



# PRADESHIYA SANWARDHANA BANK

## FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2020

"A" Negative  
ICRA Lanka

### INCOME STATEMENT FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2020

Rupees Thousands	Bank	
	Current period 30/06/2020 (Unaudited)	Previous period 30/06/2019 (Unaudited)
Interest income	10,873,864	12,528,885
Interest expenses	(6,269,446)	(6,543,838)
<b>Net interest income</b>	<b>4,604,419</b>	<b>5,985,048</b>
Fee and commission income	293,789	390,397
Fee and commission expenses	(125,156)	(136,842)
<b>Net fee and commission income</b>	<b>168,634</b>	<b>253,555</b>
Net gains/(losses) from trading	-	9
Net fair value gains/(losses) on:	-	-
financial assets at fair value through profit or loss	-	-
financial liabilities at fair value through profit or loss	-	-
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	2,456	6,609
<b>Total operating income</b>	<b>4,775,508</b>	<b>6,245,221</b>
Impairment charges	(916,040)	(1,261,353)
<b>Net operating income</b>	<b>3,859,469</b>	<b>4,983,868</b>
Personnel expenses	(2,901,127)	(2,738,110)
Depreciation and amortization expenses	(279,258)	(190,082)
Other expenses	(532,708)	(849,415)
<b>Operating profit/(loss) before VAT, DRL &amp; NBT on financial services</b>	<b>146,376</b>	<b>1,206,261</b>
Value Added Tax (VAT) on financial services	(400,671)	(482,472)
Debt repayment levy	-	(362,407)
Nation Building Tax (NBT) on financial services	-	(64,406)
<b>Operating profit/(loss) after VAT, DRL &amp; NBT on financial services</b>	<b>(254,295)</b>	<b>396,976</b>
Share of profits of associates and joint ventures	-	-
<b>Profit/(loss) before tax</b>	<b>(254,295)</b>	<b>396,976</b>
Income tax expenses	(83,276)	(317,994)
<b>Profit/(loss) for the period</b>	<b>(337,571)</b>	<b>78,982</b>
<b>Profit attributable to:</b>		
Equity holders of the parent	(337,571)	78,982
Non-controlling interests	-	-
<b>Earnings per share on profit</b>		
Basic earnings per ordinary share	-	0.14
Diluted earnings per ordinary share	-	-

### STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2020

Rupees Thousands	Bank	
	Current period 30/06/2020 (Unaudited)	Previous year 31/12/2019 (Audited)
<b>Assets</b>		
Cash and cash equivalents	1,570,256	2,750,187
Balances with central bank	-	-
Placements with banks	11,378,068	9,798,242
Derivative financial instruments	-	-
Financial assets recognized through profit or loss	-	-
- measured at fair value	123	123
- designated at fair value	-	-
Financial assets at amortized cost	-	-
- loans and advances	138,818,397	136,205,641
- debt and other instruments	45,937,835	45,664,745
Financial assets measured at fair value through other comprehensive income	2,900	2,900
Investment in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	1,157,372	1,228,420
Right of use assets	761,978	855,183
Goodwill and intangible assets	44,866	45,356
Deferred tax assets	696,336	696,316
Other assets	4,088,427	2,732,424
<b>Total assets</b>	<b>204,455,948</b>	<b>199,978,929</b>
<b>Liabilities</b>		
Due to banks	22,735,677	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	157,999,733	149,599,829
- due to debt securities holders	-	-
- due to other borrowers	-	-
Debt securities issued	2,094,000	4,707,853
Retirement benefit obligations	2,169,575	2,936,115
Current tax liabilities	83,276	448,881
Deferred tax liabilities	-	-
Other liabilities	4,819,757	5,970,920
Due to subsidiaries	-	-
<b>Total liabilities</b>	<b>189,832,018</b>	<b>185,013,607</b>
<b>Equity</b>		
Statutory capital/Assigned capital	8,047,230	8,047,230
Statutory reserve fund	742,261	742,261
OCI reserve	-	-
Retained earnings	2,080,142	2,421,534
Other reserves	3,754,296	3,754,296
<b>Total shareholders' equity</b>	<b>14,623,930</b>	<b>14,965,322</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>14,623,930</b>	<b>14,965,322</b>
<b>Total assets and liabilities</b>	<b>204,455,948</b>	<b>199,978,929</b>
<b>Contingent liabilities and commitments</b>	<b>246,927</b>	<b>230,706</b>
<b>Memorandum Information</b>		
Number of Employees	2,698	2,732
Number of Branches	276	276

**Explanatory Notes**

(1) There were no changes to the Accounting Policies and methods of computation since last financial year.

(2) The outbreak of COVID-19 has resulted in the disruption of business and economic activities and created uncertainty to the global and local economy. When conducting the business operations, the Bank has taken into account the guidelines and directions issued by the Government and the Central Bank of Sri Lanka. The moratorium has been given at the concessional rate during the moratorium period between two months and six months considering the direction issued by CBSL and the payments are deferred until the end of the loan contractual period.

Accordingly, the assessment is being calculated and will be recognized in the financial statements. It resulted in a substantial impact to the Bank profitability for the six months ended 30/06/2020. Further, the Board will continue to monitor the implications and adjustments, if required.

(3) The Bank has considered Probability of Default (PD), Loss Given Default (LGD) and Economic Factor Adjustment (EFA) computed as at December 31, 2019, in order to estimate Expected Credit Loss (ECL) as at June 30, 2020. Accordingly, revision has been made to compute ECL based on the available information as at 30/06/2020 by assigning weightages for worst case scenario as 40% while for base case and best case scenarios such as 30%.

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2020

Rupees Thousands	Bank	
	Current period 30/06/2020 (Unaudited)	Previous period 30/06/2019 (Unaudited)
<b>Profit/(loss) for the Period</b>	<b>(337,571)</b>	<b>78,982</b>
<b>Items that will be reclassified to income statement</b>		
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	-	-
<b>Items that will not be reclassified to income statement</b>		
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	-	-
<b>Other Comprehensive Income (OCI) for the period, net of taxes</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(337,571)</b>	<b>78,982</b>
<b>Attributable to:</b>		
Equity holders of the parent	(337,571)	78,982
Non-controlling interest	-	-

### ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 30<sup>TH</sup> JUNE 2020

**a. Bank - Current Period**

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
<b>ASSETS</b>				
Cash and cash equivalents	1,570,256	-	-	1,570,256
Balances with central bank	-	-	-	-
Placements with banks	11,378,068	-	-	11,378,068
Equity Instruments at fair value through profit or loss	-	123	-	123
Loans and advances	138,818,397	-	-	138,818,397
Debt instruments	45,937,835	-	-	45,937,835
Equity instruments	-	-	2,990	2,990
Other Assets	2,413,543	-	-	2,413,543
<b>Total Financial Assets</b>	<b>200,118,099</b>	<b>123</b>	<b>2,990</b>	<b>200,120,512</b>
<b>LIABILITIES</b>				
Due to banks	-	-	22,735,677	22,735,677
Derivative financial instruments	-	-	-	-
Financial liabilities	-	-	-	-
- due to depositors	-	-	157,999,733	157,999,733
- due to debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Debt securities issued	-	-	2,094,000	2,094,000
Other Liability	-	-	2,745,418	2,745,418
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>185,504,829</b>	<b>185,504,829</b>

**b. Bank - Previous year (Audited)**

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
<b>ASSETS</b>				
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	-	123	-	123
Loans and advances	136,205,641	-	-	136,205,641
Debt instruments	45,664,745	-	-	45,664,745
Equity instruments	-	-	2,990	2,990
Other Assets	1,633,842	-	-	1,633,842
<b>Total Financial Assets</b>	<b>196,052,658</b>	<b>123</b>	<b>2,990</b>	<b>196,055,071</b>
<b>LIABILITIES</b>				
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 debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Debt securities issued	-	-	4,707,853	4,707,853
Other Liabilities	-	-	4,954,271	4,954,271
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>181,311,961</b>	<b>181,311,961</b>

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2020

Rupees Thousands	Statutory capital/Assigned Capital			Reserves					Total	Non Controlling Interest	Total Equity
	Ordinary Voting Share	Ordinary Non Voting Share	Assigned Capital	Statutory Reserve Fund	OCI Reserve	Revaluation Reserve	Retained Earnings	Other Reserve			
Balance as at 01/01/2020 (Opening balance)	-	-	8,047,230	742,261	-	-	2,421,534	3,754,296	14,623,930	-	14,623,930
Total comprehensive income for the period	-	-	-	-	-	-	(337,571)	-	(337,571)	-	(337,571)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(337,571)</b>	<b>-</b>	<b>(337,571)</b>	<b>-</b>	<b>(337,571)</b>
<b>Transactions with equity holders, recognised directly in equity</b>											
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Contribution to the National Insurance Trust Fund	-	-	-	-	-	-	(3,821)	-	(3,821)	-	(3,821)
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,821)</b>	<b>-</b>	<b>(3,821)</b>	<b>-</b>	<b>(3,821)</b>
Balance as at 30/06/2020	-	-	8,047,230	742,261	-	-	2,080,142	3,754,296	14,623,930	-	14,623,930

### ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 30<sup>TH</sup> JUNE 2020

Rupees Thousands	Bank		Rupees Thousands	Bank	
	Current period 30/06/2020 (Unaudited)	Previous Year 31/12/2019 (audited)		Current period 30/06/2020 (Unaudited)	Previous Year 31/12/2019 (audited)
<b>Product-wise Gross loans &amp; advances</b>					
<b>By product - Domestic currency</b>					
Term loans	100,800,193	99,392,779			
Leasing	929,704	888,834			
Pawning	14,577,296	13,644,437			
Refinance	21,733,030	20,389,888			
Liya Isura	43,845	45,089			
Staff Loan	3,841,446	3,699,556			
Loans Against Deposits	6,092,398	6,564,153			
SME	144,448	138,814			
<b>Sub total</b>	<b>148,092,290</b>	<b>144,693,551</b>			
<b>By product - Foreign currency</b>					
Overdrafts	-	-			
Term loans	-	-			
Guarantees	-	-			
Bonds	-	-			
Other loans (specify)	-	-			
<b>Sub total</b>	<b>-</b>	<b>-</b>			
<b>Total</b>	<b>148,092,290</b>	<b>144,693,551</b>			
<b>Product-wise commitments and contingencies</b>					
<b>By product - Domestic currency</b>					
Guarantees	143,504	139,743			
Bonds	-	-			
Undrawn credit lines	-	-			
Other commitments (specify)	-	-			
Other contingencies (Bill Purchase)	103,468	92,831			
<b>Sub total</b>	<b>246,972</b>	<b>232,574</b>			
<b>By product - Foreign currency</b>					
Guarantees	-	-			
Bonds	-	-			
Undrawn credit lines	-	-			
Other commitments (specify)	-	-			
Other contingencies (specify)	-	-			
<b>Sub total</b>	<b>-</b>	<b>-</b>			
<b>Total</b>	<b>246,972</b>	<b>232,574</b>			
<b>Sub total</b>					
<b>Total</b>					
<b>Stage-wise impairment on loans &amp; advances, commitments and contingencies</b>					
<b>Gross loans and advances, commitments and contingencies</b>			148,339,261	144,926,124	
Less: Accumulated impairment under stage 1			1,388,971	1,548,421	
Accumulated impairment under stage 2			1,515,877	1,328,104	
Accumulated impairment under stage 3			5,548,449	4,790,789	
<b>Net value of loans and advances, commitments and contingencies</b>			139,885,964	137,258,810	
<b>Movement of impairment during the period</b>					
<b>Under Stage 1</b>					
Charge/(Write back) to income statement			(159,450)	532,169	
Write-off during the period			-	-	
Other movements			-	-	
Closing balance at 30/06/2020			1,388,971	1,548,421	
<b>Under Stage 2</b>					
Charge/(Write back) to income statement			187,773	399,311	
Write-off during the period			-	-	
Other movements			-	-	
Closing balance at 30/06/2020			1,515,877	1,328,104	
<b>Under Stage 3</b>					
Charge/(Write back) to income statement			757,660	1,470,157	
Write-off during the period			-	-	
Merged of LDB Balance at 01.04.2019			-	1,801,375	
Other movements			-	(33,816)	
Closing balance at 30/06/2020			5,548,449	4,790,789	
<b>Total impairment under SLFRS 9</b>			<b>8,453,298</b>	<b>7,667,314</b>	

### ANALYSIS OF DEPOSITS AS AT 30<sup>TH</sup> JUNE 2020

Rupees Thousands	Bank		Rupees Thousands	Bank	
	Current period 30/06/2020 (Unaudited)	Previous Year 31/12/2019 (audited)		Current period 30/06/2020 (Unaudited)	