

NATIONAL SAVINGS BANK

INTERIM FINANCIAL STATEMENT

For the six months ended 30th June 2021

INCOME STATEMENT							
	Ва	nk	Gro	oup			
For the six months ended 30th June	2021	2020	2021	2020			
For the six months ended 30 June	Rs. '000	Rs. '000	Rs. '000	Rs. '000			
Income	65,802,458	60,186,922	66,408,477	61,761,497			
Interest income	64,113,194	59,095,387	65,032,725	60,129,115			
Interest expenses	(37,946,633)	(46,733,504)	(38,263,066)	(47,162,085)			
Net interest income	26,166,561	12,361,883	26,769,659	12,967,030			
Fee and commission income	1,376,768	534,220	1,381,521	540,038			
Fee and commission expenses	(90,439)	(67,202)	(92,042)	(70,973)			
Net fee and commission income	1,286,329	467,018	1,289,479	469,065			
Net gains/(losses) from trading	(172,872)	370,776	(251,295)	900,204			
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	16,985	8,640	16,985	8,640			
Net other operating income	468,383	177,900	228,541	183,501			
Total operating income	27,765,386	13,386,217	28,053,369	14,528,440			
Impairment charges	(1,396,520)	(2,253,238)	(1,353,125)	(2,301,149			
Net operating income	26,368,866	11,132,979	26,700,244	12,227,291			
Personnel expenses	(6,594,275)	(5,045,266)	(6,724,536)	(5,151,282)			
Depreciation and amortization expenses	(652,837)	(561,550)	(661,051)	(569,798)			
Other expenses	(2,205,414)	(2,099,405)	(2,231,013)	(2,116,491)			
Operating profit/(loss) before VAT on financial services	16,916,339	3,426,757	17,083,643	4,389,719			
Value Added Tax (VAT) on financial services	(3,056,363)	(1,085,925)	(3,126,958)	(1,220,533)			
Operating profit/(loss) after VAT on financial services	13,859,976	2,340,832	13,956,685	3,169,186			
Share of profits of associates and joint ventures	-	-	-	-			
Profit/(loss) before tax	13,859,976	2,340,832	13,956,685	3,169,186			
Income tax expenses	(2,848,472)	(1,284,771)	(2,888,182)	(1,516,055)			
Profit/(loss) for the period	11,011,504	1,056,061	11,068,503	1,653,131			
Profit attributable to:							
Equity holders of the Bank	11,011,504	1,056,061	11,068,503	1,653,131			
Non-controlling interests	-	-	-	-			
Earnings per share on profit							
Basic earnings per ordinary share (Rs.)	11.71	1.12	11.78	1.76			
Diluted earnings per ordinary share (Rs.)	11.71	1.12	11.78	1.76			
Diffuted carrings per ordinary share (NS.)	11.71	1.12	11.78	1.70			

STATEMENT OF COMPREHENSIVE INCOME							
	Ba		Gro				
For the six months ended 30th June	2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000			
Profit / (Loss) for the period	11.011,504	1,056,061	11,068,503	1,653,131			
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	(52,201)	310,832	(75,993)	375,744			
Net gains/(losses) on investment in debt instruments transferred to income statement	(16,985)	(8,640)	(16,985)	(8,640)			
Deferred tax effect on the above	17,895	_	17,895	_			
Total other comprehensive income to be reclassified to	21,000		-1,000				
Income Statement	(51,291)	302,192	(75,083)	367,104			
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	155,779	(953,831)	189,866	(968,067)			
Change in the fair value atributable 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		-	(811)	(1,143)			
Deferred Tax effect on the above	(498,929)	-	(498,929)	-			
Re-measurement of post-employment benefit obligations (net of taxes)	(498,929)	-	(499,740)	(1,143)			
Change in Revaluation Surplus	-	-	-	-			
Deferred tax effect on the above	371,032	-	371,032	-			
Changes in revaluation surplus (net of taxes)	371,032	-	371,032	-			
Share of profits of associates and joint ventures	-	-	-	-			
Total other comprehensive income not to be reclassified to Income Statement	27,881	(953,831)	61,157	(969,210)			
Total other comprehensive income(OCI) for the period,	(00.410)	(051 000)	(10,000)	(000 100)			
net of taxes Total comprehensive income for the period	(23,410) 10,988,094	(651,639) 404,422	(13,926) 11,054,577	(602,106) 1,051,025			
Attributable to:	10,500,094	404,422	11,054,577	1,051,025			
Equity holders of the Bank	10,988,094	404,422	11,054,577	1,051,025			
Non-controlling interests	10,000,001	TOT, TAL	11,001,011	1,001,020			

Balance as at 30.06.2021

- There are no changes to the accounting policies and methods of computation since the publication of annual accounts for the year 2020.
- The comparable information is re-classified as wherever necessary to compare with the current year's classification in order to provide a better presentation.
- 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 guideline 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 (nearly 90% of the retail loan portion) and the payments are deferred until the end of the loan period. The moratorium period has been varied from two months to six months. Accordingly Day One Loss has been recognised in the financial statements and accounted.

Group As at As at As at As at 30.06.2021 31.12.2020 30.06.2021 31.12.2020 Rs. '000 (Audited) Rs. '000 (Audited) Rs. '000 Rs. '000 Assets Cash and cash equivalents 6,598,595 8,598,663 6,491,963 8,635,481 Balances with Central Bank 13,396,177 13,253,499 16,166,466 17,456,660 Placements with banks Derivative financial instruments 19,897 19,897 Financial assets recognized through profit or loss measured at fair value 10,505,764 11,221,746 21,303,139 23,617,944 designated at fair value Financial assets at amortised cost Loans and Advances 504,108,271 516,795,160 517,833,067 Debt and other instruments 883,261,695 754,233,344 887,281,289 758,594,934 Financial assets measured at fair value through other comprehensive income 13,437,823 15,271,822 14,570,612 16,059,841 Investments in subsidiaries 4,811,000 4,811,000 Investments in associates and joint ventures Property, plant and equipment 15,172,404 15,315,772 16,065,838 16,197,837 1,226,183 1,271,525 Right of use assets 1,148,286 Investment properties 237,077 237,077 Goodwill and intangible assets 632,734 639,086 694,160 Deferred tax assets 1,420,876 1,446,249 1,420,957 1,446,249 Other assets 32,887,059 23,033,780 33,039,133 23,192,936 Total assets 1,489,380,751 1,363,808,376 1,507,307,797 1,383,220,728 Liabilities Due to banks 11,967,971 12,862,337 13,339,705 10,951,997 Derivative financial instruments Financial liabilities recognized through profit or loss Financial liabilities at amortised cost 1,352,594,888 1,237,123,791 1,352,126,211 1,237,669,284 due to depositors due to debt securities holders due to other borrowers 19,656,090 Lease liability 1,197,995 1,274,713 1,320,877 Debt securities issued 32,869,198 31,773,753 32,958,756 31,908,279 Retirement benefit obligations 10,885,085 10,885,085 10,919,858 10,916,429 Current tax liabilities 3,545,340 612,239 3,873,601 1,189,133 Deferred tax liabilities 853 1,121 Other provisions 7,253,989 Other liabilities 8,287,876 6,699,216 8,793,279 Due to subsidiarie 3,750 Total liabilities 1,425,633,572 1,309,394,475 1,437,942,215 1,323,254,907 Equity Stated capital/Assigned capital 9,400,000 9,400,000 9,400,000 4.647.087 4.090.363 Statutory reserve fund 4.618.843 4.068.268 OCI reserve (330,442)(434,929)(297,004)(411,786)Retained earnings 22,751,456 14,399,572 26,957,507 18,601,588 Other reserves 27,307,322 26,980,990 28,657,992 28,285,656 59,965,821 Total shareholders' equity 63,747,179 54,413,901 69,365,582 Non-controlling interests Total equity 63,747,179 54,413,901 69,365,582 59,965,821 Total equity and liabilities 1,489,380,751 1,363,808,376 1,507,307,797 1,383,220,728 Contingent liabilities and commitments 15,740,854 23,787,099 15,250,481 23,850,325 Memorandum Information

STATEMENT OF FINANCIAL POSITION

* Impairment Assessment

Number of Employees

Number of Branches

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

4,615

260

4,641

259

21,169,286

69,365,582

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 two to stage three (due to expected cashflow impairment) despite of their past due status.

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 one to stage two and some borrowers were moved from stage two to stage two to stage two and some borrowers were moved from stage one to stage two and some borrowers were moved from stage one to stage two and some borrowers were moved from stage two to stage two and some borrowers were moved from stage two to stage two and some borrowers were moved from stage two to stage two and some borrowers were moved from stage one to stage two and some borrowers were moved from stage one to stage two and some borrowers were moved from stage one to stage two and some borrowers were moved from stage one to stage two and some borrowers were moved from stage one to stage two and some borrowers were moved from stage one to stage three due to expected as a section of the sectors.

Income tax and deferred tax provision are made at the rate of 28% as at 31st December 2020. However, as per the guideline issued on 23rd April 2021 by the CASL, the applicable tax rate for the year 2020/21 has been revised to 24%. Accordingly, a sum of Rs. 771 Mn has been reversed to the income tax and deferred tax in Income Statement 2021.

STATEMENT OF CHANGES IN EQUITY - BANK								
For the six months ended 30.06.2020	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 2020	9,400,000	3,562,872	5,611,188	318,006	-	8,194,507	18,838,685	45,925,261
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	1,056,061	-	1,056,061
Other comprehensive income net of tax	-	-	-	-	-	-	-	-
Net change in fair value of debt instrument of Fair Value								
through Other Comprehensive Income	-	-	-	302,192	-	-	-	302,192
Net change in fair value of equity instrument of Fair Value				(953.831)				(953.831)
through Other Comprehensive Income	-	-	-	(000,002)	-		-	(,,
Total comprehensive income for the period	-	-	-	(651,639)	-	1,056,061	-	404,422
Transactions with equity holders, recognised directly in equity								
Transfers to unclaimed deposits reserve	-	-	-	-	-	(4 000 000)	(25,501)	(25,501)
Contribution to the consolidated fund-Dividend/Levy Contribution to national insurance trust fund	-	-	-	-	-	(1,000,000)	-	(1,000,000)
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	5,611,188	(999 699)	-	8,187,205	18,813,184	45,293,622
Balance as at 30.06.2020	9,400,000	3,615,675	5,611,188	(333,633)	-	8,187,205	18,813,184	45,293,622
For the six months ended 30.06.2021	Stated Capital/	Statutory Reserve Fund	Revaluation Reserve	OCI Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
	Assigned Capital	·			Cash Flow Hedging Reserve	<u> </u>		
Balance as at 1st January 2021		Statutory Reserve Fund 4,068,268	Revaluation Reserve 6,678,568	OCI Reserve (434,929)	Cash Flow Hedging Reserve	11,883,168	Other Reserves 20,302,421	51,897,497
Balance as at 1st January 2021 Prior years adjustment*	Assigned Capital 9,400,000	·	6,678,568	(434,929)	Cash Flow Hedging Reserve	11,883,168 2,516,404	20,302,421	51,897,497 2,516,404
Balance as at 1" January 2021 Prior years adjustment* Re-stated opening balance	Assigned Capital	4,068,268			Cash Flow Hedging Reserve	11,883,168		51,897,497
Balance as at 1" January 2021 Prior years adjustment* Re-stated opening balance Total comprehensive income for the period	Assigned Capital 9,400,000	4,068,268	6,678,568	(434,929)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572	20,302,421	51,897,497 2,516,404 54,413,901
Balance as at 1 st January 2021 Prior years adjustment* Re-stated opening balance Total comprehensive income for the period Net profit for the period	Assigned Capital 9,400,000	4,068,268	6,678,568	(434,929)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504
Balance as at 1" January 2021 Prior years adjustment* Re-stated opening balance Total comprehensive income for the period	Assigned Capital 9,400,000	4,068,268	6,678,568	(434,929)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572	20,302,421	51,897,497 2,516,404 54,413,901
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance Total comprehensive income for the period Net profit for the period Other comprehensive income net of tax	Assigned Capital 9,400,000	4,068,268	6,678,568	(434,929)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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	Assigned Capital 9,400,000	4,068,268	6,678,568	(434,929) - (434,929) - - (51,291)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291)
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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	Assigned Capital 9,400,000	4,068,268	6,678,568 - 6,678,568 - - -	(434,929) (434,929)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779
Balance as at 1" January 2021 Prior years adjustment" Re-stated opening balance 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	Assigned Capital 9,400,000	4,068,268	6,678,568	(434,929) - (434,929) - - (51,291)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291)
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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 Net change in Revaluation Reserve Total comprehensive income for the period	Assigned Capital 9,400,000	4,068,268	6,678,568 - 6,678,568 - - -	(434,929) - (434,929) - - (51,291)	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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 Net change in fair value of equity instrument of Fair Value through Other Comprehensive Income Net change in Revaluation Reserve Total comprehensive income for the period Transactions with equity holders, recognised directly in equity	Assigned Capital 9,400,000	4,068,268 - 4,068,268 - - - -	6,678,568 - 6,678,568 - - - - 371,032	(434,929) (434,929) (51,291) 155,779	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504 (498,929)	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779 371,032 10,988,094
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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 Net change in Fair value of equity instrument of Fair Value through Other Comprehensive Income Net change in Revaluation Reserve Total comprehensive income for the period Transfers to unclaimed deposits reserve	Assigned Capital 9,400,000	4,068,268 - 4,068,268 - - - -	6,678,568 - 6,678,568 - - - - 371,032	(434,929) (434,929) (51,291) 155,779	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504 (498,929)	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779 371,032 10,988,094 (44,699)
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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 Net change in Revaluation Reserve Total comprehensive income for the period Transactions with equity holders, recognised directly in equity Transfers to unclaimed deposits reserve Contribution to the consolidated fund-Dividend/Levy	Assigned Capital 9,400,000	4,068,268 - 4,068,268 - - - -	6,678,568 - 6,678,568 - - - - 371,032	(434,929) (434,929) (51,291) 155,779	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504 (498,929) - 10,512,575	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779 371,032 10,988,094 (44,699) (1,500,000)
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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 Net change in fair value of equity instrument of Fair Value through Other Comprehensive Income Net change in Revaluation Reserve Total comprehensive income for the period Transactions with equity holders, recognised directly in equity Transfers to unclaimed deposits reserve Contribution to the consolidated fund-Dividend/Levy Contribution to national insurance trust fund	Assigned Capital 9,400,000	4,068,268 - 4,068,268 - - - - - - -	6,678,568 - 6,678,568 - - - - 371,032	(434,929) (434,929) (51,291) 155,779	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504 (498,929) - - - - - - - - - - - - - - - - - - -	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779 371,032 10,988,094 (44,699)
Balance as at 1st January 2021 Prior years adjustmentst Re-stated opening balance 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 Net change in Fair value of equity instrument of Fair Value through Other Comprehensive Income Net change in Revaluation Reserve Total comprehensive income for the period Transactions with equity holders, recognised directly in equity Transfers to unclaimed deposits reserve Contribution to national insurance trust fund Transfers during the Period	Assigned Capital 9,400,000	4,068,268 - 4,068,268	6,678,568 - 6,678,568 - - - - 371,032	(434,929) (434,929) (51,291) 155,779	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504 (498,929)	20,302,421 - 20,302,421 (44,699)	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779 371,032 10,988,094 (44,699) (1,500,000) (110,115)
Balance as at 1st January 2021 Prior years adjustment* Re-stated opening balance 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 Net change in fair value of equity instrument of Fair Value through Other Comprehensive Income Net change in Revaluation Reserve Total comprehensive income for the period Transactions with equity holders, recognised directly in equity Transfers to unclaimed deposits reserve Contribution to the consolidated fund-Dividend/Levy Contribution to national insurance trust fund	Assigned Capital 9,400,000	4,068,268 - 4,068,268 - - - - - - -	6,678,568 - 6,678,568 - - - - 371,032	(434,929) (434,929) (51,291) 155,779	Cash Flow Hedging Reserve	11,883,168 2,516,404 14,399,572 11,011,504 (498,929) - - - - - - - - - - - - - - - - - - -	20,302,421	51,897,497 2,516,404 54,413,901 11,011,504 (498,929) (51,291) 155,779 371,032 10,988,094 (44,699) (1,500,000)

* The Bank has received a tax credit of Rs. 2,516 Mn in finalization of Income tax assessment for the year 2016/17 and 2017/18 with Inland Revenue Department.

STATEMENT OF CHANGES IN EQUITY - GROUP								
For the six months ended 30.06.2020	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 2020	9,400,000	3,571,214	5,611,188	283,501	-	11,846,116	19,552,207	50,264,229
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	1,653,131	-	1,653,131
Other comprehensive income net of tax	-	-	-	-	-	(1,143)	-	(1,143)
Net change in fair value of debt instrument of Fair Value								
through Other Comprehensive Income	-	-	-	367,104	-	-	-	367,104
Net change in fair value of equity instrument of Fair Value				(0.00 0.00)				(0.00, 0.00)
through Other Comprehensive Income	-	-	-	(968,067)	-	-	-	(968,067)
Total comprehensive income for the period	-	-	-	(600,962)	-	1,651,988	-	1,051,025
Transactions with equity holders, recognised directly in equity								
Transfers to unclaimed deposits reserve	-	-	-	-	-	, -	(25,501)	(25,501)
Contribution to the consolidated fund-Dividend/Levy	-	-	-	-	-	(1,000,000)	-	(1,000,000)
Contribution to national insurance trust fund	-	-	-	-	-	(10,561)	404.550	(10,561)
Transfers during the period	-	57,746	<u> </u>	-	-	(182,299)	124,553	
Total transactions with equity holders	-	57,746	-	-	-	(1,192,860)	99,052	(1,036,062)
Balance as at 30.06.2020	9,400,000	3,628,960	5,611,188	(317,461)	-	12,305,245	19,651,259	50,279,194
For the six months ended 30.06.2021	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 2021	9,400,000	4,090,363	7,117,674	(411,786)	-	16,085,184	21,167,980	57,449,417
Prior years adjustment*	-	-	-	-	-	2,516,404	-	2,516,404
Re-stated opening balance	9,400,000	4,090,363	7,117,674	(411,786)	-	18,601,588	21,167,980	59,965,821
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	11,068,503	-	11,068,503
Other comprehensive income net of tax	-	-	-	-	-	(499,740)	-	(499,740)
Net change in fair value of debt instrument of Fair Value				()				(== -==)
through Other Comprehensive Income	-	-	-	(75,083)	-	-	-	(75,083)
Net change in fair value of equity instrument of Fair Value through Other Comprehensive Income				189,866				189,866
Net change in Revaluation Reserve	-	-	371.032	189,866	-	-	-	371,032
	-	-	,	114 700	-	10 500 500	-	
Total comprehensive income for the period	-	-	371,032	114,782	-	10,568,763	-	11,054,577
Transactions with equity holders, recognised directly in equity							(44.000)	(44,000)
Transfers to unclaimed deposits reserve Contribution to the consolidated fund-Dividend/Levy	-	-	-	-	-	(1 500 000)	(44,699)	(44,699)
Contribution to the consolidated fund-Dividend/Levy Contribution to national insurance trust fund	-	-	-	-	-	(1,500,000) (110,115)	-	(1,500,000) (110,115)
Transfers during the Period		556,724	-	-		(602,729)	46.005	(110,115)
Total transactions with equity holders		556,724		-	-	(2,212,844)	1,306	(1,654,814)
Total transactions with equity noticers		330,724		-	-	(2,212,044)	1,300	(1,034,014)

9,400,000

(297,004)



NATIONAL SAVINGS BANK

TERIM FINANCIAL STATEMENTS

For the six months ended 30th June 2021

In Rupees Thousand

Balances with Central Bank

Total financial liabilities

13,253,499

516,795,160

776,281,216

1,317,287,430

Total

12,862,337

1,237,123,791

8,159,591

31,773,753

- 1,289,919,472

4,445,695

19,897

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

a.	Bank -	as a	t 30.06.2021	
				Ī

Placements with banks

Loans and advances

Equity instruments

Total financial assets

In Rupees Thousand

Financial liabilities - due to depositors

Debt securities issued

Total financial liabilities

LIABILITIES

Due to banks

Debt instruments

Derivative financial instruments

Derivative financial instruments

- due to debt securities holders - due to other borrowers

In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS	•			
Cash and cash equivalents	8,598,663	-	-	8,598,663
Balances with Central Bank	-	-	-	-
Placements with banks	13,396,177	-	-	13,396,177
Derivative financial instruments	-	-	-	-
Loans and advances	504,108,271	-	-	504,108,271
Debt instruments	883,261,695	8,395,869	10,512,096	902,169,660
Equity instruments		2,109,895	2,925,727	5,035,622
Total financial assets	1,409,364,806	10,505,764	13,437,823	1,433,308,393
In Rupees Thousand		AC	FVPL	Total
LIABILITIES				
Due to banks		11,967,971	-	11,967,971
Derivative financial instruments		-	-	-
Financial liabilities				
- due to depositors		1,352,594,888	-	1,352,594,888
- due to debt securities holders		-	-	-
- due to other borrowers		4,281,469	-	4,281,469
Debt securities issued		32,869,198	-	32,869,198
Total financial liabilities		1,401,713,526	-	1,401,713,526
b. Bank - as at 31.12.2020 - Audited				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	6,491,963	-	-	6,491,963
Balances with Central Bank	-	-	-	-

13,253,499

516,795,160

754,233,344

1,290,773,967

19,897

9,545,998

1,675,748

11,241,643

12,862,337

1,237,123,791

8,159,591

31,773,753

1,289,919,472

AC

12,501,874

2,769,948

15,271,822

FVPL

- 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 30.06.2021

	Ba	Bank		Group		
In Rupees Thousand	As at 30.06.2021	As at 31.12.2020 (Audited)	As at 30.06.2021	As at 31.12.2020 (Audited)		
Product-wise Gross loans and advances						
By product - Domestic currency						
Lease rental and hire purchase receivable	-	-	410,039	521,293		
Term loans	441,257,416	457,873,876	443,834,656	460,813,371		
Pawning	47,172,970	42,398,950	47,191,675	42,437,557		
Other loans Loan to Government	2,075,000	2,075,000	2,075,000	2,075,000		
Securities purchased under resale agreements	8,935,004	6,723,807	9,870,065	5,692,995		
Staff loans	12,430,129	11,330,749	12,669,238	11,479,896		
Start foans	12,100,120	11,000,110	12,000,200	11,170,000		
Sub Total	511,870,519	520,402,382	516,050,673	523,020,112		
By product - Foreign currency	9 9 9 9 9 7 4	T 004 001	9 9 9 9 0 7 4	5 904 901		
Term loans	2,369,074	5,384,601	2,369,074	5,384,601		
Gross loans and advances	514,239,593	525,786,983	518,419,747	528,404,713		
Gross loans & advances	514,239,593	525,786,983	518,419,747	528,404,713		
Less : Accumulated impairment under stage 1	(3,200,004)	(2,948,093)	(3,298,155)	(3,059,041)		
Accumulated impairment under stage 2	(996,738)	(897,811)	(1,031,151)	(973,686)		
Accumulated impairment under stage 2	(5,934,580)	(5,145,919)	(7,331,858)	(6,538,919)		
Net value of loans & advances	504,108,271	516,795,160	506,758,584	517,833,067		
Movement of Impairment during the period						
Under Stage 1						
Opening balance	2,948,093	1,601,273	3,059,041	1,707,088		
Charge/(Write back) to Income Statement	251,911	1,346,820	239,114	1,351,953		
Closing balance	3,200,004	2,948,093	3,298,155	3,059,041		
Under Stage 2						
Opening balance	897,811	271,001	973,686	314,032		
Charge/(Write back) to Income Statement	98,927	626,810	57,465	659,654		
Closing balance	996,738	897,811	1,031,151	973,686		
Under Stage 3						
Opening balance	5,145,918	2,394,667	6,538,919	3,783,076		
Charge/(Write back) to Income Statement	803,145	2,763,609	812,216	2,783,032		
Write-off during the period	(14,483)	(12,358)	(14,483)	(12,358)		
Other movements	· · · · · · · · · · · · · · · · · · ·	- -	(4,794)	(14,831)		
Closing balance	5,934,580	5,145,918	7,331,858	6,538,919		
	10,131,322	8,991,822	11,661,164	10,571,646		

	Bar	nk	Group		
In Rupees Thousand	As at 30.06.2021	As at 31.12.2020 (Audited)	As at 30.06.2021	As at 31.12.2020 (Audited)	
By product - Domestic currency					
Demand deposits (current accounts)	-	-	-	-	
Savings deposits	305,648,014	275,839,097	306,195,754	276,462,872	
Fixed deposits	1,030,110,095	945,650,094	1,029,093,678	945,571,812	
Sub Total	1,335,758,109	1,221,489,191	1,335,289,432	1,222,034,684	
By product - Foreign currency					
Demand deposits (current accounts)	-	-	-	-	
Savings deposits	4,819,978	4,193,979	4,819,978	4,193,979	
Fixed deposits	12,016,801	11,440,621	12,016,801	11,440,621	
Sub total	16,836,779	15,634,600	16,836,779	15,634,600	
Total	1,352,594,888	1,237,123,791	1,352,126,211	1,237,669,284	

	ANALYSIS OF FINANCIAL INSTRUMENTS	S ON MEASUREMENT BASIS
c.	Group - as at 30.06.2021	

*				
ASSETS				
Cash and cash equivalents	8,635,481	-	-	8,635,48
Balances with Central Bank	884	-	-	88
Placements with banks	16,166,466	-	-	16,166,46
Derivative financial instruments	-	-	-	
Loans and advances	506,758,584	10 100 044	- 11 450 500	506,758,58
Debt instruments	887,281,289	19,193,244		917,945,32
Equity instruments	-	2,109,895	3,099,826	5,209,72
Total financial assets	1,418,842,705	21,303,139	14,570,612	1,454,716,45
In Rupees Thousand		AC	FVPL	Total
LIABILITIES				
Due to banks		10,951,997	-	10,951,99
Derivative financial instruments		-	-	
Financial liabilities				
- due to depositors		1,352,126,211	-	1,352,126,2
- due to debt securities holders		-	-	45.050.00
- due to other borrowers Debt securities issued		17,076,296	-	17,076,29
		32,958,756	-	32,958,75
Total financial liabilities		1,413,113,261	-	1,413,113,26
d. Group - as at 31.12.2020 Audited				
a. Group as at 51.12.2020 Hautton				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS	·			•
Cash and cash equivalents	6,598,595	-	-	6,598,5
n 1				, ,

Balances with Central Bank	6	-	-	6
Placements with banks	17,456,660	-	-	17,456,660
Derivative financial instruments	-	19,897	-	19,897
Loans and advances	517,833,067	-	-	517,833,067
Debt instruments	758,594,934	21,638,390	13,149,882	793,383,206
Equity instruments	<u> </u>	1,979,554	2,909,959	4,889,513
Total financial assets	1,300,483,262	23,637,841	16,059,841	1,340,180,943
In Rupees Thousand		AC	FVPL	Total
LIABILITIES				
Due to banks				
		13,339,705	-	13,339,705
Derivative financial instruments		13,339,705	-	13,339,705
Derivative financial instruments Financial liabilities		13,339,705	-	13,339,705
		13,339,705	-	13,339,705 - 1,237,669,284
Financial liabilities		-	-	-
Financial liabilities - due to depositors		-	-	-

2021

1,302,573,358

2020

1,302,573,358

2020

Group

2021

CASH FLOW STATEMENT

For the six months ended June 30	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities				
Interest receipts	64,973,139	55,990,738	65,996,332	56,938,404
Interest payments	(38,720,462)	(44,727,900)	(39,062,330)	(45,171,196)
Net commission receipts	1,286,329	467,018	1,289,479	469,065
Trading income	315,667	464,429	335,682	658,602
Payment to employees	(5,092,212)	(4,423,069)	(5,206,755)	(4,518,461)
VAT on financial services	(3,411,030)	(1,805,502)	(3,553,793)	(1,915,695)
Receipts from other operating activities	105,775	139,942	112,415	145,650
Payment on other operating activities	(2,044,241)	(1,895,197)	(2,073,691)	(1,936,100)
Operating profit before change in operating assets & liabilities	17,412,965	4,210,461	17,837,340	4,670,270
(Increase) / decrease in operating assets				
Placement with banks	(86,607)	(1,297,219)	1,173,316	(1,194,169)
Derivative financial instruments	20,265	19,896	20,265	19,896
Financial assets at FVPL	232,253	1,708,205	1,680,616	(1,539,293)
Financial assets at amortised cost - loans & advances	(50,330,409)	(26,724,623)	(51,897,813)	(27,934,828)
Financial assets at amortised cost - Debt & Other Instrument	(68,476,583)	(42,943,841)	(68,028,758)	(43,345,832)
Proceeds from the sale and maturity of financial investments	-	-	-	-
Other assets	(10,114,949)	(4,226,092)	(10,107,867)	(4,702,367)
	(128,756,029)	(73,463,675)	(127,160,241)	(78,696,594)
Increase/(decrease) in operating liabilities				
Due to bank	(776,958)	(17,224,457)	(2,265,367)	(18,642,965)
Derivative financial instruments Financial liabilities at amortised cost-due to depositors	118,086,850	95,427,144	117,074,573	95,978,953
Financial liabilities at amortised cost-due to debt securities holders	, , , , , , , , , , , , , , , , , , ,	´ ´ -	, , , , , , , , , , , , , , , , , , ,	, , , ₋
Financial liabilities at amortised cost-due to other borrowers	(3,873,802)	(2,265,164)	(2,560,878)	2,875,446
Debt securities issued		1 541 600		1 555 954
Other liabilities	669,153	1,541,600	679,907	1,555,254
	114,105,242	77,479,124	112,928,236	81,766,689
Net cash generated from operating activities before income tax	2,762,178	8,225,910	3,605,335	7,740,365
Income tax paid	-	(1,270,919)	(288,692)	(1,540,098)
Net cash (used in)/from operating activities	2,762,178	6,954,991	3,316,643	6,200,267
Cash flows from investing activities Purchase of property, plant and equipment	(207,424)	(419,613)	(221,714)	(404.070)
Proceeds from the sale of property, plant and equipment	1,933	1,191	5,451	(421,370) 1,191
Net (increase)/decrease in finance instruments at fair value through other	,	.,	-,	1,131
comprehensive income	1,761,517	(5,064,826)	1,440,914	(4,476,479)
Net Purchase / improvements to Investment Properties	-	-	-	-1
Proceeds from the sale and maturity of financial investments	(02.116)	(00,000)	(94,186)	(00,000)
Net purchase of intangible assets Net cash flow from acquisition of investment in subsidiaries and associates	(93,116)	(89,888)	(34,100)	(89,888)
Dividends received from investment in subsidiaries and associates	250,000	-	1	-
Net cash (used in)/from investing activities	1,712,911	(5,573,137)	1,130,465	(4,986,546)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital	-	-	-	-
Net proceeds from the issue of subordinated debt	-	-	(00.140)	-
Repayment of subordinated debt	(613,298)	(390,000)	(32,140) (626,126)	(390,000)
Interest paid on subordinated debt	(1,500,000)	(1,000,000)	(1,500,000)	(1,000,000)
Contribution to consolidated fund-dividend/levy				
Net cash from financial activities	(2,113,298)	(1,390,000)	(2,158,265)	(1,390,000)
Net increase/(decrease) in cash & equivalents	2,361,791	(8,146)	2,288,843	(176,279)
Cash and cash equivalents at the beginning of the year	6,174,060	5,293,907	6,280,307	5,482,007
Exchange difference in respect of cash & cash equivalent	-	-	-	
Cash and cash equivalents at the end of the Period	8,535,851	5,285,761	8,569,150	5,305,728

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	Bank		Group	
Item	As at 30.06.2021	As at 31.12.2020	As at 30.06.2021	As at 31.12.2020
Regulatory Capital Adequacy (LKR in Thousand) Common Equity Tier 1 Core (Tier 1) Capital Total Capital Base	34,965,603	37,227,074	40,915,558	43,189,629
	39,965,603	42,227,074	45,915,558	48,189,629
	48,165,455	50,882,209	53,811,378	56,636,854
Regulatory Capital Ratios (%) Common Equity Tier 1 Capital (%)(Minimum Requirement, 6.5%) Tier 1 Capital Ratio % (Minimum Requirement, 8.00%) Total Capital Ratio % (Minimum Requirement, 12.00%)	10.742	12.032	12.544	13.956
	12.278	13.649	14.076	15.572
	14.797	16.446	16.497	18.302
Leverage Ratio % (Minimum Requirement - 3.00%)	5.85	6.64	6.42	7.21
Regulatory Liquidity Statutory Liquid Assets (LKR in Thousand) Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%) Domestic Banking Unit (%) Off-Shore Banking Unit (%) Total Stock of High Quality Liquid Assets (All currency, LKR in Thousand) Liquidity Coverage Ratio (%) - (Minimum Requirement, 90%) Rupee (%) All Currency (%) Net Stable Funding Ratio (%) - (Minimum Requirements, 90%)	877,199,059 68.04 NR 831,539,335 294.63 292.52 166.00	805,242,421 69.10 NR 785,407,232 311.02 307.22 169.00	NR NR NR NR NR NR	NR NR NR NR NR
Assets Quality (Quality of Loan Portfolio) Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense) Net Non-Performing Advances, % (Net of Interest in Suspense and Provisions)	3.16	2.79	NR	NR
	2.34	2.12	NR	NR
Profitability Interest Margin, (%) Return on Assets (before Tax), (%) Return on Equity, (%)	3.70	2.77	3.74	2.83
	1.96	1.24	1.95	1.31
	37.59	20.67	34.52	20.26

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 2021 and the profits for the six months then ended.

sgd K. Raveendran Senior Deputy General Manager (Finance & Planning) We, the undersigned, being the Chairperson and the 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 has been extracted from the unaudited Financial Statements of the Bank and its subsidiary

General Manager / CEO

companies, unless indicated as audited. sgd Keasila Jayawardena sgd Ajith Peiris

Chairperson

27th August 2021 Colombo, Sri Lanka

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