



PRADESHIYA SANWARDHANA BANK

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

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ICRA Lanka

INCOME STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Rupees Thousands	Bank	
	Current period 30/09/2020 (Unaudited)	Previous period 30/09/2019 (Unaudited)
Interest income	15,680,869	18,989,356
Interest expenses	(9,180,600)	(9,872,423)
Net interest income	6,500,270	9,116,932
Fee and commission income	542,961	651,112
Fee and commission expenses	(196,395)	(210,379)
Net fee and commission income	346,565	440,734
Net gains/(losses) from trading	11	4,394
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	3,895	10,859
Total operating income	6,850,742	9,579,918
Impairment charges	(579,108)	(1,910,620)
Net operating income	6,271,634	7,662,298
Personnel expenses	(4,389,382)	(4,223,604)
Depreciation and amortization expenses	(308,977)	(289,872)
Other expenses	(1,039,144)	(1,131,131)
Operating profit/(loss) before VAT, DRL & NBT on financial services	534,132	1,836,691
Value Added Tax (VAT) on financial services	(632,584)	(720,900)
Debt repayment levy	-	(414,710)
Nation Building Tax (NBT) on financial services	-	(96,053)
Operating profit/(loss) after VAT, DRL & NBT on financial services	(98,452)	605,028
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	(98,452)	605,028
Income tax expenses	(218,994)	(471,452)
Profit/(loss) for the period	(317,446)	133,576
Profit attributable to:		
Equity holders of the parent	(317,446)	133,576
Non-controlling interests	-	-
Earnings per share on profit		
Basic earnings per ordinary share	-	0.25
Diluted earnings per ordinary share	-	-

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Rupees Thousands	Bank	
	Current period 30/09/2020 (Unaudited)	Previous period 30/09/2019 (Unaudited)
Profit/(loss) for the period	(317,446)	133,576
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	(317,446)	133,576
Attributable to:		
Equity holders of the parent	(317,446)	133,576
Non-controlling interest	-	-

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

a. Bank - Current Period				
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	4,561,588	-	-	4,561,588
Balances with central bank	-	-	-	-
Placements with banks	10,817,966	-	-	10,817,966
Equity Instruments at fair value through profit or loss	-	123	-	123
Loans and advances	145,244,392	-	-	145,244,392
Debt instruments	46,006,608	-	-	46,006,608
Equity instruments	-	-	2,290	2,290
Other Assets	2,719,228	-	-	2,719,228
Total Financial Assets	209,349,781	123	2,290	209,352,194
LIABILITIES				
Due to banks	-	-	23,208,718	23,208,718
Derivative financial instruments	-	-	-	-
Financial liabilities	-	-	-	-
- due to depositors	-	-	166,517,669	166,517,669
- due to debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Debt securities issued	-	-	2,101,875	2,101,875
Other Liability	-	-	2,850,953	2,850,953
Total Financial Liabilities			194,679,215	194,679,215
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	-	123	-	123
Loans and advances	136,205,641	-	-	136,205,641
Debt instruments	45,664,745	-	-	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
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 debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Debt securities issued	-	-	4,707,853	4,707,853
Other Liability	-	-	4,954,271	4,954,271
Total Financial Liabilities			181,311,961	181,311,961

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Rupees Thousands	Bank	
	Current period 30/09/2020 (Unaudited)	Previous period 30/09/2019 (Unaudited)
Cash flow from operating activities		
Operating Profits	534,132	1,836,691
Adjustment for:		
Non cash items included in profit before tax	1,168,505	2,465,169
Changes in operating assets	(12,170,503)	(469,242)
Changes in operating liabilities	18,954,433	7,444,519
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	(106,459)	(104,857)
Taxes on financial services	(486,422)	(699,207)
Tax Paid	(566,009)	(1,385,379)
Net cash generated from/(used in) operating activities	7,327,678	9,087,695
Cash flows from investing activities		
Purchase of Property, plant and equipment	-	(459,425)
Net purchase of intangible assets	-	(46,827)
Investment in Fixed deposits (more than three months)	9,331,090	(2,642,296)
Proceeds from the sale of property, plant and equipment	268	-
Net proceeds from sales of investment share market	-	-
Net cash (used in)/from investing activities	9,331,358	(3,148,548)
Cash flows from financing activities		
Net proceeds from the issue of ordinary share capital	-	-
Operating Lease Interest expense	(88,949)	-
Payment of principal of operating lease	(231,713)	-
Net proceeds from the other borrowings	-	7,172,749
Interest paid & repayment of debentures	(2,750,830)	(401,378)
Net cash from financing activities	(3,071,492)	6,771,371
Net increase/(decrease) in cash & cash equivalents	13,587,543	12,711,517
Cash & cash equivalents at the beginning of the Year	34,584,741	9,639,017
Cash and cash equivalents	48,172,284	22,349,534
Reconciliation of Cash & Cash Equivalents		
Cash and cash equivalent	4,561,588	1,053,316
Favorable balances with banks	-	-
Placements with Banks	10,817,966	10,605,344
Fixed deposits less than three months	33,072,801	11,184,025
Unfavorable balances with banks	(280,070)	(493,151)
	48,172,284	22,349,534

STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2020

Rupees Thousands	Bank	
	Current period 30/09/2020 (Unaudited)	Previous year 31/12/2019 (Audited)
Assets		
Cash and cash equivalents	4,561,588	2,750,187
Balances with central bank	-	-
Placements with banks	10,817,966	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	145,244,392	136,205,641
- debt and other instruments	46,006,608	45,664,745
Financial assets measured at fair value through other comprehensive income	2,290	2,290
Investment in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	1,120,640	1,228,420
Right of use assets	824,757	855,183
Goodwill and intangible assets	45,715	45,356
Deferred tax assets	696,336	696,316
Other assets	5,864,176	2,732,424
Total assets	215,184,591	199,978,929
Liabilities		
Due to banks	23,208,718	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	166,517,669	149,599,829
- due to debt securities holders	-	-
- due to other borrowers	-	-
Debt securities issued	2,101,875	4,707,853
Retirement benefit obligations	2,199,656	2,936,115
Current tax liabilities	218,994	448,881
Deferred tax liabilities	-	-
Other liabilities	6,359,803	5,970,920
Due to subsidiaries	-	-
Total liabilities	200,536,715	185,013,607
Equity		
Statutory capital/Assigned capital	8,047,230	8,047,230
Statutory reserve fund	742,261	742,261
OCI reserve	-	-
Retained earnings	2,104,088	2,421,534
Other reserves	3,754,296	3,754,296
Total shareholders' equity	14,647,876	14,965,322
Non-controlling interests	-	-
Total equity	14,647,876	14,965,322
Total equity and liabilities	215,184,591	199,978,929
Contingent liabilities and commitments	254,882	230,706
Memorandum Information		
Number of Employees	2,682	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 to six months considering the direction issued by CBSL, and the payments are deferred until the end of the loan contractual period. Accordingly, an assessment was done and recognized in the financial statements. It resulted in a substantial impact to the Bank profitability for the nine months ended 30/09/2020. 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 September 30, 2020. Accordingly, revision has been made to compute ECL based on the available information as at 30/09/2020 by increasing the weightage assigned for worst case scenario by 10% while reducing the weightages assigned for base case scenario and best-case scenario by 5% each respectively.

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

Rupees Thousands	Stated 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	14,965,322	-	14,965,322
Total comprehensive income for the period	-	-	-	-	-	-	(317,446)	-	(317,446)	-	(317,446)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	(317,446)	-	(317,446)	-	(317,446)
Transactions with equity holders, recognised directly in equity											
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	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30/09/2020	-	-	8,047,230	742,261	-	-	2,104,088	3,754,296	14,647,876	-	14,647,876

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 30TH SEPTEMBER 2020

Rupees Thousands	Bank		Rupees Thousands	Bank	
	Current period 30/09/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)		Current period 30/09/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)
Product wise Gross loans & advances					
By product - Domestic currency					
Term loans	103,836,512	99,392,779			
Leasing	1,072,673	888,834			
Pawning	14,895,125	13,644,437			
Refinance	23,541,626	20,389,			