

PRADESHIYA SANWARDHANA BANK

"BBB+" Negative **ICRA Lanka**

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

INCOME STATEMENT FOR THE YEAR ENDED 31 ST DECEMBER 2021					
	Ba	Bank			
Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year 31/12/2020 (Audited)			
Interest income	23,327,778	23,182,459			
Interest expenses	(10,046,525)	(12,294,381)			
Net interest income Fee and commission income Fee and commission expenses	13,281,253 908,098 (501,118)	10,888,078 1,143,098 (271,935)			
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 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	406,980 43 - - - -	871,162 23,136 - - - -			
Net other operating income	36,874	5,554			
Total operating income Impairment charges	13,725,150 (2,276,243)	11,787,931 (2,010,929)			
Net operating income Personnel expenses Depreciation and amortization expenses Other expenses	11,448,908 (7,929,416) (437,732) (1,131,090)	9,777,002 (5,983,362) (616,793) (1,115,988)			
Operating profit/(loss) before VAT on financial services VAT on financial services	2,650,670 (1,242,327)	2,060,859 (1,047,411)			
Operating profit/(loss) after VAT on financial services Share of profits of associates and joint ventures	1,408,343	1,013,448			
Profit/(loss) before tax Income tax expenses Profit/(loss) for the Year	1,408,343 (889,303) 519,040	1,013,448 (609,412) 404,036			
Profit attributable to: Equity holders of the parent Non-controlling interests	519,040 -	404,036 -			
Earnings per share on profit Basic earnings per ordinary share Diluted earnings per ordinary share	0.95	0.74			

	Ba	nk
Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year 31/12/2020 (Audited)
Profit/(loss) for the Year	519,040	404,036
Items that will be reclassified to income statement Exchange differences on translation of foreign operations Net qains/(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	(35,918)	(335,580)
Changes in revaluation surplus Share of profits of associates and joint ventures	-	-
Differed Tax impact on retirement benefit oblitgation	-	80,539
Less: Tax expense relating to items that will not be reclassified to income statement	-	-
Other Comprehensive Income (OCI) for the Period, net of taxes	(35,918)	(255,041)
Total comprehensive income for the period	483,122	148,995

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2021

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 31ST DECEMBER 2021

483,122

148,995

a.	Bank	Current	Year

Non-controlling interest

Attributable to: Equity holders of the parent

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	1,920,708	-	-	1,920,708
Balances with central bank	· · · -	-	-	-
Placements with banks	6,596,191	-	-	6,596,191
Equity Instruments at fair value through profit or loss		188	-	188
Loans and advances	176,719,636	-	-	176,719,636
Debt instruments	54,746,500	-	-	54,746,500
Equity instruments	-	-	2,290	2,290
Other Assets	3,425,360	-	-	3,425,360
Total Financial Assets	243,408,395	188	2,290	243,410,873
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
Due to banks			31,964,538	31,964,53
Derivative financial instruments				,,
Financial liabilities			_	
- due to depositors			187,761,991	187,761,99
- due to debt securities holders			-	.0.,,,
- due to other borrowers			_	
Debt securities issued			2,000,000	2,000,00
Other Liabilities			2,968,226	2,968,22
Total Financial Liabilities			224,694,755	224,694,75
b. Bank - Previous year (Audited)				
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
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	-	-	156,694,059
Debt instruments	46,962,354	_	-	46,962,354
Equity instruments	_	_	2,290	2,290
Other Assets	1,788,635	-	-	1,788,635
Total Financial Assets	217,640,253	145	2,290	217,642,688
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
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			-	
			2,000,000	2,000,000
- due to other borrowers			2,000,000 4,175,419	2,000,00 4,175,41

	Bai	nk				
Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year) 31/12/2020 (Audited				
Cash flows from operating activities						
Profit before tax	2,650,670	2,060,859				
Adjustment for:						
Non cash items included in profit before tax	2,987,314	3,347,846				
Changes in operating assets	(22,597,566)	(23,217,047)				
Changes in operating liabilities	18,247,223	23,818,207				
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	(177,513)	(142,040)				
Taxes on financial services	(1,072,398)	(1,276,060)				
Tax Paid	(819,934)	(806,956)				
Net cash generated from/(used in) operating activities	(782,204)	3,784,809				
Cash flows from investing activities						
Purchase of Property, plant and equipment	(113,905)	(45,854)				
Net purchase of intangible assets	(88,964)	(1,533)				
Investment in Debenture	392,280	(500,000)				
Investment in Fixed deposits (more than three months)	(4,231,861)	9,300,148				
Proceeds from the sale of property, plant and equipment	18,459	888				
Received Dividend Income	10,210	11				
Net cash (used in)/from investing activities	(4,013,781)	8,753,661				
Cash flows from financing activities						
Net proceeds from the issue of ordinary share capital	-	-				
Payment of principal of operating lease	(331,470)	(318,230)				
Net proceeds from the other borrowings	5,244,586	(630,784)				
Redemption of Debentures	-	(2,500,000)				
Interest paid & Repayment of debentures	(311,500)	(207,853)				
Net cash from financing activities	(4,601,616)	(3,656,866)				
Net increase/(decrease) in cash & cash equivalents	(194,369)	8,881,604				
Cash & cash equivalents at the beginning of the Year	43,446,344	34,584,741				
Cash and cash equivalent at the end of the Year	43,251,975	43,466,344				
Reconciliation of Cash & Cash Equivalents						
Cash and cash equivalent	1,920,708	3,758,858				
Favorable balances with banks	(50/101	0.407.050				
Placements with Banks Fixed deposits less than three months	6,596,191 35,263,607	8,436,353 31,546,909				
Unfavorable balances with banks	(528,530)	(275,776)				

STATEMENT OF FINANCIAL I	POSITION AS A	T 31 ST DECEMBER 202	1
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	Bank			
Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year 31/12/2020 (Audited)		
Assets	4 000 700	2.750.050		
Cash and cash equivalents Balances with central bank	1,920,708	3,758,858		
Placements with banks	6,596,191	8,436,353		
Derivative financial instruments	0,370,171	- 0,430,333		
Financial assets recognized through profit or loss	_	_		
- measured at fair value	188	145		
- designated at fair value	-	-		
Financial assets at amortized cost - loans and advances	176,719,636	156,694,052		
- debt and other instruments	54,746,500	46,962,354		
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 Right of use assets	933,647	970,539		
Goodwill and intangible assets	468,511 113,686	598,979 21,273		
Deferred tax assets	903,741	903,721		
Other assets	4,567,078	2,760,587		
Total assets	246,972,176	221,109,151		
Liabilities				
Due to banks	31,964,538	21,796,679		
Derivative financial instruments	-	-		
Financial liabilities recognized through profit or loss - measured at fair value				
- Measured at fair value		_		
Financial liabilities at amortized cost				
- due to depositors	187,761,991	172,882,632		
- due to debt securities holders	-	-		
- due to other borrowers	_	_		
Debt securities issued	2,000,000	2,000,000		
Retirement benefit obligations	3,046,465	2,782,875		
Current tax liabilities	-	378,204		
Deferred tax liabilities	- ((()) 7 ()	-		
Other liabilities Due to subsidiaries	6,601,742	6,154,444		
Total liabilities	231,374,736	205,994,834		
Equity	231,374,730	203,994,634		
Stated capital/Assigned capital	8,047,230	8,047,230		
Statutory reserve fund	788,415	762,463		
OCI reserve	700,413	/UZ,403		
Retained earnings	2,776,729	2,449,319		
Other reserves	3,985,065	3,855,305		
Total shareholders' equity	15,597,439	15,114,317		
Non-controlling interests	-	-		
Total equity	15,597,439	15,114,317		
Total equity and liabilities	246,972,176	221,109,151		
Contingent liabilities and commitments	229,196	202,335		
Memorandum Information	,	,		
Number of Employees	2,590	2,657		
Number of Branches	272	276		

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2021

	Stated ca	apital/Assigned	Capital		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
Balance as at 01/01/2021 (Opening balance)	-	-	8,047,230	762,463	-	-	2,449,319	3,855,305	15,114,317	-	15,114,317
Total comprehensive income for the Year Profit/(loss) for the Year (net of tax) Other comprehensive income (net of tax)	-	-	-	-	-	-	519,040 (35,918)	-	519,040 (35,918)	-	519,040 (35,918)
Total comprehensive income for the Year	-	-	-	-	-	-	483,122	-	483,122	-	483,122
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 Year	-	-	-	25,952	-	-	(155,712)	129,760	-	-	-
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	-	-	-	25,952	-	-	(155,712)	129,760	-	-	-

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31st december 2021

	Bai	nk		Bar	nk
Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year 31/12/2020 (Audited)	Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year 31/12/2020 (Audited)
Product-wise Gross loans & advances			Sub total	-	-
By product – Domestic currency			Total	229,196	204,377
Term loans	123,376,138	116,873,830	Stage-wise impairment on loans &		
Leasing	1,162,351	832,028	advances, commitments and		
Pawning	20,171,529	15,412,551	contingencies		
Refinance	32,959,385	23,209,366	Gross loans and advances,	189,631,252	167,303,427
Liya Isura Staff Loan	37,764	41,620	commitments and contingencies		
	4,614,968	4,122,589	Less: Accumulated impairment under	956,367	1,542,212
Loans against Deposits SME	6,905,285 174,635	6,481,657 125,408	stage 1		
Sub total	189,402,056	167,099,050	Accumulated impairment under stage 2	3,094,734	1,263,210
	167,402,030	107,077,030	Accumulated impairment under stage 3	7,904,997	7,490,108
By product – Foreign currency			Net value of loans and advances,		
Overdrafts	-	-	commitments and contingencies	177,675,154	157,007,897
Term Ioans	-	-			
Guarantees	-	-	Movement of impairment during the Period		
Bonds	-	-	Under Stage 1		
Other loans (specify) Sub total	-	-	Charge/(Write back) to income statement	(585,845)	(6,209)
Total	189,402,056	167,099,050	Write-off during the period	-	-
lotal	189,402,030	107,099,030	Other movements	-	-
Product-wise commitments and			Closing balance as at 31/12/2021	956,367	1,542,212
contingencies			Under Stage 2		
By product – Domestic currency			Charge/(Write back) to income statement	1,831,524	(64,895)
Guarantees	177,768	138,447	Write-off during the period	-	-
Bonds	-	-	Other movements	-	-
Undrawn credit lines	-	-	Closing balance as at 31/12/2021	3,094,734	1,263,210
Other commitments (specify)	.	-	Under Stage 3		
Other contingencies (Bill Purchase)	51,429	65,930	Charge/(Write back) to income statement	1,031,743	2,082,466
Sub total	229,196	204,377	Write-off during the Period	-	-
By product – Foreign currency			Other movements	1,179	-
Guarantees	_	_	Collective Impairment not recognized	(616,853)	616,853
Bonds	_	_	Closing balance as at 31/12/2021	7,904,997	7,490,108
Undrawn credit lines	_	-	Total impairment under SLFRS 9	11,956,098	10,295,529
Other commitments (specify)	_	-	Total impairment under 3LFK3 9	11,730,076	10,273,329
Other contingencies (specify)	_	-			

ANALYSIS OF DEPOSITS AS AT 31ST DECEMBER 2021

	Bank		
Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year 31/12/2020 (Audited)	
By product – Domestic currency Demand deposits (current accounts) Savings deposits Fixed deposits Others (Specify)	72,171,687 115,590,304	- 65,669,268 107,213,364 -	
Sub total	187,761,991	172,882,632	

	Bank			
Rupees Thousands	Current Year 31/12/2021 (Unaudited)	Previous Year 31/12/2020 (Audited)		
By product – Foreign currency				
Demand deposits (current accounts)	-	-		
Savings deposits	-	-		
Fixed deposits	-	-		
Others (Specify)	-	-		
Sub total	-	-		
Total	187,761,991	172,882,632		

SELECTED PERFORMANCE INDICATORS AS AT 31ST DECEMBER 2021 (Based on Regulatory Reporting)

Item	31/12/2021 (Unaudited)	31/12/2020 (Audited)
Regulatory Capital Adequacy (LKR in Thousands)		
Common Equity Tier 1	14,189,229	14,189,251
Core (Tier 1) Capital	14,189,229	14,189,251
Total Capital Base	20,168,998	20,502,229
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	9.26%	10.34%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	9.26%	10.34%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	13.16%	14.94%
Leverage Ratio (Minimum Requirement - 3%)	5.67%	6.31%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	47,221,606	48,300,447
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	26.18%	29.30%
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	9,466,903	8,337,069
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	174.00%	146.00%
All Currency (%)	-	-
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	127.00%	143.00%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	8.71%	10.11%
Net-Non Performing Advances Radio (%) (net of interest in suspense and provision)	2.33%	3.86%
Profitability		
Interest Margin (%)	5.67%	5.17%
Return on Assets (before Tax) (%)	0.60%	0.48%
Return on Equity (%)	3.38%	2.69%

CERTIFICATION:

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: 22/02/2022

A.H.M.M.B. Jayasinghe (Sgd.) Chief Executive Officer

Date: 22/02/2022