

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

As at 30th September 2025



WEAVING HOPE AND PROSPERITY

Template 1		
Key regulatory ratios - capital and liquidity		
Item	As at 30 September 2025	As at 31 June 2025
Regulatory capital (LKR'000)		
Common Equity Tier 1 (CET I) capital	13,108,540	13,117,183
Tier 1 capital	13,108,540	13,117,183
Total capital	14,428,400	14,324,770
Regulatory capital ratio (%)		
Common Equity Tier 1 capital ratio (Minimum requirement - 2024: 7.00 2023: 7.00%)	13.54%	13.98%
Tier 1 Capital Ratio (Minimum requirement - 2024: 8.50 2023: 8.50%)	13.54%	13.98%
Total capital ratio (Minimum requirement - 2024: 12.50%, 2023: 12.50%)	14.90%	15.26%
Leverage ratio (%) (Minimum requirement - 3%)	9.15%	9.18%
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)	10,761,578	12,166,692
Liquidity coverage ratio (%) (Minimum requirement - 2024: 100%, 2023 - 100%)		
Rupee (%)	147.66	282.50
All currency (%)	148.65	281.52
Net stable funding ratio (%) (Minimum requirement - 100%)	141.68	157.19

Template 2		
Basel III computation of capital ratios		
Item	As at 30 September 2025	As at 30 June 2025
Common Equity Tier 1 (CET1) capital after adjustments	13,108,540	13,117,183
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Unpublished current year's profit/(losses) and gains reflected in OCI	-	-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	1,477,961	1,469,317
Goodwill (net)	-	-
Intangible assets (net)	699,049	690,405
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	1,319,861	1,207,587
Tier 2 capital	1,371,708	1,207,587
Qualifying Tier 2 capital instruments	-	-
Revaluation gains	-	-
Loan loss provisions	1,371,708	1,207,587
Instruments issued by consolidated banking and financial subsidiaries of the Bank and held by third parties	-	-
Total adjustments to Tier 2	51,847	-
Investment in own shares	-	-
Investments in the capital of banking and financial institutions	51,847	-
CET 1 capital	13,108,540	13,117,183
Total Tier 1 capital	13,108,540	13,117,183
Total capital	14,428,400	14,324,770
Total risk weighted assets (RWA)	96,848,320	93,845,025
RWAs for credit risk (Template 7 and 8)	85,353,439	82,751,627
RWAs for market risk (Template 9)	475,605	400,158
RWAs for operational risk (Template 10)	11,019,276	10,693,241
CET 1 capital ratio (including capital conservation buffer, countercyclical capital buffer and surcharge on D-SIBs) (%)	13.54	13.98
of which: capital conservation buffer (%)	-	-
of which: countercyclical buffer (%)	-	-
of which: capital surcharge on D-SIBs (%)	-	-
Total Tier 1 capital ratio (%)	13.54	13.98
Total capital ratio (including capital conservation buffer, countercyclical capital buffer and surcharge on D-SIBs) (%)	14.90	15.26
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 September 2025	Amount (LKR' 000) As at 30 June 2025
Tier 1 capital	13,108,540	13,117,183
Total exposures	143,292,334	142,864,164
On-balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	142,197,298	141,871,733
Derivative exposures	-	-
Securities financing transaction exposures	-	-
Other off-balance sheet exposures	1,095,036	992,431
Basel III leverage ratio (%) (Tier 1/total exposure)	9.15	9.18

Template 4**Basel III computation of liquidity coverage ratio**

Item	Amount (LKR' 000)			
	As at 30 September 2025		As at 30 June 2025	
	Total un-weighted value	Total weighted value	Total un-weighted value	Total weighted value
Total stock of high-quality liquid assets (HQLA)	10,900,944	10,761,483	12,166,693	12,166,693
Total adjusted level 1 assets	9,971,202	9,971,202	12,166,693	12,166,693
Level 1 assets	9,971,202	9,971,202	12,166,693	12,166,693
Total adjusted level 2A assets	929,742	790,281	-	-
Level 2A assets	929,742	790,281	-	-
Total adjusted level 2B assets	-	-	-	-
Level 2B assets	-	-	-	-
Total cash outflows	107,410,475	17,334,399	108,298,197	17,287,222
Deposits	67,861,454	6,786,145	70,137,207	7,013,721
Unsecured wholesale funding	38,198,867	10,244,213	37,508,839	9,990,383
Secured funding transactions	-	-	-	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	1,350,154	304,041	652,151	283,118
Additional requirements	-	-	-	-
Total cash inflows	20,332,754	10,046,282	23,354,108	13,814,995
Maturing secured lending transactions backed by collateral	2,371,490	-	950,000	-
Committed facilities	1,500,000	-	1,500,000	-
Other inflows by counterparty which are maturing within 30 days	9,718,250	6,674,775	12,850,112	9,787,997
Operational deposits	-	-	-	-
Other cash inflows	6,743,014	3,371,507	8,053,996	4,026,998
Liquidity coverage ratio (%) (stock of high quality liquid assets/total net cash outflows over the next 30 calendar days) * 100		147.66		281.52

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 September 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 September 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	11,686,463	-	11,686,463	-	-	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	13,644,015	-	13,644,015	-	2,728,803	20%
Claims on financial institutions	1,467,352	-	1,467,352	-	1,467,352	100%
Claims on corporates	13,407,754	-	13,407,754	-	12,969,186	97%
Retail claims	91,498,916	-	91,498,916	-	57,775,689	63%
Exposure Guranteed by the NCGIL	151,145	-	151,145	-	30,229	20%
Claims secured by residential property	2,927,423	-	2,927,423	-	1,129,646	39%
Claims secured by commercial real estate	-	-	-	-	-	-
Non-performing assets (NPAs)	4,803,822	-	4,803,822	-	4,777,515	99%
Higher-risk categories	-	-	-	-	-	-
Cash items and other assets	4,537,206	1,095,036	4,537,206	433,135	4,475,019	90%
Total	144,124,095.23	1,095,036	144,124,095	433,135	85,353,439	59%

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 September 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		11,686,463	-	-	-	-	-	-	-	-	11,686,463
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		-	13,644,015	-	-	-	-	-	-	-	13,644,015
Claims on financial institutions		-	-	-	-	-	-	1,467,352	-	-	1,467,352
Claims on corporates		-	-	-	877,135	-	-	12,530,619	-	-	13,407,754
Retail claims		9,897,344	5,603	-	-	507,509	72,273,377	3,265,030	-	-	85,948,863
Claims secured by residential property		-	-	2,765,811	-	-	-	161,612	-	-	2,927,423
Claims secured by commercial real estate		-	-	-	-	-	-	-	-	-	
Exposure Guranteed by the NCGIL		-	151,145	-	-	-	-	-	-	-	151,145
Non-performing assets (NPAs)		-	-	-	283,572	-	-	4,289,292	230,957	-	4,803,822
Higher-risk categories		-	-	-	-	-	-	-	-	-	-
Cash items and other assets		495,322	-	-	-	-	-	4,475,019	-	-	4,970,341
Total		22,079,128	13,800,763	2,765,811	1,160,707	507,509	72,273,377	26,188,925	230,957	-	139,007,178

139,007,178

Template 9
Market risk under standardised measurement method

Item	RWA amount (LKR' 000) As at 30 September 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	59,451
Capital charge for market risk {(a) +(b) + (c) } * CAR	475,605

Template 10
Operational risk under basic indicator approach

Business lines	Capital charge factor	Gross income (LKR' 000) as at 30 September 2025			Amount (LKR' 000)
		1 st Year	2 nd Year	3 rd Year	
The basic indicator approach	15%	8,884,187	9,789,996	8,874,007	
Capital charges for operational risk (LKR' 000)					
The basic indicator approach					1,377,409
Risk-weighted amount for operational risk (LKR' 000)					
The basic indicator approach					11,019,276

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 September 2025)				
	a	b	c	d	e
	Carrying values as	Carrying values	Subject to	Subject to	Not subject to
Assets					
Cash and cash equivalents	1,987,157	1,987,157	1,987,157	-	-
Placements with banks	12,152,191	12,152,191	12,152,191		-
Financial assets fair value through profit or loss	7,672,755	7,672,755	7,672,755	-	
Financial assets at amortised cost					
- Loans and receivables to other customers	103,184,673	103,184,673	104,556,381	-	1,371,708
- Debt and other instruments	12,944,330	12,944,330	12,944,330	-	-
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	975,533	975,533	975,533	-	-
Right of use assets	1,361,168	1,361,168	1,361,168	-	-
Investment properties	-	-	-	-	-
Intangible assets	699,049	699,049	-		699,049
Differed tax assets	778,912	778,912	-	-	778,912
Other assets	1,705,183	1,705,183	1,705,183	-	
Total assets	143,675,258	143,675,258	143,569,006	-	2,849,669
Liabilities					
Due to banks					
Due to other customers	105,858,811	105,858,811	-	-	-
Other borrowings	17,005,084	17,005,084	-	-	-
Subordinated term debts	-	-	-	-	-
Retirement benefit obligations	1,153,735	1,153,735	-	-	-
Current tax liabilities	653,738	653,738	-	-	-
Other liabilities	4,163,737	4,163,737	-	-	-
Total liabilities	128,835,104	128,835,104	-	-	-

			-	-	-
Off-balance sheet liabilities					
Guarantees	381,276	381,276	381,276		
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	2,641,897	2,641,897	-	-	-
Accumulated other comprehensive income	(19,052)	-	-	-	-
Other reserves	810,707	791,655	-	-	-
Total shareholders' equity	14,840,154	14,840,154	-	-	-