



Mercantile Investments  
and Finance PLC

# Mercantile Investments and Finance PLC

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## KEY FINANCIAL DATA FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER 2024 (UNAUDITED)

Income Statement				
In Rupees Million	From 01/04/2024 To 30/09/2024	As a % of Interest Income	From 01/04/2023 To 30/09/2023	As a % of Interest Income
Interest Income	5,361	100%	5,157	100%
Interest Expenses	(2,551)	-48%	(3,440)	-67%
<b>Net Interest Income</b>	<b>2,809</b>	<b>52%</b>	<b>1,717</b>	<b>33%</b>
Gains/(losses) from trading activities	(8)	0%	11	0%
Other Income	221	4%	156	3%
Operating Expenses (excluding impairment)	(2036)	-38%	(1425)	-28%
Impairment	(34)	-1%	(55)	-1%
Profit/(Loss) Before Tax	953	18%	403	8%
Taxes *	(579)	-11%	(262)	-5%
<b>Profit/(Loss) After Tax</b>	<b>375</b>	<b>7%</b>	<b>141</b>	<b>3%</b>

\* 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 2024	As a % of total assets	As at 30th September 2023	As a % of total assets
<b>Assets</b>				
Cash and Bank Balance	1,136	2%	1,207	2%
Government Securities	4,487	8%	4,555	9%
Due from Related Parties	61	0%	71	0%
Loans (excluding due from related parties) **	43,099	73%	33,909	69%
Investments in Equity	4,505	8%	4,138	8%
Investment Properties	259	0%	261	1%
Property, Plant and Equipment **	4,742	8%	4,101	8%
Other Assets	538	1%	993	2%
<b>Total Assets</b>	<b>58,825</b>	<b>100%</b>	<b>49,235</b>	<b>100%</b>
<b>Liabilities</b>				
Due to Banks	5,126	9%	2,607	5%
Due to Related Parties	-	-	-	-
Deposits from Customers	38,866	66%	32,797	67%
Other Borrowings	-	-	509	1%
Other Liabilities	2,238	4%	1,753	4%
<b>Total Liabilities</b>	<b>46,231</b>	<b>79%</b>	<b>37,665</b>	<b>77%</b>
<b>Equity</b>				
Stated Capital	36	0%	36	0%
Statutory Reserve Fund	887	2%	857	2%
Retained Earnings	3,482	6%	2,659	5%
Other Reserves	8,189	14%	8,017	16%
<b>Total Equity</b>	<b>12,595</b>	<b>21%</b>	<b>11,569</b>	<b>23%</b>
<b>Total Liabilities &amp; Equity</b>	<b>58,825</b>	<b>100%</b>	<b>49,235</b>	<b>100%</b>
<b>Net Assets Value Per Share (Rs)</b>	<b>4,190</b>		<b>3,849</b>	

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

Selected Key Performance Indicators				
Item	As at 30th September 2024		As at 30th September 2023	
	Actual	Required	Actual	Required
<b>Regulatory Capital Adequacy (%)</b>				
Tier 1 Capital Adequacy Ratio	14.92%	8.50%	15.46%	8.50%
Total Capital Adequacy Ratio	16.17%	12.50%	16.93%	12.50%
Capital Funds to Deposit Liabilities Ratio	24.74%	10.00%	26.87%	10.00%
<b>Quality of Loan Portfolio (%)***</b>				
Gross Stage 3 Loans Ratio (g)		8.86%		14.55%
Net Stage 3 Loans Ratio (g)		6.18%		11.11%
Net Stage 3 Loans to Core Capital Ratio		33.31%		52.98%
Stage 3 Impairment Coverage Ratio(g)		32.61%		27.16%
Total Impairment Coverage Ratio(g)		3.40%		4.60%
<b>Profitability (%)</b>				
Net Interest Margin		9.55%		6.97%
Return on Assets		3.24%		1.64%
Return on Equity		5.95%		2.43%
Cost to Income Ratio		67.34%		75.69%
<b>Liquidity (%)</b>				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)		148.66		174.14
Liquid Assets to External Funds		13.33		16.12
<b>Memorandum information</b>				
Number of Branches		61		44
External Credit Rating		Long-term Financial Institution Rating at BBB-(lka) (Stable outlook) by Fitch Ratings		Long-term Financial Institution Rating at BBB-(lka) (Stable outlook) 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 2024 and 2023.

### 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)

**Sharonie Robert**  
Compliance Officer

**Sermal Jayasuriya**  
Finance Director

**Gerard Ondaatje**  
Managing Director

26/11/2024

### EXPLANATIONS / GLOSSARY

<b>Capital Adequacy Ratios</b>	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.
<b>Stage 3 Impairment Coverage Ratio</b>	Indicates the level of loss allowance for Stage 3 loans and advances.
<b>Total Impairment Coverage Ratio</b>	Indicates the level of total loss allowance for total loans and advances.
<b>Net Interest Margin</b>	Indicates profitability of the core business operation of the financial institution. i.e. granting loans and advances and accepting deposits.
<b>Cost to income ratio</b>	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.
<b>Liquid Assets</b>	A liquid asset is an asset that can easily be converted into cash.
<b>Cap</b>	Maximum limit imposed by CBSL.
<b>Downsizing</b>	Gradual reduction of the business operation imposed by CBSL.

<b>Freezing</b>	An order of CBSL that is in place preventing LFC engaging in further transactions of the Company.
<b>Tier 1 Capital</b>	Represents permanent shareholder equity and reserves.
<b>Total Capital</b>	Represents Tier 1 and supplementary capital including instruments with characteristics of equity and debt, revaluation gains, impairment allowances.
<b>Risk Weighted Assets</b>	Sum of on-balance sheet risk weighted assets and the total credit equivalent of risk weighted off-balance sheet assets.
<b>Tier 1 Capital ratio</b>	Tier 1 capital as a percentage of risk weighted assets.
<b>Total Capital ratio</b>	Total capital as a percentage of risk weighted assets.
<b>Capital Funds</b>	Paid up capital, permanent free reserves and any other securities approved by CBSL.
<b>Net Interest Margin</b>	Annualised net interest income (interest income less interest expenses) as a percentage of total assets (as at end of period).
<b>Return on Assets</b>	Annualised profit before tax as a percentage of total assets (as at end of period).
<b>Return on Equity</b>	Annualised profit after tax as a percentage of total capital (as at end of period).
<b>External Funds</b>	Includes only deposits and borrowings.

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