

INTERIM FINANCIAL STATEMENTS

For the Period ended 30th September 2024

Rating 'BBB+(lka)'; Outlook Stable



Co.Reg.No. PQ10

Interim Financial Statements

Statement of Profit or Loss

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	9/30/2024	9/30/2023	Change %	9/30/2024	9/30/2023	Change %	9/30/2024	9/30/2023	Change %	9/30/2024	9/30/2023	Change %
	LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000	
Income	1,514,203	2,194,682	(31.0)	5,213,275	5,643,773	(7.6)	1,671,990	2,436,233	(31.4)	5,750,799	6,331,291	(9.2)
Interest and similar income	1,552,363	1,665,931	(6.8)	4,566,739	4,896,418	(6.7)	1,606,474	1,744,162	(7.9)	4,760,379	5,177,955	(8.1)
Interest and similar expenses	945,805	1,200,898	(21.2)	3,056,309	3,732,784	(18.1)	942,226	1,195,715	(21.2)	3,041,892	3,717,159	(18.2)
Net interest income	606,558	465,033	30.4	1,510,430	1,163,634	29.8	664,248	548,447	21.1	1,718,487	1,460,796	17.6
Fee and commission income	81,074	25,087	223.2	151,994	87,780	73.2	88,175	37,947	132.4	171,347	113,285	51.3
Fee and commission expenses	3,925	(1,654)	337.4	21,423	10,814	98.1	2,006	(3,080)	165.1	11,935	1,598	647.0
Net fee and commission income	77,149	26,741	188.5	130,571	76,966	69.6	86,169	41,027	110.0	159,412	111,687	42.7
Insurance premium income	-	-	-	-	-	-	92,745	143,046	(35.2)	316,488	364,056	(13.1)
Net claims and benefits	-	-	-	-	-	-	(75,903)	(117,856)	35.6	(175,015)	(366,742)	52.3
Net gain/(loss) on financial instruments at fair value through profit or loss	(159,436)	398,941	(140.0)	(140,651)	508,625	(127.7)	(160,118)	401,054	(139.9)	(138,788)	511,253	(127.1)
Other operating income	40,202	104,723	(61.6)	635,193	150,950	320.8	44,714	110,024	(59.4)	641,373	164,742	289.3
Total operating income	564,473	995,438	(43.3)	2,135,543	1,900,175	12.4	651,855	1,125,742	(42.1)	2,521,957	2,245,792	12.3
Impairment charge/(reversal) from loans and other losses	52,183	(78,274)	166.7	(16,216)	18,505	(187.6)	52,183	(78,274)	166.7	(16,216)	18,505	(187.6)
Net operating income	512,290	1,073,712	(52.3)	2,151,759	1,881,670	14.4	599,672	1,204,016	(50.2)	2,538,173	2,227,287	14.0
Personnel expenses	344,106	313,627	9.7	1,037,978	926,081	12.1	390,526	364,401	7.2	1,173,356	1,084,419	8.2
Depreciation and amortisation	71,661	69,846	2.6	220,298	199,943	10.2	80,839	79,051	2.3	247,743	227,193	9.0
Other operating expenses	211,875	181,662	16.6	654,644	556,935	17.5	256,780	229,163	12.1	792,640	708,858	11.8
Total operating expense	627,642	565,135	11.1	1,912,920	1,682,959	13.7	728,145	672,615	8.3	2,213,739	2,020,470	9.6
Profit/(loss) from operations	(115,352)	508,577	(122.7)	238,839	198,711	20.2	(128,473)	531,401	(124.2)	324,434	206,817	56.9
Impairment charge/(reversal) from investment in Subsidiary companies	(47,571)	-	-	(47,571)	-	-	-	-	-	-	-	-
Profit/(loss) from operations after impairment from subsidiary investments	(67,781)	508,577	(113.3)	286,410	198,711	44.1	(128,473)	531,401	(124.2)	324,434	206,817	56.9
Value added tax (VAT) on financial services	42,351	127,334	(66.7)	203,120	176,286	15.2	42,351	127,334	(66.7)	203,120	176,286	15.2
Social Security Contribution Levy (SSCL)	6,903	17,467	(60.5)	30,223	25,286	19.5	6,903	17,467	(60.5)	30,223	25,286	19.5
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	(5,511)	16,078	(134.3)	(8,955)	34,604	(125.9)
Profit/(loss) before income tax	(117,035)	363,776	(132.2)	53,067	(2,861)	1,955.2	(183,238)	402,678	(145.5)	82,136	39,849	106.1
Income tax expense/(reversal)	(37,908)	146,542	(125.9)	74,234	51,756	43.4	(37,908)	151,935	(125.0)	74,234	62,652	18.5
Profit/(loss) for the period	(79,127)	217,234	(136.4)	(21,167)	(54,617)	61.2	(145,330)	250,743	(158.0)	7,902	(22,803)	134.7
Profit/(loss) for the period attributable to:												
Equity holders of the parent	(79,127)	217,234	(136.4)	(21,167)	(54,617)	61.2	(139,269)	240,201	(158.0)	(31,634)	(26,547)	(19.2)
Non controlling interests	-	-	-	-	-	-	(6,061)	10,542	(157.5)	39,536	3,744	956.0
Profit/(loss) for the period	(79,127)	217,234	(136.4)	(21,167)	(54,617)	61.2	(145,330)	250,743	(158.0)	7,902	(22,803)	134.7
Earnings per share:												
Basic/Diluted earnings/(loss) per share (LKR)	(0.15)	0.41	(136.4)	(0.04)	(0.10)	61.2	(0.27)	0.46	(158.0)	(0.06)	(0.05)	(19.2)

Interim Financial Statements

Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	9/30/2024	9/30/2023	Change %	9/30/2024	9/30/2023	Change %	9/30/2024	9/30/2023	Change %	9/30/2024	9/30/2023	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Profit/(loss) for the period	(79,127)	217,234	(136.4)	(21,167)	(54,617)	61.2	(145,330)	250,743	(158.0)	7,902	(22,803)	134.7
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	1,328	(32)	4,232.3	(1,000)	(32)	(3,012.4)	1,328	2,402	(44.7)	938	3,807	(75.4)
Other comprehensive income/(expense) before tax	1,328	(32)	4,232.3	(1,000)	(32)	(3,012.4)	1,328	2,402	(44.7)	938	3,807	(75.4)
Deferred tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expense) for the period, net of tax	1,328	(32)	4,232.3	(1,000)	(32)	(3,012.4)	1,328	2,402	(44.7)	938	3,807	(75.4)
Total comprehensive income/(expense) for the period, net of tax	(77,799)	217,202	(135.8)	(22,167)	(54,649)	59.4	(144,002)	253,145	(156.9)	8,840	(18,996)	146.5
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	(77,799)	217,202	(135.8)	(22,167)	(54,649)	59.4	(137,941)	241,478	(157.1)	(31,591)	(24,513)	(28.9)
Non controlling interests	-	-	-	-	-	-	(6,061)	11,667	(151.9)	40,431	5,517	632.8
	(77,799)	217,202	(135.8)	(22,167)	(54,649)	59.4	(144,002)	253,145	(156.9)	8,840	(18,996)	146.5

Interim Financial Statements

Statement of Financial Position

as at	Company			Group		
	9/30/2024	12/31/2023	Change	9/30/2024	12/31/2023	Change
	LKR '000	(Audited) LKR '000	%	LKR '000	(Audited) LKR '000	%
Assets						
Cash and cash equivalents	720,287	720,397	(0.0)	885,954	871,126	1.7
Placements with banks & financial institutions	537,590	574,588	(6.4)	575,187	645,823	(10.9)
Financial investments at fair value through profit or loss	10,255,472	8,161,368	25.7	10,265,895	8,169,927	25.7
Loans & receivables at amortised cost	22,506,940	19,054,715	18.1	22,907,785	19,059,962	20.2
Financial investments at fair value through other comprehensive income	13,348	14,348	(7.0)	119,343	119,221	0.1
Financial investments at amortised cost	3,401,992	3,727,940	(8.7)	4,574,268	5,304,189	(13.8)
Real Estate Stock	44,635	58,158	(23.3)	44,635	58,158	(23.3)
Investment in associate company	81,084	81,084	-	159,934	168,908	(5.3)
Investment in subsidiary	400,267	352,696	13.5	-	-	-
Investment properties	-	95,446	(100.0)	-	95,446	(100.0)
Property, equipment and right-of-use assets	488,395	585,436	(16.6)	574,991	695,697	(17.4)
Intangible assets	69,812	67,117	4.0	69,812	69,491	0.5
Deferred tax Assets	38,068	54,951	(30.7)	47,470	64,355	(26.2)
Other assets	220,755	150,878	46.3	656,109	490,547	33.8
Total assets	38,778,645	33,699,122	15.1	40,881,383	35,812,850	14.2
Liabilities						
Due to banks	7,432,569	2,599,970	185.9	7,458,635	2,603,003	186.5
Due to customers at amortised cost	25,677,128	25,444,119	0.9	25,472,596	25,245,868	0.9
Debt issued and borrowed funds at amortised cost	733,558	741,030	(1.0)	733,558	741,030	(1.0)
Insurance provision - life	-	-	-	392,695	393,030	(0.1)
Insurance provision - non life	-	-	-	534,617	671,728	(20.4)
Current tax liabilities	42,835	30,055	42.5	42,835	30,055	42.5
Other liabilities	919,691	858,908	7.1	1,543,388	1,406,010	9.8
Retirement benefits obligations	324,359	354,368	(8.5)	338,796	366,703	(7.6)
Total liabilities	35,130,140	30,028,450	17.0	36,517,120	31,457,427	16.1
Equity						
Stated capital	4,276,448	4,276,448	-	4,276,448	4,276,448	-
Retained earnings	(1,409,130)	(1,289,648)	(9.3)	(1,171,983)	(1,042,034)	(12.5)
OCI reserve	(32,892)	(31,892)	(3.1)	(33,564)	(33,607)	0.1
RLA Reserve	469,905	371,590	26.5	469,905	371,590	26.5
Statutory reserves	344,174	344,174	-	344,174	344,174	0.0
Total equity attributable to the parent	3,648,505	3,670,672	(0.6)	3,884,980	3,916,571	(0.8)
Non controlling interests	-	-	-	479,283	438,852	9.2
Total equity	3,648,505	3,670,672	(0.6)	4,364,263	4,355,423	0.2
Total liabilities and equity	38,778,645	33,699,122	15.1	40,881,383	35,812,850	14.2
Commitments and contingencies	43,619	42,093	3.6	67,945	69,032	(1.6)
Net assets value per share (LKR)	6.96	7.00	(0.6)	7.41	7.47	(0.8)

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.)

Y. A. Jayathilaka
Director

(sgd.)

M. P. Ruwan Kumara
Director

Colombo, Sri Lanka
11/Nov/2024

Interim Financial Statements

Statement of Changes in Equity

Company	Stated capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	RLA reserve LKR ' 000	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2023	4,276,448	339,996	(30,377)	54,441	(944,964)	3,695,544
Net profit/(loss) for the period	-	-	-	-	(54,617)	(54,617)
Other comprehensive income	-	-	(32)	-	-	(32)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	190,538	(190,538)	-
Balance as at 30th September 2023	4,276,448	339,996	(30,409)	244,979	(1,190,119)	3,640,895
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	-	-	-	-	(21,167)	(21,167)
Other comprehensive income	-	-	(1,000)	-	-	(1,000)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	98,315	(98,315)	-
Balance as at 30th September 2024	4,276,448	344,174	(32,892)	469,905	(1,409,130)	3,648,505

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	RLA reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2023	4,276,448	339,996	(34,502)	54,441	(594,119)	440,705	4,482,969
Net profit/(loss) for the period	-	-	-	-	(26,547)	3,744	(22,803)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	190,538	(190,538)	-	-
Other comprehensive income	-	-	2,034	-	0	1,773	3,807
Balance as at 30th September 2023	4,276,448	339,996	(32,468)	244,979	(811,204)	446,222	4,463,973
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	-	-	-	-	(31,634)	39,536	7,902
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	98,315	(98,315)	-	-
Other comprehensive income	-	-	43	-	0	895	938
Balance as at 30th September 2024	4,276,448	344,174	(33,564)	469,905	(1,171,983)	479,283	4,364,263

Interim Financial Statements

Statement of Cash Flows

For the period ended 30th September	Company		Group	
	2024	2023	2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from operating activities				
Profit before income tax	53,067	(2,861)	82,136	39,849
Adjustments for :				
Net Interest Income	(1,510,430)	(1,163,634)	(1,718,487)	(1,460,796)
WHT movement for the year	(1,878)	(1,214)	(1,878)	(1,214)
Impairment charges for loans and other losses	(16,216)	18,505	(16,216)	18,505
Impairment (reversal)/charge of investment in subsidiary	(47,571)	-	-	-
Share of associate company's profit/(loss) before tax	-	-	8,955	(34,604)
Depreciation and amortisation	220,298	199,943	247,743	227,193
Profit from sales of real estate	(4,015)	(15,845)	(4,015)	(15,845)
Profit from sales of property & equipment and investment property	(4,331)	(1,951)	(4,331)	(1,951)
Dividend income from financial assets	(8,792)	(6,454)	(8,792)	(6,925)
Contribution to defined benefit plans	54,000	31,500	58,920	36,315
Fair value change of financial assets	140,650	(508,625)	142,588	(504,786)
	(1,125,218)	(1,450,636)	(1,213,377)	(1,704,259)
Interest paid to customers at amortised cost	(3,008,673)	(3,601,578)	(3,008,673)	(3,601,578)
Interest paid on other borrowings	(403,404)	(289,171)	(412,060)	(302,777)
Interest received on loans & receivables at amortised cost	3,246,274	3,988,332	3,246,274	3,988,332
Interest received on other investment	1,496,416	549,674	1,713,129	860,442
Gratuity paid	(84,008)	(39,320)	(86,828)	(40,700)
Change in operating assets				
Loans & receivables at amortised cost	(3,463,658)	4,583,355	(3,831,644)	4,553,433
Other operating assets	(152,501)	(283,555)	(248,167)	(295,915)
Change in operating liabilities				
Due to customers at amortised cost	626,121	1,607,861	626,121	1,607,861
Payments made under operating leases	(108,782)	(92,550)	(134,070)	(116,628)
Insurance provision	-	-	(137,446)	97,062
Other liabilities	133,513	296,426	235,397	311,163
Net cash generated from/(used in) operating activities before tax	(2,843,920)	5,268,838	(3,251,344)	5,356,436
Income tax paid	(42,693)	(39,000)	(42,693)	(39,000)
Net cash generated from/(used in) operating activities	(2,886,613)	5,229,838	(3,294,037)	5,317,436
Cash flows from investing activities				
Net increase/(decrease) in financial investments at amortised cost	228,963	577,838	631,815	537,104
Net (increase)/decrease in placements with banks & financial institutions	100,000	(403,000)	99,744	(431,483)
Net (increase)/decrease in investment of government securities at FVTPL	(2,279,553)	(6,836,941)	(2,279,553)	(6,836,941)
Net (increase)/decrease in other financial investments at FVTPL	25,973	(71,827)	24,110	(74,455)
Proceeds from real estate stock	17,539	50,226	17,539	50,226
Purchase of property & equipment	(7,084)	(18,389)	(8,489)	(34,163)
Purchase of intangible assets	(35,189)	-	(35,189)	-
Proceeds from sale of property & equipment	3,209	2,157	3,209	2,157
Dividends received	8,792	6,454	8,792	6,925
Net cash generated from/(used in) investing activities	(1,937,350)	(6,693,482)	(1,538,022)	(6,780,630)
Cash flows from financing activities				
Net increase/(decrease) reverse repo agreements	2,075,000	(250,000)	2,075,000	(250,000)
Net increase/(decrease) in other borrowings at amortised cost	2,600,000	1,521,018	2,600,000	1,465,589
Net cash generated from/(used in) financing activities	4,675,000	1,271,018	4,675,000	1,215,589
Net increase / (decrease) in cash and cash equivalents during the period	(148,963)	(192,626)	(157,059)	(247,605)
Cash and cash equivalents at the beginning of the period	683,545	596,679	831,241	783,522
Cash and cash equivalents at the end of the period	534,582	404,053	674,182	535,917
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	720,312	557,908	885,979	707,081
Dues to banks	(185,730)	(153,855)	(211,797)	(171,164)
	534,582	404,053	674,182	535,917

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 November 2024, in accordance with the resolution of the Directors passed on 11th November 2024.

Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 30th September 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	
	9/30/2024	12/31/2023	9/30/2024	12/31/2023	9/30/2024	12/31/2023	9/30/2024	12/31/2023
As at								
Financial assets								
Cash and cash equivalents	-	-	720,287	720,397	-	-	720,287	720,397
Placements with banks & financial institutions	-	-	537,590	574,588	-	-	537,590	574,588
Financial investments at fair value through profit or loss	10,255,472	8,161,368	-	-	-	-	10,255,472	8,161,368
Loans & receivables at amortised cost	-	-	22,506,940	19,054,715	-	-	22,506,940	19,054,715
Financial investments at fair value through other comprehensive income	-	-	-	-	13,348	14,348	13,348	14,348
Financial investments at amortised cost	-	-	3,401,992	3,727,940	-	-	3,401,992	3,727,940
Other assets	-	-	79,112	70,068	-	-	79,112	70,068
Total	10,255,472	8,161,368	27,245,921	24,147,708	13,348	14,348	37,514,741	32,323,424

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	9/30/2024	12/31/2023	9/30/2024	12/31/2023
As at				
Due to banks	7,432,569	2,599,970	7,432,569	2,599,970
Due to customers at amortised cost	25,677,128	25,444,119	25,677,128	25,444,119
Debt issued and borrowed funds at amortised cost	733,558	741,030	733,558	741,030
Other liabilities	129,344	240,692	129,344	240,692
Total	33,972,599	29,025,811	33,972,599	29,025,811

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	9/30/2024	12/31/2023	9/30/2024	12/31/2023	9/30/2024	12/31/2023	9/30/2024	12/31/2023
As at								
Financial assets								
Cash and cash equivalents	-	-	885,954	871,126	-	-	885,954	871,126
Placements with banks & financial institutions	-	-	575,187	645,823	-	-	575,187	645,823
Financial investments at fair value through profit or loss	10,265,895	8,169,927	-	-	-	-	10,265,895	8,169,927
Loans & receivables at amortised cost	-	-	22,907,785	19,059,962	-	-	22,907,785	19,059,962
Financial investments at fair value through other comprehensive income	-	-	-	-	119,343	119,221	119,343	119,221
Financial investments at amortised cost	-	-	4,574,268	5,304,189	-	-	4,574,268	5,304,189
Other assets	-	-	79,112	70,068	-	-	79,112	70,068
Total	10,265,895	8,169,927	29,022,306	25,951,168	119,343	119,221	39,407,544	34,240,316

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	9/30/2024	12/31/2023	9/30/2024	12/31/2023
As at				
Due to banks	7,458,635	2,603,003	7,458,635	2,603,003
Due to customers at amortised cost	25,472,596	25,245,868	25,472,596	25,245,868
Debt issued and borrowed funds at amortised cost	733,558	741,030	733,558	741,030
Other liabilities	129,344	240,692	129,344	240,692
Total	33,794,133	28,830,593	33,794,133	28,830,593

Movement in individual and collective impairment during the period

LKR. '000

	Company		Group	
	2024	2023	2024	2023
Impairment charge/(reversal) from loans and other losses				
Impairment from Loans and advances-individual impairment	990,693	187,759	990,693	187,759
Impairment from Loans and advances-collective impairment	(1,103,860)	(196,223)	(1,103,860)	(196,223)
Write off	1,501	17,190	1,501	17,190
Cash and cash equivalent	(19)	4	(19)	4
Placements with banks & financial institutions	(44)	(62)	(44)	(62)
Other losses	95,513	9,837	95,513	9,837
	(16,216)	18,505	(16,216)	18,505
Individual impairment charge/(reversal)				
As at 01 January	898,181	1,655,176	1,655,176	1,902,229
Charge/(reversal) to income statement from loans and advances	967,929	187,759	967,929	187,759
Write off	22,764	-	22,764	-
As at 30th September	1,888,874	1,842,935	2,645,869	2,089,988
Collective impairment charge/(reversal)				
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	(1,103,860)	(196,223)	(1,103,860)	(196,223)
Write off	-	-	-	-
As at 30th September	657,443	890,819	(16,818)	1,378,885
Loans and advances impairment	2,546,317	2,733,754	2,629,050	3,468,873

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 2024 and comparative figures for the period ended 30th September 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
For the Period ended 30th September												
Revenue from external customers												
Interest and similar income	1,436,237	1,282,455	1,466,815	2,021,420	220,122	507,673	216,713	310,768	1,420,492	1,055,639	4,760,379	5,177,955
Interest and similar expenses	716,683	939,867	877,065	1,270,584	159,361	301,192	8,656	13,606	1,280,127	1,191,910	3,041,892	3,717,159
Net interest income	719,554	342,588	589,750	750,836	60,761	206,481	208,057	297,162	140,365	(136,271)	1,718,487	1,460,796
Net fee and commission income	70,905	41,962	37,284	27,388	-	256	28,839	34,721	22,384	7,360	159,412	111,687
Insurance premium income	-	-	-	-	-	-	316,488	364,056	-	-	316,488	364,056
Net claims and benefits	-	-	-	-	-	-	(175,015)	(366,742)	-	-	(175,015)	(366,742)
Real estate profit	-	-	4,015	15,845	-	-	-	-	-	-	4,015	15,845
Trading and other income	21,830	12,186	28,451	7,803	79,718	57,616	8,043	16,420	360,528	566,125	498,570	660,150
Total operating income	812,289	396,736	659,500	801,872	140,479	264,353	386,412	345,617	523,277	437,214	2,521,957	2,245,792
Impairment (charges)/reversal for loans and other losses	67,880	146,452	(106,647)	21,007	56,484	(168,773)	-	-	(1,501)	(17,191)	16,216	(18,505)
Net operating income	880,169	543,188	552,853	822,879	196,963	95,580	386,412	345,617	521,776	420,023	2,538,173	2,227,287
Personnel expenses	(245,250)	(235,015)	(300,133)	(317,712)	(11,106)	(12,773)	(135,378)	(158,338)	(481,489)	(360,581)	(1,173,356)	(1,084,419)
Depreciation and amortisation	(52,051)	(50,740)	(63,700)	(68,595)	(121)	(121)	(27,445)	(27,250)	(104,426)	(80,487)	(247,743)	(227,193)
Other operating expenses	(154,677)	(141,336)	(189,291)	(191,069)	(11,368)	(6,146)	(157,527)	(173,242)	(279,777)	(197,065)	(792,640)	(708,858)
Segment result	428,191	116,097	(271)	245,503	174,368	76,540	66,062	(13,213)	(343,916)	(218,110)	324,434	206,817
Profit/(loss) from operations after impairment from subsidiary investments											324,434	206,817
Value added tax on financial services											(203,120)	(176,286)
Social Security Contribution Levy (SSCL)											(30,223)	(25,286)
Share of associate company's profit/(loss) before tax											(8,955)	34,604
Profit/(loss) before income tax											82,136	39,849
Income tax expense											(74,234)	(62,652)
Profit/(loss) for the period											7,902	(22,803)
Assets												
Capital expenditures												
Property, equipment and right-of-use assets	1,674	4,667	2,048	6,309	372	1,495	1,405	15,774	2,990	5,918	8,489	34,163
Intangible assets	8,314	-	10,175	-	1,849	-	-	-	14,851	-	35,189	-
Total segment assets	9,746,498	7,495,037	11,468,294	10,208,088	1,700,896	2,366,410	2,628,687	2,612,077	15,337,008	13,703,276	40,881,383	36,384,888
Total segment liabilities	8,737,398	6,614,374	10,280,928	9,008,643	1,524,794	2,088,358	1,591,513	1,646,829	14,382,487	12,562,707	36,517,120	31,920,911

Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2024 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
Fixed Rate															
Nov 2022 - Nov 2027	Listed	Annually	23,990	Not traded during the quarter			24.00%	24.00%	11.94%	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%	11.94%	Not traded during the quarter			Not traded during the quarter		
Floating Rate															
Nov 2022 - Nov 2027	Listed	Quarterly	10,830	Not traded during the quarter			12.90%	13.54%	11.94%	Not traded during the quarter			Not traded during the quarter		
Fixed Rate															
April 2023 - April 2028	Listed	Annually	276,660	Not traded during the quarter			29.50%	29.50%	12.46%	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%	12.46%	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%	12.46%	Not traded during the quarter			Not traded during the quarter		
Total Debentures			690,530												

All debentures are unsecured. Company has not repurchased any of its own debts and has not had any default of principal, interest or other breaches with regard to all liabilities during the period.

Debenture issue proceeds utilization as at 30th September 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
1	Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 67.7 Mn during the year 2022							
a.	The funds raised through this Debenture Issue utilized to increase the medium term fund base to match the medium to long term lending portfolio.					67,700,000	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.
2	Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 622.83 Mn during the year 2023							
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 September 2024 that require disclosure in these Financial Statements.

Information on ordinary shares

As at		9/30/2024	12/31/2023
Net asset per share (LKR)	- Company	6.96	7.00
	- Group	7.41	7.47

Market price per share recorded during the quarter ended 30th September (LKR)

	2024	2023
-High	5.80 (16-7-2024)	6.30 (7-8-2023)
-Low	4.60 (13-9-2024)	3.30 (4-7-2023)
-Last Transaction	5.30 (30-9-2024)	5.00 (27-9-2023)

As at	9/30/2024	12/31/2023
Number of shares issued	524,539,637	524,539,637
Stated capital (LKR)	4,276,447,883	4,276,447,883

Ratios as at	9/30/2024	12/31/2023
Debt/Equity Ratio	2.2	0.9
Statutory Liquid Asset Ratio	13.50%	13.41%

Ratios for the period ended	9/30/2024	9/30/2023
Interest Cover	1.017	0.999

The Float adjusted market capitalization as at 30th September 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 September 2024

	Name of the share holder	No. of Shares	Holding %
01	Bank of Ceylon No. 1 Account	401,577,367	76.56%
02	BOC Property Development & Management (Pvt) Ltd	41,666,682	7.94%
03	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	2.25%
04	Mr. J.A.S.M. Jayawickrama	5,445,926	1.04%
05	Hatton National Bank PLC/Mr. D.N. Sellamuttu	5,320,722	1.01%
06	Mr. A.M. Weerasinghe	3,227,403	0.62%
07	Sampath Bank PLC/ Dr.T. Senthilverl	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/Mr. R.E. Rambukwelle	1,200,000	0.23%
11	Mr. B.T. Prathapasinghe	1,121,250	0.21%
12	Mr. A.S.A. Fernando	1,068,310	0.20%
13	Seylan Bank PLC/A.C. Senanka	797,835	0.15%
14	Mrs.S.M.D.R. Samarasinghe	784,031	0.15%
15	People's Leasing & Finance PLC/Mr. 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/Mr. K.W.J.P.L. Perera	593,725	0.11%
20	Dr.S.S.L. Perera	542,454	0.10%

The percentage of shares held by the public as at 30th September 2024 was 15.50% and the number of public shareholders as at 30th September 2024 were 10,869

Directors' shareholding as at 30th September 2024

Name of the Director	No. of Shares
Mr. A. M. A. Perera	Nil
Prof. N. S. Punchihewa	Nil
Mr. M. P. R. Kumara	Nil
Mr. G. A. Jayashantha	Nil
Mr. J. D. V. N. Jayasinghe	Nil
Mr. R. M. N. Jeewantha	Nil
Mr. H. P. K. Silva	Nil
Mr. Y. A. Jayathilaka	Nil
Ms. R. D. Fernando	Nil

CEO's shareholding as at 30th September 2024

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