

PRADESHIYA SANWARDHANA BANK

"A-" Negative **ICRA Lanka**

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

	Ba	Bank				
Rupees Thousands	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 Net gains/(losses) from trading Net fair value gains/(losses) on:	346,565 11	440,734 4,394				
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 Impairment charges	6,850,742 (579,108)	9,572,918 (1,910,620)				
Net operating income Personnel expenses Depreciation and amortization expenses Other expenses	6,271,634 (4,389,382) (308,977) (1,039,144)	7,662,298 (4,223,604) (289,872) (1,312,131)				
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	534,132 (632,584)	1,836,691 (720,900) (414,710) (96,053)				
Operating profit/(loss) after VAT, DRL & NBT on financial services Share of profits of associates and joint ventures	(98,452)	605,028				
Profit/(loss) before tax Income tax expenses Profit/(loss) for the period	(98,452) (218,994) (317,446)	605,028 (471,452) 133,576				
Profit attributable to: Equity holders of the parent Non-controlling interests	(317,446)	133,576 -				
Earnings per share on profit Basic earnings per ordinary share	-	0.25				

Rupees Thousands	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)	-	-

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

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

a. Bank - Current Period

Attributable to: Equity holders of the parent

Non-controlling interest

Total comprehensive income for the period

Less: Tax expense relating to items that will not be reclassified to income statement

Other Comprehensive Income (OCI) for the period, net of taxes $\label{eq:comprehensive}$

Diluted earnings per ordinary share

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	10,017,700	123	_	123
Loans and advances	145,244,392	125		145,244,392
Debt instruments	46,006,608		_	46,006,608
Equity instruments	40,000,000	=	2,290	2,290
Other Assets	0.710.000	-	2,290	2,719,228
Total Financial Assets	2,719,228 209,349,781	123	2,290	209,352,194
Total financial Assets	207,347,701	123	2,270	207,332,174
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
Due to banks			23,208,718	23,208,71
Derivative financial instruments			- 1	
Financial liabilities			-	
- due to depositors			166,517,669	166,517,66
- due to debt securities holders			-	, ,
- due to other borrowers			_	
Debt securities issued			2,101,875	2,101,87
Other Liability			2,850,953	2,850,95
Total Financial Liabilities			194,679,215	194,679,21
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		193	_	123
Loans and advances	136,205,641	-	_	136,205,641
Debt instruments	45,664,745	_	_	45,664,745
Equity instruments	10,001,713	_	2,290	2,290
Other Assets	1,633,842	_	2,270	1,633,849
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				22,000,000
Financial liabilities			_	
- due to depositors			149,599,829	149,599,829
- due to depositors - due to debt securities holders			147,577,029	147,077,025
- due to deol securilles riolders - due to other borrowers			-	
- aue to other porrowers Debt securities issued			4 707 052	4 707 053
			4,707,853	4,707,853
Other Liability Total Financial Liabilities			4,954,271 181,311,961	4,954,271 181,311,96 1

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 TH SEPTEMBER 2020						
	Ba	nk				
Rupees Thousands	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 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	9,331,090 268	(459,425) (46,827) (2,642,296) -				
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 Payment of principal of operating lease Net proceeds from the other borrowings Interest paid & repayment of debentures Net cash from financing activities	(88,949) (231,713) - (2,750,830) (3,071,492)	7,172,749 (401,378) 6,771,371				
Net increase/(decrease) in cash & cash equivalents	13,587,543	12,710,517				
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 Favorable balances with banks Placements with Banks Fixed deposits less than three months	4,561,588 10,817,966 33,072,801	1,053,316 10,605,344 11,184,025				
Unfavorable balances with banks	(280,070)	(493,151)				

STATEMENT OF FINANCIAL POSITION AS AT 30 TH SEPTEMBER 202	20

	Bai	Bank			
Rupees Thousands	Current period 30/09/2020 (Unaudited)	Previous year 31/12/2019 (Audited)			
Assets	4.544.500	0.750.407			
Cash and cash equivalents	4,561,588	2,750,187			
Balances with central bank	10.017.044	0.700.040			
Placements with banks Derivative financial instruments	10,817,966	9,798,242			
	=	-			
Financial assets recognized through profit or loss - measured at fair value	123	123			
- designated at fair value	125	125			
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	- 1	-			
Property, plant and equipment	1,120,640	1,228,420			
Right of use assets	824,757	855,183			
Goodwill and intangible assets Deferred tax assets	45,715	45,356			
	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	- 1	=			
- 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	= 1	=			
- due to other borrowers	- 1	=			
Debt securities issued	2,101,875	4,707,853			
Retirement benefit obligations	2,129,656	2,236,115			
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 Stated capital/Assigned capital	8,047,230	8,047,230			
, , ,		, ,			
Statutory reserve fund	742,261	742,261			
OCI reserve	-	0 101 50 1			
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	254,002	230,700			
Number of Employees	2,682	2,732			
Number of Branches	2,082	2,732			
number of branches	2/0	270			

Balance as at 30/09/2020

Bank

(317,446)

(317,446)

133,576

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 Delaul (PD), Loss Given Delaul (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 30,00 92020 by increasing the weightage assigned for worst case scenario by 10% while reducing the weightages assigned for base case senario and best-case senario by 5% each respectively.

- 2,104,088 3,754,296 14,647,876

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

	Stated c	apital/Assigned	Capital	Reserves					Man		
Rupees Thousands	Ordinary Voting Share	Ordinary Non Voting Share	Assigned Capital	Statutory Reserve Fund	OCI Reserve	Revaluation Reserve	Retained Earnings	Other Reserve	Total	Non Controling interest	Total Equity
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 Profit/(loss) for the period (net of tax)	-	-	-	-	-	-	(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	-	-	-	-		-	-	-	-	-	-

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

- 8,047,230 742,261

	Bar	nk	Bank		nk
Rupees Thousands	Current period 30/09/2020 (Unaudited)	Previous Year 31/12/2019 (audited)	Rupees Thousands	Current period 30/09/2020 (Unaudited)	Previous Year 31/12/2019 (audited)
Product wise Gross loans & advances			Sub total	-	-
By product – Domestic currency			Total	253,241	232,573
Term loans	103,836,512	99,322,779	Stage wise impairment on loans &		
Leasing	1,072,673	888,834	advances, commitments and		
Pawning	14,895,125	13,644,437	contingencies		
Refinance	23,541,626	20,389,888	Gross loans and advances,		
Liya Isura	43,194	45,089	commitments and contingencies	154,566,745	144,926,124
Staff Loan	4,062,311	3,699,556	Less: Accumulated impairment under	1,392,866	1,548,421
Loans Against Deposits	6,663,417	6,564,153	stage 1	, ,	, ,
SME	198,647	138,814	Accumulated impairment under stage 2	1,106,601	1,328,104
Sub total	154,313,505	144,693,551	Accumulated impairment under stage 3	5,749,051	4,790,789
By product – Foreign currency			Net value of loans and advances,	, ,	, ,
Overdrafts	-	-	commitments and contingencies	146,318,228	137,258,810
Term Ioans	-	-	Movement of impairment during the period	,,	,
Guarantees	-	-	Under Stage 1		
Bonds	-	-	Charge/(Write back) to income	(155,555)	532,169
Other loans (specify)	-	-	statement	, , ,	· /
Sub total	-	-	Write-off during the period	-	-
Total	154,313,505	144,693,551	Other movements	_	_
Product wise commitments and			Closing balance at 30/09/2020	1,392,866	1,548,421
contingencies			Under Stage 2	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
By product – Domestic currency			Charge/(Write back) to income	(221,503)	399,311
Guarantees	144,052	139,743	statement	(== :/===/	
Bonds	- 111,032	107,710	Write-off during the period	_	_
Undrawn credit lines	_	_	Other movements	_	_
Other commitments (specify)	_	_	Closing balance at 30/09/2020	1,106,601	1,328,104
Other contingencies (Bill Purchase)	109,188	92.831	Under Stage 3	.,,,,,,,,,	.,020,.0.
Sub total	253,241	232,573	Charge/(Write back) to income	958,262	1,470,157
			statement	700,202	.,.,,,,,,
By product – Foreign currency			Write-off during the period	_	_
Guarantees	-	-	Merged of LDB Balance as at 01.04.2019	_	1,801,375
Bonds	-	-	Other movements	_	(33,816)
Undrawn credit lines	-	-	Closing balance at 30/09/2020	5,749,051	4,790,789
Other commitments (specify)	-	-	•		
Other contingencies (specify)	-	-	Total impairment under SLFRS 9	8,248,518	7,667,314

ANALYSIS OF DEPOSITS AS AT 30TH SEPTEMBER 2020

	Bank			
Rupees Thousands	Current period 30/09/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)		
By product - Domestic currency Demand deposits (current accounts) Savings deposits Fixed deposits Others (Specify)	63,556,979 102,960,690	- 55,950,780 93,649,049 -		
Sub total	166,517,669	149,599,829		

	Bank			
Rupees Thousands	Current period 30/09/2020 (Unaudited)	Previous Year 31/12/2019 (Audited)		
By product – Foreign currency				
Demand deposits (current accounts)	-	-		
Savings deposits	-	-		
Fixed deposits	-	-		
Others (Specify)	-	-		
Sub total	-	-		
Total	166,517,669	149,599,829		

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

Item	30/09/2020 (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	20,634,990	21,227,845
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	10.77%	10.90%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	10.77%	10.90%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	15.63%	16.27%
Leverage Ratio (Minimum Requirement - 3%)	6.56%	6.84%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	49,951,102	46,699,452
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)	31,57%	32.38%
Domestic Banking Unit (%)	-	-
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	7,431,054	9,127,224
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	134,00%	167.00%
All Currency (%)		-
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	136.00%	104.00%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	10.13%	9.63%
Net-Non Performing Advances Ratio (%) (net of interest in suspense and provision)	4.72%	4.25%
Profitability		
Interest Margin (%)	4.18%	6.61%
Return on Assets (before Tax) (%)	-0.06%	0.65%
Return on Equity (%)	-2.86%	3.36%

48,172,284

22,349,534

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: 20.11.2020

D.K. Rathnayaka (Sgd.) Chief Executive Officer (Actg.) Date: 20.11.2020