SLS Bank

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இலங்கை சேமிப்பு வங்கி

Sri Lanka Savings Bank

# SRI LANKA SAVINGS BANK LIMITED

A FULLY OWNED SUBSIDIARY OF NSB

## INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30th SEPTEMBER 2021

### STATEMENT OF FINANCIAL POSITION

| In Rupees Thousands | Current Period As at 30/09/2021 | Previous Period As at 31/12/2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 83,065 | 105,548 |
| Balances with Central Bank | - | - |
| Placements with banks | 4,277,055 | 4,734,648 |
| Derivative financial instruments | - | - |
| Financial assets at amortised cost | | |
| - Loans and Advances | 1,573,165 | 2,068,720 |
| - Debt and Other Instruments | 1,486,333 | 779,708 |
| Financial assets measured at fair value through Profit & Loss | - | 303,806 |
| Financial assets measured at fair value through other comprehensive income | 163,385 | 138,011 |
| Investment in subsidiaries | - | - |
| Investment in associates and joint ventures | - | - |
| Property, plant and equipment | 888,223 | 875,771 |
| Right of use assets | 2,956 | 5,980 |
| Investment properties | 237,077 | 237,077 |
| Goodwill and intangible assets | 2,260 | 216 |
| Deferred tax assets | - | - |
| Other assets | 19,524 | 16,231 |
| **Total assets** | **8,733,043** | **9,265,716** |
| **Liabilities** | | |
| Due to banks | 413 | 391 |
| 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 | 801,373 | 1,077,085 |
| - Due to other borrowers | 322,230 | 575,874 |
| Lease Liability | 4,264 | 6,734 |
| Debt securities issued | 89,558 | 134,526 |
| Retirement benefit obligations | 32,785 | 29,530 |
| Current tax liabilities | 310,575 | 363,667 |
| Deferred tax liabilities | 853 | 995 |
| Other provisions | - | - |
| Other liabilities | 440,261 | 547,065 |
| Due to subsidiaries | - | - |
| **Total liabilities** | **2,002,312** | **2,735,867** |
| **Equity** | | |
| Stated capital/Assigned capital | 3,805,290 | 3,805,290 |
| Statutory reserve fund | 262,526 | 253,750 |
| OCI reserve | 65,130 | 39,756 |
| Retained earnings | 3,856,848 | 3,690,116 |
| Other reserves | (1,259,063) | (1,259,063) |
| Total shareholders' equity | **6,730,731** | **6,529,849** |
| Non-controlling interests | - | - |
| **Total Equity** | **6,730,731** | **6,529,849** |
| **Total equity and liabilities** | **8,733,043** | **9,265,716** |
| **Contingent liabilities and commitments** | **4,012** | **34,020** |
| **Memorandum Information** | | |
| Number of Employees | 106 | 107 |
| Number of Branches | 4 | 4 |

### INCOME STATEMENT

| In Rupees Thousands | Current Period From 01/01/2021 To 30/09/2021 | Previous Period From 01/01/2020 To 30/09/2020 |
|---|---|---|
| Interest income | 443,505 | 581,107 |
| Interest expenses | (43,571) | (59,875) |
| **Net interest income** | **399,934** | **521,232** |
| Fee and commission income | 1,990 | 2,610 |
| Fee and commission expenses | - | (211) |
| **Net fee and commission income** | **1,990** | **2,399** |
| Net gain/(Loss) from trading | - | - |
| Net gain/(loss) from financial assets | - | - |
| at fair value through profit or loss | - | - |
| Net Other operating income | 10,964 | 9,555 |
| **Total operating income** | **412,888** | **533,186** |
| Impairment Charges | 88,554 | (29,958) |
| **Net operating income** | **501,442** | **503,228** |
| Personnel Expenses | (162,598) | (143,033) |
| Depreciation and amortisation | (6,944) | (8,467) |
| Other Expenses | (51,030) | (51,249) |
| **Operating profit/(loss) before VAT on financial services** | **280,870** | **300,479** |
| Value Added Tax (VAT) on financial Services | (56,374) | (44,452) |
| **Operating profit/(loss) after VAT on financial services** | **224,496** | **256,027** |
| Share of profits of associates and joint ventures | - | - |
| **Profit/(loss) before tax** | **224,496** | **256,027** |
| Income Tax expenses | (48,987) | (72,253) |
| **Profit/ (loss) for the period** | **175,509** | **183,774** |
| **Profit attributable to:** | | |
| Shareholders | **175,509** | **183,774** |
| **Earnings per share on profit** | | |
| Basic earnings per ordinary share | 21 | 22 |

### STATEMENT OF COMPREHENSIVE INCOME

| In Rupees Thousands | From 01/01/2021 To 30/09/2021 | From 01/01/2020 To 30/09/2020 |
|---|---|---|
| **Profit/(loss) for the period** | **175,509** | **183,774** |
| **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 reclassifield to income statement** | | |
| Change in fair value on investments in equity instruments designated at fair value through other comprehensive income | 25,373 | 10,871 |
| 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 associates 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** | 25,373 | 10,871 |
| **Total comprehensive income for the period** | **200,882** | **194,645** |

### 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 01/01/2021** | **820,446** | **2,984,844** | **253,750** | **39,757** | **907,127** | **3,690,115** | **(2,166,190)** | **6,529,849** | **-** | **6,529,849** |
| **Total Comprehensive income for the period** | | | | | | | | - | | - |
| Profit/(loss) for the period | - | - | - | - | - | 175,509 | - | 175,509 | - | 175,509 |
| Other comprehensive income (net of taxes) | - | - | - | 25,373 | - | - | - | 25,373 | - | 25,373 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **25,373** | **-** | **175,509** | **-** | **200,882** | **-** | **200,882** |
| **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 | - | - | 8,775 | - | - | (8,775) | - | - | - | - |
| 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** | **-** | **-** | **8,775** | **-** | **-** | **(8,775)** | **-** | **-** | **-** | **-** |
| | | | | | | | - | - | - | - |
| **Balance as at 30/09/2021** | **820,446** | **2,984,844** | **262,526** | **65,130** | **907,127** | **3,856,849** | **(2,166,190)** | **6,730,731** | **-** | **6,730,731** |

### ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

**a. Bank – 30/09/2021**

| In Rupees Thousands | AC | FVPL | FVOCI | Total |
|---|---|---|---|---|
| **ASSETS** | | | | - |
| Cash and cash equivalents | 83,065 | - | - | 83,065 |
| Balances with Central Bank | - | - | - | - |
| Placements with banks | 4,277,055 | - | - | 4,277,055 |
| Derivative financial instruments | - | - | - | - |
| Loans and advances | 1,573,165 | - | - | 1,573,165 |
| Debt Instruments | 1,486,333 | - | - | 1,486,333 |
| Equity Instruments | - | - | 163,385 | 163,385 |
| Unit Trust Investments | | - | | - |
| **Total financial assets** | **7,419,618** | **-** | **163,385** | **7,583,003** |

| In Rupees Thousands | AC | FVPL | Total |
|---|---|---|---|
| **LIABILITIES** | | | |
| Due to banks | 413 | - | 413 |
| Derivative financial instruments | - | - | - |
| Financial liabilities at amortised cost | | | - |
| - Due to depositors | 801,373 | - | 801,373 |
| - Due to other borrowers | 322,230 | - | 322,230 |
| Debt securities issued | 89,558 | - | 89,558 |
| **Total financial liabilities** | **1,213,574** | **-** | **1,213,574** |

**b. Bank – 31/12/2020**

| In Rupees Thousands | AC | FVPL | FVOCI | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | 105,548 | - | - | 105,548 |
| Balances with Central Bank | - | - | - | - |
| Placements with banks | 4,734,648 | - | - | 4,734,648 |
| Derivative financial instruments | - | - | - | - |
| Loans and advances | 2,068,720 | - | - | 2,068,720 |
| Debt Instruments | 779,708 | - | - | 779,708 |
| Equity Instruments | - | - | 138,011 | 138,011 |
| Unit Trust Investment | - | 303,806 | - | 303,806 |
| **Total financial assets** | **7,688,624** | **303,806** | **138,011** | **8,130,441** |

| In Rupees Thousands | AC | FVPL | Total |
|---|---|---|---|
| **LIABILITIES** | | | |
| Due to banks | 391 | - | 391 |
| Derivative financial instruments | - | - | - |
| Other financial liabilities at fair value through profit or loss | - | - | - |
| Financial liabilities at amortised cost | | | - |
| - Due to depositors | 1,077,085 | - | 1,077,085 |
| - Due to other borrowers | 575,874 | - | 575,874 |
| Debt securities issued | **134,526** | **-** | **134,526** |
| **Total financial liabilities** | **1,787,877** | **-** | **1,787,877** |

### STATEMENT OF CASH FLOWS

| In Rupees Thousands | Current Period 30/09/2021 | Previous Period 30/09/2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | 224,495 | 256,026 |
| **Adjustment for:** | | |
| Non-cash items included in profits before tax | (81,453) | 42,460 |
| Change in operating assets | 635,591 | (2,652) |
| Change in operating liabilities | (684,017) | (105,998) |
| 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 | - | - |
| Contribution paid to defined benefit plans | - | - |
| Tax paid | (102,221) | (123,993) |
| **Net cash generated from operating activities** | **(7,605)** | **65,844** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (15,872) | (1,017) |
| Proceeds from the sale of property, plant and equipment | 3,518 | - |
| Purchase of Financial investments | - | - |
| Proceeds from the sale of maturity of financial investments | - | - |
| Net purchase of Intangible assets | (2,544) | - |
| 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** | **(14,899)** | **(1,017)** |
| **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 dept | - | - |
| Repayment of subordinated dept | - | - |
| Interest paid on subordinated dept | - | - |
| 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** | (22,504) | 64,827 |
| Cash and cash equivalents at the beginning of the period | 105,156 | 18,730 |
| **Cash and cash equivalents at the end of the period** | **82,652** | **83,557** |

### ANALYSIS OF DEPOSITS

| In Rupees Thousands | Current Period As at 30/09/2021 | Previous Period As at 31/12/2020 |
|---|---|---|
| **By Product** | | |
| Demand deposits | - | - |
| Savings deposits | **232,827** | **328,742** |
| Fixed deposits | 270,616 | 453,204 |
| Pramuka Savings & Development Bank's Loans (PSDB) deposits | 297,930 | 295,139 |
| **Total** | **801,373** | **1,077,085** |

### ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

| In Rupees Thousands | Current Period As at 30/09/2021 | Previous Period As at 31/12/2020 |
|---|---|---|
| **Productwise Gross loans and advances** | | |
| **By product - Domestic Currency** | | |
| Overdrafts | - | - |
| Term loans | 1,418,759 | 1,896,408 |
| Lease rental receivable | 336,077 | 521,293 |
| Credit Cards | - | - |
| Pawning | 7,253 | 38,607 |
| Pramuka Savings & Development Bank's Loans (PSDB) | 993,714 | 998,606 |
| Housing loans | 31,109 | 44,482 |
| Staff loans | 271,384 | 149,147 |
| **Total** | **3,058,296** | **3,648,543** |
| **Stagewise impairment on loans & advances** | | |
| Less: Accumulated impairment under stage 1 | (92,511) | (110,947) |
| Accumulated impairment under stage 2 | (31,276) | (75,874) |
| Accumulated impairment under stage 3 | (1,361,345) | (1,393,001) |
| **Net value of loans & advances** | **1,573,165** | **2,068,720** |
| **Movements of impairment during the period** | | |
| **Under Stage 1** | | |
| Opening balance | 110,947 | 105,815 |
| Charge/(write back) to income statement | (18,437) | 5,133 |
| **Closing balance** | **92,511** | **110,947** |
| **Under Stage 2** | | |
| Opening balance | 75,874 | 43,030 |
| Charge/(write back) to income statement | (44,597) | 32,843 |
| **Closing balance** | **31,277** | **75,874** |
| **Under Stage 3** | | |
| Opening balance | 1,393,001 | 1,388,409 |
| Charge/(write back) to income statement | (26,765) | 19,423 |
| Other Movements | (4,892) | (14,831) |
| **Closing balance** | **1,361,345** | **1,393,001** |
| **Total Impairment** | **1,485,132** | **1,579,823** |

### SELECTED PERFORMANCE INDICATORS (BASED ON REGULATORY REPORTING)

| Item | 30/09/2021 | 31/12/2020 |
|---|---|---|
| **Regulatory Capital Adequacy (LKR in Thousands)** | | |
| Common Equity Tier 1 | 5,056,075 | 5,357,996 |
| Core (Tier 1) Capital | 5,056,075 | 5,357,996 |
| Total Capital Base | 5,056,075 | 5,357,996 |
| **Regulatory Capital ratios (%)** | | |
| Common Equity Tier 1 capital (%) (Minimum Requirement - 7%) | 90% | 82% |
| Tier 1 Capital Ratio (%) (Minimum Requirement - 8.50%) | 90% | 82% |
| Total Capital Ratio (%) (Minimum Requirement - 12.50 %) | 90% | 82% |
| **Leverage Ratio (Minimum Requirement - 3%)** | **55%** | **48%** |
| **Regulatory Liquidity** | | |
| Statutory Liquid Assets (LKR in Thousands) | 4,579,259 | 4,857,185 |
| Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%) | 669% | 511% |
| Total Stock of High-Quality Liquid Assets (LKR in Thousands) | 292,766 | 296,371 |
| Liquidity Coverage Ratio - Rupee (%) (Minimum Requirement - 100%) | 1070% | 567% |
| Net Stable Funding Ratio (%) Minimum Requirement - 100%) | 124% | 192% |
| **Assets Quality (Quality of Loan Portfolio)** | | |
| Gross Non Performing Advances Ratio (%) (net of Interest in suspense) | 22% | 21% |
| Net Non Performing Advances Ratio (%) (net of Interest in suspense and provision) | -2% | -1% |
| Impaired Loans (Stage 3) Ratio (%) | 4% | 6% |
| Impairement (Stage 3) to Stage 3 Loans Ratio (%) | 80% | 72% |
| **Profitability** | | |
| Interest Margin (%) | 8% | 10% |
| Return on Assets (before Tax) (%) | 3% | 5% |
| Return of Equity (%) | 5% | 7% |

**CERTIFICATION**

We, the undersigned, being the Chairperson, General Manager/CEO and Senior Manager - Finance & Planning 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 has been extracted from unaudited financial statements of the Bank unless indicated as audited.

| | | |
|---|---|---|
| Keasila Jayawardena | M.A. Sujith Fernando | H.K. Eranjith Padmakumara |
| (sgd.) Chairperson | (sgd.) General Manager/CEO | (sgd.) Senior Manager - Finance & Planning |
| 26.11.2021 | 26.11.2021 | 26.11.2021 |