	13,802,804	(9,004,997)	15,341,350
Net Increase/(Decrease) in Cash and Cash Equivalents	(10,377,068)	20,980,313	(10,395,960)	20,975,050
Cash and Cash Equivalents at the beginning of the Year	28,408,880	7,428,566	28,490,929	7,515,879
Cash and Cash Equivalents at the end of the Year	18,579,812	28,408,879	18,094,969	28,490,929
Cash and Short-Term Funds (Note 11)	18,380,371	28,708,951	18,444,041	28,791,004
Amounts due to Banks	(348,559)	(300,072)	(349,072)	(300,075)
Cash and Cash Equivalents reflected on Balance Sheet at the end of the Year	18,031,812	28,408,879	18,094,969	28,490,929

CASH FLOW STATEMENT

<i>For the year ended 31st December</i>	BANK		GROUP	
	2008 Rs '000	2007 Rs '000	2008 Rs '000	2007 Rs '000
Reconciliation of Net Profit to Net Cash Flows from Operating Activities				
Net Profit before Taxation	5,663,721	5,002,362	7,160,825	6,260,058
Adjustment for Non-Cash Transactions				
Notional Tax Credit	(65,180)	–	(65,180)	–
Provision for Tsunami Losses	–	(99,687)	–	(99,687)
Associate Profit Adjustment	–	–	(17,981)	(17,198)
Capital Gains on Treasury Bills and Bonds	(110,988)	(86,774)	(110,988)	(86,774)
Net Accrued Interest	(3,120,585)	(2,139,297)	(3,257,127)	(2,299,091)
Retirement Benefit Provision	1,476,009	1,744,826	1,476,009	1,753,541
Translation Difference on FCBU	(818,399)	26,686	(818,399)	26,686
Provision for Interest on W&OP Fund	38,784	39,120	38,784	39,120
Depreciation	1,016,246	1,012,803	1,149,407	1,152,003
Profit on Disposal of Fixed Assets	(90,721)	(11,828)	(94,258)	(18,720)
Provision for Bad Debts	1,620,025	1,045,589	1,723,988	1,481,777
Provision for Gratuity	85,000	33,651	96,248	33,651
Loan Loss Provision Reversals	(495,520)	(1,882,018)	(503,590)	(1,883,028)
Investment Income	(150,205)	(173,682)	(156,513)	(187,928)
Provision for Diminution in Value of Shares/Others	115,690	(1,262)	115,690	(1,262)
Provision for falling Value of Investments				
Securities and Others	(102,284)	(16,752)	(102,284)	(16,752)
(Increase)/Decrease in Accounts Receivables	230,166	(665,051)	383,514	(965,823)
Increase/(Decrease) in Accounts Payables	1,635,015	2,227,586	1,586,476	1,806,274
Operating Profit before Changes in Operating Assets/Liabilities	6,926,774	6,056,272	8,604,621	6,976,847
(Increase)/Decrease in Operating Assets	(22,923,120)	(20,109,171)	(26,560,950)	(21,606,709)
Increase/(Decrease) in Operating Liabilities	23,533,107	31,009,047	22,450,846	30,763,968
Cash Generated from Operations	7,536,761	16,956,148	4,494,517	16,134,106
Income Tax Paid	(2,999,494)	(1,348,343)	(3,380,718)	(1,853,903)
Pension Fund Paid during the Year	(1,421,940)	(2,461,829)	(1,421,940)	(2,461,829)
Net Cash from/(used in) Operating Activities	3,115,327	13,145,976	(308,141)	11,818,374

The Accounting Policies on pages 79 to 88 and Notes on pages 89 to 113 form an integral part of these Financial Statements.