



**PEOPLE'S  
BANK**

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# **FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED 31ST MARCH 2017**

**FITCH RATING AA+ (LKA)**

## INCOME STATEMENT

### FOR THE QUARTER ENDED 31ST MARCH

	BANK			GROUP		
	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	Change %	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	Change %
<b>Gross Income</b>	<b>36,683,594</b>	<b>26,651,941</b>	<b>37.6</b>	<b>43,874,544</b>	<b>32,200,679</b>	<b>36.3</b>
Interest income	33,967,858	24,553,406	38.3	39,899,151	29,102,037	37.1
Interest expenses	(22,124,984)	(14,472,582)	52.9	(25,110,610)	(16,521,526)	52.0
<b>Net Interest Income</b>	<b>11,842,874</b>	<b>10,080,824</b>	<b>17.5</b>	<b>14,788,541</b>	<b>12,580,511</b>	<b>17.6</b>
Fee and commission income	1,056,718	890,690	18.6	1,139,449	984,991	15.7
Fee and commission expenses	(59,788)	(42,342)	41.2	(59,788)	(42,342)	41.2
<b>Net Fee and Commission Income</b>	<b>996,930</b>	<b>848,348</b>	<b>17.5</b>	<b>1,079,661</b>	<b>942,649</b>	<b>14.5</b>
Net gain from trading	798,980	343,076	132.9	777,353	275,971	181.7
Other operating income (net)	860,040	864,771	(0.5)	2,058,591	1,837,680	12.0
<b>Total Operating Income</b>	<b>14,498,824</b>	<b>12,137,019</b>	<b>19.5</b>	<b>18,704,146</b>	<b>15,636,810</b>	<b>19.6</b>
Impairment for loans and other losses	(919,126)	(809,353)	13.6	(1,157,865)	(808,678)	43.2
Individual impairment	(1,527,551)	(666,950)	-	(1,328,127)	(439,863)	-
Collective impairment	608,425	(142,403)	-	246,774	90,723	-
Other	-	-	-	(76,512)	(459,538)	-
<b>Net Operating Income</b>	<b>13,579,698</b>	<b>11,327,666</b>	<b>19.9</b>	<b>17,546,281</b>	<b>14,828,132</b>	<b>18.3</b>
Personnel Expenses	(4,411,217)	(4,177,460)	5.6	(5,266,827)	(4,753,166)	10.8
Depreciation and amortisation	(258,091)	(257,947)	0.1	(324,672)	(339,922)	(4.5)
Other expenses	(2,321,240)	(2,004,534)	15.8	(3,646,210)	(3,156,204)	15.5
<b>Operating Profit before Value Added Tax (VAT) &amp; Nation Building Tax (NBT)</b>	<b>6,589,150</b>	<b>4,887,725</b>	<b>34.8</b>	<b>8,308,572</b>	<b>6,578,840</b>	<b>26.3</b>
VAT & NBT on Financial Services	(1,572,946)	(993,383)	58.3	(1,824,871)	(1,143,878)	59.5
<b>Operating Profit after Value Added Tax (VAT) &amp; Nation Building Tax (NBT)</b>	<b>5,016,204</b>	<b>3,894,342</b>	<b>28.8</b>	<b>6,483,701</b>	<b>5,434,962</b>	<b>19.3</b>
Share of profits/(loss) of associates	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>5,016,204</b>	<b>3,894,342</b>	<b>28.8</b>	<b>6,483,701</b>	<b>5,434,962</b>	<b>19.3</b>
Income tax expenses	(1,652,113)	(1,074,871)	53.7	(2,120,437)	(1,435,469)	47.7
<b>Profit for the period</b>	<b>3,364,091</b>	<b>2,819,471</b>	<b>19.3</b>	<b>4,363,264</b>	<b>3,999,493</b>	<b>9.1</b>
<b>Profit Attributable to :</b>						
Equity Holders of the Bank	3,364,091	2,819,471	19.3	4,068,493	3,679,449	10.6
Non-controlling interests	-	-	-	294,771	320,044	(7.9)
	3,364,091	2,819,471	19.3	4,363,264	3,999,493	9.1
<b>Earnings per Share on Profit</b>						
Basic earnings per ordinary share	3,364	2,819	19.3	4,068	3,679	10.6
Diluted earnings per ordinary share	23	20	19.3	28	26	10.6

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31ST MARCH**

	BANK		GROUP	
	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)
<b>Profit for the period</b>	3,364,091	2,819,471	4,363,264	3,999,493
<b>Other Comprehensive Income net of Tax</b>				
Actuarial gains and losses on defined benefit plans	-	-	(24,509)	(24,202)
Deferred tax effect on defined benefit plan liability	-	-	6,266	7,722
Gains and losses on re-measuring available-for-sale financial assets	1,260	-	(12,532)	(87,082)
Gain on revaluation of land and buildings	-	-	-	54,500
Gains and losses on derivative financial Assets	-	-	(14,836)	(9,531)
<b>Less:</b>				
Tax expense relating to components of other comprehensive income	-	-	-	-
<b>Other Comprehensive Income for the period, net of Taxes</b>	<u>1,260</u>	<u>-</u>	<u>(45,611)</u>	<u>(58,594)</u>
<b>Total Comprehensive Income for the period</b>	<u>3,365,351</u>	<u>2,819,471</u>	<u>4,317,653</u>	<u>3,940,899</u>
<b>Attributable to :</b>				
Equity Holders of the Bank	3,365,351	2,819,471	4,035,863	3,640,378
Non-controlling interests	-	-	281,790	300,521

## STATEMENT OF FINANCIAL POSITION

**AS AT**

	<b>BANK</b>			<b>GROUP</b>		
	<b>31.03.2017</b>	<b>31.12.2016</b>	<b>Change</b>	<b>31.03.2017</b>	<b>31.12.2016</b>	<b>Change</b>
	<b>(Rs.'000)</b>	<b>(Rs. '000)</b>	<b>%</b>	<b>(Rs.'000)</b>	<b>(Rs. '000)</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>		<b>(Unaudited)</b>	<b>(Audited)</b>	
<b>Assets</b>						
Cash and Cash Equivalents	40,987,360	64,008,639	(36.0)	44,401,670	67,695,584	(34.4)
Balances with Central Bank of Sri Lanka	66,248,795	63,049,516	5.1	66,248,795	63,049,516	5.1
Placements with banks	5,287,686	32,772,978	(83.9)	5,287,686	32,772,978	(83.9)
Derivative Financial Instruments	86,333	15,057	473.4	86,333	21,196	307.3
Other Financial assets held-for-trading	74,230,405	46,915,311	58.2	74,762,268	47,455,844	57.5
Loans and receivables to Banks	97,719,157	71,528,031	36.6	99,522,474	72,205,378	37.8
Loans and receivables to other customers	982,066,718	890,528,101	10.3	1,106,408,401	1,013,921,293	9.1
Financial investments - Available-for-sale	8,013,339	1,525,839	425.2	9,107,933	3,258,308	179.5
Non Current Assets Held For Sale	-	-	-	1,040,828	1,040,828	-
Financial investments - Held-to-maturity	100,377,161	96,171,734	4.4	103,345,203	101,069,681	2.3
Investments in subsidiaries	1,325,766	1,325,766	-	-	-	-
Investments in associates	-	-	-	-	-	-
Goodwill and intangible assets	103,922	110,514	(6.0)	432,771	438,323	(1.3)
Property, plant and equipment	17,458,369	17,224,026	1.4	23,729,176	23,440,966	1.2
Investment properties	183,585	184,006	(0.2)	183,585	184,006	(0.2)
Prepaid Leases	508,791	512,184	(0.7)	508,791	512,184	(0.7)
Other assets	18,932,930	16,176,745	17	20,003,315	17,331,932	15.4
<b>Total Assets</b>	<b><u>1,413,530,317</u></b>	<b><u>1,302,048,447</u></b>	<b>8.6</b>	<b><u>1,555,069,229</u></b>	<b><u>1,444,398,017</u></b>	<b>7.7</b>
<b>Liabilities</b>						
Due to banks	143,652,917	106,924,276	34.4	169,677,561	130,122,246	30.4
Derivative Financial Instruments	67,816	72,182	(6.0)	76,179	72,182	5.5
Due to other customers	1,146,626,106	1,077,812,127	6.4	1,189,605,083	1,119,753,182	6.2
Other Borrowings	30,289,096	27,184,535	11.4	41,921,756	42,296,376	(0.9)
Current tax liabilities	2,192,243	2,432,266	(9.9)	2,477,564	3,000,249	(17.4)
Deferred tax liabilities	345,939	63,479	445.0	2,617,028	2,254,462	16.1
Other liabilities	15,865,189	15,378,998	3.2	23,751,921	25,182,416	(5.7)
Subordinated term debts	12,531,728	12,531,728	-	36,525,796	36,525,796	-
<b>Total Liabilities</b>	<b><u>1,351,571,034</u></b>	<b><u>1,242,399,591</u></b>	<b>8.8</b>	<b><u>1,466,652,888</u></b>	<b><u>1,359,206,909</u></b>	<b>7.9</b>
<b>Equity</b>						
Stated capital/Assigned capital	7,201,998	7,201,998	-	7,201,998	7,201,998	-
Statutory reserve Fund	4,902,255	4,902,255	-	4,902,255	4,902,255	-
Other reserves	21,203,705	21,195,855	0.0	22,256,376	22,269,995	(0.1)
Retained earnings	28,651,325	26,348,748	8.7	46,180,095	43,185,534	6.9
<b>Total shareholders' equity</b>	<b><u>61,959,283</u></b>	<b><u>59,648,856</u></b>	<b>3.9</b>	<b><u>80,540,723</u></b>	<b><u>77,559,782</u></b>	<b>3.8</b>
Non-controlling interests	-	-	-	7,875,618	7,631,326	3.2
<b>Total equity</b>	<b><u>61,959,283</u></b>	<b><u>59,648,856</u></b>	<b>3.9</b>	<b><u>88,416,341</u></b>	<b><u>85,191,108</u></b>	<b>3.8</b>
<b>Total equity and liabilities</b>	<b><u>1,413,530,317</u></b>	<b><u>1,302,048,447</u></b>	<b>8.6</b>	<b><u>1,555,069,229</u></b>	<b><u>1,444,398,017</u></b>	<b>7.7</b>
<b>Contingent Liabilities and Commitments</b>	<b><u>244,988,222</u></b>	<b><u>226,429,658</u></b>	<b>8.2</b>	<b><u>245,001,054</u></b>	<b><u>226,442,491</u></b>	<b>8.2</b>
No of Employees	8,146	8,249		10,363	10,471	
No of Branches	737	737		839	852	

## STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED 31ST MARCH

**BANK**

	Stated capital/Assigned capital		Reserves					Total
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Available For Sale Reserve (Rs.'000)	Retained earnings (Rs.'000)	(Rs.'000)
<b>Balance as at 01.01.2016</b>	49,998	7,152,000	4,152,518	10,846,499	10,703,873	296,379	16,293,472	49,494,739
Profit for the year	-	-	-	-	-	-	14,994,691	14,994,691
Changes in Fair Value in AFS Investments	-	-	-	-	-	(13,286)	-	(13,286)
Reversal of Reserves on disposal of AFS Investments	-	-	-	-	-	(9,315)	-	(9,315)
Net Defined Benefit obligation	-	-	-	-	-	-	3,386,550	3,386,550
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	15,167	15,167
Transfers to reserves during the period	-	-	749,737	-	(625,000)	-	(124,737)	-
Special Levy to Treasury / Dividend	-	-	-	-	-	-	(8,219,690)	(8,219,690)
Reversal of Revaluation Gain on Disposed Property	-	-	-	(3,295)	-	-	3,295	-
Transfers to Retained earnings during the period	-	-	-	-	-	-	-	-
<b>Balance as at 01.01.2017</b>	49,998	7,152,000	4,902,255	10,843,204	10,078,873	273,778	26,348,748	59,648,856
Profit for the period	-	-	-	-	-	-	3,364,091	3,364,091
Changes in Fair Value in AFS Investments	-	-	-	-	-	1,260	-	1,260
Reversal of Revaluation gain on disposal of AFS Investments	-	-	-	-	-	-	-	-
Net Defined Benefit obligation	-	-	-	-	-	-	-	-
Reversal of Revaluation gain on Disposed Property	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-	-	-
Transfers to Retained earnings during the period	-	-	-	6,590	-	-	(6,590)	-
Special Levy to Treasury / Dividend	-	-	-	-	-	-	(1,054,923)	(1,054,923)
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	-	-
<b>Balance as at 31.03.2017</b>	<b>49,998</b>	<b>7,152,000</b>	<b>4,902,255</b>	<b>10,849,794</b>	<b>10,078,873</b>	<b>275,038</b>	<b>28,651,325</b>	<b>61,959,283</b>

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31ST MARCH**

**GROUP**

	Stated capital/ Assigned capital		Reserves					Total  (Rs.'000)	Non controlling interest  (Rs.'000)	Total equity  (Rs.'000)	
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Available For Sale Reserve (Rs.'000)	Cash Flow Hedge Reserve (Rs.'000)				Retained earnings (Rs.'000)
<b>Balance as at 01.01.2016</b>	49,998	7,152,000	4,152,518	11,867,700	10,703,873	433,941	7,149	32,209,592	66,576,771	6,223,858	72,800,629
Profit for the year	-	-	-	-	-	-	-	16,721,972	16,721,972	1,233,956	17,955,928
Changes in Fair Value in AFS Investments	-	-	-	-	-	(128,446)	-	-	(128,446)	(38,583)	(167,029)
Reversal of Reserves on disposal of AFS Investments	-	-	-	-	-	(9,315)	-	-	(9,315)	-	(9,315)
Net Defined Benefit obligation	-	-	-	-	-	-	-	3,370,185	3,370,185	(7,837)	3,362,348
Gain on revaluation of Land and Building	-	-	-	18,750	-	-	-	-	18,750	6,250	25,000
Transfer to Reserve during the period	-	-	749,737	-	(625,000)	-	-	(124,737)	-	-	-
Special Levy to Treasury / Dividend	-	-	-	-	-	-	-	(8,219,690)	(8,219,690)	-	(8,219,690)
Subsidiary Acquired During the Year	-	-	-	-	-	-	-	-	-	-	-
Change of Holding of Associate	-	-	-	-	-	-	-	(781,872)	(781,872)	776,130	(5,742)
Share Issue	-	-	-	-	-	-	-	(13,016)	(13,016)	(4,339)	(17,355)
Gains and losses on derivative financial Assets	-	-	-	-	-	-	4,639	-	4,639	1,547	6,186
Dividend payment	-	-	-	-	-	-	-	-	-	(561,232)	(561,232)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	20,393	20,393	1,742	22,135
Reversal of Revaluation gain on Disposed Property	-	-	-	(3,295)	-	-	-	3,295	-	-	-
Tax on Other Comprehensive income	-	-	-	-	-	-	-	(588)	(588)	(166)	(754)
<b>Balance as at 01.01.2017</b>	49,998	7,152,000	4,902,255	11,883,155	10,078,873	296,180	11,788	43,185,534	77,559,783	7,631,326	85,191,108
Profit for the period	-	-	-	-	-	-	-	4,068,493	4,068,493	294,771	4,363,264
Changes in Fair Value in AFS Investments	-	-	-	-	-	(9,084)	-	-	(9,084)	(3,448)	(12,532)
Net Defined Benefit obligation	-	-	-	-	-	-	-	(17,119)	(17,119)	(7,390)	(24,509)
Gains and losses on derivative financial Assets	-	-	-	-	-	-	(11,127)	-	(11,127)	(3,709)	(14,836)
Tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Reversal of Revaluation on Disposed Property	-	-	-	-	-	-	-	-	-	-	-
Revaluation Surplus of Land and Building	-	-	-	-	-	-	-	-	-	-	-
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	4,700	4,700	1,567	6,266
Transfer from Reserve during the period	-	-	-	6,590	-	-	-	(6,590)	-	-	-
Change of Holding of Associate	-	-	-	-	-	-	-	-	-	-	-
Movement due to change in ownership	-	-	-	-	-	-	-	-	-	-	-
Share Issue Expenses	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	(37,500)	(37,500)
Special Levy to Treasury / Dividend	-	-	-	-	-	-	-	(1,054,923)	(1,054,923)	-	(1,054,923)
<b>Balance as at 31.03.2017</b>	<b>49,998</b>	<b>7,152,000</b>	<b>4,902,255</b>	<b>11,889,745</b>	<b>10,078,873</b>	<b>287,096</b>	<b>661</b>	<b>46,180,095</b>	<b>80,540,724</b>	<b>7,875,618</b>	<b>88,416,341</b>

## CASH FLOW STATEMENT

### FOR THE QUARTER ENDED 31ST MARCH

	BANK		GROUP	
	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)
<b>Cash flows from operating activities</b>				
Profit before tax	5,016,204	3,894,342	6,483,701	5,434,962
Adjustment for				
Non-cash items included in profits before tax	1,276,612	2,189,015	1,548,465	2,274,527
Changes in operating assets	(131,029,270)	(31,011,262)	(132,624,922)	(31,715,576)
Changes in operating liabilities	108,670,539	27,755,719	107,032,113	28,254,316
Net gains from investing activities	-	-	-	-
Share of profits in associates and joint ventures	-	-	-	-
Dividend income from subsidiaries and associates	(3,226)	(24,312)	(59,804)	(64,953)
Interest expense on subordinated debt	396,875	496,875	396,875	496,875
Contribution paid to defined benefit plans/Gratuity	462,828	544,939	545,482	581,925
Tax paid	(1,609,675)	(674,007)	(2,274,289)	(1,198,419)
<b>Net Cash Generated from Operating Activities</b>	<b>(16,819,113)</b>	<b>3,171,311</b>	<b>(18,952,381)</b>	<b>4,063,657</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(477,345)	(464,626)	(586,535)	(531,878)
Proceeds from the sale of property, plant and equipment	3,588	10,219	36,728	16,529
Purchase of financial investments	(4,277,716)	1,867,871	(2,347,811)	1,421,945
Proceeds from the sale and maturity of financial investments	-	-	-	-
Net purchase of intangible assets	(2,122)	(732)	(14,422)	(6,402)
Net cash flow from acquisition of investment in subsidiaries and associates	-	-	-	-
Net cash flow from preference shares subsidiaries	-	50,000	-	-
Proceeds from disposal of associates and joint ventures	-	-	-	-
Dividends received from investment in subsidiaries and associates	3,226	24,312	59,804	64,953
Others	-	-	-	-
<b>Net Cash (used in) from Investing Activities</b>	<b>(4,750,368)</b>	<b>1,487,043</b>	<b>(2,852,236)</b>	<b>965,147</b>
<b>Cash Flows from Financing Activities</b>				
Net proceeds from the issue of subordinated debt	-	-	-	-
Repayment of subordinated debt	-	-	-	-
Interest paid on subordinated debt	(396,875)	(496,875)	(396,875)	(496,875)
Dividend paid to GOSL	-	(54,923)	-	(54,923)
Dividend paid to non-controlling interest	-	-	(37,500)	-
Special Levy to Treasury / Dividend	(1,054,923)	-	(1,054,923)	-
Share issue expenses	-	-	-	-
Disposal of changes of holdings	-	-	-	-
<b>Net Cash from Financial Activities</b>	<b>(1,451,797)</b>	<b>(551,798)</b>	<b>(1,489,297)</b>	<b>(551,798)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(23,021,279)</b>	<b>4,106,557</b>	<b>(23,293,914)</b>	<b>4,477,006</b>
Cash and cash equivalents at the beginning of the year	64,008,639	27,963,708	67,695,584	30,692,205
Exchange difference in respect of cash & cash equivalent	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>40,987,360</b>	<b>32,070,265</b>	<b>44,401,670</b>	<b>35,169,211</b>

## ADDITIONAL DISCLOSURES

	BANK		GROUP	
	31.03.2017 (Rs.'000) (Unaudited)	31.12.2016 (Rs.'000) (Audited)	31.03.2017 (Rs.'000) (Unaudited)	31.12.2016 (Rs.'000) (Audited)
<b>Loans and Receivables to Other Customers</b>				
Gross loans and receivables	1,043,062,849	950,823,949	1,169,797,773	1,076,448,155
(Less) : Individual impairment	(45,116,723)	(43,589,172)	(45,452,649)	(44,124,522)
Collective impairment	(15,879,408)	(16,706,676)	(17,936,723)	(18,402,340)
<b>Net loans and receivables</b>	<b>982,066,718</b>	<b>890,528,101</b>	<b>1,106,408,401</b>	<b>1,013,921,293</b>
<b>Analysis -Domestic Currency</b>				
By product				
Overdrafts	97,744,436	59,131,397	97,081,488	57,785,473
Term loans	533,055,150	538,468,884	571,213,934	577,551,160
Lease Rental Receivable	-	-	85,055,394	84,250,993
Credit Cards	1,899,319	1,839,646	1,899,319	1,839,646
Pawning	121,122,831	114,422,847	121,122,831	114,422,847
Trade Finance	43,386,848	37,869,834	43,386,848	37,869,834
Others	18,120,917	18,996,751	22,304,611	22,633,612
<b>Sub Total</b>	<b>815,329,501</b>	<b>770,729,359</b>	<b>942,064,425</b>	<b>896,353,565</b>
<b>Analysis -Foreign Currency</b>				
By product				
Overdrafts	160,393	260,972	160,393	260,972
Term loans	66,950,557	40,515,321	66,950,557	40,515,321
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	160,622,398	139,318,297	160,622,398	139,318,297
Others	-	-	-	-
<b>Sub Total</b>	<b>227,733,348</b>	<b>180,094,590</b>	<b>227,733,348</b>	<b>180,094,590</b>
<b>Grand Total</b>	<b>1,043,062,849</b>	<b>950,823,949</b>	<b>1,169,797,773</b>	<b>1,076,448,155</b>

### Movements in Individual and Collective Impairment during the period for loans and Receivables to other customers

	BANK		GROUP	
	31.03.2017 (Rs.'000) (Unaudited)	31.12.2016 (Rs.'000) (Audited)	31.03.2017 (Rs.'000) (Unaudited)	31.12.2016 (Rs.'000) (Audited)
<b>Allowance for Individual impairment</b>				
<b>Opening balance</b>	<b>43,589,172</b>	<b>42,741,371</b>	<b>44,124,522</b>	<b>43,327,819</b>
Charge (Write-back) to income statement	-	-	-	-
Write-off during the year	-	-	-	-
Other Movements	1,527,551	847,801	1,328,127	796,703
<b>Closing balance at</b>	<b>45,116,723</b>	<b>43,589,172</b>	<b>45,452,649</b>	<b>44,124,522</b>
<b>Allowance for Collective impairment</b>				
<b>Opening balance</b>	<b>16,706,676</b>	<b>17,977,941</b>	<b>18,402,340</b>	<b>20,177,173</b>
Subsidiary Acquired During the year	-	-	-	-
Charge (Write-back) to income statement	(864,986)	(1,291,443)	(503,335)	(1,795,010)
Write-off during the year	(324)	(103,986)	(324)	(103,986)
Other Movements	38,043	124,164	38,042	124,164
<b>Closing balance at</b>	<b>15,879,408</b>	<b>16,706,676</b>	<b>17,936,723</b>	<b>18,402,340</b>
<b>Total Impairment</b>	<b>60,996,131</b>	<b>60,295,848</b>	<b>63,389,372</b>	<b>62,526,862</b>
<b>Due to Other Customers</b>				
<b>Analysis</b>				
<b>Product Wise Analysis - Domestic Currency</b>				
Demand deposit (current accounts)	51,817,514	57,314,952	50,185,393	54,535,183
Savings deposits	406,910,631	408,410,098	410,241,591	411,736,825
Fixed deposits	594,842,388	483,327,818	636,122,526	524,721,913
Other products	3,309,916	2,757,422	3,309,916	2,757,422
<b>Sub Total</b>	<b>1,056,880,449</b>	<b>951,810,290</b>	<b>1,099,859,426</b>	<b>993,751,344</b>
<b>Due to Other Customers</b>				
<b>Product Wise Analysis - Foreign Currency</b>				
Demand deposit (current accounts)	1,259,030	1,348,459	1,259,030	1,348,459
Savings deposits	17,573,760	16,153,206	17,573,760	16,153,206
Fixed deposits	70,891,216	108,480,491	70,891,216	108,480,491
Other products	21,651	19,682	21,651	19,682
<b>Sub Total</b>	<b>89,745,657</b>	<b>126,001,837</b>	<b>89,745,657</b>	<b>126,001,838</b>
<b>Grand Total</b>	<b>1,146,626,106</b>	<b>1,077,812,127</b>	<b>1,189,605,083</b>	<b>1,119,753,182</b>



## SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.03.2017 (Unaudited)	As at 31.12.2016 (Audited)	As at 31.03.2017 (Unaudited)	As at 31.12.2016 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. '000	50,390,820	50,382,257	75,016,342	75,003,099
Total Capital Base, Rs. '000	62,337,664	62,207,116	88,432,533	87,842,601
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.6	9.8	10.9	11.1
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	11.9	12.1	12.8	13.0
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	1.8	1.9	1.9	1.9
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	0.6	0.6	0.8	0.7
<b>Profitability</b>				
Interest Margin, %	3.5	3.5	3.9	3.9
Return on Assets (Before Tax), %	1.5	1.7	1.7	1.9
Return on Equity (After Tax), %	22.1	27.5	20.1	22.7
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets,				
Domestic Banking Unit Rs.'000	274,266,485	229,148,457		
Off- Shore Banking Unit US\$ ('000)	277,526	202,041		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit	24.75	21.73		
Off- Shore Banking Unit	24.92	22.46		

## MEASUREMENT OF FINANCIAL INSTRUMENTS

### BANK AS AT 31.03.2017

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>						
Cash and cash equivalents	-	-	-	40,987,360	-	40,987,360
Balances with Central Banks	-	-	-	66,248,795	-	66,248,795
Placements with Banks	-	-	-	5,287,686	-	5,287,686
Derivative Financial Instruments	-	86,333	-	-	-	86,333
Financial assets held-for-trading	74,230,405	-	-	-	-	74,230,405
Loans and receivables to banks	-	-	-	97,719,157	-	97,719,157
Loans and receivables to other customers	-	-	-	982,066,718	-	982,066,718
Financial investments	-	-	100,377,161	-	8,013,339	108,390,500
<b>Total financial assets</b>	<b>74,230,405</b>	<b>86,333</b>	<b>100,377,161</b>	<b>1,192,309,715</b>	<b>8,013,339</b>	<b>1,375,016,954</b>
<b>LIABILITIES</b>						
Due to banks	-	-	-	143,652,917	-	143,652,917
Derivative Financial Instruments	-	67,816	-	-	-	67,816
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	1,146,626,106	-	1,146,626,106
Other Borrowings	-	-	-	30,289,096	-	30,289,096
Subordinated term debts	-	-	-	12,531,728	-	12,531,728
<b>Total financial liabilities</b>	<b>-</b>	<b>67,816</b>	<b>-</b>	<b>1,333,099,847</b>	<b>-</b>	<b>1,333,167,663</b>

## MEASUREMENT OF FINANCIAL INSTRUMENTS

### BANK AS AT 31.12. 2016

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>						
Cash and cash equivalents	-	-	-	64,008,639	-	64,008,639
Balances with Central Banks	-	-	-	63,049,516	-	63,049,516
Placements with Banks	-	-	-	32,772,978	-	32,772,978
Derivative Financial Instruments	-	15,057	-	-	-	15,057
Financial assets held-for-trading	46,915,311	-	-	-	-	46,915,311
Loans and receivables to banks	-	-	-	71,528,031	-	71,528,031
Loans and receivables to other customers	-	-	-	890,528,101	-	890,528,101
Financial investments	-	-	96,171,734	-	1,525,838	97,697,572
<b>Total financial assets</b>	<b>46,915,311</b>	<b>15,057</b>	<b>96,171,734</b>	<b>1,121,887,265</b>	<b>1,525,838</b>	<b>1,266,515,205</b>
<b>LIABILITIES</b>						
Due to banks	-	-	-	106,924,276	-	106,924,276
Derivative Financial Instruments	-	72,182	-	-	-	72,182
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	1,077,812,127	-	1,077,812,127
Other Borrowings	-	-	-	27,184,535	-	27,184,535
Subordinated term debts	-	-	-	12,531,728	-	12,531,728
<b>Total financial liabilities</b>	<b>-</b>	<b>72,182</b>	<b>-</b>	<b>1,224,452,666</b>	<b>-</b>	<b>1,224,524,848</b>

## MEASUREMENT OF FINANCIAL INSTRUMENTS

### GROUP AS AT 31.03.2017

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>						
Cash and cash equivalents	-	-	-	44,401,670	-	44,401,670
Balances with Central Banks	-	-	-	66,248,795	-	66,248,795
Placements with Banks	-	-	-	5,287,686	-	5,287,686
Derivative Financial Instruments	-	86,333	-	-	-	86,333
Financial assets held-for-trading	74,762,268	-	-	-	-	74,762,268
Loans and receivables to banks	-	-	-	99,522,474	-	99,522,474
Loans and receivables to other customers	-	-	-	1,106,408,401	-	1,106,408,401
Financial investments	-	-	103,345,203	-	9,107,933	112,453,136
<b>Total financial assets</b>	<b>74,762,268</b>	<b>86,333</b>	<b>103,345,203</b>	<b>1,321,869,026</b>	<b>9,107,933</b>	<b><u>1,509,170,764</u></b>
<b>LIABILITIES</b>						
Due to banks	-	-	-	169,677,561	-	169,677,561
Derivative Financial Instruments	-	76,179	-	-	-	76,179
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	1,189,605,083	-	1,189,605,083
Other Borrowings	-	-	-	41,921,756	-	41,921,756
Subordinated term debts	-	-	-	36,525,796	-	36,525,796
<b>Total financial liabilities</b>	<b>-</b>	<b>76,179</b>	<b>-</b>	<b>1,437,730,196</b>	<b>-</b>	<b><u>1,437,806,375</u></b>

## MEASUREMENT OF FINANCIAL INSTRUMENTS

### GROUP AS AT 31.12. 2016

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>						
Cash and cash equivalents	-	-	-	67,695,584	-	67,695,584
Balances with Central Banks	-	-	-	63,049,516	-	63,049,516
Placements with Banks	-	-	-	32,772,978	-	32,772,978
Derivative Financial Instruments	-	21,196	-	-	-	21,196
Financial assets held-for-trading	47,455,844	-	-	-	-	47,455,844
Loans and receivables to banks	-	-	-	72,205,378	-	72,205,378
Loans and receivables to other customers	-	-	-	1,013,921,293	-	1,013,921,293
Financial investments	-	-	101,069,681	-	3,258,308	104,327,989
<b>Total financial assets</b>	<b>47,455,844</b>	<b>21,196</b>	<b>101,069,681</b>	<b>1,249,644,749</b>	<b>3,258,308</b>	<b><u>1,401,449,778</u></b>
<b>LIABILITIES</b>						
Due to banks	-	-	-	130,122,246	-	130,122,246
Derivative Financial Instruments	-	72,182	-	-	-	72,182
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	1,119,753,182	-	1,119,753,182
Other Borrowings	-	-	-	42,296,376	-	42,296,376
Subordinated term debts	-	-	-	36,525,796	-	36,525,796
<b>Total financial liabilities</b>	<b>-</b>	<b>72,182</b>	<b>-</b>	<b>1,328,697,600</b>	<b>-</b>	<b><u>1,328,769,782</u></b>

**CERTIFICATION**

We the undersigned being the Chief Executive officer and the Deputy Head of Finance of the Bank jointly.

(a) the above statement have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka; and

(b) the information contained in these statements have been extracted from the Unaudited financial statements of the bank and the group unless indicated as Audited.

(Sgd.)  
Azzam A. Ahamat  
**Head of Finance**

(Sgd.)  
N. Vasantha Kumar  
**Chief Executive Officer/General Manager**

(Sgd.)  
Hemasiri Fernando  
**Chairman**

25.05.2017  
Colombo.