

PRADESHIYA SANWARDHANA BANK



INTERIM FINANCIAL STATEMENTS

for the Nine month ended 30.09.2016

(Un-audited)

PRADESHIYA SANWARDHANA BANK

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30th SEPTEMBER 2016

In Rupees Thousand	Current Year	Previous Year	Current Year	Previous Year
	From 01/01/2016 To 30/09/2016 (Unaudited)	From 01/01/2015 To 30/09/2015 (Unaudited)	From 01/07/2016 To 30/09/2016 (Unaudited)	From 01/07/2015 To 30/09/2015 (Unaudited)
Interest Income	10,287,341	8,142,797	6,865,523	5,348,665
Interest Expenses	(5,048,884)	(3,626,183)	(3,379,160)	(2,324,039)
Net Interest Income	5,238,457	4,516,614	3,486,363	3,024,626
Fee and Commission Income	462,874	422,553	321,743	276,117
Fee and Commission Expenses	(89,841)	(85,641)	(63,893)	(60,798)
Net Fee and Commission Income	373,033	336,912	257,850	215,319
Net Gain/(Loss) from financial Instruments at fair value through profit or Loss	23	-	25	-
Other Operating Income (net)	93,017	70,451	74,967	67,574
Total Operating Income	5,704,530	4,923,977	3,819,205	3,307,519
Impairment for Loans & Other Losses				-
Individual Impairment	-	-	1,513	-
Collective Impairment	(23,962)	160,507	(674)	182,225
Net Operating Income	5,680,568	5,084,484	3,820,044	3,489,745
Personnel Expenses	3,322,187	2,957,105	2,256,252	1,900,467
Depreciation and amortisation	185,452	127,776	123,587	83,805
Other Expenses	864,590	824,589	572,504	697,828
Levy Paid to general treasury	93,750	93,750	62,500	62,500
Operating Profit/(Loss) before value added tax (VAT)	1,214,589	1,081,264	805,201	745,145
Nation Building Tax	(71,577)	(62,264)	(48,730)	(42,800)
Value added tax (VAT) on financial services	(393,671)	(342,456)	(233,276)	(225,672)
Profit/(Loss) before tax	749,341	676,544	523,195	476,673
Tax Expenses	(407,354)	(154,194)	(247,821)	(154,194)
Profit/(Loss) for the period	341,987	522,350	275,373	322,479
Profit attributable to :				
Shareholders	341,987	522,350	277,229	322,479
Non- controlling Interest	-	-	-	-
Earning per share on profit				
Basic earning per ordinary share	2.49	3.81	2.01	2.93

PRADESHIYA SANWARDANA BANK
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30th SEPTEMBER 2016

In Rupees Thousand	Current Year From 01/01/2016 To 30/09/2016 (Unaudited)	Previous Year From 01/01/2015 To 30/09/2015 (Unaudited)	Current Year From 01/07/2016 To 30/09/2016 (Unaudited)	Previous Year From 01/07/2015 To 30/09/2015 (Unaudited)
Profit for the year	341,987	522,350	277,229	322,479
Total comprehensive income for the year	341,987	522,350	277,229	322,479
Attributable to:				
Equity holders of the parent	341,987	522,350	277,229	322,479
Non-controlling interest	-	-	-	-
	341,987	522,350	277,229	322,479

PRADESHIYA SANWARDHANA BANK

STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2016

In Rupees Thousand	Current Year	Previous Year
	As at 30/09/2016 (Unaudited)	As at 31/12/2015 (Restated)
Assets		
Cash and cash equivalents	498,691	310,592
Sri Lankan Government Securities	-	607,814
Balance with banks	19,449,735	15,813,955
Financial assets held for trading	202	200
Loans and receivables given to other customers	100,514,342	87,907,153
Property, Plant and Equipment	1,191,386	1,044,605
Goodwill and intangible assets	90,654	78,816
Deffered Tax assets	171,634	171,634
Other assets	3,817,170	1,441,724
Total assets	125,733,813	107,376,493
Liabilities		
Due to banks	11,367,534	7,915,017
Due to other customers	98,807,488	86,324,097
Debt Securities Issued	2,652,068	2,693,033
Other Liabilities	5,559,446	3,284,141
Retirement Benefit Obligation	954,276	972,097
Total liabilities	119,340,812	101,188,385
Equity		
State Capital/Assigned capital	1,370,937	1,370,937
Statutory Reserve Fund	567,391	567,391
Retained Earnings	1,574,727	1,369,834
Other Reserves	2,879,946	2,879,946
Total Shareholders' Equity	6,393,002	6,188,108
Non-Controlling Interests		
Total Equity	6,393,002	6,188,108
Total Equity and Liabilities	125,733,813	107,376,493
Contingent Liabilities and Commitments	306,346	232,012
Memorandum Information		
Number of Permanent Employees	2,357	2,415
Number of Branches	265	265

PRADESHIYA SANWARDHANA BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

Bank	Stated Capital/Assigned Capital		Reserves					Total	Non Controlling Interest	Total Equity
	Ordinary voting Shares	Ordinary non voting Shares	Assigned Capital	Statutory Reserve Fund	Revaluation Reserve	Retained Earning	Other Reserves			
In Rupees Thousand										
Balance as at 01/01/2016 (Opening balance)	-	-	1,370,937	567,391	-	1,369,834	2,879,946	6,188,108	-	6,188,108
Profit / (loss) for the year	-	-	-	-	-	341,987	-	341,987	-	341,987
Dividend Paid	-	-	-	-	-	(137,094)	-	(137,094)	-	(137,094)
Balance as at 30/09/2016 (Closing Balance)	-	-	1,370,937	567,391	-	1,574,726	2,879,946	6,393,002	-	6,393,002

PRADESHIYA SANWARDHANA BANK
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

In Rupees Thousand	Bank	
	Current Period	Previous Period
	30/09/2016	30/09/2015
Cash Flows From Operating Activities		
Profit before tax	1,214,589	1,081,264
Adjustment for :		
Non - Cash item included in Profits before tax	305,784	360,535
Change in Operating assets	(14,811,194)	(24,817,925)
Change in Operating Liabilities	18,211,213	16,296,273
Other reclassification	-	-
Contribution paid to defined benefit plans	(17,821)	(12,063)
Tax paid	(877,829)	(409,160)
Net cash generated from operating activities	4,024,743	(7,501,076)
Cash flows from investing activities		
Purchase of property , plant and equipment	(186,807)	(76,547)
Proceeds from the sale of property , plant and equipment	22,685	7,269
Net Purchase of intangible assets	(12,089)	(58,433)
Net cash (used in)/from investing activities	(176,212)	(127,712)
Cash flow from financing activities		
Net proceeds from the issue of subordinate debt	-	-
Dividend paid	(137,094)	-
Net cash from financing activities	(137,094)	-
Net Increase / (decrease) in cash & cash equivalents	3,711,437	(7,628,787)
Cash and cash equivalents at the beginning of the period	15,946,421	25,282,309
Cash and cash equivalents at the end of the period	19,657,857	17,653,522
Reconciliation of Cash & Cash Equivalents		
Cash and cash equivalents	498,691	446,616
Favorable Balances with banks	19,449,735	17,750,229
Unfavorable Balances with banks	(290,568)	(543,323)
	19,657,857	17,653,522

PRADESHIYA SANWARDHANA BANK
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS
AS AT 30TH SEPTEMBER 2016

a. Bank - Current Period

In Rupees Thousand	HFT	HTM	Loans & Receivables	AFS	Total
ASSETS					
Cash and cash equivalents	-	-	498,691	-	498,691
Placements with banks	-	-	19,449,735	-	19,449,735
Financial assets held for trading	202	-	-	-	202
Loans and receivables given to other customers	-	-	100,514,342	-	100,514,342
Other assets	-	-	681,495	-	681,495
Total Financial Assets	202	-	121,144,263	-	121,144,465

In Rupees Thousand	HFT	HTM	Amortized Cost	AFS	Total
LIABILITIES					
Due to banks	-	-	11,367,534	-	11,367,534
Due to other customers	-	-	98,807,488	-	98,807,488
Other Borrowings	-	-	1,036,800	-	1,036,800
Debt securities issued	-	-	2,652,068	-	2,652,068
Total Financial Liabilities	-	-	113,863,890	-	113,863,890

b. Bank - Previous Period

In Rupees Thousand	HFT	HTM	Loans & Receivables	AFS	Total
ASSETS					
Cash and cash equivalents	-	-	310,592	-	310,592
Sri Lanka government securities	-	607,814	-	-	607,814
Balances with other banks	-	-	15,813,955	-	15,813,955
Financial assets held for trading	200	-	-	-	200
Loans and receivables given to other customers	-	-	87,907,153	-	87,907,153
Other assets	-	-	775,983	-	775,983
Total Financial Assets	200	607,814	104,807,682	-	105,415,697

In Rupees Thousand	HFT	HTM	Amortized Cost	AFS	Total
LIABILITIES					
Due to banks	-	-	7,915,017	-	7,915,017
Due to other customer	-	-	86,324,097	-	86,324,097
Debt securities issued	-	-	2,693,033	-	2,693,033
Total Financial Liabilities	-	-	96,932,147	-	96,932,147

PRADESHIYA SANWARDHANA BANK
SELECTED PERFORMANCE INDICATORS
(AS PER REGULATORY REPORTING)
AS AT 30TH SEPTEMBER 2016

Item	30/09/2016 (Unaudited)	31/12/2015 (Restated)
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital) Rs.'000	6,046,697	6,046,698
Total Capital Base Rs.'000	8,480,457	8,422,411
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	7.21%	7.56%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	10.12%	10.53%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of interest in Suspense)	4.24%	4.00%
Net Non-Performing Advances Ratio, % (net of interest in Suspense and provision)	3.51%	3.20%
Profitability		
Interest Margin, %	5.99%	6.60%
Return on Assets (before Tax), %	0.86%	1.42%
Return on Equity, %	7.25%	14.64%
Regulatory Liquidity		
Statutory Liquid Assets, Rs.'000	19,921,128	18,534,483
Statutory Liquid Assets Ratio, % (Minimum requirement, 20%)	21.17%	21.77%
Domestic Banking Unit	265	265
Off-Shore Banking Unit		

SHARE INFORMATION

Shareholders	Current Year		Previous Year	
	30/09/2016		31/12/2015	
	No of Ordinary Shares	Holding %	No of Ordinary Shares	Holding %
Government Treasury	87,744,671	64%	87,744,671	64%
Bank of Ceylon	16,448,448	12%	16,448,448	12%
Peoples Bank	16,448,448	12%	16,448,448	12%
National Savings Bank	16,452,126	12%	16,452,126	12%

EXPLANATORY NOTES

- 1 These financial statements are presented in accordance with Sri Lanka Accounting Standards comprising of Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka, together with comparative period data as at and for the Year ended 31 December 2015 which is based on Loss Given Default (LGD) calculated using Bank's one year data
- 2 The LGD has been calculated using the Bank's Past two years and nine months data as at 30.09.2016 Based on the same LGD comparative figures have been reinstated.
- 3 No circumstances have arisen and no material events have occurred since the reporting date, which require disclosures or adjustments to the financial statements.
- 4 During the period there were no material changes in the composition of assets, liabilities and contingent liabilities.
- 5 All known expenses have been charged in these financial statements.

CERTIFICATION

We 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 for the period ended 30.09.2016 have been extracted from the unaudited financial statements of the bank.

Signed By
S.A Alahakoon
Chief Finance Officer (Actg.)

Signed By
T.A.Ariyapala
Chief Executive Officer

Signed By
H. Prasanna Premarathna
Chairman

Signed By
W.A.P. Abeyesinghe
Director

Date: **15-Nov-16**

1) Loans and Receivables given to other Customers

Bank

In Rupees Thousand	Current period As at 30/09/2016	Previous period As at 31/12/2015
Gross loans and receivables	102,035,927	89,469,402
(Less): Zero rate loan fair value adjustment	(140,382)	(257,836)
Staff loan fair value adjustment	(508,043)	(508,043)
Individual impairment charges	(91,035)	(91,035)
Collective impairment charges	(782,124)	(705,335)
Net Loans and receivables including those designated at fair value through profit or loss	100,514,342	87,907,153
(Less): Loans and Receivables designated at fair value through profit & Loss	-	-
Net loans and receivables	100,514,342	87,907,153

2) Loans and Receivables to other Customers - By product

Bank

In Rupees Thousand	Current period As at 30/09/2016	Previous period As at 31/12/2015
By Product -Domestic Currency		
Overdrafts	-	-
Term Loans	90,424,412	78,352,122
Lease rentals receivables		
Credit Cards		
Pawning	7,434,910	7,653,380
Other Loans (Staff Loans)	3,047,591	2,390,935
Interest Receivable on Loans & Advances	1,129,014	1,072,966
Sub Total	102,035,927	89,469,402
By Product -Foreign Currency		
Overdrafts	-	-
Term Loans	-	-
Other Loans (Please Specify)	-	-
Sub Total	-	-
Total	102,035,927	89,469,402

3) Movements in individual and collective impairment during the period for Loans and Receivables to other customers

In Rupees Thousand	<u>Bank</u>	
	Current period As at 30/09/2016	Previous period As at 31/12/2015
Individual Impairment		
Opening Balance	91,035	-
Charge/(Write back) to income Statement	-	91,035
Write- off during the year	-	-
Other movements	-	-
Closing Balance	91,035	91,035
Collective Impairment		
Opening Balance	705,335	1,141,224
Charge/(Write back) to income Statement	23,962	(368,700)
Write- off during the year	-	-
Other movements	52,827	(67,190)
Closing Balance	782,124	705,335
Total Impairment	873,159	796,370

4) Due to other customers - By Product

In Rupees Thousand	<u>Bank</u>	
	Current period As at 30/09/2016	Previous period As at 31/12/2015
By Product -Domestic Currency		
Dormant Deposits (current Accounts)	-	-
Savings Deposits	31,718,989	28,792,809
Fixed Deposits	57,979,403	49,457,681
Other Deposits (Long Term Savings)	9,109,097	8,073,607
Sub Total	98,807,488	86,324,097
By Product -Foreign Currency		
Dormant Deposits (current Accounts)	-	-
Savings Deposits	-	-
Fixed Deposits	-	-
Other Deposits (Please Specify)	-	-
Sub Total	-	-
Total	98,807,488	86,324,097

Debenture Information

Type	No of Debentures	Face value (Rs.)	Amortized cost 2016 (Rs.)	Allotment Date	Maturity Date	Rate of the interest	Interest Rate of comparable Government Security	Traded Yield	2016/01/01-2016/09/30	2015/01/01-2015/12/31
A	21,288,500	2,128,850,000	2,128,850,000	2015/01/30	2020/01/30	Fixed - 9.00% per annum payable annually	10.61%	0%	Not Traded	Not Traded
B	3,610,200	361,020,000	361,020,000	2015/01/30	2020/01/30	Fixed - 8.81% per annum payable bi-annually	10.61%	0%	Not Traded	Not Traded
C	101,300	10,130,000	10,130,000	2015/01/30	2020/01/30	Fixed - 8.71% per annum payable quarterly	10.61%	0%	Not Traded	Traded
	25,000,000	2,500,000,000	2,500,000,000							

RDB Debenture Type C (Unsecured subordinate Redeemable 5 Year Debenture)

Last Traded Date 03/12/2015

- Highest Price - Rs. 90.00, Lowest Price - Rs. 90.00, Last Transaction Price - Rs. 90.00