

(SL) A Stable / **ICRA LANKA**

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

INCOME STATEMENT FOR THE YEAR ENI	DED 31 ST DECEMBER 2010	6
In Rupees Thousand	Current Year From 01/01/2016 To 31/12/2016 (Audited)	Previous Year From 01/01/2015 To 31/12/2015 (Audited)
Interest Income Interest Expenses	14,813,083 (7,197,199)	11,759,233 (5,168,680)
Net Interest Income Fee and Commission Income Fee and Commission Expenses	7,615,885 905,637 (124,649)	6,590,552 739,950 (114,175)
Net Fee and Commission Income Net Gain / (Loss) from trading Net Gain/(Loss) from financial instruments at fair value through profit or loss Net Gain/(Loss) from Financial Investments Other Operating Income (net)	780,987 - 4 - 25,617	625,776 - (6) - 10,936
Total Operating Income Impairment for Loans & Other Losses	8,422,493 29,110	7,227,257 (201,066)
Net Operating Income Personal Expenses Depreciation and Amortisation Other Expenses	8,451,603 (4,609,233) (37,169) (1,674,634)	7,026,192 (4,082,142) (35,364) (1,424,622)
Operating Profit / (Loss) before Value Added Tax (VAT) Nation Building Tax Value Added Tax (VAT) on financial services	2,130,568 (107,483) (767,485)	1,484,064 (90,950) (421,200)
Profit / (Loss) before tax Tax Expenses	1,255,600 (614,312)	971,915 (442,763)
Profit / (Loss) for the Year	641,288	529,152
Profit attributable to : Share Holders Earnings per share	641,288	529,152
Basic earning per ordinary share	4.68	3.86

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 st DECEMBER 2016							
In Rupees Thousand	Current Year From 01/01/2016 To 31/12/2016 (Audited)	Previous Year From 01/01/2015 To 31/12/2015 (Audited)					
Profit for the Year	641,288	529,152					
Other Comprehensive Income/(expenses) Items that will not be reclassified to profit & Loss Acturial Gain/(Loss) on Define Benefit Plan Deferred tax effect on above	(170,393) 47,710	61,260 (14,074)					
Total Other Comprehensive Income for the Year, Net of Taxes	(122,683)	47,187					
Total Comprehensive Income for the Year	518,605	576,338					
OTATEMENT OF FINANCIAL POOLTION AS AT ON PEOPMORD 2010							

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STATEMENT OF FINANCIAL POSITION A	S AT 31 ST DECEMBE	R 2016
In Rupees Thousand	Current Year As at 31/12/2016 (Audited)	Previous Year As at 31/12/2015 (Audited)
Assets		
Cash and cash equivalents	428,698	310,592
Sri Lankan Government Securities	-	607,814
Balance with banks	18,979,572	2,952,334
Placement with Banks	1,682,030	12,861,621
Derivative financial instruments Financial assets held for trading	204	200
Financial assets field for trading Financial assets designated at fair value through profit or loss	204	200
Loans and receivables given to banks	_	
Loans and receivables given to other customers	105,653,631	87,079,454
Financial Investments - Available-for-Sale	-	-
Financial Investments - Held-to-Maturity	516,742	-
Investments in Subsidiaries	-	-
Investments in associate and Joint Ventures	-	-
Property, Plant and Equipment	1,186,398	1,044,605
Investment Properties		
Goodwill and intangible assets	58,026	78,816
Deffered Tax Assets Other assets	217,650	171,634
	2,191,034	1,673,473
Total assets	130,913,984	106,780,543
Liabilities		
Due to banks	11,765,493	7,951,291
Derivatives Financial Instruments	-	-
Other Financial liabilities held for trading Financial liabilities designated at fair value through profit or loss	-	-
Due to other customers	107,031,721	87,753,700
Debt issued and other borrowed funds	-	-
Debt securities issued	2,708,377	2,693,033
Current tax liabilities	_,:::,:::	
Deffered Tax liabilities	-	-
Other Provisions	-	-
Other liabilities	2,130,544	1,792,988
Retirement benefit obligation	1,278,903	972,097
Total Liabilities	124,915,039	101,163,108
Equity		
State Capital / Assigned Capital	1,370,937	1,370,937
Statutory Reserve Fund	599,456	567,391
Retained Earnings Other Reserves	988,284 3,040,268	799,160
		2,879,946
Total Shareholders' Equity Non-controlling interests	5,998,946	5,617,434
Total Equity	5,998,946	5,617,434
Total Equity and Liabilities	130,913,984	106,780,543
Contingent Liabilities and Commitments	453,556	232,012
Memorandum Information Number of permanent Employees Number of Branches	2,350 265	2,368 265

1) Loans and Receivables to other Customers

	<u>Bank</u>				
In Rupees Thousand	Current Year As at 31/12/2016 (Audited)	Previous Year As at 31/12/2015 (Audited)			
Gross loans and receivables	108,102,760	89,469,402			
(less): Zero rate loan fair value adjustment	(159,863)	(257,836)			
Staff loan fair value adjustment	(760,807)	(508,043)			
Individual impairment charges	(24,184)	(91,035)			
Collective impairment charges	(1,504,275)	(1,533,034)			
Net Loans and receivables including those designated at fair value through profit or loss	105,653,631	87,079,454			
(Less): Loans and Receivables designated at fair value through profit & Loss	-	-			
Net loans and receivables	105,653,631	87,079,454			

2) Loans and Receivables to other Customers - By product

	<u>Bank</u>		
In Rupees Thousand	Current Year As at 31/12/2016 (Audited)	Previous Year As at 31/12/2015 (Audited)	
By Product - Domestic Currency Term Loans Pawning Other Loans (Staff Loans) Interest Receivable on Loans & Advances	95,737,973 7,873,700 3,193,923 1,297,163	78,352,122 7,653,380 2,390,935 1,072,966	
Total	108,102,760 89,469,402		

3) Movements in individual and collective impairment during the period for Loans and Receivables to other customers

	<u>B</u>	<u>Bank</u>			
In Rupees Thousand	Current Year As at 31/12/2016 (Audited)	Previous Year As at 31/12/2015 (Audited)			
Individual Impairment Opening Balance Charge / (Write back) to income statement Write-off during the year Other movements	91,035 (66,851) -	91,035 - -			
Closing Balance	24,184	91,035			
Collective Impairment Opening Balance Charge/(write Back) to income Statement Write-off during the year Other movements	1,533,034 37,741 (56,125) (10,375)	1,490,193 110,031 (609) (66,580)			
Closing Balance	1,504,275	1,533,034			
Total Impairment	1,528,459	1,624,069			

4) Di

e to other customers - By Product	
	<u>Bank</u>
In Rupees Thousand	Current Year As at 31/12/2016 31/12/2015 (Audited) (Audited)
By Product - Domestic Currency Savings Deposits Fixed Deposits Other Deposits (Long Term Savings)	32,669,438 28,798,164 65,031,577 50,840,846 9,330,706 8,114,690
Total	107 031 721 87 753 700

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31ST DECEMBER 2016

In Rupees Thousand	HFT	HTM	Loans & Receivables	AFS	Total
ASSETS					
Cash and cash equivalents	-	-	428,698	-	428,698
Sri Lanka government securities	-	-	-	-	-
Balances with other banks			18,979,572		18,979,572
Placements with banks	-	-	1,682,030	-	1,682,030
Derivative Financial Instruments	-	-	-	-	-
Financial assets held for trading	204	-	-	-	204
Financial assets held to Maturity	-	516,742	-	-	516,742
Loans and receivables given to other customers	-	-	105,653,631	-	105,653,631
Financial Investments	-	-	-	-	-
Other assets	-	-	1,100,619	-	1,100,619
Total Financial Assets	204	516,742	127,844,551	-	128,361,497

In Rupees Thousand	HFT	HTM	Amortized Cost	AFS	Total
LIABILITIES					
Due to banks	-	-	11,765,493	-	11,765,493
Derivative financial instruments	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	107,031,721	-	107,031,721
Debt securities issued	-	-	2,708,377	-	2,708,377
Other Liabilities			2,130,544		2,130,544
Total Financial liabilities	-	-	123,636,136	-	123,636,136
b. Bank - Previous Year (Audited)		1			1

HTM

Loans &

Receivables

310,592

1,792,988

100,191,011

3,109,658

15,946,421

19,056,079

428,698

AFS

Total

310,592

1,792,988

100,191,011

(9,335,889)

25,282,309

310,592

15,946,421

HFT

In Rupees Thousand

Other Liabilities

Total Financial liabilities

Net Increase / (decrease) in cash & cash equivalents

Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period

Reconciliation of Cash & Cash Equivalents

Cash and cash equivalents

Cash and cash equivalents

ASSETS

	cash and cash equivalents			310,372		310,372
	Sri Lanka government securities	-	607,814	-	-	607,814
	Balances with other banks	-	-	2,952,334	-	2,952,334
i	Placements with banks	-	-	12,861,621	-	12,861,621
!	Derivative Financial instruments	-	-	-	-	-
	Financial assets held for trading	200	-	-	-	200
ı	Loans and receivables to banks	-	-	-	-	-
	Loans and receivables given to other customers			87,079,454	-	87,079,454
ı	Other assets			592,768	-	592,768
	Total Financial Assets	200	607,814	103,796,768	-	104,404,783
l I		HFT	HTM	Amortized	AFS	Total
 	In Rupees Thousand	HFT	HTM	Amortized Cost	AFS	Total
 	In Rupees Thousand LIABILITIES	HFT	НТМ		AFS	Total
 		HFT -	HTM -		AFS -	Total 7,951,291
 	LIABILITIES	HFT - -	HTM - -	Cost	AFS - -	
 	LIABILITIES Due to banks	HFT - -	HTM - - -	Cost	AFS - -	
	LIABILITIES Due to banks Derivative financial instruments	HFT	HTM - - -	Cost	AFS	
 	LIABILITIES Due to banks Derivative financial instruments Other financial liabilities at	HFT	HTM - - - -	Cost	AFS	
	LIABILITIES Due to banks Derivative financial instruments Other financial liabilities at fair value through profit or loss	HFT	HTM	7,951,291 -	AFS	7,951,291 - -

	Bank			
In Rupees Thousand	Current Year (Audited) 31/12/2016	Previous Year (Audited) 31/12/2015		
Cash Flows from Operating Activities				
Profit before tax	2,130,568	1,484,064		
Adjustment for:		-		

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2016

Non-Cash item included in Profits before tax 423,361 581,824 (19,002,959) Change in Operating assets (24,930,428) Change in Operating Liabilities 21,615,024 12,821,989 Other reclassification (307) (2)Contribution paid to defined benefit plans (22,372)(19,648) (1,308,146) (1,157,331) Tax paid 3,835,472 Net cash generated from operating activites (11,219,837) Cash flows from investing acttivities Purchase of property, plant and equipment (385,493) (413,677) Proceeds from the sale of property, plant and equipment 22,706 7,773 (16,378) (59,218) Net purchase of intangible assets Net proceeds from sales of investment share market Net cash (used in)/from investing activities (379,166) (465,123) Cash flow from financing activities Net proceeds from the issue of ordinary share capital Net proceeds from the issue of subordinate debt 2,500,000 Interest paid on Debenture (209,554) (13,835) (137,094) Dividend paid (137,094)Net cash from financing activities (346,648)2,349,071

Favourable Balances with banks 20,661,603 15,813,955 (178,126) (2,034,221) Unfavourable Balances with banks 15,946,421 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2016

Bank	Stated (Assigned	Capital / d Capital			Reserves			Total	Non controlling	Total
	Ordinary Voting Shares	Ordinary non voting Shares	Assigned Capital	Statutory Reserve Fund	Revaluation Reserve	Retained earning	Other reserves		Interest	equity
In rupees thousand										
Balance as at 01/01/2016 (Opening balance)	-	-	1,370,937	567,391		799,160	2,879,946	5,617,434	-	5,617,434
Profit / (loss) for the year	-	-	-	-	-	641,288	-	641,288	-	641,288
Other comprehensive income (net of Tax)	-	1	-	-	-	(122,683)	-	(122,683)	-	(122,683)
Issued Share Capital	-	-	-	-	-	-	-	-	-	-
Transferred to Statutory Reserve Fund	-	-	-	32,064	-	(32,064)	-	-	-	-
Transferred to Special Reserve Fund	-	-	-	-	-	(32,064)	32,064	-	-	-
Transferred to General Reserve Fund	-	-		-	-	(128,258)	128,258	-	-	-
Dividend Paid	-	-	-	-	-	(137,094)	-	(137,094)	-	(137,094)
Total transaction with equity holders			-	32,064	-	(329,480)	160,322	(137,094)	-	(137,094)
Balance as at 31/12/2016 (closing balance)	-	- 1,	370,937 599	456	- 988	3,040,	269 5,998,9	46 -	5,998,94	6

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING) AS AT 31ST DECEMBER 2016

AO AT OT DECEMBER 2010		
Item	31/12/2016 (Audited)	31/12/2015 (Audited)
Regulatory Capital Adequacy Core Capital (Tier 1 Capital) Rs. '000 Total Capital Base Rs. '000	5,781,219 8,244,450	6,046,698 8,422,411
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	6.50%	7.56%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	9.27%	10.53%
Assets Quality (Quality of Loan Portfolio) Gross Non-Performing Advances Ratio, % (net of interest in Suspense) Net Non-Performing Advances Ratio, % (net of interest in Suspense and provision)	2.86% 1.42%	4.00% 2.16%
Profitability Interest Margin, % Return on Assets (before Tax), % Return on Equity, %	6.41% 1.06% 11.04%	6.63% 0.98% 9.80%
Regulatory Liquidity Statutory Liquid Assets, Rs. '000 Statutory Liquid Assets Ratio, % (Minimum requirement, 20%)	21,631,973 21.25%	18,534,483 21.77%

CERTIFICATION:

We, the undersigned, being the Chief Financial Officer and the Chief Executive Officer of Pradeshiya Sanwardhana Bank, certifyat, (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lkan
(b) the information contained in these statements for the year ended 31.12.2016 have been extracted from the audited financials members of the bank.

P.S. Edirisuriya Chief Financial Officer May 18, 2017

T.A. Ariyapala Chief Executive Officer

No. 933, Kandy Road, Wedamulla, Kelaniya