



**INTERIM FINANCIAL STATEMENTS**  
**for the year ended 31 December 2018**  
**(Audited)**

**Bank of Ceylon**

| 31 December   | Bank                |                     |              |                       |                    |              | Group               |                     |              |                       |                    |              |
|---|---------------------|---------------------|--------------|-----------------------|--------------------|--------------|---------------------|---------------------|--------------|-----------------------|--------------------|--------------|
|   | For the year ended  |                     |              | For the quarter ended |                    |              | For the year ended  |                     |              | For the quarter ended |                    |              |
|   | 2018 *              | 2017                | Change %     | 2018 **               | 2017               | Change %     | 2018 *              | 2017                | Change %     | 2018 **               | 2017               | Change %     |
| <b>Total income</b>   | <b>221,131,178</b>  | <b>189,211,395</b>  | <b>16.9</b>  | <b>62,782,803</b>     | <b>50,879,506</b>  | <b>23.4</b>  | <b>229,461,622</b>  | <b>197,012,961</b>  | <b>16.5</b>  | <b>64,752,851</b>     | <b>52,638,968</b>  | <b>23.0</b>  |
| Interest income   | 195,393,970         | 171,343,888         | 14.0         | 53,610,635            | 46,091,963         | 16.3         | 201,809,401         | 177,746,357         | 13.5         | 55,130,118            | 47,733,300         | 15.5         |
| Interest expenses   | (129,835,996)       | (112,987,696)       | 14.9         | (35,095,108)          | (30,843,340)       | 13.8         | (133,119,922)       | (116,256,255)       | 14.5         | (35,852,387)          | (31,641,222)       | 13.3         |
| <b>Net interest income</b>  | <b>65,557,974</b>   | <b>58,356,192</b>   | <b>12.3</b>  | <b>18,515,527</b>     | <b>15,248,623</b>  | <b>21.4</b>  | <b>68,689,479</b>   | <b>61,490,102</b>   | <b>11.7</b>  | <b>19,277,731</b>     | <b>16,092,078</b>  | <b>19.8</b>  |
| Fee and commission income   | 10,699,565          | 9,465,330           | 13.0         | 3,110,899             | 2,691,248          | 15.6         | 11,088,043          | 9,723,455           | 14.0         | 3,196,356             | 2,714,361          | 17.8         |
| Fee and commission expenses   | (2,280,728)         | (1,883,302)         | 21.1         | (639,116)             | (617,427)          | 3.5          | (2,294,839)         | (1,972,374)         | 16.3         | (647,390)             | (621,784)          | 4.1          |
| <b>Net fee and commission income</b>  | <b>8,418,837</b>    | <b>7,582,028</b>    | <b>11.0</b>  | <b>2,471,783</b>      | <b>2,073,821</b>   | <b>19.2</b>  | <b>8,793,204</b>    | <b>7,751,081</b>    | <b>13.4</b>  | <b>2,548,966</b>      | <b>2,092,577</b>   | <b>21.8</b>  |
| Net gains / (losses) from trading   | 3,431,822           | 2,802,048           | 22.5         | 1,755,914             | 553,283            | 217.4        | 3,468,191           | 2,822,168           | 22.9         | 1,805,792             | 548,355            | 229.3        |
| Net fair value gains / (losses) from financial instruments at fair value through profit or loss | (681,365)           | -                   | -            | (681,365)             | -                  | -            | (717,194)           | -                   | -            | (717,194)             | -                  | -            |
| Net gains / (losses) from financial investments   | 152,029             | 905,527             | (83.2)       | (249,614)             | 219,425            | (213.8)      | 153,240             | 925,733             | (83.4)       | (267,599)             | 220,435            | (221.4)      |
| Other operating income  | 12,135,157          | 4,694,602           | 158.5        | 5,236,334             | 1,323,587          | 295.6        | 13,659,941          | 5,795,248           | 135.7        | 5,605,378             | 1,422,517          | 294.0        |
| <b>Total operating income</b>   | <b>15,037,643</b>   | <b>8,402,177</b>    | <b>79.0</b>  | <b>6,061,269</b>      | <b>2,096,295</b>   | <b>189.1</b> | <b>16,564,178</b>   | <b>9,543,149</b>    | <b>73.6</b>  | <b>6,426,377</b>      | <b>2,191,307</b>   | <b>193.3</b> |
| <b>Total operating income</b>   | <b>89,014,454</b>   | <b>74,340,397</b>   | <b>19.7</b>  | <b>27,048,579</b>     | <b>19,418,739</b>  | <b>39.3</b>  | <b>94,046,861</b>   | <b>78,784,332</b>   | <b>19.4</b>  | <b>28,253,074</b>     | <b>20,375,962</b>  | <b>38.7</b>  |
| Impairment (charge) / reversal  |                     |                     |              |                       |                    |              |                     |                     |              |                       |                    |              |
| Loans and advances  | (14,264,430)        | (9,640,658)         | 48.0         | (2,871,577)           | 88,168             | (3,356.9)    | (14,398,753)        | (9,884,889)         | 45.7         | (2,484,050)           | (257,781)          | 863.6        |
| Other financial assets  | (776,531)           | -                   | -            | (776,531)             | -                  | -            | (777,719)           | -                   | -            | (777,719)             | -                  | -            |
| Other   | -                   | 300,000             | (100.0)      | -                     | 300,000            | (100.0)      | -                   | -                   | -            | -                     | -                  | -            |
| <b>Net operating income</b>   | <b>73,973,493</b>   | <b>64,999,739</b>   | <b>13.8</b>  | <b>23,400,471</b>     | <b>19,506,907</b>  | <b>20.0</b>  | <b>78,870,389</b>   | <b>68,899,443</b>   | <b>14.5</b>  | <b>24,991,305</b>     | <b>20,118,181</b>  | <b>24.2</b>  |
| <b>Operating expenses</b>   |                     |                     |              |                       |                    |              |                     |                     |              |                       |                    |              |
| Personnel expenses  | (18,875,397)        | (16,996,176)        | 11.1         | (4,171,178)           | (3,948,620)        | 5.6          | (20,600,778)        | (18,723,550)        | 10.0         | (4,594,727)           | (4,321,852)        | 6.3          |
| Depreciation and amortisation   | (2,200,294)         | (1,925,002)         | 14.3         | (605,615)             | (691,799)          | (12.5)       | (2,813,469)         | (2,542,480)         | 10.7         | (775,898)             | (849,829)          | (8.7)        |
| Other expenses  | (11,417,336)        | (8,486,795)         | 34.5         | (2,909,571)           | (2,218,961)        | 31.1         | (13,210,221)        | (9,438,372)         | 40.0         | (3,231,278)           | (2,255,086)        | 43.3         |
| <b>Total operating expenses</b>   | <b>(32,493,027)</b> | <b>(27,407,973)</b> | <b>18.6</b>  | <b>(7,686,364)</b>    | <b>(6,859,380)</b> | <b>12.1</b>  | <b>(36,624,468)</b> | <b>(30,704,402)</b> | <b>19.3</b>  | <b>(8,601,903)</b>    | <b>(7,426,767)</b> | <b>15.8</b>  |
| <b>Operating profit before taxes on financial services</b>                                      | <b>41,480,466</b>   | <b>37,591,766</b>   | <b>10.3</b>  | <b>15,714,107</b>     | <b>12,647,527</b>  | <b>24.2</b>  | <b>42,245,921</b>   | <b>38,195,041</b>   | <b>10.6</b>  | <b>16,389,402</b>     | <b>12,691,414</b>  | <b>29.1</b>  |
| Taxes on financial services   | (9,588,312)         | (7,248,786)         | 32.3         | (4,215,717)           | (2,315,650)        | 82.1         | (9,818,020)         | (7,431,502)         | 32.1         | (4,337,257)           | (2,368,057)        | 83.2         |
| <b>Operating profit after taxes on financial services</b>                                       | <b>31,892,154</b>   | <b>30,342,980</b>   | <b>5.1</b>   | <b>11,498,390</b>     | <b>10,331,877</b>  | <b>11.3</b>  | <b>32,427,901</b>   | <b>30,763,539</b>   | <b>5.4</b>   | <b>12,052,145</b>     | <b>10,323,357</b>  | <b>16.7</b>  |
| Share of profits / (losses) of Associate companies, net of tax                                  | -                   | -                   | -            | -                     | -                  | -            | 9,269               | 52,024              | (82.2)       | (6,768)               | 14,002             | (148.3)      |
| <b>Profit before income tax</b>   | <b>31,892,154</b>   | <b>30,342,980</b>   | <b>5.1</b>   | <b>11,498,390</b>     | <b>10,331,877</b>  | <b>11.3</b>  | <b>32,437,170</b>   | <b>30,815,563</b>   | <b>5.3</b>   | <b>12,045,377</b>     | <b>10,337,359</b>  | <b>16.5</b>  |
| Income tax expense  | (12,413,425)        | (9,030,696)         | 37.5         | (5,048,224)           | (3,394,892)        | 48.7         | (12,922,017)        | (9,328,918)         | 38.5         | (5,349,217)           | (3,543,699)        | 51.0         |
| <b>Profit for the year</b>  | <b>19,478,729</b>   | <b>21,312,284</b>   | <b>(8.6)</b> | <b>6,450,166</b>      | <b>6,936,985</b>   | <b>(7.0)</b> | <b>19,515,153</b>   | <b>21,486,645</b>   | <b>(9.2)</b> | <b>6,696,160</b>      | <b>6,793,660</b>   | <b>(1.4)</b> |
| <b>Profit attributable to:</b>  |                     |                     |              |                       |                    |              |                     |                     |              |                       |                    |              |
| Equity holder of the Bank   | 19,478,729          | 21,312,284          | (8.6)        | 6,450,166             | 6,936,985          | (7.0)        | 19,532,862          | 21,470,163          | (9.0)        | 6,653,705             | 6,785,521          | (1.9)        |
| Non controlling interest  | -                   | -                   | -            | -                     | -                  | -            | (17,709)            | 16,482              | (207.4)      | 42,455                | 8,139              | 421.6        |
| <b>Profit for the year</b>  | <b>19,478,729</b>   | <b>21,312,284</b>   | <b>(8.6)</b> | <b>6,450,166</b>      | <b>6,936,985</b>   | <b>(7.0)</b> | <b>19,515,153</b>   | <b>21,486,645</b>   | <b>(9.2)</b> | <b>6,696,160</b>      | <b>6,793,660</b>   | <b>(1.4)</b> |
| <b>Earnings per share:</b>  |                     |                     |              |                       |                    |              |                     |                     |              |                       |                    |              |
| Basic earnings per share (Rs.)  | 1,044.78            | 1,856.56            | (43.7)       | 322.51                | 604.30             | (46.6)       | 1,047.68            | 1,870.31            | (44.0)       | 332.69                | 591.10             | (43.7)       |
| Diluted earnings per share (Rs.)  | 915.02              | 1,414.36            | (35.3)       | 258.01                | 460.36             | (44.0)       | 917.57              | 1,424.84            | (35.6)       | 266.15                | 450.31             | (40.9)       |

\* The amounts for the year ended 31 December 2018 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 : Financial Instruments, whereas prior period amounts have not been restated.

\*\* Net gain/(loss) on classification change of instruments and additional provision relevant to the financial year 2018 arising from application of SLFRS 9 has been recognised in the quarter ended 31 December 2018.

## STATEMENT OF COMPREHENSIVE INCOME

2  
Rs. 000

| 31 December   | Bank               |                   |                |                       |                   |                | Group              |                   |                |                       |                   |                |
|---|--------------------|-------------------|----------------|-----------------------|-------------------|----------------|--------------------|-------------------|----------------|-----------------------|-------------------|----------------|
|   | For the year ended |                   |                | For the quarter ended |                   |                | For the year ended |                   |                | For the quarter ended |                   |                |
|   | 2018 *             | 2017              | Change %       | 2018 **               | 2017              | Change %       | 2018 *             | 2017              | Change %       | 2018 **               | 2017              | Change %       |
| <b>Profit for the year</b>  | 19,478,729         | 21,312,284        | (8.6)          | 6,450,166             | 6,936,985         | (7.0)          | 19,515,153         | 21,486,645        | (9.2)          | 6,696,160             | 6,793,660         | (1.4)          |
| <b>Other comprehensive income for the year , net of tax</b>   |                    |                   |                |                       |                   |                |                    |                   |                |                       |                   |                |
| <b>Items that will be reclassified to profit or loss</b>  |                    |                   |                |                       |                   |                |                    |                   |                |                       |                   |                |
| Exchange differences on translation of foreign operations   | 1,110,869          | 361,375           | 207.4          | 806,653               | 65,713            | 1,127.5        | 1,453,215          | 643,365           | 125.9          | 1,027,984             | 69,040            | 1,389.0        |
| Net gains / (losses) on investments in debt instruments measured at fair value through other comprehensive income     | (271,351)          | -                 | -              | (106,929)             | -                 | -              | (285,389)          | -                 | -              | (120,967)             | -                 | -              |
| Gains / (Losses) on remeasuring available for sale financial instruments  | -                  | (595,034)         | (100.0)        | -                     | (126,265)         | (100.0)        | -                  | (619,591)         | (100.0)        | -                     | (124,607)         | (100.0)        |
| Deferred tax effect on above  | -                  | (177,006)         | (100.0)        | -                     | (125,943)         | (100.0)        | -                  | (177,006)         | (100.0)        | -                     | (125,943)         | (100.0)        |
| Net (gains) / losses on FVTOCI /available for sale financial investments reclassification to profit or loss           | (15,232)           | 3,385             | (550.0)        | (96)                  | (274)             | (65.0)         | (15,232)           | 3,385             | (550.0)        | (96)                  | (274)             | (65.0)         |
| Share of other comprehensive income of Associate companies, net of tax  | -                  | -                 | -              | -                     | -                 | -              | 3,464              | (6,600)           | (152.5)        | 9,219                 | (2,320)           | (497.4)        |
|   | 824,286            | (407,280)         | (302.4)        | 699,628               | (186,769)         | (474.6)        | 1,156,058          | (156,447)         | (838.9)        | 916,140               | (184,104)         | (597.6)        |
| <b>Items that will not be reclassified to profit or loss</b>  |                    |                   |                |                       |                   |                |                    |                   |                |                       |                   |                |
| Change in fair value on investments in equity instruments designated at fair value through other comprehensive income | (410,168)          | -                 | -              | 642,541               | -                 | -              | (823,954)          | -                 | -              | 701,844               | -                 | -              |
| Deferred tax effect on above  | (6,711)            | -                 | -              | 102,019               | -                 | -              | (6,711)            | -                 | -              | 102,020               | -                 | -              |
| Re-measurement of post-employment benefit obligations   | (2,119,340)        | 2,789,929         | (176.0)        | (2,119,340)           | 2,789,929         | (176.0)        | (2,090,789)        | 2,766,683         | (175.6)        | (2,091,324)           | 2,768,964         | (175.5)        |
| Deferred tax effect on above  | 3,050              | (8,400)           | (136.3)        | 3,050                 | (8,400)           | (136.3)        | (9,530)            | 8,363             | (214.0)        | (9,790)               | 8,363             | (217.1)        |
| Changes in revaluation surplus / (deficit)  | (337,522)          | 6,059,715         | (105.6)        | (337,522)             | 6,059,715         | (105.6)        | 147,397            | 6,406,248         | (97.7)         | 147,397               | 6,406,248         | (97.7)         |
| Deferred tax effect on above  | 94,506             | (4,094,358)       | (102.3)        | 94,506                | (4,094,358)       | (102.3)        | (41,271)           | (4,191,387)       | (99.0)         | (41,271)              | (4,191,387)       | (99.0)         |
|   | (2,776,185)        | 4,746,886         | (158.5)        | (1,614,746)           | 4,746,886         | (134.0)        | (2,824,858)        | 4,989,907         | (156.6)        | (1,191,124)           | 4,992,188         | (123.9)        |
| <b>Other comprehensive income for the year, net of tax</b>  | <b>(1,951,899)</b> | <b>4,339,606</b>  | <b>(145.0)</b> | <b>(915,118)</b>      | <b>4,560,117</b>  | <b>(120.1)</b> | <b>(1,668,800)</b> | <b>4,833,460</b>  | <b>(134.5)</b> | <b>(274,984)</b>      | <b>4,808,084</b>  | <b>(105.7)</b> |
| <b>Total comprehensive income for the year</b>  | <b>17,526,830</b>  | <b>25,651,890</b> | <b>(31.7)</b>  | <b>5,535,048</b>      | <b>11,497,102</b> | <b>(51.9)</b>  | <b>17,846,353</b>  | <b>26,320,105</b> | <b>(32.2)</b>  | <b>6,421,176</b>      | <b>11,601,744</b> | <b>(44.7)</b>  |
| <b>Attributable to:</b>   |                    |                   |                |                       |                   |                |                    |                   |                |                       |                   |                |
| Equity holder of the Bank   | 17,526,830         | 25,651,890        | (31.7)         | 5,535,048             | 11,497,102        | (51.9)         | 17,866,780         | 26,270,244        | (32.0)         | 6,350,686             | 11,562,415        | (45.1)         |
| Non controlling interest  | -                  | -                 | -              | -                     | -                 | -              | (20,427)           | 49,861            | (141.0)        | 70,490                | 39,329            | 79.2           |
| <b>Total comprehensive income for the year</b>  | <b>17,526,830</b>  | <b>25,651,890</b> | <b>(31.7)</b>  | <b>5,535,048</b>      | <b>11,497,102</b> | <b>(51.9)</b>  | <b>17,846,353</b>  | <b>26,320,105</b> | <b>(32.2)</b>  | <b>6,421,176</b>      | <b>11,601,744</b> | <b>(44.7)</b>  |

\* The amounts for the year ended 31 December 2018 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 : Financial Instruments, whereas prior period amounts have not been restated.

\*\* Net gain/(loss) on classification change of instruments and additional provision relevant to the financial year 2018 arising from application of SLFRS 9 has been recognised in the quarter ended 31 December 2018.

| As at 31 December   | Bank                 |                      |             | Group                |                      |             |
|---|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
|   | 2018 *               | 2017                 | Change %    | 2018 *               | 2017                 | Change %    |
| <b>Assets</b>   |                      |                      |             |                      |                      |             |
| Cash and cash equivalents   | 78,447,577           | 72,843,108           | 7.7         | 78,558,031           | 78,005,362           | 0.7         |
| Balances with Central Banks   | 65,680,371           | 68,689,012           | (4.4)       | 65,680,371           | 68,689,012           | (4.4)       |
| Placements with banks   | 40,450,089           | 8,067,490            | 401.4       | 41,681,910           | 5,319,602            | 683.6       |
| Securities purchased under resale agreements  | -                    | 18,455,555           | (100.0)     | 1,436,068            | 19,872,247           | (92.8)      |
| Derivative financial instruments  | 1,205,657            | 1,618,823            | (25.5)      | 1,205,657            | 1,618,823            | (25.5)      |
| Financial assets recognized through profit or loss measured at fair value                         | 9,277,298            | 8,359,274            | 11.0        | 9,583,327            | 8,596,548            | 11.5        |
| Financial assets at amortized cost  |                      |                      |             |                      |                      |             |
| - loans and advances  | 1,429,107,181        | 1,163,160,914        | 22.9        | 1,460,618,588        | 1,194,294,394        | 22.3        |
| - debt and other instruments  | 551,839,449          | -                    | -           | 551,956,734          | -                    | -           |
| Financial investments - Loans and receivables   | -                    | 213,167,048          | (100.0)     | -                    | 214,349,624          | (100.0)     |
| Financial investments - Held to maturity  | -                    | 308,256,082          | (100.0)     | -                    | 308,750,317          | (100.0)     |
| Financial assets - measured at fair value through other comprehensive income / Available for sale | 16,699,582           | 17,921,170           | (6.8)       | 20,415,199           | 22,552,292           | (9.5)       |
| Investment in Subsidiary companies  | 6,513,048            | 6,513,048            | -           | -                    | -                    | -           |
| Investment in Associate companies   | 92,988               | 92,988               | -           | 441,226              | 446,793              | (1.2)       |
| Investment properties   | 2,765,856            | 2,882,928            | (4.1)       | 120,182              | 123,773              | (2.9)       |
| Property, plant and equipment   | 24,178,155           | 23,046,114           | 4.9         | 37,762,509           | 36,608,919           | 3.2         |
| Leasehold properties  | 98,899               | 101,481              | (2.5)       | 130,500              | 134,441              | (2.9)       |
| Intangible assets   | 1,238,186            | 810,730              | 52.7        | 1,456,630            | 1,074,436            | 35.6        |
| Deferred tax assets   | -                    | -                    | -           | 3,052                | 8,621                | (64.6)      |
| Other assets  | 40,560,058           | 37,818,188           | 7.3         | 41,872,891           | 38,964,979           | 7.5         |
| <b>Total assets</b>   | <b>2,268,154,394</b> | <b>1,951,803,953</b> | <b>16.2</b> | <b>2,312,922,875</b> | <b>1,999,410,183</b> | <b>15.7</b> |
| <b>Liabilities</b>  |                      |                      |             |                      |                      |             |
| Due to banks  | 2,402,468            | 2,203,199            | 9.0         | 2,515,998            | 2,194,266            | 14.7        |
| Securities sold under repurchase agreements   | 97,399,359           | 44,487,462           | 118.9       | 97,423,302           | 44,628,686           | 118.3       |
| Derivative financial instruments  | 509,018              | 70,715               | 619.8       | 509,018              | 70,715               | 619.8       |
| Financial liabilities at amortized cost   |                      |                      |             |                      |                      |             |
| - due to depositors   | 1,765,025,970        | 1,546,832,036        | 14.1        | 1,783,975,493        | 1,566,376,418        | 13.9        |
| - due to other borrowers  | 201,792,174          | 178,191,089          | 13.2        | 207,053,674          | 184,330,181          | 12.3        |
| Debt securities issued  | -                    | -                    | -           | 4,105,681            | 5,667,514            | (27.6)      |
| Current tax liabilities   | 3,922,189            | 1,877,342            | 108.9       | 4,039,380            | 2,051,020            | 96.9        |
| Deferred tax liabilities  | 5,073,526            | 5,820,329            | (12.8)      | 7,762,214            | 8,625,219            | (10.0)      |
| Insurance provision - Life  | -                    | -                    | -           | 575,625              | 547,026              | 5.2         |
| Insurance provision - Non life  | -                    | -                    | -           | 366,618              | 430,093              | (14.8)      |
| Other liabilities   | 19,760,429           | 18,596,249           | 6.3         | 21,970,739           | 19,936,478           | 10.2        |
| Subordinated liabilities  | 50,827,239           | 42,570,457           | 19.4        | 50,484,487           | 42,226,067           | 19.6        |
| <b>Total liabilities</b>  | <b>2,146,712,372</b> | <b>1,840,648,878</b> | <b>16.6</b> | <b>2,180,782,229</b> | <b>1,877,083,683</b> | <b>16.2</b> |
| <b>Equity</b>   |                      |                      |             |                      |                      |             |
| Share capital   | 25,000,000           | 20,000,000           | 25.0        | 25,000,000           | 20,000,000           | 25.0        |
| Permanent reserve fund  | 12,890,000           | 10,427,000           | 23.6        | 12,890,000           | 10,427,000           | 23.6        |
| OCI reserve   | 1,838,194            | -                    | -           | 2,474,454            | -                    | -           |
| Available for sale reserve  | -                    | 3,718,526            | (100.0)     | -                    | 4,760,616            | (100.0)     |
| Retained earnings   | 67,333,879           | 63,472,250           | 6.1         | 68,451,746           | 65,100,871           | 5.1         |
| Other reserves  | 14,379,949           | 13,537,299           | 6.2         | 22,629,297           | 21,110,638           | 7.2         |
| <b>Total equity attributable to equity holder of the Bank</b>                                     | <b>121,442,022</b>   | <b>111,155,075</b>   | <b>9.3</b>  | <b>131,445,497</b>   | <b>121,399,125</b>   | <b>8.3</b>  |
| Non controlling interest  | -                    | -                    | -           | 695,149              | 927,375              | (25.0)      |
| <b>Total equity</b>   | <b>121,442,022</b>   | <b>111,155,075</b>   | <b>9.3</b>  | <b>132,140,646</b>   | <b>122,326,500</b>   | <b>8.0</b>  |
| <b>Total liabilities and equity</b>   | <b>2,268,154,394</b> | <b>1,951,803,953</b> | <b>16.2</b> | <b>2,312,922,875</b> | <b>1,999,410,183</b> | <b>15.7</b> |
| Contingent liabilities and commitments  | 508,306,808          | 496,477,278          | 2.4         | 513,192,419          | 497,617,834          | 3.1         |

\* The amounts as of 31 December 2018 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments), whereas prior year amounts have not been restated.

## STATEMENT OF CHANGES IN EQUITY- BANK

4

Rs. 000

|  | Share capital |                           | Permanent reserve fund | Available for sale reserve | OCI reserve | Other reserves |                     | Retained earnings | Total Equity |
|--|---------------|---------------------------|------------------------|----------------------------|-------------|----------------|---------------------|-------------------|--------------|
|  | Share capital | Capital pending allotment |                        |                            |             | Other reserves | Revaluation reserve |                   |              |
| <b>Balance as at 01 January 2017</b>             | 10,000,000    | 5,000,000                 | 7,996,000              | 4,487,181                  | -           | 1,209,435      | 10,002,294          | 54,154,685        | 92,849,595   |
| Total comprehensive income for the year          | -             | -                         | -                      | -                          | -           | -              | -                   | 21,312,284        | 21,312,284   |
| Profit for the year                              | -             | -                         | -                      | -                          | -           | -              | -                   | 21,312,284        | 21,312,284   |
| Other comprehensive income, net of tax           | -             | -                         | -                      | (768,655)                  | -           | 361,375        | 1,965,357           | 2,781,529         | 4,339,606    |
| Transfers to share capital                       | 5,000,000     | (5,000,000)               | -                      | -                          | -           | -              | -                   | -                 | -            |
| Dividends for 2017                               | -             | -                         | -                      | -                          | -           | -              | -                   | (12,346,410)      | (12,346,410) |
| Capital infusion during the year                 | -             | 5,000,000                 | -                      | -                          | -           | -              | -                   | -                 | 5,000,000    |
| Revaluation surplus of disposed property         | -             | -                         | -                      | -                          | -           | -              | (1,162)             | 1,162             | -            |
| Transfers to permanent reserve fund              | -             | -                         | 2,431,000              | -                          | -           | -              | -                   | (2,431,000)       | -            |
| <b>Balance as at 31 December 2017</b>            | 15,000,000    | 5,000,000                 | 10,427,000             | 3,718,526                  | -           | 1,570,810      | 11,966,489          | 63,472,250        | 111,155,075  |
| <b>Balance as at 01 January 2018</b>             | 15,000,000    | 5,000,000                 | 10,427,000             | 3,718,526                  | -           | 1,570,810      | 11,966,489          | 63,472,250        | 111,155,075  |
| Impact of adopting SLFRS 9 as at 01 January 2018 | -             | -                         | -                      | (3,718,526)                | 2,541,656   | -              | -                   | (9,562,471)       | (10,739,341) |
| Deferred tax on transitional adjustments         | -             | -                         | -                      | -                          | -           | -              | -                   | 3,345,868         | 3,345,868    |
| <b>Balance as at 01 January 2018</b>             | 15,000,000    | 5,000,000                 | 10,427,000             | -                          | 2,541,656   | 1,570,810      | 11,966,489          | 57,255,647        | 103,761,602  |
| Total comprehensive income for the year          | -             | -                         | -                      | -                          | -           | -              | -                   | 19,478,729        | 19,478,729   |
| Profit for the year                              | -             | -                         | -                      | -                          | -           | -              | -                   | 19,478,729        | 19,478,729   |
| Other comprehensive income, net of tax           | -             | -                         | -                      | -                          | (703,462)   | 1,110,869      | (243,016)           | (2,116,290)       | (1,951,899)  |
| Dividends for 2018                               | -             | -                         | -                      | -                          | -           | -              | -                   | (4,846,410)       | (4,846,410)  |
| Transfers to share capital                       | 5,000,000     | (5,000,000)               | -                      | -                          | -           | -              | -                   | -                 | -            |
| Capital infusion during the year                 | -             | 5,000,000                 | -                      | -                          | -           | -              | -                   | -                 | 5,000,000    |
| Revaluation surplus of disposed property         | -             | -                         | -                      | -                          | -           | -              | (25,203)            | 25,203            | -            |
| Transfers to permanent reserve fund              | -             | -                         | 2,463,000              | -                          | -           | -              | -                   | (2,463,000)       | -            |
| <b>Balance as at 31 December 2018</b>            | 20,000,000    | 5,000,000                 | 12,890,000             | -                          | 1,838,194   | 2,681,679      | 11,698,270          | 67,333,879        | 121,442,022  |

## STATEMENT OF CHANGES IN EQUITY -GROUP

Rs. 000

|  | Share capital |                           | Permanent reserve fund | Available for sale reserve | OCI reserve | Other reserves |                     | Retained earnings | Non controlling interest | Total Equity |
|--|---------------|---------------------------|------------------------|----------------------------|-------------|----------------|---------------------|-------------------|--------------------------|--------------|
|  | Share capital | Capital pending allotment |                        |                            |             | Other reserves | Revaluation reserve |                   |                          |              |
| <b>Balance as at 01 January 2017</b>             | 10,000,000    | 5,000,000                 | 7,996,000              | 5,562,266                  | -           | 1,763,963      | 16,494,059          | 55,659,003        | 879,445                  | 103,354,736  |
| Total comprehensive income for the year          | -             | -                         | -                      | -                          | -           | -              | -                   | 21,470,163        | 16,482                   | 21,486,645   |
| Profit for the year                              | -             | -                         | -                      | -                          | -           | -              | -                   | 21,470,163        | 16,482                   | 21,486,645   |
| Other comprehensive income, net of tax           | -             | -                         | -                      | (801,650)                  | -           | 643,365        | 2,188,368           | 2,769,998         | 33,379                   | 4,833,460    |
| Transfers to share capital                       | 5,000,000     | (5,000,000)               | -                      | -                          | -           | -              | -                   | -                 | -                        | -            |
| Dividends for 2017                               | -             | -                         | -                      | -                          | -           | -              | -                   | (12,346,410)      | -                        | (12,346,410) |
| Subsidiary dividends to non controlling interest | -             | -                         | -                      | -                          | -           | -              | -                   | -                 | (1,931)                  | (1,931)      |
| Capital infusion during the year                 | -             | 5,000,000                 | -                      | -                          | -           | -              | -                   | -                 | -                        | 5,000,000    |
| Revaluation surplus of disposed property         | -             | -                         | -                      | -                          | -           | -              | (1,162)             | 1,162             | -                        | -            |
| Transfers to permanent reserve fund              | -             | -                         | 2,431,000              | -                          | -           | -              | -                   | (2,431,000)       | -                        | -            |
| Transfers to other reserves                      | -             | -                         | -                      | -                          | -           | 22,045         | -                   | (22,045)          | -                        | -            |
| <b>Balance as at 31 December 2017</b>            | 15,000,000    | 5,000,000                 | 10,427,000             | 4,760,616                  | -           | 2,429,373      | 18,681,265          | 65,100,871        | 927,375                  | 122,326,500  |
| <b>Balance as at 01 January 2018</b>             | 15,000,000    | 5,000,000                 | 10,427,000             | 4,760,616                  | -           | 2,429,373      | 18,681,265          | 65,100,871        | 927,375                  | 122,326,500  |
| Impact of adopting SLFRS 9 as at 01 January 2018 | -             | -                         | -                      | (4,760,616)                | 3,583,746   | -              | -                   | (10,369,633)      | (276,422)                | (11,822,925) |
| Deferred tax on transitional adjustments         | -             | -                         | -                      | -                          | -           | -              | -                   | 3,571,637         | 77,317                   | 3,648,954    |
| <b>Balance as at 01 January 2018</b>             | 15,000,000    | 5,000,000                 | 10,427,000             | -                          | 3,583,746   | 2,429,373      | 18,681,265          | 58,302,875        | 728,270                  | 114,152,529  |
| Total comprehensive income for the year          | -             | -                         | -                      | -                          | -           | -              | -                   | 19,532,862        | (17,709)                 | 19,515,153   |
| Profit for the year                              | -             | -                         | -                      | -                          | -           | -              | -                   | 19,532,862        | (17,709)                 | 19,515,153   |
| Other comprehensive income, net of tax           | -             | -                         | -                      | -                          | (1,109,292) | 1,453,215      | 90,647              | (2,100,652)       | (2,718)                  | (1,668,800)  |
| Dividends for 2018                               | -             | -                         | -                      | -                          | -           | -              | -                   | (4,846,410)       | -                        | (4,846,410)  |
| Subsidiary dividends to non controlling interest | -             | -                         | -                      | -                          | -           | -              | -                   | -                 | (12,694)                 | (12,694)     |
| Transfers to share capital                       | 5,000,000     | (5,000,000)               | -                      | -                          | -           | -              | -                   | -                 | -                        | -            |
| Capital infusion during the year                 | -             | 5,000,000                 | -                      | -                          | -           | -              | -                   | -                 | -                        | 5,000,000    |
| Revaluation surplus of disposed property         | -             | -                         | -                      | -                          | -           | -              | (25,203)            | 25,203            | -                        | -            |
| Transfers to permanent reserve fund              | -             | -                         | 2,463,000              | -                          | -           | -              | -                   | (2,463,000)       | -                        | -            |
| Reversal of unclaimed dividend                   | -             | -                         | -                      | -                          | -           | -              | -                   | 868               | -                        | 868          |
| <b>Balance as at 31 December 2018</b>            | 20,000,000    | 5,000,000                 | 12,890,000             | -                          | 2,474,454   | 3,882,588      | 18,746,709          | 68,451,746        | 695,149                  | 132,140,646  |

## STATEMENT OF CASH FLOWS

5

Rs.'000

| For the year ended 31 December  | Bank                |                     | Group               |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 2018                | 2017                | 2018                | 2017                |
| <b>Cash flows from operating activities</b>                             |                     |                     |                     |                     |
| Profit before income tax  | 31,892,154          | 30,342,980          | 32,437,170          | 30,815,563          |
| <b>Adjustments for :</b>  |                     |                     |                     |                     |
| Net interest income   | (65,557,974)        | (58,356,192)        | (68,689,479)        | (61,490,102)        |
| Dividend income on trading securities                                   | (101,877)           | (111,783)           | (113,255)           | (120,214)           |
| Dividends from Subsidiaries and Associates                              | (309,685)           | (76,680)            | -                   | -                   |
| Share of (profits) / losses of Associate companies, net of tax          | -                   | -                   | (9,269)             | (52,024)            |
| Change in operating assets  | (272,215,060)       | (176,623,016)       | (277,160,395)       | (177,474,266)       |
| Change in operating liabilities   | 276,164,812         | 304,162,970         | 282,516,799         | 306,329,345         |
| Other non cash items included in profit before tax                      | (620,096)           | 10,872,287          | (687,117)           | 12,102,838          |
| Other net gains from investing activities                               | (529,336)           | (905,527)           | (563,954)           | (925,733)           |
|   | <b>(31,277,062)</b> | <b>109,305,039</b>  | <b>(32,269,501)</b> | <b>109,185,407</b>  |
| Contribution paid from defined benefit plans                            | (7,667,801)         | (6,976,625)         | (7,715,221)         | (6,994,516)         |
| Interest received   | 133,563,506         | 120,744,703         | 140,171,940         | 126,994,502         |
| Interest paid   | (116,192,643)       | (85,565,050)        | (118,562,407)       | (88,311,449)        |
| Dividends received  | 101,877             | 111,783             | 113,255             | 120,214             |
| <b>Net cash from/(used in) operating activities before income tax</b>   | <b>(21,472,123)</b> | <b>137,619,850</b>  | <b>(18,261,934)</b> | <b>140,994,158</b>  |
| Income tax paid   | (5,376,538)         | (2,580,454)         | (5,703,009)         | (2,683,837)         |
| <b>Net cash from/(used in) operating activities</b>                     | <b>(26,848,661)</b> | <b>135,039,396</b>  | <b>(23,964,943)</b> | <b>138,310,321</b>  |
| <b>Cash flows from investing activities</b>                             |                     |                     |                     |                     |
| Net increase in financial investments at amortized cost                 | (30,883,224)        | -                   | (29,323,684)        | -                   |
| Net increase in financial investments - Held to maturity                | -                   | (65,055,871)        | -                   | (65,470,538)        |
| Net (increase)/decrease in financial investments recognized through OCI | 765,806             | -                   | (3,023,622)         | -                   |
| Net increase in financial investments - Available for sale              | -                   | (7,716,838)         | -                   | (6,571,920)         |
| Net increase in financial investments- Loans and receivables            | -                   | (21,292,409)        | -                   | (22,365,555)        |
| Purchase of property plant and equipment and leasehold properties       | (3,399,687)         | (3,080,752)         | (3,643,574)         | (3,199,778)         |
| Purchase of intangible assets   | (783,598)           | (528,565)           | (818,207)           | (764,014)           |
| Proceeds from sale of property plant and equipment                      | 100,602             | 62,457              | 197,253             | 69,101              |
| Dividends received  | 598,053             | 649,270             | 325,908             | 592,796             |
| Interest received   | 46,327,625          | 40,578,598          | 46,696,256          | 41,088,070          |
| <b>Net cash from/(used in) investing activities</b>                     | <b>12,725,577</b>   | <b>(56,384,110)</b> | <b>10,410,330</b>   | <b>(56,621,838)</b> |
| <b>Cash flows from financing activities</b>                             |                     |                     |                     |                     |
| Net increase/(decrease) in other borrowings                             | 24,715,392          | (49,653,199)        | 21,670,556          | (52,901,368)        |
| Proceeds from issue of shares   | 5,000,000           | 5,000,000           | 5,000,000           | 5,000,000           |
| Proceeds from issue of debentures                                       | 12,000,000          | 10,000,000          | 12,000,000          | 12,000,000          |
| Payments on redemption of debentures                                    | (4,505,545)         | (9,501,723)         | (6,066,039)         | (10,867,381)        |
| Dividends paid to Government of Sri Lanka                               | (4,846,410)         | (12,346,410)        | (4,846,410)         | (12,346,410)        |
| Dividends paid to non controlling interest                              | -                   | -                   | (11,826)            | (1,931)             |
| Interest payments on borrowings and debt securities                     | (12,380,014)        | (17,320,884)        | (13,505,594)        | (18,093,765)        |
| <b>Net cash from/(used in) financing activities</b>                     | <b>19,983,423</b>   | <b>(73,822,216)</b> | <b>14,240,687</b>   | <b>(77,210,855)</b> |
| Net increase in cash and cash equivalents during the year               | 5,860,338           | 4,833,070           | 686,075             | 4,477,628           |
| Cash and cash equivalents at the beginning of the year                  | 71,731,508          | 66,898,438          | 76,902,695          | 72,425,067          |
| <b>Cash and cash equivalents at the end of the year</b>                 | <b>77,591,846</b>   | <b>71,731,508</b>   | <b>77,588,770</b>   | <b>76,902,695</b>   |
| <b>Analysis of cash and cash equivalents</b>                            |                     |                     |                     |                     |
| Cash and cash equivalents   | 78,447,577          | 72,843,108          | 78,558,031          | 78,005,362          |
| Bank overdrafts   | (855,731)           | (1,111,600)         | (969,261)           | (1,102,667)         |
| <b>Cash and cash equivalents at the end of the year</b>                 | <b>77,591,846</b>   | <b>71,731,508</b>   | <b>77,588,770</b>   | <b>76,902,695</b>   |

**SELECTED PERFORMANCE INDICATORS**
**6**

| As at  | Bank        |             | Group       |             |
|--|-------------|-------------|-------------|-------------|
|  | 31-Dec-2018 | 31-Dec-2017 | 31-Dec-2018 | 31-Dec-2017 |
| Net assets value per share (Rs)  | 6,072.10    | 7,410.34    | 6,572.27    | 8,093.28    |
| <b>Profitability</b>   |             |             |             |             |
| Interest margin  | 3.11%       | 3.22%       | 3.20%       | 3.31%       |
| Return on assets (before tax)  | 1.51%       | 1.68%       | 1.51%       | 1.66%       |
| Return on equity (after tax)   | 16.75%      | 20.89%      | 15.34%      | 19.04%      |
| <b>Assets Quality</b>  |             |             |             |             |
| Gross non - performing advances ratio,<br>(Net of interest in suspense)              | 3.62%       | 2.85%       |             |             |
| Net non - performing advances ratio,<br>(Net of interest in suspense and provisions) | 1.02%       | 0.34%       |             |             |
| <b>Investor Information</b>  |             |             |             |             |
| Debt equity (%)  | 41.02       | 41.48       |             |             |
| Interest cover (times)   | 2.80        | 2.47        |             |             |
| <b>Memorandum Information</b>  |             |             |             |             |
| Number of employees  | 8,724       | 7,587       |             |             |
| Number of branches   | 577         | 580         |             |             |

**KEY REGULATORY RATIOS - CAPITAL AND LIQUIDITY**

| As at   | Bank        |             | Group       |             |
|---|-------------|-------------|-------------|-------------|
|   | 31-Dec-2018 | 31-Dec-2017 | 31-Dec-2018 | 31-Dec-2017 |
| <b>Regulatory Capital (Rs. ' 000)</b>   |             |             |             |             |
| Common equity Tier 1  | 108,830,534 | 92,596,974  | 115,250,456 | 99,289,566  |
| Tier I capital  | 108,830,534 | 92,596,974  | 115,250,456 | 99,289,566  |
| Total capital   | 153,811,334 | 125,460,069 | 162,065,449 | 132,382,713 |
| <b>Regulatory Capital Ratios (%)</b>  |             |             |             |             |
| Common equity Tier 1 capital ratio<br>(Minimum requirement, Basel III - 7.375%) | 10.31%      | 10.77%      | 10.41%      | 10.87%      |
| Tier I capital ratio<br>(Minimum requirement, Basel III - 8.875%)               | 10.31%      | 10.77%      | 10.41%      | 10.87%      |
| Total capital ratio<br>(Minimum requirement, Basel III - 12.875%)               | 14.58%      | 14.59%      | 14.64%      | 14.49%      |
| <b>Regulatory Liquidity</b>   |             |             |             |             |
| Statutory liquid assets,  |             |             |             |             |
| - Domestic banking unit (Rs. ' 000)   | 478,549,997 | 477,892,172 |             |             |
| - Off-shore banking unit (US\$ 000)   | 835,941     | 878,439     |             |             |
| Statutory liquid assets ratio, (minimum requirement, 20%)                       |             |             |             |             |
| - Domestic banking unit   | 24.47%      | 27.22%      |             |             |
| - Off-shore banking unit  | 60.20%      | 21.91%      |             |             |
| Liquidity coverage ratio - Rupee<br>(Minimum requirement, 90%)                  | 143.51%     | 141.46%     |             |             |
| Liquidity coverage ratio - All currency<br>(Minimum requirement, 90%)           | 114.99%     | 105.04%     |             |             |

**SHARE INFORMATION**

| Shareholder             | 31-Dec-2018            |           | 31-Dec-2017            |           |
|-------------------------|------------------------|-----------|------------------------|-----------|
|                         | No. of Ordinary Shares | Holding % | No. of Ordinary Shares | Holding % |
| Government of Sri Lanka | 25,000,000 *           | 100       | 20,000,000 *           | 100       |

\* This includes 5,000,000 Nos. of shares in pending allotment.

- I. The interim Financial Statements are presented in accordance with Sri Lanka Accounting Standard - LKAS 34 on “Interim Financial Reporting”. These interim condensed Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017. In order to conform to better presentation, previous year figures and phrases have been adjusted where relevant.
- II. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2017 other than the disclosures given in the note No. III below.
- III. The Sri Lanka Accounting Standard, SLFRS 09-Financial Instruments is effective for annual period beginning on or after 01<sup>st</sup> January 2018. However, the Bank has prepared Interim Financial Statements for first three quarters of the year 2018 based on “LKAS 39- Financial Instruments; Recognition and Measurement as permitted by the Statement of Alternative Treatment (SoAT) issued by CA Sri Lanka.

The modified retrospective method has been adopted to prepare Annual Financial Statements for the year ended 31<sup>st</sup> December 2018, comparative information for the year 2017 has not been restated for financial instruments within the scope of SLFRS 09. The comparative information for 2017 is reported under LKAS 39 and is not comparable to the information presented for 2018. The impact of adopting SLFRS 09 at transition date, i.e. 01<sup>st</sup> January 2018 has been adjusted to the opening retained earnings for the year 2018.

Incurred loss method prescribed under the LKAS 39 – Financial Instruments; Recognition and Measurement in calculating impairment for financial assets was changed to expected loss model under SLFRS 09 along with new classification approach for financial assets and liabilities which was based on business model. The note to the Transition Disclosures set outs the impact of adopting SLFRS 09 at the transition date, 01<sup>st</sup> January 2018 on the Statement of Financial Position and retained earnings

- IV. The Sri Lanka Accounting Standard, SLFRS 15- Revenue from Contracts with customers came into effect from the financial reporting periods beginning on or after 01<sup>st</sup> January 2018 and no material impact has been recognised on the fee and commission income with the adoption of SLFRS 15.
- V. Other than the above, no circumstances have arisen and no material events have occurred since the reporting date, which require disclosures or adjustments to the financial statements.
- VI. During the period there were no material changes in the composition of assets, liabilities and contingent liabilities except for changes that arose from adoption of SLFRS 09.
- VII. All known expenses have been charged in these financial statements.
- VIII. The Group financial statements comprise a consolidation of the Bank and its Subsidiaries, Property Development PLC, Merchant Bank of Sri Lanka & Finance PLC, Hotels Colombo (1963) Limited, BOC Property Development & Management (Private) Limited, BOC Travels (Private) Limited, Ceybank Holiday Homes (Private) Limited, BOC Management & Support Services (Private) Limited, MBSL Insurance Company Limited, Koladeniya Hydropower (Private) Limited and Bank of Ceylon (UK) Limited and the Group’s interest in its Associate companies, Lanka Securities (Private) Limited, Southern Development Financial Company Limited, Transnational Lanka Records Solutions (Private) Limited and Ceybank Asset Management Limited.

## CERTIFICATION

We certify that the above financial statements give a true and fair view of the state of affairs of Bank of Ceylon and the Group as at 31 December 2018 and its profit for the year ended 31 December 2018.

Sgd.  
W P Russel Fonseka  
**Chief Financial Officer**

We, the undersigned, being the Directors and General Manager of the Bank of Ceylon certify jointly that;

- a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka and Rule 7.4 of Colombo Stock Exchange and Sri Lanka Accounting Standard – LKAS 34 on “Interim Financial Reporting”.
- b) the information contained in these statements have been extracted from the audited financial statements of the Bank and the Group.

Sgd.  
Ronald C Perera  
**Chairman**  
**(Independent Non-Executive)**

Sgd.  
K A Vimalenthirarajah  
**Ex-Officio Director**  
**(Non-Independent Non-Executive)**

Sgd.  
Senarath Bandara  
**General Manager**

*19 March 2019*  
*Colombo*

| As at 31 December                            | 2018                              |                      |                        |                   |                      |
|--|-----------------------------------|----------------------|------------------------|-------------------|----------------------|
|  | Fair value through profit or loss | Amortised cost       | Fair value through OCI | Others            | Total                |
| <b>Financial assets</b>                      |                                   |                      |                        |                   |                      |
| Cash and cash equivalents                    | -                                 | 78,447,577           | -                      | -                 | 78,447,577           |
| Balances with Central Banks                  | -                                 | 65,680,371           | -                      | -                 | 65,680,371           |
| Placements with banks                        | -                                 | 40,450,089           | -                      | -                 | 40,450,089           |
| Securities purchased under resale agreements | -                                 | -                    | -                      | -                 | -                    |
| Derivative financial instruments             | 1,205,657                         | -                    | -                      | -                 | 1,205,657            |
| Loans and advances                           | -                                 | 1,429,107,181        | -                      | -                 | 1,429,107,181        |
| Financial investments                        | 9,277,298                         | 551,839,449          | 16,699,582             | -                 | 577,816,329          |
| <b>Total financial assets</b>                | <b>10,482,955</b>                 | <b>2,165,524,667</b> | <b>16,699,582</b>      | -                 | <b>2,192,707,204</b> |
| Other assets                                 |                                   |                      |                        | 75,447,190        | 75,447,190           |
| <b>Total assets</b>                          | <b>10,482,955</b>                 | <b>2,165,524,667</b> | <b>16,699,582</b>      | <b>75,447,190</b> | <b>2,268,154,394</b> |

|  | Fair value through profit or loss | Amortised Cost       | Others            | Total                |
|--|-----------------------------------|----------------------|-------------------|----------------------|
| <b>Financial liabilities</b>                 |                                   |                      |                   |                      |
| Due to banks                                 | -                                 | 2,402,468            | -                 | 2,402,468            |
| Securities sold under repurchase agreements  | -                                 | 97,399,359           | -                 | 97,399,359           |
| Derivative financial instruments             | 509,018                           | -                    | -                 | 509,018              |
| Other financial liabilities held for trading | -                                 | -                    | -                 | -                    |
| Due to depositors                            | -                                 | 1,765,025,970        | -                 | 1,765,025,970        |
| Other borrowings                             | -                                 | 201,792,174          | -                 | 201,792,174          |
| Debt securities issued                       | -                                 | -                    | -                 | -                    |
| Subordinated liabilities                     | -                                 | 50,827,239           | -                 | 50,827,239           |
| <b>Total financial liabilities</b>           | <b>509,018</b>                    | <b>2,117,447,210</b> | -                 | <b>2,117,956,228</b> |
| Other liabilities                            | -                                 | -                    | 28,756,144        | 28,756,144           |
| <b>Total liabilities</b>                     | <b>509,018</b>                    | <b>2,117,447,210</b> | <b>28,756,144</b> | <b>2,146,712,372</b> |

| As at 31 December                            | 2017             |                          |                    |  |                    |                   |                      |
|--|------------------|--------------------------|--------------------|--|--------------------|-------------------|----------------------|
|  | Held for trading | Designated at fair value | Held to maturity   | Loans and receivables / Amortised Cost | Available for sale | Others            | Total                |
| <b>Financial assets</b>                      |                  |                          |                    |  |                    |                   |                      |
| Cash and cash equivalents                    | -                | -                        | -                  | 72,843,108                             | -                  | -                 | 72,843,108           |
| Balances with Central Banks                  | -                | -                        | -                  | 68,689,012                             | -                  | -                 | 68,689,012           |
| Placements with banks                        | -                | -                        | -                  | 8,067,490                              | -                  | -                 | 8,067,490            |
| Securities purchased under resale agreements | -                | -                        | -                  | 18,455,555                             | -                  | -                 | 18,455,555           |
| Derivative financial instruments             | 1,618,823        | -                        | -                  | -                                      | -                  | -                 | 1,618,823            |
| Loans and advances                           | -                | -                        | -                  | 1,163,160,914                          | -                  | -                 | 1,163,160,914        |
| Financial investments                        | 8,359,274        | -                        | 308,256,082        | 213,167,048                            | 17,921,170         | -                 | 547,703,574          |
| <b>Total financial assets</b>                | <b>9,978,097</b> | -                        | <b>308,256,082</b> | <b>1,544,383,127</b>                   | <b>17,921,170</b>  | -                 | <b>1,880,538,476</b> |
| Other assets                                 | -                | -                        | -                  | -                                      | -                  | 71,265,477        | 71,265,477           |
| <b>Total assets</b>                          | <b>9,978,097</b> | -                        | <b>308,256,082</b> | <b>1,544,383,127</b>                   | <b>17,921,170</b>  | <b>71,265,477</b> | <b>1,951,803,953</b> |

|   | Held for trading | Amortised Cost       | Others            | Total                |
|---|------------------|----------------------|-------------------|----------------------|
| <b>Financial liabilities</b>                |                  |                      |                   |                      |
| Due to banks                                | -                | 2,203,199            | -                 | 2,203,199            |
| Securities sold under repurchase agreements | -                | 44,487,462           | -                 | 44,487,462           |
| Derivative financial instruments            | 70,715           | -                    | -                 | 70,715               |
| Due to depositors                           | -                | 1,546,832,036        | -                 | 1,546,832,036        |
| Other borrowings                            | -                | 178,191,089          | -                 | 178,191,089          |
| Debt securities issued                      | -                | -                    | -                 | -                    |
| Subordinated liabilities                    | -                | 42,570,457           | -                 | 42,570,457           |
| <b>Total financial liabilities</b>          | <b>70,715</b>    | <b>1,814,284,243</b> | -                 | <b>1,814,354,958</b> |
| Other liabilities                           | -                | -                    | 26,293,920        | 26,293,920           |
| <b>Total liabilities</b>                    | <b>70,715</b>    | <b>1,814,284,243</b> | <b>26,293,920</b> | <b>1,840,648,878</b> |

| As at 31 December                            | 2018                              |                      |                        |                   |                      |
|--|-----------------------------------|----------------------|------------------------|-------------------|----------------------|
|  | Fair value through profit or loss | Amortised cost       | Fair value through OCI | Others            | Total                |
| <b>Financial assets</b>                      |                                   |                      |                        |                   |                      |
| Cash and cash equivalents                    | -                                 | 78,558,031           | -                      | -                 | 78,558,031           |
| Balances with Central Banks                  | -                                 | 65,680,371           | -                      | -                 | 65,680,371           |
| Placements with banks                        | -                                 | 41,681,910           | -                      | -                 | 41,681,910           |
| Securities purchased under resale agreements | -                                 | 1,436,068            | -                      | -                 | 1,436,068            |
| Derivative financial instruments             | 1,205,657                         | -                    | -                      | -                 | 1,205,657            |
| Loans and advances                           | -                                 | 1,460,618,588        | -                      | -                 | 1,460,618,588        |
| Financial investments                        | 9,583,327                         | 551,956,734          | 20,415,199             | -                 | 581,955,260          |
| <b>Total financial assets</b>                | <b>10,788,984</b>                 | <b>2,199,931,702</b> | <b>20,415,199</b>      | <b>-</b>          | <b>2,231,135,885</b> |
| Other assets                                 | -                                 | -                    | -                      | 81,786,990        | 81,786,990           |
| <b>Total assets</b>                          | <b>10,788,984</b>                 | <b>2,199,931,702</b> | <b>20,415,199</b>      | <b>81,786,990</b> | <b>2,312,922,875</b> |

|  | Fair value through profit or loss | Amortised cost       | Others            | Total                |
|--|-----------------------------------|----------------------|-------------------|----------------------|
| <b>Financial liabilities</b>                 |                                   |                      |                   |                      |
| Due to banks                                 | -                                 | 2,515,998            | -                 | 2,515,998            |
| Securities sold under repurchase agreements  | -                                 | 97,423,302           | -                 | 97,423,302           |
| Derivative financial instruments             | 509,018                           | -                    | -                 | 509,018              |
| Other financial liabilities held for trading | -                                 | -                    | -                 | -                    |
| Due to depositors                            | -                                 | 1,783,975,493        | -                 | 1,783,975,493        |
| Other borrowings                             | -                                 | 207,053,674          | -                 | 207,053,674          |
| Debt securities issued                       | -                                 | 4,105,681            | -                 | 4,105,681            |
| Subordinated liabilities                     | -                                 | 50,484,487           | -                 | 50,484,487           |
| <b>Total financial liabilities</b>           | <b>509,018</b>                    | <b>2,145,558,635</b> | <b>-</b>          | <b>2,146,067,653</b> |
| Other liabilities                            | -                                 | -                    | 34,714,576        | 34,714,576           |
| <b>Total liabilities</b>                     | <b>509,018</b>                    | <b>2,145,558,635</b> | <b>34,714,576</b> | <b>2,180,782,229</b> |

| As at 31 December                            | 2017              |                          |                    |  |                    |                   |                      |
|--|-------------------|--------------------------|--------------------|--|--------------------|-------------------|----------------------|
|  | Held for trading  | Designated at fair value | Held to maturity   | Loans and receivables / Amortised cost | Available for sale | Others            | Total                |
| <b>Financial assets</b>                      |                   |                          |                    |  |                    |                   |                      |
| Cash and cash equivalents                    | -                 | -                        | -                  | 78,005,362                             | -                  | -                 | 78,005,362           |
| Balances with Central Banks                  | -                 | -                        | -                  | 68,689,012                             | -                  | -                 | 68,689,012           |
| Placements with banks                        | -                 | -                        | -                  | 5,319,602                              | -                  | -                 | 5,319,602            |
| Securities purchased under resale agreements | -                 | -                        | -                  | 19,872,247                             | -                  | -                 | 19,872,247           |
| Derivative financial instruments             | 1,618,823         | -                        | -                  | -                                      | -                  | -                 | 1,618,823            |
| Loans and advances to customers              | -                 | -                        | -                  | 1,194,294,394                          | -                  | -                 | 1,194,294,394        |
| Financial investments                        | 8,596,548         | -                        | 308,750,317        | 214,349,624                            | 22,552,292         | -                 | 554,248,781          |
| <b>Total financial assets</b>                | <b>10,215,371</b> | <b>-</b>                 | <b>308,750,317</b> | <b>1,580,530,241</b>                   | <b>22,552,292</b>  | <b>-</b>          | <b>1,922,048,221</b> |
| Other assets                                 | -                 | -                        | -                  | -                                      | -                  | 77,361,962        | 77,361,962           |
| <b>Total assets</b>                          | <b>10,215,371</b> | <b>-</b>                 | <b>308,750,317</b> | <b>1,580,530,241</b>                   | <b>22,552,292</b>  | <b>77,361,962</b> | <b>1,999,410,183</b> |

|   | Held for trading | Amortised cost       | Others            | Total                |
|---|------------------|----------------------|-------------------|----------------------|
| <b>Financial liabilities</b>                |                  |                      |                   |                      |
| Due to banks                                | -                | 2,194,266            | -                 | 2,194,266            |
| Securities sold under repurchase agreements | -                | 44,628,686           | -                 | 44,628,686           |
| Derivative financial instruments            | 70,715           | -                    | -                 | 70,715               |
| Due to depositors                           | -                | 1,566,376,418        | -                 | 1,566,376,418        |
| Other borrowings                            | -                | 184,330,181          | -                 | 184,330,181          |
| Debt securities issued                      | -                | 5,667,514            | -                 | 5,667,514            |
| Subordinated liabilities                    | -                | 42,226,067           | -                 | 42,226,067           |
| <b>Total financial liabilities</b>          | <b>70,715</b>    | <b>1,845,423,132</b> | <b>-</b>          | <b>1,845,493,847</b> |
| Other liabilities                           | -                | -                    | 31,589,836        | 31,589,836           |
| <b>Total liabilities</b>                    | <b>70,715</b>    | <b>1,845,423,132</b> | <b>31,589,836</b> | <b>1,877,083,683</b> |

| Description   | Note | Interest payable frequency | Issue date | Maturity date | Coupon rate |            | Interest Rate of comparable Government security | Amount                |                       |                       |                       |
|---|------|----------------------------|------------|---------------|-------------|------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   |      |                            |            |               | 31.12.2018  | 31.12.2017 |   | Bank                  |                       | Group                 |                       |
|   |      |                            |            |               | %           | %          |   | 31.12.2018<br>Rs '000 | 31.12.2017<br>Rs '000 | 31.12.2018<br>Rs '000 | 31.12.2017<br>Rs '000 |
| <b>Sri Lanka rupee debentures</b>   |      |                            |            |               |             |            |   |                       |                       |                       |                       |
| <b>Fixed interest rate</b>  |      |                            |            |               |             |            |   |                       |                       |                       |                       |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 25.10.2013 | 24.10.2018    | -           | 13.00      | -   | -                     | 3,869,827             | -                     | 3,869,827             |
| Unsecured, subordinated, redeemable debentures  | a    | Semi annually              | 25.10.2013 | 24.10.2018    | -           | 12.60      | -   | -                     | 220,369               | -                     | 220,369               |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 25.10.2013 | 24.10.2021    | 13.25       | 13.25      | 11.49   | 1,226,594             | 1,226,594             | 1,226,594             | 1,226,594             |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 25.10.2013 | 24.10.2022    | 13.25       | 13.25      | 11.57   | 1,227,617             | 1,227,617             | 1,227,617             | 1,227,617             |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 25.10.2013 | 24.10.2023    | 13.75       | 13.75      | 11.54   | 1,638,142             | 1,638,142             | 1,638,142             | 1,638,142             |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 22.09.2014 | 21.09.2019    | 8.00        | 8.00       | 10.33   | 5,234,969             | 5,234,969             | 5,234,969             | 5,234,969             |
| Unsecured, subordinated, redeemable debentures  | a    | Quarterly                  | 22.09.2014 | 21.09.2019    | 7.75        | 7.75       | 10.33   | 216,182               | 216,182               | 216,182               | 216,182               |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 22.09.2014 | 21.09.2022    | 8.25        | 8.25       | 11.57   | 1,873,793             | 1,873,793             | 1,873,793             | 1,873,793             |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 06.10.2015 | 05.10.2020    | 8.25        | 8.25       | 11.06   | 293,991               | 293,991               | 293,991               | 293,991               |
| Unsecured, subordinated, redeemable debentures  | a    | Quarterly                  | 06.10.2015 | 05.10.2020    | 8.00        | 8.00       | 11.06   | 12,449                | 12,449                | 12,449                | 12,449                |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 06.10.2015 | 05.10.2023    | 9.50        | 9.50       | 11.54   | 1,205,580             | 1,205,580             | 1,205,580             | 1,205,580             |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 29.12.2016 | 28.12.2021    | 13.25       | 13.25      | 11.51   | 8,003,631             | 8,003,632             | 7,993,621             | 7,993,622             |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 29.12.2016 | 28.12.2024    | 12.75       | 12.75      | 11.59   | 784                   | 784                   | 784                   | 784                   |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 29.12.2017 | 28.12.2022    | 12.50       | 12.50      | 11.57   | 5,003,228             | 5,003,228             | 5,003,228             | 5,003,228             |
| Unsecured, subordinated, redeemable debentures  | a    | Annually                   | 29.12.2017 | 28.12.2025    | 12.75       | 12.75      | 11.67   | 5,003,289             | 5,003,289             | 5,003,289             | 5,003,289             |
| Unsecured, subordinated, unlisted debentures  | a    | Annually                   | 31.07.2018 | 30.07.2026    | 12.00       | -          | 11.75   | 7,025,960             | -                     | 7,025,960             | -                     |
| Unsecured, subordinated, unlisted debentures  | a    | Annually                   | 03.12.2018 | 02.12.2023    | 12.00       | -          | 11.59   | 5,346,278             | -                     | 5,346,278             | -                     |
| Unsecured, redeemable, debentures   | a    | Annually                   | 28.03.2013 | 27.03.2018    | -           | 17.50      | -   | -                     | -                     | -                     | 735,857               |
| Unsecured, redeemable, debentures   | a    | Quarterly                  | 28.03.2013 | 27.03.2018    | -           | 16.70      | -   | -                     | -                     | -                     | 655,844               |
| Unsecured, redeemable, debentures   | a    | Monthly                    | 28.03.2013 | 27.03.2018    | -           | 16.50      | -   | -                     | -                     | -                     | 168,793               |
| Unsecured, redeemable, debentures   | a    | Annually                   | 13.11.2014 | 12.11.2019    | 9.00        | 9.00       | 10.48   | -                     | -                     | 868,112               | 867,739               |
| Unsecured, redeemable, debentures   | a    | Annually                   | 13.11.2014 | 12.11.2019    | 8.75        | 8.75       | 10.48   | -                     | -                     | 1,131,011             | 1,132,445             |
| Unsecured, redeemable, debentures   | a    | Annually                   | 12.05.2017 | 03.05.2022    | 15.00       | 15.00      | 11.49   | -                     | -                     | 884,964               | 884,335               |
| Unsecured, redeemable, debentures   | a    | Semi annually              | 12.05.2017 | 03.05.2022    | 14.50       | 14.50      | 11.49   | -                     | -                     | 1,220,562             | 1,221,468             |
| Unsecured, redeemable, debentures   | a    | Semi annually              | 12.05.2017 | 03.05.2022    | 13.90       | 13.90      | 11.49   | -                     | -                     | 1,032                 | 1,033                 |
|   |      |                            |            |               |             |            |   | <b>43,312,487</b>     | <b>35,030,446</b>     | <b>47,408,158</b>     | <b>40,687,950</b>     |
| <b>Floating interest rate</b>   |      |                            |            |               |             |            |   |                       |                       |                       |                       |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 100 basis points) | a/b  | Semi annually              | 25.10.2013 | 24.10.2018    | -           | 11.13      | -   | -                     | 204                   | -                     | 204                   |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 100 basis points) | a/b  | Semi annually              | 25.10.2013 | 24.10.2021    | 9.52        | 11.13      | 11.49   | 1,019                 | 1,020                 | 1,019                 | 1,020                 |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 50 basis points)  | a/b  | Semi annually              | 22.09.2014 | 21.09.2019    | 9.97        | 10.43      | 10.33   | 845,444               | 848,391               | 512,702               | 514,011               |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 50 basis points)  | a/b  | Semi annually              | 22.09.2014 | 21.09.2022    | 9.97        | 10.43      | 11.57   | 31                    | 31                    | 31                    | 31                    |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points) | a/b  | Semi annually              | 06.10.2015 | 05.10.2020    | 10.72       | 11.34      | 11.06   | 4,580,253             | 4,595,440             | 4,580,253             | 4,595,440             |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points) | a/b  | Semi annually              | 06.10.2015 | 05.10.2023    | 10.72       | 11.34      | 11.54   | 2,086,964             | 2,093,885             | 2,086,964             | 2,093,885             |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points) | a/b  | Semi annually              | 29.12.2016 | 28.12.2021    | 11.24       | 10.47      | 11.51   | 1,021                 | 1,020                 | 1,021                 | 1,020                 |
| Unsecured, subordinated, redeemable debentures (6 months TB ( Gross ) rate plus 125 basis points) | a/b  | Semi annually              | 29.12.2016 | 28.12.2024    | 11.24       | 10.47      | 11.59   | 20                    | 20                    | 20                    | 20                    |
|   |      |                            |            |               |             |            |   | <b>7,514,752</b>      | <b>7,540,011</b>      | <b>7,182,010</b>      | <b>7,205,631</b>      |
|   |      |                            |            |               |             |            |   | <b>50,827,239</b>     | <b>42,570,457</b>     | <b>54,590,168</b>     | <b>47,893,581</b>     |

**Notes**

- a) Debentures that are listed in the Colombo Stock Exchange. Some of these have been traded in the Colombo Stock Exchange.  
2013/2023 - ( Highest Price - Rs. 101.50, Lowest Price - Rs. 100.82, Last Transaction Price - Rs. 101.50)  
2015/2020 - ( Highest Price - Rs. 98.00, Lowest Price - Rs. 94.00, Last Transaction Price - Rs. 97.00)
- b) Weighted average 6 months Treasury Bill interest rate before deducting relevant withholding tax at the primary quotations as announced by the Central Bank of Sri Lanka, at the preceding week of the interest resetting date.

|   | 01-Jan-2018<br>to<br>31-Dec-2018<br>Rs. | 01-Jan-2017<br>to<br>31-Dec-2017<br>Rs. |
|---|---|---|
| <b>Market Value</b>   |   |   |
| <b>BoC Debentures 2012/2017 ,</b>   |   |   |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (16.0%)  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, floating rate<br>(06 months TB rate (Gross) plus 125 basis points ) | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (15.3%)  | Not Traded                              | Not Traded                              |
| <b>BoC Debentures 2013/2023 ,</b>   |   |   |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (13.0%)  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (12.60%)   | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, floating rate<br>(06 months TB rate (Gross) plus 100 basis points ) | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 8 years, fixed rate (13.25%)   | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 8 years, floating rate<br>(06 months TB rate (Gross) plus 100 basis points ) | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 9 years, fixed rate (13.25%)   | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 10 years, fixed rate (13.75%)  |   |   |
| Highest   | Not Traded                              | 101.50                                  |
| Lowest  | Not Traded                              | 100.82                                  |
| Last transaction  | Not Traded                              | 101.50                                  |
| <b>BoC Debentures 2014/2022 ,</b>   |   |   |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (8.0%)   | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (7.75%)  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, floating rate<br>(06 months TB rate (Gross) plus 50 basis points )  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 8 years, fixed rate (8.25%)  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 8 years, floating rate<br>(06 months TB rate (Gross) plus 50 basis points )  | Not Traded                              | Not Traded                              |
| <b>BoC Debentures 2015/2023</b>   |   |   |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (8.25%)  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (8.00%)  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, floating rate<br>(06 months TB rate (Gross) plus 125 basis points ) |   |   |
| Highest   | 97.00                                   | 98.00                                   |
| Lowest  | 94.00                                   | 94.00                                   |
| Last transaction  | 97.00                                   | 94.00                                   |
| Unsecured, subordinated, redeemable, 8 years, fixed rate (9.50%)  | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 8 years, floating rate<br>(06 months TB rate (Gross) plus 125 basis points ) | Not Traded                              | Not Traded                              |
| <b>BoC Debentures 2016/2024</b>   |   |   |
| Unsecured, subordinated, redeemable, 5 years, fixed rate (13.25%)   | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 5 years, floating rate<br>(06 months TB rate (Gross) plus 125 basis points ) | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 8 years, fixed rate (12.75%)   | Not Traded                              | Not Traded                              |
| Unsecured, subordinated, redeemable, 8 years, floating rate<br>(06 months TB rate (Gross) plus 125 basis points ) | Not Traded                              | Not Traded                              |

|   | 31-Dec-2018<br>% | 31-Dec-2017<br>% |
|---|------------------|------------------|
| <b>Interest yield as at date of last trade done</b>                       |                  |                  |
| <b>BoC Debentures 2012/2017 ,</b>   |                  |                  |
| 5 years, fixed rate (16.0%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |
| 5 years, fixed rate (15.3%)   | Not Traded       | Not Traded       |
| <b>BoC Debentures 2013/2023 ,</b>   |                  |                  |
| 5 years, fixed rate (13.0%)   | Not Traded       | Not Traded       |
| 5 years, fixed rate (12.6%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 100 basis points ) | Not Traded       | Not Traded       |
| 8 years, fixed rate (13.25%)  | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 100 basis points ) | Not Traded       | Not Traded       |
| 9 years, fixed rate (13.25%)  | Not Traded       | Not Traded       |
| 10 years, fixed rate (13.75%)   | Not Traded       | 13.34            |
| <b>BoC Debentures 2014/2022 ,</b>   |                  |                  |
| 5 years, fixed rate (8.0%)  | Not Traded       | Not Traded       |
| 5 years, fixed rate (7.75%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 50 basis points )  | Not Traded       | Not Traded       |
| 8 years, fixed rate (8.25%)   | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 50 basis points )  | Not Traded       | Not Traded       |
| <b>BoC Debentures 2015/2023 ,</b>   |                  |                  |
| 5 years, fixed rate (8.25%)   | Not Traded       | Not Traded       |
| 5 years, fixed rate (8.00%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | 11.70            | 13.96            |
| 8 years, fixed rate (9.50%)   | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |
| <b>BoC Debentures 2016/2024 ,</b>   |                  |                  |
| 5 years, fixed rate (13.25%)  | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |
| 8 years, fixed rate (12.75%)  | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |
| <b>Yield to maturity of last trade done</b>                               |                  |                  |
| <b>BoC Debentures 2012/2017 ,</b>   |                  |                  |
| 5 years, fixed rate (16.0%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |
| 5 years, fixed rate (15.3%)   | Not Traded       | Not Traded       |
| <b>BoC Debentures 2013/2023 ,</b>   |                  |                  |
| 5 years, fixed rate (13.0%)   | Not Traded       | Not Traded       |
| 5 years, fixed rate (12.6%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 100 basis points ) | Not Traded       | Not Traded       |
| 8 years, fixed rate (13.25%)  | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 100 basis points ) | Not Traded       | Not Traded       |
| 9 years, fixed rate (13.25%)  | Not Traded       | Not Traded       |
| 10 years, fixed rate (13.75%)   | Not Traded       | 13.55            |
| <b>BoC Debentures 2014/2022 ,</b>   |                  |                  |
| 5 years, fixed rate (8.0%)  | Not Traded       | Not Traded       |
| 5 years, fixed rate (7.75%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 50 basis points )  | Not Traded       | Not Traded       |
| 8 years, fixed rate (8.25%)   | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 50 basis points )  | Not Traded       | Not Traded       |
| <b>BoC Debentures 2015/2023 ,</b>   |                  |                  |
| 5 years, fixed rate (8.25%)   | Not Traded       | Not Traded       |
| 5 years, fixed rate (8.00%)   | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | 11.05            | 12.06            |
| 8 years, fixed rate (9.50%)   | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |
| <b>BoC Debentures 2016/2024 ,</b>   |                  |                  |
| 5 years, fixed rate (13.25%)  | Not Traded       | Not Traded       |
| 5 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |
| 8 years, fixed rate (12.75%)  | Not Traded       | Not Traded       |
| 8 years, floating rate (06 months TB rate (Gross) plus 125 basis points ) | Not Traded       | Not Traded       |

1 Loans and advances to customers

| As at                               | Bank                   |                        | Group                  |                        |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                     | 31.12.2018<br>LKR '000 | 31.12.2017<br>LKR '000 | 31.12.2018<br>LKR '000 | 31.12.2017<br>LKR '000 |
| Gross loans and receivables         | 1,510,534,078          | 1,219,914,481          | 1,544,355,486          | 1,252,363,356          |
| Stage 1                             | 1,294,790,735          | -                      | 1,319,427,641          | -                      |
| Stage 2                             | 78,528,007             | -                      | 82,329,469             | -                      |
| Stage 3                             | 137,215,336            | -                      | 142,598,376            | -                      |
| Less : Accumulated impairment       | 81,426,897             | 56,753,567             | 83,736,898             | 58,068,962             |
| Stage 1                             | 10,091,396             | -                      | 10,437,278             | -                      |
| Stage 2                             | 10,140,798             | -                      | 10,383,179             | -                      |
| Stage 3                             | 61,194,703             | -                      | 62,916,441             | -                      |
| Allowance for individual impairment | -                      | 29,085,605             | -                      | 29,562,684             |
| Allowance for collective impairment | -                      | 27,667,962             | -                      | 28,506,278             |
| <b>Net loans and advances</b>       | <b>1,429,107,181</b>   | <b>1,163,160,914</b>   | <b>1,460,618,588</b>   | <b>1,194,294,394</b>   |

2) Loans and advances to customers - By product

| As at  | Bank                   |                        | Group                  |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | 31.12.2018<br>LKR '000 | 31.12.2017<br>LKR '000 | 31.12.2018<br>LKR '000 | 31.12.2017<br>LKR '000 |
| <b>Local currency</b>                            |                        |                        |                        |                        |
| Overdrafts                                       | 269,901,138            | 169,123,476            | 269,522,957            | 169,120,155            |
| Term loans                                       | 334,048,872            | 258,559,100            | 340,367,524            | 264,188,350            |
| Lease rentals receivable                         | 47,746,892             | 48,199,691             | 65,073,155             | 64,287,980             |
| Credit cards                                     | 4,345,178              | 3,840,479              | 4,345,178              | 3,840,479              |
| Pawning  | 57,873,579             | 51,540,743             | 59,349,689             | 52,240,377             |
| Loans under schemes                              | 68,916,645             | 89,621,904             | 69,873,066             | 90,662,792             |
| Housing loans                                    | 67,516,430             | 56,520,480             | 67,516,430             | 56,520,480             |
| Trade finance                                    | 53,171,938             | 46,910,127             | 53,342,440             | 47,538,632             |
| Personal loans                                   | 207,143,891            | 175,226,804            | 211,868,476            | 180,549,642            |
| Staff loans                                      | 16,774,029             | 16,000,936             | 17,047,122             | 16,263,739             |
| Foreclosed properties                            | 1,283,378              | 1,097,220              | 1,283,378              | 1,097,220              |
| Other loans                                      | 13,596,633             | 10,280,816             | 13,596,633             | 10,280,816             |
| <b>Total local currency loans and advances</b>   | <b>1,142,318,603</b>   | <b>926,921,776</b>     | <b>1,173,186,048</b>   | <b>956,590,662</b>     |
| <b>Foreign currency</b>                          |                        |                        |                        |                        |
| Overdrafts                                       | 26,993,663             | 11,801,933             | 27,088,774             | 11,989,037             |
| Term loans                                       | 299,677,694            | 246,534,671            | 302,527,377            | 249,119,988            |
| Trade finance                                    | 37,391,521             | 31,728,812             | 37,391,521             | 31,728,812             |
| Lease rentals receivable                         | 215,693                | 236,682                | 215,693                | 236,682                |
| Loans under schemes                              | -                      | 48,022                 | -                      | 48,022                 |
| Housing loans                                    | 259,951                | 170,674                | 259,951                | 170,674                |
| Staff loans                                      | 12,426                 | 9,865                  | 21,595                 | 17,433                 |
| Foreclosed properties                            | 625,879                | 523,495                | 625,879                | 523,495                |
| Other loans                                      | 3,038,648              | 1,938,551              | 3,038,648              | 1,938,551              |
| <b>Total foreign currency loans and advances</b> | <b>368,215,475</b>     | <b>292,992,705</b>     | <b>371,169,438</b>     | <b>295,772,694</b>     |
| <b>Total loans and advances to customers</b>     | <b>1,510,534,078</b>   | <b>1,219,914,481</b>   | <b>1,544,355,486</b>   | <b>1,252,363,356</b>   |

3) Movement in impairment provisions during the period for loans and advances to customers

|   | <b>Bank</b>       |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Stage 1           | Stage 2           | Stage 3           | Total             |
| <b>Opening balance (01 January)</b>                   | 8,033,120         | 11,950,472        | 46,458,951        | 66,442,543        |
| Charge / reversal during the year                     | 2,010,203         | (2,123,633)       | 18,844,621        | 18,731,191        |
| Amount recovered during the year                      | -                 | -                 | (4,466,761)       | (4,466,761)       |
| Exchange rate variance on foreign currency impairment | 48,073            | 310,827           | 323,523           | 682,423           |
| Amount written-off during the year                    | -                 | -                 | (35,064)          | (35,064)          |
| Other movements                                       | -                 | 3,132             | 69,433            | 72,565            |
| <b>Closing balance as at 31 December 2018</b>         | <b>10,091,396</b> | <b>10,140,798</b> | <b>61,194,703</b> | <b>81,426,897</b> |

|   | <b>Group</b>      |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Stage 1           | Stage 2           | Stage 3           | Total             |
| <b>Opening balance (01 January)</b>                   | 8,350,557         | 12,185,663        | 48,304,169        | 68,840,389        |
| Charge / reversal during the year                     | 2,038,648         | (2,116,443)       | 18,943,309        | 18,865,514        |
| Amount recovered during the year                      | -                 | -                 | (4,466,761)       | (4,466,761)       |
| Exchange rate variance on foreign currency impairment | 48,073            | 310,827           | 323,523           | 682,423           |
| Amount written-off during the year                    | -                 | -                 | (35,064)          | (35,064)          |
| Other movements                                       | -                 | 3,132             | (152,735)         | (149,603)         |
| <b>Closing balance as at 31 December 2018</b>         | <b>10,437,278</b> | <b>10,383,179</b> | <b>62,916,441</b> | <b>83,736,898</b> |

|   | <b>Bank</b>       | <b>Group</b>      |
|---|-------------------|-------------------|
| <b>Individual impairment</b>                          |                   |                   |
| Opening balance 01 January 2017                       | 19,375,172        | 19,776,777        |
| Charge during the year                                | 11,713,536        | 11,758,365        |
| Amount recovered / reversal during the year           | (2,081,790)       | (2,081,790)       |
| Exchange rate variance on foreign currency impairment | 143,324           | 143,324           |
| Amount written-off during the year                    | (26,944)          | (37,546)          |
| Other movements                                       | (37,693)          | 3,554             |
| <b>Closing balance as at 31 December 2017</b>         | <b>29,085,605</b> | <b>29,562,684</b> |

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Collective impairment</b>                          |                   |                   |
| Opening balance 01 January 2017                       | 27,731,944        | 28,407,266        |
| Charge during the year                                | 8,912             | 208,314           |
| Amount recovered / reversal during the year           | -                 | -                 |
| Exchange rate variance on foreign currency impairment | 15,815            | 15,815            |
| Amount written-off during the year                    | (1,153,687)       | (1,153,687)       |
| Other movements                                       | 1,064,978         | 1,028,570         |
| <b>Closing balance as at 31 December 2017</b>         | <b>27,667,962</b> | <b>28,506,278</b> |
| <b>Total impairment as at 31 December 2017</b>        | <b>56,753,567</b> | <b>58,068,962</b> |

4) Financial liabilities at amortised cost

Rs '000

Due to depositors - By product

| As at                                  | Bank                 |                      | Group                |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31-Dec-2018          | 31-Dec-2017          | 31-Dec-2018          | 31-Dec-2017          |
| <b>Local currency</b>                  |                      |                      |                      |                      |
| Demand deposits (current accounts)     | 110,943,266          | 113,404,221          | 110,870,030          | 113,047,717          |
| Savings deposits                       | 365,545,986          | 352,068,521          | 366,430,640          | 352,930,501          |
| Time deposits                          | 864,658,291          | 739,173,691          | 881,551,886          | 757,243,699          |
| Other deposits                         | 3,407,037            | 2,828,892            | 3,407,037            | 2,828,892            |
| <b>Total local currency deposits</b>   | <b>1,344,554,580</b> | <b>1,207,475,325</b> | <b>1,362,259,593</b> | <b>1,226,050,809</b> |
| <b>Foreign currency</b>                |                      |                      |                      |                      |
| Demand deposits (current accounts)     | 26,779,911           | 22,344,522           | 27,531,733           | 22,893,509           |
| Savings deposits                       | 97,655,512           | 88,397,442           | 98,041,252           | 88,725,067           |
| Time deposits                          | 294,842,690          | 227,389,171          | 294,949,638          | 227,481,457          |
| Other deposits                         | 1,193,277            | 1,225,576            | 1,193,277            | 1,225,576            |
| <b>Total foreign currency deposits</b> | <b>420,471,390</b>   | <b>339,356,711</b>   | <b>421,715,900</b>   | <b>340,325,609</b>   |
| <b>Total due to depositors</b>         | <b>1,765,025,970</b> | <b>1,546,832,036</b> | <b>1,783,975,493</b> | <b>1,566,376,418</b> |

SEGMENTAL ANALYSIS - GROUP

Rs. '000

| For the Year ended 31 December                                | Retail Banking      |                     | Corporate Banking   |                     | International, Treasury and Investment |                    | Group Functions    |                    | Unallocated       |                   | Total                |                      |
|---|---------------------|---------------------|---------------------|---------------------|--|--------------------|--------------------|--------------------|-------------------|-------------------|----------------------|----------------------|
|   | 2018                | 2017                | 2018                | 2017                | 2018                                   | 2017               | 2018               | 2017               | 2018              | 2017              | 2018                 | 2017                 |
| <b>Revenue from external customers:</b>                       |                     |                     |                     |                     |  |                    |                    |                    |                   |                   |                      |                      |
| Net interest income   | 37,158,489          | 28,650,109          | 17,326,817          | 19,819,345          | 10,914,352                             | 9,657,261          | 3,131,505          | 3,132,158          | 158,316           | 231,229           | 68,689,479           | 61,490,102           |
| Net fee and commission income                                 | 4,150,452           | 3,620,346           | 2,704,421           | 2,535,209           | 997,846                                | 810,323            | 374,367            | 169,053            | 566,118           | 616,150           | 8,793,204            | 7,751,081            |
| Other income  | 3,162,668           | 3,804,986           | 5,394,397           | 516,404             | 6,164,808                              | 3,872,203          | 2,949,301          | 2,344,850          | (1,106,996)       | (995,294)         | 16,564,178           | 9,543,149            |
| <b>Total operating income</b>                                 | <b>44,471,609</b>   | <b>36,075,441</b>   | <b>25,425,635</b>   | <b>22,870,958</b>   | <b>18,077,006</b>                      | <b>14,339,787</b>  | <b>6,455,173</b>   | <b>5,646,061</b>   | <b>(382,562)</b>  | <b>(147,915)</b>  | <b>94,046,861</b>    | <b>78,784,332</b>    |
| <b>Expenses :</b>   |                     |                     |                     |                     |  |                    |                    |                    |                   |                   |                      |                      |
| Impairment (charge)/reversal for loans and other losses       | (6,134,067)         | (1,830,794)         | (8,231,449)         | (7,780,736)         | (387,174)                              | 300,000            | (156,644)          | (294,420)          | (267,138)         | (278,939)         | (15,176,472)         | (9,884,889)          |
| Total operating expenses                                      | (21,851,590)        | (18,829,578)        | (5,218,986)         | (4,109,781)         | (4,952,962)                            | (4,215,509)        | (4,831,923)        | (4,046,207)        | 230,993           | 496,673           | (36,624,468)         | (30,704,402)         |
| <b>Total expenses</b>   | <b>(27,985,657)</b> | <b>(20,660,372)</b> | <b>(13,450,435)</b> | <b>(11,890,517)</b> | <b>(5,340,136)</b>                     | <b>(3,915,509)</b> | <b>(4,988,567)</b> | <b>(4,340,627)</b> | <b>(36,145)</b>   | <b>217,734</b>    | <b>(51,800,940)</b>  | <b>(40,589,291)</b>  |
| <b>Operating profit before taxes on financial services</b>    | <b>16,485,952</b>   | <b>15,415,069</b>   | <b>11,975,200</b>   | <b>10,980,441</b>   | <b>12,736,870</b>                      | <b>10,424,278</b>  | <b>1,466,606</b>   | <b>1,305,434</b>   | <b>(418,707)</b>  | <b>69,819</b>     | <b>42,245,921</b>    | <b>38,195,041</b>    |
| Taxes on financial services                                   |                     |                     |                     |                     |  |                    |                    |                    |                   |                   | (9,818,020)          | (7,431,502)          |
| <b>Operating profit after taxes on financial services</b>     |                     |                     |                     |                     |  |                    |                    |                    |                   |                   | <b>32,427,901</b>    | <b>30,763,539</b>    |
| Share of profits/ (losses) of Associate companies, net of tax | -                   | -                   | -                   | -                   | -                                      | -                  | 9,269              | 52,024             | -                 | -                 | 9,269                | 52,024               |
| <b>Profit/(loss) before income tax</b>                        | <b>16,485,952</b>   | <b>15,415,069</b>   | <b>11,975,200</b>   | <b>10,980,441</b>   | <b>12,736,870</b>                      | <b>10,424,278</b>  | <b>1,475,875</b>   | <b>1,357,458</b>   | <b>(418,707)</b>  | <b>69,819</b>     | <b>32,437,170</b>    | <b>30,815,563</b>    |
| Income tax expense  |                     |                     |                     |                     |  |                    |                    |                    |                   |                   | (12,922,017)         | (9,328,918)          |
| <b>Profit for the year</b>                                    |                     |                     |                     |                     |  |                    |                    |                    |                   |                   | <b>19,515,153</b>    | <b>21,486,645</b>    |
| <b>Total assets</b>   | <b>690,006,676</b>  | <b>632,145,758</b>  | <b>833,652,006</b>  | <b>601,742,151</b>  | <b>643,023,673</b>                     | <b>621,865,981</b> | <b>80,509,176</b>  | <b>64,420,266</b>  | <b>65,731,344</b> | <b>79,236,027</b> | <b>2,312,922,875</b> | <b>1,999,410,183</b> |
| <b>Total liabilities</b>                                      | <b>653,062,187</b>  | <b>596,145,109</b>  | <b>789,016,428</b>  | <b>567,472,984</b>  | <b>608,594,758</b>                     | <b>586,450,764</b> | <b>69,357,319</b>  | <b>52,417,323</b>  | <b>60,751,537</b> | <b>74,597,503</b> | <b>2,180,782,229</b> | <b>1,877,083,683</b> |
| Cash flows from / (used in) operating activities              | (12,964,155)        | 64,442,987          | (6,045,120)         | 44,579,858          | (3,807,888)                            | 21,722,177         | (1,092,545)        | 7,045,195          | (55,235)          | 520,104           | (23,964,943)         | 138,310,321          |
| Cash flows from / (used in) investing activities              | 5,631,607           | (26,381,837)        | 2,625,990           | (18,250,218)        | 1,654,140                              | (8,892,681)        | 474,600            | (2,884,180)        | 23,993            | (212,922)         | 10,410,330           | (56,621,838)         |
| Cash flows from / (used in) in financing activities           | 4,264,550           | (24,521,482)        | 5,152,342           | (23,342,100)        | 3,974,174                              | (24,122,720)       | 452,909            | (2,156,103)        | 396,712           | (3,068,450)       | 14,240,687           | (77,210,855)         |
| Capital expenditure to non current assets                     | -                   | -                   | -                   | -                   | -                                      | -                  | -                  | -                  | -                 | -                 | 4,461,781            | 3,963,792            |
| Depreciation and amortisation expenses                        | 669,363             | 623,465             | 808,710             | 593,479             | 623,785                                | 613,327            | 269,497            | 275,335            | 442,114           | 436,874           | 2,813,469            | 2,542,480            |

During the period from 01.01.2015 to 31.12.2018

| Year        | Objective number | Objective as per Prospectus  | Amount allocated as per Prospectus in LKR | Proposed date of utilization as per Prospectus | Amount allocated from proceeds in LKR (A) | % of total proceeds | Amounts utilized in LKR (B) | % of utilization against allocation (B/A) | Clarification if not fully utilized including where the funds are invested (eg : whether lent to related party/s etc...) |
|-------------|------------------|--|---|--|---|---------------------|-----------------------------|---|--|
| <b>2015</b> | 1                | To increase the Tier II capital of the Bank in order to enhance the Capital Adequacy Ratio (CAR) and single borrower limit to facilitate expansion of the loan book. | 8 Billion                                 | 06.10.2015                                     | 8 Billion                                 | 100                 | 8 Billion                   | 100                                       | Not Applicable   |
|             | 2                | To minimize and manage the gap exposure in the Bank's assets/ liability portfolios.  |   |  |   |                     |                             |   |  |
|             | 3                | To strengthen the Bank's liquidity position and to increase the asset base.  |   |  |   |                     |                             |   |  |
| <b>2016</b> | 1                | To increase the Tier II capital of the Bank in order to enhance the Capital Adequacy Ratio (CAR) and single borrower limit.  | 8 Billion                                 | 29.12.2016                                     | 8 Billion                                 | 100                 | 8 Billion                   | 100                                       | Not Applicable   |
|             | 2                | To minimize and manage the gap exposure in the Bank's assets/ liability portfolios.  |   |  |   |                     |                             |   |  |
|             | 3                | To strengthen the Bank's liquidity position and to increase the asset base / loan book.  |   |  |   |                     |                             |   |  |

## TRANSITION DISCLOSURES

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Rs. '000

| Bank   | Note | LKAS 39<br>31.12.2017 |                      | Reclassification | Remeasurement       |          | SLFRS 9<br>01.01.2018 |          |
|--|------|-----------------------|----------------------|------------------|---------------------|----------|-----------------------|----------|
|  |      | Category              | Amount               |                  | ECL                 | Other    | Amount                | Category |
| <b>Financial assets</b>  |      |                       |                      |                  |                     |          |                       |          |
| Cash and cash equivalents  |      | L&R                   | 72,843,108           | -                | (10,905)            | -        | 72,832,203            | AC       |
| Balances with Central Banks  |      | L&R                   | 68,689,012           | -                | -                   | -        | 68,689,012            | AC       |
| Placements with banks  |      | L&R                   | 8,067,490            | -                | (588)               | -        | 8,066,902             | AC       |
| Securities purchased under resale agreements   |      | L&R                   | 18,455,555           | -                | -                   | -        | 18,455,555            | AC       |
| Derivative financial instruments   |      | HFT                   | 1,618,823            | -                | -                   | -        | 1,618,823             | FVTPL    |
| Financial assets recognized through profit or loss   |      | HFT                   | 8,359,274            | 3,459,621        | -                   | -        | 11,818,895            | FVTPL    |
| From: AFS  | A    |                       |                      | 3,626,484        |                     |          |                       |          |
| To: AC   | B    |                       |                      | (166,863)        |                     |          |                       |          |
| <b>Financial assets at amortized cost</b>  |      |                       |                      |                  |                     |          |                       |          |
| - Loans and advances   |      | L&R                   | 1,163,160,914        | -                | (9,688,976)         | -        | 1,153,471,938         | AC       |
| - Debt instruments   |      |                       | -                    | 521,589,992      | (1,038,872)         | -        | 520,551,120           | AC       |
| From: FVTPL  | B    |                       |                      | 166,863          |                     |          |                       |          |
| From: L&R  | C    |                       |                      | 213,167,048      |                     |          |                       |          |
| From: HTM  | D    |                       |                      | 308,256,082      |                     |          |                       |          |
| Financial investments - Loans and receivables  |      | L&R                   | 213,167,048          | (213,167,048)    | -                   | -        | -                     |          |
| To: AC   | C    |                       |                      | (213,167,048)    |                     |          |                       |          |
| Financial investments - Held to maturity   |      | HTM                   | 308,256,082          | (308,256,082)    | -                   | -        | -                     |          |
| To: AC   | D    |                       |                      | (308,256,082)    |                     |          |                       |          |
| <b>Financial assets - measured at fair value through other comprehensive income / Available for sale</b> |      |                       |                      |                  |                     |          |                       |          |
|  |      |                       | -                    | 14,294,687       | -                   | -        | 14,294,687            | FVTOCI   |
| From: AFS  | E    |                       |                      | 14,294,687       |                     |          |                       |          |
| Financial investments - Available for sale   |      | AFS                   | 17,921,170           | (17,921,171)     | -                   | -        | -                     |          |
| To: FVTPL  | A    |                       |                      | (3,626,484)      |                     |          |                       |          |
| To: FVTOCI   | E    |                       |                      | (14,294,687)     |                     |          |                       |          |
| <b>Non financial assets</b>  |      |                       |                      |                  |                     |          |                       |          |
| Investment in Subsidiary companies   |      | N/A                   | 6,513,048            | -                | -                   | -        | 6,513,048             | N/A      |
| Investment in Associate companies  |      | N/A                   | 92,988               | -                | -                   | -        | 92,988                | N/A      |
| Investment properties  |      | N/A                   | 2,882,928            | -                | -                   | -        | 2,882,928             | N/A      |
| Property, plant and equipment  |      | N/A                   | 23,046,114           | -                | -                   | -        | 23,046,114            | N/A      |
| Leasehold properties   |      | N/A                   | 101,481              | -                | -                   | -        | 101,481               | N/A      |
| Intangible assets  |      | N/A                   | 810,730              | -                | -                   | -        | 810,730               | N/A      |
| Other assets   |      | N/A                   | 37,818,188           | -                | -                   | -        | 37,818,188            | N/A      |
| <b>Total assets</b>  |      |                       | <b>1,951,803,953</b> | <b>-</b>         | <b>(10,739,341)</b> | <b>-</b> | <b>1,941,064,612</b>  |          |
| <b>Financial liabilities</b>   |      |                       |                      |                  |                     |          |                       |          |
| Due to banks   |      | AC                    | 2,203,199            | -                | -                   | -        | 2,203,199             | AC       |
| Securities sold under repurchase agreements  |      | AC                    | 44,487,462           | -                | -                   | -        | 44,487,462            | AC       |
| Derivative financial instruments   |      | HFT                   | 70,715               | -                | -                   | -        | 70,715                | FVTPL    |
| <b>Financial liabilities at amortized cost</b>   |      |                       |                      |                  |                     |          |                       |          |
| - due to depositors  |      | AC                    | 1,546,832,036        | -                | -                   | -        | 1,546,832,036         | AC       |
| - due to debt securities holders   |      | AC                    | -                    | -                | -                   | -        | -                     | AC       |
| - due to other borrowers   |      | AC                    | 178,191,089          | -                | -                   | -        | 178,191,089           | AC       |
| Subordinated liabilities   |      | AC                    | 42,570,457           | -                | -                   | -        | 42,570,457            | AC       |
| <b>Non financial liabilities</b>   |      |                       |                      |                  |                     |          |                       |          |
| Current tax liabilities  |      | N/A                   | 1,877,342            | -                | -                   | -        | 1,877,342             | N/A      |
| Deferred tax liabilities   |      | N/A                   | 5,820,329            | -                | (3,345,868)         | -        | 2,474,461             | N/A      |
| Other liabilities  |      | N/A                   | 18,596,249           | -                | -                   | -        | 18,596,249            | N/A      |
| <b>Total liabilities</b>   |      |                       | <b>1,840,648,878</b> | <b>-</b>         | <b>(3,345,868)</b>  | <b>-</b> | <b>1,837,303,010</b>  |          |
| <b>Equity</b>  |      |                       |                      |                  |                     |          |                       |          |
| Share capital  |      | N/A                   | 20,000,000           | -                | -                   | -        | 20,000,000            | N/A      |
| Permanent reserve fund   |      | N/A                   | 10,427,000           | -                | -                   | -        | 10,427,000            | N/A      |
| OCI reserve  |      | N/A                   | -                    | 2,541,656        | -                   | -        | 2,541,656             | N/A      |
| From: AFS reserve  | E    |                       |                      | 2,541,656        |                     |          |                       |          |
| Available for sale reserve   |      | N/A                   | 3,718,526            | (3,718,526)      | -                   | -        | -                     | N/A      |
| To: OCI reserve  | E    |                       |                      | (2,541,656)      |                     |          |                       |          |
| To: Retained earnings  | A    |                       |                      | (1,176,870)      |                     |          |                       |          |
| Retained earnings  |      | N/A                   | 63,472,250           | 1,176,870        | (7,393,473)         | -        | 57,255,647            | N/A      |
| From: AFS reserve  | A    |                       |                      | 1,176,870        |                     |          |                       |          |
| Other reserves   |      | N/A                   | 13,537,299           | -                | -                   | -        | 13,537,299            | N/A      |
| <b>Total equity</b>  |      |                       | <b>111,155,075</b>   | <b>-</b>         | <b>(7,393,473)</b>  | <b>-</b> | <b>103,761,602</b>    |          |
| <b>Total liabilities and equity</b>  |      |                       | <b>1,951,803,953</b> | <b>-</b>         | <b>(10,739,341)</b> | <b>-</b> | <b>1,941,064,612</b>  |          |

L&R - Loans & Receivables, HFT - Held for Trading, AFS - Available for Sale, HTM - Held to Maturity, AC - Amortised cost, FVTPL - Fair value through P&L, FVTOCI - Fair Value through Other Comprehensive Income, N/A - Not Applicable.

**TRANSITION DISCLOSURES**

Rs. '000

| Group   | Note | LKAS 39<br>31.12.2017 |                      | Reclassification | Remeasurement       |          | SLFRS 9<br>01.01.2018 |          |
|---|------|-----------------------|----------------------|------------------|---------------------|----------|-----------------------|----------|
|   |      | Category              | Amount               |                  | ECL                 | Other    | Amount                | Category |
| <b>Financial assets</b>   |      |                       |                      |                  |                     |          |                       |          |
| Cash and cash equivalents   |      | L&R                   | 78,005,362           | -                | (10,916)            | -        | 77,994,446            | AC       |
| Balances with Central Banks   |      | L&R                   | 68,689,012           | -                | -                   | -        | 68,689,012            | AC       |
| Placements with banks   |      | L&R                   | 5,319,602            | -                | (934)               | -        | 5,318,668             | AC       |
| Securities purchased under resale agreements  |      | L&R                   | 19,872,247           | -                | -                   | -        | 19,872,247            | AC       |
| Derivative financial instruments  |      | HFT                   | 1,618,823            | -                | -                   | -        | 1,618,823             | FVTPL    |
| Financial assets recognized through profit or loss  |      | HFT                   | 8,596,548            | 3,459,621        | -                   | -        | 12,056,169            | FVTPL    |
| From: AFS   | A    |                       |                      | 3,626,484        |                     |          |                       |          |
| To: AC  | B    |                       |                      | (166,863)        |                     |          |                       |          |
| Financial assets at amortized cost  |      | L&R                   | 1,194,294,394        | -                | (10,771,427)        | -        | 1,183,522,967         | AC       |
| - Loans and advances  |      |                       |                      | 523,266,803      | (1,039,648)         | -        | 522,227,155           | AC       |
| - Debt instruments  |      |                       |                      | -                | -                   | -        | -                     |          |
| From: FVTPL   | B    |                       |                      | 166,863          |                     |          |                       |          |
| From: L&R   | C    |                       |                      | 214,349,624      |                     |          |                       |          |
| From: HTM   | D    |                       |                      | 308,750,317      |                     |          |                       |          |
| Financial investments - Loans and receivables   |      | L&R                   | 214,349,624          | (214,349,624)    | -                   | -        | -                     |          |
| To: AC  | C    |                       |                      | (214,349,624)    |                     |          |                       |          |
| Financial investments - Held to maturity  |      | HTM                   | 308,750,317          | (308,750,317)    | -                   | -        | -                     |          |
| To: AC  | D    |                       |                      | (308,750,317)    |                     |          |                       |          |
| Financial assets - measured at fair value through other comprehensive income / Available for sale |      |                       | -                    | 18,925,808       | -                   | -        | 18,925,808            | FVTOCI   |
| From: AFS   | E    |                       |                      | 18,925,808       |                     |          |                       |          |
| Financial investments - Available for sale  |      | AFS                   | 22,552,292           | (22,552,292)     | -                   | -        | -                     |          |
| To: FVTPL   | A    |                       |                      | (3,626,484)      |                     |          |                       |          |
| To: FVTOCI  | E    |                       |                      | (18,925,808)     |                     |          |                       |          |
| <b>Non financial assets</b>   |      |                       |                      |                  |                     |          |                       |          |
| Investment in Subsidiary companies  |      | N/A                   | -                    | -                | -                   | -        | -                     | N/A      |
| Investment in Associate companies   |      | N/A                   | 446,793              | -                | -                   | -        | 446,793               | N/A      |
| Investment properties   |      | N/A                   | 123,773              | -                | -                   | -        | 123,773               | N/A      |
| Property, plant and equipment   |      | N/A                   | 36,608,919           | -                | -                   | -        | 36,608,919            | N/A      |
| Leasehold properties  |      | N/A                   | 134,441              | -                | -                   | -        | 134,441               | N/A      |
| Intangible assets   |      | N/A                   | 1,074,436            | -                | -                   | -        | 1,074,436             | N/A      |
| Deferred tax assets   |      | N/A                   | 8,621                | -                | -                   | -        | 8,621                 | N/A      |
| Other assets  |      | N/A                   | 38,964,979           | -                | -                   | -        | 38,964,979            | N/A      |
| <b>Total assets</b>   |      |                       | <b>1,999,410,183</b> | <b>-</b>         | <b>(11,822,925)</b> | <b>-</b> | <b>1,987,587,258</b>  |          |
| <b>Financial liabilities</b>  |      |                       |                      |                  |                     |          |                       |          |
| Due to banks  |      | AC                    | 2,194,266            | -                | -                   | -        | 2,194,266             | AC       |
| Securities sold under repurchase agreements   |      | AC                    | 44,628,686           | -                | -                   | -        | 44,628,686            | AC       |
| Derivative financial instruments  |      | HFT                   | 70,715               | -                | -                   | -        | 70,715                | FVTPL    |
| Financial liabilities at amortized cost   |      |                       |                      |                  |                     |          |                       |          |
| - due to depositors   |      | AC                    | 1,566,376,418        | -                | -                   | -        | 1,566,376,418         | AC       |
| - due to debt securities holders  |      | AC                    | -                    | -                | -                   | -        | -                     | AC       |
| - due to other borrowers  |      | AC                    | 184,330,181          | -                | -                   | -        | 184,330,181           | AC       |
| Debt securities issued  |      | AC                    | 5,667,514            | -                | -                   | -        | 5,667,514             | AC       |
| Subordinated liabilities  |      | AC                    | 42,226,067           | -                | -                   | -        | 42,226,067            | AC       |
| <b>Non financial liabilities</b>  |      |                       |                      |                  |                     |          |                       |          |
| Current tax liabilities   |      | N/A                   | 2,051,020            | -                | -                   | -        | 2,051,020             | N/A      |
| Deferred tax liabilities  |      | N/A                   | 8,625,219            | -                | (3,648,954)         | -        | 4,976,265             | N/A      |
| Insurance provision - Life  |      | N/A                   | 547,026              | -                | -                   | -        | 547,026               | N/A      |
| Insurance provision - Non life  |      | N/A                   | 430,093              | -                | -                   | -        | 430,093               | N/A      |
| Other liabilities   |      | N/A                   | 19,936,478           | -                | -                   | -        | 19,936,478            | N/A      |
| <b>Total liabilities</b>  |      |                       | <b>1,877,083,683</b> | <b>-</b>         | <b>(3,648,954)</b>  | <b>-</b> | <b>1,873,434,729</b>  |          |
| <b>Equity</b>   |      |                       |                      |                  |                     |          |                       |          |
| Share capital   |      | N/A                   | 20,000,000           | -                | -                   | -        | 20,000,000            | N/A      |
| Permanent reserve fund  |      | N/A                   | 10,427,000           | -                | -                   | -        | 10,427,000            | N/A      |
| OCI reserve   |      | N/A                   | -                    | 3,583,746        | -                   | -        | 3,583,746             | N/A      |
| From: AFS reserve   | E    |                       |                      | 3,583,746        |                     |          |                       |          |
| Available for sale reserve  |      | N/A                   | 4,760,616            | (4,760,616)      | -                   | -        | -                     | N/A      |
| To: OCI reserve   | E    |                       |                      | (3,583,746)      |                     |          |                       |          |
| To: Retained earnings   | A    |                       |                      | (1,176,870)      |                     |          |                       |          |
| Retained earnings   |      | N/A                   | 65,100,871           | 1,176,870        | (7,974,866)         | -        | 58,302,875            | N/A      |
| From: AFS reserve   | A    |                       |                      | 1,176,870        |                     |          |                       |          |
| Other reserves  |      | N/A                   | 21,110,638           | -                | -                   | -        | 21,110,638            | N/A      |
| Non controlling interest  |      | N/A                   | 927,375              | -                | (199,105)           | -        | 728,270               | N/A      |
| <b>Total equity</b>   |      |                       | <b>122,326,500</b>   | <b>-</b>         | <b>(8,173,971)</b>  | <b>-</b> | <b>114,152,529</b>    |          |
| <b>Total liabilities and equity</b>   |      |                       | <b>1,999,410,183</b> | <b>-</b>         | <b>(11,822,925)</b> | <b>-</b> | <b>1,987,587,258</b>  |          |

L&R - Loans & Receivables, HFT - Held for Trading, AFS - Available for Sale, HTM - Held to Maturity, AC - Amortised cost, FVTPL - Fair value through P&L, FVTOCI - Fair Value through Other Comprehensive Income, N/A - Not Applicable.

**TRANSITION DISCLOSURES *Contd.***

- A. Investments in unit trusts previously classified under available for sale category have been reclassified under financial assets fair value through profit or loss since the unit trusts are not met the "Solely Payments of Principal and Interest" (SPPI) criterion. Accordingly, fair value gain recognised through mark to market of unit trust so far under AFS reserve was transferred to retained earnings.
- B. Financial investments in sovereign bond previously classified as held for trading have been reclassified as debt instruments at amortised cost in line with change in the business model. These instruments met the "Solely Payments of Principal and Interest" (SPPI) criterion and they were held with the intention to collect contractual cash flows.
- C/D. Financial assets previously classified as financial investments - loans and receivables and financial investments - held to maturity have been reclassified as debt instruments at amortised cost. These instruments met the "Solely Payments of Principal and Interest" (SPPI) criterion and they were held with the intention to collect contractual cash flows and without the intention to sell.
- E. Financial assets previously classified under available for sale category have been reclassified as financial assets fair value through other comprehensive income (FVOCI). Accordingly, mark to market gain recognised under AFS reserve was transferred to OCI reserve.