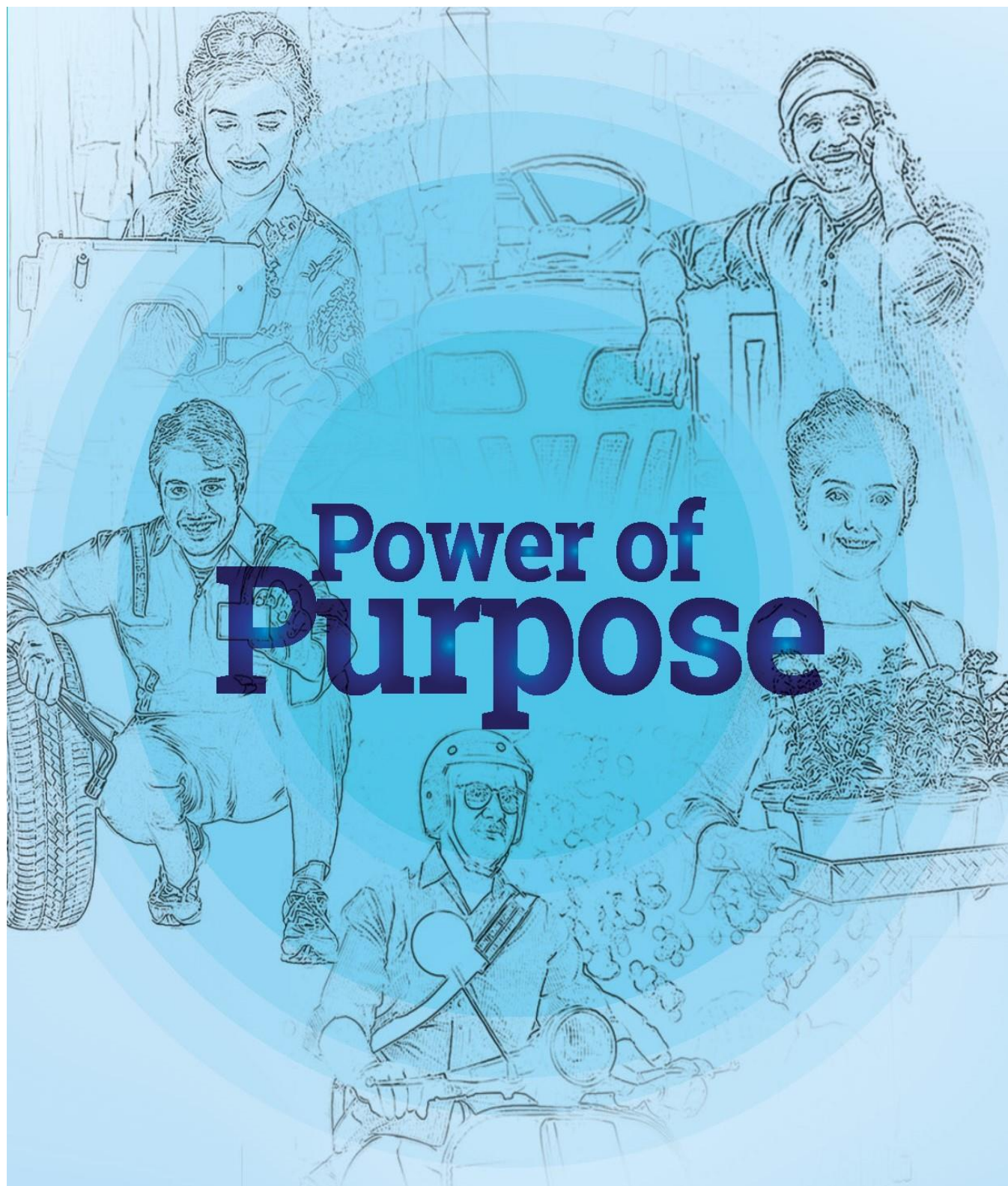


Interim Financial Statements

For the Period Ended September 2022



The period ended September 2022 continued to be a challenging period for the banking sector. Inflation continued its steep increase to cross the 60% threshold, as a result the Treasury Bill rates too increased crossing the 30% threshold and remains at that level. The rupee exchange rate stabilized after the steep depreciation witnessed in Q2, during Q3. The introduction of new taxes combined with high interest rates and the inflationary environment stifled the spending capacity of the consumers. The liquidity shortage in the market saw a negative private sector credit growth during the quarter under review.

Balance Sheet Performance

In this backdrop, SDB Bank prudently curtailed its advances growth, combined with a focus on loan remediation and recovery which resulted in a 1% drop in the net loan portfolio during the year. The bank, further, focused on deposit mobilization which has resulted in the deposit portfolio growing by 9% during the year to cross the LKR100bn threshold. The SDB's bank placements and investments registered a healthy growth of 28% over the year ended Dec 2021.

Profitability

The top line of the bank remained resilient compared to the same period in the prior year. Despite the high interest rate environment, the bank maintained the Net interest income at the prior year levels, whilst increasing its fee income by 36%, to register an overall increase in Total Operating income of 2%.

Overall costs expanded by 7% despite the high inflation and the impact of the rupee depreciation which had a significant impact on the USD denominated IT related expenses. The net income before impairment narrowed by LKR144Mn due to close at LKR1.8Bn

The bank continued to prudently maintain the impairment cover on the credit portfolio for expected future losses. Hence, the impairment cost during the quarter was LKR 650Mn up from LKR96Mn during the same period in 2021. The YTD impairment stood at LKR1.7Bn compared to the LKR0.45Bn in the prior year.

Accordingly, the bank posted a Profit before VAT on financial services of LKR104Mn for the period ended September 2022 and a loss of LKR214Mn for the quarter ended September 2022. The VAT on Financial services was LKR317Mn YTD and LKR140Mn for the Quarter. Accordingly, SDB recorded a loss of 276Mn year to date and a loss of Rs.354Mn for the quarter ended 30th September 2022.

Asset Quality and Capital Ratios

The Stage 3 ratio increased to 6.16% for the period ended September 2022, against the 4.13% recorded as at 31st December 2021. The Impairment ratio marginally reduced to 36.6% from 37% as of June 2022.

The bank's Capital adequacy ratios remained strong with the Tier I ratio at 13.03% against a requirement of 8% and the total capital ratio stood at 15.45% against a requirement of 12%

Outlook

The easing of the fuel shortages, stabilization of social agitation and the subsequent increase in mobility has helped the banks key segments to recover rapidly. However, challenges lie ahead stemming from high level of inflation, high rates of interest and proposed higher taxation which will dramatically reduce the disposable income of the people and as a consequence the repayment capacity of loans. The continued LKR liquidity shortage will see the banking sector scrambling to preserve deposits. Hence the bank is placing increased focus on maintaining the asset quality by remediation action to help customer through these challenging times as well as renewing its deposit mobilization efforts to increase its liquidity buffers. The bank remains committed to ensure support for its SME customer base as well as its other customers throughout the island to help Sri Lanka emerge stronger from this difficult period.

SANASA DEVELOPMENT BANK PLC
INCOME STATEMENT

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 30th September		Change	For the quarter ended 30th September		Change
	2022	2021		2022	2021	
Interest income	15,486,349	10,912,534	42%	6,431,568	3,638,431	77%
Interest expenses	(10,653,053)	(6,030,725)	77%	(5,041,258)	(1,925,598)	162%
Net interest income	4,833,296	4,881,809	-1%	1,390,310	1,712,834	-19%
Fee and commission income	434,961	312,700	39%	271,679	96,964	180%
Fee and commission expenses	(19,301)	(8,034)	140%	(6,147)	(1,761)	249%
Net fee and commission income	415,660	304,665	36%	265,532	95,203	179%
Net gains/(losses) from trading	(1,078)	2,756	-139%	2,226	2,050	9%
Net fair value gains/(losses) on financial assets at fair value through profit or loss	73,098	176,409	-59%	45,138	50,787	-11%
Net other operating income	205,551	47,937	329%	25,717	31,918	-19%
Total operating income	5,526,527	5,413,576	2%	1,728,923	1,892,791	-9%
Impairment for loans and other losses	(1,684,425)	(454,926)	270%	(645,723)	(95,555)	576%
Net operating income	3,842,102	4,958,650	-23%	1,083,200	1,797,236	-40%
Personnel expenses	(2,101,369)	(1,879,494)	12%	(696,107)	(627,227)	11%
Depreciation and amortization expenses	(351,897)	(332,041)	6%	(134,279)	(107,324)	25%
Other expenses	(1,284,660)	(1,269,163)	1%	(467,429)	(497,085)	-6%
Operating profit/ (loss) before VAT on financial services	104,177	1,477,952	-93%	(214,615)	565,601	-138%
Value Added Tax (VAT) on financial services	(317,341)	(410,762)	-23%	(140,448)	(144,290)	-3%
Operating profit/(loss) after VAT on financial services	(213,165)	1,067,190	-120%	(355,064)	421,311	-184%
Profit/(loss) before tax	(213,165)	1,067,190	-120%	(355,064)	421,311	-184%
Income tax expenses	(63,050)	(317,129)	-80%	611	(173,450)	-100%
Profit/(loss) for the period	(276,214)	750,061	-137%	(354,453)	247,861	-243%
Profit/(loss) attributable to:						
Equity holders of the parent	(276,214)	750,061	-137%	(354,453)	247,861	-243%
Non-controlling interests	-	-	-	-	-	-
	(276,214)	750,061	-137%	(354,453)	247,861	-243%
Earnings per share on profit						
Basic earnings per ordinary share (Rs.)	(1.72)	7.45	-123%	(2.21)	2.46	-190%
Diluted earnings per ordinary share (Rs.)	(1.72)	7.45	-123%	(2.21)	2.46	-190%

SANASA DEVELOPMENT BANK PLC
STATEMENT OF COMPREHENSIVE INCOME

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 30th September		Change	For the quarter ended 30th September		Change
	2022	2021		2022	2021	
Profit/(loss) for the period	(276,214)	750,061	-137%	(354,453)	247,861	-243%
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	(276,214)	750,061	-137%	(354,453)	247,861	-243%
Total comprehensive income/(expenses) attributable to:						
Equity holders of the parent	(276,214)	750,061	-137%	(354,453)	247,861	-243%
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income/(expenses) for the period	(276,214)	750,061	-137%	(354,453)	247,861	-243%

SANASA DEVELOPMENT BANK PLC
STATEMENT OF FINANCIAL POSITION

In Rupees Thousands (Rs'000)	Bank		
	As at 30.09.2022	As at 31.12.2021 (Audited)	Change
Assets			
Cash and cash equivalents	3,193,767	3,117,485	2%
Placements with banks	18,064,763	15,108,410	20%
Financial assets fair value through Profit or Loss	1,385,013	727,787	90%
Financial assets at amortised cost			
- loans and receivables from other customers	110,378,315	111,891,256	-1%
- debt and other instruments	16,795,128	12,031,302	40%
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	904,821	952,104	-5%
Right of use assets	504,127	565,477	-11%
Investment properties	19,695	19,167	3%
Intangible assets	466,532	338,933	38%
Deferred tax assets	589,673	299,448	97%
Other assets	3,423,112	2,704,446	27%
Total assets	155,788,046	147,818,916	5%
Liabilities			
Financial liabilities at amortised cost			
- due to depositors	102,646,244	93,902,939	9%
- due to other borrowers	32,649,226	33,569,838	-3%
Subordinated debt	5,229,257	3,752,578	39%
Retirement benefit obligations	621,409	571,665	9%
Current tax liabilities	210,193	293,250	-28%
Other liabilities	1,340,896	1,598,949	-16%
Total liabilities	142,697,226	133,689,220	7%
Equity			
Stated capital/assigned capital	11,287,765	11,287,765	-
Statutory reserve fund	314,173	314,173	-
Retained earnings	1,461,277	2,500,153	-42%
Other reserves	27,605	27,605	-
Total equity	13,090,821	14,129,697	-7%
Total equity and liabilities	155,788,046	147,818,916	5%
Contingent liabilities and commitments	202,716	203,139	0%
Net asset value per share (Rs.)	81	88	-7%
Memorandum information			
Number of employees	1,399	1,433	-2%
Number of branches	94	94	-

Certification:

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

Sgd
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
Dinithi Ratnayake
Chairperson

Sgd
Chaaminda Kumarasiri
Director

Sgd
Niranjana Thangarajah
Acting Chief Executive Officer

11 November 2022
Colombo

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	General reserves						
For the period ended 30.09.2021							
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)	-	-	750,061	-	-	750,061	
Other comprehensive income (net of tax)	-	-	-	-	-	-	
Total comprehensive income/(expenses) for the period	-	-	750,061	-	-	750,061	
Transfer to statutory reserve fund	-	-	-	-	-	-	
Transactions with equity holders, recognized directly in equity							
Rights issue	3,559,824.20	0	0	0	0	3,559,824.20	
Dividend to equity holders						-	
Cash dividend - 2020	-	-	(206,046)	-	-	(206,046)	
Other	-	-	157	-	-	157	
Total transactions with equity holders	3,559,824	-	(205,889)	-	-	3,353,935	
Balance as at 30.09.2021 (Closing balance)	11,287,765	270,009	2,434,792	(19,052)	46,657	14,020,172	
For the period ended 30.09.2022							
Balance as at 01.01.2022 (Opening balance)	11,287,765	314,173	2,500,153	(19,052)	46,657	14,129,697	
Total comprehensive income for the period							
Profit/(loss) for the period (net of tax)	-	-	(276,214)	-	-	(276,214)	
Other comprehensive income (net of tax)	-	-	-	-	-	-	
Total comprehensive income/(expenses) for the period	-	-	(276,214)	-	-	(276,214)	
Transfer to statutory reserve fund	-	-	-	-	-	-	
Transactions with equity holders, recognized directly in equity							
Share issue	-	-	-	-	-	-	
Dividend to equity holders							
Cash dividend - 2021	-	-	(241,048)	-	-	(241,048)	
Other transactions - Surcharge Tax	-	-	(521,613)			(521,613)	
Total transactions with equity holders	-	-	(762,661)	-	-	(762,661)	
Balance as at 30.09.2022 (Closing balance)	11,287,765	314,173	1,461,277	(19,052)	46,657	13,090,821	

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	
	01.01.2022 to 30.09.2022	01.01.2021 to 30.09.2021
Cash flows from / (used in) operating activities		
Interest received	14,451,783	10,714,327
Fee and commission received	663,229	318,371
Receipts from other operating activities*	23,192	40,678
Interest payment	(9,181,029)	(6,494,540)
Cash payment to employees	(1,971,020)	(2,037,387)
Payments to suppliers and other operating activities**	(1,458,310)	(1,242,424)
Fee and commission expenses	(19,301)	(8,034)
Operating profit before changes in operating assets	2,508,543	1,290,991
(Increase)/decrease in operating assets		
Funds advanced to customers	707,909	(7,652,891)
Net (increase)/ decrease in other short term securities	(5,520)	(377,667)
Net (increase)/ decrease in other assets*	(861,082)	(733,993)
Increase/(decrease) in operating liabilities		
Deposits from customers	7,520,522	3,488,081
Net increase/ (decrease) in other liabilities**	(36,285)	(475,594)
Net cash from operating activities before income tax	9,834,088	(4,461,075)
VAT on financial services paid ***	(353,643)	(410,762)
Income tax paid	(831,099)	(347,002)
Net cash from operating activities	8,649,346	(5,218,839)
Cash flows from / (used in) investing activities		
Dividend received	346	7,691
(Increase)/ decrease in dealing securities	(585,206)	-
(Increase)/ decrease in treasury bonds and other investments	(7,879,852)	50,072
Proceeds from sale of property, plant and equipment	(35,722)	(12,611,525)
Purchase of property, plant and equipment	(107,138)	524
Purchase of intangible assets	(189,219)	(392,562)
Net cash from/ (used in) investing activities	(8,796,791)	(12,962,715)
Cash flows from (used in) financing activities		
Proceeds from Issuance/Allotment of Shares	-	3,559,824
Dividend Paid	(241,048)	(206,046)
Proceeds from Issuance/Allotment of Shares		
Repayment of long term borrowing	(27,942,781)	(54,812,763)
Interest paid on subordinated debt	(290,713)	(231,285)
Increase/(decrease) in borrowing	28,533,114	68,547,941
Funds received/(utilized) during the period	-	42
Funds received/(utilized) during the period	-	-
Net cash flow from/ (used in) financing activities	58,571	16,857,713
Net increase/ (decrease) in cash and cash equivalents	(88,875)	(1,323,842)
Cash and cash equivalent at the beginning of the period	7,312,915	12,525,900
Cash and cash equivalents at the end of the period	7,224,040	11,202,058
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	3,193,767	7,004,555
Repurchase agreement	250,123	502,271
Fixed deposits less than 3 months	3,780,150	3,695,233
	7,224,040	11,202,058

*Changes in other assets classified under receipts from other operating activities has been reclassified to net (increase)/ decrease in other assets and comparative figure in these Financial Statements is amended.

**Changes in other liabilities classified under payments on other operating activities has been reclassified to net increase/ (decrease) in other liabilities and comparative figure in these Financial Statements is amended.

*** VAT on FS paid presented under cash flows from operating activities has been reclassified and presented under tax paid and comparative figure in these Financial Statements is amended.

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Bank - As at 30th September 2022				
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL ASSETS				
Cash and cash equivalents	3,193,767	-	-	3,193,767
Placements with banks	18,064,763	-	-	18,064,763
Financial assets fair value through Profit or Loss	-	1,385,013	-	1,385,013
Financial assets at amortised cost				
- loans and receivables from other customers	110,378,315	-	-	110,378,315
- debt and other instruments	16,795,128	-	-	16,795,128
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
Total financial assets	148,431,973	1,385,013	56,939	149,873,924
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
- due to depositors		102,646,244	-	102,646,244
- due to other borrowers		32,649,226	-	32,649,226
Subordinated debt		5,229,257	-	5,229,257
Total financial liabilities		140,524,727	-	140,524,727
Bank - As at 31st December 2021 (Audited)				
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL ASSETS				
Cash and cash equivalents	3,117,485	-	-	3,117,485
Placements with banks	15,108,410	-	-	15,108,410
Financial assets recognized through profit or loss - measured at fair value	-	727,787	-	727,787
Financial assets at amortised cost				
- loans and advances	111,891,256	-	-	111,891,256
- debt and other instruments	12,031,302	-	-	12,031,302
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
Total financial assets	142,148,453	727,787	56,939	142,933,178
In Rupees Thousands (Rs'000)	AC	FVPL	FVOCI	Total
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
- due to depositors		93,902,939	-	93,902,939
- due to other borrowers		33,569,838	-	33,569,838
Subordinated debt		3,752,578	-	3,752,578
Total financial liabilities		131,225,356	-	131,225,356

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 2021. The Bank has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments during the period ended 30th June 2022.

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

	As at 30th September 2022			
	Level 1	Level 2	Level 3	Total
	LKR	LKR	LKR	LKR
Financial assets fair value through profit or loss				
Sri Lanka Government securities- Treasury bills and bonds	-	-	-	-
Unit trusts	-	1,385,013	-	1,385,013
Quoted Equities	-	-	-	-
Fair Value through other comprehensive income				
Unquoted equity securities	-	-	56,939	56,939
	<u>-</u>	<u>1,385,013</u>	<u>56,939</u>	<u>1,441,951</u>
	As at 31 December 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	LKR	LKR	LKR	LKR
Financial assets fair value through profit or loss				
Sri Lanka Government securities- Treasury bonds	-	199,369	-	199,369
Unit trusts	-	511,472	-	511,472
Quoted Equities	16,946	-	-	16,946
Fair Value through other comprehensive income				
Unquoted equity securities	-	-	56,939	56,939
	<u>16,946</u>	<u>710,841</u>	<u>56,939</u>	<u>784,725</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 September 2022	
		Carrying value LKR	Fair value LKR
Financial assets			
Cash and cash equivalents	Note*	3,193,767	3,193,767
Placements with banks	Note*	18,064,763	18,064,763
Financial assets at amortised cost			
- Loans and receivables to other customers	2	110,378,315	110,434,143
- Debt and other instruments	Note*	16,795,128	16,795,128
Total financial assets		<u>148,431,973</u>	<u>148,487,800</u>
Financial liabilities			
Due to other customers	2	102,646,244	102,456,861
Other borrowings	2	32,649,226	32,730,565
Subordinated term debts	Note*	5,229,257	5,229,257
Total financial liabilities		<u>140,524,727</u>	<u>140,416,682</u>

		As at 31st December 2021 (Audited)	
		Carrying value LKR	Fair value LKR
Financial assets			
Cash and cash equivalents	Note*	3,117,485	3,117,485
Placements with banks	Note*	15,108,410	15,108,410
Financial assets at amortised cost			
- Loans and receivables to other customers	2	111,891,256	111,957,861
- Debt and other instruments	Note*	12,031,302	12,031,302
Total financial assets		<u>142,148,453</u>	<u>142,215,059</u>
Financial liabilities			
Due to other customers	2	93,902,939	94,665,950
Other borrowings	2	33,569,838	33,717,033
Subordinated term debts	Note*	3,752,578	3,752,578
Total financial liabilities		<u>131,225,356</u>	<u>132,135,561</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 30.09.2022	As at 31.12.2021 (Audited)
Product-wise gross loans and advances		
By product: LKR		
Pawning	4,708,305	3,016,066
Cash margin	10,413,217	5,463,782
Staff loans	2,116,679	1,849,080
Lease rentals receivable	8,954,167	10,337,717
<i>Term loans</i>		
Business loans	3,300,478	3,106,067
SME loans	15,035,247	16,176,787
Co-operative loans	2,299,766	2,921,501
Housing loans	2,869,358	3,240,516
Fixed and floating personal loans	26,943,719	28,570,581
Upahara loans	38,457,128	40,175,189
Other personal loans	861,609	929,695
Total	115,959,673	115,786,982
Product-wise commitments and contingencies		
By product: LKR		
Guarantees	202,716	203,139
Total	202,716	203,139
Total loans and advances, commitments and contingencies	116,162,389	115,990,122
Stage-wise impairment on loans and advances, commitments and contingencies		
Gross loans and advances, commitments and contingencies	116,162,389	115,990,122
Less: Accumulated impairment under stage 1	(563,423)	(684,544)
Accumulated impairment under stage 2	(1,044,543)	(468,754)
Accumulated impairment under stage 3	(3,973,391)	(2,742,429)
Net loans and advances, commitments and contingencies	110,581,032	112,094,395
Movement of impairment during the period		
Under Stage 1		
Opening balance	684,544	662,090
Charges / (Write back) to income statement	(121,121)	22,454
Other movements	-	-
Closing balance	563,423	684,544
Under Stage 2		
Opening balance	468,754	154,079
Charges / (Write back) to income statement	575,790	314,675
Other movements	-	-
Closing balance	1,044,543	468,754
Under Stage 3		
Opening balance	2,742,429	2,496,846
Charges / (Write back) to income statement	1,230,962	309,690
Write - off during the year	-	(64,107)
Other movements	-	-
Closing balance	3,973,391	2,742,429
Total impairment	5,581,358	3,895,727

SANASA DEVELOPMENT BANK PLC
ANALYSIS OF DEPOSITS

In Rupees Thousands (Rs'000)	Bank	
	As at 30.09.2022	As at 31.12.2021 (Audited)
By product: Rs.		
Savings deposits	15,375,721	22,338,016
Fixed deposits	87,270,523	71,564,923
Total deposits	102,646,244	93,902,939

SANASA DEVELOPMENT BANK PLC
SEGMENT REPORTING

Bank	In Rupees Thousands (Rs'000)									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
For the period ended 30th September										
Interest income	10,905,495	8,702,863	1,151,638	1,291,030	3,073,727	712,130	355,488	206,511	15,486,349	10,912,534
Add: Inter-segment interest income	1,108,316	659,022	-	-	3,422,861	2,207,138	-	-	4,531,177	2,866,159
Total interest income	12,013,811	9,361,885	1,151,638	1,291,030	6,496,588	2,919,268	355,488	206,511	20,017,526	13,778,693
Interest expenses	(5,927,012)	(3,989,353)			(3,932,474)	(1,534,482)			(9,859,486)	(6,030,725)
Add: Inter-segment interest expense	(3,422,861)	(2,207,138)	(507,298)	(384,345)	(1,108,316)	(659,022)	(286,269)	(122,545)	(5,324,744)	(2,866,159)
Net interest income	2,663,938	3,165,394	644,340	906,685	1,455,799	725,764	69,220	83,965	4,833,296	4,881,809
Fee and commission income	426,529	298,219	8,432	14,480	-	-	-	-	434,961	312,700
Fee and commission expenses	(17,780)	(7,328)	(1,522)	(706)	-	-	-	-	(19,301)	(8,034)
Net fee and commission income	408,749	290,891	6,910	13,774	-	-	-	-	415,660	304,665
Net gains/(losses) from trading	-	-	-	-	(1,078)	2,756	-	-	(1,078)	2,756
Net fair value gains/(losses) from financial assets at fair value through profit or loss	-	-	-	-	73,098	176,409	-	-	73,098	176,409
Other operating income (net)	205,205	40,246	-	-	346	7,691	-	-	205,551	47,937
Total operating income	3,277,892	3,496,530	651,250	920,459	1,528,165	912,621	69,220	83,965	5,526,527	5,413,576
Impairment for loans and other losses	(1,821,051)	(234,051)	136,648	(219,334)	1,206	(1,494)	(1,229)	(48)	(1,684,425)	(454,926)
Net operating income	1,456,841	3,262,479	787,899	701,126	1,529,371	911,127	67,991	83,917	3,842,102	4,958,650
Depreciation and amortization	(310,179)	(294,441)	(26,549)	(28,367)	(188)	(187)	(14,981)	(9,045)	(351,897)	(332,041)
Segment Result	1,146,662	2,968,038	761,350	672,759	1,529,184	910,940	53,009	74,873	3,490,206	4,626,609
Un-allocated expenses									(3,386,029)	(3,148,657)
Value Added Tax (VAT) on financial services									(317,341)	(410,762)
Profit before tax									(213,165)	1,067,190
Tax expenses									(63,050)	(317,129)
Profit for the period									(276,215)	750,061
Other comprehensive income									-	-
Other comprehensive income for the period net of tax									-	-
Total comprehensive income for the period									(276,215)	750,061
As at 30th September										
Segment assets	97,344,827	97,514,348	8,331,834	9,394,793	39,495,609	34,160,389	4,701,708	2,995,458	149,873,977	144,064,988
Un allocated assets	-	-	-	-	-	-	-	-	5,914,122	4,864,577
Total assets	97,344,827	97,514,348	8,331,834	9,394,793	39,495,609	34,160,389	4,701,708	2,995,458	155,788,099	148,929,565
Segment liabilities	91,758,705	91,317,132	7,853,712	8,797,737	38,652,957	31,989,433	4,431,901	2,805,091	142,697,275	134,909,393
Total equity	-	-	-	-	-	-	-	-	13,090,821	14,020,172
Total equity & liabilities	91,758,705	91,317,132	7,853,712	8,797,737	38,652,957	31,989,433	4,431,901	2,805,091	155,788,096	148,929,565
For the period ended 30th September										
Additions to non-current assets	261,363	363,315	22,370	35,003	-	-	12,624	11,160	296,357	409,478

SANASA DEVELOPMENT BANK PLC
INFORMATION OF RIGHTS ISSUE AND SECONDARY PUBLIC OFFER OF ORDINARY VOTING SHARES

Rights Issue December 2020

Rights Issue/Secondary Public Offer	Date of allotment	No. of shares provisionally allotted	Consideration per share (LKR)	Final allotment (No. of shares)	Amount raised (LKR)	Proportion	Date issued/listed
				no. of shares			
					LKR		
Rights Issue	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

Secondary Public Offer (SPO) of Ordinary Shares in August 2021

Rights Issue/Secondary Public Offer	Consideration per share (LKR)	Final allotment (No. of shares)	Amount raised (LKR)	Date listed
SPO	51.50	69,122,800	3,559,824,200	25 August 2021

Utilization of funds raised through Secondary Public Offer (SPO) of Ordinary Shares in August 2021

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	% utilization against allocation
1	Further strengthen the Equity Base of the Bank and thereby improve Tier I Capital Adequacy requirements stipulated under Basel III guidelines of the Central Bank of Sri Lanka (CBSL).	4,532,000,000	Upon the allotment of new shares	3,559,824,200	100	3,559,824,200	100
2	Part finance the growth in the loan portfolio of the Bank.	4,532,000,000	Before the end of FY 2022 based on the anticipated demand for credit.	3,559,824,200	100	3,559,824,200	100

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

Item	Bank	
	As at 30.09.2022	As at 31.12.2021 (Audited)
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	12,023	13,491
Core (Tier 1) Capital	12,023	13,491
Total Capital Base	14,250	16,174
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2022-6.50%, 2021-6.50%)	13.03	13.16
Tier 1 Capital Ratio (%) - (Minimum Requirement - 2022-8.00%, 2021-8.00%)	13.03	13.16
Total Capital Ratio (%) - (Minimum Requirement - 2022-12.00%, 2021- 12.00%)	15.45	15.78
Leverage Ratio (Minimum Requirement - 3%)	7.74	9.11
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	23,357	20,695
Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%)	24.36	22.37
Total Stock of High-Quality Liquid Assets (LKR in Millions)	16,758	12,783
Liquidity Coverage Ratio (%) - (Minimum Requirement - 2022-100%, 2021-90%)	169.98	134.82
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	278.00	137.61
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio (%)	6.16%	4.13
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	36.6%	36.98
Profitability		
Interest Margin (%)	4.64%	5.47
Return on Assets (before Taxes) (%)	-0.19%	0.96
Return on Equity (%)	-2.71%	7.35

Share Information	30.09.2022	30.09.2021
Market value per share (Rs.)	27.80	50.90
Highest price per share for the period (Rs.)	32.40	56.00
Lowest price per share for the period (Rs.)	18.50	49.80

SANASA DEVELOPMENT BANK PLC
SHAREHOLDER INFORMATION

Twenty Largest Shareholders as at 30.09.2022			
No.	Name of the Shareholder	Number of Shares	Holding (%)
1	Iconic Property Twenty Three (Private) Limited	24,104,800	15.00%
2	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	17,609,503	10.96%
3	Ayenka Holdings Private Limited	17,604,953	10.96%
4	Belgian Investment Company for Developing Countries SA/NV	16,069,800	10.00%
5	Senthilverl Holdings (Pvt) Ltd	15,667,291	9.75%
6	SANASA Life Insurance Company Ltd	4,715,996	2.93%
7	Dr. T.Senthilverl	4,039,773	2.51%
8	Alliance Finance Company PLC	3,516,310	2.19%
9	SBI Emerging Asia Financial Sector Fund PTE. LTD	2,885,618	1.80%
10	Peoples Leasing & Finance PLC/L.P.Hapangama	2,627,722	1.64%
11	People's Leasing & Finance PLC	2,271,260	1.41%
12	Bank of Ceylon A/C Ceybank Unit Trust	1,539,241	0.96%
13	Sarvanan Neelakandan	1,442,060	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	Bingiriya Multi Purpose Co-operative Society Ltd	982,521	0.61%
19	DFCC Bank PLC/ J. N Lanka Holdings Company (Pvt) Ltd.	970,900	0.60%
20	Sanasa Ferderation Limited	811,816	0.51%
Sub total		121,251,175	73.80%
Shares held by other shareholders		39,447,657	26.20%
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 30.09.2022

Total number of shares	160,698,832
Number of shares in public holding	95,535,740
Number of public shareholders	38,978
Percentage of public holding	59%
Market capitalisation	4,467,427,530
Float adjusted market capitalisation	2,655,885,666
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 30.09.2022

No.	Name	No. of Shares
1	Ms.Dinithi Ratnayake (Chairperson)	-
2	Prof.S.Amaratunge	-
3	Mr.P.Subasinghe	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 unless stated 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 2021.
- 3 There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through issue of shares other than stated below:

Bank raised Rs. 3,559,824,200/- through Secondary Public Offer (SPO) of Ordinary Shares on 25th August 2021 and utilization of the funds is disclosed under the Rights Issue and Secondary Public Offer information. The funds raised through Secondary Public Offer were utilized for the objectives mentioned in the Prospectus.

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.

- 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 Impact due to the COVID – 19

The outbreak of COVID-19 has caused disruption to business and economic activities, and uncertainty in the global and local economy. Subsequent to the outbreak of COVID-19 in Sri Lanka, the Bank has strictly adhered to the guidelines and directions issued by both the government and the Central Bank of Sri Lanka (CBSL) when conducting its business operations. Further, the Bank has provided relief for the affected businesses and individuals in line with the directions issued by the CBSL in addition to its own relief schemes. These relief measures include deferment of repayment terms of credit facilities, offering concessionary rates of interest on eligible loan products (debt moratorium) and waiving off certain fees and charges. The Bank continuously monitors the impact of the pandemic and takes necessary action to manage its impact on the operations and performance of the Bank.

ECL Assessment and computation

The Bank reassessed the Impairment Model in terms of the Loss given Default (LGD) on the collateralized portfolio, where the bank moved into an asset class-based approach during Q2/2022 to better reflect the market values of different asset classes and their recoverability. This revised LGD were used in the Significant and Collective impairments in the Leasing Portfolio and for Significant impairment on the Loans & Advances portfolio. Stage assessment was carried out after stress testing to address potential significant increase in credit risk (SICR) based on the conditions which are prevalent in the economy. The Bank continued to make additional provisions for impairment of Loans and Advances, outside the Expected Credit Loss model in these financial statements, by using management overlays in respect of exposures to specific industries where an elevated level of risk was identified. Bank has made adequate provisions for expected credit losses in the financial statements as at 30th September 2022 to ensure that the potential impact to its loan portfolio is adequately covered.

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. The Bank paid the 1st installment out of two equal installments amounting to Rs. 260.8 Mn. on April 20, 2022, and second installment amounting Rs.260.8 Mn. paid on 20th July 2022.