

PRADESHIYA SANWARDHANA BANK

"A" Negative **ICRA Lanka**

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

INCOME STATEMENT FOR THE PERIOD ENDED 30 [™] JUNE 2020				
Bank				
Rupees Thousands	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)		
Net interest income Fee and commission income	4,604,419 293,789	5,985,048 390,397		
Fee and commission expenses	(125,156)	(136,842)		
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	168,634 - - -	253,555 9 - -		
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		
Total operating income Impairment charges	4,775,508 (916,040)	6,245,221 (1,261,353)		
Net operating income Personnel expenses Depreciation and amortization expenses Other expenses	3,859,469 (2,901,127) (279,258) (532,708)	4,983,868 (2,738,110) (190,082) (849,415)		
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	146,376 (400,671)	1,206,261 (482,472) (262,407) (64,406)		
Operating profit/(loss) after VAT, DRL & NBT on financial services Share of profits of associates and joint ventures	(254,295)	396,976		
Profit/(loss) before tax Income tax expenses Profit/(loss) for the period	(254,295) (83,276) (337,571)	396,976 (317,994) 78,982		
Profit attributable to: Equity holders of the parent Non-controlling interests	(337,571)	78,982 -		
Earnings per share on profit Basic earnings per ordinary share Nill ted carriers per certainary share	-	0.14		

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 th JUNE 2020					
	Ва	nk			
Rupees Thousands	Current period 30/06/2020 (Unaudited)	Previous period 30/06/2019 (Unaudited)			
Profit/(loss) for the Period	(337,571)	78,982			
Items that will be reclassified to income statement 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	(337,571)	78,982			
Attributable to:					
Equity holders of the parent	(337,571)	78,982			
Non-controlling interect	1	I			

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 30TH June 2020

ank	٠-	Current	Period	
	- 1	The second	_	_

Diluted earnings per ordinary share

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	1,570,256	_	_	1,570,256
Balances with central bank	-	_	_	1,070,200
Placements with banks	11,378,068	_	_	11,378,068
Equity Instruments at fair value through profit or loss	11,570,000	193	_	123
Loans and advances	138,818,397	125	_	138,818,397
Debt instruments	45,937,835	_	_	45,937,835
Equity instruments	13,737,833	_	2,290	2,290
Other Assets	2,413,543	_	2,270	2,413,54
Total Financial Assets	200,118,099	123	2,290	200,120,51
our manda 70505	200/110/077	120	2/270	200/120/31
Rupees Thousands			Amortized Cost	TOTAL
IABILITIES				
Due to banks			22,735,677	22,735,6
Derivative financial instruments			-	
Financial liabilities			-	
- due to depositors			157,999,733	157,999,7
- due to debt securities holders			' -	
- due to other borrowers			-	
Debt securities issued			2,024,000	2,024,00
Other Liability			2,745,418	2,745,4
Total Financial Liabilities			185,504,829	185,504,89
b. Bank - Previous year (Audited)				· · ·
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	2,750,187	_	_	2,750,18
Balances with central bank	2,730,107	_	_	2//30/10
Placements with banks	9,798,242	_	_	9,798,24
Equity Instruments at fair value through profit or loss	7,170,242	123		12
Loans and advances	136,205,641	125	_	136,205,64
Debt instruments	45,664,745	-	-	45,664,74
Equity instruments	43,004,743	-	2,290	2,29
Other Assets	1,633,842	-	2,290	
Total Financial Assets	196,052,658	123	2,290	1,633,84 196,055,07
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES			Amoruzea Cost	IOIAL
			00.050.000	00.050.00
Due to banks			22,050,009	22,050,00
Derivative financial instruments			-	
Financial liabilities			140 500 000	4.40.500.00
- due to depositors			149,599,829	149,599,82
	1		-	
- due to debt securities holders			1	
- due to other borrowers				
- due to other borrowers Debt securities issued			4,707,853	
- due to other borrowers			4,707,853 4,954,271 181,311,961	4,707,85 4,954,27 181,311,96

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 TH JUNE 2020					
	nk				
Rupees Thousands	Current period 30/06/2020 (Unaudited)	Previous period 30/06/2019 (Unaudited)			
Cash flow from operating activities					
Profit before tax	146,376	1,206,261			
Adjustment for:					
Non cash items included in profit before tax	1,283,114	1,619,686			
Changes in operating assets	(4,730,737)	695,331			
Changes in operating liabilities	7,929,590	9,843,250			
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	(66,540)	(59,846)			
Taxes on financial services	(431,390)	(451,217)			
Tax Paid	(390,213)	(558,457)			
Net cash generated from/(used in) operating activities	3,740,201	12,295,007			
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	9,561,955 181	(408,424) (37,352) 1,393,593			
Net cash (used in)/from investing activities	9,562,136	947,816			
Cash flows from financing activities Net proceeds from the issue of ordinary share capital Operating Lease Interest expense Payment of principal of operating lease Net proceeds from the other borrowings Interest paid & repayment of debentures Net cash from financing activities	(95,262) (153,890) - (2,672,955) (2,922,107)	(266,971) (266,971)			
Net increase/(decrease) in cash & cash equivalents	10,380,229	12,975,852			
Cash & cash equivalents at the beginning of the Year Cash and cash at the end of the period	34,584,741 44,964,970	9,639,017 22,614,869			
Reconciliation of Cash & Cash Equivalents	TT//OT/770	22,017,007			
Cash and cash equivalent Favorable balances with banks Placements with Banks	1,570,256 11,378,068	2,871,117 9,790,468			
Fixed deposits less than three months	32,665,350	10,136,886			
Unfavorable balances with banks	(648,704)	(183,603)			

STATEMENT OF FINANCIAL POSITION AS AT 3	30 TH JUNE 2020

	Bai	nk
Rupees Thousands	Current period 30/06/2020 (Unaudited)	Previous year 31/12/2019 (Audited)
Assets	1.570.057	0.750.407
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	11,376,006	9,790,242
Financial assets recognized through profit or loss		
- measured at fair value	123	123
- designated at fair value	- 1	,
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	2,290	2,290
Investment in subsidiaries	- 1	
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
Total assets	204,455,948	199,978,929
Liabilities	20 1, 100,7 10	,.,,,,
Due to banks	22,735,677	22,050,009
Derivative financial instruments	/ ´ ´ -	, ,
Financial liabilities recognized through profit or loss - measured at fair value		
- 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	2,024,000	4,707,853
Retirement benefit obligations	2,169,575	2,236,115
Current tax liabilities	83,276	448,881
Deferred tax liabilities	· · · · · · ·	
Other liabilities	4,819,757	5,970,920
Due to subsidiaries	-	
otal liabilities	189,832,018	185,013,607
Equity Stated capital/Assigned capital	8,047,230	8,047,230
Statutory reserve fund	742,261	742,261
OCI reserve	2,201	, ,2,201
Retained earnings	2,080,142	2,421,534
Other reserves	3,754,296	3,754,296
Total shareholders' equity	14,623,930	14,965,322
Non-controlling interests	14,023,730	17,703,322
-	14 602 020	14 045 200
Total equity	14,623,930	14,965,322
Total equity and liabilities	204,455,948	199,978,929
Contingent liabilities and commitments	246,927	230,706
Memorandum Information		

Number of Branches

Accordingly, the assessment is being calculated and will be recognized in the financial statements. It resulted in a substantial impact to the B 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), use So Given Default (PD), day and consonised Probability of Default (PD), use So Given Default (PD), day and consonised Action Adjustment (EPA, computed as at December 31, 2019, in order to estimate Expected Credit Loss (EC) Las 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 each as 30%.

276

276

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 2020

	Stated ca	pital/Assigned	Capital		Reserves				Reserves			Non	
Rupees Thousands	Ordinary Voting Share	Ordinary Non Voting Share	Assigned Capital	Statutory Reserve Fund	OCI Reserve	Revaluation Reserve	Retained Earnings	Other Reserve	Total	Controling interest	Total Equity		
alance as at 01/01/2020 (Opening balance)	-	-	8,047,230	742,261	-	-	2,421,534	3,754,296	14,965,322	-	14,965,322		
otal comprehensive income for the period rofit/(loss) for the period (net of tax) Other comprehensive income (net of tax)	-	-	-	-	-	-	(337,571)	-	(337,571)	-	(337,571)		
otal comprehensive income for the period	-	-	-	-	-	-	(337,571)	-	(337,571)	-	(337,571)		
ransactions with equity holders, recognised lirectly in equity													
hare issue/increase of assigned capital hare options exercised	-	-	-	-	-	-	-	-	-	-	-		
Bonus issue Rights issue	-	-	-	-	-	-	-	-		-			
ransfers to reserves during the period	_	_	_	_		_	_	_	- 1	_			
ividends to equity holders	-	-	-	-	-	-	-	-	-	-	-		
ontribution to the National Insurance Trust Fund	-	-	-	-	-	-	(3,821)	-	(3,821)	-	(3,821)		
rofit transferred to head office Sain/(loss) on revaluation of Property, Plant and	-	-	-	-	-	-	-	-	-	-	-		
quipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-	-		
otal transactions with equity holders	-	-	-	-	-	-	(3,821)	-	(3,821)	-	(3,821)		
alance 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™ JUNE 2020

	Bar	nk	Bank		nk
Rupees Thousands	Current period 30/06/2020 (Unaudited)	Previous Year 31/12/2019 (audited)	Rupees Thousands	Current period 30/06/2020 (Unaudited)	Previous Year 31/12/2019 (audited)
Product-wise Gross loans & advances			Sub total	-	-
By product – Domestic currency			Total	246,972	232,573
Term loans	100,800,193	99,322,779	Stage-wise impairment on loans &		
Leasing	929,704,	888,834	advances, commitments and		
Pawning	14,577,226	13,644,437	contingencies		
Refinance	21,733,030	20,389,888	Gross loans and advances,		
Liya Isura	43,845	45,089	commitments and contingencies	148,339,261	144,926,124
Staff Loan	3,841,446	3,699,556	Less: Accumulated impairment under	1,388,971	1,548,421
Loans Against Deposits	6,022,398	6,564,153	stage 1	, ,	
SME	144,448	138,814	Accumulated impairment under stage 2	1,515,877	1,328,104
Sub total	148,092,290	144,693,551	Accumulated impairment under stage 3	5,548,449	4,790,789
By product – Foreign currency			Net value of loans and advances,	, ,	, , , , , , , , , , , , , , , , , , ,
Overdrafts	-	-	commitments and contingencies	139,885,964	137,258,810
Term Ioans	-	-	Movement of impairment during the period	,,	,
Guarantees	-	-	Under Stage 1		
Bonds	-	-	Charge/(Write back) to income	(159,450)	532,169
Other loans (specify)	-	-	statement	(, , , , , , ,	,
Sub total	-	-	Write-off during the period	_	_
Total	148,092,290	144,693,551	Other movements	_	_
Product-wise commitments and			Closing balance at 30/06/2020	1,388,971	1,548,421
contingencies			Under Stage 2	.,,	.,,
By product – Domestic currency			Charge/(Write back) to income	187,773	399,311
Guarantees	143,504	139,743	statement	,	2,,,2
Bonds	110,001	107,710	Write-off during the period	_	_
Undrawn credit lines	_	_	Other movements	_	_
Other commitments (specify)	_	_	Closing balance at 30/06/2020	1,515,877	1,328,104
Other contingencies (Bill Purchase)	103,468	92.831	Under Stage 3	.,0.0,0,7	.,020,.0.
Sub total	246,972	232,573	Charge/(Write back) to income	757,660	1,470,157
	2.0,	202,070	statement	737,000	1,170,137
By product – Foreign currency			Write-off during the period	_	_
Guarantees	-	-	Merged of LDB Balance at 01.04.2019	_	1,801,375
Bonds	-	-	Other movements	_	(33,816)
Undrawn credit lines	-	-	Closing balance at 30/06/2020	5,548,449	4,790,789
Other commitments (specify)	-	-		.,,	
Other contingencies (specify)	-	-	Total impairment under SLFRS 9	8,453,298	7,667,314

ANALYSIS OF DEPOSITS AS AT 30TH JUNE 2020

P	MALYSIS C	IL DELOZI	LR
	Ba	nk]
Rupees Thousands	Current period 30/06/2020 (Unaudited)	Previous Year 31/12/2019 (audited)	
By product - Domestic currency Demand deposits (current accounts) Savings deposits Fixed deposits Others (Specify)	59,667,705 98,332,028	55,950,780 93,649,049	-
Others (Specify) Sub total	157,999,733	149,599,829	

	Bank			
Rupees Thousands	Current period 30/06/2020 (Unaudited)	Previous Year 31/12/2019 (audited)		
By product – Foreign currency				
Demand deposits (current accounts) Savings deposits		_		
Fixed deposits	_	_		
Others (Specify)	-	-		
Sub total	-	-		
Total	157,999,733	149,599,829		

SELECTED PERFORMANCE INDICATORS AS AT 30TH JUNE 2020 (Based on Regulatory Reporting)

Item	30/06/2020 (Unaudited)	31/12/2019 (audited)
Regulatory Capital Adequacy (LKR in Thousands)		
Common Equity Tier 1	14,223,587	14,223,587
Core (Tier 1) Capital	14,223,587	14,223,587
Total Capital Base	20,844,996	21,227,845
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	10.82%	10.90%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	10.82%	10.90%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	15.86%	16.27%
Leverage Ratio (Minimum Requirement - 3%)	6.85%	6.84%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	46,938,316	46,699,452
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)	31.09%	32.38%
Domestic Banking Unit (%)	-	-
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	7,384,476	9,127,224
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	139.00%	167.00%
All Currency (%)	-	-
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	142.00%	104.00%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	11.54%	9.63%
Net-Non Performing Advances (%) (net of interest in suspense and provision)	5.67%	4.25%
Profitability		
Interest Margin (%)	4.55%	6.61%
Return on Assets (before Tax) (%)	-0.25%	0.65%
Return on Equity (%)	-4 56%	3 36%

CERTIFICATION:

44,964,970

22,614,869

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 has been extracted from the unaudited financial statements of the bank unless indicated as audited.

P.S. Edirisuriya (Sgd.) Chief Financial Officer Date: 27.08.2020

T. Kuhan (Sgd.) Chief Executive Officer Date: 27.08.2020