

Financial Performance

29 October 2018



**Asha Phillip
Securities Ltd**

Sri Lanka

Based on the interim financial statements for the period ended 30th September 2018 LKR Mn									
SEYLAN BANK PLC (SEYB.N)					Sector: BANKS				
	Q3 FY 18	Q3 FY 17	Change	9M FY 18	9M FY 17	Change	FY 2017	FY 2016	Change
Interest income	12,360	11,324	9%	35,626	32,037	11%	43,732	33,473	31%
Interest expenses	7,975	7,184	11%	22,577	20,607	10%	28,157	19,974	41%
Net interest income	4,385	4,141	6%	13,049	11,430	14%	15,575	13,499	15%
Fee & commission	1,042	1,016	3%	3,090	2,860	8%	3,953	3,223	23%
Impairment charge	582	263	121%	1,923	1,440	34%	1,505	954	58%
Personnel expenses	1,426	1,348	6%	4,377	3,980	10%	5,229	4,642	13%
Other expenses	1,237	1,236	0%	3,870	3,661	6%	10,871	9,745	12%
Taxation	656	730	-10%	1,580	1,453	9%	2,281	1,736	31%
Profit for the period	1,154	1,231	-6%	3,151	3,541	-11%	5,004	4,035	24%
Equity holders	1,147	1,221	-6%	3,126	3,365	-7%	4,817	4,013	20%
Earnings per share	3.13	3.34	-6%	8.54	9.19	-7%	13.16	10.96	20%
CMP (LKR)	NAV (LKR)	Trail EPS	Trail P/E	FWD EPS	FWD P/E	Sector PE		PBV	Sector PBV
70.10	103.79	12.51	5.61	11.38	6.16	5.90		0.7	0.8
Total Assets (Mn)	442,340	Equity (Mn)		37,998	No.of. Shares in Issue (Mn)		366.1		
ROA - FY 18	1.09%	ROE - FY 18		12.68%	Asset / Equity ratio		11.64		

Segmental Analysis Q2 FY 19	Rev FY 19	Rev FY 18	Change	Asset	Change	Result FY19	Result FY18	Change
Banking	29,510	27,578	7%	310,521	23%	2,845	3,344	-15%
Treasury	4,412	2,877	53%	105,232	1%	1,752	1,172	49%
Property/ Investments	38	54	-28%	5,549	3%	184	197	-6%

Important notes:

- Net gains from trading, gains on financial investments, gains on foreign exchange decreased by 18.65% from Rs. 1,227 Million reported in 3Q - 2017 to Rs.998 Million in 3Q- 2018.
- The total impairment costs of the Bank increased. Based on the preliminary assessments undertaken, the estimated additional impairment provision on the Financial Statements for the year ended December 31, 2017, on adoption of SLFRS 9 is expected to be in the range of 30% to 45% of the total impairment provision on different portfolios.
- Total expenses increased by 8.35% from Rs. 8,200 Million to Rs. 8,885 Million and were fuelled by new investments in technology, branch expansion etc.
- The Bank reported a net credit growth of 11.70 % with net advances growing from Rs. 280,862 Million to Rs. 313,729 Million while the deposit base grew by 8.77% from Rs 307,099 Million to Rs. 334,046 Million during the nine months ended 30th September 2018. **Bank CASA ratio stood at 29 %.**
- The Bank's Common Equity Tier 1, Total Tier 1 and Total Capital Adequacy Ratio remained strong at 10.19%, 10.19% and 13.54% respectively as at 30th September 2018, as against the statutory minimum as per the BASEL III requirement applicable with effect from 1st July 2018.
- As at 30th September 2018, the Bank network comprised of 170 Banking centers, 207 ATMs and 34 CDMs giving seamless accessibility to its customers across the country.

Important Information

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Sri Lanka

Based on the interim financial statements for the period ended 30th September 2018 LKR Mn									
UNION BANK OF COLOMBO PLC (UBC.N)					Sector:			BANKS	
	Q3 FY 18	Q3 FY 17	Change	9M FY 18	9M FY 17	Change	FY 2017	FY 2016	Change
Interest income	3,560	3,167	12%	10,409	8,864	17%	12,194	8,466	44%
Interest expenses	2,410	2,245	7%	7,067	6,075	16%	8,492	5,445	56%
Net interest income	1,151	922	25%	3,342	2,789	20%	3,702	3,020	23%
Fee & commission	284	252	13%	816	710	15%	973	862	13%
Impairment charge	105	111	-6%	340	291	17%	378	252	50%
Personnel expenses	540	481	12%	1,551	1,363	14%	1,816	1,567	16%
Other expenses	428	368	16%	1,362	1,142	19%	1,613	1,493	8%
Taxation	137	74	85%	279	150	86%	126	33	278%
Profit for the period	152	158	-4%	446	410	9%	551	553	0%
Equity holders	149	151	-1%	425	384	11%	515	504	2%
Earnings per share	0.14	0.14	-1%	0.39	0.35	11%	0.47	0.46	2%
CMP (LKR)	NAV (LKR)	Trail EPS	Trail P/E	FWD EPS	FWD P/E	Sector PE		PBV	Sector PBV
11.60	16.06	0.51	22.80	0.52	22.36	5.90		0.7	0.8
Total Assets (Mn)	131,174	Equity (Mn)		17,525	No.of. Shares in Issue (Mn)			1091.4	
ROA - FY 18	0.39%	ROE - FY 18		2.94%	Asset / Equity ratio			7.48	

Segmental Analysis Q2 FY 19	Rev FY 19	Rev FY 18	Change	Asset	Change	Result FY19	Result FY18	Change
Corporate	2,802	2,463	14%	34,035	5%	319	209	52%
Treasury	1,900	1,785	6%	32,473	-8%	1,400	545	157%
SME	2,507	2,118	18%	22,712	-14%	(84)	(323)	74%
Retail	1,471	1,088	35%	13,877	-21%	(947)	(6)	-15219%
Other Group Companies	1,729	1,410	23%	23,432	182%	401	405	-1%

- **Capital gains** from Government securities for the period Rs. 207Mn which is an 8% reduction YoY. Income from investment in units for the period is Rs. 198Mn.
- The growth in the other operating income was mainly contributed by **foreign exchange income** which was Rs. 209Mn and is a 61% increase YoY resulted from increased customer transactions.
- **Impairment** charge for the period Rs. 214Mn and the profit share from subsidiaries was Rs. 48Mn.
- Total assets of the Bank stood at Rs. 122,375Mn as at 30th September. The Bank's loans and receivables stood at Rs. 71,647Mn while the deposits base was Rs. 76,143Mn as at the balance sheet date. Loan to Deposit ratio significantly improved to 94% from 100% a year ago. The net **NPL** ratio of the Bank was **2.4%** at the end of the reporting period.
- Total **CASA** grew to Rs. 17,363Mn a growth of **14%** YoY. Maintaining a healthy CASA inflow was supported through focused acquisition strategies driven by Retail and SME banking segments.
- The Group consisting of the Bank and its subsidiaries, UB Finance and National Asset Management Limited reported a Profit before all taxes of Rs. 1,090Mn for the period which was a growth of 31% YoY. Total assets of the Group Rs. 131,174Mn of which 93% was represented by the Bank. The Group maintained a healthy **Core Capital Ratio of 17.5%** as at the balance sheet date.
- The Bank's Corporate Banking portfolio grew by 10% YoY. **Retail deposits** base growing to Rs. 48,710Mn which is a **15% YoY growth**.

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Sri Lanka

Based on the interim financial statements for the period ended **30th September 2018** LKR Mn

PEOPLE'S LEASING & FINANCE PLC (PLC.N)

Sector: **DIVERSIFIED FINANCIALS**

	Q2 FY 18/19	Q2 FY 17/18	Change	Q1 FY 18/19	Q1 FY 17/18	Change	FY 2017/18	FY 2016/17	Change
Interest income	7,970	6,756	18%	7,518	6,452	17%	27,582	22,784	21%
Interest expenses	3,866	3,664	6%	3,729	3,539	5%	14,627	11,820	24%
Net interest income	4,104	3,092	33%	3,789	2,913	30%	12,955	10,965	18%
Net earned premiums	1,179	1,015	16%	1,106	953	16%	4,053	3,694	10%
Fee & commission	230	195	18%	159	101	57%	686	622	10%
Impairment charge	339	410	-17%	859	549	56%	1,632	283	477%
Personnel expenses	1,076	969	11%	972	754	29%	2,992	2,971	1%
Other expenses	724	538	35%	694	689	1%	2,747	2,696	2%
Taxation	641	381	68%	388	295	32%	1,645	1,643	0%
Profit for the period	1,454	978	49%	1,026	851	21%	5,018	4,442	13%
Equity holders	1,394	940	48%	997	796	25%	4,817	4,255	13%
Earnings per share	0.88	0.59	48%	0.63	0.50	25%	3.05	2.69	13%
CMP (LKR)	NAV (LKR)	Trail EPS	Trail P/E	FWD EPS	FWD P/E	Sector PE		PBV	Sector PBV
15.10	19.19	3.46	4.36	3.03	4.99	5.30		0.8	0.8
Total Assets (Mn)	178,873	Equity (Mn)		30,318	No.of. Shares in Issue (Mn)		1579.9		
ROA - FY 18	2.69%	ROE - FY 18		15.89%	Asset / Equity ratio		5.90		

Segmental Analysis Q2 FY 19	Rev FY 19	Rev FY 18	Change	Asset	Change	Result FY19	Result FY18	Change
Lease & HP	8,404	7,103	18%	91,290	6%	2,220	1,481	50%
Loans	5,667	4,811	18%	60,470	16%	1,497	1,003	49%
Islamic	727	674	8%	13,393	20%	192	140	37%
Insurance	321	304	6%	8,179	12%	351	468	-25%
Other	507	467	9%	11,182	17%	192	150	28%

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Based on the interim financial statements for the period ended 30th September 2018 LKR Mn									
CEYLON COLD STORES PLC (CCS.N)						Sector: FOOD, BEVERAGE & TOBACCO			
	Q2 FY 18/19	Q2 FY 17/18	Change	Q1 FY 18/19	Q1 FY 17/18	Change	FY 2017/18	FY 2016/17	Change
Revenue	14,389	12,484	15%	13,973	12,343	13%	50,942	43,519	17%
Cost of sales	12,963	10,774	20%	12,731	10,683	19%	44,814	36,479	23%
Gross profit	1,427	1,710	-17%	1,242	1,659	-25%	6,129	7,039	-13%
Other Op income	375	350	7%	419	328	28%	1,558	1,293	21%
Selling expenses	624	462	35%	549	473	16%	1,799	1,593	13%
Admin expenses	445	367	21%	426	365	17%	1,473	1,210	22%
Other Op expenses	283	197	44%	228	175	30%	775	741	5%
Net Finance Income	(136)	28	-585%	(40)	30	-236%	99	221	-55%
Income Tax Exp	124	310	-60%	179	323	-45%	1,183	1,537	-23%
Profit for the period	191	751	-75%	239	676	-65%	2,567	3,553	-28%
Earnings per share	2.01	7.90	-75%	2.51	7.11	-65%	27.01	37.37	-28%
CMP (LKR)	NAV (LKR)	Trail EPS	Trail P/E	FWD EPS	FWD P/E	Sector PE		PBV	Sector PBV
744.80	140.89	16.53	45.1	9.05	82.3	15.4		5.3	2.5
Total Assets (Mn)	32,385	Equity (Mn)		13,394	No.of. Shares in Issue (Mn)		95.07		
ROA - FY 18	7.93%	ROE - FY 18		19.17%	Asset / Equity ratio		2.42		

Segmental Analysis 1H FY 19	Rev Fy 19	Rev Fy 18	Change
Manufacturing (Mn)	6,722	6,940	-3%
Retail (Mn)	21,798	18,039	21%

Profit Fy19	Profit Fy18	Change
689	1,179	-42%
22	541	-96%

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