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சியபத பிணான்ஸ்
Siyapatha Finance

(Finance Company of Sampath Bank Group)

SIYAPATHA FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

SIYAPATHA FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December		Change %	For the quarter ended 31 December		Change %
	2023 Audited LKR'000	2022 Audited LKR'000		2023 LKR.000	2022 LKR.000	
Gross income	11,062,761	9,299,046	19%	2,877,389	2,541,265	13%
Interest income	10,130,371	8,269,789	22%	2,578,607	2,401,751	7%
Less: Interest expenses	(7,009,764)	(5,788,151)	21%	(1,586,818)	(1,915,707)	-17%
Net interest income	3,120,607	2,481,638	26%	991,789	486,044	104%
Fee and commission income	331,729	313,898	6%	78,803	63,532	24%
Less: Fee and commission expenses	(3,981)	(3,713)	7%	(829)	(1,007)	-18%
Net fee and commission income	327,748	310,185	6%	77,974	62,525	25%
Other operating income	600,661	715,359	-16%	219,979	75,982	190%
Total operating income	4,049,016	3,507,182	15%	1,289,742	624,551	107%
Less: Credit loss expense on financial assets and other losses	(80,869)	(131,671)	-39%	(27,559)	118,081	-123%
Net operating income	3,968,147	3,375,511	18%	1,262,183	742,632	70%
Less: Operating expenses						
Personnel expenses	(1,368,823)	(1,192,451)	15%	(379,286)	(303,127)	25%
Depreciation and amortisation expenses	(243,519)	(254,411)	-4%	(61,925)	(60,067)	3%
Other operating expenses	(678,498)	(464,104)	46%	(150,148)	(108,230)	39%
Total operating expenses	(2,290,840)	(1,910,966)	20%	(591,359)	(471,424)	25%
Operating profit before taxes on financial services	1,677,307	1,464,545	15%	670,824	271,208	147%
Less: Taxes on financial services	(478,089)	(400,808)	19%	(161,713)	(95,003)	70%
Profit before income taxation	1,199,218	1,063,737	13%	509,111	176,205	189%
Less: Income tax expense	(489,016)	(308,768)	58%	(182,594)	(6,278)	2808%
Profit after taxation	710,202	754,969	-6%	326,517	169,927	92%
Other comprehensive income/(expenses)						
Other comprehensive income not to be reclassified to profit or loss						
Actuarial gain/(loss) on defined benefit plan	4,733	10,374	54%	4,733	10,374	-54%
Deferred tax effect including the effect of tax rate change on the opening balance	(1,420)	(1,989)	-29%	(1,420)	(1,989)	-29%
Surplus from revaluation of property, plant & equipment	-	56,600	-100%	-	56,600	-100%
Deferred tax effect including the effect of tax rate change on the opening balance	-	(26,809)	-100%	-	(26,809)	-100%
Other comprehensive income, net of taxes	3,313	38,176	-91%	3,313	38,176	-91%
Total comprehensive income, net of taxes	713,515	793,145	-10%	329,830	208,103	58%
Basic/Diluted earnings per share-(LKR.)	7.08	7.52	-6%	3.25	1.75	86%

SIYAPATHA FINANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	31-12-2023 Audited LKR'000	31-12-2022 Audited LKR'000
Assets		
Cash and bank balances	285,352	221,187
Securities purchased under repurchase agreements	250,123	-
Loans and receivables	36,009,724	34,636,114
Assets held for sale	114,043	-
Other assets	735,058	624,838
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	5,799,840	5,461,866
Property, plant and equipment	2,465,349	2,537,582
Right-of-use assets	380,579	371,844
Deferred tax assets	184,308	225,785
Intangible assets	16,068	15,291
Total Assets	46,240,500	44,094,563
Liabilities		
Bank overdraft	135,930	826,180
Due to other customers	23,565,911	19,342,046
Debt issued and other borrowed funds	13,148,267	15,585,788
Other payables	1,577,908	1,304,342
Current tax liabilities	427,797	352,180
Retirement benefit obligations	137,957	116,852
Total Liabilities	38,993,770	37,527,388
Equity		
Stated capital	2,866,876	2,674,439
Reserves		
Statutory reserve fund	314,000	278,000
Revaluation reserve	154,295	154,295
Retained earnings	3,911,559	3,460,441
Total Equity	7,246,730	6,567,175
Total Liabilities and Equity	46,240,500	44,094,563
Net asset value per share(LKR.)	72.23	67.59
Commitments & contingencies	30,643	15,187

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 December 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)
Chairman

(Sgd)
Director

13 February 2024

SIYAPATHA FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

					Audited LKR'000
	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 January 2022	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 year	-	-	-	754,969	754,969
Other comprehensive income, net of tax	-	-	29,791	8,385	38,176
Transfer to Statutory Reserve Fund	-	38,000	-	(38,000)	-
Scrip dividend paid	328,344	-	-	(328,344)	-
Balance as at 31 December 2022	2,674,439	278,000	154,295	3,460,442	6,567,176
Balance as at 01 January 2023	2,674,439	278,000	154,295	3,460,442	6,567,176
Profit for the year	-	-	-	710,202	710,202
Other comprehensive income, net of tax	-	-	-	3,313	3,313
Transfer to Statutory Reserve Fund	-	36,000	-	(36,000)	-
Scrip dividend paid	192,437	-	-	(226,397)	(33,960)
Balance as at 31 December 2023	2,866,876	314,000	154,295	3,911,560	7,246,731

SIYAPATHA FINANCE PLC
STATEMENT OF CASH FLOWS

For the year ended 31 December	2023 Audited LKR'000	2022 Audited LKR'000
Cash flows from operating activities		
Profit before taxation from operations	1,199,218	1,063,737
Interest expenses	7,009,764	5,788,151
Fee and commission expenses	3,981	3,713
Credit loss expense on financial assets	80,869	131,671
Provision for staff gratuity	42,007	31,978
Provision for depreciation	155,544	156,651
Amortization of software	7,856	17,064
Amortisation of right-of-use assets	80,119	80,696
(Profit)/Loss on sale of motor vehicle	(1,695)	633
	7,378,445	6,210,557
Operating profit before working capital changes	8,577,663	7,274,294
(Increase)/decrease in lease receivables	(1,798,308)	4,067,869
(Increase)/decrease in hire purchase receivables	293	(68)
(Increase)/decrease in factoring receivables	45,082	137,488
(Increase)/decrease in gold loan receivables	738,561	(2,899,391)
(Increase)/decrease in loan receivables	(269,756)	641,634
Increase/(decrease) in due to other customers	3,757,012	1,790,458
(Increase)/decrease in other assets	(481,828)	(127,079)
Increase/(decrease) in other payables	402,193	155,564
	2,393,249	3,766,475
Cash generated from operating activities	10,970,912	11,040,769
Interest expense paid	(6,824,516)	(5,112,623)
Gratuity paid	(16,169)	(8,605)
Income tax paid	(373,343)	(901,606)
Surcharge tax paid	-	(452,063)
Dividend tax paid	(33,960)	-
Net cash inflow from operating activities	3,722,924	4,565,872
Cash flow from investing activities		
Net investments in government treasury bills and repurchase agreements	(393,121)	46,016
Purchase of property, plant, equipment and intangible assets	(92,087)	(657,979)
Proceeds from sale of property, plant and equipment	1,837	420
Net cash outflow from investing activities	(483,371)	(611,543)
Net cash inflow before financing activities	3,239,553	3,954,329
Cash flow from financing activities		
Proceeds from long term loans/securitizations	2,500,000	3,173,000
Repayments of long term loans/securitizations	(3,919,897)	(2,557,303)
Debentures redeemed	(2,000,000)	(1,000,000)
Net proceeds from short term borrowings	1,260,000	(1,350,000)
Repayment of principal portion of lease liabilities	(130,205)	(116,279)
Net cash outflow from financing activities	(2,290,102)	(1,850,582)
Net increase in cash and cash equivalents	949,451	2,103,747
Cash & cash equivalents at the beginning of the year	2,162,778	59,031
Cash and cash equivalents at the end of the year	3,112,229	2,162,778
Analysis of the cash and cash equivalents at the end of the year		
Cash and bank balances	285,454	221,228
Securities purchased under repurchase agreements	250,123	-
Government securities maturing less than three months	2,712,582	2,767,730
Bank overdraft	(135,930)	(826,180)
	3,112,229	2,162,778

SELECTED PERFORMANCE INDICATORS

	As at 31.12.2023	As at 31.12.2022
<u>Capital Adequacy</u>		
Core Capital Ratio(Minimum Requirement : 8.5%)	17.06%	16.11%
Total Risk Weighted Capital Ratio (Minimum Requirement: : 12.5%)	20.17%	20.95%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	42.74%	49.45%
<u>Profitability</u>		
Return on Average Assets (After Tax)	1.55%	1.68%
Return on Average Shareholders' Funds	10.41%	11.82%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation(Gross)	39,630,513	38,808,303
Non-Performing Accommodation **	8,479,568	9,262,845
Net Total Accommodation(Net of allowance for expected credit losses/impairment)	36,009,724	34,636,114
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets	2,588,767	2,300,761
Required Minimum Amount of Government Securities***	2,706,804	2,568,665
Available Amount of Liquid Assets	6,170,636	5,547,541
Available Amount of Government Securities	6,049,963	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	2022	2023	2022	2023	2022	2023	2022
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
For the year ended 31 December								
Interest Income	7,001,082	6,079,385	2,744,109	1,891,860	385,180	298,544	10,130,371	8,269,789
Less: Interest expenses	(5,413,381)	(4,338,968)	(1,150,969)	(965,703)	(445,414)	(483,480)	(7,009,764)	(5,788,151)
Net interest income	1,587,701	1,740,417	1,593,140	926,157	(60,234)	(184,936)	3,120,607	2,481,638
Net fee and commission income	210,715	168,085	116,809	141,575	224	525	327,748	310,185
Other operating income	587,772	678,064	-	-	12,889	37,295	600,661	715,359
Total operating income	2,386,188	2,586,566	1,709,949	1,067,732	(47,121)	(147,116)	4,049,016	3,507,182
Less: Impairment (charges)/reversal on loans and losses	(189,430)	(203,352)	2,583	(15,094)	105,978	86,775	(80,869)	(131,671)
Net operating income	2,196,758	2,383,214	1,712,532	1,052,638	58,857	(60,341)	3,968,147	3,375,511
Less: Total operating expenses (Including Taxes on financial services)	(2,059,958)	(1,759,434)	(520,571)	(385,570)	(188,400)	(166,770)	(2,768,929)	(2,311,774)
Operating profit before taxes	136,800	623,780	1,191,961	667,068	(129,543)	(227,111)	1,199,218	1,063,737
Less: Income tax expenses							(489,016)	(308,768)
Profit for the year							710,202	754,969
Non-controlling interest							-	-
Profit attributable to equity holders of the Company							710,202	754,969
As at 31 December	2023	2022	2023	2022	2023	2022	2023	2022
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
Segmental assets	26,640,517	24,863,784	7,930,228	8,666,076	11,669,755	10,564,703	46,240,500	44,094,563
Total assets	26,640,517	24,863,784	7,930,228	8,666,076	11,669,755	10,564,703	46,240,500	44,094,563
Segmental liabilities	22,465,463	21,156,092	6,687,417	7,373,790	9,840,890	8,997,506	38,993,770	37,527,388
Total liabilities	22,465,463	21,156,092	6,687,417	7,373,790	9,840,890	8,997,506	38,993,770	37,527,388

Audited

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 year ended 31 December 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 other than the item disclosed in 5.1 below.

5.1 Appointment of a Director

Mr. Pitiduwege Laknath Chandana Jayawickrama has been appointed as an Independent Non-Executive Director, with effective from 29 January 2024, subsequent to obtaining approval from the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.

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 year ended 31 December 2023.
7. **Impairment of loans and receivables**
During the review period, the Company conducted a reassessment of its loans and advances portfolio within the individually significant loans (ISL) category, considering both the financial resilience of customers and external macroeconomic pressures. Moreover, the proactive provisioning approach implemented by the Company in the previous financial year to address potential risks associated with customers has persisted throughout 2023. The collective impairment models applied in 2022 were continued in 2023 to ensure sufficient buffers were in place to mitigate any potential credit risks that may arise in the future. Additionally, owing to favourable shifts in major macroeconomic indicators, the Economic Factor Adjustment (EFA) has been appropriately updated to reflect these positive changes. Furthermore, the probability weighting applied to the worst-case economic scenario decreased from 85% to 70% in response to the positive trends observed in macroeconomic variables during 2023.
8. The year-end financial information set out on pages 1 to 4 and page 6 are derived from the Audited Financial Statements which was approved by the Board of Directors on 13 February 2024.

INFORMATION ON SHARES

Stated Capital as at 31 December 2023 was represented by the number of shares in issue as given below.

	As at 31 December 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 31 December 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 31 December 2023 was 0%.

Directors'/ CEO's Holding in Shares as at 31 December 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

	31-12-2023	31-12-2022
6 months treasury bill	13.85%	29.50%
1 year treasury bill	12.75%	28.50%
5 year treasury bond	13.75%	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

	31-12-2023	31-12-2022
Debt to Equity Ratio (Times)	1.12	1.53
Interest Cover(Times)	1.17	1.18
Quick Asset Ratio (%)	91.92%	89.51%