

PRADESHIYA SANWARDHANA BANK

"BBB+" Negative **ICRA** Lanka

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2022

| INCOME STATEMENT FOR THE PERIOD ENDED 31 ST MARCH 2022 | | | | | | |
|--|---|---|--|--|--|--|
| | Ва | Bank | | | | |
| Rupees Thousands | Current Period 31/03/2022 (Unaudited) | Previous Period 31/03/2021 (Unaudited) | | | | |
| Interest income | 6,093,597 | 5,813,372 | | | | |
| Interest expenses | (2,376,151) | (2,489,882) | | | | |
| Net interest income Fee and commission income Fee and commission expenses | 3,717,446 327,560 (128,422) | 3,323,491 250,865 (81,779) | | | | |
| 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 | 199,138 15 - - - - | 169,086 | | | | |
| Net other operating income Total operating income | 7,564 3,924,162 | 6,882 3,499,459 | | | | |
| Impairment charges | (602,310) | (342,744) | | | | |
| Net operating income Personnel expenses Depreciation and amortization expenses Other expenses | 3,321,852 (1,905,563) (82,817) (489,910) | 3,156,715 (1,745,918) (130,552) (341,755) | | | | |
| Operating profit/(loss) before VAT on financial services VAT on financial services | 843,562 (401,030) | 938,490 (340,956) | | | | |
| Operating profit/(loss) after VAT on financial services Share of profits of associates and joint ventures | 442,532 | 597,534 | | | | |
| Profit/(loss) before tax Income tax expenses Profit/(loss) for the period | 442,532 (230,493) 212,039 | 597,534 (298,816) 298,718 | | | | |
| Profit attributable to: Equity holders of the parent Non-controlling interests | 212,039 | 298,718 | | | | |
| Earnings per share on profit Basic earnings per ordinary share | 0.39 | 0.55 | | | | |

| | Ba | Bank | | | |
|--|--|---|--|--|--|
| Rupees Thousands | Current Period 31/03/2022 (Unaudited) | Previous Period 31/03/2021 (Unaudite | | | |
| Profit/(loss) for the Period | 212,039 | 298,718 | | | |
| tems 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 | | | | | |
| tems 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 | - | - | | | |
| Differed Tax Impact on Retirement Benefit Obligations | - | - | | | |
| 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 | 212,039 | 298,718 | | | |
| Attributable to: | | | | | |
| Equity holders of the parent | 212,039 | 298,718 | | | |

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 31ST MARCH 2022

Non-controlling interest

| Rupees Thousands | AC | FVPL | FVOCI | TOTAL |
|---|-------------|------|--|---------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | 2,607,272 | _ | - | 2,607,272 |
| Balances with Central Bank | | _ | _ | |
| Placements with banks | 5,778,178 | _ | _ | 5,778,178 |
| Equity Instruments at fair value through profit or loss | - | 173 | _ | 173 |
| Loans and advances | 183,039,517 | - | _ | 183,039,517 |
| Debt instruments | 52,517,248 | _ | _ | 52,517,248 |
| Equity instruments | 32,317,210 | _ | 2,290 | 2,290 |
| Other Assets | 4,500,683 | | 2,270 | 4,500,683 |
| Total Financial Assets | 248,442,898 | 173 | 2,290 | 248,445,361 |
| | | | | |
| Rupees Thousands | | | Amortized Cost | TOTAL |
| LIABILITIES | | | 40 400 505 | |
| Due to banks | | | 42,429,525 | 42,429,52 |
| Derivative financial instruments | | | - | |
| Financial liabilities | | | - | |
| - due to depositors | | | 190,694,583 | 190,694,58 |
| due to debt securities holders | | | - | |
| - due to other borrowers | | | - | |
| Debt securities issued | | | 155,850 | 155,85 |
| Other Liability | | | 3,249,914 | 3,249,91 |
| Total Financial Liabilities | | | 236,529,871 | 236,529,87 |
| b. Bank - Previous Year (Unaudited) | | | | |
| Rupees Thousands | AC | FVPL | FVOCI | TOTAL |
| ASSETS | | | ĺ | |
| Cash and cash equivalents | 1,486,879 | _ | _ | 1,486,879 |
| Balances with Central Bank | 6,596,073 | _ | _ | 6,596,073 |
| Placements with banks | 0,570,075 | _ | _ | 0,570,015 |
| Equity Instruments at fair value through profit or loss | | 188 | _ | 188 |
| Loans and advances | 175,212,612 | 100 | - | 175,212,619 |
| Debt instruments | 54,856,186 | = | - | 54,856,186 |
| Equity instruments | 34,830,180 | - | 2,290 | 2,290 |
| Other Assets | 4,641,736 | - | 2,290 | 4,641,736 |
| Total Financial Assets | 242,793,487 | 188 | 2,290 | 242,795,965 |
| Rupees Thousands | | | Amortized Cost | TOTAL |
| LIABILITIES | | | | |
| Due to banks | | | 29,500,937 | 29,500,937 |
| Derivative financial instruments | | | | |
| Financial liabilities | | | _ | |
| - due to depositors | | | 187,752,465 | 187,752,465 |
| - due to depositors - due to debt securities holders | | | 107,732,703 | 101/152/103 |
| | | | - | |
| | | | | |
| - due to other borrowers | | | 0.000.000 | 0.000.004 |
| - due to other borrowers Debt securities issued | | | 2,000,000 | |
| | | | 2,000,000 2,968,226 222,221,628 | 2,000,000 2,968,226 222,221,628 |

| | Ba | nk | |
|---|--|--|--|
| Rupees Thousands | Current Period 31/03/2022 (Unaudited) | Previous Period 31/03/2021 (Unaudited | |
| Cash flows from operating activities | | | |
| Profit before tax | 843,562 | 938,490 | |
| Adjustment for: | | | |
| Non cash items included in profit before tax | 780,823 | 543,070 | |
| Changes in operating assets | (11,050,259) | (8,127,089) | |
| Changes in operating liabilities | (1,996,167) | 407,459 | |
| 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 | (141,295) | (141,295) | |
| Taxes on financial services | (485,209) | (340,956) | |
| Tax Paid | (369,959) | (492,667) | |
| Net cash generated from/(used in) operating activities | (12,418,505) | (7,212,988) | |
| Cash flows from investing activities | | | |
| Purchase of Property, plant and equipment | 128,405 | (18,798) | |
| Net purchase of intangible assets | (125) | _ | |
| Investment in Debenture | 392,280 | _ | |
| Investment in Fixed deposits (more than three months) | (4,501,431) | 12,106,309 | |
| Proceeds from the sale of property, plant and equipment | 313,756 | 12,100,307 | |
| Received Dividend Income | 240 | 25 | |
| Net cash (used in)/from investing activities | (3,666,875) | 12,087,534 | |
| Cash flows from financing activities | | | |
| Net proceeds from the issue of ordinary share capital | _ | _ | |
| Payment of principal of operating lease | (37,958) | (179,673) | |
| Net proceeds from the other borrowings | (4,914,429) | ` ´ ´ - | |
| Redemption of debentures | - | - | |
| Interest paid & repayment of debentures | (1,926,166) | (77,875) | |
| Net cash from financing activities | (6,878,553) | (257,548) | |
| Net increase/(decrease) in cash & cash equivalents | (22,963,933) | 4,616,998 | |
| Cash & cash equivalents at the beginning of the Year | 49,025,965 | 44,408,968 | |
| Cash and cash equivalent at the end of the Year | 26,062,033 | 49,025,966 | |
| Reconciliation of Cash & Cash Equivalents | | | |
| Cash and cash equivalent | 2,607,272 | 1,753,437 | |
| Favorable balances with banks | | | |
| Placements with Banks | 5,778,178 | 8,694,741 | |
| Fixed deposits less than three months | 19,196,122 | 38,683,279 | |
| Unfavorable balances with banks | (1,519,539) | (105,492) | |
| | 26,062,033 | 49,025,966 | |

| STATEMENT OF FINANCIAL | POSITION AS AT 31ST MARCH 2022 |
|------------------------|--|
|------------------------|--|

| | Bank | | | |
|--|---|--|--|--|
| Rupees Thousands | Current Period 31/03/2022 (Unaudited) | Previous Year 31/12/2021 (Unaudited) | | |
| Assets | | | | |
| Cash and cash equivalents | 2,607,272 | 1,486,879 | | |
| Balances with Central Bank | | | | |
| Placements with banks Derivative financial instruments | 5,778,178 | 6,596,073 | | |
| Financial assets recognized through profit or loss | | | | |
| - measured at fair value | 173 | 188 | | |
| - designated at fair value | - | | | |
| Financial assets at amortized cost - loans and advances | 183,039,517 | 175,212,612 | | |
| - debt and other instruments | 52,517,248 | 54,856,186 | | |
| 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 | 954,974 | 928,568 | | |
| Right of use assets | 638,481 | 506,984 | | |
| Goodwill and intangible assets | 113,639 | 113,689 | | |
| Deferred tax assets Other assets | 903,741 | 1,434,435 4,641,736 | | |
| Total assets | 11,883,082 258,438,595 | 245,779,640 | | |
| Liabilities | 236,436,373 | 243,777,040 | | |
| Due to banks | 42,429,525 | 29,500,937 | | |
| 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 | 190,694,583 | 187,752,465 | | |
| - due to debt securities holders | , , , , - | · | | |
| - due to other borrowers | | | | |
| Debt securities issued | 155,850 | 2,000,000 | | |
| Retirement benefit obligations Current tax liabilities | 2,998,388 | 3,046,465 486,452 | | |
| Deferred tax liabilities | | 400,432 | | |
| Other liabilities | 4,451,522 | 8,449,897 | | |
| Due to subsidiaries | - | - | | |
| Total liabilities | 240,729,868 | 231,236,215 | | |
| Equity | | | | |
| Stated capital/Assigned capital | 8,047,230 | 8,047,230 | | |
| Statutory reserve fund | 762,463 | 775,313 | | |
| OCI reserve | | - | | |
| Retained earnings | 5,043,729 | 1,801,326 | | |
| Other reserves Total shareholders' equity | 3,855,305 17,708,727 | 3,919,556 | | |
| Non-controlling interests | 17,708,727 | 14,543,425 | | |
| Total equity | 17,708,727 | 14,543,425 | | |
| Total equity and liabilities | 258,438,595 | 245,779,640 | | |
| Contingent liabilities and commitments | 270.026 | 243,777,040 | | |
| Memorandum Information | 270,020 | 220,347 | | |
| Number of Employees | 2,576 | 2,590 | | |
| Number of Branches | 979 | 979 | | |

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2022

| | Stated co | apital/Assigned | Capital | | | Reserves | | | | | |
|--|--------------------------|---------------------------|---------------------|------------------------------|----------------|------------------------|--------------------------------|------------------|--------------------------------|-------------------------------|--------------------------------|
| 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 01/01/2022 (Opening balance) | - | - | 8,047,230 | 762,463 | - | - | 4,831,690 | 3,855,305 | 17,496,688 | - | 17,496,688 |
| Total comprehensive income for the Period Profit(loss) for the Period (net of tax) Other comprehensive income (net of tax) Total comprehensive income for the Period | - | - | - | - | - | - | 212,039 - 212,039 | - | 212,039 - 212,039 | - | 212,039 - 212,039 |
| Transactions with equity holders, recognised | | | | | | | 2.2,007 | | 2.2,007 | | 212,037 |
| 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 | _ | - | - | | ٠. | - | - | - | - | | - |
| | | | | | | | | | | | |

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31ST MARCH 2022

| | Bar | nk | | Bar | nk |
|---|---|--|--|---|--|
| Rupees Thousands | Current Period 31/03/2022 (Unaudited) | Previous Year 31/12/2021 (Unaudited) | Rupees Thousands | Current Period 31/03/2022 (Unaudited) | Previous Year 31/12/2021 (Unaudited) |
| Product-wise Gross loans & advances | | | Sub total | - | |
| By product – Domestic currency | | | Total | 270,026 | 226,547 |
| Term loans | 129,921,018 | 124,987,148 | Stage-wise impairment on loans & | | |
| Leasing | 1,415,211 | 1,204,960 | advances, commitments and | | |
| Pawning | 22,221,464 | 19,969,055 | contingencies | | |
| Refinance Liya Isura | 33,289,306 37,351 | 31,477,546 37,764 | Gross loans and advances, | 197,895,711 | 189,278,474 |
| Staff Loan | 4,957,599 | 4,654,993 | commitments and contingencies | | |
| Loans against Deposits | 5,659,874 | 6,582,217 | Less: Accumulated impairment under | | |
| SME | 123,863 | 138,244 | stage 1 | 2,894,958 | 2,452,239 |
| Sub total | 197,625,685 | 189,051,927 | Accumulated impairment under stage 2 | 2,776,489 | 3,673,350 |
| By product – Foreign currency | , , , | | Accumulated impairment under stage 3 | 8,188,400 | 7,131,950 |
| Overdrafts | _ | _ | Net value of loans and advances, | 404 005 040 | 474 000 00 |
| Term loans | _ | | commitments and contingencies | 184,035,863 | 176,020,936 |
| Guarantees | _ | _ | Movement of impairment during the Period | | |
| Bonds | - | - | Under Stage 1 | | |
| Other loans (specify) | - | - | | 440.707 | 010 000 |
| Sub total | - | - | Charge/(Write back) to income statement | 442,727 | 910,020 |
| Total | 197,625,685 | 189,051,927 | Write-off during the period | - | |
| Product-wise commitments and | | | Other movements | | |
| contingencies | | | Closing balance as at 31/03/2022 | 2,894,958 | 2,452,232 |
| By product – Domestic currency | | | Under Stage 2 | | |
| Guarantees | 184,202 | 177,767 | Charge/(Write back) to income statement | (896,867) | 2,410,146 |
| Bonds | - | - | Write-off during the period | - | - |
| Undrawn credit lines | - | - | Other movements | - | |
| Other commitments (specify) | - | | Closing balance as at 31/03/2022 | 2,776,489 | 3,673,356 |
| Other contingencies (Bill Purchase) Sub total | 85,824 | 48,781 | Under Stage 3 | | |
| Suo total | 270,026 | 226,547 | Charge/(Write back) to income statement | 1,056,450 | 258,695 |
| By product – Foreign currency | | | Write-off during the Period | | ΄. |
| Guarantees | - | - | Other movements | - | |
| Bonds | - | - | Collective Impairment not recognized | _ | |
| Undrawn credit lines | - | - | Closing balance as at 31/03/2022 | 8,188,400 | 7,131,950 |
| Other commitments (specify) Other contingencies (specify) | - | - | Total impairment under SLFRS 9 | 13,859,848 | 13,257,538 |

ANALYSIS OF DEPOSITS AS AT 31ST MARCH 2022

| | Bank | | | |
|---|--|---------------------------|--|--|
| Rupees Thousands | Current Period Previous V 31/03/2022 31/12/209 (Unaudited) (Unaudite | | | |
| By product – Domestic currency Demand deposits (current accounts) | - | - | | |
| Savings deposits Fixed deposits | 74,221,300 116,473,283 | 72,159,493 115,592,972 | | |
| Others (Specify) Sub total | 190,694,583 | 187,752,465 | | |

| | Bank | | | |
|------------------------------------|---|--|--|--|
| Rupees Thousands | Current Period 31/03/2022 (Unaudited) | Previous Year 31/12/2021 (Unaudited) | | |
| By product – Foreign currency | | | | |
| Demand deposits (current accounts) | - | - | | |
| Savings deposits | - | - | | |
| Fixed deposits | - | - | | |
| Others (Specify) | - | - | | |
| Sub total | - | - | | |
| Total | 190,694,583 | 187,752,465 | | |
| | | | | |

SELECTED PERFORMANCE INDICATORS AS AT 31st MARCH 2022 (Based on Regulatory Reporting)

| 14 | 24/02/0000 (11 | 24/40/0004 (11: |
|---|------------------------|------------------------|
| Item | 31/03/2022 (Unaudited) | 31/12/2021 (Unaudited) |
| Regulatory Capital Adequacy (LKR in Thousands) | 40.570.000 | 4,400,000 |
| Common Equity Tier 1 | 13,572,383 | 14,189,229 |
| Core (Tier 1) Capital | 13,572,383 | 14,189,229 |
| Total Capital Base | 24,927,931 | 20,168,998 |
| Regulatory Capital Ratios (%) | | |
| Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%) | 8.43% | 9.26% |
| Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%) | 8.43% | 9.26% |
| Total Capital Ratio (%) (Minimum Requirement - 12.5%) | 15.49% | 13.16% |
| Leverage Ratio (Minimum Requirement - 3%) | 5.23% | 5.67% |
| Regulatory Liquidity | | |
| Statutory Liquid Assets (LKR in Thousands) | 50,590,842 | 47,221,606 |
| Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%) | 27.24% | 26.18% |
| Domestic Banking Unit (%) | - | - |
| Off-Shore Banking Unit (%) | - | - |
| Total Stock of High-Quality Liquid Assets (LKR in Thousands) | 9,806,061 | 9,466,903 |
| Liquidity Coverage Ratio (%) (Minimum Requirement - 100%) | | |
| Rupee (%) | 182.00% | 174.00% |
| All Currency (%) | - | - |
| Net Stable Funding Ratio (%) - (Minimum Requirement - 100%) | 139.00% | 127.00% |
| Assets Quality (Quality of Loan Portfolio) | | |
| Gross Non-Performing Advances Ratio (%) (net of interest in suspense) | 9.78% | 8.71% |
| Net-Non Performing Advances Ratio (%) (net of interest in suspense and provision) | 2.76% | 2.33% |
| Profitability | | |
| Interest Margin (%) | 5.90% | 5.67% |
| Return on Assets (before Tax) (%) | 0.70% | 0.60% |
| Return on Equity (%) | 5.26% | 3.38% |

CERTIFICATION:

Date: 27/05/2022

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: 27/05/2022

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