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Siyapatha Finance

*( Finance Company of Sampath Bank Group )*

# **SIYAPATHA FINANCE PLC**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2023**

	For the six months ended 30 June		Change %	For the quarter ended 30 June		Change %
	2023 LKR'000	2022 LKR'000		2023 LKR.000	2022 LKR.000	
<b>Gross income</b>	<b>5,259,387</b>	<b>4,322,215</b>	<b>22%</b>	<b>2,640,363</b>	<b>2,041,749</b>	<b>29%</b>
Interest income	4,890,249	3,613,084	35%	2,439,936	1,804,492	35%
Less: Interest expenses	(3,667,588)	(2,039,618)	80%	(1,826,236)	(1,256,693)	45%
<b>Net interest income</b>	<b>1,222,661</b>	<b>1,573,466</b>	<b>-22%</b>	<b>613,700</b>	<b>547,799</b>	<b>12%</b>
Fee and commission income	185,696	175,875	6%	102,771	72,407	42%
Less: Fee and commission expenses	(2,398)	(574)	318%	(754)	(258)	192%
<b>Net fee and commission income</b>	<b>183,298</b>	<b>175,301</b>	<b>5%</b>	<b>102,017</b>	<b>72,149</b>	<b>41%</b>
Other operating income	183,442	533,256	-66%	97,656	164,850	-41%
<b>Total operating income</b>	<b>1,589,401</b>	<b>2,282,023</b>	<b>-30%</b>	<b>813,373</b>	<b>784,798</b>	<b>4%</b>
Less: Credit loss expense on financial assets and other losses	37,118	(248,703)	-115%	(42,528)	(27,572)	54%
<b>Net operating income</b>	<b>1,626,519</b>	<b>2,033,320</b>	<b>-20%</b>	<b>770,845</b>	<b>757,226</b>	<b>2%</b>
<b>Less: Operating expenses</b>						
Personnel expenses	(646,400)	(625,009)	3%	(336,570)	(319,670)	5%
Depreciation and amortisation expenses	(119,190)	(131,329)	-9%	(59,754)	(67,573)	-12%
Other operating expenses	(339,299)	(236,840)	43%	(170,870)	(95,919)	78%
<b>Total operating expenses</b>	<b>(1,104,889)</b>	<b>(993,178)</b>	<b>11%</b>	<b>(567,194)</b>	<b>(483,162)</b>	<b>17%</b>
<b>Operating profit before taxes on financial services</b>	<b>521,630</b>	<b>1,040,142</b>	<b>-50%</b>	<b>203,651</b>	<b>274,064</b>	<b>-26%</b>
Less: Taxes on financial services	(185,858)	(244,353)	-24%	(84,525)	(86,295)	-2%
<b>Profit before income taxation</b>	<b>335,772</b>	<b>795,789</b>	<b>-58%</b>	<b>119,126</b>	<b>187,769</b>	<b>-37%</b>
Less: Income tax expense	(158,521)	(272,064)	-42%	(65,757)	(80,642)	-18%
<b>Profit after taxation</b>	<b>177,251</b>	<b>523,725</b>	<b>-66%</b>	<b>53,369</b>	<b>107,127</b>	<b>-50%</b>
<b>Other comprehensive income, net of taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income, net of taxes</b>	<b>177,251</b>	<b>523,725</b>	<b>-66%</b>	<b>53,369</b>	<b>107,127</b>	<b>-50%</b>
<b>Basic/Diluted earnings per share-(LKR.)</b>	<b>1.77</b>	<b>5.22</b>	<b>-66%</b>	<b>0.53</b>	<b>1.10</b>	<b>-52%</b>

## SIYAPATHA FINANCE PLC

## STATEMENT OF FINANCIAL POSITION

As at	30-06-2023	31-12-2022
	LKR'000	Audited LKR'000
<b>Assets</b>		
Cash and bank balances	964,591	221,187
Loans and receivables	34,913,453	34,636,114
Assets held for sale	114,042	-
Other assets	737,487	624,838
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	7,461,833	5,461,866
Property, plant and equipment	2,480,076	2,537,582
Right-of-use assets	344,874	371,844
Deferred tax assets	313,622	225,785
Intangible assets	19,919	15,291
<b>Total Assets</b>	<b>47,349,953</b>	<b>44,094,563</b>
<b>Liabilities</b>		
Bank overdraft	162,064	826,180
Due to other customers	22,902,214	19,342,046
Debt issued and other borrowed funds	15,338,586	15,585,788
Other payables	1,771,495	1,304,342
Current tax liabilities	342,528	352,180
Retirement benefit obligations	122,599	116,852
<b>Total Liabilities</b>	<b>40,639,486</b>	<b>37,527,388</b>
<b>Equity</b>		
Stated capital	2,866,877	2,674,439
Reserves		
Statutory reserve fund	278,000	278,000
Revaluation reserve	154,295	154,295
Retained earnings	3,411,295	3,460,441
<b>Total Equity</b>	<b>6,710,467</b>	<b>6,567,175</b>
<b>Total Liabilities and Equity</b>	<b>47,349,953</b>	<b>44,094,563</b>
Net asset value per share(LKR.)	66.88	67.59
Commitments & contingencies	19,126	15,187

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 30 June 2023 and its profits for the period then ended.

(Sgd)  
Managing Director

(Sgd)  
Chief Financial Officer

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

(Sgd)  
Director

(Sgd)  
Director

25 July 2023

**SIYAPATHA FINANCE PLC**  
**STATEMENT OF CHANGES IN EQUITY**

**LKR'000**

	<b>Stated Capital</b>	<b>Statutory Reserve Fund</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at 01 January 2022 (Audited)</b>	<b>2,346,095</b>	<b>240,000</b>	<b>124,504</b>	<b>3,515,495</b>	<b>6,226,094</b>
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	-	(452,063)	(452,063)
<b>Balance after surcharge tax</b>	<b>2,346,095</b>	<b>240,000</b>	<b>124,504</b>	<b>3,063,432</b>	<b>5,774,031</b>
Profit for the period	-	-	-	523,725	523,725
Other comprehensive income, net of tax	-	-	-	-	-
Scrip dividend paid	328,344	-	-	(328,344)	-
<b>Balance as at 30 June 2022</b>	<b>2,674,439</b>	<b>240,000</b>	<b>124,504</b>	<b>3,258,813</b>	<b>6,297,756</b>
<b>Balance as at 01 January 2023 (Audited)</b>	<b>2,674,439</b>	<b>278,000</b>	<b>154,295</b>	<b>3,460,442</b>	<b>6,567,176</b>
Profit for the period	-	-	-	177,251	177,251
Other comprehensive income, net of tax	-	-	-	-	-
Scrip dividend paid	192,438	-	-	(226,397)	(33,959)
<b>Balance as at 30 June 2023</b>	<b>2,866,877</b>	<b>278,000</b>	<b>154,295</b>	<b>3,411,296</b>	<b>6,710,468</b>

**SIYAPATHA FINANCE PLC**  
**STATEMENT OF CASH FLOWS**

<b>For the period ended 30 June</b>	<b>2023</b>	<b>2022</b>
	<b>LKR'000</b>	<b>LKR'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation from operations</b>	<b>335,772</b>	<b>795,789</b>
Interest expenses	3,667,588	2,039,618
Fee and commission expenses	2,398	574
Credit loss expense on financial assets	(37,118)	248,703
Provision for staff gratuity	15,000	15,000
Provision for depreciation	77,110	76,043
Amortization of software	3,886	13,885
Amortisation of right-of-use assets	38,194	41,401
(Profit)/Loss on sale of motor vehicle	(1,695)	633
	<b>3,765,363</b>	<b>2,435,857</b>
<b>Operating profit before working capital changes</b>	<b>4,101,135</b>	<b>3,231,646</b>
(Increase)/decrease in lease receivables	(1,215,262)	(187,874)
(Increase)/decrease in hire purchase receivables	173	183
(Increase)/decrease in factoring receivables	24,240	60,081
(Increase)/decrease in gold loan receivables	806,853	(601,471)
(Increase)/decrease in loan receivables	174,257	418,881
Increase/(decrease) in due to other customers	3,290,432	445,269
(Increase)/decrease in other assets	(268,416)	25,673
Increase/(decrease) in other payables	527,380	444,572
	<b>3,339,657</b>	<b>605,314</b>
<b>Cash generated from operating activities</b>	<b>7,440,792</b>	<b>3,836,960</b>
Interest expense paid	(3,162,216)	(1,719,882)
Gratuity paid	(9,255)	(3,845)
Income tax paid	(256,010)	(261,819)
Surcharge tax paid	-	(226,032)
Dividend tax paid	(33,960)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,979,351</b>	<b>1,625,382</b>
<b>Cash flow from investing activities</b>		
Net investments in government treasury bills and repurchase agreements	602,868	577,083
Purchase of property, plant, equipment and intangible assets	(28,261)	(464,969)
Proceeds from sale of property, plant and equipment	1,840	420
<b>Net cash inflow/(outflow) from investing activities</b>	<b>576,447</b>	<b>112,534</b>
<b>Net cash inflow/(outflow) before financing activities</b>	<b>4,555,798</b>	<b>1,737,916</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term loans/securitizations	2,000,000	2,000,000
Repayments of long term loans/securitizations	(2,035,236)	(1,459,235)
Net proceeds from short term borrowings	(450,000)	600,000
Repayment of principal portion of lease liabilities	(60,208)	(59,725)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(545,444)</b>	<b>1,081,040</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,010,354</b>	<b>2,818,956</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	<b>2,162,777</b>	<b>59,031</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,173,131</b>	<b>2,877,987</b>
<b>Analysis of the cash and cash equivalents at the end of the period</b>		
Cash and bank balances	964,631	152,391
Securities purchased under repurchase agreements	-	801,510
Government securities maturing less than three months	5,370,564	2,087,423
Bank overdraft	(162,064)	(163,337)
	<b>6,173,131</b>	<b>2,877,987</b>

## SELECTED PERFORMANCE INDICATORS

	As at 30.06.2023	As at 31.12.2022
<b><u>Capital Adequacy</u></b>		
Core Capital Ratio (Minimum Requirement : 8.5% )	15.18%	16.11%
Total Risk Weighted Capital Ratio (Minimum Requirement: : 12.5%)	19.80%	20.95%
Capital Funds to Deposit Liabilities Ratio (Minimum Requirement-10%)*	42.50%	49.45%
<b><u>Profitability</u></b>		
Return on Average Assets (After Tax)	0.79%	1.68%
Return on Average Shareholders' Funds	5.37%	11.82%
<b><u>Asset Quality (LKR'000)</u></b>		
Total Accommodation (Gross)	38,556,543	38,808,303
Non-Performing Accommodation **	10,194,623	9,262,845
Net Total Accommodation (Net of allowance for expected credit losses/impairment)	34,913,453	34,636,114
<b><u>Liquidity (LKR'000)</u></b>		
Required Minimum Amount of Liquid Assets	2,697,529	2,300,761
Required Minimum Amount of Government Securities***	2,706,804	2,568,665
Available Amount of Liquid Assets	7,636,846	5,547,541
Available Amount of Government Securities	7,389,410	5,461,866

**\* 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.

- \*\* The non-performing accommodations for the current period have been calculated on 90-day past due basis, while the non-performing accommodations for the prior period have been calculated on 120-day past due basis.
- \*\*\* Required minimum amount of government securities equals to 7.5% 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	
	2023 LKR'000	2022 LKR'000	2023 LKR'000	2022 LKR'000	2023 LKR'000	2022 LKR'000	2023 LKR'000	2022 LKR'000
<b>For the period ended 30 June</b>								
Interest Income	3,248,109	2,873,671	1,467,503	624,311	174,637	115,102	4,890,249	3,613,084
Less: Interest expenses	(2,636,377)	(1,584,496)	(739,894)	(278,831)	(291,317)	(176,291)	(3,667,588)	(2,039,618)
Net interest income	611,732	1,289,175	727,609	345,480	(116,680)	(61,189)	1,222,661	1,573,466
Net fee and commission income	122,757	109,375	62,939	66,315	(2,398)	(389)	183,298	175,301
Other operating income	181,669	517,223	148	-	1,625	16,033	183,442	533,256
<b>Total operating income</b>	<b>916,158</b>	<b>1,915,773</b>	<b>790,696</b>	<b>411,795</b>	<b>(117,453)</b>	<b>(45,545)</b>	<b>1,589,401</b>	<b>2,282,023</b>
Less: Impairment (charges)/reversal on loans and losses	(21,682)	(251,609)	10,413	(1,140)	48,387	4,046	37,118	(248,703)
Net operating income	894,476	1,664,164	801,109	410,655	(69,066)	(41,499)	1,626,519	2,033,320
Less: Total operating expenses (Including Taxes on financial services)	(961,676)	(961,060)	(235,554)	(188,012)	(93,517)	(88,459)	(1,290,747)	(1,237,531)
<b>Operating profit before taxes</b>	<b>(67,200)</b>	<b>703,104</b>	<b>565,555</b>	<b>222,643</b>	<b>(162,583)</b>	<b>(129,958)</b>	<b>335,772</b>	<b>795,789</b>
Less: Income tax expenses							(158,521)	(272,064)
<b>Profit for the period</b>							<b>177,251</b>	<b>523,725</b>
Non-controlling interest							-	-
<b>Profit attributable to equity holders of the Company</b>							<b>177,251</b>	<b>523,725</b>
<b>As at 30 June</b>								
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>
Segmental assets	26,091,028	29,033,458	7,864,553	6,382,110	13,394,372	10,047,306	47,349,953	45,462,874
<b>Total assets</b>	<b>26,091,028</b>	<b>29,033,458</b>	<b>7,864,553</b>	<b>6,382,110</b>	<b>13,394,372</b>	<b>10,047,306</b>	<b>47,349,953</b>	<b>45,462,874</b>
Segmental liabilities	22,393,390	25,011,591	6,749,983	5,498,027	11,496,113	8,655,500	40,639,486	39,165,118
<b>Total liabilities</b>	<b>22,393,390</b>	<b>25,011,591</b>	<b>6,749,983</b>	<b>5,498,027</b>	<b>11,496,113</b>	<b>8,655,500</b>	<b>40,639,486</b>	<b>39,165,118</b>

## EXPLANATORY NOTES

1. The Interim Financial Statements are presented in accordance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and by providing 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 2022 other than the following.

### Assets held for sale

The Company classified two properties as assets held for sale during the 1<sup>st</sup> half of the year 2023 and those were accounted for in accordance with SLFRS 05 (Non-Current Assets Held for Sale and Discontinued Operations). Additionally, they have been presented separately on the Statement of Financial Position in accordance with Sri Lanka Accounting Standards. The Company expects to sell these assets in the near future.

3. There are no material changes during the period in the composition of assets, liabilities and contingent liabilities, except for the item disclosed in Note 2. 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. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.
6. The dividend of LKR.2.33 per share on 97,166,011 Ordinary shares was approved at the Annual General Meeting held on 25 April 2023. This was paid in the form of scrip dividend and relevant provisions were made in the Financial Statements for the period ended 30 June 2023.

### 7. **Impairment of loans and receivables**

The Company evaluated, all individually significant customers showing signs of default and adequate provisioning made in the Financial Statements. When assessing the impairment provision for large exposures, several prudent measures such as extending the recovery cash flows, discounting the property values to reflect a more reasonable estimate of the fair value etc. were also applied. Furthermore, it was determined that relatively high inflation, high interest rates and income tax rates were some of the other key concerns likely to impact the repayment capacity of individuals and businesses in the medium to short term. Accordingly, the Company also revisited its collective impairment models to ensure that those are sufficiently captured the increased risk. The Company prudently classified some exposures under Stage 2 with additional provisions recognised as an allowance for overlays.

### 8. **Change of the Income Tax Rate from 24% to 30%**

The Company has calculated the income tax and deferred tax assets/liabilities for the first half of the year of the year of assessment 2023/2024 using the revised income tax rate of 30% in line with the Inland Revenue (Amendment) Act No. 45 of 2022. For the comparative period, income tax and deferred tax assets/liabilities were computed using the tax rate of 24%.



## INFORMATION ON SHARES

Stated Capital as at 30 June 2023 was represented by the number of shares in issue as given below.

	As at 30 June 2023		As at 31 December 2022	
	Number	LKR.	Number	LKR.
Ordinary Shares	100,329,537	2,866,876,754	97,166,011	2,674,439,468
<b>Total</b>	<b>100,329,537</b>	<b>2,866,876,754</b>	<b>97,166,011</b>	<b>2,674,439,468/-</b>

## SHAREHOLDER INFORMATION

### Shareholders' list as at 30 June 2023

	Name	No: of Shares	%
(01).	Sampath Bank PLC	100,329,530	100.00%
(02).	Mr. P.S.Cumaranatunga	01	0.00%
(03).	Mr.Y.S.H.R.S.Silva	01	0.00%
(04).	Mr.J.H.Gunawardena	01	0.00%
(05).	Mr.J.Selvaratnam	01	0.00%
(06).	Ms.H.S.R.Ranatunga	01	0.00%
(07).	Mr.D. Sooriyaarachchi	01	0.00%
(08).	Mr.W. S. C. Perera	01	0.00%
		<b>100,329,537</b>	<b>100.00%</b>

### Public Holdings

The percentage of ordinary shares held by the public as at 30 June 2023 was 0%.

### Directors'/ CEO's Holding in Shares as at 30 June 2023

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
Mr. D Sooriyaarachchi	Director	01
Mr.W. S. C. Perera	Director	01

## INFORMATION ON LISTED DEBENTURES

### (i) Market Values

	Highest (LKR.)		Lowest (LKR.)		Period End (LKR.)	
	2023	2022	2023	2022	2023	2022
Debentures-2019/2024	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2020/2023	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2021/2026	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded

N/A – Not Applicable

### (ii) Interest Rates

	2023		2022	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Debentures -2019/2024	13.33%	13.33%	13.33%	13.33%
Debentures -2020/2023	11.25%	11.25%	11.25%	11.25%
Debentures -2021/2026	9.46%	9.46%	9.46%	9.46%

N/A – Not Applicable

**(iii) Interest rates of comparable Government Securities**

	<b>30-06-2023</b>	<b>31-12-2022</b>
6 months treasury bill	19.57%	29.50%
1 year treasury bill	17.81%	28.50%
5 year treasury bond	22.16%	26.76%

**(iv) Current Yield & Yield to maturity**

	<b>2023</b>		<b>2022</b>	
	<b>Current Yield (%)</b>	<b>Yield to Maturity (%)</b>	<b>Current Yield (%)</b>	<b>Yield to Maturity (%)</b>
Debentures Issued-August 2019 5 year Fixed rated(13.33% p.a. payable annually)	Not Traded	Not Traded	Not Traded	Not Traded
Debentures Issued-July 2020 3 year Fixed rated(11.25% p.a. payable annually)	Not Traded	Not Traded	Not Traded	Not Traded
Debentures Issued-September 2021 5 year Fixed rated(9.46% p.a. payable annually)	Not Traded	Not Traded	Not Traded	Not Traded

N/A – Not Applicable

**(v) Ratios**

	<b>30-06-2023</b>	<b>31-12-2022</b>
Debt to Equity Ratio (Times)	1.53	1.53
Interest Cover(Times)	1.09	1.18
Quick Asset Ratio (%)	89.06%	89.51%