

Fitch Affirms PB's rating

Fitch Ratings, **Colombo**, 10 January 2017: Fitch Ratings has affirmed the National Long-Term Rating of People's Bank at 'AA+(lka)' with a Stable Outlook.

KEY RATING DRIVERS

NATIONAL RATINGS

The rating actions follow Fitch's periodic review of the large banks peer group.

The National Long-Term Rating of People's Bank reflect Fitch's expectation of extraordinary support from the sovereign (B+/Negative) albeit constrained by its limited ability.

Fitch expects support for People's Bank to stem from its high systemic importance, quasi-sovereign status, role as key lenders to the government and full state-ownership.

RATING SENSITIVITIES

NATIONAL RATINGS

Visible demonstration of preferential support for People's Bank in the form of an explicit guarantee may be instrumental to an upgrade of its National Long-Term Rating.

The rating actions are as follows:

People's Bank (Sri Lanka):

National Long-Term Rating affirmed at 'AA+(lka)'; Outlook Stable

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People's Bank has a 1.78% equity stake in Fitch Ratings Lanka Ltd. No shareholder other than Fitch, Inc. is involved in the day-to-day rating operations of, or credit reviews undertaken by, Fitch Ratings Lanka Ltd.

Note to editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are

rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(lka)' for National ratings in Sri Lanka. Specific letter grades are not therefore internationally comparable.

Additional information is available on www.fitchratings.com

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