

Interim Financial Statements

For the Period Ended 31st December 2020



SANASA DEVELOPMENT BANK PLC
INCOME STATEMENT

| In Rupees Thousands (Rs'000) | Bank | | | | | |
|--|-----------------------------|-------------------|--------|-----------------------------|-------------------|--------|
| | For the twelve months ended | | Change | For the quarter ended ended | | Change |
| | 31st December | | | 31st December | | |
| | 2020 (Unaudited) | 2019 (Audited) | | 2020 (Unaudited) | 2019 (Audited) | |
| Interest income | 15,442,003 | 15,079,324 | 2% | 3,913,691 | 3,927,958 | -0.4% |
| Interest expenses | (9,314,576) | (9,382,529) | -1% | (2,103,214) | (2,397,416) | -12% |
| Net interest income | 6,127,426 | 5,696,795 | 8% | 1,810,476 | 1,530,543 | 18% |
| Fee and commission income | 390,619 | 237,656 | 64% | 114,891 | 66,256 | 73% |
| Fee and commission expenses | (14,334) | (6,507) | 120% | (4,384) | (2,290) | 91% |
| Net fee and commission income | 376,285 | 231,150 | 63% | 110,507 | 63,966 | 73% |
| Net gains/(losses) from trading | 5,228 | 1,265 | 313% | (209) | (73) | 187% |
| Net fair value gains/(losses) on financial assets at fair value through profit or loss | 268,710 | 114,889 | 134% | 79,297 | 43,038 | 84% |
| Net other operating income | 55,227 | 90,969 | -39% | 18,447 | 16,930 | 9% |
| Total operating income | 6,832,877 | 6,135,068 | 11% | 2,018,518 | 1,654,405 | 22% |
| Impairment for loans and other losses | (417,039) | (917,434) | -55% | (55,412) | 146,206 | -138% |
| Net operating income | 6,415,838 | 5,217,634 | 23% | 1,963,105 | 1,800,610 | 9% |
| Personnel expenses | (2,576,773) | (2,116,348) | 22% | (865,531) | (666,274) | 30% |
| Depreciation and amortization expenses | (461,166) | (431,193) | 7% | (141,068) | (241,103) | -41% |
| Other expenses | (1,393,941) | (1,420,073) | -2% | (417,593) | (300,788) | 39% |
| Operating profit/ (loss) before VAT, NBT and DRL on financial services | 1,983,957 | 1,250,021 | 59% | 538,914 | 592,446 | -9% |
| Value Added Tax (VAT) on financial services | (571,027) | (386,522) | 48% | (177,192) | (139,362) | 27% |
| Nation Building Tax (NBT) on financial services | - | (51,106) | -100% | - | (14,520) | -100% |
| Debt repayment levy (DRL) | - | (226,565) | -100% | - | (82,320) | -100% |
| Operating profit/(loss) after VAT, NBT and DRL on financial services | 1,412,930 | 585,827 | 141% | 361,722 | 356,243 | 2% |
| Profit/(loss) before tax | 1,412,930 | 585,827 | 141% | 361,722 | 356,243 | 2% |
| Income tax expenses | (578,449) | (332,422) | 74% | (202,628) | (199,107) | 2% |
| Profit/(loss) for the period | 834,481 | 253,405 | 229% | 159,094 | 157,136 | 1% |
| Profit/(loss) attributable to: | | | | | | |
| Equity holders of the parent | 834,481 | 253,405 | 229% | 159,094 | 157,136 | 1% |
| Non-controlling interests | - | - | - | - | - | - |
| | 834,481 | 253,405 | 229% | 159,094 | 157,136 | 1% |
| Earnings per share on profit | | | | | | |
| Basic/Diluted earnings per ordinary share (Rs.) | 11.02 | 4.50 | 145% | 2.10 | 2.79 | -25% |

SANASA DEVELOPMENT BANK PLC
STATEMENT OF COMPREHENSIVE INCOME

| In Rupees Thousands (Rs'000) | Bank | | | | | |
|--|-----------------------------|-----------|--------|-----------------------|-----------|--------|
| | For the twelve months ended | | Change | For the quarter ended | | Change |
| | 31st December | | | 31st December | | |
| | 2020 | 2019 | | 2020 | 2019 | |
| | (Unaudited) | (Audited) | | (Unaudited) | (Audited) | |
| Profit/(loss) for the period | 834,481 | 253,405 | 229% | 159,094 | 157,136 | 1% |
| Other comprehensive income/(expenses) not to be reclassified to income statement | | | | | | |
| Actuarial gains/(losses)on defined benefit plans | (1,707) | (41,588) | -96% | 93,205 | 21,412 | 335% |
| Deferred tax relating to defined benefit plans | 478 | 11,645 | -96% | (22,301) | (5,995) | 272% |
| Gains/(Losses) on re-measuring investments in equity instruments | - | (3,210) | -100% | - | (3,210) | -100% |
| designated at fair value through other comprehensive income | | | | | | |
| Other comprehensive income/(expenses) for the period net of taxes | (1,229) | (33,153) | -96% | 70,904 | 12,207 | 481% |
| | | | | | | |
| Total comprehensive income/(expenses) for the period | 833,252 | 220,252 | 278% | 229,998 | 169,343 | 36% |
| | | | | | | |
| Total comprehensive income/(expenses) attributable to: | | | | | | |
| Equity holders of the parent | 833,252 | 220,252 | 278% | 229,998 | 169,343 | 36% |
| Non-controlling interests | - | - | - | - | - | - |
| Total comprehensive income/(expenses) for the period | 833,252 | 220,252 | 278% | 229,998 | 169,343 | 36% |

SANASA DEVELOPMENT BANK PLC
STATEMENT OF FINANCIAL POSITION

| In Rupees Thousands (Rs'000) | Bank | | |
|---|---------------------------------|-------------------------------|-------------|
| | As at 31.12.2020 (Unaudited) | As at 31.12.2019 (Audited) | Change |
| Assets | | | |
| Cash and cash equivalents | 9,640,916 | 2,429,791 | 297% |
| Placements with banks | 2,823,628 | 5,628,095 | -50% |
| Financial assets recognized through profit or loss - measured at fair value | 4,600,458 | 3,527,310 | 30% |
| Financial assets at amortised cost | | | |
| - loans and advances | 102,662,269 | 85,823,335 | 20% |
| - debt and other instruments | 5,244,005 | 6,998,925 | -25% |
| Financial assets measured at fair value through other comprehensive income | 56,939 | 56,939 | - |
| Investment in subsidiary | 6,163 | - | 100% |
| Property, plant and equipment | 661,695 | 645,231 | 3% |
| Right of use assets | 689,646 | 651,271 | 6% |
| Investment properties | 20,223 | 21,279 | -5% |
| Intangible assets | 395,123 | 308,445 | 28% |
| Deferred tax assets | 231,673 | 232,482 | -0.35% |
| Other assets | 2,026,987 | 1,460,524 | 39% |
| Total assets | 129,059,724 | 107,783,624 | 20% |
| Liabilities | | | |
| Financial liabilities at amortised cost | | | |
| - due to depositors | 93,271,727 | 72,431,923 | 29% |
| - due to other borrowers | 18,090,500 | 20,299,718 | -11% |
| Debt securities issued | 1,013,899 | 1,014,034 | -0.01% |
| Subordinated debt | 4,052,630 | 4,210,566 | -4% |
| Retirement benefit obligations | 571,235 | 479,575 | 19% |
| Current tax liabilities | 276,062 | 187,070 | 48% |
| Other liabilities | 1,869,195 | 1,491,759 | 25% |
| Total liabilities | 119,145,248 | 100,114,645 | 19% |
| Equity | | | |
| Stated capital/assigned capital | 7,727,941 | 5,921,538 | 31% |
| Statutory reserve fund | 270,006 | 228,282 | 18% |
| Retained earnings | 1,888,924 | 1,491,554 | 27% |
| Other reserves | 27,605 | 27,605 | - |
| Total equity | 9,914,476 | 7,668,979 | 29% |
| Total equity and liabilities | 129,059,724 | 107,783,624 | 20% |
| Contingent liabilities and commitments | 194,554 | 177,752 | 9% |
| Net asset value per share (Rs.) | 108 | 136 | -21% |
| Memorandum information | | | |
| Number of employees | 1,486 | 1,475 | 1% |
| Number of branches | 94 | 94 | - |

Certification:

We certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd
Champa Perera
Head of Finance

Sgd
Terrance Kumara
Chief Financial Officer

We, the undersigned, being the Chairman, Directors and Chief Executive Officer of the SANASA Development Bank PLC, 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; and
(b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank, unless indicated as audited.

Sgd
Lakshman Abeysekera
Chairman

Sgd
K.G. Wijerathne
Director

Sgd
Thilak Piyadigama
Chief Executive Officer

25 February 2021
Colombo

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CHANGES IN EQUITY

| In Rupees Thousands (Rs'000) | Bank | | | | | Total equity |
|---|--------------------------------------|---------------------------|---------------------------|----------------------|----------------|--------------|
| | Stated capital / Assigned capital | Reserves | | | | |
| | | Ordinary voting shares | Statutory reserve fund | Retained earnings | Other reserves | |
| OCI reserve | General reserves | | | | | |
| For the period ended 31.12.2019 (Audited) | | | | | | |
| Balance as at 01.01.2019 (Opening balance) | 5,921,538 | 215,611 | 1,280,762 | (15,842) | 46,657 | 7,448,727 |
| Total comprehensive income for the period | | | | | | |
| Profit/(loss) for the period (net of tax) | - | - | 253,405 | - | - | 253,405 |
| Other comprehensive income (net of tax) | - | - | (29,943) | (3,210) | - | (33,153) |
| Total comprehensive income/(expenses) for the period | - | - | 223,462 | (3,210) | - | 220,252 |
| Transfer to statutory reserve fund | | 12,670 | (12,670) | | | - |
| Transactions with equity holders, recognized directly in equity | | | | | | |
| Other | - | - | - | - | - | - |
| Total transactions with equity holders | - | 12,670 | (12,670) | - | - | - |
| Balance as at 31.12.2019 (Closing balance) | 5,921,538 | 228,282 | 1,491,554 | (19,052) | 46,657 | 7,668,979 |
| For the period ended 31.12.2020(Unaudited) | | | | | | |
| Balance as at 01.01.2020 (Opening balance) | 5,921,538 | 228,282 | 1,491,554 | (19,052) | 46,657 | 7,668,979 |
| Total comprehensive income for the period | | | | | | |
| Profit/(loss) for the period (net of tax) | - | - | 834,481 | - | - | 834,481 |
| Other comprehensive income (net of tax) | - | - | (1,229) | - | - | (1,229) |
| Total comprehensive income/(expenses) for the period | - | - | 833,252 | - | - | 833,252 |
| Transfer to statutory reserve fund | | 41,724 | (41,724) | | | - |
| Transactions with equity holders, recognized directly in equity | | | | | | |
| Rights issue | 1,526,267 | | | | | 1,526,267 |
| Dividend to equity holders | | | | | | |
| Scrip dividend - 2019 | 280,136 | - | (280,136) | - | - | - |
| Cash dividend - 2019 | - | - | (114,022) | - | - | (114,022) |
| Total transactions with equity holders | 1,806,403 | 41,724 | (435,882) | - | - | 1,412,245 |
| Balance as at 31.12.2020 (Closing balance) | 7,727,941 | 270,006 | 1,888,924 | (19,052) | 46,657 | 9,914,476 |

Statutory Reserve Fund

Every Licensed Specialised Bank has to make a Provision not less than 5% out of profit after tax to the Statutory Reserve Fund. Such provision should be made annually as stipulated by the Banking Act No. 30 of 1988 as amended by Banking (Amendment) Act No. 33 of 1995 until the said Reserve Fund is equal to 50% of the Equity Capital of the Bank. Thereafter, the Bank has to make a provision not less than 2% out of profit after tax to the Statutory Reserve Fund until the said Fund is equal to the Equity Capital of the Bank.

General Reserve

The General Reserve is created after provisioning for a Statutory Reserve Fund and Interim Dividend payments for the respective shareholders, this reserve will be used by the Bank for the future capitalisation purposes of the Bank.

Fair value through OCI/Available For Sale Reserve

The available for sale reserve is consisted of fair value adjustment made to unquoted equity investment.

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CASH FLOWS

| In Rupees Thousands (Rs'000) | Bank | |
|--|--|--|
| | 01.01.2020 to 31.12.2020 (Unaudited) | 01.01.2019 to 31.12.2019 (Audited) |
| Cash flows from / (used in) operating activities | | |
| Interest received | 13,826,070 | 14,898,177 |
| Fee and commission received | 371,106 | 216,363 |
| Changes in other operating assets | (530,418) | (221,856) |
| Interest payment | (9,374,607) | (9,546,853) |
| Cash payment to employees | (2,355,885) | (2,134,949) |
| Changes in other operating liabilities | (1,120,638) | (1,601,604) |
| Fee and commission expenses | (14,334) | (6,507) |
| VAT and NBT on financial services | (571,027) | (437,628) |
| Operating profit before changes in operating assets | 230,265 | 1,165,143 |
| (Increase)/decrease in operating assets | | |
| Funds advanced to customers | (15,761,587) | (9,169,985) |
| Other short term securities | 588,711 | (719,926) |
| Increase/(decrease) in operating liabilities | | |
| Deposits from customers | 20,724,939 | 5,121,426 |
| Net cash from operating activities before income tax | 5,782,328 | (3,603,342) |
| Income tax paid | (582,398) | (316,666) |
| Net cash from operating activities | 5,199,931 | (3,920,008) |
| Cash flows from / (used in) investing activities | | |
| Dividend received | 320 | 241 |
| (Increase)/ decrease in dealing securities | (799,210) | (3,265,053) |
| (Increase)/ decrease in treasury bonds and other investments | (1,629,229) | (2,932,144) |
| Proceeds from sale of property, plant and equipment | 1,581 | 14,468 |
| Purchase of property, plant and equipment | (222,250) | (171,645) |
| Purchase of intangible assets | (153,653) | (323,857) |
| Net cash flow from acquisition of investment in subsidiary | (6,163) | - |
| Net cash from/ (used in) investing activities | (2,808,603) | (6,677,989) |
| Cash flows from (used in) financing activities | | |
| Proceeds from issuance/allotment of shares | 1,526,267 | - |
| Repayment of long term borrowing | (19,037,459) | (15,195,146) |
| Interest paid on subordinated debt | (455,971) | (283,958) |
| Increase/(decrease) in borrowing | 17,301,037 | 20,375,878 |
| Dividend paid | (114,022) | - |
| Funds received/(utilized) during the period | 42 | - |
| Net cash flow from/ (used in) financing activities | (780,106) | 4,896,774 |
| Net increase/ (decrease) in cash and cash equivalents | 1,611,221 | (5,701,224) |
| Cash and cash equivalent at the beginning of the period | 10,914,679 | 16,615,902 |
| Cash and cash equivalents at the end of the period | 12,525,900 | 10,914,679 |
| Reconciliation of cash and cash equivalents | | |
| Cash and cash equivalents | 9,640,916 | 2,429,791 |
| Repurchase agreement | 1,678,514 | 4,332,654 |
| Fixed deposits less than 3 months | 1,206,470 | 4,152,234 |
| | 12,525,900 | 10,914,679 |

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

| Bank - As at 31st December 2020 (Unaudited) | | | | |
|---|--------------------|--------------------|---------------|--------------------|
| In Rupees Thousands (Rs'000) | AC | FVPL | FVOCI | Total |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | 9,640,916 | - | - | 9,640,916 |
| Placements with banks | 2,823,628 | - | - | 2,823,628 |
| Financial assets recognized through profit or loss - measured at fair value | - | 4,600,458 | - | 4,600,458 |
| Financial assets at amortised cost | | | | |
| - loans and advances | 102,662,269 | - | - | 102,662,269 |
| - debt and other instruments | 5,244,005 | - | - | 5,244,005 |
| Financial assets measured at fair value through other comprehensive income | - | - | 56,939 | 56,939 |
| Total financial assets | 120,370,818 | 4,600,458 | 56,939 | 125,028,215 |
| | | | | |
| In Rupees Thousands (Rs'000) | AC | FVPL | FVOCI | Total |
| FINANCIAL LIABILITIES | | | | |
| Financial liabilities at amortised cost | | | | |
| - due to depositors | | 93,271,727 | - | 93,271,727 |
| - due to other borrowers | | 18,090,500 | - | 18,090,500 |
| Debt securities issued | | 1,013,899 | - | 1,013,899 |
| Subordinated debt | | 4,052,630 | - | 4,052,630 |
| Total financial liabilities | | 116,428,756 | - | 116,428,756 |
| | | | | |
| Bank - As at 31st December 2019 (Audited) | | | | |
| In Rupees Thousands (Rs'000) | AC | FVPL | FVOCI | Total |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | 2,429,791 | - | - | 2,429,791 |
| Placements with banks | 5,628,095 | - | - | 5,628,095 |
| Financial assets recognized through profit or loss - measured at fair value | - | 3,527,310 | - | 3,527,310 |
| Financial assets at amortised cost | | | | |
| - loans and advances | 85,823,335 | - | - | 85,823,335 |
| - debt and other instruments | 6,998,925 | - | - | 6,998,925 |
| Financial assets measured at fair value through other comprehensive income | - | - | 56,939 | 56,939 |
| Total financial assets | 100,880,145 | 3,527,310 | 56,939 | 104,464,394 |
| | | | | |
| In Rupees Thousands (Rs'000) | AC | FVPL | FVOCI | Total |
| FINANCIAL LIABILITIES | | | | |
| Financial liabilities at amortised cost | | | | |
| - due to depositors | | 72,431,923 | - | 72,431,923 |
| - due to other borrowers | | 20,299,718 | - | 20,299,718 |
| Debt securities issued | | 1,014,034 | - | 1,014,034 |
| Subordinated debt | | 4,210,566 | - | 4,210,566 |
| Total financial liabilities | | 97,956,241 | - | 97,956,241 |

AC - Amortised Cost

FVPL - Financial assets recognized through Profit or Loss - measured at Fair Value

FVOCI - Financial assets measured at Fair Value through Other Comprehensive Income

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF LOANS AND ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

| In Rupees Thousands (Rs'000) | Bank | |
|---|---------------------------------|-------------------------------|
| | As at 31.12.2020 (Unaudited) | As at 31.12.2019 (Audited) |
| Product-wise gross loans and advances | | |
| By product: LKR | | |
| Pawning | 2,391,839 | 1,712,172 |
| Cash margin | 4,803,642 | 5,443,354 |
| Staff loans | 1,371,062 | 1,280,346 |
| Lease rentals receivable | 9,232,112 | 6,790,318 |
| Term loans * | | |
| Business loans | 2,370,290 | 13,255,022 |
| SME loans | 14,775,622 | - |
| Co-operative loans | 3,456,890 | 2,775,251 |
| Housing loans | 3,459,463 | 3,416,424 |
| Fixed and floating personal loans | 27,716,930 | - |
| Upahara loans | 24,418,811 | - |
| Other personal loans | 11,978,622 | 54,047,913 |
| Total | 105,975,283 | 88,720,801 |
| <i>* Refer Explanatory Note</i> | | |
| Product-wise commitments and contingencies | | |
| By product: LKR | | |
| Guarantees | 194,554 | 197,237 |
| Total | 194,554 | 197,237 |
| Total loans and advances, commitments and contingencies | 106,169,837 | 88,918,038 |
| Stage-wise impairment on loans and advances, commitments and contingencies | | |
| Gross loans and advances, commitments and contingencies | 106,169,837 | 88,918,038 |
| Less: Accumulated impairment under stage 1 | (662,090) | (550,264) |
| Accumulated impairment under stage 2 | (154,079) | (163,954) |
| Accumulated impairment under stage 3 | (2,496,846) | (2,183,248) |
| Net loans and advances, commitments and contingencies | 102,856,822 | 86,020,572 |
| Movement of impairment during the period | | |
| Under Stage 1 | | |
| Opening balance | 550,264 | 318,278 |
| Charges / (Write back) to income statement | 111,825 | 231,986 |
| Other movements | - | - |
| Closing balance | 662,090 | 550,264 |
| Under Stage 2 | | |
| Opening balance | 163,954 | 269,805 |
| Charges / (Write back) to income statement | (9,875) | (105,852) |
| Other movements | - | - |
| Closing balance | 154,079 | 163,954 |
| Under Stage 3 | | |
| Opening balance | 2,183,248 | 1,387,355 |
| Charges / (Write back) to income statement | 313,598 | 795,893 |
| Write - off during the year | - | - |
| Other movements | - | - |
| Closing balance | 2,496,846 | 2,183,248 |
| Total impairment | 3,313,015 | 2,897,466 |
| SANASA DEVELOPMENT BANK PLC | | |
| ANALYSIS OF DEPOSITS | | |
| In Rupees Thousands (Rs'000) | Bank | |
| | As at 31.12.2020 (Unaudited) | As at 31.12.2019 (Audited) |
| By product: Rs. | | |
| Savings deposits | 21,159,867 | 15,540,255 |
| Fixed deposits | 72,111,860 | 56,891,668 |
| Total deposits | 93,271,727 | 72,431,923 |

SANASA DEVELOPMENT BANK PLC
SEGMENT REPORTING

| Bank | In Rupees Thousands (Rs'000) | | | | | | | | | |
|--|------------------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|--------------------|--------------------|
| | Banking | | Leasing & HP | | Treasury | | Pawning | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| For the period ended 31st December | | | | | | | | | | |
| Interest income | 12,942,523 | 12,509,869 | 1,252,833 | 1,090,964 | 956,610 | 1,239,352 | 290,036 | 239,139 | 15,442,003 | 15,079,324 |
| Interest expenses | (7,447,249) | (6,977,189) | (710,302) | (573,255) | (962,714) | (1,674,257) | (194,312) | (157,828) | (9,314,576) | (9,382,529) |
| Net interest income | 5,495,275 | 5,532,680 | 542,531 | 517,710 | (6,103) | (434,906) | 95,725 | 81,311 | 6,127,426 | 5,696,795 |
| Fee and commission income | 373,272 | 201,938 | 17,347 | 35,719 | - | - | - | - | 390,619 | 237,656 |
| Fee and commission expenses | (13,086) | (6,013) | (1,248) | (494) | - | - | - | - | (14,334) | (6,507) |
| Net fee and commission income | 360,186 | 195,925 | 16,099 | 35,225 | - | - | - | - | 376,285 | 231,150 |
| Net gains/(losses) from trading | - | - | - | - | 5,228 | 1,265 | - | - | 5,228 | 1,265 |
| Net fair value gains/(losses) from financial assets at fair value through profit or loss | - | - | - | - | 268,710 | 114,889 | - | - | 268,710 | 114,889 |
| Other operating income (net) | 54,907 | 90,728 | - | - | 320 | 241 | - | - | 55,227 | 90,969 |
| Total operating income | 5,910,368 | 5,819,333 | 558,629 | 552,934 | 268,155 | (318,511) | 95,725 | 81,311 | 6,832,877 | 6,135,068 |
| Impairment for loans and other losses | (265,473) | (809,524) | (152,965) | (112,640) | (1,490) | 4,594 | 2,890 | 136 | (417,039) | (917,434) |
| Net operating income | 5,644,895 | 5,009,809 | 405,664 | 440,295 | 266,665 | (313,916) | 98,614 | 81,447 | 6,415,838 | 5,217,634 |
| Depreciation and amortization | (411,073) | (390,191) | (39,207) | (32,059) | (161) | (116) | (10,726) | (8,826) | (461,166) | (431,193) |
| Segment Result | 5,233,822 | 4,619,618 | 366,457 | 408,236 | 266,504 | (314,033) | 87,889 | 72,620 | 5,954,672 | 4,786,442 |
| Un-allocated expenses | | | | | | | | | (3,970,715) | (3,536,421) |
| Value Added Tax (VAT) on financial services | | | | | | | | | (571,027) | (386,522) |
| Nation Building Tax (NBT) on financial services | | | | | | | | | - | (51,106) |
| Debt repayment levy (DRL) | | | | | | | | | - | (226,565) |
| Profit before tax | | | | | | | | | 1,412,930 | 585,827 |
| Tax expenses | | | | | | | | | (578,449) | (332,422) |
| Profit for the period | | | | | | | | | 834,481 | 253,405 |
| Other comprehensive income | | | | | | | | | | |
| Other comprehensive income for the period net of tax | | | | | | | | | (1,229) | (33,153) |
| Total comprehensive income for the period | | | | | | | | | 833,252 | 220,252 |
| As at 31st December | | | | | | | | | | |
| Segment assets | 91,542,629 | 77,683,516 | 8,731,136 | 6,382,574 | 22,365,946 | 18,641,059 | 2,388,504 | 1,757,245 | 125,028,215 | 104,464,394 |
| Un allocated assets | - | - | - | - | - | - | - | - | 4,031,509 | 3,319,231 |
| Total assets | 91,542,629 | 77,683,516 | 8,731,136 | 6,382,574 | 22,365,946 | 18,641,059 | 2,388,504 | 1,757,245 | 129,059,724 | 107,783,624 |
| Segment liabilities | 87,235,263 | 74,448,885 | 8,320,309 | 6,116,813 | 21,313,559 | 17,864,872 | 2,276,118 | 1,684,076 | 119,145,248 | 100,114,645 |
| Total equity | - | - | - | - | - | - | - | - | 9,914,476 | 7,668,979 |
| Total equity & liabilities | 87,235,263 | 74,448,885 | 8,320,309 | 6,116,813 | 21,313,559 | 17,864,872 | 2,276,118 | 1,684,076 | 129,059,724 | 107,783,625 |
| For the period ended 31st December | | | | | | | | | | |
| Additions to non-current assets | 335,187 | 448,507 | 31,969 | 36,850 | - | - | 8,746 | 10,145 | 375,902 | 495,502 |

SANASA DEVELOPMENT BANK PLC
LISTED DEBENTURE INFORMATION

Types of debentures (Fixed) **In Rupees Thousands (Rs'000)**

i) Rated Guaranteed Redeemable Debentures of Rs.100 each - Guaranteed by Sampath Bank PLC. The debentures are quoted on the Colombo Stock Exchange. (Rated (SL)A+ (SO) with a Stable Outlook by ICRA Lanka Limited)

| Type | Interest payable frequency | Issue date | Maturity date | Annual Effective Rate (AER) % | Face value | Interest payable | Balance |
|------|----------------------------|------------|---------------|-------------------------------|------------|------------------|---------|
| B | Semi Annually | 31-Dec-15 | 31-Dec-20 | 10.25 | 402,610 | 20,241 | 422,851 |

ii) Rated Guaranteed Redeemable Debentures of Rs.100 each - Guaranteed by Seylan Bank PLC. The debentures are quoted on the Colombo Stock Exchange. (Rated (SL)A- (SO) with a Stable Outlook by ICRA Lanka Limited)

| Type | Interest payable frequency | Issue date | Maturity date | Annual Effective Rate (AER) % | Face value | Interest payable | Balance |
|------|----------------------------|------------|---------------|-------------------------------|------------|------------------|---------|
| D | Semi Annually | 31-Dec-15 | 31-Dec-20 | 10.57 | 561,950 | 29,099 | 591,049 |

| | | |
|----------------|---------------|------------------|
| 964,560 | 49,339 | 1,013,899 |
|----------------|---------------|------------------|

Utilization of funds raised through debenture issue

| Objective No. | Objective as per Prospectus | Amount allocated as per Prospectus in Rs. | Proposed date of utilization as per Prospectus | Amount allocated from proceeds in Rs. | % of total proceeds | Amounts utilized in Rs. | % of total proceeds |
|---------------|---|---|--|--|---------------------|-------------------------|---------------------|
| 1 | To raise medium term funds to manage assets and liability mismatch and to minimize the interest rate risk. | - | - | - | - | - | - |
| 2 | To finance the budgeted lending portfolio (approximately 90% as loans and the balance as leasing) and to minimize the mismatch in funding exposure. | 964,560,000 | In the ordinary course of business within the next 12 months from the date of allotment. | 868,104,000 for loans and 96,456,000 for leasing | 100 | 964,560,000 | 100 |

SANASA DEVELOPMENT BANK PLC
SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

| Item | Bank | |
|---|------------------------------------|----------------------------------|
| | As at 31.12.2020 (Unaudited) | As at 31.12.2019 (Audited) |
| Regulatory Capital Adequacy (LKR in Millions) | | |
| Common Equity Tier 1 | 9,294 | 7,147 |
| Core (Tier 1) Capital | 9,294 | 7,147 |
| Total Capital Base | 12,633 | 11,209 |
| Regulatory Capital Ratios (%) | | |
| Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2020-6.50%, 2019-7.00%) | 9.84 | 9.43 |
| Tier 1 Capital Ratio (%) - (Minimum Requirement - 2020-8.00%, 2019-8.50%) | 9.84 | 9.43 |
| Total Capital Ratio (%) - (Minimum Requirement - 2020-12.00%, 2019- 12.50%) | 13.38 | 14.80 |
| Leverage Ratio (Minimum Requirement - 3%) | 7.17 | 6.61 |
| Regulatory Liquidity | | |
| Statutory Liquid Assets (LKR in Millions) | 18,886 | 14,831 |
| Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%) | 21.57 | 21.74 |
| Total Stock of High-Quality Liquid Assets (LKR in Millions) | 6,796 | 5,822 |
| Liquidity Coverage Ratio (%) - (Minimum Requirement - 100%) | 125.21 | 123.77 |
| Net Stable Funding Ratio (%) - (Minimum Requirement - 100%) | 127.32 | 130.09 |
| Assets Quality (Quality of Loan Portfolio) | | |
| Gross Non-performing Advances Ratio (%) (net of interest in suspense) | 4.54 | 4.38 |
| Net Non-performing Advances Ratio (%) (net of interest in suspense and provision) | 1.79 | 1.87 |
| Profitability | | |
| Interest Margin (%) | 5.89 | 5.88 |
| Return on Assets (before Taxes) (%) | 1.19 | 0.57 |
| Return on Equity (%) | 9.49 | 3.35 |
| Share Information | 31.12.2020 | 31.12.2019 |
| Market value per share (Rs.) | 58.10 | 63.90 |
| Highest price per share for the period (Rs.) | 65.00 | 65.80 |
| Lowest price per share for the period (Rs.) | 50.50 | 59.30 |
| Debenture Information | 31.12.2020 | 31.12.2019 |
| | (Unaudited) | (Audited) |
| Debt to Equity Ratio (Times) | 11.74 | 12.77 |
| Interest Cover (Times) | 1.61 | 1.06 |
| Quick Asset Ratio (Times) | 0.64 | 0.59 |
| Interest Rate for Comparable Government Security (%) | | |
| Type B | 6.65 | 9.72 |
| Type D | 6.65 | 9.72 |
| Interest yield as at date of last trade | N/T | N/T |
| Yield to maturity of trade done on | N/T | N/T |
| The market prices during the year (Ex-interest) | | |
| - Highest Price | N/T | N/T |
| - Lowest Price | N/T | N/T |
| - Last Trade Price | N/T | N/T |

N/T - Not Traded

SANASA DEVELOPMENT BANK PLC
SHAREHOLDER INFORMATION

| Twenty Largest Shareholders as at 31.12.2020 | | | |
|---|--|-------------------------|--------------------|
| No. | Name of the Shareholder | Number of Shares | Holding (%) |
| 1 | Seylan Bank PLC /Senthilverl Holdings (Pvt) Ltd | 11,777,293 | 12.8607% |
| 2 | Ayenka Holdings Private Limited | 11,434,399 | 12.4862% |
| 3 | Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. | 9,157,603 | 10.0000% |
| 4 | CB NY S/A International Finance Corporation | 5,414,163 | 5.9122% |
| 5 | SBI Emerging Asia Financial Sector Fund PTE. LTD | 2,885,618 | 3.1511% |
| 6 | People's Leasing & Finance PLC | 2,271,260 | 2.4802% |
| 7 | Alliance Finance Company PLC | 2,066,310 | 2.2564% |
| 8 | Peoples Leasing & Finance PLC/L.P.Hapangama | 1,753,000 | 1.9143% |
| 9 | Sampath Bank PLC/ Dr. T.Senthilverl | 1,664,710 | 1.8178% |
| 10 | SANASA Life Insurance Company Ltd (LIFE) | 1,481,692 | 1.6180% |
| 11 | Commercial Bank of Ceylon PLC/Ayenka Holdings (Pvt) Limited | 1,320,554 | 1.4420% |
| 12 | Kegalle SANASA Shareholders Trust Company Limited | 1,247,746 | 1.3625% |
| 13 | SANASA Life Insurance Company Ltd (General) | 1,204,934 | 1.3158% |
| 14 | SANASA General Insurance Company Ltd | 1,124,418 | 1.2279% |
| 15 | Polgahawela Sanasa Societies Union Ltd | 820,098 | 0.8955% |
| 16 | Sanasa Federation Limited | 780,970 | 0.8528% |
| 17 | Hatton National Bank PLC/Mr.Gerad Shamil Niranjan Peris | 515,619 | 0.5631% |
| 18 | Sampath Bank PLC/ Mr. Arunasalam Sithampalam | 464,981 | 0.5078% |
| 19 | Hambanthota DTCCS Union Ltd | 416,782 | 0.4551% |
| 20 | Dialog Finance PLC/ M.M. Fuad | 402,250 | 0.4393% |
| Sub total | | 58,204,400 | 63.5587% |
| Shares held by other shareholders | | 33,371,632 | 36.4413% |
| Total | | 91,576,032 | 100.0000% |

As at 31.12.2020

| | |
|------------------------------------|------------|
| Total number of shares | 91,576,032 |
| Number of shares in public holding | 78,431,342 |
| Number of public shareholders | 38,846 |
| Percentage of public holding | 85.65% |

| | |
|---|---------------|
| Market capitalisation | 5,320,567,459 |
| Float adjusted market capitalisation | 4,556,860,970 |
| Required minimum public holding percentage under option 4 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange | 10% |

Directors' and Chief Executive Officer's Shareholding as at 31.12.2020

| No. | Name | No. of Shares |
|------------|---|----------------------|
| 1 | Mr. L. Abeysekera (Chairman) | - |
| 2 | Prof. S. Amaratunge | - |
| 3 | Mr. P. Subasinghe | 112,815 |
| 4 | Mr. S. Lionel Thilakarathne | - |
| 5 | Mr. K.G. Wijerathne | 126 |
| 6 | Mr. Chaaminda Kumarasiri | - |
| 7 | Mr. Prasanna Premaratna | 1,500 |
| 8 | Mr. B.R.A. Bandara | 11,000 |
| 9 | Ms. Dinithi Ratnayake | - |
| 10 | Mr.J.A.L.G. Jayasinghe | - |
| 11 | Mr. Thilak Piyadigama (Chief Executive Officer) | 264,296 |

1 These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting and present information required by Listing Rules of Colombo Stock Exchange. These Financial Statements are drawn up from the unaudited Financial Statements of the Bank unless otherwise indicated as 'Audited'.

2 No circumstances have arisen since the Balance Sheet date, which require adjustment to or disclosure in the financial statements.

3 There are no changes to the accounting policies and methods of computation of the Financial Statements for the year ended 2019 unless explained in the explanatory notes.

4 When preparing the financial statements the bank has followed the Guidelines to Licensed Banks on the Adoption of Sri Lanka Accounting Standard - SLFRS 9: Financial Instruments, issued by Central Bank of Sri Lanka.

5 Investment in Subsidiary includes the investment made by the Bank in Payment Services (Private) Limited, amounting to Rs.6,163,100/- . Payment Services (Private) Limited was the operator of Upay digital solution App prior to purchase of this App by Sanasa Development Bank PLC on 10th June 2019. With this acquisition, Payment Services (Private) Limited has become a fully owned subsidiary of Sanasa Development Bank PLC, with effect from 26th May 2020. Since this investment is immaterial, Bank do not prepare consolidated Financial Statements.

6 Impact due to the COVID – 19

The outbreak and spread of Coronavirus ("COVID 19") has brought a material adverse impact to business and economic environments in which Banks operate. Taking its potential impact on economy, the government and the Central Bank of Sri Lanka enabled several relief measures for the affected businesses and individuals in the form of debt moratoriums, concessionary interest rates for selected lending products and waiving off certain charges and fees, etc. The Bank has strictly adhered to the guidelines and directions issued by both Government and Central Bank of Sri Lanka (CBSL) when conducting its business operations. However, the implementation of the above measures has negative impact towards the profitability, capital, liquidity and credit quality of the banking industry.

7 Expected credit loss model validation

The Bank estimated Expected Credit Loss (ECL) as at December 31, 2020, based on the Probability of Default (PD), Loss Given Default (LGD) and Economic Factor Adjustment (EFA) computed as at December 31, 2020, after validating the impairment model.

Based on the impairment model revalidation, product segmentation has been re-organized after evaluating the credit risk characteristics of loan facilities. Also, Loss Given Default (LGD) and Economic Factor Adjustment (EFA) has validated as at 31st December 2020. Analysis of loans and advances, commitments, contingencies and impairment to these financial Statements has disclosed the product segmentation as at 31st December 2020, after validating the impairment model.

8 New amendments to Income Tax Law

Based on the Circular No. SEC/2020/03 dated 19th May 2020 issued by Department of Inland Revenue, income tax rate applicable for the Banking sector has been reduced to 24% with effect from 01st January 2020. However, as the said amendment is yet to be enacted, both income tax and deferred tax provisions were calculated at the rate of 28% for the year ended 31st December 2020.

If the Bank considered the revised rate of 24% announced by the government in the computation of current and deferred tax, the income tax charge recognized in the P&L would have decreased by Rs.80Mn and the profitability of the year would be Rs. 914.58Mn