



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the six months ended 30th June, 2016

AAA(Ika)

First Sri Lankan Bank
to be rated AAA

INCOME STATEMENT

For the six months ended 30th June 2016	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Income	40,737,807	39,242,250	41,016,386	39,556,922
Interest income	40,821,387	38,970,943	41,155,195	39,265,659
Interest expenses	(27,742,446)	(25,057,528)	(27,964,959)	(25,223,972)
Net interest income	13,078,941	13,913,415	13,190,236	14,041,687
Fee and commission income	290,888	186,081	291,348	186,161
Fee and commission expenses	(68,780)	(21,624)	(69,433)	(21,986)
Net fee and commission income	222,108	164,457	221,915	164,175
Net gain/(loss) from trading	(454,819)	(22,304)	(509,571)	12,909
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Net gain/(loss) from financial investments	37,155	3,263	37,155	3,263
Other operating income (net)	43,196	104,267	42,259	88,930
Total operating income	12,926,581	14,163,098	12,981,994	14,310,964
Impairment for loans and other losses	-	-	-	-
Individual impairment	-	-	-	-
Collective impairment	191,387	(1,303,142)	191,387	(1,303,142)
Net operating income	13,117,968	12,859,956	13,173,381	13,007,822
Personnel expenses	(3,252,871)	(3,125,294)	(3,266,822)	(3,136,147)
Depreciation and amortization	(155,873)	(149,044)	(156,185)	(149,164)
Other expenses	(1,823,859)	(2,129,835)	(1,814,811)	(2,111,608)
Operating profit/(loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)	7,885,364	7,455,782	7,935,562	7,610,902
Value Added Tax on financial services	(1,198,205)	(1,023,122)	(1,206,992)	(1,037,339)
Nation Building Tax on financial services	(192,820)	(186,022)	(193,905)	(189,073)
Operating profit/(loss) after Value Added Tax (VAT) and Nation Building Tax (NBT)	6,494,340	6,246,638	6,534,666	6,384,490
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	6,494,340	6,246,638	6,534,666	6,384,490
Income tax expenses	(1,714,032)	(2,391,645)	(1,727,964)	(2,434,276)
Profit/(loss) for the period	4,780,308	3,854,993	4,806,702	3,950,214
Profit attributable to:				
Equity holders of the Bank	4,780,308	3,854,993	4,806,702	3,950,214
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Earnings per ordinary share - Basic (Rs.)	14.94	12.05	15.02	12.34
Earnings per ordinary share - Diluted (Rs.)	14.94	12.05	15.02	12.34

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2016	Bank		Group	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Profit for the period	4,780,308	3,854,993	4,806,702	3,950,214
Other comprehensive income, net of taxes				
Other comprehensive income to be reclassified to Income Statement				
Net gains/(losses) on cash flow hedges	(139,106)	5,503	(139,106)	5,503
Gains/(losses) on re-measuring available-for-sale financial assets	(309,238)	66,221	(421,295)	(41,691)
Fair value gains transferred to the Income Statement on disposal of available-for-sale financial assets	40,723	(2,775)	40,723	(2,775)
Total other comprehensive income to be reclassified to Income Statement	(407,621)	68,949	(519,678)	(38,963)
Other comprehensive income not to be reclassified to Income Statement				
Net gains/(losses) on revaluation of Property, Plant and Equipment	-	-	-	-
Actuarial gains/(losses) on retirement benefit plans	-	-	403	-
Total other comprehensive income not to be reclassified to Income Statement	-	-	403	-
Other comprehensive income for the period, net of taxes	(407,621)	68,949	(519,275)	(38,963)
Total comprehensive income for the period	4,372,687	3,923,942	4,287,427	3,911,252
Attributable to:				
Equity holders	4,372,687	3,923,942	4,287,427	3,911,252

Explanatory Notes :-

- There are no changes to the accounting policies and methods of computation since the publication of the annual accounts for the year 2015.
- There are no material events taken place after the reporting period, which requires adjustment or disclosure in this Financial Statements.
- The comparable information is re-classified as wherever necessary to compare with the current year's classification in order to provide a better presentation.

STATEMENT OF FINANCIAL POSITION

	Bank		Group	
	As at 30.06.2016 Rs. '000	As at 31.12.2015 Rs. '000 Audited	As at 30.06.2016 Rs. '000	As at 31.12.2015 Rs. '000 Audited
Assets				
Cash and cash equivalents	3,294,943	3,240,253	3,297,729	3,247,469
Balances with central banks	-	-	452	729
Placements with banks	16,852,458	12,626,509	16,852,458	12,626,509
Derivative financial instruments	5,456,316	3,735,284	5,456,316	3,735,284
Other financial assets held-for-trading	15,821,710	13,542,721	20,473,011	17,804,872
Financial assets designated at fair value through profit or loss	-	-	-	-
Loans and receivables to banks	33,650,279	23,717,823	33,726,292	23,735,825
Loans and receivables to other customers	267,294,111	248,032,842	267,034,231	248,037,737
Financial investments - Available-for-sale	4,545,018	4,385,767	6,435,812	6,407,037
Financial investments - Held-to-maturity	501,725,914	515,302,705	503,752,927	517,514,189
Investments in subsidiaries	150,000	150,000	-	-
Property, plant and equipment	7,061,366	6,967,070	7,063,276	6,969,292
Intangible assets	149,181	57,857	149,181	57,857
Deferred tax assets	-	-	429	228
Other assets	18,681,150	16,320,181	18,719,351	16,347,180
Total assets	874,682,448	848,079,011	882,961,467	856,484,208
Liabilities				
Due to banks	207,829	75,093	207,829	110,196
Derivative financial instruments	1,410	-	1,410	-
Due to other customers	625,598,984	595,775,709	625,598,984	595,775,709
Other borrowings	201,614,798	207,025,525	208,285,641	213,703,431
Current tax liabilities	-	-	42,017	45,477
Deferred tax liabilities	395,999	504,423	395,999	504,423
Other liabilities	12,217,643	12,274,434	12,234,213	12,286,296
Total liabilities	840,036,663	815,655,184	846,766,093	822,425,532
Equity				
Stated capital/Assigned capital	3,200,000	3,200,000	3,200,000	3,200,000
Statutory reserve fund	2,143,187	2,047,581	2,143,187	2,047,581
Other reserves	29,302,598	27,176,246	30,852,187	28,811,095
Total shareholders' equity	34,645,785	32,423,827	36,195,374	34,058,676
Total equity	34,645,785	32,423,827	36,195,374	34,058,676
Total equity and liabilities	874,682,448	848,079,011	882,961,467	856,484,208
Contingent liabilities and commitments	37,454,388	34,930,089	37,454,388	34,930,089
Memorandum Information				
Number of Employees (Nos.)	4,042	3,636		
Number of Branches (Nos.)	250	245		

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

STATEMENT OF CHANGES IN EQUITY - BANK

In Rupees Thousand

For the six months ended 30.06.2015	Stated Capital/ Assigned Capital	Revaluation Reserve	Statutory Reserve Fund	Available for Sale Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	14,926,725	23,260,223
Net profit for the period	-	-	-	-	-	3,854,993	-	3,854,993
Other comprehensive income net of tax	-	-	-	63,446	5,503	-	-	68,949
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(2,184)	(2,184)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(900,000)	-	(900,000)
Contribution to national insurance trust fund	-	-	-	-	-	(38,550)	-	(38,550)
Transfers during the period	-	-	77,100	-	-	(2,916,443)	2,839,344	-
Balance as at 30th June 2015	3,200,000	2,065,446	1,951,235	1,262,865	(1)	-	17,763,885	26,243,430
For the six months ended 30.06.2016								
Balance as at 1st January 2016	3,200,000	3,296,565	2,047,581	1,631,862	139,106	-	22,108,709	32,423,827
Net profit for the period	-	-	-	-	-	4,780,308	-	4,780,308
Other comprehensive income net of tax	-	-	-	(268,515)	(139,106)	-	-	(407,621)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(76,926)	(76,926)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(2,026,000)	-	(2,026,000)
Contribution to national insurance trust fund	-	-	-	-	-	(47,803)	-	(47,803)
Transfers during the period	-	-	95,606	-	-	(2,706,504)	2,610,900	-
Balance as at 30th June 2016	3,200,000	3,296,565	2,143,187	1,363,347	-	-	24,642,685	34,645,785

STATEMENT OF CHANGES IN EQUITY - GROUP

In Rupees Thousand

For the six months ended 30.06.2015	Stated Capital/ Assigned Capital	Revaluation Reserve	Statutory Reserve Fund	Available for Sale Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2015	3,200,000	2,065,446	1,874,135	1,199,419	(5,504)	-	16,691,515	25,025,015
Net profit for the period	-	-	-	-	-	3,950,214	-	3,950,214
Other comprehensive income net of tax	-	-	-	(44,466)	5,503	-	-	(38,963)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(2,184)	(2,184)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(901,600)	-	(901,600)
Contribution to national insurance trust fund	-	-	-	-	-	(38,550)	-	(38,550)
Transfers during the period	-	-	77,100	-	-	(3,010,064)	2,932,965	-
Balance as at 30th June 2015	3,200,000	2,065,446	1,951,235	1,154,953	(1)	-	19,622,296	27,993,929
For the six months ended 30.06.2016								
Balance as at 1st January 2016	3,200,000	3,296,565	2,047,581	1,452,761	139,106	-	23,922,660	34,058,676
Net profit for the period	-	-	-	-	-	4,806,702	-	4,806,702
Other comprehensive income net of tax	-	-	-	(380,572)	(139,106)	-	403	(519,275)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(76,926)	(76,926)
Contribution to the consolidated fund/Dividend	-	-	-	-	-	(2,026,000)	-	(2,026,000)
Contribution to national insurance trust fund	-	-	-	-	-	(47,803)	-	(47,803)
Transfers during the period	-	-	95,606	-	-	(2,732,898)	2,637,292	-
Balance as at 30th June 2016	3,200,000	3,296,565	2,143,187	1,072,189	-	-	26,483,429	36,195,374



NATIONAL SAVINGS BANK

AAA(Ika)

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FINANCIAL STATEMENTS

For the six months ended 30th June, 2016

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

a. Bank - as at 30.06.2016							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,294,943	-	-	3,294,943
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	16,852,458	-	-	16,852,458
Derivative financial instruments	-	-	-	-	-	5,456,316	5,456,316
Other financial assets held for trading	15,821,710	-	-	-	-	-	15,821,710
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	33,650,279	-	-	33,650,279
Loans and receivable to other customers	-	-	-	267,294,111	-	-	267,294,111
Financial investments	-	-	501,725,914	-	4,545,018	-	506,270,932
Total financial assets	15,821,710	-	501,725,914	321,091,791	4,545,018	5,456,316	848,640,749
LIABILITIES							
Due to banks	-	-	-	-	207,829	-	207,829
Derivative financial instruments	-	-	-	-	-	1,410	1,410
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	625,598,984	-	-	625,598,984
Other borrowings	-	-	-	201,614,798	-	-	201,614,798
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	827,421,611	1,410	827,423,021

b. Bank - as at 31.12.2015 (Audited)							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,240,253	-	-	3,240,253
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	12,626,509	-	-	12,626,509
Derivative financial instruments	-	-	-	-	-	3,735,284	3,735,284
Other financial assets held for trading	13,542,721	-	-	-	-	-	13,542,721
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	23,717,823	-	-	23,717,823
Loans and receivable to other customers	-	-	-	248,032,842	-	-	248,032,842
Financial investments	-	-	515,302,705	-	4,385,767	-	519,688,472
Total financial assets	13,542,721	-	515,302,705	287,617,426	4,385,767	3,735,284	824,583,904
LIABILITIES							
Due to banks	-	-	-	-	75,093	-	75,093
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	595,775,709	-	-	595,775,709
Other borrowings	-	-	-	207,025,525	-	-	207,025,525
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	802,876,327	-	802,876,327

NOTES TO THE FINANCIAL STATEMENT

01. Loans and Receivables to Other Customers

In Rupees Thousand	Bank		Group	
	As at 30.06.2016	As at 31.12.2015	As at 30.06.2016	As at 31.12.2015
Gross loans and receivables	268,946,790	251,125,051	268,686,910	251,129,946
(Less): Individual impairment	-	-	-	-
Collective Impairment (Note - a)	(1,652,679)	(3,092,209)	(1,652,679)	(3,092,209)
Net loans and receivables including those designated at fair value through profit or loss	267,294,111	248,032,842	267,034,231	248,037,737
(Less): Loans and receivables designated at fair value through profit or loss	-	-	-	-
Net loans and receivables (Note - b)	267,294,111	248,032,842	267,034,231	248,037,737

Note - a. Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers

In Rupees Thousand	Bank		Group	
	As at 30.06.2016	As at 31.12.2015	As at 30.06.2016	As at 31.12.2015
Individual impairment				
Opening balance	-	-	-	-
Charge/(Write back) to Income Statement	-	-	-	-
Write-off during the period	-	-	-	-
Other movements	-	-	-	-
Closing balance	-	-	-	-
Collective impairment				
Opening balance	3,092,209	3,925,172	3,092,209	3,925,172
Charge/(Write back) to Income Statement	(191,387)	2,139,553	(191,387)	2,139,553
Other movements/Interest waive off	(1,248,143)	(2,972,516)	(1,248,143)	(2,972,516)
Closing balance	1,652,679	3,092,209	1,652,679	3,092,209
Total impairment	1,652,679	3,092,209	1,652,679	3,092,209

Note - b. Loans and Receivables to Other Customers - by product

In Rupees Thousand	Bank		Group	
	As at 30.06.2016	As at 31.12.2015	As at 30.06.2016	As at 31.12.2015
By product - Domestic Currency				
Overdrafts	-	-	-	-
Term loans	214,536,222	194,270,398	214,536,222	194,270,398
Pawning	22,396,980	28,027,581	22,396,980	28,027,581
Securitization/Commercial Papers	2,270,082	2,413,639	2,270,082	2,413,639
Sri Lanka Government Securities	2,075,000	2,075,000	2,075,000	2,075,000
Staff Loans	3,766,791	3,362,967	3,766,791	3,362,967
Securities purchased under resale agreements	1,375,801	-	1,115,921	4,895
Other loans	3,928,039	2,443,976	3,928,039	2,443,976
Sub total	250,348,916	232,593,561	250,089,036	232,598,456
By product - Foreign Currency				
Overdrafts	-	-	-	-
Term loans	16,945,195	15,439,281	16,945,195	15,439,281
Other loans	-	-	-	-
Sub total	16,945,195	15,439,281	16,945,195	15,439,281
Total	267,294,111	248,032,842	267,034,231	248,037,737

02. Due to Other Customers - by product

In Rupees Thousand	Bank		Group	
	As at 30.06.2016	As at 31.12.2015	As at 30.06.2016	As at 31.12.2015
By product - Domestic Currency				
Savings deposits	170,460,008	160,814,096	170,460,008	160,814,096
Fixed deposits	446,628,433	427,588,230	446,628,433	427,588,230
Other deposits	-	-	-	-
Sub total	617,088,441	588,402,326	617,088,441	588,402,326
By product - Foreign Currency				
Savings deposits	2,670,860	2,567,612	2,670,860	2,567,612
Fixed deposits	5,839,683	4,805,771	5,839,683	4,805,771
Other deposits	-	-	-	-
Sub total	8,510,543	7,373,383	8,510,543	7,373,383
Total	625,598,984	595,775,709	625,598,984	595,775,709

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

c. Group - as at 30.06.2016							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,297,729	-	-	3,297,729
Balances with central banks	-	-	-	452	-	-	452
Placement with banks	-	-	-	16,852,458	-	-	16,852,458
Derivative financial instruments	-	-	-	-	-	5,456,316	5,456,316
Other financial assets held for trading	20,473,011	-	-	-	-	-	20,473,011
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	33,726,292	-	-	33,726,292
Loans and receivable to other customers	-	-	-	267,034,231	-	-	267,034,231
Financial investments	-	-	503,752,927	-	6,435,812	-	510,188,739
Total financial assets	20,473,011	-	503,752,927	320,911,163	6,435,812	5,456,316	857,029,229
LIABILITIES							
Due to banks	-	-	-	207,829	-	-	207,829
Derivative financial instruments	-	-	-	-	-	1,410	1,410
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	625,598,984	-	-	625,598,984
Other borrowings	-	-	-	208,285,641	-	-	208,285,641
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	834,092,455	1,410	-	834,093,865

d. Group - as at 31.12.2015 (Audited)							
In Rupees Thousand	Held for Trading	Designated at Fair value	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,247,469	-	-	3,247,469
Balances with central banks	-	-	-	729	-	-	729
Placement with banks	-	-	-	12,626,509	-	-	12,626,509
Derivative financial instruments	-	-	-	-	-	3,735,284	3,735,284
Other financial assets held for trading	17,804,872	-	-	-	-	-	17,804,872
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	23,735,825	-	-	23,735,825
Loans and receivable to other customers	-	-	-	248,037,737	-	-	248,037,737
Financial investments	-	-	517,514,189	-	6,407,037	-	523,921,226
Total financial assets	17,804,872	-	517,514,189	287,648,269	6,407,037	3,735,284	833,109,651
LIABILITIES							
Due to banks	-	-	-	110,196	-	-	110,196
Derivative financial instruments	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	595,775,709	-	-	595,775,709
Other borrowings	-	-	-	213,703,431	-	-	213,703,431
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	809,589,336	-	-	809,589,336

CASH FLOW STATEMENT

	Bank		Group	
	30.06.2016 Rs.'000	30.06.2015 Rs.'000	30.06.2016 Rs.'000	30.06.2015 Rs.'000
Cash flows from operating activities				
Profit before tax	6,494,340	6,246,638	6,534,666	6,384,490
Adjustment for:				
Non-cash items included in profit before tax	1,027,353	1,794,407	1,096,285	1,794,527
Change in operating assets	(23,026,901)	(35,155,833)	(23,104,638)	(32,927,756)
Change in operating liabilities	30,631,742	24,701,229	30,601,751	28,025,049
Placement with banks	(4,225,949)	541,210	(4,225,949)	541,210
Contribution paid to defined benefit plans	(866,056)	(567,162)	(866,056)	(567,162)
Tax paid	(1,822,456)	(2,391,645)	(1,840,049)	(2,395,544)
Contribution paid to national insurance trust fund	(45,597)	(45,809)	(45,597)	(45,809)
Dividends received from investment in subsidiaries	-	(14,400)	-	-
Net cash used in operating activities	8,166,476	(4,891,365)	8,150,413	809,005
Cash flows from investing activities				
Purchase of property, plant and equipment	(236,942)	(224,906)	(236,942)	(225,331)
Proceeds from the sale of property, plant and equipment	797	-	797	-
Net increase in investment in Available-for-sale	(389,743)	11,257	(371,324)	(2,019,707)
Net purchase of intangible assets	(104,981)	(5,406)	(104,981)	(5,406)
Decrease in unclaimed reserve fund	(76,926)	(2,184)	(76,926)	(2,184)
Dividends received from investment in subsidiaries	-	14,400	-	-
Net cash from investing activities	(807,795)	(206,839)	(789,376)	(2,252,628)
Cash flows from financing activities				
Contribution to consolidated fund/(Dividend)	(2,026,000)	(900,000)	(2,026,000)	(901,600)