

Statement of Cash Flows

For the year ended 31 December	BANK		GROUP	
	2018 LKR 000	2017 LKR 000	2018 LKR 000	2017 LKR 000
Cash flows from operating activities				
Interest receipts	21,879,208	24,258,984	21,919,677	24,257,743
Interest payments	(23,669,321)	(19,308,381)	(23,631,703)	(19,267,517)
Net commission receipts	1,965,693	1,684,812	1,965,693	1,684,812
Net trading income	6,271,792	(311,731)	6,271,792	(311,731)
Recoveries from loans previously written-off	10,460	36,768	10,460	36,769
Receipts from other operating activities	3,276,220	1,338,987	3,823,357	1,813,361
Payments on other operating activities	(2,878,077)	(2,406,996)	(2,878,077)	(2,406,996)
Cash payments to employees	(3,680,695)	(3,188,464)	(3,983,485)	(3,473,725)
Value added tax, nation building tax and debt repayment levy on financial services	(1,168,279)	(1,298,496)	(1,168,279)	(1,298,496)
Operating cash flows before changes in operating assets and liabilities	2,007,001	805,483	2,329,435	1,034,220
(Increase)/decrease in operating assets:				
Balances with Central Bank/deposits held for regulatory or monetary control purposes	(1,284,129)	(2,495,121)	(1,284,129)	(2,495,121)
Financial assets at amortised cost – Loans to and receivables from other customers	(28,536,076)	(26,935,976)	(28,536,076)	(26,935,976)
Others	3,606,060	690,451	3,702,214	723,354
Increase/(decrease) in operating liabilities:				
Financial liabilities at amortised cost – Due to depositors	46,675,218	50,738,651	46,608,731	50,599,577
Negotiable certificates of deposits	79,186	(259,665)	79,186	(259,665)
Others	(2,995,967)	206,374	(2,995,967)	206,374
Net cash flows from operating activities before income tax	19,551,293	22,750,197	19,903,394	22,872,763
Income tax paid	(318,441)	(1,404,889)	(346,537)	(1,455,337)
Net cash flows from operating activities	19,232,852	21,345,308	19,556,857	21,417,426
Cash flows from investing activities				
Dividends received from investment in subsidiaries, joint venture and associate	594,901	680,893	524,646	629,428
Interest received	6,706,368	6,122,521	6,746,070	6,171,449
Government securities – net	(22,736,595)	(9,062,415)	(22,736,595)	(9,062,415)
Proceeds from sale and redemption of securities	1,262,943	2,960,619	1,262,943	2,960,619
Purchase of financial investments	(402,563)	(1,661,972)	(399,563)	(1,674,972)
Net cashflow on acquisition of investment in additional shares of subsidiaries – (Synapsys Ltd.)	-	(65,000)	-	-
Purchase of property, equipment, intangibles and investment property	(1,093,170)	(880,905)	(1,307,636)	(992,860)
Proceeds from sale of equipment and investment property	5,895	8,944	5,876	16,196
Net cash flows used in investing activities	(15,662,221)	(1,897,315)	(15,904,259)	(1,952,555)

	BANK		GROUP	
	2018 LKR 000	2017 LKR 000	2018 LKR 000	2017 LKR 000
<i>For the year ended 31 December</i>				
Cash flows from financing activities				
Issue of debentures	7,000,000	-	7,000,000	-
Redemption of debentures	-	(5,000,000)	-	(5,000,000)
Borrowing, medium and long-term	7,385,449	11,510,776	7,385,449	11,510,776
Other borrowings – net	(33,701)	(15,718,589)	(33,701)	(15,718,589)
Repayment of borrowing, medium and long-term	(21,969,027)	(3,943,757)	(21,969,027)	(3,943,757)
Dividends paid	(1,286,242)	(1,180,868)	(1,378,130)	(1,241,185)
Net cash flows used in financing activities	(8,903,521)	(14,332,438)	(8,995,409)	(14,392,755)
Net (decrease)/increase in cash and cash equivalents	(5,332,890)	5,115,555	(5,342,811)	5,072,116
Cash and cash equivalents at the beginning of year	10,797,606	5,682,051	10,832,361	5,760,245
Cash and cash equivalents at the end of year	5,464,716	10,797,606	5,489,550	10,832,361
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents (Note 24)	5,039,629	4,106,225	5,049,823	4,120,230
Placements with banks (Note 26)	425,087	6,691,381	439,727	6,712,131
	5,464,716	10,797,606	5,489,550	10,832,361

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.

Reconciliation of profit for the year to net cash flows from operating activities.

	BANK		GROUP	
	2018 LKR 000	2017 LKR 000	2018 LKR 000	2017 LKR 000
Profit for the year	2,768,179	4,414,964	3,070,227	4,433,757
Add/(deduct) items not using (providing) cash:	4,092,028	2,406,558	3,838,616	2,265,556
Depreciation – Property, equipment and investment property	313,255	259,548	359,237	300,142
Amortisation – Intangible assets	149,088	109,573	150,891	110,807
Unrealised (gain)/loss on trading securities	1,038,919	(91,252)	1,038,919	(91,252)
Net (gain)/loss from financial instruments at fair value				
– Contracts with commercial banks	(2,688,008)	314,489	(2,688,008)	314,489
– CBSL Swap	(58,990)	86,277	(58,990)	86,277
Interest rate swap fair value changes	(11,549)	3,820	(11,549)	3,820
Amortisation of deferred income on Government grant	46,990	85,973	46,990	85,973
Foreign exchange loss	4,255,763	849,494	4,255,763	849,494
Impairment for loans and other losses	1,056,230	1,176,413	1,056,230	1,170,366
Notional tax credit on Treasury Bills and Bonds	(143,940)	(505,381)	(143,940)	(505,381)
Share of profits of associate and joint venture	–	–	(307,218)	(185,030)
Provision for defined benefit plans	134,270	117,604	140,291	125,851
Deduct items reported gross under investing activities:	(7,249,939)	(7,321,540)	(7,119,625)	(7,036,538)
Dividend income	(933,088)	(889,883)	(801,071)	(798,420)
Gains on sale of Government securities	(3,206)	(1,558)	(3,206)	(1,558)
Gain on sale of equity securities	(15,908)	(1,150,368)	(15,908)	(948,783)
Gain on sale of equipment and investment property	(5,176)	(11,299)	(5,176)	(11,299)
Interest income from investments	(6,292,561)	(5,268,432)	(6,294,264)	(5,276,478)
Deduct changes in operating assets and liabilities:	19,622,584	21,845,326	19,767,639	21,754,651
(Increase)/decrease in account receivables	(4,518,512)	2,922,640	(4,277,981)	2,468,411
Increase/(decrease) in account payables	2,078,472	(2,309,758)	1,927,625	(1,847,605)
Increase/(decrease) in income tax payable	2,832,782	(369,905)	2,910,437	(351,377)
Increase/(decrease) in deferred tax	1,685,550	(342,365)	1,633,599	(353,321)
Increase in operating assets	(26,214,145)	(28,740,646)	(26,117,991)	(28,707,743)
Increase in operating liabilities	43,758,437	50,685,360	43,691,950	50,546,286
Net cash flows from operating activities	19,232,852	21,345,308	19,556,857	21,417,426