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Fitch Rates Siyapatha Finance's Proposed Subordinated Debt 'BBB+(lka)(EXP)'

Fitch Ratings-Colombo-18 June 2019: Fitch Ratings has assigned Siyapatha Finance PLC's (A-(lka)/Stable) proposed subordinated unsecured debentures an expected National Long-Term Rating of 'BBB+(lka)(EXP)'.

The proposed issuance is to total LKR1.5 billion, with the debentures to mature in five years and carry fixed coupons. The debentures are to be listed on the Colombo Stock Exchange. The proposed issue will improve Siyapatha's Tier 2 capital base, with the proceeds used to fund loan-book growth.

The final ratings on the proposed debentures are subject to the receipt of final documentation conforming to information already received.

Key Rating Drivers
The proposed subordinated debentures are rated one notch below Siyapatha's National Long-Term Rating to reflect the subordination to senior unsecured obligations.

Siyapatha's National Long-Term Rating was affirmed on 22 February 2019. The rating reflects Fitch's expectation that support for the Sri Lanka-based finance company would be forthcoming from Sampath Bank PLC (A+(lka)/Stable), which owns 100% of Siyapatha and is involved in the strategic direction of the subsidiary through board representation.

Rating Sensitivities
The rating of the proposed notes will move in tandem with Siyapatha's National Long-Term Rating.

Siyapatha's National Long-Term Rating could change upon a revision of Sampath Bank's rating or its strategic importance to the parent. Narrower notching could result from higher importance to the group through greater synergies, shared branding and closer operational integration while remaining majority-owned by Sampath Bank.

Date of Relevant Committee
21-Feb-2019

Siyapatha Finance PLC
----subordinated; National Long Term Rating; Expected Rating; BBB+(EXP)(lka)

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Applicable Criteria
[Bank Rating Criteria (pub. 12 Oct 2018)]
[National Scale Ratings Criteria (pub. 18 Jul 2018)]

[Non-Bank Financial Institutions Rating Criteria (pub. 12 Oct 2018)]

Additional Disclosures

[Solicitation Status]

[Endorsement Policy]

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