

People's Bank reports consolidated profit after tax of 4.6 billion



Sujeewa Rajapakse, Chairman of People's Bank.



Clive Fonseka, Acting CEO/GM of People's Bank.

People's Bank announced the results for its March 31, 2023 quarter reporting total consolidated operating income and pre-tax profit amounting to 24.0 billion rupees and 7.2 billion rupees, respectively.

Similar to 2022, the quarter continued to be characterized by higher interest costs; due to the prevailing high-interest rate environment.

This saw consolidated net interest income dip by 49.7 percent to 15.3 billion rupees relative to Q1-22. This, in part, also reflected the Bank's efforts to defer the re-pricing of some of its loans to its more sensitive customer segments.

Consolidated net fees and commission income amounted to 4.5 billion rupees which, excluding one-off items during Q1-22, represented over a 40.0 percent growth on a like-for-like basis.

Reflecting inflation pushed cost pressures, much of which originated in the period after Q1-22, and saw consolidated total operating expenses rise by 10.1 percent to reach 14.4 billion (Q1-22: LKR 13.1 billion).

This compared well with the industry and, in part, also reflected Group efforts for greater cost control at every instance so reasonably possible.

Total consolidated customer deposits grew to 2,513.1 billion rupees, i.e., by 2.6 percent, while close net loans contracted by 4.2 percent to 1,835.1 billion rupees.

The dip in net loans reflected a conscious effort on the part of the Bank and the Group to control lending more so in a yet contracting macro-economic context.

Total consolidated assets stood at 3,072.2 billion rupees at period end (end 2022: LKR 3,133.1 billion).

The Bank's Tier I and Total Capital Adequacy Ratios were 11.8 percent and 16.2 percent, respectively, as of March 31, 2023, while, on a consolidated basis, it was 13 percent and 16.9 percent, respectively.

The Bank's solvency levels remain sound, ultimately reflecting efforts made since the onset of Basel III on July 1, 2017. Further steps to bolster its regulatory capital, including for additional contingency, is currently ongoing.

In addition, the Bank successfully met all key regulatory measures during the said period.

Commenting on the results of the Bank and the Group, Sujeewa Rajapakse, Chairman of People's Bank, stated, "While the sector has, and continues to reel with many headwinds over the last several years. our first quarter results testify to our continued strength, resilience, and adaptability even in the most adverse circumstances. Over the last several years, the Bank has successfully met the needs of its diverse stakeholders, leading from the front in many instances so to ensure the country is first prioritized, customer interests are safeguarded, and government endeavors are supported while, at the same time, the Bank's commercial interests are also met.

Our top-line growth during the quarter attests to the growth of our core banking operations, whilst the prevailing high-interest rate environment has naturally led to the inevitable earnings pressure as seen throughout the industry."

Adding further, he said, “However, The quarter witnessed several accomplishments from an Institutional standpoint, both from a quantitative and qualitative front. This included, amongst other, our ability to successfully drive identified strategic growth areas, ensure sustained improvements in liquidity both from a rupee and foreign currency standpoint, and instill further improvements from a risk management perspective.

In addition, our digital investments continue to bear fruit, which augurs well for the Bank’s future growth prospects. With several positive developments seen on a macro-economic front, including those stemming from the IMF’s Extended Fund Facility, we look forward to the future with great optimism. As we have done so over the last several years, we reaffirm our unwavering commitment to play our role to safeguard the national interest and those of our stakeholders. I take the opportunity to thank our loyal customers for their continued trust and confidence in the Institution!”

Commenting on the results, Clive Fonseka, Chief Executive Officer and General Manager (Acting) stated: “Despite the many pressures, including those unique to a State-Owned Institution, we have continued to make noteworthy progress on several fronts and have addressed some of the most pressing matters within a short period. Our primary focus is on further bolstering our liquidity, driving key areas of strategic importance, and managing our asset quality while supporting our customers in navigating these challenging times. We are also taking early steps to bolster our regulatory capital from current levels.”

Adding further, he said, “The success of our delivery remains ultimately best reflected in the sustained improvements shown across several key performance indicators. Relating to the recent news being circulated in select social media platforms on non-performing loan write-offs – I seek to confirm that there have been no such write-offs. Our usual due process for recovering such loans is currently in motion.”

“The foundation of People’s Bank’s success primarily rests with our staff and loyal customers. While the road ahead is likely filled with many more challenges, we look forward to facing them with confidence and vigor as we have done so over the last several years!