

PRADESHIYA SANWARDHANA BANK

"A" Negative **ICRA** Lanka

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2020

	Ra	nnk
Rupees Thousands	Current Period 31/03/2020 (Unaudited)	Previous Period 31/03/2019 (Unaudited
Interest income	5,948,912	6,039,304
Interest expenses	(3,145,067)	(3,203,488)
Net interest income Fee and commission income	2,803,846 243,430	2,835,817 188,325
Fee and commission expenses	(75,595)	(71,239)
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	167,835	117,087
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	2,100	- - - 2,268
Total operating income Impairment charges	2,973,781 (722,685)	2,955,171 (714,862)
Net operating income Personnel expenses Depreciation and amortization expenses Other expenses	2,251,096 (1,426,043) (133,516) (251,284)	2,240,309 (1,352,747) (90,548) (383,569)
Operating profit/(loss) before VAT, DRL & NBT on financial services Value Added Tax (VAT) on financial services Debt repayment levy Nation Building Tax (NBT) on financial services	440,253 (240,304)	413,445 (221,589) (55,852) (29,545)
Operating profit/(loss) after VAT, DRL & NBT on financial services Share of profits of associates and joint ventures	199,950	106,459
Profit/(loss) before tax Income tax expenses Profit/(loss) for the period	199,950 (156,169) 43,781	106,459 (132,209) (25,750)
Profit attributable to: Equity holders of the parent Non-controlling interests	43,781	(25,750)
Earnings per share on profit Basic earnings per ordinary share Diluted earnings per ordinary share	0.08	-

	Ba	Bank			
Rupees Thousands	Current Period 31/03/2020 (Unaudited)	Previous Period 31/03/2019 (Unaudited			
Profit/(loss) for the period tems that will be reclassified to income statement	43,781	(25,750)			
Exchange differences on translation of foreign operations	-	-			
Net gains/(losses) on cash flow hedges	- 1	-			
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	- I	-			
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	<u> </u>	_			
tems 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	-	-			
otal comprehensive income for the period	43,781	(25,750)			

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 31ST MARCH 2020

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	1,442,758			1,442,758
Balances with central bank	1,442,730	=	-	1,772,730
Placements with banks	10.7/0.040	-	-	40.740.040
	10,769,242	-	-	10,769,242
Equity Instruments at fair value through profit or loss	-	123	-	123
Loans and advances	136,244,757	-	-	136,244,757
Debt instruments	46,491,031	-	-	46,491,031
Equity instruments	-	-	2,290	2,290
Other Assets	2,124,689	_	_	2,124,689
Total Financial Assets	197,072,478	123	2,290	197,074,891
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
Due to banks			25,374,540	25,374,54
Derivative financial instruments			20,07.1,010	20,0.1,01
Financial liabilities			-	
			150,000,740	450.000.44
- due to depositors			152,883,643	152,883,64
 due to debt securities holders 			-	
- due to other borrowers			-	
Debt securities issued			2,077,875	2,077,87
Other Liabilities			3,688,005	3,688,00
Total Financial Liabilities			184,024,062	184,024,06
b. Bank - Previous year (Audited)				
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	2,750,187	-	-	2,750,187
Balances with central bank	, , , _	_	_	· · · ·
Placements with banks	9,798,242	_	_	9,798,242
Equity Instruments at fair value through profit or loss	7,770,212	123		123
Loans and advances	136,205,641	123	-	136,205,641
		-	-	
Debt instruments	45,664,745	-	- 0000	45,664,745
Equity instruments		-	2,290	2,290
Other Assets	1,633,842			1,633,842
Total Financial Assets	196,052,658	123	2,290	196,055,071
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
Due to banks			22,050,009	22,050,009
Derivative financial instruments			' -	
Financial liabilities			_	
- due to depositors			149,599,829	149,599,829
- due to depositors - due to debt securities holders			177,377,029	177,577,027
	1		-	
- due to other borrowers			4 707 050	4 707 053
- due to other borrowers Debt securities issued			4,707,853	
- due to other borrowers			4,707,853 4,954,271 181,311,961	4,707,853 4,954,271 181,311,96 1

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 ST MARCH 2020					
	В	Bank			
Rupees Thousands	Current Period 31/03/2020 (Unaudited)	Previous Period 31/03/2019 (Unaudited)			
Cash flow from operating activities	440.052	412.445			
Profit before tax Adjustment for:	440,253	413,445			
Non cash items included in profit before tax	881,899	886,086			
Changes in operating assets	(1,155,851)	1,472,157			
Changes in operating liabilities	1 ', ', '	' '			
Net gain from investment activities	4,911,212	(1,223,798)			
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	(22,372)	(27,383)			
Taxes on financial services Tax Paid	(238,080)	(263,497)			
	(321,182)	(437,850)			
Net cash generated from/(used in) operating activities	4,495,879	819,160			
Cash flows from investing activities					
Purchase of Property, plant and equipment	(7,655)	(93,086)			
Net purchase of intangible assets	(23)	(2,173)			
Investment in Fixed deposits (more than three months)	8,033,763	9,490,247			
Proceeds from the sale of property, plant and equipment Net proceeds from sales of investment share market	9	-			
Net cash (used in)/from investing activities	8,026,094	9,394,987			
· · · · ·	0,020,074	7,374,701			
Cash flows from financing activities					
Net proceeds from the issue of ordinary share capital Operating Lease Interest expense	(35,847)	-			
Payment of principal of operating lease	(66,819)				
Net proceeds from the other borrowings	(00,819)	-			
Interest paid & repayment of debentures	(2,595,080)	(133,178)			
Net cash from financing activities	(2,595,080)	(133,178)			
Net increase/(decrease) in cash & cash equivalents	9,824,226	10,080,969			
Cash & cash equivalents at the beginning of the Year	34.584.741	9,639,017			
Cash and cash at the end of the Period	44,408,967	19,719,986			
Reconciliation of Cash & Cash Equivalents	1.,.53,76,	1.7,,			
Cash and cash equivalent	1,442,758	1,131,694			
Favorable balances with banks	, , , , , , , , , , , , , , , , , , , ,				
Diagram anto with Danie	10.740.040	0.044 FFF			

Placements with Banks
Fixed deposits less than three months

Unfavorable balances with banks

	Ba	nk
Rupees Thousands	Current Period 31/03/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)
Assets Cash and cash equivalents	1,442,758	2,750,187
Balances with central bank	1,442,730	2,730,107
Placements with banks	10,769,242	9,798,242
Derivative financial instruments	=	, , =
Financial assets recognized through profit or loss	-	-
- measured at fair value - designated at fair value	123	123
Financial assets at amortized cost	-	-
- loans and advances	136,244,757	136,205,641
- debt and other instruments	46,491,031	45,664,745
Financial assets measured at fair value through other comprehensive income Investment in subsidiaries	2,290	2,290
Investments in associates and joint ventures	-	-
Property, plant and equipment	1.201.962	1,228,420
Right of use assets	794,768	855,183
Goodwill and intangible assets	44,970	45,356
Deferred tax assets Other assets	696,316	696,316
Total assets	3,849,160	2,732,424
Liabilities	201,537,378	199,978,929
Due to banks	25,374,540	22,050,009
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	152,883,643	149,599,829
- due to debt securities holders	-	-
- due to other borrowers Debt securities issued	2,077,875	- 4,707,853
Retirement benefit obligations	2,077,873	2,236,115
Current tax liabilities	156,169	448,881
Deferred tax liabilities	=	´ =
Other liabilities	3,803,038	5,970,920
Due to subsidiaries	=	=
Total liabilities	186,531,379	185,013,607
Equity Stated capital/Assigned capital	8,047,230	8,047,230
Statutory reserve fund	744,451	742.261
OCI reserve	/44,431	/42,201
Retained earnings	2,449,077	2,421,534
Other reserves	3,765,241	3,754,296
Total shareholders' equity	15,005,999	14,965,322
Non-controlling interests	-	-
Total equity	15,005,999	14,965,322
Total equity and liabilities	201,537,378	199,978,929
Contingent liabilities and commitments	440,395	230,706
Memorandum Information		
Number of Employees	2,717	2,732

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2020

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Rupees Thousands	Ordinary Voting Share	Ordinary Non Voting Share	Assigned Capital	Statutory Reserve Fund	OCI Reserve	Reserves Revaluation Reserve	Retained Earnings	Other Reserve	Total	Non Controling interest	Total Equity
Balance as at 01/01/2020 (Opening balance)	-	-	8,047,230	742,262	-	-	2,421,534	3,754,295	14,965,322	-	14,965,322
Total comprehensive income for the period Profit/(loss) for the period (net of tax) Other comprehensive income (net of tax)	-	-	-	-	-	-	43,781	-	43,781	-	43,781
Total comprehensive income for the period	-	-	-	-	-	-	43,781	-	43,781	-	43,781
Transactions with equity holders, recognised											,,,,,
directly in equity											
Share issue/increase of assigned capital	-	- 1	-	-	-	-	-	-	- 1	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	2,189	-	-	(13,134)	10,945	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Contributions to the National Insurance Trust Fund	-	-	-	-	-	-	(3,104)		(3,104)		(3,104)
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of Property, Plant and					_						
Equipment (if cost method is adopted)											
Total transactions with equity holders	-	-	-	2,189	-	-	(16,238)	10,945	(3,104)	-	(3,104)
Balance as at 31/03/2020	-	-	8,047,230	744,451	-	-	2,449,077	3,765,241	15,005,999	-	15,005,999

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31st MARCH 2020

	_		•	_		
	Bank Current Period Previous Year			Bar		
Rupees Thousands	Current Period 31/03/2020 (Unaudited)	31/12/2019 (Audited)	Rupees Thousands	Current Period 31/03/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)	
Product-wise Gross loans & advances			Stage-wise impairment on loans &			
By product – Domestic currency			advances, commitments and			
Term loans	98,706,821	99,322,779	contingencies			
Leasing	870,628	888,834	Gross loans and advances,			
Pawning	14,618,440	13,644,437	commitments and contingencies	145,904,542	144,926,124	
Refinance Liya Isura	20,586,721	20,389,888 45,089	Less: Accumulated impairment under	1,375,529	1,548,421	
Staff Loan	44,123 3,791,610	3,699,556	stage 1	, ,		
Loans Against Deposits	6,713,922	6,564,153	Accumulated impairment under stage 2	1,453,402	1,328,104	
SME	131,880	138,814	Accumulated impairment under stage 3	5,551,697	4,790,789	
Sub total	145,464,147	144,693,551	Net value of loans and advances,	.,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
	,,	, 6 . 6 , 6 6 .	commitments and contingencies	137,523,913	137,258,810	
By product – Foreign currency Overdrafts			Movement of impairment during the period	,,	,,	
Term loans	_	-	Under Stage 1			
Guarantees			•	(172,892)	532,169	
Bonds	_	_	Charge/(Write back) to income	(172,892)	532,109	
Other loans (specify)	_	-	statement			
Sub total	_	-	Write-off during the period	-	-	
Total	145,464,147	144,693,551	Other movements	-	-	
Product-wise commitments and			Closing balance at 31/03/2020	1,375,529	1,548,421	
contingencies			Under Stage 2			
By product – Domestic currency			Charge/(Write back) to income	125,298	399,311	
Guarantees	137,988	139,743	statement	,	, ,	
Bonds	-	- 107,7.10	Write-off during the period	-	-	
Undrawn credit lines	-	-	Other movements	_	_	
Other commitments (specify)	-	-	Closing balance at 31/03/2020	1,453,402	1,328,104	
Other contingencies (Bill Purchase)	302,407	92,831	•	1,433,402	1,320,104	
Sub total	440,395	232,573	Under Stage 3	7/0 000	1 470 157	
By product – Foreign currency			Charge/(Write back) to income	760,908	1,470,157	
Guarantees	_	_	statement			
Bonds	_	-	Write-off during the period	-	-	
Undrawn credit lines	-	-	Merged of LDB Balances at 01.04.2019	-	1,801,375	
Other commitments (specify)	-	-	Other movements	-	(33,816)	
Other contingencies (specify)	-	-	Closing balance at 31/03/2020	5,551,697	4,790,789	
Sub total	-	-	Total impairment under SLEDS O	0 200 400	7 447 244	
Total	440,395	232,573	Total impairment under SLFRS 9	8,380,629	7,667,314	

ANALYSIS OF DEPOSITS AS AT 31ST MARCH 2020

	Bai	Bank			
Rupees Thousands	Current Period 31/03/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)			
By product - Domestic currency Demand deposits (current accounts) Savings deposits Fixed deposits Others (Specify)	56,844,526 96,039,117	- 55,950,780 93,649,049 -			
Sub total	152,883,643	149,599,829			

	Bank			
Rupees Thousands	Current Period 31/03/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)		
By product – Foreign currency				
Demand deposits (current accounts)	-	-		
Savings deposits	-	-		
Fixed deposits	-	-		
Others (Specify)	-	-		
Sub total	-	-		
Total	152,883,643	149,599,829		

SELECTED PERFORMANCE INDICATORS AS AT 31ST MARCH 2020 (Based on Regulatory Reporting)

ltem	31/03/2020 (Unaudited)	31/12/2019 (Audited)
Regulatory Capital Adequacy (LKR in Thousands)		
Common Equity Tier 1	13,986,179	14,223,587
Core (Tier 1) Capital	13,986,179	14,223,587
Total Capital Base	21,018,544	21,227,845
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	10.47%	10.90%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	10.47%	10.90%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	15.73%	16.27%
Leverage Ratio (Minimum Requirement - 3%)	6.89%	6.84%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousand)	44,898,390	46,699,452
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)	30.39%	32.38%
Domestic Banking Unit (%)	-	-
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	7,612,422	9,127,224
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	150.00%	167.00%
All Currency (%)	-	-
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	144.00%	104.00%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	12.08%	9.63%
Net-Non Performing Advances (%) (net of interest in suspense and provision)	6.22%	4.25%
Profitability		
Interest Margin (%)	5.59%	6.61%
Return on Assets (before Tax) (%)	0.40%	0.65%
Return on Equity (%)	1.17%	3.36%

10,769,242 34,151,410 (1,954,443)

44,408,967

9,046,555 9,728,495 (186,758)

19,719,986

- We, the undersigned, being the Chief Financial Officer and Chief Executive 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 unless indicated
- P.S. Edirisuriya ((Sgd.) Chief Financial Officer Date: 29.06.2020

T. Kuhan (Sgd.) Chief Executive Officer

Date: 29.06.2020