



AMÃNA BANK PLC (PB 3618 PQ)

FINANCIAL STATEMENTS

31 DECEMBER 2020

AMĀNA BANK PLC (PB 3618 PQ)

STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 31 DECEMBER 2020

	RUPEES IN THOUSANDS			RUPEES IN THOUSANDS		
	FOR THE YEAR ENDED 31 DECEMBER		Change %	FOR THE QUARTER ENDED 31 DECEMBER		Change %
	2020 (AUDITED)	2019 (AUDITED)		2020 (AUDITED)	2019 (AUDITED)	
Financing Income	7,211,643	7,709,286	(6%)	1,946,673	1,970,996	(1%)
Financing Expenses	(3,757,313)	(4,544,371)	(17%)	(816,681)	(1,232,221)	(34%)
Net Financing Income	3,454,330	3,164,916	9%	1,129,992	738,775	53%
Net Fee and Commission Income	328,563	329,041	(0%)	129,553	104,175	24%
Net Trading Income	444,376	738,397	(40%)	109,707	171,489	(36%)
Net Gains / (Losses) from Financial Investments at Fair Value Through Profit or Loss	3,261	4,863	(33%)	5,078	(1,823)	(379%)
Net Gains / (Losses) from Derecognition of Financial Assets	929	11,151	(92%)	591	11,668	(95%)
Net Other Operating Income	2,302	8,251	(72%)	4	1,057	(100%)
Total Operating Income	4,233,761	4,256,618	(1%)	1,374,925	1,025,341	34%
Impairment Reveal / (Charge) for Financing and Receivables to Other Customers and Other Losses						
Impairment Charges	(513,727)	(288,929)	78%	(222,686)	4,130	(5,492%)
Net Operating Income	3,720,034	3,967,690	(6%)	1,152,238	1,029,471	12%
Personnel Expenses	1,446,138	1,381,446	5%	365,154	353,931	3%
Depreciation and Amortisation of Property, Plant, Equipment and Right-of-Use Assets	351,552	307,221	14%	91,514	177,781	(49%)
Other Operating Expenses	767,728	902,349	(15%)	159,329	108,365	47%
Total Operating Expenses	2,565,418	2,591,016	(1%)	615,997	640,077	(4%)
Operating Profit Before Value Added Tax, Nation Building Tax & Debt Repayment Levy	1,154,616	1,376,674	(16%)	536,241	389,394	38%
Value Added Tax on Financial Services, Nation Building Tax & Debt Repayment Levy	(393,167)	(531,826)	(26%)	(164,185)	(143,188)	15%
Profit Before Tax	761,449	844,848	(10%)	372,056	246,206	51%
Tax Expenses	(297,753)	(383,917)	(22%)	(158,723)	(216,297)	(27%)
Profit for the Period	463,696	460,931	1%	213,333	29,909	613%
Earnings Per Share - Basic / Diluted (in LKR)	0.18	0.18	1%	0.09	0.01	641%

AMANA BANK PLC (PB 3618 PQ)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	RUPEES IN THOUSANDS			RUPEES IN THOUSANDS		
	FOR THE YEAR ENDED 31 DECEMBER		Change %	FOR THE QUARTER ENDED 31 DECEMBER		Change %
	2020 (AUDITED)	2019 (AUDITED)		2020 (AUDITED)	2019 (AUDITED)	
Profit for the Period	463,696	460,931	1%	213,333	29,909	613%
Other Comprehensive Income/(Loss)						
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:						
Financial Assets - Fair Value through Other Comprehensive Income:						
Net Gain / (Loss) on Financial Assets - Fair Value through Other Comprehensive Income	145,850	(40,514)	(460%)	21,608	5,402	300%
	145,850	(40,514)	(460%)	21,608	5,402	300%
Re-measurement Gain / (Loss) on Defined Benefit Plans	6,063	11,527	(47%)	6,063	11,527	47%
Deferred Tax Effect on Defined Benefit Plans	(1,698)	(3,228)	47%	(1,698)	(3,228)	47%
	4,365	8,300	47%	4,365	8,300	47%
Net Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:	150,215	(32,214)	(566%)	25,973	13,702	90%
Other Comprehensive Income / (Loss) for the Period Net of Tax	150,215	(32,214)	(566%)	25,973	13,702	90%
Total Comprehensive Income for the Period	613,911	428,717	43%	239,306	43,611	449%

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	RUPEES IN THOUSANDS		Change %
	AS AT 31.12.2020 (AUDITED)	AS AT 31.12.2019 (AUDITED)	
Assets			
Cash and Cash Equivalents	6,859,970	10,067,003	(32%)
Balances with Central Bank of Sri Lanka	11,410,471	3,448,797	231%
Placements with Banks	11,580,357	10,625,183	9%
Placements with Licensed Finance Companies	3,108,069	12,053	25,686%
Derivative Financial Assets	228,515	226,092	1%
Financial Assets Designated at Fair Value through Profit or Loss	55,922	72,789	(23%)
Financial Assets at Amortised Cost - Financing and Receivables to Other Customers	62,566,964	57,716,961	8%
Financial Assets Measured at Fair Value through Other Comprehensive Income	291,991	146,142	100%
Other Assets - Financial	1,048,477	888,381	18%
Property, Plant, Equipment And Right-Of-Use Assets	2,354,608	2,505,901	(6%)
Intangible Assets	257,240	237,075	9%
Other Assets - Non Financial	409,783	633,193	(35%)
Total Assets	100,172,367	86,579,570	16%
Liabilities			
Due to Banks	311,087	1,103,041	(72%)
Derivative Financial Liabilities	111,882	56,479	98%
Financial Liabilities at Amortised Cost - Due to Depositors	83,554,241	71,614,753	17%
Other Liabilities - Financial	2,944,168	1,110,538	165%
Current Tax Liabilities	420,491	402,512	4%
Dividend Payable	6,526	6,891	(5%)
Deferred Tax Liability	70,266	194,315	(64%)
Retirement Benefit Liability	170,664	144,988	18%
Other Liabilities - Non Financial	115,764	92,486	25%
Total Liabilities	87,705,089	74,726,002	17%
Shareholders' Funds			
Stated Capital	10,819,561	10,619,450	2%
Statutory Reserve Fund	116,457	93,273	25%
Revaluation Reserve	817,458	818,544	(0%)
Fair Value Reserve	44,880	(100,970)	(144%)
Retained Earnings	668,922	423,270	58%
Total Equity	12,467,278	11,853,568	5%
Total Liabilities and Shareholders' Funds	100,172,367	86,579,570	16%
Net Asset Value per Ordinary Share	4.79	4.74	
Commitments and Contingencies	65,337,220	54,012,977	
Memorandum Information			
Number of Employees	869	901	
Number of Branches	32	31	

CERTIFICATION:

I certify that these Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

Sgd

M. Ali Wahid

Chief Financial Officer

20 February 2021

We, the undersigned, being the Chief Executive Officer, Chairman and Director of Amana Bank PLC certify jointly that:-

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka and Rule Colombo Stock Exchange.

(b) the information contained in these statements have been extracted from the audited Financial Statements of the Bank.

Sgd

Mohamed Azmeer

Chief Executive Officer

20 February 2021

Sgd

Ali Asghar Akbarally

Chairman

20 February 2021

Sgd

Tishan Subasinghe

Director

20 February 2021

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

RUPEES IN THOUSANDS

	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total (AUDITED)
As at 1 January 2019	10,619,450	70,226	819,631	(60,456)	185,249	11,634,100
Impact of Adopting SLFRS 16	-	-	-	-	(9,138)	(9,138)
Restated Opening Balance	10,619,450	70,226	819,631	(60,456)	176,111	11,624,962
Interim Dividend 2019	-	-	-	-	(200,111)	(200,112)
Profit for the year ended ended 31.12.2019	-	-	-	-	460,931	460,931
Other Comprehensive Income for the year ended ended 31.12.2019	-	-	-	(40,514)	8,300	(32,215)
Transfers to Statutory Reserve Fund	-	23,047	-	-	(23,047)	-
Transferred to Retained Earnings	-	-	(1,086)	-	1,086	-
As at 31 December 2019 (Audited)	10,619,450	93,273	818,545	(100,970)	423,270	11,853,566
Scrip Dividend - 2020	200,111	-	-	-	(200,111)	-
Share Issue Expenses	-	-	-	-	(200)	(200)
Profit for the year ended ended 31.12.2020	-	-	-	-	463,696	463,696
Other Comprehensive Income for the year ended ended 31.12.2020	-	-	-	145,850	4,365	150,215
Transfers to Statutory Reserve Fund	-	23,185	-	-	(23,185)	-
Transferred to Retained Earnings	-	-	(1,086)	-	1,086	-
As at 31 December 2020 (Audited)	10,819,561	116,457	817,458	44,880	668,922	12,467,277

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	RUPEES IN THOUSANDS	
	2020 (AUDITED)	2019 (AUDITED)
Cash Flows from Operating Activities		
Financing Income Received	7,211,643	7,160,434
Fees and Commission Received	50,076	329,041
Financing Expenses Paid	(3,977,768)	(4,499,462)
Foreign Exchange Income Received	497,356	737,306
Gratuity Payments Made	(5,664)	(14,710)
Payments to Employees and Suppliers	(2,590,103)	(2,732,597)
Operating Profit/(Loss) before Changes in Operating Assets and Liabilities	1,185,540	980,011
(Increase) / Decrease in Operating Assets		
Financing and Receivable to Other Customers	(5,363,730)	(4,813,177)
Other Financial Assets	(63,080)	(204,658)
Other Non Financial Assets	223,410	(251,142)
Statutory Deposit	(7,961,673)	94,647
Increase / (Decrease) in Operating Liabilities		
Due to Other Customers	12,199,264	9,804,054
Due to Banks	864,852	(107,800)
Other Liabilities	(223,939)	(1,316,928)
Net Cash Flow from Operating Activities before Income Tax	860,644	4,185,008
Income Tax Paid	(198,638)	(345,689)
Net Cash From / (Used In) Operating Activities	662,006	3,839,319
Cash Flows From/(Used In) Investing Activities		
Acquisition of Property, Plant & Equipment	(29,131)	(156,048)
Proceeds from Sale of Property, Plant and Equipment	-	965
Acquisition of Intangible Assets	(90,540)	(49,789)
Investments in Placements with Banks	(2,960,869)	(1,177,298)
Investments in Placements with Licensed Finance Companies	(810,905)	2,403,218
Financial Assets Recognised through Profit or Loss - Measured at Fair Value	2,302	57,565
Dividend Received from Financial Assets	20,128	7,431
Net Cash From / (Used In) Investing Activities	(3,869,015)	1,086,044
Cash Flows From / (Used In) Financing Activities		
Share Issue Expenses	(200)	-
Dividend Paid	(365)	(196,782)
Net Cash From / (Used In) Financing Activities	(565)	(196,782)
Net Increase / (Decrease) in Cash and Cash Equivalents	(3,207,574)	4,728,581
Cash and Cash Equivalents at the Beginning of the Year	10,068,031	5,339,450
Cash and Cash Equivalents at the End of the Period - Gross of Allowance for Impairment Losses	6,860,456	10,068,031

**CASH AND CASH EQUIVALENTS
FOR THE PERIOD ENDED 30 SEPTEMBER**

	2020 (AUDITED)	2019 (AUDITED)
Cash in Hand	3,786,665	2,378,960
Balances with Banks	3,073,791	7,689,071
	6,860,456	10,068,031
Less: Allowance for Impairment Losses	(486)	(1,359)
Total	6,859,970	10,066,671

01. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies stated in the Annual Financial Statements describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in SLFRS 9 and by headings of the Statement of Financial Position.

RUPEES IN THOUSANDS

FINANCIAL ASSETS	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTIZED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL AS AT 31.12.2020 (AUDITED)
Cash and Cash Equivalents	-	6,859,970	-	6,859,970
Balances with Central Bank of Sri Lanka	-	11,410,471	-	11,410,471
Placements with Banks	-	11,580,357	-	11,580,357
Placements with Licensed Finance Companies	-	3,108,069	-	3,108,069
Derivative Financial Assets	228,515	-	-	228,515
Financial Assets Designated at Fair Value through Profit or Loss	55,922	-	-	55,922
Financial Assets at Amortised Cost - Financing and Receivables to Other Customers	-	62,566,964	-	62,566,964
Financial Assets measured at Fair Value through Other Comprehensive Income	-	-	291,991	291,991
Other Assets - Financial	-	1,048,477	-	1,048,477
Total Financial Assets	284,437	96,574,308	291,991	97,150,736
Financial Liabilities				
Due to Banks	-	311,087	-	311,087
Derivative Financial Liabilities	111,882	-	-	111,882
Financial Liabilities at Amortised Cost - Due to Depositors	-	83,554,241	-	83,554,241
Other Liabilities - Financial	-	2,944,168	-	2,944,168
Total Financial Liabilities	111,882	86,809,496	-	86,921,378

FINANCIAL ASSETS	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTIZED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL AS AT 31.12.2019 (AUDITED)
Cash and Cash Equivalents	-	10,067,003	-	10,067,003
Balances with Central Bank of Sri Lanka	-	3,448,797	-	3,448,797
Placements with Banks	-	10,625,183	-	10,625,183
Placements with Licensed Finance Companies	-	12,053	-	12,053
Derivative Financial Assets	226,092	-	-	226,092
Financial Assets Designated at Fair Value through Profit or Loss	72,789	-	-	72,789
Financial Assets at Amortised Cost - Financing and Receivables to Other Customers	-	57,716,961	-	57,716,961
Financial Assets measured at Fair Value through Other Comprehensive Income	-	-	146,142	146,142
Other Assets - Financial	-	888,381	-	888,381
Total Financial Assets	298,881	82,758,379	146,142	83,203,401
Financial Liabilities				
Due to Banks	-	1,103,041	-	1,103,041
Derivative Financial Liabilities	56,479	-	-	56,479
Financial Liabilities at Amortised Cost - Due to Depositors	-	71,614,753	-	71,614,753
Other Liabilities - Financial	-	1,110,538	-	1,110,538
Total Financial Liabilities	56,479	73,828,332	-	73,884,811

02. FINANCING AND RECEIVABLES TO OTHER CUSTOMERS

ANALYSIS OF FINANCING AND RECEIVABLES TO OTHER CUSTOMERS

RUPEES IN THOUSANDS

	31.12.2020 (AUDITED)	31.12.2019 (AUDITED)
Gross Financing and Receivables to Other Customers		
Stage 1	51,324,559	48,685,703
Stage 2	10,132,406	8,059,899
Stage 3	2,801,546	2,267,684
	64,258,511	59,013,286
Accumulated Impairment		
Stage 1	(353,622)	(259,252)
Stage 2	(635,181)	(441,748)
Stage 3	(702,743)	(595,324)
Net Financing and Receivables	62,566,964	57,716,961

ANALYSIS OF FINANCING AND RECEIVABLES TO OTHER CUSTOMERS - (Contd...)

03. FINANCING AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	RUPEES IN THOUSANDS	
	31.12.2020 (AUDITED)	31.12.2019 (AUDITED)
By Product - Domestic Currency		
Overdraft	4,617,779	5,473,786
Trade Finance	860,260	1,648,215
Lease Receivables	5,834,358	6,517,989
Staff Facilities	703,573	627,746
Term Financing	39,822,650	34,515,166
Gold Facilities	5,821,825	4,023,756
Others	1,396,739	597,182
Sub Total	59,057,183	53,403,840
By Product - Foreign Currency		
Overdraft	18,700	16,337
Term Financing	4,530,856	5,214,133
Trade Finance	46,364	9,396
Others	605,407	369,581
Sub Total	5,201,327	5,609,446
Total	64,258,511	59,013,286

04. MOVEMENTS IN INDIVIDUAL AND COLLECTIVE IMPAIRMENT DURING THE PERIOD FOR FINANCING AND RECEIVABLES TO OTHER CUSTOMERS

A reconciliation of the allowance for impairment losses for Financing and Receivables to Other Customers, under SLFRS 9 is as follows:

	RUPEES IN THOUSANDS			
	STAGE 1	STAGE 2	STAGE 3	TOTAL IMPAIRMENT (AUDITED)
ECL allowance as at 1 January 2020 under SLFRS 9	259,252	441,748	595,324	1,296,325
Charge/(Write Back) for the year	94,371	193,433	226,746	514,549
Amounts written off	-	-	(119,328)	(119,328)
As at 31 December 2020	353,622	635,181	702,743	1,691,546

	RUPEES IN THOUSANDS			
	STAGE 1	STAGE 2	STAGE 3	TOTAL IMPAIRMENT (AUDITED)
ECL allowance as at 1 January 2019 under SLFRS 9	254,293	299,784	498,527	1,052,603
Charge/(Write Back) for the year	4,959	141,965	140,510	287,434
Amounts written off	-	-	(43,713)	(43,713)
As at 31 December 2019	259,252	441,748	595,324	1,296,325

05. DUE TO OTHER CUSTOMERS - BY PRODUCT

ANALYSIS OF DEPOSITS

	RUPEES IN THOUSANDS	
	31.12.2020 (AUDITED)	31.12.2019 (AUDITED)
By Product - Domestic Currency		
Demand Deposits	5,165,550	3,646,295
Savings Deposits	30,120,780	22,599,993
Time Deposits	40,012,777	37,437,957
Sub Total	75,299,108	63,684,246
By Product - Foreign Currency		
Demand Deposits	276,919	134,617
Savings Deposits	2,214,042	1,700,947
Time Deposits	5,764,172	6,094,945
Sub Total	8,255,133	7,930,507
Total	83,554,241	71,614,753

06. SELECTED PERFORMANCE INDICATORS (As per Regulatory Reporting)

	AS AT 31.12.2020 (AUDITED)	AS AT 31.12.2019 (AUDITED)
Regulatory Capital (LKR '000)		
Common Equity Tier 1 *	11,209,393	10,782,015
Tier 1 Capital	11,209,393	10,782,015
Total Capital	12,450,876	11,833,327
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement 7%)	15.6%	15.4%
Tier I Capital Ratio (Minimum Requirement 8.5%)	15.6%	15.4%
Total Capital Ratio (Minimum Requirement 12.5%)	17.4%	16.9%
Leverage Ratio % (Minimum Requirement 3%)	8.0%	9.66%
Assets Quality (Quality of Financing and Advance Portfolio)		
Gross Non-Performing Financing and Advances Ratio, % (Net of Profit in Suspense)	4.0%	3.7%
Net Non-Performing Financing and Advances Ratio, % (Net of Profit in Suspense and Provisions)	1.4%	1.5%
Profitability		
Financing Margin (%)	3.7%	3.9%
Return on Assets (Before Tax)	0.8%	1.0%
Return on Equity	3.8%	3.9%
Regulatory Liquidity		
Statutory Liquid Assets		
- Domestic Banking Unit, Rs. (LKR in Millions)	19,441	19,818
- Foreign Currency Banking Unit, USD '000	2,524	1,310
Statutory Liquid Assets Ratio % (Minimum Requirement 20%)		
- Domestic Banking Unit	23.3%	27.7%
- Off-Shore Banking Unit	25.1%	38.0%
Total Stock of High Quality Liquid Assets (LKR in Millions)	14,530	3,304
Liquidity Coverage Ratio (%) (Minimum Requirement 90%)		
- Rupee (%)	483.0%	142.9%
- All Currency (%)	340.3%	110.0%
Net Stable Funding Ratio (%) (Minimum Requirement 90%)	205.7%	183.8%

* This represents Common Equity Tier 1 (CET1) Capital after applicable adjustments. The CET1 Capital before adjustments is as follows:

- 2020 (LKR '000)	11,641,786
- 2019 (LKR '000)	11,054,858

07. SEGMENT INFORMATION

The following table presents information on total income, profit, total assets and liabilities regarding the Bank's operating segments.

FOR THE PERIOD ENDED 31 DECEMBER 2020	CONSUMER BANKING	BUSINESS BANKING	TOTAL BANKING	TREASURY	RUPEES IN THOUSANDS	
					UNALLOCATED / ELIMINATION	TOTAL (AUDITED)
Income						
Financing Income	2,066,028	3,977,079	6,043,107	1,168,537	-	7,211,643
Net Fee and Commission Income	169,887	137,668	307,555	6,365	14,643	328,563
Net Trading Gain	-	-	-	444,376	-	444,376
Net Gains / (Losses) from Financial Investments at Fair Value Through Profit or Loss	-	-	-	3,261	-	3,261
Net Gains / (Losses) from Derecognition of Financial Assets	-	-	-	929	-	929
Other Operating Income	-	-	-	2,302	-	2,302
Total Income	2,235,914	4,114,747	6,350,661	1,625,770	14,643	7,991,074
Less						
Financing Expenses			(3,708,293)	(9,699)	(39,322)	(3,757,313)
Impairment On Financial Assets			(514,295)	569	-	(513,727)
Operating Expenses			(1,796,685)	(739,166)	(29,567)	(2,565,418)
Operating Profit Before VAT on FS & NBT			331,388	877,474	(54,245)	1,154,617
VAT on FS & NBT						(393,167)
Profit Before Tax						761,449
Tax Expenses						(297,753)
Profit After Tax						463,696
Total Assets	17,774,381	44,792,583	62,566,964	22,123,714	15,481,689	100,172,367
Total Liabilities	73,107,326	10,457,965	83,565,291	411,919	3,727,879	87,705,089

FOR THE PERIOD ENDED 31 DECEMBER 2019	CONSUMER BANKING	BUSINESS BANKING	TOTAL BANKING	TREASURY	RUPEES IN THOUSANDS	
					UNALLOCATED / ELIMINATION	TOTAL (AUDITED)
Income						
Financing Income	2,245,667	4,844,792	7,090,459	579,511	39,317	7,709,286
Net Fee and Commission Income	169,497	150,607	320,104	6,689	2,248	329,041
Net Trading Income	-	-	-	738,397	-	738,397
Net Gains / (Losses) from Financial Investments at Fair Value Through Profit or Loss	-	-	-	4,863	-	4,863
Net Gains / (Losses) from Derecognition of Financial Assets	-	-	-	11,151	-	11,151
Net Other Operating Income	-	-	-	7,431	820	8,251
Total Income	2,415,164	4,995,399	7,410,563	1,348,042	42,385	8,800,990
Less						
Financing Expenses			(4,469,122)	(31,504)	(43,744)	(4,544,371)
Impairment On Financial Assets			(288,929)	-	-	(288,929)
Operating Expenses			(1,814,613)	(746,541)	(29,862)	(2,591,016)
Operating Profit Before VAT on FS, NBT & DRL			837,900	569,996	(31,221)	1,376,674
VAT on FS, NBT & DRL						(531,826)
Profit Before Tax						844,848
Tax Expenses						(383,917)
Profit After Tax						460,931
Total Assets	16,601,515	41,115,446	57,716,961	21,149,262	7,713,347	86,579,570
Total Liabilities	63,056,531	8,558,222	71,614,753	1,103,041	2,008,208	74,726,002

1. These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting and present information required by Listing Rules of Colombo Stock Exchange.
2. The interim condensed Financial Statements do not include all the information and disclosure required in the Annual Financial Statements, and should be read in conjunction with Annual Financial Statements as at 31 December 2020.
3. The accounting policies adopted in the presentation of the interim condensed Financial Statements are consistent with those followed in the preparation of the Bank's Annual Financial Statements for the year ended 31 December 2020.
4. There are no material events that took place after the Statement of Financial Position date which require adjustment to or disclosures in the Financial Statements other than the following:
5. The Covid-19 pandemic severely impacted countries around the globe, compelling many advanced and emerging economies to adopt various policy measures to mitigate the adversities whilst being resilient to external shocks. During these uncertain times, the Bank proactively undertook comprehensive stress testing to assess the impact of the Covid-19 pandemic. Such analyses were carried out and reported to the relevant committees on a more regular basis during the peak of the pandemic as the external environment remained turbulent.

The Bank offered moratoria to its customers based on various Circulars issued by CBSL to provide relief to customers affected by the impact of Covid-19. Repayment of credit facilities were deferred for a period of upto 6 months as the Bank approved moratoria requests totalling to almost 50% of the overall financing portfolio.

In terms of liquidity, the Bank ensured that it maintained adequate funds over and above the minimum requirement mandated by CBSL to meet regulatory as well as customer requirements after the outbreak of Covid-19 in the country. The CBSL intervened in a timely manner to assist the Banking industry by adopting various extraordinary measures to maintain and enhance the stability of banks and other financial institutions. The changes in liquidity measures and the effect of moratoria were factored into the Bank's stress testing analysis on liquidity, earnings & capital adequacy all of which remained healthy and well above the minimum requirement where applicable, as the Bank stood resilient in the face of the challenges posed by the Covid-19 pandemic. The Bank will continue to be vigilant of the external developments and implement suitable strategies to sustain its level of performance.

The impact of Covid-19 has necessitated changes to the existing approach of computing ECL for the financing portfolio of the Bank. The Management has adopted prudent measures under multiple scenario analysis by applying a higher weightage to the worst case scenario with a corresponding decrease in the best case category after taking into consideration the changes in the macro-economic indicators which have deteriorated due to the current crisis. Additionally, the Bank has further increased the weightage on the worst case scenario by way of management overlay to increase the buffer for expected credit losses and absorb any shocks from the external environment. The same was reduced from the best case scenario due to adverse market conditions resulting from the Covid-19 pandemic.

The Bank also analysed its portfolio based on sectors and special emphasis has been placed on those sectors which are most susceptible to the effects of Covid-19 by establishing additional credit buffers to withstand any adverse impact to the cashflow generating ability of such customers. Based on potential risk, the Bank proactively downgraded customers in such sectors from Stage 1 to Stage 2 when computing ECL, significantly enhancing the impairment provision.

The above measures led to the increase in the Economic Factor Adjustment and thereby an increase in impairment charge of financial assets for the financial year ended 31 December 2020. The Management is of the view that sufficient buffers are in place to effectively mitigate any risks arising from potential credit losses.

6. Comparative figures have been restated wherever necessary to conform to the current periods presentation.
7. There has not been a significant change in the nature of the contingent liabilities as disclosed in the Annual Report of 2020
8. Market Price of Ordinary Shares (the Bank listed its ordinary shares on the Colombo Stock Exchange on 29 January 2014) :

	2020 LKR	2019 LKR
Market Price as at 31 December	3.40	2.30
Highest Market Price during the quarter ended 31 December	4.10	2.70
Lowest Market Price during the quarter ended 31 December	2.90	2.30

9. Twenty Largest Shareholders as at 31 December 2020

No	Name of Shareholder	No. of Shares	%
1	IB Growth Fund (Labuan) LLP	615,242,015	23.65
2	Mr. Hossain Ahmed Ismail	259,884,351	9.99
3	Mr. Mohamed Haji Omar	232,273,931	8.93
4	Bank Islam Malaysia Berhad	187,784,491	7.22
5	AB Bank Limited	187,784,490	7.22
6	Islamic Development Bank(ISDB)	164,384,227	6.32
7	Akbar Brothers (Pvt) Ltd	164,054,018	6.31
8	Mr. Farook Kassim	104,021,227	4.00
9	Millennium Capital Investments (Pte) Ltd	72,946,123	2.80
10	Mr. Osman Kassim jointly with Mrs. K. Kassim	63,000,000	2.42
11	Mr. Shafik Kassim	62,303,953	2.39
12	Mr. Sattar Kassim	60,196,786	2.31
13	Hatton National Bank PLC/Almas Organisation(Pvt) Ltd	42,008,278	1.61
14	Mr. Nagi Saleh Mohammed Al Faqih	38,879,983	1.49
15	Mr. Sathiyamurthy Chandramohan	31,199,999	1.20
16	Hatton National Bank PLC/Carlines Holdings (Pvt) Ltd	23,625,691	0.91
17	Mr. Ahamed Mihilar Mohamed Fazal Jiffry	14,855,567	0.57
18	ABC International Limited	12,396,799	0.48
19	Mr. Abdul Majeed Mohamedu Risvi	8,938,404	0.34
20	Mrs. Nabila Qureshi	8,900,042	0.34
Sub total		2,354,680,375	90.51
Other Shareholders (Number of Shareholders 7,212)		246,765,780	9.49
Total		2,601,446,155	100.00

Percentage of Public Holding as at 31 December 2020

46.44%

Number of Shareholders

7,214

Float adjusted market capitalisation

Rs. 4.11 Bn

Bank complies with the minimum public holding requirement under option 4 as specified by rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange

10. Directors' and Chief Executive Officer's holding in shares as at 31 December 2020

Name	No. of Shares
Mr. Ali Asghar Akbarally	Nil
Mr. Rajiv Dvivedi	Nil
Mr. Dilshan Hettiaratchi	Nil
Mr. Aaron Russell-Davison	Nil
Mr. M Ataur Rahman Chowdhury	Nil
Mr. S M Asim Raza	Nil
Mr. K M P Bin Abdullah	Nil
Mr. Omar Farook Kassim	Nil
Mr. Paul Mercer	Nil
Mr. Tishan Subasinghe	Nil
Mr. Mohamed Adamaly	Nil
Mr. Mohamed Azmeer (Chief Executive Officer)	519,999