

PRADESHIYA SANWARDANA BAI

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

Stated capital/Assigned capital

Total shareholders' equity

Total equity and liabilities

Memorandum Information

Number of Employees

Gain/(loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)

Total transactions with equity holders Balance as at 31/12/2022

Contingent liabilities and commitments

Non-controlling interests Total equity

Statutory reserve fund

OCI reserve Retained earnings

Other reserves

	Ва	Bank			
Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)			
Interest income	35,273,434	23,545,299			
Interest expenses	(19,639,530)	(9,893,373)			
Net interest income Fee and commission income	15,633,904 806,548	13,651,926 935,137			
Fee and commission expenses	(355,185)	(312,112)			
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	451,363 102,297	623,025 (24,215)			
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	20,471	36,548 14,287,284			
Total operating income Impairment charges	16,208,035 (2,852,677)	(3,256,776)			
Net operating income Personnel expenses Depreciation and amortization expenses Other expenses	13,355,358 (8,739,538) (532,734) (2,084,970)	11,030,508 (7,292,270) (520,988) (1,290,468)			
Operating profit/(loss) before VAT & SSCL on financial services Value Added Tax (VAT) on financial services Social Security Contribution Levy	1,998,116 (1,561,475) (77,526)	1,926,782 (1,151,277)			
Operating profit/(loss) after VAT & SSCL on financial services Share of profits of associates and joint ventures	359,115	775,505			
Profit/(loss) before tax Income tax expenses	359,115 990,279	775,505 (469,202)			
Profit/(loss) for the year	1,349,394	306,303			
Profit attributable to: Equity holders of the parent Non-controlling interests	1,349,394	306,303			
Earnings per share on profit Basic earnings per ordinary share	2.45	0.56			

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 ST DECEMBER 2022 Bank							
Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)					
Profit/(loss) for the Year	1,349,394	306,303					
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							
tems that will not be reclassified to income statement	İ						
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	156,249	(35,918)					
Changes in revaluation surplus	· -						
Share of profits of associates and joint ventures	-	-					
Differed Tax Impact on Retirement Benefit Obligations	(46,875)	8,620					
Less: Tax expense relating to items that will not be reclassified to income statement	-	-					
Other Comprehensive Income (OCI) for the Year, net of taxes	109,375	(27,297)					
Total comprehensive income for the year	1,458,769	279,005					
Attributable to:							
Equity holders of the parent	1,458,769	279,005					

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

a. Bank - Current Year (Audited)

Unfavorable balances with banks

Diluted earnings per ordinary share

Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	2,889,884	-	-	2,889,884
Balances with Central Bank	-	-	-	-
Placements with banks	6,133,705	-	-	6,133,705
Equity Instruments at fair value through profit or loss	-	120	-	120
Loans and advances	198,008,145	-	-	198,008,145
Debt instruments	65,079,636	-	-	65,079,636
Equity instruments	-	-	2,290	2,290
Other Assets	5,713,170	-	-	5,713,170
Total Financial Assets	277,824,540	120	2,290	277,826,951
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
Due to banks			47,470,707	47,470,707
Derivative financial instruments			-	-
Financial liabilities			-	-
- due to depositors			210,301,323	210,301,323
 due to debt securities holders 			-	-
- due to other borrowers			-	-
Debt securities issued				-
Other Liabilities			5,404,318	5,404,318
Total Financial Liabilities			263,176,349	263,176,349
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	-	-	3,721,642
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	187,752,465
- due to debt securities holders			-	-
- due to other borrowers				
Debt securities issued			2,000,000	2,000,000
Other Liabilities			5,514,858	5,514,858
Total Financial Liabilities			224,768,260	224,768,260

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	Ba	nk
Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited
Cash flow from operating activities	050.445	
Profit before tax	359,115	775,505
Adjustment for:	2 077 0/4	4 70 4 200
Non cash items included in profit before tax	3,977,964	4,704,390
Changes in operating assets	(35,321,114)	(24,995,398)
Changes in operating liabilities	23,772,933	19,407,758
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	-	=
Other reclassifications	-	-
Contribution paid to defined benefit plans	(66,254)	(134,929)
Taxes on financial services	-	-
Tax Paid	(1,609,672)	(695,837)
Net cash generated from/(used in) operating activities	(8,887,028)	(938,512)
Cash flow from investing activities		
Purchase of Property, plant and equipment	(207,876)	(202,693)
Net purchase of intangible assets	(1,987)	(123,381)
Investment in Debenture	`	392,280
Investment in Fixed deposits (more than three months)	(17,403,319)	(3,220,344)
Proceeds from the sale of property, plant and equipment	(780)	17,454
Received Dividend Income	4,385	10,210
Net cash (used in)/from investing activities	(17,609,577)	(3,126,476)
Cash flow from financing activities		
Payment of principal of operating lease	(327,195)	(326,522)
Net proceeds from the other borrowings	15,494,249	4,807,413
Repayment of debenture	(2,000,000)	
Interest paid & repayment of debentures	(76,177)	(311,500)
Net cash from financing activities	13,090,877	4,169,391
Net increase/(decrease) in cash & cash equivalents	(13,405,728)	104,404
Cash & cash equivalents at the beginning of the Year	43,570,749	43,466,344
Cash and cash equivalent at the end of the Year	30,165,020	43,570,748
Reconciliation of Cash & Cash Equivalents		
Cash and cash equivalent	2,889,884	1,486,879
Favorable balances with banks	2,007,004	1,100,077
Placements with banks Fixed deposits less than three months	6,133,705 21,726,025	6,596,073 35,579,131
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	Bank		
Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)	
Assets			
Cash and cash equivalents	2,889,884	1,486,879	
Balances with Central Bank Placements with banks	6,133,705	4 504 072	
Derivative financial instruments	0,133,705	6,596,073	
Financial assets recognized through profit or loss - measured at fair value - designated at fair value Financial assets at amortized cost - loans and advances	120 - 198,008,145	188 - 175,229,667	
- debt and other instruments Financial assets measured at fair value through other comprehensive income Investment in subsidiaries	65,079,636 2,290	54,856,210 2,290	
Investments in associates and joint ventures Property, plant and equipment Right of use assets	926,615 718,097	928,568 505,092	
Goodwill and intangible assets Deferred tax assets	68,868 3,525,175	113,689 1,263,795	
Other assets	8,042,616	4,907,060	
Total assets	285,395,150	245,889,512	
Liabilities Due to banks Derivative financial instruments Financial liabilities recognized through profit or loss - measured at fair value - designated at fair value	47,470,707 - - -	29,500,937 - - -	
Financial liabilities at amortized cost - due to depositors - due to debt securities holders	210,301,323	187,752,465	
- due to other borrowers Debt securities issued		2,000,000	
Retirement benefit obligations Current tax liabilities	3,091,581 1,011,924	3,046,465 503,022	
Deferred tax liabilities Other liabilities	7,293,487	7,693,301	
Due to subsidiaries	-	- 020 407 400	
Total liabilities	269,169,023	230,496,189	
Equity	1	1	

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

STATEMENT OF	CHANG	ES IN	EQUIT	Y FOR	THE	YEAR I	ENDE) 31 ST [DECEME	ER 20 2	22
	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 01/01/2022 (Opening balance)	-	-	8,047,230	777,778		-	1,835,835	3,931,881	14,592,723		14,592,723
Total comprehensive income for the Year Profit/(loss) for the Year (net of tax) Other comprehensive income (net of tax)	-	-	-	-	-	-	1,349,394 109.375	-	1,349,394 109.375	-	1,349,394 109.375
Total comprehensive income for the Year	-	-	-	-	-		1,458,769	-	1,458,769	-	1,458,769
Transactions with equity holders, recognised											.,,
directly in equity											
Share issue/increase of assigned capital	-	-	174,635	-	-	-	-	-	174,635	-	174,635
Share options exercised	-	-		-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-		-	-	-		-	-	-
Transfers to reserves during the year	-	-	-	67,470	-	-	(404,818)	337,349	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to Head Office	-	-	-	-	-	-	-	-	-	-	-

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31st DECEMBER 2022

67,470

174,635

8,221,865

	Bar	Bank E			nk
Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)	Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)
Product-wise Gross loans & advances			Sub total	-	-
By product – Domestic currency	400 0/0 45/	405 400 5/5	Total	380,380	225,888
Term loans	120,060,154	125,188,767	Stage-wise impairment on loans &		
Leasing	1,193,310	853,278	advances, commitments and		
Pawning Refinance	42,234,453 35,894,658	20,173,959 31,511,331	contingencies		
Liva Isura	33,947,030	37,781	Gross loans and advances,	215,752,882	189,265,555
Staff Loan	5,501,111	4,614,968	commitments and contingencies		
Loans against Deposits	10,333,537	6,535,720	Less:	4 420 025	0.500.000
SME	121,313	123,863	Accumulated impairment under stage 1	4,130,235	2,530,820
Sub total	215,372,502	189,039 ,666	Accumulated impairment under stage 2	5,063,057	3,038,215
Du nua du at. Favairra augus aug	,	, , , , , , , , , , , , , , , , , , , ,	Accumulated impairment under stage 3	6,598,756	7,370,100
By product – Foreign currency Overdrafts			Net value of loans and advances,		
Term loans	_	-	commitments and contingencies	199,960,833	176,326,420
Guarantees	_	_	Movement of impairment during the Year		
Bonds	_	-			
Other loans (specify)	-	-	Under Stage 1	4 500 445	000 /00
Sub total	-	-	Charge/(Write back) to income statement	1,599,415	988,608
Total	215,372,502	189,039,666	Write-off during the year	-	-
Product-wise commitments and			Other movements	-	-
contingencies			Closing balance as at 31/12/2022	4,130,234	2,530,820
By product – Domestic currency			Under Stage 2		
Guarantees	180,046	177,767	Charge/(Write back) to income statement	2,024,842	1,771,323
Bonds	, -	· -	Write-off during the year	-	-
Undrawn credit lines	-	-	Other movements	-	-
Other commitments (specify)	-		Closing balance as at 31/12/2022	5,063,057	3,038,215
Other contingencies (Bill Purchase)	200,334	48,121	Under Stage 3		
Sub total	380,380	225,888	Charge/(Write back) to income statement	(771,580)	496,846
By product – Foreign currency			Write-off during the Year	-	_
Guarantees	-	-	Other movements	(235)	_
Bonds	-	-	Not recognized collective Impairment	(_30)	_
Undrawn credit lines	-	-	Closing balance as at 31/12/2022	6,598,521	7,370,100
Other commitments (specify)	-	-	Total impairment under SLFRS 9	15,791,812	12,939,135
Other contingencies (specify)	-	-	Total impairment under 3Lrk3 9	13,171,012	12,737,133

ANALYSIS OF DEPOSITS AS AT 31ST DECEMBER 2022

	Ba	nk
Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)
By product – Domestic currency		
Demand deposits (current	-	-
accounts)		
Savings deposits	65,852,447	72,159,493
Fixed deposits	144,448,876	115,592,972
Others (Specify)		
Sub total	210,301,323	187,752,465

	Bank			
Rupees Thousands	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)		
By product – Foreign currency				
Demand deposits (current accounts)	-	-		
Savings deposits	-			
Fixed deposits	-			
Others (Specify)	-			
Sub total	-			
Total	210,301,323	187,752,465		

8,221,865

2,889,786

4,269,229

16,226,127

16,226,127

285,395,150

(404,818)

2,889,785

337,349

4,269,229

174,635

16,226,127

380,380

2,531 272

845,248

8,047,230

2,636,434

3,931,881

15,393,322

15,393,322

245,889,512

225,888

2,590 272

174,635

16,226,127

777,778

SELECTED PERFORMANCE INDICATORS AS AT 31ST DECEMBER 2022 (Based on Regulatory Reporting)

ltem	Current Year 31/12/2022 (Audited)	Previous Year 31/12/2021 (Audited)
Regulatory Capital Adequacy (LKR in Thousands)		
Common Equity Tier 1	11,932,386	13,383,576
Core (Tier 1) Capital	11,932,386	13,383,576
Total Capital Base	21,908,993	21,891,819
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	8.29%	8.72%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	8.29%	8.72%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	15.22%	14.27%
Leverage Ratio (Minimum Requirement - 3%)	4.71%	5.67%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	55,790,668	47,221,606
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)	27.83%	26.18%
Domestic Banking Unit (%)	-	-
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	10,333,885	9,466,903
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	167.00%	174.00%
All Currency (%)	-	-
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	101.00%	127.00%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio (%) (Net of Stage 3 impairement)	6.53%	9.57%
Impairement (Stage 3) to Stage 3 Loans Ratio (%)	31.95%	28.94%
Profitability		
Interest Margin (%)	5.89%	5.85%
Return on Assets (before Tax) (%)	0.14%	0.33%
Return on Equity (%)	8.54%	2.01%

* Credit Rating - Pending CERTIFICATION:

P.S. Edirisuriya
(Sgd.) Chief Financial Officer

Date: 23.06.2023

(584,594)

43,570,748

30,165,020

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 has been extracted from the audited financial statements of the bank

P.S. Edirisuriya (Sgd.) Chief Executive Officer (Acting) Date: 23.06.2023