

# SERENDIB FINANCE LIMITED

(A FULLY OWNED SUBSIDIARY OF COMMERCIAL BANK OF CEYLON PLC)

PUBLICATION OF INTERIM FINANCIAL STATEMENTS AS PER THE CENTRAL BANK GUIDELINE NO.02 OF 2006

**Fitch Rating AA-(Ika)**

In Rupees Million

Key financial data for the 06 months ended 30 September	2020 (Unaudited)	2019 (Unaudited)
Interest income	405.86	557.11
Interest expenses	(275.18)	(288.06)
<b>Net interest income</b>	<b>130.68</b>	<b>269.05</b>
Gains / (losses) from trading activities	-	-
Other income	35.03	28.09
Operating expenses	(90.32)	(98.29)
Impairment	(39.35)	(115.53)
<b>Profit before tax</b>	<b>36.04</b>	<b>83.32</b>
Taxes	(23.00)	(49.32)
<b>Profit after tax</b>	<b>13.04</b>	<b>34.00</b>

In line with SLFRS 9, the management has recognised Rs. 38.28 Mn as a Day One Loss in the Income Statement on the basis that concessions granted to COVID - 19 affected customers is a non-substantial modification to the loans of the Company. This together with the impact of the decline in market interest rates caused the drop in interest income for the period.

In Rupees Million

Key financial data as at 30 September	2020 (Unaudited)	2019 (Unaudited)
<b>ASSETS</b>		
Cash and bank balances	44.78	121.73
Government securities	372.31	266.07
Due from related parties	-	-
Loans	7,019.17	6,054.62
Investments in equity	1.98	1.87
Investment properties and real estate	-	-
Property, plant, equipment and right of use assets	280.53	212.63
Other assets	232.82	212.03
<b>Total assets</b>	<b>7,951.59</b>	<b>6,868.95</b>
<b>LIABILITIES</b>		
Due to banks	1,538.43	1,818.61
Due to related parties	1,815.24	2,992.32
Deposits from customers	2,259.74	-
Other borrowings	-	-
Other liabilities	170.94	129.66
<b>Total liabilities</b>	<b>5,784.35</b>	<b>4,940.59</b>
<b>EQUITY</b>		
Stated capital	2,255.00	2,080.00
Statutory reserve fund	26.46	23.01
Retained earnings	(216.75)	(260.40)
Other reserves	102.53	85.75
<b>Total equity</b>	<b>2,167.24</b>	<b>1,928.36</b>
<b>Total liabilities and equity</b>	<b>7,951.59</b>	<b>6,868.95</b>
<b>Net assets value per share (Rs.)</b>	<b>14.31</b>	<b>13.88</b>

Selected key performance indicators as at 30 September

Selected key performance indicators as at 30 September	2020 (Unaudited)		2019 (Unaudited)	
	Actual	Required	Actual	Required
<b>Regulatory Capital Adequacy (%)</b>				
Tier 1 capital adequacy ratio	20.36	6.50	21.23	6.50
Total capital adequacy ratio	20.36	10.50	21.23	10.50
Capital funds to deposit liabilities ratio	92.78	10.00	N/A	N/A
<b>Quality of Loan Portfolio (%)</b>				
Gross non performing loan ratio	19.66		21.95	
Net non performing loan ratio	7.41		9.00	
Net non performing loans to Core capital ratio	29.10		34.22	
Provision coverage ratio	40.51		41.14	
<b>Profitability (%)</b>				
Net interest margin	3.54		8.20	
Return on assets	0.91		2.43	
Return on equity	1.20		3.53	
Cost to income ratio	54.51		33.08	
<b>Liquidity (%)</b>				
Available liquid assets to required liquid assets (minimum 100%)	289.53		211.76	
Liquid assets to external funds	11.03		8.02	
<b>Memorandum Information</b>				
Number of branches	10		10	
External credit rating	Fitch Rating AA-(Ika)		Fitch Rating A+(Ika)	

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

## Certification

We, the undersigned, being the Managing Director/ Chief Executive Officer, the Chief Financial Officer and the Compliance Officer of Serendib Finance Limited certify jointly that:

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

.....(Sgd.)

D.M.U.N. Dissanayake  
Managing Director / Chief Executive Officer  
Date:- 25.11.2020

.....(Sgd.)

G.P.P. Perera  
Chief Financial Officer  
Date:- 25.11.2020

.....(Sgd.)

Mahasen Kamathewatta  
Compliance Officer  
Date:- 25.11.2020

📍 **Head Office : 187, Katugastota Road, Kandy.**

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