

Interim Financial Statements

For the Period Ended 31st March 2021



SANASA DEVELOPMENT BANK PLC
INCOME STATEMENT

In Rupees Thousands (Rs'000)	Bank		
	For the quarter ended ended 31st March		Change
	2021	2020	
Interest income	3,684,768	3,929,784	-6.2%
Interest expenses	(2,056,562)	(2,458,208)	-16%
Net interest income	1,628,206	1,471,576	11%
Fee and commission income	136,930	65,052	110%
Fee and commission expenses	(4,366)	(9,476)	-54%
Net fee and commission income	132,564	55,576	139%
Net gains/(losses) from trading	-	(1,186)	-100%
Net fair value gains/(losses) on financial assets at fair value through profit or loss	50,553	76,652	-34%
Net other operating income	12,070	3,671	229%
Total operating income	1,823,393	1,606,288	14%
Impairment for loans and other losses	(156,112)	(413,782)	-62%
Net operating income	1,667,281	1,192,507	40%
Personnel expenses	(656,822)	(537,331)	22%
Depreciation and amortization expenses	(124,364)	(102,663)	21%
Other expenses	(401,521)	(279,026)	44%
Operating profit/ (loss) before VAT on financial services	484,573	273,487	77%
Value Added Tax (VAT) on financial services	(142,324)	(103,044)	38%
Operating profit/(loss) after VAT on financial services	342,249	170,443	101%
Profit/(loss) before tax	342,249	170,443	101%
Income tax expenses	(40,215)	(66,445)	-39%
Profit/(loss) for the period	302,034	103,999	190%
Profit/(loss) attributable to:			
Equity holders of the parent	302,034	103,999	190%
Non-controlling interests	-	-	-
	302,034	103,999	190%
Earnings per share on profit			
Basic/Diluted earnings per ordinary share (Rs.)	3.30	1.85	79%

SANASA DEVELOPMENT BANK PLC
STATEMENT OF COMPREHENSIVE INCOME

In Rupees Thousands (Rs'000)	Bank		
	For the quarter ended ended 31st March		Change
	2021	2020	
Profit/(loss) for the period	302,034	103,999	190%
Other comprehensive income/(expenses) not to be reclassified to income statement			
Actuarial gains/(losses) on defined benefit plans	-	(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	-	(24,973)	-100%
Total comprehensive income/(expenses) for the period	302,034	79,026	282%
Total comprehensive income/(expenses) attributable to:			
Equity holders of the parent	302,034	79,026	282%
Non-controlling interests	-	-	-
Total comprehensive income/(expenses) for the period	302,034	79,026	282%

SANASA DEVELOPMENT BANK PLC
STATEMENT OF FINANCIAL POSITION

In Rupees Thousands (Rs'000)	Bank		
	As at 31.03.2021	As at 31.12.2020 (Audited)	Change
Assets			
Cash and cash equivalents	9,612,781	9,640,916	-0.3%
Placements with banks	3,105,200	2,823,628	10%
Financial assets recognized through profit or loss - measured at fair value	5,690,940	4,600,458	24%
Financial assets at amortised cost			
- loans and advances	108,019,106	102,662,269	5%
- debt and other instruments	5,302,354	5,244,005	1%
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	794,811	661,695	20%
Right of use assets	642,008	689,646	-7%
Investment properties	19,959	20,223	-1%
Intangible assets	377,217	395,123	-5%
Deferred tax assets	248,255	231,673	7%
Other assets	2,036,105	2,026,987	0.4%
Total assets	135,911,836	129,059,724	5%
Liabilities			
Financial liabilities at amortised cost			
- due to depositors	97,250,604	93,271,727	4%
- due to other borrowers	21,765,220	18,090,500	20%
Debt securities issued	-	1,013,899	-100%
Subordinated debt	4,209,275	4,052,630	4%
Retirement benefit obligations	588,789	571,382	3%
Current tax liabilities	210,570	274,215	-23%
Other liabilities	1,669,011	1,869,195	-11%
Total liabilities	125,693,469	119,143,548	5%
Equity			
Stated capital/assigned capital	7,727,941	7,727,941	-
Statutory reserve fund	270,009	270,009	-
Retained earnings	2,192,811	1,890,621	16%
Other reserves	27,605	27,605	-
Total equity	10,218,367	9,916,176	3%
Total equity and liabilities	135,911,836	129,059,724	5%
Contingent liabilities and commitments	207,668	194,554	7%
Net asset value per share (Rs.)	112	108	3%
Memorandum information			
Number of employees	1,475	1,486	-1%
Number of branches	94	94	-

Certification:

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

Sgd

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

Sgd

Chaaminda Kumarasiri
Director

Sgd

Thilak Piyadigama
Chief Executive Officer

07 May 2021
Colombo

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CHANGES IN EQUITY

Bank						
In Rupees Thousands (Rs'000)	Stated capital / Assigned capital	Reserves				Total equity
		Ordinary voting shares	Statutory reserve fund	Retained earnings	Other reserves	
	OCI reserve				General reserves	
For the period ended 31.03.2020						
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)	-	-	103,999	-	-	103,999
Other comprehensive income (net of tax)	-	-	(24,973)	-	-	(24,973)
Total comprehensive income/(expenses) for the period	-	-	79,026	-	-	79,026
Transfer to statutory reserve fund			-			-
Transactions with equity holders, recognized directly in equity						
Other	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-
Balance as at 31.03.2020 (Closing balance)	5,921,538	228,282	1,570,580	(19,052)	46,657	7,748,005
For the period ended 31.03.2021						
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)	-	-	302,034	-	-	302,034
Other comprehensive income (net of tax)	-	-	-	-	-	-
Total comprehensive income/(expenses) for the period	-	-	302,034	-	-	302,034
Transfer to statutory reserve fund						-
Transactions with equity holders, recognized directly in equity						
Other transaction			157			157
Total transactions with equity holders	-	-	157	-	-	157
Balance as at 31.03.2021 (Closing balance)	7,727,941	270,009	2,192,811	(19,052)	46,657	10,218,367

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 31.03.2021	01.01.2020 to 31.03.2020
Cash flows from / (used in) operating activities		
Interest received	3,822,037	3,686,838
Fee and commission received	128,172	59,609
Changes in other operating assets	51,940	(370,216)
Interest payment	(1,759,910)	(2,216,824)
Cash payment to employees	(829,830)	(554,371)
Changes in other operating liabilities	(357,399)	581,168
Fee and commission expenses	(4,366)	(9,476)
VAT on financial services	(142,324)	(103,044)
Operating profit before changes in operating assets	908,322	1,073,684
(Increase)/decrease in operating assets		
Funds advanced to customers	(5,703,952)	(2,666,294)
Other short term securities	305,838	804,474
Increase/(decrease) in operating liabilities		
Deposits from customers	3,674,638	2,971,272
Net cash from operating activities before income tax	(815,154)	2,183,135
Income tax paid	(120,443)	(57,513)
Net cash from operating activities	(935,597)	2,125,621
Cash flows from / (used in) investing activities		
Dividend received	7,407	-
(Increase)/ decrease in dealing securities	(1,039,929)	1,064,598
(Increase)/ decrease in treasury bonds and other investments	172,232	(277,909)
Proceeds from sale of property, plant and equipment	5	6
Purchase of property, plant and equipment	(239,315)	(30,347)
Purchase of intangible assets	-	(153,653)
Net cash from/ (used in) investing activities	(1,099,600)	602,694
Cash flows from (used in) financing activities		
Repayment of long term borrowing	(10,528,916)	(4,167,849)
Interest paid on subordinated debt	(32,957)	(21,974)
Increase/(decrease) in borrowing	13,386,926	3,418,063
Dividend paid	-	42
Net cash flow from/ (used in) financing activities	2,825,053	(771,717)
Net increase/ (decrease) in cash and cash equivalents	789,856	1,956,598
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	13,315,756	12,871,277
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	9,612,781	4,324,398
Repurchase agreement	2,352,975	5,046,879
Fixed deposits less than 3 months	1,350,000	3,500,000
	13,315,756	12,871,277

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Bank - As at 31st March 2021				
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL ASSETS				
Cash and cash equivalents	9,612,781	-	-	9,612,781
Placements with banks	3,105,200	-	-	3,105,200
Financial assets recognized through profit or loss - measured at fair value	-	5,690,940	-	5,690,940
Financial assets at amortised cost				
- loans and advances	108,019,106	-	-	108,019,106
- debt and other instruments	5,302,354	-	-	5,302,354
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
Total financial assets	126,039,441	5,690,940	56,939	131,787,319
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
- due to depositors		97,250,604	-	97,250,604
- due to other borrowers		21,765,220	-	21,765,220
Subordinated debt		4,209,275	-	4,209,275
Total financial liabilities		123,225,100	-	123,225,100
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
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
- due to depositors		93,271,727	-	93,271,727
- due to other borrowers		18,090,500	-	18,090,500
Debt securities issued		1,013,899	-	1,013,899
Subordinated debt		4,052,630	-	4,052,630
Total financial liabilities		116,428,756	-	116,428,756

AC - Amortised Cost

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

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

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

In Rupees Thousands (Rs'000)	Bank	
	As at 31.03.2021	As at 31.12.2020 (Audited)
Product-wise gross loans and advances		
By product: LKR		
Pawning	2,795,969	2,391,839
Cash margin	5,070,999	4,803,642
Staff loans	1,677,263	1,371,062
Lease rentals receivable	9,915,229	9,232,112
Term loans		
Business loans	2,697,648	2,370,290
SME loans	15,099,089	14,775,622
Co-operative loans	3,436,643	3,456,890
Housing loans	3,385,928	3,459,463
Fixed and floating personal loans	28,095,009	27,716,930
Upahara loans	26,314,052	24,418,811
Other personal loans	13,000,487	11,978,622
Total	111,488,316	105,975,283
Product-wise commitments and contingencies		
By product: LKR		
Guarantees	207,668	207,668
Total	207,668	207,668
Total loans and advances, commitments and contingencies	111,695,984	106,182,951
Stage-wise impairment on loans and advances, commitments and contingencies		
Gross loans and advances, commitments and contingencies	111,695,984	106,182,951
Less: Accumulated impairment under stage 1	(674,556)	(662,090)
Accumulated impairment under stage 2	(196,245)	(154,079)
Accumulated impairment under stage 3	(2,598,410)	(2,496,846)
Net loans and advances, commitments and contingencies	108,226,773	102,869,936
Movement of impairment during the period		
Under Stage 1		
Opening balance	662,090	550,264
Charges / (Write back) to income statement	12,466	111,825
Other movements	-	-
Closing balance	674,556	662,090
Under Stage 2		
Opening balance	154,079	163,954
Charges / (Write back) to income statement	42,166	(9,875)
Other movements	-	-
Closing balance	196,245	154,079
Under Stage 3		
Opening balance	2,496,846	2,183,248
Charges / (Write back) to income statement	101,564	313,598
Write - off during the year	-	-
Other movements	-	-
Closing balance	2,598,410	2,496,846
Total impairment	3,469,211	3,313,015
SANASA DEVELOPMENT BANK PLC		
ANALYSIS OF DEPOSITS		
In Rupees Thousands (Rs'000)	Bank	
	As at 31.03.2021	As at 31.12.2020 (Audited)
By product: Rs.		
Savings deposits	22,357,706	21,159,867
Fixed deposits	74,892,898	72,111,860
Total deposits	97,250,604	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 31st March										
Interest income	3,042,073	3,287,075	374,095	284,466	203,946	286,333	64,655	71,910	3,684,768	3,929,784
Add: Inter-segment interest income	248,879	218,587	-	-	783,154	606,326	-	-	1,032,033	824,913
Total interest income	3,290,951	3,505,661	374,095	284,466	987,100	892,659	64,655	71,910	4,716,801	4,754,697
Interest expenses	(1,336,565)	(1,548,597)	(181,840)	(157,488)	(483,672)	(706,102)	(54,484)	(46,019)	(2,056,562)	(2,458,208)
Add: Inter-segment interest expense	(783,154)	(606,326)	-	-	(248,879)	(218,587)	-	-	(1,032,033)	(824,913)
Net interest income	1,171,231	1,350,738	192,254	126,978	254,549	(32,030)	10,171	25,891	1,628,206	1,471,576
Fee and commission income	131,703	56,013	5,227	9,039	-	-	-	-	136,930	65,052
Fee and commission expenses	(3,979)	(8,764)	(387)	(713)	-	-	-	-	(4,366)	(9,476)
Net fee and commission income	127,724	47,250	4,841	8,326	-	-	-	-	132,564	55,576
Net gains/(losses) from trading	-	-	-	-	-	(1,186)	-	-	-	(1,186)
Net fair value gains/(losses) from financial assets at fair value through profit or loss	-	-	-	-	50,553	76,652	-	-	50,553	76,652
Other operating income (net)	4,662	3,671	-	-	7,407	-	-	-	12,070	3,671
Total operating income	1,303,617	1,401,658	197,095	135,304	312,509	43,435	10,171	25,891	1,823,393	1,606,288
Impairment for loans and other losses	(73,803)	(364,639)	(82,677)	(49,508)	84	610	284	(244)	(156,112)	(413,782)
Net operating income	1,229,814	1,037,019	114,418	85,796	312,593	44,045	10,455	25,647	1,667,281	1,192,507
Depreciation and amortization	(110,361)	(92,877)	(10,727)	(7,554)	(62)	(24)	(3,214)	(2,207)	(124,364)	(102,663)
Segment Result	1,119,453	944,142	103,691	78,242	312,531	44,020	7,241	23,440	1,542,916	1,089,844
Un-allocated expenses									(1,058,343)	(816,357)
Value Added Tax (VAT) on financial services									(142,324)	(103,044)
Profit before tax									342,249	170,443
Tax expenses									(40,215)	(66,445)
Profit for the period									302,034	103,999
Other comprehensive income									-	(24,973)
Other comprehensive income for the period net of tax									-	(24,973)
Total comprehensive income for the period									302,034	79,026
As at 31st March										
Segment assets	95,904,479	79,893,690	9,321,630	6,498,000	23,768,213	19,081,960	2,792,997	1,898,774	131,787,319	107,372,425
Un allocated assets	-	-	-	-	-	-	-	-	4,124,517	3,886,282
Total assets	95,904,479	79,893,690	9,321,630	6,498,000	23,768,213	19,081,960	2,792,997	1,898,774	135,911,836	111,258,706
Segment liabilities	91,469,853	77,020,259	8,890,598	6,264,295	22,669,171	18,395,664	2,663,848	1,830,483	125,693,469	103,510,701
Total equity	-	-	-	-	-	-	-	-	10,218,367	7,748,005
Total equity & liabilities	91,469,853	77,020,259	8,890,598	6,264,295	22,669,171	18,395,664	2,663,848	1,830,483	135,911,836	111,258,706
For the period ended 31st March										
Additions to non-current assets	212,476	166,501	20,652	13,542	-	-	6,188	3,957	239,315	184,000

* Inter segment interest income and interest expense have been adjstued to net interest income in Treasury and Banking segments for the period ended 31st March 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 31.03.2021	As at 31.12.2020 (Audited)
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	9,312	9,295
Core (Tier 1) Capital	9,312	9,295
Total Capital Base	12,535	12,634
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2021-6.50%, 2020-6.50%)	9.44	9.85
Tier 1 Capital Ratio (%) - (Minimum Requirement - 2021-8.00%, 2020-8.00%)	9.44	9.85
Total Capital Ratio (%) - (Minimum Requirement - 2021-12.00%, 2020- 12.00%)	12.71	13.38
Leverage Ratio (Minimum Requirement - 3%)	6.83	7.17
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	18,908	18,886
Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%)	20.70	21.57
Total Stock of High-Quality Liquid Assets (LKR in Millions)	6,651	6,796
Liquidity Coverage Ratio (%) - (Minimum Requirement - 2021-90%, 2020-90%)	152.36	125.21
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	126.47	127.33
Assets Quality (Quality of Loan Portfolio)		
Gross Non-performing Advances Ratio (%) (net of interest in suspense)	4.47	4.54
Net Non-performing Advances Ratio (%) (net of interest in suspense and provision)	1.71	1.79
Profitability		
Interest Margin (%)	5.71	5.89
Return on Assets (before Taxes) (%)	1.03	1.19
Return on Equity (%)	12.00	9.51

Share Information	31.03.2021	31.03.2020
Market value per share (Rs.)	56.80	47.00
Highest price per share for the period (Rs.)	68.50	63.90
Lowest price per share for the period (Rs.)	53.50	45.00

SANASA DEVELOPMENT BANK PLC
SHAREHOLDER INFORMATION

Twenty Largest Shareholders as at 31.03.2021			
No.	Name of the Shareholder	Number of Shares	Holding (%)
1	Ayenka Holdings Private Limited	11,434,399	12.4862%
2	Seylan Bank PLC /Senthilverl Holdings (Pvt) Ltd	10,589,455	11.5636%
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	2,414,838	2.6370%
7	People's Leasing & Finance PLC	2,271,260	2.4802%
8	Commercial Bank of Ceylon PLC/Ayenka Holdings (Pvt) Limited	2,170,554	2.3702%
9	Alliance Finance Company PLC	2,066,310	2.2564%
10	Sampath Bank PLC/ Dr. T.Senthilverl	1,664,710	1.8178%
11	SANASA Life Insurance Company Ltd (LIFE)	1,481,692	1.6180%
12	Kegalle SANASA Shareholders Trust Company Limited	1,247,746	1.3625%
13	SANASA Life Insurance Company Ltd (General)	1,204,934	1.3158%
14	SANASA General Insurance Company Ltd	1,124,418	1.2279%
15	Polgahawela Sanasa Societies Union Ltd	820,098	0.8955%
16	Sanasa Federation Limited	780,970	0.8528%
17	Hatton National Bank PLC/Mr.Gerad Shamil Niranjan Peris	515,619	0.5631%
18	Sampath Bank PLC/ Mr. Arunasalam Sithampalam	464,981	0.5078%
19	DFCC Bank PLC/ N.G.N Maduranga	425,066	0.4642%
20	Hambanthota DTCCS Union Ltd	416,782	0.4551%
Sub total		58,551,216	63.9374%
Shares held by other shareholders		33,024,816	36.0626%
Total		91,576,032	100.0000%

As at 31.03.2021

Total number of shares	91,576,032
Number of shares in public holding	77,581,342
Number of public shareholders	38,738
Percentage of public holding	84.72%

Market capitalisation	5,201,518,618
Float adjusted market capitalisation	4,406,620,226
Required minimum public holding percentage under option 4 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange	10%

Directors' and Chief Executive Officer's Shareholding as at 31.03.2021

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. K.G. Wijerathne	126
6	Mr. Chaaminda Kumarasiri	-
7	Mr. Prasanna Premaratna	1,500
8	Mr. B.R.A. Bandara	11,000
9	Ms. Dinithi Ratnayake	-
10	Mr. J.A.L.G. Jayasinghe	-
11	Mr. Thilak Piyadigama (Chief Executive Officer)	264,296

1 These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting and present information required by Listing 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.

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 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;

Final dividend of Rs. 2.25 per share for the year ended December 31, 2020 was declared on 27th April 2021.

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.

6 Impact due to the COVID – 19

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

7 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.