

# The Confidence of Investors

Investors are increasingly becoming interested in the future potential of SDB bank, rather than its past performance. As a result, non-financial information – information not captured in the balance sheets – is becoming more and more relevant for ascertaining the Bank’s future potential. Accordingly, we have enhanced our disclosures of non-financial information in this integrated annual report which will provide clarity on the Bank’s path into the future and contribute towards investor confidence.

Consisting of dialogue between SDB bank and the financial markets, investor relations comprises information that helps the investment community make judgements about the Bank’s market value vis-a-vis its potential and sustainability. The feedback received from investors and the market also provides valuable insight to the Bank in strategic decision-making.

We ensure active investor engagement so that the market is able to make sound decisions on their current and probable future shareholdings and investments in other securities.

The Annual General Meeting is SDB bank’s primary platform for communicating the Bank’s performance. The Annual Report gives detailed, yet succinct information on its activities, use of its different forms of capital and its responsible social capital involvement. In addition, the Bank has one-on-one interactions with significant investors and releases other publications through the Colombo Stock Exchange.

Using these communications channels, we help investors to gain a balanced view of our operating results, financial position, liquidity and cash flow through the Financial statements. In addition, available disclosures help investors get a reasonable understanding of the Bank’s strategic direction, governance, risk management, and the future business prospects.

By sharing these many facets of information, we expect current and potential investors to gain a better understanding of the value of the Bank and to build and strengthen their relationship with SDB bank.

Accountability, transparency, and good governance remain at the forefront of our operations and the emphasis placed on these aspects in our communications with our investors give them the confidence that the operations are being conducted in line with best practices from around the world.

Our investor relations programme is designed to achieve the following:

- A competitive price for the Bank’s shares;
- A healthy level of transactions of the Bank’s shares on the stock exchange;
- Easier and cheaper access to capital in the future; and
- Reduced volatility in the share price through maintaining a loyal group of investors.

At SDB bank, we believe that successful investor relations are achieved through regular exchange of information with the market. As a result, such interactions remain integral to our communication strategy.

## SDB bank securities

### Types

- Quoted ordinary shares
- Debentures

### Listing details

#### Quoted ordinary shares

Listed exchange : Colombo Stock Exchange (CSE) Main Board

Sector : Banks, Finance and Insurance

Quoted date : 31 May 2012

Code-ISIN : LK0412N00003

Stock symbol : SDB.N000

### Debentures

Type	Code	ISIN	Par value LKR	Coupon rate (Per annum) %	Credit rating
B	SDB-BD- 31/12/20-C2337-10	LK0412D23394	100	10.00	A+(SO)
D	SDB-BD- 31/12/20-C2339-10.30	LK0412D23378	100	10.30	A-(SO)

### Credit ratings

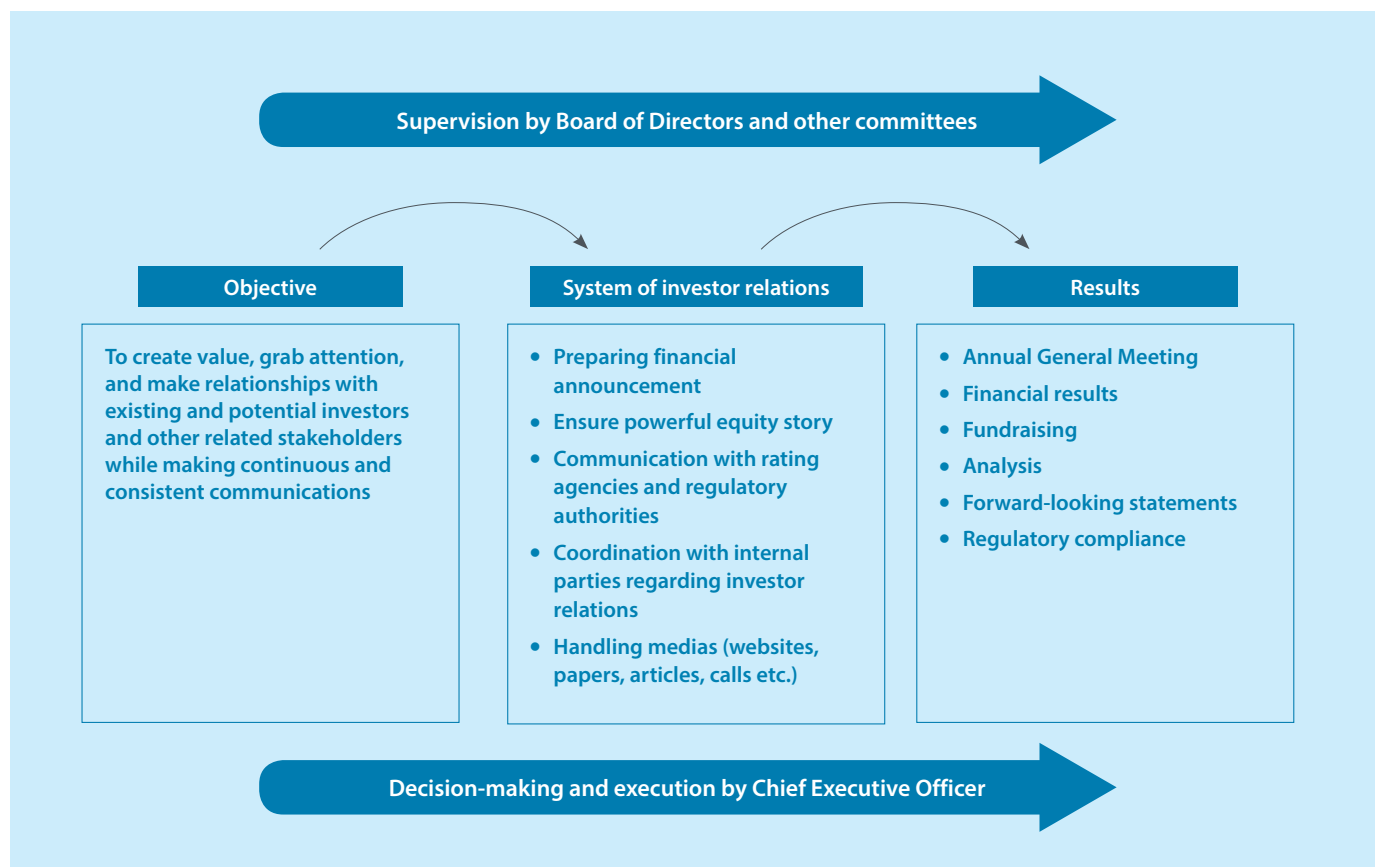
The Bank has obtained credit ratings from Fitch Ratings Lanka Ltd., and ICRA Lanka Limited. The ratings take into consideration the Bank’s performance, asset quality, capitalisation, liquidity and market position among others.

Rating entity	Rating
Fitch Ratings Lanka Ltd.	BB+(lka) with Stable outlook
ICRA Lanka Limited	(SL)BBB- with Stable outlook

### Useful links for investors

Information	Link (website)
SDB Bank	<a href="http://www.sdb.lk">www.sdb.lk</a>
Colombo Stock Exchange	<a href="http://www.cse.lk">www.cse.lk</a>
Central Bank of Sri Lanka	<a href="http://www.cbsl.gov.lk">www.cbsl.gov.lk</a>
Fitch Ratings Lanka Ltd.	<a href="http://www.fitchratings.com">www.fitchratings.com</a>
ICRA Lanka Limited	<a href="http://www.icralanka.com">www.icralanka.com</a>

## How we create value



## Shares and shareholders' analysis

### Share ownership composition

Share range	31 December 2019				31 December 2018			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
1 – 1,000	35,813	95.49	4,358,723	7.74	36,003	95.63	4,404,185	7.82
1,001 – 10,000	1,312	3.49	3,684,299	6.54	1,286	3.42	3,556,285	6.32
10,001 – 100,000	341	0.91	10,200,329	18.12	313	0.83	9,447,858	16.78
100,001 – 1,000,000	32	0.09	7,634,895	13.56	38	0.10	8,607,818	15.29
1,000,001 – and above	8	0.02	30,430,006	54.04	8	0.02	30,292,106	53.79
	<b>37,506</b>	<b>100.00</b>	<b>56,308,252</b>	<b>100.00</b>	<b>37,648</b>	<b>100.00</b>	<b>56,308,252</b>	<b>100.00</b>

### Analysis of shareholders

#### Resident/Non-resident

	31 December 2019				31 December 2018			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Resident	37,491	99.96	43,684,393	77.58	37,632	99.958	43,693,059	77.596
Non-resident	15	0.04	12,623,859	22.42	16	0.042	12,615,193	22.404
<b>Total</b>	<b>37,506</b>	<b>100.00</b>	<b>56,308,252</b>	<b>100.00</b>	<b>37,648</b>	<b>100.00</b>	<b>56,308,252</b>	<b>100.00</b>

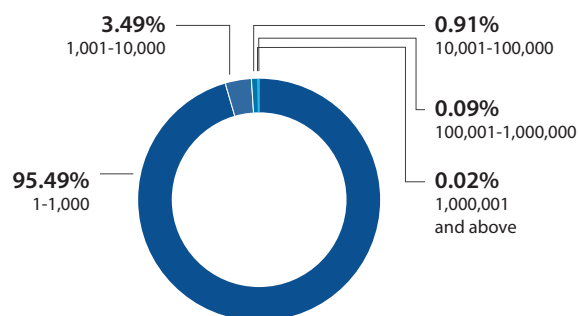
## Individual/Institutional

	31 December 2019				31 December 2018			
	Number of Shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Individual	33,901	90.39	9,735,164	17.29	34,060	90.47	16,516,455	29.33
Institutional	3,605	9.61	46,573,088	82.71	3,588	9.53	39,791,797	70.67
<b>Total</b>	<b>37,506</b>	<b>100</b>	<b>56,308,252</b>	<b>100</b>	<b>37,648</b>	<b>100</b>	<b>56,308,252</b>	<b>100</b>

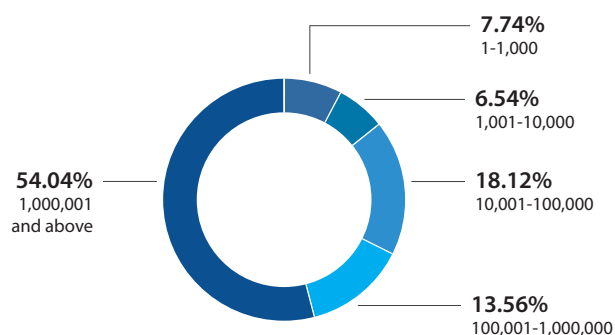
## Institutional subanalysis

	31 December 2019				31 December 2018			
	Number of Shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Foreign	4	0.011	12,308,428	21.87	4	0.010	12,289,797	21.83
Local and other institutions	46	0.122	18,681,731	33.18	50	0.133	11,847,519	21.04
SANASA Federation								
Acc 1	1	0.002	720,024	1.27	1	0.002	720,024	1.27
Acc 2			28,439	0.05			28,439	0.05
SANASA societies	3,394	9.049	8,176,835	14.52	3,372	8.957	7,047,079	12.52
SANASA unions	34	0.091	1,241,252	2.20	35	0.093	1,242,645	2.21
MPCCS	21	0.056	156,595	0.28	21	0.056	156,595	0.28
Trust companies	105	0.279	5,259,784	9.34	105	0.279	6,459,699	11.47
<b>Total</b>	<b>3,605</b>	<b>9.610</b>	<b>46,573,088</b>	<b>82.71</b>	<b>3,588</b>	<b>9.530</b>	<b>39,791,797</b>	<b>70.67</b>

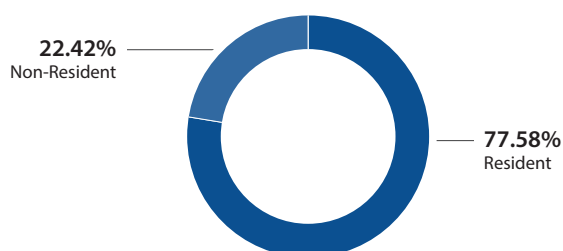
Share ownership composition by number of shareholders



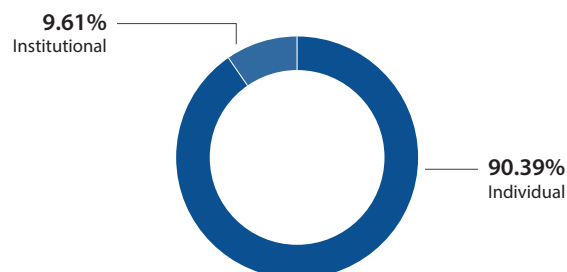
Share ownership composition by number of shares



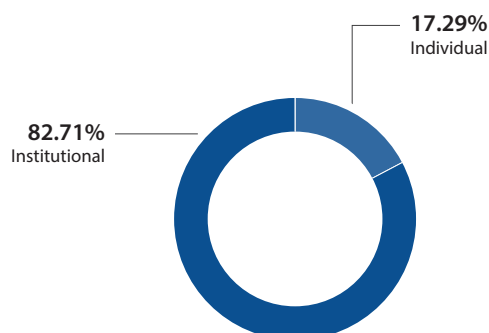
Resident/Non-resident shareholding by number of shares



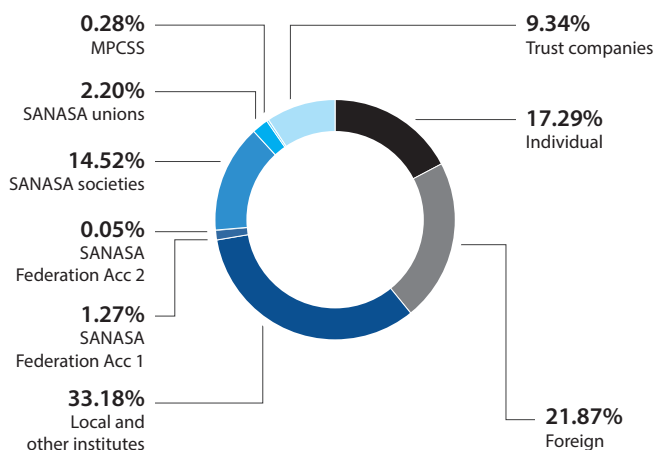
Individual/Institutional shareholding by number of shareholders



### Individual/Institutional shareholding by number of shares



### Individual shareholding and Institutional sub analysis shareholding by number of shares



### Top twenty shareholders

No.	Name of the shareholder	31 December 2019		31 December 2018	
		Number of shares	%	Number of shares	%
1.	Ayenka Holdings (Pvt) Ltd.	7,028,043	12.48	6,779,840	12.04
2.	Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd.*	6,952,168	12.34	6,936,510	12.32
3.	SBI Emerging Asia Financial Sector Fund PTE. LTD	5,045,636	8.96	5,045,636	8.96
4.	CB NY S/A International Finance Corporation	4,991,644	8.86	4,991,644	8.86
5.	Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V.	2,242,504	3.98	2,242,504	3.98
6.	People's Leasing & Finance PLC	2,094,012	3.72	2,094,012	3.72
7.	Kegalle SANASA Shareholders Trust Company Limited	1,039,330	1.85	1,039,330	1.85
8.	SANASA General Insurance Company Limited	1,036,669	1.84	1,162,630	2.06
9.	SANASA Life Insurance Company Ltd. (Life)	910,708	1.62	910,708	1.62
10.	Sampath Bank PLC/Dr T Senthilverl	871,885	1.55	871,885	1.55
11.	SANASA Federation Ltd.	720,024	1.28	720,024	1.28
12.	Polgahawela SANASA Societies Union Ltd.	387,314	0.69	387,314	0.69
13.	Hambanthota DTCCS Union Ltd.	384,257	0.68	384,257	0.68
14.	Dr T Senthilverl	373,598	0.66	373,598	0.66
15.	Mr D P Pieris	257,067	0.46	257,067	0.46
16.	Kotikawatta Thrift and Credit Co-operative Society Limited	253,896	0.45	-	-
17.	Polgahawela SANASA Shareholders Trust Company Ltd.	240,836	0.43	238,667	0.42
18.	Sampath Bank PLC/Mr Arunasalam Sithampalam	224,333	0.40	224,333	0.40
19.	Dr S Yaddehige	205,653	0.37	205,653	0.37
20.	Kamburupitiya City SANASA Society Ltd.	181,209	0.32	181,209	0.32
	<b>Total</b>	<b>35,440,786</b>	<b>62.94</b>	<b>35,046,821</b>	<b>62.24</b>

\*Shares held by Seylan Bank PLC/Dr Thirugnanasambandar Senthilverl has been transferred to the Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd. on 17 June 2019.

	31 December 2019		31 December 2018	
	Number of shares	%	Number of shares	%
Total number of shares registered	48,763,197	86.60	48,686,639	86.46
Total number of shares unregistered	7,545,055	13.40	7,621,613	13.54
<b>Total number of shares issued</b>	<b>56,308,252</b>	<b>100</b>	56,308,252	100
Shares held by Directors and CEO	199,450	0.35	75,243	0.13
Shares held by institutions	46,573,088	82.71	39,791,797	70.67
Balance held by others	9,535,714	16.94	16,441,212	29.20
<b>Total number of shares issued</b>	<b>56,308,252</b>	<b>100</b>	56,308,252	100
Shares held by public	56,107,533	99.64	56,231,740	99.86
Shares held by Directors, CEO and related parties	200,719	0.36	76,512	0.14
<b>Total number of shares issued</b>	<b>56,308,252</b>	<b>100.00</b>	56,308,252	100.00

### Market capitalisation and minimum public holding

	31 December 2019
Market capitalisation (LKR)	3,598,097,303
Public holding percentage	99.64
Float adjusted market capitalisation	3,585,271,359
Number of shareholders representing public holding	37,500
Required minimum public holding percentage under option 4 of Rule 7.13.1 (a) of the Listing Rules of the CSE (%)	10

The minimum public holding requirement of the Bank as at 31 December 2019 complied with under option 4 of Rule 7.13.1 (a) of the Listing Rules of the CSE.

### Directors' and CEO's shareholding

Name	31 December 2019		31 December 2018	
	Number of shares	%	Number of shares	%
Ms S Kiriwandeniya (Chairperson)	5,785	0.0103	5,785	0.0102
Mr P Subasinghe (Director)	69,341	0.1231	69,341	0.1231
Mr K G Wijerathne (Director)	117	0.0002	117	0.0002
Mr B R A Bandara (Director)	3,791	0.0067	-	-
Mr Thilak Piyadigama (CEO)	120,416	0.2139	-	-
<b>Total</b>	<b>199,450</b>	<b>0.3542</b>	75,243	0.1335

### Share trading details

#### Market share trading

	2019	2018	2017	2016	2015
Number of transactions	1,197,205	885,657	981,977	1,056,849	1,506,790
Number of shares traded (Mn.)	9,855	6,001	8,468	7,196	9,415
Annual turnover (LKR Mn.)	171,407.96	200,068.84	220,591.24	176,935.45	253,251.01
Average daily turnover (LKR Mn.)	711.23	833.62	915.43	737.23	1,059.63

## SDB bank share trading

	2019	2018	2017	2016	2015
Number of transactions	3,065	4,392	5,981	10,940	26,889
Number of shares traded	9,548,518	11,169,042	4,830,202	5,649,252	19,891,297
Value of shares traded (LKR Mn.)	579.51	1,199.97	500.47	725.61	2,667.29
Average daily turnover (LKR Mn.)	2.51	5.06	2.08	3.02	11.16

## Market capitalisation details

### CSE and banking industry market capitalisation

	2019	2018	2017	2016	2015
CSE market capitalisation (LKR Bn.)	2,851.31	2,839.44	2,899.29	2,745.00	2,938.00
S & P SL20 (31/12)	2,936.96	3,135.18	3,671.72	3,496.44	3,625.69
All share price index (31/12)	6,129.21	6,052.37	6,369.26	6,228.26	6,894.50
Banking, finance and insurance sector market capitalisation (LKR Bn.)	757.32	784.24	769.97	653.86	699.84

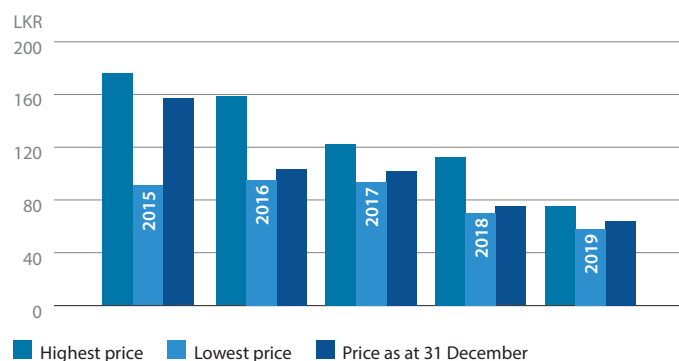
### SDB bank market capitalisation

	2019	2018	2017	2016	2015
CSE market capitalisation (LKR Bn.)	2,851.31	2,839.44	2,899.29	2,745.00	2,938.00
SDB bank market capitalisation (LKR Bn.)	3.59	4.22	5.58	4.36	6.32
Increase/decrease in market capitalisation of SDB bank (%)	-15	-24	28	-31	84
SDB bank market capitalisation as a percentage of CSE market capitalisation (%)	0.13	0.15	0.19	0.16	0.22
Market capitalisation rank of SDB bank	117	91	83	96	78

## Share price movement

	2019	2018	2017	2016	2015
Highest price (LKR)	75.00	112.90	122.50	158.80	176.00
Lowest price (LKR)	58.00	70.00	93.80	95.20	91.00
Price as at 31 December (LKR)	63.90	75.00	101.90	103.70	157.10

### SDB bank share price movement trend



## Dividends

A dividend is a distribution of reward, from a portion of the Bank's earnings, and is paid to the ordinary shareholders annually. The amount declared and paid each year varies in relation to the earnings of the Bank. It strikes a balance between a fair return to the shareholders for their investment and the business requirements to maintain the sustainability of the Bank.

Dividends are decided and managed by the Bank's Board of Directors and they are approved by the shareholders through the exercise of their voting rights.

Year	Profit for the year LKR Mn.	Total cash dividend paid/ to be paid LKR Mn.	Dividend per share LKR	Dividend payout ratio %	Dividend yield %
2015	720.57	109.16	10.00	55.86	6.37
2016	403.72	131.24	7.50	78.13	7.23
2017	507.82	136.94	6.00	60.79	5.89
2018	356.95	-	-	-	-
<b>2019 (To be paid)</b>	<b>253.41</b>	<b>112.62</b>	<b>7.00</b>	<b>155.55</b>	<b>10.95</b>

## Value delivered to shareholders

### CSE market

	2019	2018	2017	2016	2015
Market price-earnings ratio (PER) (Times)	<b>10.83</b>	9.65	10.60	12.37	17.98
Market price to book value (PBV) (Times)	<b>1.14</b>	1.18	1.31	1.42	1.99
Market dividend yield (DY) (%)	<b>3.17</b>	3.09	3.19	2.75	2.18

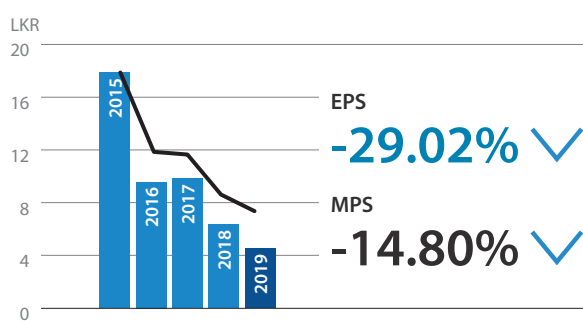
### Banking industry

	2019	2018	2017	2016	2015
Market price-earnings ratio (PER) (Times)	<b>5.57</b>	5.38	6.61	7.04	11.02
Market price to book value (PBV) (Times)	<b>0.84</b>	0.92	1.07	1.15	1.44
Market dividend yield (DY) (%)	<b>2.70</b>	2.80	2.50	3.30	3.00

## SDB bank

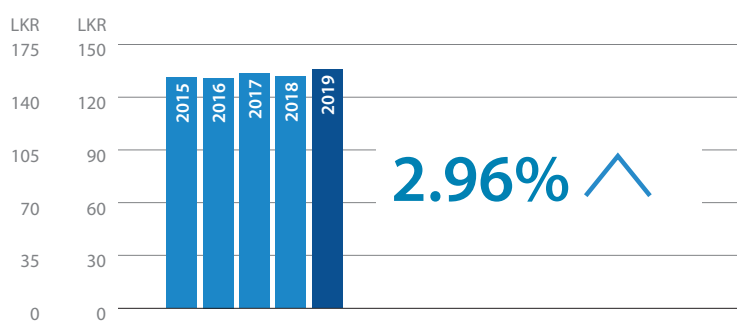
	2019	2018	2017	2016	2015
Net asset value per share (LKR)	136.20	132.28	133.83	131.22	131.62
Basic earnings per share (LKR)	4.50	6.34	9.87	9.60	17.90
Dividend per share (LKR)	7.00	-	6.00	7.50	10.00
Market price per share as at 31 December (LKR)	63.90	75.00	101.90	103.70	157.10
Price-earnings ratio (PER) (Times)	14.20	11.83	10.32	10.80	8.78
Price to book value (PBV) (Times)	0.47	0.57	0.76	0.79	1.19
Dividend yield (DY) (%)	10.95	-	5.89	7.23	6.37
Dividend payout (%)	155.55	-	60.79	78.13	55.86
Number of shares (Mn.)	56.31	56.31	54.78	42.06	40.25
Number of shareholders	37,506	37,648	38,283	39,374	40,283
Total equity (LKR Mn.)	7,668.98	7,448.73	7,331.16	5,519.28	5,297.35
Stated capital (LKR Mn.)	5,921.54	5,921.54	5,758.69	4,062.96	3,794.09
Debt to equity (Times)	12.77	11.83	10.09	10.75	10.12
Interest cover (Times)	1.06	1.08	1.11	1.13	1.34
Return on equity (%)	3.35	4.83	7.90	7.46	14.42
Earnings growth (%)	(9)	(14.41)	22	(43.97)	42.84
Quick assets ratio (%)	0.59	0.65	0.63	0.65	0.55

### Earnings and market price per share



■ Earnings per share (LHS) — Market price per share (RHS)

### Net assets per share



## Other information for ordinary shareholders

### Record of scrip issue

Year	New proportion	Old proportion	Number of shares listed	Date listed
2017	1	22.8533	2,279,147	12 June 2017
2018	-	-	-	-
2019	-	-	-	-

### Record of rights issue (2014)

Code	Close price LKR	Highest price LKR	Lowest price LKR	Turnover LKR	Number of shares	Trades
SDB.R0000	15.00	24.00	10.70	31,153,089.00	2,191,458	1,717



Date of allotment	Number of shares provisionally allotted	Consideration per share LKR	Final allotment number of shares	Amount raised LKR	Proportion	Date issued
18 November 2014	12,587,661	80.00	12,587,661	1,007,012,880.00	1:2	30 December 2014

### Utilisation of funds raised through rights issue

Objective Number	Objective as per circular	Amount allocated as per circular in LKR	Proposed date of utilisation as per circular	Amount allocated from proceeds in LKR	Percentage of total proceeds	Amounts utilised in LKR	Percentage of utilisation against allocation
1	To increase the Bank's capital base and to finance portfolio growth whilst strengthening the balance sheet	1,007,012,880	Nine months from the date of allotment	1,007,012,880	100	1,007,012,880	100

### Value creation for debenture holders

#### Basic information of the debentures

	Type B	Type D
Tenure	5 years	5 years
Issue date	31.12. 2015	31.12. 2015
Maturity date	31.12. 2020	31.12. 2020
Frequency of interest payable	Semi-annual	Semi-annual
Market value	Not traded	Not traded

#### Other information of the debentures

	2019				2018			
	Balance as at 31 December	Coupon rate	Annual effective rate	Interest rate of comparable Government Securities	Balance as at 31 December	Coupon rate	Annual effective rate	Interest rate of comparable Government Securities
	LKR '000	%	%	%	LKR '000	%	%	%
Type B	422,906	10.00	10.25	9.72	422,906	10.00	10.25	11.58
Type D	591,128	10.30	10.57	9.72	591,128	10.30	10.57	11.58

### Utilisation of funds raised through debenture issue

Objective Number	Objective as per prospectus	Amount allocated as per prospectus in LKR	Proposed date of utilisation as per Prospectus	Amount allocated from proceeds in LKR	Percentage of total proceeds	Amounts utilised in LKR	Percentage of utilisation against allocation
1	To raise medium term funds to manage assets and liability mismatch and to minimise the interest rate risk	-	-	-	-	-	100
2	To finance the budgeted lending portfolio (approximately 90% as loans and the balance as leasing) and to minimise the mismatch in funding exposure	964,560,000	In the ordinary course business within the next 12 months from the date of allotment	868,104,000 for loans and 96,456,000 for leasing	100	964,560,000	100