

Siyapatha Finance PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

INCOME STATEMENT

In Sri Lankan Rupees Thousands

For the year ended	31-Dec-18* (Audited)	31-Dec-17 (Audited)	Change
Interest Income	6,395,898	4,599,470	1,796,428
Interest Expenses	(3,680,060)	(2,764,290)	915,770
Net Interest Income	2,715,838	1,835,180	880,658
Fee and Commission Income	278,637	243,899	34,738
Fee and Commission Expenses	(21)	(659)	(638)
Net Fee and Commission Income	278,616	243,219	35,397
Net gain/(loss) from trading	-	-	-
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-
Net gain/(loss) from financial investments	-	-	-
Other Operating Income	288,844	222,685	66,159
Total Operating Income	3,283,298	2,301,084	982,214
Impairment for loans and other losses			
Individual impairment	(534,399)	(69,405)	464,994
Collective impairment	(295,352)	(167,339)	128,013
Others	-	-	-
Net Operating Income	2,453,547	2,064,340	389,207
Personnel Expenses	(733,266)	(611,373)	121,893
Depreciation and amortization	(66,449)	(56,063)	10,386
Other Expenses	(528,784)	(380,854)	147,930
Operating Profit before taxes on Financial Services	1,125,048	1,016,050	108,998
Taxes on Financial Services	(291,259)	(230,810)	60,449
Operating Profit after taxes on Financial Services	833,789	785,240	48,549
Share of profits of Associate and Joint Ventures	-	-	-
Profit before taxation	833,789	785,240	48,549
Tax Expenses	(317,268)	(286,378)	30,890
Profit for the year	516,521	498,862	17,659
Earnings Per Share (Rs)	8.52	8.70	(0.18)

* The amounts for the year ended 31st December 2018 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated.

SELECTED PERFORMANCE INDICATORS

Item	As at 31 December 2018	As at 31 December 2017
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. '000	3,349,256	2,421,462
Total Capital Base, Rs. '000 (Tier 1 Capital + Tier 2 Capital)	4,349,256	3,632,193
Core Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum requirement, 6%)	9.40%	9.44%
Total Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum requirement, 10%)	12.21%	14.16%
Capital Funds to Deposit Liabilities Ratio (Minimum Requirement, 10%)*	47.77%	40.40%
* 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.		
Asset Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs. '000	2,679,866	820,816
Gross Non-Performing Accommodations Ratio, %	7.57%	2.91%
Net Non-Performing Accommodations Ratio, %	2.54%	0.55%
Profitability (%)		
Net Interest Margin	8.84%	8.12%
Cost to Income Ratio	40.46%	45.56%
Return on Average Total Assets (before Tax)	2.41%	3.00%
Return on Average Total Assets (after Tax)	1.50%	1.91%
Return on Average Total Equity (after Tax)	16.84%	23.05%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of liquid assets**	1,440,739	1,299,136
Required minimum amount of Government securities***	1,717,655	1,153,393
Available amount of liquid assets	1,821,523	1,311,674
Available amount of Government securities	1,758,728	1,192,090
** Required minimum amount of liquid assets equals to 10% of total liabilities less Shareholders' Funds and Secured Borrowings as at 31 December 2018 & 31 December 2017 respectively.		
*** 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.		
Memorandum information		
Number of employees	597	540
Number of branches	30	26
Number of service centers	-	-
Number of pawning centers	-	-
Number of Directors		
- Executive	1	1
- Non Executive	8	7
Ownership - Fully owned subsidiary of Sampath Bank PLC		

CERTIFICATION

We, the undersigned, being the Managing Director and Head of Finance of Siyapatha Finance PLC certify jointly that;

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements has been extracted from the unaudited financial statements of the Licensed Finance Company unless indicated as audited.

(Sgd)

Saman Herath
Managing Director
Siyapatha Finance PLC
Date : 26 February 2019

(Sgd)

Ruwan Wanniarachchi
Head of Finance
Siyapatha Finance PLC
Date : 26 February 2019

STATEMENT OF FINANCIAL POSITION

In Sri Lankan Rupees Thousands

As at	31-Dec-18* (Audited)	31-Dec-17 (Audited)
Assets		
Cash and bank balances	191,556	297,858
Placements with banks	-	65,699
Securities purchased under Repurchase Agreements	1,768,461	1,200,981
Loans and Receivables - Leases	25,601,932	19,873,470
Loans and Receivables - Hire Purchase	48,525	252,000
Loans and Receivables - Others	7,362,551	7,187,830
Financial Investments - Available for Sale	-	56
Equity instruments at fair value through other comprehensive income	56	-
Financial Investments - Held - to - maturity	-	4,303
Debt instruments at amortised cost	4,319	-
Property, Plant & Equipment	615,402	455,140
Intangible Assets	83,972	8,257
Other Debtors & Prepayments	489,556	464,986
Total Assets	36,166,330	29,810,580
Liabilities		
Due to banks	17,053,253	12,107,529
Due to customers	9,672,008	9,333,622
Debt securities issued	2,593,233	2,593,233
Income Taxation Payable	149,015	91,800
Deferred Taxation Liability	449,603	331,469
Other Liabilities	600,736	775,445
Retirement Benefit Obligations	40,789	33,163
Subordinated term debts	2,066,702	2,066,034
Total liabilities	32,625,339	27,332,295
Shareholders' Funds		
Stated Capital	948,666	635,917
Share application money pending allotment	400,000	-
Statutory Reserve Fund	139,000	113,000
Accumulated Profit/ (Loss)	1,945,562	1,672,545
Revaluation Reserve	107,763	56,823
Total Shareholders' Funds	3,540,991	2,478,285
Total Liabilities and Shareholders' Funds	36,166,330	29,810,580
Contingent liabilities and commitments	609,673	772,657

* The amounts for the year ended 31st December 2018 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated.

STATEMENT OF COMPREHENSIVE INCOME

In Sri Lankan Rupees Thousands

For the year ended	31-Dec-18* (Audited)	31-Dec-17 (Audited)
Profit for the year	516,521	498,862
Other Comprehensive Income, net of tax		
Actuarial gain/(losses) on defined benefit plan	2,295	(1,683)
Deferred Tax effect on Actuarial gain/(losses)	(643)	471
Surplus from revaluation of property, plant & equipment	70,750	78,921
Deferred tax effect on surplus from revaluation of property, plant & equipment	(19,810)	(22,098)
Total of Other Comprehensive Income for the year, net of tax	52,592	55,611
Total of Comprehensive Income for the year	569,113	554,473

* The amounts for the year ended 31st December 2018 have been prepared in accordance with Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated.

TRANSITION DISCLOSURES

A) Reclassification:

- Financial assets previously classified under available for sale category have been reclassified as financial assets fair value through other comprehensive income (FVOCI) upon adoption of SLFRS 9.
- As of 1 January 2018, the Company elected to classify its previous held to maturity financial investments as debt instruments measured at amortised cost since these instruments met the "Solely Payments of Principal and Interest" (SPPI) criterion.

B) The impact of transition to SLFRS 9 on retained earnings, is as follows.

	Retained earnings Rs. 000
Closing balance under LKAS 39 as at 31st December 2017	1,672,544
Remeasurement adjustments on adoption of SLFRS 9	
Impact of expected credit losses under SLFRS 9	(207,548)
Deferred tax impact on above	58,113
Total change in equity due to adoption of SLFRS 9	(149,435)
Opening balance under SLFRS 9 as at 1st January 2018	1,523,109

