



**PEOPLE'S
BANK**

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30TH SEPTEMBER

FITCH RATING AA+ (LKA)

INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30TH SEPTEMBER

	BANK			GROUP		
	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	Change %	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	Change %
Gross Income	118,728,068	87,796,919	35.2	140,057,901	104,519,788	34.0
Interest income	109,546,169	79,333,739	38.1	127,966,102	93,379,404	37.0
Interest expenses	(73,048,729)	(47,542,806)	53.6	(82,495,925)	(54,067,240)	52.6
Net Interest Income	36,497,440	31,790,933	14.8	45,470,177	39,312,164	15.7
Fee and commission income	3,569,685	2,770,313	28.9	4,020,434	2,845,615	41.3
Fee and commission expenses	(183,097)	(153,120)	19.6	(183,097)	(153,120)	19.6
Net Fee and Commission Income	3,386,588	2,617,193	29.4	3,837,337	2,692,495	42.5
Net gain from trading	2,276,043	2,364,737	(3.8)	2,312,939	2,491,232	(7.2)
Other operating income (net)	3,336,171	3,328,127	0.2	5,758,426	5,803,537	(0.8)
Total Operating Income	45,496,242	40,100,990	13.5	57,378,879	50,299,428	14.1
Impairment for loans and other losses	(2,821,757)	(1,130,719)	149.6	(3,885,128)	(584,961)	564.2
Individual impairment	(587,611)	(406,446)	-	(406,738)	(137,438)	-
Collective impairment	(2,105,204)	(724,273)	-	(3,363,757)	(324,667)	-
Other	(128,942)	-	-	(114,633)	(122,856)	-
Net Operating Income	42,674,485	38,970,271	9.5	53,493,751	49,714,467	7.6
Personnel Expenses	(12,569,031)	(13,094,619)	(4.0)	(14,997,611)	(15,114,393)	(0.8)
Depreciation and amortisation	(834,416)	(799,255)	4.4	(1,045,417)	(1,020,702)	2.4
Other expenses	(7,370,265)	(6,344,787)	16.2	(11,280,639)	(10,256,925)	10.0
Operating Profit before Value Added Tax (VAT) & Nation Building Tax (NBT)	21,900,773	18,731,610	16.9	26,170,084	23,322,447	12.2
VAT & NBT on Financial Services	(4,780,148)	(3,673,973)	30.1	(5,591,854)	(4,201,202)	33.1
Operating Profit after Value Added Tax (VAT) & Nation Building Tax (NBT)	17,120,625	15,057,637	13.7	20,578,230	19,121,245	7.6
Share of profits/(loss) of associates	-	-	-	-	-	-
Profit before Tax	17,120,625	15,057,637	13.7	20,578,230	19,121,245	7.6
Income tax expenses	(6,160,264)	(4,313,905)	42.8	(7,304,011)	(5,537,532)	31.9
Profit for the period	10,960,361	10,743,732	2.0	13,274,219	13,583,713	(2.3)
Profit Attributable to :						
Equity Holders of the Bank	10,960,361	10,743,732	2.0	12,465,937	12,640,439	(1.4)
Non-controlling interests	-	-	-	808,282	943,274	(14.3)
	10,960,361	10,743,732	2.0	13,274,219	13,583,713	(2.3)
Earnings per Share on Profit						
Basic earnings per ordinary share	10,960	10,744	-	12,466	12,640	(1.4)
Diluted earnings per ordinary share	76	75	-	87	88	(1.4)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER**

	BANK		GROUP	
	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)
Profit for the period	10,960,361	10,743,732	13,274,219	13,583,713
Other Comprehensive Income net of Tax				
Actuarial gains and losses on defined benefit plans	-	-	(23,755)	(24,956)
Deferred tax effect on defined benefit plan liability	-	-	6,101	6,968
Gains and losses on re-measuring available-for-sale financial assets	(109,604)	-	(123,754)	(125,207)
Gain on revaluation of land and buildings	-	-	-	-
Gains and losses on derivative financial Assets	-	-	(15,715)	419
Less:				
Tax expense relating to components of other comprehensive income	-	-	-	-
Other Comprehensive Income for the period, net of Taxes	(109,604)	-	(157,123)	(142,776)
Total Comprehensive Income for the period	10,850,757	10,743,732	13,117,096	13,440,937
Attributable to :				
Equity Holders of the Bank	10,850,757	10,743,732	12,320,652	12,534,322
Non-controlling interests	-	-	796,444	906,615
	10,850,757	10,743,732	13,117,096	13,440,937

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	30.09.2017	31.12.2016	Change	30.09.2017	31.12.2016	Change
	(Rs.'000)	(Rs. '000)	%	(Rs.'000)	(Rs. '000)	%
	(Unaudited)	(Audited)		(Unaudited)	(Audited)	
Assets						
Cash and Cash Equivalents	40,062,735	64,008,639	(37.4)	45,075,830	67,695,584	(33.4)
Balances with Central Bank of Sri Lanka	68,126,235	63,049,516	8.1	68,126,235	63,049,516	8.1
Placements with banks	30,839,299	32,772,978	(5.9)	30,839,299	32,772,978	(5.9)
Derivative Financial Instruments	440,004	15,057	2822.3	440,004	21,196	1975.9
Other Financial assets held-for-trading	60,286,736	46,915,311	28.5	60,701,365	47,455,844	27.9
Loans and receivables to Banks	82,372,619	71,528,031	15.2	82,810,364	72,205,378	14.7
Loans and receivables to other customers	986,285,099	890,528,101	10.8	1,116,456,800	1,013,921,293	10.1
Financial investments - Available-for-sale	3,901,248	1,525,839	155.7	5,203,878	3,258,308	59.7
Financial investments - Held-to-maturity	145,670,341	96,171,734	51.5	150,846,876	101,069,681	49.3
Non Current Assets Held For Sale	-	-	-	-	1,040,828	(100.0)
Investments in subsidiaries	1,196,824	1,325,766	(9.7)	-	-	-
Investments in associates	-	-	-	-	-	-
Goodwill and intangible assets	183,611	110,514	66.1	523,297	438,323	19.4
Property, plant and equipment	19,550,601	17,224,026	13.5	25,711,609	23,440,966	9.7
Investment properties	182,724	184,006	(0.7)	182,724	184,006	(0.7)
Prepaid Leases	496,623	512,184	(3.0)	496,623	512,184	(3.0)
Other assets	18,587,381	16,176,745	14.9	19,768,794	17,331,932	14.1
Total Assets	<u>1,458,182,080</u>	<u>1,302,048,447</u>	12.0	<u>1,607,183,698</u>	<u>1,444,398,017</u>	11.3
Liabilities						
Due to banks	106,902,845	106,924,276	-	130,063,819	130,122,246	-
Derivative Financial Instruments	386,168	72,182	435.0	386,168	72,182	435.0
Due to other customers	1,210,345,163	1,077,812,127	12.3	1,266,151,481	1,119,753,182	13.1
Other Borrowings	35,012,949	27,184,535	28.8	46,164,073	42,296,376	9.1
Current tax liabilities	4,790,718	2,432,266	97.0	5,103,331	3,000,249	70.1
Deferred tax liabilities	116,140	63,479	83.0	2,226,023	2,254,462	(1.3)
Other liabilities	14,761,524	15,378,998	(4.0)	23,266,399	25,182,416	(7.6)
Subordinated term debts	12,531,728	12,531,728	-	32,963,950	36,525,796	(9.8)
Total Liabilities	<u>1,384,847,235</u>	<u>1,242,399,591</u>	11.5	<u>1,506,325,244</u>	<u>1,359,206,909</u>	10.8
Equity						
Stated capital/Assigned capital	12,201,998	7,201,998	69.4	12,201,998	7,201,998	69.4
Statutory reserve Fund	4,902,255	4,902,255	-	4,902,255	4,902,255	-
Other reserves	21,092,841	21,195,855	(0.5)	22,144,581	22,269,995	(0.6)
Retained earnings	35,137,751	26,348,748	33.4	53,466,832	43,185,534	23.8
Total shareholders' Equity	<u>73,334,845</u>	<u>59,648,856</u>	-	<u>92,715,666</u>	<u>77,559,782</u>	-
Non-controlling interests	-	-	-	8,142,788	7,631,326	6.7
Total Equity	<u>73,334,845</u>	<u>59,648,856</u>	22.9	<u>100,858,454</u>	<u>85,191,108</u>	18.4
Total Equity and Liabilities	<u>1,458,182,080</u>	<u>1,302,048,447</u>	12.0	<u>1,607,183,698</u>	<u>1,444,398,017</u>	11.3
Contingent Liabilities and Commitments	<u>249,821,603</u>	<u>226,429,659</u>	-	<u>254,572,199</u>	<u>226,442,491</u>	-
No of Employees	8,330	8,249	-	11,236	11,138	-
No of Branches	737	737	-	852	852	-

STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER

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)
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
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
Deffered 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	-	-	-	-	-	-	-	-
Balance as at 01.01.2017	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	-	-	-	-	-	-	10,960,361	10,960,361
Changes in Fair Value in AFS Investments	-	-	-	-	-	(109,604)	-	(109,604)
Reversal of Revaluation gain on disposal of AFS Investments	-	-	-	-	-	-	-	-
Net Defined Benefit obligation	-	-	-	-	-	-	-	-
Reversal of Revaluation gain on Disposed Property	-	-	-	-	-	-	-	-
Increase of assigned capital	-	5,000,000	-	-	-	-	-	5,000,000
Transfers to reserves during the period	-	-	-	-	-	-	-	-
Transfers to Retained earnings during the period	-	-	-	6,590	-	-	(6,590)	-
Special Levy to Treasury / Dividend	-	-	-	-	-	-	(2,164,768)	(2,164,768)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	-
Balance as at 30.09.2017	49,998	12,152,000	4,902,255	10,849,794	10,078,873	164,174	35,137,751	73,334,845

STATEMENT OF CHANGES IN EQUITY

GROUP

FOR THE NINE MONTHS ENDED 30TH SEPTEMBER

	Stated capital/ Assigned capital		Reserves					Cash Flow Hedge Reserve (Rs.'000)	Retained earnings (Rs.'000)	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)						
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	
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)	
Subsidiary Acquired During the Year	-	-	-	-	-	-	-	-	-	-	-	
Change of Holding of Associate	-	-	-	-	-	-	-	-	(781,872)	776,130	(5,742)	
Share Issue	-	-	-	-	-	-	-	-	(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)	
Balance as at 01.01.2017	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	
Profit for the period	-	-	-	-	-	-	-	12,465,937	12,465,937	808,282	13,274,219	
Changes in Fair Value in AFS Investments	-	-	-	-	-	(120,217)	-	-	(120,217)	(3,537)	(123,754)	
Net Defined Benefit obligation	-	-	-	-	-	-	-	-	(17,852)	(5,903)	(23,755)	
Gains and losses on derivative financial Assets	-	-	-	-	-	-	(11,787)	-	(11,787)	(3,928)	(15,715)	
Tax on other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	
Reversal of Revaluation on Disposed Property	-	-	-	-	-	-	-	-	-	-	-	
Revaluation Surplus of Land and Building	-	-	-	-	-	-	-	-	-	-	-	
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	4,570	4,570	1,531	6,101	
Increase of assigned capital	-	5,000,000	-	-	-	-	-	-	5,000,000	-	5,000,000	
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	-	-	-	-	-	-	-	-	-	(284,983)	(284,983)	
Special Levy to Treasury / Dividend	-	-	-	-	-	-	-	(2,164,768)	(2,164,768)	-	(2,164,768)	
Balance as at 30.09.2017	49,998	12,152,000	4,902,255	11,889,745	10,078,873	175,963	-	53,466,832	92,715,666	8,142,788	100,858,454	

CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 30TH SEPTEMBER

	BANK		GROUP	
	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	2016 (Rs. '000) (Unaudited)
Cash flows from operating activities				
Profit before tax	17,120,625	15,057,637	20,578,230	19,121,245
Adjustment for				
Non-cash items included in profits before tax	3,266,292	1,876,947	4,152,373	1,571,797
Changes in operating assets	(130,215,105)	(55,028,328)	(137,430,959)	(72,886,478)
Changes in operating liabilities	138,637,141	57,259,499	147,182,395	73,232,354
Net gains from investing activities	-	-	-	-
Share of profits in associates and joint ventures	-	-	-	-
Dividend income from subsidiaries, associates and others	(751,802)	(698,119)	(301,528)	(144,148)
Interest expense on subordinated debt	1,163,542	1,490,625	1,163,542	1,490,625
Contribution paid to defined benefit plans/Gratuity	1,085,405	1,576,109	1,085,405	1,613,095
Tax paid	(3,749,151)	(5,899,387)	(5,223,267)	(7,747,081)
Net Cash Generated from Operating Activities	26,556,947	15,634,983	31,566,191	16,251,409
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(3,111,976)	(1,377,445)	(2,208,918)	(941,839)
Proceeds from the sale of property, plant and equipment	7,526	68,592	26,241	81,152
Purchase of financial investments	(49,719,182)	(5,487,502)	(49,997,770)	(5,997,541)
Proceeds from the sale and maturity of financial investments	-	-	-	-
Net purchase of intangible assets	(102,711)	(731)	(131,887)	(3,081)
Net cash flow from acquisition of investment in subsidiaries and associates	-	-	-	-
Net cash flow from preference shares subsidiaries	-	150,000	-	-
Proceeds from disposal of associates and joint ventures	-	-	-	-
Dividends received from investment in subsidiaries, associates and others	751,802	698,119	301,528	144,148
Others	-	-	-	-
Net Cash (used in) from Investing Activities	(52,174,541)	(5,948,967)	(52,010,806)	(6,717,161)
Cash Flows from Financing Activities				
Increase of assigned capital	5,000,000	-	5,000,000	-
Net proceeds from the issue of subordinated debt	-	-	-	-
Repayment of subordinated debt	-	-	(3,561,846)	-
Interest paid on subordinated debt	(1,163,542)	(1,490,625)	(1,163,542)	(1,490,625)
Dividend paid to GOSL	-	-	-	-
Dividend paid to non-controlling interest	-	-	(284,983)	(233,664)
Special Levy to Treasury / Dividend	(2,164,768)	(6,164,768)	(2,164,768)	(6,164,768)
Share issue expenses	-	-	-	-
Disposal of changes of holdings	-	-	-	-
Net Cash from Financial Activities	1,671,690	(7,655,393)	(2,175,139)	(7,889,057)
Net Increase/(Decrease) in Cash & Cash Equivalents	(23,945,904)	2,030,623	(22,619,754)	1,645,191
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	-	-	-	-
Cash and cash equivalents at the end of the period	40,062,735	29,994,331	45,075,830	32,337,396

ADDITIONAL DISCLOSURES

	BANK		GROUP	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Loans and Receivables to Other Customers				
Gross loans and receivables	1,048,496,205	950,823,949	1,181,976,600	1,076,448,155
(Less) : Individual impairment	(44,176,783)	(43,589,172)	(44,531,260)	(44,124,522)
Collective impairment	(18,034,323)	(16,706,676)	(20,988,540)	(18,402,340)
Net loans and receivables	986,285,099	890,528,101	1,116,456,800	1,013,921,293
Analysis -Domestic Currency				
By product				
Overdrafts	119,973,596	59,131,397	119,524,261	57,785,473
Term loans	582,771,037	538,468,884	625,278,638	577,551,160
Lease Rental Receivable	-	-	87,321,448	84,250,993
Credit Cards	2,129,588	1,839,646	2,129,588	1,839,646
Pawning	131,514,373	114,422,847	131,562,771	114,422,847
Trade Finance	23,830,504	37,869,834	23,830,504	37,869,834
Others	19,009,232	18,996,751	23,061,515	22,633,612
Sub Total	879,228,330	770,729,359	1,012,708,725	896,353,565
Analysis -Foreign Currency				
By product				
Overdrafts	383,926	260,972	383,926	260,972
Term loans	56,890,139	40,515,321	56,890,139	40,515,321
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	111,993,810	139,318,297	111,993,810	139,318,297
Others	-	-	-	-
Sub Total	169,267,875	180,094,590	169,267,875	180,094,590
Grand Total	1,048,496,205	950,823,949	1,181,976,600	1,076,448,155

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

	BANK		GROUP	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Allowance for Individual impairment				
Opening balance	43,589,172	42,741,371	44,124,522	43,327,819
Charge (Write-back) to income statement	587,611	847,801	406,738	796,703
Write-off during the year	-	-	-	-
Other Movements	-	-	-	-
Closing balance	44,176,783	43,589,172	44,531,260	44,124,522
Allowance for Collective impairment				
Opening balance	16,706,676	17,977,941	18,402,340	20,177,173
Subsidiary Acquired During the year	-	-	-	-
Charge (Write-back) to income statement	1,271,826	(1,291,443)	2,530,379	(1,795,011)
Write-off during the year	(1,192)	(103,986)	(1,192)	(103,986)
Other Movements	57,013	124,164	57,013	124,164
Closing balance at	18,034,323	16,706,676	20,988,540	18,402,340
Total Impairment	62,211,106	60,295,848	65,519,800	62,526,862
Due to Other Customers				
Analysis				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	50,866,354	57,314,951	49,126,882	54,535,183
Savings deposits	419,441,551	408,410,098	422,851,504	411,736,825
Fixed deposits	626,321,892	483,327,818	675,738,396	524,721,914
Other products	2,817,706	2,757,422	7,537,039	2,757,422
Sub Total	1,099,447,503	951,810,289	1,155,253,821	993,751,344
Due to Other Customers				
Product Wise Analysis - Foreign Currency				
Demand deposit (current accounts)	1,429,586	1,348,459	1,429,586	1,348,459
Savings deposits	17,552,868	16,153,206	17,552,868	16,153,206
Fixed deposits	91,895,482	108,480,491	91,895,482	108,480,491
Other products	19,724	19,682	19,724	19,682
Sub Total	110,897,660	126,001,838	110,897,660	126,001,838
Grand Total	1,210,345,163	1,077,812,127	1,266,151,481	1,119,753,182

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.09.2017 (Unaudited)	As at 31.12.2016 (Audited)	As at 30.09.2017 (Unaudited)	As at 31.12.2016 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	58,290,242	50,382,257	83,161,111	75,003,099
Total Capital Base, Rs. '000	75,576,197	62,207,116	101,301,958	87,842,601
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.1	9.8	11.2	11.1
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.1	12.1	13.7	13.0
Assets Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	2.0	1.9	2.1	1.9
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	0.8	0.6	0.9	0.7
Profitability				
Interest Margin, %	3.5	3.5	4.0	3.9
Return on Assets (Before Tax), %	1.7	1.7	1.8	1.9
Return on Equity (After Tax), %	22.0	27.5	19.0	22.7
Regulatory Liquidity				
Statutory Liquid Assets,				
Domestic Banking Unit Rs.'000	293,234,458	229,148,457		
Off- Shore Banking Unit US\$ ('000)	271,571	202,041		
Statutory Liquid Assets, Ratio (%) (Minimum Requirement, 20%)				
Domestic Banking Unit	24.1	21.7		
Off- Shore Banking Unit	28.4	22.5		
Liquidity Coverage Ratio (%) (Minimum Requirement, 2017-80%, 2016-70%)				
Liquidity Coverage Ratio - Rupee	126.03	108.98		
Liquidity Coverage Ratio - All Currency	121.57	83.88		

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 30.09.2017

	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	-	-	-	40,062,735	-	40,062,735
Balances with Central Banks	-	-	-	68,126,235	-	68,126,235
Placements with Banks	-	-	-	30,839,299	-	30,839,299
Derivative Financial Instruments	-	440,004	-	-	-	440,004
Financial assets held-for-trading	60,286,736	-	-	-	-	60,286,736
Loans and receivables to banks	-	-	-	82,372,619	-	82,372,619
Loans and receivables to other customers	-	-	-	986,285,099	-	986,285,099
Financial investments	-	-	145,670,341	-	3,901,248	149,571,589
Total financial assets	60,286,736	440,004	145,670,341	1,207,685,987	3,901,248	1,417,984,316
LIABILITIES						
Due to banks	-	-	-	106,902,845	-	106,902,845
Derivative Financial Instruments	-	386,168	-	-	-	386,168
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	1,210,345,163	-	1,210,345,163
Other Borrowings	-	-	-	35,012,949	-	35,012,949
Subordinated term debts	-	-	-	12,531,728	-	12,531,728
Total financial liabilities	-	386,168	-	1,364,792,685	-	1,365,178,853

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	-	1,525,838	97,697,572
Total financial assets	46,915,311	15,057	96,171,734	1,121,887,265	1,525,838	1,266,515,205
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	-	1,224,524,848

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 30.09.2017

	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	-	-	-	45,075,830	-	45,075,830
Balances with Central Banks	-	-	-	68,126,235	-	68,126,235
Placements with Banks	-	-	-	30,839,299	-	30,839,299
Derivative Financial Instruments	-	440,004	-	-	-	440,004
Financial assets held-for-trading	60,701,365	-	-	-	-	60,701,365
Loans and receivables to banks	-	-	-	82,810,364	-	82,810,364
Loans and receivables to other customers	-	-	-	1,116,456,800	-	1,116,456,800
Financial investments	-	-	150,846,876	-	5,203,878	156,050,754
Total financial assets	60,701,365	440,004	150,846,876	1,343,308,528	5,203,878	<u>1,560,500,651</u>
LIABILITIES						
Due to banks	-	-	-	130,063,819	-	130,063,819
Derivative Financial Instruments	-	386,168	-	-	-	386,168
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	1,266,151,481	-	1,266,151,481
Other Borrowings	-	-	-	46,164,073	-	46,164,073
Subordinated term debts	-	-	-	32,963,950	-	32,963,950
Total financial liabilities	-	386,168	-	1,475,343,323	-	<u>1,475,729,491</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>

CERTIFICATION

We the undersigned being the Chairman, Chief Executive Officer/General Manager and the Head of Finance of the Bank jointly certify that;

(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

22.11.2017
Colombo.