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Siyapatha Finance

(Finance Company of Sampath Bank Group)

SIYAPATHA FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

SIYAPATHA FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	For the nine months ended 30 September		Change %	For the quarter ended 30 September		Change %
	2023 LKR'000	2022 LKR'000		2023 LKR.000	2022 LKR.000	
Gross income	8,185,372	6,757,781	21%	2,925,985	2,435,566	20%
Interest income	7,551,764	5,868,038	29%	2,661,515	2,254,954	18%
Less: Interest expenses	(5,422,946)	(3,872,444)	40%	(1,755,358)	(1,832,826)	-4%
Net interest income	2,128,818	1,995,594	7%	906,157	422,128	115%
Fee and commission income	252,926	250,366	1%	67,230	74,491	-10%
Less: Fee and commission expenses	(3,152)	(2,706)	16%	(754)	(2,132)	-65%
Net fee and commission income	249,774	247,660	1%	66,476	72,359	-8%
Other operating income	380,682	639,377	-40%	197,240	106,121	86%
Total operating income	2,759,274	2,882,631	-4%	1,169,873	600,608	95%
Less: Credit loss expense on financial assets and other losses	(53,310)	(249,752)	-79%	(90,428)	(1,049)	8520%
Net operating income	2,705,964	2,632,879	3%	1,079,445	599,559	80%
Less: Operating expenses						
Personnel expenses	(989,537)	(889,324)	11%	(343,137)	(264,315)	30%
Depreciation and amortisation expenses	(181,594)	(194,344)	-7%	(62,404)	(63,015)	-1%
Other operating expenses	(528,350)	(355,874)	48%	(189,051)	(119,034)	59%
Total operating expenses	(1,699,481)	(1,439,542)	18%	(594,592)	(446,364)	33%
Operating profit before taxes on financial services	1,006,483	1,193,337	-16%	484,853	153,195	216%
Less: Taxes on financial services	(316,376)	(305,805)	3%	(130,518)	(61,452)	112%
Profit before income taxation	690,107	887,532	-22%	354,335	91,743	286%
Less: Income tax expense	(306,422)	(302,490)	1%	(147,901)	(30,426)	386%
Profit after taxation	383,685	585,042	-34%	206,434	61,317	237%
Other comprehensive income, net of taxes	-	-	-	-	-	-
Total comprehensive income, net of taxes	383,685	585,042	-34%	206,434	61,317	237%
Basic/Diluted earnings per share-(LKR.)	3.82	5.83	-34%	2.06	0.63	226%

SIYAPATHA FINANCE PLC

STATEMENT OF FINANCIAL POSITION

As at	30-09-2023	31-12-2022
	LKR'000	Audited LKR'000
Assets		
Cash and bank balances	259,694	221,187
Loans and receivables	35,101,220	34,636,114
Assets held for sale	114,042	-
Other assets	728,282	624,838
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	7,368,855	5,461,866
Property, plant and equipment	2,473,027	2,537,582
Right-of-use assets	381,410	371,844
Deferred tax assets	399,111	225,785
Intangible assets	17,928	15,291
Total Assets	46,843,625	44,094,563
Liabilities		
Bank overdraft	141,693	826,180
Due to other customers	24,072,004	19,342,046
Debt issued and other borrowed funds	13,169,590	15,585,788
Other payables	1,907,243	1,304,342
Current tax liabilities	509,437	352,180
Retirement benefit obligations	126,757	116,852
Total Liabilities	39,926,724	37,527,388
Equity		
Stated capital	2,866,877	2,674,439
Reserves		
Statutory reserve fund	278,000	278,000
Revaluation reserve	154,294	154,295
Retained earnings	3,617,730	3,460,441
Total Equity	6,916,901	6,567,175
Total Liabilities and Equity	46,843,625	44,094,563
Net asset value per share(LKR.)	68.94	67.59
Commitments & contingencies	21,733	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 September 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

31 October 2023

SIYAPATHA FINANCE PLC

STATEMENT OF CHANGES IN EQUITY

LKR'000

	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 January 2022 (Audited)	2,346,095	240,000	124,504	3,515,495	6,226,094
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	-	(452,063)	(452,063)
Balance after surcharge tax	2,346,095	240,000	124,504	3,063,432	5,774,031
Profit for the period	-	-	-	585,042	585,042
Other comprehensive income, net of tax	-	-	-	-	-
Scrip dividend paid	328,344	-	-	(328,344)	-
Balance as at 30 September 2022	2,674,439	240,000	124,504	3,320,130	6,359,073
Balance as at 01 January 2023 (Audited)	2,674,439	278,000	154,295	3,460,442	6,567,176
Profit for the period	-	-	-	383,685	383,685
Other comprehensive income, net of tax	-	-	-	-	-
Scrip dividend paid	192,438	-	-	(226,397)	(33,959)
Balance as at 30 September 2023	2,866,877	278,000	154,295	3,617,730	6,916,902

SIYAPATHA FINANCE PLC
STATEMENT OF CASH FLOWS

For the period ended 30 September	2023	2022
	LKR'000	LKR'000
Cash flows from operating activities		
Profit before taxation from operations	690,107	887,532
Interest expenses	5,422,946	3,872,444
Fee and commission expenses	3,152	2,706
Credit loss expense on financial assets	53,310	249,752
Provision for staff gratuity	22,500	22,500
Provision for depreciation	116,239	117,677
Amortization of software	5,876	15,370
Amortisation of right-of-use assets	59,479	61,297
(Profit)/Loss on sale of motor vehicle	(1,695)	633
	5,681,807	4,342,379
Operating profit before working capital changes	6,371,914	5,229,911
(Increase)/decrease in lease receivables	(1,477,493)	1,850,295
(Increase)/decrease in hire purchase receivables	229	199
(Increase)/decrease in factoring receivables	31,295	108,442
(Increase)/decrease in gold loan receivables	1,282,045	(2,578,682)
(Increase)/decrease in loan receivables	(283,877)	699,987
Increase/(decrease) in due to other customers	4,159,122	653,435
(Increase)/decrease in other assets	(360,244)	(568)
Increase/(decrease) in other payables	699,597	113,022
	4,050,674	846,130
Cash generated from operating activities	10,422,588	6,076,041
Interest expense paid	(5,152,281)	(3,612,203)
Gratuity paid	(12,596)	(5,057)
Income tax paid	(322,491)	(813,918)
Surcharge tax paid	-	(452,063)
Dividend tax paid	(33,960)	-
Net cash inflow/(outflow) from operating activities	4,901,260	1,192,800
Cash flow from investing activities		
Net investments in government treasury bills and repurchase agreements	564,206	786,014
Purchase of property, plant, equipment and intangible assets	(60,340)	(646,880)
Proceeds from sale of property, plant and equipment	1,840	420
Net cash inflow/(outflow) from investing activities	505,706	139,554
Net cash inflow/(outflow) before financing activities	5,406,966	1,332,354
Cash flow from financing activities		
Proceeds from long term loans/securitizations	2,000,000	3,173,000
Repayments of long term loans/securitizations	(5,074,178)	(2,022,523)
Net proceeds from short term borrowings	955,000	600,000
Repayment of principal portion of lease liabilities	(93,601)	(88,882)
Net cash inflow/(outflow) from financing activities	(2,212,779)	1,661,595
Net increase/(decrease) in cash and cash equivalents	3,194,187	2,993,949
Cash & cash equivalents at the beginning of the year	2,162,777	59,031
Cash and cash equivalents at the end of the period	5,356,964	3,052,980
Analysis of the cash and cash equivalents at the end of the period		
Cash and bank balances	259,734	127,827
Securities purchased under repurchase agreements	-	1,350,926
Government securities maturing less than three months	5,238,923	1,757,477
Bank overdraft	(141,693)	(183,250)
	5,356,964	3,052,980

SELECTED PERFORMANCE INDICATORS

	As at 30.09.2023	As at 31.12.2022
<u>Capital Adequacy</u>		
Core Capital Ratio (Minimum Requirement : 8.5%)	15.29%	16.11%
Total Risk Weighted Capital Ratio (Minimum Requirement: : 12.5%)	18.44%	20.95%
Capital Funds to Deposit Liabilities Ratio (Minimum Requirement-10%)*	39.63%	49.45%
<u>Profitability</u>		
Return on Average Assets (After Tax)	1.13%	1.68%
Return on Average Shareholders' Funds	7.64%	11.82%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation (Gross)	38,793,108	38,808,303
Non-Performing Accommodation **	9,495,725	9,262,845
Net Total Accommodation (Net of allowance for expected credit losses/impairment)	35,101,220	34,636,114
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets	2,600,330	2,300,761
Required Minimum Amount of Government Securities***	2,706,804	2,568,665
Available Amount of Liquid Assets	7,499,892	5,547,541
Available Amount of Government Securities	7,368,855	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
For the period ended 30 September								
Interest Income	5,144,010	4,485,158	2,144,277	1,178,513	263,477	204,367	7,551,764	5,868,038
Less: Interest expenses	(4,120,216)	(2,962,980)	(942,243)	(582,364)	(360,487)	(327,100)	(5,422,946)	(3,872,444)
Net interest income	1,023,794	1,522,178	1,202,034	596,149	(97,010)	(122,733)	2,128,818	1,995,594
Net fee and commission income	161,798	140,630	88,530	109,407	(554)	(2,377)	249,774	247,660
Other operating income	372,082	609,705	6,225	-	2,375	29,672	380,682	639,377
Total operating income	1,557,674	2,272,513	1,296,789	705,556	(95,189)	(95,438)	2,759,274	2,882,631
Less: Impairment (charges)/reversal on loans and losses	(124,369)	(231,633)	6,355	(6,571)	64,704	(11,548)	(53,310)	(249,752)
Net operating income	1,433,305	2,040,880	1,303,144	698,985	(30,485)	(106,986)	2,705,964	2,632,879
Less: Total operating expenses (Including Taxes on financial services)	(1,505,520)	(1,343,820)	(375,845)	(278,250)	(134,492)	(123,277)	(2,015,857)	(1,745,347)
Operating profit before taxes	(72,215)	697,060	927,299	420,735	(164,977)	(230,263)	690,107	887,532
Less: Income tax expenses							(306,422)	(302,490)
Profit for the period							383,685	585,042
Non-controlling interest							-	-
Profit attributable to equity holders of the Company							383,685	585,042
As at 30 September								
	2023 LKR'000	2022 LKR'000	2023 LKR'000	2022 LKR'000	2023 LKR'000	2022 LKR'000	2023 LKR'000	2022 LKR'000
Segmental assets	26,289,598	27,024,746	7,390,386	8,353,890	13,163,641	9,875,853	46,843,625	45,254,489
Total assets	26,289,598	27,024,746	7,390,386	8,353,890	13,163,641	9,875,853	46,843,625	45,254,489
Segmental liabilities	22,407,692	23,227,281	6,299,126	7,180,018	11,219,906	8,488,117	39,926,724	38,895,416
Total liabilities	22,407,692	23,227,281	6,299,126	7,180,018	11,219,906	8,488,117	39,926,724	38,895,416

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 period ended 30 September 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 September 2023.

7. Impairment of loans and receivables

The Company performed a detailed assessment of individually significant customers as at 30 September 2023. Key assumptions used in the impairment computation of individually significant customers were revised, after evaluating each customer's present financial standing and adequate provisions have been recognized in the Financial Statements. Further the Company revisited its collective impairment models to ensure that relevant risk indicators are adequately captured.

INFORMATION ON SHARES

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

	As at 30 September 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
Total	100,329,537	2,866,876,754	97,166,011	2,674,439,468

SHAREHOLDER INFORMATION

Shareholders' list as at 30 September 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%
		100,329,537	100.00%

Public Holdings

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

Directors'/ CEO's Holding in Shares as at 30 September 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-2021/2026	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded

(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 -2021/2026	9.46%	9.46%	9.46%	9.46%

(iii) Interest rates of comparable Government Securities

	30-09-2023	31-12-2022
6 months treasury bill	15.28%	29.50%
1 year treasury bill	13.41%	28.50%
5 year treasury bond	13.72%	26.76%

(iv) Current Yield & Yield to maturity

	2023		2022	
	Current Yield (%)	Yield to Maturity (%)	Current Yield (%)	Yield to Maturity (%)
Debentures Issued-August 2019 5 year Fixed rated(13.33% 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

(v) Ratios

	30-09-2023	31-12-2022
Debt to Equity Ratio (Times)	1.21	1.53
Interest Cover(Times)	1.13	1.18
Quick Asset Ratio (%)	76.61%	89.51%