

SENKADAGALA FINANCE PLC

Financial Statements for the six months ended 30th September 2020

(Published in accordance with the Finance Companies Guideline No 2 of 2006 of the Central Bank of Sri Lanka)

FITCH RATINGS
BBB+(lka)

Income statement

For the three month period ended 30th September	Company		Group	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest income	1,657,940,394	1,692,111,987	1,658,179,586	1,692,304,971
Interest expense	(770,819,241)	(967,426,312)	(769,783,685)	(966,286,034)
Net interest income	887,121,153	724,685,675	888,395,901	726,018,937
Fee and commission income	18,728,393	13,355,262	64,860,772	44,640,872
Fee and commission expense	(5,696,137)	(4,043,301)	(5,696,137)	(4,043,301)
Net fee and commission income	13,032,256	9,311,961	59,164,635	40,597,571
Net gain / (loss) from trading	1,682,364	(1,231,578)	1,682,364	(1,231,578)
Net gain from financial instruments designated at fair value through profit or loss	35,934,341	12,379,365	36,368,901	12,379,365
Other operating income	69,406,219	54,388,988	24,331,219	15,613,988
Net other operating income	107,022,924	65,536,775	62,382,484	26,761,775
Total operating income	1,007,176,333	799,534,411	1,009,943,020	793,378,283
Impairment charges and other credit losses	57,891,780	(26,233,996)	57,891,780	(26,233,996)
Net operating income	1,065,068,113	773,300,415	1,067,834,800	767,144,287
Personnel expenses	(156,763,136)	(170,735,544)	(161,384,027)	(171,870,805)
Depreciation expense	(105,771,227)	(134,011,691)	(106,122,881)	(134,311,500)
Amortisation expense	(3,077,823)	(3,210,591)	(3,077,823)	(3,210,591)
Other operating expenses	(197,088,079)	(137,648,163)	(199,755,045)	(139,189,860)
Operating profit before taxes on financial services	602,367,848	327,694,426	597,495,024	318,561,531
Taxes on financial services	(41,488,174)	(34,741,884)	(41,488,174)	(34,741,884)
(Loss) / profit before income tax	560,879,674	292,952,542	556,006,850	283,819,647
Income tax reversal / (expense)	7,819,308	(121,824,816)	523,042	(136,480,395)
Profit for the period of 3 months	568,698,982	171,127,726	556,529,892	147,339,252
Earnings per share	7.85	2.36	7.68	2.03

Income statement

For the six month period ended 30th September	Company		Group	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest income	2,417,989,502	3,427,995,001	2,418,730,996	3,428,344,559
Interest expense	(1,584,431,461)	(1,947,393,321)	(1,582,380,464)	(1,945,447,939)
Net interest income	833,558,041	1,480,601,680	836,350,532	1,482,896,620
Fee and commission income	26,582,660	34,527,500	118,841,327	102,045,895
Fee and commission expense	(6,502,071)	(13,191,557)	(6,502,071)	(13,191,557)
Net fee and commission income	20,080,589	21,335,943	112,339,256	88,854,338
Net gain / (loss) from trading	1,682,364	(1,231,578)	1,682,364	(1,231,578)
Net gain from financial instruments designated at fair value through profit or loss	33,460,266	9,298,251	34,199,100	9,298,251
Other operating income	75,252,569	70,602,840	30,102,569	31,752,840
Net other operating income	110,395,199	78,669,513	65,984,033	39,819,513
Total operating income	964,033,829	1,580,607,136	1,014,673,821	1,611,570,471
Impairment charges and other credit losses	(84,827,405)	(329,928,633)	(84,827,405)	(329,928,633)
Net operating income	879,206,424	1,250,678,503	929,846,416	1,281,641,838
Personnel expenses	(309,067,178)	(340,583,063)	(317,006,116)	(342,857,258)
Depreciation expense	(207,122,006)	(219,249,823)	(207,804,340)	(219,849,441)
Amortisation expense	(6,681,180)	(6,406,334)	(6,681,180)	(6,406,334)
Other operating expenses	(322,921,041)	(334,888,258)	(327,928,105)	(337,792,952)
Operating profit before taxes on financial services	33,415,019	349,551,025	70,426,675	374,735,853
Taxes on financial services	(41,488,174)	(95,518,411)	(41,488,174)	(95,518,411)
(Loss) / profit before income tax	(8,073,155)	254,032,614	28,938,501	279,217,442
Income tax reversal / (expense)	28,493,451	(146,812,021)	12,613,086	(171,171,977)
Profit for the period	20,420,296	107,220,593	41,551,587	108,045,465
Earnings per share	0.28	1.48	0.57	1.49

Statement of other comprehensive income

For the three month period ended 30th September	Company		Group	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit for the period	568,698,982	171,127,726	556,529,892	147,339,252
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes in fair value on investments in equity at fair value through other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period net of tax	568,698,982	171,127,726	556,529,892	147,339,252

Statement of other comprehensive income

For the six month period ended 30th September	Company		Group	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit for the period	20,420,296	107,220,593	41,551,587	108,045,465
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes in fair value on investments in equity at fair value through other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period net of tax	20,420,296	107,220,593	41,551,587	108,045,465

Statement of financial position

As at	30.09.2020	Company		Group		
	Rs.	31.03.2020 (Audited) Rs.	30.09.2019 Rs.	30.09.2020 Rs.	31.03.2020 (Audited) Rs.	30.09.2019 Rs.
Assets						
Cash and cash equivalents	732,278,198	718,612,914	564,363,887	760,930,907	760,978,541	583,522,577
Deposits with licensed commercial banks	5,529,074,532	884,788,297	860,438,032	5,529,074,532	884,788,297	860,438,032
Repurchase agreements	884,299,671	1,001,277,322	2,113,211,941	884,299,671	1,001,277,322	2,113,211,941
Financial assets held at fair value through profit or loss	487,114,156	378,817,366	178,207,794	521,890,675	391,355,052	178,207,794
Financial assets at amortised cost - Finance leases and hire purchases	25,509,514,450	24,366,846,750	25,266,192,211	25,509,514,450	24,366,846,750	25,266,192,211
Financial assets at amortised cost - Other loans and receivables	3,605,752,597	2,866,163,263	2,910,100,856	3,605,844,597	2,866,393,263	2,910,100,856
Financial assets measured at fair value through other comprehensive income	14,803,522	14,803,522	14,597,603	14,803,522	14,803,522	14,597,603
Financial assets at amortised cost - Other financial instruments	1,179,895,367	1,131,895,795	1,087,317,494	1,179,895,367	1,131,895,795	1,087,317,494
Investments in subsidiaries	328,301,663	328,301,663	320,000,000	-	-	-
Investment property	363,295,995	365,410,369	374,180,895	267,634,483	269,748,857	276,560,383
Property, plant and equipment	1,631,438,664	1,744,830,446	1,828,968,370	1,634,475,646	1,747,957,408	1,832,390,807
Intangible assets	39,556,447	46,237,627	39,582,127	39,708,857	46,237,627	39,582,127
Current tax receivable	108,170,490	6,429,659	-	106,192,672	9,487,493	-
Right-of-use assets	390,431,216	388,931,384	388,705,784	390,431,216	388,931,384	388,705,784
Other assets	214,799,961	151,179,996	306,317,727	171,847,406	114,731,215	268,119,195
Total assets	41,018,726,929	34,394,526,373	36,252,184,721	40,616,544,001	33,995,432,526	35,818,946,804
Liabilities						
Due to banks	6,988,198,755	5,257,315,384	5,519,284,268	6,988,198,755	5,257,315,384	5,519,284,268
Financial liabilities at amortised cost - Due to depositors	10,760,217,498	11,222,611,480	11,239,688,119	10,695,465,577	11,174,910,555	11,187,983,995
Financial liabilities at amortised cost - Other borrowings	11,668,925,350	6,432,119,305	8,000,631,494	11,668,925,350	6,432,119,305	8,000,631,494
Debt securities issued	2,544,771,249	2,539,828,926	2,736,967,740	2,544,771,249	2,539,828,926	2,736,967,740
Subordinated debentures	1,768,526,691	1,779,700,505	1,768,309,828	1,768,526,691	1,779,700,505	1,768,309,828
Lease liabilities	351,977,306	344,723,626	339,326,199	351,977,306	344,723,626	339,326,199
Deferred tax liabilities	373,877,588	402,371,039	352,702,821	373,657,837	402,137,961	352,524,720
Current tax payable	-	-	134,451,700	-	-	143,259,465
Amounts due to related company	282,247,412	282,247,412	282,247,412	-	-	-
Employee retirement benefits	139,580,434	123,291,686	103,331,020	142,387,912	125,625,819	104,293,132
Other liabilities	709,677,778	600,010,438	475,114,513	719,467,876	617,456,584	477,711,928
Total liabilities	35,588,000,061	28,984,219,801	30,952,055,114	35,253,378,553	28,673,818,665	30,630,292,769
Equity						
Stated capital	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680
Statutory reserve fund	430,036,033	430,036,033	415,036,033	434,997,079	434,997,079	419,997,079
Fair value reserve	4,099,516	4,099,516	3,893,597	4,099,516	4,099,516	3,893,597
Retained earnings	3,408,728,639	3,388,308,343	3,293,337,297	3,336,206,173	3,294,654,586	3,176,900,679
Total equity	5,430,726,868	5,410,306,572	5,300,129,607	5,363,165,448	5,321,613,861	5,188,654,035
Total liabilities and equity	41,018,726,929	34,394,526,373	36,252,184,721	40,616,544,001	33,995,432,526	35,818,946,804
Net assets per share	74.93	74.65	73.13	74.00	73.43	71.59

Performance indicators

As at 30th September	2020	2019
Regulatory Capital Adequacy		
Core Capital-Tier 1 (Rs. '000)	4,784,709	5,171,983
Total Capital Base-Tier 1 and 2 (Rs. '000)	6,562,494	7,291,158
Core Capital Adequacy Ratio, (Minimum requirement 6.5%)	12.73%	14.60%
Total Capital Adequacy Ratio, (Minimum requirement 10.5%)	17.46%	20.58%
Capital funds to Deposit Liabilities Ratio, (Minimum requirement 10%)	60.99%	64.87%
<i>Computed as per the Finance Companies Act (Capital Adequacy Requirements) Direction No:03 of 2018</i>		
Quality of Loan Portfolio		
Gross Non-Performing Loans (Rs. '000)	1,629,002	1,991,154
Gross Non-Performing Loans Ratio	5.45%	6.75%
Net Non-Performing Loans Ratio	1.15%	2.92%
Net Non-Performing Loans to Core Capital Ratio	7.16%	16.68%
Provision Coverage Ratio	79.06%	56.76%
Profitability		
Net Interest Margin	4.75%	9.07%
Return on Assets (before Tax)	0.17%	1.94%
Return on Equity (after Tax)	0.76%	4.04%
Cost to Income Ratio	87.82%	57.37%
Liquidity		
Required minimum amount of Liquid Assets (Rs. '000)	816,092	1,477,820
Available amount of Liquid Assets (Rs. '000)	3,254,647	4,414,234
Available Liquid Assets to Required Liquid Assets	398.81%	298.70%
Liquid Assets to External Funds	9.65%	15.08%
Required minimum amount of Government Securities (Rs. '000)	707,062	1,099,434
Available amount of Government Securities (Rs. '000)	1,875,755	3,012,260
<i>Computed as per CBSL guidelines</i>		
Debt		
Debt-to-Equity ratio (times)	4.23	3.40
Interest cover (times)	0.99	1.13
Memorandum information		
Number of employees	807	810
Number of branches and service centers	100	100
External Credit Rating by Fitch Ratings Lanka Limited	BBB+(lka) Stable outlook	BBB+(lka) Stable outlook

There are no regulatory restrictions imposed by the Central Bank of Sri Lanka over operations of the Company.

The above statements have been extracted from the unaudited Financial Statements of the Company unless indicated as audited.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act