



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

AAA(Ika)
First Sri Lankan Bank
to be rated AAA

For the three months ended 31st March 2017

INCOME STATEMENT

For the three months ended 31st March	Bank		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Income	24,219,973	19,101,134	24,426,208	19,115,808
Interest income	23,891,947	20,029,455	24,139,251	20,184,823
Interest expenses	(17,977,991)	(13,380,142)	(18,154,282)	(13,475,076)
Net interest income	5,913,956	6,649,313	5,984,969	6,709,747
Fee and commission income	169,621	138,344	172,287	138,700
Fee and commission expenses	(13,374)	(34,563)	(13,949)	(34,794)
Net fee and commission income	156,247	103,781	158,338	103,906
Net gain/(loss) from trading	(770)	(1,052,883)	(29,187)	(1,193,465)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Net gain/(loss) from financial investments	8,917	-	8,917	-
Other operating income (net)	150,258	(13,783)	134,940	(14,251)
Total operating income	6,228,608	5,686,429	6,257,977	5,605,937
Impairment for loans and other losses	-	-	-	-
Individual impairment	-	-	-	-
Collective impairment	(87,316)	430,566	(87,316)	430,566
Net operating income	6,141,293	6,116,995	6,170,662	6,036,504
Personnel expenses	(1,752,534)	(1,503,515)	1,759,477	(1,510,372)
Depreciation and amortization	(84,444)	(75,965)	(84,607)	(76,121)
Other expenses	(899,018)	(849,489)	(893,120)	(849,109)
Operating profit/(loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)	3,405,297	3,688,026	3,433,458	3,600,902
Value Added Tax on financial services	(652,046)	(501,561)	(658,461)	(502,538)
Nation Building Tax on financial services	(86,939)	(91,193)	(87,794)	(91,356)
Operating profit/(loss) after Value Added Tax (VAT) and Nation Building Tax (NBT)	2,666,311	3,095,272	2,687,202	3,007,008
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	2,666,311	3,095,272	2,687,202	3,007,008
Income tax expenses	(896,183)	(745,002)	(906,831)	(719,062)
Profit/(loss) for the period	1,770,128	2,350,270	1,780,371	2,287,946
Profit attributable to:				
Equity holders of the Bank	1,770,128	2,350,270	1,780,371	2,287,946
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Earnings per ordinary share - Basic (Rs.)	2.86	7.34	2.87	7.15
Earnings per ordinary share - Diluted (Rs.)	2.86	7.34	2.87	7.15

STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31st March	Bank		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit for the period	1,770,128	2,350,270	1,780,371	2,287,946
Other comprehensive income, net of taxes				
Other comprehensive income to be reclassified to Income Statement				
Net gains/(losses) on cash flow hedges	(1,850)	(5,385)	(1,850)	(5,385)
Gains/(losses) on re-measuring available-for-sale financial assets	(81,422)	(437,580)	(80,569)	(603,903)
Fair value gains transferred to the Income Statement on disposal of available-for-sale financial assets	-	-	-	-
Total other comprehensive income to be reclassified to Income Statement	(83,272)	(442,965)	(82,419)	(609,288)
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	-	-	-	201
Total other comprehensive income not to be reclassified to Income Statement	-	-	-	201
Other comprehensive income for the period, net of taxes	(83,272)	(442,965)	(82,419)	(609,087)
Total comprehensive income for the period	1,686,857	1,907,305	1,697,953	1,678,860
Attributable to:				
Equity holders	1,686,857	1,907,305	1,697,953	1,678,860

Explanatory Notes :-

- There are no changes to the accounting policies and methods of computation since the publication of the annual accounts for the year 2016.
- 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 31.03.2017 Rs. '000	As at 31.12.2016 Rs. '000 Audited	As at 31.03.2017 Rs. '000	As at 31.12.2016 Rs. '000 Audited
Assets				
Cash and cash equivalents	4,272,872	4,619,699	4,273,185	4,627,629
Balances with central banks	-	-	743	477
Placements with banks	18,093,183	19,013,572	18,093,183	19,013,572
Derivative financial instruments	3,467,613	2,728,445	3,467,613	2,728,445
Other financial assets held-for-trading	15,996,983	20,290,588	22,043,744	27,303,207
Financial assets designated at fair value through profit or loss	-	-	-	-
Loans and receivables to banks	29,723,470	31,834,072	29,746,074	31,834,072
Loans and receivables to other customers	308,736,811	291,976,942	306,103,878	291,178,121
Financial investments - Available-for-sale	8,063,690	6,227,764	9,919,105	8,122,516
Financial investments - Held-to-maturity	499,374,907	505,824,398	502,313,488	507,624,954
Investments in subsidiaries	150,000	150,000	-	-
Property, plant and equipment	7,096,660	7,119,651	7,098,669	7,121,823
Intangible assets	196,266	157,271	196,266	157,271
Deferred tax assets	-	-	588	588
Other assets	24,358,560	21,761,440	24,516,783	21,890,777
Total assets	919,531,016	911,703,842	927,773,319	921,603,453
Liabilities				
Due to banks	293,461	115,391	755,800	2,858,673
Derivative financial instruments	785,039	-	785,039	-
Due to other customers	659,273,941	657,280,315	659,273,941	657,280,315
Other borrowings	211,539,270	207,039,909	217,728,600	212,629,427
Current tax liabilities	-	-	27,800	17,153
Deferred tax liabilities	428,696	416,180	428,696	416,180
Other liabilities	8,320,300	8,600,056	8,332,478	8,608,506
Subordinated liabilities	6,198,722	6,006,411	6,198,722	6,006,411
Total liabilities	886,839,428	879,458,262	893,531,076	887,816,665
Equity				
Stated capital/Assigned capital	6,200,000	6,200,000	6,200,000	6,200,000
Statutory reserve fund	2,610,973	2,522,467	2,610,973	2,522,467
Retained earnings	2,834,019	2,379,307	4,165,647	3,708,614
Other reserves	21,046,596	21,143,806	21,265,623	21,355,707
Total shareholders' equity	32,691,588	32,245,580	34,242,243	33,786,788
Total equity	32,691,588	32,245,580	34,242,243	33,786,788
Total equity and liabilities	919,531,016	911,703,842	927,773,319	921,603,453
Contingent liabilities and commitments	18,263,711	24,970,060	18,263,711	24,970,060
Memorandum Information				
Number of Employees (Nos.)	4,371	4,384		
Number of Branches (Nos.)	250	250		

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

STATEMENT OF CHANGES IN EQUITY - BANK

For the three months ended 31.03.2016	In Rupees Thousand							
	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 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	-	-	-	-	-	2,350,270	-	2,350,270
Other comprehensive income net of tax	-	-	-	(437,580)	(5,385)	-	-	(442,965)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(46,619)	(46,619)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	-	-	-
Contribution to national insurance trust fund	-	-	-	-	-	(23,503)	-	(23,503)
Transfers during the period	-	-	47,005	-	-	(2,326,767)	2,279,761	-
Balance as at 31st March 2016	3,200,000	3,296,565	2,094,586	1,194,282	133,721	-	24,341,851	34,261,010
For the three months ended 31.03.2017								
Balance as at 1st January 2017	6,200,000	3,296,565	2,522,467	1,378,818	1,850	2,379,307	16,466,570	32,245,580
Net profit for the period	-	-	-	-	-	1,770,128	-	1,770,128
Other comprehensive income net of tax	-	-	-	(81,422)	(1,850)	-	-	(83,272)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(13,938)	(13,938)
Contribution to the consolidated fund-dividend/levy	-	-	-	-	-	(1,209,209)	-	(1,209,209)
Contribution to national insurance trust fund	-	-	-	-	-	(17,701)	-	(17,701)
Transfers during the period	-	-	88,506	-	-	(88,506)	-	-
Balance as at 31st March 2017	6,200,000	3,296,565	2,610,973	1,297,396	-	2,834,019	16,452,632	32,691,588

STATEMENT OF CHANGES IN EQUITY - GROUP

For the three months ended 31.03.2016	In Rupees Thousand							
	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 2016	3,200,000	3,296,565	2,047,581	1,452,761	139,106	1,285,911	22,582,817	34,004,744
Net profit for the period	-	-	-	-	-	2,287,946	-	2,287,946
Other comprehensive income net of tax	-	-	-	(603,903)	(5,385)	-	201	(609,087)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(46,619)	(46,619)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	-	-	-
Contribution to national insurance trust fund	-	-	-	-	-	(23,503)	-	(23,503)
Transfers during the period	-	-	47,005	-	-	(2,264,443)	2,217,437	-
Balance as at 31st March 2016	3,200,000	3,296,565	2,094,586	848,858	133,721	1,285,911	24,753,836	35,613,480
For the three months ended 31.03.2017								
Balance as at 1st January 2017	6,200,000	3,296,565	2,522,467	1,096,758	1,850	3,708,614	16,960,532	33,786,788
Net profit for the period	-	-	-	-	-	1,780,371	-	1,780,371
Other comprehensive income net of tax	-	-	-	(80,569)	(1,850)	-	-	(82,419)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(13,938)	(13,938)
Contribution to the consolidated fund-dividend/levy	-	-	-	-	-	(1,210,859)	-	(1,210,859)
Contribution to national insurance trust fund	-	-	-	-	-	(17,701)	-	(17,701)
Transfers during the period	-	-	88,506	-	-	(94,779)	6,273	-
Balance as at 31st March 2017	6,200,000	3,296,565	2,610,973	1,016,189	-	4,165,647	16,952,867	34,242,243



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the three months ended 31st March, 2017

AAA(Ika)

First Sri Lankan Bank
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ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

a. Bank - as at 31.03.2017							
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	-	-	-	4,272,872	-	-	4,272,872
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	18,093,183	-	-	18,093,183
Derivative financial instruments	-	-	-	-	-	3,467,613	3,467,613
Other financial assets held for trading	15,996,983	-	-	-	-	-	15,996,983
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	29,723,470	-	-	29,723,470
Loans and receivable to other customers	-	-	-	308,736,811	-	-	308,736,811
Financial investments	-	-	499,374,907	-	8,063,690	-	507,438,597
Total financial assets	15,996,983	-	499,374,907	360,826,336	8,063,690	3,467,613	887,729,529
LIABILITIES							
Due to banks	-	-	-	293,461	-	-	293,461
Derivative financial instruments	-	-	-	-	-	785,039	785,039
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	659,273,941	-	-	659,273,941
Other borrowings	-	-	-	211,539,270	-	-	211,539,270
Subordinated liabilities	-	-	-	6,198,722	-	-	6,198,722
Total financial liabilities	-	-	-	877,305,394	-	785,039	878,090,433

b. Bank - as at 31.12.2016 (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	-	-	-	4,619,699	-	-	4,619,699
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	19,013,572	-	-	19,013,572
Derivative financial instruments	-	-	-	-	-	2,728,445	2,728,445
Other financial assets held for trading	20,290,588	-	-	-	-	-	20,290,588
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	31,834,072	-	-	31,834,072
Loans and receivable to other customers	-	-	-	291,976,942	-	-	291,976,942
Financial investments	-	-	505,824,398	-	6,227,764	-	512,052,163
Total financial assets	20,290,588	-	505,824,398	347,444,284	6,227,764	2,728,445	882,515,480
LIABILITIES							
Due to banks	-	-	-	115,391	-	-	115,391
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	657,280,315	-	-	657,280,315
Other borrowings	-	-	-	207,039,909	-	-	207,039,909
Subordinated liabilities	-	-	-	6,006,411	-	-	6,006,411
Total financial liabilities	-	-	-	870,442,027	-	-	870,442,027

c. Group - as at 31.03.2017							
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	-	-	-	4,273,185	-	-	4,273,185
Balances with central banks	-	-	-	743	-	-	743
Placement with banks	-	-	-	18,093,183	-	-	18,093,183
Derivative financial instruments	-	-	-	-	-	3,467,613	3,467,613
Other financial assets held for trading	22,043,744	-	-	-	-	-	22,043,744
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	29,746,074	-	-	29,746,074
Loans and receivable to other customers	-	-	-	306,103,878	-	-	306,103,878
Financial investments	-	-	502,313,488	-	9,919,105	-	512,232,594
Total financial assets	22,043,744	-	502,313,488	358,217,064	9,919,105	3,467,613	895,961,014
LIABILITIES							
Due to banks	-	-	-	755,800	-	-	755,800
Derivative financial instruments	-	-	-	-	-	785,039	785,039
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	659,273,941	-	-	659,273,941
Other borrowings	-	-	-	217,728,600	-	-	217,728,600
Subordinated liabilities	-	-	-	6,198,722	-	-	6,198,722
Total financial liabilities	-	-	-	883,957,064	-	785,039	884,742,103

NOTES TO THE FINANCIAL STATEMENT

01. Loans and Receivables to Other Customers				
In Rupees Thousand	Bank		Group	
	As at 31.03.2017	As at 31.12.2016	As at 31.03.2017	As at 31.12.2016
Gross loans and receivables	310,495,947	293,708,714	307,863,014	292,909,893
(Less): Individual impairment	-	-	-	-
Collective impairment (Note - a)	(1,759,135)	(1,731,772)	(1,759,135)	(1,731,772)
Net loans and receivables including those designated at fair value through profit or loss	308,736,811	291,976,942	306,103,878	291,178,121
(Less): Loans and receivables designated at fair value through profit or loss	-	-	-	-
Net loans and receivables (Note - b)	308,736,811	291,976,942	306,103,878	291,178,121

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 31.03.2017	As at 31.12.2016	As at 31.03.2017	As at 31.12.2016
Individual impairment				
Opening balance	-	-	-	-
Change/(Write back) to Income Statement	-	-	-	-
Write-off during the year	-	-	-	-
Other movements	-	-	-	-
Closing balance	-	-	-	-
Collective impairment				
Opening balance	1,731,772	3,092,209	1,731,772	3,092,209
Charge/(Write back) to Income Statement	87,316	(99,693)	87,316	(99,693)
Other movements/Interest waive off	(59,953)	(1,260,744)	(59,953)	(1,260,744)
Closing balance	1,759,135	1,731,772	1,759,135	1,731,772
Total impairment	1,759,135	1,731,772	1,759,135	1,731,772

Note - b. Loans and Receivables to Other Customers - by product				
In Rupees Thousand	Bank		Group	
	As at 31.03.2017	As at 31.12.2016	As at 31.03.2017	As at 31.12.2016
By product - Domestic Currency				
Overdrafts	-	-	-	-
Term loans	243,976,385	236,225,144	243,976,385	236,225,144
Pawning	20,872,370	20,595,599	20,872,370	20,595,599
Securitization/Trust Certificates	2,885,416	2,695,185	2,885,416	2,695,185
Loan to Government	2,030,000	2,075,000	2,030,000	2,075,000
Staff Loans	4,465,619	4,058,183	4,465,619	4,058,183
Securities purchased under resale agreements	3,709,633	2,496,838	1,076,699	1,698,017
Other loans	3,831,801	3,950,010	3,831,801	3,950,010
Sub total	281,771,225	272,095,959	279,138,292	271,297,138
By product - Foreign Currency				
Overdrafts	-	-	-	-
Term loans	26,965,587	19,880,983	26,965,587	19,880,983
Other loans	-	-	-	-
Sub total	26,965,587	19,880,983	26,965,587	19,880,983
Total	308,736,811	291,976,942	306,103,878	291,178,121

02. Due to Other Customers - by product				
In Rupees Thousand	Bank		Group	
	As at 31.03.2017	As at 31.12.2016	As at 31.03.2017	As at 31.12.2016
By product - Domestic Currency				
Savings deposits	177,890,144	173,583,042	177,890,144	173,583,042
Fixed deposits	472,404,420	475,219,748	472,404,420	475,219,748
Other deposits	-	-	-	-
Sub total	650,294,563	648,802,790	650,294,563	648,802,790
By product - Foreign Currency				
Savings deposits	2,909,199	2,763,962	2,909,199	2,763,962
Fixed deposits	6,070,178	5,713,564	6,070,178	5,713,564
Other deposits	-	-	-	-
Sub total	8,979,377	8,477,526	8,979,377	8,477,526
Total	659,273,941	657,280,315	659,273,941	657,280,315

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

c. Group - as at 31.03.2017							
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	-	-	-	4,273,185	-	-	4,273,185
Balances with central banks	-	-	-	743	-	-	743
Placement with banks	-	-	-	18,093,183	-	-	18,093,183
Derivative financial instruments	-	-	-	-	-	3,467,613	3,467,613
Other financial assets held for trading	22,043,744	-	-	-	-	-	22,043,744
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	29,746,074	-	-	29,746,074
Loans and receivable to other customers	-	-	-	306,103,878	-	-	306,103,878
Financial investments	-	-	502,313,488	-	9,919,105	-	512,232,594
Total financial assets	22,043,744	-	502,313,488	358,217,064	9,919,105	3,467,613	895,961,014
LIABILITIES							
Due to banks	-	-	-	755,800	-	-	755,800
Derivative financial instruments	-	-	-	-	-	785,039	785,039
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	659,273,941	-	-	659,273,941
Other borrowings	-	-	-	217,728,600	-	-	217,728,600
Subordinated liabilities	-	-	-	6,198,722	-	-	6,198,722
Total financial liabilities	-	-	-	883,957,064	-	785,039	884,742,103

d. Group - as at 31.12.2016 (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	-	-	-	4,627,629	-	-	4,627,629
Balances with central banks	-	-	-	477	-	-	477
Placement with banks	-	-	-	19,013,572	-	-	19,013,572
Derivative financial instruments	-	-	-	-	-	2,728,445	2,728,445
Other financial assets held for trading	27,303,207	-	-	-	-	-	27,303,207
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	31,834,072	-	-	31,834,072
Loans and receivable to other customers	-	-	-	291,178,121	-	-	291,178,121
Financial investments	-	-	507,624,954	-	8,122,516	-	515,747,471
Total financial assets	27,303,207	-	507,624,954	346,653,871	8,122,516	2,728,445	892,432,993
LIABILITIES							
Due to banks	-	-	-	2,858,673	-	-	2,858,673
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	657,280,315	-	-	657,280,315
Other borrowings	-	-	-	212,629,427	-	-	212,629,427
Subordinated liabilities	-	-	-	6,006,411	-	-	6,006,411
Total financial liabilities	-	-	-	878,774,827	- </		