

**INDIAN BANK LIMITED - SRI LANKA BRANCH
COLOMBO 3**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH 2026**



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**INDEPENDENT AUDITOR'S REPORT
TO THE HEAD OFFICE MANAGEMENT OF INDIAN BANK LIMITED - SRI LANKA BRANCH**

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Indian Bank Limited - Sri Lanka Branch ("the Branch" or "the Bank"), which comprise the statement of financial position as at 31st March 2026, and the income statement and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policy information as set out on pages 06 to 39.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Branch as at 31st March 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 34 to the Financial Statements, which describes the effects of an adjustment in connection with the foreign currency translation differentials related to the previous financial year(s). Our opinion is not modified in respect of this matter.

Other Matter

The Financial Statements of the Branch for the year ended 31st March 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on 20th June 2025.

Other Information

The Branch management is responsible for the other information. The other information comprises the information included in the supplemental Basel 111 disclosures and other information but does not include the Financial Statements and our Auditor's Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially consistent with the Financial Statements, or our knowledge obtained in the audit or otherwise whether it appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.
F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law.
Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBMgt (Acc.) Sp.

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Responsibilities of Branch Management and Those Charged with Governance for the Financial Statements

The Branch management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Branch management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Branch management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Branch management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Branch management.
- conclude on the appropriateness of the Branch management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Branch management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Branch management with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit, and as far as it appears from our examination, proper accounting records have been kept by the Bank.

The Bank's financial position is in compliance with the provisions of the Banking Act No. 30 of 1988 and the Banking (Amendment) Act No. 24 of 2024 relating to the issuance of Financial Statements and disclosure provisions and we have not experienced any need to call for an explanation or obtain any information from any officer or agent of the Bank in relation to Section 39(2).

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

29th May 2026

TR/cc

INDIAN BANK LIMITED - SRI LANKA BRANCH
INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2026

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	Note	2026 LKR	2025 LKR
Gross Income	4	2,908,249,713	2,818,426,555
Interest income		2,662,421,305	2,652,148,430
Less: Interest expenses		(780,969,045)	(618,622,242)
Net interest income	5	1,881,452,260	2,033,526,188
Fee and commission income		221,419,815	155,872,899
Less: Fee and commission expenses		(5,869,497)	(4,064,502)
Net fee and commission income	6	215,550,318	151,808,397
Other operating income	7	24,408,593	10,405,225
Total operating income		2,121,411,171	2,195,739,810
Impairment charge for loans and advances	8	(237,931,058)	(33,823,394)
Net operating income		1,883,480,113	2,161,916,416
Personnel expenses	9	(127,614,333)	(149,908,318)
Depreciation and amortisation expenses	10	(27,213,000)	(25,714,917)
Other operating expenses	11	(133,155,155)	(198,104,058)
Operating profit before VAT and Other Taxes on financial services		1,595,497,625	1,788,189,123
VAT and Other Taxes on Financial Services	12	(280,783,912)	(172,817,294)
Operating profit after VAT and Other Taxes on financial services		1,314,713,713	1,615,371,829
Income tax provision	13	(313,988,796)	(207,749,791)
Profit for the year		1,000,724,918	1,407,622,038

The accounting policy information including a summary of material accounting policy information and notes on pages 06 to 39 form an integral part of these Financial Statements.



INDIAN BANK LIMITED - SRI LANKA BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2026

Page 2

	2026 LKR	2025 LKR
Profit for the year	1,000,724,918	1,407,622,038
Other comprehensive income not to be reclassified to profit or loss		
Re-measurement of post employment benefit obligation	(2,879)	(934,184)
Deferred tax impact on above	(864)	280,255
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(3,743)	(653,929)
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Gain / (loss) on re-measuring fair value through other comprehensive assets	5,341,094	5,170,889
Exchange gain/ (loss)	(165,090,876)	(501,705,682)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(159,749,782)	(496,534,793)
Other comprehensive income for the year	(159,753,525)	(497,188,722)
Total comprehensive income for the year	840,971,393	910,433,316

The accounting policy information including a summary of material accounting policy information and notes on pages 06 to 39 form an integral part of these Financial Statements.



INDIAN BANK LIMITED - SRI LANKA BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2026

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	Note	2026 LKR	2025 LKR
Assets			
Cash and cash equivalents	14	320,293,116	139,558,339
Balances with Central Bank of Sri Lanka	15	116,570,650	84,599,755
Placements with banks	16	31,729,804,820	18,949,600,146
Derivative financial assets	17	40,862,500	7,997,700
Loans and advances at amortised cost	18	11,947,114,542	16,487,326,427
Financial investments at fair value through other comprehensive income	19	24,266,642	18,925,548
Other financial assets at amortised cost	20	2,311,968,655	2,273,799,730
Property, plant and equipment	21	35,815,462	41,094,152
Deferred tax assets	22	7,254,095	6,299,922
Right-of-Use Assets	23	92,848,275	9,999,174
Other assets	24	2,253,514,297	174,368,602
Total assets		48,880,313,055	38,193,569,494
Liabilities			
Due to banks	25	8,435,069,170	6,675,831,510
Due to other customers	26	12,972,800,960	8,081,518,468
Derivative financial liabilities	17.1	-	-
Retirement benefit obligation	27	5,371,331	11,805,351
Current tax liability	28	188,124,302	379,035,868
Other liabilities	29	2,281,050,147	29,111,155
Lease creditor	22	96,607,015	13,565,311
Head office current account	30	421,070,219	408,577,780
Total liabilities		24,400,093,144	15,599,445,442
Equity			
Assigned capital	31	1,740,882,500	1,740,882,500
Statutory reserve fund	32	920,689,935	884,822,955
Retained earnings	33	15,583,972,692	14,619,118,497
Foreign currency translation reserve	34	6,150,643,720	5,270,610,130
Fair value reserve	35	19,260,862	13,919,768
ECL rserve	36	64,770,202	64,770,202
		24,480,219,911	22,594,124,052
		48,880,313,055	38,193,569,494
Commitments and contingencies	37	13,488,940,979	12,385,929,995
Memorandum Information			
No. of Employees		20	25
No. of Branches		2	2

The accounting policy information including a summary of material accounting policy information and notes on pages 06 to 39 form an integral part of these Financial Statements.

The Branch Management is responsible for the preparation and presentaion of these Financial Statements. The Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 pf 2007 and Central Bank of Sri Lanka regulations and guidelines.

Approved and Signed for and on behalf of the Branch Management.


.....
Compliance Officer


.....
Assistant General Manager

29th May 2026
Colombo


.....
Chief Executive Officer



INDIAN BANK LIMITED - SRI LANKA BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2026

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	Assigned capital LKR	Statutory reserve fund LKR	Fair value reserve LKR	Retained earnings LKR	Foreign currency translation reserve LKR	ECL Reserve LKR	Total LKR
Balance as at 31st March 2024	1,740,882,500	628,641,414	8,748,879	13,401,547,352	5,772,315,812	131,554,780	21,683,690,737
Profit for the year				1,407,622,038			1,407,622,038
Other comprehensive income			5,170,889	(653,929)	(501,705,682)		(497,188,722)
Total comprehensive income	1,740,882,500	628,641,414	13,919,768	14,808,515,461	5,270,610,130	131,554,780	22,594,124,053
Transfer to statutory reserve fund	-	256,181,541	-	(256,181,541)	-	-	-
Transfer to ECL reserve	-	-	-	66,784,578	-	(66,784,578)	-
Balance as at 31 March 2025	1,740,882,500	884,822,955	13,919,768	14,619,118,497	5,270,610,130	64,770,202	22,594,124,053
Balance as at 31st March 2025	1,740,882,500	884,822,955	13,919,768	14,619,118,497	5,270,610,130	64,770,202	22,594,124,053
Profit for the year	-	-	-	1,000,724,918	-	-	1,000,724,918
Transfer during the year	-	-	5,341,094	(3,743)	(165,090,876)	-	(159,753,525)
Total comprehensive income	1,740,882,500	884,822,955	19,260,862	15,619,839,672	5,105,519,254	64,770,202	23,435,095,446
Transfer to statutory reserve fund	-	35,866,980	-	(35,866,980)	-	-	-
Translation forex adjustment	-	-	-	-	1,045,124,466	-	1,045,124,466
Transfer to ECL reserve	-	-	-	-	-	-	-
Balance as at 31st March 2026	1,740,882,500	920,689,935	19,260,862	15,583,972,692	6,150,643,720	64,770,202	24,480,219,911

The accounting policy information including a summary of material accounting policy information and notes on pages 06 to 39 form an integral part of these Financial Statements.



INDIAN BANK LIMITED - SRI LANKA BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2026

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	Note	2026 LKR	2025 LKR
Cash flows from operating activities			
Profit before tax		1,314,713,713	1,615,371,829
Adjustments for:			
Non-cash items included in the profit before tax	38.1	53,544,929	277,444,485
Changes in operating assets	38.2	3,056,680,495	(63,435,878)
Changes in operating liabilities	38.3	8,902,459,144	4,871,476,851
Dividend income	6	2,740,955	(3,385,794)
Income tax/WHT and ESC paid	27	(583,973,117)	(901,840,787)
Financial service VAT paid	28.2	(185,262,043)	-
Operating lease rental paid	22.2	(22,624,065)	(19,830,600)
SSCL Paid		(18,470,687)	-
Gratuity paid	26	(8,472,664)	(4,980,330)
Net cash generated from/(used in) operating activities		<u>12,511,336,660</u>	<u>5,770,819,776</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(4,987,269)	(10,553,780)
Investment in financial assets at amortised cost	19	(38,168,925)	2,145,937,516
Investments in fair value through OCI assets	18	(5,341,094)	(4,648,080)
Dividends received	6	2,740,955	3,385,794
Exchange gain on currency conversion related to net investment in other financial assets at amortised cost		-	-
Net cash generated from/ (used in) investing activities		<u>(45,756,333)</u>	<u>2,134,121,450</u>
Cash flows from financing activities			
Assigned capital received from head office		-	-
Net cash generated from financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		12,465,580,327	7,904,941,226
Effect on exchange rate changes		(165,090,876)	(501,705,682)
Cash and cash equivalents at the beginning of the year		8,717,608,485	1,314,372,941
Cash and cash equivalents at the end of the year		<u>21,018,097,936</u>	<u>8,717,608,485</u>
Cash and cash equivalents at the end of the year			
Cash and cash equivalents	13	320,293,116	139,558,339
Placements with banks (maturity in three months)	15	20,697,804,820	8,578,050,146
		<u>21,018,097,936</u>	<u>8,717,608,485</u>

The accounting policy information including a summary of material accounting policy information and notes on pages 06 to 39 form an integral part of these Financial Statements.



1. REPORTING ENTITY

1.1 Domicile and Legal form

Indian Bank Limited - Sri Lanka Branch ("the Bank") is a licensed commercial bank regulated under the banking Act No. 30 of 1988 with amended banking Act No. 24 of 2024. Indian Bank Limited- Sri Lanka branch has been registered as a foreign branch in Sri Lanka as per the Company's Act. Indian Bank Limited is incorporated in India, headquartered in Chennai in India. Government of India owns nearly 74% of stake in the ownership of Indian Bank Limited. It operates two branches in Sri Lanka in Colombo and Jaffna.

The registered office and the principal place of business is at No.356, Galle Road, Colombo 03.

1.2 Principal activities and nature of operations

During the year, the principal activities of the bank are banking and related activities such as accepting deposits, personal banking, trade financing, off shore banking, resident and non resident foreign currency operations, money remittance facilities, dealing in government securities etc.

The Bank provides a comprehensive range of financial services encompassing personal, investment and private banking trade service.

2. GENERAL INFORMATION

2.1 Basis of preparation

Statement of compliance

The Financial Statements of the bank have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL).

The preparation and presentation of Financial Statements are also in compliance with the requirements of the Companies Act No. 07 of 2007 and requirements of Banking Act No.30 of 1988 with the amended Banking Act No.24 of 2024.

Authorisation of Financial Statements

The Financial Statements for the year ended 31st March 2026 were approved and authorised for issue by the management of the Bank on 29th May 2026.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position.

- i. Derivative assets and derivative liabilities held for risk management are measured at fair value.
- ii. The liability for defined benefit is recognised as the present value of the defined benefit gratuity obligation.
- iii. Financial assets available for sale are measured at fair value.

2.3 Functional and presentation currency

These Financial Statements are presented in Sri Lankan Rupees, which is the Bank's functional currency and has been rounded to the nearest Sri Lankan Rupee.

2.4 Presentation of Financial Statements

The assets and liabilities of the bank presented in its statement of financial position are grouped by nature and listed in order that reflects their relative liquidity and maturity pattern.

Each material class of similar items is presented separately in the Financial Statements. items of dissimilar nature or functions are presented separately, unless they are immaterial.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when legally there is an enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation.



2.5 Use of estimates and judgments

2.5.1 General

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The use of available information and application of judgment are inherent in the formation of estimates; actual results in the future may differ from estimates upon which financial information is prepared.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates in the subsequent financial year, if any; are recognised prospectively.

The Management believes that bank's critical accounting policies where judgment is necessarily applied are those which relate to the impairment of loans and advances, valuation of financial instruments, deferred tax assets and provisions for liabilities.

Further information about key assumption concerning the future and other key sources of estimated uncertainty are set out in the notes to the Financial Statements.

2.5.2 Significant accounting estimates and assumptions

2.5.2.1 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where the fair values of financial assets and financial liabilities recorded in the Statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgment includes considerations of liquidity and inputs such as discount rates.

The Bank regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Bank assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



2.5.2.2 Impairment losses on loans and advances

The measurement of impairment losses both SLFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes which can result in different levels of allowances.

As per SLFRS 9, the Bank's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgments and estimates include:

- The Bank's criteria for qualitatively assessing whether there has been a significant increase in credit risk and if so allowances for financial assets measured on a Life time expected credit loss (LTECL) basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various statistical formulas and the choice of inputs;
- Determination of associations between macro-economic inputs, such as GDP growth, and the effect on Probability of Default (PDs), Exposure At Default (EAD) and Loss Given Default (LGD);
- It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.5.3 Impairment on other financial assets

The Bank reviews its debt securities classified as amortised cost at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances. From 1st April 2018, with the adoption of SLFRS 9, equity instruments are not subjective for impairment assessment.

2.5.4 Taxation

The Bank is subject to income tax and other taxes including VAT and NBT on financial services. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the Financial Statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements. The Bank recognised assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

2.5.5 Retirement benefit obligation

The cost of the defined benefit gratuity plan is determined using the projected unit credit method. The projected unit credit method involves making assumptions about discount rates and future salary increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. See Note 26 for the assumptions used.

2.5.6 Changes in accounting policies and disclosures

The Bank has consistently applied the Accounting Policies to all periods presented in these Financial Statements.

2.5.7 Going concern

The management of the bank has made an assessment of the Bank's ability to continue as a going concern and it is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.5.8 Commitment and contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless they remain.





2.5.9 Comparative information

The accounting policies have been consistently applied by the Bank with those of the previous years other than changes disclosed in above Note 2.5.6.

2.5.10 Transfer pricing regulation

The Bank is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgement to determine the impact of transfer pricing regulations. Accordingly critical judgements and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimations of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulations.

3. SUMAARY OF MATERIAL ACCOUNTING POLICIES

3.1.1 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in 'Interest income' and 'interest expense' in the income statement using the effective interest rate of the financial asset or financial liabilities to which they relate.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest includes all transaction cost, premiums or discounts and fees paid by the Bank that are an integral part of the effective interest rate. Transaction cost include incremental cost that are directly attributable to the acquisition or issue of financial assets or liability.

Interest income on individually significant impaired financial assets (loans and advances, and held to maturity debt instruments listed in the CSE) whose impairment is assessed individually, is calculated by applying the original effective interest rate of the financial assets to the carrying amount as reduced by any allowance for impairment. Thus changes in impairment allowances assessed individually and attributable to time value are reflected as a component of interest income.

3.1.2 Fee and commission

Fee and commission income and expense that are an integral part of the effective interest rate of a financial instrument are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the service are received.

3.1.3 Other income

(a) Dividend income

Dividend income from shares is recognised when the bank's right to receive the payment is established.

(b) Other income

Other income is recognised on accrual basis.

3.1.4 Foreign currency translation

The Financial Statements are presented in Sri Lankan rupees (LKR) which is the Bank's functional and presentation currency.

3.1.4.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the spot middle rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the financial position date should be translated to Sri Lankan Rupees at the closing rate of exchange rate ruling at the date. The foreign currency gain or loss on monetary items and all differences should be taken to the income statement. Foreign currency differences arising on translation of available for sale financial instruments are recognised in the other comprehensive income statement. Non-monetary assets measured in terms of historical cost in foreign currency should be translated using the exchange rate at the date of the transaction.

Non-monetary items that should be measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency should be translated using the spot exchange rates at the date when the fair value was determined.

3.1.5 Expenditure recognition

Operating expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

3.2 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership.

The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within "Cash collateral on securities lent and repurchase agreements", reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR.

When the counterparty has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its statement of financial position to 'Financial assets at fair value through profit and loss' as appropriate.

3.3 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with three months or less than three months maturity from the date of acquisition.

Cash and cash equivalents include cash balances, short-term funds and money at call and on short notice.

3.5 Financial instruments

3.5.1 Initial recognition, classification and subsequent measurement

3.5.1.1 Date of recognition

All financial assets and liabilities, with the exception of loans and advances to customers and balances due to depositors are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

3.5.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt through the statement of profit or loss.



3.5.1.3 'Day 1' Profit or loss

When the transaction price of the instrument differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' Profit or Loss) in 'Net trading income'.

3.5.1.4 Classification and subsequent measurement of financial assets

As per SLFRS 09, the Bank classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either; the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows at,

- Amortised Cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)

3.5.1.5 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales

The business model assessment is based on reasonably expected scenarios without taking into account "worse case" or "stress case" scenarios. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

3.5.1.6 The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial assets to identify whether they meet the "Solely the Payment of Principle and Interest" (SPPI) criteria.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for an example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

3.5.1.7 Classification and subsequent measurement of financial liabilities

As per SLFRS 09, Bank classifies financial liabilities as "Financial liabilities measured at amortised cost". The subsequent measurement of financial liabilities depends on their classification.

3.5.1.8 Reclassification of financial assets and financial liabilities

As per SLFRS 09, the Bank reclassifies its financial assets subsequent to the initial recognition when and only when the business model for managing such financial assets is changed. Such reclassification is applied prospectively from the reclassification date. Financial liabilities are not reclassified.



3.5.1.9 Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Bank has transferred substantially all the risks and rewards of the asset or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.5.2 Definition of default and cure

A default shall be considered to have occurred in regard to a particular obligor when either or both of the following have taken place;

- (a) it is considered that the obligor is unlikely to pay its credit obligations to the bank, without recourse by the institution to actions such as realizing security.
- (b) The obligor is past due more than 90 days on any material credit obligation to the bank.

The Bank considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether an individually significant customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore, assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Bank's policy to consider a financial instrument as "cured" and therefore reclassified out of Stage 3 when none of the default criteria have been present and the borrower is no longer considered as non-performing in accordance with the Directives of the Central Bank.

Once cured, the decision whether to classify an asset as Stage 2 or Stage 1 largely depends on the days past due, at the time of the cure.

However there are two exceptions to the general ECL approach above.

For purchased or originated credit-impaired financial assets (POCI), the carrying amount must always reflect the lifetime expected credit losses; and

For trade receivables, SLFRS 09 provides an option to apply a simplified approach that reflects a lifetime ECL.

For Indian Bank Sri Lanka mainly the general expected credit loss approach is applicable since simplified and lifetime ECL for purchased or originated credit impaired financial assets (POCI) are not applicable.

3.5.3 Significant increase in credit risk

The Bank considers that a significant increase in credit risk occurs no later than when contractual payments are equal to or more than 30 days past due. Where there is a significant increase in credit risk the Bank uses the lifetime ECL model to assess loss allowances instead of the 12-month ECL model.

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or LTECL, the Bank assesses whether there has been a significant increase in the credit risk since initial recognition.



3.5.3 Significant increase in credit risk (contd...)

SLFRS 9 impairment model uses a "three-stage" approach for estimating expected losses on the basis of changes in credit quality since initial recognition.

Stage 1 - When loans are originated or purchased, the Bank recognises an allowance based on 12 months ECLs in profit or loss and a loss allowance is established collectively. Stage 1 loans also contain the facilities which are reclassified from Stage 2 since the credit risk has improved.

Stage 2 - When a loan credit risk increases significantly, the Bank records an allowance for the Life Time Expected Credit Loss (LTECL), which performed collective basis. The Bank applies the internal ratings for the corporate portfolio and Days past Dues (DPD) data for retail portfolio in the stage evaluations. Further, in the absence of any other leading indicators, 30 days past due presumption as significant increase in credit risk is taken. Stage 2 loans also include facilities, which are reclassified from stage 3 since the credit risk has improved.

Stage 3 - When a loan is considered to be credit impaired, contains objective evidences of incurred loss, the Stage 3 assessment is performed either individually or collectively. The Bank considers all Stage 3 loans of retail segment, as non-performing and individually assessed. Bank considers Internal Rating of "SB 16" as stage 03 loans for the corporate loans which are collectively assessed and allowance for the LTECL with probability of default at 100% is recorded.

Investment - financial instrument with an external rating grade of "investment grade" is an example of an instrument that may be considered to have low credit risk." Therefore facilities with BBB or higher grades considered as low credit risk. In the case of sovereign bonds issued by the Government, denominated in USD, bonds with a rating of until B+, have been classified under Stage1 being sovereign bonds issued by the Sri Lankan Government.

3.5.4 Movement between the stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

3.5.5 Probability of default (PD) estimation

Probability of default is computed using transition matrix and SLFRS 9 require point-in-time (PIT) PDs. Therefore, TTC PDs would need to be converted to PIT PDs.

PDs for Retail segment are computed using a net flow based on days past due information for past years and establish default rates based on historical information. Then the Default rates are regressed with macro-economic variable GDP and develop a model to predict the credit index for future periods. In order to get the forward looking PD, TTC PD is adjusted by the Vasicek.

PDs for Retail segment are computed using transition matrix based on rating migration for past period which was used to establish through-the-cycle PD (TTC PD) and establish credit index based on the historical information.

3.5.6 Exposure at default computation (EAD)

The Exposure At Default (EAD) represents the gross carrying amount of the financial instrument subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

The Bank determines EADs by modeling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The SLFRS 9 PDs are then assigned to each economic scenario based on the outcome of the Bank's models.



3.5.7 Loss given default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. Historically collected loss data is used for LGD calculation and involves a wider set of transaction characteristics. It is usually expressed as a percentage of the EAD.

Since the Bank does not have enough history to establish LGD, regulatory LGD of 45% is taken for loans and detail security analysis to be performed and cash backed loans to be removed from ECL computation.

3.5.8 Forward looking information

In its ECL models, the Bank relies macroeconomic variable GDP as the economic inputs.

Vasicek Approach

As the default data set is low or near zero for the investment portfolio, external ratings are used for assessment of forward looking PD's to estimate ECL:

Further, for corporate loan portfolio, where historical migration from ratings to default categories are not observed, internal rating data is used based on the mapping to external ratings.

The 12 month PD (TTC) estimates will be obtained from external ratings (e.g. S&P's ratings) corresponding to the external ratings of the instrument. The recent TTC PD shall have to be extracted each year against each external rating grade.

The forecasted PIT PDs will be estimated based upon the Vasicek single factor model by establishing a link between TTC PDs and various macroeconomic factors of all the countries in which the Bank has exposure under its investment portfolio.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the Financial Statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. To ensure completeness and accuracy, the Bank obtains the above data from third party sources (e.g: International Monetary Fund).

3.5.9 Calculation of ECLs for individually significant loans

The Bank first assesses ECLs individually for financial assets that are individually significant to the Bank. In the event the Bank determines that such assets are not impaired (Not in stage 3), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If the asset is impaired, the amount of the loss is measured by discounting the expected future cash flows of a financial asset at its original effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment is only released when there is reasonable and objective evidence of a reduction in the established loss estimate.

When ECLs are determined for individually significant financial assets, following factors are considered:

- Aggregate exposure to the customer including any undrawn exposures.
- The realisable value of security (or other credit mitigants) and likelihood of successful repossession.
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations.
- The amount and timing of expected receipts and recoveries.
- The likely deduction of any costs involved in recovery of amounts outstanding;



3.5.10 Grouping financial assets measured on collective basis

The Bank calculates ECLs either on a collective or an individual basis. The Bank categorise the collective impairment exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

- Corporate
- Retail
- Investments in debt securities
- Buyers credit and balances with Banks

3.5.11 Other financial liabilities

Other financial liabilities include the following items:

- 3.5.11.1** Financial guarantee contracts issued by the Bank are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.
- 3.5.11.2** Bank borrowings are initially recognised at fair value net of any transaction costs directly measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- 3.5.11.3** Other payables and other short-term monetary liabilities, which are initially recognised are at fair value and subsequently carried at amortised cost using the effective interest method.

3.6 Property, plant and equipment

(a) Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be reliably measured.

(b) Measurement

All property, plant and equipment are initially recorded at cost and subsequently at cost less depreciation and less any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs expenses either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.



(d) Depreciation

Depreciation is calculated on a reducing balance method over the useful life of the asset commencing from when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. The rates of depreciation are as follows.

Item	Rate
Office equipment	15%
Furniture and fittings	10%
Computers and accessories	25%
Motor vehicles	20%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(e) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no economic benefits are expected.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

3.7 Inventories

Inventories such as stationary stocks are valued at lower of the cost and net realisable value, after making due allowances for obsolete and slow moving items.

3.8 Other assets

Other current assets include advances, deposits and prepayments. Advances and Deposits are carried at historical value less impairment and amortised over the period during which it is utilised.

3.8.1 Right-of-use assets

Rented office premises of the Bank is recognised as right-of-use asset as per the guidelines in SLFRS 16 "Leases".

Accordingly, the Bank opted to measure the right-of-use asset at an amount equal to the lease liability, on a lease-by-lease basis, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of financial position immediately before the date of initial application.

3.9 Liabilities and provision

3.9.1 Liabilities

Liabilities stated under current liabilities in the balance sheet are those expected to fall due within one year from the balance sheet date. Item stated as long term liabilities are those expected to fall due at any point in time after one year from the reporting date.

3.9.2 Other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are measured at cost.

3.9.3 Provisions

Provisions are recognised when the bank has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. The expenses relating to any provision is presented in profit or loss. Provisions are not recognised for future operating losses. If the effect of the time value of money is material, provision are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.9.3.1 Taxation

Income tax expense comprises current and deferred tax.

(a) Current taxes

The provision for income tax is based on the element of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act No.24 of 2017.

Current income tax assets and liabilities for the current and prior years are measured at the amounts expected to be recovered from, or paid to, the Commissioner General of Inland Revenue.

(b) Deferred taxation

Deferred taxation is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Value added tax on financial services

VAT on financial services is calculated at the rate of 18% in accordance with the provisions of the value added tax Act no.14 of 2002 and amendments thereto.

The value base for the Value added tax for the bank is the adjusted accounting profit before tax and emoluments of employees. The adjustment to the accounting profit before tax is for economic depreciation computed on prescribed rates instead of the rates adopted in the Financial Statements.

3.9.3.2 Employee benefits

(a) Provision for retiring gratuity

Provision has been made for Retiring Gratuity under the payment of Gratuity Act No.12 of 1983 to all employees who have completed a continuous period of 01 year service from 01.04.2008 and measure the liability based on the Gratuity formula as recommended by the LKAS 19.

The amount provided is not externally funded or actually valued.

(b) Defined contribution plans - EPF & ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Bank contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.



3.10 Events after the reporting date

All material events occurring after the balance sheet date have been considered and where necessary adjustments to or disclosures have been made in the respective notes to the Financial Statements.

3.11 Contingencies and unrecognised contractual commitments

Contingencies are possible assets or obligations that arise from past event and would be confirmed only the occurrence or non occurrence of uncertain future events, which are beyond the bank's control.

3.12 Risk management

3.12.1 Risk management structure

The Board of Directors has the authority to determine the overall risk management framework for the Bank and has the responsibility to oversee the effective implication of risk management strategies. Accordingly, the Board has appointed the Integrated Risk Management Committee which has the responsibilities to monitor the overall risk process within the Bank.

The Board Integrated Risk Management Committee (BIRMC) is responsible to provide a direction on the risk management process and formulation of policies and procedures for the ratification by the Board of Directors and the implementation of such policies and procedures and ensuring that all operations are within the guidelines and policies set by the Board.

The established policies, procedures and decision making process are integrated in to the daily operation of SLSBL.A risk management process through the Bank is audited annually by the Internal audit function(in-house),which examine s both the adequacy of procedures and the Bank's compliance with the procedures. Internal audit discusses the results of all assessments with the management, and reports its findings and recommendations to the audit committee.

The BIRMC is comprised of two non-executive Directors, one of whom chairs the meetings and the Director/ CEO, senior management staff that attended meetings were senior manager -operations, senior manager finance, senior manager corporate -relations ,manager credit and manager IT.

The committee oversees the risks of the Bank by assessing market, credit, liquidity, operational, compliance, and reputational and strategic risks regularly, reviews and monitors the functions and the effectiveness of committees such as ALCO and Credit to manage the risks of the Bank within the set limits.

It also has established a compliance function to access the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies in all areas of business operations.

In common with all other business, the Bank is exposed to risks that arise from its use of financial instruments. This note describes the Bank's objectives, policies and process for managing those risk and the methods used to measure them. Future quantitative information in respect of these risks is presented throughout these Financial Statements.

There have been no substantive changes in the Bank's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in notes.

3.12.2 Credit risk

Credit risk is the risk that the bank will incur a loss because its customer or counter parties fail to discharge their contractual obligations. The bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties ,including regular collateral revisions. The collection patterns are analysed regularly and any irregularities and unusual delays of collections are followed up immediately.

3.12.3 Impairment assessment

For accounting purposes, the Bank uses an incurred loss model for the recognition of the losses on impaired financial asset. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering event include the following.

- Significant financial difficulty of the customer
- A breach of contract such as a default of payment
- Where the Bank grants the customer a concession due to the customer experiencing financial difficulty
- It becomes probable that the customer will enter bankruptcy or other financial reorganisation
- Observable data suggests that there is a decrease in the estimated future cash flows from the loans

This approach differs from the expected loss model used for regulatory capital purposes in accordance with GSL directions which are based on Basel II.

3.12.4 Individually assessed allowances

The Bank determines the allowances appropriate for each significant loan or advance on an individual basis, including any overdue payment of interest, credit grating downgrades, or infringement of original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected payouts, the availability of other financial report, the realisable value of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

3.12.5 Collectively assessed allowances

Allowances reassessed collectively for losses on loans and advances and for held to maturity debt investments that are not individually significant loans and advances that have been assessed individually and found not to be impaired.

The Bank generally bases its analyses on historical experience. However, when there are significant market developments, regional etc., the Bank would include macroeconomic factors within its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, charges in laws, charges in regulations, bankruptcy trends, and other consumer data. The Bank may use the aforementioned factors as appropriate to adjust the impairment allowances.

Allowances are evaluated separately at each reporting date with each portfolio.

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evidence in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry-specific problems). the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. Local management is responsible for deciding the length of this period, which can extend for as long as one year. The impairment allowance is then reviewed by credit management to ensure alignment with the Bank's overall policy.

3.12.6 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are as follows;

- For lease and hire purchase facilities the underlying asset of the facility
- For securities lending and reverse repurchase transactions, cash or securities
- For commercial lending, charges over real estate properties
- For detail lending, mortgages over residential properties

Management monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In event where Bank occupies the repossessed asset the transfer is made at the fair value of the asset.

3.12.7 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. In accordance with the Bank's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions. Net liquid assets consist of cash, short-term bank exposures and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month.

Analysis of financial assets and liabilities by remaining contractual maturities presented in Note 39 to these Financial Statements.

3.12.8 Market risk

Market risk arises mainly from differences in the timing and/or magnitude of interest rate revision between assets and liabilities (interest rate risk), or from changes in the prices of equity and debt securities (price risk) or from changes in the foreign exchange rates (foreign exchange risk). Market risk could impact a bank mainly in two ways; viz., loss of cash flows or loss of economic value. Market risk can arise from traded market risk, which is associated with the trading book and non-traded market risk, which is associated with the banking book.



3.12.9 Interest rate risk

Interest rate risk can be termed as the risk of loss in the net interest income (earnings perspective) or the net worth (economic value perspective) due to adverse changes in the market interest rates.

While the sources and applications of FCBU are linked to LIBOR as a mark-up, the deposits of domestic unit carry a fixed interest rate while the advances are a mark-up over the monthly average weighted prime lending Rate. This, therefore, carries an inherent interest rate risk.

The ALCO (Asset Liability Committee) shall be entrusted with the task of managing the Balance Sheet from the interest rate risk perspective. This shall thus include pricing of deposits and advances, product-profile mix and the desired mix of incremental assets and liabilities.

It shall also review the implementation of the decisions of the previous ALCO meetings and the progress made thereon. The Committee shall meet every month or at such shorter frequencies as may be deemed necessary and minutes sent to CO (Corporate office): international division.

3.12.10 Foreign currency risk

The risks in foreign exchange are market risks like movement of exchange rates, interest rates, swap differences, liquidity crunch (which again affects interest rates) and also credit risk like default by the counter-party and asset-liability mismatch in a currency. These risks are sought to be mitigated by fixing appropriate limits on open positions, day light positions and counterparty limits.

With no trading activity contemplated for Colombo Branch, the activities shall be mainly confined to merchant cover operations and managing liquidity.

Daylight limit: It is the maximum permissible overbought or oversold position, in any currency, the branch can have at any point of time, during the day. Excess in the daylight positions, on account of merchant operations, has to be brought within limits immediately and the fact should be reported to Corporate Office for ratification, at the end of the day. This limit is quantified in the Risk management policy for forex operations formulated by CO - international division.

Overnight position limit : The ideal position at the end of the day would be a square position in all the currencies. However this is not always, practicable due to small positions of non-marketable lots. Such positions, which are kept open overnight, are subject to the overnight Position limits prescribed by the corporate Office. As the risk element is higher in overnight positions, the overnight exchange positions should be kept to BAREST MINIMUM or at such levels within the overnight position limit where the dealer is confident of earning exchange profit. This limit is quantified in the risk management policy for forex operations formulated by CO - international division.

Counterparty Bank limits (Bank-wise Limits) : It is the maximum amount of exposure the Branch can have at any point of time with a particular bank. The bank-wise limits are as set out in the risk management policy formulated by CO - international Division and reviewed every year. The Branch management must ensure strict compliance with limits set out in the policy and report any excesses for confirmation as spelt out in the policy. This limit is quantified in the risk management policy for forex operations formulated by CO - international division.

3.12.11 Equity risk

Equity prices risk is the risk of losses in the mark to market equity portfolio due to the decline in the market prices. The direct exposure to the equity prices arises from available - for - sale equity portfolio.

Major investments made by the Branch are towards meeting the statutory requirements of Central Bank of Sri Lanka while a small portion has been made in shares.

Any investment in shares requires prior approval from CEO.

MTM (Mark to Market) valuation as on the balance sheet date should be done.



3.13 New and Amended Accounting Standards that are Issued, but Not Yet Effective as at Reporting Date

The new and amended standards that are issued, but are not yet effective at the date of issuance of these Financial Statements are disclosed below.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1st January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

SLFRS 18: Presentation and Disclosure in Financial Statements - Effective for annual reporting periods beginning on or after 1st January 2027.

SLFRS 19: Subsidiaries without Public Accountability; Disclosures - Effective for annual reporting periods beginning on or after 1st January 2027.

SLFRS S1 : General Requirements for Disclosure of Sustainability related Financial Information - Effective for annual reporting periods beginning on or after 1st January 2029.

SLFRS S2 : Climate-related Disclosures - Effective for annual reporting periods beginning on or after 1st January 2029.

The new and amended standards that are issued, but not yet effective to the date of issuance mentioned above are not expected to have a material impact on the Financial Statements of the Bank.



	Note	2026 LKR	2025 LKR
4. GROSS INCOME			
Interest income		2,662,421,305	2,652,148,431
Fee and commission income		221,419,815	155,872,899
Other Operating Income		24,408,593	10,405,225
		<u>2,908,249,713</u>	<u>2,818,426,555</u>
5. NET INTEREST INCOME			
Interest income	5.1	2,662,421,305	2,652,148,431
Interest expenses	5.2	(780,969,045)	(618,622,242)
		<u>1,881,452,260</u>	<u>2,033,526,189</u>
5.1 Interest income			
Treasury bills		205,399,575	455,145,622
Interest on cash and cash equivalents		5,420,336	10,221,599
Placements with banks		1,393,370,519	485,382,093
Loans and receivables to customers		1,058,230,874	1,701,399,117
		<u>2,662,421,304</u>	<u>2,652,148,431</u>
5.2 Interest expenses			
Due to banks		313,732,782	216,574,875
Due to other customers		462,859,521	399,709,137
Refinance borrowings		-	-
Interest expense on Lease Creditors		4,376,742	2,338,230
		<u>780,969,045</u>	<u>618,622,242</u>
6. NET FEE AND COMMISSION INCOME			
Fee and commission income	6.1	221,419,815	155,872,899
Fee and commission expenses	6.2	(5,869,497)	(4,064,502)
		<u>215,550,318</u>	<u>151,808,397</u>
6.1 Fee and commission income			
Fee on loans processing		13,209,930	13,912,665
Commission trade and remittances		73,767,740	17,454,898
Commission on guarantees		75,454,960	23,460,380
Commission on miscellaneous		4,653,129	23,767,564
Commission on adv-bills (Imports)		6,866,576	8,421,755
Commission on FOBC/FIBC/BP		22,961,748	32,737,570
Commission on DDs,MTs and TTs		10,213,103	10,131,075
Commission on LCs		14,292,630	25,986,992
		<u>221,419,815</u>	<u>155,872,899</u>
6.2 Fee and commission expenses			
Fee and commission expenses		5,869,497	4,064,502
		<u>5,869,497</u>	<u>4,064,502</u>



	2026 LKR	2025 LKR
7. OTHER OPERATING INCOME		
Recovery of nostro service charges	1,200,240	1,452,604
Recovery of postages	243,488	1,518,385
Recovery of SWIFT charges	4,236,533	3,323,476
Unpaid interest on deposits	474	9,663
Rent on lockers	473,826	505,590
Dividend income from available for sale financial assets	2,740,955	3,385,794
Profit on revaluation of foreign exchange	14,482,413	-
Recovery of minimum balance charges	198,038	170,075
Others	832,626	39,638
	<u>24,408,593</u>	<u>10,405,225</u>

7.1 Net gain / (loss) from trading

Bank does not engage in foreign currency trading activity for Sri Lankan operations. Hence no profits are operational on foreign currency trading activity.

8. IMPAIRMENT (CHARGES)/REVERSAL FOR LOAN AND ADVANCES

	2026			
	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Loans and advances at amortised cost	11,716,399		(248,395,990)	(236,679,591)
Placements with banks	(1,299,294)	-	-	(1,299,294)
Loan commitments and financial guarantee contracts	47,827	-	-	47,827
	<u>10,464,932</u>	<u>-</u>	<u>(248,395,990)</u>	<u>(237,931,058)</u>

	2025			
	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Loans and advances at amortised cost	39,856,834	(5,336,223)	(67,761,514)	(33,240,903)
Placements with banks	(118,431)	-	-	(118,431)
Loan commitments and financial guarantee contracts	(464,059)	-	-	(464,059)
	<u>39,274,344</u>	<u>(5,336,223)</u>	<u>(67,761,514)</u>	<u>(33,823,393)</u>

	2026 LKR	2025 LKR
9. PERSONNEL EXPENSES		
Salary and bonus	54,668,583	59,444,898
Allowances	20,318,966	23,682,108
Other personnel cost	27,259,802	24,657,359
Contributions to EPF and ETF	6,853,656	7,528,620
PAYE	19,790,791	28,330,544
Provision for gratuity	(1,277,465)	6,264,789
	<u>127,614,333</u>	<u>149,908,318</u>



		2026 LKR	2025 LKR
10. DEPRECIATION AND AMORTISATION EXPENSES			
Depreciation of Property, plant & Equipment		9,853,325	10,986,106
Amortization of right of use Assets		17,359,675	14,728,811
		<u>27,213,000</u>	<u>25,714,917</u>
11. OTHER OPERATING EXPENSES			
Value Added Tax (General)		6,047,699	5,832,136
Establishment expenses		21,553,288	34,356,008
Deposit insurance premium		11,892,586	8,104,191
Office administration expenses		49,513,176	56,643,360
Auditors remuneration		8,488,374	9,240,339
Crop insurance		11,253,417	17,374,149
Professional & Legal Expenses		1,435,499	2,863,215
Other overhead expenses		14,969,114	15,133,058
Licence fee - CBSL		8,002,000	7,002,000
Loss on revaluation of foreign exchange		-	41,555,602
		<u>133,155,155</u>	<u>198,104,058</u>
12. FINANCIAL SERVICES VAT AND SSCL			
Current year value added tax on financial services		244,850,634	166,007,848
Current year SSCL on financial services		35,933,278	6,809,446
		<u>280,783,912</u>	<u>172,817,294</u>
13. INCOME TAX PROVISION			
Income tax provision for the year	Note 12.1	318,442,364	222,507,160
Reversal of the provided DT liability		(3,499,445)	-
Deferred tax provision / (reversal) for the year		(954,123)	(14,757,369)
		<u>313,988,796</u>	<u>207,749,791</u>
Provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purpose in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and the amendments thereto, at 30%			
		2026 LKR	2025 LKR
13.1 Reconciliation for income tax provision with accounting profit			
Profit / (loss) before income tax		1,595,497,625	1,788,189,123
Add : Disallowed expenses		237,931,058	569,325
Less: Allowable expenses and exempted items		(771,954,136)	(1,047,067,915)
Taxable income / (Tax loss)		<u>1,061,474,547</u>	<u>741,690,533</u>
Tax Payable @ 30%		318,442,364	222,507,160



	2026 LKR	2025 LKR
14. CASH AND CASH EQUIVALENTS		
Cash in hand	30,580,240	26,680,102
Balances with banks	99,712,876	27,878,238
Money at call and short notices	190,000,000	85,000,000
	<u>320,293,116</u>	<u>139,558,339</u>
15. BALANCES WITH CENTRAL BANK OF SRI LANKA		
Statutory deposits with Central Bank of Sri Lanka	116,570,650	84,599,755
	<u>116,570,650</u>	<u>84,599,755</u>

Balances with Central Bank of Sri Lanka represent the cash balance that is required to be maintained as per the provisions of Section 93 of the Monetary Law Act. The minimum cash reserve requirement on rupee deposit liability was 2% as at 31st March 2024 (31st March 2023 - 4%).

	2026 LKR	2025 LKR
16. PLACEMENTS WITH BANKS		
Placements with branches, banks and other financial institutions in Sri Lanka	20,699,426,876	8,578,372,908
Placements with branches, banks and other financial institutions in Sri Lanka - Others	11,032,000,000	10,371,550,000
Less: Accumulated impairment	Note 15.1 (1,622,056)	(322,762)
	<u>31,729,804,820</u>	<u>18,949,600,146</u>
16.1 Accumulated impairment on placements with banks		
Balance as at the beginning of the year	322,762	204,331
Charge/(write back) to income statements	1,299,294	118,431
Balance as at the end of the year	<u>1,622,056</u>	<u>322,762</u>

16. PLACEMENTS WITH BANKS (CONTD...)

16.2 Stage-wise analysis of impairment on placements with banks

	2026			
	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Placements with banks as at 31st January	20,699,426,876	-	-	20,699,426,876
Less: Provision for impairment	(1,622,056)	-	-	(1,622,056)
	<u>20,697,804,820</u>	<u>-</u>	<u>-</u>	<u>20,697,804,820</u>

	2025			
	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Placements with banks as at 31st March	8,578,372,908	-	-	8,578,372,908
Less: Provision for impairment	(322,762)	-	-	(322,762)
	<u>8,578,050,146</u>	<u>-</u>	<u>-</u>	<u>8,578,050,146</u>

	2026 LKR	2025 LKR
17. DERIVATIVE FINANCIAL ASSETS		
Forward foreign exchange contracts	40,862,500	7,997,700
	<u>40,862,500</u>	<u>7,997,700</u>

17.1 DERIVATIVE FINANCIAL LIABILITIES

Forward foreign exchange contracts	-	-
	<u>-</u>	<u>-</u>

18. LOANS AND ADVANCES AT AMORTISED COST

Gross loans and advances		15,163,293,322	19,408,920,287
Less : Accumulated impairment	Note 17.1	(3,216,178,779)	(2,921,593,860)
		<u>11,947,114,542</u>	<u>16,487,326,427</u>

18.1 Accumulated impairment on loans and advances at amortised cost

Balance as at the beginning of the year	2,921,593,860	2,888,352,957
Charge to income statements	236,679,591	33,240,903
	<u>3,216,178,779</u>	<u>2,921,593,860</u>

18. LOANS AND ADVANCES AT AMORTISED COST (CONTD...)

18.2 Stage-wise analysis of impairment on loans and advances at amortised cost

	2026			
	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Gross loans and advances as at 31st March	11,629,496,914	-	3,533,796,408	15,163,293,322
Less: Provision for impairment	(11,975,199)	-	(3,204,203,579)	(3,216,178,778)
	<u>11,617,521,715</u>	<u>-</u>	<u>329,592,829</u>	<u>11,947,114,544</u>

	2025			
	Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Gross loans and advances as at 31st March	16,482,398,219	10,103,735	2,916,418,332	19,408,920,286
Less: Provision for impairment	(17,641,788)	(6,049,810)	(2,897,902,262)	(2,921,593,860)
	<u>16,464,756,431</u>	<u>4,053,925</u>	<u>18,516,070</u>	<u>16,487,326,426</u>

	2026 LKR	2025 LKR
18.3 Analysis of loans and advances by product		
Loans against deposits	29,434,510	113,327,371
Overdrafts	2,606,126,365	2,446,751,668
Trade finance	1,339,927,670	7,892,437,764
Staff loans	12,934,406	5,169,940
Bills negotiated	1,463,349,320	1,691,979,919
Housing loan	107,713,926	129,421,379
Personal loan	218,459,198	114,002,176
Medium-term	1,572,899,722	6,403,658,740
Long-term	7,797,424,507	604,297,379
Vehicle loan	15,023,698	7,873,950
Gross total	<u>15,163,293,322</u>	<u>19,408,920,286</u>

18.4 Analysis of loans and advances by currency

Sri Lanka Rupee	8,860,553,186	9,784,337,395
United States Dollar	6,302,740,136	9,624,582,891
Gross total	<u>15,163,293,322</u>	<u>19,408,920,286</u>

19. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in quoted equity securities	Note 18.1	21,236,642	15,895,548
Investment in unquoted equity securities	Note 18.2	3,030,000	3,030,000
		<u>24,266,642</u>	<u>18,925,548</u>

19.1 Investment in quoted equity securities

154,168 Nos of DFCC shares Market value @ LKR 137.75/- per share (31.03.2026 @ LKR 137.25 per share)	21,236,642	15,895,548
	<u>21,236,642</u>	<u>15,895,548</u>



	2026 LKR	2025 LKR
19. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTD....)		
19.2 Investment in unquoted equity securities		
Lanka Clear (Pvt) Ltd	1,000,000	1,000,000
Lanka Financial Services Bureau	2,000,000	2,000,000
CRIB	30,000	30,000
	<u>3,030,000</u>	<u>3,030,000</u>

According to the available market information as at 31st March 2026, the fair value of "Equity Securities - Un quoted" equal to the carrying value LKR 3,030,000/- (2025 LKR 3,030,000/-) of such financial instruments.

	2026 LKR	2025 LKR
20. OTHER FINANCIAL ASSETS AT AMORTISED COST		
Treasury bills	2,311,968,655	2,215,532,040
	<u>2,311,968,655</u>	<u>2,215,532,040</u>
Foreign currency convertible bonds	629,558,312	591,868,701
Less: Impairment provision	(629,558,312)	(591,868,701)
	<u>-</u>	<u>-</u>
Accrued interest on treasury bills	-	58,267,690
	<u>-</u>	<u>58,267,690</u>
Net investments	<u>2,311,968,655</u>	<u>2,273,799,730</u>

21. PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings LKR	Office Equipment LKR	Motor Vehicle LKR	Computer and Accessories LKR	Total LKR
Cost					
Balance as at 31 March 2025	11,875,573	7,484,802	4,414,900	128,701,535	152,476,810
Additions	702,430	260,805	-	4,024,034	4,987,269
Disposal / Written-off	(679,000)	-	-	-	(679,000)
Balance as at 31 March 2026	<u>11,899,003</u>	<u>7,745,607</u>	<u>4,414,900</u>	<u>132,725,569</u>	<u>156,785,079</u>
Accumulated depreciation					
Balance as at 31 March 2025	7,983,707	4,836,944	4,353,597	92,391,906	109,566,154
Depreciation for the year	423,097	378,410	12,262	9,039,557	9,853,326
Disposal	(266,366)	-	-	-	(266,366)
Balance as at 31st March 2026	<u>8,140,438</u>	<u>5,215,354</u>	<u>4,365,859</u>	<u>101,431,463</u>	<u>119,153,114</u>
Net book value on 31.03.2025	<u>3,891,866</u>	<u>2,647,858</u>	<u>61,303</u>	<u>36,309,629</u>	<u>41,094,152</u>
Last year depreciation adjustment					1,816,504
Net book value on 31.03.2026	<u>3,758,565</u>	<u>2,530,253</u>	<u>49,041</u>	<u>31,294,106</u>	<u>35,815,461</u>

	2026 LKR	2025 LKR
22. RIGHT-OF-USE ASSETS		
22.1 Movement of right-of-use assets		
Cost		
Balance as at 31 March 2025	73,644,056	78,913,592
Adjustment on initial application of SLFRS 16		-
Previous year addition got reversed	(73,644,056)	(5,269,536)
Addition during the year	101,289,027	-
Cost as at 31 March 2026	101,289,027	73,644,056
Accumulated Amortisation		
Balance as at 31 March 2025	63,644,882	54,185,607
Previous year addition got reversed	(72,563,805)	(5,269,536)
Charge for the year	17,359,675	14,728,811
Balance as at 31st March 2026	8,440,752	63,644,882
Net Book Value as at 31 March	92,848,275	9,999,174
22.2 Movement of lease liabilities		
Balance as at 1st April	13,565,311	31,057,681
Additional during the year	101,289,027	-
(-) Payment to Lease Creditor	(22,624,065)	(19,830,600)
	92,230,273	11,227,081
Accretion of interest (Note 21.2.1)	4,376,742	2,338,230
Balance as at the end of the year	96,607,015	13,565,311
22.2.1 Interest in suspense - Operating Leasehold building		
Balance as at the beginning of the year	2,338,230	2,302,744
Charged to profit or loss	2,038,512	35,486
Balance as at the end of the year	4,376,742	2,338,230
23. DEFERRED TAXATION		
23.1 Deferred Tax Asset		
Balance as at the beginning of the year	6,299,922	(8,737,702)
Provision/(transfer) to income statement	953,309	14,757,369
Provision/(transfer) to items included in other Comprehensive income	864	280,255
Balance at the end of the year	7,254,095	6,299,922

23. DEFERRED TAXATION (CONTD....)

23.3 Composition of deferred tax assets and liabilities

	2026		2025	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	LKR	LKR	LKR	LKR
Deferred tax assets				
Defined benefit obligation	5,371,331	1,611,399	11,805,351	3,541,605
Right-of-Use Asset	-	-	3,566,138	1,069,841
Property, plant and equipment	22,567,726	6,770,318		
Impairment	-	-	(23,691,598)	7,107,479
Deferred tax liabilities				
Right-of-Use Asset	(3,758,740)	(1,127,622)	-	-
Property, plant and equipment	-	-	(18,063,347)	(5,419,004)
	<u>24,180,317</u>	<u>7,254,095</u>	<u>(26,383,456)</u>	<u>6,299,921</u>

24. OTHER ASSETS

	2026	2025
	LKR	LKR
Festival advance	818,600	512,800
Advance payment of tax	640,978	1,409,457
Other refundable deposit	7,996,225	5,331,595
Other assets	2,244,058,494	167,114,750
	<u>2,253,514,297</u>	<u>174,368,602</u>

25. DUE TO BANKS

Borrowings from branches	8,431,600,000	6,371,095,000
Borrowings from foreign banks	-	-
Refinance from Central Bank of Sri Lanka	-	300,000,000
Borrowings From Banks	3,469,170	4,736,510
	<u>8,435,069,170</u>	<u>6,675,831,510</u>

26. DUE TO OTHER CUSTOMERS

Total amount due to other customers	25.1	12,972,800,960	8,081,518,468
		<u>12,972,800,960</u>	<u>8,081,518,468</u>

26.1 Product wise analysis of due to other customers balance

Demand deposits	1,566,677,943	1,902,674,765
Savings deposits	895,496,009	410,449,125
Savings deposit foreign currency	361,776,853	389,933,696
Fixed deposit foreign currency	6,390,163,132	2,261,762,514
Fixed deposits - maturity	429,893,274	416,719,804
Fixed deposits - others	434,584,884	167,082,883
Recurring deposits	9,057,834	4,398,210
Unclaimed deposits	7,048,879	5,087,381
Short term deposits	2,878,102,152	2,523,410,090
	<u>12,972,800,960</u>	<u>8,081,518,468</u>



		2026 LKR	2025 LKR
26. DUE TO OTHER CUSTOMERS (CONTD....)			
26.2 Currency-wise analysis of due to other customers			
Sri Lankan Rupees		5,500,924,295	2,184,429,940
United State dollars		7,470,702,484	5,896,325,126
GBP		565,658	99,642
EURO		608,524	663,759
		<u>12,972,800,961</u>	<u>8,081,518,467</u>
27. RETIREMENT BENEFIT OBLIGATION			
Balance as at the beginning of the year		11,805,351	13,216,916
Provision/(reversal) made during the year	Note 26.1	2,038,644	3,568,765
Payment made during the year		(8,472,664)	(4,980,330)
Balance as at the end of the year		<u>5,371,331</u>	<u>11,805,351</u>
27.1 Provision / (reversal) made during the year			
Interest cost		855,230	1,652,115
Current service cost		1,180,535	982,466
		<u>2,035,765</u>	<u>2,634,581</u>
(Surplus)/deficit		2,879	934,184
		<u>2,038,644</u>	<u>3,568,765</u>
27.2 The principle financial assumptions used are as follows :		2026	2025
Long-term interest rate		12.00%	11.00%
Future salary increment rate		20.00%	20.00%
Staff turnover ratio		19.20%	19.20%
Retirement age		60	55
		2026	2025
		LKR	LKR
28. CURRENT TAX LIABILITY			
Balance as at the beginning of the year		379,035,868	265,331,310
Provision made for the year		404,316,045	388,515,008
Provision made for the previous year assessments			455,319,505
Payment made for the current year		(252,113,530)	(199,064,911)
Transfer from other units		16,007,916	-
		<u>547,246,299</u>	<u>910,100,912</u>
Payments made during the year			
Income tax paid		(331,859,587)	(291,985,177)
Withholding tax paid		(37,464,849)	(220,230,718)
Balance as at the end of the year		<u>177,921,863</u>	<u>397,885,017</u>
Social Security Contribution Levy (SSCL)			
Provision made for the year		28,673,126	6,809,446
Less: SSCL Payments for the year		(18,470,687)	(25,658,595)
Payable at the end of the year		<u>188,124,302</u>	<u>379,035,868</u>



	2026 LKR	2025 LKR
29. OTHER LIABILITIES		
Pay orders	2,461,436	1,387,240
Accrued expenses	34,405,650	25,506,681
Other payable	2,244,101,536	2,087,882
Impairment provision for off balance sheet credit exposures	81,525	129,352
	<u>2,281,050,147</u>	<u>29,111,155</u>
29.1 Provision for value added tax on financial services		
Balance as at the beginning of the year	2,396,412	1,289,950
Payments made for the previous year		-
	<u>2,396,412</u>	<u>1,289,950</u>
Provision made for the current year	189,972,299	166,007,848
Payments made during the year	(185,262,043)	(164,901,386)
	<u>7,106,668</u>	<u>2,396,412</u>
30. HEAD OFFICE CURRENT ACCOUNT		
Payable for administration and head office expenses	421,070,219	408,577,780
	<u>421,070,219</u>	<u>408,577,780</u>
31. ASSIGNED CAPITAL		
Assigned capital	1,740,882,500	1,740,882,500
	<u>1,740,882,500</u>	<u>1,740,882,500</u>
32. STATUTORY RESERVE FUND		
Balance as at the beginning of the year	884,822,955	628,641,414
Transfer during the year	35,866,980	256,181,541
Balance as at the end of the year	<u>920,689,935</u>	<u>884,822,955</u>

Statutory reserve fund is maintained as per the statutory requirement in terms of Section 20(1) and (2) of the Banking Act No.30 of 1988. The fund is built by transferring sum equivalent to not less than 5% of the profit after tax or any profits are transferred until the fund equals to 50% of the bank's stated capital. Thereafter, a further sum equal to 2% of profit after tax is transferred until the fund equals to the stated capital of the bank.



	2026 LKR	2025 LKR
33. RETAINED EARNINGS		
Balance as at the beginning of the year	14,619,118,497	13,401,547,351
Profit for the year	1,000,724,918	1,407,622,038
Other comprehensive income for the year	(3,743)	(653,929)
Transfer to statutory reserve fund	(35,866,980)	(256,181,541)
Transfer to other ECL Reserve	-	66,784,578
Balance as at the end of the year	15,583,972,692	14,619,118,497

34. FOREIGN CURRENCY TRANSLATION RESERVE

Balance as at the beginning of the year	5,270,610,130	5,772,315,812
(Less) Transfer during the year	(165,090,876)	(501,705,682)
Add : Translation forex adjustment (Note)	1,045,124,466	-
Balance as at the end of the year	6,150,643,720	5,270,610,130

note - The amount refers to the effects of the forex currency translation adjustments relating to the previous financial year(s).

35. FAIR VALUE RESERVE

Balance as at the beginning of the year	13,919,768	8,748,879
Transfer during the year	5,341,094	5,170,889
Balance as at the end of the year	19,260,862	13,919,768

36. ECL RESERVE

Balance as at the beginning of the year	64,770,202	131,554,780
Transfer during the year	-	(66,784,578)
Balance as at the end of the year	64,770,202	64,770,202

As per the Banking Act Direction No. 13 of 2021, licensed banks shall maintain a minimum Stage 1 impairment ratio of 0.5% as a percentage of total Stage 1 credit facilities. In instances where a licensed bank does not maintain a minimum Stage 1 impairment ratio of 0.5% as a percentage of total Stage 1 credit facilities, such deficit shall be required to be maintained in a special reserve account against equity.

37. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Contingent liabilities	2026 LKR	2025 LKR
Guarantees	8,389,436,954	6,684,101,523
Letter of Credit	152,257,380	527,265,690
Other contingent items	4,447,378,518	4,915,401,701
Undrawn loan commitments	499,868,128	259,161,081
	13,488,940,980	12,385,929,995





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38. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel (KMP) include the key management of the bank, having authority for planning and controlling the activities of the entity directly and indirectly. The KMP of the Branch is the Chief Executive Officer (CEO) and Chief Managers.

	2026 LKR	2025 LKR
Short-term employee benefits	39,198,964	45,042,534
Deposits received from KMP's	1,705,626	4,557,192

38.1 Related Party Disclosures

Transaction with the Parent Company

Statement of Financial Position - Bank
Liabilities

Due to Bank 8,435,069,170

Income Statement

Interest Expenses - Borrowing 313,732,782 111,091,312

39. NOTES TO THE STATEMENT OF CASH FLOWS

39.1 Non cash items included in the profit before tax

Depreciation on property, plant and equipment	9,853,325	10,986,106
Amortisation of right-of-use assets	17,359,675	14,728,811
Loss/(profit) on revaluation of foreign currency	(14,482,413)	41,555,602
Operating lease interest	(2,038,512)	(35,486)
Impairment charge/(reversal) on placements	(1,299,294)	118,431
Impairment charge/(reversal) on loans and advances	(236,679,591)	33,240,903
Impairment charge/(reversal) on loan commitments and guarantee contracts	47,827	464,059
Provision for gratuity	-	3,568,765
Provision for financial service VAT and NBT	280,783,912	172,817,294
	53,544,929	277,444,485

39.2 Change in operating assets

Net (increase)/decrease in loans and receivables to customers	4,540,211,885	10,414,443,617
Net (increase)/decrease in other assets	(2,079,145,695)	(124,370,716)
Net (increase)/decrease in balance with Central Bank	(31,970,895)	(4,788,579)
Net (increase)/decrease in derivative financial instrument	(32,864,800)	22,829,800
Net (increase)/decrease in placements	660,450,000	(10,371,550,000)
	3,056,680,495	(63,435,878)

39.3 Change in operating liabilities

Net increase/(decrease) change in deposits from banks	1,759,237,660	(5,126,469,013)
Net increase/(decrease) change in deposits from customers	4,891,282,492	991,233,589
Net increase/(decrease) change in other liabilities	2,251,938,992	(109,225,919)
	8,902,459,144	(4,244,461,343)

40. CAPITAL COMMITMENTS

There were no material capital commitments as at 31st March 2026.

41. EVENTS AFTER THE REPORTING DATE

No circumstances have arisen after the reporting date which would require adjustment to or disclosure in the Financial statements.

42. MATURITY ANALYSIS

An analysis of the assets and liabilities based on the remaining period at the reporting date to the respective contractual maturity dates is as follows.

31st March 2026	Up to 3 Months LKR	3 to 12 Months LKR	1 to 5 Years LKR	More than 5 Years LKR	Total LKR
Assets					
Interest bearing assets					
Cash and cash equivalents	-	-	-	-	-
Placements with banks	20,697,804,820	-	-	11,032,000,000	31,729,804,820
Loans and advances at amortised cost	9,031,571,929	3,411,179,778	2,438,889,153	281,652,462	15,163,293,322
Other financial assets at amortised cost	-	2,311,968,655	-	-	2,311,968,655
	<u>29,729,376,749</u>	<u>5,723,148,433</u>	<u>2,438,889,153</u>	<u>11,313,652,462</u>	<u>49,205,066,797</u>
Non-interest bearing assets					
Cash and cash equivalents	320,293,116	-	-	-	320,293,116
Balance with Central Bank of Sri Lanka	116,570,650	-	-	-	116,570,650
Derivative financial assets	-	-	40,862,500	-	40,862,500
Financial assets through other comprehensive income	-	-	-	24,266,642	24,266,642
Deferred tax assets	-	7,254,095	-	-	7,254,095
Right-of-use assets	-	-	92,848,275	-	92,848,275
Other assets	-	-	2,253,514,297	-	2,253,514,297
Property, plant and equipment	-	-	-	35,815,462	35,815,462
	<u>436,863,766</u>	<u>7,254,095</u>	<u>2,387,225,072</u>	<u>60,082,104</u>	<u>2,884,170,942</u>
Total assets	<u>30,166,240,515</u>	<u>5,730,402,528</u>	<u>4,826,114,225</u>	<u>11,373,734,566</u>	<u>52,089,237,739</u>
Liabilities					
Interest bearing liability					
Due to banks	8,435,069,170	-	-	-	8,435,069,170
Due to other customers	2,234,758,543	1,843,089,057	2,961,205,299	5,933,748,061	12,972,800,960
	<u>10,669,827,713</u>	<u>1,843,089,057</u>	<u>2,961,205,299</u>	<u>5,933,748,061</u>	<u>21,407,870,130</u>
Non-interest bearing liability					
Assigned capital	-	-	-	1,740,882,500	1,740,882,500
Statutory reserve	-	-	-	920,689,935	920,689,935
Retained earnings	-	-	-	15,583,972,692	15,583,972,692
Foreign currency translation reserve	-	-	-	-	-
Current tax liability	-	188,124,302	-	-	188,124,302
Retirement benefit obligation	-	5,371,331	-	-	5,371,331
Lease creditors	-	-	96,607,015	-	96,607,015
Central office current account	-	-	-	-	-
	<u>-</u>	<u>193,495,633</u>	<u>96,607,015</u>	<u>18,245,545,127</u>	<u>18,535,647,775</u>
Total liabilities	<u>10,669,827,713</u>	<u>2,036,584,690</u>	<u>3,057,812,314</u>	<u>24,179,293,188</u>	<u>39,943,517,905</u>

42. MATURITY ANALYSIS (CONTD....)

An analysis of the assets and liabilities based on the remaining period at the reporting date to the respective contractual maturity dates is as follows.

31st March 2025	Up to 3 Months LKR	3 to 12 Months LKR	1 to 5 Years LKR	More than 5 Years LKR	Total LKR
Assets					
Interest bearing assets					
Cash and cash equivalents	-	-	-	-	-
Placements with banks	8,578,050,146	-	-	10,371,550,000	18,949,600,146
Loans and advances at amortised cost	10,717,302,884	3,150,937,398	2,192,697,283	426,388,862	16,487,326,427
Other financial assets at amortised cost	-	2,273,799,730	-	-	2,273,799,730
	<u>19,295,353,030</u>	<u>5,424,737,128</u>	<u>2,192,697,283</u>	<u>10,797,938,862</u>	<u>37,710,726,303</u>
Non-interest bearing assets					
Cash and cash equivalents	139,558,339	-	-	-	139,558,339
Balance with Central Bank of Sri Lanka	84,599,755	-	-	-	84,599,755
Derivative financial assets	-	-	7,997,700	-	7,997,700
Financial assets through other comprehensive income	-	-	-	18,925,548	18,925,548
Deferred tax assets	-	6,299,922	-	-	6,299,922
Right-of-use assets	-	9,999,174	-	-	9,999,174
Other assets	-	1,922,257	-	172,446,345	174,368,602
Property, plant and equipment	-	-	-	41,094,152	41,094,152
	<u>224,158,094</u>	<u>18,221,353</u>	<u>7,997,700</u>	<u>232,466,045</u>	<u>482,843,192</u>
Total assets	<u>19,519,511,124</u>	<u>5,442,958,481</u>	<u>2,200,694,983</u>	<u>11,030,404,907</u>	<u>38,193,569,495</u>
Liabilities					
Interest bearing liability					
Due to Banks	6,675,831,510	-	-	-	6,675,831,510
Due to other customers	699,237,879	27,904,923	2,289,373,303	5,065,002,362	8,081,518,467
	<u>7,375,069,389</u>	<u>27,904,923</u>	<u>2,289,373,303</u>	<u>5,065,002,362</u>	<u>14,757,349,977</u>
Non-interest bearing liability					
Assigned capital	-	-	-	1,740,882,500	1,740,882,500
Statutory reserve	-	-	-	884,822,955	884,822,955
Retained earnings	-	-	-	14,619,118,497	14,619,118,497
Foreign currency translation reserve	-	-	-	5,275,781,019	5,275,781,019
Other reserves	-	-	-	78,689,970	78,689,970
Current tax liability	-	379,035,868	-	-	379,035,868
Retirement benefit obligation	-	11,805,351	-	-	11,805,351
Lease creditor	-	13,565,311	-	-	13,565,311
Central office current account	-	-	-	408,577,780	408,577,780
Other liabilities	-	29,111,154	-	-	29,111,154
	<u>-</u>	<u>433,517,684</u>	<u>-</u>	<u>23,007,872,721</u>	<u>23,441,390,405</u>
Total liabilities	<u>7,375,069,389</u>	<u>461,422,607</u>	<u>2,289,373,303</u>	<u>28,072,875,083</u>	<u>38,198,740,382</u>

43. ANALYSIS FOR CREDIT RISK AND LIQUIDITY RISK

43.1 Credit quality by class of financial assets

As at 31st March 2026	Neither past due nor impaired LKR	Past due LKR	Impaired LKR	Total LKR
Cash and cash equivalents	320,293,116	-	21,358,254,820	21,678,547,936
Balance with Central Bank of Sri Lanka	116,570,650	-	-	116,570,650
Placement with banks	-	-	10,371,550,000	10,371,550,000
Derivative financial instruments	40,862,500	-	-	40,862,500
Loans and advances at amortised cost	-	-	15,163,293,322	15,163,293,322
Financial assets at fair value through other comprehensive income	24,266,642	-	-	24,266,642
Other financial assets at amortised cost	2,311,968,655	-	629,558,312	2,941,526,967
Total	2,813,961,563	-	47,522,656,454	50,336,618,017

As at 31st March 2026	Overdue				Total LKR
	Less than 30 days LKR	30-60 Days LKR	60-90 Days LKR	More than 90 days LKR	
Loans and advances at amortised cost (Gross)	10,979,977,431	649,519,483	-	3,533,796,408	15,163,293,322
Other financial assets at amortised cost (Gross)	2,311,968,655	-	-	629,558,312	2,941,526,967
	13,291,946,086	649,519,483	-	4,163,354,720	18,104,820,289

As at 31 March 2025	Neither past due nor impaired LKR	Past due LKR	Impaired LKR	Total LKR
Cash and cash equivalents	139,558,339	-	-	139,558,339
Balance with Central Bank of Sri Lanka	84,599,755	-	-	84,599,755
Placement with banks (Gross)	18,949,922,908	-	(322,762)	18,949,600,146
Derivative financial assets	7,997,700	-	-	7,997,700
Loans and advances at amortised cost (Gross)	16,492,501,954	2,916,418,332	(2,921,593,860)	16,487,326,426
Financial assets at fair value through other comprehensive income	18,925,548	-	-	18,925,548
Other financial assets at amortised cost (Gross)	3,097,430,280	-	(591,868,701)	2,505,561,579
Total	38,790,936,484	2,916,418,332	(3,513,785,323)	38,193,569,493

As at 31st March 2025	Overdue				Total LKR
	Less than 30 days LKR	30-60 Days LKR	60-90 Days LKR	More than 90 days LKR	
Loans and advances at amortised cost (Gross)	16,461,909,615	20,488,604	10,103,735	2,916,418,332	19,408,920,286
Other financial assets at amortised cost (Gross)	2,273,799,730	-	-	591,868,701	2,865,668,431
	18,735,709,345	20,488,604	10,103,735	3,508,287,033	22,274,588,717



	2026 LKR	2025 LKR
43. ANALYSIS FOR CREDIT RISK AND LIQUIDITY RISK (CONTD....)		
43.2 Concentration of credit risk by sectors		
Agriculture and fishing	1,049,305,514	1,354,878,909
Engineering and building	3,692,585	138,564,400
Manufacturing	374,566,964	1,189,159,868
Tourism	495,384	7,283,517
Transport	29,519,595	753,388,210
Construction	699,455,862	36,902,491
Traders	6,945,877,149	3,154,601,617
Other	6,060,380,270	12,774,141,275
Net Loans and Advances	15,163,293,323	19,408,920,286

43.3 Maximum exposure to credit risk

As at 31st March 2026

	Maximum exposure to credit risk LKR	Collateral value LKR	Net exposure LKR
Cash and cash equivalents	320,293,116	-	320,293,116
Balance with Central Bank of Sri Lanka	116,570,650	-	116,570,650
Placement with banks	31,729,804,820	-	31,729,804,820
Derivative financial instruments	40,862,500	-	40,862,500
Loans and advances at amortised cost	11,947,114,542	11,947,114,542	-
Financial assets through other comprehensive income	24,266,642	-	24,266,642
Other financial assets at amortized cost	2,311,968,655	-	2,311,968,655
Total	46,490,880,926	11,947,114,542	34,543,766,383

As at 31 March 2025

	Maximum exposure to credit risk LKR	Collateral value LKR	Net exposure LKR
Cash and cash equivalents	139,558,339	-	139,558,339
Balance with Central Bank of Sri Lanka	84,599,755	-	84,599,755
Placement with banks	2,215,532,040	-	2,215,532,040
Derivative financial assets	7,997,700	-	7,997,700
Loans and advances at amortised cost	19,408,920,286	19,408,920,286	-
Financial investments at fair value through other comprehensive income	18,925,548	-	18,925,548
Other financial assets at amortised cost	2,273,799,730	-	2,273,799,730
Total	24,149,333,398	19,408,920,286	4,740,413,112

43.4 Analysis of financial instrument by measurement basis

	2026 LKR	2025 LKR
Assets		
Cash and cash equivalent	320,293,116	139,558,339
Balances with Central Bank	116,570,650	84,599,755
Placements with banks	31,729,804,820	18,949,600,146
Derivative financial assets	40,862,500	7,997,700
Loans and advances at amortised cost	11,947,114,542	16,487,326,427
Financial assets at fair value through other comprehensive income	24,266,642	18,925,548
Other financial assets at amortised cost	2,311,968,655	2,273,799,730
	46,490,880,926	37,961,807,645
Liabilities		
Due to banks	8,435,069,170	6,675,831,510
Derivative financial liabilities		
Due to other customers	12,972,800,960	8,081,518,468
	21,407,870,130	14,757,349,978

