



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

AAA(Ika)
First Sri Lankan Bank
to be rated AAA

For the nine months ended 30th September 2018

INCOME STATEMENT

For the nine months ended 30th September	Bank		Group	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000
Income	87,020,007	79,071,231	87,701,956	79,096,960
Interest income	85,759,689	75,789,138	86,555,362	76,422,460
Interest expenses	(64,590,822)	(57,714,040)	(65,125,995)	(58,127,092)
Net interest income	21,168,867	18,075,098	21,429,367	18,295,368
Fee and commission income	685,145	545,896	687,593	553,158
Fee and commission expenses	(75,054)	(83,543)	(77,409)	(87,086)
Net fee and commission income	610,091	462,353	610,184	466,072
Net gain/(loss) from trading	(409,428)	1,308,651	(524,195)	1,617,504
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-
Net gain/(loss) from financial investments	-	243,673	-	243,673
Net gain/(loss) from financial instruments at fair value through profit or loss	-	-	-	-
Net gain/(loss) on derecognition of financial assets measured at amortised cost	-	-	-	-
Net gain/(loss) on derecognition of financial assets measured at fair value through other comprehensive income	6,906	-	6,906	-
Other operating income (net)	977,695	1,183,873	976,291	260,165
Total operating income	22,354,131	21,273,648	22,498,552	20,882,782
Credit loss expense on loans and receivables	-	-	-	-
Individual impairment	-	-	-	-
Collective impairment	(630,402)	(477,683)	(630,402)	(477,683)
Credit loss expense on other finance assets	-	-	-	-
Individual impairment	-	-	-	-
Collective impairment	264,114	-	264,143	-
Net operating income	21,987,843	20,795,965	22,132,293	20,405,099
Personnel expenses	(7,315,749)	(5,465,315)	(7,350,170)	(5,487,474)
Depreciation and amortization	(451,193)	(323,158)	(451,929)	(323,752)
Other expenses	(3,086,992)	(2,892,142)	(3,059,182)	(2,849,287)
Operating profit/(loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)	11,133,909	12,115,349	11,271,013	11,744,585
Value Added Tax on financial services	(2,335,465)	(2,227,796)	(2,357,607)	(2,301,368)
Nation Building Tax on financial services	(311,395)	(297,039)	(314,348)	(306,849)
Operating profit/(loss) after Value Added Tax (VAT) and Nation Building Tax (NBT)	8,487,049	9,590,514	8,599,058	9,136,368
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	8,487,049	9,590,514	8,599,058	9,136,368
Income tax expenses	(3,397,971)	(3,001,100)	(3,435,625)	(3,152,586)
Profit/(loss) for the period	5,089,078	6,589,414	5,163,433	5,983,782
Profit attributable to:				
Equity holders of the Bank	5,089,078	6,589,414	5,163,433	5,983,782
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Earnings per ordinary share - Basic (Rs.)	7.60	10.63	7.71	9.65
Earnings per ordinary share - Diluted (Rs.)	7.60	10.63	7.71	9.65

STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30th September	Bank		Group	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000
Profit for the period	5,089,078	6,589,414	5,163,433	5,983,782
Other comprehensive income, net of taxes				
Other comprehensive income to be reclassified to Income Statement				
Net gains/(losses) on cash flow hedges	(291,924)	(1,850)	(291,924)	(1,850)
Net gains/(losses) on Debt instruments at fair value through other comprehensive income	(63,750)	-	(59,462)	-
Gains/(losses) on re-measuring available-for-sale financial assets	-	742,416	-	893,624
Fair value gains transferred to the Income Statement on disposal of debt instruments at fair value through other comprehensive income	1,370	-	1,370	-
Fair value gains transferred to the Income Statement on disposal of available-for-sale financial assets	-	(193,593)	-	(193,593)
Total other comprehensive income to be reclassified to Income Statement	(354,304)	546,973	(350,015)	698,181
Other comprehensive income not to be reclassified to Income Statement				
Net gains/(losses) on revaluation of Property, Plant and Equipment	-	-	-	-
Net gains/(losses) on equity instruments at fair value through other comprehensive income	(603,932)	-	(603,932)	-
Actuarial gains/(losses) on retirement benefit plans	-	-	(642)	381
Total other comprehensive income not to be reclassified to Income Statement	(603,932)	-	(604,574)	381
Other comprehensive income for the period, net of taxes	(958,236)	546,973	(954,589)	698,562
Total comprehensive income for the period	4,130,842	7,136,388	4,208,844	6,682,345
Attributable to:				
Equity holders	4,130,842	7,136,388	4,208,844	6,682,345

- Explanatory Notes :-**
- There are no changes to the accounting policies and methods of computation except the application of SLFRS - 09 since the publication of annual accounts for the year 2017. The Bank has applied SLFRS - 09 effective from 01/01/2018 for the preparation of Financial Statements in replacement of LKAS-39.
 - The Bank has not restated comparative information for 2017 for financial instruments in the scope of SLFRS 09. Therefore, the comparative information for 2017 is reported under LKAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of SLFRS 09 have been recognized directly in retained earnings as of 1st January 2018.
 - There are no material events taken place after the reporting period, which requires adjustment or disclosure in these Financial Statements.
 - The comparable information is re-classified as wherever necessary to compare with the current years' classification in order to provide a better presentation.

STATEMENT OF CHANGES IN EQUITY - BANK

In Rupees Thousand

For the nine months ended 30.09.2017	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 2017	6,200,000	3,296,565	2,522,467	1,378,818	1,850	2,379,307	16,466,570	32,245,580
Net profit for the period	-	-	-	-	-	6,589,414	-	6,589,414
Other comprehensive income net of tax	-	-	-	548,823	(1,850)	-	(34,867)	546,973
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(34,867)	(34,867)
Contribution to the Consolidated Fund - Dividend/Levy	-	-	-	-	-	(1,245,900)	-	(1,245,900)
Contribution to National Insurance Trust Fund	-	-	-	-	-	(65,894)	-	(65,894)
Transfers during the period	-	18,272	329,471	-	-	(329,471)	-	18,272
Balance as at 30th September 2017	6,200,000	3,314,837	2,851,938	1,927,641	-	7,327,457	16,431,703	38,053,579
For the nine months ended 30.09.2018	Stated Capital / Assigned Capital	Revaluation Reserve	Statutory Reserve Fund	Available for Sale Reserve / Fair Value Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2018	6,700,000	7,793,317	3,002,952	1,345,237	291,924	2,228,885	18,859,461	40,221,778
Impact of adopting SLFRS 9	-	-	-	-	-	(298,160)	-	(298,160)
Re-stated opening balance under SLFRS 9	6,700,000	7,793,317	3,002,952	1,345,237	291,924	1,930,725	18,859,461	39,923,618
Net Profit for the period	-	-	-	-	-	5,089,078	-	5,089,078
Other comprehensive income net of tax	-	-	-	-	(291,924)	-	-	(291,924)
Net change in fair value of debt instrument of Fair Value through other Comprehensive Income	-	-	-	(62,380)	-	-	-	(62,380)
Net change in fair value of equity instrument of Fair Value through other Comprehensive Income	-	-	-	(603,932)	-	-	-	(603,932)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(66,970)	(66,970)
Contribution to the Consolidated Fund-Dividend/Levy	-	-	-	-	-	(50,000)	-	(50,000)
Contribution to National Insurance Trust Fund	-	-	-	-	-	(50,891)	-	(50,891)
Transfers during the Period	-	-	254,454	-	-	(254,454)	-	-
Balance as at 30th September 2018	6,700,000	7,793,317	3,257,406	678,925	-	6,214,459	18,792,491	43,436,599

STATEMENT OF CHANGES IN EQUITY - GROUP

In Rupees Thousand

For the nine months ended 30.09.2017	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 2017	6,200,000	3,296,565	2,522,467	1,096,758	1,850	3,708,614	16,960,532	33,786,788
Net profit for the period	-	-	-	-	-	5,983,782	-	5,983,782
Other comprehensive income net of tax	-	-	-	700,031	(1,850)	381	(34,867)	698,562
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(34,867)	(34,867)
Contribution to the Consolidated Fund - Dividend/Levy	-	-	-	-	-	(1,245,900)	-	(1,245,900)
Withholding Tax on dividend	-	-	-	-	-	(102,483)	-	(102,483)
Contribution to National Insurance Trust Fund	-	-	-	-	-	(65,894)	-	(65,894)
Transfers during the period	-	18,272	329,471	-	-	(408,650)	79,179	18,272
Balance as at 30th September 2017	6,200,000	3,314,837	2,851,938	1,796,789	-	7,869,850	17,004,844	39,038,261
For the nine months ended 30.09.2018	Stated Capital / Assigned Capital	Revaluation Reserve	Statutory Reserve Fund	Available for Sale Reserve / Fair Value Reserve	Cash Flow Hedging Reserve	Retained Earnings	Other Reserves	Total Equity
Balance as at 1st January 2018	6,700,000	7,793,317	3,002,952	1,228,420	291,924	2,805,727	19,444,122	41,266,465
Impact of adopting SLFRS 9	-	-	-	-	-	(298,233)	-	(298,233)
Re-stated opening balance under SLFRS 9	6,700,000	7,793,317	3,002,952	1,228,420	291,924	2,507,494	19,444,122	40,968,232
Net Profit for the period	-	-	-	-	-	5,163,433	-	5,163,433
Other comprehensive income net of tax	-	-	-	-	(291,924)	(642)	-	(292,565)
Net change in fair value of debt instrument of Fair Value through other Comprehensive Income	-	-	-	(58,092)	-	-	-	(58,092)
Net change in fair value of equity instrument of Fair Value through other Comprehensive Income	-	-	-	(603,932)	-	-	-	(603,932)
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(66,970)	(66,970)
Contribution to the Consolidated Fund-Dividend/Levy	-	-	-	-	-	(500,000)	-	(500,000)
Contribution to National Insurance Trust Fund	-	-	-	-	-	(50,891)	-	(50,891)
Transfers during the Period	-	-	254,454	-	-	(273,042)	18,588	-
Balance as at 30th September 2018	6,700,000	7,793,317	3,257,406	566,396	-	6,846,352	19,395,740	44,559,214



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

AAA(Ika)
First Sri Lankan Bank
to be rated AAA

For the nine months ended 30th September, 2018

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

a. Bank - as at 30.09.2018							
In Rupees Thousand	Held for Trading	Fair Value through OCI	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,359,860	-	-	3,359,860
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	16,513,076	-	-	16,513,076
Derivative financial instruments	-	-	-	-	-	1,313,795	1,313,795
Other financial assets held for trading	14,104,643	-	-	-	-	-	14,104,643
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Debt Instruments	-	2,015,144	-	495,695,690	-	-	497,710,834
Equity Instruments	-	3,837,019	-	-	-	-	3,837,019
Loans and receivables to banks at amortised cost	-	-	-	25,304,194	-	-	25,304,194
Loans and receivables to other customers at amortised cost	-	-	-	394,409,164	-	-	394,409,164
Total financial assets	14,104,643	5,852,163	-	935,281,984	-	1,313,795	956,552,584
LIABILITIES							
Due to banks	-	-	-	90,613,094	-	-	90,613,094
Derivative financial instruments	-	-	-	-	-	-	-
Due to other customers	-	-	-	796,983,925	-	-	796,983,925
Other borrowings	-	-	-	56,242,471	-	-	56,242,471
Subordinated liabilities	-	-	-	6,200,877	-	-	6,200,877
Total financial liabilities	-	-	-	950,040,367	-	-	950,040,367

b. Bank - as at 31.12.2017 (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	-	-	-	3,849,627	-	-	3,849,627
Balances with central banks	-	-	-	-	-	-	-
Placement with banks	-	-	-	23,438,104	-	-	23,438,104
Derivative financial instruments	-	-	-	-	-	1,360,714	1,360,714
Other financial assets held for trading	6,472,314	-	-	-	-	-	6,472,314
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivable to banks	-	-	-	27,714,565	-	-	27,714,565
Loans and receivable to other customers	-	-	-	360,309,866	-	-	360,309,866
Financial investments	-	544,273,077	-	5,693,829	-	-	549,966,907
Total financial assets	6,472,314	544,273,077	-	415,312,162	5,693,829	1,360,714	973,112,095
LIABILITIES							
Due to banks	-	-	-	48,596,591	-	-	48,596,591
Derivative financial instruments	-	-	-	-	-	956,937	956,937
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	737,212,640	-	-	737,212,640
Other borrowings	-	-	-	169,539,625	-	-	169,539,625
Subordinated liabilities	-	-	-	6,006,411	-	-	6,006,411
Total financial liabilities	-	-	-	961,355,267	-	956,937	962,312,204

NOTES TO THE FINANCIAL STATEMENT

01. Loans and Receivables to Other Customers

In Rupees Thousand	Bank		Group	
	As at 30.09.2018	As at 31.12.2017	As at 30.09.2018	As at 31.12.2017
Gross loans and receivables	397,333,402	362,608,207	395,597,158	361,064,434
(Less): Individual impairment	-	-	-	-
Collective impairment (Note - a)	(2,924,238)	(2,298,341)	(2,924,238)	(2,298,341)
Net loans and receivables including those designated at fair value through profit or loss	394,409,164	360,309,866	392,672,920	358,766,093
(Less): Loans and receivables designated at fair value through profit or loss	-	-	-	-
Net loans and receivables (Note - b)	394,409,164	360,309,866	392,672,920	358,766,093

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 30.09.2018	As at 31.12.2017	As at 30.09.2018	As at 31.12.2017
Individual impairment				
Opening balance	-	-	-	-
Charge/(Write back) to Income Statement	-	-	-	-
Write-off during the year	-	-	-	-
Other movements	-	-	-	-
Closing balance	-	-	-	-
Collective impairment				
Opening balance	2,298,341	1,731,772	2,298,341	1,731,772
SLFRS 9 adjustment to opening balance	18,466	-	18,466	-
Opening balance after SLFRS 09 adjustment to	2,316,807	1,731,772	2,316,807	1,731,772
Charge/(Write back) to Income Statement	623,531	693,233	623,531	693,233
Other movements/Interest waive off	(16,100)	(126,664)	(16,100)	(126,664)
Closing balance	2,924,238	2,298,341	2,924,238	2,298,341
Total impairment	2,924,238	2,298,341	2,924,238	2,298,341

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

In Rupees Thousand	Bank		Group	
	As at 30.09.2018	As at 31.12.2017	As at 30.09.2018	As at 31.12.2017
By product - Domestic Currency				
Overdrafts	-	-	-	-
Term loans	327,367,935	291,862,646	327,367,935	291,862,646
Pawning	28,535,985	23,780,013	28,535,985	23,780,013
Securitization/Trust Certificates	5,052,359	3,083,997	5,052,359	3,083,997
Loan to Government	2,030,000	2,075,000	2,030,000	2,075,000
Staff Loans	5,607,525	5,016,902	5,607,525	5,016,902
Securities purchased under resale agreements	4,444,751	2,826,289	2,708,507	1,282,516
Other loans	4,151,237	3,719,127	4,151,237	3,719,127
Sub total	377,189,793	332,363,975	375,453,549	330,820,203
By product - Foreign Currency				
Overdrafts	-	-	-	-
Term loans	17,219,371	27,945,891	17,219,371	27,945,891
Other loans	-	-	-	-
Sub total	17,219,371	27,945,891	17,219,371	27,945,891
Total	394,409,164	360,309,866	392,672,920	358,766,093

02. Due to Other Customers - by product

In Rupees Thousand	Bank		Group	
	As at 30.09.2018	As at 31.12.2017	As at 30.09.2018	As at 31.12.2017
By product - Domestic Currency				
Savings deposits	193,848,301	185,201,449	193,848,301	185,201,449
Fixed deposits	593,043,598	542,647,417	593,043,598	542,647,417
Other deposits	-	-	-	-
Sub total	786,891,899	727,848,866	786,891,899	727,848,866
By product - Foreign Currency				
Savings deposits	3,074,725	2,990,433	3,074,725	2,990,433
Fixed deposits	7,017,301	6,373,341	7,017,301	6,373,341
Other deposits	-	-	-	-
Sub total	10,092,026	9,363,774	10,092,026	9,363,774
Total	796,983,925	737,212,640	796,983,925	737,212,640

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

c. Group - as at 30.09.2018							
In Rupees Thousand	Held for Trading	Fair value through OCI	Held to Maturity	Amortised Cost	Available for Sale	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	3,360,542	-	-	3,360,542
Balances with central banks	-	-	-	10	-	-	10
Placement with banks	-	-	-	16,513,076	-	-	16,513,076
Derivative financial instruments	-	-	-	-	-	1,313,795	1,313,795
Other financial assets held for trading	23,337,530	-	-	-	-	-	23,337,530
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Debt Instruments	-	3,973,674	-	499,340,841	-	-	503,314,515
Equity Instrument	-	3,838,019	-	-	-	-	3,838,019
Loans and receivables to banks at amortised cost	-	-	-	25,311,198	-	-	25,311,198
Loans and receivables to other customers at amortised cost	-	-	-	392,672,920	-	-	392,672,920
Total financial assets	23,337,530	7,811,693	-	937,198,588	-	1,313,795	969,661,605
LIABILITIES							
Due to banks	-	-	-	93,546,555	-	-	93,546,555
Derivative financial instruments	-	-	-	-	-	-	-
Due to other customers	-	-	-	796,983,925	-	-	796,983,925
Other borrowings	-	-	-	64,708,280	-	-	64,708,280
Subordinated liabilities	-	-	-	6,200,877	-	-	6,200,877
Total financial liabilities	-	-	-	961,439,637	-	-	961,439,637

d. Group - as at 31.12.2017 (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	-	-	-	3,854,086	-	-	3,854,086
Balances with central banks	-	-	-	94	-	-	94
Placement with banks	-	-	-	23,438,104	-	-	23,438,104
Derivative financial instruments	-	-	-	-	-	1,360,714	1,360,714
Other financial assets held for trading	9,389,950	-	-	-	-	-	9,389,950
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	27,971,234	-	-	27,971,234
Loans and receivables to other customers	-	-	-	358,766,093	-	-	358,766,093
Financial investments	-	547,924,390	-	7,713,852	-	-	555,638,242
Total financial assets	9,389,950	547,924,390	-	414,029,611	7,713,852	1,360,714	980,418,516
LIABILITIES							
Due to banks	-	-	-	49,131,934	-	-	49,131,934
Derivative financial instruments	-	-	-	-	-	956,937	956,937
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	737,212,640	-	-	737,212,640
Other borrowings	-	-	-	174,468,468	-	-	174,468,468
Subordinated liabilities	-	-	-	6,006,411	-	-	6,006,411
Total financial liabilities	-	-	-	966,819,453	-	956,937	967,776,390

CASH FLOW STATEMENT

	Bank		Group	
	30.09.2018 Rs.'000	30.09.2017 Rs.'000	30.09.2018 Rs.'000	30.09.2017 Rs.'000
Cash flows from operating activities				
Profit before tax	8,487,049	9,590,514	8,599,058	9,136,368
Adjustment for:				
Non-cash items included in profit before tax	926,845	(1,518,861)	1,128,088	(957,047)
Change in operating assets	1,039,095	(66,924,675)	(5,112,908)	(64,187,770)
Change in operating liabilities	102,138,922	87,981,190	104,229,528	86,676,122
Placement with banks	6,922,905	(3,110,945)	6,922,905	(3,110,945)
Contribution paid to defined benefit plans	(723,287)	(768,163)	(723,287)	(768,163)
Tax paid	(3,357,601)	(2,948,588)	(3,490,551)	(2,965,742)
Interest expense on subordinated debt	583,397	583,397	583,397	583,397
Contribution paid to national insurance trust fund	(60,776)	(66,621)	(60,776)	(66,621)
Dividends received from investment in subsidiaries	-	(14,850)	-	-
Net cash generated from operating activities	115,956,549	22,802,400	112,075,454	24,339,600
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,032,743)	(385,483)	(1,032,858)	(387,367)
Proceeds from the sale of property, plant and equipment	8,864	5,674	8,864	5,674
Net (increase)/decrease in investment in available-for-sale	-			