



**PEOPLE'S
BANK**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2016

FITCH RATING AA+ (LKA)

INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER

	BANK			GROUP		
	2016 (Rs. '000) (Audited)	2015 (Rs. '000) (Audited)	Change %	2016 (Rs. '000) (Audited)	2015 (Rs. '000) (Audited)	Change %
Gross Income	122,114,359	103,648,964	17.8	144,749,519	123,830,806	16.9
Interest income	109,970,256	92,485,979	18.9	129,708,199	110,360,612	17.5
Interest expenses	(66,845,869)	(48,731,975)	37.2	(76,111,563)	(56,020,994)	35.9
Net Interest Income	43,124,387	43,754,004	(1.4)	53,596,636	54,339,618	(1.4)
Fee and commission income	3,948,052	3,712,146	6.4	4,365,052	4,037,408	8.1
Fee and commission expenses	(208,912)	(174,479)	19.7	(208,912)	(174,479)	19.7
Net Fee and Commission Income	3,739,140	3,537,667	5.7	4,156,140	3,862,929	7.6
Net gain from trading	2,816,079	3,079,736	(8.6)	2,801,632	3,080,092	(9.0)
Other operating income (net)	5,379,972	4,371,103	23.1	7,874,636	6,352,694	24.0
Total Operating Income	55,059,578	54,742,510	0.6	68,429,044	67,635,333	1.2
Impairment for loans and other losses	(1,246,748)	(3,739,914)	(66.7)	(1,362,253)	(5,167,881)	(73.6)
Individual impairment	(847,801)	(1,839,718)	-	(796,703)	(1,905,739)	-
Collective impairment	(398,947)	(1,900,196)	-	104,620	(1,862,542)	-
Other	-	-	-	(670,170)	(1,399,600)	-
Net Operating Income	53,812,830	51,002,596	5.5	67,066,791	62,467,452	7.4
Personnel Expenses	(17,475,442)	(17,056,303)	2.5	(20,277,225)	(19,045,558)	6.5
Depreciation and amortisation	(1,082,295)	(971,799)	11.4	(1,336,940)	(1,269,495)	5.3
Other expenses	(9,010,962)	(7,605,536)	18.5	(13,870,990)	(11,660,266)	19.0
Operating Profit before Value Added Tax (VAT) & Nation Building Tax (NBT)	26,244,130	25,368,959	3.4	31,581,637	30,492,133	3.6
VAT & NBT on Financial Services	(5,430,470)	(5,849,440)	(7.2)	(6,148,315)	(6,370,969)	(3.5)
Operating Profit after Value Added Tax (VAT) & Nation Building Tax (NBT)	20,813,660	19,519,519	6.6	25,433,322	24,121,164	5.4
Share of profits/(loss) of associates	-	-	-	-	-	-
Profit before Tax	20,813,660	19,519,519	6.6	25,433,322	24,121,164	5.4
Income tax expenses	(5,818,969)	(6,921,677)	(15.9)	(7,477,394)	(9,053,173)	(17.4)
Profit for the year	14,994,691	12,597,842	19.0	17,955,928	15,067,991	19.2
Profit Attributable to :						
Equity Holders of the Bank	14,994,691	12,597,842	19.0	16,721,972	13,898,050	20.3
Non-controlling interests	-	-	-	1,233,956	1,169,941	5.5
	14,994,691	12,597,842	19.0	17,955,928	15,067,991	19.2
Earnings per Share on Profit						
Basic earnings per ordinary share	14,995	12,598	19.0	16,722	13,898	20.3
Diluted earnings per ordinary share	104	87	19.0	116	96	20.3

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER

	BANK		GROUP	
	2016 (Rs.'000) (Audited)	2015 (Rs.'000) (Audited)	2016 (Rs.'000) (Audited)	2015 (Rs.'000) (Audited)
Profit for the year	14,994,691	12,597,842	17,955,928	15,067,991
Other Comprehensive Income net of Tax				
Actuarial gains and losses on defined benefit plans	3,386,550	(635,394)	3,362,348	(635,372)
Deferred tax effect on defined benefit plan liability	15,167	(1,884)	22,135	(1,953)
Gains and losses on re-measuring available-for-sale financial assets	(13,286)	54,433	(167,029)	198,846
Gain on revaluation of land and buildings	-	-	25,000	672,574
Reversal of AFS reserve on disposal of AFS Investment	(9,315)	-	(9,315)	-
Gains and losses on derivative financial Assets	-	-	6,186	30,594
Less:				
Tax expense relating to components of other comprehensive income	-	-	(754)	(188,321)
Other Comprehensive Income for the period, net of Taxes	3,379,116	(582,845)	3,238,571	76,368
Total Comprehensive Income for the period	18,373,807	12,014,997	21,194,499	15,144,359
Attributable to :				
Equity Holders of the Bank	18,373,807	12,014,997	19,997,591	13,809,598
Non-controlling interests	-	-	1,196,908	1,334,761

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	31.12.2016	31.12.2015	Change	31.12.2016	31.12.2015	Change
	(Rs.'000)	(Rs. '000)	%	(Rs.'000)	(Rs. '000)	%
	(Audited)	(Audited)		(Audited)	(Audited)	
Assets						
Cash and Cash Equivalents	64,008,639	31,164,235	105.4	67,695,584	33,892,732	99.7
Balances with Central Bank of Sri Lanka	63,049,516	42,947,711	46.8	63,049,516	42,947,711	46.8
Placements with banks	32,772,978	8,097,147	304.7	32,772,978	8,097,147	304.7
Derivative Financial Instruments	15,057	4,109	266.5	21,196	24,853	(14.7)
Other Financial assets held-for-trading	46,915,311	93,400,763	(49.8)	47,455,844	93,973,350	(49.5)
Loans and receivables to Banks	71,528,031	111,406,452	(35.8)	72,205,378	112,319,406	(35.7)
Loans and receivables to other customers	890,528,101	768,514,659	15.9	1,013,921,293	869,780,503	16.6
Financial investments - Available-for-sale	1,525,839	3,533,743	(56.8)	3,258,308	5,661,805	(42.5)
Financial investments - Held-to-maturity	96,171,734	86,604,889	11.0	101,069,681	91,089,198	11.0
Non Current Assets Held For Sale	-	-	-	1,040,828	-	-
Investments in subsidiaries	1,325,766	1,475,766	(10.2)	-	-	-
Investments in associates	-	-	-	-	-	-
Goodwill and intangible assets	110,514	126,888	(12.9)	438,323	462,355	(5.2)
Property, plant and equipment	17,224,026	16,303,749	5.6	23,440,966	22,695,990	3.3
Investment properties	184,006	185,713	(0.9)	184,006	185,713	(0.9)
Prepaid Leases	512,184	536,321	(4.5)	512,184	536,321	(4.5)
Other assets	16,176,745	12,293,017	31.6	17,331,932	13,070,117	32.6
Total Assets	1,302,048,447	1,176,595,162	10.7	1,444,398,017	1,294,737,201	11.6
Liabilities						
Due to banks	106,924,276	143,923,634	(25.7)	130,122,246	162,687,453	(20.0)
Derivative Financial Instruments	72,182	112,149	(35.6)	72,182	112,149	(35.6)
Due to other customers	1,077,812,127	899,237,880	19.9	1,119,753,182	932,905,835	20.0
Other Borrowings	27,184,535	48,159,100	(43.6)	42,296,376	63,107,816	(33.0)
Current tax liabilities	2,432,266	3,845,470	(36.7)	3,000,249	4,505,699	(33.4)
Deferred tax liabilities	63,479	361,106	(82.4)	2,254,462	2,932,396	(23.1)
Other liabilities	15,378,998	16,428,542	(6.4)	25,182,416	24,777,985	1.6
Subordinated term debts	12,531,728	15,032,542	(16.6)	36,525,796	30,907,240	18.2
Total Liabilities	1,242,399,591	1,127,100,423	10.2	1,359,206,909	1,221,936,573	11.2
Equity						
Stated capital/Assigned capital	7,201,998	7,201,998	-	7,201,998	7,201,998	-
Statutory reserve Fund	4,902,255	4,152,518	18.1	4,902,255	4,152,518	18.1
Other reserves	21,195,855	21,846,751	(3.0)	22,269,995	23,012,662	(3.2)
Retained earnings	26,348,748	16,293,472	61.7	43,185,534	32,209,592	34.1
Total shareholders' equity	59,648,856	49,494,739	20.5	77,559,782	66,576,770	16.5
Non-controlling interests	-	-	-	7,631,326	6,223,858	22.6
Total equity	59,648,856	49,494,739	20.5	85,191,108	72,800,628	17.0
Total equity and liabilities	1,302,048,447	1,176,595,162	10.7	1,444,398,017	1,294,737,201	11.6
Contingent Liabilities and Commitments	226,429,659	181,532,584	24.7	226,442,491	181,545,416	24.7
No of Employees	8,249	8,368		10,471	10,331	
No of Branches	737	740		852	829	

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER

BANK

	Stated capital/Assigned capital		Reserves					Retained earnings (Rs.'000)	Total (Rs.'000)
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Investment fund (Rs.'000)	Available For Sale Reserve (Rs.'000)		
Balance as at 01.01.2015	49,998	7,152,000	3,522,626	10,876,547	8,828,873	-	241,946	12,797,562	43,469,552
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	(2,770,120)	(2,770,120)
Profit for the year	-	-	-	-	-	-	-	12,597,842	12,597,842
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	54,433	-	54,433
Net Defined Benefit obligation	-	-	-	-	-	-	-	(635,394)	(635,394)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	(1,884)	(1,884)
Transfers to reserves during the period	-	-	629,892	-	1,875,000	-	-	(2,504,892)	-
Special Levy to Treasury / Dividend	-	-	-	-	-	-	-	(3,219,690)	(3,219,690)
Reversal of Revaluation Gain on Disposed Property	-	-	-	(30,048)	-	-	-	30,048	-
Transfers to Retained earnings during the period	-	-	-	-	-	-	-	-	-
Balance as at 01.01.2016	49,998	7,152,000	4,152,518	10,846,499	10,703,873	-	296,379	16,293,472	49,494,739
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	14,994,691	14,994,691
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(13,286)	-	(13,286)
Reversal of Revaluation gain on disposal of AFS Investments	-	-	-	-	-	-	(9,315)	-	(9,315)
Net Defined Benefit obligation	-	-	-	-	-	-	-	3,386,550	3,386,550
Reversal of Revaluation gain on Disposed Property	-	-	-	(3,295)	-	-	-	3,295	-
Transfers to reserves during the period	-	-	749,737	-	(625,000)	-	-	(124,737)	-
Transfers to Retained earnings during the period	-	-	-	-	-	-	-	-	-
Special Levy to Treasury / Dividend	-	-	-	-	-	-	-	(8,219,690)	(8,219,690)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	15,167	15,167
Balance as at 31.12.2016	49,998	7,152,000	4,902,255	10,843,204	10,078,873	-	273,778	26,348,748	59,648,856

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER

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)	Investment fund (Rs.'000)	Available For Sale Reserve (Rs.'000)	Cash Flow Hedge Reserve (Rs.'000)	Retained earnings (Rs.'000)			
Balance as at 01.01.2015	49,998	7,152,000	3,522,626	11,393,318	8,828,873	-	271,215	(15,797)	27,536,628	58,738,861	5,323,419	64,062,280
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	-	(3,413,319)	(3,413,319)	(214,400)	(3,627,719)
Profit for the year	-	-	-	-	-	-	-	-	13,898,050	13,898,050	1,169,941	15,067,991
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	162,726	-	-	162,726	36,120	198,846
Net Defined Benefit obligation	-	-	-	-	-	-	-	-	(635,377)	(635,377)	5	(635,372)
Gain on revaluation of Land and Building	-	-	-	504,430	-	-	-	-	-	504,430	168,144	672,574
Gain on revaluation of Land and Building - Associate	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve during the period	-	-	629,892	-	1,875,000	-	-	-	(2,504,892)	-	-	-
Special Levy to Treasury / Dividend	-	-	-	-	-	-	-	-	(3,219,690)	(3,219,690)	-	(3,219,690)
Subsidiary Acquired During the Year	-	-	-	-	-	-	-	-	-	-	133,346	133,346
Change of Holding of Associate	-	-	-	-	-	-	-	-	51,758	51,758	-	51,758
Share Issue	-	-	-	-	-	-	-	-	609,561	609,561	140,439	750,000
Gains and losses on derivative financial Assets	-	-	-	-	-	-	-	22,945	-	22,945	7,649	30,594
Dividend payment	-	-	-	-	-	-	-	-	-	-	(493,707)	(493,707)
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	-	-	(1,935)	(1,935)	(18)	(1,953)
Reversal of Revaluation gain on Disposed Property	-	-	-	(30,048)	-	-	-	-	30,048	-	-	-
Tax on Other Comprehensive income	-	-	-	-	-	-	-	-	(141,241)	(141,241)	(47,080)	(188,321)
Balance as at 01.01.2016	49,998	7,152,000	4,152,518	11,867,700	10,703,873	-	433,941	7,148	32,209,592	66,576,770	6,223,858	72,800,628
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	-	-	-	-	-
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 Revaluation gain 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
Gains and losses on derivative financial Assets	-	-	-	-	-	-	-	4,639	-	4,639	1,547	6,186
Tax on other comprehensive income	-	-	-	-	-	-	-	-	(588)	(588)	(166)	(754)
Reversal of Revaluation on Disposed Property	-	-	-	(3,295)	-	-	-	-	3,295	-	-	-
Revaluation Surplus of Land and Building	-	-	-	18,750	-	-	-	-	-	18,750	6,250	25,000
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	-	-	20,393	20,393	1,742	22,135
Transfer to Reserve during the period	-	-	749,737	-	(625,000)	-	-	-	(124,737)	-	-	-
Change of Holding of Associate	-	-	-	-	-	-	-	-	-	-	-	-
Movement due to change in ownership	-	-	-	-	-	-	-	-	(781,872)	(781,872)	776,130	(5,742)
Share Issue Expenses	-	-	-	-	-	-	-	-	(13,016)	(13,016)	(4,339)	(17,355)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	(561,232)	(561,232)
Special Levy to Treasury / Dividend	-	-	-	-	-	-	-	-	(8,219,690)	(8,219,690)	-	(8,219,690)
Balance as at 31.12.2016	49,998	7,152,000	4,902,255	11,883,155	10,078,873	-	296,180	11,787	43,185,534	77,559,782	7,631,326	85,191,108

CASH FLOW 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)
Cash flows from operating activities				
Profit before tax	20,813,660	19,519,519	25,433,322	24,121,164
Adjustment for				
Non-cash items included in profits before tax	2,824,333	5,332,075	3,180,031	7,534,618
Changes in operating assets	(83,928,201)	(156,348,351)	(106,039,634)	(159,571,583)
Changes in operating liabilities	121,125,671	138,914,805	135,320,066	132,999,699
Dividend income from subsidiaries and associates	(1,628,700)	(1,659,531)	(189,530)	(219,051)
Interest expense on subordinated debt	1,987,500	1,987,500	1,987,500	1,987,500
Contribution paid to defined benefit plans/Gratuity	1,811,662	1,526,525	1,894,316	1,563,511
Tax paid	(7,514,644)	(5,566,426)	(9,639,397)	(7,990,113)
Net Cash Generated from Operating Activities	55,491,281	3,706,116	51,946,673	425,745
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(1,942,542)	(2,079,622)	(3,020,288)	(2,378,217)
Proceeds from the sale of property, plant and equipment	98,471	93,379	131,611	104,264
Purchase of financial investments	(9,855,692)	(4,173,564)	(10,269,333)	(3,448,325)
Net purchase of intangible assets	(17,810)	(43,206)	(25,475)	(44,684)
Net cash flow from acquisition of investment in subsidiaries and associates	-	(346,758)	-	(726,385)
Net cash flow from preference shares subsidiaries	150,000	200,000	-	-
Dividends received from investment in subsidiaries and associates	1,628,700	1,659,531	189,530	219,051
Net Cash (used in) from Investing Activities	(9,938,873)	(4,690,240)	(12,993,955)	(6,274,296)
Cash Flows from Financing Activities				
Net proceeds from the issue of subordinated debt	-	-	5,618,556	6,024,110
Repayment of subordinated debt	(2,500,814)	-	-	-
Interest paid on subordinated debt	(1,987,500)	(1,987,500)	(1,987,500)	(1,987,500)
Dividend paid to non-controlling interest	-	-	(561,232)	(493,707)
Special Levy to Treasury / Dividend	(8,219,690)	(3,219,690)	(8,219,690)	(3,219,690)
Net Cash from Financial Activities	(12,708,004)	(5,207,190)	(5,149,866)	323,213
Net Increase/(Decrease) in Cash & Cash Equivalents	32,844,404	(6,191,314)	33,802,853	(5,525,338)
Cash and cash equivalents at the beginning of the year	31,164,235	37,355,549	33,892,732	39,418,070
Cash and cash equivalents at the end of the period	64,008,639	31,164,235	67,695,584	33,892,732

ADDITIONAL DISCLOSURES

	BANK		GROUP	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	(Rs. '000) (Audited)	(Rs. '000) (Audited)	(Rs. '000) (Audited)	(Rs. '000) (Audited)
Loans and Receivables to Other Customers				
Gross loans and receivables	950,823,949	829,233,971	1,076,448,155	933,285,495
(Less) : Individual impairment	(43,589,172)	(42,741,371)	(44,124,522)	(43,327,819)
Collective impairment	(16,706,676)	(17,977,941)	(18,402,340)	(20,177,173)
Net loans and receivables	890,528,101	768,514,659	1,013,921,293	869,780,503
Analysis -Domestic Currency				
By product				
Overdrafts	59,131,397	86,536,473	57,785,473	86,110,926
Term loans	538,468,884	407,072,413	577,551,160	430,662,782
Lease Rental Receivable	-	-	84,250,993	78,729,337
Credit Cards	1,839,646	1,500,927	1,839,646	1,500,927
Pawning	114,422,847	103,945,309	114,422,847	103,945,309
Trade Finance	37,869,834	22,362,394	37,869,834	22,362,394
Others	18,996,751	16,652,363	22,633,612	18,809,729
Sub Total	770,729,358	638,069,879	896,353,565	742,121,404
Analysis -Foreign Currency				
By product				
Overdrafts	260,972	298,206	260,972	298,206
Term loans	40,515,321	21,979,665	40,515,321	21,979,665
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	139,318,297	168,886,221	139,318,297	168,886,221
Others	-	-	-	-
Sub Total	180,094,590	191,164,092	180,094,590	191,164,092
Grand Total	950,823,949	829,233,971	1,076,448,155	933,285,495

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

	BANK		GROUP	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	(Rs. '000) (Audited)	(Rs. '000) (Audited)	(Rs. '000) (Audited)	(Rs. '000) (Audited)
Allowance for Individual impairment				
Opening balance	42,741,371	40,901,653	43,327,819	41,422,080
Charge (Write-back) to income statement	-	-	-	-
Write-off during the year	-	-	-	-
Other Movements	847,801	1,839,718	796,703	1,905,739
Closing balance	43,589,172	42,741,371	44,124,522	43,327,819
Allowance for Collective impairment				
Opening balance	17,977,941	17,199,214	20,177,173	18,779,465
Subsidiary Acquired During the year	-	-	-	656,635
Charge (Write-back) to income statement	(1,291,443)	793,203	(1,795,010)	755,549
Write-off during the year	(103,986)	(267,051)	(103,986)	(267,051)
Other Movements	124,164	252,575	124,164	252,575
Closing balance at	16,706,676	17,977,941	18,402,340	20,177,173
Total Impairment	60,295,848	60,719,312	62,526,862	63,504,992
Due to Other Customers				
Analysis				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	57,314,952	55,576,160	54,535,183	52,893,164
Savings deposits	408,410,098	356,683,313	411,736,825	361,291,730
Fixed deposits	483,327,818	380,207,167	524,721,913	411,949,700
Other products	2,757,422	4,360,499	2,757,422	4,360,500
Sub Total	951,810,290	796,827,139	993,751,344	830,495,094
Due to Other Customers				
Product Wise Analysis - Foreign Currency				
Demand deposit (current accounts)	1,348,459	1,908,118	1,348,459	1,908,118
Savings deposits	16,153,206	15,516,579	16,153,206	15,516,579
Fixed deposits	108,480,491	84,964,502	108,480,491	84,964,502
Other products	19,682	21,542	19,682	21,542
Sub Total	126,001,837	102,410,741	126,001,838	102,410,741
Grand Total	1,077,812,127	899,237,880	1,119,753,182	932,905,835

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.12.2016 (Audited)	As at 31.12.2015 (Audited)	As at 31.12.2016 (Audited)	As at 31.12.2015 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	50,382,257	43,580,719	75,003,099	65,200,262
Total Capital Base, Rs. '000	62,207,116	55,469,941	87,842,601	78,318,111
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.8	9.9	11.08	11.5
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	12.1	12.6	12.97	13.8
Assets Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	1.9	2.4	1.9	2.4
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	0.6	0.8	0.7	0.7
Profitability				
Interest Margin, %	3.5	4.0	3.9	4.5
Return on Assets (Before Tax), %	1.7	1.8	1.9	2.0
Return on Equity (After Tax), %	27.5	27.1	22.7	22.0
Regulatory Liquidity				
Statutory Liquid Assets,				
Domestic Banking Unit Rs.'000	229,148,457	228,488,902		
Off- Shore Banking Unit US\$ ('000)	202,041	290,560		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.73	25.9		
Off- Shore Banking Unit	22.46	21.7		

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)
ASSETS						
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	-	1,525,839	97,697,572
Current tax	-	-	-	-	-	-
Total financial assets	46,915,311	15,057	96,171,734	1,121,887,265	1,525,839	<u>1,266,515,205</u>
LIABILITIES						
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
Total financial liabilities	-	72,182	-	1,224,452,666	-	<u>1,224,524,848</u>

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 31.12. 2015

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	31,164,235	-	31,164,235
Balances with Central Banks	-	-	-	42,947,711	-	42,947,711
Placements with Banks	-	-	-	8,097,147	-	8,097,147
Derivative Financial Instruments	-	4,109	-	-	-	4,109
Financial assets held-for-trading	93,400,763	-	-	-	-	93,400,763
Loans and receivables to banks	-	-	-	111,406,452	-	111,406,452
Loans and receivables to other customers	-	-	-	768,514,659	-	768,514,659
Financial investments	-	-	86,604,889	-	3,533,743	90,138,632
Total financial assets	93,400,763	4,109	86,604,889	962,130,205	3,533,743	<u>1,145,673,708</u>
LIABILITIES						
Due to banks	-	-	-	143,923,634	-	143,923,634
Derivative Financial Instruments	-	112,149	-	-	-	112,149
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	899,237,880	-	899,237,880
Other Borrowings	-	-	-	48,159,100	-	48,159,100
Subordinated term debts	-	-	-	15,032,542	-	15,032,542
Total financial liabilities	-	112,149	-	1,106,353,156	-	<u>1,106,465,305</u>

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)
ASSETS						
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
Total financial assets	47,455,844	21,196	101,069,681	1,249,644,749	3,258,308	<u>1,401,449,778</u>
LIABILITIES						
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
Total financial liabilities	-	72,182	-	1,328,697,600	-	<u>1,328,769,782</u>

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.12. 2015

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	33,892,732	-	33,892,732
Balances with Central Banks	-	-	-	42,947,711	-	42,947,711
Placements with Banks	-	-	-	8,097,147	-	8,097,147
Derivative Financial Instruments	-	24,853	-	-	-	24,853
Financial assets held-for-trading	93,973,350	-	-	-	-	93,973,350
Loans and receivables to banks	-	-	-	112,319,406	-	112,319,406
Loans and receivables to other customers	-	-	-	869,780,503	-	869,780,503
Financial investments	-	-	91,089,198	-	5,661,805	96,751,003
Total financial assets	93,973,350	24,853	91,089,198	1,067,037,498	5,661,805	<u>1,257,786,705</u>
LIABILITIES						
Due to banks	-	-	-	162,687,453	-	162,687,453
Derivative Financial Instruments	-	112,149	-	-	-	112,149
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	932,905,835	-	932,905,835
Other Borrowings	-	-	-	63,107,816	-	63,107,816
Subordinated term debts	-	-	-	30,907,240	-	30,907,240
Total financial liabilities	-	112,149	-	1,189,608,343	-	<u>1,189,720,492</u>

CERTIFICATION

We the undersigned being the Chairman, Chief Executive officer/General Manager and the 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,

(b) The information contained in these statements have been extracted from the audited financial statements of the bank.

(Sgd.)
Azzam A. Ahamat
Head of Finance

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

(Sgd.)
Hemasiri Fernando
Chairman

14.03.2017
Colombo.