

# INTERIM FINANCIAL STATEMENTS

For the Period ended 30th June 2024

Rating 'BBB+(lka)'; Outlook Stable

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

Co.Reg.No. PQ10

## Interim Financial Statements

### Statement of Profit or Loss

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	6/30/2024	6/30/2023	Change %	6/30/2024	6/30/2023	Change %	6/30/2024	6/30/2023	Change %	6/30/2024	6/30/2023	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Income	1,694,457	1,755,185	(3.5)	3,699,072	3,449,091	7.2	1,871,766	2,024,265	(7.5)	4,078,809	3,903,135	4.5
Interest and similar income	1,464,884	1,605,877	(8.8)	3,014,376	3,230,487	(6.7)	1,533,088	1,731,973	(11.5)	3,153,905	3,440,928	(8.3)
Interest and similar expenses	1,007,441	1,238,074	(18.6)	2,110,504	2,531,886	(16.6)	1,002,024	1,241,540	(19.3)	2,099,666	2,528,579	(17.0)
<b>Net interest income</b>	457,443	367,803	24.4	903,872	698,601	29.4	531,064	490,433	8.3	1,054,239	912,349	15.6
Fee and commission income	37,367	23,208	61.0	70,920	62,693	13.1	43,207	30,830	40.1	83,172	75,338	10.4
Fee and commission expenses	10,740	11,434	(6.1)	17,498	12,468	40.3	7,638	7,778	(1.8)	9,929	4,678	112.3
<b>Net fee and commission income</b>	26,627	11,774	126.1	53,422	50,225	6.4	35,569	23,052	54.3	73,243	70,660	3.7
Insurance premium income	-	-	-	-	-	-	100,533	124,674	(19.4)	223,742	221,010	1.2
Net claims and benefits	-	-	-	-	-	-	(3,151)	(153,615)	97.9	(99,111)	(248,886)	60.2
Net trading income	4,855	151	3,113.4	3,569	6,639	(46.2)	4,855	151	3,113.4	3,569	6,639	(46.2)
Net gain/(loss) on financial instruments at fair value through profit or loss	(217,429)	98,864	(319.9)	18,785	109,684	(82.9)	(215,638)	98,816	(318.2)	21,330	110,199	(80.6)
Other operating income	404,780	27,085	1,394.5	591,422	39,588	1,393.9	405,721	37,821	972.7	593,091	49,021	1,109.9
<b>Total operating income</b>	676,276	505,677	33.7	1,571,070	904,737	73.6	858,953	621,332	38.2	1,870,103	1,120,992	66.8
Impairment charge/(reversal) from loans and other losses	(116,723)	36,861	(416.7)	(68,399)	96,779	(170.7)	(116,723)	36,861	(416.7)	(68,399)	96,779	(170.7)
<b>Net operating income</b>	792,999	468,816	69.1	1,639,469	807,958	102.9	975,676	584,471	66.9	1,938,502	1,024,213	89.3
Personnel expenses	348,933	298,252	17.0	693,871	612,453	13.3	394,865	351,079	12.5	782,830	720,018	8.7
Depreciation and amortisation	74,545	65,444	13.9	148,637	130,097	14.3	83,647	74,956	11.6	166,904	148,142	12.7
Other operating expenses	239,854	183,026	31.0	442,769	375,273	18.0	284,499	236,649	20.2	535,860	480,637	11.5
<b>Total operating expense</b>	663,332	546,722	21.3	1,285,277	1,117,823	15.0	763,011	662,684	15.1	1,485,594	1,348,797	10.1
<b>Profit/(loss) from operations</b>	129,667	(77,906)	266.4	354,192	(309,865)	214.3	212,665	(78,213)	371.9	452,908	(324,584)	239.5
Impairment charge/(reversal) from investment in Subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>	129,667	(77,906)	266.4	354,192	(309,865)	214.3	212,665	(78,213)	371.9	452,908	(324,584)	239.5
Value added tax (VAT) on financial services	72,764	34,483	111.0	160,769	48,952	228.4	72,764	34,483	111.0	160,769	48,952	228.4
Social Security Contribution Levy (SSCL)	10,702	5,679	88.5	23,321	7,819	198.3	10,702	5,679	88.5	23,321	7,819	198.3
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	(1,526)	8,010	(119.1)	(3,443)	18,526	(118.6)
<b>Profit/(loss) before income tax</b>	46,201	(118,068)	139.1	170,102	(366,636)	146.4	127,673	(110,365)	215.7	265,375	(362,829)	173.1
Income tax expense/(reversal)	31,454	(18,836)	267.0	112,143	(94,786)	218.3	31,455	(16,433)	291.4	112,143	(89,283)	225.6
<b>Profit/(loss) for the period</b>	14,747	(99,232)	114.9	57,959	(271,850)	121.3	96,218	(93,932)	202.4	153,232	(273,546)	156.0
<b>Profit/(loss) for the period attributable to:</b>												
Equity holders of the parent	14,747	(99,232)	114.9	57,959	(271,850)	121.3	57,882	(93,790)	161.7	107,635	(266,748)	140.4
Non controlling interests	-	-	-	-	-	-	38,336	(142)	27,148.3	45,597	(6,798)	770.7
<b>Profit/(loss) for the period</b>	14,747	(99,232)	114.9	57,959	(271,850)	121.3	96,218	(93,932)	202.4	153,232	(273,546)	156.0
<b>Earnings per share:</b>												
Basic/Diluted earnings/(loss) per share (LKR)	0.03	(0.19)	114.9	0.11	(0.52)	121.3	0.11	(0.18)	161.7	0.21	(0.51)	140.4

## Interim Financial Statements

### Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	6/30/2024	6/30/2023	Change %	6/30/2024	6/30/2023	Change %	6/30/2024	6/30/2023	Change %	6/30/2024	6/30/2023	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
<b>Profit/(loss) for the period</b>	14,747	(99,232)	114.9	57,959	(271,850)	121.3	96,218	(93,932)	202.4	153,232	(273,546)	156.0
<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	(2,328)	-	-	(2,328)	-	-	(2,093)	1,188	(276.1)	(390)	1,405	(127.8)
<b>Other comprehensive income/(expense) before tax</b>	(2,328)	-	-	(2,328)	-	-	(2,093)	1,188	(276.1)	(390)	1,405	(127.8)
Deferred tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income/(expense) for the period, net of tax</b>	(2,328)	-	-	(2,328)	-	-	(2,093)	1,188	(276.1)	(390)	1,405	(127.8)
<b>Total comprehensive income/(expense) for the period, net of tax</b>	12,419	(99,232)	112.5	55,631	(271,850)	120.5	94,125	(92,744)	201.5	152,842	(272,141)	156.2
<b>Total comprehensive income/(expense) attributable to:</b>												
Equity holders of the parent	12,419	(99,232)	112.5	55,631	(271,850)	120.5	55,680	(93,151)	159.8	106,350	(265,992)	140.0
Non controlling interests	-	-	-	-	-	-	38,445	407	9,341.9	46,492	(6,149)	856.1
	12,419	(99,232)	112.5	55,631	(271,850)	120.5	94,125	(92,744)	201.5	152,842	(272,141)	156.2

# Interim Financial Statements

## Statement of Financial Position

as at	Company			Group		
	6/30/2024	12/31/2023	Change	6/30/2024	12/31/2023	Change
	LKR '000	(Audited) LKR '000	%	LKR '000	(Audited) LKR '000	%
<b>Assets</b>						
Cash and cash equivalents	523,717	720,397	(27.3)	1,224,740	871,126	40.6
Placements with banks & financial institutions	639,594	574,588	11.3	681,389	645,823	5.5
Financial investments at fair value through profit or loss	10,358,653	8,161,368	26.9	10,369,758	8,169,927	26.9
Loans & receivables at amortised cost	20,437,545	19,054,715	7.3	20,601,899	19,059,962	8.1
Financial investments at fair value through other comprehensive income	12,020	14,348	(16.2)	157,224	119,221	31.9
Financial investments at amortised cost	3,316,242	3,727,940	(11.0)	4,183,146	5,304,189	(21.1)
Real Estate Stock	49,048	58,158	(15.7)	49,048	58,158	(15.7)
Investment in associate company	81,084	81,084	-	165,464	168,908	(2.0)
Investment in subsidiary	352,696	352,696	0.0	-	-	-
Investment properties	-	95,446	(100.0)	-	95,446	(100.0)
Property, equipment and right-of-use assets	504,516	585,436	(13.8)	600,290	695,697	(13.7)
Intangible assets	80,486	67,117	19.9	80,486	69,491	15.8
Deferred tax Assets	28,195	54,951	(48.7)	37,597	64,355	(41.6)
Other assets	209,353	150,878	38.8	592,252	490,547	20.7
<b>Total assets</b>	<b>36,593,149</b>	<b>33,699,122</b>	<b>8.6</b>	<b>38,743,293</b>	<b>35,812,850</b>	<b>8.2</b>
<b>Liabilities</b>						
Due to banks	5,103,839	2,599,970	96.3	5,116,920	2,603,003	96.6
Due to customers at amortised cost	25,551,164	25,444,119	0.4	25,355,934	25,245,868	0.4
Debt issued and borrowed funds at amortised cost	693,528	741,030	(6.4)	693,528	741,030	(6.4)
Insurance provision - life	-	-	-	379,662	393,030	(3.4)
Insurance provision - non life	-	-	-	567,961	671,728	(15.4)
Current tax liabilities	115,372	30,055	283.9	115,372	30,055	283.9
Other liabilities	1,083,637	858,908	26.2	1,672,643	1,406,010	19.0
Retirement benefits obligations	319,306	354,368	(9.9)	333,008	366,703	(9.2)
<b>Total liabilities</b>	<b>32,866,846</b>	<b>30,028,450</b>	<b>9.5</b>	<b>34,235,028</b>	<b>31,457,427</b>	<b>8.8</b>
<b>Equity</b>						
Stated capital	4,276,448	4,276,448	-	4,276,448	4,276,448	-
Retained earnings	(1,390,012)	(1,289,648)	(7.8)	(1,092,722)	(1,042,034)	(4.9)
OCI reserve	(34,220)	(31,892)	(7.3)	(34,892)	(33,607)	(3.8)
RLA Reserve	529,913	371,590	42.6	529,913	371,590	42.6
Statutory reserves	344,174	344,174	-	344,174	344,174	(0.0)
Total equity attributable to the parent	3,726,303	3,670,672	1.5	4,022,921	3,916,571	2.7
Non controlling interests	-	-	-	485,344	438,852	10.6
<b>Total equity</b>	<b>3,726,303</b>	<b>3,670,672</b>	<b>1.5</b>	<b>4,508,265</b>	<b>4,355,423</b>	<b>3.5</b>
<b>Total liabilities and equity</b>	<b>36,593,149</b>	<b>33,699,122</b>	<b>8.6</b>	<b>38,743,293</b>	<b>35,812,850</b>	<b>8.2</b>
Commitments and contingencies	43,656	42,093	3.7	70,631	69,472	1.7
Net assets value per share (LKR)	7.10	7.00	1.5	7.67	7.47	2.7

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007  
Information contained in these statements have been extracted from the unaudited Financial Statements of the Company unless indicated as "Audited".

(sgd.)  
**W. K. C. S. Vithana**  
Chief Financial Officer

(sgd.)  
**H. K. D. W. M. D. K. Hapuhinna**  
Chief Executive Officer

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 by,

(sgd.)  
**A. M. A. Perera**  
Chairman

(sgd.)  
**M. P. Ruwan Kumara**  
Director

Colombo, Sri Lanka  
12/Aug/2024

## Interim Financial Statements

### Statement of Changes in Equity

<b>Company</b>	<b>Stated capital</b> <b>LKR ' 000</b>	<b>Statutory reserves</b> <b>LKR ' 000</b>	<b>OCI reserve</b> <b>LKR ' 000</b>	<b>RLA reserve</b> <b>LKR ' 000</b>	<b>Retained profits</b> <b>LKR ' 000</b>	<b>Total equity</b> <b>LKR ' 000</b>
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	-	-	-	-	(271,850)	(271,850)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	93,538	(93,538)	-
<b>Balance as at 30th June 2023</b>	<b>4,276,448</b>	<b>339,996</b>	<b>(30,377)</b>	<b>147,979</b>	<b>(1,310,352)</b>	<b>3,423,694</b>
Balance as at 01st January 2024	4,276,448	344,174	(31,892)	371,590	(1,289,648)	3,670,672
Net profit/(loss) for the period	-	-	-	-	57,959	57,959
Other comprehensive income	-	-	(2,328)	-	-	(2,328)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	158,323	(158,323)	-
<b>Balance as at 30th June 2024</b>	<b>4,276,448</b>	<b>344,174</b>	<b>(34,220)</b>	<b>529,913</b>	<b>(1,390,012)</b>	<b>3,726,303</b>

<b>Group</b>	<b>Stated Capital</b> <b>LKR ' 000</b>	<b>Statutory reserves</b> <b>LKR ' 000</b>	<b>OCI reserve</b> <b>LKR ' 000</b>	<b>RLA reserve</b> <b>LKR ' 000</b>	<b>Retained profits</b> <b>LKR ' 000</b>	<b>Non controlling interest</b> <b>LKR ' 000</b>	<b>Total equity</b> <b>LKR ' 000</b>
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	-	-	-	-	(266,748)	(6,798)	(273,546)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	93,538	(93,538)	-	-
Other comprehensive income	-	-	756	-	(0)	649	1,405
<b>Balance as at 30th June 2023</b>	<b>4,276,448</b>	<b>339,996</b>	<b>(33,746)</b>	<b>147,979</b>	<b>(954,405)</b>	<b>434,556</b>	<b>4,210,828</b>
Balance as at 01st January 2024	4,276,448	344,174	(33,607)	371,590	(1,042,034)	438,852	4,355,423
Net profit/(loss) for the period	-	-	-	-	107,635	45,597	153,232
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	158,323	(158,323)	-	-
Other comprehensive income	-	-	(1,285)	-	0	895	(390)
<b>Balance as at 30th June 2024</b>	<b>4,276,448</b>	<b>344,174</b>	<b>(34,892)</b>	<b>529,913</b>	<b>(1,092,722)</b>	<b>485,344</b>	<b>4,508,265</b>

# Interim Financial Statements

## Statement of Cash Flows

For the period ended 30th June	Company		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Cash flows from operating activities</b>				
Profit before income tax	170,102	(366,636)	265,375	(362,829)
<b>Adjustments for :</b>				
Net Interest Income	(903,872)	(698,601)	(1,054,239)	(912,349)
WHT movement for the year	(70)	(326)	(70)	(326)
Impairment charges for loans and other losses	(68,399)	96,779	(68,399)	96,779
Share of associate company's profit/(loss) before tax	-	-	3,443	(18,526)
Depreciation and amortisation	148,637	130,097	166,904	148,142
Profit from sales of real estate	(2,461)	(13,580)	(2,461)	(13,580)
Profit from sales of property & equipment and investment property	(2,801)	(1,951)	(2,801)	(1,951)
Dividend income from financial assets	(4,962)	(3,501)	(4,962)	(3,962)
Contribution to defined benefit plans	36,000	21,000	39,420	24,210
Fair value change of financial assets	(18,785)	(109,684)	(16,848)	(108,279)
	<b>(646,611)</b>	<b>(946,403)</b>	<b>(674,638)</b>	<b>(1,152,671)</b>
Interest paid to customers at amortised cost	(2,244,923)	(2,662,799)	(2,244,923)	(2,662,799)
Interest paid on other borrowings	(253,313)	(219,463)	(259,263)	(229,627)
Interest received on loans & receivables at amortised cost	2,157,524	2,749,139	2,157,524	2,749,139
Interest received on other investment	1,035,458	356,129	1,191,775	580,041
Gratuity paid	(71,062)	(20,875)	(73,117)	(22,255)
<b>Change in operating assets</b>				
Loans & receivables at amortised cost	(1,351,400)	3,923,281	(1,482,894)	3,893,372
Other operating assets	(102,708)	(273,252)	(145,935)	(377,085)
<b>Change in operating liabilities</b>				
Due to customers at amortised cost	477,063	(812,992)	477,063	(812,992)
Payments made under operating leases	(108,782)	(92,550)	(124,249)	(107,207)
Insurance provision	-	-	(117,136)	129,402
Other liabilities	308,295	377,289	365,668	441,570
<b>Net cash generated from/(used in) operating activities before tax</b>	<b>(800,459)</b>	<b>2,377,505</b>	<b>(930,125)</b>	<b>2,428,888</b>
Income tax paid	-	-	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>(800,459)</b>	<b>2,377,505</b>	<b>(930,125)</b>	<b>2,428,888</b>
<b>Cash flows from investing activities</b>				
Net increase/(decrease) in financial investments at amortised cost	324,568	608,644	993,583	927,890
Net (increase)/decrease in placements with banks & financial institutions	-	(445,000)	4,847	(446,720)
Net (increase)/decrease in investment of government securities at FVTPL	(2,247,521)	(2,038,868)	(2,247,521)	(2,038,868)
Net (increase)/decrease in other financial investments at FVTPL	44,991	(13,054)	42,446	(13,570)
Proceeds from real estate stock	11,572	41,126	11,572	41,126
Purchase of property & equipment	(2,172)	(14,348)	(3,577)	(30,122)
Purchase of intangible assets	(35,189)	-	(35,189)	-
Proceeds from sale of property & equipment	3,239	2,146	3,239	2,146
Dividends received	4,962	3,501	4,962	3,962
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,895,550)</b>	<b>(1,855,853)</b>	<b>(1,225,638)</b>	<b>(1,554,156)</b>
<b>Cash flows from financing activities</b>				
Net increase/(decrease) reverse repo agreements	1,101,050	(250,000)	1,101,050	(250,000)
Net increase/(decrease) in other borrowings at amortised cost	1,185,000	(579,212)	1,185,000	(634,641)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,286,050</b>	<b>(829,212)</b>	<b>2,286,050</b>	<b>(884,641)</b>
Net increase / (decrease) in cash and cash equivalents during the period	(409,959)	(307,560)	130,287	(9,909)
Cash and cash equivalents at the beginning of the period	683,545	596,679	831,241	783,523
<b>Cash and cash equivalents at the end of the period</b>	<b>273,586</b>	<b>289,119</b>	<b>961,528</b>	<b>773,614</b>
Note				
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and short term funds	523,728	507,244	1,224,750	1,019,331
Dues to banks	(250,142)	(218,125)	(263,222)	(245,717)
	<b>273,586</b>	<b>289,119</b>	<b>961,528</b>	<b>773,614</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 12th August 2024, in accordance with the resolution of the Directors passed on 12th August 2024.

**Basis of preparation and accounting policies**

The interim condensed Financial Statements for the period ended 30th June 2024 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	
	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	523,717	720,397	-	-	523,717	720,397
Placements with banks & financial institutions	-	-	639,594	574,588	-	-	639,594	574,588
Financial investments at fair value through profit or loss	10,358,653	8,161,368	-	-	-	-	10,358,653	8,161,368
Loans & receivables at amortised cost	-	-	20,437,545	19,054,715	-	-	20,437,545	19,054,715
Financial investments at fair value through other comprehensive income	-	-	-	-	12,020	14,348	12,020	14,348
Financial investments at amortised cost	-	-	3,316,243	3,727,940	-	-	3,316,243	3,727,940
Other assets	-	-	72,575	70,068	-	-	72,575	70,068
<b>Total</b>	<b>10,358,653</b>	<b>8,161,368</b>	<b>24,989,674</b>	<b>24,147,708</b>	<b>12,020</b>	<b>14,348</b>	<b>35,360,347</b>	<b>32,323,423</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2024	12/31/2023	6/30/2024	12/31/2023
<b>As at</b>				
Due to banks	5,103,839	2,599,970	5,103,839	2,599,970
Due to customers at amortised cost	25,551,164	25,444,119	25,551,164	25,444,119
Debt issued and borrowed funds at amortised cost	693,528	741,030	693,528	741,030
Other liabilities	223,980	253,070	223,980	253,070
<b>Total</b>	<b>31,572,511</b>	<b>29,038,189</b>	<b>31,572,511</b>	<b>29,038,189</b>

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,224,740	871,126	-	-	1,224,740	871,126
Placements with banks & financial institutions	-	-	681,389	645,823	-	-	681,389	645,823
Financial investments at fair value through profit or loss	10,369,758	8,169,927	-	-	-	-	10,369,758	8,169,927
Loans & receivables at amortised cost	-	-	20,601,899	19,059,962	-	-	20,601,899	19,059,962
Financial investments at fair value through other comprehensive income	-	-	-	-	157,224	119,221	157,224	119,221
Financial investments at amortised cost	-	-	4,183,146	5,304,189	-	-	4,183,146	5,304,189
Other assets	-	-	72,575	70,068	-	-	72,575	70,068
<b>Total</b>	<b>10,369,758</b>	<b>8,169,927</b>	<b>26,763,749</b>	<b>25,951,168</b>	<b>157,224</b>	<b>119,221</b>	<b>37,290,730</b>	<b>34,240,315</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2024	12/31/2023	6/30/2024	12/31/2023
<b>As at</b>				
Due to banks	5,116,920	2,603,003	5,116,920	2,603,003
Due to customers at amortised cost	25,355,934	25,245,868	25,355,934	25,245,868
Debt issued and borrowed funds at amortised cost	693,528	741,030	693,528	741,030
Other liabilities	223,980	253,070	223,980	253,070
<b>Total</b>	<b>31,390,362</b>	<b>28,842,971</b>	<b>31,390,362</b>	<b>28,842,972</b>



**Movement in individual and collective impairment during the period**

	Company		Group	
	2024	2023	2024	2023
<b>Impairment charge/(reversal) from loans and other losses</b>				
Impairment from Loans and advances-individual impairment	987,857	231,557	987,857	231,557
Impairment from Loans and advances-collective impairment	(1,153,189)	(151,094)	(1,153,189)	(151,094)
Write off	1,501	17,190	1,501	17,190
Cash and cash equivalent	(32)	14	(32)	14
Placements with banks & financial institutions	(50)	133	(50)	133
Other losses	95,514	(1,021)	95,514	(1,021)
	<b>(68,399)</b>	<b>96,779</b>	<b>(68,399)</b>	<b>96,779</b>
<b>Individual impairment charge/(reversal)</b>				
As at 01 January	898,181	1,655,176	1,655,176	1,902,229
Charge/(reversal) to income statement from loans and advances	967,669	231,557	967,669	231,557
Write off	20,188	-	20,188	-
<b>As at 30th June</b>	<b>1,886,038</b>	<b>1,886,733</b>	<b>2,643,033</b>	<b>2,133,786</b>
<b>Collective impairment charge/(reversal)</b>				
As at 01 January	1,761,303	1,087,042	1,087,042	1,575,108
Charge/(reversal) to income statement from loans and advances	(1,153,189)	(151,094)	(1,153,189)	(151,094)
<b>As at 30th June</b>	<b>608,114</b>	<b>935,948</b>	<b>(66,147)</b>	<b>1,424,014</b>
<b>Loans and advances impairment</b>	<b>2,494,152</b>	<b>2,822,681</b>	<b>2,576,885</b>	<b>3,557,800</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 June 2024 and comparative figures for the period ended 30th June 2023.

Group	Leasing		Loans		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	2024 LKR.'000	2023 LKR.'000	2024 LKR.'000	2023 LKR.'000	2024 LKR.'000	2023 LKR.'000	2024 LKR.'000	2023 LKR.'000	2024 LKR.'000	2023 LKR.'000	2024 LKR.'000	2023 LKR.'000
<b>For the Period ended 30th June</b>												
<b>Revenue from external customers</b>												
Interest and similar income	901,110	868,788	961,927	1,399,550	162,087	371,715	156,317	223,912	972,464	576,963	3,153,905	3,440,928
Interest and similar expenses	485,934	699,326	583,096	948,876	117,049	218,381	5,950	10,164	907,637	651,832	2,099,666	2,528,579
<b>Net interest income</b>	<b>415,176</b>	<b>169,462</b>	<b>378,831</b>	<b>450,674</b>	<b>45,038</b>	<b>153,334</b>	<b>150,367</b>	<b>213,748</b>	<b>64,827</b>	<b>(74,869)</b>	<b>1,054,239</b>	<b>912,349</b>
<b>Net fee and commission income</b>	<b>46,038</b>	<b>24,578</b>	<b>10,603</b>	<b>22,229</b>	<b>-</b>	<b>-</b>	<b>19,820</b>	<b>20,435</b>	<b>(3,218)</b>	<b>3,418</b>	<b>73,243</b>	<b>70,660</b>
Insurance premium income	-	-	-	-	-	-	223,742	221,010	-	-	223,742	221,010
Net claims and benefits	-	-	-	-	-	-	(99,111)	(248,886)	-	-	(99,111)	(248,886)
Real estate profit	-	-	2,461	13,580	-	-	-	-	-	-	2,461	13,580
Trading and other income	16,124	7,350	5,037	4,153	75,144	13,542	4,214	9,948	515,010	117,287	615,529	152,279
<b>Total operating income</b>	<b>477,338</b>	<b>201,390</b>	<b>396,932</b>	<b>490,636</b>	<b>120,182</b>	<b>166,876</b>	<b>299,032</b>	<b>216,255</b>	<b>576,619</b>	<b>45,836</b>	<b>1,870,103</b>	<b>1,120,992</b>
Impairment (charges)/reversal for loans and other losses	65,427	105,632	(66,553)	(17,560)	70,943	(167,513)	-	-	(1,418)	(17,338)	68,399	(96,779)
<b>Net operating income</b>	<b>542,765</b>	<b>307,022</b>	<b>330,379</b>	<b>473,076</b>	<b>191,125</b>	<b>(637)</b>	<b>299,032</b>	<b>216,255</b>	<b>575,200</b>	<b>28,498</b>	<b>1,938,502</b>	<b>1,024,213</b>
Personnel expenses	(161,042)	(170,069)	(193,242)	(230,757)	(7,780)	(8,244)	(88,958)	(107,564)	(331,808)	(203,384)	(782,830)	(720,018)
Depreciation and amortisation	(34,497)	(36,126)	(41,395)	(49,017)	(80)	(80)	(18,267)	(18,044)	(72,665)	(44,875)	(166,904)	(148,142)
Other operating expenses	(102,763)	(104,208)	(123,310)	(141,393)	(9,238)	(2,389)	(106,406)	(127,173)	(194,143)	(105,474)	(535,860)	(480,637)
<b>Segment result</b>	<b>244,463</b>	<b>(3,381)</b>	<b>(27,568)</b>	<b>51,909</b>	<b>174,027</b>	<b>(11,350)</b>	<b>85,401</b>	<b>(36,526)</b>	<b>(23,416)</b>	<b>(325,235)</b>	<b>452,908</b>	<b>(324,584)</b>
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>											<b>452,908</b>	<b>(324,584)</b>
Value added tax on financial services											(160,769)	(48,952)
Social Security Contribution Levy (SSCL)											(23,321)	(7,819)
Share of associate company's profit/(loss) before tax											(3,443)	18,526
<b>Profit/(loss) before income tax</b>											<b>265,375</b>	<b>(362,829)</b>
Income tax expense											(112,143)	89,283
<b>Profit/(loss) for the period</b>											<b>153,232</b>	<b>(273,546)</b>
<b>Assets</b>												
<b>Capital expenditures</b>												
Property, equipment and right-of-use assets	504	3,984	605	5,406	121	1,244	1,405	15,775	942	3,713	3,577	30,122
Intangible assets	8,167	-	9,800	-	1,967	-	-	-	15,255	-	35,189	-
<b>Total segment assets</b>	<b>8,927,852</b>	<b>7,718,917</b>	<b>10,073,413</b>	<b>10,595,136</b>	<b>1,824,169</b>	<b>2,299,054</b>	<b>2,613,690</b>	<b>2,686,801</b>	<b>15,304,169</b>	<b>8,371,259</b>	<b>38,743,293</b>	<b>31,671,168</b>
<b>Total segment liabilities</b>	<b>7,934,617</b>	<b>6,743,947</b>	<b>8,952,732</b>	<b>9,256,874</b>	<b>1,621,228</b>	<b>2,008,663</b>	<b>1,563,410</b>	<b>1,746,811</b>	<b>14,163,041</b>	<b>7,704,045</b>	<b>34,235,028</b>	<b>27,460,340</b>

## Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/6/2024 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>															
Nov 2022 - Nov 2027	Listed	Annually	23,990	Not traded during the quarter			24.00%	24.00%	11.22%	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%	11.22%	Not traded during the quarter			Not traded during the quarter		
<b>Floating Rate</b>															
Nov 2022 - Nov 2027	Listed	Quarterly	10,830	Not traded during the quarter			12.90%	13.54%	11.22%	Not traded during the quarter			Not traded during the quarter		
<b>Fixed Rate</b>															
April 2023 - April 2028	Listed	Annually	276,660	Not traded during the quarter			29.50%	29.50%	11.63%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Bi Annually	255,140	Not traded during the quarter			28.00%	29.96%	11.63%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	At maturity	91,030	Not traded during the quarter			40.00%	24.57%	11.63%	Not traded during the quarter			Not traded during the quarter		
<b>Total Debentures</b>			<b>690,530</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 June 2024

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
<b>1</b>	<b>Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 67.7 Mn during the year 2022</b>							
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	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).	67,700,000	16-Nov-22	67,700,000	100%	54,160,000	80%	Discounting of the amount counted as capital by 1/5 each year during the four years preceding the maturity.
<b>2</b>	<b>Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 622.83 Mn during the year 2023</b>							
a.	The funds raised through this Debenture Issue utilized to meet the regulatory capital requirements of the company (tier II)	622,830,000	10-Apr-23	622,830,000	100%	498,264,000	80%	Discounting of the amount counted as capital by 1/5 each year during the four years preceding the maturity.
b.	To reduce the maturity mismatch by increasing the mediam term fund base to					622,830,000	100%	N/A

**Events after the statement of financial position date**

There were no material events reported since 30th June 2024 that require disclosure in these Financial Statements.

**Information on ordinary shares**

<b>As at</b>		<b>6/30/2024</b>	<b>12/31/2023</b>
Net asset per share (LKR)	- Company	7.10	7.00
	- Group	7.67	7.47

<b>Market price per share recorded during the quarter ended 30th June (LKR)</b>		<b>2024</b>	<b>2023</b>
	-High	6.60 (7-5-2024)	4.00 (21-3-2023)
	-Low	5.00 (24-4-2024)	3.00 (16-2-2023)
	-Last Transaction	5.30 (28-6-2024)	3.40 (31-3-2023)

<b>As at</b>		<b>6/30/2024</b>	<b>12/31/2023</b>
Number of shares issued		524,539,637	524,539,637
Stated capital (LKR)		4,276,447,883	4,276,447,883

<b>Ratios as at</b>		<b>6/30/2024</b>	<b>12/31/2023</b>
Debt/Equity Ratio		1.6	0.9
Statutory Liquid Asset Ratio		11.23%	13.41%

<b>Ratios for the period ended</b>		<b>6/30/2024</b>	<b>6/30/2023</b>
Interest Cover		1.081	0.855

**The Float adjusted market capitalization as at 30th June 2024 - Rs. 430,866,532**

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 June 2024**

	<b>Name of the share holder</b>	<b>No. of Shares</b>	<b>Holding %</b>
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	3,227,403	0.62%
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	1,317,656	0.25%
10	Hatton National Bank PLC/Ravindra Erle Rambukwelle	1,200,000	0.23%
11	Mr. B.T. Prathapasinghe	1,121,250	0.21%
12	Mr. A.S.A.Fernando	1,000,000	0.19%
13	Seylan Bank PLC/A.C.Senanka	797,835	0.15%
14	Est.of Lat P.K.C.P. Samarasinghe (Deceased)	784,031	0.15%
15	People's Leasing & Finance PLC/L.P.Hapangama	715,627	0.14%
16	Mr. N. Krishnakumar	635,448	0.12%
17	Mr. L.H.L.M.P.Haradasa	625,010	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	Mrs. N.D. Chathurani	560,000	0.11%

The percentage of shares held by the public as at 30th June 2024 was 15.50% and the number of public shareholders as at 30th June 2024 were 10,864

**Directors' shareholding as at 30th June 2024**

<b>Name of the Director</b>	<b>No. of Shares</b>
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 June 2024**

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