



**PEOPLE'S
BANK**

FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31ST MARCH

2018

FITCH RATING AA+ (LKA)

INCOME STATEMENT

FOR THE QUARTER ENDED 31ST MARCH

	BANK			GROUP		
	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	Change %	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	Change %
Gross Income	41,756,935	36,683,596	13.8	50,151,490	43,874,544	14.3
Interest income	38,881,100	33,967,858	14.5	45,933,635	39,899,151	15.1
Interest expenses	(24,843,160)	(22,124,984)	12.3	(28,199,878)	(25,110,610)	12.3
Net Interest Income	14,037,940	11,842,874	18.5	17,733,757	14,788,541	19.9
Fee and commission income	1,633,494	1,056,718	54.6	1,836,353	1,139,449	61.2
Fee and commission expenses	(74,080)	(59,788)	23.9	(74,080)	(59,788)	23.9
Net Fee and Commission Income	1,559,414	996,930	56.4	1,762,273	1,079,661	63.2
Net gain from trading	548,803	798,980	(31.3)	556,713	777,353	(28.4)
Other operating income (net)	693,538	860,040	(19.4)	1,824,789	2,058,591	(11.4)
Total Operating Income	16,839,695	14,498,824	16.1	21,877,532	18,704,146	17.0
Impairment for loans and other losses	(1,692,432)	(919,126)	84.1	(1,917,697)	(1,157,865)	65.6
Individual impairment	216,003	(1,527,552)	-	588,541	(1,328,127)	-
Collective impairment	(1,908,435)	608,426	-	(1,925,716)	246,774	-
Other	-	-	-	(580,522)	(76,512)	-
Net Operating Income	15,147,263	13,579,698	11.5	19,959,835	17,546,281	13.8
Personnel Expenses	(4,673,716)	(4,411,217)	6.0	(5,381,556)	(5,266,827)	2.2
Depreciation and amortisation	(338,567)	(258,092)	31.2	(416,192)	(324,672)	28.2
Other expenses	(2,440,327)	(2,321,239)	5.1	(3,625,510)	(3,646,210)	(0.6)
Operating Profit before Value Added Tax (VAT) & Nation Building Tax (NBT)	7,694,653	6,589,150	16.8	10,536,577	8,308,572	26.8
VAT & NBT on Financial Services	(1,743,646)	(1,572,946)	10.9	(2,201,574)	(1,824,871)	20.6
Operating Profit after Value Added Tax (VAT) & Nation Building Tax (NBT)	5,951,007	5,016,204	18.6	8,335,003	6,483,701	28.6
Share of profits/(loss) of associates	-	-	-	-	-	-
Profit before Tax	5,951,007	5,016,204	18.6	8,335,003	6,483,701	28.6
Income tax expenses	(2,697,152)	(1,652,113)	63.3	(3,296,294)	(2,120,437)	55.5
Profit for the period	3,253,855	3,364,091	(3.3)	5,038,709	4,363,264	15.5
Profit Attributable to :						
Equity Holders of the Bank	3,253,855	3,364,091	(3.3)	4,478,579	4,068,493	10.1
Non-controlling interests	-	-	-	560,130	294,771	90.0
	3,253,855	3,364,091	(3.3)	5,038,709	4,363,264	15.5
Earnings per Share on Profit						
Basic earnings per ordinary share (Rs.)	3,254	3,364	(3.3)	4,479	4,068	10.1
Diluted earnings per ordinary share (Rs.)	13	23	(42.9)	18	28	(35.3)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31ST MARCH

	BANK		GROUP	
	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)
Profit for the period	3,253,855	3,364,091	5,038,709	4,363,264
Other Comprehensive Income Net of Tax				
Net Actuarial Gains and Losses on Defined Benefit Plans	-	-	(25,301)	(24,509)
Deferred Tax Effect on Gratuity	-	-	6,595	6,266
Gains on Revaluation of Land and Buildings	-	-	277,822	-
Deferred Tax Effect on Revaluation of Land and Building	-	-	-	-
Tax Expense Relating to Components of Other Comprehensive Income	-	-	-	-
Net Gains and Losses on Re-Measuring Available-for-Sale Financial Assets	143,034	1,260	152,149	(12,532)
Gains and Losses on Derivative Financial Assets	-	-	-	(14,836)
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	11,663	-
Other Comprehensive Income for the Year, Net of Taxes	143,034	1,260	422,928	(45,611)
Total Comprehensive Income for the period	3,396,889	3,365,351	5,461,637	4,317,653
Attributable to :				
Equity Holders of the Bank	3,396,889	3,365,351	4,900,987	4,035,863
Non-Controlling Interests	-	-	560,650	281,790
	3,396,889	3,365,351	5,461,637	4,317,653

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	31.03.2018 (Rs.'000) (Unaudited)	31.12.2017 (Rs. '000) (Audited)	Change %	31.03.2018 (Rs.'000) (Unaudited)	31.12.2017 (Rs. '000) (Audited)	Change %
Assets						
Cash and Cash Equivalents	49,833,942	68,958,012	(27.7)	50,590,235	69,675,003	(27.4)
Balances with Central Bank of Sri Lanka	67,793,389	65,689,278	3.2	67,793,389	65,689,278	3.2
Placements with banks	6,073,906	13,458,639	(54.9)	10,826,006	18,944,087	(42.9)
Derivative Financial Instruments	251,726	334,230	(24.7)	251,726	334,230	(24.7)
Other Financial assets held-for-trading	85,351,881	53,042,557	60.9	85,669,939	53,354,989	60.6
Loans and receivables to Banks	37,449,454	86,097,515	(56.5)	37,691,871	86,436,113	(56.4)
Loans and receivables to other customers	1,058,303,945	1,012,642,714	4.5	1,194,740,183	1,143,766,774	4.5
Financial investments - Available-for-sale	6,097,576	3,415,344	78.5	7,441,053	4,483,905	66.0
Financial investments - Held-to-maturity	132,613,161	112,351,039	18.0	137,502,802	117,137,814	17.4
Investments in subsidiaries	1,325,766	1,325,766	-	-	-	-
Goodwill and intangible assets	327,422	225,058	45.5	786,837	679,663	15.8
Property, plant and equipment	25,972,968	25,047,501	3.7	35,109,058	33,757,975	4.0
Investment properties	1,221,878	1,222,299	-	316,276	177,501	78.2
Prepaid Leases	478,296	483,886	(1.2)	478,296	483,886	(1.2)
Other assets	24,081,531	22,805,270	5.6	25,793,677	24,157,374	6.8
Total Assets	<u>1,497,176,841</u>	<u>1,467,099,108</u>	2.1	<u>1,654,991,348</u>	<u>1,619,078,592</u>	2.2
Liabilities						
Due to banks	86,834,734	80,676,350	7.6	110,067,935	100,628,552	9.4
Derivative Financial Instruments	116,468	273,975	(57.5)	116,468	273,975	(57.5)
Due to other customers	1,263,693,370	1,244,002,768	1.6	1,327,491,421	1,305,625,750	1.7
Other Borrowings	22,443,365	24,380,962	(7.9)	32,224,469	33,634,482	(4.2)
Current tax liabilities	6,023,149	4,064,907	48.2	5,995,972	4,367,318	37.3
Net Deferred tax liabilities	4,455,617	4,455,617	-	8,039,002	7,277,032	10.5
Other liabilities	20,479,718	19,256,075	6.4	29,779,125	28,380,411	4.9
Subordinated term debts	12,531,728	12,531,728	-	29,689,592	32,447,923	(8.5)
Total Liabilities	<u>1,416,578,149</u>	<u>1,389,642,382</u>	1.9	<u>1,543,403,984</u>	<u>1,512,635,443</u>	2.0
Equity						
Stated capital/Assigned capital	12,201,998	12,201,998	-	12,201,998	12,201,998	-
Statutory reserve Fund	5,814,744	5,814,744	-	5,814,744	5,814,744	-
Other reserves	25,260,819	25,117,785	0.6	27,350,245	26,913,806	1.6
Retained earnings	37,321,131	34,322,199	8.7	56,400,940	52,191,314	8.1
Total shareholders' equity	<u>80,598,692</u>	<u>77,456,726</u>	4.1	<u>101,767,927</u>	<u>97,121,862</u>	4.8
Non-controlling interests	-	-	-	9,819,437	9,321,287	5.3
Total equity	<u>80,598,692</u>	<u>77,456,726</u>	4.1	<u>111,587,364</u>	<u>106,443,149</u>	4.8
Total equity and liabilities	<u>1,497,176,841</u>	<u>1,467,099,108</u>	2.1	<u>1,654,991,348</u>	<u>1,619,078,592</u>	2.2
Contingent Liabilities and Commitments	<u>336,323,048</u>	<u>303,344,150</u>	10.9	<u>337,080,774</u>	<u>304,101,876</u>	10.8
No of Employees	8,332	8,454		10,567	10,699	
No of Branches	736	737		850	851	

**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31ST MARCH**

BANK

	Stated capital/Assigned capital		Reserves					Total
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Available For Sale Reserve (Rs.'000)	Retained Earnings (Rs.'000)	(Rs.'000)
Balance as at 01.01.2017	49,998	7,152,000	4,902,255	10,843,204	10,078,873	273,778	26,348,748	59,648,856
Profit for the year	-	-	-	-	-	-	18,249,777	18,249,777
Changes in Fair Value in AFS Investments	-	-	-	-	-	(177,930)	-	(177,930)
Reversal of AFS reserve on disposal of AFS Investment	-	-	-	-	-	17,289	-	17,289
Net Defined Benefit obligation	-	-	-	-	-	-	(3,222,626)	(3,222,626)
Revaluation Surplus of Land and Building	-	-	-	6,568,522	-	-	-	6,568,522
Deffered tax effect on Revaluation Surplus	-	-	-	(3,366,405)	-	-	-	(3,366,405)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	(41,067)	(41,067)
Increase of assigned capital	-	5,000,000	-	-	-	-	-	5,000,000
Reversal of Revaluation Gain on Disposed Property	-	-	-	-	-	-	-	-
Transfer to Reserve during the Year	-	-	912,489	-	873,864	-	(1,786,353)	-
Transfers From Retained Earnings during the year	-	-	-	6,590	-	-	(6,590)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(5,219,690)	(5,219,690)
Balance as at 01.01.2018	49,998	12,152,000	5,814,744	14,051,911	10,952,737	113,137	34,322,199	77,456,726
Profit for the period	-	-	-	-	-	-	3,253,855	3,253,855
Changes in Fair Value in AFS Investments	-	-	-	-	-	143,034	-	143,034
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(254,923)	(254,923)
Balance as at 31.03.2018	49,998	12,152,000	5,814,744	14,051,911	10,952,737	256,171	37,321,131	80,598,692

STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED 31ST MARCH

GROUP

	Stated capital/ Assigned capital		Reserves						Total (Rs.'000)	Non controlling interest (Rs.'000)	Total equity (Rs.'000)
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Available For Sale Reserve (Rs.'000)	Cash Flow Hedge Reserve (Rs.'000)	Retained earnings (Rs.'000)			
Balance as at 01.01.2017	49,998	7,152,000	4,902,255	11,883,155	10,078,873	296,180	11,787	43,185,534	77,559,782	7,631,326	85,191,108
Profit for the Year	-	-	-	-	-	-	-	19,295,734	19,295,734	1,215,187	20,510,921
Changes in Fair Value in AFS Investments	-	-	-	-	-	(177,011)	-	-	(177,011)	1,680	(175,331)
Reversal of AFS reserve on disposal of AFS Investment	-	-	-	-	-	17,289	-	-	17,289	-	17,289
Net Defined Benefit obligation	-	-	-	-	-	-	-	(3,240,752)	(3,240,752)	(6,082)	(3,246,834)
Revaluation Surplus of Land and Building	-	-	-	7,582,372	-	-	-	-	7,582,372	166,683	7,749,055
Deffered tax effect on Revaluation Surplus	-	-	-	(3,640,880)	-	-	-	-	(3,640,880)	(91,492)	(3,732,372)
Gains and losses on derivative financial Assets	-	-	-	-	-	-	(11,787)	-	(11,787)	(3,928)	(15,715)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	(36,570)	(36,570)	1,510	(35,060)
Increase of assigned capital	-	5,000,000	-	-	-	-	-	-	5,000,000	-	5,000,000
Transfer to Reserve during the period	-	-	912,489	-	873,864	-	-	(1,786,353)	-	-	-
Transfers From Retained Earnings during the year	-	-	-	6,590	-	-	-	(6,590)	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	-	(5,219,690)	(5,219,690)	-	(5,219,690)
Movement Due to changes in ownership	-	-	-	-	(6,626)	-	-	-	(6,626)	987,624	980,998
Dividends Paid	-	-	-	-	-	-	-	-	-	(581,222)	(581,222)
Balance as at 01.01.2018	49,998	12,152,000	5,814,744	15,831,237	10,946,111	136,458	-	52,191,314	97,121,862	9,321,287	106,443,149
Profit for the period	-	-	-	-	-	-	-	4,478,579	4,478,579	560,130	5,038,709
Changes in Fair Value in AFS Investments	-	-	-	-	-	149,870	-	-	149,870	2,279	152,149
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	-	-	8,747	-	-	-	8,747	2,916	11,663
Net Defined Benefit obligation	-	-	-	-	-	-	-	(18,976)	(18,976)	(6,325)	(25,301)
Revaluation Surplus of Land and Building	-	-	-	277,822	-	-	-	-	277,822	-	277,822
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	4,946	4,946	1,649	6,595
Special levy to Treasury/ Dividend	-	-	-	-	-	-	-	(254,923)	(254,923)	-	(254,923)
Dividends Paid	-	-	-	-	-	-	-	-	-	(62,500)	(62,500)
Balance as at 31.03.2018	49,998	12,152,000	5,814,744	16,109,059	10,954,858	286,328	-	56,400,940	101,767,927	9,819,437	111,587,364

CASH FLOW STATEMENT**FOR THE QUARTER ENDED 31ST MARCH**

	BANK		GROUP	
	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)	2018 (Rs. '000) (Unaudited)	2017 (Rs. '000) (Unaudited)
Cash flows from operating activities				
Profit before tax	5,951,007	5,016,204	8,335,003	6,483,701
Adjustment for				
Non-cash items included in profits before tax	2,242,600	1,276,612	2,526,262	1,548,465
Changes in operating assets	(29,761,116)	(131,029,270)	(35,100,500)	(132,624,922)
Changes in operating liabilities	24,760,032	108,670,540	30,905,119	107,032,114
Dividend income from subsidiaries and others	(2,505)	(3,226)	(42,134)	(59,803)
Interest expense on subordinated debt	403,767	396,875	403,767	396,875
Contribution paid to defined benefit plans/Gratuity	375,000	462,828	375,000	545,482
Tax paid	(738,910)	(1,609,675)	(899,075)	(2,274,289)
Net Cash Generated from Operating Activities	3,229,875	(16,819,112)	6,503,442	(18,952,379)
Cash Flows from Investing Activities				
Purchase of investment property	-	-	(139,196)	-
Purchase of property, plant and equipment	(1,237,399)	(477,345)	(1,459,372)	(586,535)
Proceeds from the sale of property, plant and equipment	7,871	3,588	27,099	36,728
Purchase of financial investments	(20,345,310)	(4,277,716)	(20,448,176)	(2,347,811)
Net purchase of intangible assets	(122,922)	(2,122)	(131,178)	(14,422)
Dividends received from investment in subsidiaries and others	2,505	3,226	42,134	59,803
Net Cash (used in) from Investing Activities	(21,695,255)	(4,750,369)	(22,108,689)	(2,852,237)
Cash Flows from Financing Activities				
Repayment of subordinated debt	-	-	(2,758,331)	-
Interest paid on subordinated debt	(403,767)	(396,875)	(403,767)	(396,875)
Dividend paid to non-controlling interest	-	-	(62,500)	(37,500)
Dividend/Levy paid to holders of other equity instruments	(254,923)	(1,054,923)	(254,923)	(1,054,923)
Net Cash from Financial Activities	(658,690)	(1,451,798)	(3,479,521)	(1,489,298)
Net Increase/(Decrease) in Cash & Cash Equivalents	(19,124,070)	(23,021,279)	(19,084,768)	(23,293,914)
Cash and cash equivalents at the beginning of the year	68,958,012	64,008,639	69,675,003	67,695,584
Cash and cash equivalents at the end of the period	49,833,942	40,987,360	50,590,235	44,401,670

ADDITIONAL DISCLOSURES

	BANK		GROUP	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Loans and Receivables to Other Customers				
Gross loans and receivables	1,121,215,451	1,074,247,652	1,261,040,987	1,209,116,267
(Less) : Individual impairment	(44,697,495)	(44,913,498)	(45,083,950)	(45,672,491)
Collective impairment	(18,214,011)	(16,691,440)	(21,216,854)	(19,677,002)
Net loans and receivables	1,058,303,945	1,012,642,714	1,194,740,183	1,143,766,774
Analysis -Domestic Currency				
By product				
Overdrafts	101,309,748	116,732,110	99,919,032	115,258,663
Term loans	651,786,261	599,715,217	695,830,007	641,740,832
Lease Rental Receivable	-	-	91,383,667	89,423,716
Credit Cards	2,401,394	2,212,132	2,401,394	2,212,132
Pawning	139,539,247	136,475,059	139,582,345	136,532,611
Trade Finance	21,348,063	37,417,317	21,348,063	37,417,317
Others	18,519,614	19,374,799	24,265,355	24,209,978
Sub Total	934,904,327	911,926,634	1,074,729,863	1,046,795,249
Analysis -Foreign Currency				
By product				
Overdrafts	1,330,851	902,371	1,330,851	902,371
Term loans	59,537,323	57,803,788	59,537,323	57,803,788
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	125,442,950	103,614,859	125,442,950	103,614,859
Others	-	-	-	-
Sub Total	186,311,124	162,321,018	186,311,124	162,321,018
Grand Total	1,121,215,451	1,074,247,652	1,261,040,987	1,209,116,267

Movements in Individual and Collective Impairment during the period for loans and Receivables to other customers

	BANK		GROUP	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Allowance for Individual impairment				
Opening balance	44,913,498	43,589,172	45,672,491	44,124,522
Charge (Write-back) to income statement	(216,003)	1,324,326	(588,541)	1,547,969
Write-off during the year	-	-	-	-
Other Movements	-	-	-	-
Closing balance	44,697,495	44,913,498	45,083,950	45,672,491
Allowance for Collective impairment				
Opening balance	16,691,440	16,706,676	19,677,002	18,402,340
Charge (Write-back) to income statement	1,908,435	1,354,040	1,925,716	2,643,938
Reversals made during the year	(346,988)	(1,329,906)	(346,988)	(1,329,906)
Write-off during the year	(21)	(104,512)	(21)	(104,512)
Other Movements	(38,855)	65,142	(38,855)	65,142
Closing balance at	18,214,011	16,691,440	21,216,854	19,677,002
Total Impairment	62,911,506	61,604,938	66,300,804	65,349,493
Due to Other Customers				
Analysis				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	58,955,273	59,632,510	55,074,992	57,596,428
Savings deposits	442,622,897	433,277,185	446,896,266	437,157,640
Fixed deposits	666,058,522	623,987,541	724,012,892	678,521,081
Other products	3,125,535	3,865,085	8,576,128	9,110,154
Sub Total	1,170,762,227	1,120,762,321	1,234,560,278	1,182,385,303
Due to Other Customers				
Product Wise Analysis - Foreign Currency				
Demand deposit (current accounts)	1,930,272	1,316,264	1,930,272	1,316,264
Savings deposits	18,573,985	29,379,443	18,573,985	29,379,443
Fixed deposits	72,404,647	92,523,266	72,404,647	92,523,266
Other products	22,239	21,474	22,239	21,474
Sub Total	92,931,143	123,240,447	92,931,143	123,240,447
Grand Total	1,263,693,370	1,244,002,768	1,327,491,421	1,305,625,750

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.03.2018 (Unaudited)	As at 31.12.2017 (Audited)	As at 31.03.2018 (Unaudited)	As at 31.12.2017 (Audited)
Regulatory Capital Adequacy				
Common Equity Tier 1 Capital [Rs. 000]	61,981,355	62,084,793	85,118,152	85,077,314
Tier 1 Capital [Rs. 000]	61,981,355	62,084,793	85,118,152	85,077,314
Total Capital [Rs. 000]	85,671,649	77,554,147	109,399,298	101,485,804
Common Equity Tier 1 Ratio (Min. requirement - 2018-7.375%, 2017-6.25%)	9.8	10.8	10.7	11.5
Tier 1 Capital Ratio (Min. requirement - 2018-8.875%, 2017-7.75%)	9.8	10.8	10.7	11.5
Total Capital Ratio (Min. requirement - 2018-12.875%, 2017-11.750%)	13.6	13.5	13.7	13.7
Assets Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	2.1	1.9	2.2	2.0
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	1.0	0.7	1.2	1.0
Profitability				
Interest Margin, %	3.6	3.6	4.3	4.1
Return on Assets (Before Tax), %	1.6	1.9	2.0	1.9
Return on Equity (After Tax), %	16.5	26.6	18.5	21.4
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit Rs.'000	288,622,806	298,497,361		
Off- Shore Banking Unit US\$ ('000)	219,545	242,692		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit, %	22.9	24.1		
Off- Shore Banking Unit, %	31.0	32.4		
Liquidity Coverage Ratio (%) (Minimum Requirement, 2018- 90%,2017-,80%)				
Liquidity Coverage Ratio - Rupee	110.3	104.0		
Liquidity Coverage Ratio - All Currency	94.2	95.1		

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 31.03.2018

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	49,833,942	-	49,833,942
Balances with Central Banks	-	-	-	67,793,389	-	67,793,389
Placements with Banks	-	-	-	6,073,906	-	6,073,906
Derivative Financial Instruments	-	251,726	-	-	-	251,726
Financial assets held-for-trading	85,351,881	-	-	-	-	85,351,881
Loans and receivables to banks	-	-	-	37,449,454	-	37,449,454
Loans and receivables to other customers	-	-	-	1,058,303,945	-	1,058,303,945
Financial investments	-	-	132,613,161	-	6,097,576	138,710,737
Current tax	-	-	-	-	-	-
Total financial assets	85,351,881	251,726	132,613,161	1,219,454,636	6,097,576	1,443,768,980
LIABILITIES						
Due to banks	-	-	-	86,834,734	-	86,834,734
Derivative Financial Instruments	-	116,468	-	-	-	116,468
Financial liabilities designated at fair value through profit or loss	-	-	-	1,263,693,370	-	1,263,693,370
Due to other customers	-	-	-	22,443,365	-	22,443,365
Other Borrowings	-	-	-	12,531,728	-	12,531,728
Subordinated term debts	-	-	-	-	-	-
Total financial liabilities	-	116,468	-	1,385,503,197	-	1,385,619,665

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 31.12. 2017

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	68,958,012	-	68,958,012
Balances with Central Banks	-	-	-	65,689,278	-	65,689,278
Placements with Banks	-	-	-	13,458,639	-	13,458,639
Derivative Financial Instruments	-	334,230	-	-	-	334,230
Financial assets held-for-trading	53,042,557	-	-	-	-	53,042,557
Loans and receivables to banks	-	-	-	86,097,515	-	86,097,515
Loans and receivables to other customers	-	-	-	1,012,642,714	-	1,012,642,714
Financial investments	-	-	112,351,039	-	3,415,344	115,766,383
Total financial assets	53,042,557	334,230	112,351,039	1,246,846,158	3,415,344	1,415,989,328
LIABILITIES						
Due to banks	-	-	-	80,676,350	-	80,676,350
Derivative Financial Instruments	-	273,975	-	-	-	273,975
Financial liabilities designated at fair value through profit or loss	-	-	-	1,244,002,768	-	1,244,002,768
Due to other customers	-	-	-	-	-	-
Other Borrowings	-	-	-	24,380,962	-	24,380,962
Subordinated term debts	-	-	-	12,531,728	-	12,531,728
Total financial liabilities	-	273,975	-	1,361,591,808	-	1,361,865,783

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.03.2018

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	50,590,235	-	50,590,235
Balances with Central Banks	-	-	-	67,793,389	-	67,793,389
Placements with Banks	-	-	-	10,826,006	-	10,826,006
Derivative Financial Instruments	-	251,726	-	-	-	251,726
Financial assets held-for-trading	85,669,939	-	-	-	-	85,669,939
Loans and receivables to banks	-	-	-	37,691,871	-	37,691,871
Loans and receivables to other customers	-	-	-	1,194,740,183	-	1,194,740,183
Financial investments	-	-	137,502,802	-	7,441,053	144,943,855
Total financial assets	85,669,939	251,726	137,502,802	1,361,641,685	7,441,053	1,592,507,204
LIABILITIES						
Due to banks	-	-	-	110,067,935	-	110,067,935
Derivative Financial Instruments	-	116,468	-	-	-	116,468
Financial liabilities designated at fair value through profit or loss	-	-	-	1,327,491,421	-	1,327,491,421
Due to other customers	-	-	-	32,224,469	-	32,224,469
Other Borrowings	-	-	-	-	-	-
Subordinated term debts	-	-	-	29,689,592	-	29,689,592
Total financial liabilities	-	116,468	-	1,499,473,417	-	1,499,589,885

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.12. 2017

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	69,675,003	-	69,675,003
Balances with Central Banks	-	-	-	65,689,278	-	65,689,278
Placements with Banks	-	-	-	18,944,087	-	18,944,087
Derivative Financial Instruments	-	334,230	-	-	-	334,230
Financial assets held-for-trading	53,354,989	-	-	-	-	53,354,989
Loans and receivables to banks	-	-	-	86,436,113	-	86,436,113
Loans and receivables to other customers	-	-	-	1,143,766,774	-	1,143,766,774
Financial investments	-	-	117,137,814	-	4,483,905	121,621,719
Total financial assets	53,354,989	334,230	117,137,814	1,384,511,255	4,483,905	1,559,822,193
LIABILITIES						
Due to banks	-	-	-	100,628,552	-	100,628,552
Derivative Financial Instruments	-	273,975	-	-	-	273,975
Financial liabilities designated at fair value through profit or loss	-	-	-	1,305,625,750	-	1,305,625,750
Due to other customers	-	-	-	33,634,482	-	33,634,482
Other Borrowings	-	-	-	-	-	-
Subordinated term debts	-	-	-	32,447,923	-	32,447,923
Total financial liabilities	-	273,975	-	1,472,336,707	-	1,472,610,682

SRI LANKA ACCOUNTING STANDARD - SLFRS 9 ON “FINANCIAL INSTRUMENTS”

Sri Lanka Accounting Standard, SLFRS 9 - Financial Instruments is effective for annual periods beginning on or after 1st January 2018. However, the Bank has prepared Interim Financial Statements in accordance with “LKAS 39 - Financial Instruments Recognition and Measurement as permitted by the Statement of Alternative Treatment (SoAT) as issued by the Institute of Chartered Accountants of Sri Lanka.

Based on the assessment undertaken at December 31, 2016, which has not been audited, the Bank's total impairment provision - as computed in accordance with LKAS 39 - will increase by less than 10.0% on migration to SLFRS 9. The Bank is currently in process of finalizing and validating its impact at December 31, 2017

CERTIFICATION

We the undersigned being the Chairman, Chief Executive Officer/General Manager and the Head of Finance 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.)
Azzam A. Ahamat
Head of Finance

(Sgd.)
N. Vasantha Kumar
Chief Executive Officer/General Manager

(Sgd.)
Hemasiri Fernando
Chairman

28.05.2018
Colombo.



**PEOPLE'S
BANK**