



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the six months ended 30th June 2022

FINANCIAL COMMENTARY FOR THE 06 MONTHS ENDED 30TH JUNE 2022

- Total Operating income doubles to Rs LKR 63.3 Bn
- Impairment for 1H exceeds Rs 40 Bn
- Net Stage III loan ratio improves to 2.46%
- Tier I capital ratio at 11.39% and total capital ratio at 14.54%
- Liquid Coverage ratio at 210% well above statutory minimum of 90%

HNB Group recorded a Profit Before Tax of Rs 6.7 Bn and a Profit After Tax of Rs 6.1 Bn during the first six months of 2022 amid extremely challenging operating environment.

The gross income of the Bank grew by 71% YoY to Rs 97.1 Bn driven by a 53% growth in interest income, 61% growth in fee income and 349% growth in exchange income. The exceptional growth in net interest income from Rs 23.2 Bn to Rs 40.2 Bn was primarily due to the increase in average AWPLR by approximately 16 percentage points in line with the tight monetary policy adopted by the Central Bank of Sri Lanka.

The Fee income also recorded a steady growth increasing to Rs 7.3 Bn for the 6 months mainly on account of improved trade and card income. The total exchange income improved to Rs 15.3 Bn from Rs 3.4 Bn during the first half of 2021, as the rupee depreciated by over 80% during the period. Accordingly, the total operating income improved to Rs 63.3 Bn recording a 100% YoY growth.

The Bank made a total impairment of Rs 40.1 Bn for the first six months of the year compared to a charge of Rs 6.3 Bn in the previous year. The total impairment charge for the period included an impairment of Rs 27.3 Bn on account of the foreign currency denominated government securities held by the Bank pursuant to the suspension of external debt repayment by the Government of Sri Lanka and the sovereign downgrade. Considering the volatilities and the economic factors, the Bank recognized an impairment of Rs 22.7 Bn on account of loans and advances for 1H 2022 compared to the provision of Rs 6.1 Bn made in the corresponding period of 2021. An amount totaling to Rs 10.8Bn relating to the exchange impact on impairment of foreign currency loans and investments was set off against the exchange income for the period. The net stage III ratio of the Bank improved to 2.46% from 2.55% as at end of December 2021 while the provision coverage on stage III loans improved from 56% to 63% maintaining the position as one of the best in terms of asset quality among peers.

The operating expenses for the 1H of 2022, increased by 26% to Rs 14.9 Bn mainly due to devaluation of the currency, higher energy costs and increase in staff expenses subsequent to salary revisions effected at the beginning of the year. Nevertheless, the cost to income ratio of the Bank improved by approximately 14 percentage points to 23.5% as total operating income recorded a higher growth during the period.

The Bank recorded a Profit Before Tax of Rs 6.0 Bn and Profit After Tax of Rs 5.5 Bn for the six months ended June 2022 compared Rs 10.9 Bn and Rs 9.1 Bn in the corresponding period of 2021.

The Bank's asset base expanded by Rs 239 Bn to Rs 1.6 Trillion during the first six months, with loans and advances growing by Rs 138 Bn to Rs 1.1 Trillion. Total Deposits of the Bank grew to Rs 1.3 Trillion by Rs 217 Bn during 1H 2022. The balance sheet growth was partly supported by the devaluation of the rupee during the period.

The Bank reported Tier I and Total Capital Adequacy Ratios of 11.39% and 14.54% respectively against the minimum requirement of 9.5% and 13.5% respectively. The Central Bank also permitted licensed commercial banks to drawdown up to 250 bps on the capital conservation buffer lowering the requirement to 7% and 11% respectively. Furthermore, the Bank's liquidity position continued to be strong with liquid asset ratio and all currency liquidity coverage ratio at 23.9% and 210.3%, against the statutory requirements of 20% and 90%, respectively.

Under extremely stressful market conditions all group companies contributed positively towards the first half performance of the Group.

HNB was ranked among the Top 1,000 Banks in the World for the sixth consecutive years by the acclaimed UK based 'The Banker Magazine' while being adjudged the 'Best Retail Bank in Sri Lanka' by the Asian Banker Magazine for the 12th time.

INCOME STATEMENT

	BANK			BANK			GROUP			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		
	2022	2021	% Increase /	2022	2021	% Increase /	2022	2021	% Increase /	2022	2021	% Increase /
	Audited Rs 000	Audited Rs 000	(Decrease)	Rs 000	Rs 000	(Decrease)	Rs 000	Rs 000	(Decrease)	Rs 000	Rs 000	(Decrease)
Gross income	97,099,622	56,680,233	71	55,641,027	28,266,003	97	109,593,511	66,574,028	65	61,931,873	33,288,430	86
Interest income	73,755,146	48,117,652	53	43,493,786	24,424,947	78	79,262,399	52,703,144	50	46,414,784	26,830,540	73
Less: Interest expenses	33,595,998	24,956,132	35	20,198,430	11,862,994	70	35,083,205	26,015,545	35	21,124,141	12,368,823	71
Net interest income	40,159,148	23,161,520	73	23,295,356	12,561,953	85	44,179,194	26,687,599	66	25,290,643	14,461,717	75
Fee and commission income	7,321,117	4,537,949	61	4,002,878	2,191,234	83	7,753,234	4,921,519	58	4,155,456	2,293,567	81
Less: Fee and commission expenses	173,713	122,819	41	100,364	58,857	71	256,842	158,220	62	130,167	78,817	65
Net fee and commission income	7,147,404	4,415,130	62	3,902,514	2,132,377	83	7,496,392	4,763,299	57	4,025,289	2,214,750	82
Net interest, fee and commission income	47,306,552	27,576,650	72	27,197,870	14,694,330	85	51,675,586	31,450,898	64	29,315,932	16,676,468	76
Net gains / (losses) from trading	9,802,674	(647,011)	1,615	2,303,227	(704,025)	427	9,703,040	(585,222)	1,758	2,274,915	(678,766)	435
Net gain from financial investments at fair value through other comprehensive income	211,404	168,989	25	54,446	-	-	214,450	171,029	25	56,249	1,149	4,795
Net gains arising on de-recognition of financial assets	-	-	-	-	-	-	-	5,874	(100)	-	-	-
Net insurance premium income	-	-	-	-	-	-	6,137,602	4,883,102	26	2,896,572	2,390,425	21
Net other operating income	6,009,281	4,502,654	33	5,786,690	2,353,847	146	6,522,786	4,474,582	46	6,133,897	2,451,515	150
Total operating income	63,329,911	31,601,282	100	35,342,233	16,344,152	116	74,253,464	40,400,263	84	40,677,565	20,840,790	95
Less: Impairment charge for loans and other losses	40,093,907	6,328,833	534	26,740,331	3,665,858	629	40,780,565	6,794,294	500	27,236,986	3,878,857	602
Net operating income	23,236,004	25,272,449	(8)	8,601,902	12,678,294	(32)	33,472,899	33,605,969	-	13,440,579	16,961,933	(21)
Less: Operating expenses												
Personnel expenses	7,394,122	6,179,009	20	3,929,665	3,086,421	27	9,127,838	7,589,932	20	4,810,929	3,826,922	26
Depreciation and amortisation	1,266,207	1,166,328	9	658,346	584,961	13	1,467,150	1,388,318	6	718,524	700,161	3
Benefits, claims and underwriting expenditure	-	-	-	-	-	-	6,072,616	4,539,104	34	2,889,474	2,108,817	37
Other expenses	6,195,779	4,469,632	39	3,249,485	2,347,307	38	7,795,647	5,493,608	42	4,145,506	2,874,872	44
Total operating expenses	14,856,108	11,814,969	26	7,837,496	6,018,689	30	24,463,251	19,010,962	29	12,564,433	9,510,772	32
Operating profit before taxes on financial services	8,379,896	13,457,480	(38)	764,406	6,659,605	(89)	9,009,648	14,595,007	(38)	876,146	7,451,161	(88)
Less: Value Added Tax (VAT) on financial services	2,392,602	2,525,867	(5)	715,814	1,277,750	(44)	2,493,805	2,646,418	(6)	705,620	1,326,694	(47)
Operating profit after taxes on financial services	5,987,294	10,931,613	(45)	48,592	5,381,855	(99)	6,515,843	11,948,589	(45)	170,526	6,124,467	(97)
Share of profit of joint venture (net of income tax)	-	-	-	-	-	-	150,573	65,372	130	80,465	35,387	127
PROFIT BEFORE INCOME TAX	5,987,294	10,931,613	(45)	48,592	5,381,855	(99)	6,666,416	12,013,961	(45)	250,991	6,159,854	(96)
Less: Income tax expense	482,627	1,854,760	(74)	(641,204)	1,000,216	(164)	603,255	2,210,725	(73)	(451,069)	1,162,649	(139)
PROFIT FOR THE PERIOD	5,504,667	9,076,853	(39)	689,796	4,381,639	(84)	6,063,161	9,803,236	(38)	702,061	4,997,205	(86)
Profit attributable to:												
Equity holders of the Bank	5,504,667	9,076,853	(39)	689,796	4,381,639	(84)	5,808,469	9,476,136	(39)	871,432	4,748,183	(82)
Non-controlling interests	-	-	-	-	-	-	254,692	327,100	(22)	(169,371)	249,022	(168)
PROFIT FOR THE PERIOD	5,504,667	9,076,853	(39)	689,796	4,381,639	(84)	6,063,161	9,803,236	(38)	702,061	4,997,205	(86)
Earnings per share												
Basic earnings per ordinary share (Rs)	10.28	16.95	(39)	1.29	8.18	(84)	10.85	17.69	(39)	1.63	8.87	(82)
Diluted earnings per ordinary share (Rs)	10.28	16.95	(39)	1.29	8.18	(84)	10.85	17.69	(39)	1.63	8.87	(82)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	BANK			BANK			GROUP			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		
	2022 Audited Rs 000	2021 Audited Rs 000	% Increase / (Decrease)	2022 Rs 000	2021 Rs 000	% Increase / (Decrease)	2022 Rs 000	2021 Rs 000	% Increase / (Decrease)	2022 Rs 000	2021 Rs 000	% Increase / (Decrease)
PROFIT FOR THE PERIOD	5,504,667	9,076,853	(39)	689,796	4,381,639	(84)	6,063,161	9,803,236	(38)	702,061	4,997,205	(86)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods												
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income	(1,833,380)	(198,081)	826	(830,080)	(42,883)	1,836	(1,833,380)	(198,081)	826	(830,080)	(42,883)	1,836
Re-measurement of post-employment benefit obligations	-	-	-	-	-	-	12,482	25,720	(51)	-	-	-
Revaluation of freehold land & buildings	-	-	-	-	-	-	200,071	-	-	200,071	-	-
Less: Tax expense relating to items that will not be reclassified to profit or loss	-	578,862	-	-	-	-	(50,583)	1,247,233	(104)	(48,017)	2,065	(2,425)
Total other comprehensive income that will not be reclassified to profit or loss	(1,833,380)	380,781	(581)	(830,080)	(42,883)	1,836	(1,671,410)	1,074,872	(255)	(678,026)	(40,818)	1,561
Other comprehensive income that will be reclassified to profit or loss in subsequent periods												
Debt instruments at fair value through other comprehensive income:												
Net gains / (losses) on investments in debt instruments measured at fair value through other comprehensive income	(3,634,091)	(318,598)	1,041	-	22,366	(100)	(5,020,846)	(545,362)	821	(399,431)	(24,870)	1,506
Cumulative net (gains) / losses on debt instruments measured at fair value through other comprehensive income that are reclassified to amortised cost	5,577,587	-	-	5,577,587	-	-	6,281,572	-	-	6,281,572	-	-
Reclassification of net gains on de-recognition of debt instruments at fair value through other comprehensive income to statement of profit or loss	-	-	-	-	-	-	-	(5,874)	(100)	-	-	-
Net change in expected credit losses of debt securities measured at fair value through other comprehensive income	(295,445)	11,000	(2,786)	(708,635)	5,128	(13,919)	(295,445)	11,000	(2,786)	(708,635)	5,129	(13,916)
Transfer from life policy holder reserve fund	-	-	-	-	-	-	1,143,219	204,885	458	275,922	39,270	603
Share of other comprehensive income of joint venture that will be reclassified to profit or loss	-	-	-	-	-	-	789,012	77,656	916	289,112	15,829	1,726
Less: Tax expense relating to items that will be reclassified to profit or loss	(466,439)	117,621	(497)	(1,338,621)	(5,368)	24,837	(448,468)	127,007	(453)	(1,329,779)	(4,740)	27,954
Total other comprehensive income that will be reclassified to profit or loss	1,181,612	(189,977)	(722)	3,530,331	22,126	15,856	2,449,044	(130,688)	(1,974)	4,408,761	30,618	14,299
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(651,768)	190,804	(442)	2,700,251	(20,756)	(13,109)	777,634	944,184	(18)	3,730,735	(10,200)	(36,676)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,852,899	9,267,657	(48)	3,390,047	4,360,883	(22)	6,840,795	10,747,420	(36)	4,432,796	4,987,005	(11)
Total comprehensive income attributable to:												
Equity holders of the Bank	4,852,899	9,267,657	(48)	3,390,047	4,360,883	(22)	6,301,052	10,411,141	(39)	4,278,508	4,735,698	(10)
Non-controlling interests	-	-	-	-	-	-	539,743	336,279	61	154,288	251,307	(39)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,852,899	9,267,657	(48)	3,390,047	4,360,883	(22)	6,840,795	10,747,420	(36)	4,432,796	4,987,005	(11)

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 30.06.2022 Audited Rs 000	As at 31.12.2021 Audited Rs 000	% Increase / (Decrease)	As at 30.06.2022 Audited Rs 000	As at 31.12.2021 Audited Rs 000	% Increase / (Decrease)
ASSETS						
Cash and cash equivalents	71,394,852	38,185,254	87	72,901,586	40,900,372	78
Placements with banks	5,912,145	-	-	11,728,123	6,371,273	84
Balances with Central Bank of Sri Lanka	26,290,332	25,820,489	2	26,290,332	25,820,489	2
Reverse repurchase agreements	-	-	-	4,447,890	6,246,276	(29)
Derivative financial instruments	10,946,707	927,487	1,080	10,946,707	927,487	1,080
Financial assets measured at fair value through profit or loss	90,994	103,365	(12)	193,656	862,641	(78)
Financial assets measured at amortised cost - loans and advances to customers	991,283,929	876,254,693	13	1,027,431,728	911,253,345	13
Financial assets measured at amortised cost - debt and other financial instruments	418,562,091	160,677,520	160	441,034,191	171,930,640	157
Financial assets measured at fair value through other comprehensive income	2,693,695	203,426,433	(99)	6,613,000	210,804,487	(97)
Investment in joint venture	755,000	755,000	-	3,817,006	2,877,420	33
Investment in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	467,106	469,774	-	950,199	964,854	(2)
Property, plant and equipment	24,719,039	24,953,738	(1)	49,555,607	49,724,473	-
Right-of-use assets	5,370,127	5,439,384	(1)	2,293,335	2,177,902	5
Intangible assets and goodwill	1,345,729	1,429,544	(6)	1,904,895	1,989,134	(4)
Deferred tax assets	16,260,213	4,461,561	264	16,712,838	4,941,105	238
Other assets	18,218,513	12,415,094	47	21,363,178	15,858,665	35
Total assets	1,597,327,757	1,358,336,621	18	1,698,184,271	1,453,650,563	17
LIABILITIES						
Due to banks	5,944,381	17,075,502	(65)	5,944,381	17,075,502	(65)
Derivative financial instruments	476,589	353,356	35	476,589	353,356	35
Securities sold under repurchase agreements	44,135,192	33,524,226	32	44,135,192	33,524,226	32
Financial liabilities measured at amortised cost - due to depositors	1,292,899,683	1,075,709,287	20	1,325,714,413	1,107,065,820	20
Dividends payable	1,030,607	989,212	4	1,054,905	1,013,629	4
Financial liabilities measured at amortised cost - other borrowings	33,048,857	24,747,869	34	35,310,253	25,555,834	38
Debt securities issued	2,091,001	1,962,749	7	2,609,910	2,465,085	6
Current tax liabilities	22,976,435	10,051,689	129	23,380,452	10,518,569	122
Deferred tax liabilities	-	-	-	5,236,208	5,157,978	2
Insurance provision - life	-	-	-	22,900,451	20,378,015	12
Insurance provision - non life	-	-	-	4,072,869	3,735,921	9
Other provisions	3,961,550	3,928,598	1	4,267,411	4,550,802	(6)
Other liabilities	16,123,536	14,400,456	12	16,326,750	14,596,651	12
Subordinated term debts	24,769,500	23,552,323	5	25,666,921	24,391,912	5
Total liabilities	1,447,457,331	1,206,295,267	20	1,517,096,705	1,270,383,300	19

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 30.06.2022 Audited Rs 000	As at 31.12.2021 Audited Rs 000	% Increase / (Decrease)	As at 30.06.2022 Audited Rs 000	As at 31.12.2021 Audited Rs 000	% Increase / (Decrease)
EQUITY						
Stated capital	38,679,005	37,364,244	4	38,679,005	37,364,244	4
Statutory reserve fund	8,560,000	8,560,000	-	8,560,000	8,560,000	-
Retained earnings	32,057,241	35,186,607	(9)	40,525,341	43,643,800	(7)
Other reserves	70,574,180	70,930,503	(1)	86,740,625	87,099,997	-
Total shareholders' equity	149,870,426	152,041,354	(1)	174,504,971	176,668,041	(1)
Non-controlling interests	-	-	-	6,582,595	6,599,222	-
Total equity	149,870,426	152,041,354	(1)	181,087,566	183,267,263	(1)
Total equity and liabilities	1,597,327,757	1,358,336,621	18	1,698,184,271	1,453,650,563	17
Contingent liabilities and commitments	854,880,566	676,242,350	26	854,880,566	676,242,350	26
Net assets value per ordinary share (Rs.)	279.84	283.89	(1)	325.84	329.88	(1)
Memorandum Information						
Number of Employees	5,054	5,042				
Number of Customer Centers	255	255				

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 2022 and its profit for the six months ended 30th June 2022.

(Sgd.)

Rajive Dissanayake
Chief Financial Officer
12th August 2022

We the undersigned, being the Managing Director / Chief Executive Officer and the Chairperson 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
12th August 2022

(Sgd.)

Aruni Goonetilleke
Chairperson
12th August 2022

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital		Statutory Reserve Fund	Other Reserves			Retained Earnings	Total
	Voting Shares	Non-Voting Shares		Capital Reserve	Fair value Reserve	General Reserve		
	Rs000	Rs000		Rs000	Rs000	Rs000		
For the 6 months ended 30th June 2022								
Balance as at 1st January 2022	30,680,591	6,683,653	8,560,000	15,084,556	(1,254,053)	57,100,000	35,186,607	152,041,354
Adjustment for surcharge tax levied under the Surcharge Tax Act No.14 of 2022	-	-	-	-	-	-	(3,611,625)	(3,611,625)
Adjusted balance as at 1st January 2022	30,680,591	6,683,653	8,560,000	15,084,556	(1,254,053)	57,100,000	31,574,982	148,429,729
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	5,504,667	5,504,667
Other comprehensive income for the period, net of tax	-	-	-	-	(356,323)	-	(295,445)	(651,768)
Total comprehensive income for the period	-	-	-	-	(356,323)	-	5,209,222	4,852,899
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2021 - Cash	-	-	-	-	-	-	(3,418,380)	(3,418,380)
Final dividend 2021 - Scrip	1,052,150	262,611	-	-	-	-	(1,314,761)	-
Total contributions by and distributions to equity holders	1,052,150	262,611	-	-	-	-	(4,733,141)	(3,418,380)
Transfer of/(subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	6,178	6,178
Balance as at 30th Jun 2022	31,732,741	6,946,264	8,560,000	15,084,556	(1,610,376)	57,100,000	32,057,241	149,870,426
For the 6 months ended 30th June 2021								
Balance as at 1st January 2021	29,244,472	6,327,857	7,660,000	10,782,706	1,221,363	56,100,000	22,665,227	134,001,625
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	9,076,853	9,076,853
Other comprehensive income for the period, net of tax	-	-	-	578,862	(399,058)	-	11,000	190,804
Total comprehensive income for the period	-	-	-	578,862	(399,058)	-	9,087,853	9,267,657
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2020 - Cash	-	-	-	-	-	-	(2,303,891)	(2,303,891)
Final dividend 2020 - Scrip	1,436,119	355,796	-	-	-	-	(1,791,915)	-
Total contributions by and distributions to equity holders	1,436,119	355,796	-	-	-	-	(4,095,806)	(2,303,891)
Transfer of/(subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-
Transfers during the period	-	-	-	-	-	-	-	-
Balance as at 30th June 2021	30,680,591	6,683,653	7,660,000	11,361,568	822,305	56,100,000	27,657,274	140,965,391

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital			Other Reserves										Total Equity
	Voting Shares	Non-Voting Shares	Statutory Reserve Fund	Capital Reserve	Fair value Reserve	General Reserve	Life policy holder Reserve fund	Restricted Regulatory Reserve	Exchange Equalization Reserve	Retained Earnings	Shareholders' Funds	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	
For the 6 months ended 30th June 2022														
Balance as at 1st January 2022	30,680,591	6,683,653	8,560,000	30,816,980	(1,258,039)	57,100,000	(103,302)	381,156	163,202	43,643,800	176,668,041	6,599,222	183,267,263	
Adjustment for surcharge tax levied under the Surcharge Tax Act No.14 of 2022	-	-	-	-	-	-	-	-	-	(3,912,900)	(3,912,900)	(68,996)	(3,981,896)	
Adjusted balance as at 1st January 2022	-	-	-	-	-	-	-	-	-	39,730,900	172,755,141	6,530,226	179,285,367	
Aquisition of Non controlling Interest in subsidiary by HNB Finance PLC	-	-	-	-	-	-	-	-	-	-	-	(301,135)	(301,135)	
Total comprehensive income for the period														
Net profit for the period	-	-	-	-	-	-	-	-	-	5,808,469	5,808,469	254,692	6,063,161	
Other comprehensive income, net of tax	-	-	-	64,106	719,741	-	-	-	-	(291,264)	492,583	285,051	777,634	
Total comprehensive income for the period	-	-	-	64,106	719,741	-	-	-	-	5,517,205	6,301,052	539,743	6,840,795	
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Dividends to equity holders														
Final dividend 2021 - Scrip	1,052,150	262,611	-	-	-	-	-	-	-	(1,314,761)	-	-	-	
Final dividend 2021 - Cash	-	-	-	-	-	-	-	-	-	(3,418,380)	(3,418,380)	(192,000)	(3,610,380)	
Total contributions by and distributions to equity holders	1,052,150	262,611	-	-	-	-	-	-	-	(4,733,142)	(3,418,380)	(192,000)	(3,610,380)	
Transfer from life policy holder reserve fund	-	-	-	-	-	-	(1,143,219)	-	-	-	(1,143,219)	-	(1,143,219)	
Transfer of /subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-	-	6,178	6,178	-	6,178	
Impact due to amalgamation	-	-	-	-	-	-	-	-	-	4,199	4,199	5,761	9,960	
Transfers during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 30th June 2022	31,732,741	6,946,264	8,560,000	30,881,086	(538,298)	57,100,000	(1,246,521)	381,156	163,202	40,525,341	174,504,971	6,582,595	181,087,566	
For the 6 months ended 30th June 2021														
Balance as at 1st January 2021	29,244,472	6,327,857	7,660,000	23,054,710	1,270,055	56,100,000	748,391	381,156	101,634	29,361,200	154,249,475	5,409,964	159,659,439	
Total comprehensive income for the period														
Net profit for the period	-	-	-	-	-	-	-	-	-	9,476,136	9,476,136	327,100	9,803,236	
Other comprehensive income for the period (net of tax)	-	-	-	1,244,382	(332,423)	-	-	-	-	23,046	935,005	9,179	944,184	
Total comprehensive income for the period	-	-	-	1,244,382	(332,423)	-	-	-	-	9,499,182	10,411,141	336,279	10,747,420	
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Final dividend 2020 - Scrip	1,436,119	355,796	-	-	-	-	-	-	-	(1,791,915)	-	-	-	
Final dividend 2020 - Cash	-	-	-	-	-	-	-	-	-	(2,303,891)	(2,303,891)	(168,000)	(2,471,891)	
Total contributions by and distributions to equity holders	1,436,119	355,796	-	-	-	-	-	-	-	(4,095,806)	(2,303,891)	(168,000)	(2,471,891)	
Transfer from life policy holder reserve fund	-	-	-	-	-	-	(204,885)	-	-	-	(204,885)	-	(204,885)	
Transfer of unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 30th June 2021	30,680,591	6,683,653	7,660,000	24,299,092	937,632	56,100,000	543,506	381,156	101,634	34,764,576	162,151,840	5,578,243	167,730,083	

STATEMENT OF CASH FLOWS

For 6 months ended 30th June	BANK		GROUP	
	2022 Rs 000	2021 Rs 000	2022 Rs 000	2021 Rs 000
Cash flows from operating activities				
Interest receipts	74,280,326	45,914,513	79,834,852	50,483,818
Interest payments	(26,852,698)	(26,606,415)	(28,244,550)	(28,294,376)
Net commission receipts	7,103,438	4,620,934	7,435,739	4,943,554
Trading income	10,137,104	(633,869)	10,140,859	(618,526)
Payments to employees	(7,615,708)	(6,142,003)	(9,341,258)	(7,649,299)
Taxes on financial services	(2,009,512)	(2,602,933)	(2,200,691)	(3,065,475)
Receipts from other operating activities	(2,505,451)	2,832,849	4,701,242	8,271,393
Payments on other operating activities	(4,781,809)	(5,826,991)	(9,363,819)	(8,701,301)
Operating profit before change in operating assets and liabilities	47,755,690	11,556,085	52,962,374	15,369,788
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	(469,843)	(1,989,917)	(469,843)	(1,989,917)
Financial assets measured at amortised cost - loans and advances to customers	(63,164,532)	(23,200,871)	(64,759,464)	(24,469,632)
Reverse repurchase agreements	618	(2,500,340)	1,799,004	(3,351,681)
Other assets	7,915,917	(39,599)	8,214,255	(420,513)
	(55,717,840)	(27,730,727)	(55,216,048)	(30,231,743)
Increase/(decrease) in operating liabilities				
Financial liabilities measured at amortised cost - due to depositors	53,229,486	66,228,497	54,618,319	63,712,079
Financial liabilities measured at amortised cost - other borrowings	(14,814,709)	(25,260,198)	(13,361,278)	(25,137,052)
Securities sold under repurchase agreements	9,932,282	4,332,226	9,932,282	4,332,226
Other liabilities	(16,604,388)	1,425,852	(17,509,491)	1,370,809
	31,742,671	46,726,378	33,679,832	44,278,061
Net cash generated from operating activities before income tax	23,780,522	30,551,736	31,426,158	29,416,106
Income tax and surcharge tax paid	(3,537,699)	(1,588,314)	(3,906,249)	(1,743,860)
Net cash generated from operating activities	20,242,823	28,963,422	27,519,909	27,672,246
Cash flows from investing activities				
Purchase of property, plant and equipment	(403,907)	(249,411)	(512,805)	(329,709)
Proceeds from the sale of property, plant and equipment	12,800	8,617	13,276	9,340
Net proceeds from sale, maturity and purchase of financial investments	22,479,098	12,116,250	14,049,435	8,610,466
Net purchase of intangible assets	(123,781)	(286,110)	(150,508)	(292,564)
Dividends received from investment in subsidiaries	-	251,941	-	-
Dividends received from other investments	297,832	32,117	13,999	34,881
Net cash used in investing activities	22,262,042	11,873,404	13,413,397	8,032,414
Cash flows from financing activities				
Repayment of subordinated debt/debt securities issued	-	(7,307,500)	-	(7,050,000)
Dividend paid to non controlling interest	-	-	(192,119)	(169,835)
Dividend paid to shareholders of the parent company	(3,383,123)	(2,266,079)	(3,383,123)	(2,266,079)
Net cash used in financing activities	(3,383,123)	(9,573,579)	(3,575,242)	(9,485,914)
Net increase / (decrease) in cash and cash equivalents	39,121,743	31,263,248	37,358,064	26,218,746
Cash and cash equivalents at the beginning of the period	38,185,254	34,123,562	47,271,645	47,025,392
Cash and cash equivalents at the end of the period	77,306,997	65,386,810	84,629,709	73,244,138
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	71,394,852	61,586,443	72,901,586	61,980,676
Placements with banks	5,912,145	3,800,367	11,728,123	11,263,462
	77,306,997	65,386,810	84,629,709	73,244,138

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 30th June 2022	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	-	71,394,852	-	71,394,852
Placements with banks	-	5,912,145	-	5,912,145
Balances with Central Bank of Sri Lanka	-	26,290,332	-	26,290,332
Reverse repurchase agreements	-	-	-	4,447,890
Derivative financial instruments	10,946,707	-	-	10,946,707
Financial assets measured at fair value through profit or loss	90,994	-	-	90,994
Financial assets measured at amortised cost				
- loans and advances to customer	-	991,283,929	-	991,283,929
Financial assets measured at amortised cost - debt and other financial instruments	-	418,562,091	-	418,562,091
Financial assets measured at fair value through other comprehensive income	-	-	2,693,695	2,693,695
Other financial assets	-	8,216,529	-	8,216,529
Total financial assets	11,037,701	1,521,659,878	2,693,695	1,535,391,274
LIABILITIES				
Due to banks	-	5,944,381	-	5,944,381
Derivative financial instruments	476,589	-	-	476,589
Securities sold under repurchase agreements	-	44,135,192	-	44,135,192
Financial liabilities measured at amortised cost - due to depositors	-	1,292,899,683	-	1,292,899,683
Dividends payable	-	1,030,607	-	1,030,607
Financial liabilities measured at amortised cost - other borrowings	-	33,048,857	-	33,048,857
Debt securities issued	-	2,091,001	-	2,091,001
Other financial liabilities	-	46,600	-	46,600
Subordinated term debts	-	24,769,500	-	24,769,500
Total financial liabilities	476,589	1,403,965,821	-	1,404,442,410
As at 31st December 2021				
	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	-	38,185,254	-	38,185,254
Placements with banks	-	-	-	-
Balances with Central Bank of Sri Lanka	-	25,820,489	-	25,820,489
Derivative financial instruments	927,487	-	-	927,487
Financial assets measured at fair value through profit or loss	103,365	-	-	103,365
Financial assets measured at amortised cost - loans and advances to customer	-	876,254,693	-	876,254,693
Financial assets measured at amortised cost - debt and other financial instruments	-	160,677,520	-	160,677,520
Financial assets measured at fair value through other comprehensive income	-	-	203,426,433	203,426,433
Other financial assets	-	6,123,181	-	6,123,181
Total financial assets	1,030,852	1,107,061,137	203,426,433	1,311,518,422
LIABILITIES				
Due to banks	-	17,075,502	-	17,075,502
Derivative financial instruments	353,356	-	-	353,356
Securities sold under repurchase agreements	-	33,524,226	-	33,524,226
Financial liabilities measured at amortised cost - due to depositors	-	1,075,709,287	-	1,075,709,287
Dividends payable	-	989,212	-	989,212
Financial liabilities measured at amortised cost - other borrowings	-	24,747,869	-	24,747,869
Debt securities issued	-	1,962,749	-	1,962,749
Other financial liabilities	-	9,346	-	9,346
Subordinated term debts	-	23,552,323	-	23,552,323
Total financial liabilities	353,356	1,177,570,514	-	1,177,923,870

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 30th June 2022	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	-	72,901,586	-	72,901,586
Placements with banks	-	11,728,123	-	11,728,123
Balances with Central Bank of Sri Lanka	-	26,290,332	-	26,290,332
Reverse repurchase agreements	-	4,447,890	-	4,447,890
Derivative financial instruments	10,946,707	-	-	10,946,707
Financial assets measured at fair value through profit or loss	193,656	-	-	193,656
Financial assets measured at amortised cost	-	-	-	-
- loans and advances to customers	-	1,027,431,728	-	1,027,431,728
Financial assets measured at amortised cost - debt and other financial instruments	-	441,034,191	-	441,034,191
Financial assets measured at fair value through other comprehensive income	-	-	6,613,000	6,613,000
Other financial assets	-	10,250,075	-	10,250,075
Total financial assets	11,140,363	1,594,083,925	6,613,000	1,611,837,288
LIABILITIES				
Due to banks	-	5,944,381	-	5,944,381
Derivative financial instruments	476,589	-	-	476,589
Securities sold under repurchase agreements	-	44,135,192	-	44,135,192
Financial liabilities measured at amortised cost - due to depositors	-	1,325,714,413	-	1,325,714,413
Dividends payable	-	1,054,905	-	1,054,905
Financial liabilities measured at amortised cost - other borrowings	-	35,310,253	-	35,310,253
Debt securities issued	-	2,609,910	-	2,609,910
Other financial liabilities	-	2,128,454	-	2,128,454
Subordinated term debts	-	25,666,921	-	25,666,921
Total financial liabilities	476,589	1,442,564,430	-	1,443,041,018
As at 31st December 2021				
	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	-	40,900,372	-	40,900,372
Placements with banks	-	6,371,273	-	6,371,273
Balances with Central Bank of Sri Lanka	-	25,820,489	-	25,820,489
Reverse repurchase agreements	-	6,246,276	-	6,246,276
Derivative financial instruments	927,487	-	-	927,487
Financial assets measured at fair value through profit or loss	862,641	-	-	862,641
Financial assets measured at amortised cost - loans and advances to customers	-	911,253,345	-	911,253,345
Financial assets measured at amortised cost - debt and other financial instruments	-	171,930,640	-	171,930,640
Financial assets measured at fair value through other comprehensive income	-	-	210,804,487	210,804,487
Other financial assets	-	8,034,880	-	8,034,880
Total financial assets	1,790,128	1,170,557,275	210,804,487	1,383,151,890
LIABILITIES				
Due to banks	-	17,075,502	-	17,075,502
Derivative financial instruments	353,356	-	-	353,356
Securities sold under repurchase agreements	-	33,524,226	-	33,524,226
Financial liabilities measured at amortised cost - due to depositors	-	1,107,065,820	-	1,107,065,820
Dividends payable	-	1,013,629	-	1,013,629
Financial liabilities measured at amortised cost - other borrowings	-	25,555,834	-	25,555,834
Debt securities issued	-	2,465,085	-	2,465,085
Other financial liabilities	-	2,329,388	-	2,329,388
Subordinated term debts	-	24,391,912	-	24,391,912
Total financial liabilities	353,356	1,213,421,396	-	1,213,774,752

SEGMENT REPORTING

As at 30th June	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBFI*		Eliminations / Unallocated		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Net interest income	3,046,708	2,837,788	12,263,526	6,681,978	4,192,510	3,841,767	396,802	420,211	19,563,444	8,210,757	40,543	(10,341)	1,753,390	1,205,269	1,922,139	2,019,444	1,000,132	1,480,727	44,179,194	26,687,599
Foreign exchange income	(3,922,343)	138,996	108,536	80,211	(118,729)	133,282	1,730	827	787,241	1,490,660	-	-	-	-	-	-	18,718,126	1,342,952	15,574,561	3,186,928
Net fee and commission income	2,560,875	1,500,275	2,647,368	2,007,715	1,710,095	1,057,714	93,697	65,534	1,651	65	-	-	139,080	124,594	209,908	223,575	133,718	(216,173)	7,496,392	4,763,299
Other operating income	-	-	-	-	-	-	-	-	28,880	5,158	506,966	500,710	6,570,604	5,059,096	422,649	122,650	(525,782)	74,823	7,003,317	5,762,437
Total operating income	1,685,240	4,477,059	15,019,430	8,769,904	5,783,876	5,032,763	492,229	486,572	20,381,216	9,706,640	547,509	490,369	8,463,074	6,388,959	2,554,696	2,365,669	19,326,194	2,682,329	74,253,464	40,400,263
Impairment charge for loans and other losses	11,356,093	2,707,429	2,498,285	1,394,039	4,981,387	1,993,777	52,282	457,596	21,205,860	(224,007)	-	-	16,048	2,294	670,610	463,166	-	-	40,780,565	6,794,294
Net operating income	(9,670,853)	1,769,630	12,521,145	7,375,865	802,489	3,038,986	439,947	28,976	(824,644)	9,930,647	547,509	490,369	8,447,026	6,386,665	1,884,086	1,902,503	19,326,194	2,682,329	33,472,899	33,605,969
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,515,843	11,948,589
Share of profit of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150,573	65,372
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(603,255)	(2,210,725)
Non - controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(254,692)	(327,100)
Net Profit for the year attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,808,469	9,476,136
As at 30th June																				
Segment assets	556,479,716	390,794,326	263,360,022	212,105,801	237,015,547	216,141,501	25,957,443	27,576,046	463,478,400	464,346,965	10,984,625	10,701,975	38,491,096	33,769,200	50,749,343	34,582,862	47,851,073	24,017,882	1,694,367,265	1,414,036,558
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,817,006	2,664,838	3,817,006	2,664,838
Total assets	556,479,716	390,794,326	263,360,022	212,105,801	237,015,547	216,141,501	25,957,443	27,576,046	463,478,400	464,346,965	10,984,625	10,701,975	38,491,096	33,769,200	50,749,343	34,582,862	51,668,079	26,682,720	1,698,184,271	1,416,701,396
Segment liabilities	253,332,157	171,234,824	776,520,407	661,688,040	235,278,802	184,372,690	11,803,728	9,233,351	43,419,763	71,128,663	10,984,625	10,701,975	38,491,096	33,769,200	50,749,343	34,582,862	277,604,350	239,989,791	1,698,184,271	1,416,701,396
Total liabilities	253,332,157	171,234,824	776,520,407	661,688,040	235,278,802	184,372,690	11,803,728	9,233,351	43,419,763	71,128,663	10,984,625	10,701,975	38,491,096	33,769,200	50,749,343	34,582,862	277,604,350	239,989,791	1,698,184,271	1,416,701,396
For the 6 months ended 30th June																				
Information on cash flows																				
Cash flows from operating activities	(20,252,662)	2,979,037	3,860,455	49,476,640	13,199,416	6,628,936	4,511,367	637,792	5,736,648	(10,614,143)	58,471	330,239	1,672,737	1,168,667	(597,076)	(3,199,896)	19,330,553	(19,735,026)	27,519,909	27,672,246
Cash flows from investing activities	(1,500,000)	-	-	-	-	-	-	-	14,049,435	9,805,457	948,828	-	(2,239,170)	(719,479)	(3,737,150)	(163,375)	5,891,454	(890,189)	13,413,397	8,032,414
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(557,106)	(480,208)	(311,253)	(61,324)	(2,706,883)	(8,944,382)	(3,575,242)	(9,485,914)
Net cash flow generated during the period	(21,752,662)	2,979,037	3,860,455	49,476,640	13,199,416	6,628,936	4,511,367	637,792	19,786,083	(808,686)	1,007,299	330,239	(1,123,539)	(31,020)	(4,645,479)	(3,424,595)	22,515,124	(29,569,597)	37,358,064	26,218,746
Capital expenditure																				
- Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	(93,912)	(56,349)	(14,986)	(23,949)	(403,907)	(249,411)	(512,805)	(329,709)
- Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	(9,026)	(6,454)	(17,701)	-	(123,781)	(286,110)	(150,508)	(292,564)
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	(102,938)	(62,803)	(32,687)	(23,949)	(527,688)	(535,521)	(663,313)	(622,273)

* Business of HNB Finance PLC

EXPLANATORY NOTES

1. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2021.
2. There are no material changes during the period in the composition of assets, liabilities and contingent liabilities and use of funds raised through debentures. All known expenditure items have been provided for.

3. ECL Assessment and computation

The Bank reassessed the Probabilities of Default (PD) and made required adjustments to the Economic Factors used in collective impairment assessment as at June 2022 taking into consideration the changes in the macro economic factors such as the significant volatility in exchange rates, increasing interest rates, high inflation and decline in GDP growth rates. In respect of customers who were under moratoriums, stage assessment continued to be carried out after stress testing to address potential significant increase in credit risk (SICR) based on the conditions which prevailed prior to granting of moratoriums and the subsequent behavior of the portfolio. The management overlays recognised in respect of exposures to specific industries where an elevated level of risk have been identified were re-assessed to ensure that potential SICR is adequately addressed taking into consideration the implications of the prevailing economic conditions on the customer portfolios post moratoriums. The Bank has made adequate provisions for expected credit losses in the financial statements as at 30th June 2022 to ensure that the potential impact to its loan portfolio is covered. The Board will continue to monitor the implications in a prudent manner and make adjustments, if required.

Further, provision against foreign currency denominated government securities increased from Quarter 1, which resulted in a significant increase in impairment recognized in the income statement.

4. Bank re-classified its debt securities portfolio measured at fair value through other comprehensive income to amortised cost category with effect from 1st April 2022 in accordance with "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" issued by CA Sri Lanka. Accordingly, Treasury Bills, Treasury Bonds and International Sovereign Bond investments which were previously classified as financial assets measured at Fair Value Through Other Comprehensive Income (FVOCI) were re-classified as financial assets measured at amortised cost. There was no change to the effective interest rate used and interest revenue recognised in respect of the reclassified assets for the period ended 30th June 2022.

Had these investments continued to be carried at fair value through other comprehensive income, the fair value of same as at 30th June 2022 would have amounted to Rs 26 Bn and would have resulted in the recognition of a fair value loss of Rs 7.8 Bn (net of tax) in other comprehensive income during the period.

5. 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.
6. In accordance with the Statement of Alternative Treatment (SoAT) issued by CA Sri Lanka on 22nd April 2022, and related amendments, the Surcharge Tax expense which is deemed to be an expenditure for the year of assessment which commenced on 1 April 2020, has been recorded as an adjustment to the opening retained earnings as at 1 January 2022 as reported in the Statement of Changes in Equity. The said adjustment has been incorporated in the Financial Statements during the quarter ended 30 June 2022.
7. Where required, figures on the audited annual financial statements have been reclassified to conform to Central Bank of Sri Lanka publication requirements.
8. The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd, HNB Finance PLC & the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd.
9. The funds raised through debentures previously issued were fully utilized for the objectives mentioned in the respective prospectuses.
10. 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 30.06.2022	As at 31.12.2021	As at 30.06.2022	As at 31.12.2021
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1.Rs.Mn	116,617	122,798	130,768	134,611
Tier 1 Capital.Rs.Mn	116,617	122,798	130,768	134,611
Total Capital.Rs.Mn	148,937	153,484	163,759	165,800
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2022 - 8.00%:2021 - 7.00%)	11.39%	14.53%	11.62%	14.45%
Tier 1 Capital Ratio (Minimum Requirement - 2022 - 9.50%:2021 - 8.50%)	11.39%	14.53%	11.62%	14.45%
Total Capital Ratio (Minimum Requirement 2022 - 13.50%:2021 - 12.50%)	14.54%	18.16%	14.56%	17.80%
Leverage Ratio (Minimum Requirement- 3.00%)	6.59%	7.97%	6.98%	8.22%
Assets Quality (Quality of Loan Portfolio)				
Impaired Loans (Stage 3) Ratio,%	2.46%	2.55%		
Impairment (Stage 3) to Stage 3 loans Ratio,%	63.00%	56.11%		
Profitability (Annualised)				
Interest Margin,%	5.40%	3.70%		
Return on Assets (before Tax),%	0.81%	1.48%		
Return on Equity,%	7.31%	12.09%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	306,841	311,795		
Off-Shore Banking Unit	41,524	22,254		
Statutory Liquid Assets Ratio (Minimum requirement 20%)				
Domestic Banking unit	22.94%	27.95%		
Off-Shore Banking Unit	22.66%	24.95%		
Total Stock of High-Quality Liquid Assets, Rs. Mn				
Liquidity Coverage Ratio (%) - Rupee	185.98%	191.38%		
(Minimum Requirement - 2022 -90%,2021 - 100%)				
Liquidity Coverage Ratio (%) - All Currency	210.34%	207.99%		
(Minimum Requirement - 2022 - 90%,2021 - 100%)				
Net Stable Funding Ratio(Minimum Requirement - 2022 - 90%,2021 - 100%)	116.41%	117.57%		

LISTED DEBENTURE INFORMATION

Quarter ended 30th June	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		
	2022		2021		2022	2021	Quarter ended 30th June	2022	2021
	Highest Rs.	Lowest Rs.	Highest Rs.	Lowest Rs.	Rs.	Rs.			
HNB DEBENTURES 2006									
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	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	N/T	N/T	N/T	N/T	15 year Fixed Rate (16.75% p.a.)	N/T	N/T
HNB DEBENTURES 2011									
10 year Fixed Rate (11.50% p.a.)	N/A	N/A	N/T	N/T	N/A	N/T	10 year Fixed Rate (11.50% p.a.)	N/A	N/T
HNB DEBENTURES 2013									
10 year Fixed Rate (8.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	10 year Fixed Rate (8.00% p.a.)	N/T	N/T
HNB DEBENTURES 2014									
10 year Fixed Rate (8.33% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	10 year Fixed Rate (8.33% p.a.)	N/T	N/T
HNB DEBENTURES 2016									
5 year Fixed Rate (11.75% p.a.)	N/A	N/A	N/T	N/T	N/A	N/T	5 year Fixed Rate (11.75% p.a.)	N/A	N/T
7 year Fixed Rate (13.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	7 year Fixed Rate (13.00% p.a.)	N/T	N/T
HNB DEBENTURES 2019									
5 year Fixed Rate (12.30% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	5 year Fixed Rate (12.30% p.a.)	N/T	N/T
7 year Fixed Rate (12.80% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	7 year Fixed Rate (12.80% p.a.)	N/T	N/T
HNB DEBENTURES 2021									
10 year Fixed Rate (9.50% p.a.)	N/T	N/T	N/A	N/A	N/T	N/A	10 year Fixed Rate (9.50% p.a.)	N/T	N/A

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

RATIOS OF DEBT		
	30.06.2022	31.12.2021
Debt Equity Ratio (%)	35.07	28.27
	30.06.2022	30.06.2021
Interest Cover (Times)	4.30	5.12
	30.06.2022	30.06.2021
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 18 year maturity	20.56	6.47
2007 series 15 year maturity	19.55	5.43
2011 series 10 year maturity	N/A	5.01
2013 series 10 year maturity	20.82	6.13
2014 series 10 year maturity	20.93	6.68
2016 series 5 year maturity	N/A	5.09
2016 series 7 year maturity	20.82	6.26
2019 series 5 year maturity	20.83	6.62
2019 series 7 year maturity	22.53	7.43
2021 series 10 year maturity	21.34	N/A

Quarter ended 30th June	Yield to Maturity of Last Trade Done (% p.a.)	
	2022	2021
HNB DEBENTURES 2006		
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/A	N/T
HNB DEBENTURES 2013		
10 year Fixed Rate (8.00% p.a.)	N/T	N/T
HNB DEBENTURES 2014		
10 year Fixed Rate (8.33% p.a.)	N/T	N/T
HNB DEBENTURES 2016		
5 year Fixed Rate (11.75% p.a.)	N/A	N/T
7 year Fixed Rate (13.00% p.a.)	N/T	N/T
HNB DEBENTURES 2019		
5 year Fixed Rate (12.30% p.a.)	N/T	N/T
7 year Fixed Rate (12.80% p.a.)	N/T	N/T
HNB DEBENTURES 2021		
10 year Fixed Rate (9.50% p.a.)	N/T	N/A

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

SHARE INFORMATION

As at	30-Jun-22	31-Dec-21
Number of Shares		
Voting	428,442,985	420,859,924
Non-voting	107,112,457	105,044,649
Last Traded Price per share		
Voting	79.50	135.00
Non-voting	73.80	122.25

For the Quarter Ended	30-Jun-22	30-Jun-21
Highest price per share		
Voting	110.75	139.00
Non-voting	101.25	111.75
Lowest price per share		
Voting	76.50	123.00
Non-voting	73.00	91.50

PUBLIC SHAREHOLDING PERCENTAGE

	30-Jun-22	
	Number	%
Number of shareholders representing the public holding (Voting)	8,128	69% approx.
Number of shareholders representing the public holding (Non Voting)	11,240	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs 23.5 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	30-Jun-22	31-Dec-21
1. Mrs. Aruni Goonetilleke	-	-
2. Mr. A.J. Alles (Chief Executive Officer)	143,614	131,855
3. Mr. D.A. Cabraal	-	-
4. Mr. L.U.D. Fernando	3,546	91
5. Mr. W.M.M.D. Ratnayake	-	-
6. Mr. M.P.D. Cooray	8,776	8,607
7. Mr. D.P.N. Rodrigo (Chief Operating Officer)	26,164	25,702
8. Mr. O. H. S. Chandrawansa	-	-
9. Mr. P.R. Saldin	3,242	3,180
10. Mr. N. Jayawardena	-	-
11. Mr. Kithsiri Gunawardena (Appointed w.e.f. 21st January 2022)	-	N/A
12. Mr. Rashitha Gunawardena (Appointed w.e.f. 21st January 2022)	24,362	N/A
Dr. T.K.D.A.P. Samarasinghe (Alternate Director to Mr. L.U.D. Fernando w.e.f. 5th July 2019)		-

20 MAJOR SHAREHOLDERS (VOTING) AS AT 30TH JUNE 2022

	Name	No. of shares	% on total voting capital
1.	BROWNS INVESTMENTS PLC (CONSISTING OF SAMPATH BANK PLC / BROWNS INVESTMENTS PLC & BROWNS INVESTMENTS PLC ACCOUNTS)	42,781,221	9.99
2.	EMPLOYEE'S PROVIDENT FUND	41,760,448	9.75
3.	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	35,420,657	8.27
4.	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	33,879,251	*7.91
5.	STASSEN EXPORTS (PVT) LIMITED	29,365,409	*6.85
6.	MR. S.E. CAPTAIN	27,893,390	6.51
7.	SONETTO HOLDINGS LIMITED	21,057,534	4.91
8.	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	18,197,265	4.25
9.	DISTILLERIES COMPANY OF SRI LANKA PLC	13,138,456	*3.07
10.	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	12,648,965	2.95
11.	NATIONAL SAVINGS BANK	12,293,280	2.87
12.	DON AND DON HOLDING (PRIVET) LIMITED (CONSISTING OF PEOPLE'S LEASING & FINANCE PLC / DON AND DON HOLDING (PRIVET) LIMITED & DON AND DON HOLDING (PRIVET) LIMITED)	11,612,806	2.71
13.	RBC INVESTOR SERVICES TRUST-RBC EMERGING MARKETS SMALL-CAP EQUITY FUND	9,012,692	2.10
14.	MR. D.N.N. LOKUGE	8,909,890	2.08
15.	STANDARD CHARTERED BANK SINGAPORE S/A HL BANK SINGAPORE BRANCH	8,041,493	1.88
16.	MS. L.A. CAPTAIN	8,007,163	1.87
17.	SIMONAS TRUST SERVICE PVT LTD	3,635,582	0.85
18.	EMPLOYEES TRUST FUND BOARD	3,162,155	0.74
19.	CEI PLASTICS LTD	2,319,442	0.54
20.	KEYSTONE (PRIVATE) LTD	2,230,027	0.52

* 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 2022

	Name	No. of shares	% on total non-voting capital
1.	BROWNS INVESTMENTS PLC (CONSISTING OF SAMPATH BANK PLC / BROWNS INVESTMENTS PLC & BROWNS INVESTMENTS PLC ACCOUNTS)	49,131,696	45.87
2.	ACUITY PARTNERS (PVT) LIMITED/MR. ELAYATHAMBY THAVAGNANASOORIYAM / MR. ELAYATHAMBY THAVAGNANASUNDARAM	5,474,116	5.11
3.	AKBAR BROTHERS PVT LTD A/C NO 1	4,745,503	4.43
4.	MR. S.E. CAPTAIN	1,658,622	1.55
5.	EMPLOYEES TRUST FUND BOARD	1,581,198	1.48
6.	HATTON NATIONAL BANK PLC A/C NO 2	770,799	0.72
7.	SABOOR CHATOOR (PVT) LTD	733,462	0.68
8.	MR. E. CHATOOR	694,370	0.65
9.	MR. J.D. BANDARANAYAKE (JOINT - 1 : DR. V. BANDARANAYAKE VASANTHY & JOINT 2 : MISS I. BANDARANAYAKE ISHANI)	588,621	0.55
10.	MR. J.D. BANDARANAYAKE (JOINT - 1 : MISS N. BANDARANAYAKE NILUKA & JOINT 2 : DR. V. BANDARANAYAKE VASANTHA)	588,521	0.55
11.	E.W. BALASURIYA & CO. (PVT) LTD	535,046	0.50
12.	PEOPLE'S LEASING & FINANCE PLC/MR. I.D.R. PERERA	524,116	0.49
13.	DON AND DON HOLDINGS PRIVATE LIMITED	471,409	0.44
14.	MISS R.H. ABDULHUSSEIN	461,334	0.43
15.	MR. M.J. FERNANDO	438,508	0.41
16.	DR. R.D. BANDARANAIKE	414,547	0.39
17.	LANKA SYNTHETIC FIBRE CO LTD	390,200	0.36
18.	MR. Y.H. ABDULHUSSEIN	380,768	0.36
19.	MR. M.V. THEAGARAJAH	356,904	0.33
20.	BANK OF CEYLON - NO2 A/C (BOC PTF)	335,283	0.31

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT

As at	BANK		GROUP	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	Rs.000	Rs.000	Rs.000	Rs.000
1) Gross loans and advances to customers	1,066,657,861	928,971,730	1,108,433,204	968,907,254
Less: Accumulated impairment under stage 1	7,486,400	6,494,958	6,835,271	7,653,405
Accumulated impairment under stage 2	14,413,208	10,188,641	16,537,040	10,754,926
Accumulated impairment under stage 3	53,474,324	36,033,438	57,629,165	39,245,578
Net loans and advances	991,283,929	876,254,693	1,027,431,728	911,253,345
Product-wise gross loans and advances to customers				
By product - Domestic currency				
Overdrafts	125,601,443	113,600,698	125,426,261	113,481,699
Bills of exchange	332,187	365,386	332,187	365,386
Commercial papers	155,480	153,705	155,480	153,705
Short term loans	138,121,393	114,458,781	138,529,560	114,862,283
Credit cards	13,252,500	12,136,458	13,252,500	12,136,458
Trust receipts	20,985,731	18,489,245	20,985,731	18,489,245
Packing credit loans	7,880,718	7,069,426	7,880,718	7,069,426
Staff loans	17,676,557	18,504,857	18,260,718	19,087,913
Term loans	411,754,008	397,395,537	434,812,574	421,361,659
Lease rentals receivable	74,288,604	67,614,665	88,328,585	80,655,937
Housing loans	52,292,415	48,160,735	52,292,415	48,160,735
Pawning advances	38,821,339	28,085,905	42,680,989	30,146,476
Securitized notes	1,041,732	1,351,560	1,041,732	1,351,560
Sub total	902,204,107	827,386,958	943,979,450	867,322,482
By product-Foreign Currency				
Overdrafts	4,099,972	2,426,175	4,099,972	2,426,175
Bills of exchange	375,788	963,469	375,788	963,469
Short term loans	12,111,562	1,563,249	12,111,562	1,563,249
Trust receipts	4,953,585	5,087,604	4,953,585	5,087,604
Packing credit loans	26,258,729	14,013,242	26,258,729	14,013,242
Term loans	112,765,499	75,110,537	112,765,499	75,110,537
Lease rentals receivable	572,890	220,958	572,890	220,958
Housing loans	3,315,729	2,199,538	3,315,729	2,199,538
Sub total	164,453,754	101,584,772	164,453,754	101,584,772
Total	1,066,657,861	928,971,730	1,108,433,204	968,907,254
Movements in stage-wise impairment of loans & advances during the period				
	Bank			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2021	3,091,724	8,058,780	30,812,232	41,962,736
Net impairment charge for the period	767,090	3,256,505	2,089,485	6,113,081
Other movements	-	-	273,439	273,439
Closing balance as at 30th June 2021	3,858,814	11,315,285	33,175,156	48,349,256
Opening balance as at 1st January 2022	6,494,958	10,188,641	36,033,438	52,717,037
Net impairment charge for the period	985,227	4,215,367	12,558,748	17,759,342
Other movements	6,215	9,200	4,882,138	4,897,553
Closing balance as at 30th June 2022	7,486,400	14,413,208	53,474,324	75,373,932
	Group			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2021	3,799,787	8,284,622	33,820,590	45,904,999
Net impairment charge for the period	1,232,551	3,256,506	2,089,485	6,578,542
Write-offs during the period	-	-	(567,023)	(567,023)
Other movements	-	-	273,439	273,439
Closing balance as at 30th June 2021	5,032,338	11,541,128	35,616,491	52,189,957
Opening balance as at 1st January 2022	5,157,121	12,312,473	40,188,279	57,657,873
Net impairment charge for the period	1,671,935	4,215,367	12,558,748	18,446,050
Write-offs during the period	-	-	-	-
Other movements	6,215	9,200	4,882,138	4,897,553
Closing balance as at 30th June 2022	6,835,271	16,537,040	57,629,165	81,001,476

ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

As at	BANK		GROUP	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	Rs.000	Rs.000	Rs.000	Rs.000
2) Gross commitments and contingencies	854,880,565	676,242,350	854,880,565	676,242,350
Less : Accumulated impairment under stage 1	1,299,133	810,503	1,299,133	810,503
Accumulated impairment under stage 2	484,446	201,327	484,446	201,327
Accumulated impairment under stage 3	1,327,380	1,123,884	1,327,380	1,123,884
	851,769,606	674,106,636	851,769,606	674,106,636
Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	803,729	668,552	803,729	668,552
Guarantees	52,647,164	59,686,884	52,647,164	59,686,884
Acceptances	404	237,321	404	237,321
Bills for collection	1,125,408	644,150	1,125,408	644,150
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	23,945,765	18,584,454	23,945,765	18,584,454
Cheques sent on clearing	4,205,761	4,069,632	4,205,761	4,069,632
Undrawn credit lines	361,242,848	420,416,157	361,242,848	420,416,157
Sub total	443,971,079	504,307,150	443,971,079	504,307,150
By Product - Foreign Currency				
Documentary credit	34,935,971	31,899,247	34,935,971	31,899,247
Guarantees	66,807,597	41,087,552	66,807,597	41,087,552
Acceptances	28,746,190	22,099,563	28,746,190	22,099,563
Bills for collection	27,398,169	20,236,767	27,398,169	20,236,767
Forward exchange contracts				
Forward exchange sales	1,662,127	12,150,970	1,662,127	12,150,970
Forward exchange purchases	1,842,161	25,740,382	1,842,161	25,740,382
Cheques sent on clearing	56,882	-	56,882	-
Undrawn credit lines	249,460,389	18,720,719	249,460,389	18,720,719
Sub total	410,909,486	171,935,200	410,909,486	171,935,200
Total	854,880,565	676,242,350	854,880,565	676,242,350
Movements in stage-wise impairment of commitments and contingencies during the period				
	BANK / GROUP			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2021	735,795	256,266	1,218,185	2,210,246
Net impairment charge for the period	153,632	(79,011)	238,347	312,968
Closing balance as at 30th June 2021	889,427	177,255	1,456,532	2,523,214
Opening balance as at 1st January 2022	789,147	154,772	1,249,055	2,192,974
Net impairment charge for the period	509,986	329,674	78,325	917,985
Closing balance as at 30th June 2022	1,299,133	484,446	1,327,380	3,110,959

ANALYSIS OF DEPOSITS

As at	BANK		GROUP	
	30.06.2022 Rs.000	31.12.2021 Rs.000	30.06.2022 Rs.000	31.12.2021 Rs.000
3) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	71,588,835	67,433,359	71,317,063	67,180,885
Savings deposits	299,548,976	315,592,442	298,075,065	318,074,247
Time deposits	548,420,375	462,006,964	583,547,016	491,465,520
Certificates of deposit	315,150	322,715	315,150	322,715
Margin deposits	2,684,442	1,844,970	2,684,442	1,844,970
Sub total	922,557,778	847,200,450	955,938,736	878,888,337
By product- Foreign Currency				
Current account deposits	13,437,681	5,770,679	13,437,681	5,770,679
Savings deposits	86,472,253	52,156,901	86,445,645	52,113,034
Time deposits	268,631,557	170,192,821	268,091,937	169,905,334
Margin deposits	1,800,414	388,436	1,800,414	388,436
Sub total	370,341,905	228,508,837	369,775,677	228,177,483
Total	1,292,899,683	1,075,709,287	1,325,714,413	1,107,065,820

FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

The Group measures the fair values of financial instruments using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Fair value measurement using unadjusted quoted market prices

When available, the fair values of financial instruments are determined using quoted market prices (unadjusted) in active markets for identical instruments. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Accordingly, the fair values of treasury bills and bonds have been derived using the market yields and market prices published by Central Bank of Sri Lanka while fair value of quoted equity securities and Sri Lanka Sovereign Bonds have been valued using the quoted market prices as at the reporting date.

Level 2: Fair value measurement using significant observable inputs

In the absence of an active market for a financial instrument, the fair value is determined using quoted market prices in active markets for similar instruments or quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The spot and forward premiums available as at the reporting date have been used to estimate the fair value of derivative financial instruments while the fair value of unquoted units have been measured using manager's selling prices. The fair values of financial assets and financial liabilities carried at amortised cost have been estimated by comparing the interest rates when they were first recognised with the current market rates of similar instruments.

Level 3: Fair value measurement using significant unobservable inputs

Financial instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

There are no material changes in the fair value of financial assets categorised under Level 3 compared to the values reported as at 31st December 2021. The Group has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments during the period ended 30th June 2022.

FINANCIAL ASSETS & LIABILITIES MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

As at 30th June 2022	BANK				GROUP			
	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Financial assets measured at fair value								
Derivative financial instruments	-	10,946,707	-	10,946,707	-	10,946,707	-	10,946,707
Financial assets measured at fair value through profit or loss	90,994	-	-	90,994	193,656	-	-	193,656
Financial assets measured at fair value through other comprehensive income	2,693,695	383,951	27,839	3,105,485	6,198,498	383,951	30,551	6,613,000
Total financial assets measured at fair value	2,784,689	11,330,658	27,839	14,143,186	6,392,154	11,330,658	30,551	17,753,363
Financial liabilities measured at fair value								
Derivative financial instruments	-	476,589	-	476,589	-	476,589	-	476,589
Total financial liabilities measured at fair value	-	476,589	-	476,589	-	476,589	-	476,589

As at 31st December 2021	BANK				GROUP			
	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Financial assets measured at fair value								
Derivative financial instruments	-	927,487	-	927,487	-	927,487	-	927,487
Financial assets measured at fair value through profit or loss	103,365	-	-	103,365	669,056	193,585	-	862,641
Financial assets measured at fair value through other comprehensive income	202,863,849	534,745	27,839	203,426,433	210,239,191	534,745	30,551	210,804,487
Total financial assets measured at fair value	202,967,214	1,462,232	27,839	204,457,285	210,908,247	1,655,817	30,551	212,594,615
Financial liabilities measured at fair value								
Derivative financial instruments	-	353,356	-	353,356	-	353,356	-	353,356
Total financial liabilities measured at fair value	-	353,356	-	353,356	-	353,356	-	353,356

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

As at 30th June 2022	BANK					GROUP				
	Carrying Value Rs.000	Fair Value			Total Rs.000	Carrying Value Rs.000	Fair Value			Total Rs.000
		Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000			Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	
Financial Assets										
Financial assets measured at amortised cost										
Loans and advances to customers	991,283,929	-	957,115,700	-	957,115,700	1,027,431,728	-	986,269,780	-	986,269,780
Debt and other instruments	418,562,091	74,090,673	223,714,795	-	297,805,468	441,034,191	83,650,785	233,500,750	-	317,151,535
Total financial assets measured at amortised cost	1,409,846,020	74,090,673	1,180,830,495	-	1,254,921,168	1,468,465,919	83,650,785	1,219,770,530	-	1,303,421,315
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,292,899,683	-	1,291,178,671	-	1,291,178,671	1,325,714,413	-	1,320,300,085	-	1,320,300,085
Other borrowings	33,048,857	-	33,048,857	-	33,048,857	35,310,253	-	35,310,253	-	35,310,253
Debt securities issued	2,091,001	-	1,972,527	-	1,972,527	2,609,910	-	2,491,436	-	2,491,436
Subordinated term debts	24,769,500	-	19,771,762	-	19,771,762	25,666,921	-	20,303,333	-	20,303,333
Total financial liabilities measured at amortised cost	1,352,809,041	-	1,345,971,817	-	1,345,971,817	1,389,301,497	-	1,378,405,107	-	1,378,405,107

As at 31st December 2021	BANK					GROUP				
	Carrying Value Rs.000	Fair Value			Total Rs.000	Carrying Value Rs.000	Fair Value			Total Rs.000
		Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000			Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	
Financial Assets										
Financial assets measured at amortised cost										
Loans and advances to customers	876,254,693	-	879,098,776	-	879,098,776	911,253,345	-	911,197,915	-	911,197,915
Debt and other instruments	160,677,520	70,059,563	48,960,905	-	119,020,468	171,930,640	74,513,315	54,992,275	814,264	130,319,854
Total financial assets measured at amortised cost	1,036,932,213	70,059,563	928,059,681	-	998,119,244	1,083,183,985	74,513,315	966,190,190	814,264	1,041,517,769
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,075,709,287	-	1,076,410,109	-	1,076,410,109	1,107,065,820	-	1,107,178,468	-	1,107,178,468
Other borrowings	24,747,869	-	24,747,869	-	24,747,869	25,555,834	-	25,555,834	-	25,555,834
Debt securities issued	1,962,749	-	2,067,803	-	2,067,803	2,465,085	-	2,565,609	-	2,565,609
Subordinated term debts	23,552,323	-	24,436,735	-	24,436,735	24,391,912	-	25,362,475	-	25,362,475
Total financial liabilities measured at amortised cost	1,125,972,228	-	1,127,662,516	-	1,127,662,516	1,159,478,651	-	1,160,662,386	-	1,160,662,386

The carrying values of assets and liabilities listed below are reasonable approximation of their fair values since, those are short term in nature or re-priced to current market rates frequently:

Assets	Liabilities
Cash and cash equivalents	Due to banks
Balances with Central Bank of Sri Lanka	Securities sold under repurchase agreements
Placements with banks	Other borrowings
Securities purchased under resale agreements	Dividends payable
Other assets	Other liabilities