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12th March 2019

The Board of Directors,
Seylan Bank PLC,
Seylan Towers
No. 90,
Galle Road,
Colombo 03.

Dear Sirs,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF SEYLAN BANK PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the Public Offer of BASEL III Compliant, Tier 2, Rated, listed, Unsecured, Subordinated and Redeemable Debentures worth of Rs. 3 Billion with a Non-viability conversion in compliance with BASEL III requirements at a par value of LKR 100/- to be converted to Ordinary Voting Shares by the Seylan Bank PLC ("the Bank") upon the occurrence of a Trigger Event, with an option to issue Debentures for further Rs. 2 Billion in the event of an oversubscription.

We have examined the financial statements of Seylan Bank PLC for the financial years ended 31st December 2014 to 2018, included in the prospectus and report as follows.

1. INCORPORATION

Seylan Bank PLC ("the Bank") is a listed Company incorporated in 1987 and domiciled in Sri Lanka. As per section 487 (2) of Companies Act No. 7 of 2007, the Bank has been reregistered under the registration number PQ9. The shares of the Bank have a primary listing on the Colombo Stock Exchange.

The Bank is licensed by the Central Bank of Sri Lanka to conduct banking and related activities such as accepting deposits, corporate and retail banking, personal financial services, off shore banking, foreign currency operations, trade services, rural finance, project finance, dealing in government securities, etc. under the provisions of the Banking Act No. 30 of 1988.

2. FINANCIAL STATEMENTS

2.1 Five Years Summary of Financial Statements

A summary of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows of Seylan Bank PLC for the years ended 31st December 2014 to 2018, based on the audited financial statements of the Bank are set out in Annexure 1.

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Summaries presented for Operating Results, Assets, Liabilities and Shareholders' funds for financial years ended 31st December 2014 to 2018 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1st January 2012 applied from the date of transition of 1st January 2011.

2.2 Audit Reports

We have audited the financial statements of the Bank for the years ended 31st December 2014 to 2018. Unqualified audit opinions have been issued for the said financial years.

2.3 Application of Accounting Standards and Accounting Policies

The financial statements of the Bank for the financial years ended 31st December 2014 to 2018 complied with the applicable Sri Lanka Accounting Standards.

The accounting policies of the Bank are stated in detail in the audited financial statements of Seylan Bank PLC for the year ended 31st December 2018. The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the Bank from financial years ended 31st December 2014 to 2018 are given below.

Financial Year	**Adoption of revised Accounting Standards and related changes in Accounting Policies**
31st December 2014	The financial statements of the Bank for the year ended 31st December 2014 have been prepared in accordance with SLFRSs and LKASs issued by the Institute of Chartered Accountants of Sri Lanka and the amendments issued. The Bank has adopted the following new standards and amendments to standards, including any consequent amendments to other standards, with a date of initial application of 1st January 2014. The nature and the effects of the changes are explained below. **(a) Subsidiaries, including structured entities** As a result of SLFRS 10 - "Consolidated financial statements", the Bank has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. SLFRS 10 introduces a new control model that focuses on whether the Bank has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In accordance with the transitional provisions of SLFRS 10, the Bank reassessed its control conclusions as of 1 January 2014. However, the reassessment did not have an impact on the Bank's financial statements. **(b) Interests in other entities** As a result of SLFRS 12, the Bank has expanded disclosures about its interests in its subsidiary.

	(c) Fair value measurement In accordance with the transitional provisions of SLFRS 13, the Bank has applied the new definition of fair value. The change had no significant impact on the measurements of the Bank's assets and liabilities, but the Bank has included new disclosures in the financial statements, which are required under SLFRS 13.
31^{st} December 2015	The financial statements of the Bank for the year ended 31^{st} December 2015 have been prepared in accordance with SLFRSs and LKASs issued by the Institute of Chartered Accountants of Sri Lanka and the amendments issued. The Bank has adopted the following new standards and amendments to standards, including any consequential amendments to other standards. **Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax** As per the provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on 30 October 2015, the Bank is liable for Super Gain tax. According to the Act, the super gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super gain tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24^{th} November 2015. This SoAT supersedes paragraph 46 of LKAS 12 *"Income Tax"*. Further, this SoAT must be applied by all Companies who are liable to pay Super Gain Tax as required under Part III of the Finance Act without any option. As per the SoAT, super gain tax expense is deemed to be an expenditure for the year ended 31^{st} December 2013. Accordingly, it should be recorded as an adjustment to the opening retained earnings reported in the Statement of Changes in Equity as at 1^{st} January 2015 in the Financial Statements of the Bank.
31^{st} December 2016	No change during the year 2016.
31^{st} December 2017	No change during the year 2017.
31^{st} December 2018	**(A) Adoption of SLFRS 9 – "Financial Instruments" And SLFRS 15 – "Revenue From Contracts With Customers"** The new judgments and accounting policies adopted with effect from 1st January 2018 are given below.

(A.01) Use of Estimates and Judgements

Classification of Financial Assets

The Bank used judgements when assessing of the business model within which the assets are held and assessment whether the contractual terms of the financial assets are Solely-Payment-of-Principal-and-Interest (SPPI) on the principal amount of the outstanding.

The Bank also used judgements when establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of Expected Credit Losses (ECL) and selection and approval of models to measure ECL

Changes in Accounting Policies

The Bank has initially adopted SLFRS 9 and SLFRS 15 from 1st January 2018. Due to the transition method chosen by the Bank in applying SLFRS 9 comparative information throughout these financial statements has not been restated to reflect its requirements.

The adoption of SLFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognized by the Bank. Accordingly the impact on the comparative information is limited to new disclosure requirements.

The effect of initially applying these standards is mainly attributed to the following:

- An increase in impairment losses recognized on financial assets
- Additional disclosures related to SLFRS 9
- Additional disclosures related to SLFRS 15

(A.1.1) SLFRS 9 – Financial Instruments

SLFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. The requirements of SLFRS 9 represent a significant change from LKAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As permitted by SLFRS 9, the Bank has elected to continue to apply the hedge accounting requirements of LKAS 39.

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	Classification of financial assets and financial liabilities SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). SLFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous LKAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SLFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification. SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, although under LKAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under SLFRS 9 fair value changes are generally presented as follows: • the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and • the remaining amount of change in the fair value is presented in profit or loss. **Impairment of financial assets** SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39. **Transition** Changes in accounting policies resulting from the adoption of SLFRS 9 have been applied retrospectively, except as described below. • The Bank used the exemption not to restate comparatives. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of SLFRS 9 and therefore is not comparable to the information presented for 2018 under SLFRS 9. • The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

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	– The determination of the business model within which a financial asset is held. – The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL. – The designation of certain investments in equity instruments not held for trading as at FVOCI. – For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. – If a debt security had low credit risk at the date of initial application of SLFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition. **(A.1.2) SLFRS 15 Revenue from Contracts with Customers** SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. The Bank initially applied SLFRS 15 on 1 January 2018 retrospectively in accordance with LKAS 8 without any practical expedients. The timing or amount of the Bank's fee and commission income from contracts with customers was not impacted by the adoption of SLFRS 15.The impact of SLFRS 15 was limited to the new disclosure requirements. **(A.2) Significant Accounting Policies** **(A.2.1) Classification** **Financial assets** On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: – the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and – the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL

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	– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and – the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. **Business model assessment** The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes: – the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets; – how the performance of the portfolio is evaluated and reported to the Bank's management; – the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; – how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and – the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized. Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are

neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;

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	– the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral; – whether the borrower is an individual or a substantive operating entity or is a special-purpose entity; – the Bank's risk of loss on the asset relative to a full-recourse loan; – the extent to which the collateral represents all or a substantial portion of the borrower's assets; and – whether the Bank will benefit from any upside from the underlying assets. **(A.2.2) Modification of financial assets and liabilities** **Financial assets** If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows: – fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and – other fees are included in profit or loss as part of the gain or loss on derecognition. If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (refer write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust

the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(A.2.3) Impairment

Recognition of ECL

The Bank recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- undrawn credit commitments.

No impairment loss is recognized on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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	The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'. Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. **Measurement of ECL** ECL are a probability-weighted estimate of credit losses. They are measured as follows: – financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive); – financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; – undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and – financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover. **Restructured financial assets** If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows. – If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset. – If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash

shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is past due for a period more than 90 days or classified as non- performing under CBSL direction No. 03 of 2008 is considered credit-impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision under other liabilities;
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognized in the fair value reserve.

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	Write-off Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due. **(B) Changes To Retirement Benefit Obligation** The Board has resolved to pay an additional half a month basic salary (last drawn) over and above the statutory gratuity entitlement for each year of service for eligible existing employees and ex-employees who joined before 05th March 2009 and retired/resigned after 5th March 2009 having completed uninterrupted and unblemished service period of ten years in the Bank, subject to entering into a memorandum of settlement which confers on them the said entitlement to the additional payment and giving the right to the Bank to settle the said liability by disposal of the shares in the Share Trust companies.

2.4 Dividends

The Bank had declared the following dividends in respect of Ordinary Shares for the years ended 31st December 2013 to 31st December 2017.

Year ended 31st December	Total Dividend Declared Rs. '000	Dividend Per Share Rs.
2013	776,161	2.25
2014	862,401	2.50
2015	948,641	2.75
2016	1,121,121	3.25*
2017	1,240,596	3.50**

* Rs.1/- by way of cash dividend and Rs. 2.25/- by way of a scrip dividend.
** Rs.1/- by way of cash dividend and Rs. 2.50/- by way of a scrip dividend.

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2.5 Events after the Reporting Date

The Board of directors of the Bank has recommended that a final dividend of Rs. 2.50 per share on both voting and non-voting shares of the Bank for the year ended 31st December 2018 which will be paid by way of cash dividend of Rs. 0.50 per share and scrip dividend of Rs. 2.00 per shares.

Yours faithfully,

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Chartered Accountants
Colombo

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Annexure 1: Five Year Summary

Statement of Profit or Loss and Other Comprehesive Income	Bank					Group				
Financial period ended 31st December	**2018 Rs.'000**	**2017 Rs.'000**	**2016 Rs.'000**	**2015 Rs.'000**	**2014 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**	**2016 Rs.'000**	**2015 Rs.'000**	**2014 Rs.'000**
Trading Results										
Gross Income	54,872,530	49,338,298	37,872,893	28,586,081	28,564,355	54,844,593	49,873,378	37,912,779	28,628,850	28,628,426
Profit before Taxation	4,666,252	6,656,451	5,733,718	5,776,711	4,649,444	4,687,124	7,284,923	5,771,245	5,822,611	4,835,389
Taxation	1,477,046	2,226,053	1,723,268	1,945,767	1,570,842	1,536,268	2,281,292	1,736,355	1,936,662	1,582,819
Profit after Taxation*	3,189,206	4,430,398	4,010,450	3,830,944	3,078,602	3,150,856	5,003,631	4,034,890	3,885,949	3,252,570
Other Comprehensive Income, Net of Income Tax	(616,711)	2,425,819	(345,204)	(1,053,977)	(55,520)	(520,242)	2,406,845	(327,867)	(1,047,397)	(29,601)
Total Comprehensive Income	2,572,495	6,856,217	3,665,246	2,776,967	3,023,082	2,630,614	7,410,476	3,707,023	2,838,552	3,222,969
Dividend Per Share (Rs.)	2.50	3.50	3.25	2.75	2.50	2.50	3.50	3.25	2.75	2.50

**Profit before additional gratuity and after tax is LKR 4,006 Mn.*

Annexure 1: Five Year Summary (Continued)

Statement of Financial Position	Bank					Group				
As At 31st December	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000
Assets										
Cash & Short Term Funds (Including Securities purchased under resale agreements)	18,035,778	10,070,239	15,653,165	10,113,036	24,435,877	18,035,818	10,070,279	15,653,215	10,113,086	24,435,917
Statutory Deposit with Central Bank of Sri	18,472,275	19,119,843	16,211,618	8,563,888	7,432,206	18,472,275	19,119,843	16,211,618	8,563,888	7,432,206
Investments (Including Investment properties)	87,820,385	82,976,028	73,336,421	72,202,855	48,859,050	88,719,558	83,833,044	74,300,959	73,419,658	50,075,879
Loans & Receivables, Placements with Banks and Finance Companies (Including Leases & Bills of Exchange)	326,882,538	282,317,022	236,354,427	193,860,992	157,297,016	326,882,538	282,317,022	236,354,427	193,860,992	157,297,016
Investment in Subsidiary	-	1,153,602	1,153,602	1,151,929	1,106,113	-	-	-	-	-
Assets Held-for-Sale	1,153,602	900,543	-	-	-	-	-	226,827	-	-
Other Assets (Including Taxation)	10,214,344	7,689,546	8,669,319	6,915,475	6,886,615	10,046,134	7,697,184	8,677,889	6,902,727	6,851,596
Property ,Plant & Equipment, Leasehold Rights and Intangible Assets	4,354,096	3,899,016	4,634,004	3,521,958	3,293,682	7,505,173	6,946,383	6,824,506	5,725,213	5,465,218
Total Assets	466,933,018	408,125,839	356,012,556	296,330,133	249,310,559	469,661,496	409,983,755	358,249,441	298,585,564	251,557,832
Liabilities										
Deposits from Customers and Due to Banks	383,938,968	334,151,874	291,184,637	244,309,626	197,539,589	383,938,968	334,151,874	291,184,637	244,309,626	197,539,589
Borrowings and Debentures	37,455,943	29,148,394	28,491,412	18,605,329	20,090,220	37,455,943	29,148,394	28,491,412	18,605,329	20,090,220
Other Liabilities	9,674,086	8,196,102	7,755,716	7,485,946	6,327,380	9,572,931	7,112,905	7,605,598	7,389,639	6,222,626
Taxation	1,209,464	2,381,422	762,259	842,814	1,323,805	1,185,533	2,477,543	828,426	890,049	1,359,797
Dividends Payable	44,758	42,124	46,250	30,741	21,026	44,758	52,400	53,904	35,987	26,009
Total Liabilities	432,323,219	373,919,916	328,240,274	271,274,456	225,302,020	432,198,133	372,943,116	328,163,977	271,230,630	225,238,241
Equity										
Stated Capital	12,025,795	11,228,269	10,529,724	10,529,724	10,529,724	12,025,795	11,228,269	10,529,724	10,529,724	10,529,724
Reserve Fund	1,768,944	1,609,484	1,387,964	1,187,441	995,894	1,768,944	1,609,484	1,387,964	1,187,441	995,894
Reserves	20,815,060	21,368,170	15,854,594	13,338,512	12,482,921	22,452,167	22,989,220	17,102,586	14,570,575	13,669,586
Non Controlling Interest	-	-	-	-	-	1,216,457	1,213,666	1,065,190	1,067,194	1,124,387
Total Equity	34,609,799	34,205,923	27,772,282	25,055,677	24,008,539	37,463,363	37,040,639	30,085,464	27,354,934	26,319,591
Total Liabilities & Equity	466,933,018	408,125,839	356,012,556	296,330,133	249,310,559	469,661,496	409,983,755	358,249,441	298,585,564	251,557,832
Commitments and Contingencies	129,692,642	99,500,731	64,110,695	57,222,365	45,098,070	129,721,740	99,568,595	64,184,994	57,302,098	45,165,070

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Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December - Bank

	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Reserves			Total
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 1st January 2014	**6,962,722**	**3,567,002**	**841,964**	**7,209,580**	**651,483**	**641,586**	**1,887,281**	**21,761,618**
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,078,602	-	-	-	3,078,602
Other Comprehensive Income (Net of Tax)	-	-	-	(65,156)	-	9,636	-	(55,520)
Total Comprehensive Income for the Year	-	-	-	**3,013,446**	-	**9,636**	-	**3,023,082**
Transactions With Equity Holders , Recognized Directly In Equity								
Dividends	-	-	-	(776,161)	-	-	-	(776,161)
Transfers from / to Retained Earnings	-	-	153,930	(363,122)	-	-	209,192	-
Total Transactions with Equity Holders	-	-	**153,930**	**(1,139,283)**	-	-	**209,192**	**(776,161)**
Balance as at 31st December 2014	**6,962,722**	**3,567,002**	**995,894**	**9,083,743**	**651,483**	**651,222**	**2,096,473**	**24,008,539**
Balance as at 1st January 2015	**6,962,722**	**3,567,002**	**995,894**	**9,083,743**	**651,483**	**651,222**	**2,096,473**	**24,008,539**
Super Gain Tax ****	-	-	-	(867,428)	-	-	-	(867,428)
Adjusted balance as at 1st January 2015	**6,962,722**	**3,567,002**	**995,894**	**8,216,315**	**651,483**	**651,222**	**2,096,473**	**23,141,111**
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,830,944	-	-	-	3,830,944
Other Comprehensive Income (net of tax)	-	-	-	66,071	-	(1,120,048)	-	(1,053,977)
Total Comprehensive Income for the Year	-	-	-	**3,897,015**	-	**(1,120,048)**	-	**2,776,967**
Transactions With Equity Holders , Recognized Directly In Equity								
Dividends	-	-	-	(862,401)	-	-	-	(862,401)
Transfers from / to Retained Earnings	-	-	191,547	(125,263)	-	-	(66,284)	-
Total Transactions with Equity Holders	-	-	**191,547**	**(987,664)**	-	-	**(66,284)**	**(862,401)**
Balance as at 31st December 2015	**6,962,722**	**3,567,002**	**1,187,441**	**11,125,666**	**651,483**	**(468,826)**	**2,030,189**	**25,055,677**
Balance as at 01st January 2016	**6,962,722**	**3,567,002**	**1,187,441**	**11,125,666**	**651,483**	**(468,826)**	**2,030,189**	**25,055,677**
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,010,450	-	-	-	4,010,450
Other Comprehensive Income (net of tax)	-	-	-	54,555	822,999	(1,222,758)	-	(345,204)
Total Comprehensive Income for the Year	-	-	-	**4,065,005**	**822,999**	**(1,222,758)**	-	**3,665,246**
Transactions with Equity Holders , Recognised Directly In Equity								
Dividends to Equity Holders	-	-	-	(948,641)	-	-	-	(948,641)
Transferred to Statutory Reserve Fund*	-	-	200,523	(200,523)	-	-		-
Transferred from Investment Fund Reserve	-	-	-	8,726	-		(8,726)	-
Total Transactions with Equity Holders	-	-	**200,523**	**(1,140,438)**	-	-	**(8,726)**	**(948,641)**
Balance as at 31st December 2016	**6,962,722**	**3,567,002**	**1,387,964**	**14,050,233**	**1,474,482**	**(1,691,584)**	**2,021,463**	**27,772,282**

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Bank (Continued) - Rs'000

	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Reserves			Total
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	Available for Sale Reserve	Other Reserves	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2017	**6,962,722**	**3,567,002**	**1,387,964**	**14,050,233**	**1,474,482**	**(1,691,584)**	**2,021,463**	**27,772,282**
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	4,430,398	-	-	-	4,430,398
Other Comprehensive Income (net of tax)								
- Deferred Tax on Revaluation Surplus of Land **	-	-	-	-	(231,989)	-	-	(231,989)
- Actuarial Gain on Defined Benefit Obligations	-	-	-	28,182	-	-	-	28,182
- Net Gain on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	2,636,992	-	2,636,992
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(7,366)	(7,366)
(2) Total Comprehensive Income for the Year	-	-	-	**4,458,580**	**(231,989)**	**2,636,992**	**(7,366)**	**6,856,217**
Transactions with Equity Holders , Recognised Directly In Equity								
Cash/Scrip Dividends to Equity Holders	356,354	342,191	-	(1,121,121)	-	-	-	(422,576)
Transferred to Statutory Reserve Fund*	-	-	221,520	(221,520)	-	-		-
Transferred from Investment Fund Reserve	-	-	-	11,852	-	-	(11,852)	-
(3) Total Transactions with Equity Holders	**356,354**	**342,191**	**221,520**	**(1,330,789)**	-	-	**(11,852)**	**(422,576)**
Balance as at 31st December 2017 (1 + 2 + 3)	**7,319,076**	**3,909,193**	**1,609,484**	**17,178,024**	**1,242,493**	**945,408**	**2,002,245**	**34,205,923**
(1) Balance as at 01st January 2018	**7,319,076**	**3,909,193**	**1,609,484**	**17,178,024**	**1,242,493**	**945,408**	**2,002,245**	**34,205,923**
Adjustment on Initial Application of SLFRS 9, Net of Tax	-	-	-	**(155,362)**	-	**(1,570,187)**	-	**(1,725,549)**
(2) Adjusted Balance as at 01st January 2018	**7,319,076**	**3,909,193**	**1,609,484**	**17,022,662**	**1,242,493**	**(624,779)**	**2,002,245**	**32,480,374**
Total Comprehensive Income for the Year								
Profit for the Year	-	-	-	3,189,206	-	-	-	3,189,206
Other Comprehensive Income (net of tax)								
- Actuarial Gain on Defined Benefit Obligations	-	-	-	84,326	-	-	-	84,326
- Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	(1,105,151)	-	(1,105,151)
- Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	368,208	-	368,208
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	35,906	35,906
(3) Total Comprehensive Income for the Year	-	-	-	**3,273,532**	-	**(736,943)**	**35,906**	**2,572,495**
Transactions with Equity Holders , Recognised Directly In Equity								
Cash/Scrip Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	-	(443,070)
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	376,203	(376,203)	-	-	-
Transferred to Statutory Reserve Fund*	-	-	159,460	(159,460)	-	-		-
Transferred from Investment Fund Reserve	-	-	-	8,727	-	-	(8,727)	-
Net Gain on Disposal Equity Investments measured at fair value through other comprehensive income	-	-	-	517,579	-	(517,579)	-	-
(4) Total Transactions with Equity Holders	**404,131**	**393,395**	**159,460**	**(497,547)**	**(376,203)**	**(517,579)**	**(8,727)**	**(443,070)**
Balance as at 31st December 2018 (2 + 3 + 4)	**7,723,207**	**4,302,588**	**1,768,944**	**19,798,647**	**866,290**	**(1,879,301)**	**2,029,424**	**34,609,799**

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Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Group - Rs'000

	Stated Capital		Statutory Reserve Fund *	Retained Earnings	Reserves			Total	Non Controlling Interest	Total Equity
	Ordinary Shares - Voting	Ordinary Shares - Non Voting			Revaluation Reserve	Available for Sale Reserve	Other Reserves			
	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 2014	6,962,722	3,567,002	841,964	7,149,507	1,356,228	641,586	2,142,494	22,661,503	1,537,626	24,199,129
Total Comprehensive Income for the year										
Profit for the Year	-	-	-	3,178,776	-	-	-	3,178,776	73,794	3,252,570
Other Comprehensive Income (Net of Tax)	-	-	-	(65,136)	17,362	8,894	-	(38,880)	9,279	(29,601)
Total Comprehensive Income for the Year	-	-	-	3,113,640	17,362	8,894	-	3,139,896	83,073	3,222,969
Transactions With Equity Holders , Recognized Directly In Equity										
Dividends	-	-	-	(776,161)	-	-	-	(776,161)	(20,857)	(797,018)
Transfers from / to Retained Earnings	-	-	153,930	(363,122)	-	-	209,192	-	-	-
Changes in Ownership Interest without Change in Control										
Acquisition of Non-Controlling Interest without Change in Control	-	-	-	169,966	-	-	-	169,966	(475,455)	(305,489)
Total Transactions with Equity Holders	-	-	153,930	(969,317)	-	-	209,192	(606,195)	(496,312)	(1,102,507)
Balance as at 31st December 2014	6,962,722	3,567,002	995,894	9,293,830	1,373,590	650,480	2,351,686	25,195,204	1,124,387	26,319,591
Balance as at 1st January 2015	6,962,722	3,567,002	995,894	9,293,830	1,373,590	650,480	2,351,686	25,195,204	1,124,387	26,319,591
Super Gain Tax ****	-	-	-	(870,371)	-	-	-	(870,371)	(1,257)	(871,628)
Revised Balance as at 1st January 2015	6,962,722	3,567,002	995,894	8,423,459	1,373,590	650,480	2,351,686	24,324,833	1,123,130	25,447,963
Total Comprehensive Income for the year										
Profit for the Year	-	-	-	3,855,296	-	-	-	3,855,296	30,653	3,885,949
Other Comprehensive Income (Net of Tax)	-	-	-	65,810	5,193	(1,120,359)	-	(1,049,356)	1,959	(1,047,397)
Total Comprehensive Income for the Year	-	-	-	3,921,106	5,193	(1,120,359)	-	2,805,940	32,612	2,838,552
Transactions With Equity Holders , Recognized Directly In Equity										
Dividends	-	-	-	(862,401)	-	-	-	(862,401)	(23,364)	(885,765)
Transfers from / to Retained Earnings	-	-	191,547	(125,263)	-	-	(66,284)	-	-	-
Changes in Ownership Interest without Change in Control										
Acquisition of Non-Controlling Interest without Change in Control	-	-	-	19,368	-	-	-	19,368	(65,184)	(45,816)
Total Transactions with Equity Holders	-	-	191,547	(968,296)	-	-	(66,284)	(843,033)	(88,548)	(931,581)
Balance as at 31st December 2015	6,962,722	3,567,002	1,187,441	11,376,269	1,378,783	(469,879)	2,285,402	26,287,740	1,067,194	27,354,934
Balance as at 01st January 2016	6,962,722	3,567,002	1,187,441	11,376,269	1,378,783	(469,879)	2,285,402	26,287,740	1,067,194	27,354,934
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	4,013,132	-	-	-	4,013,132	21,758	4,034,890
Other Comprehensive Income (net of tax)	-	-	-	54,941	835,267	(1,223,186)	-	(332,978)	5,111	(327,867)
Total Comprehensive Income for the Year	-	-	-	4,068,073	835,267	(1,223,186)	-	3,680,154	26,869	3,707,023
Transactions with Equity Holders , Recognised Directly In Equity										
Dividends	-	-	-	(948,641)	-	-	-	(948,641)	(26,179)	(974,820)
Transferred to Statutory Reserve Fund*	-	-	200,523	(200,523)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,726	-	-	(8,726)	-	-	-
Changes in Ownership Interest in Subsidiary										
Acquisition of Non-Controlling Interest without Change in Control	-	-	-	1,021	-	-	-	1,021	(2,694)	(1,673)
Total Transactions with Equity Holders	-	-	200,523	(1,139,417)	-	-	(8,726)	(947,620)	(28,873)	(976,493)
Balance as at 31st December 2016	6,962,722	3,567,002	1,387,964	14,304,925	2,214,050	(1,693,065)	2,276,676	29,020,274	1,065,190	30,085,464

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year ended 31st December - Group (Continued) - Rs'000

	Stated Capital		Statutory	Retained	Reserves			Total	Non	Total
	Ordinary Shares -	Ordinary Shares -	Reserve Fund	Earnings	Revaluatio	Available for Sale Reserve	Other Reserves		Controlling Interest	Equity
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
(1) Balance as at 01st January 2017	**6,962,722**	**3,567,002**	**1,387,964**	**14,304,925**	**2,214,050**	**(1,693,065)**	**2,276,676**	**29,020,274**	**1,065,190**	**30,085,464**
Total Comprehensive Income for the Year										
Profit for the Year	-	-	-	4,816,834	-	-	-	4,816,834	186,797	**5,003,631**
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	(14,334)	-	-	(14,334)	(5,995)	**(20,329)**
- Deferred Tax on Revaluation Surplus of Land **					(231,989)			(231,989)	-	**(231,989)**
- Actuarial Gain on Defined Benefit Obligations	-	-	-	27,569	-	-	-	27,569	(257)	**27,312**
- Net Gain on Re-measuring Available-for-Sale Financial Assets	-	-	-	-	-	2,638,561	-	2,638,561	656	**2,639,217**
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	(7,366)	(7,366)	-	**(7,366)**
(2) Total Comprehensive Income for the Year	-	-	-	**4,844,403**	**(246,323)**	**2,638,561**	**(7,366)**	**7,229,275**	**181,201**	**7,410,476**
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividends	356,354	342,191	-	(1,121,121)	-	-	-	(422,576)	(32,725)	**(455,301)**
Transferred to Statutory Reserve Fund*	-	-	221,520	(221,520)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	11,852	-	-	(11,852)	-	-	-
(3) Total Transactions with Equity Holders	**356,354**	**342,191**	**221,520**	**(1,330,789)**	-	-	**(11,852)**	**(422,576)**	**(32,725)**	**(455,301)**
Balance as at 31st December 2017 (1 + 2 + 3)	**7,319,076**	**3,909,193**	**1,609,484**	**17,818,539**	**1,967,727**	**945,496**	**2,257,458**	**35,826,973**	**1,213,666**	**37,040,639**
(1) Balance as at 01st January 2018	**7,319,076**	**3,909,193**	**1,609,484**	**17,818,539**	**1,967,727**	**945,496**	**2,257,458**	**35,826,973**	**1,213,666**	**37,040,639**
Adjustment on Initial Application of SLFRS 9, Net of Tax	-	-	-	(121,806)	-	(1,603,743)	-	(1,725,549)	-	**(1,725,549)**
(2) Adjusted Balance as at 01st January 2018	7,319,076	3,909,193	1,609,484	17,696,733	1,967,727	(658,247)	2,257,458	34,101,424	1,213,666	**35,315,090**
Total Comprehensive Income for the Year	-	-	-	4,816,834	-	-	-	4,816,834	186,797	**5,003,631**
Profit for the Year	-	-	-	3,137,243	-	-	-	3,137,243	13,613	**3,150,856**
Other Comprehensive Income (net of tax)										
- Revaluation of Property, Plant and Equipment	-	-	-	-	71,327	-	-	71,327	29,832	**101,159**
- Actuarial Gain on Defined Benefit Obligations	-	-	-	83,986	-	-	-	83,986	(142)	**83,844**
- Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	-	-	-	(1,410)	-	(1,106,708)	-	(1,108,118)	(1,241)	**(1,109,359)**
- Change in fair value on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	368,208	-	368,208	-	**368,208**
- Net Movement of Cash Flow Hedge Reserve	-	-	-	-	-	-	35,906	35,906	-	**35,906**
(3) Total Comprehensive Income for the Year	-	-	-	**3,219,819**	**71,327**	**(738,500)**	**35,906**	**2,588,552**	**42,062**	**2,630,614**
Transactions with Equity Holders , Recognised Directly In Equity										
Cash/Scrip Dividends to Equity Holders	404,131	393,395	-	(1,240,596)	-	-	-	(443,070)	(39,271)	**(482,341)**
Reversal of Revaluation on Disposed Property, Plant and Equipment	-	-	-	376,427	(376,427)	-	-	-	-	-
Transferred to Statutory Reserve Fund*	-	-	159,460	(159,460)	-	-	-	-	-	-
Transferred from Investment Fund Reserve	-	-	-	8,727	-	-	(8,727)	-	-	-
Net Gain on Disposal Equity Investments measured at fair value through other comprehensive income	-	-	-	517,579	-	(517,579)	-	-	-	-
(4) Total Transactions with Equity Holders	**404,131**	**393,395**	**159,460**	**(497,323)**	**(376,427)**	**(517,579)**	**(8,727)**	**(443,070)**	**(39,271)**	**(482,341)**
Balance as at 31st December 2018 (2 + 3 + 4)	**7,723,207**	**4,302,588**	**1,768,944**	**20,419,229**	**1,662,627**	**(1,914,326)**	**2,284,637**	**36,246,906**	**1,216,457**	**37,463,363**

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Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS

For the Year ended 31st December	Bank 2018 Rs.'000	Bank 2017 Rs.'000	Group 2018 Rs.'000	Group 2017 Rs.'000
Cash Flows from Operating Activities				
Interest receipts	46,871,290	42,125,061	46,872,456	42,131,098
Interest payments	(28,162,777)	(24,790,205)	(28,139,546)	(24,728,125)
Net commission receipts	4,053,967	3,788,141	4,048,998	3,782,004
Trading income	79,954	20,309	79,756	20,309
Payments to employees	(5,973,776)	(5,075,388)	(6,008,216)	(5,108,861)
VAT and NBT on financial services and DRL	(2,258,810)	(1,768,491)	(2,258,810)	(1,768,491)
Receipts from other operating activities	1,596,098	2,346,937	1,686,424	2,427,052
Payments on other operating activities	(5,213,731)	(4,963,834)	(5,095,557)	(4,904,323)
Operating Profit before Changes in Operating Assets and Liabilities	10,992,215	11,682,530	11,185,505	11,850,663
(Increase)/Decrease in Operating Assets :				
Balances with Central Bank of Sri Lanka	647,568	(2,908,225)	647,568	(2,908,225)
Financial assets at amortised cost - loans and advances	(48,243,676)	(45,762,794)	(48,243,676)	(45,762,794)
Other Assets	(1,745,640)	815,361	(1,740,419)	816,293
Increase/(Decrease) in Operating Liabilities :				
Financial liabilities at amortised cost - due to depositors	48,740,109	31,865,319	48,740,109	31,865,319
Financial liabilities at amortised cost - due to debt securities holders	4,463,652	665,351	4,463,652	665,351
Financial liabilities at amortised cost - due to other borrowers	9,622	1,147	9,622	1,147
Other Liabilities	(1,246,270)	(877,016)	(360,964)	(1,769,039)
Due to banks	(674,191)	9,324,679	(674,191)	9,324,679
Cash Generated from Operations	12,943,389	4,806,352	14,027,206	4,083,394
Income Tax Paid	(1,690,523)	(1,039,353)	(1,715,678)	(1,051,018)
Net Cash (Used in)Generated from Operating Activities	11,252,866	3,766,999	12,311,528	3,032,376
Cash Flows from Investing Activities				
Purchase of property , plant & equipment	(870,778)	(667,809)	(887,614)	(690,436)
Improvements to investment properties			(4,246)	(7,538)
Proceeds from sale of property , plant and equipment	972,594	13,311	38,795	761,569
Net proceeds from Sale, maturity and purchase of financial investments of government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing after 03 months	(3,733,611)	(9,321,771)	(3,733,611)	(9,321,771)
Net proceeds from sale, maturity and purchase of financial investments of shares and debentures	338,335	938,396	289,640	1,042,315
Reverse repurchase agreements maturing after three months	2,248	(7,209)	2,248	(7,209)
Net purchase of intangible assets	(332,855)	(193,775)	(332,855)	(193,775)
Net cashflow from acquisition of investment in subsidiaries	-	-	-	-
Net cashflow from disposal of subsidiaries	-	-	-	-
Dividend received from investment in subsidiaries	84,509	70,424	-	-
Dividend received from other investments	41,641	43,570	41,641	43,570
Net Cash (Used in) / Generated from Investing Activities	(3,497,917)	(9,124,863)	(4,586,002)	(8,373,275)

KPMG

Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS (CONTINUED)

	Bank		Group	
	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Financing Activities				
Net proceeds from the issue of subordinated debt	6,234,000	-	6,134,000	-
Repayment of subordinated debt	(2,462,280)	-	(2,312,280)	-
Interest paid on subordinated debt	(1,320,046)	(979,400)	(1,309,155)	(971,650)
Interest paid on un-subordinated debt	(438,365)	(439,276)	(430,562)	(431,276)
Dividend paid to non-controlling interest	-	-	(39,271)	(32,725)
Dividend paid to shareholders of the bank	(440,436)	(426,702)	(440,436)	(426,702)
Net Cash (Used in) Generated from Financing Activities	1,572,873	(1,845,378)	1,602,296	(1,862,353)
Net Increase / (Decrease) in Cash and Cash Equivalents	9,327,822	(7,203,242)	9,327,822	(7,203,252)
Cash and Cash Equivalents at beginning of the Year	16,073,851	23,277,093	16,073,891	23,277,143
Cash and Cash Equivalents at end of the Year	25,401,673	16,073,851	25,401,713	16,073,891
Reconciliation of Cash and Cash Equivalents				
Cash and cash equivalents	12,598,457	8,319,384	12,598,497	8,319,424
Placements with banks and finance companies	-	1,455,115	-	1,455,115
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds maturing within 03 months	7,346,010	4,555,706	7,346,010	4,555,706
Securities purchased under resale agreements maturing within three months	5,457,206	1,743,646	5,457,206	1,743,646
	25,401,673	16,073,851	25,401,713	16,073,891

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Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS (CONTINUED)

For the Year ended 31st December	Bank			Group		
	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000
Cash Flows from Operating Activities						
Interest Receipts	31,128,413	22,615,496	22,780,397	31,142,336	22,630,736	22,795,073
Fees and Commission Receipts	3,223,231	2,811,140	2,347,472	3,222,864	2,810,961	2,347,129
Interest Payments	(17,405,026)	(11,335,122)	(13,136,112)	(17,388,299)	(11,318,430)	(13,116,353)
Trading Income	(62,541)	1,474,212	1,172,265	(62,541)	1,473,212	1,172,265
Receipts from Other Operating Activities	1,409,056	77,484	97,451	1,491,645	153,580	156,165
Cash Payments to Employees and Suppliers	(10,463,660)	(8,907,410)	(8,408,229)	(10,448,905)	(8,876,496)	(8,407,464)
Cash Payments to Other Operating Activities	(119,983)	(113,694)	(90,267)	(125,626)	(120,450)	(97,009)
Operating Profit before Changes in Operating Assets and Liabilities	7,709,490	6,622,106	4,762,977	7,831,474	6,753,113	4,849,806
(Increase)/Decrease in Operating Assets :						
Loans and Receivables to Customers	(43,062,023)	(38,623,971)	(18,785,907)	(43,062,023)	(38,623,971)	(18,785,907)
Deposits Held for Regulatory or Monetary Control Purposes	(7,647,730)	(1,131,682)	72,979	(7,647,730)	(1,131,682)	72,979
Increase/(Decrease) in Operating Liabilities :						
Deposits from Customers	46,515,044	41,395,660	17,669,944	46,515,044	41,395,660	17,669,944
Certificates of Deposit from Customers	180,911	(2,043,812)	(143,274)	180,911	(2,043,812)	(143,274)
Cash Generated from Operations	3,695,692	6,218,301	3,576,719	3,817,676	6,349,308	3,663,548
Income Tax Paid	(976,036)	(2,371,829)	(722,279)	(976,036)	(2,376,470)	(722,279)
Contribution Paid into Employees Retirement Benefit Plan / Employees	(138,527)	(123,033)	(214,683)	(138,527)	(123,033)	(214,683)
Net Cash (Used in)Generated from Operating Activities	**2,581,129**	**3,723,439**	**2,639,757**	**2,703,113**	**3,849,805**	**2,726,586**
Cash Flows from Investing Activities						
Investment in Subsidiary Company	(1,673)	(45,816)	(305,489)	-	-	-
Dividend Income Received	97,715	92,751	40,205	41,376	47,195	19,027
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing after 03 months	134,783	(29,407,227)	2,924,115	134,783	(29,407,227)	2,924,115
Reverse Repurchase Agreements Maturing After 03 Months	-	-	76,956	-	-	76,956
Net Proceeds from Sale, Maturity and Purchase of Financial Investments of Shares and Debentures	756,550	1,406,427	(1,687,776)	773,054	1,423,676	(1,750,186)
Purchase of Property , Plant & Equipment and Intangible Assets	(850,209)	(714,214)	(678,837)	(851,674)	(774,346)	(703,404)
Proceeds From Sale Of Property , Plant & Equipment	38,066	20,510	15,224	38,066	22,678	15,224
Proceeds from Sale of Investment Properties	-	155,000	-	-	155,000	10,954
Proceeds from Disposal of Assets Held-for-Sale	-	-	-	-	-	-
Improvements to Investment Properties	-	-	-	(360)	(30,155)	(24,089)
Net Cash (Used in) / Generated from Investing Activities	175,232	(28,492,569)	384,398	135,245	(28,563,179)	568,597

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Annexure 1: Five Year Summary (Continued)

STATEMENT OF CASH FLOWS (CONTINUED)

	Bank			Group		
	2016	2015	2014	2016	2015	2014
Cash Flows from Financing Activities	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Increase / (Decrease) in Debentures	5,000,000	(465,000)	4,404,065	5,000,000	(465,000)	4,404,065
Proceeds from Issue of Share Capital	-	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	-	-
Securities Sold under Repurchase Agreements	4,552,673	(991,147)	7,847,735	4,552,673	(991,147)	7,847,735
Increase / (Decrease) in Other Borrowings	(2,780,901)	8,823,565	32,755	(2,832,866)	8,795,981	(214,668)
Dividends Paid - Ordinary Shares	(933,132)	(852,687)	(771,254)	(963,164)	(880,849)	(794,850)
Dividends Paid - Preference Shares	-	-	(39)	-	-	(39)
Net Cash (Used in) Generated from Financing Activities	5,838,640	6,514,731	11,513,262	5,756,643	6,458,985	11,242,243
Net Increase / (Decrease) in Cash and Cash Equivalents	8,595,001	(18,254,399)	14,537,417	8,595,001	(18,254,389)	14,537,426
Cash and Cash Equivalents at beginning of the Year	14,682,092	32,936,491	18,399,074	14,682,142	32,936,531	18,399,105
Cash and Cash Equivalents at end of the Year	23,277,093	14,682,092	32,936,491	23,277,143	14,682,142	32,936,531
Reconciliation of Cash and Cash Equivalents						
Cash and Cash Equivalents	8,336,143	7,800,488	6,672,963	8,336,193	7,800,538	6,673,003
Placements with Banks and Finance Companies	334,230	757,050	2,334,304	334,230	757,050	2,334,304
Government of Sri Lanka Treasury Bills/Bonds and Development Bonds Maturing within 03 Months	7,289,698	3,812,006	6,166,310	7,289,698	3,812,006	6,166,310
Securities Purchased under Resale Agreements Maturing with in 03 Months	7,317,022	2,312,548	17,762,914	7,317,022	2,312,548	17,762,914
	23,277,093	14,682,092	32,936,491	23,277,143	14,682,142	32,936,531