

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th September 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			Nine months ended			Quarter ended			Nine months ended		
	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %
Income	1,080,775	1,824,436	(40.8)	3,744,643	5,049,863	(25.8)	1,163,595	1,885,857	(38.3)	3,973,476	5,195,953	(23.5)
Interest and similar income	977,891	1,718,776	(43.1)	3,562,416	4,860,389	(26.7)	997,977	1,757,457	(43.2)	3,646,850	4,967,205	(26.6)
Interest and similar expenses	821,913	1,103,103	(25.5)	2,794,442	3,273,128	(14.6)	820,051	1,104,239	(25.7)	2,793,148	3,296,481	(15.3)
Net interest income	155,978	615,673	(74.7)	767,974	1,587,260	(51.6)	177,926	653,218	(72.8)	853,702	1,670,724	(48.9)
Fee and commission income	41,672	57,348	(27.3)	89,360	145,754	(38.7)	44,770	59,687	(25.0)	95,625	148,365	(35.5)
Fee and commission expenses	9,875	5,195	90.1	15,272	21,206	(28.0)	9,875	5,195	90.1	15,272	21,206	(28.0)
Net fee and commission income	31,797	52,152	(39.0)	74,088	124,548	(40.5)	34,896	54,492	(36.0)	80,353	127,159	(36.8)
Insurance premium income	-	-	-	-	-	-	57,854	15,391	275.9	135,927	31,741	328.2
Net claims and benefits	-	-	-	-	-	-	(19,560)	(8,611)	(127.1)	(65,518)	(17,358)	(277.4)
Net trading income	(390)	3,964	(109.8)	40	4,372	(99.1)	(390)	3,964	(109.8)	40	4,372	(99.1)
Net gain/(loss) on financial instruments at fair value through profit or loss	37,381	24,529	52.4	59,166	(17,010)	447.8	38,686	25,336	52.7	59,406	(15,559)	481.8
Other operating income	24,220	19,820	22.2	33,661	56,358	(40.3)	24,697	24,023	2.8	35,627	59,830	(40.5)
Total operating income	248,987	716,138	(65.2)	934,929	1,755,528	(46.7)	314,110	767,811	(59.1)	1,099,537	1,860,908	(40.9)
Impairment charges from loans and other losses	44,266	(18,727)	336.4	219,687	136,993	(60.4)	44,266	(18,727)	336.4	219,687	136,993	(60.4)
Net operating income	204,721	734,865	(72.1)	715,242	1,618,535	(55.8)	269,843	786,539	(65.7)	879,850	1,723,915	(49.0)
Personnel expenses	308,668	286,458	7.8	880,868	876,947	(0.4)	345,495	312,544	10.5	990,509	940,204	(5.4)
Depreciation and amortisation	72,792	67,739	7.5	219,073	201,650	(8.6)	76,367	77,836	(1.9)	229,647	217,090	(5.8)
Other operating expenses	150,394	160,072	(6.0)	404,678	476,823	15.1	185,685	189,442	(2.0)	492,910	553,781	11.0
Total operating expense	531,855	514,269	3.4	1,504,620	1,555,420	3.3	607,546	579,821	4.8	1,713,066	1,711,076	(0.1)
Profit/(loss) from operations	(327,134)	220,596	(248.3)	(789,378)	63,115	(1,350.7)	(337,703)	206,717	(263.4)	(833,216)	12,839	(6,589.5)
Impairment charge/(reversal) from investment in Subsidiary companies	(53,569)	17,140	(412.5)	(73,578)	(165,612)	55.6	-	-	-	-	-	-
Impairment reversal from investment in Associate companies	(6,334)	-	-	(5,058)	-	-	-	-	-	-	-	-
Profit/(loss) from operations after impairment from subsidiary investments	(267,231)	203,456	(231.3)	(710,741)	228,727	(410.7)	(337,703)	206,717	(263.4)	(833,216)	12,839	(6,589.5)
Value added tax (VAT) & Nation building tax (NBT) on financial services	4,812	53,812	(91.1)	21,024	142,549	85.3	4,812	53,812	(91.1)	21,024	142,549	85.3
Debt repayment levy	-	27,768	(100.0)	-	73,579	100.0	-	27,768	(100.0)	-	73,579	100.0
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	9,419	(771)	1,321.2	8,143	(6,592)	223.5
Profit/(loss) before income tax	(272,044)	121,876	(323.2)	(731,765)	12,599	(5,908.1)	(333,097)	124,366	(367.8)	(846,097)	(209,881)	(303.1)
Income tax expense/(Reversal)	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	(272,044)	121,876	(323.2)	(731,765)	12,599	(5,908.1)	(333,097)	124,366	(367.8)	(846,097)	(209,881)	(303.1)
Profit/(loss) for the period attributable to:												
Equity holders of the parent	(272,044)	121,876	(323.2)	(731,765)	12,599	(5,908.1)	(328,215)	130,777	(351.0)	(825,848)	(201,525)	(309.8)
Non controlling interests	-	-	-	-	-	-	(4,882)	(6,411)	23.9	(20,249)	(8,356)	(142.3)
Profit/(loss) for the period	(272,044)	121,876	(323.2)	(731,765)	12,599	(5,908.1)	(333,097)	124,366	(367.8)	(846,097)	(209,881)	(303.1)
Earnings per share:												
Basic/diluted earnings per share (LKR)	(1.64)	0.73	(323.2)	(4.41)	0.08	(5,908.1)	(1.98)	0.79	(351.0)	(4.98)	(1.21)	(309.8)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %	30/09/2020 (Unaudited) LKR '000	30/09/2019 (Unaudited) LKR '000	Change %
Profit/(loss) for the period	(272,044)	121,876	(323.2)	(731,765)	12,599	(5,908.1)	(333,097)	124,366	(367.8)	(846,097)	(209,881)	(303.1)
Other comprehensive income/(expense) for the period												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
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	(515)	250	(306.2)	(515)	4,865	(110.6)	(50)	4,905	(101.0)	11,113	9,521	16.7
Other comprehensive income/(expense) before tax	(515)	250	(306.2)	(515)	4,865	(110.6)	(50)	4,905	(101.0)	11,113	9,521	16.7
Deferred tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expense) for the period, net of tax	(515)	250	(306.2)	(515)	4,865	(110.6)	(50)	4,905	(101.0)	11,113	9,521	16.7
Total comprehensive income/(expense) for the period, net of tax	(272,559)	122,126	(323.2)	(732,280)	17,464	(4,293.0)	(333,146)	129,271	(357.7)	(834,983)	(200,360)	(316.7)
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	(272,559)	122,126	(323.2)	(732,280)	17,464	(4,293.0)	(328,480)	133,532	(346.0)	(820,106)	(194,154)	(322.4)
Non controlling interests	-	-	-	-	-	-	(4,666)	(4,260)	(9.5)	(14,878)	(6,206)	(139.8)
	(272,559)	122,126	(323.2)	(732,280)	17,464	(4,293.0)	(333,146)	129,272	(357.7)	(834,984)	(200,360)	(316.7)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	30/09/2020	31/12/2019	Change	30/09/2020	31/12/2019	Change
	(Unaudited) LKR '000	(Audited) LKR '000	%	(Unaudited) LKR '000	(Audited) LKR '000	%
Assets						
Cash and cash equivalents	942,044	1,355,785	(30.5)	2,353,974	2,178,946	8.0
Placements with banks & financial institutions	277,075	1,477,103	(81.2)	765,503	2,126,932	(64.0)
Financial investments at fair value through profit or loss	970,987	945,199	2.7	981,069	955,040	2.7
Loans & receivables at amortised cost	27,814,564	29,228,215	(4.8)	27,569,782	28,973,785	(4.8)
Financial investments at fair value through other comprehensive income	1,261,026	1,216,478	3.7	1,531,543	1,954,350	(21.6)
Financial investments at amortised cost	1,591	1,513	5.2	1,591	1,513	5.2
Real Estate Stock	286,398	297,075	(3.6)	286,398	297,075	(3.6)
Investment in associate company	81,084	76,026	6.7	84,168	76,026	10.7
Investment in subsidiary	923,546	849,968	8.7	-	-	-
Investment properties	115,097	117,276	(1.9)	115,097	117,276	(1.9)
Property, equipment and right-of-use assets	799,111	895,799	(10.8)	830,294	928,706	(10.6)
Intangible assets	155,115	180,255	(13.9)	158,531	187,460	(15.4)
Deferred tax Assets	-	-	-	264,901	264,901	-
Other assets	346,356	334,431	3.6	624,860	551,755	13.2
Total assets	33,973,994	36,975,123	(8.1)	35,567,711	38,613,765	(7.9)
Liabilities						
Due to banks	4,848,358	7,749,021	(37.4)	4,848,887	7,749,807	(37.4)
Due to customers at amortised cost	22,717,608	22,755,930	(0.2)	22,657,608	22,755,930	(0.4)
Debt issued and borrowed funds at amortised cost	2,788,948	2,466,268	13.1	3,035,879	2,466,268	23.1
Insurance provision - life	-	-	-	506,174	546,253	(7.3)
Insurance provision - non life	-	-	-	472,272	383,164	23.3
Current tax liabilities	-	14,851	(100.0)	-	14,851	(100.0)
Deferred tax liabilities	212,520	212,520	(0.0)	212,520	212,520	(0.0)
Other liabilities	1,248,302	897,039	39.2	1,318,538	1,147,789	14.9
Retirement benefits obligations	282,743	271,699	4.1	297,193	283,558	4.8
Total liabilities	32,098,479	34,367,328	(6.6)	33,349,070	35,560,140	(6.2)
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	(478,878)	252,887	(289.4)	(720,723)	105,125	(785.6)
OCI reserve	(4,677)	(4,162)	(12.4)	(3,357)	(9,099)	63.1
Statutory reserves	234,613	234,613	-	234,613	234,613	(0.0)
Total equity attributable to the parent	1,875,515	2,607,795	(28.1)	1,634,990	2,455,096	(33.4)
Non controlling interests	-	-	-	583,651	598,529	(2.5)
Total equity	1,875,515	2,607,795	(28.1)	2,218,641	3,053,625	(27.3)
Total liabilities and equity	33,973,994	36,975,123	(8.1)	35,567,711	38,613,765	(7.9)
Commitments and contingencies	107,800	124,250	(13.2)	172,883	177,350	(2.5)
Net assets value per share (LKR)	11.31	15.72	(28.1)	9.86	14.80	(33.4)

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.)

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

Colombo, Sri Lanka
12/Nov/2020

(sgd.)

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

(sgd.)

A. M. A. Perera
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 2019	2,124,457	214,096	(7,461)	193,012	2,524,104
Net profit/(loss) for the Period	-	-	-	12,599	12,599
Other comprehensive income	-	-	4,865	(0)	4,865
Balance as at 30th September 2019	2,124,457	214,096	(2,596)	205,611	2,541,568
Balance as at 01st January 2020	2,124,457	234,613	(4,162)	252,887	2,607,795
Net profit/(loss) for the period	-	-	-	(731,765)	(731,765)
Other comprehensive income	-	-	(515)	(0)	(515)
Balance as at 30th September 2020	2,124,457	234,613	(4,677)	(478,878)	1,875,515

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 2019	2,124,457	214,096	(19,051)	457,806	64,007	2,841,315
Net profit/(loss) for the period	-	-	-	(201,525)	(8,356)	(209,881)
Acquisition, disposal and changes in non-controlling interest	-	-	-	31,658	658,397	690,055
Other comprehensive income	-	-	4,865	2,505	2,150	9,521
Balance as at 30th September 2019	2,124,457	214,096	(14,186)	290,445	716,198	3,331,010
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	-	-	-	(825,848)	(20,249)	(846,097)
Other comprehensive income	-	-	5,742	-	5,371	11,113
Balance as at 30th September 2020	2,124,457	234,613	(3,357)	(720,723)	583,651	2,218,641

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 30th September	Company		Group	
	2020 (Unaudited) LKR '000	2019 (Unaudited) LKR '000	2020 (Unaudited) LKR '000	2019 (Unaudited) LKR '000
Cash flows from operating activities				
Profit before income tax	(731,765)	12,599	(846,097)	(209,881)
Adjustments for :				
Change in operating assets	1,144,662	(1,000,961)	1,081,041	(1,080,770)
Change in operating liabilities	231,114	2,133,961	89,888	1,974,235
Share of 'associate companies' (profit)/loss before tax	-	-	(8,143)	6,592
Contribution to defined benefit plans	36,000	36,000	39,915	39,915
Other non-cash items included in profit before tax	294,577	495,157	383,547	674,757
Dividend income	(6,294)	(8,379)	(6,337)	(10,038)
	968,293	1,668,377	733,815	1,394,811
Gratuity paid	(24,956)	(15,174)	(26,280)	(17,461)
Net cash generated from/(used in) operating activities before tax	943,337	1,653,203	707,535	1,377,349
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	943,337	1,653,203	707,535	1,377,349
Cash flows from investing activities				
Purchase of financial assets designated at FVTPL	(107,070)	(81,993)	(107,070)	(81,993)
Proceeds from disposal of financial assets designated at FVTPL	140,488	84,489	140,488	84,489
Purchase of financial investments	(1,625,315)	(1,722,496)	(1,146,332)	(1,774,667)
Proceeds from sale and maturity of financial investments	1,653,433	1,069,499	1,653,433	1,069,499
Net increase/(decrease) in other investment	1,200,028	(913,193)	1,301,429	(1,464,212)
Purchase of property & equipment	(45,762)	(84,120)	(48,292)	(88,239)
Purchase of intangible assets	(1,320)	(888)	(1,320)	(888)
Proceeds from sale of property & equipment	129	2,308	129	2,308
Investment in Subsidiary from parent and other parties	-	(500,000)	-	700,000
Dividend received	6,294	8,379	6,337	10,038
Net cash generated from/(used in) investing activities	1,220,905	(2,138,016)	1,798,802	(1,543,666)
Cash flows from financing activities				
Net increase/(decrease) in reverse repo and repo agreements	(266,675)	528,325	(266,675)	528,325
Net increase/(decrease) in other borrowings at amortised cost	(2,191,997)	462,059	(1,945,066)	722,964
Proceeds from issue of debentures	-	-	-	-
Payments on redemption of debentures	-	-	-	-
Net cash generated from/(used in) financing activities	(2,458,672)	990,384	(2,211,741)	1,251,290
Net increase / (decrease) in cash and cash equivalents during the period	(294,430)	505,571	294,596	1,084,972
Cash and cash equivalents at the beginning of the period	1,022,800	1,079,067	1,845,174	1,321,327
Cash and cash equivalents at the end of the period	728,370	1,584,638	2,139,770	2,406,299
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	942,044	1,685,296	2,353,973	2,508,126
Dues to banks	(213,674)	(100,658)	(214,203)	(101,827)
	728,370	1,584,638	2,139,770	2,406,299

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, 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 12th November 2020, in accordance with the resolution of the Directors passed on 12th November 2020.

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 30th September 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 quarter 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 investment at FVTPL		Loans and receivable at amortised Cost		Financial investment at amortised Cost		Financial investment at FVTOCI		Total	
	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019
As at										
Financial assets										
Cash and cash equivalents	-	-	942,044	1,355,785	-	-	-	-	942,044	1,355,785
Placements with banks & financial institutions	-	-	277,075	1,477,103	-	-	-	-	277,075	1,477,103
Financial investments at fair value through profit or loss	970,987	945,199	-	-	-	-	-	-	970,987	945,199
Loans & receivables at amortised cost	-	-	27,814,564	29,228,215	-	-	-	-	27,814,564	29,228,215
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	1,261,026	1,216,478	1,261,026	1,216,478
Financial investments at amortised cost	-	-	-	-	1,591	1,513	-	-	1,591	1,513
Other assets	-	-	42,753	43,694	-	-	-	-	42,753	43,694
Total	970,987	945,199	29,076,436	32,104,797	1,591	1,513	1,261,026	1,216,478	31,310,040	34,267,987

					LKR.'000	
	Other financial liabilities at amortised cost		Total			
	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019
Other Financial liabilities						
Due to banks	4,848,358	7,749,021	4,848,358	7,749,021	4,848,358	7,749,021
Due to customers at amortised cost	22,717,608	22,755,930	22,717,608	22,755,930	22,717,608	22,755,930
Debt issued and borrowed funds at amortised cost	2,788,948	2,466,268	2,788,948	2,466,268	2,788,948	2,466,268
Other liabilities	494,844	338,072	494,844	338,072	494,844	338,072
Total	30,849,757	33,309,291	30,849,757	33,309,291	30,849,757	33,309,291

Group									LKR.'000	
	Financial investment at FVTPL		Loans and receivable at amortised Cost		Financial investment at amortised Cost		Financial investment at FVTOCI		Total	
	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019
As at										
Financial assets										
Cash and cash equivalents	-	-	2,353,974	2,178,946	-	-	-	-	2,353,974	2,178,946
Placements with banks & financial institutions	-	-	765,503	2,126,932	-	-	-	-	765,503	2,126,932
Financial investments at fair value through profit or loss	981,069	955,040	-	-	-	-	-	-	981,069	955,040
Loans & receivables at amortised cost	-	-	27,569,782	28,973,785	-	-	-	-	27,569,782	28,973,785
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	1,531,543	1,954,350	1,531,543	1,954,350
Financial investments at amortised cost	-	-	-	-	1,591	1,513	-	-	1,591	1,513
Other assets	-	-	42,753	43,694	-	-	-	-	42,753	43,694
Total	981,069	955,040	30,732,012	33,323,357	1,591	1,513	1,531,543	1,954,350	33,246,215	36,234,260

					LKR.'000	
	Other financial liabilities at amortised cost		Total			
	30/09/2020	31/12/2019	30/09/2020	31/12/2019	30/09/2020	31/12/2019
Other Financial liabilities						
Due to banks	4,848,887	7,749,807	4,848,887	7,749,807	4,848,887	7,749,807
Due to customers at amortised cost	22,657,608	22,755,930	22,657,608	22,755,930	22,657,608	22,755,930
Debt issued and borrowed funds at amortised cost	3,035,879	2,466,268	3,035,879	2,466,268	3,035,879	2,466,268
Other liabilities	494,843.76	338,072	494,843.76	338,072	494,843.76	338,072
Total	31,037,217	33,310,077	31,037,217	33,310,077	31,037,217	33,310,077

7 Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2020	2019	2020	2019
Impairment charges from loans and other losses				
Impairment from Loans and advances-individual impairment (Note 4.1)	288,885	225,765	288,885	225,765
Impairment from Loans and advances-collective impairment (Note 4.2)	(69,433)	(58,109)	(69,433)	(58,109)
Cash and cash equivalent	2	1	2	1
Placements with banks & financial institutions	233	(1,810)	233	(1,810)
Above 90 days seized interest receivables	-	(28,852)	-	(28,852)
	219,687	136,993	219,688	136,993
4.1 Individual impairment charges				
As at 01 January	1,695,130	1,374,155	1,374,155	719,267
Charge to income statement from loans and advances	288,885	225,765	288,885	225,765
As at 30th September	1,984,015	1,599,920	1,663,040	945,032
4.2 Collective impairment charges				
As at 01 January	1,161,106	1,200,498	1,200,498	591,289
Charge to income statement from loans and advances	(69,433)	(58,109)	(69,433)	(58,109)
As at 30th September	1,091,673	1,142,389	1,131,065	533,180
Loans and advances impairment	3,075,688	2,742,308	2,794,105	1,478,211

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 30th September 2020 and comparative figures for the period ended 30th September 2019.

Group	Leasing		Corporate & Retail Credit		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	For the Period ended 30th September											
	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
Revenue from external customers												
Interest and similar income	1,545,035	2,485,912	1,719,472	2,001,024	31,725	25,678	125,158	124,566	225,460	330,025	3,646,850	4,967,205
Interest and similar expenses	1,048,565	1,294,539	1,103,723	1,230,667	91,381	55,132	39,430	41,102	510,049	675,041	2,793,148	3,296,481
Net interest income	496,470	1,191,373	615,749	770,357	(59,656)	(29,454)	85,728	83,464	(284,589)	(345,016)	853,702	1,670,724
Net fee and commission income	30,034	44,687	8,110	30,235	2,958	6,219	6,265	2,611	32,986	43,407	80,353	127,159
Net gain/(loss) on financial assets at FVTPL	-	-	-	-	37,381	24,529	241	1,451	21,785	(41,540)	59,407	(15,560)
Other income	4,885	11,631	14,347	15,807	6,794	11,764	72,375	17,854	7,675	21,528	106,076	78,584
Total operating income	531,389	1,247,691	638,206	816,399	(12,523)	13,058	164,609	105,380	(222,143)	(321,621)	1,099,537	1,860,908
Impairment charges for loans and other losses	(100,599)	(128,466)	(119,088)	(8,527)	(7,453)	(17,010)	-	-	7,453	17,010	(219,687)	(136,993)
Net operating income	430,790	1,119,225	519,118	807,872	(19,976)	(3,952)	164,609	105,380	(214,690)	(304,611)	879,850	1,723,915
Personnel expenses	(330,530)	(346,837)	(347,917)	(329,724)	(28,805)	(14,771)	(109,641)	(63,257)	(173,616)	(185,615)	(990,509)	(940,205)
Depreciation and amortisation	(82,203)	(79,754)	(86,528)	(75,819)	(7,164)	(3,397)	(10,574)	(15,440)	(43,178)	(42,681)	(229,648)	(217,091)
Other operating expenses	(151,848)	(188,586)	(159,836)	(179,281)	(13,233)	(8,031)	(88,232)	(76,958)	(79,761)	(100,924)	(492,910)	(553,780)
Segment result	(133,791)	504,048	(75,163)	223,048	(69,178)	(30,151)	(43,838)	(50,275)	(511,244)	(633,831)	(833,217)	12,839
Profit/(loss) from operations after impairment from subsidiary investments											(833,217)	12,839
Value added tax on financial services											(21,024)	(142,549)
Debt repayment levy											-	(73,579)
Share of associate company's profit/(loss) before tax											8,143	(6,592)
Profit/(loss) before income tax											(846,097)	(209,881)
Income tax expense											-	-
Profit/(loss) for the period											(846,097)	(209,881)
Total segment assets	13,593,276	14,097,195	13,979,906	15,167,190	1,435,348	977,844	2,514,179	3,018,689	4,045,002	5,352,846	35,567,711	38,613,765
Total segment liabilities	12,267,404	12,546,896	12,616,322	13,499,222	1,295,346	870,308	1,409,180	1,487,572	5,760,818	7,156,140	33,349,070	35,560,140

9 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2020 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
Fixed Rate															
May 2017 - May 2022	Listed	Annually	805,760	Not traded during the quarter			15.00%	15.00%	5.41%	14.22%	14.45%	14.22%	11.13%	12.24%	11.13%
May 2017 - May 2022	Listed	Bi Annually	1,193,230	Not traded during the quarter			14.50%	15.03%	5.41%	14.19%	14.19%	14.19%	12.88%	12.88%	12.88%
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			10.00%	10.25%	5.41%	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 30th September 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	03-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 30th September 2020 that require disclosure in these Financial Statements.

11 Information on ordinary shares

As at	30/09/2020	31/12/2019
Net asset per share (LKR)		
- Company	11.31	15.72
- Group	9.86	14.80
Market price per share recorded during the quarter ended 30th September (LKR)	2020	2019
-High	8.60 (18-9-2020)	10.50 (30-7-2019)
-Low	7.00 (13-7-2020)	8.50 (24-9-2019)
-Last Transaction	8.00 (30-9-2020)	8.60 (30-9-2019)
As at	30/09/2020	31/12/2019
Number of shares issued	165,874,541	165,874,541
Stated capital (LKR)	2,124,457,307	2,124,457,307
Ratios as at	30/09/2020	31/12/2019
Debt / Equity Ratio	4.1	3.9
Statutory Liquid Asset Ratio	7.93%	12.30%
Ratios for the period ended	30/09/2020	30/09/2019
Interest Cover	0.738	1.004

The Float adjusted market capitalization as at 30th September 2020 - Rs. 338,497,920

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 30th September 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	Hatton National Bank PLC/Mr. R. E. Rambukwelle	756,703	0.46%
05	Merrill J Fernando & Sons (Pvt) Ltd	526,165	0.32%
06	Mr. A.M. Weerasinghe	512,145	0.31%
07	Mr. D.F.G. Dalpethado	436,387	0.26%
08	Mr. W.L.T. Anandawansa	400,100	0.24%
09	Mr. W.A.S.P. De Saram	396,884	0.24%
10	Seylan Bank PLC/Spice of Life (Pvt) Ltd	395,234	0.24%
11	Mr. T. Loganathan	388,340	0.23%
12	Hatton National Bank PLC/Mr. D.N. Sellamuttu	386,301	0.23%
13	Mr. N Balasingam	381,400	0.23%
14	Seylan Bank PLC/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	Mrs. R. Jothy	322,256	0.19%
18	J.B.Cocoshell (Pvt) Ltd	317,932	0.19%
19	Citizens Development Business Finance PLC/Mr. D.P.T.C. Dissanayaka	307,712	0.19%
20	Mr. M.F. Ozman	304,146	0.18%

The percentage of shares held by the public as at 30th September 2020 was 25.51% and the number of public shareholders as at 30th September 2020 were 11,107

13 Directors' shareholding as at 30th September 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 30th September 2020

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