

STATE BANK OF INDIA - SRI LANKA OPERATIONS
STATEMENT OF PROFIT OR LOSS

For the year ended 31st March	Note	2019 LKR	2018 LKR
Interest income		1,646,239,261	1,470,661,017
Less: Interest expense		(476,710,320)	(403,327,905)
Net interest income from continued operations	07	1,169,528,941	1,067,133,112
Fee and commission income		140,869,584	202,433,609
Less: Fee and commission expenses		-	-
Net fee and commission income from continued operations	08	140,869,584	202,433,609
Net gain/(loss) from trading		-	-
Net fair value gain from financial instrument designated at fair value through profit or loss	09	-	-
Net gain/(loss) from derecognition of financial assets	10	769,700	663,750
Net other operating income	11	134,956,796	156,198,775
Total operating income from continued operations		1,446,125,021	1,426,429,246
Impairment charges	12	23,934,132	(23,898,511)
Net operating income from continued operations		1,470,059,154	1,402,530,735
Personnel expenses	13	(136,698,141)	(291,924,779)
Other operating expenses	14	(209,876,303)	185,658,953
Operating profit before VAT & NBT from continued operations		1,123,484,710	1,296,264,908
Less : Value Added Tax & National Building Tax on financial services	15	(181,130,091)	(186,315,426)
Operating profit after VAT & NBT from continued operations		942,354,619	1,109,949,483
Operating loss from discontinued operations	16	(4,937,123)	(5,970,416)
Profit before income tax		937,417,496	1,103,979,066
Less: Income tax expense	17	(363,486,337)	(216,506,601)
Profit for the year		573,931,159	546,935,382

All values are in Sri Lankan Rupees (LKR) otherwise stated. Figures in brackets indicate deduction.

The amounts for the year ended 31st March 2019 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated.

The Notes to the Financial Statements from Page 6 to 52 form an integral part of these Financial Statements.

18-Jun-19

Page 01

STATE BANK OF INDIA - SRI LANKA OPERATIONS
STATEMENT OF COMPRHENSIVE INCOME

For the year ended 31st March	2019 LKR	2018 LKR
Profit for the year	573,931,159	546,935,382
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	515,441,475	76,552,679
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debts instruments measured at fair value through other comprehensive income	(780,721)	-
Share of profits of associates and joint ventures	-	-
(Loss) / gain on re-measuring available for sale Financial Assets	-	253,735
Others	-	-
Less: Tax expense relating to items that will be reclassified to income statements.	-	-
Sub Total	514,660,754	76,806,414
Items that will not be reclassified to income statement		
Change in fair value on investment in equity instruments designated at fair value through other comprehensive income	-	-
Change in fair value attributable to change the bank's own credit risk on financial liabilities designated at fair value though profit or loss	-	-
Re-measurement of post employment benefit obligation	(2,326,147)	-
Changes in revaluation surplus	-	-
Share of profit of associates and joint ventures	-	-
Others (specify)	-	-
Less: Tax expenses relating to items that will not be reclassified to income statements.	(604)	-
Sub Total	(2,326,751)	-
Other comprehensive income for the year, net of taxes	512,334,003	76,806,414
Total comprehensive income for the year	1,086,265,162	623,741,796

All values are in Sri Lankan Rupees (LKR) otherwise stated. Figures in brackets indicate deduction.

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STATE BANK OF INDIA - SRI LANKA OPERATIONS
STATEMENT OF FINANCIAL POSITION

As at 31st March		2019	2018
	Note	LKR	(Restated) LKR
ASSETS			
Cash and cash equivalents	18	447,133,794	1,725,814,394
Balances with Central Bank of Sri Lanka	19	972,979,356	342,685,489
Placements with banks	20	4,965,354,613	6,450,387,293
Derivative financial instruments		-	-
Financial assets recognized through profit or loss			
Measured at fair value		-	-
Designated at fair value		-	-
Financial assets at amortised cost			
loans and advances	21	14,032,075,768	10,855,597,855
debt and other instruments	22	4,301,652,146	4,438,030,503
Financial assets measured at fair value through other comprehensive income	23	1,388,104,320	793,068,314
Property, plant and equipment	24	189,427,060	18,568,346
Deferred tax assets	26	56,603,156	55,384,941
Other assets	27	93,855,869	21,641,257
Total assets		26,447,186,082	24,701,178,392
LIABILITIES			
Due to banks	28	9,150,098,110	9,169,810,468
Derivative financial instruments	29	-	4,150
Financial liabilities recognized through profit or loss			
-measured at fair value		-	-
-designated at fair value		-	-
Financial liabilities at amortised cost			
-due to depositors	30	6,633,936,603	6,023,607,612
-due to debt securities holders		-	-
-due to other borrowers		-	-
Retirement benefit obligation	31	204,092,200	204,648,635
Current tax liabilities	25	124,752,933	73,637,027
Other liabilities	32	118,144,851	85,079,411
Total liabilities		16,231,024,697	15,556,787,303
EQUITY			
Assigned capital	33	2,442,827,454	2,442,827,454
Statutory reserve fund	34	340,923,557	307,144,649
Retained earnings	35	6,172,397,734	5,649,067,100
Other reserves	36	1,260,012,640	745,351,886
Total equity		10,216,161,385	9,144,391,089
Total liabilities and equity		26,447,186,082	24,701,178,392
Commitments and contingent liabilities	37	22,563,370,016	22,763,860,167

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The amounts for the year ended 31st March 2019 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated.

The Notes to the Financial Statements from Page 6 to 52 form an integral part of these Financial Statements.

These financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

The Management of the Bank is responsible for the preparation and fair presentation of these Financial Statements.

Approved and signed for and on behalf of the Management of the Bank

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Senior Vice President

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Country Head

18-Jun-19

Page 03

STATE BANK OF INDIA - SRI LANKA OPERATIONS
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2019

	Assigned capital LKR	Support fund LKR	Funds from central office LKR	Statutory reserve fund LKR	Retained earnings LKR	Foreign Currency Translation Reserve LKR	Available for sale reserve LKR	Fair value through other comprehensive income reserve LKR	Total LKR
Balance as at 01.04.2017	1,566,460,000	44,416,145	831,951,309	281,991,958	5,796,083,616	-	(253,735)	-	10,963,476,748
Reclassification error adjustment (Note 46)					(668,799,207)	668,799,207			-
Restated balance as at 01.04.2017	1,566,460,000	44,416,145	831,951,309	281,991,958	5,127,284,409	668,799,207	(253,735)	-	10,963,476,748
Profit for the year	-	-	-	-	546,935,382	-	-	-	546,935,382
Other comprehensive income (restated)	-	-	-	-	-	76,552,679	253,735	-	76,806,414
Total comprehensive income (restated)	-	-	-	-	546,935,382	76,552,679	253,735	-	623,741,796
Transfers to reserves during the year	-	-	-	25,152,691	(25,152,691)		-	-	-
Balance as at 31.03.2018 (Restated)	1,566,460,000	44,416,145	831,951,309	307,144,649	5,649,067,100	745,351,886	-	-	8,399,039,203
Balance as at 01.04.2018 (Restated)	1,566,460,000	44,416,145	831,951,309	307,144,649	5,649,067,100	745,351,886	-	-	8,399,039,203
Day 1 impact from the application of IFRS 09	-	-	-	-	(14,494,866)	-	-	-	(14,494,866)
Profit for the year	-	-	-	-	573,931,159	-	-	-	573,931,159
Other comprehensive income	-	-	-	-	(2,326,751)	515,441,475	-	(780,721)	512,334,003
Total comprehensive income	-	-	-	-	571,604,408	515,441,475	-	(780,721)	1,086,265,162
Transfer to Statutory Reserve Fund	-	-	-	33,778,908	(33,778,908)	-	-	-	-
Balance as at 31.03.2019	1,566,460,000	44,416,145	831,951,309	340,923,557	6,172,397,734	1,260,793,361	-	(780,721)	10,216,161,385

All values are in Sri Lankan Rupees (LKR) otherwise stated. Figures in brackets indicate deduction.

The Notes to the Financial Statements from Page 6 to 52 form an integral part of these Financial Statements.

18-Jun-19

Page 04

STATE BANK OF INDIA - SRI LANKA OPERATIONS
STATEMENT OF CASH FLOWS

For the year ended 31st March

	Note	2019 LKR	2018 LKR
Cash flows from operating activities			
Profit before tax		937,417,496	1,103,979,066
Adjustments for:			
Non-cash items included in the profit before tax	39(a)	(9,647,104)	197,571,066
Changes in operating assets	39(b)	(2,314,950,869)	(244,808,266)
Changes in operating liabilities	39(c)	623,682,073	643,040,603
Dividend income		-	-
Tax paid	25	(315,757,328)	(288,584,131)
Gratuity paid		(23,913,470)	(9,214,040)
Net cash (used in) / generated from operating activities		(1,103,169,200)	1,061,447,215
Cash flows from investing activities			
Purchase of property, plant and equipment	24	(185,959,379)	(5,574,924)
Sales of property, plant and equipment		40,000	11,500
Changes in financial investments - Net		(458,657,650)	(397,637,153)
Dividends received		-	-
Net cash used in investing activities		(644,577,029)	(403,200,577)
Cash flows from financing activities			
Assigned capital received from head office		-	-
Net cash generated from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(1,747,746,229)	658,246,638
Cash and cash equivalents at the beginning of the year		1,725,814,394	998,559,103
Exchange difference on transaction of foreign operation		469,065,629	69,008,653
Cash and cash Equivalents at the end of the year		447,133,794	1,725,814,394
Cash and cash Equivalents at the end of the year			
Cash and cash Equivalents	18	447,133,794	1,725,814,394
		447,133,794	1,725,814,394

All values are in Sri Lankan Rupees (LKR) otherwise stated. Figures in brackets indicate deduction.

The amounts for the year ended 31st March 2019 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated.

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18-Jun-19

Page 05

STATE BANK OF INDIA - SRI LANKA OPERATIONS
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2019

6 TRANSITION DISCLOSURE

- 6.1 The following notes set out the impact of adopting Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments) at transition date, 1 st April 2018 on the statement of financial position, and retained earnings including the effect of replacing incurred credit loss calculations under Sri Lanka Accounting Standard - LKAS 39 (Financial Instruments - recognition and measurement) with expected credit loss (ECL) calculations under SLFRS 9.

Reclassification:

These adjustments reflect the movement of balances between categories on the Statement of Financial Position with no impact to equity. There is no change to the carrying value of the balances as a result of the reclassification.

Re-measurement:

These adjustments, which include expected credit loss, result in a change to the carrying value of the item on the Statement of Financial Position with an impact to equity net of tax.

As at 1st April 2018	Note	Measurement as March 31, 2018		Reclassification	Remeasurements		SLFRS 9	Measurement as at April 1, 2018	
		Category	LKR		LKR	ECL		Other	LKR
Financial assets									
Cash and cash equivalents	Loans and receivables		1,725,814,394	-	-	-	1,725,814,394	Financial assets at amortised cost	1,725,814,394.46
Placements with banks	Loans and receivables		6,450,387,293	-	(1,883,705)	-	6,448,503,588	Financial assets at amortised cost	6,448,503,587.63
Balances with Central Bank of Sri Lanka	Loans and receivables		342,685,489	-	-	-	342,685,489	Financial assets at amortised cost	342,685,489.48
Financial assets at amortised cost - debt and other instruments	Loans and receivables		4,438,030,503	-	(23,635,809)	-	4,414,394,694	Financial assets at amortised cost	4,414,394,694.07
- loans and receivables	Loans and receivables		10,855,597,855	-	24,961,918	-	10,880,559,773	Financial assets at amortised cost	10,880,559,773.19
Financial assets measured at fair value through OCI			-	-	-	-	-		-
- Treasury Bills	Available for sale		792,538,314	-	-	-	792,538,314	Financial assets measured at fair value through OCI	792,538,313.73
- Equity securities	Available for sale		530,000	-	-	-	530,000	Financial assets measured at fair value through OCI	530,000.00
Total financial assets			24,605,583,849	-	(557,596)	-	24,605,026,253		-
Total financial assets subject to transition impact			24,605,583,849	-	(557,596)	-	24,605,026,253		-
Financial Liabilities									
Due to banks	At amortised cost		9,169,810,468	-	-	-	9,169,810,468	Financial liabilities at amortised cost	9,169,810,468.27
Derivative financial instruments	At amortised cost		4,150	-	-	-	4,150	Financial liabilities at amortised cost	4,150.00
Deposits from customers	At amortised cost		6,023,607,612	-	-	-	6,023,607,612	Financial liabilities at amortised cost	6,023,607,611.56
Total financial liabilities			15,193,422,230	-	-	-	15,193,422,230		-
Total financial liabilities subject to transition impact			15,193,422,230	-	-	-	15,193,422,230		-

STATE BANK OF INDIA - SRI LANKA OPERATIONS
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2019

6.2 The following table summaries the impact, net of tax, of transition to SLFRS 9 – Financial Instruments on reserves and retained earnings as at 1 April 2018.

	Retained Earnings	Fair Value through (OCI)	Available-for-sale Reserve
	LKR	LKR	LKR
Closing balance as per LKAS - 39 (31st March 2018)	6,394,418,986		
Impact on reclassification and measurements:			
Classification of Quoted units as financial assets measured at FVTPL	-	-	-
Impact on recognition of expected credit losses:			
Expected credit losses under SLFRS 9 for			
- Placements with banks	(1,883,705)	-	-
- Loans and receivable to customers	24,961,918	-	-
-Other financial investments	(23,635,809)	-	-
-Off Balance Sheet Exposure	(13,937,270)	-	-
Opening balance as per SLFRS - 9 Initial Application (1st April 2018)	<u>6,379,924,120</u>	<u>-</u>	<u>-</u>

STATE BANK OF INDIA - SRI LANKA OPERATIONS
ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2019

6.3 Classification of financial assets and financial liabilities on the date of initial application of SLFRS 9 – Financial Instruments

The following table shows the original measurement categories as per LKAS 39 – “Financial Instruments: Recognition and Measurement” and the new measurement categories as per SLFRS 9 – “Financial Instruments” along with their carrying amounts for each class of the Company's financial assets and financial liabilities as at 1 April 2018

	Original Classification as per LKAS 39	New Classification as per SLFRS 9	Original Carrying Amount as per LKAS 39 LKR	New Carrying Amount as per SLFRS 9 LKR
FINANCIAL ASSETS				
Cash and cash equivalents	Loans and receivables	Financial assets at amortised Cost	1,725,814,394	1,725,814,394
Placement with banks	Loans and receivables	Financial assets at amortised Cost	6,450,387,293	6,448,503,588
Balances with Central Bank of Sri Lanka	Loans and receivables	Financial assets at amortised Cost	342,685,489	342,685,489
Financial assets measured at fair value through OCI				
- Treasury Bills	Available for sale	Financial assets measured at fair value through OCI	792,538,314	792,538,314
-Unquoted shares held by the Company	Available for sale	Financial assets measured at fair value through OCI	530,000	530,000
-Investment in Related Companies				
Loans and receivables	Loans and receivables	Financial assets at amortised Cost	10,855,597,855	10,880,559,773
Financial assets at amortized cost - other financial instruments / held to maturity	Loans and receivables	Financial assets at amortised Cost	4,438,030,503	4,414,394,694
Total financial assets			24,605,583,849	24,605,026,253
FINANCIAL LIABILITIES				
	Original Classification as per LKAS 39	New Classification as per SLFRS 9	Original Carrying Amount as per LKAS 39 LKR	New Carrying Amount as per SLFRS 9 LKR
Due to banks	At amortised cost	Financial liabilities at amortised cost	9,169,810,468	9,169,810,468
Deposits from customers	At amortised cost	Financial liabilities at amortised cost	6,023,607,612	6,023,607,612
Derivative financial instruments	At amortised cost	Financial liabilities at amortised cost	4,150	4,150
Other interest bearing borrowings	At amortised cost	Financial liabilities at amortised cost	-	-
Other liabilities	At amortised cost	Financial liabilities at amortised cost	85,079,411	85,079,411
Total financial liabilities			15,278,501,641	15,278,501,641

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March

	2019 LKR	2018 LKR
	(Continued Operations)	(Discontinued Operations)
NOTE 07 - NET INTEREST INCOME		
Note 7.1 - Interest income		
Cash and cash equivalents	-	-
Balances with central banks	-	-
Placements with banks	341,263,219	593,525,942
Derivative financial instruments	-	-
Financial assets recognized through profit or loss		
-measured at fair value	-	-
- designated at fair value	-	-
Financial assets at amortised cost		
- loans and advances	959,172,207	1,300,823
- debt and other instruments	-	-
Financial assets measured at fair value through other comprehensive income	-	-
Others (Please specify)	-	-
Total interest income	1,300,435,426	1,217,011,777
Note 7.2 - Interest expenses		
Due to banks	335,270,789	192,048,393
Derivative financial instruments	-	-
Financial liabilities recognized through profit or Loss		
-measured at fair value	-	-
- designated at fair value	-	-
Financial liabilities at amortised cost		
- due to depositors	141,439,531	211,279,512
- due to debt securities holders	-	-
- due to other borrowers	-	-
Others (Please specify)	-	-
Total interest expenses	476,710,320	403,327,905
Note 7.3 - Net interest income from Sri Lanka Government Securities		
Interest Income	345,803,835	253,449,241
Less : Interest expense	-	-
Net interest income from Sri Lanka Government Securities	345,803,835	253,449,241
Net interest income	1,169,528,941	1,067,133,112
NOTE 08 - NET FEE & COMMISSION INCOME		
Fee and commission income	140,869,584	202,433,609
Fee and commission expenses	-	-
Net fee and commission income	140,869,584	202,433,609
Comprising		
Loan processing fees	36,427,486	23,475,857
Trade and remittances	50,770,596	49,994,109
Guarantees	18,400,717	100,059,207
Income on swift operations	6,093,593	5,844,737
Other banking services	29,177,192	23,059,698

Note 8.1

Total commission income

140,869,584

442,817

202,433,609

Note 8.1 - Fee and commission expenses

Fee and commission expenses

-

-

-

Total commission expense

-

-

-

18-Jun-19

Page 31

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March

	2019 LKR	2018 LKR
	(Continued Operations)	(Discontinued Operations)
NOTE 09 - NET FAIR VALUE GAINS/(LOSSES) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Gains on financial assets at fair value through profit or loss	-	-
Losses on financial assets at fair value through profit or loss	-	-
Gains on financial liabilities at fair value through profit or loss	-	-
Losses on financial liabilities at fair value through profit or loss	-	-
	<u>-</u>	<u>-</u>
NOTE 10 - NET GAINS/(LOSSES) FROM DERECOGNITION OF FINANCIAL ASSETS		
Recognized at :		
Fair Value through profit or loss	769,700	-
Amortized cost	-	-
Fair value through other comprehensive income	-	-
	<u>769,700</u>	<u>663,750</u>
NOTE 11 - NET OTHER OPERATING INCOME		
Gain/(Loss) on investment properties	-	-
Gain/(Loss) on sale of property, plant and Equipment	40,000	(3,005,236)
Gain on revaluation of foreign exchange	129,802,973	116,681
Gain on Forward foreign exchange contracts	707,332	-
Recovery of loans written-off	133,499	-
Less: Loans written off	-	-
Rent income	4,272,992	-
Total other operating income	<u>134,956,796</u>	<u>(2,888,555)</u>
NOTE 12 - IMPAIRMENT CHARGES		
Financial assets at amortized cost-Loans and advances (Note 21)		
Stage 01	(13,869,960)	(125,000)
Stage 02	40,765,987	-
Stage 03	(52,911,321)	-
	<u>(26,015,294)</u>	<u>(125,000)</u>
Financial assets at amortized cost-Debt instruments (Note 22)		
Stage 01	(1,672,557)	-
Stage 02	-	-
Stage 03	-	-
	<u>(1,672,557)</u>	<u>-</u>
Financial assets at amortized cost- placements (Note 20)		
Stage 01	2,159,005	-
Stage 02	-	-
Stage 03	-	-
	<u>2,159,005</u>	<u>-</u>
Financial assets measured at fair value through other comprehensive income		
Stage 01	-	-
Stage 02	-	-
Stage 03	-	-
	<u>-</u>	<u>-</u>
Contingent liabilities & commitments (Note 37)		
Stage 01	1,594,714	-
Stage 02	-	-
Stage 03	-	-
	<u>1,594,714</u>	<u>-</u>
Investment in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	-	-
Investment properties	-	-
Others (Please specify)	-	-
Individual Impairment Provision	-	17,956,511
Collective Impairment Provision	-	5,942,000
	<u>(23,934,132)</u>	<u>(125,000)</u>
	<u>134,956,796</u>	<u>(2,888,555)</u>
	<u>134,956,796</u>	<u>156,198,775</u>

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March

	2019		2018
	LKR		LKR
	(Continued Operations)	(Discontinued Operations)	
NOTE 13 - PERSONNEL EXPENSES			
Salary and bonus	119,114,220	1,250,565	113,754,443
Contributions to defined benefit plans	(184,977)	-	162,983,514
Contributions to defined contribution plans	10,312,956	158,683	9,095,848
Other allowance and staff related expenses	7,455,943	72,438	6,090,974
Total Staff Costs	136,698,141	1,481,686	291,924,779
NOTE 14 - OTHER OPERATING EXPENSES			
Director's emoluments	-	-	-
Auditor's emolument	4,953,638	(698,199)	4,665,951
Non-Audit fees to auditors	-	-	-
Professional and legal expenses	2,154,904	-	2,982,988
Depreciation on property, plant and equipment	10,989,928	436,842	10,699,817
Office administration and establishment expenses	39,373,350	1,551,815	34,625,495
Repairs and maintenance of premises, computer and electricity expenses	32,742,286	128,372	45,792,492
Advertisement	1,436,795	-	2,354,642
Brokerage charges	1,648,357	-	3,926,627
Security charges	8,397,423	351,900	6,515,093
Head office expenses	11,528,175	-	10,351,384
Insurance	6,194,984	-	8,838,353
Donation	-	-	37,630
Subscription	700,776	-	1,582,294
Loss from disposal of property, plant and equipment	-	-	-
Rates and taxes	67,334,350	-	34,975,197
Miscellaneous expenses	13,707,609	134,905	14,560,810
Nostro accounts maintenance expenses	2,911,248	-	2,245,430
Promotional expenses	-	-	-
Loss on forward foreign exchange contracts	-	-	254,751
License Fees	5,802,480	-	1,250,000
	209,876,303	1,905,635	185,658,953
NOTE 15 - VALUE ADDED TAX & NATION BUILDING TAX ON FINANCIAL SERVICES			
Value Added Tax on Financial Services - Current Year	153,192,735	-	161,505,018
- Under provision previous year	4,097,740	-	-
	157,290,476	-	161,505,018
Nation Building Tax on Financial Services	23,839,615	-	24,810,408
	181,130,091	-	186,315,426

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March

	Note	2019 LKR	2018 LKR
NOTE 16 - OPERATING LOSS FROM DISCONTINUED OPERATIONS			
Interest income		1,300,823	4,607,396
Less: Interest expense		<u>(529,886)</u>	<u>(2,128,550)</u>
Net interest income	7	770,937	2,478,847
Fee and commission income		442,817	2,122,179
Less: Fee and commission expenses		<u>-</u>	<u>-</u>
Net fee and commission income	8	442,817	2,122,179
Net fair value gain/(loss) from financial instrument designated at fair value through profit or loss		-	-
Net gain/(loss) from derecognition of financial assets		-	663,750
Net other operating income	11	<u>(2,888,555)</u>	<u>467,673</u>
Total operating income		(1,674,802)	5,068,698
Impairment (charge)/reversal for loans and other losses	12	<u>125,000</u>	<u>43,000</u>
Net operating income		(1,549,802)	5,111,698
Personnel expenses	13	(1,481,686)	(3,813,508)
Other operating expenses	14	<u>(1,905,635)</u>	<u>(7,268,606)</u>
Operating profit before VAT & NBT		(4,937,123)	(5,970,416)
Less : Value Added Tax & National Building Tax on financial services	15	<u>-</u>	<u>-</u>
Operating loss after VAT & NBT		(4,937,123)	(5,970,416)
Less: Income tax expense	16	<u>(1,197,036)</u>	<u>-</u>
Loss for the year		<u>(6,134,158)</u>	<u>(5,970,416)</u>

18-Jun-19

Page 34

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March

	2019 LKR		2018 LKR
	(Continued Operations)	(Discontinued Operations)	
NOTE 17 - INCOME TAX EXPENSES			
Current Tax expenses			
Current year	340,401,409	-	255,728,724
Prior years' (over) / Under provision	23,106,712	-	11,683,606
Deferred tax expense			
Effect of change in tax rates	-	-	-
Temporary differences	(21,784)	(1,197,036)	(50,905,728)
Prior years' provision	-	-	-
Total	363,486,337	(1,197,036)	216,506,601

a. Reconciliation of tax expenses

Income tax for the period (Accounting profit @ 28%)	262,476,899	-	213,763,756
Adjustment in respect of current income tax of prior period	-	-	-
Add: Tax effect of expenses that are not deductible for tax purpose	89,707,710	-	197,228,641
(Less): Tax effect of expenses that are deductible for tax purpose	(11,783,200)	-	(155,263,673)
Tax expense for the period	340,401,409	-	255,728,724

b. The deferred tax (credit) / charge in the income statement comprise of the following

Deferred tax assets	357,887	-	(51,380,191)
Deferred tax liabilities	(379,671)	(1,197,036)	474,463
Other temporary differences	-	-	-
Deferred tax (credit)/charge in the income statement	(21,784)	(1,197,036)	(50,905,728)

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 at 28%

Earnings Per Share

SBI Sri Lanka is not a listed Bank, hence no shares are issued.

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

As at 31st March

2019
LKR

2018
LKR

NOTE 18 - CASH AND CASH EQUIVALENTS

Cash in hand	65,486,140	96,055,726
Balances With Banks	116,997,760	1,239,046,893
Balances With Branches	264,649,895	390,711,776
Total	447,133,794	1,725,814,394

NOTE 18 a. ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS -CURRENT YEAR

	Financial assets at amortized cost	Financial assets recognized through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Assets	LKR	LKR	LKR	LKR
Cash and cash equivalent	447,133,794	-	-	447,133,794
Balances with central bank	972,979,356	-	-	972,979,356
Placements with banks	4,965,354,613	-	-	4,965,354,613
Derivative financial instruments	-	-	-	-
Loans and advances	14,032,075,768	-	-	14,032,075,768
Debt instruments	4,301,652,146	-	1,387,574,320	5,689,226,466
Equity instruments	-	-	530,000	530,000
others (Specify)	-	-	-	-
Total financial assets	24,719,195,678	-	1,388,104,320	26,107,299,997

	Financial liabilities at amortized cost	Financial liabilities recognized through profit or loss	Total
Liabilities	LKR	LKR	LKR
Due to banks	9,150,098,110	-	9,150,098,110
Derivative financial instruments	-	-	-
Financial liabilities	-	-	-
Due to depositors	-	-	-
Due to debt security holders	-	-	-
Due to other borrowers	-	-	-
Financial liabilities at amortised Cost	-	-	-
Due to depositors	6,633,936,603	-	6,633,936,603
Due to debt security holders	-	-	-
Due to other borrowers	-	-	-
Others (Specify)	-	-	-
Total financial liabilities	15,784,034,713	-	15,784,034,713

NOTE 18 b. ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS -PREVIOUS YEAR

	Financial assets at amortized cost	Financial assets recognized through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Assets	LKR	LKR	LKR	LKR
Cash and cash equivalent	1,725,814,394	-	-	1,725,814,394
Balances with central bank	342,685,489	-	-	342,685,489
Placements with banks	6,450,387,293	-	-	6,450,387,293
Derivative financial instruments	-	-	-	-
Loans and advances	10,855,597,855	-	-	10,855,597,855
Debt instruments	4,438,030,503	-	792,538,314	5,230,568,817
Equity instruments	-	-	530,000	530,000
others (Specify)	-	-	-	-
Total financial assets	23,812,515,535	-	793,068,314	24,605,583,849

	Financial liabilities at amortized cost	Financial liabilities recognized through profit or loss	Total
Liabilities	LKR	LKR	LKR
Due to banks	9,169,810,468	-	9,169,810,468
Derivative financial instruments	4,150	-	4,150
Financial liabilities	-	-	-
Due to depositors	-	-	-
Due to debt security holders	-	-	-
Due to other borrowers	-	-	-

Financial liabilities at amortised Cost

Due to depositors	6,023,607,612	-	6,023,607,612
Due to debt security holders	-	-	-
Due to other borrowers	-	-	-
Others (Specify)	-	-	-
Total financial liabilities	15,193,422,230	-	15,193,422,230

18-Jun-19

Page 36

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

As at 31st March

2019
LKR

2018
LKR

NOTE 19 - BALANCES WITH CENTRAL BANK

Statutory deposits with Central Bank of Sri Lanka	159,443,312	323,674,136
Non-statutory balances with Central Banks	813,536,044	19,011,353
Total	972,979,356	342,685,489

Balances with Central Bank of Sri Lanka represents the cash balances 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 7.5% as at 31st March 2018 (2017 - 7.5%)

NOTE 20 - PLACEMENT WITH BANKS

Placement within Sri Lanka	2,561,809,978	5,827,187,293
Placements outside Sri Lanka	2,407,587,345	623,200,000
Less Allowances for Impairment Losses (Note 20 b)	(4,042,710)	-
Total	4,965,354,613	6,450,387,293

a. Analysis

By collateralization		
Pledged as collateral		
Unencumbered	4,969,397,323	6,450,387,293
Gross total	4,969,397,323	6,450,387,293
By currency		
Sri Lanka Rupee (LKR)	1,501,517,671	4,717,440,581
Australian Dollar (AUD)	634,440	607,213
Great Britain Pound (GBP)	-	17,546,275
United States Dollar (USD)	3,467,245,212	1,714,793,225
Gross total	4,969,397,323	6,450,387,293

b. Movements in impairment during the year

Stage 01		
Opening balance as at 1st of April 2018	-	-
Day 1 Impact from the application of SLFRS 09	1,883,705	-
Charge/(write back) to income statements	2,159,005	-
Write-off during the year	-	-
Other movements	-	-
Closing balance as at 31st March 2019	4,042,710	-
Stage 02		
Opening balance as at 1st of April 2018	-	-
Charge/(write back) to income statements	-	-
Write-off during the year	-	-
Other movements	-	-
Closing balance as at 31st March 2019	-	-
Stage 03		
Opening balance as at 1st of April 2018	-	-
Charge/(write back) to income statements	-	-
Write-off during the year	-	-
Other movements	-	-
Closing balance as at 31st March 2019	-	-

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

As at 31st March

2019
LKR

2018
LKR

NOTE 21 - FINANCIAL ASSETS AT AMORTIZED COST-LOANS AND ADVANCES

Gross Loans and advances	14,153,415,720	11,059,983,360
Stage 01	12,070,254,840	-
Stage 02	1,996,352,414	-
Stage 03	86,808,466	-
Less : Accumulated impairment under	(121,339,952)	(204,385,505)
Stage 01 (Note 21.b)	(68,105,551)	-
Stage 02 (Note 21.b)	(53,066,322)	-
Stage 03 (Note 21.b)	(168,079)	-
Collective impairment allowance	-	(57,201,000)
Individual impairment allowance	-	(147,184,505)
Net loans and advances	14,032,075,768	10,855,597,855

a. Analysis

By product

Overdraft	2,897,706,528	2,041,971,537
Trade finance	231,726,146	1,828,991,007
Lease rental receivable	-	-
Credit cards	-	-
Staff loans	52,416,761	52,069,964
Term loans		
short term	208,631,485	1,233,490,170
long term	10,762,934,799	5,903,460,682

Other

Sri Lanka government securities(Separately by instrument wise)	-	-
Others (Please specify)	-	-

Gross total

14,153,415,720 **11,059,983,360**

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	2019 LKR	2018 LKR
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NOTE 21 - FINANCIAL ASSETS AT AMORTIZED COST-LOANS AND ADVANCES (Continued..)

By currency

Sri Lanka Rupee (LKR)	5,776,996,410	4,038,060,761
United State Doller (USD)	8,376,419,309	7,021,922,599
EURO	-	-

Gross total	14,153,415,720	11,059,983,360
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By industry

Agriculture and fishing	2,376,123,280	1,213,867,893
Engineering and building	-	-
Manufactuing	1,321,323,373	1,641,612,515
Tourism	-	108,355,436
Transport	34,146,018	64,053,052
Construction	1,750,308,302	1,370,973,053
Traders	2,218,459,186	2,309,296,522
New economy	-	-
Others (please specify)	6,453,055,560	4,351,824,889

Gross total	14,153,415,720	11,059,983,360
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b. Movements in impairment during the year 31.03.2019

Stage 01

Opening balance as at 1st of April 2018	-	-
Day 1 impact from the application of SLFRS 09	86,447,762	-
Charge/(writeback) to income statements	(13,869,960)	-
Writeoff during the year	-	-
Other movements	(4,472,251)	-

Closing balance as at 31st March 2019	68,105,551	-
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Stage 02

Opening balance as at 1st of April 2018	-	-
Day 1 impact from the application of SLFRS 09	12,300,335	-
Charge/(writeback) to income statements	40,765,987	-
Writeoff during the year	-	-
Other movements	-	-

Closing balance as at 31st March 2019	53,066,322	-
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Stage 03

Opening balance as at 1st of April 2018	-	-
Day 1 impact from the application of SLFRS 09	80,675,490	-
Charge/(writeback) to income statements	(52,911,321)	-
Writeoff during the year	(17,715,058)	-
Other movements	(9,881,032)	-

Closing balance as at 31st March 2019	168,079	-
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18-Jun-19

Page 39

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2019
LKR 2018
LKR

NOTE 21- FINANCIAL ASSETS AT AMORTIZED COST-LOANS AND ADVANCES (Continued..)

Movements in impairment during the year 31.03.2018

Collective impairment allowance

Opening balance as at 1st of April 2017	50,465,500
Charge/(writeback) to income statements	5,942,000
Writeoff during the year	
Other movements	793,500
Closing balance as at 31st March 2018	57,201,000

Individual impairment allowance

Opening balance as at 1st of April 2018	137,261,705
Charge/(writeback) to income statements	17,956,511
Writeoff during the year	(8,805,352)
Other movements	771,641
Closing balance as at 31st March 2019	147,184,505

NOTE 22 - FINANCIAL ASSETS AT AMORTIZED COST -DEBT AND OTHER INSTRUMENTS

Sri Lanka Development Bond (SLDB)	4,101,652,146	4,238,030,503
Investment in Fixed Deposit	200,000,000	200,000,000
Total	4,301,652,146	4,438,030,503

a. Analysis

By collateralisation

Pledged as collateral	-	-
Unencumbered	4,301,652,146	4,438,030,503
Gross total	4,301,652,146	4,438,030,503

By currency

Sri Lanka Rupee	-	-
United States Dollar	4,301,652,146	4,438,030,503
Gross total	4,301,652,146	4,438,030,503

18-Jun-19

Page 40

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	2019	2018
	LKR	LKR

NOTE 23 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Sri Lanka Government Securities - Treasury Bills	1,387,574,320	792,538,314
Equity securities		
Lanka Clear (Pvt) Ltd	500,000	500,000
Credit Information Bureau	30,000	30,000
Corporate debt securities	-	-
Others	-	-
(Less): Impairment	-	-
Net financial assets at fair value through other comprehensive income	1,388,104,320	793,068,314

a. Analysis

By collateralisation		
Pledged as collateral	-	-
Unencumbered	1,388,104,320	793,068,314
Gross total	1,388,104,320	793,068,314
By currency		
Sri Lanka Rupee	1,388,104,320	793,068,314
United States Dollar	-	-
Gross total	1,388,104,320	793,068,314

All unquoted equities that are not held for trading are classified at fair value through other comprehensive income.

NOTE 24 - PROPERTY, PLANT AND EQUIPMENT

	31.03.2019	31.03.2018
	LKR	LKR
Cost	89,666,845	84,017,599
Accumulated depreciation	(67,543,672)	(68,319,324)
	22,123,173	15,698,275
Capital Work in Progress	167,303,887	2,870,071
	189,427,060	18,568,346

	Premises	Computer Hardware	Computr Software	Office equipment Furniture and Fittings	Motor Vehicle	Total
Cost	LKR	LKR	LKR	LKR	LKR	LKR
Opening balances on 01.04.2018	3,220,577	34,396,473	1,321,219	40,745,997	4,333,333	84,017,599
Additions	-	12,083,382	471,170	8,971,010	-	21,525,563
Disposal / Written off	-	(3,295,819)	-	(12,658,819)	-	(15,954,637)
Currency translation adjustment		4,898		73,423		78,321
Closing balance on 31.03.2019	3,220,577	43,188,934	1,792,389	37,131,611	4,333,333	89,666,845
Less: Accumulated depreciation						
Opening balance on 01.04.2018	3,114,738	30,678,967	1,321,063	28,871,222	4,333,333	68,319,324
Depreciation for the year	5,292	4,457,176	471,170	6,493,131	-	11,426,769
Addition	-	-	-	-	-	-
Disposal	-	(3,295,819)	-	(8,978,683)	-	(12,274,501)
Currency translation adjustment		4,898		67,183		72,080
Closing balance on 31.03.2019	3,120,030	31,845,222	1,792,234	26,452,853	4,333,333	67,543,672
Net book value on 31.03.2018	105,839	3,717,506	156	11,874,775	-	15,698,275
Net book value on 31.03.2019	100,547	11,343,713	156	10,678,758	-	22,123,173

Capital Work in Progress

	2019
	LKR
Balance as at 01st April	2,870,071
Incurrd during the year	164,433,816
Capitalized during the year	-
Balance as at 31st March	167,303,887

18-Jun-19

STATE BANK OF INDIA - SRI LANKA OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	2019 LKR	2018 LKR
NOTE 25- CURRENT TAX (ASSETS) / LIABILITIES		
Balance at the beginning of the year	73,637,027	95,343,379
Provision made for the year	340,401,409	255,728,724
Under / (Over) provision during previous year	23,106,712	11,683,606
	<u>437,145,148</u>	<u>362,755,709</u>
Payments made during the year		
Income Tax	(298,200,938)	(265,313,823)
Withholding Tax	(7,735,225)	(5,727,729)
ESC set off	(9,821,166)	(8,973,405)
Notional Tax	-	(8,569,175)
Currency translation adjustment	3,365,113	(534,551)
Balance at the end of the year	<u>124,752,933</u>	<u>73,637,027</u>

The Bank is liable for income tax @ 28%.

NOTE 26 - DEFERRED TAX ASSETS

Balance at the beginning of the year	55,384,941	4,460,053
(Charged)/Credit to profit or loss for the year	1,218,819	50,905,728
Charged to other comprehensive income	(604)	19,160
Balance at the end of the year	<u>56,603,156</u>	<u>55,384,941</u>

	2018/2019		2017/2018	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deferred Tax Assets				
Defined benefit obligation	204,092,200	57,145,816	204,648,635	57,301,618
Deferred Tax Liabilities				
Property, plant and equipment	(1,938,071)	(542,660)	(6,845,275)	(1,916,677)
	<u>206,030,271</u>	<u>56,603,156</u>	<u>197,803,360</u>	<u>55,384,941</u>

NOTE 27 - OTHER ASSETS

Stationery	923,237	1,064,004
Receivables	3,471,021	3,412,986
Deposits and prepayments	87,761,098	7,935,600
Forex revaluation provision	119,198	84,338
Miscellaneous assets	1,029,634	4,494,806
Income receivable on LC & BG commission	119,978	956,098
Deferred commission income receivable	-	171,486
Others	431,703	3,521,938
Total Other assets	<u>93,855,869</u>	<u>21,641,257</u>

18-Jun-19

Page 42