



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the three months ended 31st March, 2016

AAA(Ika)

First Sri Lankan Bank
to be rated AAA

INCOME STATEMENT

For the three months ended 31st March 2016	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Income	19,101,134	19,177,990	19,115,808	19,315,973
Interest income	20,029,455	19,338,520	20,184,823	19,484,493
Interest expenses	(13,380,142)	(12,370,069)	(13,475,076)	(12,450,284)
Net interest income	6,649,313	6,968,451	6,709,747	7,034,209
Fee and commission income	138,344	94,422	138,700	94,443
Fee and commission expenses	(34,563)	(16,298)	(34,794)	(16,497)
Net fee and commission income	103,781	78,124	103,906	77,946
Net gain/(loss) from trading	(1,052,883)	(326,186)	(1,193,465)	(333,729)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Net gain/(loss) from financial investments	-	3,075	-	3,075
Other operating income (net)	(13,783)	68,159	(14,251)	67,691
Total operating income	5,686,429	6,791,623	5,605,938	6,849,192
Impairment for loans and other losses	-	-	-	-
Individual impairment	-	-	-	-
Collective impairment	430,566	(625,616)	430,566	(625,616)
Net operating income	6,116,995	6,166,007	6,036,504	6,223,576
Personnel expenses	(1,503,515)	(1,540,483)	(1,510,372)	(1,545,029)
Depreciation and amortization	(75,965)	(74,313)	(76,121)	(74,384)
Other expenses	(849,489)	(987,457)	(849,109)	(977,422)
Operating profit/(loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)	3,688,026	3,563,755	3,600,902	3,626,742
Value Added Tax on financial services	(501,561)	(494,082)	(502,538)	(500,592)
Nation Building Tax on financial services	(91,193)	(89,833)	(91,356)	(91,664)
Operating profit/(loss) after Value Added Tax (VAT) and Nation Building Tax (NBT)	3,095,272	2,979,840	3,007,008	3,034,486
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	3,095,272	2,979,840	3,007,008	3,034,486
Income tax expenses	(745,002)	(1,139,413)	(719,062)	(1,154,714)
Profit/(loss) for the period	2,350,270	1,840,427	2,287,946	1,879,772
Profit attributable to:				
Equity holders of the Bank	2,350,270	1,840,427	2,287,946	1,879,772
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Earnings per ordinary share - Basic (Rs.)	7.34	5.75	7.15	5.87
Earnings per ordinary share - Diluted (Rs.)	7.34	5.75	7.15	5.87

STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31st March 2016	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Profit for the period	2,350,270	1,840,427	2,287,946	1,879,772
Other comprehensive income, net of taxes				
Other comprehensive income to be reclassified to Income Statement				
Net gains/(losses) on cash flow hedges	(5,385)	19,016	(5,385)	19,016
Gains/(losses) on re-measuring available-for-sale financial assets	(437,580)	76,189	(603,903)	(72,578)
Fair value gains transferred to the Income Statement on disposal of available-for-sale financial assets	-	(2,572)	-	(2,572)
Total other comprehensive income to be reclassified to Income Statement	(442,965)	92,633	(609,288)	(56,134)
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	(442,965)	92,633	(609,087)	(56,134)
Total comprehensive income for the period	1,907,305	1,933,060	1,678,860	1,823,638
Attributable to:				
Equity holders	1,907,305	1,933,060	1,678,860	1,823,638

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 31.03.2016 Rs. '000	As at 31.12.2015 Rs. '000 Audited	As at 31.03.2016 Rs. '000	As at 31.12.2015 Rs. '000 Audited
Assets				
Cash and cash equivalents	4,045,514	3,240,253	4,049,948	3,247,469
Balances with central banks	-	-	151	729
Placements with banks	13,523,507	12,626,509	13,523,507	12,626,509
Derivative financial instruments	3,327,057	3,735,284	3,327,057	3,735,284
Other financial assets held-for-trading	12,269,288	13,542,721	16,570,176	17,804,872
Financial assets designated at fair value through profit or loss	-	-	-	-
Loans and receivables to banks	23,239,406	23,717,823	23,245,807	23,735,825
Loans and receivables to other customers	257,249,853	248,032,842	256,063,229	248,037,737
Financial investments - Available-for-sale	3,948,186	4,385,767	5,766,591	6,407,037
Financial investments - Held-to-maturity	514,668,071	515,302,705	516,858,203	517,514,189
Investments in subsidiaries	150,000	150,000	-	-
Property, plant and equipment	6,971,462	6,967,070	6,973,528	6,969,292
Intangible assets	66,419	57,857	66,419	57,857
Deferred tax assets	-	-	26,168	228
Other assets	17,460,906	16,320,181	17,494,331	16,347,180
Total assets	856,919,669	848,079,011	863,965,115	856,484,208
Liabilities				
Due to banks	127,463	75,093	127,721	110,196
Due to other customers	615,073,044	595,775,709	615,073,044	595,775,709
Other borrowings	194,484,576	207,025,525	200,070,467	213,703,431
Current tax liabilities	-	-	40,946	45,477
Deferred tax liabilities	524,726	504,423	524,726	504,423
Other liabilities	12,448,849	12,274,434	12,460,796	12,286,296
Total liabilities	822,658,659	815,655,184	828,297,701	822,425,532
Equity				
Stated capital/Assigned capital	3,200,000	3,200,000	3,200,000	3,200,000
Statutory reserve fund	2,094,586	2,047,581	2,094,586	2,047,581
Other reserves	28,966,424	27,176,246	30,372,828	28,811,095
Total shareholders' equity	34,261,010	32,423,827	35,667,414	34,058,676
Total equity	34,261,010	32,423,827	35,667,414	34,058,676
Total equity and liabilities	856,919,669	848,079,011	863,965,115	856,484,208
Contingent liabilities and commitments	33,982,543	34,930,089	33,982,543	34,930,089
Memorandum Information				
Number of Employees (Nos.)	3,979	3,636		
Number of Branches (Nos.)	248	245		

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

STATEMENT OF CHANGES IN EQUITY - BANK

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
For the three months ended 31.03.2015								
Balance as at 1st January 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	14,926,725	23,260,223
Net profit for the period	-	-	-	-	-	1,840,427	-	1,840,427
Other comprehensive income net of tax	-	-	-	73,617	19,016	-	-	92,633
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(1,243)	(1,243)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	-	-	-
Contribution to national insurance trust fund	-	-	-	-	-	(15,444)	-	(15,444)
Transfers during the period	-	-	36,809	-	-	(1,824,983)	1,788,175	-
Balance as at 31st March 2015	3,200,000	2,065,446	1,910,944	1,273,036	13,512	-	16,713,657	25,176,595
For the three months ended 31.03.2016								
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	-	-	-	-	-	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)	2,279,763	-
Balance as at 31st March 2016	3,200,000	3,296,565	2,094,586	1,194,282	133,721	-	24,341,855	34,261,010

STATEMENT OF CHANGES IN EQUITY - GROUP

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
For the three months ended 31.03.2015								
Balance as at 1st January 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	16,691,515	25,025,015
Net profit for the period	-	-	-	-	-	1,879,772	-	1,879,772
Other comprehensive income net of tax	-	-	-	(75,150)	19,016	-	-	(56,134)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(1,243)	(1,243)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	-	-	-
Contribution to national insurance trust fund	-	-	-	-	-	(15,444)	-	(15,444)
Transfers during the period	-	-	36,809	-	-	(1,864,328)	1,827,520	-
Balance as at 31st March 2015	3,200,000	2,065,446	1,910,944	1,124,269	13,512	-	18,517,792	26,831,965
For the three months ended 31.03.2016								
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
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	-	26,093,679	35,667,414



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

AAA(Ika)
First Sri Lankan Bank
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For the three months ended 31st March, 2016

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

a. Bank - as at 31.03.2016							
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	-	-	-	4,045,514	-	-	4,045,514
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	13,523,507	-	-	13,523,507
Derivative financial instruments	-	-	-	-	-	3,327,057	3,327,057
Other financial assets held for trading	12,269,288	-	-	-	-	-	12,269,288
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	23,239,406	-	-	23,239,406
Loans and receivable to other customers	-	-	-	257,249,853	-	-	257,249,853
Financial investments	-	-	514,668,071	-	3,948,186	-	518,616,257
Total financial assets	12,269,288	-	514,668,071	298,058,280	3,948,186	3,327,057	832,270,881
LIABILITIES							
Due to banks	-	-	-	-	127,463	-	127,463
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	615,073,044	-	-	615,073,044
Other borrowings	-	-	-	194,484,576	-	-	194,484,576
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	809,685,083	-	809,685,083

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	287,617,426	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 31.03.2016	As at 31.12.2015	As at 31.03.2016	As at 31.12.2015
Gross loans and receivables	258,873,268	251,125,051	257,686,644	251,129,946
(Less): Individual impairment	-	-	-	-
Collective Impairment (Note - a)	(1,623,415)	(3,092,209)	(1,623,415)	(3,092,209)
Net loans and receivables including those designated at fair value through profit or loss	257,249,853	248,032,842	256,063,229	248,037,737
(Less): Loans and receivables designated at fair value through profit or loss	-	-	-	-
Net loans and receivables (Note - b)	257,249,853	248,032,842	256,063,229	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 31.03.2016	As at 31.12.2015	As at 31.03.2016	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	(430,566)	2,139,553	(430,566)	2,139,553
Other movements/Interest waive off	(1,038,228)	(2,972,516)	(1,038,228)	(2,972,516)
Closing balance	1,623,415	3,092,209	1,623,415	3,092,209
Total impairment	1,623,415	3,092,209	1,623,415	3,092,209

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

In Rupees Thousand	Bank		Group	
	As at 31.03.2016	As at 31.12.2015	As at 31.03.2016	As at 31.12.2015
By product - Domestic Currency				
Overdrafts	-	-	-	-
Term loans	202,189,910	194,270,398	202,189,910	194,270,398
Pawning	24,707,653	28,027,581	24,707,653	28,027,581
Securitization/Commercial Papers	2,396,487	2,413,639	2,396,487	2,413,639
Sri Lanka Government Securities	2,030,000	2,075,000	2,030,000	2,075,000
Staff Loans	3,564,900	3,362,967	3,564,900	3,362,967
Securities purchased under resale agreements	2,695,587	-	1,508,963	4,895
Other loans	3,389,824	2,443,976	3,389,824	2,443,976
Sub total	240,974,362	232,593,561	239,787,738	232,598,456
By product - Foreign Currency				
Overdrafts	-	-	-	-
Term loans	16,275,491	15,439,281	16,275,491	15,439,281
Other loans	-	-	-	-
Sub total	16,275,491	15,439,281	16,275,491	15,439,281
Total	257,249,853	248,032,842	256,063,229	248,037,737

02. Due to Other Customers - by product

In Rupees Thousand	Bank		Group	
	As at 31.03.2016	As at 31.12.2015	As at 31.03.2016	As at 31.12.2015
By product - Domestic Currency				
Savings deposits	168,208,825	160,814,096	168,208,825	160,814,096
Fixed deposits	438,759,293	427,588,230	438,759,293	427,588,230
Other deposits	-	-	-	-
Sub total	606,968,118	588,402,326	606,968,118	588,402,326
By product - Foreign Currency				
Savings deposits	2,677,045	2,567,612	2,677,045	2,567,612
Fixed deposits	5,427,881	4,805,771	5,427,881	4,805,771
Other deposits	-	-	-	-
Sub total	8,104,926	7,373,383	8,104,926	7,373,383
Total	615,073,044	595,775,709	615,073,044	595,775,709

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

c. Group - as at 31.03.2016							
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	-	-	-	4,049,948	-	-	4,049,948
Balances with central banks	-	-	-	151	-	-	151
Placement with banks	-	-	-	13,523,507	-	-	13,523,507
Derivative financial instruments	-	-	-	-	-	3,327,057	3,327,057
Other financial assets held for trading	16,570,176	-	-	-	-	-	16,570,176
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	23,245,807	-	-	23,245,807
Loans and receivable to other customers	-	-	-	256,063,229	-	-	256,063,229
Financial investments	-	-	516,858,203	-	5,766,591	-	522,624,794
Total financial assets	16,570,176	-	516,858,203	296,882,643	5,766,591	3,327,057	839,404,668
LIABILITIES							
Due to banks	-	-	-	127,721	-	-	127,721
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	615,073,044	-	-	615,073,044
Other borrowings	-	-	-	200,070,467	-	-	200,070,467
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	815,271,233	-	-	815,271,233

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	
	31.03.2016 Rs.'000	31.03.2015 Rs.'000	31.03.2016 Rs.'000	31.03.2015 Rs.'000
Cash flows from operating activities				
Profit before tax	3,095,272	2,979,840	3,007,008	3,034,486
Adjustment for:				
Non-cash items included in profit before tax	(386,789)	1,154,301	(386,633)	1,154,372
Change in operating assets	(7,105,656)	(6,639,240)	(5,926,347)	(4,966,068)
Change in operating liabilities	19,500,684	5,326,350	19,466,127	6,603,358
Placement with banks	(896,998)	2,189,146	(896,998)	2,189,146
Contribution paid to defined benefit plans	(30,342)	(30,273)	(30,342)	(30,273)
Tax paid	(724,699)	(1,139,413)	(729,231)	(1,143,371)
Contribution paid to national insurance trust fund	(22,094)	(27,405)	(22,094)	(27,405)
Dividends received from investment in subsidiaries	-	-	-	-
Net cash used in operating activities	13,429,378	3,813,306	14,481,490	6,814,245
Cash flows from investing activities				
Purchase of property, plant and equipment	(75,934)	(143,028)	(75,934)	(143,099)
Proceeds from the sale of property, plant and equipment	-	-	-	-
Net increase in investment in Available-for-sale	-	10,439	36,543	(1,997,123)
Net purchase of intangible assets	(12,985)	-	(12,985)	-
Decrease in unclaimed reserve fund	(46,619)	(1,243)	(46,619)	(1,243)
Dividends received from investment in subsidiaries	-	-	-	-
Net cash from investing activities	(135,538)	(133,832)	(98,995)	(2,141,465)
Cash flows from financing activities				
Other borrowings	(12,540,949)	(1,501,597)	(13,632,964)	(2,490,401)
Contribution to consolidated fund/dividend	-	-	-	-
Net cash from financing activities	(12,540,949)	(1,501,597)	(13,632,9	