

# AMW CAPITAL LEASING AND FINANCE PLC

## PUBLICATION OF FINANCIAL STATEMENTS



### Independent auditor's report

To the Shareholders of AMW Capital Leasing and Finance PLC

#### Report on the audit of the financial statements

**Our opinion**  
In our opinion, the accompanying financial statements give a true and fair view of the financial position of AMW Capital Leasing and Finance PLC (the Company) as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### What we have audited

The financial statements of the Company, which comprise:  
 • the statement of financial position as at 31 December 2020;  
 • the statement of comprehensive income for the year then ended;  
 • the statement of changes in equity for the year then ended;  
 • the statement of cash flows for the year then ended; and  
 • the notes to the financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLASAs). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Phosphoradenigama, P. D. B. Sripathi, Sripathi, Sripathi, Sripathi, Sripathi  
 Chartered Accountants  
 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100



### Independent auditor's report

To the Shareholders of AMW Capital Leasing and Finance PLC (Contd.)

#### Key audit matter

**Impairment of loans and advances, and credit facilities on loans and other purchase assets**  
 Right to the accompanying policy Section 10(1) of the Companies Act, No. 7 of 2007 and Section 6(1) of the Companies (Amendment) Act, No. 22 of 2007.

As at 31 December 2020, total gross amount of loans and advances, and credit facilities on loans and other purchase assets amounted to Rs. 1,171.2 million. The impairment of loans and advances, and credit facilities on loans and other purchase assets is Rs. 1,171.2 million. Total net amount of loans and advances credit facilities on loans and other purchase assets is Rs. 0 million.

The audit of the impairment of loans and advances, and credit facilities on loans and other purchase assets is a key audit matter due to the following reasons:  
 • The impairment of loans and advances, and credit facilities on loans and other purchase assets is a key audit matter due to the following reasons:  
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• The use of the ECL model which involves complex calculations and requires significant management judgment.

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### Key Financial Data as at 31st December 2020 (Audited)

In Rupees Million	As at 31.12.2020	As at 31.12.2019
<b>Assets</b>		
Cash and Bank Balance	432	255
Government Securities	759	437
Due from Related Parties	-	-
Loans (excluding due from related parties)	7,780	9,373
Investments in Equity	2	-
Investment Properties and Real Estate	-	-
Property, Plant and Equipment	22	26
Other Assets	152	160
<b>Total Assets</b>	<b>9,147</b>	<b>10,253</b>
<b>Liabilities</b>		
Due to Banks	3,012	3,228
Due to Related Parties	99	1,171
Deposits from Customers	2,100	2,265
Other Borrowings	-	-
Other Liabilities	981	921
<b>Total Liabilities</b>	<b>6,192</b>	<b>7,585</b>
<b>Equity</b>		
Statutory Reserve Fund	200	200
Retained Earnings	147	132
Other Reserves	2,607	2,335
	1	1
<b>Total Equity</b>	<b>2,955</b>	<b>2,668</b>
<b>Total Equity and Liabilities</b>	<b>9,147</b>	<b>10,253</b>
<b>Net Assets Value Per Share</b>	<b>457.35</b>	<b>512.65</b>

Note: Amounts stated are net of impairment and depreciation.

### Key Financial Data for the Period Ended 31st December 2020 (Audited)

In Rupees Million	Current Period 2020	Previous Period 2019
	From 01.01.2020 To 31.12.2020	From 01.01.2019 To 31.12.2019
Interest Income Interest	1,636	1,968
Interest Expenses	(675)	(988)
<b>Net Interest Income</b>	<b>961</b>	<b>980</b>
Gains/(losses) from trading activities	-	-
Other Income	292	380
Operating Expenses (excluding impairment)	(424)	(531)
Impairment	(271)	(122)
<b>Profit/(Loss) Before Tax</b>	<b>558</b>	<b>707</b>
Taxes*	(271)	(365)
<b>Profit/(Loss) After Tax</b>	<b>287</b>	<b>342</b>

\* Including indirect taxes (Such as VAT on Financial Services) and direct taxes (Corporate Income tax)

### Selected Key Performance Indicators

Item	As at 31.12.2020		As at 31.12.2019	
	Actual	Required	Actual	Required
<b>Regulatory Capital Adequacy (%)</b>				
Tier 1 Capital Adequacy Ratio	29.72%	6.50%	23.12%	6.50%
Total Capital Adequacy Ratio	29.72%	10.50%	23.81%	10.50%
Capital Funds to Deposit Liabilities Ratio	141%	10%	118%	10%
<b>Quality of Loan Portfolio (%)</b>				
Gross Non-Performing Loans Ratio	8.48%		5.18%	
Net-Non-Performing Loans Ratio	0.44%		1.05%	
Net-Non-Performing Loans to Core Capital Ratio	1.16%		3.71%	
Provision Coverage Ratio	3.06		6.81	
<b>Profitability (%)</b>				
Net Interest Margin	10.48%		9.28%	
Return on Assets (Before Tax)	5.75%		4.93%	
Return on Equity (After Tax)	10.20%		13.73%	
Cost to Income Ratio	41.36%		51.36%	
<b>Liquidity (%)</b>				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	809%		198%	
Liquid Assets to External Funds	20.32%		10.19%	
<b>Memorandum information</b>				
Number of Branches	15		15	
Number of Service Centers	7		7	
External Credit Rating (Fitch Rating)	BBB - (Ika)		BBB + (Ika)	

### CERTIFICATION:

We, the undersigned, being the Director/CEO, the General Manager - Finance and the Compliance Officer of AMW Capital Leasing and 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 (CBSL);
- the information contained in these statements have been extracted from the unaudited financial statements of the AMW Capital Leasing and Finance PLC unless indicated as audited.

**Chamath Munasinghe (Sgd.)**  
 Director/ Chief Executive Officer  
 Date: 30.03.2021

**Shanuka Jayaratna (Sgd.)**  
 General Manager - Finance  
 Date: 30.03.2021

**Himala Wijayatunga (Sgd.)**  
 Head of Risk & Compliance  
 Date: 30.03.2021



## AMW Capital Leasing and Finance PLC

185, Union Place, Colombo 02. Tel - 0112 446476

Fitch Rating AA - (Ika)