

# FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

INCOME STATEMENT	Rs. '000	
	01/04/2016 To 30/09/2016	01/04/2015 To 30/09/2015
Interest and similar income	2,300,498	2,004,370
Interest and similar expenses	(1,348,424)	(1,056,397)
<b>Net interest income</b>	<b>952,074</b>	<b>947,973</b>
Fee and commission income	21,774	19,725
Fee and commission expenses	-	-
<b>Net fee and commission income</b>	<b>21,774</b>	<b>19,725</b>
Net gain/(loss) from trading	(26,526)	23,980
Net gain / (loss) on financial assets and liabilities designated at fair value through profit or loss	82,239	35,575
Other operating income (net)	55,576	61,022
<b>Total operating income</b>	<b>1,085,137</b>	<b>1,088,275</b>
Impairment for loans and other losses		
Individual impairment	35,379	123,983
Collective impairment	(51,555)	47,275
<b>Net operating income</b>	<b>1,101,313</b>	<b>917,017</b>
Personnel expenses	(402,863)	(355,643)
Depreciation and amortization	(36,467)	(34,672)
Other expenses	(342,285)	(331,842)
<b>Operating profit / (loss) before Value Added Tax (VAT)</b>	<b>319,698</b>	<b>194,860</b>
VAT on financial services	(61,591)	(37,065)
<b>Profit / (loss) before tax</b>	<b>258,107</b>	<b>157,795</b>
Tax expenses	(38,090)	(6,107)
<b>Profit / (loss) for the Period</b>	<b>220,017</b>	<b>151,688</b>
Earnings per share:		
Basic/diluted earnings per share (Rs.)	1.55	0.09

STATEMENT OF COMPREHENSIVE INCOME	Rs. '000	
	01/04/2016 To 30/09/2016	01/04/2015 To 30/09/2015
<b>Profit / (loss) for the period</b>	<b>220,017</b>	<b>151,688</b>
<b>Other comprehensive income , net of tax</b>		
Gains and losses on re-measuring available-for-sale financial assets	32,026	(13,612)
<b>Other comprehensive income for the period, net of taxes</b>	<b>32,026</b>	<b>(13,612)</b>
<b>Total comprehensive income for the period</b>	<b>252,043</b>	<b>138,076</b>

**Certification**  
We, the undersigned, being the Chief Executive Officer and the Head of Finance 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 the unaudited financial statements of the Licensed Finance Company unless indicated as "Audited".

(Sgd.) (Sgd.)  
**P I Kandanaarachchi** **T Mutugala**  
Head of Finance Chief Executive Officer  
17/11/2016 17/11/2016

STATEMENT OF FINANCIAL POSITION	Rs. '000	
	As at 30/09/2016	As at 30/09/2015
<b>Assets</b>		
Cash and cash equivalents	392,636	290,555
Placements with banks & financial institutions	114,680	683,815
Financial assets designated at fair value through profit or loss	365,208	547,883
Loans and receivables - Leases	13,829,516	10,677,988
Loans and receivables - Hire purchase	1,134,030	2,700,958
Loans and receivables - Others	10,927,079	8,595,889
Financial investments - Available-for-sale	2,943,145	2,295,919
Financial investments - Held-to-maturity	56,596	57,485
Investments in subsidiary	310,197	516,096
Investments in associate	81,084	81,084
Property and equipment	231,779	209,132
Investment properties	138,347	148,264
Investments in real estates	28,844	-
Intangible assets	41,597	33,774
Other assets	331,265	313,367
<b>Total assets</b>	<b>30,926,003</b>	<b>27,152,209</b>
<b>Liabilities</b>		
Due to banks	220,408	399,171
Due to customers	17,748,712	14,846,074
Other borrowings	401,125	245,045
Debt securities issued	8,383,712	7,623,853
Current tax liabilities	171,612	172,699
Deferred tax liabilities	113,669	91,403
Other liabilities	643,897	624,547
<b>Total liabilities</b>	<b>27,683,135</b>	<b>24,002,792</b>
<b>Equity</b>		
Stated capital	2,124,457	2,124,457
Statutory reserve fund	140,544	140,544
Retained earnings	991,851	876,587
Other reserves	(13,984)	7,829
<b>Total equity</b>	<b>3,242,868</b>	<b>3,149,417</b>
<b>Total equity and liabilities</b>	<b>30,926,003</b>	<b>27,152,209</b>
<b>Contingent liabilities and commitments</b>	<b>122,936</b>	<b>123,536</b>

SELECTED PERFORMANCE INDICATORS	As at 30/09/2016	As at 30/09/2015
<b>Regulatory Capital Adequacy</b>		
Core capital (Tier 1 Capital), Rs. '000	3,002,204	2,989,899
Total Capital Base, Rs. '000	2,996,320	2,936,451
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 5%)	11.10%	12.58%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 10%)	11.07%	12.36%
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	19.12%	21.68%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non-Performing Accommodations, Rs. '000	3,858,895	4,346,312
Gross Non-Performing Accommodations Ratio, %	13.61%	17.68%
Net Non Performing Accommodations Ratio, %	6.07%	8.44%
<b>Profitability (%)</b>		
Interest Margin - (Annualized)	7.05%	7.75%
Return on Assets (before tax) - (Annualized)	1.78%	1.19%
Return on Equity (after tax) - (Annualized)	13.77%	9.85%
<b>Regulatory Liquidity (Rs.'000)</b>		
Required minimum amount of Liquid Assets	2,651,964	2,279,020
Available amount of Liquid Assets	2,894,570	2,540,571
Required minimum amount of Government Securities	1,656,069	1,585,078
Available amount of Government Securities	2,479,957	1,804,561
<b>Memorandum Information</b>		
Number of employees	875	804
Number of branches	39	39
Number of service centers	6	6
Number of pawning centers	1	1
Number of other centers	2	2