

PRADESHIYA SANWARDHANA BANK



FINANCIAL STATEMENTS
for the year ended 31.12.2017
(Un-audited)

PRADESHIYA SANWARDHANA BANK

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2017

In Rupees Thousand	Current Year From 01/01/2017 To 31/12/2017 (Unaudited)	Previous Year From 01/01/2016 To 31/12/2016 (Audited)	Current Year for the Period From 01/10/2017 To 31/12/2017 (Unaudited)	Previous Year for the Period From 01/10/2016 To 31/12/2016 (Unaudited)
Interest Income	20,617,260	14,813,083	5,946,020	4,525,742
Interest Expenses	(11,247,070)	(7,197,199)	(3,157,232)	(2,148,315)
Net Interest Income	9,370,190	7,615,884	2,788,787	2,377,427
Fee and Commission Income	1,106,287	905,637	402,402	442,763
Fee and Commission Expenses	(177,659)	(124,649)	(54,357)	(34,808)
Net Fee and Commission Income	928,628	780,988	348,045	407,955
Net Gain/(Loss) from financial Instruments at fair value through profit or Loss	(7)	4	(7)	(19)
Other Operating Income (net)	1,640	25,617	1,091	(67,400)
Total Operating Income	10,300,451	8,422,493	3,137,917	2,717,963
Impairment for Loans & Other Losses				-
Individual Impairment	-	(37,741)	-	(37,741)
Collective Impairment	(376,684)	66,851	17,177	90,813
Net Operating Income	9,923,767	8,451,603	3,155,094	2,771,035
Personnel Expenses	(4,742,887)	(4,609,233)	(1,371,310)	(1,287,046)
Depreciation and amortisation	(283,213)	(249,843)	(80,029)	(64,390)
Other Expenses	(1,608,785)	(1,461,960)	(517,399)	(503,620)
Operating Profit/(Loss) before value added tax (VAT)	3,288,882	2,130,568	1,186,356	915,979
Nation Building Tax	(129,397)	(107,483)	(41,423)	(35,906)
Value added tax (VAT) on financial services	(970,478)	(767,485)	(310,673)	(373,814)
Profit/(Loss) before tax	2,189,007	1,255,600	834,260	506,259
Tax Expenses	(990,004)	(614,312)	(361,082)	(206,958)
Profit/(Loss) for the period	1,199,003	641,288	473,178	299,301
Profit attributable to :				
Shareholders	1,199,003	641,288	473,178	299,301
Non- controlling Interest	-	-	-	-
Earning per share on profit				
Basic earning per ordinary share	8.57	4.68	3.28	2.19

PRADESHIYA SANWARDANA BANK
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31st DECEMBER 2017

In Rupees Thousand	Current Year	Previous Year	Current Year for the Period	Previous Year for the Period
	From 01/01/2017 To 31/12/2017 (Unaudited)	From 01/01/2016 To 31/12/2016 (Audited)	From 01/10/2017 To 31/12/2017 (Unaudited)	From 01/10/2016 To 31/12/2016 (Unaudited)
Profit for the year	1,199,003	641,288	473,178	299,301
Actuarial gains and losses on defined benefit plans	(236,263)	(170,393)	(236,263)	(170,393)
Deferred tax effect on above	-	47,710	-	47,710
Comprehensive income for the year, net of taxes	(236,263)	(122,683)	(236,263)	(122,683)
Total comprehensive income for the Period	962,740	518,605	236,915	176,618
Attributable to:				
Equity holders of the parent	962,740	518,605	236,915	176,618
Non-controlling interest	-	-	-	-
	962,740	518,605	236,915	176,618

PRADESHIYA SANWARDHANA BANK

STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2017

In Rupees Thousand	Current Year	Previous Year
	As at 31/12/2017 (Unaudited)	As at 31/12/2016 (Audited)
Assets		
Cash and cash equivalents	482,904	428,698
Sri Lankan Government Securities	2,512,363	-
Balance with banks	26,971,455	18,979,572
Placements with Banks	6,681,770	1,682,030
Financial assets held for trading	197	204
Loans and receivables given to other customers	128,547,382	105,653,631
Financial Investments - Held- to- Maturity	516,935	516,742
Goodwill and intangible assets	37,843	58,026
Deferred Tax assets	217,650	217,650
Other assets	4,015,908	2,191,034
Property, Plant and Equipment	1,201,913	1,186,398
Total assets	171,186,319	130,913,984
Liabilities		
Due to banks	11,002,328	11,765,493
Due to other customers	139,843,926	107,031,721
Debt Securities Issued	4,707,853	2,708,377
Other Liabilities	4,474,632	2,130,544
Retirement Benefit Obligation	1,695,895	1,278,903
Total liabilities	161,724,634	124,915,039
Equity		
Stated Capital	3,870,937	1,370,937
Statutory Reserve Fund	599,456	599,456
Retained Earnings	1,951,024	988,284
Other Reserves	3,040,268	3,040,268
Total Shareholders' Equity	9,461,685	5,998,946
Total Equity	9,461,685	5,998,946
Total Equity and Liabilities	171,186,319	130,913,984
Contingent Liabilities and Commitments	280,540	453,556
Memorandum Information		
Number of Permanent Employees	2,316	2,350
Number of Branches	265	265

PRADESHIYA SANWARDHANA BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31st DECEMBER 2017

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 01/01/2017 (Opening balance)	-	-	1,370,937	599,456	-	988,284	3,040,268	5,998,946	-	5,998,946
Profit / (loss) for the Period	-	-	-	-	-	1,199,003	-	1,199,003	-	1,199,003
Other Comprehensive Income (net of tax)	-	-	-	-	-	(236,263)	-	(236,263)	-	(236,263)
Issued Share Capital	-	-	2,500,000	-	-	-	-	2,500,000	-	2,500,000
Others(please specify)	-	-	-	-	-	-	-	-	-	-
Total transaction with equity holders	-	-	2,500,000	-	-	962,740	-	3,462,740	-	2,500,000
Balance as at 31/12/2017 (Closing Balance)	-	-	3,870,937	599,456	-	1,951,024	3,040,268	9,461,685	-	9,461,685

Bank	Stated		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		799,160	2,879,946	5,617,434		5,617,434
Profit / (loss) for the Period			-	-		641,288	-	641,288		641,288
Other Comprehensive Income (net of tax)						(122,683)		(122,683)		(122,683)
Dividend Paid						(137,094)		(137,094)		(137,094)
Transferred to Statutory Reserve Fund				32,064		(32,064)		-		-
Transferred to Special Reserve Fund						(32,064)	32,064	-		-
Transferred to General Reserve Fund						(128,258)	128,258	-		-
Balance as at 31/12/2016 (Closing Balance)	-	-	1,370,937	599,456	-	988,285	3,040,268	5,998,946	-	5,998,946

PRADESHIYA SANWARDHANA BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2017

In Rupees Thousand	Bank	
	Current Year	Previous Year
	31/12/2017 Unaudited	31/12/2016 Audited
Cash Flows From Operating Activities		
Profit before tax	3,288,882	2,130,568
Adjustment for :		
Non - Cash item included in Profits before tax	1,020,113	423,361
Change in Operating assets	(26,270,883)	(19,002,959)
Change in Operating Liabilities	34,393,128	21,615,024
Other reclassification	-	(2)
Contribution paid to defined benefit plans	416,992	(22,372)
Tax paid	(1,812,247)	(1,308,146)
Net cash generated from operating activities	11,035,985	3,835,472
Cash flows from investing activities		
Purchase of property , plant and equipment	(281,875)	(385,493)
Proceeds from the sale of property , plant and equipment	960	22,706
Net Purchase of intangible assets	(20,603)	(16,378)
Net cash (used in)/from investing activities	(301,517)	(379,166)
Cash flow from financing activities		
Net proceeds from the issue of ordinary share capital	2,500,000	
Net proceeds from the issue of subordinate debt	2,000,000	-
Interest paid on Debenture	(459,639)	(209,554)
Dividend paid	-	(137,094)
Net cash from financing activities	4,040,361	(346,648)
Net Increase / (decrease) in cash & cash equivalents	14,774,829	3,109,658
Cash and cash equivalents at the beginning of the period	19,056,079	15,946,421
Cash and cash equivalents at the end of the period	33,830,908	19,056,079
Reconciliation of Cash & Cash Equivalents		
Cash and cash equivalents	482,904	428,698
Favorable Balances with banks	33,653,226	20,661,603
Unfavorable Balances with banks	(305,221)	(2,034,221)
	33,830,908	19,056,079

PRADESHIYA SANWARDHANA BANK
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS
AS AT 31st DECEMBER 2017

a. Bank - Current Period

In Rupees Thousand	HFT	HTM	Loans & Receivables	AFS	Total
ASSETS					
Cash and cash equivalents	-	-	482,904	-	482,904
Sri Lankan Government Securities	-	2,512,363	-	-	2,512,363
Balances with other Banks	-	-	26,971,455	-	26,971,455
Placements with banks	-	-	6,681,770	-	6,681,770
Financial assets held for trading	197	-	-	-	197
Financial assets held to Maturity	-	516,935	-	-	516,935
Loans and receivables given to other customers	-	-	128,547,382	-	128,547,382
Other assets	-	-	1,235,450	-	1,235,450
Total Financial Assets	197	3,029,297	163,918,961	-	166,948,455

In Rupees Thousand	HFT	HTM	Amortized Cost	AFS	Total
LIABILITIES					
Due to banks	-	-	11,002,328	-	11,002,328
Due to other customers	-	-	139,843,926	-	139,843,926
Debt securities issued	-	-	4,707,853	-	4,707,853
Other Liabilities	-	-	4,474,632	-	4,474,632
Total Financial Liabilities	-	-	160,028,739	-	160,028,739

b. Bank - As at 31.12.2016 (Audited)

In Rupees Thousand	HFT	HTM	Loans & Receivables	AFS	Total
ASSETS					
Cash and cash equivalents	-	-	428,698	-	428,698
Balances with other banks	-	-	18,979,572	-	18,979,572
Placements with banks	-	-	1,682,030	-	1,682,030
Financial assets held for trading	204	-	-	-	204
Financial assets held to Maturity	-	516,742	-	-	516,742
Loans and receivables given to other customers	-	-	105,653,631	-	105,653,631
Other assets	-	-	1,100,619	-	1,100,619
Total Financial Assets	204	516,742	127,844,550	-	128,361,496

In Rupees Thousand	HFT	HTM	Amortized Cost	AFS	Total
LIABILITIES					
Due to banks	-	-	11,765,493	-	11,765,493
Due to other customer	-	-	107,031,721	-	107,031,721
Debt securities issued	-	-	2,708,377	-	2,708,377
Other Liabilities	-	-	2,130,544	-	2,130,544
Total Financial Liabilities	-	-	123,636,136	-	123,636,136

PRADESHIYA SANWARDHANA BANK
SELECTED PERFORMANCE INDICATORS
(AS PER REGULATORY REPORTING)
AS AT 31st DECEMBER 2017

Item	31/12/2017 (Unaudited)	31/12/2016 (Audited)
Net Assets value per Share (Rs.)	24.44	43.76
Regulatory Capital Adequacy		
Common Equity Tier 1 Capital Rs.'000	8,202,451	N/A
Total Tier 1 Capital Rs.'000	8,202,451	5,781,219
Total Capital Rs.'000	12,272,145	8,244,450
Common Equity Tier 1 Capital Ratio (Minimum Requirement, Basel III - 5.75%)	7.53%	N/A
Tier I Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, Basel II - 5%, Basel III - 7.25%)	7.53%	6.50%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, Basel II - 10%, Basel III - 11.25%)	11.27%	9.27%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of interest in Suspense)	3.27%	2.86%
Net Non-Performing Advances Ratio, % (net of interest in Suspense and provision)	1.77%	1.42%
Profitability		
Interest Margin, %	6.20%	6.41%
Return on Assets (before Tax), %	1.45%	1.06%
Return on Equity, %	15.51%	11.04%
Invester information		
Debt equity (%)	49.76%	45.15%
Interest cover (times)	2.96	2.19
Regulatory Liquidity		
Statutory Liquid Assets, Rs.'000	33,639,321	21,631,973
Statutory Liquid Assets Ratio, % (Minimum requirement, 20%)	26.27%	21.25%
Domestic Banking Unit	265	265

SHARE INFORMATION

Shareholders	Current Year		Previous Year	
	31/12/2017		31/12/2016	
	No of Ordinary Shares	Holding %	No of Ordinary Shares	Holding %
Government Treasury	337,744,671	87%	87,744,671	64%
Bank of Ceylon	16,448,448	4%	16,448,448	12%
Peoples Bank	16,448,448	4%	16,448,448	12%
National Savings Bank	16,452,126	4%	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 2016.
- 2 There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2016.
- 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 31.12.2017 have been extracted from the unaudited financial statements of the bank unless indicated as audited.

Signed By
P.S. Edirisuriya
Chief Finance Officer

Signed By
T.A.Ariyapala
Chief Executive Officer

Signed By
H. Prasanna Premarathna
Chairman

Signed By
W.A.P. Abeysinghe
Director

Date: **12-Feb-18**

1) Loans and Receivables given to other Customers

In Rupees Thousand	<u>Bank</u>	
	Current Year As at 31/12/2017 (Unaudited)	Previous Year As at 31/12/2016 (Audited)
Gross loans and receivables	131,382,474	108,102,760
(Less): Zero rate loan fair value adjustment	(159,863)	(159,863)
Staff loan fair value adjustment	(760,807)	(760,807)
Individual impairment charges	(24,184)	(24,184)
Collective impairment charges	(1,890,238)	(1,504,275)
Net Loans and receivables including those designated at fair value through profit or loss	128,547,382	105,653,631
(Less): Loans and Receivables designated at fair value through profit & Loss	-	-
Net loans and receivables	128,547,382	105,653,631

2) Loans and Receivables to other Customers - By product

In Rupees Thousand	<u>Bank</u>	
	Current Year As at 31/12/2017 (Unaudited)	Previous Year As at 31/12/2016 (Audited)
By Product -Domestic Currency		
Term Loans	115,330,985	95,737,973
Pawning	9,511,762	7,873,700
Staff Loans	3,500,798	3,193,923
Interest Receivable on Loans & Advances	3,038,929	1,297,163
Sub Total	131,382,474	108,102,760

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

In Rupees Thousand	<u>Bank</u>	
	Current Year As at 31/12/2017 (Unaudited)	Previous Year As at 31/12/2016 (Audited)
Individual Impairment		
Opening Balance	24,184	91,035
Charge/(Write back) to income Statement	-	(66,851)
Write- off during the year	-	-
Other movements	-	-
Closing Balance	24,184	24,184
Collective Impairment		
Opening Balance	1,504,275	1,533,034
Charge/(Write back) to income Statement	376,684	37,741
Write- off during the year	-	(56,125)
Other movements	3,280	(10,375)
Closing Balance	1,884,238	1,504,275
Total Impairment	1,908,422	1,528,459

4) Due to other customers - By Product

In Rupees Thousand	<u>Bank</u>	
	Current Year As at 31/12/2017 (Unaudited)	Previous Year As at 31/12/2016 (Audited)
By Product -Domestic Currency		
Savings Deposits	29,856,879	32,669,438
Fixed Deposits	90,762,059	65,031,577
Other Deposits (Long Term Savings)	19,224,988	9,330,706
Sub Total	139,843,926	107,031,721

Listed 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	2017/01/01-2017/12/31	2016/01/01-2016/12/31
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	9.44%	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	9.44%	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	9.44%	0%	Not Traded	Not 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