

# Interim Reports

September 2014



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

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30.09.2014**

RS '000

	<b>Bank</b>		
	<b>30.09.2014</b>	<b>31.12.2013</b> <b>Audited</b>	<b>Increase</b>
<b>Assets</b>			
Cash and cash equivalents	560,958	399,385	40%
Placements with banks	2,431,929	2,530,598	-4%
Financial assets fair value through profit or loss	836,383	1,210,673	-31%
Other Financial Asset Classified under Loans and receivable	3,280,960	1,701,091	93%
Loans and receivables to other customers	25,363,793	22,116,645	15%
Financial investments Available-for-sale	229,871	165,699	39%
Financial investments Held-to-maturity	293,398	443,408	-34%
Property, plant and equipment	439,230	506,771	-13%
Investment properties	26,823	27,615	-3%
Intangible assets	85,092	107,744	-21%
Current tax assets	-	40,081	-100%
Other assets	640,422	482,895	33%
<b>Total assets</b>	<b>34,188,859</b>	<b>29,732,605</b>	<b>15%</b>
<b>Liabilities</b>			
Due to other customers	27,516,445	23,594,768	17%
Other borrowings	2,055,116	1,878,643	9%
Current tax liabilities	100,492	-	
Deferred tax liabilities	82,354	46,005	79%
Other liabilities	874,462	832,943	5%
<b>Total liabilities</b>	<b>30,628,869</b>	<b>26,352,358</b>	<b>16%</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	659,106	489,355	35%
Other reserves	279,936	269,943	4%
<b>Total equity</b>	<b>3,559,990</b>	<b>3,380,247</b>	<b>5%</b>
<b>Total equity and liabilities</b>	<b>34,188,859</b>	<b>29,732,605</b>	<b>15%</b>
<b>Contingent liabilities and commitments</b>	<b>138,594</b>	<b>144,378</b>	<b>-4%</b>
<b>Net Asset Per Share</b>	<b>141</b>	<b>134</b>	<b>6%</b>
<b>Memorandum Information</b>			
Number of Employees	974	856	14%
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)  
Jayantha Rathnayake  
Director

16.10-2014  
Colombo

**SANASA DEVELOPMENT BANK PLC**  
**Statement of Comprehensive Income**  
**For the Period Ended 30.09.2014**

Rs.000

	For the 09 months ended		Increase	For the quarter ended		Increase
	30.09.2014	30.09.2013		30.09.2014	30.09.2013	
Interest income	3,544,716	3,309,391	7%	1,214,312	1,134,745	7%
Interest expenses	(1,836,304)	(1,917,035)	-4%	(577,966)	(661,521)	-13%
<b>Net interest income</b>	<b>1,708,411</b>	<b>1,392,355</b>	<b>23%</b>	<b>636,346</b>	<b>473,223</b>	<b>34%</b>
Fee and commission income	106,213	91,128	17%	40,070	35,506	13%
Fee and commission expenses	(16,203)	(9,797)	65%	(4,454)	(4,439)	0%
<b>Net fee and commission income</b>	<b>90,010</b>	<b>81,331</b>	<b>11%</b>	<b>35,615</b>	<b>31,067</b>	<b>15%</b>
Net gain/(loss) from financial instruments at fair value through profit or loss	35,332	45,641	-23%	7,947	21,593	-63%
Other operating income (net)	84,447	64,496	31%	43,724	38,481	14%
<b>Total operating income</b>	<b>1,918,200</b>	<b>1,583,824</b>	<b>21%</b>	<b>723,633</b>	<b>564,365</b>	<b>28%</b>
<b>Impairment for loans and other losses</b>	<b>119,135</b>	<b>120,177</b>	<b>-1%</b>	<b>41,288</b>	<b>55,574</b>	<b>-26%</b>
Significant impairment	6,716	8,697	-23%	27,874	17,798	57%
Collective impairment	112,419	111,480	1%	13,414	37,776	-64%
<b>Net operating income</b>	<b>1,799,066</b>	<b>1,463,648</b>	<b>23%</b>	<b>682,346</b>	<b>508,792</b>	<b>34%</b>
Personnel expenses	533,591	397,075	34%	187,428	149,561	25%
Depreciation	110,796	126,427	-12%	36,415	40,671	-10%
Other expenses	526,044	453,800	16%	184,103	164,029	12%
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>628,635</b>	<b>486,345</b>	<b>29%</b>	<b>274,400</b>	<b>154,531</b>	<b>78%</b>
Value added tax (VAT) on financial services & NBT	(118,200)	(66,861)	77%	(58,442)	(22,202)	163%
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>510,435</b>	<b>419,484</b>	<b>22%</b>	<b>215,958</b>	<b>132,329</b>	<b>63%</b>
<b>Profit/(loss) before tax</b>	<b>510,435</b>	<b>419,484</b>	<b>22%</b>	<b>215,958</b>	<b>132,329</b>	<b>63%</b>
Tax expenses	(195,689)	(118,013)	66%	(111,643)	(28,598)	290%
<b>Profit/(loss) for the period</b>	<b>314,745</b>	<b>301,471</b>	<b>4%</b>	<b>104,315</b>	<b>103,731</b>	<b>-1%</b>
<b>Other Comprehensive Income</b>						
Actuarial gains/(losses) on defined benefit plans	(13,500)	(7,500)	80%	(4,500)	(4,500)	0%
Gains and losses on re-measuring available-for-sale financial assets	64,121	(11,838)	642%	38,473	(26,635)	244%
<b>Other Comprehensive Income for the period net of tax</b>	<b>50,621</b>	<b>(19,338)</b>	<b>362%</b>	<b>33,973</b>	<b>(31,135)</b>	<b>209%</b>
<b>Total Comprehensive Income for the period</b>	<b>365,366</b>	<b>282,134</b>	<b>30%</b>	<b>138,288</b>	<b>72,596</b>	<b>90%</b>
Total Comprehensive Income attributable to						
Owners of parent	365,366	282,134	30%	138,288	72,596	90%
Non-controlling interests						
<b>Total Comprehensive Income for the period</b>	<b>365,366</b>	<b>282,134</b>	<b>30%</b>	<b>138,288</b>	<b>72,596</b>	<b>90%</b>

Basic earnings per ordinary share Rs.

12.50

11.97

4.14

4.12

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 30.09.2014

RS '000

	BANK	
	01.01.2014 to 30.09.2014	01.01.2013 to 30.09.2013
<b>Cash Flows From / (Used in) Operating Activities</b>		
Interest Received	3,698,427	3,096,946
Fee and Commission Received	106,100	91,128
Receipts from other Operating Activities	79,702	54,960
Interest Payment	(1,987,152)	(1,803,535)
Cash Payment to Employees	(520,793)	(373,136)
Payments to Suppliers and Other Operating Activities	(610,893)	(834,112)
Fee and Commission Expenses	(16,203)	(9,797)
<b>Operating Profit before Changes in Operating Assets</b>	<b>749,188</b>	<b>222,453</b>
(Increase)/Decrease in Operating Assets		
Funds Advanced to Customers	(3,522,020)	(1,252,144)
Other Short Term Securities	260,051	(459,187)
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	4,088,747	3,287,388
Net Cash from Operating Activities Before Income Tax	<b>1,575,966</b>	<b>1,798,511</b>
Tax Paid	(99,147.45)	(78,465)
Net Cash from Operating Activities	<b>1,476,819</b>	<b>1,720,046</b>
Cash Flows from / (Used in) Investing Activities		
Dividend Received	11,516	9,536
(Increase)/ Decrease in Non Dealing Securities	448,566	(1,042,174)
(Increase)/ Decrease in Dealing Securities	500	5,046
(Increase)/ Decrease in Treasury Bonds and other Investments	(1,721,543)	(836,581)
Proceeds from sale of Property, Plant and Equipment	6,125	-
Purchase of Property, Plant and Equipment	(48,173)	(29,402)
Net Cash from/ (used in) Investing Activities	<b>(1,303,010)</b>	<b>(1,893,575)</b>
Cash Flows from (Used in) Financing Activities		
Dividend Paid	(156,538)	(33,112)
Net Increase/(Decrease) in Borrowing	160,251	170,334
Funds Received/(Utilized) During the period	(15,948)	(7,483)
Net Cash Flow from/ (used in) Financing Activities	<b>(12,235)</b>	<b>129,740</b>
Net Increase/ (Decrease) in Cash and Cash Equivalents	<b>161,574</b>	<b>(43,789)</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>560,958</b>	<b>459,752</b>

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

Item	As at 30.09.2014	As at 31.12.2013 (Audited)
<b>Regulatory Capital Adequacy</b>		
Core Capital ( Tier I Capital ), Rs. Mn	3,048	3,212
Total Capital Base , Rs. Mn	3,084	3,239
Risk Weighted assets, Rs. Mn	26,270	22,928
<b>Core Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 5% )	<b>11.60%</b>	<b>14.01%</b>
<b>Total Capital Adequacy Ratio</b> ( As a % of Risk weighted assets - Minimum Requirement - 10% )	<b>11.74%</b>	<b>14.13%</b>
<b>Assets Quality ( Quality of Loan Portfolio )</b>		
Gross Non-performing Advances Ratio, ( net of Interest in Suspense )	<b>4.99%</b>	<b>5.08%</b>
Net Non-performing Advances Ratio, ( net of Interest in Suspense & Provisions )	<b>2.76%</b>	<b>3.03%</b>
<b>Profitability</b>		
Interest Margin, %	<b>7.29%</b>	<b>6.81%</b>
Return on Assets ( Before Taxes ), %	<b>2.13%</b>	<b>1.22%</b>
Return on Equity(After Taxes) , %	<b>14.04%</b>	<b>7.42%</b>
Statutory Liquid Asset Ratio, % (Minimum Requirement, 20%)	<b>22.12%</b>	<b>20.39%</b>

Share information	30.09.2014
Market value per share (Rs.)	112.40
Highest price per share for the period (Rs.)	124.00
Lowest price per share for the period (Rs.)	79.00

**SANASA DEVELOPMENT BANK PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
for the Quarter ended 30.09.2014

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>				301,471		301,471
Profit/(loss) for the period				301,471		301,471
Other comprehensive income (net of tax)				(19,338)		(19,338)
<b>Total comprehensive income for the period</b>	-	-	-	<b>282,134</b>	-	<b>282,134</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			36,357	(36,357)		-
Dividends to Equity holders				(125,877)		(125,877)
Other				50,946		50,946
<b>Total transactions with equity holders</b>	-	-	<b>36,357</b>	<b>(111,288)</b>	-	<b>(74,931)</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>

<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>				314,745		314,745
Profit/(loss) for the period				314,745		314,745
Other comprehensive income (net of tax)				50,622		50,622
<b>Total comprehensive income for the period</b>	-	-	-	<b>365,367</b>	-	<b>365,367</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			9,993	(9,993)		0
Dividends to equity holders				(176,227)		(176,227)
Other				(9,396)		(9,396)
<b>Total transactions with equity holders</b>	-	-	<b>9,993</b>	<b>(195,616)</b>	-	<b>(185,623)</b>
<b>Balance as at 30/09/2014 (Closing balance)</b>	<b>2,526,532</b>	<b>94,417</b>	<b>233,279</b>	<b>659,106</b>	<b>46,657</b>	<b>3,559,990</b>

**ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS**

as at 30.09.2014

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> September 2014	Fair value through Profit or Loss	HTM	AFS	Amortised cost	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	-	-	-	560,958	560,958
Placements with banks	-	-	-	2,431,929	2,431,929
Other financial assets at fair value through profit or loss	836,383	-	-	-	836,383
Financial investments - Available-for-sale	-	-	229,871	-	229,871
Financial investments - Held-to-maturity	-	293,398	-	-	293,398
Loans and receivables to other customers	-	-	-	25,363,793	25,363,793
Other Financial Asset Classified under Loans and receivable	-	-	-	3,280,960	3,280,960
<b>Total financial assets</b>	836,383	293,398	229,871	31,637,641	32,997,292
<b>FINANCIAL LIABILITIES</b>					
Due to other customers	-	-	-	27,516,445	27,516,445
Other borrowings	-	-	-	2,055,116	2,055,116
<b>Total financial liabilities</b>	-	-	-	29,571,561	29,571,561

## SANASA Development Bank PLC

## Segment Report

Rs. '000

	30 September									
	Banking		Leasing & HP		Treasury		Pawning		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest income	2,510,041	2,139,229	528,043	403,483	400,878	439,890	105,754	326,788	3,544,716	3,309,391
Interest expenses	(1,156,319)	(1,132,697)	(190,577)	(194,515)	(424,805)	(444,875)	(64,603)	(144,949)	(1,836,304)	(1,917,035)
<b>Net interest income</b>	<b>1,353,722</b>	<b>1,006,533</b>	<b>337,466</b>	<b>208,968</b>	<b>(23,928)</b>	<b>(4,985)</b>	<b>41,151</b>	<b>181,839</b>	<b>1,708,411</b>	<b>1,392,355</b>
Fee and commission income	97,220	80,385	8,992	10,743	-	-	-	-	106,213	91,128
Fee and commission expenses	(14,831)	(8,642)	(1,372)	(1,155)	-	-	-	-	(16,203)	(9,797)
<b>Net fee and commission income</b>	<b>82,389</b>	<b>71,743</b>	<b>7,621</b>	<b>9,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,010</b>	<b>81,331</b>
Net loss from financial instruments at fair value through profit or loss	-	-	-	-	35,332	45,641	-	-	35,332	45,641
Other operating income (net)	48,202	48,585	(550)	42	36,795	15,869	-	-	84,447	64,496
<b>Total operating income</b>	<b>1,484,314</b>	<b>1,126,861</b>	<b>344,536</b>	<b>218,598</b>	<b>48,199</b>	<b>56,525</b>	<b>41,151</b>	<b>181,839</b>	<b>1,918,200</b>	<b>1,583,824</b>
Impairment for loans and other losses	(98,660)	(89,824)	(40,613)	(30,353)	-	-	20,138	-	(119,135)	(120,177)
<b>Net operating income - Segment Result</b>	<b>1,385,654</b>	<b>1,037,037</b>	<b>303,924</b>	<b>188,246</b>	<b>48,199</b>	<b>56,525</b>	<b>61,289</b>	<b>181,839</b>	<b>1,799,066</b>	<b>1,463,648</b>
Un-allocated Expenses									(1,170,431)	(977,302)
Value added tax (VAT) on financial services									(118,200)	(66,861)
<b>Profit before tax</b>									<b>510,435</b>	<b>419,484</b>
Tax expenses									(195,689)	(118,013)
<b>Profit for the year</b>									<b>314,745</b>	<b>301,471</b>
<b>Other Comprehensive Income</b>										
Other Comprehensive Income for the year net of tax									50,621	(19,338)
<b>Total Comprehensive Income for the year</b>									<b>365,366</b>	<b>282,134</b>
<b>Segment Assets</b>	<b>20,778,359</b>	<b>16,204,789</b>	<b>3,424,559</b>	<b>2,782,803</b>	<b>7,633,499</b>	<b>6,364,548</b>	<b>1,160,876</b>	<b>2,073,693</b>	<b>32,997,292</b>	<b>27,425,834</b>
Un allocated assets	-	-	-	-	-	-	-	-	1,191,567	1,070,281
<b>Total Assets</b>	<b>20,778,359</b>	<b>16,204,789</b>	<b>3,424,559</b>	<b>2,782,803</b>	<b>7,633,499</b>	<b>6,364,548</b>	<b>1,160,876</b>	<b>2,073,693</b>	<b>34,188,859</b>	<b>28,496,116</b>
<b>Segment Liabilities</b>	<b>19,286,965</b>	<b>14,788,606</b>	<b>3,178,757</b>	<b>2,539,606</b>	<b>7,085,595</b>	<b>5,808,332</b>	<b>1,077,552</b>	<b>1,892,467</b>	<b>30,628,869</b>	<b>25,029,011</b>
Total Equity	-	-	-	-	-	-	-	-	3,559,990	3,467,105
<b>Total Equity &amp; Liabilities</b>	<b>19,286,965</b>	<b>14,788,606</b>	<b>3,178,757</b>	<b>2,539,606</b>	<b>7,085,595</b>	<b>5,808,332</b>	<b>1,077,552</b>	<b>1,892,467</b>	<b>34,188,859</b>	<b>28,496,116</b>



**SHAREHOLDERS' INFORMATION**

**Twenty Largest Shareholders as at 30.09.2014**

<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%
Mr.H.A.Van Starrex	829,291	3.29%
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%
Sanasa Federation Limited	383,953	1.53%
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%
British American Technologies (Pvt) Ltd.	200,796	0.80%
Galewela Sanasa Share Holders Trust Company Limited	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%
<b>Sub Total</b>	<b>7,714,253</b>	<b>30.64%</b>
Other shareholder	17,461,069	69.36%
<b>Total</b>	<b>25,175,322</b>	<b>100.00%</b>

**Percentage of public holding as at 30.09.2014** **99.99%**  
 ( Total No. of Shares 25, 175,322 )  
**Number of Share Holders** **47,353**

**Directors Shareholding as at 30.09.2014**

<b>Name of Director</b>	<b>No. of Shares</b>
Ms. M.S. Kiriwandeniya	1,712
Mr. T.Karunasena	-
Mr. A.D.Walisinghe	-
Mr. D.P.Kumarage	-
Mr. H.M.G.B.Herath	-
Mr. J.Rathnayake	-
Mr. L.Abeysekere	-
Mr. T.Rajapaksha	-