

# Interim Reports

December 2013



**SANASA Development Bank PLC**

*Leads the Nation*

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31.12.2013**

RS '000

	Bank		
	31.12.2013	31.12.2012 Audited	Increase
<b>Assets</b>			
Cash and cash equivalents	399,385	503,541	-21%
Placements with banks	2,530,598	2,070,307	22%
Financial assets fair value through profit or loss	1,210,673	184,419	556%
Other Financial Asset Classified under Loans and receivable	1,701,091	470,099	262%
Loans and receivables to other customers	22,183,434	19,712,033	13%
Financial investments Available-for-sale	165,699	171,696	-3%
Financial investments Held-to-maturity	443,408	709,365	-37%
Property, plant and equipment	506,771	603,233	-16%
Investment properties	27,615	28,671	-4%
Intangible assets	107,744	127,677	-16%
Other assets	482,895	318,516	52%
<b>Total assets</b>	<b>29,759,313</b>	<b>24,899,556</b>	<b>20%</b>
<b>Liabilities</b>			
Due to other customers	23,594,768	18,947,514	25%
Other borrowings	1,878,643	1,557,329	21%
Current tax liabilities	13,532	70,561	-81%
Deferred tax liabilities	27,713	27,713	0%
Other liabilities	828,369	1,040,128	-20%
<b>Total liabilities</b>	<b>26,343,024</b>	<b>21,643,247</b>	<b>22%</b>
<b>Equity</b>			
Stated capital/Assigned capital	2,526,532	2,526,532	0%
Statutory reserve fund	96,399	82,106	17%
Retained earnings	523,415	430,335	22%
Other reserves	269,943	217,337	24%
Non-controlling interests			
<b>Total equity</b>	<b>3,416,289</b>	<b>3,256,310</b>	<b>5%</b>
<b>Total equity and liabilities</b>	<b>29,759,313</b>	<b>24,899,556</b>	<b>20%</b>
<b>Contingent liabilities and commitments</b>	<b>143,214</b>	<b>141,262</b>	<b>1%</b>
<b>Net Asset Per Share</b>	<b>136</b>	<b>129</b>	<b>5%</b>
<b>Memorandum Information</b>			
Number of Employees	856	823	4%
Number of Branches	82	81	1%

Certification:

0 0

We, the undersigned, being the Chairperson, Deputy Chairman, General Manager / CEO and the Compliance Officer of the SANASA Development Bank PLC, certify jointly that :-

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

(sgd)  
M.T Galgamuwa  
General Manager / CEO

(sgd)  
S.S.S.Senanayake  
Compliance Officer

(sgd)  
Samadanie Kiriwandeniya  
Chairperson  
28.02.2014

(sgd)  
T. Karunasena  
Deputy Chairman  
28.02.2014

**SANASA DEVELOPMENT BANK PLC**  
**Statement of Comprehensive Income**  
**For the Period Ended 31.12.2013**

	For the 12 months ended			For the quarter ended		
	31.12.2013 Rs.000	31.12.2012 Rs.000	Increase	31.12.2013 Rs.000	31.12.2012 Rs.000	Increase
Interest income	4,389,385	3,782,126	16%	1,079,995	1,085,732	-1%
Interest expenses	(2,525,580)	(1,879,248)	34%	(608,545)	(518,196)	17%
<b>Net interest income</b>	<b>1,863,805</b>	<b>1,902,878</b>	<b>-2%</b>	<b>471,450</b>	<b>567,536</b>	<b>-17%</b>
Fee and commission income	122,423	71,767	71%	31,295	3,479	799%
Fee and commission expenses	(5,073)	(496)	922%	4,724	9,227	-49%
<b>Net fee and commission income</b>	<b>117,350</b>	<b>71,271</b>	<b>65%</b>	<b>36,019</b>	<b>12,706</b>	<b>183%</b>
Net gain/(loss) from financial instruments at fair value through profit or loss	76,162	(10,661)	814%	30,520	9,149	234%
Other operating income (net)	89,571	52,012	72%	25,075	21,243	18%
<b>Total operating income</b>	<b>2,146,888</b>	<b>2,015,500</b>	<b>7%</b>	<b>563,065</b>	<b>610,634</b>	<b>-8%</b>
<b>Impairment for loans and other losses</b>	<b>257,832</b>	<b>60,866</b>	<b>324%</b>	<b>137,655</b>	<b>75,013</b>	<b>84%</b>
Significant impairment	(20,891)	(8,815)	137%	(29,588)	43,273	-168%
Collective impairment	278,723	69,681	300%	167,243	31,740	427%
Others						
<b>Net operating income</b>	<b>1,889,056</b>	<b>1,954,634</b>	<b>-3%</b>	<b>425,410</b>	<b>535,621</b>	<b>-21%</b>
Personnel expenses	540,777	447,637	21%	143,702	107,863	33%
Depreciation	165,293	160,899	3%	38,866	14,591	166%
Other expenses	700,457	732,937	-4%	246,657	256,562	-4%
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>482,530</b>	<b>613,162</b>	<b>-21%</b>	<b>-3,815</b>	<b>156,605</b>	<b>-102%</b>
Value added tax (VAT) on financial services	(77,808)	(96,665)	-20%	(10,947)	(34,355)	-68%
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>404,722</b>	<b>516,497</b>	<b>-22%</b>	<b>(14,762)</b>	<b>122,250</b>	<b>-112%</b>
<b>Profit/(loss) before tax</b>	<b>404,722</b>	<b>516,497</b>	<b>-22%</b>	<b>(14,762)</b>	<b>122,249</b>	<b>-112%</b>
Tax expenses	(115,375)	(175,781)	-34%	2,638	(56,256)	105%
<b>Profit/(loss) for the period</b>	<b>289,347</b>	<b>340,716</b>	<b>-15%</b>	<b>(12,124)</b>	<b>65,993</b>	<b>-118%</b>
<b>Other Comprehensive Income</b>						
Actuarial gains/(losses) on defined benefit plans	(5,464)	12,733	-143%	2,036	12,733	-84%
Gains and losses on re-measuring available-for-sale financial assets	1,973	(27,621)	107%	13,811	(7,891)	275%
<b>Other Comprehensive Income for the period net of tax</b>	<b>(3,491)</b>	<b>(14,888)</b>	<b>-77%</b>	<b>15,847</b>	<b>4,842</b>	<b>227%</b>
<b>Total Comprehensive Income for the period</b>	<b>285,856</b>	<b>325,827</b>	<b>-12%</b>	<b>3,723</b>	<b>70,835</b>	<b>-95%</b>
Total Comprehensive Income to attributable to						
Owners of parent	285,856	325,827	-12%	3,722	70,835	-95%
Non-controlling interests						
<b>Total Comprehensive Income for the period</b>	<b>285,856</b>	<b>325,827</b>	<b>-12%</b>	<b>3,723</b>	<b>70,835</b>	<b>-95%</b>

Basic earnings per ordinary share Rs.

11.49

13.53

0.15

2.81

No Circumstances have arisen since the Balance Sheet date, which require adjustment to or disclosure in the financial statements.  
There are no changes to the accounting policies and methods of computation of the Annual Report for the year ended 2012

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CASH FLOWS**  
**for the Period Ended 31.12.2013**

RS '000

	BANK	
	01.01.2013 to 31.12.2013	01.01.2012 to 31.12.2012
<b>Cash Flows From / (Used in) Operating Activities</b>		
Interest Received	4,271,280	3,539,030
Fee and Commission Received	122,423	71,767
Receipts from other Operating Activities	96,355	52,012
Interest Payment	(2,291,568)	(1,651,638)
Cash Payment to Employees	(464,784)	(434,930)
Payments to Suppliers and Other Operating Activities	(1,122,833)	(700,305)
Fee and Commission Expenses	(5,073)	(496)
<b>Operating Profit before Changes in Operating Assets</b>	<b>605,799</b>	<b>875,440</b>
(Increase)/Decrease in Operating Assets		
Funds Advanced to Customers	(2,742,754)	(2,919,469)
Other Short Term Securities	(717,842)	(452,079)
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	4,365,212	2,919,630
<b>Net Cash from Operating Activities Before Income Tax</b>	<b>1,510,416</b>	<b>423,521</b>
Income Tax Paid	(97,336)	(180,948)
<b>Net Cash from Operating Activities</b>	<b>1,413,080</b>	<b>242,573</b>
<b>Cash Flows from / (Used in) Investing Activities</b>		
Dividend Received	9,680	14,061
(Increase)/ Decrease in Non Dealing Securities	(877,142)	335,094
(Increase)/ Decrease in Dealing Securities	40,371	108,784
(Increase)/ Decrease in Treasury Bonds and other Investments	(927,100)	(354,844)
Proceeds from sale of Property, Plant and Equipment	6,905	3,926
Purchase of Property, Plant and Equipment	(50,405)	(148,069)
<b>Net Cash from/ (used in) Investing Activities</b>	<b>(1,797,691)</b>	<b>(41,048)</b>
<b>Cash Flows from (Used in) Financing Activities</b>		
Proceeds from Issuance/Allotment of Shares	0	99,000
Dividend Paid	(41,213)	(225,147)
Net Increase/(Decrease) in Borrowing	324,546	17,602
Funds Received/(Utilized) During the period	(2,879)	(9,437)
<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>280,454</b>	<b>(117,982)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(104,157)</b>	<b>83,543</b>
Cash and Cash Equivalent at the beginning of the year	<b>503,541</b>	<b>419,998</b>
Cash and Cash Equivalents at the end of the period	<b>399,385</b>	<b>503,541</b>

0

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
for the Period ended 31.12.2013

Rs '000

Bank	Stated capital / Assigned capital	Reserves				Total equity
	Ordinary voting shares	Statutory Reserve	Investment Fund	Retained earnings	General reserves	
<b>Balance as at 01/01/2012(Opening balance)</b>	2,427,532	65,070	74,847	567,508	46,657	3,181,615
<b>Total comprehensive income for the period</b>						
Profit/(loss) for the period				340,716		340,716
Other comprehensive income (net of tax)				(14,888)		(14,888)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>325,828</b>	<b>0</b>	<b>325,828</b>
<b>Transactions with equity holders, recognised directly in equity</b>						
Application Received						
Share issue/increase of assigned capital	99,000					99,000
Transfer to Statutory Reserve fund		17,035		(17,035)		0
Transfer to Investment Fund			95,833	(95,833)		0
Dividends to equity holders				(350,132)		(350,132)
<b>Total transactions with equity holders</b>	<b>99,000</b>	<b>17,035</b>	<b>95,833</b>	<b>(463,000)</b>	<b>0</b>	<b>(251,132)</b>
<b>Balance as at 31/12/2012 (Closing balance)</b>	<b>2,526,532</b>	<b>82,105</b>	<b>170,680</b>	<b>430,335</b>	<b>46,657</b>	<b>3,256,310</b>

<b>Balance as at 01/01/2013 (Opening balance)</b>	2,526,532	82,106	170,680	430,335	46,657	3,256,310
<b>Total comprehensive income for the period</b>						
Profit/(loss) for the period				289,347		289,347
Other comprehensive income (net of tax)				(3,491)		(3,491)
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285,856</b>	<b>0</b>	<b>285,856</b>
<b>Transactions with equity holders, recognised directly in equity</b>						
Share issue/increase of assigned capital						
Transfer to Statutory Reserve fund		14,293		(14,293)		0
Transfer to Investment Fund			52,606	(52,606)		0
Dividends to equity holders				(125,877)		(125,877)
Other						0
<b>Total transactions with equity holders</b>		<b>14,293</b>	<b>52,606</b>	<b>(192,776)</b>	<b>0</b>	<b>(125,877)</b>
<b>Balance as at 31/12/2013 (Closing balance)</b>	<b>2,526,532</b>	<b>96,399</b>	<b>223,286</b>	<b>523,415</b>	<b>46,657</b>	<b>3,416,289</b>

**ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS**

as at 31.12.2013

Rs' 000

<b>As at 31 December 2012</b>	<b>Fair value through Profit or Loss</b>	<b>HTM</b>	<b>AFS</b>	<b>Amortised cost</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	-	-	-	503,541	503,541
Placements with banks	-	-	-	2,070,307	2,070,307
Other financial assets at fair value through profit or loss	184,419	-	-	-	184,419
Financial investments - Available-for-sale	-	-	171,696	-	171,696
Financial investments - Held-to-maturity	-	709,365	-	-	709,365
Loans and receivables to other customers	-	-	-	19,712,033	19,712,033
Other Financial Asset Classified under Loans and receivable	-	-	-	470,099	470,099
<b>Total financial assets</b>	184,419	709,365	171,696	22,755,980	23,821,459
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	18,947,514	18,947,514
Other borrowings	-	-	-	1,557,329	1,557,329
<b>Total financial liabilities</b>	-	-	-	20,504,843	20,504,843

<b>As at 31<sup>st</sup> December 2013</b>	<b>Fair value through Profit or Loss</b>	<b>HTM</b>	<b>AFS</b>	<b>Amortised cost</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	-	-	-	399,385	399,385
Placements with banks	-	-	-	2,530,598	2,530,598
Other financial assets at fair value through profit or loss	1,210,673	-	-	-	1,210,673
Financial investments - Available-for-sale	-	-	165,699	-	165,699
Financial investments - Held-to-maturity	-	443,408	-	-	443,408
Loans and receivables to other customers	-	-	-	22,183,434	22,183,434
Other Financial Asset Classified under Loans and receivable	-	-	-	1,701,091	1,701,091
<b>Total financial assets</b>	1,210,673	443,408	165,699	26,814,509	28,634,290
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	23,594,768	23,594,768
Other borrowings	-	-	-	1,878,643	1,878,643
<b>Total financial liabilities</b>	-	-	-	25,473,411	25,473,411

**SANASA DEVELOPMENT BANK PLC**  
**Selected Performance Indicators**

Item	As at 31.12.2013	As at 31.12.2012 (Audited)
<b>Regulatory Capital Adequacy</b>		
Core Capital ( Tier I Capital ), Rs. Mn	2,804	3,077
Total Capital Base , Rs. Mn	2,832	3,127
Risk Weighted assets, Rs. Mn	24,046	19,133
<b>Core Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 5% )	<b>11.66%</b>	<b>16.08%</b>
<b>Total Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 10% )	<b>11.78%</b>	<b>16.35%</b>
<b>Assets Quality ( Quality of Loan Portfolio )</b>		
Gross Non-performing Advances Ratio, ( net of Interest in Suspense )	<b>5.08%</b>	<b>4.60%</b>
Net Non-performing Advances Ratio, ( net of Interest in Suspense & Provisions )	<b>3.03%</b>	<b>2.80%</b>
<b>Profitability</b>		
Interest Margin, %	<b>6.42%</b>	<b>7.98%</b>
Return on Assets ( Before Taxes ), %	<b>1.76%</b>	<b>2.69%</b>
Return on Equity(After Taxes) , %	<b>9.05%</b>	<b>10.47%</b>
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	<b>20.39%</b>	<b>20.27%</b>

Share information	31.12.2013
Market value per share (Rs.)	77.40
Highest price per share for the period (Rs.)	82.00
Lowest price per share for the period (Rs.)	73.00

**SHAREHOLDER'S INFORMATION**

**Twenty Largest Shareholders as at 31.12.2013**

<b>Name of The Shareholders</b>	<b>Number of Shares</b>	<b>%</b>
People s Leasing PLC	1,000,000	3.97%
CB NY S/A International Finance Corporation	900,000	3.57%
Kegalle Sanasa Share Holders Trust Company Limited	663,953	2.64%
ETIMOS Lanka ( Pvt ) Limited	590,229	2.34%
Seemasahitha Sanasa Rakshana Samagama (General)	587,828	2.33%
Seemasahitha Sanasa Rakshana Samagama (Life)	507,397	2.02%
Sanasa Federation Ltd	376,338	1.49%
Mr.H.A.Van Starrex	347,954	1.38%
Warakapola Sanasa Share Holders Trust Company Limited	330,759	1.31%
Wennappuwa Sanasa Share Holders Trust Company Limited	223,660	0.89%
Polgahawela Sanasa Share Holders Trust Company Limited	215,039	0.85%
Life Insurance Corporation (Lanka) Ltd	192,500	0.76%
David Peiris Motor Company Ltd	188,988	0.75%
Galewela Sanasa Share Holders Trust Company Ltd	181,030	0.72%
Polpithigama Sanasa Share Holders Trust Company Limited	172,256	0.68%
Kamburupitiya Sanasa Share Holders Trust Company Limited	171,470	0.68%
Gampaha DTCCS Union Ltd	167,396	0.66%
Galle Sanasa Share Holders Trust Company Ltd	138,545	0.55%
Baddegama SANASA Share Holding Trust Company Limited	137,575	0.55%
Chilaw Sanasa sharholders trust company ltd	137,426	0.55%
<b>Sub Total</b>	<b>7,230,343</b>	<b>28.72%</b>
Other shareholder	17,944,979	71.28%
<b>Total</b>	<b>25,175,322</b>	<b>100.00%</b>

**Percentage of public holding as at 31.12.2013**

**99.98%**

( Total No. of Shares 25, 175,322 )

**Directors Shareholding in shares as at 31.12.2013**

<b>Name of Director</b>	<b>No. of Shares</b>
Mrs.M.S.Kiriwandeniya	1,712
Mr.T.Karunasena	3,301
Mr.A.D.Walisinghe	-
Mr.D.P.Kumarage	-
Dr.R.M.K.Ratnayake	-
Mr.H.M.G.B.Herath	-
Mr. Lakshman Abeysekera	-
Mr.Jayantha Rathnayake	-
Mr. Thilak Rajapaksha	-