

PRADESHIYA SANWARDANA BANK

"BBB+" Stable LRA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

INCOME STATEMENT FOR THE YEAR ENDED 31 ST DECEMBER 2023					
	Ва	Bank			
Rupees Thousands	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)			
Interest income	46,232,791	35,273,434			
Interest expenses	(29,289,826)	(19,639,530)			
Net interest income Fee and commission income	16,942,965 1,572,076	15,633,904 806,548			
Fee and commission expenses	(409,407)	(355,185)			
Net fee and commission income Net gains/(losses) from tracling Net fair value gains/(losses) on: financial assets at fair value through profit or loss financial liabilities at fair value through profit or loss	1,162,670 (234,954)	451,363 102,297			
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	- - - - 17,021	- - - 20,471			
Total operating income Impairment charges	17,887,702 (2,162,851)	16,208,035 (2,852,677)			
Net operating income Personnel expenses Depreciation and amortization expenses Other expenses	15,724,851 (9,550,729) (592,567) (2,073,289)	13,355,358 (8,739,538) (532,734) (2,084,970)			
Operating profit/(loss) before VAT & SSCL on financial services Value Added Tax-VAT on financial services Social Security Contribution Levy	3,508,267 (2,066,232) (258,613)	1,998,116 (1,561,475) (77,526)			
Operating profit/(loss) after VAT & SSCL on financial services Share of profits of associates and joint ventures	1,183,421	359,115 -			
Profit/(loss) before tax Income tax expenses Profit/(loss) for the year	1,183,421 (319,903) 863,518	359,115 990,279 1,349,394			
Profit attributable to: Equity holders of the parent Non-controlling interests	863,518	1,349,394			
Earnings per share on profit Basic earnings per ordinary share Diluted earnings per ordinary share	1.54	2.45			

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2023

Rupees Thousands	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)
Profit/(loss) for the Year	863,518	1,349,394
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	680,109	156,249
Changes in revaluation surplus	· -	, -
Share of profits of associates and joint ventures	-	-
Differed Tax Impact on Retirement Benefit Obligations	(204,033)	(46,875)
Less: Tax expense relating to items that will not be reclassified to income statement	_	-
Other Comprehensive Income (OCI) for the Year, net of taxes	476,076	109,375
Total comprehensive income for the year	1,339,594	1,458,769
Attributable to:		
Equity holders of the parent	1,339,594	1,458,769

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 31ST DECEMBER 2023

a. Bank - Current Year (Audited)

a. Bank - Current Year (Audited)	100	EL (B.I	F/0.61	
Rupees Thousands	AC	FVPL	FVOCI	TOTAL
ASSETS				
Cash and cash equivalents	104,444	-	-	104,444
Balances with Central Bank		-	-	
Placements with banks	6,005,330	-	-	6,005,330
Equity Instruments at fair value through profit or loss	40440400	146	-	146
Loans and advances	194,424,888	-	-	194,424,888
Debt instruments	86,964,715	-	-	86,964,715
Equity instruments		-	2,290	2,290
Other Assets	4,413,384	-		4,413,384
Total Financial Assets	291,912,761	146	2,290	291,915,197
Rupees Thousands			Amortized Cost	TOTAL
LIABILITIES				
Due to banks			46,208,479	46,208,479
Derivative financial instruments				
Financial liabilities			-	-
- due to depositors			226,079,615	226,079,615
- due to debt securities holders			' -	, , , , .
- due to other borrowers			-	-
Debt securities issued			-	-
Other Liabilities			2,637,870	2,637,870
Total Financial Liabilities			274,925,964	274,925,964
b. Bank - Previous Year (Audited)				
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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 ST DECEMBER 2023					
	Ва	Bank			
Rupees Thousands	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)			
Cash flow from operating activities Profit before tax	1,183,421	359,115			
Adjustment for:	1,103,421	339,113			
Non cash items included in profit before tax	3,752,352	3,977,964			
Changes in operating assets	7,493,278	(35,321,114)			
Changes in operating liabilities	17,198,577	23,772,933			
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	(276,188)	(66,254)			
Taxes on financial services	-	-			
Tax Paid	(1,474,292)	(1,609,672)			
Net cash generated from/(used in) operating activities	27,877,147	(8,887,028)			
Cash flow from investing activities					
Purchase of Property, plant and equipment	(462,912)	(207,876)			
Net purchase of intangible assets	(106,975)	(1,987)			
Investment in Debenture	-	-			
Investment in Fixed deposits (more than three months)	6,583,775	(17,403,319)			
Proceeds from the sale of property, plant and equipment	1,222	(780)			
Received Dividend Income	3,279	4,385			
Net cash (used in)/from investing activities	6,018,388	(17,609,577)			
Cash flow from financing activities					
Net proceeds from the issue of ordinary share capital	_	-			
Payment of principal of operating lease	(361,733)	(327,195)			
Net proceeds from the other borrowings	(1,262,228)	15,494,249			
Redemption of debentures	-	(2,000,000)			
Interest paid & repayment of debentures	_	(76,177)			
Net cash from financing activities	(1,623,960)	13,090,877			
Net increase/(decrease) in cash & cash equivalents	32,271,575	(13,405,728)			
Cash & cash equivalents at the beginning of the Year	30,165,021	43,570,749			
Cash and cash equivalent at the end of the Year	62,436,596	30,165,020			
Reconciliation of Cash & Cash Equivalents	4 7/4	0.000.00			
Cash and cash equivalent	1,761,271	2,889,884			
Favorable balances with banks Placements with banks	61,128,549	6,133,705			
Fixed deposits less than three months	1,203,602	21,726,025			
Unfavorable balances with banks	(1,656,827)	(584,594)			
OTHER OCIONICES WILLI OCINS	(1,030,027)	(304,394)			

STATEMENT OF FINANCIAL	L POSITION AS AT 31 ^s	T DECEMBER 2023
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	Ba	Bank			
Rupees Thousands	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)			
Assets	104444				
Cash and cash equivalents	104,444	2,889,884			
Balances with Central Bank Placements with banks	6,005,330	6,133,705			
Derivative financial instruments	-	- 0,133,703			
Financial assets recognized through profit or loss	-	-			
- measured at fair value	146	120			
- designated at fair value Financial assets at amortized cost	-	-			
- Joans and advances	194,424,888	198,008,145			
- debt and other instruments	86,964,715	65,079,636			
Financial assets measured at fair value through other comprehensive income Investment in subsidiaries	2,290	2,290			
Investments in associates and joint ventures		_			
Property, plant and equipment	1,161,828	926,615			
Right of use assets	860,244	718,097			
Goodwill and intangible assets Deferred tax assets	112,402 2,960,017	68,868 3,525,175			
Current tax assets	503,590	3,323,173			
Other assets	6,617,542	8,042,616			
Total assets	299,717,438	285,395,150			
Liabilities					
Due to banks	46,208,479	47,470,707			
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	226,079,615	210,301,323			
- due to debt securities holders	-	-			
- due to other borrowers Debt securities issued		-			
Retirement benefit obligations	2,829,578	3,091,581			
Current tax liabilities	_//	1,011,924			
Deferred tax liabilities					
Other liabilities	6,734,044	7,293,487			
Due to subsidiaries Total liabilities	004 054 744	060 460 003			
Equity	281,851,716	269,169,023			
Stated capital/Assigned capital	8,521,865	8,221,865			
Statutory reserve fund	888,424	845,248			
OCI reserve	-				
Retained earnings	3,970,324	2,889,786			
Other reserves	4,485,109	4,269,229			
Total shareholders' equity	17,865,722	16,226,127			
Non-controlling interests	-	-			
Total equity	17,865,722	16,226,127			
Total equity and liabilities	299,717,438	285,395,150			
Contingent liabilities and commitments	612,028	380,380			
Memorandum Information	0.402	0.534			
Number of Employees Number of Branches	2,683 979	2,531 272			

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 3131 DECEMBER 2023											
	Stated capital/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 01/01/2023 (Opening balance)		-	8,221,865	845,248	-		2,889,786	4,269,229	16,226,127		16,226,127
Total comprehensive income for the Year Profit/(loss) for the year (net of tax) Other comprehensive income (net of tax)	-	-	-	-	-	-	863,518 476,076	-	863,518 476,076	-	863,518 476,076
Total comprehensive income for the Year	-	-	-	-	-		1,339,594	-	1,339,594	-	1,339,594
Transactions with equity holders, recognised directly in equity											
Share issue/increase of assigned capital	-	-	300,000	-	-	-	-	-	300,000	-	300,000
Share options exercised Bonus issue	-	-	-	-	-	-	-	-	-	-	-
Rights issue	1	_				_			_		_
Transfers to reserves during the year	-	-	-	43,176	-	-	(259,055)	215,879	-	-	-
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	-	-	300,000	43,176	-	-	(259,055)	215,879	300,000	-	300,000

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 31ST DECEMBER 2023

	Bar	nk			Bar	ık
Rupees Thousands	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)		Rupees Thousands	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)
Product-wise Gross loans & advances			П	Sub total	-	-
By product – Domestic currency	100 000 534	100.0/0.154	ш	Total	612,028	380,380
Term loans Leasing	109,298,534 896,814	120,060,154 1,193,310	ш	Stage-wise impairment on loans &		
Pawning	45,600,279	42,234,453	ш	advances, commitments and		
Refinance	38,099,614	35,894,658	ш	contingencies Gross loans and advances,	214,574,663	215,752,882
Liva Isura	30,638	33,967	ш	commitments and contingencies	214,374,003	213,/32,882
Staff Loan	5,864,349	5,501,111	ш	Less:		
Loans against Deposits	14,054,297	10,333,537		Accumulated impairment under stage 1	2,664,594	4,125,595
SME	118,110	121,313	ш	Accumulated impairment under stage 2	4,643,800	5,063,057
Sub total	213,962,635	215,372,502	ш	Accumulated impairment under stage 3	10,603,462	6,598,756
By product – Foreign currency				Net value of loans and advances,	,,	.,,
Overdrafts	-	-		commitments and contingencies	196,662,806	199,965,474
Term Ioans	-	-	ш		, , , , , , , , , , , , , , , , , , , ,	, , , , , , , , , , , , , , , , , , , ,
Guarantees	-	-	ш	Movement of impairment during the Period		
Bonds Other loans (specify)	-	-	ш	Under Stage 1		
Sub total	_	_	ш	Charge/(Write back) to income statement	(1,422,598)	1,599,415
Total	213,962,635	215,372,502	ш	Write-off during the year	-	-
1	2.0,702,000	2.0,0,2,002	ш	Other movements	-	-
Product-wise commitments and contingencies			ш	Closing balance as at 31/12/2023	2,664,594	4,125,595
By product – Domestic currency			ш	Under Stage 2		
Guarantees	366,098	180,046	ш	Charge/(Write back) to income statement	(419,257)	2,024,842
Bonds	-	-	ш	Write-off during the year	_	-
Undrawn credit lines	-	-	ш	Other movements	-	-
Other commitments (specify)	-	-		Closing balance as at 31/12/2023	4,643,800	5,063,057
Other contingencies (Bill Purchase)	245,929	200,334		Under Stage 3	' '	
Sub total	612,028	380,380		Charge/(Write back) to income statement	4,004,706	(771,580)
By product – Foreign currency				Write-off during the Year	' -	-
Guarantees	-	-		Other movements	_	-
Bonds	-	-		Collective Impairment Not recognized	_	(235)
Undrawn credit lines	-	-		Closing balance as at 31/12/2023	10,603,462	6,598,756
Other commitments (specify) Other contingencies (specify)	-	-		Total impairment under SLFRS 9	17,911,857	15,787,408

ANALYSIS OF DEPOSITS AS AT 31ST DECEMBER 2023

	Bank Current Year Previous W 31/12/2023 31/12/202 (Audited) (Audited)			
Rupees Thousands				
By product – Domestic currency				
Demand deposits (current	-	-		
accounts)				
Savings deposits	70,065,142	65,852,447		
Fixed deposits	156,014,472	144,448,876		
Others (Specify)	' -	-		
Sub total	226,079,614	210,301,323		

	Bank		
Rupees Thousands	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)	
By product – Foreign currency			
Demand deposits (current accounts)	-	-	
Savings deposits	-	-	
Fixed deposits	-	-	
Others (Specify)	-	-	
Sub total	-	-	
Total	226,079,614	210,301,323	

SELECTED PERFORMANCE INDICATORS AS AT 31ST DECEMBER 2023 (Based on Regulatory Reporting)

ltem	Current Year 31/12/2023 (Audited)	Previous Year 31/12/2022 (Audited)
Regulatory Capital Adequacy (LKR in Thousands)	i	
Common Equity Tier 1	14,050,487	11,932,386
Core (Tier 1) Capital	14,050,487	11,932,386
Total Capital Base	24,069,017	21,908,993
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	10.09%	8.29%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	10.09%	8.29%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	17.28%	15.22%
Leverage Ratio (Minimum Requirement - 3%)	3.95%	4.71%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Thousands)	82,688,114	55,790,668
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	38.73%	27.83%
Off-Shore Banking Unit (%)	-	-
Total Stock of High-Quality Liquid Assets (LKR in Thousands)	58,111,258	10,333,885
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	976.00%	167.00%
All Currency (%)	-	-
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	174.00%	101.00%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio (%) (Net of Stage 3 impairement)	8.80%	6.53%
Impairement (Stage 3) to Stage 3 Loans Ratio (%)	36.03%	31.95%
Profitability		
Interest Margin (%)	5.79%	5.89%
Return on Assets (before Tax) (%)	0.40%	0.14%
Return on Equity (%)	5.07%	8.54%

CERTIFICATION:

62,436,596

30,165,020

We, the undersigned, being the Chief Financial Officer and Acting Chief Executive Officer of Pradeshiya Sanwardana 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 Financial Officer
(Sgd.) Chief Executive Officer (Acting)
Date: 30.05.2024

P.S. Edirisuriya
(Sgd.) Chief Executive Officer (Acting)
Date: 30.05.2024