



Merchant Bank of Sri Lanka & Finance PLC

FINANCIAL STATEMENTS

FOR THE SIX MONTH ENDED 30TH SEPTEMBER 2017

ICRA " [SL] A "

STATEMENT OF PROFIT OR LOSS (In Rupees Thousand)	01/04/2017 To 30/09/2017	01/04/2016 To 30/09/2016
Interest and similar income	3,140,886	2,300,498
Interest and similar expenses	1,872,789	1,326,523
Net interest income	1,268,097	973,975
Fee and commission income	117,226	86,878
Fee and commission expenses	50,369	50,997
Net fee and commission income	66,857	35,881
Net trading income	(13,601)	(26,526)
Net gain / (loss) on financial assets and liabilities designated at fair value through profit or loss	32,855	82,239
Other operating income	13,613	(9,529)
Total operating income	1,367,821	1,056,040
Impairment for loans and other losses		
Individual impairment	31,234	35,379
Collective impairment	178,485	(51,555)
Net operating income	1,158,102	1,072,216
Personnel expenses	560,645	378,863
Retirement benefit expenses	22,175	24,000
Depreciation of property, equipment & investment properties	41,017	29,743
Amortisation of intangible assets	13,596	6,724
Other operating expenses	375,348	313,188
Operating profit before Value Added Tax (VAT)	145,321	319,698
VAT on financial services	(89,640)	(61,591)
Profit before tax	55,681	258,107
Tax expenses	(12,062)	(38,090)
Profit for the Period	43,619	220,017
Earnings per share:		
Basic/diluted earnings per share (Rs.)	0.26	1.33

STATEMENT OF COMPREHENSIVE INCOME (In Rupees Thousand)	01/04/2017 To 30/09/2017	01/04/2016 To 30/09/2016
Profit for the period	43,619	220,017
Other comprehensive income , net of tax		
Actuarial gains and losses on defined benefit plans	-	-
Gains and losses on re-measuring available-for-sale financial assets	22,064	32,026
Less : Tax expense / (income) relating to components of other comprehensive income	-	-
Other comprehensive income for the period, net of taxes	22,064	32,026
Total comprehensive income for the period	65,683	252,043

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.)
D M N P Karunapala
Chief Executive Officer
09 / 11 / 2017

(Sgd.)
P I Kandanaarachchi
Head of Finance
09 / 11 / 2017

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 30/09/2017	As at 30/09/2016
Assets		
Cash and cash equivalents	448,252	392,636
Placements with banks & financial institutions	1,023,105	115,690
Securities purchased under resale agreements	2,884,148	259,097
Financial investments - held-for-trading	220,481	365,208
Bills receivable	739,803	636,514
Loans & advances to customers	12,902,197	10,290,565
Lease and hire purchase receivable	15,577,769	14,963,546
Financial investments - available-for-sale	665,970	2,684,048
Financial investments - held-to-maturity	481,784	56,596
Real estate stock	53,245	28,844
Investment in associate company	81,084	81,084
Investment in subsidiary	77,306	310,197
Investment properties	124,500	138,347
Property and equipment	337,909	231,779
Intangible assets	233,908	41,597
Other assets	309,074	330,255
Total assets	36,160,535	30,926,003
Liabilities		
Due to banks	283,433	220,408
Securities sold under repurchase agreements	-	401,125
Due to customers	22,757,385	17,748,712
Debt issued and borrowed funds	8,656,616	8,383,712
Current tax liabilities	131,879	171,612
Deferred tax liabilities	206,888	113,669
Other liabilities	665,668	389,086
Retirement benefits obligations	235,214	254,811
Total liabilities	32,937,083	27,683,135
Equity		
Stated capital	2,124,457	2,124,457
Statutory reserves	157,669	140,544
Retained earnings	946,636	991,851
Available-for-sale reserve	(5,310)	(13,984)
Total equity	3,223,452	3,242,868
Total liabilities and equity	36,160,535	30,926,003
Contingent liabilities and commitments	169,742	132,265

SELECTED PERFORMANCE INDICATORS	As at 30/09/2017 (Unaudited)	As at 30/09/2016 (Unaudited)
Regulatory Capital Adequacy		
Core capital (Tier 1 Capital), Rs. '000	3,179,844	3,002,204
Total Capital Base, Rs. '000	4,757,250	2,996,320
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 5%)	10.48%	11.10%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 10%)	15.68%	11.07%
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	14.76%	19.12%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs. '000	3,875,377	3,858,895
Gross Non-Performing Accommodations Ratio, %	12.36%	13.61%
Net Non Performing Accommodations Ratio, %	5.86%	6.07%
Profitability (%)		
Interest Margin	7.84%	6.84%
Return on Assets (before tax)	0.26%	1.49%
Return on Equity (after tax)	1.35%	6.78%
Regulatory Liquidity (Rs.'000)		
Required minimum amount of Liquid Assets	2,976,514	2,651,964
Available amount of Liquid Assets	3,367,574	2,894,570
Required minimum amount of Government Securities	1,900,048	1,656,069
Available amount of Government Securities	2,029,129	2,479,957
Memorandum information		
Number of employees	958	875
Number of branches	39	39
Number of service centers	9	9