



Hatton **N**ational **B**ank PLC

Interim Financial Statements

For the three months ended 31st March 2018

FINANCIAL COMMENTARY FOR THE 03 MONTHS ENDED 31ST MARCH 2018

- HNB Group records Rs 7.2 Bn PBT in Q1
- Group PAT Rs 5 Bn
- Bank Cost to Income 36.3%
- CASA Growth of 10% in 3 months

HNB posted a strong start to 2018 with first quarter PAT growing by 22.5% to Rs 4.5 Bn, while the Group reported a PAT of Rs 5 Bn which is a 24% growth from last year. HNB expanded its loan book by Rs 33.7 Bn during the quarter which represented growth of 5.3%, enabling a 10.5% year on year (YoY) increase in interest income which totaled Rs 24.9 Bn. The Bank grew its CASA base by 9.9% in the three month period to Rs 273.6 Bn, improving the CASA ratio to 38.0% from 35.5% as at December 2017. As such, growth in interest expenses was curtailed to 7.2% YoY while Net Interest Income (NII) grew by 15.1% YoY to Rs 10.7 Bn. The low cost deposit base was instrumental in the bank continuing to attain above industry net interest margins.

Net Fee and Commission Income increased by 11.6% to Rs 2.2 Bn relative to the corresponding quarter of 2017. Core non funded income sources being Credit Cards, Trade Finance and Bank Guarantees performed strongly while fees from Digital Channels exhibited promising growth. A net trading loss of Rs 273.7 Mn was reported during the quarter whereas a trading gain of Rs 541.7 Mn was reported during first quarter 2017. This is largely on account of exchange rate movements which adversely impacted the revaluation of swaps obtained to hedge foreign currency positions. However the commensurate impact on position revaluation boosted 'Other Operating Income' which was reported at Rs 1 Bn relative to a loss of Rs 254.1 Mn in the corresponding period of 2017.

The total impairment costs of the Bank increased by Rs 587.5 Mn against the comparable period in 2017, largely due to adverse weather and market conditions. The gross NPA ratio of the Bank slid to 2.72% as at end of March 2018 in line with the trend witnessed across the Banking sector which saw the industry NPA ratio deteriorating to 3.0%.

The continuous efforts on operational excellence and cost optimization enabled HNB to curtail the increase in operating expenses to a marginal 2.1% YoY. As a result, the cost to income ratio of the Bank improved to a low of 36.3% from 41.9% recorded in the corresponding period of 2017.

PBT of the Bank grew by 23.6% YoY to Rs 6.3 Bn while the PAT improved to Rs 4.5 Bn. The Bank recorded a ROE of 16.43% and a ROA of 1.84% for the first quarter of 2018. The Bank's asset base grew by 3.8% during the quarter to Rs 990.8 Bn while the Basel III Total Tier 1 and Total Capital ratios stood at 12.78% and 15.77% respectively, well above the industry averages and the statutory requirements of 8.875% and 12.875% respectively.

All of HNB's subsidiaries and joint venture Investment Bank contributed to raise the Group PBT to Rs 7.2 Bn which is a growth of 25% YoY. The Group ROA improved at 1.96% compared to 1.75% in Q1 2017.

HNB in early 2018 was adjudged as the Best Retail Bank in Sri Lanka for the 10th time while Asiamoney magazine bestowed upon it the awards of Best SME and Best Digital Bank in the country. In 2017 the Bank was chosen as the 'Bank of the Year' in Sri Lanka by the Banker Magazine UK and the LMD and Business Today ranked HNB as the highest ranked Bank in their respective annual rankings. HNB was also bestowed with the Gold Award in the Banking category and Overall Runner-up award at the Association of Chartered Certified Accountants (ACCA) Sri Lanka Sustainability Reporting Awards held earlier this year. The Bank's Islamic Finance unit was recently adjudged as the 'Islamic Finance Entity of the Year' at the Sri Lanka Islamic Banking & Finance Industry (SLIBFI) awards while also bagging the Gold award for the 'Islamic Banking Window of the year' and a 'Silver award for Islamic finance Deal of the Year'.

HNB is the first local Bank in Sri Lanka to receive an international rating on par with the sovereign from Moody's Investor Services while maintaining a national long term rating of AA - (lka) from Fitch Ratings Lanka Ltd. HNB is also ranked amongst the top 1,000 banks in the world by the Banker.

STATEMENT OF PROFIT OR LOSS

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2018	2017	% Increase/ (Decrease)	2018	2017	% Increase/ (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
Gross Income	28,122,878	25,063,065	12	32,057,323	28,547,716	12
Interest income	24,949,720	22,582,588	10	27,009,894	24,397,266	11
Less: Interest expenses	14,253,160	13,290,678	7	14,853,909	13,674,895	9
Net interest income	10,696,560	9,291,910	15	12,155,985	10,722,371	13
Fee and commission income	2,243,842	2,009,625	12	2,458,373	2,207,725	11
Less: Fee and commission expenses	29,381	25,883	14	53,788	53,063	1
Net fee and commission income	2,214,461	1,983,742	12	2,404,585	2,154,662	12
Net interest, fee and commission income	12,911,021	11,275,652	15	14,560,570	12,877,033	13
Net gain/(loss) from trading	(273,680)	541,707	(151)	(277,382)	537,474	(152)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gain/(loss) from financial investments	194,991	183,199	6	214,147	189,405	13
Net insurance premium income	-	-	-	1,767,325	1,511,219	17
Other operating income (net)	1,008,005	(254,054)	497	884,966	(295,373)	400
Total operating income	13,840,337	11,746,504	18	17,149,626	14,819,758	16
Impairment for loans and other losses						
Individual Impairment	114,691	42,184	172	114,691	42,184	172
Collective Impairment	955,067	439,077	118	1,147,227	397,412	189
Others	(662)	379	(275)	(662)	379	(275)
Net operating income	12,771,241	11,264,864	13	15,888,370	14,379,783	10
Less: Operating expenses						
Personnel expenses	2,195,730	2,292,656	(4)	2,716,717	2,747,932	(1)
Depreciation and amortisation	325,138	262,144	24	427,664	361,331	18
Benefits, claims and underwriting expenditure	-	-	-	1,076,048	1,399,471	(23)
Other expenses	2,499,063	2,362,073	6	2,889,841	2,684,097	8
Total operating expenses	5,019,931	4,916,873	2	7,110,270	7,192,831	(1)
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	7,751,310	6,347,991	22	8,778,100	7,186,952	22
Less: Value added tax (VAT) and nation building tax (NBT) on financial services	1,434,576	1,238,321	16	1,549,886	1,381,798	12
Operating profit after value added tax (VAT) and nation building tax (NBT) on financial services	6,316,734	5,109,670	24	7,228,214	5,805,154	25
Share of profit of Joint Venture (net of income tax)	-	-	-	18,759	8,019	134
Profit before income tax	6,316,734	5,109,670	24	7,246,973	5,813,173	25
Less: Income tax expense	1,843,545	1,457,353	26	2,222,458	1,772,411	25
Profit for the period	4,473,189	3,652,317	22	5,024,515	4,040,762	24
Profit attributable to:						
Equity holders of the Bank	4,473,189	3,652,317	22	4,620,485	3,829,969	21
Non-controlling interests	-	-	-	404,030	210,793	92
Profit for the period	4,473,189	3,652,317	22	5,024,515	4,040,762	24
Earnings per share						
Basic earnings per ordinary share (Rs)	9.08	8.56	6	9.38	8.98	5
Diluted earnings per ordinary share (Rs)	9.08	8.55	6	9.38	8.97	5

STATEMENT OF COMPREHENSIVE INCOME

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2018	2017	% Increase/ (Decrease)	2018	2017	% Increase/ (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
Profit for the period	4,473,189	3,652,317	22	5,024,515	4,040,762	24
Other comprehensive income, net of tax						
Other comprehensive income to be reclassified to profit or loss						
Available-for-sale financial assets:						
Net change in fair value during the year	(605,460)	(686,818)	12	(674,035)	(736,605)	8
Transfer from life policy holder reserve fund	-	-	-	66,186	40,447	64
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-	-	(15,415)	3,233	(577)
Deferred tax effect on above	108,381	74,406	46	110,967	75,092	48
Share of other comprehensive income of equity accounted joint venture		-	-	(718)	(18,296)	96
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(497,079)	(612,412)	19	(513,015)	(636,129)	19
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Re-measurement gains/losses on defined benefit plans	-	-	-	(2,244)	8,793	(126)
Revaluation of freehold land & buildings	-	-	-	-	-	-
Deferred tax effect on above	-	-	-	-	(2,462)	(100)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	-	(2,244)	6,331	(135)
Other comprehensive income for the period, net of tax	(497,079)	(612,412)	19	(515,259)	(629,798)	18
Total comprehensive income for the period	3,976,110	3,039,905	31	4,509,256	3,410,964	32
Total comprehensive income attributable to:						
Equity holders of the Bank	3,976,110	3,039,905	31	4,112,210	3,198,678	29
Non-controlling interests	-	-	-	397,046	212,286	87
Total comprehensive income for the period	3,976,110	3,039,905	31	4,509,256	3,410,964	32

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2018	As at 31.12.2017	% Increase / (Decrease)	As at 31.03.2018	As at 31.12.2017	% Increase / (Decrease)
	Rs.000	Rs.000 (Audited)		Rs.000	Rs.000 (Audited)	
ASSETS						
Cash and cash equivalents	22,016,386	21,739,800	1	21,977,907	21,924,898	-
Placements with banks	-	3,182,377	(100)	5,177,525	9,670,125	(46)
Balances with Central Bank of Sri Lanka	36,631,246	38,610,940	(5)	36,631,246	38,610,940	(5)
Reverse repurchase agreements	1,528,913	-	-	2,451,439	772,002	218
Derivative financial instruments	397,529	615,357	(35)	397,529	615,357	(35)
Financial investments - Fair value through profit or loss	125,071	120,486	4	254,270	266,538	(5)
Loans and receivables to customers	672,808,355	639,102,061	5	691,070,337	655,612,938	5
Financial investments - Loans and receivables	134,759,199	122,199,048	10	138,041,774	125,031,671	10
Financial investments - Available-for-sale	88,252,166	95,403,820	(7)	94,777,147	101,742,985	(7)
Financial investments - Held-to-maturity	-	-	-	1,292,192	1,565,603	(17)
Investment in Joint Venture	755,000	755,000	-	1,707,304	1,689,263	1
Investments in Subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	327,052	327,464	-	1,140,561	1,146,564	(1)
Property, plant and equipment	18,042,174	17,905,320	1	34,711,685	34,635,034	-
Intangible assets and goodwill	796,041	815,381	(2)	1,208,775	1,237,829	(2)
Other assets	11,318,033	11,083,242	2	13,432,123	13,038,222	3
Total Assets	990,774,450	954,877,581	4	1,044,271,814	1,007,559,969	4
LIABILITIES						
Due to banks	64,301,825	62,463,497	3	64,301,821	62,464,391	3
Derivative financial instruments	1,138,287	1,305,900	(13)	1,138,287	1,305,900	(13)
Securities sold under repurchase agreements	15,258,466	5,064,360	201	15,258,466	5,064,360	201
Due to customers	720,638,918	701,519,297	3	737,861,191	718,770,051	3
Dividends payable	1,038,096	975,371	6	1,046,125	986,880	6
Other borrowings	25,811,310	27,258,006	(5)	25,811,310	27,258,006	(5)
Debt securities issued	4,536,425	4,540,259	-	5,043,951	5,035,958	-
Current tax liabilities	4,926,787	3,974,624	24	5,158,205	4,066,087	27
Deferred tax liabilities	4,731,904	5,082,636	(7)	7,003,420	7,309,283	(4)
Insurance provision - life	-	-	-	11,029,648	10,915,858	1
Insurance provision - general	-	-	-	2,503,083	2,384,908	5
Other provisions	2,671,643	3,015,875	(11)	2,798,972	3,416,332	(18)
Other liabilities	10,128,526	5,720,896	77	12,182,751	7,359,236	66
Subordinated term debts	25,975,823	25,809,261	1	25,750,176	25,564,596	1
Total Liabilities	881,158,010	846,729,982	4	916,887,406	881,901,846	4

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2018 Rs.000	As at 31.12.2017 (Audited) Rs.000	% Increase / (Decrease)	As at 31.03.2018 Rs.000	As at 31.12.2017 (Audited) Rs.000	% Increase / (Decrease)
EQUITY						
Stated capital	32,334,106	31,409,119	3	32,334,105	31,409,119	3
Statutory reserve	5,460,000	5,460,000	-	5,460,000	5,460,000	-
Other reserves	55,575,924	56,084,895	(1)	66,854,161	67,058,017	-
Retained earnings	16,246,410	15,193,585	7	18,899,907	18,082,284	5
Total equity attributable to equity holders of the Bank	109,616,440	108,147,599	1	123,548,173	122,009,420	1
Non - controlling interests	-	-	-	3,836,235	3,648,703	5
Total equity	109,616,440	108,147,599	1	127,384,408	125,658,123	1
Total Liabilities and Equity	990,774,450	954,877,581	4	1,044,271,814	1,007,559,969	4
Contingent liabilities and commitments	686,085,484	598,364,726	15	686,085,484	598,364,726	15
Net Assets Value per Share (Rs.)	222.51	221.36	1	250.79	249.74	-
Memorandum Information						
Number of Employees	4,357	4,348				
Number of Branches	251	251				

CERTIFICATION

I certify that the above financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and give a true and fair view of the state of affairs of Hatton National Bank PLC and the Group as at 31st March 2018 and its profit for the three months ended 31st March 2018.

(Sgd.)

Anusha Gallage

Chief Financial Officer

10th May 2018

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

- (a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka and Rule 7.4 of Colombo Stock Exchange.
- (b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank, it's Joint Venture and Subsidiary Companies unless indicated as audited.

(Sgd.)

Jonathan Alles

Managing Director / Chief Executive Officer

10th May 2018

(Sgd.)

Renzie Arseculeratne

Chairman

10th May 2018

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital		Statutory Reserves	Other Reserves				Retained Earnings	Total
	Voting Shares	Non-Voting Shares	Reserve Fund	Capital Reserve	Available-for-Sale Reserve	General Reserve	ESOP Reserve		
	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000		
For the 3 months ended 31st March 2018									
Balance as at 1st January 2018	25,900,025	5,509,094	5,460,000	8,725,542	4,166,167	43,100,000	93,186	15,193,585	108,147,599
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	4,473,189	4,473,189
Other Comprehensive Income for the period (net of tax)	-	-	-	-	(497,079)	-	-	-	(497,079)
Total comprehensive income for the period	-	-	-	-	(497,079)	-	-	4,473,189	3,976,110
Transactions with equity holders, recognised directly in equity									
Final dividend 2017 - Scrip	706,515	173,317	-	-	-	-	-	(977,591)	(97,759)
Interim dividend 2017 - Cash	-	-	-	-	-	-	-	(2,442,768)	(2,442,768)
Issue of shares under ESOP	29,021	4,237	-	-	-	-	-	-	33,258
Total transactions with equity holders	735,536	177,554	-	-	-	-	-	(3,420,359)	(2,507,269)
Fair value of the employee share options exercised	10,594	1,301	-	-	-	-	(11,895)	-	-
Balance as at 31st March 2018	26,646,155	5,687,949	5,460,000	8,725,542	3,669,088	43,100,000	81,291	16,246,415	109,616,440
For the 3 months ended 31st March 2017									
Balance as at 1st January 2017	12,338,734	3,001,424	4,560,000	8,644,483	1,701,257	37,100,000	147,092	9,524,236	77,017,226
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	3,652,317	3,652,317
Other Comprehensive Income for the period (net of tax)	-	-	-	-	(612,412)	-	-	-	(612,412)
Total comprehensive income for the period	-	-	-	-	(612,412)	-	-	3,652,317	3,039,905
Transactions with equity holders, recognised directly in equity									
Final Dividend 2016 - Scrip	1,044,073	262,093	-	-	-	-	-	(1,451,296)	(145,130)
Final Dividend 2016 - Cash	-	-	-	-	-	-	-	(1,451,296)	(1,451,296)
Issue of shares under ESOP	99,991	14,295	-	-	-	-	-	-	114,286
Total transactions with equity holders	1,144,064	276,388	-	-	-	-	-	(2,902,592)	(1,482,140)
Transfers during the period	-	-	-	-	-	-	-	17,415	17,415
Fair value of the employee share options exercised	31,981	4,459	-	-	-	-	(36,440)	-	-
Balance as at 31st March 2017	13,514,779	3,282,271	4,560,000	8,644,483	1,088,845	37,100,000	110,652	10,291,376	78,592,406

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital		Statutory Reserves		Other Reserves							Total Equity
	Voting	Non-Voting	Reserve Fund	Capital Reserve	Available for Sale Reserve	General Reserve	Life policy holder Reserve fund	ESOP Reserve	Restricted Regulatory Reserve	Retained Earnings	Non Controlling Interests	
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	
For the 3 months ended 31st March 2018												
Balance as at 1st January 2018	25,900,025	5,509,095	5,460,000	19,433,829	4,207,731	43,100,000	223,271	93,186	-	18,082,284	3,648,703	125,658,124
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	-	4,620,485	404,030	5,024,515
Other Comprehensive Income for the period (net of tax)	-	-	-	-	(506,929)	-	-	-	-	(1,346)	(6,984)	(515,259)
Total comprehensive income for the period	-	-	-	-	(506,929)	-	-	-	-	4,619,139	397,046	4,509,256
Transactions with equity holders, recognised directly in equity												
Final dividend 2017 - Scrip	706,515	173,317	-	-	-	-	-	-	-	(977,592)	-	(97,760)
Interim dividend 2017 - Cash	-	-	-	-	-	-	-	-	-	(2,442,768)	(209,514)	(2,652,282)
Issue of shares under ESOP	29,021	4,237	-	-	-	-	-	-	-	-	-	33,258
Total transactions with equity holders	735,536	177,554	-	-	-	-	-	-	-	(3,420,360)	(209,514)	(2,716,784)
Transfer from life policy holder reserve fund	-	-	-	-	-	-	(66,188)	-	-	-	-	(66,188)
Transfers during the period	-	-	-	-	-	-	-	-	381,156	(381,156)	-	-
Fair value of the employee share options exercised	10,594	1,301	-	-	-	-	-	(11,895)	-	-	-	-
Balance as at 31st March 2018	26,646,155	5,687,950	5,460,000	19,433,829	3,700,802	43,100,000	157,083	81,291	381,156	18,899,907	3,836,235	127,384,408
For the 3 months ended 31st March 2017												
Balance as at 1st January 2017	12,338,734	3,001,424	4,560,000	19,771,905	1,741,535	37,100,000	(191,131)	147,092	-	12,821,116	3,021,023	94,311,698
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	-	3,829,969	210,793	4,040,762
Other Comprehensive Income for the period (net of tax)	-	-	-	-	(633,960)	-	-	-	-	2,669	1,493	(629,798)
Total comprehensive income for the period	-	-	-	-	(633,960)	-	-	-	-	3,832,638	212,286	3,410,964
Transactions with equity holders, recognised directly in equity												
Final Dividend 2016 - Scrip	1,044,073	262,093	-	-	-	-	-	-	-	(1,451,296)	-	(145,130)
Final Dividend 2016 - Cash	-	-	-	-	-	-	-	-	-	(1,451,296)	(100,000)	(1,551,296)
Issue of shares under ESOP	99,991	14,295	-	-	-	-	-	-	-	-	-	114,286
Total transactions with equity holders	1,144,064	276,388	-	-	-	-	-	-	-	(2,902,592)	(100,000)	(1,582,140)
Transfer from life policy holder reserve fund	-	-	-	-	-	-	(40,447)	-	-	-	-	(40,447)
Transfers during the period	-	-	-	-	-	-	-	-	-	17,415	-	17,415
Fair value of the employee share options exercised	31,981	4,459	-	-	-	-	-	(36,440)	-	-	-	-
Balance as at 31st March 2017	13,514,779	3,282,271	4,560,000	19,771,905	1,107,575	37,100,000	(231,578)	110,652	-	13,768,577	3,133,309	96,117,490

STATEMENT OF CASH FLOWS

For the 3 month ended 31st March	BANK		GROUP	
	2018 Rs 000	2017 Rs 000	2018 Rs 000	2017 Rs 000
Cash flows from operating activities				
Interest and commission receipts	25,385,910	23,571,370	27,931,820	25,618,813
Interest payments	(15,333,422)	(14,086,757)	(15,848,557)	(14,414,686)
Cash payments to employees	(2,749,057)	(2,792,954)	(3,451,919)	(3,258,401)
Cash payments to other operating activities	(3,687,765)	(3,597,279)	(4,864,583)	(4,779,686)
Receipts from other operating activities	501,052	987,243	2,409,889	2,624,174
Recovery of loans written off in previous years	62,959	10,938	62,959	10,938
Operating profit before changes in operating assets and liabilities	4,179,677.00	4,092,561	6,239,609	5,801,152
(Increase)/ decrease in operating assets				
Deposits held for regulatory or monetary control purpose	1,979,694	(991,824)	1,979,694	(991,824)
Loans and receivables to customers	(33,303,846)	(30,148,102)	(35,364,111)	(30,716,180)
Reverse repurchase agreements	(1,528,000)	4,115,998	(1,699,599)	3,976,282
Other short term assets	(90,108)	(356,366)	(215,835)	(484,189)
	(32,942,260.00)	(27,380,294)	(35,299,851)	(28,215,911)
Increase in operating liabilities				
Deposits from customers	20,127,019	15,010,699	20,043,768	14,989,027
Securities sold under repurchase agreements	10,194,165	23,050,738	10,194,165	23,050,738
Other liabilities	4,469,075	2,139,877	4,737,429	2,238,911
	34,790,259	40,201,314	34,975,362	40,278,676
Net cash generated from operating activities before income tax	6,027,676	16,913,581	5,915,120	17,863,917
Income taxes paid	(900,428)	(678,032)	(1,091,930)	(799,047)
Net cash generated from operating activities	5,127,248	16,235,549	4,823,190	17,064,870
Cash flows from investing activities				
Dividend income	387,639	163,445	168,158	165,313
Net proceeds from sale, maturity and purchase of financial investments	(6,275,599)	(15,742,598)	(7,034,462)	(16,024,165)
Purchase of property, plant and equipment	(242,913)	(357,577)	(277,432)	(403,035)
Purchase of intangible assets	(49,587)	(96,369)	(54,629)	(123,820)
Improvements to investment properties	-	(14,769)	-	(69,805)
Proceeds from sale of property, plant and equipment	253	27,268	2,308	27,895
Net cash used in investing activities	(6,180,207)	(16,020,600)	(7,196,057)	(16,427,617)
Cash flows from financing activities				
Increase in long term borrowings	613,075	463,289	612,177	439,372
Dividends paid	(2,477,803)	(252,429)	(2,690,797)	(352,506)
Proceeds from issue of shares under ESOP	11,896	114,286	11,896	114,286
Net cash generated from / (used in) financing activities	(1,852,832)	325,146	(2,066,724)	201,152
Net increase / (decrease) in cash and cash equivalents	(2,905,791)	540,095	(4,439,591)	838,405
Cash and cash equivalents at the beginning of the period	24,922,177	18,264,496	31,595,023	20,867,149
Cash and cash equivalents at the end of the period	22,016,386	18,804,591	27,155,432	21,705,554
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	22,016,386	18,043,024	21,977,907	18,643,692
Placements with banks	-	761,567	5,177,525	3,061,862
	22,016,386	18,804,591	27,155,432	21,705,554

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st March 2018	Fair Value Through Profit or Loss	Loans and Receivable	Available- for-Sale	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	-	22,016,386	-	22,016,386
Balances with Central Bank of Sri Lanka	-	36,631,246	-	36,631,246
Placements with banks	-	-	-	-
Reverse repurchase agreements	-	1,528,913	-	1,528,913
Derivative financial instruments	397,529	-	-	397,529
Financial investments - Fair value through profit or loss	125,071	-	-	125,071
Loans and receivables to customers	-	672,808,355	-	672,808,355
Financial investments - Loans and receivables	-	134,759,199	-	134,759,199
Financial investments - Available-for-sale	-	-	88,252,166	88,252,166
Other assets	-	2,139,364	-	2,139,364
Total financial assets	522,600	869,883,463	88,252,166	958,658,229
LIABILITIES				
Due to banks	-	64,301,825	-	64,301,825
Derivative financial instruments	1,138,287	-	-	1,138,287
Securities sold under repurchase agreements	-	15,258,466	-	15,258,466
Due to customers	-	720,638,918	-	720,638,918
Dividends payable	-	1,038,096	-	1,038,096
Other borrowings	-	25,811,310	-	25,811,310
Debt securities issued	-	4,536,425	-	4,536,425
Other liabilities	-	35,004	-	35,004
Subordinated term debts	-	25,975,823	-	25,975,823
Total financial liabilities	1,138,287	857,595,867	-	858,734,154
As at 31st December 2017				
	Fair Value Through Profit or Loss	Loans and Receivable	Available- for-Sale	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS				
Cash and cash equivalents	-	21,739,800	-	21,739,800
Balances with Central Bank of Sri Lanka	-	38,610,940	-	38,610,940
Placements with banks	-	3,182,377	-	3,182,377
Reverse repurchase agreements	-	-	-	-
Derivative financial instruments	615,357	-	-	615,357
Financial investments - Fair value through profit or loss	120,486	-	-	120,486
Loans and receivables to customers	-	639,102,061	-	639,102,061
Financial investments - Loans and receivables	-	122,199,048	-	122,199,048
Financial investments - Available for sale	-	-	95,403,820	95,403,820
Other assets	-	2,361,404	-	2,361,404
Total financial assets	735,843	827,195,630	95,403,820	923,335,293
LIABILITIES				
Due to banks	-	62,463,497	-	62,463,497
Derivative financial instruments	1,305,900	-	-	1,305,900
Securities sold under repurchase agreements	-	5,064,360	-	5,064,360
Due to customers	-	701,519,297	-	701,519,297
Dividends payable	-	975,371	-	975,371
Other borrowings	-	27,258,006	-	27,258,006
Debt securities issued	-	4,540,259	-	4,540,259
Other liabilities	-	22,984	-	22,984
Subordinated term debts	-	25,809,261	-	25,809,261
Total financial liabilities	1,305,900	827,653,035	-	828,958,935

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 31st March 2018	Fair Value Through Profit or Loss	Held to Maturity	Loans and Receivable	Available- for-Sale	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	-	-	21,977,907	-	21,977,907
Balances with Central Bank of Sri Lanka	-	-	36,631,246	-	36,631,246
Placements with banks	-	-	5,177,525	-	5,177,525
Reverse repurchase agreements	-	-	2,451,439	-	2,451,439
Derivative financial instruments	397,529	-	-	-	397,529
Financial investments - fair value through profit or loss	254,270	-	-	-	254,270
Loans and receivables to customers	-	-	691,070,337	-	691,070,337
Financial investments - loans and receivables	-	-	138,041,774	-	138,041,774
Financial investments - available-for-sale	-	-	-	94,777,147	94,777,147
Financial investments - held to maturity	-	1,292,192	-	-	1,292,192
Other assets	-	-	3,290,196	-	3,290,196
Total financial assets	651,799	1,292,192	898,640,424	94,777,147	995,361,562
LIABILITIES					
Due to banks	-	-	64,301,821	-	64,301,821
Derivative financial instruments	1,138,287	-	-	-	1,138,287
Securities sold under repurchase agreements	-	-	15,258,466	-	15,258,466
Due to customers	-	-	737,861,191	-	737,861,191
Dividends payable	-	-	1,046,125	-	1,046,125
Other borrowings	-	-	25,811,310	-	25,811,310
Debt securities issued	-	-	5,043,951	-	5,043,951
Other liabilities	-	-	1,674,868	-	1,674,868
Subordinated term debts	-	-	25,750,176	-	25,750,176
Total financial liabilities	1,138,287	-	876,747,908	-	877,886,195
As at 31st December 2017					
	Fair Value Through Profit or Loss	Held to Maturity	Loans and Receivable	Available- for-Sale	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Cash and cash equivalents	-	-	21,924,898	-	21,924,898
Balances with Central Bank of Sri Lanka	-	-	38,610,940	-	38,610,940
Placements with banks	-	-	9,670,125	-	9,670,125
Reverse repurchase agreements	-	-	772,002	-	772,002
Derivative financial instruments	615,357	-	-	-	615,357
Financial investments - fair value through profit or loss	266,538	-	-	-	266,538
Loans and receivables to customers	-	-	655,612,938	-	655,612,938
Financial investments - loans and receivables	-	-	125,031,671	-	125,031,671
Financial investments - available for sale	-	-	-	101,742,985	101,742,985
Financial investments - held to maturity	-	1,565,603	-	-	1,565,603
Other assets	-	-	3,170,939	-	3,170,939
Total financial assets	881,895	1,565,603	854,793,513	101,742,985	958,983,996
LIABILITIES					
Due to banks	-	-	62,464,391	-	62,464,391
Derivative financial instruments	1,305,900	-	-	-	1,305,900
Securities sold under repurchase agreements	-	-	5,064,360	-	5,064,360
Due to customers	-	-	718,770,051	-	718,770,051
Dividends payable	-	-	986,880	-	986,880
Other borrowings	-	-	27,258,006	-	27,258,006
Debt securities issued	-	-	5,035,958	-	5,035,958
Other liabilities	-	-	1,268,066	-	1,268,066
Subordinated term debts	-	-	25,564,596	-	25,564,596
Total financial liabilities	1,305,900	-	846,412,308	-	847,718,208

SEGMENT REPORTING

For the 3 months ended 31st March	Banking		Leasing/Hire purchase		Property		Insurance		Others*		Eliminations / Unallocated		Consolidated	
	2018 Rs 000	2017 Rs 000	2018 Rs 000	2017 Rs 000	2018 Rs 000	2017 Rs 000	2018 Rs 000	2017 Rs 000	2018 Rs 000	2017 Rs 000	2018 Rs 000	2017 Rs 000	2018 Rs 000	2017 Rs 000
Total revenue from external customers	26,554,699	23,711,857	1,507,183	1,317,620	60,802	52,722	2,269,010	1,919,705	1,876,664	1,681,447	(211,035)	(135,635)	32,057,323	28,547,716
Inter segment revenue	60,996	33,594	-	-	188,980	190,159	21,516	41,720	28,370	35,707	(299,862)	(301,180)	-	-
Total revenue	26,615,695	23,745,451	1,507,183	1,317,620	249,782	242,881	2,290,526	1,961,425	1,905,034	1,717,154	(510,897)	(436,815)	32,057,323	28,547,716
Segment result	6,012,621	4,525,415	629,251	846,399	155,936	197,449	726,464	112,424	384,999	644,873	(253,393)	(160,075)	7,655,878	6,166,485
Unallocated expenses													(427,664)	(361,331)
Profit from operations													7,228,214	5,805,154
Income from Associates and Joint Venture													18,759	8,019
Taxes													(2,222,458)	(1,772,411)
Profit for the period													5,024,515	4,040,762
Non Controlling Interest													(404,030)	(210,793)
Profit attributable to the Equity holders of the Bank													4,620,485	3,829,969
Profit for the period													5,024,515	4,040,762
Other comprehensive Income, Net of tax	(497,079)	(612,412)	-	-	-	-	(17,462)	(5,421)	-	6,331	(718)	(18,296)	(515,259)	(629,798)
Total Comprehensive income for the period													4,509,256	3,410,964
Non Controlling Interest													(397,046)	(212,286)
Total comprehensive income attributable to the Equity Holders of the Bank													4,112,210	3,198,678
Total assets	947,763,559	859,729,042	43,010,891	42,381,597	10,177,228	10,356,268	19,287,665	15,080,937	25,292,034	20,053,777	(1,259,563)	(1,707,925)	1,044,271,814	945,893,696
Total liabilities	838,147,119	781,136,635	43,010,891	42,381,597	1,588,640	627,706	15,176,066	12,605,711	21,177,663	16,378,289	(2,212,973)	(3,353,682)	916,887,406	849,776,256
Cash flow from operating activities	6,755,013	17,671,300	(1,627,765)	(1,435,751)	115,871	201,054	53,230	408,534	(2,384,130)	1,096,922	1,910,971	(877,189)	4,823,190	17,064,870
Cash flow from Investing activities	(6,180,207)	(16,020,600)	-	-	-	(54,657)	(267,692)	(350,958)	(3,775,231)	(1,352,084)	3,027,073	1,350,682	(7,196,057)	(16,427,617)
Cash flow from financing activities	(1,852,832)	325,146	-	-	(64,520)	-	(300,000)	(250,000)	(269,298)	(73,931)	419,926	199,937	(2,066,724)	201,152

* Business of HNB Grameen Finance Ltd.

EXPLANATORY NOTES

1. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2017.
2. SLFRS 9 – “Financial Instruments” is applicable for financial periods beginning on or after 1st January 2018. This standard replaces LKAS 39 – “Financial Instruments: Recognition & Measurement.” However, CA Sri Lanka has granted an option to prepare interim financial statements continuing the application of LKAS 39 during the financial year commencing on or after 1st January 2018, through “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements.” Accordingly, these financial statements have been prepared by applying LKAS 39 in accordance with the said option granted.
With the transition from LKAS 39 incurred loss method to SLFRS 9 expected credit loss method, it is expected that the overall cumulative impairment provision will increase by approximately 35% - 45%. If SLFRS 9 was applied to the financial statements as at 31st March 2018, it would have reduced the Bank’s net assets by approximately 3% - 5% and the Total Capital Adequacy ratio approximately by 50 to 60 basis points.
3. There are no material changes during the period in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures. All known expenditure items have been provided for.
4. These interim financial statements are presented in accordance with Sri Lanka Accounting Standard (LKAS 34) “Interim Financial Reporting” and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
5. Where required, figures on the audited annual financial statements have been reclassified to conform to Central Bank of Sri Lanka publication requirements.
6. Details of Employee Share Option Plan (ESOP)

	2013 Allocation*	
	Voting	Non voting
No of options brought forward	466,330	112,249
No of options granted during the year	-	-
No of options exercised during the year	(204,130)	(38,504)
No of options expired during the year	-	-
No of options remaining	262,200	73,745
Allotment price (Rs)	142.17	110.04
Average market price for the period ended 31st March 2018 (Rs)	244.87	189.53

- * These options were allocated on 5th June 2013 and the retention period ended on 4th June 2014. The outstanding options can be exercised within four years from the end of retention period or at retirement, resignation or death whichever occurs first.
7. The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd, HNB Grameen Finance Ltd & the Group’s interest in Joint Venture Acuity Partners (Pvt) Ltd.
 8. Additional Information requested by the Banking Supervision Division of Central Bank of Sri Lanka by their circular dated 11th October 2013, has been given in the note to the financial statements.
 9. The funds raised through debentures were fully utilized for the objectives mentioned in the prospectuses.
 10. Restricted regulatory reserve – HNB Assurance PLC (Company)
The Insurance Regulatory Commission of Sri Lanka (IRC SL) has issued Direction No 16 on 20th March 2018 on “Identification and Treatment of One-off Surplus” and has instructed all Life Insurance Companies to comply with the new Direction. Based on the new Direction, Life Insurance Companies are allowed to transfer One-off surplus attributable to Policyholder Non-Participating Fund to Share Holder’s Fund. The transfer affected by HNB Assurance PLC has been presented as a separate reserve in the Statement of Financial Position as “Restricted Regulatory Reserve” under Equity in accordance with the direction above. The distribution of One-off Surplus to shareholders as dividend shall remain restricted until the Company develops appropriate policies and procedures for effective management of its business as prescribed by the regulator.
 11. 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		As at	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	90,075	92,810	97,741	100,143
Tier 1 Capital. Rs. Mn	90,075	92,810	97,741	100,143
Total Capital. Rs. Mn	111,190	115,247	118,841	122,431
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement 2018 - 7.375%; 2017 - 6.25%)	12.78%	13.70%	12.98%	13.68%
Tier 1 Capital Ratio (Minimum Requirement 2018 - 8.875%; 2017 - 7.75%)	12.78%	13.70%	12.98%	13.68%
Total Capital Ratio (Minimum Requirement 2018 - 12.875%; 2017 - 11.75%)	15.77%	17.02%	15.78%	16.72%
Basel III New guidelines were implemented w.e.f. 1st July 2017.				

	31.03.2018	31.12.2017
	BANK	
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio,% (net of Interest in Suspense)	2.72%	2.28%
Net Non-Performing Advances Ratio,% (net of Interest in Suspense and provisions)	1.21%	0.77%
Profitability (Annualised)		
Interest Margin, %	4.40%	4.25%
Return on Assets (before Tax), %	2.60%	2.36%
Return on Equity, %	16.43%	17.62%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. Mn		
Domestic Banking unit	118,877	183,290
Off-Shore Banking Unit	33,785	34,670
Statutory Liquid Assets Ratio % (Minimum requirement 20%)		
Domestic Banking unit	24.17%	24.06%
Off-Shore Banking Unit	42.73%	46.15%
Liquidity Coverage Ratio % - Rupee (Minimum Requirement - 2018 - 90%; 2017 - 80%)	168.29%	182.39%
Liquidity Coverage Ratio % - All currency (Minimum Requirement - 2018 - 90%; 2017 - 80%)	101.51%	124.32%

LISTED DEBENTURE INFORMATION

Quarter ended 31st March	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		2018	2017
	Highest	Lowest	Highest	Lowest	2018	2017	2018	2017		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				
HNB DEBENTURES 2006										
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
HNB DEBENTURES 2007										
10 year Fixed Rate (16.00% p.a.)	N/A	N/A	N/T	N/T	N/A	N/T			N/A	N/T
15 year Fixed Rate (16.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
HNB DEBENTURES 2011										
10 year Fixed Rate (11.50% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
HNB DEBENTURES 2013										
5 year Fixed Rate (14.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
10 year Fixed Rate (14.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
HNB DEBENTURES 2014										
3 year Fixed Rate (6.88% p.a.)	N/A	N/A	N/T	N/T	N/A	N/T			N/A	N/T
5 year Fixed Rate (7.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
10 year Fixed Rate (8.33% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
HNB DEBENTURES 2016										
5 year Fixed Rate (11.25% p.a.)	98.02	92.50	95.00	85.50	92.50	95.00			12.16	11.84
5 year Fixed Rate (11.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T	N/T
7 year Fixed Rate (13.00% p.a.)	N/T	N/T	100.00	100.00	N/T	100.00			N/T	13.00

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

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

Yield to Maturity of Last Trade Done (% p.a)

Quarter ended 31st March	2018	2017
HNB DEBENTURES 2006		
15 year Fixed Rate (11.00% p.a.)	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T
HNB DEBENTURES 2007		
10 year Fixed Rate (16.00% p.a.)	N/A	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/T	N/T
HNB DEBENTURES 2013		
5 year Fixed Rate (14.00% p.a.)	N/T	N/T
10 year Fixed Rate (14.25% p.a.)	N/T	N/T
HNB DEBENTURES 2014		
3 year Fixed Rate (6.88% p.a.)	N/A	N/T
5 year Fixed Rate (7.75% p.a.)	N/T	N/T
10 year Fixed Rate (8.33% p.a.)	N/T	N/T
HNB DEBENTURES 2016		
5 year Fixed Rate (11.25% p.a.)	11.25	11.25
5 year Fixed Rate (11.75% p.a.)	N/T	N/T
7 year Fixed Rate (13.00% p.a.)	N/T	13.00

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

RATIOS OF DEBT

	31.03.2018	31.12.2017
Debt Equity Ratio (%)	69.04	90.84
	31.03.2018	31.03.2017
Interest Cover (Times)	5.03	4.14%
	31.03.2018	31.03.2017
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 15 year maturity	11.10	13.85
2006 series 18 year maturity	11.48	14.09
2007 series 10 year maturity	N/A	11.41
2007 series 15 year maturity	11.23	14.04
2011 series 10 year maturity	11.08	13.78
2013 series 5 year maturity	8.09	11.23
2013 series 10 year maturity	10.32	12.55
2014 series 3 year maturity	N/A	10.27
2014 series 5 year maturity	9.34	11.98
2014 series 10 year maturity	10.34	12.64
2016 series 5 year maturity	9.99	12.47
2016 series 5 year maturity	9.99	12.41
2016 series 7 year maturity	10.32	12.60

SHARE INFORMATION

As at	31-Mar-18	31-Dec-17
Number of Shares		
Voting	395,434,218	392,304,558
Non-voting	97,195,057	96,249,132
Last Traded Price per share		
Voting	245.00	249.00
Non-voting	186.40	195.00

For the Quarter Ended	31-Mar-18	31-Mar-17
Highest price per share		
Voting	257.50	236.50
Non-voting	200.00	203.90
Lowest price per share		
Voting	238.00	221.00
Non-voting	185.10	185.00

PUBLIC SHAREHOLDING PERCENTAGE

As at	31-Mar-18
Voting	69% approx.
Non-voting	99% approx.

NUMBER OF PUBLIC SHAREHOLDERS

As at	31-Mar-18
Voting	4,722
Non-voting	11,076

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-March-18	31-Dec-17
1. Mr.Rienzie Arseculeratne	11,913	11,825
2. Mr.A.J.Alles *	123,504	122,542
3. Ms.M.A.R.C.Coaray	7,068	7,003
4. Dr.L.R.Karunaratne	1,055	1,048
5. Mr.D.T.S.H.Mudalige	-	-
6. Miss.D.S.C.Jayawardena	517	514
7. Mr.R.S.Captain	7,271	7,218
8. Mr.D.A.Cabraal	-	-
9. Mr.P.S.C.Pelpola	-	-
10. Mr.E.D.P.Soosaipillai	-	-
11. Mr.A.H.D.A.N.De Silva	101	101
12. Mr.D.S.Weerakkody	2,050	2,031

* Chief Executive Officer

20 MAJOR SHAREHOLDERS (VOTING) AS AT 31ST MARCH 2018

	Name	No. of shares	% on total voting capital
1.	Employees Provident Fund	38,544,738	9.75
2.	Sri Lanka Insurance Corporation Ltd-Life Fund	32,693,132	8.27
3.	Milford Exports (Ceylon) (Pvt) Limited	31,270,422	*7.91
4.	Stassen Exports (Pvt) Limited	27,104,164	*6.85
5.	Mr.S.E. Captain	25,745,495	6.51
6.	HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	21,588,566	5.46
7.	Sonetto Holdings Limited.	19,436,026	4.92
8.	Sri Lanka Insurance Corporation Ltd-General Fund	16,740,449	4.23
9.	Distilleries Company of Sri Lanka PLC	12,126,746	*3.07
10.	National Savings Bank	11,346,652	2.87
11.	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	7,422,269	1.88
12.	Ms. L.A. Captain	7,390,583	1.87
13.	RBC Investor Services Bank-Coeli SICAV-i- Frontier Markets Fund	6,774,810	1.71
14.	BNYM SANV Re-CF Ruffer Total Return Fund	6,220,950	1.57
15.	HSBC Intl Nom Ltd-HSBC Bank PLC-CMG First state global umbrella Fund PLC	5,638,975	1.43
16.	Citibank Newyork S/A Norges Bank Account 2	5,038,142	1.27
17.	BNYM SANV Re-CF Ruffer Absolute Return Fund	4,175,684	1.06
18.	HSBC Intl Nominees Ltd-JPMLU-T Rowe Price Funds Sicav	3,573,800	0.90
19.	Mrs. C.S.De Fonseka	3,536,294	0.89
20.	HSBC International Nominees Ltd-JPMCB-Templeton Global Investment Trust-Templeton Emerging Markets s	3,397,647	0.86

** 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) (Pvt) Limited, Stassen Exports (Pvt) Limited and Distilleries Company of Sri Lanka PLC (who collectively hold 17.83% of the voting shares of the Bank) are limited to 10% of the total voting rights of the Bank with effect from 15th March 2012 as the voting rights in excess of such percentage is deemed invalid from that date.

20 MAJOR SHAREHOLDERS (NON-VOTING) AS AT 31ST MARCH 2018

	Name	No. of shares	% on total non-voting capital
1.	Citibank Newyork S/A Norges Bank Account 2	9,266,644	9.53
2.	HSBC Intl Nom Ltd-UBS AG Zurich	8,616,404	8.87
3.	HSBC Intl nominees Ltd-JPMLU-Franklin Templeton Investment Funds	7,010,860	7.21
4.	BNYM SANV Re-Frontaura Global Frontier Fund LLC	4,786,627	4.92
5.	BNYM SANV Re-Neon Liberty Lorikeet Master Fund LP	3,601,936	3.71
6.	Akbar Brothers Pvt Ltd A/c No 1	3,128,439	3.22
7.	BNYM SANV Re-CF Ruffer total return fund	3,112,064	3.20
8.	BNYM SANV Re-CF Ruffer absolute return fund	2,073,039	2.13
9.	CB Europe plc lux s/a Dunross and co ab	2,018,848	2.08
10.	Union Assurance plc/no-01a/c	1,516,004	1.56
11.	Mr. S.E. Captain	1,505,120	1.55
12.	Rubber Investment trust limited a/c # 01	1,416,719	1.46
13.	Bnymsanv re-cf ruffer investment funds : CF Ruffer Pacific fund	1,230,553	1.27
14.	Deutsche Bank AG as trustee for JB Vantage value equity fund	1,033,965	1.06
15.	Union assurance plc/account no.05 (unit-linked life insurance fund-equity fund)	976,802	1.00
16.	Employees Trust Fund Board	956,165	0.98
17.	The Ceylon Guardian Investment Trust PLC A/c # 02	898,180	0.92
18.	The Ceylon Investment PLC A/c # 02	734,743	0.76
19.	Hatton National Bank PLC A/c No 2	699,464	0.72
20.	Saboor Chatoor (pvt) ltd	658,144	0.68

NOTES TO THE FINANCIAL STATEMENTS

As at	BANK		GROUP	
	31.03.2018 Rs.000	31.12.2017 Rs.000	31.03.2018 Rs.000	31.12.2017 Rs.000
1) Loans and Receivables to Customers				
Gross loans and receivables	684,323,119	649,547,067	703,487,693	666,768,376
Less: Individual impairment	(5,505,638)	(5,390,947)	(5,505,638)	(5,390,947)
Collective impairment	(6,009,126)	(5,054,059)	(6,911,718)	(5,764,491)
Net loans and receivables	672,808,355	639,102,061	691,070,337	655,612,938
2) Loans and Receivables to Customers - By product				
By product-Domestic Currency				
Overdrafts	115,546,005	110,389,156	115,545,058	110,247,496
Bills of exchange	1,065,993	1,194,887	1,065,995	1,194,887
Commercial papers	154,171	154,365	154,171	154,365
Short term loans	70,148,715	47,679,970	70,326,166	47,842,255
Credit Cards	6,967,725	7,072,669	6,967,725	7,072,669
Trust receipts	28,433,485	30,476,959	28,433,485	30,476,959
Packing credit loans	817,304	574,311	817,303	574,311
Staff loans	12,517,055	12,038,721	12,823,028	12,716,383
Term loans	275,261,563	271,323,002	289,452,867	284,037,497
Lease rentals receivable	43,966,014	42,894,674	48,456,808	46,703,201
Housing loans	32,652,992	32,708,620	32,652,992	32,708,620
Pawning advances	16,111,719	15,529,655	16,111,721	15,529,655
Securitized notes	549,166	569,605	549,165	569,605
Sub total	604,191,907	572,606,594	623,356,484	589,827,903
By product-Foreign Currency				
Overdrafts	1,349,557	943,061	1,349,557	943,061
Bills of exchange	1,231,753	1,976,692	1,231,753	1,976,692
Short term loans	1,916,675	3,172,960	1,916,675	3,172,960
Trust receipts	3,459,609	2,261,712	3,459,609	2,261,712
Packing credit loans	13,493,707	13,398,050	13,493,707	13,398,050
Term loans	56,634,479	53,342,311	56,634,476	53,342,311
Lease rentals receivable	113,830	87,997	113,830	87,997
Housing loans	1,931,602	1,757,690	1,931,602	1,757,690
Sub total	80,131,212	76,940,473	80,131,209	76,940,473
Total	684,323,119	649,547,067	703,487,693	666,768,376
3) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Customers				
	2018	2017	2018	2017
Individual impairment				
Opening balance at 01st January	5,390,947	3,366,278	5,390,947	3,366,278
Charge/(Write back) to income statement	138,190	32,836	138,190	32,836
Amounts written off	-	-	-	-
Interest accrued on impaired loans and receivables	(23,499)	9,348	(23,499)	9,348
Closing balance as at 31st March	5,505,638	3,408,462	5,505,638	3,408,462
Collective impairment				
Opening balance at 01st January	5,054,059	7,734,914	5,764,491	8,131,945
Charge/(Write back) to income statement	955,067	439,077	1,147,227	397,412
Amounts written off	-	-	-	-
Closing balance as at 31st March	6,009,126	8,173,991	6,911,718	8,529,357
Total impairment	11,514,764	11,582,453	12,417,356	11,937,819
4) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	38,658,303	35,345,019	38,254,163	51,766,299
Savings deposits	195,725,692	175,798,836	197,794,032	177,757,916
Time deposits	361,368,357	362,618,952	377,019,437	361,554,205
Certificates of deposit	708,543	955,609	708,543	955,609
Margin deposits	1,905,653	1,852,976	1,905,653	1,852,976
Sub total	598,366,548	576,571,392	615,681,828	593,887,005
By product- Foreign Currency				
Current account deposits	3,530,282	3,822,844	3,530,282	3,822,844
Savings deposits	35,660,047	33,951,894	35,625,524	33,943,675
Time deposits	83,033,005	87,154,033	82,974,521	87,097,393
Margin deposits	49,036	19,134	49,036	19,134
Sub total	122,272,370	124,947,905	122,179,363	124,883,046
Total	720,638,918	701,519,297	737,861,191	718,770,051