



Merchant Bank of Sri Lanka & Finance PLC

FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2018

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STATEMENT OF PROFIT OR LOSS (In Rupees Thousand)	01/01/2018 To 30/06/2018	01/01/2017 To 30/06/2017
Interest and similar income	3,002,053	2,892,766
Interest and similar expenses	(1,822,006)	(1,739,814)
Net interest income	1,180,047	1,152,952
Fee and commission income	104,279	97,772
Fee and commission expenses	(1,803)	(36,689)
Net fee and commission income	102,476	61,083
Net trading income	6,678	(17,972)
Net gain/(loss) on financial assets and liabilities designated at fair value through profit or loss	(20,185)	31,620
Net gain/(loss) from financial investments	-	-
Other operating income	38,724	30,999
Total operating income	1,307,740	1,258,682
Impairment for loans and other losses		
Individual impairment	(305,268)	(18,198)
Collective impairment	(111,208)	2,239
Others	(21,117)	-
Net operating income	870,147	1,242,723
Personnel expenses	(572,428)	(520,239)
Retirement benefit expenses	(24,000)	(22,175)
Depreciation of property, equipment & investment properties	(40,558)	(40,582)
Amortisation of intangible assets	(19,669)	(7,258)
Other operating expenses	(366,460)	(373,060)
Operating profit/(loss) before Value Added Tax (VAT)	(152,968)	279,409
VAT on financial services	(58,690)	(85,083)
Profit/(loss) before tax	(211,658)	194,326
Tax expenses	-	(41,917)
Profit/(loss) for the Period	(211,658)	152,409
Earnings per share:		
Basic/diluted earnings per share (Rs.)	(1.28)	0.92

STATEMENT OF COMPREHENSIVE INCOME (In Rupees Thousand)	01/01/2018 To 30/06/2018	01/01/2017 To 30/06/2017
Profit/(loss) for the period	(211,658)	152,409
Other comprehensive income, net of tax		
Actuarial gain/(loss) on defined benefit plans	-	-
Gain/(loss) on re-measuring available-for-sale financial assets	(3,549)	3,119
Less : Tax expense/(income) relating to components of other comprehensive income	-	-
Other comprehensive income for the period, net of taxes	(3,549)	3,119
Total comprehensive income for the period	(215,207)	155,528

Certification;
We, the undersigned, being the Head of Finance and the Acting Chief Executive Officer of Merchant Bank of Sri Lanka & Finance PLC 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;
- (b) the information contained in these statements have been extracted from unaudited financial statements of the Licensed Finance Company unless indicated as "Audited".

(Sgd.)
P I Kandanaarachchi
Head of Finance
13/08/2018

(Sgd.)
J Gamalath
Acting Chief Executive Officer
13/08/2018

Merchant Bank of Sri Lanka & Finance PLC

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STATEMENT OF FINANCIAL POSITION (In Rupees Thousand)	As at 30/06/2018	As at 30/06/2017
Assets		
Cash and cash equivalents	436,760	306,797
Placements with banks & financial institutions	173,937	945,206
Securities purchased under resale agreements	1,846,349	1,375,943
Financial investments - held-for-trading	307,143	214,398
Bills receivable	545,976	764,814
Loans & advances to customers	13,191,416	13,011,700
Lease and hire purchase receivable	16,122,668	15,983,943
Financial investments - available-for-sale	1,242,986	1,797,573
Financial investments - held-to-maturity	29,660	257,283
Real estate stock	137,481	52,019
Investment in associate company	81,084	81,084
Investment in subsidiary	-	77,306
Investment properties	122,321	125,226
Property and equipment	314,332	300,612
Intangible assets	210,355	30,954
Other assets	430,480	442,961
Total assets	35,192,948	35,767,819
Liabilities		
Due to banks	275,856	211,560
Securities sold under repurchase agreements	190,233	421,175
Due to customers	21,234,288	21,027,326
Debt issued and borrowed funds	9,234,724	9,550,577
Current tax liabilities	(20,814)	161,430
Deferred tax liabilities	373,711	213,455
Other liabilities	604,732	688,495
Retirement benefits obligations	281,605	224,784
Total liabilities	32,174,335	32,498,802
Equity		
Stated capital	2,124,457	2,124,457
Statutory reserves	177,839	157,669
Retained earnings	713,289	1,005,574
Available-for-sale reserve	3,028	(18,683)
Total equity	3,018,613	3,269,017
Total liabilities and equity	35,192,948	35,767,819
Contingent liabilities and commitments	146,396	169,368

SELECTED PERFORMANCE INDICATORS	As at 30/06/2018	As at 30/06/2017
Regulatory Capital Adequacy		
Core capital (Tier 1 Capital), Rs. '000	3,142,050	3,166,470
Total Capital Base, Rs. '000	4,273,161	4,741,391
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 5%)	10.20%	10.49%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 10%)	13.87%	15.70%
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	14.90%	16.13%
Item	As at 30/06/2018	As at 30/06/2017
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs. '000	4,491,888	3,431,168
Gross Non-Performing Accommodations Ratio, %	13.70%	10.87%
Net Non Performing Accommodations Ratio, %	5.78%	5.51%
Profitability (%)		
Interest Margin	7.65%	7.47%
Return on Assets (before tax)	-0.60%	0.54%
Return on Equity (after tax)	-7.01%	4.66%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of Liquid Assets	2,737,753	3,005,096
Available amount of Liquid Assets	3,120,111	4,158,016
Required minimum amount of Government Securities	2,163,857	1,900,048
Available amount of Government Securities	2,540,891	2,902,652
Memorandum information		
Number of employees	968	925
Number of branches	40	40
Number of service centers	-	-
Number of pawing centers	-	-
Number of other centers	9	9