



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the nine months ended 30th September, 2016

AAA(Ika)

First Sri Lankan Bank
to be rated AAA

INCOME STATEMENT

For the nine months ended 30th September 2016	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Income	63,826,503	58,956,722	64,382,162	59,376,460
Interest income	62,997,058	58,445,962	63,520,215	58,884,575
Interest expenses	(43,528,879)	(37,883,821)	(43,882,358)	(38,130,383)
Net interest income	19,468,179	20,562,141	19,637,857	20,754,192
Fee and commission income	454,713	321,089	455,462	322,310
Fee and commission expenses	(105,269)	(74,402)	(106,936)	(75,616)
Net fee and commission income	349,444	246,687	348,526	246,694
Net gain/(loss) from trading	309,445	(282)	357,426	(4,573)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Net gain/(loss) from financial investments	40,923	22,759	40,923	22,759
Other operating income (net)	24,363	167,194	8,135	151,389
Total operating income	20,192,354	20,998,499	20,392,867	21,170,461
Impairment for loans and other losses	-	-	-	-
Individual impairment	-	-	-	-
Collective impairment	161,956	(2,134,425)	161,956	(2,134,425)
Net operating income	20,354,310	18,864,074	20,554,823	19,036,036
Personnel expenses	(5,038,582)	(4,602,165)	(5,060,431)	(4,620,353)
Depreciation and amortization	(246,347)	(227,338)	(246,816)	(227,551)
Other expenses	(2,767,329)	(3,151,609)	(2,757,384)	(3,126,527)
Operating profit/(loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)	12,302,053	10,882,962	12,490,193	11,061,605
Value Added Tax on financial services	(1,822,361)	(1,494,445)	(1,847,809)	(1,515,210)
Nation Building Tax on financial services	(301,396)	(271,717)	(305,316)	(276,106)
Operating profit/(loss) after Value Added Tax (VAT) and Nation Building Tax (NBT)	10,178,296	9,116,800	10,337,068	9,270,289
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	10,178,296	9,116,800	10,337,068	9,270,289
Income tax expenses	(2,816,517)	(3,520,157)	(2,873,817)	(3,574,265)
Profit/(loss) for the period	7,361,779	5,596,643	7,463,251	5,696,024
Profit attributable to:				
Equity holders of the Bank	7,361,779	5,596,643	7,463,251	5,696,024
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Earnings per ordinary share - Basic (Rs.)	23.01	17.49	23.32	17.80
Earnings per ordinary share - Diluted (Rs.)	23.01	17.49	23.32	17.80

STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30th September 2016	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Profit for the period	7,361,779	5,596,643	7,463,251	5,696,024
Other comprehensive income, net of taxes				
Other comprehensive income to be reclassified to Income Statement				
Net gains/(losses) on cash flow hedges	(413,412)	134,663	(413,412)	134,663
Gains/(losses) on re-measuring available-for-sale financial assets	(151,279)	43,199	(211,616)	(145,229)
Fair value gains transferred to the Income Statement on disposal of available-for-sale financial assets	46,952	(20,036)	46,952	(20,036)
Total other comprehensive income to be reclassified to Income Statement	(517,739)	157,826	(578,076)	(30,602)
Other comprehensive income not to be reclassified to Income Statement				
Net gains/(losses) on revaluation of Property, Plant and Equipment	-	-	-	-
Actuarial gains/(losses) on retirement benefit plans	-	-	582	-
Total other comprehensive income not to be reclassified to Income Statement	-	-	582	-
Other comprehensive income for the period, net of taxes	(517,739)	157,826	(577,494)	(30,602)
Total comprehensive income for the period	6,844,040	5,754,468	6,885,757	5,665,421
Attributable to:				
Equity holders	6,844,040	5,754,468	6,885,757	5,665,421

Explanatory Notes :-

- There are no changes to the accounting policies and methods of computation since the publication of the annual accounts for the year 2015.
- There are no material events taken place after the reporting period, which requires adjustment or disclosure in this Financial Statements.
- The comparable information is re-classified as wherever necessary to compare with the current year's classification in order to provide a better presentation.

STATEMENT OF FINANCIAL POSITION

	Bank		Group	
	As at 30.09.2016 Rs. '000	As at 31.12.2015 Rs. '000 Audited	As at 30.09.2016 Rs. '000	As at 31.12.2015 Rs. '000 Audited
Assets				
Cash and cash equivalents	6,348,123	3,240,253	6,351,147	3,247,469
Balances with central banks	-	-	604	729
Placements with banks	15,548,081	12,626,509	15,548,081	12,626,509
Derivative financial instruments	3,136,768	3,735,284	3,136,768	3,735,284
Other financial assets held-for-trading	18,655,919	13,542,721	23,778,937	17,804,872
Financial assets designated at fair value through profit or loss	-	-	-	-
Loans and receivables to banks	29,075,105	23,717,823	29,081,706	23,735,825
Loans and receivables to other customers	274,059,186	248,032,842	274,069,510	248,037,737
Financial investments - Available-for-sale	4,281,439	4,385,767	6,200,439	6,407,037
Financial investments - Held-to-maturity	505,102,646	515,302,705	505,989,353	517,514,189
Investments in subsidiaries	150,000	150,000	-	-
Property, plant and equipment	7,062,663	6,967,070	7,064,417	6,969,292
Intangible assets	149,507	57,857	149,507	57,857
Deferred tax assets	-	-	392	228
Other assets	22,889,188	16,320,181	22,995,362	16,347,180
Total assets	886,458,626	848,079,011	894,366,226	856,484,208
Liabilities				
Due to banks	147,198	75,093	1,284,036	110,196
Derivative financial instruments	346,541	-	346,541	-
Due to other customers	638,238,953	595,775,709	638,238,953	595,775,709
Other borrowings	205,456,292	207,025,525	210,501,535	213,703,431
Current tax liabilities	-	-	71,992	45,477
Deferred tax liabilities	408,998	504,423	408,998	504,423
Other liabilities	11,801,622	12,274,434	11,834,163	12,286,296
Total liabilities	856,399,604	815,655,184	862,686,219	822,425,532
Equity				
Stated capital/Assigned capital	3,200,000	3,200,000	3,200,000	3,200,000
Statutory reserve fund	2,194,817	2,047,581	2,194,817	2,047,581
Other reserves	24,664,205	27,176,246	26,285,190	28,811,095
Total shareholders' equity	30,059,022	32,423,827	31,680,007	34,058,676
Total equity	30,059,022	32,423,827	31,680,007	34,058,676
Total equity and liabilities	886,458,626	848,079,011	894,366,226	856,484,208
Contingent liabilities and commitments	34,220,937	34,930,089	34,220,937	34,930,089
Memorandum Information				
Number of Employees (Nos.)	4,165	3,636	-	-
Number of Branches (Nos.)	250	245	-	-

Note: Amounts stated are in net of impairment and depreciation.

STATEMENT OF CHANGES IN EQUITY - BANK

In Rupees Thousand

For the nine months ended 30.09.2015	Stated Capital/ Assigned Capital	Revaluation Reserve	Statutory Reserve Fund	Available for Sale Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
	Balance as at 1st January 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	13,866,361
Net profit for the period	-	-	-	-	-	5,596,643	-	5,596,643
Other comprehensive income net of tax	-	-	-	23,163	134,663	-	-	157,826
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(2,796)	(2,796)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(2,050,000)	-	(2,050,000)
Contribution to national insurance trust fund	-	-	-	-	-	(55,966)	-	(55,966)
Transfers during the period	-	-	111,933	-	-	(3,490,677)	3,378,744	-
Balance as at 30th September 2015	3,200,000	2,065,446	1,986,068	1,222,582	129,159	-	17,262,310	25,865,565
For the nine months ended 30.09.2016								
Balance as at 1st January 2016	3,200,000	3,296,565	2,047,581	1,631,862	139,106	-	22,108,709	32,423,827
Net profit for the period	-	-	-	-	-	7,361,779	-	7,361,779
Other comprehensive income net of tax	-	-	-	(104,327)	(413,412)	-	-	(517,739)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(115,727)	(115,727)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(9,019,500)	-	(9,019,500)
Contribution to national insurance trust fund	-	-	-	-	-	(73,618)	-	(73,618)
Transfers during the period	-	-	147,236	-	-	1,731,339	(1,878,573)	-
Balance as at 30th September 2016	3,200,000	3,296,565	2,194,817	1,527,535	(274,306)	-	20,114,411	30,059,022

STATEMENT OF CHANGES IN EQUITY - GROUP

In Rupees Thousand

For the nine months ended 30.09.2015	Stated Capital/ Assigned Capital	Revaluation Reserve	Statutory Reserve Fund	Available for Sale Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
	Balance as at 1st January 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	15,541,616
Net profit for the period	-	-	-	-	-	5,696,024	-	5,696,024
Other comprehensive income net of tax	-	-	-	(165,265)	134,663	-	-	(30,602)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(2,796)	(2,796)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(2,051,600)	-	(2,051,600)
Contribution to national insurance trust fund	-	-	-	-	-	(55,966)	-	(55,966)
Transfers during the period	-	-	111,933	-	-	(3,588,457)	3,476,525	-
Balance as at 30th September 2015	3,200,000	2,065,446	1,986,068	1,034,154	129,159	-	19,015,345	27,430,171
For the nine months ended 30.09.2016								
Balance as at 1st January 2016	3,200,000	3,296,565	2,047,581	1,452,761	139,106	-	23,922,660	34,058,676
Prior year adjustment	-	-	-	-	-	(53,931)	-	(53,931)
Net profit for the period	-	-	-	-	-	7,463,251	-	7,463,251
Other comprehensive income net of tax	-	-	-	(164,664)	(413,412)	582	-	(577,494)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(115,727)	(115,727)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(9,021,150)	-	(9,021,150)
Contribution to national insurance trust fund	-	-	-	-	-	(73,618)	-	(73,618)
Transfers during the period	-	-	147,236	-	-	1,684,866	(1,832,102)	-
Balance as at 30th September 2016	3,200,000	3,296,565	2,194,817	1,288,097	(274,306)	-	21,974,831	31,680,007



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

AAA(Ika)
First Sri Lankan Bank
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For the nine months ended 30th September, 2016

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

a. Bank - as at 30.09.2016							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	6,348,123	-	-	6,348,123
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	15,548,081	-	-	15,548,081
Derivative financial instruments	-	-	-	-	-	3,136,768	3,136,768
Other financial assets held for trading	18,655,919	-	-	-	-	-	18,655,919
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	29,075,105	-	-	29,075,105
Loans and receivable to other customers	-	-	-	274,059,186	-	-	274,059,186
Financial investments	-	-	505,102,646	-	4,281,439	-	509,384,085
Total financial assets	18,655,919	-	505,102,646	325,030,495	4,281,439	3,136,768	856,207,267
LIABILITIES							
Due to banks	-	-	-	-	147,198	-	147,198
Derivative financial instruments	-	-	-	-	-	346,541	346,541
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	638,238,953	-	-	638,238,953
Other borrowings	-	-	-	205,456,292	-	-	205,456,292
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	843,842,443	346,541	-	844,188,984

b. Bank - as at 31.12.2015 (Audited)							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,240,253	-	-	3,240,253
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	12,626,509	-	-	12,626,509
Derivative financial instruments	-	-	-	-	-	3,735,284	3,735,284
Other financial assets held for trading	13,542,721	-	-	-	-	-	13,542,721
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	23,717,823	-	-	23,717,823
Loans and receivable to other customers	-	-	-	248,032,842	-	-	248,032,842
Financial investments	-	-	515,302,705	-	4,385,767	-	519,688,472
Total financial assets	13,542,721	-	515,302,705	287,617,427	4,385,767	3,735,284	824,583,904
LIABILITIES							
Due to banks	-	-	-	-	75,093	-	75,093
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	595,775,709	-	-	595,775,709
Other borrowings	-	-	-	207,025,525	-	-	207,025,525
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	802,876,327	-	-	802,876,327

NOTES TO THE FINANCIAL STATEMENT

01. Loans and Receivables to Other Customers

In Rupees Thousand	Bank		Group	
	As at 30.09.2016	As at 31.12.2015	As at 30.09.2016	As at 31.12.2015
Gross loans and receivables	275,738,043	251,125,051	275,748,367	251,129,946
(Less): Individual impairment	-	-	-	-
Collective impairment (Note - a)	(1,678,857)	(3,092,209)	(1,678,857)	(3,092,209)
Net loans and receivables including those designated at fair value through profit or loss	274,059,186	248,032,842	274,069,510	248,037,737
(Less): Loans and receivables designated at fair value through profit or loss	-	-	-	-
Net loans and receivables (Note - b)	274,059,186	248,032,842	274,069,510	248,037,737

Note - a. Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers

In Rupees Thousand	Bank		Group	
	As at 30.09.2016	As at 31.12.2015	As at 30.09.2016	As at 31.12.2015
Individual impairment				
Opening balance	-	-	-	-
Charge/(Write back) to Income Statement	-	-	-	-
Write-off during the period	-	-	-	-
Other movements	-	-	-	-
Closing balance	-	-	-	-
Collective impairment				
Opening balance	3,092,209	3,925,172	3,092,209	3,925,172
Charge/(Write back) to Income Statement	(161,956)	2,139,553	(161,956)	2,139,553
Other movements/Interest waive off	(1,251,396)	(2,972,516)	(1,251,396)	(2,972,516)
Closing balance	1,678,857	3,092,209	1,678,857	3,092,209
Total impairment	1,678,857	3,092,209	1,678,857	3,092,209

Note - b. Loans and Receivables to Other Customers - by product

In Rupees Thousand	Bank		Group	
	As at 30.09.2016	As at 31.12.2015	As at 30.09.2016	As at 31.12.2015
By product - Domestic Currency				
Overdrafts	-	-	-	-
Term loans	223,436,288	194,270,398	223,436,288	194,270,398
Pawning	21,071,804	28,027,581	21,071,804	28,027,581
Securitization/Commercial Papers	2,983,385	2,413,639	2,983,385	2,413,639
Sri Lanka Government Securities	2,030,000	2,075,000	2,030,000	2,075,000
Staff Loans	3,896,164	3,362,967	3,896,164	3,362,967
Securities purchased under resale agreements	277,916	-	288,240	4,895
Other loans	3,877,222	2,443,976	3,877,222	2,443,976
Sub total	257,572,779	232,593,561	257,583,103	232,598,456
By product - Foreign Currency				
Overdrafts	-	-	-	-
Term loans	16,486,407	15,439,281	16,486,407	15,439,281
Other loans	-	-	-	-
Sub total	16,486,407	15,439,281	16,486,407	15,439,281
Total	274,059,186	248,032,842	274,069,510	248,037,737

02. Due to Other Customers - by product

In Rupees Thousand	Bank		Group	
	As at 30.09.2016	As at 31.12.2015	As at 30.09.2016	As at 31.12.2015
By product - Domestic Currency				
Savings deposits	172,073,128	160,814,096	172,073,128	160,814,096
Fixed deposits	457,889,355	427,588,230	457,889,355	427,588,230
Other deposits	-	-	-	-
Sub total	629,962,483	588,402,326	629,962,483	588,402,326
By product - Foreign Currency				
Savings deposits	2,681,343	2,567,612	2,681,343	2,567,612
Fixed deposits	5,595,127	4,805,771	5,595,127	4,805,771
Other deposits	-	-	-	-
Sub total	8,276,470	7,373,383	8,276,470	7,373,383
Total	638,238,953	595,775,709	638,238,953	595,775,709

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

c. Group - as at 30.09.2016							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	6,351,147	-	-	6,351,147
Balances with central banks	-	-	-	604	-	-	604
Placement with banks	-	-	-	15,548,081	-	-	15,548,081
Derivative financial instruments	-	-	-	-	-	3,136,768	3,136,768
Other financial assets held for trading	23,778,937	-	-	-	-	-	23,778,937
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	29,081,706	-	-	29,081,706
Loans and receivable to other customers	-	-	-	274,069,510	-	-	274,069,510
Financial investments	-	-	505,989,353	-	6,200,439	-	512,189,793
Total financial assets	23,778,937	-	505,989,353	325,051,048	6,200,439	3,136,768	864,156,545
LIABILITIES							
Due to banks	-	-	-	1,284,036	-	-	1,284,036
Derivative financial instruments	-	-	-	-	-	346,541	346,541
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	638,238,953	-	-	638,238,953
Other borrowings	-	-	-	210,501,535	-	-	210,501,535
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	850,024,524	346,541	-	850,371,065

d. Group - as at 31.12.2015 (Audited)							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,247,469	-	-	3,247,469
Balances with central banks	-	-	-	729	-	-	729
Placement with banks	-	-	-	12,626,509	-	-	12,626,509
Derivative financial instruments	-	-	-	-	-	3,735,284	3,735,284
Other financial assets held for trading	17,804,872	-	-	-	-	-	17,804,872
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	23,735,825	-	-	23,735,825
Loans and receivable to other customers	-	-	-	248,037,737	-	-	248,037,737
Financial investments	-	-	517,514,189	-	6,407,037	-	523,921,226
Total financial assets	17,804,872	-	517,514,189	287,648,269	6,407,037	3,735,284	833,109,651
LIABILITIES							
Due to banks	-	-	-	110,196	-	-	110,196
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	595,775,709	-	-	595,775,709
Other borrowings	-	-	-	213,703,431	-	-	213,703,431
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	809,589,336	-	-	809,589,336

CASH FLOW STATEMENT

	Bank		Group	
	30.09.2016 Rs.'000	30.09.2015 Rs.'000	30.09.2016 Rs.'000	30.09.2015 Rs.'000
Cash flows from operating activities				
Profit before tax	10,178,296	9,116,800	10,337,068	9,270,289
Adjustment for:				
Non-cash items included in profit before tax	816,249	2,754,457	816,718	2,754,670
Change in operating assets	(33,152,699)	(38,482,168)	(32,761,992)	(36,120,292)
Change in operating liabilities	43,113,024	29,171,468	44,236,020	29,004,918
Placement with banks	(2,921,572)	(125,915)	(2,921,572)	(125,915)
Contribution paid to defined benefit plans	(912,629)	(615,186)	(912,629)	(615,186)
Tax paid	(2,911,942)	(3,383,653)	(2,996,823)	(3,457,564)
Contribution paid to national insurance trust fund	(78,560)	(72,533)	(78,560)	(72,533)
Dividends received from investment in subsidiaries	(14,850)	(14,400)	-	-
Net cash generated from operating activities	14,115,317	(1,651,130)	15,718,230	638,387
Cash flows from investing activities				
Purchase of property, plant and equipment	(318,021)	(381,708)	(318,021)	(382,064)
Proceeds from the sale of property, plant and equipment	2,228	-	2,228	-
Net (Increase)/Decrease in investment in Available-for-sale	41,949	82,633	83,882	(1,907,671)
Net purchase of intangible assets	(116,098)	(5,422)	(116,098)	(5,415)
Decrease in unclaimed reserve fund	(115,727)	(2,796)	(115,727)	(2,796)
Dividends received from investment in subsidiaries	14,850	14,400	-	-
Net cash (used in)/from investing activities	(490,819)	(292,893)	(463,736)	(2,297,946)
Cash flows from financing activities				
Contribution to consolidated fund/(Dividend)	(9,019,500)	(2,050,000)	(9,021,150)	(2,051,600)
Other borrowings	(1,569,233)	5,941,133	(3,201,896)	5