

KEY FINANCIAL DATA FOR THE PERIOD ENDED 30TH SEPTEMBER 2021 (UNAUDITED)

Income Statement		
In Rupees Million	From 01/04/2021 To 30/09/2021	From 01/04/2020 To 30/09/2020
Interest Income	3,502	3,230
Interest Expenses	(1,249)	(1,801)
Net Interest Income	2,253	1,429
Gains/(losses) from trading activities	42	-
Other Income	71	58
Operating Expenses (excluding impairment)	(1,156)	(960)
Impairment	(607)	(144)
Profit/(Loss) Before Tax	604	384
Taxes *	(313)	(217)
Profit/(Loss) After Tax	291	167

* Including indirect taxes and direct taxes (Corporate Income tax)

Statement of Financial Position		
In Rupees Million	As at 30th September 2021	As at 30th September 2020
Assets		
Cash and Bank Balance	2,420	2,531
Government Securities	1,754	1,696
Due from Related Parties	72	74
Loans (excluding due from related parties) **	29,995	29,782
Investments in Equity	3,866	2,731
Investment Properties	237	238
Property, Plant and Equipment **	3,494	3,356
Other Assets	584	842
Total Assets	42,423	41,251
Liabilities		
Due to Banks	2,917	5,059
Due to Related Parties	-	-
Deposits from Customers	24,235	22,040
Other Borrowings	2,568	2,642
Other Liabilities	1,964	2,090
Total Liabilities	31,683	31,830
Equity		
Stated Capital	36	36
Statutory Reserve Fund	796	761
Retained Earnings	2,992	2,183
Other Reserves	6,916	6,440
Total Equity	10,740	9,421
Total Liabilities & Equity	42,423	41,251
Net Assets Value Per Share (Rs)	3,573	3,134

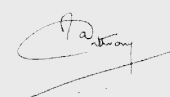
** Amounts stated are in net of impairment and depreciation.

Selected Key Performance Indicators				
Item	As at 30th September 2021		As at 30th September 2020	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy				
Tier 1 Capital Adequacy Ratio	15.47%	7.00%	12.52%	6.50%
Total Capital Adequacy Ratio	17.12%	11.00%	14.36%	10.50%
Capital Funds to Deposit Liabilities Ratio	37.66%	10.00%	42.74%	10.00%
Quality of Loan Portfolio				
Gross Non-Performing Loans Ratio		14.92%		18.91%
Net-Non-Performing Loans Ratio		3.34%		5.51%
Net-Non-Performing Loans to Core Capital Ratio		16.81%		35.75%
Provision Coverage Ratio		60.17%		55.97%
Profitability				
Net Interest Margin		10.62%		6.93%
Return on Assets		2.85%		1.86%
Return on Equity		5.42%		3.54%
Cost to Income Ratio		48.84%		64.55%
Liquidity				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)		178.52%		316.89%
Liquid Assets to External Funds		14.61%		14.25%
Memorandum information				
Number of Branches		39		39
External Credit Rating		Long-term Financial Institution Rating at BBB-(lka) (Negative outlook) by Fitch Ratings		Long-term Financial Institution Rating at BBB-(lka) (Negative outlook) by Fitch Ratings

CERTIFICATION:

We, the undersigned, being the Chief Financial Officer, Finance Director, Managing Director and the Compliance Officer of Mercantile Investments and Finance PLC certify jointly that:

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



Deva Anthony
Chief Financial Officer/Senior General Manager



Ramidu Costa
Compliance Officer



Shermal Jayasuriya
Finance Director



Gerard Ondaatjie
Managing Director

15th November 2021

EXPLANATIONS / GLOSSARY

Capital Adequacy Ratio	Indicates the ability of the financial institution to absorb losses without affecting depositors and creditors. This ratio is computed by dividing capital by risk weighted assets as specified by the Direction, and high ratio indicates better loss absorption capacity.
Non-Performing Loan Ratio	Indicates level of non-paying loans and advances included in the total loans portfolio of the financial institution. High ratio indicates poor assets quality and high credit risk.
Provision Coverage Ratio	Indicates the adequacy level of provision to cover problem loans and advances. A higher ratio with a higher capital adequacy ratio means that the financial institution can withstand future credit losses better, including unexpected losses beyond the loan loss provision.
Net Interest Margin	Indicates profitability of the core business operation of the financial institution. i.e. granting loans and advances and accepting deposits.
Cost to Income Ratio	Represents operating expense, excluding impairment charges on loans and advances as a percentage of net revenue (net interest income and other income). Lower ratio will result in higher profitability.
Liquid Assets	A liquid asset is an asset that can easily be converted into cash.
Cap	Maximum limit imposed by the CBSL.
Downsizing	Gradual reduction of the business operation imposed by the CBSL.

Freezing	An order of CBSL that is in place preventing further transactions of the Company.
Tier 1 Capital	Represents permanent shareholder equity and reserves.
Total Capital	Represents Tier 1 and supplementary capital including instruments with characteristics of equity and debt, revaluation gains, impairment allowances.
Risk Weighted Assets	Sum of on-balance sheet risk weighted assets and the total credit equivalent of risk weighted off-balance sheet assets.
Tier 1 Capital Ratio	Tier 1 capital as a percentage of risk weighted assets.
Total Capital Ratio	Total capital as a percentage of risk weighted assets.
Capital Funds	Paid up capital, permanent free reserves and any other securities approved by the CBSL.
Non-Performing Loan	A loan in which the borrower has defaulted and hasn't made scheduled payments of principal or and / interest as per the stipulated guidelines issued by CBSL.
Net Interest Margin	Annualised net interest income (interest income less interest expenses) as a percentage of total net assets (as at end of period).
Return on Assets	Annualised profit before tax as a percentage of total net assets (as at end of period).
Return on Equity	Annualised profits after tax as a percentage of total capital (as at end of period).
External Funds	Includes only deposits and borrowings.