

Interim Financial Statements

For the Period Ended 30th June 2021



SANASA DEVELOPMENT BANK PLC
INCOME STATEMENT

In Rupees Thousands (Rs'000)	Bank					
	For the Six months ended 30th June		Change	For the quarter ended 30th June		Change
	2021	2020		2021	2020	
	Interest income	7,274,102	7,745,196	-6%	3,589,335	3,815,412
Interest expenses	(4,105,127)	(4,840,129)	-15%	(2,048,565)	(2,381,921)	-14%
Net interest income	3,168,975	2,905,067	9%	1,540,769	1,433,490	7%
Fee and commission income	215,735	141,107	53%	78,805	76,055	4%
Fee and commission expenses	(6,273)	(3,092)	103%	(1,907)	(1,504)	27%
Net fee and commission income	209,462	138,015	52%	76,898	74,552	3%
Net gains/(losses) from trading	707	5,131	-86%	707	6,317	-89%
Net fair value gains/(losses) on financial assets at fair value through profit or loss	125,622	130,610	-4%	75,069	53,958	39%
Net other operating income	16,019	7,605	111%	3,950	3,934	0%
Total operating income	3,520,785	3,186,427	10%	1,697,393	1,572,251	8%
Impairment for loans and other losses	(359,371)	(474,735)	-24%	(203,259)	(60,954)	233%
Net operating income	3,161,414	2,711,692	17%	1,494,133	1,511,297	-1%
Personnel expenses	(1,252,268)	(1,068,110)	17%	(595,445)	(530,779)	12%
Depreciation and amortization expenses	(224,717)	(210,926)	7%	(100,352)	(108,263)	-7%
Other expenses	(772,078)	(608,203)	27%	(370,558)	(321,289)	15%
Operating profit/ (loss) before VAT on financial services	912,351	824,453	11%	427,778	550,966	-22%
Value Added Tax (VAT) on financial services	(266,473)	(237,838)	12%	(124,149)	(134,794)	-8%
Operating profit/(loss) after VAT on financial services	645,879	586,615	10%	303,629	416,172	-27%
Profit/(loss) before tax	645,879	586,615	10%	303,629	416,172	-27%
Income tax expenses	(143,679)	(207,405)	-31%	(103,464)	(140,960)	-27%
Profit/(loss) for the period	502,199	379,211	32%	200,166	275,212	-27%
Profit/(loss) attributable to:						
Equity holders of the parent	502,199	379,211	32%	200,166	275,212	-27%
Non-controlling interests	-	-	-	-	-	-
	502,199	379,211	32%	200,166	275,212	-27%
Earnings per share on profit						
Basic earnings per ordinary share (Rs.)	5.48	6.73	-19%	2.19	4.89	-55%
Diluted earnings per ordinary share (Rs.)	5.48	6.73	-19%	2.19	4.89	-55%

SANASA DEVELOPMENT BANK PLC
STATEMENT OF COMPREHENSIVE INCOME

In Rupees Thousands (Rs'000)	Bank					
	For the Six months ended 30th June		Change	For the quarter ended 30th June		Change
	2021	2020		2021	2020	
	Profit/(loss) for the period	502,199	379,211	32%	200,166	275,212
Other comprehensive income/(expenses) not to be reclassified to income statement						
Actuarial gains/(losses) on defined benefit plans	-	(49,945)	-100%	-	(24,973)	-100%
Deferred tax relating to defined benefit plans	-	-	-	-	-	-
Gains/(Losses) on re-measuring investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-
Other comprehensive income/(expenses) for the period net of taxes	-	(49,945)	-100%	-	(24,973)	-100%
Total comprehensive income/(expenses) for the period	502,199	329,266	53%	200,166	250,239	-20%
Total comprehensive income/(expenses) attributable to:						
Equity holders of the parent	502,199	329,266	53%	200,166	250,239	-20%
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income/(expenses) for the period	502,199	329,266	53%	200,166	250,239	-20%

SANASA DEVELOPMENT BANK PLC
STATEMENT OF FINANCIAL POSITION

In Rupees Thousands (Rs'000)	Bank		
	As at 30.06.2021	As at 31.12.2020 (Audited)	Change
Assets			
Cash and cash equivalents	6,162,780	9,640,916	-36%
Placements with banks	4,086,353	2,823,628	45%
Financial assets recognized through profit or loss - measured at fair value	4,312,577	4,600,458	-6%
Financial assets at amortised cost			
- loans and advances	108,603,266	102,662,269	6%
- debt and other instruments	9,433,536	5,244,005	80%
Financial assets measured at fair value through other comprehensive income	56,939	56,939	-
Investment in subsidiary	6,163	6,163	-
Property, plant and equipment	891,483	661,695	35%
Right of use assets	607,606	689,646	-12%
Investment properties	19,695	20,223	-3%
Intangible assets	376,015	395,123	-5%
Deferred tax assets	280,157	231,673	21%
Other assets	2,587,954	2,026,987	28%
Total assets	137,424,523	129,059,724	6%
Liabilities			
Financial liabilities at amortised cost			
- due to depositors	98,986,424	93,271,727	6%
- due to other borrowers	21,648,048	18,090,500	20%
Debt securities issued	-	1,013,899	-100%
Subordinated debt	4,167,541	4,052,630	3%
Retirement benefit obligations	608,806	571,382	7%
Current tax liabilities	225,493	274,215	-18%
Other liabilities	1,575,725	1,869,195	-16%
Total liabilities	127,212,036	119,143,548	7%
Equity			
Stated capital/assigned capital	7,727,941	7,727,941	-
Statutory reserve fund	270,009	270,009	-
Retained earnings	2,186,931	1,890,621	16%
Other reserves	27,605	27,605	-
Total equity	10,212,486	9,916,176	3%
Total equity and liabilities	137,424,523	129,059,724	6%
Contingent liabilities and commitments	206,053	194,554	6%
Net asset value per share (Rs.)	112	108	3%
Memorandum information			
Number of employees	1,460	1,486	-2%
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, Director 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
12 August 2021
Colombo

Sgd
Chaaminda Kumarasiri
Director

Sgd
Thilak Piyadigama
Chief Executive Officer

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands (Rs'000)	Bank					Total equity
	Stated capital / Assigned capital	Reserves			Total equity	
		Ordinary voting shares	Statutory reserve fund	Retained earnings		
For the period ended 30.06.2020						
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)	-	-	379,211	-	-	379,211
Other comprehensive income (net of tax)	-	-	(49,945)	-	-	(49,945)
Total comprehensive income/(expenses) for the period	-	-	329,266	-	-	329,266
Transfer to statutory reserve fund	-	-	-	-	-	-
Transactions with equity holders, recognized directly in equity						
Other	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-
Balance as at 30.06.2020 (Closing balance)	5,921,538	228,282	1,820,820	(19,052)	46,657	7,998,245
For the period ended 30.06.2021						
Balance as at 01.01.2021 (Opening balance)	7,727,941	270,009	1,890,621	(19,052)	46,657	9,916,176
Total comprehensive income for the period						
Profit/(loss) for the period (net of tax)	-	-	502,199	-	-	502,199
Other comprehensive income (net of tax)	-	-	-	-	-	-
Total comprehensive income/(expenses) for the period	-	-	502,199	-	-	502,199
Transfer to statutory reserve fund	-	-	-	-	-	-
Transactions with equity holders, recognized directly in equity						
Dividend to equity holders						
Cash dividend - 2020	-	-	(206,046)	-	-	(206,046)
Other transaction	-	-	157	-	-	157
Total transactions with equity holders	-	-	(205,889)	-	-	(205,889)
Balance as at 30.06.2021 (Closing balance)	7,727,941	270,009	2,186,931	(19,052)	46,657	10,212,486

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	
	01.01.2021 to 30.06.2021	01.01.2020 to 30.06.2020
Cash flows from / (used in) operating activities		
Interest received	7,418,439	5,465,070
Fee and commission received	210,145	128,304
Receipts from other operating activities and changes in other assets	(627,905)	(444,001)
Interest payment	(4,722,350)	(5,643,975)
Cash payment to employees	(1,446,447)	(1,171,695)
Changes in other operating liabilities	(733,151)	(478,346)
Fee and commission expenses	(6,273)	(3,092)
VAT on financial services	(266,473)	(237,838)
Operating profit before changes in operating assets	(174,015)	(2,385,573)
(Increase)/decrease in operating assets		
Funds advanced to customers	(6,545,385)	(5,547,328)
Other short term securities	(50,317)	487,588
Increase/(decrease) in operating liabilities		
Deposits from customers	6,279,865	9,962,903
Net cash from operating activities before income tax	(489,852)	2,517,591
Income tax paid	(168,471)	(134,602)
Net cash from operating activities	(658,322)	2,382,989
Cash flows from / (used in) investing activities		
Dividend received	7,691	-
(Increase)/ decrease in dealing securities	414,210	705,370
(Increase)/ decrease in treasury bonds and other investments	(5,183,309)	497,215
Proceeds from sale of property, plant and equipment	94	112
Purchase of property, plant and equipment	(327,564)	(106,279)
Purchase of intangible assets	(16,917)	(153,653)
Net cash flow from acquisition of investment in subsidiary	-	(6,163)
Net cash from/ (used in) investing activities	(5,105,793)	936,602
Cash flows from (used in) financing activities		
Dividend paid	(206,046)	-
Repayment of long term borrowing	(26,705,153)	(8,937,296)
Interest paid on subordinated debt	(168,850)	(211,395)
Increase/(decrease) in borrowing	29,584,617	6,694,395
Funds Received/(Utilized) During the period	42	42
Net cash flow from/ (used in) financing activities	2,504,610	(2,454,253)
Net increase/ (decrease) in cash and cash equivalents	(3,259,505)	865,337
Cash and cash equivalent at the beginning of the period	12,525,900	10,914,679
Cash and cash equivalents at the end of the period	9,266,395	11,780,016
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	6,162,781	5,079,586
Repurchase agreement	803,614	3,900,430
Fixed deposits less than 3 months	2,300,000	2,800,000
	9,266,395	11,780,016

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Bank - As at 30th June 2021				
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL ASSETS				
Cash and cash equivalents	6,162,780	-	-	6,162,780
Placements with banks	4,086,353	-	-	4,086,353
Financial assets recognized through profit or loss - measured at fair value	-	4,312,577	-	4,312,577
Financial assets at amortised cost				
- loans and advances	108,603,266	-	-	108,603,266
- debt and other instruments	9,433,536	-	-	9,433,536
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
Total financial assets	128,285,935	4,312,577	56,939	132,655,450
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
- due to depositors		98,986,424	-	98,986,424
- due to other borrowers		21,648,048	-	21,648,048
Subordinated debt		4,167,541	-	4,167,541
Total financial liabilities		124,802,012	-	124,802,012
Bank - As at 31st December 2020 (Audited)				
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
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

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 31st December 2020. 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 30th June 2021.

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

	As at 30 June 2021			Total LKR
	Level 1 LKR	Level 2 LKR	Level 3 LKR	
Financial assets fair value through profit or loss				
Sri Lanka Government securities- Treasury bonds	-	202,061	-	202,061
Unit trusts	-	4,095,113	-	4,095,113
Quoted Equities	15,402	-	-	15,402
Fair Value through other comprehensive income				
Unquoted equity securities	-	-	56,939	56,939
	15,402	4,297,175	56,939	4,369,515
	As at 31 December 2020 (Audited)			Total LKR
	Level 1 LKR	Level 2 LKR	Level 3 LKR	
Financial assets fair value through profit or loss				
Sri Lanka Government securities- Treasury bonds	-	7,629	-	7,629
Unit trusts	-	4,586,196	-	4,586,196
Quoted Equities	6,633	-	-	6,633
Fair Value through other comprehensive income				
Unquoted equity securities	-	-	56,939	56,939
	6,633	4,593,825	56,939	4,657,396

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 30 June 2021	
		Carrying value LKR	Fair value LKR
Financial assets			
Cash and cash equivalents	Note*	6,162,780	6,162,780
Placements with banks	Note*	4,086,353	4,086,353
Financial assets at amortised cost			
- Loans and receivables to other customers	2	108,603,266	114,712,860
- Debt and other instruments	Note*	9,433,536	9,433,536
Total financial assets		<u>128,285,935</u>	<u>134,395,529</u>
Financial liabilities			
Due to other customers	2	98,986,424	99,510,546
Other borrowings	2	21,648,048	22,458,180
Debt securities issued	Note*	-	-
Subordinated term debts	Note*	4,167,541	4,167,541
Total financial liabilities		<u>124,802,012</u>	<u>126,136,266</u>
As at 31 December 2020 (Audited)			
		Carrying value LKR	Fair value LKR
Financial assets			
Cash and cash equivalents	Note*	9,640,916	9,640,916
Placements with banks	Note*	2,823,628	2,823,628
Financial assets at amortised cost			
- Loans and receivables to other customers	2	102,662,269	105,094,237
- Debt and other instruments	Note*	5,244,005	5,244,005
Total financial assets		<u>120,370,818</u>	<u>122,802,787</u>
Financial liabilities			
Due to other customers	2	93,271,727	87,925,864
Other borrowings	2	18,090,500	19,001,914
Debt securities issued	Note*	1,013,899	1,013,899
Subordinated term debts	Note*	4,052,630	4,052,630
Total financial liabilities		<u>116,428,756</u>	<u>111,994,307</u>

Note*

Fair value of financial assets and liabilities not carried at fair value

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

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than a year), it is assumed that the carrying amounts approximate their fair value. This assumption is applied for Cash and Cash equivalents, placements with Banks and debt and other instruments. This assumption is also applied to demand deposits and savings accounts without a specific maturity and maturities within 12 months.

Fixed rate financial instruments

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 30.06.2021	As at 31.12.2020 (Audited)
Product-wise gross loans and advances		
By product: LKR		
Pawning	2,903,380	2,391,839
Cash margin	4,994,385	4,803,642
Staff loans	1,767,059	1,371,062
Lease rentals receivable	9,659,775	9,232,112
<i>Term loans</i>		
Business loans	2,754,534	2,370,290
SME loans	15,230,724	14,775,622
Co-operative loans	3,220,186	3,456,890
Housing loans	3,324,052	3,459,463
Fixed and floating personal loans	28,187,284	27,716,930
Upahara loans	26,732,024	24,418,811
Other personal loans	13,501,756	11,978,622
Total	112,275,158	105,975,283
Product-wise commitments and contingencies		
By product: LKR		
Guarantees	206,053	207,668
Total	206,053	207,668
Total loans and advances, commitments and contingencies	112,481,212	106,182,951
Stage-wise impairment on loans and advances, commitments and contingencies		
Gross loans and advances, commitments and contingencies	112,481,212	106,182,951
Less: Accumulated impairment under stage 1	(766,721)	(662,090)
Accumulated impairment under stage 2	(155,414)	(154,079)
Accumulated impairment under stage 3	(2,749,758)	(2,496,846)
Net loans and advances, commitments and contingencies	108,809,319	102,869,936
Movement of impairment during the period		
Under Stage 1		
Opening balance	662,090	550,264
Charges / (Write back) to income statement	104,631	111,825
Other movements	-	-
Closing balance	766,721	662,090
Under Stage 2		
Opening balance	154,079	163,954
Charges / (Write back) to income statement	1,335	(9,875)
Other movements	-	-
Closing balance	155,414	154,079
Under Stage 3		
Opening balance	2,496,846	2,183,248
Charges / (Write back) to income statement	252,912	313,598
Write - off during the year	-	-
Other movements	-	-
Closing balance	2,749,758	2,496,846
Total impairment	3,671,892	3,313,015

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF DEPOSITS

In Rupees Thousands (Rs'000)	Bank	
	As at 30.06.2021	As at 31.12.2020 (Audited)
By product: Rs.		
Savings deposits	22,349,626	21,159,867
Fixed deposits	76,636,798	72,111,860
Total deposits	98,986,424	93,271,727

SANASA DEVELOPMENT BANK PLC
SEGMENT REPORTING

Bank	In Rupees Thousands (Rs'000)									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2021	2020*	2021	2020	2021	2020*	2021	2020	2021	2020*
For the period ended 30th June										
Interest income	5,800,427	6,497,244	915,722	536,436	423,675	568,783	134,278	142,732	7,274,102	7,745,196
Add: Inter-segment interest income	459,302	477,419	-	-	1,485,955	1,191,791	-	-	1,945,256	1,669,211
Total interest income	6,259,729	6,974,663	915,722	536,436	1,909,630	1,760,574	134,278	142,732	9,219,358	9,414,406
Interest expenses	(2,765,923)	(3,051,143)	(256,946)	(315,484)	(999,315)	(1,383,807)	(82,944)	(89,695)	(4,105,127)	(4,840,129)
Add: Inter-segment interest expense	(1,485,955)	(1,191,791)	-	-	(459,302)	(477,419)	-	-	(1,945,256)	(1,669,211)
Net interest income	2,007,852	2,731,729	658,776	220,952	451,014	(100,652)	51,334	53,038	3,168,975	2,905,067
Fee and commission income	206,570	102,616	9,165	38,491	-	-	-	-	215,735	141,107
Fee and commission expenses	(5,740)	(2,853)	(533)	(239)	-	-	-	-	(6,273)	(3,092)
Net fee and commission income	200,831	99,763	8,631	38,252	-	-	-	-	209,462	138,015
Net gains/(losses) from trading	-	-	-	-	707	5,131	-	-	707	5,131
Net fair value gains/(losses) from financial assets at fair value through profit or loss	-	-	-	-	125,622	130,610	-	-	125,622	130,610
Other operating income (net)	8,328	7,605	-	-	7,691	-	-	-	16,019	7,605
Total operating income	2,217,010	2,839,096	667,407	259,204	585,034	35,088	51,334	53,038	3,520,785	3,186,427
Impairment for loans and other losses	(184,713)	(351,524)	(174,399)	(117,677)	(494)	(2,111)	234	(3,423)	(359,371)	(474,735)
Net operating income	2,032,297	2,487,572	493,008	141,527	584,541	32,978	51,568	49,615	3,161,414	2,711,692
Depreciation and amortization	(200,013)	(190,387)	(18,581)	(15,951)	(125)	(52)	(5,998)	(4,535)	(224,717)	(210,926)
Segment Result	1,832,284	2,297,185	474,428	125,576	584,416	32,925	45,570	45,079	2,936,697	2,500,766
Un-allocated expenses									(2,024,346)	(1,676,313)
Value Added Tax (VAT) on financial services									(266,473)	(237,838)
Profit before tax									645,879	586,615
Tax expenses									(143,679)	(207,405)
Profit for the period									502,199	379,211
Other comprehensive income										
Other comprehensive income for the period net of tax									-	(49,945)
Total comprehensive income for the period									502,199	329,266
As at 30th June										
Segment assets	96,718,077	84,073,409	8,984,833	7,043,868	24,052,184	17,951,964	2,900,357	2,002,631	132,655,450	111,071,872
Un allocated assets	-	-	-	-	-	-	-	-	4,769,072	4,001,958
Total assets	96,718,077	84,073,409	8,984,833	7,043,868	24,052,184	17,951,964	2,900,357	2,002,631	137,424,523	115,073,830
Segment liabilities	92,749,325	81,048,508	8,616,147	6,790,434	23,065,221	17,306,065	2,781,343	1,930,578	127,212,036	107,075,585
Total equity	-	-	-	-	-	-	-	-	10,212,486	7,998,245
Total equity & liabilities	92,749,325	81,048,508	8,616,147	6,790,434	23,065,221	17,306,065	2,781,343	1,930,578	137,424,523	115,073,830
For the period ended 30th June										
Additions to non-current assets	306,781	234,680	28,499	19,662	-	-	9,200	5,590	344,480	259,932

* Inter segment interest income and interest expense have been adjusted to net interest income in Treasury and Banking segments for the period ended 30th June 2021 and comparative figure in this Financial Statements is amended.

**SANASA DEVELOPMENT BANK PLC
RIGHTS ISSUE INFORMATION**

Date of allotment	No. of shares provisionally allotted	Consideration per share (LKR)	Final allotment (No. of shares)	Amount raised (LKR)	Proportion	Date issued
30 November 2020	30,525,344	50.00	30,525,344	1,526,267,200	1:2	04 December 2020

Utilization of funds raised through Rights issue in December 2020

Objective No.	Objective as per Circular	Amount allocated as per Circular in LKR	Proposed date of utilization as per Circular	Amount allocated from proceeds in LKR	% of total proceeds	Amounts utilized in LKR	% utilization against allocation
1	To further strengthen the equity base of the Bank and thereby improve the Capital Adequacy	1,526,267,200	-	1,526,267,200	100	1,526,267,200	100
2	To part finance the growth in the loan portfolio of the Bank	1,526,267,200	Before the end of Second Quarter of Financial Year 2021	1,526,267,200	100	1,526,267,200	100

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

Item	Bank	
	As at 30.06.2021	As at 31.12.2020 (Audited)
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	9,263	9,295
Core (Tier 1) Capital	9,263	9,295
Total Capital Base	12,277	12,634
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2021-6.50%, 2020-6.50%)	9.32	9.85
Tier 1 Capital Ratio (%) - (Minimum Requirement - 2021-8.00%, 2020-8.00%)	9.32	9.85
Total Capital Ratio (%) - (Minimum Requirement - 2021-12.00%, 2020- 12.00%)	12.36	13.38
Leverage Ratio (Minimum Requirement - 3%)	6.70	7.17
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	21,644	18,886
Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%)	22.53	21.57
Total Stock of High-Quality Liquid Assets (LKR in Millions)	11,579	6,796
Liquidity Coverage Ratio (%) - (Minimum Requirement - 2021-90%, 2020-90%)	131.33	125.21
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	130.19	127.33
Assets Quality (Quality of Loan Portfolio)		
Gross Non-performing Advances Ratio (%) (net of interest in suspense)	4.77	4.54
Net Non-performing Advances Ratio (%) (net of interest in suspense and provision)	1.87	1.79
Profitability		
Interest Margin (%)	5.44	5.89
Return on Assets (before Taxes) (%)	0.97	1.19
Return on Equity (%)	9.98	9.51

Share Information	30.06.2021	30.06.2020
Market value per share (Rs.)	50.30	60.50
Highest price per share for the period (Rs.)	58.00	62.50
Lowest price per share for the period (Rs.)	50.00	43.80

SANASA DEVELOPMENT BANK PLC
SHAREHOLDER INFORMATION

Twenty Largest Shareholders as at 30.06.2021			
No.	Name of the Shareholder	Number of Shares	Holding (%)
1	Ayenka Holdings Private Limited	13,604,953	14.8564%
2	Senthilverl Holdings (Pvt) Ltd	9,914,991	10.8271%
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	Peoples Leasing & Finance PLC/L.P.Hapangama	2,627,722	2.8694%
7	People's Leasing & Finance PLC	2,271,260	2.4802%
8	Alliance Finance Company PLC	2,066,310	2.2564%
9	Dr. T.Senthilverl	1,710,926	1.8683%
10	SANASA Life Insurance Company Ltd	2,686,626	2.9338%
11	Kegalle SANASA Shareholders Trust Company Limited	1,247,746	1.3625%
12	SANASA General Insurance Company Ltd	1,124,418	1.2279%
13	Polgahawela Sanasa Societies Union Ltd	820,098	0.8955%
14	Sanasa Federation Limited	811,816	0.8865%
15	Hatton National Bank PLC/Mr.Gerad Shamil Niranjana Peris	515,619	0.5631%
16	Mr. Arunasalam Sithampalam	641,654	0.7007%
17	DFCC Bank PLC/ N.G.N Maduranga	452,884	0.4945%
18	Hambanthota DTCCS Union Ltd	416,782	0.4551%
19	Mr. R. Gautam	412,053	0.4500%
20	Polgahawela Sanasa Share Holders Trust Company Limited	381,546	0.4166%
Sub total		59,164,788	64.6073%
Shares held by other shareholders		32,411,244	35.3927%
Total		91,576,032	100.0000%

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 30.06.2021

Total number of shares	91,576,032
Number of shares in public holding	77,581,468
Number of public shareholders	38,998
Percentage of public holding	84.72%
Market capitalisation	4,606,274,410
Float adjusted market capitalisation	3,902,347,840
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 30.06.2021

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. Chaaminda Kumarasiri	-
6	Mr. Prasanna Premaratna	1,500
7	Mr. B.R.A. Bandara	11,000
8	Ms. Dinithi Ratnayake	-
9	Mr.J.A.L.G. Jayasinghe	-
10	Mr.Thusantha Wijemanna	-
11	Mr.S. H. Sarath Nandasiri	-
12	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 Rule of 7.4 of Colombo Stock Exchange. These Financial Statements are drawn up from the unaudited Financial Statements of the Bank unless otherwise indicated as 'Audited'.

2 There are no significant changes in accounting policies and methods of computation since the publication of Audited Financial Statements for the year 2020 other than stated below:

After experiencing and evaluating the useful lives of the existing computer and digital equipment and the Bank's replacement cycle, the Bank changed its estimated useful lives of computer and Digital Equipment to 5 years with effect from June 2021 in line with *LKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*. The effect of the change in this estimate has recognized prospectively. As per LKAS 8, Prospective recognition of the effect of a change in an accounting estimate means that the change is applied to transactions, other events and conditions from the date of the change in estimate.

3 There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through issue of shares and debentures other than stated below:

Bank raised Rs. 1,526,267,200/- through Rights Issue on 4th December 2020 and utilization of the funds is disclosed under the Rights Issue information. The funds raised through rights issue were fully utilized for the objectives mentioned in the circular.

The debenture value presented as at 31st December 2020 was matured and fully paid off on 3rd January 2021. The total payment amount was Rs. 1,013,899,072/-.

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 Event after the balance sheet

No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements other than stated below;

There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. The Bank did not identify any events after the reporting date relating to COVID-19, which would require adjustments to or disclosures in these Financial Statements. Given the flowing nature of the current situation, the Bank will continue to often review forward looking assumptions and forecast economic scenarios.

As disclosed in Colombo Stock Exchange, the Bank has opened its secondary public offering (SPO) on 5th August 2021 to list up Sixty-Eight Million (68,000,000) new Ordinary Voting Shares of SDB bank (initial issue) and in the event of an oversubscription of the initial issue to issue and list up to further Twenty Million (20,000,000) new Ordinary Voting Shares of SDB bank at the discretion of the Board of Directors (Further Issue) resulting a total of up to Eighty Eight Million (88,000,000) new ordinary voting shares of SDB bank (Total Issue) on the Main Board of the CSE at the issue price of LKR 51.50 per share.

The Board of Directors has decided to offer 10% of issued shares the Banks (post SPO) to Belgium Investment Company for Developing Countries NV/SA ("BIO") by giving an opportunity for BIO to participate in SPO as Cornerstone Investor to invest in SDB bank under the identified investor category of SPO.

The subscription list for New Shares will be kept open till 4.30 p.m. on 12th August 2021.

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.

The third wave of COVID 19 which commenced in mid of April 2021 and still continues, impacted the performance of the bank in the 2nd quarter of the year. The previous debt moratoriums granted in line with CBSL circulars No.04 and 05 of 2020, No.07 and 08 of 2020 and No.03 of 2021 has now come to an end and customers have started to service loans in line with loan agreements.

Meanwhile, the 4th moratorium/deferment scheme was granted to customers in accordance with CBSL circular No. 05 of 2021 to 19,305 loan accounts totaling to a loan portfolio value of Rs. 14.7Bn. The deferment period of these loans will end by August 2021.

7 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.

8 Computation of Income Tax and Deferred Tax

The Bank accounted for current tax and deferred tax as at 31st March 2021 in accordance with the guideline issued by CA Sri Lanka on the "Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12" dated 23rd April 2021.