

Interim Reports

December 2017



SANASA Development Bank PLC
Leads the Nation

SANASA DEVELOPMENT BANK PLC
STATEMENT OF FINANCIAL POSITION
As at 31.12.2017

RS '000

	Bank		
	31.12.2017 Unaudited	31.12.2016 Audited	Change
Assets			
Cash and cash equivalents	1,190,390	1,044,725	14%
Placements with banks	6,014,704	6,919,027	-13%
Financial assets fair value through profit or loss	4,473,806	244,911	1727%
Other Financial Asset Classified under Loans and receivable	1,479,950	1,503,539	-2%
Loans and receivables to other customers	66,687,416	53,632,539	24%
Financial investments Available-for-sale	63,536	566,935	-89%
Financial investments Held-to-maturity	599,551	492,268	22%
Asset Held for Sale	37,175	37,175	0%
Property, plant and equipment	726,473	637,263	14%
Investment properties	23,391	24,447	-4%
Intangible assets	8,148	16,938	-52%
Other assets	1,090,049	913,030	19%
Total assets	82,394,588	66,032,799	25%
Liabilities			
Due to other customers	59,904,734	45,691,758	31%
Other borrowings	8,827,610	9,482,950	-7%
Debt securities issued	4,189,812	4,182,653	0.17%
Subordinated debt	1,024,229	-	100%
Current tax liabilities	32,153	23,110	39%
Deferred tax liabilities	58,000	46,629	24%
Other liabilities	1,026,889	1,086,419	-5%
Total liabilities	75,063,428	60,513,519	24%
Equity			
Stated capital/Assigned capital	5,758,689	4,062,962	42%
Statutory reserve fund	197,764	172,373	15%
Retained earnings	1,340,504	1,249,742	7%
Other reserves	34,203	34,203	0%
Total equity	7,331,160	5,519,280	33%
Total equity and liabilities	82,394,588	66,032,799	25%
Contingent liabilities and commitments	166,260	148,030	12%
Net asset value per share (Rs.)	134	131	2%
Memorandum information			
Number of employees	1,363	1,248	9%
Number of branches	91	88	3%

Certification:

We, the undersigned, being the Directors, 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: and
(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.
Lakshman Abeysekera
Senior Director

Sgd.
D.J.K. Newunhella
Director

26.02.2018
Colombo

SANASA DEVELOPMENT BANK PLC
STATEMENT OF FINANCIAL POSITION

	RS '000			RS '000		
	For the year ended		Change	For the quarter ended		Change
	31.12.2017 Unaudited	31.12.2016 Audited		31.12.2017 Unaudited	31.12.2016 Audited	
Interest income	10,829,333	8,177,187	32%	2,853,676	2,242,914	27%
Interest expenses	(6,941,841)	(4,846,840)	43%	(1,933,975)	(1,298,939)	49%
Net interest income	3,887,493	3,330,347	17%	919,701	943,975	-3%
Fee and commission income	278,770	212,540	31%	77,538	(7,525)	-1130%
Fee and commission expenses	(3,511)	(9,596)	-63%	367	(1,064)	-134%
Net fee and commission income	275,258	202,944	36%	77,905	(8,589)	-1007%
Net gain/(loss) from financial instruments at fair value through profit or loss	211,759	17,351	1120%	196,402	7,227	2618%
Other operating income (net)	50,845	40,046	27%	21,816	420	5094%
Total operating income	4,425,356	3,590,687	23%	1,215,824	943,033	29%
Impairment for loans and other losses	293,537	125,044	135%	74,184	(18,451)	-502%
Significant impairment	3,714	48,350	-92%	16,228	9,068	79%
Collective impairment	289,822	76,694	278%	57,957	(27,519)	-311%
Net operating income	4,131,819	3,465,643	19%	1,141,640	961,484	19%
Personnel expenses	1,474,146	1,266,115	16%	378,750	285,165	33%
Depreciation	191,577	176,052	9%	51,495	49,111	5%
Other expenses	1,364,051	1,113,796	22%	406,785	354,721	15%
Operating profit/(loss) before value added tax (VAT)	1,102,045	909,680	21%	304,610	272,487	12%
Value added tax (VAT) on financial services & NBT	(349,444)	(292,254)	20%	(78,318)	(109,859)	-29%
Operating profit/(loss) after value added tax (VAT)	752,601	617,426	22%	226,291	162,628	39%
Profit/(loss) before tax	752,601	617,426	22%	226,291	162,628	39%
Tax expenses	(244,778)	(213,704)	15%	(49,585)	(4,781)	937%
Profit/(loss) for the period	507,824	403,722	26%	176,706	157,848	12%
Other comprehensive income						
Actuarial gains/(losses) on defined benefit plans	2,885	(49,639)	-106%	20,885	(34,339)	-161%
Deferred tax relating to above	(808)	13,899	-106%	(808)	(12,454)	-94%
Gains/losses on re-measuring available for sale financial assets	-	(12,454)	-100%	-	13,899	-100%
Other comprehensive income for the period net of tax	2,077	(48,194)	-104%	20,077	(32,894)	-161%
Total comprehensive income for the period	509,901	355,528	43%	196,783	124,954	57%
Total comprehensive income attributable to:						
Owners of parent	509,901	355,528	43%	196,783	124,954	57%
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income for the period	509,901	355,528	43%	196,783	124,954	57%
Basic earnings per ordinary share Rs.	10.18	9.77		3.54	3.82	
Diluted earnings per ordinary shares Rs.	9.90	-		3.44	-	

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 2016.

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CASH FLOWS
For the year ended 31.12.2017

RS '000

	BANK	
	2017 Unaudited	2016 Audited
Cash Flows From / (Used in) Operating Activities		
Interest Received	10,627,485	8,177,187
Fee and Commission Received	278,770	212,540
Receipts from other Operating Activities	59,844	101,752
Interest Payment	(6,073,127)	(4,846,840)
Cash Payment to Employees	(1,471,261)	(1,386,214)
Payments to Suppliers and Other Operating Activities	(2,821,486)	(1,552,400)
Fee and Commission Expenses	(3,511)	(9,596)
Operating Profit before Changes in Operating Assets	596,713	696,429
(Increase)/Decrease in Operating Assets		
Funds Advanced to Customers	(13,348,414)	(7,927,084)
Other Short Term Securities	134,290	516,458
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	14,212,976	2,668,365
Net Cash from Operating Activities Before Income Tax	1,595,565	(4,045,832)
Tax Paid	(236,543)	(437,428)
Net Cash from Operating Activities	1,359,023	4,483,259
Cash Flows from / (Used in) Investing Activities		
Dividend Received	6,929	1,759
(Increase)/ Decrease in Non Dealing Securities	503,399	(499,711)
(Increase)/ Decrease in Dealing Securities	(4,017,135)	(227,560)
(Increase)/ Decrease in Treasury Bonds and other Investments	(1,438,103)	700,173
Proceeds from sale of Property, Plant and Equipment	8,902	10,312
Purchase of Property, Plant and Equipment	(79,364)	(236,556)
Net Cash from/ (used in) Investing Activities	(5,015,371)	(251,583)
Cash Flows from (Used in) Financing Activities		
Proceeds from Issuance/Allotment of Shares	1,461,340	-
Dividend Paid	(131,249)	(109,162)
Net Increase/(Decrease) in Borrowing	376,049	3,086,154
Funds Received/(Utilized) During the period	(28,568)	354
Net Cash Flow from/ (used in) Financing Activities	1,677,571	2,977,346
Net Increase/ (Decrease) in Cash and Cash Equivalents	(1,978,778)	(1,757,498)
Cash and Cash Equivalent at the beginning of the year	8,565,673	10,323,171
Cash and Cash Equivalents at the end of the period	6,586,895	8,565,673
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	1,190,390	1,044,725
Repurchase Agreement	715,158	604,458
Fixed Deposits less than 3 months	4,681,348	6,916,490
	6,586,895	8,565,673

SANASA DEVELOPMENT BANK PLC
STATEMENT OF CHANGES IN EQUITY

Bank (Audited)

Rs '000

For the year ended 31.12.2016	Stated Capital / Assigned Capital	Reserves				Total Equity
	Ordinary voting shares	Statutory Reserve Fund	Available For Sale Reserve	Retained Earnings	General Reserves	
Balance as at 01.01.2016 (Opening balance)	3,794,095	154,597	-	1,302,003	46,657	5,297,351
Total comprehensive income for the period						
Profit/(loss) for the period	-	-	-	403,722	-	403,722
Other comprehensive income (net of tax)	-	-	(12,454)	(35,740)	-	(48,194)
Total comprehensive income for the period	-	-	(12,454)	367,982	-	355,528
Transactions with equity holders, recognised directly in equity						
Scrap dividend	268,867	-	-	(293,303)	-	(24,436)
Transfer to statutory reserve fund	-	17,776	-	(17,776)	-	-
Dividends to equity holders	-	-	-	(109,162)	-	(109,162)
Total transactions with equity holders	268,867	17,776	-	(420,242)	-	(133,599)
Balance as at 31.12.2016 (Closing balance)	4,062,962	172,373	(12,454)	1,249,742	46,657	5,519,280

Bank (Unaudited)

For the year ended 31.12.2017

Balance as at 01.01.2017 (Opening balance)	4,062,962	172,373	(12,454)	1,249,742	46,657	5,519,280
Total comprehensive income for the period						
Profit/(loss) for the period	-	-	-	507,824	-	507,824
Other comprehensive income (net of tax)	-	-	-	2,077	-	2,077
Total comprehensive income for the period	-	-	-	509,901	-	509,901
Transactions with equity holders, recognised directly in equity						
Share issue	1,461,340	-	-	-	-	1,461,340
Scrap dividend	234,387	-	-	(262,499)	-	(28,111)
Transfer to statutory reserve fund	-	25,391	-	(25,391)	-	-
Dividends to equity holders	-	-	-	(131,249)	-	(131,249)
Total transactions with equity holders	1,695,727	25,391	-	(419,139)	-	1,301,980
Balance as at 31.12.2017 (Closing balance)	5,758,689	197,764	(12,454)	1,340,504	46,657	7,331,160

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS
As at 31.12.2017

Rs' 000

As at 31 st December 2016	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
FINANCIAL ASSETS					
Cash and cash equivalents	-	-	-	1,044,725	1,044,725
Placements with banks	-	-	-	6,919,027	6,919,027
Other financial assets at fair value through profit or loss	244,911	-	-	-	244,911
Financial investments - Available-for-sale	-	-	566,935	-	566,935
Financial investments - Held-to-maturity	-	492,268	-	-	492,268
Loans and receivables to other customers	-	-	-	53,632,539	53,632,539
Other Financial Asset Classified under Loans and receivable	-	-	-	1,503,539	1,503,539
Total financial assets	244,911	492,268	566,935	63,099,830	64,403,944
FINANCIAL LIABILITIES					
Due to other customers	-	-	-	45,691,758	45,691,758
Other borrowings	-	-	-	9,482,950	9,482,950
Debenture	-	-	-	4,182,653	4,182,653
Total financial liabilities	-	-	-	59,357,361	59,357,361
As at 31st December 2017					
As at 31 st December 2017	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
FINANCIAL ASSETS					
Cash and cash equivalents	-	-	-	1,190,390	1,190,390
Placements with banks	-	-	-	6,014,704	6,014,704
Other financial assets at fair value through profit or loss	4,473,806	-	-	-	4,473,806
Financial investments - Available-for-sale	-	-	63,536	-	63,536
Financial investments - Held-to-maturity	-	599,551	-	-	599,551
Loans and receivables to other customers	-	-	-	66,687,416	66,687,416
Other Financial Asset Classified under Loans and receivable	-	-	-	1,479,950	1,479,950
Total financial assets	4,473,806	599,551	63,536	75,372,460	80,509,353
FINANCIAL LIABILITIES					
Due to other customers	-	-	-	59,904,734	59,904,734
Other borrowings	-	-	-	8,827,610	8,827,610
Debenture	-	-	-	4,189,812	4,189,812
Subordinated debt	-	-	-	1,024,229	1,024,229
Total financial liabilities	-	-	-	73,946,385	73,946,385

SANASA DEVELOPMENT BANK PLC
SEGMENT REPORT
31st December

Rs. '000

	Banking		Leasing & HP		Treasury		Pawning		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Interest income	8,694,174	6,440,823	721,646	687,492	1,290,244	947,799	123,270	101,073	10,829,333	8,177,187
Interest expenses	(5,391,441)	(3,741,708)	(371,915)	(308,460)	(1,105,488)	(744,070)	(72,996)	(52,602)	(6,941,841)	(4,846,840)
Net interest income	3,302,733	2,699,115	349,730	379,032	184,756	203,729	50,273	48,471	3,887,493	3,330,347
Fee and commission income	235,994	205,809	42,776	6,731	-	-	-	-	278,770	212,540
Fee and commission expenses	(3,285)	(8,865)	(227)	(731)	-	-	-	-	(3,511)	(9,596)
Net fee and commission income	232,709	196,944	42,549	6,000	-	-	-	-	275,258	202,944
Net gain/loss from financial instruments at fair value through profit or loss	-	-	-	-	211,759	17,351	-	-	211,759	17,351
Other operating income (net)	43,916	37,777	-	-	6,929	2,268	-	-	50,845	40,046
Total operating income	3,579,359	2,933,836	392,280	385,032	403,444	223,348	50,273	48,471	4,425,356	3,590,687
Impairment for loans and other losses	(299,934)	(126,626)	11,201	12,574	-	-	(4,804)	(10,992)	(293,537)	(125,044)
Net operating income - Segment Result	3,279,425	2,807,210	403,481	397,606	403,444	223,348	45,469	37,479	4,131,819	3,465,643
Un-allocated Expenses									(3,029,774)	(2,555,964)
Value added tax (VAT) on financial services									(349,444)	(292,254)
Profit before tax									752,601	617,425
Tax expenses									(244,778)	(213,704)
Profit for the year									507,824	403,722
Other Comprehensive Income										
Other Comprehensive Income for the year net of tax									2,077	(48,194)
Total Comprehensive Income for the year									509,901	355,528
Segment Assets	61,603,759	48,912,628	4,249,584	4,032,280	12,631,546	9,726,681	834,073	687,630	79,318,962	63,359,220
Un allocated assets	-	-	-	-	-	-	-	-	3,075,626	2,673,579
Total Assets	61,603,759	48,912,628	4,249,584	4,032,280	12,631,546	9,726,681	834,073	687,630	82,394,588	66,032,799
Segment Liabilities	58,298,661	46,715,778	4,021,590	3,851,175	11,953,852	9,289,819	789,325	656,746	75,063,428	60,513,519
Total Equity	-	-	-	-	-	-	-	-	7,331,160	5,519,280
Total Equity & Liabilities	58,298,661	46,715,778	4,021,590	3,851,175	11,953,852	9,289,819	789,325	656,746	82,394,588	66,032,799

**SANASA DEVELOPMENT BANK PLC
LISTED DEBENTURE INFORMATION
31.12.2017**

Types of debentures (Fixed)

Rs. '000

i) Rated Guaranteed Redeemable Debentures of Rs.100 each - Guaranteed by Sampath Bank PLC. The debentures are quoted on the Colombo Stock Exchange. (Rated (SL)A+ (SO) with a Stable Outlook by ICRA Lanka Limited)

Type	Interest Payable Frequency	Issue Date	Maturity Date	Annual Effective Rate (AER) %	Face Value	Interest Payable	Balance
A	Semi Annually	31-Dec-15	31-Dec-18	9.83	1,597,390	77,305	1,672,156
B	Semi Annually	31-Dec-15	31-Dec-20	10.25	402,610	20,296	422,266

ii) Rated Guaranteed Redeemable Debentures of Rs.100 each - Guaranteed by Seylan Bank PLC. The debentures are quoted on the Colombo Stock Exchange. (Rated (SL)A- (SO) with a Stable Outlook by ICRA Lanka Limited)

Type	Interest Payable Frequency	Issue Date	Maturity Date	Annual Effective Rate (AER) %	Face Value	Interest Payable	Balance
C	Semi Annually	31-Dec-15	31-Dec-18	10.15	1,438,050	71,769	1,505,823
D	Semi Annually	31-Dec-15	31-Dec-20	10.57	561,950	29,178	589,567
					4,000,000	198,548	4,189,812

Utilization of Funds Raised through Debenture Issue

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR	% of total proceeds	Amounts utilized in LKR	% of total proceeds
1	To raise medium term funds to manage assets and liability mismatch and to minimize the interest rate risk.	-	-	-	-	-	-
2	To finance the budgeted lending portfolio (approximately 90% as loans and the balance as leasing) and to minimize the mismatch in funding exposure.	4,000,000,000	In the ordinary course business within the next 12 months from the date of allotment.	3,600,000,000 for loans and 400,000,000 for leasing	100	4,000,000,000	100

**SANASA DEVELOPMENT BANK PLC
SELECTED PERFORMANCE INDICATORS**

Item	As at 31.12.2017 (Unaudited)	As at 31.12.2016 (Audited)
Basel II		
Regulatory Capital Adequacy		
Capital Adequacy (Rs. Mn)		
Core Capital (Tier I Capital)	N/A	5,475
Total Capital Base	N/A	5,692
Risk Weighted Assets	N/A	46,404
Regulatory Capital Adequacy Ratios (% of Risk Weighted Assets)		
Core Capital Adequacy Ratio (Minimum Requirement - 5%)	N/A	11.80%
Total Capital Adequacy Ratio (Minimum Requirement - 10%)	N/A	12.27%
Basel III		
Regulatory Capital (Rs. Mn)		
Common Equity Tier 1	6,784	N/A
Tier 1 Capital	6,784	N/A
Total Capital	8,054	N/A
Risk Weighted Assets	58,025	N/A
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 5.75%)	11.69%	N/A
Tier 1 Capital Ratio (Minimum Requirement - 7.25%)	11.69%	N/A
Total Capital Ratio (Minimum Requirement - 11.25%)	13.88%	N/A
Assets Quality (Quality of Loan Portfolio)		
Gross Non-performing Advances Ratio, (net of Interest in Suspense)	2.07%	2.10%
Net Non-performing Advances Ratio, (net of Interest in Suspense & Provisions)	1.02%	1.22%
Profitability		
Interest Margin, %	5.57%	5.83%
Return on Assets (Before Taxes), %	1.01%	0.98%
Return on Equity(After Taxes) , %	7.90%	7.46%
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	21.34%	22.13%
N/A - Not Applicable		
Basel III new guidelines were implemented w.e.f. 01st July 2017.		
Share Information		
	31.12.2017	31.12.2016
Market value per share (Rs.)	101.90	103.70
Highest price per share for the period (Rs.)	122.50	116.50
Lowest price per share for the period (Rs.)	93.80	95.20
Debenture Information		
	31.12.2017	31.12.2016
Debt to Equity Ratio (Times)	10.09	10.75
Interest Cover (Times)	1.11	1.13
Quick Asset Ratio	0.63	0.65
Interest Rate for Comparable Government Security (%)		
Type A	9.93	8.65
Type B	10.25	9.30
Type C	9.93	8.65
Type D	10.25	9.30
Interest Yield As At Date of Last Trade	N/T	N/T
Yield to Maturity of Trade Done on	N/T	N/T
The Market Prices during the year (Ex Interest)		
- Highest Price	N/T	N/T
- Lowest Price	N/T	N/T
- Last Trade Price	N/T	N/T

N/T - Not Traded

Twenty Largest Shareholders as at 31.12.2017

No.	Name of The Shareholder	Number of Shares	%
1	Seylan Bank PLC /Dr. Thirugnanasambandar Senthilverl	6,203,204	11.32%
2	Global Rubber Industries (Pvt) Ltd	5,937,455	10.84%
3	SBI FMO Emerging Asia Financial Sector Fund PTE. LTD	4,906,926	8.96%
4	CB NY S/A International Finance Corporation	4,854,419	8.86%
5	Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V	2,180,856	3.98%
6	People's Leasing & Finance PLC	2,036,446	3.72%
7	Seemasahitha Sanasa Rakshana Samagama (General)	1,130,669	2.06%
8	Kegalle Sanasa Share Holders Trust Company Limited	1,010,758	1.85%
9	Seemasahitha Sanasa Rakshana Samagama (Life)	885,672	1.62%
10	Sampath Bank PLC/Dr. T. Senthilverl	835,005	1.52%
11	Sanasa Federation Limited	764,730	1.40%
12	Warakapola Sanasa Share Holders Trust Company Limited	511,257	0.93%
13	Mrs. A.S. Paliheena	450,000	0.82%
14	Hambanthota DTCCS Union Ltd	373,694	0.68%
15	Polgahawela Sanasa Societies Union Ltd	351,804	0.64%
16	Mr. D.P. Pieris	343,107	0.63%
17	Polpithigama Sanasa Share Holders Trust Company Limited	280,518	0.51%
18	Dr. S.Yaddehige	265,466	0.48%
19	Kollonnawa Sanasa Share Holders Trust Company Ltd	250,295	0.46%
20	Polgahawela Sanasa Societies Union Ltd	234,256	0.43%
Sub Total		33,806,537	61.71%
Other shareholder		20,972,330	38.29%
Total		54,778,867	100.00%

Percentage of public holding as at 31.12.2017**99.87%**

(Total No. of Shares 54,778,867)

Number of Share Holders**38,283****Directors' Shareholding as at 31.12.2017**

No.	Name of Director	No. of Shares
1	Ms. M.S. Kiriwandeniya	5,627
2	Mr. L.Abeysekera	-
3	Mr. H.M.G.B.Herath	-
4	Mr.D.J.K.Newunhella	-
5	Prof.S.Amaratunge	-
6	Mr. M.K.L. Fernando	-
7	Mr. P.Subasinghe	67,435
8	Mr. S.Lionel Thilakarathne	-
9	Mr. N.Liyanaarachchi	-
10	Mr. Arnoldus de. Vette	-