



# EMPLOYEES' PROVIDENT FUND FINANCIAL HIGHLIGHTS - 2019



Financial highlights of the Employees' Provident Fund (EPF) for the year ended 31st December 2019 and key performance indicators are disclosed below for the information of the general public. Financial Statements for the year 2019, submitted by the Monetary Board of the Central Bank of Sri Lanka to the Minister of Labour will be presented to the Parliament by the Hon. Minister in terms of the Section 6 (4) of the Employees' Provident Fund Act no 15 of 1958. In terms of Section 14 (1) of the said Act, interest rate for 2019 has been fixed by the Monetary Board with the concurrence of the Hon. Minister of Finance and Hon. Minister of Labour.

## SUMMARIZED INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019

(Rs. Million)

Item	2019	2018	Change (%)
<b>Total Gross Income</b>	<b>259,323</b>	<b>222,843</b>	16.37
<b>Less: Total Operating Expenditure</b>	<b>1,582</b>	<b>1,505</b>	5.12
EPF Dept.: Central Bank of Sri Lanka	927	902	2.77
EPF Section: Department of Labour	655	603	8.62
<b>Net Income before Income Tax</b>	<b>257,741</b>	<b>221,338</b>	16.45
Less: Income Tax	34,965	30,720	13.82
<b>Net Income after Income Tax</b>	<b>222,776</b>	<b>190,617</b>	16.87
Add: Retained profit brought forward	159	268	(40.67)
Opening balance adjustment	-	2,203	-
Adjusted opening retained profit	<b>159</b>	<b>2,471</b>	(93.57)
Capital Gain on Disposal of Unlisted Equity	<b>90</b>	-	-
<b>Net Income available for Distribution to the Members</b>	<b>223,026</b>	<b>193,088</b>	15.50
Less: Interest paid on current year Refunds	4,762	4,296	10.85
Add/ (Less): Transfer from / (to) Profit Equalization Reserve	(7,700)	6,000	(228.33)
Less: Interest paid on Member Balances @ 9.25% in 2019 (9.50% in 2018)	210,434	194,633	8.12
<b>Retained Profit Carried Forward</b>	<b>129</b>	<b>159</b>	(18.87)

## SELECTED KEY PERFORMANCE INDICATORS

Indicator	2019	2018
<b>Membership</b>		
Contributing Member Accounts (Active Members) (mn.)	2.5	2.8
Non-contributing Member Accounts (Inactive Members) (mn.)	16.5	15.9
<b>Total Member Accounts (mn.)</b>	<b>19.0</b>	<b>18.7</b>
Contributing Employers (Nos.)	84,874	86,203
<b>Total Member Balances (Rs. mn.)</b>	<b>2,497,609</b>	<b>2,254,194</b>
<b>Member Contributions Received (Rs. mn.)</b>	<b>157,247</b>	<b>144,996</b>
Annual growth in Member Contributions (%)	8.4	8.7
<b>Gross Income (Rs. mn.)</b>	<b>259,323</b>	<b>222,843</b>
Income from Government Securities	246,362	218,259
Income from Equities		
Dividend Income and Capital Gain	6,109	3,767
Gain/ (Loss) on Fair Valuation of Equities	(1,890)	(10,901)
Income from Corporate Debts and Reverse repos	6,353	5,956
Income from Fixed Deposits	2,104	5,359
Other Income	284	403
<b>Operating Expenses (Rs. mn.)</b>	<b>1,582</b>	<b>1,505</b>
As a % of total Gross Income of the Fund	0.61	0.68
<b>Investment Portfolio (Rs. mn.)</b>	<b>2,548,721</b>	<b>2,298,831</b>
Annual Growth in Investment Portfolio (%)	10.9	15.4
<b>Composition (%)</b>		
Government Securities - Treasury Bonds and Bills	93.8	92.2
Equities	3.0	3.3
Corporate Debt Instruments	1.6	1.9
Reverse Repos	0.6	1.1
Fixed Deposits	1.0	1.5
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Refunds</b>		
Amount Paid to Members (Rs. mn.)	126,330	106,497
Refunds - including part payments and 30% withdrawals (Nos.)	241,581	241,190
Annual increase in Refunds (%)	(0.2)	(9.3)
<b>Housing Loan Guarantee Facilities</b>		
Amount Sanctioned (Rs. mn.)	5,097	4,974
Guarantee Certificates issued (Nos.)	10,022	10,036
<b>Return on Investments</b>		
Gross Rate of Return on Average Portfolio (%)	10.70	10.39
Rate of Interest Paid on Member Balances (%)	9.25	9.50
Effective Rate of Interest Paid on Member Balances (%)	9.27	9.54

## SUMMARIZED STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER 2019

(Rs. Million)

Item	2019	2018	Change (%)
Property, Plant and Equipment (including Intangible Assets)	275	290	(5.17)
Financial Assets	2,548,721	2,298,831	10.87
Current Assets	17,806	17,844	(0.21)
<b>Total Assets</b>	<b>2,566,802</b>	<b>2,316,965</b>	10.78
Less: Current Liabilities	26,363	27,604	(4.50)
<b>Total Net Assets</b>	<b>2,540,438</b>	<b>2,289,361</b>	10.97
<b>Represented By:</b>			
Total Member Balances (After crediting interest)	2,497,609	2,254,194	10.80
Reserves	42,700	35,007	21.98
Retained Profit	129	159	(18.87)
<b>Net Worth of the Fund</b>	<b>2,540,438</b>	<b>2,289,361</b>	10.97

## SUMMARIZED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019

(Rs. Million)

Description	Member Balance	Retained Profit	Other Reserves	Total
<b>Balance as at 31<sup>st</sup> December 2017</b>	<b>2,020,782</b>	<b>268</b>	<b>45,249</b>	<b>2,066,299</b>
Impact of adopting SLFRS 09	-	2,207	(4,242)	(2,035)
Opening Balance Adjustment - Dept. of Labour	-	(4)	-	(4)
<b>Adjusted opening balance</b>	<b>2,020,782</b>	<b>2,471</b>	<b>41,007</b>	<b>2,064,260</b>
Net Profit for the year - 2018	-	190,617	-	190,617
Net Contributions for 2018	38,779	-	-	38,779
Member Interest Paid on Refunds - 2018	-	(4,296)	-	(4,296)
Member Interest payable (2018 at 9.50%)	194,633	(194,633)	-	-
Transfer from Profit Equalization Reserve	-	6,000	(6,000)	-
<b>Balance as at 31<sup>st</sup> December 2018</b>	<b>2,254,194</b>	<b>159</b>	<b>35,007</b>	<b>2,289,361</b>
Net Profit for the year - 2019	-	222,776	-	222,776
Capital gain on disposal of unlisted shares	-	90	-	90
Net Gain/ (Loss) on financial assets at fair value through other comprehensive income	-	-	(7)	(7)
Net Contributions for 2019	32,981	-	-	32,981
Member Interest Paid on Refunds - 2019	-	(4,762)	-	(4,762)
Member Interest payable (2019 at 9.25%)	210,434	(210,434)	-	-
Transfer to Profit Equalization Reserve	-	(7,700)	7,700	-
<b>Balance as at 31<sup>st</sup> December 2019</b>	<b>2,497,609</b>	<b>129</b>	<b>42,700</b>	<b>2,540,438</b>

## SUMMARIZED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019

(Rs. Million)

For the year ended 31st December	2019	2018
Net cash generated from operating activities	206,595	196,280
Net cash used in investing activities	(237,763)	(234,571)
Net cash generated from financing activities	30,961	38,513
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(207)</b>	<b>222</b>
Cash and cash equivalents at the beginning of the year	3,419	3,274
<b>Cash and cash equivalents at the end of the year - Before Adjustments</b>	<b>3,212</b>	<b>3,496</b>
Adjustments:		
Cash balance at the end of the year - Dept. of Labour	(45)	(77)
<b>Cash and cash equivalents at the end of the year</b>	<b>3,167</b>	<b>3,419</b>

## EFFECTIVE RATE OF RETURN FOR MEMBER BALANCES VS. MARKET RATES (%)

Year	2015	2016	2017	2018	2019
Effective Rate of Return offered by EPF	10.57	10.51	10.51	9.54	9.27
Rate of Return offered by a similar Superannuation Fund	9.30	9.10	9.00	9.00	8.00
One Year Fixed Deposits rate of a major Savings Bank	7.25	11.00	11.00	10.50	9.83
Commercial Banks' Average Weighted Deposits Rate (AWDR)	6.20	8.17	9.07	8.81	8.20
Annual Average Inflation - CCPI (2013=100)	3.8	4.0	7.7	2.1	3.5

Source: Annual Report 2018, Central Bank of Sri Lanka

We, the under-signed, certify that the above financial highlights were extracted from the unaudited financial statements for the year 2019 prepared in accordance with the applicable Sri Lanka Accounting Standards (LKAS/SLFRS).

W D Lakshman  
Governor  
Central Bank of Sri Lanka

A G U Thilakarathna  
Superintendent  
Employees' Provident Fund Department