

Statement of Cash Flows

For the year ended 31 December	BANK		GROUP	
	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000
Cash flows from operating activities				
Interest receipts	29,371,405	21,879,208	29,367,300	21,919,677
Interest payments	(29,442,467)	(23,669,321)	(29,410,377)	(23,631,703)
Net commission receipts	2,214,658	1,965,693	2,214,658	1,965,693
Net trading income	1,227,843	6,271,792	1,227,843	6,271,792
Recoveries from loans previously written-off	7,601	10,460	7,601	10,460
Receipts from other operating activities	1,989,230	3,243,000	2,587,700	3,790,137
Payments on other operating activities	(2,987,378)	(2,878,077)	(3,343,283)	(2,878,077)
Cash payments to employees	(3,688,837)	(3,680,695)	(3,688,837)	(3,983,485)
Taxes on financial services	(1,594,710)	(1,168,279)	(1,594,710)	(1,168,279)
Operating cash flows before changes in operating assets and liabilities	(2,902,655)	1,973,781	(2,632,105)	2,296,215
(Increase)/decrease in operating assets:				
Balances with Central Bank/deposits held for regulatory or monetary control purposes	3,175,265	(1,284,129)	3,175,265	(1,284,129)
Financial assets at amortised cost – Loans to and receivables from other customers	(23,535,476)	(28,536,076)	(23,535,476)	(28,536,076)
Others	60,113	3,606,060	71,913	3,702,214
Increase/(decrease) in operating liabilities:				
Financial liabilities at amortised cost – Due to depositors	6,061,028	46,675,218	5,799,500	46,608,731
Negotiable certificate of deposits	289,308	79,186	289,308	79,186
Others	2,807,301	(2,995,967)	3,103,016	(2,995,967)
Net cash flows (used in)/from operating activities before income tax	(14,045,116)	19,518,073	(13,728,579)	19,870,174
Income tax paid	(1,691,938)	(318,441)	(1,747,401)	(346,537)
Net cash flows (used in)/from operating activities	(15,737,054)	19,199,632	(15,475,980)	19,523,637

The Statement of Cash Flows of the bank includes the results of associate, joint venture and subsidiary companies only to the extent of the cash flows between Bank and respective companies as required by Sri Lanka Accounting Standards.

For the year ended 31 December	BANK		GROUP	
	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000
Cash flows from investing activities				
Dividends received from investment in subsidiaries, joint venture, and associate	152,376	132,017	75,500	60,256
Dividends received from other investments	550,774	483,864	550,774	483,864
Interest received	7,502,423	6,718,612	7,530,566	6,759,816
Government Securities – net	(14,116,047)	(22,736,595)	(14,116,047)	(22,736,595)
Proceeds from sale and redemption of securities	1,803,369	1,262,943	1,828,466	1,262,943
Purchase of financial investments	(338,003)	(402,563)	(338,003)	(399,563)
Purchase of property, equipment, intangibles and investment property	(982,654)	(1,093,170)	(1,026,160)	(1,307,636)
Proceeds from sale of equipment and investment property	26,796	5,895	26,777	5,876
Net cash flows used in investing activities	(5,400,966)	(15,628,997)	(5,468,127)	(15,871,039)
Cash flows from financing activities				
Issue of new shares under Right Issue	2,814,557	–	2,814,557	–
Issue of debentures	10,000,000	7,000,000	10,000,000	7,000,000
Redemption of debentures	(5,315,450)	–	(5,315,450)	–
Borrowing, medium and long-term	8,769,273	7,385,449	8,769,273	7,385,449
Other borrowings – net	13,314,573	(33,701)	13,314,573	(33,701)
Repayment of borrowing, medium and long-term	(7,365,360)	(21,969,027)	(7,365,360)	(21,969,027)
Dividends paid	(929,050)	(1,286,246)	(1,103,236)	(1,378,130)
Net cash flows from/(used in) financing activities	21,288,543	(8,903,525)	21,114,357	(8,995,409)
Net increase/(decrease) in cash and cash equivalents	150,523	(5,332,890)	170,250	(5,342,811)
Cash and cash equivalents at the beginning of year	5,464,716	10,797,606	5,489,550	10,832,361
Cash and cash equivalents at the end of year	5,615,239	5,464,716	5,659,800	5,489,550
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents (Note 26)	5,450,209	5,039,629	5,459,359	5,049,823
Placements with banks (Note 28)	165,030	425,087	200,441	439,727
	5,615,239	5,464,716	5,659,800	5,489,550

The Statement of Cash Flows of the Bank includes the results of associate, joint venture, and subsidiary companies only to the extent of the cash flows between Bank and respective companies as required by Sri Lanka Accounting Standards.

The notes to the Financial Statements from pages 155 to 282 form part of these financial statements.

Reconciliation of profit for the year to net cash flows used in operating activities

	BANK		GROUP	
	2019 LKR '000	2018 LKR '000	2019 LKR '000	2018 LKR '000
Profit before income tax	2,989,265	4,232,661	3,308,440	4,676,403
Add/(deduct) items not using (providing) cash:	5,686,027	4,092,028	5,579,216	3,838,616
Depreciation				
– Property, plant and equipment, and investment property	341,764	313,255	392,948	359,237
– Right of use assets	282,313	–	284,113	–
Amortisation				
Intangible assets	219,579	149,088	224,349	150,891
Unrealised loss on trading securities	890,630	1,038,919	890,630	1,038,919
Net loss/(gain) from financial instruments at fair value				
Contracts with commercial banks	2,578,178	(2,688,008)	2,578,178	(2,688,008)
CBSL swap	–	(58,990)	–	(58,990)
Interest rate swap fair value changes	6,963	(11,549)	6,963	(11,549)
Amortisation of deferred income on Government grant	–	46,990	–	46,990
Foreign exchange (gain)/loss	(474,203)	4,255,763	(474,203)	4,255,763
Impairment for loans and other losses	1,668,913	1,056,230	1,689,313	1,056,230
Notional tax credit on Treasury Bills and Bonds	–	(143,940)	–	(143,940)
Share of profits of associate and joint venture	–	–	(191,281)	(307,218)
Provision for defined benefit plans	171,890	134,270	178,206	140,291
Deduct items reported under investing activities	(7,971,518)	(7,249,939)	(7,328,726)	(7,119,625)
Dividend income	(943,453)	(933,088)	(791,077)	(801,071)
Gain on sale of Government Securities	(110,850)	(3,206)	(110,850)	(3,206)
Gain on sale of equity securities	(99,040)	(15,908)	(99,040)	(15,908)
Gain on sale of property, plant and equipment and investment property	(33,494)	(5,176)	(33,494)	(5,176)
Interest income from investments	(6,784,681)	(6,292,561)	(6,294,265)	(6,294,264)
Deduct changes in operating assets and liabilities:	(16,440,828)	18,124,882	(17,034,910)	18,128,243
Increase in account receivables	(4,426,387)	(4,551,732)	(5,230,578)	(4,311,201)
Increase in account payables	637,288	2,078,472	854,585	1,927,625
Increase/(decrease) in income tax payable	(1,691,938)	1,368,300	(1,747,401)	1,304,261
Increase in deferred tax	182,670	1,685,550	184,961	1,633,599
Increase in operating assets	(20,300,098)	(26,214,145)	(20,288,301)	(26,117,991)
Increase in operating liabilities	9,157,637	43,758,437	9,191,824	43,691,950
Net cash flows (used in)/from operating activities	(15,737,054)	19,199,632	(15,475,980)	19,523,637

The notes to the Financial Statements from pages 155 to 282 form part of these financial statements.