

# Interim Financial Statements

## For the Period Ended June 2023



SANASA Development Bank PLC



## **SDB Bank continues its steady performance in Q2 2023**

- PAT increases by 92% over Half Year 2022
- NIM increase by 45bps to 4.90%
- Total Capital Ratio stands at 15.16%
- Liquidity Coverage Ratio improves to 222.93%

The second quarter of 2023 saw SDB Bank continue to build on the performance of Q1 2023 despite the continuing economic headwinds and Domestic Debt Optimization related uncertainties. During the period under review, the interest rates continued to be elevated following steep declines following the Domestic Debt Optimization announcements. We expect the economy to continue to stabilize in H2 of 2023 while the interest rate decline will be sluggish despite the inflation reverting to single digits.

### **Performance**

SANASA Development Bank PLC's Q2 2023 results continues on its steady build up on the Q1 2023 performance recording a PAT of 150Mn for the Half year 2023. The NIM remained steady at 4.90% compared to 4.45% as of the year end 2022. Operating income increased by 28% in H1 2023 over the same period in the prior year whilst the Operating expenses increased by only 23%, despite the steep increase in inflation in H2 of 2022. The effectiveness of the loan recovery and remedial action is reflected in lower impairment charges in H1 2023 which is lower by 23% compared to H1 2022 and lower by 31% in Q2 2023 compared to the same period in 2022.

During the half year the balance sheet declined marginally by 1% on the back of loan recoveries with deposits registering a 2% growth. The decline in Advances was offset by an increase in the investment portfolios improving the liquidity position of the bank.

The Gross Loan book was reduced by 4% on the back of repayment of cash margin loans and leases. The bank continues a highly selective lending strategy primarily to support the evolving customer base.

The impairment coverage on Stage 3 loans improved to 36.28% in Q2 2023 from 31.93% as of the end of 2022 and the Stage 3 Ratio improved from 7.57% to 7.42%

### **Outlook**

In line with our expectation expressed in Q1 2023, the economy is expected to register an economic contraction of 3-4%, however moderate recovery is expected in Q3/Q4. Despite the improved stability in the operating environment, the businesses are expected to face a tough year as the economy settles into a lower level of activity. The easing of inflationary pressures mainly due to the downward revision of key expense items, particularly energy costs, is anticipated to have limited impact on enhancing the spending power of the population at large. This limitation may arise as income levels might not have kept pace with inflation, especially for fixed-income earners. The easing of the uncertainties surrounding the Domestic Debt Optimization process is expected to remove the risk premium built into the interest rates, however the decrease in lending rates is expected to be sluggish as the bank reprice their funding books.

SDB Bank will continue to focus on strengthening its customers' resilience and aiding them in adapting to Sri Lanka's new economic status, as well as promoting economic activities within the country.

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

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 30th June		Change	For the quarter ended 30th June		Change
	2023	2022		2023	2022	
Interest income	15,663,591	9,054,781	73%	7,857,726	4,926,922	59%
Interest expenses	(11,801,766)	(5,611,795)	110%	(5,877,036)	(3,452,273)	70%
<b>Net interest income</b>	<b>3,861,825</b>	<b>3,442,986</b>	<b>12%</b>	<b>1,980,690</b>	<b>1,474,650</b>	<b>34%</b>
Fee and commission income	168,829	163,282	3%	100,253	49,457	103%
Fee and commission expenses	(16,020)	(13,154)	22%	(8,529)	(6,053)	41%
<b>Net fee and commission income</b>	<b>152,809</b>	<b>150,128</b>	<b>2%</b>	<b>91,725</b>	<b>43,404</b>	<b>111%</b>
Net gains/(losses) from trading	1,258	(3,304)	-138%	1,258	(241)	-621%
Net fair value gains/(losses) on financial assets at fair value through profit or loss	345,826	27,960	1137%	148,852	33,235	348%
Net other operating income	(26,530)	179,833	-115%	9,214	72,955	-87%
<b>Total operating income</b>	<b>4,335,187</b>	<b>3,797,604</b>	<b>14%</b>	<b>2,231,738</b>	<b>1,624,003</b>	<b>37%</b>
Impairment for loans and other losses	(801,230)	(1,038,702)	-23%	(381,588)	(555,120)	-31%
<b>Net operating income</b>	<b>3,533,958</b>	<b>2,758,902</b>	<b>28%</b>	<b>1,850,150</b>	<b>1,068,883</b>	<b>73%</b>
Personnel expenses	(1,554,850)	(1,405,262)	11%	(783,511)	(699,134)	12%
Depreciation and amortization expenses	(280,034)	(217,617)	29%	(142,750)	(91,278)	56%
Other expenses	(1,144,419)	(817,231)	40%	(597,737)	(453,051)	32%
<b>Total Admin and Other Operational Expenses</b>	<b>(2,979,304)</b>	<b>(2,440,110)</b>	<b>22%</b>	<b>(1,523,998)</b>	<b>(1,243,463)</b>	<b>23%</b>
<b>Operating profit/ (loss) before VAT on financial services &amp; SSCL</b>	<b>554,654</b>	<b>318,792</b>	<b>74%</b>	<b>326,152</b>	<b>(174,580)</b>	<b>287%</b>
Value Added Tax (VAT) on financial services	(277,299)	(176,893)	57%	(156,911)	(1,098)	14192%
Social Security Contribution Levy (SSCL)	(38,514)	-	100%	(21,793)	-	100%
<b>Operating profit/(loss) after VAT on financial services and SSCL</b>	<b>238,841</b>	<b>141,899</b>	<b>68%</b>	<b>147,448</b>	<b>(175,678)</b>	<b>184%</b>
<b>Profit/(loss) before tax</b>	<b>238,841</b>	<b>141,899</b>	<b>68%</b>	<b>147,448</b>	<b>(175,678)</b>	<b>184%</b>
Income tax expenses	(88,745)	(63,660)	39%	(40,730)	73,173	-156%
<b>Profit/(loss) for the period</b>	<b>150,096</b>	<b>78,239</b>	<b>92%</b>	<b>106,718</b>	<b>(102,505)</b>	<b>204%</b>
<b>Profit/(loss) attributable to:</b>						
Equity holders of the parent	150,096	78,239	92%	106,718	(102,505)	204%
Non-controlling interests	-	-	-	-	-	-
	<b>150,096</b>	<b>78,239</b>	<b>92%</b>	<b>106,718</b>	<b>(102,505)</b>	<b>204%</b>
<b>Earnings per share on profit</b>						
Basic earnings per ordinary share (Rs.)	0.93	0.49	92%	0.66	(0.64)	204%
Diluted earnings per ordinary share (Rs.)	0.93	0.49	92%	0.66	(0.64)	204%

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

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 30th June		Change	For the quarter ended 30th June		Change
	2023	2022		2023	2022	
<b>Profit/(loss) for the period</b>	150,096	78,239	92%	106,718	(102,505)	204%
<b>Other comprehensive income/(expenses) not to be reclassified to income statement</b>						
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-
Deferred tax relating to defined benefit plans	-	-	-	-	-	-
Gains/(Losses) on re-measuring investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-
<b>Other comprehensive income/(expenses) for the period net of taxes</b>	-	-	-	-	-	-
<b>Total comprehensive income/(expenses) for the period</b>	<b>150,096</b>	<b>78,239</b>	<b>92%</b>	<b>106,718</b>	<b>(102,505)</b>	<b>204%</b>
<b>Total comprehensive income/(expenses) attributable to:</b>						
Equity holders of the parent	150,096	78,239	92%	106,718	(102,505)	204%
Non-controlling interests	-	-	-	-	-	-
<b>Total comprehensive income/(expenses) for the period</b>	<b>150,096</b>	<b>78,239</b>	<b>92%</b>	<b>106,718</b>	<b>(102,505)</b>	<b>204%</b>

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

In Rupees Thousands (Rs'000)	Bank		
	As at 30.06.2023	As at 31.12.2022 (Audited)	Change
<b>Assets</b>			
Cash and cash equivalents	3,089,752	3,072,845	1%
Placements with banks	15,537,348	18,205,196	-15%
Financial assets fair value through Profit or Loss	2,846,374	1,905,738	49%
Financial assets at amortised cost			
- loans and receivables from other customers	104,847,810	110,525,450	-5%
- debt and other instruments	25,802,544	19,819,736	30%
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	823,040	1,093,191	-25%
Right of use assets	669,753	609,201	10%
Non-current assets held for sale	-	43,566	-100%
Intangible assets	777,639	538,831	44%
Deferred tax assets	600,628	600,628	0%
Other assets	3,171,305	3,043,547	4%
<b>Total assets</b>	<b>158,229,293</b>	<b>159,521,032</b>	<b>-1%</b>
<b>Liabilities</b>			
Financial liabilities at amortised cost			
- due to depositors	109,332,121	107,533,002	2%
- due to other borrowers	27,671,401	30,704,548	-10%
Subordinated debt	4,319,622	5,055,590	-15%
Retirement benefit obligations	775,713	714,077	9%
Current tax liabilities	242,883	182,245	33%
Other liabilities	2,078,243	1,672,355	24%
<b>Total liabilities</b>	<b>144,419,982</b>	<b>145,861,817</b>	<b>-1%</b>
<b>Equity</b>			
Stated capital/assigned capital	11,287,765	11,287,765	-
Statutory reserve fund	317,231	317,231	-
Retained earnings	1,917,673	1,767,576	8%
Other reserves	286,642	286,642	-
<b>Total equity</b>	<b>13,809,311</b>	<b>13,659,215</b>	<b>1%</b>
<b>Total equity and liabilities</b>	<b>158,229,293</b>	<b>159,521,032</b>	<b>-1%</b>
<b>Contingent liabilities and commitments</b>	<b>960,454</b>	<b>728,285</b>	<b>32%</b>
<b>Net asset value per share (Rs.)</b>	<b>86</b>	<b>85</b>	<b>1%</b>
<b>Memorandum information</b>			
Number of employees	1,345	1,381	-3%
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**

Chaaminda Kumarasiri  
Director

**SGD**

Prof Sampath Amaratunge  
Director

**SGD**

Priyantha Talwatte  
Chief Executive Officer

10 August 2023  
Colombo

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CHANGES IN EQUITY**

In Rupees Thousands (Rs'000)	Stated capital / Assigned capital	Bank					Total equity
		Reserves					
		Ordinary voting shares	Statutory reserve fund	Retained earnings	Other reserves		
OCI reserve	Revaluation reserve				General reserves		
For the period ended 30.06.2022							
Balance as at 01.01.2022 (Opening balance)	11,287,765	314,173	2,500,153 (521,613)	(19,052)	-	46,657	14,129,697 (521,613)
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022							
Adjusted balance as at 1st January 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)	-	-	78,239	-		-	78,239
Other comprehensive income (net of tax)	-	-	-	-		-	-
Total comprehensive income/(expenses) for the period	-	-	78,239	-	-	-	78,239
Transfer to statutory reserve fund	-	-	-	-		-	-
Transactions with equity holders, recognized directly in equity							
Other	-	-	-	-		-	-
Total transactions with equity holders	-	-	-	-	-	-	-
Balance as at 30.06.2022 (Closing balance)	11,287,765	314,173	2,578,392	(19,052)	-	46,657	14,207,935
For the period ended 30.06.2023							
Balance as at 01.01.2023 (Opening balance)	11,287,765	317,231	1,767,576	(19,052)	259,037	46,657	13,659,215
Total comprehensive income for the period							
Profit/(loss) for the period (net of tax)	-	-	150,096	-		-	150,096
Other comprehensive income (net of tax)	-	-	-	-		-	-
Total comprehensive income/(expenses) for the period	-	-	150,096	-	-	-	150,096
Transfer to statutory reserve fund	-	-	-	-		-	-
Transactions with equity holders, recognized directly in equity							
Other transactions	-	-	-				-
Total transactions with equity holders	-	-	-	-	-	-	-
Balance as at 30.06.2023 (Closing balance)	11,287,765	317,231	1,917,673	(19,052)	259,037	46,657	13,809,311

**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 30.06.2023	01.01.2022 to 30.06.2022
<b>Cash flows from / (used in) operating activities</b>		
Interest received	13,853,850	9,190,132
Fee and commission received	140,742	171,024
Receipts from other operating activities	107,226	9,053
Interest payment	(11,836,935)	(5,529,169)
Cash payment to employees	(1,361,942)	(1,335,840)
Payments to suppliers and other operating activities	(763,236)	(781,892)
Fee and commission expenses	(16,020)	(13,154)
<b>Operating profit before changes in operating assets</b>	<b>123,685</b>	<b>1,710,153</b>
<b>(Increase)/decrease in operating assets</b>		
Funds advanced to customers	6,632,463	(955,545)
Net (increase)/ decrease in other short term securities	(510,128)	(953)
Net (increase)/ decrease in other assets	(362,000)	(465,239)
<b>Increase/(decrease) in operating liabilities</b>		
Deposits from customers	1,810,818	3,783,015
Net increase/ (decrease) in other liabilities	(64,096)	(529,009)
<b>Net cash from operating activities before income tax</b>	<b>7,630,742</b>	<b>3,542,421</b>
VAT and SSCL on financial services	(288,884)	(240,762)
Income tax paid	(23,903)	(503,791)
<b>Net cash from operating activities</b>	<b>7,317,955</b>	<b>2,797,867</b>
<b>Cash flows from / (used in) investing activities</b>		
Dividend received	-	346
(Increase)/ decrease in dealing securities	(593,552)	(785,021)
(Increase)/ decrease in treasury bonds and other investments	(2,556,432)	(8,905,294)
Proceeds from sale of property, plant and equipment	75,255	165
Purchase of property, plant and equipment	(73,539)	(101,959)
Purchase of intangible assets	(69,687)	(189,219)
<b>Net cash from/ (used in) investing activities</b>	<b>(3,217,955)</b>	<b>(9,980,982)</b>
<b>Cash flows from (used in) financing activities</b>		
Dividend Paid	-	(241,048)
Repayment of long term borrowing	(15,646,750)	(17,416,098)
Interest paid on subordinated debt	(503,531)	(195,587)
Increase/(decrease) in borrowing	12,449,555	26,898,186
<b>Net cash flow from/ (used in) financing activities</b>	<b>(3,700,726)</b>	<b>9,045,452</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>399,274</b>	<b>1,862,337</b>
Cash and cash equivalent at the beginning of the period	3,348,345	7,312,915
<b>Cash and cash equivalents at the end of the period</b>	<b>3,747,620</b>	<b>9,175,252</b>
<b>Reconciliation of cash and cash equivalents</b>	<b>3,747,620</b>	<b>9,175,252</b>
Cash and cash equivalents	3,089,752	3,642,002
Repurchase agreement	657,867	780,850
Fixed deposits less than 3 months	-	4,752,400
	<b>3,747,620</b>	<b>9,175,252</b>



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

<b>Bank - As at 30th June 2023</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	3,089,752	-	-	3,089,752
Placements with banks	15,537,348	-	-	15,537,348
Financial assets fair value through Profit or Loss	-	2,846,374	-	2,846,374
Financial assets at amortised cost				
- loans and receivables from other customers	104,847,810	-	-	104,847,810
- debt and other instruments	25,802,544	-	-	25,802,544
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
<b>Total financial assets</b>	<b>149,277,454</b>	<b>2,846,374</b>	<b>56,939</b>	<b>152,180,766</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		109,332,121	-	109,332,121
- due to other borrowers		27,671,401	-	27,671,401
Subordinated debt		4,319,622	-	4,319,622
<b>Total financial liabilities</b>		<b>141,323,143</b>	<b>-</b>	<b>141,323,143</b>
<b>Bank - As at 31st 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 recognized through profit or loss - measured at fair value	-	1,905,738	-	1,905,738
Financial assets at amortised cost				
- loans and advances	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 30<sup>th</sup> June 2023.

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

	As at 30 June 2023			Total LKR
	Level 1 LKR	Level 2 LKR	Level 3 LKR	
<b>Financial assets fair value through profit or loss</b>				
Sri Lanka Government securities- Treasury bills and bonds	-	1,202,345	-	1,202,345
Unit trusts	-	1,644,028	-	1,644,028
Quoted Equities	-	-	-	-
<b>Fair Value through other comprehensive income</b>				
Unquoted equity securities	-	-	56,939	56,939
	<u>-</u>	<u>2,846,374</u>	<u>56,939</u>	<u>2,903,312</u>
<b>As at 31 December 2022 (Audited)</b>				
	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
<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 30th June 2023	
		Carrying value LKR	Fair value LKR
<b>Financial assets</b>			
Cash and cash equivalents	Note*	3,089,752	3,089,752
Placements with banks	Note*	15,537,348	15,537,348
Financial assets at amortised cost			
- Loans and receivables to other customers	2	104,847,810	104,316,103
- Debt and other instruments	Note*	25,802,544	25,802,544
<b>Total financial assets</b>		<u>149,277,454</u>	<u>148,745,747</u>
<b>Financial liabilities</b>			
Due to other customers	2	109,332,121	112,646,991
Other borrowings	2	27,671,401	27,696,615
Subordinated term debts	Note*	4,319,622	4,319,622
<b>Total financial liabilities</b>		<u>141,323,143</u>	<u>144,663,228</u>
		As at 31st 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 30.06.2023	As at 31.12.2022 (Audited)
<b>Product-wise gross loans and advances</b>		
<b>By product: LKR</b>		
Pawning	6,834,095	5,820,218
Cash margin	9,633,719	11,770,371
Staff loans	2,025,046	2,046,486
Lease rentals receivable	6,615,703	8,236,392
<b>Term loans</b>		
Business loans	1,779,602	3,247,585
SME loans	14,623,973	14,400,557
Co-operative loans	1,714,399	2,074,009
Housing loans	2,659,557	2,788,477
Fixed and floating personal loans	25,640,502	26,549,542
Upahara loans	39,085,878	38,581,285
Other personal loans	827,013	804,843
<b>Total</b>	<b>111,439,488</b>	<b>116,319,764</b>
<b>Product-wise commitments and contingencies</b>		
<b>By product: LKR</b>		
Guarantees	259,317	249,175
Undrawn Credit Lines	701,137	479,110
<b>Total</b>	<b>960,454</b>	<b>728,285</b>
<b>Total loans and advances, commitments and contingencies</b>	<b>112,399,942</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>112,399,942</b>	<b>117,048,049</b>
Less: Accumulated impairment under stage 1	(797,269)	(837,536)
Accumulated impairment under stage 2	(1,276,465)	(969,078)
Accumulated impairment under stage 3	(4,517,944)	(3,987,699)
<b>Net loans and advances, commitments and contingencies</b>	<b>105,808,264</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	(40,267)	152,992
Other movements	-	-
Closing balance	797,269	837,536
<b>Under Stage 2</b>		
Opening balance	969,078	468,754
Charges / (Write back) to income statement	307,387	500,325
Other movements	-	-
Closing balance	1,276,465	969,078
<b>Under Stage 3</b>		
Opening balance	3,987,699	2,742,429
Charges / (Write back) to income statement	530,245	1,246,353
Write - off during the year	-	(1,083)
Other movements	-	-
Closing balance	4,517,944	3,987,699
<b>Total impairment</b>	<b>6,591,678</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 30.06.2023	As at 31.12.2022 (Audited)
<b>By product: Rs.</b>		
Savings deposits	15,181,719	14,542,774
Fixed deposits	94,150,402	92,990,228
<b>Total deposits</b>	<b>109,332,121</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 30th June</b>										
Interest income	10,600,491	6,572,952	546,998	806,718	3,712,156	1,504,019	803,946	171,092	15,663,591	9,054,781
Add: Inter-segment interest income	2,096,977	506,585	-	-	2,446,731	1,934,680	-	-	4,543,708	2,441,265
<b>Total interest income</b>	<b>12,697,468</b>	<b>7,079,538</b>	<b>546,998</b>	<b>806,718</b>	<b>6,158,887</b>	<b>3,438,699</b>	<b>803,946</b>	<b>171,092</b>	<b>20,207,299</b>	<b>11,496,046</b>
Interest expenses	(8,154,341)	(3,088,781)	(517,243)	(279,209)	(2,526,956)	(2,127,217)	(603,226)	(116,588)	(11,801,766)	(5,611,795)
Add: Inter-segment interest expense	(2,446,731)	(1,934,680)	-	-	(2,096,977)	(506,585)	-	-	(4,543,708)	(2,441,265)
<b>Net interest income</b>	<b>2,096,396</b>	<b>2,056,077</b>	<b>29,755</b>	<b>527,509</b>	<b>1,534,954</b>	<b>804,897</b>	<b>200,720</b>	<b>54,504</b>	<b>3,861,825</b>	<b>3,442,986</b>
Fee and commission income	164,385	155,037	4,444	8,245	-	-	-	-	168,829	163,282
Fee and commission expenses	(15,065)	(12,064)	(956)	(1,090)	-	-	-	-	(16,020)	(13,154)
<b>Net fee and commission income</b>	<b>149,320</b>	<b>142,973</b>	<b>3,489</b>	<b>7,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,809</b>	<b>150,128</b>
Net gains/(losses) from trading	-	-	-	-	1,258	(3,304)	-	-	1,258	(3,304)
Net fair value gains/(losses) from financial assets at fair value through profit or loss	-	-	-	-	345,826	27,960	-	-	345,826	27,960
Other operating income (net)	(26,530)	179,487	-	-	-	346	-	-	(26,530)	179,833
<b>Total operating income</b>	<b>2,219,186</b>	<b>2,378,537</b>	<b>33,244</b>	<b>534,663</b>	<b>1,882,037</b>	<b>829,899</b>	<b>200,720</b>	<b>54,504</b>	<b>4,335,187</b>	<b>3,797,604</b>
Impairment for loans and other losses	(771,531)	(1,019,934)	(29,189)	(18,853)	(3,865)	1,050	3,356	(965)	(801,230)	(1,038,702)
<b>Net operating income</b>	<b>1,447,656</b>	<b>1,358,604</b>	<b>4,054</b>	<b>515,810</b>	<b>1,878,172</b>	<b>830,949</b>	<b>204,075</b>	<b>53,539</b>	<b>3,533,958</b>	<b>2,758,902</b>
Depreciation and amortization	(246,086)	(192,848)	(15,610)	(17,429)	(135)	(97)	(18,204)	(7,242)	(280,034)	(217,617)
<b>Segment Result</b>	<b>1,201,570</b>	<b>1,165,755</b>	<b>(11,555)</b>	<b>498,381</b>	<b>1,878,038</b>	<b>830,852</b>	<b>185,871</b>	<b>46,297</b>	<b>3,253,923</b>	<b>2,541,285</b>
Un-allocated expenses									(2,699,269)	(2,222,493)
Value Added Tax (VAT) on financial services									(277,299)	(176,893)
Social Security Contribution Levy									(38,514)	-
<b>Profit before tax</b>									<b>238,841</b>	<b>141,899</b>
Tax expenses									(88,745)	(63,660)
<b>Profit for the period</b>									<b>150,096</b>	<b>78,239</b>
<b>Other comprehensive income</b>										
Other comprehensive income for the period net of tax									-	-
<b>Total comprehensive income for the period</b>									<b>150,096</b>	<b>78,239</b>
<b>As at 30th June</b>										
<b>Segment assets</b>	<b>92,181,376</b>	<b>99,414,932</b>	<b>5,847,217</b>	<b>8,433,762</b>	<b>47,332,956</b>	<b>42,620,147</b>	<b>6,819,217</b>	<b>3,714,438</b>	<b>152,180,766</b>	<b>154,183,280</b>
Un allocated assets	-	-	-	-	-	-	-	-	6,048,527	5,587,113
<b>Total assets</b>	<b>92,181,376</b>	<b>99,414,932</b>	<b>5,847,217</b>	<b>8,433,762</b>	<b>47,332,956</b>	<b>42,620,147</b>	<b>6,819,217</b>	<b>3,714,438</b>	<b>158,229,293</b>	<b>159,770,393</b>
<b>Segment liabilities</b>	<b>98,165,753</b>	<b>86,711,034</b>	<b>6,226,816</b>	<b>7,836,762</b>	<b>32,765,496</b>	<b>48,520,985</b>	<b>7,261,918</b>	<b>3,256,339</b>	<b>144,419,982</b>	<b>146,325,119</b>
Total equity	-	-	-	-	-	-	-	-	13,809,311	13,445,274
<b>Total equity &amp; liabilities</b>	<b>98,165,753</b>	<b>86,711,034</b>	<b>6,226,816</b>	<b>7,836,762</b>	<b>32,765,496</b>	<b>48,520,985</b>	<b>7,261,918</b>	<b>3,256,339</b>	<b>158,229,293</b>	<b>159,770,393</b>
<b>For the period ended 30th June</b>										
Additions to non-current assets	125,924	259,315	7,988	22,120	-	-	9,315	9,742	143,226	291,178

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

Item	Bank	
	As at 30.06.2023	As at 31.12.2022 (Audited)
<b>Regulatory Capital Adequacy (LKR in Millions)</b>		
Common Equity Tier 1	12,281	12,519
Core (Tier 1) Capital	12,281	12,519
Total Capital Base	14,449	14,895
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-7.50%, 2022-6.50%)	12.88	12.92
Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-8.50%, 2022-8.00%)	12.88	12.92
Total Capital Ratio (%) - (Minimum Requirement - 2023-12.50%, 2022- 12.00%)	15.16	15.37
<b>Leverage Ratio (Minimum Requirement - 3%)</b>	7.78	7.87
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR in Millions)	33,672	23,309
Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%)	32.45	23.51
Total Stock of High-Quality Liquid Assets (LKR in Millions)	27,798	20,100
Liquidity Coverage Ratio (%) - (Minimum Requirement - 2022-100%, 2021-90%)	222.93	191.22
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	186.23	241.61
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Impaired Loans (Stage 3) Ratio (%)	7.42%	7.57
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	36.28%	31.93
<b>Profitability</b>		
Interest Margin (%)	4.90%	4.45%
Return on Assets ( before Taxes ) (%)	0.30%	0.06
Return on Equity (%)	2.19%	0.44

Share Information	30.06.2023	30.06.2022
Market value per share (Rs.)	29.20	20.60
Highest price per share for the period (Rs.)	31.00	21.50
Lowest price per share for the period (Rs.)	22.10	20.40

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

<b>Twenty Largest Shareholders as at 30.06.2023</b>			
<b>No.</b>	<b>Name of the Shareholder</b>	<b>Number of Shares</b>	<b>Holding (%)</b>
1	ICONIC Property Twenty Three (Private) Limited	24,104,800	15.00%
2	Senthilverl Holdings (Pvt) Ltd	18,244,698	11.35%
3	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	17,609,503	10.96%
4	Ayenka Holdings Private Limited	17,604,953	10.96%
5	Belgian Investment Company for Developing Countries SA/NV	16,069,800	10.00%
6	SANASA Life Insurance Company Ltd (Life & General)	4,715,996	2.93%
7	Alliance Finance Company PLC	3,516,310	2.19%
8	SBI Emerging Asia Financial Sector Fund PTE. LTD	2,885,618	1.80%
9	Peoples Leasing & Finance PLC/L.P.Hapangama	2,682,055	1.67%
10	People's Leasing & Finance PLC	2,271,260	1.41%
11	Dr.T Senthilverl	1,664,537	1.04%
12	Bank of Ceylon A/C Ceybank Unit Trust	1,539,241	0.96%
13	Hatton National Bank PLC/Sarrvanan 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	DFCC Bank PLC/ J. N Lanka Holdings Company (Pvt) Ltd.	982,521	0.61%
19	Bingiriya Multi Purpose Co-operative Society Ltd	970,900	0.60%
20	Sanasa Ferderation Limited	811,816	0.51%
Sub total		121,505,629	75.61%
Shares held by other shareholders		39,193,203	24.39%
<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 30.06.2023**

Total number of shares	160,698,832
Number of shares in public holding	95,333,569
Number of public shareholders	38,862
Percentage of public holding	59.32%
Market capitalisation	4,692,405,894
Float adjusted market capitalisation	2,783,740,215
Required minimum public holding percentage under option 4 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange	10%

**Directors' Shareholding as at 30.06.2023**

<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.