



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the Year ended 31st December, 2016

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

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

a. 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	-	512,052,162
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	-	-	-	878,702,026	-	-	878,702,026

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
Subordinated liabilities	-	-	-	-	-	-	-
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 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
Gross loans and receivables	293,708,714	251,125,051	292,909,893	251,129,946
(Less): Individual impairment	-	-	-	-
Collective impairment (Note - a)	(1,731,772)	(3,092,209)	(1,731,772)	(3,092,209)
Net loans and receivables including those designated at fair value through profit or loss	291,976,942	248,032,842	291,178,121	248,037,737
(Less): Loans and receivables designated at fair value through profit or loss	-	-	-	-
Net loans and receivables (Note - b)	291,976,942	248,032,842	291,178,121	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 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
Individual impairment	-	-	-	-
Opening balance	-	-	-	-
Charge (Write back) to Income Statement	-	-	-	-
Write-off during the year	-	-	-	-
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	(99,693)	2,139,553	(99,693)	2,139,553
Other movements/Interest waive off	(1,260,744)	(2,972,516)	(1,260,744)	(2,972,516)
Closing balance	1,731,772	3,092,209	1,731,772	3,092,209
Total impairment	1,731,772	3,092,209	1,731,772	3,092,209

Note - b. Loans and Receivables to Other Customers - by product				
In Rupees Thousand	Bank		Group	
	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
By product - Domestic Currency	-	-	-	-
Overdrafts	-	-	-	-
Term loans	236,225,144	194,270,398	236,225,144	194,270,398
Pawning	20,595,599	28,027,581	20,595,599	28,027,581
Securitization/Trust Certificates	2,695,185	2,413,639	2,695,185	2,413,639
Loan to Government	2,075,000	2,075,000	2,075,000	2,075,000
Staff Loans	4,058,183	3,362,967	4,058,183	3,362,967
Securities purchased under resale agreements	2,496,838	-	1,698,017	4,895
Other loans	3,950,010	2,443,976	3,950,010	2,443,976
Sub total	272,095,959	232,593,561	271,297,138	232,598,456
By product - Foreign Currency	-	-	-	-
Overdrafts	-	-	-	-
Term loans	19,880,983	15,439,281	19,880,983	15,439,281
Other loans	-	-	-	-
Sub total	19,880,983	15,439,281	19,880,983	15,439,281
Total	291,976,942	248,032,842	291,178,121	248,037,737

02. Due to Other Customers - by product				
In Rupees Thousand	Bank		Group	
	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
By product - Domestic Currency	-	-	-	-
Savings deposits	173,583,042	160,814,096	173,583,042	160,814,096
Fixed deposits	475,219,748	427,588,230	475,219,748	427,588,230
Other deposits	-	-	-	-
Sub total	648,802,790	588,402,326	648,802,790	588,402,326
By product - Foreign Currency	-	-	-	-
Savings deposits	2,763,962	2,567,612	2,763,962	2,567,612
Fixed deposits	5,713,563	4,805,771	5,713,563	4,805,771
Other deposits	-	-	-	-
Sub total	8,477,525	7,373,383	8,477,525	7,373,383
Total	657,280,315	595,775,709	657,280,315	595,775,709

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

c. 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
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	-	515,747,470
Total financial assets	27,303,207	-	507,624,954	346,653,871	8,122,516	2,728,445	892,432,992
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	-	-	-	878,774,826	-	-	878,774,826

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	-	-	-	23,735,828	-	-	23,735,828
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	833,109,661
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
Subordinated liabilities	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	809,589,336	-	-	809,589,336

CASH FLOW STATEMENT

	Bank		Group	
	31.12.2016 Rs.'000 Audited	31.12.2015 Rs.'000 Audited	31.12.2016 Rs.'000 Audited	31.12.2015 Rs.'000 Audited
Cash flows from operating activities				
Profit before tax	13,302,987	13,033,669	13,397,277	13,272,031
Adjustment for:				
Non-cash items included in profit before tax	1,153,639	2,823,332	1,271,628	2,823,669
Change in operating assets	(54,762,416)	(64,937,239)	(56,499,933)	(63,939,206)
Change in operating liabilities	61,611,498	43,511,318	64,316,597	42,937,915
Placement with banks	(6,387,063)	(2,980,888)	(6,387,063)	(2,980,888)
Contribution paid to defined benefit plans	(1,390,261)	(649,054)	(1,390,261)	(649,054)
Tax paid	(3,893,514)	(4,126,086)	(4,005,853)	(4,245,788)
Super gain tax paid	-	(1,040,362)	-	(1,149,899)
Contribution paid to national insurance trust fund	(104,375)	(89,949)	(104,375)	(89,949)
Dividends received from investment in subsidiaries	(14,850)	(14,400)	-	-
Net cash generated from operating activities	9,515,645	(14,470,259)	10,598,017	(14,021,169)
Cash flows from investing activities				
Purchase of property, plant and equipment	(450,150)	(480,395)	(450,732)	(482,067)
Proceeds from the sale of property, plant and equipment	1,948	913	1,948	913
Net (Increase)/Decrease in investment in Available-for-sale	(2,052,611)	111,469	(2,029,052)	(2,087,902)
Net purchase of intangible assets	(134,926)	(30,059)	(134,926)	(30,059)
Net Increase / (Decrease) in unclaimed reserve fund	456,008	3,059,246	456,008	3,059,246
Dividends received from investment in subsidiaries	14,850	14,400	-	-
Net cash (used in)/from investing activities	(2,164,881)	2,675,574	(2,156,574)	



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the year ended 31st December, 2016

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

INCOME STATEMENT

For the year ended 31st December	Bank		Group	
	2016 Rs. '000 Audited	2015 Rs. '000 Audited	2016 Rs. '000 Audited	2015 Rs. '000 Audited
Income	87,399,144	79,282,222	87,038,610	79,890,224
Interest income	86,390,039	78,128,498	87,142,784	78,747,364
Interest expenses	(60,923,221)	(51,145,994)	(61,453,898)	(51,486,547)
Net interest income	25,466,818	26,982,504	25,688,886	27,260,817
Fee and commission income	650,164	475,374	651,160	477,214
Fee and commission expenses	(137,432)	(111,135)	(140,122)	(112,109)
Net fee and commission income	512,732	364,239	511,038	365,105
Net gain/(loss) from trading	(39,270)	297,847	(136,897)	301,417
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Net gain/(loss) from financial investments	40,923	27,838	40,923	27,838
Other operating income (net)	357,288	352,665	340,640	336,391
Total operating income	26,338,490	28,025,094	26,444,590	28,291,568
Impairment for loans and other losses	-	-	-	-
Individual impairment	-	-	-	-
Collective impairment	99,693	(2,139,553)	99,693	(2,139,553)
Net operating income	26,438,183	25,885,541	26,544,283	26,152,015
Personnel expenses	(6,235,370)	(5,910,552)	(6,266,515)	(5,937,068)
Depreciation and amortization	(332,394)	(308,775)	(333,025)	(309,112)
Other expenses	(3,776,144)	(4,195,345)	(3,735,893)	(4,160,824)
Operating profit/(loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)	16,094,275	15,470,869	16,208,850	15,745,011
Value Added Tax on financial services	(2,405,618)	(2,062,246)	(2,423,091)	(2,092,524)
Nation Building Tax on financial services	(385,670)	(374,954)	(388,482)	(380,456)
Operating profit/(loss) after Value Added Tax (VAT) and Nation Building Tax (NBT)	13,302,987	13,033,669	13,397,277	13,272,031
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	13,302,987	13,033,669	13,397,277	13,272,031
Income tax expenses	(3,805,271)	(4,361,355)	(3,834,995)	(4,439,799)
Profit/(loss) for the year	9,497,716	8,672,314	9,562,282	8,832,232
Profit attributable to:				
Equity holders of the Bank	9,497,716	8,672,314	9,522,282	8,832,232
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Earnings per ordinary share - Basic (Rs.)	29.68	27.10	29.88	27.60
Earnings per ordinary share - Diluted (Rs.)	29.68	27.10	29.88	27.60

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Profit for the year	9,497,716	8,672,314	9,562,282	8,832,232
Other comprehensive income, net of taxes				
Other comprehensive income to be reclassified to Income Statement	-	-	-	-
Net gains/(losses) on cash flow hedges	(137,256)	144,610	(137,256)	144,610
Gains/(losses) on re-measuring available-for-sale financial assets	(299,996)	456,740	(402,955)	277,639
Fair value gains transferred to the Income Statement on disposal of available-for-sale financial assets	46,952	(24,297)	46,952	(24,297)
Total other comprehensive income to be reclassified to Income Statement	(390,300)	577,053	(493,259)	397,952
Other comprehensive income not to be reclassified to Income Statement				
Net gains/(losses) on revaluation of Property, Plant and Equipment	-	1,231,119	-	1,231,119
Actuarial gains/(losses) on retirement benefit plans	2,379,307	(452,002)	2,379,640	(451,624)
Total other comprehensive income not to be reclassified to Income Statement	2,379,307	779,117	2,379,640	779,495
Other comprehensive income for the year, net of taxes	1,989,007	1,356,170	1,886,381	1,177,447
Total comprehensive income for the year	11,486,723	10,028,484	11,448,663	10,009,679
Attributable to:				
Equity holders	11,486,723	10,028,484	11,448,663	10,009,679

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 these Financial Statements.
- The comparable information is reclassified as wherever necessary to compare with the current year's classification in order to provide a better presentation.

STATEMENT OF CHANGES IN EQUITY - BANK - Audited

For the year ended 31.12.2015	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 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	13,886,361	22,219,861
Net profit for the year	-	-	-	-	-	8,672,314	-	8,672,314
Other comprehensive income net of tax	-	1,231,119	-	432,443	144,610	(452,002)	-	1,356,170
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	3,059,246	3,059,246
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(2,800,000)	-	(2,800,000)
Contribution to national insurance trust fund	-	-	-	-	-	(83,763)	-	(83,763)
Transfers during the year	-	-	173,446	-	-	(5,336,549)	5,163,102	-
Balance as at 31st December 2015	3,200,000	3,296,565	2,047,581	1,631,862	139,106	-	22,108,709	32,423,827
For the year ended 31.12.2016								
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 year	-	-	-	-	-	9,497,716	-	9,497,716
Other comprehensive income net of tax	-	-	-	(253,044)	(137,256)	2,379,307	-	1,989,007
Transfers to unclaimed deposits reserve/issued share capital	3,000,000	-	-	-	-	-	(2,543,992)	456,008
Contribution to the consolidated fund-dividend/levy	-	-	-	-	-	(12,026,000)	-	(12,026,000)
Contribution to national insurance trust fund	-	-	-	-	-	(94,977)	-	(94,977)
Transfers during the year	-	-	474,886	-	-	2,623,262	(3,098,147)	-
Balance as at 31st December 2016	6,200,000	3,296,565	2,522,467	1,378,818	1,850	2,379,307	16,466,570	32,245,580

STATEMENT OF CHANGES IN EQUITY - GROUP - Audited

For the year ended 31.12.2015	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 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	15,541,616	23,875,116
Net profit for the year	-	-	-	-	-	(53,931)	-	(53,931)
Other comprehensive income net of tax	-	1,231,119	-	253,342	144,610	(451,624)	-	8,832,232
Transfers to unclaimed deposits reserve/issued share capital	-	-	-	-	-	-	3,059,246	3,059,246
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(2,801,600)	-	(2,801,600)
Contribution to national insurance trust fund	-	-	-	-	-	(83,763)	-	(83,763)
Transfers during the year	-	-	173,446	-	-	(4,155,402)	3,981,955	-
Balance as at 31st December 2015	3,200,000	3,296,565	2,047,581	1,452,761	139,106	1,285,911	22,582,817	34,004,744
For the year ended 31.12.2016								
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 year	-	-	-	-	-	9,562,282	-	9,562,282
Other comprehensive income net of tax	-	-	-	(356,003)	(137,256)	2,379,640	-	1,886,381
Transfers to unclaimed deposits reserve/issued share capital	3,000,000	-	-	-	-	-	(2,543,992)	456,008
Contribution to the consolidated fund-dividend/levy	-	-	-	-	-	(12,027,650)	-	(12,027,650)
Contribution to national insurance trust fund	-	-	-	-	-	(94,977)	-	(94,977)
Transfers during the year	-	-	474,886	-	-	2,603,408	(3,078,293)	-
Balance as at 31st December 2016	6,200,000	3,296,565	2,522,467	1,096,758	1,850	3,708,614	16,960,532	33,786,788