HNB Grameen Finance Limited

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HNB GRAMEEN
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FINANCIAL STATEMENTS AS AT 31ST MARCH 2016.
PUBLISHED IN TERMS OF FINANCE COMPANIES GUIDELINE NO.2 OF 2006 OF CENTRAL BANK OF SRI LANKA
(PUBLICATIONS OF ANNUAL FINANCIAL STATEMENTS).

INCOME STATEMENT FOR THE YEAR ENDED

	31.03.2016	31.03.2015
	LKR	LKR
Gross Income	4,485,107,633	2,838,662,640
Interest income	3,906,231,603	2,467,538,240
Interest expenses	(995,689,242)	(715,610,870)
Net interest income	2,910,542,361	1,751,927,370
Fee and commission income	485,813,442	336,146,746
Fee and commission expenses	(75,520,940)	(109,782,746)
Net fee and commission income	410,292,502	226,364,000
Net interest, fee and commission income	3,320,834,863	1,978,291,370
Other Operating Income	93,062,588	34,977,654
Loss From Trading	(26,578,802)	(768,443)
Total operating income	3,387,318,649	2,012,500,581
Impairment Charges for Loans and Other Losses	(110,452,151)	(70,461,526)
Net operating income	3,276,866,498	1,942,039,055
Personnel expenses	(712,015,514)	(540,590,862)
Other expenses	(743,321,460)	(582,677,877)
Total operating Expenses	(1,455,336,974)	(1,123,268,739)
Operating Profit before Value Added Tax (VAT) and Nation Building Tax (NBT) on financial services	1,821,529,524	818,770,316
Value Added Tax (VAT) on financial services	(234,120,096)	(137,916,069)
Nation Building Tax (NBT) on financial services	(42,567,290)	(23,514,572)
Operating Profit after Value Added Tax (VAT) and Nation Building Tax (NBT) on financial services	1,544,842,138	657,339,675
Income tax expenses	(434,748,933)	(122,793,299)
Profit for the year	1,110,093,205	534,546,376
Basic earnings per share	0.65	0.31

STATEMENT OF FINANCIAL POSITION AS AT

	31.03.2016	31.03.2015
	LKR	LKR
ASSETS		
Cash and cash equivalents	451,223,290	404,340,779
Loans and Advances to members	8,759,039,215	5,538,291,449
Loans and Advances to others	379,450,581	186,387,074
Financial Investments - Available-For-Sale	12,430,283	234,000
Financial Investments - Held-To-Maturity	2,639,328,475	1,822,097,147
Financial Assets Held for Trading	14,943,120	194,914,296
Other Assets	196,666,654	156,134,024
Investment Properties	904,500,000	886,300,000
Intangible Assets	67,807,042	10,715,176
Property, Plant & Equipment	950,441,553	880,474,986
Deferred Tax Asset	-	5,978,982
Total assets	14,375,830,213	10,085,867,913
LIABILITIES		
Due to customers	10,420,418,906	7,557,913,372
Debt issued and other borrowed funds	909,572,460	815,134,777
Income Tax Payable	278,240,026	109,483,565
Value added tax payable	41,305,715	114,718,215
Other Liabilities	150,860,944	96,795,571
Retiring Benefit Obligation	134,383,355	119,196,601
Deferred Tax Liability	49,026,181	-
Total liabilities	11,983,807,587	8,813,242,101
SHAREHOLDERS' FUND		
Stated Capital	223,545,481	3,895,806,240
General Reserve	82,897,989	82,897,989
Statutory Reserve Fund	426,752,800	204,734,159
Investment Fund	-	-
Revaluation Reserve	262,313,846	262,313,846
Retained Earnings	1,396,512,510	(3,173,126,422)
Total equity and liabilities	14,375,830,213	10,085,867,913

We, the undersigned, being the Managing Director/Chief Executive Officer and the Chief operating officer of HNB Grameen Finance Limited certify jointly that,

a) The above Statements have been prepared in compliance with the formats 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 HNB Grameen Finance Limited.

Signed - B.M.D.C Prabath
Managing Director/Chief Executive Officer
Date: 08th June 2016

Signed - W.S.P Arangala
Chief operating officer
Date: 08th June 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

	31.03.2016	31.03.2015
	LKR	LKR
Profit for the year	1,110,093,205	534,546,376
Other Comprehensive Income for the year, net of tax		
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-
Actuarial Gain/(losses) on defined benefit plans	12,921,679	(3,412,787)
Deferred tax effect on actuarial gains/(losses) on defined benefit plans	(3,618,070)	955,580
Deferred tax effect on revaluation of Property, Plant & Equipment	-	384,555
Other Comprehensive Income for the year, net of tax	9,303,609	(2,072,652)
Total Comprehensive Income for the year	1,119,396,814	532,473,724

PERFORMANCE INDICATORS

AS AT 31st March		2016	2015
Regulatory Capital Adequacy			
Core Capital (Tier 1 Capital)	Rs'000	2,115,707	680,349
Total Capital Base	Rs'000	2,288,777	873,419
Core Capital to Risk weighted Asset Ratio (%)		18.82	8.92
Total Capital to Risk weighted Asset Ratio (%)		20.35	11.45
Capital Funds to deposit liabilities Ratio (%)		23.98	17.90
Regulatory Liquidity			
Required Minimum Amount of liquid Assets	Rs'000	1,132,078	805,578
Available Amount of Liquid Assets	Rs'000	2,933,857	2,189,680
Required Minimum Amount of Government Approved Securities	Rs'000	679,625	434,845
Available Amount of Government Approved Securities	Rs'000	1,428,313	1,770,503
Quality of Loan Portfolio			
Total Accomadation	Rs'000	9,296,765	5,915,412
Net total accommodations	Rs'000	9,138,490	5,724,679
Gross Non Performing Accommodations	Rs'000	72,459	49,875
Gross Non Performing Accommodations Ratio (%)		0.79	0.88
Net Non Performing Accommodations Ratio (%)		-	-
Profitability			
Interest Margin (%)		28.56	30.13
Return on Average Assets (%)		9.08	6.72
Return on Average Equity (%)		60.58	53.12
Memorandum Information			
Number of Employees		1362	1126
No of Branchers		48	48
No of Service Centres		21	10

EY
Building a better working world

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HMAJ/SPF/BV/SID/JJ

TO THE SHAREHOLDERS OF HNB GRAMEEN FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of HNB Grameen Finance Limited (formerly known as Prime Grameen Micro Finance Limited), (the "Company"), which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors (the "Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Other Matter

The financial statements of the Company for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 26 May 2015.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company

The financial statements of the Company, comply with the requirements of section 151 of the Companies Act No. 7 of 2007.

08 June 2016
Colombo

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

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