



# Merchant Bank of Sri Lanka & Finance PLC

Co.Reg.No. PQ 10

16<sup>th</sup> June 2020

Mr Renuka Wijewardena  
Chief Regulatory Officer  
The Colombo Stock Exchange  
#04-01, West Block  
World Trade Centre  
Colombo 01

Dear Sir,

## **Merchant Bank of Sri Lanka & Finance PLC (MBSL) – Corporate Disclosure regarding impact of COVID-19 on Listed Companies**

With reference to circular No. 06-04-2020 issued by you in regard to the above, we wish to disclose the impact of COVID-19 pandemic on the business operations of the Merchant Bank of Sri Lanka & Finance PLC and the Company's response to the situation and expected possible impact from the same.

### **The impact of COVID-19 pandemic on the business/operations of MBSL**

With the diagnosis of global pandemic COVID-19 virus, several precautionary and preventive measures including country wide curfew were imposed by the Sri Lankan Government to face the pandemic situation which had a significant impact on business operations of the Company as well as its customers. As a result, a number of our clients have had their business and source of income disrupted. Management and the staff of MBSL are fully committed to supporting our clients during this difficult time.

Despite this challenging environment, MBSL committed to provide uninterrupted customer service through the branch network as most of the branches were open even in the areas under curfew with minimum staff on roster basis whilst certain other employees supported the process work from home and also MBSL has taken steps to enhance the mobile and online channels to enable clients to meet their immediate financial needs.

All necessary steps have been taken to mitigate the operating risks of the present operating environment and will continue to liaise with the regulators to ensure that clients have access to any new relief measures that may be introduced as the crises unfold.

### **MBSL's response to the impact of COVID-19 pandemic**

Central Bank of Sri Lanka (CBSL) have formulated relief schemes including deferrals, long term restructuring, interest waivers, stay on foreclosures and further concessionary financing where appropriate for the industries affected due to Covid-19 and MBSL has endeavored to ensure that its



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A Finance company licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011

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clients are aware of these and branches were equipped to process the requests on a priority basis to comply with the guidelines and directions issued by CBSL on Moratorium.

Company is in the process of evaluating the customers who requested for the loan moratorium and adequate steps have been taken to keep the customers informed on the moratorium facilities available to them.

In order to ensure the safety of employees, all instructions were given to practice social distance and circulated the instruction on health and safety precautions to all employees in head office and branches. In addition, all employees were given face masks and sanitizers to all departments and branches to encourage the use of sanitizers regularly. Temperature check and wash hands at the entrance to the office premises made compulsory.

Monitoring and reviewing mechanisms were fast tracked on liquidity pressure, the possible impact on target performance, capital adequacy and business continuity and safety of the staff by the Management and the Board. Virtual meetings were introduced to fast track decisions.

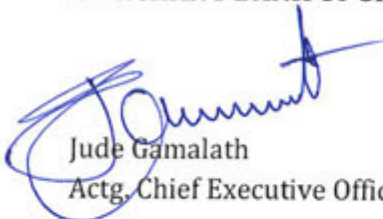
**MBSL's expectation of future impact of COVID - 19 on the Bank's future operations and the financial conditions.**

MBSL is in the process of assessing the impact of COVID -19 to its financial position since the moratorium introduced by CBSL to assist the affected customers and industries is likely to have negative impact on the Company's performance and cash flow. MBSL is confident that it has the resources to withstand the damaging effects of the present crisis, it is mindful of the situation is volatile and outlook uncertain, which much depending on the intensity and duration of the pandemic. However, due to the extension of submission of the moratorium requests till 15 May 2020, the real impact due to COVID -19 is yet to be estimated.

Further, MBSL is critically evaluating the current cost and operating structures to minimize the impact of the crisis on the bottom line and ensure its long-term viability intact. Also conducting the business activities under safety measures, might resulting to incur some unplanned expenses which will have negative impact on MBSL's performance.

Yours faithfully

**MERCHANT BANK OF SRI LANKA & FINANCE PLC**



Jude Gamalath  
Actg. Chief Executive Officer