

# PRADESHIYA SANWARDHANA BANK

# "A" Negative **ICRA LANKA**

# FINANCIAL STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019

INCOME STATEMENT FOR THE PERIOD ENDED 31 <sup>ST</sup> MARCH 2019					
	Bank				
Rupees Thousands	Current Period 31/03/2019	Previous Period 31/03/2018			
Interest income	6,039,304	5,831,735			
Interest expenses	(3,203,488)	(3,166,303)			
Net interest income Fee and commission income	<b>2,835,817</b> 188,325	<b>2,665,432</b> 224,179			
Fee and commission expenses	(71,239)	(60,410)			
Net fee and commission income  Net gains/(losses) from trading  Net fair value gains/(losses) on: financial assets at fair value through profit or loss financial liabilities at fair value through profit or loss	117,087	163,769			
Net gains/(losses) on derecognition of financial assets: at fair value through profit or loss at amortised cost at fair value through other comprehensive income	- - -				
Net other operating income	2,268	761			
Total operating income Impairment charges	<b>2,955,171</b> (714,862)	<b>2,829,961</b> (163,513)			
Net operating income Personnel expenses Depreciation and amortization expenses Other expenses	<b>2,240,309</b> (1,352,747) (90,548) (383,569)	<b>2,666,449</b> (1,349,649) (86,031) (402,353)			
Operating profit/(loss) before VAT & NBT on financial services  Value Added Tax (VAT) on financial services  Debt repayment levy  Nation Building Tax (NBT) on financial services	413,445 (921,589) (55,852) (29,545)	<b>828,415</b> (270,776) - (36,103)			
Operating profit/(loss) after YAT & NBT on financial services Share of profits of associates and joint ventures	106,459	521,536			
Profit/(loss) before tax Income tax expenses Profit/(loss) for the period	<b>106,459</b> (132,209) <b>(25,750)</b>	<b>521,536</b> (250,720) <b>270,816</b>			
Profit attributable to: Equity holders of the parent Non-controlling interests	(25,750)	270,816 -			
Earnings per share on profit Basic earnings per ordinary share Diluted earnings per ordinary share		2.80			

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 <sup>ST</sup> MARCH 2019					
	Ва	nk			
Rupees Thousands	Current Period 31/03/2019	Previous Period 31/03/2018			
Profit/(loss) for the period Items that will not be reclassified to income statement	(25,750)	270,816			
Exchange differences on translation of foreign operations	_	_			
Net gains/(losses) on cash flow hedges	_	_			
Net gains/(losses) on investments in debt instruments measured	_	_			
at fair value through other comprehensive income					
Share of profits of associates and joint ventures	-	-			
Debt instruments at fair value through other comprehensive income	-	-			
Others (specify)	-	-			
Less: Tax expense relating to items that will be reclassified to income statement					
Items that will not be reclassified to income statement					
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	-	-			
Change in fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss	-	-			
Re-measurement of post-employment benefit obligations	-	-			
Changes in revaluation surplus	-	-			
Share of profits of associates and joint ventures	_	_			
Others (specify)	-	-			
Less: Tax expense relating to items that will not be reclassified to income statement	-	-			
Other Comprehensive Income (OCI) for the period, net of taxes	-	-			
Total comprehensive income for the period	(25,750)	270,816			
Attributable to:					
Equity holders of the parent	(25,750)	270,816			
Non-controlling interest	-	-			

# ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 31ST MARCH 2019

. Bank - Current Period				
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS	1 121 (0)			4 424 704
Cash and cash equivalents Balances with central banks	1,131,694	-	-	1,131,694
Placements with banks	0.046 EEE	-	-	9,046,555
Equity Instruments at fair value through profit or loss	9,046,555	116	-	9,040,555
Equity instruments at fair value through profit or loss Loans and advances	131,417,639	110	-	131,417,639
Debt instruments	25,000,883	-	-	25,000,883
Equity instruments	25,000,005		4,176,343	4,176,343
Other Assets	1,679,488		4,170,343	1,679,488
Total Financial Assets	168,276,261	116	4,176,343	172,452,719
	100/270/201		1,170,010	.,_,,
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
Due to banks			12,000,133	12,000,133
Derivative financial instruments			-	-
Financial liabilities			-	-
- due to depositors			139,220,160	139,220,160
- due to debt securities holders			4,633,178	4,633,178
- due to other borrowers				
Other Liabilities			2,104,619	2,104,619
Total Financial Liabilities			157,958,090	157,958,090
b. Bank - Previous Period				
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	607,797	-	-	607,797
Balances with central banks		-	-	
Placements with banks	4,210,369	-	-	4,210,369
Equity Instruments at fair value through profit or loss	100 2/1 0/0	197		197
Loans and advances	129,361,048	-	-	129,361,048
Debt instruments	33,654,772	-	-	33,654,772
Equity instruments Other Assets	1,419,007	-	-	1,419,007
Total Financial Assets	169,252,993	197	-	169,253,189
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES			71110111264 6031	IVIAL
Due to banks			12,906,915	12,906,915
Due to Gariks Derivative financial instruments			12,700,713	12,700,913
Financial liabilities				-
- due to depositors			139,889,222	139,889,222
			4,632,111	4,632,111
- due to debt securities holders			T,002,111	7,002,111
- due to debt securities holders - due to other borrowers			' '	
- due to debt securities holders - due to other borrowers Other Liabilities			2,267,429	2,267,429

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31st MARCH 2019					
	Ва	Bank			
Rupees Thousands	Current Period 31/03/2019	Previous Period 31/03/2018			
Cash flow from operating activities					
Profit before tax	413,445	828,415			
Adjustment for:					
Non-cash items included in profit before tax	886,086	361,985			
Changes in operating assets	1,472,157	(5,879,974)			
Changes in operating liabilities	(1,223,798)	4,676,732			
Net gain from investment activities	-	-			
Share of profits in associates and joint ventures	-	_			
Dividend income from subsidiaries and associates	-	_			
Net gain/(loss) from financial instruments					
at fair value through profit or loss	_	_			
Others reclassification	_	_			
Contribution paid to defined benefit plans	(27,383)	(22,058)			
Taxes on financial services	(263,497)	(270,769)			
Tax Paid	(437,850)	(219,695)			
Net cash generated from/(used in) operating activities	819,160	(525,364)			
Cash flows from investing activities Purchase of Property, plant and equipment Net purchase of intangible assets Investment in Fixed deposits (more than three months) Proceeds from the sale of property, plant and equipment Net proceeds from sales of investment share market	(93,086) (2,173) 9,490,247 -	(39,200) (3,906) (12,069,912) 16			
Net cash (used in)/from investing activities	9,394,987	(12,113,003)			
Cash flows from financing activities  Net proceeds from the issue of ordinary share capital  Net proceeds from the issue of subordinate debt  Interest paid on debentures	(133,178)	- - (13 <u>0</u> ,111)			
Net cash from financing activities	(133,178)	(132,111)			
Net increase/(decrease) in cash & cash equivalents Cash & cash equivalents at the beginning of the period	10,080,969 9,639,017	(12,770,478) 28,228,223			
Cash and cash at the end of the period	19,719,986	15,457,745			
Reconciliation of Cash & Cash Equivalents	,,	.5,.57,5			
Cash and cash equivalent Favorable balances with banks Placements with Banks Fixed deposits less than three months Unfavorable balances with banks	1,131,694 9,046,555 9,728,495 (186,758)	607,797 4,210,369 11,000,000 (360,421)			
	1	`			

STATEMENT OF FINANCIA	L POSITION AS AT	Γ 31 <sup>ST</sup> MARCH 2019

	Bank			
Rupees Thousands	Current Period 31/03/2019	Previous Period 31/03/2018		
Assets				
Cash and cash equivalents	1,131,694	607,797		
Balances with central banks Placements with banks	9,046,555	4,210,369		
Derivative financial instruments	9,040,333	4,210,309		
Financial assets recognized through profit or loss				
- measured at fair value	116	197		
- designated at fair value	-	-		
Financial assets at amortized cost - loans and advances	131,417,639	129,361,048		
- debt and other instruments	25,000,883	33,654,772		
Financial assets measured at fair value through other comprehensive income	4,176,343	' ' -		
Investment in subsidiaries Investments in associates and joint ventures	-	-		
Property, plant and equipment	1,261,025	1,139,064		
Investment properties	-	-		
Goodwill and intangible assets	62,929	41,749		
Deferred tax assets	458,374	343,876		
Other assets	3,207,490	3,167,319		
Total assets	175,763,050	172,526,191		
Liabilities Due to banks	12,000,133	12,906,915		
Derivative financial instruments	-	-		
Financial liabilities recognized through profit or loss				
- measured at fair value	-	-		
- designated at fair value	-	-		
Financial liabilities at amortized cost - due to depositors	139,220,160	139,889,222		
- due to depositors - due to debt securities holders	139,220,100	139,009,222		
- due to other borrowers	_	_		
Debt securities issued	4,633,178	4,632,111		
Retirement benefit obligations	1,899,541	1,673,837		
Current tax liabilities	563,999	840,558		
Deferred tax liabilities Other provisions	-	-		
Other liabilities	2,682,539	2,699,984		
Due to subsidiaries	-	-		
Total liabilities	160,999,550	162,642,627		
Equity	1			
Stated capital/Assigned capital	8,047,230	3,870,937		
Statutory reserve fund	720,855	663,652		
OCI reserve	-	-		
Retained earnings	2,339,480	1,987,724		
Other reserves	3,655,934	3,361,251		
Total shareholders' equity	14,763,500	9,883,564		
Non-controlling interests	-	-		
Total equity	14,763,500	9,883,564		
Total equity and liabilities	175,763,050	172,526,191		
Contingent liabilities and commitments	111,477	274,704		
Memorandum Information	0.340	0.007		
Number of Employees Number of Branches	2,313	2,397		
Nullioel of blanches	265	265		

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2019

	Stated o	capital/Assigned	Capital		Re	eserves			Non	
Rupees Thousands	Ordinary Voting Share	Ordinary Non Voting Share	Assigned Capital	Statutory Reserve Fund	OCI Reserve	Reveluation Reserve	Other Reserve	Total	Controling interest	Total Equity
Balance as at 01/01/2019 (Opening balance)	-	-	8,047,230	720,855	-	-	6,021,165	14,789,249	-	14,789,249
Total comprehensive income for the period										' '
Profit/(loss) for the period (net of tax)	-	-	-	-	-	-	(25,750)	(25,750)	-	(25,750)
Other comprehensive income (net of tax)		-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	(25,750)	(25,750)	-	(25,750)
Transactions with equity holders, recognised directly										
in equity										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	- 1
Share options exercised	-	-	-	-	-	-	-	-	-	- 1
Bonus issue	-	-	-	-	-	-	-	-	-	- 1
Rights issue	-	-	-	-	-	-	-	-	-	- 1
Transfers to reserves during the period	-	-	-	-	-	-	-	-	-	- 1
Dividends to equity holders	-	-	-	-	-	-	-	-	-	- 1
Profit transferred to head office	-	-	-	-	-	-	-	-	-	- 1
Gain/(loss) on revaluation of Property, Plant and					_				_	
Equipment (if cost method is adopted)										
Others (Please specify)	-	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-	-	-	-
Balance as at 31/03/2019	-	-	8,047,230	720,855	-	-	5,995,415	14,763,500	-	14,763,500

# ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31<sup>ST</sup> MARCH 2019

ANALYSIS OF LUANS & ADVAN					
	Bani	k	ll .	Bani	<b>(</b>
Rupees Thousands	31/03/2019 Period 31/03/2018		Current Period 31/03/2019	Previous Period 31/03/2018	
Product-wise Gross loans & advances			Other commitments (specify)	-	
By product – Domestic currency Overdrafts			Other contingencies (specify)	-	
Term loans	96,906,130	N/A	Sub total Total	252,272	N/A
Lease rentals receivable	90,900,130	IN/A	1	252,272	N/A
Credit cards	_		Stage-wise impairment on loans &		
Pawning	11.882.605	N/A	advances, commitments and		
Refinance	18,563,459	N/A	contingencies Gross loans and advances,	124 440 740	N/A
Liva Isura	108,806	N/A	commitments and contingencies	136,640,742	IN/A
Staff Loan	3,514,172	N/A	Less: Accumulated impairment under	980,601	N/A
Loans Against Deposits	5,413,298	N/A	stage 1	700,001	19/7 (
Sub total	136,388,470	N/A	Accumulated impairment under	879,727	N/A
	130,300,470	17/4	stage 2	017,121	1 177 (
By product – Foreign currency			Accumulated impairment under	2,036,063	N/A
Overdrafts	-		stage 3	, ,	
Term loans	-		Net value of loans and advances,	132,744,350	N/A
Guarantees	-		commitments and contingencies		
Bonds	-		Movement of impairment during the period		
Other loans (specify)	-		Under Stage 1	(27 500)	N/A
Sub total	-		Charge/(Write back) to income statement	(37,500)	IN/A
Total	136,388,470	N/A	Write-off during the period	_	N/A
Product-wise commitments and			Other movements	_	N/A
contingencies			Closing balance at 31/03/2019	978,752	N/A
By product – Domestic currency			Under Stage 2	,	
Guarantees	140,795	N/A	Charge/(Write back) to income	(49,066)	N/A
Bonds	Í -	İ	statement		
Undrawn credit lines	-	İ	Write-off during the period	-	N/A
Other commitments (specify)	-		Other movements Closing balance at 31/03/2019	879,727	N/A N/A
Other contingencies (Bill Purchase)	111,477	N/A	Under Stage 3	8/9,/2/	IN/A
Sub total	252,272	N/A	Charge/(Write back) to income	801,428	N/A
Decision from Providence accounts			statement	301,120	,, .
By product – Foreign currency			Write-off during the period	_	N/A
Guarantees	-		Other movements	-	N/A
Bonds Undrawn credit lines	-		Closing balance at 31/03/2019	2,036,063	N/A
unarawn credit lines	-		Total impairment	3,894,542	N/A

# ANALYSIS OF DEPOSITS AS AT 31ST MARCH 2019

	Ba	Bank			
Rupees Thousands	Current Period 31/03/2019	Previous Period 31/03/2018			
By product – Domestic currency Demand deposits (current accounts)	-	-			
Savings deposits Fixed deposits Others (Specify)	52,374,706 83,012,454	49,715,132 86,666,165			
Sub total	135,387,161	136,381,298			

	Ba	nk
Rupees Thousands	Current Period 31/03/2019	Previous Period 31/03/2018
By product – Foreign currency Demand deposits (current	-	-
accounts) Savings deposits Fixed deposits	-	-
Others (Specify)  Sub total	-	- -
Total	135,387,161	136,381,298

# SELECTED PERFORMANCE INDICATORS AS AT 31<sup>ST</sup> MARCH 2019 (Based on Regulatory Reporting)

Item	31/03/2019	31/03/2018
Regulatory Capital Adequacy (LKR in Thousands)		
Common Equity Tier 1	13,407,262	9,230,954
Core (Tier 1) Capital	13,407,262	9,230,954
Total Capital Base	15,658,160	12,791,683
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	10.75%	8.23%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	10.75%	8.23%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	12.56%	11.40%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	32,014,549	35,185,250
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)	23.34%	25.85%
Domestic Banking Unit (%)	-	-
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	4,700,616	3,544,262
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	114.32%	103.88%
All Currency (%)	-	=
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	136%	102%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	7.82%	5.85%
Net-Non Performing Advances (%) (net of interest in suspense and provision)	4.91%	4.22%
Profitability		
Interest Margin (%)	6.51%	6.21%
Return on Assets (before Tax) (%)	0.24%	1.22%
Peturn on Equity (%)	0.040/	11 110/

### Return on Equity (%) CERTIFICATION:

T. Kuhan

15,457,745

19,719,986

We, the undersigned, being the Chief Executive Officer and the Chief Financial Officer of Pradeshiya Sanwardhana Bank jointly certify that:

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka; (b) the information contained in these statements have been extracted from the unaudited financial statements of the bank as at 31st March 2019 unless indicated as audited.

> P.S. Edirisuriya (Sgd.) Chief Financial Officer Date: 28/05/2019

(Sgd.) Chief Executive Officer Date: 28/05/2019