



# PRADESHIYA SANWARDHANA BANK

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ICRA Lanka

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

## INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

Rupees Thousands	Bank	
	Current Year 31/12/2020 (Audited)	Previous Year 31/12/2019 (Audited)
Interest income	23,189,459	26,357,071
Interest expenses	(12,294,381)	(13,903,881)
<b>Net interest income</b>	<b>10,888,078</b>	<b>12,453,190</b>
Fee and commission income	1,143,098	1,134,422
Fee and commission expenses	(271,935)	(278,304)
<b>Net fee and commission income</b>	<b>871,162</b>	<b>856,117</b>
Net gains/(losses) from trading	23,136	4,757
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	5,554	11,571
<b>Total operating income</b>	<b>11,787,931</b>	<b>13,325,635</b>
Impairment charges	(2,010,929)	(2,408,749)
<b>Net operating income</b>	<b>9,777,002</b>	<b>10,916,887</b>
Personnel expenses	(5,983,362)	(5,931,626)
Depreciation and amortization expenses	(616,793)	(617,323)
Other expenses	(1,115,988)	(1,407,680)
<b>Operating profit/(loss) before VAT, DRL &amp; NBT on financial services</b>	<b>2,060,859</b>	<b>2,960,258</b>
Value Added Tax (VAT) on financial services	(1,047,411)	(1,012,949)
Debt repayment levy	-	(601,523)
Nation Building Tax (NBT) on financial services	-	(123,626)
<b>Operating profit/(loss) after VAT, DRL &amp; NBT on financial services</b>	<b>1,013,448</b>	<b>1,222,160</b>
Share of profits of associates and joint ventures	-	-
<b>Profit/(loss) before tax</b>	<b>1,013,448</b>	<b>1,222,160</b>
Income tax expenses	(609,412)	(723,566)
<b>Profit/(loss) for the year</b>	<b>404,036</b>	<b>498,595</b>
<b>Profit attributable to:</b>		
Equity holders of the parent	404,036	498,595
Non-controlling interests	-	-
<b>Earnings per share on profit</b>		
Basic earnings per ordinary share	0.74	0.91
Diluted earnings per ordinary share	-	-

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

Rupees Thousands	Bank	
	Current Year 31/12/2020 (Audited)	Previous Year 31/12/2019 (Audited)
<b>Profit/(loss) for the year</b>	<b>404,036</b>	<b>498,595</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	(335,580)	(111,762)
Changes in revaluation surplus	-	-
Share of profits of associates and joint ventures	-	-
Deferred Tax impact on retirement benefit obligation	80,539	31,293
Less: Tax expense relating to items that will not be reclassified to income statement	-	-
<b>Other Comprehensive Income (OCI) for the year, net of taxes</b>	<b>(255,041)</b>	<b>(80,468)</b>
<b>Total comprehensive income for the year</b>	<b>148,995</b>	<b>418,126</b>
<b>Attributable to:</b>		
Equity holders of the parent	148,995	418,126
Non-controlling interest	-	-

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 31<sup>ST</sup> DECEMBER 2020

### a. Bank - Current Year (Audited)

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
<b>ASSETS</b>				
Cash and cash equivalents	3,758,858	-	-	3,758,858
Balances with Central Bank	-	-	-	-
Placements with banks	8,436,353	-	-	8,436,353
Equity Instruments at fair value through profit or loss	-	145	-	145
Loans and advances	156,694,052	-	-	156,694,052
Debt instruments	46,962,354	-	-	46,962,354
Equity instruments	-	-	2,290	2,290
Other Assets	1,788,635	-	-	1,788,635
<b>Total Financial Assets</b>	<b>217,640,253</b>	<b>145</b>	<b>2,290</b>	<b>217,642,688</b>
<b>LIABILITIES</b>				
Due to banks	-	-	21,796,679	21,796,679
Derivative financial instruments	-	-	-	-
Financial liabilities	-	-	-	-
- due to depositors	-	-	172,882,607	172,882,607
- due to debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Debt securities issued	-	-	2,000,000	2,000,000
Other Liabilities	-	-	4,175,419	4,175,419
<b>Total Financial Liabilities</b>			<b>200,854,705</b>	<b>200,854,705</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	-	-	2,290	2,290
Other Assets	1,633,849	-	-	1,633,849
<b>Total Financial Assets</b>	<b>196,052,658</b>	<b>123</b>	<b>2,290</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>181,311,961</b>	<b>181,311,961</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

Rupees Thousands	Bank	
	Current Year 31/12/2020 (Audited)	Previous Year 31/12/2019 (Audited)
<b>Cash flow from operating activities</b>		
Profit before tax	2,060,859	2,960,258
Adjustment for:		
Non cash items included in profit before tax	3,347,846	4,061,421
Changes in operating assets	(23,217,047)	(7,274,253)
Changes in operating liabilities	23,818,207	19,218,607
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	(142,040)	(146,287)
Taxes on financial services	(1,276,060)	(1,659,201)
Tax Paid	(806,956)	(915,600)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,784,809</b>	<b>16,244,945</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, plant and equipment	(45,854)	(217,855)
Net purchase of intangible assets	(1,533)	(13,816)
Investment in Debt/Equity	(500,000)	-
Investment in Fixed deposits (more than three months)	9,300,148	2,287,605
Proceeds from the sale of property, plant and equipment	888	4,203
Received Dividend Income	11	-
Net cash (used in)/from investing activities	<b>8,753,661</b>	<b>2,060,137</b>
<b>Cash flows from financing activities</b>		
Net proceeds from the issue of ordinary share capital	-	(81,828)
Operating Lease Interest expense	-	(276,246)
Payment of principal of operating lease	(318,230)	-
Net proceeds from the other borrowings	(630,784)	7,534,500
Repayment of Debenture	(2,500,000)	-
Interest paid & Repayment of debentures	(907,853)	(535,785)
Net cash from financing activities	<b>(3,656,866)</b>	<b>6,640,642</b>
Net increase/(decrease) in cash & cash equivalents	8,881,604	24,945,724
Cash & cash equivalents at the beginning of the Year	34,584,741	9,639,017
<b>Cash and cash equivalents at the end of the Year</b>	<b>43,466,344</b>	<b>34,584,741</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash and cash equivalent	3,758,858	2,750,187
Favorable balances with banks	-	-
Placements with Banks	8,436,353	9,798,242
Fixed deposits less than three months	31,546,999	22,571,266
Unfavorable balances with banks	(43,466,344)	(34,584,741)

## STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER 2020

Rupees Thousands	Bank	
	Current Year 31/12/2020 (Audited)	Previous Year 31/12/2019 (Audited)
<b>Assets</b>		
Cash and cash equivalents	3,758,858	2,750,187
Balances with Central Bank	-	-
Placements with banks	8,436,353	9,798,242
Derivative financial instruments	-	-
Financial assets recognized through profit or loss	-	-
- measured at fair value	145	123
- designated at fair value	-	-
Financial assets at amortized cost	-	-
- loans and advances	156,694,052	136,205,641
- debt and other instruments	46,962,354	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	970,539	1,228,490
Property, plant and equipment	598,979	855,183
Right of use assets	21,273	45,356
Goodwill and intangible assets	903,721	696,316
Deferred tax assets	2,760,587	2,732,424
Other assets	-	-
<b>Total assets</b>	<b>221,109,151</b>	<b>199,978,929</b>
<b>Liabilities</b>		
Due to banks	21,796,679	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	172,882,607	149,599,829
- due to debt securities holders	-	-
- due to other borrowers	-	-
Debt securities issued	2,000,000	4,707,853
Retirement benefit obligations	2,782,875	2,236,115
Current tax liabilities	378,204	448,881
Deferred tax liabilities	-	-
Other liabilities	6,154,444	5,970,920
Due to subsidiaries	-	-
<b>Total liabilities</b>	<b>205,994,834</b>	<b>185,013,607</b>
<b>Equity</b>		
Stated capital/Assigned capital	8,047,230	8,047,230
Statutory reserve fund	762,463	742,261
OCI reserve	-	-
Retained earnings	2,449,319	2,421,534
Other reserves	3,855,305	3,754,296
<b>Total shareholders' equity</b>	<b>15,114,317</b>	<b>14,965,322</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>15,114,317</b>	<b>14,965,322</b>
<b>Total equity and liabilities</b>	<b>221,109,151</b>	<b>199,978,929</b>
<b>Contingent liabilities and commitments</b>	202,335	230,706
<b>Memorandum information</b>		
Number of Employees	2,657	2,732
Number of Branches	276	276

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 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 year	-	-	-	-	-	-	404,036	-	404,036	-	404,036
Profit/(loss) for the year (net of tax)	-	-	-	-	-	-	(255,041)	-	(255,041)	-	(255,041)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>							<b>148,995</b>		<b>148,995</b>		<b>148,995</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 year	-	-	-	90,202	-	-	(121,211)	101,009	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
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>90,202</b>				<b>(121,211)</b>	<b>101,009</b>			
Balance as at 31/12/2020	-	-	8,047,230	762,463	-	-	2,449,319	3,855,305	15,114,317	-	15,114,317

## ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31<sup>ST</sup> DECEMBER 2020

Rupees Thousands	Bank		Rupees Thousands	Bank	
	Current Year 31/12/2020 (Audited)	Previous Year 31/12/2019 (Audited)		Current Year 31/12/2020 (Audited)	Previous Year 31/12/2019 (Audited)
<b>Product-wise Gross loans &amp; advances</b>					
<b>By product - Domestic currency</b>					
Term loans	116,873,830	99,392,779			
Leasing	832,028	888,834			
Pawning	15,412,551	13,644,437			
Refinance	23,209,366	20,389,888			
Liya Isura	41				