

# **Interim Reports**

**June 2014**



**SANASA Development Bank PLC**  
*Leads the Nation*

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30.06.2014**

RS '000

	<b>Bank</b>		
	<b>30.06.2014</b>	<b>31.12.2013</b> <b>Audited</b>	<b>Increase</b>
<b>Assets</b>			
Cash and cash equivalents	528,233	399,385	32%
Placements with banks	2,613,520	2,530,598	3%
Financial assets fair value through profit or loss	1,075,056	1,210,673	-11%
Other Financial Asset Classified under Loans and receivable	3,164,672	1,701,091	86%
Loans and receivables to other customers	23,574,452	22,116,645	7%
Financial investments Available-for-sale	191,398	165,699	16%
Financial investments Held-to-maturity	393,683	443,408	-11%
Property, plant and equipment	451,229	506,771	-11%
Investment properties	27,087	27,615	-2%
Intangible assets	92,643	107,744	-14%
Current tax assets	-	40,081	-100%
Other assets	597,475	482,895	24%
<b>Total assets</b>	<b>32,709,447</b>	<b>29,732,605</b>	<b>10%</b>
<b>Liabilities</b>			
Due to other customers	26,831,948	23,594,768	14%
Other borrowings	1,503,279	1,878,643	-20%
Current tax liabilities	56,849	-	
Deferred tax liabilities	34,335	46,005	-25%
Other liabilities	851,939	832,943	2%
<b>Total liabilities</b>	<b>29,278,350</b>	<b>26,352,358</b>	<b>11%</b>
<b>Equity</b>			
Stated capital/Assigned capital	2,526,532	2,526,532	0%
Statutory reserve fund	94,417	94,417	0%
Retained earnings	540,206	489,355	10%
Other reserves	269,943	269,943	0%
<b>Total equity</b>	<b>3,431,097</b>	<b>3,380,247</b>	<b>2%</b>
<b>Total equity and liabilities</b>	<b>32,709,447</b>	<b>29,732,605</b>	<b>10%</b>
<b>Contingent liabilities and commitments</b>	<b>147,319</b>	<b>144,378</b>	<b>2%</b>
<b>Net Asset Per Share</b>	<b>136</b>	<b>134</b>	<b>2%</b>
<b>Memorandum Information</b>			
Number of Employees	949	856	11%
Number of Branches	82	82	0%

**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  
( b ) the information contained in these statements have been extracted from the unaudited financial statements of the Bank , unless indicated as audited.

(sgd)  
Nimal C. Hapuarachchi  
General Manager / CEO

(sgd)  
Terrance Kumara  
AGM - Finance

(sgd)  
Lakshman Abeysekera  
Director

(sgd)  
Dr. R.M.K.Rathnayake  
Director

12.08-2014  
Colombo

**SANASA DEVELOPMENT BANK PLC**  
**Statement of Comprehensive Income**  
**For the Quarter Ended 30.06.2014**

	For the 06 months ended			Rs.000		
	30.06.2014	30.06.2013	Increase	For the quarter ended		Increase
				30.06.2014	30.06.2013	
Interest income	2,330,403	2,174,646	7%	1,168,439	1,106,810	6%
Interest expenses	(1,258,338)	(1,255,514)	0%	(615,552)	(660,897)	-7%
<b>Net interest income</b>	<b>1,072,065</b>	<b>919,132</b>	<b>17%</b>	<b>552,887</b>	<b>445,912</b>	<b>24%</b>
Fee and commission income	66,143	55,622	19%	33,322	30,529	9%
Fee and commission expenses	(11,749)	(5,358)	119%	(6,220)	(3,066)	103%
<b>Net fee and commission income</b>	<b>54,395</b>	<b>50,264</b>	<b>8%</b>	<b>27,103</b>	<b>27,463</b>	<b>-1%</b>
Net gain/(loss) from financial instruments at fair value through profit or loss	27,385	24,048	14%	13,017	12,463	-4%
Other operating income (net)	40,722	26,015	57%	12,531	17,525	-28%
<b>Total operating income</b>	<b>1,194,567</b>	<b>1,019,459</b>	<b>17%</b>	<b>605,538</b>	<b>503,365</b>	<b>20%</b>
<b>Impairment for loans and other losses</b>	<b>77,847</b>	<b>64,603</b>	<b>21%</b>	<b>(28,454)</b>	<b>107,379</b>	<b>-126%</b>
Significant impairment	(21,158)	(9,101)	132%	(51,539)	(5,685)	807%
Collective impairment	99,005	73,704	34%	23,086	113,065	-80%
<b>Net operating income</b>	<b>1,116,720</b>	<b>954,856</b>	<b>17%</b>	<b>633,991</b>	<b>395,986</b>	<b>60%</b>
Personnel expenses	346,163	247,514	40%	170,771	127,667	34%
Depreciation	74,381	85,756	-13%	36,965	42,114	-12%
Other expenses	341,941	289,772	18%	181,069	158,889	14%
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>354,235</b>	<b>331,815</b>	<b>7%</b>	<b>245,187</b>	<b>67,316</b>	<b>264%</b>
Value added tax (VAT) on financial services	(59,759)	(44,659)	34%	(35,727)	(22,700)	57%
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>294,476</b>	<b>287,156</b>	<b>3%</b>	<b>209,460</b>	<b>44,616</b>	<b>369%</b>
<b>Profit/(loss) before tax</b>	<b>294,476</b>	<b>287,156</b>	<b>3%</b>	<b>209,459</b>	<b>130,167</b>	<b>61%</b>
Tax expenses	(84,046)	(89,415)	-6%	(55,990)	(49,539)	13%
<b>Profit/(loss) for the period</b>	<b>210,430</b>	<b>197,741</b>	<b>6%</b>	<b>153,469</b>	<b>80,629</b>	<b>90%</b>
<b>Other Comprehensive Income</b>						
Actuarial gains/(losses) on defined benefit plans	(9,000)	(3,000)	200%	(4,500)	(3,000)	
Gains and losses on re-measuring available-for-sale financial assets	25,648	14,797		16,770	(6,905)	343%
<b>Other Comprehensive Income for the period net of tax</b>	<b>16,648</b>	<b>11,797</b>	<b>41%</b>	<b>12,270</b>	<b>(9,905)</b>	
<b>Total Comprehensive Income for the period</b>	<b>227,079</b>	<b>209,538</b>	<b>8%</b>	<b>165,739</b>	<b>70,723</b>	<b>134%</b>
Total Comprehensive Income to attributable to Owners of parent	227,079	209,538	8%	165,738	70,723	134%
Non-controlling interests						
<b>Total Comprehensive Income for the period</b>	<b>227,079</b>	<b>209,538</b>	<b>8%</b>	<b>165,739</b>	<b>70,723</b>	<b>134%</b>

Basic earnings per ordinary share Rs. 9.02 8.32 6.58 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 2013

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CASH FLOWS**  
for the Quarter Ended 30.06.2014

RS '000

	BANK	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
<b>Cash Flows From / (Used in) Operating Activities</b>		
Interest Received	2,437,765	1,998,393
Fee and Commission Received	66,113	55,622
Receipts from other Operating Activities	40,525	25,105
Interest Payment	(1,432,522)	(1,178,529)
Cash Payment to Employees	(338,513)	(228,813)
Payments to Suppliers and Other Operating Activities	(417,993)	(681,163)
Fee and Commission Expenses	(11,749)	(5,358)
<b>Operating Profit before Changes in Operating Assets</b>	<b>343,626</b>	<b>(14,743)</b>
(Increase)/Decrease in Operating Assets		
Funds Advanced to Customers	(1,650,719)	(575,408)
Other Short Term Securities	89,044	(1,260,149)
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	3,409,805	2,480,946
<b>Net Cash from Operating Activities Before Income Tax</b>	<b>2,191,756</b>	<b>630,645</b>
Tax Paid	(41,662.13)	(48,334)
<b>Net Cash from Operating Activities</b>	<b>2,150,094</b>	<b>582,311</b>
<b>Cash Flows from / (Used in) Investing Activities</b>		
Dividend Received	6,886	910
(Increase)/ Decrease in Non Dealing Securities	652,883	(802,824)
(Increase)/ Decrease in Dealing Securities	2,334	5,191
(Increase)/ Decrease in Treasury Bonds and other Investments	(2,128,186)	(123,543)
Proceeds from sale of Property, Plant and Equipment	5,400	-
Purchase of Property, Plant and Equipment	(33,188)	71,675
<b>Net Cash from/ (used in) Investing Activities</b>	<b>(1,493,871)</b>	<b>(848,591)</b>
<b>Cash Flows from (Used in) Financing Activities</b>		
Dividend Paid	(151,038)	(260,548)
Net Increase/(Decrease) in Borrowing	(373,805)	334,833
Funds Received/(Utilized) During the period	(2,531)	(3,616)
<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>(527,374)</b>	<b>70,669</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>128,848</b>	<b>(195,611)</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>528,233</b>	<b>307,930</b>

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

Item	As at 30.06.2014	As at 31.12.2013 (Audited)
<b>Regulatory Capital Adequacy</b>		
Core Capital ( Tier I Capital ), Rs. Mn	3,040	3,212
Total Capital Base , Rs. Mn	3,066	3,239
Risk Weighted assets, Rs. Mn	24,007	22,928
<b>Core Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 5% )	<b>12.66%</b>	<b>14.01%</b>
<b>Total Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 10% )	<b>12.77%</b>	<b>14.13%</b>
<b>Assets Quality ( Quality of Loan Portfolio )</b>		
Gross Non-performing Advances Ratio, ( net of Interest in Suspense )	5.61%	5.08%
Net Non-performing Advances Ratio, ( net of Interest in Suspense & Provisions )	3.37%	3.03%
<b>Profitability</b>		
Interest Margin, %	7.16%	6.81%
Return on Assets ( Before Taxes ), %	1.89%	1.22%
Return on Equity(After Taxes) , %	13.34%	7.42%
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	27.81%	20.39%

Share information	30.06.2014
Market value per share (Rs.)	80.00
Highest price per share for the period (Rs.)	86.00
Lowest price per share for the period (Rs.)	73.50

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
for the Quarter ended 30.06.2014

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>						
Profit/(loss) for the period				197,741		197,741
Other comprehensive income (net of tax)				11,797		11,797
<b>Total comprehensive income for the period</b>	-	-	-	<b>209,538</b>	-	<b>209,538</b>
<b>Transactions with equity holders, recognised directly in equity</b>						
Application Received						
Share issue/increase of assigned capital						
Transfer to Statutory Reserve fund						
Transfer to Investment Fund			22,057	(22,057)		-
Dividends to Equity holders				(125,877)		(125,877)
Other				52,093		52,093
<b>Total transactions with equity holders</b>	-	-	<b>22,057</b>	<b>(95,841)</b>	-	<b>(73,784)</b>
<b>Balance as at 30/06/2013 (Closing balance)</b>	<b>2,526,532</b>	<b>82,106</b>	<b>192,737</b>	<b>547,624</b>	<b>46,657</b>	<b>3,395,656</b>

<b>Balance as at 01/01/2014 (Opening balance)</b>	2,526,532	94,417	223,286	489,355	46,657	3,380,246
<b>Total comprehensive income for the period</b>						
Profit/(loss) for the period				210,430		210,430
Other comprehensive income (net of tax)				16,649		16,649
<b>Total comprehensive income for the period</b>	-	-	-	<b>227,079</b>	-	<b>227,079</b>
<b>Transactions with equity holders, recognised directly in equity</b>						
Share issue/increase of assigned capital						
Transfer to Statutory Reserve fund						
Transfer to Investment Fund						
Dividends to equity holders				(176,227)		(176,227)
Other						
<b>Total transactions with equity holders</b>				<b>(176,227)</b>		<b>(176,227)</b>
<b>Balance as at 30/06/2014 (Closing balance)</b>	<b>2,526,532</b>	<b>94,417</b>	<b>223,286</b>	<b>540,206</b>	<b>46,657</b>	<b>3,431,098</b>

**ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS**

as at 30.06.2014

Rs' 000

As at 31 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 30 <sup>th</sup> June 2014	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	-	-	-	528,233	528,233
Placements with banks	-	-	-	2,613,520	2,613,520
Other financial assets at fair value through profit or loss	1,075,056	-	-	-	1,075,056
Financial investments - Available-for-sale	-	-	191,398	-	191,398
Financial investments - Held-to-maturity	-	393,683	-	-	393,683
Loans and receivables to other customers	-	-	-	23,574,452	23,574,452
Other Financial Asset Classified under Loans and receivable	-	-	-	3,164,672	3,164,672
<b>Total financial assets</b>	1,075,056	393,683	191,398	29,880,878	31,541,016
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	26,831,948	26,831,948
Other borrowings	-	-	-	1,503,279	1,503,279
<b>Total financial liabilities</b>	-	-	-	28,335,227	28,335,227

**SHAREHOLDERS' INFORMATION**

**Twenty Largest Shareholders as at 30.06.2014**

<b>Name of The Shareholder</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	673,950	2.68%
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%
Mr.H.A.Van Starrex	481,289	1.91%
Dr. T Senthilverl	459,474	1.83%
Sanasa Federation Limited	376,338	1.49%
Warakapola Sanasa Share Holders Trust Company Limited	358,094	1.42%
Wennappuwa Sanasa Share Holders Trust Company Limited	223,660	0.89%
Polgahawela Sanasa Share Holders Trust Company Limited	215,039	0.85%
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%
Chilaw Sanasa Share Holders Trust Company Ltd	141,247	0.56%
Baddegama SANASA Share Holding Trust Company Limited	138,242	0.55%
Maharagama Sanasa sharholders trust company ltd	136,383	0.54%
Kesbewa SANASA Share Holding Trust Company Limited	135,992	0.54%
Madampe Thrift and Credit Co-Operative Society Limited	125,483	0.50%
<b>Sub Total</b>	<b>7,742,797</b>	<b>30.76%</b>
Other shareholder	17,432,525	69.24%
<b>Total</b>	<b>25,175,322</b>	<b>100.00%</b>

**Percentage of public holding as at 30.06.2014**

**100.00%**

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

**Directors Shareholding as at 30.06.2014**

<b>Name of Director</b>	<b>No. of Shares</b>
Mr.T.Karunasena	190
Mr.D.P.Kumarage	-
Dr.R.M.K.Ratnayake	-
Mr. Lakshman Abeysekera	-
Mr.Jayantha Rathnayake	-
Mr. Thilak Rajapaksha	-
Mrs. P.W.K. Atukorale	-