

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 31st March 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			Quarter ended		
	3/31/2023 (Unaudited)	3/31/2022 (Unaudited)	Change %	3/31/2023 (Unaudited)	3/31/2022 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		
Income	1,693,906	1,422,583	19.1	1,878,869	1,522,007	23.4
Interest and similar income	1,624,610	1,486,003	9.3	1,708,955	1,513,993	12.9
Interest and similar expenses	1,293,812	704,698	83.6	1,287,039	707,142	82.0
Net interest income	330,798	781,305	(57.7)	421,916	806,851	(47.7)
Fee and commission income	39,485	43,050	(8.3)	44,508	43,338	2.7
Fee and commission expenses	1,034	13,194	(92.2)	(3,100)	9,234	(133.6)
Net fee and commission income	38,451	29,856	28.8	47,608	34,104	39.6
Insurance premium income	-	-	-	96,336	75,476	27.6
Net claims and benefits	-	-	-	(95,271)	(66,470)	(43.3)
Net trading income	6,488	(16,906)	138.4	6,488	(16,906)	138.4
Net gain/(loss) on financial instruments at fair value through profit or loss	10,820	(115,378)	109.4	11,383	(120,769)	109.4
Other operating income	12,503	25,814	(51.6)	11,200	26,874	(58.3)
Total operating income	399,060	704,691	(43.4)	499,659	739,160	(32.4)
Impairment charge/(reversal) from loans and other losses	59,918	(45,882)	230.6	59,918	(45,882)	230.6
Net operating income	339,142	750,573	(54.8)	439,741	785,042	(44.0)
Personnel expenses	314,201	316,346	(0.7)	368,939	361,076	2.2
Depreciation and amortisation	64,654	68,709	(5.9)	73,186	76,425	(4.2)
Other operating expenses	192,248	143,176	34.3	243,988	124,333	96.2
Total operating expense	571,103	528,231	8.1	686,113	561,834	22.1
Profit/(loss) from operations	(231,961)	222,342	(204.3)	(246,371)	223,208	(210.4)
Impairment charge/(reversal) from investment in Subsidiary companies	-	-	-	-	-	-
Profit/(loss) from operations after impairment from subsidiary investments	(231,961)	222,342	(204.3)	(246,371)	223,208	(210.4)
Value added tax (VAT) on financial services	14,468	81,635	(82.3)	14,468	81,635	(82.3)
Social Security Contribution Levy (SSCL)	2,140	-	-	2,140	-	-
Share of associate companies profit/(loss) before tax	-	-	-	10,516	25,955	(59.5)
Profit/(loss) before income tax	(248,569)	140,707	(276.7)	(252,464)	167,528	(250.7)
Income tax expense/(reversal)	(75,951)	48,307	(257.2)	(72,850)	55,574	(231.1)
Profit/(loss) for the period	(172,618)	92,400	(286.8)	(179,614)	111,954	(260.4)
Profit/(loss) for the period attributable to:						
Equity holders of the parent	(172,618)	92,400	(286.8)	(172,957)	111,554	(255.0)
Non controlling interests	-	-	-	(6,657)	400	(1,762.9)
Profit/(loss) for the period	(172,618)	92,400	(286.8)	(179,614)	111,954	(260.4)
Earnings per share:						
Basic/Diluted earnings/(loss) per share (LKR)	(0.33)	0.36	(192.3)	(0.33)	0.43	(176.6)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company			Group		
	Quarter ended			Quarter ended		
	3/31/2023 (Unaudited)	3/31/2022 (Unaudited)	Change %	3/31/2023 (Unaudited)	3/31/2022 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		
Profit/(loss) for the period	(172,618)	92,400	(286.8)	(179,614)	111,954	(260.4)
Other comprehensive income/(expense) for the period						
Actuarial gains/(losses) on defined benefit plans	-	(2,469)	100.0	-	(2,469)	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	-	(4,488)	100.0	217	(11,549)	101.9
Share of associates companies' other comprehensive income	-	-	-	-	-	-
Other comprehensive income/(expense) before tax	-	(6,957)	100.0	217	(14,018)	101.5
Deferred tax (charge)/credit relating to components of other comprehensive income	-	592	(100.0)	-	593	(100.0)
Other comprehensive income/(expense) for the period, net of tax	-	(6,365)	100.0	217	(13,426)	101.6
Total comprehensive income/(expense) for the period, net of tax	(172,618)	86,035	(300.6)	(179,397)	98,528	(282.1)
Total comprehensive income/(expense) attributable to:						
Equity holders of the parent	(172,618)	86,035	(300.6)	(172,840)	101,389	(270.5)
Non controlling interests	-	-	-	(6,557)	(2,861)	(129.2)
	(172,618)	86,035	(300.6)	(179,397)	98,528	(282.1)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	3/31/2023 (Unaudited) LKR '000	12/31/2022 (Audited) LKR '000	Change %	3/31/2023 (Unaudited) LKR '000	12/31/2022 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	867,358	748,724	15.8	1,103,417	944,784	16.8
Placements with banks & financial institutions	106,429	103,682	2.6	146,231	137,162	6.6
Financial investments at fair value through profit or loss	305,514	287,510	6.3	312,414	293,847	6.3
Loans & receivables at amortised cost	21,889,517	24,423,300	(10.4)	21,860,841	24,370,850	(10.3)
Financial investments at fair value through other comprehensive income	15,863	15,863	(0.0)	81,936	78,151	4.8
Financial investments at amortised cost	4,679,116	4,307,394	8.6	6,224,900	5,883,995	5.8
Real Estate Stock	91,068	96,937	(6.1)	91,068	96,937	(6.1)
Investment in associate company	81,084	81,084	-	180,257	172,841	4.3
Investment in subsidiary	257,631	257,631	0.0	-	-	-
Investment properties	104,071	104,798	(0.7)	104,071	104,798	(0.7)
Property, equipment and right-of-use assets	677,541	504,669	34.3	802,646	634,780	26.4
Intangible assets	93,685	103,208	(9.2)	93,685	106,396	(11.9)
Deferred tax Assets	109,774	33,824	224.5	118,843	42,893	177.1
Other assets	214,295	163,157	31.3	606,771	529,240	14.6
Total assets	29,492,946	31,231,781	(5.6)	31,727,080	33,396,674	(5.0)
Liabilities						
Due to banks	915,961	2,925,953	(68.7)	956,908	2,935,170	(67.4)
Due to customers at amortised cost	23,724,910	23,524,609	0.9	23,554,381	23,354,493	0.9
Debt issued and borrowed funds at amortised cost	71,063	69,082	2.9	59,673	69,082	(13.6)
Insurance provision - life	-	-	-	356,087	355,190	0.3
Insurance provision - non life	-	-	-	709,723	643,229	10.3
Current tax liabilities	48,856	49,029	(0.4)	48,856	49,029	(0.4)
Other liabilities	926,913	686,361	35.0	1,443,715	1,215,186	18.8
Retirement benefits obligations	282,317	281,203	0.4	294,165	292,326	0.6
Total liabilities	25,970,020	27,536,237	(5.7)	27,423,508	28,913,705	(5.2)
Equity						
Stated capital	4,276,448	4,276,448	-	4,276,448	4,276,448	-
Retained earnings	(1,222,768)	(944,964)	(29.4)	(872,262)	(594,119)	(46.8)
OCI reserve	(30,377)	(30,377)	-	(34,385)	(34,502)	0.3
RLA Reserve	159,627	54,441	193.2	159,627	54,441	193.2
Statutory reserves	339,996	339,996	-	339,996	339,996	0.0
Total equity attributable to the parent	3,522,926	3,695,544	(4.7)	3,869,424	4,042,264	(4.3)
Non controlling interests	-	-	-	434,148	440,705	(1.5)
Total equity	3,522,926	3,695,544	(4.7)	4,303,572	4,482,969	(4.0)
Total liabilities and equity	29,492,946	31,231,781	(5.6)	31,727,080	33,396,674	(5.0)
Commitments and contingencies	98,175	103,938	(5.5)	125,554	131,377	(4.4)
Net assets value per share (LKR)	6.72	7.05	(4.7)	7.38	7.71	(4.3)

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

Director

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

Chief Executive Officer

Prof. N. S. Punchihewa

Director

Colombo, Sri Lanka
10/May/2023

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)	-	(427,848)	4,168,955
Net profit/(loss) for the period	-	-	-	-	92,400	92,400
Other comprehensive income	-	-	(4,488)	-	(1,876)	(6,364)
Balance as at 31st March 2022	4,276,448	339,996	(24,130)	-	(337,324)	4,254,990
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	-	-	-	-	(172,618)	(172,618)
Other comprehensive income	-	-	-	-	-	-
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	105,186	(105,186)	-
Balance as at 31st March 2023	4,276,448	339,996	(30,377)	159,627	(1,222,768)	3,522,926

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	-	-	-	-	111,554	400	111,954
Prior year adjustment made to share of associate company profit	-	-	-	-	2,401	-	2,401
Other comprehensive income	-	-	(8,287)	-	(1,877)	(3,261)	(13,425)
Balance as at 31st March 2022	4,276,448	339,996	(32,147)	-	(139,420)	421,214	4,866,091
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	-	-	-	-	(172,957)	(6,657)	(179,614)
Prior year adjustment made to share of associate company profit	-	-	-	-	-	-	-
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	105,186	(105,186)	-	-
Other comprehensive income	-	-	117	-	(0)	100	217
Balance as at 31st March 2023	4,276,448	339,996	(34,385)	159,627	(872,262)	434,148	4,303,572

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Cash Flows

For the period ended 31st March	Company		Group	
	2023 (Unaudited) LKR '000	2022 (Unaudited) LKR '000	2023 (Unaudited) LKR '000	2022 (Unaudited) LKR '000
Cash flows from operating activities				
Profit before income tax	(248,568)	140,707	(252,464)	167,529
Adjustments for :				
Net Interest Income	(330,798)	(781,305)	(421,916)	(806,851)
WHT movement for the year	(173)	-	(173)	-
Impairment charges for loans and other losses	59,918	(45,882)	59,918	(45,882)
Share of associate company's profit/(loss) before tax	-	-	(10,516)	(25,955)
Depreciation and amortisation	64,654	68,709	73,186	76,425
Provision of investment properties	162	-	162	-
Profit from sales of real estate	(1,888)	(8,556)	(1,888)	(8,556)
Profit from sales of property & equipment	(1,722)	(71)	(1,722)	(71)
Dividend income from financial assets	(1,833)	(950)	(2,294)	(961)
Contribution to defined benefit plans	10,500	(5,254)	12,333	(3,949)
Fair value change of financial assets	(10,820)	115,378	(10,603)	108,317
	(460,568)	(517,224)	(555,977)	(539,954)
Interest paid to customers at amortised cost	(916,680)	(553,387)	(916,680)	(553,387)
Interest paid on other borrowings	(131,740)	(123,799)	(137,605)	(135,590)
Interest received on loans & receivables at amortised cost	1,451,302	1,543,025	1,451,302	1,543,025
Interest received on other investment	231,282	59,962	328,264	97,298
Gratuity paid	(9,386)	(11,080)	(10,493)	(11,130)
Change in operating assets				
Loans & receivables at amortised cost	2,396,758	(1,654,687)	2,394,423	(1,654,778)
Other operating assets	(269,117)	575,168	(287,093)	553,020
Change in operating liabilities				
Due to customers at amortised cost	(38,465)	(1,258,826)	(38,465)	(1,258,826)
Payments made under operating leases	-	(50,443)	(8,014)	(57,622)
Insurance provision	-	-	67,391	38,072
Other liabilities	225,492	142,022	221,486	178,862
Net cash generated from/(used in) operating activities before tax	2,478,878	(1,849,269)	2,508,539	(1,801,010)
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	2,478,878	(1,849,269)	2,508,539	(1,801,010)
Cash flows from investing activities				
Net increase/(decrease) in financial investments at FVTOCI	-	-	-	-
Net increase/(decrease) in financial investments at amortised cost	(355,337)	(961,115)	(328,306)	(1,054,463)
Net (increase)/decrease in placements with banks & financial institutions	-	173,346	(6,736)	241,271
Net (increase)/decrease in investment of government securities at FVTPL	-	99,922	-	99,922
Net (increase)/decrease in other financial investments at FVTPL	(7,184)	(169,874)	(7,747)	(164,484)
Proceeds from real estate stock	7,757	28,311	7,757	28,311
Purchase of property & equipment	(9,656)	(8,384)	(18,410)	(10,485)
Purchase of intangible assets	-	-	-	-
Proceeds from sale of property & equipment	1,918	71	1,918	71
Dividends received	1,833	950	2,294	961
Net cash generated from/(used in) investing activities	(360,669)	(836,773)	(349,230)	(858,896)
Cash flows from financing activities				
Net increase/(decrease) reverse repo agreements	(250,000)	399,959	(250,000)	399,959
Net increase/(decrease) in other borrowings at amortised cost	(1,811,854)	2,160,679	(1,844,684)	2,133,538
Net cash generated from/(used in) financing activities	(2,061,854)	2,560,638	(2,094,684)	2,533,497
Net increase / (decrease) in cash and cash equivalents during the period	56,355	(125,404)	64,625	(126,409)
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	653,034	290,768	848,147	518,331
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	867,372	518,536	1,103,431	754,877
Dues to banks	(214,338)	(227,768)	(255,284)	(236,546)
	653,034	290,768	848,147	518,331

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

Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 31st March 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.

Cap on Loans and Advances and Deposits

The Company was not in compliance with the CBSL's Total Capital Requirement as at 31 March 2023 and CBSL had imposed regulatory restrictions as per the Finance Business Act Guidelines No. 01 of 2020 – Prompt corrective action framework for licensed finance companies.

On 21.04.2023, CBSL has removed the caps after the Company complied with the Total Capital Adequacy Ratio subsequent to the completion of debenture issue.

Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022
As at								
Financial assets								
Cash and cash equivalents	-	-	867,358	748,724	-	-	867,358	748,724
Placements with banks & financial institutions	-	-	106,429	103,682	-	-	106,429	103,682
Financial investments at fair value through profit or loss	305,514	287,510	-	-	-	-	305,514	287,510
Loans & receivables at amortised cost	-	-	21,889,517	24,423,300	-	-	21,889,517	24,423,300
Financial investments at fair value through other comprehensive income	-	-	-	-	15,863	15,863	15,863	15,863
Financial investments at amortised cost	-	-	4,679,116	4,307,394	-	-	4,679,116	4,307,394
Other assets	-	-	20,166	47,993	-	-	20,166	47,993
Total	305,514	287,510	27,562,585	29,631,092	15,863	15,863	27,883,963	29,934,466

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Due to banks	915,961	2,925,953	915,961	2,925,953
Due to customers at amortised cost	23,724,910	23,524,609	23,724,910	23,524,609
Debt issued and borrowed funds at amortised cost	71,063	69,082	71,063	69,082
Other liabilities	154,235	240,908	154,235	240,908
Total	24,866,169	26,760,552	24,866,169	26,760,552

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022
As at								
Financial assets								
Cash and cash equivalents	-	-	1,103,417	944,784	-	-	1,103,417	944,784
Placements with banks & financial institutions	-	-	146,231	137,162	-	-	146,231	137,162
Financial investments at fair value through profit or loss	312,414	293,847	-	-	-	-	312,414	293,847
Loans & receivables at amortised cost	-	-	21,860,841	24,370,850	-	-	21,860,841	24,370,850
Financial investments at fair value through other comprehensive income	-	-	-	-	81,936	78,151	81,936	78,151
Financial investments at amortised cost	-	-	6,224,900	5,883,994.82	-	-	6,224,900	5,883,995
Other assets	-	-	20,166	47,993	-	-	20,166	47,993
Total	312,414	293,847	29,355,556	31,384,784	81,936	78,151	29,749,906	31,756,782

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Due to banks	956,908	2,935,170	956,908	2,935,170
Due to customers at amortised cost	23,554,381	23,354,493	23,554,381	23,354,493
Debt issued and borrowed funds at amortised cost	59,673	69,082	59,673	69,082
Other liabilities	154,234.76	240,908	154,234.76	240,908
Total	24,725,197	26,599,653	24,725,197	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)	150,949	27,304	150,949	27,304
Impairment from Loans and advances-collective impairment (Note 4.2)	(90,872)	(73,170)	(90,872)	(73,170)
Cash and cash equivalent	(1)	(2)	(1)	(2)
Placements with banks & financial institutions	4	(13)	4	(13)
Other losses	(162)	-	(162)	-
	59,918	(45,881)	59,918	(45,881)
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	150,949	27,304	150,949	27,304
Write off	-	-	-	-
As at 31st March	1,806,125	1,929,533	2,053,178	1,929,533
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	(90,872)	(73,170)	(90,872)	(73,170)
Write off	-	-	-	-
As at 31st March	996,170	1,501,938	1,484,236	1,501,938
Loans and advances impairment	2,802,294	3,431,471	3,537,414	3,431,471

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 2023 and comparative figures for the period ended 31st March 2022.

Group	Leasing		Corporate & Retail Credit		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 31st March												
Revenue from external customers												
Interest and similar income	455,738	689,427	720,300	579,984	198,156	160,926	84,345	27,990	250,416	55,666	1,708,955	1,513,993
Interest and similar expenses	373,345	235,441	447,357	258,317	140,722	51,624	(6,773)	2,444	332,388	159,316	1,287,039	707,142
Net interest income	82,393	453,986	272,943	321,667	57,434	109,302	91,118	25,546	(81,972)	(103,650)	421,916	806,851
Net fee and commission income	11,920	25,973	24,308	1,102	-	-	9,157	4,249	2,223	2,782	47,608	34,105
Insurance premium income	-	-	-	-	-	-	96,336	75,476	-	-	96,336	75,476
Net claims and benefits	-	-	-	-	-	-	(95,271)	(66,470)	-	-	(95,271)	(66,470)
Real estate profit	-	-	1,888	8,556	-	-	-	-	-	-	1,888	8,556
Trading and other income	3,410	9,002	2,575	4,035	19,141	(131,334)	(741)	(4,330)	2,797	3,270	27,182	(119,357)
Total operating income	97,723	488,961	301,714	335,360	76,575	(22,032)	100,599	34,470	(76,952)	(97,598)	499,659	739,162
Impairment (charges)/reversal for loans and other losses	55,189	(43,404)	22,079	112,107	(137,186)	(22,821)	-	-	-	-	(59,918)	45,882
Net operating income	152,912	445,557	323,793	447,467	(60,611)	(44,853)	100,599	34,470	(76,952)	(97,597)	439,741	785,044
Personnel expenses	(89,878)	(107,912)	(121,816)	(118,715)	(3,973)	(2,277)	(54,738)	(44,730)	(98,535)	(87,442)	(368,940)	(361,076)
Depreciation and amortisation	(18,494)	(23,438)	(25,066)	(25,784)	(40)	(62)	(8,532)	(7,716)	(21,053)	(19,424)	(73,185)	(76,424)
Other operating expenses	(54,992)	(48,841)	(74,534)	(53,730)	(724)	(734)	(51,741)	18,843	(61,996)	(39,874)	(243,987)	(124,336)
Segment result	(10,452)	265,366	102,377	249,238	(65,348)	(47,926)	(14,412)	867	(258,536)	(244,337)	(246,371)	223,208
Profit/(loss) from operations after impairment from subsidiary investments											(246,371)	223,208
Value added tax on financial services											(14,468)	(81,635)
Share of associate company's profit/(loss) before tax											10,516	25,955
Profit/(loss) before income tax											(252,463)	167,528
Income tax expense											72,850	(55,574)
Profit/(loss) for the period											(179,613)	111,954
Assets												
Capital expenditures												
Property, equipment and right-of-use assets	2,762	2,860	3,744	3,146	882	992	8,753	2,100	2,268	1,386	18,410	10,485
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Total segment assets	8,281,208	12,026,472	11,331,977	13,363,881	2,597,709	4,696,596	2,597,113	2,579,408	6,919,073	4,679,157	31,727,080	37,345,514
Total segment liabilities	7,213,417	10,482,180	9,870,815	11,647,856	2,262,756	4,093,517	1,658,006	1,668,303	6,418,515	4,587,565	27,423,508	32,479,421

Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 31/3/2023	Market Values			Interest Rates		Interest rate of comparable Government Security %	Interest yield			Yield to Maturity		
			LKR' 000	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	25,442	Not traded during the quarter			24.00%	24.00%	26.98%	Not traded during the quarter			Not traded during the quarter		
Nov 2022 - Nov 2027	Listed	Bi Annually	34,840	Not traded during the quarter			23.50%	24.88%	26.98%	Not traded during the quarter			Not traded during the quarter		
Nov 2022 - Nov 2027	Listed	Quarterly	10,781	Not traded during the quarter			29.50%	32.93%	26.98%	Not traded during the quarter			Not traded during the quarter		
Total Debentures			71,063												

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 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 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
2	To enhance the Total Capital base of the Company, for which the Company has obtained approval from the Central Bank of Sri Lanka (CBSL).							

Events after the statement of financial position date

Following events reported since 31st March 2023 that require disclosure in these Financial Statements.

- Appointed Mr. Y. A. Jayathilaka as a Non-Independent Non-Executive Director to the Board of MBSL with effect from 4th April 2023.
- The Caps imposed by the CBSL as per the Finance Business Act Guidelines No. 01 of 2020-Prompt corrective action framework for licensed finance companies were removed from 21 April 2023 after the Company complied with the total capital adequacy ratio subsequent to the successful completion of debenture issue.
- Ordinary Voting Shares of the Company have been transferred to the Diri Savi Board of the CSE with effect from 26th April 2023, at the request of the Company.

Information on ordinary shares

As at		3/31/2023	12/31/2022
Net asset per share (LKR)	- Company	6.72	7.05
	- Group	7.38	7.71

Market price per share recorded during the quarter ended 31st March (LKR)		2023	2022
	-High	4.00 (21-3-2023)	9.50 (7-1-2022)
	-Low	3.00 (16-2-2023)	4.90 (29-3-2022)
	-Last Transaction	3.40 (31-3-2023)	5.10 (31-3-2022)

As at		3/31/2023	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		3/31/2023	12/31/2022
Debt/Equity Ratio		0.3	0.8
Statutory Liquid Asset Ratio		15.15%	13.41%

Ratios for the period ended		3/31/2023	3/31/2022
Interest Cover		0.808	1.200

The Float adjusted market capitalization as at 31st March 2023 - Rs. 276,404,945

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 31st March 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	Hatton National Bank PLC/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.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	1,440,000	0.27%
11	Mr. B.T. Prathapasinghe	1,121,250	0.21%
12	Hatton National Bank PLC/Ravindra Erle Rambukwelle	1,100,000	0.21%
13	Ravi Exports Private Limited	850,000	0.16%
14	Mr. P K C P Samarasinghe	784,031	0.15%
15	Mr. T. Loganathan	683,807	0.13%
16	Mr. P C P Samarasinghe	611,931	0.12%
17	Mr. J M S J B P Peiris	606,264	0.12%
18	Dr. P M C B Digana	595,005	0.11%
19	Dialog Finance PLC/K W J P L Perera	593,725	0.11%
20	Mr. W A S P De Saram	581,710	0.11%

The percentage of shares held by the public as at 31st March 2023 was 15.50% and the number of public shareholders as at 31st March 2023 were 11,167

Directors' shareholding as at 31st March 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

CEO's shareholding as at 31st March 2023

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