PUBLIC BANK BERHAD SRI LANKA BRANCH

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FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 30 SEPTEMBER 2020

AAA /STABLE/ P1
RAM Ratings

STATEMENT OF FINANCIAL POSITION

As at

	BANK (Rs.'000)		GROUP (RM.'000)	
	30-September-2020	31-December-2019	30-September-2020	31-December-2019
ASSETS		(Audited)		(Audited)
Cash and cash equivalents	**263,968**	547,140	**20,845,573**	14,075,699
Statutory deposit with Central Bank of Sri Lanka / other Central Banks	**41,767**	75,026	**1,264,972**	10,044,185
Reverse repurchases agreements	**-**	364,067	**500,682**	8,208
Derivative financial instruments	**-**	-	**90,765**	152,330
Financial assets at fair value through profit or loss	**-**	-	**1,683,989**	4,210,265
Financial investments at fair value through other comprehensive income	**22,080**	22,080	**47,714,221**	40,153,493
Loans, advances and financing	**6,982,974**	6,962,669	**340,011,611**	328,476,494
Financial investments at amortized cost	**3,387,720**	1,508,595	**28,943,958**	27,638,168
Investments in Associated Companies	**-**	-	**80,455**	75,080
Property and Equipment	**84,135**	100,819	**1,121,008**	1,142,575
Right-of-use assets	**176,438**	190,627	**1,402,780**	1,427,160
Investment properties	**-**	-	**731,051**	753,095
Intangible assets	**77,129**	109,419	**2,469,256**	2,443,039
Deferred Tax Assets	**21,221**	21,221	**113,023**	83,484
Other Assets	**75,178**	129,726	**3,336,307**	2,147,400
TOTAL ASSETS	**11,132,610**	10,031,389	**450,309,651**	432,830,675
LIABILITIES				
Deposits from banks	**64,038**	413,124	**11,413,041**	8,494,073
Deposits from customers	**3,301,303**	2,931,288	**363,803,043**	353,340,475
Obligations on securities sold under repurchase agreements	**-**	-	**1,221,651**	970,654
Derivative financial instruments	**-**	-	**610,040**	345,724
Other Borrowings	**800,762**	-	**5,731,648**	5,734,790
Debt securities issued and other borrowed funds	**-**	-	**12,368,758**	12,317,450
Current Tax Liabilities	**41,663**	47,128	**1,056,342**	540,107
Retirement Benefit Obligation	**33,763**	28,605	**-**	-
Deferred Tax Liabilities	**-**	-	**62,207**	56,993
Lease liabilities	**185,965**	186,096	**1,075,659**	1,087,808
Other Liabilities	**286,895**	131,107	**5,669,552**	5,196,397
TOTAL LIABILITIES	**4,714,389**	3,737,348	**403,011,941**	388,084,471
Equity				
Share capital/Assigned capital	**3,792,318**	3,792,318	**9,417,653**	9,417,653
Statutory reserve fund	**113,312**	113,312	**45,130**	44,878
Retained earnings	**2,250,232**	2,137,223	**32,952,406**	30,552,967
Total other reserves	**262,359**	251,188	**3,666,352**	3,578,832
Equity attributable to equity holders of the Bank	**6,418,221**	6,294,041	**46,081,541**	43,594,330
Non-controlling Interests	**-**	-	**1,216,169**	1,151,874
Total Equity	**6,418,221**	6,294,041	**47,297,710**	44,746,204
TOTAL LIABILITIES AND EQUITY	**11,132,610**	10,031,389	**450,309,651**	432,830,675
Contingent liabilities and commitments	**1,618,080**	2,429,958	**103,958,032**	94,315,048
Contingencies	**495,468**	536,495	**2,894,738**	3,263,448
Commitments	**1,122,612**	1,893,463	**67,681,737**	59,451,227
Derivative financial instruments			**33,381,557**	31,600,373
Memorandum Information	**66**	63	**19,316**	19,260
Number of Employees	**3**	3	**269**	269
Number of Branches				

STATEMENT OF PROFIT OR LOSS

	BANK (Rs.'000)		GROUP (RM.'000)	
	For the period ended 30 September 2020	For the period ended 30 September 2019	For the period ended 30 September2020	For the period ended 30 September 2019
Interest Income	**722,696**	763,860	10,827,898	12,194,805
Less: Interest Expenses	**162,642**	142,896	5,584,016	6,669,827
Net Interest Income	**560,054**	620,964	5,243,882	5,524,978
Net Income From Islamic Banking Business	**-**	-	939,965	944,577
Net Interest Income and net Income from Islamic Banking Business	**560,054**	620,964	6,183,847	6,469,555
Fee and Commission Income	**16,039**	17,629	1,961,314	1,905,556
Less : Fee and Commission Expenses	**5,570**	4,810	569,853	581,359
Net Fee and Commission Income	**10,469**	12,819	1,391,461	1,324,197
Net Trading Income	**10,867**	12,159	190,398	206,096
Other Operating Income	**5,246**	7,085	517,480	252,347
Total Operating Income	**586,636**	653,027	8,283,186	8,252,195
(Allowance)/ Writeback of allowance for impairment on loans, advances and financing				
Expected credit losses	**(28,141)**	(21,708)	(714,084)	(302,516)
Impaired loans and financing recovered	**-**	-	164,384	191,321
Impaired loans and financing written off	**-**	-	(41)	(30)
Others - net	**-**	-	(8,900)	2,252
Net Operating Income	**558,495**	631,319	7,724,545	8,143,222
Personnel Expenses	**131,381**	116,723	2,119,434	2,035,204
Depreciation and amortization	**68,361**	24,578	267,036	256,877
Premises, Equipment and establishment Expenses	**89,113**	91,262	272,635	267,706
Other Overhead Expenses	**36,895**	37,210	258,771	274,300
Operating Profit before VAT, NBT on financial service and Debt Repayment Levy	**232,745**	361,546	4,806,669	5,309,135
Value Added Tax (VAT) on Financial Services	**48,750**	57,538	-	-
National Building Tax (NBT) on Financial Services	**-**	7,034	-	-
Debt Repayment Levy (DRL)	**661**	30,806	-	-
Operating Profit after VAT, NBT on financial service and Debt Repayment Levy	**183,334**	266,168	4,806,669	5,309,135
Shares of profit / (loss)after tax of equity accounted associated companies	**-**	-	3,674	2,516
Profit before Tax	**183,334**	266,168	4,810,343	5,311,651
Income Tax expenses	**70,325**	105,070	1,043,458	1,152,432
Profit for the period	**113,009**	161,098	3,766,885	4,159,219
Attributable to:				
Equity Holders of the Parent	**113,009**	161,098	3,723,743	4,105,691
Non-Controlling Interest	**-**	-	43,142	53,528
	113,009	161,098	3,766,885	4,159,219
Earnings per RM 1.00 share:				
- basic / diluted (sen)	**-**	-	95.9	105.8

LOANS, ADVANCES AND FINANCING

As at	Bank (Rs.'000)		Group (Rm.'000)	
	30-September-2020	31-December-2019	30-September-2020	31-December-2019
Gross loans, advances and financing at amotised cost	**7,085,285**	7,045,296	**342,342,054**	330,468,441
Less : Allowances for impairment Expected credit losses				
- stage 1	**(20,379)**	(20,379)	**(1,262,360)**	(970,934)
- stage 2	**(17,939)**	(9,237)	**(815,753)**	(649,912)
- stage 3	**(63,993)**	(53,011)	**(252,330)**	(371,101)
			-	
			-	
Net loans, advances and financing receivables	**6,982,974**	6,962,669	**340,011,611**	328,476,494

LOANS, ADVANCES AND FINANCING - BY PRODUCT

As at	Bank (Rs.'000)		Group (Rm.'000)	
	30-September-2020	31-December-2019	30-September-2020	31-December-2019
Overdrafts	**803,962**	838,318	**9,302,584**	11,181,394
Housing loans / financing	**1,021,174**	1,028,688	**128,822,839**	121,626,130
Other term loans / financing	**4,695,331**	4,482,659	**129,138,670**	124,159,645
Credit card receivables	**-**	-	**1,931,100**	2,161,229
Bills receivables	**212,391**	263,789	**67,522**	108,825
Vehicle loans	**292,204**	382,101	**-**	-
Staff loans	**60,223**	49,741	**2,097,126**	2,034,801
Hire purchase receivables	**-**	-	**53,792,113**	51,552,787
Trust receipts	**-**	-	**154,360**	254,153
Claims on customers under acceptance credits	**-**	-	**2,537,702**	3,551,070
Revolving credits	**-**	-	**10,605,144**	10,076,109
Syndicated term loans / financing	**-**	-	**3,892,894**	3,762,298
	7,085,285	7,045,296	**342,342,054**	330,468,441

MOVEMENT IN EXPECTED CREDIT LOSSES DURING THE PERIOD / YEAR FOR LOANS, ADVANCES AND FINANCING

As at	Bank (Rs.'000)		Group (Rm.'000)	
	30-Sep-2020	31-December-2019	30-Sep-2020	31-December-2019
Opening balance at 01 January	**82,627**	77,502	**1,991,947**	**2,042,413**
Loans, advances and financing derecognised (other than write-off)	**(44,463)**	-	**(99,337)**	**(165,363)**
New loans, advances and financing originated	**-**	-	**121,610**	**301,580**
Net remeasurement due to changes in credit risk	**-**	-	**283,805**	**302,693**
Modifications to contractual cash flows			**53,883**	**8,728**
Changes in models / risk parameters		5,142	**336,199**	**(22,909)**
Amounts written off	**-**	-	**(358,177)**	**(470,169)**
Amounts transferred to allowances for impairment loss on foreclosed properties	**-**	-	**(179)**	**(2,319)**
Exchange difference	**30**	(17)	**692**	**(2,707)**
Closing balance as at 30 September 2020	**38,194**	82,627	**2,330,443**	**1,991,947**

DEPOSITS FROM CUSTOMERS- BY PRODUCT

As at	Bank (Rs.'000)		Group (Rm.'000)	
	30-Sep-2020	31-December-2019	30-Sep-2020	31-December-2019
Demand deposits	**405,325**	327,696	**58,775,355**	51,106,160
Savings deposits	**355,270**	647,520	**44,737,590**	37,733,184
Fixed deposits	**2,517,341**	1,949,067	**204,394,311**	205,806,430
Negotiable instruments of deposit	**-**	-	**-**	22,979
Call deposits	**2,150**	2,000	**-**	-
Money market deposits	**-**	-	**55,850,366**	58,610,421
Other deposits	**21,217**	5,005	**45,421**	61,301
Total	**3,301,303**	2,931,288	**363,803,043**	353,340,475

STATEMENT OF CHANGES IN EQUITY AND RESERVES (BANK) (Rs. '000)

For the period ended 30 September 2020

	Stated Capital / Assigned capital			Reserves				
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Assigned Capital	Statutory Reserve Fund	FCBU Revaluation Reserve	Other reserves	Retained Earnings	Total Equity
Balance as at 01 January 2020	**-**	**-**	**3,792,318**	**113,312**	**232,138**	**19,050**	**2,137,223**	**6,294,041**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**113,009**	**113,009**
Actuarial gain on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gain on translation of FCBU	**-**	**-**	**-**	**-**	**11,171**	**-**	**-**	**11,171**
Deferred tax expense on other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Change in fair value of equity instruments	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**11,171**	**-**	**113,009**	**124,180**
Transactions with equity holders, recognised directly in equity:								
Transfer to Statutory Reserve Fund	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 30 September 2020 (Closing Balance)	**-**	**-**	**3,792,318**	**113,312**	**243,309**	**19,050**	**2,250,232**	**6,418,221**

STATEMENT OF CHANGES IN EQUITY AND RESERVES (GROUP) (RM. '000)

For the period ended 30 September 2020

	Stated Capital / Assigned capital	Reserves					
	Share Capital	Statutory Reserve Fund	Other Reserves	Retained Profits	Total Shareholders' Equity	Non-controlling Interests	Total Equity
At 01 January 2020	**9,417,653**	**44,878**	**3,578,832**	**30,552,967**	**43,594,330**	**1,151,874**	**44,746,204**
Profit for the period	**-**	**-**	**-**	**3,723,743**	**3,723,743**	**43,142**	**3,766,885**
Other comprehensive income for the period	**-**	**-**	**316,323**	**-**	**316,323**	**25,882**	**342,205**
Total comprehensive income for the period	**-**	**-**	**316,323**	**3,723,743**	**4,040,066**	**69,024**	**4,109,090**
Transactions with owners / other equity movements :							
Disposal of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer to statutory reserves	**-**	**252**	**-**	**(252)**	**-**	**-**	**-**
Transfer from regulatory reserves	**-**	**-**	**(311,903)**	**311,903**	**-**	**-**	**-**
Transfer to general reserves	**-**	**-**	**83,100**	**(83,100)**	**-**	**-**	**-**
Dividends paid	**-**	**-**	**-**	**(1,552,855)**	**(1,552,855)**	**(4,729)**	**(1,557,584)**
	-	**252**	**(228,803)**	**(1,324,304)**	**(1,552,855)**	**(4,729)**	**(1,557,584)**
Balance as at 30 September 2020 (Closing Balance)	**9,417,653**	**45,130**	**3,666,352**	**32,952,406**	**46,081,541**	**1,216,169**	**47,297,710**

STATEMENT OF OTHER COMPREHENSIVE INCOME (BANK) (Rs. '000) (GROUP) (RM. '000)

	For the period ended 30 September 2020	For the period ended 30 September 2019	For the period ended 30 September 2020	For the period ended 30 September2019
Profit for the Year	**113,008**	161,098	**3,766,885**	4,159,219
Other comprehensive income / (loss)				
Items that will not be reclassified to profit or loss				
- Gain / (loss) on re-mesurment of defined benefit plans	**-**	-	**(138,758)**	-
Net changes in re valuvation of	**-**	-	**-**	-
- Equity instruments	**-**	-	**-**	-
- Property and equipment	**-**	-	**7,210**	7,000
Gain on disposal of equity instruments	**-**	-	**-**	2,129
Currency translation differences in respect of Gain on translation of FCBU	**11,171**	(2,435)	**-**	5
	11,171	(2,435)	**(131,548)**	9,134
Items that may be reclassified to profit or loss				
- Currency translation differences in respect of				
- Foreign operations	**-**	-	**149,164**	60,233
- Net investment hedge	**-**	-	**(78,825)**	(53,696)
Net changes in revaluation of financial investments at fair vale through other comprehensive income	**-**	-	**586,712**	442,014
	-	-	**-**	
Net change in cash flow hedges	**-**	-	**(123,691)**	(106,647)
	-	-	**533,360**	341,904
Income tax effect				
Share of changes in associated companies' reserves	**-**	-	**(61,306)**	(61,548)
	-	-	**1,699**	1,762
Other comprehensive income / (loss) for the period net of tax	**11,171**	(2,435)	**342,205**	291,252
Total comprehensive income for the period	**124,179**	158,663	**4,109,090**	4,450,471
Total comprehensive income for the period attributable to:				
- Equity holders of the parent	**124,179**	158,663	**4,040,066**	4,388,089
- Non-controlling interests	**-**	-	**69,024**	62,382
	124,179	158,663	**4,109,090**	4,450,471

SELECTED PERFORMANCE INDICATORS (BANK) (Rs. '000) (GROUP) (RM. '000)

as at 30 September 2020

	As at 30 September 2020 Bank (Solo Basis)	As at 31 December 2019 Bank (Solo Basis)	As at 30 September 2020 Group	As at 31 December 2019 Group
	Basel 111	**Basel 111**	**Basel 11**	**Basel 11**
Regulatory Capital Adequacy				
Common Equity Tier 1 Capital	**5,837,038**	5,788,708	**39,626,710**	38,959,046
Total Tier 1 Capital	**5,837,038**	5,788,708	**39,785,386**	39,117,247
Total Capital	**5,866,386**	5,813,705	**48,990,972**	48,123,902
Total Risk - Weighted Assets	**8,351,099**	8,219,400	**291,422,556**	277,906,208
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement : 4.5%)	**-**	-	**13.60%**	14.02%
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	**69.90%**	70.43%		
Total Tier 1 Capital Ratio (Minimum Requirement : 6%)	**-**	-	**13.65%**	14.08%
Total Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	**69.90%**	70.43%		
Total Capital Ratio (Minimum Requirement : 8%)	**-**	-	**16.81%**	17.32%
Total Capital Ratio (Minimum Requirement - 12.5%)	**70.25%**	70.73%		-
Leverage Ratio (minimum requirement : 3%)	**43.05%**	46.92%		
Assets Quality (Quality of Loan Portfolio)				
Gross Non - Performing Advances Ratio, % (Without Interest in Suspense)	**2.33%**	2.25%		
Net Non - Performing Advances Ratio, % (net of interest in suspense and provision)	**1.88%**	0.79%		
Profitability				
Interest Margin, %	**7.69%**	9.35%		
Return on Assets (before Tax). %	**2.30%**	3.59%		
Return on Equity, %	**2.36%**	4.11%		
Regulatory Liquidity				
Statutory Liquid Assets	**3,678,312**	2,386,374		
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)				
Domestic Banking unit	**66.47%**	67.86%		
Off-Shore Banking Unit	**60.30%**	22.05%		
Net Stable funding ratio (NSFR)	**135.00%**	131.00%		
Liquidity Coverage Ratio				
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 100%)	**581.00%**	193.00%		
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement -100%)	**217.99%**	151.20%		

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 September 2020

	BANK (Rs.'000)	BANK (Rs.'000)	GROUP (Rm.'000)	GROUP (Rm.'000)
	For the period ended 30 September 2020	For the period ended 30 September 2019	For the period ended 30 September 2020	For the period ended 30 September 2019
Cash flows from Operating activities				
Profit Before Income Tax	**183,334**	266,168	**4,810,343**	5,311,651
Adjustment for:				
Depreciation and amortisation	**52,281**	24,578	**267,036**	256,877
Allowance for impaired loans and advances	**28,141**	21,708	**714,084**	302,516
Share of loss after tax of equity accounted associated companies	**-**	-	**(3,674)**	(2,516)
Provision for retirement benefits	**5,158**	5,157	**-**	-
Dividend income	**-**	-	**(2,284)**	(1,584)
Net gains on financial instruments	**-**	-	**(381,890)**	(112,318)
Allowances for impairment on other assets	**-**	-	**8,900**	(2,252)
Other non-cash items	**-**	-	**5,436**	(39,836)
	268,914	317,611	**5,417,951**	5,712,538
Change in statutory deposits with Central Banks	**33,259**	57,867	**-**	-
Change in operating assets	**20,291**	(106,344)	**(2,420,946)**	(12,688,808)
Increase / (Decrease) in operating liabilities	**977,348**	173,570	**14,116,414**	6,135,384
	1,299,812	442,704	**17,113,419**	(840,886)
Income tax expenses and zakat paid	**(75,790)**	(106,157)	**(612,986)**	(1,017,301)
Gratuity paid	**-**	(1,279)	**-**	-
Net cash generated from operating activities	**1,224,022**	335,268	**16,500,433**	(1,858,187)
Cash flows from investing activities				
Net (Purchase of) / Proceeds from sale of Sri Lanka Government Securities	**(1,515,058)**	(86,149)	**-**	-
Acquisition of property, plant and equipment	**(3,249)**	53,566	**(100,982)**	(130,799)
Addition to investment properties	**-**	-	**(62)**	-
Proceeds from the sale of property, plant and equipment	**-**	-	**8,651**	25,690
Acquisition of intangible assets	**(58)**	(123,935)	**-**	-
Net (Purchase) / sale of financial investments	**-**	-	**(7,889,167)**	1,202,389
Dividends received	**-**	-	**2,284**	1,584
Net cash (used in) investing activities	**(1,518,365)**	(156,517)	**(7,979,276)**	1,098,864
Cash flows from financing activities				
Dividends paid	**-**	-	**(1,557,584)**	(2,725,352)
Net drawdown / (repayment) of borrowings	**-**	-	**1,298**	1,198
Net proceeds from issuance of debt securities	**-**	-	**-**	1,500,000
Repayment of lease liabilities	**-**	-	**(95,233)**	(94,136)
Redemption of debt securities	**-**	-	**-**	(2,700,000)
Net cash used in financing activities	**-**	-	**(1,651,519)**	(4,018,290)
Net increase/(decrease) in cash and cash equivalents	**(294,343)**	178,751	**6,869,638**	(4,777,613)
Cash and cash equivalents at the beginning of the year	**547,140**	871,016	**12,191,838**	13,320,248
Exchange differences on translation of opening balances	**11,171**	(2,435)	**116,079**	64,178
Cash and cash equivalents at end of the period	**263,968**	1,047,331	**19,177,555**	8,606,813
Cash and cash equivalents	**263,968**	1,047,240	**20,845,573**	10,134,157
Less :Balances with banks with original maturity more than three months	**-**	-	**(1,668,018)**	(1,527,344)
Add : Allowances for expected credit losses	**-**	91	**-**	-
Cash and cash equivalents at end of the period	**263,968**	1,047,331	**19,177,555**	8,606,813

CERTIFICATION:

We, the undersigned, being the Country Head and the Head of Finance of Public Bank Berhad Sri Lanka branch certify jointly that:

(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central bank of Sri Lanka;

(b) The information contained in these statements have been extracted from the unaudited financial statements of the Bank unless indicated as audited.

Angelo Fernando
(Sgd.) Country Head
30-November-2020

Ajith Dhammika Lanerolle
(Sgd.) Head of Finance
30-November-2020

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