W.C. 2314



# **NATIONAL SAVINGS BANK INTERIM FINANCIAL STATEMENTS** For the six months ended 30th June 2020

# (SL) AAA

Group

#### **INCOME STATEMENT** Bank Group 2019 Rs. '000 2020 2020 2019 For the six months ended 30th June Rs. '000 Rs. '000 Rs. '000 Income 60,186,922 59,121,029 61,761,497 60,240,720 Interest income 59,095,38 57,699,605 60,129,115 58,400,296 (43,941,762) (47,162,085 (44,452,375) Interest expenses (46,733,504) 12.361.883 Net interest income 13,757,843 12,967,030 13,947,921 Fee and commission income 545,328 540,038 549,225 534,220 Fee and commission expenses (67,202 (46, 106)(70,973)(47, 516)Net fee and commission income 467,018 499,222 469,065 501,709 Net gains/(losses) from trading 663,947 900,204 1,079,974 370,776 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 8,640 18,052 8,640 18,052 177,900 194,096 193,172 Net other operating income 183,501 Total operating income 13,386,217 15,133,161 14,528,440 15,740,829 (2,301,149) Impairment charges (2,253,238) (524, 604)(524, 539)Net operating income 11,132,979 14,608,621 15,216,224 12,227,291 Personnel expenses Depreciation and amortization expenses (5,045,266) (561,550) (5,139,414) (472,854) (5,151,282) (569,798) (5,155,445)(473,399)(2.099.405)(2, 124, 621)(2,116,491) (2,115,061)Other expenses Operating profit/(loss) before VAT, NBT & DRL on financial services Value Added Tax (VAT) on financial services 3,426,757 4,389,719 6,871,732 7,472,319 (1,085,925) (1,525,074) (1,604,171) (1, 220, 533)Nation Building Tax (NBT) on financial services (203.343)(213.889)Debt Repayment Levy (DRL) on financial services (832,690) (832,690) Operating profit/(loss) after VAT, NBT and DRL on financial services 2,340,832 4,310,624 3,169,186 4,821,568 Share of profits of associates and joint venture Profit/(loss) before tax 2,340,832 4,310,624 3,169,186 4,821,568 Income tax expense 1,284,771 (2,017,527)(1,516,055) **1,653,131** (2, 185, 719)Profit/(loss) for the period 1,056,061 2,293,097 2,635,849 Profit attributable to: Equity holders of the Bank 1,056,061 1,653,131 2.293.097 2,635,849 Non-controlling interests Earnings per share on profit Basic earnings per ordinary share (Rs.) 1.122.441.762.80Diluted earnings per ordinary share (Rs.) 1.12 2.44 1.76 2.80 STATEMENT OF COMPREHENSIVE INCOME Bank Group

	Бапк		Group		
For the six months ended 30th June	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000	
Profit / (Loss) for the period	1,056,061	2,293,097	1,653,131	2,635,849	
Items that will be reclassified to Income Statement					
Exchange differences on translation of foreign operations					
Net gains/(losses) on cash flow hedges	-	-	-	-	
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	310,831	132,875	375,743	208,937	
Net gains/(losses) on investment in debt instruments transferred to income statement	(8,640)	(16,191)	(8,640)	(16,191)	
Less: Tax expense relating to items that will be reclassified to income statement		-	-		
Total other comprehensive income to be reclassified to					
Income Statement	302,192	116,684	367,104	192,746	
Items that will not to be reclassified to Income Statement Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	(953,831)	(1,020,488)	(968,067)	(1,020,488)	
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	-	-	(1, 143)	(72)	
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	(953,831)	(1,020,488)	(969,210)	(1,020,560)	
Total other comprehensive income(OCI) for the period,					
net of taxes	(651,639)	(903,804)	(602,106)	(827,814)	
Total comprehensive income for the period	404,422	1,389,293	1,051,025	1,808,035	
Attributable to:	404.400	1 000 000	1 0 5 1 0 0 5	1 000 00 5	
Equity holders of the Bank	404,422	1,389,293	1,051,025	1,808,035	
Non-controlling interests		-	-	-	

Explanatory Notes :-

There are no changes to the accounting policies and methods of computation since the publication of annual accounts for the year 2019. The comparable information is re-classified as wherever necessary to compare with the current year's classification in order to provide a better presentation. Impact due to COVID - 19

The Outbreak of Covid -19 has caused disruption to business and economic activities and uncertainty to global and local economy. The bank has strictly adhered to the guidelines and direction issued by both government and Central Bank of Sri Lanka (CBSL) when conducting its business operation at the outbreak of Covid - 19 in Sri Lanka. Accordingly, the Bank has provided relief for the affected business and individuals inline with the direction issued by CBSL.

\* Debt Moratorium and Deferment Impact

The bank has given its debt moratorium and payment deferment to all of its customers other than who refused to have debt moratorium or payment deferments. The moratorium has been given (approximately 91% of the retail lending portfolio) at the concessionary rate of seven percent during the moratorium period from two months to six months considering the direction issued by CBSL and the payments are deferred until the end of the loan contractual period, accordingly, Day One Loss has been recognised in the Financial Statements for the period ending 30.06.2020 based on the available information. It resulted in a substantial drop in Bank's Net Interest Income (NII) for the six months ended 30.06.2020 and the total impact adjusted to the

	As at	As at	As at	As at
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	Rs. '000	Rs. '000 (Audited)	Rs. '000	Rs. '000 (Audited)
Assets				
Cash and cash equivalents	5,340,813	5,376,715	5,373,166	5,564,824
Balances with central banks	-	-	66	58
Placements with banks	13,674,433	12,364,469	16,913,083	15,745,184
Derivative financial instruments	25,177	11,622	25,177	11,622
Financial assets recognized through profit or loss				
measured at fair value	9,599,848	11,459,882	24,001,921	22,130,273
designated at fair value Financial assets at amortised cost	-	-	-	-
Loans and Advances	452,993,912	454,394,957	456,467,009	456,636,285
Debt and other instruments	687,278,557	615,634,321	691,547,287	619,567,786
Financial assets meassured at fair value through other comprehensive income	7,990,477	3,478,811	8,573,976	4,626,582
Investments in subsidiaries	4,811,000	4,811,000	-	-
Investments in associates and joint ventures	· · ·	-		
Property, plant and equipment	14,244,522	14,163,454	14,537,626	14,457,494
Right of use assets	939,261	1,073,507	990,612	1,130,868
Investment properties	-		333,315	333,315
Goodwill and intangible assets	-	-	-	-
Deferred tax assets	-	-	632	338
Other assets	39,263,731	35,197,923	39,912,090	35,370,115
Total assets	1,236,161,729	1,157,966,664	1,258,675,957	1,175,574,745
Liabilities				
Due to banks	17,648,502	35,045,251	17,342,550	36,139,122
Derivative financial instruments				-
Financial liabilities recognized through profit or loss	-	-	-	-
Financial liabilities at amortised cost				
due to depositors	1,112,784,970	1,016,574,286	1,112,403,624	1,015,635,421
due to debt securities holders	-		-	
due to other borrowers	18,811,940	21,203,242	35,530,692	32,808,023
Lease liability	969,658	1,066,882	1,020,393	1,121,441
Debt securities issued	27,794,431	26,691,711	28,058,417	26,955,697
Retirement benefit obligations Current tax liabilities	6,508,707	6,508,707	6,540,432 528,103	6,536,687 565,704
Deferred tax liabilities	561,102	547,250	561,866	548,014
Other provisions	-		-	-
Other liabilities	7,332,986	5,951,464	8,840,697	7,430,415
Due to subsidiaries	3,750	547	-	-
Total liabilities	1,192,416,046	1,113,589,340	1,210,826,774	1,127,740,523
Equity				
Stated capital/Assigned capital	9,400,000	9,400,000	9,400,000	9,400,000
Statutory reserve fund	3,615,675	3,562,872	3,628,960	3,571,214
OCI reserve	(333,633)	318,006	(317,462)	283,501
		,		
Retained earnings	4,457,140	4,464,442	7,693,110	7,233,982
Other reserves	26,606,501	26,632,004	27,444,576	27,345,524
Total shareholders' equity	43,745,683	44,377,324	47,849,183	47,834,222
Non-controlling interests	-		-	-
Total equity	43,745,683	44,377,324	47,849,183	47,834,222
Total equity and liabilities	1,236,161,729	1,157,966,664	1,258,675,957	1,175,574,745
Contingent liabilities and commitments	20,669,418	10,355,197	20,691,658	10,691,602
Memorandum Information				
Number of Employees	4,642	4,715		
Number of Branches	258	256		

STATEMENT OF FINANCIAL POSITION

Bank

Income Statement is Rs. 3,349 Mn. Further, the Board will continue to monitor the implications and adjust, if required.

\* Impairment Assessment

Note: Amounts stated are in net of impairment and depreciation.

All the Corporate clients were assessed individually based on their historical payment patterns, Covid-19 economic impact to their sector and geographical area, expected recovery of the sector, financial strength of the entity, government and CBSL support and other holistic factors. Based on the assessment some borrowers were moved from stage one to stage two and some borrowers were moved from stage to to stage three due to expected cashflow impairment despite of their past due status.

The bank has calculated probability of Default (PD) as at 30 June 2020 and adjusted the Economic Factor Adjustment (EFA) to reflect the adverse impact to the economy when computing ECL. The Bank decided to increase the weightage assigned for worst case Senario by 10% while reducing the weightages assigned for base case senario and best-case senario by 5% each respective. The portfolio level impairment assessment was carried out for the individual borrowers. However, in some scenarios management judgement was used to assess the reasonableness of the customer request of prolonged debt moratorium or deferment. The borrowers were allocated between stages based on their sector and management judgement. Based on the assessment some borrowers were moved from stage two and some borrowers were moved from stage two to stage three due to expected cashflow impairment.

		STATEMEN	Г OF CHANGES	S IN EQUITY - B.	ANK			
For the six months ended 30.06.2019	Stated Capital/ Assigned Capital	Statutory Reserve Fund	<b>Revaluation Reserve</b>	OCI Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2019 Impact of adopting SLFRS-16	9,400,000	3,227,960	7,793,317	528,430 -	-	3,984,674 (115,604)	18,160,874	43,095,259 (115,604)
Re-stated balance under SLFRS-16 Total comprehensive income for the period	9,400,000	3,227,960	7,793,317	528,430	-	3,869,070	18,160,874	42,979,655
Net profit for the period Other comprehensive income net of tax		-		-	-	2,293,097	-	2,293,097
Net change in fair value of debt instrument of Fair Value through Other Comprehensive Income	-	-	-	116,684	-	-	-	116,684
Net change in fair value of equity instrument of Fair Value through Other Comprehensive Income	-	-	-	(1,020,488)	-	-	-	(1,020,488)
Total comprehensive income for the period Transactions with equity holders, recognised directly in equity	-	-	-	(903,804)	-	2,293,097	-	1,389,293
Transfers to unclaimed deposits reserve Contribution to the consolidated fund-Dividend/Levy	-	-	-	-	-	-	(3,550)	(3,550)
Contribution to national insurance trust fund Transfers during the period	-	114,655	-	-	-	(22,931) (114,655)	-	(22,931)
Total transactions with equity holders Balance as at 30.06.2019	9,400,000	114,655 <b>3,342,615</b>	- 7,793,317	- (375,374)	-	(137,586) <b>6,024,583</b>	(3,550) 18,157,325	(26,481) <b>44,342,469</b>
For the six months ended 30.06.2020	Stated Capital/ Assigned	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve	Cash Flow Hedging			
Balance as at 1st January 2020	Capital 9,400,000	3,562,872	7,793,317	318,006	Reserve -	Retained Earnings 4,464,442	Other Reserves 18,838,685	Total Equity 44,377,324
Total comprehensive income for the period Net profit for the period	3,100,000	5,502,612	1,100,011	510,000		1,056,061	10,000,000	1,056,061
Other comprehensive income net of tax Net change in fair value of debt instrument of Fair Value						1,000,001		1,000,001
through Other Comprehensive Income Net change in fair value of equity instrument of Fair Value	-	-	-	302,192	-	-	-	302,192
through Other Comprehensive Income Total comprehensive income for the period				(953,831) (651,639)	-	1,056,061	-	(953,831) 404,422
Transactions with equity holders, recognised directly in equity				( , , , , , , , , , , , , , , , , , , ,				,
Transfers to unclaimed deposits reserve Contribution to the consolidated fund-Dividend/Levy		-	-	-	-	(1,000,000)	(25,501)	(25,501) (1,000,000)
Contribution to national insurance trust fund Transfers during the Period	-	- 52,803	-	-	-	(10,561) (52,803)	-	(10,561)
Total transactions with equity holders	-	52,803	-	-	-	(1,063,364)	(25,501)	(1,036,062)
Balance as at 30.06.2020	9,400,000	3,615,675	7,793,317	(333,633)	-	4,457,140	18,813,184	43,745,683
	1	STATEMENT	OF CHANGES	IN EQUITY - GI				
For the six months ended 30.06.2019	Stated Capital/ Assigned Capital	Statutory Reserve Fund	<b>Revaluation Reserve</b>	OCI Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2019 Impact of adopting SLFRS - 16	9,400,000	3,227,960	7,793,317	390,210	-	4,561,045 (115,604)	18,745,544	44,118,079 (115,604)
Re-stated balance under SLFRS - 16 Total comprehensive income for the period	9,400,000	3,227,960	7,793,317	390,210	-	4,445,440	18,745,544	44,002,475
Net profit for the period Other comprehensive income net of tax	-	-	-	-	-	2,635,849 (72)	-	2,635,849 (72)
Net change in fair value of debt instrument of Fair Value through Other Comprehensive Income Net change in fair value of equity instrument of Fair Value through Other	-	-	-	192,746	-	-	-	192,746
Comprehensive Income Total comprehensive income for the period	<u> </u>	-	-	(1,020,488) (827,741)	-	2,635,777	-	(1,020,488) <b>1,808,035</b>
Transactions with equity holders, recognised directly in equity Transfers to unclaimed deposits reserve				(021,111)		2,000,111	(3,550)	(3,550)
Contribution to the consolidated fund-Dividend/Levy		-	-	-	-	(22,931)	-	-
Contribution to national insurance trust fund Transfers during the Period	-	114,655	-	-	-	(200,343)	85,688	(22,931)
Total transactions with equity holders	-	114,655	-	-	-	(223,274)	82,138	(26,481)
Balance as at 30.06.2019	9,400,000	3,342,615	7,793,317	(437,531)	-	6,857,943	18,827,682	45,784,030
Balance as at 30.06.2019 For the six months ended 30.06.2020	Stated Capital/ Assigned		7,793,317 Revaluation Reserve	(437,531) OCI Reserve	Cash Flow Hedging		18,827,682 Other Reserves	45,784,030 Total Equity
For the six months ended 30.06.2020 Balance as at 1st January 2020		3,342,615 Statutory Reserve Fund 3,571,214				6,857,943 Retained Earnings 7,233,981		
For the six months ended 30.06.2020	Stated Capital/ Assigned Capital	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve	Cash Flow Hedging	Retained Earnings	Other Reserves	Total Equity
For the six months ended 30.06.2020 Balance as at 1st January 2020 Total comprehensive income for the period Net profit for the period Other comprehensive income net of tax Net change in fair value of debt instrument of Fair Value through Other	Stated Capital/ Assigned Capital 9,400,000	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve 283,501	Cash Flow Hedging	Retained Earnings 7,233,981	Other Reserves	Total Equity           47,834,222           1,653,131           (1,143)
For the six months ended 30.06.2020 Balance as at 1st January 2020 Total comprehensive income for the period Net profit for the period Other comprehensive income net of tax Net change in fair value of debt instrument of Fair Value through Other Comprehensive Income Net change in fair value of equity instrument of Fair Value through Other	Stated Capital/ Assigned Capital 9,400,000	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve 283,501 - - - - - - - - - - - - - - - - - - -	Cash Flow Hedging	Retained Earnings 7,233,981 1,653,131	Other Reserves	Total Equity           47,834,222           1,653,131           (1,143)           367,104
For the six months ended 30.06.2020         Balance as at 1st January 2020         Total comprehensive income for the period         Net profit for the period         Other comprehensive income net of tax         Net change in fair value of debt instrument of Fair Value through Other         Comprehensive Income         Net change in fair value of equity instrument of Fair Value through Other         Comprehensive Income         Total comprehensive income	Stated Capital/ Assigned Capital 9,400,000	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve 283,501	Cash Flow Hedging	Retained Earnings 7,233,981 1,653,131	Other Reserves	Total Equity           47,834,222           1,653,131           (1,143)
For the six months ended 30.06.2020 Balance as at 1st January 2020 Total comprehensive income for the period Net profit for the period Other comprehensive income net of tax Net change in fair value of debt instrument of Fair Value through Other Comprehensive Income Net change in fair value of equity instrument of Fair Value through Other Comprehensive Income	Stated Capital/ Assigned Capital 9,400,000	Statutory Reserve Fund	Revaluation Reserve 7,793,317	OCI Reserve 283,501 - - - 367.104 (968,067)	Cash Flow Hedging Reserve - - -	Retained Earnings 7,233,981 1,653,131 (1,143)	Other Reserves 19,552,207	Total Equity           47,834,222           1,653,131           (1,143)           367,104           (968,067)
For the six months ended 30.06.2020         Balance as at 1st January 2020         Total comprehensive income for the period         Net profit for the period         Other comprehensive income net of tax         Net change in fair value of debt instrument of Fair Value through Other         Comprehensive Income         Net change in fair value of equity instrument of Fair Value through Other         Comprehensive Income         Total comprehensive income for the period         Transactions with equity holders, recognised direcrly in equity         Transfers to unclaimed deposits reserve         Contribution to the consolidated fund-Dividend/Levy	Stated Capital/ Assigned Capital 9,400,000	Statutory Reserve Fund	Revaluation Reserve 7,793,317	OCI Reserve 283,501 - - - 367.104 (968,067)	Cash Flow Hedging Reserve - - - - -	Retained Earnings 7,233,981 1,653,131 (1,143) - - - - - - (1,000,000)	Other Reserves 19,552,207 - - -	Total Equity           47,834,222           1,653,131           (1,143)           367,104           (968,067)           1,051,025           (25,501)           (1,000,000)
For the six months ended 30.06.2020         Balance as at 1st January 2020         Total comprehensive income for the period         Net profit for the period         Other comprehensive income net of tax         Net change in fair value of debt instrument of Fair Value through Other         Comprehensive Income         Net change in fair value of equity instrument of Fair Value through Other         Comprehensive Income         Total comprehensive income for the period         Transactions with equity holders, recognised direcrly in equity         Transfers to unclaimed deposits reserve         Contribution to the consolidated fund-Dividend/Levy         Contribution to national insurance trust fund         Transfers during the Period	Stated Capital/ Assigned Capital 9,400,000	Statutory Reserve Fund 3,571,214 - - - - - - - - - - - - - - - - - - -	Revaluation Reserve 7,793,317	OCI Reserve 283,501 - - - 367.104 (968,067)	Cash Flow Hedging Reserve - - - - - - - - - - - - - - - - - - -	Retained Earnings 7,233,981 1,653,131 (1,143) 1,651,988 (1,000,000) (10,561) (182,299)	Other Reserves 19,552,207	Total Equity           47,834,222           1,653,131           (1,143)           367,104           (968,067)           1,051,025           (25,501)           (1,000,000)           (10,561)
For the six months ended 30.06.2020         Balance as at 1st January 2020         Total comprehensive income for the period         Net profit for the period         Other comprehensive income net of tax         Net change in fair value of debt instrument of Fair Value through Other         Comprehensive Income         Net change in fair value of equity instrument of Fair Value through Other         Comprehensive Income         Total comprehensive income for the period         Transactions with equity holders, recognised direcrly in equity         Transfers to unclaimed deposits reserve         Contribution to the consolidated fund-Dividend/Levy         Contribution to national insurance trust fund	Stated Capital/ Assigned Capital 9,400,000	Statutory Reserve Fund 3,571,214	Revaluation Reserve 7,793,317	OCI Reserve 283,501 - - - 367.104 (968,067)	Cash Flow Hedging Reserve - - - - -	Retained Earnings           7,233,981           1,653,131           (1,143)           -           1,651,988           (1,000,000)           (10,561)	Other Reserves 19,552,207	Total Equity           47,834,222           1,653,131           (1,143)           367,104           (968,067)           1,051,025           (25,501)           (1,000,000)

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



# **NATIONAL SAVINGS BANK INTERIM FINANCIAL STATEMENTS** For the six months ended 30th June 2020

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

a. Bank - as at 30.06.2020				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	5,340,813	-	-	5,340,813
Balances with central Bank	-	-	-	-
Placements with banks	13,674,433	-	-	13,674,433
Derivative financial instruments	-	25,177	-	25,177
Loans and advances	452,993,912	-	-	452,993,912
Debt instruments	687,278,557	8,097,158	5,425,192	700,800,907
Equity instruments	-	1,502,689	2,565,285	4,067,974
Total financial assets	1,159,287,714	9,625,024	7,990,477	1,176,903,215

In Rupees Thousand	AC	FVPL	Total
LIABILITIES			
Due to banks	17,648,502	-	17,648,502
Derivative financial instruments	-	-	-
Financial liabilities			
- due to depositors	1,112,784,970	-	1,112,784,970
- due to debt securities holders	-	-	-
- due to other borrowers	18,811,940	-	18,811,940
Debt securities issued	27,794,431	-	27,794,431
Total financial liabilities	1,177,039,843	-	1,177,039,843

b. Bank - as at 31.12.2019 - Audited				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	5,376,715	-	-	5,376,715
Balances with central Banks	-	-	-	-
Placements with banks	$12,\!364,\!469$	-	-	12,364,469
Derivative financial instruments		11,622	-	11,622
Loans and advances	454,394,957	-	-	454,394,957
Debt instruments	615,634,321	9,677,546	-	625,311,867
Equity instruments	-	1,782,337	3,478,811	5,261,147
Total financial assets	1,087,770,463	11,471,505	3,478,811	1,102,720,778
In Rupees Thousand		AC	FVPL	Total
LIABILITIES				
Due to banks		35,045,251	-	35,045,251
Derivative financial instruments		-	-	-
Financial liabilities				
- due to depositors		1,016,574,286	-	1,016,574,286
- due to debt securities holders		-	-	-
- due to other borrowers		21,203,242	-	21,203,242
Debt securities issued		26,691,711	-	26,691,711
Total financial liabilities		1,099,514,490	-	1,099,514,490

- Financial assets / liabilities measured at amortised cost AC

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 30.06.2020

	Ba	nk	Group		
In Rupees Thousand	As at 30.06.2020	As at 31.12.2019 (Audited)	As at 30.06.2020	As at 31.12.2019 (Audited)	

Product-wise G	rose loane	and ad	vances

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

(SL)AAA

AC	FVPL	r	
AC		FVOCI	Total
i	FVFL	FVOCI	Total
5,373,166	-	-	5,373,166
66	-	-	66
16,913,083	- 25 177	-	16,913,083
456.467.009	25,177	-	25,177 456,467,009
691,547,287	22,499,231	5,884,862	719,931,381
	1,502,689	2,689,114	4,191,803
1,170,300,611	24,027,097	8,573,976	1,202,901,683
	AC	FVPL	Total
	17,342,550	-	17,342,550
	-	-	-
	1,112,403,624	-	1,112,403,624
	-	-	-
		-	35,530,692 28,058,417
	1,193,335,284	-	1,193,335,284
AC	FVPL	FVOCI	Total
5,564,824	-	-	5,564,824
58	-	-	58
15,745,184	- 11 622	-	15,745,184
456.636.285		-	11,622 456,636,285
619,567,786	20,347,937	1,011,706	640,927,429
-	, ,	, ,	5,397,213
1,097,514,137	22,141,893	4,626,582	1,124,282,615
	AC	FVPL	Total
	36,139,122	-	36,139,122
	-	-	-
	1 015 635 421		1,015,635,421
		-	
	32,808,023	-	32,808,023 26,955,697
	, ,	-	1,111,538,263
		-	1,111,558,205
FLOW STATEM	ENT		
30.06.2020	30.06.2019	30.06.2020	30.06.2019
Rs. '000	Rs. '000	Rs. '000	<b>Rs. '000</b>
55,990,738	55,383,812	56,938,404	56,244,483
(44,727,900)	(41,794,388)	(45, 171, 196)	(42, 188, 979)
467,018	499,222	469,065	501,709
464,429	283,130	658,602	316,442
(4,423,069)	(5,392,772)	(4,518,461)	(5,408,797)
(1,805,502)	(2,319,655)	(1,915,695)	(2,382,696)
	66         16,913,083         456,467,009         691,547,287         -         1,170,300,611         I,170,300,611         AC         5,564,824         58         15,745,184         456,636,225         619,567,786         -         1,097,514,137	16,913,083       25,177         456,467,009       22,499,231         691,547,287       22,499,231         1,502,689       1,502,689         1,170,300,611       24,027,097         AC       17,342,550         1,112,403,624       35,530,692         35,530,692       28,058,417         1,112,403,624       35,530,692         28,058,417       1,112,403,624         35,530,692       28,058,417         1,112,403,624       35,530,692         28,058,417       1,1193,335,284         1,112,403,624       35,530,692         28,058,417       1,1193,335,284         1,1193,335,284       -         15,745,184       -         15,745,184       -         15,745,184       -         15,663,62,285       -         619,567,786       20,347,937         1,782,337       1,782,337         1,015,635,421       36,139,122         36,139,122       -         1,015,635,421       32,808,023         26,955,697       32,808,023         26,955,697       32,808,023         26,955,697       30,06,2020         7       7         8	16,913,083         25,177            456,467,009         22,499,231         5,884,862           691,547,287         22,499,231         5,884,862           1,170,300,611         24,027,097         8,573,976           AC         FVPL         17,342,550            1,112,403,624              1,112,403,624              35,530,692              35,530,692              28,058,417              15,745,184         11,622             15,745,184         11,622             15,745,184         11,622             15,745,184              161,956,7364              1,097,514,137         22,141,893         4,626,582            1,015,635,421               26,955,697               2

VAT, NBT & DRL on financial services	(1,805,502)	(2,319,655)	(1,915,695)	(2,382,696)
Receipts from other operating activities	139,942	148,641	145,650	147,717
Payment on other operating activities	(1,895,197)	(2,097,530)	(1,936,100)	(2,091,700)
Operating profit before change in operating assets & liabilities	4,210,461	4,710,458	4,670,270	5,138,178
(Increase) / decrease in operating assets				
Balances with Central Bank of Sri Lanka Placement with banks	-	-	-	-
Derivative financial instruments	(1,297,219)	(5,813,377)	(1,194,169)	(5,813,377
Financial assets at FVPL	19,896	4,740,106	19,896	4,740,106
Financial assets at amortised cost - loans & advances	1,708,205	7,551,873	(1,539,293)	12,302,974
Financial assets at amortised cost - debt & other instrument	(26,724,623) (42,943,841)	(23,955,906) (30,555,812)	(27,934,828)	(24,700,889) (30,658,572)
Proceeds from the sale and maturity of financial investments	(42,943,041)	(30,333,812)	(43,345,832)	(30,038,372
Other assets	(4,226,092)	(3,884,242)	(4,702,367)	(3,837,058
	(73,463,675)	(51,917,357)	(78,696,594)	(47,966,816)
Increase/(decrease) in operating liabilities				
Due to bank	(17,224,457)	(27, 148, 115)	(18, 642, 965)	(33, 623, 123)
Derivative financial instruments Financial liabilities at amortised cost-due to depositors	95,427,144	3,277,987 67,083,544	95,978,953	3,277,987 67,083,544
Financial liabilities at amortised cost-due to debt securities holders Financial liabilities at amortised cost-due to debt securities holders	-	-	2,875,446	10,335,868
Debt securities issued	(2,265,164)	8,218,455 (1,556,675)	2,075,440	(1,556,675
Other liabilities	1,541,600	126,718	1,555,254	109,824
	77,479,124	50,001,913	81,766,689	45,627,425
Net cash generated from operating activities before income tax	8,225,910	2,795,014	7,740,365	2,798,787
Income tax paid	(1,270,919)	(2,000,157)	(1,540,098)	2,028,019
Net cash (used in)/from operating activities	6,954,991	794,857	6,200,267	770,768
Cash flows from investing activities				
Purchase of property, plant and equipment	(509,501)	(665,036)	(511,258)	000.000
Proceeds from the sale of property, plant and equipment	1,191	4,086	1,191	666,263
Net (increase)/decrease in financial instruments at fair value through other	1,101	1,000	1,101	4,086
comprehensive income	(5,064,826)	1,537,325	(4, 476, 479)	1,559,765
Net purchase of intangible assets	-	-,,		1,555,760
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	(5,573,137)	876,375	(4,986,546)	897,588
Cash flows from financing activities				
Net proceeds from the issue of subordinated debt				-
Repayment of subordinated debt	(390,000)	_	(390,000)	-
Interest paid on subordinated debt	-		-	-
Contribution to consolidated fund-dividend/levy	(1,000,000)		(1,000,000)	-
Other Borrowings	-		-	-
Net cash from financial activities	(1,390,000)	-	(1,390,000)	
Net increase/(decrease) in cash & cash equivalents	(8,146)	1,671,232	(176,279)	1,668,355
Cash and cash equivalents at the beginning of the year	5,293,907	3,351,975	5,482,007	3,354,558
Exchange difference in respect of cash & cash equivalent		-	-	-

8,536,605 459,481,805 (1,957,251) (911,350) (3,619,292)	11,447,939 <b>458,661,898</b> (1,601,273) (271,001) (2,394,667)	8,536,605 464,539,733 464,539,733 (2,060,783) (929,072) (5,082,869)	11,447,939 462,440,480 (1,707,088) (314,032) (3,783,076)
<b>459,481,805</b> <b>459,481,805</b> (1,957,251)	458,661,898 458,661,898 (1,601,273)	<b>464,539,733</b> <b>464,539,733</b> (2,060,783)	<b>462,440,480</b> <b>462,440,480</b> (1,707,088)
459,481,805 459,481,805	458,661,898 458,661,898	464,539,733 464,539,733	462,440,480 462,440,480
459,481,805	458,661,898	464,539,733	462,440,480
, ,	, ,	, ,	, ,
8,536,605	11,447,939	8,536,605	11,447,939
0 590 005	11 447 020	0 596 605	11 447 020
450,945,200	447,213,959	456,003,128	450,992,541
8,368,102	7,565,685	8,492,460	7,689,104
14,609,551	3,130,955	16,001,264	3,150,592
2,075,000	2,075,000	2,075,000	2,075,000
38,200,907	30,734,318	38,310,172	36,792,150
, ,	, ,	, ,	400,812,948
-	-	,	472,747
-	14,609,551 8,368,102 <b>450,945,200</b>	38,266,967       36,754,318         2,075,000       2,075,000         14,609,551       3,130,955         8,368,102       7,565,685         450,945,200       447,213,959	38,266,967       36,754,318       38,310,172         2,075,000       2,075,000       2,075,000         14,609,551       3,130,955       16,001,264         8,368,102       7,565,685       8,492,460         450,945,200       447,213,959       456,003,128

Movement of Impairment during the period Under Stage 1				
Opening balance	1,601,273	1,610,731	1,707,088	1,610,731
Acquisition through business combinations	-	-	-	84,481
Charge/(Write back) to Income Statement	355,978	(9,458)	353,695	11,876
Closing balance	1,957,251	1,601,273	2,060,783	1,707,088
Under Stage 2				
Opening balance	271,001	272,348	314,032	272,348
Acquisition through business combinations	-	-	-	43,159
Charge/(Write back) to Income Statement	640,349	(1,347)	615,040	(1,476)
Closing balance	911,350	271,001	929,072	314,032
Under Stage 3				
Opening balance	2,394,667	1,963,230	3,783,076	1,963,230
Acquisition through business combinations	-	-	-	1,389,693
Charge/(Write back) to Income Statement	1,229,401	447,061	1,304,930	450,255
Write-off during the period	(4,775)	(15, 624)	(4,775)	(15, 624)
Other movements	-	-	(362)	(4,478)
Closing balance	3,619,292	2,394,667	5,082,869	3,783,076
Total Impairment	6,487,893	4,266,941	8,072,724	5,804,195

### **ANALYSIS OF DEPOSITS** AS AT 30.06.2020

In Rupees Thousand	Bank		Group	
	As at 30.06.2020	As at 31.12.2019 (Audited)	As at 30.06.2020	As at 31.12.2019 (Audited)
By product - Domestic currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	240,706,444	215,009,613	241,301,655	215,588,790
Fixed deposits	859,116,056	789,539,626	858,139,499	788,021,584
Sub Total	1,099,822,500	1,004,549,239	1,099,441,154	1,003,610,374
By product - Foreign currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	3,854,985	3,541,219	3,854,985	3,541,219
Fixed deposits	9,107,485	8,483,828	9,107,485	8,483,828
Sub total	12,962,470	12,025,047	12,962,470	12,025,047
Total	1,112,784,970	1,016,574,286	1,112,403,624	1,015,635,421

#### SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	Bank		Group	
Item	As at 30.06.2020	As at 31.12.2019	As at 30.06.2020	As at 31.12.2019
Regulatory Capital Adequacy (LKR in Thousand) Common Equity Tier 1 Core (Tier 1) Capital Total Capital Base	29,657,046 29,657,046 35,871,316	30,699,940 30,699,940 36,641,062	34,184,068 34,184,068 40,427,116	35,233,934 35,233,934 41,235,169
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital (%) (Minimum Requirement, 2020-6.5 %, 2019-7.0%)	10.957	12.023	12.617	13.903
Tier 1 Capital Ratio % (Minimum Requirement, 2020-8.00%, 2019-8.5%)	10.957	12.023	12.617	13.903
Total Capital Ratio % (Minimum Requirement, 2020-12.00%, 2019-12.5%)	13.252	14.349	14.922	16.271
Leverage Ratio (Minimum Requirement - 3.00%)	4.94	5.13	5.30	5.57
Regulatory Liquidity				
Statutory Liquid Assets (LKR in Thousand)	714,806,966	568,490,585	NR	NR
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit (%)	68.09	60.20	NR	NR
Off-Shore Banking Unit (%)	NR	NR	NR	NR
Total Stock of High Quality Liquid Assets All Currency (LKR in Thousand)	704,819,178	571,476,200	NR	NR
Liquidity Coverage Ratio (%) - (Minimum Requirement, 2020 - 90%, 2019 - 100%)				
Rupee (%)	322.36	278.12	NR	NR
All Currency (%)	320.31	276.64	NR	NR
Net Stable Funding Ratio (%) - (Minimum Requirements, 2020 - 90%, 2019 - 100%)	174.00	175.00	NR	NR
Assets Quality (Quality of Loan Portfolio)				
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	2.34	1.57	NR	NR
Net Non-Performing Advances, % (Net of Interest in Suspense and Provisions)	1.75	1.17	NR	NR
Profitability				
Interest Margin, %	2.08	2.63	2.14	2.65
Return on Assets (before Tax), %	0.39	0.95	0.52	1.18
Return on Equity, %	4.82	15.32	6.95	19.64

#### Note\* : NR - Not Relevant

**CERTIFICATION** : I certify that the above Financial Statements give a true and fair view of the State of Affairs of the Bank and its subsidiaries as at 30th June 2020 and the profits for the period then ended.

Sgd. - Kithsiri Wijeyaratne

Senior Deputy General Manager (Finance and Planning)

We, the undersigned, being the Chairperson and the Acting General Manager / Chief Executive Officer of National Savings Bank certify jointly that:-

(a) The above statements 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 unaudited Financial Statements of the Bank and its subsidiary companies, unless indicated as audited.

Sgd. - Keasila Jayawardena Sgd. - Damitha Kumari Rathnayake Chairperson

28th August 2020,

Colombo, Sri Lanka

Actg General Manager / CEO

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