

# Interim Financial Statements

## For the Period Ended September 2023



SANASA Development Bank PLC



## **SDB Bank continues with resilient performance in Q3 2023**

- PAT increases by 166% over September 2022
- NIM increase by 68bps to 5.13%
- Total Capital Ratio stands at 15.26%
- Liquidity Coverage Ratio improves to 258.73%

The Sri Lankan economy continues to stabilize the macro economic factors on the back of low single digit inflation and downward trend in interest rates. The CBSL took steps to reduce policy rates and SRR by 2% in Q3 2023. The FX inflows from worker remittances tourism continued to improve having gone past the 2022 full year figure by August of 2023. The Gross foreign reserves were recorded at USD 3.6 Bn as of August 2023 which has helped stabilize the exchange rate. The GDP for Q2 recorded a contract of 3.1% compared to a 11.5% contraction in Q1 of 2023.

### **Performance**

Despite the ongoing economic challenges, SDB Bank continues its resilient growth, registering a PAT of Rs 183 Mn by the third quarter of 2023 reflecting a growth of 166% and Operating income increased by 22% over the same period in the prior year on the back of an improved NIM which increased from 4.45% as at end of 2022 to 5.13%. The overhead expenses expanded by 18% driven mainly by expansion of other operating expenses on the back of higher energy and utility costs as well generally higher cost of supplies. This in comparison to the 35% expansion in Net Operating Income.

Impairments were lower by 8% compared to the same period in the prior year reflecting the effect of remediation and collection efforts of the bank. The impairment coverage on Stage 3 loans improved to 37.71% in Q3 2023 from 31.93% as of the end of 2022

During the period under review the balance sheet reduced marginally by 2% mainly due to the Rupee appreciation. The loan book reduced as short term loans were repaid whilst deposits registered a marginal growth. The investment portfolio continued to improve enhancing the liquidity position of the bank.

### **Outlook**

Consistent with our anticipations the Real Sector GDP contracted by 3.1% in Q2 2023. However, a moderate recovery is projected in Q4, with an expected growth of 1.7% in 2024. Despite this growth, the economy will remain below the 2016 levels. The growth in credit to the private sector is expected to be sluggish in 2024 as the disposable income available for consumption will be limited.

SDB Bank is working closely with its clients to ensure that they remain resilient and geared to capitalize on the expected economic recovery in 2024.

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

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 30 <sup>th</sup> September		Change	For the quarter ended 30 <sup>th</sup> September		Change
	2023	2022		2023	2022	
Interest income	23,045,938	15,486,349	49%	7,382,348	6,431,568	15%
Interest expenses	(16,991,899)	(10,653,053)	60%	(5,190,132)	(5,041,258)	3%
<b>Net interest income</b>	<b>6,054,040</b>	<b>4,833,296</b>	<b>25%</b>	<b>2,192,215</b>	<b>1,390,310</b>	<b>58%</b>
Fee and commission income	255,301	434,961	-41%	86,472	271,679	-68%
Fee and commission expenses	(28,142)	(19,301)	46%	(12,121)	(6,147)	97%
<b>Net fee and commission income</b>	<b>227,159</b>	<b>415,660</b>	<b>-45%</b>	<b>74,351</b>	<b>265,532</b>	<b>-72%</b>
Net gains/(losses) from trading	1,258	(1,078)	-217%	-	2,226	-100%
Net fair value gains/(losses) on financial assets at fair value through profit or loss	397,349	73,098	444%	51,523	45,138	14%
Net other operating income	51,714	205,551	-75%	78,243	25,717	204%
<b>Total operating income</b>	<b>6,731,520</b>	<b>5,526,527</b>	<b>22%</b>	<b>2,396,332</b>	<b>1,728,923</b>	<b>39%</b>
Impairment for loans and other losses	(1,555,352)	(1,684,425)	-8%	(754,122)	(645,723)	17%
<b>Net operating income</b>	<b>5,176,168</b>	<b>3,842,102</b>	<b>35%</b>	<b>1,642,210</b>	<b>1,083,200</b>	<b>52%</b>
Personnel expenses	(2,328,241)	(2,101,369)	11%	(773,392)	(696,107)	11%
Depreciation and amortization expenses	(418,603)	(351,897)	19%	(138,568)	(134,279)	3%
Other expenses	(1,668,421)	(1,284,660)	30%	(524,002)	(467,429)	12%
<b>Total Admin and Other Operational Expenses</b>	<b>(4,415,265)</b>	<b>(3,737,926)</b>	<b>18%</b>	<b>(1,435,962)</b>	<b>(1,297,815)</b>	<b>11%</b>
<b>Operating profit/ (loss) before VAT on financial services &amp; SSCL</b>	<b>760,903</b>	<b>104,177</b>	<b>630%</b>	<b>206,249</b>	<b>(214,615)</b>	<b>196%</b>
Value Added Tax (VAT) on financial services	(404,075)	(317,341)	27%	(126,776)	(140,448)	-10%
Social Security Contribution Levy (SSCL)	(47,590)	-	100%	(9,076)	-	100%
<b>Operating profit/(loss) after VAT on financial services and SSCL</b>	<b>309,238</b>	<b>(213,165)</b>	<b>245%</b>	<b>70,397</b>	<b>(355,064)</b>	<b>120%</b>
<b>Profit/(loss) before tax</b>	<b>309,238</b>	<b>(213,165)</b>	<b>245%</b>	<b>70,397</b>	<b>(355,064)</b>	<b>120%</b>
Income tax expenses	(126,379)	(63,050)	100%	(37,634)	611	-6262%
<b>Profit/(loss) for the period</b>	<b>182,859</b>	<b>(276,214)</b>	<b>166%</b>	<b>32,763</b>	<b>(354,453)</b>	<b>109%</b>
<b>Profit/(loss) attributable to:</b>						
Equity holders of the parent	182,859	(276,214)	166%	32,763	(354,453)	109%
Non-controlling interests	-	-	-	-	-	-
	<b>182,859</b>	<b>(276,214)</b>	<b>166%</b>	<b>32,763</b>	<b>(354,453)</b>	<b>109%</b>
<b>Earnings per share on profit</b>						
Basic earnings per ordinary share (Rs.)	1.14	(1.72)	166%	0.20	(6.29)	103%
Diluted earnings per ordinary share (Rs.)	1.14	(1.72)	166%	0.20	(6.29)	103%

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

In Rupees Thousands (Rs'000)	Bank					
	For the period ended 30 <sup>th</sup> September		Change	For the quarter ended 30 <sup>th</sup> September		Change
	2023	2022		2023	2022	
<b>Profit/(loss) for the period</b>	<b>182,859</b>	<b>(276,214)</b>	<b>166%</b>	<b>32,763</b>	<b>(354,453)</b>	<b>109%</b>
<b>Other comprehensive income/(expenses) not to be reclassified to income statement</b>						
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-
Deferred tax relating to defined benefit plans	-	-	-	-	-	-
Gains/(Losses) on re-measuring investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-
<b>Other comprehensive income/(expenses) for the period net of taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>182,859</b>	<b>(276,214)</b>	<b>166%</b>	<b>32,763</b>	<b>(354,453)</b>	<b>109%</b>
<b>Total comprehensive income/(expenses) attributable to:</b>						
Equity holders of the parent	182,859	(276,214)	166%	32,763	(354,453)	109%
Non-controlling interests	-	-	-	-	-	-
<b>Total comprehensive income/(expenses) for the period</b>	<b>182,859</b>	<b>(276,214)</b>	<b>166%</b>	<b>32,763</b>	<b>(354,453)</b>	<b>109%</b>

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

In Rupees Thousands (Rs'000)	Bank		
	As at 30.09.2023	As at 31.12.2022 (Audited)	Change
<b>Assets</b>			
Cash and cash equivalents	3,039,925	3,072,845	-1%
Placements with banks	15,825,191	18,205,196	-13%
Financial assets fair value through Profit or Loss	3,532,570	1,905,738	85%
Financial assets at amortised cost			
- loans and receivables from other customers	101,178,683	110,525,450	-8%
- debt and other instruments	26,403,758	19,819,736	33%
Financial assets measured at fair value through other comprehensive income	56,940	56,939	-
Investment in subsidiary	6,163	6,163	-
Property, plant and equipment	786,681	1,093,191	-28%
Right of use assets	642,737	609,201	6%
Non-current assets held for sale	-	43,566	-100%
Intangible assets	732,392	538,831	36%
Deferred tax assets	853,861	600,628	42%
Other assets	3,172,349	3,043,547	4%
<b>Total assets</b>	<b>156,231,249</b>	<b>159,521,032</b>	<b>-2%</b>
<b>Liabilities</b>			
Financial liabilities at amortised cost			
- due to depositors	108,024,410	107,533,002	0%
- due to other borrowers	26,080,083	30,704,548	-15%
Subordinated debt	4,511,836	5,055,590	-11%
Retirement benefit obligations	803,068	714,077	12%
Current tax liabilities	499,816	182,245	174%
Other liabilities	2,469,962	1,672,355	48%
<b>Total liabilities</b>	<b>142,389,175</b>	<b>145,861,817</b>	<b>-2%</b>
<b>Equity</b>			
Stated capital/assigned capital	11,287,765	11,287,765	-
Statutory reserve fund	317,231	317,231	-
Retained earnings	1,950,435	1,767,576	10%
Other reserves	286,642	286,642	-
<b>Total equity</b>	<b>13,842,074</b>	<b>13,659,215</b>	<b>1%</b>
<b>Total equity and liabilities</b>	<b>156,231,249</b>	<b>159,521,032</b>	<b>-2%</b>
<b>Contingent liabilities and commitments</b>	<b>754,875</b>	<b>728,285</b>	<b>4%</b>
<b>Net asset value per share (Rs.)</b>	<b>86</b>	<b>85</b>	<b>1%</b>
<b>Memorandum information</b>			
Number of employees	1,315	1,381	-5%
Number of branches	94	94	-

**Certification:**

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

**SGD**

Sanjeeva Jayasinghe  
Head of Finance

**SGD**

Shanka Abeywardene  
DGM-Finance & Planning / CFO

We, the undersigned, being the Directors of the SANASA Development Bank PLC,  
jointly certify that :-

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka; and  
(b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank, unless indicated as audited.

**SGD**

Chaaminda Kumarasiri  
Director

**SGD**

Dinithi Ratnayake  
Chairperson

**SGD**

Priyantha Talwatte  
Chief Executive Officer

09 November 2023  
Colombo

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

In Rupees Thousands (Rs'000)	Bank						
	Stated capital / Assigned capital	Reserves					Total equity
		Ordinary voting shares	Statutory reserve fund	Retained earnings	Other reserves		
OCI reserve	Revaluation reserve				General reserves		
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
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022			(521,613)				(521,613)
Adjusted balance as at 01.01.2022	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)	-	-	(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							
Cash dividend - 2021	-	-	(241,048)	-		-	(241,048)
Other	-	-	-	-		-	-
Total transactions with equity holders	-	-	(241,048)	-	-	-	(241,048)
Balance as at 30.09.2022 (Closing balance)	11,287,765	314,173	1,461,277	(19,052)	-	46,657	13,090,821
For the period ended 30.09.2023							
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)	-	-	182,859	-		-	182,859
Other comprehensive income (net of tax)	-	-	-	-		-	-
Total comprehensive income/(expenses) for the period	-	-	182,859	-	-	-	182,859
Transfer to statutory reserve fund	-	-	-	-		-	-
Transactions with equity holders, recognized directly in equity							
Other transactions	-	-	-				-
Total transactions with equity holders	-	-	-	-	-	-	-
Balance as at 30.09.2023 (Closing balance)	11,287,765	317,231	1,950,435	(19,052)	259,037	46,657	13,842,074

**Statutory Reserve Fund**

Every Licensed Specialised Bank has to make a Provision not less than 5% out of profit after tax to the Statutory Reserve Fund. Such provision should be made annually as stipulated by the Banking Act No. 30 of 1988 as amended by Banking (Amendment) Act No. 33 of 1995 until the said Reserve Fund is equal to 50% of the Equity Capital of the Bank. Thereafter, the Bank has to make a provision not less than 2% out of profit after tax to the Statutory Reserve Fund until the said Fund is equal to the Equity Capital of the Bank.

**General Reserve**

The General Reserve is created after provisioning for a Statutory Reserve Fund and Interim Dividend payments for the respective shareholders, this reserve will be used by the Bank for the future capitalisation purposes of the Bank.

**Fair value through OCI / Available For Sale Reserve / Revaluation Reserve**

These reserves consist of fair value adjustments relevant to investment portfolios and land and building.

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

In Rupees Thousands (Rs'000)	Bank	
	01.01.2023 to 30.09.2023	01.01.2022 to 30.09.2022
<b>Cash flows from / (used in) operating activities</b>		
Interest received	20,004,964	14,451,783
Fee and commission received	209,624	663,229
Receipts from other operating activities	153,310	23,192
Interest payment	(17,961,363)	(9,181,029)
Cash payment to employees	(2,070,231)	(1,971,020)
Payments to suppliers and other operating activities	(1,218,041)	(1,458,310)
Fee and commission expenses	(28,142)	(19,301)
<b>Operating profit before changes in operating assets</b>	<b>(909,879)</b>	<b>2,508,543</b>
<b>(Increase)/decrease in operating assets</b>		
Funds advanced to customers	10,037,669	707,909
Net (increase)/ decrease in other short term securities	(4,235)	(5,520)
Net (increase)/ decrease in other assets	(366,558)	(861,082)
<b>Increase/(decrease) in operating liabilities</b>		
Deposits from customers	1,514,559	7,520,522
Net increase/ (decrease) in other liabilities	885,624	(36,285)
<b>Net cash from operating activities before income tax</b>	<b>11,157,180</b>	<b>9,834,088</b>
VAT and SSCL on financial services	(410,460)	(353,643)
Income tax paid	(54,662)	(831,099)
<b>Net cash from operating activities</b>	<b>10,692,059</b>	<b>8,649,346</b>
<b>Cash flows from / (used in) investing activities</b>		
Dividend received	7,590.50	346
(Increase)/ Decrease in Non Dealing Securities	(1)	-
(Increase)/ decrease in dealing securities	(1,228,225)	(585,206)
(Increase)/ decrease in treasury bonds and other investments	(4,534,596)	(7,879,852)
Proceeds from sale of property, plant and equipment	107,505	(35,722)
Purchase of property, plant and equipment	(78,398)	(107,138)
Purchase of intangible assets	(69,687)	(189,219)
<b>Net cash from/ (used in) investing activities</b>	<b>(5,795,811)</b>	<b>(8,796,791)</b>
<b>Cash flows from (used in) financing activities</b>		
Dividend Paid	-	(241,048)
Repayment of long term borrowing	(21,333,437)	(27,942,781)
Interest paid on subordinated debt	(646,920)	(290,713)
Increase/(decrease) in borrowing	16,825,689	28,533,114
<b>Net cash flow from/ (used in) financing activities</b>	<b>(5,154,668)</b>	<b>58,571</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(258,421)</b>	<b>(88,875)</b>
Cash and cash equivalent at the beginning of the period	3,348,345	7,312,915
<b>Cash and cash equivalents at the end of the period</b>	<b>3,089,925</b>	<b>7,224,040</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents	3,039,925	3,193,767
Repurchase agreement	-	250,123
Fixed deposits less than 3 months	50,000	3,780,150
	<b>3,089,925</b>	<b>7,224,040</b>



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

<b>Bank - As at 30<sup>th</sup> September 2023</b>				
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	3,039,925	-	-	3,039,925
Placements with banks	15,825,191	-	-	15,825,191
Financial assets fair value through Profit or Loss	-	3,532,570	-	3,532,570
Financial assets at amortised cost				
- loans and receivables from other customers	101,178,683	-	-	101,178,683
- debt and other instruments	26,403,758	-	-	26,403,758
Financial assets measured at fair value through other comprehensive income	-	-	56,940	56,940
<b>Total financial assets</b>	<b>146,447,556</b>	<b>3,532,570</b>	<b>56,940</b>	<b>150,037,066</b>
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at amortised cost				
- due to depositors		108,024,410	-	108,024,410
- due to other borrowers		26,080,083	-	26,080,083
Subordinated debt		4,511,836	-	4,511,836
<b>Total financial liabilities</b>		<b>138,616,328</b>	<b>-</b>	<b>138,616,328</b>
<b>Bank - As at 31<sup>st</sup> December 2022 (Audited)</b>				
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	3,072,845	-	-	3,072,845
Placements with banks	18,205,196	-	-	18,205,196
Financial assets recognized through profit or loss - measured at fair value	-	1,905,738	-	1,905,738
Financial assets at amortised cost				
- loans and advances	110,525,450	-	-	110,525,450
- debt and other instruments	19,819,736	-	-	19,819,736
Financial assets measured at fair value through other comprehensive income	-	-	56,939	56,939
<b>Total financial assets</b>	<b>151,623,227</b>	<b>1,905,738</b>	<b>56,939</b>	<b>153,585,904</b>
<b>In Rupees Thousands (Rs'000)</b>	<b>AC</b>	<b>FVPL</b>	<b>FVOCI</b>	<b>Total</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities at amortised cost				
- due to depositors		107,533,002	-	107,533,002
- due to other borrowers		30,704,548	-	30,704,548
Subordinated debt		5,055,590	-	5,055,590
<b>Total financial liabilities</b>		<b>143,293,140</b>	<b>-</b>	<b>143,293,140</b>

AC - Amortised Cost

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

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

**SANASA DEVELOPMENT BANK PLC**  
**FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS**

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described below:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

There are no material changes in the fair value of financial assets categorised under Level 3 compared to the values reported as at 31<sup>st</sup> December 2022. The Bank has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments during the period ended 30<sup>th</sup> September 2023.

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

	<b>As at 30<sup>th</sup> September 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>LKR</b>	<b>LKR</b>	<b>LKR</b>	<b>LKR</b>
<b>Financial assets fair value through profit or loss</b>				
Sri Lanka Government securities- Treasury bills and bonds	-	2,650,054	-	2,650,054
Unit trusts	-	882,516	-	882,516
Quoted Equities	-	-	-	-
<b>Fair Value through other comprehensive income</b>				
Unquoted equity securities	-	-	56,940	56,940
	-	3,532,570	56,940	3,589,510
	<b>As at 31<sup>st</sup> December 2022 (Audited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>LKR</b>	<b>LKR</b>	<b>LKR</b>	<b>LKR</b>
<b>Financial assets fair value through profit or loss</b>				
Sri Lanka Government securities- Treasury bonds	-	-	-	-
Unit trusts	-	1,905,738	-	1,905,738
Quoted Equities	-	-	-	-
<b>Fair Value through other comprehensive income</b>				
Unquoted equity securities	-	-	56,939	56,939
	-	1,905,738	56,939	1,962,677



**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 30 <sup>th</sup> September 2023 Carrying value LKR	Fair value LKR
<b>Financial assets</b>			
Cash and cash equivalents	Note*	3,039,925	3,039,925
Placements with banks	Note*	15,825,191	15,825,191
Financial assets at amortised cost			
- Loans and receivables to other customers	2	101,178,683	100,370,989
- Debt and other instruments	Note*	26,403,758	26,403,758
<b>Total financial assets</b>		<u>146,447,556</u>	<u>145,639,863</u>
<b>Financial liabilities</b>			
Due to other customers	2	108,024,410	113,186,834
Other borrowings	2	26,080,083	26,080,083
Subordinated term debts	Note*	4,511,836	4,511,836
<b>Total financial liabilities</b>		<u>138,616,328</u>	<u>143,778,753</u>
		As at 31 <sup>st</sup> December 2022 (Audited) Carrying value LKR	Fair value LKR
<b>Financial assets</b>			
Cash and cash equivalents	Note*	3,072,845	3,072,845
Placements with banks	Note*	18,205,196	18,205,196
Financial assets at amortised cost			
- Loans and receivables to other customers	2	110,525,450	110,233,997
- Debt and other instruments	Note*	19,819,736	19,819,736
<b>Total financial assets</b>		<u>151,623,227</u>	<u>151,331,774</u>
<b>Financial liabilities</b>			
Due to other customers	2	107,533,002	107,391,059
Other borrowings	2	30,704,548	30,774,489
Subordinated term debts	Note*	5,055,590	5,055,590
<b>Total financial liabilities</b>		<u>143,293,140</u>	<u>143,221,138</u>

Note\*

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

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

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

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

In Rupees Thousands (Rs'000)	Bank	
	As at 30.09.2023	As at 31.12.2022 (Audited)
<b>Product-wise gross loans and advances</b>		
<b>By product: LKR</b>		
Pawning	7,102,065	5,820,218
Cash margin	8,543,636	11,770,371
Staff loans	1,983,747	2,046,486
Lease rentals receivable	5,891,628	8,236,392
<i>Term loans</i>	-	-
Business loans	1,642,619	3,247,585
SME loans	13,768,889	14,400,557
Co-operative loans	1,597,332	2,074,009
Housing loans	2,575,442	2,788,477
Fixed and floating personal loans	25,244,603	26,549,542
Upahara loans	39,395,595	38,581,285
Other personal loans	778,739	804,843
<b>Total</b>	<b>108,524,295</b>	<b>116,319,764</b>
<b>Product-wise commitments and contingencies</b>		
<b>By product: LKR</b>		
Guarantees	237,731	249,175
Undrawn Credit Lines	517,144	479,110
<b>Total</b>	<b>754,875</b>	<b>728,285</b>
<b>Total loans and advances, commitments and contingencies</b>	<b>109,279,171</b>	<b>117,048,049</b>
<b>Stage-wise impairment on loans and advances, commitments and contingencies</b>		
<b>Gross loans and advances, commitments and contingencies</b>	<b>109,279,171</b>	<b>117,048,049</b>
Less: Accumulated impairment under stage 1	(845,452)	(837,536)
Accumulated impairment under stage 2	(1,134,408)	(969,078)
Accumulated impairment under stage 3	(5,365,753)	(3,987,699)
<b>Net loans and advances, commitments and contingencies</b>	<b>101,933,558</b>	<b>111,253,735</b>
<b>Movement of impairment during the period</b>		
<b>Under Stage 1</b>		
Opening balance	837,536	684,544
Charges / (Write back) to income statement	7,915	152,992
Other movements	-	-
Closing balance	845,452	837,536
<b>Under Stage 2</b>		
Opening balance	969,078	468,754
Charges / (Write back) to income statement	165,330	500,325
Other movements	-	-
Closing balance	1,134,408	969,078
<b>Under Stage 3</b>		
Opening balance	3,987,699	2,742,429
Charges / (Write back) to income statement	1,378,054	1,246,353
Write - off during the year	-	(1,083)
Other movements	-	-
Closing balance	5,365,753	3,987,699
<b>Total impairment</b>	<b>7,345,613</b>	<b>5,794,314</b>
<b>SANASA DEVELOPMENT BANK PLC</b>		
<b>ANALYSIS OF DEPOSITS</b>		
In Rupees Thousands (Rs'000)	Bank	
	As at 30.09.2023	As at 31.12.2022 (Audited)
<b>By product: Rs.</b>		
Savings deposits	17,096,210	14,542,774
Fixed deposits	90,928,200	92,990,228
<b>Total deposits</b>	<b>108,024,410</b>	<b>107,533,002</b>

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

Bank	In Rupees Thousands (Rs'000)									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>For the period ended 30<sup>th</sup> September</b>										
Interest income	15,404,464	10,905,495	787,546	1,151,638	5,655,125	3,073,727	1,198,803	355,488	23,045,938	15,486,349
Add: Inter-segment interest income	3,296,578	1,108,316	-	-	3,313,273	3,422,861	-	-	6,609,851	4,531,177
<b>Total interest income</b>	<b>18,701,041</b>	<b>12,013,811</b>	<b>787,546</b>	<b>1,151,638</b>	<b>8,968,398</b>	<b>6,496,588</b>	<b>1,198,803</b>	<b>355,488</b>	<b>29,655,789</b>	<b>20,017,526</b>
Interest expenses	(11,896,093)	(5,927,012)	(679,797)	-	(3,472,911)	(3,932,474)	(943,097)	-	(16,991,899)	(9,859,486)
Add: Inter-segment interest expense	(3,313,273)	(3,422,861)	-	(507,298)	(3,296,578)	(1,108,316)	-	(286,269)	(6,609,851)	(5,324,744)
<b>Net interest income</b>	<b>3,491,676</b>	<b>2,663,938</b>	<b>107,749</b>	<b>644,340</b>	<b>2,198,909</b>	<b>1,455,799</b>	<b>255,706</b>	<b>69,220</b>	<b>6,054,040</b>	<b>4,833,296</b>
Fee and commission income	249,855	426,529	5,447	8,432	-	-	-	-	255,301	434,961
Fee and commission expenses	(26,621)	(17,780)	(1,521)	(1,522)	-	-	-	-	(28,142)	(19,301)
<b>Net fee and commission income</b>	<b>223,234</b>	<b>408,749</b>	<b>3,925</b>	<b>6,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227,159</b>	<b>415,660</b>
Net gains/(losses) from trading	-	-	-	-	1,258	(1,078)	-	-	1,258	(1,078)
Net fair value gains/(losses) from financial assets at fair value through profit or loss	-	-	-	-	397,349	73,098	-	-	397,349	73,098
Other operating income (net)	44,123	205,205	-	-	7,590	346	-	-	51,714	205,551
<b>Total operating income</b>	<b>3,759,033</b>	<b>3,277,892</b>	<b>111,674</b>	<b>651,250</b>	<b>2,605,106</b>	<b>1,528,165</b>	<b>255,706</b>	<b>69,220</b>	<b>6,731,520</b>	<b>5,526,527</b>
Impairment for loans and other losses	(1,478,864)	(1,821,051)	(64,597)	136,648	(4,053)	1,206	(7,839)	(1,229)	(1,555,352)	(1,684,425)
<b>Net operating income</b>	<b>2,280,169</b>	<b>1,456,841</b>	<b>47,077</b>	<b>787,899</b>	<b>2,601,054</b>	<b>1,529,371</b>	<b>247,868</b>	<b>67,991</b>	<b>5,176,168</b>	<b>3,842,102</b>
Depreciation and amortization	(368,173)	(310,179)	(21,039)	(26,549)	(202)	(188)	(29,188)	(14,981)	(418,603)	(351,897)
<b>Segment Result</b>	<b>1,911,996</b>	<b>1,146,662</b>	<b>26,038</b>	<b>761,350</b>	<b>2,600,851</b>	<b>1,529,184</b>	<b>218,680</b>	<b>53,009</b>	<b>4,757,566</b>	<b>3,490,206</b>
Un-allocated expenses									(3,996,663)	(3,386,029)
Value Added Tax (VAT) on financial services									(404,075)	(317,341)
Social Security Contribution Levy (SSCL)									(47,590)	-
<b>Profit before tax</b>									<b>309,238</b>	<b>(213,165)</b>
Tax expenses									(126,379)	(63,050)
<b>Profit for the period</b>									<b>182,859</b>	<b>(276,214)</b>
<b>Other comprehensive income</b>										
Other comprehensive income for the period net of tax									-	-
<b>Total comprehensive income for the period</b>									<b>182,859</b>	<b>(276,214)</b>
<b>As at 30<sup>th</sup> September</b>										
<b>Segment assets</b>	<b>89,032,631</b>	<b>97,344,827</b>	<b>5,087,734</b>	<b>8,331,834</b>	<b>48,858,383</b>	<b>39,495,609</b>	<b>7,058,318</b>	<b>4,701,708</b>	<b>150,037,066</b>	<b>149,873,977</b>
Un allocated assets	-	-	-	-	-	-	-	-	6,194,184	5,914,122
<b>Total assets</b>	<b>89,032,631</b>	<b>97,344,827</b>	<b>5,087,734</b>	<b>8,331,834</b>	<b>48,858,383</b>	<b>39,495,609</b>	<b>7,058,318</b>	<b>4,701,708</b>	<b>156,231,249</b>	<b>155,788,099</b>
<b>Segment liabilities</b>	<b>97,694,991</b>	<b>91,758,705</b>	<b>5,582,741</b>	<b>7,853,712</b>	<b>31,366,392</b>	<b>38,652,957</b>	<b>7,745,051</b>	<b>4,431,901</b>	<b>142,389,175</b>	<b>142,697,275</b>
Total equity	-	-	-	-	-	-	-	-	13,842,074	13,090,821
<b>Total equity &amp; liabilities</b>	<b>97,694,991</b>	<b>91,758,705</b>	<b>5,582,741</b>	<b>7,853,712</b>	<b>31,366,392</b>	<b>38,652,957</b>	<b>7,745,051</b>	<b>4,431,901</b>	<b>156,231,249</b>	<b>155,788,096</b>
<b>For the period ended 30<sup>th</sup> September</b>										
Additions to non-current assets	130,308	261,363	7,446	22,370	-	-	10,331	12,624	148,085	296,357

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

Item	Bank	
	As at 30.09.2023	As at 31.12.2022 (Audited)
<b>Regulatory Capital Adequacy (LKR in Millions)</b>		
Common Equity Tier 1	12,073	12,519
Core (Tier 1) Capital	12,073	12,519
Total Capital Base	14,058	14,895
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-7.50%, 2022-6.50%)	13.10	12.92
Tier 1 Capital Ratio (%) - (Minimum Requirement - 2023-8.50%, 2022-8.00%)	13.10	12.92
Total Capital Ratio (%) - (Minimum Requirement - 2023-12.50%, 2022- 12.00%)	15.26	15.37
<b>Leverage Ratio (Minimum Requirement - 3%)</b>	7.77	7.87
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR in Millions)	35,510	23,309
Statutory Liquid Asset Ratio (%) - (Minimum Requirement, 20%)	34.71	23.51
Total Stock of High-Quality Liquid Assets (LKR in Millions)	31,102	20,100
Liquidity Coverage Ratio (%) - (Minimum Requirement - 2023-100%, 2022-100%)	258.73	191.22
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	195.56	241.61
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Impaired Loans (Stage 3) Ratio (%)	8.59	7.57
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	37.71	31.93
<b>Profitability</b>		
Interest Margin (%)	5.13	4.45
Return on Assets ( before Taxes ) (%)	0.26	0.06
Return on Equity (%)	1.77	0.44

Share Information	30.09.2023	30.09.2022
Market value per share (Rs.)	36.00	27.80
Highest price per share for the period (Rs.)	38.90	32.40
Lowest price per share for the period (Rs.)	29.10	18.50

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

<b>Twenty Largest Shareholders as at 30.09.2023</b>			
<b>No.</b>	<b>Name of the Shareholder</b>	<b>Number of Shares</b>	<b>Holding (%)</b>
1	LOLC INVESTMENT HOLDINGS ONE (PRIVATE) LIMITED	24,104,800	15.00%
2	Senthilverl Holdings (Pvt) Ltd	19,019,271	11.84%
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	4,715,996	2.93%
7	Alliance Finance Company PLC	3,516,310	2.18%
8	Peoples Leasing & Finance PLC/L.P.Hapangama	2,952,713	1.84%
9	SBI Emerging Asia Financial Sector Fund PTE. LTD	2,885,618	1.80%
10	People's Leasing & Finance PLC	2,271,260	1.41%
11	Dr.T Senthilverl	1,860,831	1.16%
12	Bank of Ceylon A/C Ceybank Unit Trust	1,539,241	0.96%
13	Hatton National Bank PLC/Sarravanan 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	Bingiriya Multi Purpose Co-operative Society Ltd	970,900	0.60%
19	Sanasa Federation Limited	811,816	0.51%
20	DFCC BANK PLC/N.G.N.MADURANGA	648,412	0.40%
Sub total		122,413,045	76.18%
Shares held by other shareholders		38,285,787	23.82%
<b>Total</b>		<b>160,698,832</b>	<b>100.00%</b>

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

**As at 30.09.2023**

Total number of shares	160,698,832
Number of shares in public holding	115,355,619
Number of public shareholders	38,796
Percentage of public holding	71.78%
Market capitalisation	5,785,157,952
Float adjusted market capitalisation	3,432,008,484
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 30.09.2023**

<b>No.</b>	<b>Name</b>	<b>No. of Shares</b>
1	Ms.Dinithi Ratnayake (Chairperson)	
2	Prof. Sampath Amaratunge	
3	Mr.Chaaminda Kumarasiri	
4	Mr.Prasanna Premaratna	1,500
5	Mr.B.R.A.Bandara	11,000
6	Mr.Thusantha Wijemanna	
7	Mr.S.H.Sarath Nandasiri	
8	Mr.Conrad Dias	
9	Mr.Naveendra Sooriyarachchi	
10	Mr.Romani De Silva	104,650
11	Mr.Chandana Dissanayake	
12	Dr.Mahesha Ranasoma	

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

- 1 These Interim Financial Statements have been prepared in accordance with LKAS 34 - "Interim Financial Reporting" and present information required by Listing Rule of 7.4 of Colombo Stock Exchange. These Financial Statements are drawn up from the unaudited Financial Statements of the Bank.
- 2 There are no significant changes in accounting policies and methods of computation since the publication of Audited Financial Statements for the year 2022.
- 3 There are no material changes in the composition of assets, liabilities and contingent liabilities.
- 4 The presentation and classification of previous period have been amended for better presentation and to be comparable with those of the current period.
- 5 No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements.

**6 Investment in Subsidiary**

Investment in Subsidiary includes the investment made by the Bank in Payment Services (Private) Limited, amounting to Rs.6,163,100/-. Payment Services (Private) Limited is a fully-owned subsidiary of the Bank, that was acquired on 26th May 2020. It was engaged in the business of providing online payment solutions on the web and mobile platforms under the brand name "UPay". The subsidiary's assets, liabilities, equity, income, expenses and cash flows does not have a material effect on the consolidated financial statements of the Group. Therefore, the subsidiary has been deemed immaterial and has not been consolidated when preparing and presenting the financial statements of the Group.