



HNB Grameen Finance Limited

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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 MARCH	2017 (LKR'000)	2016 (LKR'000)
Gross Income	6,234,034	4,485,108
Interest income	5,327,018	3,906,232
Interest expenses	(1,465,618)	(995,689)
Net interest income	3,861,400	2,910,542
Fee and commission income	670,219	485,813
Fee and commission expenses	(98,395)	(75,521)
Net fee and commission income	571,824	410,293
Net interest, fee and commission income	4,433,224	3,320,835
Other Operating Income	236,796	93,063
Capital Loss From Trading	-	(26,579)
Net mark to market valuation gain	82	-
Total operating income	4,670,102	3,387,319
Impairment Charges for Loans and Other Losses	(707,508)	(110,452)
Net operating income	3,962,594	3,276,866
Personnel expenses	(943,611)	(712,016)
Other expenses	(1,011,929)	(743,321)
Total operating Expenses	(1,955,540)	(1,455,337)
Operating Profit before Value Added Tax (VAT) and Nation Building Tax (NBT) on financial services	2,007,054	1,821,530
Value Added Tax (VAT) on financial services	(331,394)	(234,120)
Nation Building Tax (NBT) on financial services	(49,279)	(42,567)
Operating Profit after Value Added Tax (VAT) and Nation Building Tax (NBT) on financial services	1,626,381	1,544,842
Income tax expenses	(567,547)	(434,749)
Profit for the year	1,058,834	1,110,093
Basic earnings per share	0.62	0.65

Statement of Financial Position

As at 31 March	2017 (LKR'000)	2016 (LKR'000)
ASSETS		
Cash and cash equivalents	1,204,484	451,223
Financial Assets Held for Trading	15,025	14,943
Loans and Advances to members	13,260,732	8,759,039
Loans and Advances to others	503,034	379,451
Financial investment - Loan & Receivable	307,113	-
Financial Investments - Available-For-Sale	12,430	12,430
Financial Investments - Held-To-Maturity	1,743,276	2,639,328
Other Assets	210,612	196,667
Investment Properties	1,049,600	904,500
Intangible Assets	127,078	67,807
Property, Plant & Equipment	1,119,409	950,442
Total assets	19,552,793	14,375,830
LIABILITIES		
Due to customers	14,040,245	10,420,419
Debt issued and other borrowed funds	1,333,380	909,572
Income Tax Payable	353,448	278,240
Value added tax payable	(6,263)	41,306
Other Liabilities	268,154	150,861
Retiring Benefit Obligation	157,509	134,383
Deferred Tax Liability	16,116	49,026
Total liabilities	16,162,589	11,983,808
SHAREHOLDERS' FUND		
Stated Capital	223,545	223,545
General Reserve	82,898	82,898
Statutory Reserve Fund	638,520	425,052
Revaluation Reserve	384,484	262,314
Retained Earnings	2,060,757	1,398,213
Total equity and liabilities	19,552,793	14,375,830

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

- The above Statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka.
- 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

Signed - W.S.P Arangala
Chief Operating Officer

07 September 2017

07 September 2017

Statement of Other Comprehensive Income

Year ended 31 March	2017 (LKR'000)	2016 (LKR'000)
Profit for the year	1,058,834	1,110,093
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	8,793	12,922
Deferred tax effect on actuarial gains/(losses) on defined benefit plans	(2,462)	(3,618)
Revaluation Reserve of free hold Lands & Buildings	166,240	-
Deferred tax effect on revaluation of Property, Plant & Equipment	(44,070)	-
Other Comprehensive Income for the year, net of tax	128,501	9,304
Total Comprehensive Income for the year	1,187,335	1,119,397

Performance Indicators

AS AT 31 st March	2017	2016
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital)	LKR'000 2,842,420	2,115,707
Total Capital Base	LKR'000 2,995,490	2,288,777
Core Capital Adequacy Ratio as % of Risk Weighted Assets (Minimum Requirement 5%)	17.43	18.82
Total Capital Adequacy Ratio as % of Risk Weighted Assets (Minimum Requirement 10%)	18.37	20.35
Capital Funds to deposit liabilities Ratio %	24.33	23.98
Regulatory Liquidity		
Required Minimum Amount of liquid Assets	LKR'000 1,576,725	1,132,078
Available Amount of Liquid Assets	LKR'000 3,420,305	2,933,857
Required Minimum Amount of Government Approved Securities	LKR'000 944,228	679,625
Available Amount of Government Approved Securities	LKR'000 988,244	1,428,313
Quality of Loan Portfolio		
Gross Non Performing Accommodations	LKR'000 269,778	72,459
Gross Non Performing Accommodations Ratio %	1.94	0.79
Net Non Performing Accommodations Ratio %	-	-
Profitability		
Return on Average Assets (%)	6.24	9.08
Return on Average Equity (%)	36.62	60.58
Memorandum Information		
Number of Employees	1672	1362
No of Branchers	48	48
No of Service Centres	21	21



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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, (the "Company"), which comprise the statement of financial position as at 31 March 2017, 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 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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:

- The basis of opinion and scope and limitations of the audit are as stated above.
- 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, and
 - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act No. 07 of 2007.

07th September 2017
Colombo

Partners: W R H Fernando FCA ACMA 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
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