

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th June 2021



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

Co.Reg.No. PQ10

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Profit or Loss

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Income	1,366,524	1,264,311	8.1	2,850,315	2,663,868	7.0	1,459,034	1,340,587	8.8	3,020,056	2,809,881	7.5
Interest and similar income	1,293,315	1,137,985	13.6	2,713,585	2,584,525	5.0	1,310,165	1,167,681	12.2	2,749,060	2,648,873	3.8
Interest and similar expenses	683,993	947,759	(27.8)	1,386,457	1,972,529	(29.7)	686,570	946,276	(27.4)	1,388,526	1,973,097	(29.6)
Net interest income	609,321	190,226	220.3	1,327,128	611,996	116.9	623,594	221,405	181.7	1,360,535	675,776	101.3
Fee and commission income	29,656	19,403	52.8	74,527	47,688	56.3	30,782	21,753	41.5	71,510	50,855	40.6
Fee and commission expenses	7,100	1,973	259.9	18,939	5,398	250.9	6,103	1,973	209.3	10,325	5,398	91.3
Net fee and commission income	22,556	17,430	29.4	55,588	42,291	31.4	24,679	19,780	24.8	61,185	45,457	34.6
Insurance premium income	-	-	-	-	-	-	73,613	42,343	73.8	133,482	78,073	71.0
Net claims and benefits	-	-	-	-	-	-	(27,899)	(21,389)	(30.4)	(66,410)	(45,959)	(44.5)
Net trading income	2,494	151	1,549.2	21,415	430	4,885.2	2,494	151	1,549.2	21,415	430	4,885.2
Net gain/(loss) on financial instruments at fair value through profit or loss	(140)	103,214	(100.1)	(28,870)	21,785	(232.5)	120	104,606	(99.9)	(29,431)	20,720	(242.0)
Other operating income	41,198	3,559	1,057.5	69,658	9,441	637.8	41,860	4,053	932.8	74,019	10,930	577.2
Total operating income	675,431	314,580	114.7	1,444,919	685,942	110.6	738,462	370,949	99.1	1,554,795	785,427	98.0
Impairment charge/(reversal) from loans and other losses	279,587	185,461	50.8	147,751	175,421	15.8	279,587	185,461	50.8	147,751	175,421	15.8
Net operating income	395,844	129,119	206.6	1,297,168	510,521	154.1	458,875	185,488	147.4	1,407,044	610,007	130.7
Personnel expenses	291,476	274,442	6.2	585,853	572,200	(2.4)	334,098	310,899	7.5	666,503	645,014	(3.3)
Depreciation and amortisation	73,160	73,136	0.0	140,468	146,281	4.0	80,839	74,265	8.9	152,067	153,281	0.8
Other operating expenses	140,566	125,501	12.0	274,471	254,284	(7.9)	167,779	153,831	9.1	314,695	307,225	(2.4)
Total operating expense	505,201	473,080	6.8	1,000,792	972,765	(2.9)	582,715	538,996	8.1	1,133,265	1,105,520	(2.5)
Profit/(loss) from operations	(109,358)	(343,961)	68.2	296,376	(462,243)	164.1	(123,840)	(353,508)	65.0	273,779	(495,514)	155.3
Impairment charge/(reversal) from investment in Subsidiary companies	9,567	(38,768)	124.7	14,945	(20,010)	174.7	-	-	-	-	-	-
Impairment charge/(reversal) from investment in Associate companies	-	102	(100.0)	-	1,276	(100.0)	-	-	-	-	-	-
Profit/(loss) from operations after impairment from subsidiary investments	(118,925)	(305,295)	61.0	281,431	(443,510)	163.5	(123,840)	(353,508)	65.0	273,779	(495,514)	155.3
Value added tax (VAT) & Nation building tax (NBT) on financial services	23,309	(4,132)	664.2	112,627	16,211	(594.7)	23,309	(4,132)	664.2	112,627	16,211	(594.7)
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	9,892	(102)	9,842.3	41,901	(1,276)	3,384.9
Profit/(loss) before income tax	(142,233)	(301,163)	52.8	168,804	(459,721)	136.7	(137,256)	(349,478)	60.7	203,053	(513,001)	139.6
Income tax expense/(reversal)	(21,678)	-	-	28,521	-	-	(18,908)	-	-	40,254	-	-
Profit/(loss) for the period	(120,555)	(301,163)	60.0	140,282	(459,721)	130.5	(118,348)	(349,478)	66.1	162,799	(513,001)	131.7
Profit/(loss) for the period attributable to:												
Equity holders of the parent	(120,555)	(301,163)	60.0	140,282	(459,721)	130.5	(111,659)	(345,068)	67.6	173,237	(497,633)	134.8
Non controlling interests	-	-	-	-	-	-	(6,690)	(4,409)	(51.7)	(10,437)	(15,368)	32.1
Profit/(loss) for the period	(120,555)	(301,163)	60.0	140,282	(459,721)	130.5	(118,348)	(349,478)	66.1	162,799	(513,001)	131.7
Earnings per share:												
Basic/diluted earnings per share (LKR)	(0.73)	(1.82)	60.0	0.85	(2.77)	130.5	(0.67)	(2.08)	67.6	1.04	(3.00)	134.8

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %	6/30/2021 (Unaudited)	6/30/2020 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Profit/(loss) for the period	(120,555)	(301,163)	60.0	140,282	(459,721)	130.5	(118,348)	(349,478)	66.1	162,799	(513,001)	131.7
Other comprehensive income/(expense) for the period												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
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	0	(0)	200.0	-	-	-	(771)	9,639	(108.0)	(1,955)	11,163	(117.5)
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expense) before tax	0	(0)	200.0	-	-	-	(771)	9,639	(108.0)	(1,955)	11,163	(117.5)
Other comprehensive income/(expense) for the period, net of tax	0	(0)	200.0	-	-	-	(771)	9,639	(108.0)	(1,955)	11,163	(117.5)
Total comprehensive income/(expense) for the period, net of tax	(120,555)	(301,163)	60.0	140,282	(459,721)	130.5	(119,120)	(339,839)	64.9	160,844	(501,838)	132.1
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	(120,555)	(301,163)	60.0	140,282	(459,721)	130.5	(112,074)	(339,882)	67.0	172,185	(491,626)	135.0
Non controlling interests	-	-	-	-	-	-	(7,046)	43	(16,659)	(11,341)	(10,211)	(11.1)
	(120,555)	(301,163)	60.0	140,282	(459,721)	130.5	(119,120)	(339,839)	64.9	160,844	(501,838)	132.1

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	6/30/2021	12/31/2020	Change	6/30/2021	12/31/2020	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
Assets						
Cash and cash equivalents	1,461,748	742,106	97.0	3,027,660	2,263,447	33.8
Placements with banks & financial institutions	360,550	299,746	20.3	724,527	778,598	(6.9)
Financial investments at fair value through profit or loss	975,614	950,012	2.7	985,370	960,328	2.6
Loans & receivables at amortised cost	27,163,960	26,785,517	1.4	26,945,679	26,548,397	1.5
Financial investments at fair value through other comprehensive income	563,167	1,292,616	(56.4)	732,822	1,465,111	(50.0)
Financial investments at amortised cost	-	1,519	(100.0)	-	1,519	(100.0)
Real Estate Stock	234,752	328,824	(28.6)	234,752	328,824	(28.6)
Investment in associate company	81,084	81,084	-	125,274	95,106	31.7
Investment in subsidiary	372,478	387,424	(3.9)	-	-	-
Investment properties	112,917	114,370	(1.3)	112,917	114,370	(1.3)
Property, equipment and right-of-use assets	620,219	758,690	(18.3)	745,811	796,287	(6.3)
Intangible assets	131,213	146,493	(10.4)	131,213	148,909	(11.9)
Deferred tax Assets	24,237	52,760	(54.1)	73,542	102,065	(27.9)
Other assets	324,461	418,048	(22.4)	665,419	704,678	(5.6)
Total assets	32,426,402	32,359,209	0.2	34,504,986	34,307,639	0.6
Liabilities						
Due to banks	5,040,953	5,436,682	(7.3)	5,044,305	5,442,511	(7.3)
Due to customers at amortised cost	21,488,253	21,725,261	(1.1)	21,428,248	21,665,256	(1.1)
Debt issued and borrowed funds at amortised cost	3,129,667	2,568,829	21.8	3,351,714	2,568,829	30.5
Insurance provision - life	-	-	-	442,564	498,767	(11.3)
Insurance provision - non life	-	-	-	522,018	488,784	6.8
Current tax liabilities	14,831	14,831	(0.0)	14,831	14,831	(0.0)
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	789,441	793,849	(0.6)	1,048,141	1,141,429	(8.2)
Retirement benefits obligations	355,125	351,906	0.9	368,905	363,816	1.4
Total liabilities	30,818,269	30,891,358	(0.2)	32,220,726	32,184,223	0.1
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	0.0
Retained earnings	(753,512)	(893,794)	15.7	(540,856)	(714,093)	24.3
OCI reserve	2,574	2,574	-	2,105	3,157	(33.3)
Statutory reserves	234,613	234,613	-	234,613	234,613	(0.0)
Total equity attributable to the parent	1,608,133	1,467,850	9.6	1,820,319	1,648,134	10.4
Non controlling interests	-	-	-	463,941	475,282	(2.4)
Total equity	1,608,133	1,467,850	9.6	2,284,260	2,123,416	7.6
Total liabilities and equity	32,426,402	32,359,209	0.2	34,504,986	34,307,639	0.6
Commitments and contingencies	106,100	124,250	(14.6)	171,814	190,086	(9.6)
Net assets value per share (LKR)	9.69	8.85	9.6	10.97	9.94	10.4

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.)

D. N. L. Fernando
Director

Colombo, Sri Lanka
11/Aug/2021

(sgd.)

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

(sgd.)

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	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2020	2,124,457	234,613	(4,162)	252,880	2,607,788
Net profit/(loss) for the Period	-	-	-	(459,721)	(459,721)
Balance as at 30th June 2020	2,124,457	234,613	(4,162)	(206,841)	2,148,066
Balance as at 01st January 2021	2,124,457	234,613	2,574	(893,794)	1,467,850
Net profit/(loss) for the period	-	-	-	140,282	140,282
Balance as at 30th June 2021	2,124,457	234,613	2,574	(753,512)	1,608,133

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2020	2,124,457	234,613	(9,099)	105,118	598,529	3,053,618
Net profit/(loss) for the period	-	-	-	(497,633)	(15,368)	(513,001)
Other comprehensive income	-	-	6,007	-	5,156	11,163
Balance as at 30th June 2020	2,124,457	234,613	(3,092)	(392,515)	588,317	2,551,780
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	-	-	-	173,237	(10,437)	162,799
Other comprehensive income	-	-	(1,052)	-	(903)	(1,955)
Balance as at 30th June 2021	2,124,457	234,613	2,105	(540,856)	463,941	2,284,260

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 June

	Company		Group	
	2021 (Unaudited) LKR '000	2020 (Unaudited) LKR '000	2021 (Unaudited) LKR '000	2020 (Unaudited) LKR '000
Cash flows from operating activities				
Profit before income tax	168,804	(459,721)	203,053	(513,001)
Adjustments for :				
Change in operating assets	(300,067)	1,718,043	(447,300)	1,653,057
Change in operating liabilities	(264,778)	(308,361)	(154,580)	(200,033)
Share of 'associate companies' (profit)/loss before tax	-	-	(41,901)	1,276
Contribution to defined benefit plans	10,932	24,000	13,986	26,610
Other non-cash items included in profit before tax	95,953	152,518	93,168	179,317
Dividend income	(2,650)	(2,646)	(2,671)	(2,678)
	(291,806)	1,123,833	(336,244)	1,144,548
Gratuity paid	(7,713)	(13,313)	(8,897)	(14,637)
Net cash generated from/(used in) operating activities before tax	(299,519)	1,110,520	(345,142)	1,129,911
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	(299,519)	1,110,520	(345,142)	1,129,911
Cash flows from investing activities				
Purchase of financial assets designated at FVTPL	(314,773)	(36,714)	(314,773)	(36,714)
Proceeds from disposal of financial assets designated at FVTPL	281,491	26,341	281,491	26,341
Purchase of financial investments	(288,848)	(1,411,143)	(287,964)	(933,855)
Net (increase)/decrease in other investment	(60,804)	1,112,584	54,072	1,213,106
Purchase of property & equipment	(21,704)	(33,262)	(25,905)	(34,175)
Purchase of intangible assets	(2,009)	(1,321)	(2,009)	(1,321)
Proceeds from sale of property & equipment	28	135	28	135
Dividend received	2,650	2,646	2,671	2,678
Net cash generated from/(used in) investing activities	624,615	1,312,700	736,194	1,889,628
Cash flows from financing activities				
Net increase/(decrease) in reverse repo and repo agreements	(14,838)	(290,733)	(14,838)	(290,733)
Net increase/(decrease) in other borrowings at amortised cost	486,216	(2,304,762)	467,306	(2,310,829)
Net cash generated from/(used in) financing activities	471,378	(2,595,494)	452,468	(2,601,562)
Net increase / (decrease) in cash and cash equivalents during the period	796,474	(172,274)	843,521	417,978
Cash and cash equivalents at the beginning of the period	392,705	1,022,800	1,908,215	1,845,175
Cash and cash equivalents at the end of the period	1,189,178	850,526	2,751,737	2,263,153
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	1,461,748	1,011,209	3,027,660	2,424,948
Dues to banks	(272,570)	(160,683)	(275,923)	(161,795)
	1,189,178	850,526	2,751,737	2,263,153

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 11th August 2021, in accordance with the resolution of the Directors passed on 11th August 2021.

Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 30th June 2021 have been prepared in accordance with LKAS 34 - 'Interim Financial Reporting'. The interim condensed consolidated Financial Statements do not include all the information and disclosures required in the annual Financial Statements, and should be read in conjunction with the Group's annual Financial Statements.

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

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

Impact of COVID 19 on business

The Company has taken steps to mitigate the risks of operating, credit and liquidity as a result of COVID 19. As per the directions and guidelines of the Central Bank of Sri Lanka, Company has provided debt moratoriums for the affected customers and adjusted the impact in the 1st and 2nd quarters as per the guidelines issued by the CA Sri Lanka.

Cap on Loans and Advances and Deposits

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

Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
As at								
Financial assets								
Cash and cash equivalents	-	-	1,461,748	742,106	-	-	1,461,748	742,106
Placements with banks & financial institutions	-	-	360,550	299,746	-	-	360,550	299,746
Financial investments at fair value through profit or loss	975,614	950,012	-	-	-	-	975,614	950,012
Loans & receivables at amortised cost	-	-	27,163,960	26,785,517	-	-	27,163,960	26,785,517
Financial investments at fair value through other comprehensive income	-	-	-	-	563,167	1,292,616	563,167	1,292,616
Financial investments at amortised cost	-	-	-	1,519	-	-	-	1,519
Other assets	-	-	39,114	47,993	-	-	39,114	47,993
Total	975,614	950,012	29,025,373	27,876,882	563,167	1,292,616	30,564,154	30,119,510

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
As at				
Due to banks	5,040,953	5,436,682	5,040,953	5,436,682
Due to customers at amortised cost	21,488,253	21,725,261	21,488,253	21,725,261
Debt issued and borrowed funds at amortised cost	3,129,667	2,568,829	3,129,667	2,568,829
Other liabilities	234,952	240,908	234,952	240,908
Total	29,893,825	29,971,680	29,893,825	29,971,680

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
As at								
Financial assets								
Cash and cash equivalents	-	-	3,027,660	2,263,447	-	-	3,027,660	2,263,447
Placements with banks & financial institutions	-	-	724,527	778,598	-	-	724,527	778,598
Financial investments at fair value through profit or loss	985,370	960,328	-	-	-	-	985,370	960,328
Loans & receivables at amortised cost	-	-	26,945,679	26,548,397	-	-	26,945,679	26,548,397
Financial investments at fair value through other comprehensive income	-	-	-	-	732,822	1,465,111	732,822	1,465,111
Financial investments at amortised cost	-	-	-	1,519.00	-	-	-	1,519
Other assets	-	-	39,114	47,993	-	-	39,114	47,993
Total	985,370	960,328	30,736,980	29,639,954	732,822	1,465,111	32,455,172	32,065,393

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
As at				
Due to banks	5,044,305	5,442,511	5,044,305	5,442,511
Due to customers at amortised cost	21,428,248	21,665,256	21,428,248	21,665,256
Debt issued and borrowed funds at amortised cost	3,351,714	2,568,829	3,351,714	2,568,829
Other liabilities	234,951.72	240,908	234,951.72	240,908
Total	30,059,219	29,917,504	30,059,219	29,917,504

Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2021	2020	2021	2020
Impairment charge/(reversal) from loans and other losses				
Impairment from Loans and advances-individual impairment (Note 4.1)	75,996	192,377	75,996	192,377
Impairment from Loans and advances-collective impairment (Note 4.2)	203,598	(16,949)	203,598	(16,949)
Cash and cash equivalent	114	(4)	114	(4)
Placements with banks & financial institutions	(324)	(4)	(324)	(4)
	279,383	175,421	279,384	175,421
Individual impairment charges				
As at 01 January	1,979,729	1,695,130	1,374,155	719,267
Charge to income statement from loans and advances	75,996	192,377	75,996	192,377
As at 30th June	2,055,725	1,887,507	1,450,151	911,644
Collective impairment charges				
As at 01 January	1,308,422	1,161,106	1,200,498	591,289
Charge to income statement from loans and advances	203,598	(16,949)	203,598	(16,949)
As at 30th June	1,512,020	1,144,157	1,404,096	574,340
Loans and advances impairment	3,567,745	3,031,664	2,854,246	1,485,985

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 2021 and comparative figures for the period ended 30th June 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
For the Period ended 30th June												
Revenue from external customers												
Interest and similar income	1,372,186	1,233,348	1,184,944	1,124,849	68,008	19,447	35,476	64,348	88,446	206,881	2,749,060	2,648,873
Interest and similar expenses	582,395	770,793	591,681	804,441	69,700	62,589	2,069	568	162,681	334,706	1,388,526	1,973,097
Net interest income	809,791	462,555	593,263	320,408	(1,692)	(43,142)	33,407	63,780	(74,234)	(127,825)	1,360,535	675,776
Net fee and commission income	27,875	16,325	4,449	4,574	27,206	1,613	5,597	3,167	(3,943)	19,778	61,185	45,457
Net gain/(loss) on financial assets at FVTPL	-	-	-	-	(140)	103,214	(561)	(1,065)	(28,730)	(81,429)	(29,431)	20,720
Other income	32,827	3,160	30,129	955	2,650	2,646	71,434	33,604	25,466	3,109	162,507	43,474
Total operating income	870,493	482,040	627,841	325,937	28,024	64,331	109,877	99,486	(81,441)	(186,366)	1,554,795	785,428
Impairment (charges)/reversal for loans and other losses	(102,401)	(82,439)	(45,350)	(92,981)	(14,480)	(43,196)	-	-	14,480	43,196	(147,751)	(175,420)
Net operating income	768,092	399,601	582,491	232,956	13,544	21,135	109,877	99,486	(66,961)	(143,170)	1,407,044	610,008
Personnel expenses	(237,642)	(223,595)	(250,017)	(233,356)	(29,452)	(18,156)	(80,650)	(72,815)	(68,742)	(97,093)	(666,503)	(645,015)
Depreciation and amortisation	(56,979)	(57,161)	(59,946)	(59,657)	(7,062)	(4,642)	(11,599)	(7,000)	(16,482)	(24,821)	(152,068)	(153,281)
Other operating expenses	(111,335)	(99,365)	(117,133)	(103,703)	(13,798)	(8,068)	(40,224)	(52,941)	(32,205)	(43,148)	(314,695)	(307,225)
Segment result	362,136	19,480	155,395	(163,760)	(36,768)	(9,731)	(22,596)	(33,270)	(184,389)	(308,232)	273,779	(495,513)
Profit/(loss) from operations after impairment from subsidiary investments											273,779	(495,513)
Value added tax on financial services											(112,627)	(16,211)
Share of associate company's profit/(loss) before tax											41,901	(1,276)
Profit/(loss) before income tax											203,053	(513,000)
Income tax expense											(40,254)	-
Profit/(loss) for the period											162,799	(513,000)
Assets												
Capital expenditures												
Property, equipment and right-of-use assets	8,834	11,791	9,694	11,911	1,385	1,103	4,201	6,006	1,792	2,244	25,905	33,054
Intangible assets	817	576	897	581	128	54	-	-	166	110	2,009	1,320
Total segment assets	12,501,610	13,517,162	13,718,933	13,654,742	1,959,914	1,264,701	2,688,929	2,837,653	3,635,600	3,890,724	34,504,986	35,164,983
Total segment liabilities	11,165,864	11,874,412	12,253,121	11,995,272	1,750,505	1,111,001	1,684,509	1,563,963	5,366,727	6,068,554	32,220,726	32,613,202

Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/6/2021 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
Fixed Rate															
May 2017 - May 2022	Listed	Annually	805,760				15.00%	15.00%	5.47%						
May 2017 - May 2022	Listed	Bi Annually	1,193,230				14.50%	15.03%	5.47%						
May 2017 - May 2022	Listed	Bi Annually	1,010				10.00%	10.25%	5.47%						
Total Debentures			2,000,000												

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 June 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	Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 2.0 Bn during the year 2017 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

Mr. Jayasinghege Don Varuna Nayanadarshi Jayasinghe has been appointed as an Independent Non-Executive Directors to the Board of the Company with effect from 20th July 2021.

Information on ordinary shares

As at		6/30/2021	12/31/2020
Net asset per share (LKR)	- Company	9.69	8.85
	- Group	10.97	9.94

Market price per share recorded during the quarter ended 30th June (LKR)		2021	2020
	-High	9.40 (31-5-2021)	8.50 (21-5-2020)
	-Low	6.00 (7-4-2021)	5.60 (12-5-2020)
	-Last Transaction	6.70 (30-6-2021)	8.00 (30-6-2020)

As at		6/30/2021	12/31/2020
Number of shares issued		165,874,541	165,874,541
Stated capital (LKR)		2,124,457,307	2,124,457,307

Ratios as at		6/30/2021	12/31/2020
Debt / Equity Ratio		5.1	5.5
Statutory Liquid Asset Ratio		8.76%	12.86%

Ratios for the period ended		6/30/2021	6/30/2020
Interest Cover		1.122	0.767

The Float adjusted market capitalization as at 30th June 2021 - Rs. 283,492,008

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

Twenty largest share holders as at 30th June 2021

	Name of the share holder	No. of Shares	Holding %
01	Bank of Ceylon No. 1 Account	123,562,267	74.49%
02	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	7.11%
03	People's Leasing & Finance PLC/Mr. D.M.P. Disanayake	2,240,868	1.35%
04	Mr. A.M. Weerasinghe	839,201	0.51%
05	Merrill J Fernando & Sons (Pvt) Limited	526,165	0.32%
06	Mr. W.A.S.P. De Saram	470,002	0.28%
07	Mr. T. Loganathan	428,340	0.26%
08	People's Leasing & Finance PLC/Mr. L.P. Hapangama	401,654	0.24%
09	Seylan Bank PLC/Spice of Life (Pvt) Limited	395,234	0.24%
10	Hatton National Bank PLC/Mr. R.E. Ramukwelle	390,000	0.24%
11	Hatton National Bank PLC/Mr. D.N. Sellamuttu	386,301	0.23%
12	Mr.N. Balasingam	381,400	0.23%
13	Prime Lands (Pvt) Limited	375,000	0.23%
14	DFCC Bank PLC/Mr. N.G. Mahinda	353,373	0.21%
15	Mr. B.T. Prathapasinghe	345,000	0.21%
16	Mr. A. Chelliah (deceased)	333,800	0.20%
17	Citizens Development Business finance PLC/Mr. D.P.T.C. Dissanayaka	308,212	0.19%
18	Mr. D.S. Tennakoon	303,600	0.18%
19	Mrs. S. Tennakoon	300,000	0.18%
20	Bartleet Produce Marketing (Pvt) Limited	300,000	0.18%

The percentage of shares held by the public as at 30th June 2021 was 25.51% and the number of public shareholders as at 30th June 2021 were 11,049

Directors' shareholding as at 30th June 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

CEO's shareholding as at 30th June 2021

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