



**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 (Rs. '000) (Audited) | 2021 (Rs. '000) (Audited) | 2022 (Rs. '000) (Audited) | 2021 (Rs. '000) (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 (Rs. '000) (Audited) | 31.12.2021 (Rs. '000) (Audited) | Change % | 31.12.2022 (Rs. '000) (Audited) | 31.12.2021 (Rs. '000) (Audited) | Change % |
| 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 | | | | Retained Earnings (Rs.'000) | 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) | | |
| 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 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | (Rs.'000) | (Rs. '000) | (Rs.'000) | (Rs. '000) |
| | (Audited) | (Audited) | (Audited) | (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 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | (Rs.'000) | (Rs. '000) | (Rs.'000) | (Rs. '000) |
| | (Audited) | (Audited) | (Audited) | (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 |
| <small>*to save any doubt , excluding exposures backed by irrevocable government assurances, this ratio amounts to 40.23</small> | | | | |
| 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 | | | | |
| (Min. requirement - 90%) | 117.05 | 115.37 | | |

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.