

# Interim Reports

December 2014



**SANASA Development Bank PLC**

*Leads the Nation*

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31.12.2014**

RS '000

	<b>Bank</b>		
	<b>31.12.2014</b>	<b>31.12.2013</b> <b>Audited</b>	<b>Increase</b>
<b>Assets</b>			
Cash and cash equivalents	661,651	399,385	66%
Placements with banks	2,223,162	2,530,598	-12%
Financial assets fair value through profit or loss	-	1,210,673	-100%
Other Financial Asset Classified under Loans and receivable	4,164,274	1,701,091	145%
Loans and receivables to other customers	32,060,498	22,116,645	45%
Financial investments Available-for-sale	29,734	165,699	-82%
Financial investments Held-to-maturity	298,545	443,408	-33%
Property, plant and equipment	513,593	506,771	1%
Investment properties	26,559	27,615	-4%
Intangible assets	77,344	107,744	-28%
Current tax assets	-	40,081	-100%
Other assets	517,187	482,895	7%
<b>Total assets</b>	<b>40,572,547</b>	<b>29,732,605</b>	<b>36%</b>
<b>Liabilities</b>			
Due to other customers	30,249,434	23,594,768	28%
Other borrowings	4,602,233	1,878,643	145%
Current tax liabilities	113,192	-	
Deferred tax liabilities	53,514	46,005	16%
Other liabilities	858,200	832,942	3%
<b>Total liabilities</b>	<b>35,876,573</b>	<b>26,352,358</b>	<b>36%</b>
<b>Equity</b>			
Stated capital/Assigned capital	3,533,545	2,526,532	40%
Statutory reserve fund	118,665	94,417	26%
Retained earnings	997,107	489,355	104%
Other reserves	46,657	269,943	-83%
Non-controlling interests			
<b>Total equity</b>	<b>4,695,974</b>	<b>3,380,247</b>	<b>39%</b>
<b>Total equity and liabilities</b>	<b>40,572,547</b>	<b>29,732,605</b>	<b>36%</b>
<b>Contingent liabilities and commitments</b>	<b>129,507</b>	<b>144,378</b>	<b>-10%</b>
<b>Net Asset Per Share</b>	<b>124</b>	<b>134</b>	<b>-7%</b>
<b>Memorandum Information</b>			
Number of Employees	1,004	856	17%
Number of Branches	82	82	0%

**Certification:**

We, the undersigned, being the Deputy chairman, Director, General Manager / CEO and the Assistant General Manager- Finance 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)  
Terrance Kumara  
AGM - Finance

(sgd)  
Nimal C. Hapuarachchi  
General Manager / CEO

(sgd)  
L. Abeysekera  
Director  
26.02.2015

(sgd)  
T. Karunasena  
Deputy Chairman  
26.02.2015

**SANASA DEVELOPMENT BANK PLC**  
**Statement of Comprehensive Income**  
**For the Period Ended 31.12.2014**

	For the 12 months ended			For the quarter ended		
	31.12.2014 Rs.000	31.12.2013 Rs.000	Increase	31.12.2014 Rs.000	31.12.2013 Rs.000	Increase
Interest income	4,850,170	4,389,385	10%	1,305,454	1,079,994	21%
Interest expenses	(2,400,764)	(2,525,580)	-5%	(564,460)	(608,545)	-7%
<b>Net interest income</b>	<b>2,449,406</b>	<b>1,863,805</b>	<b>31%</b>	<b>740,994</b>	<b>471,449</b>	<b>57%</b>
Fee and commission income	164,626	122,423	34%	58,413	31,295	87%
Fee and commission expenses	(2,283)	(2,272)	0%	13,920	7,525	85%
<b>Net fee and commission income</b>	<b>162,343</b>	<b>120,151</b>	<b>35%</b>	<b>72,333</b>	<b>38,820</b>	<b>86%</b>
Net gain/(loss) from financial instruments at fair value through profit or loss	53,942	102,444	-47%	18,610	56,803	-67%
Other operating income (net)	168,428	63,289	166%	83,981	(1,207)	-7059%
<b>Total operating income</b>	<b>2,834,119</b>	<b>2,149,689</b>	<b>32%</b>	<b>915,918</b>	<b>565,865</b>	<b>62%</b>
<b>Impairment for loans and other losses</b>	<b>204,390</b>	<b>324,621</b>	<b>-37%</b>	<b>85,255</b>	<b>204,444</b>	<b>-58%</b>
Significant impairment	23,709	(20,891)	213%	16,993	(29,588)	157%
Collective impairment	180,681	345,512	-48%	68,262	234,032	-71%
Others						
<b>Net operating income</b>	<b>2,629,729</b>	<b>1,825,068</b>	<b>44%</b>	<b>830,663</b>	<b>361,421</b>	<b>130%</b>
Personnel expenses	767,848	540,777	42%	234,257	143,702	63%
Depreciation	147,945	164,925	-10%	37,149	38,498	-4%
Other expenses	772,482	703,625	10%	246,438	249,825	-1%
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>941,454</b>	<b>415,741</b>	<b>126%</b>	<b>312,819</b>	<b>(70,604)</b>	<b>543%</b>
Value added tax (VAT) on financial services	(190,275)	(82,382)	131%	(72,075)	(15,521)	364%
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>751,179</b>	<b>333,359</b>	<b>125%</b>	<b>240,744</b>	<b>(86,125)</b>	<b>380%</b>
<b>Profit/(loss) before tax</b>	<b>751,179</b>	<b>333,359</b>	<b>125%</b>	<b>240,744</b>	<b>(86,125)</b>	<b>380%</b>
Tax expenses	(246,732)	(85,175)	190%	(51,043)	32,838	255%
<b>Profit/(loss) for the period</b>	<b>504,447</b>	<b>248,184</b>	<b>103%</b>	<b>189,701</b>	<b>(53,287)</b>	<b>456%</b>
<b>Other Comprehensive Income</b>						
Actuarial gains/(losses) on defined benefit plans	(27,091)	(5,464)	396%	(13,591)	2,036	-768%
Gains and losses on re-measuring available-for-sale financial assets	-	1,973	-100%	(64,121)	13,811	-564%
Income tax relating to other comprehensive income	7,586	1,530	396%	7,586	1,530	396%
<b>Other Comprehensive Income for the period net of tax</b>	<b>(19,506)</b>	<b>(1,961)</b>	<b>895%</b>	<b>(70,126)</b>	<b>17,377</b>	<b>-504%</b>
<b>Total Comprehensive Income for the period</b>	<b>484,941</b>	<b>246,223</b>	<b>97%</b>	<b>119,575</b>	<b>(35,910)</b>	<b>433%</b>
Total Comprehensive Income to attributable to Owners of parent	484,941	246,223	97%	119,575	(35,910)	433%
Non-controlling interests						
<b>Total Comprehensive Income for the period</b>	<b>484,941</b>	<b>246,223</b>	<b>97%</b>	<b>119,575</b>	<b>(35,910)</b>	<b>433%</b>

Basic earnings per ordinary share Rs.

20.01

9.86

3.17

(1.43)

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 2013

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CASH FLOWS**  
**for the Period Ended 31.12.2014**

RS '000

	BANK	
	01.01.2014 to 31.12.2014	01.01.2013 to 31.12.2013
<b>Cash Flows From / (Used in) Operating Activities</b>		
Interest Received	5,039,377	4,271,280
Fee and Commission Received	168,243	122,423
Receipts from other Operating Activities	82,545	96,355
Interest Payment	(2,460,974)	(2,291,568)
Cash Payment to Employees	(719,454)	(464,784)
Payments to Suppliers and Other Operating Activities	(889,154)	(1,125,634)
Fee and Commission Expenses	(21,384)	(2,272)
<b>Operating Profit before Changes in Operating Assets</b>	<b>1,199,199</b>	<b>605,799</b>
(Increase)/Decrease in Operating Assets		
Funds Advanced to Customers	(10,307,138)	(2,742,754)
Other Short Term Securities	508,941	(717,842)
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	6,692,563	4,365,212
<b>Net Cash from Operating Activities Before Income Tax</b>	<b>(1,906,435)</b>	<b>1,510,416</b>
Income Tax Paid	(180,996)	(97,336)
<b>Net Cash from Operating Activities</b>	<b>(2,087,431)</b>	<b>1,413,080</b>
<b>Cash Flows from / (Used in) Investing Activities</b>		
Dividend Received	14,314	9,680
(Increase)/ Decrease in Non Dealing Securities	567,818	(877,142)
(Increase)/ Decrease in Dealing Securities	245,603	40,371
(Increase)/ Decrease in Treasury Bonds and other Investments	(1,968,299)	(927,100)
Proceeds from sale of Property, Plant and Equipment	10,125	6,905
Purchase of Property, Plant and Equipment	(120,339)	(50,405)
<b>Net Cash from/ (used in) Investing Activities</b>	<b>(1,250,778)</b>	<b>(1,797,691)</b>
<b>Cash Flows from (Used in) Financing Activities</b>		
Proceeds from Issuance/Allotment of Shares	1,007,013	-
Dividend Paid	(111,002)	(41,213)
Net Increase/(Decrease) in Borrowing	2,716,778	324,546
Funds Received/(Utilized) During the period	(12,314)	(2,879)
<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>3,600,475</b>	<b>280,454</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>262,266</b>	<b>(104,157)</b>
Cash and Cash Equivalent at the beginning of the year	<b>399,385</b>	<b>503,541</b>
Cash and Cash Equivalents at the end of the period	<b>661,651</b>	<b>399,385</b>

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

Item	As at 31.12.2014	As at 31.12.2013 (Audited)
<b>Regulatory Capital Adequacy</b>		
Core Capital ( Tier I Capital ), Rs. Mn	4,613	3,212
Total Capital Base , Rs. Mn	4,751	3,239
Risk Weighted assets, Rs. Mn	30,988	22,928
<b>Core Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 5% )	<b>14.89%</b>	<b>14.01%</b>
<b>Total Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 10% )	<b>15.33%</b>	<b>14.13%</b>
<b>Assets Quality ( Quality of Loan Portfolio )</b>		
Gross Non-performing Advances Ratio, ( net of Interest in Suspense )	<b>3.76%</b>	<b>5.08%</b>
Net Non-performing Advances Ratio, ( net of Interest in Suspense & Provisions )	<b>1.73%</b>	<b>3.03%</b>
<b>Profitability</b>		
Interest Margin, %	<b>6.97%</b>	<b>6.81%</b>
Return on Assets ( Before Taxes ), %	<b>2.14%</b>	<b>1.22%</b>
Return on Equity(After Taxes) , %	<b>12.01%</b>	<b>7.42%</b>
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	<b>21.61%</b>	<b>20.39%</b>

Share information	31.12.2014
Market value per share (Rs.)	90.90
Highest price per share for the period (Rs.)	117.30
Lowest price per share for the period (Rs.)	85.60

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
for the Period ended 31.12.2014

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 01/01/2013(Opening balance)</b>	2,526,532	82,106	170,680	433,926	46,657	3,259,901
<b>Total comprehensive income for the period</b>				248,184		248,184
Profit/(loss) for the period				248,184		248,184
Other comprehensive income (net of tax)				(1,961)		(1,961)
<b>Total comprehensive income for the period</b>	-	-	-	<b>246,223</b>	-	<b>246,223</b>
<b>Transactions with equity holders, recognised directly in equity</b>						
Application Received						-
Share issue/increase of assigned capital						-
Transfer to Statutory Reserve fund		12,311		(12,311)		-
Transfer to Investment Fund			52,606	(52,606)		-
Dividends to equity holders				(125,877)		(125,877)
<b>Total transactions with equity holders</b>	-	<b>12,311</b>	<b>52,606</b>	<b>(190,794)</b>	-	<b>(125,877)</b>
<b>Balance as at 31/12/2013 (Closing balance)</b>	<b>2,526,532</b>	<b>94,417</b>	<b>223,286</b>	<b>489,355</b>	<b>46,657</b>	<b>3,380,247</b>

<b>Balance as at 01/01/2014 (Opening balance)</b>	2,526,532	94,417	223,286	489,355	46,657	3,380,247
<b>Total comprehensive income for the period</b>				504,447		504,447
Profit/(loss) for the period				504,447		504,447
Other comprehensive income (net of tax)				(19,506)		(19,506)
<b>Total comprehensive income for the year</b>	-	-	-	484,941	-	484,941
<b>Transactions with equity holders, recognised directly in equity</b>						
Rights Issue	1,007,013					1,007,013
Transfer to Statutory Reserve fund		24,247		(24,247)		-
Transfer to Investment Fund			9,993	(9,993)		-
Dividends to equity holders				(176,227)		(176,227)
Other			(233,278)	233,278		-
<b>Total transactions with equity holders</b>	1,007,013	24,247	(233,286)	22,811	-	830,786
<b>Balance as at 31/12/2014 (Closing balance)</b>	<b>3,533,545</b>	<b>118,664</b>	-	<b>997,108</b>	<b>46,657</b>	<b>4,695,974</b>

**ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS**

as at 31.12.2014

Rs' 000

As at 31 <sup>st</sup> December 2013	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
<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	-	-	-	22,116,645	22,116,645
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	26,747,719	28,567,499
<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

As at 31 <sup>st</sup> December 2014	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	-	-	-	661,651	661,651
Placements with banks	-	-	-	2,223,162	2,223,162
Other financial assets at fair value through profit or loss	-	-	-	-	-
Financial investments - Available-for-sale	-	-	29,734	-	29,734
Financial investments - Held-to-maturity	-	298,545	-	-	298,545
Loans and receivables to other customers	-	-	-	32,060,498	32,060,498
Other Financial Asset Classified under Loans and receivable	-	-	-	4,164,274	4,164,274
<b>Total financial assets</b>	-	298,545	29,734	39,109,587	39,437,867
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	30,249,434	30,249,434
Other borrowings	-	-	-	4,602,233	4,602,233
<b>Total financial liabilities</b>	-	-	-	34,851,667	34,851,667

## SANASA Development Bank PLC

## Segment Report

Rs. '000

	31 December									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest income	3,448,043	2,784,598	687,426	545,533	576,431	711,661	138,270	347,594	4,850,170	4,389,385
Interest expenses	(1,687,991)	(1,536,277)	(229,773)	(275,326)	(415,792)	(542,581)	(67,207)	(171,397)	(2,400,763)	(2,525,580)
<b>Net interest income</b>	<u>1,760,052</u>	<u>1,248,321</u>	<u>457,652</u>	<u>270,207</u>	<u>160,639</u>	<u>169,081</u>	<u>71,063</u>	<u>176,197</u>	<u>2,449,406</u>	<u>1,863,805</u>
Fee and commission income	143,157	98,435	21,469	23,988	-	-	-	-	164,626	122,423
Fee and commission expenses	(1,289)	(1,278)	(994)	(994)	-	-	-	-	(2,283)	(2,272)
<b>Net fee and commission income</b>	<u>141,869</u>	<u>97,157</u>	<u>20,475</u>	<u>22,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,343</u>	<u>120,151</u>
Net loss from financial instruments at fair value through profit or loss	-	-	-	-	53,942	76,162	-	-	53,942	76,162
Other operating income (net)	160,773	73,232	-	-	7,655	16,339	-	-	168,428	89,571
<b>Total operating income</b>	<u>2,062,693</u>	<u>1,418,710</u>	<u>478,127</u>	<u>293,200</u>	<u>222,236</u>	<u>261,581</u>	<u>71,063</u>	<u>176,197</u>	<u>2,834,119</u>	<u>2,149,689</u>
Impairment for loans and other losses	(134,000)	(240,559)	(62,141)	(46,240)	-	-	(8,249)	(37,822)	(204,390)	(324,621)
<b>Net operating income - Segment Result</b>	<u>1,928,693</u>	<u>1,178,151</u>	<u>415,986</u>	<u>246,961</u>	<u>222,236</u>	<u>261,581</u>	<u>62,814</u>	<u>138,375</u>	<u>2,629,730</u>	<u>1,825,068</u>
Un-allocated Expenses									(1,688,276)	(1,409,327)
Value added tax (VAT) on financial services									(190,275)	(82,382)
<b>Profit before tax</b>									<u>751,179</u>	<u>333,359</u>
Tax expenses									(246,732)	(85,175)
<b>Profit for the year</b>									<u>504,447</u>	<u>248,184</u>
<b>Other Comprehensive Income</b>										
Other Comprehensive Income for the year net of tax									(19,506)	(1,961)
<b>Total Comprehensive Income for the year</b>									<u>484,941</u>	<u>246,222</u>
<b>Segment Assets</b>	27,263,788	17,134,289	3,711,208	3,070,747	6,715,715	6,051,470	1,085,503	1,911,608	38,776,213	28,168,115
Un allocated assets	-	-	-	-	-	-	-	-	1,796,334	1,564,490
<b>Total Assets</b>	<u>27,263,788</u>	<u>17,134,289</u>	<u>3,711,208</u>	<u>3,070,747</u>	<u>6,715,715</u>	<u>6,051,470</u>	<u>1,085,503</u>	<u>1,911,608</u>	<u>40,572,547</u>	<u>29,732,605</u>
<b>Segment Liabilities</b>	25,225,033	16,029,788	3,433,688	2,872,803	6,213,521	5,661,384	1,004,330	1,788,383	35,876,573	26,352,358
Total Equity	-	-	-	-	-	-	-	-	4,695,974	3,380,247
<b>Total Equity &amp; Liabilities</b>	<u>25,225,033</u>	<u>16,029,788</u>	<u>3,433,688</u>	<u>2,872,803</u>	<u>6,213,521</u>	<u>5,661,384</u>	<u>1,004,330</u>	<u>1,788,383</u>	<u>40,572,547</u>	<u>29,732,605</u>



**SHAREHOLDERS' INFORMATION**

**Twenty Largest Shareholders as at 31.12.2014**

<b>Name of The Shareholders</b>	<b>Number of Shares</b>	<b>%</b>
Seylan Bank PLC /Thirugnanasambandar Senthilverl	3,204,129.00	8.48%
People s Leasing & Finance PLC	1,750,000	4.63%
Seemasahitha Sanasa Rakshana Samagama (General)	1,271,630	3.37%
Kegalle Sanasa Share Holders Trust Company Limited	931,647	2.47%
CB NY S/A International Finance Corporation	900,000	2.38%
Dr. T. Senthilverl	772,179	2.04%
Seemasahitha Sanasa Rakshana Samagama (Life)	761,095	2.02%
British Americal Technologies (Pvt) Ltd	700,000	1.85%
Etimos Lanka (Pvt) Limited	590,229	1.56%
Sanasa Federation Limited	537,953	1.42%
Warakapola Sanasa Share Holders Trust Company Limited	439,344	1.16%
Gampaha DTCCS Union Ltd	417,396	1.11%
Polgahawela Sanasa Share Holders Trust Company Limited	324,264	0.86%
Hambanthota DTCCS Union Ltd	321,131	0.85%
Polgahawela Sanasa Societies Union Ltd	297,469	0.79%
Mr. C.K. Sangakkara	254,742	0.67%
Kolonnawa Sanasa Share Holders Trust Company Limited	241,450	0.64%
Polpithigama Sanasa Share Holders Trust Company Limited	241,061	0.64%
Kamburupitiya Sanasa Share Holders Trust Company Ltd	228,970	0.61%
Wennappuwa Sanasa Share Holding Trust Company Limited	223,660	0.59%
<b>Sub Total</b>	<b>14,408,349</b>	<b>38.15%</b>
Other shareholder	23,354,634	61.85%
<b>Total</b>	<b>37,762,983</b>	<b>100.00%</b>

**Percentage of public holding as at 31.12.2014** **99.98%**  
 ( Total No. of Shares 37,762,983 )  
**Number of Share Holders** **45,446**

**Directors Shareholding in shares as at 31.12.2014**

<b>Name of Director</b>	<b>No. of Shares</b>
Mrs. M.S.Kiriwandeniya	4,838
Mr. J.Rathnayake	1,550
Mr. T.Karunasena	-
Mr. A.D.Walisinghe	-
Mr. D.P.Kumarage	-
Mr. H.M.G.B.Herath	-
Mr. Lakshman Abeysekera	-
Mr. Thilak Rajapaksha	-
Mr. W.M.M.D.Ratnayake	-