

PRADESHIYA SANWARDANA BANK

"BBB+" Negative **ICRA Lanka**

DITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2022

	Ba	nk
Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Period 30/09/2021 (Unaudite
Interest income	23,470,404	16,757,709
Interest expenses	(12,328,068)	(7,220,266)
Net interest income	11,142,336	9,537,443
Fee and commission income	674,540	595,275
Fee and commission expenses	(409,354)	(218,337)
Net fee and commission income Net gains/(losses) from trading Net fair value gains/(losses) on:	265,185	376,938 26
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	<u>.</u>	
Net other operating income	16,631	15,029
Total operating income Impairment charges	11,424,152 (1,484,614)	9,929,436 (2,648,867)
Net operating income Personnel expenses Depreciation and amortization expenses	9,939,538 (6,257,233) (394,746)	7,280,569 (5,439,852) (425,071)
Other expenses Operating profit/(loss) before VAT on financial services	(1,155,046) 2,132,514	(991,268) 424,377
VAT on financial services	(1,248,031)	(747,664)
Operating profit/(loss) after VAT on financial services Share of profits of associates and joint ventures	884,482	(323,287)
Profit/(loss) before tax Income tax expenses	884,482 (643,104)	(323,287) (350,218)
Profit/(loss) for the period	241,378	(673,505)
Profit attributable to: Equity holders of the parent Non-controlling interests	241,378	(673,505)
Earnings per share on profit Basic earnings per ordinary share	0.44	_

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30TH SEPTEMBER 2022

	Ba	Bank			
Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Period 30/09/2021 (Unaudited)			
Profit/(loss) for the Period	241,378	(673,505)			
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	-	-			
Differed Tax impact on retirements benefit obligation	-	-			
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	241,378	(673,505)			
Attributable to:					
Equity holders of the parent	241,378	(673,505)			
Non-controlling interest	_	1			

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 30TH SEPTEMBER 2022

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	6,974,400	_	-	6,974,400
Balances with Central Bank	-	-	-	
Placements with banks	4,556,757	_	_	4,556,757
Equity Instruments at fair value through profit or loss	_	138	_	138
Loans and advances	197,167,550	-	_	197,167,550
Debt instruments	65,246,753	_	_	65,246,753
Equity instruments	-	_	2,290	2,290
Other Assets	5,795,286	_		5,795,286
Total Financial Assets	279,740,747	138	2,290	279,740,747
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES			Amortized Cost	IOIAL
Due to banks			48,376,790	48,376,79
Derivative financial instruments			+0,570,770	40,370,77
Financial liabilities			-	,
- due to depositors			207,365,025	207,365,09
- due to depositors - due to debt securities holders			207,303,023	207,303,02
- due to deol securities riolders - due to other borrowers			-	
- due to other corrowers Debt securities issued			-	
			4 015 404	4.045.40
Other Liability			4,915,406	4,915,40
Total Financial Liabilities			260,657,220	260,657,22
b. Bank - Previous Year (Audited)				
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	1,486,879	-	-	1,486,879
Balances with Central Bank				
Placements with banks	6,596,073	-	-	6,596,073
Equity Instruments at fair value through profit or loss	-	188	-	188
Loans and advances	175,229,667	-	-	175,229,667
Debt instruments	54,856,210	-	-	54,856,210
Equity instruments		-	2,290	2,290
Other Assets	3,721,642	-	-	3,721,649
Total Financial Assets	241,890,471	188	2,290	241,892,949
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	187,752,46
- due to debt securities holders				. ,
- due to other borrowers			_	
Debt securities issued			2,000,000	2,000,000
Other Liability			5,514,858	5,514,858

	Bank				
Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Period 30/09/2021 (Unaudited			
Cash flows from operating activities					
Profit before tax	2,132,514	424,377			
Adjustment for:					
Non cash items included in profit before tax	2,994,184	3,237,149			
Changes in operating assets	(12,592,924)	(12,833,039)			
Changes in operating liabilities	18,421,017	14,616,665			
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	(99,806)	(125,516)			
Taxes on financial services	(1,222,285)	(747,664)			
Tax Paid	(574,519)	(565,857)			
Net cash generated from/(used in) operating activities	9,058,180	4,006,115			
Cash flows from investing activities	į				
Purchase of Property, plant and equipment	-	-			
Net purchase of intangible assets	_	(74,673)			
Investment in Debenture	_	_			
Investment in Fixed deposits (more than three months)	(34,812,569)	(1,039,927)			
Proceeds from the sale of property, plant and equipment	497	150			
Received Dividend Income	14	_			
Net cash (used in) / from investing activities	(34,812,058)	(1,114,450)			
Cash flows from financing activities					
Net proceeds from the issue of ordinary share capital	_	_			
Payment of principal of operating lease	_	(234,277)			
Net proceeds from the other borrowings	15,019,413	1,550,000			
Redemption of Debentures	-	-			
Interest paid & repayment of debentures	(76,177)	(237,625)			
Net cash from financing activities	14,943,236	1,078,098			
Net increase/(decrease) in cash & cash equivalents	(10,810,641)	3,969,763			
Cash & cash equivalents at the beginning of the Period	43,570,749	43,446,344			
Cash and cash equivalents at the end of the Period	32,760,107	47,416,108			
Reconciliation of Cash & Cash Equivalents					
Cash and cash equivalents	6,974,400	2,307,222			
Favorable balances with banks	, , , , , , , , , , , , , , , , , , , ,	·			
Placements with Banks	4,556,757	9,823,173			
Fixed deposits less than three months	22,658,897	36,143,329			
Unfavorable balances with banks	(1,429,946)	(857,617)			

STATEMENT OF FINANCIAL	POSITION AS AT 30 T	H SEPTEMBER 2022
------------------------	----------------------------	------------------

	Ва	Bank			
Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Year 31/12/2021 (Audited)			
Assets					
Cash and cash equivalents	6,974,400	1,486,879			
Balances with Central Bank	-				
Placements with banks Derivative financial instruments	4,556,757	6,596,073			
Financial assets recognized through profit or loss					
- measured at fair value	138	188			
- designated at fair value	-	-			
Financial assets at amortized cost - loans and advances	197,167,550	175,229,667			
- debt and other instruments	65,246,753	54,856,210			
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	991,498	928,568			
Right of use assets	596,793	505,092			
Goodwill and intangible assets Deferred tax assets	115,163	113,689			
Other assets	1,263,795 7,176,297	1,263,795 4,907,060			
Total assets	284,091,435	245,889,512			
Liabilities	20 1/01 1/100	2.0,007,012			
Due to banks	48,376,790	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	207,365,025	187,752,465			
- due to debt securities holders					
- due to other borrowers Debt securities issued	_	2,000,000			
Retirement benefit obligations	2,972,330	3,046,465			
Current tax liabilities	2,772,330	503,022			
Deferred tax liabilities	-	· -			
Other liabilities	9,742,589	7,693,301			
Due to subsidiaries Total liabilities	040 454 722	- 020 404 400			
Equity	268,456,733	230,496,188			
Stated capital/Assigned capital	8,047,230	8,047,230			
Statutory reserve fund	777,778	777,778			
OCI reserve	-				
Retained earnings	2,877,812	2,636,434			
Other reserves	3,931,881	3,931,881			
Total shareholders' equity	15,634,702	15,393,322			
Non-controlling interests	-	-			
Total equity	15,634,702	15,393,322			
Total equity and liabilities	284,091,435	245,889,512			
Contingent liabilities and commitments	254,987	225,888			
Memorandum Information	0.557	0.500			
Number of Employees Number of Branches	2,557 272	2,590 272			

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2022

	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 01/01/2022 (Opening balance)	-	-	8,047,230	777,778	-	-	2,636,434	3,931,881	15,393,323	-	15,393,324	
Total comprehensive income for the Period Profit/(loss) for the Period (net of tax) Other comprehensive income (net of tax)	-	-	-	-	-	-	241,378		241,378 -	-	241,378	
Total comprehensive income for the Period	-	-	-	-	-	-	241,378	-	241,378	-	241,378	
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	-	-	-	-	-	-	-	-	-	-	-	
Delement of 20/00/0000			0.047.020	777 770			0.077.040	2.024.004	45 / 24 704		45 424 700	

ANALYSIS OF LOANS & ADVANCES. COMMITMENTS. CONTINGENCIES AND IMPAIRMENT AS AT 30™ SEPTEMBER 2022

ANALISIS OF LOANS & ADVANG	CES, COMMINIT	WENTS, CON	ITINGENCIES AND IMPAIRMENT AS F	AT 30" SEPTEM	IDER ZUZZ
	Bar	nk		Bar	nk
Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Year 31/12/2021 (Audited)	Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Year 31/12/2021 (Audited)
Product-wise Gross loans & advances			Sub total		
By product – Domestic currency Term loans	124,548,367	125,188,767	Total	254,987	225,888
Leasing	1,386,856	853,278	Stage-wise impairment on loans & advances, commitments and		
Pawning	36,751,439	20,173,959	contingencies		
Refinance	35,372,943	31,511,331	Gross loans and advances,		
Liya Isura	36,204	37,781	commitments and contingencies	212,115,297	189,265,555
Staff Loan	5,078,305	4,614,968	Less: Accumulated impairment under	212/113/277	107/200/333
Loans against Deposits	8,562,449	6,535,720	stage 1	2,774,132	2,530,820
SME	123,747	123,863	Accumulated impairment under stage 2	2,642,287	3,038,215
Sub total	211,860,309	189,039,666	Accumulated impairment under stage 3	9,007,330	7,370,100
By product – Foreign currency			Net value of loans and advances,		
Overdrafts	-	-	commitments and contingencies	197,691,548	176,326,420
Term loans	-	-	Mayon ant of impaignment during the Davie d		
Guarantees Bonds	-	-	Movement of impairment during the Period		
Other loans (specify)	_	-	Under Stage 1		
Sub total	_	_	Charge/(Write back) to income statement	243,312	988,608
Total	211,860,309	189,039,666	Write-off during the period	-	-
Product-wise commitments and			Other movements	-	-
contingencies			Closing balance at 30/09/2022	2,774,132	2,530,820
By product – Domestic currency			Under Stage 2		
Guarantees	189,167	177,767	Charge/(Write back) to income statement	(395,928)	1,771,323
Bonds	-	-	Write-off during the period	-	-
Undrawn credit lines	-	-	Other movements	-	_
Other commitments (specify)	-	-	Closing balance as at 30/09/2022	2,642,287	3,038,215
Other contingencies (Bill Purchase)	65,821	48,121	Under Stage 3	,,,	.,,
Sub total	254,987	225,888	Charge/(Write back) to income statement	1,637,230	496.846
By product – Foreign currency			Write-off during the Period	-,,	
Guarantees	-	-	Other movements	_	_
Bonds	-	-	Collective Impairment not recognized	_	_
Undrawn credit lines	-	-	Closing balance at 30/09/2022	9,007,330	7,370,100
Other commitments (specify)	-	-	Total impairment under SLFRS 9	14,423,749	12,939,135
Other contingencies (specify)	-	-	I local impairment under serks 9	14,423,149	12,737,133

ANALYSIS OF DEPOSITS AS AT 30TH SEPTEMBER 2022

	Bank			
Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Year 31/12/2021 (Audited)		
By product – Domestic currency Demand deposits (current accounts)	-	-		
Savings deposits Fixed deposits	67,924,361 139,440,663	72,159,493 115,592,972		
Others (Specify) Sub total	207,365,025	187,752,465		

	Bank			
Rupees Thousands	Current Period 30/09/2022 (Unaudited)	Previous Year 31/12/2021 (Audited)		
By product – Foreign currency				
Demand deposits (current accounts)	-	-		
Savings deposits	-	-		
Fixed deposits	-	-		
Others (Specify)	-	-		
Sub total	-	-		
Total	207,365,025	187,752,465		

SELECTED PERFORMANCE INDICATORS AS AT 30TH SEPTEMBER 2022 (Based on Regulatory Reporting)

ltem	30/09/2022 (Unaudited)	31/12/2021 (Audited)
Regulatory Capital Adequacy (LKR in Thousands)		
Common Equity Tier 1	13,383,601	13,383,576
Core (Tier 1) Capital	13,383,601	13,383,576
Total Capital Base	24,003,093	21,891,819
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	7.38%	8.72%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	7.38%	8.72%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	13.23%	14.27%
Leverage Ratio (Minimum Requirement - 3%)	4.69%	5.67%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	53,963,630	47,221,606
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	26.77%	26.18%
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	8,236,033	9,466,903
Liquidity Coverage Ratio (%) (Minimum Requirement - 90%)		, ,
Rupee (%)	150.00%	174.00%
All Currency (%)	-	-
Net Stable Funding Ratio (%) - (Minimum Requirement - 90%)	100.00%	127.00%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	10.44%	8.71%
Net-Non Performing Advances Ratio (%) (net of interest in suspense and provision)	3.51%	1.80%
Profitability		
Interest Margin (%)	5.61%	5.85%
Return on Assets (before Tax) (%)	0.45%	0.33%
Return on Equity (%)	2.07%	2.01%

CERTIFICATION:

Date: 29/11/2022

32,760,107

47,416,108

We, the undersigned, being the Chief Financial Officer and Acting 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 have been extracted from the unaudited financial statements of the bank unless indicated as audited. P.S. Edirisuriya
(Sgd.) Chief Financial Officer

P.S. Edirisuriya (Sgd.) Act. Chief Executive Officer Date: 29/11/2022