

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 2019

STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September	Company			Group		
	2019 Rs. '000 Unaudited	2018 Rs. '000 Restated Unaudited	Change %	2019 Rs. '000 Unaudited	2018 Rs. '000 Restated Unaudited	Change %
Interest income	15,942,849	14,759,445	8.0	16,809,667	15,396,860	9.2
Less: Interest expense	8,020,494	7,508,114	6.8	8,215,887	7,594,647	8.2
Net interest income	7,922,355	7,251,331	9.3	8,593,780	7,802,213	10.1
Fee and commission income	833,822	694,112	20.1	624,819	473,691	31.9
Fee and commission expenses	-	-	-	-	-	-
Net fee and commission income	833,822	694,112	20.1	624,819	473,691	31.9
Net earned premiums	-	-	-	2,564,114	2,284,688	12.2
Net gain/(loss) from -FVTPL	(1,487)	(22,843)	(93.5)	(2,271)	(46,238)	(95.1)
Other operating income (net)	4,457	137,396	(96.8)	145,115	188,497	(23.0)

Total operating income	8,759,147	8,059,996	8.7	11,925,557	10,702,851	11.4
Less: Impairment for loans and other losses						
Individual impairment	19,099	67,081	(71.5)	19,099	67,081	(71.5)
Collective impairment	1,242,966	885,286	40.4	1,219,454	961,003	26.9
Other losses	329,855	89,911	266.9	420,098	89,911	367.2
Net operating income	7,167,227	7,017,718	2.1	10,266,906	9,584,856	7.1
Less:						
Personnel expenses	1,867,828	1,706,606	9.4	2,290,676	2,047,622	11.9
Depreciation of property, plant and equipment	81,566	84,176	(3.1)	175,187	144,327	21.4
Amortisation and impairment of intangible assets	36,345	5,808	525.8	37,641	6,890	446.3
Benefits, claims and underwriting expenditure	-	-	-	1,764,822	1,644,018	7.3
Other operating expenses	1,482,470	1,449,527	2.3	1,592,557	1,503,830	5.9
Total operating expenses	3,468,209	3,246,117	6.8	5,860,883	5,346,687	9.6
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	3,699,018	3,771,601	(1.9)	4,406,023	4,238,169	4.0
Less: VAT & NBT on financial services	1,132,414	778,421	45.5	1,147,014	794,121	44.4
Operating profit after VAT & NBT on financial services	2,566,604	2,993,180	(14.3)	3,259,009	3,444,048	(5.4)

Share of profit/(loss) of an associate (net of tax)	-	-	-	-	(1,110)	100.0
Profit before income tax	2,566,604	2,993,180	(14.3)	3,259,009	3,442,938	(5.3)
Less: Income tax expense	885,575	892,863	(0.8)	1,098,703	1,028,584	6.8
Profit for the period	1,681,029	2,100,317	(20.0)	2,160,306	2,414,354	(10.5)
Profit attributable to:						
Equity holders of the parent	1,681,029	2,100,317	(20.0)	2,053,415	2,325,089	(11.7)
Minority interest	-	-	-	106,891	89,265	19.7
	1,681,029	2,100,317	(20.0)	2,160,306	2,414,354	(10.5)
Basic/Diluted earnings per ordinary share (Rs.)	1.05	1.33	(21.1)	1.29	1.47	(12.2)

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		
	2019 Rs. '000 Unaudited	2018 Rs. '000 Restated Unaudited	Change %	2019 Rs. '000 Unaudited	2018 Rs. '000 Restated Unaudited	Change %
Profit for the period	1,681,029	2,100,317	(20.0)	2,160,306	2,414,354	(10.5)
Other comprehensive income/(expenses) (net of tax)						
Actuarial gains and losses on defined benefit plans	-	-	-	-	(324)	100.0
Gains/ (losses) on re-measuring available-for-sale financial assets	12,310	(75,111)	116.4	12,309	(75,242)	116.4
Revaluation of land and buildings	-	7,302	(100.0)	-	7,302	(100.0)
Net gains/(losses) arising from translating the Financial Statements of the foreign subsidiary	-	-	-	66,127	181,748	(63.6)
Capital gain tax	-	-	-	-	(83,461)	100.0
Less: Tax expense/(income) relating to components of other comprehensive income	-	(2,045)	100.0	-	(2,045)	100.0
Other comprehensive income for the period, net of taxes	12,310	(69,854)	(117.6)	78,436	27,978	180.3
Total comprehensive income for the period	1,693,339	2,030,463	(16.6)	2,238,742	2,442,332	(8.3)

Profit attributable to:						
Equity holders of the parent	12,310	(69,854)	117.6	78,436	27,978	180.3
Minority interest	-	-	-	-	-	-
	12,310	(69,854)	117.6	78,436	27,978	180.3
	1,693,339	2,100,358	(19.4)	2,238,742	2,442,332	(8.3)

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

DEBENTURE INFORMATION

Market Prices for the quarter ended 30th September 2019

Debenture Type	Highest Rs.	Lowest Rs.	Last Traded Rs.
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			Has not been traded
2018 - 4 Years - 12.40% p.a. payable annually			Has not been traded
2018 - 5 Years - 12.80% p.a. payable annually			Has not been traded

Interest Rates

Debenture Type	Coupon Rate (%)	Annual Effective Rate (%)
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
2016 - 3 Years - 11.90% p.a. payable semi-annually	11.90	12.25
2016 - 4 Years - 12.25% p.a. payable semi-annually	12.25	12.63
2016 - 5 Years - 12.60% p.a. payable semi-annually	12.60	13.00
2018 - 4 Years - 12.40% p.a. payable annually	12.40	12.40
2018 - 5 Years - 12.80% p.a. payable annually	12.80	12.80

Interest Rates of Comparable Government Securities

6 Months Treasury Bill	7.75%
1 Year Treasury Bill	8.41%
2 Year Treasury Bond	9.79%
5 Year Treasury Bond	10.27%
(Above rates are excluding withholding tax)	

Current Yield & Yield to Maturity

Debenture Type	Current Yield (%)	Yield to Maturity (%)
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	12.60	2.60
2018 - 4 Years - 12.40% p.a. payable annually	12.40	2.40
2018 - 5 Years - 12.80% p.a. payable annually	12.80	2.80

INFORMATION ON ORDINARY SHARES OF THE COMPANY

Market Price

	2019 Rs.	2018 Rs.
Highest price during the quarter ended 30th September :	16.30	15.50
Lowest price during the quarter ended 30th September :	13.90	14.00
Closing price as at 30th September :	14.80	14.20

Issued Capital

Issued Capital as at 30th September 2019 was represented by the number of shares in issue as given below;

	As at 30th September 2019		As at 30th September 2018	
	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
Scrip Dividend	47,840,906	679,340,867	-	-
Total	1,627,703,388	13,915,414,175	1,579,862,482	13,236,073,308

STATEMENT OF FINANCIAL POSITION

As at	30.09.2019 Rs. '000 Unaudited	30.09.2018 Rs. '000 Restated Unaudited	Change %	31.03.2019 Rs. '000 Audited	30.09.2019 Rs. '000 Unaudited	30.09.2018 Rs. '000 Restated Unaudited	Change %	31.03.2019 Rs. '000 Audited
Assets								
Cash and cash equivalents	2,359,330	2,527,476	(6.7)	3,294,055	2,670,498	2,859,379	(6.6)	4,310,595
Balances with banks & financial institutions	3,583,329	3,075,670	16.5	3,404,533	7,136,355	6,526,534	9.3	7,375,423
Financial assets - Held-for-trading	16,684	104,988	(84.1)	23,190	548,480	211,140	159.8	72,386
Loans and receivables - Leases	83,842,404	87,521,449	(4.2)	85,702,527	83,842,404	87,521,449	(4.2)	85,702,527
Loans and receivables - Hire purchase	362,033	1,006,906	(64.0)	582,278	2,565,963	2,970,960	(13.6)	2,668,635
Loans and receivables - Others	64,271,736	59,614,939	7.8	65,423,097	68,069,140	62,021,000	9.8	68,584,676
Insurance and reinsurance receivables	-	-	-	-	1,068,712	460,287	132.2	885,395
Financial investments - FVOCI	375,593	150,151	150.1	125,651	375,593	150,151	150.1	125,651
Financial investments - Amortised Cost	8,370,290	6,883,339	21.6	8,002,625	9,811,051	7,794,930	25.9	9,091,945
Investments in subsidiaries	3,213,788	3,213,788	-	3,213,788	-	-	-	-
Investments in associate	-	586,427	(100.0)	237,633	-	422,330	(100.0)	237,633
Investment property	-	-	-	-	1,131,596	1,131,704	(0.0)	1,131,596
Property, plant and equipment	1,080,021	1,077,916	0.2	1,098,286	4,146,867	4,011,169	3.4	4,017,301
Goodwill and intangible assets	298,434	341,987	(12.7)	324,905	403,808	450,877	(10.4)	432,340
Leasehold property	82,531	85,597	(3.6)	84,065	82,531	85,597	(3.6)	84,064
Deferred tax assets	-	-	-	-	63,779	35,427	80.0	47,584
Other assets	975,316	983,184	(0.8)	1,024,644	1,123,284	1,080,991	3.9	1,164,884
Total assets	168,831,489	167,173,817	1.0	172,541,277	183,040,061	177,733,925	3.0	185,932,635
Liabilities								
Due to banks	11,896,677	39,019,636	(69.5)	27,273,933	14,637,416	41,490,770	(64.7)	30,475,326
Due to customers	99,746,450	71,517,915	39.5	88,368,656	100,659,844	71,180,557	41.4	88,923,196
Debt securities issued	21,096,652	21,127,408	(0.1)	21,275,031	20,963,785	20,994,635	(0.1)	21,134,040

As at	30.09.2019 Rs. '000 Unaudited	30.09.2018 Rs. '000 Restated Unaudited	Change %	31.03.2019 Rs. '000 Audited	30.09.2019 Rs. '000 Unaudited	30.09.2018 Rs. '000 Restated Unaudited	Change %	31.03.2019 Rs. '000 Audited
Other financial liabilities	2,931,732	3,673,198	(20.2)	2,480,377	3,029,153	3,477,620	(12.9)	2,464,936
Insurance and reinsurance payable	-	-	-	-	5,113,841	4,271,098	19.7	4,880,873
Current tax liabilities	667,283	307,813	116.8	2,238,257	736,721	360,077	104.6	2,323,647
Deferred tax liabilities	837,179	2,025,139	(58.7)	837,179	1,177,845	2,180,064	(46.0)	1,141,973
Other liabilities	1,469,441	1,993,508	(26.3)	1,464,489	1,609,964	2,115,789	(23.9)	1,606,686
Total liabilities	138,645,414	139,664,617	(0.7)	143,937,922	147,928,569	146,070,610	1.3	152,950,677
Equity								
Capital	13,915,414	13,236,073	5.1	13,236,073	13,915,414	13,236,073	5.1	13,236,073
Statutory reserve fund	2,142,270	1,938,538	10.5	2,058,219	2,155,062	1,938,538	11.2	2,070,667
Retained earnings	14,168,824	12,362,831	14.6	13,361,805	16,377,565	14,116,983	16.0	15,198,424
Other reserves	(40,433)	(28,242)	43.2	(52,742)	287,038	154,918	85.3	207,274
Total Equity attributable to equity holders of the Company	30,186,075	27,509,200	9.7	28,603,355	32,735,079	29,446,512	11.2	30,712,438
Non-controlling interest	-	-	-	-	2,376,413	2,216,803	7.2	2,269,520
Total Equity	30,186,075	27,509,200	9.7	28,603,355	35,111,492	31,663,315	10.9	32,981,958
Total liabilities and equity	168,831,489	167,173,817	1.0	172,541,277	183,040,061	177,733,925	3.0	185,932,635
Contingencies	595,571	775,952	(23.2)	514,014	595,571	775,952	(23.2)	514,150
Commitments	7,975,009	6,654,060	19.9	7,261,850	8,017,122	6,712,685	19.4	7,274,558
Net assets value per ordinary share (Rs.)	18.55	17.94	3.4	18.10	20.11	19.19	4.8	19.44

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 indicated as audited.

<p>(sgd.) A.S. Ibrahim <i>Chief Executive Officer</i></p>	<p>(sgd.) Sanjeewa Bandaranayake <i>Chief Financial Officer</i></p>
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The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board by;

<p>(sgd.) M.P. Amirthanayagam Director</p>	<p>(sgd.) J.P. Amaratunga Director</p>
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25th October 2019
Colombo

SELECTED PERFORMANCE INDICATORS

	Company	
	As at 30.09.2019	As at 30.09.2018
Regulatory Capital Adequacy		
Core Capital - Rs.000	27,230,283	24,430,476
Total Capital Base - Rs. '000	28,697,455	25,737,546
Core Capital to Risk Weighted Assets Ratio (Minimum 7%) (%)	15.29	13.58
Total Capital to Risk Weighted Assets Ratio (Minimum 11%) (%)	16.11	14.31
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%) (%)	30.44	38.37
Asset Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances - Rs. '000	10,322,099	6,500,756
Gross Non-Performing Advances Ratio (%)	6.63	4.23
Net- Non-Performing Advances Ratio (%)	1.28	0.80
Profitability (Annualized)		
Interest Margin (%)	9.78	9.40
Return on Average Assets (before Tax) (%)	3.01	3.64
Return on Average Equity (after tax) (%)	11.44	15.36
Regulatory Liquidity - Rs. '000		
Required Minimum Amount of Liquid Assets	12,508,424	10,610,957
Available Amount of Liquid Assets	13,011,180	11,043,030

	Company	
	As at 30.09.2019 13,011,180	As at 30.09.2018
Required Minimum Amount of Government Securities	8,012,870	6,813,138
Available Amount of Government Securities	8,401,890	6,966,535
Memorandum information		
Number of employees	2,388	2,187
Number of branches	103	103
Number of service centers	101	101
Number of pawning centers	-	-

SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 30th September 2019

Twenty largest ordinary shareholders of the Company as at 30th September 2019 were as follows;

No.	Name of the Shareholder	No. of Shares	%
1	People's Bank	1,220,777,540	75.00
2	Employees Provident Fund	88,345,465	5.43
3	BNYM SA/NV RE-Neon Liberty Lorikeet Master Fund LP	75,297,137	4.63
4	National Savings Bank	44,990,502	2.76
5	Rubber Investment Trust Limited A/C # 01	17,371,951	1.07
6	CitiBank Newyork S/A Norges Bank Account 2	16,371,565	1.01
7	Bank of Ceylon No. 1 Account	11,800,434	0.72
8	Sri Lanka Insurance Corporation Ltd-General Fund	7,235,629	0.44
9	AIA Insurance Lanka PLC A/C No.07	5,354,904	0.33
10	Ceylon Investment PLC A/C # 01	5,104,933	0.31
11	Ceylon Guardian Investment Trust PLC A/C # 02	3,341,661	0.21
12	Caceis Bank, Luxembourg Branch-Tcm Investment Funds Luxembourg	2,975,188	0.18
13	Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	2,802,101	0.17
14	Employees Trust Fund Board	2,427,433	0.15
15	Union Assurance PLC- Universal Life Fund	2,362,439	0.15
16	Akbar Brothers Pvt Ltd A/C No 1	2,065,214	0.13
17	First Capital Limited	1,751,478	0.11
18	Pershing Llc S/A Averbach Grauson & Co.	1,730,873	0.11
19	Deutsche Bank AG as Trustee for Guardian Acuity Equity Fund	1,687,473	0.10
20	Guardian Fund Management Limited/The Aitken Spence And Associated Companies Executive Staff Providen	1,652,381	0.10

Public Holding

The percentage of ordinary shares held by the public as at 30th September 2019 was 24.95% and the number of shareholders representing the public holding was 9,090.

Directors'/ CEO's Holding in Shares as at 30th September 2019

The number of ordinary shares held by the directors and CEO as at 30th September 2019 were as follows;

Name	Position	No. of Shares
Mr. Hemasiri Fernando (Retired on 12th October 2019)	Chairman	-
Mr. Michael Pradeep Amirthanayagam	Deputy Chairman	10,302
Mr. Jehan Prasanna Amaratunga	Director	-
Mr. Goluhewage Bindu Rasitha Poojitha Gunawardana	Director	-
Mr. Johnson Anthony Fernando	Director	-
Mr. Mohamed Anise Mohamed Rizwan	Director	-
Dr. Kennedy D. Gunawardena	Director	-
Mr. N.W.A.M.U.K.K.E Weerasinghe	Director	-
Mr. R. Pathirage	Director	247,267
Mr. Ahamed Sabry Ibrahim	CEO	-

Float adjusted Market Capitalisation

The Float adjusted market capitalization as at 30th September 2019 - Rs. 6,010,154,674

The Float adjusted market capitalization of the Company falls under Option 3 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.