

Interim Financial Statements

For the Period Ended 31st March 2023



SANASA Development Bank PLC



SDB Bank delivers a resilient Q1 2023 performance

- **Total Assets Deposits Growth of 3%**
- **NIM increase by 44bps to 5.34%**
- **Total Capital Ratio increases to 15.52%**
- **Liquidity Coverage Ratio improves to 309.25%**

The first quarter of 2023 saw SDB Bank continue to establish its resilient performance following through from its 2022 performance. The operating environment though stabilized is still registering volatile interest rate movements with interest rates dropping by 5-6% during the first 3 months of the year. The continued lack of clarity on the Domestic Debt Optimization program is seen as a contributory cause for high-interest rates.

Performance

Sanasa Development Bank PLC's Q1 2023 results reflect a continuation of the improvement registered as at FY 2022 with a Profit After Tax of Rs.43Mn. This reflects an improvement in the NIM to 5.34% from 4.90% as of the year-end 2022, yet remains marginally below Q1 2022. However, despite the volatile interest rates and rising inflation post Q1 2022, the Operating Income is only marginally lower by 0.4% compared to Q1 2022. The overhead expenses expanded by 22% QoQ reflecting staff cost increases and the impact of Rupee depreciation on USD-based payments.

During the quarter the balance sheet grew by 2% on the back of a 3% growth in deposits and assets growing mainly in the investment portfolios, improving the liquidity position of the bank.

The Gross Loan book remained flat due to a highly selective lending strategy which continues to be carried out from Q2 of 2022. The lending was primarily to support the vulnerable customer base.

The impairment coverage on Stage 3 loans improved to 33.86% in Q1 2023 from 31.93% as of the end of 2022.

The Net Interest Margin improved by 44bps to 5.34% in Q1 2023 from the position at the end of 2022. The cost-to-income ratio was also contained at 69%.

Outlook

2023 is expected to register an economic contraction of 3-4%. Hence despite the improved stability in the operating environment, the businesses are expected to face a tough year. The easing of inflationary pressures mainly due to the downward revision of key expense items, especially in relation to energy costs is expected to improve the spending power of the population at large. The uncertainties surrounding the Domestic Debt Optimization program and its impact on the financial sector is expected to be a key aspect that will impede any strategic directions of the banks.

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 quarter ended 31st March		Change
	2023	2022	
Interest income	7,805,865	4,127,859	89%
Interest expenses	(5,924,730)	(2,159,522)	174%
Net interest income	1,881,135	1,968,337	-4%
Fee and commission income	68,576	113,825	-40%
Fee and commission expenses	(7,492)	(7,101)	5%
Net fee and commission income	61,084	106,724	-43%
Net gains/(losses) from trading	-	(3,063)	-100%
Net fair value gains/(losses) on financial assets at fair value through profit or loss	196,974	(5,275)	-3834%
Net other operating income	(35,744)	106,878	-133%
Total operating income	2,103,449	2,173,601	-3%
Impairment for loans and other losses	(419,642)	(483,582)	-13%
Net operating income	1,683,807	1,690,019	-0.4%
Personnel expenses	(771,338)	(706,128)	9%
Depreciation and amortization expenses	(137,285)	(126,340)	9%
Other expenses	(546,683)	(364,180)	50%
Total Admin and Other Operational Expenses	(1,455,306)	(1,196,647)	22%
Operating profit/ (loss) before VAT on financial services	228,501	493,372	-54%
Value Added Tax (VAT) on financial services	(120,388)	(175,795)	-32%
Social Security Contribution Levy	(16,721)	-	100%
Operating profit/(loss) after VAT on financial services	91,393	317,577	-71%
Profit/(loss) before tax	91,393	317,577	-71%
Income tax expenses	(48,015)	(136,834)	-65%
Profit/(loss) for the period	43,379	180,743	-76%
Profit/(loss) attributable to:			
Equity holders of the parent	43,379	180,743	-76%
Non-controlling interests	-	-	-
	43,379	180,743	-76%
Earnings per share on profit			
Basic earnings per ordinary share (Rs.)	0.27	1.12	-76%
Diluted earnings per ordinary share (Rs.)	0.27	1.12	-76%

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

In Rupees Thousands (Rs'000)	Bank		
	For the quarter ended 31st March		Change
	2023	2022	
Profit/(loss) for the period	43,379	180,743	-76%
Other comprehensive income/(expenses) not to be reclassified to income statement			
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	-	-	-
Other comprehensive income/(expenses) for the period net of taxes	-	-	-
Total comprehensive income/(expenses) for the period	43,379	180,743	-76%
Total comprehensive income/(expenses) attributable to:			
Equity holders of the parent	43,379	180,743	-76%
Non-controlling interests	-	-	-
Total comprehensive income/(expenses) for the period	43,379	180,743	-76%

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

In Rupees Thousands (Rs'000)	Bank		
	As at 31.03.2023	As at 31.12.2022 (Audited)	Change
Assets			
Cash and cash equivalents	3,342,263	3,072,845	9%
Placements with banks	16,372,318	18,205,196	-10%
Financial assets fair value through Profit or Loss	4,036,052	1,905,738	112%
Financial assets at amortised cost			
- loans and receivables from other customers	110,246,468	110,525,450	-0.3%
- debt and other instruments	22,838,755	19,819,736	15%
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	1,060,580	1,093,191	-3%
Right of use assets	645,394	609,201	6%
Non-current assets held for sale	-	43,566	-100%
Intangible assets	578,786	538,831	7%
Deferred tax assets	600,628	600,628	-
Other assets	2,972,818	3,043,547	-2%
Total assets	162,757,162	159,521,032	2%
Liabilities			
Financial liabilities at amortised cost			
- due to depositors	111,162,793	107,533,002	3%
- due to other borrowers	30,689,282	30,704,548	-0.05%
Subordinated debt	4,579,247	5,055,590	-9%
Retirement benefit obligations	743,080	714,077	4%
Current tax liabilities	204,796	182,245	12%
Other liabilities	1,675,370	1,672,355	0%
Total liabilities	149,054,569	145,861,817	2%
Equity			
Stated capital/assigned capital	11,287,765	11,287,765	-
Statutory reserve fund	317,231	317,231	-
Retained earnings	1,810,955	1,767,576	2%
Other reserves	286,642	286,642	-
Total equity	13,702,593	13,659,215	0.3%
Total equity and liabilities	162,757,162	159,521,032	2%
Contingent liabilities and commitments	782,448	728,285	7%
Net asset value per share (Rs.)	85.27	85.00	0.3%
Memorandum information			
Number of employees	1,365	1,381	-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

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

12 May 2023
Colombo

SGD

Prof Sampath Amaratunge
Director

SGD

Priyantha Talwatte
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					
		Ordinary voting shares	Statutory reserve fund	Retained earnings	Other reserves		
OCI reserve	Revaluation reserve				General reserves		
For the period ended 31.03.2022							
Balance as at 01.01.2022 (Opening balance)	11,287,765	314,173	2,500,153	(19,052)		46,657	14,129,697
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022			(521,613)				(521,613)
Adjusted balance as at 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)	-	-	180,743	-	-	-	180,743
Other comprehensive income (net of tax)	-	-	-	-	-	-	-
Total comprehensive income/(expenses) for the period	-	-	180,743	-	-	-	180,743
Transfer to statutory reserve fund	-	-	-	-	-	-	-
Transactions with equity holders, recognized directly in equity							
Other	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-
Balance as at 31.03.2022 (Closing balance)	11,287,765	314,173	2,159,283	(19,052)	-	46,657	13,788,827
For the period ended 31.03.2023							
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)	-	-	43,379	-	-	-	43,379
Other comprehensive income (net of tax)	-	-	-	-	-	-	-
Total comprehensive income/(expenses) for the period	-	-	43,379	-	-	-	43,379
Transfer to statutory reserve fund	-	-	-	-	-	-	-
Transactions with equity holders, recognized directly in equity							
Other transactions	-	-	-	-	-	-	0
Total transactions with equity holders	-	-	-	-	-	-	-
Balance as at 31.03.2023 (Closing balance)	11,287,765	317,231	1,810,955	(19,052)	259,037	46,657	13,702,593

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	
	01.01.2023 to 31.03.2023	01.01.2022 to 31.03.2022
Cash flows from / (used in) operating activities		
Interest received	5,861,660	4,613,594
Fee and commission received	85,282	113,940
Receipts from other operating activities	62,167	4,334
Interest payment	(3,698,905)	(1,896,861)
Cash payment to employees	(754,139)	(706,849)
Payments to suppliers and other operating activities	(440,286)	(398,589)
Fee and commission expenses	(7,492)	(7,101)
Operating profit before changes in operating assets	1,108,287	1,722,468
(Increase)/decrease in operating assets		
Funds advanced to customers	1,745,936	(3,295,717)
Net (increase)/ decrease in other short term securities	(5,432)	(2,413)
Net (increase)/ decrease in other assets	(171,192)	(434,301)
Increase/(decrease) in operating liabilities		
Deposits from customers	1,495,078	301,279
Net increase/ (decrease) in other liabilities	(59,754)	272,850
Net cash from operating activities before income tax	4,112,923	(1,435,835)
VAT on financial services paid	(149,444)	(98,490)
Income tax paid	(23,903)	(121,492)
Net cash from operating activities	3,939,576	(1,655,816)
Cash flows from / (used in) investing activities		
Dividend received	-	319
(Increase)/ decrease in dealing securities	(1,933,340)	711,827
(Increase)/ decrease in treasury bonds and other investments	(1,380,709)	(3,060,709)
Proceeds from sale of property, plant and equipment	75,000	30
Purchase of property, plant and equipment	(34,219)	(50,610)
Purchase of intangible assets	(39,954)	(49,120)
Net cash from/ (used in) investing activities	(3,313,222)	(2,448,263)
Cash flows from (used in) financing activities		
Repayment of long term borrowing	(4,245,762)	(9,443,066)
Interest paid on subordinated debt	(158,507)	(45,148)
Increase/(decrease) in borrowing	3,847,332	13,927,852
Net cash flow from/ (used in) financing activities	(556,936)	4,439,637
Net increase/ (decrease) in cash and cash equivalents	69,418	335,558
Cash and cash equivalent at the beginning of the period	3,348,345	7,312,915
Cash and cash equivalents at the end of the period	3,417,763	7,648,473
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	3,342,263	4,044,254
Repurchase agreement	-	1,004,219
Fixed deposits less than 3 months	75,500	2,600,000
	3,417,763	7,648,473

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Bank - As at 31st March 2023				
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL ASSETS				
Cash and cash equivalents	3,342,263	-	-	3,342,263
Placements with banks	16,372,318	-	-	16,372,318
Financial assets fair value through Profit or Loss	-	4,036,052	-	4,036,052
Financial assets at amortised cost				
- loans and receivables from other customers	110,246,468	-	-	110,246,468
- debt and other instruments	22,838,755	-	-	22,838,755
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
Total financial assets	152,799,803	4,036,052	56,939	156,892,794
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
- due to depositors		111,162,793	-	111,162,793
- due to other borrowers		30,689,282	-	30,689,282
Subordinated debt		4,579,247	-	4,579,247
Total financial liabilities		146,431,322	-	146,431,322
Bank - As at 31st December 2022 (Audited)				
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL ASSETS				
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
Total financial assets	151,623,227	1,905,738	56,939	153,585,904
FINANCIAL LIABILITIES				
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
Total financial liabilities		143,293,140	-	143,293,140

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 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 31st March 2023.

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

	As at 31 March 2023			Total LKR
	Level 1 LKR	Level 2 LKR	Level 3 LKR	
Financial assets fair value through profit or loss				
Sri Lanka Government securities- Treasury bills and bonds	-	-	-	-
Unit trusts	-	4,036,052	-	4,036,052
Quoted Equities	-	-	-	-
Fair Value through other comprehensive income				
Unquoted equity securities	-	-	56,939	56,939
	<u>-</u>	<u>4,036,052</u>	<u>56,939</u>	<u>4,092,991</u>
	As at 31 December 2022 (Audited)			
	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Financial assets fair value through profit or loss				
Sri Lanka Government securities- Treasury bonds	-	-	-	-
Unit trusts	-	1,905,738	-	1,905,738
Quoted Equities	-	-	-	-
Fair Value through other comprehensive income				
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 31st March 2023	
		Carrying value LKR	Fair value LKR
Financial assets			
Cash and cash equivalents	Note*	3,342,263	3,342,263
Placements with banks	Note*	16,372,318	16,372,318
Financial assets at amortised cost			
- Loans and receivables to other customers	2	110,246,468	109,924,258
- Debt and other instruments	Note*	22,838,755	22,838,755
Total financial assets		<u>152,799,803</u>	<u>152,477,594</u>
Financial liabilities			
Due to other customers	2	111,162,793	112,297,242
Other borrowings	2	30,689,282	30,744,163
Subordinated term debts	Note*	4,579,247	4,579,247
Total financial liabilities		<u>146,431,322</u>	<u>147,620,652</u>
As at 31st December 2022 (Audited)			
		Carrying value LKR	Fair value LKR
Financial assets			
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
Total financial assets		<u>151,623,227</u>	<u>151,331,774</u>
Financial liabilities			
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
Total financial liabilities		<u>143,293,140</u>	<u>143,221,138</u>

Note*

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

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

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

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

In Rupees Thousands (Rs'000)	Bank	
	As at 31.03.2023	As at 31.12.2022 (Audited)
Product-wise gross loans and advances		
By product: LKR		
Pawning	6,793,515	5,820,218
Cash margin	12,965,854	11,770,371
Staff loans	2,027,360	2,046,486
Lease rentals receivable	7,488,961	8,236,392
<i>Term loans</i>		
Business loans	1,877,824	3,247,585
SME loans	14,741,196	14,400,557
Co-operative loans	1,890,311	2,074,009
Housing loans	2,707,424	2,788,477
Fixed and floating personal loans	26,308,639	26,549,542
Upahara loans	38,858,404	38,581,285
Other personal loans	802,250	804,843
Total	116,461,738	116,319,764
Product-wise commitments and contingencies		
By product: LKR		
Guarantees	238,061	249,175
Undrawn Credit Lines	544,387	479,110
Total	782,448	728,285
Total loans and advances, commitments and contingencies	117,244,186	117,048,049
Stage-wise impairment on loans and advances, commitments and contingencies		
Gross loans and advances, commitments and contingencies	117,244,186	117,048,049
Less: Accumulated impairment under stage 1	(908,259)	(837,536)
Accumulated impairment under stage 2	(1,043,173)	(969,078)
Accumulated impairment under stage 3	(4,263,838)	(3,987,699)
Net loans and advances, commitments and contingencies	111,028,916	111,253,735
Movement of impairment during the period		
Under Stage 1		
Opening balance	837,536	684,544
Charges / (Write back) to income statement	70,723	152,992
Other movements	-	-
Closing balance	908,259	837,536
Under Stage 2		
Opening balance	969,078	468,754
Charges / (Write back) to income statement	74,095	500,325
Other movements	-	-
Closing balance	1,043,173	969,078
Under Stage 3		
Opening balance	3,987,699	2,742,429
Charges / (Write back) to income statement	276,139	1,246,353
Write - off during the year	-	(1,083)
Other movements	-	-
Closing balance	4,263,838	3,987,699
Total impairment	6,215,270	5,794,314
SANASA DEVELOPMENT BANK PLC		
ANALYSIS OF DEPOSITS		
In Rupees Thousands (Rs'000)	Bank	
	As at 31.03.2023	As at 31.12.2022 (Audited)
By product: Rs.		
Savings deposits	14,711,947	14,542,774
Fixed deposits	96,450,847	92,990,228
Total deposits	111,162,794	107,533,002

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
For the period ended 31st March										
Interest income	5,381,860	3,092,719	301,783	437,333	1,739,757	532,214	382,465	65,593	7,805,865	4,127,859
Add: Inter-segment interest income	961,654	212,561	-	-	1,391,342	859,977	-	-	2,352,996	1,072,537
Total interest income	6,343,514	3,305,280	301,783	437,333	3,131,099	1,392,190	382,465	65,593	10,158,861	5,200,396
Interest expenses	(4,017,364)	(1,255,101)	(275,166)	(119,900)	(1,352,741)	(745,188)	(279,458)	(39,333)	(5,924,730)	(2,159,522)
Add: Inter-segment interest expense	(1,391,342)	(859,977)	-	-	(961,654)	(212,561)	-	-	(2,352,996)	(1,072,537)
Net interest income	934,808	1,190,202	26,616	317,433	816,703	434,442	103,007	26,260	1,881,135	1,968,337
Fee and commission income	66,465	106,805	2,111	7,020	-	-	-	-	68,576	113,825
Fee and commission expenses	(7,011)	(6,482)	(480)	(619)	-	-	-	-	(7,492)	(7,101)
Net fee and commission income	59,454	100,323	1,630	6,400	-	-	-	-	61,084	106,724
Net gains/(losses) from trading	-	-	-	-	-	(3,063)	-	-	-	(3,063)
Net fair value gains/(losses) from financial assets at fair value through profit or loss	-	-	-	-	196,974	(5,275)	-	-	196,974	(5,275)
Other operating income (net)	(35,744)	106,559	-	-	-	319	-	-	(35,744)	106,878
Total operating income	958,518	1,397,084	28,247	323,833	1,013,677	426,423	103,007	26,260	2,103,449	2,173,601
Impairment for loans and other losses	(331,316)	(431,951)	(48,832)	(48,648)	232	(1,800)	(39,725)	(1,183)	(419,642)	(483,582)
Net operating income	627,202	965,134	(20,585)	275,185	1,013,908	424,623	63,282	25,077	1,683,807	1,690,019
Depreciation and amortization	(120,572)	(112,070)	(8,258)	(10,706)	(67)	(52)	(8,387)	(3,512)	(137,285)	(126,340)
Segment Result	506,631	853,064	(28,844)	264,479	1,013,841	424,571	54,895	21,565	1,546,523	1,563,680
Un-allocated expenses									(1,318,021)	(1,070,308)
Value Added Tax (VAT) on financial services									(120,388)	(175,795)
Social Security Contribution Levy									(16,721)	-
Profit before tax									91,393	317,577
Tax expenses									(48,015)	(136,834)
Profit for the period									43,379	180,743
Other comprehensive income										
Other comprehensive income for the period net of tax									-	-
Total comprehensive income for the period									43,379	180,743
As at 31st March										
Segment assets	96,872,549	101,310,916	6,635,215	9,678,212	46,646,326	33,720,706	6,738,704	3,174,915	156,892,794	147,884,749
Un allocated assets	-	-	-	-	-	-	-	-	5,864,368	4,124,517
Total assets	96,872,549	101,310,916	6,635,215	9,678,212	46,646,326	33,720,706	6,738,704	3,174,915	162,757,162	152,009,266
Segment liabilities	99,302,192	95,243,252	6,801,632	9,098,570	36,043,002	31,701,122	6,907,716	2,984,764	149,054,542	139,027,708
Total equity	-	-	-	-	-	-	-	-	13,702,593	10,218,367
Total equity & liabilities	99,302,192	95,243,252	6,801,632	9,098,570	36,043,002	31,701,122	6,907,716	2,984,764	162,757,136	149,246,075
For the period ended 31st March										
Additions to non-current assets	7,825	88,502	536	8,455	-	-	-	2,774	8,361	99,730

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

Item	Bank	
	As at 31.03.2023	As at 31.12.2022 (Audited)
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	12,479	12,519
Core (Tier 1) Capital	12,479	12,519
Total Capital Base	14,803	14,895
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-6.50%, 2022-6.50%)	13.08	12.92
Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-8.00%, 2022-8.00%)	13.08	12.92
Total Capital Ratio (%) - (Minimum Requirement - 2023-12.00%, 2022- 12.00%)	15.52	15.37
Leverage Ratio (Minimum Requirement - 3%)	7.69	7.87
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	29,193	23,309
Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%)	28.53	23.51
Total Stock of High-Quality Liquid Assets (LKR in Millions)	23,630	20,100
Liquidity Coverage Ratio (%) - (Minimum Requirement - 2023-100%, 2022-90%)	309.25	191.22
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	234.62	241.61
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio (%)	7.43	7.57
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	33.86	31.93
Profitability		
Interest Margin (%)	5.34	4.90
Return on Assets (before Taxes) (%)	0.23	0.06
Return on Equity (%)	1.27	0.44

Share Information	31.03.2023	31.12.2022
Market value per share (Rs.)	25.10	21.40
Highest price per share for the period (Rs.)	31.00	28.90
Lowest price per share for the period (Rs.)	20.00	20.20

SANASA DEVELOPMENT BANK PLC
SHAREHOLDER INFORMATION

Twenty Largest Shareholders as at 31.03.2023			
No.	Name of the Shareholder	Number of Shares	Holding (%)
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	2,627,722	1.64%
10	People's Leasing & Finance PLC	2,271,260	1.41%
11	Sampath Bank PLC/Dr.T Senthilverl	1,654,226	1.03%
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		121,440,985	75.57%
Shares held by other shareholders		39,257,847	24.43%
Total		160,698,832	100.00%

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

As at 31.03.2023

Total number of shares	160,698,832
Number of shares in public holding	95,343,880
Number of public shareholders	38,907
Percentage of public holding	59.33%
Market capitalisation	4,033,540,683
Float adjusted market capitalisation	2,392,040,944
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 31.03.2023

No.	Name	No. of Shares
1	Ms.Dinithi Ratnayake (Chairperson)	-
2	Prof.S.Amaratunge	-
3	Mr.Prabhash Subasinghe (resigned from the Board of Directors w.e.f. 31.12.2022)	112,815
4	Mr.Chaaminda Kumarasiri	-
5	Mr.Prasanna Premaratna	1,500
6	Mr.B.R.A.Bandara	11,000
7	Mr.Thusantha Wijemanna	-
8	Mr.S.H.Sarath Nandasiri	-
9	Mr.Conrad Dias	-
10	Mr.Naveendra Sooriyarachchi	-
11	Mr.Romani De Silva	104,650
12	Mr.S.Senthi Aathavan	-
13	Mr.Chandana Dissanayake	-

- 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 In response to the adverse macroeconomic conditions and post-COVID-19 pandemic and the Bank's expectations of economic impacts, key assumptions used in the Bank's calculation of ECL have been revised with complete model validation done through an independent audit team. The economic scenarios and forwardlooking macroeconomic assumptions underpinning the collective provision calculation, while the impact of changing the weights of different macroeconomic scenarios during the year. As of the reporting date, the expected impacts of adverse macro-economic conditions and post-COVID-19 have been captured via the model outcome as well as a separate management overlay reflecting the considerable uncertainty remaining in the modelled outcome given the unprecedented impacts of adverse macro-economic conditions and COVID-19. Although the credit model inputs and assumptions, including forward-looking macroeconomic assumptions, were revised in response to the adverse macroeconomic conditions and COVID-19 pandemic, the fundamental credit model mechanics and methodology underpinning the Bank's calculation of ECL have remained consistent with prior periods.
- 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 **Surcharge Tax**
The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a Surcharge Tax, at the rate of 25% to be imposed on companies that have earned a taxable income in excess of LKR Rs. 2,000 million for the year of assessment 2020/2021.
The tax was imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on April 7, 2022. As the law imposing the surcharge tax was enacted after the end of the reporting period 2021. The Bank paid Rs.521 Mn and the amount paid in total has been adjusted to the opening retained earnings of 2022.