

# People's Bank Continues to Maintain Steadfast Performance



Sujeewa Rajapakse, Chairman of People's Bank and Ranjith Kodituwakku, CEO/GM of People's Bank.

People's Bank announced the results for its nine months period ended September 30, 2022, recording a pre-tax profit of 17 billion rupees on a Bank solo and 21 billion rupees consolidated basis. The total operating income rose by 41.3 percent to reach 91 billion rupees, while total operating expenses grew by only 9.6 percent to 31.4 billion rupees. This reflected prudent cost management amidst a highly challenging macroeconomic environment characterized by, amongst others, an 80 percent currency devaluation and primarily arising from close to 70 percent inflationary pressure. The Bank's cost-to-income ratio was 40.9 percent for the nine months ended as compared with 52.3 percent during the same period in 2021, reflecting both top-line growth and controlled cost increases.

Net interest income grew by 12.7 percent to reach 66.5 billion rupees, while interest expenses rose by 89.6 percent during the nine months of 2022. As a result, net interest margins slipped to 3.12 percent from 3.27 percent in 2021. Fees & commission income grew by 128.0 percent to reach 12.8 billion rupees.

Excluding extraordinary items, growth was close to 30.0 percent, reflecting the Bank's ongoing effort to improve its non-funded sources of income, more so in a highly volatile interest rate environment. Impairment charges rose significantly, reflecting challenged macro-level circumstances and the elevated level of risk across its key customer segments. Post-tax profit was 12.7 billion rupees, dipping by 15.6 percent over the same period in 2021. Total deposits grew by 10.4 percent to reach 2,286.3 billion rupees, while net loans amounted to 1,811.0 billion rupees, contracting by a marginal 1.3 percent. Total assets reached 3,028.5 billion rupees, growing by 14.4 percent from the end of 2021. The Bank's Tier I and Total Capital Adequacy Ratio was 11.2 and 15.6 percent, respectively, on a Bank solo basis while, on a consolidated basis, it was 12.4 percent and 16.3 percent, respectively.

Sujeewa Rajapakse, Chairman of People's Bank, stated, "All factors and circumstances considered, we are pleased with the Bank's results. Irrespective of the sector or nature of business, 2022 is not a year where the top or bottom line measures performance but one of resilience, prudence, solvency without any regulatory forbearance, and, more importantly, customer centricity in their time of dire need. During the last several years, People's Bank has played a pivotal role by putting the country first by supporting the internal ecosystem function without any disruption to the best of its abilities and has facilitated, amongst many other, the bulk of the country's imports relating to crude oil, coal, fertilizer, and essential medicine. We remain committed to serving the nation and are already implementing several additional measures to better equip the Bank to meet the increasing needs of its various stakeholders."

Ranjith Kodituwakku, CEO/ GM of People's Bank stated that: "With the economy set to contract this year, excluding the impact of the currency devaluation, most balance sheets are likely to contract. Whilst profitability is not the focal point, bolstering liquidity, strengthening capital, and bringing about productivity and efficiency enhancements in these difficult times through digital and other means are the key focus areas. While the process of recovery will be a long and arduous one that hinges on many moving parts, we remain optimistic that we are currently on the right path to recovery. In all probability, the changes which have taken place, those currently taking place, and, more importantly, those likely to take place will shape the country's future for the better.