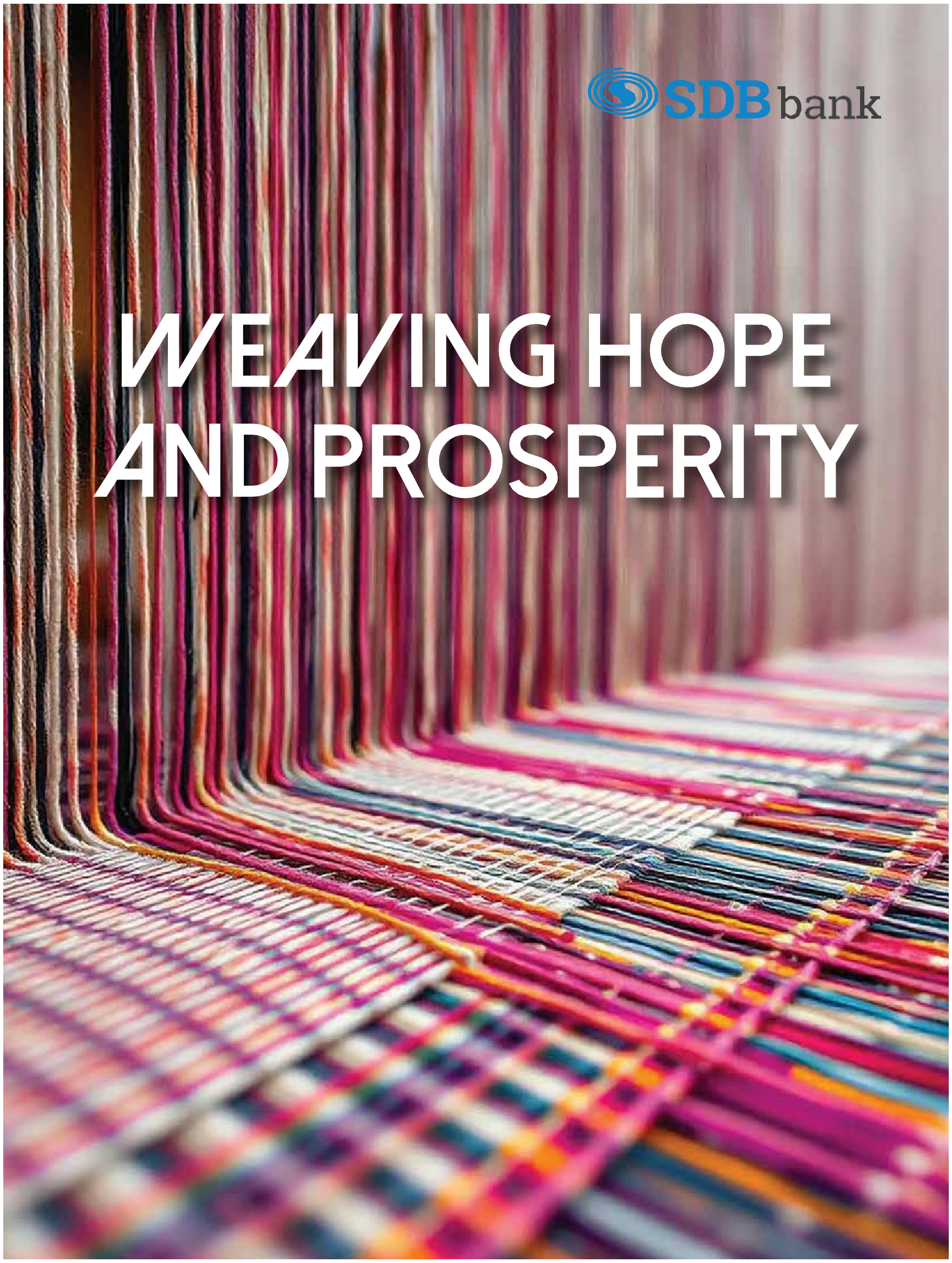
Disclosures as per Pillar III of Banking Act No. 1 of 2016, Capital Requirements under Basel III

As at 30th June 2025



Template 1
Key regulatory ratios - capital and liquidity

Item	As at 30 June 2025	As at 31 March 2025
Regulatory capital (LKR'000)		
Common Equity Tier 1 (CET I) capital	13,117,183	13,090,859
Tier 1 capital	13,117,183	13,090,859
Total capital	14,324,770	14,305,884
Regulatory capital ratio (%)		
Common Equity Tier 1 capital ratio (*Minimum requirement - 2024: 7.00 2023: 7.00%)*	13.98%	15.01%
Tier 1 Capital Ratio (*Minimum requirement - 2024: 8.50 2023: 8.50%*)	13.98%	15.01%
Total capital ratio (*Minimum requirement - 2024: 12.50%, 2023: 12.50%*)	15.26%	16.40%
Leverage ratio (%) (*Minimum requirement - 3%*)	9.18%	9.23%
Regulatory liquidity		
Statutory liquid assets (LKR' 000)	Revoked	Revoked
Statutory liquid assets ratio (*Minimum requirement - 20%*)		
Domestic banking unit (%)		
Off-shore banking unit (%)	-	-
Total stock of high-quality liquid assets (LKR' 000)	12,166,692	20,749,245
Liquidity coverage ratio (%) *(Minimum requirement - 2024: 100%, 2023 - 100%)*		
Rupee (%)	282.50	220.49
All currency (%)	281.52	234.15
Net stable funding ratio (%) (*Minimum requirement - 100%*)	157.19	167.54

Template 2		
Basel III computation of capital ratios		
Item	**As at 30 June 2025**	**As at 31 March 2025**
Common Equity Tier 1 (CET1) capital after adjustments	**13,117,183**	**13,090,859**
Common Equity Tier 1 (CET1) capital	**14,586,500**	**14,586,500**
Equity capital (stated capital) /assigned capital	11,406,602	11,406,602
Reserve fund	361,049	361,049
Published retained earnings/(accumulated retained losses)	2,388,243	2,388,243
Published accumulated other comprehensive income (OCI)		
General and other disclosed reserves	430,606	430,606
Unpublished current year's profit/(losses) and gains reflected in OCI	-	-
Ordinary shares issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-
Total adjustments to CET1 capital	**1,469,317**	**1,495,642**
Goodwill (net)	-	-
Intangible assets (net)	690,405	716,730
Deferred tax assets (net)	778,912	778,912
Investments in the capital of banking and financial institutions	-	-
Additional Tier 1 (AT1) capital after adjustments	-	-
Additional Tier 1 (AT1) capital	-	-
Qualifying additional Tier 1 capital Instruments	-	-
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-
Total adjustments to AT1 capital	-	-
Investment in own shares	-	-
Others	-	-
Tier 2 capital after adjustments	**1,207,587**	**1,215,025**
Tier 2 capital	**1,207,587**	**1,215,025**
Qualifying Tier 2 capital instruments	-	-
Revaluation gains	-	-
Loan loss provisions	1,207,587	1,215,025
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-
Total adjustments to Tier 2	**-**	**-**
Investment in own shares	-	-
Investments in the capital of banking and financial institutions	-	-
CET 1 capital	**13,117,183**	**13,090,859**
Total Tier 1 capital	**13,117,183**	**13,090,859**
Total capital	**14,324,770**	**14,305,884**
Total risk weighted assets (RWA)	**93,845,025**	**87,222,533**
RWAs for credit risk (Template 7 and 8)	82,751,627	76,515,636
RWAs for market risk (Template 9)	400,158	320,697
RWAs for operational risk (Template 10)	10,693,241	10,386,201
CET 1 capital ratio (including capital conservation buffer, countercyclical capital buffer and surcharge on D-SIBs) (%)	**13.98**	**15.01**
of which: capital conservation buffer (%)	-	-
of which: countercyclical buffer (%)	-	-
of which: capital surcharge on D-SIBs (%)	-	-
Total Tier 1 capital ratio (%)	**13.98**	**15.01**
Total capital ratio (including capital conservation buffer, countercyclical capital buffer and surcharge on D-SIBs) (%)	**15.26**	**16.40**
of which: capital conservation buffer (%)	-	-
of which: countercyclical buffer (%)	-	-
of which: capital surcharge on D-SIBs (%)	-	-

Template 3
Computation of leverage ratio

Item	Amount (LKR' 000) As at 30 June 2025	Amount (LKR' 000) As at 31 March 2025
Tier 1 capital	**13,117,183**	**13,090,859**
Total exposures	**142,864,164**	**141,820,839**
On-balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	141,871,733	140,809,591
Derivative exposures	-	-
Securities financing transaction exposures	-	-
Other off-balance sheet exposures	992,431	1,011,247
Basel III leverage ratio (%) (Tier 1/total exposure)	**9.18**	**9.23**

Template 4
Basel III computation of liquidity coverage ratio

Item	Amount (LKR' 000)			
	As at 30 June 2025		As at 31 March 2025	
	Total un-weighted value	Total weighted value	Total un-weighted value	Total weighted value
Total stock of high-quality liquid assets (HQLA)	**12,166,693**	**12,166,693**	**20,727,616**	**20,749,244**
Total adjusted level 1 assets	12,166,693	12,166,693	19,624,631	19,624,631
Level 1 assets	12,166,693	12,166,693	19,624,631	19,624,631
Total adjusted level 2A assets	-	-	1,102,985	937,537
Level 2A assets	-	-	1,102,985	937,537
Total adjusted level 2B assets	-	-	-	-
Level 2B assets	-	-	-	-
Total cash outflows	**108,298,197**	**17,287,222**	**108,008,396**	**16,953,884**
Deposits	70,137,207	7,013,721	70,373,746	7,037,375
Unsecured wholesale funding	37,508,839	9,990,383	36,428,184	9,674,157
Secured funding transactions	-	-	-	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	652,151	283,118	1,206,466	242,353
Additional requirements	-	-	-	-
Total cash inflows	**23,354,108**	**13,814,995**	**18,782,135**	**7,543,392**
Maturing secured lending transactions backed by collateral	950,000	-	1,350,342	-
Committed facilities	1,500,000	-	4,500,000	-
Other inflows by counterparty which are maturing within 30 days	12,850,112	9,787,997	8,379,930	5,267,460
Operational deposits	-	-	-	-
Other cash inflows	8,053,996	4,026,998	4,551,863	2,275,932
Liquidity coverage ratio (%) (stock of high quality liquid assets/total net cash outflows over the next 30 calendar days) * 100		**281.52**		**220.49**

Template 5	
Main features of regulatory capital instruments	
Description of the capital instrument	**Stated capital**
Issuer	Sanasa Development Bank PLC
Unique identifier	LK0412N00003
Governing Law of the instrument	Companies Act, No. 07 of 2007, Colombo Stock Exchange Regulations
Original date of issuance (agreement signed date for subordinated term debts)	May 2012
Par value of instrument (LKR)	100
Perpetual or dated	Perpetual
Original maturity date, if applicable	N/A
Amount recognised in regulatory capital (in LKR '000 as at 30th June 2025)	11,406,602
Accounting classification (equity/liability)	Equity
Issuer call subject to prior supervisory approval	
Optional call date, contingent call dates and redemption amount (LKR ‘000)	N/A
Subsequent call dates, if applicable	N/A
Coupons/Dividends	
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index (%)	N/A
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible
If convertible, conversion trigger(s)	N/A
If convertible, fully or partially	N/A
If convertible, mandatory or optional	N/A
If convertible, conversion rate	N/A

N/A - not applicable

Template 6
Summary discussion on adequacy/meeting current and future capital requirements

Overview

A proper "capital management process" is vital in ensuring the long-term stability of the business, the capital adequacy ratio is a measure used to determine whether the Bank has sufficient capital to withstand unexpected losses arising from various risks during the course of the business. Therefore, it acts as a layer of cushion in absorbing potential losses arising from the course of the business and safeguarding the depositors' funds. At present, capital adequacy position of the banks are computed based on banking Act Direction No. 01 of 2016 and subsequent amendments thereto issued by Central Bank of Sri Lanka. SANASA Development Bank has continued to maintain capital adequacy ratios at healthy levels by keeping a significant margin over and above the regulatory

Capital management process

In order to comply with the new Basel III guidelines, SANASA Development Bank's capital management process is under supervision of Board Strategic Planning Committee. The three year (2020-2022) capital management plan rolled out has been integrated with the Internal Capital Adequacy Assessment Process (ICAAP) as well as the Bank's Strategic Plan. Efforts have taken to comply with the Basel III regulations saw the Bank increases its capital levels by issuing Basel III compliant Tier - II debt instruments. Steps were also taken to optimize the capital ratios by rebalancing the risk weighted assets (RWA).

Moving forward

Moving forward with the capital management plan, the Bank will execute specific medium term and long term strategies to raise both Tier I and Tier II capital in line with Basel III minimum regulatory requirements. In addition, timely actions have been identified and will be executed during the coming years to optimize the risk weighted assets for the purpose of improving the capital allocation of the Bank.

These should include

Provide qualitative information on capital planning to meet current and future capital requirements including:
(a) Overview of capital planning and assessment process;
(b) Material risk exposures in line with strategic plan;
(c) Current and future capital needs, anticipated capital expenditure and desirable capital level;
(d) Discussion on possible internal and external capital sources;
(e) Assessment of the adequacy of bank's capital commensurate with all material risks and other capital needs in relation to its current and future activities; General contingency plan for dealing with divergences and unexpected events such as raising additional capital, restricting business activities or using risk mitigation techniques

Template 7

Credit risk under standardized approach - credit risk exposures and credit risk mitigation (CRM) effects

Asset class	Amount (LKR' 000) as at 30th June 2025					
	Exposures before credit conversion factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA density (%)	
	On- balance sheet amount	Off-balance sheet amount	On- balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
Claims on Central Government and CBSL	12,652,075	-	12,652,075	-	-	0%
Claims on foreign sovereigns and their Central Banks	-	-	-	-	-	-
Claims on public sector entities	-	-	-	-	-	-
Claims on official entities and multilateral development banks	-	-	-	-	-	-
Claims on banks exposures	17,003,663	-	17,003,663	-	3,400,733	20%
Claims on financial institutions	1,897,958	-	1,897,958	-	1,897,958	100%
Claims on corporates	11,862,964	-	11,862,964	-	11,424,132	96%
Retail claims	86,266,971		86,266,971	-	55,643,624	65%
Exposure Guranteed by the NCGIL	151,145		151,145	-	30,229	20%
Claims secured by residential property	2,830,553	-	2,830,553	-	1,102,982	39%
Claims secured by commercial real estate	-	-	-	-	-	-
Non-performing assets (NPAs)	5,320,420	-	5,320,420	-	5,345,478	100%
Higher-risk categories	-	-	-	-	-	-
Cash items and other assets	3,884,930	992,431	3,884,930	394,132	3,906,491	91%
Total	**141,870,678.87**	**992,431**	**141,870,679**	**394,132**	**82,751,627**	**58%**

Note:

(i) NPAs - as per Banking Act Directions on classification of loans and advances, income recognition and provisioning.

(ii) RWA density – Total RWA/exposures post CCF and CRM.

Template 8

Credit risk under standardized approach - exposures by asset classes and risk weights

Description	**Amount (LKR' 000) as at 30th June 2025 (Post CCF & CRM)**									
Asset classes / Risk weight	**0%**	**20%**	**35%**	**50%**	**60%**	**75%**	**100%**	**150%**	**>150%**	**Total credit exposures amount**
Claims on Central Government and CBSL	12,652,075	-	-	-	-	-	-	-	-	12,652,075
Claims on foreign sovereigns and their Central Banks	-	-	-	-	-	-	-	-	-	-
Claims on public sector entities	-	-	-	-	-	-	-	-	-	-
Claims on official entities and multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on banks exposures	-	17,003,663	-	-	-	-	-	-	-	17,003,663
Claims on financial institutions	-	-	-	-	-	-	1,897,958	-	-	1,897,958
Claims on corporates	-	-	-	877,663	-	-	10,985,301	-	-	11,862,964
Retail claims	6,957,903	-	-	-	380,839	68,507,268	4,034,670			79,880,680
Claims secured by residential property	-	-	2,657,802	-	-	-	172,751	-	-	2,830,553
Claims secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Exposure Guranteed by the NCGIL		151,145								151,145
Non-performing assets (NPAs)		-	-	308,554	-	-	4,653,196	358,670	-	5,320,420
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Cash items and other assets	372,571	-	-		-		3,906,491			4,279,062
Total	**19,982,550**	**17,154,808**	**2,657,802**	**1,186,217**	**380,839**	**68,507,268**	**25,650,366**	**358,670**	**-**	**135,878,519**

Template 9
Market risk under standardised measurement method

Item	**RWA amount (LKR' 000) As at 30 June 2025**
(a) RWA for interest rate risk	**-**
General interest rate risk	**-**
(i) Net long or short position	**-**
(ii) Horizontal disallowance	**-**
(iii) Vertical disallowance	**-**
(iv) Options	**-**
Specific interest rate risk	**-**
(b) RWA for equity	**-**
(i) General equity risk	-
(ii) Specific equity risk	-
(c) RWA for foreign exchange and gold	**50,020**
Capital charge for market risk {(a) +(b) + (c) } * CAR	**400,158**

Template 10					
Operational risk under basic indicator approach					

Business lines	**Capital charge factor**	**Gross income (LKR' 000) as at 30 June 2025**			**Amount (LKR' 000)**
		1st Year	**2nd Year**	**3rd Year**	
The basic indicator approach	**15%**	**8,837,251**	**9,642,961**	**8,252,890**	
Capital charges for operational risk (LKR' 000) The basic indicator approach					1,336,655
Risk-weighted amount for operational risk (LKR' 000) The basic indicator approach					10,693,241

Template 11					
Differences between accounting and regulatory scopes and mapping of financial statement categories with regulatory risk categories					
Item	**Amount (LKR '000 as at 30 June 2025**				
	a	**b**	**c**	**d**	**e**
	Carrying values as	**Carrying values**	**Subject to**	**Subject to**	**Not subject to**
Assets					
Cash and cash equivalents	2,474,121	2,474,121	2,474,121	-	-
Placements with banks	14,899,102	14,899,102	14,899,102		-
Financial assets fair value through profit or loss	8,053,996	8,053,996	8,053,996	-	
Financial assets at amortised cost					
- Loans and receivables to other customers	99,086,590	99,086,590	100,294,177	-	1,207,587
- Debt and other instruments	13,631,256	13,631,256	13,631,256	-	-
Financial assets measured at fair value through	208,146	208,146	208,146	-	-
Investment in subsidiaries	6,163	6,163	6,163	-	-
Property, plant and equipment	1,024,587	1,024,587	1,024,587	-	-
Right of use assets	805,115	805,115	805,115	-	-
Investment properties	-	-	-	-	-
Intangible assets	690,405	690,405	-		690,405
Differed tax assets	778,912	778,912	-	-	778,912
Other assets	1,682,658	1,682,658	1,682,658	-	
Total assets	**143,341,051**	**143,341,051**	**143,079,320**	**-**	**2,676,904**
Liabilities					
Due to banks					
Due to other customers	107,476,364	107,476,364	-	-	-
Other borrowings	15,678,822	15,678,822	-	-	-
Subordinated term debts	-	-	-	-	-
Retirement benefit obligations	1,105,568	1,105,568	-	-	-
Current tax liabilities	750,797	750,797	-	-	-
Other liabilities	3,586,876	3,586,876	-	-	-
Total liabilities	**128,598,428**	**128,598,428**	-	-	-

			-	-	-
Off–balance sheet liabilities					
Guarantees	340,279	340,279	340,279		
Undrawn loan commitments	-	725,588	725,588	-	-
	-			-	-
Shareholders' equity					
Equity capital (stated capital)/ assigned capital	11,406,602	11,406,602			
of which amount eligible for CET 1	11,406,602	11,406,602	-	-	-
of which amount eligible for AT 1	-	-	-	-	-
Retained earnings	2,544,366	2,544,366	-	-	-
Accumulated other comprehensive income	(19,052)	-	-	-	-
Other reserves	810,707	791,655	-	-	-
Total shareholders' equity	**14,742,623**	**14,742,623**	**-**	-	-
			-	-	-