



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the nine months ended 30th September 2021

FINANCIAL COMMENTARY FOR THE 09 MONTHS ENDED 30TH SEPTEMBER 2021

A resilient business model and continued focus on sustainable financial results was again reaffirmed as Hatton National Bank PLC (HNB) reported Rs 12.2Bn in Profit After Tax (PAT) for the nine-month period ended September 2021. HNB Group recorded Rs 13.4Bn in PAT for the period.

The loan book recorded a sound growth of 15% during the past 12 months with an increase of Rs 118Bn. Prime Lending Rate (PLR) picked up following the upward revision in policy rates in August 2021. However the average PLR between January to September this year was approx. 300 bps lower than the average rate which prevailed in the corresponding period of 2020. As a result, Interest Income for the nine months declined by 8.9% YoY to Rs 72.5Bn.

Similar trend in average cost of deposits combined with zealous focus on CASA which grew by Rs 52.9Bn to Rs 436.6Bn as of September led to interest expenses being lower by 19.3% YoY to Rs 37Bn. Resulting Net Interest Income exhibited a 5.2% growth to Rs 35.6Bn. The CASA mobilization efforts also facilitated total deposit growth just under 15% YoY over 12 months since September 2020.

Despite periodic disruptions to business activity in 2021 owing to lockdowns, Bank was able to grow Fee and Commission income by 22.8% YoY to Rs 6.7Bn. Cards and Trade Business demonstrated strong growth along with digital channel driven fees and commissions.

Depreciation of the Rupee relative to last year resulted in net exchange gains, largely stemming from on balance sheet positions and FCBU earning revaluations, increasing by Rs 2.8Bn over the corresponding period, a substantial portion of which is reflected in 'Other Operating Income'.

Consistent focus on credit quality enabled HNB to improve its Gross NPA ratio to 3.92% by September 2021 compared to 4.31% as at end December 2020. Stage III loans as a percentage of total loans also improved by 43 bps over nine months to 2.97%. The Bank made an impairment of Rs 11.2Bn for the nine months, including a significant management overlay, taking into account the uncertainties stemming from the COVID 19 pandemic. Accordingly, the Stage III Provision coverage ratio improved from 48.3% in December 2020 to 54.2% by September 2021. Although the Bank's policy is to account for impairment of foreign currency denominated government securities based on the ratings published by Fitch Ratings, on prudential basis the Bank recognized an additional provision in 3Q 2021, on account of the sovereign downgrade by Moody's in October 2021.

Bank Cost to Income ratio improved by over 225 bps to 37.84% although Operating Expenses rose by 7.8% YoY to Rs 18Bn as Total Operating Income exhibited strong growth of 14.2% to Rs 47.5Bn.

Profit Before taxes (PBT) rose by 43% YoY to Rs 14.7Bn. The total effective tax rate reduced from 40.84% for the Nine months ending 2020 to 33.17% as 24% in lieu of 28% was applicable as the Corporate Tax rate for the current period as well as for deferred tax component. Resulting PAT of Rs 12.2Bn generated a ROA of 1.23%

Strong growth in the third quarter fuelled nine month gross loan growth of 10.7% to Rs 901.7Bn. HNB also continues to be a preferred Bank for deposits among clientele as the Rs 52.9Bn CASA mobilized during the period boosted deposit base by 9.5% to Rs 1.06 Trillion. The CASA ratio was also improved by over 150 bps since December 2020 to 41.2%. Total assets expanded by 4.7% to Rs 1.35 Trillion. Tier I Capital Adequacy ratio remained strong at 14.43% against the regulatory requirement of 8.50%, while the Total Capital Adequacy ratio improved further in 2021 to 18.22% due to the Rs 7Bn Basel III compliant debenture issue in the third quarter.

HNB Group Companies were also profitable during the nine-month period, complementing the Group PBT and PAT of Rs 16.4Bn and 13.4Bn respectively while profit attributable to the shareholders rose to Rs 13Bn. Group assets grew by 4.6% since 2020 to Rs 1.43 Trillion by end September 2021.

HNB is rated AA- (Ika) by Fitch Ratings and has been ranked among the Top 1000 Banks in the World over five consecutive years by the acclaimed UK based "The Banker Magazine". HNB was once again recognised among the Top 10 'Most Admired Corporates of Sri Lanka' at the CIMA/ICCSL awards, a recognition bestowed for the fourth successive year. HNB is also a 11 time winner of the 'Best Retail Bank in Sri Lanka' award by the Asian Banker Magazine and is ranked as No. 3 Company in Sri Lanka by the 'Business Today' Magazine.

INCOME STATEMENT

	BANK			BANK			GROUP			GROUP		
	For the 9 months ended 30th September			For the 3 months ended 30th September			For the 9 months ended 30th September			For the 3 months ended 30th September		
	2021 Rs 000	2020 Rs 000	% Increase / (Decrease)	2021 Rs 000	2020 Rs 000	% Increase/ (Decrease)	2021 Rs 000	2020 Rs 000	% Increase / (Decrease)	2021 Rs 000	2020 Rs 000	% Increase/ (Decrease)
Gross income	84,602,449	87,539,595	(3)	27,922,216	28,189,087	(1)	99,779,734	101,175,518	(1)	33,205,706	32,947,179	1
Interest income	72,535,379	79,607,326	(9)	24,417,727	25,805,008	(5)	79,279,476	86,217,098	(8)	26,576,332	27,675,093	(4)
Less: Interest expenses	36,956,209	45,794,050	(19)	12,000,077	14,432,054	(17)	38,449,888	47,786,609	(20)	12,434,343	15,106,768	(18)
Net interest income	35,579,170	33,813,276	5	12,417,650	11,372,954	9	40,829,588	38,430,489	6	14,141,989	12,568,325	13
Fee and commission income	6,846,354	5,615,287	22	2,308,405	2,048,162	13	7,357,540	6,093,618	21	2,436,021	2,264,607	8
Less: Fee and commission expenses	184,893	189,742	(3)	62,074	81,388	(24)	242,495	289,123	(16)	84,275	115,526	(27)
Net fee and commission income	6,661,461	5,425,545	23	2,246,331	1,966,774	14	7,115,045	5,804,495	23	2,351,746	2,149,081	9
Net interest, fee and commission income	42,240,631	39,238,821	8	14,663,981	13,339,728	10	47,944,633	44,234,984	8	16,493,735	14,717,406	12
Net gains/(losses) from trading	(1,408,902)	(1,417,211)	1	(761,891)	(276,503)	(176)	(1,329,860)	(1,423,892)	7	(744,638)	(257,578)	(189)
Net gain from financial investments at fair value through other comprehensive income	183,207	207,321	(12)	14,218	39,637	(64)	185,887	208,537	(11)	14,858	40,082	(63)
Net gains arising on de-recognition of financial assets	-	-	-	-	-	-	9,490	25,803	(63)	3,616	13,597	(73)
Net insurance premium income	-	-	-	-	-	-	7,651,037	6,413,898	19	2,767,935	2,540,482	9
Net other operating income	6,446,411	3,526,872	83	1,943,757	572,783	239	6,626,164	3,640,456	82	2,151,582	670,896	221
Total operating income	47,461,347	41,555,803	14	15,860,065	13,675,645	16	61,087,351	53,099,786	15	20,687,088	17,724,885	17
Less: Impairment charge for loans and other losses	11,193,360	11,811,527	(5)	4,864,527	2,723,393	79	11,832,748	12,102,578	(2)	5,038,454	2,822,260	79
Net operating income	36,267,987	29,744,276	22	10,995,538	10,952,252	-	49,254,603	40,997,208	20	15,648,634	14,902,625	5
Less : Operating expenses												
Personnel expenses	9,458,973	8,661,349	9	3,279,964	2,956,611	11	11,623,533	10,482,437	11	4,033,601	3,582,703	13
Depreciation and amortisation	1,792,418	1,623,725	10	626,090	537,644	16	2,133,753	1,913,459	12	745,435	563,683	32
Benefits, claims and underwriting expenditure	-	-	-	-	-	-	7,009,678	5,692,063	23	2,470,574	2,419,949	2
Other expenses	6,709,697	6,378,246	5	2,240,065	1,938,430	16	8,431,911	8,252,263	2	2,938,303	2,675,995	10
Total operating expenses	17,961,088	16,663,320	8	6,146,119	5,432,685	13	29,198,875	26,340,222	11	10,187,913	9,242,330	10
Operating profit before taxes on financial services	18,306,899	13,080,956	40	4,849,419	5,519,567	(12)	20,055,728	14,656,986	37	5,460,721	5,660,295	(4)
Less : Value Added Tax (VAT) on financial services	3,569,168	2,773,183	29	1,043,301	1,067,941	(2)	3,757,615	2,961,102	27	1,111,197	1,102,956	1
Operating profit after taxes on financial services	14,737,731	10,307,773	43	3,806,118	4,451,626	(15)	16,298,113	11,695,884	39	4,349,524	4,557,339	(5)
Share of profit of joint venture (net of income tax)	-	-	-	-	-	-	144,475	278,380	(48)	79,103	27,625	186
PROFIT BEFORE INCOME TAX	14,737,731	10,307,773	43	3,806,118	4,451,626	(15)	16,442,588	11,974,264	37	4,428,627	4,584,964	(3)
Less: Income tax expense	2,502,939	2,568,816	(3)	648,179	1,175,851	(45)	3,054,487	3,173,792	(4)	843,762	1,261,647	(33)
PROFIT FOR THE PERIOD	12,234,792	7,738,957	58	3,157,939	3,275,775	(4)	13,388,101	8,800,472	52	3,584,865	3,323,317	8
Profit attributable to:												
Equity holders of the Bank	12,234,792	7,738,957	58	3,157,939	3,275,775	(4)	12,973,323	8,605,481	51	3,497,187	3,436,309	2
Non-controlling interests	-	-	-	-	-	-	414,778	194,991	113	87,678	(112,992)	(178)
PROFIT FOR THE PERIOD	12,234,792	7,738,957	58	3,157,939	3,275,775	(4)	13,388,101	8,800,472	52	3,584,865	3,323,317	8
Earnings per share												
Basic earnings per ordinary share (Rs)	23.26	14.72	58	6.00	6.23	(4)	24.67	16.36	51	6.65	6.53	2
Diluted earnings per ordinary share (Rs)	23.26	14.72	58	6.00	6.23	(4)	24.67	16.36	51	6.65	6.53	2

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	BANK			BANK			GROUP			GROUP		
	For the 9 months ended 30th September			For the 3 months ended 30th September			For the 9 months ended 30th September			For the 3 months ended 30th September		
	2021 Rs 000	2020 Rs 000	% Increase/ (Decrease)	2021 Rs 000	2020 Rs 000	% Increase/ (Decrease)	2021 Rs 000	2020 Rs 000	% Increase/ (Decrease)	2021 Rs 000	2020 Rs 000	% Increase/ (Decrease)
PROFIT FOR THE PERIOD	12,234,792	7,738,957	58	3,157,939	3,275,775	(4)	13,388,101	8,800,472	52	3,584,865	3,323,317	8
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	(259,824)	(1,133,456)	77	(61,743)	253,083	(124)	(259,824)	(1,133,456)	77	(61,743)	253,083	(124)
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	25,720	(7,507)	(443)	-	-	-
Share of other comprehensive income of joint venture that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Less: Tax expense relating to items that will not be reclassified to profit or loss	578,862	-	-	-	-	-	1,247,234	2,102	59,240	-	-	-
Total other comprehensive income that will not be reclassified to profit or loss	319,038	(1,133,456)	128	(61,743)	253,083	(124)	1,013,130	(1,138,861)	(189)	(61,743)	253,083	(124)
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	(2,131,932)	2,112,556	(201)	(1,813,334)	(1,068,642)	(70)	(2,812,106)	2,958,386	(195)	(2,266,744)	(1,072,619)	(111)
Reclassification of net gains on de-recognition of debt instruments at fair value through other comprehensive income to statement of profit or loss	-	-	-	-	-	-	(9,490)	(25,803)	63	(3,616)	(13,597)	73
Net change in expected credit losses of debt securities measured at fair value through other comprehensive income	26,321	(508,893)	105	15,321	74,130	(79)	26,321	(508,893)	105	15,321	74,130	(79)
Transfer (to) / from life policy holder reserve fund	-	-	-	-	-	-	614,855	(729,512)	184	409,970	12,939	3,068
Share of other comprehensive income of joint venture that will be reclassified to profit or loss	-	-	-	-	-	-	58,220	22,335	161	(19,436)	(15,083)	(29)
Less: Tax expense relating to items that will be reclassified to profit or loss	552,821	(591,516)	193	435,200	299,220	45	566,447	(599,744)	194	439,440	299,644	47
Total other comprehensive income that will be reclassified to profit or loss	(1,552,790)	1,012,147	(253)	(1,362,813)	(695,292)	96	(1,555,753)	1,116,769	(239)	(1,425,065)	(714,586)	(99)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(1,233,752)	(121,309)	(917)	(1,424,556)	(442,209)	222	(542,623)	(22,092)	(2,356)	(1,486,808)	(461,503)	(222)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11,001,040	7,617,648	44	1,733,383	2,833,566	(39)	12,845,478	8,778,380	46	2,098,057	2,861,814	(27)
Total comprehensive income attributable to:												
Equity holders of the Bank	11,001,040	7,617,648	44	1,733,383	2,833,566	(39)	12,438,647	8,553,601	45	2,027,505	2,976,491	(32)
Non-controlling interests	-	-	-	-	-	-	406,831	224,779	81	70,552	(114,677)	162
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11,001,040	7,617,648	44	1,733,383	2,833,566	(39)	12,845,478	8,778,380	46	2,098,057	2,861,814	(27)

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 30.09.2021	As at 31.12.2020	% Increase / (Decrease)	As at 30.09.2021	As at 31.12.2020	% Increase / (Decrease)
	Rs 000	Audited Rs 000		Rs 000	Audited Rs 000	
ASSETS						
Cash and cash equivalents	60,258,615	34,123,562	77	60,752,138	34,898,957	74
Placements with banks	-	-	-	7,511,535	12,126,434	(38)
Balances with Central Bank of Sri Lanka	25,303,084	7,212,395	251	25,303,084	7,212,395	251
Reverse repurchase agreements	2,005,791	-	-	8,035,179	2,827,050	184
Derivative financial instruments	265,279	1,032,318	(74)	265,279	1,032,318	(74)
Financial assets measured at fair value through profit or loss	117,328	84,499	39	963,263	1,094,827	(12)
Financial assets measured at amortised cost - loans and advances to customers	849,750,910	772,580,720	10	878,355,860	800,815,971	10
Financial assets measured at amortised cost - debt and other instruments	162,181,668	186,605,516	(13)	172,740,576	193,349,496	(11)
Financial assets measured at fair value through other comprehensive income	208,205,173	249,271,658	(16)	214,303,769	256,394,644	(16)
Investment in joint venture	755,000	755,000	-	2,724,506	2,521,811	8
Investment in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	471,108	475,109	(1)	1,146,329	1,028,956	11
Property, plant and equipment	20,106,313	20,705,056	(3)	41,074,890	41,827,384	(2)
Right-of-use assets	5,096,843	5,356,868	(5)	1,739,517	1,827,832	(5)
Intangible assets and goodwill	1,430,515	1,309,172	9	1,969,314	1,749,994	13
Deferred tax assets	3,055,210	806,539	279	3,788,365	1,728,958	119
Other assets	10,760,670	8,515,839	26	13,215,089	11,045,479	20
Total assets	1,352,780,792	1,291,851,536	5	1,433,888,693	1,371,482,506	5
LIABILITIES						
Due to banks	26,364,826	89,746,709	(71)	26,364,826	89,746,709	(71)
Derivative financial instruments	640,860	337,014	90	640,860	337,014	90
Securities sold under repurchase agreements/ Standing lending facility	42,244,266	10,361,383	308	42,244,266	10,361,383	308
Financial liabilities measured at amortised cost - due to depositors	1,060,054,464	967,821,404	10	1,083,705,913	994,948,912	9
Dividends payable	992,450	962,185	3	1,012,279	980,507	3
Financial liabilities measured at amortised cost - other borrowings	22,126,889	30,526,261	(28)	22,126,889	30,526,261	(28)
Debt securities issued	1,902,501	1,875,042	1	2,440,000	2,411,408	1
Current tax liabilities	8,235,122	7,725,731	7	8,654,772	8,093,584	7
Deferred tax liabilities	-	-	-	4,703,540	5,371,390	(12)
Insurance provision - life	-	-	-	20,177,255	17,073,033	18
Insurance provision - non life	-	-	-	3,558,007	3,309,150	8
Other provisions	4,102,510	3,917,784	5	4,543,820	4,266,262	7
Other liabilities	17,749,423	16,278,033	9	17,683,544	15,451,997	14
Subordinated term debts	25,668,707	28,298,365	(9)	26,614,551	28,945,457	(8)
Total liabilities	1,210,082,018	1,157,849,911	5	1,264,470,522	1,211,823,067	4

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 30.09.2021 Rs 000	As at 31.12.2020 Audited Rs 000	% Increase / (Decrease)	As at 30.09.2021 Rs 000	As at 31.12.2020 Audited Rs 000	% Increase / (Decrease)
EQUITY						
Stated capital	37,364,244	35,572,329	5	37,364,244	35,572,329	5
Statutory reserve fund	7,660,000	7,660,000	-	7,660,000	7,660,000	-
Retained earnings	30,830,534	22,665,227	36	38,277,085	29,361,200	30
Other reserves	66,843,996	68,104,069	(2)	80,468,047	81,655,946	(1)
Total shareholders' equity	142,698,774	134,001,625	6	163,769,376	154,249,475	6
Non-controlling interests	-	-		5,648,795	5,409,964	4
Total equity	142,698,774	134,001,625	6	169,418,171	159,659,439	6
Total equity and liabilities	1,352,780,792	1,291,851,536	5	1,433,888,693	1,371,482,506	5
Contingent liabilities and commitments	618,370,257	631,948,229	(2)	618,370,257	631,948,229	(2)
Net assets value per ordinary share (Rs.)	271.34	254.80	6	311.41	293.30	6
Memorandum Information						
Number of Employees	4,990	4,836				
Number of Customer Centers	254	252				

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 September 2021 and its profit for the nine months ended 30th September 2021.

(Sgd.)

Rajive Dissanayake
Chief Financial Officer
10th November 2021

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

- the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements have been extracted from the unaudited financial statements of the Bank, its Joint Venture and Subsidiary Companies unless indicated as audited.

(Sgd.)

Jonathan Alles
Managing Director / Chief Executive Officer
10th November 2021

(Sgd.)

Aruni Goonetilleke
Chairperson
10th November 2021

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital		Statutory Reserve Fund	Other Reserves			Retained Earnings	Total Equity
	Voting Shares	Non-Voting Shares		Capital Reserve	Fair value Reserve	General Reserve		
	Rs000	Rs000		Rs000	Rs000	Rs000		
For the 9 months ended 30th September 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	-	-	-	-	-	-	12,234,792	12,234,792
Other comprehensive income, net of tax	-	-	-	578,862	(1,838,935)	-	26,321	(1,233,752)
Total comprehensive income for the period	-	-	-	578,862	(1,838,935)	-	12,261,113	11,001,040
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends 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)
Total contributions by and distributions to equity holders	1,436,119	355,796	-	-	-	-	(4,095,806)	(2,303,891)
Transfers during the period	-	-	-	-	-	-	-	-
Balance as at 30th September 2021	30,680,591	6,683,653	7,660,000	11,361,568	(617,572)	56,100,000	30,830,534	142,698,774
For the 9 months ended 30th September 2020								
Balance as at 1st January 2020	27,839,768	5,981,137	7,060,000	10,790,994	2,752,097	55,100,000	17,980,160	127,504,156
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	7,738,957	7,738,957
Other comprehensive income, net of tax	-	-	-	-	387,584	-	(508,893)	(121,309)
Total comprehensive income for the period	-	-	-	-	387,584	-	7,230,064	7,617,648
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2019 - Cash	-	-	-	-	-	-	(1,751,423)	(1,751,423)
Final dividend 2019 - Scrip	1,404,704	346,719	-	-	-	-	(1,751,423)	-
Total contributions by and distributions to equity holders	1,404,704	346,719	-	-	-	-	(3,502,846)	(1,751,423)
Transfers during the period				(8,287)	-			(8,287)
Balance as at 30th September 2020	29,244,472	6,327,856	7,060,000	10,782,707	3,139,681	55,100,000	21,707,378	133,362,094

STATEMENT OF CHANGES IN EQUITY - GROUP

Stated Capital

Other Reserves

	Voting Shares		Non-Voting Shares		Statutory Reserve Fund	Capital Reserve	General Reserve	Fair value Reserve	Life policy holder Reserve fund		Restricted Regulatory Reserve	Exchange Equalization Reserve	Retained Earnings	Shareholders' Funds	Non Controlling Interests	Total Equity
	Rs 000	Rs 000	Rs 000	Rs 000					Rs 000	Rs 000						
For the 9 months ended 30th September 2021																
Balance as at 1st January 2021	29,244,472	6,327,857	7,660,000	23,054,710	56,100,000	1,270,055	748,391	381,156	101,634	29,361,200	154,249,475	5,409,964	159,659,439			
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	12,973,323	12,973,323	414,778	13,388,101			
Net profit for the period	-	-	-	-	-	-	-	-	-	38,368	(534,676)	(7,947)	(542,623)			
Other comprehensive income for the period, net of tax	-	-	-	1,244,382	-	(1,817,426)	-	-	-	-	-	-	-			
Total comprehensive income for the period	-	-	-	1,244,382	-	(1,817,426)	-	-	-	13,011,691	12,438,647	406,831	12,845,478			

Transactions with equity holders,

recognised directly in equity

Contributions by and distributions to equity holders

Dividends to equity holders

Final dividend 2020 - Scrip

Final dividend 2020 - Cash

Total contributions by and distributions to equity holders

Transfer from life policy holder reserve fund

Transfers during the period

	1,436,119	355,796	-	-	-	-	-	-	-	-	-	-	(1,791,915)	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	(2,303,891)	(2,303,891)	(168,000)	(2,471,891)
	1,436,119	355,796	-	-	-	-	-	-	-	-	-	-	(4,095,806)	(2,303,891)	(168,000)	(2,471,891)
	-	-	-	(614,855)	-	-	-	-	-	-	-	-	-	(614,855)	-	(614,855)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30th September 2021	30,680,591	6,683,653	7,660,000	24,299,092	56,100,000	(547,371)	133,536	381,156	101,634	38,277,085	163,769,376	5,648,795	169,418,171			

For the 9 months ended 30th September 2020

Balance as at 1st January 2020

Total comprehensive income for the period

Net profit for the period

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

Transactions with equity holders,

recognised directly in equity

Contributions by and distributions to equity holders

Dividends to equity holders

Final dividend 2019 - Scrip

Final dividend 2019 - Cash

Total comprehensive income for the period

Transfer from life policy holder reserve fund

Transfers during the period

	27,839,768	5,981,137	7,060,000	23,062,998	55,100,000	2,759,863	172,297	381,156	78,378	23,072,623	145,508,220	4,962,318	150,470,538			
	-	-	-	-	-	-	-	-	-	8,605,481	8,605,481	194,991	8,800,472			
	-	-	-	-	-	(138,314)	-	-	14,582	71,852	(51,880)	29,788	(22,092)			
	-	-	-	(138,314)	-	(138,314)	-	-	14,582	8,677,333	8,553,601	224,779	8,778,380			
	-	-	-	(8,287)	-	-	729,512	-	-	-	721,225	-	721,225			
	-	-	-	-	-	-	-	-	-	-	-	-	-			
Balance as at 30th September 2020	29,244,472	6,327,857	7,060,000	23,054,711	55,100,000	2,621,549	901,809	381,156	92,960	28,247,108	153,031,622	5,067,097	158,098,719			

STATEMENT OF CASH FLOWS

For 9 months ended 30th September	BANK		GROUP	
	2021 Rs 000	2020 Rs 000	2021 Rs 000	2020 Rs 000
Cash flows from operating activities				
Interest receipts	74,582,071	89,109,352	81,350,306	95,703,293
Interest payments	(40,170,447)	(48,626,808)	(42,413,077)	(51,050,447)
Net commission receipts	6,884,702	5,359,688	7,336,337	5,755,567
Trading income	(1,448,440)	192,696	(1,448,321)	192,449
Payments to employees	(8,661,232)	(8,755,499)	(10,817,389)	(10,747,576)
Taxes on financial services	(3,111,550)	(2,969,089)	(3,234,975)	(3,158,918)
Receipts from other operating activities	4,930,384	2,352,376	13,402,571	8,938,121
Payments on other operating activities	(9,170,740)	(6,821,277)	(14,169,336)	(11,464,756)
Operating profit before change in operating assets and liabilities	23,834,748	29,841,439	30,006,116	34,167,733
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	(18,090,689)	14,015,526	(18,090,689)	14,015,526
Financial assets measured at amortised cost - loans and advances to customers	(85,564,452)	(9,331,410)	(86,133,272)	(9,219,275)
Reverse repurchase agreements	(2,005,791)	(306,076)	(5,208,129)	(243,110)
Other assets	(249,846)	1,007,288	(416,223)	817,477
	(105,910,778)	5,385,328	(109,848,313)	5,370,618
Increase/(decrease) in operating liabilities				
Financial liabilities measured at amortised cost - due to depositors	93,218,795	115,124,444	90,129,387	115,052,465
Financial liabilities measured at amortised cost - other borrowings	(71,187,989)	12,507,099	(71,167,267)	12,357,297
Securities sold under repurchase agreements / Standing lending facility	31,934,196	(8,269,812)	31,934,196	(8,269,812)
Other liabilities	1,757,722	567,152	1,957,280	1,319,818
	55,722,724	119,928,883	52,853,596	120,459,768
Net cash generated from operating activities before income tax	(26,353,306)	155,155,650	(26,988,601)	159,998,119
Income tax paid	(2,721,121)	(2,422,122)	(3,035,599)	(2,732,811)
Net cash generated from / (used in) operating activities	(29,074,427)	152,733,528	(30,024,200)	157,265,308
Cash flows from investing activities				
Purchase of property, plant and equipment	(376,059)	(684,065)	(673,024)	(828,447)
Proceeds from the sale of property, plant and equipment	12,318	5,833	13,268	29,849
Net proceeds from sale, maturity and purchase of financial investments	60,271,806	(154,915,778)	57,027,700	(155,772,894)
Net purchase of intangible assets	(401,519)	(500,298)	(557,971)	(528,504)
Dividends received from investment in subsidiaries	251,941	179,958	-	-
Dividends received from other investments	32,117	49,304	39,556	52,787
Net cash generated from / (used in) investing activities	59,790,604	(155,865,046)	55,849,529	(157,047,209)
Cash flows from financing activities				
Net proceeds from the issue of subordinated debt	(2,307,500)	-	(2,146,928)	-
Dividend paid to non controlling interest	-	-	(166,493)	(119,093)
Dividend paid to shareholders of the parent company	(2,273,626)	(2,204,397)	(2,273,626)	(2,204,397)
Net cash used in financing activities	(4,581,126)	(2,204,397)	(4,587,047)	(2,323,490)
Net increase / (decrease) in cash and cash equivalents	26,135,051	(5,335,915)	21,238,282	(2,105,391)
Cash and cash equivalents at the beginning of the period	34,123,562	36,691,732	47,025,391	45,753,921
Cash and cash equivalents at the end of the period	60,258,613	31,355,817	68,263,673	43,648,530
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	60,258,613	28,418,100	60,752,138	28,961,915
Placements with banks	-	2,937,717	7,511,535	14,686,615
	60,258,613	31,355,817	68,263,673	43,648,530

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 30th September 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	-	60,258,615	-	60,258,615
Placements with banks	-	-	-	-
Balances with Central Bank of Sri Lanka	-	25,303,084	-	25,303,084
Reverse repurchase agreements	-	2,005,791	-	2,005,791
Derivative financial instruments	265,279	-	-	265,279
Financial assets measured at fair value through profit or loss	117,328	-	-	117,328
Financial assets measured at amortised cost				
- loans and advances to customer	-	849,750,910	-	849,750,910
Financial assets measured at amortised cost - debt and other instruments	-	162,181,668	-	162,181,668
Financial assets measured at fair value through other comprehensive income	-	-	208,205,173	208,205,173
Other financial assets	-	5,306,147	-	5,306,147
Total financial assets	382,607	1,104,806,215	208,205,173	1,313,393,995
Liabilities				
Due to banks	-	26,364,826	-	26,364,826
Derivative financial instruments	640,860	-	-	640,860
Securities sold under repurchase agreements/ Standing lending facility	-	42,244,266	-	42,244,266
Financial liabilities measured at amortised cost - due to depositors	-	1,060,054,464	-	1,060,054,464
Dividends payable	-	992,450	-	992,450
Financial liabilities measured at amortised cost - other borrowings	-	22,126,889	-	22,126,889
Debt securities issued	-	1,902,501	-	1,902,501
Other financial liabilities	-	2,392,703	-	2,392,703
Subordinated term debts	-	25,668,707	-	25,668,707
Total financial liabilities	640,860	1,181,746,806	-	1,182,387,666
As at 31st December 2020				
	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	-	34,123,562	-	34,123,562
Placements with banks	-	-	-	-
Balances with Central Bank of Sri Lanka	-	7,212,395	-	7,212,395
Derivative financial instruments	1,032,318	-	-	1,032,318
Financial assets measured at fair value through profit or loss	84,499	-	-	84,499
Financial assets measured at amortised cost – loans and advances to customer	-	772,580,720	-	772,580,720
Financial assets measured at amortised cost - debt and other instruments	-	186,605,516	-	186,605,516
Financial assets measured at fair value through other comprehensive income	-	-	249,271,658	249,271,658
Other financial assets	-	413,501	-	413,501
Total financial assets	1,116,817	1,000,935,694	249,271,658	1,251,324,169
Liabilities				
Due to banks	-	89,746,709	-	89,746,709
Derivative financial instruments	337,014	-	-	337,014
Securities sold under repurchase agreements	-	10,361,383	-	10,361,383
Financial liabilities measured at amortised cost - due to depositors	-	967,821,404	-	967,821,404
Dividends payable	-	962,185	-	962,185
Financial liabilities measured at amortised cost - other borrowings	-	30,526,261	-	30,526,261
Debt securities issued	-	1,875,042	-	1,875,042
Other financial liabilities	-	2,377,854	-	2,377,854
Subordinated term debts	-	28,298,365	-	28,298,365
Total financial liabilities	337,014	1,131,969,203	-	1,132,306,217

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 30th September 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	-	60,752,138	-	60,752,138
Placements with banks		7,511,535		7,511,535
Balances with Central Bank of Sri Lanka		25,303,084		25,303,084
Reverse repurchase agreements		8,035,179		8,035,179
Derivative financial instruments	265,279			265,279
Financial assets measured at fair value through profit or loss	963,263			963,263
Financial assets measured at amortised cost				-
- loans and advances to customers		878,355,860		878,355,860
Financial assets measured at amortised cost - debt and other instruments		172,740,576		172,740,576
Financial assets measured at fair value through other comprehensive income			214,303,769	214,303,769
Other financial assets		7,045,656	-	7,045,656
Total financial assets	1,228,542	1,159,744,028	214,303,769	1,375,276,339
Liabilities				
Due to banks	-	26,364,826	-	26,364,826
Derivative financial instruments	640,860	-	-	640,860
Securities sold under repurchase agreements/ Standing lending facility	-	42,244,266	-	42,244,266
Financial liabilities measured at amortised cost - due to depositors	-	1,083,705,913	-	1,083,705,913
Dividends payable	-	1,012,279	-	1,012,279
Financial liabilities measured at amortised cost - other borrowings	-	22,126,889	-	22,126,889
Debt securities issued	-	2,440,000	-	2,440,000
Other financial liabilities	-	5,042,313	-	5,042,313
Subordinated term debts	-	26,614,551	-	26,614,551
Total financial liabilities	640,860	1,209,551,037	-	1,210,191,897
As at 31st December 2020				
	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	-	34,898,957	-	34,898,957
Placements with banks	-	12,126,434	-	12,126,434
Balances with Central Bank of Sri Lanka	-	7,212,395	-	7,212,395
Reverse repurchase agreements	-	2,827,050	-	2,827,050
Derivative financial instruments	1,032,318	-	-	1,032,318
Financial assets measured at fair value through profit or loss	1,094,827	-	-	1,094,827
Financial assets measured at amortised cost - loans and advances to customers	-	800,815,971	-	800,815,971
Financial assets measured at amortised cost - debt and other instruments	-	193,349,496	-	193,349,496
Financial assets measured at fair value through other comprehensive income	-	-	256,394,644	256,394,644
Other financial assets	-	3,851,392	-	3,851,392
Total financial assets	2,127,145	1,055,081,695	256,394,644	1,313,603,484
Liabilities				
Due to banks	-	89,746,709	-	89,746,709
Derivative financial instruments	337,014	-	-	337,014
Securities sold under repurchase agreements	-	10,361,383	-	10,361,383
Financial liabilities measured at amortised cost - due to depositors	-	994,948,912	-	994,948,912
Dividends payable	-	980,507	-	980,507
Financial liabilities measured at amortised cost - other borrowings	-	30,526,261	-	30,526,261
Debt securities issued	-	2,411,408	-	2,411,408
Other financial liabilities	-	4,652,548	-	4,652,548
Subordinated term debts	-	28,945,457	-	28,945,457
Total financial liabilities	337,014	1,162,573,185	-	1,162,910,199

SEGMENT REPORTING

As at 30th September	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBF*		Eliminations/ Unallocated		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	4,474,451	8,794,966	10,149,203	9,982,830	5,699,031	8,131,097	857,971	12,809,891	8,895,279	(16,112)	(18,380)	1,836,386	1,854,757	2,304,333	2,280,984	(2,372,364)	40,829,588	38,430,489		
Foreign exchange income	224,805	100,414	110,381	87,369	203,107	154,790	1,288	3,564,463	1,000,666	-	-	-	-	-	-	-	4,104,044	1,344,979		
Net fee and commission income	2,292,991	1,484,897	3,069,919	1,353,885	1,606,252	1,455,596	76,133	978	72,221	-	-	162,378	162,492	216,458	(414,452)	982,813	7,115,045	5,804,495		
Other operating income	-	-	-	-	-	-	-	8,130	4,371	762,366	749,440	7,852,102	6,460,186	120,182	223,708	185,644	903,674	7,519,823		
Total operating income	6,992,247	10,380,277	13,329,393	11,424,084	7,508,390	9,741,483	935,844	16,383,462	9,972,337	746,254	731,060	9,850,866	8,477,435	2,090,240	(1,203,907)	1,087,351	53,099,786			
Impairment charge for loans and other losses	4,603,942	3,525,610	2,041,377	3,420,481	2,982,951	3,209,196	561,429	1,030,801	1,090,746	-	-	9,003	12,639	278,412	-	4,065	11,832,748	12,102,578		
Net operating income	2,388,305	6,854,667	11,288,016	8,003,603	4,525,439	6,532,287	374,415	15,352,661	8,881,791	746,254	731,060	9,841,863	8,464,796	2,817,160	2,362,561	(1,207,972)	49,254,603	40,997,208		
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,298,113	11,695,884		
Share of profit of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144,475	278,380		
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,054,487)	(3,173,792)		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(414,778)	(194,991)		
Net Profit for the year attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,973,323	8,605,481		
Segment assets	441,119,394	361,923,823	223,056,630	198,308,041	223,864,254	205,918,459	28,387,519	26,825,400	414,269,288	429,401,192	10,832,444	10,341,353	34,863,345	30,741,460	40,595,430	19,556,119	17,880,983	1,481,164,187	1,321,936,141	
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,724,506	2,438,379		
Total assets	441,119,394	361,923,823	223,056,630	198,308,041	223,864,254	205,918,459	28,387,519	26,825,400	414,269,288	429,401,192	10,832,444	10,341,353	34,863,345	30,741,460	40,595,430	22,280,625	20,319,362	1,433,888,693	1,324,374,520	
Segment liabilities	181,716,126	151,452,555	674,036,040	591,043,322	188,205,928	168,016,592	10,154,027	7,336,593	55,412,058	134,950,404	10,832,444	10,341,353	34,863,345	30,741,460	40,595,430	243,453,531	189,896,810	1,433,888,693	1,324,374,519	
Total liabilities	181,716,126	151,452,555	674,036,040	591,043,322	188,205,928	168,016,592	10,154,027	7,336,593	55,412,058	134,950,404	10,832,444	10,341,353	34,863,345	30,741,460	40,595,430	243,453,531	189,896,810	1,433,888,693	1,324,374,519	
Information on cash flows																				
Cash flows from operating activities	(34,349,541)	69,623,098	55,433,410	52,886,296	5,215,048	21,371,261	999,268	546,317	(36,960,455)	50,150,727	507,578	500,893	2,457,822	1,588,349	(2,672,219)	2,047,581	(20,655,111)	(41,449,214)	(30,024,200)	157,265,308
Cash flows from investing activities	(6,700,000)	1,700,000	-	-	-	-	-	66,973,920	(142,792,329)	-	-	-	(1,791,227)	(1,466,459)	(925,206)	423,492	(1,707,958)	(14,909,913)	55,849,529	(157,047,209)
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	(258,020)	(530,842)	(407,898)	(94,809)	(195,959)	(3,961,396)	(1,461,613)	(4,587,047)	(2,323,490)	
Net cash flow generated during the year	(41,049,541)	71,323,098	55,433,410	52,886,296	5,215,048	21,371,261	999,268	546,317	30,013,465	(92,641,602)	507,578	242,873	135,753	(286,008)	(3,692,234)	2,275,114	(26,324,465)	(57,820,740)	21,238,282	(2,105,391)
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	(150,260)	(65,508)	(146,705)	(78,874)	(376,059)	(684,065)	(673,024)	(828,447)
- Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	(16,650)	(23,391)	(139,802)	(4,815)	(401,519)	(500,298)	(657,971)	(528,504)
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	(166,910)	(88,899)	(286,507)	(83,689)	(777,578)	(1,184,363)	(1,230,995)	(1,356,951)

* 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 2020.
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. Impact of COVID – 19

The Covid 19 outbreak in March 2020 followed by the second and the third waves continues to pose challenges to businesses and industries both locally and globally due to uncertainties, restrictions and limitations associated with the pandemic. This in turn continues to impact the operations of the Bank/Group. Required adjustments have been made for the potential implications in these financial statements based on the available information and application of judgment with stress testing as at Reporting date. The Board will continue to monitor the implications and make adjustments, if required.

• ECL Assessment and computation

The Bank reassessed the Probabilities of Default (PD) as at September 2021 and in respect of the exposures to the industries where the moratoriums have been extended till 31st December 2021 or 30th June 2022, the stage assessments have been made through stress testing to address potential significant increase in credit risk (SICR) based on the conditions which prevailed prior to granting of the moratorium unless specific information were available indicating subsequent increase in credit risk. Bank continued to apply the basis adopted in December 2020 in relation to assessment of SICR using qualitative, quantitative and industry specific factors and the measurement of overlay based on stress testing of exposures in the risk elevated sectors. The actual losses may differ from the assessment due to the uncertainty. Bank has made adequate provisions for expected credit losses in the financial statements as at 30th September 2021 to ensure that the potential impact to its loan portfolio is adequately covered.

• Basis adopted in the impairment assessment of foreign currency denominated government securities

Bank's policy is to account for impairment of FCY denominated government securities based on the Fitch rating. However, Bank has taken into account the economic conditions and sovereign downgrade by Moody's Investors Services on 28th October 2021, in the financial statements for the nine months ended 30th September 2021, in a proactive manner by applying the concept of Expected Credit Loss. A detailed assessment of the same will be carried out as at year end and adjustments, if any will be made.

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. 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.
7. Mrs. Aruni Goonetilleke (Non executive / Non independent Director) was appointed as the Chairperson of the Bank w.e.f 29th September 2021 with demise of Mr. A H D A N De Silva. Further Mr. Devaka Cooray appointed as Senior Independent Director w.e.f 29th September 2021
Mr. K V Nihal Jayawardene, PC was appointed as a Non Executive / Non independent Director w.e.f 17th August 2021.

8. Corporate income tax rate

The Inland Revenue (Amendment) Act was passed in Parliament on 4th May 2021 and certified by the Hon. Speaker on 13th May 2021. Accordingly, the income tax rate of 28% was reduced to 24%. Both income tax and deferred tax provisions for the year ended 31st December 2020 were calculated at the rate of 28% on the basis that the said amendment was not considered to be "substantially enacted" as per LKAS 12 as at 31st December 2020.

Accordingly, the Bank/ Group has applied 24% for the computation of current and deferred tax for the period ended 30th September 2021. Further the current tax liability for 2020 and the net deferred tax asset outstanding as at 31st December 2020 were also reassessed at 24%.

9. Debenture issue 2021/2031

The Bank issued 50,000,000 Basel III Compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 10 year debentures (2021/2031) on 15th July 2021 with a Non-Viability Conversion, with an option to issue up to a further Twenty Million (20,000,000) of said Debentures at the discretion of the Bank in the event of an over subscription of the initial issue. The debenture issue was fully subscribed and the allotment took place on 28th July 2021.

Objective number	Objective as Per Prospectus	Amount allocated as Per prospectus in LKR	Proposed date of Utilization as Per prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilized in LKR (B)	% of utilization against allocation (B/A)
1	Refinancing the debentures maturing in 2021	LKR 4 Bn	LKR 2 Bn – 04th Sept. 2021 LKR 2 Bn – 01st Nov. 2021	LKR 4 Bn	57.1%	Rs 4 Bn	100%
2	Strengthen the balance sheet to support the demand for credit	LKR 3 Bn	Within 12 months from the date of Allotment	LKR 3 Bn	42.9%	Rs 3 Bn	100%

10. The funds raised through debentures previously issued were fully utilized for the objectives mentioned in the respective prospectuses.
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 30.09.2021	As at 31.12.2020	As at 30.09.2021	As at 31.12.2020
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	120,861	117,243	134,998	130,836
Tier 1 Capital. Rs. Mn	120,861	117,243	134,998	130,836
Total Capital. Rs. Mn	152,649	143,172	167,157	157,269
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2021 - 7.00%:2020 - 7.00%)	14.43%	14.73%	14.77%	14.99%
Tier 1 Capital Ratio (Minimum Requirement - 2021 - 8.50%:2020 - 8.50%)	14.43%	14.73%	14.77%	14.99%
Total Capital Ratio (Minimum Requirement 2021 - 12.50%:2020 - 12.50%)	18.22%	17.98%	18.29%	18.02%
Leverage Ratio (Minimum Requirement- 3.00%)	7.86%	7.73%	8.34%	8.20%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio,% (net of Interest in Suspense)	3.92%	4.31%		
Net Non-Performing Advances Ratio,% (net of Interest in Suspense and provisions)	0.42%	0.90%		
Impaired Loans (Stage 3) Ratio, %	2.97%	3.40%		
Impairment (Stage 3) to Stage 3 loans Ratio, %	54.16%	48.39%		
Profitability (Annualised)				
Interest Margin, %	3.59%	3.68%		
Return on Assets (before Tax), %	1.49%	1.24%		
Return on Equity, %	11.77%	8.68%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	364,562	407,527		
Off-Shore Banking Unit	26,086	31,283		
Statutory Liquid Assets Ratio (Minimum requirement 20%)				
Domestic Banking unit	32.55%	38.95%		
Off-Shore Banking Unit	28.33%	35.92%		
Total Stock of High-Quality Liquid Assets, Rs. Mn	249,236	314,678		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2021 -100%, 2020 - 100%)	235.27%	285.50%		
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 2021 - 100%, 2020 - 100%)	208.72%	290.29%		
Net Stable Funding Ratio(Minimum Requirement - 2021 - 100%, 2020 - 100%)	115.93%	112.61%		

LISTED DEBENTURE INFORMATION

Quarter ended 30th September	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		
	2021		2020		2021	2020	Quarter ended 30th September	2021	2020
	Highest Rs.	Lowest Rs.	Highest Rs.	Lowest Rs.	Rs.	Rs.	HNB DEBENTURES 2006		
HNB DEBENTURES 2006							18 year Fixed Rate (11.25% p.a.)	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	HNB DEBENTURES 2007		
HNB DEBENTURES 2007							15 year Fixed Rate (16.75% p.a.)	N/T	N/T
15 year Fixed Rate (16.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	HNB DEBENTURES 2011		
HNB DEBENTURES 2011							10 year Fixed Rate (11.50% p.a.)	N/T	N/T
10 year Fixed Rate (11.50% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	HNB DEBENTURES 2013		
HNB DEBENTURES 2013							10 year Fixed Rate (8.00% p.a.)	9.03	N/T
10 year Fixed Rate (8.00% p.a.)	98.05	98.05	N/T	N/T	98.05	N/T	HNB DEBENTURES 2014		
HNB DEBENTURES 2014							10 year Fixed Rate (8.33% p.a.)	N/T	N/T
10 year Fixed Rate (8.33% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	HNB DEBENTURES 2016		
HNB DEBENTURES 2016							5 year Fixed Rate (11.75% p.a.)	N/T	N/T
5 year Fixed Rate (11.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	7 year Fixed Rate (13.00% p.a.)	7.34	13.17
7 year Fixed Rate (13.00% p.a.)	111.18	111.18	102.42	99.47	111.18	99.47	HNB DEBENTURES 2019		
HNB DEBENTURES 2019							5 year Fixed Rate (12.30% p.a.)	N/T	N/T
5 year Fixed Rate (12.30% 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
7 year Fixed Rate (12.80% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	HNB DEBENTURES 2021		
HNB DEBENTURES 2021							10 year Fixed Rate (9.50% p.a.)	N/T	N/A
10 year Fixed Rate (9.50% p.a.)	N/T	N/T	N/A	N/A	N/T	N/A	N/T – Not Traded as at 30th September, N/A – Not Applicable as at 30th September		

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

RATIOS OF DEBT		
	30.09.2021	31.12.2020
Debt Equity Ratio (%)	34.33	67.56
	30.09.2021	30.09.2020
Interest Cover (Times)	4.73	3.63
	30.09.2021	30.09.2020
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 15 year maturity	N/A	4.70
2006 series 18 year maturity	8.03	6.30
2007 series 15 year maturity	6.50	5.56
2011 series 10 year maturity	N/A	4.97
2013 series 10 year maturity	7.76	6.08
2014 series 10 year maturity	8.43	6.48
2016 series 7 year maturity	7.86	6.17
2019 series 5 year maturity	8.35	6.40
2019 series 7 year maturity	9.37	6.93
2021 series 10 year maturity	10.26	N/A

Yield to Maturity of Last Trade Done (% p.a.)		
Quarter ended 30th September	2021	2020
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/T	N/T
HNB DEBENTURES 2013		
10 year Fixed Rate (8.00% p.a.)	14.25	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/T	N/T
7 year Fixed Rate (13.00% p.a.)	13.00	13.00
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 September, N/A – Not Applicable as at 30th September		

SHARE INFORMATION

As at	30-Sep-21	31-Dec-20
Number of Shares		
Voting	420,859,924	410,319,604
Non-voting	105,044,649	101,656,112
Last Traded Price per share		
Voting	141.00	126.50
Non-voting	133.75	100.60

For the Quarter Ended	30-Sep-21	30-Sep-20
Highest price per share		
Voting	142.75	132.50
Non-voting	133.75	103.90
Lowest price per share		
Voting	128.00	100.00
Non-voting	105.50	76.20

PUBLIC SHAREHOLDING PERCENTAGE

	30-Sep-21	
	Number	%
Number of shareholders representing the public holding (Voting)	8,146	69% approx.
Number of shareholders representing the public holding (Non Voting)	11,505	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs. 41 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	30-Sep-21	31-Dec-20
1. Mrs. Aruni Goonetilleke *	-	N/A
2. Dr. L.J.S.H. Cabral **	N/A	-
3. Mr. D.S. Weerakkody ***	N/A	2,143
4. Mr. A.J. Alles ****	131,855	128,355
5. Mr. R.S. Captain *****	N/A	7,544
6. Mr. D.A. Cabraal	-	-
7. Mr. E.D.P. Soosaipillai *****	N/A	-
8. Mr. A.H.D.A.N. De Silva *****	N/A	104
9. Mr. L.U.D. Fernando	91	637
10. Mr. W.M.M.D. Ratnayake	-	-
11. Mr. M.P.D. Cooray	8,607	8,330
12. Mr. D.P.N. Rodrigo*****	25,702	153,759
13. Mr. O.H.S. Chandrawansa *****	-	N/A
14. Mr. P.R. Saldin*****	3,180	3,078
15. Mr. N. Jayawardena*****	-	N/A
Dr. T.K.D.A.P. Samarasinghe*****	-	-

* Appointed as Chairperson w.e.f. 29th September 2021

** Resigned w.e.f. 5th July 2021

*** Resigned w.e.f. 30th March 2021

**** Chief Executive Officer

***** Resigned w.e.f. 2nd April 2021

***** Resigned w.e.f. 30th March 2021

***** Mr. A.H.D.A.N. De Silva (Chairman) demised on 29th September 2021

***** Chief Operating Officer

***** Appointed w.e.f. 1st April 2021

***** Appointed w.e.f. 30th April 2021 (Alternate Director to Mr. R.S. Captain as at 31st December 2020)

***** Appointed w.e.f. 17th August 2021

***** Alternate Director to Mr. L.U.D. Fernando w.e.f. 5th July 2019

20 MAJOR SHAREHOLDERS (VOTING) AS AT 30TH SEPTEMBER 2021

	Name	No. of shares	% on total voting capital
1.	BROWNS INVESTMENTS PLC	42,024,032	9.99
2.	EMPLOYEE'S PROVIDENT FUND	41,021,326	9.75
3.	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	35,189,622	8.36
4.	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	33,279,619	*7.91
5.	STASSEN EXPORTS (PVT) LIMITED	28,845,668	*6.85
6.	MR. S.E. CAPTAIN	27,399,702	6.51
7.	SONETTO HOLDINGS LIMITED.	20,684,835	4.91
8.	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	17,990,190	4.27
9.	DISTILLERIES COMPANY OF SRI LANKA PLC	12,905,917	*3.07
10.	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	12,425,090	2.95
11.	NATIONAL SAVINGS BANK	12,075,700	2.87
12.	PEOPLE'S LEASING & FINANCE PLC / DON AND DON HOLDINGS (PRIVATE) LIMITED	10,733,127	2.55
13.	STANDARD CHARTERED BANK SINGAPORE S/A HL BANK SINGAPORE BRANCH	7,899,166	1.88
14.	MS. L.A. CAPTAIN	7,865,444	1.87
15.	RBC INVESTOR SERVICES TRUST-RBC EMERGING MARKETS SMALL-CAP EQUITY FUND	7,447,653	1.77
16.	BNYMSANV RE-FIRST SENTIER INVESTORS ICVC - FSSA ASIA ALL-CAP FUND	3,443,272	0.82
17.	EMPLOYEES TRUST FUND BOARD	3,213,611	0.76
18.	HATTON NATIONAL BANK PLC-NDB WEALTH GROWTH AND INCOME FUND	2,975,000	0.71
19.	RUBBER INVESTMENT TRUST LTD A/C NO 01	2,599,734	0.62
20.	CEI PLASTICS LTD	2,278,390	0.54

* 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 SEPTEMBER 2021

	Name	No. of shares	% on total non-voting capital
1.	BROWNS INVESTMENTS PLC	45,209,455	43.04
2.	ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM/ MR.ELAYATHAMBY THAVAGNANASUNDARAM	4,682,762	4.46
3.	AKBAR BROTHERS PVT LTD A/C NO 1	4,653,891	4.43
4.	MR. S.E. CAPTAIN	1,626,603	1.55
5.	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	1,117,419	1.06
6.	EMPLOYEES TRUST FUND BOARD	1,054,948	1.00
7.	HATTON NATIONAL BANK PLC A/C NO 2	755,919	0.72
8.	SABOOR CHATOOR (PVT) LTD	719,303	0.68
9.	MR. E. CHATOOR	680,966	0.65
10.	MR. J.D. BANDARANAYAKE (JOINT - 1 : DR. V. BANDARANAYAKE 2 : MISS I. BANDARANAYAKE)	577,258	0.55
11.	MR. J.D. BANDARANAYAKE (JOINT - 1 : MISS N. BANDARANAYAKE 2 : DR. V. BANDARANAYAKE)	577,160	0.55
12.	E.W. BALASURIYA & CO. (PVT) LTD	524,717	0.50
13.	PEOPLE'S LEASING & FINANCE PLC/MR. I.D.R. PERERA	509,997	0.49
14.	MRS. J.N. AMBANI	506,075	0.48
15.	MISS R.H. ABDULHUSSEIN	452,428	0.43
16.	MR. M.J. FERNANDO	430,043	0.41
17.	SAM INNOVATORS (PVT) LTD	417,823	0.40
18.	DR. R.D. BANDARANAIKE	406,545	0.39
19.	LANKA SYNTHETIC FIBRE CO LTD	382,668	0.36
20.	MR. Y.H. ABDULHUSSEIN	373,418	0.36

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT

As at	BANK		GROUP	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	Rs.000	Rs.000	Rs.000	Rs.000
1) Gross loans and advances to customers	901,744,614	814,543,456	934,148,195	846,720,970
Less : Accumulated impairment under stage 1	6,356,769	3,091,724	7,704,220	3,799,787
Accumulated impairment under stage 2	9,950,362	8,058,780	10,176,204	8,284,622
Accumulated impairment under stage 3	35,686,573	30,812,232	37,911,911	33,820,590
Net loans and receivables	849,750,910	772,580,720	878,355,860	800,815,971
Product-wise Gross loans and advances to customers				
By product-Domestic Currency				
Overdrafts	111,475,494	91,586,773	111,303,332	91,460,567
Bills of exchange	200,242	380,375	200,242	380,375
Commercial papers	153,306	153,821	153,306	153,821
Short term loans	124,169,199	96,655,676	124,567,869	97,039,374
Credit Cards	10,718,437	9,155,433	10,718,437	9,155,433
Trust receipts	25,254,642	19,864,641	25,254,642	19,864,641
Packing credit loans	5,657,263	2,563,792	5,657,263	2,563,792
Staff loans	18,477,736	17,208,143	19,111,866	18,065,918
Term loans	374,169,815	356,319,811	392,988,986	374,995,218
Lease rentals receivable	64,754,024	60,277,415	75,720,325	71,204,307
Housing loans	44,621,822	39,441,387	44,621,822	39,441,387
Pawning advances	26,219,446	22,947,790	27,976,917	24,407,738
Securitized notes	1,503,134	2,146,677	1,503,134	2,146,677
Sub total	807,374,560	718,701,734	839,778,141	750,879,248
By product-Foreign Currency				
Overdrafts	2,754,502	2,061,130	2,754,502	2,061,130
Bills of exchange	1,126,327	1,665,353	1,126,327	1,665,353
Short term loans	1,603,335	1,742,502	1,603,335	1,742,502
Trust receipts	3,562,120	3,903,480	3,562,120	3,903,480
Packing credit loans	13,215,943	14,954,506	13,215,943	14,954,506
Term loans	69,693,080	68,778,089	69,693,080	68,778,089
Lease rentals receivable	147,151	204,113	147,151	204,113
Housing loans	2,267,596	2,532,549	2,267,596	2,532,549
Sub total	94,370,054	95,841,722	94,370,054	95,841,722
Total	901,744,614	814,543,456	934,148,195	846,720,970
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 2020	3,343,678	4,827,329	21,998,921	30,169,928
Net impairment charge for the period	195,853	2,220,652	8,758,018	11,174,523
Write-offs during the period	-	-	-	-
Other movements	-	-	75,000	75,000
Closing balance as at 30th September 2020	3,539,531	7,047,981	30,831,940	41,419,452
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	3,265,045	1,891,582	4,628,506	9,785,133
Write-offs during the period	-	-	-	-
Other movements	-	-	245,835	245,835
Closing balance as at 30th September 2021	6,356,769	9,950,362	35,686,573	51,993,704
	Group			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2020	4,063,983	5,210,363	24,040,578	33,314,924
Net impairment charge for the period	633,475	2,086,313	8,167,182	10,886,970
Write-offs during the period	-	-	-	-
Other movements	-	-	75,000	75,000
Closing balance as at 30th September 2020	4,697,458	7,296,676	32,282,760	44,276,894
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	3,904,433	1,891,582	4,628,506	10,424,521
Write-offs during the period	-	-	(783,020)	(783,020)
Other movements	-	-	245,835	245,835
Closing balance as at 30th September 2021	7,704,220	10,176,204	37,911,911	55,792,335

ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

As at	BANK		GROUP	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	Rs.000	Rs.000	Rs.000	Rs.000
2) Gross commitments and contingencies	618,370,257	631,948,229	618,370,257	631,948,229
Less : Accumulated impairment under stage 1	824,384	810,503	824,384	810,503
Accumulated impairment under stage 2	199,893	201,327	199,893	201,327
Accumulated impairment under stage 3	1,432,544	1,123,884	1,432,544	1,123,884
	615,913,436	629,812,515	615,913,436	629,812,515
Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	672,540	831,794	672,540	831,794
Guarantees	58,189,399	55,658,375	58,189,399	55,658,375
Acceptances	37,156	227,023	37,156	227,023
Bills for collection	450,170	494,881	450,170	494,881
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	7,739,699	40,848,058	7,739,699	40,848,058
Cheques sent on clearing	3,347,586	3,851,339	3,347,586	3,851,339
Undrawn credit lines	357,322,188	334,295,507	357,322,188	334,295,507
Sub total	427,758,738	436,206,977	427,758,738	436,206,977
By Product - Foreign Currency				
Documentary credit	31,601,103	27,502,654	31,601,103	27,502,654
Guarantees	45,947,641	48,811,988	45,947,641	48,811,988
Acceptances	27,608,691	25,986,688	27,608,691	25,986,688
Bills for collection	22,510,194	15,633,015	22,510,194	15,633,015
Forward exchange contracts				
Forward exchange sales	11,381,318	28,293,790	11,381,318	28,293,790
Forward exchange purchases	25,466,932	22,911,210	25,466,932	22,911,210
Cheques sent on clearing	-	-	-	-
Undrawn credit lines	26,095,640	26,601,907	26,095,640	26,601,907
Sub total	190,611,519	195,741,252	190,611,519	195,741,252
Total	618,370,257	631,948,229	618,370,257	631,948,229
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 2020	810,503	201,327	1,123,884	2,135,714
Net impairment charge for the period	25,669	100,160	(127,542)	(1,713)
Write-offs during the period	-	-	-	-
Other movements	-	-	-	-
Closing balance as at 30th September 2020	836,172	301,487	996,342	2,134,001
Opening balance as at 1st January 2021	735,795	256,266	1,218,185	2,210,246
Net impairment charge for the period	88,589	(56,373)	214,359	246,575
Write-offs during the period	-	-	-	-
Other movements	-	-	-	-
Closing balance as at 30th September 2021	824,384	199,893	1,432,544	2,456,821

ANALYSIS OF DEPOSITS

As at	BANK		GROUP	
	30.09.2021 Rs.000	31.12.2020 Rs.000	30.09.2021 Rs.000	31.12.2020 Rs.000
3) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	58,485,290	59,483,315	58,269,622	58,785,686
Savings deposits	324,431,751	276,530,585	326,283,378	278,833,827
Time deposits	451,018,969	446,100,129	473,328,160	471,916,612
Certificates of deposit	341,649	338,098	341,649	338,098
Margin deposits	1,814,140	1,532,608	1,814,140	1,532,608
Sub total	836,091,799	783,984,735	860,036,949	811,406,831
By product- Foreign Currency				
Current account deposits	6,015,256	4,515,956	6,015,256	4,515,956
Savings deposits	47,617,777	43,134,411	47,324,076	43,134,411
Time deposits	170,060,119	136,047,089	170,060,119	135,752,501
Margin deposits	269,513	139,213	269,513	139,213
Sub total	223,962,665	183,836,669	223,668,964	183,542,081
Total	1,060,054,464	967,821,404	1,083,705,913	994,948,912

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 2020. 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 September 2021.

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

As at 30th September 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	-	265,279	-	265,279	-	265,279	-	265,279
Financial assets measured at fair value through profit or loss	117,328	-	-	117,328	297,652	665,611	-	963,263
Financial assets measured at fair value through other comprehensive income	207,727,675	449,659	27,839	208,205,173	213,823,615	449,659	30,495	214,303,769
Total financial assets measured at fair value	207,845,003	714,938	27,839	208,587,780	214,121,267	1,380,549	30,495	215,532,311
Financial liabilities measured at fair value								
Derivative financial instruments	-	640,860	-	640,860	-	640,860	-	640,860
Total financial liabilities measured at fair value	-	640,860	-	640,860	-	640,860	-	640,860

As at 31st December 2020	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	-	1,032,318	-	1,032,318	-	1,032,318	-	1,032,318
Financial assets measured at fair value through profit or loss	84,499	-	-	84,499	252,133	842,694	-	1,094,827
Financial assets measured at fair value through other comprehensive income	248,801,119	442,700	27,839	249,271,658	255,921,450	442,700	30,494	256,394,644
Total financial assets measured at fair value	248,885,618	1,475,018	27,839	250,388,475	256,173,583	2,317,712	30,494	258,521,789
Financial liabilities measured at fair value								
Derivative financial instruments	-	337,014	-	337,014	-	337,014	-	337,014
Total financial liabilities measured at fair value	-	337,014	-	337,014	-	337,014	-	337,014

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

As at 30th September 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	849,750,910	-	853,838,216	-	853,838,216	878,355,860	-	886,891,743	-	886,891,743
Debt and other instruments	162,181,668	77,907,251	55,419,932	-	133,327,183	172,740,576	81,842,943	61,671,442	820,808	144,335,193
Total financial assets measured at amortised cost	1,011,932,578	77,907,251	909,258,148	-	987,165,399	1,051,096,436	81,842,943	948,563,185	820,808	1,031,226,936
Financial Liabilities										
Financial liabilities measured at amortised Cost										
Due to depositors	1,060,054,464	-	1,061,043,977	-	1,061,043,977	1,083,705,913	-	1,084,736,859	-	1,084,736,859
Other borrowings	22,126,889	-	22,126,889	-	22,126,889	22,126,889	-	22,126,889	-	22,126,889
Debt securities issued	1,902,501	-	2,081,615	-	2,081,615	2,440,000	-	2,619,114	-	2,619,114
Subordinated term debts	25,668,707	-	28,452,926	-	28,452,926	26,614,551	-	29,359,098	-	29,359,098
Total financial liabilities measured at amortised cost	1,109,752,561	-	1,113,705,407	-	1,113,705,407	1,134,887,353	-	1,138,841,960	-	1,138,841,960

As at 31st December 2020	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	772,580,720	-	779,658,245	-	779,658,245	800,815,971	-	809,129,736	-	809,129,736
Debt and other instruments	186,605,516	85,006,457	71,807,181	-	156,813,638	193,349,496	86,677,526	77,564,609	-	164,242,135
Total financial assets measured at amortised cost	959,186,236	85,006,457	851,465,426	-	936,471,883	994,165,467	86,677,526	886,694,346	-	973,371,871
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	967,821,404	-	969,378,444	-	969,378,444	994,948,912	-	997,913,620	-	997,913,620
Other borrowings	30,526,261	-	30,526,261	-	30,526,261	30,526,261	-	30,526,261	-	30,526,261
Debt securities issued	1,875,042	-	2,158,836	-	2,158,836	2,411,408	-	2,690,447	-	2,690,447
Subordinated term debts	28,298,365	-	30,422,356	-	30,422,356	28,945,457	-	31,186,685	-	31,186,685
Total financial liabilities measured at amortised cost	1,028,521,072	-	1,032,485,897	-	1,032,485,897	1,056,832,038	-	1,062,317,013	-	1,062,317,013

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