



**PEOPLE'S  
BANK**

# FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE

**2021**

**FITCH RATING AA- (LKA)**

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30TH JUNE**

	BANK			GROUP		
	2021 (Rs. '000) (Audited)	2020* (Rs. '000) (Unaudited)	Change %	2021 (Rs. '000) (Unaudited)	2020* (Rs. '000) (Unaudited)	Change %
<b>Gross Income</b>	<b>100,281,813</b>	<b>91,460,431</b>	9.6	<b>115,751,753</b>	<b>109,045,551</b>	6.1
Interest income	94,876,305	86,567,821	9.6	107,584,839	101,171,755	6.3
Interest expenses	(55,272,797)	(60,687,270)	(8.9)	(60,778,695)	(68,086,255)	(10.7)
<b>Net Interest Income</b>	<b>39,603,508</b>	<b>25,880,551</b>	53.0	<b>46,806,144</b>	<b>33,085,500</b>	41.5
Fee and commission income	4,003,443	2,821,878	41.9	4,599,662	3,266,061	40.8
Fee and commission expenses	(261,079)	(234,011)	11.6	(261,079)	(234,011)	11.6
<b>Net Fee and Commission Income</b>	<b>3,742,364</b>	<b>2,587,867</b>	44.6	<b>4,338,583</b>	<b>3,032,050</b>	43.1
Net gain from trading	959,618	1,680,436	(42.9)	1,046,150	1,732,239	(39.6)
Other operating income (net)	442,447	390,296	13.4	2,521,102	2,875,496	(12.3)
<b>Total Operating Income</b>	<b>44,747,937</b>	<b>30,539,150</b>	46.5	<b>54,711,979</b>	<b>40,725,285</b>	34.3
Impairment Charge	(7,817,834)	(9,447,203)	(17.2)	(7,500,654)	(13,806,111)	(45.7)
Loans & advances to Customers	(7,745,885)	(10,025,063)		(7,105,111)	(13,982,847)	
Other Financial Assets	(71,949)	577,860		(71,949)	577,860	
Others	-	-		(323,594)	(401,124)	
<b>Net Operating Income</b>	<b>36,930,103</b>	<b>21,091,947</b>	75.1	<b>47,211,325</b>	<b>26,919,174</b>	75.4
Personnel Expenses	(11,988,175)	(9,525,322)	25.9	(14,617,595)	(11,556,525)	26.5
Depreciation and Amortisation	(2,166,821)	(2,028,238)	6.8	(2,516,998)	(2,704,627)	(6.9)
Other Expenses	(5,937,976)	(6,211,983)	(4.4)	(7,960,631)	(7,651,187)	4.0
<b>Operating Profit Before Value Added Tax (VAT) on Financial Services</b>	<b>16,837,131</b>	<b>3,326,404</b>	406.2	<b>22,116,101</b>	<b>5,006,835</b>	341.7
Value Added Tax (VAT) on Financial Services	(3,607,315)	(1,472,032)	145.1	(4,441,278)	(1,804,238)	146.2
<b>Operating Profit After Value Added Tax (VAT) on Financial Services</b>	<b>13,229,816</b>	<b>1,854,372</b>	613.4	<b>17,674,823</b>	<b>3,202,597</b>	451.9
Share of Profits/(Loss) of Associates (Net of Tax)	-	-	-	10,893	(12,472)	(187.3)
<b>Profit Before Tax</b>	<b>13,229,816</b>	<b>1,854,372</b>	613.4	<b>17,685,716</b>	<b>3,190,125</b>	454.4
Income Tax Expenses	(2,657,045)	(523,678)	407.4	(3,934,583)	(1,047,517)	275.6
<b>Profit for the period</b>	<b>10,572,771</b>	<b>1,330,694</b>	694.5	<b>13,751,133</b>	<b>2,142,608</b>	541.8
<b>Profit Attributable to :</b>						
Equity Holders of the Bank	10,572,771	1,330,694	694.5	12,818,411	1,818,844	604.8
Non-Controlling Interests	-	-		932,722	323,764	188.1
	<b>10,572,771</b>	<b>1,330,694</b>	694.5	<b>13,751,133</b>	<b>2,142,608</b>	541.8
<b>Earnings Per Share on Profit</b>						
Basic Earnings per Ordinary Share [Rs.]	10,573	1,331	694.5	12,818	1,819	604.8
Diluted Earnings per Ordinary Share [Rs.]	43	5	694.5	53	7	604.8

\* Certain comparative figures have been reclassified to conform to the current period presentation

<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>FOR THE PERIOD ENDED 30TH JUNE</b>				
	<b>BANK</b>		<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>10,572,771</b>	<b>1,330,694</b>	<b>13,751,133</b>	<b>2,142,608</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	(29,344)	(288,861)	339	(207,702)
Net Actuarial Gains/(Losses) on Defined Benefit Plans	-	-	107,453	1,138
Deferred Tax Effect on above (including change in income tax rate)	245,293	-	215,332	-
<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	369	15,118	(8,940)	10,849
Deferred tax effect on above	-	-	-	(4,762)
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	218,699	63,214
<b>Other Comprehensive Income for the period, Net of Taxes</b>	<b>216,318</b>	<b>(273,743)</b>	<b>532,883</b>	<b>(137,263)</b>
<b>Total Comprehensive Income for the period</b>	<b>10,789,089</b>	<b>1,056,951</b>	<b>14,284,016</b>	<b>2,005,345</b>
<b>Attributable to :</b>				
Equity Holders of the Bank	10,789,089	1,056,951	13,292,674	1,685,999
Non-Controlling Interests	-	-	991,342	319,346
	<b>10,789,089</b>	<b>1,056,951</b>	<b>14,284,016</b>	<b>2,005,345</b>

## STATEMENT OF FINANCIAL POSITION

### AS AT

	BANK			GROUP		
	30.06.2021 (Rs. '000) (Unaudited)	31.12.2020 (Rs. '000) (Audited)	Change %	30.06.2021 (Rs. '000) (Unaudited)	31.12.2020* (Rs. '000) (Audited)	Change %
<b>Assets</b>						
Cash and Cash Equivalents	78,592,999	71,461,242	10.0	80,306,947	72,899,208	10.2
Balances with Central Bank of Sri Lanka	17,265,021	14,196,565	21.6	17,265,021	14,196,565	21.6
Placements with Banks	3,352,277	10,304,422	(67.5)	6,028,620	13,910,824	(56.7)
Derivative Financial Instruments	404,138	97,645	313.9	404,138	97,645	313.9
Financial Assets - At Fair Value through Profit or Loss	30,196,518	46,425,027	(35.0)	34,158,988	52,728,589	(35.2)
Financial Assets - At Amortised Cost						
Loans and advances to Banks	10,311,582	23,610,101	(56.3)	10,311,582	23,622,700	(56.3)
Loans and advances to Other Customers	1,802,883,078	1,635,579,343	10.2	1,947,901,425	1,776,231,315	9.7
Debt instruments measured at amortised cost	435,249,766	357,107,701	21.9	443,609,170	365,900,452	21.2
Financial Assets - At Fair Value through other Comprehensive income [OCI]						
Equity instruments at fair value through OCI	1,908,105	1,937,778	(1.5)	2,202,460	1,778,585	23.8
Debt instruments at fair value through OCI	9,060,150	2,632,231	244.2	10,413,208	2,899,609	259.1
Investments in Subsidiaries	1,937,881	1,937,881	-	-	-	-
Investments in Associates	-	-	-	-	531,963	(100.0)
Investment Properties	1,260,486	1,261,338	(0.1)	1,256,647	1,257,499	(0.1)
Property, Plant, Equipment and Right of use assets	37,293,096	38,405,839	(2.9)	47,061,826	48,101,865	(2.2)
Intangible Assets and Goodwill	712,547	702,181	1.5	945,056	1,007,730	(6.2)
Net Deferred Tax Assets	1,541,307	695,424	121.6	1,545,284	699,401	120.9
Other Assets	30,701,629	23,763,947	29.2	32,719,978	25,402,844	28.8
<b>Total Assets</b>	<b>2,462,670,580</b>	<b>2,230,118,665</b>	<b>10.4</b>	<b>2,636,130,350</b>	<b>2,401,266,794</b>	<b>9.8</b>
<b>Liabilities</b>						
Due to Banks	150,597,758	164,489,623	(8.4)	158,453,615	172,439,795	(8.1)
Derivative Financial Instruments	474,071	976,486	(51.5)	474,071	976,486	(51.5)
Due to Other Customers	2,069,115,469	1,835,099,456	12.8	2,168,409,678	1,935,194,040	12.1
Other Borrowings	35,261,494	36,362,434	(3.0)	35,061,446	36,362,434	(3.6)
Current Tax Liabilities	6,836,365	6,608,202	3.5	7,857,100	7,538,938	4.2
Net Deferred Tax Liabilities	-	-	-	1,772,611	1,504,843	17.8
Other Liabilities	39,520,310	41,041,170	(3.7)	49,844,414	51,271,458	(2.8)
Subordinated Term Debts	48,702,271	43,557,696	11.8	61,622,479	56,868,035	8.4
<b>Total Liabilities</b>	<b>2,350,507,738</b>	<b>2,128,135,067</b>	<b>10.4</b>	<b>2,483,495,414</b>	<b>2,262,156,029</b>	<b>9.8</b>
<b>Equity</b>						
Stated Capital/Assigned Capital	12,201,998	12,201,998	-	12,201,998	12,201,998	-
Statutory Reserve Fund	8,024,521	8,024,521	-	8,024,521	8,024,521	-
Other Reserves	32,830,262	32,859,237	(0.1)	35,094,513	34,923,662	0.5
Retained Earnings	59,106,061	48,897,842	20.9	84,780,654	72,268,676	17.3
<b>Total Shareholders' Equity</b>	<b>112,162,842</b>	<b>101,983,598</b>	<b>10.0</b>	<b>140,101,686</b>	<b>127,418,857</b>	<b>10.0</b>
Non-Controlling Interests	-	-	-	12,533,250	11,691,908	7.2
<b>Total Equity</b>	<b>112,162,842</b>	<b>101,983,598</b>	<b>10.0</b>	<b>152,634,936</b>	<b>139,110,765</b>	<b>9.7</b>
<b>Total Equity and Liabilities</b>	<b>2,462,670,580</b>	<b>2,230,118,665</b>	<b>10.4</b>	<b>2,636,130,350</b>	<b>2,401,266,794</b>	<b>9.8</b>
<b>Contingent Liabilities and Commitments</b>	<b>449,434,751</b>	<b>489,938,862</b>	<b>(8.3)</b>	<b>462,729,751</b>	<b>497,689,847</b>	<b>(7.0)</b>
Number of Employees	7,620	7,692		10,949	11,051	
Number of Branches	741	741		857	848	

\* Certain comparative figures have been reclassified to conform to the current period presentation

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30TH JUNE**

**BANK**

	Stated capital/Assigned capital		Reserves				Total	
	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)	(Rs.'000)
<b>Balance as at 1st January 2020</b>	49,998	12,152,000	7,315,774	14,051,911	12,700,465	616,166	48,078,126	94,964,440
<b>Total Comprehensive Income for the year</b>								
Profit for the year	-	-	-	-	-	-	14,174,943	14,174,943
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	4,697,022	-	(80,191)	(8,748,946)	(4,132,115)
<b>Total Comprehensive Income/(Expense)</b>	-	-	-	4,697,022	-	(80,191)	5,425,997	10,042,828
<b>Transactions with equity holders, recognised directly in equity</b>								
Transfer to Reserve during the period	-	-	708,747	-	873,864	-	(1,582,611)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(3,023,670)	(3,023,670)
<b>Total Transactions with Equity Holders</b>	-	-	708,747	-	873,864	-	(4,606,281)	(3,023,670)
<b>Balance as at 31st December 2020</b>	49,998	12,152,000	8,024,521	18,748,933	13,574,329	535,975	48,897,842	101,983,598
<b>Balance as at 1st January 2021</b>	49,998	12,152,000	8,024,521	18,748,933	13,574,329	535,975	48,897,842	101,983,598
<b>Total Comprehensive Income for the period</b>								
Profit for the period	-	-	-	-	-	-	10,572,771	10,572,771
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	-	-	(28,975)	245,293	216,318
<b>Total Comprehensive Income/(Expense)</b>	-	-	-	-	-	(28,975)	10,818,064	10,789,089
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>								
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(609,845)	(609,845)
<b>Total Transactions with Equity Holders</b>	-	-	-	-	-	-	(609,845)	(609,845)
<b>Balance as at 30th June 2021</b>	49,998	12,152,000	8,024,521	18,748,933	13,574,329	507,000	59,106,061	112,162,842

## STATEMENT OF CHANGES IN EQUITY

### GROUP

	Stated capital/ Assigned capital		Reserves				Retained earnings (Rs.'000)	Total (Rs.'000)	Non controlling interest (Rs.'000)	Total equity (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)				
<b>Balance as at 1st January 2020</b>	49,998	12,152,000	7,315,774	15,863,971	12,934,746	498,755	70,339,829	119,155,073	10,860,660	130,015,733
<b>Total Comprehensive Income for the year</b>										
Profit for the year	-	-	-	-	-	-	15,229,858	15,229,858	860,628	16,090,486
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	4,724,022	34,251	(5,947)	(8,694,730)	(3,942,404)	25,620	(3,916,784)
<b>Total Comprehensive Income/(Expense)</b>	-	-	-	4,724,022	34,251	(5,947)	6,535,128	11,287,454	886,248	12,173,702
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>										
Transfer to Reserve during the year	-	-	708,747	-	873,864	-	(1,582,611)	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(3,023,670)	(3,023,670)	-	(3,023,670)
Dividends Paid	-	-	-	-	-	-	-	-	(55,000)	(55,000)
<b>Total Transactions with Equity Holders</b>	-	-	708,747	-	873,864	-	(4,606,281)	(3,023,670)	(55,000)	(3,078,670)
<b>Balance as at 31st December 2020</b>	49,998	12,152,000	8,024,521	20,587,993	13,842,861	492,808	72,268,676	127,418,857	11,691,908	139,110,765
<b>Balance as at 1st January 2021</b>	49,998	12,152,000	8,024,521	20,587,993	13,842,861	492,808	72,268,676	127,418,857	11,691,908	139,110,765
<b>Total Comprehensive Income for the period</b>										
Profit for the period	-	-	-	-	-	-	12,818,411	12,818,411	932,722	13,751,133
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	-	164,024	6,827	303,412	474,263	58,620	532,883
<b>Total Comprehensive Income/(Expense)</b>	-	-	-	-	164,024	6,827	13,121,823	13,292,674	991,342	14,284,016
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>										
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(609,845)	(609,845)	-	(609,845)
Dividends Paid	-	-	-	-	-	-	-	-	(150,000)	(150,000)
<b>Total Transactions with Equity Holders</b>	-	-	-	-	-	-	(609,845)	(609,845)	(150,000)	(759,845)
<b>Balance as at 30th June 2021</b>	49,998	12,152,000	8,024,521	20,587,993	14,006,885	499,635	84,780,654	140,101,686	12,533,250	152,634,936

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 30TH JUNE**

	BANK		GROUP	
	2021 (Rs. '000) (Unaudited)	2020 (Rs. '000) (Unaudited)	2021 (Rs. '000) (Unaudited)	2020 (Rs. '000) (Unaudited)
<b>Cash flows from operating activities</b>				
Profit before tax	13,229,816	1,854,372	17,685,716	3,190,125
Adjustment for				
Non-cash items included in profits before tax	10,402,433	9,653,615	10,647,700	14,944,822
Changes in operating assets	(155,125,070)	(106,122,577)	(157,364,955)	(111,092,543)
Changes in operating liabilities	216,800,511	107,162,094	216,242,486	106,243,466
Dividend income from subsidiaries and others	(21,239)	(442)	(26,428)	(16,706)
Interest expense on subordinated debt	2,463,325	1,415,270	3,274,071	2,456,670
Contribution paid to defined benefit plans/Gratuity	1,644,500	1,252,045	1,644,500	1,252,045
Changes in tax liabilities	(3,029,472)	(2,678,807)	(3,979,204)	(3,689,928)
<b>Net Cash Generated from Operating Activities</b>	<b>86,364,804</b>	<b>12,535,570</b>	<b>88,123,886</b>	<b>13,287,951</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(922,776)	(385,499)	(1,271,475)	(1,260,435)
Proceeds from the sale of property, plant and equipment	1,034	4,812	1,181	4,884
Purchase of financial investments	(79,028,887)	8,803,309	(78,595,540)	10,488,911
Net purchase of intangible assets	(127,120)	(7,943)	(128,262)	(19,354)
Dividends received from investment in subsidiaries and Others	21,239	442	26,428	16,706
<b>Net Cash (used in) from Investing Activities</b>	<b>(80,056,510)</b>	<b>8,415,121</b>	<b>(79,967,668)</b>	<b>9,230,712</b>
<b>Cash Flows from Financing Activities</b>				
Proceed received from subordinated debt	3,500,000	-	3,500,000	421,628
Interest paid on subordinated debt	(818,750)	(818,750)	(2,019,627)	(2,456,670)
Repayment of Lease Liabilities	(1,247,942)	(1,198,184)	(1,469,007)	(1,571,623)
Dividend paid to non-controlling interest	-	-	(150,000)	(55,000)
Dividend/Levy paid to holders of other equity instruments	(609,845)	(1,609,845)	(609,845)	(1,609,845)
<b>Net Cash from Financial Activities</b>	<b>823,463</b>	<b>(3,626,779)</b>	<b>(748,479)</b>	<b>(5,271,510)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>7,131,757</b>	<b>17,323,912</b>	<b>7,407,739</b>	<b>17,247,153</b>
Cash and cash equivalents at the beginning of the period	71,461,242	50,703,158	72,899,208	51,594,638
<b>Cash and cash equivalents at the end of the period</b>	<b>78,592,999</b>	<b>68,027,070</b>	<b>80,306,947</b>	<b>68,841,791</b>

## ANALYSIS OF LOANS & ADVANCES TO OTHER CUSTOMERS

	BANK		GROUP	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Loans and advances to Other Customers</b>				
Gross Loans and advances	1,898,729,444	1,723,465,943	2,055,201,661	1,876,212,559
<b>Less :</b>				
Allowance for Expected Credit Losses	(95,846,366)	(87,886,600)	(107,300,236)	(99,981,244)
Stage 1	(7,156,749)	(6,419,888)	(8,639,672)	(7,309,834)
Stage 2	(7,727,723)	(3,533,121)	(9,321,717)	(5,250,002)
Stage 3	(80,961,894)	(77,933,591)	(89,338,847)	(87,421,408)
<b>Net Loans and advances</b>	<b>1,802,883,078</b>	<b>1,635,579,343</b>	<b>1,947,901,425</b>	<b>1,776,231,315</b>
<b>Product-wise Gross loans &amp; advances</b>				
<b>By product – Domestic currency</b>				
Overdrafts	358,676,893	255,582,926	358,390,096	255,251,696
Term loans	855,556,884	798,475,437	921,247,996	856,494,308
Lease rentals receivable	-	-	76,217,217	81,891,112
Credit cards	3,303,388	3,067,432	3,303,388	3,067,432
Pawning	181,733,657	174,814,192	181,733,657	174,814,192
Trade Finance	52,106,681	36,650,482	52,106,681	36,650,482
Others	26,239,971	25,342,192	36,529,049	34,893,620
<b>Sub Total</b>	<b>1,477,617,474</b>	<b>1,293,932,661</b>	<b>1,629,528,084</b>	<b>1,443,062,842</b>
<b>By product – Foreign currency</b>				
Overdrafts	3,108,077	2,698,968	3,108,077	2,698,968
Term loans	181,255,947	212,589,823	185,817,554	216,206,258
Trade Finance	236,747,946	214,244,491	236,747,946	214,244,491
<b>Sub Total</b>	<b>421,111,970</b>	<b>429,533,282</b>	<b>425,673,577</b>	<b>433,149,717</b>
<b>Grand Total</b>	<b>1,898,729,444</b>	<b>1,723,465,943</b>	<b>2,055,201,661</b>	<b>1,876,212,559</b>

### Movement in Allowance for Expected Credit loss during the period

BANK	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 1 st January 2021	6,419,888	3,533,121	77,933,591	87,886,600
Net Charge/(Reversal) for the period	736,861	4,194,602	2,814,422	7,745,885
Amounts written off	-	-	(83,581)	(83,581)
Exchange rate variance on foreign currency Impairment	-	-	297,462	297,462
Closing balance as at 30th June 2021	<u>7,156,749</u>	<u>7,727,723</u>	<u>80,961,894</u>	<u>95,846,366</u>

BANK	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 1 st January 2020	5,036,021	1,442,409	69,851,947	76,330,377
Net Charge/(Reversal) for the year	1,383,867	2,090,712	8,353,847	11,828,426
Amounts written off	-	-	(412,843)	(412,843)
Exchange rate variance on foreign currency Impairment	-	-	140,640	140,640
Closing balance as at 31st December 2020	<u>6,419,888</u>	<u>3,533,121</u>	<u>77,933,591</u>	<u>87,886,600</u>

GROUP	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 1 st January 2021	7,309,834	5,250,002	87,421,408	99,981,244
Net Charge/(Reversal) for the period	1,329,838	4,071,715	1,703,558	7,105,111
Amounts written off	-	-	(83,581)	(83,581)
Exchange rate variance on foreign currency Impairment	-	-	297,462	297,462
Closing balance as at 30th June 2021	<u>8,639,672</u>	<u>9,321,717</u>	<u>89,338,847</u>	<u>107,300,236</u>

GROUP	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 1 st January 2020	5,693,729	2,178,583	75,356,837	83,229,149
Net Charge/(Reversal) for the year	1,616,105	3,071,419	12,336,774	17,024,298
Amounts written off	-	-	(412,843)	(412,843)
Exchange rate variance on foreign currency Impairment	-	-	140,640	140,640
Closing balance as at 31st December 2020	<u>7,309,834</u>	<u>5,250,002</u>	<u>87,421,408</u>	<u>99,981,244</u>



## ANALYSIS OF DEPOSITS

	BANK		GROUP	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>By product – Domestic currency</b>				
Demand deposits (current accounts)	70,952,884	73,516,730	70,227,517	72,417,368
Savings deposits	747,394,237	652,478,461	755,291,094	659,615,718
Fixed deposits	1,014,789,962	908,538,457	1,104,265,242	999,944,241
Others	3,983,339	3,341,966	6,630,778	5,992,871
<b>Sub total</b>	<b>1,837,120,422</b>	<b>1,637,875,614</b>	<b>1,936,414,631</b>	<b>1,737,970,198</b>
<b>By product – Foreign currency</b>				
Demand deposits (current accounts)	1,004,445	1,618,808	1,004,445	1,618,808
Savings deposits	26,329,570	23,516,130	26,329,570	23,516,130
Fixed deposits	204,602,333	172,071,874	204,602,333	172,071,874
Others	58,699	17,030	58,699	17,030
<b>Sub total</b>	<b>231,995,047</b>	<b>197,223,842</b>	<b>231,995,047</b>	<b>197,223,842</b>
<b>Grand Total</b>	<b>2,069,115,469</b>	<b>1,835,099,456</b>	<b>2,168,409,678</b>	<b>1,935,194,040</b>

## ANALYSIS OF CONTINGENT LIABILITIES AND COMMITMENTS

	BANK		GROUP	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>By product</b>				
Acceptances	108,033,174	53,034,225	108,033,174	53,034,225
Documentary Credit	63,206,723	74,557,296	63,206,723	74,557,296
Guarantees	78,662,947	74,750,532	79,406,947	75,581,653
Forward Exchange Contracts	79,346,917	112,418,576	79,346,917	112,418,576
Non disbursed overdrafts & loans	120,834,447	175,725,812	133,385,447	182,645,676
Gross Contingent Liabilities and Commitments	<b>450,084,208</b>	<b>490,486,441</b>	<b>463,379,208</b>	<b>498,237,426</b>
<b>Less :</b>				
Allowance for Expected Credit Loss	(649,457)	(547,579)	(649,457)	(547,579)
Net Contingent Liabilities and Commitments	<b>449,434,751</b>	<b>489,938,862</b>	<b>462,729,751</b>	<b>497,689,847</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### BANK AS AT 30TH JUNE 2021

	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	-	-	78,592,999	78,592,999
Balances with Central Banks	-	-	17,265,021	17,265,021
Placements with Banks	-	-	3,352,277	3,352,277
Derivative Financial Instruments	404,138	-	-	404,138
Financial Assets - At Fair Value through Profit or Loss	30,196,518	-	-	30,196,518
Loans and advances to banks	-	-	-	10,311,582
Loans and advances to other customers	-	-	10,311,582	1,802,883,078
Debt instruments measured at amortised cost	-	-	1,802,883,078	435,249,766
Equity instruments at fair value through OCI	-	1,908,105	435,249,766	1,908,105
Debt instruments at fair value through OCI	-	9,060,150	-	9,060,150
<b>Total financial assets</b>	<b>30,600,656</b>	<b>10,968,255</b>	<b>2,347,654,723</b>	<b>2,389,223,634</b>
<b>LIABILITIES</b>				
Due to banks	-	-	150,597,758	150,597,758
Derivative Financial Instruments	474,071	-	-	474,071
Due to other customers	-	-	2,069,115,469	2,069,115,469
Other Borrowings	-	-	35,261,494	35,261,494
Subordinated term debts	-	-	48,702,271	48,702,271
<b>Total financial liabilities</b>	<b>474,071</b>	<b>-</b>	<b>2,303,676,992</b>	<b>2,304,151,063</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### BANK AS AT 31ST DECEMBER 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	-	-	71,461,242	71,461,242
Balances with Central Banks	-	-	14,196,565	14,196,565
Placements with Banks	-	-	10,304,422	10,304,422
Derivative Financial Instruments	97,645	-	-	97,645
Financial Assets - At Fair Value through Profit or Loss	46,425,027	-	-	46,425,027
Loans and advances to banks	-	-	23,610,101	23,610,101
Loans and advances to other customers	-	-	1,635,579,343	1,635,579,343
Debt instruments measured at amortised cost	-	-	357,107,701	357,107,701
Equity instruments at fair value through OCI	-	1,937,778	-	1,937,778
Debt instruments at fair value through OCI	-	2,632,231	-	2,632,231
<b>Total financial assets</b>	<b>46,522,672</b>	<b>4,570,009</b>	<b>2,112,259,374</b>	<b>2,163,352,055</b>
<b>LIABILITIES</b>				
Due to banks	-	-	164,489,623	164,489,623
Derivative Financial Instruments	976,486	-	-	976,486
Due to other customers	-	-	1,835,099,456	1,835,099,456
Other Borrowings	-	-	36,362,434	36,362,434
Subordinated term debts	-	-	43,557,696	43,557,696
<b>Total financial liabilities</b>	<b>976,486</b>	<b>-</b>	<b>2,079,509,209</b>	<b>2,080,485,695</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### GROUP AS AT 30TH JUNE 2021

	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	-	-	80,306,947	80,306,947
Balances with Central Banks	-	-	17,265,021	17,265,021
Placements with Banks	404,138	-	6,028,620	6,028,620
Derivative Financial Instruments	34,158,988	-	-	404,138
Financial Assets - At Fair Value through Profit or Loss	-	-	-	34,158,988
Loans and advances to banks	-	-	10,311,582	10,311,582
Loans and advances to other customers	-	-	1,947,901,425	1,947,901,425
Debt instruments measured at amortised cost	-	-	443,609,170	443,609,170
Equity instruments at fair value through OCI	-	2,202,460	-	2,202,460
Debt instruments at fair value through OCI	-	10,413,208	-	10,413,208
<b>Total financial assets</b>	<b>34,563,126</b>	<b>12,615,668</b>	<b>2,505,422,765</b>	<b>2,552,601,559</b>
<b>LIABILITIES</b>				
Due to banks	-	-	158,453,615	158,453,615
Derivative Financial Instruments	474,071	-	-	474,071
Due to other customers	-	-	2,168,409,678	2,168,409,678
Other Borrowings	-	-	35,061,446	35,061,446
Subordinated term debts	-	-	61,622,479	61,622,479
<b>Total financial liabilities</b>	<b>474,071</b>	<b>-</b>	<b>2,423,547,218</b>	<b>2,424,021,289</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### GROUP AS AT 31ST DECEMBER 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	-	-	72,899,208	72,899,208
Balances with Central Banks	-	-	14,196,565	14,196,565
Placements with Banks	-	-	13,910,824	13,910,824
Derivative Financial Instruments	97,645	-	-	97,645
Financial Assets - At Fair Value through Profit or Loss	52,728,589	-	-	52,728,589
Loans and advances to banks	-	-	23,622,700	23,622,700
Loans and advances to other customers	-	-	1,776,231,315	1,776,231,315
Debt instruments measured at amortised cost	-	-	365,900,452	365,900,452
Equity instruments at fair value through OCI	-	1,778,585	-	1,778,585
Debt instruments at fair value through OCI	-	2,899,609	-	2,899,609
<b>Total financial assets</b>	<b>52,826,234</b>	<b>4,678,194</b>	<b>2,266,761,064</b>	<b>2,324,265,492</b>
<b>LIABILITIES</b>				
Due to banks	-	-	172,439,795	172,439,795
Derivative Financial Instruments	976,486	-	-	976,486
Due to other customers	-	-	1,935,194,040	1,935,194,040
Other Borrowings	-	-	36,362,434	36,362,434
Subordinated term debts	-	-	56,868,035	56,868,035
<b>Total financial liabilities</b>	<b>976,486</b>	<b>-</b>	<b>2,200,864,304</b>	<b>2,201,840,790</b>

## SELECTED PERFORMANCE INDICATORS (Based on Regulatory Reporting)

	BANK		GROUP	
	As at 30.06.2021 (Unaudited)	As at 31.12.2020 (Audited)	As at 30.06.2021 (Unaudited)	As at 31.12.2020 (Audited)
<b>Regulatory Capital Adequacy</b>				
Common Equity Tier 1 Capital [Rs. 000]	89,108,467	79,604,100	119,811,532	109,596,440
Core (Tier 1) Capital [Rs. 000]	92,608,467	79,604,100	123,311,532	109,596,440
Total Capital Base [Rs. 000]	140,797,215	129,271,791	173,439,790	160,292,747
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital (%) (Min. requirement - 7.0%)	10.08	9.53	11.18	10.69
Tier 1 Capital Ratio (%) (Min. requirement - 8.5%)	10.48	9.53	11.50	10.69
Total Capital Ratio (%) (Min. requirement - 12.5%)	15.93	15.47	16.18	15.63
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	3.42	3.25	3.88	3.89
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	1.88	1.74	1.92	1.87
<b>Profitability</b>				
Interest Margin, %	3.38	2.97	3.72	3.34
Return on Assets (Before Tax), %	1.13	1.03	1.40	1.11
Return on Equity (After Tax), %	19.75	14.39	18.85	11.96
<b>Leverage Ratio</b> (Min. requirement - 3%)	3.59	3.43	4.48	4.40
<b>Regulatory Liquidity</b>				
<b>Statutory Liquid Assets</b>				
Domestic Banking unit Rs.000	566,976,950	463,930,635		
Off-Shore Banking Unit USD.000	773,473	1,165,688		
<b>Statutory Liquid Assets Ratio (%) (Min. requirement - 20%)</b>				
Domestic Banking unit (%)	27.19	25.61		
Off-Shore Banking Unit (%)	45.76	60.46		
<b>Total Stock of High Quality Liquid Assets [Rs.000]</b>	496,599,502	434,450,384		
<b>Liquidity Coverage Ratio (%) (Min. requirement - 90%)</b>				
Liquidity Coverage Ratio - Rupee	143.67	166.82		
Liquidity Coverage Ratio - All Currency	111.79	111.55		
<b>Net Stable Funding Ratio (%) (Min. requirement - 90%)</b>	137.14	135.42		

## EXPLANATORY NOTES

1. These Financial Statements for the period ended June 30, 2021, 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, with effective ownership of 75.0% and 99.0% respectively.
2. Until March 30, 2021 - People's Merchant Finance PLC was an Associate Company of the Group with 25.96% effective ownership. However, pursuant to a right issue on March 30, 2021 to which the Group did not subscribe to, its holding was subsequently diluted to 16.1%. Accordingly, at June 30, 2021 - the Group treated its investment in Peoples Merchant Finance as an Equity Instrument at Fair Value Through Other Comprehensive Income.
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 ended December 31, 2020.
4. During the period, there have been no material changes in the composition of its assets, liabilities including contingent liabilities except the issuance of LKR 3.5 Billion worth of Basel III Additional Tier 1 compliant, unlisted, rated, unsecured, subordinated, perpetual debentures on March 29, 2021. These debentures have been classified under subordinated term debt in the Statement of Financial Position. As per Central Bank of Sri Lanka, These debentures qualify to be considered under the Tier 1 Capital of the Bank.
5. The outbreak and spread of the Coronavirus ("COVID-19") pandemic - has caused a disruption to overall global and local economies effecting most industries and sub sectors. Its impact, and consequences thereby arising, are likely to be in future periods. As a State Bank, People's Bank remains fully committed to supporting the Government in their many initiatives to preserve and protect the economy from further consequence and to help in its ultimate revival. In conducting its business, the Bank has proactively adjusted to the situation and has diligently followed the guidelines and directions as issued by the Central Bank of Sri Lanka to aid individuals and businesses during these times of an unprecedented nature. In doing so, has abided by health and safety protocols for the benefit of its staff and customers. The Bank will continue to monitor the situation very closely and will take action as necessary to manage the impact of the pandemic.
6. The Bank and the Group's ECL at June 30, 2021 have been estimated using reasonable and supportable information that is available without undue cost or effort about past events, current conditions and future economic conditions. Should such circumstances change in future, based on new supportable information, then the Bank and Group shall reassess its ECL based on such additional supportable information on such future reporting periods.
7. In accordance with the guidelines as issued by CA Sri Lanka on the "Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12" dated April 23, 2021 - The Bank accounted for current tax and deferred tax as at June 30, 2021.
8. All known expenses have been charged to these financial statements.
9. Other than those above given, or already considered in these Financial Statements, no circumstances have arisen since June 30, 2021 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, 2021 and the profit for the period then ended.

(Sgd.)  
Azzam A. Ahamat  
**Head of Finance**

We the undersigned being the Chairman, Director and 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**

(Sgd.)  
Sudarshan Ahangama  
**Director**

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

30.08.2021  
Colombo.