



**PEOPLE'S
BANK**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

2020

FITCH RATING AA- (LKA)

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

	BANK			GROUP		
	2020 (Rs. '000) (Audited)	2019 * (Rs. '000) (Audited)	Change %	2020 (Rs. '000) (Audited)	2019 * (Rs. '000) (Audited)	Change %
Gross Income	190,981,708	199,728,985	(4.4)	223,898,429	238,218,731	(6.0)
Interest income	179,717,526	186,714,218	(3.7)	207,011,058	219,926,048	(5.9)
Interest expenses	(118,783,744)	(125,507,699)	(5.4)	(132,580,099)	(141,316,697)	(6.2)
Net Interest Income	60,933,782	61,206,519	(0.4)	74,430,959	78,609,351	(5.3)
Fee and commission income	6,723,826	7,336,594	(8.4)	7,816,265	8,595,802	(9.1)
Fee and commission expenses	(482,522)	(426,758)	13.1	(482,522)	(426,758)	13.1
Net Fee and Commission Income	6,241,304	6,909,836	(9.7)	7,333,743	8,169,044	(10.2)
Net gain / (loss) from trading	2,589,121	2,721,543	(4.9)	2,785,261	2,678,985	4.0
Other operating income (net)	1,951,235	2,956,630	(34.0)	6,285,845	7,017,896	(10.4)
Total Operating Income	71,715,442	73,794,528	(2.8)	90,835,808	96,475,276	(5.8)
Impairment Charge	(11,567,174)	(8,488,026)	36.3	(17,566,149)	(11,677,519)	50.4
Loans & advances to Customers	(11,828,426)	(7,707,321)		(17,024,298)	(9,767,963)	
Other Financial Assets	261,252	(780,705)		261,252	(780,705)	
Others	-	-		(803,103)	(1,128,851)	
Net Operating Income	60,148,268	65,306,502	(7.9)	73,269,659	84,797,757	(13.6)
Personnel Expenses	(19,722,367)	(19,494,074)	1.2	(23,693,466)	(23,968,761)	(1.1)
Depreciation and Amortisation	(4,191,560)	(3,995,031)	4.9	(4,840,424)	(4,606,557)	5.1
Other Expenses	(11,156,175)	(13,241,418)	(15.7)	(15,418,341)	(19,053,585)	(19.1)
Operating Profit Before Value Added Tax (VAT), Nation Building Tax (NBT) and Debt Repayment Levy (DRL)	25,078,166	28,575,979	(12.2)	29,317,428	37,168,854	(21.1)
VAT , NBT and DRL on financial services	(3,851,486)	(8,909,795)	(56.8)	(4,670,725)	(11,506,461)	(59.4)
Operating Profit after VAT, NBT and DRL	21,226,680	19,666,184	7.9	24,646,703	25,662,393	(4.0)
Share of Profits/(Loss) of Associates (Net of Tax)	-	-	-	878	(10,142)	(108.7)
Profit Before Tax	21,226,680	19,666,184	7.9	24,647,581	25,652,251	(3.9)
Income Tax Expenses	(7,051,737)	(6,740,501)	4.6	(8,557,095)	(9,474,083)	(9.7)
Profit for the Year	14,174,943	12,925,683	9.7	16,090,486	16,178,168	(0.5)
Profit Attributable to :						
Equity Holders of the Bank	14,174,943	12,925,683	9.7	15,229,858	14,984,837	1.6
Non-Controlling Interests	-	-		860,628	1,193,331	(27.9)
	14,174,943	12,925,683	9.7	16,090,486	16,178,168	(0.5)
Earnings Per Share on Profit						
Basic Earnings per Ordinary Share [Rs.]	14,175	12,926	9.7	15,230	14,985	1.6
Diluted Earnings per Ordinary Share [Rs.]	58	53	9.7	62	61	1.6

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER**

	BANK		GROUP	
	2020 (Rs. '000) (Audited)	2019 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)	2019 (Rs. '000) (Audited)
Profit for the Year	14,174,943	12,925,683	16,090,486	16,178,168
Other comprehensive income that will not be reclassified to the income statement				
Net Gains/(Losses) on equity instruments at fair value through OCI	(67,773)	189,223	(12,379)	60,148
Net Actuarial Gains/(Losses) on Defined Benefit Plans	(12,151,314)	(10,051,678)	(12,050,743)	(10,071,728)
Deferred Tax Effect on Defined Benefit Plans	3,402,368	2,814,470	3,374,264	2,819,408
Gains on Revaluation of Land and Buildings	6,523,641	-	6,573,641	238,323
Deferred tax effect on revaluation of Land and Buildings	(1,826,619)	-	(1,840,619)	(66,730)
Deferred tax effect on land revaluation in previous years	-	-	-	(83,385)
Share of other comprehensive income of associate company (net of tax)	-	-	-	(379)
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	(12,418)	296,507	(6,616)	296,507
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	45,668	(50,796)
Other Comprehensive Income for the year, Net of Taxes	(4,132,115)	(6,751,478)	(3,916,784)	(6,858,632)
Total Comprehensive Income for the year	10,042,828	6,174,205	12,173,702	9,319,536
Attributable to :				
Equity Holders of the Bank	10,042,828	6,174,205	11,287,454	8,132,499
Non-Controlling Interests	-	-	886,248	1,187,037
	10,042,828	6,174,205	12,173,702	9,319,536

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	31.12.2020 (Rs. '000) (Audited)	31.12.2019 (Rs. '000) (Audited)	Change %	31.12.2020 (Rs. '000) (Audited)	31.12.2019 (Rs. '000) (Audited)	Change %
Assets						
Cash and Cash Equivalents	71,461,242	50,703,158	40.9	72,899,208	51,594,638	41.3
Balances with Central Bank of Sri Lanka	14,196,565	38,858,470	(63.5)	14,196,565	38,858,470	(63.5)
Placements with Banks	10,304,422	9,689,132	6.4	13,910,824	13,395,360	3.8
Derivative Financial Instruments	97,645	90,560	7.8	97,645	90,560	7.8
Financial Assets - At Fair Value through Profit or Loss	46,425,027	79,514,568	(41.6)	52,728,589	80,405,966	(34.4)
Financial Assets - At Amortised Cost						
Loans and advances to Banks	23,610,101	29,771,919	(20.7)	23,622,700	29,771,919	(20.7)
Loans and advances to Other Customers	1,635,579,343	1,310,150,137	24.8	1,776,231,315	1,460,497,766	21.6
Debt instruments measured at amortised cost	357,107,701	280,935,892	27.1	365,900,452	290,739,848	25.9
Financial Assets - At Fair Value through other Comprehensive income [OCI]						
Equity instruments at fair value through OCI	1,937,778	1,997,896	(3.0)	1,778,585	1,772,838	0.3
Debt instruments at fair value through OCI	2,632,231	2,573,067	2.3	2,899,609	2,573,067	12.7
Investments in Subsidiaries	1,937,881	1,205,414	60.8	-	-	-
Investments in Associates	-	-	-	531,963	531,085	0.2
Investment Properties	1,261,338	1,263,045	(0.1)	1,257,499	1,259,206	(0.1)
Property, Plant, Equipment and Right of use assets	38,405,839	34,310,028	11.9	48,101,865	43,744,442	10.0
Intangible Assets and Goodwill	702,181	700,875	0.2	1,007,730	1,090,714	(7.6)
Net Deferred Tax Assets	695,424	-	-	-	-	-
Other Assets	23,763,947	31,642,057	(24.9)	25,402,844	33,448,808	(24.1)
Total Assets	2,230,118,665	1,873,406,218	19.0	2,400,567,393	2,049,774,687	17.1
Liabilities						
Due to Banks	164,489,623	207,484,446	(20.7)	172,439,795	219,434,075	(21.4)
Derivative Financial Instruments	976,486	59,748	1534.3	976,486	59,748	1534.3
Due to Other Customers	1,835,099,456	1,491,385,937	23.0	1,935,194,040	1,588,903,098	21.8
Other Borrowings	36,362,434	17,324,960	109.9	36,362,434	16,289,502	123.2
Current Tax Liabilities	6,608,202	3,775,283	75.0	7,538,938	6,127,935	23.0
Net Deferred Tax Liabilities	-	1,071,797	(100.0)	805,442	2,821,420	(71.5)
Other Liabilities	41,041,170	34,625,117	18.5	51,271,458	45,610,085	12.4
Subordinated Term Debts	43,557,696	22,714,490	91.8	56,868,035	40,513,091	40.4
Total Liabilities	2,128,135,067	1,778,441,778	19.7	2,261,456,628	1,919,758,954	17.8
Equity						
Stated Capital/Assigned Capital	12,201,998	12,201,998	-	12,201,998	12,201,998	-
Statutory Reserve Fund	8,024,521	7,315,774	9.7	8,024,521	7,315,774	9.7
Other Reserves	32,859,237	27,368,542	20.1	34,923,662	29,297,472	19.2
Retained Earnings	48,897,842	48,078,126	1.7	72,268,676	70,339,829	2.7
Total Shareholders' Equity	101,983,598	94,964,440	7.4	127,418,857	119,155,073	6.9
Non-Controlling Interests	-	-	-	11,691,908	10,860,660	7.7
Total Equity	101,983,598	94,964,440	7.4	139,110,765	130,015,733	7.0
Total Equity and Liabilities	2,230,118,665	1,873,406,218	19.0	2,400,567,393	2,049,774,687	17.1
Contingent Liabilities and Commitments	489,938,862	363,925,754	34.6	497,689,847	370,985,611	34.2
Number of Employees	7,692	7,836	-	11,051	11,237	-
Number of Branches	741	739	-	848	845	-

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER**

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 year								
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)
Total Comprehensive Income/(Expense)	-	-	-	4,697,022	-	(80,191)	5,425,997	10,042,828
Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	-	-
Transfer to Reserve during the year	-	-	708,747	-	873,864	-	(1,582,611)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(3,023,670)	(3,023,670)
Total Transactions with Equity Holders	-	-	708,747	-	873,864	-	(4,606,281)	(3,023,670)
Balance as at 31st December 2020	49,998	12,152,000	8,024,521	18,748,933	13,574,329	535,975	48,897,842	101,983,598

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)				
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 year										
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)
Total Comprehensive Income/(Expense)	-	-	-	4,724,022	34,251	(5,947)	6,535,128	11,287,454	886,248	12,173,702
Transactions with Equity Holders, Recognised Directly in Equity										
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)
Total Transactions with Equity Holders	-	-	708,747	-	873,864	-	(4,606,281)	(3,023,670)	(55,000)	(3,078,670)
Balance as at 31st December 2020	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

CASH FLOW STATEMENT				
FOR THE YEAR ENDED 31ST DECEMBER				
	BANK		GROUP	
	2020 (Rs. '000) (Audited)	2019 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)	2019 (Rs. '000) (Audited)
Cash flows from operating activities				
Profit before tax	21,226,680	19,666,184	24,647,581	25,652,251
Adjustment for				
Non-cash items included in profits before tax	17,615,543	8,843,984	25,121,765	13,229,416
Changes in operating assets	(266,101,032)	(64,575,135)	(267,691,303)	(68,152,572)
Changes in operating liabilities	312,438,945	111,744,283	311,535,738	113,568,374
Dividend income from subsidiaries and others	(888,451)	(1,649,546)	(173,024)	(221,470)
Interest expense on subordinated debt	3,689,299	1,818,086	5,722,717	4,142,736
Contribution paid to defined benefit plans/Gratuity	2,585,372	1,509,520	2,707,923	1,623,197
Changes in tax liabilities	(4,410,290)	(7,038,003)	(7,628,425)	(10,278,021)
Net Cash Generated from Operating Activities	86,156,066	70,319,373	94,242,972	79,563,911
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(975,114)	(2,736,392)	(1,826,950)	(3,031,184)
Proceeds from the sale of property, plant and equipment	46,552	88,481	61,850	118,794
Purchase of financial investments	(76,792,745)	(79,672,137)	(75,781,540)	(81,430,355)
Net purchase of intangible assets	(196,222)	(430,317)	(207,914)	(439,871)
Dividends received from investment in subsidiaries and Others	888,451	1,649,546	173,024	221,470
Net Cash (used in) from Investing Activities	(77,029,078)	(81,100,819)	(77,581,530)	(84,561,146)
Cash Flows from Financing Activities				
Proceed received from subordinated debt	20,000,000	10,000,000	20,000,000	10,000,000
Repayment of subordinated debt	-	-	(4,483,522)	(2,717,820)
Interest paid on subordinated debt	(2,846,093)	(1,637,500)	(4,884,252)	(3,996,351)
Repayment of Lease Liabilities	(2,499,141)	(2,338,139)	(2,910,428)	(2,704,360)
Dividend paid to non-controlling interest	-	-	(55,000)	(404,996)
Dividend/Levy paid to holders of other equity instruments	(3,023,670)	(2,419,690)	(3,023,670)	(2,419,690)
Net Cash from Financial Activities	11,631,096	3,604,671	4,643,128	(2,243,217)
Net Increase/(Decrease) in Cash & Cash Equivalents	20,758,084	(7,176,775)	21,304,570	(7,240,452)
Cash and cash equivalents at the beginning of the year	50,703,158	57,879,933	51,594,638	58,835,090
Cash and cash equivalents at the end of the year	71,461,242	50,703,158	72,899,208	51,594,638

ANALYSIS OF LOANS & ADVANCES TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2020 (Rs.'000) (Audited)	31.12.2019 (Rs.'000) (Audited)	31.12.2020 (Rs.'000) (Audited)	31.12.2019 (Rs.'000) (Audited)
Loans and advances to Other Customers				
Gross Loans and advances	1,723,465,943	1,386,480,514	1,876,212,559	1,543,726,915
Less :				
Allowance for Expected Credit Losses	(87,886,600)	(76,330,377)	(99,981,244)	(83,229,149)
Stage 1	(6,419,888)	(5,036,021)	(7,309,834)	(5,693,729)
Stage 2	(3,533,121)	(1,442,409)	(5,250,002)	(2,178,583)
Stage 3	(77,933,591)	(69,851,947)	(87,421,408)	(75,356,837)
Net Loans and advances	1,635,579,343	1,310,150,137	1,776,231,315	1,460,497,766
Product-wise Gross loans & advances				
By product – Domestic currency				
Overdrafts	255,582,926	143,430,730	255,251,696	142,707,101
Term loans	798,475,437	630,055,385	856,494,308	688,351,654
Lease rentals receivable	-	-	81,891,112	88,287,070
Credit cards	3,067,432	3,336,587	3,067,432	3,336,587
Pawning	174,814,192	162,582,929	174,814,192	162,582,929
Trade Finance	36,650,482	72,098,832	36,650,482	72,098,832
Others	25,342,192	22,039,395	34,893,620	30,772,372
Sub Total	1,293,932,661	1,033,543,858	1,443,062,842	1,188,136,545
By product – Foreign currency				
Overdrafts	2,698,968	2,017,871	2,698,968	2,017,871
Term loans	212,589,823	188,921,007	216,206,258	191,574,721
Trade Finance	214,244,491	161,997,778	214,244,491	161,997,778
Sub Total	429,533,282	352,936,656	433,149,717	355,590,370
Grand Total	1,723,465,943	1,386,480,514	1,876,212,559	1,543,726,915
Movement in Allowance for Expected Credit loss during the year				
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	6,419,888	3,533,121	77,933,591	87,886,600
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)	8,091,708	7,707,321
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	69,851,947	76,330,377
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	7,309,834	5,250,002	87,421,408	99,981,244
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)	9,929,424	9,767,963
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	75,356,837	83,229,149

ANALYSIS OF DEPOSITS

	BANK		GROUP	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(Rs.'000) (Audited)	(Rs. '000) (Audited)	(Rs.'000) (Audited)	(Rs. '000) (Audited)
By product – Domestic currency				
Demand deposits (current accounts)	73,516,730	51,681,263	72,417,368	50,213,752
Savings deposits	652,478,461	491,643,881	659,615,718	497,600,897
Fixed deposits	908,538,457	814,577,767	999,944,241	905,076,422
Others	3,341,966	3,262,093	5,992,871	5,791,094
Sub total	1,637,875,614	1,361,165,004	1,737,970,198	1,458,682,165
By product – Foreign currency				
Demand deposits (current accounts)	1,618,808	1,460,522	1,618,808	1,460,522
Savings deposits	23,516,130	21,586,421	23,516,130	21,586,421
Fixed deposits	172,071,874	107,074,611	172,071,874	107,074,611
Others	17,030	99,379	17,030	99,379
Sub total	197,223,842	130,220,933	197,223,842	130,220,933
Grand Total	1,835,099,456	1,491,385,937	1,935,194,040	1,588,903,098

ANALYSIS OF CONTINGENT LIABILITIES AND COMMITMENTS

	BANK		GROUP	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(Rs.'000) (Audited)	(Rs. '000) (Audited)	(Rs.'000) (Audited)	(Rs. '000) (Audited)
By product				
Acceptances	53,034,225	110,542,802	53,034,225	110,542,802
Documentary Credit	74,557,296	78,306,041	74,557,296	78,306,041
Guarantees	74,750,532	82,058,147	75,581,653	82,783,084
Forward Exchange Contracts	112,418,576	24,673,760	112,418,576	24,673,760
Non disbursed overdrafts & loans	175,725,812	69,519,348	182,645,676	75,854,268
Gross Contingent Liabilities and Commitments	490,486,441	365,100,098	498,237,426	372,159,955
Less :				
Allowance for Expected Credit Loss	(547,579)	(1,174,344)	(547,579)	(1,174,344)
Net Contingent Liabilities and Commitments	489,938,862	363,925,754	497,689,847	370,985,611

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)
ASSETS				
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
Total financial assets	46,522,672	4,570,009	2,112,259,374	2,163,352,055
LIABILITIES				
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
Total financial liabilities	976,486	-	2,079,509,209	2,080,485,695

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 31ST DECEMBER 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	-	-	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
Total financial assets	52,826,234	4,678,194	2,266,761,064	2,324,265,492
LIABILITIES				
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
Total financial liabilities	976,486	-	2,200,864,304	2,201,840,790

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 31.12.2020 (Audited)	As at 31.12.2019 (Audited)	As at 31.12.2020 (Audited)	As at 31.12.2019 (Audited)
Regulatory Capital Adequacy				
Common Equity Tier 1 Capital [Rs. 000]	79,604,100	77,941,284	109,596,440	106,246,759
Core (Tier 1) Capital [Rs. 000]	79,604,100	77,941,284	109,596,440	106,246,759
Total Capital Base [Rs. 000]	129,271,791	106,972,204	160,292,747	136,303,475
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital (%) (Min. requirement - 2020 - 7.0%, 2019 - 8.0%)	9.53	10.68	10.69	11.58
Tier 1 Capital Ratio (%) (Min. requirement - 2020 - 8.5%, 2019 - 9.5%)	9.53	10.68	10.69	11.58
Total Capital Ratio (%) (Min. requirement - 2020 - 12.5%, 2019 - 13.5%)	15.47	14.66	15.63	14.86
Asset Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	3.25	3.31	3.89	3.68
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	1.74	1.85	1.87	1.82
Profitability				
Interest Margin, %	2.97	3.24	3.34	3.84
Return on Assets (Before Tax), %	1.03	1.09	1.11	1.30
Return on Equity (After Tax), %	14.39	13.89	11.96	12.76
Leverage Ratio (Min. requirement - 3%)	3.43	3.98	4.40	4.98
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking unit Rs.000	463,930,635	446,351,080		
Off-Shore Banking Unit USD.000	1,165,688	504,026		
Statutory Liquid Assets Ratio (%) (Min. requirement - 20%)				
Domestic Banking unit (%)	25.61	29.54		
Off-Shore Banking Unit (%)	60.46	34.61		
Total Stock of High Quality Liquid Assets [Rs.000]	434,450,384	409,287,666		
Liquidity Coverage Ratio (%) (Min. requirement - 2020 - 90%, 2019 - 100%)				
Liquidity Coverage Ratio - Rupee	166.82	160.80		
Liquidity Coverage Ratio - All Currency	111.55	132.10		
Net Stable Funding Ratio (%) (Min. requirement - 2020 - 90%, 2019 - 100%)	135.42	136.63		

EXPLANATORY NOTES

1. These Financial Statements for the year ended December 31, 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. The Information contained in these financial statements have been extracted from the audited financial statements of the Bank and the Group for the year ended December 31, 2020. External Auditors of the Group/Bank, Messrs. National Audit office [NAOSL] carried out an audit for the year ended December 31, 2020 and expressed an unqualified opinion on the financial statements of the Bank and the Group for the year ended December 31, 2020.
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. However, these financial statements were prepared with the appropriate application of guidelines issued by CA Sri Lanka on the special treatments for SLFRS 9 application under COVID-19 pandemic situations.
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 20.0 billionworth of Basel III compliant tier 2 unlisted, rated, unsecured, subordinated, redeemable debentures in July,2020. These debentures have been classified under subordinated term debts in the Statement of Financial Position and these debentures are eligible to consider under the tier 2 capital of the Bank.

5. COVID-19 implications

The outbreak of the Coronavirus pandemic ("COVID-19") has caused a disruption to economic activity both locally and globally, affecting most industries and sub sectors. It has seen a complete shutdown of economies and resulted in human movement control in a manner previously unseen. As a State Bank - People's Bank undertook several measures to offer relief to its customers. In conducting its business, the Bank proactively adjusted to the situation by diligently following guidelines and directions issued by the Central Bank of Sri Lanka in order to aid individuals and businesses affected by the pandemic. To date, the Bank's operations have been carried out in line with strict health guidelines in order to ensure the wellbeing of both its customers and staff.

6. Expected Credit Loss Assessments

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers, amongst other, information about past events, current conditions and forecasts. The estimation and application of forward-looking information requires significant judgment. As the pandemic related risks are yet prevalent, it is yet difficult to fully assess the ultimate impact on the economy. Thereby, the Bank - in order to adequately ascertain and adequately reflect the expected credit losses on its loan book- it has used all reasonable and supportable information available at the reporting date about past events, current conditions and future economic forecasts.

For individual impairment purposes, the Bank uses a detailed list of trigger events, including a contract being 30 days past due.

The expected credit losses arising from COVID-19 have been captured via the modelled outcome and methodology used by the Bank in its calculation of ECL which was consistent with that used in the previous year(s). In this context, it must be pointed out that:

- Those directly backed by Government assurances were treated in accordance with section 2.5 and 2.6 of Annex 1 of CBSL circular 4 of 2018 dated December 31, 2018. At December 31, 2020 -People's Bank's lending to the state and other state owned enterprises accounted for 50.2% of its total gross loan book (December 31, 2019: 44.8%).
- Pursuant to the Sovereign Credit Rating downgrade during the year, the Bank recognized additional impairment provisions on its direct foreign currency lending to the Government and on account of investments made in foreign currency denominated Sri Lanka Development Bonds (SLDBs) and Sri Lanka International Sovereign Bonds.
- The Bank exercised expert credit judgment in the assessment of underlying credit deterioration and migration of balances to progressive stages. For those who sought a second moratorium following the second pandemic, were all moved to a higher stage.
- Given the degree of uncertainty surrounding the economic impact of the pandemic and the lack of reliable data to fully model the impact, the Bank continued to use the highest weight for the worst case scenario in its macro-economic assumptions used at 31 December 2020.

EXPLANATORY NOTES

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 these financial statements for the year ended December 31, 2020.

If the above proposal was considered, the impact to the Income Statement for the year ended December 31, 2020 would have resulted in an Income Tax reversal of LKR 985 million.

Further, the impact to the Statement of Profit or Loss and Other Comprehensive Income would have resulted in a Deferred tax reversal of LKR 112 million.

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 December 31, 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 December 31, 2020 and the profit for the year 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 audited financial statements of the Bank and the Group.

(Sgd.)
Sujeewa Rajapakse
Chairman

(Sgd.)
Sudarshan Ahangama
Director

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

25.02.2021
Colombo.