



**PEOPLE'S  
BANK**

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# **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER**

# **2021**

**FITCH RATING AA- (LKA)**

## INCOME STATEMENT

### FOR THE YEAR ENDED 31ST DECEMBER

	BANK			GROUP		
	2021 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)	Change %	2021 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)	Change %
<b>Gross Income</b>	<b>207,249,820</b>	<b>190,981,708</b>	8.5	<b>236,795,041</b>	<b>223,898,429</b>	5.8
Interest income	197,330,011	179,717,526	9.8	222,362,450	207,011,058	7.4
Interest expenses	(114,869,171)	(118,783,744)	(3.3)	(125,487,671)	(132,580,099)	(5.3)
<b>Net Interest Income</b>	<b>82,460,840</b>	<b>60,933,782</b>	35.3	<b>96,874,779</b>	<b>74,430,959</b>	30.2
Fee and commission income	8,268,168	6,723,826	23.0	9,645,136	7,816,265	23.4
Fee and commission expenses	(597,786)	(482,522)	23.9	(597,786)	(482,522)	23.9
<b>Net Fee and Commission Income</b>	<b>7,670,382</b>	<b>6,241,304</b>	22.9	<b>9,047,350</b>	<b>7,333,743</b>	23.4
Net gain / (loss) from trading	(1,345,029)	2,589,121	(151.9)	(1,207,608)	2,785,261	(143.4)
Other operating income (net)	2,996,670	1,951,235	53.6	5,995,063	6,285,845	(4.6)
<b>Total Operating Income</b>	<b>91,782,863</b>	<b>71,715,442</b>	28.0	<b>110,709,584</b>	<b>90,835,808</b>	21.9
Impairment Charge	(14,472,820)	(11,567,174)	25.1	(14,485,458)	(17,566,149)	(17.5)
Loans & advances to Customers	(13,282,540)	(11,828,426)		(12,863,972)	(17,024,298)	
Other Financial Assets	(1,190,280)	261,252		(1,190,280)	261,252	
Others	-	-		(431,206)	(803,103)	
<b>Net Operating Income</b>	<b>77,310,043</b>	<b>60,148,268</b>	28.5	<b>96,224,126</b>	<b>73,269,659</b>	31.3
Personnel Expenses	(22,771,935)	(19,722,367)	15.5	(27,743,883)	(23,693,466)	17.1
Depreciation and Amortisation	(5,054,904)	(4,191,560)	20.6	(5,711,558)	(4,840,424)	18.0
Other Expenses	(12,234,674)	(11,156,175)	9.7	(17,059,613)	(15,418,341)	10.6
<b>Operating Profit Before Value Added Tax (VAT) on Financial Services</b>	<b>37,248,530</b>	<b>25,078,166</b>	48.5	<b>45,709,072</b>	<b>29,317,428</b>	55.9
Value added tax (VAT) on financial services	(6,861,930)	(3,851,486)	78.2	(8,473,708)	(4,670,725)	81.4
<b>Operating Profit after Value Added Tax (VAT) on Financial Services</b>	<b>30,386,600</b>	<b>21,226,680</b>	43.2	<b>37,235,364</b>	<b>24,646,703</b>	51.1
Share of Profits/(Loss) of Associates (Net of Tax)	-	-	-	10,893	878	1140.7
<b>Profit Before Tax</b>	<b>30,386,600</b>	<b>21,226,680</b>	43.2	<b>37,246,257</b>	<b>24,647,581</b>	51.1
Income Tax Expenses	(6,666,457)	(7,051,737)	(5.5)	(9,158,609)	(8,557,095)	7.0
<b>Profit for the Year</b>	<b>23,720,143</b>	<b>14,174,943</b>	67.3	<b>28,087,648</b>	<b>16,090,486</b>	74.6
<b>Profit Attributable to :</b>						
Equity Holders of the Bank	23,720,143	14,174,943	67.3	26,350,975	15,229,858	73.0
Non-Controlling Interests	-	-		1,736,673	860,628	101.8
	<b>23,720,143</b>	<b>14,174,943</b>	67.3	<b>28,087,648</b>	<b>16,090,486</b>	74.6
<b>Earnings Per Share on Profit</b>						
Basic Earnings per Ordinary Share [Rs.]	23,720	14,175	67.3	26,351	15,230	73.0
Diluted Earnings per Ordinary Share [Rs.]	97	58	67.3	108	62	73.0

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

	BANK		GROUP	
	2021 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)	2021 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)
<b>Profit for the Year</b>	<b>23,720,143</b>	<b>14,174,943</b>	<b>28,087,648</b>	<b>16,090,486</b>
<b>Other comprehensive income that will not be reclassified to the income statement</b>				
Net Gains/( Losses) on equity instruments at fair value through OCI	(316,074)	(67,773)	(312,977)	(12,379)
Net Actuarial Gains/(Losses) on Defined Benefit Plans	12,959,137	(12,151,314)	12,943,725	(12,050,743)
Deferred Tax Effect on Defined Benefit Plans	(3,110,193)	3,402,368	(3,106,359)	3,374,264
Gains on Revaluation of Land and Buildings	3,672,851	6,523,641	3,822,851	6,573,641
Deferred tax effect on revaluation of Land and Buildings	(881,484)	(1,826,619)	(917,484)	(1,840,619)
Deferred Tax Effect on change in income tax rate on the opening balance	245,293	-	245,293	-
<b>Other comprehensive income that will be reclassified to the income statement</b>				
Net Gains/( Losses)[including change in ECL] on debt instruments at fair value through OCI	713	(12,418)	(92,557)	(6,616)
Deferred Tax Effect on above	-	-	30,075	-
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	174,124	45,668
<b>Other Comprehensive Income for the year, Net of Taxes</b>	<b>12,570,243</b>	<b>(4,132,115)</b>	<b>12,786,691</b>	<b>(3,916,784)</b>
<b>Total Comprehensive Income for the year</b>	<b>36,290,386</b>	<b>10,042,828</b>	<b>40,874,339</b>	<b>12,173,702</b>
<b>Attributable to :</b>				
Equity Holders of the Bank	36,290,386	10,042,828	39,105,903	11,287,454
Non-Controlling Interests	-	-	1,768,436	886,248
	<b>36,290,386</b>	<b>10,042,828</b>	<b>40,874,339</b>	<b>12,173,702</b>

## STATEMENT OF FINANCIAL POSITION

### AS AT

	BANK			GROUP		
	31.12.2021 (Rs.'000) (Audited)	31.12.2020 (Rs. '000) (Audited)	Change %	31.12.2021 (Rs.'000) (Audited)	31.12.2020 (Rs. '000) (Audited)	Change %
<b>Assets</b>						
Cash and Cash Equivalents	57,538,351	71,461,242	(19.5)	58,836,831	72,899,208	(19.3)
Balances with Central Bank of Sri Lanka	56,717,820	14,196,565	299.5	56,717,820	14,196,565	299.5
Placements with Banks	-	10,304,422	(100.0)	3,325,726	13,910,824	(76.1)
Derivative Financial Instruments	441,877	97,645	352.5	441,877	97,645	352.5
Financial Assets - At Fair Value through Profit or Loss	1,558,850	46,425,027	(96.6)	2,553,546	52,728,589	(95.2)
Financial Assets - At Amortised Cost						
Loans and advances to Banks	10,131,952	23,610,101	(57.1)	13,398,055	23,622,700	(43.3)
Loans and advances to Other Customers	1,835,697,108	1,635,579,343	12.2	1,990,689,061	1,776,231,315	12.1
Debt instruments measured at amortised cost	587,320,182	357,107,701	64.5	600,079,625	365,900,452	64.0
Financial Assets - At Fair Value through other Comprehensive income [OCI]						
Equity instruments at fair value through OCI	1,621,375	1,937,778	(16.3)	1,889,144	1,778,585	6.2
Debt instruments at fair value through OCI	9,399,272	2,632,231	257.1	10,596,723	2,899,609	265.5
Investments in Subsidiaries	3,572,824	1,937,881	84.4	-	-	-
Investments in Associates	-	-	-	-	531,963	(100.0)
Investment Properties	-	1,261,338	(100.0)	-	1,257,499	(100.0)
Property, Plant, Equipment and Right of use assets	46,761,157	38,405,839	21.8	56,432,293	48,101,865	17.3
Intangible Assets and Goodwill	2,077,544	702,181	195.9	2,252,557	1,007,730	123.5
Net Deferred Tax Assets	-	695,424	(100.0)	-	-	-
Other Assets	34,802,224	23,763,947	46.4	35,396,730	25,402,844	39.3
<b>Total Assets</b>	<b>2,647,640,536</b>	<b>2,230,118,665</b>	<b>18.7</b>	<b>2,832,609,988</b>	<b>2,400,567,393</b>	<b>18.0</b>
<b>Liabilities</b>						
Due to Banks	107,745,916	164,489,623	(34.5)	122,397,825	172,439,795	(29.0)
Derivative Financial Instruments	1,761,220	976,486	80.4	1,761,220	976,486	80.4
Due to Other Customers	2,071,532,612	1,835,099,456	12.9	2,168,674,742	1,935,194,040	12.1
Other Borrowings	241,419,125	36,362,434	563.9	241,419,125	36,362,434	563.9
Current Tax Liabilities	6,452,823	6,608,202	(2.4)	8,512,150	7,538,938	12.9
Net Deferred Tax Liabilities	2,687,330	-	-	3,194,714	805,442	296.6
Other Liabilities	31,102,734	41,041,170	(24.2)	43,451,531	51,271,458	(15.3)
Subordinated Term Debts	48,861,680	43,557,696	12.2	65,560,465	56,868,035	15.3
<b>Total Liabilities</b>	<b>2,511,563,440</b>	<b>2,128,135,067</b>	<b>18.0</b>	<b>2,654,971,772</b>	<b>2,261,456,628</b>	<b>17.4</b>
<b>Equity</b>						
Stated Capital/Assigned Capital	12,201,998	12,201,998	-	12,201,998	12,201,998	-
Statutory Reserve Fund	9,210,528	8,024,521	14.8	9,210,528	8,024,521	14.8
Other Reserves	35,902,287	32,859,237	9.3	38,160,081	34,923,662	9.3
Retained Earnings	78,762,283	48,897,842	61.1	104,755,265	72,268,676	45.0
<b>Total Shareholders' Equity</b>	<b>136,077,096</b>	<b>101,983,598</b>	<b>33.4</b>	<b>164,327,872</b>	<b>127,418,857</b>	<b>29.0</b>
Non-Controlling Interests	-	-	-	13,310,344	11,691,908	13.8
<b>Total Equity</b>	<b>136,077,096</b>	<b>101,983,598</b>	<b>33.4</b>	<b>177,638,216</b>	<b>139,110,765</b>	<b>27.7</b>
<b>Total Equity and Liabilities</b>	<b>2,647,640,536</b>	<b>2,230,118,665</b>	<b>18.7</b>	<b>2,832,609,988</b>	<b>2,400,567,393</b>	<b>18.0</b>
<b>Contingent Liabilities and Commitments</b>	<b>428,771,195</b>	<b>489,938,862</b>	<b>(12.5)</b>	<b>443,842,195</b>	<b>497,689,847</b>	<b>(10.8)</b>
Number of Employees	7,568	7,692		10,798	11,051	
Number of Branches	742	741		857	848	

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

**BANK**

	Stated capital/Assigned capital		Reserves				Total	
	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)	Retained Earnings (Rs.'000)	(Rs.'000)
<b>Balance as at 1st January 2020</b>	<b>49,998</b>	<b>12,152,000</b>	<b>7,315,774</b>	<b>14,051,911</b>	<b>12,700,465</b>	<b>616,166</b>	<b>48,078,126</b>	<b>94,964,440</b>
<b>Total Comprehensive Income for the year</b>								
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)
<b>Total Comprehensive Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,697,022</b>	<b>-</b>	<b>(80,191)</b>	<b>5,425,997</b>	<b>10,042,828</b>
<b>Transactions with equity holders, recognised directly in equity</b>								
Transfer to Reserve during the period	-	-	708,747	-	873,864	-	(1,582,611)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(3,023,670)	(3,023,670)
<b>Total Transactions with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>708,747</b>	<b>-</b>	<b>873,864</b>	<b>-</b>	<b>(4,606,281)</b>	<b>(3,023,670)</b>
<b>Balance as at 31st December 2020</b>	<b>49,998</b>	<b>12,152,000</b>	<b>8,024,521</b>	<b>18,748,933</b>	<b>13,574,329</b>	<b>535,975</b>	<b>48,897,842</b>	<b>101,983,598</b>
<b>Balance as at 1st January 2021</b>	<b>49,998</b>	<b>12,152,000</b>	<b>8,024,521</b>	<b>18,748,933</b>	<b>13,574,329</b>	<b>535,975</b>	<b>48,897,842</b>	<b>101,983,598</b>
<b>Total Comprehensive Income for the year</b>								
Profit for the year	-	-	-	-	-	-	23,720,143	23,720,143
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	2,791,367	-	(315,361)	10,094,237	12,570,243
<b>Total Comprehensive Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,791,367</b>	<b>-</b>	<b>(315,361)</b>	<b>33,814,380</b>	<b>36,290,386</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>								
Transfer to Reserve during the year	-	-	1,186,007	-	567,044	-	(1,753,051)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(2,196,888)	(2,196,888)
<b>Total Transactions with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>1,186,007</b>	<b>-</b>	<b>567,044</b>	<b>-</b>	<b>(3,949,939)</b>	<b>(2,196,888)</b>
<b>Balance as at 31st December 2021</b>	<b>49,998</b>	<b>12,152,000</b>	<b>9,210,528</b>	<b>21,540,300</b>	<b>14,141,373</b>	<b>220,614</b>	<b>78,762,283</b>	<b>136,077,096</b>

## 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)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
<b>Balance as at 1st January 2020</b>	<b>49,998</b>	<b>12,152,000</b>	<b>7,315,774</b>	<b>15,863,971</b>	<b>12,934,746</b>	<b>498,755</b>	<b>70,339,829</b>	<b>119,155,073</b>	<b>10,860,660</b>	<b>130,015,733</b>
<b>Total Comprehensive Income for the year</b>										
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)
<b>Total Comprehensive Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,724,022</b>	<b>34,251</b>	<b>(5,947)</b>	<b>6,535,128</b>	<b>11,287,454</b>	<b>886,248</b>	<b>12,173,702</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>										
Movement due to changes in ownership	-	-	-	-	-	-	-	-	-	-
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)
<b>Total Transactions with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>708,747</b>	<b>-</b>	<b>873,864</b>	<b>-</b>	<b>(4,606,281)</b>	<b>(3,023,670)</b>	<b>(55,000)</b>	<b>(3,078,670)</b>
<b>Balance as at 31st December 2020</b>	<b>49,998</b>	<b>12,152,000</b>	<b>8,024,521</b>	<b>20,587,993</b>	<b>13,842,861</b>	<b>492,808</b>	<b>72,268,676</b>	<b>127,418,857</b>	<b>11,691,908</b>	<b>139,110,765</b>
<b>Balance as at 1st January 2021</b>	<b>49,998</b>	<b>12,152,000</b>	<b>8,024,521</b>	<b>20,587,993</b>	<b>13,842,861</b>	<b>492,808</b>	<b>72,268,676</b>	<b>127,418,857</b>	<b>11,691,908</b>	<b>139,110,765</b>
<b>Total Comprehensive Income for the year</b>										
Profit for the year	-	-	-	-	-	-	26,350,975	26,350,975	1,736,673	28,087,648
Other comprehensive income/(Expense) [ Net of Taxes]	-	-	-	2,876,867	130,593	(338,085)	10,085,553	12,754,928	31,763	12,786,691
<b>Total Comprehensive Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,876,867</b>	<b>130,593</b>	<b>(338,085)</b>	<b>36,436,528</b>	<b>39,105,903</b>	<b>1,768,436</b>	<b>40,874,339</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>										
Transfer to Reserve during the year	-	-	1,186,007	-	567,044	-	(1,753,051)	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(2,196,888)	(2,196,888)	-	(2,196,888)
Dividends Paid	-	-	-	-	-	-	-	-	(150,000)	(150,000)
<b>Total Transactions with Equity Holders</b>	<b>-</b>	<b>-</b>	<b>1,186,007</b>	<b>-</b>	<b>567,044</b>	<b>-</b>	<b>(3,949,939)</b>	<b>(2,196,888)</b>	<b>(150,000)</b>	<b>(2,346,888)</b>
<b>Balance as at 31st December 2021</b>	<b>49,998</b>	<b>12,152,000</b>	<b>9,210,528</b>	<b>23,464,860</b>	<b>14,540,498</b>	<b>154,723</b>	<b>104,755,265</b>	<b>164,327,872</b>	<b>13,310,344</b>	<b>177,638,216</b>

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31ST DECEMBER

	BANK		GROUP	
	2021 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)	2021 (Rs. '000) (Audited)	2020 (Rs. '000) (Audited)
<b>Cash flows from operating activities</b>				
Profit before tax	30,386,600	21,226,680	37,246,257	24,647,581
Adjustment for				
Non-cash items included in profits before tax	21,016,209	17,615,543	23,549,038	25,158,730
Changes in operating assets	8,218,642	70,895,348	10,273,834	64,805,293
Changes in operating liabilities	146,020,006	(31,274,574)	155,041,174	(34,755,204)
Changes in loans and advances to customers	(214,590,585)	(336,996,380)	(228,511,999)	(332,496,596)
Change in deposits from customers, banks and debt securities issued	236,433,156	343,713,519	233,480,702	346,290,942
Dividend income from subsidiaries and others	(1,802,759)	(888,451)	(174,065)	(173,024)
Interest expense on subordinated debt	5,103,325	3,689,299	6,966,957	5,722,717
Contribution paid to defined benefit plans/Gratuity	955,663	2,585,372	1,081,522	2,707,923
Tax paid	(7,185,466)	(4,410,290)	(9,544,600)	(7,628,425)
<b>Net Cash Generated from Operating Activities</b>	<b>224,554,791</b>	<b>86,156,066</b>	<b>229,408,820</b>	<b>94,279,937</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(1,527,988)	(975,114)	(3,253,303)	(1,863,915)
Proceeds from the sale of property, plant and equipment	79,213	46,552	143,299	61,850
Purchase of financial investments	(232,273,659)	(76,792,745)	(236,240,351)	(75,781,540)
Net purchase of intangible assets	(2,013,497)	(196,222)	(2,025,351)	(207,914)
Dividends received from investment in subsidiaries and Others	1,802,759	888,451	174,065	173,024
<b>Net Cash (used in) from Investing Activities</b>	<b>(233,933,172)</b>	<b>(77,029,078)</b>	<b>(239,945,748)</b>	<b>(77,618,495)</b>
<b>Cash Flows from Financing Activities</b>				
Proceed received from subordinated debt	5,000,000	20,000,000	15,000,000	20,000,000
Repayment of subordinated debt	-	-	-	(4,483,521)
Interest paid on subordinated debt	(4,799,341)	(2,846,093)	(13,274,526)	(4,884,252)
Repayment of Lease Liabilities	(2,548,281)	(2,499,141)	(2,904,035)	(2,910,428)
Dividend paid to non-controlling interest	-	-	(150,000)	(55,000)
Dividend/Levy paid to holders of other equity instruments	(2,196,888)	(3,023,670)	(2,196,888)	(3,023,670)
<b>Net Cash from Financial Activities</b>	<b>(4,544,510)</b>	<b>11,631,096</b>	<b>(3,525,450)</b>	<b>4,643,129</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(13,922,891)</b>	<b>20,758,084</b>	<b>(14,062,377)</b>	<b>21,304,570</b>
Cash and cash equivalents at the beginning of the year	71,461,242	50,703,158	72,899,208	51,594,638
<b>Cash and cash equivalents at the end of the year</b>	<b>57,538,351</b>	<b>71,461,242</b>	<b>58,836,831</b>	<b>72,899,208</b>

## ANALYSIS OF LOANS & ADVANCES TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2021 (Rs. '000) (Audited)	31.12.2020 (Rs. '000) (Audited)	31.12.2021 (Rs. '000) (Audited)	31.12.2020 (Rs. '000) (Audited)
<b>Loans and advances to Other Customers</b>				
Gross Loans and advances	1,936,974,136	1,723,465,943	2,103,642,165	1,876,212,559
<b>Less :</b>				
Allowance for Expected Credit Losses	(101,277,028)	(87,886,600)	(112,953,104)	(99,981,244)
Stage 1	(8,056,985)	(6,419,888)	(9,316,194)	(7,309,834)
Stage 2	(9,990,853)	(3,533,121)	(11,462,797)	(5,250,002)
Stage 3	(83,229,190)	(77,933,591)	(92,174,113)	(87,421,408)
<b>Net Loans and advances</b>	<b>1,835,697,108</b>	<b>1,635,579,343</b>	<b>1,990,689,061</b>	<b>1,776,231,315</b>
<b>Product-wise Gross loans &amp; advances</b>				
<b>By product – Domestic currency</b>				
Overdrafts	389,894,984	255,582,926	389,438,498	255,251,696
Term loans	887,081,607	798,475,437	954,796,780	856,494,308
Lease rentals receivable	-	-	79,230,187	81,891,112
Credit cards	4,303,245	3,067,432	4,303,245	3,067,432
Pawning	194,769,226	174,814,192	194,769,226	174,814,192
Trade Finance	52,944,758	36,650,482	52,944,758	36,650,482
Others	27,598,625	25,342,192	42,333,454	34,893,620
<b>Sub Total</b>	<b>1,556,592,445</b>	<b>1,293,932,661</b>	<b>1,717,816,148</b>	<b>1,443,062,842</b>
<b>By product – Foreign currency</b>				
Overdrafts	2,981,810	2,698,968	2,981,810	2,698,968
Term loans	131,606,427	212,589,823	137,050,753	216,206,258
Trade Finance	245,793,454	214,244,491	245,793,454	214,244,491
<b>Sub Total</b>	<b>380,381,691</b>	<b>429,533,282</b>	<b>385,826,017</b>	<b>433,149,717</b>
<b>Grand Total</b>	<b>1,936,974,136</b>	<b>1,723,465,943</b>	<b>2,103,642,165</b>	<b>1,876,212,559</b>
<b>Movement in Allowance for Expected Credit loss during the year</b>				
<b>BANK</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance as at 1 st January 2021	6,419,888	3,533,121	77,933,591	87,886,600
Net Charge/(Reversal) for the year	1,637,097	6,457,732	5,187,711	13,282,540
Amounts written off	-	-	(187,681)	(187,681)
Exchange rate variance on foreign currency Impairment	-	-	295,569	295,569
Closing balance as at 31st December 2021	8,056,985	9,990,853	83,229,190	101,277,028
<b>BANK</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
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
<b>GROUP</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance as at 1 st January 2021	7,309,834	5,250,002	87,421,408	99,981,244
Net Charge/(Reversal) for the year	2,006,360	6,212,795	4,644,817	12,863,972
Amounts written off	-	-	(187,681)	(187,681)
Exchange rate variance on foreign currency Impairment	-	-	295,569	295,569
Closing balance as at 31st December 2021	9,316,194	11,462,797	92,174,113	112,953,104
<b>GROUP</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
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



## ANALYSIS OF DEPOSITS

	BANK		GROUP	
	31.12.2021 (Rs.'000) (Audited)	31.12.2020 (Rs. '000) (Audited)	31.12.2021 (Rs.'000) (Audited)	31.12.2020 (Rs. '000) (Audited)
<b>By product – Domestic currency</b>				
Demand deposits (current accounts)	80,566,734	73,516,730	79,424,380	72,417,368
Savings deposits	739,759,440	652,478,461	746,159,304	659,615,718
Fixed deposits	1,031,570,632	908,538,457	1,121,774,448	999,944,241
Others	3,879,765	3,341,966	5,560,569	5,992,871
<b>Sub total</b>	<b>1,855,776,571</b>	<b>1,637,875,614</b>	<b>1,952,918,701</b>	<b>1,737,970,198</b>
<b>By product – Foreign currency</b>				
Demand deposits (current accounts)	1,450,837	1,618,808	1,450,837	1,618,808
Savings deposits	25,761,128	23,516,130	25,761,128	23,516,130
Fixed deposits	188,502,877	172,071,874	188,502,877	172,071,874
Others	41,199	17,030	41,199	17,030
<b>Sub total</b>	<b>215,756,041</b>	<b>197,223,842</b>	<b>215,756,041</b>	<b>197,223,842</b>
<b>Grand Total</b>	<b>2,071,532,612</b>	<b>1,835,099,456</b>	<b>2,168,674,742</b>	<b>1,935,194,040</b>

## ANALYSIS OF CONTINGENT LIABILITIES AND COMMITMENTS

	BANK		GROUP	
	31.12.2021 (Rs.'000) (Audited)	31.12.2020 (Rs. '000) (Audited)	31.12.2021 (Rs.'000) (Audited)	31.12.2020 (Rs. '000) (Audited)
<b>By product</b>				
Acceptances	94,817,795	53,034,225	94,817,795	53,034,225
Documentary Credit	73,281,666	74,557,296	73,281,666	74,557,296
Guarantees	74,070,212	74,750,532	74,823,212	75,581,653
Forward Exchange Contracts	108,101,010	112,418,576	108,101,010	112,418,576
Non disbursed overdrafts & loans	79,068,727	175,725,812	93,386,727	182,645,676
Gross Contingent Liabilities and Commitments	<b>429,339,410</b>	<b>490,486,441</b>	<b>444,410,410</b>	<b>498,237,426</b>
<b>Less :</b>				
Allowance for Expected Credit Loss	(568,215)	(547,579)	(568,215)	(547,579)
Net Contingent Liabilities and Commitments	<b>428,771,195</b>	<b>489,938,862</b>	<b>443,842,195</b>	<b>497,689,847</b>

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### BANK AS AT 31ST DECEMBER 2021

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>				
Cash and cash equivalents	-	-	57,538,351	57,538,351
Balances with Central Banks	-	-	56,717,820	56,717,820
Placements with Banks	-	-	-	-
Derivative Financial Instruments	441,877	-	-	441,877
Financial Assets - At Fair Value through Profit or Loss	1,558,850	-	-	1,558,850
Loans and advances to banks	-	-	10,131,952	10,131,952
Loans and advances to other customers	-	-	1,835,697,108	1,835,697,108
Debt instruments measured at amortised cost	-	-	587,320,182	587,320,182
Equity instruments at fair value through OCI	-	1,621,375	-	1,621,375
Debt instruments at fair value through OCI	-	9,399,272	-	9,399,272
<b>Total financial assets</b>	<b>2,000,727</b>	<b>11,020,647</b>	<b>2,547,405,413</b>	<b>2,560,426,787</b>
<b>LIABILITIES</b>				
Due to banks	-	-	107,745,916	107,745,916
Derivative Financial Instruments	1,761,220	-	-	1,761,220
Due to other customers	-	-	2,071,532,612	2,071,532,612
Other Borrowings	-	-	241,419,125	241,419,125
Subordinated term debts	-	-	48,861,680	48,861,680
<b>Total financial liabilities</b>	<b>1,761,220</b>	<b>-</b>	<b>2,469,559,333</b>	<b>2,471,320,553</b>

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

## ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

### GROUP AS AT 31ST DECEMBER 2021

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>				
Cash and cash equivalents	-	-	58,836,831	58,836,831
Balances with Central Banks	-	-	56,717,820	56,717,820
Placements with Banks	-	-	3,325,726	3,325,726
Derivative Financial Instruments	441,877	-	-	441,877
Financial Assets - At Fair Value through Profit or Loss	2,553,546	-	-	2,553,546
Loans and advances to banks	-	-	13,398,055	13,398,055
Loans and advances to other customers	-	-	1,990,689,061	1,990,689,061
Debt instruments measured at amortised cost	-	-	600,079,625	600,079,625
Equity instruments at fair value through OCI	-	1,889,144	-	1,889,144
Debt instruments at fair value through OCI	-	10,596,723	-	10,596,723
<b>Total financial assets</b>	<b>2,995,423</b>	<b>12,485,867</b>	<b>2,723,047,118</b>	<b>2,738,528,408</b>
<b>LIABILITIES</b>				
Due to banks	-	-	122,397,825	122,397,825
Derivative Financial Instruments	1,761,220	-	-	1,761,220
Due to other customers	-	-	2,168,674,742	2,168,674,742
Other Borrowings	-	-	241,419,125	241,419,125
Subordinated term debts	-	-	65,560,465	65,560,465
<b>Total financial liabilities</b>	<b>1,761,220</b>	<b>-</b>	<b>2,598,052,157</b>	<b>2,599,813,377</b>

## 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)
<b>ASSETS</b>				
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
<b>Total financial assets</b>	<b>52,826,234</b>	<b>4,678,194</b>	<b>2,266,761,064</b>	<b>2,324,265,492</b>
<b>LIABILITIES</b>				
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
<b>Total financial liabilities</b>	<b>976,486</b>	<b>-</b>	<b>2,200,864,304</b>	<b>2,201,840,790</b>

## SELECTED PERFORMANCE INDICATORS (Based on Regulatory Reporting)

	BANK		GROUP	
	As at 31.12.2021 (Audited)	As at 31.12.2020 (Audited)	As at 31.12.2021 (Audited)	As at 31.12.2020 (Audited)
<b>Regulatory Capital Adequacy</b>				
Common Equity Tier 1 Capital [Rs. 000]	104,747,717	79,604,100	138,667,285	109,596,440
Core (Tier 1) Capital [Rs. 000]	109,747,717	79,604,100	143,667,285	109,596,440
Total Capital Base [Rs. 000]	155,798,954	129,271,791	191,833,922	160,292,747
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital (%) (Min. requirement - 7.0%)	11.99	9.53	12.95	10.69
Tier 1 Capital Ratio (%) (Min. requirement - 8.5%)	12.56	9.53	13.41	10.69
Total Capital Ratio (%) (Min. requirement - 12.5%)	17.83	15.47	17.91	15.63
<b>Leverage Ratio (Min. requirement - 3%)</b>				
	3.96	3.43	4.85	4.40
<b>Asset Quality ( Quality of Loan Portfolio)</b>				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	3.21	3.25	3.63	3.89
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	1.62	1.74	1.63	1.87
Impaired Loans ( Stage 3 ) Ratio (%)	4.01	3.48	4.69	4.22
Impairment ( Stage 3 ) to Stage 3 Loans Ratio (%)	50.17	54.72	46.88	50.75
<b>Profitability</b>				
Interest Margin, %	3.38	2.97	3.70	3.34
Return on Assets (Before Tax), %	1.25	1.03	1.42	1.11
Return on Equity (After Tax), %	19.93	14.39	17.73	11.96
<b>Regulatory Liquidity</b>				
<b>Statutory Liquid Assets</b>				
Domestic Banking unit Rs.000	502,575,831	463,930,635		
Off-Shore Banking Unit USD.000	239,417	1,165,688		
<b>Statutory Liquid Assets Ratio (%) (Min. requirement - 20%)</b>				
Domestic Banking unit (%)	23.52	25.61		
Off-Shore Banking Unit (%)	25.94	60.46		
<b>Total Stock of High Quality Liquid Assets [Rs.000]</b>				
	367,540,924	434,450,384		
<b>Liquidity Coverage Ratio (%) (Min. requirement - 2021 - 100% , 2020 - 90%)</b>				
Liquidity Coverage Ratio - Rupee	155.83	166.82		
Liquidity Coverage Ratio - All Currency	105.71	111.55		
<b>Net Stable Funding Ratio (Min. requirement - 2021 - 100% , 2020 - 90%)</b>				
	132.75	135.42		

## EXPLANATORY NOTES

1. These Financial Statements for the year ended December 31, 2021, 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, with effective ownership of 75.0% and 99.0% respectively.
2. Until March 30, 2021 - People's Merchant Finance PLC was an Associate Company of the Group with 24.96% effective ownership. However, pursuant to a right issue on March 30, 2021 to which the Group did not subscribe to, its holding was subsequently diluted to 16.1%. Accordingly, at December 31, 2021 - the Group treated its investment in Peoples Merchant Finance as an Equity Instrument at Fair Value Through Other Comprehensive Income.
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 ended December 31, 2020.
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 5 billion worth of Basel III Additional Tier 1 compliant, unlisted, rated, unsecured, subordinated, perpetual debentures. These debentures have been classified under subordinated term debt in the Statement of Financial Position. As per Central Bank of Sri Lanka, these debentures qualify to be considered under the Tier 1 Capital of the Bank.
5. The outbreak and spread of the Coronavirus ("COVID-19") pandemic - has caused a disruption to overall global and local economies effecting most industries and sub sectors. Its impact, and consequences thereby arising, are likely to be in future periods. As a State Bank, People's Bank remains fully committed to supporting the Government in their many initiatives to preserve and protect the economy from further consequence and to help in its ultimate revival. In conducting its business, the Bank has proactively adjusted to the situation and has diligently followed the guidelines and directions as issued by the Central Bank of Sri Lanka to aid individuals and businesses during these times of an unprecedented nature. In doing so, has abided by health and safety protocols for the benefit of its staff and customers. The Bank will continue to monitor the situation very closely and will take action as necessary to manage the impact of the pandemic.
6. The Bank and the Group's ECL at December 31, 2021 have been estimated using reasonable and supportable information that is available without undue cost or effort about past events, current conditions and future economic conditions. Should such circumstances change in future, based on new supportable information, then the Bank and Group shall reassess its ECL based on such additional supportable information on such future reporting periods.
7. In accordance with the guidelines as issued by CA Sri Lanka on the "Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12" dated April 23, 2021 - The Bank accounted for current tax and deferred tax as at December 31, 2021.
8. In the 2022 National Budget as presented to Parliament on November 12, 2021 - a Surcharge Tax was proposed as a one-time tax for those with taxable income in excess of LKR 2.0 billion for the year of assessment commencing from April 1, 2020 at the rate of 25.0% on such taxable income. On February 7, 2022 - a bill governing the imposition and the administration of the said tax was published in the Gazette. On February 22, 2022 - this was tabled in Parliament for deliberation. However, as it is not considered as yet being substantially enacted as at the reporting period end, this has not yet been accounted for in these Financial Statements. If accounted for, it will result in an increase in tax liability and a reduction in equity by approximately LKR 5.755 billion.
9. All known expenses have been charged to these financial statements.
10. Other than those above given, or already considered in these Financial Statements, no circumstances have arisen since December 31, 2021 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, 2021 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**  
28.02.2022  
Colombo.

(Sgd.)  
Sudarshan Ahangama  
**Director**

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