



Mercantile Investments
and Finance PLC

Mercantile Investments and Finance PLC

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KEY FINANCIAL DATA FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Income Statement		
In Rupees Million	From 01/04/2020 To 30/09/2020 (Unaudited)	From 01/04/2019 To 30/09/2019 (Unaudited)
Interest Income	3,230	3,753
Interest Expenses	(1,801)	(1,946)
Net Interest Income	1,429	1,806
Gains/(losses) from trading activities	-	-
Other Income	58	67
Operating Expenses (excluding impairment)	(960)	(1078)
Impairment	(144)	(226)
Profit/(Loss) Before Tax	384	569
Taxes*	(217)	(426)
Profit/(Loss) After Tax	167	143

* 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 2020 (Unaudited)	As at 30th September 2019 (Unaudited)
Assets		
Cash and Bank Balance	2,531	808
Government Securities	1,696	1,594
Due from Related Parties	74	61
Loans (excluding due from related parties) **	29,708	31,966
Investments in Equity	2,731	2,385
Investment Properties	238	255
Property, Plant and Equipment **	3,356	2,930
Other Assets	916	618
Total Assets	41,251	40,616
Liabilities		
Due to Banks	5,059	8,213
Due to Related Parties	-	-
Deposits from Customers	22,040	20,288
Other Borrowings	2,642	1,319
Other Liabilities	2,090	1,955
Total Liabilities	31,830	31,774
Equity		
Stated Capital	36	36
Statutory Reserve Fund	761	736
Retained Earnings	2,183	1,848
Other Reserves	6,440	6,221
Total Equity	9,420	8,842
Total Liabilities & Equity	41,251	40,616
Net Assets Value Per Share	3,134	2,941

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

Selected Key Performance Indicators				
Item	As at 30th September 2020		As at 30th September 2019	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy				
Tier 1 Capital Adequacy Ratio	12.52%	6.5%	14.60%	6.5%
Total Capital Adequacy Ratio	14.36%	10.5%	16.32%	10.5%
Capital Funds to Deposit Liabilities Ratio	42.74%	10.0%	43.60%	10.0%
Quality of Loan Portfolio				
Gross Non-Performing Loans Ratio		18.91%		11.36%
Net-Non-Performing Loans Ratio		5.51%		3.52%
Net-Non-Performing Loans to Core Capital Ratio,		38.37%		21.57%
Provision Coverage Ratio,		55.97%		54.24%
Profitability				
Net Interest Margin		8.09%		9.95%
Return on Assets		0.79%		0.70%
Return on Equity		3.54%		3.23%
Cost to Income Ratio		64.55%		57.56%
Liquidity				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)		316.89%		122.13%
Liquid Assets to External Funds		14.25%		8.34%
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 Ondaatje
Managing Director

12/11/2020

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 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.

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 capitals (as at end of period).
External Funds	Includes only deposits and borrowings.