SRI LANKA SAVINGS BANK LIMITED

SLS Bank
ශ්‍රී ලංකා ඉතිරිකිරීමේ බැංකුව
இலங்கை சேமிப்பு வங்கி
Sri Lanka Savings Bank

A FULLY OWNED SUBSIDIARY OF NSB

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30th JUNE 2023

STATEMENT OF FINANCIAL POSITION

In Rupees Thousands	Current Period As at 30/06/2023	Previous Period As at 31/12/2022
Assets		
Cash and cash equivalents	112,753	47,257
Balances with Central Banks	-	-
Placements with bank	1,651,456	1,963,287
Derivative financial instruments	-	-
Financial assets at amortised cost		
- Loans and Advances	662,675	796,327
- Debt and Other Instruments	5,066,143	4,426,049
Financial assets measured at fair value through Profit & Loss	-	-
Financial assets measured at fair value through other comprehensive income	138,277	102,925
Investment in subsidiaries	-	-
Investment in associates and joint ventures	-	-
Property, plant and equipment	880,396	884,129
Right of use assets	311	638
Investment properties	204,977	204,977
Goodwill and intangible assets	788	1,184
Deferred tax assets	-	-
Other assets	39,137	19,654
Total assets	**8,756,913**	**8,446,427**
Liabilities		
Due to banks	-	191
Derivative financial instruments	-	-
Financial liabilities recognized through profit or loss	-	-
- measured at fair value		
- designated at fair value		
Financial liabilities at amortised cost		
- Due to depositors	427,436	464,579
- Due to other borrowers	295,667	301,615
Lease Liability	578	798
Debt securities issued	73,555	73,555
Retirement benefit obligations	52,664	51,461
Current tax liabilities	178,846	182,457
Deferred tax liabilities	4,155	4,155
Other provisions	-	-
Other liabilities	221,269	274,372
Due to subsidiaries	-	-
Total liabilities	**1,254,170**	**1,353,184**
Equity		
Stated capital/Assigned capital	3,805,290	3,805,290
Statutory reserve fund	307,474	288,765
OCI reserve	39,904	4,595
Retained earnings	4,626,288	4,270,807
Other reserves	(1,276,214)	(1,276,214)
Total shareholders' equity	**7,502,742**	**7,093,243**
Non-controlling interests	-	-
Total Equity	**7,502,742**	**7,093,243**
Total equity and liabilities	**8,756,913**	**8,446,427**
Contingent liabilities and commitments	**1,737**	**1,737**
Memorandum Information		
Number of Employees	101	104
Number of Branches	4	4

INCOME STATEMENT

In Rupees Thousands	Current Period From 01/01/2023 To 30/06/2023	Previous Period From 01/01/2022 To 30/06/2022
Interest income	733,247	426,881
Interest expenses	(13,149)	(17,595)
Net interest income	**720,098**	**409,286**
Fee and commission income	182	211
Fee and commission expenses	(3)	(35)
Net fee and commission income	**179**	**176**
Net gain/(Loss) from trading	-	-
Net gain/(loss) from financial assets	-	-
at fair value through profit or loss	-	-
Net Other operating income	90,578	12,455
Total operating income	**810,855**	**421,918**
Impairment Charges	30,906	3,954
Net operating income	**841,761**	**425,872**
Personnel Expenses	(129,256)	(130,748)
Depreciation and amortisation	(4,625)	(5,805)
Other Expenses	(40,443)	(35,454)
Operating profit/(loss) before VAT & SSCL on financial services	**667,437**	**253,866**
Value Added Tax (VAT) on financial Services	(102,983)	(50,090)
Social Security Contribution Levy (SSCL) on financial Services	(14,926)	-
Operating profit/(loss) after VAT & SSCL on financial services	**549,528**	**203,776**
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	**549,528**	**203,776**
Income Tax expenses	(175,337)	(64,615)
Profit/ (loss) for the period	**374,191**	**139,161**
Profit attributable to:		
Shareholders	**374,191**	**139,161**
Earnings per share on profit		
Basic earnings per ordinary share	46	17

STATEMENT OF COMPREHENSIVE INCOME

In Rupees Thousands	From 01/01/2023 To 30/06/2023	From 01/01/2022 To 30/06/2022
Profit/(loss) for the period	**374,191**	**139,161**
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 investment 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		
Less: Tax expense relating to items that will be reclassified to income statement		
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	35,308	(72,705)
Change in fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss		
Actuarial Gain/(loss) on defined benefit plan	-	-
Re - measurement of post-employment benefit obligations		
Changes in revaluation surplus		-
Share of profits of associate and joint ventures		
Less: Tax expense relating to items that will not be reclassified to income statement		
Other comprehensive income (OCI) for the period, net of taxes	35,308	(72,705)
Total comprehensive income for the period	**409,499**	**66,456**

STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands	Stated Capital/ Assigned Capital		Reserves					Total	Non-Controlling interest	Total Equity
	Ordinary Shares	Assigned Capital	Statutory Reserve Fund	OCI Reserve	Re-valuation Reserve	Retained Earnings	Other Reserves			
Balance as at 01/01/2023	**820,447**	**2,984,844**	**288,765**	**4,595**	**889,976**	**4,270,807**	**(2,166,190)**	**7,093,243**	**-**	**7,093,243**
Total Comprehensive income for the period										
Profit/(loss) for the period	-	-	-	-	-	374,191	-	374,191	-	374,191
Other comprehensive income (net of tax)	-	-	-	35,308	-	-	-	35,308	-	35,308
Total comprehensive income for the period	-	-	-	35,308	-	374,191	-	**409,499**	-	**409,499**
Transactions with equity holders,recognised directly in equity										
Share issue/increase of assigned capital	-	-	-		-	-	-	-	-	-
Share options exercised	-	-	-		-	-	-	-	-	-
Bonus issue	-	-	-		-	-	-	-	-	-
Rights issue	-	-	-		-	-	-	-	-	-
Transfers to reserves during the period	-	-	18,710		-	(18,710)	-	-	-	-
Dividends to equity holders	-	-	-		-	-	-	-	-	-
Profit transfers to head office	-	-	-		-	-	-	-	-	-
Gain/(loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)	-	-	-		-	-	-	-	-	-
Others	-	-	-		-	-	-	-	-	-
Total transactions with equity holders	-	-	**18,710**	-	-	**(18,710)**	-	-	-	-
Balance as at 30/06/2023	**820,447**	**2,984,844**	**307,474**	**39,903**	**889,976**	**4,626,289**	**(2,166,190)**	**7,502,742**	**-**	**7,502,742**

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

a. Bank – 30/06/2023

In Rupees Thousands	AC	FVPL	FVOCI	Total
ASSETS				-
Cash and cash equivalents	112,753			112,753
Balances with Central Bank				-
Placements with banks	1,651,456			1,651,456
Derivative financial instruments	-			-
Loans and advances	662,675			662,675
Debt Instruments	5,066,143			5,066,143
Equity Instruments			138,277	138,277
Unit Trust Investments		-		-
Total financial assets	**7,493,027**	**-**	**138,277**	**7,631,304**

In Rupees Thousands	AC	FVPL	Total
LIABILITIES			
Due to banks	-		-
Derivative financial instruments			-
Financial liabilities at amortised cost			-
- Due to depositors	427,436		427,436
- Due to other borrowers	295,667		295,667
Debt securities issued	73,555		73,555
Total financial liabilities	**796,658**	**-**	**796,658**

b. Bank – 31/12/2022

In Rupees Thousands	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	47,257			47,257
Balances with Central Bank				-
Placements with banks	1,963,287			1,963,287
Derivative financial instruments	-			-
Loans and advances	796,327			796,327
Debt Instruments	4,426,049			4,426,049
Equity Instruments			102,925	102,925
Unit Trust Investments				-
Total financial assets	**7,232,920**		**102,925**	**7,335,845**

In Rupees Thousands	AC	FVPL	Total
LIABILITIES			
Due to banks	191		191
Derivative financial instruments	-		-
Financial liabilities at amortised cost			-
- Due to depositors	464,579		464,579
- Due to other borrowers	301,615		301,615
Debt securities issued	**73,555**		**73,555**
Total financial liabilities	**839,940**		**839,940**

STATEMENT OF CASH FLOWS

In Rupees Thousands	Current Period 30/06/2023	Previous Period 30/06/2022
Cash flows from operating activities		
Profit before tax	549,528	203,775
Adjustment for:		
Non-cash items included in profits before tax	(102,120)	2,646
Change in operating assets	(182,060)	298,120
Change in operating liabilities	(18,387)	(216,291)
Net gains from investing activities	-	-
Share of profits in associates and joint ventures	-	-
Dividend income from subsidiaries and associates	-	-
Interest expense on subordinated debt	-	-
Prior year adjustment	-	(62,377)
Contribution paid to defined benefit plans	(2,154)	**(1,032)**
Tax paid	(178,948)	(241,768)
Net cash generated from operating activities	**65,859**	**(16,926)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(171)	(138)
Proceeds from the sale of property, plant and equipment	-	16,410
Purchase of Financial investments	-	
Proceeds from the sale of maturity of financial investments	-	
Net purchase of Intangible assets	-	(2,100)
Net cash flow from acquisition of investment in subsidiaries and associates	-	-
Net cash flow from disposal of subsidiaries	-	-
Proceeds from disposal of associates and joint ventures	-	-
Dividend received from investment in subsidiaries and associates	-	-
Purchase of Investment Properties	-	-
Net cash (used in)/from investing activities	**(171)**	**14,172**
Cash flows from finance activities		
Net proceeds from the issue of ordinary share capital	-	-
Net proceeds from the issue of other equity instruments	-	-
Net proceeds from the issue of subordinated debt	-	-
Repayment of subordinated debt	-	-
Interest paid on subordinated debt	-	-
Dividend paid to non-controlling interest	-	-
Dividend paid to shareholders of the parent company	-	-
Dividend paid to holders of other equity instruments	-	-
Others	-	-
Net Cash (used in)/from financing activities	**-**	**-**
Net increase/(decrease) in cash & cash equivalents	65,687	(2,754)
Cash and cash equivalents at the beginning of the period	47,066	63,900
Cash and cash equivalents at the end of the period	**112,753**	**61,146**

ANALYSIS OF DEPOSITS

In Rupees Thousands	Current Period As at 30/06/2023	Previous Period As at 31/12/2022
By Product		
Demand deposits	-	-
Savings deposits	**112,302**	**132,497**
Fixed deposits	10,053	29,061
Pramuka Savings & Development Bank's Loans (PSDB) deposits	305,081	303,021
Total	**427,436**	**464,579**

ANALYSIS OF LOANS & ADVANCES,COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

In Rupees Thousands	Current Period As at 30/06/2023	Previous Period As at 31/12/2022
Productwise Gross loans and advances		
By product - Domestic Currency		
Overdrafts	-	-
Term loans	737,338	851,438
Lease rental receivable	128,052	172,973
Credit Cards	-	-
Pawning	29	63
Pramuka Savings & Development Bank's Loans (PSDB)	940,666	952,326
Housing loans	14,086	15,401
Staff loans	321,449	326,928
Total	**2,141,620**	**2,319,129**
Stagewise impairment on loans & advances		
Less: Accumulated impairment under stage 1	(17,260)	(22,152)
Accumulated impairment under stage 2	(42,577)	(43,099)
Accumulated impairment under stage 3	(1,419,109)	(1,457,551)
Net value of loans & advances	**662,675**	**796,327**
Movements of impairment during the period		
Under Stage 1		
Opening balance	22,152	81,707
Charge/(write back) to income statement	(4,892)	(59,556)
Closing balance	**17,260**	**22,152**
Under Stage 2		
Opening balance	43,099	17,867
Charge/(write back) to income statement	(522)	25,232
Closing balance	**42,577**	**43,099**
Under Stage 3		
Opening balance	1,457,551	1,378,567
Charge/(write back) to income statement	(26,783)	101,374
Other Movements	(11,659)	(22,390)
Closing balance	**1,419,109**	**1,457,551**
Total Impairment	**1,478,946**	**1,522,801**

SELECTED PERFORMANCE INDICATORS (BASED ON REGULATORY REPORTING)

Item	30/06/2023	31/12/2022
Regulatory Capital Adequacy (LKR in Thousands)		
Common Equity Tier 1	6,024,018	6,068,129
Core (Tier 1) Capital	6,024,018	6,068,129
Total Capital Base	6,024,018	6,068,129
Regulatory Capital Ratios (%)		
Common Equity Tier 1 capital (%) (Minimum Requirement - 7%)	164%	165%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.50%)	164%	165%
Total Capital Ratio (%) (Minimum Requirement - 12.50 %)	164%	165%
Leverage Ratio (Minimum Requirement - 3%)	**70%**	**73%**
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	5,794,103	5,526,802
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)	1138%	954%
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	4,433,057	3,015,200
Liquidity Coverage Ratio - Rupee (%) (Minimum Requirement - 100%)	13284%	8826%
Net Stable Funding Ratio (%) (Minimum Requirement - 100%)	264%	181%
Assets Quality (Quality of Loan Portfolio)		
Gross Non Performing Advances Ratio (%) (net of Interest in suspense)	44%	42%
Net Non Performing Advances Ratio (%) (net of Interest in suspense and provision)	0%	1%
Impaired Loans (Stage 3) Ratio (%)	5%	5%
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	90%	87%
Profitability		
Interest Margin (%)	20%	15%
Return on Assets (before Tax) (%)	13%	7%
Return of Equity (%)	10%	6%

CERTIFICATION

We, the undersigned, being the Chairman, General Manager/CEO and Senior Manager - Finance, of Sri Lanka Savings Bank jointly certify that;

(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.

(b) The information contained in these statements have been extracted from unaudited financial statements of the Bank unless indicated as audited.

B.M. Dushyantha Basnayake	M.A. Sujith Fernando	H.K. Eranjith Padmakumara
(sgd.) Chairman	(sgd.) General Manager/CEO	(sgd.) Senior Manager - Finance
09.08.2023	09.08.2023	09.08.2023