



Mercantile Investments
and Finance PLC

Mercantile Investments and Finance PLC

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KEY FINANCIAL DATA FOR THE PERIOD ENDED 30TH SEPTEMBER 2023 (UNAUDITED)

Income Statement				
In Rupees Million	From 01/04/2023 To 30/09/2023	As a % of Interest Income	From 01/04/2022 To 30/09/2022	As a % of Interest Income
Interest Income	5,157	100%	3,980	100%
Interest Expenses	(3,440)	(67%)	(2,559)	(64%)
Net Interest Income	1,717	33%	1,421	36%
Gains/(losses) from trading activities	11	0%	1	0%
Other Income	156	3%	115	3%
Operating Expenses (excluding impairment)	(1,425)	(28%)	(1,303)	(33%)
Impairment	(55)	(1%)	(98)	(2%)
Profit/(Loss) Before Tax	403	8%	136	3%
Taxes *	(262)	(5%)	(126)	(3%)
Profit/(Loss) After Tax	141	3%	9	0%

* Including indirect taxes (Such as VAT on Financial Services) and direct taxes (Corporate Income tax)

Statement of Financial Position				
In Rupees Million	As at 30th September 2023	As a % of total assets	As at 30th September 2022	As a % of total assets
Assets				
Cash and Bank Balance	1,207	2%	2,209	5%
Government Securities	4,555	9%	5,551	11%
Due from Related Parties	71	0%	71	0%
Loans (excluding due from related parties) **	33,909	69%	31,776	65%
Investments in Equity	4,138	8%	3,587	7%
Investment Properties	261	1%	230	0%
Property, Plant and Equipment **	4,101	8%	4,161	9%
Other Assets	993	2%	999	2%
Total Assets	49,235	100%	48,586	100%
Liabilities				
Due to Banks	2,607	5%	4,285	9%
Due to Related Parties	-	-	-	-
Deposits from Customers	32,797	67%	29,107	60%
Other Borrowings	509	1%	2,296	5%
Other Liabilities	1,753	4%	1,650	3%
Total Liabilities	37,665	77%	37,338	77%
Equity				
Stated Capital	36	0%	36	0%
Statutory Reserve Fund	857	2%	851	2%
Retained Earnings	2,659	5%	2,983	6%
Other Reserves	8,017	16%	7,378	15%
Total Equity	11,569	23%	11,248	23%
Total Liabilities & Equity	49,235	100%	48,586	100%
Net Assets Value Per Share (Rs)	3,849		3,742	

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

Selected Key Performance Indicators				
Item	As at 30th September 2023		As at 30th September 2022	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 Capital Adequacy Ratio	15.46%	8.50%	16.10%	8.50%
Total Capital Adequacy Ratio	16.93%	12.50%	17.60%	12.50%
Capital Funds to Deposit Liabilities Ratio	26.87%	10.00%	32.80%	10.00%
Quality of Loan Portfolio (%)				
Gross Stage 3 Loans Ratio		14.55%		14.91%
Net Stage 3 Loans Ratio		11.11%		11.43%
Net Stage 3 Loans to Core Capital Ratio		52.98%		50.15%
Stage 3 Impairment Coverage Ratio		27.16%		27.94%
Total Impairment Coverage Ratio		4.60%		6.02%
Profitability (%)				
Net Interest Margin		6.97%		5.85%
Return on Assets		1.64%		0.56%
Return on Equity		2.43%		0.17%
Cost to Income Ratio		75.69%		84.78%
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)		174.14%		265.50%
Liquid Assets to External Funds		16.12%		21.73%
Memorandum information				
Number of Branches		44		42
External Credit Rating		Long-term Financial Institution Rating at BBB (lka) (Stable outlook) by Fitch Ratings		Long-term Financial Institution Rating at BBB (lka) (Rating Watch Negative) by Fitch Ratings

The Company does not have any regulatory penalties or regulatory restrictions on deposits, borrowings and lendings during the period ended to 30th September 2023 and 2022.

CERTIFICATION:

We, the undersigned, being the Chief Financial Officer, the Finance Director, the 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/Director (Non-Board)

Ramidu Costa
Compliance Officer

Sthermal Jayasuriya
Finance Director

Gerard Ondaatjie
Managing Director

28/11/2023

EXPLANATIONS / GLOSSARY

Capital Adequacy Ratios	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 a better loss absorption capacity.
Stage 3 Impairment Coverage Ratio	Indicates the level of loss allowance for Stage 3 loans and advances.
Total Impairment Coverage Ratio	Indicates the level of total loss allowance for total loans and advances.
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 CBSL.
Downsizing	Gradual reduction of the business operation imposed by CBSL.

Freezing	An order of CBSL that is in place preventing LFC engaging in 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 CBSL.
Net Interest Margin	Annualised net interest income (interest income less interest expenses) as a percentage of total assets (as at end of period).
Return on Assets	Annualised profit before tax as a percentage of total assets (as at end of period).
Return on Equity	Annualised profit after tax as a percentage of total capital (as at end of period).
External Funds	Includes only deposits and borrowings.

Registered Finance Company under the Finance Business Act no 42 of 2011