



Annual Report 2024



"An investment in knowledge pays the best interest."

Benjamin Franklin

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1. Company Profile

Who we are

NSB Fund Management Co. Ltd began operations on March 1, 2000, as a dedicated Primary Dealer appointed by the Central Bank under the new Primary Dealer system. We specialize in primary and secondary market transactions of Government Securities, standing among the leading Primary Dealers in Sri Lanka.

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

	2024	2023	2022	2021	2020
Operating Result					
Interest Income (Rs Mn)	3,715	3,099	2,342	1,443	1,501
Net Gain/(Loss) from FVTPL (Rs Mn)	880	2,276	(2,518)	(615)	472
Interest Expenses (Rs Mn)	(2,498)	(2,137)	(2,290)	(837)	(922)
Net Operating Income (Rs Mn)	2,105	3,252	(2,449)	37	1,098
Operating Expenses, Provisions, VAT & SSCL	(567)	(673)	(347)	(74)	(196)
Profit/(Loss) before Taxation (Rs Mn)	1,537	2,579	(2,796)	(37)	901
Income Tax Reversal/(Expenses) (Rs Mn)	(579)	(937)	770	43	(293)
Profit/(Loss) for the year (Rs Mn)	958	1,642	(2,026)	6	608
Earnings/(Loss) per Share (Rs.)	2	4	(7)	0	4
Assets					
Cash & Cash Equivalents (Rs Mn)	2	7	2	1.5	1
Other Financial Assets (Rs Mn)	29,907	26,324	13,908	27,449	16,667
Loans & Advances (Rs Mn)	323	161	79	10.5	12
P.P.E./Intangible Assets (Rs Mn)	14	9	10	12	12
Other Assets (Rs Mn)	98	148	1,063	278	189
Total Assets	30,345	26,648	15,062	27,751	16,882
Liabilities & Equity					
Borrowings (Rs Mn)	23,317	20,904	10,446	23,757	12,785
Other Liabilities (Rs Mn)	531	243	901	554	263
Equity (Rs Mn)	6,497	5,501	3,715	3,440	3,833
Total Liabilities & Equity	30,345	26,648	15,062	27,751	16,882
Ratios					
Return on Equity (%)	15.97	35.62	-	0.17	16.96
Return on Investment (%)	2.69	2.43	0.25	2.74	3.58
Net Profit Ratio (%)	2.20	1.98	-	0.69	30.02
Average Yield	15.03	16.03	18.2	8.39	7.8
Other Information					
No. of Employees	26	25	22	22	20

Rs. 2,105 Mn

Net Operating Income

Rs. 958 Mn

Profit After Tax

Rs. 30,345
Mn

Total Assets

Rs. 6,497 Mn

Net Assets

3. Market Overview 2024

Gross Domestic Product (GDP) Growth

Sri Lanka's economy achieved a significant recovery in 2024, marking an annual GDP growth rate of 5.0%, the highest since 2017. This rebound followed two years of contraction caused by a financial crisis. Quarterly growth rates reflected consistent improvement: Q1 saw 5.3% growth driven by industry and services; Q2 recorded 4.7%, supported by agriculture, industry, and services; Q3 reached 5.5% with broad sectoral contributions; and Q4 maintained strong growth at 5.4%. Key drivers included increased tourism earnings (up 66.1%), higher remittances (up 11%), and fiscal consolidation through VAT reforms that boosted tax revenues by 42.6%. External support from the IMF-EFF program and debt restructuring further stabilized the economy. Despite challenges such as inflationary pressures, external debt burdens, and poverty concerns, the recovery was bolstered by improved manufacturing, construction, transportation, and accommodation services, alongside deflationary trends that enhanced economic stability.

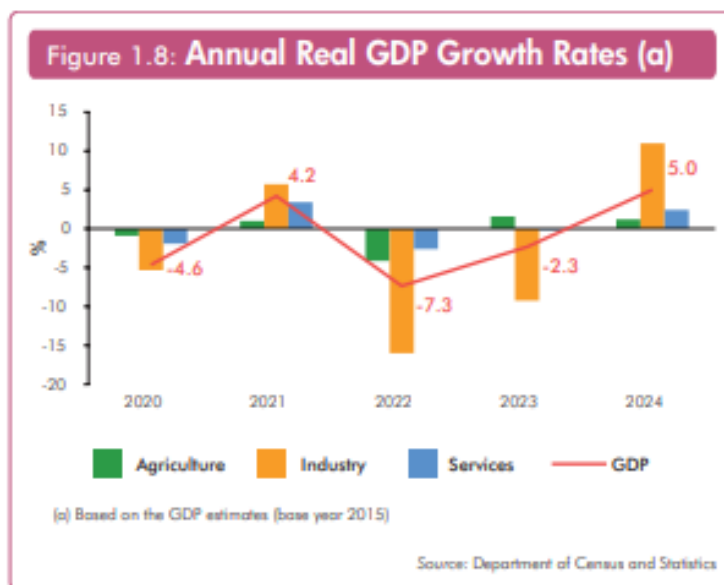


Figure 1 – Source – Annual Economic Review 2024

Inflation

Sri Lanka experienced an initial surge in inflation during the early months of 2024, primarily triggered by a range of fiscal adjustments. These included the increase in Value Added Tax (VAT), the elimination of several VAT exemptions, and a notable rise in food prices. These policy measures contributed to a temporary uptick in consumer prices across key sectors. However, this inflationary momentum proved short-lived.

Beginning in March 2024, inflation began to ease significantly. This shift was largely driven by a combination of factors, including a substantial reduction in electricity tariffs, favorable statistical base effects, and persistently subdued domestic demand conditions. These developments helped contain price increases and gradually brought overall inflation down. By September 2024, the country had entered a deflationary phase, with headline inflation turning negative. The Colombo Consumer Price Index (CCPI) and the National Consumer Price Index (NCPI) recorded year-end deflations of -1.7% and -2.0%, respectively.

Several other macroeconomic factors supported this deflationary trend. The decline in global commodity prices, particularly energy-related products, played a major role in reducing import costs. Additionally, the appreciation of the Sri Lankan rupee against major currencies further eased the pressure on domestic prices. A second round of electricity tariff cuts implemented in July 2024 reinforced the downward momentum in inflation, especially in the energy and transport-related categories.

As a result, consumers experienced noticeable relief in the cost of living, particularly in essentials like food, fuel, and household utilities. The deflationary trend persisted into the early months of 2025, bolstered by a further electricity tariff reduction in January and the continued influence of statistical base effects stemming from early 2024. By February 2025, the NCPI-based year-on-year inflation had fallen to -3.9%, while the CCPI-based measure reached -2.6% by March 2025. This sustained period of deflation marked a significant shift in Sri Lanka's post-crisis economic landscape, reflecting a broader trend of price stabilization and improved external economic conditions.

Figure 1.1: Inflation Dynamics in Sri Lanka

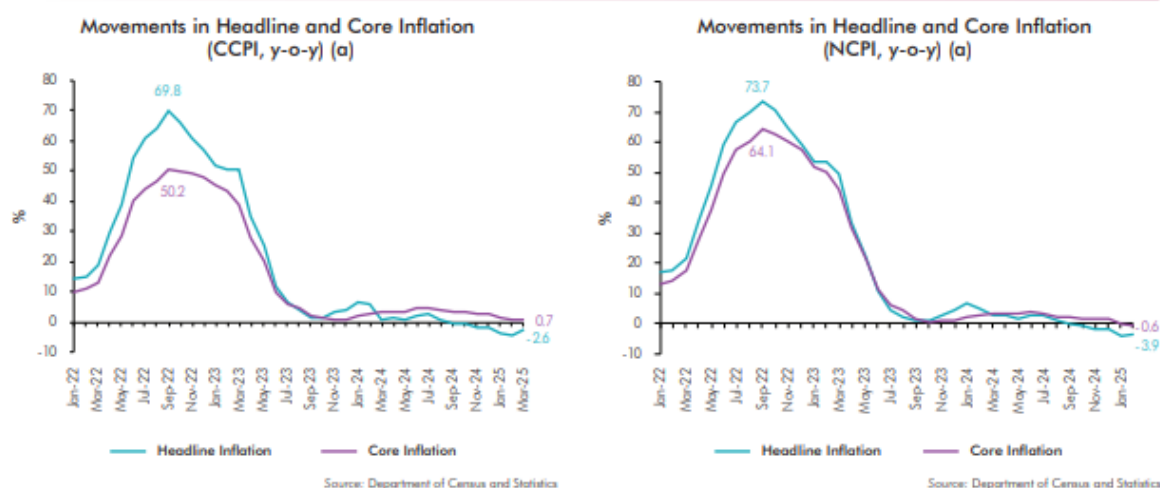


Figure 2 : Inflation CCPI & NCPI – Year-on-Year Resource; Annual Economic Review 2024

Monetary Policy Decisions and Policy Rate

In 2024, the Central Bank of Sri Lanka (CBSL) implemented a series of carefully calibrated monetary policy measures aimed at striking a balance between maintaining inflation at manageable levels and fostering a stable economic recovery. Recognizing the need to support domestic demand in the face of subdued inflationary pressures and a fragile post-crisis environment, the CBSL adopted an accommodative monetary policy stance. As part of this strategy, the Bank reduced key policy interest rates—the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR)—by 50 basis points, bringing them down to 8.50% and 9.50% respectively by March 2024. This initial rate cut was designed to lower borrowing costs, improve liquidity conditions, and stimulate private sector activity.

As the year progressed, the CBSL continued with further monetary easing measures through mid-2024, reinforcing its commitment to revitalizing economic growth while ensuring inflation remained within a controlled range. These actions were complemented by an important structural change in the monetary policy framework. In November 2024, the CBSL transitioned from the dual policy rate system (SDFR and SLFR) to a unified Overnight Policy Rate (OPR). This move was aimed at simplifying the monetary policy framework, enhancing the transparency and effectiveness of policy signals, and aligning Sri Lanka's monetary operations with international best practices.

Collectively, these policy decisions reflect the Central Bank's proactive and responsive approach to evolving macroeconomic conditions. By easing monetary conditions and reforming its policy tools, the CBSL demonstrated a clear intent to support economic stability, rebuild confidence in financial markets, and lay a sustainable foundation for long-term growth.

Policy Rate	Beginning of the year	End of the year	Change (bps)
Standing Deposit Facility Rate	9.00%	7.50%	(250)
Standing Lending Facility Rate	10.00%	8.50%	(150)
Statutory Reserve Ratio	2.00%	2.00%	-

(Table 01: Policy Rate Changes Source : Annual Economic Review - 2024)

Government Security Yields

In 2024, yields on Sri Lanka's government securities experienced a notable decline, driven by a combination of positive macroeconomic developments and supportive policy actions. The improvement in fiscal performance, reflected through better revenue collection and controlled expenditure, helped restore investor confidence. Simultaneously, the Central Bank's accommodative monetary policy—characterized by interest rate cuts—lowered borrowing costs and encouraged demand for government securities. Additionally, a reduction in country-specific risk premiums, due to ongoing progress in public debt restructuring and improved external sector conditions, further contributed to the downward pressure on yields.

Despite these favorable conditions, there were temporary increases in yields between June and September, largely attributed to elevated government borrowing through high auction volumes and heightened political uncertainty. However, from mid-September onward, yields resumed their downward trajectory as market sentiment stabilized and liquidity improved.

As a result, Treasury bill yields dropped significantly, falling by 4.0 to 5.9 percentage points across various maturities. Treasury bond yields also declined, particularly in the medium-term segment, with reductions ranging from approximately 1.0 to 4.0 percentage points. This trend led to a noticeable downward shift in the overall yield curve, which also normalized into a more traditional upward-sloping shape—indicating growing market confidence in the medium to long-term economic outlook. However, yields on longer-maturity Treasury bonds adjusted more gradually, reflecting persistent caution among investors regarding long-term fiscal and debt sustainability.

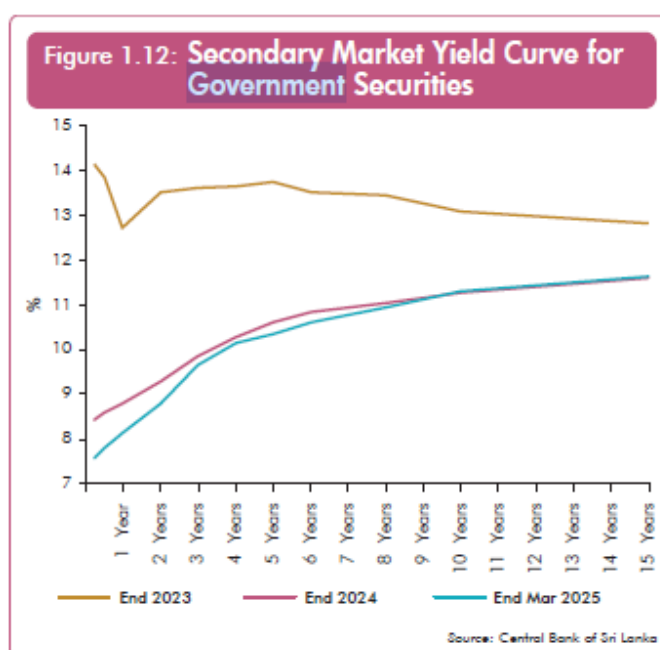


Figure 3 – Source – Annual Economic Review 2024

Market Interest Rates

Table 1.7: Movements of Interest Rates			
Interest Rate	End 2023	End 2024	% per annum Change in pps
Policy Interest Rate of the Central Bank			
Overnight Policy Rate (OPR) (a)	-	8.00	-
Standing Facility Rates (a)			
Standing Deposit Facility Rate (SDFR)	9.00	7.50	-1.50
Standing Lending Facility Rate (SLFR)	10.00	8.50	-1.50
Average Weighted Call Money Rate (AWCMR)	9.24	8.00	-1.24
Yield Rates on Government Securities			
Primary Market (b)			
Treasury bills			
91-day	14.51	8.62	-5.89
182-day	14.16	8.77	-5.39
364-day	12.93	8.96	-3.97
Treasury bonds			
2-year	13.87 (d)	13.83 (d)	-0.04
3-year	14.07 (d)	11.83 (d)	-2.44
4-year	14.21 (d)	10.42 (d)	-3.79
5-year	14.32 (d)	10.73 (d)	-3.57
10-year	-	-	-
Secondary Market			
Treasury bills			
91-day	14.13	8.43	-5.70
182-day	13.86	8.61	-5.25
364-day	12.71	8.81	-3.90
Treasury bonds			
2-year	13.92	9.31	-4.61
3-year	13.67	9.87	-3.75
4-year	13.66	10.30	-3.36
5-year	13.74	10.61	-3.13
10-year	13.10	11.27	-1.83
Interest Rates on Deposits			
Licensed Commercial Banks (e)			
Savings Deposits	0.25-13.00	0.25-9.00	-
1 Year Fixed Deposits (f)	1.00-22.00	2.50-18.39	-
AWDR	11.64	7.53	-4.11
AWFDR	14.88	9.27	-5.61
AWNDR	11.06	6.52	-4.54
AWNDR	11.33	6.57	-4.76
Other Financial Institutions (g)			
National Savings Bank			
Savings Deposits	3.00	3.00	-
1 Year Fixed Deposits	8.00	7.00	-1.00
Finance Companies (h)			
Savings Deposits	4.33-6.67	3.91-6.03	-
1 Year Fixed Deposits	11.88-13.56	9.23-11.00	-
Interest Rates on Lending			
Licensed Banks (i)			
AWGR	15.33	12.48	-2.85
AWNDR	14.96	11.59	-3.37
Licensed Commercial Banks (e)			
AWPR - Monthly	12.39	8.92	-3.47
AWLR	14.21	11.93	-2.28
AWNLR	14.38	10.77	-3.61
Licensed Specialized Banks (g)			
National Savings Bank			
13.00-20.00	12.75-18.00	-	
State Mortgage and Investment Bank (j)			
9.50-21.00	9.00-20.00	-	
Finance Companies (h)			
Finance Lending	14.98-22.48	10.99-21.75	-
Corporate Debt Market			
Debentures	13.50-29.50	12.00-15.25	-
Commercial Papers	17.00-26.50	12.00-13.75	-

Sources: Central Bank of Sri Lanka; Colombo Stock Exchange; Respective Financial Institutions.

(a) Effective 27 November 2024, OPR is defined as the policy interest rate of the Central Bank. SDPR and SLFR are linked to OPR with a margin as decided by the Central Bank.

(b) Weighted average yield rates of the latest available auction.

(c) Last Primary Auction during 2023: 2 yr - 28 Dec; 3 yr - 12 Dec; 4 yr - 28 Dec; 5 yr - 12 Dec.

(d) Last Primary Auction during 2024: 2 yr - 11 Jan; 3 yr - 12 Mar; 4 yr - 20 Dec; 5 yr - 12 Dec.

(e) Based on the rates quoted by LCBs.

(f) Maximum rates are special rates offered by certain LCBs.

(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 Finance Companies (FCs) which are applicable for deposits mobilized and loans granted during the respective months. Data for 2024 are provisional.

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

(j) Lending for housing purposes only.

In 2024, market interest rates in Sri Lanka continued their downward trajectory, driven primarily by the Central Bank's accommodative monetary policy stance. Since June 2023, the Central Bank had reduced policy rates by a cumulative 775 basis points, including a further 125 basis points in 2024 alone. A key milestone in this process was the introduction of the unified Overnight Policy Rate (OPR) in late November 2024, which replaced the previous dual-rate system. Alongside this transition, the Central Bank cut the policy rate by 50 basis points, further reinforcing its commitment to lowering borrowing costs and supporting economic recovery.

The Average Weighted Call Money Rate (AWCMR) declined and stabilized around 8.00% by year-end 2024, supported by subdued inflation, stable inflation expectations, and reduced risk premiums from improved debt restructuring and fiscal consolidation.

While the most significant downward adjustments occurred in the first half of 2024, the pace of decline temporarily slowed during the mid-year period due to a brief uptick in government securities yields. Nonetheless, the broader trend of declining interest rates resumed as conditions stabilized.

Deposit and lending rates in Sri Lanka's banking sector declined in 2024 following monetary policy easing, with the AWDR and AWFDR dropping by 4.1 to 5.6 percentage points. While overall lending rates, including the AWPR, also decreased, some loan products with longer terms or higher risks remained costly. Notably, interest rates on loans to MSMEs fell significantly, improving credit access for this key economic sector. Importantly, despite lower nominal rates, real interest rates remained broadly positive throughout the year due to continued low inflation. However, as inflation gradually moves toward the Central Bank's target range, a further decline in real interest rates is anticipated.

Figure 4: Movements of Interest Rates Source: Economic Indicator 2024

This downward trend in market lending rates continued into early 2025, further supporting credit expansion and broader economic recovery.

Foreign Reserves

Sri Lanka's gross official reserves (GOR) rose significantly to USD 6.1 billion by the end of 2024, up from USD 4.4 billion at the end of 2023. This increase was primarily driven by record-high net foreign exchange purchases by the Central Bank from the domestic forex market, the receipt of the third tranche under the ongoing IMF Extended Fund Facility (EFF) programme, and financial support from the World Bank and the Asian Development Bank (ADB). The direct absorption of foreign exchange from the domestic market enabled the Central Bank to exceed the 2024 net international reserve targets set under the IMF-EFF programme.

While GOR peaked at USD 6.5 billion by end November 2024, it declined to USD 6.1 billion by year-end due to one-off charges and interest payments related to the restructuring of International Sovereign Bonds (ISBs). Meanwhile, the banking sector's net foreign asset position improved over the year, as the increase in foreign assets outpaced the growth in foreign liabilities. By end-2024, the banking sector's foreign assets rose to USD 5.1 billion, slightly higher than the USD 5.0 billion recorded at end-2023.

Consequently, total international reserves, which include both GOR and banking sector foreign assets—registered a notable increase, reaching USD 11.2 billion at end-2024, compared to USD 9.4 billion at end-2023.

Table 1.15: Gross Official Reserves, Total Foreign Assets and Overall Balance					
Item	USD mn				
	2020	2021	2022	2023	2024 (a)
1. Government Foreign Assets	155	177	39	875	368
2. Central Bank Foreign Assets	5,510	2,962	1,858	3,517	5,754
3. Gross Official Reserves (1+2)	5,664	3,139	1,898	4,392	6,122
4. Foreign Assets of Deposit-taking Corporations	2,856	2,983	3,976	4,981	5,108
5. Total Foreign Assets (3+4) (b)	8,521	6,122	5,874	9,373	11,230
6. Reserve Related Liabilities (c)	2,121	3,562	5,127	4,796	3,635
7. Net International Reserves (NIR) (3-6)	3,543	-423	-3,229	-404	2,487
8. Overall Balance (d)	-2,328	-3,967	-2,806	2,826	2,890
9. Gross Official Reserves in Months of Imports of Goods	4.2	1.8	1.2	3.1	3.9
10. Total Foreign Assets in Months of Imports of Goods	6.4	3.6	3.9	6.7	7.2

(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

Figure 5: Gross Official Reserves Source: Economic Indicator 2024

Primary Dealer (PD) Industry Performance

By the end of 2024, five Licensed Commercial Banks (LCBs) and five Primary Dealer Companies (PDCs) were actively operating as Primary Dealers in the government securities market. The total assets of PDCs grew by 9.7%, reaching Rs. 297.2 billion in 2024, up from Rs. 270.9 billion in 2023.

Their collective investment in government securities rose by 5.7% year-on-year, totaling Rs. 277.9 billion by the end of 2024 compared to Rs. 262.9 billion the previous year. Despite this growth in assets and investments, PDCs reported a sharp decline in profitability, with Profit After Tax (PAT) dropping to Rs. 9.7 billion in 2024 from Rs. 30.4 billion in 2023.

This steep fall was primarily due to reduced interest income and capital gains, alongside increased revaluation losses on financial assets held for trading, which are measured at fair value through profit and loss. Consequently, Return on Assets (ROA) and Return on Equity (ROE) fell significantly to 7.9% and 30.9% in 2024, down from 31.9% and 113.9%, respectively, in 2023.

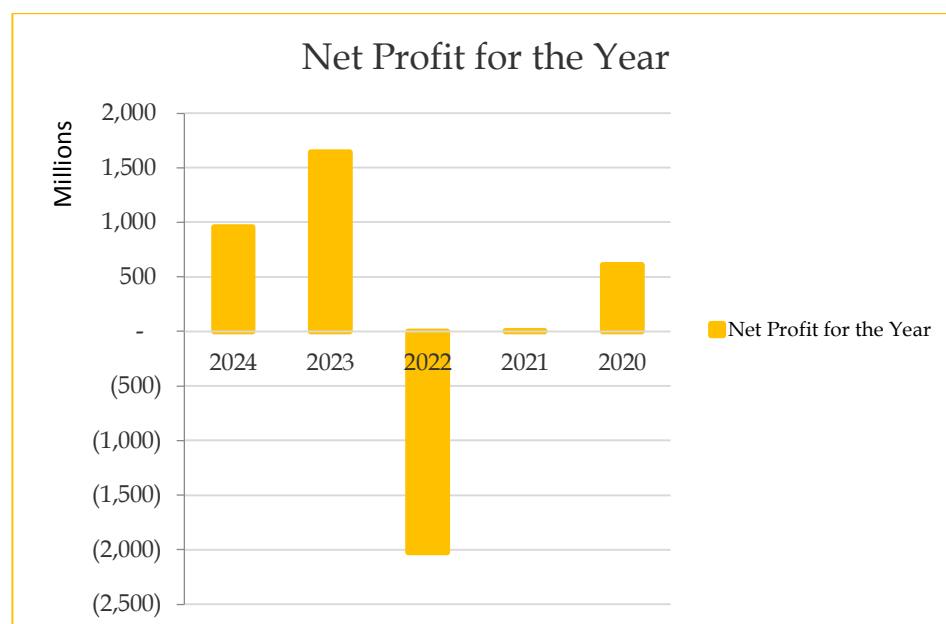
Additionally, PDCs' equity experienced a marginal decline of 2.3%, largely driven by reduced profitability. The Risk-Weighted Capital Adequacy Ratio (CAR) remained comfortably above the regulatory minimum of 10.0%, though it decreased to 18.7% from 22.3% by year-end. Participation by PDCs in primary auctions for Treasury bills and bonds exhibited a mixed trend in 2024. Meanwhile, secondary market transactions in government securities dropped by 25.4%, amounting to Rs. 18,639.9 billion, with repurchase transactions accounting for 72.9% of the total. Outright purchases and sales also declined by 28.8% and 11.3%, respectively, compared to 2023.



4. Company Performance

In 2024, NSB Fund Management Company Limited experienced a mixed financial performance, as reflected in its Statement of Comprehensive Income. The company achieved a significant 26% increase in net interest income, rising from LKR 962.2 million in 2023 to LKR 1,216.9 million, driven by improved returns on interest-earning assets and possibly enhanced portfolio management strategies.

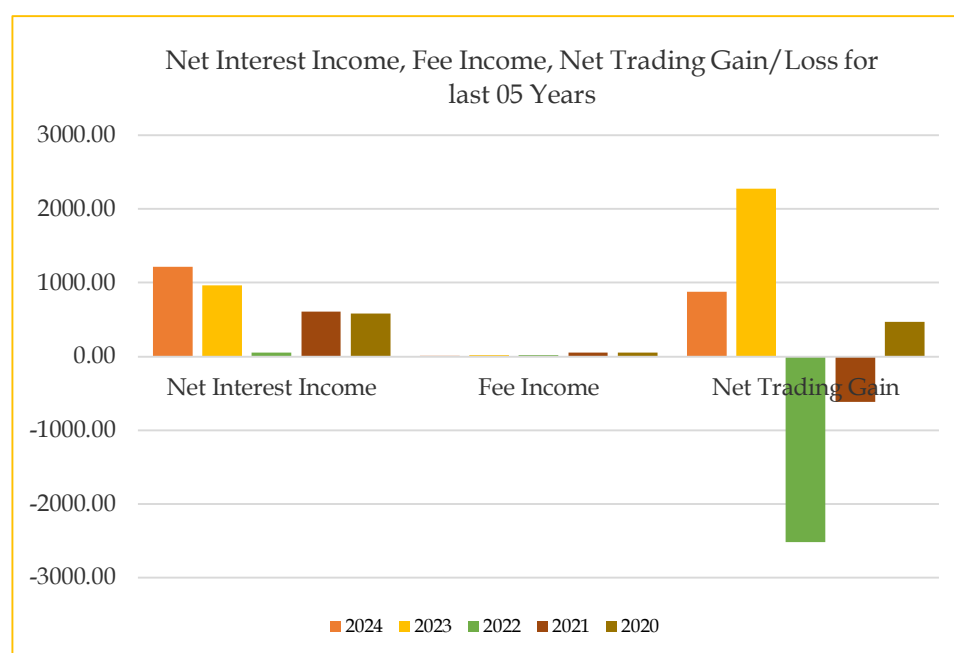
Net profit for the year also declined by 42%, totaling LKR 958 million, as the company faced heavier tax burdens and elevated expenditure. In terms of other comprehensive income, gains from the revaluation of FVTOCI financial assets dropped significantly to LKR 56.2 million from LKR 176.8 million in 2023, indicating a less favorable investment climate & portfolio change. Overall, total comprehensive income fell by 44% to LKR 995 million, reflecting the combined effects of operational headwinds and market volatility on the company's financial performance.



As of December 31, 2024, NSB Fund Management Company Limited demonstrated a solid financial position with notable growth in its asset base. Total assets increased by approximately 14%, rising from LKR 26.65 billion in 2023 to LKR 30.34 billion in 2024, primarily driven by the expansion of financial assets measured at fair value through profit and loss (FVTPL), which grew significantly from LKR 22.44 billion to LKR 25.66 billion. Loans and advances at amortized cost also saw a modest increase, reaching LKR 3.28 billion compared to LKR 2.71 billion in the prior year. In contrast, cash and cash equivalents, although still relatively small in absolute terms, rose from LKR 2 million to LKR 6.8 million, indicating an improvement in immediate liquidity.

On the liabilities side, total obligations increased by around 10%, climbing from LKR 23.85 billion in 2023 to LKR 26 billion in 2024. This uptick was largely driven by higher borrowings through repurchase agreements and an increase in related party payables. Meanwhile, the company's total equity rose modestly from LKR 5 billion to LKR 5.5 billion, supported by the retention of earnings, reflecting a continued commitment to strengthening the capital base despite challenges to profitability during the year.

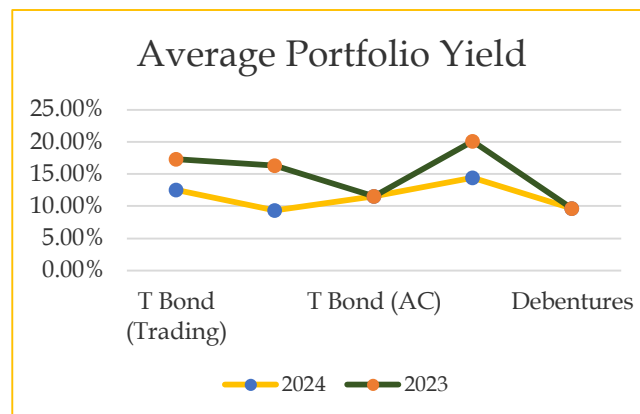
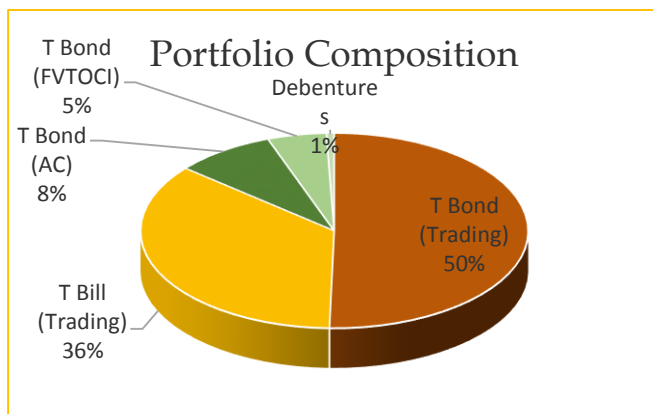
Net Interest Income, fee Income and Net Trading Gain for last five years reflect as follows,



NSB Fund Management Company Limited continues to demonstrate a strong and well-managed balance sheet, underpinned by strategic growth in its investment portfolio and careful liquidity oversight. A key indicator of the company's active investment strategy is the increase in financial assets classified at Fair Value Through Profit and Loss (FVTPL), which rose from LKR 22.44 billion in 2023 to LKR 25.66 billion in 2024. This growth reflects sustained and active participation in government securities and money market instruments, aimed at optimizing returns in a controlled risk environment.

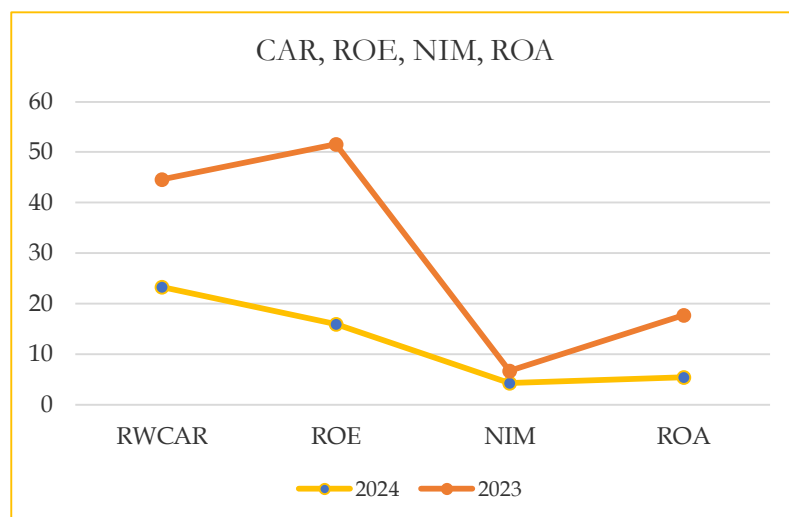
Investments measured at amortized cost (held-to-maturity) adjusted slightly to LKR 2.71 billion from LKR 3.28 billion, suggesting a deliberate portfolio rebalancing strategy to manage duration and interest rate exposure. Meanwhile, financial assets measured at fair value through other comprehensive income (FVTOCI) saw a significant increase, rising from LKR 565 million to LKR 1.47 billion. This shift points to a more diversified, long-term approach to investment risk and greater emphasis on maintaining capital appreciation over time through more stable, lower-volatility assets.

In addition to investment growth, the company's loan book also expanded, with loans and advances increasing to LKR 322 million. This uptick suggests an increase in client-side repurchase (repo) and trading-related transactions, indicating greater engagement with counterparties and an expanding scope of operations. Overall, these trends highlight NSB FMC's commitment to maintaining a strong asset base, managing liquidity prudently, and adapting its investment strategies in response to market conditions.



The chart illustrates a comparative analysis of four key financial performance indicators—Risk-Weighted Capital Adequacy Ratio (RWCAR), Return on Equity (ROE), Net Interest Margin (NIM), and Return on Assets (ROA) for the years 2023 and 2024.

In 2024, all four indicators showed a decline compared to 2023, reflecting a moderation in the company's financial strength and profitability. RWCAR dropped slightly from around 45% in 2023 to 24% in 2024, though it remains above regulatory requirements, indicating the company still maintains a solid capital buffer. ROE saw a sharper decline from approximately 52% to 16%, signaling a significant reduction in shareholder returns, likely due to lower profitability or increased equity. NIM also decreased marginally from about 7% to 4%, reflecting tighter interest spreads and reduced efficiency in generating income from interest-bearing assets. Lastly, ROA fell from roughly 18% to 6%, suggesting lower overall profitability in terms of asset utilization.

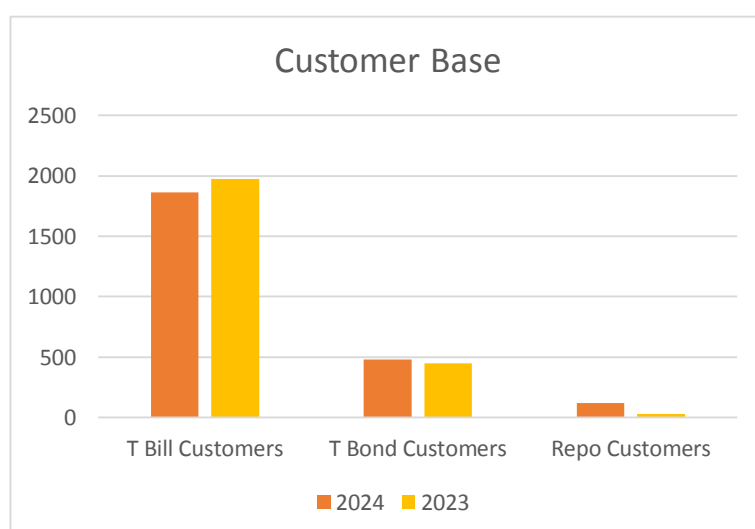


Human Capital

As of the end of 2024, NSB Fund Management Company Limited operated with a lean but capable workforce, comprising nineteen directly recruited employees, four staff members seconded from Sri Lanka Savings Bank (SLSB), and an additional three personnel from the National Savings Bank (NSB), including the Chief Executive Officer. This diverse staffing structure leverages both in-house talent and institutional knowledge from its affiliated banks, ensuring operational continuity and expertise.

The company remained committed to the professional development of its employees throughout the year. It actively promoted a culture of continuous learning by encouraging staff to enroll in job-related training programs and courses offered by recognized institutions such as the Central Bank of Sri Lanka (CBSL), the Institute of Bankers of Sri Lanka (IBSL), and other professional bodies. These initiatives aim to enhance employees' subject matter expertise, technical skills, and overall effectiveness, ultimately contributing to the company's operational excellence and long-term growth.

Customer Base



The customer base data for NSB Fund Management Company in 2024 reveals evolving investor preferences across its key investment products. The number of active Treasury Bill (T-Bill) customers declined slightly from 1,976 in 2023 to 1,863 in 2024, indicating a modest shift away from short-term government securities, possibly due to lower yields or changing market expectations.

Conversely, the Treasury Bond (T-Bond) customer base grew from 447 to 481, reflecting a rising interest in longer-term investment options that may offer more stable or attractive returns over time. Most notably, the Repo customer base saw a significant increase, jumping from 31 in 2023 to 123 in 2024, a nearly fourfold rise. This sharp growth suggests a strong demand for short-term, collateralized investment instruments, likely driven by increased liquidity requirements or favorable repo market conditions. Overall, the trends point to a diversification in client investment behavior, with a notable shift toward both long-duration securities and flexible, short-term liquidity products.

Future Initiatives

NSB Fund Management Company (NSB FMC) is actively focusing on the introduction of innovative and sustainable investment opportunities to continuously meet the evolving needs of its customers. This strategic direction is essential to maintaining NSB FMC's position as a leading institution in the financial services sector.

A key initiative in this transformation is the digitization of the customer onboarding process. By adopting a fully digital and paperless onboarding system, NSB FMC aims to enhance operational efficiency, reduce environmental impact, and support the broader objective of sustainable finance development. This approach not only streamlines client engagement but also reinforces the company's commitment to integrating sustainability into its core business practices.

Through these targeted efforts, NSB FMC is aligning its growth with responsible investment principles, ensuring long-term value creation for both clients and stakeholders.



5. Risk Management & Corporate Governance

A well-defined, comprehensive risk management framework of NSB Fund Management Co Ltd (NSB FMC' or 'the Company') is based on accepting various risks, controlled risk assessment, measurement and monitoring of those risks. The key components of the Company's Risk Management architecture rely on risk governance structure, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Company's risk management processes are guided by way of policies adopted appropriately for various risk categories, independent risk oversight and periodic monitoring by Board of Directors, Board Integrated Risk Management Committee and Corporate Management and Asset Liability Committee (ALCO). These policies approved from time to time by Board of Directors, Sub committees of Board form the basis for governing framework for each type of risk.

The Board sets the overall risk appetite and philosophy for the NSB FMC and has an oversight of all the risks assumed by the Company. The Company's Risk Management framework focuses on the management of key areas of Risk such as Market risk, Liquidity risk, Compliance risk and other Operational Risk. An independent risk management function ensures that risk is managed through risk management architecture as well as through policies and processes approved by the Board of Directors.

The risk management policies and procedures established are updated on a continuous basis in compliance to CBSL Directions/guidelines and benchmarked to best industry practices. The Board of Directors with its committee-Board Integrated Risk Management Committee (BIRMC) reviews risk management policies of the Company pertaining to credit, market, liquidity, and operational risks.

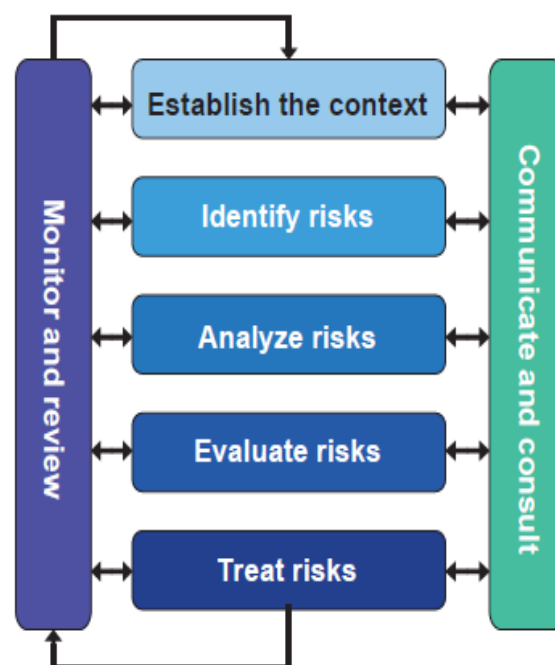


Figure: Risk management process

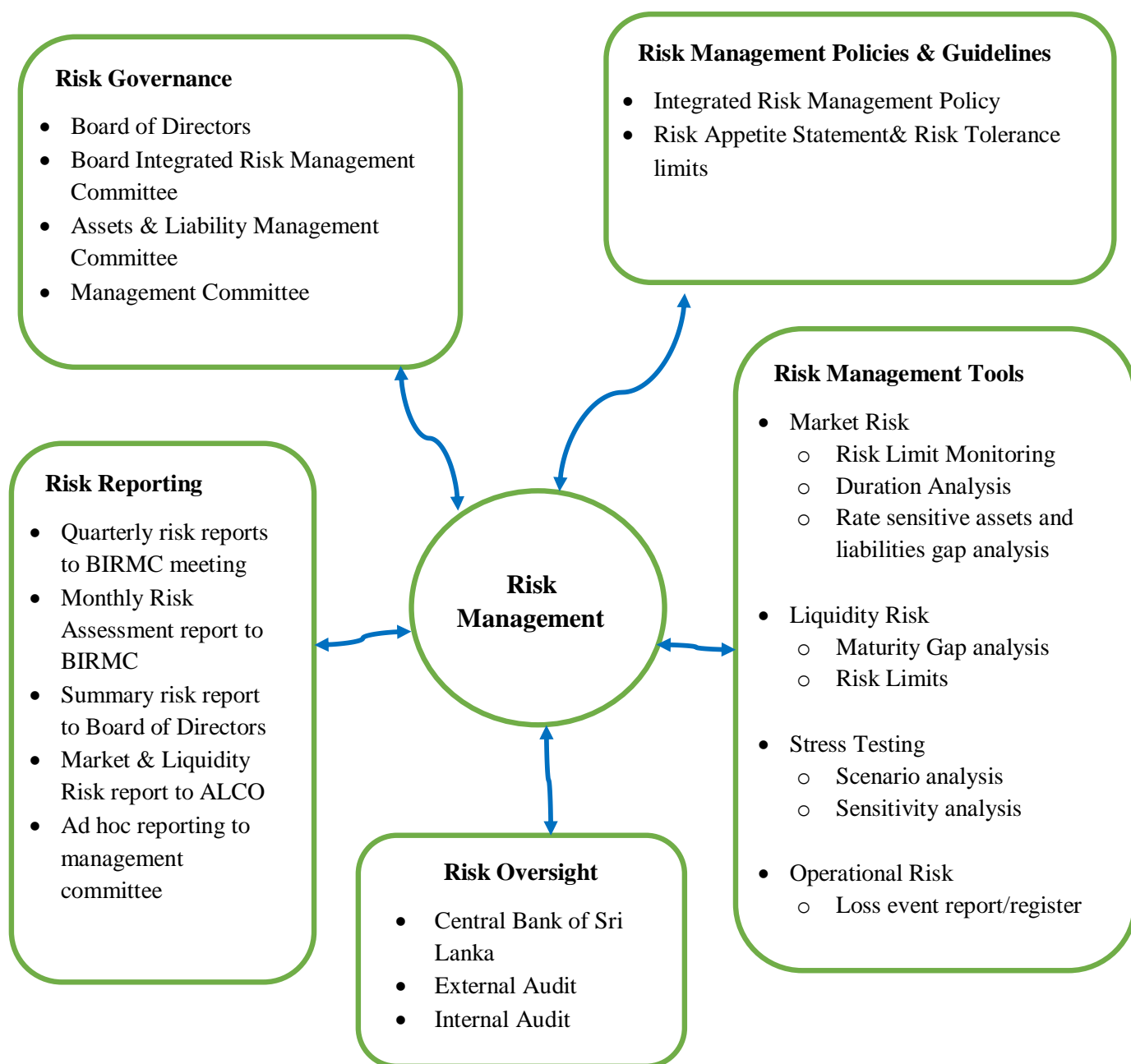


Figure : Risk Management at Glance

Market Risk

Market risk is defined as the risk of losses arising from movements in market prices. Interest rate risk is the key market risk type exposed by the company and NSB FMC is not exposed to Equity price risk, commodity price risk and foreign currency risk.

Assets & Liability Management Committee (ALCO) holds the frontline responsibility for managing the market risk of the Company and they regularly attend on.

- Monitor the maturity profile of the interest rate sensitive assets and liabilities
- Assess short- & medium-term liquidity profile of the Company
- Take appropriate investment decisions considering movement in market prices

The Board of Directors holds ultimate responsibility for managing the market risk of the Company and BIRMC regularly monitors the effectiveness of functioning of ALCO.

Interest Rate Risk

Interest rate risk can be defined as change in a Company's portfolio value due to interest rate fluctuations. It is the potential loss from unexpected changes in interest rates, which can significantly affect a Company's profitability and core capital.

Interest rate risk to the Company can either arise from rate sensitive financial assets and liabilities in trading books or rate sensitive financial assets and liabilities in the Banking Book. See Note 36.3 (Page 28) to the financial statements for details over rates sensitive assets and liabilities.

Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to the Company's capital and earnings arising from adverse movements in interest rates. The Company's interest rate sensitive assets and Interest Rate sensitive liabilities are analyzed by different maturity buckets to determine re-pricing risk and to identify appropriate strategies to optimize earnings of the Company.

Impact of market interest rate movements by 100,200,300 and 500 basis points over net interest income have identified as below.

2024		
	Parallel Increase	Parallel Decrease
	Rs. Mn	Rs. Mn
Change in Net Interest Income		
Change in 100 bps	(134)	134
Change in 200 bps	(269)	269
Change in 300 bps	(403)	403
Change in 300 bps	(672)	672

2023		
	Parallel Increase	Parallel Decrease
	Rs. Mn	Rs. Mn
Change in Net Interest Income		
Change in 100 bps	(71)	71
Change in 200 bps	(143)	143
Change in 300 bps	(214)	214
Change in 300 bps	(356)	356

Liquidity Risk

Liquidity risk is the potential risk arising from the inability to meet the Company's obligations in a timely manner as and when they become due, as result of the mismatch between the maturities of the Company's assets and liabilities.

ALCO is the main governance committee for overseeing the liquidity risk of the Company and it ensures the sufficiency of liquidity levels.

Liquidity risk is measured through flow approach (Maturity Gap analysis) and stress testing techniques. The stock approach evaluates liquidity in terms of key ratios which demonstrate the liquid assets stored at the balance sheet date.

Flow Approach (Maturity gap analysis report) is a key tool for measuring liquidity risk of the NSB FMC. The company prepares maturity gap reports on a monthly basis to identify maturity mismatches and observations are reported management and BIRMC accordingly. The maturity gap position of the Company as of December 2024 is given in Note 36.2 to the financial statements in a descriptive manner.

Credit Risk

The risk of loss that may occur from the failure of any party to abide by the terms and conditions of any financial contract, principally, the failure to make the required payments on loans. The Company is exposed to Credit default risk arising from nonpayment of loans granted under reverse repo facility. However, each rev repo facility is secured with adequate securities. Hence, credit risk attached to the NSB FMC is very minimal.

Operational Risk

Operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems, or from external events such as natural disasters, social or political events. It is inherent in all products and processes and Company's objective is to control it in a cost-effective manner.

Operational Risk Management

The Company manages operational risk through policies, risk assessment, risk mitigation including insurance coverage, procedures relating to outsourcing of business activities, managing technology risk, creating a culture of risk awareness across the company, and monitoring and reporting.

The Company's Integrated Risk Management policy outlines clear guidelines for managing operational risk. The Company's Business Units (Front Office, Middle Office and Back Office) as the first line of defense are responsible for identification of operational risks at the point of origination. Middle Office –Risk Management evaluates the impact of operational risk events and reports to BIRMC accordingly. Internal audit division monthly reviews the effectiveness and efficiency of internal control systems in place, and operational risk management process across the Company.

People Risk

People are the most important assets in the Company and the most vulnerable asset. Anyhow people's risk arises because of potential losses due to inadequacy of human resources, inappropriate employee activity, and the Company's failure to comply with employee related requirements.

IT Risk

Technology risk arises from the use of computer systems in the day-to-day conduct of the Company's operations, storage and retrieval of information and reports and use of internet and other digital platforms. The risk can occur due to the choice of faulty or unsuitable technology and adoption of untried or obsolete technology.

Currently NSB FMC has implemented an online Customer Management System (CMS) to customers onboard in a hassle free mechanism. However, NSB FMC has taken adequate measures to safeguard customer data and regular operations of NSB FMC.

The IT Steering Committee plays a key role in managing IT risk in the Company and the IT Steering Committee identify the required changes, upgrades and developments to the existing system and take suitable actions with instructions from the Board of Directors where it is necessary.

Legal Risk

Legal risk is an integral part of operational risk, and it is defined as the exposure to the adverse consequences resulting from inaccurately drafted contracts and their execution, the absence of written agreements or inadequate agreements resulting in fines, penalties, or punitive damages.

Legal risk is primarily monitored by the Compliance division of the Company, ensuring that all applicable regulations are fully taken into consideration for contracts with individuals and institutions who maintain business relationships with NSB FMC. Managing legal risk is delegated to business unit owners and with the oversight of Compliance division.

Capital Management

NSB FMC has complied with the capital requirements stipulated under Directions issued by Central Bank of Sri Lanka. NSB FMC maintains satisfactory capital adequacy ratio above the regulatory requirement due to the Company's Investment/funding structure and composition of assets portfolio.

Capital Management	2024	2023
Core Capital (Rs. Mn)	5,500.08	3,712.69
Minimum capital Requirement (Rs. Mn)	2,500.00	2,500.00
Capital Adequacy Ratio (CAR)	23.37%	21.30%
Regulatory required CAR	10.0%	10.0%

6. 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. Basnayake is a Fellow Member of the Chartered Institute of Management Accountants (CIMA-UK) and a Chartered Global Management Accountant (CGMA). He is a Certified Member of Sri Lanka Institute of Marketing and a Fellow Member of Chartered Professional Managers (Sri Lanka). He holds a BA (Honours) in Business Administration from London Metropolitan University (UK) and holds an Executive Master of Business Administration (EMBA) from Postgraduate Institute of Management (PIM), Sri Jayewardenepura University. He also holds a Master of Laws (LLM), International Trade from the Cardiff Metropolitan University, UK. Mr. Basnayake started his career in Accountancy at Ernst & Young, Chartered Accountants. He is a Management Consultant with extensive skills and experience over 35 years, holding Executive positions in various government institutions and corporate sector companies.

Other Current Appointments

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

Previous Key Appointments

Managing Director – Sri Lanka Insurance Corporation, Director Finance – Associated Newspapers of Ceylon Ltd., Director – Galoya Plantations (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 holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, Postgraduate Diploma in Business and Finance from CA Sri Lanka, and Diploma in Banking from the Institute of Bankers Sri Lanka (IBSL). Ms Kandambi was the Senior Deputy General Manager of International Banking at Sampath Bank, where she had a long-standing and successful career. Her banking experience spans over 36 years including 11 years in Corporate Management. She has extensive experience in the fields of International Operations and Trade Services, Corporate Credit, Corporate Digitalization, Corporate Finance, FCBU, Treasury, Primary Dealer Unit, Legal, Recoveries, and International Trade. She also has a proven track record of successfully developing and executing strategic plans, managing financial resources, risk mitigation and maintaining strict corporate governance standards. Ms Kandambi also has expertise in customer focus, innovation and technology, regulatory compliance, and crisis management.

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, Chairperson of The Financial Ombudsman Sri Lanka (Guarantee) Ltd., Director of NSB Fund Management Company, Director of Lanka Financial Services Bureau Ltd., Member of the Council of Advisors of Association of Professional Bankers – Sri Lanka.

Previous Key Appointments

Senior Deputy General Manager at Sampath Bank with over three decades of experience in the banking industry (January 1989 – January 2024 at Sampath Bank), including a decade dedicated to Corporate Management, Past President of Association of Professional Bankers, Member of the Academic Council of Sri Lanka Banks' Association.

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 31st December 2024. The financial statements were reviewed and approved on 20.03.2025.

Principal Activity

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

Stated Capital

The Company's issued Share Capital amount is Rs. 4,200,000,000/-, divided into 420,000,000 Shares of Rs. 10/- each. The entire Share Capital has been issued and is fully paid. NSB stands as the sole shareholder. Throughout the reporting period, 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 Company's Financial Statements have been crafted in alignment with the Sri Lanka Accounting Standards (SLFRS) established by the Institute of Chartered Accountants of Sri Lanka and in accordance with the stipulations of the Companies Act No. 07 of 2007.

The Financial Statements of the Company for the year ended 31st December 2024 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 31st December 2024 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. 9,085.92

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 required 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 eleven Board meetings were held in 2024.

Directors during the year 2024

Mr. Dushyantha Basnayake (from 28.12.2023 to date)

Ms. Shashi Kandambi (from 15.02.2024 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 36 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.)

Dushyantha Basnayake

Chairman

(Sgd.)

Ms. Shashi Kandambi

Director

7. 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 successfully completed the Level II Examination of the CFA Institute - USA. Additionally, he passed the Final I Examination of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). He has 15 years of Banking experience, especially in the areas of Treasury and Primary Dealer Unit Operations.

Other Current Appointments

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

Previous Key Appointments

He has held multiple positions as Chief 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.

8. 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. K. Raveendran - Chairman (from 25.02.2025 to date)

Mr. Oshada Rodrigo - Member (from 28.12.2023 to date)

Ms. Shashi Kandambi - Member (from 15.02.2024 to date)

Meetings

The Committee held four (04) meetings during the year 2024 and the attendance of the Committee Members is given bellow,.

Name	Eligible to attend	Attended
Mr. K. Raveendran	4	3
Ms. Shashi Kandambi	4	4
Mr. Oshada Rodrigo	4	4

Reporting

The Committee directly reports 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.)

Mr. K. Raveendran

Chairman – Board Audit Committee

9. Report of the Board Human Resource & Remuneration Committee

The Board Human Resource & Remuneration Committee (BHRRC) constituted the responsibility 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 of the recruitment of the Company.
- (b) Review of promotions & confirmations of the staff.
- (c) Review of the Medical Scheme of the Company.

Composition of the Committee

The BHRRC comprises of the following Directors serving on the Committee during the year 2024.

Mr. Dushyantha Basnayake - Chairman (from 28.12.2023 to date)
Ms. Shashi Kandambi - Member (from 15.02.2024 to date)
Mr. Oshada Rodrigo - Member (from 28.12.2023 to date)

Meetings

The Committee held four (04) meetings during the year 2024 and the attendance of the Committee members is given bellow,

Name	Eligible to attend	Attended
Mr. Dushyantha Basnayake	4	4
Ms. Shashi Kandambi	4	4
Mr. Oshada Rodrigo	4	4

(Sgd.)

Mr. Dushyantha Basnayake

Chairman - Board Human Resource & Remuneration Committee

10. 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 2024.

Mr. K Raveendran - Chairman (from 24.06.2022 to date)

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

Mr. Dushyantha Basnayake - Member (from 28.12.2023 to date)

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	4	4
Mr. Oshada Rodrigo	4	4
Mr. Dushyantha Basnayake	4	4

(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/2024/01

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

25 February 2025

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 2024 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 2024 comprising the statement of financial position as at 31 December 2024 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 of the Company give a true and fair view of the financial position of the Company as at 31 December 2024, 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 2024 Annual Report.

The other information comprises the information included in the Company's 2024 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 2024 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 is 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 includes 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 2024

	Note	2024 Rs.	2023 Rs.
Interest Income	4	3,714,715,988	3,099,081,170
Interest Expense	5	(2,497,855,389)	(2,136,854,496)
Net Interest Income		1,216,860,599	962,226,674
Fees & Commission Income		7,791,600	14,090,200
Fee and Commission Expenses		(384,800)	(229,000)
Net Fee and Commission Income		7,406,800	13,861,200
Net Gain/(Loss) From Financial Instruments at Fair Value through Profit and Loss	6	880,305,741	2,276,035,825
Other Income/ (Losses)	7	(34,134)	(2,538)
Total Operating Income		2,104,539,006	3,252,121,161
Impairment Adjustment		1,823	34,019
Net Operating Income		2,104,540,829	3,252,155,180
Personnel Costs	8.1	(106,369,250)	(70,676,582)
Depreciation & Amortization		(7,066,386)	(6,509,253)
Other Expenses		(116,209,019)	(51,790,388)
Operating Profit/(Loss) before VAT & SSCL		1,874,896,175	3,123,178,956
VAT on Financial Services	9	(296,513,731)	(477,785,203)
SSCL on Financial Services		(41,182,463)	(66,359,056)
Profit/(Loss) before Taxation	8	1,537,199,981	2,579,034,697
Income Tax Reversal/(Expense)	10	(579,024,726)	(937,428,763)
Profit/(Loss) for the Year		958,175,255	1,641,605,934
Other Comprehensive Income			
Other comprehensive income to be reclassified to Income Statement			
Revaluation of Securities Gain / Loss T Bonds (FVTOCI)		56,235,937	176,793,315
Deferred Tax Impact		(16,870,780)	(53,037,995)
Other comprehensive income not to be reclassified to Income Statement			
Actuarial Gain/(Loss) on Retirement Benefit Obligation		(3,282,236)	1,197,318
Deferred Tax Impact		984,671	(359,195)
Total Comprehensive income/(loss) for the year		995,242,847	1,766,199,378
Earnings/(Loss) Per Share	11	2.28	3.91

Figures in brackets indicate deductions.

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



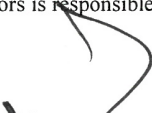
NSB Fund Management Company Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Note	2024 Rs.	2023 Rs.
ASSETS			
Cash and Cash Equivalents	13	2,029,616	6,796,433
Financial Assets at Fair Value through Profit and Loss (Trading)	14	25,662,747,651	22,440,660,561
Loans and Advances at Amortized Cost	15	322,746,088	160,552,821
Financial Assets at Amortized Cost – Held-to-Collect	16	2,705,372,470	3,276,593,760
Financial Assets at fair value through other comprehensive income	17	1,466,420,508	565,610,540
Derivative Financial Assets	18	45,760,885	10,307,312
Equity Investments at fair value through other comprehensive income	19	2,000,000	2,000,000
Property, Plant & Equipment	20	13,183,733	6,290,826
Intangible Assets	21	1,226,311	2,509,522
ROU Asset	22	24,828,731	28,462,204
Other Assets	25	98,382,373	148,312,717
Total Assets		30,344,698,367	26,648,096,696
LIABILITIES & EQUITY			
Liabilities			
Borrowings under Repurchase Agreements	26	23,316,875,599	20,903,947,154
Amount Due to Related Parties	27	2,684,306	2,304,861
Other Liabilities	28	75,092,232	65,099,582
Current Tax Liabilities	23	361,412,767	101,728,241
Deferred Tax Liabilities	24	46,169,439	30,902,679
Lease Liability	29	32,616,352	34,895,003
Retirement Benefit Obligation	30	13,297,372	7,911,723
Total Liabilities		23,848,148,067	21,146,789,243
Equity			
Stated Capital	31	4,200,000,000	4,200,000,000
Retained Earnings		662,846,463	(53,487,413)
Other Reserves	32	1,633,703,837	1,354,794,866
		6,496,550,300	5,501,307,453
Total Equity and Liabilities		30,344,698,367	26,648,096,696

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.

11-Feb-2025
Colombo



NSB Fund Management Company Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2024

	Stated Capital Rs.	Special Risk Reserve Rs.	FVTOCI Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2023	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)	-
Total Comprehensive Income	-	410,401,484	123,755,320	1,232,042,573	1,766,199,377
Balance as at 31 December 2023	4,200,000,000	1,277,471,951	77,322,915	(53,487,413)	5,501,307,453
Profit for the year	-	-	-	958,175,255	958,175,255
Other Comprehensive Income net of tax	-	-	39,365,157	(2,297,565)	37,067,592
Transfers	-	239,543,814	-	(239,543,814)	-
Total Comprehensive Income	-	239,543,814	39,365,157	716,333,876	995,242,847
Balance as at 31 December 2024	4,200,000,000	1,517,015,765	116,688,072	662,846,463	6,496,550,300

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 2024

	2024 Rs.	2023 Rs.
Cash flows from Operating Activities		
Interest Receipts	3,497,970,938	2,320,769,320
Interest Payment	(2,090,829,218)	(1,952,842,368)
Net Fee Income Receipts	7,406,800	13,861,200
Trading Income	694,959,971	322,302,334
Payment to Employees	(94,494,657)	(61,590,784)
VAT & SSCL on Financial Services	(324,411,551)	(481,057,493)
Payment on Other Operating Activities	(113,817,501)	(48,580,475)
Operating profit before change in Operating Assets & Liabilities	1,576,784,781	112,861,734
(Increase) / decrease in Operating Assets		
Financial Assets at FVTPL	(3,222,087,090)	(9,990,207,986)
Financial Assets at FVTOCI	(162,193,266)	(81,856,671)
Financial Assets at Amortized Cost – Loans & Advances	571,221,290	1,084,422,090
Financial Assets at Amortized Cost – Debt & Other Instrument	(900,809,968)	95,706,627
Other Assets	49,930,344	35,704,595
Increase / (decrease) in Operating Liabilities		
Financial Liabilities at Amortized Cost	2,412,928,445	9,544,742,740
Other Liabilities	13,151,406	56,477,281
Related Party Other Payables	(2,779,311)	4,172,592
Net cash generated from operating activities before Income Tax	336,146,631	862,023,001
Income Tax paid/ Surcharge Tax Paid	(317,423,460)	-
Net cash (used in) / from Operating Activities	18,723,171	862,023,001
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(9,085,924)	(2,059,274)
Purchase of Intangible Assets	-	-
Advances paid to Fixed Assets	(8,308,300)	-
Net cash (used in)/from Investing Activities	(17,394,224)	(2,059,274)
Cash flows from Financing Activities		
Principal Payments on ROU Asset	(6,096,000)	(5,080,000)
Related Party Loans	-	(850,175,342)
Net cash from Financial Activities	(6,096,000)	(855,255,342)
Net increase/(decrease) in Cash & Equivalents	(4,767,052)	4,708,384
Cash and Cash Equivalents at the beginning of the year	6,796,745	2,088,360
Cash and Cash Equivalents at the end of the year	2,029,692	6,796,745
Reconciliation of Cash and Cash Equivalents		
Cash at Bank and Cash in Hand	1,966,944	6,563,492
Balance with Central Bank	62,748	233,252
	2,029,692	6,796,745

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 2024 were authorized for the issue by the Directors on 11/02/2025.

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. Amortizations 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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4. INTEREST INCOME	2024	2023
	Rs.	Rs.
Interest on Treasury Bills/Bonds/R.Repo	3,696,115,443	3,060,565,603
Interest on Debentures	18,570,434	38,505,824
Other Interest Income	30,112	9,743
	<u>3,714,715,988</u>	<u>3,099,081,170</u>
5. INTEREST EXPENSE	2024	2023
	Rs.	Rs.
Interest Expense on Repurchase Agreements	2,497,855,389	2,072,184,030
Interest Expense on Other Borrowings	-	64,670,466
	<u>2,497,855,389</u>	<u>2,136,854,496</u>
6. NET GAIN/(LOSS) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	2024	2023
	Rs.	Rs.
Realised Gain/(Loss)	694,959,971	836,041,094
Unrealised Gain/(Loss)	149,892,197	1,436,906,920
Unrealized Forward Gain/(Loss)	35,453,573	3,087,812
	<u>880,305,741</u>	<u>2,276,035,825</u>
Gain/ (Loss) on fair valuation of financial investments has been accounted for in accordance with the SLFRS 9.		
7. OTHER INCOME/ (LOSSES)	2024	2023
	Rs.	Rs.
Other Income/ (Losses)	(34,134)	(2,538)
	<u>(34,134)</u>	<u>(2,538)</u>
8. PROFIT BEFORE TAXATION	2024	2023
	Rs.	Rs.
Profit before taxation is stated after charging all expenses including the following		
Auditor's Remuneration	1,035,811	1,059,840
Depreciation on PPE	5,783,175	5,229,549
Amortization of Intangible Assets	1,283,211	1,279,705
Personnel Costs (8.1)	106,369,250	70,676,582
Other Charges (8.2)	53,833,248	20,991
8.1 Personnel Costs	2024	2023
	Rs.	Rs.
Salaries & Allowances	61,111,742	46,070,627
Defined Contribution Plan Cost - EPF and ETF	4,653,430	3,230,336
Defined Benefit Plan Cost - Retirement Gratuity	2,103,413	1,631,073
Other Staff Cost	38,500,664	19,744,546
	<u>106,369,250</u>	<u>70,676,582</u>
8.1.1 Personnel Cost of Seconded Employees included in Salaries Note 8.1	2024	2023
	Rs.	Rs.
Salaries & Allowances	22,681,792	19,686,799
Defined Contribution Plan Cost - EPF and ETF	2,989,914	2,522,542
Contribution to Pension Fund/Gratuity	1,379,920	1,306,412
8.2 Other Charges		
2024 -A provision has been made in accordance with LKAS 37 – Provisions, Contingent Liabilities, and Contingent Assets, for the total amount paid to Credence Treasury System due to the uncertainty of a refund.		
2023 - 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
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2024

10. INCOME TAX EXPENSE	2024	2023
	Rs.	Rs.
Current Income Tax		
Current Income Tax charge on ordinary activities for the year	579,644,075	169,129,392
Under/(Over) Provision of current taxes in respect of prior years	-	-
	<u>579,644,075</u>	<u>169,129,392</u>
Deferred Income Tax		
Deferred Taxation Charge/(Reversal) for current year	(619,349)	788,198,973
Under/(Over) Provision of deferred tax in respect of prior years	-	(19,899,602)
Income Tax Expense Reported in the Income Statement	<u><u>579,024,726</u></u>	<u><u>937,428,763</u></u>
 Reconciliation between Current Tax Expenses and the Accounting Profit	 2024	 2023
	Rs.	Rs.
Accounting Profit/(Loss) before Tax from Continuing Operations	1,537,199,981	2,579,034,697
Income not Liabile for Tax	-	-
Other Aggregate Disallowed Items	404,558,080	556,330,697
Other Aggregate Deductible Items	(9,611,144)	(8,579,983)
B/F Tax Loss	-	(2,563,020,771)
Taxable Profit/(Loss)	<u>1,932,146,918</u>	<u>563,764,640</u>
 Income Tax Rate	30%	30%
Current Income Tax Expense	<u>579,644,075</u>	<u>169,129,392</u>
	<u><u>579,644,075</u></u>	<u><u>169,129,392</u></u>
 Effective tax rate (%)	38%	36%
Effective tax rate (excluding deferred tax) (%)	38%	7%

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;

	2024	2023
	Rs.	Rs.
Profit/(Loss) Attributable to Ordinary Shareholders	958,175,255	1,641,605,934
Weighted Average Numbers of Ordinary Shares	<u>420,000,000</u>	<u>420,000,000</u>
Earnings/(Loss) Per Share	<u><u>2.28</u></u>	<u><u>3.91</u></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

	2024	2023
	Rs.	Rs.
Weighted Average Numbers of Ordinary Shares	420,000,000	420,000,000
Dividends paid (Rs.)	-	-
Dividend per share	-	-



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13. CASH & CASH EQUIVALENTS	2024	2023
	Rs.	Rs.
Cash at Bank and Cash in Hand	1,966,944	6,563,492
Balance with Central Bank	62,748	233,252
(-) Impairment Provision on Cash at Bank	(76)	(311)
Cash & Cash Equivalents for the Purpose of Cash Flow Statement	2,029,616	6,796,433
14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (TRADING)	2024	2023
	Rs.	Rs.
Treasury Bills	10,633,670,497	14,644,429,071
Treasury Bonds	15,029,077,154	7,796,231,490
	25,662,747,651	22,440,660,561
15. LOANS AND ADVANCES AT AMORTIZED COST	2024	2023
	Rs.	Rs.
Loans & Advances from Banks	51,809,274	19,812,640
Loans & Advances from Other Customers	270,936,814	140,740,181
	322,746,088	160,552,821
16. FINANCIAL ASSETS AT AMORTIZED COST - HELD TO COLLECT	2024	2023
	Rs.	Rs.
Treasury Bonds	2,502,479,427	3,073,729,616
Debentures	202,965,199	202,937,835
(-) Impairment Provision on Debentures	(72,156)	(73,691)
	2,705,372,470	3,276,593,760
17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2024	2023
	Rs.	Rs.
Treasury Bonds	1,466,420,508	565,610,540
	1,466,420,508	565,610,540
18. DERIVATIVE FINANCIAL ASSETS	2024	2023
	Rs.	Rs.
Forward Purchase Contracts - Government Securities (Note 6)	45,760,885	10,307,312
	45,760,885	10,307,312
19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2024	2023
	Cost	Cost
	Rs.	Rs.
	Directors' Valuation	Directors' Valuation
	Rs.	Rs.
Investment in		
Lanka Financial Services Bureau Limited	2,000,000	2,000,000
	2,000,000	2,000,000



NSB Fund Management Company Limited
NOTES TO THE FINANCIAL STATEMENTS
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20. PROPERTY, PLANT AND EQUIPMENT	Balance as at 01/01/2024	Additions during the year	Disposals/Transfers during the year	Balance as at 31/12/2024
Cost	Rs.	Rs.	Rs.	Rs.
Computer Equipment	9,286,092	8,937,605	-	18,223,696
Swift Equipment	913,903	-	-	913,903
Office Equipment	4,675,402	148,319	(78,221)	4,745,501
Furniture & Fittings	2,432,234	-	-	2,432,234
	<u>17,307,632</u>	<u>9,085,924</u>	<u>(78,221)</u>	<u>26,315,335</u>
Accumulated Depreciation	Balance as at 01/01/2024	Charge for the year	Depreciation on Disposals/Transfers	Balance as at 31/12/2024
	Rs.	Rs.	Rs.	Rs.
Computer Equipment	7,332,975	1,493,475	-	8,826,450
Swift Equipment	913,901	-	-	913,901
Office Equipment	1,793,559	427,805	(34,906)	2,186,458
Furniture & Fittings	976,370	228,422	-	1,204,792
	<u>11,016,805</u>	<u>2,149,702</u>	<u>(34,906)</u>	<u>13,131,601</u>
Carrying Amount			2024 Rs.	2023 Rs.
Net Book Value as at 31 December			<u>13,183,733</u>	<u>6,290,826</u>

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;

	2024 Rs.	2023 Rs.
Computer Equipment	5,537,314	4,595,416
Swift Equipment	913,903	913,903
Office Equipment	392,730	383,370
Furniture & Fittings	153,176	153,176

21. INTANGIBLE ASSET	Balance as at 01/01/2024	Additions during the year	Disposals/Transfers during the year	Balance as at 31/12/2024
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
	<u>8,768,127</u>	<u>-</u>	<u>-</u>	<u>8,768,127</u>
Accumulated Amortisation & Impairment Loss	Balance as at 01/01/2024	Charge for the year	Depreciation on Disposals/Transfers	Balance as at 31/12/2024
	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	3,800,987	1,213,020	-	5,014,007
Customer Management System	88,025	70,191	-	158,216
	<u>6,258,605</u>	<u>1,283,211</u>	<u>-</u>	<u>7,541,816</u>
Carrying Amount			2024 Rs.	2023 Rs.
Carrying Amount			<u>1,226,311</u>	<u>2,509,522</u>

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;

	2024 Rs.	2023 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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22. ROU ASSET (RIGHT-OF-USE ASSET)	2024	2023
	Rs.	Rs.
Opening balance	43,601,674	43,601,674.37
Additions/Disposals	-	-
Closing Balance	43,601,674	43,601,674
Depreciation	(18,772,943)	(15,139,470)
Net Asset Value	24,828,731	28,462,204
23. INCOME TAX PAYABLE/(RECEIVABLE)	2024	2023
	Rs.	Rs.
Opening Balance	101,728,241	(67,401,151)
Charge for the year	579,644,075	169,129,392.00
Previous year Income Tax	-	-
Payments/ Tax Credits during the year	(319,959,550)	-
Closing Balance	361,412,767	101,728,241
Income Tax Payable balance is included tax overpayments from 2014 amounting to Rs. 67,401,151/- that was still not settled in the IRD.		
24. DEFERRED TAX ASSET/(LIABILITY)	2024	2023
	Rs.	Rs.
Balance at the beginning of the year	(30,902,679)	770,894,280
Under/(Over) Provision of deferred tax in respect of prior years	-	19,899,602
Provision/(reversal) for the year	(15,266,760)	(821,696,561)
Balance at the end of the year	(46,169,439)	(30,902,679)
<i>The closing Deferred Tax Asset/(Liability) balance relates to the following</i>		
Accumulated Depreciation	(149,478)	(137,803)
Retirement Benefit Obligation	3,989,212	2,373,517
Revaluation Gain /(Loss) - FVTOCI	(50,009,173)	(33,138,393)
	(46,169,439)	(30,902,679)
25. OTHER ASSETS	2024	2023
	Rs.	Rs.
Other Receivables	1,134,486	5,539,935
Receivable From Treasury	88,939,587	88,939,587
(-) Impairment on Receivable From Treasury	-	(53)
Advance paid to Fixed Assets (25.1)	8,308,300	53,833,248
	98,382,373	148,312,717
25.1 Advance paid to Fixed Assets	2024	2023
	Rs.	Rs.
Advance paid to Fixed Assets	62,141,548	53,833,248
(-) Provision for Advance paid to Fixed Assets	(53,833,248)	-
	8,308,300	53,833,248
A provision has been made in accordance with LKAS 37 – Provisions, Contingent Liabilities, and Contingent Assets, for the total amount paid to Credence Treasury System due to the uncertainty of a refund.		
26. BORROWINGS UNDER REPURCHASE AGREEMENTS	2024	2023
	Rs.	Rs.
Due within 1 year	23,316,875,599	20,903,947,154
	23,316,875,599	20,903,947,154
27. AMOUNT DUE TO RELATED PARTY	2024	2023
	Rs.	Rs.
Other Payables to National Savings Bank	2,684,306	2,304,861
	2,684,306	2,304,861
28. OTHER LIABILITIES	2024	2023
	Rs.	Rs.
Accrued Expenses & Other Liabilities	74,717,232	64,224,582
Advances Received	375,000	875,000
	75,092,232	65,099,582
29. LEASE LIABILITY	2024	2023
	Rs.	Rs.
Opening Balance	34,895,003	36,931,864
Additions	-	-
Interest Expense	3,817,348	4,059,139
Principal Payment	(6,096,000)	(6,096,000)
Closing Balance	32,616,352	34,895,003



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30. RETIREMENT BENEFIT OBLIGATION

	2024 Rs.	2023 Rs.
Balance at the beginning of the year	7,911,723	7,477,968
Current Service Cost	1,233,124	636,504
Interest for the year	870,290	994,570
Deficit/(Surplus) charge for the year	3,282,236	(1,197,318)
Payments made during the year	-	-
Balance at the end of the year	<u>13,297,372</u>	<u>7,911,723</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 2024. The principal financial assumptions used in determining the cost of employee benefits were:

		2024	2023
Discount Rate		11.00%	13.30%
Future Salary Increment		10.00%	10.00%
Staff Turnover Rate		0%	0%
Average Future Working Life Time			
Age Group	25-34	35-44	45<
Average Future Working Life Time - Years	26.85	14.80	5.71

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	(1,002,456)	1,146,281
One percentage point change in the salary escalation rate	1,146,281	(1,019,659)

Assumptions

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

31. STATED CAPITAL

	2024 Rs.	2023 Rs.
Opening Balance	4,200,000,000	4,200,000,000
Issued During the year	-	-
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

	2024 Rs.	2023 Rs.
Special Risk Reserve (Note 32.1)	1,517,015,765	1,277,471,951
FVTOCI Reserve (Note 32.2)	116,688,072	77,322,915
	<u>1,633,703,837</u>	<u>1,354,794,866</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.



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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 2024	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.
Assets						
Government Securities at FVPL	5,405,451,585	6,035,609,165	5,576,560,470	8,535,888,025	109,238,405	25,662,747,651
Government Securities at AC	-	-	2,244,794,084	257,685,343	-	2,502,479,427
Corporate Debentures	-	9,943,043	192,950,000	-	-	202,893,043
Government Securities at FVOCI	-	-	69,070,119	415,337,016	982,013,373	1,466,420,508
Derivative Financial Assets	45,760,885	-	-	-	-	45,760,885
Loans & Advances	306,741,335	16,004,752	-	-	-	322,746,088
ROU Assets	908,368	2,725,105	7,266,946	7,266,946	6,661,367	24,828,731
Total Interest Earning Assets	5,758,862,173	6,064,282,065	8,090,641,619	9,216,177,331	1,097,913,145	30,227,876,333
Total non Interest Earning Assets						116,822,035
Total Assets						30,344,698,367
Liabilities						
Borrowings under Repo	22,086,403,930	1,230,471,670	-	-	-	23,316,875,599
Lease Liability	610,734	2,044,506	7,482,675	10,229,289	12,249,148	32,616,352
Total Interest bearing Liabilities	22,087,014,664	1,232,516,176	7,482,675	10,229,289	12,249,148	23,349,491,951
Total non int. bearing Liabilities						498,656,116
Shareholder's Fund						6,496,550,300
Total Equity and Liabilities						30,344,698,367
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.
Assets						
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
Total Interest Earning Assets	5,017,672,522	13,650,216,339	3,567,303,042	4,092,478,173	154,517,122	26,482,187,197
Total non Interest Earning Assets						165,909,499
Total Assets						26,648,096,696
Liabilities						
Government Securities sold under Repurchase Agreement	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
Total Interest bearing Liabilities	20,661,034,989	245,190,816	6,186,957	8,487,630	17,941,764	20,938,842,157
Total non int. bearing Liabilities						207,947,086
Shareholder's Fund						5,501,307,453
Total Equity and Liabilities						26,648,096,696



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

	2024 Rs.	2023 Rs.
Repo	25,198,789,985	22,461,671,505
Reverse Repo	399,677,474	200,675,747

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 2024	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets				
Financial Assets - Held for Trading & FVTOCI	27,129,168,159	-	-	27,129,168,159
Equity Investments	-	-	2,000,000	2,000,000
	27,129,168,159	-	2,000,000	27,131,168,159

As at 31 December 2023

Financial Assets				
Financial Assets - Held for Trading & FVTOCI	23,006,271,101	-	-	23,006,271,101
Equity Investments	-	-	2,000,000	2,000,000
	23,006,271,101	-	2,000,000	23,008,271,101

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 2024		31 December 2023	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Financial Assets				
Cash and Bank	2,029,616	2,029,616	6,796,433	6,796,433
Loans and Advances	322,746,088	399,677,474	160,552,821	200,675,747
Financial Assets as Held to Collect	2,502,479,427	2,533,840,250	3,073,729,616	2,827,205,800
Total Financial Assets	2,827,255,131	2,935,547,341	3,241,078,871	3,034,677,980
Financial Liabilities				
Borrowings under Repurchase Agreements	23,316,875,599	25,198,789,985	20,903,947,154	22,461,671,505
Amounts Due to Related Parties	2,684,306	2,684,306	2,304,861	2,304,861
Total Financial Liabilities	23,319,559,906	25,201,474,292	20,906,252,015	22,463,976,366

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.



36.1 Credit Risk

Credit Risk Analysis - Maturity Profile Analysis of Financial Assets
As at 31 December 2024 - 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	-	-	994,532	9,150,841	10,617,908	1,008,768	299,530,129
Treasury bills	-	237,291,969	303,878,138	4,692,014,778	4,237,847,888	1,484,204,552	-
Treasury bonds	-	-	214,749,009	1,388,941	524,228,684	6,902,861	17,163,727,113
Total	-	237,291,969	519,621,679	4,702,554,560	4,772,694,480	1,492,116,181	17,463,257,242

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
Total	160,704,937	27,895,301	4,209,275,808	7,533,229,119	2,092,224,883	4,771,984,143	7,776,700,797

36.2 Liquidity Risk

Liquidity risk Analysis - Maturity Profile Analysis of Financial Liabilities
As at 31 December 2024 - 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	-	32,391,105	372,784,257	3,211,678,086	3,579,990,407	727,645,192	9,517,316,321
Other Repo	-	-	-	740,300,000	-	-	4,750,000,000
Total	-	32,391,105	372,784,257	3,951,978,086	3,579,990,407	727,645,192	14,267,316,321

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
Total	-	1,400,000	2,864,596,760	5,446,817,318	528,082,439	3,181,767,494	8,584,327,394



36.3 Market risk

Sensitivity Analysis of Re-Pricing of assets and liabilities

As at 31 December 2024 - 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	1,233,497	11,118,812	12,996,352	1,290,120	62,238,520	307,076,270	3,723,905
T.Bonds	215,853,893	1,391,752	542,383,190	6,964,721	3,775,032,401	12,963,558,399	1,058,309,699
T.Bills	539,509,132	4,626,332,842	4,088,123,673	1,379,704,923	-	-	-
Debentures	-	-	-	-	-	192,950,000	-
Total	756,596,522	4,638,843,406	4,643,503,214	1,387,959,764	3,837,270,920	13,463,584,669	1,062,033,604
Liabilities & Equity							
Equity	-	-	-	-	-	-	6,496,550,300
Repo	459,227,805	4,155,852,494	3,826,783,317	742,810,971	2,952,852,733	11,984,663,826	1,076,598,839
Total	459,227,805	4,155,852,494	3,826,783,317	742,810,971	2,952,852,733	11,984,663,826	7,573,149,139

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	-
Total	4,366,233,886	7,401,311,351	1,996,906,724	4,465,233,478	1,803,998,492	5,825,172,593	144,222,282
Liabilities & Equity							
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	-
Total	3,033,998,825	5,861,037,647	575,816,410	3,426,619,457	6,100,835,141	3,463,364,025	5,501,307,453

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

	2024	2023
	Rs.	Rs.
Treasury bill trading portfolio	(35,671,853)	(57,792,654)
Treasury bond trading portfolio	(344,774,503)	(70,022,156)
Total	(380,446,355)	(127,814,810)



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. 2,157,500/- (2023 -Rs. 1,305,167/-).

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

Directors of the Company and the Parent have made sum of Rs. 26,281,351/- investments in Government Securities of the Company as at 31.12.2024. (2023 - Rs. 87,439,631/-)

(b) Transactions with related parties

The following transactions were carried out with related parties during the year ended 31 December 2024.

Items in Income Statement		2024	2023
		Rs.	Rs.
National Savings Bank	Service Charges/ RTGS Charges Income	-	980,000
	Trustee Fee Income	300,000	1,050,000
	Interest Paid on Repurchase agreements	117,630,365	74,781,890
	Interest Expense on Credit Line Facility	-	64,670,466
	Legal & Shared Service Fee	1,525,000	300,000
	Rent Expense	6,096,000	6,096,000
Items in Statement of Financial Position			
National Savings Bank	Borrowing under Repurchase agreements	5,491,546,581	3,502,932,824
	Other Payables	2,684,306	2,304,861



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	14,207,379,000	14,321,940,922
Forward Sales - Treasury Bonds	10,407,379,000	10,583,600,068
Forward Sales - Treasury Bills	66,801	65,539

38.2 Capital Commitments

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

	2024		2023	
	Rs.	USD	Rs.	USD
Approved and contracted for Treasury System	7,500,000	-	41,158,000	128,619
Approved and contracted for Website	808,300	-	-	-

38.3 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 has not taken action yet.

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 2024

	2024 Rs.	2023 Rs.
Personnel Costs		
Salaries and Wages	33,739,825	22,407,075
Employee Emoluments	27,371,917	23,663,552
Medical Expenses	685,429	537,025
O/T Out Pocket Allowance	1,569,410	71,957
EPF	3,722,744	2,584,269
ETF	930,686	646,067
Bonus	32,862,402	16,678,577
Encashment of Privilege Leave	2,281,723	1,730,786
Staff Training Expenses	1,101,700	726,200
Gratuity expense	2,103,413	1,631,073
	<u>106,369,250</u>	<u>70,676,582</u>
Other Expenses	2024 Rs.	2023 Rs.
Directors Fees	2,157,500	1,305,167
Audit Fees	4,678,037	4,389,255
Bank Charges	214,075	145,690
Annual Membership Fees	3,618,845	1,175,615
Swift Charges	4,080,208	3,477,736
Bloomberg Charges	15,507,668	16,631,606
Sundry Expenses	1,384,938	1,122,758
Sales Promotion	955,476	2,928,750
Stationery	688,729	527,182
Chargeable Equipment	556,299	10,980
Travelling	149,310	63,340
Postage	1,670	3,955
Electricity	2,454,662	2,751,138
Telephone Charges	1,583,473	1,591,516
Water Tax	166,042	127,609
Maintenance of Computers	1,732,449	1,033,260
Maintenance of Office Equipment	1,094,757	735,635
Office Renovation Expenses	17,700	237,062
CSE Rental and Communication Charges	-	302,772
Publication Expenses	308,090	138,460
Professional Fees	125,000	4,369,172
Secretarial Fee	240,000	240,000
Lease Interest on ROU Asset	3,817,348	4,059,139
Brokerage Expense	15,443,493	4,401,602
Shared Service Fee	1,400,000	-
Other Charges and Provisions	53,833,248	20,991
	<u>116,209,019</u>	<u>51,790,388</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)
Ms. 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

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.