

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th June 2022



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

Co.Reg.No. PQ10

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Profit or Loss

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Income	1,511,944	1,366,524	10.6	2,934,527	2,850,315	3.0	1,656,160	1,459,034	13.5	3,178,166	3,020,056	5.2
Interest and similar income	1,518,134	1,293,315	17.4	3,004,137	2,713,585	10.7	1,572,218	1,310,165	20.0	3,086,211	2,749,060	12.3
Interest and similar expenses	1,080,925	683,993	58.0	1,785,623	1,386,457	28.8	1,081,693	686,570	57.6	1,788,834	1,388,526	28.8
Net interest income	437,209	609,321	(28.2)	1,218,514	1,327,128	(8.2)	490,525	623,594	(21.3)	1,297,376	1,360,535	(4.6)
Fee and commission income	28,585	29,656	(3.6)	71,635	74,527	(3.9)	26,551	30,782	(13.7)	69,890	71,510	(2.3)
Fee and commission expenses	2,652	7,100	(62.7)	15,845	18,939	(16.3)	(2,398)	6,103	(139.3)	6,836	10,325	(33.8)
Net fee and commission income	25,933	22,556	15.0	55,789	55,588	0.4	28,949	24,679	17.3	63,054	61,185	3.1
Insurance premium income	-	-	-	-	-	-	93,338	73,613	26.8	168,814	133,482	26.5
Net claims and benefits	-	-	-	-	-	-	(86,822)	(27,899)	(211.2)	(153,291)	(66,410)	(130.8)
Net trading income	1,933	2,494	(22.5)	(14,972)	21,415	(169.9)	1,933	2,494	(22.5)	(14,972)	21,415	(169.9)
Net gain/(loss) on financial instruments at fair value through profit or loss	(54,835)	(140)	(39,188.7)	(170,214)	(28,870)	(489.6)	(57,247)	120	(47,741.9)	(178,016)	(29,431)	(504.9)
Other operating income	18,127	41,198	(56.0)	43,941	69,658	(36.9)	19,366	41,860	(53.7)	46,240	74,019	(37.5)
Total operating income	428,367	675,431	(36.6)	1,133,059	1,444,919	(21.6)	490,043	738,462	(33.6)	1,229,205	1,554,795	(20.9)
Impairment charge/(reversal) from loans and other losses	240,939	279,587	(13.8)	195,057	147,751	32.0	240,939	279,587	(13.8)	195,057	147,751	32.0
Net operating income	187,428	395,844	(52.7)	938,001	1,297,168	(27.7)	249,104	458,875	(45.7)	1,034,148	1,407,044	(26.5)
Personnel expenses	377,154	291,476	29.4	693,500	585,853	18.4	422,812	334,098	26.6	783,887	666,503	17.6
Depreciation and amortisation	68,094	73,160	(6.9)	136,802	140,468	(2.6)	76,074	80,839	(5.9)	152,499	152,067	0.3
Other operating expenses	178,927	140,566	27.3	322,104	274,471	17.4	182,955	167,779	9.0	307,289	314,695	(2.4)
Total operating expense	624,175	505,201	23.5	1,152,406	1,000,792	15.1	681,841	582,715	17.0	1,243,676	1,133,265	9.7
Profit/(loss) from operations	(436,747)	(109,358)	(299.4)	(214,405)	296,376	(172.3)	(432,736)	(123,840)	(249.4)	(209,528)	273,779	(176.5)
Impairment charge/(reversal) from investment in Subsidiary companies	105,345	9,567	1,001.1	105,345	14,945	604.9	-	-	-	-	-	-
Impairment charge/(reversal) from investment in Associate companies	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) from operations after impairment from subsidiary investments	(542,092)	(118,925)	(355.8)	(319,750)	281,431	(213.6)	(432,736)	(123,840)	(249.4)	(209,528)	273,779	(176.5)
Value added tax (VAT) & Nation building tax (NBT) on financial services	(19,281)	23,309	(182.7)	62,354	112,627	(44.6)	(19,281)	23,309	(182.7)	62,354	112,627	(44.6)
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	339	9,892	(96.6)	26,294	41,901	(37.2)
Profit/(loss) before income tax	(522,811)	(142,233)	(267.6)	(382,104)	168,804	(326.4)	(413,116)	(137,256)	(201.0)	(245,588)	203,053	(220.9)
Income tax expense/(reversal)	(46,115)	(21,678)	(112.7)	2,192	28,521	(92.3)	(45,991)	(18,908)	(143.2)	9,583	40,254	(76.2)
Profit/(loss) for the period	(476,696)	(120,555)	(295.4)	(384,296)	140,282	(373.9)	(367,125)	(118,348)	(210.2)	(255,171)	162,799	(256.7)
Profit/(loss) for the period attributable to:												
Equity holders of the parent	(476,696)	(120,555)	(295.4)	(384,296)	140,282	(373.9)	(368,978)	(111,659)	(230.5)	(257,424)	173,236	(248.6)
Non controlling interests	-	-	-	-	-	-	1,852	(6,690)	127.7	2,253	(10,437)	121.6
Profit/(loss) for the period	(476,696)	(120,555)	(295.4)	(384,296)	140,282	(373.9)	(367,125)	(118,348)	(210.2)	(255,171)	162,799	(256.7)
Earnings per share:												
Basic/Diluted earnings/(loss) per share (LKR)	(0.91)	(0.73)	(25.0)	(0.44)	0.27	(262.7)	(0.70)	(0.67)	(4.5)	(0.29)	0.33	(188.3)

Merchant Bank of Sri Lanka & Finance PLC
Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %	6/30/2022 (Unaudited)	6/30/2021 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Profit/(loss) for the period	(476,696)	(120,555)	(295.4)	(384,296)	140,282	(373.9)	(367,125)	(118,348)	(210.2)	(255,171)	162,799	(256.7)
Other comprehensive income/(expense) for the period												
Actuarial gains/(losses) on defined benefit plans	88,554	-	-	86,084	-	-	88,554	-	-	86,084	-	-
Fair value reserves (Financial investments at fair value through other comprehensive income):												
Gains/(Losses) on re-measuring financial investments at fair value through other comprehensive income	(3,500)	-	-	(7,988)	-	-	1,520	(771)	297.0	(10,029)	(1,955)	(413.0)
Other comprehensive income/(expense) before tax	85,054	-	-	78,096	-	-	90,073	(771)	11,779.2	76,055	(1,955)	3,990.2
Deferred tax (charge)/credit relating to components of other comprehensive income	20,068	-	-	20,660	-	-	20,068	-	-	20,660	-	-
Other comprehensive income/(expense) for the period, net of tax	105,121	-	-	98,757	-	-	110,141	(771)	14,381.2	96,715	(1,955)	5,046.9
Total comprehensive income/(expense) for the period, net of tax	(371,575)	(120,555)	(208.2)	(285,539)	140,282	(303.5)	(256,984)	(119,119)	(115.7)	(158,456)	160,844	(198.5)
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	(371,575)	(120,555)	(208.2)	(285,539)	140,282	(303.5)	(261,155)	(112,073)	(133.0)	(159,766)	172,185	(192.8)
Non controlling interests	-	-	-	-	-	-	4,171	(7,046)	159.2	1,310	(11,341)	111.6
	(371,575)	(120,555)	(208.2)	(285,539)	140,282	(303.5)	(256,984)	(119,119)	(115.7)	(158,456)	160,844	(198.5)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	6/30/2022	12/31/2021	Change %	6/30/2022	12/31/2021	Change %
	(Unaudited) LKR '000	(Audited) LKR '000		(Unaudited) LKR '000	(Audited) LKR '000	
Assets						
Cash and cash equivalents	875,591	1,191,374	(26.5)	1,267,472	1,436,435	(11.8)
Placements with banks & financial institutions	107,662	246,166	(56.3)	142,386	535,292	(73.4)
Financial investments at fair value through profit or loss	232,158	341,547	(32.0)	238,024	355,214	(33.0)
Loans & receivables at amortised cost	28,670,913	28,184,638	1.7	28,558,272	28,016,693	1.9
Financial investments at fair value through other comprehensive income	18,610	1,989,169	(99.1)	1,531,308	3,415,338	(55.2)
Financial investments at amortised cost	4,085,785	-	-	4,085,785	-	-
Real Estate Stock	131,639	175,816	(25.1)	131,639	175,816	(25.1)
Investment in associate company	81,084	81,084	-	152,703	131,399	16.2
Investment in subsidiary	266,059	371,404	(28.4)	-	-	-
Investment properties	106,251	107,704	(1.3)	106,251	107,703	(1.3)
Property, equipment and right-of-use assets	562,591	607,185	(7.3)	694,329	742,708	(6.5)
Intangible assets	110,318	128,578	(14.2)	110,318	128,578	(14.2)
Deferred tax Assets	-	-	-	4,111	4,111	(0.0)
Other assets	297,130	852,795	(65.2)	673,236	1,220,370	(44.8)
Total assets	35,545,792	34,277,459	3.7	37,695,832	36,269,656	3.9
Liabilities						
Due to banks	3,987,472	4,116,812	(3.1)	4,016,789	4,133,305	(2.8)
Due to customers at amortised cost	25,714,787	22,267,862	15.5	25,554,781	22,201,604	15.1
Debt issued and borrowed funds at amortised cost	546,549	2,381,579	(77.1)	662,943	2,381,579	(72.2)
Insurance provision - life	-	-	-	390,709	416,634	(6.2)
Insurance provision - non life	-	-	-	638,160	511,538	24.8
Current tax liabilities	178,897	178,898	(0.0)	178,897	178,898	(0.0)
Deferred tax liabilities	59,833	78,301	(23.6)	59,833	78,301	(23.6)
Other liabilities	926,170	764,118	21.2	1,321,735	1,269,913	4.1
Retirement benefits obligations	248,668	320,934	(22.5)	262,880	332,724	(21.0)
Total liabilities	31,662,377	30,108,504	5.2	33,086,727	31,504,496	5.0
Equity						
Stated capital	4,276,448	4,276,448	-	4,276,448	4,276,448	-
Retained earnings	(705,399)	(427,847)	(64.9)	(399,776)	(251,498)	(59.0)
OCI reserve	(27,630)	(19,642)	(40.7)	(32,947)	(23,860)	(38.1)
Statutory reserves	339,996	339,996	-	339,996	339,996	0.0
Total equity attributable to the parent	3,883,415	4,168,955	(6.8)	4,183,721	4,341,086	(3.6)
Non controlling interests	-	-	-	425,385	424,075	0.3
Total equity	3,883,415	4,168,955	(6.8)	4,609,106	4,765,161	(3.3)
Total liabilities and equity	35,545,792	34,277,459	3.7	37,695,833	36,269,656	3.9
Commitments and contingencies	100,900	124,250	(18.8)	137,449	190,086	(27.7)
Net assets value per share (LKR)	7.40	7.95	(6.8)	7.98	8.28	(3.6)

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
10/Aug/2022

(sgd.)

H. K. D. W. M. D. K. Hapuhinna
Chief Executive Officer

(sgd.)

Mr. A. M. A. Perera
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 2021	2,124,457	234,613	2,575	(893,794)	1,467,851
Net profit/(loss) for the period	-	-	-	140,282	140,282
Other comprehensive income	-	-	-	-	-
Balance as at 30th June 2021	2,124,457	234,613	2,575	(753,512)	1,608,134
Balance as at 01st January 2022	4,276,448	339,996	(19,642)	(427,847)	4,168,955
Net profit/(loss) for the period	-	-	-	(384,296)	(384,296)
Other comprehensive income	-	-	(7,988)	106,745	98,757
Balance as at 30th June 2022	4,276,448	339,996	(27,630)	(705,399)	3,883,415

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 2021	2,124,457	234,613	3,157	(714,093)	475,282	2,123,416
Net profit/(loss) for the period	-	-	-	173,236	(10,437)	162,799
Other comprehensive income	-	-	(1,052)	0	(903)	(1,955)
Balance as at 30th June 2021	2,124,457	234,613	2,105	(540,856)	463,941	2,284,260
Balance as at 01st January 2022	4,276,448	339,996	(23,860)	(251,498)	424,075	4,765,161
Net profit/(loss) for the period	-	-	-	(257,424)	2,253	(255,171)
Prior year adjustment made to share of associate company profit	-	-	-	2,401	-	2,401
Other comprehensive income	-	-	(9,086)	106,745	(943)	96,715
Balance as at 30th June 2022	4,276,448	339,996	(32,947)	(399,776)	425,385	4,609,106

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Cash Flows

For the period ended 30th June	Company		Group	
	2022 (Unaudited) LKR '000	2021 (Unaudited) LKR '000	2022 (Unaudited) LKR '000	2021 (Unaudited) LKR '000
Cash flows from operating activities				
Profit before income tax	(382,104)	168,804	(245,588)	203,053
Adjustments for :				
Net Interest Income	(1,218,514)	(1,327,128)	(1,297,376)	(1,360,535)
Impairment charges for loans and other losses	(141,175)	(58,203)	(141,175)	(58,203)
Impairment (reversal)/charge of investment in subsidiary	105,345	14,945	-	-
Share of associate company's profit/(loss) before tax	-	-	(26,294)	(41,901)
Depreciation and amortisation	136,802	140,468	152,499	152,067
Profit from sales of property & equipment	(78)	(48)	(78)	(48)
Dividend income from financial assets	(3,048)	(2,650)	(3,070)	(2,671)
Contribution to defined benefit plans	27,391	10,932	30,001	13,986
Fair value change of financial assets	170,214	28,870	168,172	26,915
	(1,305,167)	(1,024,011)	(1,362,909)	(1,067,339)
Interest paid to customers at amortised cost	(1,437,112)	(1,047,430)	(1,437,112)	(1,047,430)
Interest paid on other borrowings	(607,221)	(365,365)	(629,505)	(393,276)
Interest received on loans & receivables at amortised cost	2,918,156	2,783,428	2,918,156	2,783,428
Interest received on other investment	156,763	114,589	257,909	175,906
Gratuity paid	(13,573)	(7,713)	(13,760)	(8,897)
Change in operating assets				
Loans & receivables at amortised cost	(452,204)	(478,741)	(451,915)	(478,670)
Other operating assets	496,193	140,899	480,699	(7,262)
Change in operating liabilities				
Due to customers at amortised cost	3,631,240	(224,700)	3,631,240	(224,700)
Payments made under operating leases	93,295	90,876	114,851	99,432
Insurance provision	-	-	100,696	(22,969)
Other liabilities	47,634	(132,245)	32,178	(6,775)
Net cash generated from/(used in) operating activities before tax	3,528,003	(150,413)	3,640,527	(198,550)
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	3,528,003	(150,413)	3,640,527	(198,550)
Cash flows from investing activities				
Net increase/(decrease) in financial investments at FVTOCI	-	-	(86,529)	2,840
Net increase/(decrease) in financial investments at amortised cost	(2,074,089)	730,945	(2,074,089)	730,945
Net (increase)/decrease in placements with banks & financial institutions	129,497	(88,557)	290,151	26,319
Net (increase)/decrease in investment of government securities at FVTPL	99,922	1,146	99,922	1,146
Net (increase)/decrease in other financial investments at FVTPL	(164,547)	(55,843)	(156,745)	(55,282)
Real estate stock	44,177	92,572	44,177	92,572
Purchase of property & equipment	(13,024)	(21,759)	(17,972)	(25,961)
Purchase of intangible assets	0	(2,008)	0	(2,008)
Proceeds from sale of property & equipment	78	83	78	83
Dividends received	3,048	2,650	3,070	2,671
Net cash generated from/(used in) investing activities	(1,974,938)	659,230	(1,897,936)	773,326
Cash flows from financing activities				
Net increase/(decrease) reverse repo and repo agreements	359,819	(14,838)	359,819	(14,838)
Net increase/(decrease) in other borrowings at amortised cost	(1,551,408)	300,425	(1,606,938)	281,515
Net cash generated from/(used in) financing activities	(1,191,589)	285,587	(1,247,119)	266,677
Net increase / (decrease) in cash and cash equivalents during the period	361,476	794,404	495,472	841,452
Cash and cash equivalents at the beginning of the period	416,172	334,418	644,740	1,849,929
Cash and cash equivalents at the end of the period	777,648	1,128,822	1,140,212	2,691,381
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	875,596	1,401,392	1,267,477	2,967,304
Dues to banks	(97,948)	(272,570)	(127,265)	(275,923)
	777,648	1,128,822	1,140,212	2,691,381

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 10th August 2022, in accordance with the resolution of the Directors passed on 10th August 2022.

Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 30th June 2022 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 to the financial statements as per the guidelines issued by the CA Sri Lanka.

IMPACT DUE TO CURRENT ECONOMIC CONDITION

As at 30.06.2022, inflation rate was 56.4%. However, it has been escalated up to 60.8% as at 31.07.2022. Exchange rates observed an insignificant fluctuation after the balance sheet date. The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) to 14.50% and 15.50% respectively. The depletion of foreign reserves has put restrictions on imports and affected supplies. The Company has taken the following measures to ensure it continues its operations as a going concern.

- Focus on asset backed lending
- Strict credit evaluation to minimize credit risk
- Restructure/reshedulment of stressed loans due to current adverse market conditions
- Additional financing to minimize liquidity risk
- Managing operational cost

The management of the Company continues to monitor the potential impact to the continuity of the business. Based on these proactive analyses and our operating model, financial strength of the Company and the backing of the largest state own bank BOC, the management is confident that the company has no impact to its business continuity and expects to manage the above challenges effectively.

Removals of Cap on Loans and Advances and Deposits

On 18.10.2021, The Central Bank of Sri Lanka removed the caps imposed on lending (Rs.35 bn imposed on 18.03.2019) and deposits (Rs.23 bn imposed on 09.05.2019) of the Company in terms of the section 2.2 and 3.2 of Finance Business Act after the Company complied with all capital related directions with the completion of the rights issue.

Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021	6/30/2022	12/31/2021	6/30/2022	12/31/2021
As at								
Financial assets								
Cash and cash equivalents	-	-	875,591	1,191,374	-	-	875,591	1,191,374
Placements with banks & financial institutions	-	-	107,662	246,166	-	-	107,662	246,166
Financial investments at fair value through profit or loss	232,158	341,547	-	-	-	-	232,158	341,547
Loans & receivables at amortised cost	-	-	28,670,913	28,184,638	-	-	28,670,913	28,184,638
Financial investments at fair value through other comprehensive income	-	-	-	-	18,610	1,989,169	18,610	1,989,169
Financial investments at amortised cost	-	-	4,085,785	-	-	-	4,085,785	-
Other assets	-	-	28,918	47,993	-	-	28,918	47,993
Total	232,158	341,547	33,768,870	29,670,171	18,610	1,989,169	34,019,638	32,000,886

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Other Financial liabilities				
Due to banks	3,987,472	4,116,812	3,987,472	4,116,812
Due to customers at amortised cost	25,714,787	22,267,862	25,714,787	22,267,862
Debt issued and borrowed funds at amortised cost	546,549	2,381,579	546,549	2,381,579
Other liabilities	148,576	240,908	148,576	240,908
Total	30,397,385	29,007,161	30,397,385	29,007,161

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021	6/30/2022	12/31/2021	6/30/2022	12/31/2021
As at								
Financial assets								
Cash and cash equivalents	-	-	1,267,472	1,436,435	-	-	1,267,472	1,436,435
Placements with banks & financial institutions	-	-	142,386	535,292	-	-	142,386	535,292
Financial investments at fair value through profit or loss	238,024	355,214	-	-	-	-	238,024	355,214
Loans & receivables at amortised cost	-	-	28,558,272	28,016,693	-	-	28,558,272	28,016,693
Financial investments at fair value through other comprehensive income	-	-	-	-	1,531,308	3,415,338	1,531,308	3,415,338
Financial investments at amortised cost	-	-	4,085,785.44	-	-	-	4,085,785	-
Other assets	-	-	28,918	47,993	-	-	28,918	47,993
Total	238,024	355,214	34,082,833	30,036,413	1,531,308	3,415,338	35,852,165	33,806,966

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2022	12/31/2021	6/30/2022	12/31/2021
Other Financial liabilities				
Due to banks	4,016,789	4,133,305	4,016,789	4,133,305
Due to customers at amortised cost	25,554,781	22,201,604	25,554,781	22,201,604
Debt issued and borrowed funds at amortised cost	662,943	2,381,579	662,943	2,381,579
Other liabilities	148,576.38	240,908	148,576.38	240,908
Total	30,383,089	28,957,396	30,383,089	28,957,396

Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2022	2021	2022	2021
Impairment charge/(reversal) from loans and other losses				
Impairment from Loans and advances-individual impairment (Note 4.1)	56,210	38,396	56,210	38,396
Impairment from Loans and advances-collective impairment (Note 4.2)	138,797	109,565	138,797	109,565
Cash and cash equivalent	(3)	114	(3)	114
Placements with banks & financial institutions	53	(324)	53	(324)
	195,057	147,751	195,057	147,751
Individual impairment charges				
As at 01 January	1,902,229	2,017,329	1,902,229	2,017,328
Charge to income statement from loans and advances	56,210	38,396	56,210	38,396
As at 30th June	1,958,439	2,055,725	1,958,439	2,055,724
Collective impairment charges				
As at 01 January	1,575,108	1,402,455	1,575,108	1,402,455
Charge to income statement from loans and advances	138,797	109,565	138,797	109,565
As at 30th June	1,713,905	1,512,020	1,713,905	1,512,020
Loans and advances impairment	3,672,344	3,567,745	3,672,344	3,567,744

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 30th June 2022 and comparative figures for the period ended 30th June 2021.

Group	Leasing		Corporate & Retail Credit		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	2022 LKR.'000	2021 LKR.'000	2022 LKR.'000	2021 LKR.'000	2022 LKR.'000	2021 LKR.'000	2022 LKR.'000	2021 LKR.'000	2022 LKR.'000	2021 LKR.'000	2022 LKR.'000	2021 LKR.'000
For the Period ended 30th June												
Revenue from external customers												
Interest and similar income	1,274,198	1,372,186	1,195,280	1,184,944	341,524	68,008	82,073	35,476	193,135	88,447	3,086,211	2,749,060
Interest and similar expenses	577,601	514,308	676,768	530,762	128,424	37,540	3,211	2,069	402,830	303,847	1,788,834	1,388,526
Net interest income	696,597	857,878	518,512	654,183	213,100	30,468	78,862	33,406	(209,695)	(215,400)	1,297,376	1,360,535
Net fee and commission income	44,865	52,420	7,579	4,309	600	511	7,265	5,597	2,745	(1,651)	63,054	61,185
Insurance premium income	-	-	-	-	-	-	168,814	133,482	-	-	168,814	133,482
Net claims and benefits	-	-	-	-	-	-	(153,291)	(66,410)	-	-	(153,291)	(66,410)
Real estate profit	-	-	14,989	28,820	-	-	-	-	-	-	14,989	28,820
Trading and other income	12,282	32,827	8,565	1,459	(182,138)	(4,805)	(5,503)	3,800	5,057	3,901	(161,736)	37,183
Total operating income	753,745	943,125	549,645	688,771	31,562	26,174	96,147	109,876	(201,894)	(213,150)	1,229,206	1,554,795
Impairment (charges)/reversal for loans and other losses	(87,402)	(102,401)	173,030	(45,350)	(170,214)	(14,480)	-	-	(110,471)	14,480	(195,057)	(147,752)
Net operating income	666,343	840,724	722,675	643,421	(138,652)	11,694	96,147	109,876	(312,365)	(198,670)	1,034,148	1,407,044
Personnel expenses	(228,151)	(233,083)	(269,989)	(240,957)	(66,562)	(13,171)	(90,387)	(80,650)	(128,799)	(98,642)	(783,888)	(666,503)
Depreciation and amortisation	(45,006)	(55,885)	(53,259)	(57,773)	(13,130)	(3,158)	(15,697)	(11,599)	(25,407)	(23,651)	(152,499)	(152,066)
Other operating expenses	(105,967)	(109,199)	(125,399)	(112,888)	(30,916)	(6,171)	14,815	(40,224)	(59,822)	(46,214)	(307,289)	(314,696)
Segment result	287,219	442,557	274,028	231,803	(249,260)	(10,806)	4,878	(22,597)	(526,393)	(367,177)	(209,528)	273,779
Profit/(loss) from operations after impairment from subsidiary investments											(209,528)	273,779
Value added tax on financial services											(62,354)	(112,627)
Share of associate company's profit/(loss) before tax											26,294	41,901
Profit/(loss) before income tax											(245,588)	203,053
Income tax expense											(9,583)	(40,254)
Profit/(loss) for the period											(255,171)	162,799
Assets												
Capital expenditures												
Property, equipment and right-of-use assets	4,285	8,657	5,071	8,949	1,250	489	4,947	4,202	2,419	3,664	17,972	25,961
Intangible assets	-	799	-	826	-	45	-	-	-	338	-	2,008
Total segment assets	11,075,392	12,501,610	14,230,232	13,706,228	3,365,289	956,122	2,620,819	2,688,929	6,404,100	4,691,743	37,695,832	34,544,633
Total segment liabilities	9,865,394	11,882,371	12,675,564	13,027,321	2,997,628	908,763	1,700,684	1,684,509	5,847,457	4,757,406	33,086,727	32,260,369

Events after the statement of financial position date

There were no material events reported since 30th June 2022 that require disclosure in these Financial Statements.

Information on ordinary shares

As at		6/30/2022	12/31/2021
Net asset per share (LKR)	- Company	7.40	7.95
	- Group	7.98	8.28

Market price per share recorded during the quarter ended 30th June (LKR)		2022	2021
	-High	5.70 (4-4-2022)	9.40 (31-5-2021)
	-Low	3.00 (28-6-2022)	6.00 (7-4-2021)
	-Last Transaction	3.10 (30-6-2022)	6.70 (30-6-2021)

As at		6/30/2022	12/31/2021
Number of shares issued		524,539,637	524,539,637
Stated capital (LKR)		4,276,447,883	4,276,447,883

Ratios as at		6/30/2022	12/31/2021
Debt/Equity Ratio		1.2	1.6
Statutory Liquid Asset Ratio		12.11%	12.92%

Ratios for the period ended		6/30/2022	6/30/2021
Interest Cover		0.786	1.122

The Float adjusted market capitalization as at 30th June 2022 - Rs. 252,016,273

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said option.

Twenty largest share holders as at 30th June 2022

	Name of the share holder	No. of Shares	Holding %
01	Bank of Ceylon No. 1 Account	401,577,367	76.56%
02	BOC Property Development & Management (Private) Limited	41,666,682	7.94%
03	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	2.25%
04	Hatton National Bank PLC/Mr. Dinesh Nagendra Sellamuttu	5,320,722	1.01%
05	Mr. J A S M Jayawickrama	4,140,000	0.79%
06	Mr. A M Weerasinghe	2,727,403	0.52%
07	Sampath Bank PLC/Dr.T Senthilverl	2,039,958	0.39%
08	Sandwave Limited	2,029,242	0.39%
09	Thread Capital (Private) Limited	1,905,000	0.36%
10	Amaliya Private Limited	1,817,656	0.35%
11	Mrs. M P R Silva	1,650,000	0.31%
12	Mr. B T Prathapasinghe	1,121,250	0.21%
13	Hatton National Bank PLC/Mr. Ravindra Erle Rambukwelle	1,085,000	0.21%
14	Hatton National Bank PLC/Mr. Siyambalapitiyage Don Chathura Randika	907,408	0.17%
15	Ravi Exports Private Limited	850,000	0.16%
16	Mr. P K C P Samarasinghe	784,031	0.15%
17	Mr. J M S J B P Peiris	745,862	0.14%
18	Mr. P C P Samarasinghe	611,931	0.12%
19	Dialog Finance PLC/K W J P L Perera	535,865	0.10%
20	Merrill J Fernando & Sons (Private) Limited	526,165	0.10%

The percentage of shares held by the public as at 30th June 2022 was 15.50% and the number of public shareholders as at 30th June 2022 were 11,144

Directors' shareholding as at 30th June 2022

Name of the Director	No. of Shares
Mr. K. Ratwatte	Nil
Mr. A. M. A. Perera	Nil
Mr. N. S. PUNCHIHEWA	Nil
Mr. W. P. R. P. H. Fonseka	Nil
Mr. M. P. R. Kumara	Nil
Mr. G. A. Jayashantha	Nil
Mr. J. D. V. N. Jayasinghe	Nil
Mr. R. M. N. Jeewantha	Nil
Mr. H.P.K. Silva	Nil

CEO's shareholding as at 30th June 2022

Mr. H. K. D. W. M. D. K. Hapuhinna	Nil
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