



NATIONAL SAVINGS BANK

INTERIM FINANCIAL STATEMENTS

AAA(SL)

For the nine months ended 30th September 2019

INCOME STATEMENT

For the nine months ended 30th September	Bank		Group	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Income	90,097,127	84,376,070	91,576,577	85,058,019
Interest income	87,957,327	83,115,752	89,006,370	83,911,425
Interest expenses	(66,728,897)	(64,590,822)	(67,471,118)	(65,125,995)
Net interest income	21,228,430	18,524,930	21,535,252	18,785,430
Fee and commission income	834,430	685,145	840,707	687,593
Fee and commission expenses	(91,605)	(75,054)	(94,078)	(77,409)
Net fee and commission income	742,825	610,091	746,629	610,184
Net gains/(losses) from trading	965,341	(409,428)	1,390,861	(524,195)
Net fair value gains/(losses)	-	-	-	-
financial assets at fair value through profit or loss	-	-	-	-
financial liabilities at fair value through profit or loss	-	-	-	-
Net gains/(losses) on derecognition of financial assets at fair value through other comprehensive income	22,021	6,906	22,021	6,906
Net other operating income	318,008	977,695	316,618	976,291
Total operating income	23,276,624	19,710,194	24,011,380	19,854,616
Impairment charges	(777,427)	(602,869)	(777,524)	(602,908)
Net operating income	22,499,197	19,107,325	23,233,856	19,251,708
Personnel expenses	(7,976,467)	(7,294,712)	(7,999,271)	(7,329,133)
Depreciation and amortization expenses	(732,870)	(451,193)	(733,698)	(451,929)
Other expenses	(3,231,417)	(3,108,029)	(3,199,482)	(3,080,219)
Operating profit/(loss) before VAT, NBT & DRL on financial services	10,558,443	8,253,391	11,301,405	8,390,427
Value Added Tax (VAT) on financial services	(2,352,346)	(1,966,259)	(2,450,608)	(1,988,401)
Nation Building Tax (NBT) on financial services	(313,646)	(262,167)	(326,748)	(265,120)
Debt Repayment Levy (DRL) on financial services	(1,284,381)	-	(1,284,381)	-
Operating profit/(loss) after VAT, NBT and DRL on financial services	6,608,071	6,024,965	7,239,669	6,136,906
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	6,608,071	6,024,965	7,239,669	6,136,906
Income tax expenses	(2,986,825)	(2,657,650)	(3,194,777)	(2,695,304)
Profit/(loss) for the period	3,621,246	3,367,315	4,044,892	3,441,602
Profit attributable to:				
Equity holders of the Bank	3,621,246	3,367,315	4,044,892	3,441,602
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Basic earnings per ordinary share Rs.	3.85	5.03	4.30	5.14
Diluted earnings per ordinary share Rs.	3.85	5.03	4.30	5.14

STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30th September	Bank		Group	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Profit/(Loss) for the period	3,621,246	3,367,315	4,044,892	3,441,602
Items that will be reclassified to Income Statement				
Exchange differences on translation of foreign operations	-	-	-	-
Net gains/(losses) on cash flow hedges	-	(291,924)	-	(291,924)
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	-	-	-	-
Share of profits of associates and joint ventures	-	-	-	-
Debt instruments at fair value through other comprehensive income	127,928	(63,750)	206,738	(59,462)
Net gains/(losses) on investment in debt instruments transferred to income statement	(13,718)	1,370	(13,718)	1,370
Less : Tax expense relating to items that will be reclassified to income statement	-	-	-	-
Total other comprehensive income to be reclassified to Income Statement	114,210	(354,304)	193,020	(350,016)
Items that will not be reclassified to Income Statement				
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	(681,086)	(603,932)	(681,086)	(603,932)
Change in the fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	-
Re-measurement of post-employment benefit obligations	-	-	(107)	(642)
Change in revaluation surplus	-	-	-	-
Share of profits of associates and joint ventures	-	-	-	-
Less : Tax expense relating to items that will not be reclassified to income statement	-	-	-	-
Total other comprehensive income not to be reclassified to Income Statement	(681,086)	(603,932)	(681,193)	(604,574)
Total other comprehensive income (OCI) for the period, net of taxes	(566,876)	(958,236)	(488,173)	(954,590)
Total comprehensive income for the period	3,054,370	2,409,079	3,556,719	2,487,012
Attributable to:				
Equity holders of the bank	3,054,370	2,409,079	3,556,719	2,487,012
Non-controlling interests	-	-	-	-

Explanatory Notes:
1. There are no changes to the accounting policies and methods of computation except the application of SLFRS - 16 - leases since the publication of annual accounts for the year 2018. The Bank has applied SLFRS -16 effective from 01/01/2019 for the preparation of Financial Statements.
2. The Bank has not restated comparative information for 2018 for leases in the scope of SLFRS 16.
3. There are no material events taken place after the reporting period, which requires adjustment or disclosure in these Financial Statements other than the item disclosed under Note no-05.
4. The comparable information is re-classified as whenever necessary to compare with the current year's classification in order to provide a better presentation.
5. The bank has taken over Sri Lanka Savings Bank with effect from 11th October 2019 and accordingly, it will function as a fully owned subsidiary of the Bank from the said date.

STATEMENT OF CHANGES IN EQUITY - BANK

For the nine months ended 30.09.2018	In Rupees Thousand							
	Stated Capital/Assigned Capital	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2018	6,700,000	3,002,952	7,793,317	1,345,237	291,924	1,102,798	18,859,461	39,095,691
Total comprehensive income for the period	-	-	-	-	-	3,367,315	-	3,367,315
Net profit for the period	-	-	-	-	-	-	-	(291,924)
Other comprehensive income net of tax	-	-	-	-	(291,924)	-	-	(291,924)
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	(62,380)	-	-	-	(62,380)
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(603,932)	-	-	-	(603,932)
Total comprehensive income for the period	-	-	-	(666,312)	(291,924)	3,367,315	-	2,409,079
Transaction with equity holders, recognized directly in equity								
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(66,970)	(66,970)
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	(33,673)	-	(33,673)
Contribution to national insurance trust fund	-	-	-	-	-	(168,366)	-	(168,366)
Transfers during the period	-	168,366	-	-	-	-	-	168,366
Total transaction with equity holders	-	168,366	-	-	-	(202,039)	(66,970)	(100,643)
Balance as at 30.09.2018	6,700,000	3,171,318	7,793,317	678,925	4,268,074	18,792,491	-	41,404,127
For the nine months ended 30.09.2019								
Balance as at 1st January 2019	9,400,000	3,227,960	7,793,317	528,430	-	4,622,080	18,160,874	43,732,665
Impact of adopting SLFRS - 16	-	-	-	(122,075)	-	-	-	(122,075)
Re-stated opening balance under SLFRS - 16	9,400,000	3,227,960	7,793,317	528,430	-	4,500,005	18,160,874	43,610,590
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	3,621,246	-	3,621,246
Other comprehensive income net of tax	-	-	-	-	-	-	-	-
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	114,210	-	-	-	114,210
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(681,086)	-	-	-	(681,086)
Total comprehensive income for the period						3,621,246		3,054,370
Transaction with equity holders, recognized directly in equity								
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(5,585)	(5,585)
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	-	-	-
Contribution to national insurance trust fund	-	-	-	-	-	(36,212)	-	(36,212)
Transfers during the period	-	181,062	-	-	-	(181,062)	-	-
Total transaction with equity holders	-	181,062	-	-	-	(217,275)	(5,585)	(41,797)
Balance as at 30.09.2019	9,400,000	3,409,022	7,793,317	(38,446)	-	7,903,976	18,155,289	46,623,158

STATEMENT OF CHANGES IN EQUITY - GROUP

For the nine months ended 30.09.2018	In Rupees Thousand							
	Stated Capital/Assigned Capital	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2018	6,700,000	3,002,952	7,793,317	1,228,420	291,924	1,679,540	19,444,122	40,140,278
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	3,441,602	-	3,441,602
Other comprehensive income net of tax	-	-	-	-	(291,924)	(642)	-	(292,565)
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	(58,092)	-	-	-	(58,092)
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(603,932)	-	-	-	(603,932)
Total comprehensive income for the period						3,440,960		2,487,012
Transaction with equity holders, recognized directly in equity								
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(66,970)	(66,970)
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	-	-	-
Contribution to national insurance trust fund	-	-	-	-	-	(36,212)	-	(36,212)
Transfers during the period	-	168,366	-	-	-	(186,954)	18,588	(33,673)
Total transaction with equity holders	-	168,366	-	-	-	(220,627)	(48,382)	(100,643)
Balance as at 30.09.2018	6,700,000	3,171,318	7,793,317	566,396	-	4,899,873	19,395,740	42,526,647
For the nine months ended 30.09.2019								
Balance as at 1st January 2019	9,400,000	3,227,960	7,793,317	390,209	-	5,198,451	18,745,544	44,755,484
Impact of adopting SLFRS - 16	-	-	-	(122,075)	-	-	-	(122,075)
Re-stated opening balance under SLFRS - 16	9,400,000	3,227,960	7,793,317	390,209	-	5,076,376	18,745,544	44,633,409
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	4,044,892	-	4,044,892
Other comprehensive income net of tax	-	-	-	-	-	(107)	-	(107)
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	193,020	-	-	-	193,020
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(681,086)	-	-	-	(681,086)
Total comprehensive income for the period						4,044,785		3,556,718
Transaction with equity holders, recognized directly in equity								
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(5,585)	(5,585)
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	-	-	-
Contribution to national insurance trust fund	-	-	-	-	-	(36,212)	-	(36,212)
Transfers during the period	-	181,062	-	-	-	(286,973)	105,911	(100,326)
Total transaction with equity holders	-	181,062	-	-	-	(323,186)	105,911	(41,797)
Balance as at 30.09.2019	9,400,000	3,409,022	7,793,317	(97,856)	-	8,797,976	18,845,870	48,148,329

The NSB Act No. 30 of 1971 certifies government guarantee for your savings at NSB and interest due thereon.



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

AAA(SL)

For the nine months ended 30th September 2019

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

a. Bank - as at 30.09.2019				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	5,234,480	-	-	5,234,480
Balances with central Bank	-	-	-	-
Placements with banks	14,288,950	-	-	14,288,950
Derivative financial instruments	-	-	629	629
Loans and advances	444,168,838	-	-	444,168,838
Debt instruments	579,593,138	3,839,125	-	583,432,263
Equity instruments	-	1,670,910	3,122,359	4,793,270
Total financial assets	1,043,285,407	5,510,035	3,122,988	1,051,918,430

b. Bank - as at 31.12.2018 - (Audited)				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	3,434,524	-	-	3,434,524
Balances with central Bank	-	-	-	-
Placements with banks	17,588,445	-	-	17,588,445
Derivative financial instruments	-	-	4,740,106	4,740,106
Loans and advances	423,532,145	-	-	423,532,145
Debt instruments	518,947,969	14,801,463	2,433,915	536,183,346
Equity instruments	-	1,878,919	3,750,515	5,629,434
Total financial assets	963,503,083	16,680,382	10,924,536	991,108,000

c. Group - as at 30.09.2019				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	5,255,207	-	-	5,255,207
Balances with central Bank	88	-	-	88
Placements with banks	14,288,950	-	-	14,288,950
Derivative financial instruments	-	-	629	629
Loans and advances	444,188,814	-	-	444,188,814
Debt instruments	583,634,606	13,576,254	2,101,165	599,312,026
Equity instruments	-	1,670,910	3,124,359	4,795,270
Total financial assets	1,047,367,667	15,247,164	5,226,153	1,067,840,983

d. Group - as at 31.12.2018 - (Audited)				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	3,436,929	-	-	3,436,929
Balances with central Bank	177	-	-	177
Placements with banks	17,588,445	-	-	17,588,445
Derivative financial instruments	-	-	4,740,106	4,740,106
Loans and advances	423,557,119	-	-	423,557,119
Debt instruments	522,973,159	24,988,614	4,037,045	551,998,818
Equity instruments	-	1,878,919	3,751,515	5,630,434
Total financial assets	967,555,828	26,867,533	12,528,666	1,006,952,028

LIABILITIES				
Due to banks	-	-	-	-
Derivative financial instruments	-	-	-	-
Financial liabilities	-	-	-	-
- due to depositors	953,351,130	-	-	953,351,130
- due to debt securities holders	-	-	-	-
- due to other borrowers	22,955,627	-	-	22,955,627
Debt securities issued	26,327,672	-	-	26,327,672
Total financial liabilities	1,045,871,110	-	-	1,045,871,110

LIABILITIES				
Due to banks	-	-	-	-
Derivative financial instruments	-	-	-	-
Financial liabilities	-	-	-	-
- due to depositors	839,574,411	-	-	839,574,411
- due to debt securities holders	-	-	-	-
- due to other borrowers	14,804,802	-	-	14,804,802
Debt securities issued	52,389,133	-	-	52,389,133
Total financial liabilities	983,887,492	1,533	983,889,025	

AC - Financial assets / liabilities measured at amortised cost				
FVPL - Financial assets / liabilities measured at fair value through profit or loss				
FVOCI - Financial assets / liabilities measured at fair value through other comprehensive income				

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT AS AT 30.09.2019

In Rupees Thousand	Bank		Group	
	As at 30.09.2019	As at 31.12.2018	As at 30.09.2019	As at 31.12.2018
Product-wise Gross loans and advances				
By product - Domestic currency				
Term loans	389,619,033	367,008,832	389,619,033	367,008,832
Pawning	35,396,936	30,530,726	35,396,936	30,530,726
Other loans				
Loan to Government	2,030,000	2,075,000	2,030,000	2,075,000
Securities purchased under resale agreements	1,604,692	2,357,240	1,624,668	2,382,213
Staff loans	7,247,375	6,103,442	7,247,375	6,103,442
Sub Total	435,898,037	408,075,240	435,918,013	408,100,213
By product - Foreign currency				
Term loans	12,757,172	19,303,215	12,757,172	19,303,215
Gross loans and advances	448,655,209	427,378,455	448,675,185	427,403,428
Gross Loans & advances				
Less: Accumulated impairment under stage 1	(1,696,331)	(1,610,731)	(1,696,331)	(1,610,731)
Accumulated impairment under stage 2	(280,033)	(272,348)	(280,033)	(272,348)
Accumulated impairment under stage 3	(2,510,005)	(1,963,230)	(2,510,005)	(1,963,230)
Net value of loans & advances	444,168,838	423,532,145	444,188,814	423,557,119

Movement of Impairment during the period				
Under Stage 1				
Opening balance	1,610,731	1,127,166	1,610,731	1,127,166
Charge/(Write back) to Income Statement	85,600	483,565	85,600	483,565
Closing balance	1,696,331	1,610,731	1,696,331	1,610,731
Under Stage 2				
Opening balance	272,348	128,432	272,348	128,432
Charge/(Write back) to Income Statement	7,685	143,916	7,685	143,916
Closing balance	280,033	272,348	280,033	272,348
Under Stage 3				
Opening balance	1,963,230	1,479,175	1,963,230	1,479,175
Charge/(Write back) to Income Statement	558,124	503,642	558,124	503,642
Write-off during the year	(11,349)	(19,587)	(11,349)	(19,587)
Closing balance	2,510,005	1,963,230	2,510,005	1,963,230
Total Impairment	4,486,370	3,846,309	4,486,370	3,846,309

ANALYSIS OF DEPOSITS AS AT 30.09.2019

In Rupees Thousand	Bank		Group	
	As at 30.09.2019	As at 31.12.2018	As at 30.09.2019	As at 31.12.2018
By product - Domestic currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	208,058,308	194,946,317	208,058,308	194,946,317
Fixed deposits	733,397,046	633,632,405	733,397,046	633,632,405
Sub Total	941,455,354	828,578,722	941,455,354	828,578,722
By product - Foreign currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	3,400,526	3,375,609	3,400,526	3,375,609
Fixed deposits	8,495,250	7,620,080	8,495,250	7,620,080
Sub total	11,895,776	10,995,689	11,895,776	10,995,689
Total	953,351,130	839,574,411	953,351,130	839,574,411

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

c. Group - as at 30.09.2019				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	5,255,207	-	-	5,255,207
Balances with central Bank	88	-	-	88
Placements with banks	14,288,950	-	-	14,288,950
Derivative financial instruments	-	-	629	629
Loans and advances	444,188,814	-	-	444,188,814
Debt instruments	583,634,606	13,576,254	2,101,165	599,312,026
Equity instruments	-	1,670,910	3,124,359	4,795,270
Total financial assets	1,047,367,667	15,247,164	5,226,153	1,067,840,983

LIABILITIES				
Due to banks	-	-	-	-
Derivative financial instruments	-	-	-	-
Financial liabilities	-	-	-	-
- due to depositors	953,351,130	-	-	953,351,130
- due to debt securities holders	-	-	-	-
- due to other borrowers	22,955,627	-	-	22,955,627
Debt securities issued	26,327,672	-	-	26,327,672
Total financial liabilities	1,058,660,810	-	-	1,058,660,810

d. Group - as at 31.12.2018 - (Audited)				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	3,436,929	-	-	3,436,929
Balances with central Bank	177	-	-	177
Placements with banks	17,588,445	-	-	17,588,445
Derivative financial instruments	-	-	4,740,106	4,740,106
Loans and advances	423,557,119	-	-	423,557,119
Debt instruments	522,973,159	24,988,614	4,037,045	551,998,818
Equity instruments	-	1,878,919	3,751,515	5,630,434
Total financial assets	967,555,828	26,867,533	12,528,666	1,006,952,028

CASH FLOW STATEMENT

	Bank		Group	
	30.09.2019 Rs. '000	30.09.2018 Rs. '000	30.09.2019 Rs. '000	30.09.2018 Rs. '000
Cash flows from operating activities				
Interest receipts	92,006,704	86,656,441	93,193,254	87,193,798
Interest payment	(61,785,211)	(66,206,221)	(62,538,834)	(66,698,255)
Net commission receipts	742,825	610,091	746,629	610,184
Trading income	276,085	481,600	336,328	567,311
Payment to employees	(7,422,541)	(6,685,091)	(7,445,339)	(6,720,017)
VAT, NBT & DRL on financial services	(3,628,785)	(2,436,202)	(3,725,857)	(2,491,025)
Receipts from other operating activities	261,189	206,704	259,605	205,300
Payment on other operating activities	(3,148,986)	(2,892,604)	(3,099,799)	(2,840,353)
Operating profit before change in operating assets & liabilities	17,301,281	9,734,718	17,725,986	9,826,942
(Increase) / decrease in operating assets				
Balances with Central Bank of Sri Lanka	-	-	-	-
Placements with banks	3,129,808	6,892,075	3,129,808	6,892,075
Derivative financial instruments	4,744,069	(245,005)	4,744,069	(245,005)
Financial assets at FVPL	11,367,477	(8,388,174)	12,063,819	(14,710,574)
Financial assets at amortised cost - loans & advances	(23,151,641)	(30,919,388)	(23,147,126)	(30,477,598)
Financial assets at amortised cost - debt & other instrument	(62,444,184)	43,473,483	(62,448,258)	43,350,414
Proceeds from the sale and maturity of financial investments	(4,679,224)	(4,899,737)	(4,639,377)	(4,983,919)
Other assets	(71,033,695)	5,913,645	(70,297,424)	(174,607)
Increase/(decrease) in operating liabilities	(34,137,554)	41,808,046	(37,796,775)	43,974,461
Due to bank	(1,533)	(1,533)	(1,533)	(1,533)
Derivative financial instruments	-	-	-	-
Financial liabilities at amortised cost-due to depositors	109,207,011	58,037,014	109,207,011	58,037,014
Financial liabilities at amortised cost-due to debt securities holders	-	-	-	-
Financial liabilities at amortised cost-due to other borrowers	8,037,104	1,885,677	11,055,932	5,607,635
Debt securities issued	(25,677,100)	(110,999,925)	(25,677,100)	(110,999,925)
Other liabilities	63,455	(186,123)	59,898	(212,040)
Net cash generated from operating activities before income tax	3,758,969	5,247,315	4,275,996	5,113,743
Income tax paid	(2,957,338)	(2,617,279)	(3,003,939)	(2,750,229)
Net cash (used in)/from operating activities	801,631	2,630,036	1,272,057	2,363,514
Cash flows from investing activities				
Purchase of property, plant and equipment	(989,985)	(1,325,221)	(991,586)	(1,325,337)
Proceeds from the sale of property, plant and equipment	4,693	8,864	4,693	8,864
Net (increase)/decrease in financial instruments at fair value through other comprehensive income	2,373,159	(873,046)	1,922,567	(613,841)
Net purchase of intangible assets	-	-	-	-
Net cash flow from acquisition of investment in subsidiaries and associates	-	-	-	-
Dividends received from investment in subsidiaries and associates	-	-	-	-
Net cash (used in)/from investing activities	1,387,867	(2,189,403)	935,674	(1,930,313)
Cash flows from financing activities				