

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th September 2023

Rating - LRA BBB+ Stable

 **Merchant Bank of
Sri Lanka & Finance PLC**

Co.Reg.No. PQ10

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Profit or Loss

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Income	2,194,682	1,818,158	20.7	5,643,773	4,752,684	18.7	2,436,233	2,073,630	17.5	6,331,291	5,251,795	20.6
Interest and similar income	1,665,931	1,657,202	0.5	4,896,418	4,661,339	5.0	1,744,162	1,742,512	0.1	5,177,955	4,828,723	7.2
Interest and similar expenses	1,200,898	1,430,997	(16.1)	3,732,784	3,216,620	16.0	1,195,715	1,425,468	(16.1)	3,717,159	3,214,302	15.6
Net interest income	465,033	226,205	105.6	1,163,634	1,444,719	(19.5)	548,447	317,044	73.0	1,460,796	1,614,421	(9.5)
Fee and commission income	25,087	26,702	(6.0)	87,780	98,337	(10.7)	37,947	33,048	14.8	113,285	102,937	10.1
Fee and commission expenses	(1,654)	1,171	(241.2)	10,814	17,017	(36.4)	(3,080)	(2,583)	(19.3)	1,598	4,253	(62.4)
Net fee and commission income	26,741	25,531	4.7	76,966	81,320	(5.4)	41,027	35,631	15.1	111,687	98,684	13.2
Insurance premium income	-	-	-	-	-	-	143,046	100,459	42.4	364,056	269,272	35.2
Net claims and benefits	-	-	-	-	-	-	(117,856)	(80,817)	(45.8)	(366,742)	(234,108)	(56.7)
Net trading income	4,588	16,083	(71.5)	11,227	1,110	911.0	4,588	16,083	(71.5)	11,227	1,110	911.0
Net gain/(loss) on financial instruments at fair value through profit or loss	398,941	97,333	309.9	508,625	(72,881)	797.9	401,054	98,929	305.4	511,253	(79,086)	746.4
Other operating income	100,135	20,838	380.5	139,723	64,779	115.7	105,436	82,599	27.6	153,515	128,839	19.2
Total operating income	995,438	385,990	157.9	1,900,175	1,519,047	25.1	1,125,742	569,928	97.5	2,245,792	1,799,132	24.8
Impairment charge/(reversal) from loans and other losses	(78,274)	(104,927)	25.4	18,505	90,130	(79.5)	(78,274)	(104,927)	25.4	18,505	90,130	(79.5)
Net operating income	1,073,712	490,917	118.7	1,881,670	1,428,917	31.7	1,204,016	674,855	78.4	2,227,287	1,709,002	30.3
Personnel expenses	313,627	317,458	(1.2)	926,081	1,010,958	(8.4)	364,401	367,657	(0.9)	1,084,419	1,151,544	(5.8)
Depreciation and amortisation	69,846	64,619	8.1	199,943	201,422	(0.7)	79,051	73,477	7.6	227,193	225,976	0.5
Other operating expenses	181,662	156,044	16.4	556,935	478,148	16.5	229,163	263,283	(13.0)	708,858	570,572	24.2
Total operating expense	565,135	538,121	5.0	1,682,959	1,690,528	(0.4)	672,615	704,417	(4.5)	2,020,470	1,948,092	3.7
Profit/(loss) from operations	508,577	(47,204)	1,177.4	198,711	(261,611)	176.0	531,401	(29,562)	1,897.6	206,817	(239,090)	186.5
Impairment charge/(reversal) from investment in Subsidiary companies	-	8,429	(100.0)	-	113,773	(100.0)	-	-	-	-	-	-
Profit/(loss) from operations after impairment from subsidiary investments	508,577	(55,633)	1,014.2	198,711	(375,384)	152.9	531,401	(29,562)	1,897.6	206,817	(239,090)	186.5
Value added tax (VAT) on financial services	127,334	24,399	421.9	176,286	86,753	103.2	127,334	24,399	421.9	176,286	86,753	103.2
Social Security Contribution Levy (SSCL)	17,467	-	-	25,286	-	-	17,467	-	-	25,286	-	-
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	16,078	21,016	(23.5)	34,604	47,310	(26.9)
Profit/(loss) before income tax	363,776	(80,032)	554.5	(2,861)	(462,137)	99.4	402,678	(32,945)	1,322.3	39,849	(278,533)	114.3
Income tax expense/(reversal)	146,542	(43,436)	437.4	51,756	(41,244)	225.5	151,935	(37,552)	504.6	62,652	(27,969)	324.0
Profit/(loss) for the period	217,234	(36,596)	693.6	(54,617)	(420,893)	87.0	250,743	4,607	5,342.4	(22,803)	(250,564)	90.9
Profit/(loss) for the period attributable to:												
Equity holders of the parent	217,234	(36,596)	693.6	(54,617)	(420,893)	87.0	240,201	(3,542)	6,881.1	(26,547)	(260,966)	89.8
Non controlling interests	-	-	-	-	-	-	10,542	8,149	29.4	3,744	10,402	(64.0)
Profit/(loss) for the period	217,234	(36,596)	693.6	(54,617)	(420,893)	87.0	250,743	4,607	5,342.4	(22,803)	(250,564)	90.9
Earnings per share:												
Basic/Diluted earnings/(loss) per share (LKR)	0.41	(0.07)	693.6	(0.10)	(0.80)	87.0	0.46	(0.01)	6,881.1	(0.05)	(0.50)	89.8

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Profit/(loss) for the period	217,234	(36,596)	693.6	(54,617)	(420,893)	87.0	250,743	4,607	5,342.5	(22,803)	(250,564)	90.9
Other comprehensive income/(expense) for the period												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	86,084	(100.0)	-	-	-	-	86,084	(100.0)
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	(32)	-	-	(32)	(7,988)	99.6	2,402	(45,626)	105.3	3,807	(55,655)	106.8
Other comprehensive income/(expense) before tax	(32)	-	-	(32)	78,096	(100.0)	2,402	(45,626)	105.3	3,807	30,429	(87.5)
Deferred tax (charge)/credit relating to components of other comprehensive income	-	(41,321)	100.0	-	(20,660)	100.0	-	(41,321)	100.0	-	(20,660)	100.0
Other comprehensive income/(expense) for the period, net of tax	(32)	(41,321)	99.9	(32)	57,436	(100.1)	2,402	(86,947)	102.8	3,807	9,769	(61.0)
Total comprehensive income/(expense) for the period, net of tax	217,202	(77,917)	378.8	(54,649)	(363,457)	85.0	253,145	(82,340)	407.4	(18,996)	(240,795)	92.1
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	217,202	(77,917)	378.8	(54,649)	(363,457)	85.0	241,478	(69,414)	447.9	(24,513)	(229,179)	89.3
Non controlling interests	-	-	-	0	-	-	11,667	(12,926)	190.3	5,517	(11,616)	147.5
	217,202	(77,917)	378.8	(54,649)	(363,457)	85.0	253,145	(82,340)	407.4	(18,996)	(240,795)	92.1

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	9/30/2023	12/31/2022	Change	9/30/2023	12/31/2022	Change
	(Unaudited) LKR '000	(Audited) LKR '000	%	(Unaudited) LKR '000	(Audited) LKR '000	%
Assets						
Cash and cash equivalents	557,889	748,724	(25.5)	707,062	944,784	(25.2)
Placements with banks & financial institutions	544,343	103,682	425.0	587,218	137,162	328.1
Financial investments at fair value through profit or loss	7,979,410	287,510	2,675.4	7,988,375	293,847	2,618.5
Loans & receivables at amortised cost	19,654,433	24,423,300	(19.5)	19,687,333	24,370,850	(19.2)
Financial investments at fair value through other comprehensive income	15,831	15,863	(0.2)	121,124	78,151	55.0
Financial investments at amortised cost	3,952,645	4,307,394	(8.2)	5,526,975	5,883,995	(6.1)
Real Estate Stock	62,557	96,937	(35.5)	62,557	96,937	(35.5)
Investment in associate company	81,084	81,084	-	196,548	172,841	13.7
Investment in subsidiary	257,631	257,631	0.0	-	-	-
Investment properties	96,708	104,798	(7.7)	96,708	104,798	(7.7)
Property, equipment and right-of-use assets	627,847	504,669	24.4	749,671	634,780	18.1
Intangible assets	74,805	103,208	(27.5)	74,805	106,396	(29.7)
Deferred tax Assets	30,568	33,824	(9.6)	39,637	42,893	(7.6)
Other assets	168,430	163,157	3.2	546,874	529,240	3.3
Total assets	34,104,181	31,231,781	9.2	36,384,887	33,396,674	8.9
Liabilities						
Due to banks	3,582,544	2,925,953	22.4	3,599,854	2,935,170	22.6
Due to customers at amortised cost	24,863,377	23,524,609	5.7	24,674,174	23,354,493	5.7
Debt issued and borrowed funds at amortised cost	751,538	69,082	987.9	751,538	69,082	987.9
Insurance provision - life	-	-	-	379,865	355,190	6.9
Insurance provision - non life	-	-	-	715,615	643,229	11.3
Current tax liabilities	57,315	49,029	16.9	57,315	49,029	16.9
Other liabilities	935,129	686,361	36.2	1,454,613	1,215,186	19.7
Retirement benefits obligations	273,383	281,203	(2.8)	287,940	292,326	(1.5)
Total liabilities	30,463,286	27,536,237	10.6	31,920,914	28,913,705	10.4
Equity						
Stated capital	4,276,448	4,276,448	-	4,276,448	4,276,448	-
Retained earnings	(1,190,119)	(944,964)	(25.9)	(811,204)	(594,119)	(36.5)
OCI reserve	(30,409)	(30,377)	(0.1)	(32,468)	(34,502)	5.9
RLA Reserve	244,979	54,441	350.0	244,979	54,441	350.0
Statutory reserves	339,996	339,996	-	339,996	339,996	0.0
Total equity attributable to the parent	3,640,895	3,695,544	(1.5)	4,017,751	4,042,264	(0.6)
Non controlling interests	-	-	-	446,222	440,705	1.3
Total equity	3,640,895	3,695,544	(1.5)	4,463,973	4,482,969	(0.4)
Total liabilities and equity	34,104,181	31,231,781	9.2	36,384,887	33,396,674	8.9
Commitments and contingencies	44,393	103,938	(57.3)	71,332	131,377	(45.7)
Net assets value per share (LKR)	6.94	7.05	(1.5)	7.66	7.71	(0.6)

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

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

A. M. A. Perera

Chairman

Colombo, Sri Lanka

10/Nov/2023

H. K. D. W. M. D. K. Hapuhinna

Chief Executive Officer

M. P. R. Kumara

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	RLA reserve LKR ' 000	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2022	4,276,448	339,996	(19,642)	-	(427,847)	4,168,955
Net profit/(loss) for the period	-	-	-	-	(420,893)	(420,893)
Other comprehensive income	-	-	(7,988)	-	65,424	57,436
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	-	-	-
Balance as at 30th September 2022	4,276,448	339,996	(27,630)	-	(783,316)	3,805,498
Balance as at 01st January 2023	4,276,448	339,996	(30,377)	54,441	(944,964)	3,695,544
Net profit/(loss) for the period	-	-	-	-	(54,617)	(54,617)
Other comprehensive income	-	-	(32)	-	-	(32)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	190,538	(190,538)	-
Balance as at 30th September 2023	4,276,448	339,996	(30,409)	244,979	(1,190,119)	3,640,895

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	RLA reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
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	-	-	-	-	(260,966)	10,402	(250,564)
Prior year adjustment made to share of associate company profit	-	-	-	-	2,401	-	2,401
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	-	-	-	-
Other comprehensive income	-	-	(33,638)	-	65,425	(22,018)	9,769
Balance as at 30th September 2022	4,276,448	339,996	(57,498)	-	(444,638)	412,459	4,526,767
Balance as at 01st January 2023	4,276,448	339,996	(34,502)	54,441	(594,119)	440,705	4,482,969
Net profit/(loss) for the period	-	-	-	-	(26,547)	3,744	(22,803)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	190,538	(190,538)	-	-
Other comprehensive income	-	-	2,034	-	0	1,773	3,807
Balance as at 30th September 2023	4,276,448	339,996	(32,468)	244,979	(811,204)	446,222	4,463,973

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Cash Flows

	Company		Group	
	2023 (Unaudited) LKR '000	2022 (Unaudited) LKR '000	2023 (Unaudited) LKR '000	2022 (Unaudited) LKR '000
For the period ended 30th September				
Cash flows from operating activities				
Profit before income tax	(2,861)	(462,137)	39,849	(278,533)
Adjustments for :				
Net Interest Income	(1,163,634)	(1,444,719)	(1,460,796)	(1,614,420)
WHT movement for the year	(1,214)	-	(1,214)	-
Impairment charges for loans and other losses	18,505	90,130	18,505	90,130
Impairment (reversal)/charge of investment in subsidiary	-	113,773	-	-
Share of associate company's profit/(loss) before tax	-	-	(34,604)	(47,310)
Depreciation and amortisation	199,943	201,422	227,193	225,976
Profit from sales of real estate	(15,845)	(23,615)	(15,845)	(23,615)
Profit from sales of property & equipment and investment property	(1,951)	(521)	(1,951)	(521)
Dividend income from financial assets	(6,454)	(4,790)	(6,925)	(4,940)
Contribution to defined benefit plans	31,500	37,891	36,315	41,806
Fair value change of financial assets	(508,625)	72,881	(504,786)	25,214
	(1,450,636)	(1,419,685)	(1,704,259)	(1,586,213)
Interest paid to customers at amortised cost	(3,601,578)	(2,279,094)	(3,601,578)	(2,279,094)
Interest paid on other borrowings	(289,171)	(958,826)	(302,777)	(990,292)
Interest received on loans & receivables at amortised cost	3,988,332	4,359,046	3,988,332	4,359,046
Interest received on other investment	549,674	355,194	860,442	556,362
Gratuity paid	(39,320)	(30,617)	(40,700)	(31,139)
Change in operating assets				
Loans & receivables at amortised cost	4,583,355	(670,730)	4,553,433	(669,362)
Other operating assets	(283,555)	569,733	(295,915)	617,221
Change in operating liabilities				
Due to customers at amortised cost	1,607,861	3,434,676	1,607,861	3,434,676
Payments made under operating leases	92,550	145,461	116,628	167,087
Insurance provision	-	-	97,062	88,676
Other liabilities	111,326	(113,808)	77,908	(155,434)
Net cash generated from/(used in) operating activities before tax	5,268,838	3,391,350	5,356,437	3,511,534
Income tax paid	(39,000)	-	(39,000)	-
Net cash generated from/(used in) operating activities	5,229,838	3,391,350	5,317,437	3,511,534
Cash flows from investing activities				
Net increase/(decrease) in financial investments at amortised cost	577,838	(2,213,218)	537,104	(2,413,505)
Net (increase)/decrease in placements with banks & financial institutions	(403,000)	134,421	(431,483)	284,975
Net (increase)/decrease in investment of government securities at FVTPL	(6,836,941)	99,922	(6,836,941)	99,922
Net (increase)/decrease in other financial investments at FVTPL	(71,827)	(165,402)	(74,455)	(159,197)
Proceeds from real estate stock	50,226	88,858	50,226	88,858
Purchase of property & equipment	(18,389)	(29,833)	(34,164)	(43,020)
Proceeds from sale of property & equipment	2,157	543	2,157	543
Dividends received	6,454	4,790	6,925	4,940
Net cash generated from/(used in) investing activities	(6,693,482)	(2,079,919)	(6,780,631)	(2,136,484)
Cash flows from financing activities				
Net increase/(decrease) reverse repo agreements	(250,000)	567,584	(250,000)	567,584
Net increase/(decrease) in other borrowings at amortised cost	1,521,018	(2,034,596)	1,465,589	(2,119,859)
Net cash generated from/(used in) financing activities	1,271,018	(1,467,012)	1,215,589	(1,552,275)
Net increase / (decrease) in cash and cash equivalents during the period	(192,626)	(155,581)	(247,605)	(177,225)
Cash and cash equivalents at the beginning of the period	596,679	416,172	783,522	644,740
Cash and cash equivalents at the end of the period	404,053	260,591	535,917	467,515
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	557,908	521,441	707,081	735,881
Dues to banks	(153,855)	(260,850)	(171,164)	(268,366)
	404,053	260,591	535,917	467,515

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 November 2023, in accordance with the resolution of the Directors passed on 10th November 2023.

Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 30th September 2023 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 last Annual Audited Financials except the Group changes its business model for managing its financial assets and financial liabilities.

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

Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022
As at								
Financial assets								
Cash and cash equivalents	-	-	557,889	748,724	-	-	557,889	748,724
Placements with banks & financial institutions	-	-	544,343	103,682	-	-	544,343	103,682
Financial investments at fair value through profit or loss	7,979,410	287,510	-	-	-	-	7,979,410	287,510
Loans & receivables at amortised cost	-	-	19,654,433	24,423,300	-	-	19,654,433	24,423,300
Financial investments at fair value through other comprehensive income	-	-	-	-	15,831	15,863	15,831	15,863
Financial investments at amortised cost	-	-	3,952,645	4,307,394	-	-	3,952,645	4,307,394
Other assets	-	-	20,274	47,993	-	-	20,274	47,993
Total	7,979,410	287,510	24,729,584	29,631,092	15,831	15,863	32,724,825	29,934,465

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Other Financial liabilities				
Due to banks	3,582,544	2,925,953	3,582,544	2,925,953
Due to customers at amortised cost	24,863,377	23,524,609	24,863,377	23,524,609
Debt issued and borrowed funds at amortised cost	751,538	69,082	751,538	69,082
Other liabilities	149,652	240,908	149,652	240,908
Total	29,347,111	26,760,552	29,347,111	26,760,552

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022
As at								
Financial assets								
Cash and cash equivalents	-	-	707,062	944,784	-	-	707,062	944,784
Placements with banks & financial institutions	-	-	587,218	137,162	-	-	587,218	137,162
Financial investments at fair value through profit or loss	7,988,375	293,847	-	-	-	-	7,988,375	293,847
Loans & receivables at amortised cost	-	-	19,687,333	24,370,850	-	-	19,687,333	24,370,850
Financial investments at fair value through other comprehensive income	-	-	-	-	121,124	78,151	121,124	78,151
Financial investments at amortised cost	-	-	5,526,975	5,883,994.82	-	-	5,526,975	5,883,995
Other assets	-	-	20,274	47,993	-	-	20,274	47,993
Total	7,988,375	293,847	26,528,862	31,384,784	121,124	78,151	34,638,361	31,756,782

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Other Financial liabilities				
Due to banks	3,599,854	2,935,170	3,599,854	2,935,170
Due to customers at amortised cost	24,674,174	23,354,493	24,674,174	23,354,493
Debt issued and borrowed funds at amortised cost	751,538	69,082	751,538	69,082
Other liabilities	149,652	240,908	149,652	240,908
Total	29,175,218	26,599,653	29,175,218	26,599,653

Movement in individual and collective impairment during the period

	Company		Group	
	2023	2022	2023	2022
Impairment charge/(reversal) from loans and other losses				
Impairment from Loans and advances-individual impairment (Note 4.1)	187,759	(49,852)	187,759	(49,852)
Impairment from Loans and advances-collective impairment (Note 4.2)	(196,223)	(155,834)	(196,223)	(155,834)
Write off	17,190	290,769	17,190	290,769
Cash and cash equivalent	4	(3)	4	(3)
Placements with banks & financial institutions	(62)	54	(62)	54
Other losses	9,837	4,996	9,837	4,996
	18,505	90,130	18,505	90,130
Individual impairment charge/(reversal)				
As at 01 January	1,655,176	1,902,229	1,902,229	1,902,229
Charge/(reversal) to income statement from loans and advances	187,759	(49,852)	187,759	(49,852)
As at 30th September	1,842,935	1,852,377	2,089,988	1,852,377
Collective impairment charge/(reversal)				
As at 01 January	1,087,042	1,575,108	1,575,108	1,575,108
Charge/(reversal) to income statement from loans and advances	(196,223)	(155,833)	(196,223)	(155,833)
As at 30th September	890,819	1,419,275	1,378,885	1,419,275
Loans and advances impairment	2,733,754	3,271,652	3,468,873	3,271,652

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 September 2023 and comparative figures for the period ended 30th September 2022.

Group	Leasing		Loans		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	2023 LKR.'000	2022 LKR.'000	2023 LKR.'000	2022 LKR.'000	2023 LKR.'000	2022 LKR.'000	2023 LKR.'000	2022 LKR.'000	2023 LKR.'000	2022 LKR.'000	2023 LKR.'000	2022 LKR.'000
For the Period ended 30th September												
Revenue from external customers												
Interest and similar income	1,282,455	1,776,744	2,021,420	1,928,355	507,673	561,516	310,768	201,167	1,055,639	360,940	5,177,955	4,828,723
Interest and similar expenses	939,867	999,278	1,270,584	1,267,261	301,192	340,316	13,606	31,466	1,191,910	575,981	3,717,159	3,214,302
Net interest income	342,588	777,466	750,836	661,094	206,481	221,200	297,162	169,701	(136,271)	(215,041)	1,460,796	1,614,421
Net fee and commission income	41,962	63,301	27,388	12,005	256	825	34,721	17,364	7,359	5,189	111,687	98,684
Insurance premium income	-	-	-	-	-	-	364,056	269,272	-	-	364,056	269,272
Net claims and benefits	-	-	-	-	-	-	(366,742)	(234,108)	-	-	(366,742)	(234,108)
Real estate profit	-	-	15,845	23,615	-	-	-	-	-	-	15,845	23,615
Trading and other income	12,186	18,896	7,803	10,131	526,306	(66,981)	16,420	57,855	97,436	7,347	660,150	27,248
Total operating income	396,736	859,663	801,872	706,845	733,043	155,044	345,617	280,084	(31,476)	(202,505)	2,245,792	1,799,132
Impairment (charges)/reversal for loans and other losses	146,452	79,672	21,007	237,759	(168,773)	(116,792)	-	-	(17,191)	(290,769)	(18,505)	(90,130)
Net operating income	543,188	939,335	822,879	944,604	564,270	38,252	345,617	280,084	(48,667)	(493,274)	2,227,287	1,709,002
Personnel expenses	(235,015)	(317,399)	(317,712)	(402,517)	(8,244)	(9,647)	(158,338)	(140,586)	(365,109)	(281,395)	(1,084,419)	(1,151,544)
Depreciation and amortisation	(50,740)	(63,238)	(68,595)	(80,197)	(80)	(123)	(27,250)	(24,554)	(80,528)	(57,864)	(227,193)	(225,976)
Other operating expenses	(141,336)	(150,119)	(191,069)	(190,377)	(2,389)	(1,013)	(173,242)	(110,721)	(200,822)	(118,342)	(708,858)	(570,572)
Segment result	116,097	408,579	245,503	271,513	553,557	27,469	(13,213)	4,223	(695,126)	(950,875)	206,817	(239,090)
Profit/(loss) from operations after impairment from subsidiary investments											206,817	(239,090)
Value added tax on financial services											(176,286)	(86,753)
Social Security Contribution Levy (SSCL)											(25,286)	-
Share of associate company's profit/(loss) before tax											34,604	47,310
Profit/(loss) before income tax											39,849	(278,533)
Income tax expense											(62,652)	27,969
Profit/(loss) for the period											(22,803)	(250,564)
Assets												
Capital expenditures												
Property, equipment and right-of-use assets	4,667	9,366	6,309	11,878	1,495	3,190	15,775	13,188	5,918	5,399	34,163	43,020
Total segment assets	7,495,037	10,134,915	10,208,088	14,985,485	2,366,410	3,901,413	2,612,077	2,504,155	13,703,275	5,838,950	36,384,887	37,364,918
Total segment liabilities	6,614,374	8,953,093	9,008,643	13,238,042	2,088,358	3,446,474	1,646,829	1,612,003	12,562,710	5,588,537	31,920,914	32,838,150

Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2023 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
Fixed Rate															
Nov 2022 - Nov 2027	Listed	Annually	23,990	Not traded during the quarter			24.00%	24.00%	14.58%	Not traded during the quarter			Not traded during the quarter		
Nov 2022 - Nov 2027	Listed	Bi Annually	32,880	Not traded during the quarter			23.50%	24.88%	14.58%	Not traded during the quarter			Not traded during the quarter		
Nov 2022 - Nov 2027	Listed	Quarterly	10,830	Not traded during the quarter			29.50%	32.93%	14.58%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Annually	276,660	Not traded during the quarter			29.50%	29.50%	13.92%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Bi Annually	254,140	Not traded during the quarter			28.00%	29.96%	13.92%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Bi Annually	1,000	Not traded during the quarter			28.00%	29.96%	13.92%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Redeemable	91,030	Not traded during the quarter			24.57%	24.57%	13.92%	Not traded during the quarter			Not traded during the quarter		
Total Debentures			690,530												

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 30th September 2023

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	Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 67.7 Mn during the year 2022							
a.	The funds raised through this Debenture Issue utilized to increase the medium term fund base to match the medium to long term lending portfolio.	67,700,000	16-Nov-22	67,700,000	100%	67,700,000	100%	N/A
b.	To enhance the Total Capital base of the Company, for which the Company has obtained approval from the Central Bank of Sri Lanka (CBSL).							
2	Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 622.83 Mn during the year 2023							
	The funds raised through this Debenture Issue utilized to meet the regulatory capital requirements of the company (tier II) and also to reduce the maturity mismatch by increasing the medium term fund base to match the medium to long term lending portfolio of the company.	622,830,000	10-Apr-23	622,830,000	100%	622,830,000	100%	N/A

Events after the statement of financial position date

There were no material events reported since 30th September 2023 that require disclosure in these Financial Statements.

Information on ordinary shares

As at		9/30/2023	12/31/2022
Net asset per share (LKR)	- Company	6.94	7.05
	- Group	7.66	7.71

Market price per share recorded during the quarter ended 30th September (LKR)		2023	2022
	-High	6.30 (7-8-2023)	5.20 (15-9-2022)
	-Low	3.30 (4-7-2023)	2.90 (8-7-2022)
	-Last Transaction	5.00 (27-9-2023)	4.50 (30-9-2022)

As at		9/30/2023	12/31/2022
Number of shares issued		524,539,637	524,539,637
Stated capital (LKR)		4,276,447,883	4,276,447,883

Ratios as at		9/30/2023	12/31/2022
Debt/Equity Ratio		1.2	0.8
Statutory Liquid Asset Ratio		12.44%	13.41%

Ratios for the period ended		9/30/2023	9/30/2022
Interest Cover		0.999	0.856

The Float adjusted market capitalization as at 30th September 2023 - Rs. 406,477,860

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 in terms of section 7.14.1 of the listing rule of the Colombo Stock Exchange, upon being transferred to the Diri Savi Borad of the CSE w.e.f. 26th April 2023, the Company is now compliant with the minimum public holding requirement.

Twenty largest share holders as at 30th September 2023

	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 (Pvt) Ltd	41,666,682	7.94%
03	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	2.25%
04	Mr. J A S M Jayawickrama	5,445,926	1.04%
05	Hatton National Bank PLC/Dinesh Nagendra Sellamuttu	5,320,722	1.01%
06	Mr. A.M. Weerasinghe	2,727,403	0.52%
07	Sampath Bank PLC/ Dr.T.Senthilveri	2,039,958	0.39%
08	Thread Capital (Private) Limited	1,905,000	0.36%
09	Amaliya Private Limited	1,817,656	0.35%
10	Mrs. M. P. R. Silva	1,265,267	0.24%
11	Mr. B.T. Prathapasinghe	1,121,250	0.21%
12	Hatton National Bank PLC/Ravindra Erle Rambukwelle	1,100,000	0.21%
13	Mr. N Krishnakumar	916,028	0.17%
14	Ravi Exports Private Limited	829,118	0.16%
15	Seylan Bank PLC/ Agampodi Chamara Senanka	797,835	0.15%
16	Est. of Late Mr. P K C P Samarasinghe (Deceased)	784,031	0.15%
17	Mr. R C D De Silva	612,620	0.12%
18	Mr. P C P Samarasinghe	611,931	0.12%
19	Mr. J M S J B P Peiris	606,264	0.12%
20	Mr. B.T. De S Weerasooriya	600,000	0.11%

The percentage of shares held by the public as at 30th September 2023 was 15.50% and the number of public shareholders as at 30th September 2023 were 11,002

Directors' shareholding as at 30th September 2023

Name of the Director	No. of Shares
Mr. A. M. A. Perera	Nil
Prof. N. S. Punchihewa	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
Mr.Y.A. Jayathilaka	Nil

CEO's shareholding as at 30th September 2023

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