



Merchant Bank of Sri Lanka & Finance PLC

FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2019

Rating ICRA " [SL] A Negative "

STATEMENT OF PROFIT OR LOSS (In Rupees Thousand)	01/01/2019 To 30/06/2019	01/01/2018 To 30/06/2018
Interest and similar income	3,141,613	2,937,081
Interest and similar expenses	(2,170,025)	(1,822,006)
Net interest income	971,588	1,115,074
Fee and commission income	88,407	104,279
Fee and commission expenses	(16,011)	(1,803)
Net fee and commission income	72,396	102,476
Net trading income	6,424	6,678
Net gain/(loss) on financial investment at fair value through profit or loss	(41,540)	(20,185)
Other operating income	30,522	38,724
Total operating income	1,039,390	1,242,767
Impairment for loans and other losses		
Individual impairment	(223,833)	(310,008)
Collective impairment	68,113	(30,361)
Others	182,752	(21,117)
Net operating income	1,066,422	881,281
Personnel expenses	(590,488)	(596,428)
Depreciation & Amortization	(133,912)	(60,227)
Other operating expenses	(316,751)	(358,519)
Operating profit/(loss) before Value Added Tax (VAT)	25,271	(133,893)
Value added tax (VAT) & Nation building tax (NBT) on financial services	88,736	66,631
Debt repayment levy	45,812	-
Operating profit/(loss) after VAT	(109,277)	(200,524)
Share of profits of associates and joint ventures	-	-
Profit/(loss) before income tax	(109,277)	(200,524)
Income tax expenses	-	-
Profit/(loss) for the period	(109,277)	(200,524)
Earnings per share:	(0.66)	(1.21)

STATEMENT OF COMPREHENSIVE INCOME (In Rupees Thousand)	01/01/2019 To 30/06/2019	01/01/2018 To 30/06/2018
Profit/(loss) for the period	(109,277)	(200,524)
Other comprehensive income/(expense), net of tax		
Gains/(losses) on re-measuring financial investment at fair value through other comprehensive income	4,616	(3,549)
Other comprehensive income/(expense) for the period, net of taxes	4,616	(3,549)
Total comprehensive income/(expense) for the period	(104,661)	(204,073)

Certification;
We, the undersigned, being the Head of Finance and the Acting Chief Executive Officer of Merchant Bank of Sri Lanka & Finance PLC certify jointly that:

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
(b) the information contained in these statements have been extracted from unaudited financial statements of the Licensed Finance Company unless indicated as "audited".

(Sgd.)
P I Kandanaarachchi
Head of Finance
13/08/2019

(Sgd.)
J Gamalath
Chief Executive Officer (Acting)
13/08/2019

Cap on Loans and Advances and Deposits

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

Merchant Bank of Sri Lanka & Finance PLC

(Subsidiary of Bank of Ceylon)

Bank of Ceylon Merchant Tower,
No. 28, St. Michael's Road, Colombo 03, Sri Lanka.
Tel: 011-4711711 Fax: 011-4711765
Email: mbslbank@mbslbank.com

Web Site: www.mbslbank.com

STATEMENT OF FINANCIAL POSITION (In Rupees Thousand)	As at 30/06/2019	As at 30/06/2018
Assets		
Cash and cash equivalents	491,084	493,156
Placements with banks & financial institutions	1,534,151	498,475
Securities purchased under resale agreements	1,294,979	1,522,673
Financial investments at fair value through profit or loss	224,905	307,143
Loans & receivables at amortised cost	30,742,525	28,806,807
Financial investments at fair value through other comprehensive income	896,411	1,242,986
Financial investments at amortised cost	555,052	29,660
Real estate stock	51,880	137,481
Investment in associate company	81,084	81,084
Investment in subsidiary	762,029	-
Investment properties	118,729	122,321
Property and equipment	338,972	314,332
Intangible assets	176,471	210,355
Right of Use assets	554,124	-
Deferred tax Assets	187,629	187,629
Other assets	374,356	344,153
Total assets	38,384,382	34,298,255
Liabilities		
Due to banks	6,261,794	4,079,853
Due to customers at amortised cost	22,927,307	21,234,287
Debt issued and borrowed funds at amortised cost	4,912,769	5,620,961
Current tax liabilities	(13,572)	(20,814)
Deferred tax liabilities	528,073	561,340
Other liabilities	1,094,828	604,733
Retirement benefits obligations	253,740	281,605
Total liabilities	35,964,939	32,361,964
Equity		
Stated capital	2,124,457	2,124,457
Statutory reserves	214,096	177,838
Retained earnings	83,735	(369,031)
OCI reserve	(2,845)	3,027
Total equity	2,419,443	1,936,291
Total liabilities and equity	38,384,382	34,298,255
Contingent liabilities and commitments	130,700	146,396

SELECTED PERFORMANCE INDICATORS	As at 30/06/2019	As at 30/06/2018
Regulatory Capital Adequacy		
Core capital (Tier 1 Capital), Rs. '000	1,669,931	3,142,050
Total Capital Base, Rs. '000	2,800,869	4,273,161
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum requirement, 6%)	4.70%	10.20%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum requirement, 10%)	7.89%	13.87%
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	10.96%	9.57%
Item	As at 30/06/2019	As at 30/06/2018
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs. '000	4,635,177	3,506,132
Gross Non-Performing Accommodations Ratio, %	13.84%	11.09%
Net Non Performing Accommodations Ratio, %	6.87%	5.78%
Profitability (%)		
Interest Margin	5.53%	6.62%
Return on Assets (before tax)	-0.28%	-0.58%
Return on Equity (after tax)	-4.52%	-10.36%
Regulatory Liquidity (Rs.'000)		
Required minimum amount of Liquid Assets	3,085,616	2,737,754
Available amount of Liquid Assets	3,341,029	3,120,111
Required minimum amount of Government Securities	2,040,947	2,163,857
Available amount of Government Securities	2,073,280	2,540,891
Memorandum information		
Number of employees	1,026	1,017
Number of branches	40	40
Number of service centers	-	-
Number of pawning centers	-	-
Number of other centers	9	9