



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the three months ended 31st March 2021

FINANCIAL COMMENTARY FOR THE 03 MONTHS ENDED 31ST MARCH 2021

HNB recorded a Profit After Tax (PAT) of Rs 4.7 Bn during the first quarter of 2021 while Profit Before income Tax (PBT) amounted to Rs 5.5 Bn. At Group level PBT and PAT were at Rs 5.8 Bn and Rs 4.8 Bn respectively.

The substantial monetary loosening adopted to revive the pandemic hit economy resulted in AWPLR dropping by nearly 400 bps over the past 12 months. This resulted in the interest income decreasing by 13% YoY to Rs 23.7 Bn. Interest expenses too exhibited a decline of 17.2% YoY to Rs 13.1 Bn driven by strong CASA (current accounts and savings accounts) mobilization. The CASA ratio improved from 36.2% in March 2020 to 39.7% by the end of Q1 2021 as the CASA base grew by 30% YoY to Rs 395 Bn. As a result, the Bank's Net Interest Income (NII) for the first three months 2021 decreased by 7.2% YoY to Rs 10.6 Bn.

Net Fee and Commission income for the first quarter grew by 10.2% YoY to Rs 2.3 Bn as business activity rebounded during the period. The Credit Cards business, Trade and Remittances which constitute a major share of fees performed well despite restrictions on imports continuing to be in place. Other fee sources, which also encompass digital business lines rose by 24.4% YoY.

Exchange rate volatility and movements during the period, led to substantial revaluation gains on swaps and forward agreements. Swap costs were also lower relative to the corresponding quarter of 2020 as swap premiums declined in line with Dollar interest rates. Accordingly, the Bank recorded a net exchange gain of Rs 1.9 Bn which was a 53% YoY improvement compared to Q1 2020. The total dividend income from investments for Q1 2021 was Rs 421Mn compared to Rs 13Mn in the corresponding period of 2020, as dividends declared for the financial year 2019 were paid only in Q2 2020 due to the pandemic.

NPA ratio of the Bank improved marginally to 4.28% as at end of Q1 2021 compared to 4.31% as at end December 2020, as majority of customers who were previously under moratorium commenced repayments since October 2020. The impairment charge for the quarter ended 31st March 2021 was Rs 2.7Bn in comparison to Rs 4.7Bn recorded for Q1 2020. The impairment for Q1 2020 included a charge of Rs 708Mn on account of sovereign bonds mainly as a result of the sovereign downgrade that was effected in April 2020.

The zealous focus on cost optimization facilitated a marginal 1% YoY dip in Operating costs to Rs 5.8 Bn. Cost to Income was hence improved by a commendable 170 bps relative to the comparative period in 2020 to 38% for Q1 2021.

Profit Before Taxes (PBT) amounted to Rs. 5.5 Bn and was subjected to the reduced income tax charge of 24% in comparison to the 28% tax charge that was applicable previously. Accordingly, the profit after tax for the Bank improved to Rs 4.7 Bn by 78% during Q1 2021.

The Bank's assets crossed Rs 1.3 Trillion as at quarter end with the gross loan book at Rs 808.3 Bn. Total deposits grew to Rs 996.1 Bn recording an impressive Rs 155 Bn growth (18.4% YoY) over the 12month period since March 2020.

As one of the best capitalized banks in the industry, Bank reported Tier I and Total Capital Adequacy Ratios of 14.82% and 17.88% respectively. Similarly, HNB's liquidity levels continued to be strong and well ahead of regulatory minimum requirements with Statutory Liquid Asset and all currency Liquidity Coverage ratios at 39.98% (against a 20% requirement) and 271.79% (against a 100% requirement) respectively.

HNB Group recorded a PBT of Rs 5.8 Bn and a PAT of Rs 4.8 Bn for the quarter ended March 2021 recording a growth of 35.7% YoY and 46.7% YoY respectively. Total assets of the Group increased to Rs 1,387 Bn as at 31st March 2021.

HNB is among the Top 1000 Banks in the world as per the prestigious Banker Magazine UK and is rated AA- (Ika) by Fitch Ratings. The Bank is an 11 time winner of the Best Retail Bank award bestowed by the Asian Banker Magazine and was recently recognized among the Top 10 most Admired Corporates for the Third consecutive year at the 'Most Admired Corporates of Sri Lanka' awards organized by CIMA, ICCSL and Daily FT. Further, the Ceylon Chamber of Commerce once again adjudged HNB to be among the Top 10 Best Corporate Citizens in Sri Lanka at its Best Corporate Citizens Sustainability Awards 2020.

INCOME STATEMENT

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2021	2020	% Increase / (Decrease)	2021	2020	% Increase/ (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
Gross Income	28,414,230	30,649,722	(7)	33,285,598	35,460,016	(6)
Interest income	23,692,705	27,231,199	(13)	25,872,604	29,797,814	(13)
Less : Interest expenses	13,093,138	15,807,257	(17)	13,646,722	16,494,186	(17)
Net interest income	10,599,567	11,423,942	(7)	12,225,882	13,303,628	(8)
Fee and commission income	2,346,715	2,144,407	9	2,627,952	2,342,909	12
Less : Fee and commission expenses	63,962	73,593	(13)	79,403	117,105	(32)
Net fee and commission income	2,282,753	2,070,814	10	2,548,549	2,225,804	15
Net interest, fee and commission income	12,882,320	13,494,756	(5)	14,774,431	15,529,432	(5)
Net gain/(loss) from trading	1,187,087	(609,085)	295	1,223,617	(650,698)	288
Net gain from financial investments at fair value through other comprehensive income	168,989	13,024	1,198	169,880	14,069	1,107
Net insurance premium income	-	-	-	2,492,677	1,968,472	27
Net gains arising on derecognition of financial assets	-	-	-	5,874	-	-
Net other operating income	1,018,734	1,870,177	(46)	892,994	1,987,450	(55)
Total operating income	15,257,130	14,768,872	3	19,559,473	18,848,725	4
Less : Impairment for loans and other losses	2,662,975	4,663,856	(43)	2,915,437	4,654,885	(37)
Net operating income	12,594,155	10,105,016	25	16,644,036	14,193,840	17
Less : Operating expenses						
Personnel expenses	3,092,588	2,869,655	8	3,949,909	3,421,157	15
Depreciation and amortisation	581,367	548,543	6	688,157	658,512	5
Benefits, claims and underwriting expenditure	-	-	-	2,430,287	1,710,777	42
Other expenses	2,122,325	2,438,329	(13)	2,431,837	3,089,776	(21)
Total operating expenses	5,796,280	5,856,527	(1)	9,500,190	8,880,222	7
Operating profit before taxes on financial services	6,797,875	4,248,489	60	7,143,846	5,313,618	34
Less : Value Added Tax (VAT) on financial services	1,248,117	911,529	37	1,319,724	1,035,754	27
Operating profit after taxes on financial services	5,549,758	3,336,960	66	5,824,122	4,277,864	36
Share of profit of joint venture (net of income tax)	-	-	-	29,985	35,612	(16)
PROFIT BEFORE INCOME TAX	5,549,758	3,336,960	66	5,854,107	4,313,476	36
Less : Income tax expense	854,544	698,902	22	1,048,076	1,036,780	1
PROFIT FOR THE PERIOD	4,695,214	2,638,058	78	4,806,031	3,276,696	47
Profit attributable to:						
Equity holders of the Bank	4,695,214	2,638,058	78	4,727,953	3,047,745	55
Non-controlling interests	-	-	-	78,078	228,951	(66)
PROFIT FOR THE PERIOD	4,695,214	2,638,058	78	4,806,031	3,276,696	47
Earnings per share						
Basic earnings per ordinary share (Rs)	8.93	5.02	78	8.99	5.80	55
Diluted earnings per ordinary share (Rs)	8.93	5.02	78	8.99	5.80	55

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2021	2020	% Increase/ (Decrease)	2021	2020	% Increase/ (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
PROFIT FOR THE PERIOD	4,695,214	2,638,058	78	4,806,031	3,276,696	47
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	(155,198)	(571,436)	(73)	(155,198)	(571,436)	(73)
Re-measurement of post-employment benefit obligations	-	-	-	25,720	(7,507)	443
Less: Tax expense relating to items that will not be reclassified to profit or loss	578,862	-	-	1,245,167	2,102	59,137
Total other comprehensive income that will not be reclassified to profit or loss	423,664	(571,436)	174	1,115,689	(576,841)	293
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	(340,964)	433,236	(179)	(520,492)	496,115	(205)
Reclassification of net gains on de-recognition of debt instruments at fair value through other comprehensive income to statement of profit or loss	-	-	-	(5,874)	-	-
Net change in expected credit losses of debt securities measured at fair value through other comprehensive income	5,871	323,958	(98)	5,871	323,958	(98)
Transfer from/(to) life policy holder reserve fund	-	-	-	165,615	(56,477)	393
Share of other comprehensive income of joint venture that will be reclassified to profit or loss	-	-	-	61,827	36,532	69
Less: Tax expense relating to items that will be reclassified to profit or loss	122,989	(121,306)	201	131,747	(121,982)	208
Total other comprehensive income that will be reclassified to profit or loss	(212,104)	635,888	(133)	(161,306)	678,146	(124)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	211,560	64,452	228	954,383	101,305	842
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,906,774	2,702,510	82	5,760,414	3,378,001	71
Total comprehensive income attributable to:						
Equity holders of the Bank	4,906,774	2,702,510	82	5,675,442	3,149,886	80
Non-controlling interests	-	-	-	84,972	228,115	(63)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,906,774	2,702,510	82	5,760,414	3,378,001	71

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2021	As at 31.12.2020	% Increase/ (Decrease)	As at 31.03.2021	As at 31.12.2020	% Increase/ (Decrease)
	Rs.000	Rs.000 (Audited)		Rs.000	Rs.000 (Audited)	
ASSETS						
Cash and cash equivalents	30,377,503	34,123,562	(11)	30,951,499	34,898,957	(11)
Placements with banks	1,800,227	-	-	13,125,550	12,126,434	8
Balances with Central Bank of Sri Lanka	11,079,241	7,212,395	54	11,079,241	7,212,395	54
Reverse repurchase agreements	-	-	-	2,951,759	2,827,050	4
Derivative financial instruments	1,320,307	1,032,318	28	1,320,307	1,032,318	28
Financial assets measured at fair value through profit or loss	83,578	84,499	(1)	1,123,688	1,094,827	3
Financial assets measured at amortised cost - loans and advances to customers	763,239,997	772,580,720	(1)	791,990,925	800,815,971	(1)
Financial assets measured at amortised cost - debt and other instruments	190,027,511	186,605,516	2	197,427,040	193,349,496	2
Financial assets measured at fair value through other comprehensive income	268,076,262	249,271,658	8	274,848,533	256,394,644	7
Investment in joint venture	755,000	755,000	-	2,613,623	2,521,811	4
Investments in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	473,775	475,109	-	1,021,750	1,028,956	(1)
Property, plant and equipment	20,527,019	20,705,056	(1)	41,599,270	41,827,384	(1)
Right-of-use assets	5,191,374	5,356,868	(3)	1,753,984	1,827,832	(4)
Intangible assets and goodwill	1,366,569	1,309,172	4	1,962,249	1,749,994	12
Deferred tax assets	1,420,938	806,539	76	2,216,463	1,728,958	28
Other assets	9,224,479	8,515,839	8	11,617,491	11,045,479	5
Total assets	1,307,981,065	1,291,851,536	1	1,387,603,372	1,371,482,506	1
LIABILITIES						
Due to banks	78,162,720	89,746,709	(13)	78,472,158	89,746,709	(13)
Derivative financial instruments	469,315	337,014	39	469,315	337,014	39
Securities sold under repurchase agreements	9,765,828	10,361,383	(6)	9,765,828	10,361,383	(6)
Financial liabilities measured at amortised cost - due to depositors	996,064,875	967,821,404	3	1,021,147,701	994,948,912	3
Dividends payable	3,265,081	962,185	239	3,451,037	980,507	252
Financial liabilities measured at amortised cost - other borrowings	29,435,083	30,526,261	(4)	29,435,083	30,526,261	(4)
Debt securities issued	1,936,553	1,875,042	3	2,474,151	2,411,408	3
Current tax liabilities	7,713,000	7,725,731	-	8,068,385	8,093,584	-
Deferred tax liabilities	-	-	-	4,697,488	5,371,390	(13)
Insurance Provision - life	-	-	-	18,141,987	17,073,033	6
Insurance Provision - non-life	-	-	-	3,525,473	3,309,150	7
Other provisions	4,239,656	3,917,784	8	4,424,564	4,266,262	4
Other liabilities	19,516,200	16,278,033	20	18,955,063	15,451,997	23
Subordinated term debts	20,808,247	28,298,365	(26)	21,792,791	28,945,457	(25)
Total liabilities	1,171,376,558	1,157,849,911	1	1,224,821,024	1,211,823,067	1

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2021 Rs.000	As at 31.12.2020 (Audited) Rs.000	% Increase/ (Decrease)	As at 31.03.2021 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	23,270,506	22,665,227	3	30,007,459	29,361,200	2
Other reserves	68,309,758	68,104,069	-	82,423,708	81,655,946	1
Total shareholder's equity	136,604,508	134,001,625	2	157,455,411	154,249,475	2
Non-controlling interests	-	-	-	5,326,936	5,409,964	(2)
Total equity	136,604,508	134,001,625	2	162,782,347	159,659,439	2
Total equity and liabilities	1,307,981,065	1,291,851,536	1	1,387,603,371	1,371,482,506	1
Contingent liabilities and commitments	773,420,960	631,948,229	22	773,420,960	631,948,229	22
Net Assets Value per Share (Rs.)	259.75	254.80	2	299.40	293.30	2
Memorandum Information						
Number of Employees	4,992	4,836				
Number of Branches	253	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 31st March 2021 and its profit for the three months ended 31st March 2021.

(Sgd.)

Rajive Dissanayake
Chief Financial Officer
12th May 2021

We the undersigned, being the Managing Director / Chief Executive Officer and the Acting Chairman 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
12th May 2021

(Sgd.)

Harsha Cabral
Acting Chairman
12th May 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 3 months ended 31st March 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	-	-	-	-	-	-	4,695,214	4,695,214
Other Comprehensive Income for the period, net of tax	-	-	-	578,862	(373,173)	-	5,871	211,560
Total comprehensive income for the period	-	-	-	578,862	(373,173)	-	4,701,085	4,906,774
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 31st March 2021	30,680,591	6,683,653	7,660,000	11,361,568	848,190	56,100,000	23,270,506	136,604,508
For the 3 months ended 31st March 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	-	-	-	-	-	-	2,638,058	2,638,058
Other Comprehensive Income for the period, net of tax	-	-	-	-	(259,506)	-	323,958	64,452
Total comprehensive income for the period	-	-	-	-	(259,506)	-	2,962,016	2,702,510
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	-	-	-	-	-	-	-	-
Transfers during the period	-	-	-	-	-	-	-	-
Balance as at 31st March 2020	27,839,768	5,981,137	7,060,000	10,790,994	2,492,591	55,100,000	20,942,176	130,206,666

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital			Other Reserves										Total Equity			
	Voting Shares	Non-Voting Shares	Statutory Reserve Fund	Capital Reserve	Fair value Reserve	General Reserve	Life policy holder Reserve fund	Restricted Regulatory Reserve	Exchange Equalization Reserve	Retained Earnings	Shareholders' Funds	Controlling Interests	Non Controlling Interests				
															Rs 000	Rs 000	Rs 000
For the 3 months ended 31st March 2021																	
Balance as at 1st January 2021	29,244,472	6,327,857	7,660,000	23,054,710	1,270,055	56,100,000	748,391	381,156	101,634	29,361,200	154,249,475	5,409,964	159,659,439				
Total comprehensive income for the period																	
Net profit for the period	-	-	-	-	-	-	-	-	-	4,727,953	4,727,953	78,078	4,806,031				
Other Comprehensive Income for the period (net of tax)	-	-	-	1,251,341	(317,964)	-	-	-	-	14,112	947,489	6,894	954,383				
Total comprehensive income for the period				1,251,341	(317,964)	-	-	-	-	4,742,065	5,675,442	84,972	5,760,414				
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)	(168,000)	(2,471,891)				
Total contributions by and distributions to equity holders	1,436,119	355,796	-	-	-	-	-	-	-	(4,095,806)	(2,303,891)	(168,000)	(2,471,891)				
Transfer from life policy holder reserve fund	-	-	-	-	-	-	(165,615)	-	-	-	(165,615)	-	(165,615)				
Balance as at 31st March 2021	30,680,591	6,683,653	7,660,000	24,306,051	952,091	56,100,000	582,776	381,156	101,634	30,007,459	157,455,411	5,326,936	162,782,347				
For the 3 months ended 31st March 2020																	
Balance as at 1st January 2020	27,839,768	5,981,137	7,060,000	23,062,998	2,759,863	55,100,000	172,297	381,156	78,378	23,072,623	145,508,220	4,962,318	150,470,538				
Total comprehensive income for the period																	
Net profit for the period	-	-	-	-	-	-	-	-	-	3,047,745	3,047,745	228,951	3,276,696				
Other comprehensive income for the period (net of tax)	-	-	-	-	(219,539)	-	-	-	-	321,680	102,141	(836)	101,305				
Total comprehensive income for the period					(219,539)	-	-	-	-	3,369,425	3,149,886	228,115	3,378,001				
Transactions with equity holders, recognised directly in equity Contributions by and distributions to equity holders																	
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total contributions by and distributions to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-				
Transfer from life policy holder reserve fund	-	-	-	-	-	-	56,477	-	-	-	56,477	-	56,477				
Balance as at 31st March 2020	27,839,768	5,981,137	7,060,000	23,062,998	2,540,324	55,100,000	228,774	381,156	78,378	26,442,048	148,714,583	5,190,433	153,905,016				

STATEMENT OF CASH FLOWS

For the 3 months ended 31st March	BANK		GROUP	
	2021 Rs 000	2020 Rs 000	2021 Rs 000	2020 Rs 000
Cash flows from operating activities				
Interest receipts	19,912,899	29,401,231	22,094,692	31,967,444
Interest payments	(14,495,468)	(16,945,243)	(15,224,114)	(17,749,818)
Net commission receipts	2,497,307	2,033,282	2,773,971	2,119,833
Trading income	1,412,017	(79,525)	1,373,742	(162,837)
Payments to employees	(3,405,231)	(3,720,040)	(4,393,320)	(4,350,802)
Taxes on financial services	(751,707)	(1,072,814)	(772,886)	(1,156,979)
Receipts from other operating activities	(416,669)	1,339,603	2,335,192	3,485,259
Payments on other operating activities	(2,744,301)	(2,381,833)	(4,055,720)	(3,980,168)
Operating profit before change in operating assets and liabilities	2,008,847	8,574,661	4,131,557	10,171,932
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	(3,866,846)	3,898,067	(3,866,846)	3,898,067
Financial assets measured at amortised cost - loans & advances to customers	10,815,269	(15,342,925)	10,035,954	(14,936,832)
Reverse repurchase agreements	-	-	(124,709)	761,479
Other assets	(786,417)	570,617	(1,078,755)	(91,186)
	6,162,006	(10,874,241)	4,965,644	(10,368,472)
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	29,274,888	31,858,446	27,294,491	31,508,420
Financial assets measured at amortised cost - loans and advances to customers	(12,597,513)	(5,783,546)	(12,405,450)	(5,748,102)
Reverse repurchase agreements	(595,555)	(8,857,643)	(595,555)	(8,857,643)
Other assets	2,678,822	2,621,796	2,548,240	3,152,938
	18,760,642	19,839,053	16,841,726	20,055,613
Net cash generated from operating activities before income tax	26,931,495	17,539,473	25,938,926	19,859,073
Income tax paid	(780,520)	(795,678)	(859,132)	(899,113)
Net cash generated from operating activities	26,150,975	16,743,795	25,079,794	18,959,960
Cash flows from investing activities				
Purchase of property, plant & equipment	(167,128)	(136,039)	(193,279)	(170,344)
Proceeds from the sale of property, plant & equipment	186	-	966	-
Net proceeds from the purchase, sale and maturity of financial investments	(20,722,855)	(19,894,365)	(20,886,882)	(20,703,904)
Net purchase of intangible assets	(130,632)	(13,798)	(132,462)	(16,243)
Dividends received from other investments	32,117	-	34,881	2,473
Net cash used in investing activities	(20,988,312)	(20,044,202)	(21,176,776)	(20,888,018)
Cash flows from financing activities				
Repayment of subordinated debt	(7,107,500)	-	(6,849,999)	-
Dividend paid to non controlling interest	-	-	(367)	(46)
Dividend paid to shareholders of the parent company	(995)	(475,086)	(995)	(475,086)
Net cash used in financing activities	(7,108,495)	(475,086)	(6,851,361)	(475,132)
Net decrease in cash and cash equivalents	(1,945,832)	(3,775,493)	(2,948,343)	(2,403,190)
Cash and cash equivalents at the beginning of the period	34,123,562	36,691,732	47,025,392	45,753,921
Cash and cash equivalents at the end of the period	32,177,730	32,916,239	44,077,049	43,350,731
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	30,377,503	31,880,874	30,951,499	32,276,689
Placements with banks	1,800,227	1,035,365	13,125,550	11,074,042
	32,177,730	32,916,239	44,077,049	43,350,731

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st March 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	-	30,377,503	-	30,377,503
Placements with banks	-	1,800,227	-	1,800,227
Balances with Central Bank of Sri Lanka	-	11,079,241	-	11,079,241
Reverse repurchase agreements / Standing deposit facility	-	-	-	-
Derivative financial instruments	1,320,307	-	-	1,320,307
Financial assets measured at fair value through profit or loss	83,578	-	-	83,578
Financial assets measured at amortised cost - loans and advances to customers	-	763,239,997	-	763,239,997
Financial assets measured at amortised cost - debt and other instruments	-	190,027,511	-	190,027,511
Financial assets measured at fair value through other comprehensive income	-	-	268,076,262	268,076,262
Other financial assets	-	2,743,126	-	2,743,126
Total financial assets	1,403,885	999,267,605	268,076,262	1,268,747,752
LIABILITIES				
Due to banks	-	78,162,720	-	78,162,720
Derivative financial instruments	469,315	-	-	469,315
Securities sold under repurchase agreements	-	9,765,828	-	9,765,828
Financial liabilities measured at amortised cost - due to depositors	-	996,064,875	-	996,064,875
Dividends payable	-	3,265,081	-	3,265,081
Financial liabilities measured at amortised cost - other borrowings	-	29,435,083	-	29,435,083
Debt securities issued	-	1,936,553	-	1,936,553
Other financial liabilities	-	2,375,725	-	2,375,725
Subordinated term debts	-	20,808,247	-	20,808,247
Total financial liabilities	469,315	1,141,814,112	-	1,142,283,427
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 customers	-	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	-	2,279,834	-	2,279,834
Total financial assets	1,116,817	1,002,802,027	249,271,658	1,253,190,502
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 31st March 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	-	30,951,499	-	30,951,499
Placements with banks	-	13,125,550	-	13,125,550
Balances with Central Bank of Sri Lanka	-	11,079,241	-	11,079,241
Reverse repurchase agreements	-	2,951,759	-	2,951,759
Derivative financial instruments	1,320,307	-	-	1,320,307
Financial assets measured at fair value through profit or loss	1,123,688	-	-	1,123,688
Financial assets measured at amortised cost - loans and advances to customers	-	791,990,925	-	791,990,925
Financial assets measured at amortised cost - debt and other instruments	-	197,427,040	-	197,427,040
Financial assets measured at fair value through other comprehensive income	-	-	274,848,533	274,848,533
Other financial assets	-	4,426,190	-	4,426,190
Total financial assets	2,443,995	1,051,952,204	274,848,533	1,329,244,732
LIABILITIES				
Due to banks	-	78,472,158	-	78,472,158
Derivative financial instruments	469,315	-	-	469,315
Securities sold under repurchase agreements	-	9,765,828	-	9,765,828
Financial liabilities measured at amortised cost - due to depositors	-	1,021,147,701	-	1,021,147,701
Dividends payable	-	3,451,037	-	3,451,037
Financial liabilities measured at amortised cost - other borrowings	-	29,435,083	-	29,435,083
Debt securities issued	-	2,474,151	-	2,474,151
Other financial liabilities	-	4,642,378	-	4,642,378
Subordinated term debts	-	21,792,791	-	21,792,791
Total financial liabilities	469,315	1,171,181,127	-	1,171,650,442
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

	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBFI*		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
As at 31st March																				
Net interest income	1,555,057	2,226,685	3,354,980	3,280,731	1,939,760	2,454,966	221,782	3,931,620	3,239,302	(4,765)	(6,265)	600,492	601,474	(228,527)	1,125,651	874,282	159,302	12,225,882	13,303,628	
Foreign exchange income	47,128	43,291	28,807	32,525	35,807	69,723	249	612,265	485,491	-	-	94,085	51,298	1,214,554	103,693	171,711	659,670	1,936,810	1,291,670	
Net fee and commission income	764,940	522,855	787,431	500,371	452,652	560,247	22,334	95,130	167,666	-	-	2,622,980	1,937,228	(78,925)	52,580	48,671	440,914	2,548,549	2,225,804	
Other operating income	-	-	-	-	-	-	-	3,284	7,783	250,222	250,462	3,317,557	2,590,000	1,067,369	1,281,924	1,094,663	(220,430)	2,846,232	2,027,623	
Total operating income	2,367,125	2,792,831	4,171,218	3,813,627	2,428,219	3,084,936	225,566	4,642,299	3,749,342	245,457	244,197	3,317,557	2,590,000	1,067,369	1,281,924	1,094,663	1,039,456	19,559,473	18,848,725	
Impairment charge for loans and other losses	1,008,597	2,751,928	(47,489)	476,967	1,298,853	667,165	331,798	71,217	706,979	-	-	13,761	14,289	(23,261)	-	238,700	-	2,915,437	4,654,885	
Net operating income	1,358,528	409,903	4,218,707	3,336,660	1,129,366	2,417,771	(106,232)	4,571,082	3,042,363	245,457	244,197	3,303,796	2,575,711	1,067,369	1,305,185	855,963	1,039,456	16,644,036	14,193,940	
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,824,122	4,277,864
Share of profit of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,985	35,612
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,046,076)	(1,036,780)
Non - controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(78,078)	(228,951)
Net Profit for the year attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,727,953	3,047,745
Segment assets	361,715,206	387,961,873	214,268,755	186,490,579	213,675,129	200,336,213	25,320,949	25,157,840	469,876,661	310,922,485	10,582,090	10,370,258	32,954,582	27,676,289	38,002,519	36,679,686	19,916,690	29,875,515	1,384,989,748	1,216,793,571
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,613,623	-	2,209,809
Total assets	361,715,206	387,961,873	214,268,755	186,490,579	213,675,129	200,336,213	25,320,949	25,157,840	469,876,661	310,922,485	10,582,090	10,370,258	32,954,582	27,676,289	38,002,519	36,679,686	22,530,313	29,875,515	1,387,603,371	1,219,003,380
Segment liabilities	143,038,069	121,216,198	644,763,199	549,327,648	180,698,035	151,150,799	7,828,029	6,343,705	73,836,218	104,016,794	10,582,090	10,370,258	32,954,582	27,676,289	38,002,519	36,679,686	25,723,463	210,899,170	1,387,603,371	1,219,003,380
Total liabilities	143,038,069	121,216,198	644,763,199	549,327,648	180,698,035	151,150,799	7,828,029	6,343,705	73,836,218	104,016,794	10,582,090	10,370,258	32,954,582	27,676,289	38,002,519	36,679,686	25,723,463	210,899,170	1,387,603,371	1,219,003,380
Information on cash flows																				
Cash flows from operating activities	15,980,189	5,761,243	25,790,159	15,377,627	2,816,109	3,431,167	1,226,561	537,557	(12,970,929)	13,307,871	150,778	143,785	752,652	167,610	2,047,581	(1,791,897)	(6,873,827)	(21,814,481)	25,079,794	18,959,960
Cash flows from investing activities	-	500,000	-	-	-	-	-	-	(20,722,855)	(19,894,365)	-	-	(110,033)	(104,462)	423,492	319,527	(661,585)	(1,812,683)	(21,174,946)	(20,888,018)
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	(193,560)	(24,691)	(62,280)	(5,381)	(195,959)	(6,821,289)	(49,333)	(6,851,361)	(475,132)	
Net cash flow generated during the period	15,980,189	6,261,243	25,790,159	15,377,627	2,816,109	3,431,167	1,226,561	537,557	(33,693,784)	(6,586,494)	150,778	(49,775)	617,927	26,868	2,275,114	(1,477,751)	(14,356,701)	(23,676,497)	(2,946,513)	(2,403,190)
Capital expenditure																				
- Property, plant and equipment	-	-	-	-	-	-	-	-	(26,150)	(20,712)	-	-	(26,150)	(20,712)	(13,593)	(167,129)	(136,039)	(193,279)	(170,344)	
- Intangible assets	-	-	-	-	-	-	-	-	(1,830)	(2,445)	-	-	(1,830)	(2,445)	-	(130,632)	(13,798)	(132,462)	(16,243)	
Total Capital Expenditure	-	-	-	-	-	-	-	-	(27,980)	(23,157)	-	-	(27,980)	(23,157)	(13,593)	(297,761)	(149,837)	(325,741)	(186,587)	

* 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 other than as disclosed under item 8 below.
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. 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 March 2021 and in respect of the exposures to the industries where the moratoriums have been extended till 30th September 2021 the stage assessments have been made based on 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 significant increase in credit risk 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 31st March 2021 to ensure that the potential impact to its loan portfolio is adequately covered.

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. Mr. D S Weerakkody, Chairman of the Board of Directors and Mr. E D P Soosaipillai, Director resigned from their posts w.e.f. 30th March 2021, upon the conclusion of the 52nd Annual General Meeting and Mr. Rusi Captain, Director retired from his post w.e.f. 2nd April 2021.

Director, Dr Harsha Cabral PC was appointed as the Acting Chairman of the Bank w.e.f. 30th March 2021. Further, Mr. Osman Chandrawansa was appointed as a Non Executive, Independent Director and Mrs. Aruni Goonetilleke was appointed as a Non Executive, Non Independent Director w.e.f. 1st April 2021. Mr. P.R. Saldin was appointed as a Non Executive, Non Independent Director w.e.f. 30th April 2021

8. Corporate income tax rate

As per the Notice (PN/IT/2020-03) issued by the Department of Inland Revenue on, "Implementation of proposed changes to the Inland Revenue Act No 24 of 2017", the income tax rate of 28% was proposed to be reduced to 24%. Both income tax and deferred tax provisions were calculated at the rate of 28% for the year ended 31st December 2020 on the basis that the said amendment was not considered to be "substantially enacted" as per LKAS 12, as at 31st December 2020.

The proposed change is now at Bill stage and was placed on the order of the Parliament for the 1st reading on 26th March 2021. As per the 'Guideline on Application of Tax Rates in Measurement of Current tax and Deferred tax in LKAS 12' issued by CA Sri Lanka on 23rd April 2021, the proposed tax rate of 24% can be considered as "substantially enacted" for the reporting periods ended after 26th March 2021.

Accordingly, the Bank/ Group has applied 24% for the computation of current and deferred tax for 1Q 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%. The said reassessment resulted in a reversal of Rs 820 Mn from the current tax provision for the year 2020. Further, the reversal of net deferred tax asset as at 31st December 2020 resulted in a charge of Rs 735 Mn to the Income Statement and a reversal of Rs 620 Mn to the Other Comprehensive Income.

9. There are no material events that took place after the balance sheet date which require adjustment or disclosure in the financial statements other than the above.
10. The funds raised through debentures were fully utilized for the objectives mentioned in the prospectuses.

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at 31.03.2021	As at 31.12.2020	As at 31.03.2021	As at 31.12.2020
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	116,178	117,243	129,709	130,836
Tier 1 Capital. Rs. Mn	116,178	117,243	129,709	130,836
Total Capital. Rs. Mn	140,137	143,172	154,283	157,269
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2021 - 7.00%:2020 - 7.00%)	14.82%	14.73%	15.00%	14.99%
Tier 1 Capital Ratio (Minimum Requirement - 2021 - 8.50%:2020 - 8.50%)	14.82%	14.73%	15.00%	14.99%
Total Capital Ratio (Minimum Requirement 2021 - 12.50%:2020 - 12.50%)	17.88%	17.98%	17.84%	18.02%
Leverage Ratio (Minimum Requirement- 3.00%)	7.67%	7.73%	8.13%	8.20%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio,% (net of Interest in Suspense)	4.28%	4.31%		
Net Non-Performing Advances Ratio,% (net of Interest in Suspense and provisions)	0.78%	0.90%		
Profitability (Annualised)				
Interest Margin, %	3.26%	3.68%		
Return on Assets (before Tax), %	1.71%	1.24%		
Return on Equity, %	13.88%	8.68%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	432,516	407,527		
Off-Shore Banking Unit	25,170	31,283		
Statutory Liquid Assets Ratio (Minimum requirement 20%)				
Domestic Banking unit	39.96%	38.95%		
Off-Shore Banking Unit	28.61%	35.92%		
Total Stock of High-Quality Liquid Assets, Rs. Mn				
	343,968	314,678		
Liquidity Coverage Ratio (%) - Rupee				
(Minimum Requirement - 2021 - 100%, 2020 - 100%)	308.04%	285.50%		
Liquidity Coverage Ratio (%) - All Currency				
(Minimum Requirement - 2021 - 100%, 2020 - 100%)	271.79%	290.29%		
Net Stable Funding Ratio				
(Minimum Requirement - 2021 - 100%, 2020 - 100%)	115.79%	112.61%		

LISTED DEBENTURE INFORMATION

Quarter ended 31st March	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		
	2021		2020		2021	2020	2021		2020
	Highest Rs.	Lowest Rs.	Highest Rs.	Lowest Rs.	Rs.	Rs.			
HNB DEBENTURES 2006									
15 year Fixed Rate (11.00% p.a.)	N/A	N/A	N/T	N/T	N/A	N/T		N/A	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									
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									
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									
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.)	N/A	N/A	100.20	98.00	N/A	100.20		N/A	11.00
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.)	107.25	107.25	100.00	100.00	107.25	100.00		9.62	12.95
HNB DEBENTURES 2019									
5 year Fixed Rate (12.30% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T
7 year Fixed Rate (12.80% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T		N/T	N/T

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

Quarter ended 31st March	Yield to Maturity of Last Trade Done (% p.a.)	
	2021	2020
HNB DEBENTURES 2006		
15 year Fixed Rate (11.00% p.a.)	N/A	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T
HNB DEBENTURES 2007		
15 year Fixed Rate (16.75% p.a.)	N/T	N/T
HNB DEBENTURES 2011		
10 year Fixed Rate (11.50% p.a.)	N/T	N/T
HNB DEBENTURES 2013		
10 year Fixed Rate (14.25% p.a.)	N/T	N/T
HNB DEBENTURES 2014		
10 year Fixed Rate (8.33% p.a.)	N/T	N/T
HNB DEBENTURES 2016		
5 year Fixed Rate (11.25% p.a.)	N/A	11.25
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

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

RATIOS OF DEBT		
	31.03.2021	31.12.2020
Debt Equity Ratio (%)	61.44	67.56
	31.03.2021	31.03.2020
Interest Cover (Times)	4.65	3.28
	31.03.2021	31.03.2020
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 15 year maturity	N/A	7.51
2006 series 18 year maturity	6.41	9.23
2007 series 15 year maturity	6.15	8.65
2011 series 10 year maturity	4.88	7.14
2013 series 10 year maturity	6.19	9.06
2014 series 10 year maturity	6.65	9.28
2016 series 5 year maturity	N/A	7.51
2016 series 5 year maturity	5.01	7.43
2016 series 7 year maturity	6.29	9.09
2019 series 5 year maturity	6.59	9.28
2019 series 7 year maturity	7.13	9.47

SHARE INFORMATION

As at	31-Mar-21	31-Dec-20
Number of Shares		
Voting	410,319,604	410,319,604
Non-voting	101,656,112	101,656,112
Last Traded Price per share *		
Voting	126.00	126.50
Non-voting	97.20	100.60

For the Quarter Ended	31-Mar-21	31-Mar-20
Highest price per share		
Voting	165.00	174.00
Non-voting	130.75	139.00
Lowest price per share		
Voting	125.00	103.10
Non-voting	96.00	97.10

PUBLIC SHAREHOLDING PERCENTAGE

	31-Mar-21	
	Number	%
Number of shareholders representing the public holding (Voting)	9,082	68% approx.
Number of shareholders representing the public holding (Non Voting)	13,119	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs. 35 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-Mar-21	31-Dec-20
1. Mr.D.S.Weerakkody *	2,143	2,143
2. Mr.A.J.Alles **	128,355	128,355
3. Mr.R.S.Captain	7,544	7,544
4. Mr.D.A.Cabraal	-	-
5. Mr.E.D.P.Soosaipillai ***	-	-
6. Mr.A.H.D.A.N.De Silva	104	104
7. Mr.L.U.D.Fernando	89	637
8. Mr.W.M.M.D.Ratnayake	-	-
9. Dr.L.J.S.H.Cabral	-	-
10. Mr.M.P.D.Coaray	8,330	8,330
11. Mr.D.P.N.Rodrigo****	25,059	153,759
Mr.P.R.Saldin*****	3,078	3,078
Dr.T.K.D.A.P.Samarasinghe*****	-	-

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

** Chief Executive Officer

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

**** Chief Operating Officer

***** Alternate Director to Mr.R.S.Captain w.e.f. 26.07.2018

***** Alternate Director to Mr.L.U.D.Fernando w.e.f. 05.07.2019

20 MAJOR SHAREHOLDERS (VOTING) AS AT 31ST MARCH 2021

	Name	No. of shares	Voting capital %
1.	Employees Provident Fund	39,993,959	9.75
2.	Sri Lanka Insurance Corporation Ltd-Life Fund	36,160,723	8.81
3.	Milford Exports (Ceylon) (Pvt) Limited	32,446,141	*7.91
4.	Stassen Exports (Pvt) Limited	28,123,237	*6.85
5.	Mr.S.E. Captain	26,713,485	6.51
6.	Sonetto Holdings Limited.	20,166,790	4.91
7.	Sri Lanka Insurance Corporation Ltd-General Fund	18,465,839	4.50
8.	Citibank Newyork S/A Norges Bank Account 2	17,990,593	4.38
9.	Distilleries Company of Sri Lanka Plc	12,582,692	*3.07
10.	Indra Traders (Pvt) Ltd	12,315,340	3.00
11.	National Savings Bank	11,773,268	2.87
12.	SSBT-AI Mehwar Commercial Investments L.L.C.	9,021,082	2.20
13.	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	7,701,334	1.88
14.	Ms.L.A. Captain	7,668,457	1.87
15.	RBC Investor Services Trust-RBC Emerging Markets Small-CAP Equity Fund	7,261,129	1.77
16.	BNYM SANV Re-LF Ruffer Total Return Fund	6,000,000	1.46
17.	Employees Trust Fund Board	4,108,045	1.00
18.	BNYM SA NV Re-First State Investments ICVC-First State Asia All-Cap Fund	3,357,037	0.82
19.	BNYM SANV Re-LF Ruffer Investment Funds : LF Ruffer Pacific and emerging markets fund	3,302,008	0.80
20.	Hatton National Bank PLC - NDB Wealth Growth and Income Fund	2,621,607	0.64

* 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 31ST MARCH 2021

	Name	No. of shares	Non-voting capital %
1.	UBS Switzerland AG	5,734,320	5.64
2.	BNYM SANV Re-Frontaura Global Frontier Fund LLC	5,623,544	5.53
3.	Akbar Brothers Pvt Ltd A/c No 1	4,453,488	4.38
4.	BNYM SANV Re-LF Ruffer total return fund	2,550,000	2.51
5.	Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd	2,550,000	2.51
6.	Employees Trust Fund Board	2,471,606	2.43
7.	Mr. S.E. Captain	1,574,132	1.55
8.	Rubber Investment Trust Limited a/c # 01	1,492,052	1.47
9.	BNYM SANV Re-Neon Liberty Lorikeet master fund lp	1,350,672	1.33
10.	BNYM SANV Re-LF ruffer Investment funds : LF Ruffer Pacific and Emerging Markets Fund	1,286,976	1.27
11.	First Capital Limited	1,275,000	1.25
12.	Janashakthi Insurance PLC - Shareholders	1,090,000	1.07
13.	Deutsche Bank AG as trustee for JB Vantage value equity fund	1,081,374	1.06
14.	Deutsche Bank AG as trustee to Assetline income plus Growth Fund	800,000	0.79
15.	Hatton National Bank PLC A/c No 2	731,535	0.72
16.	Saboor Chatoor (pvt) ltd	696,100	0.68
17.	Mr. E Chatoor	659,000	0.65
18.	Central Finance Company PLC A/c No.03	633,079	0.62
19.	The Ceylon Investment PLC A/c # 02	601,427	0.59
20.	Commercial Bank of Ceylon PLC/Janashakthi Capital Limited	600,000	0.59

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT

As at	BANK		GROUP	
	31.03.2021 Rs.000	31.12.2020 Rs.000	31.03.2021 Rs.000	31.12.2020 Rs.000
1) Gross loans and advances to customers	808,268,208	814,543,456	841,200,100	846,720,969
Less : Accumulated impairment under stage 1	3,484,235	3,091,724	4,430,998	3,799,786
Accumulated impairment under stage 2	9,919,789	8,058,780	10,145,731	8,284,622
Accumulated impairment under stage 3	31,624,187	30,812,232	34,632,446	33,820,590
Net loans and advances to customer	763,239,997	772,580,720	791,990,925	800,815,971
1) Product-wise Gross loans and advances to customers				
By product-Domestic Currency				
Overdrafts	98,244,826	91,586,773	98,164,021	91,460,567
Bills of exchange	367,764	380,375	367,764	380,375
Commercial papers	153,409	153,821	153,409	153,821
Short term loans	75,137,093	96,655,676	75,526,569	97,039,374
Credit Cards	9,572,421	9,155,433	9,572,421	9,155,433
Trust receipts	19,296,400	19,864,641	19,296,400	19,864,641
Packing credit loans	2,676,321	2,563,792	2,676,321	2,563,792
Staff loans	18,119,782	17,208,143	18,848,750	18,065,918
Term loans	358,045,132	356,319,811	377,215,086	374,995,217
Lease rentals receivable	62,466,207	60,277,415	73,507,489	71,204,307
Housing loans	41,262,174	39,441,387	41,262,174	39,441,387
Pawning advances	23,477,536	22,947,790	25,160,553	24,407,738
Securitised notes	1,919,553	2,146,677	1,919,553	2,146,677
Sub total	710,738,618	718,701,734	743,670,510	750,879,247
By product-Foreign Currency				
Overdrafts	2,043,372	2,061,130	2,043,372	2,061,130
Bills of exchange	1,527,186	1,665,353	1,527,186	1,665,353
Short term loans	638,041	1,742,502	638,041	1,742,502
Trust receipts	5,247,581	3,903,480	5,247,581	3,903,480
Packing credit loans	14,450,349	14,954,506	14,450,349	14,954,506
Term loans	70,880,987	68,778,089	70,880,987	68,778,089
Lease rentals receivable	172,343	204,113	172,343	204,113
Housing loans	2,569,731	2,532,549	2,569,731	2,532,549
Sub total	97,529,590	95,841,722	97,529,590	95,841,722
Total	808,268,208	814,543,456	841,200,100	846,720,969
2) 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	344,534	581,233	2,862,716	3,788,483
Write-offs during the period	-	-	-	-
Other movements	-	-	143,751	143,751
Closing balance as at 31st March 2020	3,688,212	5,408,562	25,005,388	34,102,162
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	392,511	1,861,009	581,746	2,835,266
Write-offs during the period	-	-	-	-
Other movements	-	-	230,209	230,209
Closing balance as at 31st March 2021	3,484,235	9,919,789	31,624,187	45,028,211
		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	326,105	581,233	2,862,716	3,770,054
Write-offs during the period	-	-	-	-
Other movements	-	-	143,751	143,751
Closing balance as at 31st March 2020	4,390,088	5,791,596	27,047,045	37,228,729
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	631,211	1,861,109	581,646	3,073,966
Write-offs during the period	-	-	-	-
Other movements	-	-	230,210	230,210
Closing balance as at 31st March 2021	4,430,998	10,145,731	34,632,446	49,209,175

ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

As at	BANK		GROUP	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	Rs.000	Rs.000	Rs.000	Rs.000
3) Gross commitments and contingencies	773,420,960	631,948,229	773,420,960	631,948,229
Less : Accumulated impairment under stage 1	708,260	735,571	708,260	735,571
Accumulated impairment under stage 2	171,882	256,104	171,882	256,104
Accumulated impairment under stage 3	1,042,400	1,218,571	1,042,400	1,218,571
	771,498,417	629,737,983	771,498,417	629,737,983
3) Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	900,927	831,794	900,927	831,794
Guarantees	64,279,809	55,658,375	64,279,809	55,658,375
Acceptances	217,527	227,023	217,527	227,023
Bills for collection	888,924	494,881	888,924	494,881
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	32,958,732	40,848,058	32,958,732	40,848,058
Cheques sent on clearing	3,785,152	3,851,339	3,785,152	3,851,339
Undrawn credit lines	477,788,107	334,295,507	477,788,107	334,295,507
Sub total	580,819,177	436,206,977	580,819,177	436,206,977
By Product - Foreign Currency				
Documentary credit	34,891,278	27,502,654	34,891,278	27,502,654
Guarantees	46,631,380	48,811,988	46,631,380	48,811,988
Acceptances	26,966,278	25,986,688	26,966,278	25,986,688
Bills for collection	17,321,663	15,633,015	17,321,663	15,633,015
Forward exchange contracts				
Forward exchange sales	13,709,617	28,293,790	13,709,617	28,293,790
Forward exchange purchases	25,946,285	22,911,210	25,946,285	22,911,210
Cheques sent on clearing	-	-	-	-
Undrawn credit lines	27,135,282	26,601,907	27,135,282	26,601,907
Sub total	192,601,783	195,741,252	192,601,783	195,741,252
Total	773,420,960	631,948,229	773,420,960	631,948,229
4) 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	101,011	(25,650)	(35,604)	39,757
Write-offs during the period	-	-	-	-
Other movements	-	-	-	-
Closing balance as at 31st March 2020	911,514	175,677	1,088,280	2,175,471
Opening balance as at 1st January 2021	735,571	256,104	1,218,571	2,210,246
Net impairment charge for the period	(27,311)	(84,222)	(176,171)	(287,703)
Write-offs during the period	-	-	-	-
Other movements	-	-	-	-
Closing balance as at 31st March 2021	708,260	171,882	1,042,400	1,922,543

ANALYSIS OF DEPOSITS

As at	BANK		GROUP	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	Rs.000	Rs.000	Rs.000	Rs.000
5) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	57,249,231	59,483,315	56,973,725	58,785,686
Savings deposits	287,666,092	276,530,585	289,715,168	278,833,827
Time deposits	443,662,556	446,100,129	467,306,274	471,916,612
Certificates of deposit	338,774	338,098	338,774	338,098
Margin deposits	1,744,294	1,532,608	1,744,294	1,532,608
Sub total	790,660,947	783,984,735	816,078,235	811,406,831
By product- Foreign Currency				
Current account deposits	4,278,094	4,515,956	4,278,094	4,515,956
Savings deposits	45,803,538	43,134,411	45,744,725	43,134,411
Time deposits	155,106,095	136,047,089	154,830,446	135,752,501
Margin deposits	216,201	139,213	216,201	139,213
Sub total	205,403,928	183,836,669	205,069,466	183,542,081
Total	996,064,875	967,821,404	1,021,147,701	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 31st March 2021.

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

As at 31st March 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	-	1,320,307	-	1,320,307	-	1,320,307	-	1,320,307
Financial assets measured at fair value through profit or loss	83,578	-	-	83,578	268,614	855,074	-	1,123,688
Financial assets measured at fair value through other comprehensive income	267,596,502	454,171	25,589	268,076,262	274,366,127	454,171	28,235	274,848,533
Total financial assets measured at fair value	267,680,080	1,774,478	25,589	269,480,147	274,634,741	2,629,552	28,235	277,292,528
Financial liabilities measured at fair value								
Derivative financial instruments	-	469,315	-	469,315	-	469,315	-	469,315
Total financial liabilities measured at fair value	-	469,315	-	469,315	-	469,315	-	469,315

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 31st March 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	763,239,997	-	769,285,512	-	769,285,512	791,990,925	-	797,644,759	-	797,644,759
Debt and other instruments	190,027,511	96,662,866	67,575,874	-	164,238,740	197,427,040	98,352,041	73,937,974	-	172,290,015
Total financial assets measured at amortised cost	953,267,508	96,662,866	836,861,386	-	933,524,252	989,417,965	98,352,041	871,582,733	-	969,934,774
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	996,064,875	-	997,741,476	-	997,741,476	1,021,147,701	-	1,022,445,476	-	1,022,445,476
Other borrowings	29,435,083	-	32,925,034	-	32,925,034	29,435,083	-	32,925,034	-	32,925,034
Debt securities issued	1,936,553	-	2,308,848	-	2,308,848	2,474,151	-	2,846,446	-	2,846,446
Subordinated term debts	20,808,247	-	24,298,198	-	24,298,198	21,792,791	-	25,333,898	-	25,333,898
Total financial liabilities measured at amortised cost	1,048,244,758	-	1,057,273,557	-	1,057,273,557	1,074,849,726	-	1,083,550,854	-	1,083,550,854

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