

# UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th September 2021



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			Nine months ended			Quarter ended			Nine months ended		
	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Income	1,408,870	1,080,775	30.4	4,259,184	3,744,643	13.7	1,500,886	1,163,595	29.0	4,520,941	3,973,475	13.8
Interest and similar income	1,301,920	977,891	33.1	4,015,504	3,562,416	12.7	1,318,937	997,977	32.2	4,067,998	3,646,850	11.5
Interest and similar expenses	658,991	821,913	(19.8)	2,045,447	2,794,442	(26.8)	661,448	820,051	(19.3)	2,049,974	2,793,148	(26.6)
<b>Net interest income</b>	642,929	155,978	312.2	1,970,057	767,974	156.5	657,489	177,926	269.5	2,018,024	853,702	136.4
Fee and commission income	45,540	41,672	9.3	120,067	89,360	34.4	44,121	44,770	(1.5)	115,631	95,625	20.9
Fee and commission expenses	7,885	9,875	(20.1)	26,824	15,272	75.6	3,092	9,875	(68.7)	13,417	15,272	(12.1)
<b>Net fee and commission income</b>	37,655	31,797	18.4	93,243	74,088	25.9	41,029	34,896	17.6	102,214	80,353	27.2
Insurance premium income	-	-	-	-	-	-	75,398	57,854	30.3	208,880	135,927	53.7
Net claims and benefits	-	-	-	-	-	-	(30,627)	(19,560)	(56.6)	(97,036)	(65,518)	(48.1)
Net trading income	(23,267)	(390)	(5,868.0)	(1,852)	40	(4,764.2)	(23,267)	(390)	(5,868.0)	(1,852)	40	(4,764.2)
Net gain/(loss) on financial instruments at fair value through profit or loss	36,073	37,381	(3.5)	7,204	59,166	(87.8)	36,584	38,686	(5.4)	7,154	59,406	(88.0)
Other operating income	48,604	24,220	100.7	118,261	33,661	251.3	49,113	24,697	98.9	123,131	35,627	245.6
<b>Total operating income</b>	741,994	248,987	198.0	2,186,913	934,929	133.9	805,719	314,110	156.5	2,360,514	1,099,537	114.7
Impairment charge/(reversal) from loans and other losses	162,669	44,266	267.5	310,420	219,687	41.3	162,669	44,266	267.5	310,420	219,687	41.3
<b>Net operating income</b>	579,325	204,721	183.0	1,876,493	715,242	162.4	643,050	269,843	138.3	2,050,094	879,850	133.0
Personnel expenses	289,376	308,668	(6.3)	875,229	880,868	(0.6)	330,922	345,495	(4.2)	997,424	990,509	0.7
Depreciation and amortisation	53,066	72,792	(27.1)	193,534	219,073	(11.7)	59,592	76,367	(22.0)	211,659	229,647	(7.8)
Other operating expenses	123,104	150,394	(18.1)	397,575	404,678	(1.8)	152,927	185,685	(17.6)	467,622	492,910	(5.1)
<b>Total operating expense</b>	465,545	531,855	(12.5)	1,466,337	1,504,620	(2.5)	543,441	607,546	(10.6)	1,676,705	1,713,066	(2.1)
<b>Profit/(loss) from operations</b>	113,780	(327,134)	134.8	410,156	(789,378)	152.0	99,610	(337,703)	129.5	373,389	(833,216)	144.8
Impairment charge/(reversal) from investment in Subsidiary companies	1,074	(53,569)	102.0	16,019	(73,578)	121.8	-	-	-	-	-	-
Impairment charge/(reversal) from investment in Associate companies	-	(6,334)	100.0	-	(5,058)	100.0	-	-	-	-	-	-
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>	112,706	(267,231)	142.2	394,137	(710,741)	155.5	99,610	(337,703)	129.5	373,389	(833,216)	144.8
Value added tax (VAT) & Nation building tax (NBT) on financial services	52,597	4,812	993.0	165,225	21,024	685.9	52,597	4,812	993.0	165,225	21,024	685.9
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	33,547	9,419	256.2	75,448	8,143	826.5
<b>Profit/(loss) before income tax</b>	60,109	(272,044)	122.1	228,912	(731,765)	131.3	80,560	(333,097)	124.2	283,612	(846,097)	133.5
Income tax expense/(reversal)	18,350	-	-	46,872	-	-	27,744	-	-	67,997	-	-
<b>Profit/(loss) for the period</b>	41,758	(272,044)	115.3	182,041	(731,765)	124.9	52,816	(333,097)	115.9	215,615	(846,097)	125.5
<b>Profit/(loss) for the period attributable to:</b>												
Equity holders of the parent	41,758	(272,044)	115.3	182,041	(731,765)	124.9	59,361	(328,215)	118.1	232,598	(825,848)	128.2
Non controlling interests	-	-	-	-	-	-	(6,545)	(4,882)	(34.1)	(16,983)	(20,249)	16.1
<b>Profit/(loss) for the period</b>	41,758	(272,044)	115.3	182,041	(731,765)	124.9	52,816	(333,097)	115.9	215,615	(846,097)	125.5
<b>Earnings per share:</b>												
Basic/Diluted earnings/(loss) per share (LKR)	0.25	(1.64)	115.1	1.08	(4.41)	124.4	0.35	(1.98)	117.8	1.38	(4.98)	127.7

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %	9/30/2021 (Unaudited)	9/30/2020 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
<b>Profit/(loss) for the period</b>	41,758	(272,044)	115.3	182,041	(731,765)	124.9	52,816	(333,097)	115.9	215,615	(846,097)	125.5
<b>Other comprehensive income/(expense) for the period</b>												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
<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	1,250	(515)	342.7	1,250	(515)	342.7	(2,442)	(50)	(4,834.3)	(4,398)	11,113	(139.6)
<b>Other comprehensive income/(expense) before tax</b>	1,250	(515)	342.7	1,250	(515)	342.7	(2,442)	(50)	(4,834.3)	(4,398)	11,113	(139.6)
Deferred tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income/(expense) for the period, net of tax</b>	1,250	(515)	342.7	1,250	(515)	342.7	(2,442)	(50)	(4,834.3)	(4,398)	11,113	(139.6)
<b>Total comprehensive income/(expense) for the period, net of tax</b>	43,008	(272,559)	115.8	183,291	(732,280)	125.0	50,374	(333,146)	115.1	211,217	(834,984)	125.3
<b>Total comprehensive income/(expense) attributable to:</b>												
Equity holders of the parent	43,008	(272,559)	115.8	183,291	(732,280)	125.0	58,625	(328,480)	117.8	230,809	(820,106)	128.1
Non controlling interests	-	-	-	-	-	-	(8,251)	(4,666)	(77)	(19,591)	(14,878)	(31.7)
	43,008	(272,559)	115.8	183,291	(732,280)	125.0	50,374	(333,146)	115.1	211,217	(834,984)	125.3

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Financial Position

as at	Company			Group		
	9/30/2021	12/31/2020	Change	9/30/2021	12/31/2020	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
<b>Assets</b>						
Cash and cash equivalents	1,153,223	742,106	55.4	2,460,544	2,263,447	8.7
Placements with banks & financial institutions	365,532	299,746	21.9	731,350	778,598	(6.1)
Financial investments at fair value through profit or loss	1,257,008	950,012	32.3	1,267,275	960,328	32.0
Loans & receivables at amortised cost	26,643,471	26,785,517	(0.5)	26,449,838	26,548,397	(0.4)
Financial investments at fair value through other comprehensive income	1,198,503	1,292,616	(7.3)	1,571,977	1,465,111	7.3
Financial investments at amortised cost	-	1,519	(100.0)	-	1,519	(100.0)
Real Estate Stock	203,879	328,824	(38.0)	203,879	328,824	(38.0)
Investment in associate company	81,084	81,084	-	149,428	95,106	57.1
Investment in subsidiary	371,404	387,424	(4.1)	-	-	-
Investment properties	112,191	114,370	(1.9)	112,191	114,370	(1.9)
Property, equipment and right-of-use assets	622,435	758,690	(18.0)	743,743	796,287	(6.6)
Intangible assets	122,934	146,493	(16.1)	122,934	148,909	(17.4)
Deferred tax Assets	5,887	52,760	(88.8)	55,192	102,065	(45.9)
Other assets	308,505	418,048	(26.2)	662,449	704,678	(6.0)
<b>Total assets</b>	<b>32,446,056</b>	<b>32,359,209</b>	<b>0.3</b>	<b>34,530,800</b>	<b>34,307,639</b>	<b>0.7</b>
<b>Liabilities</b>						
Due to banks	2,436,377	5,436,682	(55.2)	2,444,507	5,442,511	(55.1)
Due to customers at amortised cost	21,978,754	21,725,261	1.2	21,918,749	21,665,256	1.2
Debt issued and borrowed funds at amortised cost	3,125,058	2,568,829	21.7	3,322,658	2,568,829	29.3
Insurance provision - life	-	-	-	424,078	498,767	(15.0)
Insurance provision - non life	-	-	-	545,573	488,784	11.6
Current tax liabilities	14,831	14,831	(0.0)	14,831	14,831	(0.0)
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	734,458	793,849	(7.5)	1,005,410	1,141,429	(11.9)
Retirement benefits obligations	354,369	351,906	0.7	369,293	363,816	1.5
<b>Total liabilities</b>	<b>28,643,847</b>	<b>30,891,358</b>	<b>(7.3)</b>	<b>30,045,099</b>	<b>32,184,223</b>	<b>(6.6)</b>
<b>Equity</b>						
Stated capital	4,276,448	2,124,457	101.3	4,276,448	2,124,457	101.3
Retained earnings	(712,676)	(893,794)	20.3	(482,418)	(714,093)	32.4
OCI reserve	3,824	2,574	48.6	1,368	3,157	(56.7)
Statutory reserves	234,613	234,613	-	234,613	234,613	(0.0)
Total equity attributable to the parent	3,802,209	1,467,850	159.0	4,030,011	1,648,134	144.5
Non controlling interests	-	-	-	455,690	475,282	(4.1)
<b>Total equity</b>	<b>3,802,209</b>	<b>1,467,850</b>	<b>159.0</b>	<b>4,485,701</b>	<b>2,123,416</b>	<b>111.2</b>
<b>Total liabilities and equity</b>	<b>32,446,056</b>	<b>32,359,209</b>	<b>0.3</b>	<b>34,530,800</b>	<b>34,307,639</b>	<b>0.7</b>
Commitments and contingencies	104,600	124,250	(15.8)	176,067	190,086	(7.4)
Net assets value per share (LKR)	7.25	8.85	(18.1)	7.68	9.94	(22.7)

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.)

**M. P. R. Kumara**  
Director

Colombo, Sri Lanka  
10/Nov/2021

(sgd.)

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

(sgd.)

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

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Changes in Equity

<b>Company</b>	<b>Stated capital LKR ' 000</b>	<b>Statutory reserves LKR ' 000</b>	<b>OCI reserve LKR ' 000</b>	<b>Retained profits LKR ' 000</b>	<b>Total equity LKR ' 000</b>
Balance as at 01st January 2020	2,124,457	234,613	(4,162)	252,880	2,607,788
Net profit/(loss) for the Period	-	-	-	(731,765)	(731,765)
Other comprehensive income	-	-	(515)	-	(515)
<b>Balance as at 30th September 2020</b>	<b>2,124,457</b>	<b>234,613</b>	<b>(4,677)</b>	<b>(478,885)</b>	<b>1,875,508</b>
Balance as at 01st January 2021	2,124,457	234,613	2,574	(893,794)	1,467,850
Net profit/(loss) for the period	-	-	-	182,041	182,041
Other comprehensive income	-	-	1,250	-	1,250
Issue of ordinary shares through right issue	2,151,991	-	-	-	2,151,991
Transaction cost related to rights issue	-	-	-	(923)	(923)
<b>Balance as at 30th September 2021</b>	<b>4,276,448</b>	<b>234,613</b>	<b>3,824</b>	<b>(712,676)</b>	<b>3,802,209</b>

<b>Group</b>	<b>Stated Capital LKR ' 000</b>	<b>Statutory reserves LKR ' 000</b>	<b>OCI reserve LKR ' 000</b>	<b>Retained profits LKR ' 000</b>	<b>Non controlling interest LKR ' 000</b>	<b>Total equity LKR ' 000</b>
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	-	-	-	(825,848)	(20,249)	(846,097)
Other comprehensive income	-	-	6,257	(515)	5,371	11,113
<b>Balance as at 30th September 2020</b>	<b>2,124,457</b>	<b>234,613</b>	<b>(2,841)</b>	<b>(721,245)</b>	<b>583,651</b>	<b>2,218,634</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	-	-	-	232,598	(16,983)	215,615
Other comprehensive income	-	-	(1,789)	-	(2,609)	(4,398)
Issue of ordinary shares through right issue	2,151,991	-	-	-	-	2,151,991
Transaction cost related to rights issue	-	-	-	(923)	-	(923)
<b>Balance as at 30th September 2021</b>	<b>4,276,448</b>	<b>234,613</b>	<b>1,368</b>	<b>(482,418)</b>	<b>455,690</b>	<b>4,485,701</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 30th September

	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	228,912	(731,765)	283,612	(846,097)
Adjustments for :				
Change in operating assets	70,960	1,259,960	(89,458)	1,204,932
Change in operating liabilities	139,324	297,163	242,396	406,029
Share of 'associate companies' (profit)/loss before tax	-	-	(75,448)	(8,143)
Contribution to defined benefit plans	16,398	36,000	20,652	39,915
Other non-cash items included in profit before tax	95,044	113,170	97,201	202,141
Dividend income	(23,720)	(6,294)	(23,744)	(6,337)
	526,919	968,234	455,210	992,440
Gratuity paid	(13,935)	(24,956)	(15,175)	(26,280)
<b>Net cash generated from/(used in) operating activities before tax</b>	<b>512,984</b>	<b>943,279</b>	<b>440,035</b>	<b>966,160</b>
Income tax paid	-	-	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>512,984</b>	<b>943,279</b>	<b>440,035</b>	<b>966,160</b>
<b>Cash flows from investing activities</b>				
Purchase of financial assets designated at FVTPL	(803,583)	(107,070)	(803,583)	(107,070)
Proceeds from disposal of financial assets designated at FVTPL	593,539	140,488	593,539	140,488
Purchase of financial investments	(1,287,511)	(1,625,257)	(1,494,138)	(1,146,274)
Proceeds from sale and maturity of financial investments	1,412,937	1,653,433	1,412,937	1,653,433
Net (increase)/decrease in other investment	(65,785)	1,200,028	47,248	1,301,430
Purchase of property & equipment	(33,918)	(45,762)	(40,362)	(48,292)
Purchase of intangible assets	(2,452)	(1,321)	(2,452)	(1,321)
Proceeds from sale of property & equipment	34	129	34	129
Dividend received	23,720	6,294	23,744	6,337
<b>Net cash generated from/(used in) investing activities</b>	<b>(163,020)</b>	<b>1,220,963</b>	<b>(263,034)</b>	<b>1,798,860</b>
<b>Cash flows from financing activities</b>				
Net increase/(decrease) in reverse repo and repo agreements	(22,778)	(266,675)	(22,778)	(266,675)
Net increase/(decrease) in other borrowings at amortised cost	(1,882,934)	(2,191,997)	(1,926,292)	(2,203,750)
Proceeds from rights issue of shares	2,151,991	-	2,151,991	-
Transaction cost related to rights issue	(923)	-	(923)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>245,355</b>	<b>(2,458,672)</b>	<b>201,998</b>	<b>(2,470,425)</b>
Net increase / (decrease) in cash and cash equivalents during the period	595,320	(294,430)	378,999	294,595
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>988,024</b>	<b>728,370</b>	<b>2,287,214</b>	<b>2,139,771</b>
Note				
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and short term funds	1,153,223	942,044	2,460,544	2,353,974
Dues to banks	(165,199)	(213,674)	(173,330)	(214,203)
	<b>988,024</b>	<b>728,370</b>	<b>2,287,214</b>	<b>2,139,771</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 10th November 2021, in accordance with the resolution of the Directors passed on 10th November 2021.

**Basis of preparation and accounting policies**

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

**Removals of Cap on Loans and Advances and Deposits**

On 18.10.2021, The Central Bank of Sri Lanka has 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 has 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	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020	9/30/2021	12/31/2020	9/30/2021	12/31/2020
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,153,223	742,106	-	-	1,153,223	742,106
Placements with banks & financial institutions	-	-	365,532	299,746	-	-	365,532	299,746
Financial investments at fair value through profit or loss	1,257,008	950,012	-	-	-	-	1,257,008	950,012
Loans & receivables at amortised cost	-	-	26,643,471	26,785,517	-	-	26,643,471	26,785,517
Financial investments at fair value through other comprehensive income	-	-	-	-	1,198,503	1,292,616	1,198,503	1,292,616
Financial investments at amortised cost	-	-	-	1,519	-	-	-	1,519
Other assets	-	-	46,081	47,993	-	-	46,081	47,993
<b>Total</b>	<b>1,257,008</b>	<b>950,012</b>	<b>28,208,307</b>	<b>27,876,882</b>	<b>1,198,503</b>	<b>1,292,616</b>	<b>30,663,818</b>	<b>30,119,510</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
<b>As at</b>				
Due to banks	2,436,377	5,436,682	2,436,377	5,436,682
Due to customers at amortised cost	21,978,754	21,725,261	21,978,754	21,725,261
Debt issued and borrowed funds at amortised cost	3,125,058	2,568,829	3,125,058	2,568,829
Other liabilities	206,671	240,908	206,671	240,908
<b>Total</b>	<b>27,746,859</b>	<b>29,971,680</b>	<b>27,746,859</b>	<b>29,971,680</b>

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020	9/30/2021	12/31/2020	9/30/2021	12/31/2020
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	2,460,544	2,263,447	-	-	2,460,544	2,263,447
Placements with banks & financial institutions	-	-	731,350	778,598	-	-	731,350	778,598
Financial investments at fair value through profit or loss	1,267,275	960,328	-	-	-	-	1,267,275	960,328
Loans & receivables at amortised cost	-	-	26,449,838	26,548,397	-	-	26,449,838	26,548,397
Financial investments at fair value through other comprehensive income	-	-	-	-	1,571,977	1,465,111	1,571,977	1,465,111
Financial investments at amortised cost	-	-	-	1,519.00	-	-	-	1,519
Other assets	-	-	46,081	47,993	-	-	46,081	47,993
<b>Total</b>	<b>1,267,275</b>	<b>960,328</b>	<b>29,687,813</b>	<b>29,639,954</b>	<b>1,571,977</b>	<b>1,465,111</b>	<b>32,527,066</b>	<b>32,065,393</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
<b>As at</b>				
Due to banks	2,444,507	5,442,511	2,444,507	5,442,511
Due to customers at amortised cost	21,918,749	21,665,256	21,918,749	21,665,256
Debt issued and borrowed funds at amortised cost	3,322,658	2,568,829	3,322,658	2,568,829
Other liabilities	206,670.53	240,908	206,670.53	240,908
<b>Total</b>	<b>27,892,584</b>	<b>29,917,504</b>	<b>27,892,584</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 charge/(reversal) from loans and other losses</b>				
Impairment from Loans and advances-individual impairment (Note 4.1)	98,182	288,885	98,182	288,885
Impairment from Loans and advances-collective impairment (Note 4.2)	344,083	(69,433)	344,083	(69,433)
Cash and cash equivalent	110	3	110	3
Placements with banks & financial institutions	(323)	233	(323)	233
	<b>442,052</b>	<b>219,688</b>	<b>442,053</b>	<b>219,688</b>
<b>Individual impairment charges</b>				
As at 01 January	1,979,729	1,695,130	1,374,155	719,267
Charge to income statement from loans and advances	98,182	288,885	98,182	288,885
<b>As at 30th September</b>	<b>2,077,911</b>	<b>1,984,015</b>	<b>1,472,337</b>	<b>1,008,152</b>
<b>Collective impairment charges</b>				
As at 01 January	1,308,422	1,161,106	1,200,498	591,289
Charge to income statement from loans and advances	344,083	(69,433)	344,083	(69,433)
<b>As at 30th September</b>	<b>1,652,505</b>	<b>1,091,673</b>	<b>1,544,581</b>	<b>521,856</b>
<b>Loans and advances impairment</b>	<b>3,730,417</b>	<b>3,075,688</b>	<b>3,016,918</b>	<b>1,530,008</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 30th September 2021 and comparative figures for the period ended 30th September 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
	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>For the Period ended 30th September</b>												
<b>Revenue from external customers</b>												
Interest and similar income	2,031,506	1,545,035	1,735,618	1,719,472	108,407	31,725	52,493	84,433	139,974	266,185	4,067,998	3,646,850
Interest and similar expenses	806,386	1,087,253	862,114	1,141,412	126,530	91,560	4,526	(1,294)	250,418	474,217	2,049,974	2,793,148
<b>Net interest income</b>	<b>1,225,120</b>	<b>457,782</b>	<b>873,504</b>	<b>578,060</b>	<b>(18,123)</b>	<b>(59,835)</b>	<b>47,967</b>	<b>85,727</b>	<b>(110,444)</b>	<b>(208,032)</b>	<b>2,018,024</b>	<b>853,702</b>
<b>Net fee and commission income</b>	<b>53,742</b>	<b>28,314</b>	<b>6,593</b>	<b>6,320</b>	<b>7,960</b>	<b>2,957</b>	<b>8,971</b>	<b>6,265</b>	<b>24,949</b>	<b>36,497</b>	<b>102,214</b>	<b>80,353</b>
Net gain/(loss) on financial assets at FVTPL	-	-	-	-	36,073	37,381	(50)	241	(28,870)	21,785	7,153	59,407
Other income	33,972	6,853	38,307	14,347	23,720	6,794	116,714	72,375	20,410	5,707	233,123	106,076
<b>Total operating income</b>	<b>1,312,834</b>	<b>492,949</b>	<b>918,404</b>	<b>598,727</b>	<b>49,630</b>	<b>(12,703)</b>	<b>173,602</b>	<b>164,608</b>	<b>(93,955)</b>	<b>(144,044)</b>	<b>2,360,514</b>	<b>1,099,537</b>
Impairment (charges)/reversal for loans and other losses	(233,875)	(100,599)	(76,545)	(119,088)	48,426	(7,453)	-	-	(48,426)	7,453	(310,420)	(219,687)
<b>Net operating income</b>	<b>1,078,959</b>	<b>392,350</b>	<b>841,859</b>	<b>479,639</b>	<b>98,056</b>	<b>(20,156)</b>	<b>173,602</b>	<b>164,608</b>	<b>(142,381)</b>	<b>(136,591)</b>	<b>2,050,094</b>	<b>879,850</b>
Personnel expenses	(345,046)	(342,725)	(368,891)	(359,798)	(54,141)	(28,862)	(122,195)	(109,641)	(107,152)	(149,483)	(997,425)	(990,509)
Depreciation and amortisation	(76,298)	(85,236)	(81,570)	(89,482)	(11,972)	(7,178)	(18,126)	(10,574)	(23,694)	(37,177)	(211,660)	(229,647)
Other operating expenses	(156,738)	(157,451)	(167,569)	(165,294)	(24,594)	(13,259)	(70,047)	(88,232)	(48,674)	(68,674)	(467,622)	(492,910)
<b>Segment result</b>	<b>500,877</b>	<b>(193,062)</b>	<b>223,829</b>	<b>(134,935)</b>	<b>7,349</b>	<b>(69,455)</b>	<b>(36,766)</b>	<b>(43,839)</b>	<b>(321,901)</b>	<b>(391,925)</b>	<b>373,388</b>	<b>(833,216)</b>
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>											<b>373,388</b>	(833,216)
Value added tax on financial services											(165,225)	(21,024)
Share of associate company's profit/(loss) before tax											75,448	8,143
<b>Profit/(loss) before income tax</b>											<b>283,612</b>	<b>(846,097)</b>
Income tax expense											(67,997)	-
<b>Profit/(loss) for the period</b>											<b>215,615</b>	<b>(846,097)</b>
<b>Assets</b>												
<b>Capital expenditures</b>												
Property, equipment and right-of-use assets	13,114	19,775	14,713	20,224	2,912	1,971	6,444	2,530	3,179	3,792	40,362	48,292
Intangible assets	948	571	1,063	584	210	57	-	-	230	109	2,452	1,321
<b>Total segment assets</b>	<b>11,918,268</b>	<b>13,560,745</b>	<b>13,371,324</b>	<b>13,868,481</b>	<b>2,646,594</b>	<b>1,351,304</b>	<b>2,645,409</b>	<b>2,823,123</b>	<b>3,949,204</b>	<b>3,963,125</b>	<b>34,530,800</b>	<b>35,566,778</b>
<b>Total segment liabilities</b>	<b>9,886,393</b>	<b>11,778,122</b>	<b>11,091,726</b>	<b>12,045,404</b>	<b>2,195,392</b>	<b>1,173,669</b>	<b>1,658,856</b>	<b>1,559,535</b>	<b>5,212,732</b>	<b>6,791,414</b>	<b>30,045,099</b>	<b>33,348,143</b>

## Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2021 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				15.00%	15.00%	8.20%						
May 2017 - May 2022	Listed	Bi Annually	1,193,230				14.50%	15.03%	8.20%						
May 2017 - May 2022	Listed	Bi Annually	1,010				10.00%	10.25%	8.20%						
<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 30th September 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%.					400,000,000	20%	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 30th September 2021 that require disclosure in these Financial Statements other than the removals of Cap as stated in page no. 7 in these Financial Statements.

#### Information on ordinary shares

As at		9/30/2021	12/31/2020
Net asset per share (LKR)	- Company	7.25	8.85
	- Group	7.68	9.94

Market price per share recorded during the quarter ended 30th September (LKR)		2021	2020
	-High	7.90 (11-8-2021)	8.60 (18-9-2020)
	-Low	6.10 (23-9-2021)	7.00 (13-7-2020)
	-Last Transaction	6.40 (30-9-2021)	8.00 (30-9-2020)

As at		9/30/2021	12/31/2020
Number of shares issued		524,539,637	165,874,541
Stated capital (LKR)		4,276,447,883	2,124,457,307

Ratios as at		9/30/2021	12/31/2020
Debt/Equity Ratio		1.5	5.5
Statutory Liquid Asset Ratio		12.41%	12.86%

Ratios for the period ended		9/30/2021	9/30/2020
Interest Cover		1.112	0.738

#### The Float adjusted market capitalization as at 30th September 2021 - Rs. 520,291,507

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 September 2021**

	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	Sampath Bank PLC/Dr. T. Senthilvel	7,929,983	1.51%
05	Hatton National Bank PLC/Mr. D.N. Sellamuttu	4,255,478	0.81%
06	Mr. A.M. Weerasinghe	2,727,403	0.52%
07	DFCC Bank PLC/Mr. N.G. Mahinda	2,052,708	0.39%
08	Mr. W.A.S.P. De Saram	1,644,180	0.31%
09	Laugfs Gas PLC	1,600,810	0.31%
10	Mr. G. Ramanan	1,500,225	0.29%
11	Mr. D.P.J. Jayamaha	1,166,327	0.22%
12	Mr. B.T. Prathapasinghe	1,121,250	0.21%
13	Dr. H.S.U. Amarasekara	1,060,255	0.20%
14	Mr. W.D.N.H. Perera	1,000,000	0.19%
15	Hatton National Bank PLC/Mr. R.E. Ramukwelle	979,651	0.19%
16	Ravi Exports (Pvt) Ltd	681,250	0.13%
17	Seylan Bank PLC/Mr. P.P. Maddumage	652,250	0.12%
18	Merrill J Fernando & Sons (Pvt) Limited	526,165	0.10%
19	Citizens Development Business finance PLC/M.A.D.B. Senani	500,000	0.10%
20	Citizens Development Business finance PLC/P.L. Pathirage	500,000	0.10%

The percentage of shares held by the public as at 30th September 2021 was 15.50% and the number of public shareholders as at 30th September 2021 were 11,077

**Directors' shareholding as at 30th September 2021**

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. D. N. L. Fernando	24
Mr. W. N. P. Surawimala	Nil
Mr. M. P. R. Kumara	Nil
Mr. G. A. Jayashantha	Nil
Mr. J. D. V. N. Jayasinghe	Nil

**CEO's shareholding as at 30th September 2021**

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