

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 31st December 2021



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

Co.Reg.No. PQ10

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Profit or Loss

	Company						Group					
	Quarter ended			Twelve months ended			Quarter ended			Twelve months ended		
	12/31/2021 (Unaudited)	12/31/2020 (Unaudited)	Change %	12/31/2021 (Unaudited)	12/31/2020 (Audited)	Change %	12/31/2021 (Unaudited)	12/31/2020 (Unaudited)	Change %	12/31/2021 (Unaudited)	12/31/2020 (Audited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Income	1,711,880	1,443,370	18.6	5,971,065	5,188,013	15.1	1,839,269	1,498,695	22.7	6,360,210	5,472,169	16.2
Interest and similar income	1,510,451	1,388,222	8.8	5,525,955	4,950,638	11.6	1,533,461	1,409,650	8.8	5,601,459	5,056,499	10.8
Interest and similar expenses	630,141	738,348	(14.7)	2,675,588	3,532,790	(24.3)	632,548	738,995	(14.4)	2,682,522	3,532,144	(24.1)
Net interest income	880,310	649,874	35.5	2,850,366	1,417,848	101.0	900,913	670,654	34.3	2,918,937	1,524,355	91.5
Fee and commission income	69,862	27,533	153.7	189,930	116,893	62.5	82,683	13,943	493.0	198,314	109,569	81.0
Fee and commission expenses	11,764	6,799	73.0	38,588	22,071	74.8	5,198	(9,171)	156.7	18,615	6,102	205.1
Net fee and commission income	58,098	20,734	180.2	151,342	94,822	59.6	77,485	23,114	235.2	179,699	103,467	73.7
Insurance premium income	-	-	-	-	-	-	79,723	42,482	87.7	288,603	178,408	61.8
Net claims and benefits	-	-	-	-	-	-	(40,946)	(36,067)	(13.5)	(137,982)	(101,585)	(35.8)
Net trading income	46,133	10,273	349.1	44,281	10,312	329.4	46,133	10,273	349.1	44,281	10,312	329.4
Net gain/(loss) on financial instruments at fair value through profit or loss	(30,639)	4,463	(786.5)	(23,435)	63,629	(136.8)	(27,238)	4,698	(679.8)	(20,085)	64,105	(131.3)
Other operating income	116,074	12,880	801.2	234,335	46,541	403.5	124,507	17,649	605.5	247,638	53,276	364.8
Total operating income	1,069,975	698,223	53.2	3,256,889	1,633,152	99.4	1,160,576	732,803	58.4	3,521,090	1,832,338	92.2
Impairment charge/(reversal) from loans and other losses	(235,970)	343,744	(168.6)	74,450	563,431	(86.8)	(235,970)	343,744	(168.6)	74,450	563,431	(86.8)
Net operating income	1,305,946	354,479	268.4	3,182,439	1,069,721	197.5	1,396,547	389,059	259.0	3,446,641	1,268,907	171.6
Personnel expenses	325,221	210,657	54.4	1,200,450	1,091,985	9.9	363,570	245,613	48.0	1,360,994	1,236,582	10.1
Depreciation and amortisation	51,581	72,199	(28.6)	245,115	291,273	(15.8)	60,772	75,744	(19.8)	272,431	305,392	(10.8)
Other operating expenses	216,286	167,664	29.0	613,860	571,882	7.3	281,622	182,327	54.5	749,244	674,777	11.0
Total operating expense	593,088	450,520	31.6	2,059,425	1,955,140	5.3	705,963	503,684	40.2	2,382,669	2,216,751	7.5
Profit/(loss) from operations	712,858	(96,041)	842.2	1,123,014	(885,419)	226.8	690,583	(114,625)	702.5	1,063,972	(947,844)	212.3
Impairment charge/(reversal) from investment in Subsidiary companies	-	536,122	(100.0)	16,019	462,544	(96.5)	-	-	-	-	-	-
Impairment charge/(reversal) from investment in Associate companies	-	-	-	-	(5,058)	100.0	-	-	-	-	-	-
Profit/(loss) from operations after impairment from subsidiary investments	712,858	(632,164)	212.8	1,106,995	(1,342,905)	182.4	690,583	(114,625)	702.5	1,063,972	(947,844)	212.3
Value added tax (VAT) & Nation building tax (NBT) on financial services	129,043	(21,024)	713.8	294,268	-	-	129,043	(21,024)	713.8	294,268	-	-
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	32,886	12,069	172.5	108,334	20,212	436.0
Profit/(loss) before income tax	583,815	(611,140)	195.5	812,727	(1,342,905)	160.5	594,427	(81,532)	829.1	878,038	(927,632)	194.7
Income tax expense/(reversal)	238,943	(234,600)	201.9	285,814	(234,600)	221.8	292,533	(18,551)	1,676.9	360,530	(18,550)	2,043.5
Profit/(loss) for the period	344,872	(376,540)	191.6	526,913	(1,108,305)	147.5	301,894	(62,981)	579.3	517,508	(909,082)	156.9
Profit/(loss) for the period attributable to:												
Equity holders of the parent	344,872	(376,540)	191.6	526,913	(1,108,305)	147.5	332,682	45,186	636.2	565,280	(780,666)	172.4
Non controlling interests	-	-	-	-	-	-	(30,788)	(108,167)	71.5	(47,772)	(128,416)	62.8
Profit/(loss) for the period	344,872	(376,540)	191.6	526,913	(1,108,305)	147.5	301,894	(62,981)	579.3	517,508	(909,082)	156.9
Earnings per share:												
Basic/Diluted earnings/(loss) per share (LKR)	1.33	(2.27)	158.6	2.03	(6.68)	130.4	1.28	0.27	371.1	2.18	(4.71)	146.3

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Twelve months ended			Quarter ended			Twelve months ended		
	12/31/2021 (Unaudited)	12/31/2020 (Unaudited)	Change %	12/31/2021 (Unaudited)	12/31/2020 (Audited)	Change %	12/31/2021 (Unaudited)	12/31/2020 (Unaudited)	Change %	12/31/2021 (Unaudited)	12/31/2020 (Audited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Profit/(loss) for the period	344,872	(376,540)	191.6	526,913	(1,108,305)	147.5	301,894	(62,981)	579.3	517,508	(909,082)	156.9
Other comprehensive income/(expense) for the period												
Actuarial gains/(losses) on defined benefit plans	59,658	(53,290)	212.0	59,658	(53,290)	212.0	61,143	(52,355)	216.8	61,143	(52,356)	216.8
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	(23,467)	7,252	(423.6)	(22,217)	6,737	(429.8)	(26,741)	5,881	(554.7)	(31,139)	16,994	(283.2)
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	(679)	100.0	-	(679)	100.0
Other comprehensive income/(expense) before tax	36,191	(46,038)	178.6	37,441	(46,553)	180.4	34,402	(47,153)	173.0	30,004	(36,041)	183.2
Deferred tax (charge)/credit relating to components of other comprehensive income	(14,318)	14,921	(196.0)	(14,318)	14,921	(196.0)	(15,130)	14,921	(201.4)	(15,130)	14,921	(201.4)
Other comprehensive income/(expense) for the period, net of tax	21,873	(31,117)	170.3	23,123	(31,632)	173.1	19,272	(32,232)	159.8	14,874	(21,120)	170.4
Total comprehensive income/(expense) for the period, net of tax	366,745	(407,656)	190.0	550,036	(1,139,937)	148.3	321,166	(95,214)	437.3	532,382	(930,202)	157.2
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	366,745	(407,656)	190.0	550,036	(1,139,937)	148.3	353,156	13,155	2,584.5	583,964	(806,955)	172.4
Non controlling interests	-	-	-	-	-	-	(31,990)	(108,369)	70.5	(51,582)	(123,247)	58.1
	366,745	(407,656)	190.0	550,036	(1,139,937)	148.3	321,166	(95,214)	437.3	532,382	(930,202)	157.2

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	12/31/2021	12/31/2020	Change	12/31/2021	12/31/2020	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
Assets						
Cash and cash equivalents	1,253,591	742,106	68.9	1,498,652	2,263,447	(33.8)
Placements with banks & financial institutions	183,949	299,746	(38.6)	479,333	778,598	(38.4)
Financial investments at fair value through profit or loss	341,547	950,012	(64.0)	355,214	960,328	(63.0)
Loans & receivables at amortised cost	28,184,638	26,785,517	5.2	28,016,693	26,548,397	5.5
Financial investments at fair value through other comprehensive income	1,989,169	1,292,616	53.9	3,415,338	1,465,111	133.1
Financial investments at amortised cost	-	1,519	(100.0)	-	1,519	(100.0)
Real Estate Stock	175,816	330,188	(46.8)	175,816	328,824	(46.5)
Investment in associate company	81,084	81,084	-	173,106	95,106	82.0
Investment in subsidiary	371,404	387,424	(4.1)	-	-	-
Investment properties	107,704	114,370	(5.8)	107,704	114,370	(5.8)
Property, equipment and right-of-use assets	607,185	758,690	(20.0)	742,708	796,287	(6.7)
Intangible assets	128,578	146,493	(12.2)	128,578	148,909	(13.7)
Deferred tax Assets	-	52,760	(100.0)	4,111	102,065	(96.0)
Other assets	852,795	463,671	83.9	1,220,367	704,678	73.2
Total assets	34,277,459	32,406,196	5.8	36,317,619	34,307,639	5.9
Liabilities						
Due to banks	4,116,813	5,436,682	(24.3)	4,133,305	5,442,511	(24.1)
Due to customers at amortised cost	22,267,862	21,725,261	2.5	22,207,862	21,665,256	2.5
Debt issued and borrowed funds at amortised cost	2,381,578	2,568,829	(7.3)	2,553,502	2,568,829	(0.6)
Insurance provision - life	-	-	-	416,634	498,767	(16.5)
Insurance provision - non life	-	-	-	511,538	488,784	4.7
Current tax liabilities	178,897	14,831	1,106.3	178,897	14,831	1,106.2
Deferred tax liabilities	78,301	-	-	78,301	-	-
Other liabilities	764,119	840,836	(9.1)	1,097,989	1,141,429	(3.8)
Retirement benefits obligations	320,935	351,906	(8.8)	332,724	363,816	(8.5)
Total liabilities	30,108,505	30,938,345	(2.7)	31,510,753	32,184,223	(2.1)
Equity						
Stated capital	4,276,448	2,124,457	101.3	4,276,448	2,124,457	101.3
Retained earnings	(427,847)	(893,794)	52.1	(209,778)	(714,093)	70.6
OCI reserve	(19,643)	2,575	(862.9)	(23,499)	3,157	(844.3)
Statutory reserves	339,995	234,613	44.9	339,995	234,613	44.9
Total equity attributable to the parent	4,168,954	1,467,851	184.0	4,383,166	1,648,134	165.9
Non controlling interests	-	-	-	423,700	475,282	(10.9)
Total equity	4,168,954	1,467,851	184.0	4,806,866	2,123,416	126.4
Total liabilities and equity	34,277,459	32,406,196	5.8	36,317,619	34,307,639	5.9
Commitments and contingencies	102,400	124,250	(17.6)	137,867	190,086	(27.5)
Net assets value per share (LKR)	7.95	8.85	(10.2)	8.36	9.94	(15.9)

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.)

H.P.K. Silva
Director

Colombo, Sri Lanka
22/Feb/2022

(sgd.)

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

(sgd.)

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

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Changes in Equity

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	-	-	-	(1,108,305)	(1,108,305)
Other comprehensive income	-	-	6,737	(38,369)	(31,632)
Transfers to statutory reserve fund	-	-	-	-	-
Balance as at 31st December 2020	2,124,457	234,613	2,575	(893,794)	1,467,851

Balance as at 01st January 2021	2,124,457	234,613	2,575	(893,794)	1,467,851
Net profit/(loss) for the period	-	-	-	526,913	526,913
Other comprehensive income	-	-	(22,217)	45,340	23,123
Issue of ordinary shares through right issue	2,151,991	-	-	-	2,151,991
Transaction cost related to rights issue	-	-	-	(923)	(923)
Transfers to statutory reserve fund	-	105,383	-	(105,383)	-
Balance as at 31st December 2021	4,276,448	339,995	(19,643)	(427,847)	4,168,954

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	-	-	-	(780,666)	(128,416)	(909,082)
Acquisition, disposal and changes in non-controlling interest	-	-	-	-	-	-
Other comprehensive income	-	-	12,256	(38,546)	5,169	(21,120)
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 31st December 2020	2,124,457	234,613	3,158	(714,094)	475,282	2,123,416
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	-	-	-	565,280	(47,772)	517,508
Other comprehensive income	-	-	(26,656)	45,340	(3,810)	14,874
Issue of ordinary shares through right issue	2,151,991	-	-	-	-	2,151,991
Transaction cost related to rights issue	-	-	-	(923)	-	(923)
Transfers to statutory reserve fund	-	105,383	-	(105,383)	-	-
Balance as at 31st December 2021	4,276,448	339,995	(23,499)	(209,778)	423,700	4,806,866

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Cash Flows

For the period ended 31st December

	Company		Group	
	2021 (Unaudited) LKR '000	2020 (Audited) LKR '000	2021 (Unaudited) LKR '000	2020 (Audited) LKR '000
Cash flows from operating activities				
Profit before income tax	812,727	(1,342,905)	878,038	(927,632)
Adjustments for :				
Change in operating assets	(1,729,406)	1,858,059	(1,906,122)	1,792,456
Change in operating liabilities	187,215	(1,213,717)	286,050	(1,085,068)
Share of 'associate companies' (profit)/loss before tax	-	-	(108,334)	(20,212)
Contribution to defined benefit plans	48,608	56,674	51,163	59,739
Other non-cash items included in profit before tax	(25,819)	1,051,366	(17,873)	602,444
Dividend income	(50,330)	(7,340)	(51,346)	(8,765)
	(757,004)	402,137	(868,424)	412,962
Gratuity paid	(19,921)	(29,758)	(21,112)	(31,837)
Net cash generated from/(used in) operating activities before tax	(776,926)	372,379	(889,536)	381,125
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	(776,926)	372,379	(889,536)	381,125
Cash flows from investing activities				
Purchase of financial assets designated at FVTPL	(810,145)	(172,760)	(810,145)	(172,760)
Proceeds from disposal of financial assets designated at FVTPL	1,541,954	241,888	1,541,954	241,888
Purchase of financial investments	(3,345,522)	(1,625,313)	(4,608,119)	(1,625,313)
Proceeds from sale and maturity of financial investments	2,681,280	1,653,433	2,681,280	2,229,068
Net (increase)/decrease in other investment	115,798	1,177,357	299,270	1,288,329
Purchase of property & equipment	(24,524)	(57,171)	(51,716)	(60,952)
Purchase of intangible assets	(18,597)	(1,321)	(18,597)	(1,321)
Proceeds from sale of property & equipment	2,717	267	2,717	406
Dividend received	50,330	7,340	51,346	8,765
Net cash generated from/(used in) investing activities	193,290	1,223,720	(912,010)	1,908,111
Cash flows from financing activities				
Net increase/(decrease) in reverse repo and repo agreements	(578,934)	(269,243)	(578,934)	(269,243)
Net increase/(decrease) in other borrowings at amortised cost	(902,822)	(1,956,952)	(971,856)	(1,956,952)
Proceeds from rights issue of shares	2,151,991	-	2,151,991	-
Transaction cost related to rights issue	(923)	-	(923)	-
Net cash generated from/(used in) financing activities	669,312	(2,226,195)	600,278	(2,226,195)
Net increase / (decrease) in cash and cash equivalents during the period	85,676	(630,096)	(1,201,267)	63,041
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	478,381	392,704	706,948	1,908,216
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	1,253,591	742,106	1,498,652	2,263,447
Dues to banks	(775,211)	(349,402)	(791,704)	(355,231)
	478,381	392,704	706,948	1,908,216

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 22nd February 2022, in accordance with the resolution of the Directors passed on 22nd February 2022.

Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 31st December 2021 have been prepared in accordance with LKAS 34 - 'Interim Financial Reporting'. The interim condensed consolidated Financial Statements do not include all the information and disclosures required in the annual Financial Statements, and should be read in conjunction with the Group's annual Financial Statements.

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

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

Impact of COVID 19 on business

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

Removals of Cap on Loans and Advances and Deposits

On 18.10.2021, The Central Bank of Sri Lanka removed the caps imposed on lending (Rs.35 bn imposed on 18.03.2019) and deposits (Rs.23 bn imposed on 09.05.2019) of the Company in terms of the section 2.2 and 3.2 of Finance Business Act after the Company complied with all capital related directions with the completion of the rights issue.

Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
As at								
Financial assets								
Cash and cash equivalents	-	-	1,253,591	742,106	-	-	1,253,591	742,106
Placements with banks & financial institutions	-	-	183,949	299,746	-	-	183,949	299,746
Financial investments at fair value through profit or loss	341,547	950,012	-	-	-	-	341,547	950,012
Loans & receivables at amortised cost	-	-	28,184,638	26,785,517	-	-	28,184,638	26,785,517
Financial investments at fair value through other comprehensive income	-	-	-	-	1,989,169	1,292,616	1,989,169	1,292,616
Financial investments at amortised cost	-	-	-	1,519	-	-	-	1,519
Other assets	-	-	83,068	47,993	-	-	83,068	47,993
Total	341,547	950,012	29,705,246	27,876,882	1,989,169	1,292,616	32,035,962	30,119,510

Company	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Other Financial liabilities				
Due to banks	4,116,813	5,436,682	4,116,813	5,436,682
Due to customers at amortised cost	22,267,862	21,725,261	22,267,862	21,725,261
Debt issued and borrowed funds at amortised cost	2,381,578	2,568,829	2,381,578	2,568,829
Other liabilities	179,756	240,908	179,756	240,908
Total	28,946,009	29,971,680	28,946,009	29,971,680

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
As at								
Financial assets								
Cash and cash equivalents	-	-	1,498,652	2,263,447	-	-	1,498,652	2,263,447
Placements with banks & financial institutions	-	-	479,333	778,598	-	-	479,333	778,598
Financial investments at fair value through profit or loss	355,214	960,328	-	-	-	-	355,214	960,328
Loans & receivables at amortised cost	-	-	28,016,693	26,548,397	-	-	28,016,693	26,548,397
Financial investments at fair value through other comprehensive income	-	-	-	-	3,415,338	1,465,111	3,415,338	1,465,111
Financial investments at amortised cost	-	-	-	1,519.00	-	-	-	1,519
Other assets	-	-	83,068	47,993	-	-	83,068	47,993
Total	355,214	960,328	30,077,746	29,639,954	3,415,338	1,465,111	33,848,298	32,065,393

Group	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Other Financial liabilities				
Due to banks	4,133,305	5,442,511	4,133,305	5,442,511
Due to customers at amortised cost	22,207,862	21,665,256	22,207,862	21,665,256
Debt issued and borrowed funds at amortised cost	2,553,502	2,568,829	2,553,502	2,568,829
Other liabilities	179,756.29	240,908	179,756.29	240,908
Total	29,074,425	29,917,504	29,074,425	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)	(115,100)	322,200	(115,100)	322,200
Impairment from Loans and advances-collective impairment (Note 4.2)	172,654	241,348	172,654	241,348
Cash and cash equivalent	113	(113)	113	(113)
Placements with banks & financial institutions	(329)	(4)	(329)	(4)
Other losses	17,111	-	17,111	-
	74,450	563,431	74,450	563,431
Individual impairment charges				
As at 01 January	2,017,329	1,695,130	1,374,155	719,267
Charge to income statement from loans and advances	(115,100)	322,200	(115,100)	322,200
As at 31st December	1,902,229	2,017,329	1,259,055	1,041,467
Collective impairment charges				
As at 01 January	1,402,455	1,161,106	1,200,498	591,289
Charge to income statement from loans and advances	172,654	241,348	172,654	241,348
As at 31st December	1,575,109	1,402,454	1,373,152	832,637
Loans and advances impairment	3,477,337	3,419,783	2,632,207	1,874,103

Segment Information

For management purposes, the group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- The Leasing segment includes providing Finance Leases and Hire Purchase facilities.
- The Loan segment includes providing personal loans, pawning, term loans, bill discounting, cheque discounting, micro finance and bank guarantees.
- Corporate advisory includes corporate advisory services and capital market activities.
- The insurance includes general and life insurance.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects.

The following table presents income, profit and asset information regarding the group's operating segments for the period ended 31st December 2021 and comparative figures for the period ended 31st December 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 31st December												
Revenue from external customers												
Interest and similar income	2,770,002	2,246,514	2,374,395	2,336,275	187,674	48,336	75,504	105,861	193,884	319,513	5,601,459	5,056,499
Interest and similar expenses	1,017,599	1,387,838	1,050,719	1,423,469	179,263	64,880	6,933	(646)	428,008	656,603	2,682,522	3,532,144
Net interest income	1,752,403	858,676	1,323,676	912,807	8,411	(16,544)	68,571	106,507	(234,124)	(337,090)	2,918,937	1,524,355
Net fee and commission income	86,463	35,755	15,265	4,858	511	627	28,357	8,646	49,103	53,581	179,699	103,468
Real estate profit	-	-	48,818	18,664	-	-	-	-	-	-	48,818	18,664
Other income	40,008	9,685	7,468	1,686	89,168	86,399	167,274	84,035	69,717	4,048	373,635	185,852
Total operating income	1,878,874	904,116	1,395,227	938,014	98,090	70,482	264,202	199,188	(115,304)	(279,461)	3,521,090	1,832,339
Impairment (charges)/reversal for loans and other losses	20,163	(290,811)	(94,612)	(272,620)	47,807	6,614	-	-	(47,807)	(6,615)	(74,449)	(563,432)
Net operating income	1,899,037	613,305	1,300,615	665,394	145,897	77,096	264,202	199,188	(163,111)	(286,075)	3,446,641	1,268,907
Personnel expenses	(456,564)	(428,981)	(471,424)	(439,994)	(80,429)	(20,055)	(160,544)	(144,596)	(192,033)	(202,956)	(1,360,994)	(1,236,582)
Depreciation and amortisation	(93,224)	(114,425)	(96,258)	(117,363)	(16,423)	(5,349)	(27,316)	(14,119)	(39,210)	(54,136)	(272,431)	(305,392)
Other operating expenses	(233,468)	(224,661)	(241,066)	(230,429)	(41,128)	(10,503)	(135,384)	(102,895)	(98,198)	(106,289)	(749,244)	(674,777)
Segment result	1,115,781	(154,762)	491,867	(122,392)	7,917	41,189	(59,042)	(62,422)	(492,552)	(649,457)	1,063,972	(947,844)
Profit/(loss) from operations after impairment from subsidiary investments											1,063,972	(947,844)
Value added tax on financial services											(294,268)	-
Share of associate company's profit/(loss) before tax											108,334	20,212
Profit/(loss) before income tax											878,038	(927,632)
Income tax expense											(360,530)	18,550
Profit/(loss) for the period											517,508	(909,081)
Assets												
Capital expenditures												
Property, equipment and right-of-use assets	9,066	53,624	9,875	52,653	2,809	3,042	27,192	10,913	2,775	10,731	51,716	130,963
Intangible assets	6,875	541	7,489	531	2,130	31	-	-	2,104	218	18,597	1,321
Total segment assets	11,895,429	13,307,943	12,956,755	13,066,911	3,685,002	754,879	2,551,471	1,806,217	5,228,961	5,371,690	36,317,619	34,307,639
Total segment liabilities	9,861,704	11,982,766	10,741,578	11,765,736	3,054,989	679,710	1,634,171	1,593,827	6,218,312	6,162,182	31,510,753	32,184,223

Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 31/12/2021	Market Values			Interest Rates		Interest rate of comparable Government Security %	Interest yield			Yield to Maturity		
			LKR' 000	Highest LKR.	Lowest LKR.	Period end LKR.	Coupon Rate	Effective Annual Yield		Highest	Lowest	Last traded	Highest	Lowest	Last traded
Fixed Rate															
May 2017 - May 2022	Listed	Annually	805,760	Not traded during the quarter			15.00%	15.00%	7.68%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,193,230	Not traded during the quarter			14.50%	15.03%	7.68%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			10.00%	10.25%	7.68%	Not traded during the quarter			Not traded during the quarter		
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 31st December 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

There were no material events reported since 31st December 2021 that require disclosure in these Financial Statements.

Information on ordinary shares

As at		12/31/2021	12/31/2020
Net asset per share (LKR)	- Company	7.95	8.85
	- Group	8.36	9.94

Market price per share recorded during the quarter ended 31st December (LKR)		2021	2020
	-High	6.60 (2-12-2021)	8.40 (2-10-2020)
	-Low	5.70 (23-12-2021)	7.00 (25-11-2020)
	-Last Transaction	5.90 (31-12-2021)	7.50 (31-12-2020)

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

Ratios as at		12/31/2021	12/31/2020
Debt/Equity Ratio		1.6	5.5
Statutory Liquid Asset Ratio		12.92%	7.93%

Ratios for the period ended		12/31/2021	12/31/2020
Interest Cover		1.304	0.620

The Float adjusted market capitalization as at 31st December 2021 - Rs. 479,643,875

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said option.

Twenty largest share holders as at 31st December 2021

	Name of the share holder	No. of Shares	Holding %
01	Bank of Ceylon No. 1 Account	401,577,367	76.56%
02	BOC Property Development & Management (Pvt) Ltd	41,666,682	7.94%
03	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	2.25%
04	Sampath Bank PLC/Dr. T. Senthilvel	7,804,958	1.49%
05	Hatton National Bank PLC/Mr. D.N. Sellamuttu	4,255,478	0.81%
06	Mr. A.M. Weerasinghe	2,727,403	0.52%
07	Mr. W.A.S.P. De Saram	1,738,509	0.33%
08	Seylan Bank PLC/Mr. B.D.J.C. Suchendra	1,700,000	0.32%
09	Laugfs Gas PLC	1,600,810	0.31%
10	Mr. B.T. Prathapasinghe	1,121,250	0.21%
11	Mr. W.D.N.H. Perera	1,000,000	0.19%
12	Hatton National Bank PLC/Mr. R.E. Rambukwelle	979,651	0.19%
13	DFCC Bank PLC/Mr. N.G. Mahinda	844,751	0.16%
14	Mr. D.P.J. Jayamaha	786,971	0.15%
15	Ravi Exports (Pvt) Ltd	681,250	0.13%
16	Merrill J Fernando & Sons (Pvt) Limited	526,165	0.10%
17	People's Merchant Finance PLC/Mr. A.O.M.S. Akmeemana	500,000	0.10%
18	Mr. T. Loganathan	477,340	0.09%
19	Seylan Bank PLC/Mr. M.A.D.C.N. Wickramaratna	476,625	0.09%
20	Mrs. R.N.R. Aziz	475,673	0.09%

The percentage of shares held by the public as at 31st December 2021 was 15.50% and the number of public shareholders as at 31st December 2021 were 11,323

Directors' shareholding as at 31st December 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. M. P. R. Kumara	Nil
Mr. G. A. Jayashantha	Nil
Mr. J. D. V. N. Jayasinghe	Nil
Mr. R. M. N. Jeewantha	Nil
Mr. H.P.K. Silva	Nil

CEO's shareholding as at 31st December 2021

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