



**PEOPLE'S
BANK**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER

2020

FITCH RATING AA+ (LKA)

INCOME STATEMENT
FOR THE PERIOD ENDED 30TH SEPTEMBER

	BANK			GROUP		
	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Audited)	Change %	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Unaudited)	Change %
Gross Income	136,997,105	147,684,017	(7.2)	162,165,554	176,314,664	(8.0)
Interest income	129,518,079	137,589,041	(5.9)	150,169,888	161,924,765	(7.3)
Interest expenses	(89,687,571)	(93,498,775)	(4.1)	(100,480,385)	(104,888,849)	(4.2)
Net Interest Income	39,830,508	44,090,266	(9.7)	49,689,503	57,035,916	(12.9)
Fee and commission income	4,611,895	5,517,488	(16.4)	5,471,539	6,455,236	(15.2)
Fee and commission expenses	(402,274)	(311,206)	29.3	(402,274)	(311,206)	29.3
Net Fee and Commission Income	4,209,621	5,206,282	(19.1)	5,069,265	6,144,030	(17.5)
Net gain / (loss) from trading	1,937,412	2,833,078	(31.6)	2,050,431	2,792,971	(26.6)
Other operating income (net)	929,719	1,744,410	(46.7)	4,473,696	5,141,692	(13.0)
Total Operating Income	46,907,260	53,874,036	(12.9)	61,282,895	71,114,609	(13.8)
Impairment Charge	(8,301,235)	(5,467,737)	51.8	(12,402,155)	(7,970,103)	55.6
Loans & advances to Customers	(8,874,332)	(4,875,351)		(12,414,526)	(6,543,855)	
Other Financial Assets	573,097	(592,386)		573,097	(592,386)	
Others	-	-		(560,726)	(833,862)	
Net Operating Income	38,606,025	48,406,299	(20.2)	48,880,740	63,144,506	(22.6)
Personnel Expenses	(14,750,083)	(15,162,877)	(2.7)	(17,724,278)	(18,491,074)	(4.1)
Depreciation and Amortisation	(3,059,562)	(1,447,999)	111.3	(3,833,697)	(1,792,659)	113.9
Other Expenses	(8,711,016)	(11,328,594)	(23.1)	(11,330,116)	(15,658,852)	(27.6)
Operating Profit Before Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL)	12,085,364	20,466,829	(41.0)	15,992,649	27,201,921	(41.2)
VAT , NBT and DRL on financial services	(3,209,620)	(6,903,464)	(53.5)	(3,881,173)	(8,816,397)	(56.0)
Operating Profit after VAT, NBT and DRL	8,875,744	13,563,365	(34.6)	12,111,476	18,385,524	(34.1)
Share of Profits/(Loss) of Associates (Net of Tax)	-	-	-	(6,894)	(8,740)	(21.1)
Profit Before Tax	8,875,744	13,563,365	(34.6)	12,104,582	18,376,784	(34.1)
Income Tax Expenses	(2,850,462)	(4,278,787)	(33.4)	(4,009,751)	(6,293,556)	(36.3)
Profit for the Period	6,025,282	9,284,578	(35.1)	8,094,831	12,083,228	(33.0)
Profit Attributable to :						
Equity Holders of the Bank	6,025,282	9,284,578	(35.1)	7,418,457	11,257,583	(34.1)
Non-Controlling Interests	-	-		676,374	825,645	(18.1)
	6,025,282	9,284,578	(35.1)	8,094,831	12,083,228	(33.0)
Earnings Per Share on Profit						
Basic Earnings per Ordinary Share [Rs.]	6,025	9,285	(35.1)	7,418	11,258	(34.1)
Diluted Earnings per Ordinary Share [Rs.]	25	38	(35.1)	30	46	(34.1)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH SEPTEMBER

	BANK		GROUP	
	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Audited)	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Unaudited)
Profit for the Period	6,025,282	9,284,578	8,094,831	12,083,228
Other comprehensive income that will not be reclassified to the income statement				
Net Gains/(Losses) on equity instruments at fair value through OCI	(137,004)	175,417	(130,152)	64,177
Net Actuarial Gains and Losses on Defined Benefit Plans	-	-	242	(20,050)
Deferred Tax Effect on Defined Benefit Plans	-	-	(73)	4,938
Deferred tax effect on land revaluation in previous years	-	-	-	(83,385)
Other comprehensive income that will be reclassified to the income statement				
Net Gains/(Losses)[including change in ECL] on debt instruments at fair value through OCI	20,206	288,926	12,754	288,926
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	70,215	(35,065)
Other Comprehensive Income for the Period, Net of Taxes	(116,798)	464,343	(47,014)	219,541
Total Comprehensive Income for the Period	5,908,484	9,748,921	8,047,817	12,302,769
Attributable to :				
Equity Holders of the Bank	5,908,484	9,748,921	7,364,099	11,530,103
Non-Controlling Interests	-	-	683,718	772,666
	5,908,484	9,748,921	8,047,817	12,302,769

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	30.09.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)	Change %	30.09.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)	Change %
Assets						
Cash and Cash Equivalents	64,498,835	50,703,158	27.2	65,479,573	51,594,638	26.9
Balances with Central Bank of Sri Lanka	13,188,370	38,858,470	(66.1)	13,188,370	38,858,470	(66.1)
Placements with Banks	-	9,689,132	(100.0)	3,363,781	13,395,360	(74.9)
Derivative Financial Instruments	410,350	90,560	353.1	410,350	90,560	353.1
Financial Assets - At Fair Value through Profit or Loss	79,701,132	79,514,568	0.2	83,315,440	80,405,966	3.6
Financial Assets - At Amortised Cost						
Loans and advances to Banks	10,244,380	29,771,919	(65.6)	10,897,689	29,771,919	(63.4)
Loans and advances to Other Customers	1,591,830,124	1,310,150,137	21.5	1,738,644,794	1,460,497,766	19.0
Debt instruments measured at amortised cost	260,221,658	280,935,892	(7.4)	269,101,793	290,739,848	(7.4)
Financial Assets - At Fair Value through other Comprehensive income [OCI]						
Equity instruments at fair value through OCI	1,860,893	1,997,896	(6.9)	1,653,143	1,772,838	(6.8)
Debt instruments at fair value through OCI	2,789,327	2,573,067	8.4	3,407,342	2,573,067	32.4
Investments in Subsidiaries	1,205,414	1,205,414	-	-	-	-
Investments in Associates	-	-	-	524,191	531,085	(1.3)
Investment Properties	1,261,763	1,263,045	(0.1)	1,257,924	1,259,206	(0.1)
Property, Plant, Equipment and Right of use assets	32,063,149	34,310,028	(6.5)	41,697,332	43,744,442	(4.7)
Intangible Assets and Goodwill	596,894	700,875	(14.8)	926,476	1,090,714	(15.1)
Other Assets	35,533,658	31,642,057	12.3	37,135,501	33,448,808	11.0
Total Assets	2,095,405,947	1,873,406,218	11.9	2,271,003,699	2,049,774,687	10.8
Liabilities						
Due to Banks	178,978,742	207,484,446	(13.7)	187,099,969	219,434,075	(14.7)
Derivative Financial Instruments	78,158	59,748	30.8	78,158	59,748	30.8
Due to Other Customers	1,706,526,596	1,491,385,937	14.4	1,807,418,898	1,588,903,098	13.8
Other Borrowings	29,166,901	17,324,960	68.4	27,966,901	16,289,502	71.7
Current Tax Liabilities	3,265,397	3,775,283	(13.5)	3,558,831	6,127,935	(41.9)
Net Deferred Tax Liabilities	886,476	1,071,797	(17.3)	3,256,898	2,821,420	15.4
Other Liabilities	33,220,854	34,625,117	(4.1)	43,062,968	45,610,085	(5.6)
Subordinated Term Debts	44,378,646	22,714,490	95.4	62,521,273	40,513,091	54.3
Total Liabilities	1,996,501,770	1,778,441,778	12.3	2,134,963,896	1,919,758,954	11.2
Equity						
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	27,251,744	27,368,542	(0.4)	29,243,175	29,297,472	(0.2)
Retained Earnings	52,134,661	48,078,126	8.4	75,789,478	70,339,829	7.7
Total Shareholders' Equity	98,904,177	94,964,440	4.1	124,550,425	119,155,073	4.5
Non-Controlling Interests	-	-	-	11,489,378	10,860,660	5.8
Total Equity	98,904,177	94,964,440	4.1	136,039,803	130,015,733	4.6
Total Equity and Liabilities	2,095,405,947	1,873,406,218	11.9	2,271,003,699	2,049,774,687	10.8
Contingent Liabilities and Commitments	401,559,614	363,925,754	10.3	409,303,661	370,985,611	10.3
Number of Employees	7,718	7,836		11,146	11,237	
Number of Branches	741	739		848	845	

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

BANK

	Stated capital/Assigned capital		Reserves				Retained Earnings (Rs.'000)	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)		
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 period	-	-	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 period								
Profit for the period	-	-	-	-	-	-	6,025,282	6,025,282
Other comprehensive income/(Expense) [Net of Taxes]	-	-	-	-	-	(116,798)	-	(116,798)
Total Comprehensive Income/(Expense)	-	-	-	-	-	(116,798)	6,025,282	5,908,484
Transactions with Equity Holders, Recognised Directly in Equity								
Transfer to Reserve during the period	-	-	-	-	-	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(1,968,747)	(1,968,747)
Total Transactions with Equity Holders	-	-	-	-	-	-	(1,968,747)	(1,968,747)
Balance as at 30th September 2020	49,998	12,152,000	7,315,774	14,051,911	12,700,465	499,368	52,134,661	98,904,177

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)				
Balance as at 1st January 2019	49,998	12,152,000	6,669,490	15,797,815	12,098,979	130,436	66,494,500	113,393,218	10,120,232	123,513,450
Total Comprehensive Income for the year										
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)
Total Comprehensive Income/(Expense)	-	-	-	66,156	(38,097)	368,319	7,736,121	8,132,499	1,187,037	9,319,536
Transactions with Equity Holders, Recognised Directly in Equity										
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)
Total Transactions with Equity Holders	-	-	646,284	-	873,864	-	(3,890,792)	(2,370,644)	(446,609)	(2,817,253)
Balance as at 31st December 2019	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
Balance as at 1st January 2020	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
Total Comprehensive Income for the period										
Profit for the period	-	-	-	-	-	-	7,418,457	7,418,457	676,374	8,094,831
Other comprehensive income/(Expense) [Net of Taxes]	-	-	-	-	52,661	(106,958)	(61)	(54,358)	7,344	(47,014)
Total Comprehensive Income/(Expense)	-	-	-	-	52,661	(106,958)	7,418,396	7,364,099	683,718	8,047,817
Transactions with Equity Holders, Recognised Directly in Equity										
Transfer to Reserve during the period	-	-	-	-	-	-	-	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(1,968,747)	(1,968,747)	-	(1,968,747)
Dividends Paid	-	-	-	-	-	-	-	-	(55,000)	(55,000)
Total Transactions with Equity Holders	-	-	-	-	-	-	(1,968,747)	(1,968,747)	(55,000)	(2,023,747)
Balance as at 30th September 2020	49,998	12,152,000	7,315,774	15,863,971	12,987,407	391,797	75,789,478	124,550,425	11,489,378	136,039,803

CASH FLOW STATEMENT				
FOR THE PERIOD ENDED 30TH SEPTEMBER				
	BANK		GROUP	
	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Unaudited)	2020 (Rs. '000) (Unaudited)	2019 (Rs. '000) (Unaudited)
Cash flows from operating activities				
Profit before tax	8,875,744	13,563,365	12,104,582	18,376,784
Adjustment for				
Non-cash items included in profits before tax	12,115,681	4,729,997	17,261,015	8,084,297
Changes in operating assets	(239,590,934)	(15,072,175)	(243,623,682)	(21,080,314)
Changes in operating liabilities	196,463,981	74,317,288	194,961,936	75,516,842
Dividend income from subsidiaries and others	(153,571)	(780,794)	(170,611)	(207,027)
Interest expense on subordinated debt	2,482,907	1,224,760	4,047,974	1,224,760
Contribution paid to defined benefit plans/Gratuity	1,878,070	1,103,077	1,878,070	1,103,076
Changes in tax liabilities	(3,545,669)	(5,469,572)	(6,143,450)	(8,143,244)
Net Cash Generated from Operating Activities	(21,473,791)	73,615,946	(19,684,166)	74,875,174
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(666,739)	(2,263,874)	(1,568,976)	(1,523,927)
Proceeds from the sale of property, plant and equipment	8,234	69,018	21,411	71,250
Purchase of financial investments	20,402,842	(75,360,360)	21,326,663	(77,125,673)
Net purchase of intangible assets	(40,681)	(429,696)	(52,091)	(479,294)
Dividends received from investment in subsidiaries and Others	153,571	780,794	170,611	207,027
Net Cash (used in) from Investing Activities	19,857,227	(77,204,118)	19,897,618	(78,850,617)
Cash Flows from Financing Activities				
Net proceed received/(paid) for subordinated debt	19,181,249	(1,224,760)	17,960,208	(827,570)
Repayment of Lease Liabilities	(1,800,261)	-	(2,264,978)	-
Dividend paid to non-controlling interest	-	-	(55,000)	(82,648)
Dividend/Levy paid to holders of other equity instruments	(1,968,747)	(1,064,768)	(1,968,747)	(1,064,768)
Net Cash from Financial Activities	15,412,241	(2,289,528)	13,671,483	(1,974,986)
Net Increase/(Decrease) in Cash & Cash Equivalents	13,795,677	(5,877,700)	13,884,935	(5,950,429)
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	64,498,835	52,002,233	65,479,573	52,884,661

ANALYSIS OF LOANS & ADVANCES TO OTHER CUSTOMERS

	BANK		GROUP	
	30.09.2020 (Rs. '000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)	30.09.2020 (Rs. '000) (Unaudited)	31.12.2019 (Rs. '000) (Audited)
Loans and advances to Other Customers				
Gross Loans and advances	1,674,201,455	1,383,791,134	1,831,455,091	1,541,037,535
Less :				
Allowance for Expected Credit Losses	(82,371,331)	(73,640,997)	(92,810,297)	(80,539,769)
Stage 1	(5,605,530)	(5,036,021)	(6,619,759)	(5,693,729)
Stage 2	(4,188,239)	(1,442,409)	(5,388,952)	(2,178,583)
Stage 3	(72,577,562)	(67,162,567)	(80,801,586)	(72,667,457)
Net Loans and advances	1,591,830,124	1,310,150,137	1,738,644,794	1,460,497,766
Product-wise Gross loans & advances				
By product – Domestic currency				
Overdrafts	283,975,889	143,430,730	283,572,239	142,707,101
Term loans	728,317,304	627,366,005	788,171,557	685,662,274
Lease rentals receivable	-	-	85,338,661	88,287,070
Credit cards	3,095,078	3,336,587	3,095,078	3,336,587
Pawning	173,203,939	162,582,929	173,203,939	162,582,929
Trade Finance	40,844,899	72,098,832	40,844,899	72,098,832
Others	22,666,669	22,039,395	32,083,278	30,772,372
Sub Total	1,252,103,778	1,030,854,478	1,406,309,651	1,185,447,165
By product – Foreign currency				
Overdrafts	2,238,450	2,017,871	2,238,450	2,017,871
Term loans	200,247,444	188,921,007	203,295,207	191,574,721
Trade Finance	219,611,783	161,997,778	219,611,783	161,997,778
Sub Total	422,097,677	352,936,656	425,145,440	355,590,370
Grand Total	1,674,201,455	1,383,791,134	1,831,455,091	1,541,037,535
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 2020	5,036,021	1,442,409	67,162,567	73,640,997
Net Charge/(Reversal) for the period	569,509	2,745,830	5,558,993	8,874,332
Amounts written off	-	-	(216,110)	(216,110)
Exchange rate variance on foreign currency Impairment	-	-	72,112	72,112
Closing balance as at 30th September 2020	<u>5,605,530</u>	<u>4,188,239</u>	<u>72,577,562</u>	<u>82,371,331</u>
BANK	Stage 1	Stage 2	Stage 3	Total
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	<u>5,036,021</u>	<u>1,442,409</u>	<u>67,162,567</u>	<u>73,640,997</u>
GROUP	Stage 1	Stage 2	Stage 3	Total
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	926,030	3,210,369	8,278,127	12,414,526
Amounts written off	-	-	(216,110)	(216,110)
Exchange rate variance on foreign currency Impairment	-	-	72,112	72,112
Closing balance as at 30th September 2020	<u>6,619,759</u>	<u>5,388,952</u>	<u>80,801,586</u>	<u>92,810,297</u>
GROUP	Stage 1	Stage 2	Stage 3	Total
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	<u>5,693,729</u>	<u>2,178,583</u>	<u>72,667,457</u>	<u>80,539,769</u>

ANALYSIS OF DEPOSITS

	BANK		GROUP	
	30.09.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs.'000) (Audited)	30.09.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs.'000) (Audited)
By product – Domestic currency				
Demand deposits (current accounts)	64,966,789	51,681,263	63,464,892	50,213,752
Savings deposits	589,911,812	491,643,881	596,964,067	497,600,897
Fixed deposits	871,840,096	814,577,767	964,597,040	905,076,422
Others	3,239,672	3,262,093	5,824,672	5,791,094
Sub total	1,529,958,369	1,361,165,004	1,630,850,671	1,458,682,165
By product – Foreign currency				
Demand deposits (current accounts)	1,465,933	1,460,522	1,465,933	1,460,522
Savings deposits	21,760,432	21,586,421	21,760,432	21,586,421
Fixed deposits	153,330,264	107,074,611	153,330,264	107,074,611
Others	11,598	99,379	11,598	99,379
Sub total	176,568,227	130,220,933	176,568,227	130,220,933
Grand Total	1,706,526,596	1,491,385,937	1,807,418,898	1,588,903,098

ANALYSIS OF CONTINGENT LIABILITIES AND COMMITMENTS

	BANK		GROUP	
	30.09.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs.'000) (Audited)	30.09.2020 (Rs.'000) (Unaudited)	31.12.2019 (Rs.'000) (Audited)
By product				
Acceptances	47,489,666	110,542,802	47,489,666	110,542,802
Documentary Credit	76,727,609	78,306,041	76,727,609	78,306,041
Guarantees	77,653,281	82,058,147	78,477,464	82,783,084
Forward Exchange Contracts	76,291,991	24,673,760	76,291,991	24,673,760
Non disbursed overdrafts & loans	123,995,219	69,519,348	130,915,083	75,854,268
Gross Contingent Liabilities and Commitments	402,157,766	365,100,098	409,901,813	372,159,955
Less :				
Allowance for Expected Credit Loss	(598,152)	(1,174,344)	(598,152)	(1,174,344)
Net Contingent Liabilities and Commitments	401,559,614	363,925,754	409,303,661	370,985,611

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

BANK AS AT 30TH SEPTEMBER 2020

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
ASSETS				
Cash and cash equivalents	-	-	64,498,835	64,498,835
Balances with Central Banks	-	-	13,188,370	13,188,370
Placements with Banks	-	-	-	-
Derivative Financial Instruments	410,350	-	-	410,350
Financial Assets - At Fair Value through Profit or Loss	79,701,132	-	-	79,701,132
Loans and advances to banks	-	-	10,244,380	10,244,380
Loans and advances to other customers	-	-	1,591,830,124	1,591,830,124
Debt instruments measured at amortised cost	-	-	260,221,658	260,221,658
Equity instruments at fair value through OCI	-	1,860,893	-	1,860,893
Debt instruments at fair value through OCI	-	2,789,327	-	2,789,327
Total financial assets	80,111,482	4,650,220	1,939,983,367	2,024,745,069
LIABILITIES				
Due to banks	-	-	178,978,742	178,978,742
Derivative Financial Instruments	78,158	-	-	78,158
Due to other customers	-	-	1,706,526,596	1,706,526,596
Other Borrowings	-	-	29,166,901	29,166,901
Subordinated term debts	-	-	44,378,646	44,378,646
Total financial liabilities	78,158	-	1,959,050,885	1,959,129,043

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)
ASSETS				
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
Total financial assets	79,605,128	4,570,963	1,720,108,708	1,804,284,799
LIABILITIES				
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
Total financial liabilities	59,748	-	1,738,909,833	1,738,969,581

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

GROUP AS AT 30TH SEPTEMBER 2020

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
ASSETS				
Cash and cash equivalents	-	-	65,479,573	65,479,573
Balances with Central Banks	-	-	13,188,370	13,188,370
Placements with Banks	-	-	3,363,781	3,363,781
Derivative Financial Instruments	410,350	-	-	410,350
Financial Assets - At Fair Value through Profit or Loss	83,315,440	-	-	83,315,440
Loans and advances to banks	-	-	10,897,689	10,897,689
Loans and advances to other customers	-	-	1,738,644,794	1,738,644,794
Debt instruments measured at amortised cost	-	-	269,101,793	269,101,793
Equity instruments at fair value through OCI	-	1,653,143	-	1,653,143
Debt instruments at fair value through OCI	-	3,407,342	-	3,407,342
Total financial assets	83,725,790	5,060,485	2,100,676,000	2,189,462,275
LIABILITIES				
Due to banks	-	-	187,099,969	187,099,969
Derivative Financial Instruments	78,158	-	-	78,158
Due to other customers	-	-	1,807,418,898	1,807,418,898
Other Borrowings	-	-	27,966,901	27,966,901
Subordinated term debts	-	-	62,521,273	62,521,273
Total financial liabilities	78,158	-	2,085,007,041	2,085,085,199

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)
ASSETS				
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
Total financial assets	80,496,526	4,345,905	1,884,858,001	1,969,700,432
LIABILITIES				
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
Total financial liabilities	59,748	-	1,865,139,766	1,865,199,514

SELECTED PERFORMANCE INDICATORS (Based on Regulatory Reporting)

	BANK		GROUP	
	As at 30.09.2020 (Unaudited)	As at 31.12.2019 (Audited)	As at 30.09.2020 (Unaudited)	As at 31.12.2019 (Audited)
Regulatory Capital Adequacy				
Common Equity Tier 1 Capital [Rs. 000]	77,549,000	77,941,284	105,396,120	106,246,759
Core (Tier 1) Capital [Rs. 000]	77,549,000	77,941,284	105,396,120	106,246,759
Total Capital Base [Rs. 000]	127,100,341	106,972,204	156,409,179	136,303,475
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital (%) (Min. requirement - 2020 - 7.0%, 2019 - 8.0%)	9.95	10.68	10.87	11.58
Tier 1 Capital Ratio (%) (Min. requirement - 2020 - 8.5%, 2019 - 9.5%)	9.95	10.68	10.87	11.58
Total Capital Ratio (%) (Min. requirement - 2020 - 12.5%, 2019 - 13.5%)	16.30	14.66	16.13	14.86
Asset Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	3.38	3.31	3.85	3.68
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	1.80	1.85	1.86	1.82
Profitability				
Interest Margin, %	2.68	3.24	3.07	3.84
Return on Assets (Before Tax) , %	0.60	1.09	0.75	1.30
Return on Equity (After Tax) , %	8.29	13.89	8.11	12.76
Leverage Ratio (Min. requirement - 3%)	3.54	3.98	4.45	4.98
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking unit Rs.000	435,862,100	446,351,080		
Off-Shore Banking Unit USD.000	1,313,026	504,026		
Statutory Liquid Assets Ratio (%) (Min. requirement - 20%)				
Domestic Banking unit (%)	26.02	29.54		
Off-Shore Banking Unit (%)	70.63	34.61		
Total Stock of High Quality Liquid Assets [Rs.000]	370,695,287	409,287,666		
Liquidity Coverage Ratio (%) (Min. requirement - 2020 - 90%, 2019 - 100%)				
Liquidity Coverage Ratio - Rupee	141.69	160.80		
Liquidity Coverage Ratio - All Currency	99.52	132.10		
Net Stable Funding Ratio (Min. requirement - 2020 - 90%, 2019 - 100%)	131.61	136.63		

EXPLANATORY NOTES

1. These Interim Financial Statements for the period ended September 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(s) 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 its Audited Financial Statements for the year ended December 31, 2019.
3. There have been no changes in the accounting policies and/or methods of computation since the publication of its Audited Financial Statements for the year ended December 31, 2019. However, these financial statements were prepared with due consideration to the special application guidance as issued by CA Sri Lanka relating to COVID - 19 circumstances.
4. During the reporting period, there have been no material changes in the composition of its assets, liabilities including contingent liabilities. On July 28, 2020 - for the purposes of augmenting its regulatory capital, the Bank issued LKR 20.0 billion of Basel III, Tier II compliant, unlisted, unsecured, subordinated, redeemable Debentures. These debentures have been classified under subordinated term debts in the Statement of Financial Position.
5. The outbreak and spread of the Coronavirus ("COVID-19") has caused a disruption to overall economic activity, not only locally but also globally, effecting most industries and sub sectors. The consequences arising there from are likely to be felt over the foreseeable future. As a State Bank, People's Bank remains fully committed to supporting the numerous Government initiatives to preserve and protect the economy from further consequence and to aid its revival. In conducting its business, the Bank has proactively adjusted to the circumstances having diligently followed the guidelines and directions as laid out by the Government and the Central Bank of Sri Lanka in order to aid individuals and businesses during these times of an unprecedented nature.
6. **Amendments to the Income Tax Laws as Announced by the Government**

As per notice dated April 8, 2020 [PN/IT/2020-03 (Revised)] as issued by the Inland Revenue Department on the "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. That said, in view of the fact that as at reporting date, this formal amendment relating thereto was yet pending, the Bank did not consider this in the computation of its income tax liabilities for the period ended September 30, 2020.
7. **Debt repayment levy (DRL) on financial services**

As per the notice as 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 here from is deemed improbable, DRL has not been charged in the financial statements for the period ended September 30, 2020.
8. All known expenses have been charged to these financial statements.
9. Other than those above given, or already considered in the Financial Statements, no circumstances have arisen since September 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 September 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

27.11.2020
Colombo.

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