

# UNAUDITED FINANCIAL STATEMENTS

For the Period ended 31st December 2020



Rating ICRA " [SL] BBB +  
(Negative 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		
	12/31/2020 (Unaudited)	12/31/2019 (Unaudited)	Change %	12/31/2020 (Unaudited)	12/31/2019 (Audited)	Change %	12/31/2020 (Unaudited)	12/31/2019 (Unaudited)	Change %	12/31/2020 (Unaudited)	12/31/2019 (Audited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
Income	1,449,805	1,789,152	(19.0)	5,194,449	6,839,015	(24.0)	1,537,488	1,827,815	(15.9)	5,525,897	7,023,770	(21.3)
Interest and similar income	1,389,125	1,672,339	(16.9)	4,951,541	6,532,729	(24.2)	1,407,847	1,682,824	(16.3)	5,069,631	6,650,029	(23.8)
Interest and similar expenses	738,348	1,058,147	(30.2)	3,532,790	4,331,275	(18.4)	736,289	1,035,772	(28.9)	3,544,371	4,332,252	(18.2)
<b>Net interest income</b>	650,777	614,192	6.0	1,418,751	2,201,454	(35.6)	671,557	647,052	3.8	1,525,260	2,317,777	(34.2)
Fee and commission income	27,533	63,174	(56.4)	116,893	208,928	(44.1)	29,913	56,221	(46.8)	125,538	204,588	(38.6)
Fee and commission expenses	6,799	4,641	46.5	22,071	25,847	(14.6)	6,799	5,468	24.4	22,071	26,673	(17.3)
<b>Net fee and commission income</b>	20,734	58,533	(64.6)	94,821	183,081	(48.2)	23,114	50,753	(54.5)	103,467	177,915	(41.8)
Insurance premium income	-	-	-	-	-	-	64,109	19,143	234.9	200,036	50,883	293.1
Net claims and benefits	-	-	-	-	-	-	(36,067)	(12,076)	(198.7)	(101,585)	(23,448)	(333.2)
Net trading income	10,273	5,281	94.5	10,312	9,652	6.8	10,273	3,598	185.5	10,312	9,652	6.8
Net gain/(loss) on financial instruments at fair value through profit or loss	3,649	35,779	(89.8)	62,815	18,768	234.7	3,885	36,575	(89.4)	63,291	21,017	201.1
Other operating income	19,226	12,580	52.8	52,888	68,938	(23.3)	21,462	29,454	(27.1)	57,089	87,601	(34.8)
<b>Total operating income</b>	704,659	726,365	(3.0)	1,639,588	2,481,893	(33.9)	758,332	774,500	(2.1)	1,857,869	2,641,397	(29.7)
Impairment charges from loans and other losses	481,979	142,679	237.8	701,666	279,673	(150.9)	481,979	142,679	237.8	701,666	279,673	(150.9)
<b>Net operating income</b>	222,680	583,686	(61.8)	937,922	2,202,220	(57.4)	276,353	631,821	(56.3)	1,156,203	2,361,724	(51.0)
Personnel expenses	210,657	266,557	(21.0)	1,091,525	1,143,504	4.5	245,613	295,605	(16.9)	1,236,122	1,235,808	(0.0)
Depreciation and amortisation	72,197	76,449	(5.6)	291,270	278,100	(4.7)	75,742	77,270	(2.0)	305,389	294,362	(3.7)
Other operating expenses	167,702	223,890	(25.1)	572,380	700,713	18.3	200,411	254,230	(21.2)	693,321	807,499	14.1
<b>Total operating expense</b>	450,556	566,897	(20.5)	1,955,175	2,122,317	7.9	521,765	627,105	(16.8)	2,234,831	2,337,669	4.4
<b>Profit/(loss) from operations</b>	(227,876)	16,789	(1,457.3)	(1,017,254)	79,903	(1,373.1)	(245,412)	4,716	(5,304.1)	(1,078,628)	24,055	(4,584.0)
Impairment charge/(reversal) from investment in Subsidiary companies	106,596	(105,079)	201.4	33,018	(270,692)	112.2	-	-	-	-	-	-
Impairment charge/(reversal) from investment in Associate companies	-	5,058	(100.0)	(5,058)	5,058	(200.0)	-	-	-	-	-	-
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>	(334,472)	116,810	(386.3)	(1,045,213)	345,537	(402.5)	(245,412)	4,716	(5,304.1)	(1,078,628)	24,055	(4,584.0)
Value added tax (VAT) & Nation building tax (NBT) on financial services	(16,310)	47,627	(134.2)	4,714	190,176	97.5	(16,310)	47,627	(134.2)	4,714	190,176	97.5
Debt repayment levy	-	24,588	(100.0)	-	98,167	100.0	-	24,588	(100.0)	-	98,167	100.0
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	11,817	(1,672)	806.6	19,960	(8,263)	341.5
<b>Profit/(loss) before income tax</b>	(318,162)	44,595	(813.5)	(1,049,927)	57,194	(1,935.7)	(217,285)	(69,172)	(214.1)	(1,063,382)	(272,551)	(290.2)
Income tax expense/(Reversal)	(219,288)	(45,390)	(383.1)	(219,288)	(45,390)	(383.1)	1,098	196,018	(99.4)	1,098	196,019	(99.4)
<b>Profit/(loss) for the period</b>	(98,874)	89,985	(209.9)	(830,639)	102,584	(909.7)	(218,383)	(265,190)	17.7	(1,064,480)	(468,570)	(127.2)
<b>Profit/(loss) for the period attributable to:</b>												
Equity holders of the parent	(98,874)	89,985	(209.9)	(830,639)	102,584	(909.7)	(110,700)	(151,138)	26.8	(936,548)	(346,162)	(170.6)
Non controlling interests	-	-	-	-	-	-	(107,683)	(114,052)	5.6	(127,932)	(122,408)	(4.5)
<b>Profit/(loss) for the period</b>	(98,874)	89,985	(209.9)	(830,639)	102,584	(909.7)	(218,383)	(265,190)	17.7	(1,064,480)	(468,570)	(127.2)
<b>Earnings per share:</b>												
Basic/diluted earnings per share (LKR)	(0.60)	0.54	(209.9)	(5.01)	0.62	(909.7)	(0.67)	(0.91)	26.8	(5.65)	(2.09)	(170.6)

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Twelve months ended			Quarter ended			Twelve months ended		
	12/31/2020 (Unaudited)	12/31/2019 (Unaudited)	Change %	12/31/2020 (Unaudited)	12/31/2019 (Audited)	Change %	12/31/2020 (Unaudited)	12/31/2019 (Unaudited)	Change %	12/31/2020 (Unaudited)	12/31/2019 (Audited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
<b>Profit/(loss) for the period</b>	<b>(98,874)</b>	<b>89,985</b>	<b>(209.9)</b>	<b>(830,639)</b>	<b>102,584</b>	<b>(909.7)</b>	<b>(218,383)</b>	<b>(265,190)</b>	<b>17.7</b>	<b>(1,064,480)</b>	<b>(468,570)</b>	<b>(127.2)</b>
<b>Other comprehensive income/(expense) for the period</b>												
Actuarial gains/(losses) on defined benefit plans	(53,290)	(30,822)	(72.9)	(53,290)	(30,822)	(72.9)	(52,355)	(33,406)	(56.7)	(52,355)	(33,406)	(56.7)
<b>Fair value reserves (Financial investments at fair value through other comprehensive income):</b>												
Gains/(Losses) on re-measuring financial investments at fair value through other comprehensive income	7,252	(1,567)	562.9	6,737	3,299	104.2	5,881	6,143	(4.3)	16,994	15,663	8.5
Recycling to the income statement for impairment	-	-	-	-	-	-	-	-	-	-	-	-
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	(65)	100.0	-	(65)	100.0
<b>Other comprehensive income/(expense) before tax</b>	<b>(46,038)</b>	<b>(32,389)</b>	<b>(42.1)</b>	<b>(46,553)</b>	<b>(27,523)</b>	<b>(69.1)</b>	<b>(46,474)</b>	<b>(27,328)</b>	<b>(70.1)</b>	<b>(35,361)</b>	<b>(17,808)</b>	<b>(98.6)</b>
Deferred tax (charge)/credit relating to components of other comprehensive income	12,790	8,630	48.2	12,790	8,630	48.2	12,790	8,630	48.2	12,790	8,630	48.2
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>(33,248)</b>	<b>(23,759)</b>	<b>(39.9)</b>	<b>(33,763)</b>	<b>(18,893)</b>	<b>(78.7)</b>	<b>(33,685)</b>	<b>(18,698)</b>	<b>(80.2)</b>	<b>(22,571)</b>	<b>(9,177)</b>	<b>(145.9)</b>
<b>Total comprehensive income/(expense) for the period, net of tax</b>	<b>(132,122)</b>	<b>66,227</b>	<b>(299.5)</b>	<b>(864,402)</b>	<b>83,691</b>	<b>(1,132.8)</b>	<b>(252,068)</b>	<b>(283,888)</b>	<b>11.2</b>	<b>(1,087,051)</b>	<b>(477,748)</b>	<b>(127.5)</b>
<b>Total comprehensive income/(expense) attributable to:</b>												
Equity holders of the parent	(132,122)	66,227	(299.5)	(864,402)	83,691	(1,132.9)	(144,183)	(171,009)	15.7	(964,289)	(359,858)	(168.0)
Non controlling interests	-	-	-	-	-	-	(107,885)	(112,878)	4.4	(122,762)	(117,890)	(4.1)
	<b>(132,122)</b>	<b>66,227</b>	<b>(299.5)</b>	<b>(864,402)</b>	<b>83,691</b>	<b>(1,132.9)</b>	<b>(252,068)</b>	<b>(283,888)</b>	<b>11.2</b>	<b>(1,087,051)</b>	<b>(477,748)</b>	<b>(127.5)</b>

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Financial Position

as at	Company			Group		
	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
<b>Assets</b>						
Cash and cash equivalents	742,106	1,355,785	(45.3)	2,263,446	2,178,946	3.9
Placements with banks & financial institutions	299,746	1,477,103	(79.7)	838,603	2,126,932	(60.6)
Financial investments at fair value through profit or loss	950,101	945,199	0.5	960,418	955,040	0.6
Loans & receivables at amortised cost	26,779,955	29,228,215	(8.4)	26,783,793	28,973,785	(7.6)
Financial investments at fair value through other comprehensive income	1,292,616	1,216,478	6.3	1,465,110	1,954,350	(25.0)
Financial investments at amortised cost	1,519	1,513	0.4	1,519	1,513	0.4
Real Estate Stock	243,114	297,075	(18.2)	243,114	297,075	(18.2)
Investment in associate company	81,084	76,026	6.7	91,195	76,026	20.0
Investment in subsidiary	816,950	849,968	(3.9)	-	-	-
Investment properties	114,370	117,276	(2.5)	114,370	117,276	(2.5)
Property, equipment and right-of-use assets	758,536	895,799	(15.3)	796,164	928,706	(14.3)
Intangible assets	146,493	180,255	(18.7)	148,880	187,460	(20.6)
Deferred tax Assets	19,558	-	-	68,863	264,901	(74.0)
Other assets	391,874	334,431	17.2	672,633	551,755	21.9
<b>Total assets</b>	<b>32,638,023</b>	<b>36,975,123</b>	<b>(11.7)</b>	<b>34,448,108</b>	<b>38,613,765</b>	<b>(10.8)</b>
<b>Liabilities</b>						
Due to banks	5,436,682	7,749,021	(29.8)	5,442,511	7,749,807	(29.8)
Due to customers at amortised cost	21,725,261	22,755,930	(4.5)	21,725,261	22,755,930	(4.5)
Debt issued and borrowed funds at amortised cost	2,568,829	2,466,268	4.2	2,809,786	2,466,268	13.9
Insurance provision - life	-	-	-	498,767	546,253	(8.7)
Insurance provision - non life	-	-	-	488,784	383,164	27.6
Current tax liabilities	-	14,851	(100.0)	-	14,851	(100.0)
Deferred tax liabilities	-	212,520	(100.0)	-	212,520	(100.0)
Other liabilities	811,952	897,039	(9.5)	1,152,609	1,147,789	0.4
Retirement benefits obligations	351,906	271,699	29.5	363,816	283,558	28.3
<b>Total liabilities</b>	<b>30,894,631</b>	<b>34,367,328</b>	<b>(10.1)</b>	<b>32,481,534</b>	<b>35,560,140</b>	<b>(8.7)</b>
<b>Equity</b>						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	(618,252)	252,887	(344.5)	(871,420)	105,125	(928.9)
OCI reserve	2,574	(4,162)	161.8	3,158	(9,099)	134.7
Statutory reserves	234,613	234,613	-	234,613	234,613	(0.0)
Total equity attributable to the parent	1,743,392	2,607,795	(33.1)	1,490,807	2,455,096	(39.3)
Non controlling interests	-	-	-	475,766	598,529	(20.5)
<b>Total equity</b>	<b>1,743,392</b>	<b>2,607,795</b>	<b>(33.1)</b>	<b>1,966,574</b>	<b>3,053,625</b>	<b>(35.6)</b>
<b>Total liabilities and equity</b>	<b>32,638,023</b>	<b>36,975,123</b>	<b>(11.7)</b>	<b>34,448,108</b>	<b>38,613,765</b>	<b>(10.8)</b>
Commitments and contingencies	107,800	124,250	(13.2)	176,549	190,086	(7.1)
Net assets value per share (LKR)	10.51	15.72	(33.1)	8.99	14.80	(39.3)

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.)

**D. N. L. Fernando**  
Director

Colombo, Sri Lanka  
26/Feb/2021

(sgd.)

**G. M. J. A. R. Gamalath**  
Chief Executive Officer (Acting)

(sgd.)

**W. N. P. Surawimala**  
Director

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Changes in Equity

<b>Company</b>	<b>Stated capital LKR ' 000</b>	<b>Statutory reserves LKR ' 000</b>	<b>OCI reserve LKR ' 000</b>	<b>Retained profits LKR ' 000</b>	<b>Total equity LKR ' 000</b>
Balance as at 01st January 2019	2,124,457	214,096	(7,461)	193,012	2,524,104
Net profit/(loss) for the Period	-	-	-	102,584	102,584
Other comprehensive income	-	-	3,299	(22,192)	(18,893)
Transfers to statutory reserve fund	-	20,517	-	(20,517)	-
<b>Balance as at 31st December 2019 - Audited</b>	<b>2,124,457</b>	<b>234,613</b>	<b>(4,162)</b>	<b>252,887</b>	<b>2,607,795</b>
Balance as at 01st January 2020	2,124,457	234,613	(4,162)	252,887	2,607,795
Net profit/(loss) for the period	-	-	-	(830,639)	(830,639)
Other comprehensive income	-	-	6,736	(40,500)	(33,763)
Transfers to statutory reserve fund	-	-	-	-	-
<b>Balance as at 31st December 2020</b>	<b>2,124,457</b>	<b>234,613</b>	<b>2,574</b>	<b>(618,252)</b>	<b>1,743,392</b>

<b>Group</b>	<b>Stated Capital LKR ' 000</b>	<b>Statutory reserves LKR ' 000</b>	<b>OCI reserve LKR ' 000</b>	<b>Retained profits LKR ' 000</b>	<b>Non controlling interest LKR ' 000</b>	<b>Total equity LKR ' 000</b>
Balance as at 01st January 2019	2,124,457	214,096	(19,051)	457,806	64,007	2,841,315
Net profit/(loss) for the period	-	-	-	(346,162)	(122,408)	(468,570)
Acquisition, disposal and changes in non-controlling interest	-	-	-	37,645	652,412	690,057
Other comprehensive income	-	-	9,952	(23,647)	4,518	(9,177)
Transfers to statutory reserve fund	-	20,517	-	(20,517)	-	-
<b>Balance as at 31st December 2019 - Audited</b>	<b>2,124,457</b>	<b>234,613</b>	<b>(9,099)</b>	<b>105,125</b>	<b>598,529</b>	<b>3,053,625</b>
Balance as at 01st January 2020	2,124,457	234,613	(9,099)	105,125	598,529	3,053,625
Net profit/(loss) for the period	-	-	-	(936,548)	(127,932)	(1,064,480)
Other comprehensive income	-	-	12,256	(39,997)	5,170	(22,571)
Transfers to statutory reserve fund	-	-	-	-	-	-
<b>Balance as at 31st December 2020</b>	<b>2,124,457</b>	<b>234,613</b>	<b>3,158</b>	<b>(871,420)</b>	<b>475,766</b>	<b>1,966,574</b>

Statutory reserve represents the reserve fund of the Company created in terms of the Finance Companies (Capital Funds) Direction No. 01 of 2003 issued by the Central Bank of Sri Lanka.

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Cash Flows

For the period ended 31st December	Company		Group	
	2020 (Unaudited) LKR '000	2019 (Audited) LKR '000	2020 (Unaudited) LKR '000	2019 (Audited) LKR '000
<b>Cash flows from operating activities</b>				
Profit before income tax	(1,049,927)	57,194	(1,063,382)	(272,551)
Adjustments for :				
Change in operating assets	1,684,171	432,151	1,619,365	407,185
Change in operating liabilities	(1,108,164)	2,175,382	(968,716)	2,238,421
Share of 'associate companies' (profit)/loss before tax	-	-	(19,960)	8,263
Contribution to defined benefit plans	56,496	51,652	59,561	54,220
Other non-cash items included in profit before tax	827,627	173,347	813,311	447,360
Dividend income	(7,340)	(9,043)	(8,765)	(10,726)
	<b>402,863</b>	<b>2,880,682</b>	<b>431,414</b>	<b>2,872,172</b>
Gratuity paid	(29,579)	(58,482)	(31,659)	(60,712)
<b>Net cash generated from/(used in) operating activities before tax</b>	<b>373,284</b>	<b>2,822,200</b>	<b>399,756</b>	<b>2,811,460</b>
Income tax paid	-	-	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>373,284</b>	<b>2,822,200</b>	<b>399,756</b>	<b>2,811,460</b>
<b>Cash flows from investing activities</b>				
Purchase of financial assets designated at FVTPL	(173,663)	(1,216,805)	(173,663)	(1,216,803)
Proceeds from disposal of financial assets designated at FVTPL	241,888	567,132	241,888	567,132
Purchase of financial investments	(1,625,314)	(1,722,496)	(1,049,679)	(1,778,682)
Proceeds from sale and maturity of financial investments	1,653,433	1,761,567	1,653,433	1,761,567
Net increase/(decrease) in other investment	1,177,356	(806,528)	1,288,329	(1,352,357)
Purchase of property & equipment	(57,149)	(139,668)	(60,790)	(152,719)
Purchase of intangible assets	(1,320)	(24,011)	(1,320)	(24,010)
Proceeds from sale of property & equipment	244	3,164	244	7,400
Investment in Subsidiary from parent and other parties	-	(500,000)	-	700,000
Dividend received	7,340	9,043	8,765	10,726
<b>Net cash generated from/(used in) investing activities</b>	<b>1,222,816</b>	<b>(2,068,602)</b>	<b>1,907,206</b>	<b>(1,477,745)</b>
<b>Cash flows from financing activities</b>				
Net increase/(decrease) in reverse repo and repo agreements	(269,243)	767,301	(269,243)	767,301
Net increase/(decrease) in other borrowings at amortised cost	(1,956,951)	545,746	(1,974,678)	545,746
Payments on redemption of debentures	-	(2,122,912)	-	(2,122,912)
<b>Net cash generated from/(used in) financing activities</b>	<b>(2,226,194)</b>	<b>(809,865)</b>	<b>(2,243,921)</b>	<b>(809,865)</b>
Net increase / (decrease) in cash and cash equivalents during the period	(630,095)	(56,267)	63,041	523,849
Cash and cash equivalents at the beginning of the period	1,022,800	1,079,067	1,845,174	1,321,326
<b>Cash and cash equivalents at the end of the period</b>	<b>392,705</b>	<b>1,022,800</b>	<b>1,908,215</b>	<b>1,845,175</b>
Note				
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and short term funds	742,106	1,355,785	2,263,446	2,178,946
Dues to banks	(349,402)	(332,985)	(355,231)	(333,771)
	<b>392,705</b>	<b>1,022,800</b>	<b>1,908,215</b>	<b>1,845,175</b>

## 1 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, its subsidiary: MBSL Insurance Company Ltd and its interest in associate; Lanka Securities Ltd.

The consolidated Financial Statements for the period ended were authorized for issue on 26th February 2021, in accordance with the resolution of the Directors passed on 26th February 2021.

## 2 Change the Shareholding % of MBSL Insurance Ltd

As the major shareholder of the MBSL Insurance Ltd, the Company-MBSL has invested LKR 500 Mn out of LKR 1.2 Bn and allotted 112,537,891 ordinary shares on 4 April, 2019. The Company shareholding has reduced to 53.81% from 84.12% with the investment.

## 3 Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 31st December 2020 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 Report 2019.

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

## 4 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 in the 3rd and 4th quarters as per the guidelines issued by the CA Sri Lanka.

## 5 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 public deposits by the Central Bank of Sri Lanka with effect from April 2019 and May 2019 respectively pending compliance with Capital Adequacy Ratios.

## 6 Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	742,106	1,355,785	-	-	742,106	1,355,785
Placements with banks & financial institutions	-	-	299,746	1,477,103	-	-	299,746	1,477,103
Financial investments at fair value through profit or loss	950,101	945,199	-	-	-	-	950,101	945,199
Loans & receivables at amortised cost	-	-	26,779,955	29,228,215	-	-	26,779,955	29,228,215
Financial investments at fair value through other comprehensive income	-	-	-	-	1,292,616	1,216,478	1,292,616	1,216,478
Financial investments at amortised cost	-	-	1,519	1,513	-	-	1,519	1,513
Other assets	-	-	42,699	47,993	-	-	42,699	47,993
<b>Total</b>	<b>950,101</b>	<b>945,199</b>	<b>27,866,026</b>	<b>32,110,609</b>	<b>1,292,616</b>	<b>1,216,478</b>	<b>30,108,743</b>	<b>34,272,285</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Other Financial liabilities</b>				
Due to banks	5,436,682	7,749,021	5,436,682	7,749,021
Due to customers at amortised cost	21,725,261	22,755,930	21,725,261	22,755,930
Debt issued and borrowed funds at amortised cost	2,568,829	2,466,268	2,568,829	2,466,268
Other liabilities	232,163	240,908	232,163	240,908
<b>Total</b>	<b>29,962,935</b>	<b>33,212,127</b>	<b>29,962,935</b>	<b>33,212,127</b>

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	2,263,446	2,178,946	-	-	2,263,446	2,178,946
Placements with banks & financial institutions	-	-	838,603	2,126,932	-	-	838,603	2,126,932
Financial investments at fair value through profit or loss	960,418	955,040	-	-	-	-	960,418	955,040
Loans & receivables at amortised cost	-	-	26,783,793	28,973,785	-	-	26,783,793	28,973,785
Financial investments at fair value through other comprehensive income	-	-	-	-	1,465,110	1,954,350	1,465,110	1,954,350
Financial investments at amortised cost	-	-	1,519.26	1,513.00	-	-	1,519	1,513
Other assets	-	-	42,699	47,993	-	-	42,699	47,993
<b>Total</b>	<b>960,418</b>	<b>955,040</b>	<b>29,930,059</b>	<b>33,329,169</b>	<b>1,465,110</b>	<b>1,954,350</b>	<b>32,355,588</b>	<b>36,238,559</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Other Financial liabilities</b>				
Due to banks	5,442,511	7,749,807	5,442,511	7,749,807
Due to customers at amortised cost	21,725,261	22,755,930	21,725,261	22,755,930
Debt issued and borrowed funds at amortised cost	2,809,786	2,466,268	2,809,786	2,466,268
Other liabilities	232,162.84	240,908	232,162.84	240,908
<b>Total</b>	<b>30,209,721</b>	<b>33,212,913</b>	<b>30,209,721</b>	<b>33,212,913</b>

## 7 Movement in individual and collective impairment during the period

LKR. '000

	Company		Group	
	2020	2019	2020	2019
<b>Impairment charges from loans and other losses</b>				
Impairment from Loans and advances-individual impairment (Note 4.1)	341,721	320,975	341,721	320,975
Impairment from Loans and advances-collective impairment (Note 4.2)	360,062	(39,392)	360,062	(39,392)
Cash and cash equivalent	(113)	1	(113)	1
Placements with banks & financial institutions	(4)	(1,911)	(4)	(1,911)
	<b>701,666</b>	<b>279,673</b>	<b>701,667</b>	<b>279,673</b>
<b>4.1 Individual impairment charges</b>				
As at 01 January	1,695,130	1,374,155	1,374,155	719,267
Charge to income statement from loans and advances	341,721	320,975	341,721	320,975
<b>As at 31st December</b>	<b>2,036,851</b>	<b>1,695,130</b>	<b>1,715,876</b>	<b>1,040,242</b>
<b>4.2 Collective impairment charges</b>				
As at 01 January	1,161,106	1,200,498	1,200,498	591,289
Charge to income statement from loans and advances	360,062	(39,392)	360,062	(39,392)
<b>As at 31st December</b>	<b>1,521,168</b>	<b>1,161,106</b>	<b>1,560,560</b>	<b>551,897</b>
<b>Loans and advances impairment</b>	<b>3,558,018</b>	<b>2,856,236</b>	<b>3,276,436</b>	<b>1,592,139</b>

## 8 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 2020 and comparative figures for the period ended 31st December 2019.

Group	Leasing		Corporate & Retail Credit		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	For the Period ended 31st December											
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000
<b>Revenue from external customers</b>												
Interest and similar income	2,246,514	3,252,535	2,336,275	2,780,480	48,336	34,433	118,090	117,301	320,416	465,280	5,069,631	6,650,029
Interest and similar expenses	1,326,408	1,761,040	1,368,545	1,685,226	138,723	88,017	11,581	978	699,114	796,991	3,544,371	4,332,252
<b>Net interest income</b>	<b>920,106</b>	<b>1,491,495</b>	<b>967,730</b>	<b>1,095,254</b>	<b>(90,387)</b>	<b>(53,584)</b>	<b>106,509</b>	<b>116,323</b>	<b>(378,698)</b>	<b>(331,711)</b>	<b>1,525,260</b>	<b>2,317,777</b>
<b>Net fee and commission income</b>	<b>38,364</b>	<b>54,625</b>	<b>7,483</b>	<b>32,304</b>	<b>14,690</b>	<b>78</b>	<b>8,646</b>	<b>(5,167)</b>	<b>34,284</b>	<b>96,075</b>	<b>103,467</b>	<b>177,915</b>
Real estate Profit	-	-	-	21,061	3,649	-	-	-	-	-	3,649	21,061
Other income	9,685	20,788	26,126	3,508	67,482	42,021	102,652	48,346	19,549	9,980	225,494	124,643
<b>Total operating income</b>	<b>968,155</b>	<b>1,566,908</b>	<b>1,001,339</b>	<b>1,152,127</b>	<b>(4,566)</b>	<b>(11,485)</b>	<b>217,807</b>	<b>159,502</b>	<b>(324,866)</b>	<b>(225,657)</b>	<b>1,857,869</b>	<b>2,641,396</b>
Impairment (charges)/reversal for loans and other losses	(282,256)	(394,241)	(419,410)	114,569	6,704	3,904	-	-	(6,704)	(3,904)	(701,666)	(279,672)
<b>Net operating income</b>	<b>685,899</b>	<b>1,172,667</b>	<b>581,929</b>	<b>1,266,696</b>	<b>2,138</b>	<b>(7,581)</b>	<b>217,807</b>	<b>159,502</b>	<b>(331,570)</b>	<b>(229,561)</b>	<b>1,156,203</b>	<b>2,361,724</b>
Personnel expenses	(409,820)	(464,934)	(422,839)	(444,918)	(42,861)	(23,238)	(144,597)	(92,304)	(216,005)	(210,414)	(1,236,122)	(1,235,808)
Depreciation and amortisation	(109,359)	(127,537)	(112,833)	(122,046)	(11,437)	(6,374)	(14,119)	(21,616)	(57,640)	(16,789)	(305,388)	(294,362)
Other operating expenses	(214,904)	(284,901)	(221,731)	(272,636)	(22,476)	(14,239)	(120,940)	(106,784)	(113,271)	(128,939)	(693,322)	(807,499)
<b>Segment result</b>	<b>(48,184)</b>	<b>295,295</b>	<b>(175,474)</b>	<b>427,096</b>	<b>(74,636)</b>	<b>(51,432)</b>	<b>(61,849)</b>	<b>(61,202)</b>	<b>(718,486)</b>	<b>(585,703)</b>	<b>(1,078,628)</b>	<b>24,055</b>
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>											<b>(1,078,628)</b>	24,055
Value added tax on financial services											(4,714)	(190,176)
Debt repayment levy											-	(98,167)
Share of associate company's profit/(loss) before tax											19,960	(8,263)
<b>Profit/(loss) before income tax</b>											<b>(1,063,382)</b>	<b>(272,552)</b>
Income tax expense											(1,098)	(196,019)
<b>Profit/(loss) for the period</b>											<b>(1,064,480)</b>	<b>(468,571)</b>
<b>Assets</b>												
Property, equipment and right-of-use assets	47,392	65,037	46,343	70,003	5,830	5,668	10,913	18,254	9,442	60,116	119,920	219,078
Intangible assets	522	8,963	511	9,647	64	781	-	-	223	4,620	1,320	24,011
<b>Total segment assets</b>	<b>13,347,611</b>	<b>14,097,195</b>	<b>13,142,999</b>	<b>15,173,666</b>	<b>1,641,687</b>	<b>1,228,632</b>	<b>2,616,923</b>	<b>2,755,887</b>	<b>3,698,887</b>	<b>5,358,384</b>	<b>34,448,108</b>	<b>38,613,765</b>
<b>Total segment liabilities</b>	<b>11,970,745</b>	<b>12,546,896</b>	<b>11,787,240</b>	<b>13,504,986</b>	<b>1,472,340</b>	<b>1,093,517</b>	<b>1,470,109</b>	<b>1,207,776</b>	<b>5,781,101</b>	<b>7,206,964</b>	<b>32,481,534</b>	<b>35,560,140</b>

## 9 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 31/12/2020 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
<b>Fixed Rate</b>															
May 2017 - May 2022	Listed	Annually	805,760	Not traded during the quarter			15.00%	15.00%	5.59%	15.00%	15.00%	15.00%	14.79%	14.79%	14.79%
May 2017 - May 2022	Listed	Bi Annually	1,193,230	Not traded during the quarter			14.50%	15.03%	5.59%	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%	5.59%	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 2020

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%.					800,000,000	40%	Approved unsecured subordinated term debt are limited to 50% of Total Tier 1 Capital of the Company.

**10 Events after the statement of financial position date**

There were no material events reported since 31st December 2020 that require disclosure in these Financial Statements.

**11 Information on ordinary shares**

<b>As at</b>		<b>12/31/2020</b>	<b>12/31/2019</b>
Net asset per share (LKR)	- Company	10.51	15.72
	- Group	8.99	14.80
<b>Market price per share recorded during the quarter ended 31st December (LKR)</b>		<b>2020</b>	<b>2019</b>
	-High	8.40 (2-10-2020)	10.30 (20-11-2019)
	-Low	7.00 (25-11-2020)	8.60 (7-10-2019)
	-Last Transaction	7.50 (31-12-2020)	9.60 (31-12-2019)
<b>As at</b>		<b>12/31/2020</b>	<b>12/31/2019</b>
Number of shares issued		165,874,541	165,874,541
Stated capital (LKR)		2,124,457,307	2,124,457,307
<b>Ratios as at</b>		<b>12/31/2020</b>	<b>12/31/2019</b>
Debt / Equity Ratio		4.6	3.9
Statutory Liquid Asset Ratio		7.93%	12.30%
<b>Ratios for the period ended</b>		<b>12/31/2020</b>	<b>12/31/2019</b>
Interest Cover		0.703	1.013

**The Float adjusted market capitalization as at 31st December 2020 - Rs. 317,341,800**

The Float adjusted market capitalization of the Company falls under Option 4 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

**12 Twenty largest share holders as at 31st December 2020**

	Name of the share holder	No. of Shares	Holding %
01	Bank of Ceylon No. 1 Account	123,562,267	74.49%
02	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	7.11%
03	People's Leasing & Finance PLC/Mr. D.M.P.Disanayake	1,479,247	0.89%
04	Mr. A.M. Weerasinghe	839,201	0.51%
05	Hatton National Bank PLC/Mr. R. E. Rambukwelle	756,703	0.46%
06	Mr. W.A.S.P. De Saram	552,537	0.33%
07	Merrill J Fernando & Sons (Pvt) Ltd	526,165	0.32%
08	Mrs. R. Jothy	509,002	0.31%
09	Mr. T. Loganathan	428,340	0.26%
10	Mr. W.L.T. Anandawansa	400,100	0.24%
11	Seylan Bank PLC/Spice of Life (Pvt) Ltd	395,234	0.24%
12	Hatton National Bank PLC/Mr. D.N. Sellamuttu	386,301	0.23%
13	Mr. N Balasingam	381,400	0.23%
14	Prime Lands (Pvt) Ltd	375,000	0.23%
15	Mr. B.T.Prathapasinghe	345,000	0.21%
16	Mr. A.Chelliah (deceased)	333,800	0.20%
17	Citizens Development Business Finance PLC/Mr. D.P.T.C. Dissanayaka	308,212	0.19%
18	Mr. M.F. Ozman	304,146	0.18%
19	Mr. D. S. Tennakoon	303,600	0.18%
20	Mrs. S. Tennakoon	300,000	0.18%

The percentage of shares held by the public as at 31st December 2020 was 25.51% and the number of public shareholders as at 31st December 2020 were 11,040

**13 Directors' shareholding as at 31st December 2020**

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. D. N. L. Fernando	24
Mr. W. N. P. Surawimala	Nil
Mr. M. P. R. Kumara (Alternate Director to W.P.R.P.H. Fonseka)	Nil

**14 ACT. CEO's shareholding as at 31st December 2020**

Mr. G. M. J. A. R. Gamalath	Nil
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