

# Interim Reports

September 2013



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

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30.09.2013**

RS '000

	Bank		
	30.09.2013	31.12.2012 Audited	Increase
<b>Assets</b>			
Cash and cash equivalents	459,752	503,541	-9%
Placements with banks	2,459,013	2,070,307	19%
Financial assets fair value through profit or loss	942,520	184,419	411%
Other Financial Asset Classified under Loans and receivable	1,822,046	470,099	288%
Loans and receivables to other customers	20,881,194	19,712,033	6%
Financial investments Available-for-sale	152,389	171,696	-11%
Financial investments Held-to-maturity	528,829	709,365	-25%
Property, plant and equipment	489,355	603,233	-19%
Investment properties	27,879	28,671	-3%
Intangible assets	105,050	127,677	-18%
Other assets	628,089	318,516	97%
<b>Total assets</b>	<b>28,496,116</b>	<b>24,899,556</b>	<b>14%</b>
<b>Liabilities</b>			
Due to other customers	22,340,241	18,947,514	18%
Other borrowings	1,735,824	1,557,329	11%
Current tax liabilities	138,419	70,561	96%
Deferred tax liabilities	27,713	27,713	0%
Other liabilities	786,813	1,027,303	-23%
<b>Total liabilities</b>	<b>25,029,011</b>	<b>21,630,421</b>	<b>16%</b>
<b>Equity</b>			
Stated capital/Assigned capital	2,526,532	2,526,532	0%
Statutory reserve fund	82,106	82,106	0%
Retained earnings	604,772	443,160	36%
Other reserves	253,694	217,337	17%
Non-controlling interests			
<b>Total equity</b>	<b>3,467,104</b>	<b>3,269,135</b>	<b>6%</b>
<b>Total equity and liabilities</b>	<b>28,496,116</b>	<b>24,899,556</b>	<b>14%</b>
<b>Contingent liabilities and commitments</b>	<b>141,645</b>	<b>143,214</b>	<b>-1%</b>
<b>Net Asset Per Share</b>	<b>138</b>	<b>130</b>	<b>6%</b>
<b>Memorandum Information</b>			
Number of Employees	896	823	9%
Number of Branches	82	81	1%

**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)  
M.T Galgamuwa  
General Manager / CEO

(sgd)  
H.T.P Susantha  
Assistant General Manager - Finance

(sgd)  
Lakshman Abeysekera  
Director - Colombo  
11.11.2013

(sgd)  
Dr. R.M.K.Rathnayake  
Director - Colombo  
11.11.2013

**SANASA DEVELOPMENT BANK PLC**  
**Statement of Comprehensive Income**  
**For the Quarter Ended 30.09.2013**

	For the 9 months ended		Increase	For the quarter ended		Increase
	30.09.2013 Rs.000	30.09.2012 Rs.000		30.09.2013 Rs.000	30.09.2012 Rs.000	
Interest income	3,309,391	2,696,394	23%	1,134,745	972,064	17%
Interest expenses	(1,917,035)	(1,361,052)	41%	(661,521)	(518,425)	28%
<b>Net interest income</b>	<b>1,392,355</b>	<b>1,335,342</b>	<b>4%</b>	<b>473,223</b>	<b>453,639</b>	<b>4%</b>
Fee and commission income	91,128	68,288	33%	35,506	23,200	53%
Fee and commission expenses	(9,797)	(9,723)	1%	(4,439)	(3,446)	29%
<b>Net fee and commission income</b>	<b>81,331</b>	<b>58,565</b>	<b>39%</b>	<b>31,067</b>	<b>19,754</b>	<b>57%</b>
Net gain/(loss) from financial instruments at fair value through profit or loss	45,641	(19,810)	330%	21,593	12,017	-80%
Other operating income (net)	64,496	30,769	110%	38,481	19,396	98%
<b>Total operating income</b>	<b>1,583,824</b>	<b>1,404,867</b>	<b>13%</b>	<b>564,365</b>	<b>504,807</b>	<b>12%</b>
<b>Impairment for loans and other losses</b>	<b>120,177</b>	<b>(14,146)</b>	<b>-950%</b>	<b>55,574</b>	<b>(25,019)</b>	<b>-322%</b>
Significant impairment	8,697	(52,088)	-117%	17,798	(32,482)	-155%
Collective impairment	111,480	37,941	194%	37,776	7,462	406%
Others						
<b>Net operating income</b>	<b>1,463,648</b>	<b>1,419,013</b>	<b>3%</b>	<b>508,792</b>	<b>529,826</b>	<b>-4%</b>
Personnel expenses	397,075	339,774	17%	149,561	114,525	31%
Depreciation	126,427	146,308	-14%	40,671	49,223	-17%
Other expenses	453,800	476,375	-5%	164,029	173,053	-5%
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>486,345</b>	<b>456,557</b>	<b>7%</b>	<b>154,530</b>	<b>193,026</b>	<b>-20%</b>
Value added tax (VAT) on financial services	(66,861)	(62,310)	7%	(22,202)	(20,892)	6%
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>419,484</b>	<b>394,247</b>	<b>6%</b>	<b>132,328</b>	<b>172,134</b>	<b>-23%</b>
<b>Profit/(loss) before tax</b>	<b>419,484</b>	<b>394,247</b>	<b>6%</b>	<b>132,328</b>	<b>172,133</b>	<b>-23%</b>
Tax expenses	(118,013)	(119,525)	-1%	(28,598)	(43,574)	-34%
<b>Profit/(loss) for the period</b>	<b>301,471</b>	<b>274,721</b>	<b>10%</b>	<b>103,731</b>	<b>128,560</b>	<b>-19%</b>
<b>Other Comprehensive Income</b>						
Actuarial gains/(losses) on defined benefit plans	(7,500)	-		(4,500)	-	
Gains and losses on re-measuring available-for-sale financial assets	(11,838)	(19,730)	40%	(26,635)	22,689	217%
<b>Other Comprehensive Income for the period net of tax</b>	<b>(19,338)</b>	<b>(19,730)</b>	<b>2%</b>	<b>(31,135)</b>	<b>22,689</b>	
<b>Total Comprehensive Income for the period</b>	<b>282,134</b>	<b>254,992</b>	<b>11%</b>	<b>72,596</b>	<b>151,249</b>	<b>-52%</b>
Total Comprehensive Income to attributable to						
Owners of parent	282,134	254,992	11%	72,596	151,249	-52%
Non-controlling interests						
<b>Total Comprehensive Income for the period</b>	<b>282,134</b>	<b>254,992</b>	<b>11%</b>	<b>72,596</b>	<b>151,249</b>	<b>-52%</b>

Basic earnings per ordinary share Rs.

11.21

10.13

2.88

6.01

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 Quarter Ended 30.09.2013

RS '000

	BANK	
	01.01.2013 to 30.09.2013	01.01.2012 to 30.09.2012
<b>Cash Flows From / (Used in) Operating Activities</b>		
Interest Received	3,096,946	2,550,528
Fee and Commission Received	91,128	39,765
Receipts from other Operating Activities	54,960	51,913
Interest Payment	(1,803,535)	(1,220,127)
Cash Payment to Employees	(373,136)	(331,967)
Payments to Suppliers and Other Operating Activities	(834,112)	(842,735)
Fee and Commission Expenses	(9,797)	(9,723)
<b>Operating Profit before Changes in Operating Assets</b>	<b>222,453</b>	<b>237,654</b>
(Increase)/Decrease in Operating Assets		
Funds Advanced to Customers	(1,252,144)	(2,640,266)
Other Short Term Securities	(459,187)	(390,947)
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	3,287,388	2,814,625
<b>Net Cash from Operating Activities Before Income Tax</b>	<b>1,798,511</b>	<b>21,066</b>
Income Tax Paid	(78,465)	(128,613)
<b>Net Cash from Operating Activities</b>	<b>1,720,046</b>	<b>(107,547)</b>
<b>Cash Flows from / (Used in) Investing Activities</b>		
Dividend Received	9,536	11,895
(Increase)/ Decrease in Non Dealing Securities	(1,042,174)	235,094
(Increase)/ Decrease in Dealing Securities	5,046	107,411
(Increase)/ Decrease in Treasury Bonds and other Investments	(836,581)	(247,423)
Proceeds from sale of Property, Plant and Equipment	0	3,800
Purchase of Property, Plant and Equipment	(29,402)	(128,197)
<b>Net Cash from/ (used in) Investing Activities</b>	<b>(1,893,575)</b>	<b>(17,420)</b>
<b>Cash Flows from (Used in) Financing Activities</b>		
Proceeds from Issuance/Allotment of Shares	0	99,000
Dividend Paid	(33,112)	(225,147)
Net Increase/(Decrease) in Borrowing	170,334	90,417
Funds Received/(Utilized) During the period	(7,483)	163,395
<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>129,740</b>	<b>127,665</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(43,789)</b>	<b>2,699</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>459,752</b>	<b>422,697</b>

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
for the Quarter ended 30.09.2013

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	595,292	46,657	3,209,399
<b>Total comprehensive income for the period</b>				274,721		274,721
Profit/(loss) for the period				(19,730)		(19,730)
Other comprehensive income (net of tax)						
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>254,991</b>	<b>0</b>	<b>254,991</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						0
Transfer to Investment Fund			39,751	(39,751)		0
Dividends to equity holders				(225,147)		(225,147)
<b>Total transactions with equity holders</b>	<b>99,000</b>	<b>0</b>	<b>39,751</b>	<b>(264,898)</b>	<b>0</b>	<b>(126,147)</b>
<b>Balance as at 30/09/2012 (Closing balance)</b>	<b>2,526,532</b>	<b>65,070</b>	<b>114,598</b>	<b>585,385</b>	<b>46,657</b>	<b>3,338,242</b>

<b>Balance as at 01/01/2013 (Opening balance)</b>	2,526,532	82,106	170,680	443,160	46,657	3,269,135
<b>Total comprehensive income for the period</b>				301,471		301,471
Profit/(loss) for the period				(19,338)		(19,338)
Other comprehensive income (net of tax)						
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>282,134</b>	<b>0</b>	<b>282,134</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			36,357	(36,357)		0
Dividends to equity holders				(125,877)		(125,877)
Other				41,713		41,713
<b>Total transactions with equity holders</b>			<b>36,357</b>	<b>(120,522)</b>	<b>0</b>	<b>(84,164)</b>
<b>Balance as at 30/09/2013 (Closing balance)</b>	<b>2,526,532</b>	<b>82,106</b>	<b>207,037</b>	<b>604,772</b>	<b>46,657</b>	<b>3,467,104</b>

**ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS**

as at 30.09.2013

Rs' 000

As at 31 December 2012	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
<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

As at 30th September 2013	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	-	-	-	459,752	459,752
Placements with banks	-	-	-	2,459,013	2,459,013
Other financial assets at fair value through profit or loss	942,520	-	-	-	942,520
Financial investments - Available-for-sale	-	-	152,389	-	152,389
Financial investments - Held-to-maturity	-	528,829	-	-	528,829
Loans and receivables to other customers	-	-	-	20,881,194	20,881,194
Other Financial Asset Classified under Loans and receivable	-	-	-	1,822,046	1,822,046
<b>Total financial assets</b>	942,520	528,829	152,389	25,622,006	27,245,744
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	22,340,241	22,340,241
Other borrowings	-	-	-	1,735,824	1,735,824
<b>Total financial liabilities</b>	-	-	-	24,076,066	24,076,066

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

Item	As at 30.09.2013	As at 31.12.2012 (Audited)
<b>Regulatory Capital Adequacy</b>		
Core Capital ( Tier I Capital ), Rs. Mn	2,779	3,077
Total Capital Base , Rs. Mn	2,769	3,127
Risk Weighted assets, Rs. Mn	22,695	19,133
<b>Core Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 5% )	<b>12.25%</b>	<b>16.08%</b>
<b>Total Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 10% )	<b>12.20%</b>	<b>16.35%</b>
<b>Assets Quality ( Quality of Loan Portfolio )</b>		
Gross Non-performing Advances Ratio, ( net of Interest in Suspense )	<b>6.40%</b>	<b>4.60%</b>
Net Non-performing Advances Ratio, ( net of Interest in Suspense & Provisions )	<b>4.42%</b>	<b>2.80%</b>
<b>Profitability</b>		
Interest Margin, %	<b>6.54%</b>	<b>7.98%</b>
Return on Assets ( Before Taxes ), %	<b>2.47%</b>	<b>2.69%</b>
Return on Equity(After Taxes) , %	<b>12.51%</b>	<b>10.47%</b>
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	<b>20.65%</b>	<b>20.27%</b>

Share information	30.09.2013
Market value per share (Rs.)	79.20
Highest price per share for the period (Rs.)	90.00
Lowest price per share for the period (Rs.)	71.00

**SHAREHOLDER'S INFORMATION**

**Twenty largest Shareholders as at 30.09.2013**

<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%
Warakapola Sanasa Share Holders Trust Company Limited	330,759	1.31%
Mr.H.A.Van Starrex	306,887	1.22%
Wennappuwa Sanasa Share Holders Trust Company Limited	223,660	0.89%
Polgahawela Sanasa Share Holders Trust Company Limited	215,039	0.85%
David Peiris Motor Company Ltd	188,988	0.75%
Life Insurance Corporation (Lanka) Ltd	187,560	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>7,184,336</b>	<b>28.54%</b>
Other shareholder	17,990,986	71.46%
<b>Total</b>	<b>25,175,322</b>	<b>100.00%</b>

**Percentage of public holding as at 30.09.2013**

**99.98%**

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

**Directors Shareholding in shares as at 30.09.2013**

<b>Name of Director</b>	<b>No. of Shares</b>
Mrs.M.S.Kiriwandeniya	1,712
Mr.T.Karunasena	3,300
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	-