



# Annual Report 2023





*“Coming together is a beginning; keeping together is progress; working together is success”*

*Edward Everett Hale*

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## 1. Company Profile

### Who we are

The NSB Fund Management Co. Ltd had commenced business on 01<sup>st</sup> March 2000, as one of the dedicated Primary Dealer (PD) Companies appointed by the Central Bank under the new Primary Dealer system to deal exclusively in primary and secondary market transactions of Government Securities. The Company is now one of the main primary Dealers among five active standalone PD Companies and five PD Units of Commercial Banks.

### Our Vision

“To be the most trusted Primary Dealer in Sri Lanka.”

### Our Mission

“To exceed customer expectations by providing a comprehensive and competitive product range and services in the Government Securities and in corporate debt market thereby ensuring the long term growth & viability of the Company.”

### Our Values

- Integrity
- Accountability
- Performance driven environment
- Teamwork

### Operating Structure

As the fully owned subsidiary of National Savings Bank, the Company is always in line with the best business practices of the Bank and has the privilege of serving the customer with a large portfolio in Government Securities.

### We Offer

All functions related to Primary Dealer License,

#### Financial Services

- i. Participate in Primary Auctions of the Government securities.
- ii. Custodian Services
- iii. Trustee Services including Collateral Manager Services

#### Agency Services

Designated agent appointed by the Central Bank for issues of Sri Lanka Development Bonds (SLDB) denominated in US Dollars.

## 2. Financial Highlights

	2023	2022	2021	2020	2019
<b>Operating Result</b>					
Interest Income (Rs Mn)	3,099	2,342	1,443	1,501	1,449
Net Gain/(Loss ) from FVTPL (Rs Mn)	2,276	(2,518)	(615)	472	472
Interest Expenses (Rs Mn)	(2,137)	(2,290)	(837)	(922)	(1,021)
Net Operating Income (Rs Mn)	3,252	(2,449)	37	1,098	954
Operating Expenses, Provisions, VAT & NBT	(673)	(347)	(74)	(196)	(186)
Profit/(Loss) before Taxation (Rs Mn)	2,579	(2,796)	(37)	901	768
Income Tax Reversal/(Expenses) (Rs Mn)	(937)	770	43	(293)	(253)
Profit/(Loss) for the year (Rs Mn)	1,642	(2,026)	6	608	515
Earnings/(Loss) per Share (Rs.)	3.91	(7.23)	0.04	3.58	3.03
<b>Assets</b>					
Cash & Cash Equivalents (Rs Mn)	7	2	1.5	1	169
Other Financial Assets (Rs Mn)	26,324	13,908	27,449	16,667	15,614
Loans & Advances (Rs Mn)	161	79	10.5	12	21
P.P.E./Intangible Assets (Rs Mn)	9	10	12	12	6
Other Assets (Rs Mn)	148	1,063	278	189	177
<b>Total Assets</b>	<b>26,648</b>	<b>15,062</b>	<b>27,751</b>	<b>16,882</b>	<b>15,986</b>
<b>Liabilities &amp; Equity</b>					
Borrowings (Rs Mn)	20,904	10,446	23,757	12,785	12,414
Other Liabilities (Rs Mn)	243	901	554	263	235
Equity (Rs Mn)	5,501	3,715	3,440	3,833	3,337
<b>Total Liabilities &amp; Equity</b>	<b>26,648</b>	<b>15,062</b>	<b>27,751</b>	<b>16,882</b>	<b>15,986</b>
<b>Ratios</b>					
Return on Equity (%)	35.62	-	0.17	16.96	17.01
Return on Investment (%)	2.43	0.25	2.74	3.58	2.72
Net Profit Ratio (%)	2.0	-	0.69	30.02	26.03
Average Yield	16.03	18.2	8.39	7.8	10.5
<b>Other Information</b>					
No. of Employees	26	22	22	20	17

Rs. 3,252 Mn

Net Operating Income

Rs. 1,642 Mn

Profit After Tax

Rs. 26,648  
Mn

Total Assets

Rs. 5,501 Mn

Net Assets

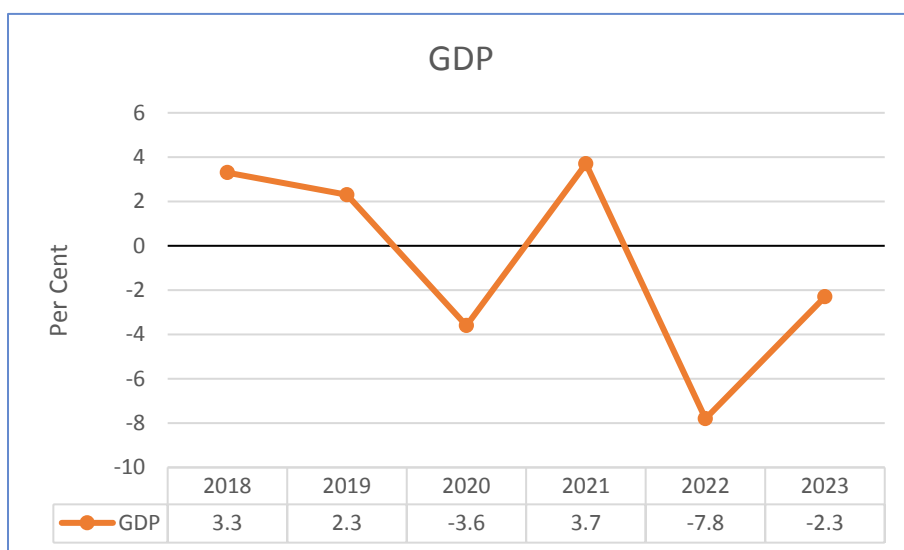
### 3. Market Overview 2023

#### Gross Domestic Product (GDP)

In 2023, Sri Lanka continued to face significant economic challenges, experiencing another year of economic contraction. The GDP is projected to decrease by 4.2% due to a combination of macroeconomic imbalances and external pressures. The first half of 2023 saw a 7.9% contraction, following a 7.8% decline in 2022. Key sectors like construction, manufacturing, real estate, and financial services were hit hard by reduced private credit, input shortages, and supply chain disruptions.

Inflation, which peaked at 69.8% in September 2022, fell dramatically to 4% by August 2023, allowing the central bank to cut policy rates. Despite this, high inflation and fiscal deficits remain critical issues. The government implemented fiscal reforms to address these challenges, but rising energy prices and indirect taxes continued to burden the poor and vulnerable populations.

The external sector showed marginal improvement in export performance due to better global demand. Meanwhile, imports were controlled to manage the trade deficit and preserve foreign exchange reserves. These efforts reflect the Central Bank's careful balancing act in managing economic recovery while addressing structural vulnerabilities. This improvement was supported by renewed macroeconomic stability, softening inflation, and easing external sector pressures.



Graph 1; GDP Growth Rate

At current market prices, GDP grew by 14.8% to Rs. 27,629.7 billion in 2023, influenced by the price impact as reflected by the GDP deflator of 17.5%. Additionally, Gross National Income (GNI), adjusted for net primary income from the rest of the world, grew by 14.1% at current prices. In US dollar terms, GDP increased to \$84.4 billion in 2023 from \$76.8 billion in 2022, supported by the appreciation of the Sri Lankan rupee during the year.

Driven by the growth in nominal GDP and a decline in the mid-year population, GDP per capita rose to Rs. 1,253,785 in 2023, up from Rs. 1,084,882 in 2022. Similarly, GNI per capita increased to Rs. 1,213,159 in 2023, compared to Rs. 1,056,424 in 2022. In US dollar terms, GDP per capita in 2023 was \$3,830, compared to \$3,464 in 2022, while GNI per capita was \$3,706, compared to \$3,378 in 2022.

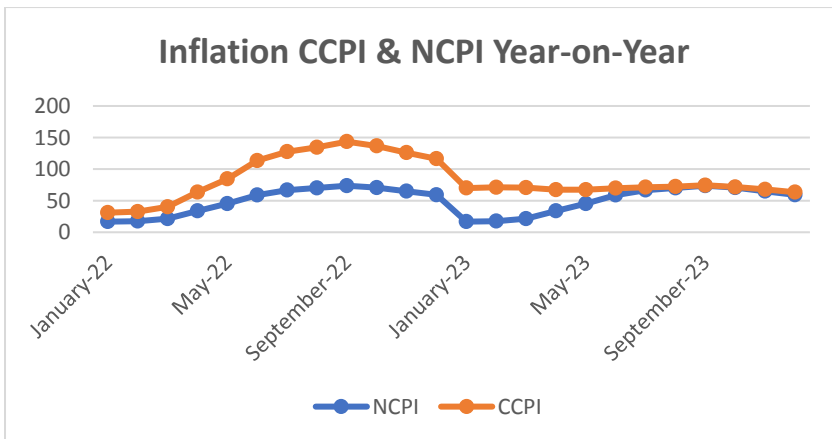
## Inflation

In May 2024, the annual inflation rate in Colombo, Sri Lanka decreased to 0.9% from 1.5% the month before. The primary causes of the slowdown were prices for food and non-alcoholic drinks being the same (0% vs. 2.9% in April 2024) and prices for tobacco and alcoholic beverages marginally decreasing (32.3% vs. 33.1%). On the other hand, prices decreased somewhat less for housing and utilities (-6.1% vs -6.2%) and increased for apparel and footwear (1.5% vs 0.8%) and transportation (6.4% vs 5%). Following a 0.8% deflation in April, consumer prices decreased by 0.6% monthly.

Inflation reached its highest level in September 2022 and rapidly dis-inflations towards lower single-digit levels towards the end of 2023. This was largely due to subdued demand, tight monetary conditions, tight fiscal measures, normalization of domestic supply conditions, moderation of global commodity prices, and the strengthening of the Sri Lanka rupee.

Headline inflation, measured by the Colombo Consumer Price Index (CCPI), decelerated to 1.3% in September 2023. Food items and the transport sector, two major contributors to the high inflation episode, recorded deflation during several months in 2023. Core inflation also underwent substantial disinflation in 2023, reflecting the subdued demand conditions in the economy, tight monetary conditions until June 2023, and the erosion of the public purchasing power.

Inflation expectations of both corporate and household sectors declined from the elevated levels observed in 2022. Overall financial sector stability was maintained in 2023, with the banking sector preserving capital and maintaining liquidity above the regulatory minimum through increased investments in government securities. Total assets improved, and default risk increased during 2023 compared to 2022.



Graph 2: Inflation CCPI & NCPI – Year-on-Year

CCPI-based core inflation continued to decelerate throughout 2023 and has accelerated somewhat since then. The acceleration in headline inflation in late 2023 was mainly due to price increases in energy and volatile food items, which are excluded when calculating core inflation. NCPI-based year-on-year core inflation decelerated to 0.9% by end 2023, compared to 57.5% at end 2022, and 15.8% at the end of 2023. VAT adjustments in early 2024 also affected core inflation.



## Monetary Policy Decisions and Policy Rate

The Central Bank of Sri Lanka's Monetary Policy Board has decided to maintain the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) at 8.50% and 9.50% respectively from 26.03.2024, based on a thorough assessment of macroeconomic developments and potential risks.

The Central Bank of Sri Lanka (CBA) is a monetary policy framework established to maintain domestic price stability in Sri Lanka. It uses Flexible Inflation Targeting (FIT) as the monetary policy framework and requires a monetary policy framework agreement between the Minister of Finance and the Central Bank. In October 2023, the CBA agreed to maintain headline inflation at a 5% target, reviewed every three years or before if necessary. The Coordination Council meets quarterly to exchange views on recent macroeconomic developments, outlook, and risks.

Policy Rate	Beginning of the year	End of the year	Change (bps)
Standing Deposit Facility Rate	14.50%	9.00%	(550)
Standing Lending Facility Rate	15.50%	10.00%	(550)
Statutory Reserve Ratio	4.00%	2.00%	(200)

(Table 01: Policy Rate Changes Source : CBSL Annual Report 2023)

In 2023, the Central Bank of Sri Lanka (CBSL) implemented four policy announcements for rate changes with the aim of tightening the Monetary Policy. These changes resulted in a significant of 550 basis points decrease in the policy rate compared to the rate at the beginning of the year.

## Government Security Yields

Yields on government securities declined significantly after the Domestic Debt Optimization (DDO) operation in July 2023, supported by easing monetary policy, dissipating risk premia, fiscal consolidation, improved government revenue, buffer funds, deceleration of inflation, and improved market sentiments. Treasury bills and bond yields decreased by 16.34-18.13 percentage points in 2023. The secondary market yield curve, which had shown unusual movements since April 2022 due to domestic debt restructuring concerns and the government's heightened borrowing requirements, transitioned to a normal upward sloping yield curve since early 2024 due to the moderation of yields.

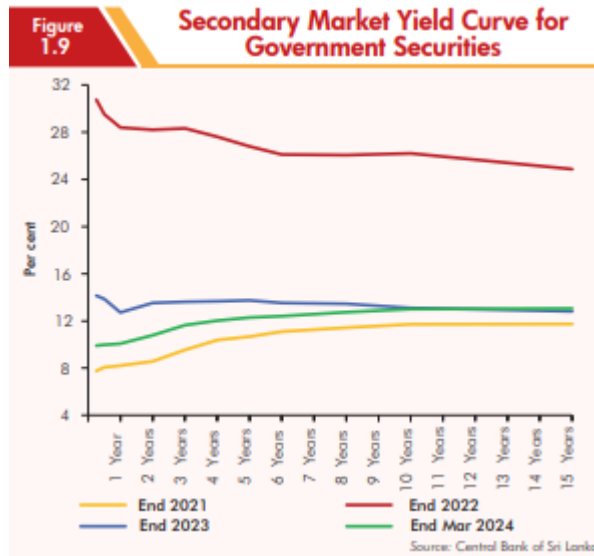


Figure 1: Primary Market Weighted Average Yield Rates Source: CBSL Annual Report 2023

The market favored shorter maturities for Treasury bonds, with a favorable primary issuance maturity of fewer than five years. Because of the decrease, Treasury bond yield rates stayed below 15%. At the end of Year 2023.

Interest Rate	Per cent per annum		
	End 2022	End 2023	Change in % pts
<b>Key Policy Interest Rates</b>			
Standing Deposit Facility Rate (SDFR)	14.50	9.00	-5.50
Standing Lending Facility Rate (SLFR)	15.50	10.00	-5.50
<b>Average Weighted Call Money Rate (AWCMR)</b>	15.50	9.24	-6.26
<b>Yield Rates on Government Securities</b>			
<b>Primary Market (a)</b>			
<b>Treasury bills</b>			
91-day	32.64	14.51	-18.13
182-day	32.20	14.16	-18.04
364-day	29.27	12.93	-16.34
<b>Treasury bonds</b>			
2-year	33.01 (b)	13.87 (c)	-19.14
3-year	31.36 (b)	14.07 (c)	-17.29
4-year	-	14.21 (c)	-
5-year	31.78 (b)	14.32 (c)	-17.46
10-year	30.86 (b)	-	-
<b>Secondary Market</b>			
<b>Treasury bills</b>			
91-day	30.75	14.13	-16.62
182-day	29.50	13.86	-15.64
364-day	28.39	12.71	-15.68
<b>Treasury bonds</b>			
2-year	28.19	13.52	-14.67
3-year	28.32	13.62	-14.70
4-year	27.60	13.66	-13.94
5-year	26.78	13.74	-13.04
10-year	26.18	13.10	-13.09
<b>Interest Rates on Deposits</b>			
<b>Licensed Commercial Banks (d)</b>			
Savings Deposits	0.25-6.00	0.25-13.00	-
1 Year Fixed Deposits (e)	4.50-30.00	1.00-22.00	-
AWDR (f)	14.06	11.64	-2.42
AWFDR (f)	18.49	14.88	-3.61
AWNDR (f)	23.07	11.06	-12.01
AWNFRD (f)	23.73	11.33	-12.40
<b>Other Financial Institutions (g)</b>			
<b>National Savings Bank</b>			
Savings Deposits	3.00	3.00	-
1 Year Fixed Deposits	12.00	8.00	-4.00
<b>Licensed Finance Companies (h)</b>			
Savings Deposits	4.63-8.03	4.33-6.62	-
1 Year Fixed Deposits	20.48-27.15	11.88-13.56	-
<b>Interest Rates on Lending</b>			
<b>Licensed Banks (i)</b>			
AWSR	20.73	15.33	-5.40
AWNDR	26.91	14.96	-11.95
<b>Licensed Commercial Banks (d)</b>			
AWPR (Monthly)	28.19	12.39	-15.80
AWLR	18.70	14.21	-4.49
AWNLR	26.20	14.38	-11.82
<b>Licensed Specialised Banks (g)</b>			
National Savings Bank	28.00-32.00	15.00-20.00	-
State Mortgage and Investment Bank (j)	18.00-27.25	9.50-21.00	-
<b>Licensed Finance Companies (h)</b>			
Finance Leasing	21.53-35.37	14.98-32.48	-
Loans against Immovable Properties	26.80-28.43	14.18-23.86	-
<b>Corporate Debt Market</b>			
Debentures	15.42-28.00	13.50-29.50	-
Commercial Papers	11.00-36.00	17.00-26.50	-

(a) Weighted average yield rates at the latest available auction Sources: Respective Financial Institutions  
Colombo Stock Exchange  
Central Bank of Sri Lanka

(b) Last primary auction during 2022:  
2 yr - 13 Dec | 3 yr - 29 Dec |  
5 yr - 28 Oct | 10 yr - 11 Nov

(c) Last primary auction during 2023:  
2 yr - 28 Dec | 3 yr - 12 Dec | 4 yr - 28 Dec | 5 yr - 12 Dec

(d) Based on the rates quoted by LCBs

(e) Maximum rate is a special rate offered by certain LCBs

(f) Since July 2018, AWDR and AWFDR were calculated by replacing senior citizens' special deposit rate of 15% with relevant market interest rates to exclude the impact of special rates. Same method was applied to calculate AWNDR and AWNFRD since June 2018. However, senior citizens' special deposit rate of 15% was discontinued from 01.10.2022.

(g) Based on the rates quoted by other selected Financial Institutions

(h) Interest rate ranges are based on the average maximum and average minimum rates quoted by LFCs which are applicable for deposits mobilised and loans granted during the respective months. Data for 2023 are provisional

(i) Based on the rates quoted by LCBs and LSBs

(j) Lending for housing purposes only

## Market Interest Rates

In 2023, market interest rates significantly declined from high levels in 2022, driven by accommodative monetary policy measures implemented since June 2023. Other factors contributing to this decline include administrative measures and moral suasion, the rapid disinflation process, moderation of inflation expectations, and the decrease in risk premia attached to yields on government securities following the Domestic Debt Optimization (DDO) operation. Administrative measures introduced in August 2023 and broader guidelines induced a gradual reduction in other market lending interest rates on rupee loans and advances.

Lending rates, particularly for short-term rupee loans and advances granted by LCBs to their prime customers, declined by 15.11 percentage points in 2023. However, interest rates charged from SMEs remained relatively high, particularly for smaller loans, due to the nature of lending and associated risks.

The downward trend in market interest rates continued in early 2024, highlighting the space for further decline in response to accommodative monetary conditions. Real market interest rates remained positive due to the low level of inflation, indicating tight monetary conditions from an interest rate perspective. Interest rates offered on foreign currency deposits recorded a moderation during 2023 compared to the previous year due to improvements in foreign exchange balances in the banking sector, inflows from merchandise and services sector exports, and workers' remittances.

Figure2: Movements of Interest Rates Source: CBSL Annual Report 2023

## Foreign Reserves

The net international reserve position improved significantly by end 2023, with a surplus of around \$2,826 million compared to a deficit of \$2,806 million in 2022. This improvement was largely due to the Central Bank's buildup of Gross Official Reserves (GOR) and the positive net foreign asset position of the banking sector. The foreign asset position increased to \$4,981 million by end 2023, resulting in a significant increase in total international reserves. The overall balance of the BOP, representing the change in net international reserves, also recorded a higher surplus by end 2023, following higher deficits in previous years since 2020. This increase was mainly due to the Central Bank's net absorption of foreign exchange from the domestic foreign exchange market and significant inflows from multilateral institutions. Overall, the net international reserve position improved significantly by end 2023, resulting in a surplus of around \$2,826 million compared to a deficit of \$2,806 million in 2022.

Item	Gross Official Reserves, Total Foreign Assets and Overall Balance					USD million (End period position)
	2019	2020	2021	2022	2023 (a)	
1. Government Foreign Assets	386	155	177	39	875	
2. Central Bank Foreign Assets	7,256	5,510	2,962	1,858	3,517	
<b>3. Gross Official Reserves (1+2)</b>	<b>7,642</b>	<b>5,664</b>	<b>3,139</b>	<b>1,898</b>	<b>4,392</b>	
4. Foreign Assets of Deposit-taking Corporations	2,760	2,856	2,983	3,976	4,981	
<b>5. Total Foreign Assets (3+4) (b)</b>	<b>10,402</b>	<b>8,521</b>	<b>6,122</b>	<b>5,874</b>	<b>9,373</b>	
6. Reserve Related Liabilities (c)	1,771	2,121	3,562	5,127	4,796	
<b>7. Net International Reserves (NIR) (3-6)</b>	<b>5,871</b>	<b>3,543</b>	<b>-423</b>	<b>-3,229</b>	<b>-404</b>	
<b>8. Overall Balance (d)</b>	<b>377</b>	<b>-2,328</b>	<b>-3,967</b>	<b>-2,806</b>	<b>2,826</b>	
9. Gross Official Reserves in Months of Imports of Goods	4.6	4.2	1.8	1.2	3.1	
10. Total Foreign Assets in Months of Import of Goods	6.3	6.4	3.6	3.9	6.7	

(a) Provisional  
 (b) Excludes foreign assets in the form of 'Direct investment abroad' and 'Trade credit and advances granted'  
 (c) The total outstanding debt of the Central Bank, excluding outstanding Special Drawing Rights (SDRs)  
 (d) Change in NIR position during the period

Source: Central Bank of Sri Lanka

Figure3: Gross Official Reserves Source: CBSL Annual Report 2023

## Primary Dealer (PD) Industry Performance

Five LCBs and five Primary Dealer Companies (PDCs) were operating as Primary Dealers (PDs) in the government securities market by the end of 2023. PDCs' total assets rose from Rs. 131.7 billion in 2022 to Rs. 270.8 billion in 2023, a 105.7 percent rise.

By the end of 2023, the total investment portfolio of government securities was valued at Rs. 261.9 billion, up 107.7% from the previous year's record of Rs. 126.1 billion.

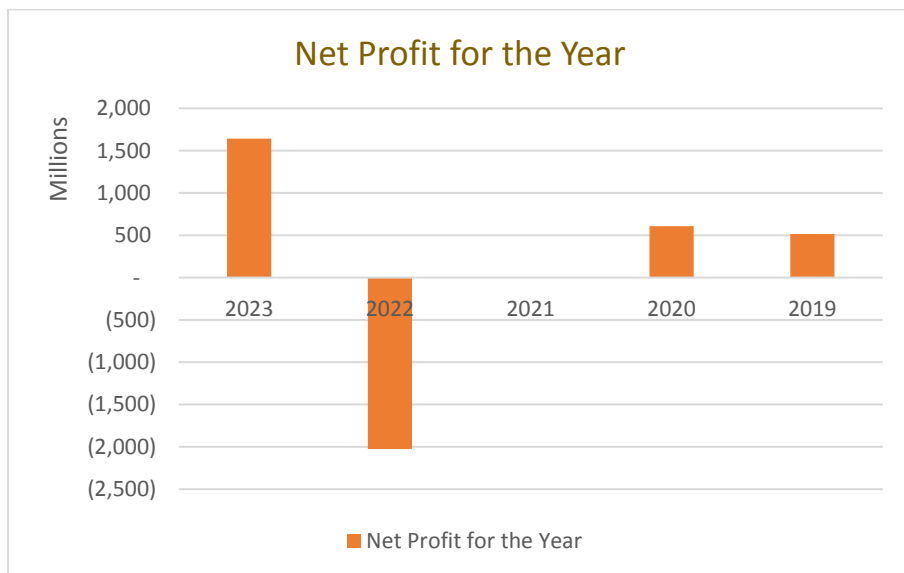
Indicator	2023	2022
<b>Total Assets (Rs. Bn)</b>	270.8	131.7
<b>Total Investment Portfolio (Rs. Bn)</b>	261.9	126.1
<b>Profit/(Loss) After Tax (Rs. Bn)</b>	35.8	1.7
<b>ROA (%)</b>	25.7	3
<b>ROE (%)</b>	139.3	19.9
<b>RWCAR (%)</b>	22.3	23.2

(Table 02: Primary Dealer (PD) Industry Performance Source : CBSL Annual Report 2023)

Primary Dealer Companies recorded a PAT of Rs. 35.8 billion in 2023 as opposed to Rs. 1.7 billion in 2022, demonstrating a notable rise in profitability because of higher interest income, capital gains, and revaluation gains. The PDCs' return on assets (ROA) and return on equity (ROE) increased from 3.0% and 19.9%, respectively, in 2022 to 25.7% and 137.3%, respectively, by the end of 2023. PDC equity rose by 142.4 percent mostly because of year-over-year profitability. The PDCs' Risk Weighted Capital Adequacy Ratio was much higher than the minimum needed level of 10%, even if the ratio slightly decreased from 23.2% reported at the end of 2022 to 22.3% by the end of 2023.

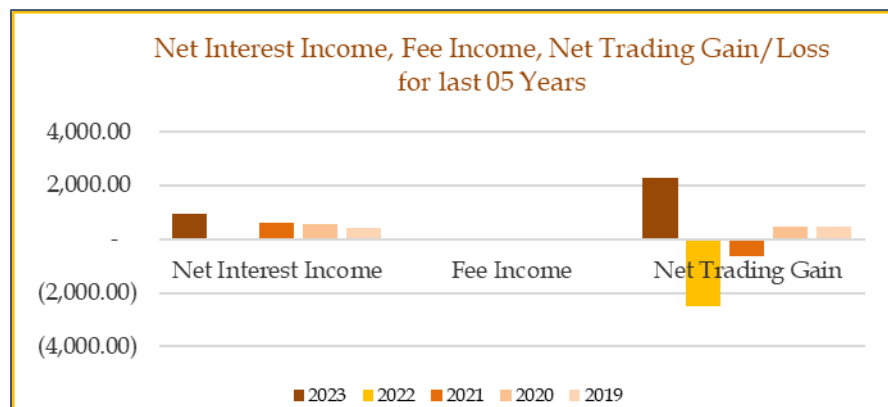
## 4. Company Performance

NSB FMC has passed a significant milestone in 2023. The Company recorded the highest net profit in its history, Rs. 1,641.6 Mn. It is a huge achievement compared to the loss incurred in the previous year. Tough times teach good lessons. The Company followed effective strategies to achieve targets in 2023 and to recover the loss incurred in the previous year.

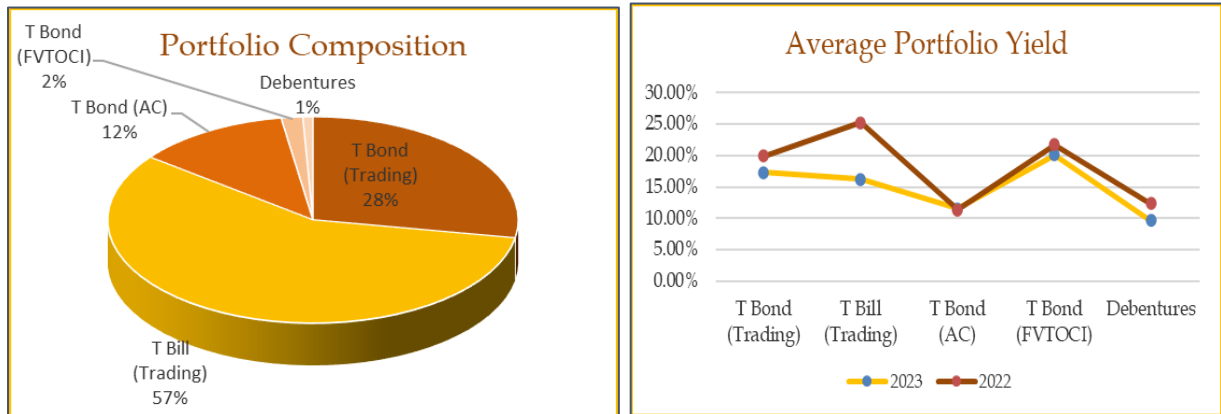


The main reasons for the positive performance were the increase in the Net Interest Income to Rs. 962 Mn and increased in the net trading gain to Rs. 2,276 Mn for the year 2023, and it was Rs. 2,518 Mn of loss in the year 2022. The average yield of T Bond trading portfolio has been decreased to 17.3% at the end of December 2023 from 19.96% which was prevailed as at 31.12.2022 by indicating 266 bps decline and decreased average market yield from 28.33% to 13.61% in the periods mentioned above. The average Repo borrowing cost stood at 13%.

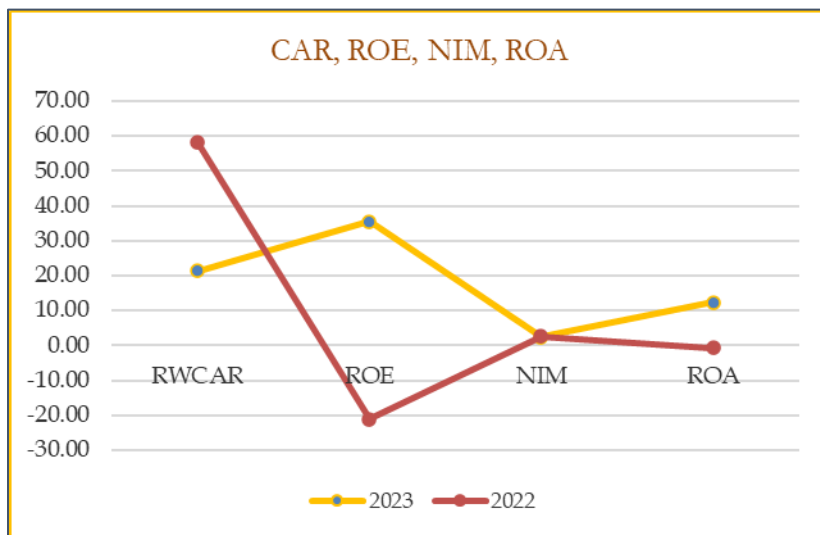
Net Interest Income, fee Income and Net Trading Gain for last five years reflect as follows,



Portfolio composition and the average portfolio yield of the Company as at 31.12.2023 has been illustrated in the below charts.



Risk Weighted Capital Adequacy Ratio of the Company stood at 21.3% at the end of December 2023 while Return on Equity was 35.6%. Net Interest Margin was 2.43% and recorded a increment compared to the previous year.

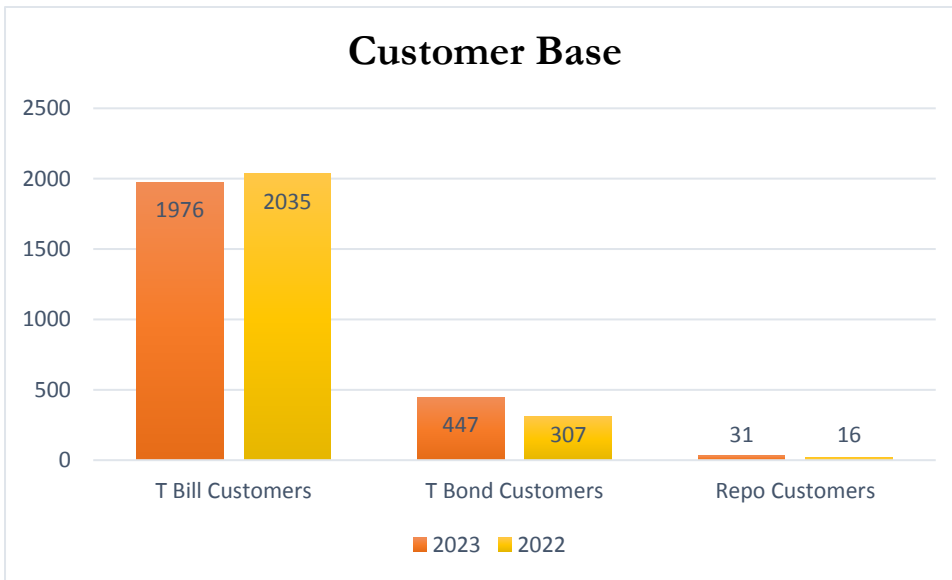


## Human Capital

The Company has eighteen directly recruited staff members, four staff members assigned from Sri Lanka Savings Bank (SLSB) and four staff members assigned from the NSB on secondment basis including the Chief Executive Officer at end of 2023.

The Company continued its commitments to develop its employees during the year. Further, the employees are encouraged to follow job related courses conducted by the CBSL, IBSL and other professional bodies to improve the subject knowledge and skills.

## Customer Base



Customer base of the Company consists of Treasury Bill Customers, Treasury Bond Customers and Repo Customers. T-Bill customer base was increased by decreased by 2.90% at the end of 2023 compared to end of 2022, and T Bond customers and repo customers also increased by 45.60% and 93.75% respectively in 2023 than that of 2022.

The NSB FMC currently has high net worth individual and institutional customers. Those mainly include the large investment Funds of Sri Lanka. Customer base includes Government entities, Banks and Private Provident Fund, Pension Funds, Universities Grant Commission, High net worth Individuals etc...



## **Future Initiatives**

NSB FMS is focusing on and introducing innovative and sustainable investment opportunities to ensure that they continue to meet the needs of our customers and thus maintain the position as a leader in the financial service sector. A more digitalized and paperless environment will be targeted through the customer on boarding function that leads for a sustainable finance development.



## 5. Risk Management

In the course of conducting its business, financial institutions pose risks in order to realize returns on their investments. On the other hand, risks are assumed to have the potential to wipe out expected returns and may result in losses to the institutions. Therefore, one way or another, risk management has always been on the prime concerns of financial institutions and successful business strategy depends on taking informed, well-timed risks. Through effective risk management framework, institutions will be able to optimize their risk-return trade off.

As a Primary Dealer Company, NSB FMC is mainly exposed to the following type of risks.

- Market risks
- Liquidity risks
- Operational risks
- Regulatory & Compliance risks

### Market Risk Management

Market risk is the risk of losses in positions arising from movements in market prices. These market prices include interest rate risk, foreign exchange risk and commodity risk. Since NSB FMC is in the business of dealing in government securities and other debt securities, the Company is exposed only to interest rates risk arising from fluctuations in market interest rates.

In order to manage the market risk of the Company, NSB FMC has a well-defined limit structure across the delegated authority levels. Further, NSB FMC operates in compliance with the rules and regulations of the Central Bank of Sri Lanka.

### Liquidity Risk Management

Liquidity risk is the inability of an institution to meet its obligations as and when they become due, without adversely affecting the Company's financial condition. Effective liquidity risk management ensures NSB FMC's ability to meet its obligations as they fall due and reduces the probability of an adverse situation developing.

NSB FMC strives to manage the liquidity risk of the Company by obtaining adequate collateral for its lending and timely monitoring of its cash flows.

## **Operational Risk Management**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The definition includes legal risk but excludes strategic risk.

Operational risk can arise due to internal events such as the potential for failures or inadequacies in the NSB FMC's processes and systems (e.g., its IT, risk management or human resources management, processes, and systems), or those of its outsourced service providers.

In managing its operational risk, NSB FMC strives to follow the set internal controls, policies, and procedures in order to avoid losses originated from vulnerabilities in the operational processes and appearances of threats which together cause operational loss events.

## **Regulatory and Compliance Risk**

Regulatory risk is the risk that a change in laws and regulations will materially impact on security, business, sector, or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape.

Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice.

In order to manage the regulatory and compliance risk, the NSB FMC has always taken measures to operate within the set guidelines of the regulatory authorities. The Compliance Officer is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines.

## 6. Corporate Governance Report

### Board of Directors

**Mr. Dushyantha Basnayake - Chairman**



Mr. Dushyantha Basnayake was appointed to the Board of Directors of NSB Fund Management Co. Ltd on 28.12.2023 as the Chairman.

### Skills and Experience

Mr. Dushyantha Basnayake has the designation of Chartered Global Management Accountant (CGMA) and Fellow Member of the Chartered Institute of Management Accountants (CIMA-UK), a Fellow of Chartered Professional Managers (Sri Lanka) and a Certified Member of the Sri Lanka Institute of Marketing. He graduated with honors from London Metropolitan University (UK) with a BA in business administration and from Sri Jayewardenepura University's Postgraduate Institute of Management (PIM) with an Executive Master of Business Administration (EMBA). He also graduated from Cardiff Metropolitan University in the United Kingdom with a Master of Laws (LLM) in International Trade. At Ernst & Young, Chartered Accountants, Mr. Basnayake began his accounting career. With over 35 years of experience, he has held executive roles in both corporate and government sector firms, making him a skilled management consultant.

### Other Current Appointments

Chairman – Sri Lanka Savings Bank, Non-Independent Non - Executive Director of National savings Bank (NSB), Ayu Ventures (Pvt) Ltd. and Medi market (Pvt) Ltd.

### Previous Key Appointments

Managing Director – Sri Lanka Insurance Corporation, Director Finance – Associated Newspapers of Ceylon Ltd., Director – Galoya Plantations (Pvt) Ltd., Executive Director – Apogee Group of Companies and Ceylon Newspapers (Pvt) Ltd.

## **Ms. Shashi Kandambi - Director**



Ms. Shashi Kandambi was appointed to the Board of Directors of NSB Fund Management Co. Ltd on 15.02.2024.

### **Skills and Experience**

Ms. Shashi Kandambi has a diploma in banking from the Institute of Bankers Sri Lanka (IBSL), a postgraduate diploma in business and finance from CA Sri Lanka, and an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. Ms. Kandambi has a lengthy and fruitful career with Sampath Bank as the Senior Deputy General Manager of International Banking. She has over 35 years of banking expertise, which includes 10 years in corporate management. Her experience encompasses a wide range of areas, including International Operations and Trade Services, FCBU, Treasury, Corporate Credit, Corporate Digitalization, Corporate Finance, Legal, Recoveries, and International Trade.

In addition, she has a track record of effectively creating and carrying out financial resource management plans, risk mitigation strategies, and upholding stringent corporate governance guidelines. In addition, Ms. Kandambi is skilled in crisis management, innovation and technology, and customer focus.

### **Other Current Appointments**

Chairperson of SWIFT User Group and National Member Group, Director of Sri Lanka Banks' Association, Director of the Institute of Bankers of Sri Lanka, Director of The Financial Ombudsman Sri Lanka (Guarantee) Ltd., General Manager of National Savings Bank (NSB), Director of Lanka Financial Services Bureau Ltd., Member of the Council of Advisors of Association of Professional Bankers – Sri Lanka

### **Previous Key Appointments**

With almost thirty years of experience in the financial sector (January 1989 – January 2024 at Sampath Bank), including ten years devoted to corporate management, the senior deputy general manager at the bank Former President of the Association of Professional Bankers and Member of the Sri Lanka Banks' Association Academic Council

## **Mr. K Raveendran - Director**



Mr. K. Raveendran was appointed to the Board of Directors of NSB Fund Management Co. Ltd on 24.06.2022

### **Skills and Experience**

Mr. K. Raveendran holds a Bachelor of Science Degree in Business Administration from the University of Sri Jayewardenepura and a Post Graduate Diploma in Banking and Finance (PGDBF) from the University of Colombo. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

### **Other Current Appointments**

Senior Deputy General Manager of National Savings Bank, Director of Institute of Bankers of Sri Lanka, Director of Predeshiya Sanwardhana Bank.

### **Previous Key Appointments**

Mr. K. Raveendran is a professionally qualified and sound banker with an over past two decades. Held multiple banking positions in National Saving Bank and People's merchant Bank.

## **Mr. Oshada Rodrigo – Director**



Mr. Oshada Rodrigo was appointed to the Board of Directors of NSB Fund Management Co. Ltd on 13.01.2020.

### **Skills and Experience**

Mr. Rodrigo possessed LLB (Hons) (Wolverhampton, UK), E-Diploma in Human Rights (Colombo), Master of Human Rights and Democratization (M.H.R.D.) (Colombo), Attorney-at-Law of the Supreme Court of Sri Lanka.

He has been practicing as an Attorney-at-Law in the Civil Courts, Commercial High Court and Appellate Courts for the last 5 years.

### **Previous Key Appointments**

LLB (Hons) (Wolverhampton, UK), E-Diploma in Human Rights (Colombo), Master of Human Rights and Democratization (M.H.R.D.) (Colombo), Attorney-at-Law of the Supreme Court of Sri Lanka.

## **Annual Report of the Board of Directors**

The Board of Directors of the NSB FUND MANAGEMENT COMPANY LIMITED has pleasure in presenting their Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> December 2023. The financial statements were reviewed and approved on 27.02.2024.

### **Principal Activity**

The Company's principal activity is to carry on business as a Primary Dealer.

### **Stated Capital**

The issued Share Capital of the Company is Rs. 4,200,000,000/- divided into 420,000,000 Shares of Rs.10/- each. The entire Share Capital is issued and fully paid, and the sole shareholder is NSB. There were no changes in the principal activities of the Company.

### **Review of Operation and Future Developments**

A review of the activities during the year is contained Market Performance of the Sri Lankan Economy on pages 6-12 and the Company performance on pages 13-16. These reports form an integral part of the Annual Report.

### **Financial Statements**

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and complying with the requirements of the Companies Act No. 07 of 2007.

The Financial Statements of the Company for the year ended 31<sup>st</sup> December 2023 duly signed by the Chief Executive Officer, Chairperson and one of Director of the Company and pages 39-68 are form an integral part of the annual report of the Board of Directors.

### **Auditor General's Report**

Auditor General carried out the audit on the Financial Statements for the year ended 31<sup>st</sup> December 2023 and their report on pages 33-38 on those statements which forms an integral part of the annual report of the Board of Directors.

### **Going Concern**

The financial statements of the Company have been prepared on a going-concern basis in compliance with the new Sri Lanka Accounting Standards (SLFRS/LKAS) and in conformity with the generally accepted Accounting Principles and applied consistently and in accordance with the Central Bank regulations. Reasonable and prudent judgments have been made where necessary when preparing the financial statements.



## **Capital Expenditure**

The total capital expenditure incurred on fixed assets and intangible assets during the year amounted to Rs. 10,589,801/-.

## **Post Balance Sheet Events**

No circumstances have arisen since the date of the Balance Sheet, which would require adjustment to or disclosure in the accounts.

## **Directors' Responsibility**

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company.

## **Statutory Payment**

All statutory payments EPF, ETF, PAYE Tax, VAT, and Income Tax etc... have been paid on due dates.

## **The Board of Directors**

The Directorate consists of 04 members. The Company complies with the corporate governance practices recommended by the Central Bank of Sri Lanka, the regulatory authority of the Company and follow the Sri Lanka Accounting Standards (SLFRS/LKAS) adopted by the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors are responsible for granting approval to annual accounts, the annual budget and reviewing the financial performance of the company on regular basis. The Board is also responsible for granting approval to staff appointments, promotions, salaries, and major capital expenditure. The Board has delegated the execution of corporate policy, management and administration to a management team headed by the CEO. The management ensures that the Board of Directors is provided with relevant background material to help make informed of the decisions, and altogether eight Board meetings were held in 2023.

## **Directors during the year 2023**

Mr. Ajith Peiris (from 04.11.2020 to 08.11.2023)

Ms. Manohari Abeysekera (from 17.01.2020 to 02.01.2023)

Mr. Jayantha Perera (from 02.06.2020 to 21.02.2023)

Mr. H.K.D. Lakshman Gamini (from 30.03.2021 to 15.12.2023)

Mr. Dushyantha Basnayake – Chairman (from 28.12.2023 to date)

Mr. Oshada Rodrigo (from 13.01.2020 to date)

Mr. K. Raveendran (from 24.06.2022 to date)

## **Directors' Interest**

None of the Directors had a direct or indirect interest in the contracts with the Company other than those disclosed in Note 37 to the Financial Statements.

## **Acknowledgement of the contents of the Report**

As required by Section 168(1) (k) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledge the contents of this Annual Report.

For and on behalf of the Board of Directors.

(Sgd.)

**Mr. Dushyantha Basnayake**

Chairman

(Sgd.)

**Ms. Shashi Kandambi**

Director

## Senior Management

### Mr. D L P Abayasinghe - CEO



Mr. D.L.P. Abayasinghe was appointed as the Chief Executive Officer of NSB Fund Management Co. Ltd on 07.11.2018.

### Skills and Experience

Mr. Abayasingha holds a Business Administration Degree (Hons.) from the University of Ruhuna and completed Level II Examination of CFA Institute – USA. He also passed Final I Examination of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). He has 19 years of Banking experience especially in the areas of Treasury and Primary Dealer Unit.

### Other Current Appointments

Assistant General Manager of National Savings Bank and appointed to the NSB Fund Management co. Ltd on secondment basis.

### Previous Key Appointments

He held multiple positions as Executive Officer, Senior Manager and Chief Manager in National Savings Bank since 2005. And he was a Trainee Fund Manager at EPF of Central Bank of Sri Lanka.

## Board of Directors – 2023

Mr. H.K.D. Lakshman Gamini - Chairman



### Tenure

30 March 2021 to 15 December 2023

### Skills and experience

Served People's Bank for a period exceeding three decades and widely involved in international banking and branch banking.

### Previous key appointments

Vice Chairman – State Printing Corporation

Director – Skills Development Fund, Ministry of Skills Development and Vocational Training.

Mr. Ajith Peiris - Director



### Tenure

04 November 2020 to 07 November 2023

### Skills and Experience

First Class (Honors) BSc Degree holder in Physical Science from the University of Colombo.

Member of the Association of Professional Bankers, the Institute of Bankers of Sri Lanka, Sri Lanka Institute of Credit Management and the Sri Lanka Institute of Training and Development.

### Other Current Appointments

General Manager/CEO, National Savings Bank; Director, Institute of Bankers of Sri Lanka (IBSL); Director, Sri Lanka Banks' Association (SLBA); Director, the Financial Ombudsman, Sri Lanka (FOSL).

**Mr. K. Raveendran - Director**



**Tenure**

24 June 2022 to date

**Skills and Experience**

Bachelor of Science Degree in Business Administration from the University of Sri Jayewardenepura.

Post Graduate Diploma in Banking and Finance (PGDBF) from the University of Colombo

Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

**Other Current Appointments** - Senior Deputy General Manager of National Savings Bank, Director of Institute of Bankers of Sri Lanka, Director of Predeshiya Sanwardhana Bank.

**Mr. Oshada Rodrigo - Director**



**Tenure**

13 January 2020 to date

**Skills and Experience**

LLB (Hons) (Wolverhampton, UK), E- Diploma in Human Rights (Colombo), Master of Human Rights and Democratization (M.H.R.D.) (Colombo), Attorney-at-Law of the Supreme Court of Sri Lanka.

## 7. Report of the Board Audit Committee

The Board Audit Committee (BAC) of the Company was constituted to assist the Board of Directors in discharging its responsibilities and fulfilling its oversight responsibilities for,

- (a) Integrity of the Company's Financial Statements.
- (b) Performance of the internal audit function.
- (c) Performance of the external audit function.
- (d) Integrity of Business Continuity Plan.

### Composition of the Committee

The BAC comprises of the following Directors serving on the Committee during the year 2023.

Mr. Oshada Rodrigo - Chairman (from 13.01.2020 to date)

Mr. H.K.D.L. Gamini - Member (retired on 14.12.2023)

Mr. K. Raveendran - Member (from 24.06.2022)

### Meetings

The Committee held two (02) meetings during the year 2023 and the attendance of the Committee Members is given below, and one meeting by circulation.

Name	Eligible to attend	Attended
Mr. Oshada Rodrigo	2	2
Mr. H.K.D.L. Gamini	2	2
Mr. K. Raveendran	2	1

### Reporting

The Committee reports directly to the Board of Directors about its activities along with the minutes of the meetings. The Committee is of the view that the terms of reference of the Committee were complied in all material aspects.

(Sgd.)

**Oshada Rodrigo**

Chairman – Board Audit Committee

## 8. Report of the Board Human Resource & Remuneration Committee

The Board Human Resource & Remuneration Committee (BHRRC) constituted to responsible for determining the remuneration policy (salaries, allowances, and other financial payments) relating to the company staff. The following activities were carried out by the Committee during the year,

- (a) Review the recruitments of the Company.
- (b) Review promotions & confirmations of the staff.
- (c) Review the Medical Scheme of the Company.

### Composition of the Committee

The BHRRC comprises of the following Directors serving on the Committee during the year 2023

Mr. H.K.D.L. Gamini	- Chairman (retired on 14.12.2023)
Mr. Oshada Rodrigo	- Member (from 13.01.2020 to date)
Mr. Ajith Peiris	- Member (retired on 07.11.2023)

### Meetings

The Committee held two (02) meetings during the year 2023 and the attendance of the Committee members is given bellow, and one meeting by circulation.

Name	Eligible to attend	Attended
Mr. H.K.D.L. Gamini	2	2
Mr. Ajith Peiris	2	2
Mr. Oshada Rodrigo	2	2

(Sgd.)

**Dushyantha Basnayake**

Chairman - Board Human Resource & Remuneration Committee

## 9. Report of the Board Integrated Risk Management Committee

The Board Integrated Risk Management Committee (BIRMC) has established to carry out the following responsibilities,

- (a) Assist the Board of Directors in fulfilling its responsibilities relating to establishing an effective risk management framework in the Company.
- (b) Implement the Integrated Risk Management policy and other risk related policies approved by the Board of Directors and the periodic updating of the Company's Risk Management Framework.

### Composition of the Committee

The BIRMC comprises of the following Directors serving on the Committee during the year 2023.

Mr. K Raveendran - Chairman (from 24.06.2022)  
Mr. Oshada Rodrigo - Member (from 13.01.2020 to date)  
Mr. H.K.D. L. Gamini - Member (retired on 14.12.2023)

### Meetings

The Committee held two (02) meetings during the year 2023 and the attendance of the Committee members is given bellow,

Name	Eligible to attend	Attended
Mr. K Raveendran	2	2
Mr. Oshada Rodrigo	2	2
Mr. H.K.D. L. Gamini	2	2

(Sgd.)

**K Raveendran**

Chairman - Board Integrated Risk Management Committee



# Financial Statements



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## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல.  
My No.

BAN/A/NSBFMC/FA/2023/01

මගේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

06 March 2024

Chairman

NSB Fund Management Company Limited.

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the NSB Fund Management Company Limited for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

## 1. Financial Statements

### 1.1 Opinion

The audit of the financial statements of the NSB Fund Management Company Limited (the “Company”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



## **1.2 Basis for Opinion**

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **1.3 Other information included in the Company's 2023 Annual Report.**

The other information comprises the information included in the Company's 2023 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2023 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

#### **1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company's required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

#### **1.5 Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

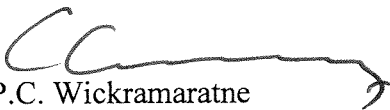
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **2. Report on Other Legal and Regulatory Requirements**

- 2.1 National Audit Act, No. 19 of 2018 and Companies Act, No.7 of 2007 include specific provisions for following requirements;
  - 2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No.7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
  - 2.1.2 The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No.07 of 2007.
  - 2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
  - 2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidences obtained were limited to matters that are material, nothing has come to my attention;
  - 2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

- 2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.
- 2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018
- 2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.



W.P.C. Wickramaratne

Auditor General

NSB Fund Management Company Limited  
**STATEMENT OF COMPREHENSIVE INCOME**  
Year ended 31 December 2023

	Note	2023 Rs.	2022 Rs.
Interest Income	4	3,099,081,170	2,341,715,246
Interest Expense	5	(2,136,854,496)	(2,290,001,886)
<b>Net Interest Income</b>		<b>962,226,674</b>	<b>51,713,360</b>
Fees & Commission Income		14,090,200	20,418,972
Fee and Commission Expenses		(229,000)	(296,200)
<b>Net Fee and Commission Income</b>		<b>13,861,200</b>	<b>20,122,772</b>
Net Gain/(Loss) From Financial Instruments at Fair Value through Profit and Loss	6	2,276,035,825	(2,518,396,414)
Other Income/ (Losses)	7	(2,538)	2,266
<b>Total Operating Income</b>		<b>3,252,121,161</b>	<b>(2,446,558,016)</b>
Impairment Adjustment		34,019	6,797
<b>Net Operating Income</b>		<b>3,252,155,180</b>	<b>(2,446,551,218)</b>
Personnel Costs	8.1	(70,676,582)	(45,945,708)
Depreciation & Amortization		(6,509,253)	(6,410,034)
Other Expenses		(51,790,388)	(296,938,306)
<b>Operating Profit/(Loss) before VAT &amp; SSCL</b>		<b>3,123,178,956</b>	<b>(2,795,845,267)</b>
VAT on Financial Services	9	(477,785,203)	-
SSCL on Financial Services		(66,359,056)	-
<b>Profit/(Loss) before Taxation</b>	8	<b>2,579,034,697</b>	<b>(2,795,845,267)</b>
Income Tax Reversal/(Expense)	10	(937,428,763)	770,019,522
<b>Profit/(Loss) for the Year</b>		<b>1,641,605,934</b>	<b>(2,025,825,745)</b>
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income to be reclassified to Income Statement</b>			
Revaluation of Securities Gain / Loss T Bonds (FVTOCI)		176,793,315	62,325,877
Deferred Tax Impact		(53,037,995)	-
<b>Other comprehensive income not to be reclassified to Income Statement</b>			
Actuarial Gain/(Loss) on Retirement Benefit Obligation		1,197,318	(859,471)
Deferred Tax Impact		(359,195)	-
<b>Total Comprehensive income/(loss) for the year</b>		<b>1,766,199,378</b>	<b>(1,964,359,340)</b>
<b>Earnings/(Loss) Per Share</b>	11	<b>3.91</b>	<b>(7.23)</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 01 to 30 form an integral part of the financial statements.



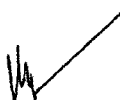
# NSB Fund Management Company Limited

## STATEMENT OF FINANCIAL POSITION

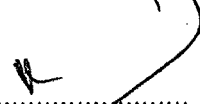
As at 31 December 2023

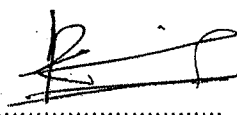
	Note	2023 Rs.	2022 Rs.
<b>ASSETS</b>			
Cash and Cash Equivalents	13	6,796,433	2,088,266
Financial Assets at Fair Value through Profit and Loss (Trading)	14	22,440,660,561	9,062,899,975
Loans and Advances at Amortized Cost	15	160,552,821	78,696,150
Financial Assets at Amortized Cost – Held-to-Collect	16	3,276,593,760	4,361,015,850
Financial Assets at fair value through other comprehensive income	17	565,610,540	484,523,851
Derivative Financial Assets	18	10,307,312	7,219,500
Equity Investments at fair value through other comprehensive income	19	2,000,000	2,000,000
Property, Plant & Equipment	20	6,290,826	5,827,628
Intangible Assets	21	2,509,522	3,789,227
ROU Asset	22	28,462,204	32,095,677
Income Tax Receivable	23	-	67,401,151
Deferred Tax Asset	24	-	770,894,280
Other Assets	25	148,312,717	184,017,312
<b>Total Assets</b>		<b>26,648,096,696</b>	<b>15,062,468,867</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
Borrowings under Repurchase Agreements	26	20,903,947,154	10,445,920,649
Amount Due to Related Parties	27	2,304,861	851,466,368
Other Liabilities	28	65,099,582	5,463,545
Current Tax Liabilities	23	101,728,241	-
Deferred Tax Liabilities	24	30,902,679	-
Lease Liability	29	34,895,003	36,931,864
Retirement Benefit Obligation	30	7,911,723	7,477,968
<b>Total Liabilities</b>		<b>21,146,789,243</b>	<b>11,347,260,393</b>
<b>Equity</b>			
Stated Capital	31	4,200,000,000	4,200,000,000
Retained Earnings		(53,487,412)	(1,285,529,986)
Other Reserves	32	1,354,794,865	800,738,459
		<b>5,501,307,453</b>	<b>3,715,208,473</b>
<b>Total Equity and Liabilities</b>		<b>26,648,096,696</b>	<b>15,062,468,867</b>

These Financial Statements are in compliance with the requirements of the Companies Act No : 07 of 2007.

  
 .....  
 Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the board by:

  
 .....  
 Chairman

  
 .....  
 Director

The accounting policies and notes on pages 01 to 30 form an integral part of the financial statements.

NSB Fund Management Company Limited  
**STATEMENT OF CHANGES IN EQUITY**  
Year ended 31 December 2023

	Stated Capital Rs.	Special Risk Reserve Rs.	FVTOCI Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 01 January 2022</b>	1,700,000,000	867,070,467	(128,657,884)	1,002,038,886	3,440,451,469
Profit for the year	-	-	-	(2,025,825,745)	(2,025,825,745)
Other Comprehensive Income/(Loss)	-	-	62,325,877	(859,471)	61,466,405
<b>Total Comprehensive Income</b>	-	-	62,325,877	(2,026,685,217)	(1,964,359,340)
Surcharge Tax	-	-	-	(260,883,655)	(260,883,655)
Share Issued	2,500,000,000	-	-	-	2,500,000,000
<b>Balance as at 31 December 2022</b>	4,200,000,000	867,070,467	(66,332,007)	(1,285,529,986)	3,715,208,474
Prior Year Adjustment*	-	-	19,899,602	-	19,899,602
<b>Restated Opening Balance as at 01 January 2023</b>	4,200,000,000	867,070,467	(46,432,405)	(1,285,529,986)	3,735,108,076
Profit for the year	-	-	-	1,641,605,934	1,641,605,934
Other Comprehensive Income net of tax	-	-	123,755,320	838,123	124,593,443
Transfers	-	410,401,484	-	(410,401,484)	-
<b>Total Comprehensive Income</b>	-	410,401,484	123,755,320	1,232,042,573	1,766,199,378
<b>Balance as at 31 December 2023</b>	4,200,000,000	1,277,471,951	77,322,915	(53,487,412)	5,501,307,453

\* Please refer Note 24 Deferred Tax Asset/(Liability)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 01 to 30 form an integral part of the financial statements.

NSB Fund Management Company Limited

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	2023 Rs.	2022 Rs.
<b>Cash flows from Operating Activities</b>		
Interest Receipts	2,320,769,320	2,150,043,875
Interest Payment	(1,952,842,368)	(2,323,153,874)
Net Fee Income Receipts	13,861,200	18,013,841
Trading Income	322,302,334	190,211,802
Payment to Employees	(61,590,784)	(46,044,959)
VAT & SSCL on Financial Services	(481,057,493)	-
Payment on Other Operating Activities	(48,580,475)	(295,042,885)
<b>Operating profit before change in Operating Assets &amp; Liabilities</b>	<b>112,861,734</b>	<b>(305,972,200)</b>
<b>(Increase) / decrease in Operating Assets</b>		
Financial Assets at FVTPL	(9,990,207,986)	8,571,184,805
Financial Assets at FVTOCI	(81,856,671)	(68,113,087)
Financial Assets at Amortized Cost – Loans & Advances	1,084,422,090	259,835,741
Financial Assets at Amortized Cost – Debt & Other Instrument	95,706,627	1,586,815,296
Other Assets	35,704,595	(2,033,944)
<b>Increase / (decrease) in Operating Liabilities</b>		
Financial Liabilities at Amortized Cost	9,544,742,740	(12,610,319,233)
Other Liabilities	56,477,281	(2,054,927)
<b>Net cash generated from operating activities before Income Tax</b>	<b>857,850,409</b>	<b>(2,570,657,548)</b>
Income Tax paid/ Surcharge Tax Paid	-	(260,883,655)
Gratuity Paid	-	(284,475)
<b>Net cash (used in) / from Operating Activities</b>	<b>857,850,409</b>	<b>(2,831,541,203)</b>
<b>Cash flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(2,059,274)	(247,206)
Purchase of Intangible Assets	-	(350,000)
Advances paid to Fixed Assets	-	(9,992,595)
<b>Net cash (used in)/from Investing Activities</b>	<b>(2,059,274)</b>	<b>(10,589,801)</b>
<b>Cash flows from Financing Activities</b>		
Principal Payments on ROU Asset	(5,080,000)	(5,616,000)
Dividends paid to Related Parties	-	-
Shares Issued	-	2,500,000,000
Related Party Payables	(846,002,751)	348,573,090
<b>Net cash from Financial Activities</b>	<b>(851,082,751)</b>	<b>2,842,957,090</b>
<b>Net increase/(decrease) in Cash &amp; Equivalents</b>	<b>4,708,384</b>	<b>541,611</b>
Cash and Cash Equivalents at the beginning of the year	2,088,360	1,546,749
<b>Cash and Cash Equivalents at the end of the year</b>	<b>6,796,745</b>	<b>2,088,360</b>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Cash at Bank and Cash in Hand	6,563,492	1,872,008
Balance with Central Bank	233,252	216,352
	<b>6,796,745</b>	<b>2,088,360</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 01 to 30 form an integral part of the financial statements.

## **1. REPORTING ENTITY**

NSB Fund Management Company Limited is a limited liability Company domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at No. 400, Galle Road, Colombo 03.

### **1.1 Principal Activities and Nature of Operations**

The Company is a primary dealer engaged in trading government securities in the open market.

### **1.2 Parent Enterprise**

The Company is a wholly owned subsidiary of National Savings Bank.

### **1.3 Approval of Financial Statements**

The Financial statements for the year ended 31 December 2023 were authorized for the issue by the Directors on 27/02/2024.

#### **Statement of Compliance**

The financial statements which comprise the statement of financial position, the statement of comprehensive income, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

## **2. BASIS OF PREPARATION**

### **2.1 Presentation and Functional Currency**

The financial statements are presented in Sri Lankan Rupees, the Company's functional and presentation currency, which is the primary economic environment in which the Company operates.

The significant accounting policies are discussed in Note 3 below.

### **2.2 Basis of Measurement**

The financial statements have been prepared on accrual basis under the historical cost basis except for the following material items in the statement of financial position:

- Financial Assets designated at fair value through profit or losses and Debt Instruments at fair value through other comprehensive income are measured at fair value.
- Loans and Advances, Debt Instruments at Amortized Cost and Borrowings under repurchase agreements are measured at amortized cost.
- The liability for defined benefit obligation is recognized as the present value of the defined benefit obligation.

### **2.3 Comparative Information**

The accounting policies have been consistently applied by the Company with those of the previous financial year in accordance with LKAS 01 presentation of financial statements.

### **2.4 Functional and Presentation Currency**

The financial statements are presented in Sri Lanka rupees, which is the functional currency of Company.

### **2.5 Use of Estimates and Judgment**

The preparation of financial statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future any periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

#### **Tax**

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, Differences arising between the actual results and the assumptions should necessitate future adjustments to tax income and expense already recorded. Accordingly,

based on such reasonable estimates the Company establishes the provisions to be made during the financial year.

### **Financial Assets at Fair Value Through Profit or Loss**

The determination of fair values of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible.

### **Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### **Retirement Benefit Obligation**

The cost of retirement benefit obligation is determined using the Projected Unit Credit method. The Projected Unit Credit method involves making assumptions about expected salary increment rate, Discount/Interest rates and staff turnover factor. Due to the complexity of the valuation, the underlying assumptions and long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 30.

### **Going Concern**

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

### 3. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all financial periods presented in these financial statements.

#### ASSETS AND BASES OF THEIR VALUATION

##### 3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with banks, and bank overdrafts.

##### 3.2 Financial Instruments

###### i) Classification of Financial Instruments

The Company classifies its financial assets into the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Company classifies its financial liabilities at amortized cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

###### ii) Financial Assets measured at Amortized Cost

###### *Debt Instruments*

Investments in debt instruments are measured at amortized cost where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by holding to collect contractual cash flows. These debt instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note (vi) Impairment of financial assets.

###### iii) Financial Assets measured at Fair Value Through Other Comprehensive Income

###### *Debt Instruments*

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortized cost. The expected credit loss model is described below in Note (vi) Impairment of financial assets.

### ***Equity Instruments***

Investment in equity instruments that are neither held for trading nor contingent consideration recognized by the Company in a business combination to which SLFRS 3 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. For portfolios where management does not consider an irrevocable election of adopting fair value through other comprehensive income, by default such investments shall be measured at fair value through profit and loss. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognized in profit or loss.

#### **iv) Items at Fair Value Through Profit or Loss**

Items at fair value through profit or loss comprise:

- (a) Items held for trading;
- (b) Items specifically designated as fair value through profit or loss on initial recognition; and
- (c) Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss is initially recognized at fair value, with transaction costs recognized in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the income statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

#### ***(a) Financial Instruments Held for Trading***

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognized at fair value.

#### ***(b) Financial Instruments designated as measured at Fair Value Through Profit or Loss***

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- If a host contract contains one or more embedded derivatives; or
- If financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.



**v) Derivative Financial Instruments and Hedge Accounting**

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable, and typically comprise of instruments such as swaps, forward rate agreements, futures and options.

All derivatives are recognized in the balance sheet at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

**vi) Impairment of Financial Assets**

The Company applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- Debt instruments measured at amortized cost and fair value through other comprehensive income;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognized on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

**Stage 1: 12-months ECL**

For exposures where there has not been a significant increase in credit risk since initial recognition and that is not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized. Company determines 12 month ECL from customers whom are not significantly credit deteriorated.

**Stage 2: Lifetime ECL – not credit impaired**

For exposures where there has been a significant increase in credit risk since initial recognition but is not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognized. In consistent with the policies of the Company, significant deterioration is measured through the rebuttable presumption of 30 days past due for loans and receivables in line with the requirements of the standard.

**Stage 3: Lifetime ECL – credit impaired**

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

***Determining the Stage for Impairment***

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

The Company assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, of the borrower and other relevant factors.

### *Measurement of ECLs*

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

For further details on how the Company calculates ECLs including the use of forward looking information, refer to the Credit quality of financial assets section in. For details on the effect of modifications of loans on the measurement of ECL refer to note on Provision for expected credit loss.

ECLs are recognized using a provision for doubtful debts account in profit and loss. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortized cost. The Company recognizes the provision charge in profit and loss, with the corresponding amount recognized in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

### **Impairment Charges on Loans and Advances**

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Company makes judgments mainly about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the loan portfolio (such as credit quality / levels of arrears, credit utilization, etc.), and concentrations of risk and economic data (including levels of GDP Growth Rate etc.).

### **vii) Recognition and Derecognition of Financial Instruments**

A financial asset or financial liability is recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, which is generally on value date. Loans and receivables are recognized when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognized initially at fair value. All other financial assets are recognized initially at fair value plus directly attributable transaction costs.

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

## **3.3 Property, Plant and Equipment**

### **3.3.1 Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalized as a part of equipment.

### **3.3.2 Depreciation**

Depreciation is recognized in profit and loss on a straight-line basis over the periods appropriate to the estimated useful life of the different types of assets on the rates given below.

Furniture and Fittings	10% p.a.
Computer and Equipment	20% p.a.
Office Equipment	10% p.a.
Swift Equipment	25% p.a.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Depreciation is charged from the date of use until the date of disposal or transfer.

## **3.4 Intangible Assets**

An intangible asset is recognized if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumptions of future economic benefits embodied in the assets is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Amortization expense on intangible assets with finite lives is recognized in profit and loss on the straight-line basis over the estimated useful lives, from the date they are available for use. The estimated useful life of intangible assets with finite life is as follows:

Intangible Assets 5 Years

### **3.5 Right of Used (ROU) Assets**

#### **3.5.1 Recognition and Measurement**

The right of used asset recognizes at the commencement date of the lease, which is the present value of lease payments to be made over the lease term.

ROU Assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognize and lease payments made at or before the commencement date less any lease incentives received.

The recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

## **LIABILITIES AND PROVISIONS**

### **3.6 Employee Benefits**

#### **3.6.1 Defined Benefit Plans**

The liability recognized in the Statement of Financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that apply to the currency in which the benefit will be paid and that have terms to maturity approximating to the terms of the related liability.

#### **3.6.2 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively and is recognized as an expense in profit and loss in the periods during which services are rendered by employees.

### **3.6.3 Short-term Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### **3.7 Non-derivative Financial Liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: Borrowings under repurchase agreements and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

### **3.8 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### **3.9 Income Statement**

#### **3.9.1 Revenue Recognition**

##### **3.9.1.1 Interest and Similar Income**

For all financial instruments measured at amortized cost, interest bearing financial assets classified as financial instruments designated at fair value through profit or loss, interest income is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

##### **3.9.1.2 Fee and Commission Income**

Fee and commission income include service charges, Trustee Fees, Custodian Fees, Collateral Manager Fees, RTGS Fees which are recognized when the related services are performed.

##### **3.9.1.3 Trading Income**

Gains or losses arising from the sale of dealing securities are accounted for on the date of transaction in profit and loss.

### **3.9.2 Expenses**

#### **3.9.2.1 Interest and Similar Expenses**

For all financial instruments measured at amortized cost, borrowings under repurchase agreements, interest expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

#### **3.9.2.2 Income Tax Expense**

Income tax expense comprises of current and deferred tax. Current and Deferred tax are recognized in profit and loss except to the extent that it relates to items recognized directly in equity when it is recognized in equity.

##### **Current Tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

##### **Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

##### **Value Added Tax on Financial Services**

The basis for the computation of Value Added Tax on financial services is the accounting profit before income tax adjusted for the economic depreciation computed on prescribed rate and emoluments of employees.

### **3.9 Statement of Cash Flows**

The Statement of Cash Flows has been prepared by using the “Direct Method” of preparing cash flows in accordance with the LKAS 7. Cash and cash equivalents comprise short-term, highly liquid investment that is readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in hand, balances with banks.

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<b>4. INTEREST INCOME</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Interest on Treasury Bills/Bonds/R.Repo	3,060,565,603	2,295,414,392
Interest on Debentures	38,505,824	46,250,991
Other Interest Income	9,743	49,864
	<u>3,099,081,170</u>	<u>2,341,715,246</u>
<b>5. INTEREST EXPENSE</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Interest Expense on Repurchase Agreements	2,072,184,030	2,005,798,106
Interest Expense on Other Borrowings	64,670,466	284,203,781
	<u>2,136,854,496</u>	<u>2,290,001,886</u>
<b>6. NET GAIN/(LOSS) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Realised Gain/(Loss)	836,041,094	(2,056,308,752)
Unrealised Gain/(Loss)	1,436,906,920	(469,307,162)
Unrealized Forward Gain/(Loss)	3,087,812	7,219,500
	<u>2,276,035,825</u>	<u>(2,518,396,414)</u>
Gain/ (Loss) on fair valuation of financial investments has been accounted for in accordance with the SLFRS 9.		
<b>7. OTHER INCOME/ (LOSSES)</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Other Income/ (Losses)	(2,538)	2,266
	<u>(2,538)</u>	<u>2,266</u>
<b>8. PROFIT BEFORE TAXATION</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Profit before taxation is stated after charging all expenses including the following		
Auditor's Remuneration	1,059,840	772,380
Depreciation on PPE	5,229,549	5,155,632
Amortization of Intangible Assets	1,279,705	1,254,402
Personnel Costs (8.1)	70,676,582	45,945,708
Other Charges (8.2)	20,991	259,957,886
<b>8.1 Personnel Costs</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Salaries	46,070,627	32,466,029
Defined Contribution Plan Cost - EPF and ETF	3,230,336	2,594,103
Defined Benefit Plan Cost - Retirement Gratuity	1,631,073	1,771,818
Other Staff Cost	19,744,546	9,113,758
	<u>70,676,582</u>	<u>45,945,708</u>
<b>8.1.1 Personnel Cost of Seconded Employees included in Salaries Note 8.1</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Salaries & Allowances	19,686,799	11,980,678
Defined Contribution Plan Cost - EPF and ETF	2,522,542	1,607,144
Contribution to Pension Fund/Gratuity	1,306,412	1,197,987

**8.2 Other Charges**

CBSL has charged a penalty amounting to Rs. 20,990.77 due to failure of comply with the section 8.1 of the Direction No. 01 of 2019 on Repurchase and Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills.

**9. VAT ON FINANCIAL SERVICES**

The value base for value added tax for the company is the adjusted accounting profit before tax and emoluments of employees. The adjustment to the accounting profit before tax is for economic depreciation computed on prescribed rates, instead of the rates adopted in the financial statements.

NSB Fund Management Company Limited  
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<b>10. INCOME TAX EXPENSE</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Current Income Tax</b>		
Current Income Tax charge on ordinary activities for the year	169,129,392	-
Under/(Over) Provision of current taxes in respect of prior years	-	-
	<u>169,129,392</u>	<u>-</u>
<b>Deferred Income Tax</b>		
Deferred Taxation Charge/(Reversal) for current year	788,198,973	(760,564,128)
Under/(Over) Provision of deferred tax in respect of prior years	(19,899,602)	(9,455,394)
<b>Income Tax Expense Reported in the Income Statement</b>	<u>937,428,763</u>	<u>(770,019,522)</u>
<b>Reconciliation between Current Tax Expenses and the Accounting Profit</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Accounting Profit /(Loss) before Tax from Continuing Operations	2,579,034,697	(2,795,845,267)
Income not Liabe for Tax	-	-
Other Aggregate Disallowed Items	556,330,697	272,099,849
Other Aggregate Deductible Items	(8,579,983)	(7,757,374)
B/F Tax Loss	(2,563,020,771)	-
<b>Taxable Profit/(Loss)</b>	<u>563,764,640</u>	<u>(2,531,502,792)</u>
Income Tax Rate	30%	30%
Current Income Tax Expense	169,129,392	-
	<u>169,129,392</u>	<u>-</u>
Effective tax rate (%)	36%	28%
Effective tax rate (excluding deferred tax) (%)	7%	0%

**11. EARNINGS PER SHARE**

The calculation of earnings per share is based on profit attributable to the ordinary shareholders for the year, divided by the average number of ordinary shares in issue during the year and calculated as follows;

	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Profit/(Loss) Attributable to Ordinary Shareholders	1,641,605,934	(2,025,825,745)
Weighted Average Numbers of Ordinary Shares	420,000,000	280,136,986
<b>Earnings/(Loss) Per Share</b>	<u>3.91</u>	<u>(7.23)</u>

**12. DIVIDEND PER SHARE**

Dividend per share is calculated by dividing the dividend by the number of ordinary shares in issues as at the year end

	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Weighted Average Numbers of Ordinary Shares	420,000,000	280,136,986
Dividends paid (Rs.)	-	-
Dividend per share	-	-



13. CASH & CASH EQUIVALENTS	2023	2022		
	Rs.	Rs.		
Cash at Bank and Cash in Hand	6,563,492	1,872,008		
Balance with Central Bank	233,252	216,352		
Impairment Provision	(311)	(94)		
<b>Cash &amp; Cash Equivalents for the Purpose of Cash Flow Statement</b>	<b>6,796,433</b>	<b>2,088,266</b>		
14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (TRADING)	2023	2022		
	Rs.	Rs.		
Treasury Bills	14,644,429,071	1,539,074,291		
Treasury Bonds	7,796,231,490	7,523,825,684		
	<u>22,440,660,561</u>	<u>9,062,899,975</u>		
15. LOANS AND ADVANCES AT AMORTIZED COST	2023	2022		
	Rs.	Rs.		
Loans & Advances from Banks	19,812,640	71,406,862		
Loans & Advances from Other Customers	140,740,181	7,289,288		
	<u>160,552,821</u>	<u>78,696,150</u>		
16. FINANCIAL ASSETS AT AMORTIZED COST - HELD TO COLLECT	2023	2022		
	Rs.	Rs.		
Treasury Bonds	3,073,729,616	3,928,591,127		
Debentures	202,937,835	432,532,647		
Impairment Provision	(73,691)	(107,923)		
	<u>3,276,593,760</u>	<u>4,361,015,850</u>		
17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2023	2022		
	Rs.	Rs.		
Treasury Bonds	565,610,540	484,523,851		
	<u>565,610,540</u>	<u>484,523,851</u>		
18. DERIVATIVE FINANCIAL ASSETS	2023	2022		
	Rs.	Rs.		
Forward Purchase Contracts - Government Securities (Note 6)	10,307,312	7,219,500		
	<u>10,307,312</u>	<u>7,219,500</u>		
19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2023		2022	
	Cost	Directors'	Cost	Directors'
	Rs.	Valuation	Rs.	Valuation
	Rs.	Rs.	Rs.	Rs.
Investment in				
Lanka Financial Services Bureau Limited	2,000,000	2,000,000	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

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20. PROPERTY, PLANT AND EQUIPMENT	Balance as at 01/01/2023	Additions during the year	Disposals/Transfers during the year	Balance as at 31/12/2023
Cost	Rs.	Rs.	Rs.	Rs.
Computer Equipment	8,697,368	588,724	-	9,286,092
Swift Equipment	913,903	-	-	913,903
Office Equipment	3,204,852	1,470,550	-	4,675,402
Furniture & Fittings	2,432,234	-	-	2,432,234
	<b>15,248,358</b>	<b>2,059,274</b>	<b>-</b>	<b>17,307,632</b>
Accumulated Depreciation	Balance as at 01/01/2023	Charge for the year	Depreciation on Disposals/Transfers	Balance as at 31/12/2023
	Rs.	Rs.	Rs.	Rs.
Computer Equipment	6,372,531	960,445	-	7,332,975
Swift Equipment	913,901	-	-	913,901
Office Equipment	1,385,726	407,833	-	1,793,559
Furniture & Fittings	748,572	227,798	-	976,370
	<b>9,420,730</b>	<b>1,596,076</b>	<b>-</b>	<b>11,016,805</b>
Carrying Amount			2023 Rs.	2022 Rs.
Net Book Value as at 31 December			<b>6,290,826</b>	<b>5,827,628</b>

**20.1 Fully Depreciated Property, Plant & Equipment**

The initial cost of fully depreciated Property, Plant & Equipment, which are still in use as at reporting date is as follows;

	2023 Rs.	2022 Rs.
Computer Equipment	4,595,416	4,335,946
Swift Equipment	913,903	913,903
Office Equipment	383,370	383,370
Furniture & Fittings	153,176	153,176

21. INTANGIBLE ASSET	Balance as at 01/01/2023	Additions during the year	Disposals/Transfers during the year	Balance as at 31/12/2023
Cost	Rs.	Rs.	Rs.	Rs.
SWIFT License Fee	1,058,562	-	-	1,058,562
SWIFT Entrance Fee	911,031	-	-	911,031
Board Pac	400,000	-	-	400,000
JBOSS Enterprise Application Software	6,048,534	-	-	6,048,534
Customer Management System	350,000	-	-	350,000
	<b>8,768,127</b>	<b>-</b>	<b>-</b>	<b>8,768,127</b>
Accumulated Amortisation & Impairment Loss	Balance as at 01/01/2023	Charge for the year	Depreciation on Disposals/Transfers	Balance as at 31/12/2023
	Rs.	Rs.	Rs.	Rs.
SWIFT License Fee	1,058,562	-	-	1,058,562
SWIFT Entrance Fee	911,031	-	-	911,031
Board Pac	399,999	-	-	399,999
JBOSS Enterprise Application Software	2,591,282	1,209,706	-	3,800,987
Customer Management System	18,026	69,999	-	88,025
	<b>4,978,900</b>	<b>1,279,705</b>	<b>-</b>	<b>6,258,605</b>
Carrying Amount			2023 Rs.	2022 Rs.
Carrying Amount			<b>2,509,522</b>	<b>3,789,227</b>

**21.1 Fully Amortised Intangible Assets**

The initial cost of fully amortised intangible assets, which are still in use as at Reporting date is as follows;

	2023 Rs.	2022 Rs.
SWIFT License Fee	1,058,562	1,058,562
SWIFT Entrance Fee	911,031	911,031
Board Pac	400,000	400,000

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<b>22. ROU ASSET (RIGHT-OF-USE ASSET)</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Opening balance	43,601,674	43,601,674.37
Additions/Disposals	-	-
Closing Balance	43,601,674	43,601,674
Depreciation	(15,139,470)	(11,505,998)
<b>Net Asset Value</b>	<b>28,462,204</b>	<b>32,095,677</b>
<b>23. INCOME TAX PAYABLE/(RECEIVABLE)</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Opening Balance	(67,401,151)	(67,401,151)
Charge for the year	169,129,392	-
Previous year Income Tax	-	-
Payments during the year	-	-
<b>Closing Balance</b>	<b>101,728,241</b>	<b>(67,401,151)</b>
Income Tax Payable balance is included tax overpayments from 2014 amounting to Rs. 67,401,151/- that was still not settled in the IRD.		
<b>24. DEFERRED TAX ASSET/(LIABILITY)</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Balance at the beginning of the year	770,894,280	874,758
Under/(Over) Provision of deferred tax in respect of prior years	19,899,602	9,455,394
Provision/(reversal) for the year	(821,696,561)	760,564,128
Balance at the end of the year	(30,902,679)	770,894,280
<i>The closing Deferred Tax Asset/(Liability) balance relates to the following</i>		
Accumulated Depreciation	(137,803)	(255,342)
Retirement Benefit Obligation	2,373,517	2,243,390
Unused Tax Losses	-	768,906,232
Revaluation Gain /(Loss) - FVTOCI	(33,138,393)	-
	(30,902,679)	770,894,280
<b>25. OTHER ASSETS</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Other Receivables	5,539,935	5,582,000
Receivable From Treasury	88,939,587	88,939,587
(-)/Impairment on Receivable From Treasury	(53)	(56)
VAT Receivable	-	35,662,533
Advance paid to Fixed Assets	53,833,248	53,833,248
	148,312,717	184,017,312
<b>26. BORROWINGS UNDER REPURCHASE AGREEMENTS</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Due within 1 year	20,903,947,154	10,445,920,649
	20,903,947,154	10,445,920,649
<b>27. AMOUNT DUE TO RELATED PARTY</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Credit Line Facility and Borrowings from National Savings Bank	-	850,175,342
Other Payables to National Savings Bank	2,304,861	1,291,025
	2,304,861	851,466,368
<b>28. OTHER LIABILITIES</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Accrued Expenses & Other Liabilities	64,224,582	4,463,545
Advances Received	875,000	1,000,000
	65,099,582	5,463,545
<b>29. LEASE LIABILITY</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Opening Balance	36,931,864	38,296,481
Additions	-	-
Interest Expense	4,059,139	4,251,383
Principal Payment	(6,096,000)	(5,616,000)
<b>Closing Balance</b>	<b>34,895,003</b>	<b>36,931,864</b>

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30. RETIREMENT BENEFIT OBLIGATION	2023	2022
	Rs.	Rs.
Balance at the beginning of the year	7,477,968	5,131,153
Current Service Cost	636,504	634,128
Interest for the year	994,570	853,215
Deficit/(Surplus) charge for the year	(1,197,318)	1,143,946
Payments made during the year	-	(284,475)
Balance at the end of the year	<u>7,911,723</u>	<u>7,477,968</u>

LKAS 19 requires the techniques to make a reliable estimate of the amount of the retirement benefit that the employees have earned in return for their service in the current and prior periods and discount that benefits using the projected unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit.

30.1 The Employee Benefit Liability is based on the Projected Unit Credit method carried out as at 31 December 2023. The principal financial assumptions used in determining the cost of employee benefits were:

	2023	2022
Discount Rate	13.30%	18.00%
Future Salary Increment	10.00%	15.00%
Staff Turnover Rate	0%	7%
Average Future Working Life Time		
Age Group	25-34	35-44
Average Future Working Life Time - Years	27.80	15.80
		45<
		7.00

30.2 Sensitivity Analysis - Salary/Discount Rate

Values appearing in the Financial Statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows;

Effect on the present value of Defined Benefit Obligation	+1%	-1%
One percentage point change in the discount rate	(578,389)	651,765
One percentage point change in the salary escalation rate	666,133	(599,857)

**Assumptions**

Financial Assumptions - Rate of discount, Salary increment rate  
Demographic Assumptions - Mortality, Staff turn over, Disability, Retirement age

31. STATED CAPITAL	2023	2022
	Rs.	Rs.
Opening Balance	4,200,000,000	1,700,000,000
Issued During the year	-	2,500,000,000
Closing Balance	<u>4,200,000,000</u>	<u>4,200,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General Meeting of the company.

32. OTHER RESERVES	2023	2022
	Rs.	Rs.
Special Risk Reserve (Note 32.1)	1,277,471,951	867,070,467
FVTOCI Reserve (Note 32.2)	77,322,915	(66,332,007)
	<u>1,354,794,865</u>	<u>800,738,459</u>

32.1 In order to promote the safety, soundness and the stability of the Primary Dealer (PD) system and to build up PD capital base, Primary Dealers (PDs) are required to transfer a sum not less than 10% of their profit after tax annually to a Special Risk Reserve.

The Company transfers 25% out of Net Profit to the Special Risk Reserve when making profits.

32.2 FVTOCI reserve represents the Revaluation Gain/(Loss) of Government Securities at Fair Value Through Other Comprehensive Income Portfolio with the adjustment of Deferred Tax provision.

NSB Fund Management Company Limited  
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33. MATURITY OF ASSETS AND LIABILITIES

As analysis of interest bearing assets and liabilities by their remaining periods of the reporting date is as follows.

As at 31 December 2023	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 3 Years Rs.	3 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
<b>Assets</b>						
Government Securities at FVPL	4,551,456,036	13,247,756,365	3,104,026,425	1,525,234,644	12,187,091	22,440,660,561
Government Securities at AC	251,094,966	399,623,700	201,855,750	2,221,155,200	-	3,073,729,616
Corporate Debentures	9,914,144	-	192,950,000	-	-	202,864,144
Government Securities at FVOCI	33,550,045	-	61,203,921	338,821,384	132,035,190	565,610,540
Derivative Financial Assets	10,307,312	-	-	-	-	10,307,312
Loans & Advances	160,441,652	111,169	-	-	-	160,552,821
ROU Assets	908,368	2,725,105	7,266,946	7,266,946	10,294,840	28,462,204
<b>Total Interest Earning Assets</b>	<b>5,017,672,522</b>	<b>13,650,216,339</b>	<b>3,567,303,042</b>	<b>4,092,478,173</b>	<b>154,517,122</b>	<b>26,482,187,197</b>
<b>Total non Interest Earning Assets</b>						<b>165,909,499</b>
<b>Total Assets</b>						<b>26,648,096,696</b>
<b>Liabilities</b>						
Borrowings under Repo	20,660,489,061	243,458,093	-	-	-	20,903,947,154
Lease Liability	545,929	1,732,723	6,186,957	8,487,630	17,941,764	34,895,003
<b>Total Interest bearing Liabilities</b>	<b>20,661,034,989</b>	<b>245,190,816</b>	<b>6,186,957</b>	<b>8,487,630</b>	<b>17,941,764</b>	<b>20,938,842,157</b>
<b>Total non int. bearing Liabilities</b>						<b>207,947,086</b>
<b>Shareholder's Fund</b>						<b>5,501,307,453</b>
<b>Total Equity and Liabilities</b>						<b>26,648,096,696</b>

As at 31 December 2022	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 3 Years Rs.	3 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
<b>Assets</b>						
Government Securities at FVPL	1,181,853,762	1,150,667,557	6,454,840,160	273,128,161	2,410,335	9,062,899,976
Government Securities at AC	215,100,621	748,119,056	546,625,700	2,187,064,100	231,681,650	3,928,591,127
Corporate Debentures	22,162,647	217,312,077	-	192,950,000	-	432,424,723
Government Securities at FVOCI	45,592,927	-	-	42,361,043	396,569,881	484,523,851
Derivative Financial Assets	7,219,500	-	-	-	-	7,219,500
Loans & Advances	75,841,527	2,854,623	-	-	-	78,696,150
ROU Assets	908,368	2,725,105	7,266,946	7,266,946	13,928,313	32,095,677
<b>Total Interest Earning Assets</b>	<b>1,548,679,351</b>	<b>2,121,678,417</b>	<b>7,008,732,806</b>	<b>2,702,770,250</b>	<b>644,590,179</b>	<b>14,026,451,004</b>
<b>Total non Interest Earning Assets</b>						<b>1,036,017,863</b>
<b>Total Assets</b>						<b>15,062,468,867</b>
<b>Liabilities</b>						
Government Securities sold under Repurchase Agreement	10,432,016,883	13,903,766	-	-	-	10,445,920,649
Credit Line Facility	200,175,342	650,000,000	-	-	-	850,175,342
Lease Liability	487,999	1,548,861	4,933,892	7,482,675	22,478,436	36,931,864
<b>Total Interest bearing Liabilities</b>	<b>10,632,680,225</b>	<b>665,452,627</b>	<b>4,933,892</b>	<b>7,482,675</b>	<b>22,478,436</b>	<b>11,333,027,855</b>
<b>Total non int. bearing Liabilities</b>						<b>14,232,538</b>
<b>Shareholder's Fund</b>						<b>3,715,208,473</b>
<b>Total Equity and Liabilities</b>						<b>15,062,468,867</b>

**34. FINANCIAL ASSETS PLEDGED AS COLLATERALS FOR REPO & REVERSE REPO**

The Company has pledged assets that are in its Statement of Financial Position in day to day transaction which are conducted under the usual terms and conditions applying such agreements. The Company has pledged the investment in government securities against securities hold under repurchase agreements and pledged securities sold to customers for reverse repurchase transactions.

**34.1 Haircut Policy for Repo & Reverse Repo Transactions**

The Company's Haircut Policy on Repo & Reverse Repo transactions is based on the Guidelines issued by the Central Bank of Sri Lanka under the Direction No. 01 of 2019 on "Repurchase and Reverse Repurchase transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills".

At the time of entering into a repurchase or reverse repurchase transaction, the market value of the eligible securities adequately covers the repurchase value/ resale value of the securities (maturity value of the transaction), amount borrowed/ lent by the Company plus the interest that will accrue over its tenor within a minimum haircut as below,

Remaining term to maturity of the Eligible Security	Minimum Haircut (%)
up to 1 year	4.0
more than 1 year and up to 3 years	6.0
more than 3 year and up to 5 years	8.0
more than 5 year and up to 8 years	10.0
more than 8 years	12.0

Notwithstanding above, haircuts less than those required may be used for repurchase and reverse repurchase transaction entered into between the Company and the other party with the written agreement.

**34.2 Fair Value of Government Securities Pledged as Collaterals**

	2023 Rs.	2022 Rs.
Repo	22,461,671,505	10,907,168,982
Reverse Repo	200,675,747	92,737,170

**35. FAIR VALUE OF FINANCIAL INSTRUMENTS**

**Financial Instruments Recorded at Fair Value**

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments.

**(a) Financial Assets Held for Trading**

Quoted Equities and Sri Lanka Government Securities - Treasury Bills and Bonds included in Financial Assets Held for Trading are valued using market prices.

whereas debt securities are valued using discounted cash flow valuation models which incorporate observable and non observable market data.

**(b) Financial Investments - Fair Value Through Other Comprehensive Income**

Fair Value Through Other Comprehensive Income Financial Assets valued using valuation techniques or pricing models primarily consist of unquoted equities and Sri Lanka Government Securities - Treasury Bonds.

**Determination of Fair Value and Fair Value Hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

**35. FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd...)****35.1 Determination of Fair Value and Fair Value Hierarchy**

As at 31 December 2023	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
<b>Financial Assets</b>				
Financial Assets - Held for Trading & FVTOCI	23,006,271,101	-	-	23,006,271,101
Equity Investments	-	-	2,000,000	2,000,000
	<u>23,006,271,101</u>	<u>-</u>	<u>2,000,000</u>	<u>23,008,271,101</u>

**As at 31 December 2022****Financial Assets**

Financial Assets - Held for Trading & FVTOCI	9,547,423,826	-	-	9,547,423,826
Equity Investments	-	-	2,000,000	2,000,000
	<u>9,547,423,826</u>	<u>-</u>	<u>2,000,000</u>	<u>9,549,423,826</u>

**35.2 Determination of Fair Value and Fair Value Hierarchy**

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	31 December 2023		31 December 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>				
Cash and Bank	6,796,433	6,796,433	2,088,266	2,088,266
Loans and Advances	160,552,821	200,675,747	78,696,150	92,737,170
Financial Assets as Held to Collect	3,073,729,616	2,827,205,800	3,928,591,127	2,821,698,089
Total Financial Assets	<u>3,241,078,871</u>	<u>3,034,677,980</u>	<u>4,009,375,543</u>	<u>2,916,523,525</u>
<b>Financial Liabilities</b>				
Borrowings under Repurchase Agreements	20,903,947,154	22,461,671,505	10,445,920,649	10,907,168,982
Amounts Due to Related Parties	2,304,861	2,304,861	851,466,368	851,466,368
Total Financial Liabilities	<u>20,906,252,015</u>	<u>22,463,976,366</u>	<u>11,297,387,017</u>	<u>11,758,635,349</u>

**Fair Value of Financial Assets and Liabilities not Carried at Fair Value**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

**Assets for which Fair Value Approximates Carrying Value**

For financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity, floating rate instruments, fixed rate instruments having maturities within 12 months.

**Fixed Rate Financial Instruments**

The fair value of fixed rate financial assets and liabilities (other than assets and liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

### 36. FINANCIAL RISK MANAGEMENT

#### Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Operational risks

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

#### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies of the Company's are established to identify and analyze the risk faced by the company's to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

#### Market risk

Interest rate risk include in the market price movement are monitored monthly using gap analysis and the re-pricing impact of interest rate fluctuations on the portfolio. Stress testing based on PVBP analysis to monitor the impact of interest rate variations on the value of the portfolio is also assessed and both results are reported to the Board.

#### Operational risk

A software system has been put in place to automate core functions of the Company with online MIS and other risk management facilities. A Disaster Recovery Site for SWIFT connectivity, IT system and other business functions of the Company has been set up at NSB premises in Maharagama & Internal audit conducted by Ernst & Young and responsible for monitoring the operation of the internal control system.

Performance of the Company is monitored by the Department of Supervision of Non-Bank Financial Institutions of the Central Bank as the regulatory authority. Stress Testing to measure risk impact of interest rates on the portfolio, Cumulative Gap measuring the Liquidity Risk, Capital Adequacy Ratio and Capital Leverage are monitored.



NSB Fund Management Company Limited  
 NOTES TO THE FINANCIAL STATEMENTS  
 As at 31 December 2023

36.1 Credit Risk

Credit Risk Analysis - Maturity Profile Analysis of Financial Assets  
 As at 31 December 2023 - Face Value Analysis

Instrument	Overnight	2-7 Days	8-30 Days	31-91 Days	92-182 Days	183-365 Days	Above 365 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Reverse Repo	-	4,166,862	1,447,041	51,904,658	502,406	2,876,747	99,096,506
Treasury bills	-	23,728,439	4,207,828,767	7,328,465,422	2,038,929,097	1,460,987,964	-
Treasury bonds	160,704,937	-	-	152,859,039	52,793,380	3,308,119,432	7,677,604,291
<b>Total</b>	<b>160,704,937</b>	<b>27,895,301</b>	<b>4,209,275,808</b>	<b>7,533,229,119</b>	<b>2,092,224,883</b>	<b>4,771,984,143</b>	<b>7,776,700,797</b>

Credit Risk Analysis - Maturity Profile Analysis of Financial Assets  
 As at 31 December 2022- Face Value Analysis

Instrument	Overnight	2-7 Days	8-30 Days	31-91 Days	92-182 Days	183-365 Days	Above 365 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Reverse Repo	-	-	-	1,060,000	280,000	4,466,068	94,800,000
Treasury bills	-	3,028,261	4,853,682	331,285,143	1,238,513,663	136,368,582	-
Treasury bonds	-	-	550,000,000	116,445,452	748,100,000	52,745,704	12,421,335,261
<b>Total</b>	<b>-</b>	<b>3,028,261</b>	<b>554,853,682</b>	<b>448,790,595</b>	<b>1,986,893,663</b>	<b>193,580,354</b>	<b>12,516,135,261</b>

36.2 Liquidity Risk

Liquidity risk Analysis - Maturity Profile Analysis of Financial Liabilities  
 As at 31 December 2023 - Face Value Analysis

Instrument	Overnight	2-7 Days	8-30 Days	31-91 Days	92-182 Days	183-365 Days	Above 365 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Customer Repo	-	1,400,000	364,596,760	58,817,318	528,082,439	1,681,767,494	8,084,327,394
Other Repo	-	-	2,500,000,000	5,388,000,000	-	1,500,000,000	500,000,000
<b>Total</b>	<b>-</b>	<b>1,400,000</b>	<b>2,864,596,760</b>	<b>5,446,817,318</b>	<b>528,082,439</b>	<b>3,181,767,494</b>	<b>8,584,327,394</b>

Liquidity risk Analysis - Maturity Profile Analysis of Financial Liabilities  
 As at 31 December 2022 - Face Value Analysis

Instrument	Overnight	2-7 Days	8-30 Days	31-91 Days	92-182 Days	183-365 Days	Above 365 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Customer Repo	-	2,598,300	3,572,147	239,313,701	360,360,884	165,302,172	1,629,255,860
Other Repo	-	-	473,060,632	-	1,218,220,545	-	9,809,109,690
<b>Total</b>	<b>-</b>	<b>2,598,300</b>	<b>476,632,779</b>	<b>239,313,701</b>	<b>1,578,581,429</b>	<b>165,302,172</b>	<b>11,438,365,550</b>

## 36.3 Market risk

## Sensitivity Analysis of Re-Pricing of assets and liabilities

As at 31 December 2023 - Maturity of assets and liabilities - Market Value

Instrument	8 - 30 Days	31 - 91 Days	92 - 182 Days	183 - 365 Days	1 - 2 Years	2 - 5 Years	Above 5 Years
Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Reverse Repo	7,142,847	65,318,939	639,306	3,645,594	35,925,622	88,003,440	-
T.Bonds	160,692,241	151,879,518	54,176,408	3,141,761,685	1,768,072,870	5,544,219,153	144,222,282
T.Bills	4,198,398,799	7,184,112,894	1,942,091,009	1,319,826,199	-	-	-
Debentures	-	-	-	-	-	192,950,000	-
<b>Total</b>	<b>4,366,233,886</b>	<b>7,401,311,351</b>	<b>1,996,906,724</b>	<b>4,465,233,478</b>	<b>1,803,998,492</b>	<b>5,825,172,593</b>	<b>144,222,282</b>
<b>Liabilities &amp; Equity</b>							
Equity	-	-	-	-	-	-	5,501,307,453
Repo	3,033,998,825	5,861,037,647	575,816,410	3,426,619,457	6,100,835,141	3,463,364,025	-
<b>Total</b>	<b>3,033,998,825</b>	<b>5,861,037,647</b>	<b>575,816,410</b>	<b>3,426,619,457</b>	<b>6,100,835,141</b>	<b>3,463,364,025</b>	<b>5,501,307,453</b>

## Sensitivity Analysis of Re-Pricing of assets and liabilities

As at 31 December 2022 - Maturity of assets and liabilities - Market Value

Instrument	8 - 30 Days	31 - 91 Days	92 - 182 Days	183 - 365 Days	1 - 2 Years	2 - 5 Years	Above 5 Years
Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Reverse Repo	-	996,056	-	3,998,501	87,742,614	-	-
T.Bonds	546,644,450	113,153,306	712,321,369	46,166,179	2,827,661,664	5,655,977,651	584,414,966
T.Bills	4,796,594	316,355,831	1,102,983,459	111,921,141	-	-	-
Debentures	-	-	-	217,390,752	-	192,871,324	-
<b>Total</b>	<b>551,441,044</b>	<b>430,505,193</b>	<b>1,815,304,829</b>	<b>379,476,572</b>	<b>2,915,404,278</b>	<b>5,848,848,975</b>	<b>584,414,966</b>
<b>Liabilities &amp; Equity</b>							
Equity	-	-	-	-	-	-	3,715,208,473
Repo	3,531,207	234,904,635	330,518,138	139,452,713	678,438,987	473,455,021	96,002,746
<b>Total</b>	<b>3,531,207</b>	<b>234,904,635</b>	<b>330,518,138</b>	<b>139,452,713</b>	<b>678,438,987</b>	<b>473,455,021</b>	<b>3,811,211,220</b>

## 36.4 Stress check Analysis

Reduction of the value of Trading Portfolio for an increase in yield by 100 basis points as per Stress Check

Results

Treasury bill trading portfolio

Treasury bond trading portfolio

2023

Rs.

2022

Rs.

(57,792,654) (8,276,992)

(70,022,156) (113,387,126)

(127,814,810) (121,664,118)

**37. RELATED PARTY DISCLOSURES****(a) Transactions with key management personnel**

Key management personnel comprise of the Directors of the Company and the details of the transactions with them are as follows.

**i) Loans to key management personnel**

No loans were given to Directors of the company.

**ii) Key management personnel compensation**

Remuneration paid to Directors during the year was amounted to Rs. 1,305,167/- (2022 -Rs. 1,650,000/-).

**iii) Key management personnel Investments in Government Securities of the Company**

Directors of the Company and the Parent have made sum of Rs. 87,439,631/- investments in Government Securities of the Company as at 31.12.2023.

**(b) Transactions with related parties**

The following transactions were carried out with related parties during the year ended 31 December 2023.

<b>Items in Income Statement</b>		<b>2023</b>	<b>2022</b>
		<b>Rs.</b>	<b>Rs.</b>
National Savings Bank	Service Charges/ RTGS Charges Income	980,000	20,800
	Custodian Fee Income	-	10,500,000
	Trustee Fee Income	1,050,000	1,050,000
	Interest Paid on Repurchase agreements	74,781,890	49,766,444
	Interest Expense on Credit Line Facility	64,670,466	284,203,781
	Legal Fees	300,000	300,000
	Rent Expense	6,096,000	5,616,000
<b>Items in Statement of Financial Position</b>			
National Savings Bank	Borrowing under Repurchase agreements	3,502,932,824	-
	Other Payables	2,304,861	1,291,025
	Credit Line Facility and Borrowings obtained	-	850,175,342

**38. CONTINGENT LIABILITIES AND COMMITMENTS**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future event or present obligation where the transfer of economic benefit is not probable or cannot be reliably measured.

Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless its occurrence is remote.

**38.1 Derivative Financial Assets - Government Securities**

	Face Value Rs.	Market Value Rs.
Forward Purchases - Treasury Bonds	19,381,083,000	17,645,414,133
Forward Sales - Treasury Bonds	18,532,842,392	16,721,880,272
Forward Sales - Treasury Bills	4,964,126	4,816,250

**38.2 Commitments for Credit Facility**

	2023 Rs.	2022 Rs.
Credit Line Facility of National Savings Bank (Agreed Amount Rs. 1,000,000,000/-)	-	350,000,000

**38.3 Capital Commitments**

Capital expenditure approved by the Board of Directors, for which provisions have not been made in the Financial Statements are detailed below

	2023		2022	
	Rs.	USD	Rs.	USD
Approved and contracted for Treasury System	41,158,000	128,619	46,522,688	128,619

**38.4 Assessment Received by the Company**

**Income Tax**

Notice of assessment has been issued for Income Tax for the years of assessment 2009/10, 2010/11, & 2011/12 amounting to Rs. 39.8 Mn and a penalty of Rs.27 Mn. The Company has submitted late appeals to IRD for waving off. The IRD decision is pending.

The following assessment is at Tax Appeal Commission (TAC) and hearings are going on.

Period – Tax type	Charge number	Assessment value	With Penalty & Interest	Current status
2018/19 - CIT	201819002	Rs. 83.2 Mn	Rs. 139.8 Mn	TAC

**PAYE Tax**

Notice of assessment has been issued for PAYE tax for the years of assessment 2005/06, 2010/11, 2011/12, 2012/13 & 2014/15 amounting to Rs. 180,187/- and a penalty of Rs. 110,366/-. The Company has requested IRD to sett off them against company's PAYE overpayments. The IRD decision is pending.

**39. EVENTS OCCURRING AFTER THE REPORTING DATE**

No circumstances have arisen since the reported date which would require adjustments to or disclosure in the financial statements.

NSB Fund Management Company Limited  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2023

	2023	2022
	Rs.	Rs.
<b>Personnel Costs</b>		
Salaries and Wages	22,407,075	17,605,019
Employee Emoluments	23,663,552	14,861,010
Medical Expenses	537,025	678,828
O/T Out Pocket Allowance	71,957	674
EPF	2,584,269	2,075,282
ETF	646,067	518,821
Bonus	16,678,577	6,730,229
Encashment of Privilege Leave	1,730,786	1,264,928
Staff Training Expenses	726,200	379,100
Gratuity expense	1,631,073	1,771,818
Membership Subscription	-	60,000
	<u>70,676,582</u>	<u>45,945,708</u>
	2023	2022
	Rs.	Rs.
<b>Other Expenses</b>		
Directors Fees	1,305,167	1,650,000
Audit Fees	4,389,255	2,630,220
Bank Charges	145,690	140,590
Annual Membership Fees	1,175,615	402,835
Swift Charges	3,477,736	3,327,884
Bloomberg Charges	16,631,606	16,057,565
Sundry Expenses	1,122,758	539,018
Sales Promotion	2,928,750	202,708
Stationery	527,182	304,983
Chargeable Equipment	10,980	-
Travelling	63,340	85,220
Postage	3,955	2,445
Electricity	2,751,138	1,492,075
Telephone Charges	1,591,516	1,344,541
Water Tax	127,609	114,753
Maintenance of Computers	1,033,260	731,025
Maintenance of Office Equipment	735,635	77,430
Office Renovation Expenses	237,062	240,588
CSE Rental and Communication Charges	302,772	514,448
Publication Expenses	138,460	341,779
Professional Fees	4,369,172	300,000
Secretarial Fee	240,000	120,000
Lease Interest on ROU Asset	4,059,139	4,251,383
Brokerage Expense	4,401,602	2,108,931
Other Charges	20,991	259,957,886
	<u>51,790,388</u>	<u>296,938,306</u>

## Corporate Information

Name of the Company- NSB Fund Management Company Limited

Company Reg. Number - PB 795

Legal Form - A fully owned subsidiary of National Savings Bank, incorporated under the Companies Act No. 17 of 1982 and re- registered under the provisions of the Companies Act No. 07 of 2007.

Board of Directors - Mr. Dushyantha Basnayake (Chairman)  
Mrs. Shashi Kandambi  
Mr. Oshada Rodrigo  
Mr. K. Raveendran

Chief Executive Officer - Mr. D L P Abayasinghe

Company Secretary - Ms. Farzana Aniff

Registered Office - No. 400  
Galle Road, Colombo 03.

Telephone - 2425010, 2425011, 2425012 & 2565957

Fax - 2564706/2574387

E-mail - [nsbfmc@nsb.lk](mailto:nsbfmc@nsb.lk)

Web - <https://www.nsb.lk/fund-management>

SWIFT - NSBFLKLXXXX

Auditor - Auditor General

Banker - Bank of Ceylon - Corporate Branch  
No.4, Bank of Ceylon Mawatha  
Colombo 01.