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சியபத பிளான்ஸ்
Siyapatha Finance

(Finance Company of Sampath Bank Group)

SIYAPATHA FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2021

	For the quarter ended 31 March		Change %
	2021 LKR'000	2020 LKR'000	
Gross income	2,083,960	2,034,124	2%
Interest income	1,735,468	1,852,571	-6%
Less:Interest expenses	(727,775)	(1,043,767)	-30%
Net interest income	1,007,693	808,804	25%
Fee and commission income	87,826	79,268	11%
Less:Fee and commission expenses	-	-	-
Net fee and commission income	87,826	79,268	11%
Other operating income	260,666	102,285	155%
Total operating income	1,356,185	990,357	37%
Less:Credit loss expense on financial assets and other losses	(393,871)	(350,342)	12%
Net operating income	962,314	640,015	50%
Less:Operating expenses			
Personnel expenses	(277,869)	(206,477)	35%
Depreciation of property,plant & equipment	(15,063)	(15,429)	-2%
Amortization of intangible assets	(5,780)	(5,836)	-1%
Other operating expenses	(168,542)	(147,752)	14%
Total operating expenses	(467,254)	(375,494)	24%
Operating profit before VAT on financial services	495,060	264,521	87%
Less:VAT on financial services	(99,135)	(63,249)	57%
Profit before income taxation	395,925	201,272	97%
Less:Income tax expense	(22,648)	(74,421)	-70%
Profit after taxation	373,277	126,851	194%
Other comprehensive income/(expenses)			
Other comprehensive income not to be reclassified to profit or loss			
Deferred tax rate change effect on actuarial loss on defined benefit plans	(3,490)	-	100%
Deferred tax rate change effect on surplus from revaluation of property,plant & equipment	6,553	-	100%
Other comprehensive income,net of taxes	3,063	-	100%
Total comprehensive income,net of taxes	376,340	126,851	197%
Basic/Diluted earnings per share-(LKR.)	4.90	1.66	194%

SIYAPATHA FINANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	31-03-2021 LKR'000	Audited 31-12-2020 LKR'000
Assets		
Cash and bank balances	183,106	292,036
Securities purchased under repurchase agreements	1,801,767	2,781,162
Loans and receivables	37,146,283	35,801,573
Other assets	768,284	851,671
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	34,755	34,145
Property, plant and equipment	1,435,494	1,353,815
Right-of-use assets	415,180	402,579
Intangible assets	29,303	34,623
Total Assets	41,814,228	41,551,660
Liabilities		
Bank overdraft	326,537	250,536
Due to other customers	17,212,098	17,279,614
Debt issued and other borrowed funds	16,447,400	17,049,706
Other payables	1,795,930	1,312,080
Current tax liabilities	110,381	118,150
Deferred tax liabilities	324,964	328,349
Retirement benefit obligations	94,614	87,260
Total Liabilities	36,311,924	36,425,695
Equity		
Stated capital	2,222,881	1,522,881
Share application money pending allotment	-	700,000
Reserves		
Statutory reserve fund	185,000	185,000
Revaluation reserve	124,504	117,951
Retained earnings	2,969,919	2,600,133
Total Equity	5,502,304	5,125,965
Total Liabilities and Equity	41,814,228	41,551,660
Net asset value per share(LKR.)	61.18	67.26
Commitments & contingencies	634,895	731,739

The information contained in these financial statements have been extracted from the unaudited financial statements of the Company unless indicated as "Audited".

CERTIFICATION

We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No: 7 of 2007 and give true and fair view of the state of affairs of Siyapatha Finance PLC as at 31 March 2021 and its profits for the period then ended.

(Sgd)
Managing Director

(Sgd)
Head of Finance

The Board of Directors is responsible for these Financial Statements.
Approved and signed for and on behalf of the Board by,

(Sgd)
Chairman

(Sgd)
Director

STATEMENT OF CHANGES IN EQUITY

	LKR'000					
	Stated Capital	Share Application Money Pending Allotment	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 January 2020	1,379,922	-	164,000	117,951	2,353,951	4,015,824
Profit for the period	-	-	-	-	126,851	126,851
Other comprehensive income, net of tax	-	-	-	-	-	-
Balance as at 31 March 2020	<u>1,379,922</u>	<u>-</u>	<u>164,000</u>	<u>117,951</u>	<u>2,480,802</u>	<u>4,142,675</u>
Balance as at 01 January 2021	1,522,881	700,000	185,000	117,951	2,600,132	5,125,964
Profit for the period	-	-	-	-	373,277	373,277
Other comprehensive income, net of tax	-	-	-	6,553	(3,490)	3,063
Rights issue of shares	700,000	(700,000)	-	-	-	-
Balance as at 31 March 2021	<u>2,222,881</u>	<u>-</u>	<u>185,000</u>	<u>124,504</u>	<u>2,969,919</u>	<u>5,502,304</u>

SIYAPATHA FINANCE PLC
STATEMENT OF CASH FLOWS

For the period ended 31 March	2021	2020
	LKR'000	LKR'000
Cash flows from operating activities		
Profit before taxation	395,925	201,272
Interest expenses	727,775	1,043,767
Fee and commission expenses	-	-
Provision for credit losses	393,871	350,342
Provision for staff gratuity	7,563	6,876
Provision for depreciation	15,063	15,429
Amortization of software	5,780	5,836
Amortisation expenses on right-of-use assets	26,297	25,514
(Profit)/Loss on sale of motor vehicle	(1,448)	(330)
	1,174,901	1,447,434
Operating profit before working capital changes	1,570,826	1,648,706
(Increase)/decrease in lease receivables	(821,445)	(1,624,078)
(Increase)/decrease in hire purchase receivables	290	448
(Increase)/decrease in factoring receivables	23,745	15,789
(Increase)/decrease in gold loan receivables	(205,850)	(317,004)
(Increase)/decrease in loan receivables	(688,785)	64,276
Increase/(decrease) in due to other customers	114,097	(137,517)
(Increase)/decrease in other assets	(2,885)	1,583,824
Increase/(decrease) in other payables	523,195	456,452
	(1,057,638)	42,190
Cash generated from operating activities	513,188	1,690,896
Interest expense paid	(739,451)	(966,586)
Gratuity paid	(209)	(893)
Income tax paid	(30,737)	(72,525)
Net cash inflow/(outflow) from operating activities	(257,209)	650,892
Cash flow from investing activities		
Investments in government treasury bonds and government securities	(21,331)	(324,066)
Purchase of property, plant, equipment and intangible assets	(97,509)	(124,413)
Proceeds from sale of property, plant and equipment	1,755	330
Net cash outflow from investing activities	(117,085)	(448,149)
Net cash inflow/(outflow) before financing activities	(374,294)	202,743
Cash flow from financing activities		
Proceeds from long term loans/Securitizations	-	1,650,000
Repayments of long term loans/Securitizations	(1,572,242)	(1,559,454)
Net proceeds from short term borrowings	800,000	(200,000)
Repayment of principal portion of lease liabilities	(38,511)	(35,939)
Net cash outflow from financing activities	(810,753)	(145,393)
Net increase/(decrease) in cash and cash equivalents	(1,185,047)	57,350
Cash & cash equivalents at the beginning of the year	1,041,631	(88,146)
Cash and cash equivalents at the end of the period	(143,416)	(30,796)
Analysis of the cash and cash equivalents at the end of the period		
Cash and bank balances	183,121	203,952
Bank overdraft	(326,537)	(234,748)
	(143,416)	(30,796)

SIYAPATHA FINANCE PLC

SELECTED PERFORMANCE INDICATORS

	As at 31.03.2021	As at 31.12.2020
<u>Capital Adequacy</u>		
Core Capital Ratio(Minimum Requirement -6.5%)	9.11%	9.77%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10.5%)	13.22%	14.18%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	43.32%	37.59%
<u>Profitability</u>		
Return on Average Assets (After Tax)	3.66%	0.96%
Return on Average Shareholders' Funds	28.43%	9.54%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation(Gross)	40,247,540	38,556,257
Non-Performing Accommodation	5,824,243	7,254,913
Net Total Accommodation(Net of allowance for expected credit losses/impairment)	37,146,283	35,801,573
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets	1,268,750	1,263,680
Required Minimum Amount of Government Securities**	1,799,155	1,701,063
Available Amount of Liquid Assets	1,951,452	1,928,684
Available Amount of Government Securities	1,830,977	1,781,046

*** Capital Funds to Deposit Liabilities Ratio**

The capital funds to deposit liabilities ratio is computed on the following basis.

Capital funds as a percentage of average of month end deposit liabilities during last three months.

** Required minimum amount of government securities equals to 5% of the average of month end deposit liabilities and borrowings of the twelve months of the preceding financial year.

SEGMENT INFORMATION

The following table presents income, profit, total assets and total liabilities of the Company's operating segments.

	Leasing and Hire Purchase		Gold Loan		Others		Total	
	2021 LKR'000	2020 LKR'000	2021 LKR'000	2020 LKR'000	2021 LKR'000	2020 LKR'000	2021 LKR'000	2020 LKR'000
For the period ended 31 March								
Interest Income	1,432,925	1,457,340	222,575	307,865	79,968	87,366	1,735,468	1,852,571
Less: Interest expenses	(571,242)	(816,984)	(84,607)	(138,537)	(71,926)	(88,246)	(727,775)	(1,043,767)
Net interest income	861,683	640,356	137,968	169,328	8,042	(880)	1,007,693	808,804
Net fee and commission income	59,844	55,245	27,832	23,930	150	93	87,826	79,268
Other operating income	242,323	100,758	-	-	18,343	1,527	260,666	102,285
Total operating income	1,163,850	796,359	165,800	193,258	26,535	740	1,356,185	990,357
Less: Impairment (charges)/reversal on loans and losses	(159,120)	(271,975)	(33)	1,197	(234,718)	(79,564)	(393,871)	(350,342)
Net operating income	1,004,730	524,384	165,767	194,455	(208,183)	(78,824)	962,314	640,015
Less: Total operating expenses (Including taxes on financial services)	(437,557)	(297,704)	(80,536)	(67,818)	(48,296)	(73,221)	(566,389)	(438,743)
Operating profit before taxes	567,173	226,680	85,231	126,637	(256,479)	(152,045)	395,925	201,272
Less: Income tax expenses							(22,648)	(74,421)
Profit for the period							373,277	126,851
Non-controlling interest							-	-
Profit attributable to equity holders of the Company							373,277	126,851
As at 31 March								
	2021 LKR'000	2020 LKR'000	2021 LKR'000	2020 LKR'000	2021 LKR'000	2020 LKR'000	2021 LKR'000	2020 LKR'000
Segmental assets	29,728,789	30,361,034	4,975,533	5,252,658	7,109,906	7,339,057	41,814,228	42,952,749
Total assets	29,728,789	30,361,034	4,975,533	5,252,658	7,109,906	7,339,057	41,814,228	42,952,749
Segmental liabilities	25,816,799	27,432,795	4,320,806	4,746,053	6,174,319	6,631,225	36,311,924	38,810,073
Total liabilities	25,816,799	27,432,795	4,320,806	4,746,053	6,174,319	6,631,225	36,311,924	38,810,073

EXPLANATORY NOTES

1. These Interim Financial Statements are presented in accordance with the requirements of Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
2. There are no changes to the accounting policies and methods of computation since the publication of the Audited Financial Statements for the year 2020.
3. There are no material changes during the period in the composition of assets, liabilities and contingent liabilities. All known expenditure items have been provided for.

4. **The funds raised from debenture issues**

The funds raised through debenture issues in the previous years were fully utilised for the objectives stated in the relevant prospectuses.

5. The Shareholders of the Company at an Extraordinary General Meeting held on 31 March 2021 had approved to allot 13,725,490 Ordinary Shares by way of a Rights Issue in the proportion of One (01) new Ordinary Share for every 5.55259389646563 existing Ordinary shares at an issue price of Rupees Fifty One (LKR.51/-) per Ordinary Share. The total number of shares after the Rights Issue is 89,937,562 Ordinary Shares.
6. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.

7. **Impact due to the COVID -19**

Sri Lanka's COVID 19 first wave which started in March 2020 was followed by a second wave in October 2020, both of which adversely affected the Sri Lankan economy. As the COVID-19 pandemic is still not fully under control, the Company has made adequate impairment provisions as at 31 March 2021 to ensure that the potential impact on its loan book is adequately covered in the Financial Statements.

In the period under review, the credit quality of the Individually Significant Loans was discretely evaluated and appropriate provisions were made, regardless of the fact that those customers were within the debt moratorium period. Adequate provisions were also made under the Collective Impairment segment to capture the impact of current unprecedented economic conditions. Due to extension of the debt moratoriums given and also considering the potential impact that may arise due to the pandemic, it was decided to recognise a material impairment provision as an allowance for overlay, for the period ended 31 March 2021. In addition, customers who operate in risk elevated industries such as tourism, manufacturing, construction (including condominiums), and transportation etc. were closely reviewed and where necessary have been considered for life-time expected credit loss under stage 2.

8. **Amendments to the Income Tax Law announced by the Government**

As per the announcement dated 12 February 2020, income tax rate applicable for the Finance sector was reduced to 24% with effect from 01 January 2020. As the said amendment was not enacted, both income tax and deferred tax provisions were calculated at the rate of 28% for the year ended 31 December 2020. However, as per the guideline on "Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12" issued by the Institute of Chartered Accountants of Sri Lanka dated 23 April 2021, the revised rate of 24% can be used to compute income tax and deferred tax, for financial periods ending after 26 March 2021. Accordingly, the Company applied the revised rate of 24% and the other proposals announced by the government (via the announcement dated 12 February 2020), for the computation of both income tax & deferred tax for the period ended 31 March 2021.

INFORMATION ON SHARES

Stated Capital as at 31 March 2021 was represented by the number of shares in issue as given below.

	As at 31 March 2021		As at 31 December 2020	
	Number	LKR.	Number	LKR.
Ordinary Shares	89,937,562	2,222,880,842/-	76,212,072	1,522,880,852/-
Total	89,937,562	2,222,880,842/-	76,212,072	1,522,880,852/-

SHAREHOLDER INFORMATION

Shareholders' list as at 31 March 2021

	Name	No: of Shares	%
(01).	Sampath Bank PLC	89,937,555	100.00%
(02).	Mr. P.S.Cumaranatunga	01	0.00%
(03).	Mr.Y.S.H.R.S.Silva	01	0.00%
(04).	Mr.C.P.Palansuriya	01	0.00%
(05).	Mr.J.H.Gunawardena	01	0.00%
(06).	Mr.J.Selvaratnam	01	0.00%
(07).	Ms.H.S.R.Ranatunga	01	0.00%
(08).	Mr.S. Sudarshan	01	0.00%
		89,937,562	100.00%

Public Holdings

The percentage of ordinary shares held by the public as at 31 March 2021 was 0%.

Directors'/ CEO's Holding in Shares as at 31 March 2021.

Name	Position	No: of Shares
Mr. P.S.Cumaranatunga	Director	01
Mr.Y.S.H.R.S.Silva	Director	01
Mr.J.H.Gunawardena	Director	01
Mr.J.Selvaratnam	Director	01
Ms.H.S.R.Ranatunga	Director	01

INFORMATION ON LISTED DEBENTURES

(i).Market Values

	Highest (LKR.)		Lowest (LKR.)		Period End (LKR.)	
	2021	2020	2021	2020	2021	2020
Debentures-2016/2021	Not Traded	103.00	Not Traded	100.00	Not Traded	100.00
Debentures-2017/2022	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2019/2024	Not Traded	108.00	Not Traded	108.00	Not Traded	108.00
Debentures-2020/2023	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded

N/A – Not Applicable

(ii).Interest Rates

	2021		2020	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Debentures -2016/2021	13.50%	13.50%	13.50%	13.50%
Debentures -2017/2022	12.50%	12.50%	12.50%	12.50%
Debentures -2019/2024	13.33%	13.33%	13.33%	13.33%
Debentures -2020/2023	11.25%	11.25%	11.25%	11.25%

N/A – Not Applicable

(iii).Interest rates of comparable Government Securities

	31-03-2021	31-12-2020
6 months treasury bill	5.01%	4.73%
1 year treasury bill	5.11%	4.97%
5 year treasury bond	6.88%	6.64%

(iv).Current Yield & Yield to maturity

	2021		2020	
	Current Yield (%)	Yield to Maturity (%)	Current Yield (%)	Yield to Maturity (%)
Debentures Issued-September 2016 5 year Fixed rated(13.50% p.a. payable annually)	13.50%	Not Traded	13.50%	13.24%
Debentures Issued-October 2017 5 year Fixed rated(12.50% p.a. payable annually)	12.50%	Not Traded	12.50%	Not Traded
Debentures Issued-August 2019 5 year Fixed rated(13.33% p.a. payable annually)	13.33%	Not Traded	13.33%	10.55%
Debentures Issued-July 2020 3 year Fixed rated(11.25% p.a. payable annually)	11.25%	Not Traded	11.25%	Not Traded

N/A – Not Applicable

(v).Ratios

	31-03-2021	31-12-2020
Debt to Equity Ratio (Times)	2.21	2.62
Interest Cover(Times)	1.54	1.18
Quick Asset Ratio (%)	62.17%	63.50%