

# UNAUDITED FINANCIAL STATEMENTS

For the Period ended 31st March 2021



Rating ICRA " [SL] BBB +  
(Negative Outlook)"

Co.Reg.No. PQ10

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Profit or Loss

	Company			Group		
	Quarter ended			Quarter ended		
	3/31/2021 (Unaudited)	3/31/2020 (Unaudited)	Change %	3/31/2021 (Unaudited)	3/31/2020 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		
<b>Income</b>	<b>1,483,790</b>	<b>1,399,557</b>	<b>6.0</b>	<b>1,561,022</b>	<b>1,472,085</b>	<b>6.0</b>
Interest and similar income	1,420,270	1,446,540	(1.8)	1,438,896	1,493,721	(3.7)
Interest and similar expenses	702,463	1,024,770	(31.5)	701,955	1,039,350	(32.5)
<b>Net interest income</b>	<b>717,807</b>	<b>421,770</b>	<b>70.2</b>	<b>736,940</b>	<b>454,371</b>	<b>62.2</b>
Fee and commission income	44,871	28,286	58.6	40,728	23,427	73.8
Fee and commission expenses	11,839	3,425	245.7	4,222	(2,249)	287.7
<b>Net fee and commission income</b>	<b>33,032</b>	<b>24,861</b>	<b>32.9</b>	<b>36,506</b>	<b>25,677</b>	<b>42.2</b>
Insurance premium income	-	-	-	59,869	31,667	89.1
Net claims and benefits	-	-	-	(38,511)	(24,569)	(56.7)
Net trading income	18,921	278	6,697.9	18,921	(1,404)	1,447.3
Net gain/(loss) on financial instruments at fair value through profit or loss	(28,730)	(81,429)	64.7	(29,551)	(83,886)	64.8
Other operating income	28,459	5,882	383.9	32,159	8,560	275.7
<b>Total operating income</b>	<b>769,488</b>	<b>371,362</b>	<b>107.2</b>	<b>816,333</b>	<b>410,416</b>	<b>98.9</b>
Impairment charges from loans and other losses	(131,836)	(10,041)	(1,213.0)	(131,836)	(10,041)	(1,213.0)
<b>Net operating income</b>	<b>901,324</b>	<b>381,402</b>	<b>136.3</b>	<b>948,169</b>	<b>420,456</b>	<b>125.5</b>
Personnel expenses	294,377	297,757	(1.1)	332,405	334,115	(0.5)
Depreciation and amortisation	67,308	73,144	(8.0)	71,228	79,016	(9.9)
Other operating expenses	133,905	128,783	4.0	146,916	149,331	(1.6)
<b>Total operating expense</b>	<b>495,590</b>	<b>499,685</b>	<b>(0.8)</b>	<b>550,549</b>	<b>562,461</b>	<b>(2.1)</b>
<b>Profit/(loss) from operations</b>	<b>405,734</b>	<b>(118,282)</b>	<b>443.0</b>	<b>397,619</b>	<b>(142,005)</b>	<b>380.0</b>
Impairment charge/(reversal) from investment in Subsidiary companies	5,378	18,759	(71.3)	-	-	-
Impairment charge/(reversal) from investment in Associate companies	-	1,174	(100.0)	-	-	-
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>	<b>400,356</b>	<b>(138,215)</b>	<b>389.7</b>	<b>397,619</b>	<b>(142,005)</b>	<b>380.0</b>
Value added tax (VAT) & Nation building tax (NBT) on financial services	89,319	20,343	339.1	89,319	20,343	339.1
Share of associate companies profit/(loss) before tax	-	-	-	32,009	(1,174)	2,826.4
<b>Profit/(loss) before income tax</b>	<b>311,037</b>	<b>(158,558)</b>	<b>296.2</b>	<b>340,309</b>	<b>(163,522)</b>	<b>308.1</b>
Income tax expense/(Reversal)	50,199	-	-	59,162	-	-
<b>Profit/(loss) for the period</b>	<b>260,838</b>	<b>(158,558)</b>	<b>264.5</b>	<b>281,148</b>	<b>(163,522)</b>	<b>271.9</b>
<b>Profit/(loss) for the period attributable to:</b>						
Equity holders of the parent	260,838	(158,558)	264.5	284,896	(152,564)	286.7
Non controlling interests	-	-	-	(3,748)	(10,958)	65.8
<b>Profit/(loss) for the period</b>	<b>260,838</b>	<b>(158,558)</b>	<b>264.5</b>	<b>281,148</b>	<b>(163,522)</b>	<b>271.9</b>
<b>Earnings per share:</b>						
Basic/diluted earnings per share (LKR)	1.57	(0.96)	264.5	1.72	(0.92)	286.7

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Comprehensive Income

	Company			Group		
	Quarter ended			Quarter ended		
	3/31/2021 (Unaudited)	3/31/2020 (Unaudited)	Change %	3/31/2021 (Unaudited)	3/31/2020 (Unaudited)	Change %
	LKR '000	LKR '000		LKR '000	LKR '000	
<b>Profit/(loss) for the period</b>	<b>260,838</b>	<b>(158,558)</b>	<b>264.5</b>	<b>281,148</b>	<b>(163,522)</b>	<b>271.9</b>
<b>Other comprehensive income/(expense) for the period</b>						
<b>Fair value reserves (Financial investments at fair value through other comprehensive income):</b>						
Gains/(Losses) on re-measuring financial investments at fair value through other comprehensive income	-	-	-	(1,184)	1,524	(177.7)
<b>Other comprehensive income/(expense) before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,184)</b>	<b>1,524</b>	<b>(177.7)</b>
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,184)</b>	<b>1,524</b>	<b>(177.7)</b>
<b>Total comprehensive income/(expense) for the period, net of tax</b>	<b>260,838</b>	<b>(158,558)</b>	<b>264.5</b>	<b>279,964</b>	<b>(161,998)</b>	<b>272.8</b>
<b>Total comprehensive income/(expense) attributable to:</b>						
Equity holders of the parent	260,838	(158,558)	264.5	284,259	(151,744)	287.3
Non controlling interests	-	-	-	(4,295)	(10,254)	58.1
	<b>260,838</b>	<b>(158,558)</b>	<b>264.5</b>	<b>279,964</b>	<b>(161,998)</b>	<b>272.8</b>

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Financial Position

as at	Company			Group		
	3/31/2021	12/31/2020	Change	3/31/2021	12/31/2020	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
<b>Assets</b>						
Cash and cash equivalents	1,512,621	742,106	103.8	3,000,179	2,263,447	32.5
Placements with banks & financial institutions	400,439	299,746	33.6	886,511	778,598	13.9
Financial investments at fair value through profit or loss	954,316	950,012	0.5	963,812	960,328	0.4
Loans & receivables at amortised cost	27,518,598	26,785,517	2.7	27,288,222	26,548,397	2.8
Financial investments at fair value through other comprehensive income	400,352	1,292,616	(69.0)	568,331	1,465,111	(61.2)
Financial investments at amortised cost	1,555	1,519	2.3	1,555	1,519	2.4
Real Estate Stock	271,395	328,824	(17.5)	271,395	328,824	(17.5)
Investment in associate company	81,084	81,084	-	118,151	95,106	24.2
Investment in subsidiary	382,045	387,424	(1.4)	-	-	-
Investment properties	113,644	114,370	(0.6)	113,644	114,370	(0.6)
Property, equipment and right-of-use assets	721,247	758,690	(4.9)	762,837	796,287	(4.2)
Intangible assets	139,742	146,493	(4.6)	140,936	148,909	(5.4)
Deferred tax Assets	2,559	52,760	(95.1)	51,864	102,065	(49.2)
Other assets	378,830	418,048	(9.4)	676,958	704,678	(3.9)
<b>Total assets</b>	<b>32,878,425</b>	<b>32,359,209</b>	<b>1.6</b>	<b>34,844,395</b>	<b>34,307,639</b>	<b>1.6</b>
<b>Liabilities</b>						
Due to banks	3,633,157	5,436,682	(33.2)	3,634,201	5,442,511	(33.2)
Due to customers at amortised cost	22,819,964	21,725,261	5.0	22,759,959	21,665,256	5.1
Debt issued and borrowed funds at amortised cost	3,299,466	2,568,829	28.4	3,533,889	2,568,829	37.6
Insurance provision - life	-	-	-	461,189	498,767	(7.5)
Insurance provision - non life	-	-	-	518,058	488,784	6.0
Current tax liabilities	14,831	14,831	(0.0)	14,831	14,831	(0.0)
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	1,026,643	793,849	29.3	1,150,368	1,141,429	0.8
Retirement benefits obligations	355,675	351,906	1.1	368,521	363,816	1.3
<b>Total liabilities</b>	<b>31,149,736</b>	<b>30,891,358</b>	<b>0.8</b>	<b>32,441,016</b>	<b>32,184,223</b>	<b>0.8</b>
<b>Equity</b>						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	0.0
Retained earnings	(632,956)	(893,794)	29.2	(429,197)	(714,093)	39.9
OCI reserve	2,575	2,575	(0.0)	2,520	3,157	(20.2)
Statutory reserves	234,613	234,613	-	234,613	234,613	(0.0)
Total equity attributable to the parent	1,728,689	1,467,851	17.8	1,932,393	1,648,134	17.2
Non controlling interests	-	-	-	470,987	475,282	(0.9)
<b>Total equity</b>	<b>1,728,689</b>	<b>1,467,851</b>	<b>17.8</b>	<b>2,403,380</b>	<b>2,123,416</b>	<b>13.2</b>
<b>Total liabilities and equity</b>	<b>32,878,425</b>	<b>32,359,209</b>	<b>1.6</b>	<b>34,844,395</b>	<b>34,307,639</b>	<b>1.6</b>
Commitments and contingencies	107,800	124,250	(13.2)	173,514	190,086	(8.7)
Net assets value per share (LKR)	10.42	8.85	17.8	11.65	9.94	17.2

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007

(sgd.)

**P. I. Kandanaarachchi**  
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board

(sgd.)

**W. P. R. P. H. Fonseka**  
Director

Colombo, Sri Lanka  
12/May/2021

(sgd.)

**G. M. J. A. R. Gamalath**  
Chief Executive Officer (Acting)

(sgd.)

**W. N. P. Surawimala**  
Director

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Changes in Equity

Company	Stated capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2020	2,124,457	234,613	(4,162)	252,887	2,607,795
Net profit/(loss) for the Period	-	-	-	(158,558)	(158,558)
<b>Balance as at 31st March 2020</b>	<b>2,124,457</b>	<b>234,613</b>	<b>(4,162)</b>	<b>94,330</b>	<b>2,449,237</b>
Balance as at 01st January 2021	2,124,457	234,613	2,575	(893,794)	1,467,851
Net profit/(loss) for the period	-	-	-	260,838	260,838
<b>Balance as at 31st March 2021</b>	<b>2,124,457</b>	<b>234,613</b>	<b>2,575</b>	<b>(632,956)</b>	<b>1,728,689</b>

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2020	2,124,457	234,613	(9,099)	105,118	598,529	3,053,618
Net profit/(loss) for the period	-	-	-	(152,564)	(10,958)	(163,522)
Other comprehensive income	-	-	-	820	704	1,524
<b>Balance as at 31st March 2020</b>	<b>2,124,457</b>	<b>234,613</b>	<b>(9,099)</b>	<b>(46,626)</b>	<b>588,275</b>	<b>2,891,620</b>
Balance as at 01st January 2021	2,124,457	234,613	3,157	(714,093)	475,282	2,123,416
Net profit/(loss) for the period	-	-	-	284,896	(3,748)	281,148
Other comprehensive income	-	-	(637)	-	(547)	(1,184)
<b>Balance as at 31st March 2021</b>	<b>2,124,457</b>	<b>234,613</b>	<b>2,520</b>	<b>(429,197)</b>	<b>470,987</b>	<b>2,403,380</b>

Statutory reserve represents the reserve fund of the Company created in terms of the Finance Companies (Capital Funds) Direction No. 01 of 2003 issued by the Central Bank of Sri Lanka.

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Cash Flows

For the period ended 31st March

	Company		Group	
	2021 (Unaudited) LKR '000	2020 (Unaudited) LKR '000	2021 (Unaudited) LKR '000	2020 (Unaudited) LKR '000
<b>Cash flows from operating activities</b>				
Profit before income tax	311,037	(158,558)	340,309	(163,522)
Adjustments for :				
Change in operating assets	(513,510)	1,240,270	(529,042)	1,251,795
Change in operating liabilities	1,291,739	(109,921)	1,293,878	(84,143)
Share of 'associate companies' (profit)/loss before tax	-	-	(32,009)	1,174
Contribution to defined benefit plans	5,466	12,000	7,320	13,305
Other non-cash items included in profit before tax	(13,629)	126,235	(14,267)	114,630
Dividend income	(1,295)	(891)	(1,306)	(923)
	<b>1,079,807</b>	<b>1,109,136</b>	<b>1,064,884</b>	<b>1,132,315</b>
Gratuity paid	(1,697)	(5,370)	(2,615)	(6,096)
<b>Net cash generated from/(used in) operating activities before tax</b>	<b>1,078,111</b>	<b>1,103,765</b>	<b>1,062,269</b>	<b>1,126,219</b>
Income tax paid	-	-	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>1,078,111</b>	<b>1,103,765</b>	<b>1,062,269</b>	<b>1,126,219</b>
<b>Cash flows from investing activities</b>				
Purchase of financial assets designated at FVTPL	(33,034)	(20,317)	(33,034)	(20,317)
Proceeds from disposal of financial assets designated at FVTPL	18,921	278	18,921	278
Purchase of financial investments	892,229	(531,175)	895,560	(157,155)
Net (increase)/decrease in other investment	(100,693)	(6,928)	(107,912)	(9,179)
Purchase of property & equipment	(11,636)	(31,219)	(14,379)	(32,133)
Purchase of intangible assets	(1,871)	(1,321)	(1,871)	(1,321)
Proceeds from sale of property & equipment	80	-	80	-
Dividend received	1,295	891	1,306	923
<b>Net cash generated from/(used in) investing activities</b>	<b>765,291</b>	<b>(589,791)</b>	<b>758,671</b>	<b>(218,904)</b>
<b>Cash flows from financing activities</b>				
Net increase/(decrease) in reverse repo and repo agreements	(19,068)	(331,172)	(19,068)	(331,172)
Net increase/(decrease) in other borrowings at amortised cost	(1,096,346)	(506,738)	(1,102,881)	(509,210)
<b>Net cash generated from/(used in) financing activities</b>	<b>(1,115,414)</b>	<b>(837,909)</b>	<b>(1,121,949)</b>	<b>(840,381)</b>
Net increase / (decrease) in cash and cash equivalents during the period	727,988	(323,935)	698,991	66,934
Cash and cash equivalents at the beginning of the period	392,705	1,022,800	1,908,215	1,845,175
<b>Cash and cash equivalents at the end of the period</b>	<b>1,120,693</b>	<b>698,865</b>	<b>2,607,207</b>	<b>1,912,109</b>
Note				
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and short term funds	1,512,621	1,077,928	3,000,179	2,294,345
Dues to banks	(391,928)	(379,063)	(392,972)	(382,235)
	<b>1,120,693</b>	<b>698,865</b>	<b>2,607,207</b>	<b>1,912,109</b>

**Reporting entity**

Merchant Bank of Sri Lanka & Finance PLC is a public quoted company incorporated and domiciled in Sri Lanka on 04 March 1982. The registered office and principal place of business of the Company is located at the Bank of Ceylon Merchant Tower, No. 28, St Michael's Road, Colombo 03. The shares of the Company are listed in the Colombo Stock Exchange.

In the opinion of the Directors, the Company's parent enterprise and its ultimate parent enterprise is Bank of Ceylon.

The consolidated Financial Statements comprises of the Company, it's subsidiary: MBSL Insurance Company Ltd and it's interest in associate; Lanka Securities Ltd.

The consolidated Financial Statements for the period ended were authorized for issue on 12th May 2021, in accordance with the resolution of the Directors passed on 12th May 2021.

**Basis of preparation and accounting policies**

The interim condensed Financial Statements for the period ended 31st March 2021 have been prepared in accordance with LKAS 34 - 'Interim Financial Reporting'. The interim condensed consolidated Financial Statements do not include all the information and disclosures required in the annual Financial Statements, and should be read in conjunction with the Group's annual Financial Statements.

There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Audited Financials for the year 2020.

All known expenses including fees and similar expenses have been provided in this Financial Statements.

**Impact of COVID 19 on business**

The Company has taken steps to mitigate the risks of operating, credit and liquidity as a result of COVID 19. As per the directions and guidelines of the Central Bank of Sri Lanka, Company has provided debt moratoriums for the affected customers and adjusted the impact in the 3rd and 4th quarters as per the guidelines issued by the CA Sri Lanka.

**Cap on Loans and Advances and Deposits**

The Company has been imposed with caps of LKR 35 Bn on loan and advances (net of interest in suspense) and LKR 23 Bn on public deposits by the Central Bank of Sri Lanka with effect from April 2019 and May 2019 respectively pending compliance with Capital Adequacy Ratios.

## Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,512,621	742,106	-	-	1,512,621	742,106
Placements with banks & financial institutions	-	-	400,439	299,746	-	-	400,439	299,746
Financial investments at fair value through profit or loss	954,316	950,012	-	-	-	-	954,316	950,012
Loans & receivables at amortised cost	-	-	27,518,598	26,785,517	-	-	27,518,598	26,785,517
Financial investments at fair value through other comprehensive income	-	-	-	-	400,352	1,292,616	400,352	1,292,616
Financial investments at amortised cost	-	-	1,555	1,519	-	-	1,555	1,519
Other assets	-	-	39,325	47,993	-	-	39,325	47,993
<b>Total</b>	<b>954,316</b>	<b>950,012</b>	<b>29,472,537</b>	<b>27,876,882</b>	<b>400,352</b>	<b>1,292,616</b>	<b>30,827,205</b>	<b>30,119,510</b>

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Other Financial liabilities</b>				
Due to banks	3,633,157	5,436,682	3,633,157	5,436,682
Due to customers at amortised cost	22,819,964	21,725,261	22,819,964	21,725,261
Debt issued and borrowed funds at amortised cost	3,299,466	2,568,829	3,299,466	2,568,829
Other liabilities	229,220	240,908	229,220	240,908
<b>Total</b>	<b>29,981,808</b>	<b>29,971,680</b>	<b>29,981,808</b>	<b>29,971,680</b>

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	3,000,179	2,263,447	-	-	3,000,179	2,263,447
Placements with banks & financial institutions	-	-	886,511	778,598	-	-	886,511	778,598
Financial investments at fair value through profit or loss	963,812	960,328	-	-	-	-	963,812	960,328
Loans & receivables at amortised cost	-	-	27,288,222	26,548,397	-	-	27,288,222	26,548,397
Financial investments at fair value through other comprehensive income	-	-	-	-	568,331	1,465,111	568,331	1,465,111
Financial investments at amortised cost	-	-	1,554.85	1,519.00	-	-	1,555	1,519
Other assets	-	-	39,325	47,993	-	-	39,325	47,993
<b>Total</b>	<b>963,812</b>	<b>960,328</b>	<b>31,215,791</b>	<b>29,639,954</b>	<b>568,331</b>	<b>1,465,111</b>	<b>32,747,934</b>	<b>32,065,393</b>

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Other Financial liabilities</b>				
Due to banks	3,634,201	5,442,511	3,634,201	5,442,511
Due to customers at amortised cost	22,759,959	21,665,256	22,759,959	21,665,256
Debt issued and borrowed funds at amortised cost	3,533,889	2,568,829	3,533,889	2,568,829
Other liabilities	229,220.15	240,908	229,220.15	240,908
<b>Total</b>	<b>30,157,270</b>	<b>29,917,504</b>	<b>30,157,270</b>	<b>29,917,504</b>



**Movement in individual and collective impairment during the period**

	LKR. '000			
	Company		Group	
	2021	2020	2021	2020
<b>Impairment charges from loans and other losses</b>				
Impairment from Loans and advances-individual impairment (Note 4.1)	(37,600)	52,216	(37,600)	52,216
Impairment from Loans and advances-collective impairment (Note 4.2)	(94,032)	(62,248)	(94,032)	(62,248)
Cash and cash equivalent	110	(4)	110	(4)
Placements with banks & financial institutions	(314)	(4)	(314)	(4)
	<b>(131,836)</b>	<b>(10,040)</b>	<b>(131,835)</b>	<b>(10,040)</b>
<b>Individual impairment charges</b>				
As at 01 January	2,017,329	1,695,130	1,374,155	719,267
Charge to income statement from loans and advances	(37,600)	52,216	(37,600)	52,216
<b>As at 31st March</b>	<b>1,979,729</b>	<b>1,747,345</b>	<b>1,336,555</b>	<b>771,483</b>
<b>Collective impairment charges</b>				
As at 01 January	1,402,455	1,161,106	1,200,498	591,289
Charge to income statement from loans and advances	(94,032)	(62,248)	(94,032)	(62,248)
<b>As at 31st March</b>	<b>1,308,422</b>	<b>1,098,858</b>	<b>1,106,466</b>	<b>529,041</b>
<b>Loans and advances impairment</b>	<b>3,288,151</b>	<b>2,846,203</b>	<b>2,443,021</b>	<b>1,300,523</b>

**Segment Information**

For management purposes, the group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- The Leasing segment includes providing Finance Leases and Hire Purchase facilities.
- The Loan segment includes providing personal loans, pawning, term loans, bill discounting, cheque discounting, micro finance and bank guarantees.
- Corporate advisory includes corporate advisory services and capital market activities.
- The insurance includes general and life insurance.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects.

The following table presents income, profit and asset information regarding the group's operating segments for the period ended 31st March 2021 and comparative figures for the period ended 31st March 2020.

Group	Leasing		Corporate & Retail Credit		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
For the Period ended 31st March	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000
<b>Revenue from external customers</b>												
Interest and similar income	731,150	681,451	611,431	640,234	32,018	9,819	18,626	47,181	45,671	115,036	1,438,896	1,493,721
Interest and similar expenses	276,318	383,471	295,367	416,137	31,550	29,656	(508)	14,580	99,228	195,506	701,955	1,039,350
<b>Net interest income</b>	<b>454,832</b>	<b>297,980</b>	<b>316,064</b>	<b>224,097</b>	<b>468</b>	<b>(19,837)</b>	<b>19,134</b>	<b>32,601</b>	<b>(53,558)</b>	<b>(80,470)</b>	<b>736,940</b>	<b>454,371</b>
<b>Net fee and commission income</b>	<b>16,477</b>	<b>10,774</b>	<b>3,468</b>	<b>4,714</b>	<b>22,758</b>	<b>1,323</b>	<b>3,474</b>	<b>816</b>	<b>(9,671)</b>	<b>8,049</b>	<b>36,506</b>	<b>25,677</b>
Real estate Profit	-	-	-	-	(28,730)	(81,429)	(821)	(2,457)	-	-	(29,551)	(83,886)
Other income	6,495	2,226	17,881	950	1,295	891	25,058	8,093	21,708	2,093	72,437	14,253
<b>Total operating income</b>	<b>477,804</b>	<b>310,980</b>	<b>337,413</b>	<b>229,761</b>	<b>(4,209)</b>	<b>(99,052)</b>	<b>46,845</b>	<b>39,053</b>	<b>(41,520)</b>	<b>(70,327)</b>	<b>816,333</b>	<b>410,415</b>
Impairment (charges)/reversal for loans and other losses	113,127	29,967	18,709	(19,926)	(22,479)	(86,194)	-	-	22,479	86,194	131,836	10,041
<b>Net operating income</b>	<b>590,931</b>	<b>340,947</b>	<b>356,122</b>	<b>209,835</b>	<b>(26,688)</b>	<b>(185,246)</b>	<b>46,845</b>	<b>39,053</b>	<b>(19,041)</b>	<b>15,867</b>	<b>948,169</b>	<b>420,456</b>
Personnel expenses	(115,795)	(111,422)	(123,778)	(120,913)	(13,222)	(8,617)	(38,028)	(36,358)	(41,582)	(56,806)	(332,405)	(334,116)
Depreciation and amortisation	(26,476)	(27,371)	(28,301)	(29,702)	(3,023)	(2,117)	(3,920)	(5,871)	(9,508)	(13,954)	(71,228)	(79,015)
Other operating expenses	(52,672)	(48,191)	(56,304)	(52,296)	(6,014)	(3,727)	(13,011)	(20,548)	(18,914)	(24,568)	(146,915)	(149,330)
<b>Segment result</b>	<b>395,988</b>	<b>153,963</b>	<b>147,739</b>	<b>6,924</b>	<b>(48,947)</b>	<b>(199,707)</b>	<b>(8,114)</b>	<b>(23,724)</b>	<b>(89,045)</b>	<b>(79,461)</b>	<b>397,621</b>	<b>(142,005)</b>
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>											<b>397,621</b>	<b>(142,005)</b>
Value added tax on financial services											(89,319)	(20,343)
Debt repayment levy											-	-
Share of associate company's profit/(loss) before tax											32,009	(1,174)
<b>Profit/(loss) before income tax</b>											<b>340,311</b>	<b>(163,522)</b>
Income tax expense											(59,162)	-
<b>Profit/(loss) for the period</b>											<b>281,149</b>	<b>(163,522)</b>
<b>Assets</b>												
<b>Capital expenditures</b>												
Property, equipment and right-of-use assets	6,008	12,366	6,366	13,330	864	1,058	633	2,524	1,140	4,137	15,011	33,414
Intangible assets	782	529	828	570	112	45	-	-	148	177	1,871	1,320
<b>Total segment assets</b>	<b>12,951,921</b>	<b>13,395,970</b>	<b>13,723,564</b>	<b>14,440,702</b>	<b>1,862,702</b>	<b>1,145,737</b>	<b>2,605,256</b>	<b>2,850,894</b>	<b>3,700,952</b>	<b>5,760,677</b>	<b>34,844,395</b>	<b>37,593,980</b>
<b>Total segment liabilities</b>	<b>11,578,590</b>	<b>11,007,606</b>	<b>12,268,413</b>	<b>11,866,072</b>	<b>1,665,194</b>	<b>941,464</b>	<b>1,585,583</b>	<b>1,486,359</b>	<b>5,343,236</b>	<b>9,400,851</b>	<b>32,441,016</b>	<b>34,702,352</b>

## Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 31/3/2021 LKR' 000	Market Values			Interest Rates		Interest rate of comparable Government Security %	Interest yield			Yield to Maturity		
				Highest LKR.	Lowest LKR.	Period end LKR.	Coupon Rate	Effective Annual Yield		Highest	Lowest	Last traded	Highest	Lowest	Last traded
<b>Fixed Rate</b>															
May 2017 - May 2022	Listed	Annually	805,760	Not traded during the quarter			15.00%	15.00%	5.56%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,193,230	Not traded during the quarter			14.50%	15.03%	5.56%	14.50%	14.50%	14.50%	14.34%	14.34%	14.34%
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			10.00%	10.25%	5.56%	Not traded during the quarter			Not traded during the quarter		
<b>Total Debentures</b>			<b>2,000,000</b>												

All debentures are unsecured. Company has not repurchased any of its own debts and has not had any default of principal, interest or other breaches with regard to all liabilities during the period.

## Debenture issue proceeds utilization as at 31st March 2021

No.	Objective as per the prospectus	Amount allocated as per prospectus	Date of Utilization	Amount allocated from proceed LKR (A)	% of Total Proceeds	Amount Utilized in LKR (B)	% of Utilization (B/A)	Clarification if not fully utilized
1	<b>Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 2.0 Bn during the year 2017</b>  The funds raised through this Debenture Issue utilized to increase the medium term fund base to match the medium to long term lending portfolio, to minimize the interest rate risk and the gap exposure in the Companies assets/liability portfolio, to provide investors an opportunity to earn a regular fixed income.	2,000,000,000	3-Mar-17	2,000,000,000	100%	2,000,000,000	100%	N/A
2	To enhance Tier II Capital base of the Company. Tier II ratio of the Company as at 31st December 2016 stood at 10.69% and subsequent to this Debenture issue the Tier II ratio is expected to increase to 16.22%.					800,000,000	40%	Approved unsecured subordinated term debt are limited to 50% of Total Tier 1 Capital of the Company.

#### Events after the statement of financial position date

There were no material events reported since 31st March 2021 that require disclosure in these Financial Statements.

#### Information on ordinary shares

As at		3/31/2021	12/31/2020
Net asset per share (LKR)	- Company	10.42	8.85
	- Group	11.65	9.94

Market price per share recorded during the quarter ended 31st March (LKR)		2021	2020
	-High	9.20 (21-1-2021)	9.60 (2-1-2020)
	-Low	6.70 (10-2-2021)	5.50 (20-3-2020)
	-Last Transaction	7.00 (31-3-2021)	5.60 (20-3-2020)

As at		3/31/2021	12/31/2020
Number of shares issued		165,874,541	165,874,541
Stated capital (LKR)		2,124,457,307	2,124,457,307

Ratios as at		3/31/2021	12/31/2020
Debt / Equity Ratio		4.0	5.5
Statutory Liquid Asset Ratio		8.37%	12.86%

Ratios for the period ended		3/31/2021	3/31/2020
Interest Cover		1.443	0.845

#### The Float adjusted market capitalization as at 31st March 2021 - Rs. 296,185,680

The Float adjusted market capitalization of the Company falls under Option 4 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

**Twenty largest share holders as at 31st March 2021**

	<b>Name of the share holder</b>	<b>No. of Shares</b>	<b>Holding %</b>
01	Bank of Ceylon No. 1 Account	123,562,267	74.49%
02	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	7.11%
03	People's Leasing & Finance PLC/Mr. D.M.P. Disanayake	2,238,068	1.35%
04	Mr. A.M. Weerasinghe	839,201	0.51%
05	Hatton National Bank PLC/Mr. R.E. Ramukwelle	756,703	0.46%
06	People's Leasing & Finance PLC/Mr. L.P. Hapangama	571,654	0.34%
07	Merrill J Fernando & Sons (Pvt) Limited	526,165	0.32%
08	Mr. W.A.S.P. De Saram	500,778	0.30%
09	Mrs. R. Jothy	460,274	0.28%
10	Mr. T. Loganathan	428,340	0.26%
11	Mr. W.L.T. Anandawansa	400,100	0.24%
12	Seylan Bank PLC/Spice of Life (Pvt) Limited	395,234	0.24%
13	Hatton National Bank PLC/Mr. D.N. Sellamuttu	386,301	0.23%
14	Mr. N. Balasingam	381,400	0.23%
15	Prime Lands (Pvt) Limited	375,000	0.23%
16	Mr. B.T. Prathapasinghe	345,000	0.21%
17	Mr. A.Chelliah (deceased)	333,800	0.20%
18	Citizens Development Business finance PLC/Mr. D.P.T.C. Dissanayaka	308,212	0.19%
19	Mr. D.S.Tennakoon	303,600	0.18%
20	Mrs. S Tennakoon	300,000	0.18%

The percentage of shares held by the public as at 31st March 2021 was 25.51% and the number of public shareholders as at 31st March 2021 were 10,900

**Directors' shareholding as at 31st March 2021**

<b>Name of the Director</b>	<b>No. of Shares</b>
Mr. K. Ratwatte	Nil
Mr. A. M. A. Perera	Nil
Mr. N. S. Punchihewa	Nil
Mr. W. P. R. P. H. Fonseka	Nil
Mr. D. N. L. Fernando	24
Mr. W. N. P. Surawimala	Nil
Mr. M. P. R. Kumara (Alternate Director to W.P.R.P.H. Fonseka)	Nil

**ACT. CEO's shareholding as at 31st March 2021**

Mr. G. M. J. A. R. Gamalath	Nil
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