

People's Leasing & Finance PLC

(A Subsidiary of People's Bank)

Rated AA-(lka) by Fitch Ratings Lanka and Internationally rated B+/B by Standard & Poor's and B by Fitch Ratings International.

Interim Financial Statements for the six months ended 30th September 2017

STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September	Company			Group		
	2017 Rs. '000 Unaudited	2016 Rs. '000 Unaudited	Change %	2017 Rs. '000 Unaudited	2016 Rs. '000 Unaudited	Change %
Interest income	12,825,790	10,082,342	27.2	13,207,631	10,444,128	26.5
Less: Interest expense	7,146,674	5,224,058	36.8	7,203,016	5,269,402	36.7
Net interest income	5,679,116	4,858,284	16.9	6,004,615	5,174,726	16.0
Fee and commission income	559,655	535,262	4.6	295,290	294,922	0.1
Fee and commission expenses	-	-	-	-	-	-
Net fee and commission income	559,655	535,262	4.6	295,290	294,922	0.1
Net earned premiums	-	-	-	1,967,639	1,774,169	10.9
Net gain/(loss) from trading	20,178	27,787	(27.4)	58,522	82,987	(29.5)
Net gain/(loss) from financial investments	-	-	-	-	-	-
Other operating income (net)						

	240,332	380,962	(36.9)	210,231	321,124	(34.5)
Total operating income	6,499,281	5,802,295	12.0	8,536,297	7,647,928	11.6
Less: Impairment for loans and other losses						
Individual impairment	31,826	21,157	50.4	31,826	21,157	50.4
Collective impairment	860,376	(152,760)	(663.2)	882,650	(125,556)	(803.0)
Other losses	44,614	65,781	(32.2)	44,614	65,781	(32.2)
Net operating income	5,562,465	5,868,117	(5.2)	7,577,207	7,686,546	(1.4)
Less:						
Personnel expenses	1,337,759	1,227,217	9.0	1,526,702	1,403,217	8.8
Depreciation of property, plant and equipment	89,660	91,011	(1.5)	136,463	138,403	(1.4)
Amortisation and impairment of intangible assets	4,787	5,590	(14.4)	6,040	1,761	243.0
Benefits, claims and underwriting expenditure	-	-	-	1,396,712	1,309,582	6.7
Other operating expenses	1,395,227	1,205,894	15.7	1,424,457	1,264,870	12.6
Total operating expenses	2,827,433	2,529,712	11.8	4,490,374	4,117,833	9.0
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	2,735,032	3,338,405	(18.1)	3,086,833	3,568,713	(13.5)
Less: VAT & NBT on financial services	548,581	401,161	36.7	559,781	411,162	36.1

Operating profit after VAT & NBT on financial services	2,186,451	2,937,244	(25.6)	2,527,052	3,157,551	(20.0)
Share of profit/(loss) of an associate (net of tax)	-	-	-	(25,121)	(17,970)	39.8
Profit before income tax	2,186,451	2,937,244	(25.6)	2,501,931	3,139,581	(20.3)
Less: Income tax expense	599,006	780,956	(23.3)	674,829	865,226	(22.0)
Profit for the period	1,587,445	2,156,288	(26.4)	1,827,102	2,274,355	(19.7)
Profit attributable to:						
Equity holders of the parent	1,587,445	2,156,288	(26.4)	1,733,873	2,193,314	(20.9)
Minority interest	-	-	-	93,229	81,041	15.0
	1,587,445	2,156,288	(26.4)	1,827,102	2,274,355	(19.7)
Basic/Diluted earnings per ordinary share (Rs.)	1.00	1.36	(26.5)	1.16	1.44	(19.4)

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September	Company			Group		
	2017 Rs. '000 Unaudited	2016 Rs. '000 Unaudited	Chang e %	2017 Rs. '000 Unaudited	2016 Rs. '000 Unaudited	Chang e %
Profit for the period	1,587,445	2,156,288	(26.4)	1,827,102	2,274,355	(19.7)
Other comprehensive income/(expenses) (net of tax)						
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-
Gains/ (losses) on derivative financial assets	(879)	9,951	(108.8)	(879)	9,951	(108.8)
Gains/ (losses) on re-measuring available-for-sale financial assets	(7,401)	(60,626)	(87.8)	(358)	(47,170)	(99.2)
Revaluation of land and buildings	-	-	-	-	-	-
Less: Tax expense/(income) relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period, net of taxes	(8,280)	(50,675)	(83.7)	(1,237)	(37,219)	(96.7)
Total comprehensive income for the period	1,579,165	2,105,613	(25.0)	1,825,865	2,237,136	(18.4)
Profit attributable to:						

Equity holders of the parent	(8,280)	(50,675)	(83.7)	(2,998)	(40,583)	(92.6)
Minority interest	-	-	-	1,761	3,364	(47.7)
	(8,280)	(50,675)	(83.7)	(1,237)	(37,219)	(96.7)
	1,579,165	2,105,613	(25.0)	1,825,865	2,237,136	(18.4)

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

DEBENTURE INFORMATION

Market Prices for the quarter ended 30th September 2017

Debenture Type	Highest Rs.	Lowest Rs.	Last Traded Rs.
2013 - 5 Years - 16.75% p.a. payable semi-annually	Has not been traded		
2013 - 5 Years - 17.00% p.a. payable annually	Has not been traded		
2014 - 3 Years - 8.75% p.a. payable annually	Has not been traded		
2014 - 4 Years - 9.63% p.a. payable annually	Has not been traded		
2015 - 4 Years - 9.60% p.a. payable semi-annually	Has not been traded		
2015 - 5 Years - 9.95% p.a. payable annually	Has not been traded		
2016 - 3 Years - 11.90% p.a. payable semi-annually	Has not been traded		
2016 - 4 Years - 12.25% p.a. payable semi-annually	Has not been traded		
2016 - 5 Years - 12.60% p.a. payable semi-annually	Traded only once		99.96

Interest Rates

Debenture Type	Coupon Rate (%)	Annual Effective Rate (%)
2013 - 5 Years - 16.75% p.a. payable semi annually	16.75	17.45
2013 - 5 Years - 17.00% p.a. payable annually	17.00	17.00
2014 - 3 Years - 8.75% p.a. payable annually	8.75	8.75
2014 - 4 Years - 9.63% p.a. payable annually	9.63	9.63
2015 - 4 Years - 9.60% p.a. payable semi-annually	9.60	9.83
2015 - 5 Years - 9.95% p.a. payable annually	9.95	9.95
2015 - 5 Years - 9.95% p.a. payable annually	11.90	12.25
2016 - 3 Years - 11.90% p.a. payable semi-annually	12.25	12.63
2016 - 4 Years - 12.25% p.a. payable semi-annually	12.60	13.00

Interest Rates of Comparable Government Securities

6 Months Treasury Bill	9.01%
1 Year Treasury Bill	9.10%
2 Year Treasury Bond	9.83%
4 Year Treasury Bond	11.14%
5 Year Treasury Bond	10.43%
(Above rates are excluding 10% withholding tax)	

Current Yield & Yield to Maturity

Debenture Type	Current Yield (%)	Yield to Maturity (%)
2013 - 5 Years - 16.75% p.a. payable semi-annually	15.88%	12.48%
2013 - 5 Years - 17.00% p.a. payable annually	15.81%	11.22%
2014 - 3 Years - 8.75% p.a. payable annually	8.59%	7.97%
2014 - 4 Years - 9.63% p.a. payable annually	9.27%	8.36%
2015 - 4 Years - 9.60% p.a. payable semi-annually	9.60%	9.60%
2015 - 5 Years - 9.95% p.a. payable annually	9.95%	9.95%
2016 - 3 Years - 11.90% p.a. payable semi-annually	11.90%	11.90%
2016 - 4 Years - 12.25% p.a. payable semi-annually	12.25%	12.25%
2016 - 5 Years - 12.60% p.a. payable semi-annually	12.61%	12.61%

Ratios

	As at 30.09.2017	As at 31.03.2016
Debt to Equity Ratio (Times)	2.44	3.02
Interest Cover (Times)	1.31	1.46
Quick Asset Ratio (%)	82.59	80.87

STATEMENT OF FINANCIAL POSITION

As at	Company				Group			
	30.09.2017 Rs. '000 Unaudited	30.09.2016 Rs. '000 Unaudited	Change %	31.03.2017 Rs. '000 Audited	30.09.2017 Rs. '000 Unaudited	30.09.2016 Rs. '000 Unaudited	Change %	31.03.2017 Rs. '000 Audited
Assets								
Cash and cash equivalents	3,681,684	6,809,883	(45.9)	5,591,170	4,071,184	7,281,414	(44.1)	6,379,909
Balances with banks & financial institutions	3,475,730	81,415	4,169.2	2,089,989	5,750,322	1,691,833	239.9	3,789,047
Financial assets held-for-trading	188,081	221,042	(14.9)	201,215	412,107	557,703	(26.1)	529,301
Loans and receivables - Leases	80,371,567	70,015,776	14.8	76,522,513	80,371,567	70,015,776	14.8	70,015,776
Loans and receivables - Hire purchase	3,060,438	7,598,443	(59.7)	4,909,224	4,377,334	8,893,425	(50.8)	8,893,425
Loans and receivables - Others	51,454,175	48,902,322	5.2	52,622,965	51,564,921	49,001,264	5.2	56,560,582
Insurance and reinsurance receivables	-	-	-	-	329,126	310,168	6.1	267,523
Financial investments - Available-for-sale	277,082	308,849	(10.3)	275,703	1,302,607	1,641,480	(20.6)	1,094,569
Financial investments - Held-to-maturity	5,176,535	4,994,347	3.6	2,968,042	5,176,535	4,994,347	3.6	2,968,042
Investments in subsidiaries	2,075,000	1,975,000	5.1	2,075,000	-	-	-	-
Investments in associate	586,427	586,427	-	586,427	451,261	532,287	(15.2)	476,382
Investment property	1,208,201	90,752	1,231.3	100,800	-	-	-	-
Property, plant and equipment	333,220	1,174,859	(71.6)	1,254,744	4,989,788	4,614,211	8.1	5,015,558
Goodwill and intangible assets	100,800	324,373	(68.9)	320,183	332,194	326,089	1.9	320,411
Deferred tax assets	-	-	-	-	26,196	-	100.0	26,234
Other assets	1,051,026	1,110,988	(5.4)	938,788	1,114,635	1,152,575	(3.3)	1,026,638
Total assets	153,039,966	144,194,476	6.1	150,456,763	160,269,777	151,012,572	6.1	157,363,397
Liabilities								
Due to banks	28,437,313	37,447,898	(24.1)	35,584,408	29,948,487	39,182,775	(23.6)	37,085,398
Due to customers	58,542,589	39,257,406	49.1	44,722,552	58,170,972	39,037,020	49.0	44,465,568
Debt securities issued	33,441,730	35,618,645	(6.1)	38,673,277	33,333,382	35,510,283	(6.1)	38,569,262
Other financial liabilities	3,379,946	3,765,810	(10.2)	2,725,166	3,164,392	3,684,494	(14.1)	2,563,187
Derivative financial instrument	-	10,550	100.0	8,363	-	10,550	100.0	8,363
Insurance and reinsurance payable	-	-	-	-	3,769,993	3,433,059	9.8	3,537,110
Current tax liabilities	263,073	531,969	(50.5)	289,978	312,614	576,382	(45.8)	337,291

Deferred tax liabilities	1,797,331	1,821,897	(1.3)	1,923,171	1,849,672	1,836,263	0.7	1,975,528
Other liabilities	1,691,459	1,652,751	2.3	1,832,555	1,809,048	1,691,769	6.9	1,896,911
Total liabilities	127,553,441	120,106,926	6.2	125,759,470	132,358,560	124,962,595	5.9	130,438,618
Equity								
Capital	13,236,073	13,236,073	-	13,236,073	13,236,073	13,236,073	-	13,236,073
Statutory reserve fund	1,701,319	1,529,298	11.2	1,621,946	1,701,319	1,529,298	11.2	1,621,946
Retained earnings	10,118,223	8,840,771	14.4	9,400,084	11,424,145	9,792,301	16.7	10,560,834
Other reserves	430,910	481,408	(10.5)	439,190	419,721	472,356	(11.1)	420,957
Total Equity attributable to equity holders of the Company	25,486,525	24,087,550	5.8	24,697,293	26,781,258	25,030,028	7.0	25,839,810
Non-controlling interest	-	-	-	-	1,129,959	1,019,949	10.8	1,084,969
Total Equity	25,486,525	24,087,550	5.8	24,697,293	27,911,217	26,049,977	7.1	26,924,779
Total liabilities and equity	153,039,966	144,194,476	6.1	150,456,763	160,269,777	151,012,572	6.1	157,363,397
Contingencies	824,103	820,937	0.4	978,275	824,103	820,937	0.4	978,275
Commitments	3,788,254	5,013,894	(24.4)	5,461,703	3,926,492	5,612,186	(30.0)	5,737,249
Net assets value per ordinary share (Rs.)	16.13	15.25	5.8	15.63	16.95	15.84	7.0	16.36

CERTIFICATION

We, the undersigned, being the Chief Executive Officer and the Chief Financial Officer of People's Leasing & Finance PLC certify jointly that:

- a) the above statements have been prepared in compliance with the format and the definitions prescribed by the Central Bank of Sri Lanka;
- b) the information contained in these statements have been extracted from the unaudited financial statements of People's Leasing & Finance PLC unless audited.

(sgd.)	(sgd.)
A.S. Ibrahim	Sanjeewa Bandaranayake
<i>Chief Executive Officer</i>	<i>Chief Financial Officer</i>

Approved and Signed for and on behalf of the Board :

(sgd.)	(sgd.)
Hemasiri Fernando	M.P. Amirthanayagam
Chairman	Deputy Chairman

10/25/2017
Colombo

SELECTED PERFORMANCE INDICATORS

	Company	
	As at 30.09.2017	As at 30.09.2016
Regulatory Capital Adequacy		
Core Capital (Tier1 Capital) - Rs. '000	23,441,231	21,432,961
Total Capital Base - Rs. '000	21,811,046	19,845,619
Core Capital to Risk Weighted Assets Ratio (Minimum 5%) (%)	16.93	16.28
Total Capital to Risk Weighted Assets Ratio (Minimum 10%) (%)	15.76	15.08
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%) (%)	44.81	59.67
Asset Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances - Rs. '000	3,700,044	2,004,942
Gross Non-Performing Advances Ratio (%)	2.69	1.57
Net- Non-Performing Advances Ratio (%)	0.60	0.24
Profitability (Annualized)		
Interest Margin (%)	7.96	7.70
Return on Average Assets (before Tax) (%)	2.88	3.96

Return on Average Equity (after tax) (%)	12.65	18.41
Regulatory Liquidity - Rs. '000		
Required Minimum Amount of Liquid Assets	9,212,159	6,524,214
Available Amount of Liquid Assets	10,236,015	9,558,372
Required Minimum Amount of Government Securities	4,939,014	3,856,800
Available Amount of Government Securities	5,460,529	8,283,494
Memorandum information		
Number of employees	2,100	2,014
Number of branches	103	92
Number of service centers	101	111
Number of pawning centers	-	-

Information on Ordinary Shares of the Company

Market Price		
	2017 Rs.	2016 Rs.
Highest price during the quarter ended 30th September :	18.00	19.30
Lowest price during the quarter ended 30th September :	16.70	17.80
Closing price as at 30th September :	17.00	18.70

Capital				
Capital as at 30th September 2017 was represented by the number of shares in issue as given below;				
	As at 30th September 2017		As at 30th September 2016	
	Number	Rs.	Number	Rs.
Ordinary shares	1,579,862,482	11,886,073,308	1,579,862,482	11,886,073,308
Transfer from preference shares on redemption	-	1,350,000,000	-	1,350,000,000
Total	1,579,862,482	13,236,073,308	1,579,862,482	13,236,073,308

SHAREHOLDERS' INFORMATION

Twenty largest ordinary shareholders of the Company as at 30th September 2017 were as follows;

No.	Name of the Shareholder	No. of Shares	%
1	People's Bank	1,184,896,862	75.00
2	Employees Provident Fund	85,748,846	5.43
3	BNYM SA/NV RE-Neon Liberty Lorikeet Master Fund LP	69,278,641	4.39
4	National Savings Bank	43,668,157	2.76
5	CitiBank Newyork S/A Norges Bank Account 2	23,775,303	1.50
6	Bank of Ceylon No. 1 Account	11,453,600	0.72
7	Rubber Investment Trust Limited A/C # 01	8,798,883	0.56
8	Sri Lanka Insurance Corporation Ltd-General Fund	7,022,962	0.44
9	AIA Insurance Lanka PLC A/C No.07	5,197,515	0.33
10	Ceylon Investment PLC A/C # 01	4,954,891	0.31
11	Union Assurance PLC/No-01A/C	3,821,672	0.24
12	BNYM SA/NV RE-NLCF Fund LP	3,805,389	0.24
13	The Ceylon Guardian Investment Trust PLC A/C # 02	3,340,505	0.21
14	Caceis Bank Luxembourg-Intereffekt Investments Funds N.V.	2,887,743	0.18

			0.18
15	Employees Trust Fund Board	2,356,087	0.15
16	Sampath Bank PLC/Dr. Thirugnanasambandar Senthilverl	1,909,975	0.12
17	Akbar Brothers Pvt Ltd A/C No 1	1,894,014	0.12
18	Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	1,843,700	0.12
19	First Capital Limited	1,700,000	0.11
20	Mr. Merrill Joseph Fernando	1,600,000	0.10

Public Holding

The percentage of ordinary shares held by the public as at 30th September 2017 was 24.94% and the number of shareholders representing the public holding was 8,825.

Directors'/ CEO's Holding in Shares as at 30th September 2017

The number of ordinary shares held by the directors and CEO as at 30th September 2017 were as follows;

Name	Position	No. of Shares
Mr. Hemasiri Fernando	Chairman	-
Mr. Michael Pradeep Amirthanayagam	Deputy Chairman	10,000
Mr. Jehan Prasanna Amaratunga	Director	-
Mr. Goluhewage Bindu Rasitha Poojitha Gunawardana	Director	-
Mr. Johnson Anthony Fernando	Director	-
Mr. Mohamed Anise Mohamed Rizwan	Director	-
Mr. Rathnayake Mudiyanseelage Jayasena	Director	-
Dr. Ali Asgar Shabbir Gulamhusein	Director	-
Mr. Ahamed Sabry Ibrahim	CEO	-