



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the year ended 31st December 2020

FINANCIAL COMMENTARY FOR THE YEAR ENDED 31ST DECEMBER 2020

Hatton National Bank PLC (HNB) demonstrated resilience and an unwavering focus on sustainable business performance as it posted Rs 13.7 Bn in Group Profit After Tax during 2020, a year laden with unprecedented circumstances and challenges. Bank level Profit After Taxes amounted to Rs 11.5 Bn

The accommodative monetary policy adopted by the CBSL to drive economic growth saw AWPLR dropping sharply by over 400bps during the year. Nevertheless, the demand for credit did not pick up as anticipated due to prevailing uncertainty. As a result, the Bank's interest income declined by 10% YoY to Rs 103.9 Bn. The outstanding growth of approx. Rs 99 Bn in CASA deposits during the year coupled with low interest rates eased pressure on interest costs to a certain extent. However, Net Interest Income of the Bank dropped by 9% YoY to Rs 44.7 Bn.

Net fee income declined more steeply by 16% YoY to Rs 7.5 Bn as Import restrictions, depressed demand in export markets, lower card spends, particularly during the first wave of COVID, the slow-down in economic activity as well the directions imposed by CBSL to waive off certain fees until September 2020 collectively impacted this channel of income.

Lower swap costs and volumes along with exchange rate movements during the year lead to an improvement of Rs 2.2 Bn in net trading gains compared to 2019. The Bank also recorded a capital gain of Rs 1.1 Bn through disposal of government securities during the final quarter of 2020.

A facility of over Rs 11.5Bn to an SOE which was classified as NPA in 2019 was regularized during the last quarter of 2020. This together with the Bank's concerted efforts on improving asset quality enabled HNB to record a marked improvement in its NPA ratio to 4.3% from 5.9% reported as at end of 2019 despite the stressed market conditions. Nevertheless, the Bank made prudent provisions taking in to consideration factors such as elevated risks in certain sectors and the deterioration in economic conditions. Furthermore, the Bank recognised substantial impairment charges on account of its investments in dollar denominated government securities due to the sovereign downgrade by rating agencies. These factors resulted in provisions increasing by 58% to Rs 15.3Bn for the year ended December 2020.

Given the negative impact on the top line the Bank focused on cost optimization opportunities. This enabled the Bank to record a drop of Rs 1.6 Bn in total operating expenses compared to the previous year. Accordingly, the Cost to Income ratio improved to 39.3% despite the drop in operating income, without any downsizing or compromise on staff salaries.

The removal of debt repayment levy and NBT proved to be timely as the banking sector stepped into support the economic revival. Profit Before Tax (PBT) amounted to Rs 15.1 Bn while the PAT of Rs 11.5 Bn was 18.3% YoY lower than that reported in 2019.

The Bank's asset base expanded by Rs 167 Bn to Rs 1.3 trillion while the loan book recorded a moderate growth of 5.5%. The CASA ratio improved to 40% from 35% recorded a year ago, as CASA deposits grew by 35% to Rs 384Bn. The funding side of the balance sheet was also bolstered by the USD 60 Mn long term loan from PROPARCO, the French Development Agency. This borrowing will be utilized to fund SME growth in 2021. Despite the substantial moratoria granted, the liquidity levels remained strong with LAR at 39.6% and LCR at 290% against the regulatory requirement of 20% and 90% respectively. HNB is also among the best capitalized banks with Tier I and Total Capital Adequacy Ratios of 14.73% and 17.98% respectively well above the statutory requirement.

Insurance and Investment Banking led contributions from subsidiaries as the HNB Group made Profit Before Taxes of Rs 17.6 Bn. Total Group assets rose by 14.5% YoY to Rs 1.4 Trillion

The Bank declared a final dividend of Rs 8.00 per share consisting of a cash dividend of Rs 4.50 and a scrip dividend of Rs 3.50 per share.

HNB continues to be recognized locally and internationally and is ranked among the Banker Magazine UK Top 1000 Banks of the year for the fourth consecutive year. HNB was also awarded as the Best Retail Bank in Sri Lanka by the Asian Banker Magazine in 2020, making it the 11th occasion it has been bestowed with the honour. The Asian Banker also adjudged HNB as the Best Managed Bank during COVID 19 and chose MD/CEO of the Bank Mr. Jonathan Alles as the Best CEO during the pandemic. Locally the Bank was ranked among the Top 10 most Admired Corporates of the country by CIMA/ICCSL/DailyFT while the "Business Today" ranked HNB among the Top Three Corporates in the Country.

HNB has 252 branches Island wide and a Credit Rating of AA- (Ika) assigned by Fitch Ratings.

INCOME STATEMENT

	BANK			BANK			GROUP			GROUP		
	For the year ended 31st December			For the quarter ended 31st December			For the year ended 31st December			For the quarter ended 31st December		
	2020	2019	% Increase / (Decrease)	2020	2019	% Increase/ (Decrease)	2020	2019	% Increase / (Decrease)	2020	2019	% Increase/ (Decrease)
(Audited) Rs 000	(Audited) Rs 000		Rs 000	Rs 000		(Audited) Rs 000	(Audited) Rs 000		Rs 000	Rs 000		
Gross Income	115,813,618	125,998,086	(8)	28,274,023	31,060,084	(9)	134,436,232	145,400,508	(8)	33,260,714	36,611,679	(9)
Interest income	103,944,602	115,210,769	(10)	24,337,276	27,996,093	(13)	112,825,455	124,888,717	(10)	26,608,357	30,950,232	(14)
Less : Interest expenses	59,235,456	65,997,133	(10)	13,441,406	16,615,120	(19)	61,988,268	68,533,206	(10)	14,201,659	17,460,530	(19)
Net interest income	44,709,146	49,213,636	(9)	10,895,870	11,380,973	(4)	50,837,187	56,355,511	(10)	12,406,698	13,489,702	(8)
Fee and commission income	7,794,929	9,206,399	(15)	2,179,642	2,371,698	(8)	8,399,641	10,333,772	(19)	2,306,023	2,643,349	(13)
Less : Fee and commission expenses	249,880	213,176	17	60,138	67,397	(11)	374,084	356,642	5	84,961	82,957	2
Net fee and commission income	7,545,049	8,993,223	(16)	2,119,504	2,304,301	(8)	8,025,557	9,977,130	(20)	2,221,062	2,560,392	(13)
Net interest, fee and commission income	52,254,195	58,206,859	(10)	13,015,374	13,685,274	(5)	58,862,744	66,332,641	(11)	14,627,760	16,050,094	(9)
Net gain/(loss) from trading	(74,890)	(2,280,969)	(97)	580,104	497,370	17	(54,678)	(2,263,453)	(98)	606,997	516,997	17
Net gain from financial investments at fair value through other comprehensive income	207,321	187,512	11	-	-	-	209,217	190,283	10	680	235	189
Net insurance premium income	-	-	-	-	-	-	8,907,731	8,365,756	6	2,493,833	2,279,658	9
Net gains arising on derecognition of financial assets	1,053,543	-	-	1,053,543	-	-	1,106,649	82,348	1,244	1,080,846	53,239	1,930
Net other operating income	2,888,113	3,674,375	(21)	123,458	194,923	(37)	3,042,217	3,803,085	(20)	163,978	167,969	(2)
Total operating income	56,328,282	59,787,777	(6)	14,772,479	14,377,567	3	72,073,880	76,510,660	(6)	18,974,094	19,068,192	-
Less : Impairment for loans and other losses	15,258,468	9,656,010	58	3,446,940	1,543,714	123	16,046,578	11,426,824	40	3,944,000	2,311,006	71
Net operating income	41,069,814	50,131,767	(18)	11,325,539	12,833,853	(12)	56,027,302	65,083,836	(14)	15,030,094	16,757,186	(10)
Less : Operating expenses												
Personnel expenses	11,459,352	11,444,259	-	2,798,003	2,563,158	9	13,903,432	14,025,540	(1)	3,420,995	3,268,439	5
Depreciation and amortisation	2,359,326	2,246,114	5	735,601	417,168	76	2,837,072	2,702,328	5	923,613	460,594	101
Benefits, claims and underwriting expenditure	-	-	-	-	-	-	7,374,868	7,091,214	4	1,682,805	1,483,148	13
Other expenses	8,300,307	10,067,864	(18)	1,922,061	2,793,946	(31)	10,690,355	12,609,027	(15)	2,438,092	3,663,878	(33)
Total operating expenses	22,118,985	23,758,237	(7)	5,455,665	5,774,272	(6)	34,805,727	36,428,109	(4)	8,465,505	8,876,059	(5)
Operating profit before taxes on financial services	18,950,829	26,373,530	(28)	5,869,874	7,059,581	(17)	21,221,575	28,655,727	(26)	6,564,589	7,881,127	(17)
Less : Value Added Tax (VAT) on financial services	3,869,649	4,744,641	(18)	1,096,466	1,229,365	(11)	4,048,466	5,007,307	(19)	1,087,364	1,245,089	(13)
Less : Nation Building Tax (NBT) on financial services	-	579,061	(100)	-	110,357	(100)	-	608,006	(100)	-	106,275	(100)
Less : Debt Repayment Levy	-	2,586,825	(100)	-	667,484	(100)	-	2,782,541	(100)	-	725,635	(100)
Operating profit after taxes on financial services	15,081,180	18,463,003	(18)	4,773,408	5,052,375	(6)	17,173,109	20,257,873	(15)	5,477,225	5,804,128	(6)
Share of profit of joint venture (net of income tax)	-	-	-	-	-	-	407,215	186,884	118	128,835	42,339	204
PROFIT BEFORE INCOME TAX	15,081,180	18,463,003	(18)	4,773,408	5,052,375	(6)	17,580,324	20,444,757	(14)	5,606,060	5,846,467	(4)
Less : Income tax expense	3,618,544	4,430,751	(18)	1,049,728	(932,787)	213	3,918,061	5,415,685	(28)	744,269	(488,502)	252
PROFIT FOR THE YEAR	11,462,636	14,032,252	(18)	3,723,680	5,985,162	(38)	13,662,263	15,029,072	(9)	4,861,791	6,334,969	(23)
Profit attributable to:												
Equity holders of the Bank	11,462,636	14,032,252	(18)	3,723,680	5,985,162	(38)	13,095,420	14,670,104	(11)	4,489,939	6,264,493	(28)
Non-controlling interests	-	-	-	-	-	-	566,843	358,968	58	371,852	70,476	428
PROFIT FOR THE YEAR	11,462,636	14,032,252	(18)	3,723,680	5,985,162	(38)	13,662,263	15,029,072	(9)	4,861,791	6,334,969	(23)
Earnings per share												
Basic earnings per ordinary share (Rs)	22.39	27.41	(18)	7.27	11.69	(38)	25.58	28.65	(11)	8.77	12.24	(28)
Diluted earnings per ordinary share (Rs)	22.39	27.41	(18)	7.27	11.69	(38)	25.58	28.65	(11)	8.77	12.24	(28)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	BANK			BANK			GROUP			GROUP		
	For the year ended 31st December			For the quarter ended 31st December			For the year ended 31st December			For the quarter ended 31st December		
	2020	2019	% Increase/ (Decrease)	2020	2019	% Increase/ (Decrease)	2020	2019	% Increase/ (Decrease)	2020	2019	% Increase/ (Decrease)
	(Audited) Rs 000	(Audited) Rs 000		(Restated) Rs 000	(Restated) Rs 000		(Audited) Rs 000	(Audited) Rs 000		(Restated) Rs 000	(Restated) Rs 000	
PROFIT FOR THE YEAR	11,462,636	14,032,252	(18)	3,723,680	5,985,161	(38)	13,662,263	15,029,072	(9)	4,861,791	6,334,969	(23)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods												
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income	(1,372,363)	80,480	(1,805)	(238,907)	54,811	(536)	(1,372,363)	80,480	(1,805)	(238,907)	54,811	(536)
Realised gain from maturity of investments in units	-	136,920	(100)	-	136,920	(100)	-	136,920	(100)	-	136,920	(100)
Re-measurement of post-employment benefit obligations	(1,556,496)	(1,457,551)	7	(1,556,496)	(1,457,551)	7	(1,608,998)	(1,449,854)	11	(1,601,491)	(1,459,670)	10
Revaluation of freehold land and buildings	-	-	-	-	-	-	-	225,622	(100)	-	-	-
Share of other comprehensive income of joint venture that will not be reclassified to profit or loss	-	-	-	-	-	-	-	1,025	(100)	-	1,025	(100)
Less: Tax expense relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	2,102	(65,923)	103	-	-	-
Total other comprehensive income that will not be reclassified to profit or loss	(2,928,859)	(1,240,151)	136	(1,795,403)	(1,265,820)	42	(2,979,259)	(1,071,730)	178	(1,840,398)	(1,266,914)	45
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	833,584	1,576,638	(47)	(1,278,972)	(154,962)	725	1,528,985	2,064,768	(26)	(1,429,401)	(59,823)	2,289
Reclassification of net gains on de-recognition of debt instruments at fair value through other comprehensive income to income statement	(1,053,543)	-	-	(1,053,543)	-	-	(1,106,649)	(79,393)	1,294	(1,080,846)	(50,284)	2,049
Net change in expected credit losses of debt securities measured at fair value through other comprehensive income	(150,378)	259,065	(158)	358,515	259,065	38	(150,378)	259,065	(158)	358,515	259,065	38
Transfer (to)/ from life policy holder reserve fund	-	-	-	-	-	-	(576,094)	(370,100)	56	153,418	(47,913)	420
Share of other comprehensive income of joint venture that will be reclassified to profit or loss	-	-	-	-	-	-	26,931	(1,945)	(1,485)	4,596	1,819	153
Less: Tax expense relating to items that will be reclassified to profit or loss	61,588	(441,459)	114	653,104	43,389	1,405	54,565	(447,745)	112	654,309	46,550	1,306
Total other comprehensive income that will be reclassified to profit or loss	(308,749)	1,394,244	(122)	(1,320,896)	147,492	(996)	(222,640)	1,424,650	(116)	(1,339,409)	149,414	(996)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(3,237,608)	154,093	(2,201)	(3,116,299)	(1,118,328)	179	(3,201,899)	352,920	(1,007)	(3,179,807)	(1,117,500)	185
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,225,028	14,186,345	(42)	607,381	4,866,833	(88)	10,460,364	15,381,992	(32)	1,681,984	5,217,469	(68)
Total comprehensive income attributable to:												
Equity holders of the Bank	8,225,028	14,186,345	(42)	607,381	4,866,833	(88)	9,892,718	14,912,884	(34)	1,339,117	5,147,799	(74)
Non-controlling interests	-	-	-	-	-	-	567,646	469,108	21	342,867	69,669	392
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,225,028	14,186,345	(42)	607,381	4,866,833	(88)	10,460,364	15,381,992	(32)	1,681,984	5,217,468	(68)

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.12.2020 (Audited) Rs.000	As at 31.12.2019 (Audited) Rs.000	% Increase / (Decrease)	As at 31.12.2020 (Audited) Rs.000	As at 31.12.2019 (Audited) Rs.000	% Increase / (Decrease)
ASSETS						
Cash and cash equivalents	34,123,562	29,089,189	17	34,898,957	30,263,654	15
Placements with banks	-	7,602,543	(100)	12,126,434	15,490,267	(22)
Balances with Central Bank of Sri Lanka	7,212,395	22,795,332	(68)	7,212,395	22,795,332	(68)
Reverse repurchase agreements	-	-	-	2,827,050	2,072,482	36
Derivative financial instruments	1,032,318	527,193	96	1,032,318	527,193	96
Financial assets measured at fair value through profit or loss	84,499	1,013,374	(92)	1,094,827	1,155,339	(5)
Financial assets measured at amortised cost - loans and advances to customers	772,580,720	741,769,073	4	800,815,971	769,392,168	4
Financial assets measured at amortised cost - debt and other instruments	186,605,516	149,720,834	25	193,349,496	156,511,277	24
Financial assets measured at fair value through other comprehensive income	249,271,658	127,694,982	95	256,394,644	133,953,117	91
Investment in joint venture	755,000	755,000	-	2,521,811	2,137,665	18
Investment in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	475,109	480,444	(1)	1,028,956	1,026,050	-
Property, plant and equipment	20,705,056	21,076,762	(2)	41,827,384	42,452,617	(1)
Right-of-use assets	5,356,868	5,482,679	(2)	1,827,832	1,571,319	16
Intangible assets and goodwill	1,309,172	1,076,641	22	1,749,994	1,568,080	12
Deferred tax assets	806,539	-	-	1,728,958	1,250,755	38
Other assets	8,515,839	12,907,234	(34)	11,045,479	15,467,912	(29)
Total assets	1,291,851,536	1,125,008,565	15	1,371,482,506	1,197,635,227	15
LIABILITIES						
Due to banks	89,746,709	86,396,304	4	89,746,709	87,212,970	3
Derivative financial instruments	337,014	573,365	(41)	337,014	573,365	(41)
Securities sold under repurchase agreements	10,361,383	17,569,394	(41)	10,361,383	17,569,394	(41)
Financial liabilities measured at amortised cost - due to depositors	967,821,404	810,035,114	19	994,948,912	835,060,146	19
Dividends payable	962,185	1,449,472	(34)	980,507	1,466,959	(33)
Financial liabilities measured at amortised cost - other borrowings	30,526,261	22,604,039	35	30,526,261	22,604,039	35
Debt securities issued	1,875,042	1,797,644	4	2,411,408	2,368,986	2
Current tax liabilities	7,725,731	5,348,985	44	8,093,584	5,621,389	44
Deferred tax liabilities	-	1,381,754	(100)	5,371,390	7,334,048	(27)
Insurance provision - life	-	-	-	17,073,033	14,468,866	18
Insurance provision - general	-	-	-	3,309,150	2,871,417	15
Other provisions	3,917,784	3,599,739	9	4,266,262	4,171,801	2
Other liabilities	16,278,033	14,053,378	16	15,451,997	12,495,405	24
Subordinated term debts	28,298,365	32,695,221	(13)	28,945,457	33,345,904	(13)
Total liabilities	1,157,849,911	997,504,409	16	1,211,823,067	1,047,164,689	16

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.12.2020 (Audited) Rs.000	As at 31.12.2019 (Audited) Rs.000	% Increase / (Decrease)	As at 31.12.2020 (Audited) Rs.000	As at 31.12.2019 (Audited) Rs.000	% Increase / (Decrease)
EQUITY						
Stated capital	35,572,329	33,820,905	5	35,572,329	33,820,905	5
Statutory reserve fund	7,660,000	7,060,000	8	7,660,000	7,060,000	8
Retained earnings	22,665,227	17,980,160	26	29,361,200	23,072,623	27
Other reserves	68,104,069	68,643,091	(1)	81,655,946	81,554,692	-
Total shareholders' equity	134,001,625	127,504,156	5	154,249,475	145,508,220	6
Non-controlling interests	-	-	-	5,409,964	4,962,318	9
Total equity	134,001,625	127,504,156	5	159,659,439	150,470,538	6
Total equity and liabilities	1,291,851,536	1,125,008,565	15	1,371,482,506	1,197,635,227	15
Contingent liabilities and commitments	631,948,229	673,230,813	(6)	631,948,229	673,230,813	(6)
Net assets value per ordinary share (Rs.)	261.73	249.04	5	301.28	284.21	6
Memorandum Information						
Number of Employees	4,836	4,913				
Number of Customer Centres	252	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 December 2020 and its profit for the year ended 31st December 2020.

(Sgd.)

Rajive Dissanayake

Chief Financial Officer

19th February 2021

We the undersigned, being the Managing Director / Chief Executive Officer and the 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 audited financial statements of the Bank, its Joint Venture and Subsidiary Companies.

(Sgd.)

Jonathan Alles

Managing Director / Chief Executive Officer

19th February 2021

(Sgd.)

Dinesh Weerakkody

Chairman

19th February 2021

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital		Statutory Reserve Fund	Other Reserves			Retained Earnings	Total
	Voting Shares	Non-Voting Shares		Capital Reserve	Fair value Reserve	General Reserve		
	Rs 000	Rs 000		Rs 000	Rs 000	Rs 000		
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 year								
Net profit for the year 2020	-	-	-	-	-	-	11,462,636	11,462,636
Other comprehensive income, net of tax	-	-	-	-	(1,530,734)	-	(1,706,874)	(3,237,608)
Total comprehensive income for the year	-	-	-	-	(1,530,734)	-	9,755,762	8,225,028
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2019 - Cash	-	-	-	-	-	-	(1,751,424)	(1,751,424)
Final dividend 2019 - Scrip	1,404,704	346,720	-	-	-	-	(1,751,424)	-
Total contributions by and distributions to equity holders	1,404,704	346,720	-	-	-	-	(3,502,848)	(1,751,424)
Transfer of unclaimed dividends	-	-	-	-	-	-	32,153	32,153
Transfers during the year 2020	-	-	600,000	(8,288)	-	1,000,000	(1,600,000)	(8,288)
Balance as at 31st December 2020	29,244,472	6,327,857	7,660,000	10,782,706	1,221,363	56,100,000	22,665,227	134,001,625
Balance as at 1st January 2019	26,649,460	5,688,566	6,260,000	10,790,994	1,536,439	49,100,000	15,728,513	115,753,972
Total comprehensive income for the year								
Net profit for the year 2019	-	-	-	-	-	-	14,032,252	14,032,252
Other comprehensive income, net of tax	-	-	-	-	1,352,578	-	(1,198,486)	154,092
Total comprehensive income for the year	-	-	-	-	1,352,578	-	12,833,766	14,186,344
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2018 - Cash	-	-	-	-	-	-	(1,724,277)	(1,724,277)
Final dividend 2018 - Scrip	1,190,308	292,571	-	-	-	-	(1,724,277)	(241,398)
Interim dividend 2019 - Cash	-	-	-	-	-	-	(500,407)	(500,407)
Total contributions by and distributions to equity holders	1,190,308	292,571	-	-	-	-	(3,948,961)	(2,466,082)
Realised gain from maturity of investment in units	-	-	-	-	(136,920)	-	136,920	-
Transfer of unclaimed dividends	-	-	-	-	-	-	29,922	29,922
Transfers during the year 2019	-	-	800,000	-	-	6,000,000	(6,800,000)	-
Balance as at 31st December 2019	27,839,768	5,981,137	7,060,000	10,790,994	2,752,097	55,100,000	17,980,160	127,504,156

STATEMENT OF CHANGES IN EQUITY - GROUP

	Other Reserves											Total Equity	
	Stated Capital												Non Controlling Interests
	Voting Shares	Non-Voting Shares	Statutory Reserve	Capital Reserve	General Reserve	Fair Value Reserve	Life policy holder Reserve fund	Restricted Regulatory Reserve	Exchange Equalization Reserve	Retained Earnings			
Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000		
Balance as at 1st January 2020	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	4,962,318	150,470,538	
Total comprehensive income for the year	-	-	-	-	-	(1,466,553)	-	-	-	13,095,420	566,843	13,662,263	
Net profit for the year 2020	-	-	-	-	-	(1,466,553)	-	-	-	(17,36,150)	803	(3,201,900)	
Other comprehensive income, net of tax	-	-	-	-	-	(1,466,553)	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	(1,466,553)	-	-	-	11,359,270	567,646	10,460,363	
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders													
Dividends to equity holders	1,404,704	346,720	-	-	-	-	-	-	-	(1,751,424)	(120,000)	(120,000)	
Final dividend 2019 - Scrip	-	-	-	-	-	-	-	-	-	(1,751,424)	-	(1,751,424)	
Final dividend 2019 - Cash	-	-	-	-	-	-	-	-	-	-	-	-	
Total contributions by and distributions to equity holders	1,404,704	346,720	-	-	-	-	-	-	-	(3,502,848)	(120,000)	(1,871,424)	
Transfer from life policy holder reserve fund	-	-	-	-	-	-	576,095	-	-	-	-	576,095	
Transfer of unclaimed dividends	-	-	-	-	-	-	-	-	-	32,155	-	32,155	
Transfers during the year 2020	-	-	600,000	(8,288)	1,000,000	-	-	-	-	(1,600,000)	-	(8,288)	
Balance as at 31st December 2020	29,244,472	6,327,857	7,660,000	23,054,710	56,100,000	1,293,310	748,392	381,156	78,378	29,361,200	5,409,964	159,659,439	
Balance as at 1st January 2019	26,649,460	5,688,566	6,260,000	22,994,510	49,100,000	1,537,723	(197,803)	381,156	66,368	20,181,416	4,673,210	137,334,606	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	14,670,104	358,968	15,029,072	
Net profit for the year 2019	-	-	-	-	-	-	-	-	-	14,670,104	358,968	15,029,072	
Other comprehensive income, net of tax	-	-	-	68,488	-	1,359,060	-	-	12,010	(1,196,778)	110,140	352,920	
Total comprehensive income for the year	-	-	-	68,488	-	1,359,060	-	-	12,010	13,473,326	469,108	15,381,992	
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders													
Dividends to equity holders	1,190,308	292,571	-	-	-	-	-	-	-	(1,724,277)	-	(241,398)	
Final dividend 2018 - Scrip	-	-	-	-	-	-	-	-	-	(1,724,277)	(140,000)	(1,864,277)	
Final dividend 2018 - Cash	-	-	-	-	-	-	-	-	-	(500,407)	(40,000)	(540,407)	
Interim dividend 2019 - Cash	-	-	-	-	-	-	-	-	-	-	-	-	
Total contributions by and distributions to equity holders	1,190,308	292,571	-	-	-	-	-	-	-	(3,948,961)	(180,000)	(2,646,082)	
Transfer from life policy holder reserve fund	-	-	-	-	-	-	370,100	-	-	-	-	370,100	
Realised gain from maturity of investment in units	-	-	-	-	-	(136,920)	-	-	-	136,920	-	-	
Transfer of unclaimed dividends	-	-	-	-	-	-	-	-	-	29,922	-	29,922	
Transfers during the year 2019	-	-	800,000	-	6,000,000	-	-	-	-	(6,800,000)	-	-	
Balance as at 31st December 2019	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	4,962,318	150,470,538	

STATEMENT OF CASH FLOWS

For the year ended 31st December	BANK		GROUP	
	2020 Rs 000	2019 Rs 000	2020 Rs 000	2019 Rs 000
Cash flows from operating activities				
Interest receipts	103,914,685	111,784,834	112,847,904	121,530,536
Interest payments	(59,963,150)	(66,961,896)	(63,196,160)	(69,680,466)
Net commission receipts	7,326,950	8,914,171	7,823,066	9,947,911
Trading income	1,130,075	765,683	1,130,075	760,052
Payments to employees	(11,531,908)	(10,191,482)	(14,103,280)	(12,559,753)
Taxes on financial services	(3,466,833)	(7,765,237)	(3,683,378)	(8,314,417)
Receipts from other operating activities	1,886,621	3,586,902	11,398,266	12,588,445
Payments on other operating activities	(9,355,244)	(10,957,980)	(15,584,316)	(17,678,758)
Operating profit before change in operating assets and liabilities	29,941,196	29,174,995	36,632,177	36,593,550
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	15,582,937	11,111,725	15,582,937	11,111,725
Financial assets measured at amortised cost - loans and advances to customers	(43,396,238)	608,737	(44,707,864)	(7,300,063)
Reverse repurchase agreements	-	90,000	(754,568)	(903,812)
Other assets	2,396,134	2,297,875	2,247,607	1,575,136
	(25,417,167)	14,108,337	(27,631,888)	4,482,986
Increase/(decrease) in operating liabilities				
Financial liabilities measured at amortised cost - due to depositors	158,515,740	8,992,084	160,540,508	15,566,180
Financial liabilities measured at amortised cost - other borrowings	5,763,038	6,837,511	4,946,372	7,170,750
Securities sold under repurchase agreements	(7,228,435)	859,696	(7,228,435)	859,696
Other liabilities	1,034,400	(391,694)	1,180,092	(261,256)
	158,084,743	16,297,597	159,438,537	23,335,370
Net cash generated from operating activities before income tax	162,608,772	59,580,929	168,438,826	64,411,906
Income tax paid	(3,202,642)	(9,084,423)	(3,665,332)	(9,587,000)
Net cash generated from operating activities	159,406,130	50,496,506	164,773,494	54,824,906
Cash flows from investing activities				
Purchase of property, plant and equipment	(890,286)	(1,148,451)	(1,088,528)	(1,443,788)
Proceeds from the sale of property, plant and equipment	6,188	21,530	31,596	28,928
Net proceeds from sale, maturity and purchase of financial investments	(158,797,770)	(46,300,862)	(159,791,890)	(46,790,203)
Net purchase of intangible assets	(507,094)	(499,080)	(550,861)	(599,991)
Dividend received from joint venture	50,000	75,500	50,000	75,500
Dividends received from investments in subsidiaries	179,958	236,794	-	-
Dividends received from other investments	191,261	148,843	206,630	154,008
Net cash used in investing activities	(159,767,743)	(47,465,726)	(161,143,053)	(48,575,546)
Cash flows from financing activities				
Net proceeds from the issue of subordinated debt	-	9,965,069	-	10,916,383
Repayment of subordinated debt/debt securities issued	-	(2,757,240)	(33,250)	(2,726,240)
Dividend paid to non controlling interest	-	-	(119,164)	(177,168)
Dividend paid to shareholders of the parent company	(2,206,557)	(1,981,500)	(2,206,557)	(1,981,500)
Net cash (used in)/generated from financing activities	(2,206,557)	5,226,329	(2,358,971)	6,031,475
Net increase/(decrease) in cash and cash equivalents	(2,568,170)	8,257,109	1,271,470	12,280,835
Cash and cash equivalents at the beginning of the year	36,691,732	28,434,623	45,753,921	33,473,086
Cash and cash equivalents at the end of the year	34,123,562	36,691,732	47,025,391	45,753,921
Cash and cash equivalents at the end of the year				
Cash and cash equivalents	34,123,562	29,089,189	34,898,957	30,263,654
Placements with banks	-	7,602,543	12,126,434	15,490,267
	34,123,562	36,691,732	47,025,391	45,753,921

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

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
Balances with Central Bank of Sri Lanka	-	7,212,395	-	7,212,395
Reverse repurchase agreements	-	-	-	-
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	-	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
As at 31st December 2019				
	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	-	29,089,189	-	29,089,189
Placements with banks	-	7,602,543	-	7,602,543
Balances with Central Bank of Sri Lanka	-	22,795,332	-	22,795,332
Derivative financial instruments	527,193	-	-	527,193
Financial assets measured at fair value through profit or loss	1,013,374	-	-	1,013,374
Financial assets measured at amortised cost - loans and advances to customers	-	741,769,073	-	741,769,073
Financial assets measured at amortised cost - debt and other instruments	-	149,720,834	-	149,720,834
Financial assets measured at fair value through other comprehensive income	-	-	127,694,982	127,694,982
Other financial assets	-	692,214	-	692,214
Total financial assets	1,540,567	951,669,185	127,694,982	1,080,904,734
Liabilities				
Due to banks	-	86,396,304	-	86,396,304
Derivative financial instruments	573,365	-	-	573,365
Securities sold under repurchase agreements	-	17,569,394	-	17,569,394
Financial liabilities measured at amortised cost - due to depositors	-	810,035,114	-	810,035,114
Dividends payable	-	1,449,472	-	1,449,472
Financial liabilities measured at amortised cost - other borrowings	-	22,604,039	-	22,604,039
Debt securities issued	-	1,797,644	-	1,797,644
Other financial liabilities	-	717,968	-	717,968
Subordinated term debts	-	32,695,221	-	32,695,221
Total financial liabilities	573,365	973,265,156	-	973,838,521

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

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	-	1,985,059	-	1,985,059
Total financial assets	2,127,145	1,053,215,362	256,394,644	1,311,737,151
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
As at 31st December 2019				
	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	-	30,263,654	-	30,263,654
Placements with banks	-	15,490,267	-	15,490,267
Balances with Central Bank of Sri Lanka	-	22,795,332	-	22,795,332
Reverse repurchase agreements	-	2,072,482	-	2,072,482
Derivative financial instruments	527,193	-	-	527,193
Financial assets measured at fair value through profit or loss	1,155,339	-	-	1,155,339
Financial assets measured at amortised cost - loans and advances to customers	-	769,392,169	-	769,392,169
Financial assets measured at amortised cost - debt and other instruments	-	156,511,277	-	156,511,277
Financial assets measured at fair value through other comprehensive income	-	-	133,953,117	133,953,117
Other financial assets	-	2,147,894	-	2,147,894
Total financial assets	1,682,532	998,673,075	133,953,117	1,134,308,724
LIABILITIES				
Due to banks	-	87,212,970	-	87,212,970
Derivative financial instruments	573,365	-	-	573,365
Securities sold under repurchase agreements	-	17,569,394	-	17,569,394
Financial liabilities measured at amortised cost - due to depositors	-	835,060,146	-	835,060,146
Dividends payable	-	1,466,959	-	1,466,959
Financial liabilities measured at amortised cost - other borrowings	-	22,604,039	-	22,604,039
Debt securities issued	-	2,368,986	-	2,368,986
Other financial liabilities	-	2,835,700	-	2,835,700
Subordinated term debts	-	33,345,904	-	33,345,904
Total financial liabilities	573,365	1,002,464,098	-	1,003,037,463

SEGMENT REPORTING

For the 12 months ended 31 st December	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBFI*		Eliminations/ Unallocated		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	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	11,408,557	12,693,009	13,162,875	17,679,690	10,284,251	12,233,069	1,058,418	1,147,710	11,867,577	7,618,034	(24,071)	(78,412)	2,443,101	2,189,573	3,075,333	4,388,962	(2,438,864)	(1,516,124)	50,837,187	56,355,511
Foreign exchange income	141,001	216,934	302,708	133,065	174,080	300,060	1,895	2,714	1,220,131	341,585	-	-	-	-	-	-	536,071	(68,076)	2,373,886	926,282
Net fee and commission income	2,049,348	3,188,375	2,120,768	2,182,053	1,914,798	3,232,568	103,971	157,399	446,326	895,877	-	-	140,843	170,992	339,664	812,915	909,839	(663,049)	8,025,557	9,977,130
Other operating income	-	-	-	-	-	-	-	-	1,062,258	108,866	997,063	986,972	9,023,037	8,589,241	162,893	332,747	(410,001)	(766,089)	10,835,250	9,251,737
Total operating income	13,598,916	16,098,318	15,586,351	19,994,808	12,373,129	15,765,697	1,164,284	1,307,823	14,596,292	8,964,362	972,992	908,560	11,606,981	10,949,806	3,577,891	5,534,624	(1,402,956)	(3,013,338)	72,073,880	76,510,660
Impairment charge for loans and other losses	6,809,029	4,208,798	3,164,742	758,645	2,459,906	3,861,902	240,984	436,085	2,583,799	362,825	-	-	13,853	(224)	774,256	1,771,037	10	27,756	16,046,578	11,426,824
Net operating income	6,789,887	11,889,520	12,421,609	19,236,163	9,913,223	11,903,795	923,300	871,738	12,012,493	8,601,537	972,994	908,560	11,593,128	10,950,030	2,803,635	3,763,587	(1,402,966)	(3,041,094)	56,027,302	65,083,836
Profit from operations																			17,173,109	20,257,873
Share of profit of joint venture																			407,215	186,884
Income tax expenses																			(3,918,061)	(5,415,665)
Non - controlling interests																			(566,843)	(358,968)
Net Profit for the year attributable to equity holders of the parent																			13,095,420	14,670,104
Segment assets	382,560,873	382,364,216	205,465,205	177,165,905	208,950,182	199,218,901	25,938,834	25,386,323	441,699,725	291,580,743	10,461,958	10,266,129	31,725,478	26,620,723	37,414,117	36,664,705	24,744,323	46,229,917	1,368,960,695	1,195,497,562
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,521,811	2,137,665	2,137,665
Total assets	382,560,873	382,364,216	205,465,205	177,165,905	208,950,182	199,218,901	25,938,834	25,386,323	441,699,725	291,580,743	10,461,958	10,266,129	31,725,478	26,620,723	37,414,117	36,664,705	27,266,134	48,367,582	1,371,482,506	1,197,635,227
Segment liabilities	164,499,393	112,150,128	614,340,708	528,438,974	175,585,198	149,687,256	7,444,919	6,287,043	87,457,891	98,117,811	10,461,958	10,266,129	31,725,478	26,620,723	37,414,117	36,664,705	242,552,844	228,402,458	1,371,484,579	1,197,635,227
Total liabilities	164,499,393	112,150,128	614,340,708	528,438,974	175,585,198	149,687,256	7,444,919	6,287,043	87,457,891	98,117,811	10,461,958	10,266,129	31,725,478	26,620,723	37,414,117	36,664,705	242,552,844	228,402,458	1,371,484,579	1,197,635,227

* Business of HNB Finance PLC.

EXPLANATORY NOTES

1. The figures are extracted from the audited financial statements for the year ended 31st December 2020. External Auditors of the Group/Bank, M/s KPMG carried out an audit for the year ended 31st December 2020 and expressed an unqualified opinion on the financial statements of the Bank and the Group for the year ended 31st December 2020.
2. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2019.
3. 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.
4. **Impact of COVID – 19**

The Covid 19 outbreak in March 2020 followed by the second wave continues to pose challenges due to uncertainties and limitations faced by businesses and industries both locally and globally which in turn has implications on 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 as at Reporting date. The Board will continue to monitor the implications and make adjustments, if required.

- **Expected Credit Loss Assessment and computation**

The Bank has reassessed the Probabilities of Default (PD), Loss given Default and Economic factor adjustment as at December 2020 and made required adjustments. In respect of the loans subject to moratorium, stage assessment was made based on conditions which prevailed prior to granting of the moratorium unless specific information were available indicating subsequent increase in credit risk. Further, significant increase in credit risk was assessed using qualitative, quantitative and industry specific factors and allowance for overlay has been made 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 impairment provisions as at 31st December 2020 to ensure that the potential impact to its loan book is adequately covered in the Financial Statements.

- **Reclassification of investment in Sovereign Bonds previously measured at Fair Value Through Other Comprehensive Income as measured at Amortized cost category**

The Bank re-classified its Sovereign Bond Portfolio consequent to the changes to the business model of managing the assets with effect from April 01, 2020 as per the Guidance Notes issued by CA Sri Lanka on "Accounting Consideration of the Covid 19 Outbreak" (updated on May 11, 2020). Accordingly, Sovereign Bond investments amounting to Rs 47 Bn which were previously classified as Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI) were re-classified as measured at Amortised Cost. There was no change to the effective interest rate used and interest revenue recognised for the reclassified assets for the year ended 31st December 2020.

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

Bank recognised additional impairment provision against its investment in Sri Lanka Development Bonds (SLDBs) and Sri Lanka International Sovereign Bonds (SLISBs) during the year, owing to the downgrading of the country's sovereign rating during the year.

5. **Reduction of income tax rate w.e.f 1st January 2020**

The Cabinet has approved the reduction of the income tax applicable to the Banking Sector to 24% from 28% with effect from 1st January 2020. The said amendment is yet to be approved by the Parliament and cannot be considered as substantially enacted as at reporting date. As such the Bank continued using 28% in calculating the income tax and deferred tax liabilities/assets as at 31st December 2020. The Bank has a cumulative net deferred tax asset of Rs 5,145.4 Mn recognised through the Statement of Profit or Loss and net deferred tax liability of Rs 4,338.9 Mn recognised through Other Comprehensive Income (OCI).

Had the Bank applied the reduced income tax rate of 24% to calculate deferred tax assets/liabilities as at 31st December 2020, an additional deferred tax expense of Rs 735 Mn and reversal of Rs 619.8 Mn would have got charged to the Income statement and reversed from OCI respectively for the year ended 31st December 2020.

6. **Proposed dividends**

The Directors recommend that a final dividend of Rs. 8.00 per share (Rs. 4.50 in the form of cash and Rs. 3.50 in the form of scrip) on both voting and non voting shares of the Bank, be paid for the financial year ended 31st December 2020. The final dividend is to be approved at the Annual General Meeting to be held on 30th March 2021. In accordance with Sri Lanka Accounting Standard LKAS 10 "Events after the reporting period", this proposed final dividend has not been recognised as a liability as at 31st December 2020.

7. There are no material events that took place after the balance sheet date which require adjustment or disclosure in the financial statements other than as stated above.
8. The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd, HNB Finance PLC and the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd.
9. 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.
10. Where required, figures on the audited annual financial statements have been reclassified to conform to Central Bank of Sri Lanka publication requirements
11. The funds raised through debentures were fully utilised for the objectives mentioned in the prospectuses.

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at 31.12.2020	As at 31.12.2019	As at 31.12.2020	As at 31.12.2019
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	117,243	115,072	130,836	126,476
Tier 1 Capital. Rs. Mn	117,243	115,072	130,836	126,476
Total Capital. Rs. Mn	143,172	144,326	157,269	155,544
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2020 - 7.00%; 2019 - 8.00%)	14.73%	14.57%	14.99%	14.74%
Tier 1 Capital Ratio (Minimum Requirement - 2020 - 8.50%; 2019 - 9.50%)	14.73%	14.57%	14.99%	14.74%
Total Capital Ratio (Minimum Requirement 2020 - 12.50%; 2019 - 13.50%)	17.98%	18.28%	18.02%	18.12%
Leverage Ratio (Minimum Requirement- 3.00%)	7.73%	8.14%	8.20%	8.51%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio,% (net of Interest in Suspense)	4.31%	5.91%		
Net Non-Performing Advances Ratio,% (net of Interest in Suspense and provisions)	0.90%	3.27%		
Profitability (Annualised)				
Interest Margin, %	3.68%	4.50%		
Return on Assets (before Tax), %	1.24%	1.69%		
Return on Equity, %	8.68%	11.57%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	407,527	242,986		
Off-Shore Banking Unit	31,283	42,308		
Statutory Liquid Assets Ratio (Minimum requirement 20%)				
Domestic Banking unit	38.95%	27.09%		
Off-Shore Banking Unit	35.92%	53.01%		
Total Stock of High-Quality Liquid Assets, Rs. Mn	314,678	140,423		
Liquidity Coverage Ratio (%) - Rupee	285.50%	465.37%		
(Minimum Requirement - 2020 -90%, 2019 - 100%)				
Liquidity Coverage Ratio (%) - All Currency	290.29%	251.07%		
(Minimum Requirement - 2020 - 90%, 2019 - 100%)				
Net Stable Funding Ratio(Minimum Requirement - 2020 - 90%, 2019 - 100%)	112.61%	107.87%		

LISTED DEBENTURE INFORMATION

Quarter ended 31st December	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		
	2020		2019		2020	2019	Quarter ended 31st December	2020	2019
	Highest Rs.	Lowest Rs.	Highest Rs.	Lowest Rs.	Rs.	Rs.	HNB DEBENTURES 2006		
HNB DEBENTURES 2006							15 year Fixed Rate (11.00% p.a.)	N/T	N/T
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	18 year Fixed Rate (11.25% p.a.)	N/T	N/T
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 (14.25% p.a.)	N/T	N/T
10 year Fixed Rate (14.25% p.a.)	N/T	N/T	N/T	N/T	N/T	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 (11.25% p.a.)	8.41	13.85
5 year Fixed Rate (11.25% p.a.)	100.80	98.50	100.00	94.50	100.80	97.00	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.)	10.00	N/T
7 year Fixed Rate (13.00% p.a.)	107.19	100.00	N/T	N/T	107.19	N/T	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			

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

N/T – Not Traded as at 31st December

N/A – Not Applicable as at 31st December

RATIOS OF DEBT		
	31.12.2020	31.12.2019
Debt Equity Ratio (%)	67.56	69.53
	31.12.2020	31.12.2019
Interest Cover (Times)	3.95	4.25
	31.12.2020	31.12.2019
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 15 year maturity	4.69	8.49
2006 series 18 year maturity	6.24	9.57
2007 series 15 year maturity	5.55	8.86
2011 series 10 year maturity	4.85	8.57
2013 series 10 year maturity	5.95	9.41
2014 series 10 year maturity	6.45	9.64
2016 series 5 year maturity	4.69	8.49
2016 series 5 year maturity	4.98	8.64
2016 series 7 year maturity	5.98	9.41
2019 series 5 year maturity	6.42	9.55
2019 series 7 year maturity	6.82	9.75

Quarter ended 31st December	Yield to Maturity of Last Trade Done (% p.a)		
	2020	2019	
HNB DEBENTURES 2006			
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	
HNB DEBENTURES 2007			
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.)	11.25	11.25	
5 year Fixed Rate (11.75% p.a.)	N/T	N/T	
7 year Fixed Rate (13.00% p.a.)	13.00	N/T	
HNB DEBENTURES 2019			
5 year Fixed Rate (12.30% p.a.)	N/T	N/T	
7 year Fixed Rate (12.80% p.a.)	N/T	N/T	

N/T – Not Traded as at 31st December

N/A – Not Applicable as at 31st December

SHARE INFORMATION

As at	31-Dec-20	31-Dec-19
Number of Shares		
Voting	410,319,604	401,343,863
Non-voting	101,656,112	99,062,844
Last Traded Price per share		
Voting	126.50	172.20
Non-voting	100.60	135.50

For the Quarter Ended	31-Dec-20	31-Dec-19
Highest price per share		
Voting	135.30	188.00
Non-voting	105.50	144.00
Lowest price per share		
Voting	110.00	153.00
Non-voting	80.10	133.70

PUBLIC SHAREHOLDING PERCENTAGE

	31-Dec-20	
	Number	%
Number of shareholders representing the public holding (Voting)	8,499	68% approx.
Number of shareholders representing the public holding (Non Voting)	12,179	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs. 35 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-Dec-20	31-Dec-19
1. Mr. D.S. Weerakkody	2,143	2,089
2. Mr. A.J. Alles *	128,355	125,452
3. Dr. L.R. Karunaratne **	N/A	1,070
4. Mr. R.S. Captain	7,544	7,379
5. Mr. D.A. Cabral	-	-
6. Mr. P.S.C. Pelpola ***	N/A	-
7. Mr. E.D.P. Soosaipillai	-	-
8. Mr. A.H.D.A.N. De Silva	104	102
9. Mr. L.U.D. Fernando	637	624
10. Mr. W.M.M.D. Ratnayake	-	-
11. Mr. H.A. Pieris****	N/A	-
12. Dr. L.J.S.H. Cabral	-	-
13. Mr. M.P.D. Cooray*****	8,330	N/A
14. Mr. D.P.N. Rodrigo*****	153,759	N/A
Mr. P.R. Saldin*****	3,078	-
Dr. T.K.D.A.P. Samarasinghe*****	-	-

- * Chief Executive Officer
- ** Retired w.e.f. 06.10.2020
- *** Retired w.e.f. 27.02.2020
- **** Resigned w.e.f. 02.07.2020
- ***** Appointed w.e.f. 03.07.2020
- ***** Appointed w.e.f. 01.07.2020 / 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 DECEMBER 2020

	Name	No. of shares	% on total voting capital
1.	Employees Provident Fund	39,993,959	9.75
2.	Sri Lanka Insurance Corporation Ltd-Life Fund	36,310,723	8.85
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.	Citibank Newyork S/A Norges Bank Account 2	19,374,800	4.72
8.	Sri Lanka Insurance Corporation Ltd-General Fund	18,465,839	4.50
9.	Distilleries Company of Sri Lanka PLC	12,582,692	* 3.07
10.	National Savings Bank	11,773,268	2.87
11.	Indra Traders (Pvt) Ltd	9,230,457	2.25
12.	SSBT-AI Mehwar Commercial Investments L.L.C.	8,651,958	2.11
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	4,254,621	1.04
18.	BNYM SA NV Re-First State Investments ICVC-First State Asia All-Cap Fund	3,817,988	0.93
19.	BNYM SANV Re-LF Ruffer Investment Funds : LF Ruffer Pacific and emerging markets fund	3,302,008	0.80
20.	BNYM SANV Re-Neon Liberty Lorikeet Master Fund LP	3,084,293	0.75

* 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 DECEMBER 2020

	Name	No. of shares	% on total non-voting capital
1.	UBS Switzerland AG	9,011,481	8.86
2.	BNYM SANV Re-Frontaura Global Frontier Fund LLC	5,623,544	5.53
3.	Citibank Newyork S/A Norges Bank Account 2	4,980,831	4.90
4.	Akbar Brothers Pvt Ltd A/c No 1	4,080,215	4.01
5.	BNYM SANV Re-Neon Liberty Lorikeet master fund lp	3,767,091	3.71
6.	BNYM SANV Re-LF Ruffer total return fund	3,000,000	2.95
7.	CB Europe PLC Lux s/a Dunross and Co AB	2,101,637	2.07
8.	Employees Trust Fund Board	2,023,004	1.99
9.	BNYM SANV Re-LF Ruffer absolute return fund	2,000,000	1.97
10.	Mr. S.E. Captain	1,574,132	1.55
11.	Rubber Investment trust limited a/c # 01	1,492,052	1.47
12.	BNYM SANV Re-LF ruffer Investment funds : LF Ruffer Pacific and Emerging Markets Fund	1,286,976	1.27
13.	Deutsche Bank AG as trustee for JB Vantage value equity fund	1,081,374	1.06
14.	Hatton National Bank PLC A/c No 2	731,535	0.72
15.	Saboor Chatoor (pvt) ltd	696,100	0.68
16.	Mr. E Chatoor	659,000	0.65
17.	The Ceylon Investment PLC A/c # 02	601,427	0.59
18.	Deutsche Bank AG as trustee to Assetline income plus Growth Fund	600,000	0.59
19.	JN Lanka Holdings Company (Pvt) Ltd	600,000	0.59
20.	Phoenix Ventures (Pvt) Ltd	580,889	0.57

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT

As at	BANK		GROUP	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Rs.000	Rs.000	Rs.000	Rs.000
1) Gross loans and advances to customers	814,543,456	771,939,001	846,720,969	802,707,092
Less : Accumulated impairment under stage 1	3,091,724	3,343,678	3,799,787	4,063,982
Accumulated impairment under stage 2	8,058,780	4,827,329	8,284,622	5,210,362
Accumulated impairment under stage 3	30,812,232	21,998,921	33,820,590	24,040,578
Net loans and advances	772,580,720	741,769,073	800,815,970	769,392,170
Product-wise Gross loans and advances to customers				
By product-Domestic Currency				
Overdrafts	91,586,773	112,713,896	91,460,567	112,583,348
Bills of exchange	380,375	749,689	380,375	749,689
Commercial papers	153,821	154,658	153,821	154,658
Short term loans	96,655,676	93,003,988	97,039,374	93,329,295
Credit Cards	9,155,433	9,365,055	9,155,433	9,365,055
Trust receipts	19,864,641	32,322,448	19,864,641	32,322,448
Packing credit loans	2,563,792	1,747,211	2,563,792	1,747,211
Staff loans	17,208,143	14,713,352	18,065,918	15,679,793
Term loans	356,319,811	307,978,718	374,995,217	326,683,590
Lease rentals receivable	60,277,415	52,420,198	71,204,307	62,451,328
Housing loans	39,441,387	35,825,186	39,441,387	35,825,186
Pawning advances	22,947,790	20,389,354	24,407,738	21,260,331
Securitised notes	2,146,677	2,381,690	2,146,677	2,381,690
Sub total	718,701,734	683,765,443	750,879,247	714,533,622
By product-Foreign Currency				
Overdrafts	2,061,130	1,502,467	2,061,130	1,502,379
Bills of exchange	1,665,353	1,767,664	1,665,353	1,767,664
Short term loans	1,742,502	1,885,191	1,742,502	1,885,191
Trust receipts	3,903,480	3,161,038	3,903,480	3,161,038
Packing credit loans	14,954,506	14,343,465	14,954,506	14,343,465
Term loans	68,778,089	62,706,644	68,778,089	62,706,644
Lease rentals receivable	204,113	214,732	204,113	214,732
Housing loans	2,532,549	2,592,357	2,532,549	2,592,357
Sub total	95,841,722	88,173,558	95,841,722	88,173,470
Total	814,543,456	771,939,001	846,720,969	802,707,092
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 2019	3,336,650	3,714,854	15,592,301	22,643,805
Net impairment charge for the year	7,028	1,112,475	6,801,030	7,920,533
Write-offs during the year	-	-	(363,160)	(363,160)
Other movements	-	-	(31,250)	(31,250)
Closing balance as at 31st December 2019	3,343,678	4,827,329	21,998,921	30,169,928
Opening balance as at 1st January 2020	3,343,678	4,827,329	21,998,921	30,169,928
Net impairment charge for the year	(251,954)	3,231,451	9,381,709	12,361,206
Write-offs during the year	-	-	(692,654)	(692,654)
Other movements	-	-	124,256	124,256
Closing balance as at 31st December 2020	3,091,724	8,058,780	30,812,232	41,962,736
	GROUP			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2019	4,013,172	3,940,900	16,498,029	24,452,101
Net impairment charge for the year	50,811	1,269,463	8,095,724	9,415,998
Write-offs during the year	-	-	(521,925)	(521,925)
Other movements	-	-	(31,250)	(31,250)
Closing balance as at 31st December 2019	4,063,983	5,210,363	24,040,578	33,314,924
Opening balance as at 1st January 2020	4,063,983	5,210,363	24,040,578	33,314,924
Net impairment charge for the year	(264,196)	3,074,259	10,348,410	13,158,473
Write-offs during the year	-	-	(692,654)	(692,654)
Other movements	-	-	124,256	124,256
Closing balance as at 31st December 2020	3,799,787	8,284,622	33,820,590	45,904,999

ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

As at	BANK		GROUP	
	31.12.2020 Rs.000	31.12.2019 Rs.000	31.12.2020 Rs.000	31.12.2019 Rs.000
2) Gross commitments and contingencies	631,948,229	673,230,813	631,948,229	673,230,813
Less : Accumulated impairment under stage 1	735,571	810,503	735,571	810,503
Accumulated impairment under stage 2	256,104	201,327	256,104	201,327
Accumulated impairment under stage 3	1,218,571	1,123,884	1,218,571	1,123,884
	629,737,983	671,095,099	629,737,983	671,095,099
Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	831,794	1,313,902	831,794	1,313,902
Guarantees	55,658,375	56,898,799	55,658,375	56,898,799
Acceptances	227,023	22,445	227,023	22,445
Bills for collection	494,881	228,467	494,881	228,467
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	40,848,058	45,514,841	40,848,058	45,514,841
Cheques sent on clearing	3,851,339	5,236,930	3,851,339	5,236,930
Undrawn credit lines	334,295,507	302,373,055	334,295,507	302,373,055
Sub total	436,206,977	411,588,439	436,206,977	411,588,439
By Product - Foreign Currency				
Documentary credit	27,502,654	23,692,559	27,502,654	23,692,559
Guarantees	48,811,988	64,055,869	48,811,988	64,055,869
Acceptances	25,986,688	16,583,808	25,986,688	16,583,808
Bills for collection	15,633,015	13,248,527	15,633,015	13,248,527
Forward exchange contracts				
Forward exchange sales	28,293,790	43,950,802	28,293,790	43,950,802
Forward exchange purchases	22,911,210	23,363,808	22,911,210	23,363,808
Cheques sent on clearing	-	-	-	-
Undrawn credit lines	26,601,907	76,747,002	26,601,907	76,747,002
Sub total	195,741,252	261,642,375	195,741,252	261,642,375
Total	631,948,229	673,230,814	631,948,229	673,230,814
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 2019	771,580	230,064	274,280	1,275,924
Net impairment charge for the year	38,923	(28,737)	849,604	859,790
Write-offs during the year	-	-	-	-
Other movements	-	-	-	-
Closing balance as at 31st December 2019	810,503	201,327	1,123,884	2,135,714
Opening balance as at 1st January 2020	810,503	201,327	1,123,884	2,135,714
Net impairment charge for the year	(74,932)	54,777	94,687	74,532
Write-offs during the year	-	-	-	-
Other movements	-	-	-	-
Closing balance as at 31st December 2020	735,571	256,104	1,218,571	2,210,246

ANALYSIS OF DEPOSITS

As at	BANK		GROUP	
	31.12.2020 Rs.000	31.12.2019 Rs.000	31.12.2020 Rs.000	31.12.2019 Rs.000
3) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	59,483,315	42,405,362	58,785,686	42,090,185
Savings deposits	276,530,585	194,914,147	278,833,827	197,711,495
Time deposits	446,100,129	426,439,801	471,916,612	449,220,299
Certificates of deposit	338,098	385,196	338,098	385,196
Margin deposits	1,532,608	1,334,003	1,532,608	1,334,003
Sub total	783,984,735	665,478,509	811,406,831	690,741,178
By product- Foreign Currency				
Current account deposits	4,515,956	7,387,838	4,515,956	7,387,838
Savings deposits	43,134,411	40,084,161	43,134,411	40,032,679
Time deposits	136,047,089	97,003,304	135,752,501	96,817,149
Margin deposits	139,213	81,302	139,213	81,302
Sub total	183,836,669	144,556,605	183,542,081	144,318,968
Total	967,821,404	810,035,114	994,948,912	835,060,146

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 2019. The Group has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments during the year ended 31st December 2020.

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

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	1,094,827	-	-	1,094,827
Financial assets measured at fair value through other comprehensive income	248,801,119	442,700	27,839	249,271,658	255,921,449	442,700	40,269	256,404,418
Total financial liabilities measured at fair value	248,885,618	1,475,018	27,839	250,388,475	257,016,276	1,475,018	40,269	258,531,563
Financial liabilities measured at fair value								
Derivative financial instruments	-	337,014	-	337,014	-	337,014	-	337,014
Total financial assets measured at fair value	-	337,014	-	337,014	-	337,014	-	337,014

As at 31st December 2019	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	-	527,193	-	527,193	-	527,193	-	527,193
Financial assets measured at fair value through profit or loss	1,013,374	-	-	1,013,374	1,155,339	-	-	1,155,339
Financial assets measured at fair value through other comprehensive income	127,295,862	376,590	22,530	127,694,982	133,541,567	376,590	34,960	133,953,117
Total financial assets measured at fair value	128,309,236	903,783	22,530	129,235,549	134,696,906	903,783	34,960	135,635,649
Financial liabilities measured at fair value								
Derivative financial instruments	-	573,365	-	573,365	-	573,365	-	573,365
Total financial liabilities measured at fair value	-	573,365	-	573,365	-	573,365	-	573,365

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

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	Level 2	Level 3			Level 1	Level 2	Level 3	
		Rs.000	Rs.000	Rs.000			Rs.000	Rs.000	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	-	809,129,734	-	809,129,734
Debt and other instruments	186,605,516	85,006,457	71,807,181	-	156,813,638	193,349,496	1,671,069	162,571,066	-	164,242,135
	959,186,236	85,006,457	851,465,426	-	936,471,883	994,165,467	1,671,069	971,700,800	-	973,371,869
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
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
	997,994,811	-	1,001,959,636	-	1,001,959,636	1,026,305,777	-	1,031,790,752	-	1,031,790,752

As at 31st December 2019	BANK					Group				
	Carrying Value Rs.000	Fair Value			Total Rs.000	Carrying Value Rs.000	Fair Value			Total Rs.000
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
		Rs.000	Rs.000	Rs.000			Rs.000	Rs.000	Rs.000	
Financial Assets										
Financial assets measured at amortised cost										
Loans and advances to customers	741,769,073	-	745,297,554	-	745,297,554	769,392,169	-	773,283,903	-	773,283,903
Debt and other instruments	149,720,833	20,282,735	130,373,630	-	150,656,365	156,511,277	22,327,131	135,422,468	-	157,749,599
	891,489,907	20,282,735	875,671,184	-	895,953,919	925,903,446	22,327,131	908,706,371	-	931,033,502
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	810,035,114	-	810,162,845	-	810,162,845	835,060,146	-	834,806,957	-	834,806,957
Debt securities issued	1,797,644	-	1,920,059	-	1,920,059	2,368,986	-	2,496,165	-	2,496,165
Subordinated term debts	32,695,221	-	33,772,622	-	33,772,622	33,345,904	-	34,413,453	-	34,413,453
	844,527,979	-	845,855,526	-	845,855,526	870,775,036	-	871,716,575	-	871,716,575

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