

# **Interim Reports**

**March 2018**



**SANASA Development Bank PLC**  
*Leads the Nation*

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

RS '000

	Bank		
	31.03.2018	31.12.2017 Audited	Change
<b>Assets</b>			
Cash and cash equivalents	1,432,110	1,190,390	20%
Placements with banks	5,487,368	6,014,704	-9%
Financial assets fair value through profit or loss	5,927,115	4,473,806	32%
Other Financial Asset Classified under Loans and receivable	572,614	1,479,950	-61%
Loans and receivables to other customers	69,614,074	66,687,416	4%
Financial investments Available-for-sale	63,536	63,536	0%
Financial investments Held-to-maturity	556,741	599,551	-7%
Asset Held for Sale	37,175	37,175	0%
Property, plant and equipment	685,847	726,472	-6%
Investment properties	23,127	23,391	-1%
Intangible assets	7,043	8,148	-14%
Other assets	1,501,686	1,070,175	40%
<b>Total assets</b>	<b>85,908,434</b>	<b>82,374,713</b>	<b>4%</b>
<b>Liabilities</b>			
Due to other customers	62,069,182	59,904,734	4%
Other borrowings	9,867,164	8,827,610	12%
Debt securities issued	4,088,380	4,189,812	-2.42%
Subordinated debt	1,058,822	1,004,355	5.42%
Current tax liabilities	96,794	32,153	201%
Deferred tax liabilities	58,000	58,000	0%
Other liabilities	1,231,077	1,026,889	20%
<b>Total liabilities</b>	<b>78,469,421</b>	<b>75,043,553</b>	<b>5%</b>
<b>Equity</b>			
Stated capital/Assigned capital	5,758,689	5,758,689	0%
Statutory reserve fund	197,764	197,764	0%
Retained earnings	1,448,357	1,340,504	8%
Other reserves	34,203	34,203	0%
<b>Total equity</b>	<b>7,439,013</b>	<b>7,331,160</b>	<b>1%</b>
<b>Total equity and liabilities</b>	<b>85,908,434</b>	<b>82,374,713</b>	<b>4%</b>
<b>Contingent liabilities and commitments</b>	<b>181,677</b>	<b>166,260</b>	<b>9%</b>
<b>Net asset value per share (Rs.)</b>	<b>136</b>	<b>134</b>	<b>1%</b>
<b>Memorandum information</b>			
Number of employees	1,456	1,363	7%
Number of branches	92	91	1%

**Certification:**

We, the undersigned, being the Directors, General Manager/CEO and the Chief Financial Officer of the SANASA Development Bank PLC, certify jointly 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 audit

(Sgd)  
Terrance Kumara  
Chief Financial Officer

(Sgd)  
Nimal C. Hapuarachchi  
General Manager/ CEO

(Sgd)  
Lakshman Abeysekera  
Senior Director

(Sgd)  
Jayantha Kumara Newunhella  
Director

11.05.2018  
Colombo

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

RS '000

	For the quarter ended		Change
	31.03.2018	31.03.2017	
Interest income	2,954,868	2,433,491	21%
Interest expenses	(1,941,345)	(1,489,942)	30%
<b>Net interest income</b>	<b>1,013,523</b>	<b>943,549</b>	<b>7%</b>
Fee and commission income	56,561	56,815	0%
Fee and commission expenses	(1,056)	(1,203)	-12%
<b>Net fee and commission income</b>	<b>55,505</b>	<b>55,612</b>	<b>0%</b>
Net gain/(loss) from financial instruments at fair value through profit or loss	110,892	12,977	755%
Other operating income (net)	7,192	14,577	-51%
<b>Total operating income</b>	<b>1,187,113</b>	<b>1,026,715</b>	<b>16%</b>
<b>Impairment for loans and other losses</b>	<b>175,152</b>	<b>52,042</b>	<b>237%</b>
Significant impairment	47,731	1,640	2810%
Collective impairment	127,421	50,402	153%
<b>Net operating income</b>	<b>1,011,960</b>	<b>974,673</b>	<b>4%</b>
Personnel expenses	391,773	359,068	9%
Depreciation	53,538	47,240	13%
Other expenses	318,026	307,188	4%
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>248,623</b>	<b>261,177</b>	<b>-5%</b>
Value added tax (VAT) on financial services & NBT	(67,128)	(88,961)	-25%
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>181,494</b>	<b>172,216</b>	<b>5%</b>
<b>Profit/(loss) before tax</b>	<b>181,494</b>	<b>172,216</b>	<b>5%</b>
Tax expenses	(64,641)	(61,962)	4%
<b>Profit/(loss) for the period</b>	<b>116,853</b>	<b>110,254</b>	<b>6%</b>
<b>Other comprehensive income</b>			
Actuarial gains/(losses) on defined benefit plans	(9,000)	(6,000)	50%
<b>Other comprehensive income for the period net of tax</b>	<b>(9,000)</b>	<b>(6,000)</b>	<b>50%</b>
<b>Total comprehensive income for the period</b>	<b>107,853</b>	<b>104,254</b>	<b>3%</b>
Total comprehensive income attributable to:			
Owners of parent	107,853	104,254	3%
Non-controlling interests			
<b>Total comprehensive income for the period</b>	<b>107,853</b>	<b>104,254</b>	<b>3%</b>

**Basic earnings per ordinary share Rs.**

**2.13**      **2.62**

**Diluted earnings per ordinary shares Rs.**

**2.07**      **-**

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

There are no changes to the accounting policies and methods of computation of the Annual Report for the year ended 2017.

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

RS '000

	BANK	
	01.01.2018 to 31.03.2018	01.01.2017 to 31.03.2017
<b>Cash Flows From / (Used in) Operating Activities</b>		
Interest Received	2,886,609	2,383,844
Fee and Commission Received	55,829	54,657
Receipts from other Operating Activities	(521,423)	78,351
Interest Payment	(1,668,938)	(1,373,390)
Cash Payment to Employees	(342,707)	(365,068)
Payments to Suppliers and Other Operating Activities	(474,142)	(545,304)
Fee and Commission Expenses	(1,056)	(9,868)
<b>Operating Profit before Changes in Operating Assets</b>	<b>(65,827)</b>	<b>223,222</b>
(Increase)/Decrease in Operating Assets		
Funds Advanced to Customers	(3,101,810)	(3,824,061)
Other Short Term Securities	1,594,068	(42,579)
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	2,164,448	2,540,286
<b>Net Cash from Operating Activities Before Income Tax</b>	<b>590,879</b>	<b>(1,103,132)</b>
Tax Paid	(52,425)	(223,398)
<b>Net Cash from Operating Activities</b>	<b>538,454</b>	<b>(1,326,530)</b>
Cash Flows from / (Used in) Investing Activities		
Dividend Received	182,688	-
(Increase)/ Decrease in Non Dealing Securities	-	(631)
(Increase)/ Decrease in Dealing Securities	(1,342,417)	237,304
(Increase)/ Decrease in Treasury Bonds and other Investments	42,810	(234,253)
Proceeds from sale of Property, Plant and Equipment	223	9,817
Purchase of Property, Plant and Equipment	(11,786)	(53,882)
<b>Net Cash from/ (used in) Investing Activities</b>	<b>(1,128,481)</b>	<b>(41,645)</b>
Cash Flows from (Used in) Financing Activities		
Net Increase/(Decrease) in Borrowing	992,590	1,113,032
Funds Received/(Utilized) During the period	(1,446)	54,950
<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>991,144</b>	<b>1,167,982</b>
Net Increase/ (Decrease) in Cash and Cash Equivalents	401,117	(200,192)
Cash and Cash Equivalent at the beginning of the year	6,586,896	8,565,674
<b>Cash and Cash Equivalents at the end of the period</b>	<b>6,988,013</b>	<b>8,365,482</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents	1,432,110	794,998
Repurchase Agreement	405,903	1,154,122
Fixed Deposits less than 3 months	5,150,000	6,416,363
	<b>6,988,013</b>	<b>8,365,482</b>

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

Rs '000

	Stated Capital / Assigned Capital	Reserves				Total Equity
	Ordinary Voting Shares	Statutory Reserve Fund	Retained Earnings	Available For Sale Reserve	General Reserves	
<b>For the Period ended 31.03.2017</b>						
<b>Balance as at 01.01.2017 (Opening balance)</b>	4,062,962	172,373	1,249,742	(12,454)	46,657	5,519,280
<b>Total comprehensive income for the period</b>						
Profit/(loss) for the period	-	-	110,254	-	-	110,254
Other comprehensive income (net of tax)	-	-	(6,000)	-	-	(6,000)
<b>Total comprehensive income for the period</b>	-	-	<b>104,254</b>	-	-	<b>104,254</b>
<b>Transactions with equity holders, recognized directly in equity</b>						
Other	-	-	(5,110)	-	-	(5,110)
<b>Total transactions with equity holders</b>	-	-	<b>99,144</b>	-	-	<b>99,144</b>
<b>Balance as at 31.03.2017 (Closing balance)</b>	<b>4,062,962</b>	<b>172,373</b>	<b>1,348,886</b>	<b>(12,454)</b>	<b>46,657</b>	<b>5,618,424</b>

**For the period ended 31.03.2018**

<b>Balance as at 01.01.2018 (Opening balance)</b>	5,758,689	197,764	1,340,504	(12,454)	46,657	7,331,160
<b>Total comprehensive income for the period</b>						
Profit/(loss) for the period	-	-	116,853	-	-	116,853
Other comprehensive income (net of tax)	-	-	(9,000)	-	-	(9,000)
<b>Total comprehensive income for the period</b>	-	-	<b>107,853</b>	-	-	<b>107,853</b>
<b>Transactions with equity holders, recognized directly in equity</b>						
Other	-	-	-	-	-	-
<b>Total transactions with equity holders</b>	-	-	-	-	-	-
<b>Balance as at 31.03.2018 (Closing balance)</b>	<b>5,758,689</b>	<b>197,764</b>	<b>1,448,357</b>	<b>(12,454)</b>	<b>46,657</b>	<b>7,439,013</b>

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

Rs' 000

As at 31 <sup>st</sup> December 2017	Fair value through Profit or Loss	HTM	AFS	Amortized cost	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	-	-	-	1,190,390	1,190,390
Placements with banks	-	-	-	6,014,704	6,014,704
Other financial assets at fair value through profit or loss	4,473,805	-	-	-	4,473,805
Financial investments - Available-for-sale	-	-	63,536	-	63,536
Financial investments - Held-to-maturity	-	599,551	-	-	599,551
Loans and receivables to other customers	-	-	-	66,687,415	66,687,415
Other Financial Asset Classified under Loans and receivable	-	-	-	1,479,950	1,479,950
<b>Total financial assets</b>	4,473,805	599,551	63,536	75,372,459	80,509,351
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	59,904,734	59,904,734
Other borrowings	-	-	-	8,827,610	8,827,610
Debt securities issued	-	-	-	4,189,812	4,189,812
Subordinated term debts	-	-	-	1,004,355	1,004,355
<b>Total financial liabilities</b>	-	-	-	73,926,511	73,926,511
<b>As at 31<sup>st</sup> March 2018</b>					
	Fair value through Profit or Loss	HTM	AFS	Amortized cost	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents				1,432,110	1,432,110
Placements with banks				5,487,368	5,487,368
Other financial assets at fair value through profit or loss	5,927,115				5,927,115
Financial investments - Available-for-sale			63,536		63,536
Financial investments - Held-to-maturity		556,741			556,741
Loans and receivables to other customers				69,614,074	69,614,074
Other Financial Asset Classified under Loans and receivable				572,614	572,614
<b>Total financial assets</b>	5,927,115	556,741	63,536	77,106,165	83,653,556
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	62,069,182	62,069,182
Other borrowings	-	-	-	9,867,164	9,867,164
Debt securities issued	-	-	-	4,088,380	4,088,380
Subordinated debt	-	-	-	1,058,822	1,058,822
<b>Total financial liabilities</b>	-	-	-	77,083,549	77,083,549

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

	As at 31st March - Rs '000									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Interest income	2,434,643	1,944,495	174,390	170,630	312,259	291,104	33,576	27,262	2,954,868	2,433,491
Interest expenses	(1,519,282)	(1,161,802)	(102,985)	(94,322)	(297,675)	(217,686)	(21,403)	(16,131)	(1,941,345)	(1,489,942)
<b>Net interest income</b>	915,361	782,693	71,405	76,308	14,584	73,418	12,173	11,131	1,013,523	943,549
Fee and commission income	52,671	52,511	3,890	4,304	-	-	-	-	56,561	56,815
Fee and commission expenses	(989)	(1,203)	(67)	-	-	-	-	-	(1,056)	(1,203)
<b>Net fee and commission income</b>	51,682	51,308	3,823	4,304	-	-	-	-	55,505	55,612
Net gain/loss from financial instruments at fair value through profit or loss	-	-	-	-	110,892	12,977	-	-	110,892	12,977
Other operating income (net)	7,009	14,512	-	-	183	66	-	-	7,192	14,577
<b>Total operating income</b>	974,052	848,513	75,228	80,612	125,659	86,461	12,173	11,131	1,187,113	1,026,715
Impairment for loans and other losses	(175,790)	(65,410)	(12,430)	13,861	-	-	13,068	(494)	(175,152)	(52,043)
<b>Net operating income - Segment Result</b>	798,262	783,103	62,798	94,473	125,659	86,461	25,241	10,637	1,011,960	974,672
Un-allocated Expenses									(763,338)	(713,496)
Value added tax (VAT) on financial services									(67,128)	(88,961)
<b>Profit before tax</b>									<b>181,494</b>	<b>172,215</b>
Tax expenses									(64,641)	(61,961)
<b>Profit for the year</b>									116,853	110,254
<b>Other Comprehensive Income</b>										
Other Comprehensive Income for the year net of tax									(9,000)	(6,000)
<b>Total Comprehensive Income for the year</b>									<b>107,853</b>	<b>104,254</b>
<b>Segment Assets</b>	64,345,895	52,395,820	4,361,718	4,253,817	12,607,373	9,817,384	906,461	727,499	82,221,447	67,194,520
Un allocated assets	-	-	-	-	-	-	-	-	3,686,987	2,611,063
<b>Total Assets</b>	<b>64,345,895</b>	<b>52,395,820</b>	<b>4,361,718</b>	<b>4,253,817</b>	<b>12,607,373</b>	<b>9,817,384</b>	<b>906,461</b>	<b>727,499</b>	<b>85,908,434</b>	<b>69,805,584</b>
<b>Segment Liabilities</b>	61,409,587	50,050,792	4,162,679	4,063,433	12,032,059	9,377,997	865,096	694,939	78,469,421	64,187,161
Total Equity	-	-	-	-	-	-	-	-	7,439,013	5,618,424
<b>Total Equity &amp; Liabilities</b>	<b>61,409,587</b>	<b>50,050,792</b>	<b>4,162,679</b>	<b>4,063,433</b>	<b>12,032,059</b>	<b>9,377,997</b>	<b>865,096</b>	<b>694,939</b>	<b>85,908,434</b>	<b>69,805,584</b>

**SANASA DEVELOPMENT BANK PLC  
LISTED DEBENTURE INFORMATION**

As at 31<sup>st</sup> March 2018

Types of debentures (Fixed)

Rs. '000

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

Type	Interest Payable Frequency	Issue Date	Maturity Date	Annual Effective Rate (AER) %	Face Value	Interest Payable	Balance
A	Semi Annually	31-Dec-15	31-Dec-18	9.83	1,597,390	37,812	1,632,663
B	Semi Annually	31-Dec-15	31-Dec-20	10.25	402,610	9,927	411,897

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

Type	Interest Payable Frequency	Issue Date	Maturity Date	Annual Effective Rate (AER) %	Face Value	Interest Payable	Balance
C	Semi Annually	31-Dec-15	31-Dec-18	10.15	1,438,050	35,104	1,469,158
D	Semi Annually	31-Dec-15	31-Dec-20	10.57	561,950	14,272	574,661
					<b>4,000,000</b>	<b>97,116</b>	<b>4,088,380</b>

**Utilization of Funds Raised through Debenture Issue**

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR	% of total proceeds	Amounts utilized in LKR	% of total proceeds
1	To raise medium term funds to manage assets and liability mismatch and to minimize the interest rate risk.	-	-	-	-	-	-
2	To finance the budgeted lending portfolio (approximately 90% as loans and the balance as leasing) and to minimize the mismatch in funding exposure.	4,000,000,000	In the ordinary course business within the next 12 months from the date of allotment.	3,600,000,000 for loans and 400,000,000 for leasing	100	4,000,000,000	100



**SANASA DEVELOPMENT BANK PLC**  
**SELECTED PERFORMANCE INDICATORS**

Item	As at 31.03.2018	As at 31.12.2017 Audited
<b>Basel III</b>		
<b>Regulatory Capital Adequacy</b>		
<b>Regulatory Capital (Rs. Mn)</b>		
Common Equity Tier 1	7,295	7,294
Tier 1 Capital	7,295	7,294
Total Capital	8,577	8,564
Risk Weighted Assets	60,748	58,718
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.375%)	12.01%	12.42%
Tier 1 Capital Ratio (Minimum Requirement - 7.875%)	12.01%	12.42%
Total Capital Ratio (Minimum Requirement - 11.875%)	14.12%	14.59%
<b>Assets Quality ( Quality of Loan Portfolio )</b>		
Gross Non-performing Advances Ratio, ( net of Interest in Suspense )	2.35%	2.07%
Net Non-performing Advances Ratio, (net of Interest in Suspense & Provisions )	0.11%	1.02%
<b>Profitability</b>		
Interest Margin, %	5.26%	5.57%
Return on Assets ( Before Taxes ), %	0.86%	1.01%
Return on Equity(After Taxes) , %	6.33%	7.90%
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	21.02%	21.34%
<b>Share Information</b>		
	<b>31.03.2018</b>	<b>31.03.2017</b>
Market value per share (Rs.)	107.60	99.00
Highest price per share for the period (Rs.)	112.90	106.00
Lowest price per share for the period (Rs.)	101.00	95.20
<b>Debenture Information</b>		
	<b>31.03.2018</b>	<b>31.03.2017</b>
Debt to Equity Ratio (Times)	10.36	11.22
Interest Cover (Times)	1.09	1.12
Quick Asset Ratio	0.61	0.63
<b>Interest Rate for Comparable Government Security (%)</b>		
Type A	10.10	11.85
Type B	10.30	12.15
Type C	10.10	11.85
Type D	10.30	12.15
Interest Yield As At Date of Last Trade	N/T	N/T
Yield to Maturity of Trade Done on	N/T	N/T
The Market Prices during the year (Ex Interest)		
- Highest Price	N/T	N/T
- Lowest Price	N/T	N/T
- Last Trade Price	N/T	N/T

**N/T - Not Traded**

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

**Twenty Largest Shareholders as at 31.03.2018**

No.	Name of The Shareholder	Number of Shares	%
1	Ayenka Holdings Private Limited	6,593,455	12.0365%
2	Seylan Bank PLC /Dr. Thirugnanasambandar Senthilverl	6,095,015	11.1266%
3	SBI FMO Emerging Asia Financial Sector Fund PTE. LTD	4,906,926	8.9577%
4	CB NY S/A International Finance Corporation	4,854,419	8.8618%
5	Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V	2,180,856	3.9812%
6	People's Leasing & Finance PLC	2,036,446	3.7176%
7	Seemasahitha Sanasa Rakshana Samagama (General)	1,130,669	2.0641%
8	Kegalle Sanasa Share Holders Trust Company Limited	1,010,758	1.8452%
9	Seemasahitha Sanasa Rakshana Samagama (Life)	885,672	1.6168%
10	Sanasa Federation Limited	700,230	1.2783%
11	Warakapola Sanasa Share Holders Trust Company Limited	511,257	0.9333%
12	Mrs. A.S. Palihena	450,000	0.8215%
13	Sampath Bank PLC/ Dr. T.Senthilverl	385,005	0.7028%
14	Hambanthota DTCCS Union Ltd	373,694	0.6822%
15	Polgahawela Sanasa Societies Union Ltd	371,804	0.6787%
16	Mr. D.P. Pieris	300,000	0.5477%
17	Polpithigama Sanasa Share Holders Trust Company Limited	280,518	0.5121%
18	Kollonnawa Sanasa Share Holders Trust Company Limited	250,295	0.4569%
19	Polgahawela Sanasa Share Holders Trust Company Limited	232,106	0.4237%
20	Dr. S. Yaddehige	200,000	0.3651%
Sub Total		33,749,125	61.61%
Other Shareholders		21,029,742	38.39%
<b>Total</b>		<b>54,778,867</b>	<b>100.00%</b>

**Percentage of public holding as at 31.03.2018**

**99.87%**

( Total No. of Shares 54,778,867 )

**Number of Share Holders**

**38,066**

**Directors' Shareholding as at 31.03.2018**

No.	Name of Director	No. of Shares
1	Ms. M.S. Kiriwandeniya	5,627
2	Mr. L.Abeysekera	-
3	Mr. H.M.G.B.Herath	-
4	Mr.D.J.K.Newunhella	-
5	Prof.S.Amaratunge	-
6	Mr. M.K.L. Fernando	-
7	Mr. P.Subasinghe	67,435
8	Mr. S.Lionel Thilakarathne	-
9	Mr. N.Liyanaarachchi	-
10	Mr. Arnoldus de. Vette	-

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

**SLFRS - 9**

The Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) is effective for annual periods beginning on or after 01st January 2018. However, CA Sri Lanka has granted the option, via the Statement of Alternative Treatment (SoAT) to prepare the interim financial statements continuing the application of LKAS 39 (Financial Instruments: Recognition and Measurement), with disclosures on impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied. As permitted by the above SoAT, the Bank prepared Interim Financial Statements based on LKAS 39, with disclosure on impact to the Statement of Comprehensive Income and Net Assets.

**Impact on Net Assets and Statement of Comprehensive Income**

With the transition from LKAS 39 incurred loss method to SLFRS 9 expected credit loss method, it is expected 25% - 30% increase in overall impairment provision. The increase in impairment provision under SLFRS 09, had it been effective as at 31st March 2018, would have reduced the Bank's net assets by approximately 2% - 3% and the Total Capital Adequacy ratio by 20 to 35 basis points. The Comprehensive Income for the period would be reduced by 6% to 8%.