



**PEOPLE'S  
BANK**

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# **FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30TH JUNE**

## **2020**

**FITCH RATING AA+ (LKA)**

## INCOME STATEMENT

FOR THE PERIOD ENDED 30TH JUNE

	BANK			GROUP		
	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Audited)	Change %	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Unaudited)	Change %
<b>Gross Income</b>	<b>89,269,894</b>	<b>97,397,753</b>	(8.3)	<b>106,855,015</b>	<b>116,967,993</b>	(8.6)
Interest income	84,377,284	90,833,271	(7.1)	98,981,219	107,126,723	(7.6)
Interest expenses	(60,687,270)	(61,942,172)	(2.0)	(68,086,255)	(69,760,321)	(2.4)
<b>Net Interest Income</b>	<b>23,690,014</b>	<b>28,891,099</b>	(18.0)	<b>30,894,964</b>	<b>37,366,402</b>	(17.3)
Fee and commission income	2,571,644	3,789,700	(32.1)	3,015,827	4,365,056	(30.9)
Fee and commission expenses	(234,011)	(205,794)	13.7	(234,011)	(205,794)	13.7
<b>Net Fee and Commission Income</b>	<b>2,337,633</b>	<b>3,583,906</b>	(34.8)	<b>2,781,816</b>	<b>4,159,262</b>	(33.1)
Net gain / (loss) from trading	1,680,436	2,100,338	(20.0)	1,732,239	2,042,468	(15.2)
Other operating income (net)	640,530	674,444	(5.0)	3,125,730	3,433,746	(9.0)
<b>Total Operating Income</b>	<b>28,348,613</b>	<b>35,249,787</b>	(19.6)	<b>38,534,749</b>	<b>47,001,878</b>	(18.0)
Impairment Charge	(7,256,666)	(3,849,660)	88.5	(11,615,575)	(6,038,987)	92.3
Loans & advances to Customers	(7,834,528)	(3,262,487)		(11,792,312)	(4,852,693)	
Other Financial Assets	577,862	(587,173)		577,862	(587,173)	
Others	-	-		(401,125)	(599,121)	
<b>Net Operating Income</b>	<b>21,091,947</b>	<b>31,400,127</b>	(32.8)	<b>26,919,174</b>	<b>40,962,891</b>	(34.3)
Personnel Expenses	(9,525,322)	(10,037,827)	(5.1)	(11,556,525)	(12,226,207)	(5.5)
Depreciation and Amortisation	(2,028,238)	(961,668)	110.9	(2,704,627)	(1,199,741)	125.4
Other Expenses	(6,211,983)	(6,633,109)	(6.3)	(7,651,187)	(9,301,267)	(17.7)
<b>Operating Profit Before Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL)</b>	<b>3,326,404</b>	<b>13,767,523</b>	(75.8)	<b>5,006,835</b>	<b>18,235,676</b>	(72.5)
VAT , NBT and DRL on financial services	(1,472,032)	(4,807,645)	(69.4)	(1,804,238)	(6,023,195)	(70.0)
Operating Profit after VAT, NBT and DRL	1,854,372	8,959,878	(79.3)	3,202,597	12,212,481	(73.8)
Share of Profits/(Loss) of Associates (Net of Tax)	-	-	-	(12,472)	(902)	1282.7
<b>Profit Before Tax</b>	<b>1,854,372</b>	<b>8,959,878</b>	(79.3)	<b>3,190,125</b>	<b>12,211,579</b>	(73.9)
Income Tax Expenses	(523,678)	(3,381,134)	(84.5)	(1,047,517)	(4,672,536)	(77.6)
<b>Profit for the Period</b>	<b>1,330,694</b>	<b>5,578,744</b>	(76.1)	<b>2,142,608</b>	<b>7,539,043</b>	(71.6)
<b>Profit Attributable to :</b>						
Equity Holders of the Bank	1,330,694	5,578,744	(76.1)	1,818,844	7,111,857	(74.4)
Non-Controlling Interests	-	-	-	323,764	427,186	(24.2)
	<b>1,330,694</b>	<b>5,578,744</b>	(76.1)	<b>2,142,608</b>	<b>7,539,043</b>	(71.6)
<b>Earnings Per Share on Profit</b>						
Basic Earnings per Ordinary Share [Rs.]	1,331	5,579	(76.1)	1,819	7,112	(74.4)
Diluted Earnings per Ordinary Share [Rs.]	5	23	(76.1)	7	29	(74.4)

<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>FOR THE PERIOD ENDED 30TH JUNE</b>				
	<b>BANK</b>		<b>GROUP</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the Period</b>	<b>1,330,694</b>	<b>5,578,744</b>	<b>2,142,608</b>	<b>7,539,043</b>
<b>Other comprehensive income that will not be reclassified to the income statement</b>				
Net Gains/( Losses) on equity instruments at fair value through OCI	(288,861)	181,952	(207,702)	92,108
Net Actuarial Gains and Losses on Defined Benefit Plans	-	-	1,138	(20,136)
Deferred tax effect on Defined Benefit Plans	-	-	-	4,956
Deferred tax effect on land revaluation in previous years	-	-	-	(83,385)
<b>Other comprehensive income that will be reclassified to the income statement</b>				
Net Gains/( Losses)[including change in ECL] on debt instruments at fair value through OCI	15,118	281,831	10,849	281,831
Deferred tax effect on above	-	-	(4,762)	-
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	63,214	(108,042)
<b>Other Comprehensive Income for the period, Net of Taxes</b>	<b>(273,743)</b>	<b>463,783</b>	<b>(137,263)</b>	<b>167,332</b>
<b>Total Comprehensive Income for the period</b>	<b>1,056,951</b>	<b>6,042,527</b>	<b>2,005,345</b>	<b>7,706,375</b>
<b>Attributable to :</b>				
Equity Holders of the Bank	1,056,951	6,042,527	1,685,999	7,353,507
Non-Controlling Interests	-	-	319,346	352,868
	<b>1,056,951</b>	<b>6,042,527</b>	<b>2,005,345</b>	<b>7,706,375</b>

## STATEMENT OF FINANCIAL POSITION

**AS AT**

	<b>BANK</b>			<b>GROUP</b>		
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>Change</b>	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>Change</b>
	<b>(Rs.'000)</b>	<b>(Rs. '000)</b>	<b>%</b>	<b>(Rs.'000)</b>	<b>(Rs. '000)</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>		<b>(Unaudited)</b>	<b>(Audited)</b>	
<b>Assets</b>						
Cash and Cash Equivalents	68,027,070	50,703,158	34.2	68,841,791	51,594,638	33.4
Balances with Central Bank of Sri Lanka	15,607,674	38,858,470	(59.8)	15,607,674	38,858,470	(59.8)
Placements with Banks	-	9,689,132	(100.0)	2,458,334	13,395,360	(81.6)
Derivative Financial Instruments	404,133	90,560	346.3	404,133	90,560	346.3
Financial Assets - At Fair Value through Profit or Loss	37,581,168	79,514,568	(52.7)	38,911,112	80,405,966	(51.6)
Financial Assets - At Amortised Cost						
Loans and advances to Banks	10,525,371	29,771,919	(64.6)	10,676,777	29,771,919	(64.1)
Loans and advances to Other Customers	1,502,919,478	1,310,150,137	14.7	1,653,124,109	1,460,497,766	13.2
Debt instruments measured at amortised cost	271,964,512	280,935,892	(3.2)	280,082,866	290,739,848	(3.7)
Financial Assets - At Fair Value through other Comprehensive income [OCI]						
Equity instruments at fair value through OCI	1,709,034	1,997,896	(14.5)	1,575,605	1,772,838	(11.1)
Debt instruments at fair value through OCI	2,833,573	2,573,067	10.1	3,787,782	2,573,067	47.2
Investments in Subsidiaries	1,205,414	1,205,414	-	-	-	-
Investments in Associates	-	-	-	518,613	531,085	(2.3)
Investment Properties	1,262,194	1,263,045	(0.1)	1,258,355	1,259,206	(0.1)
Property, Plant, Equipment and Right of use assets	32,764,239	34,310,028	(4.5)	42,444,150	43,744,442	(3.0)
Intangible Assets and Goodwill	612,719	700,875	(12.6)	967,019	1,090,714	(11.3)
Other Assets	31,502,320	31,642,057	(0.4)	33,752,120	33,448,808	0.9
<b>Total Assets</b>	<b>1,978,918,899</b>	<b>1,873,406,218</b>	<b>5.6</b>	<b>2,154,410,440</b>	<b>2,049,774,687</b>	<b>5.1</b>
<b>Liabilities</b>						
Due to Banks	214,173,838	207,484,446	3.2	222,804,766	219,434,075	1.5
Derivative Financial Instruments	104,132	59,748	74.3	104,132	59,748	74.3
Due to Other Customers	1,579,911,567	1,491,385,937	5.9	1,680,550,869	1,588,903,098	5.8
Other Borrowings	28,059,200	17,324,960	62.0	27,808,843	16,289,502	70.7
Current Tax Liabilities	2,173,017	3,775,283	(42.4)	3,859,644	6,127,935	(37.0)
Net Deferred Tax Liabilities	518,934	1,071,797	(51.6)	2,452,062	2,821,420	(13.1)
Other Liabilities	36,255,655	34,625,117	4.7	45,539,172	45,610,085	(0.2)
Subordinated Term Debts	23,311,010	22,714,490	2.6	40,934,719	40,513,091	1.0
<b>Total Liabilities</b>	<b>1,884,507,353</b>	<b>1,778,441,778</b>	<b>6.0</b>	<b>2,024,054,207</b>	<b>1,919,758,954</b>	<b>5.4</b>
<b>Equity</b>						
Stated Capital/Assigned Capital	12,201,998	12,201,998	-	12,201,998	12,201,998	-
Statutory Reserve Fund	7,315,774	7,315,774	-	7,315,774	7,315,774	-
Other Reserves	27,094,799	27,368,542	(1.0)	29,163,774	29,297,472	(0.5)
Retained Earnings	47,798,975	48,078,126	(0.6)	70,549,681	70,339,829	0.3
<b>Total Shareholders' Equity</b>	<b>94,411,546</b>	<b>94,964,440</b>	<b>(0.6)</b>	<b>119,231,227</b>	<b>119,155,073</b>	<b>0.1</b>
Non-Controlling Interests	-	-	-	11,125,006	10,860,660	2.4
<b>Total Equity</b>	<b>94,411,546</b>	<b>94,964,440</b>	<b>(0.6)</b>	<b>130,356,233</b>	<b>130,015,733</b>	<b>0.3</b>
<b>Total Equity and Liabilities</b>	<b>1,978,918,899</b>	<b>1,873,406,218</b>	<b>5.6</b>	<b>2,154,410,440</b>	<b>2,049,774,687</b>	<b>5.1</b>
<b>Contingent Liabilities and Commitments</b>	<b>320,027,018</b>	<b>363,925,754</b>	<b>(12.1)</b>	<b>325,610,678</b>	<b>370,985,611</b>	<b>(12.2)</b>
Number of Employees	7,748	7,836		11,181	11,237	
Number of Branches	740	739		846	845	

# STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30TH JUNE

## BANK

	Stated capital/Assigned capital		Reserves					Total (Rs.'000)
	Ordinary Shares (Rs.'000)	Assigned capital (Rs.'000)	Statutory Reserve Fund (Rs.'000)	Revaluation Reserve (Rs.'000)	Other Reserves (Rs.'000)	Financial assets at FVOCI Reserve (Rs.'000)	Retained Earnings (Rs.'000)	
Balance as at 1st January 2019	49,998	12,152,000	6,669,490	14,051,911	11,826,601	130,436	46,329,489	91,209,925
Total Comprehensive Income for the year								
Profit for the year	-	-	-	-	-	-	12,925,683	12,925,683
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	-	-	485,730	(7,237,208)	(6,751,478)
Total Comprehensive Income/(Expense)	-	-	-	-	-	485,730	5,688,475	6,174,205
Transactions with equity holders, recognised directly in equity	-	-	-	-	-	-	-	-
Transfer to Reserve during the Year	-	-	646,284	-	873,864	-	(1,520,148)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(2,419,690)	(2,419,690)
Total Transactions with Equity Holders	-	-	646,284	-	873,864	-	(3,939,838)	(2,419,690)
Balance as at 31st December 2019	49,998	12,152,000	7,315,774	14,051,911	12,700,465	616,166	48,078,126	94,964,440
Balance as at 1st January 2020	49,998	12,152,000	7,315,774	14,051,911	12,700,465	616,166	48,078,126	94,964,440
Total Comprehensive Income for the year								
Profit for the period	-	-	-	-	-	-	1,330,694	1,330,694
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	-	-	(273,743)	-	(273,743)
Total Comprehensive Income/(Expense)	-	-	-	-	-	(273,743)	1,330,694	1,056,951
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	-	-
Transfer to Reserve during the period	-	-	-	-	-	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(1,609,845)	(1,609,845)
Total Transactions with Equity Holders	-	-	-	-	-	-	(1,609,845)	(1,609,845)
Balance as at 30th June 2020	49,998	12,152,000	7,315,774	14,051,911	12,700,465	342,423	47,798,975	94,411,546

## STATEMENT OF CHANGES IN EQUITY

### GROUP

	Stated capital/ Assigned capital		Reserves				Retained earnings	Total	Non controlling interest	Total equity
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Statutory Reserve Fund (Rs.'000)	Revaluation Reserve (Rs.'000)	Other Reserves (Rs.'000)	Financial assets at FVOCI Reserve (Rs.'000)				
<b>Balance as at 1st January 2019</b>	<b>49,998</b>	<b>12,152,000</b>	<b>6,669,490</b>	<b>15,797,815</b>	<b>12,098,979</b>	<b>130,436</b>	<b>66,494,500</b>	<b>113,393,218</b>	<b>10,120,232</b>	<b>123,513,450</b>
<b>Total Comprehensive Income for the year</b>										
Profit for the year	-	-	-	-	-	-	14,984,837	14,984,837	1,193,331	16,178,168
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	66,156	(38,097)	368,319	(7,248,716)	(6,852,338)	(6,294)	(6,858,632)
<b>Total Comprehensive Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,156</b>	<b>(38,097)</b>	<b>368,319</b>	<b>7,736,121</b>	<b>8,132,499</b>	<b>1,187,037</b>	<b>9,319,536</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>										
Movement due to changes in ownership	-	-	-	-	-	-	49,046	49,046	(41,613)	7,433
Transfer to Reserve during the year	-	-	646,284	-	873,864	-	(1,520,148)	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(2,419,690)	(2,419,690)	-	(2,419,690)
Dividends Paid	-	-	-	-	-	-	-	-	(404,996)	(404,996)
<b>Total Transactions with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>646,284</b>	<b>-</b>	<b>873,864</b>	<b>-</b>	<b>(3,890,792)</b>	<b>(2,370,644)</b>	<b>(446,609)</b>	<b>(2,817,253)</b>
<b>Balance as at 31st December 2019</b>	<b>49,998</b>	<b>12,152,000</b>	<b>7,315,774</b>	<b>15,863,971</b>	<b>12,934,746</b>	<b>498,755</b>	<b>70,339,829</b>	<b>119,155,073</b>	<b>10,860,660</b>	<b>130,015,733</b>
<b>Balance as at 1st January 2020</b>	<b>49,998</b>	<b>12,152,000</b>	<b>7,315,774</b>	<b>15,863,971</b>	<b>12,934,746</b>	<b>498,755</b>	<b>70,339,829</b>	<b>119,155,073</b>	<b>10,860,660</b>	<b>130,015,733</b>
<b>Total Comprehensive Income for the period</b>										
Profit for the period	-	-	-	-	-	-	1,818,844	1,818,844	323,764	2,142,608
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	-	47,410	(181,108)	853	(132,845)	(4,418)	(137,263)
<b>Total Comprehensive Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,410</b>	<b>(181,108)</b>	<b>1,819,697</b>	<b>1,685,999</b>	<b>319,346</b>	<b>2,005,345</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>										
Transfer to Reserve during the year	-	-	-	-	-	-	-	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(1,609,845)	(1,609,845)	-	(1,609,845)
Dividends Paid	-	-	-	-	-	-	-	-	(55,000)	(55,000)
<b>Total Transactions with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,609,845)</b>	<b>(1,609,845)</b>	<b>(55,000)</b>	<b>(1,664,845)</b>
<b>Balance as at 30th June 2020</b>	<b>49,998</b>	<b>12,152,000</b>	<b>7,315,774</b>	<b>15,863,971</b>	<b>12,982,156</b>	<b>317,647</b>	<b>70,549,681</b>	<b>119,231,227</b>	<b>11,125,006</b>	<b>130,356,233</b>

<b>CASH FLOW STATEMENT</b>				
<b>FOR THE PERIOD ENDED 30TH JUNE</b>				
	<b>BANK</b>		<b>GROUP</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>				
Profit before tax	1,854,372	8,959,878	3,190,125	12,211,579
Adjustment for				
Non-cash items included in profits before tax	9,653,615	2,792,260	14,944,822	5,217,660
Changes in operating assets	(106,122,577)	33,397,964	(111,092,543)	27,626,940
Changes in operating liabilities	107,162,094	14,738,220	106,243,466	15,774,519
Dividend income from subsidiaries and others	(442)	(41,879)	(16,706)	(60,080)
Interest expense on subordinated debt	1,415,270	811,929	2,456,670	811,929
Contribution paid to defined benefit plans/Gratuity	1,252,045	735,383	1,252,045	735,383
Changes in tax liabilities	(2,678,807)	(3,729,370)	(3,689,928)	(4,025,480)
<b>Net Cash Generated from Operating Activities</b>	<b>12,535,570</b>	<b>57,664,385</b>	<b>13,287,951</b>	<b>58,292,449</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(385,499)	(1,602,148)	(1,260,435)	(784,096)
Proceeds from the sale of property, plant and equipment	4,812	34,042	4,884	36,042
Purchase of financial investments	8,803,309	(59,120,302)	10,488,911	(60,327,453)
Net purchase of intangible assets	(7,943)	(234,294)	(19,354)	(274,721)
Dividends received from investment in subsidiaries and Others	442	41,879	16,706	60,080
<b>Net Cash (used in) from Investing Activities</b>	<b>8,415,121</b>	<b>(60,880,823)</b>	<b>9,230,712</b>	<b>(61,290,148)</b>
<b>Cash Flows from Financing Activities</b>				
Net proceed received/(paid) for subordinated debt	(818,750)	(811,929)	(2,035,042)	(1,003,279)
Repayment of Lease Liabilities	(1,198,184)	-	(1,571,623)	-
Dividend paid to non-controlling interest	-	-	(55,000)	(55,000)
Dividend/Levy paid to holders of other equity instruments	(1,609,845)	(309,845)	(1,609,845)	(309,845)
<b>Net Cash from Financial Activities</b>	<b>(3,626,779)</b>	<b>(1,121,774)</b>	<b>(5,271,510)</b>	<b>(1,368,124)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>17,323,912</b>	<b>(4,338,212)</b>	<b>17,247,153</b>	<b>(4,365,823)</b>
Cash and cash equivalents at the beginning of the period	50,703,158	57,879,933	51,594,638	58,835,090
Cash and cash equivalents at the end of the period	<b>68,027,070</b>	<b>53,541,721</b>	<b>68,841,791</b>	<b>54,469,267</b>

## ANALYSIS OF LOANS & ADVANCES TO OTHER CUSTOMERS

	BANK		GROUP	
	30.06.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs.'000) (Audited)	30.06.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs.'000) (Audited)
<b>Loans and advances to Other Customers</b>				
Gross Loans and advances	1,584,467,186	1,383,791,134	1,745,528,373	1,541,037,535
<b>Less :</b>				
Allowance for Expected Credit Losses	(81,547,708)	(73,640,997)	(92,404,264)	(80,539,769)
Stage 1	(6,064,700)	(5,036,021)	(6,653,581)	(5,693,729)
Stage 2	(2,495,985)	(1,442,409)	(3,820,196)	(2,178,583)
Stage 3	(72,987,023)	(67,162,567)	(81,930,487)	(72,667,457)
<b>Net Loans and advances</b>	<b>1,502,919,478</b>	<b>1,310,150,137</b>	<b>1,653,124,109</b>	<b>1,460,497,766</b>
<b>Product-wise Gross loans &amp; advances</b>				
<b>By product – Domestic currency</b>				
Overdrafts	249,485,670	143,430,730	248,601,309	142,707,101
Term loans	652,987,321	627,366,005	714,846,840	685,662,274
Lease rentals receivable	-	-	89,047,249	88,287,070
Credit cards	3,195,487	3,336,587	3,195,487	3,336,587
Pawning	168,119,551	162,582,929	168,119,551	162,582,929
Trade Finance	69,461,535	72,098,832	69,461,535	72,098,832
Others	22,615,421	22,039,395	31,042,319	30,772,372
<b>Sub Total</b>	<b>1,165,864,985</b>	<b>1,030,854,478</b>	<b>1,324,314,290</b>	<b>1,185,447,165</b>
<b>By product – Foreign currency</b>				
Overdrafts	2,864,011	2,017,871	2,864,011	2,017,871
Term loans	203,254,698	188,921,007	205,866,580	191,574,721
Trade Finance	212,483,492	161,997,778	212,483,492	161,997,778
<b>Sub Total</b>	<b>418,602,201</b>	<b>352,936,656</b>	<b>421,214,083</b>	<b>355,590,370</b>
<b>Grand Total</b>	<b>1,584,467,186</b>	<b>1,383,791,134</b>	<b>1,745,528,373</b>	<b>1,541,037,535</b>
<b>Movement in Allowance for Expected Credit loss during the year</b>				
<b>BANK</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance as at 1 st January 2020	5,036,021	1,442,409	67,162,567	73,640,997
Net Charge/(Reversal) for the period	1,028,679	1,053,576	5,752,273	7,834,528
Amounts written off	-	-	(28,904)	(28,904)
Exchange rate variance on foreign currency Impairment	-	-	101,087	101,087
Closing balance as at 30th June 2020	6,064,700	2,495,985	72,987,023	81,547,708
<b>BANK</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance as at 1 st January 2019	5,110,245	1,752,572	61,889,976	68,752,793
Net Charge/(Reversal) for the year	(74,224)	(310,163)	5,402,328	5,017,941
Amounts written off	-	-	(95,638)	(95,638)
Exchange rate variance on foreign currency Impairment	-	-	(34,099)	(34,099)
Closing balance as at 31st December 2019	5,036,021	1,442,409	67,162,567	73,640,997
<b>GROUP</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance as at 1 st January 2020	5,693,729	2,178,583	72,667,457	80,539,769
Net Charge/(Reversal) for the period	959,852	1,641,613	9,190,847	11,792,312
Amounts written off	-	-	(28,904)	(28,904)
Exchange rate variance on foreign currency Impairment	-	-	101,087	101,087
Closing balance as at 30th June 2020	6,653,581	3,820,196	81,930,487	92,404,264
<b>GROUP</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance as at 1 st January 2019	5,649,333	2,486,192	65,857,094	73,992,619
Net Charge/(Reversal) for the year	67,941	(229,402)	7,240,044	7,078,583
Amounts written off	-	-	(95,638)	(95,638)
Exchange rate variance on foreign currency Impairment	-	-	(34,099)	(34,099)
Deemed Disposal of Subsidiary during the year	(23,545)	(78,207)	(299,944)	(401,696)
Closing balance as at 31st December 2019	5,693,729	2,178,583	72,667,457	80,539,769



## ANALYSIS OF DEPOSITS

	BANK		GROUP	
	30.06.2020 (Rs. '000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)	30.06.2020 (Rs. '000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)
<b>By product – Domestic currency</b>				
Demand deposits (current accounts)	61,188,059	51,681,263	59,898,412	50,213,752
Savings deposits	545,288,020	491,643,881	551,681,816	497,600,897
Fixed deposits	818,074,709	814,577,767	910,959,076	905,076,422
Others	3,376,539	3,262,093	6,027,325	5,791,094
<b>Sub total</b>	<b>1,427,927,327</b>	<b>1,361,165,004</b>	<b>1,528,566,629</b>	<b>1,458,682,165</b>
<b>By product – Foreign currency</b>				
Demand deposits (current accounts)	1,448,213	1,460,522	1,448,213	1,460,522
Savings deposits	22,145,443	21,586,421	22,145,443	21,586,421
Fixed deposits	128,328,026	107,074,611	128,328,026	107,074,611
Others	62,558	99,379	62,558	99,379
<b>Sub total</b>	<b>151,984,240</b>	<b>130,220,933</b>	<b>151,984,240</b>	<b>130,220,933</b>
<b>Grand Total</b>	<b>1,579,911,567</b>	<b>1,491,385,937</b>	<b>1,680,550,869</b>	<b>1,588,903,098</b>

## ANALYSIS OF CONTINGENT LIABILITIES AND COMMITMENTS

	BANK		GROUP	
	30.06.2020 (Rs. '000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)	30.06.2020 (Rs. '000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)
<b>By product</b>				
Acceptances	74,221,097	110,542,802	74,221,097	110,542,802
Documentary Credit	52,459,679	78,306,041	52,459,679	78,306,041
Guarantees	78,531,999	82,058,147	79,264,046	82,783,084
Forward Exchange Contracts	59,120,442	24,673,760	59,120,442	24,673,760
Non disbursed overdrafts & loans	56,292,795	69,519,348	61,144,408	75,854,268
<b>Gross Contingent Liabilities and Commitments</b>	<b>320,626,012</b>	<b>365,100,098</b>	<b>326,209,672</b>	<b>372,159,955</b>
<b>Less :</b>				
Allowance for Expected Credit Loss	(598,994)	(1,174,344)	(598,994)	(1,174,344)
<b>Net Contingent Liabilities and Commitments</b>	<b>320,027,018</b>	<b>363,925,754</b>	<b>325,610,678</b>	<b>370,985,611</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### BANK AS AT 30TH JUNE 2020

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>				
Cash and cash equivalents	-	-	68,027,070	68,027,070
Balances with Central Banks	-	-	15,607,674	15,607,674
Placements with Banks	-	-	-	-
Derivative Financial Instruments	404,133	-	-	404,133
Financial Assets - At Fair Value through Profit or Loss	37,581,168	-	-	37,581,168
Loans and advances to banks	-	-	10,525,371	10,525,371
Loans and advances to other customers	-	-	1,502,919,478	1,502,919,478
Debt instruments measured at amortised cost	-	-	271,964,512	271,964,512
Equity instruments at fair value through OCI	-	1,709,034	-	1,709,034
Debt instruments at fair value through OCI	-	2,833,573	-	2,833,573
<b>Total financial assets</b>	<b>37,985,301</b>	<b>4,542,607</b>	<b>1,869,044,105</b>	<b>1,911,572,013</b>
<b>LIABILITIES</b>				
Due to banks	-	-	214,173,838	214,173,838
Derivative Financial Instruments	104,132	-	-	104,132
Due to other customers	-	-	1,579,911,567	1,579,911,567
Other Borrowings	-	-	28,059,200	28,059,200
Subordinated term debts	-	-	23,311,010	23,311,010
<b>Total financial liabilities</b>	<b>104,132</b>	<b>-</b>	<b>1,845,455,615</b>	<b>1,845,559,747</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### BANK AS AT 31ST DECEMBER 2019

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>				
Cash and cash equivalents	-	-	50,703,158	50,703,158
Balances with Central Banks	-	-	38,858,470	38,858,470
Placements with Banks	-	-	9,689,132	9,689,132
Derivative Financial Instruments	90,560	-	-	90,560
Financial Assets - At Fair Value through Profit or Loss	79,514,568	-	-	79,514,568
Loans and advances to banks	-	-	29,771,919	29,771,919
Loans and advances to other customers	-	-	1,310,150,137	1,310,150,137
Debt instruments measured at amortised cost	-	-	280,935,892	280,935,892
Equity instruments at fair value through OCI	-	1,997,896	-	1,997,896
Debt instruments at fair value through OCI	-	2,573,067	-	2,573,067
<b>Total financial assets</b>	<b>79,605,128</b>	<b>4,570,963</b>	<b>1,720,108,708</b>	<b>1,804,284,799</b>
<b>LIABILITIES</b>				
Due to banks	-	-	207,484,446	207,484,446
Derivative Financial Instruments	59,748	-	-	59,748
Due to other customers	-	-	1,491,385,937	1,491,385,937
Other Borrowings	-	-	17,324,960	17,324,960
Subordinated term debts	-	-	22,714,490	22,714,490
<b>Total financial liabilities</b>	<b>59,748</b>	<b>-</b>	<b>1,738,909,833</b>	<b>1,738,969,581</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### GROUP AS AT 30TH JUNE 2020

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>				
Cash and cash equivalents	-	-	68,841,791	68,841,791
Balances with Central Banks	-	-	15,607,674	15,607,674
Placements with Banks	-	-	2,458,334	2,458,334
Derivative Financial Instruments	404,133	-	-	404,133
Financial Assets - At Fair Value through Profit or Loss	38,911,112	-	-	38,911,112
Loans and advances to banks	-	-	10,676,777	10,676,777
Loans and advances to other customers	-	-	1,653,124,109	1,653,124,109
Debt instruments measured at amortised cost	-	-	280,082,866	280,082,866
Equity instruments at fair value through OCI	-	1,575,605	-	1,575,605
Debt instruments at fair value through OCI	-	3,787,782	-	3,787,782
<b>Total financial assets</b>	<b>39,315,245</b>	<b>5,363,387</b>	<b>2,030,791,551</b>	<b>2,075,470,183</b>
<b>LIABILITIES</b>				
Due to banks	-	-	222,804,766	222,804,766
Derivative Financial Instruments	104,132	-	-	104,132
Due to other customers	-	-	1,680,550,869	1,680,550,869
Other Borrowings	-	-	27,808,843	27,808,843
Subordinated term debts	-	-	40,934,719	40,934,719
<b>Total financial liabilities</b>	<b>104,132</b>	<b>-</b>	<b>1,972,099,197</b>	<b>1,972,203,329</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### GROUP AS AT 31ST DECEMBER 2019

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>				
Cash and cash equivalents	-	-	51,594,638	51,594,638
Balances with Central Banks	-	-	38,858,470	38,858,470
Placements with Banks	-	-	13,395,360	13,395,360
Derivative Financial Instruments	90,560	-	-	90,560
Financial Assets - At Fair Value through Profit or Loss	80,405,966	-	-	80,405,966
Loans and advances to banks	-	-	29,771,919	29,771,919
Loans and advances to other customers	-	-	1,460,497,766	1,460,497,766
Debt instruments measured at amortised cost	-	-	290,739,848	290,739,848
Equity instruments at fair value through OCI	-	1,772,838	-	1,772,838
Debt instruments at fair value through OCI	-	2,573,067	-	2,573,067
<b>Total financial assets</b>	<b>80,496,526</b>	<b>4,345,905</b>	<b>1,884,858,001</b>	<b>1,969,700,432</b>
<b>LIABILITIES</b>				
Due to banks	-	-	219,434,075	219,434,075
Derivative Financial Instruments	59,748	-	-	59,748
Due to other customers	-	-	1,588,903,098	1,588,903,098
Other Borrowings	-	-	16,289,502	16,289,502
Subordinated term debts	-	-	40,513,091	40,513,091
<b>Total financial liabilities</b>	<b>59,748</b>	<b>-</b>	<b>1,865,139,766</b>	<b>1,865,199,514</b>

## SELECTED PERFORMANCE INDICATORS (Based on Regulatory Reporting)

	BANK		GROUP	
	As at 30.06.2020 (Unaudited)	As at 31.12.2019 (Audited)	As at 30.06.2020 (Unaudited)	As at 31.12.2019 (Audited)
<b>Regulatory Capital Adequacy</b>				
Common Equity Tier 1 Capital [Rs. 000]	77,592,093	77,941,284	105,292,228	106,246,759
Core (Tier 1) Capital [Rs. 000]	77,592,093	77,941,284	105,292,228	106,246,759
Total Capital Base [Rs. 000]	107,132,118	106,972,204	136,301,232	136,303,475
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital (%) (Min. requirement - 2020 - 7.0%, 2019 - 8.0%)	10.15	10.68	11.12	11.58
Tier 1 Capital Ratio (%) (Min. requirement - 2020 - 8.5%, 2019 - 9.5%)	10.15	10.68	11.12	11.58
Total Capital Ratio (%) (Min. requirement - 2020 - 12.5%, 2019 - 13.5%)	14.01	14.66	14.39	14.86
<b>Asset Quality ( Quality of Loan Portfolio)</b>				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	3.57	3.31	4.23	3.68
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	2.00	1.85	2.15	1.82
<b>Profitability</b>				
Interest Margin, %	2.46	3.24	2.94	3.84
Return on Assets (Before Tax ), %	0.19	1.09	0.30	1.30
Return on Equity (After Tax) , %	2.81	13.89	3.29	12.76
<b>Leverage Ratio (Min. requirement - 3%)</b>	3.73	3.98	4.67	4.98
<b>Regulatory Liquidity</b>				
<b>Statutory Liquid Assets</b>				
Domestic Banking unit Rs.000	462,476,663	446,351,080		
Off-Shore Banking Unit USD.000	1,313,506	504,026		
<b>Statutory Liquid Assets Ratio (%) (Min. requirement - 20%)</b>				
Domestic Banking unit (%)	28.70	29.54		
Off-Shore Banking Unit (%)	72.47	34.61		
<b>Total Stock of High Quality Liquid Assets [Rs.000]</b>	347,819,949	409,287,666		
<b>Liquidity Coverage Ratio (%) (Min. requirement - 90%)</b>				
Liquidity Coverage Ratio - Rupee	148.74	160.80		
Liquidity Coverage Ratio - All Currency	113.50	132.10		
<b>Net Stable Funding Ratio (Min. requirement - 90%)</b>	130.87	136.63		

## EXPLANATORY NOTES

1. These Interim Financial Statements for the period ended June 30, 2020, includes "The Bank" referring to People's Bank, as the Parent entity and "The group" referring to the consolidation of the Bank and its subsidiaries, People's Leasing & Finance PLC and People's Travels (Private) Limited, along with the Group's interest in its associate company, People's Merchant Finance PLC with effective ownership of 75.0%, 99.0%, and 24.96% respectively
2. These Interim Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards and should be read in conjunction with the Annual Financial Statements for the year ended December 31, 2019
3. There have been no changes in the accounting policies and methods of computation since the publication of its Annual Financial Statements for the year 2019.
4. During the period, there have been no material changes in the composition of its assets, liabilities including contingent liabilities.
5. All known expenses have been charged to these financial statements.

### 6. COVID-19 impact

The COVID19 pandemic - also considered the largest economic stress event since the great depression in the 1930's - has caused a "yet to be fully quantified" economic set back both locally and globally. With most industries and sub sectors impacted, the consequences arising there from are likely to be felt going forward over the foreseeable future

As a State Bank, People's Bank remains fully committed to supporting the many Government initiatives to preserve and protect the economy from further consequence and its ultimate revival. In conducting its business, the Bank has diligently followed the guidelines and directions issued by the Central Bank of Sri Lanka in order to aid individuals and businesses during these times of an unprecedented nature. In this context, it must be pointed out that, in these Financial Statements, the Bank has:

- a. Provided Rs. 5.7 Billion as an initial provisional impact (being the "day one" impact) arising from the deferment of recovery of loans in accordance with the moratorium introduced by the Central Bank of Sri Lanka
- b. Made provisions for impairment based on available information on a reasonable and supportable basis. While it is yet difficult to fully gauge the ultimate impact as COVID-19 is yet evolving, the Bank has made provisions to ensure that the impact to its loan book is adequately reflected based on available information. It has used Probabilities of Default (PDs) at June 30, 2020 and taken additional provisions for customers who have shown signs of stress and increased credit risk. The Bank will continue to assess the financial implications arising from COVID - 19 as and when further information become available and incorporate the required adjustments in its financial statements

### 7. Amendments to the Income Tax Law Announced by the Government

As per notice dated April 8, 2020 [PN/IT/2020-03 (Revised)] as issued by the Inland Revenue Department on "Implementation of Proposed Changes to the Inland Revenue Act No. 24 of 2017" the Corporate income tax rate was revised to 24.0% from 28.0% with effective from January 1, 2020. However, in view of the fact that this is yet pending formal amendment at the reporting date, this has not been considered in computing the income tax liabilities of the Bank in the financial statements for the period ended June 30, 2020

### 8. Debt repayment levy (DRL) on financial services

As per the notice published by the department of Inland Revenue dated January 20, 2020 the Debt Repayment Levy (DRL) was abolished with effect from January 1, 2020. In view of the fact that an economic outflow arising here from is deemed improbable, DRL has not been charged in the financial statements for the period ended June 30, 2020

9. Other than those above given, or already considered in these Financial Statements, no circumstances have arisen since June 30, 2020 which would require adjustments to, or disclosure in these interim financial statements

### CERTIFICATION

I certify that the above Financial Statements give a true and fair view of the state of affairs of the Bank and its Subsidiaries as at June 30, 2020 and the profit for the period then ended.

(Sgd.)  
Azzam A. Ahamat  
Head of Finance

We the undersigned being the Chairman, Chief Executive Officer/General Manager of the Bank jointly certify that;

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka; and
- (b) the information contained in these statements have been extracted from the Unaudited financial statements of the Bank and the Group unless indicated as Audited.

(Sgd.)  
Sujeewa Rajapakse  
Chairman

28.08.2020  
Colombo.

(Sgd.)  
Ranjith Kodituwakku  
Chief Executive Officer/General Manager