

NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the year ended 31st December 2021

(SL) AAA

INCOME STATE					
		ınk	Group		
For the year ended 31st December	2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000	
Income	134,939,422	127,547,060	136,059,789	130,039,494	
Interest income	131,438,283	122,512,049	133,342,449	124,608,182	
Interest expenses	(76,808,674)	(87,621,868)	(77,560,111)	(88,425,490	
Net interest income	54,629,609	34,890,181	55,782,338	36,182,692	
Fee and commission income	3,050,649	2,710,487	3,058,444	2,723,087	
Fee and commission expenses	(207,676)	(154,486)	(210,604)	(160,556	
Net fee and commission income	2,842,973	2,556,001	2,847,840	2,562,531	
Net gains/(losses) from trading	(96,226)	1,273,676	(711,612)	1,745,329	
Net fair value gains/(losses) Net fair value gains/(losses)	(90,220)	1,273,070	(711,612)	1,745,528	
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	28,269	241,284	28,269	241,284	
Net other operating income		,		721,612	
Total operating income	518,447	809,564	342,239		
	57,923,072	39,770,707	58,289,074	41,453,448	
Impairment charges	(4,304,444)	(4,873,768)	(4,228,450)	(4,932,840	
Net operating income	53,618,628	34,896,939	54,060,624	36,520,608	
Personnel expenses	(12,970,355)	(9,966,786)	(13,229,242)	(10,152,485	
Depreciation and amortization expenses	(1,385,835)	(1,240,503)	(1,401,623)	(1,256,826	
Other expenses	(4,718,673)	(4,258,307)	(4,771,613)	(4,313,367	
Operating profit/(loss) before VAT on financial services	34,543,765	19,431,342	34,658,146	20,797,931	
Value Added Tax (VAT) on financial services	(6,162,351)	(3,786,717)	(6,233,194)	(4,006,877	
Operating profit/(loss) after VAT on financial services	28,381,414	15,644,625	28,424,952	16,791,054	
Share of profits of associates and joint ventures	-	-	-		
Profit/(loss) before tax	28,381,414	15,644,625	28,424,952	16,791,054	
Income tax expenses	(6,261,790)	(5,536,709)	(6,294,134)	(5,969,936	
Profit/(loss) for the year	22,119,624	10,107,916	22,130,818	10,821,118	
Profit attributable to:					
Equity holders of the Bank	22,119,624	10,107,916	22,130,818	10,821,118	
Non-controlling interests	-	-	-		
Earnings per share on profit	00.50	10.55	00.51	,	
Basic earnings per ordinary share (Rs.)	23.53	10.75	23.54	11.51	
Diluted earnings per ordinary share (Rs.)	23.53	10.75	23.54	11.51	
STATEMENT OF COMPREH	ENCIVE	NCOME	AIDITEL	,	
STATEMENT OF COMPREH					
	2021	2020	2021	oup 2020	
For the year ended 31st December	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Profit / (Loss) for the year	22,119,624	10,107,916	22,130,818	10,821,118	
Items that will be reclassified to Income Statement					
Exchange differences on translation of foreign operations					
Net gains/(losses) on cash flow hedges					
Nat sains/(losses) on investments in debt instruments massured at fair					

STATEMENT OF COMPREHE					
		nk	Group		
For the year ended 31st December	2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000	
Profit / (Loss) for the year	22,119,624	10,107,916	22,130,818	10,821,118	
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	(432,450)	273,544	(578,542)	329,820	
Net gains/(losses) on investment in debt instruments transferred to income statement	(28,269)	(241,284)	(28,269)	(241,284	
Deferred tax effect on the above	111,863	(9,033)	111,863	(9,033	
Total other comprehensive income to be reclassified to					
Income Statement	(348,856)	23,227	(494,948)	79,503	
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income 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	125,410	(776,162)	152,594	(774,791	
Re-measurement of post-employment benefit obligations	3,335,147	(6,684,417)	3,327,395	(6,681,422	
Deferred Tax effect on the above	(1,299,365)	1,871,637	(1,299,365)	1,871,637	
Re-measurement of post-employment benefit obligations (net of taxes)	2,035,782	(4,812,780)	2,028,031	(4,809,785	
Change in Revaluation Reserve	-	1,482,472	-	1,921,578	
Deferred tax effect on the above	371,032	(415,092)	371,032	(415,092	
Changes in revaluation surplus (net of taxes)	371,032	1,067,380	371,032	1,506,486	
Share of profits of associates and joint ventures	-	-	-		
Total other comprehensive income not to be reclassified to Income Statement	2,532,224	(4,521,563)	2,551,656	(4,078,090	
Total other comprehensive income(OCI) for the year,					
net of taxes	2,183,367	(4,498,336)	2,056,709	(3,998,586	
Total comprehensive income for the year	24,302,991	5,609,580	24,187,527	6,822,532	
Attributable to:					
Equity holders of the Bank	24,302,991	5,609,580	24,187,527	6,822,532	
Non-controlling interests	-	-	-		

- 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.
- 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 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 in line 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 portfolio) at the concessionary rate of seven percent during the moratorium period 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.

Financial assets recognized through profit or loss measured at fair value designated at fair value	As at 31.12.2021 Rs. '000 7,656,038 - 7,120,698 - 19,572,933 - 538,941,789 935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272 1,579,097,748	## As at 31.12.2020 ## Rs. '000 6,491,963	As at 31.12.2021 Rs. '000 7,721,532 7 9,323,663 40,392,152 538,600,866 940,536,328 15,993,803 - 15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753 1,605,805,398	517,833,067 758,594,934 16,059,841 - 16,197,837 1,271,525 237,077 694,160 1,446,249 23,192,936 1,383,220,72
Cash and cash equivalents Balances with Central Bank Placements with banks Derivative financial instruments Financial assets recognized through profit or loss measured at fair value designated at fair value Financial assets at amortised cost Loans and Advances Debt and other instruments Financial assets meassured at fair value through other comprehensive income Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	31.12.2021 Rs. '000 7,656,038 - 7,120,698 - 19,572,933 - 538,941,789 935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	31.12.2020 Rs. '000 6,491,963	31.12.2021 Rs. '000 7,721,532 7 9,323,663 40,392,152 538,600,866 940,536,328 15,993,803 - 15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753	31.12.2020 Rs. '000 6,598,595 6 17,456,666 19,897 23,617,944 517,833,067 758,594,934 16,059,841 16,197,837 1,271,525 237,077 694,160 1,446,248 23,192,936
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Placements with banks Derivative financial instruments Financial assets recognized through profit or loss measured at fair value designated at fair value Financial assets at amortised cost Loans and Advances Debt and other instruments Financial assets meassured at fair value through other comprehensive income Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets	19,572,933 538,941,789 935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	19,897 11,221,746 - 516,795,160 754,233,344 15,271,822 4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	9,323,663 - 40,392,152 - 538,600,866 940,536,328 15,993,803 - 15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753	17,456,666 19,897 23,617,944 517,833,067 758,594,934 16,059,841 16,197,837 1,271,525 237,077 694,160 1,446,248 23,192,936
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measured at fair value designated at fair value Financial assets at amortised cost Loans and Advances Debt and other instruments Financial assets meassured at fair value through other comprehensive income Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	538,941,789 935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	516,795,160 754,233,344 15,271,822 4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	538,600,866 940,536,328 15,993,803 	517,833,067 758,594,934 16,059,841 16,197,837 1,271,525 237,077 694,160 1,446,245 23,192,936
designated at fair value Financial assets at amortised cost Loans and Advances Debt and other instruments Financial assets meassured at fair value through other comprehensive income Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets	538,941,789 935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	516,795,160 754,233,344 15,271,822 4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	538,600,866 940,536,328 15,993,803 	517,833,067 758,594,93 16,059,84 16,197,837 1,271,521 237,077 694,160 1,446,249 23,192,930
Financial assets at amortised cost Loans and Advances Debt and other instruments Financial assets meassured at fair value through other comprehensive income Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	754,233,344 15,271,822 4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	940,536,328 15,993,803 - 15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753	758,594,934 16,059,84 16,197,83 1,271,525 237,07 694,160 1,446,245 23,192,936
Loans and Advances Debt and other instruments Financial assets meassured at fair value through other comprehensive income Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	754,233,344 15,271,822 4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	940,536,328 15,993,803 - 15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753	758,594,934 16,059,84 16,197,83 1,271,525 237,07 694,160 1,446,245 23,192,936
Financial assets meassured at fair value through other comprehensive income Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	935,350,052 13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	754,233,344 15,271,822 4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	940,536,328 15,993,803 - 15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753	758,594,93° 16,059,84° 16,197,83° 1,271,52° 237,07° 694,160° 1,446,24° 23,192,93°
Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	13,817,594 4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	15,271,822 4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	15,993,803 - 15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753	16,059,84 16,197,83 1,271,52 237,07 694,16 1,446,24 23,192,93
Investments in subsidiaries Investments in associates and joint ventures Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	4,811,000 - 15,045,618 1,205,916 - 816,058 1,104,779 33,655,272	4,811,000 - 15,315,772 1,226,183 - 687,961 1,446,249 23,033,780	15,949,505 1,244,138 210,577 821,420 1,105,653 33,905,753	16,197,83' 1,271,52: 237,07' 694,16(1,446,24: 23,192,93(
Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	1,205,916 816,058 1,104,779 33,655,272	1,226,183 - 687,961 1,446,249 23,033,780	1,244,138 210,577 821,420 1,105,653 33,905,753	1,271,523 237,07' 694,160 1,446,249 23,192,930
Property, plant and equipment Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	1,205,916 816,058 1,104,779 33,655,272	1,226,183 - 687,961 1,446,249 23,033,780	1,244,138 210,577 821,420 1,105,653 33,905,753	1,271,523 237,07' 694,160 1,446,249 23,192,930
Right of use assets Investment properties Goodwill and intangible assets Deferred tax assets Other assets	1,205,916 816,058 1,104,779 33,655,272	1,226,183 - 687,961 1,446,249 23,033,780	1,244,138 210,577 821,420 1,105,653 33,905,753	1,271,52. 237,07 694,16 1,446,24 23,192,93
Investment properties Goodwill and intangible assets Deferred tax assets Other assets	816,058 1,104,779 33,655,272	687,961 1,446,249 23,033,780	210,577 821,420 1,105,653 33,905,753	237,07 694,16 1,446,24 23,192,93
Deferred tax assets Other assets	1,104,779 33,655,272	1,446,249 23,033,780	1,105,653 33,905,753	1,446,249 23,192,930
Other assets	33,655,272	23,033,780	33,905,753	23,192,93
Total assets	1,579,097,748	1,363,808,376	1,605,805,398	1,383,220,72
Liabilities				
Due to banks	7,686,553	12,862,337	10,470,191	13,339,705
Derivative financial instruments	-	-	-	
Financial liabilities recognized through profit or loss	-	-	-	
Financial liabilities at amortised cost				
due to depositors	1,428,467,385	1,237,123,791	1,426,724,704	1,237,669,284
due to debt securities holders	-	-	-	
due to other borrowers	7,719,532	8,159,591	27,087,920	19,656,090
Lease liability	1,292,139	1,274,713	1,333,623	1,320,877
Debt securities issued	37,529,017	31,773,753	37,618,575	31,908,279
Retirement benefit obligations	8,590,642	11,600,431	8,637,425	11,631,775
Current tax liabilities	4,596,190	612,239	4,914,918	1,189,13
Deferred tax liabilities	-	-	1,939	1,12
Other provisions Other liabilities	-	-	-	0.500.044
Other habilities Due to subsidiaries	7,200,032	5,983,870	7,566,892	6,538,643
Total liabilities	3,500 1,503,084,991	3,750 1,309,394,475	1,524,356,185	1,323,254,90
	1,000,001,001	1,000,001,110	1,021,000,100	1,020,201,00
Equity				
Stated capital/Assigned capital	9,400,000	9,400,000	9,400,000	9,400,00
Statutory reserve fund	5,174,249	4,068,268	5,209,101	4,090,36
OCI reserve	(658,376)	(434,929)	(754,140)	(411,78)
Retained earnings	13,727,801	14,399,572	17,918,992	18,601,58
Other reserves	48,369,082	26,980,991	49,675,259	28,285,650
Total shareholders' equity	76,012,757	54,413,901	81,449,213	59,965,82
Non-controlling interests	-	-	-	
Total equity	76,012,757	54,413,901	81,449,213	59,965,82
Total equity and liabilities	1,579,097,748	1,363,808,376	1,605,805,398	1,383,220,728
Contingent liabilities and commitments	13,023,207	23,787,099	13,027,749	25,350,325

* Impairment Assessment

Number of Employees

Number of Branches

Note: Amount stated are in net of impairement 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 two to stage three (due to expected cashflow impairment) despite 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 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 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 two to stage two and some borrowers were moved from stage to the sectors.

4,616

261

4,641

259

4. Income and Deferred Tax

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 revised to the income tax and deferred tax in Income Statement.

STATEMENT OF CHANGES IN EQUITY - BANK - AUDITED									
For the year ended 31.12.2020	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	
Prior Year Adjustment*	-	-	-	-	-	2,516,404	-	2,516,404	
Re-stated opening balance	9,400,000	3,562,872	5,611,188	318,006	-	10,710,911	18,838,685	48,441,665	
Total comprehensive income for the year				·					
Net profit for the year	-	-	-	-	-	10,107,916	-	10,107,916	
Other comprehensive income net of tax	-	-	-	-	-	(4,812,780)	-	(4,812,780)	
Net change in fair value of debt instrument of Fair Value through Other Comprehensive Income		_	_	23,227	_	_	_	23,227	
Net change in fair value of equity instrument of Fair Value	_			23,221		-	-	23,221	
through Other Comprehensive Income	-	-	-	(776,162)	-	-	-	(776,162)	
Net change in Revaluation Reserve	-	-	1,067,380	-	-	-	-	1,067,380	
Total comprehensive income for the year	-	-	1,067,380	(752,935)	-	5,295,136	-	5,609,580	
Transactions with equity holders, recognised directly in equity									
Transfers to unclaimed deposits reserve Contribution to the consolidated fund - Dividend/Levy	-	-	-	-	-	(1,000,000)	1,463,736	1,463,736	
Contribution to the consolidated rund - Dividend/Levy Contribution to national insurance trust fund	-		-	_		(1,000,000) (101,079)		(1,000,000) (101,079)	
Transfers during the year	-	505,396	- -	-	_	(505,396)	-	(101,073)	
Total transactions with equity holders	-	505,396		-	-	(1,606,475)	1,463,736	362,657	
Balance as at 31.12.2020	9,400,000	4,068,268	6,678,568	(434,929)	_	14,399,572	20,302,421	54,413,901	
	2,200,000	2,000,200	-,,,,,,,,	(===,===)		,,	23,552,525	3 2,220,002	
For the year ended 31.12.2021	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	4,068,268	6,678,568	(434,929)	-	14,399,572	20,302,421	54,413,901	
Total comprehensive income for the year									
Net profit for the year	-	-	-	-	-	22,119,624	-	22,119,624	
Other comprehensive income net of tax Net change in fair value of debt instrument of Fair Value	-	-	-	-	-	2,035,782	-	2,035,782	
through Other Comprehensive Income			_	(348,856)	_	_	_	(348,856)	
Net change in fair value of equity instrument of Fair Value				(010,000)				(610,000)	
through Other Comprehensive Income	-	-	-	125,410	-	-	-	125,410	
Net change in Revaluation Reserve	-	-	371,032	-	-	-	-	371,032	
Total comprehensive income for the year	-	-	371,032	(223,447)	-	24,155,406	-	24,302,991	
Transactions with equity holders, recognised directly in equity									
Transfers to unclaimed deposits reserve	-	-	-	-	-	(0.500.000)	1,017,061	1,017,061	
Contribution to the consolidated fund - Dividend/Levy Contribution to national insurance trust fund	-	-	-	-	-	(3,500,000) (221,196)	-	(3,500,000) (221,196)	
Transfers during the year		1.105.981	-	-		(21,105,981)	20,000,000	(221,190)	
Total transactions with equity holders	-	1,105,981	-	-	-	(24,827,177)	21,017,061	(2,704,135)	
Balance as at 31.12.2021	9,400,000	5,174,249	7,049,600	(658,376)	_	13,727,801	41,319,482	76,012,757	
* The Bank has received a tax credit of Rs. 2,516 Mn in finalization of Income	, ,	, ,	, ,	(===,5:0)	I.	,,	,,	,,	
CRATIENTED DE CALLA NOCES IN COLUMN ALIDADED									

* The Bank has received a tax credit of Rs. 2,516 Mn in finalization of Income ta	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 - AUDITED								
For the year ended 31.12.2020	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	
Prior Year Adjustment*	-	-	-	-	-	2,516,404	-	2,516,404	
Re-stated opening balance	9,400,000	3,571,214	5,611,188	283,501	-	14,362,520	19,552,207	52,780,633	
Total comprehensive income for the year									
Net profit for the year	-	-	-	-	-	10,821,118	-	10,821,118	
Other comprehensive income net of tax	-	-	-	-	-	(4,809,785)	-	(4,809,785)	
Net change in fair value of debt instrument of Fair Value									
through Other Comprehensive Income	-	-	-	79,503	-	-	-	79,503	
Net change in fair value of equity instrument of Fair Value				(554 501)				(554 501)	
through Other Comprehensive Income Net change in Revaluation Reserve	-	-	1,506,486	(774,791)	-	-	-	(774,791) 1,506,486	
Total comprehensive income for the year		-	1,506,486	(695,287)	-	6,011,332	-	6,822,531	
Transactions with equity holders, recognised directly in equity	-	-	1,500,100	(000,201)		0,011,332	_	0,022,331	
Transfers to unclaimed deposits reserve	_	_	_	_	_	_	1,463,736	1,463,736	
Contribution to the consolidated fund - Dividend/Levy	_	_	_	_	_	(1,000,000)	- 1,100,100	(1,000,000)	
Contribution to national insurance trust fund	_	-	-	_	-	(101,079)	-	(101,079)	
Transfers during the year	-	519,149	-	-	-	(671,185)	152,037		
Total transactions with equity holders	-	519,149	-	-	-	(1,772,264)	1,615,773	362,657	
Balance as at 31.12.2020	9,400,000	4,090,363	7,117,674	(411,786)	-	18,601,588	21,167,980	59,965,821	
For the year ended 31.12.2021	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)	-	18,601,588	21,167,980	59,965,821	
Total comprehensive income for the year									
Net profit for the year	-	-	-	-	-	22,130,818	-	22,130,818	
Other comprehensive income net of tax Net change in fair value of debt instrument of Fair Value	-	-	-	-	-	2,028,031	-	2,028,031	
through Other Comprehensive Income	-	-	-	(494,948)	-	-	-	(494,948)	
Net change in fair value of equity instrument of Fair Value through Other Comprehensive Income				150 504				150 504	
Net change in Revaluation Reserve		-	371.032	152,594		-		152,594 371,032	
Total comprehensive income for the year	-	-	371,032	(342,354)	-	24,158,849	-	24,187,527	
Transactions with equity holders, recognised directly in equity				, , , , , , , , , , , , , , , , , , ,		, ,		, ,	
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	1,017,061	1,017,061	
Contribution to the consolidated fund - Dividend/Levy	-	-	-	-	-	(3,500,000)	-	(3,500,000)	
Contribution to national insurance trust fund	-	-	-	-	-	(221,196)	-	(221,196)	
Transfers during the year	-	1,118,738	-	-	-	(21,120,251)	20,001,512	-	
Total transactions with equity holders	-	1,118,738	-	-	-	(24,841,447)	21,018,574	(2,704,135)	
Balance as at 31.12.2021	9,400,000	5,209,101	7,488,706	(754,140)	-	17,918,991	42,186,553	81,449,213	

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



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the year ended 31st December 2021

In Rupees Thousand

Balances with Central Bank

Derivative financial instruments

Placements with banks

Total financial liabilities

17,456,660

1,302,573,358

Group

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

a.	Бапк -	as at	31.12.2021	- Audited

In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	7,656,038	-	-	7,656,038
Balances with Central Bank	-	-	-	-
Placements with banks	7,120,698	-	-	7,120,698
Derivative financial instruments	-	-	-	-
Loans and advances	538,941,789	-	-	538,941,789
Debt instruments	935,350,052	17,242,953	10,922,236	963,515,242
Equity instruments	-	2,329,980	2,895,358	5,225,338
Total financial assets	1,489,068,577	19,572,933	13,817,594	1,522,459,104
In Rupees Thousand		AC	FVPL	Total
LIABILITIES				
Due to banks		7,686,553	-	7,686,553
Derivative financial instruments		-	-	-
Financial liabilities				
- due to depositors		1,428,467,385	-	1,428,467,385
 due to debt securities holders 		-	-	-
 due to other borrowers 		7,719,532	-	7,719,532
Debt securities issued		37,529,017	-	37,529,017
Total financial liabilities		1,481,402,487	-	1,481,402,487
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 Placements with banks 13,253,499 19,897 Derivative financial instruments 19,897 Loans and advances 516,795,160 516,795,160 754,233,344 776,281,216 Debt instruments 9,545,998 12,501,8742,769,948 Equity instruments 1,675,748 4,445,695 Total financial assets 1,290,773,966 11,241,643 15,271,822 1,317,287,431 FVPL In Rupees Thousand AC Total LIABILITIES 12,862,337 12,862,337

Due to banks Derivative financial instruments Financial liabilities - due to depositors 1,237,123,791 1,237,123,791 - due to debt securities holders - due to other borrowers 8,159,591 8,159,591 Debt securities issued 31,773,753 31,773,753 Total financial liabilities 1,289,919,472 - 1,289,919,472

- 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 - AUDITED AS AT 31.12.2021

	Bank		Group		
In Rupees Thousand	As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020	
Product-wise Gross loans and advances					
By product - Domestic currency			272.202	F01 000	
Lease rental and hire purchase receivable Term loans	475,958,353	457,873,876	276,606 477,719,364	521,293 460,813,371	
Pawning	52,193,260	42,398,950	52,195,389	42,437,557	
Other loans	32,133,200	12,550,550	32,100,000	12,131,331	
Loan to Government	2,075,000	2,075,000	2,075,000	2,075,000	
Securities purchased under resale agreements	5,530,553	6,723,807	4,334,138	5,692,995	
Staff loans	13,348,092	11,330,749	13,641,981	11,479,896	
Sub Total	549,105,259	520,402,382	550,242,478	523,020,112	
By product - Foreign currency					
Term loans	1,806,750	5,384,601	1,806,750	5,384,601	
Gross loans and advances	550,912,009	525,786,983	552,049,228	528,404,713	
Gross loans & advances	550,912,009	525,786,983	552,049,228	528,404,713	
Less: Accumulated impairment under stage 1	(3,515,327)	(2,948,093)	(3,597,035)	(3,059,041)	
Accumulated impairment under stage 2	(2,150,965)	(897,811)	(2,168,833)	(973,686)	
Accumulated impairment under stage 3	(6,303,928)	(5,145,919)	(7,682,494)	(6,538,919)	
Net value of loans & advances					
Net value of loans & advances	538,941,789	516,795,160	538,600,866	517,833,067	
Movement of Impairment during the year					
Under Stage 1					
Opening balance	2,948,093	1,601,273	3,059,041	1,707,088	
Charge/(Write back) to Income Statement	567,234	1,346,820	537,994	1,351,953	
Closing balance at	3,515,327	2,948,093	3,597,035	3,059,041	
Under Stage 2					
Opening balance	897,811	271,001	973,686	314,032	
* -	,	626,810	*	659,654	
Charge/(Write back) to Income Statement	1,253,154	626,810	1,195,147	659,654	
Closing balance at	2,150,965	897,811	2,168,833	973,686	
Under Stage 3					
Opening balance	5,145,919	2,394,667	6,538,919	3,783,076	
Charge/(Write back) to Income Statement	1,201,801	2,763,609	1,211,257	2,783,032	
Write-off during the year	(43,792)	(12,358)	(43,792)	(12,358)	
Other movements	-	-	(23,891)	(14,831)	
Closing balance at	6,303,928	5,145,919	7,682,494	6,538,919	
Total Impairment	11,970,219	8,991,823	13,448,362	10,571,646	

AS AT 31.12.2021

	Ba	Bank		oup
	As at	As at	As at	As at
In Rupees Thousand	31.12.2021	31.12.2020	31.12.2021	31.12.2020
By product - Domestic currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	320,887,366	275,839,097	321,436,209	276,462,872
Fixed deposits	1,091,917,585	945,650,094	1,089,626,061	945,571,812
Sub Total	1,412,804,951	1,221,489,191	1,411,062,270	1,222,034,684
By product - Foreign currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	4,732,796	4,193,979	4,732,796	4,193,979
Fixed deposits	10,929,638	11,440,621	10,929,638	11,440,621
Sub total	15,662,434	15,634,600	15,662,434	15,634,600
Total	1,428,467,385	1,237,123,791	1,426,724,704	1,237,669,284

ANALYSIS OF FINANCIAL INSTRUMENTS	ON MEASUREMENT BASIS
c. Group - as at 31.12.2021 - Audited	

ASSETS				
Cash and cash equivalents	7,721,532	-	-	7,721,53
Balances with Central Bank	7	-	-	
Placements with banks Derivative financial instruments	9,323,663	-	-	9,323,66
Loans and advances	538,600,866	-	-	538,600,86
Debt instruments	940,536,328	38,062,172	12,931,250	
Equity instruments	-	2,329,980	3,062,553	5,392,53
Total financial assets	1,496,182,396	40,392,152	15,993,803	1,552,568,35
In Rupees Thousand		AC	FVPL	Total
LIABILITIES				
Due to banks		10,470,191	-	10,470,19
Derivative financial instruments		-	-	
Financial liabilities		1 400 704 704		1 400 704 70
 due to depositors due to debt securities holders 		1,426,724,704	-	1,426,724,70
- due to other borrowers		27,087,920	-	27,087,92
Debt securities issued		37,618,575	_	37,618,57
Total financial liabilities		1,501,901,390		1,501,901,39
d. Group - as at 31.12.2020 - Audited				_,,
ar Group as at 511222000 11aateur	T	1		
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	6,598,595	-	-	6,598,59

Loans and advances Debt instruments Equity instruments	517,833,067 758,594,934	21,638,390 1,979,554	13,149,882 2,909,959	517,833,067 793,383,206 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 Financial liabilities		-	-	-
 due to depositors 		1,237,669,284	-	1,237,669,284
 due to debt securities holders 		-	-	-
 due to other borrowers 		19,656,090	-	19,656,090
Debt securities issued		31,908,279	-	31,908,279

17,456,660

19,897

1,302,573,358

Bank

CASH FLOW STATEMENT - AUDITED

	2021	2020	2021	2020
For the year ended December 31	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities				
Interest receipts	132,863,575	121,217,294	134,736,715	123,222,195
Interest payments	(75,265,118)	(87,043,414)	(75,971,651)	(87,905,761)
Net commission receipts	2,842,973	2,556,001	2,847,840	2,562,531
Trading income Payment to employees	614,665 (11,591,122)	1,073,229 (9,573,701)	662,488	1,475,091 (9,784,100)
VAT on financial services	(6,355,337)	(3,635,577)	(11,852,427) (6,590,152)	(3,875,451)
Receipts from other operating activities	237,873	453,266	308,147	481,659
Payment on other operating activities	(4,510,411)	(4,211,774)	(4,564,223)	(4,292,547)
Operating profit before change in operating assets & liabilities	38,837,098	20,835,323	39,576,736	21,883,617
(Increase) / decrease in operating assets Placement with banks	0.054.005	(050,000)	F 000 000	(1 001 500)
Derivative financial instruments	6,054,307	(878,260)	7,860,026	(1,631,768)
Financial assets at FVPL	29,801	29,615	29,801	29,615 (970,781)
Financial assets at FVFL Financial assets at amortised cost - loans & advances	(8,989,495) (89,025,979)	635,258 (96,177,753)	(18,026,283) (87,586,523)	(94,958,436)
Financial assets at amortised cost - loans & advances Financial assets at amortised cost - Debt & Other Instrument	(120,196,025)	(109,017,140)	(120,882,521)	(109,529,470)
Proceeds from the sale and maturity of financial investments	(120,130,023)	(103,017,140)	(120,002,321)	(103,323,470)
Other assets	(11,217,126)	11,884,067	(11,308,450)	11,896,995
	(223,344,516)	(193,524,215)	(229,913,950)	(195,163,845)
Increase/(decrease) in operating liabilities	(550,011,010)	(100,021,210)	(220,010,000)	(100,100,010)
Due to bank	(5,107,293)	(22,288,937)	(2,793,759)	(22,912,312)
Derivative financial instruments	-	-	-	-
Financial liabilities at amortised cost-due to depositors Financial liabilities at amortised cost-due to debt securities holders	192,554,680	221,909,528	190,266,099	223,397,260
Financial liabilities at amortised cost-due to other borrowers	(460,533)	(12,727,496)	7,358,686	(12,773,875)
Debt securities issued	11,541,000	(12,121,100)	11,541,000	(12,170,070)
Other liabilities	636,233	(138,401)	618,840	(140,530)
	199,164,087	186,754,695	206,990,866	187,570,543
Net cash generated from operating activities before income tax	14,656,669	14,065,803	16,653,652	14,290,315
Income tax paid	(2,752,838)	(2,889,044)	(3,043,406)	(3,271,758)
Net cash (used in)/from operating activities	11,903,831	11,176,759	13,610,246	11,018,557
Cash flows from investing activities	(101 000)	(0=0.0=0)	(400 740)	
Purchase of property, plant and equipment	(461,960)	(976,972)	(490,543)	(994,063)
Proceeds from the sale of property, plant and equipment Net (increase)/decrease in finance instruments at fair value through other	4,219	6,504	7,736	6,504
comprehensive income	909,103	(12,326,936)	(544,756)	(11,927,988)
Net Purchase / improvements to Investment Properties	´ -	-	26,500	(11,021,000)
Proceeds from the sale and maturity of financial investments	-	-	- (100.000)	-
Net purchase of intangible assets	(459,757)	(389,202)	(460,828)	(395,250)
Net cash flow from acquisition of investment in subsidiaries and associates Dividends received from investment in subsidiaries and associates	250,000	170,000		-
Net cash (used in)/from investing activities	241,604	(13,516,606)	(1,461,890)	(13,310,796)
	211,001	(13,310,000)	(1,401,000)	(13,310,730)
Cash flows from financing activities Net proceeds from the issue of ordinary share capital	-	-		-
Net proceeds from the issue of subordinated debt		5,000,000		5,000,000
Repayment of subordinated debt	(6,000,000)	(=00.000)	(6,032,140)	(92,454)
Interest paid on subordinated debt	(1,229,984)	(780,000)	(1,242,812)	(817,007)
Contribution to consolidated fund-dividend/levy	(3,500,000)	(1,000,000)	(3,500,000)	(1,000,000)
Net cash from financial activities	(10,729,984))	3,220,000	(10,774,951)	3,090,539
Net increase/(decrease) in cash & equivalents	1,415,451	880,153	1,373,405	798,300
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 equivalents	-	-	-	-
Cash and cash equivalents at the end of the year	7 589 511	6 174 060	7 653 712	6 280 307

Cash and cash equivalents at the end of the year 7,589,511 6,174,060 7,653,712 6,280,307 SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	Bank		Group	
Item	As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020
Regulatory Capital Adequacy (LKR in Thousand)				
Common Equity Tier 1	60,170,042	37,227,074	65,194,031	43,189,629
Core (Tier 1) Capital	65,170,042	42,227,074	70,194,031	48,189,629
Total Capital Base	72,984,005	50,882,209	77,370,432	56,636,854
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital (%)(Minimum Requirement - 6.5%)	17.171	12.032	18.538	13.956
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.00%)	18.598	13.649	19.960	15.572
Total Capital Ratio (%) (Minimum Requirement - 12.00%)	20.828	16.446	22.001	18.302
Leverage Ratio (Minimum Requirement - 3.00%)	8.92	6.64	8.95	7.21
Regulatory Liquidity				
Statutory Liquid Assets (LKR in Thousand)	816,750,871	805,242,421	NR	NR
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)				
Domestic Banking Unit (%)	59.63	69.10	NR	NR
Off-Shore Banking Unit (%)	NR	NR	NR	NR
Total Stock of High Quality Liquid Assets (LKR in Thousand) Liquidity Coverage Ratio (%) (Minimum Requirement - 2021 - 100%, 2020 - 90%)	785,559,136	785,407,232	NR	NR
Rupee (%)	240.84	311.02	NR	NR
All Currency (%)	240.43	307.22	NR	NR
Net Stable Funding Ratio (%) -(Minimum Requirements, 2021 - 100%, 2020 - 90%)	160.78	169.00	NR	NR
Assets Quality (Quality of Loan Portfolio)				
Gross Non - Performing Advances Ratio (%) (Net of Interest in Suspense)	2.97	2.79	NR	NR
Net Non-Performing Advances (%) (Net of Interest in Suspense and Provisions)	2.05	2.12	NR	NR
Impaired Loans (Stage 3) Ratio (%) (net of Stage 3 impairment)	2.54	2.28	NR	NR
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	31.52	30.38	NR	NR
Profitability	6 84	0.77	0.70	0.00
Interest Margin, (%) Return on Assets (before Tax) (%)	3.71 1.93	2.77 1.24	3.73 1.90	2.83 1.31
Return on Equity (%)	33.92	20.15	31.30	19.79
Note: NR - Not Relevant				mpliance with the

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 31st December 2021 and the profits for the year 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 :-

format and definitions prescribed by the Central Bank of Sri Lanka; (b) The information contained in these statements has been extracted from

the audited Financial Statements of the Bank and its subsidiary

companies. sgd Keasila Jayawardena sgd Ajith Peiris General Manager / CEO Chairperson

Colombo, Sri Lanka

15th March 2022