

# Interim Financial Statements

## For the Period Ended December 2023



SANASA Development Bank PLC



## **SDB Bank registers a strong performance in 2023**

- Profit before all taxes increases by 227% over 2022
- NIM increase by 92bps to 5.37%
- Total Capital Ratio improves to 15.72% from 15.37%
- Liquidity Coverage Ratio improves to 287% from 191%

The Sri Lankan economy registered a positive GDP growth in Q3 of 2023 after 6 consecutive quarters of contraction as economic activity continued to stabilize and grow. Macro-economic factors also continue to support the economic recovery on the back of low single digit inflation and a steeper downward trend in interest rates in Q4 2023. The CBSL took steps to reduce policy rates by 2% in Q4 2023 with the SDF and SLF rates standing at 9% and 10% respectively. The FX inflows from worker remittances increased 57% yoy to reach USD 6.0Bn and tourism income was recorded at USD 2.1Bn. The Gross Official Reserves of the CBSL stood at USD 4.4Bn in Dec 2023 compared to USD 1.9Bn as at the end of 2022. The primary balance recorded a surplus of Rs 331.4Bn in the period Jan-Nov 2023 compared to a deficit of Rs 352.2Bn during the same period in 2022, as result of fiscal consolidation measures

The Banking sector continued to operate in a challenging environment during 2023, with the banking sector assets increasing mainly on the back of investment in government securities registering a 5.1% growth yoy as at end of 2023. However, a gradual increase in credit to the private sector was witnessed towards the latter part of 2023 on the back of easing interest rates.

### **Performance**

Despite the ongoing economic challenges, SDB Bank continued its resilient growth in Q4 of 2023, registering a PAT of Rs 505Mn (unaudited) by the end of 2023 as against Rs 61Mn in the previous year. The increase was led mainly on the back of improving Net Interest Income registered in the improved NIM from 4.45% to 5.37%. In keeping with the mandate of the Bank, the benefits of the market interest rate reductions were consciously passed on to the borrowing customers to help them in their business activities ensuring their resilience amidst the ongoing challenges. The bank focused on improving its low cost deposits base which saw the Savings balances increase by Rs 2.3Bn, which helped in lowering its funding costs. Accordingly, the Net Operating income increased by 29% over the same period in the prior year. The overhead expenses expanded by 11% compared to the prior year driven mainly by higher staff related expenses. The expansion of other operating expenses was controlled despite inflationary pressures.

Impairments remained at the previous year levels amidst the bank prudently providing for probable losses as the bank continued its remediation and collection efforts. The impairment coverage on Stage 3 loans improved to 39.73% in 2023 from 31.93% as of the end of 2022

During the period under review the balance sheet contracted marginally by 1.5% mainly due to the Rupee appreciation. The loan book reduced as short term loans were repaid whilst deposits registered a marginal growth as the bank parred down its funding cost by increasing its savings base and settled high cost borrowings. The investment portfolio continued to improve enhancing the liquidity position of the bank as the liquidity ratio improved from 191% to 287%

### **Outlook**

In line with expectations, the economy expanded in Q3 of 2023. We expect this trend to continue in Q4, though easing of demand pressures due to VAT increases could dampen the growth quantum. 2024 is expected to post a modest growth of 1.7%. Interest rate volatility is expected closer to any elections and growth in credit to the private sector is expected to be sluggish in 2024 as the disposable income available for consumption will be limited.

SDB Bank will work closely with the segments which drive the real economy ensuring that the building blocks of the economy remain resilient and have adequate access to financial services.

SDB bank is a licensed specialized bank regulated by the Central Bank of Sri Lanka, with a listing on the Main Board of the Colombo Stock Exchange and a Fitch Rating of BB +. Through its network of 94 branches island wide, the bank provides a comprehensive range of financial services to its Retail, SME, Co-operative and Business banking clients across the country.

**SANASA DEVELOPMENT BANK PLC**  
**INCOME STATEMENT**

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 31st December		Change	For the quarter ended 31st December		Change
	2023 (Un-Audited)	2022 (Audited)		2023 (Un-Audited)	2022 (Audited)	
Interest income	29,904,604	23,101,048	29%	6,858,666	7,614,700	-10%
Interest expenses	(21,402,708)	(16,261,995)	32%	(4,410,810)	(5,608,942)	-21%
<b>Net interest income</b>	<b>8,501,896</b>	<b>6,839,054</b>	<b>24%</b>	<b>2,447,856</b>	<b>2,005,757</b>	<b>22%</b>
Fee and commission income	353,933	504,650	-30%	98,631	69,689	42%
Fee and commission expenses	(36,170)	(26,706)	35%	(8,028)	(7,405)	8%
<b>Net fee and commission income</b>	<b>317,762</b>	<b>477,944</b>	<b>-34%</b>	<b>90,603</b>	<b>62,285</b>	<b>45%</b>
Net gains/(losses) from trading	1,258	(1,078)	217%	-	-	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss	476,058	166,509	186%	78,709	93,410	-16%
Net other operating income	56,878	263,007	-78%	5,165	57,456	-91%
<b>Total operating income</b>	<b>9,353,853</b>	<b>7,745,435</b>	<b>21%</b>	<b>2,622,333</b>	<b>2,218,908</b>	<b>18%</b>
Impairment for loans and other losses	(1,810,528)	(1,898,476)	-5%	(255,176)	(214,051)	19%
<b>Net operating income</b>	<b>7,543,325</b>	<b>5,846,959</b>	<b>29%</b>	<b>2,367,157</b>	<b>2,004,857</b>	<b>18%</b>
Personnel expenses	(3,220,196)	(2,940,243)	10%	(891,954)	(838,874)	6%
Depreciation and amortization expenses	(532,735)	(488,515)	9%	(114,132)	(136,619)	-16%
Other expenses	(2,216,704)	(1,936,942)	14%	(548,282)	(652,282)	-16%
<b>Total Admin and Other Operational Expenses</b>	<b>(5,969,634)</b>	<b>(5,365,700)</b>	<b>11%</b>	<b>(1,554,369)</b>	<b>(1,627,774)</b>	<b>-5%</b>
<b>Operating profit/ (loss) before VAT on financial services &amp; SSCL</b>	<b>1,573,690</b>	<b>481,259</b>	<b>227%</b>	<b>812,788</b>	<b>377,083</b>	<b>116%</b>
Value Added Tax (VAT) on financial services	(646,724)	(366,402)	77%	(242,649)	(49,060)	395%
Social Security Contribution Levy (SSCL)	(74,029)	(17,901)	314%	(26,439)	(17,901)	48%
<b>Operating profit/(loss) after VAT on financial services and SCCL</b>	<b>852,938</b>	<b>96,957</b>	<b>780%</b>	<b>543,700</b>	<b>310,122</b>	<b>75%</b>
<b>Profit/(loss) before tax</b>	<b>852,938</b>	<b>96,957</b>	<b>780%</b>	<b>543,700</b>	<b>310,122</b>	<b>75%</b>
Income tax expenses	(347,500)	(35,791)	871%	(221,121)	27,259	-911%
<b>Profit/(loss) for the period</b>	<b>505,438</b>	<b>61,166</b>	<b>726%</b>	<b>322,579</b>	<b>337,381</b>	<b>-4%</b>
<b>Profit/(loss) attributable to:</b>						
Equity holders of the parent	505,438	61,166	726%	322,579	337,381	-4%
Non-controlling interests	-	-	-	-	-	-
<b>Earnings per share on profit</b>						
Basic earnings per ordinary share (Rs.)	3.15	0.38	728%	2.01	2.10	-4%
Diluted earnings per ordinary share (Rs.)	3.15	0.38	728%	2.01	2.10	-4%

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 31st December		Change	For the quarter ended 31st December		Change
	2023 (Un-Audited)	2022 (Audited)		2023 (Un-Audited)	2022 (Audited)	
<b>Profit/(loss) for the period</b>	<b>505,438</b>	<b>61,166</b>	<b>726%</b>	<b>322,579</b>	<b>337,381</b>	<b>-4%</b>
<b>Other comprehensive income/(expenses) not to be reclassified to income statement</b>						
Actuarial gains/(losses) on defined benefit plans	87,335	(39,668)	-320%	87,335	(39,668)	-320%
Deferred tax relating to defined benefit plans	(26,201)	11,645	-325%	(26,201)	11,645	-325%
Gains/(Losses) on re-measuring investments in equity instruments designated at fair value through other	-	-	-	-	-	-
Revaluation Surplus on Property, Plant and Equipment	81,739	259,037	-68%	81,739	259,037	-68%
<b>Other comprehensive income/(expenses) for the period net of taxes</b>	<b>142,874</b>	<b>231,014</b>	<b>-38%</b>	<b>142,874</b>	<b>231,014</b>	<b>-38%</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>648,312</b>	<b>292,180</b>	<b>122%</b>	<b>465,453</b>	<b>568,395</b>	<b>-18%</b>
<b>Total comprehensive income/(expenses) attributable to:</b>						
Equity holders of the parent	648,312	292,180	122%	465,453	568,395	-18%
Non-controlling interests	-	-	-	-	-	-
<b>Total comprehensive income/(expenses) for the period</b>	<b>648,312</b>	<b>292,180</b>	<b>122%</b>	<b>465,453</b>	<b>568,395</b>	<b>-18%</b>

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF FINANCIAL POSITION**

In Rupees Thousands (Rs'000)	Bank		
	As at 31.12.2023 (Un-Audited)	As at 31.12.2022 (Audited)	Change
<b>Assets</b>			
Cash and cash equivalents	2,910,979	3,072,845	-5%
Placements with banks	15,387,770	18,205,196	-15%
Financial assets fair value through Profit or Loss	2,815,221	1,905,738	48%
Financial assets at amortised cost			
- loans and receivables from other customers	98,878,263	110,525,450	-11%
- debt and other instruments	32,436,341	19,819,736	64%
Financial assets measured at fair value through other comprehensive income	56,940	56,939	-
Investment in subsidiary	6,163	6,163	-
Property, plant and equipment	852,129	1,093,191	-22%
Right of use assets	680,305	609,201	12%
Non-current assets held for sale	-	43,566	-100%
Intangible assets	753,566	538,831	40%
Deferred tax assets	640,552	600,628	7%
Other assets	1,656,363	3,043,547	-46%
<b>Total assets</b>	<b>157,074,593</b>	<b>159,521,032</b>	<b>-2%</b>
<b>Liabilities</b>			
Financial liabilities at amortised cost			
- due to depositors	108,118,122	107,533,002	1%
- due to other borrowers	26,593,632	30,704,548	-13%
Subordinated debt	4,460,248	5,055,590	-12%
Retirement benefit obligations	766,115	714,077	7%
Current tax liabilities	523,395	182,245	187%
Other liabilities	2,305,554	1,672,355	38%
<b>Total liabilities</b>	<b>142,767,066</b>	<b>145,861,817</b>	<b>-2%</b>
<b>Equity</b>			
Stated capital/assigned capital	11,287,765	11,287,765	-
Statutory reserve fund	342,503	317,231	8%
Retained earnings	2,308,877	1,767,576	31%
Other reserves	368,381	286,642	29%
<b>Total equity</b>	<b>14,307,527</b>	<b>13,659,215</b>	<b>5%</b>
<b>Total equity and liabilities</b>	<b>157,074,593</b>	<b>159,521,032</b>	<b>-2%</b>
<b>Contingent liabilities and commitments</b>	<b>814,262</b>	<b>728,285</b>	<b>12%</b>
<b>Net asset value per share (Rs.)</b>	<b>89</b>	<b>85</b>	<b>5%</b>
<b>Memorandum information</b>			
Number of employees	1,295	1,381	-6%
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**

Sanjeeva Jayasinghe  
Head of Finance

**SGD**

Shanka Abeywardene  
DGM-finance & Planning / CFO

We, the undersigned, being the Directors 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**

Dinithi Ratnayake  
Chairperson

**SGD**

Chaaminda Kumarasiri  
Director

**SGD**

Niranjana Thanjagarajah  
Acting Chief Executive Officer

26 February 2024  
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	Revaluation reserve				General reserves		
For the period ended 31.12.2022 (Audited)							
Balance as at 01.01.2022 (Opening balance)	11,287,765	314,173	2,500,153	(19,052)	-	46,657	14,129,697
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022			(521,613)				(521,613)
Adjusted balance as at 01.01.2022	11,287,765	314,173	1,978,540	(19,052)	-	46,657	13,608,083
Total comprehensive income for the period							
Profit/(loss) for the period (net of tax)	-	-	61,166	-		-	61,166
Other comprehensive income (net of tax)	-	-	(28,023)	-		-	(28,023)
Total comprehensive income/(expenses) for the period	-	-	33,143	-	-	-	33,143
Transfer to statutory reserve fund	-	3,058	(3,058)	-		-	-
Transactions with equity holders, recognized directly in equity							
Cash dividend - 2021	-	-	(241,048)	-		-	(241,048)
Other	-	-	-	-	259,037	-	259,037
Total transactions with equity holders	-	3,058	(244,107)	-	259,037	-	17,989
Balance as at 31.12.2022 (Closing balance)	11,287,765	317,231	1,767,577	(19,052)	259,037	46,657	13,659,215
For the period ended 31.12.2023 (Un-Audited)							
Balance as at 01.01.2023 (Opening balance)	11,287,765	317,231	1,767,577	(19,052)	259,037	46,657	13,659,215
Total comprehensive income for the period							
Profit/(loss) for the period (net of tax)	-		505,438	-		-	505,438
Other comprehensive income (net of tax)	-	-	61,135	-		-	61,135
Total comprehensive income/(expenses) for the period	-	-	566,573	-	-	-	566,573
Transfer to statutory reserve fund	-	25,272	(25,272)	-		-	-
Transactions with equity holders, recognized directly in equity							
Dividend to equity holders							-
Other transactions	-	-	-		81,739		81,739
Total transactions with equity holders	-	25,272	(25,272)	-	81,739	-	81,739
Balance as at 31.12.2023 (Closing balance)	11,287,765	342,503	2,308,877	(19,052)	340,776	46,657	14,307,521

**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 / Revaluation Reserve**

These reserves consist of fair value adjustments relevant to investment portfolios and land and building.



**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CASH FLOWS**

In Rupees Thousands (Rs'000)	Bank	
	01.01.2023 to 31.12.2023 (Un-Audited)	01.01.2022 to 31.12.2022
<b>Cash flows from / (used in) operating activities</b>		
Interest received	25,826,400	20,479,391
Fee and commission received	427,168	550,849
Receipts from other operating activities	173,691	78,098
Interest payment	(22,106,904)	(12,674,241)
Cash payment to employees	(2,583,405)	(2,706,852)
Payments to suppliers and other operating activities	(1,558,247)	(2,011,564)
Fee and commission expenses	(36,170)	(26,706)
<b>Operating profit before changes in operating assets</b>	<b>142,533</b>	<b>3,688,976</b>
<b>(Increase)/decrease in operating assets</b>		
Funds advanced to customers	13,713,878	1,840,314
Net (increase)/ decrease in other short term securities	(504,780)	(1,382)
Net (increase)/ decrease in other assets	970,572	(465,741)
<b>Increase/(decrease) in operating liabilities</b>		
Deposits from customers	1,297,609	10,207,858
Net increase/ (decrease) in other liabilities	(756,185)	229,898
<b>Net cash from operating activities before income tax</b>	<b>14,863,625</b>	<b>15,499,924</b>
VAT and SSCL on financial services	(491,883)	(420,603)
Income tax paid	(89,826)	(819,455)
<b>Net cash from operating activities</b>	<b>14,281,916</b>	<b>14,259,865</b>
<b>Cash flows from / (used in) investing activities</b>		
Dividend received	7,770	586
(Increase)/ Decrease in Non Dealing Securities	(1)	-
(Increase)/ decrease in dealing securities	(432,167)	(1,012,521)
(Increase)/ decrease in treasury bonds and other investments	(9,320,168)	(16,358,572)
Proceeds from sale of property, plant and equipment	107,696	2,737
Purchase of property, plant and equipment	(91,410)	(137,228)
Purchase of intangible assets	(115,802)	(307,824)
<b>Net cash from/ (used in) investing activities</b>	<b>(9,844,082)</b>	<b>(17,812,822)</b>
<b>Cash flows from (used in) financing activities</b>		
Dividend Paid		(241,048)
Repayment of long term borrowing	(20,696,429)	(33,299,848)
Interest paid on subordinated debt	(901,042)	(566,005)
Increase/(decrease) in borrowing	16,972,270	32,140,526
<b>Net cash flow from/ (used in) financing activities</b>	<b>(4,625,201)</b>	<b>(1,966,375)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(187,367)</b>	<b>(5,519,332)</b>
Cash and cash equivalent at the beginning of the period	3,348,345	8,867,677
<b>Cash and cash equivalents at the end of the period</b>	<b>3,160,978</b>	<b>3,348,346</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents	2,910,979	3,072,845
Repurchase agreement	-	-
Fixed deposits less than 3 months	250,000	275,500
	<b>3,160,979</b>	<b>3,348,345</b>

**SANASA DEVELOPMENT BANK PLC**  
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

<b>Bank - As at 31<sup>st</sup> December 2023 (Un-Audited)</b>				
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	2,910,979	-	-	2,910,979
Placements with banks	15,387,770	-	-	15,387,770
Financial assets fair value through Profit or Loss	-	2,815,221	-	2,815,221
Financial assets at amortised cost				
- loans and receivables from other customers	98,878,263	-	-	98,878,263
- debt and other instruments	32,436,341	-	-	32,436,341
Financial assets measured at fair value through other comprehensive income	-	-	56,940	56,940
<b>Total financial assets</b>	<b>149,613,353</b>	<b>2,815,221</b>	<b>56,940</b>	<b>152,485,514</b>
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at amortised cost				
- due to depositors		108,118,122	-	108,118,122
- due to other borrowers		26,593,632	-	26,593,632
Subordinated debt		4,460,248	-	4,460,248
<b>Total financial liabilities</b>		<b>139,172,002</b>	<b>-</b>	<b>139,172,002</b>
<b>Bank - As at 31<sup>st</sup> December 2022 (Audited)</b>				
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	3,072,845	-	-	3,072,845
Placements with banks	18,205,196	-	-	18,205,196
Financial assets fair value through Profit or Loss	-	1,905,738	-	1,905,738
Financial assets at amortised cost				
- loans and receivables from other customers	110,525,450	-	-	110,525,450
- debt and other instruments	19,819,736	-	-	19,819,736
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
<b>Total financial assets</b>	<b>151,623,227</b>	<b>1,905,738</b>	<b>56,939</b>	<b>153,585,904</b>
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at amortised cost				
- due to depositors		107,533,002	-	107,533,002
- due to other borrowers		30,704,548	-	30,704,548
Subordinated debt		5,055,590	-	5,055,590
<b>Total financial liabilities</b>		<b>143,293,140</b>	<b>-</b>	<b>143,293,140</b>

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**  
**FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS**

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described below:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

There are no material changes in the fair value of financial assets categorised under Level 3 compared to the values reported as at 31<sup>st</sup> December 2022. The Bank has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments during the period ended 31<sup>st</sup> December 2023.

**Financial Assets & Liabilities Measured at Fair Value - Fair Value Hierarchy - In Rupees Thousands (Rs'000)**

	<b>As at 31 December 2023 (Un-Audited)</b>			
	<b>Level 1 LKR</b>	<b>Level 2 LKR</b>	<b>Level 3 LKR</b>	<b>Total LKR</b>
<b>Financial assets fair value through profit or loss</b>				
Sri Lanka Government securities- Treasury bills and bonds	-	2,650,054	-	2,650,054
Unit trusts	-	882,516	-	882,516
Quoted Equities	-	-	-	-
<b>Fair Value through other comprehensive income</b>				
Unquoted equity securities	-	-	56,940	56,940
	<u>-</u>	<u>3,532,570</u>	<u>56,940</u>	<u>3,589,510</u>
<b>As at 31 December 2022 (Audited)</b>				
	<b>Level 1 LKR</b>	<b>Level 2 LKR</b>	<b>Level 3 LKR</b>	<b>Total LKR</b>
<b>Financial assets fair value through profit or loss</b>				
Sri Lanka Government securities- Treasury bonds	-	-	-	-
Unit trusts	-	1,905,738	-	1,905,738
Quoted Equities	-	-	-	-
<b>Fair Value through other comprehensive income</b>				
Unquoted equity securities	-	-	56,939	56,939
	<u>-</u>	<u>1,905,738</u>	<u>56,939</u>	<u>1,962,677</u>



**SANASA DEVELOPMENT BANK PLC**  
**FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS**

**Fair value of financial assets and liabilities not carried at fair value - In Rupees Thousands (Rs'000)**

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Level	As at 31 <sup>st</sup> December 2023 (Un-Audited)	
		Carrying value LKR	Fair value LKR
<b>Financial assets</b>			
Cash and cash equivalents	Note*	2,910,979	2,910,979
Placements with banks	Note*	15,387,770	15,387,770
Financial assets at amortised cost			
- Loans and receivables to other customers	2	98,878,263	99,333,331
- Debt and other instruments	Note*	32,436,341	32,436,341
<b>Total financial assets</b>		<u>149,613,353</u>	<u>150,068,421</u>
<b>Financial liabilities</b>			
Due to other customers	2	108,118,122	112,900,381
Other borrowings	2	26,593,632	26,593,632
Subordinated term debts	Note*	4,460,248	4,460,248
<b>Total financial liabilities</b>		<u>139,172,002</u>	<u>143,954,261</u>
		As at 31 <sup>st</sup> December 2022 (Audited)	
		Carrying value LKR	Fair value LKR
<b>Financial assets</b>			
Cash and cash equivalents	Note*	3,072,845	3,072,845
Placements with banks	Note*	18,205,196	18,205,196
Financial assets at amortised cost			
- Loans and receivables to other customers	2	110,525,450	110,233,997
- Debt and other instruments	Note*	19,819,736	19,819,736
<b>Total financial assets</b>		<u>151,623,227</u>	<u>151,331,774</u>
<b>Financial liabilities</b>			
Due to other customers	2	107,533,002	107,391,059
Other borrowings	2	30,704,548	30,774,489
Subordinated term debts	Note*	5,055,590	5,055,590
<b>Total financial liabilities</b>		<u>143,293,140</u>	<u>143,221,138</u>

Note\*

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements:

For financial assets and financial liabilities that have a short term maturity (less than a year), it is assumed that the carrying amounts approximate to their fair value. This assumption is applied to savings deposits without a specific maturity. Loans and advances to customers with a variable rate also considered to be carried at fair value.

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing interest rates of the Bank.

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

In Rupees Thousands (Rs'000)	Bank	
	As at 31.12.2023 (Un-Audited)	As at 31.12.2022 (Audited)
<b>Product-wise gross loans and advances</b>		
<b>By product: LKR</b>		
Pawning	6,945,957	5,820,218
Cash margin	8,593,155	11,770,371
Staff loans	1,941,707	2,046,486
Lease rentals receivable	5,465,990	8,236,392
<i>Term loans</i>		
Business loans	1,490,041	3,247,585
SME loans	13,077,957	14,400,557
Co-operative loans	1,460,981	2,074,009
Housing loans	2,479,572	2,788,477
Fixed and floating personal loans	24,696,068	26,549,542
Upahara loans	39,566,834	38,581,285
Other personal loans	761,553	804,843
<b>Total</b>	<b>106,479,816</b>	<b>116,319,764</b>
<b>Product-wise commitments and contingencies</b>		
<b>By product: LKR</b>		
Guarantees	264,742	249,175
Undrawn Credit Lines	549,520	479,110
<b>Total</b>	<b>814,262</b>	<b>728,285</b>
<b>Total loans and advances, commitments and contingencies</b>	<b>107,294,077</b>	<b>117,048,049</b>
<b>Stage-wise impairment on loans and advances, commitments and contingencies</b>		
<b>Gross loans and advances, commitments and contingencies</b>	<b>107,294,077</b>	<b>117,048,049</b>
Less: Accumulated impairment under stage 1	(588,361)	(837,536)
Accumulated impairment under stage 2	(806,535)	(969,078)
Accumulated impairment under stage 3	(6,206,657)	(3,987,699)
<b>Net loans and advances, commitments and contingencies</b>	<b>99,692,524</b>	<b>111,253,735</b>
<b>Movement of impairment during the period</b>		
<b>Under Stage 1</b>		
Opening balance	837,536	684,544
Charges / (Write back) to income statement	(249,175)	152,992
Other movements	-	-
Closing balance	588,361	837,536
<b>Under Stage 2</b>		
Opening balance	969,078	468,754
Charges / (Write back) to income statement	(162,544)	500,325
Other movements	-	-
Closing balance	806,535	969,078
<b>Under Stage 3</b>		
Opening balance	3,987,699	2,742,429
Charges / (Write back) to income statement	2,218,958	1,246,353
Write - off during the year	-	(1,083)
Other movements	-	-
Closing balance	6,206,657	3,987,699
<b>Total impairment</b>	<b>7,601,553</b>	<b>5,794,314</b>
<b>SANASA DEVELOPMENT BANK PLC</b>		
<b>ANALYSIS OF DEPOSITS</b>		
In Rupees Thousands (Rs'000)	Bank	
	As at 31.12.2023 (Un-Audited)	As at 31.12.2022 (Audited)
<b>By product: Rs.</b>		
Savings deposits	16,904,314	14,542,774
Fixed deposits	91,213,808	92,990,228
<b>Total deposits</b>	<b>108,118,122</b>	<b>107,533,002</b>

**SANASA DEVELOPMENT BANK PLC**  
**SEGMENT REPORTING**

Bank	In Rupees Thousands (Rs'000)									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>For the period ended 31<sup>st</sup> December (Un-Audited)</b>										
Interest income	19,665,661	16,257,211	1,026,838	1,515,873	7,646,992	4,673,206	1,565,114	654,758	29,904,604	23,101,048
Add: Inter-segment interest income	4,481,928	1,895,804	-	-	4,025,954	4,891,262	-	-	8,507,883	6,787,066
<b>Total interest income</b>	<b>24,147,589</b>	<b>18,153,015</b>	<b>1,026,838</b>	<b>1,515,873</b>	<b>11,672,946</b>	<b>9,564,468</b>	<b>1,565,114</b>	<b>654,758</b>	<b>38,412,487</b>	<b>29,888,114</b>
Interest expenses	(15,139,834)	(9,564,467)	(825,798)	(728,555)	(4,239,894)	(5,398,578)	(1,197,182)	(570,395)	(21,402,708)	(16,261,995)
Add: Inter-segment interest expense	(4,025,954)	(4,891,262)	-	-	(4,481,928)	(1,895,804)	-	-	(8,507,883)	(6,787,066)
<b>Net interest income</b>	<b>4,981,801</b>	<b>3,697,286</b>	<b>201,039</b>	<b>787,319</b>	<b>2,951,124</b>	<b>2,270,086</b>	<b>367,932</b>	<b>84,364</b>	<b>8,501,896</b>	<b>6,839,054</b>
Fee and commission income	343,471	488,625	10,461	16,026	-	-	-	-	353,933	504,650
Fee and commission expenses	(34,299)	(24,816)	(1,871)	(1,890)	-	-	-	-	(36,170)	(26,706)
<b>Net fee and commission income</b>	<b>309,172</b>	<b>463,809</b>	<b>8,590</b>	<b>14,136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317,762</b>	<b>477,944</b>
Net gains/(losses) from trading	-	-	-	-	1,258	(1,078)	-	-	1,258	(1,078)
Net fair value gains/(losses) from financial assets at fair value through profit or loss	-	-	-	-	476,058	166,509	-	-	476,058	166,509
Other operating income (net)	49,108	262,421	-	-	7,770	586	-	-	56,878	263,007
<b>Total operating income</b>	<b>5,340,081</b>	<b>4,423,515</b>	<b>209,630</b>	<b>801,454</b>	<b>3,434,952</b>	<b>2,436,102</b>	<b>367,932</b>	<b>84,364</b>	<b>9,353,853</b>	<b>7,745,435</b>
Impairment for loans and other losses	(1,868,918)	(1,802,361)	71,690	(89,678)	(3,288)	1,194	(10,011)	(7,631)	(1,810,528)	(1,898,476)
<b>Net operating income</b>	<b>3,471,163</b>	<b>2,621,154</b>	<b>281,320</b>	<b>711,776</b>	<b>3,431,664</b>	<b>2,437,296</b>	<b>357,920</b>	<b>76,733</b>	<b>7,543,325</b>	<b>5,846,959</b>
Depreciation and amortization	(469,703)	(429,878)	(25,620)	(32,745)	(269)	(255)	(37,142)	(25,637)	(532,735)	(488,515)
<b>Segment Result</b>	<b>3,001,460</b>	<b>2,191,275</b>	<b>255,700</b>	<b>679,031</b>	<b>3,431,394</b>	<b>2,437,041</b>	<b>320,779</b>	<b>51,097</b>	<b>7,010,590</b>	<b>5,358,444</b>
Un-allocated expenses									(5,436,900)	(4,877,185)
Value Added Tax (VAT) on financial services									(646,724)	(366,402)
Social Security Contribution Levy									(74,029)	(17,901)
<b>Profit before tax</b>									<b>852,938</b>	<b>96,957</b>
Tax expenses									(347,500)	(35,791)
<b>Profit for the period</b>									<b>505,438</b>	<b>61,166</b>
<b>Other comprehensive income</b>										
Other comprehensive income for the period net of tax									142,874	231,014
<b>Total comprehensive income for the period</b>									<b>648,312</b>	<b>292,180</b>
<b>As at 31<sup>st</sup> December</b>										
<b>Segment assets</b>	<b>87,223,485</b>	<b>97,309,815</b>	<b>4,757,582</b>	<b>7,412,385</b>	<b>53,607,250</b>	<b>43,060,454</b>	<b>6,897,196</b>	<b>5,803,250</b>	<b>152,485,514</b>	<b>153,585,904</b>
Un allocated assets	-	-	-	-	-	-	-	-	4,589,079	5,935,128
<b>Total assets</b>	<b>87,223,485</b>	<b>97,309,815</b>	<b>4,757,582</b>	<b>7,412,385</b>	<b>53,607,250</b>	<b>43,060,454</b>	<b>6,897,196</b>	<b>5,803,250</b>	<b>157,074,593</b>	<b>159,521,032</b>
<b>Segment liabilities</b>	<b>97,862,370</b>	<b>96,254,846</b>	<b>5,337,877</b>	<b>7,332,025</b>	<b>31,828,354</b>	<b>36,534,611</b>	<b>7,738,466</b>	<b>5,740,335</b>	<b>142,767,066</b>	<b>145,861,817</b>
Total equity	-	-	-	-	-	-	-	-	14,307,527	13,659,215
<b>Total equity &amp; liabilities</b>	<b>97,862,370</b>	<b>96,254,846</b>	<b>5,337,877</b>	<b>7,332,025</b>	<b>31,828,354</b>	<b>36,534,611</b>	<b>7,738,466</b>	<b>5,740,335</b>	<b>157,074,593</b>	<b>159,521,032</b>
<b>For the period ended 31st December (Un-Audited)</b>										
Additions to non-current assets	182,788	391,836	9,970	29,847	-	-	14,454	23,368	207,212	445,052

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

Item	Bank	
	As at 31.12.2023 (Un-Audited)	As at 31.12.2022 (Audited)
<b>Regulatory Capital Adequacy (LKR in Millions)</b>		
Common Equity Tier 1	11,958	12,519
Core (Tier 1) Capital	11,958	12,519
Total Capital Base	13,577	14,895
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-7.50%, 2022-6.50%)	13.84	12.92
Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-8.50%, 2022-8.00%)	13.84	12.92
Total Capital Ratio (%) - (Minimum Requirement - 2023-12.50%, 2022- 12.00%)	15.72	15.37
<b>Leverage Ratio (Minimum Requirement - 3%)</b>	7.64	7.87
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR in Millions)	39,467	23,309
Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%)	38.25	23.51
Total Stock of High-Quality Liquid Assets (LKR in Millions)	35,488	20,100
Liquidity Coverage Ratio (%) - (Minimum Requirement - 2022-100%, 2021-90%)	287.06	191.22
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	191.83	241.61
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Impaired Loans (Stage 3) Ratio (%)	9.39	7.57
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	39.73	31.93
<b>Profitability</b>		
Interest Margin (%)	5.37	4.45
Return on Assets ( before Taxes ) (%)	0.54	0.06
Return on Equity (%)	3.61	0.44

Share Information	31.12.2023	31.12.2022
Market value per share (Rs.)	31.50	21.40
Highest price per share for the period (Rs.)	35.70	28.90
Lowest price per share for the period (Rs.)	30.50	20.20

**SANASA DEVELOPMENT BANK PLC**  
**SHAREHOLDER INFORMATION**

<b>Twenty Largest Shareholders as at 31.12.2023</b>			
<b>No.</b>	<b>Name of the Shareholder</b>	<b>Number of Shares</b>	<b>Holding (%)</b>
1	LOLC INVESTMENT HOLDINGS (PRIVATE) LIMITED	24,104,800	15.00%
2	Senthilverl Holdings (Pvt) Ltd	19,306,601	12.01%
3	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	17,609,503	10.96%
4	Belgian Investment Company for Developing Countries SA/NV	16,069,800	10.00%
5	Ayenka Holdings Private Limited	14,460,956	9.00%
6	Dr.T Senthilverl	4,798,223	2.99%
7	SANASA Life Insurance Company Ltd	4,715,996	2.93%
8	Alliance Finance Company PLC	3,516,310	2.19%
9	Peoples Leasing & Finance PLC/L.P.Hapangama	3,102,528	1.93%
10	SBI Emerging Asia Financial Sector Fund PTE. LTD	2,885,618	1.80%
11	People's Leasing & Finance PLC	2,271,260	1.41%
12	Bank of Ceylon A/C Ceybank Unit Trust	1,539,241	0.96%
13	Hatton National Bank PLC/Sarravanan Neelakandan	1,440,010	0.90%
14	Kegalle SANASA Shareholders Trust Company Limited	1,260,246	0.78%
15	SANASA General Insurance Company Ltd	1,124,418	0.70%
16	Polgahawela Sanasa Societies Union Ltd	1,014,098	0.63%
17	Nikawaratiya Thrift and Credit Co-operative Society Union Limited	992,849	0.62%
18	Bingiriya Multi Purpose Co-operative Society Ltd	970,900	0.60%
19	Sanasa Federation Limited	811,816	0.51%
20	DFCC BANK PLC/N.G.N.MADURANGA	648,412	0.40%
Sub total		122,643,585	76.32%
Shares held by other shareholders		38,055,247	23.68%
<b>Total</b>		<b>160,698,832</b>	<b>100.00%</b>

*Note -In compliance with the Section 7.6 (iii) of CSE Listing Rules, the bank has disclosed top 20 shareholders after amalgamating several CDS accounts in to one group belonging to the same shareholder in this financial statements.*

**As at 31.12.2023**

Total number of shares	160,698,832
Number of shares in public holding	118,616,688
Number of public shareholders	38,758
Percentage of public holding	73.81%
Market capitalisation	5,062,013,208
Float adjusted market capitalisation	3,732,737,904
Required minimum public holding percentage under option 5 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange	10%

**Directors' Shareholding as at 31.12.2023**

<b>No.</b>	<b>Name</b>	<b>No. of Shares</b>
1	Ms.Dinithi Ratnayake (Chairperson)	
2	Prof. Sampath Amaratunge	
3	Mr.Chaaminda Kumarasiri	
4	Mr.Prasanna Premaratna	1,500
5	Mr.B.R.A.Bandara	11,000
6	Mr.Thusantha Wijemanna	
7	Mr.S.H.Sarath Nandasiri	
8	Mr.Conrad Dias	
9	Mr.Naveendra Sooriyarachchi	
10	Mr.Romani De Silva	104,650
11	Mr.Chandana Dissanayake	
12	Dr.Mahesha Ranasoma	

**SANASA DEVELOPMENT BANK PLC**  
**EXPLANATORY NOTES**

- 1 These Interim Financial Statements have been prepared in accordance with LKAS 34 - "Interim Financial Reporting" and present information required by Listing Rule of 7.4 of Colombo Stock Exchange. These Financial Statements are drawn up from the unaudited Financial Statements of the Bank.
- 2 There are no significant changes in accounting policies and methods of computation since the publication of Audited Financial Statements for the year 2022.
- 3 There are no material changes in the composition of assets, liabilities and contingent liabilities.
- 4 The presentation and classification of previous period have been amended for better presentation and to be comparable with those of the current period.
- 5 No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements.

**6 Investment in Subsidiary**

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 is a fully-owned subsidiary of the Bank, that was acquired on 26th May 2020. It was engaged in the business of providing online payment solutions on the web and mobile platforms under the brand name "UPay". The subsidiary's assets, liabilities, equity, income, expenses and cash flows does not have a material effect on the consolidated financial statements of the Group. Therefore, the subsidiary has been deemed immaterial and has not been consolidated when preparing and presenting the financial statements of the Group.