



**PEOPLE'S
BANK**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE

2018

FITCH RATING AA+ (LKA)

INCOME STATEMENT
FOR THE PERIOD ENDED 30TH JUNE

	BANK			GROUP		
	2018 (Rs. '000) (Audited)	2017 (Rs. '000) (Audited)	Change %	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	Change %
Gross Income	86,739,857	77,606,659	11.8	102,897,990	91,455,411	12.5
Interest income	79,769,506	71,165,585	12.1	94,153,306	83,198,748	13.2
Interest expenses	(51,566,307)	(47,201,755)	9.2	(58,430,155)	(53,374,912)	9.5
Net Interest Income	28,203,199	23,963,830	17.7	35,723,151	29,823,836	19.8
Fee and commission income	3,438,881	2,282,264	50.7	3,800,902	2,399,980	58.4
Fee and commission expenses	(144,207)	(120,017)	20.2	(144,207)	(120,017)	20.2
Net Fee and Commission Income	3,294,674	2,162,247	52.4	3,656,695	2,279,963	60.4
Net gain from trading	1,317,066	1,791,290	(26.5)	1,303,822	1,844,421	(29.3)
Other operating income (net)	2,214,404	2,367,520	(6.5)	3,639,960	4,012,262	(9.3)
Total Operating Income	35,029,343	30,284,887	15.7	44,323,628	37,960,482	16.8
Impairment for loans and other losses	(3,709,729)	(1,765,106)	110.2	(4,791,057)	(2,503,860)	91.3
Individual impairment	101,559	(521,837)	(119.5)	424,914	(316,511)	(234.2)
Collective impairment	(3,734,545)	(1,198,968)	211.5	(4,507,489)	(2,104,912)	114.1
Other	(76,743)	(44,301)	73.2	(708,482)	(82,437)	759.4
Net Operating Income	31,319,614	28,519,781	9.8	39,532,571	35,456,622	11.5
Personnel Expenses	(9,315,789)	(8,596,259)	8.4	(11,023,500)	(10,228,176)	7.8
Depreciation and amortisation	(817,249)	(537,289)	52.1	(971,954)	(675,014)	44.0
Other expenses	(6,094,017)	(4,844,925)	25.8	(8,436,753)	(7,508,862)	12.4
Operating Profit before Value Added Tax (VAT) & Nation Building Tax (NBT)	15,092,559	14,541,308	3.8	19,100,364	17,044,570	12.1
VAT & NBT on Financial Services	(3,364,131)	(3,173,523)	6.0	(4,164,735)	(3,655,500)	13.9
Operating Profit after Value Added Tax (VAT) & Nation Building Tax (NBT)	11,728,428	11,367,785	3.2	14,935,629	13,389,070	11.6
Share of profits/(loss) of associates	-	-	-	-	-	-
Profit before Tax	11,728,428	11,367,785	3.2	14,935,629	13,389,070	11.6
Income tax expenses	(3,933,106)	(4,359,266)	(9.8)	(4,922,681)	(5,121,363)	(3.9)
Profit for the period	7,795,322	7,008,519	11.2	10,012,948	8,267,707	21.1
Profit Attributable to :						
Equity Holders of the Bank	7,795,322	7,008,519	11.2	9,174,937	7,728,727	18.7
Non-controlling interests	-	-		838,011	538,980	55.5
	7,795,322	7,008,519	11.2	10,012,948	8,267,707	21.1
Earnings per Share on Profit						
Basic earnings per ordinary share (Rs.)	7,795	7,009	11.2	9,175	7,729	18.7
Diluted earnings per ordinary share (Rs.)	32	49	(34.4)	37	54	(30.2)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH JUNE

	BANK		GROUP	
	2018 (Rs. '000) (Audited)	2017 (Rs. '000) (Audited)	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)
Profit for the period	7,795,322	7,008,519	10,012,948	8,267,707
Other Comprehensive Income Net of Tax				
Net Actuarial Gains and Losses on Defined Benefit Plans	-	-	(25,625)	(23,755)
Deferred Tax Effect on Defined Benefit Plans	902,335	-	908,699	6,266
Gains on Revaluation of Land and Buildings	-	-	277,822	-
Tax Expense Relating to Components of Other Comprehensive Income	-	-	-	(165)
Net Gains and Losses on Re-Measuring Available-for-Sale Financial Assets	65,443	(38,539)	46,810	(39,191)
Reversal of AFS reserve upon Impairment of AFS Investment	76,743	-	76,743	-
Gains and Losses on Derivative Financial Assets	-	-	-	(15,715)
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	47,622	-
Other Comprehensive Income for the Year, Net of Taxes	1,044,521	(38,539)	1,332,071	(72,560)
Total Comprehensive Income for the period	8,839,843	6,969,980	11,345,019	8,195,147
Attributable to :				
Equity Holders of the Bank	8,839,843	6,969,980	10,505,405	7,665,046
Non-Controlling Interests	-	-	839,614	530,101
	8,839,843	6,969,980	11,345,019	8,195,147

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	30.06.2018	31.12.2017	Change	30.06.2018	31.12.2017	Change
	(Rs.'000) (Unaudited)	(Rs. '000) (Audited)	%	(Rs.'000) (Unaudited)	(Rs. '000) (Audited)	%
Assets						
Cash and Cash Equivalents	56,415,306	68,958,012	(18.2)	57,181,546	69,675,003	(17.9)
Balances with Central Bank of Sri Lanka	74,413,476	65,689,278	13.3	74,413,476	65,689,278	13.3
Placements with banks	3,784,399	13,458,639	(71.9)	7,274,728	18,944,087	(61.6)
Derivative Financial Instruments	225,133	334,230	(32.6)	225,133	334,230	(32.6)
Other Financial assets held-for-trading	77,868,356	53,042,557	46.8	78,165,635	53,354,989	46.5
Loans and receivables to Banks	85,946,244	86,097,515	(0.2)	86,440,349	86,436,113	-
Loans and receivables to other customers	1,119,457,916	1,012,642,714	10.5	1,262,880,011	1,143,766,774	10.4
Financial investments - Available-for-sale	5,406,597	3,415,344	58.3	6,496,248	4,483,905	44.9
Financial investments - Held-to-maturity	153,933,683	112,351,039	37.0	160,892,219	117,137,814	37.4
Investments in subsidiaries	1,325,766	1,325,766	-	-	-	-
Goodwill and intangible assets	369,955	225,058	64.4	826,924	679,663	21.7
Property, plant and equipment	25,815,920	25,047,501	3.1	35,047,167	33,757,975	3.8
Investment properties	1,265,612	1,222,299	3.5	181,450	177,501	2.2
Prepaid Leases	472,607	483,886	(2.3)	472,607	483,886	(2.3)
Other assets	26,370,951	22,805,270	15.6	27,513,728	24,157,374	13.9
Total Assets	<u>1,633,071,921</u>	<u>1,467,099,108</u>	11.3	<u>1,798,011,221</u>	<u>1,619,078,592</u>	11.1
Liabilities						
Due to banks	100,204,597	80,676,350	24.2	120,831,040	100,628,552	20.1
Derivative Financial Instruments	53,579	273,975	(80.4)	53,579	273,975	(80.4)
Due to other customers	1,383,594,271	1,244,002,768	11.2	1,451,305,037	1,305,625,750	11.2
Other Borrowings	21,402,403	24,380,962	(12.2)	31,568,180	33,634,482	(6.1)
Current tax liabilities	6,350,367	4,064,907	56.2	6,470,590	4,367,318	48.2
Net Deferred tax liabilities	3,367,202	4,455,617	(24.4)	6,941,526	7,277,032	(4.6)
Other liabilities	20,581,050	19,256,075	6.9	30,494,214	28,380,411	7.4
Subordinated term debts	12,531,728	12,531,728	-	34,128,714	32,447,923	5.2
Total Liabilities	<u>1,548,085,197</u>	<u>1,389,642,382</u>	11.4	<u>1,681,792,880</u>	<u>1,512,635,443</u>	11.2
Equity						
Stated capital/Assigned capital	12,201,998	12,201,998	-	12,201,998	12,201,998	-
Statutory reserve Fund	5,814,744	5,814,744	-	5,814,744	5,814,744	-
Other reserves	25,259,971	25,117,785	0.6	27,356,391	26,913,806	1.6
Retained earnings	41,710,011	34,322,199	21.5	60,944,289	52,191,314	16.8
Total shareholders' equity	<u>84,986,724</u>	<u>77,456,726</u>	9.7	<u>106,317,422</u>	<u>97,121,862</u>	9.5
Non-controlling interests	-	-	-	9,900,919	9,321,287	6.2
Total equity	<u>84,986,724</u>	<u>77,456,726</u>	9.7	<u>116,218,341</u>	<u>106,443,149</u>	9.2
Total equity and liabilities	<u>1,633,071,921</u>	<u>1,467,099,108</u>	11.3	<u>1,798,011,221</u>	<u>1,619,078,592</u>	11.1
Contingent Liabilities and Commitments	<u>368,571,387</u>	<u>303,344,150</u>	21.5	<u>369,329,113</u>	<u>304,101,876</u>	21.4
No of Employees	8,241	8,454		11,248	11,396	
No of Branches	738	737		852	851	

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH JUNE

BANK

	Stated capital/Assigned capital		Reserves				Total	
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Available For Sale Reserve (Rs.'000)	Retained Earnings (Rs.'000)	(Rs.'000)
Balance as at 01.01.2017	49,998	7,152,000	4,902,255	10,843,204	10,078,873	273,778	26,348,748	59,648,856
Profit for the year	-	-	-	-	-	-	18,249,777	18,249,777
Changes in Fair Value in AFS Investments	-	-	-	-	-	(177,930)	-	(177,930)
Reversal of AFS reserve on disposal of AFS Investment	-	-	-	-	-	17,289	-	17,289
Net Defined Benefit obligation	-	-	-	-	-	-	(3,222,626)	(3,222,626)
Revaluation Surplus of Land and Building	-	-	-	6,568,522	-	-	-	6,568,522
Deffered tax effect on Revaluation Surplus	-	-	-	(3,366,405)	-	-	-	(3,366,405)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	(41,067)	(41,067)
Increase of assigned capital	-	5,000,000	-	-	-	-	-	5,000,000
Reversal of Revaluation Gain on Disposed Property	-	-	-	-	-	-	-	-
Transfer to Reserve during the Year	-	-	912,489	-	873,864	-	(1,786,353)	-
Transfers From Retained Earnings during the year	-	-	-	6,590	-	-	(6,590)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(5,219,690)	(5,219,690)
Balance as at 01.01.2018	49,998	12,152,000	5,814,744	14,051,911	10,952,737	113,137	34,322,199	77,456,726
Profit for the period	-	-	-	-	-	-	7,795,322	7,795,322
Changes in Fair Value in AFS Investments	-	-	-	-	-	65,443	-	65,443
Reversal of AFS reserve upon Impairment of AFS Investment	-	-	-	-	-	76,743	-	76,743
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	902,335	902,335
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(1,309,845)	(1,309,845)
Balance as at 30.06.2018	49,998	12,152,000	5,814,744	14,051,911	10,952,737	255,323	41,710,011	84,986,724

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30TH JUNE

GROUP

	Stated capital/ Assigned capital		Reserves						Total (Rs.'000)	Non controlling interest (Rs.'000)	Total equity (Rs.'000)
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Available For Sale Reserve (Rs.'000)	Cash Flow Hedge Reserve (Rs.'000)	Retained earnings (Rs.'000)			
Balance as at 01.01.2017	49,998	7,152,000	4,902,255	11,883,155	10,078,873	296,180	11,787	43,185,534	77,559,782	7,631,326	85,191,108
Profit for the Year	-	-	-	-	-	-	-	19,295,734	19,295,734	1,215,187	20,510,921
Changes in Fair Value in AFS Investments	-	-	-	-	-	(177,011)	-	-	(177,011)	1,680	(175,331)
Reversal of AFS reserve on disposal of AFS Investment	-	-	-	-	-	17,289	-	-	17,289	-	17,289
Net Defined Benefit obligation	-	-	-	-	-	-	-	(3,240,752)	(3,240,752)	(6,082)	(3,246,834)
Revaluation Surplus of Land and Building	-	-	-	7,582,372	-	-	-	-	7,582,372	166,683	7,749,055
Deffered tax effect on Revaluation Surplus	-	-	-	(3,640,880)	-	-	-	-	(3,640,880)	(91,492)	(3,732,372)
Gains and losses on derivative financial Assets	-	-	-	-	-	-	(11,787)	-	(11,787)	(3,928)	(15,715)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	(36,570)	(36,570)	1,510	(35,060)
Increase of assigned capital	-	5,000,000	-	-	-	-	-	-	5,000,000	-	5,000,000
Transfer to Reserve during the period	-	-	912,489	-	873,864	-	-	(1,786,353)	-	-	-
Transfers From Retained Earnings during the year	-	-	-	6,590	-	-	-	(6,590)	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	-	(5,219,690)	(5,219,690)	-	(5,219,690)
Movement Due to changes in ownership	-	-	-	-	(6,626)	-	-	-	(6,626)	987,624	980,998
Dividends Paid	-	-	-	-	-	-	-	-	-	581,222	581,222
Balance as at 01.01.2018	49,998	12,152,000	5,814,744	15,831,237	10,946,111	136,458	-	52,191,314	97,121,862	9,321,287	106,443,149
Profit for the period	-	-	-	-	-	-	-	9,174,937	9,174,937	838,011	10,012,948
Changes in Fair Value in AFS Investments	-	-	-	-	-	52,304	-	-	52,304	(5,494)	46,810
Reversal of AFS reserve upon Impairment of AFS Investment	-	-	-	-	-	76,743	-	-	76,743	-	76,743
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	-	-	35,716	-	-	-	35,716	11,906	47,622
Net Defined Benefit obligation	-	-	-	-	-	-	-	(19,219)	(19,219)	(6,406)	(25,625)
Revaluation Surplus of Land and Building	-	-	-	277,822	-	-	-	-	277,822	-	277,822
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	907,102	907,102	1,597	908,699
Special levy to Treasury/ Dividend	-	-	-	-	-	-	-	(1,309,845)	(1,309,845)	-	(1,309,845)
Dividends Paid	-	-	-	-	-	-	-	-	-	(259,983)	(259,983)
Balance as at 30.06.2018	49,998	12,152,000	5,814,744	16,109,059	10,981,827	265,505	-	60,944,289	106,317,422	9,900,919	116,218,341

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30TH JUNE

	BANK		GROUP	
	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)
Cash flows from operating activities				
Profit before tax	11,728,428	11,367,785	14,935,629	13,389,070
Adjustment for				
Non-cash items included in profits before tax	4,703,484	1,851,636	5,995,946	2,700,742
Changes in operating assets	(139,874,043)	(148,334,826)	(151,305,781)	(154,018,741)
Changes in operating liabilities	156,792,909	161,251,053	165,278,018	166,131,225
Dividend income from subsidiaries and others	(639,669)	(646,413)	(99,739)	(193,943)
Interest expense on subordinated debt	812,021	793,750	812,021	793,750
Contribution paid to defined benefit plans/Gratuity	750,000	805,238	750,000	805,238
Tax paid	(1,833,726)	(2,372,381)	(2,246,216)	(3,288,792)
Net Cash Generated from Operating Activities	32,439,404	24,715,842	34,119,878	26,318,548
Cash Flows from Investing Activities				
Purchase of investment property	(44,160)	-	(4,796)	-
Purchase of property, plant and equipment	(1,527,308)	(1,970,250)	(1,917,898)	(1,059,576)
Proceeds from the sale of property, plant and equipment	12,980	6,030	33,294	23,830
Purchase of financial investments	(41,750,360)	(45,340,198)	(43,922,121)	(44,434,166)
Net purchase of intangible assets	(191,065)	1,150	(200,495)	(28,529)
Dividends received from investment in subsidiaries and others	639,669	646,413	99,739	193,943
Net Cash (used in) from Investing Activities	(42,860,244)	(46,656,855)	(45,912,277)	(45,304,498)
Cash Flows from Financing Activities				
Net Proceed received / (Repayment) of subordinated debt	-	-	1,680,791	(2,296,945)
Interest paid on subordinated debt	(812,021)	(793,750)	(812,021)	(793,750)
Dividend paid to non-controlling interest	-	-	(259,983)	(247,483)
Dividend/Levy paid to holders of other equity instruments	(1,309,845)	(1,109,845)	(1,309,845)	(1,109,845)
Net Cash from Financial Activities	(2,121,866)	(1,903,595)	(701,058)	(4,448,023)
Net Increase/(Decrease) in Cash & Cash Equivalents	(12,542,706)	(23,844,608)	(12,493,457)	(23,433,973)
Cash and cash equivalents at the beginning of the year	68,958,012	64,008,638	69,675,003	67,695,584
Cash and cash equivalents at the end of the period	56,415,306	40,164,030	57,181,546	44,261,611

ADDITIONAL DISCLOSURES

	BANK		GROUP	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Loans and Receivables to Other Customers				
Gross loans and receivables	1,183,818,645	1,074,247,652	1,331,434,884	1,209,116,267
(Less) : Individual impairment	(44,811,939)	(44,913,498)	(45,247,577)	(45,672,491)
Collective impairment	(19,548,790)	(16,691,440)	(23,307,296)	(19,677,002)
Net loans and receivables	1,119,457,916	1,012,642,714	1,262,880,011	1,143,766,774
Analysis -Domestic Currency				
By product				
Overdrafts	99,964,155	116,732,111	99,030,673	115,258,664
Term loans	662,520,922	599,715,216	711,577,071	641,740,832
Lease Rental Receivable	-	-	93,078,629	89,423,716
Credit Cards	2,503,454	2,212,132	2,503,454	2,212,132
Pawning	141,795,264	136,475,059	141,855,085	136,532,611
Trade Finance	41,589,509	37,417,317	41,589,509	37,417,317
Others	19,026,034	19,374,799	25,381,156	24,209,977
Sub Total	967,399,338	911,926,634	1,115,015,577	1,046,795,249
Analysis -Foreign Currency				
By product				
Overdrafts	2,073,517	902,371	2,073,517	902,371
Term loans	61,565,315	57,803,788	61,565,315	57,803,788
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	152,780,475	103,614,859	152,780,475	103,614,859
Others	-	-	-	-
Sub Total	216,419,307	162,321,018	216,419,307	162,321,018
Grand Total	1,183,818,645	1,074,247,652	1,331,434,884	1,209,116,267

Movements in Individual and Collective Impairment during the period for loans and Receivables to other customers

	BANK		GROUP	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Allowance for Individual impairment				
Opening balance	44,913,498	43,589,172	45,672,491	44,124,522
Charge (Write-back) to income statement	(101,559)	1,324,326	(424,914)	1,547,969
Write-off during the year	-	-	-	-
Other Movements	-	-	-	-
Closing balance	44,811,939	44,913,498	45,247,577	45,672,491
Allowance for Collective impairment				
Opening balance	16,691,440	16,706,676	19,677,002	18,402,340
Charge (Write-back) to income statement	3,734,545	1,354,040	4,507,489	2,643,938
Reversals made during the year	(884,347)	(1,329,906)	(884,347)	(1,329,906)
Write-off during the year	(1,007)	(104,512)	(1,007)	(104,512)
Other Movements	8,159	65,142	8,159	65,142
Closing balance at	19,548,790	16,691,440	23,307,296	19,677,002
Total Impairment	64,360,729	61,604,938	68,554,873	65,349,493
Due to Other Customers				
Analysis				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	53,949,073	60,197,593	52,268,349	58,161,510
Savings deposits	500,206,137	433,277,185	504,623,795	437,157,640
Fixed deposits	731,520,382	623,987,541	791,910,058	678,521,081
Other products	2,783,660	3,865,085	8,367,816	9,110,155
Sub Total	1,288,459,252	1,121,327,404	1,356,170,018	1,182,950,386
Due to Other Customers				
Product Wise Analysis - Foreign Currency				
Demand deposit (current accounts)	738,627	751,181	738,627	751,181
Savings deposits	17,630,255	29,379,443	17,630,255	29,379,443
Fixed deposits	76,737,758	92,523,266	76,737,758	92,523,266
Other products	28,379	21,474	28,379	21,474
Sub Total	95,135,019	122,675,364	95,135,019	122,675,364
Grand Total	1,383,594,271	1,244,002,768	1,451,305,037	1,305,625,750

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.06.2018 (Unaudited)	As at 31.12.2017 (Audited)	As at 30.06.2018 (Unaudited)	As at 31.12.2017 (Audited)
Regulatory Capital Adequacy				
Common Equity Tier 1 Capital [Rs. 000]	68,032,655	62,084,793	91,596,989	85,077,314
Tier 1 Capital [Rs. 000]	68,032,655	62,084,793	91,596,989	85,077,314
Total Capital [Rs. 000]	92,015,751	77,554,147	116,204,923	101,485,804
Common Equity Tier 1 Ratio (Min. requirement - 2018-7.375%, 2017-6.25%)	10.4	10.8	11.0	11.5
Tier 1 Capital Ratio (Min. requirement - 2018-8.875%, 2017-7.75%)	10.4	10.8	11.0	11.5
Total Capital Ratio (Min. requirement - 2018-12.875%, 2017-11.750%)	14.1	13.5	14.0	13.7
Assets Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	2.1	1.9	2.2	2.0
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	0.9	0.7	0.9	1.0
Profitability				
Interest Margin, %	3.6	3.6	4.2	4.1
Return on Assets (Before Tax), %	1.5	1.9	1.7	1.9
Return on Equity (After Tax), %	19.2	26.6	18.0	21.4
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit Rs.'000	331,318,759	298,497,361		
Off- Shore Banking Unit US\$ ('000)	383,557	242,692		
Statutory Liquid Assets, Ratio %				
(Minimum Requirement, 20%)				
Domestic Banking Unit, %	24.9	24.1		
Off- Shore Banking Unit, %	41.6	32.4		
Liquidity Coverage Ratio (%)				
(Minimum Requirement, 2018- 90%,2017-,80%)				
Liquidity Coverage Ratio - Rupee	121.3	104.0		
Liquidity Coverage Ratio - All Currency	101.3	95.1		

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 30.06.2018

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	56,415,306	-	56,415,306
Balances with Central Banks	-	-	-	74,413,476	-	74,413,476
Placements with Banks	-	-	-	3,784,399	-	3,784,399
Derivative Financial Instruments	-	225,133	-	-	-	225,133
Financial assets held-for-trading	77,868,356	-	-	-	-	77,868,356
Loans and receivables to banks	-	-	-	85,946,244	-	85,946,244
Loans and receivables to other customers	-	-	-	1,119,457,916	-	1,119,457,916
Financial investments	-	-	153,933,683	-	5,406,597	159,340,280
Current tax	-	-	-	-	-	-
Total financial assets	77,868,356	225,133	153,933,683	1,340,017,341	5,406,597	1,577,451,110
LIABILITIES						
Due to banks	-	-	-	100,204,597	-	100,204,597
Derivative Financial Instruments	-	53,579	-	-	-	53,579
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	1,383,594,271	-	1,383,594,271
Other Borrowings	-	-	-	21,402,403	-	21,402,403
Subordinated term debts	-	-	-	12,531,728	-	12,531,728
Total financial liabilities	-	53,579	-	1,517,732,999	-	1,517,786,578

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 31.12. 2017

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	68,958,012	-	68,958,012
Balances with Central Banks	-	-	-	65,689,278	-	65,689,278
Placements with Banks	-	-	-	13,458,639	-	13,458,639
Derivative Financial Instruments	-	334,230	-	-	-	334,230
Financial assets held-for-trading	53,042,557	-	-	-	-	53,042,557
Loans and receivables to banks	-	-	-	86,097,515	-	86,097,515
Loans and receivables to other customers	-	-	-	1,012,642,714	-	1,012,642,714
Financial investments	-	-	112,351,039	-	3,415,344	115,766,383
Total financial assets	53,042,557	334,230	112,351,039	1,246,846,158	3,415,344	1,415,989,328
LIABILITIES						
Due to banks	-	-	-	80,676,350	-	80,676,350
Derivative Financial Instruments	-	273,975	-	-	-	273,975
Financial liabilities designated at fair value through profit or loss	-	-	-	1,244,002,768	-	1,244,002,768
Due to other customers	-	-	-	-	-	-
Other Borrowings	-	-	-	24,380,962	-	24,380,962
Subordinated term debts	-	-	-	12,531,728	-	12,531,728
Total financial liabilities	-	273,975	-	1,361,591,808	-	1,361,865,783

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 30.06.2018

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	57,181,546	-	57,181,546
Balances with Central Banks	-	-	-	74,413,476	-	74,413,476
Placements with Banks	-	-	-	7,274,728	-	7,274,728
Derivative Financial Instruments	-	225,133	-	-	-	225,133
Financial assets held-for-trading	78,165,635	-	-	-	-	78,165,635
Loans and receivables to banks	-	-	-	86,440,349	-	86,440,349
Loans and receivables to other customers	-	-	-	1,262,880,011	-	1,262,880,011
Financial investments	-	-	160,892,219	-	6,496,428	167,388,467
Total financial assets	78,165,635	225,133	160,892,219	1,488,190,110	6,496,428	1,733,969,345
LIABILITIES						
Due to banks	-	-	-	120,831,040	-	120,831,040
Derivative Financial Instruments	-	53,579	-	-	-	53,579
Financial liabilities designated at fair value through profit or loss	-	-	-	1,451,305,037	-	1,451,305,037
Due to other customers	-	-	-	31,568,180	-	31,568,180
Other Borrowings	-	-	-	-	-	-
Subordinated term debts	-	-	-	34,128,714	-	34,128,714
Total financial liabilities	-	53,579	-	1,637,832,971	-	1,637,886,550

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.12. 2017

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	69,675,003	-	69,675,003
Balances with Central Banks	-	-	-	65,689,278	-	65,689,278
Placements with Banks	-	-	-	18,944,087	-	18,944,087
Derivative Financial Instruments	-	334,230	-	-	-	334,230
Financial assets held-for-trading	53,354,989	-	-	-	-	53,354,989
Loans and receivables to banks	-	-	-	86,436,113	-	86,436,113
Loans and receivables to other customers	-	-	-	1,143,766,774	-	1,143,766,774
Financial investments	-	-	117,137,814	-	4,483,905	121,621,719
Total financial assets	53,354,989	334,230	117,137,814	1,384,511,255	4,483,905	1,559,822,193
LIABILITIES						
Due to banks	-	-	-	100,628,552	-	100,628,552
Derivative Financial Instruments	-	273,975	-	-	-	273,975
Financial liabilities designated at fair value through profit or loss	-	-	-	1,305,625,750	-	1,305,625,750
Due to other customers	-	-	-	33,634,482	-	33,634,482
Other Borrowings	-	-	-	-	-	-
Subordinated term debts	-	-	-	32,447,923	-	32,447,923
Total financial liabilities	-	273,975	-	1,472,336,707	-	1,472,610,682

SRI LANKA ACCOUNTING STANDARD - SLFRS 9 ON “FINANCIAL INSTRUMENTS”

Sri Lanka Accounting Standard, SLFRS 9 - Financial Instruments is effective for annual periods beginning on or after January 01, 2018. However, the Bank has prepared Interim Financial Statements in accordance with “LKAS 39 - Financial Instruments Recognition and Measurement as permitted by the Statement of Alternative Treatment (SoAT) as issued by the Institute of Chartered Accountants of Sri Lanka.

Based on the assessment undertaken at December 31, 2017, which has not been audited, the Bank’s total impairment provision as computed in accordance with LKAS 39-is reasonably expected not to increase by more than 10.0% of total provisions as at that date, on migration to SLFRS 9. The Bank is shortly expected to assess its June 30, 2018 impact.

CERTIFICATION

We the undersigned being the Chairman, Chief Executive Officer/General Manager and the Head of Finance of the Bank jointly certify that;

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka; and
- (b) the information contained in these statements have been extracted from the Unaudited financial statements of the bank and the group unless indicated as Audited.

(Sgd.)
Azzam A. Ahamat
Head of Finance

(Sgd.)
N. Vasantha Kumar
Chief Executive Officer/General Manager

(Sgd.)
Hemasiri Fernando
Chairman

28.08.2018
Colombo.

