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PROSPECTUS

INITIAL PUBLIC OFFERING

It's *Your* Bank

Amãna Bank



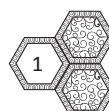
PROSPECTUS

AMANA BANK LIMITED

INITIAL PUBLIC OFFERING

To be listed on the Diru Savi Board of the Colombo Stock Exchange

Financial Advisor & Managers to the Issue



OFFER FOR SUBSCRIPTION OF TWO HUNDRED AND FOURTEEN MILLION THREE HUNDRED THOUSAND (214,300,000) NEW ORDINARY SHARES

AT LKR 7.00 PER SHARE

(WITH THE OPTION TO ISSUE A FURTHER SEVENTY ONE MILLION FIVE HUNDRED THOUSAND (71,500,000) NEW ORDINARY SHARES AT LKR 7.00 PER SHARE IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL TWO HUNDRED AND FOURTEEN MILLION THREE HUNDRED THOUSAND (214,300,000) ORDINARY SHARES.)

All resident Applicants should indicate in the Application for Shares, their NIC number or the company registration number as the case may be, the passport number may be indicated only if the Applicant does not have a NIC number.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Shares to their CDS account.

Please note that upon the allotment of Shares under this Offer, the allotted Shares would be credited to the Applicant's CDS account so indicated. Please note that SHARE CERTIFICATES SHALL NOT BE ISSUED.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment will be made.

You can open a CDS account through any member/trading member of the Colombo Stock Exchange (CSE) as set out in Annex G or through any Custodian Bank as set out in Annex H of this Prospectus.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus.

If you are in doubt regarding the contents of this document or if you require any advice in this regard, you should consult your Stock Broker, Bank Manager, Lawyer or any other professional advisor.

This Prospectus is dated 28 November 2013



The Colombo Stock Exchange (“CSE”) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of the shares, which is decided solely by the Company/Issuer.

This Prospectus has been prepared from information provided by Amana Bank Limited (hereinafter referred to as “Amana Bank” or “Company” or “Bank”) and its Directors and/or from publicly available sources. The Company and its Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading.

Where representations regarding the future performance of Amana Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Company accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective investors are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

REGISTRATION OF THE PROSPECTUS

A copy of this Prospectus has been delivered to the Registrar General of Companies of Sri Lanka for registration. The following documents were also attached to the copy of the Prospectus delivered to the Registrar General of Companies.

- **The written consent of the Managers to the Issue**

The Managers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Managers to the Issue and for the inclusion of their statements/declarations in the form in which it is included in the Prospectus.

- **The written consent of the Registrars to the Issue**

The Registrars to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Registrars to the Issue in the Prospectus.

- **The written consent of the Auditors & Reporting Accountants to the Company**

The Auditors & Reporting Accountants to the Company have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors & Reporting Accountants to the Company and for the inclusion of their report/statements in the form and context in which it is included in the Prospectus.

- **The written consent of the Lawyers to the Issue**

The Lawyers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Issue in the Prospectus.

- **The written consent of the Bankers to the Issue**

The Bankers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their names as Bankers to the Issue in the Prospectus.

- A declaration made by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act relating to the issue of the Prospectus and that those provisions have been complied with.

Representation

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.



Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company’s ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company’s actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see “Investment Considerations and Associated Risk Factors” in Section 10.0 of this Prospectus.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to “LKR”, “Rupees”, and “Rs.” are references to the lawful currency of Sri Lanka. Reference to “USD” is with reference to United States Dollars, the official currency of the United States of America.

Certain numerical figures in the Prospectus have been subject to rounding adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Presentation of Macroeconomic and Industry Data

Economic and industry data used throughout this Prospectus are derived from the Central Bank of Sri Lanka and various other industry data sources, which the Company believes to be reliable, but the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, while believed to be reliable, have not been independently verified and neither the Company nor the Managers to the Issue make any representation as to the accuracy of that information.



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SALIENT FEATURES OF THE ISSUE AT A GLANCE

Issuer	Amana Bank Limited
Number and Type of Securities to be Issued	214,300,000 New Ordinary Shares of the Company with an Option to issue a further 71,500,000 New Ordinary Shares
Share Issue Price	LKR 7.00 per Share
Minimum Subscription per Application	Minimum subscription per Application is 1,000 New Shares (LKR 7,000). Applications exceeding the minimum subscription should be in multiples of 100 New Shares The minimum subscription of 1,000 Shares will be allocated to each Applicant.
Issue Opening Date	11 December 2013
Issue Closing Date	2 January 2014 or such earlier date on which; <ul style="list-style-type: none">- The Issue of 285,800,000 New Shares is oversubscribed; or- The Board of Directors decide to close the Issue upon the initial Issue of 214,300,000 New Shares becoming fully subscribed or on any other date the Board of Directors decide to close the issue upon the exercise of the Option of issuing a further 71,500,000 New Ordinary Shares Refer Section 3.10 of this Prospectus for further details on the Issue Closure Date.
Amount to be Raised	LKR 1,500,100,000 with the option to raise a further LKR 500,500,000 in the event of an oversubscription.
Basis of Allotment	As described in Section 4.7 of this Prospectus



All resident Applicants should indicate in the Application for Shares, their NIC number or the company registration number as the case may be. The passport number may be indicated only if the Applicant does not have a NIC number.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Shares to their CDS account.

Please note that upon the allotment of Shares under this Offer, the allotted Shares would be credited to the Applicant's CDS account so indicated. Please note that SHARE CERTIFICATES SHALL NOT BE ISSUED.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment will be made.

You can open a CDS account through any member/trading member of the Colombo Stock Exchange (CSE) as set out in Annex G or through any Custodian Bank as set out in Annex H of this Prospectus.

DEFINITIONS/INTERPRETATIONS

The following definitions/interpretations apply throughout this Prospectus, unless the context otherwise requires:

“AIL”	Amana Investments Limited
“ABL”, “Amana Bank”, “the Company”, “the Bank”	Amana Bank Limited
“Applicant/s”	Any investor who submits an Application Form under this Prospectus
“Application Form”, “Application”	The application form that constitutes part of this Prospectus through which the investors may apply for the Shares in Issue
“Articles of Association”	Articles of Association of Amana Bank Limited
“Auditors & Reporting Accountants to the Company”	Ernst & Young
“AVP”	Assistant Vice President
“AWPLR”	Last quoted Average Weighted Prime Lending Rate published by the Central Bank of Sri Lanka
“Bn”	Billion
“CBSL”	Central Bank of Sri Lanka
“CDS”	Central Depository Systems (Private) Limited
“Company”, “Amana Bank”, “ABL”	Amana Bank Limited
“Companies Act”	Companies Act No. 07 of 2007
“CSE”	Colombo Stock Exchange
“Directors”	The Directors for the time being of the Company, unless otherwise stated
“ESC”	Economic Service Charge
“FY”	Financial Year
“IPO”	Initial Public Offering
“Issue Closing Date”	The date of closure of the subscription list as set out in Section 3.10 of this Prospectus
“Issue”, “Offering”, “Offer”	An invitation to the public by the Company to subscribe to the Offered Shares to be issued via an offer for subscription as detailed in this Prospectus
“Issuer”	Amana Bank Limited
“LKR”, “Rs.”, “Rupees”	Sri Lankan Rupees
“Local Time”	Sri Lanka Time



“LSB”	Licensed Specialised Banks
“Market Day”	Any day on which the CSE is open for trading
“Mn”	Million
“NBT”	Nation Building Tax
“New Shares”, “Shares in Issue”, “Offered Shares”, “Shares”	Two Hundred and Fourteen Million Three Hundred Thousand (214,300,000) new Ordinary Shares or Two Hundred and Eighty Five Million Eight Hundred Thousand (285,800,000) new Ordinary Shares, as the case may be, to be issued by the Company to the public at the Share Offer Price
“NIC”	National Identity Card
“Opening Date”	The date of opening of the subscription list as set out in Section 3.10 of this Prospectus
“Option”	Option To Issue A Further Seventy One Million Five Hundred Thousand (71,500,000) New Shares in the event of an over subscription.
“Ordinary Shares”, “Shares”, “Issued and Paid up Ordinary Shares”	Ordinary shares of the Company, with the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in liquidation.
“POA”	Power of Attorney
“Prospectus”	This Prospectus dated 28 November 2013 issued by the Company
“SEC”	Securities and Exchange Commission
“Share Issue Price”	The price at which the New Shares will be offered to the Public, as detailed in this Prospectus
“SLAS”, “SLFRS”, “LKAS”	Sri Lanka Accounting Standards
“Stated Capital”	The Stated Capital of Amana Bank Limited
“The Board”, “The Board of Directors”	The Board of Directors of Amana Bank Limited
“USD”	United States Dollars
“VAT”	Value Added Tax
“WHT”	Withholding Tax

1.0 CORPORATE INFORMATION

Issuer	Amana Bank Limited
Registered Office	480, Galle Road Colombo 3, Sri Lanka Tel: +94 11- 7756000 Fax:+94 11- 2574419
Date, Place and Authority of Incorporation	A Public Limited Liability Company Incorporated in Sri Lanka on 5 February 2009 under the Companies Act No. 07 of 2007 and Licensed by the Central Bank of Sri Lanka, under the Banking Act No. 30 of 1988 to carry on banking business.
Company Registration Number (as a Public Company)	PB 3618
Company Secretary	Mrs. Preeni M. Dunuwille Koralege (LLB) Attorney-at-Law 480, Galle Road Colombo 3, Sri Lanka Tel: +94 11 7757500 Fax: +94 11 2565550
Auditors to the Company	Messrs Ernst & Young Chartered Accountants No. 201, De Saram Place, Colombo 10, Sri Lanka Tel: +94 11 2463500 Fax: +94 11 2697369
Board of Directors	Mr. Osman Kassim Mr. Tyeab Akbarally Mr. Muhammad Ozman Faizal Salieh Dato' Ahmad Tajudin Bin Haji Abdul Rahman Dr. Aboobacker Admani Mohamed Haroon Mr. Mohamed Jazri Magdon Ismail Mr. Ruzly Hussain Mr. Angelo Maharajah Patrick Mr. Haseeb Ullah Siddiqui Mr. Jeroen Petrus Margaretha Maria Thijs Mr. Wahid Ali Mohd Khalil Mr. Shiran Harsha Amarasekera, PC Mr. Badrul Haque Khan



Dato' Wan Ismail Wan Yusoh (Alternate Director to Mr. Wahid Ali Mohd Khalil)

Mr. Huzefa Inayetally Akbarally (Alternate Director to Mr. Tyeab Akbarally)

Mr. Khairul Muzamel Perera Bin Abdullah (Alternate Director to Mr. Jeroen Petrus Margaretha Maria Thijs)

Mr. Mohamed Faizel Mohamed Haddad (Alternate Director to Mr. Osman Kassim)

Mr. Kevin Mark Pocock (Alternate Director to Mr. Shiran Harsha Amarasekera, PC)

2.0 RELEVANT PARTIES TO THE ISSUE

Managers to the Issue	Acuity Partners (Private) Limited 53, Dharmapala Mawatha, Colombo 3, Sri Lanka Tel: +94 11 2206206 Fax: +94 11 2437149
Lawyers to the Issue	F. J. & G. de Saram Attorneys-at-Law 216, De Saram Place, Colombo 10, Sri Lanka Tel: +94 11 4718200 Fax: +94 11 4718220
Auditors to the Issue	Messrs Ernst & Young Chartered Accountants 201, De Saram Place, Colombo 10, Sri Lanka Tel: +94 11 2463500 Fax: +94 11 2697369
Registrars to the Issue	S S P Corporate Services (Pvt) Limited Corporate Secretaries, 101, Inner Flower Road, Colombo 3, Sri Lanka Tel: +94 11 2573894/+94 11 2576871 Fax: +94 11 2573609
Bankers to the Issue	Amana Bank Limited 480, Galle Road Colombo 3, Sri Lanka Tel: +94 11 7756000 Fax: +94 11 2574419 Hatton National Bank PLC 479, T B Jayah Mawatha, Colombo 10, Sri Lanka Tel: +94 11 2394250-2 Fax: +94 11 2394353

3.0 DETAILS OF THE ISSUE

3.1 The Issue

The Issue contemplated herein shall constitute an invitation made to the general public to purchase Two Hundred and Fourteen Million Three Hundred Thousand (214,300,000) new Ordinary Shares of the Company at the Share Issue Price, with an Option of issuing a further Seventy One Million Five Hundred Thousand (71,500,000) New Ordinary Shares at the Share Issue Price in the event of an oversubscription.

3.2 Nature of the New Shares

The Offered Shares shall, upon allotment, rank equal and *paripassu* in all respects with the existing Ordinary Shares of the Company and each New Share shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company after the allotment of the Offered Shares and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

3.3 Size of the Issue

If fully subscribed, the Issue would raise Sri Lankan Rupees One Billion Five Hundred Million and One Hundred Thousand (LKR 1,500,100,000) and if the option is exercised and fully subscribed the total Issue would raise Sri Lankan Rupees Two Billion and Six Hundred Thousand (LKR 2,000,600,000).

3.4 Share Issue Price

The Share Issue Price will be Sri Lankan Rupees Seven (LKR 7.00) per Share. The Board of Directors of ABL is of the opinion that the Share Issue Price is fair and reasonable to the Company and to all existing shareholders of the Company.

3.5 Objectives of the Issue

The Company intends to raise the relevant funds in order;

- To meet the regulatory minimum capital requirement in terms of Central Bank of Sri Lanka Circular Ref. No. 02/17/402/0073/002 dated 29 July 2010, as follows;
 - LKR 4 Bn by 31 Dec 2013
 - LKR 5 Bn by 31 Dec 2015
- To finance the Bank's infrastructure, and support the asset growth and planned expansion whilst maintaining adequate levels of regulatory capital. The Bank has planned to utilise an approximate sum of LKR 1.2 Bn from the proceeds of the IPO as cost of acquisition of property, plant and equipment over the next 3 years, as follows;
 - It is the intention of the Bank to expand its present branch network by approximately 20-25 new branches over the next three years subject to CBSL approval and the requirement for new branches based on customer demand. Based on the expenditure incurred in the recent branch expansions in 2013 and considering the potential increase of costs in the future, the cost of the proposed expansion of the branch network is estimated to be approximately LKR 600 Mn.
 - Additionally the cost of enhancing the infrastructure relating to the head office and existing branch network including the IT infrastructure across the Bank is estimated to be approximately LKR 600 Mn over the planned period.

The balance capital funds will be utilized in the ordinary course of the banking business.

The Issue will also facilitate the listing of the Company's Ordinary Shares on the Diri Savi Board of the Colombo Stock Exchange with the view to:

- Broad base the ownership of the Company.
- Enhance the marketability of the Company's Shares.
- Permit the Company greater access to the domestic capital market.

3.6 Listing

The Issue herein contemplated comprises of Two Hundred and Fourteen Million Three Hundred Thousand (214,300,000) New Ordinary Shares of the Company, with an Option of issuing a further Seventy One Million Five Hundred Thousand (71,500,000) New Ordinary Shares of the Company. If fully subscribed, the New Shares will amount to 17.43% or 21.97% of the Issued and Paid up Ordinary Shares of the Company, respectively, subsequent to the Issue.

An Application has been made to the CSE for permission for a listing of the entire Issued and Paid up Ordinary Shares of the Company subsequent to the Issue.

ABL has already complied with Rule 2.1.3 (a), Rule 2.1.3 (b) and Rule 2.1.3 (d) of the CSE Listing Rules.

It is expected that the Company will meet the minimum Public Holding requirement [Rule 2.1.3 (c)] of the CSE Listing Rules on the completion of the Issue pursuant to which the listing of the entire Ordinary Shares of the Company will take place on the Diri Savi Board of the CSE. The minimum public holding requirement stipulates that, 10% of the total number of shares for which a listing is sought should be in the hands of a minimum number of 200 public shareholders.

However, in the event where ABL is unable to meet the requirement of Rule 2.1.3(c) of the CSE Listing Rules, upon closure of the Issue, the Ordinary Shares of the Company will not be listed on the CSE. In such an event the subscription amounts will be returned to the Applicants.

It should be noted that the aforesaid public holding requirements would be calculated by considering all Shares that are freely tradable, on the Date of Listing.

The shares mentioned in Section 9.2 will be locked in to be in compliance with CSE Listing Rules 2.1.1(d) and will not be available for trading.

3.7 Cost of the Issue

The total costs associated with the Issue are estimated to be approximately LKR 65 Mn. These include all direct costs and expenses associated with the Issue, inclusive of but not limited to the initial listing fees to the CSE, management/advisory fees payable to the Financial Advisors and Managers to the Issue, brokerage commission, fees for the registrar function, legal, consultancy and accountancy fees, advertising and promotional costs, printing costs and stamp duty. The costs will be met utilizing internal funds of the Company.

3.8 Brokerage

Brokerage at the rate of zero decimal six per centum (0.6%) of the value of the New Shares will be paid in respect of the number of New Shares allotted on Applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or Acuity Partners or any other intermediary appointed by the Company involved in the marketing of the Issue.



3.9 Underwriting and Minimum Subscription

There is no minimum amount required to be raised in this issue.
The Bank has not entered into any underwriting arrangement with regards to this Issue.

The Bank shall seek a listing irrespective of whether the Issue is fully subscribed or not (subject to the Bank satisfying the requirement of the CSE Listing Rules for such a listing as more fully described in Section 3.6 of this Prospectus). In the event of an under subscription, the subscribers will be allotted the Shares they have applied for and funds raised will be utilised to meet the objectives of the issue as stipulated in Section 3.5 of this Prospectus.

In the event of an under subscription the Bank will review its growth and expansion and will explore alternative means of raising regulatory capital, such as rights issues and private placements to raise equity capital.

3.10 Opening of Subscription List and Closure Date

The subscription list for the New Shares will open at 9.00 a.m. on 11 December 2013 and shall, subject to the occurrence of the events in the following paragraph, remain open for fourteen (14) Market Days (including the date of opening) until closure at 4.30 p.m. on 2 January 2014.

In the event of an oversubscription of the 285,800,000 New Shares, or on the date the Board of Directors decide to close the Issue upon the initial Issue of 214,300,000 New Shares becoming fully subscribed or on any other date the Board of Directors decide to close the Issue upon the exercise of the Option of issuing a further 71,500,000 New Ordinary Shares, prior to 2 January 2014, the Company shall inform the CSE in writing immediately of such fact and the subscription list will be closed at 4.30 p.m. on the same day on which it is fully subscribed. Also, the Board reserves the discretion to close the subscription list on any Market Day within the period of fourteen (14) Market Days irrespective of whether the Issue is oversubscribed or not, by providing one (1) Market Day's prior notice to the CSE.

3.11 Inspection of Documents

Articles of Association, Auditor's Reports and Audited Financial Statements for the four (4) financial years ended December 31, 2012 (i.e the four (4) financial years immediately preceding the date of this Prospectus) and Interim Financial Statements for the nine (9) months ended September 30, 2013 of the Company and all other relevant documents, would be made available for inspection by the public during normal working hours at the registered office of the Company, 480, Galle Road, Colombo 3, for a period not less than fourteen (14) Market Days as per Rule 3.1.19(a) of the CSE Listing Rules.

The Prospectus, Application Form and Articles of Association of the Company will be available on the website of the CSE, www.cse.lk and on the website of the Company, www.amanabank.lk for a period of not less than fourteen (14) Market Days as stipulated in Rule 3.1.19(b) of the CSE Listing Rules.

4.0 PROCEDURE FOR APPLICATION

4.1 Eligible Applicants

Applications are invited from the following categories of investors, having a Valid Account in the Central Depository System (Pvt) Ltd (CDS Account):

- I. Citizens of Sri Lanka who are resident in or outside Sri Lanka and above 18 years of age; or
- II. Companies, corporations or institutions incorporated or established within Sri Lanka; or
- III. Corporate bodies incorporated or established outside Sri Lanka; or
- IV. Approved unit trusts licensed by the SEC; or
- V. Approved provident funds and contributory pension schemes registered/incorporated/ established in Sri Lanka (in this case, Applications should be in the name of the Trustee/ Board of Management in order to facilitate the opening of the CDS account); or
- VI. Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas); or
- VII. Global, regional and country funds approved by the SEC.

Applications made by individuals less than 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Applications submitted under the Unit Trust Investor Category should conform to the criteria defined by the SEC Directive dated June 6, 2011 (Ref: SEC/LEG/11/06/01).

Eligible Applicants may fall into one of the following categories.

- Retail Individual Investor Category
- Unit Trust Investor Category
- Non Retail Investor Category
- Employee Category

Please refer Section 4.2.1 for the definitions of the aforementioned categories.

4.2 The Procedure for Application

Applicants applying for the New Shares should submit their Applications in the manner set out in this Prospectus.

The Prospectus will be made available free of charge from the collection points listed in Annex G. The Prospectus can also be downloaded from www.cse.lk and www.amanabank.lk.

4.2.1 How to Apply

APPLICANTS, EXCEPT FOR THE APPLICANTS APPLYING UNDER THE EMPLOYEE CATEGORY SHOULD APPLY ONLY THROUGH ONE INVESTOR CATEGORY (INCLUDING JOINT APPLICANTS) AND WOULD BE PERMITTED TO SUBMIT ONLY ONE APPLICATION FORM. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT, EXCEPT FOR THE APPLICANTS APPLYING UNDER THE EMPLOYEE CATEGORY, EITHER UNDER THE SAME CATEGORY OR DIFFERENT CATEGORY WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

Only one Application should be made by an Applicant under the Employee Category. Additionally an Applicant may make a further Application (One [1] Only) either under Retail Individual Category or Non Retail Category which will not be construed as multiple Applications and will not be rejected.

Only one Application should be made by an Applicant under the Unit Trust Category.



Retail Individual and Non-Retail Investor Category

Applicants falling under the Retail Individual and Non-Retail Investor Categories should apply for the Shares on the WHITE coloured Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available from the collection points listed in Annex G and can also be downloaded from www.cse.lk and www.amanabank.lk. Exact size copies of the Application form printed on WHITE coloured paper as specified herein will also be permissible under the Retail Individual and Non-Retail Investor Categories. The completed Application Forms should be submitted to the Registrars to the Issue.

‘Retail Individual Investor’ as defined by the CSE Listing Rules, shall mean an individual investor who subscribes for a maximum of 3,000 shares or a value of not more than LKR 100,000 in a particular share class, whichever is higher.

Employee Category

Applicants applying under the Employee category must apply for the Shares only using the separate GREEN coloured Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available through the designated officer at the registered office of the Company, 480, Galle Road, Colombo 3. Exact size copies of the Application form printed on GREEN coloured paper as specified herein will also be permissible under the Employee Category. The completed Application Forms should be submitted to the designated officer of the Company who is responsible to collect same and forward to the Registrars to the Issue. Employees shall not submit Applications directly to the Registrars to the Issue.

Unit Trust Investor Category

Applicants applying under the Unit Trust Investor Category must apply for the Shares using the separate YELLOW coloured Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available through the registered office of the Company, 480, Galle Road, Colombo 3, and Managers to the Issue, Acuity Partners (Private) Limited, 53, Dharmapala Mawatha, Colombo 3. Exact size copies of the Application form printed on YELLOW coloured paper as specified herein will also be permissible under the Unit Trust Investor Category. The completed Application Forms could be submitted either directly to the Registrars to the Issue or to the Managers to the Issue who will forward the same to the Registrars to the Issue.

Applications submitted under the Unit Trust Investor Category should submit a confirmation by the trustee confirming that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 6, 2011 (Ref: SEC/Leg/11/06/01) and CSE Listing Rules, 3.1.5(b)(ii).

Applicants applying under Retail Individual, Non-Retail and Unit Trust Investor categories should submit their Application forms to the Registrars to the Issue in terms of Section 4.2.8.

Applicants applying under Employee category should submit their Application forms to the Designated Officers of the Company in terms of Section 4.2.8.

An Applicant of a Joint Application, applying through another Application Form, except under the Employee category, is deemed to have made multiple Applications and will be rejected.

An Applicant who has made an Application under a margin trading account should not apply individually or jointly on a separate Application Form, except under the Employee category. Such Applications will also be construed as multiple Applications and will be rejected.

Subject to the above, the Company/Managers/Registrars to the Issue reserve the right to reject multiple Applications and suspected multiple Applications which are not allowed or to accept only one Application Form at their discretion.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, for whatsoever reason.

Please note that Applicant information such as full name, address, NIC number/passport number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information shall take precedence over information provided in the Application Form.

Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts will be rejected.

Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

All resident Applicants should indicate in the Application for Shares, their NIC number or the company registration number as the case may be. The passport number may be indicated only if the Applicant does not have a NIC number.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Shares to their CDS account.

Please note that upon the allotment of Shares under this Offer, the allotted Shares would be credited to the Applicant's CDS account so indicated. Please note that SHARE CERTIFICATES SHALL NOT BE ISSUED.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment will be made.

You can open a CDS account through any member/trading member of the Colombo Stock Exchange (CSE) as set out in Annex G or through any Custodian Bank as set out in Annex H of this Prospectus.

PLEASE NOTE THAT AN ALLOTMENT OF SHARES WILL ONLY BE MADE IF YOU HAVE A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participant. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.



Operation of a 'locked' balance in the CDS

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities, the CDS provides a mechanism where securities can be 'locked' in the CDS account.

The CDS maintains two balances for each CDS account, namely a 'trading' balance and a 'locked' balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done normally.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from any unauthorised sale by a broker.

At the option and request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

4.2.2 Number of Shares Applied

Application should be made for a minimum of One Thousand (1,000) Shares [for a value of Sri Lankan Rupees Seven Thousand (LKR 7,000/-)] and in multiples of One Hundred (100) Shares thereof.

Applications made for less than One Thousand (1,000) Shares or for a number which is not in multiples of One Hundred (100) Shares will be rejected and the accompanying cheques, bank drafts or bank guarantees will not be sent for clearing but be returned via ordinary post at the risk of the Applicant, or in the case of Joint Applicants, the first named Applicant. The cheque or bank draft or bank guarantee or RTGS transfer should be issued/carried out to the exact value of the number of Shares applied for multiplied by the Share Issue Price. Cheques, bank drafts, bank guarantees or RTGS transfers not conforming to the above requirement will be rejected at the outset.

Please refer Section 4.3.1 for details with respect to the mode of remittance.

4.2.3 Identification Information

All Applicants should disclose their identification/registration information by filling in the space provided in the Application Form for this purpose.

Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

The NIC, passport, or company registration number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.

Resident Applicants may use the passport for purposes of identification only if they do not have a NIC number.

Tabulated as follows is the relevant identification information that a prospective investor should provide depending on the legal status:

Citizenship/Legal Form	Identification Information			
	NIC Number	Passport Number	Company Registration Number	Common Seal or Rubber Stamp
Sri Lanka Citizens	✓			
Sri Lanka Citizens with no NIC Number*		✓		
Foreign Citizens**			✓	
Corporate Entities***			✓	✓

* In the case of Sri Lankan citizens, the passport number will be accepted only when the NIC number is not available. The CDS account must be for the same passport number.

** Foreign citizens must state the passport number in the space provided.

*** The company registration number must be provided. The common seal or rubber stamp should be affixed and the Application Form duly signed as stipulated in the constitutional documents of such Applicants.

A valid CDS account number must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected. All information about the Applicant (i.e name, address, nationality and NIC or passport number) will be downloaded from the database of the CDS, based on the number given in the Application Form. In the event of any discrepancy between the information in the CDS and in the Application Form, the information in the CDS shall take precedence.

If the CDS account number is not indicated in the Application Form, or the number indicated in the form is found to be inaccurate/incorrect, or the account number indicated is not opened at the time of closing the Issue such Application will be rejected and no allotments of Shares will be made.

4.2.4 Key Responsibility of a Non-Resident Investor

Non-resident investors may be affected by the laws of the jurisdiction of their residence. If non-resident investors wish to apply for the New Shares, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Non-residents may freely acquire shares in the Company. However, as specified by Banking Act Direction No. 1 of 2007 dated 19 January 2007 as amended by Banking Act Direction No. 1 of 2009 dated 24 April 2009, no person (individual, partnership or body corporate) is entitled either directly or indirectly or through a nominee or acting in concert with any other person to acquire a material interest (over 10% of the issued share capital carrying voting rights) in a Licensed Commercial Bank, such as the Company, without the prior written approval of the Monetary Board of the CBSL, which is given with the concurrence of the Minister in charge of Finance. Such approval is granted subject to certain terms and conditions as may be deemed fit by the Monetary Board of the CBSL. The Monetary Board of CBSL is empowered to grant such approval subject to terms and conditions it may deem fit.

In the event that any person as aforesaid subscribe to such number of shares exceeding 10% of the total number of shares carrying voting rights, the Board of Directors of the Company may in its discretion apply to the Monetary Board of CBSL for approval to allot such shares in excess of 10%. Until such time as permission of the Monetary Board of CBSL is granted, such shares in excess of 10% shall not be allotted.

In the event that a situation arises or it is subsequently discovered that the above maximum limit is



exceeded by any person or persons' shareholding then such shares will be dealt with in accordance with the sub Articles 5(5), 5(6), 5(7) and 5(8) of the Company's Articles of Association which is as follows;

Article 5(5) : If the Company Secretary, after making all relevant inquiries as he may consider necessary, is of the opinion that any share(s) in the Company that is registered in its share register in the name of any person whomsoever, including the CDS, contravenes Article 5(1) above (i.e the maximum shareholding limitations in accordance with the Banking Act), shall issue a notice on such person whose name is so registered requiring him to sell such a share(s) within the time stipulated in such notice.

Article 5(6) : In the event such person fails to comply with the said notice within the said time the Board shall appoint the Company Secretary immediately therefrom to act for and on behalf of such person, to sell such shares as aforementioned, to take steps to open a Securities Account at the CDS, to give directions to licensed stockbrokers, to sign the transfer form and all other documents and to do all other acts whatsoever that are necessary for the sale of the shares as aforementioned, to receive the sale proceeds thereof for and on behalf of such person and to retain such sale proceeds for collection by such person, less all charges and expenses pertaining to such sale.

Article 5(7) : Whenever the Company Secretary is appointed as aforementioned, the said person shall forthwith surrender to the Company Secretary on demand the share certificate(s) held by him. In the event that he fails to do so, the Board may order the cancellation of such certificate(s) and issue of a fresh certificate(s) in lieu thereof.

Article 5(8) : Under the operation of sub Articles 5(5), 5(6), 5(7) and 5(8) of the Bank's Articles of Association, the said person(s) or any other person(s) claiming under or through him shall have no right or claim whatsoever against the Company and/or the Company Secretary regarding the sale of such shares, except to receive as aforesaid, the net sale proceeds retained by the Company Secretary.

Article 5(9) : Whenever the Company Secretary, after making all such inquiries as he may consider necessary is of the opinion that a transferee is acquiring shares contrary to Article 5(1) (i.e the maximum shareholding limitations in accordance with the Banking Act), the Company Secretary shall not enter the name of such transferee in the Register of Shareholders, in respect of the number of shares purchased by such or the CDS, as the case may be, in excess of the shareholding permitted under the Acts and/or the Articles of Association, whichever is lower.

4.2.5 Margin Trading

Applicants who wish to apply through their margin trading account should submit the Applications in the name of the "margin provider/Applicant's name" signed by the margin provider.

The Applicants should state the relevant CDS account number relating to the margin trading account in the space provided for the CDS account number in the Application Form. The Shares shall be uploaded to the CDS account indicated in the Application Form.

The NIC, passport, or company registration number of the Applicant as the case may be, must be stated in the Application Form.

Resident Applicants may use the passport for purposes of identification, only if they do not have a NIC number.

A photocopy of the margin trading agreement must be submitted along with the Application.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Details of multiple Applications are available under Section 4.2.1.

4.2.6 Applications made under Power of Attorney

In the case of Applications made under Power of Attorney (POA), a copy of the said POA, certified by a Notary Public to be a true copy of the original, should be lodged with the Registrars to the Issue along with the Application Form. The original POA should not be attached.

4.2.7 Joint Applications

If the ownership of the Shares is desired in the name of one Applicant, full details should be given only under the heading, SOLE/FIRST APPLICANT in the Applicant Forms. In the case of joint Applicants, the signatures and particulars in respects of all Applicants must be given under the relevant headings in the Application Form.

Joint Application Forms are permitted only for natural persons not exceeding three Applicants. Joint Applicants should note that there should not be a combination of residents of Sri Lanka and non-residents. An Applicant of a joint Application shall not apply through a separate Application Form either individually or jointly.

4.2.8 Submission of Applications

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee or RTGS transfer only) for the full amount payable on Application should be enclosed in a sealed envelope marked “Amana Bank Limited – Initial Public Offering” on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Issue at the following address prior to 4.30 p.m. Local Time on the Issue Closing Date.

SSP Corporate Services (Pvt) Limited

101, Inner Flower Road,
Colombo 3, Sri Lanka

Applications may also be handed over to the Financial Advisors and Managers to the Issue, Bankers to the Issue and its designated branches, members and trading members of the CSE as set out in Annex G prior to 4.30 p.m. Local Time on the Issue Closing Date. In the case of investors applying under the Employee Category the Application Forms should be submitted to the designated officer appointed by the Company.

In the case of Applications dispatched by courier or post, such Applications should reach the Registrars to the Issue not later than 4.30 p.m. Local Time on the Market Day immediately following the Issue Closing Date. Any Applications received after the above deadline shall be rejected even though the courier or post mark is dated prior to the Issue Closing Date.

Applicants applying under the Unit Trust investor category should submit their Application Forms either directly to the Registrars to the Issue or to the Managers to the Issue.

4.3 Payment of Application Monies

4.3.1 Mode of Remittance

- (a) Payment in full for the total value of Shares applied for should be made separately in respect of each Application either by cheque or bank draft or bank guarantee drawn upon a Licensed Commercial Bank operating in Sri Lanka or RTGS transfer



directed through any licensed commercial bank operating in Sri Lanka, as the case may be subject to (b) below. The remittances on Applications will be deposited in a separate bank account in the name of “Amana Bank Limited – IPO”.

- (b) The amount payable should be calculated by multiplying the number of Shares applied for under a particular category by the Share Issue Price of LKR 7.00. If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee, the Application will be rejected.
- (c) Payments for Applications for Shares of a value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) may be supported by a cheque or bank draft or bank guarantee. In such instances, Application Form should be accompanied by only one cheque or bank draft or bank guarantee and should be issued for the full amount indicated in the Application Form. Any Application for Shares of a value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) accompanied by two or more cheques or bank drafts or bank guarantees will be rejected at the outset.

Applicants making Applications for Shares of a value above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) will be permitted to submit multiple bank drafts (not cheques) or multiple bank guarantees or RTGS transfers on the Issue Opening Date. Such Applicants are required to attach a list to the Application Form giving details of payment, such as the amount of bank draft/bank guarantee, name of bank, name of branch and bank draft number/bank guarantee number. Applications for Shares of a value above Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) accompanied by multiple bank drafts or multiple bank guarantees will not be rejected.

Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from a Licensed Commercial Bank in Sri Lanka.

4.3.2 Cheques or Bank Drafts – Resident Sri Lankan Investors

Cheques or bank drafts should be drawn on any Licensed Commercial Bank in Sri Lanka and crossed “Account Payee Only” and made payable to “Amana Bank Limited – IPO”.

Cheques or bank drafts accompanying Application Forms made for less than One Thousand (1,000) Shares, i.e for a value of Sri Lankan Rupees Seven Thousand (LKR 7,000/-) or for a number which is not in multiples of One Hundred (100) Shares (as mentioned in Section 4.2.2) will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant, or in the case of joint Applicants, to the first named Applicant.

In the event that cheques are not realised within two (2) Market Days from the date of presenting the same to the bank for clearing, the Directors reserve the right to reject the Applications and return the Application monies. No allocation of Shares will be made to such Applicants.

Applicants residing in outstation areas from which cheque clearance may take over two (2) Market Days are advised to make payment via bank drafts to avoid any delays.

Cheques must be honoured on the first presentation to the bank for the Application to be valid. Applications supported by cheques which are not honoured on first presentation will be rejected.

4.3.3 Bank Guarantees – Resident Sri Lankan Investors

Applications made by resident Sri Lankan investors backed by bank guarantees presented in line with the requirements set out in Section 4.3.1 will be accepted. Bank guarantees will be presented to the respective banks only after the New Shares have been allotted. Bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka and in favour of “Amana Bank Limited – IPO” in a manner acceptable to the Company and payable on demand.

Bank guarantees should be valid for a minimum of one (1) month from the date of opening of the Issue.

Applicants are advised to ensure that sufficient funds / facilities are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

4.3.4 RTGS Transfers – Resident Sri Lankan Investors

In case of RTGS transfers (only for Applications valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), such transfer should be made to the credit of “Amana Bank Limited – IPO” bearing the account number 967463000132 at Amana Bank Limited with value on the Issue Opening Date (i.e the funds to be made available to the above account).

The Applicants should obtain a confirmation from the Applicant’s bank, to the effect that arrangements have been made to transfer payment in full for the total value of Shares applied for to the credit of “Amana Bank Limited – IPO” bearing the account number 967463000132 at Amana Bank Limited with value on Issue opening date (i.e the fund to be made available to the above account on the Issue Opening date) and should be attached to the Application Form.

For such RTGS transfers, a sharia compliant return equivalent to the profit share payable to the normal savings account holders of the Bank will be paid from the date of such transfer up to the Date of Allotment. Given the sharia compliant nature of the Bank, such returns will depend on the investment opportunities available to the Bank at the time. The Annualized Effective Rate of return paid to the normal savings account holders of the Bank in October 2013 was 5.03%.

If any transfers are effected prior to the Issue Opening Date, no return will be paid for the period prior to the Issue Opening date.

No return will be paid if the RTGS transfers are not realised before the end of the Issue Close Date.

4.3.5 Foreign Currency Remittances

This section is applicable to;

- Citizens of Sri Lanka who are above 18 years of age and resident overseas;
- Corporate bodies incorporated or established outside Sri Lanka;
- Regional or country funds approved by the SEC;
- Foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age.

The abovementioned Applicants should make their payments using one of the following methods as the case may be.

- (a) A foreign investor may invest through a “Securities Investment Account” (SIA) maintained with any Licensed Commercial Bank in Sri Lanka. The procedure for arranging payments through a SIA is presented below;
 - A Foreign Investor may use the services of a custodian bank as an intermediary when investing in the Sri Lankan securities market;
 - The intermediary may open a SIA, on investor’s behalf;
 - In conjunction with the SIA, an account with the CDS must be opened in case the investor does not already possess a valid CDS account;
 - In respect of regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC;



- Payment for Shares should be made through a bank draft or bank guarantee issued by a Licensed Commercial Bank in Sri Lanka or through a RTGS transfer against the funds arranged through the SIA and made payable to “Amana Bank Limited – IPO”.
- (b) Non-resident Sri Lankans can remit money for investment purposes in Sri Lankan companies through Rupee Account for Non-Resident Sri Lankan Investment (RANSI) maintained with Licensed Commercial Banks in Sri Lanka.
- Sri Lankan citizens who have left the country to take up employment, business or profession and continue to reside abroad and those citizens of Sri Lanka who have made their permanent place of abode outside Sri Lanka are eligible to operate a RANSI with LCBs in Sri Lanka.
 - Remittances by non-resident Sri Lankans in connection with this Issue could be made via cheques or bank drafts purchased out of funds arranged through the RANSI. There are no exchange control restrictions on remittance of funds that may be available in a RANSI.
 - Where a RANSI holder is also the holder of a Non-Resident Foreign Currency (NRFC) account, movement of funds between a RANSI and a NRFC account of the holder is freely permitted, so long as the account holder continues to reside abroad and does not cease to be a citizen of Sri Lanka. Therefore, funds in the NRFC account could be transferred to a RANSI through which investment in the New Shares could be made.

Cheques or bank drafts or bank guarantees should be endorsed by the issuing custodian bank, to the effect that, arrangements have been made to facilitate such payment to be made against funds available in the individual’s SIA account. The endorsement must be clearly indicated on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Bank drafts drawn on RANSI accounts should also be endorsed in line with the above.

4.3.6 Restrictions Applicable to Foreign Citizens Resident in Sri Lanka

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee Accounts, only if they possess dual citizenship where one such citizenship is Sri Lankan. Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form.

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts or bank guarantees or RTGS transfers drawn upon Sri Lanka Rupee accounts maintained with any Licensed Commercial Bank in Sri Lanka but may do so via SIA account as detailed in Section 4.3.5 above. Applications made by foreign citizens not in accordance to the foregoing shall be rejected.

4.4 Rejection of Applications

- Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company/Managers/Registrars to the Issue.
- Any Application Form which does not provide the NIC, passport (where NIC is not available) or company registration number as the case may be, will be rejected.
- Applications delivered by hand after 4.30 p.m. Local Time on the Issue Closing Date will be rejected. Applications received by courier/post after 4.30 p.m. Local Time on the succeeding Market Day immediately following the Issue Closing Date, will also be rejected even if they carry a courier acceptance date/postmark date earlier than the Closing Date.
- Applications made for less than One Thousand (1,000) Shares or for a number which is not

- in multiple of One Hundred (100) Shares will be rejected.
- An Application which does not carry a CDS account number, or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list (either at the time fixed for closing or on the date on which the issue is subscribed), or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment of Shares will be made.
 - Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts, will be rejected.
 - Applicants (other than the Employee Applicants) should apply only through one investor category and would be permitted to submit only one Application Form. Two or more Applications submitted by the same Applicant (other than the Employee Applicants) either under the same category or different categories will be construed as multiple Applications and will be rejected.
 - The company reserves the right to reject multiple Applications and suspected multiple Applications which are not allowed, as mentioned in Section 4.2.1.
 - Payment for Applications of New Shares of a value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) accompanying two or more cheques and bank drafts or bank guarantees as mentioned in Section 4.3.1, will be rejected at the outset.
 - Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, for whatsoever reason.

4.5 Banking of Payments

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Closure Date of the subscription list, in terms of the CSE Listing Rules.

4.6 Returning of Monies on Rejected Applications

Where an Application Form is rejected, the cheque or bank draft or bank guarantee received in respect of the Application will be returned via ordinary post at the risk of the Applicant. In the case of joint Applicants, the cheque or bank draft or bank guarantee received in respect of the Application will be returned to the first named Applicant.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honoured by the bank at the first presentation, the Application will also be rejected and the dishonoured cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the Applicant. In the case of joint Applicants, the dishonoured cheque or bank draft or bank guarantee will be returned to the first named Applicant.



4.7 Basis of Allotment

The allotment of the New Shares will be made to the various categories of Applicants, as set out below:

Investor Category	Percentage of Issue (%)
Unit Trusts *	10%
Retail Individual	40%
Employees **	05%
Non-Retail	45%
	100%

* Unit Trust Investors should be growth or balanced unit trusts operated by managing companies licensed by the SEC, where such unit trusts comprise of not less than 500 unit holders resident in Sri Lanka who together hold at least 50% of that fund as per the Direction issued by the SEC (Ref: SEC/LEG/11/03/36 of 10 March 2011). Only one Application should be made under each category.

**Employees of Amana Bank Limited. The basis of allotment for the Employees category will be at the discretion of the Board of Directors of the Company taking into consideration such factors such as seniority, etc.

Applications submitted under the Unit Trust Investor Category should accompany a confirmation by the trustee confirming that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 6, 2011 (Ref: SEC/Leg/11/06/01) and CSE Listing Rules, 3.1.5(b)(ii).

Local and foreign individual investor/s who apply for up to a maximum of 14,285 Shares (including 14,285 Shares) (value of not more than LKR 100,000) will be deemed as Retail Individual investors for share allotment purposes.

Investors who do not fall under the Retail Individual investor definition stated above will be deemed as Non Retail investors for Share allotment purposes. (All corporate bodies incorporated or established in Sri Lanka or outside Sri Lanka, global, regional or country funds approved by the SEC, shall fall under the Non-Retail category irrespective of the quantum of Shares applied for)

The Share allocation will be subject to the Central Bank of Sri Lanka regulations governing individual and group maximum shareholding limits in Commercial Banks. As specified by Banking Act Direction No. 1 of 2007 dated 19 January 2007 as amended by Banking Act Direction No. 1 of 2009 dated 24 April 2009, no person (individual, partnership or body corporate) is entitled either directly or indirectly or through a nominee or acting in concert with any other person to acquire a material interest (over 10% of the issued share capital carrying voting rights) in a Licensed Commercial Bank, such as the Company, without the prior written approval of the Monetary Board of the CBSL, which is given with the concurrence of the Minister in charge of Finance. The Monetary Board of CBSL is empowered to grant such approval subject to terms and conditions it may deem fit.

In the event that a situation arises or it is subsequently discovered that the above maximum limit is exceeded by any person or persons' shareholding then such shares will be dealt with in accordance with the sub Articles 5(5), 5(6), 5(7) and 5(8) of the Company's Articles of Association which is as follows;

Article 5(5) : If the Company Secretary, after making all relevant inquiries as he may consider necessary, is of the opinion that any share(s) in the Company that is registered in its share register in the name of any person whomsoever, including the CDS, contravenes Article 5(1) (i.e the maximum shareholding limitations in accordance with the Banking Act), shall issue a notice on such person whose name is so registered requiring him to sell such a share(s) within the time stipulated in such notice.

Article 5(6) : In the event such person fails to comply with the said notice within the said time the Board shall appoint the Company Secretary immediately therefrom to act for and on behalf of such person, to sell such shares as aforementioned, to take steps to open a Securities Account at the CDS, to give directions to licensed stockbrokers, to sign the transfer form and all other documents and to do all other acts whatsoever that are necessary for the sale of the shares as aforementioned, to receive the sale proceeds thereof for and on behalf of such person and to retain such sale proceeds for collection by such person, less all charges and expenses pertaining to such sale.

Article 5(7) : Whenever the Company Secretary is appointed as aforementioned, the said person shall forthwith surrender to the Company Secretary on demand the share certificate(s) held by him. In the event that he fails to do so, the Board may order the cancellation of such certificate(s) and issue of a fresh certificate(s) in lieu thereof.

Article 5(8) : Under the operation of sub Articles 5(5), 5(6), 5(7) and 5(8) of the Bank's Articles of Association, the said person(s) or any other person(s) claiming under or through him shall have no right or claim whatsoever against the Company and/or the Company Secretary regarding the sale of such shares, except to receive as aforesaid, the net sale proceeds retained by the Company Secretary.

Article 5(9) : Whenever the Company Secretary, after making all such inquiries as he may consider necessary is of the opinion that a transferee is acquiring shares contrary to Article 5(1) (i.e the maximum shareholding limitations in accordance with the Banking Act), the Company Secretary shall not enter the name of such transferee in the Register of Shareholders, in respect of the number of shares purchased by such or the CDS, as the case may be, in excess of the shareholding permitted under the Acts and/or the Articles of Association, whichever is lower.

The investor categories have been selected to ensure the broadest possible spread of shareholders while treating all Applicants in a fair manner as may be decided by the Board at its discretion.

In the event of an under-subscription in the Employee category, the Retail Individual investor category shall be given first priority, followed by the Unit Trust Investor category in allotment of the under subscribed Shares.

In the event of an under-subscription in the Unit Trust investor category, the Retail Individual investor category shall be given first priority followed by Employee category, in allotment of the under subscribed Shares.

In the event of an under-subscription in the Retail Individual investor category, the Unit Trust investor category shall be given first priority followed by Employee category, in allotment of the under subscribed Shares.

In the event of an under-subscription in the Non-Retail investor category, Retail Individual investor category will be given first priority followed by Unit Trust investor category in the allotment of the under-subscribed Shares.

Redistribution will not apply in the event of an over-subscription or under-subscription in all four categories stated above.



Subject to the above the Board of Directors of the Company will endeavour to decide and announce to the CSE the basis of allotments as soon as practicable so as to ensure compliance with the Listing Rules. Upon the allotment being decided, an announcement will be made to the CSE.

In the event of an over subscription of any one or all four categories mentioned above, the basis of allotment will be decided by the Board of Directors of the Company in a fair and equitable manner.

A written confirmation informing successful Applicants on their allotment of New Shares will be dispatched within ten (10) Market Days from the Closure Date as required by the CSE.

4.8 Refunds on Applications

Where an Application is accepted only in part or rejected in its entirety subsequent to cheques being realised, the balance/entirety of the monies received on Application as the case may be, will be refunded, such refunds will be made on or before the expiry of ten (10) Market Days from the Closure Date (excluding the Closure Date) as required by the CSE Listing Rules. As required by Section 2.4(k) of the CSE Listing Rules, Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published during the immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made by the expiry of the aforementioned period.

Refunds via Sri Lanka Inter-bank Payment Systems (SLIPS)

1. The refund payment will be made to the bank account specified by the Applicant through the SLIPS on or before the expiry of ten (10) Market Days from the Closure Date (Excluding the Closure Date) as required by the CSE Listing Rules and a payment advice shall be issued to the Applicant provided that the Applicant has submitted accurate and complete details of Applicant's bank account in the Application Form. However, SLIPS transfers are subject to a maximum limit of Sri Lanka Rupees Five Million (LKR 5,000,000/-) imposed by the CBSL with effect from October 29, 2010 as per Operating Instruction Circular No. 11/2010 dated October 25,2010.
2. Even though the Applicant has requested for SLIPS transfer for refund amounts and submitted accurate and complete details of the bank account in the Application Form, refund amounts exceeding Sri Lanka Rupees Five Million (LKR 5,000,000/-) will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a joint Application, a crossed cheque will be drawn in favour of the Applicant whose name appears first in the Application Form.
3. In the event the refund payment is effected via SLIPS based on the bank account details provided by the Applicant in the Application Form, but is rejected by the Applicant's bank due to inaccurate or incomplete information, such refund payments would be made via a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In such instances, the Company together with the Registrars to the Issue will send the refund cheques to such Applicants at the earliest possible time and the Applicant should not hold the Company or the Registrars to the Issue accountable for such delays.

Bank codes and branch codes could be obtained from the following website, through the Quick Links access;

http://www.lankaclear.com/products_and_services/sl_interbank_payment_system_guideline.php

Refunds via Crossed Cheque

1. If the Applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account with respect to refunds via SLIPS, the refund payment will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a joint Application, a crossed cheque will be drawn in favour of the Applicant whose name appears first in the Applicant Forms.
2. A request for cancellation of crossing on the refund cheque, in instances where the Applicant does not maintain a current account, should be addressed to the Registrars to the Issue in writing, stating the cheque number and the fact that the Applicant does not maintain a current account. The refund cheque and a clear photocopy of the Applicant's NIC should accompany the letter.

In the event of a refund cheque being delivered by hand by a third party to the Registrars to the Issue for cancellation of crossing, a letter of authorisation signed by the Applicant stating the NIC number of such third party should also be presented with the refund cheque. Refund cheques on which the crossings have been cancelled by the Registrars to the Issue should preferably be collected in person or by third party authorised by the Applicant.

4.9 Successful Applicants and CDS Lodgement

The Shares allotted will be directly uploaded to the respective CDS accounts given in the Application Form before the expiry of eighteen (18) Market Days from the Issue Closure Date as requested by the CSE Listing Rules.

All resident Applicants should indicate in the Application for Shares, their NIC number or the company registration number as the case may be. The passport number may be indicated only if the Applicant does not have a NIC number.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Shares to their CDS account.

Please note that upon the allotment of Shares under this Offer, the allotted Shares would be credited to the Applicant's CDS account so indicated. Please note that SHARE CERTIFICATES SHALL NOT BE ISSUED.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment will be made.

You can open a CDS account through any member/trading member of the Colombo Stock Exchange (CSE) as set out in Annex G or through any Custodian Bank as set out in Annex H of this Prospectus.



A written confirmation, upon the completion of crediting the respective CDS accounts will be sent to the shareholder within Two (2) Market Days of crediting the CDS accounts by ordinary post to the address provided by each shareholder in their respective Applications.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participant. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.

Refer Section 4.2.1 for the definition of "locked".

New Shares shall not be transferable by the shareholders during the period between the date of allotment of the New Shares and up to the date of listing (excluding the date of listing) of the Ordinary Shares on the CSE. Further, the Company shall not allot any Shares of the Company (other than the allotment of New Shares) or transfer existing Shares during the interim period between the date of the Initial Listing Application and the date of listing of the Shares of the Company.

Upon the Ordinary Shares being listed on the CSE, such Shares shall be freely transferable except for those Shares mentioned in Section 9.2 of this Prospectus, which will be locked-in to be in compliance with CSE Listing Rules 2.1.1(d).

4.10 Declaration to the CSE and Secondary Market Trading

The Bank will submit to the CSE a "Declaration" on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the New Shares. Trading of the Ordinary Shares on the secondary market will commence on or before the third (3) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

5.0 BUSINESS OPERATIONS OF AMANA BANK LIMITED

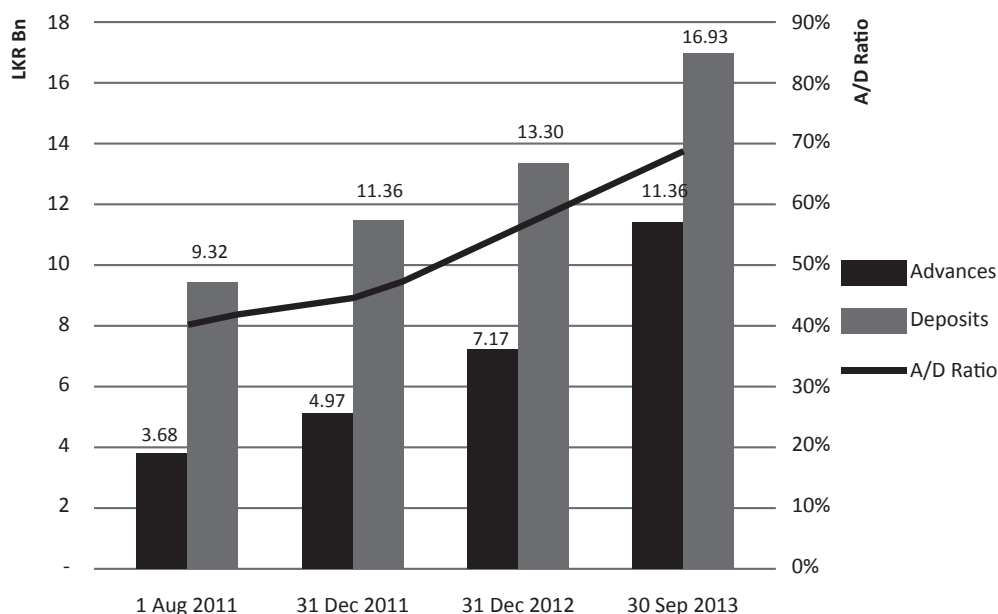
5.1 Overview of Amana Bank

Amana Bank is Sri Lanka's first Licensed Commercial Bank operating entirely on Islamic Banking principles. Sri Lanka's legislature made changes to the Banking Act No. 30 of 1988 to permit Islamic Banking products in the country in 2005, thus paving the way for the establishment of Amana Bank, which obtained the commercial banking license in January 2011 and commenced operations on 1 August 2011.

The Bank's strategic partners include regional Islamic Banking giants namely Bank Islam Malaysia Berhad and Islamic Development Bank of Saudi Arabia as well as AB Bank of Bangladesh.

The Bank embarked on an aggressive drive to increase its portfolio of Advances in 2013 after being impacted by the credit ceiling imposed on all licensed commercial banks by the Central Bank of Sri Lanka in 2012. By acquiring new customers and supporting the growth of the existing portfolio, the Bank's Advances portfolio has grown impressively by approximately LKR 4.1 Bn (57%) in the first 9 months of 2013. Whilst expanding the branch network, the Bank introduced an array of new products and initiatives targeted at fulfilling the varying needs of its customers, existing and potential, which supported the Deposits portfolio to record a commendable growth of approximately LKR 3.6 billion (27%) for the same period as above. As a result the Bank's Advances to Deposits ratio also increased to 66% as of 30 September 2013 from 54% at the close of 2012.

FIGURE 5.1 – GROWTH IN ADVANCES AND DEPOSITS



In ensuring that the Bank laid a solid platform, it continued to invest in key areas such as people, processes, infrastructure and systems. In this regard the Bank opened 10 new strategically located branches during 2013 strengthening its presence island-wide. With the momentum gathered thus far, the Bank is on course to reach industry benchmarked levels of performance in the near future.

The Bank currently has a total asset base of LKR 20 billion with more than 100,000 customers having access to 500+ ATMs and a network of 24 branches.

The Bank has introduced to the country's banking sector and financial market a unique value proposition based on its interest-free but profit and loss sharing business model.



5.2 Products Offered

Consumer Banking Products	
Current Accounts	Amāna Bank Current Accounts are designed to offer convenience, security and speedy service while providing the assurance that your funds will be safe from being utilized to finance socially harmful business activities.
Savings & Term Investments Accounts	Amāna Bank Savings and Term Investment accounts are based on the principle of profit sharing. A share of profits on investments is earned through the investment pool. The better the performance of the investment pool, the higher the profit payable. Term Investments are available in tenures from 3 months to 60 months.
Foreign Currency Accounts	Foreign Currency Savings, Children’s Savings and Term Investment accounts are based on the principle of profit sharing. Amāna Bank Foreign Currency Accounts facilitate easy remittance, speedy service and attractive returns on the investment. Foreign Currency Accounts can be opened as either an NRFC, RFC or RNNFC Account.
Children’s Savings Accounts	Amāna Bank Children’s Savings account is designed to help children achieve their full potential, providing them with a strong financial foundation and guiding them towards financial discipline. The account is based on the principle of profit sharing and offers a higher share of the profits earned through our investment pool to help them achieve their dreams faster.
Personal Salary Account	Amana Bank Personal Salary Account was introduced targeting the working population of the country. The Personal Salary Account offers greater accessibility and convenience along with a host of privileges, including a monthly profit on their income. Personal Salary Account holders can direct their monthly salary to their accounts and enjoy benefits such as preferential rates on leasing and home financing facilities, discounts on foreign currency draft issuances and free ATM card offering free and discounted ATM transaction charges.
Ladies Savings Account	With the aim of providing an opportunity for women to manage their finances effectively and efficiently, Amana Bank has introduced ‘Amana Bank Ladies Savings Account’ targeting the female population of the country. The Ladies Savings Account will provide a host of privileges along with a higher profit sharing ratio on the available balance and access to Amāna Bank’s dedicated Ladies Banking branches and Ladies Banking units at selected branches.

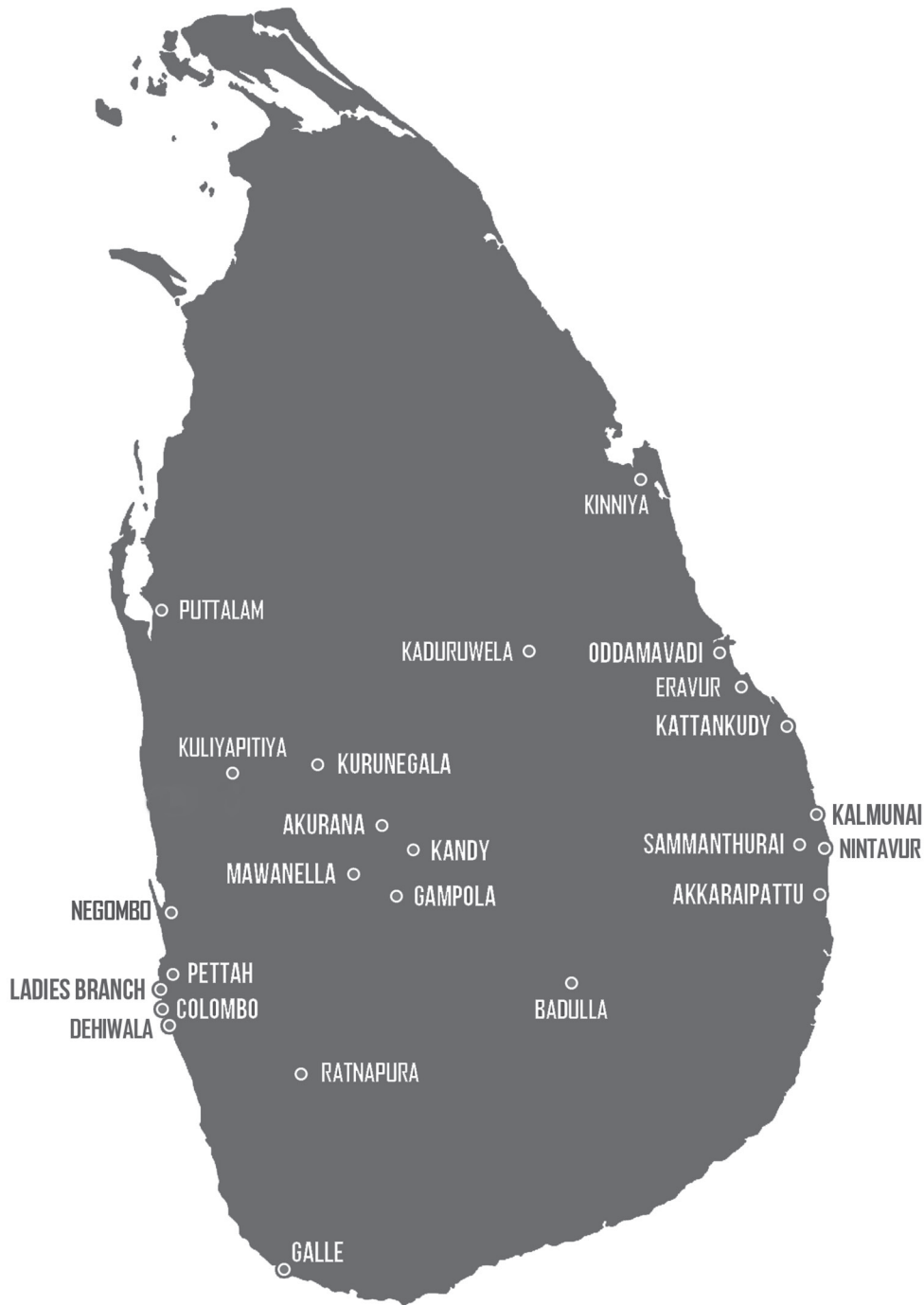
Senior Citizen Savings Account	As a mark of respect towards the senior citizens of the country, Amana Bank introduced its very own Senior Citizen Savings Account. The Senior Citizen Savings Account offers a higher profit sharing ratio with added convenience and benefits where senior citizens can spend their retirement with peace of mind managing their own finances and resources.
Easy Payment Plan	Make your life more convenient. Now you can purchase furniture, household/personal appliances or airline tickets through the Bank's Easy Payment Plan. The plan which is offered to purchase products valued from LKR 25,000 to LKR 300,000, allows the customer to pay for the asset on a monthly instalment basis up to 36 months.
Home Finance	The Bank will partner with the customer in buying or constructing a home and let the customer buy back the Bank's share over a period of time. The Bank will rent their share of the house to the customer, for them to enjoy the full usage of the house at all times.
Leasing	The asset the customer wants will be purchased and rented to the customer so that the full usage of it can be enjoyed. At the end of the agreed rental period the asset will be gifted so that one could enjoy the full ownership of it.
Business Banking Products	
Current Accounts	Current Accounts are designed to offer convenience, security and speedy service while providing the assurance that your funds will be safe from being utilized to finance socially harmful business activities.
Savings & Term Investments Accounts	Savings and Term Investment accounts are based on the principle of profit sharing. A share of profits on investments is earned through the investment pool. The better the performance of the investment pool, the higher the profit payable.
Working Capital Financing	Working capital facilities offered on the principles of Murabaha or Tijarah for businesses
Pre shipment/ Post shipment financing for Exporters	Export financing offered on the principles of Istisna
Term Financing	Term financing for businesses offered on the principles of diminishing Musharaka.
Leasing	The asset the customer wants will be purchased and rented to the customer so that the full usage of it can be enjoyed. At the end of the agreed rental period the asset will be gifted so that one could enjoy the full ownership of it.

Trade Financing and Services	LC, Document Negotiations, Post Import Finance, Letters of Guarantee.
Treasury and Other Products	
Foreign Exchange	Spot and Promissory Forward transactions for Importers and Exporters
Gold	Sale of physical gold bars for wholesale markets

Refer Table 6.6 for an overview and definition of Islamic banking products.

5.3 Branch Network

FIGURE 5.2 – AMANA BANK – BRANCH NETWORK



Amāna Bank has a network of 24 strategically located branches. The Bank has established a strong presence in the Eastern province where over one third of its branches are located and is on par with the Government’s Nagenahira Navodaya (Reawakening of the East) initiative.

5.4 Human Resources

The Bank recognises human capital as one of the significant contributors towards achieving the Bank’s strategic goals and objectives. With the rapid expansion of the branch network the Bank has focused on enhancing its Human Capital whilst leveraging on efficiencies created by proper training and management of staff.

The number of Directors and employees of the Bank as at 30 September 2013 is detailed as below:

TABLE 5.1 - HUMAN RESOURCES

Category	Number of Members
Directors & Alternate Directors	18
Corporate Management	15
Assistant Vice President	5
Managers	89
Executives	150
Junior Executive Officers	173
Trainee Banking Associates	88
Office Assistants	11
Contract Employees	15
Total	564

As at the date of this Prospectus, there were no labour unions, significant agreements entered into between the labour unions and the Bank or action pending against the Bank in the Labour Tribunal.

5.5 Accolades & Recognition

During the first two years of operations, the Bank was recognised and awarded on both local and international platforms.

2011

- Islamic Finance News Poll Award for Best Islamic Bank in Sri Lanka awarded by Malaysian based RedMoney Group (Publishers of Islamic Finance News).

2012

- Islamic Finance News Poll Award for Best Islamic Bank in Sri Lanka awarded by Malaysian based RedMoney Group (Publishers of Islamic Finance News).
- Sri Lanka Islamic Banking and Finance Industry Award for Islamic Finance Entity of the Year adjudged by KPMG.
- Silver Award for Overall Annual Report under the 'National Banks' category at the 26th ARC Awards organized by New York based Mercomm Inc.
- Global Commerce Excellence Award for bringing in foreign investment during times of terrorism, awarded by CBSL, Board of Investment, Sri Lanka Ports Authority and Airport Aviation Services of Sri Lanka.

2013

- Gold Award for Islamic Finance Entity of the Year at the Sri Lanka Islamic Banking and Finance Industry Awards Night adjudicated by KPMG.
- Gold Award for Islamic Finance Deal of the Year at the Sri Lanka Islamic Banking and Finance Industry Awards Night adjudicated by KPMG for financing the Lower Kotmale Mini Hydro Power Plant.

5.6 Financial Highlights of Amana Bank Limited

During the two years since the commencement of operations ABL has recorded significant financial progress.

TABLE 5.2 – FINANCIAL HIGHLIGHTS OF AMANA BANK

LKR Mn	For the Period Ended		
	30 September 2013	31 December 2012 - Audited	31 December 2011 – Audited*
Income from Financing	1,257	1,301	352
Total Operating Income	770	1,254	73
Profit After Tax	(215)	146	(282)
Earnings Per Share (LKR)	(0.23)	0.16	(0.35)

LKR Mn	As at		
	30 September 2013	31 December 2012 - Audited	31 December 2011 – Audited*
Advances	11,225	7,165	4,975
Deposits	16,930	13,303	11,363
Total Assets	20,981	16,717	14,496
Shareholders' Funds	3,553	3,071	3,001
Non Performing Advances Ratio (Gross)	2.2%	1.0%	1.0%
Advance to Deposit Ratio	66.3%	53.9%	43.8%
Capital Adequacy Ratio			
Core Capital	15.10%	20.40%	26.50%
Total Capital	15.40%	20.70%	25.46%

** Company commenced operations in August 2011*

5.7 Future Outlook for Amana Bank Limited

In accordance with its business strategy the Bank will aggressively pursue growing its business volumes and revenues largely through the consumer and SME sectors which carry the potential for future economic growth. The Bank's growth and expansion to date has been with this strategic focus which it will continue to build in the coming years.

The Bank's business strategy is aligned to Sri Lanka's growth strategy and the Bank will engage in growing its asset and revenue base by expanding its business with existing customers and through new customer acquisitions. In this regard the Bank will expand its distribution network and channels in territories where it identifies strategic business opportunities.



The Bank is optimistic that it will achieve its future objectives based on its internal strengths, the growing demand for its products and services and its track record of performance to date. The Bank and its promoters intend that the Bank will continue to carry out Islamic Banking activities during the period of five (5) years from the date of commencement of the business of the Bank.

However, it is of importance to note that the above mentioned future plans will hold provided the following factors: current market and economic conditions prevail or continue to improve, the regulatory framework will not undergo any material amendment etc.

The expansion strategies of the Bank in terms of the branch network expansion and asset growth, will be subject to the risks identified under Section 10.1 & Section 10.2, in addition to the specific risk mentioned below.

Currently, Amana Bank Limited is the only specialised Islamic bank in Sri Lanka and competes with the foreign Islamic Bank branches and the Islamic Banking windows of conventional banks. A new entrant specialising in Islamic Banking would pose a threat to the Company, although ABL would enjoy the first mover advantage and benefit from the established brand name. Further, the barriers for a new entrant to enter the market, specifically with regard to meeting the necessary regulatory requirements may discourage new entrants.

6.0 ISLAMIC BANKING SECTOR

6.1 Overview – Global Islamic Banking Sector

Islamic banking is the financial system that is compliant with the principles of Sharia. Based on these principles the fixed or floating payment or acceptance of specific interest or fees for loans of money are prohibited in addition to investing in business that are supplying goods or services that are contrary to the Islamic law.

In 1975, the Islamic Development Bank was set up with the mission to provide funding to projects in the member countries. The first modern commercial Islamic bank, Dubai Islamic Bank, started operations in 1975. In the early years, the products offered were basic, but in the last few years the industry is starting to see rapid development in new products and services.

Islamic banking industry has more than 450 institutions spread over 75 countries, mainly concentrated in the Middle East and South East Asia, with growing trends in Central Asia and Europe. The asset base for Islamic banking is more than USD 1.3 trillion and is propelling ahead with an average annual growth rate of 19% over the last four years; 50% more than the conventional banking industry.

6.2 Comparison of Islamic Banking and Conventional Banking

The basic principles underlying Islamic financial transactions are that the purpose of financing should not involve an activity prohibited by Sharia and financing must not involve Riba (the giving and receiving of interest) and should avoid Gharar (uncertainty, risk and speculation) and Maysir (gambling).

A basic comparison between the conventional banking and Islamic banking is given below;

TABLE 6.1 - COMPARISON OF ISLAMIC AND CONVENTIONAL BANKING

Characteristic	Islamic Banking System	Conventional Banking System (Interest Based)
Business Framework	Functions and operating modes are based on Sharia, and Islamic banks must ensure that all business activities are in compliance with Sharia requirements.	Functions and operating modes are based on secular principles, not religious laws or guidelines.
Interest Charging	Financing is not interest (Riba) oriented and is based on risk-and-reward sharing.	Financing is interest oriented, and a fixed or variable interest rate is charged for the use of money.
Interest on Deposits	Account holders do not receive interest (Riba) but share the risk and rewards of investments made by the Islamic bank and receive a profit on investment.	Depositors receive interest and a guarantee of principal repayment.
Risk Sharing in Equity Financing	Islamic banks offer equity financing with risk sharing for a project or venture. Losses are shared on the basis of the equity participation, whereas profit is shared on the basis of a pre-agreed ratio.	Risk sharing is not generally offered but is available through venture capital firms and investment banks, which may also participate in management.
Restrictions	Islamic banks are allowed to participate only in economic activities that are Sharia compliant and cannot finance any activity that is prohibited.	Conventional banks may finance any lawful product or service.



<i>Penalty on Default</i>	Islamic banks are not allowed to charge penalties for their enrichment. They may, however, allow imposition of default or late payment penalties on the grounds that these penalties discourage late payments or defaults, which impose administrative costs on banks for processing and collecting the amount owed. Penalties may be donated to a charity or used to offset collection costs.	Conventional banks normally charge additional money (compound interest) in case of late payments or defaults.
<i>Avoidance of Gharar</i>	Transactions with elements of gambling or speculation are discouraged or forbidden.	Speculative investments are allowed.
<i>Customer Relationships</i>	The status of an Islamic bank in relation to its clients is that of partner and investor.	The status of a conventional bank in relation to its clients is one of creditor and debtor.
<i>Sharia Supervisory Board</i>	Each Islamic bank must have a supervisory board to ensure that all its business activities are in line with Sharia requirements.	Conventional banks have no such requirement.
<i>Statutory Requirements</i>	An Islamic bank must be in compliance with the statutory requirements of the Central Bank of the country in which it operates and also with Sharia guidelines.	A conventional bank must be in compliance with the statutory requirements of the central bank of the country in which it operates and in some places, the banking laws of state or other localities.

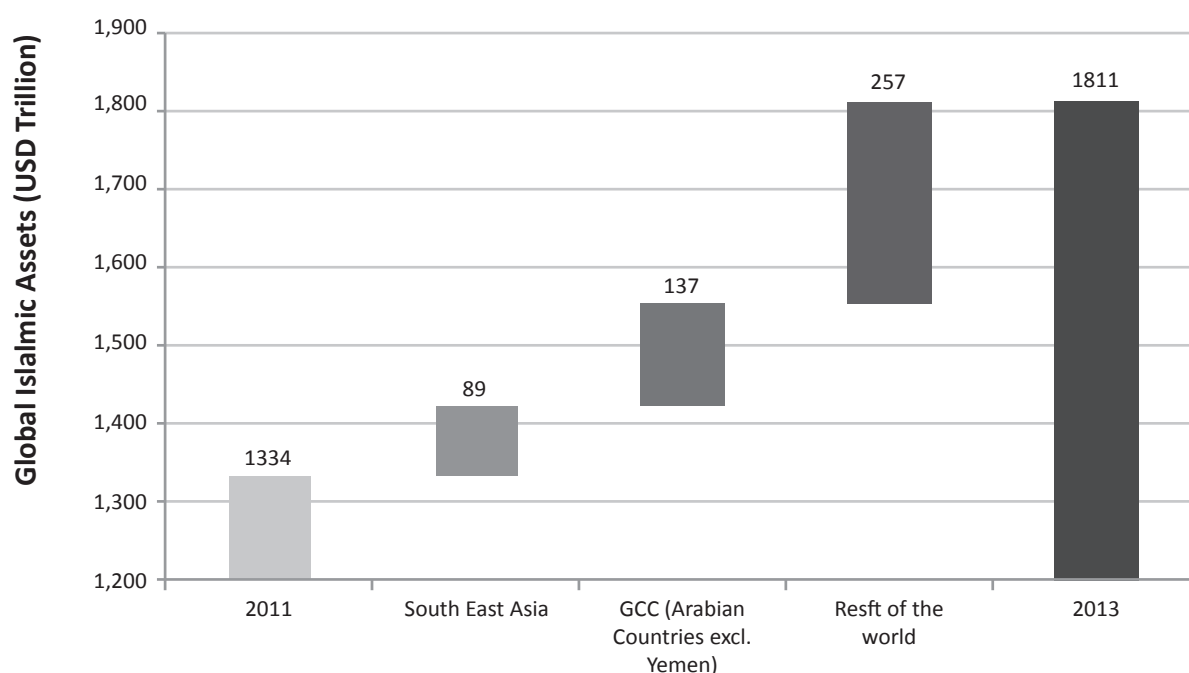
The Islamic banking products that are offered differ from country to country, depending on the flexibility of the Sharia being adopted and the principles being adopted by the respective Sharia councils. Worldwide many different Islamic banking products are offered, although certain variations of the products are not available in countries such as the Arabic countries due to the stricter guidelines being used.

6.3 Global Size of the Islamic Banking Assets

According to the Ernst & Young's World Islamic Banking Competitiveness Report 2013, the global Islamic banking assets in 2011 amounted to USD 1.3 trillion. The Global Islamic Finance Report 2011 states that the potential global Islamic financial industry size is approximately USD 4.4 trillion based on a 10% growth rate per annum.

According to the report the global Islamic banking assets with commercial banks have grown at a Cumulative Average Growth Rate (CAGR) of 19% over the past four years to USD 1.3 trillion in 2011. The top four markets account for 84% of industry assets. It also states that the global Islamic banking industry is growing 50% faster than the overall banking sector growth and it is expected to consist of an asset base of USD 1.8 trillion by end 2013.

FIGURE 6.1 - GLOBAL ISLAMIC BANKING ASSETS - 2011 – 2013(FORECAST)



Source: Ernst & Young - World Islamic Banking Competitiveness Report 2013

Islamic finance may have come a long way in the past decade but its total asset base of USD 1 trillion is still less than one per cent (1%) of global banking assets, according to the 2nd Annual Middle East Islamic Finance and Investment Conference discussions in Dubai in April 2012. (Source: Arabian Money)

TABLE 6.2 - COUNTRIES WITH THE LARGEST ISLAMIC FINANCIAL SERVICES IN 2010

Country	Islamic Banking Asset Base (USD billion)	% of World Islamic Banking Asset Base
Iran	406	36%
Saudi Arabia	177	16%
Malaysia	120	11%
UAE	116	10%
Kuwait	94	8%
Bahrain	64	6%
Others	162	14%
Total	1,139	100%

Source: The Global Islamic Finance Report (GIFR) 2011

Although the Islamic banking assets have remained to be insignificant when compared to the world’s banking assets, Islamic banking activities have developed significantly in many of the countries that are mentioned above. In countries such as Saudi Arabia, Kuwait, Bahrain, Qatar, Malaysia and UAE, the Islamic banking assets as a percentage of the total assets have exceeded approximately 15% by 2011.(Source: Ernst & Young - World Islamic Banking Competitiveness Report 2013) Islamic banking has recorded a faster cumulative average growth rate (CAGR) of 16.2% in terms of the growth in its

assets when compared with the growth rate of 13.9% in the conventional banking assets, during the period from 2008-2011. (Source: Ernst & Young - World Islamic Banking Competitiveness Report 2013)

6.4 Future Growth of the Global Islamic Banking Sector

Global Islamic banking sector is expected to grow in the future despite being at lower levels of growth when compared with the growth rates that were observed over the last few decades. At present several countries with high Muslim populations still remain untapped, such as India and some of the Commonwealth of Independent State countries. As per expert views the global Islamic banking institutions would be required to decide between three main options, whether the strategy should be to focus on niche marketing, whether to compete directly with conventional banks or whether to adopt a combined strategy. However, many of the global Islamic banking institutions would be required to create greater efficiency at each of the stages of their value chain in order to sustain the growth.

6.5 Overview – Sri Lanka Banking Sector

The Sri Lankan banking sector comprises of Licensed Commercial Banks (LCBs) that engage in traditional banking functions and Licensed Specialized Banks (LSBs) which engage in more narrowly defined business functions.

As at end 2012, Sri Lanka had 33 banks of which 12 were domestic Licensed Commercial Banks (LCBs), 12 foreign banks and 9 Licensed Specialised Banks (LSBs). Two new LCBs were added to the total bank list in 2011 of which Amana Bank Limited was granted a banking license to offer Islamic banking services in Sri Lanka.

TABLE 6.3 – DISTRIBUTION OF BANKS AND BANK BRANCHES -2010 – 2012

	2010	2011	2012
Licensed Commercial Banks	22	24	24
Domestic Bank Branches	1,424	1,567	1,627
Foreign Bank Branches	46	49	49
Licensed Specialized Banks	9	9	9
Total Number of Bank Branches and Other Outlets	5,921	6,184	6,374
Total Number of ATMs	2,020	2,237	2,390
Banking Density *	9.5	10.2	10.8

* No. of bank branches per 100,000 persons

Source: Central Bank of Sri Lanka – Annual Report 2011 & 2012

The banking network increased to 6,374 outlets and 2,390 ATMs during 2012. The total network expanded by 343 outlets and ATMs, of which 254 were opened outside the Western Province. The banking network continued to expand in the former conflict affected areas.

The financial sector in Sri Lanka consists of the Central Bank, LCBs and LSBs, other deposit taking financial institutions, other specialised financial institutions and contractual savings institutions. The banking sector is the dominant player in the financial sector accounting for approximately 70.6% of the total assets of the financial sector, as at end 2012.

TABLE 6.4 – TOTAL ASSETS OF THE MAJOR FINANCIAL INSTITUTIONS

	2011		2012	
	LKR Bn	Share (%)	LKR Bn	Share (%)
Banking Sector	5,375.6	69.7	6,381.4	70.6
Central Bank	1,123.4	14.6	1,279.7	14.2
Licensed Commercial Banks	3,578.5	46.4	4,359.2	48.2
Licensed Specialized Banks	673.7	8.7	742.5	8.2
Other Deposit Taking Financial Institutions	427.1	5.5	621.2	6.9
Licensed Finance Companies	352.1	4.6	536.1	5.9
Co-operative Rural Banks	67.6	0.9	77.2	0.9
Thrift and Credit Co-operative Societies	7.4	0.1	7.9	0.1
Other Specialized Financial Institutions	337.8	4.4	282.8	3.1
Specialized Leasing Companies	137.8	1.8	60.5	0.7
Primary Dealers	132.7	1.7	132.7	1.5
Stock Broking Companies	11.3	0.1	10.8	0.1
Unit Trusts	23.7	0.3	32.4	0.4
Market Intermediaries	31.2	0.4	43.9	0.5
Venture Capital Companies	2.1	0.0	2.5	0.0
Contractual Savings Institutions	1,570.8	20.4	1,750.2	19.4
Insurance Companies	265.4	3.4	304.6	3.4
Employees' Provident Fund	1,018.0	13.2	1,144.0	12.7
Employee's Trust Fund	142.4	1.8	158.4	1.8
Approved Private Provident Fund	115.1	1.5	110.3	1.2
Public Service Provident Fund	29.9	0.4	32.9	0.4
Total	7,712.3	100.0	9,035.6	100.0

Source: Central Bank of Sri Lanka – Annual Report 2012

The banking sector (excluding Central Bank) accounted for a total asset base of LKR 5.1 trillion (estimated as at end 2012), a total deposit base of LKR 3.6 trillion and liabilities amounting to LKR 5.1 trillion inclusive of the capital funds, borrowings and deposits.

The asset growth in 2012 remained constant at 20%, mainly due to the slower growth in asset base attributed to the credit ceiling that was imposed on the banking institutions. The slower deposit growth in 2012 resulted in a funding gap which was bridged using borrowings.

Given the importance of the banking sector, the past experiences with regard to failure of banks and the global economic crisis that affected many international financial institutions adversely, the banking institutions are expected to comply with strict regulatory requirements.

6.6 Islamic Finance Sector - Overview

The formal introduction of Islamic financing concepts to Sri Lanka can be traced back to the late 1990's with Amana Investments setting up a Sharia based financial institution. Profit-sharing financing methods built on Sharia compliant concepts have been practiced at village level in a non-formal basis prior to the 1990's in Sri Lanka.

The development of any financing concept requires the convergence of many components and players, such as regulatory, legal, accounting, tax, service providers and customers. The development of a structured framework to accommodate Islamic financing principles has been a challenge, but progressive steps have been taken resulting in a notable growth in this sector.

The amendments carried out in 2005 to the Sri Lanka Banking Act No. 30 of 1988 was a significant milestone that permitted Licensed Commercial Banks (LCBs) and specialized Banks to offer certain Islamic banking instruments. The two key legislative amendments to the Banking Act are given below:

- The acceptance of a sum of money in any manner or form from any person for a fixed period of time for investment in a business venture of the bank on the basis that profits or losses of the venture will be shared with the person from whom such money is accepted in a manner determined at the time the money is accepted.
- The purchase of goods, to be sold immediately upon purchase to a buyer on deferred payment terms provided that the goods and their suppliers are specified by such buyer and the price at which such goods are sold to the buyer and the deferred payment terms are determined at the time the bank agrees with the buyer to purchase the said goods for sale to the buyer.

In line with these amendments, CBSL introduced a broad regulatory framework which would apply to Conventional and Islamic Banks operating or promoting Islamic financing products/services. The key guidelines include the following:

- The Islamic banking operations should be conducted strictly within the existing regulatory framework applicable to the licensed banks.
- The respective banks should maintain separate books of accounts for their Islamic Banking Operations.
- Data on Islamic banking should be included under a separate column in the statutory returns submitted to CBSL in order to enable a clear demarcation between the accounts relating to conventional banking and Islamic banking.
- The prudential regulations that apply to conventional banking operations will apply equally to Islamic banking business and banks are advised to strictly follow the existing regulations. If any deviations are observed, such banks will be required to immediately cease the continuation of the relevant operations.

As per these regulations, LCBs and LSBs are permitted to participate in Sharia compliant financial transactions based on sharing (such as Musharaka), trading (Murabahah) or leasing (Ijarah).

6.7 Islamic Banking Institutions and Products being offered in Sri Lanka

In January 2011, CBSL issued a commercial banking license to Amana Bank facilitating the Bank to function as the first and only Sri Lankan Licensed Commercial Bank operating in full compliance with Islamic banking principles. In addition to this a few conventional commercial banks, foreign commercial banks, and licensed finance companies are offering Islamic financial services as window operations.

TABLE 6.5 – ISLAMIC BANKING/FINANCIAL SERVICE PROVIDERS IN SRI LANKA

Type	Bank
Licensed Commercial Banks offering only Islamic Banking	<ul style="list-style-type: none"> • Amana Bank Limited
Local Licensed Commercial Banks with an Islamic Banking Window	<ul style="list-style-type: none"> • Bank of Ceylon – ‘An-Noor’ Islamic Banking Unit • Commercial Bank of Ceylon PLC – ‘Al Adalah’ Islamic Banking Unit • Hatton National Bank PLC – ‘Al Najah’ Islamic Banking Unit
Foreign Licensed Commercial Banks with an Islamic Banking Window	<ul style="list-style-type: none"> • Muslim Commercial Bank
Licensed Finance Companies with Islamic finance windows	<ul style="list-style-type: none"> • Lanka Orix Leasing Company PLC – ‘Al-Falah’ Islamic Finance Unit • LB Finance PLC – ‘Al-Salamah’ Islamic Finance Unit • Peoples Leasing Finance PLC – ‘Al Safa’ Islamic Finance Unit • Citizen Development Business Finance PLC – ‘CDB Meezan’ Islamic Finance Unit

Source: Acuity Research

The Islamic banking industry in Sri Lanka is still in its infancy. The products being offered are still basic and are undergoing constant improvements. Some of the popular products being offered by Islamic Financial Institutions worldwide are given as follows:



TABLE 6.6 – BASIC ISLAMIC BANKING PRODUCTS

Islamic Banking Product	Islamic Banking Product Features	Equivalent Conventional Banking Product/s
Bai' bithaman ajil/ Bai' Muajjal	This concept refers to the sale of goods on a deferred payment basis at a price, which includes a profit margin agreed by both parties. This is similar to Murabahah, except that the debtor makes only a single instalment, on the maturity date of the financing. By the application of a discount rate, an Islamic bank can collect the market rate of interest. The problem associated with this product is that this includes linking two transactions in one which is forbidden in Islam. The common perception is that this is simply straightforward charging of interest disguised as a sale.	Deferred Payment Sale
Murabahah	Murabahah is an arrangement where goods are sold at a price which includes a profit margin, which has been agreed to by both parties. This is a financing that is given to purchase a fixed asset, for which the income is through the profit margin that is agreed. The bank cannot charge fees on late payments etc. and the total income is limited to the agreed profit. The asset will be mortgaged to the bank until the payments are completed.	Trust Receipts/ Rent-to-Own Arrangements
Tawarruq (Commodity Murabahah)	This is where commodities are bought under a delayed payment method and the commodity is then sold on a cash basis to a party other than the party from whom it was purchased initially.	
Musharakah	This is a joint venture or partnership agreement, where two or more parties contribute capital to a company and divide the net profit or loss in the ratio of capital infusion.	Joint Venture
Musharakah Muntanaqisah	This is a partnership where the partners share the profit according to the agreed ratio while the losses will be shared in proportion to the capital investment by the partners.	Diminishing Joint Venture
Mudharabah	This is an agreement between an entrepreneur and a capital provider, where the capital provider will provide capital to be used in the entrepreneur's business activity. The entrepreneur's input would be in the form of his time and expertise. The profits will be shared in a pre-agreed ratio while the losses will be borne by the capital provider only. This profit sharing will continue until the capital is paid off.	Profit/Loss Sharing

Sukuk	This is an asset backed bond, where the returns are not fixed and are linked to the return that is generated by the asset that has been purchased with the proceeds of the bond.	Bond
Qard Hassan/ Qardul Hassan	This is a benevolent loan which is extended on a goodwill basis, where the borrower is expected to repay only the amount that was borrowed. However, the borrower has the discretion to pay amount in excess of the borrowed amount as appreciation of the lender. This is generally considered to be the only accepted loan under Islamic law.	Benevolent Loan
Bai' as-Salam	Where the payment is made immediately and the goods are delivered at an agreed later date.	Advance Payment
Bai' Al-Istijrar	An agreement between a buyer and a seller where the seller agrees to supply a particular product on an on-going basis for an agreed time period, at an agreed price and on an agreed payment method.	Supply Contract
Ar-Rahnu	Where a financing is obtained by providing a valuable asset as collateral. In the event of a default the collateral asset will be used to recover the amount that was lent.	Pawn Broking/ Collateralised Borrowing
Al-Ijarah	The lessor will lease the asset to the lessee in exchange for an agreed rental. The lessee can use the asset during the lease period, while adhering to the terms and conditions in the lease agreement. Upon the expiry of the lease period, the asset will be returned to the lessor.	Leasing
Al-Ijarah Thummaal-Bai'	A combination of two contracts where the customer leases an asset from the supplier at an agreed price for an agreed period, under the first contract. Upon the expiry of the lease period, the asset will be purchased by the customer at an agreed price, under the second contract.	Leasing and Subsequent Purchase
Al-Kafalah	A guarantee that is provided by a bank to the owner of goods who has placed such goods with a third party. In the event of subsequent claims by the owner of the goods, the guarantor and the third party would meet such claims.	Bank Guarantee
Bai' al-Dayn	This refers to the sale of debt that arises as a result of trade and service transactions that are in the form of deferred payment. The customer will sell these debts to the bank at a discount.	Debt Trading/ Block Discounting
Al Hiwalah	Transfer of funds from a depositor's account to a receiver's account.	Remittance

As-Sarf	Buying and selling foreign exchange.	Foreign Exchange Trading
Bai' al 'inah	The financier sells an asset to the customer on a deferred payment basis and then the asset is immediately repurchased by the financier for cash at a discount. This amount paid by the financier is the disbursement under the facility. The buying back agreement allows the bank to assume ownership over the asset in order to protect against default without explicitly charging interest in the event of late payments or insolvency. This product is available in countries like Malaysia, although this is not accepted by some other countries.	Sale & Buy Back Agreement Credit Card Personal Financing

Source: Acuity Research

Islamic banks in Sri Lanka offer products such as Sharia compliant savings accounts, current accounts, term investments, foreign currency accounts (RFC & NRFC), term financing, home financing, leasing facilities, remittance facilities, letters of credit, shipping guarantees, collection of bills, import financing, working capital financing, overdraft facilities, spot and forward contracts etc.

Of the limited product range offered by Islamic finance providers in Sri Lanka, products based on Mudharaba, Murabaha, Diminishing Musharakah and Ijarah are the most popular. As per the KPMG, Islamic Finance: Country Report, the major portion of Murabaha products are in the form of trade financing, followed by motor vehicles, equipment and buildings, respectively.

7.0 CORPORATE STRUCTURE

7.1 Board of Directors

The Board of Directors guides and supervises the business and operations of the Company. The Board consists of Four (4) Independent Non-Executive Directors, and Nine (9) Non-Independent Directors including the Chairman. As at the date of this Prospectus, the composition of the Board is as follows;

TABLE 7.1– DETAILS OF AMANA BANK LIMITED BOARD OF DIRECTORS

Name	Age	Address	Designation
Mr. Osman Kassim	60	60/1, Green Path, Colombo 3	Chairman
Mr. Tyeab Akbarally	56	16/15, Albert Crescent, Colombo 7	Deputy Chairman, Non-Executive, Non-Independent Director
Mr. Faizal Salieh	61	18/1, Frances Road, Colombo 6	Managing Director / CEO
Dato' A Tajudin B. H Abdul Rahman	66	142, Jalan Athinahapan 1, Taman Tun Dr. Ismail 60000 Kuala Lumpur, Malaysia 480, Galle Road, Colombo 3	Senior Director and Non-Executive, Independent Director
Dr. A. A. M Haroon	58	43, Bullers Lane, Colombo 7	Non-Executive, Non-Independent Director
Mr. Mohamed Jazri Magdon Ismail	60	10/1, Gregory's Road, Colombo 7	Non-Executive, Independent Director
Mr. Ruzly Hussain	67	52, Green Path, Colombo 3	Non-Executive, Independent Director
Mr. Angelo M. Patrick	65	84/2, Templers Road, Mount Lavinia	Non-Executive, Independent Director
Mr. Haseeb Ullah Siddiqui	46	17, Islamic Development Bank, PO. Box 5925 Jeddah 21432 Saudi Arabia 480, Galle Road, Colombo 3	Non-Executive, Non-Independent Director
Mr. Jeroen P. M. M. Thijs	46	3, Jalan Langgak Golf, Seriska A 1-3, 55000, Kuala Lumpur, Malaysia 480, Galle Road, Colombo 3	Non-Executive, Non-Independent Director
Mr. Wahid Ali Mohd Khalil	58	51, Jalan Setiaraya, Bukit Damansara 50490, Kuala Lumpur, Malaysia 480, Galle Road, Colombo 3	Non-Executive, Non Independent Director

Mr. Shiran Harsha Amarasekera , PC	50	3, Sravasti Place (Off Flower Road), Colombo 7	Non-Executive, Non-Independent Director
Mr. Badrul Haque Khan	52	ELYSIA, Flat D-2, House No. 24, Road No. 6, Dharmandi, R/A, Dhaka 1205, Bangladesh 480, Galle Road, Colombo 3.	Non-Executive, Non-Independent Director
Dato' Wan Ismail Wan Yusoh	57	26, Jalan Ferum 7/31, 40000 Shah Alam, Selangor, Malaysia 480, Galle Road, Colombo 3	Alternate Director to Mr. Wahid Ali Mohd Khalil
Mr. Huzefa Inayetally Akbarally	44	16, Siripa Lane, Colombo 5	Alternate Director to Mr. Tyeab Akbarally
Mr. Khairul Muzamel Perera Bin Abdullah	54	No. 1, TRI/2, Tropicana Golf & Country Resort, 47300 Petaling Jaya Selangor, Malaysia. 480, Galle Road, Colombo 3	Alternate Director to Mr. Jeroen Petrus Margaretha Maria Thijs
Mr. Mohamed Faizel Mohamed Haddad	58	19/2, Rajagiriya Gardens, Rajagiriya.	Alternate Director to Mr. Osman Kassim
Mr. Kevin Mark Pocock	42	1A, Duchess Avenue, Singapore 266318 480, Galle Road, Colombo 3	Alternate Director to Mr. Shiran Harsha Amarasekera, PC

7.2 Profiles of the Board of Directors

Mr. Osman Kassim – Chairman

Osman Kassim counts well over 35 years of business management experience in diverse areas of business and is the founder Chairman. He is also the founder Chairman of Expolanka Group of Companies which is a large and well-diversified Corporate Group of 40 companies engaged in the export of tea and non-traditional commodities, import trading, food processing, freight forwarding, manufacturing, waste management systems, entrepôt trading, travel and tours, airline agencies, cargo services and aviation. The Group's annual turnover exceeds USD 400 Million and it is well respected for its strong business ethics.

He is also Chairman of the Asia Pacific Institute of Information Technology (APIIT) in Sri Lanka, a joint venture with APIIT, Malaysia. An Honorary Doctorate from the Staffordshire University was bestowed upon Mr Osman Kassim in recognition of his achievements as both a global entrepreneur and visionary educationalist.

He is a member of several Chambers of Commerce and has been a member of Sri Lanka's Investment and Trade Promotion Delegations to the Middle East from time to time.

Mr. Tyeab Akbarally – Deputy Chairman and Non Executive, Non Independent Director

Tyeab Akbarally is a Senior Director of Akbar Brothers Limited, Falcon Trading (Pvt) Limited, Quick Tea (Pvt) Limited, and Falcon Commodities (Pvt) Limited. Akbar Brothers are the leading tea exporters of the country and have won many awards for their export performances. He has also served as a member of the Executive Committee of the National Chamber of Commerce and as a committee member of the Ceylon Chamber of Commerce of which he has been a member for a number of years. He has also been the Chairman of the Spice & Allied Products Traders' Association and the Chairman of the Colombo Tea Traders' Association. He has considerable experience in the import and export trade and a large part of his business is with the Middle East.

Mr. Faizal Salieh - Managing Director/CEO

Faizal Salieh holds a Bachelor's Degree in Economics with First Class Honours, a Master's Degree in Business Administration and is a Fellow of the Institute of Certified Professional Managers in Sri Lanka. He counts well over three decades of experience in conventional and development banking both in Sri Lanka and overseas and has held top management positions in leading multinational and local banks such as Grindlays Bank, ANZ Bank and National Development Bank. He has hands-on experience in setting up and initialising Sri Lanka's first Private Sector Housing Bank, NDB Housing Bank, of which he was the CEO and Board Director until 2004.

He joined Amāna Investments Limited in 2004 and led the company towards obtaining the banking license and the formation and launch of Amāna Bank in 2011. He also played a key role in facilitating appropriate changes to the country's regulatory and legislative framework to support Islamic banking.

He has wide business experience having served on the Boards of several companies in the business of banking, finance, fund management, manufacturing, trading and education. He has also held several positions in various Governmental Committees in the fields of finance, economic affairs, housing and construction and education as well as in NGOs. He also served on the Boards of the University of Peradeniya, the Postgraduate Institute of Management of the University of Sri Jayewardenepura and the Sri Lanka Vocational Training Authority.

He is an active member of the Main Committee of the Ceylon Chamber of Commerce, the premier Trade Chamber in Sri Lanka, The Finance and Banking Steering Committee and The Financial & Regulatory Reporting Steering Committee. In addition, he serves on the Council of the Sri Lanka Institute of Directors, the Academic Council of The Institute of Bankers of Sri Lanka and The Sri Lanka Accounting Standards Committee. He is the Chairman of the Technical Committee on Islamic Banking of the Sri Lanka Banks' Association and is a Director on the Boards of Distance Learning Centre Limited and Lanka Clear (Pvt) Limited which is the Country's automated cheque clearing house.

He has made several presentations on World Islamic Banking forums and is presently on the select Panel of Advisors of the Islamic Finance News Service based in Kuala Lumpur, Malaysia.

Dato' A Tajudin B H Abdul Rahman - Senior Director and Non Executive, Independent Director

Dato' A. Tajudin B. H. Abdul Rahman is the former Managing Director of Bank Islam, Malaysia. He holds a Master's Degree in Business Administration and a Bachelor's Honours Degree in Economics. He counts over 30 years of banking experience of which 21 years have been in Islamic Banking.

His present positions include Chairman of the Board of Trustees of Malaysian Islamic Economic Development Foundation; Founder President of the Association of Islamic Banking Institutions in Malaysia; Director of the Kedah Islamic Institute; Director of the Islamic University College, Malaysia; and Adjunct Professor of Banking and Finance, University Utara, Malaysia. He has also held Board positions with the Accounting and Auditing Organisation for Islamic Financial Institutions and the General Council for Islamic Banks and Financial Institutions, Bahrain. He has won several awards and



honours in Malaysia in recognition of his contribution to banking and society and was conferred the title of Dato in 1994 by His Majesty the Sultan of Kedah.

Dr. A. A.M. Haroon – Non Executive, Non Independent Director

Dr. A. A. M. Haroon is a graduate of King Edward Medical College, Lahore, Pakistan. Dr. Haroon is also the Chairman of Lucky Group of Companies which is engaged in the manufacturing and export of ready-made garments and textiles, real estate development and health care. He is the President of the Sri Lanka - Pakistan Friendship Association and the Memon Association of Sri Lanka. Dr. Haroon practices as a family physician in Colombo. He is also a Panel Doctor for foreign airlines, foreign missions and Hotel Taj Samudra, and is a Council Member of the Medical Practitioners' Association.

Mr. Mohamed Jazri Magdon Ismail - Non Executive, Independent Director

Mohamed Jazri Magdon Ismail is the Financial Consultant of Ramada Hotel, Colombo. He has served on the Directorate of Alhambra Hotels Limited, the owners and operators of Holiday Inn Colombo. He is a Fellow of The Institute of Chartered Accountants of Sri Lanka and is a member of the Institute of Certified Management Accountants, Australia. He is a Nominee of the ICASL on the Governing Council of the Association of Accounting Technicians of Sri Lanka, of which he is also a Fellow Member.

Mr. Ruzly Hussain - Non Executive, Independent Director

Ruzly Hussain has over 46 years of experience in the field of Industry and Trading. He is the Company Director/ Chairman of M.C. Abdul Rahims & Brothers Limited and holds directorates at Worldstar Lanka (Pvt) Limited, Cleansol (Pvt) Limited, and Free Lanka Media (Pvt) Limited.

Mr. Angelo M. Patrick - Non Executive, Independent Director

Angelo M. Patrick holds an MBA from the University of Colombo and is a Fellow Member of the Chartered Institute of Management Accountants (UK) and a Member of the Institute of Marketing (UK). He has held Directorates and Senior Management positions over the past 40 years in Sri Lanka, Indonesia and Canada. Some of the positions he held are Group Director Capital Maharaja Organisation Limited, Managing Director NDBS Stock Brokers Limited, Director (per pro) Carson Cumberbatch Limited, Senior Management Consultant, Bank of Ceylon, Finance Manager, P T Condong Garut, Jakarta, Indonesia.

He was the President of the Chartered Institute of Management Accountants, Sri Lanka Division in 1993-94 and represented Sri Lanka on the Global Council of CIMA in the United Kingdom for 3 years. He is a Lecturer and Examiner for the Postgraduate Diploma in Manufacturing Management in the University of Colombo. He was a Member of the Sri Lanka Accounting Standards Committee and the Corporate Governance Committee of The Institute of Chartered Accountants of Sri Lanka.

Mr. Haseeb Ullah Siddiqui - Non Executive, Non Independent Director

Haseeb Ullah Siddiqui is the Division Manager, Advisory & Support, Islamic Financial Services Department, Islamic Development Bank, Saudi Arabia (IDB). He holds a Master's Degree in Business Administration specialising in Finance from the University of Missouri (USA) and a Bachelor's Degree in Business Administration from Kansas City University (USA).

He brings seventeen years of multi-disciplinary experience in corporate banking & credit, project finance, and business advisory with leading global companies like American Express Bank, Riyadh Bank, and Ernst & Young. Prior to joining IDB in 2010, Haseeb was heading the Financial Economic Solutions Group at Ernst & Young, Bahrain, focusing on strategic projects in economic development, infrastructure, and public-private partnership. Until 2009, he led the Transactions Team in Ernst & Young's award-winning Islamic Financial Services Group in Islamic retail/wholesale banks, funds,

and private equity functions. He was the Acting CEO of the Waqf Fund, at Central Bank of Bahrain from 2007-2010, on secondments from Ernst & Young, charged with developing the Islamic financial sector in Bahrain.

Mr. Jeroen Thijs - Non Executive, Non Independent Director

Jeroen, holder of a Master's Degree in Business Economics from the Erasmus University Rotterdam and bringing with him close to 22 years of international banking experience, currently holds the Senior General Manager and Chief Risk Officer positions at Bank Islam Malaysia, overseeing and managing all credit, market, liquidity and operational risks. Since joining in January 2009, he has built up a robust Enterprise Wide Risk Management Framework resulting in a much improved risk culture and enabling the Bank to move from reactive risk control to proactive portfolio management. Having gained extensive hands-on experience in the Malaysian Islamic Banking model, he frequently gives lectures to various Central Banks in the Asian and Eastern European regions on Islamic Banking Operations and Risk Management in Islamic Banking. Before joining Bank Islam in January 2009, Jeroen had spent most of his career with Tier I international banks in London, Amsterdam, Singapore and Tokyo.

He has worked in various senior executive roles with the main focus on Risk Management, but also on the front office/business side which has added to his deep understanding of traditional and complex banking products. Jeroen is member of the Risk Management working group, part of the Risk Management Advisory Council of the Asian Institute of Finance and sits on the Professional Risk Managers' International Association (PRMIA) Malaysian Chapter Steering Committee.

Mr. Wahid Ali Mohd Khalil - Non Executive, Non Independent Director

Wahid Ali Mohd Khalil is currently the Chief Compliance Officer of Bank Islam Malaysia Berhad. He holds Master of Science in Economic Crime Management and Bachelor of Economics (Business Management). He is an Associate Member of the Institute of Bankers Malaysia (AIBM) and Institute of Internal Auditors Malaysia (AIIA). He is also a member of Financial Planning Association of Malaysia (FPAM) and Federation of Malaysian Unit Trust Managers (FMUTM). He joined Bank Islam as the Chief Internal Auditor in 2007. Prior to joining Bank Islam, he spent 5 years at Affin Bank Berhad handling various portfolios, including as Chief Internal Auditor, Director, Banking Operations, and Services, as well as Head of Operation Risk Management. Before joining Affin Bank, he spent more than 20 years in HSBC Bank holding various positions which included stints at branches, Head Office departments such as Credit Cards, Credit Control, Credit Administration and Trade Finance, as well as Deputy Head of Internal Audit.

Mr. Shiran Harsha Amarasekera, PC - Non Executive, Non Independent Director

Harsha Amarasekera, President's Counsel, has a wide practice in the Original Courts as well as in the Appellate Courts, particularly in the areas of Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He serves as an Independent Director in several listed companies in the Colombo Stock Exchange including Vallibel One PLC, Expolanka Holdings PLC, CIC Holdings PLC, Chevron Lubricants Lanka PLC, Keells Food Products PLC, Amaya Leisure PLC and Vallibel Power Erathna PLC.

Mr. Badrul Haque Khan – Non Executive, Non Independent Director

Badrul Haque Khan is currently working as the Deputy Managing Director and Head of Credit in AB Bank Limited, Bangladesh. Previously he held the posts of Chief Financial Officer and Company Secretary of the Bank. He is a Nominated Director in the Board of Central Depository of Bangladesh Limited (CDBL) as a Nominee of AB Bank Limited. He is also nominated to Head the Arab Bangladesh Bank Foundation (ABBF), the Philanthropic wing of AB Bank. Badrul Haque Khan is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accounts of Bangladesh (ICAB). He holds a Master's and a Bachelor's Degree in Accounting from the University of Dhaka.



Dato' Wan Ismail Wan Yusoh (Alternate Director to Mr. Wahid Ali Mohd Khalil)

He is the General Manager, Strategic Relations, Bank Islam Malaysia Berhad. He holds a Master's degree in Mathematics from Indiana State University USA, has been with Bank Islam since its inception in 1983. He has 30 years of Islamic banking experience ranging from IT and operations, Organization & Methods and product development, consultancy and advisory on Islamic banking, consumer banking and corporate affairs. He was appointed to the present post in 2008 to assist the Managing Director in managing the Bank's strategic marketing and business intelligence.

Mr. Huzefa Inayetally Akbarally (Alternate Director to Mr. Tyeab Akbarally)

He is a Director at Akbar Brothers (Pvt) Ltd and fourteen other companies in diversified industries. He holds a BSc Monash University, Australia, BE (Hons) Monash University, Australia and MEng Sc. Monash University, Australia.

Mr. Khairul Muzamel Perera Bin Abdullah (Alternate Director to Mr. Jeroen Petrus Margaretha Maria Thijs)

He is the Head of Credit Risk Management at Bank Islam Malaysia Berhad. A Chartered Company Secretary by profession, he is an Associate Member of the Institute of Chartered Secretaries and Administrators, London (ACIS). He joined the Risk Management Division of Bank Islam in April 2009.

Prior to joining Bank Islam he worked for 14 years in Banking & Finance before joining the National Asset Management Company, Pengurusan Danaharta Nasional Berhad in 1999 where he was seconded to Singapore to handle Danaharta's recovery operations. Subsequent to the closure of Danaharta in 2005, he spent several years at Malaysian Rating Corporation Berhad, a credit rating agency where he served as the Vice President for Corporate Debt Issuances.

Mr. Mohamed Faizel Mohamed Haddad (Alternate Director to Mr. Osman Kassim)

Faizel Haddad is a management consultant with over 35 years of consulting and industry experience both locally and overseas. Faizel holds an MBA from London Business School in UK and is a Fellow of the Chartered Institute of Management Accountants (FCMA), UK.

Faizel recently retired as a Partner in Advisory Services in Ernst & Young (EY) based in the Middle East where he held various leadership positions in consulting and corporate finance services. His areas of expertise are in strategy facilitation and implementation, business transformation and performance management. Faizel has worked on large transformation and consulting projects covering IT, Finance and Human Capital for banks (Islamic and conventional), financial institutions, oil sector companies and diversified family groups.

He is currently the Managing Director in Paragon Management Services Ltd, a boutique consulting practice focused on assisting the C-suite in strategy implementation, performance effectiveness, governance and to mentor future leaders. He has an interest in FDI facilitation services.

Faizel has trained in various EY methodologies and training and was selected for the Strategic Leadership course for senior partners conducted by Harvard Business School. Faizel has led training for EY in the Middle East in process improvement and performance management. He was also in the panel which identified high-flier managers at EY and set out a development plan for them. He also was a member of the panel to select partners for EY.

He had previously held the post of President of the CIMA Centre in Kuwait for many years and is currently a member of the CIMA Sri Lanka Branding Committee. He held the post of Treasurer of an International school's "community council" during 2012/2013. Faizel also has a keen interest on projects empowering the socially disadvantaged.

Mr. Kevin Mark Pocock (Alternate Director to Mr. Shiran Harsha Amarasekera, PC)

He is the Director for Business Development in Millennium Investment Holdings, Singapore. He holds a BSc (Hons) Mathematics with Statistics from the University of Bristol, United Kingdom. He commenced his career in the 1992 at Coopers & Lybrand, London as International Tax Consultant/Accountant, and thereafter in 1994 ventured to Singapore and joined Lim & Tan Securities Pte Limited, Singapore as Senior Equity Research Analyst/Deputy Head of Research. In 1996 he was the Director for Investment Research & Direct Investments at MAA Securities Limited, Manila and later on in MAA Securities Limited, Singapore. He was appointed to the present post in August 2010 overseeing all companies within the Millennium group, identifying, evaluating and concluding new business opportunities and investments.

7.3 Other Directorships Held by the Board

TABLE 7.2 – OTHER DIRECTORSHIPS

Name of Director	Other Directorships Held
Mr. Osman Kassim	<ul style="list-style-type: none">• Expolanka Holdings PLC• Amana Investments Limited• Vidullanka PLC• Alhasan Foundation• Amana Takaful PLC• Pak – Kuwait Takaful Company Ltd• Crescentrating (Pvt) Ltd – Singapore• Amana Takaful Maldives Ltd – Maldives• APIIT Lanka (Pvt) Ltd• Ilma Educational Foundation
Mr. Faizal Salieh	<ul style="list-style-type: none">• Amana Investments Limited• Distance Learning Centre Ltd• Sri Lanka Institute of Directors• Lanka Clear (Pvt) Ltd
Dato’ A Tajudin B.H Abdul Rahman	<ul style="list-style-type: none">• Amana Investments Limited
Mr. Tyeab Akbarally	<ul style="list-style-type: none">• Akbar Brothers (Pvt) Ltd• Quick Tea (Pvt) Ltd• Falcon Trading (Pvt) Ltd• Akbar Brothers Exports (Pvt) Ltd• Akbar Pharmaceuticals (Pvt) Ltd• Falcon Apparels (Pvt) Ltd• AB Developments (Pvt) Ltd• AB Properties (Pvt) Ltd• Land & Buildings Ltd

	<ul style="list-style-type: none"> • Flexiprint (Pvt) Ltd • Zahara Exports (Pvt) Ltd • Energy Reclamation (Pvt) Ltd • Amana Investments Limited • Amana Takaful PLC • Amana Asset Management Ltd • Amana Global Ltd • Amana Capital (Pvt) Ltd
Dr. A. A. M Haroon	<ul style="list-style-type: none"> • Vanguard Industries • Master Apparels (Pvt) Ltd • Liberty Textiles (Pvt) Ltd • Vanguard Trading Company (Pvt) Ltd • Liberty Textile Exports (Pvt) Ltd • Lucky Developers (Pvt) Ltd • Colombo Medilab (Pvt) Ltd • Colombo Medipharma Ltd • Lucky Industries (Pvt) Ltd • Amana Investments Limited • Amana Takaful PLC • Amana Capital Ltd • Amana Asset Management Ltd • Vidullanka PLC • Ceylon National Industries (Partner) • AA Sattar & Company (Partner) • Haji Aboobacker & Sons (Partner)
Mr. Angelo M. Patrick	<ul style="list-style-type: none"> • AMW Capital Leasing & Finance PLC
Mr. Mohamed Jazri Magdon Ismail	None
Mr. Ruzly Hussain	<ul style="list-style-type: none"> • MC Abdul Rahim & Bros (Pvt) Ltd • World Star Lanka (Pvt) Ltd • Cleansol (Pvt) Ltd • Free Lanka Media (Pvt) Ltd
Mr. Haseeb Ullah Siddiqui	<ul style="list-style-type: none"> • Jaiz Bank, Abuja, Nigeria • International Islamic Financial Markets (IIFM)
Mr. Jeroen P.M.M. Thijs	None
Mr. Wahid Ali Mohd Khalil	<ul style="list-style-type: none"> • BIMB Investment Management Berhad
Mr. Shiran Harsha Amarasekera, PC	<ul style="list-style-type: none"> • Bensons Ltd • Vallibel One PLC • CIC Holdings PLC

	<ul style="list-style-type: none"> • Expolanka Holdings PLC • Keells Food PLC • Amaya Leisure PLC • Vallibel Power Erathna PLC • CIC Agri Business (Pvt) Ltd • Deccan Aviation Lanka (Pvt) Ltd • Curlew (Pvt) Ltd • Delmege (Pvt) Ltd • Galle Face Management Company (Pvt) Ltd • Suisse Hotel Kandy (Pvt) Ltd • Millennium Airlines (Pvt) Ltd • Ceylon Hotel Holdings (Pvt) Ltd • Wested Holdings Ltd • Leisure Lines Lanka (Pvt) Ltd • Ceylon Leisure Holdings (Pvt) Ltd • SHK Travels & Leisure (Pvt) Ltd
Mr. Badrul Haque Khan	<ul style="list-style-type: none"> • Central Depository Bangladesh Limited • Arab Bangladesh Bank Foundation
Dato' Wan Ismail Wan Yusoh (Alternate Director to Mr. Wahid Ali Mohd Khalil)	<ul style="list-style-type: none"> • Farihan Corporation Sdn Bhd • Al-Wakalah Nominees (Tempatan) Sdn Bhd • Malaysian Electronic Payment System Sdn Bhd • Mara Education Foundation
Mr. Huzefa Inayetally Akbarally (Alternate Director to Mr. Tyeab Akbarally)	<ul style="list-style-type: none"> • Akbar Brothers (Pvt) Ltd • Akbar Brothers Exports (Pvt) Ltd • Akbar Pharmaceuticals (Pvt) Ltd • Buluthota Energy (Pvt) Ltd • Cleanco Lanka (Pvt) Ltd • Diyaviduli (Pvt) Ltd • Energy Reclamation (Pvt) Ltd • Falcon Trading (Pvt) Ltd • Flexiprint (Pvt) Ltd • Land & Buildings Ltd • Palmstone (Pvt) Ltd • Vidatamuni Wind Power (Pvt) Ltd • Seguwantivu Wind Power Pvt Ltd • Windforce (Pvt) Ltd • Daily Life renewable Energy (Pvt) Ltd • Terraqua International (Pvt) Ltd • Terraqua Kokawita (Pvt) Ltd

<p>Mr. Khairul Muzamel Perera Bin Abdullah (Alternate Director to Mr. Jeroen Petrus Margaretha Maria Thijs)</p>	<p>None</p>
<p>Mr. Mohamed Faizel Mohamed Haddad (Alternate Director to Mr. Osman Kassim)</p>	<ul style="list-style-type: none"> • Paragon Management Services (Pvt) Ltd • Serendib Grand Pvt Ltd
<p>Mr. Kevin Mark Pocock (Alternate Director to Mr. Shiran Harsha Amarasekera, PC)</p>	<ul style="list-style-type: none"> • QCC Singapore Pte. Ltd. • Panasian Investment Holdings Pte. Ltd. • Millennium Trade Pte. Ltd. • Millennium Investment Holdings Pte. Ltd. • Millennium Automotive Pte. Ltd. • Prudential Equity Pte. Ltd. • Millennium Capital Investments Pte. Ltd. • Gold Seal Pte. Ltd. • MNS Asia Pte. Ltd. • Millennium Aero Pte. Ltd. • Millennium Property Holdings Pte. Ltd. • Millennium Services Pte. Ltd. • Millennium Luxe Pte. Ltd. • Millennium Buildtech Pte. Ltd. • Millennium Greentech Pte. Ltd. • Hyundai Motors Bangladesh Ltd • British Motors Bangladesh Ltd • Millennium Service Center Ltd • Millennium Pitshop Ltd • Millennium Certis Security (BD) Ltd • Service Solutions Pvt Ltd • Millennium Distribution Services Ltd • Millennium Bangla Ltd • Millennium Airlines Pvt Ltd • Millennium Investments Lanka (Pvt) Ltd

7.4 Directors' Interest in Shares

7.4.1 Directors' Direct and Indirect Shareholdings in the Company

The Directors' direct shareholdings in the Company as at 15 October 2013 are tabulated below.

TABLE 7.3 – DIRECTORS' SHAREHOLDINGS IN AMANA BANK LIMITED AS AT 15 OCTOBER 2013

Name of Director	Number of Shares Held	Percentage of Shareholding (%)
Mr. Osman Kassim	233,354	0.02%
Mr. Tyeab Akbarally	26	0.00%
Mr. Faizal Salieh	01	0.00%
Dato' A Tajudin B.H Abdul Rahman	Nil	Nil
Dr. A. A. M Haroon	08	0.00%
Mr. Mohamed Jazri Magdon Ismail	13,500	0.00%
Mr. Ruzly Hussain	Nil	Nil
Mr. Angelo M. Patrick	Nil	Nil
Mr. Haseeb Ullah Siddiqui	Nil	Nil
Mr. Jeroen P. M. M. Thijs	Nil	Nil
Mr. Wahid Ali Mohd Khalil	Nil	Nil
Mr. Shiran Harsha Amarasekera, PC	Nil	Nil
Mr. Badrul Haque Khan	Nil	Nil
Dato' Wan Ismail Wan Yusoh (Alternate Director to Mr. Wahid Ali Mohd Khalil)	Nil	Nil
Mr. Huzefa Inayetally Akbarally (Alternate Director to Mr. Tyeab Akbarally)	01	0.00%
Mr. Khairul Muzamel Perera Bin Abdullah (Alternate Director to Mr. Jeroen Petrus Margaretha Maria Thijs)	Nil	Nil
Mr. Mohamed Faizel Mohamed Haddad (Alternate Director to Mr. Osman Kassim)	Nil	Nil
Mr. Kevin Mark Pocock (Alternate Director to Mr. Shiran Harsha Amarasekera, PC)	27,084,302	2.67%

7.4.2 Sale or Purchase of Shares by the Directors

There were no sales, transfers or purchases of shares made by the Directors of the Company during the last 12 months prior to the date of this Prospectus, except for the transactions mentioned below;

Mr. Tyeab Akbarally subscribed for the rights issue in November 2012, whereby he was allotted 6 shares in March 2013.

Mr. Mohamed Jazri Magdon Ismail subscribed for the rights issue in November 2012, whereby he was allotted 3,500 shares in March 2013.



7.4.3 Directors' Emoluments

The Directors were remunerated in the form of fees during FY2012 to an approximate extent of LKR 13,186,206. The Directors are expected to be remunerated in the form of fees during FY2013 to an approximate extent of LKR 16,025,000.

7.4.4 Directors' Interest in Assets

The Directors hold no interest in assets acquired, disposed or leased by the Company during the two years preceding the IPO. Furthermore, it is not proposed that the Directors will hold any interest in assets to be acquired, disposed or leased by the Company in the two years subsequent to the IPO.

7.4.5 Directors' Interest in Material Contracts

There are no contracts or arrangements in force as at 30 September 2013 in which the Directors of the Company are materially interested in relation to the business of the Company.

The assets/investments held by and the transactions associated with companies related to Amana Bank Limited, is as follows;

TABLE 7.4 – RELATED COMPANY INTEREST IN CONTRACTS

Name of Director/ Alternate Director	Position	Name of Transaction	Amount (LKR) as at 30 Sep 2013	Amount (LKR) as at 31 Dec 2012
Amana Investments Limited				
Mr. Osman Kassim	Chairman	Due to other customers	7,874,473	8,529,229
Dr. A. A. M. Haroon	Director	Other Financial Assets		
Mr. Tyeab Akbarally	Director	- Receivable from Amana		
Mr. Faizal Salieh	Director	Investments Limited	290,914,211	321,260,011
Dato' Sri Zukri Bin Samat	Director	Financial Assets		
Dato' A. Tajudin	Director	- Share Disposal	-	525,733,306
B. H. Abdul Rahman	Director			
Vidullanka PLC				
Mr. Osman Kassim	Chairman	Due to other customers	7,675,534	25,944,655
Dr. A. A. M. Haroon	Director	Financing and Receivables to Other Customers	142,205,745	175,370,508
Amana Capital Limited				
Mr. Tyeab Akbarally	Director	Due to other customers	1,696	53,545
Dr. A. A. M. Haroon	Director			
Amana Asset Management Limited				
Mr. Tyeab Akbarally	Director	Due to other customers	94,046	361,004
Dr. A. A. M. Haroon	Director			
Amana Takaful PLC				
Mr. Tyeab Akbarally	Chairman	Due to other customers	5,679,311	4,207,084
Mr. Osman Kassim	Director	Financing and Receivables to Other Customers	550,000	1,511,959
Dr. A. A. M. Haroon	Director	Financial Investments Held for Trading/Available for Sale	240,081,600	275,454,000

Expolanka Holdings PLC				
Mr. Osman Kassim	Chairman	Due to other customers	-	-
Mr. Harsha Amarasekera	Director	Financial Investments Held for Trading/Available for Sale	93,741,325	24,150,000
A.P.I.I.T. Lanka (Pvt) Limited				
Mr. Osman Kassim	Chairman	Due to other customers	141,680,065	200,848,362
Mr. Harsha Amarasekera	Director	Letters of Guarantee and Shipping Guarantees	58,746,383	13,082,736
Ilma Educational Foundation				
Mr. Osman Kassim	Director	Due to other customers	30,977,127	2,619,962
Mr. Harsha Amarasekera	Director			
Vanguard Industries (Pvt) Limited				
Dr. A. A. M. Haroon	Chairman	Due to other customers	510,169	500,006
		Financing and Receivables to Other Customers	33,075	18,744,763
		Letters of Guarantee and Shipping Guarantees	60,796,983	63,892,135
Lanka Clear (Pvt) Ltd				
Mr. Faizal Salieh	Director	Financial Investments Held for Trading/Available for Sale	2,000,000	2,000,000
Delmege Forsyth & Co. Ltd				
Mr. Harsha Amarasekera	Director	Deposits	395,422	-
		Financing & Advances	99,764,144	-
		Letters of Guarantee, Shipping Guarantees & Other	100,742,300	-
Akbar Brothers (Pvt) Limited				
Mr. Tyeab Akbarally	Director	Due to other customers	557,446	539,309
Mr. Huzefa Akbarally	Director			
Cleanco Lanka Limited				
Mr. Tyeab Akbarally	Director	Due to other customers	424,465	49,040
Mr. Huzefa Akbarally	Director	Financing and Receivables to Other Customers	8,695,381	3,925,399
Akbar Pharmaceuticals (Pvt) Limited				
Mr. Tyeab Akbarally	Director	Due to other customers	82,063	79,394
Mr. Huzefa Akbarally	Director			
Bank Islam Malaysia Berhad**				
Dato' Sri Zukri Bin Samat*	Managing Director	Placements with Banks	-	1,279,205,104
Mr. Jaafar Bin Abu*	Chief Operating Officer	Business Support Letters of Guarantee & Shipping Guarantees	-	639,500

* Ceased to be a Director with effect from 24 August 2012

** Bank Islam Malaysia Berhad's Shareholding in Amana Bank Limited reduced from 20% in December 2012 to 17.79% by July 2013



7.4.6 Statement - Board of Directors

No Director or a person nominated to become a Director of the Company is or was involved in any of the following events:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

7.5 Corporate Governance Practices

As a Bank the Directors recognise the importance of conducting the business of the Bank in a manner that meets the highest standards of Corporate Governance. Furthermore the Board stresses the importance of adhering to ethical standards to enhance stakeholder confidence. Since the commencement of banking business the Bank has taken every step to enhance its Corporate Governance practices.

The members of the Board hold and maintain appropriate qualifications and competencies individually and collectively. The Board is consistent in following good Governance practices at its own meetings and meetings of the Board appointed Committees. The Governance function is supported by independent risk and other control functions for which sufficient oversight has been provided at Board Committee level.

The Board closely follows the directions issued by the Central Bank of Sri Lanka and is consistent with the regulatory requirements of the Colombo Stock Exchange Listing Rules in its Corporate Governance practices.

The constitution of the Board in compliance with the above rules is as follows;

TABLE 7.5 – COMPOSITION OF THE BOARD OF DIRECTORS

Type	Number of Directors
Independent Directors	4
Non Executive Non Independent Directors	8
Executive Director	1
Total	13

The Board has also appointed the following four main committees as required by the Central Bank of Sri Lanka and Colombo Stock Exchange, details of which are shown below.

1. Audit Committee
2. Human Resources and Remuneration Committee
3. Nomination Committee
4. Board Integrated Risk Management Committee

7.5.1 Audit Committee

The Audit Committee was set up on 21 June 2011 and currently consists of three Independent Directors, namely Mr. Mohamed Jazri Magdon Ismail, Mr. Angelo M Patrick and Mr. Ruzly Hussain and one Non-Executive Non-Independent Director, Mr. Wahid Ali. The Committee is chaired by Mr. Mohamed Jazri Magdon Ismail.

The Committee assists the Board of Directors in carrying out its responsibilities in relation to financial reporting requirements and assessment of internal controls. The role and responsibilities of the Committee is defined in the Committee's 'Terms of Reference' document, which is reviewed annually to ensure that new developments and other issues are properly addressed. The Committee amongst other functions performs the following key tasks:

- Reviewing the operations and effectiveness of the Bank's internal control system to ensure that a good financial reporting system is in place to comply with Sri Lanka Accounting Standards.
- Ensuring that the presentation of Financial Statements satisfies all applicable accounting standards as well as the relevant legal and regulatory requirements.
- Recommending appointment or reappointment of the External Auditor for audit services to be provided in compliance with the relevant statutes and to approve their remuneration.
- Reviewing and monitoring the External Auditors' independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.
- Discussing and finalising with the External Auditors the nature and scope of the audit before the commencement of the audit.
- Ensuring an Audit Charter and a comprehensive Internal Audit Manual and Guidelines are in place.
- Monitoring the effectiveness of the Bank's internal audit function.
- Reviewing the adequacy of the scope, functions and resources of the Internal Audit Department and ensuring that appropriate actions are taken on the findings and recommendations of the Department.
- Ensuring that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Accounting Standards.

The role and functions of the Board Audit Committee are regulated by the Banking Act Direction No. 11 of 2007, the Mandatory Code of Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka and the Best Practices of Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka. ABL's compliance with mandatory banking and other statutory requirements and the systems & procedures in place to assess the compliance with such requirements were regularly reviewed by the Committee.

7.5.2 Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee consists of three Independent, Non-Executive Directors, namely Mr. Angelo M Patrick, Mr. Jazri Magdon Ismail and Mr. Ruzly Hussain, and two Non-Executive, Non-Independent Directors, namely Mr. Osman Kassim and Mr. Tyeab Akbarally.

The Human Resources and Remuneration Committee has the explicit authority to decide on and review the ABL's human resources and remuneration policy and structure, within its terms of reference on behalf of the Board of Directors.

The roles and responsibilities of the Human Resources and Remuneration Committee include:

- Recommending the human resource policies (salaries, allowances and other financial payments) relating to Directors, MD/CEO and Key Management Personnel of ABL.
- Setting goals and targets for the Directors, CEO and the Key Management Personnel.
- Evaluating the performance of the CEO and Key Management Personnel against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.

Please refer Section 7.4.3 for details of the remuneration paid to executive and non-executive directors.



7.5.3 Nomination Committee

The Nomination Committee consists of three Independent Directors, namely Mr. Ruzly Hussain, Mr. Jazri Magdon Ismail, Mr. Angelo Patrick and two Non-Independent Non Executive Directors, namely Mr. Harsha Amarasekera and Dr. A A M Haroon.

The main responsibilities of the Committee include:

- Establishing a procedure to select/ appoint new Directors, CEO and Key Management Personnel.
- Considering and recommending (or not recommending) the re-election of current Directors, taking into account the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities.
- Setting the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the Key Management Positions.
- Ensuring the Directors, CEO and Key Management Personnel are fit and proper persons to hold office as specified and set out in the Banking Act and other relevant Statutes and in terms of the Directions issued by the Central Bank of Sri Lanka from time to time.
- Considering and recommending from time to time, the requirements of additional/new expertise and the succession arrangements for retiring Directors and Key Management Personnel.

7.5.4 Board Integrated Risk Management Committee (BIRMC)

The Board Integrated Risk Management Committee consists of two Independent Directors namely; Mr. Angelo M Patrick and Mr. Jazri Magdon Ismail, one Non Executive Director Mr. Jeroen Thijs, and Managing Director/CEO Mr. Faizal Salieh.

Role and Responsibilities of the BIRMC

The BIRMC as a Board appointed Committee is primarily responsible for the effective functioning of the risk management function within the Bank. The BIRMC has authority to access any information of the Directors, management and staff with regard to carrying out its role and responsibilities on the Risk Management process of the Bank. Its main responsibilities include the following:

- Ensure that the Bank has a comprehensive Risk Management Policy and framework and appropriate compliance policies and systems in place and continuously monitors the effectiveness of such policy and framework so as to inculcate a proactive risk management culture within the Bank.
- Reviewing the setting of the risk appetite/tolerance of the Bank at enterprise and at Strategic Business Unit levels.
- Assess and oversee credit, market, liquidity, operational and strategic risks (including Sharia non-compliance risks) of the Bank on a regular basis through appropriate risk indicators and management information.
- Ensuring implementation of sufficient internal controls to detect any deficiencies in the internal control environment in a timely manner, reviewing the independence and robustness of risk management processes and internal controls throughout the Bank and approving the Bank's key risk control and mitigation processes.
- Review the adequacy and effectiveness of all management level committees such as Executive Risk Management Committee, Operational Risk Management Committee and the Asset-Liability Committee to address specific risks and to manage those risks within quantitative and qualitative limits and authorized deviations from limits as specified by the BIRMC.

- Take prompt corrective action to mitigate the effects of risks in case such risks are beyond levels deemed prudent by the BIRMC on the basis of the Bank's policies, regulatory and supervisory requirements including the Bank's risk appetite.
- Regularly assess updated business continuity plans.
- Establish a compliance function to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations.
- Reviewing and recommending to the Board the allocation of (risk-adjusted) capital across broad based business units covering market risk, credit risk, and operational risk and accordingly approving allocation of such capital across individual business units and product lines.

The BIRMC has the authority to seek external professional advice on matters within its purview.

7.6 Sharia Supervisory Council

Given the nature of the business the Bank is operating in and the requirement to meet the Sharia requirements, the Bank's Board of Directors and the senior management is supported by a Sharia Supervisory Council. This council ensures that the conjunctions of Sharia are adhered.

The Sharia Supervisory Council consists of five (5) members, as given below;

Dr. Muhammad Imran Ashraf Usmani - Chairman - Sharia Supervisory Council

Dr. Muhammad Imran Usmani, son of Justice (Retd) Mufti Muhammad Taqi Usmani, holds an LLB, M. Phil, and Ph. D. in Islamic Finance and graduated as a scholar with specialization (Takhassus) in Islamic Fiqh and Fatwa from Jamia Darul-Uloom, Karachi.

Presently, he is the Sharia Advisor and Group Head of Product Development Sharia Compliance (PDSC) at Meezan Bank and is in charge of the R&D and Product Development of Islamic banking products, Training, Advisory and Audit & Compliance of the relevant activities. He has served as an advisor/member of Sharia Boards of several renowned institutions since 1997 which includes; the State Bank of Pakistan, HSBC - Amanah Finance, UBS - Switzerland, Guidance Financial Group USA, Lloyds TSB Bank - UK, Japan Bank for International Cooperation (JABIC), Credit Suisse Switzerland, RBS Global, Old Mutual Albarakah Equity and Balanced Funds South Africa, AIG Takaful, ACR Retakaful Malaysia, Capitas Group USA, Bank of London And Middle East Kuwait, BMI Bank Bahrain, Al Khaliji Bank Qatar, Sarasin Bank Switzerland, DCD group Dubai and other Mutual and Property funds, Takaful Companies and international Sukuk etc. He is also an Executive Committee Member of AAOIFI (Dubai) and Sharia Supervisory Board member of International Islamic Financial Market (IIFM) Bahrain, International Center for Education in Islamic Finance (INCEIF) Malaysia, Institute of Business Administration (IBA), Karachi and Center for Islamic Economics (CIE), Karachi.

He is the author of numerous publications related to Islamic finance and other Sharia-related subjects. He has presented papers in numerous national and international seminars and has delivered lectures at academic institutions including Harvard, LSE, LUMS and IBA.

Ash-Sheikh Mohd Nazri Bin Chik - Vice Chairman - Sharia Supervisory Council

Mohd Nazri bin Chik is an Assistant General Manager and the Head of Sharia Division of Bank Islam Malaysia Berhad. He holds a Bachelor of Sharia (Islamic Jurisprudence) and Masters of Sharia from the University of Malaya. He initially joined Bank Islam Malaysia in June 2004 and served the Bank for five years in various designations including Senior Manager - Head of Sharia Division. He left Bank Islam Malaysia in 2009 to join Noor Investment Group, Dubai UAE as its Sharia Audit Manager for a brief period. At Noor Investment Group he was responsible for strengthening the Sharia governance framework of the Noor Investment Group, Noor Islamic Bank (NIB) and Noor Takaful (NT). During



this time, he has been appointed as a member of the Sharia Supervisory Council until he rejoined Bank Islam in January 2011. A subject expert in the field of Sharia, Mohd Nazri has also lectured at the Ibnu Sina Institute for Islamic and Science & Technology Studies and Academy of Islamic Studies, University of Malaya. He is also an Accredited Trainer for Islamic Banking and Finance Institute of Malaysia. He is currently pursuing his Doctorate in Business Administration.

Ash-Sheik M M A Mubarak - Member - Sharia Supervisory Council

He is the former President and present General Secretary of the All Ceylon Jamiyyathul Ulama. He is a highly learned and respected scholar who holds a Bachelor of Islamic Law (Sharia) Degree from the Islamic University of Madina Al Munawwara, Saudi Arabia. He retired as the Principal of Sri Lanka's leading Arabic College - Al-Ghafooria Arabic College of Sri Lanka and is the present Chairman of Ash-Shaikh Binbaaz Muslim Ladies Arabic College of Malwana, Sri Lanka.

Ash-Sheik Mufti M I M Rizwe - Member - Sharia Supervisory Council

Ash-Sheik Mufti M I M Rizwe is the President of the All Ceylon Jamiyyathul Ulama and is a highly respected scholar and speaker from Sri Lanka. He is a graduate of Jamiyyathul Uloomil Islamiya, Karachi where he specialized in Islamic Jurisprudence. He is a Senior Lecturer of the reputed Kulliyathul Rashard Arabic College, Colombo and visiting lecturer at several leading Arabic colleges. He has been lecturing on Hadees and other subjects for more than a decade. He is a Member of the Board and Advisor to 'Jamiyyah Islamiyya' Colombo, the first Arabic College established for students in the English Language. He is also a member of the Supreme Council of Congress of Religions and the present President of the SAARC Halaal Council. He is also a member of Sharia Councils of several Islamic Banks and Financial Institutes in Sri Lanka and Maldives.

Ash-Sheik Mufti Muhammad Hassan Kaleem - Member - Sharia Supervisory Council

Muhammad Hassan Kaleem is a permanent faculty member of Jamiah Darul-Uloom Karachi (a leading Institute of Islamic Sciences in Pakistan) and the Center of Islamic Economics, Karachi. He is also a trainer of Sharia standards at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain and a visiting faculty member of the National Institute of Banking and Finance (State Bank of Pakistan). Muhammad Hassan Kaleem is a Sharia Board member of Pak Kuwait Takaful Company Limited, Pak Qatar Family Takaful, Deloitte (Global Islamic Finance Team), Siraj UBL Funds, Hanover Re Takaful Bahrain and Takaful Emirate and has served many years as a Sharia Advisor to Al Baraka Islamic Bank (Pakistan Operations) and various Sukuk issues. He is also a member of the committee for revising the Takaful rules 2005, formed by Security & Exchange Commission of Pakistan. He holds an Alimiyyah (Masters in Islamic Sciences) and Takhassus (Specialization in Fatwa) degree from Darul-Uloom, Karachi.

7.7 Senior Management

The Senior Management team of the Company is headed by the Managing Director/CEO. The key management personnel set out below are employees of the Bank and they are responsible for managing the affairs of ABL in addition to managing their key responsibilities.

Mr. Faizal Salieh – Managing Director/CEO

Refer the profile in Section 7.2.

Mr. Mohamed Azmeer - Chief Operating Officer

Mr. Azmeer joined the Bank as the Chief Operating Officer in August 2012. He holds a Master's Degree in Business Administration from the University of Leicester, UK, and counts 30 years of banking experience including Islamic banking. Having begun his banking career at Commercial Bank

of Ceylon, he ventured to the Middle East in 1989, where his first stint was in Abu Dhabi Commercial Bank. He subsequently joined Citi Bank, UAE where he held the post of Vice President-Risk. During his over 10 year long career at Citi Bank, he was in charge of overseeing the business banking and risk operations of Citi Bank's UAE and Oman operations. During this time, he carried out assignments in UK, India, Kenya and Turkey. On the strategic direction of UAE, he was instrumental in launching Dubai Bank as part of the founder team, where he held the post of Credit Controller.

Mr. Azmeer's first exposure to Islamic banking was when he joined Al-Rajhi Bank, Saudi Arabia 8 years ago, where he was responsible for re-engineering and developing the Corporate Business in the Western Region. He further expanded his career in Islamic banking by joining Sharjah Islamic Bank, UAE where he held the post of Executive Vice President. One of the highlights during his term at the bank was his involvement in aligning the Bank's credit architecture with business.

Mr. M.M.S. Quvylih - Vice President – Operations and Business Support

Mr. Quvylih joined AIL in April 2006. He holds a Diploma in Banking Management from the Indian Institute of Management & Technology and is a Fellow Member of the Chartered Management Institute (UK). In addition he has his Post Graduate Diploma in Islamic Banking and Insurance and an Associate Fellow of Institute of Islamic Banking and Insurance, UK. He has also been trained in Risk Management, Operations Management, Credit and Organisational Development & Change Management.

He has over 23 years of banking experience with Hatton National Bank where he held positions of Branch Manager, Area Manager and Regional Senior Manager. In his role as Regional Senior Manager at HNB, he had supervised over 10 branches and 4 extension offices and a staff cadre of over 280 people. His strengths lie in retail banking operations, international trade and credit administration. With the launch of the Bank, Mr. Quvylih took up the position of Head of Operations & Business Support, where he overlooks the operations of the Bank's 24 branches as well as the Trade and Central Processing Operations.

Mr. M. Pharis Jazeel - Vice President – Treasury

Mr. Pharis Jazeel is the Head of Treasury at the Bank. He is a professional banker with 3 decades of experience from working with international and local banks. He has wide exposure in Treasury and International markets.

He holds a Postgraduate Executive Diploma in Bank Management from Institute of Bankers of Sri Lanka, Post Graduate Diploma in Business & Financial Administration from Institute of Chartered Accountants of Sri Lanka & Cranfield University School of Management, United Kingdom and Postgraduate Certificate in Management from University of Southern Queensland, Australia. He is also a Certified Management Accountant from the Institute of Certified Management Accountants Australia. He holds a Masters' Degree in Financial Economics from the University of Colombo and a Masters' Degree in Business Administration (Finance Special) from the University of Southern Queensland, Australia.

Mr. Christopher Amrit CanagaRetna - Vice President – Business Banking

Mr. CanagaRetna commenced his banking career in 1981 at European Asian Bank, Colombo at Foreign Trade Services and thereafter joined Deutsche Bank AG, Colombo Office. Having trained intensively both locally and overseas in Foreign Trade, Operations and Corporate / Retail Credit, Mr. CanagaRetna joined Seylan Bank prior to the Bank obtaining its operating license. Thereafter, he left to the UK to complete his Chartered Finals in Banking where he had the opportunity to apprentice at Barclays Bank PLC as a Credit Officer. Thereafter he joined the Standard Chartered Bank PLC as an International Officer and having had worked in the UK for a short period, he was posted to its Dubai Branch as an Account Relationship Manager ("ARM") and thereafter as a Senior ARM. After



serving his tenure in Dubai for 4 years, Mr. CanagaRetna decided to continue to work in the UAE and thereafter joined a local bank in the UAE (National Bank of Umm al Qaiwain, Dubai Branch) as Head of Credit.

In 2001, Mr. CanagaRetna returned to Sri Lanka and joined Pan Asia Bank as Deputy General Manager, Credit. In 2005, he decided to take premature retirement from banking and to commence a consultancy company, whereby he was involved in starting up / growing a Central Bank approved Finance Company for the Janashakthi Group. In 2011, he re-entered the banking sector by joining the Bank as Head of Credit/ Head of Business Banking which positions he held until July 2013. Currently, Mr. CanagaRetna is fully involved in Asset and Liability marketing in his dedicated capacity as Vice President Business Banking.

Mr. CanagaRetna is an Associate of the Chartered Institute of Bankers (UK) and an Associate of the Institute of Credit Management (UK).

Mrs. Preeni Dunuwille Koralege – Chief Compliance Officer and Company Secretary

Mrs. Koralege is an Attorney-at-Law and also holds a LLB Degree from the University of Colombo with 25 years of experience in active Legal Practice and Corporate Law and Banking. She is also a qualified Company Secretary and also holds a certificate in Global Financial Compliance from the Chartered Institute for Securities & Investments, U.K. She commenced her career as a Professional Assistant at Messrs F.J.&G. de Saram, one of the oldest Law Firms in Sri Lanka where she worked for over 6 years. She thereafter, joined the ABN Amro Bank and served for 8 years handling Legal, Recoveries, Credit Risk Management and Control. Subsequently she joined Confifi Group of Companies as the General Manager, Legal and Corporate and served for 3 years prior to joining People’s Bank in September 2005 as the Legal Advisor to the Board and Chief Compliance Officer and later on as Special Executive Legal. She was a member of the People’s Bank Corporate Management Team. In May 2009 she joined Amana Investments Limited as the Head of Legal and thereafter was appointed as Vice President Legal, Compliance and Company Secretary. She is currently holding the position of Chief Compliance Officer and Company Secretary of the Bank.

Mr. M. Ali Wahid - Chief Financial Officer

Mr. Wahid is the Chief Financial Officer of the Bank. He has over 15 years of experience in the banking and finance industry. He commenced his career at KPMG, Ford, Rhodes, Thornton & Co. in 1996. He then joined Amana Capital Limited (“ACL”), a wholly owned subsidiary of Amana Investments Limited, in 2000. In August 2004, having worked as the Accountant of ACL, he was transferred to Amana Investments Limited, Sri Lanka’s first Islamic Financial Institution. He was employed as the Financial Controller till August 2011 and thereafter took up his current position at the bank.

Mr. Wahid is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and is also an Associate Member of the Institute of Certified Management Accountants of Sri Lanka. He is a resource person to the Institute of Bankers of Sri Lanka.

Mr. Chandralal Wickramapathirana - Chief Information Officer

Mr. Wickramapathirana is an IT Professional with over 25 years’ experience in IT Management. He has held several Senior IT Managerial and Director level positions for over 20 years in many diverse business sector companies including Finance. His past work experience in IT Management includes large Sri Lankan Conglomerates and Multinational Companies. He also has been the National IT Consultant of an international agency of the United Nations. He has also held the position of the MD/CEO of a Sri Lankan software company for 5 years. He holds an MBA in Information Systems from Sikkim Manipal University (India) and Postgraduate qualifications in Information Technology from University of Keele (UK) and in Management from Sikkim Manipal University (India) and University of Sri Jayewardenepura (Sri Lanka). He holds an Applied International Diploma from Swedish Institute of

Management (Sweden) and is part qualified in Chartered Institute of Management Accountants (UK).

He was the President of Sri Lanka Association for the Software Industry (SLASI) in 2005/2006, an Executive Council Member of Asia Pacific ICT Awards International (APICTA), a Board Director of Federation of Information Technology Industry Sri Lanka (FITIS) and an Executive Council Member of INFOTEL Lanka Society. He was the Head of Information Technology at Amana Investments Limited from 2006 to 2011. He currently holds the position of Chief Information Officer of the Bank since 2012.

Mr. Irshad Halaldeen - Vice President – Strategic Planning & Business Process Re-Engineering

Mr. Halaldeen joined Amana Investments Limited in August 2010 as the Head of Human Resources and was a part of the Corporate Management Team during the transition of Amana Investments Limited to ABL. Thereafter he was appointed as Vice President Human Resources He is now the Vice President – Strategic Planning and Business Process Re-Engineering.

He holds a Masters’ degree in Industrial Economics and Management specializing in Organizational Development, from the Norwegian University of Science and Technology, Trondheim, Norway. He has over 20 years of HR and Organisational Development experience in the financial services and manufacturing Industries including in a Diversified Conglomerate in the areas of FMCG, logistics and transportation, hospitality and healthcare. He is also a member of the Association of Human Resource Professionals in Sri Lanka. He was formerly the Group HR Director at Hemas Holdings, and his last posting prior to joining the Bank was Head of Talent Management at Al Rajhi Bank, Riyadh Saudi Arabia, the world’s largest Islamic bank.

Mr. Fairoze Burah - Vice President – Administration

Mr. Fairoze Burah joined Amana Investments Limited in its Corporate Management Team in March 2006 as the Head of Human Resources and Administration. He is at present a Corporate Management Team member in the Bank and is holding the position as the Head of Administration. Prior to joining the Bank, he held positions of General Manager, Group General Manager Human Resources & Administration and Group Human Resources Manager in reputed groups of companies engaged in diversified businesses in Sri Lanka. He has over twenty years of management experience in Sri Lanka and in overseas employment.

He holds a Master of Business Administration (MBA) specializing in Human Resources Management from the Postgraduate Institute of Management University of Sri Jayewardenepura, Sri Lanka. He is a Professional Member of the Association of HR Professionals (HRP), Sri Lanka, A Member of The Management Club (“TMC”), which is under the auspices of the Institute of Chartered Management UK, Sri Lanka Branch, A Life Member of the Sri Lanka National Association of Counsellors (SRILNAC), A Life Member of the PIM Alumni University of Sri Jayewardenepura, A Life Member of the Association of Professional Bankers, Sri Lanka, Committee Member of The Ceylon Chamber Of Commerce, Sri Lanka - Malaysia Business Council and the Course Director for the Certificate and Diploma Course in Islamic Banking & Finance at the Institute of Bankers Sri Lanka (IBSL), which is under the auspices of the Central Bank of Sri Lanka.

Mr. Shahul Hameed Mohamed Giado - Chief Internal Auditor

Mr. Giado joined Amana Investments Limited in February 2006 and has over 35 years of experience in banking including Branch Management, Corporate Banking, Leasing and Commercial Credit. Presently he is the Head of Internal Audit at the Bank and has previously held the positions of Head of Operations, Head of Internal Audit & Compliance, Secretary to the Board Audit Committee and a Member of Corporate Management Team at Amana Investments Limited. Further he is a member of the Board Audit Committee of Amana Takaful PLC.



Prior to his appointment at the Bank, he has served in Hatton National Bank PLC (HNB) and retired from the service in the capacity of Chief Manager - Commercial Credit having enjoyed credit discretionary powers for credit approvals. During his tenure at HNB he has held the positions as Member of Management Team/ Credit Approval Committee & Credit Risk Committee, Secretary to Credit Committee, Regional Manager- Colombo Region, Senior Manager- Leasing Division, Area Manager – Southern Region, Branch Manager and Credit Officer. Further, he is widely trained at HNB's training programs and was a resource person at the HNB Training Centre. Presently he is the Chief Internal Auditor at the Bank.

Mr. Siddeeqe Akbar - Vice President – Consumer Banking & Strategic Marketing

Mr. Siddeeqe Akbar is the Vice President - Consumer Banking and Strategic Marketing of the Bank. He has over 12 years of experience in Sales & Marketing. He commenced his career in Life Insurance and served in many industries such as Media, Telecom, Advertising & Event Management, Trading and Banking prior to joining Amāna Bank as Manager - Corporate Communications & Marketing. Having set up the Marketing function for the Bank, he was promoted to his current position in 2012 where he overlooks Consumer Banking, Marketing and Call Centre functions of the Bank.

Siddeeqe holds an MBA from the University of Southern Queensland Australia. He is a Chartered Marketer and an Ex Council member of the Sri Lanka Institute of Marketing. He has also served as a lecturer and resource person for CIM UK and ABE UK.

Mr. Ajmal Hamid Naleer – Vice President - Credit

Mr. Ajmal Naleer has over 32 years of experience in banking, including 6 years at a Senior Management level. He started his banking career at HNB in 1982 and subsequently moved to UAE in 1989 where he worked at Abu Dhabi Commercial Bank and Emirates NBD Bank. During his 18 year span in UAE, Ajmal was exposed primarily to the areas of Bank Management, Risk Management, Credit & Special Assets Management, Credit Control, and Relationship Management. In 2006 he joined the Sri Lanka office of MCB Bank, where he functioned as the Head of Credit and Risk Management. Ajmal possesses strong Credit and Risk Assessment skills with a proven track record in Credit Portfolio Management. He is an Associate of the Institute of Bankers, Sri Lanka and a Member of the Chartered Institute of Bankers, UK.

Mr. Roomy Rahim – Vice President – Human Resources

Mr. Roomy Rahim is an HR professional counting over 33 years of management experience working in diverse industries such as banking, manufacturing and consulting. With Transformational HR being his expertise, Roomy spent most of his working career at British American Tobacco (BAT), based in Dubai, where he overlooked HR Training and Development for the Africa & Middle Eastern Region as well as the South Asian Region. He subsequently joined Saudi based Islamic finance giant Al-Rajhi Bank in 2005, where he held the posts of Head of HR and HR Consultant. He then ventured in to field of Consultancy with Autonom based in Belgium and some of his key consultations include King Abdullah Centre for Alternate & Renewable Energy and Al Rajhi Capital. Roomy has a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing, UK and has undergone an Executive Program in General Management, Marketing and HR from the National University of Singapore. He has also completed the BAT Management Excellence and HR Excellence programme in UK.

Mr. Nista Badurdeen – Head of Central Operations, Trade Services & Financial Institutions

Mr. Nista Badurdeen is a Senior Banker with over 37 years of experience in Local and International Banks. He commenced his Banking career at HNB in 1975 as a Banking Assistant and served for a period of 6 years. In 1980 he joined Bank of Oman presently Mashreq Bank, Colombo where he served for a period of 17 years as Manager of Client Services, Manager Credit, Manager Cash & Remittances, Manager Treasury and in 1993 was appointed Head of International Trade. He was the

Country Representative for the Mashreq Magazine as well. In 1997 he joined Standard Chartered Bank Colombo as Manager Branches, Manager Priority Banking, and finally was appointed Business Development Manager at the Head Office Colombo. In 2003 he joined Nations Trust Bank, Main City branch as Manager where he served for a period of 2 years. In 2004, he was appointed AVP at Union Bank Pakistan and was a member of the Corporate Management Team.

From 2008 to 2010 he was the Business Development Manager at MCB Bank Head Office Colombo and in 2011 he joined Amana Investments Limited where he was engaged in establishing Amana Bank, where he is now Head of Central Operations Trade Services & Financial Institutions and a member of the Management Team. Mr. Badurdeen represented the country in the Ceylon Schools Hockey Team in 1971 and is presently the President of the Bank Sports Club. Mr. Badurdeen holds a Diploma in Bank Management, Diploma in Islamic Banking, along with a Certificate in Treasury & Foreign Exchange Operations.

Moulavi Siraj Najubudeen - Head of Sharia Supervision

Mr. Mohamed Siraj Najubudeen joined Amana Investments Limited in July 2007 as the In-House Sharia Supervisor and the Secretary of the Sharia Supervisory Council. Currently, he holds the position of Head of Sharia Supervision. In addition to functioning as the Secretary of the Sharia Supervisory Council of the Bank, he is also the Sharia Consultant of a leading commodity brokering company in Sri Lanka. He was also the secretary of a Sharia Supervisory Council of a pioneer Islamic asset management company.

He is a Chartered Islamic Finance Professional of INCEIF (International Center of Education in Islamic Finance), Malaysia, which is equivalent to a Masters Degree. While being a Hafiz-ul-Quran, he holds a Bachelor's degree in Islamic Studies from International Peace University of South Africa (IPSA) and a Bachelor's degree in Islamic Theology from Al-Rashad Arabic College, Sri Lanka. In addition he holds an Advance Diploma in Business Management from Association of Business Executives, UK

He developed and conducts the Certificate and Diploma programs in Islamic Banking, specially designed for non-Muslim professional bankers, organized by the Institute of Bankers of Sri Lanka (IBSL), which is under the auspices of the Central Bank of Sri Lanka. He is also a part time Senior Lecturer on Islamic studies (Sharia law) at Darul- Uloom- Al Arabiyyah al- Islamiyyah, Colombo and a visiting lecturer for the Special Degree in Islamic Banking & Finance program of the South Eastern University of Sri Lanka.

He is a practicing member of the Association of Chartered Islamic Finance Professionals (ACIFP) Malaysia, an Associate Member of the Association of Business Executive ("ABE UK"), a Member of the All Ceylon Jamiyyathul Ulama ("ACJU") Sri Lanka, which is the apex religious body of Islamic Theologians that provides religious and community leadership to the Sri Lankan Muslim Community.

Mr. Irshad Iqbal - Risk Officer

Mr. Iqbal is the Risk Officer of the Bank. He is responsible in ensuring that the Bank's Credit, Market and Operational Risks are effectively and efficiently managed as well as actively promoting a culture of sound risk management at all levels.

He has held positions with Ernst & Young in its Los Angeles office as an Advisory Assistant. At Ernst & Young, he specialized in delivery of business risk services including Internal Audit, Enterprise Risk Assessment and Third-party Reporting. While at Ernst & Young, he worked with various Fortune 500 companies. Prior to joining Ernst & Young, Mr. Iqbal was attached to AIG Sun America where he standardized and streamlined some of the company's processes in order to maximize future efficiencies. In addition to AIG, he has held positions with Brandix Lanka and Innova Global technologies where he functioned in both operational and project leadership roles.



Mr. Iqbal has a degree in Finance from California State University Northridge and Post Graduate degree in Accounting from the same university. He is a fellow of UCLA Riordan Fellows Program where in fulfilling the mission of the program, he engaged in case studies and graduate level discussion with UCLA Anderson faculty. He recently attended a Corporate Management Training Program in Japan organized by the Association of Overseas Technical Scholarship (AOTS). He is also senior associate member of the Risk Management Association (USA) and an Associate at the Sri Lanka Banking Risk Professional Association. He is also a resource person for the Institute of Bankers of Sri Lanka.

Mr. H. Mahesha Thrimanne – Head of Legal

Mr. Mahesha Thrimanne is equipped with both legal as well as banking qualifications, counts for over 28 years of experience in Banking, Finance and Legal. Being an Attorney-at-Law, he holds a Bachelor of Arts degree from the University of Peradeniya. Mahesha's extensive career began at Hatton National Bank covering many aspects of banking for 6 years where he left to pursue a career in law. Completing his Examinations at the Law College he joined Ceylinco Insurance Company as a Management Trainee for a two year tenure. Due to his deep interest in banking he joined Seylan Bank PLC, where he covered for 10 years, both core banking activities and legal work that included Branch Operations, Legal and Recoveries Subsequently he moved into Senkadagala Finance PLC as Manager – Legal and Compliance, coordinating over 35 branches Island wide. He Joined ABL in July 2012 as Manager Legal and rapidly promoted as Head of Legal within a period of one year. He also possesses Diplomas in Management (CIM) and International Studies (BCIS).

Mr. Fazly Marikar - Head of New Product Initiatives and Gold Unit

Mr. Fazly Marikar currently holds the position of Head of New Product Initiatives and Gold Unit at Amana Bank. Prior to assuming this role, he held the position of Manager at the Treasury of Amana Bank and was in charge of the equity and structured desk. He counts over a decade of working experience in Islamic financial institutions. He holds a special degree in accounting from the University of Sri Jayewardenepura and a Master of Business Administration degree from the Postgraduate Institute of Management (PIM). He also holds a postgraduate diploma in Islamic banking and insurance and is an associate fellow member of the Institute of Islamic Banking and Insurance of United Kingdom. He serves as a resource person for Institute of Bankers of Sri Lanka and Center for Banking Studies of the Central Bank of Sri Lanka on Islamic finance related subjects.

Mr. S. T Chaminda De Silva – Assistant Vice President Leasing and Home Finance

Chaminda De Silva an old boy of St Joseph's College, Colombo 10 possesses an extensive career of 22 years in the Banking & Finance Industry in Sri Lanka. He has in-depth experience in the areas of Leasing, Home Finance, Deposit Marketing, Recoveries, Operations & General Banking. He holds a Diploma in English from Aquinas College as well as he has passed the Intermediate level in banking at the Institute of Bankers of Sri Lanka. His career began at Seylan Bank Limited in 1991. He moved into Lanka Orix Leasing Company Ltd in 1997. His career stretched on as he embarked into Pan Asia Bank Ltd as Assistant Manager Leasing to set up a fully-fledged Leasing Unit in 2000. Thereafter, he moved to NDB Housing Bank as a Senior Executive and to Senkadagala Finance Company Ltd. as Manager Wattala and Nugegoda Branches and to Central Investments & Finance Limited to set up the Colombo Metro Unit. Subsequently he was appointed as the Head of Sales (Senior Manager – Deposits Marketing) at Central Investments & Finance Limited. Thereafter, he joined Commercial Credit Ltd at the time of Take-over to raise the capital requirement and subsequently served as a Regional Manager in charge of Colombo & Negombo Regions.

7.7.1 Senior Management Emoluments

The Chief Executive Officer and the Senior Management were remunerated in the form of salaries and bonuses during FY2012 to an extent of LKR 109,079,608/-. The Chief Executive Officer and the Senior Management are expected to be remunerated in the form of salaries and bonuses during FY2013 to an approximate extent of LKR 155,177,084/-, which includes emoluments to 5 new Senior Managers appointed during the year.

7.8 Statement – CEO

CEO of the Company has not been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.



8.0 OTHER INFORMATION

8.1 Degree of Dependence on Key Depositors/Partners, Customers, Borrowers or Suppliers

There is no material dependency on key depositors/partners, customers, borrowers or suppliers in terms of the overall business operations of the Company.

8.2 Dividends

8.2.1 Dividend Policy

The Bank may, subject to the provisions of the Articles of Association and the Companies Act No. 07 of 2007, make dividend payments by way of interim and final dividends to its shareholders in relation to the profits made from time to time. Such dividends will be paid after taking into consideration the Bank's earnings, investment requirements and other financial conditions.

8.2.2 Dividend History

No Dividends have been paid during the last three financial years immediately preceding the date of this Prospectus.

8.3 Details of Material Indebtedness

The Bank is not materially indebted to any other Institution or individual.

There were no material contingent liabilities, including acceptances and guarantees outstanding as at 30 September 2013 other than in the ordinary course of business.

There were no balances due to/from related parties of ABL including inter-company balances as at 30 September 2013, except for the following;

Description	Outstanding Balance as at 30.09.2013 (LKR)
Amounts due from Amana Investments Limited	290,914,211

Particulars of lease, lease purchase, hire purchase and capital commitments of ABL as at 30 September are given below

Bank/Financial Institution/Lessor	Outstanding Balance as at 30.09.2013 (LKR)
Lease commitments to the Landlords on the branch premises	198,008,929

There were no mortgages or charges on assets of ABL as at 30 September 2013.

8.4 Working Capital

The Board is of the opinion that the working capital is sufficient for the purpose of carrying out day to day operations of the Bank.

8.5 Litigation, Disputes and Contingent Liabilities

There are no material legal, arbitration or mediation proceedings pending against the Company that

would materially affect the current financial position or future operations or profits of the Company. The Company was not involved in any legal, arbitration or mediation proceedings in the recent past which had any significant effects on the Company's financial position or profitability. Further there are no penalties imposed by any regulatory or state authority against the Company.

The Company, in its normal course of business incurs certain contingent liabilities with legal recourse to its customers. As at 30 September 2013 the contingent liabilities of the Company were as follows;

Description	Value As at 30.09.2013 (LKR)
Letters of Credit	514,552,143
Guarantees, Bonds	681,708,847
Acceptances	802,654,627
Bills for Collection & Others	296,640,529
	2,295,556,146

8.6 Management Agreements

There are no management agreements as at 30 September 2013.

8.7 Material Contracts

There are no material contracts entered into by the Company other than those contracts entered into in the ordinary course of business.

8.8 Details of Commissions Paid

No commission has been paid in the two (2) years preceding the issue or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares of the Company.

8.9 Details of Benefits Paid to Promoters

No benefit has been paid or given within the two (2) years preceding the Issue and there are no benefits intended to be paid or given to any promoter.



9.0 CAPITAL STRUCTURE

As at the date of this Prospectus, the Stated Capital of the Company is Sri Lankan Rupees Four Billion Two Hundred and Sixteen Million Eight Hundred and Twenty One Thousand Three Hundred and Forty One (LKR 4,216,821,341) divided into One Billion Fourteen Million Nine Hundred and Eighty Two Thousand Eight Hundred and Sixty Seven (1,014,982,867) fully paid up Ordinary Shares.

9.1 An Overview of the Capital Structure

The detailed breakdown of the Stated Capital of Amana Bank Limited is given below.

TABLE 9.1 - STATED CAPITAL OF AMANA BANK LIMITED

	30 September 2013	31 December 2012	31 December 2011
Stated Capital (LKR)	4,216,821,341	3,431,611,720	3,431,611,720
Number of Ordinary Shares in Issue	1,014,982,867	902,810,064	902,810,064

The Bank, during the period April to July 2013, raised capital funds amounting to LKR 785,209,621 by way of a Rights Issue of shares at LKR 7 per share. Consequently, the Bank obtained permission from SEC under Section 28A of the SEC Act to raise capital by way of this IPO, through the SEC letter dated 28 October 2013 bearing reference number SEC/COR/13/10/233.

9.2 Shareholding Structure Pre and Post IPO

The current and the post IPO shareholding structures are as shown below.

TABLE 9.2 - SHAREHOLDING STRUCTURE – PRE AND POST IPO

Name	Pre IPO		Post IPO LKR 1.5 Bn IPO		Post IPO LKR 2.0 Bn IPO	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Existing Share holders	1,014,982,867	100.00%	1,014,982,867	82.57%	1,014,982,867	78.03%
IPO Share holders	-	0.00%	214,300,000	17.43%	285,800,000	21.97%
Total	1,014,982,867	100.00%	1,229,282,867	100.00%	1,300,782,867	100.00%

Detailed schedule of the share allotments made over the two (2) years preceding the date of this Prospectus is disclosed in Annex D.

In terms of CSE Listing Rules 2.1.1(d)(iv), the shares acquired by way of an allotment during the period of Twelve (12) months immediately preceding the Initial Listing Application for the listing of the Shares of Amana Bank, amounting to 112,172,803 shares as shown in Annex E of this Prospectus, would be subject to the “lock-in” periods that have been decided by the SEC, on a case by case basis.

As such these shares would not be available for secondary market trading on the CSE upon ABL obtaining listing of its shares subsequent to the IPO contemplated via this Prospectus until the expiry of the aforesaid “lock-in” period as detailed in Annex E.

In terms of CSE Listing Rules 2.1.1(d)(i), the shares continued to be held by all existing “Non Public” shareholders, as defined in Section 9.3, namely the 649,602,091 shares as shown in Annex E of this Prospectus, would be subject to a “lock-in” for a period of Six (6) months from the dates of listing. As such these shares would not be available for secondary market trading on the CSE upon ABL obtaining listing of its shares subsequent to the IPO contemplated via this Prospectus until the expiry of the aforesaid Six (6) months period from the respective dates of listing.

In terms of CSE Listing Rules 2.1.1(d)(ii), the shares continued to be held by all existing “Public” shareholders, as defined in Section 9.3, namely the 225,760,375 shares as shown in Annex E of this Prospectus, would not be subject to a “lock-in” period. As such these shares would be available for secondary market trading on the CSE upon ABL obtaining listing of its shares subsequent to the IPO contemplated via this Prospectus.

In terms of CSE Listing Rules 2.1.1(d)(iii), the shares acquired by way of a transfer from another shareholder (irrespective of being Non Public or Public Shareholders) during the period of Twelve (12) months immediately preceding the date of an Initial Listing Application, namely 27,447,598 shares as shown in Annex E of this Prospectus, shall be locked in for a minimum of Six (6) months from the date of listing or 12 months from the date of acquisition of those shares, whichever is longer. As such these shares would not be available for secondary market trading on the CSE upon ABL obtaining listing of its shares subsequent to the IPO contemplated via this Prospectus until the expiry of the relevant lock-in period from the respective dates of listing or the date of acquisition of these shares.

Tabulated below are the top Ten (10) shareholders of the Company as at 15 October 2013.

TABLE 9.3 – TEN LARGEST SHAREHOLDERS – PRE IPO

Name	No. of Ordinary Shares	%
Bank Islam Malaysia Berhad	180,562,011	17.79%
AB Bank Limited	180,562,010	17.79%
Akbar Brothers (Pvt) Limited	120,374,674	11.86%
Islamic Development Bank	120,374,673	11.86%
Expolanka Holdings PLC	90,281,006	8.89%
Millenium Capital Investment PTE. Limited	43,056,201	4.24%
Trans Asia Trading Company	33,756,280	3.33%
Mr. Kevin Mark Pocock	27,084,302	2.67%
Mr. Afzal Majid Alimahomed	19,498,122	1.92%
Mr. Khaldoon Al Asmar	14,722,200	1.45%
Total	830,271,479	81.80%

There were no share transfers relating to the top ten shareholders mentioned above, during the period of Twelve (12) months immediately preceding the date of the Initial Listing Application except for the following;

Name of Transferee	Name of Transferor	No. of Shares Transferred	Consideration	Date of Transfer
Millenium Capital Investment PTE. Limited	Peteroa Limited	25,000,000	131,250,000	11 June 2013

9.3 Free Transferability of Shares

In accordance with CSE Listing Rules 2.1.1(d):

- All Shares held by “**Non Public Shareholders**”* **prior to Twelve (12) months** from the date of an Initial Listing Application shall be locked-in for a period of Six (06) months from the date of listing of the entity.
- All Shares held by “**Public Shareholders**”** **prior to Twelve (12) months** from the date of an Initial Listing Application shall not be locked-in.
- **All shares acquired by way of a transfer from other shareholders** (irrespective of being Non Public or Public Shareholders) **during the period of Twelve (12) months** immediately preceding the date of an Initial Listing Application shall be **locked in for a minimum of Six (6) months** from the date of listing or 12 months from the date of acquisition of those shares, whichever is longer.
- All Shares acquired by way of an allotment during the period of Twelve (12) months immediately preceding the date of an initial listing application shall be dealt with by the discretion vested in the Securities and Exchange Commission under Section 28A of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 where the Commission grants a waiver to an entity in terms of the said provision.

** Non Public Shareholders shall mean the following parties who hold, directly or indirectly, Shares of the Company;*

- a) its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company;*
- b) its Directors who are holding office as directors of the entity and their close family members;*
- c) Chief Executive Officer, his/her close family members;*
- d) Key Management Personnel and their close family members;*
- e) Any party acting in concert with the parties set out in a), b), c) or d) above; or*
- f) Any individual or company holding jointly or severally 5% or more of the Share of the Company*

*** Public Shareholders shall mean any party who hold Shares of the Company other than the parties identified as ‘Non Public Shareholders’ abovementioned.*

The details of the lock-in periods for the shares are mentioned in Annex E, and the shares that will be subject to a lock-in will not be available for trading.

9.4 Other Securities

The Company has not issued any convertible debt securities or any other class of shares other than the shares stated above. Further there are no securities of the same or other class subscribed or sold privately in conjunction with this IPO.

9.5 Share Re-Purchases or Redemptions

The Company has not engaged in any share re-purchase, redemption or stated capital reduction exercises in the two years preceding the date of this Prospectus.

9.6 Takeover Offers

There have been no takeover offers by third parties in respect of the Company’s Shares during the past two years and no takeover offers have been made by the Company in respect of shares of third parties.

10.0 INVESTMENT CONSIDERATIONS AND ASSOCIATED RISK FACTORS

Risk Factors

Prior to investing in the New Shares, prospective investors should pay particular attention to the fact that the Company and its business activities are subject to a number of risk factors which may be within or outside the control of the Company.

The risk factors that follow may be considered material to investors in making an informed judgment on the Company. If any of the considerations and uncertainties given below develop into actual events, the Company's business, financial conditions or results of operations and prospects could be adversely affected. However, given the importance of the industry in which the Company operates and due to strategic initiatives employed by the Company, the business operations of the Company is expected to be sustainable in the foreseeable future.

10.1 Risks Related to the Banking Sector

Government Regulations – The banking sector is heavily regulated and monitored by the Central Bank of Sri Lanka, which pose both favourable and unfavourable conditions for the Company. Given the restrictions placed on many aspects of the operations such as the interest rates, credit limits etc. the operations are directly affected by any fiscal and monetary policy decisions that are taken by the government. However, the strict supervision by the regulators reduces the risk of liquidation and malpractice within the sector.

Global Economic Downturn – Given the importance of the sector that the Company is operating in and the vulnerability it has to the global and local economic climate, the operations of the Bank may experience difficulties. The global economic downturn may adversely affect the profitability and the operations of ABL, through the foreign exchange rate fluctuations, impact on the export oriented customers and the overall interest rate movement of the country.

10.2 Risks Related to the Business Operations

Credit Risk: This is the risk of a counterparty failing to perform according to the contractual arrangements with the Bank.

In order to mitigate the credit risk, the Bank strives to accommodate creditworthy customers on its financing portfolio. In addition to this on a wider spectrum the Bank manages its credit risk by concentrating on avoiding over exposure to an industry, a single borrower or a group of borrowers, while the financing requests and applications are thoroughly evaluated by the credit department using risk assessment techniques prior to granting the facilities.

Liquidity Risk: The potential of incurring losses as a result of not being able to meet the obligations or to fund the increase in assets as they fall due is the liquidity risk. With the objective of reducing this risk the Bank maintains adequate liquid assets, while monitoring the future cash flows and the liquidity position on a regular basis. The Bank manages its Liquidity Risk through a defined Assets & Liabilities Management Policy, a dedicated Assets and Liabilities Management Committee, internal control processes and contingency plans.

Economic Risk: The potential impact on business revenues as a result of diminishing consumer purchasing power and the resultant savings rate would have a two-fold impact on the operations of ABL. With the increasing cost of living, the ability to save would decline reducing the deposits, while also posing a risk with regard to the repayment ability of the customers. Although the economy is predicted to exhibit healthy GDP growth over the next five years, global shakedowns may affect the local economy and the banking sector. However, given the specific Sharia Compliant Banking principles used by the Company, the impact from the economic risks may not be significant.



Exchange Rate Fluctuation Risk: The exchange fluctuations will have a direct impact on the Bank's foreign currency transactions and the foreign currency denominated assets and liabilities. However, with proper asset liability matching this impact could be minimised.

Operational Risk: This is the risk caused by the failure in the routine operational functions of the company. This could arise as a result of a failure in the systems, procedures, processes, failure of the employees to comply with the set rules and regulations or through human error.

As a mitigation strategy, the company places special emphasis on training the employees in order to ensure that they have comprehensive knowledge and skills required to perform their respective roles satisfactorily. The experience and expertise of the top management and the constant supervision that is carried out by them ensures that the operations are carried out smoothly. A review of the internal controls which are in place is carried out on a regular basis to identify any failures in the process and if any faults are detected they are addressed within the shortest time possible.

Regulatory and Compliance Risk: The strict regulatory and compliance requirements that need to be met pose the risk of losing the Banking license. However, given the competent management team of the Bank and the past track record with regard to the compliance with the regulatory requirements, the risk may be minimal.

10.3 Risks Related to the IPO

Non existence of prior market for the Shares – Prior to the IPO there has been no public market for the Company's Shares. There can be no assurance that an active trading market for the Shares will develop or if developed, will be sustained, or that the market price of the Shares shall not decline below the Share Issue Price. The Share Issue Price may not be indicative of the market price for the Company's Shares after completion of the IPO.

Price volatility in the secondary market – The price of the Shares may fluctuate due to and not limited to the following: variations in operating results, changes in operating environment, transitions in the regulatory front, strategic alliances or acquisitions, industrial or environmental laws, fluctuations in the market prices for products or raw materials, macroeconomic factors and external events. Price of Shares may follow general investor sentiment prevalent in the market at a given time. In addition, the price of the Shares in the market will fluctuate as a result of share trading volumes.

11.0 STATUTORY AND OTHER GENERAL INFORMATION

11.1 Hosting of Prospectus, Application Form and the Articles of Association on the Web

This Prospectus, Application Form and the Articles of Association of the Company will be available on the website of the CSE (www.cse.lk) and on the Company website (www.amanabank.lk) from the date hereof, for a period not less than fourteen (14) Market Days.

11.2 Inspection of Documents

The Articles of Association, the Auditor's Report, Accountants' Report, Audited Financial Statements of ABL as at 31 December 2012, and all other documents to which references are made in this Prospectus could be inspected by the public during normal working hours at the Registered Office of the Company from the date hereof for a period not less than fourteen (14) Market Days.

11.3 Brokerage

Brokerage at the rate of zero decimal six per centum (0.6%) of the Share Issue Price will be paid in respect of the number of shares allotted/allocated on Applications bearing the seal of the Bankers to the Issue, or a member/trading member of the CSE.



12.0 TAXATION

The following information is an overview of selected taxation and other regulations that may be relevant to the Company and potential investors with regard to share transactions in the Democratic Socialist Republic of Sri Lanka. The discussion does not claim to be a comprehensive explanation of regulations and consideration that pertain to the purchase, ownership and disposition of the New Shares. The explanations are based on provisions effective in Sri Lanka at the time of printing of this Prospectus. Investors are advised to consult their own advisors prior to engaging in transitions relating to the Offering.

Income Tax

Taxation will be based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. Amana Bank is liable for Income Tax at the rate of 28%.

However, in terms of the Inland Revenue (Amendment) Act No. 18 of 2013, if after listing its shares in the CSE the Company issues not less than 20 per centum (20%) of its shares to the general public, the income tax rate applicable to the Company will be reduced by fifty per centum (50%) for this year of assessment and for the following two (2) years of assessment provided that the Company continues to maintain not less than twenty per centum (20%) of holding of its shares by the general public after listing.

Value added Tax on Leasing

Amana Bank's leasing transactions and other income (arising from non-financial activities) is liable to VAT, under the Value Added Tax Act No. 13 of 2002 and its subsequent amendments.

Value added Tax on Financial Services

Amana Bank's total value addition is subjected to a 12% Value Added Tax on Financial Services as per Section 25A, of the Value Added Tax Act No. 14 of 2002 and amendments thereto.

Stamp Duty

The Company is liable to pay Stamp Duty at the rate of LKR 5/- for every LKR 1,000/- or part thereof of the aggregate value of the New Shares in terms of the Stamp Duty Act No. 12 of 2006.

Taxation of Share Transactions (On commencement of trading of Shares on the CSE)

Upon the listing of the shares of the Company, a transaction levy at the rate of 0.3% on the sales and purchases of all share transactions is charged from both the buyer and the seller in terms of the Finance Act No. 5 of 2005 as amended.

Withholding Tax (WHT) for Dividends

In general, dividends distributed by resident companies out of taxable income to resident or non-resident shareholders are subject to WHT at the rate of 10% under Section 153 of the Inland Revenue Act No. 10 of 2006. The Company is required to deduct dividend tax at source and remit the same to the Department of Inland Revenue.

Other than the WHT referred to above, dividends paid on shares to shareholders of the Company will not be subject to any other Sri Lankan tax. Dividend income received by a company resident in Sri Lanka from another company resident in Sri Lanka does not form part of statutory income and is therefore not taxable in the hands of the recipient company.

13.0 STATUTORY DECLARATIONS

Statutory Declaration by the Directors

28 November 2013

We the undersigned, who are named in the Prospectus as Directors of ABL, hereby declare and confirm that we have read the provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it relating to the issue of this Prospectus, and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of ABL have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to ABL and making assumptions that are considered to be reasonable at the present point in time in our best judgement.

Name	Designation	Signature
Mr. Osman Kassim	Chairman	Sgd
Mr. Faizal Salieh	Managing Director / CEO	Sgd
Mr. Dato' A Tajudin B. H Abdul Rahman	Senior Director and Non-Executive, Independent Director	Sgd
Mr. Tyeab Akbarally	Non-Executive, Non-Independent Director	Sgd
Dr. A.A.M Haroon	Non-Executive, Non-Independent Director	Sgd
Mr. Angelo M. Patrick	Non-Executive, Independent Director	Sgd
Mr. Mohamed Jazri Magdon Ismail	Non-Executive, Independent Director	Sgd
Mr. Ruzly Hussain	Non-Executive, Independent Director	Sgd
Mr. Haseeb Ullah Siddiqui	Non-Executive, Non-Independent Director	Sgd
Mr. Jeroen P. M. M. Thijs	Non-Executive, Non-Independent Director	Sgd
Mr. Wahid Ali Mohd Khalil	Non-Executive, Non Independent Director	Sgd
Mr. Shiran Harsha Amarasekera, PC	Non-Executive, Non-Independent Director	Sgd
Mr. Badrul Haque Khan	Non-Executive, Non-Independent Director	Sgd



Statutory Declaration by the Managers to the Issue

28 November 2013

We, Acuity Partners (Private) Limited, of 53, Dharmapala Mawatha, Colombo 3 being the Financial Advisors and Managers to the Issue of ABL, hereby declare and confirm to the best of our knowledge and belief that the Prospectus constitutes full and true disclosure of all material facts about the Issue and of ABL, whose Ordinary Shares are being issued.

The Common Seal of Acuity Partners (Private) Limited affixed on this 28 day of November 2013 at Colombo in the presence of two Directors.

Sgd.
Director

Sgd.
Director

Statutory Declaration by the Company

28 November 2013

An application has been made to the CSE for permission to deal in and for a listing for all of the Ordinary Shares of the Company and those Ordinary Shares which are the subject of this Issue. Such permission will be granted when shares are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the CSE is not to be taken as an indication of the merits of the Company or of the Shares issued.

Sgd.
Director

Sgd.
Director



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
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Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

HMAJ/UR/DM

18 November 2013

The Board of Directors
Amana Bank Limited
480, Galle Road
Colombo 03.

Accountants' Report for Inclusion in the Prospectus of Amana Bank Limited

Dear Sirs,

Introduction

This report has been prepared for inclusion in the Prospectus in connection with the initial public offering of 214,300,000 Ordinary Shares, with an option to raise a further 71,500,000 Ordinary Shares at Rs. 7/- per share of Amana Bank Limited ("Bank").

We have audited the financial statements of Amana Bank Limited for the years ended 31 December 2009 to 31 December 2012, included in the prospectus and report as follows.

1. Incorporation

The Bank was incorporated in Sri Lanka on 05 February 2009 as a limited liability company under the Companies Act No. 7 of 2007.

The Registered Office of the bank is located at No. 480, Galle Road, Colombo 03. The principal activities of the Bank involve providing financial services such as accepting customer deposits, personal banking, trade financing, equipment and machinery financing, lease financing, home and property financing, project financing, resident and non-resident foreign currency operations.

2. Financial Information

2.1 Four Year Summary of Audited Financial Statements

A summary of the Income Statements, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statements of Cash Flow of the bank for the financial years ended 31 December 2009 to 31 December 2012, are set out in page 92 to 95 of the prospectus.

2.2 Audited Financial Statements for the year ended 31 December 2012

Our audit report on the Financial Statements of the bank for the year ended 31 December 2012 together with such Financial Statements comprising the Income Statements, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flow along with the accounting policies and notes thereon is given in page 97 to 146 of the prospectus.

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silve ACA Ms. Y A de Silva FCA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

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eysl@lk.ey.com
ey.com

2.3 Audit Reports

We have audited the financial statements of the Bank for the years ended 31 December 2009 to 31 December 2012 and unqualified audit opinions have been issued on the same financial statements.

2.4 Accounting Policies

The financial statements of the Bank for the years ended 31 December 2009 to 31 December 2012 comply with Sri Lanka Accounting Standards and the accounting policies of the Bank are stated in the audited financial statements of Amana Bank Limited for the year ended 31 December 2012.

First-time adoption of Sri Lanka Accounting Standards (“SLFRS/LKAS”)

For all periods up to and including the year ended 31 December 2011, the Bank has prepared its financial statements in accordance with previous Sri Lanka Accounting Standards (SLASs). The Financial statements, for the year ended 31 December 2012 are the first Bank has prepared in accordance with revised Sri Lanka Accounting Standards comprising (“SLFRS/LKAS”) effective for the period beginning on or after 1 January 2012. There were no other material changes in accounting policies of the Bank.

2.5 Dividends

The Bank has not declared dividends for the years ended 31 December 2009 to 31 December 2012.

2.6 Events after Reporting Date

The bank has opened a right issue of ordinary shares and received subscriptions to increase the stated capital up to Rs. 4,216,821,341/-.

Other than the above there were no events after the reporting date which requires adjustments to or disclosures in financial statements.

Yours faithfully,

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silve ACA Ms. Y A de Silva FCA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

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FOUR YEARS SUMMARY OF AUDITED FINANCIAL STATEMENTS

Income Statement Year ended 31 December

	2012 Rs.	2011 Rs.	2010 Rs.	2009 (5.2.2009 to 31.12.2009) Rs.
Financing Income	1,300,618,090	352,037,757	-	-
Financing Expenses	(732,071,273)	(205,127,217)	-	-
Net Financing Income	568,546,817	146,910,540	-	-
Fee and Commission Income	70,339,721	15,904,112	-	-
Fee and Commission Expenses	(1,416,402)	(952,437)	-	-
Net Fee and Commission Income	68,923,319	14,951,675	-	-
Net Trading Gain/(Loss)	621,773,009	(91,633,252)	-	-
Net Other Operating Income	(5,353,087)	3,133,721	-	-
Total Operating Income	1,253,890,058	73,362,684	-	-
Impairment for Financing and Receivables to Other Customers	(16,093,890)	(27,062,702)	-	-
Net Operating Income	1,237,796,168	46,299,982	-	-
Personnel Expenses	438,453,212	140,504,480	-	-
Depreciation of Property, Plant and Equipment	125,557,539	20,621,964	108,125	-
Amortisation of Intangible Assets	25,472,863	4,704,727	-	-
Operating Expenses	396,567,577	250,085,709	21,233,640	3,999,824
Total Operating Expenses	986,051,191	415,916,880	21,341,765	3,999,824
Operating Profit/(Loss) Before Value Added Tax	251,744,977	(369,616,898)	(21,341,765)	(3,999,824)
Value Added Tax on Financial Services	(45,941,033)	-	-	-
Profit/(Loss) Before Tax	205,803,944	(369,616,898)	(21,341,765)	(3,999,824)
Tax Expenses/(Reversal)	59,809,292	(87,583,329)	-	-
Profit/(Loss) for the Year	145,994,652	(282,033,569)	(21,341,765)	(3,999,824)
Earnings Per Share	0.16	(0.35)	(3,048,824)	(571,403)

Statement Of Comprehensive Income Year ended 31 December

	2012 Rs.	2011 Rs.	2010 Rs.	2009 (5.2.2009 to 31.12.2009) Rs.
Profit/(Loss) for the Year	145,994,652	(282,033,569)	(21,341,765)	(3,999,824)
Other Comprehensive Income/(Loss)				
Financial Investment - Available for Sale:				
Net Gain/(Loss) on Financial Investments - Available for sale	(76,230,054)	38,686,304	-	-
Total Other Comprehensive Income/(Loss)	(76,230,054)	38,686,304	-	-
Income Tax (Charge)/Credit Relating to Components of Other Comprehensive Income	-	-	-	-
Other Comprehensive Income/(Loss) for the Year Net of Tax	(76,230,054)	38,686,304	-	-
Total Comprehensive Income/(Loss) for the Year Net of Tax	69,764,598	(243,347,265)	(21,341,765)	(3,999,824)



Statement of Financial Position as at 31 December

	2012 Rs.	2011 Rs.	2010 Rs.	2009 Rs.
Assets				
Cash and Cash Equivalents	3,866,793,015	1,053,061,115	3,171,561,321	7
Balance with Central Bank of Sri Lanka	865,294,214	717,763,029	-	-
Derivative Financial Assets	104,181,576	1,394,227	-	-
Placements with Banks	825,235,383	1,518,571,708	-	-
Placements with Licensed Finance Companies	1,661,226,754	3,113,721,106	-	-
Investment in Gold Bullion	-	799,582,509	-	-
Financial Investments - Held for Trading	59,768,906	404,170,143	-	-
Financing and Receivables to Other Customers	7,165,461,019	4,974,971,905	-	-
Financial Investments - Available for Sale	486,122,612	545,349,490	-	-
Other Financial Assets	553,493,038	390,688,206	630,000	-
Other Non Financial Assets	232,258,744	272,468,185	2,770,586	-
Property, Plant and Equipment	636,709,910	481,382,002	1,703,793	-
Intangible Assets	224,382,174	135,470,343	-	-
Deferred Tax Assets	36,496,739	87,583,329	-	-
Total Assets	16,717,424,084	14,496,177,297	3,176,665,700	7
Liabilities				
Derivative Financial Liabilities	4,978,614	-	-	-
Due to Other Customers	13,302,501,452	11,362,868,664	-	-
Other Financial Liabilities	304,236,288	111,725,486	41,005,209	3,999,824
Other Non Financial Liabilities	13,843,550	7,080,883	-	-
Retirement Benefit Liability	20,648,680	13,051,361	-	-
Total Liabilities	13,646,208,584	11,494,726,394	41,005,209	3,999,824
Shareholders' Funds				
Stated Capital	3,431,611,720	3,431,611,720	7	7
Capital Funds Raised Pending Allotment of Shares	-	-	3,161,002,073	-
Statutory Reserve Fund	7,299,733	-	-	-
Retained Earnings	(197,140,849)	(307,375,158)	(25,341,589)	(3,999,824)
Other Reserves	(170,555,104)	(122,785,659)	-	-
Total Equity	3,071,215,500	3,001,450,903	3,135,660,491	(3,999,817)
Total Liabilities and Shareholders' Funds	16,717,424,084	14,496,177,297	3,176,665,700	7

Statement of Changes in Equity Year ended 31 December

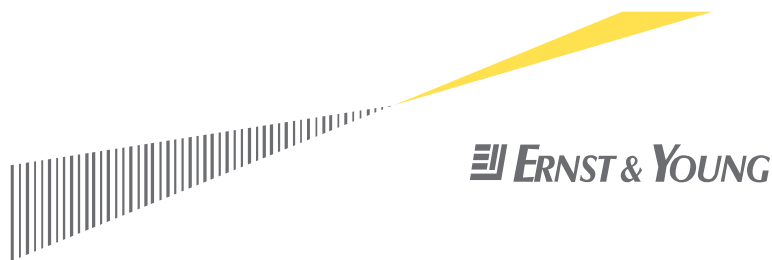
	Stated Capital	Capital Funds Raised Pending Allotment of Shares	Statutory Reserve Fund	Retained Earnings	Investment Fund	Revenue Reserve	Available for Sale Reserve	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Share Issue	7	-	-	-	-	-	-	7
Total Comprehensive Income	-	-	-	(3,999,824)	-	-	-	(3,999,824)
As at 1 January 2010	7	-	-	(3,999,824)	-	-	-	(3,999,817)
Shares Pending Allotment	-	3,161,002,070	-	-	-	-	-	3,161,002,070
Total Comprehensive Income	-	-	-	(21,341,765)	-	-	-	(21,341,765)
As at 1 January 2011	7	3,161,002,070	-	(25,341,589)	-	-	-	3,135,660,488
Issue of Shares	3,431,611,713	(3,161,002,070)	-	-	-	-	-	270,609,643
Share Issue Expenses	-	-	-	-	-	(161,471,963)	-	(161,471,963)
Total Comprehensive Income	-	-	-	(282,033,569)	-	-	38,686,304	(243,347,265)
As at 1 January 2012	3,431,611,720	-	-	(307,375,158)	-	(161,471,963)	38,686,304	3,001,450,903
Total Comprehensive Income	-	-	-	145,994,652	-	-	(76,230,054)	69,764,597
Transfers to Statutory Reserve Fund	-	-	7,299,733	(7,299,733)	-	-	-	-
Transfers to Investment Fund	-	-	-	(28,460,610)	28,460,610	-	-	-
As at 31 December 2012	3,431,611,720	-	7,299,733	(197,140,849)	28,460,610	(161,471,963)	(37,543,751)	3,071,215,500

Statement of Cashflow Year ended 31 December

	2012 Rs.	2011 Rs.	2010 Rs.	2009 Rs.
Cash Flow from Operating Activities				
Financing Income Received	1,329,153,756	286,097,380	-	-
Fees and Commission Received	558,987,773	14,951,676	-	-
Financing Expenses Paid	(659,549,993)	(128,982,906)	-	-
Foreign Exchange Income Received	126,226,620	(83,589,280)	-	-
Gratuity Payments Made	(791,645)	(574,875)	-	-
Payments to Employees and Suppliers	(1,094,801,746)	(392,426,159)	-	-
Operating Profit/(Loss) before Changes in Operating Assets and Liabilities	259,224,765	(304,524,164)	-	-
Increase/(Decrease) in Due to Other Customers	1,794,590,228	1,906,682,683	-	-
(Increase)/Decrease in Financing and Receivable to Other Customers	(2,195,257,598)	(1,523,434,845)	-	-
(Increase)/Decrease in Other Financial Assets	(305,453,255)	2,551,559,834	(630,000)	-
(Increase)/Decrease in Other Non Financial Assets	40,209,441	(269,697,599)	(2,770,586)	-
(Increase)/Decrease in Statutory Deposit	(147,531,185)	(717,763,029)	-	-
Increase/(Decrease) in Other Liabilities	322,989,807	(37,171,246)	15,771,745	-
Net Cash Flow from Operating Activities before Income Tax	(231,227,798)	1,605,651,633	12,371,159	-
Income Tax Paid	-	-	-	-
Net Cash Flow from Operating Activities	(231,227,798)	1,605,651,633	12,371,159	-
Cash Flows from/(used in) Investing Activities				
Acquisition of Property, Plant & Equipment	(282,473,784)	(442,651,395)	(1,811,918)	-
Proceeds from Sale of Property, Plant and Equipment	16,124,274	-	-	-
Acquisition of Intangible Assets	(114,384,694)	(78,676,866)	-	-
Investments in Placements with Licensed Finance Companies	1,452,494,352	(411,087,757)	-	-
Investments in Inter Bank Placements	693,336,325	(1,500,000,000)	-	-
Sale/(Acquisition) of Gold	948,856,390	(799,582,509)	-	-
Sale/(Acquisition) of Financial Investments - Available for Sale	(13,394,402)	(504,252,343)	-	-
Sale/(Acquisition) of Financial Assets Held for Trading	344,401,237	173,570,995	-	-
Net Cash Flows Used in Investing Activities	3,044,959,698	(3,562,679,875)	(1,811,918)	-
Cash Flows from/(used in) Financing Activities				
Proceeds from Capital Funds Raised Pending Allotment of Shares	-	-	3,161,002,073	7
Share Issue Expenses	-	(161,471,963)	-	-
Net Cash Flows from Financing Activities	-	(161,471,963)	3,161,002,073	7
Net Increase/(Decrease) in Cash and Cash Equivalents	2,813,731,900	(2,118,500,206)	3,171,561,314	7
Cash and Cash Equivalents at the Beginning of the Year	1,053,061,115	3,171,561,321	7	-
Cash and Cash Equivalents at the End of the Year	3,866,793,015	1,053,061,115	3,171,561,321	7

ANNEXURE B: INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

INDEPENDENT AUDITORS' REPORT



Chartered Accountant
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka
Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eyl@lk.ey.com

To the Shareholders of Amāna Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statement of Amāna Bank Limited ("Bank"), which comprise the statement of financial position as at 31 December 2012 and the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of

financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation

We have obtained all the information and explanations which to the best

of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Bank maintained proper accounting records for the year ended 31 December 2012 and the financial statements give a true and fair view of the Bank's financial position as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 7 of 2007.

20 April 2013
Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silve ACA Ms. Y A de Silva FCA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMALLB (Lond) H M A Jayasinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA



INCOME STATEMENT

<i>Year ended 31 December</i>	Note	2012 Rs.	2011 Rs.
Financing Income	4	1,300,618,090	352,037,757
Financing Expenses	5	(732,071,273)	(205,127,217)
Net Financing Income		568,546,817	146,910,540
Fee and Commission Income		70,339,721	15,904,112
Fee and Commission Expenses		(1,416,402)	(952,437)
Net Fee and Commission Income	6	68,923,319	14,951,675
Net Trading Gain/(Loss)	7	621,773,009	(91,633,252)
Net Other Operating Income	8	(5,353,087)	3,133,721
Total Operating Income		1,253,890,058	73,362,684
Impairment for Financing and Receivables to Other Customers	9	(16,093,890)	(27,062,702)
Net Operating Income		1,237,796,168	46,299,982
Personnel Expenses	10	438,453,212	140,504,480
Depreciation of Property, Plant and Equipment		125,557,539	20,621,964
Amortisation of Intangible Assets		25,472,863	4,704,727
Operating Expenses	11	396,567,577	250,085,709
Total Operating Expenses		986,051,191	415,916,880
Operating Profit/(Loss) Before Value Added Tax		251,744,977	(369,616,898)
Value Added Tax on Financial Services		(45,941,033)	-
Profit/(Loss) Before Tax		205,803,944	(369,616,898)
Tax Expenses/(Reversal)	12	59,809,292	(87,583,329)
Profit/(Loss) for the Year		145,994,652	(282,033,569)
Earnings Per Share	13	0.16	(0.35)

The Accounting Policies and Notes on pages 102 through 146 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

<i>Year ended 31 December</i>	Note	2012 Rs.	2011 Rs.
Profit/(Loss) for the Year		145,994,652	(282,033,569)
Other Comprehensive Income/(Loss)			
Financial Investment - Available for Sale:			
Net Gain/(Loss) on Financial Investments - Available for sale		(76,230,054)	38,686,304
Total Other Comprehensive Income/(Loss)		(76,230,054)	38,686,304
Income Tax (Charge)/Credit Relating to Components of Other Comprehensive Income		-	-
Other Comprehensive Income/(Loss) for the Year Net of Tax		(76,230,054)	38,686,304
Total Comprehensive Income/(Loss) for the Year Net of Tax		69,764,597	(243,347,265)

The Accounting Policies and Notes on pages 102 through 146 form an integral part of the Financial Statements.



STATEMENT OF FINANCIAL POSITION

<i>As at 31 December</i>	Note	2012 Rs.	2011 Rs.	As at 1 January 2011 Rs.
Assets				
Cash and Cash Equivalents	15	3,866,793,015	1,053,061,115	3,171,561,321
Balance with Central Bank of Sri Lanka	16	865,294,214	717,763,029	–
Derivative Financial Assets	17	104,181,576	1,394,227	–
Placements with Banks	18	825,235,383	1,518,571,708	–
Placements with Licensed Finance Companies	19	1,661,226,754	3,113,721,106	–
Investment in Gold Bullion	20	–	799,582,509	–
Financial Investments - Held for Trading	21	59,768,906	404,170,143	–
Financing and Receivables to Other Customers	22	7,165,461,019	4,974,971,905	–
Financial Investments - Available for Sale	23	486,122,612	545,349,490	–
Other Financial Assets	24	553,493,038	390,688,206	630,000
Other Non Financial Assets	25	232,258,744	272,468,185	2,770,586
Property, Plant and Equipment	26	636,709,910	481,382,002	1,703,793
Intangible Assets	27	224,382,174	135,470,343	–
Deferred Tax Assets	28	36,496,739	87,583,329	–
Total Assets		16,717,424,084	14,496,177,297	3,176,665,700
Liabilities				
Derivative Financial Liabilities	29	4,978,614	–	–
Due to Other Customers	30	13,302,501,452	11,362,868,664	–
Other Financial Liabilities	31	304,236,288	111,725,486	41,005,209
Other Non Financial Liabilities	32	13,843,550	7,080,883	–
Retirement Benefit Liabilities	33	20,648,680	13,051,361	–
Total Liabilities		13,646,208,584	11,494,726,394	41,005,209
Shareholders' Funds				
Stated Capital	34	3,431,611,720	3,431,611,720	7
Capital Funds Raised Pending Allotment of Shares		–	–	3,161,002,073
Statutory Reserve Fund		7,299,733	–	–
Retained Earnings		(197,140,849)	(307,375,158)	(25,341,589)
Other Reserves		(170,555,104)	(122,785,659)	–
Total Equity		3,071,215,500	3,001,450,903	3,135,660,491
Total Liabilities and Shareholders' Funds		16,717,424,084	14,496,177,297	3,176,665,700
Commitment and Contingencies	39	11,121,347,724	4,167,021,073	–

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



M. Ali Wahid

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by:



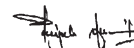
Faizal Salieh
Managing Director/CEO



Jazri Magdon Ismail
Director



Angelo M. Patrick
Director



Mrs. P.M.D. Koralege
Company Secretary

The Accounting Policies and Notes on pages 102 through 146 form an integral part of the Financial Statements.

20 April 2013

Colombo

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Capital Funds Raised Pending Allotment of Shares Rs.	Statutory Reserve Fund Rs.	Retained Earnings Rs.	Investment Fund Rs.	Revenue Reserve Rs.	Available for Sale Reserve Rs.	Total Rs.
<i>As at 31 December</i>								
As at 1 January 2011	7	3,161,002,070	–	(25,341,589)	–	–	–	3,135,660,488
Issue of Shares	3,431,611,713	(3,161,002,070)	–	–	–	–	–	270,609,643
Share Issue Expenses	–	–	–	–	–	(161,471,963)	–	(161,471,963)
Total Comprehensive Income	–	–	–	(282,033,569)	–	–	38,686,304	(243,347,265)
As at 1 January 2012	3,431,611,720	–	–	(307,375,158)	–	(161,471,963)	38,686,304	3,001,450,903
Total Comprehensive Income	–	–	–	145,994,652	–	–	(76,230,054)	69,764,597
Transfers to Statutory Reserve Fund	–	–	7,299,733	(7,299,733)	–	–	–	–
Transfers to Investment Fund	–	–	–	(28,460,610)	28,460,610	–	–	–
As at 31 December 2012	3,431,611,720	–	7,299,733	(197,140,849)	28,460,610	(161,471,963)	(37,543,751)	3,071,215,500

The Accounting Policies and Notes on pages 102 through 146 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOW

Year ended 31 December	Note	2012 Rs.	2011 Rs.
Cash Flow from Operating Activities			
Financing Income Received		1,329,153,756	286,097,380
Fees and Commission Received		558,987,773	14,951,676
Financing Expenses Paid		(659,549,993)	(128,982,906)
Foreign Exchange Income Received		126,226,620	(83,589,280)
Gratuity Payments Made		(791,645)	(574,875)
Payments to Employees and Suppliers		(1,094,801,746)	(392,426,159)
Operating Profit/(Loss) before Changes in Operating Assets and Liabilities (Note A)		259,224,765	(304,524,164)
Increase/(Decrease) in Due to Other Customers		1,794,590,228	1,906,682,683
(Increase)/Decrease in Financing and Receivable to Other Customers		(2,195,257,598)	(1,523,434,845)
(Increase)/Decrease in Other Financial Assets		(305,453,255)	2,551,559,834
(Increase)/Decrease in Other Non Financial Assets		40,209,441	(269,697,599)
(Increase)/Decrease in Statutory Deposit		(147,531,185)	(717,763,029)
Increase/(Decrease) in Other Liabilities		322,989,807	(37,171,246)
Net Cash Flow from Operating Activities before Income Tax		(231,227,798)	1,605,651,633
Income Tax Paid		-	-
Net Cash Flow from Operating Activities		(231,227,798)	1,605,651,633
Cash Flows from/(used in) Investing Activities			
Acquisition of Property, Plant & Equipment		(282,473,784)	(442,651,395)
Proceeds from Sale of Property, Plant and Equipment		16,124,274	-
Acquisition of Intangible Assets		(114,384,694)	(78,676,866)
Investments in Placements with Licensed Finance Companies		1,452,494,352	(411,087,757)
Investments in Inter Bank Placements		693,336,325	(1,500,000,000)
Sale/(Acquisition) of Gold		948,856,390	(799,582,509)
Sale/(Acquisition) of Financial Investments - Available for Sale		(13,394,402)	(504,252,343)
Sale/(Acquisition) of Financial Assets Held for Trading		344,401,237	173,570,995
Net Cash Flows Used in Investing Activities		3,044,959,698	(3,562,679,875)
Cash Flows from/(used in) Financing Activities			
Share Issue Expenses		-	(161,471,963)
Net Cash Flows from Financing Activities		-	(161,471,963)
Net Increase/(Decrease) in Cash and Cash Equivalents		2,813,731,900	(2,118,500,206)
Cash and Cash Equivalents at the Beginning of the Year		1,053,061,115	3,171,561,321
Cash and Cash Equivalents at the End of the Year	15	3,866,793,015	1,053,061,115
A. Reconciliation of Operating Profit			
Profit/(Loss) before Taxation		205,803,944	(369,616,898)
Depreciation of Property, Plant and Equipment		125,557,539	20,621,964
Amortisation of Intangible Assets		25,472,863	4,704,727
(Profit)/Loss on Disposal of Gold		(149,273,881)	-
(Profit)/Loss on Disposal of Property, Plant and Equipment		(14,535,937)	-
Impairment for Financing and Receivables to Other Customers		16,093,890	27,062,702
Provision for Gratuity		8,388,964	1,457,037
(Increase)/Decrease in Placement Income Receivable		39,861,074	(57,225,056)
Increase/(Decrease) in Profit Payable		72,521,280	73,733,467
Other Non Cash Items		(69,873,326)	(3,293,005)
Gratuity Payments		(791,645)	(574,875)
(Profit)/Loss on Mark to Market Valuation		-	(1,394,227)
		259,224,765	(304,524,164)

The Accounting Policies and Notes on pages 102 through 146 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

1.1 General

Amāna Bank Limited ('the Bank') is a licensed commercial bank established under the Banking Act No. 30 of 1988. It is a public limited liability company incorporated on 5 February 2009 and is domiciled in Sri Lanka. The registered office of the Bank is located at No. 480, Galle Road, Colombo 3. The Bank commenced commercial banking operations on 1 August 2011.

The monthly average staff strength of the Bank as at 31 December 2012 was 349 (2011 - 117).

1.2 Principal Activities

The principal activities of the Bank continues to be providing Sharia compliant banking and related activities such as accepting customer deposits, personal banking, trade financing, equipment and machinery financing, lease financing, home and property financing, project financing, resident and non-resident foreign currency operations.

1.3 Parent Entity and Ultimate Parent Entity

The Bank does not have an identifiable parent of its own.

1.4 Date of Authorisation for Issue

The Financial Statements of Amāna Bank Limited for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Board of Directors on 20 April 2013.

2.1 Basis of Preparation

2.1.1 Basis of Measurement

The Financial Statements are prepared under the historical cost

convention except for, Financial Assets and Liabilities Designated at Fair Value Through Profit or Loss, Financial Assets/ (Investments) and Liabilities Held for Trading, Financial Assets/ (Investments) Available for Sale, Investments in Gold Bullion all of which have been measured at fair value. The Financial Statements are presented in Sri Lankan Rupees (Rs.), except when otherwise indicated.

2.1.2 First-time adoption of Sri Lanka Accounting Standards (SLFRSs/LKASs)

For all periods up to and including the year ended 31 December 2011, the Bank has prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLASs). These Financial Statements, for the year ended 31 December 2012 are the first the Bank has prepared in accordance with SLFRS.

Accordingly, the Bank has prepared Financial Statements which comply with SLFRS applicable for periods ending on or after 31 December 2012, together with the comparative period date as at and for the year ended 31 December 2011, as described in accounting policies. In preparing these Financial Statements, the Bank's opening Statement of Financial Position was prepared as at 1 January 2011, which was the Bank's date of transition from SLASs to SLFRSs.

Note 35 explains the principal adjustments made by the Bank in restating its SLFRS Statement of Financial Position as at 1 January 2011 and its previously published SLAS Financial Statements for the

year ended 31 December 2011.

2.1.3 Statement of Compliance

The Financial Statements of the Bank which comprise of the Statement of Financial Position, Income Statement, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Significant Accounting Policies and Notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs) laid down by The Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007.

2.1.4 Presentation of Financial Statements

The Bank presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the Statement of Financial Position date (current) and more than 12 months after the Statement of Financial Position date (non-current) is presented in Note 38.

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the Income Statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.



2.2 Significant Accounting Judgments and Estimates

In the process of applying the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the Financial Statements. The most significant uses of judgment and estimates are as follows:

a. Going Concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

b. Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The valuation of financial instruments is described in more detail in Note 36.

c. Impairment Losses on Financing and Receivables to Other Customers

The Bank reviews its individually significant Financing and Receivables to Other Customers at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgment is

required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Financing and Receivables to Other Customers that have been assessed individually and found not to be impaired and all individually insignificant Financing and Receivables to Other Customers are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident.

The impairment loss on Financing and Receivables to Other Customers is disclosed in more detail in Notes 2.3.6.(g), (i), 22.4 and Notes 37.3 (a), (b) and (c).

d. Impairment of Financial Investment - Available for Sale

The Bank also records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements, duration and extent to which the fair value of an investment is less than its cost.

e. Taxation

The Bank is subject to income taxes and other taxes including VAT on financial services. Significant judgment was required

to determine the total provision for current, deferred and other taxes pending the issue of tax guideline on the treatment of the adoption of SLFRS in the Financial Statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

The Bank recognised assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact to the income.

f. Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

g. Defined Benefit Plans (Gratuity)

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, salary increment rate, age of retirement, and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used for valuation is disclosed in more detail in Note 33.

h. Useful Lifetime of the Property, Plant and Equipment

The Bank reviews the residual

values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.3 Summary of Significant Accounting Policies

2.3.1 Foreign Currency Translation

These Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the Bank's functional and presentation currency.

Transactions and Balances:

Transactions in foreign currencies are initially recorded at the spot rate of exchange prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date. All differences arising on non-trading activities are taken to 'Net other operating income' in the Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Promissory forward foreign exchange contracts are valued at the forward market rates prevailing on the date of the reporting date. Resulting net unrealised gains or losses are dealt with the Income Statement.

2.3.2 Cash and Cash Equivalents

Cash and cash equivalents as referred to in the cash flow

statement comprises cash in hand and balances with banks on demand or with an original maturity of three months or less.

2.3.3 Balance with Central Bank of Sri Lanka

The Monetary Law Act requires that all commercial banks operating in Sri Lanka maintain reserves against all deposit liabilities ('Due to Other Customers') denominated in Sri Lankan Rupees.

2.3.4 Derivative Financial Instruments

Derivative Financial Instruments (Assets/Liabilities) are classified as either trading or hedging if they qualify for hedge accounting. Derivatives are initially recognised at fair value at the date the derivative transaction is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

2.3.5 Investments in Gold Bullion

This represents the gold purchased by the Bank and held with the intention of resale. Such gold is initially measured at cost and subsequently remeasured at market value as at reporting date. Any resultant gains or losses are recognised in the Income Statement.

2.3.6 Non-derivative Financial Instruments

Financial Assets

Non-derivative Financial Assets are classified as Financial Assets Held for Trading, Financing and Receivables to Other Customers and Financial Assets Available for Sale. The Bank determines the classification of its financial assets

at initial recognition. Financial Liabilities Non-derivative Financial Liabilities are classified as Financial Liabilities at Fair Value Through Profit or Loss or Other Financial Liabilities in accordance with the substance of the contractual agreement and the definition of financial liabilities.

(a) Date of Recognition

All Financial Assets and Liabilities are initially recognised on the trade date, (i.e., the date that the bank becomes a party to the contractual provisions of the instrument). This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(b) Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at Fair Value Through Profit or Loss.

(c) Financial Assets

The Bank categorises its financial assets as follows:

(i) Financial Assets/(Investments) at Fair Value through Profit or Loss

Financial assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term or it is part of a portfolio that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking.



Financial assets at Fair Value Through Profit or Loss are recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in net trading (Gain/Loss) when the right to the payment has been established.

This has been classified in the Statement of Financial Position as Financial Investments Held for Trading.

(ii) Financing and Receivables to Other Customers

Financing and Receivables to Other Customers, include Non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank upon initial recognition designates as at fair value through profit or loss.
- Those that the Bank, upon initial recognition, designates as Available for Sale.
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

Financing and Receivables to Other Customers are subsequently measured at amortised cost using the Effective Profit Rate (EPR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EPR. The amortisation is included in 'Financing Income' in the Income Statement. The losses arising from impairment are recognised in the Income Statement in 'Impairment for

Financing and Receivables to Other Customers'.

(iii) Financial Assets/(Investments) - Available for Sale

Financial assets available for sale consist of equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. The Bank has not designated any Financing and Receivables to Other Customers as available for sale.

After initial measurement, available for sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity (Other Comprehensive Income) in the Available for Sale reserve. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the Income Statement in 'Net Other Operating Income'. Where the Bank holds more than one investment in the same security gains or losses arising from the disposal of the investment is calculated based on the weighted average basis.

Dividends earned whilst holding available for sale financial investments are recognised in the Income Statement as 'Net Other Operating Income' when the right to receive the dividend is established. The losses arising from impairment of such investments are recognised in the Income Statement in 'Impairment Losses on Financial Investments' and removed from the 'Available for Sale Reserve'.

(iv) 'Day 1' Profit or Loss

When the transaction price differs from the fair value of other observable current

market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in Financing Income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Income Statement when the inputs become observable, or when the instrument is derecognised.

(d) Financial Liabilities

Initial recognition and measurement financial of liabilities within the scope of LKAS 39 are classified as Derivative Financial Liabilities, Due to Other Customers (deposits) and Other Financial Liabilities. The Bank determines the classification of its financial liabilities at initial recognition.

The Bank classifies financial liabilities in to Financial Liabilities at Fair Value Through Profit or Loss or Other Financial Liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

The Bank recognises financial liabilities in the Statement of Financial Position when the Bank becomes a party to the contractual provisions of the financial liability.

i. Financial Liabilities at Fair Value through Profit or Loss

Financial Liabilities at Fair Value Through Profit or Loss include Financial Liabilities Held for Trading or designated as such upon initial recognition. Subsequent to initial recognition,

Financial Liabilities at Fair Value Through Profit or Loss are measured at fair value, and changes there in are recognised in Income Statement.

Upon initial recognition, transaction cost directly attributable to the acquisition are recognised in profit or loss as incurred. The criteria for designation of Financial Liabilities at Fair Value Through Profit or Loss upon initial recognition are the same as those of Financial Assets at Fair Value Through Profit or Loss. As at the reporting date bank does not have any liabilities under this classification.

ii. Other Financial Liabilities

Other Financial Liabilities including Due to Other Customers. Other Financial Liabilities are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortised cost using the EPR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EPR.

(e) De-recognition of Financial Assets/ Liabilities

(i) Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Bank has transferred substantially all the risks and rewards of the asset Or,
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

(ii) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Income

Statement.

(f) Determination of Fair Value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, parity differentiated, and other relevant valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 36.

(g) Impairment of Financial Assets

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is



experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in profit or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults which are more fully described in Note 37.3.

(i) Financial Assets carried at Amortised Cost

For financial assets carried at amortised cost (Placements with Banks, Placements with Licensed Finance Companies, Financing and Receivables to Other Customers and Other Financial Assets), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- (a) Customer is experiencing significant financial difficulties.
- (b) Breach of covenants or conditions.
- (c) Economic and legal reasons relating to the customer's financial difficulty.

- (d) Likelihood of client becoming bankrupt.
- (e) Concessions given to customer in view of deteriorating financial condition.
- (f) Statutory indicators such as new regulations/government policies would prevent the operations to repay the dues as agreed.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement. Financing income continues to be accrued on the reduced carrying amount and is accrued using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

- Individually assessed Financing and Receivables to Other Customers

Impairment on individual significant Financing and Receivables to Other Customers identified by the management based on the circumstances evidencing overdue payment of profit/return, downward adjustment of risk rating and breach of contract terms. In order to ascertain presence of such evidence, Bank uses a detailed questionnaire, which is to be completed by the respective Customer Relationship Manager, who has a better understanding of the customer's financial condition as at each reporting date. If there are any indications of impairment, the future cash

flows with regard to the financing is estimated. Subsequently amortised cost and the impairment loss are calculated.

Allowance amount is decided considering many integrated factors, i.e. possibility of achieving the business plan, ability to withstand the financial difficulties, projected cash flow should bankruptcy ensue, supplementary financial support, net realisable value of collateral and timing of anticipated cash flow.

- Collectively assessed Financing and Receivables to Other Customers

For the purpose of a collective evaluation of impairment, the Bank will determine the provisioning for collective assessment using data in relation to the performance of its financing portfolio. However, since the Bank only commenced operations recently, historical data that is required to arrive at the collective assessment is not sufficient. Further, based on the data that is available an acceptable behavioural pattern could not be established. Under such circumstances, the Bank shall consider the basis adopted by proxy bank/s in determining the collective assessment. In addition to the above, economic factors both at macro-economic and at Bank levels are considered in arriving at the collective assessment. See Note 22.4 for details of impairment losses on financial assets carried at amortised cost.

(ii) Financial Assets - Available for sale

For available for sale financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available for sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as Financial Assets carried at amortised cost.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement. Future profit or income is based on the reduced carrying amount and is accrued using the rate of return used to discount the future cash flows for the purpose of measuring the impairment loss. In the case of equity investments classified as Available for Sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement is removed from equity and recognised in the Income Statement. Impairment losses on equity investments are not reversed through the Income Statement; increases in the fair value after impairment are recognised in Other Comprehensive Income.

2.3.7 Other Non-Financial Assets
Other Non-Financial Assets are valued net of specific provision, where necessary, so as to reduce the carrying value of such assets to their estimated realisable value.

2.3.8 Property, Plant and Equipment

(a) Cost

Property, Plant and Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

(b) Depreciation

The provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the estimated useful lives by equal installments.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

The useful lives of the assets are estimated as follows:

Freehold Buildings	40 years
Improvements to leasehold Premises	Over the period of lease
Furniture & Fittings	5 years
Office Equipment	3 years
Computer Equipment	3 years
Motor Vehicles	3 years
Computer Servers	5 years

(c) De-recognition

An item of Property, Plant and Equipment is de-recognised

upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is de-recognised.

2.3.9 Intangible Assets

The Bank's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software 10 years

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense



category consistent with the function of the intangible asset.

2.3.10 Leasing

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Bank as a Lessor

Leases where the Bank does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.11 Impairment of Non-Financial Assets

The Bank assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value of a non-financial asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. When the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that

previously recognised impairment losses may no longer exist or may have decreased. If such condition exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

2.3.12 Retirement Benefit Obligations

(a) Defined Benefit Plan - Gratuity

Based on the Sri Lanka Accounting Standard LKAS 19 - 'Employee Benefits', the Bank has adopted the actuarial valuation method for employee benefit liability. An actuarial valuation is carried out every three years to ascertain the full liability. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the actuary is used.

The principal assumptions, which have the most significant effects on the valuation, are the rate of discount, rate of increase in salary, rate of turnover at the selected ages, rate of disability, death benefits and expenses.

The liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrecognised actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the market yields at the date of Statement of Financial Position that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

(b) Defined Contribution Plan - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective Statutes and Regulations. The Bank contributes a minimum 12% and 3% of gross salary.

2.3.13 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

2.3.14 Taxes

(a) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position date. The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

(b) Deferred Tax

Deferred income tax is provided, using the liability method, on temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for

financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Deferred income tax relating to items recognised directly in

equity is recognised in equity and not in the Income Statement.

(c) Value Added Tax on Financial Services

The Bank's total value addition is subjected to a 12% Value Added Tax on Financial Services as per Section 25A of the Value Added Tax Act No. 14 of 2002 and amendments thereto.

(d) Economic Service Charge (ESC)

As per the provisions of the Economic Service Charge Act No 13 of 2006, ESC is payable on the liable income at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable for a further four years.

2.3.15 Dividends on Ordinary Shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

2.3.16 Equity Reserves

The reserves recorded in equity (Other Comprehensive Income) on the Bank's Statement of Financial Position include 'available for sale' reserve which comprises changes in fair value of Financial Asset available for sale.

2.3.17 Recognition of Financial Income and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(a) Income

Financing income and expenses are recognised in Income Statement using the effective profit method (EPR).

The effective profit rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter year) to the carrying amount of the financial asset or liability.

When calculating the effective profit rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(b) Fee and Commission Income

Fee and commission income and expense that are integral to the EPR on a financial asset or liability are included in the measurement of the EPR. The Bank earns fee and commission income from a diverse range of services it provides to its customers comprising of fees receivable from customers for issuing Letters of Credit, guarantees, account servicing fees, legal fees and other services provided by the Bank and are recognised as the related services are performed.

(c) Dividend Income

Dividend income is recognised when the Bank's right to receive the payment is established.

(d) Net Trading Income

Results arising from trading activities include all gains and losses from changes in fair value and related income or expense and dividends for financial assets



and financial liabilities that are classified as 'Held for Trading'.

2.3.18 Financial Guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the Financial Statements (within 'Other Liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Income Statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the Income Statement in Impairment for Financing and Receivable to Other Customers. The premium received is recognised in the Income Statement in 'Net Fees and Commission Income' on a straight-line basis over the service period of the guarantee.

2.3.19 Segment Reporting

A segment is a distinguishable component of the Bank that is engaged in providing services (Business Segments) or in providing services within a particular economic environment (Geographical Segment) which is subject to risks and rewards that are different from those of other segments.

In accordance with the Sri Lanka Accounting Standard SLFRS 8 - 'Segmental Reporting', segmental information is presented in respect of the Bank based on Bank's management and internal reporting structure.

The Bank's segmental reporting is based on the following operating segments:

- Consumer Banking: Individual customers' deposits and consumer financing including overdrafts, equipment financing, lease financing, home and property financing
- Business Banking: Trade financing, overdraft, equipment and machinery financing, lease financing and other credit facilities and deposits of corporate and SME customers and
- Treasury: Placements of funds with other banks and financial institutions, equity investments and exposures in foreign exchange and gold bullion.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of respective segment.

2.3.20 Earnings Per Share

Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding for the period.

2.4 Standards Issued But Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Financial Statements are set out below. The Bank will adopt these Standards when they become effective. Pending a detailed review the financial impact is not reasonably estimable as at the date of issuance of these Financial Statements.

(i) *SLFRS 9 - Financial Instruments: Classification and Measurement*
SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities.

(ii) *SLFRS 10 - Consolidated Financial Statements*
SLFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by SLFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements in LKAS 27.

(iii) *SLFRS 11 - Joint Arrangements*
SLFRS 11 replaces LKAS 31 and SIC 13. SLFRS 11 uses the principle of control in SLFRS 10 to define control, and accordingly the determination of whether joint control exists may change.

(iv) *SLFRS 12 - Disclosure of Interests in Other Entities*
SLFRS 12 encompasses all disclosures related to Consolidated Financial Statements in LKAS 27, 28 and 31. These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associates and structured entities.

(v) *SLFRS 13 - Fair Value Measurements*
SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 provides guidance on all fair value measurements under SLFRS.

SLFRS 9 will be effective for financial periods beginning on or after 1 January 2015 whilst SLFRS 10, 11, 12 and 13 will be effective for financial periods beginning on or after 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

3. Segment Information

The following table presents income and profit and certain asset and liability information regarding the Bank's operating segments:

	Consumer Banking 2012 Rs.	Business Banking 2012 Rs.	Total Banking 2012 Rs.	Treasury 2012 Rs.	Unallocated/ Elimination 2012 Rs.	Total 2012 Rs.
Income						
Financing Income	186,619,589	702,045,119	888,664,708	411,953,382	–	1,300,618,090
Net Fee and Commission Income	14,473,891	54,449,428	68,923,319	–	–	68,923,319
Net Trading Gain/(Loss)	–	–	–	621,773,009	–	621,773,009
Other Operating Income	–	–	–	(19,889,024)	14,535,927	(5,353,087)
Total	201,093,480	756,494,547	957,588,027	1,013,837,367	14,535,937	1,985,961,331
Profit After Tax						
			739,210	205,064,734	(59,809,293)	145,994,652
Total Assets	1,154,223,868	6,069,563,736	7,223,787,604	7,476,624,375	2,017,012,105	16,717,426,084
Total Liabilities	12,185,039,971	1,117,461,481	13,302,501,452	6,575,435,499	(6,231,728,367)	13,646,208,584
	Consumer Banking 2011 Rs.	Business Banking 2011 Rs.	Total Banking 2011 Rs.	Treasury 2011 Rs.	Unallocated/ Elimination 2011 Rs.	Total 2011 Rs.
Income						
Financing Income	112,830,218	23,109,804	135,940,021	216,097,736	–	352,037,757
Net Fee and Commission Income	12,409,891	2,541,785	14,951,676	–	–	14,951,676
Net Trading Gain/(Loss)	–	–	–	(91,633,252)	–	(91,633,252)
Other Operating Income	–	–	–	3,133,721	–	3,133,721
Total Income	125,240,108	25,651,588	150,891,697	127,598,205	–	278,489,902
Profit/(Loss) After Tax						
			(409,631,774)	127,598,205	–	(282,033,569)
Total Assets	1,079,293,512	3,929,590,779	5,008,884,291	7,457,402,472	2,029,890,533	14,496,177,297
Total Liabilities	9,904,043,476	1,458,825,188	11,362,868,664	7,302,779,461	(7,170,921,731)	11,494,726,394

4. Financing Income

Profit/(Loss) After Tax	2012 Rs.	2011 Rs.
Financing Income	888,664,708	135,940,021
Placement Income	411,953,382	216,097,736
Total	1,300,618,090	352,037,757

5. Financing Expenses

	2012 Rs.	2011 Rs.
Financing Expenses	732,024,157	205,127,217
Expenses on Other Liabilities	47,116	–
Total	732,071,273	205,127,217



NOTES TO THE FINANCIAL STATEMENTS

6. Net Fees and Commission Income

	2012 Rs.	2011 Rs.
Fees and Commission Income	70,339,721	15,904,112
Fees and Commission Expense	(1,416,402)	(952,437)
Total	68,923,319	14,951,676

7. Net Trading Income

	2012 Rs.	2011 Rs.
Gain/(Loss) on Financial Investments - Held for Trading	247,069,546	(8,811,507)
Gain/(Loss) on Gold Bullion	149,273,881	(114,054,708)
Gain/(Loss) from Promissory Forward Foreign Exchange Transactions	99,202,962	1,394,227
Foreign Exchange Income	126,226,620	29,838,737
Total	621,773,009	(91,633,252)

Gain/(Loss) on Financial Investments - Held for Trading includes the results of buying and selling, and changes in the fair value of equity securities. Foreign exchange income includes gains and losses from spot transactions and other currencies.

8. Other Operating Income

	2012 Rs.	2011 Rs.
Income from Dividend	6,142,452	2,769,240
Gain/(Loss) from Financial Investments - Available for sale	(26,031,476)	364,480
Gain/(Loss) on Disposal of Property, Plant and Equipment	14,535,937	–
Total	(5,353,087)	3,133,720

9. Impairment for Financing and Advances to Customers

	2012 Rs.	2011 Rs.
Financing and Receivables to Other Customers (Note 22.4)		
- Individual Impairment Losses/(Reversal)	(2,986,702)	3,314,038
- Collective Impairment Losses/(Reversal)	19,080,591	23,748,664
	16,093,890	27,062,702

10. Personnel Expenses

	2012 Rs.	2011 Rs.
Salaries and Bonus	338,335,971	110,637,931
Defined Contribution Plan - EPF/ETF	43,334,860	14,071,150
Defined Contribution Plan - Gratuity	8,388,964	1,457,037
Other Staff Related Expenses	48,393,417	14,338,362
Total	438,453,212	140,504,480

NOTES TO THE FINANCIAL STATEMENTS

11. Operating Expenses	2012 Rs.	2011 Rs.
Directors' Emoluments	13,186,206	9,415,000
Auditors' Remuneration		
- Audit Fee and Expenses	2,100,000	1,935,450
- Non-Audit Service	1,230,000	1,135,000
Professional and Legal Fees	37,777,015	19,245,772
Establishment Expenses	138,522,019	79,439,367
Advertising Expenses	14,659,871	8,275,527
Deposit Insurance Premium	14,123,398	5,367,821
System Support Fee	56,795,515	5,296,803
Others	118,173,553	119,974,971
Total	396,567,576	250,085,710

12. Income Tax Expenses	2012 Rs.	2011 Rs.
Current tax:		
Current income tax	8,722,702	–
Adjustment in respect of current income tax of prior years	–	–
Deferred tax:		
Deferred taxation Charged/(Reversal) (Note 28)	51,086,590	(87,583,329)
Total	59,809,292	(87,583,329)

12.1 A Reconciliation between Current Tax Expense and the Product of Accounting Profit

	2012 Rs.	2011 Rs.
Accounting Profit before Income Tax	205,803,944	(369,616,898)
Statutory Tax Rate	28%	28%
At the Statutory Income Tax Rate	57,625,104	(103,492,731)
Income Exempt from Tax	(51,556,368)	(48,601,209)
Non-Deductible Expenses	61,065,611	62,438,027
Deductible Expenses	(58,411,645)	(20,903,422)
Adjustment for Tax Losses Arisen/(Utilised)	–	110,559,335
Income Tax Expense/(Reversals)	8,722,702	–

13. Earnings Per Share

Basic Earning per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflect the income and share data used in the Basic Earnings/(Loss) per Share computations.

	2012 Rs.	2011 Rs.
Amount used as the Numerator:		
Net Profit/(Loss) Attributable to Ordinary Shareholders	145,994,652	(282,033,569)
Number of Ordinary Shares used as Denominator:		
Weighted Average Number of Ordinary Shares in Issue	902,810,064	811,292,332
Earnings/(Loss) per Share	0.16	(0.35)



NOTES TO THE FINANCIAL STATEMENTS

14. Analysis of Financial Instruments by Measurement Basis

14.1 Analysis of Financial Instruments by Measurement as at 31 December 2012

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in LKAS 39 and by headings of the Statement of Financial Position.

	Held for Trading Rs.	Amortised Cost Rs.	Held to Maturity Rs.	Available for Sale Rs.	Total As at 31.12.2012 Rs.
Financial Assets					
Cash and Cash Equivalents	–	3,866,793,015	–	–	3,866,793,015
Balance with Central Bank of Sri Lanka	–	865,294,214	–	–	865,294,214
Derivative Financial Assets	104,181,576	–	–	–	104,181,576
Placements with Banks	–	825,235,383	–	–	825,235,383
Placements with Licensed Finance Companies	–	1,661,226,754	–	–	1,661,226,754
Financial Investments - Held for Trading	59,768,906	–	–	–	59,768,906
Financing and Receivables to Other Customers	–	7,165,461,019	–	–	7,165,461,019
Financial Investments - Available for Sale	–	–	–	486,122,612	486,122,612
Other Financial Assets	–	553,493,038	–	–	553,493,038
Total Financial Assets	163,950,482	14,937,503,423	–	486,122,612	15,587,576,517
Financial Liabilities					
Derivative Financial Liabilities	4,978,614	–	–	–	4,978,614
Due to Other Customers	–	13,302,501,452	–	–	13,302,501,452
Other Financial Liabilities	–	304,236,288	–	–	304,236,288
Total Financial Liabilities	4,978,614	13,606,737,740	–	–	13,611,716,354

14.2 Analysis of Financial Instruments by Measurement as at 31 December 2011

	Held for Trading Rs.	Amortised Cost Rs.	Held to Maturity Rs.	Available for Sale Rs.	Total As at 31.12.2011 Rs.
Financial Assets					
Cash and Cash Equivalents	–	1,053,061,115	–	–	1,053,061,115
Balance with Central Bank of Sri Lanka	–	717,763,029	–	–	717,763,029
Derivative Financial Assets	1,394,227	–	–	–	1,394,227
Placements with Banks	–	1,518,571,708	–	–	1,518,571,708
Placements with Licensed Finance Companies	–	3,113,721,106	–	–	3,113,721,106
Financial Investments - Held for Trading	404,170,143	–	–	–	404,170,143
Financing and Receivables to Other Customers	–	4,974,971,905	–	–	4,974,971,905
Financial Investments - Available for Sale	–	–	–	545,349,490	545,349,490
Other Financial Assets	–	390,688,206	–	–	390,688,206
Total Financial Assets	405,564,370	11,768,777,069	–	545,349,490	12,719,690,929
Financial Liabilities					
Derivative Financial Liabilities	–	–	–	–	–
Due to Other Customers	–	11,362,868,664	–	–	11,362,868,664
Other Financial Liabilities	–	111,725,486	–	–	111,725,486
Total Financial Liabilities	–	11,474,594,150	–	–	11,474,594,150

NOTES TO THE FINANCIAL STATEMENTS

15. Cash and Cash Equivalents

	2012 Rs.	2011 Rs.	1 January 2011 Rs.
Cash in Hand	559,686,706	490,676,546	7
Balances with Banks	3,307,106,309	562,384,569	3,171,561,314
	3,866,793,015	1,053,061,115	3,171,561,321

16. Balance with Central Bank of Sri Lanka

	2012 Rs.	2011 Rs.
Statutory Deposit with the Central Bank of Sri Lanka	865,294,214	717,763,029
	865,294,214	717,763,029

As required by the Provisions of Section 93 of the Monetary Law Act, a cash balance is required to be maintained with Central Bank of Sri Lanka. As at 31 December 2012, the minimum cash reserve requirement was 8% of Rupee liabilities of the Domestic Banking Unit. There is no reserve requirement for foreign currency deposit liabilities of the Domestic Banking Unit.

The statutory deposit with Central Bank of Sri Lanka is not available for financing the Bank's day-to-day operations and therefore it is not considered as part of Cash and Cash Equivalents.

17. Derivative Financial Assets

	2012 Rs.	2011 Rs.
Promissory Forward Foreign Exchange Transactions	104,181,576	1,394,227
Total	104,181,576	1,394,227

18. Placements with Banks

	2012 Rs.	2011 Rs.
Savings Deposits	564,418,043	500,178,082
Short Term Deposits	260,817,339	–
Term Deposits	–	1,018,393,626
Total	825,235,383	1,518,571,708

19. Placements with Licensed Finance Companies

	2012 Rs.	2011 Rs.
Savings Deposits	1,343	67,757
Short Term Deposits	755,102,460	2,252,968,683
Term Deposits	906,122,952	860,684,665
Total	1,661,226,754	3,113,721,106



NOTES TO THE FINANCIAL STATEMENTS

20. Investment in Gold Bullion

	2012 Rs.	2011 Rs.
Balance as at 1 January	799,582,509	–
Investment during the year	–	913,637,218
	799,582,509	913,637,218
Appreciation/(Fall in Value) of Investments	136,575,848	(114,054,709)
Disposals	(936,158,357)	–
Balance as at 31 December	–	799,582,509

21. Financial Investments - Held for Trading

	2012 Rs.	2011 Rs.
Investments in Equity Securities - Quoted (21.1)	59,768,906	94,410,500
Investments in Equity Securities - Unquoted (21.2)	–	270,609,643
Investments in Equity Fund	–	39,150,000
	59,768,906	404,170,143

21.1 Investments in Equity Securities - Quoted

	No. of Ordinary Shares		Carrying Value	
	2012	2011	2012 Rs.	2011 Rs.
Bairaha Farms PLC	109,751	90,500	17,263,832	19,032,150
C.W. Mackie PLC	52,097	44,900	4,053,147	4,018,550
Ceylon Grain Elevators PLC	79,471	35,900	4,728,525	3,787,450
Chevron Lubricants Lanka PLC	–	79,600	–	13,532,000
CIC Holdings PLC	–	37,700	–	4,203,550
Colombo Dockyard PLC	84,408	79,900	18,907,392	19,080,120
Expolanka Holdings PLC	363,746	341,400	2,546,222	3,072,600
Haycarb PLC	–	54,800	–	8,494,000
Lanka Floortiles PLC	9,360	3,000	608,400	240,900
Laugfs Gas PLC	12,877	–	329,651	–
Nawaloka Hospitals PLC	–	16,400	–	63,960
Overseas Realty (Ceylon) PLC	–	244,700	–	3,425,800
Panasian Power PLC	569,441	616,800	1,423,603	2,652,240
Royal Ceramic Lanka PLC	30,699	35,300	3,039,201	4,994,950
Singer Sri Lanka PLC	1,100	–	112,393	–
Sri Lanka Telecom PLC	62,295	6,400	2,772,128	849,280
Textured Jersey Lanka PLC	987	153,800	8,784	1,568,760
The Lanka Hospital Corporation PLC	–	17,900	–	932,590
Tokyo Cement Company (Lanka) PLC	139,008	101,400	3,975,629	4,461,600
Total Carrying Value			59,768,906	94,410,500

NOTES TO THE FINANCIAL STATEMENTS

21.2 Investment in Equity Securities - Unquoted

	No. of Ordinary Shares		Carrying Value	
	2012	2011	2012 Rs.	2011 Rs.
Amāna Investments Limited	–	202,957,240	–	270,609,643
Total Carrying Value	–	–	–	270,609,643

The above investment represents shares in Amāna Investments Limited which was held by the Bank for the purpose of re-selling to the Company. Amāna Investments Limited repurchased the above shares on 27 April 2012.

22. Financing and Receivables to Other Customers

	2012 Rs.	2011 Rs.
Summary		
Gross Financing and Receivables to Other Customers	7,208,617,610	5,002,034,607
Less: Individual Impairment	(327,336)	(3,314,038)
Less: Collective Impairment	(42,829,255)	(23,748,664)
Total	7,165,461,019	4,974,971,905

22.1 By Product

	2012 Rs.	2011 Rs.
Overdrawn Current Accounts	397,490	104,657
Trade Finance	863,881,155	622,679,118
Lease Receivables	883,165,029	473,807,168
Staff Facilities	85,029,898	59,515,428
Term Financing:		
- Short Term	1,013,301,686	894,199,827
- Long Term	2,671,089,468	2,399,261,108
Other	1,691,752,883	552,467,302
	7,208,617,610	5,002,034,607
Less: Individual Impairment	(327,336)	(3,314,038)
Less: Collective Impairment	(42,829,255)	(23,748,664)
Total	7,165,461,019	4,974,971,905

22.2 By Currency

	2012 Rs.	2011 Rs.
Sri Lankan Rupees	7,079,817,610	5,002,034,607
United States Dollars	128,800,000	–
	7,208,617,610	5,002,034,607
Less: Individual Impairment	(327,336)	(3,314,038)
Less: Collective Impairment	(42,829,255)	(23,748,664)
Total	7,165,461,019	4,974,971,905

NOTES TO THE FINANCIAL STATEMENTS

22.3 By Industry

	2012 Rs.	2011 Rs.
Agriculture and Fishing	981,761,221	515,081,143
Manufacturing	997,965,290	505,694,503
Tourism	1,963,750	1,003,024
Transport	19,331,024	1,223,656
Construction	786,662,054	479,636,728
Traders	2,502,729,491	1,414,021,707
New Economy	35,160,616	41,835,294
Financial and Business Services	85,038,656	346,032,373
Infrastructure	171,562,083	177,646,774
Services	569,071,640	720,838,378
Consumers	711,790,300	542,187,525
Others	345,581,485	256,833,502
	7,208,617,610	5,002,034,607
Less: Individual Impairment	(327,336)	(3,314,038)
Less: Collective Impairment	(42,829,255)	(23,748,664)
Total	7,165,461,019	4,974,971,905

22.4 Impairment Allowance for Financing and Receivables to Other Customers

A reconciliation of the allowance for impairment losses for financing and receivables to customers, is as follows:

	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
At 1 January 2011	-	-	-
Charge/(Write Back) for the year	3,314,038	23,748,664	27,062,702
Recoveries	-	-	-
Amounts written off	-	-	-
Profit accrued on Impaired Financing and Receivables	-	-	-
As at 31 December 2011	3,314,038	23,748,664	27,062,702
Charge/(Write Back) for the year	(2,986,702)	19,080,591	16,093,890
Recoveries	-	-	-
Amounts written off	-	-	-
Profit accrued on Impaired Financing and Receivables	-	-	-
As at 31 December 2012	327,336	42,829,255	43,156,591

23. Financial Investments - Available for Sale

	2012 Rs.	2011 Rs.
Investments in Equity Securities - Quoted (23.1)	483,129,612	542,356,490
Investments in Equity Securities - Unquoted (23.2)	2,993,000	2,993,000
	486,122,612	545,349,490

NOTES TO THE FINANCIAL STATEMENTS

23.1 Investments in Equity Securities - Quoted

	No. of Ordinary Shares		Carrying Value	
	2012	2011	2012 Rs.	2011 Rs.
Amāna Takaful PLC	153,030,000	150,000,000	275,454,000	360,000,000
Bairaha Farms PLC	57,249	47,200	9,005,268	9,926,160
C. W. Mackie PLC	473,903	27,300	36,869,653	2,443,350
Ceylon Grain Elevators PLC	368,029	–	21,897,726	–
Chevron Lubricants Lanka PLC	–	206,900	–	35,173,000
CIC Holdings PLC	–	39,900	–	4,448,850
Colombo Dockyard PLC	33,592	304,300	7,524,608	72,666,840
Expolanka Holdings PLC	3,086,254	3,032,100	21,603,778	27,288,900
Haycarb PLC	–	57,300	–	8,881,500
Lanka Floor Tiles PLC	132,640	16,300	8,621,600	1,308,890
Laugfs Gas PLC	482,123	80,100	12,342,349	3,043,800
Overseas Realty (Ceylon) PLC	–	59,900	–	838,600
Panasian Power PLC	1,598,559	–	3,996,398	–
Royal Ceramic Lanka PLC	216,301	41,200	21,413,799	5,829,800
Singer Sri Lanka PLC	55,900	–	5,718,570	–
Sri Lanka Telecom PLC	313,705	1,200	13,959,873	576,000
Textured Jersey Lanka PLC	254,013	–	2,260,716	–
Tokyo Cement Company (Lanka) PLC	1,484,660	225,700	42,461,276	9,930,800
Total			483,129,612	542,356,490

23.2 Investments in Equity Securities - Unquoted

	No. of Ordinary Shares		Carrying Value	
	2012	2011	2012 Rs.	2011 Rs.
Lanka Clear (Private) Limited	50,000	50,000	2,000,000	2,000,000
Credit Information Bureau of Sri Lanka	300	300	993,000	993,000
Total Carrying Value			2,993,000	2,993,000

24. Other Financial Assets

	2012 Rs.	2011 Rs.	1 January 2011 Rs.
Receivable from Amāna Investments Limited	321,260,011	317,333,339	–
Other Assets (24.1)	232,233,028	73,354,867	630,000
	553,493,038	390,688,206	630,000

24.1 Other Assets

	2012 Rs.	2011 Rs.	1 January 2011 Rs.
Other Receivables	207,270,257	61,936,003	–
Refundable Deposit	9,371,000	4,345,000	630,000
Pre-paid Staff Costs	15,591,771	7,073,864	–
Total	232,233,028	73,354,867	630,000



NOTES TO THE FINANCIAL STATEMENTS

25. Other Non-Financial Assets

	2012 Rs.	2011 Rs.	1 January 2011 Rs.
Other Receivables	112,918,537	62,081,292	–
Prepayments & Advances	116,815,297	209,291,841	2,770,586
Stationery Stock	2,524,909	1,095,052	–
Total	232,258,744	272,468,185	2,770,586

26. Property, Plant and Equipment

	Land and Building Rs.	Improvements to Leasehold Premises Rs.	Furniture and Fittings Rs.	Office Equipment Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Computer Servers Rs.	Total Rs.
Cost:								
At 1 January 2011	–	–	1,270,488	541,430	–	–	–	1,811,918
Additions	322,800,532	30,848,284	17,170,420	48,498,377	45,717,655	20,664,073	14,600,832	500,300,174
Disposals	–	–	–	–	–	–	–	–
At 31 December 2011	322,800,532	30,848,284	18,440,908	49,039,807	45,717,655	20,664,073	14,600,832	502,112,092
Additions	3,255,165	17,889,093	12,849,486	145,633,552	30,262,401	13,944,643	58,639,444	282,473,784
Disposals	–	–	–	–	–	(4,303,328)	–	(4,303,328)
At 31 December 2012	326,055,697	48,737,377	31,290,394	194,673,360	75,980,056	30,305,388	73,240,276	780,282,548
Depreciation								
At 1 January 2011	–	–	70,100	38,025	–	–	–	108,125
Disposals	–	–	–	–	–	–	–	–
Depreciation charge for the year	313,886	2,472,840	1,398,000	3,846,709	3,575,581	5,785,852	3,229,097	20,621,964
At 31 December 2011	313,886	2,472,840	1,468,100	3,884,734	3,575,581	5,785,852	3,229,097	20,730,090
Disposals	–	–	–	–	–	(2,714,991)	–	(2,714,991)
Depreciation charge for the year	564,216	21,920,488	5,869,662	50,661,324	18,469,995	10,457,043	17,614,811	125,557,539
At 31 December 2012	878,102	24,393,329	7,337,762	54,546,058	22,045,576	13,527,904	20,843,908	143,572,638
Net Book Value:								
At 1 January 2011	–	–	1,200,388	503,405	–	–	–	1,703,793
At 31 December 2011	322,486,646	28,375,444	16,972,808	45,155,073	42,142,074	14,878,222	11,371,735	481,382,002
At 31 December 2012	325,177,595	24,344,048	23,952,633	140,127,301	53,934,480	16,777,485	52,396,368	636,709,910

26.1 During the year, the Bank acquired Property, Plant and Equipment to the aggregate value of Rs. 282,473,784/- (2011 - Rs. 381,153,192/-). Cash payments amounting to Rs. 282,473,784/- (2011 - Rs. 381,153,192/-) were made during the year for purchase of Property, Plant and Equipment.

26.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 17,248,694/- (2011 - Rs. 2,069,040/-).

26.3 No assets have been pledged by the Bank.

NOTES TO THE FINANCIAL STATEMENTS

27. Intangible Assets

	Computer Software Rs.	Total Rs.
Cost:		
As at 1 January 2011	–	–
Additions	140,175,070	140,175,070
As at 31 December 2011	140,175,070	140,175,070
Additions	114,384,694	114,384,694
As at 31 December 2012	254,559,764	254,559,764
Amortisation		
As at 1 January 2011	–	–
Amortisation Charge for the Year	4,704,727	4,704,727
As at 31 December 2011	4,704,727	4,704,727
Amortisation Charge for the Year	25,472,863	25,472,863
As At 31 December 2012	30,177,590	30,177,590
Net Book Value:		
As at 1 January 2011	–	–
As at 31 December 2011	135,470,343	135,470,343
As at 31 December 2012	224,382,174	224,382,174

28. Deferred Tax

	Statement of Financial Position		Income Statement	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	88,196,541	39,559,670	(48,636,871)	(39,559,670)
	88,196,541	39,559,670		
Deferred Tax Assets				
Defined Benefit Plans	(5,781,630)	(3,654,381)	2,127,249	3,654,381
Others	(118,911,650)	(123,488,618)	(4,576,968)	123,488,618
	(124,693,280)	(127,142,999)		
Deferred Income Tax Income/(Expense)			(51,086,590)	87,583,329
Net Deferred Tax Liability/(Asset)	(36,496,739)	(87,583,329)		

29. Derivative Financial Liabilities

	2012 Rs.	2011 Rs.
Promissory Forward Foreign Exchange Transactions	4,978,614	–
Total	4,978,614	–



NOTES TO THE FINANCIAL STATEMENTS

30. Due to Other Customers

	2012 Rs.	2011 Rs.
30.1 Total Amount due to Other Customers	13,302,501,452	11,362,868,664

30.2 By Product

	2012 Rs.	2011 Rs.
Demand Deposits	1,072,404,849	1,038,990,003
Savings Deposits	6,885,234,508	6,793,824,367
Time Deposits	5,344,862,095	3,530,054,293
Total	13,302,501,452	11,362,868,664

30.3 By Currency

	2012 Rs.	2011 Rs.
Sri Lankan Rupees	13,006,919,969	11,296,013,987
United States Dollars	262,328,507	53,670,889
Other	33,252,976	13,183,788
Total	13,302,501,452	11,362,868,664

31. Other Financial Liabilities

	2012 Rs.	2011 Rs.	1 January 2011 Rs.
Accrued Expenses	92,539,068	37,829,729	12,104,213
Balance Held in Margin	7,723,228	4,993,000	–
Other Liabilities	199,710,868	65,041,515	25,355,635
Sundry Creditors	4,263,124	3,861,242	3,545,361
Total	304,236,288	111,725,486	41,005,209

32. Other Non-Financial Liabilities

	2012 Rs.	2011 Rs.
Statutory Payable	13,843,550	7,080,883
Total	13,843,550	7,080,883

33. Retirement Benefit Liability - Gratuity

	2012 Rs.	2011 Rs.
At 1 January	13,051,361	–
Balance transferred from Amāna Investments Limited	–	12,169,199
Expenses recognised in the Income Statement (Note 33.1)	8,388,964	1,457,037
Benefits paid	(791,645)	(574,875)
At 31 December	20,648,680	13,051,361

NOTES TO THE FINANCIAL STATEMENTS

33.1 Expenses Recognised in the Income Statement

	2012 Rs.	2011 Rs.
Current Service Cost	4,927,537	3,221,530
Finance Cost	2,410,142	1,920,081
Recognition of Actuarial Loss/(Gain)	1,051,285	(3,684,574)
Total	8,388,964	1,457,037

As at 31 December 2012 the gratuity liability of the Bank was actuarially valued under Projected Unit Credit Method by Mr. Piyal Goonetilleke (Fellow of the Society of Actuaries - USA). The actuarial valuation will be performed once in every three years in accordance with the LKAS 19.

Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2012	2011
a. Discount Rate (%)	11.0	10.0
b. Salary Increment Rate (%)	9.0	12.5
c. Age of Retirement	55	55

34. Stated Capital

	2012		2011		1 January 2011	
	Number	Rs	Number	Rs	Number	Rs
Fully Paid Ordinary Shares	902,810,064	3,431,611,720	902,810,064	3,431,611,720	7	7
Total	902,810,064	3,431,611,720	902,810,064	3,431,611,720	7	7

NOTES TO THE FINANCIAL STATEMENTS

35. First-Time Adoption of SLFRS

Reconciliation of equity as at 1 January 2011 (date of transition to SLFRS)

SLAS	Reclassification Measurement				SLFRS
	Rs.	Rs.	Rs.	Rs.	
Assets					Assets
Cash and Short Term Funds	3,171,561,321	-	-	3,171,561,321	Cash and Cash Equivalents
Balance with Central Bank of Sri Lanka	-	-	-	-	Balance with Central Bank of Sri Lanka
Placements with Commercial Banks	-	-	-	-	Derivative Financial Assets
Placements with Licensed Finance Companies	-	-	-	-	Placement with Banks
Investments in Gold Bullion	-	-	-	-	Placement with Licensed Finance Companies
Non-Current Assets Held-for-Sale	-	-	-	-	Investment in Gold Bullion
Dealing Securities	-	-	-	-	
Investments Securities	-	-	-	-	
Financing and Advances	-	-	-	-	Financial Assets - Held for Trading
Receivable within One Year	-	-	-	-	Financing and Receivables to Other Customers
Receivable within One to Five Years	-	-	-	-	Financial Assets - Available for Sale
Receivables, Prepayments and Other Assets	3,400,586	(2,770,586)	-	630,000	Other Financial Assets
Receivable from Amāna Investments Limited	-	2,770,586	-	2,770,586	Other Non-Financial Assets
Property, Plant and Equipment	1,703,793	-	-	1,703,793	Property, Plant and Equipment
Deferred Tax Asset	-	-	-	-	Intangible Assets
Total Assets	3,176,665,700	-	-	3,176,665,700	Deferred Tax Assets
					Total Assets
Liabilities					Liabilities
Deposits from Customers	-	-	-	-	Due to Other Customers
Other Liabilities	41,005,209	-	-	41,005,209	Derivative Financial Liabilities
Employee Benefit Liabilities	-	-	-	-	Other Financial Liabilities
Total Liabilities	41,005,209	-	-	41,005,209	Other Non-Financial Liabilities
Shareholders' Funds					Retirement Benefit Liability
Stated Capital	7	-	-	7	Total Liabilities
Capital Funds Raised Pending Allotment of Shares	3,161,002,073	-	-	3,161,002,073	Shareholders' Funds
Reserves	(25,341,589)	25,341,589	-	-	Stated Capital
- Statutory Reserve Fund	-	-	-	-	Capital Funds Raised Pending Allotment of Shares
- Retained Earnings	-	(25,341,589)	-	(25,341,589)	Reserves
- Profit & Loss (Current Year)	-	-	-	-	- Statutory Reserve Fund
Shareholders' Funds	3,135,660,491	-	-	3,135,660,491	- Retained Earnings
Total Liabilities and Shareholders' Funds	3,176,665,700	-	-	3,176,665,700	- Other Reserves
					Shareholders' Funds
					Total Liabilities and Shareholders' Funds

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of equity as at 31 December 2011

SLAS	Reclassification Measurement				SLFRS	Note
	Rs.	Rs.	Rs.	Rs.		
Assets					Assets	
Cash and Short Term Funds	1,053,128,872	(67,757)	–	1,053,061,115	Cash and Cash Equivalents	
Balance with Central Bank of Sri Lanka	717,763,029	–	–	717,763,029	Balance with Central Bank of Sri Lanka	
	–	1,394,227	–	1,394,227	Derivative Financial Assets	
Placements with Commercial Banks	1,500,000,000	18,571,708	–	1,518,571,708	Placement with Banks	
Placements with Licensed Finance Companies	3,075,000,000	38,721,106	–	3,113,721,106	Placement with Licensed Finance Companies	
Investments in Gold Bullion	799,582,509	–	–	799,582,509	Investment in Gold Bullion	
Non-Current Assets Held for Sale	270,609,643	(270,609,643)	–	–		A
Dealing Securities	675,916,990	(675,916,990)	–	–		A
Investments Securities	2,993,000	(2,993,000)	–	–		A
	–	404,170,143	–	404,170,143	Financial Assets - Held for Trading	A
Financing and Advances	4,491,765,253	488,693,083	(5,486,429)	4,974,971,907	Financing and Receivables to Other Customers	B & C
	–	545,349,490	–	545,349,490	Financial Assets - Available for Sale	A
Receivable within One Year	105,982,787	(105,982,787)	–	–		
Receivable within One to Five Years	382,486,116	(382,486,116)	–	–		
Receivables, Prepayments and Other Assets	397,592,651	53,773,324	(60,677,769)	390,688,206	Other Financial Assets	B & D
	–	272,468,185	–	272,468,185	Other Non Financial Assets	
Receivable from Amāna Investments Limited	385,084,972	(385,084,972)	–	–		
Property, Plant and Equipment	616,852,345	(135,470,343)	–	481,382,002	Property, Plant and Equipment	
	–	135,470,343	–	135,470,343	Intangible Assets	
Deferred Tax Asset	81,809,511	–	5,773,818	87,583,329	Deferred Tax Assets	E
Total Assets	14,556,567,678	–	(60,390,380)	14,496,177,299	Total Assets	
Liabilities					Liabilities	
Deposits from Customers	11,362,868,664	–	–	11,362,868,664	Due to Other Customers	
Other Liabilities	116,631,557	(7,080,883)	2,174,812	111,725,486	Other Financial Liabilities	F
	–	7,080,883	–	7,080,883	Other Non Financial Liabilities	
Employee Benefit Liabilities	13,051,361	–	–	13,051,361	Retirement Benefit Liability	
Total Liabilities	11,492,551,582	–	2,174,812	11,494,726,394	Total Liabilities	
Shareholders' Funds					Shareholders' Funds	
Stated Capital	3,431,611,720	–	–	3,431,611,720	Stated Capital	
Reserves	(367,595,624)	367,595,624	–	–	Reserves	
- Statutory Reserve Fund	–	–	–	–	- Statutory Reserve Fund	
- Retained Earnings	–	(244,809,964)	(62,565,194)	(307,375,158)	- Retained Earnings	
- Profit & Loss (Current Year)	–	(122,785,659)	–	(122,785,659)	- Other Reserves	
Shareholders' Funds	3,064,016,096	–	(62,565,194)	3,001,450,903	Shareholders' Funds	
Total Liabilities and Shareholders' Funds	14,556,567,678	–	(60,390,383)	14,496,177,297	Total Liabilities and Shareholders' Funds	

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation to the profit/(loss) for 2011

SLAS	Reclassification		Measurement		SLFRS	Note
	Rs.	Rs.	Rs.	Rs.		
Income from Financing and Advances	413,793,578	2,163,040	(63,918,861)	352,037,757	Financing Income	B, C & D
Expenses on Deposits	(207,209,409)	2,082,193	–	(205,127,217)	Financing Expenses	
Net Income	206,584,169	4,245,233	(63,918,861)	146,910,540	Net Income	
Fees, Commission and Other Income	(28,441,506)	28,441,506	–	–		
	–	18,078,924	(2,174,812)	15,904,112	Fee and Commission Income	F
	–	(952,437)	–	(952,437)	Fee and Commission Expenses	
	(28,441,506)	49,813,226	(2,174,812)	14,951,675	Net Fee and Commission Income	
	–	(91,633,252)	–	(91,633,252)	Net Trading Gain/(Loss)	
	–	3,133,721	–	3,133,721	Net Other Operating Income	
Operating income	178,142,663	(38,686,306)	(66,093,673)	73,362,684	Total Operating Income	
	–	(25,044,421)	(2,018,281)	(27,062,702)	Impairment for Financing and Receivables to Other Customers	B
	178,142,663	(63,730,726)	(68,111,954)	46,299,982	Net Operating Income	
Less: Operating Expenses					Less: Operating Expenses	
Personnel Costs	143,340,631	(3,063,210)	227,059	140,504,480	Personnel Expenses	B
Premises, Equipment and Establishment Expenses	104,766,058	(104,766,058)	–	–		
		20,621,964	–	20,621,964	Depreciation of Property, Plant and Equipment	
Provision for Staff Retirement Benefits	1,457,037	(1,457,037)	–	–		
	–	4,704,727	–	4,704,727	Amortisation of Intangible Assets	
Other Operating Expenses	166,126,098	83,959,613	–	250,085,711	Other Operating Expenses	
Operating Expenses	415,689,824	–	227,059	415,916,882	Operating Expenses	
Less: Provision/Allowances for Bad and Doubtful Financing - General	25,044,421	(25,044,421)	–	–		
Loss Before Taxation	(262,591,582)	(38,686,304)	(68,339,013)	(369,616,900)	Loss Before Taxation	
Less: Income Tax (Expenses)/ Reversal	81,809,511	–	5,773,818	87,583,329	Less: Income Tax (Expenses)/ Reversal	E
Loss for the Year	(180,782,071)	(38,686,304)	(62,565,195)	(282,033,571)	Loss for the Year	
	–	(38,686,304)	(62,565,195)	(282,033,571)	Loss for the Year	
					Other Comprehensive Income	
					Net gain/(loss) Financial Investments on Available For Sale	
	–	38,686,304	–	38,686,304		
	–	–	(62,565,195)	(243,347,267)	Other comprehensive income for the year	

NOTES TO THE FINANCIAL STATEMENTS

Notes to the reconciliation of equity as at 1 January 2011 and 31 December 2011 and total comprehensive income for the year ended 31 December 2011

A Financial Assets - Held for Trading / Available for Sale

Under SLFRS, the Bank has classified its investments portfolio as Available for Sale and investments Held for Trading. Under previous SLAS, these investments are classified under Non-Current Assets Held-for-Sale, Dealing Securities and Investments Securities.

B Staff Advances measured at fair value

Under previous SLAS, staff advances were recorded at Net of Impairment if any. Under SLFRS, the Bank has to measure the staff advances granted below the market rate at their fair value, calculated based on the market rate of similar products. The difference between the fair value and SLAS carrying amount has been net off from staff advances and recognised as a pre-paid staff cost in other financial assets.

C Impairment for Financing and Receivables to Other Customers

Previous SLAS required provision for impairment on financing and advances which consisted of both specific and general future losses. SLFRS does not permit the recognition of impairment for expected future losses and is assessed on an individual and collective basis, which is based on objective evidence of impairment.

D Other Financial Assets

The above includes an amount receivable from Amāna Investments Limited which was measured at amortised costing using a rate of similar products.

E Deferred Taxation

The Deferred Tax Asset previously identified under SLAS was adjusted, taking in to consideration relevant changes arising out of SLFRS where necessary.

F Other Financial Liabilities

This includes of income earned from issuing letters of credit and letters of guarantee to customers which is recognised on a deferred basis.

36. Fair Value of Financial Assets and Liabilities

Financial Instruments comprise Financial Assets, Financial Liabilities, Derivatives Financial Instruments and Off-Balance Sheet Instruments. Fair value is the amount at which the financial assets could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the determination of fair values as at the reporting date.

36.1 Financial Instruments Carried at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value as at the reporting date. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.



NOTES TO THE FINANCIAL STATEMENTS

Derivative Financial Assets and Liabilities:

Derivative products are promising forward transactions, valued using a valuation technique with market-observable inputs. The most frequently applied valuation techniques include promissory forward foreign exchange spot and forward premiums.

Financial Investments - Held for Trading, Financial Investments - Available for Sale:

The estimated fair values are generally based on quoted and observable market prices.

Fair Value Hierarchy

SLFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- Level 1: Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
31 December 2012				
Financial Assets				
Derivative Financial Assets	–	104,181,576	–	104,181,576
Financial Investments - Held for Trading	59,768,906	–	–	59,768,906
Financial Investments - Available for Sale	483,129,612	2,993,000	–	486,122,612
	542,898,518	107,174,576	–	650,073,094
Financial Liabilities				
Derivative Financial Liabilities	–	4,978,614	–	4,978,614
	–	4,978,614	–	4,978,614
31 December 2011				
Financial Assets				
Derivative Financial Assets	–	1,394,227	–	1,394,227
Financial Investments - Held for Trading	94,410,500	309,759,643	–	404,170,143
Financial Investments - Available for Sale	542,356,490	2,993,000	–	545,349,490
	636,766,990	314,146,870	–	950,913,860
Financial Liabilities				
Derivative Financial Liabilities	–	–	–	–
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

36.2 Financial Instruments not Carried at Fair Value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non financial assets and non financial liabilities.

	2012		2011	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Financial Assets				
Cash and Cash Equivalents	3,866,793,015	3,866,793,015	1,053,061,115	1,053,061,115
Balance with Central Bank of Sri Lanka	865,294,214	865,294,214	717,763,029	717,763,029
Placements with Banks	825,235,383	825,235,383	1,518,571,708	1,518,571,708
Placements with Licensed Finance Companies	1,661,226,754	1,661,226,754	3,113,721,106	3,113,721,106
Financing and Receivables to Other Customers	7,165,461,019	6,865,148,192	4,974,971,905	4,854,187,163
Other Financial Assets	553,493,038	553,493,038	390,688,206	390,688,206
	14,937,503,423	14,637,190,596	11,768,777,069	11,647,992,327
Financial Liabilities				
Due to Other Customers	13,302,501,452	13,302,501,452	11,362,868,664	11,362,868,664
Other Financial Liabilities	304,236,288	304,236,288	111,725,486	111,725,486
	13,606,737,740	13,606,737,740	11,474,594,150	11,474,594,150

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements:

Balances with Banks Balances with Licensed Finance Companies, Other Financial Assets and Other Financial Liabilities

For the above, instruments with maturities of less than 12 months, the carrying value is a reasonable estimate of fair values.

Financing and Receivables to Other Customers

The fair value of the above are estimated by discounting the estimated future cash flows using the prevailing market rates of financing as of the reporting date with similar credit risks and maturities. The fair values are represented by their carrying value, net of impairment loss, being the recoverable amount.

Due to Other Customers

The fair values of the above are deemed to approximate their carrying amounts as rate of returns are determined at the end of their holding periods based on the profit generated from the assets invested.



NOTES TO THE FINANCIAL STATEMENTS

37. Risk Management

37.1 Introduction

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is mainly exposed to-

1. Credit Risk
2. Liquidity Risk
3. Market Risk

37.2 Risk Management Structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. Risk Management Department (RMD) oversees the risks faced by the Bank in its internal operations and from external environment.

The Board Integrated Risk Management Committee (BIRMC)

The Board Integrated Risk Management Committee (BIRMC) which is a subcommittee of the Board meets quarterly or more regulatory as required to review and assess the Bank's Overall risk and to focus on policy recommendations and strategies in an integrated manner. The BIRMC is commissioned and officiated by the Board of Directors. BIRMC functions as an overall supervisory body comprising of 4 Directors.

Assets and Liabilities Committee (ALCO)

The Bank's Assets and Liabilities Committee (ALCO) regularly reviews and monitors the maintenance of liquidity position of the Bank and the concentration of large deposits in order to avoid undue dependence on individual deposits. Bank monitors liquidity by way of various ratios as required by the Board approved Asset Liability Management Policy.

NOTES TO THE FINANCIAL STATEMENTS

Risk Measurement and Reporting Systems

The Bank's risks are measured using a method which reflects the expected loss likely to arise in normal circumstances. These are an estimate of the ultimate actual loss based on statistical models. Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Board of Directors, the Risk Committee, and the head of each business unit. The report includes aggregate credit exposure, Value at Risk (VaR), liquidity ratios and risk profile changes.

Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry.

37.3 Credit Risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

(a) Impairment Assessment

The approach used for the assessment of impairment is elaborated under Accounting Policies (Note 2.3.6).

(b) Credit Related Commitment Risk

The risk arising from transactions relating to contingent liabilities (Letters of Credit, Letters of Guarantees and undrawn amount under approved authorisations) is included under this caption. Notwithstanding the non-funded nature of said products, the Bank is prone to a resultant financial loss due to the nature of such products, i.e. claim on guarantees, negotiation of LCs and utilisation of facilities.



NOTES TO THE FINANCIAL STATEMENTS

(c) Collateral and Other Credit Enhancement

An assessment of the credit risk of an individual at the time of issuing or enhancing a facility shall determine the amount and type of collateral that is required.

In the event of default the Bank, may as a remedial measure exercise its charge of the collateral obtained at the time of approval of credit facilities. Hence, the credit risk is eliminated to the extent of the net realisable value of such collateral, which has a weight age depending on nature of the collateral. Management monitors the market value of such collateral and requests additional collateral if required when reviewing the adequacy of the allowance for impairment losses.

(d) Credit Quality by Class of Financial Assets (Gross)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

Financial Assets as at 31 December 2012	Neither Past Due Nor Impaired				Past Due But Not Impaired	Individually Impaired*	Total
	High Grade Rs.	Standard Grade Rs.	Sub-Standard Grade Rs.	Un-Rated Rs.			
Cash and Cash Equivalents	3,866,793,015	–	–	–	–	–	3,866,793,015
Balance with Central Bank of Sri Lanka	865,294,214	–	–	–	–	–	865,294,214
Derivative Financial Assets	104,181,576	–	–	–	–	–	104,181,576
Placements with Banks	825,235,383	–	–	–	–	–	825,235,383
Placements with Licensed Finance Companies	1,661,226,754	–	–	–	–	–	1,661,226,754
Financial Investments - Held for Trading	2,772,128	56,996,779	–	–	–	–	59,768,906
Financing and Receivables to Other Customers	3,412,130,521	3,596,396,405	131,821,351	–	17,205,117	51,064,217	7,208,617,611
Financial Investments - Available for Sale	13,959,873	469,169,740	–	2,993,000	–	–	486,122,612
Other Financial Assets	–	–	–	553,493,038	–	–	553,493,038
Total	10,751,593,464	4,122,562,923	131,821,351	556,486,038	17,205,117	51,064,217	15,630,733,109

* Age Analysis of Past due but not impaired financing by class of Financial Assets.

Financial Assets as at 31 December 2012	Neither Past Due Nor Impaired				Total
	Less than 30 days Rs.	31 to 60 days Rs.	61 to 90 days Rs.	More than 91 days Rs.	
Financing and Receivables to Other Customers	1,000,749	1,898,952	8,058,786	6,246,630	17,205,117

NOTES TO THE FINANCIAL STATEMENTS

(e) Analysis of Risk Concentration

Maximum exposure to credit risk is reviewed/monitored without taking account of any collateral and other credit enhancements. The concentration risk is monitored by industry. The following table shows the maximum exposure to credit risk for the components of the Statement of Financial Position, including sector. Industry Analysis The following table shows the risk concentration by industry for the components of the Statement of Financial Position:

	Government Rs.	Banks, Financial and Business Services Rs.	Agriculture and Fishing Rs.	Manufacturing Rs.	Tourism Rs.	Transport Rs.
Cash and Cash Equivalents	-	3,866,793,015	-	-	-	-
Balance with Central Bank of Sri Lanka	865,294,214	-	-	-	-	-
Derivative Financial Assets	-	104,181,576	-	-	-	-
Placements with Banks	-	825,235,383	-	-	-	-
Placements with Licensed Finance Companies	-	1,661,226,754	-	-	-	-
Financial Investments - Held for Trading	-	-	17,263,832	14,906,761	-	-
Financing and Receivables to Other Customers	-	85,038,656	981,761,221	997,965,290	1,963,750	19,331,024
Financial Investments - Available for Sale	-	278,447,000	9,005,268	118,258,894	-	-
Other Financial Assets	-	321,260,011	-	-	-	-
Total	865,294,214	7,142,182,395	1,008,030,321	1,131,130,945	1,963,750	19,331,024

NOTES TO THE FINANCIAL STATEMENTS

Construction	Traders	New Economy	Infrastructure	Services	Other Customers	Total
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	-	-	-	-	-	3,866,793,015
-	-	-	-	-	-	865,294,214
-	-	-	-	-	-	104,181,576
-	-	-	-	-	-	825,235,383
-	-	-	-	-	-	1,661,226,754
18,907,392	4,165,540	-	1,753,254	2,772,128	-	59,768,906
786,662,054	2,502,729,491	35,160,616	171,562,083	569,071,640	1,057,371,785	7,208,617,610
7,524,608	42,588,223	-	16,338,746	13,959,873	-	486,122,612
-	-	-	-	232,233,027	-	553,493,038
813,094,054	2,549,483,254	35,160,616	189,654,083	818,036,667	1,057,371,785	15,630,733,109

NOTES TO THE FINANCIAL STATEMENTS

37.4 Liquidity Risk and Funding Management

Liquidity risk implies the potential for loss to Bank due to inability to meet its obligation or to fund the increase in assets as they fall due without incurring high cost.

Internal control processes and contingency plans for managing liquidity risk has been developed by the Bank under the ALM policy of the Bank. This incorporates an assessment of expected cash flows and the availability of liquid funds which could be used if required.

As required by the Provisions of Section 93 of the Monetary Law Act, a cash balance is required to be maintained with Central Bank of Sri Lanka. As at 31 December 2012, the minimum cash reserve requirement was 8% of the rupee liabilities of Domestic Banking Unit. There is no reserve requirement for foreign currency deposit liabilities of Domestic Banking Unit.

The Bank monitors the mix of deposits closely and concentrate on mobilising of zero or low cost deposits such as current accounts and savings accounts as a source of major funding.

Liquid assets are defined for the purposes of the liquidity ratio which are mainly cash and cash equivalents, placements with banks and placements with licensed finance companies. Adequate liquid assets are maintained due the Bank's operational business model adopted and ensure the Statutory Liquid Asset Ratio is maintained as per regulatory requirements.

(a) Liquidity Ratios

Financing and Receivables to Other Customers to Due to Other Customers Ratio (Net)

	2012
Year end	53.87%

Statutory Liquid Assets Ratio

	2012
Year end	35.92%

NOTES TO THE FINANCIAL STATEMENTS

(b) Analysis of Assets and Liabilities by Remaining Contractual Maturities

The table below summarises the maturity profile of the undiscounted cash flows (Gross) of the Bank's Financial Assets and Liabilities as at the end of the reporting period:

On Balance Sheet as at 31 December 2012	Up to 3 Months Rs.	3-12 Months Rs.	1 - 3 Years Rs.	3 - 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Financial Assets						
Cash and Cash Equivalents	3,866,793,015	–	–	–	–	3,866,793,015
Balance with Central Bank of Sri Lanka	507,159,746	325,564,462	7,590,658	6,209,758	18,769,590	865,294,214
Derivative Financial Assets	95,022,813	9,158,763	–	–	–	104,181,576
Placements with Banks	825,235,383	–	–	–	–	825,235,383
Placements with Licensed Finance Companies	1,342	–	1,661,225,412	–	–	1,661,226,754
Financial Investments - Held for Trading	59,768,906	–	–	–	–	59,768,906
Financing and Receivables to Other Customers	2,044,084,557	3,683,223,102	2,361,417,314	1,068,407,475	193,818,952	9,350,951,400
Financial Investments - Available for Sale	–	–	207,675,612	–	278,447,000	486,122,612
Other Financial Assets	308,104,111	236,017,927	9,371,000	–	–	553,493,038
Total Undiscounted Financial Assets	7,706,169,874	4,253,964,254	4,247,279,995	1,074,617,233	491,035,543	17,773,066,899
Financial Liabilities						
Derivative Financial Liabilities	4,978,614	–	–	–	–	4,978,614
Due to Other Customers	7,599,913,638	4,773,741,592	508,811,208	96,969,740	323,065,274	13,302,501,452
Other Financial Liabilities	303,048,605	1,187,683	–	–	–	304,236,288
Total Undiscounted Financial Liabilities	7,907,940,857	4,774,929,275	508,811,208	96,969,740	323,065,274	13,611,716,354
Total net Financial Assets/(Liabilities)	(201,770,983)	(520,965,021)	3,738,468,787	977,647,493	167,970,268	4,161,350,545

NOTES TO THE FINANCIAL STATEMENTS

(c) Contractual Maturities of Commitments and Contingencies

Off Balance Sheet as at 31 December 2012	Up to 3 Months Rs.	3-12 Months Rs.	1 - 3 Years Rs.	3 - 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Acceptances	462,253,112	48,541,716	–	–	–	510,794,828
Letters of Credit	814,598,989	133,582,717	–	–	–	948,181,706
Guarantees, Bonds	675,754,053	164,217,225	–	–	–	839,971,278
Promissory Forward Foreign Exchange Sales	4,188,166,124	255,800,000	–	–	–	4,443,966,124
Promissory Forward Foreign Exchange Purchases	977,880,304	–	–	–	–	977,880,304
Commitments for Unutilised Facilities	626,045,196	2,693,374,229	–	–	–	3,319,419,425
Bills for Collection	81,134,059					81,134,059
Total	7,825,831,837	3,295,515,887	–	–	–	11,121,347,724

37.5 Market Risk

Market Risk denotes the risk of losses arising out of Balance Sheet positions due to changes in market prices. Market risk mainly arises from activities undertaken by Bank's treasury and foreign exchange, equity, commodity and money market portfolios mainly contribute towards market risk of the Bank. A Board approved comprehensive limit structure has been adopted by the Bank to mitigate and monitor the market risk of the Bank.

NOTES TO THE FINANCIAL STATEMENTS

(a) Rate Risk

The rate risk arise due to changes in value of financial instruments due to changes in market rates. The Bank is exposed to this risk due to the mismatches in maturities of assets and liabilities that mature or are repriced during a specified time period. In order to manage and mitigate the rate risk Bank's ALCO reviews the re-pricing of assets and liabilities at the ALCO meetings held regularly. Bank's rate risk is limited due to the model adopted where all of due to other customers (customer deposits) have been accepted on the profit and loss sharing basis.

Rate Sensitive Assets & Liabilities Maturity Gaps (Contractual Basis) as at 31.12.2012

	Up to 3 Months Rs.	3 - 12 Months Rs.	1 - 3 Years Rs.	3 - 5 Years Rs.	Over 5 Years Rs.	Non-Rate Bearing Rs.	Total Rs.
Assets							
Cash and Cash Equivalents	-	-	-	-	-	3,866,793,015	3,866,793,015
Balance with Central Bank of Sri Lanka	-	-	-	-	-	865,294,214	865,294,214
Derivative Financial Assets	-	-	-	-	-	104,181,576	104,181,576
Placements with Banks	825,235,383	-	-	-	-	-	825,235,383
Placements with Licensed Finance Companies	1,342	1,661,225,412	-	-	-	-	1,661,226,754
Financial Investments - Held for Trading	-	-	-	-	-	59,768,906	59,768,906
Financing and Receivables to Other Customers	1,570,602,870	3,003,984,589	1,728,396,690	754,510,925	107,965,945	-	7,165,461,019
Financial Investments - Available for Sale	-	-	-	-	-	486,122,612	486,122,612
Other Financial Assets	-	-	-	-	-	553,493,038	553,493,038
Total Assets	2,395,839,596	4,665,210,001	1,728,396,690	754,510,925	107,965,945	5,935,653,361	15,587,576,517
Derivative Financial Liabilities						4,978,614	4,978,614
Due to Other Customers	6,527,508,789	4,773,741,592	508,811,208	96,969,740	323,065,274	1,072,404,849	13,302,501,452
Other Financial Liabilities	-	-	-	-	-	304,236,288	304,236,288
Total Liabilities	6,527,508,789	4,773,741,592	508,811,208	96,969,740	323,065,274	1,381,619,751	13,611,716,354
Rate Sensitivity Gap	(4,131,669,193)	(108,531,591)	1,219,585,482	657,541,185	(215,099,330)	4,554,033,610	1,975,860,163

37.6 Foreign Exchange Risk

Foreign Exchange Risk which arises due to the changes in foreign exchange rates is managed by the Bank by setting and monitoring dealer, currency, counterparty and settlement limits for On and Off-Balance Sheet Instruments. Bank's activities in the Trade Finance Business results in Off-Balance Sheet Financial Instruments. In addition, the Bank engages in interbank promissory forward transactions to cover the positions created due to customer transactions. Such transactions are carried out on a matched basis to manage the cash flows of currencies. The currency risk is managed and monitored against the regulatory/statutory limits approved for the Bank by the Central Bank of Sri Lanka. The foreign exchange exposures in individual currencies are managed according to the limits approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

37.7 Currency Risk

Currency risk arises as a result of price fluctuations in assets due to change in exchange rates. The Board of Directors have set limits for currency-wise exposures. The currency exposures are monitored on a daily basis as required by the risk management policy of the Bank. The table below indicates the exposures in currencies the Bank carried as at 31 December 2012 and the effect of the gains/ losses if the market rates appreciate/ depreciate by 5%. The calculation indicates a reasonably practical movement of currency rates against Sri Lankan Rupees. If Market rates appreciate or depreciate by 5% the effect of the same to the exchange gain/ (loss) would be:

Currency	Appreciation 5% Rs.	Depreciation 5% Rs.
AUD	31,677	(31,677)
GBP	(16,387)	16,387
JPY	175,714	(175,714)
USD	(1,106,604)	1,106,604
Other Currencies	481,082	(481,082)
Total	(434,518)	434,518

37.8 Equity Price Risk

Equity price risk arises due to changes in individual equity prices. The Board of Directors of the Bank has laid down sector, portfolio and loss limits to control and mitigate the risks of the equity portfolio. The Bank also adheres to the guidelines issued by Central Bank of Sri Lanka regarding the exposure to a single entity and the total exposure limit for the equity portfolio. The performance of the equity portfolio is monitored by the BIRMC, ALCO and the Equity Investment Committee (EIC). The Bank engages in transactions only in Sharia compliant equities which are listed in the published 'White List' of stocks. Daily mark to market of portfolios are carried out based on the weighted average closing prices of the Colombo Stock Exchange.



NOTES TO THE FINANCIAL STATEMENTS

38. Maturity Analysis

	Up to 3 Months Rs.	3 - 12 Months Rs.	1 - 3 Years Rs.	3 - 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Assets						
Cash and Cash Equivalents	3,866,793,015	–	–	–	–	3,866,793,015
Balances with Central Bank of Sri Lanka	507,159,746	325,564,462	7,590,658	6,209,758	18,769,590	865,294,214
Derivative Financial Assets	95,022,813	9,158,763	–	–	–	104,181,576
Placements with Banks	825,235,383	–	–	–	–	825,235,383
Balances with Licensed Finance Companies	1,342	1,661,225,412	–	–	–	1,661,226,754
Financial Investments - Held for Trading	59,768,906	–	–	–	–	59,768,906
Financing and Receivables to Other Customers	1,570,602,870	3,003,984,589	1,728,396,690	754,510,925	107,965,945	7,165,461,019
Financial Investments - Available for Sale	–	–	207,675,612	–	278,447,000	486,122,612
Other Financial Assets	308,104,111	236,017,927	9,371,000	–	–	553,493,038
Other Non-Financial Assets	52,476,980	62,644,646	117,137,118	–	–	232,258,744
Property, Plant and Equipment	–	–	–	–	636,709,910	636,709,910
Intangible Assets	–	–	–	–	224,382,174	224,382,174
Deferred Tax Assets	–	–	–	–	36,496,739	36,496,739
Total Assets	7,285,165,166	5,298,595,799	2,070,171,078	760,720,683	1,302,771,358	16,717,424,084
Liabilities						
Derivative Financial Liabilities	4,978,614	–	–	–	–	4,978,614
Due to Customers	7,599,913,638	4,773,741,592	508,811,208	96,969,740	323,065,274	13,302,501,452
Other Financial Liabilities	303,048,605	1,187,683	–	–	–	304,236,288
Other Non-Financial Liabilities	13,843,550	–	–	–	–	13,843,550
Deferred Benefit Liabilities	–	–	–	–	20,648,680	20,648,680
Total Liabilities	7,921,784,406	4,774,929,275	508,811,208	96,969,740	343,713,954	13,646,208,584
Maturity Gap	(636,619,240)	523,666,524	1,561,359,869	663,750,943	959,057,403	

NOTES TO THE FINANCIAL STATEMENTS

39. Commitments and Contingencies

Capital Expenditure Commitments

The Bank does not have significant capital commitments as at the Balance Sheet date.

Contingencies

In the normal course of business the Bank makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations are not recognised on the Statement of Financial Position, they do contain credit risk and therefore form part of the overall risk profile of the Bank.

	2012 Rs.	2011 Rs.
Commitments on Direct Advances and Indirect Advances		
Commitments for unutilised facilities	3,319,419,425	1,482,525,000
	3,319,419,425	1,482,525,000
Contingent Liabilities		
Letters of Credit	948,181,706	447,092,482
Guarantees, Bonds	839,971,278	142,467,130
Acceptances	510,794,828	81,324,137
Bills for Collection	81,134,059	72,489,325
	2,380,081,870	743,373,073
Promissory Forward Foreign Exchange Transactions		
Promissory Forward Sales	4,443,966,124	968,690,000
Promissory Forward Purchases	977,880,304	972,433,000
	5,421,846,428	1,941,123,000
Total Commitment and Contingencies	11,121,347,724	4,167,021,073

40. Related Party Disclosures

The Bank carries out transactions in the ordinary course of business with parties who are defined as 'Related Parties' in LKAS 24 - 'Related Party Disclosures'.



NOTES TO THE FINANCIAL STATEMENTS

40.1 Transactions with Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of that entity. Accordingly, the Board of Directors of the Bank and Members of the Corporate Management Team have been identified as 'Key Management Personnel' during the year.

	2012 Rs.	2011 Rs.
Key Management Personnel Compensation		
Short Term Employee Benefits	109,079,608	9,415,000

40.2 Transactions, Arrangements and Agreements Involving KMPs & Their Close Family Members (CFMs)

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include: the individual's domestic partner and children; children of the individual's domestic partner; and dependants of the individual or the individual's domestic partner.

	2012 Rs.	2011 Rs.
Statement of Financial Position		
Assets:		
Financing and Receivables to Other Customers	53,269,620	–
	53,269,620	–
Liabilities:		
Due to Other Customers	40,875,573	7,522,994
	40,875,573	7,522,994
Income Statement		
Financing Income	3,493,650	–
Financing Expenses	1,415,493	75,537
Transactions with Entities with Significant Influence over the Bank		
Bank Balances	1,279,205,104	16,507,306
Letters of Guarantee and Shipping Guarantees	639,500	–

NOTES TO THE FINANCIAL STATEMENTS

Transaction, Arrangements and Agreements Involving Entities which are Controlled and/or Significantly Influenced by the KMP or Their CFM:

	2012 Rs.	2011 Rs.
Statement of Financial Position		
Assets:		
Financial Investments - Held for Trading	299,604,000	390,361,500
Financing and Receivables to Other Customers	200,057,739	216,119,555
	499,661,739	606,481,055
Liabilities:		
Due to Other Customers	249,101,368	547,127,017
	249,101,368	547,127,017
Income Statement		
Financing Income	10,262,842	18,149,619
Financing Expenses	20,476,232	4,755,673
Professional Fees	-	4,252,320
Takaful Payments	16,171,607	8,341,677
Commitment and Contingencies		
Undrawn Facilities	-	-
Letters of Credit	29,135,842	9,524,798
Letters of Guarantee and Shipping Guarantees	32,475,161	24,457,262
LC Acceptance	15,363,868	13,713,106
	76,974,871	47,695,167

NOTES TO THE FINANCIAL STATEMENTS

40.3 Transactions with Affiliate Companies

The following identified assets and liabilities were transferred from Amāna Investments Limited on 1 August 2011:

	2012 Rs.	2011 Rs.
Statement of Financial Position		
Assets:		
Non-Current Assets Held for Sale	-	270,609,643
Financing and Receivables to Other Customers	-	239,532,791
Transfer of Assets from Amāna Investments Limited (a)	-	9,125,391,309
Receivables from Amāna Investments Limited (c)	-	385,084,972
	-	10,020,618,715
Liabilities:		
Due to Other Customers	-	329,998,558
Transfer of Liabilities from Amāna Investments Limited (b)	-	9,510,476,281
	-	9,840,474,839

The following identified assets and liabilities were transferred from Amāna Investments Limited on 1 August 2011.

a. Transfer of Assets from Amāna Investments Limited

	2012 Rs.	2011 Rs.
Cash and Bank Balances	-	1,571,937,148
Placements with Licensed Finance Companies	-	2,663,980,000
Placements with Commercial Banks	-	300,000,000
Financial Investments - Held for Trading	-	44,675,000
Financing and Receivables to Other Customers	-	3,478,599,761
Receivables and Other Assets	-	947,052,418
Property, Plant and Equipment	-	119,146,982
	-	9,125,391,309

NOTES TO THE FINANCIAL STATEMENTS

	2012 Rs.	2011 Rs.
b. Transfer of Liabilities from Amāna Investments Limited		
Due to Other Customers	–	9,382,452,514
Other Liabilities	–	115,854,568
Retirement Benefit Liabilities	–	12,169,199
	–	9,510,476,281
c. Receivables from Amāna Investments Limited		
	–	385,084,972

41. Investment Fund Account

In terms of Budget Proposals 2011, the Bank has made transfers to the Investment Fund Account to build up a permanent fund within the Bank

41.1 Utilisation of Investment Fund Account

As at 31 December 2012	2012 Rs.	2011 Rs.
Balance Available for Utilisation	28,460,610	–
Total Disbursement	17,700,000	–



ANNEXURE C: INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2013

Income Statement

	9 Months Ended 30.09.2013 Rs.	9 Months Ended 30.09.2012 Rs.
Financing Income	1,256,757,174	909,735,000
Financing Expenses	(770,891,314)	(513,474,000)
Net Financing Income	485,865,860	396,261,000
Fee and Commission Income	74,301,102	55,562,059
Fee and Commission Expenses	(5,885)	(25,452,827)
Net Fee and Commission Income	74,295,216	30,109,232
Net Gain/(Loss) from Trading	209,828,125	555,038,106
Net Other Operating Income	34,783	16,014,102
Total Operating Income	770,023,985	997,422,440
Impairment for Financing and Receivables to Other Customers and Other Losses		
Individual Impairment	(5,720,151)	-
Collective Impairment	(26,600,329)	(5,513,000)
Net Operating Income	737,703,505	991,909,440
Personnel Expenses	541,858,691	315,806,000
Depreciation of Property, Plant and Equipment	116,718,289	76,619,177
Amortisation of Intangible Assets	25,065,764	13,957,567
Operating Expenses	345,792,785	250,413,609
Total Operating Expenses	1,029,435,529	656,796,353
Operating Profit/(Loss) Before Value Added Tax	(291,732,025)	335,113,087
Value Added Tax on Financial Services	(7,128,652)	(37,705,000)
Profit/(Loss) Before Tax	(298,860,677)	297,408,087
Tax Expenses/(Reversal)	83,680,989	-
Profit/(Loss) for the Period	(215,179,687)	297,408,087
Earnings/(Loss) Per Share - Basic / Diluted	(0.23)	0.32

Statement of Comprehensive Income

	9 Months Ended 30.09.2013 Rs.	9 Months Ended 30.09.2013 Rs.
Profit/(Loss) for the Period	(215,179,687)	297,408,087
Other Comprehensive Income/(Loss)		
Net Gain/(Loss) on Financial Investments - Available for sale	(84,178,104)	(119,072,125)
Others	-	-
Total Other Comprehensive Income/(Loss)	(84,178,104)	(119,072,125)
Income Tax (Charge)/Credit Relating to Components of Other Comprehensive Income	-	-
Other Comprehensive Income/(Loss) for the Period Net of Tax	(84,178,104)	(119,072,125)
Total Comprehensive Income/(Loss) for the Period Net of Tax	(299,357,791)	178,335,962



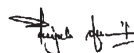
Statement of Financial Position

	As at 30.9.2013 Rs.	As at 31.12.2013 (Audited) Rs.
Assets		
Cash and Cash Equivalents	3,077,511,230	3,866,793,015
Balance with Central Bank of Sri Lanka	599,830,027	865,294,214
Derivative Financial Assets	25,552,616	104,181,576
Placements with Banks	1,464,504,003	825,235,383
Placements with Licensed Finance Companies	1,600,001,001	1,661,226,754
Financial Investments - Held for Trading	204,268,802	59,768,906
Financing and Receivables to Other Customers	11,224,510,474	7,165,461,019
Financial Investments - Available for Sale	694,309,432	486,122,612
Other Financial Assets	770,103,058	553,493,038
Other Non Financial Assets	215,305,400	232,258,744
Property, Plant and Equipment	696,349,056	636,709,910
Intangible Assets	288,875,954	224,382,174
Deferred Tax Assets	120,178,144	36,496,739
Total Assets	20,981,299,196	16,717,424,084
Liabilities		
Derivative Financial Liabilities	10,267,984	4,978,614
Due to Other Customers	16,930,297,029	13,302,501,452
Other Financial Liabilities	350,047,037	304,236,288
Other Non Financial Liabilities	103,569,860	13,843,550
Retirement Benefit Liabilities	33,976,880	20,648,680
Total Liabilities	17,428,158,790	13,646,208,584
Shareholders' Funds		
Stated Capital	4,216,821,341	3,431,611,720
Rights Issue - Pending Allotment	-	-
Statutory Reserve Fund	7,299,733	7,299,733
Retained Earnings	(416,247,461)	(197,140,849)
Other Reserves	(254,733,208)	(170,555,104)
Total Equity	3,553,140,405	3,071,215,500
Total Liabilities and Shareholders' Funds	20,981,299,196	16,717,424,084
Commitment and Contingencies	17,852,924,141	11,121,347,724
Memorendum Information		
Number of Employees	546	423
Number of Branches	23	14

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



M. Ali Wahid
Chief Financial Officer



Mrs. P.M.D. Koralege
Company Secretary

Statement of Changes in Equity

	Stated Capital Rs.	Rights Issue Raised Pending Allotment of Shares Rs.	Statutory Reserve Fund Rs.	Retained Earnings Rs.	Other Reserve			Total Rs.
					Investment Fund Rs.	Revenue Reserve Rs.	Available for Sale Reserve Rs.	
As at 1 January 2012 (Audited)	3,431,611,720	-	-	(307,375,158)	-	(161,471,963)	38,686,304	3,001,450,903
Profit/(Loss) for the nine months ended 30.09.2012	-	-	-	297,408,087	-	-	-	297,408,087
Total Comprehensive Income for or the nine months ended 30.09.2012	-	-	-	-	-	-	(119,072,125)	(119,072,125)
As at 30 September 2012	3,431,611,720	-	-	(9,967,071)	-	(161,471,963)	(80,385,821)	3,179,786,865
Profit/(Loss) for the three months ended 31.12.2012	-	-	-	(151,413,435)	-	-	-	(151,413,435)
Total Comprehensive Income for or the three months ended 31.12.2012	-	-	-	-	-	-	42,842,070	42,842,070
Transfers to Statuturr Reserve Fund	-	-	7,299,733	(7,299,733)	-	-	-	-
Transfer to Investment Fund	-	-	-	(28,460,610)	28,460,610	-	-	-
As at 31 December 2012 (Audited)	3,431,611,720	-	7,299,733	(197,140,849)	28,460,610	(161,471,963)	(37,543,751)	3,071,215,501
Profit/(Loss) for the nine months ended 30.09.2013	-	-	-	(215,179,687)	-	-	-	(215,179,687)
Total Comprehensive Income for or the nine months ended 30.09.2013	-	-	-	-	-	-	(84,178,104)	(84,178,104)
Rights Issue - Pending Allotment	-	55,518,449	-	-	-	-	-	55,518,449
Rights Issue	785,209,621	(55,518,449)	-	-	-	-	-	729,691,172
Share Issue Expenses	-	-	-	(3,926,925)	-	-	-	(3,926,925)
As at 30 September 2013	4,216,821,341	-	7,299,733	(416,247,461)	28,460,610	(161,471,963)	(121,721,855)	3,553,140,405

Statement of Cash flow

	30.9.2013 Rs.	31.12.2012 Rs.
Cash Flow from Operating Activities		
Financing Income Received	1,259,838,314	1,329,153,756
Fees and Commission Received	74,295,216	558,987,773
Financing Expenses Paid	(734,590,022)	(659,549,993)
Foreign Exchange Income Received	198,809,204	126,226,620
Gratuity Payments Made	(434,500)	(791,645)
Payments to Employees and Suppliers	(869,963,726)	(1,094,801,746)
Operating Profit/(Loss) before Changes in Operating Assets and Liabilities	(72,045,514)	259,224,765
Increase/(Decrease) in Due to Other Customers	3,591,494,285	1,794,590,228
(Increase)/Decrease in Financing and Receivable to Other Customers	(4,098,804,542)	(2,195,257,598)
(Increase)/Decrease in Other Financial Assets	(137,981,060)	(305,453,255)
(Increase)/Decrease in Other Non Financial Assets	21,307,682	40,209,441
(Increase)/Decrease in Statutory Deposit	265,464,187	(147,531,185)
Increase/(Decrease) in Other Liabilities	140,824,985	322,989,807
Net Cash Flow from Operating Activities before Income Tax	(289,739,976)	(231,227,798)
Income Tax Paid	-	-
Net Cash Flow from Operating Activities	(289,739,976)	(231,227,798)
Cash Flows from/(used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(176,357,436)	(282,473,784)
Proceeds from Sale of Property, Plant and Equipment	-	16,124,274
Acquisition of Intangible Assets	(89,559,544)	(114,384,694)
Investments in Placements with Licensed Finance Companies	61,225,753	1,452,494,352
Investments in Inter Bank Placements	(639,268,620)	693,336,325
Sale/(Acquisition) of Gold	-	948,856,390
Sale/(Acquisition) of Financial Investments - Available for Sale	(292,364,923)	(13,394,402)
Sale/(Acquisition) of Financial Assets Held for Trading	(144,499,896)	344,401,237
Net Cash Flows Used in Investing Activities	(1,280,824,666)	3,044,959,698
Cash Flows from/(used in) Financing Activities		
Rights Issue of Shares	785,209,621	-
Direct Cost of Issue of Shares	(3,926,925)	-
Net Cash Flows from Financing Activities	781,282,696	-
Net Increase/(Decrease) in Cash and Cash Equivalents	(789,281,945)	2,813,731,900
Cash and Cash Equivalents at the Beginning of the Year	3,866,793,175	1,053,061,115
Cash and Cash Equivalents at the End of the Period/Year	3,077,511,230	3,866,793,015

Notes to the Financial Statements

1. Corporate Information

Amāna Bank Limited ('the Bank') is a licensed commercial bank established under the Banking Act No. 30 of 1988. It is a public limited liability company incorporated on 5 February 2009 and is domiciled in Sri Lanka. The Registered Office of the Bank is located at No. 480, Galle Road, Colombo 3. The Bank commenced commercial banking operations on 1 August 2011.

2. Basis of preparation

The interim condensed financial statements for the 9 month ended 30 September 2013 have been prepared in accordance with LKAS 34 Interim Financial reporting.

The interim condensed financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with annual financial statements as at 31 December 2012.

The accounting policies adopted in the presentation of the interim condensed financial statements are consistent with those followed in the preparation of the bank's annual financial statements for the year ended 31 December 2012.

3. Financing Income

	30.9.2013 Rs.	30.9.2012 Rs.
Financing Income	1,047,761,860	583,981,740
Placement Income	208,995,314	325,753,260
Total	1,256,757,174	909,735,000

4. Analysis of financial instruments by measurement basis

4.1 Analysis of financial instruments by measurement - as at 30.9.2013

Financial instruments are measured on an ongoing basis either at fair value or at amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table analyses the carrying amounts of the financial instruments by category as defined in LKAS 39 and by headings of the Statement of Financial Position.

Financial Assets	Held for Trading Rs.	Amortized Cost Rs.	Held to Maturity Rs.	Available for Sale Rs.	Total as at 30.9.2013 Rs.
Cash and Cash Equivalent	-	2,344,767,000	-	-	2,344,767,000
Balance with Central Bank of Sri Lanka	-	618,216,947	-	-	618,216,947
Derivative Financial Assets	2,773,803	-	-	-	2,773,803
Placements with Banks	-	2,693,041,803	-	-	2,693,041,803
Placements with Licensed Finance Companies	-	1,600,001,000	-	-	1,600,001,000
Financial Investments - Held for Trading	203,537,970	-	-	-	203,537,970
Financing and Receivables to Customers	-	10,003,118,377	-	-	10,003,118,377
Financial Investments - Available for Sale	-	-	-	665,772,856	665,772,856
Other Financial Assets	-	638,394,758	-	-	638,394,758
Total Financial Assets	206,311,773	17,897,539,885	-	665,772,856	18,769,624,514
Financial Liabilities					
Derivative Financial Liabilities	31,912,735	-	-	-	31,912,735
Due to Other Customers	-	15,986,751,275	-	-	15,986,751,275
Other Financial Liabilities	-	361,255,063	-	-	361,255,063
Total Financial Liabilities	31,912,735	16,348,006,338	-	-	16,379,919,073



4.2 Analysis of financial instruments by measurement - as at 31.12.2012

Financial Assets	Held for Trading Rs.	Amortized Cost Rs.	Held to Maturity Rs.	Available for Sale Rs.	Total as at 31.12.2012 (Audited) Rs.
Cash and Cash Equivalent	-	3,866,793,015	-	-	3,866,793,015
Balance with Central Bank of Sri Lanka	-	865,294,214	-	-	865,294,214
Derivative Financial Assets	104,181,576	-	-	-	104,181,576
Placements with Banks	-	825,235,383	-	-	825,235,383
Placements with Licensed Finance Companies	-	1,661,226,754	-	-	1,661,226,754
Financial Investments - Held for Trading	59,768,906	-	-	-	59,768,906
Financing and Receivables to Customers	-	7,165,461,019	-	-	7,165,461,019
Financial Investments - Available for Sale	-	-	-	486,122,612	486,122,612
Other Financial Assets	-	553,493,038	-	-	553,493,038
Total Financial Assets	163,950,482	14,937,503,423	-	486,122,612	15,587,576,517
Financial Liabilities					
Derivative Financial Liabilities	4,978,614	-	-	-	4,978,614
Due to Other Customers	-	13,302,501,452	-	-	13,302,501,452
Other Financial Liabilities	-	304,236,288	-	-	304,236,288
Total Financial Liabilities	4,978,614	13,606,737,740	-	-	13,611,716,354

5. Impairment allowance for financing and receivables to other customers

	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
At 1 January 2012	3,314,038	23,748,664	27,062,702
Charge/(Write Back) for the year	(2,986,702)	19,080,591	16,093,890
Recoveries	-	-	-
Amounts written off	-	-	-
Profit accrued on Impaired Financing and Receivables	-	-	-
As at 31 December 2012	327,336	42,829,255	43,156,591
Charge/(Write Back) for the period	5,720,151	26,600,329	32,320,480
Recoveries	-	-	-
Amounts written off	-	-	-
Profit accrued on Impaired Financing and Receivables	-	-	-
As at 30 September 2013	6,047,487	69,429,584	75,477,071

For the purpose of a collective evaluation of impairment, the Bank will determine the provisioning for collective assessment using data in relation to the performance of its financing portfolio. However, since the Bank only commenced operations recently, historical data that is required to arrive at the collective assessment is not sufficient. Further, based on the data that is available an acceptable behavioral pattern could not be established. Under such circumstances, the Bank shall consider the average loss rates of the peer banks.

6. Property plant and equipment

During the period, the Bank had acquired plant and equipment to an aggregated value of Rs. 176,357,436/-.

7. Intangible assets

During the period, the Bank had acquired intangible assets to an aggregated value of Rs. 89,559,544/-.

8. Cash and cash equivalents

	30.9.2013 Rs.	31.12.2012 Rs.
Cash in Hand	733,622,599	559,686,706
Balances with Banks	2,343,888,631	3,307,106,309
Total	3,077,511,230	3,866,793,015

9. Commitments and contingencies

Capital Expenditure Commitments

The Bank does not have significant capital commitments as at the balance sheet date.

Contingencies

In the normal course of business the Bank makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations are not recognised on the statement of financial position, they do contain credit risk and therefore form part of the overall risk profile of the Bank.

	30.09.2013 Rs	31.12.2012 Rs.
Commitments on Direct Advances and Indirect Advances:		
Commitments for unutilised facilities	6,727,838,410	3,319,419,425
	6,727,838,410	3,319,419,425
Contingent Liabilities:		
Letters of Credit	514,552,143	948,181,706
Guarantees, Bonds	681,708,847	839,971,278
Acceptances	802,654,627	510,794,828
Bills for Collection & others	296,640,529	81,134,059
	2,295,556,146	2,380,081,870
Promissory Forward Exchange Transactions		
Promissory Forward sales	6,224,034,526	4,443,966,124
Promissory Forward purchases	2,605,495,059	977,880,304
	8,829,529,584	5,421,846,428
Total Commitment and Contingencies	17,852,924,141	11,121,347,724

10. Fair value of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities, derivatives financial instruments and off-balance sheet instruments. Fair value is the amount at which the financial assets could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the determination of fair values as at the reporting date.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 September 2013	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Derivative Financial Assets	-	25,552,616	-	25,552,616
Financial Investments - Held for Trading	204,268,802	-	-	204,268,802
Financial Investments - Available for Sale	691,316,432	2,993,000	-	694,309,432
	895,585,233	28,545,616	-	924,130,849
Financial Liabilities				
Derivative Financial Liabilities	-	10,267,984	-	10,267,984
	-	10,267,984	-	10,267,984

31 December 2012	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Derivative Financial Assets	-	104,181,576	-	104,181,576
Financial Investments - Held for Trading	59,768,906	-	-	59,768,906
Financial Investments - Available for Sale	483,129,612	2,993,000	-	486,122,612
	542,898,518	107,174,576	-	650,073,094
Financial Liabilities				
Derivative Financial Liabilities	-	4,978,614	-	4,978,614
	-	4,978,614	-	4,978,614

11. Events after reporting date

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

ANNEXURE D: ALLOTMENT OF SHARES DURING THE TWO YEARS PRECEDING THE DATE OF THE PROSPECTUS

Date of Allotment	Name	Number of Shares	Consideration (LKR)	% Shareholding (as a % of Pre-IPO Shares)
20 March 2013	MR. A. M. M. ANAS	58,333	408,331.00	0.0057%
20 March 2013	MR. A. H. M. AZHAR	222,222	1,555,554.00	0.0219%
20 March 2013	M/S AL-HAJ S. M. M. HUSSAIN CHARITABLE TRUST	72,222	505,554.00	0.0071%
20 March 2013	MR. A. LUKMANJEE	111,111	777,777.00	0.0109%
20 March 2013	MR. A. J. RUMY	16,667	116,669.00	0.0016%
20 March 2013	MR. A. A. A. LATHIF	10,000	70,000.00	0.0010%
20 March 2013	MR. A. F. M. S. FARHAN	3,333	23,331.00	0.0003%
20 March 2013	MR. A. G. M. SHABRY	14,286	100,002.00	0.0014%
20 March 2013	MR. A. G. M. ISHRATH	7,143	50,001.00	0.0007%
20 March 2013	MR. A. H. H. SADIQ	5,000	35,000.00	0.0005%
20 March 2013	MR. A. H. L. M. MOHIDEEN	3,000	21,000.00	0.0003%
20 March 2013	MR. A. J. SINNATHAMBY	6,666	46,662.00	0.0007%
20 March 2013	MR. A. L. BADIUDEEN	13,333	93,331.00	0.0013%
20 March 2013	MR. A. L. A. SADATH	6,666	46,662.00	0.0007%
20 March 2013	MR. A. L. M. FARIS	16,666	116,662.00	0.0016%
20 March 2013	MR. A. M. AHMED	3,333	23,331.00	0.0003%
20 March 2013	MR. A. M. RIMZAAN	3,333	23,331.00	0.0003%
20 March 2013	MR. A. M. M. KALEEL	1,000	7,000.00	0.0001%
20 March 2013	MR. A. R. S. ZUHAIRA	1,666	11,662.00	0.0002%
20 March 2013	MR. A. R. A. RASHEED	6,733	47,131.00	0.0007%
20 March 2013	MR. A. R. M. SHIBLY	2,666	18,662.00	0.0003%
20 March 2013	MR. A. S. M. AZWARD	13,333	93,331.00	0.0013%
20 March 2013	MR. A. W. THARSEEN	6,666	46,662.00	0.0007%
20 March 2013	MR. A. M. ZUBAIRDEEN	666	4,662.00	0.0001%
20 March 2013	MR. A. M. FAIROOS	10,000	70,000.00	0.0010%
20 March 2013	MR. A. H. HAREES	666	4,662.00	0.0001%
20 March 2013	MR. A. L. NAGIMUDEEN	6,666	46,662.00	0.0007%
20 March 2013	MR. A. M. A. CADER	1,666	11,662.00	0.0002%
20 March 2013	MR. A. M. M. FAIZ	333	2,331.00	0.0000%
20 March 2013	MR. A. H. CADER	2,500	17,500.00	0.0002%
20 March 2013	MR. A. I. ISMAIL	4,000	28,000.00	0.0004%
20 March 2013	MR. A. L. AMEER	1,333	9,331.00	0.0001%
20 March 2013	MR. A. L. ANVERDEEN	1,666	11,662.00	0.0002%
20 March 2013	MR. A. L. ARSSHAD	16,666	116,662.00	0.0016%
20 March 2013	MR. A. L. A. JABBAR	1,000	7,000.00	0.0001%
20 March 2013	MR. A. M. H. RAHMAN	1,200	8,400.00	0.0001%
20 March 2013	MR. A. M. MANSOOR	7,000	49,000.00	0.0007%
20 March 2013	MR. A. S. M. RILWAN	1,666	11,662.00	0.0002%
20 March 2013	MR. A. S. M. GHAZALI	6,666	46,662.00	0.0007%
20 March 2013	M/S AKBAR BROTHERS (PVT) LTD	793,121	5,551,847.00	0.0781%
20 March 2013	DR. A. M. A. GAFFAR	3,333	23,331.00	0.0003%
20 March 2013	M/S ARTLINE TRADERS	6,666	46,662.00	0.0007%
20 March 2013	MR. A. B. SALEEM	666	4,662.00	0.0001%
20 March 2013	MR. A. L. JALALDEEN	6,666	46,662.00	0.0007%
20 March 2013	MR. A. L. M. MANSOOR	333	2,331.00	0.0000%
20 March 2013	MR. A. FAIZ	666	4,662.00	0.0001%

20 March 2013	DR. A. M. JABIR	5,000	35,000.00	0.0005%
20 March 2013	MR. A. IBRALEBBE	666	4,662.00	0.0001%
20 March 2013	MRS. A. U. FAROOK	3,333	23,331.00	0.0003%
20 March 2013	MR. B. MUINUDEEN	66,666	466,662.00	0.0066%
20 March 2013	MR. C. M. S. W. M. A. ALI	1,500	10,500.00	0.0001%
20 March 2013	MR. C. S. M. ILYAS	6,666	46,662.00	0.0007%
20 March 2013	M/S CEYMAL HOLDINGS (PVT) LTD	16,666	116,662.00	0.0016%
20 March 2013	MR. C. MUNASINGHE	2,000	14,000.00	0.0002%
20 March 2013	MR. E. Z. A. RIYAL	333	2,331.00	0.0000%
20 March 2013	MR. E. Z. M. R. EZAM	333	2,331.00	0.0000%
20 March 2013	MRS. E. S. UMMA	666	4,662.00	0.0001%
20 March 2013	MRS. F. A. S. FAREED	11,333	79,331.00	0.0011%
20 March 2013	MRS. F. A. ZAHEED	2,500	17,500.00	0.0002%
20 March 2013	MRS. F. R. M. ISMAIL	3,500	24,500.00	0.0003%
20 March 2013	MRS. F. R. A. GAFFAR	3,333	23,331.00	0.0003%
20 March 2013	MR. G. G. M. A. C. M. M. M. ARIFF	15,000	105,000.00	0.0015%
20 March 2013	MR. G. M. P. M. PAWAS	6,666	46,662.00	0.0007%
20 March 2013	MRS. G. F. JAINUDEEN	3,333	23,331.00	0.0003%
20 March 2013	MR. H. M. L. M. SAMOON	333	2,331.00	0.0000%
20 March 2013	MR. H. L. K. NAJUMUDEEN	1,000	7,000.00	0.0001%
20 March 2013	MR. H. M. M. IMTHIYAS	3,333	23,331.00	0.0003%
20 March 2013	MR. H. M. M. RIZWAN	3,333	23,331.00	0.0003%
20 March 2013	MR. H. E. M. NAHEEM	13,000	91,000.00	0.0013%
20 March 2013	MR. H. M. N. A. HASSAN	2,333	16,331.00	0.0002%
20 March 2013	MR. H. F. M. FAUZAAN	7,133	49,931.00	0.0007%
20 March 2013	MR. I. L. S. HAFEEL	1,000	7,000.00	0.0001%
20 March 2013	MR. I. L. ABOOBUCKER	6,666	46,662.00	0.0007%
20 March 2013	MR. I. M. MARZOOK	3,333	23,331.00	0.0003%
20 March 2013	MRS. I. U. HASSAN	3,666	25,662.00	0.0004%
20 March 2013	MR. I. M. HAMTHOON	33,333	233,331.00	0.0033%
20 March 2013	M/S ISLAMIC DEVELOPMENT BANK (ISDB)	793,121	5,551,847.00	0.0781%
20 March 2013	MR. I. L. M. IRFAN	666	4,662.00	0.0001%
20 March 2013	MR. I. L. M. MASHOOR	1,666	11,662.00	0.0002%
20 March 2013	MR. I. L. M. M. IBRAHIM	3,333	23,331.00	0.0003%
20 March 2013	MRS. I. S. A. WAHID	1,333	9,331.00	0.0001%
20 March 2013	M/S JAFFERJEE INVESTMENTS LTD	22,222	155,554.00	0.0022%
20 March 2013	MR. J. M. JIFRY	5,333	37,331.00	0.0005%
20 March 2013	MR. J. M. RIYAS	16,666	116,662.00	0.0016%
20 March 2013	MR. J. M. NILAM	500	3,500.00	0.0000%
20 March 2013	MR. K. M. A. LEBBE	13,333	93,331.00	0.0013%
20 March 2013	MRS. K. SHAREEN	2,000	14,000.00	0.0002%
20 March 2013	MR. K. M. M. M. MUHAMADH	333	2,331.00	0.0000%
20 March 2013	M/S LUCKY INDUSTRIES -PVT-LIMITED	1,111,109	7,777,763.00	0.1095%
20 March 2013	MRS. L. F. AASHA	2,000	14,000.00	0.0002%
20 March 2013	MR. M. C. M. ANSAR	1,000	7,000.00	0.0001%
20 March 2013	MR. M. M. A MARIKAR	22,222	155,554.00	0.0022%
20 March 2013	MR. M. D. H WAHEED	377,777	2,644,439.00	0.0372%
20 March 2013	MR. M. I. BUHARDEEN	611,111	4,277,777.00	0.0602%
20 March 2013	MR. M. I. JAHFAR	16,667	116,669.00	0.0016%
20 March 2013	MR. M. M. R. DAHLAN	11,111	77,777.00	0.0011%

20 March 2013	MR. M. M. M. SHARIFF	22,222	155,554.00	0.0022%
20 March 2013	MR. M. M. HUSSAIN	11,111	77,777.00	0.0011%
20 March 2013	MR. M. M. FOUZUL	11,111	77,777.00	0.0011%
20 March 2013	MR. M. S. A. CAREEM	88,889	622,223.00	0.0088%
20 March 2013	MRS. M. L. BADURNISSA	6,666	46,662.00	0.0007%
20 March 2013	MR. M. S. NAUSHAD	3,333	23,331.00	0.0003%
20 March 2013	MR. M. S. RAWSOOK	666	4,662.00	0.0001%
20 March 2013	MRS. M. B. MIRSATH	3,333	23,331.00	0.0003%
20 March 2013	MR. M. Z. FOUZI	2,000	14,000.00	0.0002%
20 March 2013	MR. M. MAHURUF	18,333	128,331.00	0.0018%
20 March 2013	MR. M. A. ASYAD	4,600	32,200.00	0.0005%
20 March 2013	MRS. M. A. F. AADILA	600	4,200.00	0.0001%
20 March 2013	MR. M. A. M. H. ALI	6,333	44,331.00	0.0006%
20 March 2013	MR. M. A. KALIDEEN	1,428	9,996.00	0.0001%
20 March 2013	MR. M. D. M. JESLY	333	2,331.00	0.0000%
20 March 2013	MR. M. D. H. WAHID	333,333	2,333,331.00	0.0328%
20 March 2013	DR. M. F. ISMAIL	12,500	87,500.00	0.0012%
20 March 2013	MR. M. F. BURAH	3,333	23,331.00	0.0003%
20 March 2013	MISS. M. F. F. RIZNA	666	4,662.00	0.0001%
20 March 2013	MR. M. F. M. RIFKHAN	1,666	11,662.00	0.0002%
20 March 2013	MR. M. G. JALALDEEN	5,000	35,000.00	0.0005%
20 March 2013	MR. M. H. M. ASMY	1,000	7,000.00	0.0001%
20 March 2013	MR. M. H. M. RISVI	6,666	46,662.00	0.0007%
20 March 2013	MR. M. H. I. NALEER	15,766	110,362.00	0.0016%
20 March 2013	MR. M. H. M. MANSOOR	16,666	116,662.00	0.0016%
20 March 2013	MR. M. H. M. S. HASSAN	13,333	93,331.00	0.0013%
20 March 2013	MR. M. H. S. HAMEED	333	2,331.00	0.0000%
20 March 2013	MR. M. H. SULAIMAN	200,000	1,400,000.00	0.0197%
20 March 2013	MRS. M. H. N. BEEVI	1,666	11,662.00	0.0002%
20 March 2013	PROF. M. H. R. SHERIFF	6,666	46,662.00	0.0007%
20 March 2013	MR. M. I. M. AMEER	2,666	18,662.00	0.0003%
20 March 2013	MRS. M. I. F. ZAMEENA	2,000	14,000.00	0.0002%
20 March 2013	MR. M. I. FAROOK	1,333	9,331.00	0.0001%
20 March 2013	MR. M. I. M. AZEEZ	3,333	23,331.00	0.0003%
20 March 2013	MR. M. I. M. NAZEER	1,666	11,662.00	0.0002%
20 March 2013	MR. M. I. M. NAZEER	6,666	46,662.00	0.0007%
20 March 2013	MR. M. I. M. SHAFIE	166,666	1,166,662.00	0.0164%
20 March 2013	MR. M. I. M. BAWA	3,000	21,000.00	0.0003%
20 March 2013	MR. M. I. S. CASSIM	142,933	1,000,531.00	0.0141%
20 March 2013	MR. M. I. M. HARIS	333	2,331.00	0.0000%
20 March 2013	MR. M. J. A. HALIK	5,000	35,000.00	0.0005%
20 March 2013	MR. M. J. A. HALIK	1,000	7,000.00	0.0001%
20 March 2013	MRS. M. J. K. NISA	2,000	14,000.00	0.0002%
20 March 2013	MR. M. J. M. ISMAIL	3,500	24,500.00	0.0003%
20 March 2013	MR. M. J. M. M. FAZLY	10,000	70,000.00	0.0010%
20 March 2013	MR. M. L. M. JOUFFER	1,666	11,662.00	0.0002%
20 March 2013	MR. M. L. M. RAZIK	33,333	233,331.00	0.0033%
20 March 2013	MR. M. M. M. ATHIL	1,000	7,000.00	0.0001%
20 March 2013	MR. M. M. M. RIZVI	13,333	93,331.00	0.0013%
20 March 2013	DR. M. M. S. J. ILAHI	3,333	23,331.00	0.0003%
20 March 2013	MR. M. M. RIYAS	3,333	23,331.00	0.0003%

20 March 2013	MR. M. M. MOHIDEEN	6,200	43,400.00	0.0006%
20 March 2013	MR. M. M. M. SHAFEEK	10,000	70,000.00	0.0010%
20 March 2013	MR. M. M. M. ARSHAD	1,666	11,662.00	0.0002%
20 March 2013	MRS. M. M. F. SHANAZ	33,333	233,331.00	0.0033%
20 March 2013	MR. M. M. A. MAJEED	20,000	140,000.00	0.0020%
20 March 2013	MR. M. M. A. RAHEEM	20,000	140,000.00	0.0020%
20 March 2013	MRS. M. M. HAMSIYA	16,666	116,662.00	0.0016%
20 March 2013	MR. M. M. MOHAMED	10,000	70,000.00	0.0010%
20 March 2013	MRS. M. N. F. RUSHANA	2,000	14,000.00	0.0002%
20 March 2013	MR. M. N. M. NASSAN	666	4,662.00	0.0001%
20 March 2013	MRS. M. N. I. SURAIYA	833	5,831.00	0.0001%
20 March 2013	MR. M. N. M. INZAF	833	5,831.00	0.0001%
20 March 2013	MR. M. R. M. M. F. HAMEED	6,666	46,662.00	0.0007%
20 March 2013	MR. M. R. M. M. H. SADIQUE	6,666	46,662.00	0.0007%
20 March 2013	MRS. M. R. F. INAYA	3,340	23,380.00	0.0003%
20 March 2013	MR. M. R. M. SAMEEM	666	4,662.00	0.0001%
20 March 2013	MR. M. R. A. RIKAZ	1,666	11,662.00	0.0002%
20 March 2013	MR. M. R. A. CASSIM	100,000	700,000.00	0.0099%
20 March 2013	MR. M. S. S. N. OZEER	1,666	11,662.00	0.0002%
20 March 2013	MR. M. S. A. SAMAD	13,333	93,331.00	0.0013%
20 March 2013	MRS. M. S. I. FAWZIA	333	2,331.00	0.0000%
20 March 2013	MR. M. S. MAHBOOB	1,333	9,331.00	0.0001%
20 March 2013	MR. M. T. M. K. PASHA	100,000	700,000.00	0.0099%
20 March 2013	MR. M. T. A. NIZAM	16,666	116,662.00	0.0016%
20 March 2013	MRS. M. T. S. NIHARA	666	4,662.00	0.0001%
20 March 2013	MR. M. W. M. FIRAZ	13,333	93,331.00	0.0013%
20 March 2013	MR. M. Y. SAMHUDEEN	1,000	7,000.00	0.0001%
20 March 2013	MR. M. Y. M. SHARFAZ	2,666	18,662.00	0.0003%
20 March 2013	MR. M. Z. THULKIFLY	666	4,662.00	0.0001%
20 March 2013	MR. M. M. M. NALEEM	1,000	7,000.00	0.0001%
20 March 2013	MR. M. S. S. SAJITHA	2,833	19,831.00	0.0003%
20 March 2013	MRS. M. U. A. BANU	5,000	35,000.00	0.0005%
20 March 2013	MR. M. S. JAINUDEEN	3,333	23,331.00	0.0003%
20 March 2013	MR. M. CADER	3,333	23,331.00	0.0003%
20 March 2013	MRS. M. RALEEZA	666	4,662.00	0.0001%
20 March 2013	MR. M. A. HAMZA	666	4,662.00	0.0001%
20 March 2013	MR. M. P. M. RAFEEK	5,000	35,000.00	0.0005%
20 March 2013	MR. M. S. M. RIZVI	1,000	7,000.00	0.0001%
20 March 2013	MR. M. A. HAMID	1,000	7,000.00	0.0001%
20 March 2013	MR. M. A. A. AHATH	1,000	7,000.00	0.0001%
20 March 2013	MRS. M. I. F. THAHIRA	40,000	280,000.00	0.0039%
20 March 2013	MR. M. M. NAKURTHAMBY	2,000	14,000.00	0.0002%
20 March 2013	MR. M. S. M. NYROZE	40,000	280,000.00	0.0039%
20 March 2013	MR. M. Y. N. LEBBE	3,166	22,162.00	0.0003%
20 March 2013	MRS.. M. NIHAZ	2,500	17,500.00	0.0002%
20 March 2013	MR. N. RAVIENDRAN	6,666	46,662.00	0.0007%
20 March 2013	MR. N. M. MOHAMED AZWARD	32,000	224,000.00	0.0032%
20 March 2013	MR. N. G. G. M. M. M. R. RIZVI	33,333	233,331.00	0.0033%
20 March 2013	MRS. N. WAHID	33,333	233,331.00	0.0033%
20 March 2013	MRS. N. HAMEED	1,666	11,662.00	0.0002%

20 March 2013	MR. N. M. M. FAREED	6,666	46,662.00	0.0007%
20 March 2013	MR. N. M. S. HAMEED	6,666	46,662.00	0.0007%
20 March 2013	MRS. N. F. MARKAR	30,000	210,000.00	0.0030%
20 March 2013	MR. P. M. M. NASAFEE	5,666	39,662.00	0.0006%
20 March 2013	M/S ROOFA HARDWARE	22,222	155,554.00	0.0022%
20 March 2013	MR. R. M. MIRSATH	6,666	46,662.00	0.0007%
20 March 2013	MS. R. S. BHANU	2,000	14,000.00	0.0002%
20 March 2013	MS. R. S. M. MOHIDEEN	66	462.00	0.0000%
20 March 2013	M/S SANDWAVE LIMITED	1,111,111	7,777,777.00	0.1095%
20 March 2013	MR. S. THAWFEEQ	333	2,331.00	0.0000%
20 March 2013	MR. S. M. BADURDEEN	16,666	116,662.00	0.0016%
20 March 2013	MRS. S. A. C. U. FALILIYA	666	4,662.00	0.0001%
20 March 2013	MR. S. A. F. A. HALEEM	2,000	14,000.00	0.0002%
20 March 2013	MR. S. M. M. NASLY	6,666	46,662.00	0.0007%
20 March 2013	MR. S. M. M. MANSOOR	3,333	23,331.00	0.0003%
20 March 2013	MR. S. A. K. RAHMAN	3,333	23,331.00	0.0003%
20 March 2013	MR. S. A. M. THASLEEM	3,333	23,331.00	0.0003%
20 March 2013	MR. S. M. M. FAZIL	6,666	46,662.00	0.0007%
20 March 2013	MR. S. M. M. HAMEED	3,333	23,331.00	0.0003%
20 March 2013	MR. S. H. M. RIZAM	8,000	56,000.00	0.0008%
20 March 2013	MR. S. H. M. A. HASSAN	666	4,662.00	0.0001%
20 March 2013	MR. S. H. M. GIADO	3,333	23,331.00	0.0003%
20 March 2013	MR. S. M. FAWZAN	833	5,831.00	0.0001%
20 March 2013	MRS. S. B. M. ARIFF	1,666	11,662.00	0.0002%
20 March 2013	MR. S. F. SAFIYULLAH	18,333	128,331.00	0.0018%
20 March 2013	MRS. S. F. SALAHUDEEN	3,333	23,331.00	0.0003%
20 March 2013	MS. S. F. H. THAHA	333	2,331.00	0.0000%
20 March 2013	MRS. S. H. H. A. GAFFAR	6,666	46,662.00	0.0007%
20 March 2013	MRS. S. S. HASSAN	1,666	11,662.00	0.0002%
20 March 2013	MR. T. AKBARALLY	6	42.00	0.0000%
20 March 2013	MRS. T. KANNAPPAN	1,333	9,331.00	0.0001%
20 March 2013	MR. U. L. M. AJEEZ	6,666	46,662.00	0.0007%
20 March 2013	MR. U. L. A. MUBARACK	3,332	23,324.00	0.0003%
20 March 2013	MR. U. L. M. MUSTHAQ	1,000	7,000.00	0.0001%
20 March 2013	MR. U. L. K. MOHAMED	6,666	46,662.00	0.0007%
20 March 2013	MRS. U. M. SALAHUDEEN	6,666	46,662.00	0.0007%
20 March 2013	MR. U. M. H. M. H. M. ANSAR	3,333	23,331.00	0.0003%
20 March 2013	MR. U. L. A. AZEEZ	666	4,662.00	0.0001%
20 March 2013	MR. U. L. A. HAKKEEM	3,333	23,331.00	0.0003%
20 March 2013	MR. U. L. A. HASSAN	333	2,331.00	0.0000%
20 March 2013	MR. V. M. HANIFFA	26,666	186,662.00	0.0026%
20 March 2013	MR. W. A. M. SANOOS	2,000	14,000.00	0.0002%
20 March 2013	MR. Z. JAFFERJEE	33,333	233,331.00	0.0033%
20 March 2013	MR. Z. A. I. HASSAN	1,666	11,662.00	0.0002%
20 March 2013	MRS. Z. R. MAHARUF	10,000	70,000.00	0.0010%
14 June 2013	M/S ISLAMIC DEVELOPMENT BANK	29,300,547	205,103,829.00	2.8868%
14 June 2013	M/S AKBAR BROTHERS (PVT) LIMITED	29,300,547	205,103,829.00	2.8868%
14 June 2013	M/S AB BANK OF BCIC BHABAN	45,140,502	315,983,514.00	4.4474%
14 June 2013	M/S ST. ANTHONY PTE LTD	500,000	3,500,000.00	0.0493%
Total		112,172,803	785,209,621.00	11.0517%



ANNEXURE E: DETAILS OF SHARES TO BE LOCKED-IN – PRE IPO

Category of Shareholders (Pre-Listing)	Locked-in Shares	The Months after which the Shares will be Available for Trading	No. of Shares	No. of Shares as a percentage of Total Number of Shares in Issue (Pre-Listing)
Non Public	Locked-in	6 months from the date of listing	649,602,091	64.00%
Public *	Not Locked-in	-	225,760,375	22.24%
Non Public	Shares issued during the 12 months preceding the Initial Listing Application - Locked-in	6 months from the date of listing	106,445,786	10.49%
Public*	Shares issued during the 12 months preceding the Initial Listing Application - Locked-in	6 months from the date of listing	5,727,017	0.56%
Non Public	Transferred Shares locked-in	6 months from the date of listing	1,332,467	0.13%
Public*	Transferred Shares locked-in	6 months from the date of listing	25,642,333	2.53%
		7 months from the date of listing	153,332	0.02%
		8 months from the date of listing	63,333	0.01%
		9 months from the date of listing	256,133	0.03%
Total			1,014,982,867	100.00%

Assumed date of listing – 31st December 2013

* 'Public' defined under the definition mentioned in CSE Listing Rules 2.1.1(d) (Refer Section 9.3 of the Prospectus)

Pre-IPO Public Holding (Shares held by the 'Public' as a % of the total Pre-IPO number of Shares)

As per the 'Public' definition provided in the;

CSE Listing Rules 2.1.1(d)

25.38%

ANNEXURE F: DETAILS OF SHARES TO BE LOCKED-IN – POST IPO

Category of Shareholders (Post-Listing)	Locked-in Shares	The Months after which the Shares will be Available for Trading	IPO of LKR 1.5 Bn		IPO of LKR 2.0 Bn	
			No. of Shares	No. of Shares as a percentage of Total Number of Shares in Issue (Post-Listing)	No. of Shares	No. of Shares as a percentage of Total Number of Shares in Issue (Post-Listing)
Non Public	Locked-in	6 months from the date of listing	757,380,344	61.61%	757,380,344	58.22%
		7 months from the date of listing	-	0.00%	-	-
		8 months from the date of listing	-	0.00%	-	-
Public *	Locked-in (Pre IPO Shares)	6 months from the date of listing	31,369,350	2.55%	31,369,350	2.41%
		7 months from the date of listing	153,332	0.01%	153,332	0.01%
		8 months from the date of listing	63,333	0.01%	63,333	0.00%
		9 months from the date of listing	256,133	0.02%	256,133	0.02%
Public *	Not Locked-in (Pre IPO Shares)	-	225,760,375	18.37%	225,760,375	17.36%
Public *	Not Locked-in (IPO Shares)	-	214,300,000	17.43%	285,800,000	21.97%
Total			1,229,282,867	100.00%	1,300,782,867	100.00%

Assumed date of listing – 31st December 2013

* 'Public' defined under the definition mentioned in CSE Listing Rules 2.1.1(d) (Refer Section 9.3 of the Prospectus)

Post - IPO Public Holding (Using the CSE Listing Rules) (Total unlocked-Shares post-IPO that will be held by the Public as a % of the total Shares in issue Post-IPO)

IPO of LKR 1.5 Bn	35.80%
IPO of LKR 2.0 Bn	39.33%



ANNEXURE G: COLLECTION POINTS

Managers to the Issue

Acuity Partners (Private) Limited
53, Dharmapala Mawatha,
Colombo 3
T: 011 2206206

Members & Trading Members of the CSE

Acuity Stockbrokers (Private) Limited

53, Dharmapala Mawatha,
Colombo 3
T: 011 2206206

Candor Equities Limited

Level 8, South Wing, 'Millennium House',
46/58, Nawam Mawatha,
Colombo 2
T: 011 2359100

Asia Securities (Private) Limited

Level 21, West Tower,
World Trade Centre, Echelon Square,
Colombo 1
Tel. 011 2423905, 011 5320000

Claridge Stockbrokers (Private) Limited

10, Gnanartha Pradeepa Mawatha,
Colombo 8
T: 011 2697974

Bartleet Religare Securities (Private) Limited

Level G, 'Bartleet House'
65, Braybrooke Place,
Colombo 2
T: 011 5220200

Capital Alliance Securities (Private) Limited

Level 5, 'Millenium House',
46/58, Navam Mawatha,
Colombo 2
T: 011 2317777

Capital Trust Securities (Private) Limited

42, Mohamed Macan Markar Mawatha,
Colombo 3
T: 011 2174174-5

First Capital Equities (Private) Limited

01, Level 2 Lake Crescent,
Colombo 2
T: 011 2145000

CT Smith Stockbrokers (Private) Limited

4-14, Majestic City,
10, Station Road,
Colombo 4
T: 011 2552290-4

IIFL Securities Ceylon (Private) Limited

27th Floor, East Tower, World Trade Centre
Colombo 1
T: 011 2333000

Asha Phillips Securities Limited

2nd Floor, Lakshmans Building,
321, Galle Road,
Colombo 3
T: 011 2429100

John Keells Stockbrokers (Private) Limited

186, Vauxhall Street,
Colombo 2
T: 011 2306250, 011 2342066-7

Assetline Securities (Private) Limited

120, 120A, Pannipitiya Road,
Battaramulla
T: 011 4700111, 011 2307366

LOLC Securities Limited

Level 18, West Tower, World Trade Centre,
Colombo 1
T: 011 7880880

NDB Securities (Private) Limited

5th Floor, NDB Building, 40, Navam Mawatha
Colombo 2
T: 011 2314170-8

Richard Pieris Securities (Private) Limited

55/20, Vauxhall Lane,
Colombo 2
T: 011 7448900, 011 5900800

Serendib Stock Brokers (Private) Limited

156, 3rd Floor, Walukarama Road,
Colombo 3
T: 011 2565635

Softlogic Stockbrokers (Private) Limited

Level 23, East Tower, World Trade Centre,
Colombo 1
T: 011 7277000 - 98

Taprobane Securities (Private) Limited

2nd Floor, 10, Gothami Road,
Colombo 8
T: 011 5328200

First Guardian Equities (Private) Limited

32nd Floor, East Tower, World Trade Centre,
Echelon Square,
Colombo 1
T: 011 5884400

J B Securities (Private) Limited

150, St. Joseph Street
Colombo 14
T: 011 2490900, 077 2490900

Lanka Securities (Private) Limited

228/1, Galle Road,
Colombo 4,
T: 011 4706757, 011 2554942

Nation Lanka Equities (Private) Limited

44, Guildford Crescent,
Colombo 7
T: 011 4889061-3, 011 2684483

New World Securities (Private) Limited

2nd Floor, 45/2, Braybrooke Street,
Colombo 2
T: 011 2358700/20

SC Securities (Private) Limited

2nd Floor, 55, D. R. Wijewardena Mawatha,
Colombo 10
T: 011 4711000, 011 4711001

SMB Securities (Private) Limited

47, Dharmapala Mawatha,
Colombo 3
T: 011 5232091

Somerville Stockbrokers (Private) Limited

137, Vauxhall Street,
Colombo 2
T: 011 2329201-5, 011 2332827, 011 2338292-3

TKS Securities (Private) Limited

19-01, East Tower, World Trade Centre,
Echelon Square,
Colombo 1
T: 011 7857799



BANKERS TO THE ISSUE

Amana Bank Limited – Bank Branches

Branch Name	Branch Address	Telephone
Akkaraipattu	240-1B, Main Street, Akkaraipattu.	067 7756015
Akurana	91E, Matale Road, Akurana.	081 7756010
Badulla	18/1, Lower Kings Street, Badulla.	055 7756021
Dehiwala	28, Galle Road, Dehiwala.	011 7756016
Eravur	108/5, Punnakuda Road, Eravur.	065 7756019
Gampola	119, Kandy Road, Gampola.	081 7756011
Galle	158, Main Street, Galle.	091 7756008
Head Office	480, Galle Road, Colombo 3.	011 7756000
Kaduruwela	379, Main Street, Kaduruwela.	027 7756022
Kalmunai	32, Main Street, Kalmunai.	067 7756006
Kandy	105, Kotugodella Veediya, Kandy.	081 7756003
Kattankudy	187, Main Street, Kattankudy.	065 7756004
Kinniya	264, Main Street, Kinniya.	026 7756025
Kuliyapitiya	215 1/1, Main Street, Kuliyapitiya.	037 7756018
Kurunegala	137, Puttalam Road, Kurunegala.	037 7756014
Ladies Branch	480, Galle Road, Colombo 3.	011 7756381
Mawanella	22B, New Kandy Road, Mawanella.	035 7756013
Negombo	97, Colombo Road, Negombo.	031 7756020
Nintavur	40/5, Main Street, Nintavur 24.	067 7756017
Oddamavadi	Main Street, Mawadichennai.	065 7756009
Pettah	129, Main Street, Colombo 11.	011 7756002
Puttalam	23, Colombo Road, Puttalam.	032 7756024
Ratnapura	131-133, Main Street, Ratnapura.	045 7756023
Sammanthurai	Hajiyar Palace', Hijra Junction, Viliniyadi 3, Ampara Road, Sammanthurai.	067 7756012

BANKERS TO THE ISSUE

Hatton National Bank PLC – Selected Bank Branches

Branch Name	Branch Address	Telephone
Akkaraipattu	14, Main Street, Akkaraipattu	067 2277500
Akurana	130A, Matale Road, Akurana	081 4743701
Aluthgama	303, Galle Road, Aluthgama	034 2271739 034 2271742
Aluthkade	31, 33, 35 Quarry Road, Colombo 12	011 2445042 011 2324163
Ampara	“Siyarata Building”, D S Senanayake Street, Ampara	063 2222634
Anuradhapura	30, Maithripala Senanayake Mw, Anuradhapura	025 2222474 025 4743743
Atchchuveli	Bus Stand View, Atchchuveli	021 2058610 021 2058611
Athurugiriya	46, Main Street, Athurugiriya	011 2744351
Avissawella	79A 1/1, Ratnapura Road, Avissawella	036 2231054
Badulla	15, 15/1, Udayaraja Mawatha, Badulla	055 4641007
Balangoda	70 A/1 Barnes Ratwatte Mawatha, Balangoda	045 2287353
Bambalapitiya	285, Galle Road, Colombo 04	011 2501698 011 2501785
Bandaragama	17A, Horana Road, Bandaragama	038 5672151 038 4929984
Batticaloa	120-22 Bazaar Street, Batticaloa	065 2222813
Beruwala	87, Galle Road, Beruwala	034 4943940
Biyagama	549/9, Walgama, Malwana	011 2465340
Boralesgamuwa	24, Maharagama Road, Boralesgamuwa	011 2516533/4
Borella	53/1, D S Senanayake Mawatha, Colombo 8	011 2696929 011 2684834
Chilaw	105, Colombo Road, Chilaw	032 2223271
Cinnamon Gardens	251, Dharmapala Mawatha, Colombo 7	011 2681718/21 011 2686537 011 2689176
City Office	16, Janadhipathi Mawatha, Colombo 1	011 2421466/7/8 011 2386374-6 011 5562562
Dehiattakandiya	27A, New Town, Dehiattakandiya	027 4920978 027 2250462



Dehiwela	196, Galle Road, Dehiwela	011 2723362 011 2723374
Dematagoda	284, Baseline Road, Colombo 9	011 2678582/3
Ekala	115 A, Minuwangoda Road, Ekala	011 5769062
Eravur	351, Trinco Road, Eravur	065 4923811
Galle	3, Wackwella Road, Galle	091 2232248 091 2234792
Gampaha	148, Colombo Road, Gampaha	033 2222520 033 4670189
Gampola	1422, Kandy Road, Gampola	081 2351974 081 2352864
Grandpass	182, St. Joseph's Street, Colombo 14	011 2330514 011 4612282
Greenpath	38, Ananda Coomaraswamy Mawatha, Colombo 3	011 5382300
Gunasinghepura	11, Mohandiram Road, Gunasinghepura, Colombo 12	011 5365261 011 4718033
Hambantota	47, Wilmot St, Hambantota	047 2220505
Hanwella	26/1, Dissagewatte, Hanwella	036 2254746
Head Office Branch	HNB Towers, 479, T B Jayah Mawatha, Colombo 10	011 2660160 011 2660660
Hendala	28, Elakanda Rd, Hendala, Wattala	011 4360966
Homagama	71, High Level Road, Homagama	011 2857126 011 4440846
Horana	153, Anguruwatota Road, Horana	034 2261595 034 2261337
Hulftsdorp	151, Mihindu Mawatha, Colombo 12	011 2436299 011 2436292 011 4743723
Ja-Ela	73, Old Negombo Road, Kanuwana, Ja-Ela	011 2232752/3
Jaffna	212,214, Hospital Road, Jaffna	021 2222787
Jampettah street	97, Jampettah Street, Colombo 13	011 2432655
Kadawatha	Weerasekera Building, 335, 357/1, Kandy Road, Kadawatha	011 4813602
Kaduwela	496/A, Avissawella Road, Kaduwela	011 2579467
Kallady	204/1, New Kalmunai Road, Kallady	065 2228869
Kalmunai	30A, Batticaloa Road, Kalmunai	067 2229913
Kalutara	417, Galle Road, Kalutara South	034 2222152
Kandana	52, Negombo Road, Kandana	011 2229389

Kandy	01, Dalada Veediya, Kandy	081 2224204 081 5462462
Kandy City Centre	L1 – 16, 05, Dalada Veediya, Kandy	081 2205841 081 5633890
Kantale	24, Main Street, Kantale	026 2234383
Karaitheevu	232, Main Street, Karaitheevu	067 2225698
Kattankudy	183, 185, Main Street, Kattankudy	065 2247433
Katugastota	4, Sri Ratnapala Mawatha, Katugastota	081 2497083/4
Katunayake	510/2, Dhammaloka Mawatha, Aweriwatta, Katunayaka	011 2254809 011 2254826
Kegalle	233, Kandy Road, Kegalle	035 2223731
Kelaniya	Rajamaha Viharaya Junction, Biyagama Road, Kelaniya	011 4362011
Kinniya	269, Main Street, Kinniya	026 5676717
Kiribathgoda	141, Kandy Road, Kiribathgoda	011 2914414/5
Kirullapone	22, Edmonton Road, Colombo 6	011 2513299 011 5532324
Kochchikade	42,42/1, Chilaw Road, Kochchikade	031 4922952
Kohuwela	179, Dutugemunu Street, Kohuwela	011 5745837
Kollupitiya	293, Galle Road, Colombo 3	011 2576763/4
Kolonnawa	166, Kolonnawa Road, Kolonnawa	011 2572738
Kotahena	280, George R De Silva Mawatha, Colombo 13	011 2472068
Kottawa	49, High Level Road, Kottawa	011 2846082
Kuliyapitiya	225, Main Street, Kuliyapitiya	037 2281909
Kurunegala	6, St. Anne's Street, Kurunegala	037 2223246 037 2225127 037 4690524/5
Maharagama	145, Colombo Road, Maharagama	011 2851468
Malabe	395/2, New Kandy Road, Malabe	011 4543715
Maligawatte	Maligawatte Secretariat, Maligawatte, Colombo 10	011 2446789 011 2382282
Mannar	68, Main Street, Mannar	023 2222
Maradagahamula	62, Divulapitiya Road, Marandagahamula	031 2246391
Maradana	696, Maradana Road, Colombo 10	011 2673371
Marathamunai	184, Main Road, Periyaneelavanai, Maruthamunai	067 2225770 067 4923738
Matale	104, King Street, Matale	066 2224409 066 2224410 066 2223868



Matara	58D, Esplanade Road, Matara	041 2222588
Mathugama	56-58, Neboda Road, Mathugama	034 4936194
Mawanella	20A, New Colombo Road, Mawanella	035 2246570
Minuwangoda	41, Samarakkody Road, Minuwangoda	011 2296882
Mirigama	89, Giriulla Road Mirigama	033 4921266
Mirihana	240, Kotte Road, Jubilee Post, Mirihana, Nugegoda	011 4543707
Moratuwa	143/1, Galle Road, Moratuwa	011 2647345
Mount Lavinia	605, Galle Road, Mount Lavinia	011 2739121
Mullipothana	360, Main Street, Mullipothana	026 4925195
Muttur	4, Main Street, Muttur	026 2238176
Mutwal	523, Ferguson Road, Colombo 15	011 2525433/4
Narahrenpita	255/2, Kirula Road, Colombo 5	011 2369913/4
Navam Mawatha	Forbes & Walker Building, 46/38, Nawam Mawatha,	011 2304915-17
Ext. Office	Colombo 02	011 2304919
Nawala Ext. Office	279A, Nawala Road, Nawala	011 4852317
Nawalapitiya	92, Gampola Road, Nawalapitiya	054 2222383
Nawaloka Hospital	23, Sri Sugathodaya Mw, Colombo 2	011 2345783
Negombo	18, Rajapakse Broadway, Negombo	031 2222585 031 2224301 0312237146
Negombo Ext. Office	58/A, St. Joseph's Street, Negombo	031 2220062
Negombo Metro	201, Colombo Road, Negombo	031 2244000
Ninathavur	37A, Main Street, Ninthavur	067 2251379
Nittambuwa	22, Kandy Road, Nittambuwa	033 2287462
Nugegoda	181, High Level Road, Nugegoda	011 2828981
Nuwara Eliya	42, Queen Elizabeth Drive, Nuwara Eliya	052 2222348 052 2222856 052 2223786
Padukka	Ingiriya Road, Padukka	011 2830040
Pamankada	475,477, Havelock Road, Wellawatte	011 4969500
Panadura	402,404, Galle Road, Panadura	038 2235249
Panchikawatte	168, Panchikawatta Road, Colombo 10	011 2327143 011 4722292
Peliyagoda	182, Negombo Road, Peliyagoda	011 5234439 011 4339422
Pettah	149-151, Main Street, Colombo 11	011 2343800 011 2459811
Piliyandala	63, Moratuwa Road, Piliyandala	011 2614111

Pottuvil	Main Street, Pottuvil	063 4925555
Puttalam	6, Kachcheri Road, Puttalam	032 2265581 032 4743702
Ragama	60-64, Tewatta Road, Ragama	011 2959721
Ratnapura	9, Senanayake Mawatha, Ratnapura	045 2222374
Sammanthurai	351/3B, Police Station Road, Samanthurai	067 2261177
Sea Street	60, Sea Street, Colombo 11	011 2439635 011 2439637
Seeduwa	465, Negombo Road, Seeduwa	011 4830154
Serunuwara	116, Kantale Road, RB3 Serunuwara	026 2251515 026 4924886
Thalangama	253, Kaduwela Road, Koswatta, Thalangama	011 2788430
Thalawathugoda	715, Pannipitiya Road, Thalawathugoda	011 2774194
Thandavenveli	503, Trincomalee Road, Thandavanveli, Batticaloa	065 4926736 065 4926736
Thimbrigasyaya	138B, Havelock Road, Colombo 05	011 2582668 011 2582606
Thirukkivil	138, Main Street, Thirukkivil	067 2265316 067 4923740
Trincomalee	59, Ehamparam Road, Trincomalee	026 2222572 026 2221092
Uhana	307, Ampara-Kandy Road, Uhana	063 4925592
Uppuveli	761, Ekambaram Road, Uppuveli	026 4924883 026 5674555 026 2226655
Valachchenai	Vipulananda Street, Valachchanai	065 4926701
Wadduwa	588, Galle Road, Wadduwa	038 4927346
Warakapola	95, Kandy Road, Warakapola	035 5625908
Wattala	270,270/1, Negombo Road, Wattala	011 2931385 011 4812280
Weligama	354/53, Matara Road, Weligama	041 4935547
Wellawatte	100, 102, Galle Road, Wellawatte	011 2588702 011 2590636 011 2595880
Wijerama	594, Highlevel Road, Wijerama, Nugegoda	011 4926701
World Trade Centre Ext. Office	Level 1, World Trade Centre, Echelon Square, Colombo 01	011 2447436 011 2433719
Yakkala	255/A, Kandy Road, Yakkala	033 5629629 033 4934500



ANNEXURE H: CUSTODIAN BANKS

Bank of Ceylon

11th Floor, 4, Bank of Ceylon Mawatha,
Colombo 1
T: 011 2448348, 011 2338742/55, 011 2544333

Banque Indosuez

251, Dharmapala Mawatha,
Colombo 7
T: 011 2686537, 011 2689176

Citi Bank, N A

65 C, Dharmapala Mawatha,
Colombo 7
T: 011 2447316/8, 011 4794700

Commercial Bank of Ceylon PLC

Commercial House, 21, Bristol Street,
Colombo 1
T: 011 2445010-15, 011 238193-5, 011 430420

Deutsche Bank AG

86, Galle Road,
Colombo 3
T: 011 2447062, 011 2438057

Hatton National Bank PLC

479, T. B. Jayah Mawatha,
Colombo 10
T: 011 2664664

The Hong Kong and Shanghai Banking Corporation Limited

24, Sir Baron Jayathilake Mawatha,
Colombo 1
T: 011 2325435, 011 2346422

Nations Trust Bank PLC

256, Sri Ramanathan Mawatha,
Colombo 15
T: 011 4313131

National Savings Bank

255, Galle Road,
Colombo 3
T: 011 2573008-15

Pan Asia Banking Corporation PLC

450, Galle Road,
Colombo 3
T: 011 2565565

People's Bank

5th Floor, Sir Chittampalam A Gardiner Mawatha,
Colombo 2
T: 011 237841-9, 011 2446316-15, 011 2430561

Public Bank Berhad

340, R A De Mel Mawatha,
Colombo 3
T: 011 2576289, 011 7290200-07

Sampath Bank PLC

110, Sir James Peiris Mawatha,
Colombo 2
T: 011 5331441

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,
90, Galle Road,
Colombo 3
T: 011 2456789, 011 4701812/19/29

Standard Chartered Bank

37, York Street,
Colombo 1
T: 011 4794400, 011 2480000

State Bank of India

16, Sir Baron Jayathilake Mawatha,
Colombo 1
T: 011 2326133-5, 011 2439405-6

Union Bank of Colombo PLC

15A, Alfred Place,
Colombo 3
T: 011 2370870

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