



**PEOPLE'S
BANK**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

2022

FITCH RATING A (LKA)

INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER

	BANK			GROUP		
	2022 (Rs. '000) (Audited)	2021 (Rs. '000) (Audited)	Change %	2022 (Rs. '000) (Audited)	2021 (Rs. '000) (Audited)	Change %
Gross Income	357,228,609	207,249,820	72.4	391,204,198	236,795,041	65.2
Interest income	321,935,983	197,330,011	63.1	351,386,736	222,362,450	58.0
Interest expenses	(246,177,918)	(114,869,171)	114.3	(260,351,661)	(125,487,671)	107.5
Net Interest Income	75,758,065	82,460,840	(8.1)	91,035,075	96,874,779	(6.0)
Fee and commission income	16,397,745	8,268,168	98.3	17,213,747	9,645,136	78.5
Fee and commission expenses	(828,675)	(597,786)	38.6	(828,675)	(597,786)	38.6
Net Fee and Commission Income	15,569,070	7,670,382	103.0	16,385,072	9,047,350	81.1
Net gain / (loss) from trading	17,026,226	(1,345,029)	(1365.9)	17,019,836	(1,207,608)	(1509.4)
Other operating income (net)	1,868,655	2,996,670	(37.6)	5,583,879	5,995,063	(6.9)
Total Operating Income	110,222,016	91,782,863	20.1	130,023,862	110,709,584	17.4
Impairment Charge	(33,346,451)	(14,472,820)	130.4	(34,352,837)	(14,485,458)	137.2
Loans & advances to Customers	(28,366,700)	(13,282,540)		(29,374,441)	(12,863,972)	
Other Financial Assets	(4,979,751)	(1,190,280)		(4,979,751)	(1,190,280)	
Others	-	-		1,355	(431,206)	
Net Operating Income	76,875,565	77,310,043	(0.6)	95,671,025	96,224,126	(0.6)
Personnel Expenses	(26,602,748)	(22,771,935)	16.8	(32,200,568)	(27,743,883)	16.1
Depreciation and Amortisation	(4,705,872)	(5,054,904)	(6.9)	(5,366,761)	(5,711,558)	(6.0)
Other Expenses	(16,032,915)	(12,234,674)	31.0	(21,421,022)	(17,059,613)	25.6
Operating Profit Before Taxes on Financial Services	29,534,030	37,248,530	(20.7)	36,682,674	45,709,072	(19.7)
Taxes on financial services	(8,195,633)	(6,861,930)	19.4	(9,992,022)	(8,473,708)	17.9
Operating Profit after Taxes on Financial Services	21,338,397	30,386,600	(29.8)	26,690,652	37,235,364	(28.3)
Share of Profits/(Loss) of Associates (Net of Tax)	-	-	-	-	10,893	-
Profit Before Tax	21,338,397	30,386,600	(29.8)	26,690,652	37,246,257	(28.3)
Income Tax Expenses	(4,146,339)	(6,666,457)	(37.8)	(6,165,213)	(9,158,609)	(32.7)
Profit for the Year	17,192,058	23,720,143	(27.5)	20,525,439	28,087,648	(26.9)
Profit Attributable to :						
Equity Holders of the Bank	17,192,058	23,720,143	(27.5)	19,571,989	26,350,975	(25.7)
Non-Controlling Interests	-	-		953,450	1,736,673	(45.1)
	17,192,058	23,720,143	(27.5)	20,525,439	28,087,648	(26.9)
Earnings Per Share on Profit						
Basic Earnings per Ordinary Share [Rs.]	17,192	23,720	(27.5)	19,572	26,351	(25.7)
Diluted Earnings per Ordinary Share [Rs.]	70	97	(27.5)	80	108	(25.7)

STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31ST DECEMBER				
	BANK		GROUP	
	2022	2021	2022	2021
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
	(Audited)	(Audited)	(Audited)	(Audited)
Profit for the Year	17,192,058	23,720,143	20,525,439	28,087,648
Other comprehensive income that will not be reclassified to the income statement				
Net Gains/(Losses) on equity instruments at fair value through OCI	52,869	(316,074)	(121,202)	(312,977)
Net Actuarial Gains/(Losses) on Defined Benefit Plans	(3,304,393)	12,959,137	(3,177,074)	12,943,725
Deferred Tax Effect on Defined Benefit Plans	991,318	(3,110,193)	953,496	(3,106,359)
Gains on Revaluation of Land and Buildings	3,507,183	3,672,851	4,379,820	3,822,851
Deferred tax effect on revaluation of Land and Buildings	(1,052,155)	(881,484)	(1,313,946)	(917,484)
Deferred Tax Effect on change in income tax rate on the opening balance	(2,056,688)	245,293	(2,056,688)	245,293
Other comprehensive income that will be reclassified to the income statement				
Net Gains/(Losses)[including change in ECL] on debt instruments at fair value through OCI	(12,354)	713	(299,989)	(92,557)
Deferred Tax Effect on above	-	-	137,822	30,075
Net Gains/(Losses) on translating the financial statements of foreign operation	-	-	1,458,432	174,124
Other Comprehensive Income for the year, Net of Taxes	(1,874,220)	12,570,243	(39,329)	12,786,691
Total Comprehensive Income for the year	15,317,838	36,290,386	20,486,110	40,874,339
Attributable to :				
Equity Holders of the Bank	15,317,838	36,290,386	18,561,941	39,105,903
Non-Controlling Interests	-	-	1,924,169	1,768,436
	15,317,838	36,290,386	20,486,110	40,874,339

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	31.12.2022	31.12.2021	Change	31.12.2022	31.12.2021	Change
	(Rs. '000)	(Rs. '000)	%	(Rs. '000)	(Rs. '000)	%
	(Audited)	(Audited)		(Audited)	(Audited)	
Assets						
Cash and Cash Equivalents	66,842,171	57,538,351	16.2	68,077,027	58,836,831	15.7
Balances with Central Bank of Sri Lanka	67,602,313	56,717,820	19.2	67,602,313	56,717,820	19.2
Placements with Banks	-	-	-	3,028,550	3,325,726	(8.9)
Derivative Financial Instruments	14,882,584	441,877	3268.0	14,882,584	441,877	3268.0
Financial Assets - At Fair Value through Profit or Loss	5,556,754	1,558,850	256.5	5,915,926	2,553,546	131.7
Financial Assets - At Amortised Cost						
Loans and advances to Banks	7,689,150	10,131,952	(24.1)	7,689,150	13,398,055	(42.6)
Loans and advances to Other Customers	1,783,106,693	1,835,697,108	(2.9)	1,915,771,684	1,990,689,061	(3.8)
Debt instruments measured at amortised cost	913,099,927	587,320,182	55.5	928,885,518	600,079,625	54.8
Financial Assets - At Fair Value through other Comprehensive income [OCI]						
Equity instruments at fair value through OCI	1,661,656	1,621,375	2.5	1,844,574	1,889,144	(2.4)
Debt instruments at fair value through OCI	10,378,370	9,399,272	10.4	11,428,832	10,596,723	7.9
Investments in Subsidiaries	4,280,522	3,572,824	19.8	-	-	-
Property, Plant, Equipment and Right of use assets	49,330,080	46,761,157	5.5	59,780,131	56,432,293	5.9
Intangible Assets and Goodwill	1,719,177	2,077,544	(17.2)	1,859,475	2,252,557	(17.5)
Other Assets	45,879,055	34,802,224	31.8	46,368,814	35,396,730	31.0
Total Assets	2,972,028,452	2,647,640,536	12.3	3,133,134,578	2,832,609,988	10.6
Liabilities						
Due to Banks	111,452,491	107,745,916	3.4	122,696,978	122,397,825	0.2
Derivative Financial Instruments	1,888,478	1,761,220	7.2	1,888,478	1,761,220	7.2
Due to Other Customers	2,371,518,898	2,071,532,612	14.5	2,450,079,037	2,168,674,742	13.0
Other Borrowings	191,527,573	241,419,125	(20.7)	191,527,573	241,419,125	(20.7)
Current Tax Liabilities	6,372,157	6,452,823	(1.3)	8,297,080	8,512,150	(2.5)
Net Deferred Tax Liabilities	606,207	2,687,330	(77.4)	570,529	3,194,714	(82.1)
Other Liabilities	106,765,050	31,102,734	243.3	115,961,714	43,451,531	166.9
Subordinated Term Debts	36,603,467	48,861,680	(25.1)	52,781,563	65,560,465	(19.5)
Total Liabilities	2,826,734,321	2,511,563,440	12.5	2,943,802,952	2,654,971,772	10.9
Equity						
Stated Capital/Assigned Capital	12,201,998	12,201,998	-	12,201,998	12,201,998	-
Statutory Reserve Fund	10,070,131	9,210,528	9.3	10,070,131	9,210,528	9.3
Other Reserves	38,397,830	35,902,287	7.0	41,452,506	38,160,081	8.6
Retained Earnings	84,624,172	78,762,283	7.4	111,194,555	104,755,265	6.1
Total Shareholders' Equity	145,294,131	136,077,096	6.8	174,919,190	164,327,872	6.4
Non-Controlling Interests	-	-	-	14,412,436	13,310,344	8.3
Total Equity	145,294,131	136,077,096	6.8	189,331,626	177,638,216	6.6
Total Equity and Liabilities	2,972,028,452	2,647,640,536	12.3	3,133,134,578	2,832,609,988	10.6
Contingent Liabilities and Commitments	370,648,773	428,771,195	(13.6)	375,288,336	443,842,195	(15.4)
Number of Employees	7,377	7,568		10,454	10,969	
Number of Branches	745	742		858	848	

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

BANK

	Stated capital/Assigned capital		Reserves					Total (Rs.'000)
	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)	
Balance as at 1st January 2021	49,998	12,152,000	8,024,521	18,748,933	13,574,329	535,975	48,897,842	101,983,598
Total Comprehensive Income for the year								
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
Total Comprehensive Income/(Expense)	-	-	-	2,791,367	-	(315,361)	33,814,380	36,290,386
Transactions with equity holders, recognised directly in equity								
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)
Total Transactions with Equity Holders	-	-	1,186,007	-	567,044	-	(3,949,939)	(2,196,888)
Balance as at 31st December 2021	49,998	12,152,000	9,210,528	21,540,300	14,141,373	220,614	78,762,283	136,077,096
Adjustment for Surcharge Tax Levied under Surcharge Tax Act No. 14 of 2022	-	-	-	-	-	-	(5,439,713)	(5,439,713)
Balance as at 1st January 2022	49,998	12,152,000	9,210,528	21,540,300	14,141,373	220,614	73,322,570	130,637,383
Total Comprehensive Income for the year								
Profit for the year	-	-	-	-	-	-	17,192,058	17,192,058
Other comprehensive income/(Expense) [Net of Taxes]	-	-	-	2,455,028	-	40,515	(4,369,763)	(1,874,220)
Total Comprehensive Income/(Expense)	-	-	-	2,455,028	-	40,515	12,822,295	15,317,838
Transactions with Equity Holders, Recognised Directly in Equity								
Transfer to Reserve during the year	-	-	859,603	-	-	-	(859,603)	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(661,090)	(661,090)
Total Transactions with Equity Holders	-	-	859,603	-	-	-	(1,520,693)	(661,090)
Balance as at 31st December 2022	49,998	12,152,000	10,070,131	23,995,328	14,141,373	261,129	84,624,172	145,294,131

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

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)				
Balance as at 1st January 2021	49,998	12,152,000	8,024,521	20,587,993	13,842,861	492,808	72,268,676	127,418,857	11,691,908	139,110,765
Total Comprehensive Income for the year										
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
Total Comprehensive Income/(Expense)	-	-	-	2,876,867	130,593	(338,085)	36,436,528	39,105,903	1,768,436	40,874,339
Transactions with Equity Holders, Recognised Directly in Equity										
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)
Total Transactions with Equity Holders	-	-	1,186,007	-	567,044	-	(3,949,939)	(2,196,888)	(150,000)	(2,346,888)
Balance as at 31st December 2021	49,998	12,152,000	9,210,528	23,464,860	14,540,498	154,723	104,755,265	164,327,872	13,310,344	177,638,216
Adjustment for Surcharge Tax Levied under Surcharge Tax Act No. 14 of 2022	-	-	-	-	-	-	(7,309,533)	(7,309,533)	(623,273)	(7,932,806)
Balance as at 1st January 2022	49,998	12,152,000	9,210,528	23,464,860	14,540,498	154,723	97,445,732	157,018,339	12,687,071	169,705,410
Total Comprehensive Income for the year										
Profit for the year	-	-	-	-	-	-	19,571,989	19,571,989	953,450	20,525,439
Other comprehensive income/(Expense) [Net of Taxes]	-	-	-	2,929,733	565,090	(202,398)	(4,302,473)	(1,010,048)	970,719	(39,329)
Total Comprehensive Income/(Expense)	-	-	-	2,929,733	565,090	(202,398)	15,269,516	18,561,941	1,924,169	20,486,110
Transactions with Equity Holders, Recognised Directly in Equity										
Transfer to Reserve during the year	-	-	859,603	-	-	-	(859,603)	-	-	-
Special levy to Treasury/ Dividend	-	-	-	-	-	-	(661,090)	(661,090)	-	(661,090)
Dividends Paid	-	-	-	-	-	-	-	-	(198,804)	(198,804)
Total Transactions with Equity Holders	-	-	859,603	-	-	-	(1,520,693)	(661,090)	(198,804)	(859,894)
Balance as at 31st December 2022	49,998	12,152,000	10,070,131	26,394,593	15,105,588	(47,675)	111,194,555	174,919,190	14,412,436	189,331,626

CASH FLOW STATEMENT				
FOR THE YEAR ENDED 31ST DECEMBER				
	BANK		GROUP	
	2022	2021	2022	2021
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
	(Audited)	(Audited)	(Audited)	(Audited)
Cash flows from operating activities				
Profit before tax	21,338,397	30,386,600	26,690,652	37,246,257
Adjustment for				
Non-cash items included in profits before tax	26,915,055	21,016,209	29,497,029	23,549,038
Changes in operating assets	(5,472,100)	(206,371,943)	19,946,214	(218,238,165)
Changes in operating liabilities	324,168,512	382,453,164	300,726,280	388,521,877
Dividend income from subsidiaries and others	(908,626)	(1,802,759)	(207,360)	(174,065)
Interest expense on subordinated debt	5,503,630	5,103,325	7,060,585	6,966,957
Contribution paid to defined benefit plans/Gratuity	2,742,148	955,663	2,868,006	1,081,522
Changes in tax liabilities	(13,865,366)	(7,185,466)	(19,216,590)	(9,544,600)
Net Cash Generated from (used in) Operating Activities	360,421,650	224,554,793	367,364,816	229,408,821
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(1,974,640)	(1,527,989)	(2,621,622)	(1,997,410)
Proceeds from the sale of property, plant and equipment	174,560	79,213	237,350	143,299
Purchase of financial investments	(329,002,099)	(232,273,659)	(332,028,247)	(236,240,351)
Net purchase of intangible assets	(293,921)	(2,013,497)	(305,693)	(2,025,351)
Dividends received from investment in subsidiaries and Others	908,626	1,802,759	207,360	174,065
Net Cash from (used in) Investing Activities	(330,187,474)	(233,933,174)	(334,510,852)	(239,945,748)
Cash Flows from Financing Activities				
Proceed received for subordinated debt	-	5,000,000	-	15,000,000
Repayment of subordinated debt	(12,500,000)	-	(12,500,000)	(7,230,443)
Interest paid on subordinated debt	(5,261,843)	(4,799,341)	(7,339,486)	(6,044,084)
Repayment of Lease Liabilities	(2,507,423)	(2,548,281)	(2,914,389)	(2,904,035)
Dividend paid to non-controlling interest	-	-	(198,804)	(150,000)
Dividend/Levy paid to holders of other equity instruments	(661,090)	(2,196,888)	(661,090)	(2,196,888)
Net Cash from (used in) Financial Activities	(20,930,356)	(4,544,510)	(23,613,769)	(3,525,450)
Net Increase/(Decrease) in Cash & Cash Equivalents	9,303,820	(13,922,891)	9,240,196	(14,062,377)
Cash and cash equivalents at the beginning of the year	57,538,351	71,461,242	58,836,831	72,899,208
Cash and cash equivalents at the end of the year	66,842,171	57,538,351	68,077,027	58,836,831

ANALYSIS OF LOANS & ADVANCES TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2022 (Rs.'000) (Audited)	31.12.2021 (Rs.'000) (Audited)	31.12.2022 (Rs.'000) (Audited)	31.12.2021 (Rs.'000) (Audited)
Loans and advances to Other Customers				
Gross Loans and advances	1,915,788,623	1,936,974,136	2,061,137,431	2,103,642,165
Less :				
Allowance for Expected Credit Losses	(132,681,930)	(101,277,028)	(145,365,747)	(112,953,104)
Stage 1	(6,241,576)	(8,056,985)	(7,647,149)	(9,316,194)
Stage 2	(19,206,289)	(9,990,853)	(20,570,351)	(11,462,797)
Stage 3	(107,234,065)	(83,229,190)	(117,148,247)	(92,174,113)
Net Loans and advances	1,783,106,693	1,835,697,108	1,915,771,684	1,990,689,061
Product-wise Gross loans & advances				
By product – Domestic currency				
Overdrafts	109,571,710	389,894,984	109,212,702	389,438,498
Term loans	904,385,301	887,081,607	967,310,812	954,796,780
Lease rentals receivable	-	-	64,175,371	79,230,187
Credit cards	5,539,640	4,303,245	5,539,640	4,303,245
Pawning	184,777,612	194,769,226	184,777,612	194,769,226
Trade Finance	29,387,154	52,944,758	29,387,154	52,944,758
Others	99,277,648	27,598,625	107,483,544	42,333,454
Sub Total	1,332,939,065	1,556,592,445	1,467,886,835	1,717,816,148
By product – Foreign currency				
Overdrafts	1,709,240	2,981,810	1,709,240	2,981,810
Term loans	187,912,732	131,606,427	198,313,770	137,050,753
Trade Finance	393,227,586	245,793,454	393,227,586	245,793,454
Sub Total	582,849,558	380,381,691	593,250,596	385,826,017
Grand Total	1,915,788,623	1,936,974,136	2,061,137,431	2,103,642,165
Movement in Allowance for Expected Credit loss during the year				
BANK	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 1 st January 2022	8,056,985	9,990,853	83,229,190	101,277,028
Net Charge/(Reversal) for the year	(1,815,409)	9,215,436	20,966,673	28,366,700
Amounts written off	-	-	(271,801)	(271,801)
Exchange rate variance on foreign currency Impairment	-	-	3,310,003	3,310,003
Closing balance as at 31st December 2022	6,241,576	19,206,289	107,234,065	132,681,930
BANK	Stage 1	Stage 2	Stage 3	Total
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
GROUP	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 1 st January 2022	9,316,194	11,462,797	92,174,113	112,953,104
Net Charge/(Reversal) for the year	(1,669,045)	9,107,554	21,935,932	29,374,441
Amounts written off	-	-	(271,801)	(271,801)
Exchange rate variance on foreign currency Impairment	-	-	3,310,003	3,310,003
Closing balance as at 31st December 2022	7,647,149	20,570,351	117,148,247	145,365,747
GROUP	Stage 1	Stage 2	Stage 3	Total
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

ANALYSIS OF DEPOSITS

	BANK		GROUP	
	31.12.2022 (Rs.'000) (Audited)	31.12.2021 (Rs. '000) (Audited)	31.12.2022 (Rs.'000) (Audited)	31.12.2021 (Rs. '000) (Audited)
By product – Domestic currency				
Demand deposits (current accounts)	75,893,141	80,566,734	71,972,668	79,424,380
Savings deposits	616,167,038	739,759,440	620,359,093	746,159,304
Fixed deposits	1,377,375,135	1,031,570,632	1,455,465,983	1,121,774,448
Others	3,250,918	3,879,765	3,448,627	5,560,569
Sub total	2,072,686,232	1,855,776,571	2,151,246,371	1,952,918,701
By product – Foreign currency				
Demand deposits (current accounts)	3,325,780	1,450,837	3,325,780	1,450,837
Savings deposits	43,208,616	25,761,128	43,208,616	25,761,128
Fixed deposits	251,852,274	188,502,877	251,852,274	188,502,877
Others	445,996	41,199	445,996	41,199
Sub total	298,832,666	215,756,041	298,832,666	215,756,041
Grand Total	2,371,518,898	2,071,532,612	2,450,079,037	2,168,674,742

ANALYSIS OF CONTINGENT LIABILITIES AND COMMITMENTS

	BANK		GROUP	
	31.12.2022 (Rs.'000) (Audited)	31.12.2021 (Rs. '000) (Audited)	31.12.2022 (Rs.'000) (Audited)	31.12.2021 (Rs. '000) (Audited)
By product				
Acceptances	74,070,645	94,817,795	74,070,645	94,817,795
Documentary Credit	22,841,324	73,281,666	22,841,324	73,281,666
Guarantees	68,387,765	74,070,212	68,791,109	74,823,212
Forward Exchange Contracts	137,037,060	108,101,010	137,037,060	108,101,010
Non disbursed overdrafts & loans	68,828,585	79,068,727	73,064,804	93,386,727
Gross Contingent Liabilities and Commitments	371,165,379	429,339,410	375,804,942	444,410,410
Less :				
Allowance for Expected Credit Loss	(516,606)	(568,215)	(516,606)	(568,215)
Net Contingent Liabilities and Commitments	370,648,773	428,771,195	375,288,336	443,842,195

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

BANK AS AT 31ST DECEMBER 2022

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
ASSETS				
Cash and cash equivalents	-	-	66,842,171	66,842,171
Balances with Central Banks	-	-	67,602,313	67,602,313
Placements with Banks	-	-	-	-
Derivative Financial Instruments	14,882,584	-	-	14,882,584
Financial Assets - At Fair Value through Profit or Loss	5,556,754	-	-	5,556,754
Loans and Advances to banks	-	-	7,689,150	7,689,150
Loans and Advances to other customers	-	-	1,783,106,693	1,783,106,693
Debt instruments measured at amortised cost	-	-	913,099,927	913,099,927
Equity instruments at fair value through OCI	-	1,661,656	-	1,661,656
Debt instruments at fair value through OCI	-	10,378,370	-	10,378,370
Total financial assets	20,439,338	12,040,026	2,838,340,254	2,870,819,618
LIABILITIES				
Due to banks	-	-	111,452,491	111,452,491
Derivative Financial Instruments	1,888,478	-	-	1,888,478
Due to other customers	-	-	2,371,518,898	2,371,518,898
Other Borrowings	-	-	191,527,573	191,527,573
Subordinated term debts	-	-	36,603,467	36,603,467
Total financial liabilities	1,888,478	-	2,711,102,429	2,712,990,907

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)
ASSETS				
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
Total financial assets	2,000,727	11,020,647	2,547,405,413	2,560,426,787
LIABILITIES				
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
Total financial liabilities	1,761,220	-	2,469,559,333	2,471,320,553

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS

GROUP AS AT 31ST DECEMBER 2022

	Fair Value Through P&L (Rs.'000)	Fair Value Through OCI (Rs.'000)	Amortised Cost (Rs.'000)	Total (Rs.'000)
ASSETS				
Cash and cash equivalents	-	-	68,077,027	68,077,027
Balances with Central Banks	-	-	67,602,313	67,602,313
Placements with Banks	-	-	3,028,550	3,028,550
Derivative Financial Instruments	14,882,584	-	-	14,882,584
Financial Assets - At Fair Value through Profit or Loss	5,915,926	-	-	5,915,926
Loans and Advances to banks	-	-	7,689,150	7,689,150
Loans and Advances to other customers	-	-	1,915,771,684	1,915,771,684
Debt instruments measured at amortised cost	-	-	928,885,518	928,885,518
Equity instruments at fair value through OCI	-	1,844,574	-	1,844,574
Debt instruments at fair value through OCI	-	11,428,832	-	11,428,832
Total financial assets	20,798,510	13,273,406	2,991,054,242	3,025,126,158
LIABILITIES				
Due to banks	-	-	122,696,978	122,696,978
Derivative Financial Instruments	1,888,478	-	-	1,888,478
Due to other customers	-	-	2,450,079,037	2,450,079,037
Other Borrowings	-	-	191,527,573	191,527,573
Subordinated term debts	-	-	52,781,563	52,781,563
Total financial liabilities	1,888,478	-	2,817,085,151	2,818,973,629

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)
ASSETS				
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
Total financial assets	2,995,423	12,485,867	2,723,047,118	2,738,528,408
LIABILITIES				
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
Total financial liabilities	1,761,220	-	2,598,052,157	2,599,813,377

SELECTED PERFORMANCE INDICATORS (Based on Regulatory Reporting)

	BANK		GROUP	
	As at 31.12.2022 (Audited)	As at 31.12.2021 (Audited)	As at 31.12.2022 (Audited)	As at 31.12.2021 (Audited)
Regulatory Capital Adequacy				
Common Equity Tier 1 Capital [Rs. 000]	111,298,172	104,747,717	148,454,894	138,667,285
Core (Tier 1) Capital [Rs. 000]	116,298,172	109,747,717	153,454,894	143,667,285
Total Capital Base [Rs. 000]	159,532,587	155,798,954	198,618,984	191,833,922
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital (%) (Min. requirement - 2022 - 8.0%, 2021-7.0%)	11.37	11.99	12.83	12.95
Tier 1 Capital Ratio (%) (Min. requirement - 2022 - 9.5%, 2021 - 8.5%)	11.89	12.56	13.27	13.41
Total Capital Ratio (%) (Min. requirement - 2022 - 13.5%, 2021 - 12.5%)	16.30	17.83	17.17	17.91
Asset Quality (Quality of Loan Portfolio)				
Impaired Loans (Stage 3) Ratio (%)	12.78	4.01	12.64	4.69
Impairment (Stage 3) to Stage 3 Loans Ratio (%)*	29.88	50.17	30.45	46.88
*to save any doubt , excluding exposures backed by irrevocable government assurances, this ratio amounts to 40.23				
Profitability				
Interest Margin, %	2.70	3.38	3.05	3.70
Return on Assets (Before Tax) , %	0.76	1.25	0.89	1.42
Return on Equity (After Tax) , %	12.22	19.93	11.19	17.73
Leverage Ratio (Min. requirement - 3%)	3.83	3.96	4.79	4.85
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking unit Rs.000	540,470,752	502,575,831		
Off-Shore Banking Unit USD.000	70,182	239,417		
Statutory Liquid Assets Ratio (%) (Min. requirement - 20%)				
Domestic Banking unit (%)	21.37	23.52		
Off-Shore Banking Unit (%)	20.05	25.94		
Total Stock of High Quality Liquid Assets [Rs.000]	502,751,126	367,540,924		
Liquidity Coverage Ratio (%) (Min. requirement - 90%)				
Liquidity Coverage Ratio - Rupee	213.06	155.83		
Liquidity Coverage Ratio - All Currency	119.47	105.71		
Net Stable Funding Ratio	117.05	115.37		
(Min. requirement - 90%)				

EXPLANATORY NOTES

1. These Financial Statements for the year ended December 31, 2022, 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. 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, 2021.

3. Impairment of Financial Assets
Loans & Advances

The Bank performed a comprehensive review of its individually significant customers at December 31, 2022 - and based on the said assessment - customers who have been impaired due to a significant increase in credit risk were categorized under stage 3. These included, amongst other, several State-Owned Enterprises. The Bank continues to review the key assumptions used in its impairment computation on an ongoing basis.

From a collective impairment perspective, the Bank and the Group's ECL on December 31, 2022 was estimated using reasonable and supportable information that was available without undue cost or effort about past events, current conditions and future economic conditions. During the said period, the Bank/ the Group recognized a substantial impairment provision in the view of deteriorated macro-circumstances such as, amongst other, the devaluation of the rupee, rising interest rates, high inflationary pressure and the sovereign rating downgrade. All these considered, the Bank reassessed its Probabilities of Default (PD) and the Economic Factor Adjustment, amongst other, and probability weightages within the said Economic Factor Adjustment as used in the collective impairment assessment. Whilst the Bank continues to monitor all macro-economic and other developments closely, based on new supportable information as and when available, the Bank and the Group shall reassess its ECL based on such additional supportable information in such future reporting periods.

Other Financial Assets

Impairment provision against foreign currency denominated government debt instruments have been substantially increased during the period, by considering, amongst other, the recent downgrade on the sovereign ratings by rating agencies and the ongoing efforts for a consensual restructuring of the country's external debts through an economic adjustment program supported by the International Monetary Fund.

4. Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022, the Bank is liable for a surcharge tax of LKR 5.4 billion pertaining to the year of assessment 2020/2021. In accordance with the said Act, the said tax shall be deemed as an expense in the financial year beginning on January 1, 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, this surcharge tax expense has been accounted as permitted under the Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax as issued by the Institute of Chartered Accountant of Sri Lanka. Accordingly, the Bank has recognised the total liability to surcharge tax as an adjustment to the opening retained earnings as of January 1, 2022.

Further the Bank has paid the surcharge tax liability by way of two installments (LKR 2.7Bn each) on April 20, 2022, and July 20, 2022

5. Pursuant to the Inland Revenue (Amendment) Act No 45 of 2022 - which was introduced into law on December 19, 2022 - the standard Income Tax rate was increased to 30.0% from 24.0% with effect from October 1, 2022. However, as per the guidance issued by the Inland Revenue Department relating hereto, the Bank has applied the new rate with effect from July 1, 2022 onwards.
6. On December 29, 2022 - the Bank fully repaid its Debentures issued in 2009, 2011 and 2013 amounting to, respectively, LKR 2.5 billion, LKR 5.0 billion and LKR 5.0 billion.
7. All known expenses have been charged to these financial statements.
8. Other than those given above, or already considered in these Financial Statements, no circumstances have arisen since December 31, 2022 - 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, 2022 and the profit for the year then ended.

(Sgd.)
Azzam A. Ahamat
Head of Finance

We the undersigned being the Chairman, Director and Acting 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

(Sgd.)
Dushmantha Thotawatte
Director

(Sgd.)
Clive Fonseka
Acting Chief Executive Officer/General Manager

2nd March 2023
Colombo.