



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the three months ended 31st March 2019

INCOME STATEMENT

For the three months ended 31st March	Bank		Group	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Income	28,843,904	28,055,660	29,433,554	28,266,798
Interest income	28,303,837	27,551,873	28,686,182	27,791,164
Interest expenses	(21,500,660)	(20,657,894)	(21,786,719)	(20,807,156)
Net interest income	6,803,177	6,893,979	6,899,463	6,984,009
Fee and commission income	276,354	200,225	278,443	200,695
Fee and commission expenses	(20,933)	(35,821)	(21,424)	(36,122)
Net fee and commission income	255,421	164,404	257,019	164,573
Net gains/(losses) from trading	203,837	91,788	409,522	63,632
Net fair value gains/(losses) on financial assets/liabilities	-	-	-	-
Net gains/(losses) on derecognition of financial assets at fair value through other comprehensive income	231	3,270	231	3,270
Net other operating income	59,646	208,505	59,177	208,037
Total operating income	7,322,310	7,361,945	7,625,410	7,423,520
Impairment charges	(135,125)	(318,079)	(135,131)	(318,080)
Net operating income	7,187,185	7,043,866	7,490,279	7,105,440
Personnel expenses	(2,441,303)	(2,334,581)	(2,447,561)	(2,343,198)
Depreciation and amortization expenses	(229,887)	(137,700)	(230,160)	(137,950)
Other expenses	(1,052,266)	(949,929)	(1,045,600)	(943,422)
Operating profit/(loss) before VAT, NBT & DRL on Financial Services	3,463,729	3,621,656	3,766,958	3,680,870
Value Added Tax (VAT) on financial services	(751,887)	(756,654)	(791,579)	(765,385)
Nation Building Tax (NBT) on financial services	(100,252)	(100,887)	(105,544)	(102,051)
Debt Repayment Levy (DRL) on financial services	(410,530)	-	(410,530)	-
Operating profit/(loss) after VAT, NBT and DRL on financial services	2,201,060	2,764,116	2,459,305	2,813,434
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	2,201,060	2,764,116	2,459,305	2,813,434
Income tax expenses	(1,005,238)	(1,049,825)	(1,090,345)	(1,066,674)
Profit/(loss) for the period	1,195,822	1,714,291	1,368,960	1,746,760
Profit attributable to:				
Equity holders of the Bank	1,195,822	1,714,291	1,368,960	1,746,760
Non-controlling interests	-	-	-	-
Earnings per share on profit				
Basic Earnings per ordinary share	1.27	2.56	1.46	2.61
Diluted earnings per ordinary share	1.27	2.56	1.46	2.61

STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31st March	Bank		Group	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Profit/(Loss) for the period	1,195,822	1,714,291	1,368,960	1,746,760
Items that will be reclassified to Income Statement				
Exchange differences on translation of foreign operations	-	-	-	-
Net gains/(losses) on cash flow hedges	-	(182,022)	-	(182,022)
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	61,541	(15,089)	94,318	(13,843)
Net gains/(losses) on investment in debt instruments transferred to income statement	487	2,527	487	2,527
Less : Tax expense relating to items that will be reclassified to income statement	-	-	-	-
Total other comprehensive income to be reclassified to Income Statement	62,028	(194,585)	94,805	(193,338)
Items that will not be reclassified to Income Statement				
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	(595,474)	(114,577)	(595,474)	(114,577)
Change in the fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	-
Re-measurement of post-employment benefit obligations	-	-	208	172
Changes in revaluation surplus	-	-	-	-
Share of profits of associates and joint ventures	-	-	-	-
Less : Tax expenses relating to items that will not be reclassified to income statement	-	-	-	-
Total other comprehensive income not to be reclassified to Income Statement	(595,474)	(114,577)	(595,266)	(114,405)
Total other comprehensive income (OCI) for the period, net of taxes	(533,447)	(309,162)	(500,462)	(307,743)
Total comprehensive income for the period	662,375	1,405,129	868,498	1,439,017
Attributable to:				
Equity holders of the bank	662,375	1,405,129	868,498	1,439,017
Non-controlling interests	-	-	-	-

Explanatory Notes :-

- There are no changes to the accounting policies and methods of computation except the application of SLFRS - 16 - leases since the publication of annual accounts for the year 2018. The Bank has applied SLFRS - 16 effective from 01/01/2019 for the preparation of Financial Statements.
- The Bank has not restated comparative information for 2018 for leases in the scope of SLFRS 16.
- 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 year's classification in order to provide a better presentation.

STATEMENT OF CHANGES IN EQUITY - BANK

For the three months ended 31.03.2018	In Rupees Thousand								
	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 2018	6,700,000	3,002,952	7,793,317	1,345,237	291,924	1,102,798	18,859,461	39,095,691	
Total comprehensive income for the period	-	-	-	-	-	1,714,291	-	1,714,291	
Net profit for the period	-	-	-	-	-	1,714,291	-	1,714,291	
Other comprehensive income net of tax	-	-	-	-	(182,022)	-	-	(182,022)	
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	(12,562)	-	-	-	(12,562)	
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(114,577)	-	-	-	(114,577)	
Total comprehensive income for the period	-	-	-	(127,139)	(182,022)	1,714,291	-	1,405,129	
Transaction with equity holders, recognized directly in equity	-	-	-	-	-	-	-	-	
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(18,028)	(18,028)	
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	-	-	-	
Contribution to national insurance trust fund	-	-	-	-	-	(17,143)	-	(17,143)	
Transfers during the period	-	85,715	-	-	-	(85,715)	-	-	
Total transaction with equity holders	-	85,715	-	-	-	(102,857)	(18,028)	(35,170)	
Balance as at 31.03.2018	6,700,000	3,088,667	7,793,317	1,218,098	109,902	2,714,232	18,841,433	40,465,650	
For the three months ended 31.03.2019									
Balance as at 1st January 2019	9,400,000	3,227,960	7,793,317	528,430	-	4,622,080	18,160,874	43,732,665	
Impact of adopting SLFRS - 16	-	-	-	-	-	(122,075)	-	(122,075)	
Re-stated opening balance under SLFRS - 16	9,400,000	3,227,960	7,793,317	528,430	-	4,500,005	18,160,874	43,610,590	
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	1,195,822	-	1,195,822	
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	62,028	-	-	-	62,028	
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(595,474)	-	-	-	(595,474)	
Total comprehensive income for the period						1,195,822		662,375	
Transaction with equity holders, recognized directly in equity	-	-	-	-	-	-	-	-	
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	586	586	
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	-	-	-	
Contribution to national insurance trust fund	-	-	-	-	-	(11,958)	-	(11,958)	
Transfers during the period	-	59,791	-	-	-	(59,791)	-	-	
Total transaction with equity holders		59,791				(71,749)	586	(11,372)	
Balance as at 31.03.2019	9,400,000	3,287,751	7,793,317	(5,017)	-	5,624,078	18,161,461	44,261,594	

STATEMENT OF CHANGES IN EQUITY - GROUP

For the three months ended 31.03.2018	In Rupees Thousand								
	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 2018	6,700,000	3,002,952	7,793,317	1,228,420	291,924	1,679,540	19,444,122	40,140,278	
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	1,746,760	-	1,746,760	
Other comprehensive income net of tax	-	-	-	-	(182,022)	172	-	(181,850)	
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	(11,316)	-	-	-	(11,316)	
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(114,577)	-	-	-	(114,577)	
Total comprehensive income for the period						1,746,932		1,439,017	
Transaction with equity holders, recognized directly in equity	-	-	-	-	-	-	-	-	
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	(18,028)	(18,028)	
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	-	-	-	
Contribution to national insurance trust fund	-	-	-	-	-	(17,143)	-	(17,143)	
Transfers during the period	-	85,715	-	-	-	(93,833)	8,118	-	
Total transaction with equity holders		85,715				(110,976)	(9,910)	(35,171)	
Balance as at 31.03.2018	6,700,000	3,088,667	7,793,317	1,102,527	109,902	3,315,496	19,434,212	41,544,124	
For the three months ended 31.03.2019									
Balance as at 1st January 2019	9,400,000	3,227,960	7,793,317	390,209	-	5,198,451	18,745,544	44,755,484	
Impact of adopting SLFRS - 16	-	-	-	-	-	(122,075)	-	(122,075)	
Re-stated opening balance under SLFRS - 16	9,400,000	3,227,960	7,793,317	390,209	-	5,076,376	18,745,544	44,633,409	
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	1,368,960	-	1,368,960	
Other comprehensive income net of tax	-	-	-	-	-	208	-	208	
Net change in fair value of debt instrument of fair value through other comprehensive income	-	-	-	94,805	-	-	-	94,805	
Net change in fair value of equity instrument of fair value through other comprehensive income	-	-	-	(595,474)	-	-	-	(595,474)	
Total comprehensive income for the period						1,369,168		868,498	
Transaction with equity holders, recognized directly in equity	-	-	-	-	-	-	-	-	
Transfers to unclaimed deposits reserve	-	-	-	-	-	-	586	586	
Contribution to the consolidated fund - Dividend / Levy	-	-	-	-	-	-	-	-	
Contribution to national insurance trust fund	-	-	-	-	-	(11,958)	-	(11,958)	
Transfers during the period	-	59,791	-	-	-	(103,075)	43,284	-	
Total transaction with equity holders		59,791				(115,033)	43,870	(11,372)	
Balance as at 31.03.2019	9,400,000	3,287,751	7,793,317	(110,460)	-	6,330,511	18,789,414	45,490,537	



NATIONAL SAVINGS BANK

FINANCIAL STATEMENTS

For the three months ended 31st March 2019

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

a. Bank - as at 31.03.2019				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	6,083,271	-	-	6,083,271
Balances with central banks	-	-	-	-
Placements with banks	22,635,231	-	-	22,635,231
Derivative financial instruments	-	-	-	-
Loans and advances	443,542,706	-	-	443,542,706
Debt instruments	523,709,738	14,433,833	2,761,703	540,905,274
Equity instruments	-	1,626,002	3,155,041	4,781,043
Total financial assets	995,970,946	16,059,835	5,916,744	1,017,947,526

b. Bank - as at 31.12.2018 - (Audited)				
In Rupees Thousand	AC	FVPL	FVOCI	Total
LIABILITIES				
Due to banks	-	74,852,357	-	74,852,357
Derivative financial instruments	-	-	3,385,493	3,385,493
Financial liabilities	-	-	-	-
- due to depositors	861,997,436	-	-	861,997,436
- due to debt securities holders	-	-	-	-
- due to other borrowers	22,459,940	-	-	22,459,940
Debt securities issued	50,335,844	-	-	50,335,844
Total financial liabilities	1,009,645,577	3,385,493	1,013,031,070	

c. Group - as at 31.03.2019				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	6,084,055	-	-	6,084,055
Balances with central banks	107	-	-	107
Placements with banks	22,635,231	-	-	22,635,231
Derivative financial instruments	-	-	-	-
Loans and advances	443,168,278	-	-	443,168,278
Debt instruments	527,849,334	22,694,451	4,356,684	554,900,470
Equity instruments	-	1,626,002	3,156,041	4,782,043
Total financial assets	999,737,006	24,320,453	7,512,725	1,031,570,184

d. Group - as at 31.12.2018 - (Audited)				
In Rupees Thousand	AC	FVPL	FVOCI	Total
LIABILITIES				
Due to banks	-	76,368,999	-	76,368,999
Derivative financial instruments	-	-	3,385,493	3,385,493
Financial liabilities	-	-	-	-
- due to depositors	861,997,436	-	-	861,997,436
- due to debt securities holders	-	-	-	-
- due to other borrowers	31,814,195	-	-	31,814,195
Debt securities issued	50,335,844	-	-	50,335,844
Total financial liabilities	1,020,516,475	3,385,493	1,023,901,968	

AC - 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

In Rupees Thousand	Bank		Group	
	As at 31.03.2019	As at 31.12.2018	As at 31.03.2019	As at 31.12.2018
Product-wise Gross loans and advances				
By product - Domestic currency				
Term loans	388,445,956	367,008,832	388,445,956	367,008,832
Pawning	31,940,742	30,530,726	31,940,742	30,530,726
Other loans				
Loan to Government	2,030,000	2,075,000	2,030,000	2,075,000
Securities purchased under resale agreements	2,553,467	2,357,240	2,179,039	2,382,213
Staff loans	6,466,492	6,103,442	6,466,492	6,103,442
Sub Total	431,436,658	408,075,240	431,062,230	408,100,213
By product - Foreign currency				
Term loans	16,084,198	19,303,215	16,084,198	19,303,215
Gross loans and advances	447,520,856	427,378,455	447,146,428	427,403,428
Stage-wise impairment on loans & advances				
Gross Loans & advances	447,520,856	427,378,455	447,146,428	427,403,428
Less: Accumulated impairment under stage 1	(1,649,150)	(1,610,731)	(1,649,150)	(1,610,731)
Accumulated impairment under stage 2	(276,973)	(272,348)	(276,973)	(272,348)
Accumulated impairment under stage 3	(2,052,027)	(1,963,230)	(2,052,027)	(1,963,230)
Net value of loans & advances	443,542,706	423,532,145	443,168,278	423,557,119

Movement of Impairment during the period				
Under Stage 1				
Opening balance	1,610,731	1,127,166	1,610,731	1,127,166
Charge/(Write back) to Income Statement	38,419	483,565	38,419	483,565
Closing balance	1,649,150	1,610,731	1,649,150	1,610,731

Under Stage 2				
Opening balance	272,348	128,432	272,348	128,432
Charge/(Write back) to Income Statement	4,625	143,916	4,625	143,916
Closing balance	276,973	272,348	276,973	272,348

Under Stage 3				
Opening balance	1,963,230	1,479,175	1,963,230	1,479,175
Charge/(Write back) to Income Statement	92,921	503,642	92,921	503,642
Write-off during the period	(4,124)	(19,587)	(4,124)	(19,587)
Closing balance	2,052,027	1,963,230	2,052,027	1,963,230

Total Impairment	3,978,150	3,846,309	3,978,150	3,846,309
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ANALYSIS OF DEPOSITS

In Rupees Thousand	Bank		Group	
	As at 31.03.2019	As at 31.12.2018	As at 31.03.2019	As at 31.12.2018
By product - Domestic currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	199,769,665	194,946,317	199,769,665	194,946,317
Fixed deposits	651,279,484	633,632,405	651,279,484	633,632,405
Sub Total	851,049,149	828,578,722	851,049,149	828,578,722
By product - Foreign currency				
Demand deposits (current accounts)	-	-	-	-
Savings deposits	3,313,141	3,375,609	3,313,141	3,375,609
Fixed deposits	7,635,146	7,620,080	7,635,146	7,620,080
Sub total	10,948,287	10,995,689	10,948,287	10,995,689
Total	861,997,436	839,574,411	861,997,436	839,574,411

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

c. Group - as at 31.03.2019				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	6,084,055	-	-	6,084,055
Balances with central banks	107	-	-	107
Placements with banks	22,635,231	-	-	22,635,231
Derivative financial instruments	-	-	-	-
Loans and advances	443,168,278	-	-	443,168,278
Debt instruments	527,849,334	22,694,451	4,356,684	554,900,470
Equity instruments	-	1,626,002	3,156,041	4,782,043
Total financial assets	999,737,006	24,320,453	7,512,725	1,031,570,184

d. Group - as at 31.12.2018 - (Audited)				
In Rupees Thousand	AC	FVPL	FVOCI	Total
LIABILITIES				
Due to banks	-	76,368,999	-	76,368,999
Derivative financial instruments	-	-	3,385,493	3,385,493
Financial liabilities	-	-	-	-
- due to depositors	861,997,436	-	-	861,997,436
- due to debt securities holders	-	-	-	-
- due to other borrowers	31,814,195	-	-	31,814,195
Debt securities issued	50,335,844	-	-	50,335,844
Total financial liabilities	1,020,516,475	3,385,493	1,023,901,968	

e. Group - as at 31.03.2018				
In Rupees Thousand	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	3,436,929	-	-	3,436,929
Balances with central banks	177	-	-	177
Placements with banks	17,588,445	-	-	17,588,445
Derivative financial instruments	-	-	4,740,106	4,740,106
Loans and advances	423,557,119	-	-	423,557,119
Debt instruments	522,973,159	24,988,614	4,037,045	551,998,818
Equity instruments	-	1,878,919	3,751,515	5,630,434
Total financial assets	967,555,829	26,867,533	12,528,666	1,006,952,028

f. Group - as at 31.12.2018 - (Audited)				
In Rupees Thousand	AC	FVPL	FVOCI	Total
LIABILITIES				
Due to banks	-	83,615,264	-	83,615,264
Derivative financial instruments	-	-	1,533	1,533
Financial liabilities	-	-	-	-
- due to depositors	839,574,411	-	-	839,574,411
- due to debt securities holders	-	-	-	-
- due to other borrowers	21,750,178	-	-	21,750,178
Debt securities issued	52,389,133	-	-	52,389,133
Total financial liabilities	997,328,986	1,533	997,330,518	

CASH FLOW STATEMENT

	Bank		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities				
Interest receipts	30,576,000	32,133,392	30,998,499	32,292,150
Interest payment	(20,612,499)	(23,180,108)	(20,797,333)	(23,302,540)
Net commission receipts	255,421	164,404	257,019	164,573
Trading income	69,672	(6,151)	76,192	12,168
Payment to employees	(2,144,899)	(1,976,430)	(2,151,157)	(1,985,047)
VAT, NBT & DRL on financial services	(1,213,658)	(799,426)	(1,258,642)	(809,321)
Receipts from other operating activities	43,424	55,799	42,955	55,331
Payment on other operating activities	(1,139,148)	(845,153)	(1,132,482)	(838,646)
Operating profit before change in operating assets & liabilities	5,834,314	5,546,326	6,035,051	5,588,668
(Increase) / decrease in operating assets				
Balances with Central Bank of Sri Lanka	-	-	-	-
Placements with banks	(5,189,149)	(9,053,486)	(5,189,149)	(9,053,486)
Derivative Financial Instruments	4,740,106	(46,896)	4,740,106	(46,896)
Financial assets at FVPL	522,910	1,428,177	2,548,952	(842,484)
Financial assets at amortised cost - loans & advances	(19,384,096)	(9,245,704)	(18,984,504)	(9,036,341)
Financial assets at amortised cost - debt & other instrument	(7,398,891)	(12,100,162)	(7,500,080)	(12,428,708)
Proceeds from the sale and maturity of financial investments	-	-	-	-
Other assets	(3,735,872)	(4,648,900)	(3,677,869)	(4,661,017)
	(30,444,993)	(33,666,971)	(28,062,545)	(36,068,932)
Increase/(decrease) in operating liabilities				
Due to bank	(2,628,173)	957,348	(7,614,814)	1,070,142
Derivative financial instruments	3,375,168	1,060,230	3,375,168	1,060,230
Financial liabilities at amortised cost - due to depositors	21,532,136	26,328,955	21,532,136	26,328,955
Financial liabilities at amortised cost - due to debt securities holders	-	-	-	-
Financial liabilities at amortised cost - due to other borrowers	7,578,923	(605,718)	9,893,743	1,638,545
Debt securities issued	(1,654,125)	2,374,500	(1,654,125)	2,374,500
Other liabilities	484,965	(593,895)	513,904	(608,875)
	28,688,894	29,521,420	26,046,012	31,863,497
Net cash generated from operating activities before income tax	4,078,215	1,400,776	4,018,518	1,383,234
Income tax paid	(999,691)	(1,039,636)	(1,027,553)	(1,103,495)
Net cash (used in)/from operating activities	3,078,524	361,140	2,990,965	279,739
Cash flows from investing activities				
Purchase of property, plant and equipment	(191,755)	(400,113)	(192,903)	(400,123)
Proceeds from the sale of property, plant and equipment	250	1,070	250	1,070
Net (increase)/decrease in financial instruments at fair value through other comprehensive income	(279,234)	(266,783)	(192,218)	(177,624)
Net purchase of intangible assets	-	-	-	-
Net cash flow from acquisition of investment in subsidiaries and associates	-	-	-	-
Dividends received from investment in subsidiaries and associates	-	-	-	-
Net cash (used in)/from investing activities	(470,739)	(665,826)	(384,871)	(576,676)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital	-	-	-	-
Net proceeds from the issue of subordinated debt	-	-	-	-
Repayment of subordinated debt	-	-	-	-