



**HNB
ASSURANCE**

HNB Assurance PLC

Condensed Consolidated Interim Financial Statements

31st March 2020

Statement of Financial Position

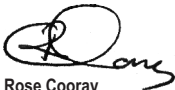
As at,	Note	Group		Company	
		31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000
Assets					
Property, Plant and Equipment		170,468	162,371	122,848	111,202
Right of Use Assets		325,927	343,737	297,710	325,572
Intangible Assets		49,899	51,787	47,930	49,830
Deferred Tax Assets		982,393	1,009,711	972,227	1,000,673
Financial Investments	3	21,925,285	21,202,074	18,594,258	17,777,410
Investment in Subsidiary		-	-	1,150,000	1,150,000
Loans to Life Policyholders		350,006	325,307	350,006	325,307
Reinsurance Receivables		740,232	645,411	159,958	144,715
Premium Receivables		1,172,360	946,650	23,384	9,458
Other Assets		1,010,327	933,633	671,351	625,499
Insurance Contract - Deferred Expenses		138,026	138,622	-	-
Cash and Cash Equivalents		830,415	865,843	422,922	632,712
Total Assets		27,695,338	26,625,146	22,812,594	22,152,378
Equity and Liabilities					
Equity Attributable to the Equity Holders of Parent					
Stated Capital		1,171,875	1,171,875	1,171,875	1,171,875
Retained Earnings		5,161,783	4,965,809	4,633,708	4,544,369
Available for Sale Reserve		30,695	24,801	9,686	9,881
Other Reserve		(6,525)	(6,525)	(6,514)	(6,514)
Life Policyholders' Available for Sale Reserve Fund	5	219,402	177,228	219,402	177,228
Restricted Regulatory Reserve	6	381,156	381,156	381,156	381,156
Total Equity		6,958,386	6,714,344	6,409,313	6,277,995
Liabilities					
Insurance Contract Liabilities - Life Insurance	7	15,144,359	14,464,534	15,144,359	14,464,534
Insurance Contract Liabilities - General Insurance	8	2,963,147	2,871,416	-	-
Employee Defined Benefit Liabilities		178,940	167,118	107,204	100,076
Current Tax Liabilities		154,056	112,031	16,175	16,175
Reinsurance Creditors		659,798	540,652	184,827	125,151
Lease Creditor		335,702	350,089	309,528	334,832
Other Liabilities		1,232,610	1,274,326	619,480	802,565
Bank Overdraft		68,340	130,636	21,708	31,050
Total Liabilities		20,736,952	19,910,802	16,403,281	15,874,383
Total Equity and Liabilities		27,695,338	26,625,146	22,812,594	22,152,378

These Condensed Consolidated Interim Financial Statements are in compliance with the requirements of the Companies Act, No. 07 of 2007.

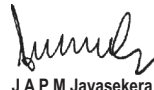


Punsirini Perera
Head of Finance

The Board of Directors is responsible for these Condensed Consolidated Interim Financial Statements.
Signed on behalf of the Board;



Rose Cooray
Chairperson



J A P M Jayasekera
Director

Statement of Profit or Loss and Other Comprehensive Income

Group		Group		Company		Change	
Year Ended 31 st Dec 2019 (Audited) Rs. '000	For the Three Month Ended 31st March,	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000	Group	Company
	Note					%	%
9,942,757		2,328,934	2,492,178	1,106,940	1,239,820	(7)	(11)
(1,312,881)		(319,684)	(346,661)	(68,085)	(58,779)	(8)	16
8,629,876		2,009,250	2,145,517	1,038,855	1,181,041	(6)	(12)
(156,216)		(43,846)	(102,877)	-	-	(57)	-
8,473,660		1,965,404	2,042,640	1,038,855	1,181,041	(4)	(12)
Other Revenue							
2,248,926	10	615,078	525,317	522,463	442,505	17	18
92,856		188	4,311	-	3,485	(96)	(100)
(8,826)		(17,924)	(23,335)	(24,183)	(13,513)	(23)	79
170,993		51,298	57,995	24,921	39,563	(12)	(37)
16,196		1,560	4,753	86	1,147	(67)	(93)
2,520,145		650,200	569,041	523,287	473,187	14	11
10,993,805		2,615,604	2,611,681	1,562,142	1,654,228	-	(6)
Net Benefits, Claims and Expenses							
(3,620,775)		(841,732)	(937,628)	(283,989)	(347,180)	(10)	(18)
(2,173,251)		(611,475)	(691,644)	(611,475)	(691,644)	(12)	(12)
(2,385,525)		(605,372)	(486,490)	(351,253)	(277,546)	24	27
(1,288,068)		(272,042)	(304,339)	(185,762)	(223,249)	(11)	(17)
(121,295)		(19,975)	(27,790)	(11,879)	(16,818)	(28)	(29)
(9,588,914)		(2,350,596)	(2,447,891)	(1,444,358)	(1,556,437)	(4)	(7)
1,404,891		265,008	163,790	117,784	97,791	62	20
(394,663)	11	(69,034)	(44,657)	(28,445)	(23,839)	55	19
1,010,228	12	195,974	119,133	89,339	73,952	65	21
Other Comprehensive Income, Net of Related Tax							
Items that are or may be reclassified to profit or loss							
511,043		48,744	139,136	41,979	124,492	(65)	(66)
(92,836)		-	(4,229)	-	(3,482)	(100)	(100)
(379,095)		(42,174)	(117,647)	(42,174)	(117,647)	(64)	(64)
(6,286)	11	(676)	(3,773)	-	-	(82)	-
Items that will never be reclassified to profit or loss							
(2,119)		-	-	-	-	-	-
30,707		5,894	13,487	(195)	3,363	(56)	(106)
1,040,935		201,868	132,620	89,144	77,315	52	15
Profit Attributable to:							
1,010,228		195,974	119,133	-	-	65	-
Total Comprehensive Income Attributable to:							
1,040,935		201,868	132,620	-	-	52	-
20.20	13	3.92	2.38	1.79	1.48	65	21

Statement of Changes in Equity - Group

For the Period Ended 31st March 2020,

	Stated Capital	Retained Earnings	Available for Sale Reserve	Other Reserve	Life Policyholders' AFS Reserve Fund	Restricted Regulatory Reserve	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st January 2019	1,171,875	4,405,581	(8,025)	(4,406)	(201,867)	381,156	5,744,314
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	119,133	-	-	-	-	119,133
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	131,134	-	-	-	131,134
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(117,647)	-	-	-	(117,647)
Total Other Comprehensive Income for the Period	-	-	13,487	-	-	-	13,487
Total Comprehensive Income for the Period	-	119,133	13,487	-	-	-	132,620
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	117,647	-	117,647
Transactions with owners recorded directly in equity							
Distributions to owners of the Parent	-	(350,000)	-	-	-	-	(350,000)
Dividend to equity holders for 2018	-	4,174,714	5,462	(4,406)	(84,220)	381,156	5,844,581
Unaudited balance as at 31st March 2019	1,171,875	4,174,714	5,462	(4,406)	(84,220)	381,156	5,844,581
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	891,095	-	-	-	-	891,095
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	280,787	-	-	-	280,787
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(261,448)	-	-	-	(261,448)
Actual Losses on Defined Benefit Plans	-	-	-	(2,119)	-	-	(2,119)
Total Other Comprehensive Income for the Period	-	-	19,339	(2,119)	-	-	17,220
Total Comprehensive Income for the Period	-	891,095	19,339	(2,119)	-	-	908,315
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	261,448	-	261,448
First interim dividend to equity holders for 2019	-	(100,000)	-	-	-	-	(100,000)
Audited balance as at 31st December 2019	1,171,875	4,965,809	24,801	(6,525)	177,228	381,156	6,714,344
Balance as at 01st January 2020	1,171,875	4,965,809	24,801	(6,525)	177,228	381,156	6,714,344
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	195,974	-	-	-	-	195,974
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	48,068	-	-	-	48,068
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(42,174)	-	-	-	(42,174)
Total Other Comprehensive Income for the Period	-	-	5,894	-	-	-	5,894
Total Comprehensive Income for the Period	-	195,974	5,894	-	-	-	201,868
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	42,174	-	42,174
Unaudited balance as at 31st March 2020	1,171,875	5,161,783	30,695	(6,525)	219,402	381,156	6,608,386

Stated Capital represents 50 Million Ordinary Shares as at 31st March 2020 (2019 - 50 Million Ordinary Shares).

Statement of Changes in Equity - Company

For the Period Ended 31st March 2020,

	Stated Capital Rs. '000	Retained Earnings Rs. '000	Available for Sale Reserve Rs. '000	Other Reserve Rs. '000	Life Policyholders' AFS Reserve Fund Rs. '000	Restricted Regulatory Reserve Rs. '000	Total Equity Rs. '000
Balance as at 01st January 2019	1,171,875	4,167,660	1,451	(4,395)	(201,867)	381,156	5,515,880
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	73,952	-	-	-	-	73,952
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	121,010	-	-	-	121,010
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(117,647)	-	-	-	(117,647)
Total Other Comprehensive Income for the Period	-	-	3,363	-	-	-	3,363
Total Comprehensive Income for the Period		73,952	3,363	-	-	-	77,315
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	117,647	-	117,647
Transactions with owners recorded directly in equity							
Distributions to owners of the Company	-	(350,000)	-	-	-	-	(350,000)
Dividend paid to equity holders for 2018	-	3,891,612	-	-	-	-	3,891,612
Unaudited balance as at 31st March 2019	1,171,875	3,891,612	4,814	(4,395)	(84,220)	381,156	5,380,942
Total Comprehensive Income for the Period		752,757	-	-	-	-	752,757
Profit for the Period - Unaudited	-	752,757	-	-	-	-	752,757
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	266,515	-	-	-	266,515
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(261,448)	-	-	-	(261,448)
Actuarial Losses on Defined Benefit Plans	-	-	-	(2,119)	-	-	(2,119)
Total Other Comprehensive Income for the Period	-	-	5,067	(2,119)	-	-	2,948
Total Comprehensive Income for the Period		752,757	5,067	(2,119)	-	-	755,705
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	261,448	-	261,448
First interim dividend to equity holders for 2019	-	(100,000)	-	-	-	-	(100,000)
Audited balance as at 31st December 2019	1,171,875	4,544,369	9,881	(6,514)	177,228	381,156	6,277,999
Balance as at 01st January 2020	1,171,875	4,544,369	9,881	(6,514)	177,228	381,156	6,277,999
Total Comprehensive Income for the Period		88,339	-	-	-	-	88,339
Profit for the Period - Unaudited	-	88,339	-	-	-	-	88,339
Other Comprehensive Income for the Period, Net of Related Tax							
Net Change in fair value of Available For Sale Financial Assets	-	-	41,979	-	-	-	41,979
Net Change in fair value of Available For Sale Financial Assets - transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(42,174)	-	-	-	(42,174)
Total Other Comprehensive Income for the Period	-	-	(195)	-	-	-	(195)
Total Comprehensive Income for the Period		88,339	(195)	-	-	-	88,144
Net Change in fair value of Available For Sale Financial Assets - transferred from Available For Sale Reserve	-	-	-	-	42,174	-	42,174
Unaudited balance as at 31st March 2020	1,171,875	4,633,708	9,686	(6,514)	2,19,402	381,156	6,409,313

Stated Capital represents 50 Million Ordinary Shares as at 31st March 2020 (2019 - 50 Million Ordinary Shares).

Statement of Cash Flows

		Group		Company	
		Unaudited 2020	Unaudited 2019	Unaudited 2020	Unaudited 2019
<i>For the Period Ended 31st March ,</i>		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Note					
Cash Flow From Operating Activities					
	Profit Before Taxation	265,008	163,790	117,784	97,791
<i>Adjustments for:</i>					
	Interest Income	11 (612,605)	(524,491)	(519,990)	(441,872)
	Dividend Income	11 (2,473)	(826)	(2,473)	(633)
	Amortisation of Intangible Assets	4,332	4,266	4,229	4,165
	Depreciation of Property Plant and Equipments	12,615	11,398	8,900	7,928
	Net Depreciation of Right of Use Assets	32,775	32,449	29,278	29,622
	Interest Expense of Lease Creditor	11,133	13,195	10,484	12,790
	Provision for Employee Benefits	13,117	11,464	7,367	6,406
	Net Realised Gains	(188)	(4,311)	-	(3,485)
	Net Fair Value Losses	17,924	23,335	24,183	13,513
	Gains on Sale of Property, Plant and Equipment	(25)	(109)	(25)	(67)
		(258,387)	(269,840)	(320,263)	(273,842)
	Net Change in Operating Assets	A (393,846)	(313,522)	(99,720)	(114,246)
	Net Change in Operating Liabilities	B 827,643	1,198,897	556,417	1,041,755
Cash Flows from Operating Activities		175,410	615,535	136,434	653,667
	Gratuity Paid	(1,295)	(3,732)	(239)	(2,213)
	Economic Service Charges (ESC) Paid	(6,505)	(5,287)	-	-
Net Cash Generated from Operating Activities		167,610	606,516	136,195	651,454
Cash Flows from Investing Activities					
	Acquisition of Financial Investments	(43,754,245)	(28,531,586)	(28,581,278)	(21,157,327)
	Proceeds from maturity of Financial Investments	42,996,902	27,388,511	27,731,133	20,146,470
	Proceeds from sale of Financial Investments	-	152,460	-	100,021
	Interest Received	677,746	653,528	571,084	536,304
	Dividend Received	2,473	886	2,473	696
	Acquisition of Intangible Assets	(2,444)	(2,158)	(2,329)	(2,129)
	Acquisition of Property, Plant and Equipment	(20,712)	(8,788)	(20,546)	(6,324)
	Proceeds from the Sale of Property, Plant and Equipment	25	168	25	116
	Advance Paid to Right of use asset	(4,207)	-	(4,207)	-
Net Cash Used in Investing Activities		(104,462)	(346,979)	(303,645)	(382,173)
Cash Flows from Financing Activities					
	Dividend Paid	-	(350,000)	-	(350,000)
	Payment of Lease Liabilities	(36,280)	(36,356)	(32,998)	(32,906)
Net Cash Used in Financing Activities		(36,280)	(386,356)	(32,998)	(382,906)
Net Decrease in Cash and Cash Equivalents		26,868	(126,819)	(200,448)	(113,625)
Cash and Cash Equivalents at the beginning of the Period		735,207	639,095	601,662	459,925
Cash and Cash Equivalents at the end of the Period		762,075	512,276	401,214	346,300
Notes to the Cash Flow Statement					
A. Change in Operating Assets					
	(Increase)/Decrease in Deferred Expenses	596	(327)	-	-
	Increase in Loans to Life Policyholders	(24,699)	(17,114)	(24,699)	(17,114)
	Increase in Reinsurance Receivables	(94,821)	(6,117)	(15,243)	(3,502)
	Increase in Premium Receivables	(225,710)	(221,075)	(13,926)	(2,057)
	Increase in Other Assets	(49,212)	(68,889)	(45,852)	(91,573)
Net Change in Operating Assets		(393,846)	(313,522)	(99,720)	(114,246)
B. Change in Operating Liabilities					
	Increase/(Decrease) in Other Liabilities	(63,059)	252,946	(183,084)	296,444
	Increase in Insurance Contract Liabilities (before tax) - Life Insurance	679,825	778,886	679,825	778,886
	Increase in Insurance Contract Liabilities - General Insurance	91,731	172,614	-	-
	Increase/(Decrease) in Reinsurance Creditors	119,146	(5,549)	59,676	(33,575)
Net Change in Operating Liabilities		827,643	1,198,897	556,417	1,041,755

Operating Segment Information - Assets and Liabilities

As at,	Unaudited		Audited	
	31st March 2020		31st December 2019	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
Assets				
Property, Plant and Equipment	122,848	47,620	111,202	51,169
Right of use Assets	297,710	28,217	325,572	18,165
Intangible Assets	47,930	1,969	49,830	1,957
Deferred Tax Assets	972,227	10,166	1,000,673	9,038
Financial Investments	18,594,258	3,331,027	17,777,410	3,424,664
Investment in Subsidiary	1,150,000	-	1,150,000	-
Loans to Life Policyholders	350,006	-	325,307	-
Reinsurance Receivables	159,958	580,274	144,715	500,696
Premium Receivables	23,384	1,148,976	9,458	937,192
Other Assets	671,351	382,146	625,499	329,478
Insurance Contract - Deferred Expenses	-	138,026	-	138,622
Cash and Cash Equivalents	422,922	407,493	632,712	233,131
Total Assets	22,812,594	6,075,914	22,152,378	5,644,112
Liabilities				
Insurance Contract Liabilities - Life Insurance	15,144,359	-	14,464,534	-
Insurance Contract Liabilities - General Insurance	-	2,963,147	-	2,871,416
Employee Defined Benefit Liabilities	107,204	71,736	100,076	67,042
Current Tax Liabilities	16,175	137,881	16,175	95,856
Reinsurance Creditors	184,827	474,971	125,151	415,501
Lease Creditor	309,528	26,174	334,832	15,257
Other Liabilities	619,480	656,300	802,565	493,105
Bank Overdraft	21,708	46,632	31,050	99,586
Total Liabilities	16,403,281	4,376,841	15,874,383	4,057,763

Operating Segment Information - Profitability

For the Period Ended,	Unaudited		Unaudited	
	31st March 2020		31st March 2019	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
Gross Written Premium	1,106,940	1,259,450	1,239,820	1,267,916
Premium Ceded to Reinsurers	(68,085)	(251,599)	(58,779)	(287,882)
Net Written Premium	1,038,855	1,007,851	1,181,041	980,034
Net Change in Reserves for Unearned Premium	-	(43,846)	-	(102,877)
Net Earned Premium	1,038,855	964,005	1,181,041	877,157
Other Revenue				
Interest and Dividend Income	522,463	92,615	442,505	82,812
Net Realised Gains	-	188	3,485	826
Net Fair Value (Losses)/Gains	(24,183)	6,259	(13,513)	(9,822)
Fee and Commission Income	24,921	32,170	39,563	23,106
Other Income	86	1,474	1,147	3,606
Total Other Revenue	523,287	132,706	473,187	100,528
Net Income	1,562,142	1,096,711	1,654,228	977,685
Net Benefits, Claims and Expenses				
Net Insurance Benefits and Claims	(283,989)	(557,756)	(347,180)	(590,448)
Change in Contract Liabilities - Life Fund	(611,475)	-	(691,644)	-
Other Operating and Administration Expenses	(351,253)	(294,166)	(277,546)	(226,014)
Underwriting and Net Acquisition Cost	(185,762)	(89,469)	(223,249)	(84,252)
Finance & Other Insurance Related Costs	(11,879)	(8,096)	(16,818)	(10,972)
Total Benefits, Claims and other Expenses	(1,444,358)	(949,487)	(1,556,437)	(911,686)
Profit Before Taxation	117,784	147,224	97,791	65,999
Income Tax Expense	(28,445)	(40,589)	(23,839)	(20,818)
Profit for the Period	89,339	106,635	73,952	45,181

Notes to the Condensed Consolidated Interim Financial Statements

1 CORPORATE INFORMATION

a). Reporting Entity

HNB Assurance PLC ("the Company") is a Listed Company incorporated on 23rd August 2001 with limited liability and domiciled in Sri Lanka. The registered office of the Company is situated at No. 479, T B Jayah Mawatha, Colombo 10 and the principal place of business is situated at No. 30, Iceland Business Centre, Sri Uttarananda Mawatha, Colombo 03. The Ordinary Shares of the Company are listed on the Colombo Stock Exchange (CSE).

The Group's controlling entity and ultimate parent undertaking is Hatton National Bank PLC which is a licensed Commercial Bank incorporated in Sri Lanka.

b). Approval of Financial Statements

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors on 30th April 2020.

Figures in these Condensed Consolidated Interim Financial Statements for the Period ended 31st March 2020 are provisional and unaudited.

2 BASIS OF PREPARATION

These Condensed Consolidated Interim Financial Statements of the Group and Company have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting and comply with the requirements of the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000.

The same accounting policies and methods of computation as stated in the Audited Financial Statements - 2019 have been followed in preparation of these Condensed Consolidated Interim Financial Statements.

2a) Temporary Exemption for Application of SLFRS 09

SLFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 01st January 2018. However, for an insurer that meets the criteria in paragraph 20B of SLFRS 4 (Amended) which provides a temporary exemption that permits, but does not require, the insurer to apply LKAS 39 Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 01st January 2022.

Having considered the above, since HNB Assurance PLC and HNB General Insurance Limited are predominantly carrying out Insurance activities, both Companies continue to apply LKAS 39 Financial Instruments: Recognition and Measurement rather than SLFRS 9 for the annual periods beginning before 01st January 2022.

Group has not early adopted the new SLFRSs and interpretations issued but not yet effective.

Comparative information has been re-valued/re-classified where necessary, to conform to the current period recognition, measurement and presentations.

3 FINANCIAL INVESTMENTS

As at,	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31st Mar 2020	31st Dec 2019	31st Mar 2020	31st Dec 2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loans and Receivables	14,776,432	14,830,486	12,371,596	12,065,489
Available for Sale Financial Assets	7,099,434	6,293,764	6,173,243	5,634,097
Financial Assets at Fair Value Through Profit or Loss	49,419	77,824	49,419	77,824
Total Financial Investment	21,925,285	21,202,074	18,594,258	17,777,410

4 THE ACCOUNTING POLICY FOR CONSOLIDATION OF SUBSIDIARY

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies and unrealised losses are eliminated. Amounts reported by subsidiary company are adjusted to conform with the Group's accounting policies where necessary.

Notes to the Condensed Consolidated Interim Financial Statements

5 LIFE POLICYHOLDERS' AVAILABLE FOR SALE RESERVE FUND

Life Policyholders' Available For Sale Reserve Fund includes the fair value changes recorded in Other Comprehensive Income in respect of Life Insurance related assets.

- 5a) Unrealised gains and losses of Available For Sale Financial Assets of Life Insurance are included under Life Policyholders' Available For Sale Reserve Fund in Equity.

6 RESTRICTED REGULATORY RESERVE

	Group		Company		
	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	
Balance at the end of the period	(Note 6b)	381,156	381,156	381,156	381,156

6a) Nature and Purpose of Reserve

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued Direction No. 16 on 20th March 2018 on "Identification and Treatment of One-off Surplus" and has instructed all Life Insurance Companies to comply with the Direction. Based on the Direction, Life Insurance Companies are allowed to transfer One-off surplus attributable to Policyholders' Non-Participating Fund to Shareholders' Fund. The transfer has been presented as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under Equity in accordance with the Direction above. The distribution of One-off Surplus to Shareholders as dividend shall remain restricted until the requirements disclosed in Note (6d) are met. As required by the said Direction, the Company received the approval for this transfer on 11th May 2018.

- 6b) As required by the IRCSL, every registered insurer was required to apply Solvency Margin (Risk Based Capital) Rules with effect from 01st January 2016. According to the Risk Based Capital rules, all Insurers are required to value Life Insurance Policy Liabilities as per the Gross Premium Valuation (GPV) method and valuation rules and methodologies stipulated by the IRCSL. The change in the valuation method from NPV to GPV resulted in a release in Life Policyholder Liabilities of the Company as of 01st January 2016.

The IRCSL had directed insurance Companies to maintain this One-off Surplus arising from change in the policy liability valuation within the Long Term Insurance Fund/Insurance Contract Liabilities separately in the name of "Surplus created due to change in valuation method from NPV to GPV" and not to transfer/distribute any part of the surplus until specific instructions are issued in this regard.

Surplus created due to Change in Valuation Method

Description		Participating Fund Rs. '000	Non Participating Fund Rs. '000	Total Rs. '000
Value of Insurance contract liability based on NPV as at 31st December 2015	A	2,988,500	3,856,964	6,845,464
Value of Insurance contract liability based on GPV as at 31st December 2015	B	3,015,001	3,475,808	6,490,809
Zerorisation of Negative Surplus as per Direction No. 16	C	26,501	-	26,501
Surplus created due to Change in Valuation Method				
- One-off Surplus as at 01st January 2016	A-B+C	-	381,156	381,156

The One-off surplus in the Shareholders' Fund will remain invested in Term Deposits as disclosed in Note No. (6c) as per the Direction of IRCSL.

The financial ratios presented in these Consolidated Interim Financial Statements have been determined in accordance with Sri Lanka Accounting Standards. Additionally the Company has voluntarily presented financial ratios without One-off Surplus impact. As per the Direction One-off Surplus in respect of Participating business is to be held within the Participating Fund as part of the unallocated valuation surplus and may only be transferred to the Shareholders' Fund by means of bonuses to Policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000".

Notes to the Condensed Consolidated Interim Financial Statements

6c) Composition of Investments Supporting the Restricted Regulatory Reserve as at 31st March 2020

Based on the Direction issued by IRCSL following Instruments have been marked to support the Restricted Regulatory Reserve of the Company.

Asset Category	Fair Value /Carrying Value 31st March 2020 (Rs. '000)
As at	
Term Deposits	390,773

6d) Distribution of One-off Surplus

The distribution of one-off surplus to shareholders as dividends shall remain restricted until a Company develops appropriate policies and procedures for effective management of its business, as listed below.

- Expense allocation policy setting out basis of allocation of expenses between the Shareholders' Fund and the Policyholders' Fund as well as between different lines of business within the Policyholder Fund, particularly participating and Non-participating.
- Dividend declaration policy for universal life business.
- Bonus policy for the participating business, which should include treatment of One-off Surplus for the purpose of bonus declaration.
- Asset Liability Management policy.
- Policy on internal target Capital Adequacy Ratio.
- Considerations for transfer of funds from Policyholders' Fund to Shareholders' Fund.

These policies should be approved by the Board of Directors of the Company and must also comply with any relevant guidance issued by IRCSL from time to time. Further IRCSL will consider the distribution of One-off Surplus when the RBC rules are revised.

The IRCSL will permit distribution of One-off Surplus subject to yearly distribution caps on a case by case basis.

7 INSURANCE CONTRACT LIABILITIES - LIFE INSURANCE

As at,	Group		Company	
	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000
Life Insurance Fund	14,880,657	14,269,182	14,880,657	14,269,182
Claims Outstanding	263,702	195,352	263,702	195,352
Total Insurance Contract Liabilities	15,144,359	14,464,534	15,144,359	14,464,534

7a) INSURANCE CONTRACT LIABILITIES - LIFE INSURANCE

As at,	Group		Company	
	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000
Life Insurance Fund				
Change in Contract Liabilities - Life Fund				
Balance as at the beginning of the Period	14,269,182	12,112,106	14,269,182	12,112,106
Change in Contract Liabilities Life Fund				
Increase in Life Insurance Fund Before Surplus Distribution to Shareholders	611,475	2,860,667	611,475	2,860,667
Surplus Distributed to Shareholders	-	(687,416)	-	(687,416)
Increase in Life Insurance Fund	611,475	2,173,251	611,475	2,173,251
Effect of Taxation on surplus/Bonus transferred to Policyholders	-	(16,175)	-	(16,175)
Balance as at the end of the Period	14,880,657	14,269,182	14,880,657	14,269,182

Notes to the Condensed Consolidated Interim Financial Statements

7b) Liability Adequacy Test

A Liability Adequacy Test (LAT) for Life Insurance contract Liability was carried out by Mr. Hassan Scott Odierno, FSA, on behalf of Messers Actuarial Partners Consulting Sdn Bhd, as at 31st December 2019 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the Company discounted all contractual cash flows and compares this amount with the carrying value of the liability. According to the Consultant Actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2019. No additional provision was required against the LAT as at 31st March 2020.

8 INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE

As at,	Group		Company	
	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000
Reserves for Net Unearned Premium	1,989,319	1,946,972	-	-
Reserves for Title Insurance	55,021	53,522	-	-
Reserves for Gross Outstanding Claims	918,807	870,922	-	-
Total Insurance Contract Liabilities	2,963,147	2,871,416	-	-

- 8a) Valuation of the IBNR/IBNER was carried by the Consultant Actuary, Mr. Sivaraman Kumar, FIA, for and behalf of NMG Consulting as at 31st March 2020 and have ensured that adequate provisions have been made in these Condensed Consolidated Interim Financial Statements.

8b) Liability Adequacy Test

A Liability Adequacy Test ("LAT") for the General Insurance Contract Liability was carried out by Consultant Actuary, Mr. Sivaraman Kumar, FIA, for and on behalf of NMG Consulting as at 31st December 2019 as required by SLFRS 4 - Insurance Contracts. The valuation is based on internationally accepted actuarial methods and is performed semi-annually. According to the Consultant Actuary's report, HNB General Insurance Ltd adequately satisfies the LAT as at 31st December 2019. No additional provision is required against LAT.

9 GROSS WRITTEN PREMIUM

Group	Audited 31st Dec 2019 Rs. '000	For the Three Months Ended,	Group		Company	
			Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
Life Insurance						
5,120,471		Individual Policies	1,094,540	1,225,428	1,094,540	1,225,428
54,573		Corporate Policies	12,400	14,392	12,400	14,392
(43,056)		Adjustment for Intercompany Premiums	(7,191)	(9,312)	-	-
<u>5,131,988</u>		Gross Written Premium - Life Insurance	<u>1,099,749</u>	<u>1,230,508</u>	<u>1,106,940</u>	<u>1,239,820</u>
General Insurance						
677,562		Fire	157,744	170,628	-	-
3,622,023		Motor	834,780	919,879	-	-
57,619		Marine	9,387	14,035	-	-
461,482		Miscellaneous	257,539	163,374	-	-
(7,917)		Adjustment for Intercompany Premiums	(30,265)	(6,246)	-	-
<u>4,810,769</u>		Gross Written Premium - General Insurance	<u>1,229,185</u>	<u>1,261,670</u>	-	-
<u>9,942,757</u>		Total Gross Written Premium	<u>2,328,934</u>	<u>2,492,178</u>	<u>1,106,940</u>	<u>1,239,820</u>

Notes to the Condensed Consolidated Interim Financial Statements

10 INTEREST AND DIVIDEND INCOME

Group		Group		Company	
Audited 31st Dec 2019 Rs. '000	<i>For the Three Months Ended,</i>	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
2,243,284	Interest Income	612,605	524,491	519,990	441,872
5,642	Dividend Income	2,473	826	2,473	633
<u>2,248,926</u>	Total	<u>615,078</u>	<u>525,317</u>	<u>522,463</u>	<u>442,505</u>

11 INCOME TAX EXPENSES

Group		Group		Company	
Audited 31st Dec 2019 Rs. '000	<i>For the Three Months Ended,</i>	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
(95,487)	Income Tax Charge	(42,394)	(10,659)	-	-
465	Over Provision of Income Taxes in respect of Prior Period	-	-	-	-
(288,884)	Deferred Income Tax - Recognised through Profit or Loss	(26,640)	(33,998)	(28,445)	(23,839)
(9,575)	Withholding tax on intercompany dividends	-	-	-	-
(1,182)	Capital Gain Tax for the Period	-	-	-	-
<u>(394,663)</u>	Total Tax charge in Profit or Loss	<u>(69,034)</u>	<u>(44,657)</u>	<u>(28,445)</u>	<u>(23,839)</u>
(6,286)	Deferred Income Tax - Recognised through Other Comprehensive Income	(676)	(3,773)	-	-
<u>(6,286)</u>	Total Tax charge in Other Comprehensive Income	<u>(676)</u>	<u>(3,773)</u>	<u>-</u>	<u>-</u>

The Company and its subsidiary are liable to pay income tax at the rate of 28% (2019 - 28%) of its taxable profits in accordance with the provisions of the Inland Revenue Act.

Proposed Changes to Income Tax Rates

As per the notice (PN/IT/2020-03) issued by Inland Revenue Department on 12th February 2020, "Implementation of proposed changes to the Inland Revenue Act, No. 24 of 2017", the income tax rates applicable to Company and subsidiary will be reduced from 28% to 24% with effect from 01st January 2020. However, the proposed changes are yet to be formally approved and enacted by the Parliament. As such the Group has not adjusted its Income tax or deferred tax asset in the financial statements as at the reporting date. However, once formal amendments are made to the Act, the recorded Deferred Tax Asset and Profit After Tax of the Group will reduce by Rs. 144 Million and the recorded Deferred Tax Asset and Profit After Tax of the Company will reduce by Rs. 143 Million.

Notes to the Condensed Consolidated Interim Financial Statements

12 PROFIT FOR THE PERIOD

Audited 31st Dec 2019 Rs. '000	<i>For the Three Months Ended,</i>	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
Company - HNB Assurance PLC			
687,416	Surplus Transferred from Life Policyholders' Fund to Shareholders' Fund	-	-
419,119	Profit from Life Shareholders' Fund	117,784	97,791
(279,826)	(Reversal)/Origination Deferred Tax Asset	(28,445)	(23,839)
826,709	Profit for the Period	89,339	73,952
Subsidiary - HNB General Insurance Ltd			
354,826	Profit Before Tax	147,224	65,999
(105,262)	Income Tax and Deferred Tax Expense	(40,589)	(20,818)
249,564	Profit for the Period	106,635	45,181
1,076,273	Group	195,974	119,133
(69,000)	Elimination of Intercompany Dividend	-	-
2,955	Realisation of gain upon disposal of Financial Investments at AFS transferred to subsidiary on account of Company Segregation	-	-
1,010,228	Profit for the Period - Group	195,974	119,133

13 BASIC EARNINGS PER SHARE (EPS)

Basic Earnings Per Share is calculated by dividing the net Profit After Tax for the period attributable to Ordinary Shareholders by the weighted average number of ordinary shares outstanding during the Period.

Group	Group		Company	
Audited 31st Dec 2019 <i>For the Three Months Ended,</i>	Unaudited 31st Mar 2020	Unaudited 31st Mar 2019	Unaudited 31st Mar 2020	Unaudited 31st Mar 2019
1,010,228	195,974	119,133	89,339	73,952
50,000	50,000	50,000	50,000	50,000
20.20	3.92	2.38	1.79	1.48

14 RELATED PARTY DISCLOSURES

a) Transactions with the parent and Ultimate Controlling Party - Hatton National Bank PLC

Nature of Transaction	Group		Company	
	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
<i>For the Three Months Ended,</i>				
Insurance Premium	879	28,108	-	-
Claims Incurred	12,330	1,491	-	-
Investment Income	17,776	30,434	12,792	24,652
Administration Expenses	58,272	62,123	37,600	39,869
Rent and other Expenses	2,766	2,634	1,779	1,725
Dividend Paid	-	209,951	-	209,951

Nature of Transaction	Group		Company	
	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000
<i>Balance as at,</i>				
Investments Balance (Includes Deposits and Debentures)	583,938	558,291	409,887	409,023
Cash at Bank Balances	733,860	369,543	390,011	246,185

Notes to the Condensed Consolidated Interim Financial Statements

b) Transaction with the Subsidiary Company - HNB General Insurance Ltd.

Nature of Transaction For the Three Months Ended,	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
Insurance Premium	7,191	9,312
Insurance Expenses	30,265	6,246
Claims Received	13	-
Claims Paid	-	1,000
Administrations Expenses Reimbursement	68,600	80,709
Fund Management Fee	2,604	1,512
Profit Commission Expense	3,189	3,162

c) Transactions with / between Subsidiary Companies of the Ultimate Controlling Party

Name of the Company	Nature of Transaction	Group		Company	
		Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
<i>For the Three Months Ended,</i>					
Sithma Development (Pvt) Ltd	Insurance Premium	(4,567)	1,785	-	-
	Claims Incurred	-	395	-	-
HNB Finance Ltd	Insurance Premium	620	13,810	-	-
	Claims Incurred	1,066	1,334	-	-
	Administration Expenses	805	1,823	20	44
	Interest Income	5,987	1,849	5,987	1,849

Name of the Company	Nature of Transaction	Group		Company	
		Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000
<i>As at,</i>					
HNB Finance Ltd	Investment in Term Deposits	50,051	50,806	50,051	50,806
	Investment in Debentures	129,159	125,045	129,159	125,045
	Savings Accounts	66	311	66	311

d) Transactions with other Related Entities

Name of the Company	Nature of Transaction	Group		Company	
		Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
<i>For the Three Months Ended,</i>					
ACUITY Partners (Pvt) Ltd	Insurance Premium	(10)	23	-	-
	Claims incurred	-	-	-	-
ACUITY Stock Brokers (Pvt) Ltd	Insurance Premium	4	5	-	-
	Claims incurred	-	-	-	-
ACUITY Securities Ltd	Insurance Premium	-	2	-	-
	Claims incurred	-	-	-	-
	Investment Income from REPO	34,067	28,443	22,569	22,035

Name of the Company	Nature of Transaction	Group		Company	
		Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000	Unaudited 31st Mar 2020 Rs. '000	Audited 31st Dec 2019 Rs. '000
ACUITY Securities Ltd	Investment In REPO	1,311,003	2,072,482	1,000,281	1,349,087

Notes to the Condensed Consolidated Interim Financial Statements

e) Transactions with Key Management Personnel of the Group or its Parent Hatton National Bank PLC

Nature of Transaction For the Three Months Ended,	Unaudited 31st Mar 2020 Rs. '000	Unaudited 31st Mar 2019 Rs. '000
Director Fee	5,740	4,795
Short-term and Post employment benefits	19,083	25,182
Insurance Premium	946	1,405
Claims Paid	1,560	12

Appointment of Alternate Director

Mr. Thalpawila Kankanange Don Aruna Prasad Samarasinghe was appointed as a Alternate Director to Mr. L.U.D. Fernando of the Boards of HNB Assurance PLC and its Subsidiary HNB General Insurance Limited w.e.f. 24th January 2020.

The nature of the related party transactions in the current period was similar to those reported in the Audited Financial Statements – 2019 except for the above changes.

15 COVID-19 Pandemic and Related Implications

As of the reporting date Covid 19 pandemic has affected businesses globally as well as locally.

The Group operations will continue in compliance with health and safety guidelines issued by the Government of Sri Lanka. The Company and the subsidiary, both being licenced insurance companies, are regulated by the Insurance Regulatory Commission of Sri Lanka (IRCSL). The IRCSL in response to difficulties faced by the insuring public has mandated the insurance companies to implement relief measures to mitigate the adverse impact faced by policyholders through its letter dated 11th April 2020 (reference IRCSL/DG/2020/04/507). Key among the relief measures are;

1. Extension of the period of grace for payment of premiums up to 90 days in respect of policies where the premium becomes payable for the period 01st March 2020 to 30th June 2020 applicable for both Life and General Insurance policyholders.
2. Hitherto to the above insurers are required to ensure that all benefits under the policies are applicable during the said extension period.
3. A suspension is imposed on the payment of dividends which also applies to the Group in respect of payment of dividends. The IRCSL has advised that they will review the situation upon normalcy being returned. This is aimed at ensuring greater protection to policyholders.
4. Monthly monitoring of solvency related ratios by the IRCSL

In the backdrop of the developments which followed the closure of many sectors in the economy and the restrictions imposed on people's movements due to COVID 19, the Group's operations were affected considerably. The Group carried out an exercise to identify and ascertain the emerging risks attributable to COVID 19, its impact and consequences. Accordingly, a response plan has been activated intensifying the work from home concept aimed at maintaining the financial impact at a minimal level.

16 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events that occurred after the reporting date that require adjustments to or disclosure in these Condensed Consolidated Financial Statements other than those disclosed above.

Notes to the Condensed Consolidated Interim Financial Statements

17 CAPITAL COMMITMENTS

The Group has committed an expense of Rs. 8.98 Million for the purchase of computer software.

As at the end of the financial period, other than the disclosed above no material capital expenditure approved by the Board of Directors and contracted for which no provision has been made in the Condensed Consolidated Interim Financial Statements. (2019 - Nil).

18 CONTINGENCIES

- a) The Company received an Assessment on Value Added Tax (VAT) on Reinsurance Claims on 26th April 2013 from the IRD in respect of the Year of Assessment 2010/2011 for which the Company filed responses in consultation with our Tax Consultant to IRD and upon the receipt of determination from IRD, the Company made an appeal to the Tax Appeals Commission (TAC) of Sri Lanka. The TAC has granted their final determination confirming the determination made by IRD and dismissed the appeal made by the Company. The Company has filed a case in the Court of Appeal with the consultation of Tax Consultant and Company's Lawyers and the Court of Appeal is yet to fix a date for argument. As the Company is of the strong view that no additional Tax liabilities are arising due to this assessment no provision is made in the Financial Statements for the tax in dispute and penalty which amounted to Rs. 21.99 Million.
- b) The Company received three Notices of Assessment on VAT and NBT on Financial Services for the taxable periods 01.01.2014 to 31.12.2014, 01.01.2015 to 31.12.2015 and 01.01.2016 to 31.12.2016. The Company has duly appealed for all three assessments as the Company's stance is that, it is in the business of Insurance hence it is not liable for VAT or NBT on FS. Other insurers have also received similar assessments and have appealed against them. The status of each assessment is provided in the table below.

Taxable Period	Date of Assessment	Status of Assessment	Tax Type	Measurement of Contingent Impact to the Company		
				Tax in Default (Rs.Mn)	Penalty (Rs.Mn)	Total (Rs.Mn)
2014.01.01-2014.12.31	2018.07.10	Pending decision from IRD	VAT	21.06	10.53	31.59
			NBT	N/A	N/A	N/A
2015.01.01-2015.12.31	2019.04.08	Pending decision from IRD	VAT	17.55	12.98	30.53
			NBT	2.83	1.41	4.24
2016.01.01-2016.12.31	2019.04.08	Pending decision from IRD	VAT	24.86	12.43	37.29
			NBT	4.01	2	6.01
Total				70.31	39.35	109.66

Notes to the Condensed Consolidated Interim Financial Statements

- c) The Company has received Income Tax Assessments for Life Insurance Taxation for the years of assessments 2011/2012, 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017. In the view of the Company and its Tax Consultants, these Assessments do not conform to the description of requirements stated under the Section 92 of Inland Revenue Act, No. 10 of 2006. Further, these Income Tax Assessments have been common Assessments for all Life Insurance companies in the insurance industry. However, the management, Company's Tax Consultants and the life insurance industry are confident that these assessments will not materialise. Therefore, no additional provision has been made in the Financial Statements. The Company has duly appealed against these Assessments in consultation with Tax Consultants and the status of each Assessment is provided in the table below.

Year of Assessment	Date of Assesment/ Intimation	Status of Assesment	Contingent impact to the company	Total Additional Liability (Rs. Million)
2011/2012	2014.11.20	Pending decision from Tax Appeals Commission	Brought forward Tax loss of Life Insurance business will be reduced by Rs. 310 Million	-
2012/2013	2015.11.30	Pending decision from Tax Appeals Commission	Brought forward Tax loss of Life Insurance business will be reduced by Rs. 278 Million	-
2013/2014	2016.05.30	Pending decision from Tax Appeals Commission	An additional Tax Liability will arise	132
2014/2015	2017.05.30	Pending decision from Tax Appeals Commission	An additional Tax Liability will arise	136
2015/2016	2018.05.31	Pending decision from Commissioner General of Inland Revenue	An additional Tax Liability will arise	164
2016/2017	2019.01.31	Pending decision from Commissioner General of Inland Revenue	An additional Tax Liability will arise	290
Total				722

- d) The Company and its Subsidiary have received VAT notice of assessments. The Company has duly appealed against these Assessments in consultation with Tax Consultants on the basis that no proper reasons were communicated as to why the penalty and default notices were raised against the Company. However, we have not received any communication from IRD yet. As such no provision is made in the Financial Statements for the tax in dispute and penalty which amounts to Rs. 1.49 Million. Further, the subsidiary company, HNB General Insurance Limited, has received a tax assessment and penalty amounted to Rs. 8.25 Million on VAT return filed and the subsidiary has duly appealed against the assessment.

Share Information

Top 20 Shareholders

Name of the Shareholder	31st March 2020	
	Shareholding	% on Issued Shares
1 Hatton National Bank PLC A/c No.1	29,993,000	59.99%
2 Ceylon Guardian Investment Trust PLC A/c No.2	1,892,800	3.79%
3 Mr.S.N.P.Palihena	1,549,136	3.10%
4 Peoples Leasing and Finance PLC/Hi Line Trading (Pvt) Ltd	807,410	1.61%
5 Mr. P.H.D Waidyatilaka	549,860	1.10%
6 Mr. Mohamed Faizer Hashim	510,000	1.02%
7 Mrs. Arunthathi Selliah	500,000	1.00%
8 Mrs. Abiramipillai Kailasapillai	500,000	1.00%
9 Arunodhaya Investments (Pvt) Ltd	450,000	0.90%
10 Arunodhaya Industries (Pvt) Ltd	450,000	0.90%
11 Arunodhaya (Pvt) Ltd	450,000	0.90%
12 Ceylon Investment PLC A/c No. 2	380,561	0.76%
13 Suktam Holdings (Pvt) Ltd	279,434	0.56%
14 Andysel (Pvt) Ltd	250,000	0.50%
15 Corporate Holdings (Pvt) Ltd. A/c No.1	245,103	0.49%
16 Commercial Bank Of Ceylon Plc/Janashakthi Limited	212,334	0.42%
17 Mr. Vikas Sharda	203,000	0.41%
18 MR. K. Aravinthan	200,000	0.40%
19 Mr. A.A.A Rifkee	200,000	0.40%
20 Dr. S. Selliah	200,000	0.40%
	39,822,638	79.65%

Public Shareholding

31st March 2020

* Float Adjusted Market Capitalisation (Rs.)	2,317,421,282
Percentage of Shares held by the Public	38.30%
Number of Public Shareholders	3,378

The Company complies the minimum public Shareholding requirement under option 5 of section 7.13.1 (a) of the Listing Rules.

* Float Adjusted Market Capitalisation = Market Capitalisation X Public Holding Percentage

Share Information (Contd.)

Shareholdings of Directors

Name of the Director	No. of Shares 31st March 2020
Mrs. M A R C Cooray	18,035
Mr. J A P M Jayasekara	83,057
Mr. D P N Rodrigo	180
Mrs. S N Wickramasinghe	52,500
Dr. S Selliah	200,000
Mr. D P Lokuarachchi - (Managing Director/Chief Executive Officer)	Nil
Mr. D R Abeyesuriya	1,000
Mr. L U D Fernando	166
Mr. S A Chapman	Nil
Mr. K L Wijesooriya (Alternate Director to Mr. D P N Rodrigo)	Nil
Mr. T K D A P Samarasinghe (Alternate Director to Mr. L U D Fernando)	Nil

Number of Shares

No. of shares representing the Stated Capital	50,000,000
Class of Share	Ordinary
Voting Rights	One vote per Ordinary Share

Share Performance

	Rs.
Net Asset Value Per Share as at 31st March 2020 - Group	139.17
Net Asset Value Per Share as at 31st March 2020 - Company	128.19
Net Asset Value Per Share as at 31st March 2020 without Restricted Regulatory Reserve - Group	131.54
Net Asset Value Per Share as at 31st March 2020 without Restricted Regulatory Reserve - Company	120.56
Highest Price Per Share for the Interim Period	155.00
Lowest Price Per Share for the Interim Period	120.00
Last Traded Price Per Share as at 20th March 2020	121.00