

Interim Reports

December 2018



SANASA Development Bank PLC
Leads the Nation

SANASA DEVELOPMENT BANK PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31.12.2018

RS '000

	Bank		
	As at 31.12.2018 Unaudited	As at 31.12.2017 Audited	Change
Assets			
Cash and cash equivalents	4,171,939	1,190,390	250%
Placements with banks	9,528,426	6,014,704	58%
Financial assets recognized through profit or loss - measured at fair value	146,103	4,473,806	-97%
Financial assets at amortised cost			
- loans and receivables to other customers	77,507,021	66,687,416	16%
- debt and other instruments	3,405,600	-	100%
Other financial asset classified under loans and receivable	-	1,479,950	-100%
Financial assets measured at fair value through other comprehensive income	60,148	-	100%
Financial investments - available-for-sale	-	63,536	-100%
Financial investments - held-to-maturity	-	599,551	-100%
Asset held for sale	-	37,175	-100%
Property, plant and equipment	704,738	726,473	-3%
Investment properties	22,335	23,391	-5%
Intangible assets	3,728	8,148	-54%
Deferred tax assets	69,415	-	100%
Other assets	1,198,314	1,070,175	12%
Total assets	96,817,767	82,374,713	18%
Liabilities			
Financial liabilities at amortised cost			
- due to depositors	67,474,822	59,904,734	13%
- due to other borrowers	15,420,968	8,827,610	75%
Debt securities issued	4,198,548	4,189,812	0.21%
Subordinated debt	1,008,028	1,004,355	0.37%
Current tax liabilities	120,320	32,153	274%
Deferred tax liabilities	-	58,000	-100%
Other liabilities	1,207,216	1,026,889	18%
Total liabilities	89,429,901	75,043,553	19%
Equity			
Stated capital/assigned capital	5,921,538	5,758,689	3%
Statutory reserve fund	212,568	197,764	7%
Retained earnings	1,222,945	1,340,504	-9%
Other reserves	30,815	34,203	-10%
Total equity	7,387,867	7,331,160	1%
Total equity and liabilities	96,817,767	82,374,713	18%
Contingent liabilities and commitments	182,986	166,260	10%
Net asset value per share (Rs.)	131	134	-2%
Memorandum information			
Number of employees	1,504	1,363	10%
Number of branches	94	91	3%

Certification:

We, the undersigned, being the Directors, Actg. General Manager/CEO and the Chief Financial Officer of the SANASA Development Bank PLC, certify jointly that :-

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka: and
(b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank, unless indicated as audited.

Terrance Kumara
Chief Financial Officer

Delrene Senevirathne
Actg. General Manager/ CEO

Lakshman Abeysekera
Senior Director
27.02.2019
Colombo

Chaaminda Kumarasiri
Director

SANASA DEVELOPMENT BANK PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31.12.2018

RS '000

	Bank					
	For the year ended		Change	For the quarter ended		Change
	31.12.2018 Unaudited	31.12.2017 Audited		31.12.2018	31.12.2017	
Interest income	13,116,782	10,829,333	21%	3,528,792	2,853,676	24%
Interest expenses	(8,423,758)	(6,941,841)	21%	(2,260,116)	(1,933,975)	17%
Net interest income	4,693,024	3,887,493	21%	1,268,676	919,701	38%
Fee and commission income	226,768	278,770	-19%	34,179	77,538	-56%
Fee and commission expenses	(4,397)	(3,511)	25%	(1,374)	367	-474%
Net fee and commission income	222,371	275,258	-19%	32,805	77,905	-58%
Net gain/(loss) from financial instruments at fair value through profit or loss	280,172	211,759	32%	34,825	196,402	-82%
Other operating income (net)	20,811	50,845	-59%	(2,974)	21,816	-114%
Total operating income	5,216,378	4,425,356	18%	1,333,332	1,215,824	10%
Impairment for loans and other losses*	(525,844)	(293,537)	79%	(121,462)	74,184	-264%
Net operating income	4,690,534	4,131,819	14%	1,211,870	1,141,640	6%
Personnel expenses	1,911,601	1,474,146	30%	571,299	378,750	51%
Depreciation and amortization expenses	224,260	191,577	17%	57,335	51,495	11%
Other expenses	1,526,132	1,364,051	12%	379,452	406,785	-7%
Operating profit before value added tax VAT & NBT on Financial services	1,028,540	1,102,045	-7%	203,784	304,610	-33%
Value added tax (VAT) on financial services	(362,941)	(300,962)	21%	(119,510)	(62,428)	91%
National Building Tax (NBT) on financial services	(52,703)	(48,482)	9%	(17,033)	(15,891)	7%
Debt repayment Levy	(53,282)	-	100%	(53,282)	-	-
Operating profit/(Loss) after VAT & NBT on Financial services	559,614	752,601	-26%	13,959	226,291	-94%
Profit/(loss) before tax	559,614	752,601	-26%	13,959	226,291	-94%
Income tax expenses*	(263,525)	(244,778)	8%	(45,593)	(49,585)	-8%
Profit/(loss) for the period	296,090	507,824	-42%	(31,634)	176,706	-118%
Other Comprehensive Income						
Other Comprehensive Income/(Expenses) not to be reclassified to profit or loss						
Actuarial losses on defined benefit plans	(45,995)	2,885	-1694%	(3,995)	20,885	-119%
Deferred tax relating to defined benefit plans	12,879	(808)	1494%	12,879	(808)	1494%
Other Comprehensive Income to be reclassified to profit or loss	(3,388)	-	100%	(3,388)	-	-100%
Loss arising on re-measuring available for sale financial assets	(3,388)	-	100%	(3,388)	-	-100%
Other Comprehensive Income for the year net of tax	(36,505)	2,077	-1857%	5,495	20,077	-73%
Total comprehensive income for the period	259,585	509,901	-49%	(26,139)	196,783	-113%
Total comprehensive income attributable to:						
Owners of parent	259,585	509,901	-49%	(26,139)	196,783	-113%
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income for the period	259,585	509,901	-49%	(26,139)	196,783	-113%
Earnings per share on profit						
Basic earnings per ordinary share	5.32	10.18	-48%	(0.57)	3.54	-116%
Diluted earnings per ordinary share	5.13	9.90	-48%	(0.55)	3.44	-116%

* Please refer explanatory note in page 9.

No Circumstances have arisen since the Balance Sheet date, which require adjustment to or disclosure in the financial statements.

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31.12.2018

Bank						Rs '000
	Stated Capital / Assigned Capital	Reserves				Total Equity
	Ordinary Voting Shares	Statutory Reserve Fund	Retained Earnings	Available For Sale Reserve	General Reserves	
For the Period ended 31.12.2017						
Balance as at 01.01.2017 (Opening balance)	4,062,962	172,373	1,249,742	(12,454)	46,657	5,519,280
Total comprehensive income for the period						
Profit/(loss) for the period (net of tax)	-	-	507,824	-	-	507,824
Other comprehensive income (net of tax)	-	-	2,077	-	-	2,077
Total comprehensive income for the period	-	-	509,901	-	-	509,901
Transactions with equity holders, recognized directly in equity						
Share issue	1,461,340	-	-	-	-	1,461,340
Cash dividend for 2016	-	-	(131,249)	-	-	(131,249)
Scrip dividend for 2016	234,387	-	(262,499)	-	-	(28,111)
Transfer to statutory reserve fund	-	25,391	(25,391)	-	-	-
Total transactions with equity holders	1,695,727	25,391	(419,139)	-	-	1,301,980
Balance as at 31.12.2017 (Closing balance)	5,758,689	197,764	1,340,504	(12,454)	46,657	7,331,160

For the period ended 31.12.2018

Balance as at 01.01.2018 (Opening balance)	5,758,689	197,764	1,340,504	(12,454)	46,657	7,331,160
Impact of adoption of SLFRS 09 as at 01st January 2018	-	-	(37,054)	-	-	(37,054)
Restated balance under SLFRS 9 as at 1st January 2018	5,758,689	197,764	1,303,449	(12,454)	46,657	7,294,106
Total comprehensive income for the period						
Profit/(loss) for the period (net of tax)	-	-	296,090	-	-	296,090
Other comprehensive income (net of tax)	-	-	(33,117)	(3,388)	-	(36,505)
Total comprehensive income for the period	-	-	262,973	(3,388)	-	259,585
Transactions with equity holders, recognized directly in equity						
Cash dividend for 2017	-	-	(136,947)	-	-	(136,947)
Scrip dividend for 2017	162,849	-	(191,726)	-	-	(28,877)
Transfer to statutory reserve fund	-	14,804	(14,804)	-	-	-
Total transactions with equity holders	162,849	14,804	(343,478)	-	-	(165,824)
Balance as at 31.12.2018 (Closing balance)	5,921,538	212,568	1,222,945	(15,842)	46,657	7,387,867

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31.12.2018

RS '000

	Bank	
	01.01.2018 to 31.12.2018	01.01.2017 to 31.12.2017
Cash flows from / (used in) operating activities		
Interest received	12,879,033	10,627,485
Fee and commission received	218,856	274,825
Receipts from other operating activities	68,916	63,788
Interest payment	(7,836,344)	(6,073,127)
Cash payment to employees	(1,912,701)	(1,371,766)
Payments to suppliers and other operating activities	(2,480,238)	(2,729,404)
Fee and commission expenses	(4,397)	(3,511)
Operating profit before changes in operating assets	933,126	788,290
(Increase)/decrease in operating assets		
Funds advanced to customers	(11,345,449)	(13,348,414)
Other short term securities	(3,220,309)	134,290
Increase/(decrease) in operating liabilities		
Deposits from customers	7,570,087	14,212,976
Net cash from operating activities before income tax	(6,062,546)	1,787,142
Tax paid	(175,358)	(236,543)
Net cash from operating activities	(6,237,904)	1,550,600
Cash flows from / (used in) investing activities		
Dividend received	-	6,929
(Increase)/ decrease in non dealing securities	12,879	503,399
(Increase)/ decrease in dealing securities	4,607,874	(4,017,135)
(Increase)/ decrease in treasury bonds and other investments	599,551	(1,438,103)
Proceeds from sale of property, plant and equipment	4,883	10,747
Purchase of property, plant and equipment	(215,151)	(272,786)
Net cash from/ (used in) investing activities	5,010,036	(5,206,948)
Cash flows from (used in) financing activities		
Proceeds from issuance/allotment of shares	-	1,461,340
Net Increase/(decrease) in borrowing	6,605,767	(131,249)
Funds Received/(utilized) during the period	(11,463)	376,048
Dividend paid	(165,824)	(28,568)
Net cash flow from/ (used in) financing activities	6,428,479	1,677,570
Net increase/ (decrease) in cash and cash equivalents	5,200,612	(1,978,779)
Cash and cash equivalent at the beginning of the year	6,586,896	8,565,674
Cash and cash equivalents at the end of the period	11,787,508	6,586,896
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	4,171,939	1,190,390
Repurchase agreement	2,934,222	715,159
Fixed deposits less than 3 months	4,681,348	4,681,348
	11,787,508	6,586,896

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS
AS AT 31.12.2018

Rs' 000

As at 31st December 2018	AC	FVPL	FVOCI	Total
FINANCIAL ASSETS				
Cash and cash equivalents	4,171,939	-	-	4,171,939
Placements with banks	9,528,426	-	-	9,528,426
Financial assets recognized through profit or loss - measured at fair value	-	146,103	-	146,103
Financial assets at amortised cost				
- loans and receivables to other customers	77,507,021	-	-	77,507,021
- debt and other instruments	3,405,600	-	-	3,405,600
Financial assets measured at fair value through other comprehensive income	-	-	60,148	60,148
Total financial assets	94,612,986	146,103	60,148	94,819,237
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
- due to depositors		67,474,822	-	67,474,822
- due to other borrowers		15,420,968	-	15,420,968
Debt securities issued (annual rep+ int exp)		4,198,548	-	4,198,548
Subordinated debt		1,008,028	-	1,008,028
Total financial liabilities		82,895,789	-	88,102,365

Bank						Rs' 000
As at 31 st December 2017	Fair value through Profit or Loss	HTM	AFS	Amortized cost	Total	
FINANCIAL ASSETS						
Cash and cash equivalents	-	-	-	1,190,390	1,190,390	
Placements with banks	-	-	-	6,014,704	6,014,704	
Financial assets at fair value through profit or loss	4,473,805	-	-	-	4,473,805	
Financial investments - available-for-sale	-	-	63,536	-	63,536	
Financial investments - held-to-maturity	-	599,551	-	-	599,551	
Loans and receivables to other customers	-	-	-	66,687,415	66,687,415	
Other financial asset classified under loans and receivable	-	-	-	1,479,950	1,479,950	
Total financial assets	4,473,805	599,551	63,536	75,372,459	80,509,351	
FINANCIAL LIABILITIES						
Due to other customers	-	-	-	59,904,734	59,904,734	
Other borrowings	-	-	-	8,827,610	8,827,610	
Debt securities issued	-	-	-	4,189,812	4,189,812	
Subordinated term debts	-	-	-	1,004,355	1,004,355	
Total financial liabilities	-	-	-	73,926,511	73,926,511	

SANASA DEVELOPMENT BANK PLC

SEGMENT REPORTING

FOR THE PERIOD ENDED 31.12.2018

Bank	Rs '000									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
For the period ended 31st December										
Interest income	10,666,604	8,694,174	827,449	721,646	1,442,120	1,290,244	180,608	123,270	13,116,782	10,829,333
Interest expenses	(6,611,643)	(5,391,441)	(474,370)	(371,915)	(1,221,112)	(1,105,488)	(116,633)	(72,996)	(8,423,758)	(6,941,841)
Net interest income	4,054,962	3,302,733	353,080	349,730	221,008	184,756	63,974	50,273	4,693,024	3,887,493
Fee and commission income	194,149	235,994	32,619	42,776	-	-	-	-	226,768	278,770
Fee and commission expenses	(4,103)	(3,285)	(294)	(227)	-	-	-	-	(4,397)	(3,511)
Net fee and commission income	190,046	232,709	32,325	42,549	-	-	-	-	222,371	275,258
Net gain/loss from financial instruments at fair value through profit or loss	-	-	-	-	280,172	211,759	-	-	280,172	211,759
Other operating income (net)	20,335	43,916	-	-	477	6,929	-	-	20,811	50,845
Total operating income	4,265,342	3,579,359	385,404	392,280	501,657	403,444	63,974	50,273	5,216,378	4,425,356
Impairment for loans and other losses	(475,417)	(299,934)	(47,514)	11,201	(6,127)	-	3,214	(4,804)	(525,844)	(293,537)
Net operating income	3,789,925	3,279,425	337,891	403,481	495,530	403,444	67,188	45,469	4,690,534	4,131,819
Depreciation and amortization	(206,186)	(176,533)	(14,423)	(12,825)	(102)	(127)	(3,550)	(2,092)	(224,260)	(191,577)
Segment Result	3,583,739	3,102,891	323,468	390,656	495,428	403,317	63,639	43,377	4,466,273	3,940,242
Un-allocated expenses									(3,437,733)	(2,838,197)
Value added tax (VAT) on financial services									(362,941)	(300,962)
National Building Tax (NBT) on financial services									(52,703)	(48,482)
Debt repayment Levy									(53,282)	-
Profit before tax									559,614	752,601
Tax expenses									(263,525)	(244,778)
Profit for the year									296,090	507,824
Other Comprehensive Income										
Other Comprehensive Income for the year net of tax									(36,505)	2,077
Total Comprehensive Income for the year									259,585	509,901
As at 31st December										
Segment Assets	71,147,290	61,603,759	5,104,649	4,249,584	13,140,277	12,631,546	1,255,082	834,073	90,647,298	79,318,962
Un allocated assets	-	-	-	-	-	-	-	-	6,170,469	3,055,751
Total Assets	71,147,290	61,603,759	5,104,649	4,249,584	13,140,277	12,631,546	1,255,082	834,073	96,817,767	82,374,713
Segment Liabilities	70,191,778	58,283,226	5,036,093	4,020,525	12,963,803	11,950,687	1,238,227	789,116	89,429,901	75,043,552
Total Equity	-	-	-	-	-	-	-	-	7,387,867	7,331,160
Total Equity & Liabilities	70,191,778	58,283,226	5,036,093	4,020,525	12,963,803	11,950,687	1,238,227	789,116	96,817,767	82,374,712
For the period ended 30th September										
Additions to non-current assets	197,901	251,532	13,843	18,273	-	-	3,407	2,981	215,151	272,786

SANASA DEVELOPMENT BANK PLC
LISTED DEBENTURE INFORMATION
AS AT 31.12.2018

Types of debentures (Fixed)

Rs. '000

i) Rated Guaranteed Redeemable Debentures of Rs.100 each - Guaranteed by Sampath Bank PLC. The debentures are quoted on the Colombo Stock Exchange. (Rated (SL)A+ (SO) with a Stable Outlook by ICRA Lanka Limited)

Type	Interest Payable Frequency	Issue Date	Maturity Date	Annual Effective Rate (AER) %	Face Value	Interest Payable	Balance
A	Semi Annually	31-Dec-15	31-Dec-18	9.83	1,597,390	77,305	1,674,695
B	Semi Annually	31-Dec-15	31-Dec-20	10.25	402,610	20,296	422,906

ii) Rated Guaranteed Redeemable Debentures of Rs.100 each - Guaranteed by Seylan Bank PLC. The debentures are quoted on the Colombo Stock Exchange. (Rated (SL)A- (SO) with a Stable Outlook by ICRA Lanka Limited)

Type	Interest Payable Frequency	Issue Date	Maturity Date	Annual Effective Rate (AER) %	Face Value	Interest Payable	Balance
C	Semi Annually	31-Dec-15	31-Dec-18	10.15	1,438,050	71,769	1,509,819
D	Semi Annually	31-Dec-15	31-Dec-20	10.57	561,950	29,178	591,128
					4,000,000	198,548	4,198,548

Utilization of Funds Raised through Debenture Issue

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus in Rs.	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in Rs.	% of total proceeds	Amounts utilized in Rs.	% of total proceeds
1	To raise medium term funds to manage assets and liability mismatch and to minimize the interest rate risk.	-	-	-	-	-	-
2	To finance the budgeted lending portfolio (approximately 90% as loans and the balance as leasing) and to minimize the mismatch in funding exposure.	4,000,000,000	In the ordinary course of business within the next 12 months from the date of allotment.	3,600,000,000 for loans and 400,000,000 for leasing	100	4,000,000,000	100

SANASA DEVELOPMENT BANK PLC
SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

Item	Bank	
	As at 31.12.2018 Unaudited	As at 31.12.2017 Audited
Regulatory Capital Adequacy		
Regulatory Capital (Rs. Mn)		
Common Equity Tier 1	7,359	7,294
Tier 1 Capital	7,359	7,294
Total Capital	8,401	8,564
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2018- 6.375%)	10.91	12.42
Tier 1 Capital Ratio (Minimum Requirement - 2018 - 7.875%)	10.91	12.42
Total Capital Ratio (Minimum Requirement - 2018- 11.875%)	12.46	14.59
Assets Quality (Quality of Loan Portfolio)		
Gross Non-performing Advances Ratio, % (net of Interest in Suspense)	2.57	2.07
Net Non-performing Advances Ratio, % (net of Interest in Suspense & Provisions)	0.08	1.02
Profitability		
Interest Margin, %	7.34	5.57
Return on Assets (Before Taxes), %	0.83	1.01
Return on Equity(After Taxes) , %	5.36	7.90
Regulatory Liquidity		
Statutory Liquid Assets (Rs.'000)	14,811,217	11,829,936
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	23.22	21.34
Liquidity Coverage Ratio, % (Minimum Requirement - 2018- 90%, 2017 - 80%)	142.15	94.09
Share Information		
	31.12.2018	31.12.2017
Market value per share (Rs.)	75.00	101.90
Highest price per share for the period (Rs.)	112.90	122.50
Lowest price per share for the period (Rs.)	70.00	93.80
Debenture Information		
	31.12.2018	31.12.2017
Debt to Equity Ratio (Times)	11.93	10.09
Interest Cover (Times)	1.07	1.11
Quick Asset Ratio (Times)	0.65	0.63
Interest Rate for Comparable Government Security (%)		
Type A	11.42	9.93
Type B	11.58	10.25
Type C	11.42	9.93
Type D	11.58	10.25
Interest yield as at date of last trade	N/T	N/T
Yield to Maturity of Trade Done on	N/T	N/T
The Market Prices during the year (Ex Interest)		
- Highest Price	N/T	N/T
- Lowest Price	N/T	N/T
- Last Trade Price	N/T	N/T

N/T - Not Traded

SANASA DEVELOPMENT BANK PLC
SHAREHOLDER INFORMATION
AS AT 31.12.2018

Twenty Largest Shareholders as at 31.12.2018

No.	Name of The Shareholder	Number of Shares	%
1	Seylan Bank PLC /Dr. Thirugnanasambandar Senthilvel	6,936,510	12.3188%
2	Ayenka Holdings Private Limited	6,779,840	12.0406%
3	SBI FMO Emerging Asia Financial Sector Fund PTE. LTD	5,045,636	8.9607%
4	CB NY S/A International Finance Corporation	4,991,644	8.8649%
5	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	2,242,504	3.9825%
6	People's Leasing & Finance PLC	2,094,012	3.7188%
7	Seemasahitha SANASA Rakshana Samagama (General)	1,162,630	2.0648%
8	Kegalle SANASA Share Holders Trust Company Limited	1,039,330	1.8458%
9	Seemasahitha SANASA Rakshana Samagama (Life)	910,708	1.6174%
10	Sampath Bank PLC/ Dr. T.Senthilvel	871,885	1.5484%
11	Sanasa Federation Limited	720,024	1.2787%
12	Polgahawela Sanasa Societies Union Ltd	387,314	0.6878%
13	Hambanthota DTCCS Union Ltd	384,257	0.6824%
14	Warakapola SANASA Share Holders Trust Company Limited	380,249	0.6753%
15	Dr. T.Senthilvel	373,598	0.6635%
16	Kolonnawa SANASA Share Holders Trust Company Limited	257,370	0.4571%
17	Mr. D.P. Pieris	257,067	0.4565%
18	Polgahawela SANASA Share Holders Trust Company Limited	238,667	0.4239%
19	Sampath Bank PLC/ Mr. Arunasalam Sithampalam	224,333	0.3984%
20	Dr. S. Yaddehige	205,653	0.3652%
Sub total		35,503,231	63.0515%
Shares held by other shareholders		20,805,021	36.9485%
Total		56,308,252	100.00%

Percentage of public holding as at 31.12.2018

99.87%

(Total No. of Shares 56,308,252)

Number of public shareholders

37,645

Directors' Shareholding as at 31.12.2018

No.	Name of Director	No. of Shares
1	Ms. M. S. Kiriwandeniya	5,785
2	Mr. L. Abeysekera	-
3	Prof. S. Amaratunge	-
4	Mr. P. Subasinghe	69,341
5	Mr. S. Lionel Thilakarathne	-
6	Mr. Arnoldus de. Vette	-
7	Mr. K. G. Wijerathne	117
8	Mr. Chaaminda Kumarasiri	-
9	Mr. Prasanna Premaratna	-

SANASA DEVELOPMENT BANK PLC
EXPLANATORY NOTES

The financial statements of the Bank has been prepared based on the new accounting policies and methods which have been revised in line with the requirements of the SLFRS 9 -Financial Instruments. The Bank complied with LKAS -39, Financial Instruments: Recognition and measurements up to 31 December 2017, in the preparation of its annual financial statements. In order to recognize the impact on the transition, the Bank has adopted the modified retrospective approach in line with paragraph 7.2.14 - Transition of SLFRS 9-Financial Instruments. Accordingly, the impact on the adoption of SLFRS 9 on the financial performance as at 31 December 2017, has been reflected in the opening equity balance as at 01 January 2018 and the current year impact has been adjusted to the 4th quarter of 2018. The adjustment made in 4th quarter for SLFRS - 9 and related adjustments are (Rs. 75.3) million.