

ANNUAL REPORT 2024

# Lifting the Nation, raising the bar



**PEOPLE'S  
BANK**

**Pride of the Nation**













# Lifting the Nation, raising the bar

Majestic and powerful, the eagle embodies long-term vision – its keen eyesight scanning vast horizons, identifying opportunities, and soaring with unmatched grace. With agile adaptability and formidable strength, it seizes its goals with precision.

Like the eagle, we remain vigilant – quick to adapt to market trends, agile in strategy, and resilient in the face of adversity. Our ability to thrive across all terrains, weathering challenges and defying the odds, continues to raise the bar. In doing so, we lift the nation and empower every citizen to pursue their aspirations for a more prosperous tomorrow.

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# INTRODUCING OUR INTEGRATED ANNUAL REPORT

Our Integrated Annual Report for the financial year ended 31 December 2024 outlines our value creation story, and how People's Bank leveraged its financial footprint, shared resources, and people expertise to deliver stakeholder value and support the nation on its path to recovery. The report integrates material information on our operation environment, strategy, risk and governance, financial and ESG performance, and our future outlook.



## Our approach to reporting

Our Integrated Report is the result of a well-structured process that emphasises integrated thinking, collaboration, and transparency. We ensure accurate and robust reporting through a governance framework led by the Board of Directors and the Management Committee. Inputs from respective functions are carefully incorporated, and the report is assured through a combined assurance model, providing our valued stakeholders with reliable and comprehensive information.

The performance drivers connect the relationship between profitability, social value creation, and environmental performance, as highlighted in the Management discussion and analysis appearing on pages 84 to 176 providing an integrated approach towards value creation.



## Reporting cycle and entities

GRI 2-2, 3

The Bank follows an annual reporting cycle, with this report covering the period from 1 January 2024 to 31 December 2024. The Consolidated Financial Statements for the year ended 31 December 2024, include the Bank and its subsidiaries – People's Leasing and Finance PLC and People's Travels (Private) Limited – collectively referred to as the "Group." People's Bank serves as the ultimate parent of the Group. The non-financial, risk management and corporate governance information pertains only to People's Bank unless specified otherwise.



## Restatement of information

GRI 2-4

There has been no requirement for restatement of any information from our previous annual reports.



## Reporting frameworks

### Integrated reporting

- The Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation.

### Financial, regulatory and corporate governance

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka
- People's Bank Act No. 29 of 1961 and any amendments thereto
- Banking Act No. 30 of 1988 and any amendments thereto
- Directions issued by Central Bank of Sri Lanka
- Exchange Control Act No. 24 of 1953
- Financial Transactions Reporting Act No. 6 of 2006
- Prevention of Money Laundering Act No. 5 of 2006
- Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks and any amendments thereto
- Code of Best Practice on Corporate Governance issued by the Chartered Accountants of Sri Lanka in December 2017.



### ESG and sustainability reporting

- Global Reporting Initiative (GRI) Standards – “In Accordance with the GRI Standards”, issued by the Global Sustainability Standards Board
- The United Nations Sustainable Development Goals (UN SDGs)
- Banking Act Direction No. 05 of 2022 on Sustainable Finance Activities of Licensed Banks.

### Climate related disclosures

- ISO 14064-1:2018 Organisation Level for Quantification and Reporting of Greenhouse Gas (GHG) Emissions and Removals.



## Value creation

### GRI 2-6

Sri Lanka is on the path towards a growth economy, recovering gradually from the macroeconomic debacle that took place a few years ago. People's Bank played a vital role as a premier financial institution with the most expansive reach to provide financial services to a large cross section of the society. Modernising its product and service repertoire, the Bank contributed significantly to garner the much-needed foreign exchange, through its remittance product offerings, which was an incredible success. Tailor made financial solutions helped stimulate economic activity to rebuild and foster growth in a variety of businesses, struggling to overcome the economic hardships.

The Bank concluded the financial year on a commendable note, with significantly enhanced value creation to all stakeholders, while extending great support to the Government of Sri Lanka, in implementing several of its initiatives geared towards the recovery, rooted in strong financial and sustainable macroeconomic principles. The value creation model is documented on pages 70 and 71.



## External assurance

### GRI 2-5

The Auditor General of Sri Lanka has granted assurance for the Financial Statements content in this Report on pages 257 to 259.

The sustainability reporting component of this report has received external assurance from Messrs Ernst & Young and their report is included on pages 419 and 420.

The Auditor General's Department is legally mandated to audit public organisations and People's Bank's Financial Statements are audited annually by the Auditor General or an accounting firm appointed by Auditor General.

Relationship with the assurance provider on sustainability reporting is, “as an independent assurance engagement,” as defined by the Sri Lankan Standard on Assurance Engagements.



## Materiality

As we crafted this integrated Report, those matters that can materially impact our ability to create value in the short, medium, and long term were identified, segmented, and reported. These are industry specific and considered for their overall impact on the stakeholders, placed within the wider operating environment.

Reporting with accuracy and credibility has been the hallmark of all our reports, as we are committed to elevating the quality, relevance and readability. We continued to demonstrate these qualities throughout this report, which we are proud to present to you.

## Guiding principles

The Bank has applied the following guiding principles in preparing this report to ensure that it provides a credible review of our performance.

### Connectivity of information

Icons have been used to connect strategy, material themes and stakeholders throughout the report.

### Faithful representation

We have presented a balanced view of our performance, including both positive, neutral and negative aspects.

### Conciseness

Reporting in a concise manner has been a key objective, in conveying critical matters to users of the report. Where necessary, however, we have included details, for accuracy and transparency.

### Consistency and comparability

Indicators for measurement have been aligned to reporting frameworks and industry standards wherever possible facilitating comparability.

### Reliability

Internal processes and controls have been put in place to ensure the reliability of both financial and nonfinancial information.



## Precautionary principle

### GRI 2-23

We apply the precautionary principle as a measurement in deciding on social and environmental sustainability. While being aware that our operations have an overall positive impact on society and the environment, we have taken the necessary steps to ensure that any risk of a negative impact is mitigated. These are described on page 79.



## Accessing the Report and feedback

### GRI 2-3

**This Report can be downloaded from our website:**  
[www.peoplesbank.lk/last-financial-result/](http://www.peoplesbank.lk/last-financial-result/)

**Please send your feedback on this report to:**

**Azzam A Ahamat**

Head of Finance

Finance and Management Accounting Department

People's Bank,

No. 75, Sir Chittampalam A Gardiner Mawatha,  
Colombo 2

+94 11 248 1481 (ex. 498)

[azzam@peoplesbank.lk](mailto:azzam@peoplesbank.lk)

[info@peoplesbank.lk](mailto:info@peoplesbank.lk) [www.peoplesbank.lk](http://www.peoplesbank.lk)

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# OUR BANK

**Vision** Inspiring the Nation towards Transformational Growth

## Mission



We are in the business of providing financial services that contribute to the quality of life, and enterprise development, via affordable, accessible, and efficiently delivered solutions.



We empower and develop our human resources, so that they will care for and protect our customers.



We contribute to national economic development, while being competitively profitable.



We believe in “giving back” to the society we operate in, while being sustainable in our business practices.

## Value Statement



**Pride of the Nation**



**Customer Focus and Agility**



**Integrity and Accountability**



**Continuous Learning Culture and Team Spirit**



**Empowerment and Diversity**

## Big Hairy Audacious Goal (BHAG)



To be the most customer sought after bank with the industry best employee satisfaction level




The People's Bank was incorporated by People's Bank Act No. 29 of 1961 and designated by the Central Bank of Sri Lanka as a Domestic Systemically Important Bank (D-SIB). The Bank boasts the largest branch network in the sector, serving 15.1 million customers nationwide. The staff strength of the Bank is 7,633 spread across 751 of branches. The Bank operates only in Sri Lanka.

Public welfare as our primary mandate, we successfully expanded our reach to include the private sector delivering a stellar performance in 2024.

We contribute significantly to the nation's financial sector stability through our extensive branch network which spans urban and rural areas, as financial inclusivity of all sections of the populace is a priority. We support the efforts of the government of Sri Lanka in sustainable development across economically disadvantaged sections of the society and combining profitability and public welfare with ease.

We significantly enhanced our digital capabilities in 2024, to be known as a top-tier digital service provider in the banking industry.

# OUR GROUP

<div><div></div><div><b>PEOPLE'S BANK</b></div><div>Pride of the Nation</div></div>						
Year of Incorporation	<div><div></div><div>75%</div><div>Ownership</div></div>	1961	<div><div></div><div>99%</div><div>Ownership</div></div>	1993	Year of Incorporation	
	Customer Segments	Individuals Micro Enterprises Small and Medium scale Businesses	Individuals Micro Enterprises Small and Medium scale Businesses Corporate, Government and State-Owned Enterprises	Individuals Micro Enterprises Small and Medium scale Businesses	Customer Segments	
Main Products and Services	Leasing and Hire Purchases Microfinance Deposits Loans	Retail Banking Enterprise Banking Corporate Banking International Banking Treasury and Investment Banking	Inbound Travel Outbound Travel Destination Management	Main Products and Services		
Performance Highlights	Assets: LKR 160.5 Bn. Profit after tax: LKR 3.7 Bn.	Assets: LKR 3,297.8 Bn. Profit after tax: LKR 25.1 Bn.	Assets: LKR 149.0 Mn. Profit after tax: LKR 5.9 Mn.	Performance Highlights		
Number of Branches	109	751	2	Number of Branches		
Staff Strength	3,342	7,633	19	Staff Strength		

# MILESTONES

- "Athamaru" loan scheme was introduced to finance economic activities of the informal sector.
- 100th branch was opened at Marandagahamula.
- Employee count reached 5,000.
- First fisheries bank was opened at Koralawella.

- First ATM was installed at the Headquarters Branch.
- The Bank supported the Government's 200 Garment Factory Programme.
- 160 branches were computerised.
- Launched "Vanitha Vasana", and "Isuru udana" savings schemes, "Surathura" loan Scheme, "Videshika" deposit scheme.

- Won one Grand Award and three Gold Awards in the National Category at the 2012 International ARC Awards for the Bank's Annual Report 2011.
- 23 SME centres were established across the island. People's Bank became the first bank to be connected to the National Common ATM Switch.
- The Bank's asset base crossed one trillion rupees, as the second largest bank in the industry.
- The Bank garnered the triple accolades of "Bank of the Year 2014" at the European Global Banking and Finance Award-Sri Lanka 2014 as well as "Best Banking Group Sri Lanka" and "Most Sustainable Bank Sri Lanka" at the World Finance Banking Awards 2014. The Bank launched a Green Banking Concept in demonstrating its sustainability commitments.
- Opened Sri Lanka's first fully digitalised branch in Colombo and received the prestigious ISO/IEC 27001:2013 quality certification for Information Security Management first for any State bank in the Nation.
- People's Wave became the most downloaded finance app in Sri Lanka.
- The Bank raised LKR 10.0 Bn. via debenture issue post People's Bank (Amendment) Bill passed by the Parliament. SBUs reached 239 - a feat achieved in just three years.
- The Bank signed the largest ever and the longest tenor bilateral funding facility secured by any commercial bank in Sri Lanka to date.

1970  
to  
1979

1990  
to  
1999

2010  
to  
2019

1961  
to  
1969

1980  
to  
1989

2000  
to  
2009

- Inaugurated on 1 July 1961.
- First branch was opened at Duke Street, Colombo.
- Commenced pawning services.
- Inaugurated the Co-operative Rural Banking Scheme and a new Agriculture Credit Scheme becoming the pioneer lender to the small farm sector.

- Launched the Extended Minors' Savings Scheme.
- 300th branch was opened at Ingiriya.
- Total number of employees reached 10,000.
- People's Merchant Bank was established as a subsidiary of the Bank.
- The computerisation process began at our Head Office and selected city branches and a Black Light System was introduced, substantially reducing customer turnaround time.

- "Jana Jaya", savings cum loan scheme was launched.
- The Central ATM Switch was introduced.
- Total number of ATM machines grew to 90.
- The number of branches with People's Automated Banking System (PABS) has increased to 218 and 119 branches were connected to the Central ATM Switch.
- A Treasury automation package was implemented.
- The Bank signed up with Silver Lake System SDV BUD Malaysia to install a state-of-the-art core banking package and trade services solutions.
- The Bank obtained the first ever public rating of BBB+ from Fitch Ratings Lanka.
- The core banking project was implemented successfully.
- The Bank received the first capital tranche of LKR 2 Bn., second capital tranche of LKR 1 Bn. and third capital tranche of LKR 1.5 Bn. as the Equity Capital Investment in the Bank by the Government of Sri Lanka in keeping with the agreement signed between the Government, ADB and People's Bank.
- For the first time, received the SAFA (South Asian Federation of Accountants) Award for the 2008 Annual Report.



→ The Bank celebrated its 60th Anniversary with the theme "Pride of the Nation".

→ People's Wave became the most downloaded mobile app in the country with over a million active users, and the launch of People's Pay wallet app.

- People's Bank joins hands with HDFC Bank India to offer enhanced Banking services.
- Export sector specific SME Hubs (Export Hubs) are established in seven regions from July 2023 for the purpose of strengthening the trade finance business portfolio in the domestic banking units.
- People's FX Future Plus Foreign Currency Fixed Deposit Account introduced in June 2023.
- People's Power" Loans Scheme introduced by the Bank to support and uplift the Micro-Finance sector in Sri Lanka in July 2023.
- The Bank recruited a batch of 500 new staff members in September 2023.

Achieved record-breaking performance with an all-time high Profit after Tax of LKR 25.1 Bn.

Substantially reduced exposure to State-Owned Enterprises (SOEs) while expanding into private sector lending.

100 new corporate banking customers onboarded.

Reached 4.4 million digital solution registrations.

Became the first domestic systemically important Sri Lankan bank to be certified under the latest ISO 27001:2022 standard for Information Security Management Systems (ISMS).

2021

2023

2020

2022

2024

→ The Bank extended unparalleled support to the Nation, customers and the general public during COVID-19. People's Bank raised the highest ever by the industry to date, Tier 2 Debentures worth LKR 20 Bn.

→ The only entity amongst the Top 3 and only state bank to have a positive incline in brand value.

- Launched two new brands, Excelsior and Elegance, to cater to the premium market segment.
- Introduced our CSR umbrella Brand *Mahajana Mehewara*. Successfully launched Strategic Planning 2022-2024.
- Received several awards
  - People's Bank was named among the World's Top 1000 Banks by the Banker Magazine.
  - Asian Banker Magazine included the Bank among the Asian Banker's Top 500 Banks.
  - Received four awards at the International ARC Awards 2022 including two gold awards.
  - Annual Report 2021 was among the top 10 Best Integrated Annual Reports at the CMA Excellence in Integrated Reporting Awards 2022.
  - The Bank was a joint Bronze winner at the Public Sector Bank category in the South Asian Federation of Accountants (SAFA) Awards.
  - Won the Bronze Award for the State Sector at TAGS Awards 2022.
  - Recognised as Sri Lanka's most outstanding workplace for women at the WFWP Awards 2022.

# AWARDS

## LankaPay Technnovation Awards

- Gold Award – Most Popular Digital Payment Product (State Banks Category – Internet and Mobile Banking)
- Merit Award – Bank of the year for Excellence in customer convenience – Category A
- Merit Award – Best Common ATM Enabler of the Year – Category A
- Merit Award – Bank of the year for Financial Inclusivity – Category A



### Slim Digis 2.4 – 2024

- Bronze Award – Best Use of Digital Creative Content
- Merit Award – CSR, Purpose-Driven Digital Marketing Campaign

### TAGS Awards 2024

- Bronze Award – State Bank Sector

### Women Friendly Workplace Award

- CIMA Satynmag Women Friendly Workplace Awards

### CPM best Management practices

- Winner of the Government, Semi-Government and Authorities Category
- Winner of Banking of Public Sector Category

## National Business Excellence Awards 2024

- Winner – Banking Sector
- Winner – Excellence in Performance Management
- Runners up – Excellence in Environmental Sustainability
- Runners up – Excellence in Local Market Reach
- Merit – Extra large Category
- Merit – Excellence in Corporate Social Responsibility

## AICPA and CIMA Top Employers Awards 2024

- People's Bank named among the top 20 employers

## CMA Excellence in integrated Reporting Awards – 2024

- First Runners up – People's Bank Awarded Best Integrated Report (State Bank Sector)
- Merit Award

## Sumathi Awards 2024

- Best TV Commercial – 2nd Runner up

## BestWeb Awards 2024

- Best Banking & Finance Website – Silver Winner

## Global Business Review Magazine Award – 2024

- Banking Chairman of The Year Sri Lanka 2024 – Mr Sujeewa Rajapakse
- Banking Service Provider of The Year Sri Lanka 2024
- Best Consumer Digital Bank Sri Lanka 2024
- Best Credit Card Offerings Bank Sri Lanka 2024
- Best Digital Banking Solutions Provider Sri Lanka 2024
- Best Digital Wallet App Sri Lanka 2024 – People's Pay
- Best Financial Inclusion Program Sri Lanka 2024
- Best Mobile Banking App Sri Lanka 2024 – People's Wave
- Most Innovative Credit Card Services Sri Lanka 2024
- Most Outstanding Workplaces For Women In Sri Lanka 2024
- Most Responsive Bank Sri Lanka 2024
- Most Sustainable Bank Sri Lanka 2024

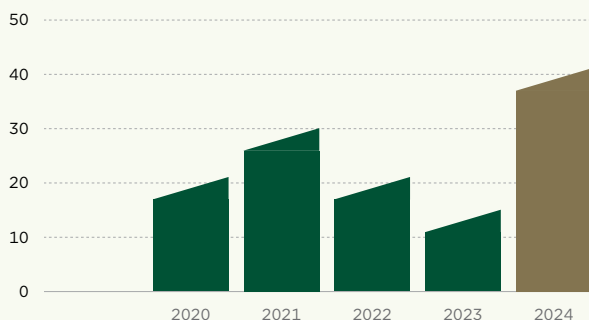


# HIGHLIGHTS

For the year ended 31 December	Bank			Group		
	2024	2023	Change %	2024	2023	Change %
<b>Operating performance (LKR Bn.)</b>						
Interest income	349.3	394.8	-11.5	377.0	424.5	-11.2
Net interest income	107.2	54.3	97.4	122.9	67.8	81.3
Gross income	368.0	422.2	-12.9	400.0	454.5	-12.0
Operating profit before taxes on financial services	56.8	22.7	150.5	65.0	28.5	127.8
Profit before tax	41.6	15.3	171.0	47.6	19.3	147.1
Income tax	16.5	5.3	213.5	18.8	7.9	138.9
Profit after tax	25.1	10.1	148.8	28.8	11.4	152.8
<b>Financial position (LKR Bn.)</b>						
Total assets	3,297.8	3,038.2	8.5	3,471.7	3,208.2	8.2
Gross loans and receivables	1,671.2	1,846.4	-9.5	1,824.1	1,971.8	-7.5
Total deposits	2,854.7	2,653.1	7.6	2,947.9	2,745.2	7.4
Shareholder's funds	182.0	160.1	13.7	230.0	205.0	12.2
<b>Performance ratios (%)</b>						
Return on assets (before tax)	1.3	0.5		1.4	0.6	
Return on equity (after tax)	14.7	6.6		13.2	5.8	
Net interest margin	3.4	1.8		3.7	2.1	
Cost to income ratio	50.3	62.8		52.2	64.3	
<b>Assets quality ratios (%)</b>						
Impaired loans (Stage 3) Ratio	10.3	8.8		9.7	8.8	
Impairment (Stage 3) to Stage 3 loans ratio	41.5	41.0		42.4	41.5	
<b>Liquidity coverage ratio (%) (Min. requirement - 100%)</b>						
Liquidity coverage ratio - Rupee	353.9	256.7				
Liquidity coverage ratio - All currency	279.5	207.9				
<b>Net stable funding ratio</b>						
	178.9	164.3				
<b>Regulatory capital ratio (%)</b>						
Common equity Tier 1 capital (Min. requirement -8.0%)	10.4	11.9		12.2	13.3	
Tier 1 capital (Min. requirement -9.5%)	10.9	12.4		12.6	13.7	
Total capital (Min. requirement -13.5%)	16.5	17.4		17.7	18.2	
<b>Shareholder ratios (LKR)</b>						
Earnings per share	25,088	10,083	148.8	27,559	10,513	162.1
Net asset value per share	181,998	160,059	13.7	229,952	204,984	12.2

## Profit before tax

LKR Bn.

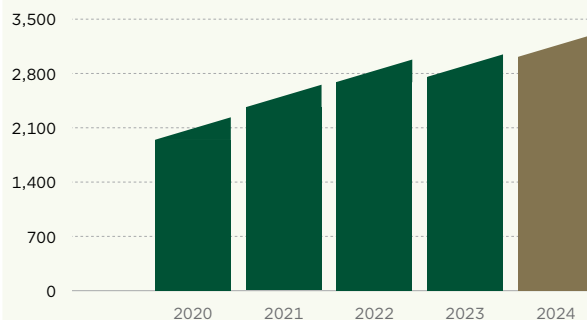


2024 41.6

Change 171%

## Total assets

LKR Bn.

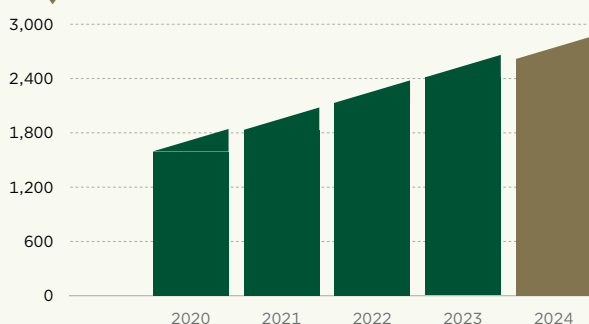


2024 3,297.8

Change 8.5%

## Total deposits

LKR Bn.

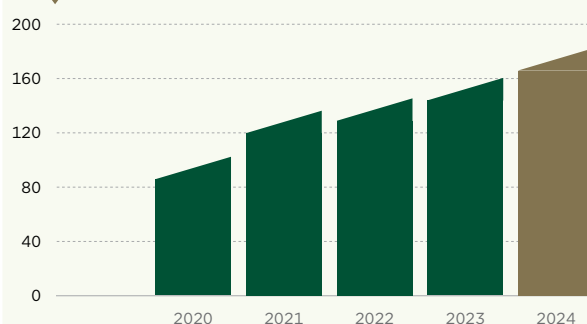


2024 2,854.7

Change 7.6%

## Total equity

LKR Bn.

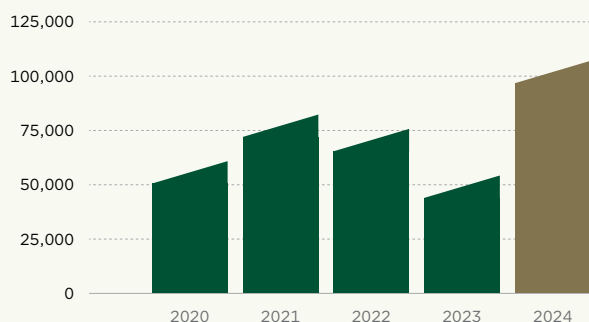


2024 182.0

Change 13.7%

## Net interest income

LKR Mn.

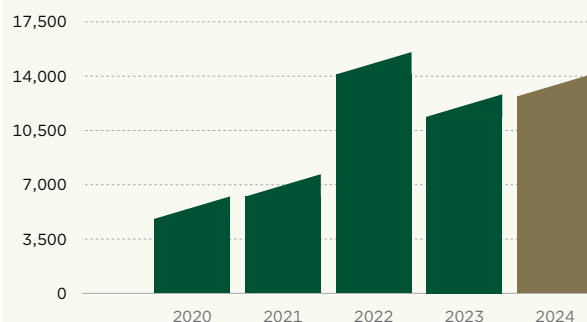


2024 107,242

Change 97%

## Net fees and commission

LKR Mn.



2024 14,166

Change 10%

## MARKET AND CUSTOMER

**4.4 million**

digital solution  
registration

**640,220**

new customers  
onboarded



**Over 51%**

customers  
served-women

**Over 91%**

complaints  
resolved

## EMPLOYEES

**7,633**

employees

**96%**

retention ratio



**4,736**

female employees

**26 hours**

average training time per  
permanent employee

## ESG

National contribution – Total taxes,  
special levy and dividends paid

**LKR 33.4 Bn.**

Business partners –  
supplier registration

**via e-GP**



Community – contribution  
to communities

**LKR 36.0 Mn.**

Environment – Number of  
accounts opened digitally

**1.04 million**



Value created for  
local suppliers

**LKR 20.9 Bn.**



Total digital  
training hours

**35,287 hours**



Number of Green branches  
powered by solar energy

**73**



Correspondent  
Banks

**42**



Vostro  
agents

**88**



Total training  
cost

**LKR 121.5 Mn.**



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# LETTER FROM THE CHAIRMAN

GRI 2-22

For 2024, we recorded a post-tax profit of LKR 25.1 Bn., reflecting a year-on-year growth of 148.8%. Return on Equity (ROE) stood at 14.7%, while Return on Assets (ROA) was 1.3%. Our capital adequacy ratio reached 16.5%, well above the regulatory requirement.



With a three million plus digital customer base, the Bank has expanded its digital leadership to be a force in all areas of digital banking, as it transforms its operational footprint from a brick-and-mortar operation into one that safeguards savings using a digitalisation.



I am delighted to present the Annual Report of People's Bank ("the Bank") for the financial year ended 31 December 2024, which highlights – amongst others – the remarkable resilience and the adaptability as demonstrated by the Bank in surmounting continued economic hardships and overcoming challenges to achieve a stellar performance in 2024. Through our journey, we continued to be deeply committed to delivering on our promise to our diverse array of stakeholders, ranging from the Government of Sri Lanka to the corporate sector and, more widely, the general populace of Sri Lanka with the emphasis on our rural hinterland. We continued to navigate uncertainties that assailed the political, societal, and the macroeconomic landscape that was battered by a pandemic, followed by an abysmal economic crisis, and continued to exacerbate financial hardships on our stakeholders.

During the year ended 31 December 2024 – the Bank reported consolidated gross income of LKR 400.0 Bn. and profit after tax of LKR 28.8 Bn. with its consolidated assets, deposits and net loans expanding to LKR 3.5 Tn., LKR 2.9 Tn., and LKR 1.7 Tn. by year end, respectively on like for like basis. Its liquidity levels soared to an all-time high with its solvency levels touching 16.5% on a Bank solo basis and 17.7% on a consolidated basis – either of which well above the regulatory minimum with strong buffers to withstand any further shocks. The Bank's digital customer base continued to expand, touching 3.3 million at end 2024 with close to LKR 1.3 Tn. in transaction values being executed – either of which the largest for any financial services provider in the country. All in all, it was a strong year for the Bank and the Group across most aspects of business operations.



### A winning combination

Categorised as a D-SIB, our mandate is to operate as a public welfare Bank, with emphasis on supporting state owned enterprises, rural and the farming communities. We are proud to record that since its incorporation in 1961, the Bank has discharged its duties with dedication and diligence, as a partner in progress for the Government of Sri Lanka. Building on this collaborative approach we are well versed, we diversified our business model to encompass the private sector in 2024, that showed signs of regrowth having weathered the economic debacle, while SOE dependence lessened in comparison to the previous years. This shift helped the Bank to compete on par with the stiff competition we see in the banking industry and harness the expansiveness of the private sector considered as the protagonists of rural economies.



### Developing SMEs and MSMEs

We vigorously pursued funding the SMEs and MSMEs, albeit with careful credit and risk assessments, as the tourism sector experienced an exponential growth paving the way for allied industries to flourish. The sectors are constantly burgeoned by the loans disbursed on a spectrum of fronts, ensuring financial inclusivity to the rural entrepreneurs, including capital that is disbursed with competitive interest rates. We managed our NPLs well within our risk appetites and tolerance, and I am pleased to record that there were no unprecedented increase in NPLs, which was the norm, in the years' precedent. The segment grew from 29.2 billion in 2023 to 37.2 billion in 2024, reflecting the resurgence of economic activity in



the country, and the Bank's reputation for public welfare. The Business Revival Unit, supported under-performing businesses to be revived, ensuring that they can sustain their operations in grassroots societies, capitalising on the needs of rural communities.



## Our digital transformation

With a three million plus digital customer base, the bank has expanded its digital leadership to be a force in all areas of digital banking, as it transforms its operational footprint from a brick-and-mortar operation into one that safeguards savings using a digitalisation. Cutting edge technology with a robust framework of information security places a strong emphasis on cybersecurity, as we expand our foray into digitalisation. The digital frontier is now an overarching reality at the Bank, an outfit bringing convenience, technology, and security to our diverse array of customers. This allows the Bank to bring the business into agriculture sector, a sector dominated by the Bank, uplifting livelihoods



## A bank of the people for the people

The year under review witnessed a paradigm shift in the way we do business at the Bank. Our core ethos of being the public welfare bank, however, is a constant with the operational landscape continuing with the mandate to serve the most rural communities, even frontier lands such as hinterlands that under-banked on un-banked. The Bank operates at 751 branches, disbursing development loans for paddy purchases, coconut industry, land acquisitions and many other rural based loan schemes that nurture the rural economies. Partnering with the Government is a crucial aspect of our operation which we are proud to render as a service to the nation.



## Our stakeholders

Fostering trust through transparent communication with all our stakeholder groups that include customers, employees, regulators, and the

community, is a priority in our strategic agenda. With clarity and openness, we engage with them in a thoughtful and meaningful manner to create mutually beneficial value, navigating our journey with care, diligence, and mutual respect. Where interests intersect, we evaluate the trade-offs in the decision-making process and build and nurture these valuable relationships with cordiality for the long term.



## Our regulatory landscape

Domestic economic factors and global financial trends, continued to evolve a complex regulatory landscape, where fiscal and monetary policies required to stay on a stringent course. Integrated thinking, careful balance between lending to ensure asset quality, and resorting to a lean management, were essential to achieve our targets as a competitive, and stable bank in difficult economy. We are aware that regulatory challenges will be a constant in the new financial years, as Sri Lanka steps ahead on growth and fortification and the Bank will need to adopt robust management techniques to support the Government in recovery efforts. Prudent investment of our excess liquidity, maintaining capital adequacy, managing non-performing loans, thoughtful lending within the boundaries of risk appetite and tolerance levels, investing in and expanding our digital capacities, and effectively addressing foreign exchange risk within currency volatility are the crucial points to ponder and manage, as we step into the new financial year. A robust risk management framework within a strong governance structure are prerequisites, as we move ahead with confidence and an unwavering focus to achieve the goals we have set for 2025.

A notable development was the strengthening of the Sri Lanka Rupee against the USD by approximately 10.7% although fluctuations were experienced towards the end of the year. As the inflationary trends reduced and the domestic economy stabilised, the export market, however, experienced a diminished level of competitiveness in the international markets. Though the disposable income continued to be low to non-existent, a marginal level of relief was experienced by our main customer segments, resulting in debt servicing.



## Our human capital

An indispensable asset, we continued to upskill, reskill, and take exemplary measures to retain our employees. As mass-migration continued, we recruited best in class talent from the market, and acclimatised them into our banking culture while empowering them through digital literacy, selling techniques and customer service. We recruit from the locality of our branches and are proud to be contributors to reduce unemployment and youth development, a need of the hour for the nation. Our approach is that of a holistic physical and mental wellness for our employees and we implemented several initiatives to ensure a good work-life balance is achieved.



## Our sustainability

Accountability and sustainability are key to the longevity of any business. Our achievement on this front is based on a strong and ethical governance structure, a robust risk management based on three lines of defence, an independent audit and assurance processes, and compliance and legal functions that keep abreast with regulatory and legal inputs that apply to the Bank. Emerging risks are intrusively evaluated for proactive measures while internal control framework ensure risk mitigation at business level. A comprehensive ESG policy dictates our community input and transparency of interaction with our business partners and customers. Timely and accurate information on products and services or required deliveries to the Bank are clearly communicated to ensure a high level of excellence, in all our operations.



## My appreciation

I extend my sincere gratitude to His Excellency the President who is also the Minister of Finance, the Honourable Prime Minister, the Honourable Deputy Finance Minister of Finance & Planning and the Honourable Deputy Minister of Economic Development for their foresight and leadership. I also extend our appreciations to the Secretary to Treasury and the Senior Officials at the Ministry of Finance for their support and guidance throughout the year.

I thank the Governor, and the Senior officials of the Central Bank of Sri Lanka for their wise counsel and advice on the application of all matters of a regulatory nature. The Former Chairman and the Board of Directors and my colleagues on the current Board all of whom have worked tirelessly and contributed unreservedly towards the success of the Bank, and I thank them all their efforts. I would also like to thank the Chief Executive Officer/General Manager of the Bank, the Corporate and Executive management and the staff at all levels for their contributions to achieve this remarkable success in 2024. Most importantly, our valued customers and other stakeholders are the cornerstone of our success, and we stand ready to serve you to the best of our capacity.

As the country continues its recovery trajectory, we will continue to engage with various stakeholders including the Ministry of Finance and the Central Bank of Sri Lanka, to ensure systemic stability at this crucial juncture, knowing that together we can and will build a resilient and strong nation, for our future generations.

**Professor Narada Fernando**  
Chairman

28 February 2025

# CEO/GENERAL MANAGER'S REVIEW

The year also marked a remarkably well-executed transformation of our business model – striking a balance between serving as a trusted bank for state-owned enterprises and evolving into a digitally savvy, modern financial institution that actively attracts and supports the private sector.





The brand of customer service that personifies the Bank maintains a strong customer focused ethos, exemplified by trilingual customer service that advances financial literacy, onboarding, customising the needs of the customer channelling the correct financial product.



I am delighted to record a remarkable milestone of achievement for the year 2024, navigating complex and dynamic economic headwinds, while remaining true to our core values and commitment to public welfare, customer-centricity, digitalisation, sustainability, and delivering value to our stakeholders.

2024 will stand out as a year of historic growth for People's Bank, delivering best result, since its incorporation in 1961. We achieved nearly a 150% increase in profit after tax, with a 16.5% capital adequacy, which is well over the stipulated limit. A Bank that is classified as a D-SIB, and plays a pivotal role in the development of our nation, we are proud to serve a customer base that reaches out to the rural communities and now combining private sector blue chip companies in its customer portfolio. This is a far cry from the Bank's position that was two years ago, which necessitated taking courageous decisions to demarcate the strategic path it needed to carve out to be a going concern and progress, therefrom.

As we stayed on course with innovation and resilience, teamwork ensured the Bank was positioned as a leader in fostering economic growth and stability in the country. We successfully infused our responsibility to the economic development of the nation with modernity in business banking to tap into the corporate segments of the market, hitherto untapped to a large extent, by People's Bank.



## A new business model

The year also marked a remarkably well-executed transformation of our business model – striking a balance between serving as a trusted bank for state-owned enterprises and evolving into a digitally savvy, modern financial institution that actively attracts and supports the private sector. The SOE exposure of the total loans and advances significantly decreased in a structured manner, conscious of our public welfare mandate to support the Government of Sri Lanka in developing the rural communities. In tandem, we vigorously pursued opportunities in engaging with private sector and export trade.

We expanded our private sector customer onboarding significantly. With strategic focus, robust risk management, skill enhancement, and working within a strong governance structure, we executed this new business model, that bolstered corporate banking, commercial credit, ensured prudent SOE management, relaunched digital products that captured the emerging markets of young entrepreneurs and female innovators, to deliver the stellar performance that you see in our balance sheet.



## Digital super-power

While being a dominant force in retail and SME banking in rural localities where physical offices are staples, the Bank also embarked on an ambitious digitalisation programme to attract, retain, and grow the demographic that thrives on digital platforms, while extending the customary superior level of service to its traditional customers. We are pleased to report that digital transactions topped over 165 million in 2024, from 80 million in 2022, making us the bank of choice, for digital convenience to over 15 million of our customer base. To be a force in the current banking landscape, People's Bank must adopt the trends that is customer-centric and be keenly aware of evolving customer needs. Our digital transformation initiatives have enhanced service quality and delivery, improved operational efficiency, expanded accessibility to our customers, and allowed us to make data-based strategic decisions that has positively impacted our bottom-line.

It is no surprise that we were named Sri Lanka's Best Digital Bank by the Prestigious Euromoney Awards for Excellence, awarded Gold for the Most Popular Digital Payment Product and the Best Common ATM Enabler of the Year by LankaPay Technnovation Awards. We secured awards in the Government, Semi-Government, and Authorities categories, demonstrating our leadership in public sector management.



## Public welfare

As a benefactor of rural livelihoods empowering village landscapes, the Bank goes beyond a purely profitmaking ethos, to be a staple of rural economies and a partner of economic upkeep. People's Bank is a bank for the people, combining its digital leadership with an island-wide spread of branches and service centers, that support livelihoods, empowering SME and MSME segments, and women entrepreneurs while stretching our brand portfolio to capture new market share. In doing so, the Bank assures sustainable banking for all, a conscientious decision to power inclusivity with financial literacy, that empowers rural banking by empowering financial knowhow. Our branches function as accessible touch points to a large number of the rural customer base, and their operation is not based on profitability alone.

The convenience of the rural customer who may face transportation difficulties in the far-flung communities, is consistently weighed in on our decision-making process, as we continue to operate our vast network of branches, including in the remote areas.



## Human capital

While being a staunch force in traditional banking, the People's Bank is also engaging in an increasingly evolving market, necessitating that the Bank updates its portfolios to customise not just essential goods but to widen the breadth of niche markets that hold a promising future. On this front. We reskilled and upskilled our human capital, as we adapted to our new business model, tailoring customised acumen that epitomise modern day markets. Beyond banking and profitability, we created a safe zone for our employees, to regain work-life balance and offering free of charge mental wellness services.



## Young entrepreneurs

A loan scheme with a concessionary interest rate for a period of 7 years is provided to young entrepreneurs as they embark on business ventures, while female entrepreneurs are bolstered by *Vanitha Saviya*, a loan scheme offering up to LKR 100 Mn. in value, a powerful instrument that reconciles gender parity, scaling up the lives of women and ensuring the well-being of dependents as well as the wider community.



## Customer-centricity

The brand of customer service that personifies the Bank and maintains a strong customer focused ethos, exemplified by trilingual customer service that advances financial literacy, onboarding, customising the needs of the customer and channelling the correct financial product. The most remarkable achievement for the Bank beyond its financial achievements is its capacity to cater to a wide cross section of the society from suburbia to the rural, and from the corporate to the farmer community, seamlessly offering an equal level of service excellence without any discrimination.



## Sustainability

Sustainability and alignment with UN SDG goals is embedded into our decision-making process, demonstrating our commitment to ESG principles. We encompass environmental, economic, and social sustainability pursuing our goals in green funding and green banking, while adding value to the community through our CSR projects. Our AI-driven 2024 calendar, themed “Our Ocean-Our Pride” showcases, in a nutshell our digital capacity and our consciousness towards environment conservation.



## Outlook

We will continue to upskill our human resource to be a digitally savvy workforce. This is the future and while we continue with our traditional forms of banking for those who are comfortable with it, our employees need to be able to deliver a superior customer service, on par with or beyond the level of private banks.

In line with our strategic focus on enhancing customer engagement and brand visibility, People's Bank continues to leverage the power of social media marketing. The widespread popularity and reach of social media platforms have enabled us to effectively target diverse customer segments with tailored messaging. Moreover, the two-way communication facilitated by these platforms allows for real-time interaction, fostering stronger relationships with our customers. These dynamic capabilities have positioned social media as an ideal tool to reinforce the Bank's positioning, amplify our visibility, and promote our wide range of products and services in a more engaging and responsive manner.

We are focused on growth opportunities, prioritising sustainable practices whilst deepening our engagement with the communities. With the resilience and adaptability we will surmount the challenges to emerge as a force in the banking landscape of the country.



## Appreciation

I value the dedication and commitment of our team whose efforts ensured a tremendous success for the Bank in 2024. Their resilience in the face of extreme challenge is remarkable and ensured a strong financial position, strengthened governance practices, and directly contributed to the national economy, as the profit will be reinvested in the country to uplift the country's health, education, infrastructure, and project development sectors.

I also wish to express my sincere appreciation to our Chairman, the Board of Directors, Former Chairman, previous Board Directors, Secretary to the Treasury and Officials of the Ministry of Finance, the Governor and Officials of the CBSL, my fellow members of the Corporate and Executive Management, staff members, our unions and most importantly our customers who continue to inspire us with their patronage and loyalty. Together, we can work towards our goal of making People's Bank the best Bank in Sri Lanka.

**Clive Fonseka**

Chief Executive Officer/General Manager

28 February 2025



# BOARD OF DIRECTORS

GRI 2-9



4

3

1

5

2

## 1

**Prof Narada Fernando**

Chairman

Prof P N D Fernando is a seasoned academic and financial expert with an extensive career spanning over 25 years in the fields of finance, banking, and higher education. He was appointed as Chairman of People's Bank in November 2024, bringing with him a wealth of experience in leadership, strategic planning, and financial management.

Prof Fernando holds a PhD in Government Economics from Central China Normal University, where his research focused on market efficiency and technical trading strategies in the emerging Sri Lankan stock market. He earned his MBA from the West Bengal University of Technology through a prestigious Colombo Plan scholarship and completed his undergraduate studies in Business Management (Accountancy) at the University of Kelaniya.

As an educator, Prof Fernando has made a profound impact on the academic landscape of Sri Lanka. With over 27 years of teaching experience, he has held numerous key positions, including Professor and Head of the Department of Finance, and served as Dean of the Faculty of Commerce and Management Studies at the University of Kelaniya. Under his leadership, the faculty achieved significant milestones, including securing World Bank AHEAD grants, ISO 21001 certification for the MBA programme, and establishing innovative programmes like the Central Business Incubator.

Prof Fernando has also played a pivotal role as a consultant, evaluator, and resource person for national financial institutions, such as the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka. His scholarly contributions include numerous research publications in reputed journals, with a focus on market behaviour and investment strategies.

## 2

**Mr Jayantha Thilakarathne**

Director

Mr Jayantha Thilakarathne is a highly accomplished legal and human resource professional with over 25 years of senior management experience in both national and multinational organisations. His expertise spans strategic HR management, legal advisory, change management, corporate culture development, and financial planning.

Mr Thilakarathne is an Attorney-at-Law with an LLB and LLM from the University of Colombo and a Master's in Public Management (HR) from the Sri Lanka Institute of Development Administration (SLIDA). He is also a Chartered member of the Institute of Personnel Management (CIPM) and holds a Postgraduate Diploma in Public Management.

Throughout his illustrious career, Mr Thilakarathne has held several leadership positions, including Director of Human Resources at Taj Hotels, Chief HR Officer at Sri Lanka Telecom, and Group General Manager at Maliban Biscuit Manufactories. His visionary leadership has been instrumental in achieving milestones such as securing the "Great Place to Work" awards and implementing innovative HR strategies in prominent organisations.

In addition to his corporate achievements, Mr Thilakarathne has contributed significantly to academia, serving as a visiting lecturer at leading Sri Lankan universities and actively participating in professional bodies such as CIPM and the Bar Association of Sri Lanka.

## 3

**Mr Bradley Emerson**

Director

Mr Bradley Emerson is a seasoned professional with over four decades of expertise in banking, education, and strategic leadership. He holds an MBA from the University of Sri Jayewardenepura, is a Fellow of the Institute of Bankers (SL), and has an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants (UK). He is currently pursuing a Doctor of Business Administration (DBA).

Mr Emerson's banking career includes pivotal roles at Commercial Bank, Nations Trust Bank, and Pan Asia Bank, where he served as Deputy CEO. Notably, he played a transformative role in Pan Asia Bank's turnaround and rebranding. He also held a senior position at Bank of Oman, Bahrain, and Kuwait, overseeing central and branch operations.

In 2007, Mr Emerson joined CIMA-UK as Regional Director for South Asia and the Middle East, driving exponential growth in the CIMA brand across Sri Lanka and beyond. His leadership extended to the education sector as Executive Director of the Imperial Institute of Higher Education, where he introduced innovative MBA and DBA programmes.

An accomplished educator, Mr Emerson lectures in Strategic Management and International Business and is a visiting faculty member at renowned institutions across South Asia. He is also a certified systemic team coach and founder of Business Athletes Pvt Ltd.

Mr Emerson has received numerous accolades, including the Lifetime Achievement Award (2020) and Executive Coach of the Year (2023).

## 4

**Dr Ahilan Kadirgamar**

Director

Dr Ahilan Kadirgamar brings a wealth of expertise in engineering, research, and academia to the Board of Directors of People's Bank. Appointed in November 2024, he joins the Bank with a distinguished background that spans multiple disciplines and global experiences.

Dr Kadirgamar holds a PhD in Anthropology from the Graduate Center, City University of New York, MA in Economics from the New School for Social Research, and a BSc in Electrical Engineering from the Georgia Institute of Technology. His career began with over 12 years in engineering, during which he worked in Tokyo and New York, honing his skills in technological innovation and problem-solving.

Transitioning to research and academia, Dr Kadirgamar has been involved in extensive international projects and has published widely on critical topics such as fisheries, agrarian change, co-operatives, debt restructuring, and economic alternatives. His insights into economic systems and development have positioned him as a thought leader in addressing socio-economic challenges.

In 2018, he joined the University of Jaffna as a Senior Lecturer in the Department of Sociology, where he has been instrumental in fostering critical thinking and interdisciplinary scholarship.

## 5

**Mr K A Vimalenthirarajah**

Director

Mr K A Vimalenthirarajah is an officer of Sri Lanka Administrative Service, counting over 30 years of experience in the public service. He is presently working as the Secretary, Ministry of Trade, Commerce, Food Security and Co-operative Development. He is an Attorney-at-Law.

Mr Vimalenthirarajah holds a Special Degree in Economics from the University of Jaffna, Master of Philosophy in Economics from the University of Peradeniya, Master of Business Administration from the University of Moratuwa and Bachelor of Laws from the Open University of Sri Lanka. He has a Postgraduate Diploma in Development Studies and Public Policy, Postgraduate Diploma in International Relations, Diploma in Human Resource Management, Diploma in E-Government, and Diploma in Information Technology. He has also completed the Oxford Fintech Programme of the Said Business School of the Oxford University, Mastering Trade Policy: Executive Education Programme of the Harvard Kennedy School of Government and Certificate in Information Technology of the Australian Computer Society.

Prior to his appointment as the Secretary, Ministry of Trade, Commerce, Food Security and Co-operative Development, he has held various positions in the public service including the positions of Director General of the Department of Trade and Investment Policy, Director General of the Department of Fiscal Policy of the General Treasury, Senior Assistant Secretary in charge of Administrative Reforms, the Chief Information Officer of the Ministry of Public Administration and Home Affairs, Minister Counsellor of the Sri Lankan Embassy in Beijing, China.

Mr Vimalenthirarajah is presently a member of the Board of Trustee of the Mahapola Scholarship Trust Fund.

He was a member of the Board of Directors of the Export Development Board; Messrs De La Rue Lanka Currency and Security Print Ltd, Commissioner of the Colombo Port City Economic Commission, Observer at the Board of Directors of the Board of Investment. He was also a member of the Board of Directors of the Bank of Ceylon, the People's Bank, Sri Lanka Telecom PLC, the Sri Lanka Tourism Promotion Bureau, the Ceylon Petroleum Corporation, and the Institute of Human Resource Advancement of the University of Colombo and as Chairman/Director of the Board of Directors of the Sri Lanka Insurance Corporation. He was also Sri Lanka's Director to the SAARC Development Fund, and member of the Supervisory Board for the Commonwealth Small States Trade Finance Facility (CTFF).

Mr Vimalenthirarajah is also a Visiting Lecturer for the Postgraduate Programmes of the Department of Economics and Faculty of Graduate Studies, University of Colombo.



# CORPORATE MANAGEMENT





1

**Mr Clive Fonseka**

Chief Executive Officer/General Manager

A seasoned banking professional, Mr Fonseka brings over 29 years of expertise in Treasury Management. He is a Senior Fellow of the Institute of Bankers of Sri Lanka and holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He has also earned a Distinction for the ACI Dealing Certificate and is a Certified Member of the Institute of Certified Management Accountants (CMA) of Australia.

Throughout his career, Mr Fonseka has played a pivotal role in shaping Sri Lanka's financial landscape. From 2018 to 2020, he served as President of the Association of Primary Dealers and was actively involved in key committees, including the National Payment Council, Financial System Stability Consultative Committee, and the task force on alternative benchmark interest rates. He was also part of the Market Working Group on Domestic Financial Market Infrastructure Development at the Central Bank of Sri Lanka (CBSL).

Currently, Mr Fonseka serves as a Non-Independent Non-Executive Director at People's Leasing & Finance PLC, People's Leasing Property Development Limited, and LankaPay (Pvt) Limited. Additionally, he holds directorships at the Sri Lanka Bank's Association, Credit Information Bureau of Sri Lanka, Financial Ombudsman Sri Lanka, the Institute of Bankers of Sri Lanka, and Lanka Financial Services Bureau Limited. Previously, he contributed to the banking education sector as Chief Examiner for the Institute of Bankers of Sri Lanka's IABF/DABF Examinations.

Mr Fonseka joined People's Bank in 2002 and, since November 2011, has been a key member of its Corporate Management team as Deputy General Manager. In this capacity, he led Foreign Exchange operations, the Primary Dealer Unit, the Investment Banking Unit, and USD/LKR Money Market operations, while also managing relationships with local and international financial institutions. His extensive experience includes senior roles at American Express Bank and Standard Chartered Bank.

On 1 January 2023, Mr Fonseka was appointed Acting Chief Executive Officer/General Manager of People's Bank. He formally assumed the position of CEO/General Manager on 1 August 2023, continuing to drive the Bank's strategic growth and financial excellence.

2

**Mr Azzam A Ahamat**

Head of Finance

Mr Ahamat joined People's Bank as the Head of Finance on 1 January 2017, bringing with him over 23 years of extensive experience in strategy, financial management, investments, and risk. Throughout his career, he has held significant roles at prestigious institutions both locally and internationally, including some of the world's largest multinational professional service firms and Tier 1 service providers across various sectors.

At the point of assuming responsibilities at the Bank at the age of 36, Mr Ahamat became the youngest-ever Chief Financial Officer in a Domestic Systemically Important Bank (DSIB) in Sri Lanka. With over 8 years as a Corporate Member as of now, he has been a core member in almost all management-level subcommittees of the Bank - where he has been instrumental in preserving and furthering organisational value and driving qualitative and quantitative improvements across the institution over the years. Notably, he is the longest-serving member of the Bank's Executive Operations Committee (EOC).

Mr Ahamat holds several esteemed professional qualifications, including Fellow memberships in the Chartered Institute of Management Accountants (UK), the Association of Chartered Certified Accountants (UK), and the Institute of Certified Management Accountants of Sri Lanka. He is also an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Certified Practising Accountant (AUST). Additionally, Mr Ahamat is a technical specialist with the Institute of Risk Management (London), a certified member of the Chartered Institute of Credit Management (London), and a member of the Financial Reporting Standards Implementation and Interpretation Committee of CA Sri Lanka.

Beyond his role at People's Bank, Mr Ahamat serves as a Director at People's Insurance PLC and People's Travels (Pvt) Ltd. He has also held directorial positions at People's Leasing Finance PLC and Lankan Alliance Finance Limited, Bangladesh.

3

**Ms Preethie Katulanda**

Chief Law Officer

Ms Preethie Katulanda is an Attorney-at-Law and an accomplished legal professional with 30 years of active practice in the legal profession. She holds a Master's Degree in Business Administration specialising in Human Resource Management (MBA-HRM) from the University of Colombo and has successfully completed the professional qualification in Human Resource Management from the Institute of Personnel Management (IPM). Further, she holds a Master of Laws (LLM) in Business Law from the Sir John Kotelawala Defence University (KDU). Recognising her academic excellence, she was awarded the prestigious Vice Chancellor's Award of Kotelawala Defence University (KDU) for Best Performance in the Master of Laws (LLM) in Business Law.

Mrs Katulanda commenced her legal career at People's Bank as a Legal Intern and rejoined the Bank on 1 December 2021. She possesses nearly two decades of experience both as an independent legal practitioner and as a corporate legal professional. Notably, she has dedicated 17 years to the corporate sector, contributing her expertise to legal divisions within financial institutions regulated by the Central Bank of Sri Lanka. Throughout her career, she has held several key leadership positions.

In addition to her professional achievements, Mrs Katulanda is an active member of Lionism, demonstrating her commitment to community service and leadership. She is also a member of key professional bodies, further enhancing her engagement with the legal and corporate sector.

Her extensive experience, combined with a strong academic background, has enabled her to provide strategic legal guidance and leadership in the financial sector.

4

#### Mr T D S Dasa

Chief Information Officer

Counting 27 years of experience in the IT industry, Mr Dhammika Dasa serves as the Chief Information Officer (CIO) at People's Bank. He has considerable exposure and expertise in a diverse range of disciplines, including Strategic Management, Programme Management, Project Management, Infrastructure Technology Management, Software Development and Implementation Exposure. Over the years he has honed his skills across a number of domains such as Finance, Insurance, Banking, Manufacturing, Logistics, and Leisure in Sri Lanka, Australia and New Zealand. Additionally, he possesses a comprehensive understanding of Information Security implementations.

Mr Dasa obtained a BSc Degree in Mathematics and Computer Science from the University of Kelaniya. Prior to taking up his current position at the Bank he has held multiple Senior Management positions at prominent organisations such as Aitken Spence Group, KPMG Sri Lanka, and Fiserv.

5

#### Mr E A M Dissanayake

Chief Internal Auditor

Mr Mahinda Dissanayake, possessing over 34 years of experience in Branch Banking and Internal Auditing, serves as the Chief Internal Auditor at People's Bank. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka (FCA), a Member of the Association of Chartered Certified Accountants (UK) and an Associate Member of the Institute of Bankers of Sri Lanka (AIB). In addition, he holds an MBA from the University of Colombo and a Bachelor of Science Degree in Public Administration (General) from the University of Sri Jayewardenepura. Furthermore, he has obtained a Diploma in Information Systems, Security Control, and Audit from The Institute of Chartered Accountants of Sri Lanka, awarded with technical collaboration from the Institute of Chartered Accountants of India.

6

#### Mr Wickrama Narayana

Deputy General Manager – Enterprise Banking

Having joined People's Bank as a Management Trainee in 1994, Mr Wickrama Narayana has amassed more than 30 years of experience in various aspects of banking such as Branch Banking, Corporate and Offshore Banking, as well as strategic planning. His expertise in SME lending with specialised focus on small business lending, project finance, entrepreneurship development, business revival and rehabilitation, spans over 20 years. At present, he leads the Enterprise Banking Department in People's Bank, where he applies his expertise across Corporate Credit, Commercial Credit, SME, Development Finance, Microfinance, Business Revival, and Rehabilitation.

Mr Narayana obtained a Bachelor of Science Degree in Business Administration from the University of Sri Jayewardenepura, followed by an MBA in Banking and Finance from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and a MSc Degree in Management from the University of Sri Jayewardenepura. Additionally, he is a Fellow Member of the Institute of Bankers of Sri Lanka. He has gained many local and overseas training including a prestigious training from Harvard International on Project Appraisals and Risk Analysis.

Prior to his tenure at the Bank, Mr Narayana served in various private sector manufacturing companies. He currently lectures at the University of Sri Jayewardenepura, the University of Colombo, the Institute of Bankers of Sri Lanka, and the Centre for Banking Studies at the Central Bank of Sri Lanka (CBSL). Currently he is a member of the Governing Board of the Institute of Bankers of Sri Lanka and a Director of People's Travels (PVT) Ltd.

7

#### Ms Nilmini Premalal

Deputy General Manager

Payment, Process Management and Quality Assurance

Ms Nilmini is presently functioning as Deputy General Manager – Payment, Process Management & Quality Assurance of People's Bank. She has joined People's Bank in 2002 as a Management Trainee and count 23 years of experience at the Bank which includes experience in Finance Department for more than 18 years and in Strategic Planning, Performance Management and Research Department for about two years.

During her existence in Finance Department she has performed many special tasks which contributed to increase Bank performance as the Deputy Head of Finance. As the Assistant General Manager, she performed effectively to create and develop the strategic plan in the Bank during the term at Strategic Planning, Performance Management and Research Department.



She holds a BSc Business Administration (Special) degree with 2nd class upper from the University of Sri Jayawardenapura and the Master of Business Administration (MBA) from the University of Kelaniya. She is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and Certified Management Accountants of Sri Lanka (FCMA). She was an Associate Member of the Institute of Bankers of Sri Lanka (IBSL) since 2009 and recently she was awarded as the Senior Fellow Member. She has served to the Bankers by granting the knowledge through visiting lectures at the Institute of Bankers of Sri Lanka. She is a member of the Association of Professional Bankers Sri Lanka. She has partly completed CIMA (UK).

She has been the former Director Board member at the People's Merchant Bank and at the same time she was the Chairman to the Board Audit Committee at People's Merchant Bank. She is currently a member to the Board of Directors of People's Micro-commerce Ltd.

8

### Mr T M W Chandrakumara

Deputy General Manager  
Retail Banking

Mr Chandrakumara commenced his career at People's Bank as a Management Trainee in 1994, accumulating more than 30 years of experience in the banking industry. He currently serves as the Deputy General Manager (Retail Banking). During the course of his career, he has participated in various exposure programmes, both locally as well as internationally, acquiring extensive knowledge in various business banking management practices from 2018 to 2020, Mr Chandrakumara held the position of Assistant General Manager (Banking Support Services), overseeing six departments: Supplies, Transport, Security, Maintenance Engineering, Building Engineering, and Desktop Publishing. During this period, he gained invaluable experience in procurement, construction and maintenance, stores and inventory control, in addition to transport and security procedures. From 2020 to 2023, he acted as Assistant General Manager (IT Administration and Business Support), Assistant General Manager (Channel Management Department), and Deputy General Manager (Channel Management Department) where he gained significant exposure in implementing the 5S system to the branch network and CEFT operations. Mr Chandrakumara holds a Second Class Upper Division Degree in BCom (Special) from the University of Kelaniya and an International Diploma in Supply Chain Management (International Trade Center/WTO (UNCTAD), Geneva, Switzerland). He is an Associate Member of the Institute of Certified Management Accountants of Australia (CMA), a Licentiate of The Institute of Chartered Accountants of Sri Lanka (LICA), a Member of the Accounting Technicians of Sri Lanka (MAAT), and the Institute of Bankers of Sri Lanka (IBSL). Additionally, he is a Corporate Member of the Institute of Supplies and Material Management of Sri Lanka (MISMM).

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### Ms Samantha Senanayake

Deputy General Manager – Compliance

Ms Samantha Senanayake is a Legal Professional with over 30 years of experience as an Attorney-at-Law. She also holds a Master of Law (LLM) from University of Delhi, India. In addition, she has successfully completed professional qualifications in Compliance Aspects and has been awarded an International Diploma in Compliance by the International Compliance Association in collaboration with the University of Manchester.

Ms Senanayake began her legal career as a Legal Intern at People's Bank and has since gained more than three decades of experience working as an individual practitioner and as a member of the Corporate Sector. She joined People's Bank in 2001 as an Assistant Law Officer and carried out her duties as a Law Officer for nine years.

On 3 March 2009, Ms Senanayake assumed the position of Compliance Officer of the Bank and she was subsequently promoted as the Deputy General Manager – Compliance on 28 April 2023.

She holds the positions of Compliance Officer of the Bank to Credit Information Bureau of Sri Lanka (CRIB) and a member of the Information Committee established under the Right to Information Act. She further acts as the Alternate Directress of CRIB and the Institute of Bankers of Sri Lanka (IBSL) and also is the Chairperson of the Advisory Committee of CRIB.

10

### Ms Shameela Loku Kaluge

Deputy General Manager  
(Treasury, Investment Banking and Financial Institutions)

Ms Shameela Loku Kaluge commenced her career with People's Bank in 2002 as a Management Trainee, gaining over 23 years of experience in Bank's Treasury Unit. She assumed duties as Deputy General Manager – Treasury, Investment Banking, and Financial Institutions in 2023, heading operations of Foreign Exchange, Money Market, Primary Dealer Unit (PDU) and Investment Banking Unit while managing Bank's relationships with local and foreign financial institutions. From 2011 to 2022, she deputised in several areas of Treasury including the PDU since 2017, she has been overseeing the overall functions of the Treasury and the PDU.

She holds a Bachelor of Science Degree in Biological Science with a Second Class Upper Division from the University of Kelaniya, a Master of Science in Computer Science from the University of Colombo and a Master of Business Administration (Finance) with a distinction from Cardiff Metropolitan University, United Kingdom. Additionally, she holds a Diploma in Treasury, Investment, and Risk Management from the Institute of Bankers of Sri Lanka (IBSL) and is a Fellow of the IBSL. She has also achieved a distinction in the ACI Dealing Certificate and holds the ACI Online FX Global Code Certificate, both awarded by the ACI Financial Markets Association, France.

Ms Loku Kaluge was appointed as a Director of the Association of Primary Dealers (APD) in 2017. She served as the Secretary of APD from 2020 to 2023 and currently serves as the Vice President of APD. She also serves as a member of the Sri Lanka Forex Association and a member of the Association of Professional Bankers. At present she serves on the Board of Directors of People's Leasing and Finance PLC. Furthermore, she served as a Director of People's Travels (Pvt) Ltd. during the period from August to December 2024.

11

### Mr Nalaka Wijayawardana

Head of Marketing

Nalaka Wijayawardana is a seasoned financial services marketing specialist with over 30 years of extensive experience spanning both local and international banking sectors.

At People's Bank, Mr Wijayawardana has spearheaded the development and execution of comprehensive marketing strategies, introduced impactful corporate repositioning campaigns, and overseen the revitalisation of the Bank's digital and PR footprint. He has also led multiple initiatives that have significantly enhanced customer engagement, standardised branding across touchpoints, and introduced a data-driven customer experience measurement mechanism.

Prior to joining People's Bank, he held several senior leadership roles at Pan Asia Banking Corporation PLC, where he drove exponential growth in the credit card portfolio, pioneered innovative retail banking products, and led large cross-functional teams including central sales, call centers, and personal credit operations. His earlier international tenure at the Canadian Imperial Bank of Commerce (CIBC) in Canada further strengthened his expertise in product management and cash management solutions.

A Fellow of the Chartered Institute of Marketing (FCIM), Mr Wijayawardana also holds a Postgraduate Diploma in Marketing (UK), the Canadian Securities Course (Honours), and an Associate Diploma from the Australian Computer Society.

12

### Mr N D Pathiranage

Deputy General Manager  
Channel Management

Mr Naleen Pathiranage presently functions as the Deputy General Manager – Channel Management of People's Bank. Prior to his appointment as the Deputy General Manager – Channel Management, he served as Deputy General Manager – Retail Banking where he played a pivotal role in shaping the Bank's overall deposit portfolio through various deposit mobilisation campaigns and more notably helping it navigate through the deposit exigencies of the Bank.

He is presently entrusted with the strategic oversight and management of the Bank's industry-leading branch network, which spans the entire country. His purview encompasses the comprehensive administration of operational function across 748 branches, along with the governance of the Bank's extensive supplementary customer centric infrastructure, comprising over 1,000 ATMs, CDMs, and CRMs, as well as over 300 Self- Banking Units.

Mr Pathiranage counts over 24 years of experience and deep-rooted knowledge in banking operations having served both state and private commercial banks, and out of which his tenure in the People's Bank spans over 23 years since he joined the Bank as a Management Trainee in 2002.

At People's Bank, he has since served in multiple functional areas and disciplines in varying capacities covering Branch Banking and Products/Portfolio Management. He has over five years of experience as the Regional Manager in Matale and Gampaha regions where he contributed immensely to the business propulsion of the Bank innovatively and productively.

Mr Pathiranage holds a BSc Honours Degree with Second Class Upper Division from the University of Colombo and an MBA (Marketing) from the University of Bedfordshire, UK. He is an Associate Member of the Institute of Bankers of Sri Lanka.

With extensive training/exposure gained on the subject matter of his specialty, Mr Pathiranage makes special contribution as a Trainer cum Motivator/Resource Person to the Bank in various training programmes to formulate proactive and dynamic business promotional workforce for the Bank.

13

**Ms Thushari Hewawasam**

Deputy General Manager – International Banking

Ms Thushari Hewawasam presently serves as the Head of the International Banking Division at People's Bank. Commencing her career as a Management Trainee with the Bank in 2002, she has accumulated over 21 years of extensive experience across diverse banking domains, including Credit, Branch Banking, Corporate Banking, and International Banking. Her specialised proficiency in Corporate and Business Lending spans two decades.

Ms Thushari Hewawasam holds a Bachelor of Science Special Degree in Agriculture with second Upper Class Honours from the University of Peradeniya and has furthered her education with an MBA from the Open University of Sri Lanka. Additionally, she is recognised as an Associate Member of the Institute of Bankers of Sri Lanka. Demonstrating her commitment to continuous professional development, she holds esteemed memberships, including being an Associate Member of the Chartered Institute of Management Accountants (CIMA) (UK) and an Associate member of the Chartered Global Management Accountants (CGMA) (UK).

Ms Hewawasam holds esteemed positions in several prestigious professional associations. She serves as a Council Member of the Association of Professional Bankers and is a Board Member of the International Chamber of Commerce Sri Lanka, where she also contributes as a member of the Banking Committee. Additionally, she holds a directorship at People's Leasing Fleet Management Ltd.

14

**Mr Anura Perera**

Deputy General Manager – Risk Management

Mr Anura Perera currently serves as the Deputy General Manager – Risk Management of the Bank. His professional career started in 1991 and has gained extensive exposure and experience in Branch Banking, Regional Administration, Treasury Operations, Risk Management, and Credit Control.

Mr Perera holds a Bachelor of Business Management Degree from the University of Kelaniya and a Master of Business Studies from the University of Colombo. Professionally, he possesses the ACI-Operations Certificate with a distinction pass to his credit along with the ACI on-line FX Global Code Certificate from the Financial Markets Association – Paris, and he is also an Associate Member of the Institute of Bankers of Sri Lanka.

He has participated in a number of local and overseas training programs, seminars and workshops relevant to the subject areas of leadership development, risk management, treasury operations and credit management. In 2024, Mr Perera successfully completed the leadership development programme conducted by National University of Singapore.

Furthermore, Mr Anura Perera at present serves as a Director of People's Leasing & Finance PLC and the Chairman of the People's Leasing Fleet Management Ltd. and he possesses memberships with the Association of Banking Sector Risk Professionals, Sri Lanka Forex Association and the Association of Professional Bankers.

15

**Mr A U A Anzar**

Deputy General Manager – Recoveries

Mr Ahamed Anzar commenced his career with the Bank in 1993 as a Staff Assistant, gaining over 30 years of experience in the field of Branch Banking, Regional Management, Marketing, Channel Management, Credit Review and Recoveries. He has displayed commendable skills in Channel Management and Marketing as well.

Mr Anzar holds a Bachelor of Science Degree in Physical Science with a First Class Honours from the Eastern University of Sri Lanka and also is an Associate Member of Institute of Bankers of Sri Lanka. Further he functioned as an Assistant Lecturer of University of Kelaniya and University of Peradeniya before joining the Bank. He also participated as Guest Lecturer of South Eastern University of Sri Lanka for the Final year students on Banking and Finance. In addition to the above he has undergone many overseas exposure programmes in India, Japan, Malaysia, the UAE and Maldives.

16

**Mr D M M Dissanayake**

Deputy General Manager – Human Resources

Mr Dissanayake currently serving as Deputy General Manager – Human Resources of People's Bank, brings over 34 years of extensive experience and profound knowledge in the realm of banking operations.

Since joining the Bank in 1990, he has served across multiple functional domains, including Branch Banking, Information Technology and Human Resources. His career trajectory at branch network of People's Bank showcases progressive roles, beginning as a Branch Manager to Regional Manager and subsequently culminating in executive positions of Assistant General Manager and Deputy General Manager at head office level. Mr Dissanayake assumed the role of Deputy General Manager - Human Resources in May 2024, following his tenure as Assistant General Manager (Human Resources), during which he oversaw comprehensive human resources administration functions within the Organisation.

His professional background is adorned with notable qualifications, including a Master's of Human Resources Management (MAHRM) from Northampton University, a Master's of Business Administration in Marketing (MBA) from the University of Bedfordshire and a Master's of Science in Service Management (MSc) from the University of Colombo. Additionally, he is an Associate Member of Institute of Bankers of Sri Lanka.

17

**Ms W D A B Liyanagunawardana**Deputy General Manager  
Overseas Customer Services

Ms Aruni Liyanagunawardana serves as the Deputy General Manager of Overseas Customer Services at People's Bank. Joining the Bank in 2002 as a Management Trainee, she brings nearly 23 years of extensive expertise in key banking domains, including foreign remittance, Vostro correspondent relationships, channel management/branch operations, and IT administration. With over two decades of specialisation in the international remittance business and remittance systems as well as Core Banking System, she has been instrumental in serving the Bank's overseas customer segment.

Ms Liyanagunawardana holds a Bachelor of Science Degree with a First Class from Osmania University, India, a Master of Science Degree from the University of Kelaniya, Sri Lanka, and a Master of Business Administration Degree with a Distinction from the University of Northampton, the UK. She is also an Associate Member of the Institute of Bankers of Sri Lanka.

Beyond her professional responsibilities, Ms Liyanagunawardana actively contributes to the Bank and the banking industry through her participation in various steering committees and professional organisations, including the Organisation of Professional Associations of Sri Lanka (OPA) and the Association of Professional Bankers (APB).

18

**Mr T G S P Kumarasiri**

Deputy General Manager – Banking Support Services

Mr T G S P Kumarasiri currently serves as the Deputy General Manager – Banking Support Services. Prior to this role, he served as an Assistant General Manager since 2017, overseeing areas such as Marketing, Process Management and Quality Assurance, the Card Centre, and Recoveries. He also managed Maintenance Engineering, Building Engineering, Supplies, Security, Transport, and Printing Services Departments as Assistant General Manager – Banking Support Services from 2020.

Mr T G S P Kumarasiri began his career at the Bank in 1994 as a Management Trainee and has over 30 years of experience, holding various managerial roles, including Branch Manager, Assistant Regional Manager, and Regional Manager, before his appointment as the Assistant General Manager.

He holds a BSc (First Class) Degree from the University of Sri Jayewardenepura and an MBA from the Rajarata University of Sri Lanka. He is also an Associate Member of the Institute of Bankers of Sri Lanka (IBSL).

19

**Ms Sadhana Perera**

Acting Deputy General Manager – Corporate Banking

Ms Sadhana Perera serves as the Acting Deputy General Manager of the Corporate Banking Division at People's Bank. With a career spanning over 23 years, she joined the Bank in 2002 as a Management Trainee and has since developed extensive expertise in key banking domains, including branch operations, international trading, offshore banking, and managing relationships with leading corporate clients and state-owned enterprises.

Throughout her career, Ms Perera has been instrumental in the Bank's success, particularly in the Corporate and International Banking sectors. She has managed a portfolio of over 600 corporate clients across various business segments, including Corporate Banking, Commercial Banking, and Offshore Banking.

Before joining People's Bank, Ms Perera gained valuable experience in various business sectors, including apparel, manufacturing, leisure, and IT, where she held executive positions. This diverse background has contributed to her well-rounded skill set, enhancing her ability to manage complex banking operations and foster strong relationships with corporate clients.

Ms Perera holds a Bachelor of Science Degree in Human Resource Management from the University of Sri Jayewardenepura, where she graduated with a Second Class Upper Division pass. She also earned a Master of Business Administration with Merit from Cardiff Metropolitan University in the United Kingdom. Additionally, she is an Associate Life Member of the Institute of Bankers of Sri Lanka and a member of the Association of Professional Bankers.

Currently, she serves as a Director of People's Micro Commerce Ltd., further expanding her leadership influence within the financial sector.



# EXECUTIVE MANAGEMENT

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- 01** **Mr J A Dias**  
Head of Cards
- 02** **Mr K G P M Kariyawasam**  
Chief Digital Officer
- 03** **Mr R Ravikaran**  
Assistant General Manager –  
Channel Management
- 04** **Mr L U L K Alwis**  
Assistant General Manager –  
Process Management and Quality Assurance
- 05** **Ms N A V Munasinghe**  
Assistant General Manager –  
Commercial Banking
- 06** **Mr W N T Perera**  
Assistant General Manager – Retail Banking  
(Assets Products)
- 07** **Mr Y K Rajapakse**  
Head of Building Engineering Services
- 08** **Ms T N Rubasinghe**  
Deputy Chief Law Officer
- 09** **Ms S D N Premadasa**  
Deputy Chief Law Officer
- 10** **Mr A S K Gangabadage**  
Assistant General Manager – Internal Audit
- 11** **Mr I K G C K B Ihalakorala**  
Assistant General Manager –  
Small and Medium Enterprises
- 12** **Mr I K Indika**  
Assistant General Manager –  
Channel Management
- 13** **Ms I Rathnayake**  
Assistant General Manager – Strategic Planning,  
Performance Management and Research
- 14** **Ms A G Jayasena**  
Assistant General Manager – Finance
- 15** **Ms C V Ebenezer**  
Assistant General Manager – Treasury
- 16** **Ms W W T R Fernando**  
Assistant General Manager – Investment Banking

- 17** **Mr G H U S Gunarathne**  
Assistant General Manager –  
Human Resources Development
- 18** **Mr D M D Dissanayaka**  
Assistant General Manager –  
Inquiries and Investigation
- 19** **Mr P A P R S Perera**  
Assistant General Manager –  
Corporate Banking Relationship I
- 20** **Mr L N Thenuwara**  
Chief Information Security Officer
- 21** **Mr E P A Sisira Kumara**  
Assistant General Manager –  
Channel Management Department
- 22** **Ms S H Wijekoon**  
Assistant General Manager –  
Secretary to the Board
- 23** **Mr M G I Lakmal**  
Head of Project Management Office
- 24** **Mr B S Ranathungage**  
Assistant General Manager –  
Overseas Customer Services
- 25** **Ms G A A Ranasinghe**  
Assistant General Manager – Human Resources
- 26** **Ms A M V D L Adhikari**  
Assistant General Manager –  
Corporate Banking – Relationship – II
- 27** **Mr M S Kanakkahewage**  
Assistant General Manager –  
Banking Support Services
- 28** **Ms L N A N K Nissanka**  
Assistant General Manager –  
Development and Microfinance
- 29** **Mr N K Wimalasiri**  
Assistant General Manager – Zonal Credit 2
- 30** **Mr S L M A S Samarathunga**  
Assistant General Manager – Recoveries
- 31** **Mr D M Kapila**  
Assistant General Manager –  
Business Revival and Rehabilitation
- 32** **Ms W D P D Buddhika**  
Assistant General Manager – Zonal Credit 1

# CHIEF MANAGERS



**Ms K Subasinghe**

Chief Manager  
Corporate and  
Investment Banking Division



**Mr A Jayaasith**

Regional Manager  
Trincomalee R.H.O.



**Mr M S C P T Marasinghe**

Chief Manager  
Personal Banking  
Department



**Ms Y K Athauda**

Senior Law Officer  
Gampaha R.H.O.



**Ms P R K N Fernando**

Senior Law Officer  
Legal Department



**Ms S M D Kumari**

Senior Law Officer  
Anuradhapura R.H.O



**Ms V P Abeyratne**

Chief Manager  
Corporate and Institutional  
Banking Division



**Mr H C K Gunawardena**

Chief Maintenance Engineer  
Maintenance Department



**Mr G R S Kodagoda**

Regional Manager  
Gampaha R.H.O.



**Ms V G Kanagasabai**

Regional Manager  
Wanni R.H.O



**Mr N Sriskantha**

Chief Manager  
Centralised Back Office  
Department



**Mr R L J Peiris**

Regional Manager  
Kurunegala R.H.O.



**Mr K Kodeesswaran**

Regional Manager  
Batticaloa R.H.O.

**Mr H M U H Herath**

Regional Manager  
Ratnapura R.H.O.

**Ms D E H Weerasuriya**

Chief Dealer  
Treasury Unit

**Ms A D R Mendis**

Senior Law Officer  
Corporate and  
Institutional  
Banking Division

**Ms D S Lawrence**

Senior Law Officer  
Colombo North R.H.O.

**Mr J Jayawardena**

Senior Law Officer  
Colombo West R.H.O.

**Ms V K Subasinghe**

Senior Law Officer  
Legal Department

**Ms K A A S Peiris**

Regional Manager  
Polonnaruwa R.H.O.

**Ms L P N Gunawardhana**

Regional Manager  
Matara R.H.O.

**Mr D S P N Rathnayaka**

Chief Manager  
Channel Management  
Department

**Ms P G N P Liyanage**

Regional Manager  
Colombo East R.H.O.

**Mr A M M S M Ruwais**

Chief Manager  
Staff Welfare and  
Staff Loans Department

**Ms M V P Peiris**

Chief Manager  
People's Card Centre

**Mr G D N L Potthewela**

Regional Manager  
Kandy R.H.O.

**Mr A Dhanawalavithana**

Regional Manager  
Anuradhapura R.H.O.

**Mr S M A R Senanayake**

Chief Manager  
Staff Welfare and  
Staff Loans Department

**Mr R M N P Gunathilaka**

Chief Manager  
Process Management  
and Quality Assurance  
Department

**Mr H G N Arohana**

Regional Manager  
Colombo West R.H.O.

**Ms M M A Amarasiri**

Regional Manager  
Moneragala R.H.O.

**Ms M V D Perera**

Chief Manager  
Risk Management  
and Credit Control  
Department

**Mr K Chandrakumar**

Regional Manager  
Matale R.H.O.

**Ms S M D Nandanie**

Chief Manager  
Internal Audit Department

**Ms M G C K Siriweera**

Chief Manager  
Information Technology  
Department

**Ms S A M A Sooriyapperuma**

Regional Manager  
Kalutara R.H.O.

**Mr U P A D R Karunanayaka**

Regional Manager  
Puttalam R.H.O.

**Ms W A P S Rathnasiri**

Regional Manager  
Badulla R.H.O.

**Mr U G T S B Thennakoon**

Chief Manager  
Risk Management and  
Credit Control Department

**Mr N Arudselvan**

Chief Manager  
Overseas Customer Services

**Mr A A S Seneviratne**

Chief Manager  
Internal Audit Department

**Ms D M T S Dissanayaka**

Chief Manager  
Corporate and Institutional  
Banking Division

**Ms R H Samarawickrema**

Chief Manager  
G.M.'s Department

**Ms W M A Sanjeewani**

Regional Manager  
Colombo North R.H.O.

**Ms D C Induruwa**

Senior Law Officer  
Colombo South R.H.O.

**Ms R A S Dassanayake**

Senior Law Officer  
Legal Department

**Ms S A W Samaraweera**

Senior Law Officer  
Compliance Department

**Ms N Y Fernando**

Assistant Chief Internal Auditor  
Internal Audit Department

**Mr S D Jayasinghe**

Deputy Chief Finance Officer  
Finance and Management  
Accounting Department

**Ms H P K S Gunawardhana**

Deputy Board Secretary  
Chairman's Office and  
Secretaries' Department

**Mr T Sudagar**

Chief Manager  
Corporate and Institutional  
Banking Division

**Mr M M A P Ratnayake**

Chief Manager  
Staff Welfare and  
Staff Loans Department

**Mr J D R Gnanathilaka**

Regional Manager  
Kegalle R.H.O.

**Ms D D K Hettiarachchi**

Chief Manager  
Human Resource Department

**Mr W K S Kumarasinghe**

Regional Manager  
Galle R.H.O.

**Ms K A M N Perera**

Regional Manager  
Nuwara-Eliya R.H.O.

**Ms S D W Rajapaksha**

Chief Manager  
Risk Management and  
Credit Control Department

**Ms S Sivananthawerl**

Chief Manager  
Investigation and  
Inquiries Department

**Mr M Mathiyalagan**

Regional Manager  
Jaffna R.H.O.

**Ms H Abayawickrama**

Regional Manager  
Colombo South R.H.O.



**Ms K C S Perera**  
Chief Manager  
Small and Medium  
Enterprises Department



**Ms W M D Ganga**  
Chief Manager  
Salaries and Pensions  
Department



**Ms M A N N Preethikumari**  
Chief Manager  
Internal Audit Department



**Mr W G I P C Kosgollawaththa**  
Chief Manager  
Treasury Unit



**Mr U M De Silva**  
Chief Manager  
Information Technology  
Department



**Mr A D R Priyantha**  
Chief Manager  
Information Technology  
Department



**Mr E A V Warnakula**  
Chief Manager  
Information Technology  
Department



**Ms S E Wickramaratna**  
Chief Manager  
Information Technology  
Department



**Mr K S J Kodippili**  
Chief Manager  
Information Technology  
Department



**Mr S Kariyawasam**  
Chief Manager  
Information Technology  
Department



# DRIVING VALUE CREATION

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OUR COMMITMENT  
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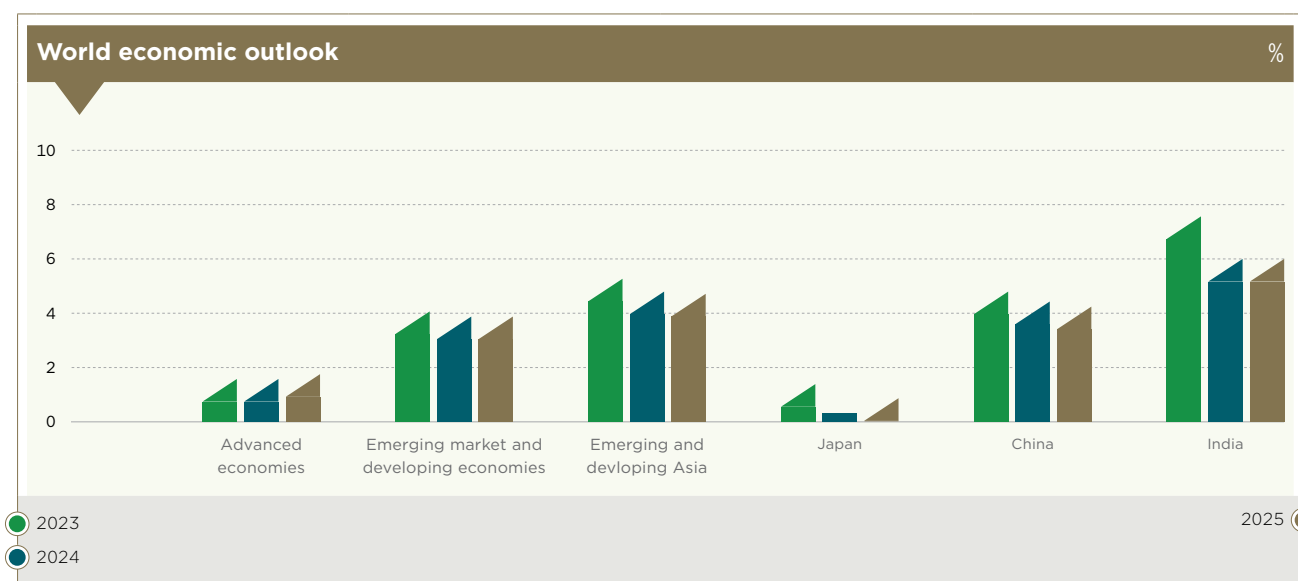
# OPERATING ENVIRONMENT



## Global economy - resilience in the face of challenge

The global economy was buffeted by unprecedented headwinds originating with the COVID-19 pandemic, escalating geopolitical conflicts, and extreme and adverse climate change events that impeded trade and paved the way to exponential increase in inflation. According to World Economic Forum statistics, global collaboration is to a 91% affected by geopolitical tensions and to 83% by domestic political tensions. Despite the challenges the global economy held steady and resilient projecting a 3.2% growth for 2024 and 3.3% for 2025. Headline inflation is projected to decline to 4.2% in 2025, after four years of continued elevated inflation. This is attributable to the Central Banks across the global economic landscape tightening monetary control while a slower pace of ease was seen in supply chain disruptions. A cautious optimism is in place for the global economy with inflation in OECD countries expected to ease from 5.4% in 2024 to 3.8% in 2025.

India holds the mantle for economic growth, safeguarding a projected 6.5% expansion in GDP in 2024, which is forecasted to grow by a further 0.3% in 2025. On the heels of India are Indonesia, China, and Turkey, while advanced economies showcase lower growth promise in 2024. Advanced economies grew by 1.7% overall, with USA showing robust expansion of the economy, Europe lifting its economic growth marginally, in contrast to Japan where the economy only grew modestly in 2024. Japan was particularly beleaguered due to closure of auto manufacturing plants, a marginal recovery in consumption, low consumer confidence, although wages showed signs of bouncing back up. China showed growth of 4.9% in 2024, while the US economy showed stronger growth in the first two quarters while losing steam towards the end of the year.



World Economic Outlook - IMF January 2025

The current economic landscape requires intrusive monitoring as cost of food, essential items and service sector levies remain exponentially high. Financial market volatility, commodity price hikes, and subtle but pulsating threat of trade-wars among the advanced economies, however, has the potential to destabilise the global economy from the forecasted projections of ease. Complex and interconnected and influenced by a multitude of factors, the global economy's resilience primarily relies on the strength of monetary and fiscal policies the Central Banks implement across nations.

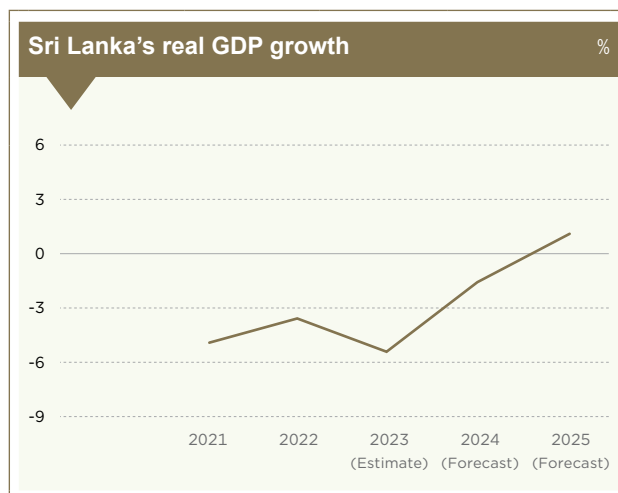
The shift towards the green economy, utilising the full potential of digitalisation and adjusting interest rates to contain inflation are some of the strategies currently deployed by nations, to ensure economic stability.



## Sri Lankan economy - on a growth trajectory

Five quarters of growth was recorded in 2024, post critical structural and policy reforms. This, however, is hinged on a fragile thread of sustained structural reforms after a successful debt restructuring. Overall, 2024 saw an economic growth of 5% with disinflation dominating throughout the year. A similar growth is projected in 2025 with the exponential increase in tourist arrivals, persistence in food and beverage production, and the sluggish but sure recovery in the construction sector.

In the second quarter, 2024, sector specific growth rates were encouraging. Industry by 10.9%, agriculture by 1.7%, and the service sector by 2.5% recorded growth while the Central Bank of Sri Lanka projected an annual GDP growth of 5% for 2024 and 2025.



Sources: Central Bank of Sri Lanka and Sri Lanka Customs



Sources: Central Bank of Sri Lanka and Sri Lanka Customs

## Balance of payments

The Balance of Payments position strengthened, and the current account recorded a surplus in 2024. Gross official reserves increased to approximately USD 6.1 Bn. by the end of 2024, compared to USD 4.4 Bn. at end of 2023. The rupee strengthened against the USD driven by the increased forex inflows. The financial system remained resilient as the spillover effects of the economic crisis continued to dissipate.

As imports outpaced export earnings, Sri Lanka's trade deficit increased to USD 6.01 Bn., from USD 4.9 Bn. in 2023. This was partially offset by the robust tourism earnings that surged to USD 3.2 Bn. in 2024, a 53.2% increase from 2023.

## Inflation

A resilient banking industry experienced growth in credit, capital adequacy and liquidity. This was most apparent in a climate of increasing demands in markets and diminishing interest rates. Privately-owned banks embarked on high-quality liquid assets, which impacted the heightened liquidity of the rupee. Net interest income (NII) swelled in part due to lower interest rates in deposits

and higher interest rates for lending, as interest expenses depleted during the year in concern Core Tier 1 capital gains broke new ground, showcasing sound financial health and robust gains in asset growth, with no sign of economical morbidities.

Strengthening of monetary buffers such as the Capital Conservation Buffer (pegged at 2.5% of risk-weighted assets) and issuance of surcharges to Domestic Systemically Important Banks, contributed to bolster an economy's resilience, as domestic debt restructuring and a turbulent economy were well contained by the Central Bank Fresh capital in the Banking Sector was infused by acquisition of government securities, while debentures were introduced to bolster supplementary Tier 2 capital, beefing up credit and providing buffers for the restoration of wealth.

The Banking (Amendment) Act No. 24 of 2024 effected by the Central Bank, augmented the resilience and continuity of the banking sector by conferring an extra layer of protection, benchmarking developments on the grounds of eligibility, licensing, ownership, supervision, provisions, fitness and regulation, issuing higher requirements for entry into the sector, bolstering the legal and regulatory framework for licensed commercial banks and licensed specialised banks, promoting the subsidiarisation of foreign banks, and standardising improvements in audits and bank statements.

Overall, the banking soundness index showed improvement in Q3 of 2024, with credit expansion reaching 4.7% year-on-year. Meanwhile, Stage 3 loans as a percentage of Total Loans and Advances decreased to 12.6%, and the Stage 3 provision coverage ratio rose to 52.3%. By the end of Q3 2024, the industry collectively reported a Profit After Tax (PAT) of LKR 180.3 Bn. and a Net Interest Income (NII) of LKR 616.4 Bn. Compared to 2023, Q3 2024 saw an increase in Return on Equity (ROE) to 12.5%, Return on Assets (ROA) to 1.9%, and Net Interest Margin (NIM) to 4.0%. ([https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/publications/fssr/fsr\\_2024e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/fssr/fsr_2024e.pdf) - page 19 pictogram)

In summary, the banking sector navigated the horizons with renewed confidence and a repurposed engine, in a climate of stronger measures overseeing the entry of new banks to the industry.



# STAKEHOLDER ENGAGEMENT

As a Government owned bank, our stakeholder engagement process is primarily founded on ensuring public welfare, though we are a commercial entity engaged in many community centred activities. To this end, we conduct a stakeholder mapping exercise and tailor our interaction strategies to match the needs of each suite of stakeholders.



## Management approach

With our people-centric mandate as the criterion, we identify our stakeholder groups based on three key pillars.



As a public sector entity, with a **Total Assets Base of LKR 3.298 Tn.** and operating **751 branches** in most localities in Sri Lanka, the Bank's yeoman service to the nation and its **people spans 63 years.**

Stakeholder engagement, therefore is pivotal to the service we continue to render, for a better tomorrow of our nation.



## Stakeholder prioritisation

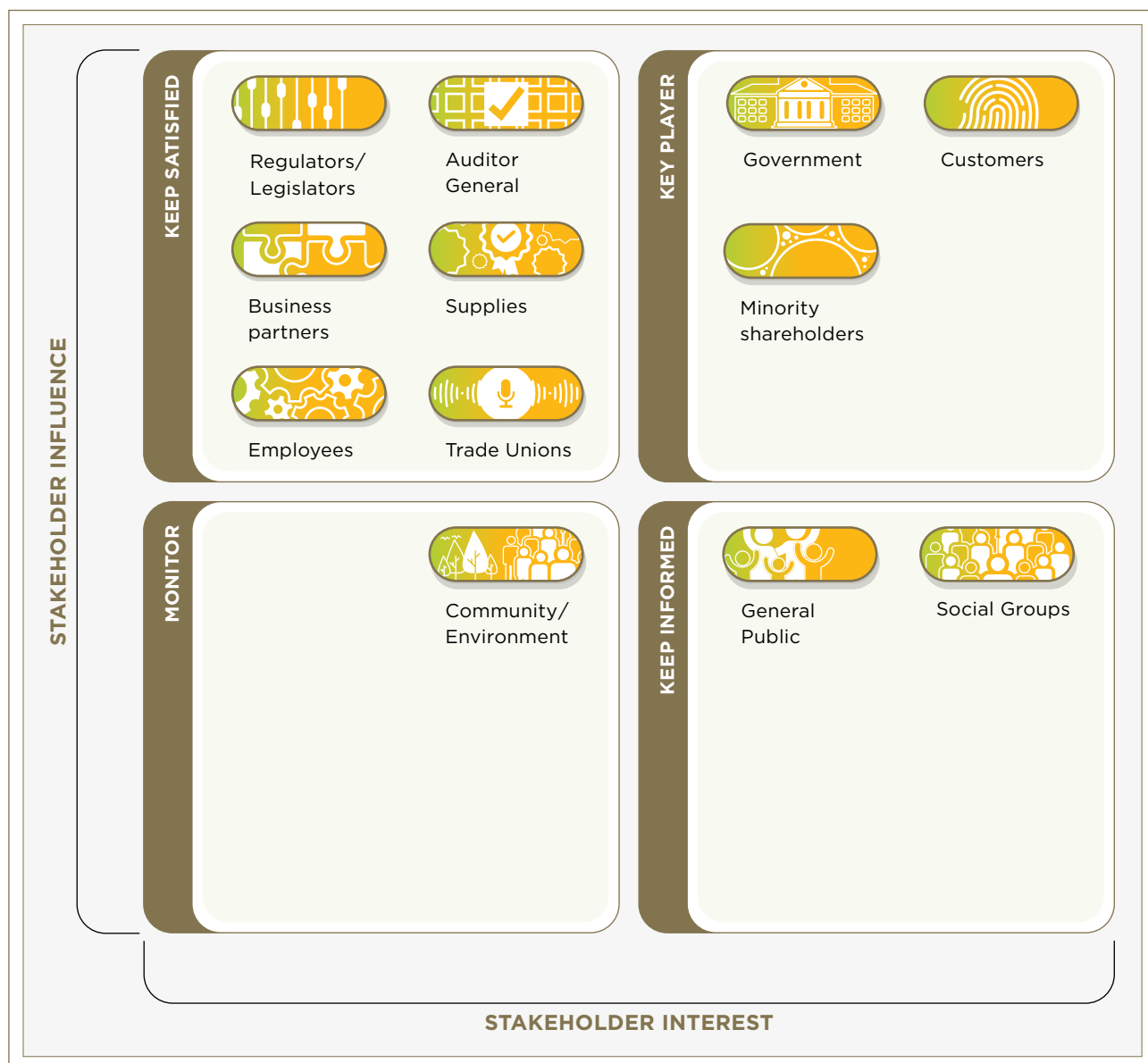
GRI 2-29




Based on stakeholder influence and their diverse interests, we map-out the best mode of communication for engaging with our multi-tiered stakeholder groups. The underlying principle, however, is to deliver value to them, in the short, medium, and long terms, within a strong regulatory compliance framework.



The prioritisation of stakeholders is practiced via a procedural set of proactive tools that envision a landscape where the expectations the stakeholders have on sustainable value creation are guided by

personalisation of wealth creation options. We empower multiple tiers of customers, distinguishing each stakeholder by offering a signature wealth creation opportunity, setting levels and standards of financial stewardship based on the level of influence of stakeholder.




The Bank encourages stakeholder interaction to be communicative, ethical and transparent, being current in business acumen expected of banking giants. As a premier banking institute, with a D-SIB license, practice the highest standard of integrity, basing our business ethos on sustainable and ethical practices that will reflect on improved financial health and strengthen our brand value.



Stakeholder category	Priority	Purpose of engagement	Frequency	Methods of engaging meaningfully	Strategic outcome/ Value delivered
 <p><b>The Government (Ministry of Finance) Primary shareholder owning 92.27% of issued share capital</b></p> <p><b>GRI 207-3</b></p>	High	<p>To align Bank strategies/activities to support government's development programmes and poverty alleviation policies</p> <p>Communicate the Bank's progress/ status to the Ministry of Finance</p> <p>Ensure taxes and levies are paid in a timely and accurate manner</p> <p>Safeguard Government/ public investment in the Bank</p>	Meet and communicate with the Ministry of Finance as and when required.	<p>Support government poverty alleviation programs by acting as a medium to:</p> <ul style="list-style-type: none"> <li>➤ channel concessionary credit from the Government to MSMEs and SMEs</li> <li>➤ disburse pensions and government employees salaries</li> <li>➤ providing credit facilities to Direct Government and State Owned Enterprises (SOE)</li> </ul> <p>Submit copies of Audited Financials and the Annual Report to the Ministry of Finance for review and progress monitoring of the Bank's business.</p>	<p><b>No regulatory penalties</b></p> <p><b>Profit after tax - LKR 25.1 Bn.</b></p> <p><b>Total contribution to government (Taxes and other levy) - LKR 33.4 Bn.</b></p> <p><b>Return on equity 14.67%</b></p> <p><b>Earnings per share - LKR 25,088</b></p> <p><b>Net asset value per share - LKR 181,998</b></p> <p><b>Employment - 7,633</b></p>
 <p><b>Other shareholders Cooperative societies owning 7.73% of issued share capital</b></p>	High	<p>The People's Bank Act requires that the Bank supports the development of the cooperative sector. Therefore, the Bank engages with this sector to fulfil its obligations and to protect the Bank's market share among the cooperative sector.</p>	Communicate with Cooperative representatives as and when required.	<p>Support Cooperative sector via SME and Micro Finance departments of the Bank in the areas of financing and providing advise where necessary.</p> <p>Communicate with the representative Director on the Board and update him on all the aspects of the Bank and its role in supporting this segment.</p>	
 <p><b>Regulator: Central Bank of Sri Lanka (CBSL)</b></p>	High	<p>Ensure full compliance with all regulations and directives</p> <p>Channel concessionary funding to SMEs and MSMEs</p> <p>Safeguard the brand value and manage reputational risk</p>	Periodically and as and when required.	<p>The Bank engaged with the Central Bank and other regulators by submitting all statutory reports on time and having continuous dialogs.</p> <p>Annual CBSL audit</p> <p>All statutory payments were made on time</p> <p>Ensuring a sustainable performance</p>	<p>No fines levied by the CBSL</p> <p>Effective implementation of new directions and regulations issued by CBSL</p>

Stakeholder category	Priority	Purpose of engagement	Frequency	Methods of engaging meaningfully	Strategic outcome/ Value delivered
 <p><b>Customers : SOEs, Corporates, SMEs Entrepreneurs, Individuals, and Migrant workers</b></p>	High	<p>The primary purpose of engagement with different categories of customers is to expand the Bank's market share, expand deposits, and increase profitability in a sustainable manner.</p> <p>However, as a Government Bank, People's Bank has the additional responsibility of supporting the development of local businesses, entrepreneurs, and families and individuals in financial need.</p>	Continuous	<p>The Bank has separate strategies to engage with different customer groups.</p> <p>Bank carried out promotional campaigns and targeting to enhance its corporate client base.</p> <p>Ensuring privacy and cybersecurity.</p> <p>Ensure meaningful relationships by rendering a high service standard while maintaining convenience and accessibility.</p> <p>Ensuring financial stability and compliance.</p> <p>Ensure customer health and safety.</p>	<p>While garnering a larger wallet share of a multi-tiered customer base, ensure their financial prosperity, thereby ensuring a strong and long term macroeconomic development in the nation.</p> <p><b>Total number of customers - 15.1 million</b></p> <p><b>Customers served - women over 51%</b></p> <p><b>New customers onboarded - 640,220</b></p>
 <p><b>Employees</b></p>	High	<p>The Bank has a large, island wide workforce comprising all ethnic groups. The primary purpose of engagement is to align this widespread and diverse workforce with the Bank's strategic direction.</p> <p>Other objectives of engagement include:</p> <ul style="list-style-type: none"> <li>managing reputational risk by maintaining service standards</li> <li>managing other risks, including credit and liquidity risk through regular communication of policies and limits.</li> </ul>	Continuous	<p>We carried out targeted training programmes to upskill our employees, held meetings, various other forums, conducted evaluations, and created avenues for regular bottoms-up communications.</p> <p>Health and safety take priority in our premises and we ensure their well-being in many ways, by abiding by ethical management principle and governance.</p> <p>Providing incentives and benefits, transparent, fair, and attractive remuneration, identifying talent pipeline.</p> <p>We are a non-discriminatory employer and ensure diversity and inclusion as a tool for sustainable growth promoting an inclusive workplace culture.</p>	<p>A highly motivated and engaged workforce that is future-ready to grow and contribute.</p> <p>Employee benefits - LKR 35.83 Bn.</p> <p><b>Training cost - LKR 128.05 Mn.</b></p> <p><b>Promotions - 1,194</b></p> <p><b>Employee retention rate - 96%</b></p> <p><b>Female workforce - 4,736</b></p>



Stakeholder category	Priority	Purpose of engagement	Frequency	Methods of engaging meaningfully	Strategic outcome/ Value delivered
 <p><b>Trade Unions - the Bank has 6 Trade Unions</b></p>	High	The primary purpose of engagement is to prevent industrial disputes and trade union actions that would disrupt the Bank's operations and to resolve matters in a collaborative manner through dialogue and consensus.	As and when necessary	We continued our means of collaborative dialogue to ensure cordial relationships for the mutual benefit of all.	Collaborative dialogue and issue resolutions yields mutually beneficial results for a sustainable operations, ensuring continued value delivery to all our stakeholders.
 <p><b>Suppliers</b></p>	Medium	The objective of engagement is to ensure regular supply of products and services that are required to provide a consistent level of service to our other stakeholders.	Continuous	We engaged productively with our supplier bases, and ensured timely payments ensured their financial health, as well as fulfilled our requirements.	<p>Consistent workflows, mutually beneficial relationships, and partnerships for the long term to ensure the Bank's objectives of supporting the developmental growth of our stakeholders is uninterrupted.</p> <p><b>Payment to suppliers -</b> LKR 22.3 Bn.</p> <p><b>Supplier registrations</b> via e-Gp</p>
 <p><b>The Community/ Public</b></p>	Medium	As a Government Bank, People's Bank has an obligation to the public of Sri Lanka. The primary purpose of engagement is to maintain the Bank's image and reputation as a public asset, and to invest in the communities through strategic CSR projects and programmes.	Continuous	Based on our theme " <i>Mahajana Mehewara</i> ", we implemented several projects that were beneficial to the community. These are documented in detail in Community section at pages 161 to 168.	<p>High visibility of our brand increasing the brand value.</p> <p><b>Investment in CSR -</b> LKR 36.0 Mn.</p> <p><b>Value of pensions served -</b> LKR 1.08 Bn.</p>

# MATERIALITY

In a continuously evolving and dynamic environment, conducting a comprehensive materiality assessment is an imperative that cannot be ignored. Identifying and assessing those matters most material to our business, its stakeholders and the nation, is a crucial activity in our annual schedule.

*Material topics have a bearing not only on profitability but are important inputs for continued environmental sustainability and broader societal benefits. We are compassed by our responsibility to a wide-ranging stakeholder base as we consider each material topic, in mapping our future sustainability on social, environmental, and economic fronts.*



## Management approach

We prioritise our material topics based on the impact they have on the economic, social, and environmental landscapes, in the short, medium, and the long term. A list of possible material themes is selected for discussion and assessment based on the Bank's business model, strategies and sustainability, contribution to the national development, stakeholder feedback and emerging risks and opportunities.



## Process of determining material topics

### GRI 3-1

Incorporated by Act No 29 of 1961 as a licensed commercial bank, our primary purpose was rural banking and providing agricultural credits. Our businesses have significantly evolved since then to encompass a diverse range of financial solutions and to partner the Government of Sri Lanka (GOSL) in developing the national economy. An intensely focused exercise evaluates the current and potential material themes that impacts the economy, the environment, and the society. The aspirations of the Bank's main shareholder, the GOSL, however, is central to this process, while we also focus minutely on the aspirations of our wider-stakeholder groups.



## Wider stakeholder groups



The Government  
of Sri Lanka



Co-operative  
societies



Existing  
and potential  
customers



Local and overseas  
business partners



Employees



Trade unions



## Process of determining material topics



### Identify:

Market Analysis, PETSEL, SWOT, Stakeholder Engagement and Internal discussions help us identify those issues that are of material importance to the Company.

### Evaluation of strategic relevance:

Weighing the identified issues against their relevance to strategy.

### Prioritising:

Based on the severity of the impact, structuring the issues that needs the highest and close scrutiny and management.

### Reporting based on Materiality:

Disclosures, Risk mitigation, and accurate reporting to ensure longterm sustainability.



## Strategic pillars for identifying material issues

<b>People's Bank legal mandate and national obligation</b>	As the primary objective conferred on the Bank by way of Act of Parliament is the Bank's responsibilities towards public welfare, strategic decisions are a combination of that intention and profitability.
<b>The economic and social policies of the Government of Sri Lanka (GOSL)</b>	As economic and social welfare, and poverty alleviation are priorities for GOSL, the Bank is prone to incur higher costs, albeit creating a wider reach and a stronger social impact.
<b>Strategic priorities</b>	The Bank operates on a clearly defined Strategic Plan to execute priorities for sustainable growth.
<b>Operating context</b>	Contributing significantly towards the recovery of the national economic is a key priority to the Bank, as its primary obligation is public welfare.
<b>Stakeholder feedback and aspirations</b>	While operating a sustainable business with public welfare as an obligation, the Bank is cognisant of its responsibility towards other stakeholders that demand service excellence and technological and digital convenience in accessing financial solutions, in a competitive banking landscape.
<b>Sustainability</b>	Sustainability of the Bank is integral for the nation's economic stability and implementing public welfare schemes of GOSL, across the island.



## Time frame organisation

Short-term	Medium-term	Long-term
By closely monitoring and making tactical adjustments to asset quality, cost adjustments, and investments, we ensure maintenance of profitability, liquidity and solvency.	Through digitalisation and process improvement, diversity into fee based revenue streams.	Be the top-of-mind Bank, and the sought-after employer.






Material topics are evaluated on a time-framed manner, as banking is a dynamic industry and evolves in customer demand, technology, regulatory requirements, and with first-to-the-market products. All these influence our material palette, of which we have selected those that impact our business the most.











## Material topics

GRI 3-2, 3



SR No.	Topic	Prioritisation parameter	Importance to the Bank	Importance to stakeholders
1.	 <b>Employee Mental Wellbeing</b>	<p>Prioritise work-life balance.</p> <p>Provide opportunities to safeguard and build their wellbeing.</p> <p>Ensure a high retention rate.</p>	High	Medium
2.	 <b>Talent Management</b>	<p>Retain the competencies for a high level of operational efficiency.</p> <p>Mitigate the brain-drain by creating growth opportunities aimed at career progress.</p> <p>Build in digital skills for a future-fit workforce.</p> <p>Facilitate business expansion through service excellence.</p>	High	Medium
3.	 <b>Training and Development</b>	<p>To deliver the Bank's strategic objectives to ensure an exceptional customer experience, thereby enhance value creation and value delivery.</p>	Medium	Medium
4.	 <b>Upgrading the skill levels/reskilling</b>	<p>To meet the latent and emergent needs of the traditional customer base.</p> <p>To meet the needs of the GenZ customers, who increasingly explore avenues for convenience and foot-fall-free banking services.</p>	Medium	Medium
5.	 <b>Employee Productivity</b>	<p>Employee productivity aligned with the Bank's objectives, and measured according to the Key Performance Indicators (KPI)s is essential for the Bank's viable sustainability.</p>	High	High

Management approach	Capitals trade-off	Referred section	GRI reference
Provide employees with financial and nonfinancial benefits and facilitate opportunities to seek expert advice where necessary.	Investing in the employee wellbeing in a holistic manner ensures a motivated team with high engagement functioning at optimum levels, and further builds the Bank's significant deposits of intellectual capital.	Human Capital on pages 133 to 144	GRI 401: Employment GRI 404: Training and Education GRI 406: Non-discrimination
Attract, develop, and retain a team of employees, performing at their optimum to executive strategic priorities of the Bank for a sustainable business growth.	Investment in talent management is essential to ensure recruitment of best-in-class talent to the Bank and retention, for the long term.		GRI 401: Employment GRI 402: Labour Management Relations GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination GRI 408: Child labour GRI 409: Forced or compulsory labour
Develop industry-leading capabilities and empower our employees to reach their full potential through investment in comprehensive training and development programs, along with the necessary infrastructure to support their implementation.	Investing in developing our talent pools are an integral component of talent retention to ensure sustainability and progression.		GRI 404: Training and Education
To upskill our employees with the technological and digital skills that are currently in demand. In addition, to prepare them to take advantage of AI.	Investing to acquire/upgrade our digital assets as well as provide training and upskilling opportunities will address a current need, that is anticipated to grow in the future.		GRI 404: Training and Education
Allocate resources for employee training, development, rewards, and recognition, fostering a highly engaged workforce for continued productivity.	Human Capital is at the heart of the Bank's continued success, which in turn ensure a meaningful contribution to the national development plans. As such, investing to develop our Human Capital continues to be a critical component of our Bank.		GRI 401: Employment

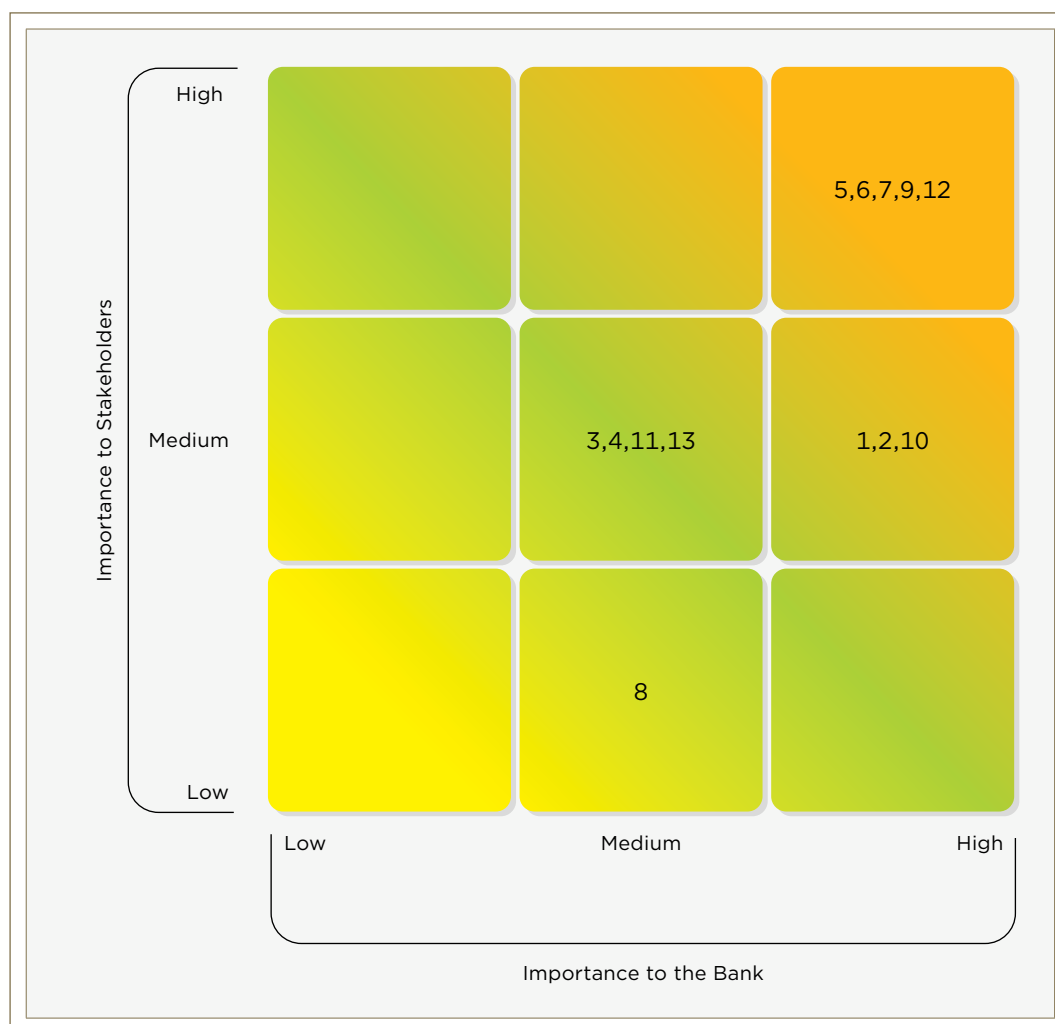
SR No.	Topic	Prioritisation parameter	Importance to the Bank	Importance to stakeholders
6.	 <b>Customer Experience</b>	<p>Continue to deliver a compelling value proposition to customers combined with service excellence.</p> <p>Offer cutting-edge digital channels to facilitate a seamless transition to digital channels that offer an elevated customer experience.</p>	High	High
7.	 <b>Responsible Lending</b>	<p>Ensure to provide Good Quality Lending and minimise the risk of stage 3 transfers.</p>	High	High
8.	 <b>Supplier Value Creation</b>	<p>Minimise the risk of business disruptions due to a breakdown in the supply chain.</p>	Medium	Low
9.	 <b>Risk and Governance</b>	<p>Enhance the integrity, trust, reputation, and stability of the Bank.</p>	High	High
10.	 <b>Environmental Impact</b>	<p>Sustainable, green environment through eco-friendly and sustainable business practices.</p>	High	Medium
11.	 <b>Socio economic impact</b>	<p>Align with the National priority issues.</p>	Medium	Medium

Management approach	Capitals trade-off	Referred section	GRI reference
Adopt a customer-centric approach offering a compelling value proposition, both through our wide-spread branch network and the digital channels.	The Bank's investments in its expansive network of physical branches while enhancing its technological and digital capabilities provide a unique combination to access financial solutions to the widest reach of customers in the country.	Manufactured Capital at pages 121 to 126 Intellectual Capital at pages 127 to 132 Customer Capital at pages 145 to 150	GRI 418: Customer Privacy GRI 417: Marketing and Labeling GRI 411: Rights of Indigenous peoples
While being cognisant of public welfare as our overall mandate, cautious lending is exercised to less vulnerable sectors.	Lending is an inherent risk in banking to ensure the strategic objectives are achieved in the long term. Extreme caution is exercised in lending practices.	Customer Capital at pages 145 to 150	-
Strengthen long-term, mutually beneficial business partner relationships and create shared value.	Investing to create, maintain, and nurture strong business partnerships benefits the Bank in providing an uninterrupted service to its other stakeholders.	Business Partner Capital at pages 151 to 156	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 408: Child labour GRI 409: Forced or compulsory labour GRI 414: Supplier Social Assessment
Ethical governance with high integrity and a robust framework for risk mitigation are in place with segmented levels of assurance and audit to strength-test and implement further controls, where necessary.	Building a sustainable business demands a strong governance and risk framework. As such, investing in recruiting, training, and retaining industry best is a value add for the future.	Risk Management Report at pages 178 to 212 Corporate Governance Report at pages 213 to 250	GRI 201: Economic performance GRI 205: Anti corruption GRI 206: Anti competitive behaviour GRI 207: Tax
Mitigate our carbon footprint by investing in eco-friendly infrastructure and renewable energy sources, while also factoring in environmental considerations when making financing and investment choices.	Investments in eco-friendly infrastructure is an investment in a sustainable business and a conserved environment, adding value to our brand.	Natural Capital at pages 169 to 176	GRI 302: Energy GRI 303: Water and Effluents GRI305: Emissions
Support the GOSL in its efforts to alleviate poverty and address social disparities by contributing towards the socioeconomic development of local communities.	The enormity of the task of the national recovery is unparalleled to the efforts in any other area of our operations. As such our contribution in creating a thriving economy is a priority in our strategic agenda.	Community Capital at pages 161 to 168 Business Reviews at pages 85 to 114	GRI 202: Market Presence GRI 203: Indirect Economic Impact GRI 413: Local Communities



SR No.	Topic	Prioritisation parameter	Importance to the Bank	Importance to stakeholders
12.	 <b>Health and Safety</b>	Ensure a safe and healthy banking environment that is secure, motivating and engaging, and it's a delight to conduct banking transactions and interactions.	High	High
13.	 <b>Digital Leadership</b>	Customer expectations are evolving with transformative technology and digital capabilities available in the market.	Medium	High

Management approach	Capitals trade-off	Referred section	GRI reference
Ensure the safety and well-being of our stakeholders by maintaining secure business premises and delivering products and services that meet stringent health and safety standards.	Investing to ensure the safety of all our stakeholders is of paramount importance to ensure not only a pleasing ambiance but a harm-free zone.	Human Capital at pages 133 to 144 (including customers, business partners and other stakeholders and visitors to the premises)	GRI 403: Occupational Health and Safety GRI 416: Customer Health and Safety
Invest in upgrading and acquiring cutting edge digital technologies.	Investing in digital capabilities allows us to be competitive and cost effective.	IT and Digital Journey at pages 104 to 108	N/A



# STRATEGY

With unwavering commitment to achieving our goals, passionately executing strategies to optimise operations, empower talent, advance digital innovation for resilience and relevance, align with national policies and retain sustainable market leadership, were the key principles of our strategy for 2024



## Our approach

In 2023, the Bank undertook a comprehensive review of its existing Strategic Plan (2022-2024) in response to the evolving economic and market conditions, external factors, government policies, and internal dynamics. Given the significant impact of these factors, the decision was made to substantially modify the Strategic Plan to ensure its continued relevance and effectiveness.



## Rationale

To achieve our goals and objectives of the 2022-2024 plan, we refined our strategic framework combining continuity and adaptability, and embedded it across our operations landscape to create a lasting value to our stakeholders. This reinforced our market leadership and enabled to drive transformative outcomes in an increasingly complex domestic and global economy.

<p>Pursuit of industry-leading efficiency and sustainable value creation for stakeholders</p> <p><b>Actionable – Driving Excellence</b></p>	<p>To achieve a continued improvement, we focused on operational refinement, synergising cost disciplines, automation, and talent upskilling.</p>
<p>Pursuit of latent and evolving customer demand through the integration of human expertise and digital innovation to deliver personalised customer experienced</p> <p><b>Actionable – Building Customer Centricity</b></p>	<p>An evolution in paradigms unfolded in Customer-centric innovation, harnessing predictive analytics, and omnichannel integration to elevate engagement while delivering differentiated value in a dynamic financial eco-system.</p>
<p>Pursuit of being adaptable to regulatory, technological, and shift in market trends, while recruiting the best talent, to be future-ready.</p> <p><b>Actionable – Being Future Ready</b></p>	<p>Speedily adapting to the changing trends in the banking industry, while attracting, training, and retaining top talent, while significantly enhancing our digital prowess to retain market leadership.</p>



## Our primary goal

Our primary goal is to be the most customer sought after bank with the industry best employee satisfaction level. To achieve this audacious goal, we defined our strategic objectives and the enablers.

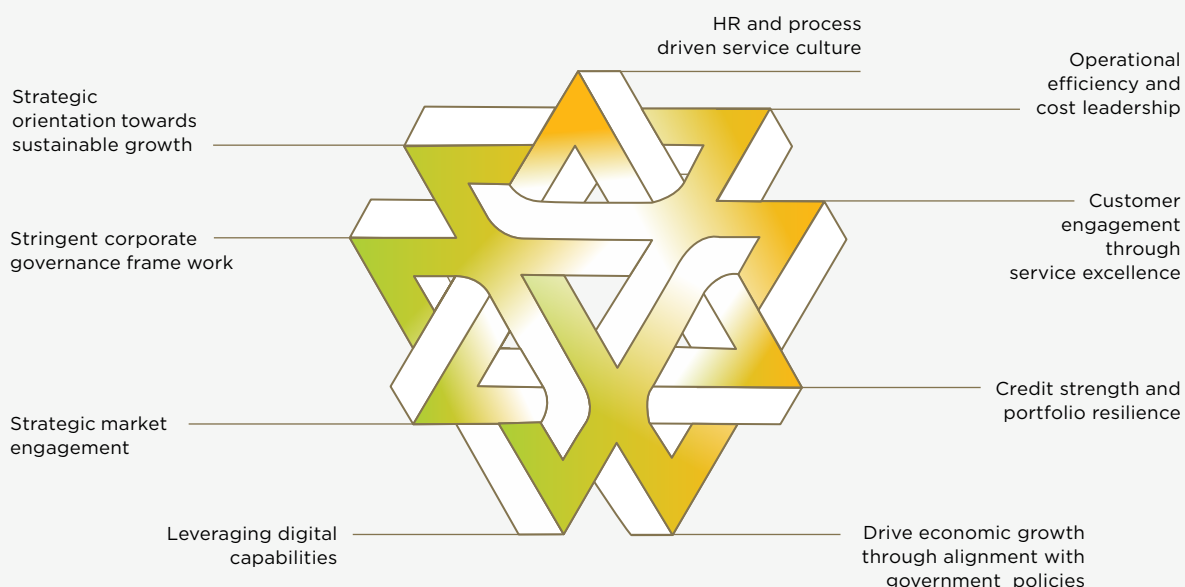


## Our strategy

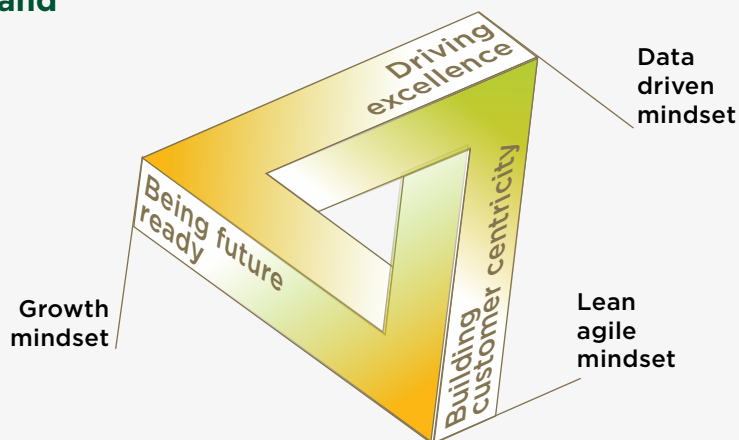
We defined nine strategies which were then integrated into the Strategic Plan, to be effective from 2024 onwards. These strategies are designed to drive the Bank's long-term growth and operational excellence.



### Strategic dimensions



### Strategic objectives and enablers







## Strategic objectives and enablers

Systematically defining our strategic objectives and enablers, we exercised selectivity in our initiatives in a disciplined manner to achieve our overarching goals. This focused approach facilitated the achievement of our goals with coherence and operational efficiency.














Strategic objectives				
Driving excellence		Building customer centricity	Being future-ready	
Strategic enablers				
Lean agile mindset		Data driven mindset	Growth mindset	
Business growth and operational excellence		Customer growth and retention	Driving growth through collaboration and sustainable finance	
<ul style="list-style-type: none"><li>➤ Business development growth</li><li>➤ Operational process improvements</li><li>➤ Digital transformation of operations</li><li>➤ Improvements in TAT</li><li>➤ Improved customer satisfaction</li><li>➤ Time utilisation of branches to increase customer wallet share and retention</li></ul>		<ul style="list-style-type: none"><li>➤ Customer growth and retention</li><li>➤ Acquire high-potential customers</li><li>➤ NII per customer growth</li><li>➤ Enhance customer issue resolution and turn-around times.</li><li>➤ Growth in export income</li></ul>	<ul style="list-style-type: none"><li>➤ Strategic partnership</li><li>➤ Growth in remittance value/volume</li><li>➤ Promoting credit lines for climate change initiatives/ and green loans</li></ul>	
Portfolio quality		Performance driven culture	Better targeting and value propositions	Building a team with a growth-oriented mindset
<ul style="list-style-type: none"><li>➤ Asset quality improvement</li><li>➤ Reduction in NPA</li></ul>		<ul style="list-style-type: none"><li>➤ Employee engagement</li><li>➤ Revenue/cost per employee</li><li>➤ Employee upskilling</li><li>➤ Meaningful retention and contribution to the Bank</li><li>➤ Two-way performance evaluation</li></ul>	<ul style="list-style-type: none"><li>➤ High-priority sector growth</li><li>➤ Treasury volume growth</li><li>➤ Driving foreign currency deposit growth</li><li>➤ Average wallet size of customers</li><li>➤ Customised lending solutions to improve customer satisfaction</li><li>➤ Export customer growth</li><li>➤ Enhancing women empowerment through entrepreneurship</li><li>➤ Credit card growth</li></ul>	<ul style="list-style-type: none"><li>➤ Implementation of the succession planning strategy</li><li>➤ Revamping HR policies to drive career development and workforce alignment</li><li>➤ Optimising performance management and integrating advanced HR technology for operational excellence</li><li>➤ Enhancing competency-driven training to foster employee growth and organisational excellence</li></ul>

In 2023, we incorporated the second layer of management in strategic oversight and progress evaluation. By leveraging their long-term expertise, harnessing cumulative intellectual capital, and empowered decision making, we gained the desired outcome. This approach yielded the success that is reflected in our success story for 2024.



## Environmental, Social, and Governance (ESG)

Concentration on ESG is a crucial aspect of our overall strategy. With our brand visibility, wide market reach, international partnerships, and partnering the government in implementing a variety of development activities in the country, our success hinges on a strong governance structure, that is interwoven with environmental and social consideration.

Category	Actions	Outcome	UN SDG Compatibility
 <b>Environmental</b>	<p>We continued with our efforts at optimising green building, renewable energy, responsible consumption of the natural resources, accelerated digital banking implementation, and continued our journey towards a paperless office.</p>	<p>Please refer to the section on Natural Capital at pages 169 to 176 and Manufactured Capital at pages 121 to 126 and Customer Capital at pages 145 to 150</p>	     
 <b>Social</b>	<p>Our investment in the community and CSR is significant. Women empowerment through lending to women-led businesses and creating employment opportunities within the Bank were a focus point.</p>	<p>Please refer to Social and Relationship Capital, Community &amp; CSR at pages 161 to 168 and Human Capital at pages 133 to 144</p>	  
 <b>Governance</b>	<p>The Board and Senior Leadership set direction and diligently followed through with effective actions to deliver an outstanding result for 2024. The Bank has a robust policy framework based on regulatory requirements, local laws and in-house policies and procedures, that ensures a strong and ethical governance and risk management.</p> <p>A Sustainability Reporting Framework has been established (composed of a Central Sustainability Committee, Regional Sustainability Officers, Branch/Department Sustainability Officers). The framework includes a key information gathering process.</p>	<p>Please refer Chairman's Review at pages 18 to 21, CEO's review at pages 22 to 25, Financial Capital at pages 115 to 120, Corporate Governance at pages 213 to 250, Risk Management at pages 178 to 212 and Our Commitment to Sustainability at pages 72 to 79</p>	
 <b>Economic Sustainability</b>	<p>The Bank vigorously engaged in tapping into untapped customer segments, offering green lending, supporting SMEs and MSMEs, assisting the export/import segments and investing in short term instruments to leverage excess liquidity while partnering the government through an extremely difficult macroeconomic landscape to further the national interests in development and building foreign exchange reserves. Please refer to the Financial Capital at pages 115 to 120 and the financial reports at pages 260 394 for further information.</p>		



## Statement on sustainability development strategy

GRI 2-22

The Bank's public welfare mandate requires the Bank to meaningfully engage in investing in social welfare, with the aim of alleviating wide-spread poverty in the country. The 2022 economic debacle further increased the country's poverty brand-width and required the Bank to partner the government measures to contain the downward slide.

While pursuing our goals and building in modernity to the Bank's processes, mindsets, and outreach, we continued with the sustainable development strategy to improve service standards and ensure its sustainable future. We passionately tracked our progress on achieving our goals.



## Sustainability pillars and outcome

The sustainability pillars included in the 2022-2024 plan was diligently adhered to, a key factor in our success.

Pillar Description	Actionable	Outcome
Sustainable deposit growth	➤ The Bank will continue to attract deposits as a comparatively low-cost funding source to fund its growth plans	Deposit portfolio increased by 7.6% to LKR 2,854.7 Bn. Y-o-Y
Robust risk management	➤ Risk management systems will continuously be reviewed and strengthened in line with both regulatory directives as well as international industry best practices	There were no regulatory breaches, data security breaches, or governance issues in 2024. No significant incidents of fraud were reported, and staff terminated post investigation and disciplinary action.
Healthy credit portfolio	➤ Credit portfolios will be continually monitored against Bank credit risk parameters while all new credit will be stringently evaluated	NPLs were low and there were no new NPLs.
Diversifying the portfolio	➤ The Bank has commenced portfolio diversification into new segments including youth, corporates, and exporters and this drive will continue to rebalance portfolio risk	Over 100 new corporate customers were onboarded out of which 60% of them were granted facilities.
Training and development	➤ All Bank staff will be continually trained, not only for back end technical operations but also front-end service standards to ensure brand equity and reputational risks are managed	Service quality and employee motivation increased, resulting in onboarding 640,220 new customers.
Regulatory compliance	➤ The Bank is in the process of further improving its digital platforms, together with staff training to enable full of compliance	There were no compliance breaches in 2024.
Community Social Responsibility (CSR)	➤ People's Bank's tradition of CSR will be continued as a component of brand identity, while the Bank transforms into a modern financial services provider	LKR 36.0 Mn. was invested in CSR activities.



## Short and medium-term measures to improve performance

We have aligned our short and medium-term measures to effectively support our broader goals, with key enablers in place to ensure the successful execution of our strategic objectives for long-term sustainability within the strategic framework.

Short-term	Medium-term
(1) Proactive Credit Risk Management and Loan Recovery	(1) Strengthening Credit and Risk Governance
(2) High-Value Customer Acquisition and Business Expansion	(2) Market Penetration and Revenue Diversification
(3) Enhancing Compliance and Operational Excellence	(3) Deposit Growth and Liquidity Optimisation
(4) Cost Rationalisation and Efficiency Enhancement	(4) Operational Excellence and Digital Transformation
(5) Enhancing Workforce Capability and Engagement	(5) Fostering a High-Performance Culture and Future-Ready Talent



## Outlook

As we conclude 2024 having implemented our 2024-2026 plan on a high note delivering an excellent result, being the highest ever profitability for the Bank, we look forward to a greater achievement in the current financial year and beyond, strengthening our brand value, visibility, a sustainable value delivery to our stakeholders, and significantly contribute towards national economic recovery.

# OUR VALUE CREATION MODEL

## INPUT



### Financial Capital

pages  
115 to 120

Deposits  
**LKR 2,854.7 Bn.**

Borrowings from Banks  
and Other Institutions  
**LKR 112.4 Bn.**

Subordinated  
Term Debts  
**LKR 54.2 Bn.**



### Manufactured Capital

pages  
121 to 126

Island wide  
Branch Network  
(no.) **751**

Property, Plant and  
Equipment  
**LKR 61.1 Bn.**

ATMs, CDMs and  
CRMs (no.)  
**1,173**



### Human Capital

pages  
133 to 144

Dedicated  
team of  
**7,633** employees

Investment in Training  
and Development  
**LKR 121.5 Mn.**

Employee  
Remuneration  
and Benefits  
**LKR 35.8 Bn.**



### Intellectual Capital

pages  
127 to 132

Brand equity  
index **4.0**

Over **81%** of  
transactions  
conducted  
digitally

New  
Investment in  
IT infrastructure  
**LKR 2.5 Bn.**

Fitch Lanka  
Credit Rating  
**AA-(LKA)**



### Social and Relationship Capital

pages  
145 to 168



**Investors**  
Shareholder  
Funds  
**LKR 182.0 Bn.**



**Business  
partners**  
Supplier  
Registration  
via e-GP  
Number of  
correspondent  
Banks **42**  
Number of  
Vostro  
agents **88**



**Customers**  
Number of  
customers  
**15.1 million**  
New customers  
onboard **640,220**  
Number of  
customer touch  
points **1,480**



**Community**  
Investment in  
CSR Projects  
**LKR 24.4 Mn.**  
Community based  
development  
lending  
**LKR 10.2 Bn.**  
Total University  
Students benefited  
via internship  
training **525**



### Natural Capital

pages  
169 to 176

Energy  
Consumption  
**8778.9 GJ**

Water  
Consumption  
**11,948 m³**

Green Lending  
**LKR 4.1 Bn.**

Carbon Footprint  
**8,150.8 tCO<sub>2</sub>e**







Our Value Creation Model is used to identify, implement, and sustain the processes that delivers the desired value to our stakeholders, while enabling us to operate a sustainable business. This represents the totality of our combined efforts and the unique value proposition we offer to our stakeholders and helps us to understand how we generate economic, social, and environmental value, while staying our course as a bank for the people and of the people.

## OUR COMMITMENT TO SUSTAINABILITY

Aligning with the universally applicable concepts of sustainable finance to integrate environmental and social elements with governance attributes, the Bank leverages its financial license and island-wide presence to successfully embed sustainability principles through its operations, cognisant of its wider responsibility to conserve an endangered planet, longevity of the Bank, and prosperity of our stakeholders.



### Our approach

As a banking institution, our commitment to sustainability is reflected in the way we lend, contribute to the development of the community, and investment in projects that contribute toward ensuring a preserved environment. The prosperity of our stakeholders as a cornerstone of our operations, sustainable financing is a key aspect of our approach to sustainability. Aligning with United Nations Environment Program (UNEP) concepts, another crucial aspect is to increase the opportunities that bring a decent rate of return to the Bank while augmenting environmental benefits through green financing. We do not lend to industries whose operations degrade the environment irresponsibly, and implement ESG (environmental, social, and governance) considerations into our credit evaluation process.

Environmental considerations include climate change mitigation and adaptation, as well as the preservation of biodiversity, pollution prevention and

the circular economy. Social considerations refer to issues of inequality, inclusiveness, labour relations, investment in human capital and communities, as well as human rights issues. The governance of public and private institutions including management structures, employee relations and executive remuneration plays a fundamental role in ensuring the inclusion of social and environmental considerations in the decision-making process.



### Scope

Our focus for sustainable finance is carefully selected and consisted of sectors and sub-sectors, that mostly impact the environment.

- Climate change mitigation (substantially avoid, reduce, or enable) and adaption (increase own resilience or enable others to adapt)
- Pollution prevention and control
- Ecological conservation and resource efficiency

- Protection, restoration and promotion of natural resources and healthy ecosystems
- Transition to a circular economy
- Respect for, protection and enablement of basic human rights
- Enabling living conditions
- Access to essential services

This is not a prohibitive list, as the Bank may, at its discretion include any other area that needs its financial intervention to ensure sustainability, and reviews the sectors/sub-sectors as the needs arise.

As such, we currently explore avenues to support the following sectors/sub-sectors:

- Forests and Logging
- Agriculture
- Manufacturing
- Electrical Power Generation, Transmission and Distribution
- Gas, steam, and air conditioning supply
- ICT
- Water Supply, Sewage and Waste Management
- Construction
- Transportation and Storage
- Financial Services
- Tourism and Recreation
- Others

We work in tandem with the Sri Lanka Green Finance Taxonomy issued by CBSL in May 2022, incorporating the description, metrics, and thresholds for the identified sectors, into our internal processes.



## Sustainability governance

### The Board and the senior management

The Board of Directors and the Senior Management are primarily responsible for effective and efficient ingraining and implementing sustainability principles to the Bank's overall operations. This includes financial, technological, operational and human resource aspects of the Bank, that directly impact our environment, the biodiversity, and creating resilient communities.

The Board and the Senior Management are also responsible for defining a robust governance framework that administers and measures sustainability by introducing policies, procedures, and processes.

Chief Executive Officer/General Manager and the Key Management Personnel are responsible for implementing controls, review and update policies, procedures, and processes, managing risks that impact sustainability, and timely and accurate disclosure of incidents and resolution thereof.

The Bank has a dedicated Sustainability Department, which is the front-runner of driving sustainability across all our business and operational universe. The Department is responsible for implementing the sustainability agenda, updating the policy, procedure and process related to Sustainability, coordinate with the HR department in implementing training programmes, and ensure community and environmental outreach projects are meaningfully and successfully implemented.

### Branch and service centre network

Branch and Service Centre network is entrusted with the responsibility of informing customer about the availability of green loans, renewable energy financing, and other sustainable financial products. Disbursement are made adhering to the eligibility criteria and exclude projects that harm the environment or violate social standards.

### Credit evaluation

ESG principles are built into the credit criteria and evaluations consider the environmental impacts, when approving credit.

### Risk management

Risks are assessed based on the materiality of the event, stemming from climate related events, environmental and other green financing activities considering the nature, scale, complexity, and interconnectedness of its operations. ESG risk underpins decision making under Pillar II assessment under capital requirements of the Bank. We continued to implement an effective risk management practice and internal control regime to mitigate ESG risks and conducted scenario analysis and stress testing to assess the impact of potential/alternative ESG related risks.

The Bank addresses risks stemming from a multifaceted operational toolkit in a timely manner spearheading a brand of leadership that curbs and reduces the footprints of its activities on emissions, effluents and potential pollutants, thereby curtailing the impacts harmful to the environment and the biodiversity.

## Training and capacity building

Training and capacity building are a continuous process to embed the sustainable finance mindset in our employees. Through our training programmes, we built expertise in environmental stress testing and scenario analysis and obtain external expert resources to input to environmental and climate related risk topics.

## Disclosures and reporting

Risk incidents are disclosed and reported in real-time, whereas the Annual Report contains a comprehensive sustainability reporting in line with international standards of reporting such as Global Reporting Initiative and the Task-Force on Climate-Related Disclosures, which are important frameworks for sustainability reporting.

## Measurement

Several metrics are used to measure the impact of sustainable projects of the Bank and customers. We have disclosed the Bank's outcome in the Report, as customer data confidentiality prohibits us from divulging their data, publicly.

- Environmental Metrics: Carbon emissions. Energy consumption, Water usage. Waste generation (Please refer to Natural Capital at pages 169 to 176)
- Social Metrics: Labour practices. Community engagement. Diversity and inclusion (Please refer to Human Capital at pages 133 to 144, Social and Relationship Capital at pages 145 to 168)
- Governance Metrics: Board diversity. Executive compensation. Business ethics (Please refer to Corporate Governance at pages 213 to 250)

## Action progression

We worked on a multi-pronged approach in meaningfully embedding ESG principles into our operations.



<b>Enhancing Sustainable Finance</b>	<ul style="list-style-type: none"> <li>➤ Review Policies</li> <li>➤ Encourage investment in Sustainable projects</li> <li>➤ Financial inclusion of low to middle class customer base</li> <li>➤ Integrate ESG risks into credit evaluation process</li> <li>➤ Increase lending to green financing</li> <li>➤ Invest in digital innovation</li> <li>➤ Reduce paper usage</li> <li>➤ Successful execution of CSR projects</li> <li>➤ Measure the progress to ensure the Bank's stability and progress.</li> </ul>
<b>Involvement of Stakeholders</b>	<p><b>Meaningfully engage with :</b></p> <ul style="list-style-type: none"> <li>➤ Government and Statutory authorities</li> <li>➤ Experts in the fields of environmental protection, community development, and capacity building</li> </ul>
<b>Managing Climate Change Risks</b>	<ul style="list-style-type: none"> <li>➤ Identified and executed effective measures to mitigate risks posed by inclement weather conditions, and supported the affected communities</li> <li>➤ Vigorously promoted green financing towards renewable energy projects, waste management and water recycling projects</li> <li>➤ Carried out awareness sessions for the employees to build knowledge and capabilities</li> </ul>
<b>Capacity building</b>	<ul style="list-style-type: none"> <li>➤ Continued training and awareness sessions to our employees, contributed towards industry-wide training by partnering CBSL and the IBSL</li> </ul>
<b>Reporting and Disclosing</b>	<ul style="list-style-type: none"> <li>➤ Based on superior digital capabilities, the integrated information system delivered timely and accurate data sets for disclosure and reporting</li> <li>➤ Gap-analysis for early identification of vulnerabilities for proactive resolution.</li> </ul>





## ESG and sustainability initiatives

We implemented several initiatives during 2024, that were segregated under each of the ESG pillars, show-casing our deep commitment to sustainability, and its meaningful implementation across our digital and physical footprint.

Theme	Description	Outcome			
Environmental					
Paperless Operations	<ul style="list-style-type: none"><li>➤ 18 new ATMs, CDMs, and KIOSKs were added to the wide-spread existing network.</li><li>➤ Account opening with e-statements and digital loan processing.</li><li>➤ Streamlining well secured online and mobile banking platforms to encourage seamless and innovative banking, encouraging digital banking.</li></ul>	1 million Retail Customers	Over 5150 Corporate Customers	1 million Digitally opened Accounts	161 million Digital Transactions
		LKR 1,269 Bn. Transaction Value			
Managing the Manufactured Capital for the preservation of the Natural Capital	<p><b>Certification</b></p> <p>Diligently monitored GHG emissions arising out of its operations adhering to ISO 14064 – 1:2018 and ISO 14064-3-2019 guidelines.</p> <p><b>Energy and Emissions Management</b></p> <ul style="list-style-type: none"><li>➤ Aligning with UN SDG 7 that promotes Affordable and Clean Energy, introduced 2,460 kw PV renewable energy system to 64 Branches.</li><li>➤ 206 AC units that were uneconomical to repair were replaced with energy efficient inverter AC units.</li><li>➤ Light fixtures were replaced with energy efficient LED 2x2 lighting, across the branches and other general maintenance areas.</li><li>➤ Procured cost-effective equipment and material to support green and energy efficient initiatives.</li></ul> <p><b>Maintenance</b></p> <ul style="list-style-type: none"><li>➤ Escalating spare part costs of HVAC/ Generator and CCTV systems were well management within budget.</li><li>➤ Maintenance work was prioritised with suppliers with Fixed Asset Management (FAM) Maintenance management and inventory control systems in digital platforms.</li><li>➤ Recyclable parts in obsolete equipment were used for maintaining functional equipment aligning with UN SDG 13, that impacts Climate Action.</li></ul> <p><b>Waste Management</b></p> <p>Waste generated at Head Office was segregated for recycling.</p>	<p><b>Obtained a compliant emissions report.</b></p> <ul style="list-style-type: none"><li>➤ Reduced 1,099.1 MT of CO<sub>2</sub> emission</li><li>➤ Reduced energy consumption by 28% with a cost saving of LKR 1,824,482 per month.</li><li>➤ Reduced energy consumption by 25% with a cost saving of LKR 116,226 per month.</li></ul> <p><b>Cost reduction</b></p> <ul style="list-style-type: none"><li>➤ Cost reduction usage of digital platforms to reduce paper usage.</li><li>➤ Cost reduction and reducing hard-waste release.</li><li>➤ Efficient waste management, to minimise environmental deterioration.</li></ul>			

Theme	Description	Outcome
Awareness sessions to imbibe sustainable practices	Bank conducted online awareness programs focusing enhanced energy management, sustainable water and waste management practice, and optimising resource usage through circular economy principles, aligning with the UN SDG 12 that enumerates Responsible Consumption and production.	Upskilling employees to inculcate sustainability awareness through responsible usage of limited resources.
Regulatory Compliance	The Bank complied with the regulations laid down by the Central Environmental Authority and the Government of Sri Lanka, for regulating business operations towards a sustainable future.	Good governance resulting in enhanced brand value.
Sustainable Banking Initiatives for Retail Customers	<ul style="list-style-type: none"> <li>➤ Reached 3.3 million digital retail customers with Mobile Apps – People's Wave and People's Pay</li> <li>➤ Over 13 million digital transactions per month</li> <li>➤ AI ChatBot</li> <li>➤ QR payment solutions at Point-of-Sale machines</li> <li>➤ The Retail Loan Origination System (ROLS) was expanded to all branches</li> </ul>	<ul style="list-style-type: none"> <li>➤ Reaching 75% of the customer base resident outside the Western Province, promoting financial inclusivity and public welfare.</li> <li>➤ For convenient Web site navigation and customer assistance.</li> <li>➤ Time efficiency and customer service excellence at the point of sale.</li> <li>➤ Allowed for Speedy and convenient disbursement of loan proceeds to customer accounts.</li> </ul>
Sustainable Banking Initiatives for Loan customers	<p>The Bank introduced the following initiatives to bolster its repertoire of sustainability tools :</p> <ul style="list-style-type: none"> <li>➤ Defined a Sustainable Finance Framework (SFF) which marked a strategic shift towards integrating SF practices into the Bank's operations and activities</li> <li>➤ Created the Environmental and Social Management System (ESMS)</li> <li>➤ Implemented Sustainable Policy and Procedure Guidelines in the Bank.</li> <li>➤ Introduced a dedicated sustainable asset product which was branded as "Green Power" Loan Scheme, designed on the parameters of Sri Lanka Green Finance Taxonomy of CBSL.</li> </ul>	<p>The Sustainable Finance Framework effectively tapped into growing sectors such as renewable energy, especially solar, recycling projects, organic fertiliser and sustainable manufacturing.</p> <p>Previously underserved, the sectors represented an array of new business avenues, leading to accelerated loan growth and diversification of the credit portfolio.</p> <p>Bank's sustainable lending portfolio recorded a significant net growth of LKR 3.5 Bn. (113%) including 1,250 retail loans and 250 commercial and SME loans for sustainable industries, resulting in 2% increase of the customer base.</p>
<b>Social</b>		
Human Capital Inclusive, non-discriminatory work culture	<ul style="list-style-type: none"> <li>➤ Implementing an inclusive, non-discriminatory recruitment policy where employment was offered to best in class talent</li> <li>➤ Training and development</li> </ul>	<p>Our vast network of branches mostly were staffed by drawing from the communities they were located in, enhancing employment rate and the economic activity in those areas.</p> <p>Employees were offered structured training on many topics, provided with the necessary online and digital tools for self-education, and well informed of relevant guidelines through bank-wide circulars, preparing a future-ready team, well versed in all areas of banking.</p>

Theme	Description	Outcome
The community	<ul style="list-style-type: none"> <li>Introduced the Women Entrepreneurship Development Policy, to upskill, inform, and provide financial support to aspiring women entrepreneurs</li> </ul>	Ensuring gender equality and empowering women, the Bank contributed towards sustainability of the family and the society, as women often combine the roles of home-maker and breadwinner.
Women empowerment	<ul style="list-style-type: none"> <li>Appointed Centralised and Regional Women Champion in each Regional Credit Unit to identify women lead business sectors to offer financial assistance</li> </ul>	825 women entrepreneurs were supported through this product.
Youth empowerment initiatives	<ul style="list-style-type: none"> <li>Vanitha Saviya, a specialty product was launched</li> </ul>	500 women were trained on these platforms
Community Social Responsibility (CSR)	<ul style="list-style-type: none"> <li>Financial Literacy Training and digital training through SME Training was offered, sharing knowledge to upgrade their business management skills</li> <li>Relaunched a revamped People's Spark Loan Scheme for those under the age of 45, customised for startups and young entrepreneurs, offering financial and non-financial assistance</li> <li>The Bank implemented several key CSR projects. For more details please refer the section on Community Capital at pages 161 to 168</li> </ul>	750 young entrepreneurs were supported by this scheme
<b>Governance</b>		
Robust Policy Framework	<p>The Bank has a robust Corporate Governance Framework and a Corporate Sustainability Framework. The Corporate and Executive Management are responsible for resource allocation and implementation.</p> <p>All regulatory requirements are strictly complied with while integrated reporting is as required by Global Reporting Index.</p>	A well governed Bank, well capitalised and resourced, operated by the best in class talent with a penchant for public welfare combined with good commercial acumen, excelling in customer service, based on a strong foundation of ethics and good governance.



## Governance framework for sustainable finance

### GRI 2-23

Under the overarching governance structure for Sustainability, the Bank has an established sustainability funding governance structure, to oversee green funding.

The BHAG	The Outcome
The Board of Directors (BOD)	Overall responsibility to oversee sustainable financing activities rest with the Board, which also has the mandate to define policies and guidelines in alignment with the Bank's objectives and values.
Sustainable Finance Committee (SFC)	The Board pointed SFC is an executive-level committee headed by CEO/GM, that is represented by retail banking, risk management, credit, finance or treasury, and the compliance function. Oversight responsibilities concerning sustainable financing rests with the SFC, with accountability to the Board.

Green Finance Evaluation Committee (GFEC)	<p>An operational level committee, established under the auspices of Board Executive Credit Committee (BECC) GFEC evaluates projects eligible for green financing, as classified by CBSL and submit interim reports to BECC and SFC.</p> <p>The Committee shall comprise of Deputy General Manager/Assistant General Manager (Retail Banking), Assistant General Manager (Process Management &amp; Quality Assurance), Deputy General Manager/Assistant General Manager (Risk Management) and ESMS Officer of Bank's SME Unit.</p> <p>The Deputy General Manager (Enterprise Banking] and the Assistant General Manager (SME, Development &amp; Micro Finance) shall attend the meetings on invitation.</p>
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Sustainability is an imperative that ensures the well-being of our planet and future generations. As a Bank with the public welfare at its core, we have embraced practices that balance environmental, social, and economic needs, to create a resilient banking institution, with foresight and forethought that is beyond banking and profitability.



## Embedding policy commitments

GRI 2-24

The Board of Directors is responsible for developing the Corporate Sustainability Framework while Corporate and Executive Management are in charge of execution and fund allocation in accordance with policy guidelines. This ensures ownership of sustainable concepts at the highest level of management.

Policy commitments are embedded through the People's Bank employees, who are the primary stakeholders, responsible for carrying out and overseeing the policy initiatives.



## Processes to remediate negative impacts on environment, society and economy (grievance mechanisms)

GRI 2-25

**Customer grievance handling:** The Bank's policy is to give prompt attention to any customer grievances and grant prompt redress where necessary. We have put a grievance handling procedure in place which functions effectively and efficiently. In the event of any dissatisfaction with our process, a customer has the option of escalating the issue to the Financial Ombudsman. Complaints are received through our 24-hour customer service hotline 1961 and dedicated Customer Service Handling Unit, and acted on promptly.

**Employee grievance handling:** Transparent mechanism promoting employees to bring forward any grievances directly by contacting Human Resources Department of the Bank.



## Mechanisms for individuals to seek advice and raise concerns regarding negative environmental, social and economic impacts

GRI 2-26

A Whistle-blower Policy has been operationalised with a Director appointed to review complaints whilst guaranteeing

anonymity to safeguard the employee. The following issues can be reported directly to the immediate supervisor or the Board Audit Committee.

- (1) Breach of the Disciplinary Code
- (2) Failure to comply with legal/regulatory obligation
- (3) Miscarriage of Justice
- (4) Financial malpractices



## Compliance with laws and regulations

GRI 2-27

People's Bank did not face any fines for non-compliance with applicable directive or regulation.

However, as at end December 2023, the Bank had introduced processes to prevent a recurrence of such incidents and system changes are also in the process of being implemented for greater compliance and more stringent monitoring.

# OUR COMMITMENT TO UN SDGS

An action plan for People, Planet and Prosperity, the UN Sustainability Agenda 2030 was formulated with a view to eradicate poverty and extreme poverty that has challenged the world for decades and to ensure a sustainable environment for the future. Thereafter, seventeen areas Sustainability Development Goals (SDGs) that critically impact human life and the planet in general, were identified and segmented for deep action across the world.



## Integrated reporting and ESG values

Integrated Reporting, based on an amalgamation of Finance and ESG performance, consolidates the holistic picture of how the Bank balances financial goals with a nurturing approach on the environment, biodiversity, water and climate, ensuring universal concepts on the above topics are leveraged at all junctions. Furthermore, in terms of the negative attributes, such as waste, carbon dioxide and pollutants, the Bank discloses an accurate panorama of effluents and emissions. Nevertheless, every action on the part of the Bank is leveraged with a sustainability ethos, cultivating a model environment for best practices.



## Sustainable development goals

The Bank approaches disclosures based on the many capitals the Bank engages in for value creation. The capitals are tied to specific Sustainable Development Goals where approaches are in play to remediate deep-rooted practices in a service economy based on financial intermediation and maturity transformation. The holistic environment that is instrumental in sustaining the many elements in it, namely people, planet life and resulting footprint on prosperity, is closely linked to the SDGs that they bolster and replenish.





On the front of impact measurement – the footprint of activities of the Bank on SDGs – instruments and metrics are in place to relate business practices on how they impact the broader macrocosm the Bank serves. The frameworks like GRI provision standardised metrics and reporting guidelines for disclosing ESG-related risks and opportunities, that form the foundation of the disclosures of this report, are an accurate reflection of the many variables impacted by the business activities, both on a positive bearing as well as from a damaging and undesirable tangent. Greenhouse Gas Protocol, Life Cycle Assessment or relevant sustainability certifications in a local context, are toolboxes for the evaluation of environmental impacts.

Enhancing co-operation with the government bodies and all stakeholders on the local and international fronts is also a strong consideration going ahead, again ensuring that attempts to leverage sustainable projects have a voice that is heard by all stakeholders. SDGs are impacted at so many levels and influence the lives of many; customers with direct linkages to the Bank as well as those who are indirect stakeholders.

**Environmental Metrics:** Carbon emissions. Energy consumption, Water usage. Waste generation

**Social Metrics:** Labour practices. Community engagement. Diversity and inclusion

**Governance Metrics:** Board diversity. Executive compensation. Business ethics



## Risks and vulnerabilities

From the onset of assessing ESG risks, to the monitoring and reporting of ESG outcomes, the Bank adheres to GRI guidelines, abiding by the risk management framework that is at the heart of compliances. Understanding vulnerabilities and developing strategies to lessen the burden of the potential damage a loophole can cause is part of a framework that forms the cornerstone of best practices. The Sustainability Department is well versed with the necessary requirements and are well skilled to implement the sustainable principles across the Bank a paramount requirement as ESG outcomes can erode the reputation of the Bank in the eyes of investors and customers alike. For example, Carbon Footprint Analysis bolsters the knowledge on the carbon footprint of carbon-intensive activities of the Bank and provides opportunities for emissions reduction. Please refer to pages 169 to 176 for the section on Natural Capital for more details on our carbon footprint and certifications.

The Bank is not exclusively active on the grounds of regulatory compliance but is on the ascendency on ESG-related best practices, as the Bank sees continuous improvements in the part of its groundwork to build a holistic community – while fortifying reputation and brand. On this note, a commitment to SDGs is priority in our strategic agenda.



## Green finance

Green savings and sustainable deposits form the core leaderboard of a green savings culture, where such deposits spearhead environmentally proactive measures on the part of investments, such as Socially Responsible Investments (SRI). Green Bonds are also a measure to attract large volumes of capital on a long-term basis, again forming an investment pipeline to improve the environmental footprint, and to bolster large-scale sustainability projects that can contribute to SDGs on a myriad of fronts.



## Identifying priorities

Under the overarching umbrella of sustainability, we align with UN SDGs in implementing there are measures for climate change mitigation or adaptation and pollution prevention and control, both instruments to reduce the harmful footprint of the Bank's activities on the tripartite factors of society, environment and climate.



## Bolstering human capital

Building the knowledge base on how finance instruments impact SDGs to staff at all hierarchies is a bold and pertinent move on the part of the Bank to get every employee involved in streamlining activities based on SDGs. Augmenting participation of staff in programmes lead by the *Mahajana Mehwara* brand of social and environmental outreach, fosters a learning environment on the challenges and opportunities presented by SDGs.



## Synopsis

Progress, however, in achieving the desired results for the SDGs varies considerably, depending on the macroeconomic and political climate in the respective region or the country. In the Asian region where poverty levels are thought to be high, the International Monetary Fund (IMF) steps into provide funding for economic growth. As such, the advancement on SDGs is slow, whereas in developed countries, the progress on SDGs is relatively high and some near completion or completed.

In August 2022, United Nations Sri Lanka and the Government of Sri Lanka signed the Sustainable Development Framework (2023-2027) for Sri Lanka. Currently the country faces environmental problems such as land degradation, pollution, careful water management, threatened biodiversity, coastal erosion, waste disposal in urban areas, and emissions pollution through traffic congestion in the main cities. Achieving the goals in 2027, remains a challenge.

SDGs form the core values on a global scale as championed by the United Nations and the Bank is testimony on how it plays a vigorous role to uplift the environmental, societal and governance footprints the bank impacts on, and thereby, enriching the core strength of each SDG. As a responsible and accountable corporate citizen with high brand visibility in Sri Lanka's banking industry we endeavour to align our operations in a way that helps achieve the desired SDG outcomes for our business and for the nation steering its activities to diminish potential damage by fostering the collective compasses of thought and action leadership, implementing best practices that limit harmful effluents and emissions, while strengthening healthier, more transformative approaches, on all facets facts of sustainable living.

# MANAGEMENT DISCUSSION AND ANALYSIS

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BANKING****104****IT AND  
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BANKING****109****CARD  
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CAPITAL****127****INTELLECTUAL  
CAPITAL****133****HUMAN  
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CAPITAL****145****CUSTOMER  
CAPITAL****151****BUSINESS  
PARTNER CAPITAL****157****INVESTOR  
CAPITAL****161****COMMUNITY  
CAPITAL****169****NATURAL  
CAPITAL**

# BUSINESS REVIEW

Public welfare is the heart of our financial solutions, and financial inclusivity our prime goal. It is also our mandate to partner with the Government of Sri Lanka to rebuild our nation, and regain the confidence of the local populace and the international community as a self-sufficient nation that is focused on sustainability of its people and honors its commitment to the global community.



Our products and service repertoire are crafted to deliver a sustainable value to our stakeholders ensuring financial inclusivity and generating economic activity that in the long term, contributes meaningfully to nation building.



# RETAIL BANKING

Our Retail Banking products and service repertoire is crafted to deliver a sustainable value to our stakeholders ensuring financial inclusivity and generating economic activity that in the long-term, contributes meaningfully to nation building.



## Our approach

As the nation stepped into the path of economic recovery post the lingering effects of a colossal economic crisis, we focused on crafting products and services to create momentum in economic activity, to be sure-footed in that path. Our contribution to this process as the nation's largest commercial bank has been pivotal, encompassing a broad section of the society to successfully integrate into the economic mainstream.

This section documents our committed focus, to support our stakeholders and the Government of Sri Lanka, to be successful in the path to recovery.

## Highlights



**Over LKR 100 Bn. granted as Personal Loans to infuse much needed liquidity to support the retail customer.**



**Single borrower limit on the Pawning Product was enhanced, supporting the customers with easy access to finances.**



**Invested in cutting-edge technology to enhance our IT and digital capabilities to align our product and service offering with current customer demand for easy banking solutions.**

Retail banking unit spearheads the deposit growth and accounts for almost 98% of the deposit base of the Bank. An array of products is on offer to the retail customer, which have proven track records of growth. Economic headwinds did not deter the Bank's efforts in expanding its deposit base as well as growing its asset products across the island achieving a business ratio of 30% in the urban areas, and a 70% in the suburban and the rural areas.



## Products and services

### Savings and deposits

<b>Young Executive Savings (YES)</b>	The product had an outstanding performance among the GenZ as we offered a 0.5% over the market rate. Customer portfolio grew by a 24.38% in 2024.
<b>Vanitha Wasana</b>	In its 31st year of operation, the account is a resounding success among women from different stations of life and work, and recorded a growth rate of 18.6%.
<b>Isuru Udana</b>	Popular among the young parents starting the saving having early, for their children the product is in its 26th year of success.
<b>Sisu Udana</b>	Aimed at capturing the young student population for the past 28 years, it has gradually acquired a network of sub units in most schools, where students can open the accounts at their convenience, and acquire the habit of saving at a young age. The growth rate on 2024 was 4.1%.
<b>Parinatha</b>	Supporting the elder population to be financially independent, the product garnered deposits in 2024 with a growth rate of 9.1%.
<b>Harvest Savings</b>	Aimed for farmers with seasonal income.

The Bank continued to attract premium customer segments with People's Elegance and People's Excelsior, which are geared to attract high net worth individuals and upper middle level salary earners, respectively.

For detailed information on our product portfolio, please visit our website [www.peoplesbank.lk](http://www.peoplesbank.lk).

### Loans

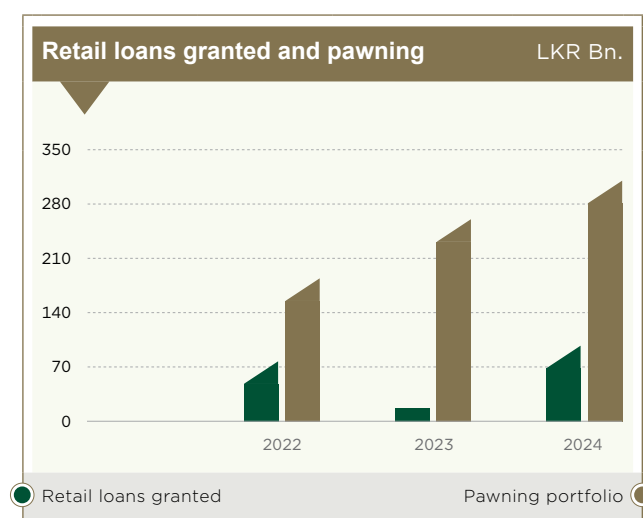
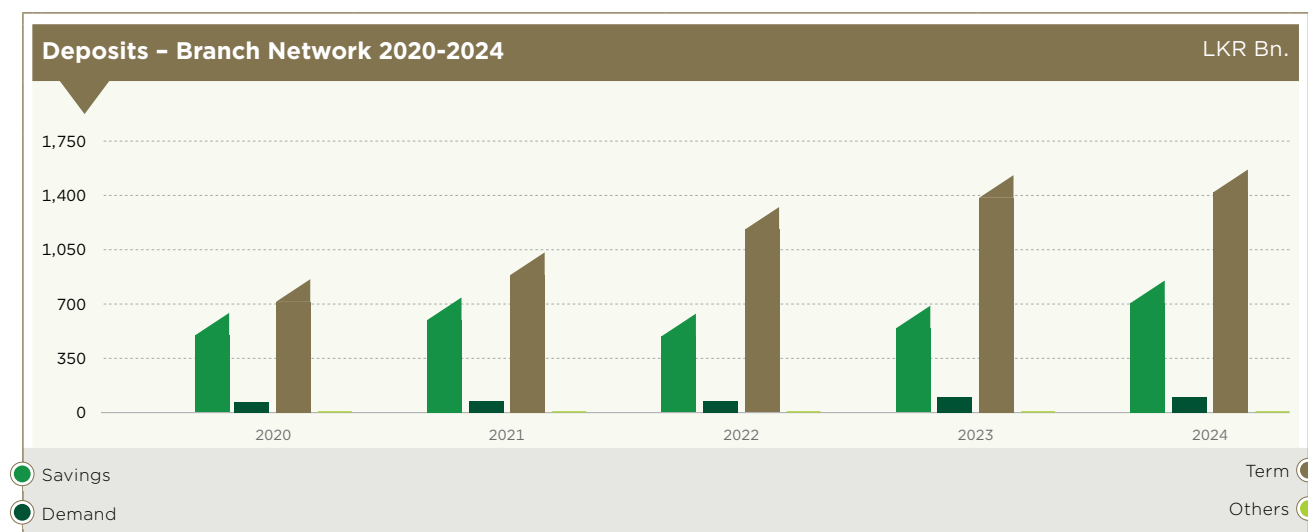
The Bank disbursed closer to LKR 100 Bn. in personal loans, showcasing its mandate on public welfare. Personal Loans represents 25% of loan portfolio of the Bank.

### Pawning advances (pawning business)

As the pioneer in Pawning Advances, the Bank's *Swarna Pradeepa* Pawning Advance scheme continues to offer speedy financial solutions for customers' urgent financial needs.

In 2024, the pawning portfolio improved by 53 billion, and the growth rate is 22% comparatively to the 2023. The Bank encourages customers to embrace digital payment solutions for the repayment of pawned articles, eliminating the need for branch visits, with the aim to a significant step toward a new era of digital transformation.

## Performance review of savings and loans portfolios



### Challenges

The Central Bank of Sri Lanka continued to regulate the Banking sector to ensure financial stability and fiscal robustness. As such, the interest rate volatility continued to be a challenge which needed to be navigated with due care and diligence.



### Outlook 2025 and beyond

Digitalisation will be a priority permeating through both, customer-facing and operational aspects of the Bank in 2025-2026 and the beyond, to take full advantage of its potential of ease and speed. This will naturally reshape our branch network structure paving the way to deploy an experienced team of employees towards marketing drives.

As the second largest deposit holder in the country, the Bank is confident of reaching a significant level of deposits in 2025, which will be instrumentalised by our retail digital banking campaign for 2025. We are also confident that the loans and gold loans growth momentum that was in 2024 will continue to accelerate in 2025, strengthening our asset book and contributing vastly to the overall performance of the Bank.



### Our team

Collaborative efforts of our Retail Banking team built on trust and shared responsibility ensured a persistently high level of service delivery, with strategic promotional drives being implemented across the island, to deliver a successful year of achievement for the Bank. Team synergies blended cohesively to achieve the Bank's objectives for Retail Banking with the agility and flexibility of a well experienced team that meets customer needs in a timely manner. Together, the team engaged in community intervention programmes, which are documented in the Community section of this Report.

# ENTERPRISE BANKING

The Enterprise Banking Department is engaged in three primary lines of activity: commercial credit, SME development and development banking, and microfinance. The primary focus of the Department is to grow the Bank's lending portfolio by extending credit to all business enterprises.

## Management approach

We revamped our efforts at developing entrepreneurs and exporters as the country embarked on a path of economic recovery by accelerating MSME and SME development by offering business credit lines. To this end, we adopted an aggressive selling technique where we sought out those enterprises that could absorb credit and have healthy debt servicing.

## Highlights



**Five decentralised Export Hubs established**



**Allocation of LKR 5 Bn. to fund sustainable projects – green energy and renewable energy**



**Youth Development through People's Spark loan scheme encouraging young entrepreneurs**



**Women Development Programme planned in partnership with the Asian Development Bank**



## Strategy

In terms of strategy, the Enterprise Banking Division commenced aggressive lending as the division's operational blueprint. Our primary focus was aligned with commercial and development lending, founded on a solid customer base in suburban areas spanning most corners of the country. One of the priorities of the Enterprise Banking Division was to approach the mid-sized corporate market with vigour, pursuing new business relationships aggressively. A sizable ticket size for corporate lending stood as an outstanding development on the front of mid-sized corporates, a resounding success story in 2024. The NPL ratio did not rise in 2024, showcasing a good risk position for the Bank in terms of the enterprise-lending landscape. The credit evaluations were stringent, ensuring that the quality of the loans was of a superior grade, and the probability of potential financial risks was minimal.



## Initiatives

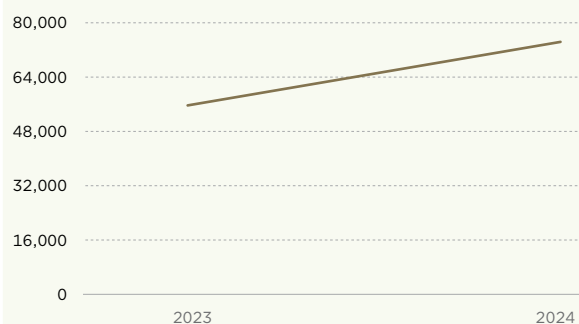
Several key initiatives were implemented in 2024, to reach the large corporates and enterprises that contribute significantly to the economy by creating a diverse range of values through profit generation, employment, and supporting peripheral services that are required to operate the business. Considering their global reach through export and import transactions, the Bank was quick to identify growing needs for financing and credit support.

### Export hubs

Although conceived in 2023, the initiative commenced in 2024, and is a key development in our efforts to support regional credit growth as business promotions can be done through these Hubs. This is also an impetus to regional credit units to capture the markets that facilitate exports and imports, thereby contribute to the economic reawakening in the suburbs and the rural areas. Five such decentralised hubs were established, under the purview of the Enterprise Banking Department and functions as a catalyst to translate rural produce to internationally marketable goods.

#### Net growth of enterprise loans

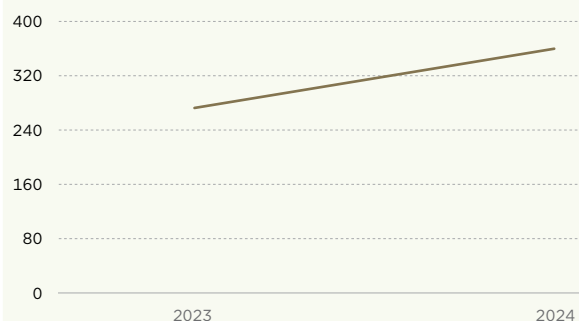
LKR Mn.



2024 **LKR 76.1 Bn.** Change **41%**

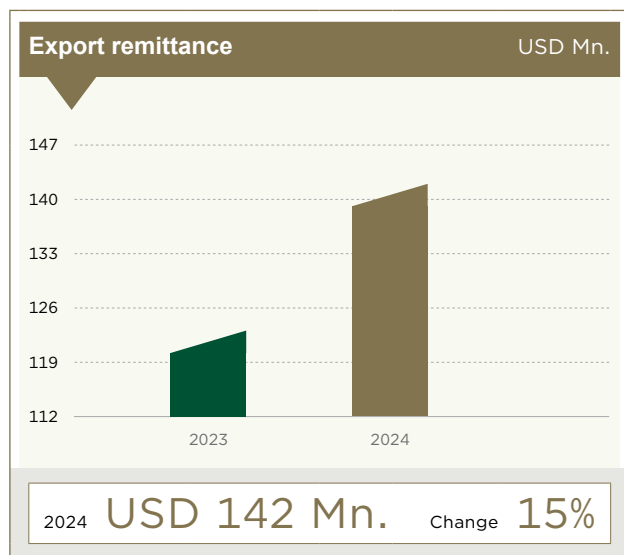
#### Number of new export customers

Nos.



2024 **349** Change **24%**





## Sustainable finance

As per the CBSL taxonomy, we accelerated our efforts in promoting sustainable financing, providing credit facilities to number of customers, and funding sustainability projects such as green energy and renewable energy. Green Power Loan Scheme was launched in 2024 catering to all enterprises, which reached LKR 3.25 Bn. segment of the Unit.

### Performance of Green Power Loan Scheme – as at 31 December 2024 (LKR Mn.)

Allocation for 2024 LKR Mn.	Total Loans Granted LKR Mn.	O/S Balance LKR Mn.	Number of loans	Pipeline for year 2025 LKR Mn.
5,000.00	3,247.00	1,570.56	32	3,500.00

## People's spark youth development

A loan scheme targeting the younger generation motivating them to be entrepreneurs, the scheme attracted 700 applicants at the launch stage. Beyond the monetary support, it nurtures the youth's financial ambitions from the onset of the loan scheme, with regional credit experts functioning as advisors to the recipients of business loans.

### Performance of People's Spark Loan Scheme – as at 31 December 2024

Allocation for 2024 LKR Mn.	Total Loans Granted LKR Mn.	O/S Balance LKR Mn.	Number of Loans
2,000.00	437.10	413.47	654

## Women empowerment

The Enterprise Division was a central motivating force for the development of women-centred entrepreneurship, that was launched via ADB financed credit lines. A platform to mentor female entrepreneurs was put into action with the participation of the ADB that provided the technical strengths, bolstering the female participation in economic activity at the community, village, district, and even international levels.

The primary objectives of SME Connect – A National Enterprise Development Authority (NEDA) led digital platform funded by ADB's "Small and Medium-Sized Enterprise Line of Credit" scheme – is to develop a database for female entrepreneurs, and to ensure their long-term prosperity by providing mentoring, financial literacy and emboldening their connectivity to both local and international trade platforms. Diversification based on technical leadership and business acumen of female practitioners are also an objective of SME Connect, which propels unconventional approaches to bolster the female pool of business practitioners in their ascendancy up the financial ladder.

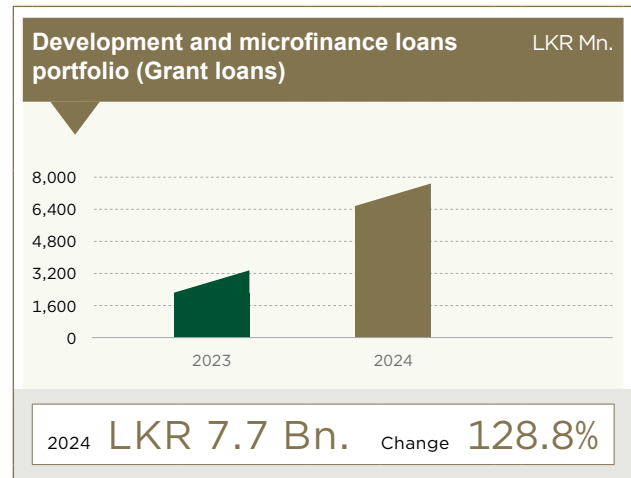
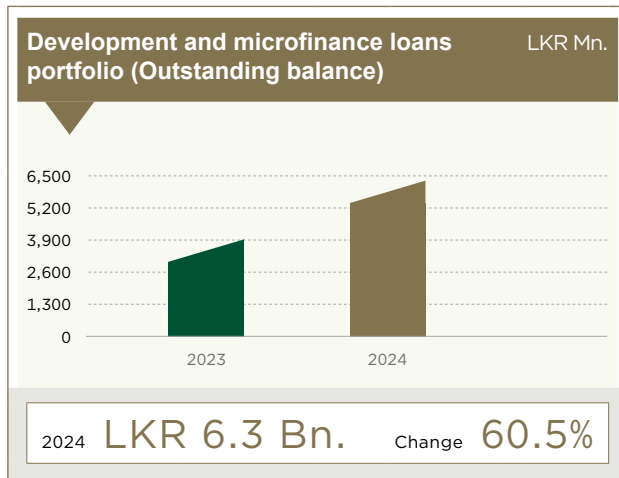
Deloitte's – appointed by the ADB – collaborated with the Bank to provide training in financial literacy to rural women, overseeing to their business acumen and knowledge of financial products that are an integral part of their livelihoods, such as savings schemes and micro and SME loans.

### Performance of Women Empowerment – as at 31 December 2024

Total Loans Granted LKR Mn.	Number of Loans
668.28	506

## Microfinancing

For microfinance, a modality called Entrepreneurship Villages was put into action, where potential customers are provided financial literacy as a cluster, to transform those that were deemed unbankable to mainstream banking products, where cluster members support each other while growing their businesses. The dual functions of issuance of loans and safekeeping of deposits from livelihoods, are mainstreamed via the village modality, and such clusters develop as successful units to capture the services afforded by the Bank for livelihoods development.



### Specialised regional credit units

The regional credit unit clusters were empowered by in-house training in lending to expand the customer base. On this front, 2024 stood out as a year of strong success, while 2025 scopes well on the development of credit lines to strategic markets. The aggressive canvassing is a strategic priority on many fronts now and will be a key aspect in capturing a stronger market share. Debt repayment of the new customers was impressive, diminishing exposure risks in relation to new business lines secured in 2024.



### Business revival unit

Established by CBSL to withstand the shocks of the economic crisis and the pandemic residue effects, the unit focused on restructuring disbursed credit to manage NPLs and revive the businesses. Efforts exerted by the unit improved credit quality within the Enterprise Banking, and managed NPL ratios within desired levels.

Strategies adopted included marking down the NPLs, and restructuring loan repayments and interest rates, offering some respite to the customers who suffered economic hardships. The unit entertained LKR 24 Bn. worth of proposals while 35% of revived loans were received in line with the customer's financial position.



### Product range - Development loan schemes

The Bank offers a suite of asset products as part of rural development mandate, and function to offset financial burdens by financing development of livelihoods which are based largely on agriculture.

<b>People's Power Loan Scheme</b>	This is a loan scheme that provides financial assistance to the microfinance sector to support the growth and sustainability of the business ventures that are both commercially and financially viable. This bank-funded scheme provides comprehensive financial support, catering to both investment needs such as the establishment of new businesses and the expansion of existing enterprises and working capital requirements for maximum amounting to LKR 5 Mn., offered at concessionary interest rates, it aims to enhance business sustainability and foster long-term growth within the sector.
<b>Vanitha Saviya Loan Scheme</b>	The Bank has introduced this concessionary loan scheme to promote the development of women entrepreneurs by facilitating their access to banking services for viable business ventures. The scheme focus on increasing women's contribution to national economic development, strengthening their leadership in rural economic growth, improving living standards through the empowerment of emerging women entrepreneurs by providing LKR 5 Mn. as a Maximum for investment and working capital purpose.

<b>Kapruka Ayojana Loan Scheme</b>	This is a reinvestment based concessionary loan scheme sponsored by the Coconut Cultivation Board as the apex body, in collaboration with People's Bank to bolster the coconut industry in Sri Lanka by providing investment capital amounting to LKR 7 Mn. as a maximum. An interest rate of 8% is charged for loans while the Bank provides advisory services pertaining to coconut cropping practices to bolster productivity and yields in collaboration with coconut cultivation Board.
<b>Smallholder Agri Business Partnership Programme</b>	As a programme implemented by the CBSL, this targets the development of the domestic agricultural sector, both in agribusiness and agriculture-centred entrepreneurship, as well as mobilising funds through community-based financial intermediation via village-based farmer networks, tackling the tripartite markets of agriculture, fisheries, and livestock.
<b>Aswenna Loan Scheme</b>	This loan scheme is designed to transform traditional farmers into agribusiness entrepreneurs by encouraging the adoption of agro-mechanisation and scientific cultivation methods. This initiative aims to enhance productivity and financial viability while supporting a wide range of agriculture-related businesses. The scheme provides financial support for investments such as purchasing paddy lands (with an investment ceiling of LKR 5 Mn.) and working capital requirements (up to LKR 2 Mn.).
<b>People's Paddy Pledge Loan Scheme</b>	This is available to Paddy Millers and Paddy Collectors in purchasing paddy. There is no upper ceiling for this scheme, while 13% interest is charged per annum. The repayment is due in a maximum of 180 days.
<b>NCRCS Loan Scheme</b>	The objective of this scheme is the poverty alleviation among the farmer community. Thirty-two crop varieties are covered under this scheme, and advisory services are provided for use of best practices in agriculture on site-specific agronomic methodologies to be employed including intercropping, fertilizer inputs and integrated pest management.



## Outlook 2025 and beyond

Development-oriented banking schemes and products are a primary toolkit of the Enterprise Banking Unit going forward in 2025, to ensure that wealth disparity is reversed while uplifting SME and Microcredit schemes serving the most vulnerable segments of society. In terms of the SME markets, the mid-sized markets are the Bank's staunch focus, as it hopes to build on the momentum of 2024, leading to empowerment of parties engaging in small and medium-sized enterprises.

Technology inputs, precision agriculture, development loans, mentoring of future leaders in rural business, are some of the key factors of the Bank going ahead. A 30-40% growth in portfolio strength is expected for 2025, as the Bank sees fresh potential in Commercial, SME and Microcredit markets.

# CORPORATE BANKING

With a contribution of over 40% to the Bank's loan portfolio, the Corporate Banking Division (CBD) was assigned with the task of navigating the headwinds of economic downturn and support businesses that needed financial assistance, thereby, delivering a strong performance in 2024.



## Our approach

As a state-owned bank with the clear mandate of public welfare, state-owned-enterprises (SOEs) represented a large share of CBD portfolio. In 2024, we expanded our efforts in pursuing private sector corporates, in a strategic move to diversify our loan portfolio, reducing our reliance on SOEs to achieve a balance in our loan spread.

## Highlights



**100 New Corporate  
Customers onboarded**



**Over 60% of the new  
customers were granted  
loan facilities amounting  
to LKR 103 Bn.**



**28% Increase in the Private  
Sector loan portfolio**



**NPLs Well managed without  
any further increase**



## Expansion to the private sector

### Focus on onboarding new customers

We launched a vigorous campaign to onboard private sector corporates to our customer portfolio through the year. Focused training was offered to enhance our sales team's ability to approach the private sector and export companies, including credit evaluation, customer relationship management, and sales technique. Weekly meetings and pocket meetings ensured quick resolution of any issues or two-way-communication about challenges and resolutions. Accompanied by a senior member of the staff, the teams were able to increase the private sector loan portfolio from 20% in 2023 to 28% in 2024.

### Robust risk evaluation and monitoring

Simultaneously, we embarked on rigorous risk evaluation and risk management of the new corporates. Continuous monitoring ensured that non-performing was well contained.

### Extending support to existing customers

While internally we shifted our sales strategy to better engage with the private sector market, externally we extended assistance to the enterprises that were experiencing financial difficulty due to economic hardships. Although no formal moratoriums were offered, the Bank proactively revised the terms and conditions of the existing facilities to revive businesses that a flailing due to economic debacles of previous years.

We extended significant support to the apparel sector which was negatively impacted by the challenges of the previous years. Through rescheduling and restructuring loans, we assisted our customers to weather the economic downturn. We are pleased to report that several such industries are currently performing well.

## Supporting local manufacturers

In response to the continued prohibition on vehicle imports, we supported the local vehicle assembling plants that were manufacturing for domestic consumption. Additionally, we financed green projects for renewable and solar energy, a strategy which is aligned with the overall Bank's strategy for sustainability.



## A well-equipped team

The change in our strategy required a highly skilled sales team proficient in technical and soft-skill tools to meet the challenges in the private sector. Trained in Customer Relationship Management and allocated with a portfolio of customers to nurture and manage, the team has been a vital component of our success in 2024 and is well equipped to confront the challenges and opportunities in 2025 and beyond.



## Outlook 2025 and beyond

Our focus will be increasing the private sector and export/import sector loan portfolio with a superior asset quality and lowering the NPL. Additionally, we will concentrate on growing our foreign exchange deposits and remittances while offering fee-based products to our customers.

# TREASURY

Our financial stability combined with the long standing and trusted relationships with our counterparts ensured a strong performance consolidating our position as a market leader in the country's banking industry.

## Our approach

We leveraged the robust relationships built over several decades with our domestic and international partners to navigate the challenges posed by the macroeconomic crisis, which had spill-over effects into the early part of 2023. This year, we successfully re-established interbank lines with our counterparties, including international partners, which enhanced our liquidity and market standing. In addition, our Treasury team capitalised on emerging opportunities, driving notable income growth from Treasury activities. Our Investment Banking Unit was successful in issuing a debenture which was oversubscribed, reflecting the strength of our relationships and investor confidence. These accomplishments not only underscore our strategic focus on financial growth but also demonstrate our ability to navigate the market effectively in a dynamic environment. The Treasury Unit successfully achieved these goals while staying the course by diligently adhering to regulatory requirements and in compliance with FX Global Code (FXGC), which are the hallowed mode of operation at the Bank.

## Highlights



**Debenture Issuance - oversubscribed**



**Recommencing assertive sales strategies**



**Process reimagined through lean management**



**Accessing clean credit lines by end of 2024**





## Performance

The constraints we experienced at the beginning of the year gradually dissipated and during the year 2024 due to improved market conditions the Bank was able to expand its business opportunities to record the highest ever profits. In line with this, the Investment Banking Unit (IBU) too recorded its highest-ever income of LKR 844 Mn. in 2024 by expanding its operations which included custodial, trustee, and advisory services during the year. The IBU was also successful in raising LKR 13.515 Bn. for the Bank's Basel III-compliant Tier 2 Debenture issue. The Bank carried excess liquidity, that was channeled into short, medium, and long term investments while awaiting the recovery and growth in retail and corporate credit activities. Our aggressive sales strategy through the Treasury sales team which was initiated a few years back, made good progress in boosting business volume, by which a substantial amount of Treasury income was booked. The Bank recorded capital gains amounting to LKR 573 Mn. as interest rates significantly reduced through the year. The Treasury Unit gained momentum despite the aftereffects of the crisis, showcasing our collective efforts to navigate challenges, adapt our strategies, strengthen relationships and build a strong, successful team focused on delivering value to our stakeholders.



## Sustainable strategies

In an era where heavy competition has led to shrinking margins, we implemented lean management concepts to streamline and improve our processes. This approach significantly enhanced our service delivery that contributed to enhanced performance. Due to the specialised nature of Treasury operations of the Bank, retaining our well skilled, experienced, and market-aware team was an imperative, in the backdrop of workforce mobility. We concentrated on upgrading compensation, improving staff welfare, and continued to work to ultimately achieving favourable outcomes to the Bank. We are pleased to record that our staff, our greatest asset, consistently demonstrated their value by meeting challenges to deliver an exceptional performance thereby achieving the objectives of the bank. to achieve the objectives of the Bank. The Treasury organised multiple awareness sessions for the branch network, which significantly boosted the knowledge of the branch staff on Treasury products.



## Challenges

As a dynamic division of the Bank, the Treasury Unit, continued to work through the challenges to deliver uninterrupted service during the pandemic. The Bank's cutting-edge technology and digitalisation further augment its reputation as a force, in the industry. As such, we will continue with our track record of being available to our customers, implement the aggressive sales drive, further strengthen our excellent business relationships with our local and international counterparts, drive cross-sell opportunities, and seek out sustainable avenues for investment. Working within a strong compliance and governance culture, we are confident of delivering our performance objectives for 2025 and beyond.



## Outlook 2025 and beyond

Challenges were dictated by a prolonged economic degrowth leading to negative fiscal standing and low country ratings where challenges continued through 2024. This was due to import restrictions, and other challenges including elevated tax rates that drastically diminished the disposable income of the populace. The ripple effect which was felt through the banking sector has created a challenging business environment, that we, together with peers in the industry will have to navigate.

Furthermore, we encounter competition from Fintech companies and other Primary Dealers that offer attractive products in an unconventional manner. We are aware of the dynamic environmental conditions and the needs and wants of the younger generations to be provided with the latest technology and state of the art systems.

# OVERSEAS CUSTOMER SERVICES

Empowering Sri Lankan expatriates with seamless, innovative and customer-centric financial solutions driven by commitment to strengthen FX need of the Nation.



## Our approach

Following the COVID-19 pandemic, Sri Lanka faced a challenging economic landscape marked by a substantial reduction in foreign exchange reserves. This, coupled with a downgrade in Sri Lanka's international rankings, eroded both expatriates' and foreign institutions' confidence. The resulting impact was a noticeable decline in remittances from migrant workers abroad. In addition, political instability during this period prompted significant Sri Lankan expatriates to informal remittance channels, which offered more attractive exchange rates.

To mitigate these challenges, the Bank implemented a series of strategic initiatives aimed at bolstering Inward Remittances and Foreign Currency Deposits. These efforts intensified in 2024, as the Bank introduced new strategies to strengthen its position in the market and enhance its foreign exchange inflows.

As a state bank, the OCS remains at the forefront of efforts to boost foreign currency inflows and ensure the availability of resources critical to Sri Lanka's economic recovery and long-term development. The continued commitment to overcoming both domestic and global challenges plays a vital role in supporting the nation's financial resilience and growth.

We are pleased to highlight our impeccable track record of fulfilling our obligations amidst challenging economic headwinds, that enabled us to build stronger relationships with our remittance partners achieving mutually beneficial outcomes.

## Highlights



**Worker remittances target surpassed by 6.7%**



**Eight remittance relationships with global partners**



**Three new foreign currency products introduced**

The Overseas Customer Services (OCS) plays a pivotal role in supporting Sri Lanka's economic recovery by facilitating the Sri Lankans living and working abroad to send their valued foreign remittances and provides expert guidance on Foreign Currency Accounts and special LKR Accounts supporting both domestic and international customers. Through the Bank's extensive network of global partners, the OCS enables expatriates to efficiently manage their foreign exchange, repatriate earnings, and execute transactions seamlessly. In doing so, the OCS contributes significantly to channelling valuable foreign exchange into the country, a crucial resource for Sri Lanka's financial stability.

Overseas Customer Services, continued to provide dedicated services to migrant workers, exporters, and investors. In addition, we revamped the Personal Foreign Currency Minor's Savings Account to encourage minors' to save in our personal foreign currency savings accounts.



## Initiatives

### Increasing workers' remittances

To increase workers' remittances we expand our international presence and strengthen the relationships, while providing fresh products to niche markets, to expand portfolio. We successfully entered new markets while enhancing relationships in existing corridors like Bahrain, Oman, Kuwait, Spain, and England. The overarching focus was to improve the remittance corridors. We have embarked in markets in Singapore, Malaysia, and Romania. We are pleased to record that we were extremely successful to receive an exponential increase in inward remittances in 2024, that supported Government's efforts in strengthening foreign reserves.

#### ■ Relaunch of People's remittance logo

The "People's Remittance" service logo was relaunched with a new theme, "Sent with Love," featuring a heartfelt video and advertisement that emphasise the meaningful impact of remittances sent to loved ones. The message conveyed is that "the love you send from afar means the world to your family," and at People's Bank, we take pride in facilitating that connection and we embrace the expatriate segment.

## Foreign currency savings accounts

We mobilised foreign currency reserves by relaunching existing products and introducing a line of new products.

#### ■ Relaunch of "PFC" – Minor's savings account as "Ethera Udana" and "Ethera Isura" PFC account

Recognising our fundamental responsibility to contribute to the well-being and development of society and to fulfil this duty by providing accessible financial services to foster social inclusion for all, on 1 October 2024 in celebration of World Children's Day we relaunched the "PFC Minors' Accounts" as "Ethera Udana". The Bank aims to help parents not letting children's foreign education remain a dream, but start saving in foreign currency for them today itself to fulfil the dream.

This initiative, driven by our Overseas Customer Services showcases our commitment to innovation, customer-centricity, and fostering financial inclusion for the younger generation and families, reinforcing our leadership in the banking sector."

#### ■ Introduced "Ethera Isura Premier" Personal Foreign Currency Savings Account (PFCPR) a Slab-Wise Interest Bearing Foreign Currency Savings Account

People's Bank introduced the "Ethera Isura Premier" Personal Foreign Currency Account (PFCPR), a slab-wise interest-bearing foreign currency savings account, to offer competitive interest rates allowing customers to earn more as they save more in foreign currency.

## Business foreign currency accounts

### Introduced slab-wise interest bearing Business Foreign Currency Savings Accounts (BFCA)

The Business Foreign Currency Accounts are tailored for exporters, hoteliers, and businesses generating foreign currency, facilitating the flow of goods and services within global supply chains. This innovative product offers competitive interest rates based on the incremental minimum balance, providing businesses with an opportunity to maximise their returns.



## Rewarding the customers

The “People’s Remittance *Vaasi Kotiya*” was continued for the third consecutive year and resulted in a notable rise in the volume of remittances processed through the Bank, benefiting customers by providing them with the chance to earn valuable rewards with their transactions. This initiative has made a significant impact by recognising the invaluable contributions of Sri Lankan expatriates and we deeply appreciate the dedication of the Sri Lankans working abroad and their vital role in shaping the nation’s economic future.

Prizes not only encouraged more remittance activity but also attracted new customers, offering them added benefits such as higher deposit levels and stronger customer loyalty. By catering to the needs of remittance-receiving families, the initiative provided customers with both financial incentives and increased value, further solidifying the Bank’s commitment to meeting their needs.



## Pre-departure and expat loan

The Bank offers Pre-Departure loans for individuals preparing to travel abroad, ensuring that all essential financial requirements, from visa expenses to airfare are satisfied. In addition, expatriates are eligible for a unique loan programme that may be utilised for a variety of purposes, such as the acquisition of vehicles, housing, education, and renewable energy.



## Partnership strength and presence

The Bank’s cutting-edge digital infrastructure is a boost to conducting real-time web based fund transfers through our state-of-the-art remittance system from our 60+ global partners has a strong reach to increase global remittances. We have stationed 15 representatives in key markets including Kuwait, Qatar, Kingdom of Saudi Arabia, UAE, Oman, and South Korea, to enhance our customer service

and strengthen relationships with expatriates. These strategically placed representatives are dedicated to providing personalised support, facilitating smoother remittance services, and helping our customers access a range of banking products tailored to their needs. This presence in high-potential countries allows us to better understand and serve the growing demands of the expatriate community, reinforcing our commitment to expanding our global reach and delivering exceptional value to our customers



## Challenges

We encountered stiff competition from other local banks, competitive exchange rates, and informal channels. Additionally, challenges such as fluctuating global economic conditions, regulatory changes in both domestic and international markets, and managing the complexities of cross-border transactions further impacted our operations.



## Outlook 2025 and beyond

Plans are under way to launch new products and tying up with new remittance partners, expanding our global network, for 2025 and beyond. We have launched “People’s Remittance *Vaasi Kotiya*” for the fourth consecutive year with leisure based incentives to appreciate the Sri Lankan expatriates and recognise their invaluable contribution. We highly appreciate the unwavering dedication and hard work of Sri Lankan expatriates who support their loved ones at home. Our commitment extends beyond offering secure and efficient remittance services; we aim to foster long-lasting relationships that empower our customers to achieve their financial goals and invest in a prosperous future. Through personalised support and innovative solutions, we are dedicated to helping our customers build a stable financial foundation and create opportunities for long-term success.

# INTERNATIONAL BANKING

Facilitating the export and import businesses and offering training to the corporate customer on trade financing and related operational aspects, the International Banking service served its customers with agile processes and timely transactions, to support the resuscitation of the country's international trade.

## Our approach

Our primary focus is to facilitate and enhance international trade by providing comprehensive advisory services, educating our customers on global trade dynamics, and equipping them with the necessary knowledge to navigate international transactions effectively. Additionally, we are committed to strengthening the expertise of our staff at People's Bank by offering specialised training programmes in international trade. These initiatives ensure that both our customers and employees stay informed about evolving trade regulations, risk mitigation strategies, and best practices in global commerce, thereby fostering seamless and efficient cross-border transactions.

## Highlights



**Over 567 correspondent banking relationships in 70 countries**



**4,983 Export Transactions**



**14,794 Import Transactions**



**03 training workshops conducted to the market**



**427 staff were given on-the-job training**



## Strategic oversight

Our overarching strategy has been centred on increasing export volumes and promoting the utilisation of import facilities available within the bank. To achieve these objectives, we have implemented a series of well-defined strategic initiatives, each aimed at enhancing trade finance services and fostering growth in international business transactions. These initiatives include:

### (a) Establishment of trade finance desks

We have strategically set up Trade Finance Desks in precisely chosen branches across our extensive network. This initiative ensures that businesses and entrepreneurs engaged in international trade have convenient access to specialised trade finance services. By positioning these desks in key locations, we aim to provide expert guidance, streamline trade-related transactions, and enhance customer experience, thereby strengthening our role as a trusted financial partner for importers and exporters.

### (b) Strengthening regional export hubs

Recognising the critical role of regional export hubs in driving national export growth, we have prioritised capacity building and skill development for staff handling export-related business. This includes targeted training programmes, hands-on workshops, and continuous professional development initiatives designed to enhance their expertise. By equipping our teams with in-depth knowledge of export finance, regulatory requirements, and global trade practices, we empower them to offer superior advisory services, facilitating smoother and more efficient export operations for businesses.

### (c) Intensified promotion of trade finance business

To accelerate trade finance growth, we have introduced innovative marketing strategies and an enhanced reward scheme designed to incentivise staff. This initiative focuses on capturing untapped business opportunities in trade finance, reinforcing customer engagement, and driving higher volumes of trade-related transactions. By leveraging strategic partnerships, digital outreach, and tailored financial solutions, we aim to position our bank as the preferred choice for businesses seeking trade finance services.

Through these comprehensive initiatives, we continue to strengthen our commitment to fostering international trade, supporting the business community, and contributing to the country's economic growth.



## Expansion

In 2024, the performance of the International Banking Division was positively influenced by the gradual recovery of the national economy, marked by an improvement in GDP and a strengthening of the country's foreign exchange reserves. This economic resurgence contributed to a revival in trade-related business, supporting the division's overall performance.

However, the year was not without its challenges. One of the most significant hurdles faced by the division stemmed from regulatory directives issued by the Central Bank of Sri Lanka (CBSL), which mandated a reduction in banking sector exposure to state-owned enterprises (SOEs). As a result, the division experienced a considerable loss of high-value business, particularly from key SOEs such as the Ceylon Petroleum Corporation (CPC) and the Ceylon Electricity Board (CEB). The decline in transactions with these entities created a substantial vacuum in foreign currency trading volumes, significantly impacting revenue generation.

In response to this challenge, the division proactively recalibrated its strategy, shifting its focus toward strengthening relationships with private sector customers. A concerted effort was made to promote trade finance and other international banking services, aiming to expand market share in private-sector trade transactions. These initiatives yielded a notable increase in private sector transaction volumes, demonstrating the effectiveness of the division's strategic pivot.

However, despite the growth in private sector engagements, the scale of transactions remains insufficient to fully compensate for the significant business volumes previously contributed by CPC and other SOEs. As such, while the division has made commendable progress in diversifying its business portfolio, the gap left by the withdrawal of SOE transactions continues to pose a challenge, necessitating further strategic initiatives to enhance foreign currency inflows and revenue generation.

Product Line	Business Value LKR Mn. 2024	Business Value LKR Mn. 2023
Imports	905,010	972,792
Exports	243,258	214,236



During the year, the International Banking Division successfully achieved several key performance indicators, reflecting its commitment to excellence, efficiency, and continuous improvement in trade services.

- **Enhancing Service Standards:** The division remained steadfast in its dedication to delivering superior customer service, ensuring that clients received prompt, efficient, and high-quality banking solutions tailored to their needs. By implementing customer-centric strategies and streamlining processes, the division significantly improved service standards, reinforcing its reputation as a trusted financial partner.
- **Capacity Building Through Training:** Recognising the importance of equipping frontline staff with the necessary knowledge and expertise in trade services, the division conducted extensive on-the-job training programmes for 427 branch staff members. These training sessions enhanced their understanding of trade finance products, international banking operations, and regulatory requirements, enabling them to provide informed guidance and seamless services to customers engaging in global trade.
- **ISO 9001:2015 Recertification:** Demonstrating its unwavering commitment to quality management and operational excellence, the International Banking Division successfully secured the recertification of ISO 9001:2015 for trade services. This internationally recognised certification reaffirms the division's adherence to global best practices in process efficiency, service quality, and customer satisfaction. The achievement highlights the division's ability to maintain rigorous quality control measures while continuously improving its service delivery framework.

By fulfilling these key performance indicators, the International Banking Division has strengthened its position as a leading provider of trade finance solutions, fostering trust and reliability among its stakeholders while driving the Bank's international business growth.

In addition it is noteworthy to mentioned that During the crisis, we prioritised securing foreign currency for our valued customers, ensuring their essential transactions were facilitated without disruption. We also provided maximum concessions to support their business continuity and financial stability. During the COVID-19 pandemic, the International Banking

(IB) division remained operational without a single day of closure, ensuring uninterrupted service. We facilitated all essential imports and exports, maintaining seamless trade finance operations. Even amidst the economic crisis and periods of civil unrest, our commitment to supporting businesses remained steadfast, ensuring the smooth execution of international transactions despite challenging conditions.



## Challenges

International banking faces several challenges in ensuring efficient service delivery and sustainable operations. These include foreign exchange market volatility, high taxes and duties on imported goods, stringent policy measures, global trade wars, geopolitical disruptions, and labour shortages, along with agitations at key ports and clearing facilities.



## Outlook 2025 and beyond

As import restrictions ease and economic activity revives, People's Bank remains committed to supporting international trade with enhanced efficiency, competitive pricing, and tailored financial solutions. By streamlining trade finance offerings, we empower businesses with cost-effective and reliable financial support to navigate global trade confidently.

Our focus on digital transformation, process simplification, and proactive customer engagement strengthens operational capabilities and aligns our services with global best practices. With policy reforms, investor confidence, and expanding market opportunities, we aim to drive economic resurgence, reinforce Sri Lanka's global trade position, and foster sustainable growth for businesses and the nation.

# IT AND DIGITAL BANKING

Use of online platforms and mobile applications are the necessary ingredients of Digital Banking. Our relentless determination to vigorously pursue, implement, and market the digital convenience we offer to our customers was a resounding success that helped in financial inclusivity of customer clusters, from all walks of life.

## Our approach

As the largest Commercial Bank with over 750 branches and service centres spanning the island, our customer reach is vast. Conventional banking was our primary form of engaging with our customers, for several decades with in-person visits to the branches and service centres. The modus operandi of banking, however, experienced a drastic change with the advent of digital tools and we swiftly adopted these to deliver greater value to our stakeholders, primarily to our customers. As such, the year 2024 continued with an ambitious push towards upgrading, acquiring, and implementing user-friendly digital tools to suit the needs of a traditional and an ever-evolving GenZ customer base.

IT and Digitalisation departments spearheads our ambitious technological and digital agenda, to provide secure convenience to our customers.

## Highlights



**4.4 million digital solution registrations**



**3.3 million registrations for online and mobile banking services**



**18250+ corporate customers are registered for the corporate online banking facilities**



**Nearly LKR 1.3 Tn. value transactions via online and mobile banking services**



## Digital banking convenience

We continued with our repertoire of digital banking services for the convenience of our valued customers, with enhanced features and benefits.



## Retail customer segment

### People's Wave Mobile app

A top-tier mobile banking app in Sri Lanka, is pivotal in expanding financial access. Its user-friendly design and robust security features ensure a reliable digital banking experience. Seamlessly, users can execute instant fund transfers, settle bills, manage credit card payments, and handle pawning related functions. Biometric login and security safe, round-the-clock banking. This app's popularity stems from its ability to provide comprehensive banking services conveniently, empowering users across the island, especially those in underserved regions, to manage their finances effectively

### People's Web – Retail internet banking

Provides extensive retail features, exceeding those of People's Wave, for superior digital convenience. With nearly 2.5 million registered users and 45,000 new monthly enrollments, it reflects strong customer trust and digital engagement. Offering 24/7 availability, robust security, and intuitive navigation, People's Web ensures an optimal banking experience. Customers benefit from comprehensive account management, detailed transaction histories, and advanced fund transfer capabilities. This platform solidifies People's Bank's commitment to delivering accessible and secure digital banking solutions, catering to a wide range of individual customer needs.

### People's Pay Wallet App

Delivers a user-centric digital payment experience. It features tri-language support, biometric login, and self-registration for seamless Onboarding. Users benefit from stored payment details, simplifying daily transactions. Self-adjustable limits, linked other bank accounts, and secure payments enhance control. Real-time bill payments and effortless QR transactions are facilitated through integrations with utility providers and Government Digital Payment Platform. Reaching over 800,000 users, doubling last year's figures, underscores its rapid adoption. Notably, it empowers customers with secure and effortless access to their CRIB reports (MyReport). This integration allows users to register with CRIB and request their credit information anytime, anywhere, via a user-friendly platform. People's Pay wallet app empowers users with convenient, secure, and efficient financial management.



## Corporate banking segment

### People's Wyn mobile banking app

People's Wyn App is a dedicated mobile banking solution designed for People's Bank's corporate clients. It enables businesses to manage financial operations remotely, offering convenience and efficiency. The app supports fund transfers via CEFT and SLIPS, utility bill payments, and provides comprehensive account visibility, including real-time cheque status monitoring. Secure transaction authorisation capabilities ensure enhanced control. With its user-friendly interface, People's Wyn empowers businesses to manage finances on-the-go, responding promptly to financial opportunities. This app exemplifies People's Bank's commitment to delivering advanced, secure, and accessible digital banking solutions for corporate clients.

### People's Web Corporate online banking facility

This offers an extensive range of corporate banking services, surpassing the capabilities of People's Wyn Mobile, all secured by robust multi-level authentication. This platform caters to over 18,000 registered corporate clients, evidencing its widespread adoption and reliability. It facilitates seamless utility and corporate bill payments, including LPOPP, streamlining financial operations significantly.

Furthermore, People's Web Corporate provides comprehensive, end-to-end digital solutions for crucial functions like payroll management, bulk payments, fixed deposit transactions, and outward remittances. Importantly, it empowers importers and exporters to apply for vital trade finance products, such as Letters of Credit, Shipping Guarantees, Bank Guarantees, and Trade Loans. People's Web Corporate stands as a testament to People's Bank's dedication to delivering advanced, secure, and efficient digital banking solutions tailored for its corporate clientele.



## Process improvements

### People's Wiz Accounts-Digital accounts opening

This represents a pioneering advancement in digital banking, establishing itself as the first real-time digital customer onboarding application across Southeast Asia, Africa, and the Middle East. This innovation significantly contributes to People's Bank's Green Banking Vision by substantially reducing paper consumption, aligning with sustainable operational practices.

Since its launch in July 2017, People's Wiz Accounts has successfully onboarded 4.8 million customers, demonstrating its widespread acceptance and operational efficiency. The platform incorporates an advanced anti-money laundering system, streamlining the account opening process by eliminating redundant system logins.

Furthermore, bundled service offerings, including instant activation of debit cards, e-statements, Internet Banking, Mobile Banking, and cardless cash facilities, minimise both customers' wait times and internal operational workloads. Enhanced digital documentation practices, facilitating electronic processing via email and system integration, further reduce the need for physical printing, signing, and filing.

Customers receive prompt SMS and email notifications upon successful account opening. An automated document archival system ensures secure and efficient storage of documents for future reference, bolstering the platform's overall efficiency and user experience.

#### **People's eZE Accounts-Virtual accounts opening**

People's eZE Accounts revolutionises account opening with its virtual service, eliminating the need for traditional branch visits. This platform features a remote digital identity verification process, enabling seamless customer onboarding from any location. By integrating directly with the Department of Persons, it ensures instant National Identity Card verification, enhancing security and efficiency.

Utilising AI-based verification, the system cross-checks a customer's physical appearance with their NIC and uploads photos, adding an extra layer of authentication. Furthermore, the platform incorporates video documentation of the remote KYC process, providing a secure record for future references. Location-based verification via Google services further enhances accuracy. This comprehensive approach ensures a secure, convenient, and efficient virtual account opening experience, reflecting People's Bank's commitment to digital innovation and customer convenience.

#### **People's Wiz Credit – Retail Loan Origination System (RLOS)**

This represents a significant advancement in retail loan processing, replacing traditional manual procedures with a cutting-edge digital platform. This system enhances efficiency and accuracy, streamlining the entire loan lifecycle. An advanced risk rating mechanism automates borrower evaluations, ensuring precise, data-driven lending decisions.

Furthermore, RLOS automates the creation of legal documents, guaranteeing consistency, compliance, and uniformity. By standardising loan procedures, the system minimises human error, improving operational accuracy and reliability. An automated loan approval workflow significantly reduces processing time, enhancing customer experience through a seamless, fully digital process. This platform underscores People's Bank's commitment to leveraging technology for enhanced operational efficiency and customer satisfaction in retail lending.

#### **People's Wiz Credit – Corporate Loan Origination System (CLOS)**

Introduces a fully digitised system designed to streamline the origination and approval of business loans. This platform supports both individual credit facilities and comprehensive credit packages across a diverse product range, catering to varied business requirements. Integrated tools facilitate the evaluation of financial statements, risk rating, and creditworthiness, enhancing decision-making efficiency and accuracy.

By minimising manual intervention, CLOS ensures a smooth and accelerated loan processing experience. The system significantly speeds up the loan approval cycle, enabling businesses to access essential funding more rapidly. This expedited process directly contributes to economic growth by empowering businesses to seize opportunities and drive expansion. People's Bank's implementation of CLOS underscores its commitment to leveraging advanced technology to support corporate clients and foster economic development.

#### **People's eZE Credit-Virtual loan processing**

People's eZE Credit introduces a fully virtual loan application platform, significantly reducing reliance on physical paperwork and branch visits. This system provides applicants with real-time updates on their loan application status, fostering transparency and proactive expectation management. Electronic document uploads streamline the application process, enhancing customer convenience and efficiency.

The digital workflow accelerates the entire loan lifecycle, from initial submission through approval and disbursement, substantially reducing turnaround times. This remote application capability minimises the need for physical branch interactions, offering a seamless and accessible lending experience. eZE Credit exemplifies People's Bank's commitment to leveraging digital innovation to provide efficient, transparent, and customer-centric lending solutions.

## The People's Pay Merchant Module

The People's Pay Merchant Module facilitates the adoption of real-time digital transactions among small businesses, primarily through LankaQR registrations. Fully compatible with LankaQR and mVisa, it ensures secure and convenient digital payment processing. This module streamlines QR registration request handling, significantly enhancing operational efficiency. By encouraging the transition to digital platforms, it empowers small businesses to participate in the modern financial ecosystem, fostering economic growth and enhancing customer convenience. This initiative demonstrates People's Bank's commitment to supporting small businesses through advanced and efficient digital solutions.

## People's Bank: Championing Customer Support in the Digital Banking Revolution

In the dynamic realm of digital finance, People's Bank has strategically emerged as a vanguard, prioritising comprehensive customer support to ensure the seamless adoption of its digital banking solutions. Acknowledging the potential challenges associated with technological integration, the bank has meticulously crafted a multi-faceted support framework. This approach not only elevates customer satisfaction but also plays a pivotal role in fostering digital inclusion, thereby contributing significantly to the advancement of Sri Lanka's digital economy.

### I. Empowered Staff: The Cornerstone of Digital Support

People's Bank's extensive island-wide branch network serves as a vital conduit for driving digital banking adoption. Recognising the indispensable role of human interaction alongside technology, the bank invests substantially in continuous training and awareness programs for its staff. These initiatives transcend mere technical proficiency, focusing on transforming employees into proficient digital ambassadors.

Staff members undergo rigorous training to demystify digital banking, delivering clear, accessible explanations and practical demonstrations. They are equipped to address a spectrum of customer inquiries, troubleshoot technical issues, and provide comprehensive education on the optimal utilisation of digital banking solutions, with a strong emphasis on security best practices. This personalised, human-centric approach cultivates trust and empowers customers to confidently embrace digital tools.

### II. Digital Banking Support Module: Empowering Staff, Enhancing Service

People's Bank's Digital Banking Support Module is a centralised online knowledge hub for all staff. It provides instant access to FAQs, troubleshooting guides, and digital banking documentation. This accelerates problem resolution, reduces customer wait times, and ensures consistent, high-quality support across branches.

Staff gain up-to-date knowledge, enabling accurate assistance. Streamlined document handling optimises processes, delivering a seamless digital experience. The module empowers staff, leading to improved customer satisfaction and efficient service delivery, solidifying People's Bank's commitment to digital excellence.

### III. Dedicated Helpdesks: Specialised and Timely Assistance

People's Bank has established dedicated help desks and specialised support teams to address complex digital banking service issues. This strategic approach ensures that staff members can seamlessly escalate intricate problems to teams with specialised expertise, guaranteeing prompt and effective resolutions. This system minimises customer frustration and reinforces the Bank's unwavering commitment to providing timely and expert support.

### IV. 24/7 Contact Center: Uninterrupted Customer Availability

Recognising the paramount importance of round-the-clock support, People's Bank operates a 24/7 contact center. This ensures that customers can seek assistance at any time, regardless of their location or time zone. This commitment to continuous support significantly enhances customer satisfaction and ensures a seamless and uninterrupted experience with the Bank's digital banking solutions.

### V. People's Zen Chatbot: Instant and Intelligent Digital Assistance

People's Zen, the Bank's intelligent chatbot, provides instant support for a wide range of digital banking queries. Available 24/7, People's Zen delivers swift responses, efficient problem-solving assistance, and personalised guidance. This chatbot streamlines access to information, reduces customer wait times, and exemplifies the Bank's dedication to digital innovation and exemplary customer service.



## VI. Social Media Support: Engaging, Educating, and Empowering Customers

People's Bank leverages the power of social media platforms to educate customers on the features, functionalities, and security practices associated with its digital banking solutions. Engaging video clips, informative posts, and content guide customers through the intricacies of the Bank's digital platforms, building confidence and fostering digital literacy. This proactive approach not only promotes digital adoption but also reinforces the Bank's commitment to customer education and support in the ever-evolving digital landscape.



## Process reimagining

### Application programming interfaces (API) network

As green loans and sustainability conscious investments gain prominence in the banking industry, with the retail customer opting for transformative and customer-focused advanced technology, the Bank's API system interconnects and enables seamless communication and data exchange between different software applications to deliver great value to our stakeholders. Equipped with cutting-edge technology, we can speedily connect customer management, payment gateways, and inventory databases to work in harmony, increasing integration, scalability, and flexibility in software ecosystem.



## Progress indicators 2023 vs 2024

Description	2023	2024
Number of ATMs CDM and CRM machines outside the Western Province	779	788
Digital solution registrations (million)	3.4	4.4
Number of digital corporate customers registered with mobile and online banking facilities	13,100+	18,250+
Number of accounts digitally onboarded (million)	3.8	4.8+
Number of transactions done via online and mobile banking for the year (million)	98.3	161
Value of transactions done via online and mobile banking for the year (LKR Bn.)	1,042	1,296



## Data security

Personal data protection in Sri Lanka is governed by a robust regulatory regime, and adherence is non-negotiable. Our primary regulator is the Central Bank of Sri Lanka and as such, we are governed by the Banking Act No. 30 of 1988 and amendments thereto. In addition, the Personal Data Protection (PDPA) Act No. 9 of 2022 specifically provides mechanisms for protecting personal data, including that held by banks, while facilitating the growth of the digital economy.

We continually test and enhance our software systems and digital solutions through our IT department and by purchasing external technology solutions that are customised for the needs of the Bank. We continued with the practice in 2024, stringently testing new applications prior to implementation.

The Bank continually enhances its software systems and digital solutions through in-house software developments and by purchasing external technology solutions that are customised for the Bank's unique requirements. We are well ahead of our competition in this area and will continue to be an agile digital provider to our valued customers.



## Information security

We implemented an information security system mainly on our technological infrastructure, partnering with several world-class IT security providers achieving ISO200001-2022 certification. We carry out risk assessments every quarter and the risk assessment, monitoring, and surveillance system achieved ISO 270001-2022 certification.

We continually assess our system security and where incidents occur immediate action is taken. We also activate our simulator programmes on a quarterly basis, testing our system capacity to absorb shock and normalise without any breach of confidentiality to customer data and information security.



## Outlook 2025 and beyond

We will continue to invest in superior digital and information technology assets, exploring avenues to stay atop the competition garnering a larger customer share to the Bank.



# CARD SERVICES

An integral part of modern personal finances, Credit Cards fulfil the need for easy and emergency cash, build credit history, and gain access to a variety of rewards, when used responsibly.

## Our approach

The demand for easy credit to fulfil consumer purchasing and emergency cash has surged in the aftermath of the economic crisis. Although the Credit Card product has been in operation for decades, we identified an escalating demand it in various customer segments during the past few years. Being aware of differentiated needs, the Bank has introduced a suite of card products, to meet with different customer needs and aspirations.

## Highlights



**New Credit Cards issuance increased by 484%**



**Portfolio expanded by 32%**



**Credit Card volume increased by 16%**



**Debit Card retail transactions increased by 43%**

Despite a market downturn of -9%, People's Credit Card demonstrated remarkable resilience, achieving a steady growth of 32% in 2024. The Card Centre reported a profitability of LKR 4.13 Bn. while successfully issuing 23,960 new credit cards during the year. Additionally, People's Bank, with a strong active debit customer base of 4.5 Mn., issued 838,490 new debit cards in 2024. The Card Centre effectively maintained a Non-Performing Loan (NPL) ratio of 9%, reflecting strong portfolio management and financial stability.

The banking landscape is dominated by electronic transactions, predominantly by Credit and Debit Card transactions. Facilitating consumer spending and enhancing cash flows to businesses, the global impact of credit card usage has spurred technological innovations, connecting markets and people across the world, and removing barriers to spending. While as a Bank with public welfare at our core and promoting responsible usage of the card product, our Credit Card Division continues to play a pivotal role in financial inclusivity in the communities outside the Western Province in multi-faceted ways.

**People's Bank has partnered with Sri Lanka Railways as the official banking partner for online ticket issuance.**

This initiative enhances convenience for daily railway passengers, allowing them to purchase tickets seamlessly through digital channels without hassle. By streamlining the ticketing process, we aim to improve accessibility, reduce wait times, and support the modernisation of Sri Lanka's railway services.

**People's Bank successfully launched an Internet Payment Gateway (IPG)**

To power the International Buddhist Museum Complex of Sri Dalada Maligawa, Kandy. This initiative enables

Buddhists and tourists worldwide to make seamless and secure online payments, enhancing accessibility and convenience. By integrating digital payment solutions, we are supporting the preservation and global reach of this sacred heritage site while embracing modern technology for a better visitor experience.

**People's Bank and People's Leasing have joined hands to introduce the co-branded CLASSIQUE VISA Infinite Credit Card**

This product designed exclusively for PLC Premier customers. This premium offering comes with a suite of elite benefits, providing unparalleled luxury, convenience, and financial flexibility. With exclusive bundled perks, the CLASSIQUE VISA Infinite Card is tailored to enhance the lifestyle of our most valued customers.

**People's Cards successfully organised special credit card promotions at Kandy City Centre (KCC) and partnered with Havelock City Mall for its 1st anniversary celebration.**

This initiative significantly enhanced market visibility for the People's Credit Card brand, attracting a strong customer response and reinforcing our position in the competitive credit card market. This enables People's Bank to enhance the digital payment systems not only to Colombo but also in regional level.

**People's Bank launched a National-Level Debit Card Usage Campaign to drive increased debit card transactions at POS terminals and online platforms.**

This initiative aimed to encourage customers to adopt debit cards for everyday retail and digital payments, fostering a seamless and secure cashless payment culture across the country.



## Product range

People's Visa Classic/ MasterCard Classic Credit Card	Offers a credit ceiling of LKR 99,000
People's Bank Visa Gold/ MasterCard Gold Credit card	Offers a credit ceiling facility between LKR 100,000 – LKR 199,000
People's Visa Platinum/ MasterCard Platinum	Offers a credit facility of LKR 200,000 – LKR 599,000
People's VISA Signature/ MasterCard World Card	Offers a variety of benefits applicable locally and internationally, and has a minimum credit facility of LKR 600,000
People's Bank Elegance VISA Infinite credit card and PLC Classique VISA Infinite Credit Card	Establishes a new standard for personalised services, with premium travel related benefits. Corporate Credit Card version of this product enables companies to easily track and control expenses as a real-time expense management tool, an all-access permit to corporate spending that a benchmark on business-associated expenses.
People's Bank VISA <i>Vanitha</i> <i>Vasana</i> Credit Card	Offers a credit facility of LKR 100,000 – LKR 599,000

We introduced a new cashless card channels, which is a convenient payment gateway with extreme transaction security with where the customers can track their electronic spending.

The Bank's digital innovation significantly contributed towards through-the-line (TTL) marketing drive, in addition to the above-the-line and below-the-line marketing trends. Dissemination of promotional information and marketing campaigns were implemented in real-time and in the mass-marketing approach.



## Merchant acquiring business

Our merchant acquiring services enable businesses to accept payments seamlessly through networks. Our primary focus is on empowering SMEs and supporting government projects by providing secure, efficient and cost effective payment acceptance solutions.

- Number of new merchants grew by 47% in 2024
- Merchant acquiring business volume grew by 48% in 2024



## Outlook 2025 and beyond

Credit Cards are a crucial instrument in the global financial landscape and the Bank is fully geared to meet the increasing demand for the product. With its expansive reach and customer base, the product has the potential to grow exponentially across various market segments we serve, delivering value while returning a high yield to the Bank.

- **People's Card Centre is set to introduce a Credit Card Reward System** with a redemption points mechanism to enhance customer engagement and drive increased card usage. This initiative will incentivise frequent transactions by allowing cardholders to earn and redeem points for exclusive rewards, creating a more rewarding and seamless spending experience with People's Credit Card.
- **People's Card Centre is introducing an Interactive Credit Card Statement Service** to help customers manage their finances more effectively and use their credit cards with greater confidence. This enhanced digital statement will provide real-time insights, spending analysis, and personalised recommendations, empowering users to track expenses, set budgets, and make informed financial decisions seamlessly.
- **People's Card Centre is introducing a dedicated SME Credit Card tailored for the unique needs of small and medium-sized enterprises (SMEs).** Designed with value-added features, this card will provide financial flexibility, exclusive benefits, and tailored credit solutions to help SMEs grow and manage their businesses more efficiently. By empowering SME owners with seamless access to credit, rewards, and business support services, this initiative aims to drive business growth and create more value for the targeted customer segment.
- **People's Card Centre is in the process of enhancing the mobile banking app with new credit card features to elevate the customer experience.** These upgrades will provide users with seamless access to real-time transaction tracking, credit limit management, instant bill payments and enhanced security controls. By integrating these features, we aim to offer greater convenience, financial transparency, and a more user-friendly digital banking experience for our valued credit card customers.
- **In 2025, People's Card Centre plans to conduct four major shopping mall promotions and four regional promotions** to expand market reach and enhance customer engagement. These initiatives will offer exclusive deals, discounts, and value-added benefits, encouraging more customers to experience the advantages of People's Credit Cards. By strategically targeting key retail hubs and regional markets, we aim to strengthen brand visibility, drive card usage, and provide a rewarding shopping experience for our valued customers
- **Introducing mini POS product.** This product design to empower SME, and micro businesses. This initiative, low cost solution makes card acceptance easier and more accessible than ever with cutting-edge technology and affordability at its core, our mini POS helps businesses expand their payment options effortlessly.
- **Partnering with government card payment acceptance projects** and this strategic move to align with the broader goal of government payment digitalisation. This initiative helps streamline financial transactions, promote transparency, reduce cash handing and enhance accessibility for citizens.

# MARKETING

The Bank's cumulative presence on conventional and digital media platforms is pivotal in determining the Bank's brand visibility and positioning in the minds of all stakeholders.



## Our approach

We leveraged a comprehensive mixture of conventional and digital platforms of marketing, to reach existing and potential customers and to maintain the highest Top of the Mind Awareness for the brand in the industry. Digital marketing was extensively and effectively used to reach GenZ and Millennial customers who are tech savvy and prefer online communications to the conventional. In addition, a combination of communication channels were utilised in an integrated manner to attract specific customer segments such as the High Net Worth and Corporate customer bases, which contributed significantly to bank's performance.

The Marketing Department manages the primary voice of the Bank that drives brand value, customer engagement, awareness, and revenue growth among many others.

## Highlights



**100,000 Subscribers with Silver Button award from YouTube**



**100,000 Tik Tok subscribers**



**WhatsApp Channel  
The largest in the country  
in the banking industry**



**900,000 Facebook followers**



## Marketing channels

### Social media

In today's interconnected world, the landscape of marketing in the banking industry has undergone a profound transformation. Our Marketing department continued to leverage on SEO marketing, social media, and digital advertising to push boundaries of online engagement to enable us stay ahead of our competition. Content marketing, and a combination of other digital strategies helped us maintain our strong brand visibility.

The Bank's YouTube channels surpassed 100,000 subscription gaining the Silver Button status, while the Tik Tok following exceeded 100,000, which is the highest in the industry. A WhatsApp channel was created to provide pertinent and timely information related to the Bank's array of products, which has gone on to becoming the country's largest WhatsApp channel among all the banks. Facebook, LinkedIn and Instagram are also social media tools used to improve the visibility of the Bank, and capture a technology savvy customer base, that engages with the brand from the comforts of their mobile phones and homes.

### Public Relations

PR offer a medium to reach out to our stakeholders, including customers and general public in a cost effective and highly credible manner. Hence, PR value and the number of PR articles are closely monitored vis a vis the competition, to ensure an appropriate level of visibility is received by the brand.

### Service level evaluation

A Mystery Customer Survey is conducted every six months and the findings are benchmarked against the competitors with a view to maintaining utmost focus on service quality and customer experience. The survey findings serve as a KPI in key staff members responsible for customer touch points. In addition, the findings are also used as an input to design the Bank's Training and Development activities.

### Socially conscious marketing

The channelling of new products to related customer groups such as senior citizens, women and other segments of society is crafted on the product specificity, and with consideration to the changing social dynamics such as the female participation in economic activity in the country. The Bank is sensitive to the social well-being of the elderly and financial inclusivity of the unbanked which are given due consideration in marketing programmes.

In addition, a range of online activities are carried out annually to bring public focus on matters that affect society at large and thereby make positive changes in public opinion.

The trilingual web presence and interfaces that are friendly for the differently abled persons including those handicapped by limitations in sensory acuity, contribute to include and engage all demographics and subsectors of society.

### Harnessing AI capabilities

An AI powered Chatbot was added to the Bank's website to further assist our customers in speedy resolution of issues or access information around the clock. AI technology is also being used by the bank to enhance the creatives used in marketing communications, cost effectively.



## Corporate Social Responsibility

The Division has also integrated the Bank's Corporate Social Responsibility (CSR) strategy into the overall marketing strategy, thereby enhancing value creation for the brand as well as society through the design and execution of community welfare programmes for maximum impact. Please refer the Community Capital chapter of this report for further details of the Bank's CSR activities during 2024.



## Marketing communications

### GRI 417-3

There were no incidents of non-compliance with regulations and/or voluntary codes about marketing communications. As compliance with the regulating authorities is high on our corporate governance agenda and is a thread that weaves through all of Bank's operations, marketing communications are stringently vetted prior to release. Crafted in all three languages, containing all relevant information, terms, and conditions, the customers can access these through digital channels and at the branches.

A dedicated 24-hour Call Centre is available for further assistance and information. In addition, the People's Bank tri-lingual website provides information on product features, interest rates, exchange rates, applicable charges, other relevant information, and updated frequently.



## Challenges

The mindset of the general populace was predominantly affected by volatile economic conditions in the year under review. As such, the marketing voices were not a priority as the majority's state of mind was not conducive to receive, interpret and respond to marketing messages.

Recruiting and retaining talent with strong digital skills was also a challenge due to large scale brain drain that prevailed.

Public's constant connectivity to social media while beneficial can also pose a challenge as unfounded negative news can spread quickly. To counter this, we implemented multiple strategies, including participating in television talk shows, and social media itself, to clear the narrative.



## Outlook 2025 and beyond

Our marketing strategy for 2025 will prioritise use of video enabled media than static messages, to effectively convey our message to the public. We will focus on building the corporate brand of People's Bank in 2025, evolving from a perception of being seen as a public welfare institution to a hybrid model that encompasses public welfare and corporate dynamism. Our product offering will be tailored to specific customer groups to suite their unique needs, rather than rely on mere demographic data. We will aggressively pursue our digital initiatives and also continue to implement awareness programmes on how to utilise digital banking conveniences and educating public on safeguarding banking activities against scams and frauds.



# FINANCIAL CAPITAL

As a state-owned institution, the Bank is a connoisseur at integrating its public welfare role with that of commercial goals as its performance to a large extent, is tied with the country's economic landscape. In 2024, however, a paradigm shift was introduced, where we vigorously pursued banking the private sector without lessening our focus on the social cause mandate.



## Highlights



**Net interest income  
growth of 97.4%**



**7.6% growth in  
customer deposits**



**Profit after tax of LKR 25.1 Bn. -  
historically best result**



**Total asset growth by 8.5%**

## Our approach

We approached the year with renewed vigour and a well carved out strategy to enfold a share of the private sector that showed signs of reviving, in the aftermath of macroeconomic changes. Monitoring these trends, we moved with agility, capitalising on the growing demand for digitalisation, lending opportunities, and managing the excess liquidity with prudence and forethought.

## Material themes



Productivity



Socio  
economic  
impact



Risk and  
Governance

### Opportunities

- Private sector and industrial sector revival paving way for lending, with construction sector commencing operations, although at a sluggish pace.
- Increased inward remittances building the foreign currency reserves.
- Exponential increase in tourism resuscitating allied SMEs and MSMEs where the Bank's presence is prevalent.
- Being recognised as a leader in digital banking.
- Enhanced opportunities for green financing.
- Partnering the regulator in implementing monetary policies, support financial inclusion, and foster agricultural and rural development.

### Challenges

- Uncertainty in policy changes aiming towards economic reforms, affecting the strategic coherence of the Bank.
- Introduction of limitation on lending to state-owned-enterprises (SOEs) requiring us to shift our focus and move into a hard-sell approach with the private sector and industries.
- Navigating fluctuating interest rates, inflation, and currency depreciation though contained, impacting credit demand and liquidity.

### Value created

- The Bank returned a record-breaking profit of LKR 25.1 Bn., the best-ever in its history, and tax paid thereon, will be reinvested to foster a circular economy as tax will be reinvested in the nation, to uplift education, health, infrastructure improvement, and to some extent, to provide relief measures to marginalised segments in the rural communities.

## Capital linkages



### Human Capital

Our sound financial management and the resultant achievement recruiting the best in class talent to the Bank, compensating them at industry-par or higher, to retain and develop.



### Social and Relationship Capital

The financial strength helps us engage with our stakeholders in a variety of ways that is unique to each stakeholder segment. These include beneficial interest rates and pricing to our customers, investing in the community, youth development, and speedy repayment procedures that help our business partners to reinvest and thrive.



### Intellectual Capital

We significantly invest in Training and development, and exposure to overseas training contributing to enhanced quality of our knowledge depositories.



### Manufactured Capital

Acquiring property in strategic locations and renovating the existing properties for high brand visibility, acquiring transformative technology and cutting edge digital prowess contribute to maintaining our leadership position in the market.



### Natural Capital

Investing in sustainability related for the preservation of our environment ensures the Bank's soft-tread on an endangered planet.

## Contribution to UN SDGs



### No Poverty

End poverty in all its forms everywhere.

The Bank's achievement and the tax component thereon is reinvested in the nation to achieve development in many sectors that uplift livelihoods and resilience.



### Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient, and sustainable.

The Bank's wide-spread branch and service centre network ensures financial inclusivity for sustainable communities, as we deploy sound financial and pricing principles across our footprint.



### Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide justice for all and build effective, accountable, and inclusive institutions at all levels.

By managing our financial capital in a sustainable manner, we contribute towards development in all spheres, as a state owned Bank.



### Partnerships for the Goals

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Partnering with the Government of Sri Lanka as an institution with a sound financial capacity based on astute management principles, is our contribution towards strengthening the domestic economy and the government's untiring efforts towards achieving sustainability in recovery and economic development.



## Key focus 2024

We commenced the year on a stable footing, having met our commitments to our counterparts, and accessing clean lines of funding by the end of 2023. Pursuing our strategic goals to bank the private sector corporates vigorously, we implemented push-selling approach, tapping into the reviving private sector and their need for funding. We are glad to report that the demand for commercial and industrial loans as well as leasing bolstered our loan book. We maintained a stable asset quality, and stayed the course with growing loans and lease balances, with resilience and adaptability.

Furthermore, the Bank's endeavours to safeguard recoveries from State-Owned Enterprises (SOEs) proved fruitful, as evidenced by full compliance with SOE risk limits and sustained recoveries from such entities. Additionally, the Bank demonstrated resilience in maintaining a focus on collections and recoveries from other customer segments, outperforming predetermined targets in this regard.



## 2024 macroeconomic overview

With an unmistakable rebound, the GDP grew by 5%, beyond the predicted growth rates, the inflation diminished to a single digit, and the sectoral growth indicated 8.3% for agriculture, service sector by 57.5%, and industrial output expanded by 25.5%. No doubt the IMF bailout package of USD 2.9 Bn. initiated in 2023 played a pivotal role but as government sector spending drastically reduced, with fiscal and monetary measures continuing to be stringent, the nation looked ahead with resilience for a stable future.

Government fiscal revenue grew to LKR 4.0 Tn., an all-time high, whereas government expenses amounted to LKR 5.3 Tn., a notch less than that of 2023 (LKR 5.4 Tn.), even in the election year that 2024 was. Inward worker remittances topped LKR 6.6 Mn., almost close to the all-time high of 2016. Tourism bounced back to yield a USD 3.1 Mn. revenue, as compared to USD 2.1 Mn. in 2023. Foreign reserves grew to USD 6.1 Bn. as compared to USD 4.4 Bn. in 2023. A by-product of monetary policy and consistency, rupee appreciated against the USD approximately by 10.7% - 11.5%, and the country experienced a disinflation by end of 2024. Fitch rating moved to CCC+, bouncing back from the RD rating of December 2023, with one more to achieve, to be reinstated to the pre-2022 levels.



## Our performance

The Bank's position two years ago, was less than desirable as a going-concern, as we embarked on an ambitious strategy to meet our commitments to our partners and build a resilient banking operation built on sustainability principles generating profit while delivering our public welfare mandate. We are proud to state that with resolute determination for cost reduction while retaining the intrinsic value towards our human capital, we have delivered a stellar performance, hitherto the best, in the history of the People's Bank.

We achieved a growth of 148.8% over the previous year, recording a Profit After Tax of LKR 25.1 Bn. Customer deposits grew by 7.6% Y-o-Y, even in a depressed economy, topping LKR 2.9 Tn., capturing a customer deposit market share of 16.4%. Total assets grew by 8.5% Y-o-Y to achieve LKR 3.3 Tn., while the loan book grew by 4.5% to achieve LKR 1.8 Tn., with no upward movement in the NPL within the year.

Total operating income achieved a growth of 54.9% over 2023 topping LKR 125.2 Bn. The Net Interest Income stood at LKR 107.2 Bn. as against a LKR 54.3 Bn. in 2023. Net Fee and Commission Income increased to LKR 14.2 Bn., against a LKR 12.8 Bn. in 2023. Net Interest Margins improved to 3.4% in 2024 from 1.8% in 2023. The Impairment charge retained at LKR 5.5 Bn.

After all prudential deductions without any exception, including those stemming from the recent GOSL debt restructuring, the Bank's Capital Adequacy remained at 16.5%, above the regulatory stipulation of 13.5%.

The liquidity coverage ratio for rupees stood at 353.9% by the end of 2024, up from 256.7% in 2023. For all currencies, the ratio was 279.5% in 2024, compared to 207.9% in 2023, both exceeding the regulatory minimum of 100% for both rupee and all currencies.

The Bank Leverage ratio for the year ended 2024 was 3.7% at end of F/Y 2024 and Net Stable Funding Ratio stood at 178.9% at end of F/Y 2024, all comfortably above the regulatory minimum requirements.

By January 2025, the Fitch Ratings upgraded Bank's National Long-Term Rating to AA-(Ika) from A (Ika).



## In a nutshell – the last four years

If we are to capture our long journey from 2021-2024, we will document it as follows:

- 2021 = a year of resilience
- 2022 = a year of all time lows and unprecedented challenge
- 2023 = a year of recovery and reemergence
- 2024 = a year of all time highs



## Managing liquidity

The Band carried excess liquidity as import restrictions were continuing and the export markets were dulled “due” to various reasons. The excess was prudently invested in short to medium instruments, while lending increased to new customer segments.



## Loan repricing

Loan repricing, involving modifying interest rates, repayment schedule, or other loan terms took place where necessary and with diligent evaluation to maintain the low NPL levels and ensure debt servicing is continuous. Despite the incurred cost, this strategic approach reflects the Bank's commitment to prudent risk management and maintaining sustainable borrower relationships amidst challenging economic circumstances.



## Recoverability of SOEs

The majority of the outstanding debts held by the Bank associated with State-Owned Enterprises (SOEs). These financial engagements serve to ensure the uninterrupted provision of critical resources such as fuel, coal, fertiliser, medicine, and other essential products vital for public welfare and economic continuity.

We significantly reduced our exposure to SOEs in 2024, adopting a strategy for sustainable financial management and expansion into private sector lending, focusing on prudent risk management and our commitment to enhance the overall financial resilience of the nation. With the newly introduced single borrower limits and strict lending limits for SOEs, the regulatory landscape has evolved to support our endeavours in operating a profitable and sustainable going concern.



## Impairment charges

Net impairment charges decreased to LKR 5.5 Bn. from LKR 7.4 Bn. in 2023. It's important to clarify that this sum is net of recoveries, including grossed-up interest in suspense related to non-performing loans and advances, to the extent permitted in accordance with Section 5.4.1 of SLFRS 9 – “Financial Instruments”. This adjustment ensures transparency and compliance with accounting.



## Building foreign exchange reserves

To encourage remittances from the overseas worker community, we implemented attractive incentive schemes and guaranteed returns on foreign currency deposits. The result is reflected in the exponential growth of the remittance inflows. We also campaigned for export receipts, in line with our deposit mobilisation strategy, to boost foreign currency deposits. Inward remittances continued to surpass the annual target and lending to the private sector yielded a good return. Consolidating our forex reserves is high on our agenda and we envisage cost recovery as the export sector is currently showing a steady pace. We will continue with this strategic approach to navigate currency fluctuations and maintaining financial stability and driving sustainable growth.



## Revenue

As highlighted in our Performance Review at the beginning of this section, we had a record-breaking growth in Profit after Tax in 2024. A diversified loan portfolio, with offerings beyond the traditional and encompassing SME and MSME loans, green loans and digital lending solutions are attributable to this achievement which not only grew the customer base but also reduced risk exposure that created a stable income.

The digital transformation, a game changer for the Bank in 2024 with its widely popular and user-friendly People Wallet App increased transaction volumes thereby increasing higher fee-based income. Expanding our business partner base, we created co-branded alliances with real estate sector, healthcare, and e-commerce platforms opening up avenues for revenue growth and referral programmes.

Green financing, funding renewable energy and waste management projects and offering sustainable home loans appealed to a younger demographic whose lifestyles are an evolving minimalist given the migration tendency.



## Solvency

A combination of growth initiatives, prudent risk management, focus on expansion, upskilling our human capital, and a commitment to service excellence bolstered by digitalisation helped to achieve a strong financial position underlying solvency. Managing a healthy cost-to-income ratio which decreased to 50.3% in 2024, show cases lean management, enhanced operational efficiency, and effective resource management based on a robust risk management framework.

As of the end of 2024, the Bank reported a Tier 1 capital ratio of 10.9% and a Total capital ratio of 16.5% which is above the regulatory stipulation. Both the Tier 1 capital ratio and the Total CAR indicate a strengthened capital position for the Bank throughout 2024. This, no doubt, augments the regulatory, investor, depositor confidence in the Bank, of its capacity to absorb loss and uphold financial stability.



## Outlook for 2025 and beyond

The results we have returned for 2024, show cases the Bank's power of strategic innovation, customer focus, and its agility to adapting to challenging financial landscapes. As we confidently face the

new financial year and the beyond, we will work towards retaining and progressing on the financial position we achieve in 2024. As we continue to invest to maintain our digital supremacy, focus on sustainable growth strategies, with an unwavering commitment to our core mandate of being a public welfare institution that has the depth and the breadth to accommodate the private sector and the industries, we are well positioned to champion the recovery and growth trajectory of our nation, and respond to potential challenges the macroeconomic landscape and emerging customer expectations.

We will maintain our strong capital base, diversify product and loan offerings, leverage technology, continue with the sustainable practices, foundational to strengthening our market position paving the way to sustained growth. We are assured, this will make People's Bank a top of mind brand and enhance our marketplace reputation.

We are optimistic that the strong financial foundation we built in 2024 will allow us to navigate any future challenges capitalising on emerging opportunities, while significantly contributing to the national recovery and economic growth.



# MANUFACTURED CAPITAL

Manufactured capital encompasses the tangible assets owned by the Bank, including the brick-and-mortar facilities forming the core physical infrastructure spanning a network of 355 branches.



## Highlights



**751 Branches and service centres spread across the island**



**307 Self-service units**



**Customer Portfolio covering 68.9% of the population**



**100 Green buildings structured and equipped with solar energy**

## Our approach

The Bank operates a branch network covering all parts of the country, with Service Centers, Self-Banking Units (SBU), Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs), and other facilities operating as customer interaction points, forming the core infrastructural elements that make up the collective network. The Bank's presence in rural communities, especially ones that have limited coverage by digital infrastructure, forms a primary vehicle for sustained economic activity in hinterlands that are underserved by competitors and other banking outfits including community banking initiatives.

## Material themes



Digital  
leadership



Health and  
Safety

### Opportunities

- Digital superiority and lean management concepts that increase efficiency and reduce costs
- Shift in the customer base to convenient banking that optimises digital solutions

### Challenges

- Continued macroeconomic challenges
- High taxation on import goods
- Sluggish construction industry
- High cost of utilities in 2024

### Value created



ATMs, CDMs, CRMs and KIOSKS  
LKR 2,142.69 Bn.  
conducting over  
135.8 million  
transactions



New digital  
account  
onboarding  
over 1.04 Mn.



Digital Apps  
LKR 1,295.6 Bn.  
conducting over  
161 million  
transactions



LKR 97.3 Bn.  
lending granted  
digitally

## Capital linkages



### Financial Capital

Digitalisation and green buildings contribute towards cost reduction.



### Human Capital

Occupational health and safety are ensured by well maintained premises, while digitalisation upskills the staff, and provide convenience to the customers.



### Intellectual Capital

Consistent brand visibility enforcing top-of-mind factor in our customers



### Social and Relationship Capital

Customer health and safety, convenience and the motivation to do business in an attractive atmosphere



### Natural Capital

Green branches and renewable energy, encouraging responsible usage and preservation of the planet

## Contribution to UN SDGs



### Affordable and Clean Energy

People's Bank is adopting the green building concept by building green branches and adopting renewable energy in existing branches to reduce the impact of fossil fuels.



### Decent Work and Economic Growth

Growth The Bank ensures decent work and benefits for all employees to facilitate their economic growth.



### Industry, Innovation and Infrastructure

The Bank's continuous investments towards new digital products, new hardware and digitalisation of its business model contributes towards overall industry, innovation, and infrastructure.



### Reduced Inequalities

We have reduced social inequality in access to finance through island wide customer touch points that make our products and services accessible to people from all walks of life.



### Responsible Consumption and Production

The Bank upholds to responsible consumption through continuous digitalisation, which increasingly eliminates the use of paper in providing banking services and in procurement activities.



### Climate Action

The Bank has made a commitment towards climate action by minimising wastage and use of resources, while also reducing environmental pollution.



## Initiatives

### The head office building

Construction of the new People's Bank Head Office building, a structure with 23 levels and three basement floors, was continued in 2024, at No. 374, Dr. Colvin R. de Silva Mawatha, Colombo 2, and is scheduled to be open for business in the Second quarter, 2025.

### Branch expansion

Matale RHO, Kegalle RHO, Pulmudai branch and Galkiriyagama branches were new additions to the constellation of bank outlets spread across the island. Jaffna RHO, Kinniya and Kalmunai branches are being constructed at present and are scheduled to join the Bank's expanding family. Future branches at Baduraliya and Manukulam are now in the evaluation stage prior to construction, to be added to the Bank's expanding operational landscape.

### Branch renovation

60 branches were renovated in 2024 as an upkeep requirement. Renovation was required for infrastructure to provide the Bank and its network of branches, continuity of operations. Improving service-delivery for customers, especially a footfalls culture where visitation of the bank premises forms the primary contact point, was a priority going forward.

As of the end of 2024, 100 branches have successfully transitioned to solar energy reinforcing our commitment to sustainability. In line with our green energy initiatives, an additional 50 branches are projected to be powered by solar energy by the end of 2025. This initiative aims to reduce our carbon footprint, enhance energy efficiency and support environmental sustainability.

### Security

Security was an overarching factor as the Bank maintained state-of-the-art security systems within all branches across the island in 2024. Maintaining security guards, robust infrastructure and facilities, CCTV monitoring systems and alarm systems are part and parcel of the Bank's overarching adherence to security, providing employees and customers with a secure brand across its branch network. Security supervision is decentralised across operations spread across the island.

### Sustainable property management

The upkeep of physical premises, renovations, and refurbishments, modernising buildings, ensuring their holistic climate readiness, and performing all transactions pertaining to the maintenance of the physical network of brick-and-mortar premises, a crucial component in safeguarding our manufactured capital. We are compliant with global best practices and local laws and regulations that are mandatory to operate sustainable infrastructure.

## Bank's manufactured capital

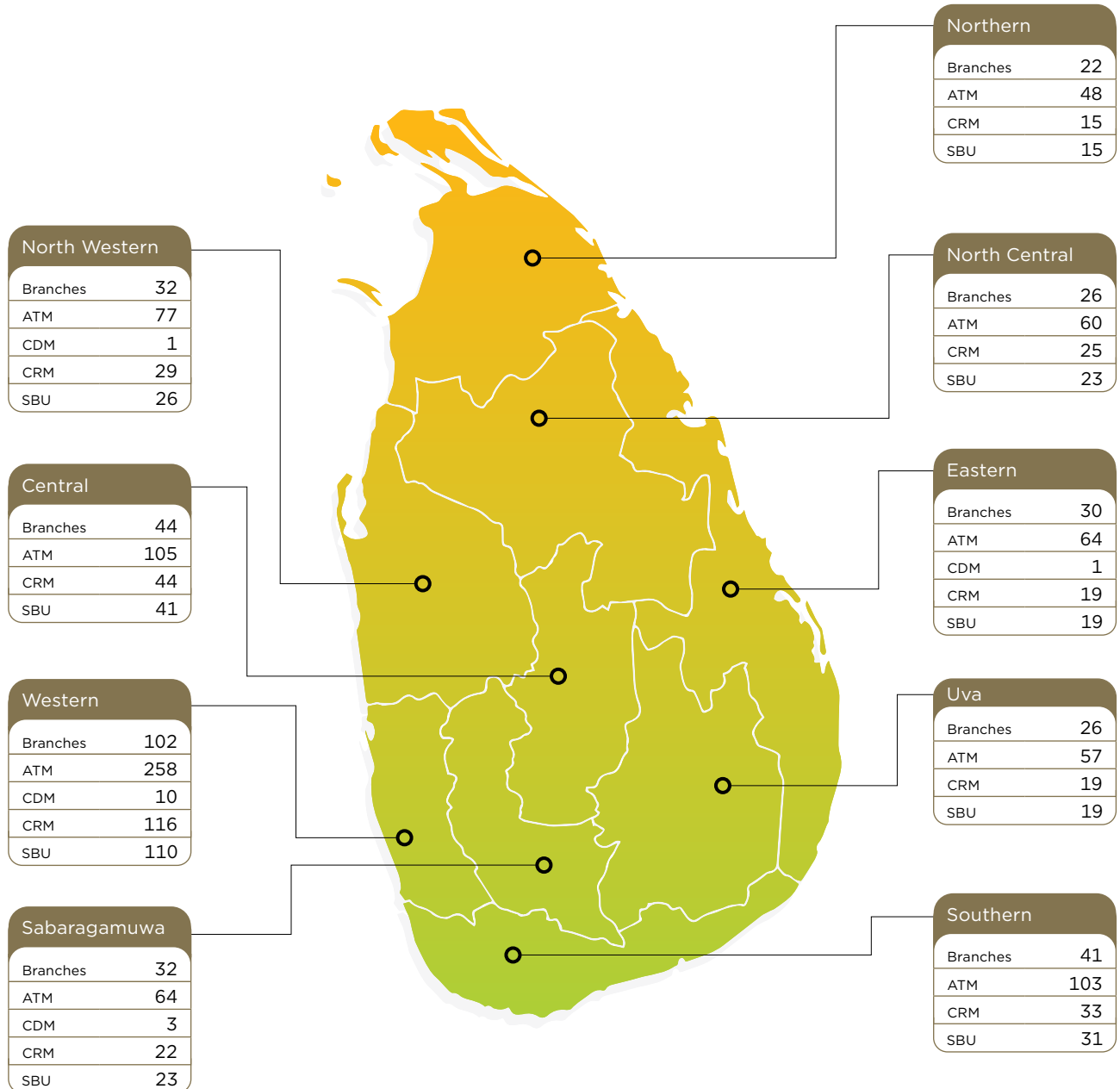
Asset Type	Value 2023 LKR '000	Value 2024 LKR '000	Change %
Freehold Land	24,775,609	26,091,472	5.31
Freehold Building	10,760,917	11,265,027	4.68
Building on Leasehold Land	3,352,340	3,399,138	1.40
Motor Vehicles	1,448,468	1,587,530	9.60
Furniture	750,748	824,771	9.86
Machinery, Equipment and Self-banking Units	5,525,264	5,833,758	5.58
Computers	8,226,740	9,056,416	10.09
<b>Total Value</b>	<b>54,840,085</b>	<b>58,058,111</b>	<b>5.87</b>

## Group's manufactured capital

Asset Type	Value 2023 LKR '000	Value 2024 LKR '000	Change %
Freehold Land	29,219,040	31,244,230	6.93
Freehold Building	15,895,921	16,473,663	3.63
Building on Leasehold Land	3,438,103	3,484,901	1.36
Motor Vehicles	1,718,942	1,834,746	6.74
Furniture	1,337,011	1,418,303	6.08
Machinery, Equipment and Self-banking Units	6,634,352	7,110,042	7.17
Computers	9,192,438	10,133,061	10.23
<b>Total Value</b>	<b>67,435,808</b>	<b>71,698,947</b>	<b>6.32</b>

## Geographical spread of property

GRI 2-6



## Outlook 2025 and beyond

We will continue to upkeep our property in line with local and international requirements and standards. Our planned expansion will commence operations in 2025.



# INTELLECTUAL CAPITAL

Intellectual Capital encapsulates the cumulative value of the expertise of our people asset, tacit knowledge, processes, intellectual property, competitive advantage and even the technical value that it encapsulates in utility, brand promise or reputation. It also encompasses culture, ethics, and innovative capabilities and innovation that gives us the competitive advantage and differentiates us from the competition.



## Highlights



**Over 1 million new accounts on-boarded for digital banking**



**81% of transactions done through digitally including POS and cards**



**Nearly LKR 1.3 Tn. valued transactions conducted via People's Wave, People's Wyn, People's Pay, and People's Web**



**74,000+ Loans processed digitally**



**HRIS launch completed and functioning as a one-stop-portal for all HR functions**

## Our approach

Brain-drain and mass migration in the early part of 2024, challenged our efforts at retaining the tacit knowledge base and depository of expertise in the Bank. We prioritised upgrading employee compensation, recruiting skilled talent, and strengthening employee wellbeing to counter short-term adverse impacts. We continued with our *Mahajana Mehwara* programme through 2024, to reach the community on a multi-pronged manner to support our customers during economic hardship. These are comprehensively documented in the relevant sections throughout the Report.

## Material themes



Digital  
Leadership



Upgrading the skill  
levels/reskilling



Training  
and Development



Talent  
Management

### Opportunities

- Continued acceleration of digital solutions to reduce cost, increase turn-around time, speed-to-the-market.

### Challenges

- Incurring high costs to recruit IT/Digital resources and retain inhouse talent.
- Combination offering of digital and conventional banking services and encouraging senior customers segments to transition to digital banking.

### Value created



Nearly 1 million registrations for online and mobile banking facilities for the year 2024.



Five IT professionals provided with employment.



13 million number of transactions from online and mobile banking facilities.

## Capital linkages



### Financial Capital

Accessing high net worth market segments through digital prowess and branding strategies.



### Human Capital

Training and skill development accelerated through Digital and Online training.



### Manufactured Capital

Continued digital innovation and revamping of selected branches.



### Social and Relationship Capital

Customer satisfaction and enhanced communication through digital innovation.



### Natural Capital

Continuing towards a paperless operation, as digital innovation takes root, across the Bank.

## Contribution to UN SDGs



### Industry, Innovation and Infrastructure

The Bank's continuous investments towards new digital products, new hardware and digitalisation of its business model contributes towards overall industry, innovation, and infrastructure.



### Responsible Consumption and Production

Upgrading of systems and processes promotes operational efficiency and conservation of power, water, and other resources.



### Peace, justice and Strong Institutions

The Bank maintains a strong governance and compliance culture that contributes towards an ethical and non-discriminatory organisation.

The strides we made in digital innovation and technological upgrades are described in detail in the section IT and Digital Banking, at pages 104 to 108 of the Report.



## Technical skills and organisational knowledge

Supporting the economic development of the nation by mobilising savings and ensuring financial inclusivity of all through conventional banking, the Bank's unique mandate combines traditional and digitalised methods of banking in providing the needed financial solutions to its customers. With a 70% of its customer base resident in the suburbs and the rural areas of the country, the Bank utilises its vast network of branches and diversified repertoire of expertise to deliver its responsibility to the nation and its people.

The Bank's intellectual asset base, therefore, is a dynamic blend of divers' professionals, specialists, and experts in the field of financial solutions, technology, digitisation, human resource mentoring, and a variety of other operational skills that are essential deliver value effectively. From seasoned bankers to young interns, the workforce represents a rich depository of cultures, education, experience, and knowledge. In 2024, we recruited over 250 personnel to as part-replacement of the cadres we lost due to brain-drain and mass-migration, in the previous years.



## Recruits 2024

Designation	Recruitment total	Level
Management trainee	5	Officer
Head of Project management office	1	Executive
Quantity Surveyor	1	Officer
System administrator	2	Officer
Trainee secretarial assistant	25	Operational
Assistant law officer	2	Officer
Architect	1	Officer
Customer service assistant	249	Operational
Deputy head of marketing	1	Executive
Full stack software developer	2	Officer
Junior full stack software dev	3	Officer
<b>Total</b>	<b>292</b>	



## Technical expertise/ qualifications 2024

Qualification	Number of employees
MSc/MBA/Postgraduate	845
BA/BSc	1,682
CIMA/CFA/CMA/CA Sri Lanka/Banking	2,086
Qualifications in Law	89
Qualifications in IT	338
Diploma Holders	275
Others	4,003
<b>Total</b>	<b>9,318</b>

In operation for the past six decades, we have developed, nurtured, and mentored banking professionals, who continue to serve us for the long term. Some of our employees are industry experts in the financial industry and are sought after for their input and experience not only for their banking knowledge but also for their well-tempered views on national development.

The knowledge bank that the Bank has developed over its 64 years of longevity is now striding to great lengths leveraging AI, as it introduces a chatbot as a customer service provider, staying ahead of the competition. AI is an indispensable companion to most industries, and the Bank also envisions a future where AI will have a greater role to play in facilitating the processes that form front-end connectivity between Bank and customer.



## Corporate culture

As a state-owned Bank, our mandate is to lead the public welfare aspect that is geared towards poverty alleviation, being the Pride of the Nation. Over the years, we have evolved to include banking dynamism with a shift towards digitalisation both towards the internal and the external customers. This is a current need, where the customers seek out ease and convenience in banking and favour finger-tip-banking to foot-fall. Although we have adopted these necessary methods, the Bank continues to retain its people-oriented traditions and values, catering to all communities from all economic backgrounds, without discrimination of any sort. As such, we are pleased to be the Pride of the Nation. Branding

We invested significantly to increase our brand value, as the Bank's equity score which account to 50% of the brand strength also increased. We are proud to possess a brand equity which is highest in the market. In June 2024, Fitch Ratings affirmed the National Long-Term Rating of the Bank at AA-(Ika), with an outlook-stable position.

Being a state-owned Bank exposed to Sri Lanka's credit profile and the Bank's strong domestic franchise are the factors that could impact the Bank's brand equity.

## Information security in 2024

The Bank has implemented a robust security program, guided by comprehensive information security policies and procedures, to safeguard its assets and stakeholder information.

Peoples Bank was the first Domestic Systemically Important Bank (D-SIB) and state-owned bank in Sri Lanka to achieve the prestigious ISO/IEC 27001:2022 certification for its Information Security Management System (ISMS).

The Bank adheres to the security standards and guidelines established by the Central Bank of Sri Lanka to ensure the implementation of robust security measures.

The Bank fostered a security-aware culture by enhancing employee awareness programs to embed security principles.

The Information Security department implemented an internal vulnerability assessment process for the timely identification and remediation of security weaknesses.



## Business process development

Digitalisation and technological upgrades were prioritised in converting several manual business processes to digital platforms. Technological features that are part and parcel of our digital solutions include user friendly portals for onboarding, engaging in a paperless mechanism from start to end. Capturing customer details on a digital portal ensured streamlined and rapid validation and free up staff time for delivering greater value in other areas of work. Debit card facilities, card-less cash facility SMS alert registrations, e-statement and mobile app registration, are some of the other technical features that are part of our digital spectrum of products. (electronic Know Your Customer) (eKYC) which provides a modern counterpart to the traditional KYC process forms the fundamental blueprint to verify a customer's identity prior to a customer's engagement with a newly onboarded bank account.

There are 375,000 customers over the age of 55 subscribing to our digital products, for ease of utility, user-friendly interfaces and the clarity of instructions, while 3.3 million users are registered for digital banking solutions as the trilingual feature and simplified user interfaces provide one of the strongest attributes of our digital portfolio of solutions.

	2023	2024
Number of ATMs CDM and CRM all over the country	1,157	1,173
Number of ATMs CDM and CRM machines outside the Western province	779	788
Digital solution registration	3.4 Mn.	4.4 Mn.
Number of registrations for digital corporate I facilities	13,100+	18,250+
Number of Digital Accounts on board	3.8 Mn.	4.8 Mn.+
Number of transactions are done via online and mobile banking	98.3 Mn.	161 Mn.
Value of transactions done via online and mobile banking	LKR 1,042 Bn.	LKR 1,296 Bn.

The section on IT and Digital Banking on pages 104 to 108 in this Report, carries a detailed description of the digitalised processes, products, and delivery methods.



## Disaster recovery

The Bank continues to pay close attention to this Disaster Recovery Plan to ensure customer-oriented and mission critical systems are replicated to function, in case of emergency situations. The plan is periodically tested, as availability of digital applications for our customers is an imperative in today's competitive banking industry.



## Research, development, and Innovation

Collaborating with fintech companies, we continue to innovate through our Innovation Centre, which is a first for Sri Lanka, pioneered by us. With public welfare as our primary focus, we have expanded our horizons to include the modernity in the banking industry, delivering value to our far-flung customer bases through a futuristic landscape of financial inclusion.



## Outlook 2025 and beyond

We will continue to innovate on digitalisation and upgrade our technological prowess, while recruiting talent that are suitable to fit into a sustainable business venture. For our continued success, its if of paramount importance that we nurture and development our intellectual capital, while scanning the market for expertise suited to a digital future. We will also continue process automation utilising Artificial Intelligence (AI), as mapped out in our plan in 2024.

As HR department works tirelessly to ensure mindfulness practices within our Bank, we are confident that in combination, our intellectual capital will further add muscle to its existing strength, to ensure a sustainable business operation in the years to come.



# HUMAN CAPITAL

Architects of our success, our employees are the driving force that gives us the competitive advantage to deliver a sustainable value to our other stakeholders. We are committed to their well-being, creating a work environment conducive for career progression, and offer a holistic employee value proposition to meet with their aspirations and the Bank's objectives.



## Highlights



Over 7,500 employees



Retention rate 96%



Two-way appraisal system implemented



21 of employees received overseas training



Employee engagement survey 78.52% engagement rate



Male: Women ratio 2:3



Profit per employee LKR 3.3 Mn.



LKR 35.8 Bn. paid in Salaries and benefits



1,194 Promoted



Employee Satisfaction Survey 72.46% satisfied with the Bank as an employer

## Our approach

Open communication, recognition, collaboration, and by prioritising employee well-being in a holistic manner, we create and nurture strong relationships with our employees. In addition to training and development, we provide them with the needed resources to ensure workplace and job satisfaction, as we seek to be the employer of choice to the next generation of bankers. Continuous and appropriate training and development, employee mental well-being, and the introduction of a two-way performance appraisal system underpin our focus in growing and retaining our Human Capital.

## Material themes



Employee  
Productivity



Talent  
Management



Training and  
Development



Mental  
Wellbeing



Re-skill  
Employees



Health and  
Safety

### Opportunities

- Recruiting GenZs who are tech-savvy and digitally advanced and are adept at delivering a service level required by customers who seek digital convenience
- Introduction of a two-way performance appraisal system that is aligned with industry standards and allows for the voice of the employee to be heard at evaluation
- Implementation of the HRIS system, to better manage HR processes and employee requirements

### Challenges

- Brain-drain and mass migration resulted in a loss of 400 employees and the Bank required to speed up the replacement process to ensure an uninterrupted service to our customers
- Training and re-skilling the new hires resulted in incurring an enhanced cost for training and development
- Acclimatising the GenZ to a combination of traditional banking and digital technology and ensuring they adopt the culture and the values of the Bank

### Value created



LKR 35.8 Bn. allocated for Staff Benefits



21 employees trained overseas



1,194 employees were promoted







LKR 1.4 Bn. allocated as retirement benefits

## Capital linkages

 <b>Financial Capital</b>	 <b>Social and Relationship Capital</b>	 <b>Intellectual Capital</b>	 <b>Manufactured Capital</b>	 <b>Natural Capital</b>
<p>Employee contribution is the core for revenue growth.</p> <p>Similarly, responsible consumption help reduce costs in relation to resources such as energy, paper, and water.</p>	<p>Exposure to and interaction with other stakeholders such as customers, business partners, and the community, help to build stronger relationships, soft skills, and inculcate a sense of environmental consciousness and sustainability in our employees, while leading to job satisfaction and commitment to the Bank.</p>	<p>Training and development, experiential functional attributes, interactions with the senior management and exposure to overseas training contribute to enhance the quality of our knowledge depositories.</p>	<p>HRIS system helps our employees to manage their HR requirements in a seamless, speedy manner, and time saving manner, that helps them further engage in productive work streams.</p>	<p>Participation in sustainability related projects help our employees create a greater sensitivity to the environment and awareness of sustainability and its value to a preserved planet.</p>

## Contribution to UN SDGs

 <b>No Poverty</b> <p>The Bank contributes towards poverty alleviation across the country by creating direct employment opportunities.</p>	 <b>Good Health and Well-Being</b> <p>The Bank has continued its strong health and sanitation standards to safeguard the health of all employees and customers.</p>	 <b>Quality Education</b> <p>The Bank provides training and development opportunities staff of all grades and supports educational advancements.</p>
 <b>Decent Work and Economic Growth</b> <p>The Bank is the largest employer in the banking category and has a range of human resource policies and employee benefits, while also complying with all applicable labour regulations.</p>	 <b>Reduced Inequalities</b> <p>The Bank is a non-discriminatory employer and recruits, and provides rewards and growth opportunities for employees based on merit, with no bias of ethnicity, religion or any other demographic.</p>	



## Governance

Ethical conduct combined with a high level of integrity are upheld and ensured by implementing a suite of robust policies and procedures in mentoring our human capital.

As the largest commercial bank with a highly visible brand, reputed for its public welfare culture, and partnering the Government of Sri Lanka on the nation's path to recovery, the Bank nurtures its most valuable asset, the human capital on a robust policy framework, creating opportunities for the employees to ideate through the Voice of Yours online/digital channel. This is another aspect of being an empathetic employer, where the employees can directly access an Assistant General Manager with their suggestions, recommendations, and concerns for resolution. As such, the value we offer our employees is a combination of ethical governance and compassionate nurturing of relationships that navigated us to safety in crisis times.



The policies are described in the Corporate Governance section at pages 213 to 250.



## Grievance handling

GRI 2-25, 26

The Voice of Yours mechanism to address employee concerns is the channel that is primarily available to our employees to voice their concerns, complaints, grievances, and forward suggestions and recommendations to the

senior management. Where a grievance is received through this system, a committee comprising senior management investigates and forwards their findings to CEO/General Manager for appropriate action.



## Collective bargaining agreement

GRI 2-30

Most employees are covered by collective bargaining agreements. The Bank however, exercises fair and equitable employment offering on-par benefits and conditions to all employees. This is a crucial aspect of motivating our human capital, which no doubt is foundational to our success, even in the face of economic adversity.



## Whistleblower policy

GRI 2-25, 26

Whistleblower policy leads efforts on raising awareness by escalating malpractices within the operational landscape. The Bank practices a zero-tolerance policy on misconduct and strives to handle all whistleblower events promptly, giving due regard to the nature of the offense, serving the best interests of the whistleblower, and buffering potential damage to the reputation of the Bank. Anonymity of whistleblower is safeguarded at every level while suitable measures are introduced to "right" the wrong.

The following complaints can be relayed to the immediate supervisor or the Board Audit Committee.

1. Breach of the Disciplinary Code
2. Failure to comply with legal/regulatory obligation
3. Miscarriage of Justice
4. Financial malpractices



## Anti-corruption regime

GRI 205-2, 3

The Bank volunteers a culture where corruption and bribery are non-existent, leveraging a brand which provides transparency in all aspects of operation and governance. Due diligence is practiced at all levels, with a robust anti money laundering governance framework in place.

The HR division conducts workshops and information briefings to prioritise and educate the employees on policies and procedures of unethical practices, including corruption and associated wrongdoings. More than 33,000 training hours on contemporary anti-corruption policies targeting 4,909 participants were key attributes of the training provided, to ensure that the work force was on par with best practices on anti-corruption.

Our stance on bribery and corruption is unequivocal, with a zero-tolerance policy in place. Any detected offenses are met with swift and stringent disciplinary measures.

Programme	Number of Participants	Training hours
Communication and training about anti-corruption policies  (Training hours on Audit, Compliance, Risk and Information Security)	4,909	33,576

## Training on anti-corruption

Policy Communicated	Percentage (%)	Number
Board Members	100	All
All Employees	100	All
Trained	42	3,240
Incidents of Corruption for 2024	1	80
Disciplinary Action/Dismissal	1	86

## Talent management

GRI 2-7

As the largest commercial bank in the country, we are proud to employ over **6,770** on the permanent cadre and a further **863** as contract employees on full-time basis. With diverse capabilities, skill sets, talents, and professional orientation, we are proud to be the trusted guardians of a well experienced human capital, that we continue to build for the future.

## Team composition

Total employee breakdown by gender and by region (permanent employees and others)

Province	Male	Female	Total	Total %
Western	1,104	1,968	3,072	40
Southern	267	515	782	10
Central	288	487	775	10
North Western	204	390	594	8
Uva	196	247	443	6
Northern	169	215	384	5
Sabaragamuwa	205	324	529	7
Eastern	251	289	540	7
North Central	213	301	514	7
<b>Total</b>	<b>2,897</b>	<b>4,736</b>	<b>7,633</b>	<b>100</b>

## Permanent employee breakdown by gender and by region

Province	Male	Female	Total	Total %
Western	979	1,756	2,735	40
Southern	245	452	697	10
Central	258	425	683	10
North Western	191	358	549	8
Uva	170	209	379	6
Northern	156	185	341	5
Sabaragamuwa	170	288	458	7
Eastern	237	261	498	7
North Central	182	248	430	6
<b>Total</b>	<b>2,588</b>	<b>4,182</b>	<b>6,770</b>	<b>100</b>

## Non permanent employee breakdown by gender and by region

Province	Male	Female	Total	Total %
Western	125	212	337	39
Southern	22	63	85	10
Central	30	62	92	11
North Western	13	32	45	5
Uva	26	38	64	7
Northern	13	30	43	5
Sabaragamuwa	35	36	71	8
Eastern	14	28	42	5
North Central	31	53	84	10
<b>Total</b>	<b>309</b>	<b>554</b>	<b>863</b>	<b>100</b>

## Diversity, equality, and inclusion

### GRI 405-1

An equal opportunity employer, the Bank diligently safeguards the diversity of its employee cadre by implementing a recruitment and promotion process, applicable to all without any gender, ethnicity, or religious barriers.

Spread across the country, our network of branches is resourced with a vibrant diversity of people, who are employed in a fair and mutually supportive environment that does not have a place for discrimination and other forms of injurious treatment.

## Total permanent and non-permanent employees by employment type, gender and age group 2024

	Corporate Management		Executive Management		Officers (3-III-Grade I)		Staff Assistant Grade		Management Trainees		Customer Service Assistant		Other Categories		Other Contracted Employees		Grand Total		Grand Total %	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
18-25									3		208	421			2	2	213	423	33.5	66.5
26-45	1		2	2	777	1,694	554	1,508	28	43	37	63	395	309	12	14	1,806	3,633	33.2	66.8
46-55	7	5	12	10	321	327	49	9					277	70			666	421	61.3	38.7
Above 56	4	1	7	1	119	199	19	1					63	57			212	259	45.0	55.0
Grand Total	12	6	21	13	1,217	2,220	622	1,518	31	43	245	484	735	436	14	16	2,897	4,736	38.0	62.0
Percentage (%)	66.7	33.3	61.8	38.2	35.4	64.6	29.1	70.9	41.9	58.1	33.6	66.4	62.8	37.2	46.7	53.3	38.0	62.0		

## Total employees - Department wise for 2024

Age	Male	Female	Total
Branches	1,826	3,704	5,530
Regional Head Office	460	398	858
Treasury and PDU	14	23	37
Corporate and OSBU	40	106	146
Overseas Customer Services	31	45	76
Card Center	31	38	69
Head Office	492	418	910
Business Revival Unit	3	4	7
<b>Total</b>	<b>2,897</b>	<b>4,736</b>	<b>7,633</b>



## Regional dispersion of employees - Gender-wise

Region	Male	Female
Ampara	115	113
Anuradhapura	125	186
Badulla	127	168
Batticaloa	76	105
Colombo North	73	165
Colombo East	64	182
Colombo West	61	204
Colombo South	81	223
Galle	87	198
Gampaha	132	373
Hambantota	95	133
Jaffna	92	136
Kalutara	82	187
Kandy	130	272
Kegalle	84	172
Kurunegala	143	291
Matale	66	102
Matara	85	184
Monaragala	69	79
Nuwara Eliya	92	113
Polonnaruwa	88	115
Puttalam	61	99
Rathnapura	121	152
Wanni	77	79
Trincomalee	60	71
Head Office	611	634
<b>Total</b>	<b>2,897</b>	<b>4,736</b>



## Total Employees by Age group

Age	Male	Female
18-25	213	423
26-35	559	1,163
36-45	1,247	2,470
46-55	666	421
>56	212	259
<b>Total</b>	<b>2,897</b>	<b>4,736</b>





## Workers who are not employees

GRI 2-8

There are two categories of such cadres that provide their services to the Bank. Contract employees and final year university students who are given opportunities of internships and training to familiarise with the banking industry. In 2024, we provided 1,352 such opportunities for university students, and 1,389 contract employees.

Second category of are those who are contracted to carry out auxiliary services such as security, and drivers who are sourced through worker outsourcing companies and are not considered employees of the Bank. Their inputs, though necessary for general purpose tasks of the Bank, are not considered as integral to banking operations.



## Talent acquisition and employee turnover

GRI 401-1

Creating high quality employment is a priority for the Bank, as it is state owned and addressing unemployment is a priority on the national agenda. As an equal opportunity employer, the Bank delivers this responsibility across the island without discrimination, recruiting talent that is suitable for its operations and can be made future-fit through the various training and development opportunities available in the Bank. During the year 2024, total of 304 employees resigned and it was close to 4.0% from the total head count. The Bank successfully replaced the employees who had migrated in large numbers through new recruitment. Recruitment drive continues to fill the remaining vacancies with suitable resources that are keen on a banking career.

### Talent acquisition by gender and region

Years	18-25 Year		26-35 Year		36-45 Year		46-55 Year		>56 Year		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Western	9	66	11	20	5						111
Southern		22		10							32
Central	5	28	1	8							42
North Western	1	14	1	3							19
Uva	1	13		7							21
Northern	1	8		1							10
Sabaragamuwa	1	15		4							20
Eastern		14		1							15
North Central	3	12	3	4							22
<b>Total</b>	21	192	16	58	5	0	0	0	0	0	292

Our Recruitment Policy ensures fairness and impartiality to recruit skilled and qualified talent. Equitable recruitment therefore is assured, fostering a diverse and inclusive workplace, positively impacting the Bank's culture and sustainability. Financial sector being the competitive giant that it is, we are dedicated to recruiting the best-in-class talent that will be the driving force for the future of People's Bank.



### Turnover by gender and region

Years	18-25 Year		26-35 Year		36-45 Year		46-55 Year		>56 Year		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Western	1	3	8	18	12	29	5	4	30	36	146
Southern			1	3	2	3	2		5	7	23
Central	1		2	4	6	3	2	3	8	10	39
North Western				2		5		3	11	8	29
Uva				1	1		1		4	3	10
Northern				3	2	2			2		9
Sabaragamuwa			1	1	1	3			4	3	13
Eastern	1	2	2	1	1	4	1	2	10	2	26
North Central			1		3	3			1	1	9
<b>Total</b>	3	5	15	33	28	52	11	12	75	70	304



## Gender parity

Gender parity is now an overarching objective to ensure that wages, allowances, compensation, career opportunities and promotions are equally mobilised by the HR division, with care for a culture spearheading a gender-parity.

The breakdown of HR shows a culture where succession and seniority are provided with no preference for gender. Corporate and executive management of the Bank has commendable female participation while bank officers at different levels of hierarchy are dominated by the female cadre. Customer service too is an area that has more female participation, while on the front of staff assistants and secretaries, there are stronger numbers in the female category.

Category	Male	Female
Corporate Management	12	6
Executive Management	21	13
Officers (3 - III - Grade 1)	1,217	2,220
Staff Assistant Grades	622	1,518
Customer Service Assistant	245	484
Management Trainees/IT Graduates	31	43
Drivers	119	
Security	96	
Secretary	23	274
Below Grades	511	178
<b>Total</b>	<b>2,897</b>	<b>4,736</b>



## Proportion of senior management hired from the local community

**GRI 202-2**

The Bank's operations are confined within Sri Lanka and all its recruitment is from the local community. As such, we recruit our senior management levels from across the island, from diverse backgrounds and ethnicities, without any discrimination. As the largest commercial bank in the country, we are privileged to hire our senior managers who are from the majority of community concentration of any particular area, which creates closer ties and great bonds with the Bank, as they understand the aspirations of the local communities and are better able to meet customer needs and demands. This helps us foster deeper connections with the local communities while augmenting

our inherent commitment to religious, cultural, and ethnic diversity. This has also helped the Bank in implementing CSR activities that are most needed in a community. In addition, our corporate management is also locally recruited and contribute with commitment and dedication to the Bank's success.



## Talent retention

Talent retention was crucial to our success, given the brain-drain and the mass migration that took place in the first half of 2024. A comprehensive revamping of the salary and benefit package, creating an employee mental health unit where experts in the field were engaged to support those who needed help, and creating a positive work environment contributed to restrain the trend and build out human capital. Implementing the two-way performance appraisal process, was a major win, where the employees were given the opportunity to have meaningful conversations with their supervisors, in relation to their performance and identifying areas for training and development. Though the process was received with some amount of reluctance at the beginning, we are glad to report its eventual acceptance was high. Training and development opportunities were pivotal to retaining talent and building our human capital for the future.



## Training and development

**GRI 404-1, 2**

A well-structured training calendar covering all aspects of banking, risk management, anti-corruption, occupational health and safety and several other soft skill developments were implemented through the year. The average training hours per employee was approximately 26 hours, at a cumulative cost of LKR 121.5 Mn. In total, 196,755 training hours were covered, through on-site, on-line, and digital modes. External training was provided by suitable qualified resource personnel, while overseas training on the front of international trade, law, risk management and treasury related training were offered to build a future-fit employee cadre. Training and development aspects were a key ingredient in considering remuneration, promotions, and other benefits, while enhancing motivation and proactiveness in our employees.



## Training calendar

Training Programmes	Programmes	Participants	Hours
Internal	479	23,436	187,099
External	101	515	8,912
Overseas	11	21	744
<b>Total</b>	<b>591</b>	<b>23,972</b>	<b>196,755</b>
LKR 121.5 Mn. - Investment in Training			
Approximately 26 hrs - Average Training Hours Per Employee			
35,287 - Digital Training Hours			
27 - On-line Training Sessions			



## Training by employment category

Average Training Hours by Employment Category	Average Training Hours	
	Male	Female
Corporate Management	51	81
Executive Management	54	49
Officers (3-111 - Grade 1)	32	29
SA	22	22
CSA	45	39
MT/IT Graduates	54	58

The Staff Training College dedicated to executing the Bank's training agenda concentrated on building skills on customer-centricity, risk management, being future ready and driving excellence, as mapped out in our Strategic Initiatives for 2022-2024. On-line and digital learning contributed vastly to an accelerated roll out of the training programmes while enhancing the digital ability across all our employee cadres. As planned, we also concentrated on soft skills and personal development that included, customer centric mindset, complaint management, negotiation skills development, personality development, personal grooming, social and corporate etiquette, stress management and counselling skills, strategic planning, technical skills development programs that included digital, credit, pawning, treasury and foreign currency products, audit, compliance, risk management, and lean management for officer grades.



## Remuneration and benefits

### GRI 401-2

The Bank offers a range of monetary and non-monetary benefits, based on the skill level, aptitude, and technical training of the employees which is applied to all, on a structured level. As an employer committed to equal opportunity and non-discrimination, the Bank's primary intention is to ensure sustainability of its operations and a sustainable work-life balance for its employees. Performance rewards were based on the Bank's performance, and salary increments were disbursed as planned. Salary revisions takes place periodically and in line with industry practices.

Employees are entitled to Gratuity, Employees' Provident Fund (EPF), and the Employees' Trust Fund (ETF) payments in line with the relevant laws and regulations. The Bank contributed LKR 530.6 Mn. to the ETF and LKR 2,122.4 Mn. to the EPF for the financial year 2024.

Benefit	Description
Life Insurance	Personal Accident Insurance Scheme
Health Care	Medical Benefits, Death Gratuity
Disability and Invalidity Coverage	Yes
Stock Ownership	No
Retirement Provision	Yes
Others	Annual bonuses, Travelling allowances to certain grades, Holiday bungalows, Staff loans
Parental Leave	Only providing Maternity Leaves



## Maternity Leave

### GRI 401-3

Parental Leave	Female
Number of employees entitled to maternity leave	4,736
Number of employees who took maternity leave	655
Number of employees who returned after maternity leave	655
Returned to work (%)	100

Improvement of remuneration was a key mechanism in 2024, as we bolstered the gross pay of employees and provided overtime allowances when applicable, while setting a precedent to be above industry standards in pay cheques. A getaway payment handling system is in place where the employees provide relevant hard copies to finance suitable allowances.



## Minimum wage requirements

GRI 202-1

There is no legally mandated minimum wage by gender compared to local minimum wage, at entry stage, in the banking industry. The Bank provides salaries above the minimum entry-level wage rate.



## Gender equality in remuneration

GRI 405-2

We have consistently upheld a 1:1 ratio in basic salary and compensation for women compared to men across employment categories and key operational locations. Our policy ensures complete non-discrimination, providing equal treatment to women and men. However, variations in remuneration ratios may occur due to differences in employees' service periods and salary grades.



## Ratio of basic salary and remuneration of Women to Men – 2024

Category	Male	Female
Corporate Management	1.00	0.86
Executive Management	1.00	0.99
Officers (3-III – Grade 1)	1.00	1.00
Staff Assistant Grade	1.00	1.11
Customer Service Assistant and Others	1.00	0.95



## Minimum notice period regarding operational changes

GRI 402-1

We are committed to providing ample notice to our employees about any operational changes that may impact them. As an empathetic employer we are intentioned to allow our employees sufficient time

to adjust to the changes with ease and convenience, without ensuring their motivation is unharmed.

Minimum notice periods to operational changes are as follows:

Type of change	Notice period
Transfer appeals	2 weeks
Resignations	1 months
Retirements	3 months
Terminations	1 - 3 months



## Occupational health and safety

GRI 403-2, 3, 4, 5, 6, 7, 9, 10

### Disaster Recovery

A dedicated unit, Fire and Disaster Recovery, under the purview of the DGM (Business Support Services) is in operation to ensure safety. Staff from the Branch network and Head Office departments represent their specific areas as coordinating points and were trained in these specific safety measures.

Officer in Charge of the department is responsible for identifying hazardous events, risk assessing, and incident investigation. Periodic first aid training is provided for speedy resolution of incidents while specialised training on preventing and handling office environment disasters were carried out in 2024. We conduct an annual fire drill with the support of the Fire Service Department of Colombo.



## Mental and physical well-being

The Bank established a well-being center for employees, to ensure that both the physical and mental health of an employee are not compromised due to workplace practices. The well-being centre fosters an open-door policy, bolstered by the recruitment of an expert, qualified and experienced in counselling employees on matters pertaining to mental health, well-being and flourishing on the job, while championing a sound work-life balance.

Employees' well-being and productivity are maintained through minimising workplace stress, thereby reducing unauthorised absences and potential income loss. We implemented measures to foster a healthy work culture, enabling employees to achieve a good work-life balance.

Recognising the mental wellbeing as a crucial aspect for our employees, the management established a Self Wellness Centre under the purview of the HR department, which is resourced by external experts. This centre provides counselling therapy for employees to work through their thought processes, that we understood were stressed and stretched due to the hardships they suffered in the previous years. The Centre provides a safe, compassionate and secure environment in which to unburden themselves of their innermost struggles, that they may refrain from sharing with their loved ones. Absolute confidentiality is assured by the HR department with regard to the employees who seek such help. Provided free of charge to any category of employee, further time allocation is based on the feedback stemming from the initial session.

The Bank also provided physical healthcare means to encourage the employees to be conscious and proactive in leading healthy lives by supporting a culture where Yoga, Zumba and many other employee-centered exercise regimes deliver a good balance in life. The sedentary nature of tasks requires strong interventions in a culture where postural health and other factors are now key to employee health and wellbeing.

We have also provided for a Nawaloka Medical Centre at Head Office premises, Zumba Sessions, free gym access, sports facilities, and yoga sessions to ensure the wholesome wellbeing of our valued employees.

Ergonomic practices are an integral addition to bolstering the physical dimensions of the human-machine interface, as we see ergonomic furniture, good lighting, and other provisions to convert the working environment into a safe zone for employee health and safety. Ergonomic dimensions of work are a key determinant of employee health, wellbeing and flourishing on the job, while feeling appreciated in the workplace is now a key factor for boosting one's confidence.

Introducing mindfulness, a modern tactic for better health and performance, is now endorsed by management for integration into the work calendar. The HR team hopes mindfulness will improve on-the-job performance and ensure better mental health in a highly stressful environment where employees are constantly dealing with the life savings of a community.

To build awareness and inculcate the need for a safe workplace, we conducted 13 training sessions on Business Continuity, Disaster Recovery, Workplace fire safety to 730 participants.

LKR 2,896 Mn. was paid out as medical claim reimbursements, and 29 Work related injuries were reported. There were no work-related illnesses reported in 2024.

## Training on occupational health and safety

Programme	Number of Programmes	Participants
Business Continuity Plan of PB, Disaster Recovery Plans, Occupational Health and Safety	11	723
Business Continuity Management System	1	3
Workplace Fire and Safety Seminar	1	4
<b>Total</b>	<b>13</b>	<b>730</b>



## Performance management

### GRI 404-3

A significant achievement in nurturing our human capital was the introduction of a two-way performance management system, whereby the employee can engage in a dialogue with his or her supervisor in assessing the performance, based on the set KPIs. The HR department provided support to all employees at the initial roll-out, and we are pleased with the outcome. This will continue to be an integral part in our HR toolset in aligning the Bank with internationally recognised performance appraisal systems. In 2024, 100% of the Bank's employees received the annual performance review.



## Promotions and transfers

The Bank has a formal promotion and transfer policy which ensures transparency and is structured in line with each grade. All promotions precede a written exam and a viva, up to the Senior Manager level. The Board of Directors hold the mandate to decide on promotions to Executive, Corporate Management, and other senior management positions through an interview process. Opportunities for promotions to most grades, and to senior management levels usually arise when vacancies occur.

Transfers are affected within the current and/or to an outside region. Any dissatisfaction thereof can be escalated to the Appeals Committee, established under the purview of the transfer policy for resolution.



## Succession planning

Building up the next generation of leadership in the areas of Executive and Corporate Management categories, is of paramount importance to the Bank, for its sustainability. A strategically derived and approved succession plan is in place for these senior roles. An approved Carder plan specifically designed for employees in Manager and above grades is also in place and was implemented in 2024, with expansion plans. Furthermore, the Bank conducts Executive Development Programs and Leadership Skills Development Programs to train the upcoming staff for Key Management Persons (KMP) positions.



## Incidents of discrimination and corrective actions taken

GRI 406-1

People's Bank has the highest number of female employees in the industry which showcases the Bank's non-discriminatory policy. As an island wide institution with 62% of female employees, the Bank accommodates challenges in terms of work-life balance of its female employees. Physical and mental harassment are prohibited and any attempt at it will be dealt with strict disciplinary action. This applies to physical and virtual spaces as we increasingly convert our processes to digital platforms.

For the year 2024, we have had no complaints of event of harassment from our network of branches and the Head Office. Public welfare as a primary mandate, we apply it firstly in our workplace to care for the welfare of our human capital



## Collective bargaining

The Bank adopts a collaborative approach with the Trade Unions, which is a worker right, and respect their views and suggestions. Currently there are six Trade Unions with a total of 7,253 membership from among the employees.

Employee Union	Number of Employees
The Ceylon Bank Employees' Union	5789
Officers' Union	247
Sri Lanka Nidahas Banku Sevaka Sangamaya	25
Jathika Sevaka Sangamaya	106
All Ceylon Bank Employees' Union	21
Pragathi bank Employees' Union	1,065
<b>Total</b>	<b>7,253</b>



## Human rights, child labour, forced labour

GRI 408-1, 409-1

We strictly adhere to the supreme law of our land, the Constitution that protects the human rights in our country, and the Universal Declaration of Human Rights (UDHR) adopted by the United Nations General Assembly in 1948, that proclaims the inalienable rights of every person, regardless of any other external factor.

We ensure the protection of human rights and conduct our business in a way that upholds the sacred rights of all.

We do not engage in nor advocate child labour or forced labour.



## Challenge

Recruiting experienced, knowledgeable, and effective IT professionals is a challenge we face, in resourcing our IT department. Available professionals demand a remuneration that we are unable to match, as a state-owned entity.



## Future outlook

Recruiting IT capabilities and building capacity in digital technology will be a priority. In the meantime, we are also focused on mindfulness and mental health aspects of our human capital and will be supporting them with the necessary tools and expertise to manage this area well, and retain a sustainable work-life balance.



# SOCIAL AND RELATIONSHIP CAPITAL

## CUSTOMER CAPITAL

Built on trust, loyalty and satisfaction, the relationships we have built with our Customer Capital has a direct impact on our longevity and effectiveness. We are privileged to be the custodians of a vastly diverse customer capital that infiltrates several societal structures.



### Highlights



Over 100 new private sector  
corporate customers



640,120 new customers  
onboarded (other segments)



Customer Complaint  
resolution at 91.62%



4.4 million Digital solution  
registrations



51.2% of women customers

## Our approach

As the banking industry continued to evolve, we leveraged our superior digital capacities and lean management structures to embark on an ambitious sales drive to expand the customer capital to include private sector corporates, while continuing to deliver value to the existing customers. Foot-fall banking is fast receding as finger-tip banking on mobile devices seem to conquer conventional methods and we revamped our product and service offering to suit the evolving and emergent needs of our customers, that are focused on convenience in managing their funds.

## Material themes



Financial  
performance



Customer  
experience



Operational  
efficiency and  
Digital Capability



Talent  
management



Socio-economic  
impacts



Brand  
equity



Customer  
access



Health and  
safety

### Opportunities

- Expanded customer reach to include the private sector corporates
- Enhanced digital and technological capacities to capture the GenZ customer segment
- Strengthened brand-width.

### Challenges

- Economic hardships eclipsed the intended message in marketing communications, as customers were focused on livelihood maintenance
- High interests in the first part of the year, continued to impact lending
- Strict regulatory measures constricted aggressive sales drive for market penetration.

### Value created



Channels Profitability  
LKR 25.08 Bn.



LKR 763.4 Bn.  
in lending



23,960 new Credit Cards  
issues during 2024.

## Capital linkages



### Financial Capital

Increased market share in remittances, digitalisation, and opening to new customer segments resulted in an excellent financial performance.



### Human Capital

Talent development and upgrading the compensation package resulted in delivery of enhanced service quality, contributing to customer satisfaction.



### Intellectual Capital

Technological and digital innovations attracted new customer segments and assured the loyalty of the existing customers.



### Manufactured Capital

Investments in digitalisation give a new customer experience in line with the expectations of the millennial and GenZ generation.



### Natural Capital

Reduced paper usage, consequent to digitalisation and green buildings contribute to conserving the natural capital.

## Contribution to UN SDGs



### No Poverty

The Bank's policy of financial inclusion empowers all its customers to overcome poverty through access to finance for business and personal growth.



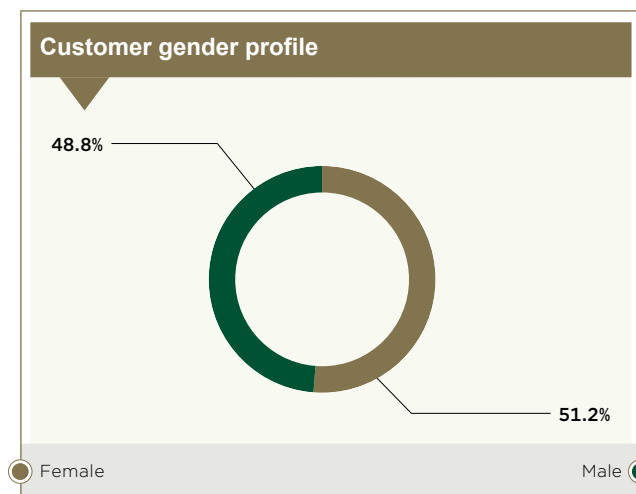
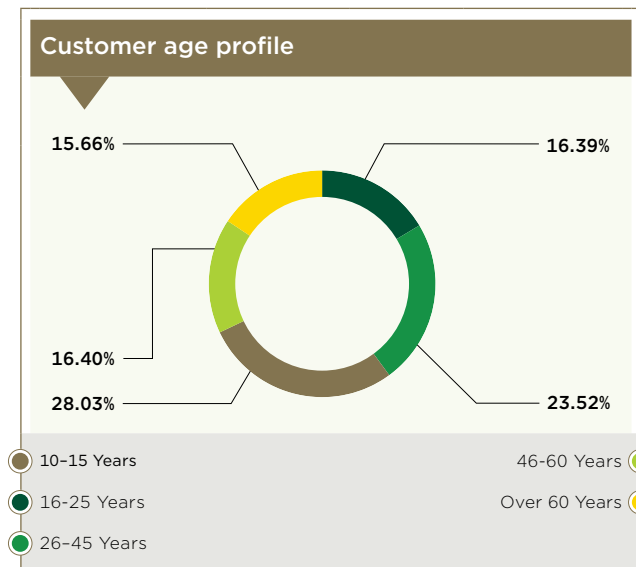
### Reduced Inequalities

The Bank does not discriminate against any person based on any demographic and supports the reduction of social inequality through access to financial services for everyone.

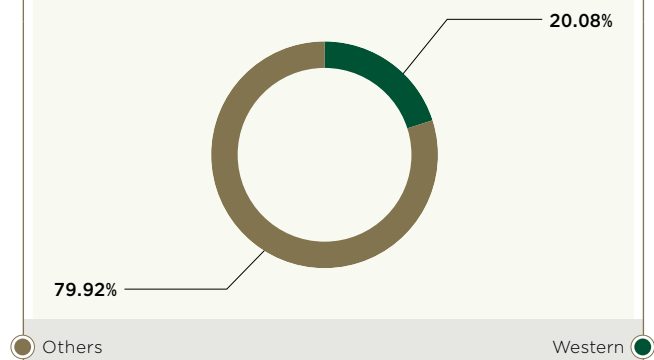


## Customer profile

Incorporated with public welfare as its primary mandate, 79.9% of its 15.1 million customers reside in the suburban and the rural where our brand is well ingrained. Out of the total base, 51.2% are women, and 57.5% belong to the millennial and GenZ categories.



### Customer geographical profile



## Distribution and service channels

### Island-wide reach

Distribution channel management resulted in an LKR 25 Bn. in net profit, the highest profit margin achieved in the history of the Bank. To serve our customers with the desired level of quality, we upskilled our employees, and reimaged our operational processes, with 3 customer experience surveys conducted on service quality to spearhead improvements. We operate 355 branches and 396 service centres island wide.

## Customer experience management

Customer experience management is based on how customers react on the purchase front of their banking needs. Surveys that reveal the most satisfactory branches with the highest customer experience ratings are provided with due performance-based accolades and bonuses. First impressions, observational surveys, and other service parameters are gaged to rank branches on customer experience and to bolster customer service quality. Document management policy, customer protection policy, content management policy, and campaign management policy are all features drive operational excellence. Customer privacy and data security are an imperative in our operational landscape and are detailed in IT and Digital Banking section at page 149 of the Report.

## Real time customer communication

We upgraded the ambiance of our main branch and service centre network with Peo TV channel, to instill financial literacy by disseminating communication to create awareness of the brand, the products, and the knowhow on digital application getaways.

## Self-banking for convenience

Self-banking units are kiosks that facilitate withdrawals, deposits, and bill payments while operating a facility to deposit checks. 307 self-banking units are fully functional in the branch network.

## 24x7 call centre

A trilingual call centre is in operation 24x7 to assist and support our customers for seamless banking sans time zones.



## Customer complaint management

Complaint management is a mandatory requirement and we continue to operate an effective complaint management system under the auspices of the Customer Service Handling Unit, where the 24-hour hotline is available to lodge complaints which are handled transparently, promptly, and confidentially. Customers can further escalate their complaints to the Financial Ombudsman, in the event the Bank fails to resolve their issues satisfactorily. We are glad to report that we have had no such incidents in 2024. We will be establishing an independent unit for complaints under the guiding authority of a chief manager, in 2025.

A monthly report is tabled at the Branch Managers Conference, for corrective and preventive action.

## Customer complaint status 2024

Description	Number
Number of customer complaints received	191
Number of customer complaints resolved	175
Pending Complaints	16
Pending Investigations	4
Pending Legal cases	-
In progress	12



## Customer health and safety

### GRI 416-1

All our customer contact points are designed to ensure customer health and safety, and are equipped with fire exits, fire extinguishers, and smoke sensitive sirens. Armed and non-armed security personnel are on location and periodical checks are carried out to ensure the outfits are in functioning order. We take great care to ensure the health and safety of our customers and comply with all regulatory and legal measures that are enforced to maintain our premises.



## Marketing and labelling

### GRI 417-1, 2

We are fully compliant with the Customer Charter requirements of the Central Bank of Sri Lanka, and provide our customers with accurate, timely, and authentic data regarding our products and services, in all three languages (Sinhala, Tamil, and English). This includes the terms and conditions, as well as the customers responsibility towards the Bank, when accessing our products and services. The 24 hours call Centre personnel are well equipped and trained to provide further information, if necessary. There have been no incidents of non-compliance concerning product and services information and labelling in 2024.



## Customer data security

### GRI 418-1

We did not have any breaches in data security or loss of customer data. The Bank protects customer privacy and confidentiality in its market surveys by making customer confidentiality mandatory from its market research agencies and by signing a separate non-disclosure agreement with market such external service providers. The section on IT and Digital Banking at pages 104 to 108 has a detailed description of our efforts at ensuring data security.

We do not finance any business or project that violates the law of the land, or regulatory requirements.



## Product range of People's Bank

### GRI 2-6

The Bank's product range as at end 2024, included branded product specifically targeted at working persons, women, youth, children, children below 5-years of age, migrant workers, pensioners/retired persons, exporting companies, importing companies and other businesses.

Retail Banking		
Deposit products	Advances	Other
1. Current Accounts	1. Personal Loans	1. Credit/Debit Cards
2. Savings	2. Term Loans	2. Gift Vouchers
➤ Isuru Udana		
➤ Sisuru Udana		
➤ Yes	3. Housing Loans	3. Mobile Banking/SMS Banking
➤ Vanitha Vasana		
➤ Jana Jaya		
➤ Aswenna	4. Professional Loans	4. Internet Banking
➤ Parinatha		
➤ People's Relax	5. Vehicle Loans	5. Life verification certificates
➤ Normal Savings		
➤ Ethera Wasana	6. Educational Loans	
➤ Harvest Account		
➤ Investment Savings Account		
➤ Mudharabah Savings Accounts		
3. Fixed Deposits	7. Pawning	
4. Call Deposits		
5. Foreign Currency Deposits		

## Corporate banking

1. Current accounts
2. Savings accounts
3. Fixed deposits
4. Overdrafts
5. Term loans
6. Trade finance
  - Import/Export financing
  - Shipping and bank guarantees
  - Facilities for international trade payments (letters of credit, acceptances)

## Treasury and investment banking

1. Money market activities
2. Trading in government securities
3. Repurchase transactions on government securities
4. Foreign exchange transactions
5. Derivative transactions (forward exchange contracts, FX swaps)
6. Investment banking
  - Debt structuring
  - Advisory services
  - Trustee services

## International operations

1. Trade services
2. Overseas customer services
3. Foreign currency remittances
4. Foreign currency deposits
5. International payment and settlement services



## Business products

### Enterprise banking

1. Current accounts
2. Savings accounts
3. Fixed deposits
4. Overdrafts
5. Term loans
6. Sme loans
7. Development and microfinance loans
8. Trade finance



## Outlook

Expansion into new markets domestically, is our view for the future. To strengthen our service delivery, Service quality questionnaires will be mobilised in 2005 to ascertain that all service parameters are met with the highest benchmarks. An ongoing exercise is to bring average quality branches above satisfactory levels in operational performance. We will continue to upskill and offer personal development opportunities to our employees, to deliver an optimum level of customer service. A specialist programme is to be launched in 2025, in all branches, regional offices and headquarters, to spearhead service quality action.



# BUSINESS PARTNER CAPITAL

Our Business Partner composition is an integral part of our operations, providing us with the resources necessary to ensure an uninterrupted and quality service to our customers, both internal and external. Contributing to our value creation process, the relationships we maintain with our valued Business Partners creates value delivery and value gained that ensured a successful and sustainable business.



## Highlights



**12 Member Associations**



**42 Correspondent Banking  
relationships with 88 vostro  
accounts**



**LKR 22.3 Bn. transaction  
value**



**Over 93% of the value  
created for suppliers  
of local origin**

## Our approach

We are committed to investing in and nurturing the relationships with our Business Partners, in a transparent and ethical manner, to generate economic value to them, and gain a superior service for the Bank. Based on integrity, fairness, and quality delivery, our procurement processes in engaging with our business partners is anchored in strict compliance to industry regulations, ethical sourcing, with consideration, and respect to labour regulations.

## Material themes



Health and  
Safety



Supplier Value  
Creation



Socio Economic  
Impact

### Opportunities

### Challenges

### Value created

➔ With a heightened economic activity, the ability to enhance our value creation to the business partners through increasing procurements.

➔ The Bank had to await revival of business partners that had significantly diminished in economic capacity or seek out replacements for a continued supply, to ensure an uninterrupted service to the customers.

➔ Strict regulatory landscape requiring closer monitoring and reporting.



LKR 20.9 Bn.  
paid to local  
suppliers



LKR 1.4 Bn.  
paid to foreign  
suppliers

## Capital linkages



### Financial Capital

Efficient supply chain management reduces wastage, saves cost, procures best services/products, and increases productivity.



### Human Capital

Training in supply chain management facilitates the growth of business partner capital.



### Intellectual Capital

Digitisation continues to improve timeliness and efficient delivery.

Upholding ethical business practices fosters robust partnerships with business partners.



### Manufactured Capital

Investments in superior technology and digitisation continued to streamline supply chain processes, while increasing time efficiency by seamless procurement processes and strengthening relationships with the business partner capital.



### Natural Capital

Rigorous screening methods adopted to ensure ethical sourcing and energy efficient processing, help build environmental, social, and sustainability consciousness in our business partners. The Bank's approach to procurement, storing, usage, and disposal in a responsible manner, externalised supply chain accountability towards these themes.

## Contribution to UN SDGs



### Gender Equality

The Bank provides equal opportunities for both men and women among its business partners.



### Decent Work and Economic Growth

Business partners of the Bank are given the opportunity to improve their economic contributions and to provide decent employment.



### Sustainable Cities and Communities

The Bank's extensive supply chains encourage sustainable operations among its business partners.



### Climate Action

The Bank maintains responsible procurement practices that encourage environmental awareness and conservations.



### Partnership for the Goals

The Bank has a large network of local and foreign business partners to achieve its goals.



## Business partner categories

### GRI 2-6

Providing both essential and peripheral services to the Bank, our Business Partners composition is diverse, represented by a variety of business, and is mostly drawn from the local community without any discrimination. We engage them through a transparent procurement process and engage in constructive dialogue ensuring a mutually beneficial partnership, forming symbioses that are fruitful for uninterrupted business operations. The Procurement Manual sets guidelines that are continuously upgraded to update the procurement policies to accommodate evolving needs.

	Correspondent Banks	Vostro Agents	Franchise Partners	State Institutions
Business Growth Partners	These are instrumental in facilitating international trade, foreign currency transactions and cross-border transactions, which are essential elements of cross-border banking.	Maintained with our international banking partners, these are essential for wire and foreign exchange transactions, deposits and withdrawals facilitating international trade.	Franchise partners support us in many ways in operating our daily business and are an integral part of our operational outfit.	As a state-owned Bank, state-owned-enterprises (SOEs) are a significant part of our customer portfolio.
Suppliers	Utility Service Providers	Material Suppliers	Fixed Asset Suppliers	Travel and Transport suppliers
	The services of Electricity, water, and telecommunication services providers are woven into the fabric of our business, without which we cannot operate.	Material suppliers play a critical role in our operations by providing ethically-sourced, high-quality material that ensure operational continuity, while supporting us in our environmental and social responsibility, supporting sustainability.	Material and equipment suppliers, furniture, fixtures, fittings, and technology suppliers, vehicle dealers and real estate providers are enablers that help us deliver value to all our stakeholders.	Travel and transport suppliers, are an inherent part of our operations, not only for staff transport but visiting our clients spread across the island.

	Software Suppliers	Communication	Waste Management	Debt Collection Agencies	Human Resource Providers
Maintenance Partners	The Bank's ambitious digital drive is well supported by our software suppliers.	Maintenance of our communication equipment is a prime need, as today's interactive communication depends much on superior infrastructure in this area.	Third party recyclers, municipal and urban councils help maintain our premises in good condition, contributing towards health and safety of our employees and visitors to the premises.	Recovery or debt collection agencies rendered invaluable support during challenging recovery periods. Their efforts contributed in part, to our resounding success in 2024.	The peripheral duties within the Bank were efficiently handled by the outsourced personnel, allowing our employees to dedicate their time to more value adding services and customer interaction.

Contractors	Premises Providers
Others	Well maintained and well-located premises are an impetus in the continuation of our highly visible brand, adding an invisible but a tangible value. Out contractors and premises providers exert untiring efforts to source and maintain our properties in good order with due care for health and safety.

#### GRI 204-1

Category	2024	2023
Number of registered suppliers	We use E-procurement platform which is introduced by Ministry of Finance since 2020 and do not practice supplier registrations.	We use E-procurement platform which is introduced by Ministry of Finance since 2020 and do not practice supplier registrations.
Number of correspondent Banks	42	44
Number of Vostro agents	88	80
Payment to supplier (LKR Bn.)	22.3	21.4
local (93.7%)	20.9	19.4
foreign (6.3%)	1.4	2.0

## International business partners

The Bank's international reach has been a vital component in the securing of goods and services from overseas suppliers. On this point, the Bank keeps a secure and trusted network of partners spanning the entire globe, to effectively transport essential and peripheral goods from foreign suppliers at a fair price and are ethically and socially compliant on all regulatory requirements.

Over the years the Bank has built strong relationships with their international business partners, supporting the Bank's growth as it navigates volatile times of geopolitical polarities and global tensions.



## Procurement policy

The Bank operates a well-structured procurement policy that is based on consistency and accountability in purchasing decisions. Complying with all required

laws and regulations, the policy ensures cost saving, operational efficiency. It also contributes to reputational management as transparency and fairness are inherent in its tender process, that is stringently managed and well controlled. Technical Evaluation Committee (TEC) resourced with experts from the industry evaluate all technical specifications for procurements. The Committee develops both operating and capital budgets (CAPEX and OPEX), which lays the foundation for procurements through the year, which diligently contained costs and contributed to the Bank's successful performance.

A major overhaul of how the Bank does business was implemented via a green and lean culture, where resources and overheads were minimised.

## Procurement process

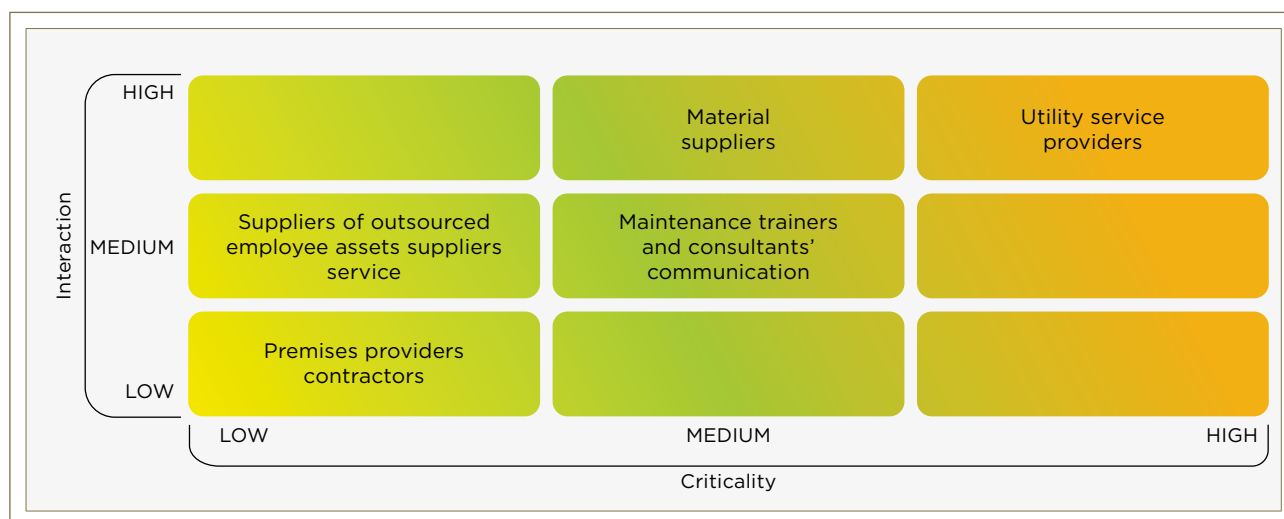
#### GRI 308-1, 414-1

- Board-approval is first sought for tender procedures while new suppliers are subject to rigorous screening to ensure their green and ethical credentials. Critical and high-end items, such as DI cards and IT equipment, are purchased via a global tender, where the Bank maintains long-term partnerships with selected global suppliers.
- All new suppliers are screened for environmental and social compliance to ensure that all supply chains abide by Central Environment Authority criteria and other mandatory practices such as ensuring goods are free of child labour and forced employment.
- Tenders are increasingly mobilised through an online presence, ensuring transparency in the digital procurement process.
- Suppliers are also required to register on the Electronic Government Procurement (e-GP) system, a mandatory requirement issued by the Ministry of Finance.



## The supply chain

The Bank's continued participation in business activities requires a fresh infusion of supplies on a daily basis. To ensure this process the Bank conducts coordinated business activities with the supply chain, to purchase good quality products and services on a timely basis, in the quantities it need, within with the OPEX defined cost parameters. Fair prices, excellent service levels, ethical pipelines and socially compliant practices form the fundamental checklist of best practices for procurement of goods and services.



## Supplier Screening for Environmental Assessment

As an environmental conscious entity with a reputed and sustainable business operations, the Bank enforces supplier screening to ensure a supplier's adherence to environmental and social criteria. Environmental protection clauses are incorporated into procurement policies and tenders, ensuring that environmental considerations are integral to the selection of suppliers and contractors. It is of paramount importance that the supplier adheres to the regulations set by the Central Environmental Authority in its production process, while demonstrating strict compliance with labour regulations including stringent adherence to prohibitions on child and forced labour.

It is expected and enforced that suppliers adhere to local laws and regulations, including the sustainability practices practiced by the Bank, a proponent of public welfare and community development in the sourcing, producing, value-adding, and delivery process of their supplies to the Bank.

## Membership in industry associations

### GRI 2-28

As a leading state bank in Sri Lanka, we are constantly working towards the social and economic advancement of our nation by identifying areas of concern and exploring solutions. We take our

responsibility of undertaking studies and analysis to support recommendations to policy makers and support industry and national development. In this pursuit we are members of the following organisations.

- Institute of Bankers of Sri Lanka
- The Ceylon Chamber of Commerce
- Sri Lanka Banks Association (Guarantee) Ltd.
- The Association of Banking Sector Risk Professionals – Sri Lanka
- Asia Pacific Rural and Agricultural Credit Association
- The Association of Compliance Officers of Banks, Sri Lanka
- The Financial Ombudsman Sri Lanka (Guarantee) Ltd.
- Clearing Association of Bankers
- Employers' Federation of Ceylon
- Association of Primary Dealers
- Sri Lanka FOREX Association
- The National Chamber of Commerce of Sri Lanka



## Outlook

We will continue to build strong and resilient relationships with all our business partners while local sourcing will be a priority. As and when necessary, the Bank will explore expanding the business partner portfolio, depending on the future needs of the Bank, well within the approved OPEX budgets. As we move to lean and green operations, we will endeavour to reduce cost and make optimum usage of the resources we purchase.



# INVESTOR CAPITAL

Our Investors, who are known as the Investor Capital are a critical source of financing enabling us to grow, innovate and operate effectively. Transparency and clear communication with stellar performance help us build and maintain strong relationships for the long term with our Investor Capital.



## Highlights



**Return on Equity 14.67%**



**Return on Assets 1.31%**



**LKR 36 Mn. to the  
Community**



**Onboarded over 100 private  
sector corporates**



**Over 92.27% Government Ownership**

## Our approach

With its robust governance structure, non-negotiable compliance culture, and ethical and well-established processes in all its operational aspects, the Bank is committed to delivering value to its Investors, for mutual benefit. We upgraded our asset portfolio, diversified our customer base to include the private sector corporates, and nurtured our Human capital, while enhancing our digital capabilities to bolster investor confidence and achieving a mutually beneficial stellar performance in 2024.

## Material themes



Socio Economic  
impact



Risk and  
Governance



Employee  
productivity

### Opportunities

- Societal stability and improved economic conditions, continued to open new business opportunities.
- Superior digital capability attracted a younger generation of customers to the Bank's customer portfolio.

### Challenges

- Brain-drain and mass migration required us to seek replacements.
- Recruiting qualified and experienced IT talent remains a challenge, as the remuneration demands of the available talent is beyond the government defined parameters.

### Value created



LKR 33.5 Bn. paid as taxes, special levy, and dividends to shareholders.

## Capital linkages



**Financial  
Capital**

Sustaining our revenue and increases in profits enhances investor capital.



**Human  
Capital**

A well-trained human capital contributes to achieving our collective goals.



**Intellectual  
Capital**

Industry leadership in digitalisation and innovation contributes to increased investor capital.



**Manufactured  
Capital**

Investment in plant and equipment leads to value creation and increased investor capital.



**Natural  
Capital**

Investments in digitalisation, automation, and contribution to environmental projects mitigates our impact on the environment.

## Contribution to UN SDGs



### Decent Work and Economic Growth

The Bank makes a significant direct economic contribution through its business activities and through indirect economic contributions.



### Peace, Justice and Strong Institutions

The Bank engages with a range of government and non-government institutions to provide a range of products and services for the public.



## Value of Investor capital

Established under the People's Bank Act No. 29 of 1961 (amended 2019), the People's Bank serves as the second largest public sector bank in Sri Lanka, with the Government of Sri Lanka holding 92.27% of the equity share capital while the remaining 7.73% is owned by cooperative societies. The Bank through the Ministry of Finance and the Parliament of Sri Lanka is directly accountable to the public of Sri Lanka, serving the communities that depend on the bank for financial stewardship, with a mandate to be a leader in financial instruments that form the essence of value creation.

The purpose of the Bank is documented as “to develop the co-operative movement of Ceylon, rural banking and agricultural credit, by furnishing financial and other assistance to co-operative societies, approved societies, cultivation committees and other persons”. Reflecting the public welfare core of the Bank, it serves the grassroots

communities, forming a formidable instrument in economic impact, both directly and indirectly, to create sustainability for all. In 2024, the Bank diversified its customer segments drawing the private sector into its fold, creating depth and breadth in its asset portfolio, while strengthening its brand in a hitherto under-tapped market. The significant contribution of our investor capital to achieve our purpose, is invaluable.

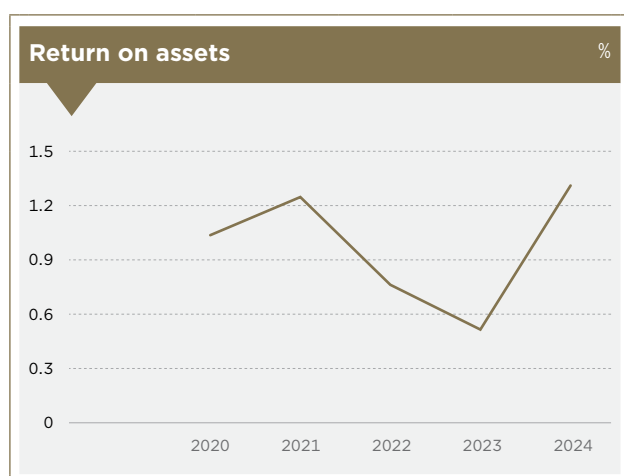
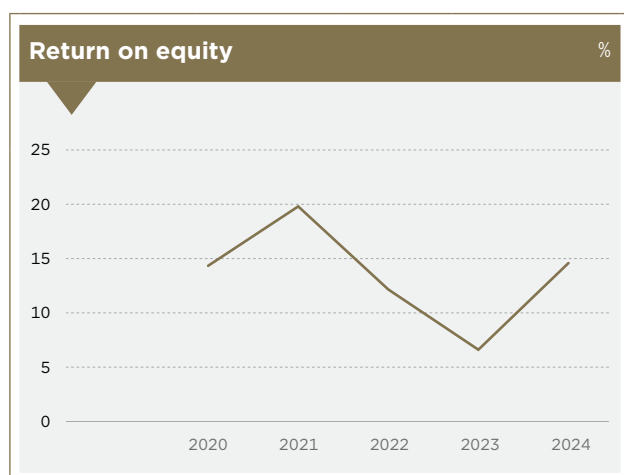
## Economic contribution

### GRI 201-1

The direct economic value generated and distributed in 2024 indicates the exponential growth in our business operations, the effectiveness of the cost saving initiatives, the robustness of risk management, and continued commitment to ethical governance processes.

For the year ended 31 December	2020 LKR '000	2021 LKR '000	2022 LKR '000	2023 LKR '000	2024 LKR '000	Growth %
<b>Sources of income</b>						
Interest	179,717,526	197,330,011	321,935,983	394,794,898	349,292,146	-11.5
Exchange	2,402,191	(1,405,861)	17,053,885	8,584,947	(435,708)	-105.1
Commission and fees	6,723,826	8,268,168	16,397,745	13,806,168	14,923,343	8.1
Capital gain	336,495	143,459	184,223	347,203	537,614	54.8
Other	1,801,670	2,914,043	1,656,773	4,708,927	3,660,594	-22.3
<b>Total</b>	<b>190,981,708</b>	<b>207,249,820</b>	<b>357,228,609</b>	<b>422,242,143</b>	<b>367,977,989</b>	<b>-12.9</b>
<b>Utilisation of income</b>						
To Depositors/ borrowers as Interest	118,783,744	114,869,171	246,177,918	340,473,452	242,050,205	-28.9
To employees as emoluments	19,685,506	22,711,335	26,602,748	24,493,737	35,834,826	46.3
To providers of goods and services	11,128,830	12,276,709	15,882,049	21,352,264	21,265,446	-0.4
Net impairment loss on financial assets	11,567,174	14,472,820	33,346,451	7,437,572	5,450,173	-26.7
To Government – Taxes, Special Levy and Dividend	14,444,917	16,328,960	13,944,390	13,926,049	33,476,273	140.4
To Community	28,703	12,665	38,213	40,721	35,964	-11.7
Retained for growth	15,342,833	26,578,159	21,236,840	14,518,348	29,865,102	105.7
<b>Total</b>	<b>190,981,708</b>	<b>207,249,820</b>	<b>357,228,609</b>	<b>422,242,143</b>	<b>367,977,989</b>	<b>-12.9</b>

National Contribution	2024	2023
To Government – Taxes, Special Levy and Dividend (LKR Bn.)	33.48	13.93
Return on equity (%)	14.7	6.6
Return on assets (%)	1.3	0.5



## Non-Financial Contribution to the Nation

The Bank credits dividends to the Government of Sri Lanka (supplementary to tax payments) which are relayed to the public as instruments of welfare, including pensions and *Aswasuma* payments through its island wide branch network which sustains rural communities in their daily lives.

The Bank is one of only two public sector banks that engages in transactions of essential, mass scale public goods and services through State Owned Enterprises (SOEs), ensuring that the Bank plays a leadership role in bulk purchases of fertilizer, medicine, petroleum and coal and other essential items that form the backbone of the country's economy. We facilitate access to formal and secure financial services to extremely rural segment of the population that are unbanked or under-banked, ensuring financial inclusivity.

## Taxation

GRI 207-1, 2, 3

Specialists around taxation and allied matters conform to and comply with the tax regime effectively, while external consultants are recruited to handle the intricate aspects of income tax computation, filing, and associated matters pertaining to the system of taxation.

The bank practices rigorous monitoring mechanisms led by its Internal Audit and Compliance Unit, that oversees the adherence to tax laws as well as regulatory matters. The People's Bank also plays a pivotal role in social responsibility in tax practices, always engaging a brand of commitment to ethical conduct, holding the mantle of leadership ensuring its contribution to social responsibility is second to none.

The Tax Unit is instrumental in fostering collaboration with the Inland Revenue Department, ensuring compliance in an evolving taxation landscape, with no instance of tax evasion or noncompliance on any grounds.

## Outlook

As we continue to grow based on the sure foundation of high integrity and ethics, robust risk management and corporate governance, nurturing our human capital and set our sights on a sustainable future, we cannot but underline the valuable contribution of our Investor Capital to our overall operation. We will, therefore, continue to interact with transparency and clear communication, with timely disclosures and meetings, to ensure we develop a close bond with this asset.

# COMMUNITY CAPITAL

For over sixty years, the Bank fostered strong connections with the community, dedicated to meeting the needs of the people, empowering rural entrepreneurs, supporting women-led businesses, and encouraging students to engage in higher education.



## Highlights



**LKR 36.0 Mn. invested in  
Community Development**



**LKR 8.9 Mn. for Health care**



**525 students facilitated for  
internship training**

## Our approach

Driving value within the communities that surround us is core value at the Bank. Our commitment transcends business objectives to reach out and assist the areas where our support is most needed. Sustainability being a crucial element in our strategic agenda, we made significant investments into our communities to ensure the economic hardships, to some extent were alleviated through the many CSR projects we implemented, and the businesses we facilitated.

## Material themes



Socio Economic  
impact



Environmental  
Impact

### Opportunities

### Challenges

### Value created

➤ With our wide reach across the island, engaging in community development through CSR activities helped strengthen our corporate Brand, under the central concept of *Mahajana Mehewara*.

➤ With the recovery trajectory of the economy, the Bank is well positioned to further its community reach, through its wide network of branches and service centres, penetrate deep into the rural communities for youth development and further support the women entrepreneurs.

➤ The overall economic slump continued to impact the projects, with rising costs and availability of resources due to mass-migration and brain-drain.



#### Economic Value

LKR 10.2 Bn. of lending was disbursed to 23,303 development businesses



#### Employee Value

Volunteering opportunities



#### Customer Value

Visibility as a social-conscious entity enhanced brand value



#### Social Value

Community development



## Capital linkages



### Financial Capital

A portion of the Bank's financial capital is prudently invested in community development, with special emphasis on Youth and Women entrepreneur support.



### Human Capital

Sharing the Bank's sustainability principles and its responsibility towards the wider community, creates stronger bonds with our stakeholders, for mutually beneficial partnerships.



### Intellectual Capital

Community outreach projects conducted under CSR brand *Mahajana Mehewara*, enhanced the image of the Bank among the people, while knowledge sharing on financial management and entrepreneurship strengthened their ability to engage in profitable ventures.



### Manufactured Capital

Digitalisation and self- banking units continued to offer convenience and accessibility of banking services for remote communities, thereby enhancing the manufactured capital of the Bank, while being a visible partner in progress in their livelihood ventures.



### Natural Capital

Digitalisation and paperless operations concepts were strongly embedded into our business cultures, conserving natural capital, and contributing towards building a sustainable future. The outflow to the community was significantly felt as account opening and e-statement options exponentially increased in 2024.

## Contribution to UN SDGs



### No Poverty

The Bank contributes to reducing poverty within communities by promoting savings and financial literacy, and through employment creation.



### Zero Hunger

The Bank provides credit facilities to farmers and other producers of food that support the food chains in the country.



### Good Health and Wellbeing

As part of its CSR activities the Bank donates funds and materials to hospitals.



### Quality Education

The Bank supports education by donating school books.



### Clean Water and Sanitation

The Bank has a CSR project to provide drinking water to remote rural schools.



### Affordable and clean Energy

The Bank provides solar power to remote rural schools.



### Partnerships for the Goals

The Bank partners with various government and other organisations to conduct CSR projects.



## Community engagement

GRI 413-1

Category	Investment LKR Mn.	Number of projects	Outcome
Cultural and Religious	24.7	22	Promotes ethnic and religious harmony for a cohesive and supportive living among the communities
Education	2.4	04	Empowers the future generation to engage in modern ways of learning and meaningful engagement
Health	8.9	03	Ensuring health and longevity and maternity and child care for a healthy nation.



## CSR programmes

*Mahajana Mehewara* is the core concept on which our CSR programmes are implemented. Leveraging our vast resources and the far-flung network, we address the issues which are at the heart of our communities, offering support, empowerment, and hope. Making a positive impact on landscapes and communities that are served by the Bank, we serve the nation in the rural heartlands where the Bank has an intrinsic presence as a nucleus for financial well-being.

We invested in several key programmes to create a broad and meaningful impact on community life. In addition to that Buddhist Association, Hindu Association, Muslim Majlis, and Christian Guild of the Bank, engaged in a variety of CSR activities, supporting the community and each other, showcasing religious and ethnic harmony that is a crucial aspect of any sustainable entity. Further, no instances have been reported on violation involving the rights of indigenous people.

GRI 411-1



## Cultural and religious commitment

### Sponsorship for Kandy Esala Perehera 2024

Contributing to preserve Sri Lanka's unique culture, the Bank sponsored the historical and world-renown Kandy Esala Perahera in 2024. A most iconic cultural event, it draws both domestic and international visitors to Kandy, which bolster tourism earnings and significantly enhances Sri Lanka's cultural value in the world stage.



People's Bank offers sponsorship for Kandy Esala Perahera

### Commemorates Poson Poya in Anuradhapura with a series of meritorious deeds.

People's Bank organised a series of meritorious activities in Anuradhapura to mark Poson Poya, demonstrating its continued commitment to national and religious traditions. As part of this initiative, the Bank conducted its annual alms-giving (*Heel Daana*) for the 41st consecutive year, providing meals to over 30,000 devotees observing *Sil* at the sacred *Jaya Sri Maha Bodhi* premises.

Additionally, for the 18th year, People's Bank presented the "*Poson Bodhu Gee Saraniya*", a captivating devotional song performance held at the historic *Ruwanweli Maha Seya*. This event was organised to foster cultural appreciation and showcase the artistic talents of the Bank's staff members. The performance was led by renowned veteran musician Karunarathna Wijewardhana, with *Bodhu Gee* sung by People's Bank staff alongside students from Niwaththakachethiya Maha Vidyalaya.

The entire programme was coordinated by the People's Bank Anuradhapura Regional Office, reinforcing the Bank's dedication to upholding the country's religious and cultural heritage.



### Donation to new security posts at Sacred *Jaya Sri Maha Bodhi*

As part of its ongoing commitment to corporate social responsibility through the '*Mahajana Mehewara*' initiative, People's Bank recently donated two newly constructed security posts to enhance the safety of devotees visiting the sacred *Jaya Sri Maha Bodhi* premises in Anuradhapura. In addition, the Bank provided three high-quality scanners to be stationed at these security points, further strengthening security measures for visitors.



People's Bank fully funded the construction of the security posts, while the Sri Lanka Army contributed by undertaking the construction work. This initiative reflects the Bank's continued dedication to supporting national and religious endeavours that benefit the community.



People's Bank donates new security posts at Sacred Jaya Sri Maha Bodhi

## Youth skill development

Empowering Tomorrow's Innovators was a youth skill development project that was conducted in collaboration with the Sarvodaya Fusion. The objective of the project was to equip the youth to engage in profitable and sustainable economic activity and be workforce ready, as they step into their adult futures.

### Uplifting health services

#### Renovates Cardiothoracic Pediatric Ward at NHSL

People's Bank, under its '*Mahajana Mehewara*' CSR initiative, has successfully completed the renovation of the Cardiothoracic Pediatric Ward (Ward 1) at the National Hospital of Sri Lanka (NHSL), Colombo. This refurbishment marks a significant milestone in the Bank's longstanding commitment to strengthening Sri Lanka's healthcare sector.

People's Bank originally donated the Cardiothoracic Pediatric Ward to NHSL in 1999. Recognising the evolving needs of the hospital, authorities planned to relocate Cardiothoracic Surgery Unit V to this ward and sought the Bank's support to upgrade the facility to modern standards.

The newly renovated unit plays a vital role in providing specialised bypass, valvular, and vascular surgeries, meeting the growing demand for critical healthcare services. This initiative reaffirms People's Bank's dedication to enhancing medical infrastructure for the well-being of the nation.



People's Bank Renovates Cardiothoracic Pediatric Ward at NHSL

## Internship Training Opportunities for University Undergraduates

People's Bank has signed a Memorandum of Understanding (MOU) with 21 universities, including government and private institutions, to offer internship training for undergraduates as part of their degree programs. This initiative aims to equip students with essential skills and industry knowledge to enhance their employability in the finance sector.

In 2024, 243 undergraduates successfully completed their internships, while a total of 525 students benefited from the program throughout the year, reinforcing the Bank's commitment to nurturing future professionals.

## Environmentally responsible

Environmental stewardship has been a Bank's staunch focus, with conservation of biodiversity, lowering the pollution footprint, harnessing renewable energy, harvesting rainwater and emanating leadership in green and climate finance, all being modern developments to ensure that the environment is protected from all anthropogenic phenomena, ensuring natural capital is perpetuated for the generations ahead.

## Community based development lending

**GRI 203-1**

	As at end December 2024			
	Funded by the Bank		Funded through refinance schemes	
	Number of loans	Outstanding amount LKR Mn.	Number of loans	Outstanding amount LKR Mn.
Agriculture	4,420	4,230.75	10,382	3,427.87
Commercial	1,881	1,070.91	339	273.62
Consumption	17	13.46	-	-
Financial	45	13.8	1	0.32
Housing and property development	52	17.87	6	1.37
Industrial	360	72.69	178	43.64
Other economic activities	4,405	675.18	819	109.94
Services	254	146.16	104	24.97
Tourism	10	7.50	30	84.42
<b>Grand Total</b>	<b>11,444</b>	<b>6,248.32</b>	<b>11,859</b>	<b>3,966.15</b>

## Indirect economic impact

**GRI 203-2**

As the nation's premier financial institution, People's Bank plays a pivotal role in fostering economic and social well-being through selfless initiatives. The Bank facilitates essential services such as pension disbursements, university fee payments, and educators' salaries—all at no cost to recipients. It also supports charitable causes, including the Buddhist Welfare Fund of the Temple of the Sacred Tooth Relic (*Sri Dalada Maligawa*), by enabling donations through collection tills at its branches.

Beyond financial services, People's Bank actively contributes to economic revival by supporting exports, SMEs, rural livelihoods, and the cooperative sector. It provides financial assistance to regional credit units, helping businesses with expert guidance on strategy, asset restructuring, and economic recovery.

The Bank's CSR initiatives extend beyond immediate impact, fostering skill development, capacity building, and youth empowerment to drive long-term economic progress. Additionally, its support for sustainable and cultural activities strengthens inter-community harmony, reduces societal disruptions, and promotes a cohesive, resilient society.

## Outlook 2025 and beyond

We will continue in community development and CSR, in a meaningful and an impactful manner, in the future. This is an inherent aspect of our sustainable operation, as a Bank with public welfare at its core. Our vast network, well anchored in the rural communities that are the foundation of the nation, and our ambitious drive to harness the momentum of the corporate and start-ups, is a winning combination to serve our communities to be economically sound, and harmoniously integrated.



# NATURAL CAPITAL

Our responsible consumption of the nature's gift of limited resources in the pursuit of achieving our corporate goals, is encapsulated in this section of the Report. Foundational to sustainable development it underpins economic development and human well-being.



## Highlights



**Green Financing over LKR 4 Bn. granted as facilities**



**Renewable Energy 73 branches fitted with solar panels reducing burden on the national grid by 2.54 MW**



**Water Consumption Reduced by 4,540.0 M<sup>3</sup>**



**GHG emission reduced by 1,645.18 tonCO<sub>2</sub>e**

## Our approach

Acknowledging the value of the Natural Capital and incorporating it into our operational framework to foster a harmonious relationship between a profitable business and sustainable environment, we deeply ingrained the preservation and conservation ethos into our policy regime. As the largest commercial bank in the country, we prioritised industries, businesses, and individuals closely connected to the earth, including agriculture, inland waterways, and the ocean. From lending policies to administrative decisions, and significantly investing in cutting-edge digital banking solutions, while focusing on green financing, the Bank continued to prioritise the concept of responsible usage in all its operational arms. Mahajana Maehara, the CSR banding of the Bank includes several activities that are geared towards preserving our planet and its natural capital.

## Material themes



Socio Economic  
impact



Environmental  
Impact

### Opportunities

- Continued cut over to cutting-edge digital banking solutions, thereby attracting a larger section of GenZ customers
- Online meeting platforms, resulting in time-efficiency and reduced usage of fossil fuel for transportation
- Brand building as a banking solutions provider with ingrained responsibility towards the eco system.

### Challenges

Sluggish pace of the construction industry that delays the building of green branches

Enhancements in IT digital technology, that in some measure contributes to IT and digital waste.

### Value created



Paper Recycling  
2,122 kgs.



A total of 2.539 MW of solar energy capacity is being provided to the national grid from solar installations across 73 branches and a regional office.



8.0 GJ energy  
intensity  
per employee.

## Capital linkages



### Financial Capital

Conversion to green energy continued to reduce the use of grid electricity.

Similar benefits can be expected from the reductions in water and paper usage.

Facilities disbursed for green financing projects garnered a good return in interest income with no NPLs. - LKR 4.89 Bn. and those projects will be covered 37.12 Mw



### Human Capital

Seeped in an ingrained culture of caring for our environment, our employees were the flag bearers for sustainability as they participated in CSR projects and continued to be responsible in consumption of energy, waste and managing waste.



### Intellectual Capital

*Mahajana Mehwara* continued to enhance Brand reputation, which was a catalyst to attracting new talent, in the face of brain-drain and mass-migration in 2024.



### Manufactured Capital

We are continuing to convert bank branches to Green Buildings using solar power and LED lighting while maximising daylight. We are a Platinum Member of the Green Building Council of Sri Lanka (GBCSL), and all new branches are constructed to meet their Green SL Rating System.



### Social and Relationship Capital

Towards the end of the year, the Bank's lending capacity exponentially expanded as liquidity levels were in excess. The Bank was able to lend towards green projects and engage in CSR activities.

## Contribution to UN SDGs



### Clean Water and Sanitation

The Bank conserves water as part of its environmental commitments.



### Affordable and Clean Energy

Greening of Bank branch buildings.



### Sustainable Cities and Communities

The Bank promotes sustainable communities through community projects to provide clean drinking water and solar energy to underprivileged schools in remote location.



### Responsible Consumption and Production

The Bank conserve resources by minimising use of paper by adopting digital solutions and conserving the use of electricity in all buildings.



### Climate Action

The Bank monitors its GHG emissions.



## Initiatives for responsible usage of the natural capital

### Green financing

Striving for green finance instruments launched by the bank as future-scoped products, while introducing sustainable methods of doing business, are twofold means the Bank engages in, to spearhead environmental leadership. The Bank views Green Finance measures as instruments to share with our customer base our founding green principles, as they too are active consumers of the environment surrounding us.

The Bank granted LKR 3.6 Bn. for solar installation and a further LKR 462 Mn. for a variety of green projects, that included financing biomass, green houses, waste management, and waste recycling. By imparting products that are greener in scope, the Bank leverages responsible guardianship of the environment, while encouraging our customers to adopt and utilise greener methods in their business practices and lifestyles.

In line with our policy, we granted green loans amounting to LKR 3.6 Bn. to 219 customers in 2024.



## Energy management

### GRI 302-1, 3

We installed solar panels at 64 branches in 2024. Currently, a total of 73 out of 747 of our Branches have converted to solar energy, which reduced both operational and maintenance costs. The total power generation topped 2.539 MW reducing the burden on the national grid.

The Bank continued with several initiatives commenced in 2023, to augment our commitment towards energy management.

- Consider the “Energy Efficiency Ratio” of all new machinery and electronic equipment to reduce energy usage
- Deploy LED bulbs for lighting to save energy
- Purchase IT equipment with an energy efficiency star rating Install inverter-technology energy-efficient air conditioners and perform preventative maintenance through on-time servicing and repairs

- Use environmentally friendly refrigerators Install soundproof, low-emission, and fuel-efficient generators with remote monitoring capabilities

Energy Source	Energy Type	Consumption Level (Giga Jules)
Renewable	Electricity	6,235.70
Non-Renewable-Fuel	Petrol	244.22
	Diesel	2,292.98
<b>Total</b>		<b>8,772.90</b>

Energy Intensity Per Employee -8.00 GJ



## Reducing our carbon footprint

We made significant strides in reducing our carbon footprint as we enthusiastically engaged in conversion to solar energy across our branch network. This will carry through in the ensuing years, to further reduce our carbon footprint.



## Reducing and recycling paper

The Bank’s digital drive and the island wide network of SBUs, Kiosks, ATMs and CDMs contributed significantly in reducing paper usage in the branch network. We continued to engage an outsourced party to handle wastepaper that did not contain confidential material or customer data. Expired documents – namely archived material – are shredded and destroyed from future circulation, while a digital repository of key documents is now being synchronised into a content management system, spearheaded by the IT division as it embraces a digitalised culture of knowledge management, preparedness and perpetuation.

We recycled 2,122 kgs of paper in 2024, as compared to 4,432 kgs in 2023.



## Waste management

A significant amount of waste produced by the Bank originates from employee food waste and paper waste which are disposed in accordance with regulations, assisted by the municipal or urban councils and third parties approved by the Central Environmental Authority for recycling. Wastewater is discharged in accordance with the National Water Supply and Drainage Board's regulations. A transparent tendering process is also used to select e-waste recycling service providers.



## Emissions management

### GRI 305-1, 2, 3, 4, 5

The Bank achieved the ISO 14064-3: 2019 GHG verification, on Greenhouse Gases specification with guidance for the validation and verification of greenhouse gas assertions, an independent third-party verification conducted by B-Advancy Certification Lanka Private Limited based on the provided GHG assertion against the principles of ISO 14064-1-2018.

We are pleased to report that the Bank was compliant and had developed GHG manuals, GHG inventory, GHG reports, and other supporting documentation to comply with the requirements of ISO 14064-1:2018. There was no non-conformity observed during the verification, while 3 improvements recorded during the verification process.



## Actions for climate changes

### GRI 201-2

The Bank has implemented several initiatives to mitigate its impact on climate change while aligning with the UN Sustainability Development Goal during the review year.

## Certification for ISO 14064-3: 2019

Reporting Period	01/01/2024 - 31/12/2024
Organisation	People's Bank Sri Lanka - Head Office
Statement Number	SL/OD/20231103
Date of Issue	28/01/2025
Level of Assurance	Reasonable
Total Emissions	2150.23 tonCO <sub>2</sub> e
Direct Emissions	294.14 tonCO <sub>2</sub> e
Total Indirect Emissions	1856.09 tonCO <sub>2</sub> e
Energy Indirect Emissions	868.49 tonCO <sub>2</sub> e
Other Indirect Emissions	987.6 tonCO <sub>2</sub> e
Biogenic Emissions	-

- Implementing actions to replace Tungsten bulbs with LED lights
- Continued to replace old air conditioners with inverters to increase the energy efficiency
- Continued to monitor CO<sub>2</sub> fire extinguishers to avoid leakages
- Efficient route planning system for Company owned vehicles to minimise the GHG emissions from Bank's transportation activities
- To reduce Carbon footprint of the Bank by minimising waste, the Bank has taken all the initiatives to reduce usage of paper during the banking operations
- Initiated an innovative sustainable action by maintaining Eco parks

## Identification and management of GHG emissions

Relevance	Consider which indirect emissions or removals need to be selected to meet the needs of the intended user(s) (e.g. customers, suppliers, investors, governments, NGOs) either on their own or in combination with other sources.
Completeness	Consider which indirect emissions and removals need to be included in the inventory for the inventory to include all relevant sources
Consistency	Consider whether inclusion of the indirect emissions and removals is necessary for a user to make meaningful comparisons (e.g. GHG-related information within the inventory).
Accuracy	Consider whether the inclusion of the indirect emissions and removals, on their own or in combination with other sources, is necessary for the inventory totals to be reasonably free from uncertainty.
Transparency	Consider whether exclusion of the indirect emissions and removals, without disclosure and justification, impedes intended users from making decisions with reasonable confidence

## Criteria to evaluate significant emissions

Magnitude	The emissions or removals that are assumed to be quantitatively substantial.
Level of Influence	The extent to which the organisation has the ability to monitor and reduce emission and removals (e.g. energy efficiency, eco-design, customer engagement, terms of reference)
Risk or Opportunity	The emissions or removals that contribute to the organisation's exposure to risk (e.g. climate-related risks such as financial, regulatory, supply chain, product and customer, litigation, reputational risks) or its opportunity for business (e.g. new market, new business model).
Sector-specific Guidance	The GHG emissions deemed as significant by the business sector, as provided by sector specific guidance.
Outsourcing	The emissions and removals resulting from outsourced activities that are typically core business activities.
Employee Engagement	The emissions that could motivate employees to reduce energy use or that federate team spirit around climate change (e.g. energy conservation incentives, carpooling, internal carbon pricing).
Category 1 - Direct Emissions and Removals	Diesel for standby generator LPG, Fugitive GHG emissions from air conditioners and refrigerators, Fugitive emissions from fire extinguishers, Company owned vehicles, Company controlled vehicles
Category 2 - Indirect Emissions from Imported Energy	Purchased electricity from grid
Category 3 - Emissions from Transportation	Purchased goods, Business travel- air, Employee commuting



## GHG inventory summary 2024

Scope	Emission Sources	GHG Emission (ton CO <sub>2</sub> e)			Total Emission	
		CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O		tonCO <sub>2</sub> e
Scope 1 Direct Emission	Stationary Combustion	18.19	0.05	0.01		18.26
	Mobile Combustion	260.23	0.41	3.95		264.59
	Fugitive Emissions	0.02	-	-	11.28	11.30
	Category 1 Total	278.44	0.46	3.96	11.28	294.14
Scope 2 Indirect Emission	Purchased Electricity	868.49	-	-		868.49
	Scope 2 Total	868.49	-	-		868.49
Scope 3 Other Indirect Emission	Purchased Goods	0.06	0.0001	0.001		0.07
	Business Travel - Air	37.58	0.003	0.19		37.77
	Employee Commuting	916.59	1.57	5.47		923.63
	Scope 3 Total	954.23	1.57	5.66		961.47
Category 04	Waste Generation	12.85	-	-		12.85
	Category 4 Total	12.85	-	-		12.85
Category 06	Transmission and Distribution Loss	8.87				8.87
	Purchased Water	4.41				4.41
	Category 6-Total	13.27				13.27
<b>Total Emissions</b>		2,127.297	2,031	9,627	11.278	2,150.23

### Direct Scope 1 GHG Emissions

Gross direct (Scope 1) GHG emissions in metric tons of CO <sub>2</sub> equivalent	Diesel for standby generator - 3.21 tCO <sub>2</sub> e LPG - 15.04 tCO <sub>2</sub> e Fuel for company owned/controlled vehicles - 264.59 tCO <sub>2</sub> e Loss from CO <sub>2</sub> Fire Extinguishers - 0.02 tCO <sub>2</sub> e Refrigerants - 11.28 tCO <sub>2</sub> e
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### Energy indirect Scope 2 GHG emissions

Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> Equivalent	868.49 (tonCO <sub>2</sub> e)
Source: <a href="https://www.energy.gov.lk/index.php/en/knowledge/resources/yourlife/carbon-footpr">https://www.energy.gov.lk/index.php/en/knowledge/resources/yourlife/carbon-footpr</a>	

## GHG emissions comparison 2024 vs 2024 – Reasons

Financial Year	Total Emissions (tonCO <sub>2</sub> e)	Category 01 Emissions (tonCO <sub>2</sub> e)	Category 02 Emissions (tonCO <sub>2</sub> e)	Category 03 Emissions (tonCO <sub>2</sub> e)	Category 04 Emissions (tonCO <sub>2</sub> e)	Category 06 Emissions (tonCO <sub>2</sub> e)
2024	2,150.23	294.14	868.49	961.47	12.85	13.27
2023	2,011.45	303.16	798.13	896.75	0	13.4

GHG emission intensity per employee was 2.56 tonCO<sub>2</sub>e in 2024, compared to 5.39 tonCO<sub>2</sub>e in 2023. There has been a reduction in total emission compared to 2023 from 2.83 tonCO<sub>2</sub>e to 5.39 tonCO<sub>2</sub>e in GHG emission for the reporting year.

We are committed to engage in a responsible operation as contained in our Environment Sustainability Statement which primarily includes reducing the Bank's overall GHG (Green House Gas) emissions through increasing the efficiency of our products and services, leading to optimal energy, waste, and resource management.



### Water conservation

GRI 303-5

Rainwater harvesting has now been introduced to many branches including the head office and localities like Vanni, experiencing dry arid conditions that require the retention and reuse of water resources. In 2024, 11,942 m<sup>3</sup> of water was consumed at Head Office compared to 16,482 m<sup>3</sup> of water in 2023.

The Bank constructed waste water management plants at its branches in Passekudah Staff Training Centre, Ampara Regional Head Office, and at Hakmana Branch, Kegalla RHO



### Actions to mitigate climate change

We strive to be better custodians of our environment, by exploring ways and means to meaningfully engage in activities that contribute to preserve our planet. As such, funding reforestation exercises is a strong factor, as we bolster the country's wealth in canopies, to ensure a cleaner atmosphere, lower ambient carbon currencies and to slow down the heating of the "greenhouse" surrounding us, that are proliferated by conservation and replanting efforts. We have streamlined sources of funding to reforestation efforts, as we make a conscious effort to be exponents of reforestation, to perpetuate our planet for generations to come.

By restoring our forests, we give the communities a better, bigger and benign climate, as responsible consumers, that are keen on a sustainable environment.



### Outlook

Being holistic practitioners of green concepts, driven by our flagship brand that oversees green implementations across the branch network, our focus is to build the future with innovative green practices, that confluence to conserve resources, heighten energy efficiency and reuse consumables.

We have been backed by universal standards such as the ISO 14064-1:2018 that endorses our sustainable brand in line with our green concepts and supports us in our sustainability efforts.

We will continue to engage in green finance and supply chains, as we strive to encourage all our stakeholders towards greener actions.

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# RISK MANAGEMENT REPORT

We identify, assess, and implement mitigating measures in managing overall risks to ensure continued and sustainable business operations, retain financial stability, protect interest of all stakeholders, and comply with regulatory requirements. As the banking industry becomes increasingly complex and competitive, a robust risk management regime is essential to ensure trust, profitability, and sustainability.



## Our approach

We approach risk management, based on several factors that include our objectives, our primary mandate of being a public entity is to support macroeconomic development of the country that combines financial inclusion, rural development through financing and consulting SME and Micro business, handing with digital economic initiatives and foster achievement of national economic targets in a sustainable manner as a state-owned Bank. In the year under review, the political and the socio-economic landscape experienced winds of change, and the Bank's strategic sights had to be reset to achieve the 2022-2024 business plan and operate as a sustainable entity.



## PESTEL analysis

Several external factors require close examination and evaluation to shape and determine the Bank's risk landscape in 2024 which are mainly Political, Economic, Social, Technological, Environmental, and Legal.

### Political

The year 2024 brought winds of change and with that a changed approach to governance and closely consider SOE reforms under IMF programme. A year that saw two crucial election processes, offered little respite in the first half of the year for business momentum, as a general uncertainty settled on the country, due to looming elections in September and November.

<b>Economic</b>	The country was still in the throes of debt restructuring, implementing IMF recommended fiscal policies and SOE reforms. In parallel easy monetary regime enforced by the regulator ensured controlled single digit inflation, lowering interest rates and stable FX rates backed by steady growth in tourism and worker remittances in 2024. Cost of living was still at a steep end and high payee tax rates resulted declining of disposable income. Macroeconomic stabilisation gradually improved during 2024 as a result of prudent steps taken by the Ministry of Finance and the regulator in relation to managing fiscal and monetary policy. This has been causing high performance in the banking sector as well as CSE in 2024.
<b>Social</b>	Social unrest had subsided, though a general uncertainty prevailed. According to World Bank data, poverty levels have increased. The government supported vulnerable communities by providing subsidies in many terms including 'Aswesuma'. The economic crisis has resulted in mass-migration and brain-drain mainly among the youth and young professionals who sought refuge in what was seen as greener pastures overseas. The banking sector was highly impacted by brain drain during 2024. Social stability is gradually improving due to the lower inflation and the social protection initiatives of the government.
<b>Technological</b>	A dynamic tech start up ecosystem saw the potential of export market entrance in 2024, driven by ICT sector and its subsectors, including IT and telecommunications. The government policy on technological base targeting a digitally transformed nation focusing on innovation and digital adoption. It is envisaged that the ICT sector will contribute a significant amount to the digital economy by 2030. The banking sector more focus on AI generated banking operations such as chatbots, on-line credit approvals and E-KYC etc. in addition to the traditional digital initiatives.
<b>Environmental</b>	Climate change impacts such as rising sea levels, flooding and droughts caused significant environmental ecosystem damage, that disrupted agriculture, transportation and entire economic cycle. The banking industry is more focused on sustainable financing initiatives in 2024 specially supporting green energy and comply to the CBSL Green Finance Taxonomy.
<b>Legal</b>	The legal framework evolved to support economic growth and retain justice. An acceleration on this front is a welcome factor, to keep in step with internationally acclaimed standards of justice and peace, for safer societies and greater global acceptance. The banking sector more focus on suspension on parole execution, implementation of Data Protection Act, import control regulations etc. in 2024.



## Risk culture and vision

Within a clearly defined integrated risk management framework, we assess, quantify, manage and report on material and relevant risk exposures, clearly articulating set limits that delineate the Bank's risk appetite across all risk categories. Risk management is integrated into all aspects of the Bank's operations, including strategic planning, business development, financial management, customer interactions, and anti-corruption exercises, aligning business goals and risk management in a cohesive manner.



## Risk covered under Basel Pillar I and Pillar II

Pillar I	Pillar II
<ul style="list-style-type: none"> <li>➤ Credit risk</li> <li>➤ Market risk including exchange rate risk, interest rate risk and price risk (equity and commodity)</li> <li>➤ Operational risk</li> </ul>	<ul style="list-style-type: none"> <li>➤ Business risk and strategic risk</li> <li>➤ Liquidity risk</li> <li>➤ Concentration risk</li> <li>➤ Technology and information security risk</li> <li>➤ Legal risk</li> <li>➤ Compliance risk</li> <li>➤ Reputational risk</li> </ul>



## Risk governance and framework

Embodying accountability, responsibility, independence, communication, reporting, and transparency, the Bank implements a robust risk management framework. The Integrated Risk Management Framework (IRMF) helps to identify, assess, measure, mitigate, monitor, and report risks. The Three Lines of Defence is a key element of integrated risk management framework.

First line of defence	Second line of defence	Third line of defence
Business lines/corporate function	Risk management and controls	Assurance
<ul style="list-style-type: none"> <li>➤ Risk identification and ownership for the management of risk, ensuring risks are within the Bank's accepted risk appetite and risk management policies.</li> <li>➤ Retail, corporate, and enterprise banking</li> <li>➤ Treasury</li> <li>➤ Branch operations, Information technology, Information Security Department</li> </ul>	<ul style="list-style-type: none"> <li>➤ Provide direction for risk management and compliance, maintain an effective risk management policy framework and independent monitoring for effective implementation of risk management framework.</li> <li>➤ Risk Management Department</li> <li>➤ Compliance Department</li> <li>➤ Finance Department</li> <li>➤ Human Resources Department</li> </ul>	<ul style="list-style-type: none"> <li>➤ Providing independent and objective assurance on the risk exposure, processes and practices in place and ensure highest level of governance and compliance.</li> <li>➤ Internal audit</li> <li>➤ External audit</li> <li>➤ Regulatory compliance</li> </ul>
Business and corporate level internal controls which are responsible and accountable for daily operations.	Independent risk monitoring, policy reviews, compliance regime, and measuring the effectiveness of the performance.	Internal and external audit functions, providing independent quality and assurance checks.

The Bank continued to operate within a robust risk management framework including Three Lines of Defence Defined Risk Universe, Defined Risk Appetite, Risk Governance Framework and Risk Evaluation models including stress testing. The Integrated Risk Management Framework (IRMF) helps to identify, assess, measure, mitigate, monitor, and report risks. Overall, a well-coordinated effort was maintained to manage and mitigate risks, top-down and permeating through businesses and operations, that was crucial to our successful performance.

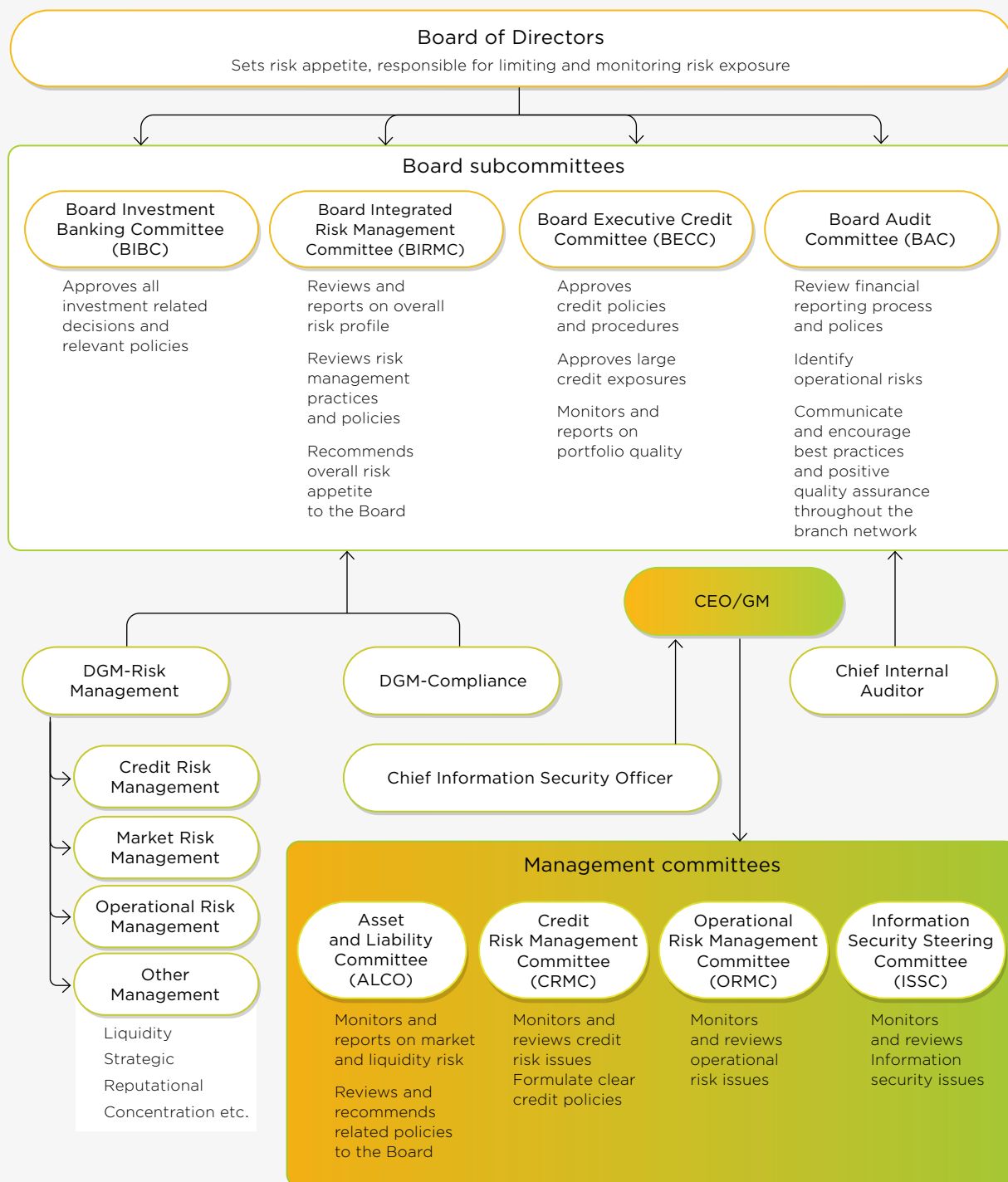
## Risk Management Methodology

- The Chairman, CEO, and the Board of Directors inculcate a strong risk governance culture
- Develop an effective system to monitor the Bank's risk exposures, linked to the Bank's capital and liquidity
- Establish an effective communication mechanism to communicate all relevant policies and procedures across the Bank
- Awareness sessions and training provided to relevant employees about risk management, mitigation and reporting
- Well-defined and independent job functions to ensure the sanctity of the Three Lines of Defence
- Adopt and support strong internal controls
- Strong and independent Compliance Function enforcing a compliant culture, timely, accurate, and transparent regulatory reporting
- Disclosures, where necessary
- Periodic review of risk management policies and practices to align with regulatory and legal requirements, and industry best practices



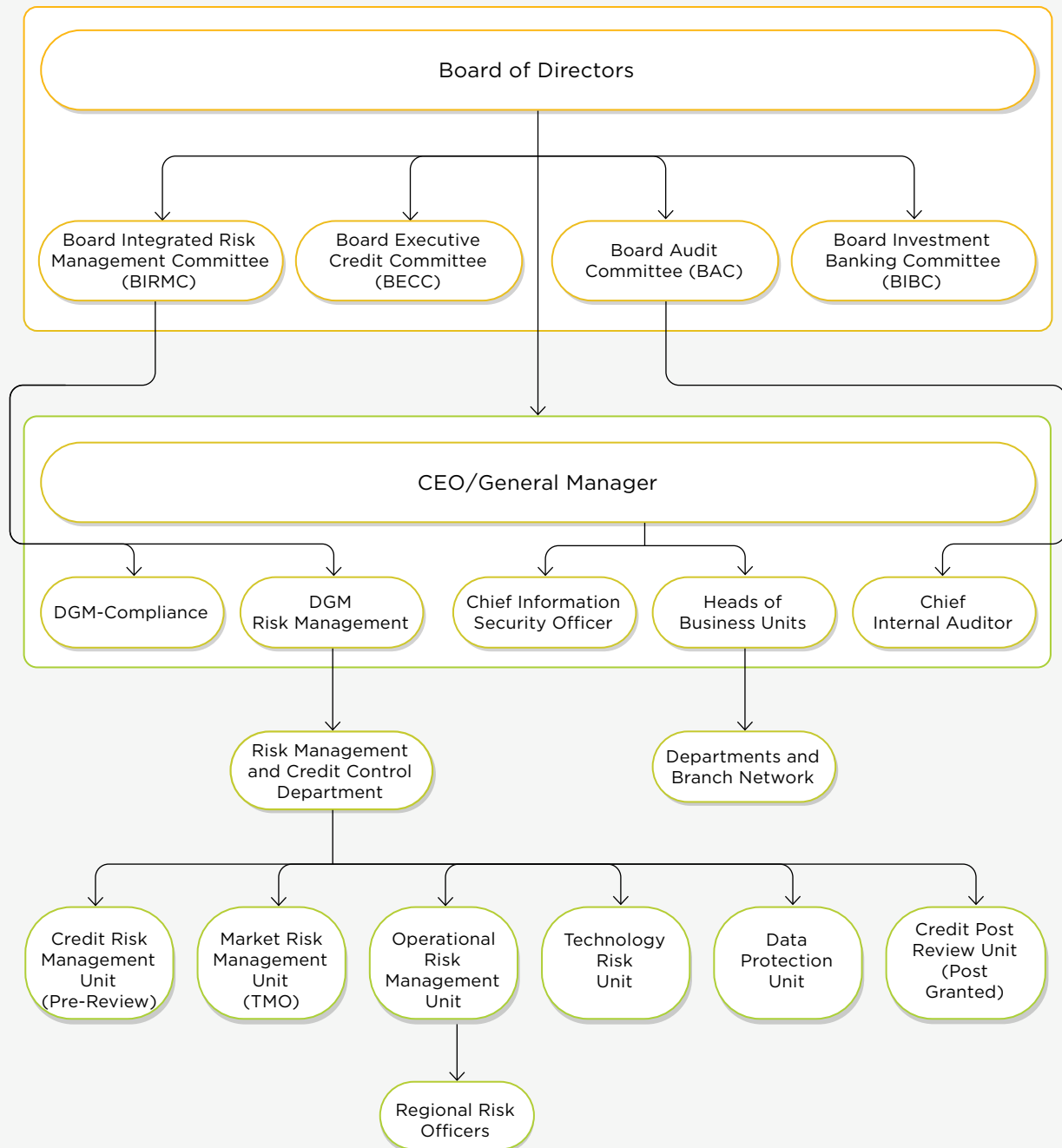


## The Risk Governance Framework





## Functional structure of the integrated risk management framework



→ Direct reporting lines



## Risk landscape in 2024

Our risk landscape is shaped by a range of internal and external factors, including economic conditions, market fluctuations, regulatory changes, cybersecurity threats, and operational challenges. Effective risk management is central to safeguarding our financial stability, protecting our customers, and maintaining stakeholder confidence. Throughout the past year, we have carefully monitored and managed the following key risk categories, each of which presents unique challenges and opportunities for the bank:

Credit Risk, Liquidity Risk, Concentration Risk, IT and Cybersecurity Risk, Market Risk, Operational Risk, Reputational Risk, Compliance Risk, Fraud Risk, Talent Risk and Climate Risk.

Key risk	Impact to Bank	Bank's response
<b>Credit risk</b>	With our vast reach across the island, credit risk is the main risk that emanates from lending, granting loans and advances. The Bank carries a lending portfolio of 50.68% of total Bank assets.	<p>As the credit risk is dependent on customer debt-servicing, our lending is done with due care and prudence.</p> <p>Credit analysis and credit rating is stringently applied, while watch-listing, CRIB screening, risk rating of customers and risk based pricing are built into our credit policy.</p> <p>Segment and industry analyses are done to identify stressed industries and exercise caution in lending.</p> <p>Credit upgrading is done and monitored as per the CBSL guidelines.</p> <p>➔ <b>Risk-Based Pricing for Borrowers:</b></p> <p>A new risk-based pricing approach has been introduced, where loan pricing is aligned with the borrower's credit risk profile, industry-specific challenges, and macroeconomic factors, promoting responsible lending while compensating for higher risks.</p> <p>➔ <b>Comprehensive Credit Risk Re-evaluation of Industry Sectors:</b></p> <p>The Bank has reassessed credit risks across various sectors, incorporating sectoral performance metrics and early warning indicators. This enables strategic adjustments to lending priorities, fostering sustainable growth and mitigating sector-specific vulnerabilities.</p> <p>➔ <b>SOE Exposure Management:</b></p> <p>Given the heightened risks associated with state-owned enterprises (SOEs), the Bank has imposed stricter lending limits and reviewed its existing exposure to these entities, aligning with a more conservative risk approach.</p> <p>➔ <b>Strengthened Credit Pre-review Process:</b></p> <p>The Bank has enhanced its credit assessment framework by introducing rigorous evaluation criteria, leveraging advanced analytics, and fostering closer collaboration between risk management and credit approval teams, to minimise default risks.</p>

Key risk	Impact to Bank	Bank's response
<b>Foreign exchange risk</b>	Exchange rate movements in 2024 averaged 9.69% for the full year but declined to 3.03% in the second half, reflecting reduced FX volatility during this period. Due to the low and stable FX risk levels throughout 2024, the impact on the Bank remained minimal.	<p>The Bank launched a vigorous marketing campaign among the migrant workers that exponentially increased the remittance flow in 2024.</p> <p>Additionally, export hubs were established in many regions to attract both new and existing export customers. We managed our foreign currency (FCY) portfolio by maintaining diversification across currencies and strictly adhering to compliance requirements to mitigate FX risk.</p>
<b>Liquidity risk</b>	In general, 2024 was a year of excess liquidity for the banking industry, largely due to low credit growth in the market. Additionally, the Central Bank of Sri Lanka's (CBSL) purchases of foreign currency (FCY) from the market further exacerbated the liquidity surplus.	As import restrictions took place and credit lines diminished, the Bank dealt with excess liquidity by placing short to medium term investments, and private sector lending to corporates. Accordingly, the Bank maintained a strong liquidity position throughout 2024.
<b>Concentration risk</b>	The Bank's concentration risk is mainly the lending to SOEs which accounted for 28.6% of total loans portfolio in 2024. As a state-owned Bank, this reflects the Bank's desire for public welfare.	Bank managed concentration risk by diversifying its loan portfolio across various sectors, industries, and geographic regions to reduce exposure to any single segment. It established and enforced strict exposure limits for individual borrowers, industry sectors, and geographic regions to prevent excessive concentration. Additionally, the bank conducts regular assessments of credit concentration risk associated with different sectors and performs stress tests and scenario analyses to evaluate the potential impact of concentration risk on its credit portfolio to ensure early identification of such risks.
<b>Technological risk</b>	IT and cybersecurity remain a high-risk factor, as banking is dynamically adopting digital platforms to gain a larger share of customer segments that seek convenient banking. The Consumer Data Protection Act and the Central Bank's technology risk guidelines for banks continued to enforce stringent measures to mitigate this risk.	The Bank's innovative digital platforms are securely placed within software systems that easily detect malware and generate real time risk indicators. We continued to test our DR solutions to ensure IT security and uninterrupted services.
<b>Market risk</b>	Interest rates, foreign exchange rates, and other market variables exhibited relatively low volatility in 2024 compared to 2023, largely due to the Central Bank of Sri Lanka's (CBSL) monetary and foreign exchange policies. The weekly Average Weighted Prime Lending Rate (AWPLR) change for the year stood at 26.04%, with the second half of the year recording a significantly lower volatility of just 2.37%, further underscoring the stability achieved in 2024.	<p>➤ As a bank, we prudently repriced our loan book to mitigate future risks. Additionally, we maintained our foreign currency (FCY) portfolio in full compliance with CBSL regulatory requirements, while diversifying across currencies to keep FX risk at a minimal level.</p> <p>➤ Based on the size and complexity of the activities and the engagement in FX market, appropriate steps were taken by the Bank to align its activities with the applicable principles of the FX Global code, which provides a common set of guidance to promote a robust, fair, liquid, open, and appropriately transparent market in which market participants could confidently and effectively transact at competitive prices that reflect available market information.</p>

Key risk	Impact to Bank	Bank's response
		As enunciated in the Annual Policy Statement of Central Bank – 2024, adapting to this Code was essential to support for fostering a deeper and more liquid foreign exchange market whilst managing exchange rate risks.
<b>Operational risk</b>	The Bank's vast network, the customer base, and the staff strength spread island-wide, makes it vulnerable to any operational risk event. Unless managed efficiently, timely, and with least impact to all stakeholders, the disruption can trigger a colossal loss of trust, confidence, and some amount of financial loss.	<p>Among other risk factors, operational risk takes priority in the Integrated Risk Management Framework (IRMF), and is delineated to all operational and business units, in a structured manner. Trigger events are escalated as articulated in the IRMF, tracked for resolution and disclosed for transparency.</p> <p>Digitalised Customer Complaint Management system was introduced to minimise operational issues in managing complaints manually is one of such technological improvements of the Bank in 2024 through which expected objectives could be achieved through improved efficiency, real-time monitoring.</p>
<b>Reputational risk</b>	While the best form of positive advertising is a through-the-line manner via social media platforms, social media itself can be an imminent threat in spreading negativity about the Bank, or grossly exaggerate scenarios, in real-time resulting in reputational damage. As a state-owned bank, while we are mandated to support the development efforts of the Bank, we exercised caution in expanding our reach to the private sector, to bolster our reputation as a market competitor in the industry.	With our superior digital capability, social media risks can be identified speedily and rectified in real time, presenting resolutions or commencing a positive communication with the impacted stakeholders.
<b>Compliance risk</b>	Breach of compliance with regulatory or legal requirements can invite penalties, fines, and/or engage the Bank in long drawn out legal proceedings, that will also result in reputational damage.	The Bank has an Independent Compliance Department and a Legal Department, that communicates the required standards across the Bank, and ensures regulatory reporting is timely, accurate and transparent. We had not regulatory fines, penalties, or legal action against us for any breach, in 2024.
<b>Fraud risk</b>	A digital economy has its negative effects emanating from the seeming ease of fraud and embezzlement. Similarly, digital channels are currently used for money laundering and financial crime and is on the rise globally.	Our screening mechanisms, both for customers and transactions, and the suspicious transaction identification and immediate escalation are robust processes, that support in averting fraud risks and financial crime. To ensure sustainability of our operations, we periodically train our human capital, and review policies and procedures to ensure risk mitigation.

Key risk	Impact to Bank	Bank's response
<b>Talent Risk</b>	Talent risk poses a significant challenge to the Bank, impacting its operational efficiency, risk management capabilities, and long-term sustainability. The loss of skilled professionals or an insufficient talent pipeline can weaken decision-making in critical areas such as credit risk assessment, treasury operations, and regulatory compliance. Additionally, high employee turnover or skill gaps may lead to increased costs for recruitment and training while disrupting business continuity. Failure to attract and retain top talent could also reduce the Bank's competitive edge, affecting innovation and customer service.	The bank managed talent risk by implementing strategic workforce planning, continuous skill development, and robust succession planning. Training programs and professional development initiatives were introduced to enhance employees' expertise. Competitive compensation structures and career progression opportunities were designed to attract and retain skilled professionals.
<b>Climate Risk</b>	Climate risk is the potential for climate change to create adverse consequences to the Bank customers and their inability to meet obligations agreed with the Bank. Further, adverse climate changes will be impacted on the Bank's physical resources as well. This includes impacts on lives, systems, and physical assets. A force of nature, this is a risk we deal with, when it happens.	The Bank managed this risk through a multifaceted approach that aligned with regulatory requirements and sustainable finance principles. Significant funds were allocated for concessionary lending to environmentally friendly businesses and investments, supporting projects in line with the CBSL's Sustainable Finance Road Map. Additionally, climate-related risks were integrated into credit evaluations, with continuous monitoring of vulnerable portfolios to enhance resilience against climate-sensitive industry challenges.
<b>Political Risk</b>	Commencement of 2024 was rife with political uncertainties that impacted the economy in many ways.	We continued to fulfill our core values while exploring avenues to support the economy through lending to SME and MSME sectors and youth development.



## Our risk universe

Activities	Lending	Funding	Trade	Business operations	Competition	Regulatory
The Bank's activities, collectively represent the risks the Bank is exposed to.	Credit risk ➤ Default risk ➤ Concentration risk ➤ Rating migration risk	Liquidity risk ➤ Equity risk ➤ Interest rate risk	Market risk ➤ Commodity risk ➤ Exchange rate risk	Operational risk ➤ People risk ➤ IT risk ➤ Compliance risk ➤ Business continuity risk ➤ Cybersecurity risk	Strategic risk ➤ Reputational risk ➤ Business risk	Compliance risk ➤ Legal risk
External risk monitored to assess impact to the Bank						
Geopolitical			Macroeconomic		Regulatory	





## Risk appetite and tolerance

Risk appetite and tolerance levels describe the maximum amount of risk the Bank is willing to absorb in the pursuit of its strategic objectives. This acts as a framework within which to evaluate optimal growth options, for the Bank to drive a sustainable performance. The Risk Appetite Statement is reviewed and approved by the Board annually, considering the volatilities in capital base, macroeconomic changes, country and counterparty risk, expected business growth and the corporate plan to align with the Bank's overall business strategy and stakeholder requirements.

While risk appetite refers to the extent and type of risk the Bank is willing to take to meet strategic objectives, risk tolerance refers to the level of uncertainty the Bank will accept and identify to set a maximum risk boundary, beyond which the Bank will not accept the risk.

### Segmented risk appetite 31 December 2024 vs 31 December 2023

Credit risk appetite	High risk	Medium risk	Low risk	Position as at	
				31 December 2024	31 December 2023
Impaired Loans (Stage 3) Ratio %	>7	3.5-7	<3.5	10.26	8.83
Impaired (Stage 3) to Stage 3 Loans Ratio (%)	<30	30-50	>50	41.49	40.96
Overdue (%)	>12	6-12	<6	16.84	12.75
P and L charge (%)	>50	35-50	<35	13.11	48.47
Concentration (HHI Method)	>0.25	0.15-0.25	<0.15	0.11	0.21
Recovery (%)	<10	0-20	>20	8.55	15.76
TOD excess (%)	>20	10-20	<10	8.68	65.36
Overseas exposure (OBU) (%)	>5	3-5	<3	1.55	1.45

Operational risk appetite	High risk	Medium risk	Low risk	Position as at	
				31 December 2024	31 December 2023
Operational losses – Internal frauds	>5	1-5	0	1	2
Operational losses – External frauds (Pawning)	>300	150-300	<150	135	237
Total operational losses to total operational expenses (%)	>1.0	0.5-1.0	<0.5	0.05	0.17
<b>Systematic availability (%)</b>					
High critical (%)	<97.5	97.5-99.9	>99.9	100	99.95
Medium critical (%)	<95	95-97.5	>97.5	100	99.89
Low critical (%)	<87	87-90	>90	100	100
Percentage of branch audits rated less than average	>10	5-10	<5	7%	13.41

Market risk appetite	High risk %	Medium risk %	Low risk %	Position as at	
				31 December 2024	31 December 2023
Forex losses	>10	5-10	<5	Nil	Nil
FIS trading losses	>10	5-10	<5	Nil	Nil
ADR	>85	75-85	<75	56.10%	69.43%
LCR (all currency)	<90	90-100	>100		
Maturity mismatch ratio	> +/-35	+/- (25-35)	25	-49.44%	-38.77%



## Stress testing

The Bank's stress testing framework is prepared in compliance with regulatory guidelines and international best practices, utilising a combination of techniques that include macroeconomic scenario analysis and business model evaluations and rated under mild, moderate, and major stress levels. Regular stress testing evaluates the risk appetite and the Bank's tolerance levels that could impact profitability, liquidity, sustainability, and enhances risk awareness across the Bank's operations supporting proactive management of envisaged risk factors. Stress testing is an integral aspect of the Bank's Internal Capital Adequacy Assessment Process (ICAAP). The Bank assesses the potential impact on the Bank's risk profile and financial position including the potential impacts on earnings, capital, and liquidity due to macroeconomic and market variables. All material risk types are included in the stress testing exercise.

Regular reviews are conducted by the BIRMC on the Bank's stress testing outcomes and the major assumptions that underpin them. The outcomes are vital inputs for capital planning for ICAAP, strategic planning, defining risk appetites, communicating with internal and external stakeholders for strategic decisions, and managing risk within defined parameters.

Credit risk	Market risk	Liquidity risk	Operational risk
<b>Stress Scenarios</b> <ul style="list-style-type: none"> <li>➤ Deterioration in asset quality               <ul style="list-style-type: none"> <li>- Increase in NPLs due to slippage of PLs to NPLs.</li> <li>- From top 10 borrowers.</li> <li>- From top 3 industries.</li> </ul> </li> <li>➤ Shifts in stage assets.</li> <li>➤ Impact from ECL elements</li> <li>➤ Increase in asset quality from top 10 borrowers.</li> <li>➤ Increase in asset quality from top 3 industries.</li> <li>➤ Increase in normalised HHI</li> </ul>	<b>Stress Scenarios</b> <ul style="list-style-type: none"> <li>➤ Movements in market interest rates</li> <li>➤ Movements in market exchange rates</li> <li>➤ Movements in market equity prices</li> <li>➤ Sensitivity analysis of pawning based on market gold price</li> <li>➤ Economic crisis impact</li> </ul>	<b>Stress Scenarios</b> <ul style="list-style-type: none"> <li>➤ Effects from "hot money"/retail fund withdrawals</li> <li>➤ Effects from changes to asset and liability volumes</li> <li>➤ Effect from market value of Government Securities</li> <li>➤ Effects from volume changes to HQLA and net cash outflow</li> </ul>	<b>Stress Scenarios</b> <ul style="list-style-type: none"> <li>➤ Based on the last three years (last 36 months) average amount of losses recorded</li> <li>➤ Based on the preceding year's (last 12 months) amount of losses recorded</li> </ul>

## Interest rate risk (IRR) stress testing

	Magnitude of shock 0.25%	Magnitude of shock 0.5%	Magnitude of shock 1.00%
<b>2024</b>			
Impact on earnings (LKR Mn.)	1,437	2,874	5,748
Revised overall CAR (%)	16.41	16.28	16.02
<b>2023</b>			
Impact on earnings (LKR Mn.)	2,321	4,643	4,265
Revised overall CAR (%)	17.41	16.42	16.46

## Exchange rate risk stress testing

	Magnitude of Shock 5%	Magnitude of Shock 10%	Magnitude of Shock 15%
<b>2024</b>			
Impact on Earnings (LKR Mn.)	166	332	498
Revised Overall CAR (%)	16.52	16.51	16.49
<b>2023</b>			
Impact on Earnings (LKR Mn.)	183	367	550
Revised Overall CAR (%)	17.35	17.33	17.31

	Magnitude of shock 5%	Magnitude of shock 10%	Magnitude of shock 15%
<b>2024</b>			
Impact to maximum market value of equity portfolio (LKR Mn.)	82	163	326
Impact to fair value of strategic equities (LKR Mn.)	19	40	79
<b>Total Impact (LKR Mn.)</b>	<b>101</b>	<b>203</b>	<b>406</b>



## Credit risk

The Bank's credit risk arises from the loans and advances portfolio, financial guarantees, letters of credit issued and accepted on behalf of customers and is managed within the integrated risk management framework, under the Three Lines of Defence Model. Underlying factors for credit risk are the failure of customers or counterparties to meet their obligations, default risk, concentration risk. The Bank managed and mitigated the credit risk successfully, maintaining asset quality and NPLs, which is reflected in the financial achievement for 2024.

## Objectives of managing credit risk

- Maintain quality of the portfolio ensuring the achievement of all Key Performing Indicators (KPI) relevant to credit management
- Maintain a well-diversified portfolio through prudent management of the credit portfolio
- Achieve an optimal risk-reward pay-off through maximised returns
- Maintain a high portfolio and asset quality and minimise/manage NPLs within a comfortable limit.

Pre-approval mechanism	Post-approval monitoring
<ul style="list-style-type: none"> <li>➤ Evaluation based on credit appraisal criteria</li> <li>➤ Multiple layers of credit approval</li> <li>➤ Independent review by CRO, where necessary</li> <li>➤ Structured limits, dependent on default, concentration, and counterparty</li> <li>➤ Borrower rating and scorecards</li> <li>➤ Risk-based pricing</li> <li>➤ Single borrower limits, where applicable</li> <li>➤ Pre-screening and watch-list adherence.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Identify early-warning signals</li> <li>➤ Proactive engagement with customers in identifying stress areas and offer solutions</li> <li>➤ Stress testing and scenario analyses</li> <li>➤ Recovery and repayment process.</li> </ul>

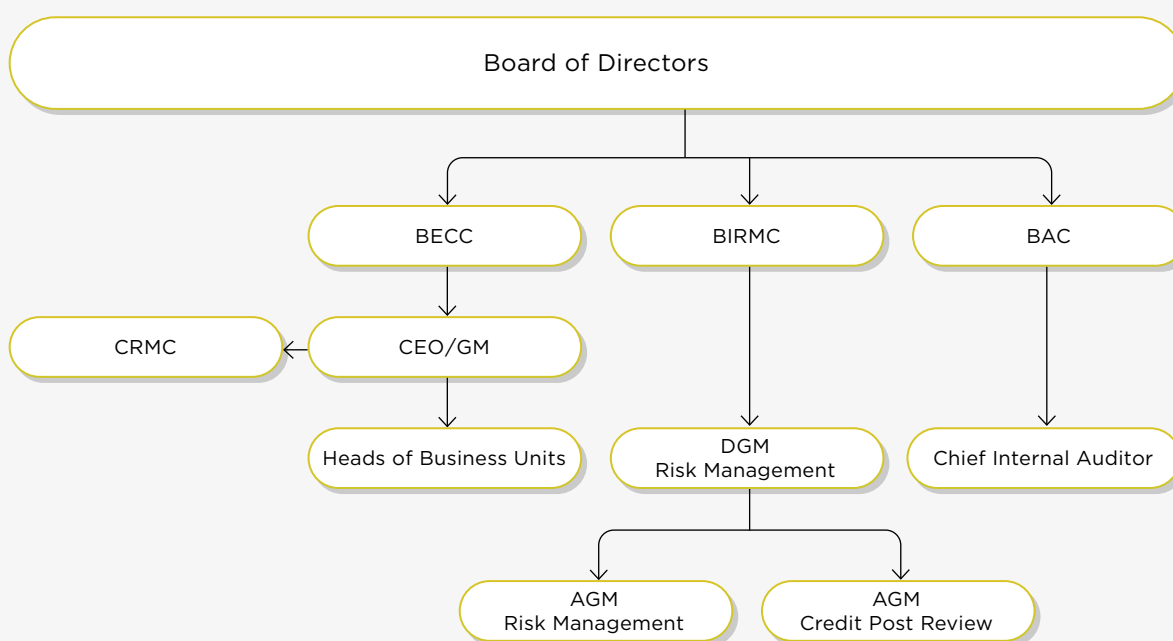
## Board Executive Credit Committee

The Board Executive Credit Committee (BECC) provides oversight to the Bank's credit risk management, which is responsible for formulating and updating credit policies considering business requirements and macroeconomic conditions in consultation with the Board, establish credit approval structures to handle larger and higher risk exposures with the concurrent of the Board, conduct

periodic reviews of individual credit exposures and the overall portfolio to eliminate undue risk concentrations, ensure effective management of higher risk exposures and adequacy of provisions, develop and maintain the risk rating systems and risk-based pricing models, approve or declining credit proposals above a predefined limit and prudently manage SOE exposures within Bank's risk appetite.



### Governance structure of credit risk management

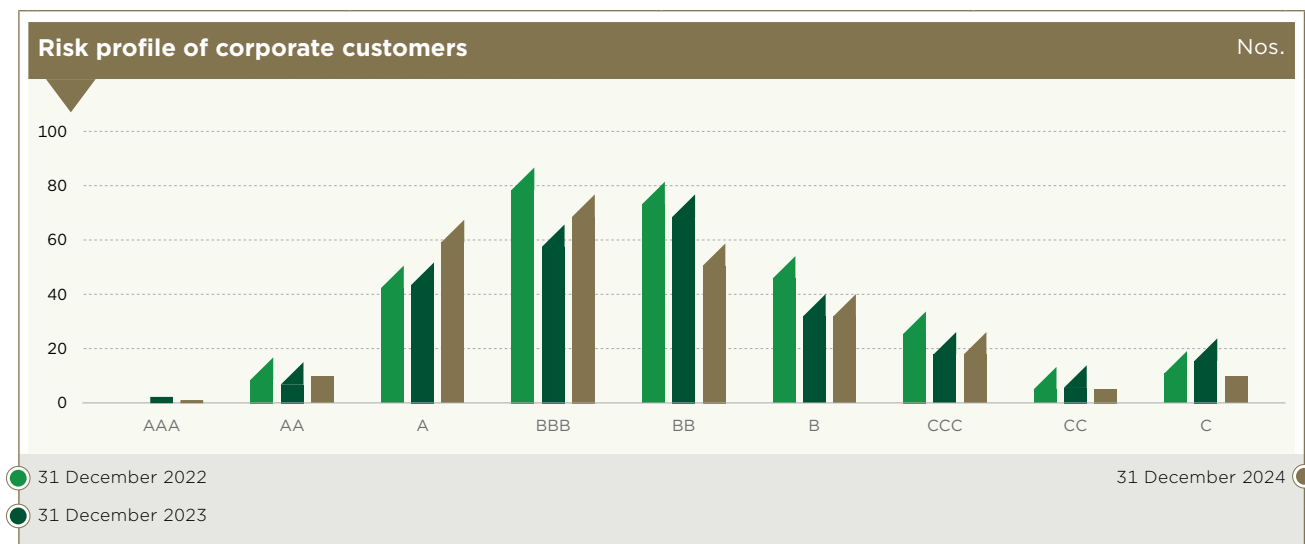


## Managing credit risk

SR No.	Methodology	Description
1.	Robust risk policies and control framework	<p>BECC reviews and updates the credit risk framework with the concurrence of the Board.</p> <p>The credit policy and the credit procedure manual (CPM), which are approved by the Board, define the Bank's credit culture.</p>
2.	Culture of responsible lending	<p>Internal communications and staff training ensures a culture of risk awareness and responsible lending are cultivated across the Bank. A thorough customer credit evaluation is conducted prior to disbursing credit or increasing the credit limit. Internal credit rating models are used to assess diverse risk factors and predict the probability of default and loss.</p>
3.	Segregation of authority	<p>The final authority and responsibility for overall credit risk exposure is vested with the Board of Directors.</p> <p>Approval for credit authority limits has been delegated to the BECC by the Board.</p> <p>The BECC has the authority to delegate approval limits to credit committees and business lines. Each business line has clearly articulated and approved multi-level risk acceptance criteria and credit approval authority.</p> <p>All post-disbursement material changes to a credit facility (such as revision in tenure, covenants, or collateral structure) need approval from the original approving authority. Segregation of responsibility for risk assessment and post-monitoring facilitate effective implementation of credit appraisal guidelines and specialisation of skills. Credit approval authorities are assigned to individuals according to their respective grade and periodic reviews are carried out.</p>
4.	Risk rating of obligors	<p>A variety of approaches are adopted to assess a borrower's credit worthiness and assign ratings to borrowers, including in-house assessment methodologies, specialised scorecards and a nine-point rating scale. Each borrower category is assigned with a unique risk rating scorecard, which are periodically evaluated for relevance by the BIRMC.</p>
5.	Credit risk mitigating and collateral management	<p>Strategies such as structuring, collateral arrangements, netting agreements through credit insurance, credit derivatives, and guarantees are used to mitigate potential credit losses. Collaterals are obtained according to the Bank's collateral policy and the main types of collaterals are movable and immovable property mortgages, cash deposits, plant and machinery, mortgages on stocks and book debts, corporate and personal guarantees.</p>
6.	Credit monitoring and review	<p>Credit risk positions are monitored and managed continually. Credit monitoring is conducted by credit officers attached to business units.</p> <p>The risk management and Credit Control Department independently conducts pre-review and post-review of credit proposals. The credit officers have the relevant expertise and experience to manage the credit risk of their customers. Every credit officer/relationship manager is responsible for monitoring the credit risk of their respective borrowers. Periodic credit review reports are submitted to BECC, BIRMC, and CRMC for further review and monitoring of credit risk.</p>
7.	Prudent credit limits in line with the defined risk appetite	<p>Establishing maximum credit limits for industry/sectors, credit rating based exposures, state-owned enterprises, geographical areas and strictly comply to regulatory limits such as single borrower and maximum amount of accommodation.</p>

SR No.	Methodology	Description
8.	Continuous follow-up and establishment of a comprehensive recovery procedure	The Bank has established a recovery procedure which treats all the borrowers equally and ensures all the loans are continuously followed up until fully settled.
9.	Rehabilitation and revival process including early warning signals	The Bank has a fully pledged rehabilitation and revival procedure to address stressed business borrowers apart from the standard restructure and reschedule procedure.
10.	Impairment	An impairment policy is in place to deal with stage assets. The provision for loan impairment is recorded as a reduction of the carrying amount of the loan in the balance sheet. Provisions for loan impairment are made in the income statement and impairment assessments are conducted for all exposures of the Bank. Loan impairments are calculated and accounted by the Finance Department and the verification are done by risk management and Credit Control Department.
11.	Training and development	The Bank set up continuous training and development of credit line staff to ensure the timely updating of knowledge in line with the market changes and the borrower requirements. Training and development ensure the high quality of credit evaluation process and post disbursement activity management.

## Maximum credit exposure



## Stage asset provision coverage ratio

Stage	Provision cover	
	2024 %	2023 %
Stage 1	1.31	0.77
Stage 2	2.79	2.90
Stage 3	41.92	41.65
<b>Total</b>	<b>8.93</b>	<b>7.42</b>



## Migration risk

Migration risk occurs due to deterioration of credit rating of a borrower, over a period of time. In 2024, the Bank closely observed the credit rating migration of corporate customers.

### Corporate customer downgrades from 2018 – 2024

Year	Number of customers in transition	Percentage of downgraded customers (%)
2018	322	19
2019	318	20
2020	320	21
2021	321	11
2022	329	14
2023	300	37
2024	257	17

## Default risk

The potential loss resulting from a borrower or counterparty breaching contractual obligations of a loan agreement is known as a default risk. This is mitigated by our robust credit risk management processes, adopting required measures when necessary to mitigate any further losses. We maintained a healthy portfolio with the Bank's Stage 3 asset ratio at 10.26% in 2024.

## Concentration risk

This arises due to potential loss in value or return from the Bank's asset portfolio, when a single borrower, an industry sector, or a regional exposure declines in debt servicing. As a state-owned bank, we prudently managed our exposure to the SOE sector as well as other high demand sectors such as pawning, SME loans, and personal advances.

Concentration risk is the potential for loss in value or return from the Bank's loans and advances portfolio when an individual counterparty, industry sectors, or geographic regions' exposure move together in an unfavourable direction. As a state-owned bank, People's Bank has a significant exposure to State-Owned Enterprises (SOEs) and other main exposures are retail/personal loans, enterprise loans, SME and Development loans, and pawning.

### Concentration of large credit exposure (over LKR 100 Mn.)

As at 31 December 2023	Number of industry sectors	Number of individual customers	Direct exposure LKR Mn.	Indirect exposure LKR Mn.	Total LKR Mn.	Direct exposure as a percentage of balance sheet (%)
With SOE	18	379	956,757	75,053	1,031,810	55.89
Without SOE	17	340	184,146	35,338	219,484	10.77

As at 31 December 2024	Number of industry sectors	Number of individual customers	Direct exposure LKR Mn.	Indirect exposure LKR Mn.	Total LKR Mn.	Direct exposure as a percentage of balance sheet (%)
With SOE	18	433	698,922	69,035	767,957	21.19
Without SOE	17	395	254,155	43,584	297,739	9.03

## Position of Bank's top 20% customers as at 31 December 2024

Year	Top 3%	Top 5%	Top 10%	Top 20%
<b>Including SOE</b>				
2024	39	49	60	68
2023	58	65	74	80
<b>Excluding SOE</b>				
2024	19	25	34	47
2023	16	21	29	42

## The tolerance levels for each degree of concentration 2024

Metrix	Low concentration	Moderate concentration	High concentration
HHI	<0.15	0.15-0.25	>0.25

## Quarterly position for the final year 2024

	31 March 24	30 June 24	30 September 24	31 December 24
Name concentration (with SOE)	0.19	0.19	0.19	0.07
Name concentration (without SOE)	0.02	0.02	0.02	0.02
Sector concentration (with SOE)	0.20	0.20	0.21	0.11
Sector concentration (without SOE)	0.13	0.13	0.13	0.13

## Credit risk stress testing 2024

	Minor %	Moderate %	Major %
<b>Increase in impairment impact on CAR – In high-risk environment</b>			
<b>Transition from Stage 1 bucket to Stage 2 Bucket</b>			
Revised Tier 1 capital ratio	10.85	10.81	10.76
Revised total capital ratio	16.50	16.47	16.43
<b>Transition from Stage 2 bucket to Stage 3 bucket</b>			
Revised Tier 1 capital ratio	10.74	10.59	10.45
Revised total capital ratio	16.39	16.25	16.10
<b>Simultaneous transitions from Stage 1 bucket to Stage 2 bucket and Stage 2 bucket to Stage 3 bucket</b>			
Revised Tier 1 capital ratio	10.70	10.52	10.34
Revised total capital ratio	16.36	16.18	16.00
<b>Shock in probability of default</b>			
Revised Tier 1 capital ratio	10.84	10.80	10.76
Revised total capital ratio	16.50	16.46	16.41

	Minor %	Moderate %	Major %
<b>Shock in loss given default</b>			
Revised Tier 1 capital ratio	10.81	10.74	10.67
Revised total capital ratio	16.47	16.40	16.33
<b>Shock in probability of default and loss given default</b>			
Revised Tier 1 capital ratio	10.52	10.12	9.69
Revised total capital ratio	16.17	15.77	15.34
<b>Default by large borrowers</b>			
Revised Tier 1 capital ratio	10.71	10.62	10.53
Revised total capital ratio	16.36	16.27	16.19
<b>Defaults by large three industries</b>			
Revised Tier 1 capital ratio	10.58	10.28	9.98
Revised total capital ratio	16.24	15.94	15.64



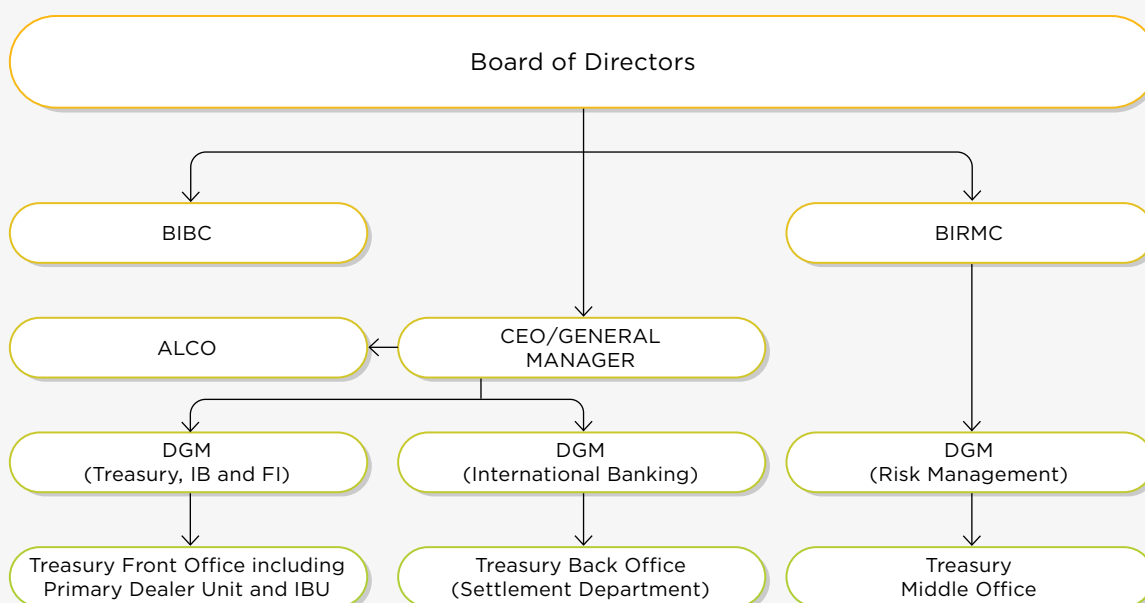
## Market risk

Market risk is the probable loss that could arise due to movement in market driven variables such as interest rates, exchange rates, equity prices, and commodity prices.

People's Bank is exposed to market risk mainly from the interest rate risk arising from trading book and banking book exposures and exposure to gold prices through its pawning portfolio exposed to commodity price risk. The Bank's exposure to foreign exchange risk is managed through strict compliance with CBSL net open position maintenance and compliance with internal limits in relation to FX transactions. Exposure to equity price risk is limited due to the low volume of trading portfolio.



### Governance structure of market risk



Board Integrated Risk Management Committee (BIRMC)	Asset and Liability Committee (ALCO)	Risk Management Department (RMD)	Treasury Middle Office (TMO)
Monitors the Bank's market risk exposure, formulate policies and risk appetite limits and provide recommendations to the Board on management of market risk.	The Asset and Liability Committee (ALCO) is responsible to implement the market risk management framework and maintain the market risk exposures within the defined risk appetite, recommend appropriate pricing structures, and analyse risks emanating from financial markets recommend mitigation actions.	RMD is responsible for the daily risk management activities, including market risk assessment, monitoring, and reporting.	The Treasury Middle Office (TMO) measures and monitors the Bank's treasury transactions independently from the Treasury Front Office and Back Office functions. The TMO ensures compliance with risk limits approved by the Board.

## Market risk exposure of people's Bank 2023 vs 2024

	2024			2023		
	Financial Asset - at fair value through OCI LKR Mn.	Financial Assets - at fair value through Profit or Loss LKR Mn.	Debt instruments measured at amortised cost LKR Mn.	Financial Asset - at fair value through OCI LKR Mn.	Financial Assets - At Fair Value through Profit or Loss LKR Mn.	Debt instruments measured at amortised cost LKR Mn.
Asset			167,697		143,131	63,267
Treasury Bill		325,061	948,540		814	760,061
Treasury Bonds		4,441	10,799			16,799
SLDB						
GOSL Bonds			-	10,180	240	
Other investments	9,423	308				
Liability						
Debentures			54,156			46,997

## Management framework

Method	Description
Policy framework	The Bank's market risk management policy framework includes: Treasury Policy, Investment Policy, Risk Management Policy, Stress Testing Policy, and Country Limit Policy.
Risk assessment	The tools adopted for market risk assessment include: Value at risk (VaR), Duration gap, Sensitivity analysis, and Stress testing. The valuation rates and methodologies are subject to independent verification.
Market risk limits	Market risk limits are assessed and recommended by the Risk Management to ALCO and then referred for BIRMC and Board approval. Limits such as open position limits, counterparty limits, and dealer limits are defined based on approved market risk limits. The limits are monitored based on product, sector, credit rating, and geography. The TMO monitors performance against the limits and reports to ALCO and BIRMC on a monthly basis. These limits are periodically reviewed by the Risk Management Department and approved by BIRMC and BOD.
Action trigger points	The risk thresholds that trigger specific management action are specified in order to ensure market risk exposures are maintained within the levels defined by the risk appetite statement.

## Market risk limits and positions as at 31 December 2024

Market risk		Market risk appetite	
		Approved limit	Year ending 31 December 2024
FX Net open position		USD + 10 Mn./-25 Mn.	Complied
Value at Risk (VaR) (Conf. Level 99%,1 day)	- Currency	USD 250K	Complied
	- Interest Rate	LKR 3.4 Bn. (Trading)	Complied
Cumulative Losses (realised)	- FIS trading	LKR 3 Mn. (per day)	Complied
	(unrealised)	LKR 500 Mn.	Complied
Forward FX gap limit		USD 600 months millions	Complied
GOSL securities	- FVPL(Trading)	LKR 450 Bn.	Complied
	- Inv. at AC	LKR 1,600 Bn.	Complied
	- FVOCI (AFS)	LKR 20 Bn.	Complied
International sovereign bond	- Trading	USD 20 Mn.	Complied
	- Investment	USD 55 Mn.	Complied
Sri Lanka Development Bonds (SLDB)		USD 50 Mn.	Complied
Interbank Borrowings	- Total Limit	USD 1,046.68 Mn.	Complied
	- Short-term limit	USD 261.67 Mn.	Complied
Present Value Basis Point (PVBP) Limit		LKR 25 Mn.	Complied
Gilt unit trust		LKR 2.5 Bn.	Complied
Corporate debt limit (Debentures)		LKR 15 Bn.	Complied
Reverse REPO limit for Non-Bank PDU		LKR 3.0 Bn.	Complied
Hair cut limit		10%	Complied
Limit for Swap funds		75% of O/S for a tenor of less than 3 months	Complied
Interest rate risk (D-Gap + VaR on Fwd.Fx)		LKR 17.5 Bn.	Complied
Investment value of share trading portfolio		Port 1: LKR 1 Bn. Port 2: LKR 1 Bn.	Complied
Stop loss limit (share trading)		30%	Complied
Percentage of shares on the S&P SL20 Index		25%	Complied

2024 was a recovery year for the country, and as such, market risk was significantly impacted by a plethora of domestic and international factors. Although the process was gradual, Sri Lanka stepped into the path to economic progress achieving a 5% growth, beyond the forecasted, with speedy momentum in tourism, enhanced remittances, and a sluggish resuscitation of the industrial sector. Declined disposable income resulted in reduced consumer spending. Although the inflation remained low throughout the year, private sector credit growth did not par with it, as interest rates were reduced by

the regulator, adopting an accommodative stance in monetary policy. On the fiscal front, the government raised taxes, cut government spending, continued import prohibition to achieve a forced surplus. Overall, the country achieved a 5% growth, beyond the forecast of 2.5%.

Market risk, therefore, was subject to the volatilities of the domestic economy and international factors, and was closely monitored by us, adopting stringent measures to safeguard any negative impact to the Bank.

## Interest rate risk (IRR)

Extreme fluctuations in the market interest rates directly impacts the net interest income of the Bank, which further impacts the underlying assets, liabilities, and off-balance sheet items. Volatility of the interest rates in 2024 was by far the most dynamic in the recent years, that emanated from macroeconomic factors such as monetary and fiscal policy, inflation, and commodity price fluctuations in the global markets.

Repricing risk that arises due to the timing difference between assets and liabilities with varying maturities, the Basis risk that arises from the difference between actual and expected interest margins, and the Yield Curve risk that arises from negative impacts between the Bank's earnings and asset value that impact the yield are the sub-categories of IRR, that posed a continuous challenge in 2024.

## Managing IRR

Managing IRR is a comprehensive and collective effort. The Board is responsible to approve the risk appetite for IRR, and set the overall limits for VaR and earnings at risk (EAR). The Market Risk policy comprehensively documents the parameters within which to execute this. While the Treasury manages IRR within the approved risk appetite, the Middle Office monitors the process adopting pre-determined techniques. ALCO is responsible for repricing decisions and the continuous monitoring of the Bank's assets and liability portfolio. Stress testing gauges the overall impacts, considering macroeconomic volatilities to manage the IRR in a holistic manner.

## Earnings at risk over one-year horizon (net impact of 1%)

	Up to 1 month	1-3 months	3-6 months	6-12 months
Net assets (LKR Mn.)	40,250	14,163	(86,061)	(1,137,644)
Loss for change in 1% (LKR Mn.)	386	118	(538)	(2,844)

## ALM mismatches 2024

2024	Up to 1 month LKR Mn.	1-3 months LKR Mn.	3-6 months LKR Mn.	6-12 months LKR Mn.	1-3 years LKR Mn.	3-5 years LKR Mn.	Above 5 years LKR Mn.
Rate sensitive assets	318,440	389,748	350,208	220,159	703,643	261,982	797,201
Rate sensitive liabilities	278,190	375,584	436,269	1,357,803	267,501	192,382	3,490
Period gap	40,250	14,163	(86,061)	(1,137,644)	436,142	69,600	793,711
Cumulative gap	40,250	54,413	(31,648)	(1,169,292)	(733,150)	(663,550)	130,161



2023	Up to 1 month LKR Mn.	1-3 months LKR Mn.	3-6 months LKR Mn.	6-12 months LKR Mn.	1-3 years LKR Mn.	3-5 years LKR Mn.	Above 5 years LKR Mn.
Rate sensitive assets	282,058	612,881	230,331	702,889	266,472	221,262	455,512
Rate sensitive liabilities	227,313	345,616	563,234	1,112,512	122,960	294,188	3,234
Period gap	54,745	267,265	(332,902)	(409,623)	143,512	(72,926)	452,278
Cumulative gap	54,745	322,310	(10,893)	(420,515)	(277,004)	(349,930)	102,349

## IRR stress testing

	Magnitude of shock 0.25%	Magnitude of shock 0.5%	Magnitude of shock 1.00%
<b>2024</b>			
Impact on earnings (LKR Mn.)	1,437	2,874	5,748
Revised overall CAR (%)	16.41	16.28	16.02
<b>2023</b>			
Impact on earnings (LKR Mn.)	2,321	4,643	4,265
Revised overall CAR (%)	17.41	16.42	16.46

## Foreign exchange risk (FX risk)

Foreign exchange risk arises as a result of the Bank's earnings and/or capital being impacted due to adverse fluctuations in exchange rates. The Bank's exposure to FOREX risk arises from foreign currency denominated transactions such as import/export transactions, remittances, and proprietary trading. Exchange rate movements in 2024 averaged 9.69% for the full year but declined to 3.03% in the second half, reflecting reduced FX volatility during this period. Due to the low and stable FX risk levels throughout 2024, the impact on the Bank remained minimal.

## Foreign exchange risk review

The Bank managed to improve the market share of FCY remittances and prudently managed the FCY commitments and customer requirements.

Treasury Unit of the Bank ensured the strict adherence to the FX limits, maintenance of FX net open position as well as individual currency positions within the permitted parameters enabling the Bank to manage the foreign exchange risk prudently. Defined stringent risk tolerance limits were independently monitored daily. This allowed the treasury dealers to operate within these boundaries and mitigate the risk emanating through these exposures by ensuring that potential losses arising out of fluctuations in FX rates were minimised and maintained within the Bank's risk appetite.

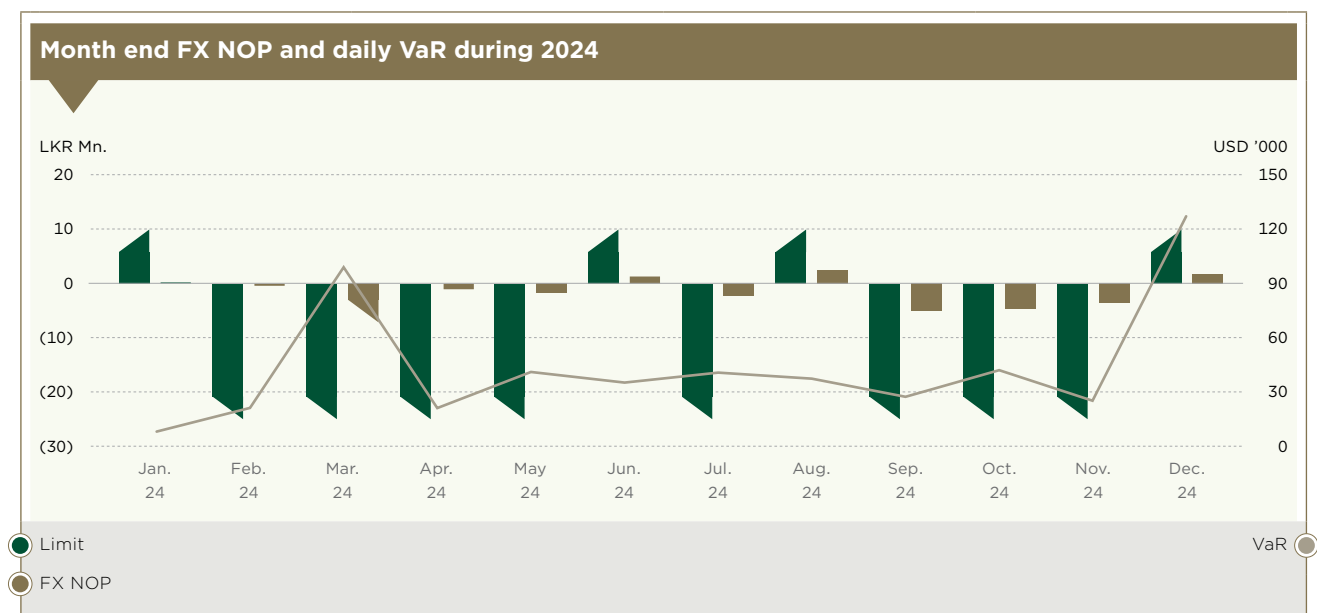
Further, Treasury Middle Office independently verify and monitor the adherence to the FX position limits as an ongoing basis.

## Position as at 31 December 2024

	Net exposure FC equivalent (‘000)	Net exposure Rupee equivalent (‘000)
US Dollar	-3,790	-1,111,370
Euro	35	10,816
Great Britain Pound	18	6,623
Japanese Yen	27,448	51,348
Singapore Dollar	89	19,111
Chinese Yuan renminbi	2,039	81,922
Australian Dollar	255	46,426
Other	-	616,811

## Exchange rate risk stress testing

	Magnitude of shock 5%	Magnitude of shock 10%	Magnitude of shock 15%
<b>2024</b>			
Impact on earnings (LKR Mn.)	166	332	498
Revised overall CAR (%)	16.52	16.51	16.49
<b>2023</b>			
Impact on earnings (LKR Mn.)	183	367	550
Revised overall CAR (%)	17.35	17.33	17.31





## Equity risk

Portfolios classified under fair value through profit and loss and other comprehensive income excluding investments in subsidiaries generate the equity risk to the Bank, which is limited, as the Bank's investment in equity shares is at a low position.

## Equity risk review

Continuous market monitoring has helped the Investment Banking Unit to correctly read the equity market and take strategic equity investment decisions. This, together with strict adherence to the limits set by the Board of Directors has enabled the Bank to mitigate and manage the equity risk efficiently.

The Investment Banking Committee (BIBC) regularly monitors the macroeconomic conditions, share market prices and performance of entities that impact equity risk, while the Board approved Investment Banking Policy Manual details the procedures, tools, and techniques for managing equity risk, including volume and stop loss limits. Independent evaluations on proposed equity transactions, impairment assessments, and exposures against limits are carried out by the market risk function operating under the Bank's Risk Management Department. The Unit also maintains independent oversight over the non-traded equity risk framework.

## Stress testing of equity risk

	Magnitude of shock 5%	Magnitude of shock 10%	Magnitude of shock 15%
<b>2024</b>			
Impact to maximum market value of equity portfolio (LKR Mn.)	82	163	326
Impact to fair value of strategic equities (LKR Mn.)	19	40	79
<b>Total Impact (LKR Mn.)</b>	<b>101</b>	<b>203</b>	<b>406</b>



## Commodity risk

People's Bank does not have a direct commodity risk; however, it is indirectly affected to a limited extent due to its pawning business operations, as the Bank does not engage in commodity trading. As such the price fluctuations in the gold market has a significant impact on the Bank's pawning operations. The market price of gold increased by 14.71% in 2024, with the highest price reaching LKR 817,229 per ounce in October 2024. Gold is seen as a last-resort asset by a large section of our customer portfolio and the Bank's exposure to commodity risk in this aspect, is high.

To mitigate the risks, the Bank continued to maintain a low pawning advance compared to the competition, with focus on the gold content on the articles presented and maintaining prudent loan values. Enhanced customer due diligence is a factor we implemented while continuing with a comprehensive insurance cover for stolen or spurious articles. Post disbursement, we continued our process of conducting independent valuation of the items, daily verification of a sample, and in extreme non-recoveries, auctioning the unredeemed articles.

ALCO plays a significant role in periodically analysing gold market prices and measuring against competitor product offering. The Bank's state-of-the-art equipment in accurately assessing the gold combined with specialist training offered to our staff who are experts in identifying authenticity and the innovative technology enable the Bank to successfully manage and mitigate the commodity risk in relation to gold and pawning activities in 2024.



## Liquidity risk

The inability of the Bank to meet its financial obligations as and when they arise, is termed the liquidity risk. This arises in case of potential losses in earnings or capital. We are pleased to record that the negative liquidity positions of previous years, were reversed and in 2024, we encountered an excess of liquidity which was managed by investing in short to medium term investment instruments. Our capital adequacy ratio is at 16.5% and the Liquidity Coverage Ratio (LCR) for all currency is 279.52% and for rupee is 353.86%.

## Managing liquidity risk

ALCO ensures compliance with internal liquidity targets and regulatory liquidity requirements by consistently monitoring the liquidity profile. It is also responsible for exploring avenues of bridging liquidity shortfalls and alternative funding arrangements, recommending relevant risk appetite limits, and evaluating stress testing and making recommendations to the Board for approval and thereafter for execution. Further, this is continually monitored independently by the TMO, and breaches, if any, are reported immediately, addressing the risk management framework.

DGM Treasury, Investment Banking and Financial Institutions is primarily responsible for the daily management of the Bank's funding and liquidity positions within the stipulated risk limits. The performance of key liquidity indicators is regularly reviewed by the Board, BIRMC, and ALCO to ensure they are within the defined parameters.

## Management framework

We manage the liquidity risk, within a robust policy and procedural framework.

1. **Measuring liquidity:** The Bank adopts the dual flow approach and the stock approach to measure liquidity. The mismatches of inflows and outflows in different time bands are analysed using the flow method, based on the maturity of assets and liabilities. The stock approach measures the liquidity using key ratios such as the loans to deposit ratio, commitments ratio (unutilised portion of overdrafts/unutilised interbank lines), statutory liquid asset ratio, and cumulative mismatches.
2. **Diversified funding base:** The Bank sources liquidity from multiple sources based on market conditions, regulatory considerations, and interest rate movement trends. Deposits are the largest funding source amounting to 87% of the Bank's total liabilities and capital, followed by other borrowings at 7% and shareholders' funds at 6%. The Bank has a relatively high proportion of savings, which is considered a quasi-stable source of funds.

3. Contingency Fund Plan: The Bank has a comprehensive Contingency Funding Plan (CFP) to provide guidance on managing liquidity requirements in stressed conditions. This is to ensure the protection of stakeholder interests and the maintenance of market confidence in the event of a liquidity crisis. The CFP articulates specific trigger points for activation and will be activated in the following scenarios:

- Liquid asset ratio falling below 20% over a month
- 20% increase in interbank call money rates for over seven consecutive days
- NPL ratio increases by over 50%
- Consolidated Advances/Deposits (AD) ratio exceeding 105% for more than 15 days
- Call facilities being withdrawn by market participants or imposing a premium over the market rate for the Bank's borrowings

- Credit rating downgraded by more than two notches
- Withdrawal of deposits exceeding expected amounts

Key liquidity indicators as at December 2024	
Key indicators	Position as at 31 December 2024 (%)
<b>Loans to deposit ratio</b>	
LKR	53.19
Foreign currency	101.50
<b>Commitments ratio</b>	
Liquidity Coverage ratios	
LKR	353.86
All	279.52

	All currency (LKR '000)				Local currency (LKR '000)			
	Balance as at 31 December 2024	Minor	Moderate	Major	Balance as at 31 December 2024	Minor	Moderate	Major
Magnitude of shock (%)		5%	10%	15%				
HQLA	1,417,850,575				1,415,804,753			
Total cash outflows	667,806,233				493,075,035			
Total cash inflows	160,564,255				92,973,037			
Net cash outflows	507,241,978				400,101,997			
LCR %	279.52				353.86			
<b>Scenario I - Fall in HQLA</b>								
Liquid asset ratio after shock (%)		265.55	251.57	237.59		336.17	318.47	300.78
<b>Scenario II - Increase in Net Cash Outflow</b>								
Liquid asset ratio after shock (%)		266.21	254.11	243.06		337.01	321.69	307.71
<b>Scenario III - Fall in HQLA and increase in Net Cash Outflow (Extreme Scenario)</b>								
Liquid asset ratio after shock (%)		252.90	228.70	206.60		320.16	289.52	261.55



## Operational risk

Inadequate or failed internalities as applied to people, processes, systems, and externalities such as adverse climate conditions that impact the Bank's ability to operate as normal and are beyond the control of the Bank, are termed as Operational risk. BASEL definition also includes the Legal Risk, which can have an indirect impact on the Bank's reputation and increased legal costs but excludes strategic and reputational risk. Unless managed well, operational risk could result in direct or indirect loss. The Bank has a comprehensive Operational Risk Management Policy and procedure framework, that supports early identification, measurement, management, monitoring and reporting of material operational risks. An inherent risk in any business operation, its mitigation rests on early detection, escalation, and management of trigger incidents.

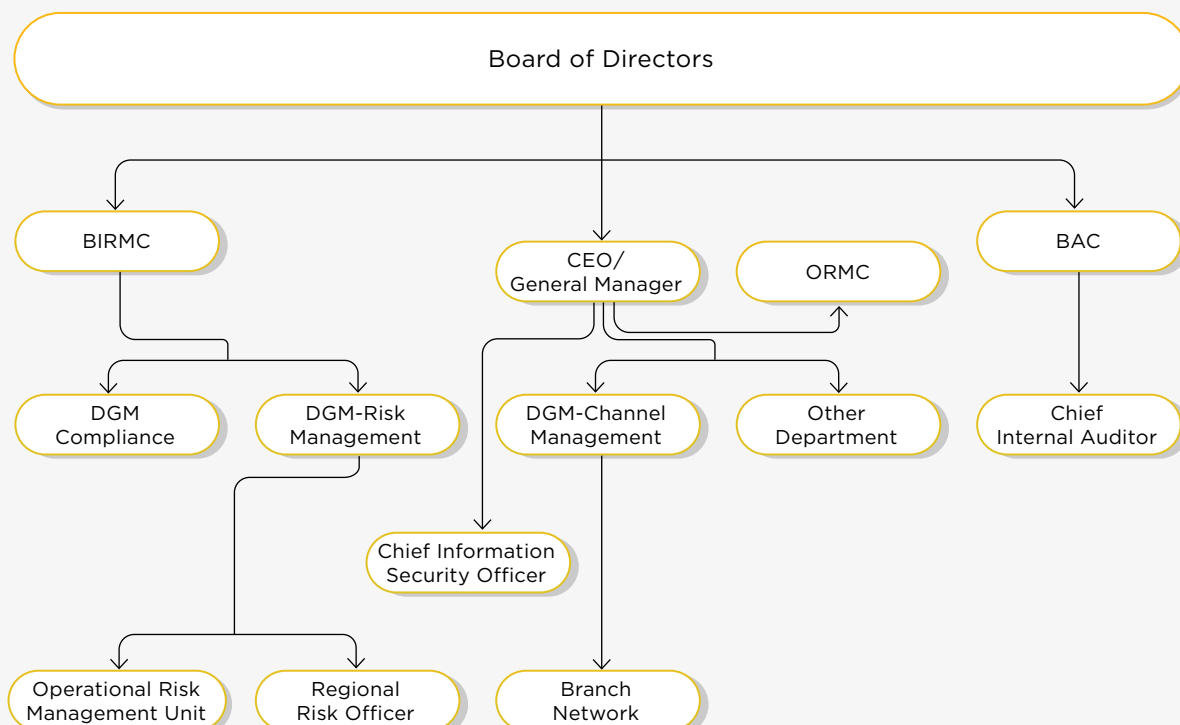
We manage operational risk to ensure several factors that have a direct impact on our sustainability.

- Avoid potentially large risk losses by minimising losses from operational failures.
- Manage risk cost-effectively across the Bank by developing a common understanding of operational risk across multiple functions and business units.
- Effectively respond to critical and catastrophic risks by building and improving internal capabilities.
- Realise cost savings through better management of internal resources and effective control of Bank operations.
- Protect Bank's reputation and brand image.
- Ensure smooth functioning of Bank's business operations and support to achieve bottom-line targets.

## Operational risk governance



### Governance structure of operational risk





## Governance and reporting

The Bank follows the BASEL regulations where operational risks are categorised under seven broad areas.

- The Operational Risk Management Framework comprises policies, structures, and processes approved by the Board to manage operational risk exposure.
- The Board is supported by the BIRMC by closely monitoring and regulating operational risk aspects.
- The branches and business units form the First Line of Defence to identify operational risks at the point of origin and report to the Risk Management Department. All the staff are trained and made aware of identifying and assessing operational risk exposures.
- All the business units conduct Risk and Control Self-Assessments (RCSA) to evaluate exposures according to defined operational risk parameters.

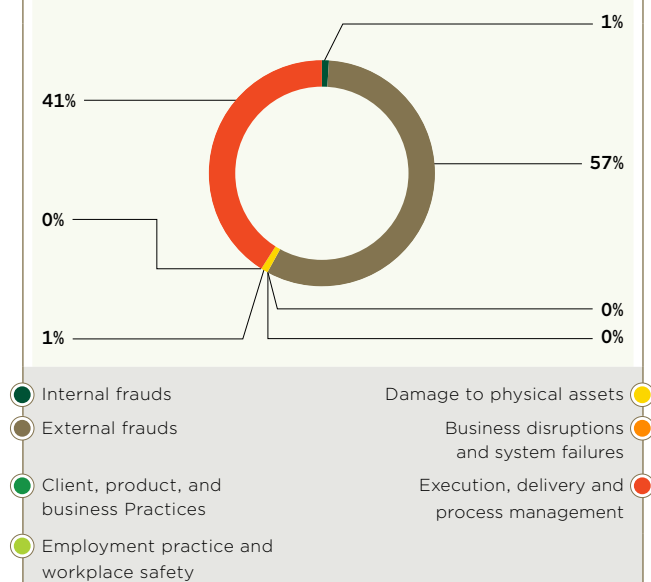
- The internal audit conducts periodic reviews of the entire operational risk management process across the network to provide assurance to the Board and Senior Management.
- Operational risk is assessed on new products, processes, and activities on an ongoing basis.
- Information of significant loss events, emerging issues, risk oversight, monitoring, and reviewing of risks are reported through quarterly reports in the Risk Committee reports which are presented to the BIRMC and/or Operational Risk Management Committee (ORMC). Based on the potential impact and frequency of the risk, control failures are reported to the ORMC.
- Position of regional level risk officers, audit officers and compliance officers for close monitoring of operational risk concerns and report to the respective department heads.

The total operational losses recorded for the year 2024 was LKR 29.915 Mn. The most significant source of losses (by value) was external fraud.

The table and chart below depict the comparison of operational losses in the past two years under the Basel framework loss event type, both in terms of number of events and value.

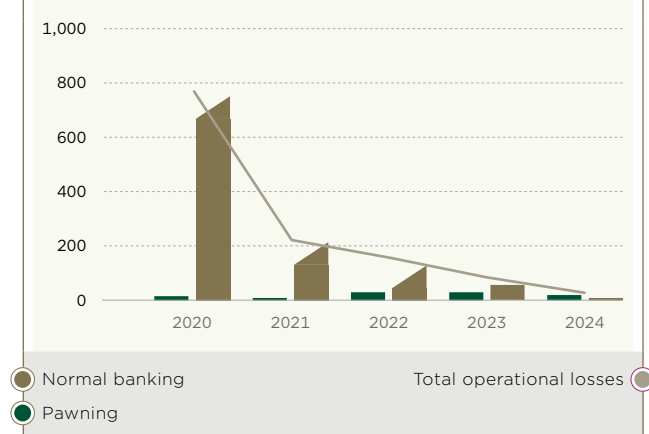
Loss event	2024				2023			
	Number	Percentage (%) of total number	Value LKR Mn.	Percentage (%) of total value	Number	Percentage (%) of total number	Value LKR Mn.	Percentage (%) of total value
Internal frauds	1	0.41	0.02	0.07	2	0.51	8.72	9.99
External Frauds	139	56.97	20.64	68.98	258	66.15	52.45	60.12
Employment practice and workplace safety	-	-	-	-	-	-	-	-
Client, product, and business Practices	-	-	-	-	-	-	-	-
Damage to physical assets	2	0.82	0.13	0.43	1	0.26	0.15	0.17
Business disruptions and system failures	1	0.41	0.14	0.47	5	1.28	3.72	4.26
Execution, delivery and process management	101	41.39	8.99	30.05	124	31.8	22.21	25.46
<b>Total</b>	<b>244</b>	<b>100.00</b>	<b>29.92</b>	<b>100.00</b>	<b>390</b>	<b>100.00</b>	<b>87.25</b>	<b>100.00</b>

## Number of operational losses by event - 2024

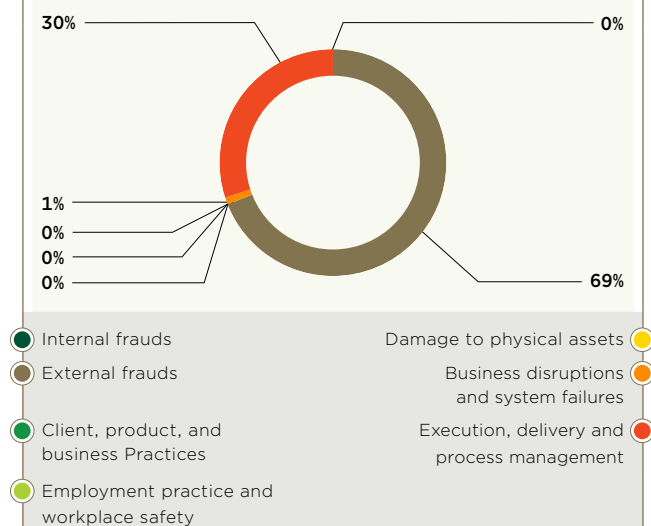


## Operational losses

LKR Mn.



## Value of operational losses by event - 2024



### Identification and assessment of operational risk

The Risk Management Department together with business units identify potential areas of operational risks. All staff members are given training on operational risk exposures and are engaged proactively to identify and assess these risks. All the business units conduct Risk and Control Self-Assessments (RCSA) to evaluate exposures according to defined operational risk parameters. Along with loss events and near misses reported by business units, the key findings of RCSA help to identify and devise action plans for potential gaps in operational risk management. Operational risk is assessed on new products, processes, and activities on an ongoing basis.

### Tolerance levels

The Board has defined specific limits and tolerance levels for operational risk indicators in the Bank's Risk Appetite Statement. These include the total value of operational losses as a percentage of operational expenses, the number of internal and external loss events, and the percentage of branch audit grades rated less than average. Regular reporting to the BIRMC and Board helps to ensure corrective actions are initiated when needed.

## Mitigation strategy

- Fully comply and ensure existence of three defence lines in relation to all the operational functions and ensure segregation of duties.
- Implementing a comprehensive framework of Board approved operational risk policies and procedures.
- Crisis management procedures and disaster recovery plans to ensure business continuity.
- Fully comply with Recovery Plans (RCP) and existence of department level RCP implementation teams.
- Transferring of operational losses to third party through insurance
- Adopting stringent measures to select and monitor outsourced partners.
- Creating a culture of risk awareness by providing continuous training to staff
- Prior to the launch of new products and services, conduct a thorough analysis of the potential impact of operational risk.

## Technology risk management

As a leader in digital transformation, the Bank faces a range of complex and evolving technology-related risks. With the increase in digital operations, the Bank is vulnerable to various cyber threats such as data breaches, hacking attempts, phishing, and malware attacks. Protecting sensitive data and maintaining robust security measures is critical to mitigating these risks. Additionally, unplanned system outages or downtime can disrupt business operations, impact customer experience, and potentially lead to significant financial losses.

Ensuring that systems are resilient and can quickly recover from disruptions is a major concern. As technology evolves rapidly, there is also a risk that current systems, software, and hardware may become outdated or unsupported, which can create challenges in maintaining operational efficiency, security, and compatibility with newer technologies. Even in the digital age, physical security remains a concern, as unauthorised access to critical hardware, data storage, or server rooms poses a risk to data integrity and privacy. Furthermore, as the business grows, so does the volume of data and the demand for IT resources. Inadequate infrastructure, such as insufficient server capacity or network bandwidth, can hinder scalability and impact performance.

## Mitigating technology risk

The Bank implements several key strategies and measures to address these technology risks.

### ➤ Secured Data Centres

All mission-critical applications and disaster recovery systems are housed in highly secure, ISO-certified data centres. These data centres are equipped with advanced security measures, including physical access controls, surveillance systems, and biometric authentication, to ensure that only authorised personnel can access critical infrastructure.

### ➤ Business Continuity and Disaster Recovery Testing

Regular, rigorous tests are conducted to evaluate the effectiveness of business continuity and disaster recovery plans for all critical systems. These tests simulate various disaster scenarios to ensure that the Bank is prepared to recover quickly and minimise downtime in the event of an actual crisis.

### ➤ Comprehensive IT Governance Framework

A robust IT governance structure is in place, focusing on risk management, regulatory compliance, and data privacy. This governance framework ensures that policies, procedures, and best practices are followed to minimise the likelihood of data breaches, operational disruptions, and non-compliance with relevant standards.

### ➤ Fire Suppression and Smoke Detection Systems

Advanced fire suppression systems and smoke detectors are strategically installed in all data centres and UPS (Uninterruptible Power Supply) rooms to protect critical hardware and data from fire damage. These systems are designed to quickly detect and mitigate fire hazards while minimising damage to sensitive equipment.

### ➤ Disaster Recovery Procedures

Detailed, regularly updated disaster recovery plans are in place to provide a clear, structured approach to responding to emergencies. These plans are designed to ensure rapid recovery, minimise business disruption, and maintain service continuity even in the face of severe incidents or natural disasters.

## Technology risk review

The Bank maintains a proactive approach to reviewing and managing technology risks through a structured and transparent process.

### ISO/IEC 27001:2022 Certification

The Bank has successfully maintained the internationally recognised ISO/IEC 27001:2022 certification for its Information Security Management System (ISMS). This certification underscores the Bank's commitment to adhering to the highest standards of information security, ensuring that data protection, confidentiality, and integrity are prioritised across all operations.

### Board-Approved Information Security Policies

Information security is a top priority at the highest levels of the Bank. The Board has approved comprehensive information security policies and procedures that guide decision-making and ensure that all staff, from the top down, understand their responsibilities in protecting the Bank's data and mitigating risks.

### Ongoing Risk Assessments

Both routine and ad-hoc risk assessments are performed to evaluate all IT-related processes. These assessments help identify vulnerabilities, gaps in security, and potential threats to the Bank's technology infrastructure. The findings are carefully reviewed and addressed through the Information Security Operations Committee, ensuring that any identified risks are promptly mitigated.

## Technological risk

System availability	
System Category	Availability as a percentage of total working hours and thresholds
High Critical (online real-time systems)	➔ >99.9% Green - Low Risk
	➔ 97.5%-99.9% Amber - Moderate Risk
	➔ <97.5 Red - High Risk
Medium Critical	➔ >97.5% Green - Low Risk
	➔ 95%-97.5% Amber - Moderate Risk
	➔ <95 Red - High Risk
Low Critical	➔ >90% Green - Low Risk
	➔ 87%-90% Amber - Moderate Risk
	➔ <87 Red - High Risk

Name	Availability as a percentage of total Critical System's RCSA
RCSA for Third-Party Vendors (Critical Systems)	➔ >90% Green - Low Risk
	➔ 70%-90% Amber - Moderate Risk
	➔ <70% Red - High Risk
Name	Availability as a percentage of total Critical System's RCSA
Network Agent and Security Application (Kaspersky Endpoint Security)	➔ 100% Green - Low Risk
	➔ 99.9% Amber - Moderate Risk
	➔ <99.9% Red - High Risk
Name	Total Incidents reported per year
Number of IT Security Incidents reported as operational losses (Per Year)	➔ < 3 incidents/year
	➔ 3-7 incidents/year
	➔ > 7 incidents/year



## People risk

People risk is the potential losses that could arise due to inappropriate employee activity, inadequate human resources, and Bank non-compliance with employee related regulations. The Bank is exposed to people risk through its large workforce scattered across the country due to potential losses from inappropriate employee activity, inadequate human resources, and Bank non-compliance with labour regulations.

As the talent drain was continued during the year 2024 too, it was challenging for the Bank to minimise its impact on the competitiveness, competency and productivity.

Human resource policies and processes are available to manage HR related risks, ensure uniformity in employee practices across the Bank, and adopt effective recruitment practices, reducing disruptions to work, protecting employees and their families from financial difficulties, minimising staff turnover/talent drain, and maintaining a healthy and safe working environment.



## Strategic risk

Strategic risk is the potential loss to earnings and viability arising due to adverse business decisions, improper implementation of decisions, a challenging business environment, and inadequate response to changes in the operating environment. Strategic risks are managed through the Bank's strategic plan approved by the Board and Executive Management. The strategic plan is formulated with an extensive stakeholder engagement at multiple levels and discussions with business units. In the event a risk materialises, a series of management actions are developed to prevent or mitigate the impact on Bank earnings.

Business performance is tracked on a weekly basis by ALCO and monthly basis by the Board. The actual performance is assessed against the budgeted targets for each business unit. If needed, the strategies are revised to suit any changes in the business environment.

Strategic risk is assessed using a scorecard, by taking into consideration a range of factors including the Bank's size, complexity, sophistication of operations, environmental analysis as well as customer profiling. The scorecard helps to identify areas that need improvements to mitigate strategic risk.



## Legal risk

According to Basel regulations, Legal risk is classified as a sub-set of operational risk that arises from breaches in regulatory compliance, contractual obligations, labour laws and litigation risk. Legal risk is managed by the Bank's Legal Department while the Compliance Department manages regulatory compliance. We mitigate this risk by implementing robust compliance frameworks, conducting periodic audits, seeking external legal opinion where necessary, and ensuring that all legally binding instruments are vetted, approved, and signed by the Legal Department, with third party sign off rests with the Board, as delegated.



## Reputational risk

With its status as a state-owned D-SIB, the Bank is cognisant of its expansive reach across the island as well as the ripple effect it has on the economy. As a premier state bank of Sri Lanka, we intrusively focus on maintaining and enhancing our reputation, brand visibility, and ethical corporate governance that impact our reputation. Evolving and emergent banking needs of a modern customer is further augmented by social media that carries real-time information, negative or positive to the rest of the community and will either build up or tarnish our image. As such negative public perception, loss of trust, lack of compliance with industry standards, failure on commitments, inferior service quality or a decline in confidence in the Bank's integrity, reliability, or ability to conduct its business can significantly harm our reputation and result in financial and non-financial losses.

Intangibility of the reputational risk, results in tangible loss or profit, and we manage it with a keen sensitivity to market sentiment with actionable intent where necessary.

The negative impact on the Bank's reputation has been minimal, as People's Bank has maintained an impeccable track record for nearly six decades as a premier State Bank in Sri Lanka. Customer confidence is rooted in a robust reputation that mirrors the Bank's integrity, the competence of its staff, and the high quality of its products.

	31 December 2024	31 December 2023
External Rating (Fitch rating)	AA-	A
Brand Equity Score	4.0	4.0



## Compliance risk

Non-compliance with laws, regulations, and industry standards results in regulatory and compliance risk. In 2024, we successfully navigated a dynamic regulatory landscape which required heightened vigilance on prudential regulations, Anti Money Laundering (AML) requirements, Consumer Data Protection, industry-best, and international standards with regard to sustainability and environmental protection. Our dedicated Compliance Department oversees this crucial aspect guided by a strong set of policies, procedures, and processes with timely, accurate and transparent disclosures.

## Governance

A strong governance structure ensures compliance and we had no breach incidents nor regulatory fines in 2024.

The Board	The Board holds the highest responsibility to ensure compliance with relevant external regulations and internal guidelines, and is supported by the BIRMC and BAC.
Compliance Department	<ul style="list-style-type: none"> <li>➤ Oversees the compliance status of the Bank through regular assessments and reports directly to the BIRMC.</li> <li>➤ Submits monthly compliance reports to the Board with signoffs from the Heads of Departments and branches on statutory and mandatory requirements, events of non-compliance, and employee training and branch assessments. Reports are also submitted to the BIRMC and BAC on any special compliance-related matters within that quarter.</li> <li>➤ Assessing the Bank's compliance risk through a five-point rating scale scorecard in relation to internal best practices and external regulations. This scorecard is submitted to the BIRMC.</li> </ul>

Mandatory compliance functions	Ancillary compliance functions
<ul style="list-style-type: none"> <li>➤ Safeguard the Bank from reputational risk by developing compliance policies and procedures to eliminate or minimise the risk of non-compliance with regulatory requirements</li> <li>➤ Develop a code of conduct/ethics for all employees and monitor to ensure compliance at all levels.</li> <li>➤ Implement an Anti-Money Laundering/Terrorist Financing Policy aligned to Know Your Customer (KYC) regulations, to be adhered by all departments</li> <li>➤ Maintain regular contact and cordial relationships with regulators based on clear and timely communication and mutual understanding</li> <li>➤ Nurture a culture of compliance within the Bank</li> <li>➤ Keep abreast with relevant legal and regulatory developments and facilitate effective implementation</li> <li>➤ Report to the Board on all relevant regulatory developments and changes in laws that could give rise to compliance issues</li> <li>➤ Highlight any breaches related to compliance and work with the Management to address and rectify them within an acceptable timeframe</li> <li>➤ Submit weekly, monthly, quarterly, and annual compliance reports to the Central Bank of Sri Lanka on Central Bank directives and guidelines, and as stipulated by the law Prepare and submit compliance reports to the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC) as and when necessary Submit monthly compliance reports to the Board</li> </ul>	<ul style="list-style-type: none"> <li>➤ Provide advisory services to Management and staff on regulatory, reputational, and ethical matters. Promote compliance as a success enabler</li> <li>➤ Provide input in structuring new products and systems compliance with local regulatory requirements, internal compliance, and ethical standards</li> <li>➤ Ascertain compliance with internal and external regulations by conducting assessments and reviews at regular intervals</li> <li>➤ Represent the compliance function in relevant internal and external committees</li> <li>➤ Clearly communicate policies on compliance to Management and staff</li> <li>➤ Liaise with the internal and external audit function to address compliance issues</li> <li>➤ Follow up on compliance issues identified through audits</li> <li>➤ Liaise with the Auditors and conduct random compliance audits on risk-based assessment.</li> </ul>

Mandatory compliance functions	Ancillary compliance functions
<ul style="list-style-type: none"> <li>➤ Establish a customer charter based on directions issued by the Central Bank of Sri Lanka</li> <li>➤ Prepare, implement, and monitor the Code of Best Practice on Corporate Governance based on the Central Bank Directive on Corporate Governance for Licensed Commercial Banks</li> <li>➤ Establish systems and controls to monitor transactions and report suspicious transactions to the Financial Intelligence Unit to prevent Money Laundering/Terrorist Financing</li> <li>➤ Train staff members on compliance including Anti-Money Laundering and develop an e-learning module to facilitate training across the branch network</li> <li>➤ Prepare policies and implement procedures to minimise compliance risk and reputation risk, including developing a Code of Conduct</li> <li>➤ Maintain updated credit details of customers by liaising with the Credit Information Bureau</li> </ul>	

## Financial Crime Compliance (FCC)

A tangible threat to the banking industry, FCC consist of money laundering and terrorist financing. We have a strong repertoire of policies, procedures, and control standards to eliminate undesirable onboardings, while continue to monitor, report, and exit from established relationships that violate the laws and regulations, both domestic and international, on this front. We stringently comply with customer due diligence, transaction monitoring, payment and name screening, investigating and reporting of suspicious activity, and an evaluation of all new products and services to prevent and/or detect activities that may pose risk to the Bank.

All employees are trained through structured programmes and e-learning modules on areas such as Anti-Money Laundering, Know Your Customer, and customer due diligence. Unusually large and suspicious transactions reanalysed, evaluated, and reported to the Financial Intelligence Unit.

## Focus for 2025

As the Bank prepares for the challenges and opportunities of 2025, the Bank will strengthen its risk management framework to address evolving challenges while supporting sustainable growth. The Bank recognises that macroeconomic uncertainties, evolving regulatory requirements, and emerging risks such as cybersecurity threats and climate change, demand a proactive and adaptive approach.

Cornerstone of our risk management focus will be to maintain a healthy credit portfolio while being competitive in the market among the peer banks. We will implement advanced analytics to refine our borrower risk assessment models, incorporating real-time economic indicators and sector-specific vulnerabilities. Our early warning systems will be upgraded to detect emerging credit stresses faster, allowing proactive portfolio adjustments. Special attention will be given to climate-vulnerable sectors through targeted stress testing.



To combat ever changing market and liquidity risk RMD will adopt next-generation scenario analysis tools to better anticipate market variable changings such as interest rate shocks, currency volatility shocks etc., to the Bank's capital and profitability. We're implementing dynamic liquidity management strategies, including diversified funding sources and contingency planning, to maintain stability during market disruptions.

Operational resilience is another key area will be on the focus for the Bank in 2025. Through risk assessments (RCSA) and continuous compliance monitoring, the Bank will streamline risk oversight and regulatory adherence. Employee training programmes will be intensified to cultivate a risk-aware culture, equipping staff with the skills needed to navigate complex financial and technological landscapes.

Technological advancements will play a pivotal role in shaping the Bank's strategy for 2025. Bank will prioritise digital transformation by expanding mobile and online banking platforms, ensuring seamless service delivery even during disruptions. Disaster recovery protocols will be rigorously tested to maintain business continuity, reinforcing the Bank's resilience against unforeseen crises.

Operational excellence remains a cornerstone of the Bank's 2025 agenda. Through electronic risk assessments (E-RCSA) and continuous compliance monitoring, the Bank will streamline risk oversight and regulatory adherence. Employee training programs will be intensified to cultivate a risk-aware culture, equipping staff with the skills needed to navigate complex financial and technological landscapes. Meanwhile, the Bank will amplify its commitment to sustainability by increasing green financing initiatives, supporting renewable energy projects, and aligning with global climate resilience standards.

Finally, the Bank will address emerging risks such as AI governance and sabotage threats by implementing stringent oversight frameworks and advanced security measures. By balancing innovation with risk mitigation, the Bank is poised to navigate 2025 with confidence, ensuring stability, growth, and long-term value for all stakeholders.

# CORPORATE GOVERNANCE

As a government owned bank, established by statute, People's Bank has a far more complex governance framework than private sector banks. In addition to the stringent regulations that govern the banking industry, People's Bank's governance system is guided by stipulations of the People's Bank Act No. 29 of 1961 and later amendments to the Act. Although People's Bank is not a listed entity, the Bank voluntarily complies with the Code of Best Practice on Corporate Governance by the Institute of Chartered Corporate Accountants of Sri Lanka.

The highest governance body of the Bank is the Board of Directors, who are guided by the Board Charter and a Code of Ethics for Directors. The Bank also has an Employee Code of Ethics.

In order to enhance transparency and accountability for the sake of public interest, the Bank has also adopted international ESG reporting standards, including the Integrated Reporting Framework of 2021 and the Global Reporting Initiative (GRI) Standards 2021, in its annual reports.



## Compliance

The Auditor General provides assurance on the Financial Statements of the Bank and on the Directors' Statement on Internal Controls over Financial Reporting which are published on pages 253 and 254 respectively. He also certifies the level of compliance with the Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka.



## Key focus for 2024

- Review the Bank's status of compliance and quality of governance and make relevant changes where necessary in line with the Bank's strategic plan.
- Adjusting to the changing the macroeconomic conditions.
- Effective management of risks.
- Embedding sustainability.



## Governance framework



### External governance requirements

Banking Act No. 30 of 1988 (as amended)

CBSL Directives

Exchange Control Act No. 24 of 1953

Financial Transactions Reporting Act No. 6 of 2006

Prevention of Money Laundering Act No. 5 of 2006

Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks

Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka in December 2017

Global Reporting Standards of the Global Reporting Initiative

UN Sustainability Development Goals (SDGs)

The Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation



### Internal governance requirements

People's Bank Act No. 29 of 1961 (as amended)

Board Charter

Subcommittees and management committees terms of references

Code of Business Conduct and Ethics for Directors

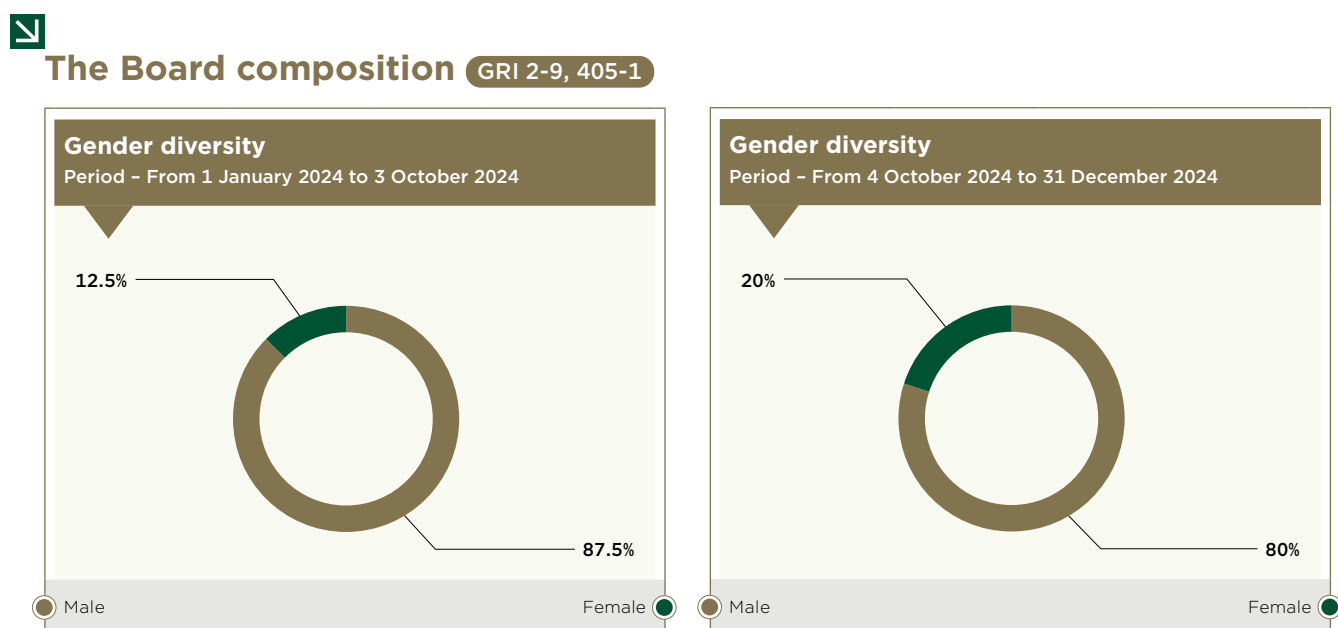
Comprehensive policies and procedures

Code of Ethics for employees

Customer Charter

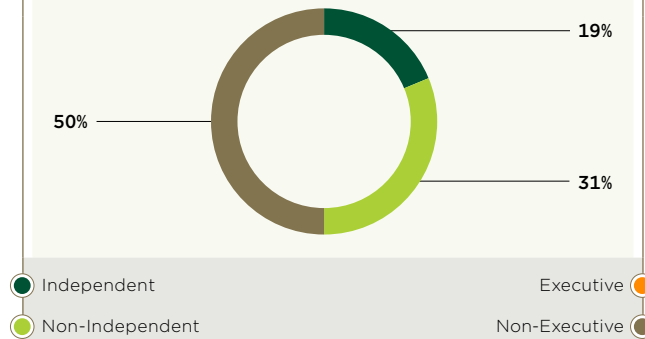
Inter Audit

Internal Controls

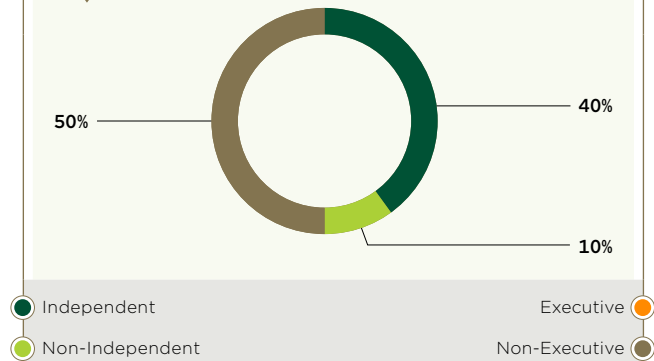


**Board balance**

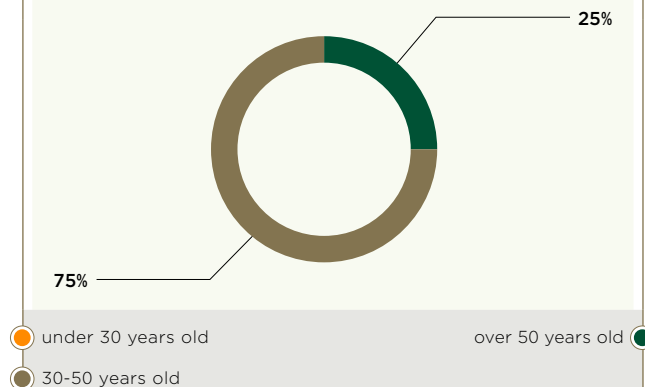
Period - From 1 January 2024 to 3 October 2024

**Board balance**

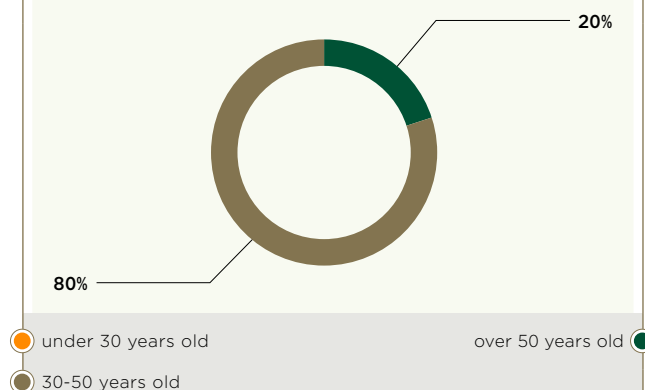
Period - From 4 October 2024 to 31 December 2024

**Age diversity**

Period - From 1 January 2024 to 3 October 2024

**Age diversity**

Period - From 4 October 2024 to 31 December 2024

**Collective skills** **GRI 2-17**

Period - From 1 January 2024 to 31 October 2024

	Number of Directors Specialised	Percentage
Finance and Accounting	6	75
Business Administration	7	88
Audit	2	25
HR and Management	5	63
Law	3	38
Economics	2	25
Commerce	3	38
International Development	3	38
Budgeting	1	13
IT/BPO	1	13
Engineering	1	13

Period - From 4 October 2024 to 31 December 2024

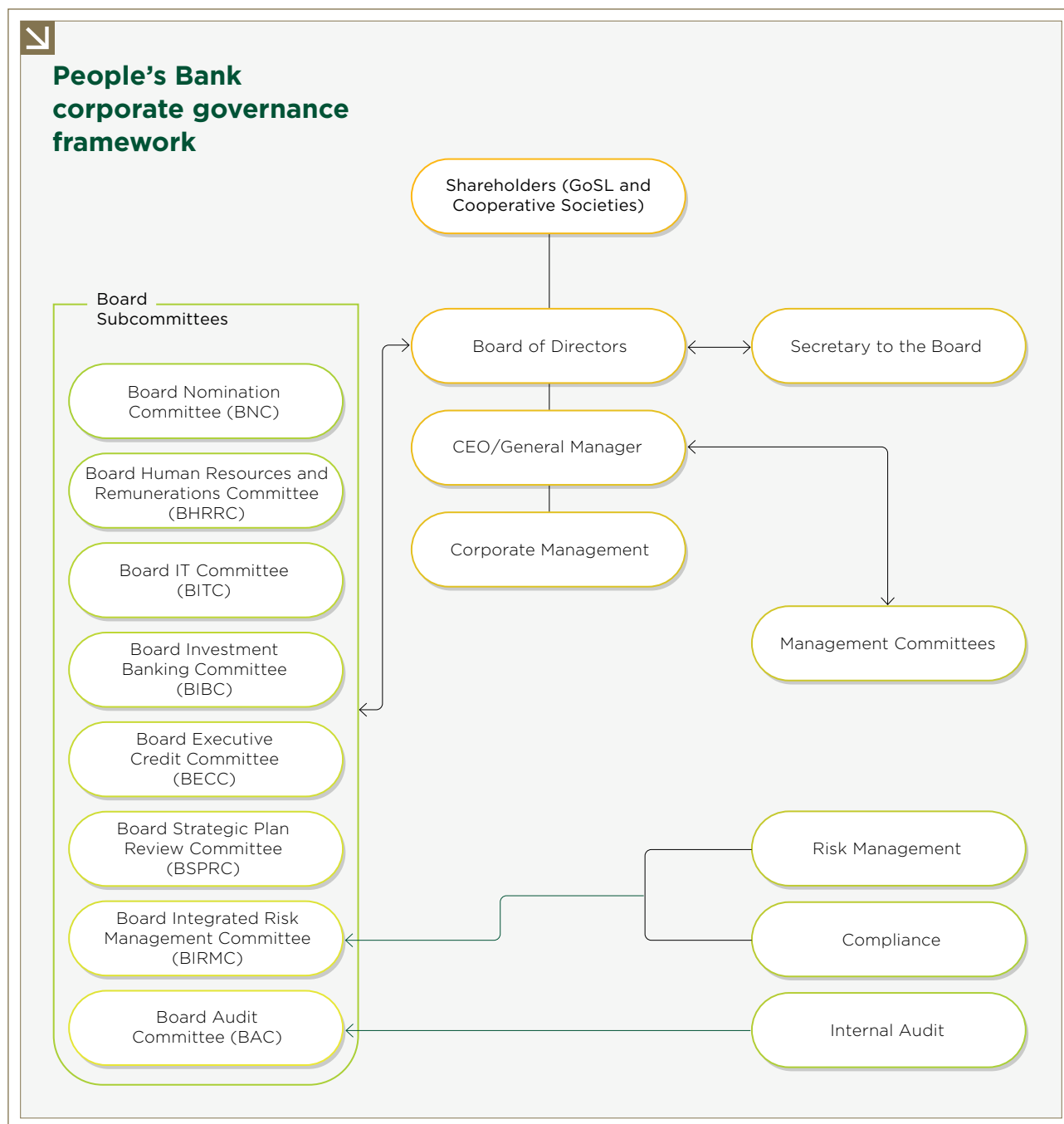
	Number of Directors Specialised	Percentage
Economics	4	80
General Management	3	60
Management Accounting	3	60
Business Administration	1	20
Law and Regulation	1	20
Human Resources Management	1	20
Information Technology	1	20
Accountancy	1	20
Banking and Finance	1	20
Anthropology	1	20
Electrical Engineering	1	20



## Governance structure and composition

GRI 2-9

The corporate governance framework of the Bank comprises two main layers: the Board, which offers supervision and collaborates with Corporate Management on strategic direction, financial objectives, resource distribution, and risk tolerance; while Management is tasked with implementing Board policies to generate mutual benefits for all stakeholders of the Bank.





## Composition of the Board and its Committees

### GRI 2-9

Please refer the profiles of the Board of Directors on pages 26 to 29 for additional information such as other significant positions held by Directors, tenures, and competencies of Directors.

**Period - From 1 January 2024 to 4 October 2024**

	Executive/Non-Executive Directors	Independent Directors	Gender	Under-represented social groups	Stakeholder representation
Board of Directors	8	3	7 men 1 Woman	Professionals of the State and Private Sectors	8 members from/appointed by the Government
Board Nomination Committee (BNC)	3	1	3 men	Professionals of the State and Private Sectors	3 members from/appointed by the Government
Board Human Resources and Remunerations Committee (BHRRC)	3	1	3 men	Professionals of the State and Private Sectors	3 members from/appointed by the Government
Board IT Committee (BITC)	3	1	3 men	Professionals of the State and Private Sectors	3 members from/appointed by the Government
Board Investment Banking Committee (BIBC)	3	0	2 men 1 Woman	Professionals of the State and Private Sectors	3 members from/appointed by the Government
Board Executive Credit Committee (BECC)	3	0	3 men	Professionals of the State and Private Sectors	3 members from/appointed by the Government
Board Integrated Risk Management Committee (BIRMC)	3	2	2 men 1 woman	Professionals of the State and Private Sectors	3 members from/appointed by the Government
Board Audit Committee (BAC)	3	1	2 men 1 woman	Professionals of the State and Private Sectors	3 members from/appointed by the Government
Board Strategic Plan Review Committee (BSPRC)	3	2	2 men 1 woman	Professionals of the State and Private Sectors	3 members from/appointed by the Government



**Period – From 4 October 2024 to 31 December 2024**

	Executive/Non-Executive Directors	Independent Directors	Gender	Under-represented social groups	Stakeholder representation
Board of Directors	5	0	4 men 1 Woman	Professionals of the State and Private Sectors	05 members from/appointed by the Government
Board Human Resources and Remunerations Committee (BHRRC)	3	0	3 men	Professionals of the State and Private Sectors	03 members from/appointed by the Government
Board IT Committee (BITC)	2	0	2 men	Professionals of the State and Private Sectors	03 members from/appointed by the Government
Board Executive Credit Committee (BECC)	3	0	3 men	Professionals of the State and Private Sectors	03 members from/appointed by the Government
Board Strategic Plan Review Committee (BSPRC)	3	0	2 men 1 woman	Professionals of the State and Private Sectors	03 members from/appointed by the Government



## Compliance with the Code of Best Practice for Corporate Governance

### The Board (Principle A.1)

#### The period up to 3 October 2024

The Board of Directors of People's Bank is appointed by the Minister of Finance. The Board comprises the Chairman and Non-Executive Directors. All Directors are eminent professionals of the State and Private Sectors. The Chairman is a well-experienced professional with over 31 years of experience especially in the finance field. The diverse range of skills and experience of the Non-Executive Directors enrich the Bank's risk management and control process.

#### Period from 4 October 2024 to 31 December 2024

The Board of Directors are appointed from 4 October 2024 and Chairman, Prof P N D Fernando of the Board is a seasoned academic and financial expert with an extensive career spanning over 25 years in the fields of finance, banking, and higher education.

### Holding of regular Board meetings (Principle A.1.1)

The Board meets at least once a month and additional meetings are convened based on necessity. The Board met 18 times during the year 2024, and all Board meetings were characterised by high attendance, active participation and constructive and open discussions.

Directors are required to attend all Board meetings and Committee meetings of which they are members. Instances of on-attendance at Board meetings were generally due to prior engagements, personal commitments or illness.

In addition, Non-Board members of the Senior Management and the advisory members may, by invitation, attend meetings to address specific items in the agenda. Members of the Corporate Management and/or external experts are allowed to make presentations to the Board and subcommittees on a regular basis on matters pertaining to the Bank's strategy.

The attendance of each Director at Board meetings and respective committee meetings in 2024 are detailed below:

**Period – From 1 January 2024 to 3 October 2024**

Name of the Director	Status	Board meeting	BAC	BHRRC	BIRMC	BECC	BNC	BIBC	BITC	BSPRC
Mr Sujeewa Rajapakse	Independent	14/14	-	9/9	-	-	12/12	-	-	3/3
Mr Isuru Balapatabendi	Non-Independent	15/15	-	9/9	5/6	18/18	-	2/3	6/6	-
Mr Manjula Wellalage	Non-Independent	12/15	-	8/9	-	16/18	11/12	-	-	-
Ms Visakha Amarasekere	Non-Independent	17/18	14/14	-	6/6	-	-	3/3	-	3/3
Mr D Thotawatte	Independent	14/15	14/14	-	5/6	-	-	-	-	-
Mr A M P M B Atapattu	Non-Independent	13/14	11/14	-	-	-	12/12	3/3	-	-
Mr H M U K Samararatne	Non-Independent	15/15	-	-	-	18/18	-	-	6/6	-
Mr D T C Soza	Independent	14/15	-	-	-	-	-	-	6/6	3/3

**Period – From 4 October 2024 to 31 December 2024**

Name of the Director	Status	Board meeting	BHRRC	BECC	BSPRC
Prof P N D Fernando	Independent	3/3	-	-	1/1
Ms M T I V Amarasekere	Non-Independent	3/3	-	-	1/1
Mr M J Thilakarathne	Independent	3/3	1/1	3/3	-
Mr R B R Emerson	Independent	3/3	1/1	3/3	1/1
Dr A Kadirgamar	Independent	3/3	1/1	3/3	-

## Role of the Board GRI 2-12

### (Principle A.1.2)

The Board is responsible for providing leadership, oversight, control, development, and ensuring the long-term success of the Bank. They also facilitate value creation to shareholders in accordance with applicable laws and regulations. The Board is also responsible for nurturing the right culture, instilling values, and promoting ethical behavior throughout the Bank.

There is a formal schedule of matters reserved for the Board, which are reviewed regularly to ensure it remains current. Matters reserved for the Board include the items summarised in the table below:

Governance	Strategy and directions	Risk management accountability and control
Review of governance arrangements	Approval of strategy and annual budgets	Approval of financial statements, other updates to market and recommendations on dividends
Terms of Reference for and membership of Board committees	Authorisation of acquisition and disposal activity	Approval of financial statements, other updates to market and recommendations on dividends
	Affirmation of risk management strategies and risk appetite	Approval of authority levels, financial, and treasury policies Review of internal control and risk Management Approval of health and safety policies

The Board determines the purpose and value of the Bank and the strategy to achieve that purpose and implements its values in order to ensure that the Bank survives and thrives and that procedures and values that protect the assets and reputation of the Bank are put in place.

The Board further ensures communication of strategic objectives and corporate values to everyone in the Bank. The Board thus becomes responsible for the strategic direction of the Bank and the guidance and oversight of management.

The Board ensures mapping out the mechanisms for internal and external liaison and communications. Also ensures compilation and communication of Bank policies and strategies covering style of operation, external and internal relationships, market and business, required rates of return and performance standards, growth and change policies and planning budgetary procedures. In this process, it is recognised that the Bank should speak to employee and outside constituencies with a single voice and that the Chief Executive Officer/General Manager or his authorised person serve as the primary spokesperson.

The Bank's primary purpose is to create wealth in accordance with its stated purpose within its strategic framework. In this connection, it would;

- Approve the strategies, policies, business plans of the Bank, risk policy, risk management procedure and mechanism and management performance criteria and arrange that meaningful plans are produced at all levels with measurable/identifiable goals on an ongoing basis for the next three years.
- Act in a manner, which is not reckless or grossly negligent and act in accordance with sound business principles and prudent banking practices.
- Preserve the capital and assets of the Bank; and
- Maintain a positive image of the Bank in the industry and within the economy as a whole.

The Board has delegated some of its responsibilities to committees of the Board. The scope of work assigned to each committee, along with the progress made during the year, is given on pages 243 to 250 of this Report.

Monitoring the effectiveness of the Bank's risk management and internal control systems has been delegated to the Board Integrated Risk Management Committee and the Board Audit Committee. The Board retains ultimate responsibility for determining the Bank's "risk tolerance". The Risk Management Report is reviewed by the Board, and this includes monitoring, controlling, and reporting of identified risks and uncertainties. In addition, the Board reviews reports referred by the Chairman of the Risk Management Committee and the Audit Committee pertaining to risk management.

### **Compliance with laws of the country as applicable to the business and procedure to obtain independent professional advice (Principle A.1.3)**

The Board of Directors, collectively and severally, is expected to act in accordance with the laws of the country, applicable to the business conducted by the Bank. Therefore, the Board is responsible for ensuring that all relevant procedures and controls are in place to maintain compliance with all applicable laws and regulations.

The Board acknowledges the need to obtain independent judgement from time to time on certain matters. Accordingly, Board members are entitled to seek independent professional advice (including but not limited to legal, accounting, and financial advice) at the Bank's expense on any matter connected with the discharge of his/her duties and responsibilities.

### **Company Secretary (Principle A.1.4)**

All Directors have access to the Board Secretary. The Board Secretary is responsible to the Board for ensuring all agreed procedures and applicable rules and regulations are observed.

In addition, the Board Secretary serves as the Secretary to all Board subcommittees and maintains the minutes of all Board meetings and committee meetings. Other responsibilities of the Board Secretary include:

- Coordinating matters pertaining to the conduct of Board meetings and subcommittee meetings
- Conducting proceedings in accordance with the People's Bank Act and relevant legislation

- Facilitating adoption of best practices corporate governance including assisting the Directors with respect to their duties and responsibilities, in compliance with relevant legislation and best practice
- Acting as the communication liaison between Non-Executive Directors and Management
- Ensuring appropriate disclosures on related parties and related party transactions in line with regulatory requirements
- Obtaining legal advice in consultation with the Board on the People's Bank Act and other relevant legislations in ensuring the Bank's compliance with all applicable laws and regulations

## Independent judgement of Directors (Principle A.1.5)

Directors are required to bring an independent judgement to bear on decisions of the Bank. As experienced professionals, their duties are performed without any influence from other persons. The Board promotes dynamic, and constructive contributions from Non-Executive Directors.

## Dedication of adequate time and effort by the Directors (Principle A.1.6)

Directors are expected to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification and to follow-up on issues.

Directors are also expected to ensure sufficient time is dedicated at every meeting to ensure all responsibilities are discharged satisfactorily.

## Training for Directors GRI 2-17 (Principle A.1.7)

All Directors are entitled to receive relevant training for continuous development. To ensure Directors' contribution to the Board/committees remains relevant, ongoing training and updates are provided for Directors to regularly refresh their knowledge, skills and understanding of the business and markets in which the Bank operates.

This includes written reports and presentations by senior executives or consultants, on Bank's operations, corporate governance, and legal and regulatory developments.

## Chairman and CEO

GRI 2-11

### (Principle A.2)

Whilst the Chairman and Chief Executive Officer (CEO)/General Manager (GM) are collectively responsible for the leadership of People's Bank and for promoting the highest standards of integrity and probity, there is a clear and effective division of accountability and responsibility between the Chairman and the CEO/GM. Each plays a distinctive role which complements each other to ensure balance of power and authority and avoid unfettered powers of decision and control for one individual.

The Chairman is responsible for leading, directing, and managing the Board to ensure effective operations and fully discharging its legal and regulatory responsibilities. The primary role of the CEO/GM is to manage the day-to-day operations of the Bank.

## A decision to combine the posts of Chairman and Chief Executive Officer in one person should be justified and highlighted

### (Principle A.2.1)

The position of the Chairman and the CEO/GM are clearly separated, preventing unfettered powers for decision-making by one person. The Chairman and the CEO/GM have been identified on pages 27 and 32 of the Annual Report.

## Chairman's role

GRI 2-11, 12

### (Principle A.3)

The Chairman is responsible for ensuring the CEO/GM and the Management effectively implement the strategies and policies agreed by the Board. The Chairman also provides stewardship for the adoption of good governance practices and provides oversight to ensure effective communication with shareholders and other stakeholders. The Chairman is not a senior executive and a non-executive role at People's Bank.

## Conducting Board proceedings in a proper manner

### (Principle A.3.1)

The Chairman is responsible not only for providing leadership but also for overseeing the functioning of the Board to safeguard the best interests of the Bank and its shareholders. Accordingly, the Chairman is responsible for:

- Ensuring Board meetings are planned and conducted effectively
- Setting the agenda for each Board meeting, taking cognisance of the matters proposed by other Directors, members of various subcommittees or the Board Secretary
- Ensuring the Board members receive accurate, timely, and clear information
- Ensuring minutes of Board meetings are accurately recorded and circulated among the Directors
- Providing leadership and governance to the Board to create a conducive environment for the Board and individual Directors to discuss issues in a timely manner
- Promoting a culture of transparency and encouraging Non-Executive Directors to engage in constructive and healthy exchange of views pertaining to matters of the Board and thereby facilitating contribution to the effective functioning of the Board
- Ensuring that the Board plays a full and constructive role in developing and assessing Group's strategies and policies, and ensuring Board decisions are taken in the best interest of the Bank and fairly reflect the Board's consensus
- Proving leadership for self-assessment to generate meaningful feedback to further improve the effectiveness of the Board

On first appointment and at regular intervals (at least once in every year) or any time when circumstances change, all Director in good faith, disclose to the Board for recording any business or other interests that are likely to create a potential conflict of interest with the Bank, including;

- All business interests (direct or indirect) in any other company, partnership, or other business venture
- Membership in trade, business or other economic banks, and
- Any interest (direct or indirect) in any transaction.

Directors avoid any conflicts of interests or the appearances of any conflicts in their activities with and commitments to, other banks or related parties. If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee (except by an appropriate Board Committee set up for the purpose pursuant to a resolution passed at a Board meeting). But a Board meeting holds. Directors abstain from voting on any Board resolution in which that or any of their associates have a material interest and they would not be counted in the quorum present at the Board meeting.

No Director would be appointed, elected, or nominated as a Director of another bank except where such bank is a subsidiary company or an associate company of the Bank.

## Financial acumen

### (Principle A.4)

The People's Bank Board comprises members with sufficient financial acumen and knowledge. In addition to the Senior Chartered Accountants and Chartered Management Accountants who provide guidance on financial matters, the rest of the Directors have sufficient financial acumen acquired through their extensive professional experience.

## Board balance

### (Principle A.5)

The People's Bank Board is well balanced with eight Non-Executive Directors, of whom three function in an independent capacity. This is above the minimum stipulated by the Code of Best Practice for Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

All Independent Non-Executive Directors are independent of management and free from any business or other affiliations that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

Every Non-Executive Director submits a signed declaration of independence/non-independence against the specified criteria, and they are evaluated to ensure compliance with the criteria for determining independence.

In the year under review, there were no circumstances that warranted the appointment of Alternate Directors. The need to appoint a Senior Independent Director did not arise either since the Chairman is an independent Director.

## Supply of information

### (Principle A.6)

Board meetings are scheduled well in advance, giving adequate notice to Directors. Prior to every Board or committee meeting, the Board Secretary ensures all relevant papers, including the agenda, content, and a summary of management presentations, are made available to all the Directors seven working days prior to the meeting. The Directors who are unable to attend the meetings are updated through the document minutes, which are tabled at the next meeting with the matters to be followed-up from the minutes.

Monthly accounts for a given month are prepared and circulated among Directors in the following month, along with key financial performance indicators of each division/subsidiary. If the Board feels the information provided is insufficient or not clear, they are entitled to request further clarification or additional information. The respective management personnel can be called for the meetings when deemed necessary to provide further details.

## Appointments to the Board

### GRI 2-10

### (Principles A.7 and A. 8)

In accordance with the People's Bank Act, a maximum of 10 Directors are appointed by the Minister in charge of the portfolio, of which two Directors are nominees of the respective Minister handling the subject of cooperatives.

Appointments are made for a period of three years, subject to a maximum term of nine years and an age limit of up to 70 years, whichever comes first in line with the provisions of the Banking Act Direction No. 11 of 2007.

All appointments for directorships are submitted to the Central Bank of Sri Lanka for assessment under the Fit and Proper Criteria for Directors.

There are no specific stipulations pertaining to diversity representation.

## Appraisal of Board performance

### GRI 2-18

### (Principle A.9)

Every member of the Board conducts a self-assessment of his/her own effectiveness as well as the Board as a team annually, incorporating all criteria specified in the Board performance evaluation checklist of the Code. The responses are collated by the Board Secretary and submitted to the Board as a summary report.

## Disclosure of information in respect of Directors

### (Principle A.10)

Information specified in the Code in relation to Directors is disclosed in this Annual Report as follows:

- Name, qualifications, brief profile, and the nature of expertise on pages 26 to 29.
- Number of Board and Committee meetings held in year 2024 and attendance on page 220.
- Names of committees in which the Director serves as the Chairman or a member on pages 243 to 250.
- Related party transactions on pages 241 and 242.

## Appraisal of the CEO

### (Principle A.11)

The evaluation process provides a formal opportunity for the Board and CEO/GM to have a constructive discussion regarding the performance and the leadership of the CEO/GM. The set of KPIs for the CEO/GM formulated under Strategic Planning and Performance Management is reviewed quarterly by the panel, who submits the review to the Board monthly for their review.

These goals are confirmed by the Board and are used as the basis for the annual CEO/GM's appraisal process. The CEO/GM is responsible to provide the Board with explanations for any adverse variances along with corrective action to be taken.



## Directors' and executive remuneration procedure

GRI 2-19, 20

### (Principles B.1, B.1.1, B.1.2, B.1.3)

Board remuneration is decided according to guidelines set by the Ministry of Finance. No Director is involved in determining his/her own remuneration. The BHRRC makes recommendations to the Board pertaining to the remuneration and benefits of the CEO/GM and Key Management Personnel within agreed Terms of Reference and in accordance with the remuneration policies of the Bank and the Collective Agreement.

Remuneration is designed to attract, retain and motivate high-performing, qualified and experienced employees of the Bank. The Board in turn makes recommendations to the Minister of Finance who is the final authority for approval of their remuneration under the collective agreement.

The BHRRC seeks professional advice externally, when deemed necessary, in discharging their responsibilities. The report of the BHRRC, disclosing the Statement of Remuneration Policy and the names of the Chairman and members of the BHRRC is given on page 244. The aggregate remuneration paid to the Directors is given on page 241.

## Relations with shareholders

### (Principles C.1, C.2)

As a State Bank, with the Government of Sri Lanka being the main shareholder, People's Bank comes directly under the purview of the Ministry of Finance. The Board liaises with the Ministry to ensure alignment with the socio-economic development goals of the country.

The Annual Report is printed in English, Sinhala, and Tamil and is circulated through the Ministry of Finance to the Parliament. The Bank liaises with the Ministry of Finance for matters concerning the Ministry.

## Major and material transactions

### (Principle C.3)

There were no transactions which would materially alter the Bank's or Group's net asset base, other than those disclosed in the Note 43 to the Financial Statements, Related Party Disclosures on pages 361 to 365.

The Board delegates responsibility for managing the organisation's impacts on the economy, environment, and people. The Board appoints the Chief Executive Officer/General Manager. The Board participates in the appointment of all Senior Management, ensures motivation and protection of intellectual capital crucial to the Bank, ensures that there is appropriate and adequate training for management and other employees, and put in place a succession plan for Senior Management.

## Financial reporting

### (Principle D.1)

The Annual Report presents a balanced review of the financial position, performance, and prospects. Both narrative and visual elements have been used in presenting the information, to increase comprehension and clarity. We have provided a balanced view on our performance in this Report and other communications presented to relevant authorities, including the Ministry of Finance and regulators. The Bank takes every effort to ensure compliance with statutory requirements in the Annual Report and in the issue of interim communications on financial performance.

The following disclosures as required by the Code are included in this Report:

- Statement of Directors' Responsibility for Financial Reporting. Page 256 includes a statement of their responsibilities
- Directors' Statement on Internal Control over Financial Reporting on pages 251 and 252.
- Management Commentary on pages 85 to 176.
- The statement of going concern of the Company is set out in the Statement of Directors' Responsibility on page 256.
- Related Party Transactions are disclosed on pages 241 and 242 of the Directors' Report and in Note 43 in the Financial Statements.

## Internal control and Audit Committee

### (Principle D.2 and D.3)

The Board is cognisant of its responsibility for formulating and implementing appropriate and adequate processes for risk management and sound internal control systems to safeguard shareholder interests and assets of the Bank. BAC assists the Board in relation to risk management while



BIRMC assists the Board in discharge of its duties with regard to risk management. Their roles and responsibilities are provided in the Committee Reports given on page 246.

BIRMC is supported by the Risk Management Department of the Bank. A comprehensive report on the Bank's risk management process is included on pages 178 to 212 BAC is supported by the internal audit function of the Bank. The Internal Audit Department reviews the adequacy and effectiveness of the internal control systems and reports to the BAC on a regular basis. Duties of the BAC include keeping the scope and results of such audits and its effectiveness under review. BAC also plays a primary role in liaising with the Auditor General, who conducts the external audit of the Bank.

## Code of Business Conduct and Ethics and Corporate Governance Report

### (Principles D.4 and D.5)

The Bank has two Codes of Business Conduct and Ethics, one applicable to the Directors and the other to the employees. BHRRC is responsible for to regularly review the respective codes to ensure they remain relevant and adequate considering the evolving business operations of the Bank.

The Codes of Business Conduct and Ethics are in compliance with the requirements of the Schedule I of the Code of Best Practice on Corporate Governance.

This Corporate Governance Report from pages 213 to 242 complies with the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance as specified in Principle D.5.

## Shareholder relations

### (Principles E and F)

The relevant provisions of the Code are not applicable because the main shareholder of People's Bank is the Government of Sri Lanka.

## Sustainability report

GRI 2-9, 12, 13, 14

### (Principle G)

The Board approved a sustainability policy for the Bank and has set in place a governance structure to ensure its philosophy, objectives, and strategic goals for social and environmental development are implemented.

Accordingly, triple bottom line values have been embedded throughout the Bank's operations in all geographic areas. The sustainable business initiatives of the Bank are described in line with the Principles of the Code, as follows:

Principle 1 – Economic Sustainability – Financial Capital on pages 115 to 120.

Principle 2 – Environment – Natural Capital on pages 169 to 177.

Principle 3 – Labour Practices – Human Capital on pages 133 to 144.

Principle 4 – Society – Social and Relationship Capital on pages 161 to 168.

Principle 5 – Product Responsibility – Social and Relationship Capital: Customer on pages 145 to 150.

Principle 6 – Stakeholder identification, engagement and effective communication, Stakeholder Engagement on pages 50 to 54.

Principle 7 – Sustainable reporting to be formalised as part of the reporting process and to take place regularly – About Our Integrated Report on pages 4 to 6.

The Board through Board Audit Committee and the Board Integrated Risk Management Committee regularly reviews systems, processes, and procedures to ensure the effectiveness of internal systems of control so that its decision-making capability and the accuracy of its reporting and financial results are maintained at the highest level at all times.

## The Banking Act Direction No. 11 of 2007 and subsequent amendments thereto on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Central Bank

Section	Principle	Compliance and implementation	Complied
<b>3. (1)</b>	<b>Responsibilities of the Board</b>		
	The Board has strengthened the safety and the soundness of the Bank in the following manner:		Complied with
(a)	Setting strategic objectives and corporate values	<p>The Board approved a Strategic Plan for the period 2024-2026 is in place. Strategic Planning Department has already developed the Strategic Plan for 2025-2027 rollover for the years 2025, 2026 and 2027. The Board Strategic Planning and Review Committee (BSPRC) has recommended the same on 5 March 2025 and approved by the Board.</p> <p>Budget 2024 has been approved by the Board. Budget 2024-CAPEX limits (amended) has been submitted to the Board. After detailed deliberation, the Board granted approval for the CAPEX budgets for both Banking Support Services Department and Information Technology Department for the year ending 31 December 2024 (amended).</p> <p>Budget 2024 has been submitted to the Board for approval (amended) and most of the KMP in the DGM category have been participated in the discussion. After detailed deliberation, the Board granted approval for the following subject to the assumptions therein given.</p> <p>a. Budget for the FY ending 31 December 2025</p> <p>b. To review/revise as necessary, the targets on conclusion of Q1 - 2025</p>	
(b)	Approval of overall Business Strategy including Risk Policy and Management	<p>Strategic Plan includes strategic objectives and overall business strategy of the Bank.</p> <p>Risk Management procedures and mechanisms are in place. BIRMC has reviewed the Risk Management Policy of the Bank</p> <p>The Strategic Plan 2025-2027 includes the overall business strategy, measurable goals, for at least the next three years including 2025.</p>	Complied with
(c)	Risk management	<p>The Board Integrated Risk Management Committee (BIRMC) takes the initiative in assessing of all risks of the Bank with the assistance of the DGM, Risk Management (DGM RM) and the relevant KMPs.</p> <p>Also, BIRMC discusses new strategies of the Bank, the risks arising out of new strategies and further the ways and means to mitigate such risks.</p>	Complied with
(d)	Communication with all stakeholders	The Board has approved and implemented an effective Corporate Communication Policy with all stakeholders. The Board has reviewed the existing Communication Policy in 2024.	Complied with

Section	Principle	Compliance and implementation	Complied
(e)	Internal Control System and Management Information Systems	<p><b>Internal Control Systems</b></p> <p>There is an annual Board mechanism at the Bank to assess effectiveness of internal control systems by the Board of Directors through the process over design and effectiveness of internal control over financial reporting. Further, Internal Audit Division of the Bank adds value to the process verifying the effectiveness of the above process.</p> <p>Internal Control Systems and Management Information System have been reviewed by IAD and has been submitted to the Board Audit Committee.</p> <p><b>Management Information Systems</b></p> <p>The Bank has established a MIS Unit of which key role is to ensure the accuracy of the reports generated and timely distribution of reports to required parties. Internal Audit Department has carried out an audit of MIS Unit of Head Office as part of Audit of Information Technology Department during the year 2024 and observations and responses thereto have been submitted to the BAC at their meeting.</p>	Complied with
(f)	Key Management Personnel (KMPs)	The Board has defined and designated the following categories as KMPs CEO, SDGMs, DGMs, AGMs, HOF, CRO/ DGM (RM), CIA, Compliance Officer, Head of Treasury, Head of Legal, Head of IT, CISO and Board Secretary as defined in Banking Act Determination No. 1 of 2019 and any other officer falling under the definition of Section 3 (1) (i) (f) of the Banking Act Direction No. 11 of 2007.	Complied with
(g)	Define areas of authority and key responsibilities for Directors and KMP	<p>There is a clear segregation of authority and responsibilities between the Directors and the KMPs. Board members are responsible for taking strategic decisions of the Bank. KMPs are responsible for carrying out the decisions made by the Board and for operations. Code of Best Practice – Annex III – Board Charter includes "Powers Reserved for the Board"</p> <p>Key responsibilities of the KMPs are entirely operational based and are specified in their respective job descriptions. The authority of Key Management Personnel are defined under delegation authority limits.</p>	Complied with
(h)	Oversight of affairs of the Bank by KMP	Board has exercised appropriate oversight of the affairs of the Bank through Key Management Personnel.	Complied with
(i)	Assess effectiveness of own governance practices		Complied with
	(i) The selection, nomination, and election of Directors and Key Management Personnel;	In terms of the Section 8 of the People's Bank Act, the appointment of Directors is being made by the Minister, two of whom shall be nominated by the Minister of the subject of co-operatives and selection, nomination and recommendations of all KMPs are being processed by the BNC and the approval has been obtained from the Board.	
	(ii) The management of conflicts of interests; and	The Conflicts of Interests have been duly recorded.	

Section	Principle	Compliance and implementation	Complied
	(iii) The determination of weaknesses and implementation of changes where necessary.	Self-evaluation forms for the year 2023 of Board of Directors submitted to the Board.	
(j)	Succession plan for KMP	Board approved Succession Plan for CEO and KMPs are in place.	Complied with
(k)	Regular meetings with KMP	Key Management Personnel are invited by the Board when a need arises to explain matters relating to their area of functions.	Complied with
(l)	Regulatory environment and maintaining an effective relationship with regulator	<p>Board has taken measures and processes are in place to understand the regulatory environment and also the Bank maintains a relationship with regulators. On appointment as Directors, the Board Secretary furnishes them with Code of Best Practice on Corporate Governance 1.3, details of existing Directors etc.</p> <p>Draft supervisory concerns raised at the statutory examination conducted and, has been submitted to the Board Meeting.</p> <p>The Compliance Officer submits a report on a monthly basis to the Board of Directors.</p> <p>Attendance of the CEO at CBSL meetings further evidence the relationship maintained with the regulator.</p>	Complied with
(m)	Hiring External Auditors	As per Section 34 of People's Bank Act, the Auditor General is the Auditor of the Bank.	Complied with
3.1 (ii)	Appointment of Chairman and CEO and defining and approving their functions and responsibilities	<p>As per Section 10 of People's Bank Act, Minister appoints the Chairman of the Board from among the members of the Board.</p> <p>Mr Sujeewa Rajapakshe, has been appointed as Chairman and Independent, Non-Executive Director, by Ministry of Finance, Economy and Policy Development with effect from 21 December 2022. and resigned on 03 October 2024 and Prof P N D Fernando has been appointed as the Chairman and Independent Non-Executive Director by Ministry of Finance Economic Development, Policy Formulation, Planning and Tourism with effect from 4 October 2024.</p> <p>Section 2.22 and 2.23 of Code of Best Practice in Corporate Governance of the Bank defines the powers and roles of the Chairman.</p> <p>Code of Best Practice in Corporate Governance (CBPCG) Section 3.9 Annex III of the Bank defines the roles, duties and responsibilities of the CEO/GM.</p>	Complied with
3.1 (iii)	Regular Board meetings	<p>The Bank has held 18 meetings during the year 2024.</p> <p>There were 27 circular resolutions passed during the year 2024 and duly ratified at the next Board meeting.</p>	Complied with
3.1 (iv)	Arrangements for Directors to include proposals in the agenda	<p>As a practice, Directors include matters and proposals in the agenda for regular meetings.</p> <p>As per the Section 2.16 (b) of Code of Best Practice, provision is in place to enable all Directors to include matters and proposals in the agenda for regular Board meetings where such matters and proposals relate to the promotion of business and the management of risks of the Bank.</p>	Complied with

Section	Principle	Compliance and implementation	Complied
3.1 (v)	Notice of meetings	<p>Duties of the Secretary to the Board (Annex iv) given in the Code of Best Practice in Corporate Governance 1.3 includes a provision that preparing the calendar of regular Board meetings for each year is the duty of the Board Secretary with the approval from the Board. Board meeting calendar for 2025 has been approved at Board.</p> <p>Further as a practice, notice of at least seven days is given for the Board to provide all Directors an opportunity to attend regular meetings.</p> <p>Further, due notice has been given for the special and emergency Board meetings.</p>	Complied with
3.1 (vi)	Directors attendance	All Directors have attended two-thirds of the meetings held during the year 2024. Some Directors have attended online and none of the Directors have not attended three consecutive meetings.	Complied with
3.1 (vii)	Appointment and setting responsibilities of the Board Secretary	Board Secretary is an Attorney at Law who satisfies the provisions of Section 43 of the Banking Act No. 30 of 1988.	Complied with
3.1 (viii)	Directors access to advice and services of Board Secretary	Section 2.25 of the Code of Best Practice in Corporate Governance has a provision in this regard.	Complied with
3.1 (ix)	Maintenance of Board minutes	<p>Duties of the Secretary to the Board given in the Code of Best Practice by the Board includes a provision in this regard.</p> <p>Further, all Board members have access to the Board minutes and Board Subcommittee minutes through Board Pac.</p>	Complied with
3.1 (x)	Minutes to be of sufficient detail and serve as a reference for regulators and supervisory authorities	Detailed minutes are kept covering the given criteria and that contain the required details such as individual views of the members, ultimate decision of the Board, whether complies with strategies and policies of the Bank, etc. Further reports and information used by the Board members in arriving at the decisions are mentioned.	Complied with
3.1 (xi)	Directors ability to seek independent professional advice	Board approved policy is in place to seek independent professional advice in appropriate circumstances, at the Bank's expense.	Complied with
3.1 (xii)	Dealing with conflicts of interest	<p>People's Bank Act No. 29 of 1961 Section 11 speaks on the conflicts of interest of the Board of Directors. This procedure further evidence that a Director is to abstain from voting on any Board resolution in relation to which he/she or any of his/her close relation or a concern in which a Director has substantial interest and he/she has not been counted in the quorum.</p> <p>Section 2.13 of Code of Best Practice of the Bank approved by the Board also has a provision in this regard.</p>	Complied with
3.1 (xiii)	Formal schedule of matters reserved for Board decision	Code of Best Practice Annex III-Board Charter includes "Powers Reserved for the Board".	Complied with

Section	Principle	Compliance and implementation	Complied
3.1 (xiv)	Inform Central Bank if there are solvency issues	Board is aware the necessity of informing Director of Bank Supervision of the situation of the Bank prior to taking any decision or action, if it considers that the procedures to identify when the Bank is, or is likely to be, unable to meet its obligations. No such situation has arisen during the year 2024.	Complied with
3.1 (xv)	Capital adequacy	The Board has capitalised the Bank at levels required by the Monetary Board. This has been addressed through the Monthly Compliance Certificate submitted by the Compliance Officer and ICAAP.	Complied with
3.1 (xvi)	Publish Corporate Governance Report in Annual Report	The Board has published its Corporate Governance Report on compliance with Section 3 of this direction has been published on pages 213 to 242 of the Annual Report 2024.	Complied with
3.1 (xvii)	Self-assessment of Directors	Board Secretary annually obtains the evaluation forms from all the Directors.  The evaluation forms of Directors who were available as at 4 October 2024 obtained and summary of the same have been submitted to the Board in March 2025.	Complied with
<b>3.(2)</b>	<b>The Boards composition</b>		
3.(2) (i)	Number of Directors	<p>The Board has comprised not less than seven (7) Directors during the year 2024 up to 3 October 2024.</p> <p>The names of Directors who have held directorships up to 3 October 2024 are as follows.</p> <p>Mr Sujeewa Rajapakse (IND/NED)</p> <p>Mr Isuru Balapatabendi (NI/NED)</p> <p>Mr Manjula Wellalage (NI/NED)</p> <p>Ms Visakha Amarasekere (NI/NED)</p> <p>Mr Dushmantha Thotawatte (IND/NED)</p> <p>Mr A M P M B Atapattu (NI/NED) Resigned on 24 September 2024</p> <p>Mr Udeni Samararatne (NI/NED)</p> <p>Mr Dushan Soza (IND/NED)</p> <p>The names of Directors who have held directorships with effect from 4 October 2024 to 31 December 2024 are as follows.</p> <p>Prof Narada Fernando (IND/NED)</p> <p>Ms Visakha Amarasekere (NI/NED)</p> <p>Mr Jayantha Thilakarathne (IND/NED)</p> <p>Mr Bradley Emerson (IND/NED)</p> <p>Dr Ahilan Kadirgamar (IND/NED)</p>	Complied upto 3 October 2024
3.(2) (ii) (a) and (b)	Period of service of a Director	None of the Directors of the Board has exceed the service period of nine years.	Complied with
3.(2) (iii)	Board balance	There are no Executive Directors in the Board of the Bank.	Complied with

Section	Principle	Compliance and implementation	Complied
3.(2) (iv)	Independent Non-Executive Directors	The Board comprised adequate number of Independent Non-Executive Directors to comply with the direction up to 4 October 2024.  Independent, Non-executive Directors during year 2024 were, Mr Sujeewa Rajapakse (resigned on 4 October 2024) Mr Dushmantha Thotawatte (resigned on 28 November 2024) Mr D T C Soza (resigned on 14 October 2024) Prof Narada Fernando (appointed w.e.f. 4 October 2024) Mr Jayantha Thilakarathne (appointed w.e.f. 14 October 2024) Mr Bradley Emerson (appointed w.e.f. 14 October 2024) Dr Ahilan Kadirgamar (appointed w.e.f. 14 October 2024)	Complied with
3.(2) (v)	Alternate Independent Directors	There are no provisions in the People's Bank Act to appoint Alternate Directors and such a situation has not arisen during the year 2024.	Complied with
3.(2) (vi)	Criteria for Non-Executive Directors	The appointments to the Board are made by the Minister in Charge of the Finance Economy and Policy Development under Section 8 of the People's Bank Act No. 29 of 1961 and representative from the Minister of Finance and the Ministry of Trade are Non-Independent Directors where as other Directors are independent.	Complied with
3.(2) (vii)	More than half the quorum to comprise Non-Executive Directors	As per Section 2.3 of the Code of Best Practice of the Bank, the stipulated quorum of the Board is five and all Directors of the Bank are Non-Executive.  As per the attendance of Board members for the financial year 2024, the required quorum has been complied with at all Board meetings.	Complied with
3.(2) (viii)	Identify Independent Non-Executive Directors in communications and disclose categories of Directors in Annual Report	Composition of the Board, including the names of Chairman, Executive Directors, Non-Executive Directors, and Independent Directors have been disclosed in the draft Annual Report 2024.	Complied with
3.(2) (ix)	Formal and transparent procedure for appointments to the Board	The appointments to the Board are made by the Minister of Finance, Economy and Policy Development, under Section 8 of the People's Bank Act No. 29 of 1,961 subject to fit and propriety approval obtained from CBSL in terms of CBSL Direction No. 1 of 2019	Complied with
3.(2) (x)	Re-election of Directors filling casual vacancies	Such a situation does not arise since the Minister in Charge of the subject appoints them.	Complied with
3.(2) (xi)	Communication of reasons for removal or resignation of Director	Section 8 (4) of People's Bank Act, provides provisions for a Director to resign by writing a letter to the Minister of the subject. Further the Minister can also remove a Director by publishing a Gazette notification.  Directors' resignation and the reason for such resignation are duly informed to Central Bank of Sri Lanka (CBSL).	Complied with
3.(2) (xii)	Prohibition of Directors or employees of a Bank becoming a Director at another bank	This requirement is covered in the Annual declaration obtained from the Board of Directors.	Complied with



Section	Principle	Compliance and implementation	Complied
<b>3.(3)</b>	<b>Criteria to assess fitness and propriety of Directors</b>		
3.(3) (i)	Age of a Director should not exceed 70 years  The transitional provisions	Section 2.1 of the Code of Best Practice has a provision in this regard. None of the persons who serve as Directors have exceeded 70 years of age during the year 2024.	Complied with
3.(3) (ii)	Directors should not be Directors of more than 20 companies and not more than 10 companies classified as specified business entities	None of the Directors holds directorships of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the Bank during the year 2024.	Complied with
3.(3) (iii)	Director or CEO shall not be appointed as a Director or a CEO of another Licensed Bank operating in Sri Lanka prior to expiry of six months cooling-off period from the date of cessation of his/her office at a Licensed Bank	None of the Directors have been appointed as Director or CEO of another Licensed Bank operating in Sri Lanka during the year 2024.	Complied with
<b>3.(4)</b>	<b>Management functions delegated by the Board</b>		
3.(4) (i)	Understand and study delegation arrangements	The Board is empowered by Section 32 of the People's Bank Act to delegate its powers to any officer of the Bank and may revoke either wholly or in part as the case may be.	Complied with
3.(4) (ii)	Extent of delegation should not hinder Board ability to discharge its functions		
3.(4) (iii)	Review delegation arrangements periodically to ensure relevance to operations of the Bank	The delegated powers are reviewed periodically by the Board to ensure that they remain relevant to the needs of the Bank. In addition, Delegated Credit Authority (DCA) limits have been revised in line with the present economic context in order to improve efficiency of credit approval process.	Complied with
<b>3.(5)</b>	<b>The Chairman and Chief Executive Officer</b>		
3.(5) (i)	Separation of roles	Roles of Chairman and CEO are held by two individuals appointed by the Board.	Complied with
3.(5) (ii)	Non-Executive Chairman and appointment of a Senior Independent Directors	Since Mr Sujeewa Rajapakse, who has been reappointed as the Chairman of the Bank with effect from 21 December 2022 is an Independent, Non-Executive Director, no such requirement has arisen to appoint a Senior Independent Director. However, Mr Rajapakse has resigned with effect from 4 October 2024 and Prof P N D Fernando an Independent/Non-executive Director appointed with effect from 4 October 2024	Complied with
3.(5) (iii)	Disclosure of identity of Chairman and CEO and any relationships with the Board members	As confirmed by the Board Secretary, there were no such relationship [including financial, business, family or other material/ relevant relationship(s)], if any, between the chairman and the CEO and among members of the Board, other than common directorships hold at Boards of subsidiaries of the Bank.  A process has to be in place to obtain a declaration from Board members in this regard.	Complied with

Section	Principle	Compliance and implementation	Complied
3.(5) (iv)	Self Evaluation Process of the Board	The Board has a scheme of self-evaluation for the Board of Directors which complies with the requirement.	Complied with
3.(5) (v)	Responsibility for agenda lies with Chairman but may be delegated to Board Secretary	Agenda for Board meeting is drawn up by the Board Secretary in consultation with the Chairman.	Complied with
3.(5) (vi)	Ensure that Directors are properly briefed and provided adequate information	<p>The Chairman ensures, that all Directors are properly briefed on issues arising at Board meetings. Agenda and Board Papers are circulated to the Directors giving adequate time for them to go through the papers.</p> <p>Minutes of previous month's Board meeting are distributed to the Board members and tabled at the subsequent Board meeting for ratification/approval.</p>	Complied with
3.(5) (vii)	Encourage active participation by all Directors and lead in acting in the interests of the Bank	The Board has a self-evaluation process in place which covers the requirement of the Direction. The Board Secretary annually obtains the evaluation forms from all the Directors.	Complied with
3.(5) (viii)	Encourage participation of Non-Executive Directors and relationships between Non-Executive and Executive Directors	Board Secretary annually obtains the self evaluation forms from all the Directors and since all Directors are Non-Executive separate sections had not been included in the self-evaluation form	Complied with
3.(5) (ix)	Refrain from direct supervision of KMP and executive duties	Chairman does not directly get involved in the supervision of Key Management Personnel or any other executive duties.	Complied with
3.(5) (x)	Ensure effective communication with shareholders	Board maintains effective communication with the Government of Sri Lanka who is the main shareholder of the Bank.	Complied with
3.(5) (xi)	CEO functions as the apex executive in charge of the day-to-day operations	As per Section 3.1 (Authority) of Code of Best Practice in Corporate Governance, he is the apex executive-in charge of the day-to-day management of the Bank's operations and business	Complied with
<b>3.(6)</b>	<b>Board Appointed Committees</b>		
3.(6) (i)	Establishing Board Committees, their functions, and reporting	<p>The Bank has established four Board Committees namely, Audit Committee, Human Resources and Remuneration Committee, Nomination Committee and Integrated Risk Management Committee. Other than the above minimum requirement as per the CBSL direction the Bank has established four additional Board subcommittees.</p> <p>Reports/Minutes of such committees are submitted and tabled at the main Board for the information and review by the Board.</p> <p>Individual reports of each Board subcommittees which includes a summary of its duties, roles and performance have been disclosed in the Annual Report 2024 on pages 243 to 250.</p>	Complied with

Section	Principle	Compliance and implementation	Complied
<b>3.(6) (ii)</b>	<b>Audit Committee</b>		
(a)	Chairman to be an Independent Non-Executive Director with qualifications and experience in accountancy and/or audit	The Board has appointed Mr Dushmantha Thotawatte an Independent, Non-Executive Director as the Chairman, who is a Fellow Member of The Institute of Chartered Accountant of Sri Lanka. Mr Thotawatte resigned on 28 November 2024.	Complied up to 28 November 2024
(b)	Committee to comprise solely of Non-Executive Directors	All members of the Committee are Non-Executive Directors named, Ms Visakha Amarasekere and Mr A M P M B Atapattu.	Complied up to 28 November 2024
<b>(c)</b>	<b>Audit Committee functions</b>		
	(i) The appointment of the External Auditor for audit services to be provided in compliance with the relevant statutes;	The Auditor General is the External Auditor of the Bank as provided in the Constitution of the country. Therefore, the Committee has no role to play in the engagement of the External Auditor.	Complied with
	(ii) The implementation of the CBSL guidelines issued to Auditors from time to time;	Committee has made recommendations on matters in connection with the implementation of the Central Bank guidelines issued to Auditors from time to time.	Complied with
	(iii) The application of the relevant accounting standards; and	Committee has reviewed and discussed the relevant accounting standards as and when required.	Complied with
	(iv) The service period, audit fee and any resignation or dismissal of the Auditor	The Auditor General is the External Auditor of the Bank as provided in the Constitution of the country.	Complied with
(d)	Review and monitor External Auditor's independence and objectivity and the effectiveness of the audit processes	This is not relevant since the Bank's Auditor is the Auditor General.	Complied with
(e)	Provision of non-audit services by an External Auditor	This is not relevant since the Auditor of the Bank is Auditor General	Complied with
(f)	Determines scope of audit	Committee has discussed and finalised the nature and scope of the audit with the External Auditors in accordance with SLAS before the audit commenced at the BAC meeting.	Complied with
(g)	Review financial information of the Bank	Committee has a process to review financial information of the Bank when the quarterly and annual audited financial statements and the reports prepared for disclosure are presented to the Committee by the Head of Finance.  Head of Finance has presented the quarterly financial statements and key financial ratios and dashboard for the year 2024. The committee has recommended the same for submission to the Board.	Complied with

Section	Principle	Compliance and implementation	Complied
(h)	Discussions with External Auditor on interim and final audits	Committee has held a confidential discussion with the representative of Auditor General on 20 September 2024.	Complied with
(i)	Review of Management Letter and Bank's response	BAC has reviewed the management letter and the responses thereto and for the year 2022.	
(j)	<b>Review of internal audit function</b>		
	(i) The adequacy of the scope, functions and resources of the IAD and satisfy itself on necessary authority to carry out its work;	Committee has discussed the scope and functions of the Internal Audit Department along with the audit plan. Internal Audit Charter reviewed and recommended by the BAC. The Committee has recommended the Board the proposed cadre requirement assessed for the year 2024/25 excluding the staff rested for the establishment of newly proposed review and investigation team for approval at the BAC.	Complied with
	(ii) Internal audit programme and results of the internal audit process	CIA has presented the Audit Plan 2024 to the BAC and BAC has discussed the scope of the internal audit and observed main recommendations made on the branches which has issues highlighted by the Management Letter, CBSL statutory examination etc. The Committee recommended to the Board of Directors the proposed Audit Plan for the year 2024, for approval at the BAC. Progress of achieving the IA Plan has been monitored by the Committee regularly.  Committee has reviewed results of internal audit process at its meetings held during the year. Audit reports of departments such as Information Technology, Supplies, Compliance, Credit Control, Risk Management, Treasury Back Office, etc. Information systems audit of Image Capturing and Presentment, People's Card Centre, Finacle Treasury System-2022, etc.	Complied with
	(iii) Any appraisal or assessment of the performance of the head and senior staff members of IAD	The Committee has reviewed appraisal or assessment of the performance of the head and senior staff members of the Internal Audit Department.	Complied with
	(iv) Recommend any appointment or termination of the head, senior staff members, and outsourced service providers	No appointment or termination of the head, senior staff members during the year 2024.	Complied with
	(v) The Committee is appraised of resignations of senior staff members of IAD including the Chief Internal Auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning;	No resignations of head/senior staff of IAD during the year 2024.	Complied with

Section	Principle	Compliance and implementation	Complied
	(vi) The internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency, and due professional care.	The Internal Audit Department has confirmed the independence of the internal audit activity with reference to the provisions of the Internal Audit Charter of the Bank. The Internal Audit Department performs with impartiality, proficiency, and due professional care.	Complied with
(k)	Internal investigations	The Committee considers major findings of internal investigations and Management's responses thereto.	Complied with
(l)	Attendees at Audit Committee meetings	This is not relevant since there are no Executive Directors in the Board of People's Bank.	Complied with
(m)	Explicit authority, resources, and access to information	The Board approved Code of Best Practice in Corporate Governance 1.3 Section 6.1.7 speaks of the rights of the Board Audit Committee and ensures that the Committee has such authority.  Further TOR of the BAC is in place has been reviewed by the Committee and approved by the Board.	Complied with
(n)	Regular meetings	BAC has held fourteen (14) meetings during the year 2024 and minutes of such meetings are maintained by the Board Secretary.	Complied with
(o)	Disclosure in Annual Report	Details of the activities of the Audit Committee has been disclosed in the BAC report published on page 243 of the Annual Report 2024.  Number of meetings and attendance of each individual Director have been disclosed on page 220 of the Annual Report 2024.	Complied with
(p)	Maintain minutes of meetings	The Board secretary has been appointed as the Secretary of Board Audit Committee and keeps detailed minutes of the meetings.	Complied with
(q)	Whistle-blowing policy and relationship with External Auditor	The Board approved Whistle-Blowing Policy is in place and had been communicated to the staff. This has been reviewed by the BAC and approved by the Board.	Complied with
<b>3.(6) (iii) Human Resources and Remuneration Committee</b>			
<b>GRI 2-19, 20</b>			
(a)	Remuneration policy relating to Directors, CEO/GM and Key Management Personnel of the Bank.	Remuneration of the Directors is decided by the guidelines set up by the Ministry of Finance.  Remuneration of KMP are decided based on the collective agreement.  The Collective Agreement 2024-2026 is in place, in addition, compensation remuneration policy to determine in place.	Complied with
(b)	Set goals and targets for the Directors, CEO/GM, and the Key Management Personnel	Committee will have to develop goals and targets for Board of Directors in terms of responsibilities assigned under Board subcommittees. Goals and targets of CEO and KMPs are documented. BHRRRC reviews performance of KMP against these set KPIs on a quarterly basis.	Complied with

Section	Principle	Compliance and implementation	Complied
(c )	Evaluating the performance of the CEO and Key Management Personnel	<p>A new performance evaluation template for the Corporate and Executive Management of the Bank has been implemented.</p> <p>The Committee has considered evaluations of the performance of the CEO and Key Management Personnel against the set targets for the year 2024.</p>	Complied with
(d)	The CEO shall be present at all meetings of the Committee, except when matters relating to the CEO are being discussed.	CEO/GM was presented at all meetings of the committee, except when matters relating to the CEO/GM are being discussed.	Complied with
<b>3.(6) (iv) Nomination Committee</b>			
(a)	Appointment of Directors, CEO and KMP	<p>Directors are appointed by the Minister in charge of the subject as per the provision of the People's Bank Act.</p> <p>HR Policy (Recruitment, Promotion and Compensation, Training and Development and Termination Policies) is in place which has been approved by the Board.</p>	Complied with
(b)	Re-election of Directors	This requirement does not arise since Directors are appointed by the Minister in charge of the subject as per the provision of the People's Bank Act.	Complied with
(c)	Eligibility criteria for appointments to key managerial positions including CEO	<p>Board has approved the selection criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO, DGMs and AGMs who are considered as the Key Management Personnel and has included in their job descriptions.</p> <p>Job Description of KMP reviewed by the Committee during the year 2024.</p> <p>Further, Committee has granted approval for the evaluation criteria for the selection and appointment of KMPs in the Bank. Nomination and Recommendations of all KMPs are being processed by the BNC and the approval has been obtained from the Board.</p>	Complied with
(d)	Fit and proper persons	The annual declarations of the Directors for the year 2024 have been obtained from the Directors.	Complied with
(e)	Succession Plan and new expertise	<p>Boards of Directors are appointed by the Ministry of Finance.</p> <p>Board approved Succession Plan for CEO and Key Management Personnel is in place. In addition, the Bank has developed a new succession plan since most of the officials who held positions in grades of DGMM and AGMM of the Bank have been retired or due to retire from the service soon or promoted to the higher grades before the expected time frames. The BNC has reviewed the proposed Succession Plan of the Bank for the period October 2023 to December 2024 and observed that same has been prepared addressing the concerns of CBSL as well. BNC has reviewed and recommended. This proposed plan has been approved by the Board.</p>	Complied with

Section	Principle	Compliance and implementation	Complied
(f)	Committee Chairman and preferably majority of Directors be Independent. The CEO may be present at meetings by invitation.	Committee was Chaired by Mr Sujeewa Rajapakse who is an Independent Director Other members were Mr Manjula Wellalage and Mr A M P M B Atapattu.  As required by the direction, the Committee shall preferably be constituted with a majority of Independent Directors.  CEO participates at the BNC meetings by invitation.	
<b>3. (6) (v)</b>	<b>Integrated Risk Management Committee/Board Risk Management Committee</b>		
(a)	Composition of BIRMC	As per TOR of BIRMC, Committee consists of three Non-Executive Directors, CEO/GM, DGM-Risk Management and any others on invitation (including the officer in charge of Compliance).	Complied up to 3 October 2024
(b)	Risk assessment	BIRMC has implemented a procedure to assess risks such as credit, market, strategic, operational, and liquidity risks of the Bank through relevant risk indicators and management information and such risks are reported to BIRMC through Quarterly Risk Report and Risk Matrix table by the DGM Risk Management.  <b>Risk Review of Subsidiaries</b>  Bank uses separate Risk Dashboards for each subsidiary and these risk Dashboards include risk appetite limits. The Risk Review of Subsidiaries for each quarter has been submitted to the Committee and the Committee has reviewed and noted the risk levels of each subsidiary named People's Leasing & Finance PLC and People's Travels Pvt Ltd.	Complied with
(c)	Review of management level committees on risk	The Committee has evaluated the adequacy and effectiveness of all managerial level committees against their current Terms of References (TOR) for the year 2023 in April 2024.  Evaluation for the year 2024 has been completed and will be submitted to the BIRMC. Credit Risk Management Committee, Operational Risk Management Committee, Assets and Liability Committee and Executive Operations Committee, are management level committees which function currently at the Bank.	Complied with
(d)	Corrective action to mitigate risks exceeding prudential levels	The Committee has reviewed and considered risk indicators which have gone beyond the specified quantitative and qualitative risk limits.	Complied with
(e)	Frequency of meetings	BIRMC has held six (06) meetings during the financial year 2024.	Complied with
(f)	Actions against officers responsible for failure to identify specific risks or implement corrective action	This is handled by a separate Board subcommittee named BHRRC.	Complied with
(g)	Risk assessment report to Board	Committee submits Risk minutes and Risk report to the next immediate Board meeting to the Board for their review.	Complied with



Section	Principle	Compliance and implementation	Complied
h	Compliance function	<p>The Committee has established a compliance function to assess the Bank's compliance with laws, regulations, and regulatory guidelines. Compliance Officer who has been designated as a KMP submits monthly reports on statutory and mandatory requirements/regulations and the status of compliance to the Board and Quarterly Report on Compliance Risk to the BIRMC.</p> <p>The Board has granted approval for the Compliance Programme 2024 at the Board meeting, in order to act in compliance with the recommendations made at the statutory examination conducted by the CBSL.</p>	Complied with
<b>3.(7)</b>	<b>Related Party Transactions</b>	<b>GRI 2-15</b>	
3.(7) (i)	Avoid conflict of interest	The Board approved Related Party Transactions Policy which speaks on categories of related parties, and for the Bank to avoid any conflicts of interest that may arise from any transaction of the Bank with them. This policy has been subsequently reviewed by the Board in 2024.	Complied with
3.(7) (ii)	Related party transactions covered by direction	The Board approved Related Party Transaction Policy which identifies types of related party transactions is in place.	Complied with
3.(7) (iii)	Prohibited transactions	<p>The Board approved Related Party Transaction Policy includes a provision in this regard. The Bank has a process in place to ensure that the Bank does not engage in such transactions in a manner that would grant such parties "favourable treatment" than that accorded to other constituents of the Bank carrying on the same transaction with the Bank.</p> <p>Based on the declarations and information received from Directors and KMP, Bank identifies related party transactions via NIC and CIF from the system and submit a report to BIRMC on quarterly basis.</p> <p>This ensures that the Bank would not offer any "favourable treatment" to related parties than that accorded to other constituents of the Bank carrying on the same business.</p>	Complied with
3.(7) (iv)	Granting accommodation to a Director or close relation to a Director	<p>The Board approved Related Party Transaction Policy includes a provision in this regard,</p> <p>As confirmed, No accommodation has been granted to any Director or their close family member during the year under review.</p>	Complied with
3.(7) (v)	Accommodations granted to persons, or concerns of persons, or close relations of persons, who subsequently are appointed as Directors of the Bank	The Board approved Related Party Transaction Policy includes a provision in this regard. Bank also has a process in place to comply with the direction.	Complied with
3.(7) (vi)	Favourable treatment or accommodation to Bank employees or their close relations	<p>The Board approved Related Party Transaction Policy includes a provision in this regard. Bank also has a process in place to comply with the direction.</p> <p>No accommodation has been granted to employees on a favourable basis other than the general schemes applicable to all employees of the Bank, such as staff loan facilities during the year 2024.</p> <p>The Bank has a process in place to identify and report transactions with KMP and CFM and to any concern in which the employee or close relation has a substantial interest are submitted to the BIRMC on a quarterly basis.</p>	Complied with

Section	Principle	Compliance and implementation	Complied																		
3.(7) (vii)	Remittance of accommodations subject to Monetary Board approval	As per Related Party Transaction Policy, a process is in place.  However, no such instances occurred during the year 2024.	Complied with																		
3.(8)	Disclosures																				
3.(8) (i)	Publish annual and quarterly financial statements	The Bank prepares and publishes financial statements accordingly. Quarterly financial statements have been published in the newspapers in abridged form, in Sinhala, Tamil, and English.  Q1-2024 – Daily FT, Daily Aruna, Thinakaran on 31 May 2024 Q2-2024 – Daily FT, Daily Lankadeepa, Thinakaran on 31 August 2024 Q3-2024 – Daily FT, Daily Aruna, Thinakaran on 29 November 2024 Q4-2024 – Daily FT, Daily Aruna, Thinakaran on 05 March 2024	Complied with																		
3.(8) (ii)	Disclosures in Annual Report																				
(a)	A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.	The statement to this effect is included in the Directors' Responsibility for Financial Reporting on page 256 of the Annual Report 2024.	Complied with																		
(b)	The report by the Board on the Bank's internal control mechanism	Report by the Board on the Bank's internal control mechanism has been disclosed in the "Directors" Statement on Internal Control" on pages 251 and 252 in the Annual Report 2024.	Complied with																		
(c)	External Auditor's certification on the effectiveness of the internal control mechanism	"Auditor General's Assurance Report" on Internal Controls disclosed on page 253 and 254 in their Annual Report 2024.	Complied with																		
(d)	Details of Directors, including names, fitness and propriety, transactions with the Bank, and the total of fees/remuneration paid by the Bank	Details of Directors, including names, qualifications and experience disclosed under Profiles of Directors are given on pages 26 to 29  Directors' emoluments have been disclosed under Note 43 to the Financial Statements on pages 361 to 365  Aggregate value of remuneration and transactions with Directors 2024	Complied with																		
GRI 2-15		<table><tr><th colspan="2">LKR '000</th></tr><tr><td>Short-term employee benefits</td><td>7,435.0</td></tr><tr><td>Post-employment pension</td><td>-</td></tr><tr><td>Termination benefits</td><td>-</td></tr><tr><td>Share based payments</td><td>-</td></tr><tr><td>Other long term benefits</td><td>-</td></tr><tr><td>Loans and Advances including credit cards</td><td>1,028.2</td></tr><tr><td>Deposits</td><td>245,532.3</td></tr><tr><td>Investments</td><td>-</td></tr></table>	LKR '000		Short-term employee benefits	7,435.0	Post-employment pension	-	Termination benefits	-	Share based payments	-	Other long term benefits	-	Loans and Advances including credit cards	1,028.2	Deposits	245,532.3	Investments	-	
LKR '000																					
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Section	Principle	Compliance and implementation	Complied																											
(e)	Total accommodations granted to each category of related parties and as a percentage of the Bank's regulatory capital	<div>Total accommodation granted to related parties 2024<table><thead><tr><th></th><th>LKR '000</th><th>Percentage of Bank's Regulatory Capital</th></tr></thead><tbody><tr><td>Directors</td><td>-</td><td>-</td></tr><tr><td>Closed Family Members of the Directors</td><td>-</td><td>-</td></tr><tr><td>Key Management of the KMP</td><td>76,383.0</td><td>0.1</td></tr><tr><td>Closed Family Members of the KMP</td><td>9,694.6</td><td>0.0</td></tr><tr><td>Subsidiaries</td><td>190,272.5</td><td>0.1</td></tr><tr><td>Subsidiaries</td><td>186,046</td><td>0.1</td></tr><tr><td>Government and Government Related Entities</td><td>459,310,989</td><td>375.1</td></tr><tr><td>Concern in which any of the Bank's Director or Close Family Member of any of the Bank's Director has substantial interest</td><td>4,058.2</td><td>0.0</td></tr></tbody></table></div>		LKR '000	Percentage of Bank's Regulatory Capital	Directors	-	-	Closed Family Members of the Directors	-	-	Key Management of the KMP	76,383.0	0.1	Closed Family Members of the KMP	9,694.6	0.0	Subsidiaries	190,272.5	0.1	Subsidiaries	186,046	0.1	Government and Government Related Entities	459,310,989	375.1	Concern in which any of the Bank's Director or Close Family Member of any of the Bank's Director has substantial interest	4,058.2	0.0	Complied with
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(f)	Aggregate values of remuneration to, and transactions with KMP	<div>Aggregate Value of Remuneration and Transactions with KMP 2024<table><thead><tr><th></th><th>LKR '000</th></tr></thead><tbody><tr><td>Short-term employee benefits</td><td>665,149.6</td></tr><tr><td>Post employment pension</td><td>68,699.5</td></tr><tr><td>Termination benefits</td><td>-</td></tr><tr><td>Share based payments</td><td>-</td></tr><tr><td>Other long-term benefits</td><td>-</td></tr><tr><td>Loans and Advances including credit cards</td><td>98,792.7</td></tr><tr><td>Deposits</td><td>463,536.6</td></tr><tr><td>Investments</td><td>-</td></tr></tbody></table></div>		LKR '000	Short-term employee benefits	665,149.6	Post employment pension	68,699.5	Termination benefits	-	Share based payments	-	Other long-term benefits	-	Loans and Advances including credit cards	98,792.7	Deposits	463,536.6	Investments	-	Complied with									
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Deposits	463,536.6																													
Investments	-																													
(g)	External Auditors certification of compliance	The Board has obtained the Auditor General's Factual Findings Report on Corporate Governance. All findings of the Auditors have been incorporated in this Corporate Governance Report.	Complied with																											
(h)	Report confirming compliance with prudential requirements, regulations, laws, and internal controls	This has been disclosed in the "Directors' Responsibility for Financial Reporting" on page 256 in the draft Annual Report 2024.	Complied with																											
(i)	Non-Compliance Report	This recorded under Compliance with laws and regulations on page 79	Complied with																											

# BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee (BAC) of the Bank was constituted in accordance with the provisions of Banking Act Direction No. 11 of 2007, Corporate Governance for Licensed Commercial Banks in Sri Lanka. Proceedings of BAC were based on the Charter adopted by the Board of Directors for the functioning of the Committee.

The Committee comprises the following three Non-Executive Directors as at 3 October 2024.

## Chairman

Mr Dushmantha Thotawatte (IND)

## Other members (Directors)

Ms Visakha Amarasekere (NID)

Mr A M P M B Atapattu (NID)

The quorum for a BAC meeting is two (02) members.

The Secretary to the Board of Directors, functions as the Secretary to the Board Audit Committee. Chief Internal Auditor, Head of Finance, and a representative of the External Auditor, i.e. Superintendent of Audit of National Audit Office is normally attend meetings.

Other Board member/s, Chief Executive Officer and any member of the management may also attend the meetings upon invitation of the Committee.

The BAC in particular,

- Reviews the financial reporting process to ensure compliance with financial reporting requirements mandated by the statute.
- Examines the system of internal control and management of business risks.
- Reviews the audit processes, both external and internal.
- Reviews the procedures in place for monitoring compliance with laws and regulations, particularly the guidelines of the Central Bank of Sri Lanka.
- Reviews policies, procedures, and operational manuals, as applicable, to strengthen the internal control system over various areas of Bank operations, including those related to information system security and recommends them for approval by the Board of Directors.
- Reviews the internal audit reports submitted by the Internal Audit Department based on their annual audits as well as special audits conducted.

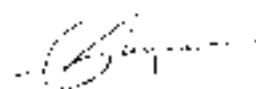
The Committee during the year under review attended to the following:

- (a) Reviewed quarterly financial performance of the Bank for the year 2024 (OR as at 31 June 2024) to ensure that they are prepared in accordance with the requirements prescribed by the regulatory authorities and applicable Accounting Standards and recommended to the Board for approval.
- (b) Review of concerns raised by CBSL in their Statutory Examination report and draft report issued based on their statutory examinations held as at 28 February 2022 and 31 March 2023, respectively.
- (c) The performance of the Internal Audit Department was periodically reviewed to ensure the timely achievement of the approved internal audit plan for the year.
- (d) Reviewed Information System procedures and recommended appropriate changes and monitored the progress of their implementation.
- (e) Reviewed the special audit reports such as Root Cause Analysis over the identified deficiencies in Branch Operations.

Fourteen (14) meetings were held during the financial year ended 31 December 2024. The BAC considered the internal audit reports and evaluated the adequacy and effectiveness of internal controls over the processes, while evaluating the actions taken by the respective officials to rectify the identified key issues, concerns and monitored the corrective actions taken. The minutes of the BAC meetings are reported to the Board for information.

The BAC also followed up on corrective measures taken by the management during the year 2024 on matters raised by CBSL Statutory Examination Reports.

The BAC ensured the provision of all information and documents required by the Auditor General for the purpose of audit and compliance with Sri Lanka Accounting Standards in preparation and presentation of Financial Statements. The BAC is of the view that adequate controls and procedures are in place and Charter of the BAC was complied with all material aspects.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024

# BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

GRI 2-19, 20

## Composition

The Committee comprises not fewer than two and not more than three Non-Executive Directors as at the end of the year and the CEO/General Manager is required to be present at each meeting.

### Chairman

Mr Sujeewa Rajapakse (IND) as at 3 October 2024  
Prof Narada Fernando (IND) w.e.f. 4 October 2024

### Other members (Directors)

Mr Isuru Balapatabendi (NID) as at 3 October 2024  
Mr Manjula Wellalage (NID) as at 3 October 2024  
Mr Bradley Emerson (NID) w.e.f. 4 October 2024  
Dr Ahilan Kadirgamar (NID) w.e.f. 4 October 2024

Mr Clive Fonseka – CEO/General Manager

## Regular attendees by invitation

DGM (Human Resources) attends meetings on invitation and any other officer of the Bank may be present at meetings on invitation.

## Secretary to the Committee

The Board Secretary functions as the Secretary to the BHRRC.

## Meetings

Ten (10) meetings were held during the financial year ended 31 December 2024.

## Quorum

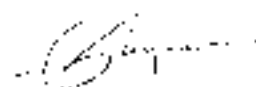
The quorum for a BHRRC meeting is two Directors of the Board and the CEO/General Manager.

## Role of the Committee

- The BHRRC is responsible for formulating human resource and remuneration policies and initiating strategies in relation to human resource management.
- The Committee plays a key role in recruitment and determining salaries and other employee benefits.
- The Committee reviews employment contracts of the members of the Corporate and Executive Management as well setting goals and targets for the CEO/General Manager and Key Management Personnel.
- Evaluating the performance of the CEO/General Manager and KMPs against the set goals and targets periodically and determining the basis for revising remuneration and benefits, etc.

## Future focus

The Board Human Resources and Remuneration Committee will ensure all the Human Resource and Remuneration arrangements support the strategic aims of the Bank.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024

# BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

## Composition

The Committee comprises three Non-Executive Directors, CEO/General Manager, DGM (Risk Management) and any other officer of the Bank may be present on invitation.

### Chairman

Ms Visakha Amarasekere (NID)

### Other members(Directors)

Mr Dushmantha Thotawatte (IND)

Mr Isuru Balapatabendi (NID)

Mr Clive Fonseka – CEO/General Manager

Mr Anura Perera – DGM (Risk Management)

## Regular attendees by invitation

Any other officer of the Bank may be present at meetings on invitation.

## Secretary to the Committee

The Board Secretary functions as the Secretary to the BIRMC

## Meetings

Six (6) meetings were held during the financial year ended 31 December 2024.

## Quorum

The quorum for a BIRMC meeting is two Directors of the Board and the CEO/General Manager.

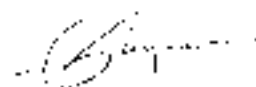
## Role of the Committee

- The Committee is responsible for reviewing the risk profile of the Bank within the risk parameters determined by the Board.

- The Committee is responsible for the assessment of all risks pertaining to credit, market, liquidity, operational, information technology, and strategic risks, using appropriate risk indicators and management information.
- Among other responsibilities related to risk management, the Committee monitors risk oversight, implementation and risk management in relation to credit, finance, operations and legal/compliance.
- Reviewing the adequate and effectiveness of all management level committees such as Credit Committee and Asset-Liability Committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the Committee.

## Future focus

The Board Integrated Risk Management Committee will be focused to ensure the adequacy and effectiveness of the risk management framework of the Bank.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024

# BOARD EXECUTIVE CREDIT COMMITTEE REPORT

## Composition

The Committee comprises at least two Non-Executive Directors of the Board and the CEO/General Manager, as at the end of the year

### Chairman

Mr Udeni Samararatne (NID) as at 3 October 2024  
Mr Bradley Emerson (NID) w.e.f. 4 October 2024

### Other members (Directors)

Mr Isuru Balapatabendi (NID) as at 3 October 2024  
Mr Manjula Wellalage (NID) as at 3 October 2024  
Dr Ahilan Kadirgamar (NID) w.e.f. 4 October 2024  
Mr Jayantha Thilakarathne (NID) w.e.f. 4 October 2024

Mr Clive Fonseka – CEO/General Manager

## Regular attendees by invitation

Any other credit line officer of the Bank attends the BECC meetings on invitation.

## Secretary to the Committee

Board Secretary functions as the Secretary to the BECC.

## Meetings

Twenty One (21) meetings were held during the financial year ended 31 December 2024.

## Quorum

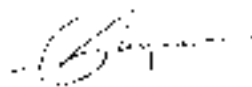
The quorum for a BECC meeting is three members including two Directors of the Board.

## Role of the Committee

- Approving Bank's Credit Management Structure and establishing credit approval authorities including the level of delegation.
- Approving all credits in excess of the limits delegated to CEO/General Manager and imposing additional covenants, conditions when deemed appropriate.
- Approving rescheduling, lump sum settlement and interest concessions proposals, in excess of authority given to CEO/General Manager.
- Reviewing credit related systems, their implementation, monitoring and managing portfolio level risks to improve portfolio quality.
- Recommending prudential measures of control credit risk.

## Future focus

The Board Executive Credit Committee will commit to ensure effective credit risk management of the Bank.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024



# BOARD NOMINATION COMMITTEE REPORT

GRI 2-10

## Composition

The Committee comprises three Non-Executive Directors as at 3 October 2024.

### Chairman

Mr Sujeewa Rajapakse (IND)

### Other members (Directors)

Mr A M P M B Atapattu (NID) as at 3 October 2024

Mr Manjula Wellalage (NID) as at 3 October 2024

## Regular attendees by invitation

CEO/General Manager attends the meetings on invitation.

## Secretary to the Committee

The Board Secretary functions as the Secretary to the BNC

## Meetings

Twelve (12) meetings were held during the financial year ended 31 December 2024.

## Quorum

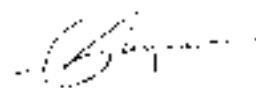
The quorum for a BNC meeting is three (3) members.

## Role of the Committee

- The main responsibility is to implement a procedure to select/appoint a CEO/General Manager and Key Management Personnel. The Committee sets the eligibility criteria for appointment or promotion to the post of CEO/General Manager and the Key Management Positions.
- The Committee is also responsible for consideration of the requirement for additional/new expertise and the succession arrangements for retiring Key Management Personnel.
- To set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO/GM and Senior Management Positions.

## Future focus

The Board Nomination Committee will commit to ensure standard appointments in corporate and Executive Management in line with the stranded direction for the Bank.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024

# BOARD INVESTMENT BANKING COMMITTEE REPORT

## Composition

The Committee comprises at least two Directors of the Board, CEO/General Manager, Head of Treasury, DGM (Risk Management) and any other officer on invitation.

### Chairman

Mr A M P M B Atapattu (NID) as at 3 October 2024

### Other members(Directors)

Ms Visakha Amarasekere (NID) as at 3 October 2024

Mr Isuru Balapatabendi (NID) as at 3 October 2024

Mr Clive Fonseka – CEO/General Manager

Mr Anura Perera – DGM (Risk Management)

Ms Shameela Loku Kaluge – DGM (Treasury,  
Investment Banking and Financial Institutions)

## Regular attendees by invitation

Any other officer of the Bank may attend the meetings on invitation.

## Secretary to the Committee

The Board Secretary functions as the Secretary to the BIBC.

## Meetings

Three (3) meetings were held during the financial year ended 31 December 2024.

## Quorum

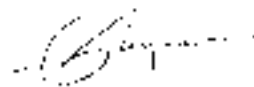
The quorum for a BIBC meeting is three members including two Directors of the Board.

## Role of the Committee

- Regular review of Investment Banking model of the Bank.
- Review of the operations of IBU.
- Name clearance of the potential clients.
- To obtain approval in the case of jointly managing issues.
- Approval for management fee/brokerage sharing basis.
- Review of new investment and banking product inclusions and introduction.

## Future focus

The Board Investment Banking Committee will focus to ensure effective investments for the Bank.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024

# BOARD INFORMATION TECHNOLOGY COMMITTEE REPORT

## Composition

The Committee comprises at least two Directors of the Board, Chief Information Officer, DGM (Channel Management).

Members of the Committee are appointed by Board on recommendation of the Board Nomination Committee.

### Chairman

Mr Dushan Soza (IND) as at 3 October 2024  
Prof Narada Fernando (IND) w.e.f. 4 October 2024

### Other members (Directors)

Mr Isuru Balapatabendi (NID) as at 3 October 2024  
Mr Udeni Samararatne (NID) as at 3 October 2024  
Dr Ahilan Kadirgamar (NID) w.e.f. 4 October 2024  
Mr Dhammika Dasa – Chief Information Officer  
Mr N D Pathiranage – DGM (Channel Management)

## Regular attendees by invitation

Any other officer shall attend the meeting on invitation.

## Secretary to the Committee

The Board Secretary functions as the Secretary to the BITC

## Meetings

Six (6) meetings were held during the financial year ended 31 December 2024.

## Quorum

The quorum for a BITC meeting is three members including Chief Information Officer.

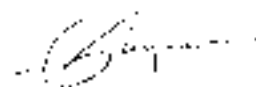
## Role of the Committee

The Committee will be empowered to:

- Review the overall progress of IT
- Recommend the adequacy and allocation of IT resources in terms of funding, personnel and equipment.
- Make recommendations to the Board for initiatives taken by IT for Bank wide IT strategies, investments and projects.
- Make recommendations to the Board for IT policies and funding priorities which are initiated by IT.

## Future focus

The Board Information Technology Committee will ensure that the IT services and operations will be aligned with Bank's strategies.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024

# BOARD STRATEGIC PLANNING REVIEW COMMITTEE REPORT

## Composition

The Committee comprises Chairman, two Non-Executive Independent Directors and CEO/General Manager as at the end of the year.

### Chairman

Mr Sujeewa Rajapakse (IND) as at 3 October 2024  
Prof Narada Fernando (IND) w.e.f. 4 October 2024

### Other members (Directors)

Mr Dushan Soza (IND) as at 3 October 2024  
Ms Visakha Amarasekere (NID) as at 3 October 2024  
Mr Bradley Emerson (NID) w.e.f. 4 October 2024

Mr Clive Fonseka – CEO/General Manager

## Regular attendees by invitation

DGM (Strategic Planning, Performance Management and Research) and any other officer of the Bank may be present at meetings by invitation.

## Secretary to the Committee

The Board Secretary functions as the Secretary to the BSPRC.

## Meetings

Four (4) meetings were held during the financial year ended 31 December 2024.

## Quorum

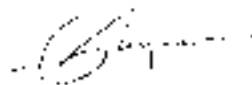
The quorum for a BSPRC meeting is three (3) members.

## Role of the Committee

- To review the key points highlighted and discussed at Strategic Planning monthly progress review meetings and to recommend corrective measures.
- To develop policies based on recommendations.
- To provide guidance and direction for Strategic Plan implementation process.

## Future focus

The Board Strategic Planning Review Committee will focus to assist the Board in fulfilling its fiduciary responsibility in order to accomplish the Bank's vision.



**Shyama Wijekoon**

Secretary to the Board

31 December 2024

# DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

## Responsibility

In line with the Banking Act Direction No 11 Of 2007, Section 3(8) (ii) (b), the Board of Directors presents this Report on Internal Control over Financial Reporting of the People's Bank ("The Bank"). Further, similar provisions are established in the section 9.2 (b) of the Banking Act Direction No. 05 of 2024 which effective since 1 January 2025.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at the Bank. In considering such adequacy and effectiveness, the Board recognises that the business of banking requires reward to be balanced with risk on a managed basis and as such the internal control systems are primarily designed with a view to highlighting any deviations from the limits and indicators which comprise the risk appetite of the Bank.

In the light of foregoing, the system of internal controls can only provide reasonable assurance but not absolute assurance, against material misstatement of financial information and records or against financial losses or frauds.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank and this process includes enhancing the system of internal control over financial reporting as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board and in accordance with the "Guidance for Directors of Banks on the Directors Statement on Internal Control" issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed

the internal control over financial reporting taking into account, principles for the assessment of internal control system as given in that guidance.

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

## Key features of the process adopted in reviewing the design and effectiveness of the internal control system over financial reporting

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following:

- Establishment of Board subcommittees to assist the Board in ensuring the effectiveness of the Bank's daily operations and, that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

- The Internal Audit Department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance. Internal audit assignments are carried out on all units and branches, the frequency of which is determined by the level of risk assessed using approved risk rating methodologies to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. In line with the approved annual audit plan the Internal Audit Department carries out onsite as well as offsite internal audits using variety of methodologies. Findings of the Internal Audit Department are submitted to the Board Audit Committee (BAC) for review at their periodic meetings.
- The BAC of the Bank reviews internal control issues identified by the Internal Audit Department, external auditors, regulatory authorities and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of same. The minutes of the BAC meetings are tabled at the meetings of the Board of Directors of the Bank on a periodic basis. Details of the activities undertaken by the BAC of the Bank are set out in the Board Audit Committee Report on page 243.
- In assessing the internal control over financial reporting, identified officers of the Bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Bank. The Internal Audit Department of the Bank continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.
- In adopting Sri Lanka Accounting Standards comprising LKAS and SLFRS progressive improvements on processes to comply with requirements of recognition, measurement, classification and disclosure are being made whilst further strengthening of processes will

take place pertaining to impairment of loans and advances, credit card Operations, Management Information System and Financial Statement disclosures related to risk management and related parties. The assessment was not included the subsidiaries of the Bank.

- The Bank took necessary steps to implement requirements of the Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) in 2018. The required models have been implemented and processes and controls have been designed. The Board will continuously strengthen the processes and controls over management information system and reports required for validation and compliance in line with SLFRS 9.
- The Internal Audit Department carried out data analysis on certain selected processes of the Bank using computer aided audit techniques/ tools covering the entire branch network. All significant findings identified by the Internal Audit Department were submitted to the Board Audit Committee for review at their periodic meetings.

The comments made by the External Auditors in connection with the internal control system during the financial year 2024 were taken into consideration and steps have been taken to incorporate them where appropriate.

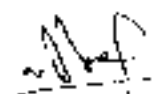
## Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Bank has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of Central Bank of Sri Lanka.

By Order of Board



**Jayantha Thilakarathne**  
Director



**Narada Fernando**  
Chairman

5 March 2025

# AUDITOR GENERAL'S ASSURANCE REPORT ON INTERNAL CONTROLS



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தேசிய கணக்காய்வு அலுவலகம்  
NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல. } **BAN/D/PB/IC/2024**  
My No. }

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி } **19 March 2025**  
Date }

The Chairman

People's Bank

## Assurance Report of the Auditor General to the Board of Directors on the Directors' Statement on Internal Control over Financial Reporting of People's Bank

### Introduction

This report is to provide assurance on the Directors' Statement on Internal Control over Financial Reporting included in the Director's Statement on Internal Control ("the Statement") of People's Bank (the "Bank") included in the annual report for the year ended 31 December 2024.

### Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Banks on the Directors' Statement on Internal Control" issued in compliance with the Section 3(8) (ii) (b) of the Banking Act Direction No. 11 of 2007, by the Institute of Chartered Accountants of Sri Lanka.

### My responsibility and compliance with SLSAE 3050 (Revised)

My responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Bank.

I conducted my engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3050 (Revised), Assurance Report for Banks on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka. This Standard required that I plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control over Financial Reporting. For purpose of this engagement, I am not responsible for updating or reissuing any reports, nor have I, in the course of this engagement, performed an audit or review of the financial information.

මග 306/72, පොල්විත් පාර, පිටියොරුව, ශ්‍රී ලංකාව



+94 11 2 88 70 28 - 34

தொ: 306/72, பாலத்தூர் வீதி, பித்தளமுக்குடி, இலங்கை



+94 11 2 88 72 23

No. 306/72, Palduma Road, Battaramulla, Sri Lanka



sga@auditorgeneral.gov.lk



www.nao.lk





## Summary of work performed

I conducted my engagement to assess whether the Statement is supported by the documentation prepared by or for Directors; and appropriately reflected the process the Directors have adopted in reviewing the system of internal control over financial reporting of the Bank.

The procedures performed were limited primarily to inquiries of bank personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3050 (Revised) does not require me to consider whether the Statement covers all risk and controls or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 (Revised) also does not require me to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on my judgement, having regard to my understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared. I believe that the evidence I have obtained is sufficient and appropriated to provide a basis for my conclusion.

## Conclusion

Based on the procedures performed, nothing has come to my attention that causes me to believe that the Statement included in the Annual Report is inconsistent with my understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Bank.

**W P C Wickramaratne**

Auditor General

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# DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The responsibilities of the Directors in relation to the Financial Statements of the People's Bank is set out in the following statement to distinguish the responsibility of Directors and Auditors.



## Financial Statements

The Board of Directors of the Bank has responsibility for ensuring that the Bank keeps proper books of accounts of all the transactions and prepares Financial Statements that gives a true and fair view of the state of affairs and of the profit/loss for the year. Accordingly, the Board of Directors oversees the Managements' responsibilities for financial reporting through their regular meeting reviews and via the Board Audit Committee. The Board Audit Committee Report is given on page 243. Directors consider that they adopted appropriate accounting policies on a consistent basis and supported by reasonable and prudent judgement and estimates in preparing the Financial Statements for the year 2024 exhibited on pages 260 to 394.



## Going Concern

Directors have adopted the going concern basis in preparation of the Financial Statements with the view that the Bank has adequate resources to continue its business for a foreseeable future.



## Internal Control, Risk Management and Compliance

The Board of Directors has instituted effective and comprehensive system of Internal Control. This comprise internal checks, internal audit and the whole system of financial and other controls required to carry on business of banking in an orderly manner, safeguard its assets and secure as far as practicable the accuracy and reliability of the records. Board of Directors has the responsibility for the oversight of risk, determining risk appetite levels, formulating risk policies and ensuring the effectiveness of the risk management process and procedures in place. The Board Integrated Risk Management Committee

(BIRMC) assists the Board in the discharge of its risk-related duties and provides independent oversight of all risk related aspects by ensuring the adequacy and effectiveness of the implementations of risk governance structures, policy frameworks, standards and processes. BIRMC Report is given on page 245. The Board of Directors ensure the compliance with prudential requirements, regulations, laws and internal controls, and measures have been taken to rectify any material non-compliances.



## Audit Report

Auditor General is the Auditor of the Bank in pursuant to provision of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka and issues the final opinion on the Financial Statements of the Bank, assurance on the Directors' Statement on Internal Controls over Financial Reporting which are published on pages 251 and 252. respectively. He also certifies the level of compliance with the Banking Act Direction No.11 of 2007 on Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka.



## Compliance

The Bank's Financial Statements for the year ended 31 December 2024 prepared and presented in this Report are in conformity with the requirements of Sri Lanka Accounting Standards and the Banking Act No. 30 of 1988, the amendments thereto. The Financial Statements reflect a true and fair view of the state of affairs of the Bank and as at that date as per the External Auditors' Report. Accordingly, the Directors are of the view that they have discharged their responsibilities as set out in this statement.

**Shyama Wijekoon**  
Secretary to Board

25 February 2025

# AUDITOR GENERAL'S REPORT ON FINANCIAL STATEMENTS



**ජාතික විගණන කාර්යාලය**  
தேசிய கணக்காய்வு அலுவலகம்  
**NATIONAL AUDIT OFFICE**



මගේ අංකය  
எனது இல.  
My No.

**BAN/B/PB/FA/2024**

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

**3-8** February 2025

**Report of the Auditor General on the Financial Statements and other legal and Regulatory Requirements of the People's Bank and its Subsidiaries for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018**

## 1. Financial Statements

### 1.1 Opinion

The audit of the Financial Statements of the People's Bank (the "Bank") and the Consolidated Financial Statement of the Bank and its Subsidiaries (the "Group") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018.

The Bank has been exempted from the provisions of Part II of the Finance Act, No. 38 of 1971 by an Order of then Minister of Finance published in the Government Gazette No. 715 of 14 May 1992 by virtue of powers vested in him by Section 5 (1) of the said Finance Act. My report to Parliament in Pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying Financial Statements of the Bank and the Group gives a true and fair view of the financial position of the Bank and the Group as at 31 December 2024 and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### 1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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+94 11 2 88 70 28 - 34

இல. 308/72, பாலிவீட் வீதி, பித்தன்பாளையம், கொழும்பு



+94 11 2 88 72 23

308/72, Polleewit Road, Pihitennipala, Sri Lanka



ag@auditorgeneral.gov.lk



www.nao.lk



### 1.3 Other information included in the Bank's 2024 Annual Report

The other information comprises the information included in the Bank's 2024 Annual Report but does not include the Financial Statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the Financial Statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the audit Financial Statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Bank's 2024 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

### 1.4 Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Bank and the Group are required to maintain proper books and records of all their income, expenditure, assets and liabilities, to enable annual and periodic Financial Statements to be prepared of the Bank and the Group.

### 1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Bank and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management





- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 2. Report on Other Legal and Regulatory Requirements

**2.1** National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

**2.1.1** I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Bank as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.

**2.1.2** The Financial Statements presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

**2.1.3** The Financial Statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

**2.2** The Section 39 of the Banking Act No. 30 of 1988 (as amended by Banking Act No. 24 of 2024) include specific provisions for following requirements.

**2.2.1** The disclosures made in the accompanying Financial Statements are in accordance with the requirements of Circular No. 05 of 2024 issued by Central Bank of Sri Lanka.

**2.3** Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

**2.3.1** To state that any member of the governing body of the Bank has any direct or indirect interest in any contract entered into by the Bank which are out of the normal course of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018;

**2.3.2** To state that the Bank has not complied with any applicable written law, general and special directions issued by the governing body of the Bank as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018;

**2.3.3** To state that the Bank has not performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018;

**2.3.4** To state that the resources of the Bank had not been procured and utilised economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018.

**W P C Wickramaratne**  
Auditor General

# INCOME STATEMENT

For the year ended 31 December	Notes	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
Gross income	6	367,977,989	422,242,143	-12.9	399,968,041	454,512,039	-12.0
Interest income		349,292,146	394,794,898	-11.5	376,974,975	424,517,915	-11.2
Interest expenses		(242,050,205)	(340,473,452)	-28.9	(254,089,257)	(356,735,043)	-28.8
<b>Net interest income</b>	7	107,241,941	54,321,446	97.4	122,885,718	67,782,872	81.3
Fee and commission income		14,923,343	13,806,168	8.1	16,074,007	14,822,549	8.4
Fee and commission expense		(757,783)	(964,366)	-21.4%	(757,783)	(964,366)	-21.4
<b>Net fee and commission income</b>	8	14,165,560	12,841,802	10.3	15,316,224	13,858,183	10.5
Net gain/(loss) from trading	9	853,690	9,430,542	-90.9	1,076,990	9,543,338	-88.7
Other operating income (Net)	10	2,908,810	4,210,535	-30.9	5,842,069	5,628,237	3.8
<b>Total operating income</b>		125,170,001	80,804,325	54.9	145,121,001	96,812,630	49.9
Impairment charge	11	(5,450,173)	(7,437,572)	-26.7	(4,426,337)	(6,075,564)	-27.1
<b>Net operating income</b>		119,719,828	73,366,753	63.2	140,694,664	90,737,066	55.1
Personnel expenses	12	(35,834,826)	(24,493,737)	46.3	(41,787,374)	(30,216,333)	38.3
Other expenses	13	(27,102,997)	(26,209,488)	3.4	(33,940,949)	(32,006,574)	6.0
<b>Operating profit before taxes on financial services</b>		56,782,005	22,663,528	150.5	64,966,341	28,514,159	127.8
Taxes on financial services		(15,198,298)	(7,318,088)	107.7	(17,356,567)	(9,243,859)	87.8
<b>Profit before tax</b>		41,583,707	15,345,440	171.0	47,609,774	19,270,300	147.1
Income tax expenses	14	(16,495,347)	(5,262,634)	213.4	(18,833,907)	(7,884,639)	138.9
<b>Profit for the Year</b>		25,088,360	10,082,806	148.8	28,775,867	11,385,661	152.7
<b>Profit attributable to:</b>							
Equity holders of the Bank		25,088,360	10,082,806	148.8	27,558,538	10,513,288	162.1
Non-controlling interests		-	-		1,217,329	872,373	39.5
		25,088,360	10,082,806	148.8	28,775,867	11,385,661	152.7
<b>Earnings per share on profit</b>	15						
Basic earnings per ordinary share (LKR)	15.1	25,088	10,083	148.8	27,559	10,513	162.1
Diluted earnings per ordinary share (LKR)	15.2	103	41	148.8	113	43	162.1

The Notes appearing on pages 269 to 394 form an integral part of these Financial Statements.



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Profit for the year	25,088,360	10,082,806	28,775,867	11,385,661
<b>Other comprehensive income/(expense)</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	268,521	232,367	378,138	278,570
Net actuarial gains/(losses) on Defined benefit plans	(7,693,746)	1,447,423	(7,841,796)	1,441,157
Deferred tax effect on gains/(losses) on defined benefit plans	2,308,124	(434,227)	2,351,888	(433,438)
Gains on revaluation of land and buildings	2,897,780	4,817,014	3,284,652	5,472,322
Deferred tax effect on revaluation of land and buildings	(869,334)	(1,445,104)	(984,264)	(1,641,696)
	(3,088,655)	4,617,473	(2,811,382)	5,116,915
<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	(60,740)	82,477	(134)	425,862
Deferred tax effect on above	-	-	(50,079)	(129,211)
Net gains/(losses) on translating the financial statements of foreign operation	-	-	(512,493)	(695,964)
	(60,740)	82,477	(562,706)	(399,313)
Other comprehensive income for the year, net of taxes	(3,149,395)	4,699,950	(3,374,088)	4,717,602
<b>Total comprehensive income for the year</b>	<b>21,938,965</b>	<b>14,782,756</b>	<b>25,401,779</b>	<b>16,103,263</b>
<b>Attributable to:</b>				
Equity holders of the Bank	21,938,965	14,782,756	24,433,391	15,476,470
Non-controlling interests	-	-	968,388	626,793
	21,938,965	14,782,756	25,401,779	16,103,263

The Notes appearing on pages 269 to 394 form an integral part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December	Notes	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
<b>Assets</b>							
Cash and cash equivalents	17	71,694,016	61,889,582	15.8	72,398,306	63,307,106	14.4
Balances with Central Bank of Sri Lanka	18	33,798,107	31,003,219	9.0	33,798,107	31,003,219	9.0
Placements with banks	19	59,831,807	66,227,025	-9.7	62,005,136	76,872,574	-19.3
Derivative financial instruments	20	5,842,194	11,259,451	-48.1	5,842,194	11,259,451	-48.1
Financial assets - At fair value through profit or loss	21	329,810,350	144,184,748	128.7	330,597,382	145,622,457	127.0
<b>Financial assets - At amortised cost</b>							
Loans and advances to banks	22	31,994,539	54,022,123	-40.8	37,047,879	54,422,338	-31.9
Loans and advances to other customers	23	1,521,965,020	1,709,457,735	-11.0	1,665,027,784	1,823,770,212	-8.7
Debt instruments measured at amortised cost	24	1,123,490,537	831,747,923	35.1	1,138,634,981	866,704,970	31.4
Financial assets - At fair value through other comprehensive income (OCI)							
Equity instruments at fair value through OCI	25	2,313,187	1,894,023	22.1	2,668,358	2,123,143	25.7
Debt instruments at fair value through OCI	26	7,110,671	8,286,626	-14.2	8,576,912	9,686,213	-11.5
Investments in subsidiaries	27	5,191,712	4,280,522	21.3	-	-	-
Property, plant and equipment and right-of-use assets	28	61,079,218	56,174,042	8.7	73,034,985	67,280,968	8.6
Intangible assets and goodwill	29	2,586,671	1,763,287	46.7	2,760,806	1,930,788	43.0
Other assets	30	41,091,078	56,004,712	-26.6	39,313,104	54,216,717	-27.5
<b>Total assets</b>		<b>3,297,799,107</b>	<b>3,038,195,018</b>	<b>8.5</b>	<b>3,471,705,934</b>	<b>3,208,200,156</b>	<b>8.2</b>

As at 31 December	Notes	Bank			Group		
		2024 LKR '000	2023 LKR '000	Change %	2024 LKR '000	2023 LKR '000	Change %
<b>Liabilities</b>							
Due to banks	31	36,840,228	77,224,139	-52.3	46,871,380	85,646,267	-45.3
Derivative financial instruments	20	168,266	36,049	366.8	168,266	36,049	366.8
Due to other customers	32	2,854,704,194	2,653,105,546	7.6	2,947,904,673	2,745,161,610	7.4
Other borrowings	33	75,545,595	64,278,443	17.5	75,482,595	64,223,443	17.5
Current tax liabilities		12,201,098	1,184,853	929.8	12,977,145	2,382,870	444.6
Net deferred tax liabilities	34	5,627,973	5,029,929	11.9	7,591,958	6,081,598	24.8
Other liabilities	35	76,557,500	30,280,189	152.8	91,692,859	41,877,447	119.0
Subordinated term debts	36	54,156,709	46,997,291	15.2	59,065,269	57,806,483	2.2
<b>Total liabilities</b>		<b>3,115,801,563</b>	<b>2,878,136,439</b>	<b>8.3</b>	<b>3,241,754,145</b>	<b>3,003,215,767</b>	<b>7.9</b>
<b>Equity</b>							
Stated capital/assigned capital	37	12,201,998	12,201,998	0.0	12,201,998	12,201,998	0.0
Statutory reserve fund	38	11,828,689	10,574,271	11.9	11,828,689	10,574,271	11.9
Other reserves	39	68,981,258	42,084,584	63.9	72,407,209	45,407,554	59.5
Retained earnings	40	88,985,599	95,197,726	-6.5	118,455,452	122,276,138	-3.1
<b>Total shareholders' equity</b>		<b>181,997,544</b>	<b>160,058,579</b>	<b>13.7</b>	<b>214,893,348</b>	<b>190,459,961</b>	<b>12.8</b>
Non-controlling interests		-	-		15,058,441	14,524,428	3.7
<b>Total equity</b>		<b>181,997,544</b>	<b>160,058,579</b>	<b>13.7</b>	<b>229,951,789</b>	<b>204,984,389</b>	<b>12.2</b>
<b>Total equity and liabilities</b>		<b>3,297,799,107</b>	<b>3,038,195,018</b>	<b>8.5</b>	<b>3,471,705,934</b>	<b>3,208,200,156</b>	<b>8.2</b>
Contingent liabilities and commitments	41	233,829,736	221,405,708	5.6	250,318,916	228,813,708	9.4
<b>Memorandum information</b>							
Number of employees		7,633	7,656		10,994	10,528	
Number of branches		751	747		862	857	

The Notes to the Financial Statements forms an integral part to these Financial Statements.

#### Certification

These Financial Statements give a true and fair view of the state of affairs of the Bank and its subsidiaries as at 31 December 2024 and the profit for the year then ended.



**Azzam A Ahamat**  
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf:



**Narada Fernando**  
Chairman

25 February 2025  
Colombo



**Jayantha Thilakarathne**  
Director



**Clive Fonseka**  
Chief Executive Officer/General Manager

# STATEMENT OF CHANGES IN EQUITY – BANK

Bank	Stated capital/Assigned capital	
	Ordinary shares	Assigned capital
	LKR '000	LKR '000
Balance as at 1 January 2023	49,998	12,152,000
Total comprehensive income for the year		
Profit for the year	-	-
Other comprehensive income/(expense) (net of taxes)		
Total comprehensive income/(expense)	-	-
Transactions with equity holders, recognised directly in equity		
Transfer to reserve during the year	-	-
Special levy to Treasury/Dividend	-	-
Total transactions with equity holders	-	-
Balance as at 31 December 2023	49,998	12,152,000
Balance as at 1 January 2024	49,998	12,152,000
Total comprehensive income for the year		
Profit for the period	-	-
Other comprehensive income/(expense) (net of taxes)		
Total comprehensive income/(expense)	-	-
Transactions with equity holders, recognised directly in equity		
Transfer to reserves during the year	-	-
Total transactions with equity holders	-	-
Balance as at 31 December 2024	49,998	12,152,000

	Reserves						Total LKR '000
	Statutory reserve fund LKR '000	Revaluation reserve LKR '000	Other reserves LKR '000	Financial assets at FVOCI LKR '000	Special reserve – Debt restructuring LKR '000	Retained earnings LKR '000	
	10,070,131	23,995,328	14,141,373	261,129	-	84,624,172	145,294,131
	-	-	-	-	-	10,082,806	10,082,806
		3,371,910		314,844	-	1,013,196	4,699,950
	-	3,371,910	-	314,844	-	11,096,002	14,782,756
	504,140	-	-	-	-	(504,140)	-
	-	-	-	-	-	(18,308)	(18,308)
	504,140	-	-	-		(522,448)	(18,308)
	10,574,271	27,367,238	14,141,373	575,973	-	95,197,726	160,058,579
	10,574,271	27,367,238	14,141,373	575,973	-	95,197,726	160,058,579
	-	-	-	-	-	25,088,360	25,088,360
		2,028,446		207,781	-	(5,385,622)	(3,149,395)
	-	2,028,446	-	207,781	-	19,702,738	21,938,965
	1,254,418	-	-	-	24,660,447	(25,914,865)	-
	1,254,418	-	-	-	24,660,447	(25,914,865)	-
	11,828,689	29,395,684	14,141,373	783,754	24,660,447	88,985,599	181,997,544

# STATEMENT OF CHANGES IN EQUITY – GROUP

Group	Stated capital/Assigned capital		
	Ordinary shares	Assigned capital	
	LKR '000	LKR '000	
Balance as at 1 January 2023	49,998	12,152,000	
Total comprehensive income for the year			
Profit for the year	-	-	
Other comprehensive income/(expense) (net of taxes)			
Total comprehensive income/(expense)	-	-	
Transactions with equity holders, recognised directly in equity			
Transfer to reserve during the period	-	-	
Special levy to Treasury/Dividend	-	-	
Dividends paid	-	-	
Total transactions with equity holders	-	-	
Balance as at 31 December 2023	49,998	12,152,000	
Balance as at 1 January 2024	49,998	12,152,000	
Total comprehensive income for the year			
Profit for the period	-	-	
Other comprehensive income/(expense) (net of taxes)			
Total comprehensive income/(expense)	-	-	
Transactions with equity holders, recognised directly in equity			
Transfer to reserves during the year	-	-	
Dividends Paid	-	-	
Total transactions with equity holders	-	-	
Balance as at 31 December 2024	49,998	12,152,000	

	Reserves						Total LKR '000	Non- controlling interest LKR '000	Total equity LKR '000
	Statutory reserve fund	Revaluation reserve	Other reserves	Financial assets at FVOCI reserve	Special reserve – Debt restructuring	Retained earnings			
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000			
	10,070,131	26,394,593	15,105,588	(47,675)	-	111,277,165	175,001,800	14,329,826	189,331,626
	-	-	-	-	-	10,513,288	10,513,288	872,373	11,385,661
		3,715,947	(271,026)	510,127	-	1,008,133	4,963,181	(245,580)	4,717,601
	-	3,715,947	(271,026)	510,127	-	11,521,421	15,476,469	626,793	16,103,262
	504,140	-	-	-	-	(504,140)	-	-	-
	-	-	-	-	-	(18,308)	(18,308)	-	(18,308)
	-	-	-	-	-	-	-	(432,191)	(432,191)
	504,140	-	-	-	-	(522,448)	(18,308)	(432,191)	(450,499)
	10,574,271	30,110,540	14,834,562	462,452	-	122,276,138	190,459,961	14,524,428	204,984,389
	10,574,271	30,110,540	14,834,562	462,452	-	122,276,138	190,459,961	14,524,428	204,984,389
	-	-	-	-	-	27,558,538	27,558,538	1,217,329	28,775,867
		2,232,403	(191,084)	297,889	-	(5,464,359)	(3,125,151)	(248,940)	(3,374,091)
	-	2,232,403	(191,084)	297,889	-	22,094,179	24,433,387	968,389	25,401,776
	1,254,418	-	-	-	24,660,447	(25,914,865)	-	-	-
	-	-	-	-	-	-	-	(434,375)	(434,375)
	1,254,418	-	-	-	24,660,447	(25,914,865)	-	(434,375)	(434,375)
	11,828,689	32,342,943	14,643,478	760,341	24,660,447	118,455,452	214,893,348	15,058,441	229,951,789



# STATEMENT OF CASH FLOWS

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Cash flows from operating activities</b>				
Profit before tax	41,583,707	15,345,440	47,609,774	19,270,300
Adjustment for				
Non-cash items included in profits before tax	17,342,187	15,633,544	17,079,218	16,105,045
Changes in operating assets	(224,884,629)	(154,797,956)	(247,218,482)	(142,957,207)
Changes in operating liabilities	211,065,897	42,791,955	216,396,257	55,060,162
Dividend income from subsidiaries and others	(1,360,579)	(2,344,049)	(235,652)	(208,744)
Interest expense on subordinated debt	6,115,011	4,520,329	6,827,434	5,602,097
Contributions to defined benefit plans/gratuity	1,243,790	1,642,475	1,437,776	1,816,992
Tax paid	(3,442,268)	(7,905,547)	(5,411,727)	(10,492,125)
<b>Net cash generated from operating activities</b>	<b>47,663,116</b>	<b>(85,113,809)</b>	<b>36,484,598</b>	<b>(55,803,480)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(5,687,192)	(3,451,107)	(6,741,229)	(4,054,877)
Proceeds from the sale of property, plant and equipment	109,926	329,216	162,475	421,071
Purchase of financial investments	(30,788,643)	78,187,817	(10,976,040)	59,016,361
Net purchase of intangible assets	(1,559,769)	(681,025)	(1,591,263)	(725,467)
Dividends received from investment in subsidiaries and others	1,360,579	2,344,049	235,652	208,744
<b>Net cash (used in) from investing activities</b>	<b>(36,565,099)</b>	<b>76,728,950</b>	<b>(18,910,405)</b>	<b>54,865,832</b>
<b>Cash flows from financing activities</b>				
Proceed received from subordinated debt	13,515,000	10,000,000	13,515,000	10,000,000
Repayment of subordinated debt	(6,563,000)	-	(6,563,000)	(5,295,400)
Interest paid on subordinated debt	(5,907,592)	(4,126,505)	(12,520,648)	(5,281,777)
Repayment of lease liabilities	(2,337,991)	(2,422,917)	(2,479,970)	(2,804,597)
Dividend paid to non-controlling interest	-	-	(434,375)	(432,191)
Dividend/Levy paid to holders of other equity instruments	-	(18,308)	-	(18,308)
<b>Net cash from financial activities</b>	<b>(1,293,583)</b>	<b>3,432,270</b>	<b>(8,482,993)</b>	<b>(3,832,273)</b>
Net increase/(decrease) in cash and cash equivalents	9,804,434	(4,952,589)	9,091,200	(4,769,921)
Cash and cash equivalents at the beginning of the year	61,889,582	66,842,171	63,307,106	68,077,027
<b>Cash and cash equivalents at the end of the period</b>	<b>71,694,016</b>	<b>61,889,582</b>	<b>72,398,306</b>	<b>63,307,106</b>

# NOTES TO THE FINANCIAL STATEMENTS



## 1. Reporting entity

**GRI 2-1**

### 1.1 Corporate information

People's Bank ("The Bank") is a government-owned Bank, established under People's Bank Act No. 29 of 1961 on 1 July 1961 and is domiciled in Sri Lanka. The registered office of the Bank is at No. 75, Sir Chittampalam A Gardiner Mawatha, Colombo 02. The Consolidated Financial Statements of the Bank for the year ended 31 December 2024, comprise the Bank and its Subsidiaries (together referred to as the "Group").

People's Bank is the ultimate parent of the Group.

### 1.2 Principal activities

**GRI 2-6**

#### Bank

The Bank's business comprises, accepting deposits, granting credit facilities, personal banking, development banking, pawn brokering, international trade, dealing in Government Securities, credit card operations, Investment Banking, and Off Shore Banking Unit for foreign currency banking, *inter alia*.

#### Subsidiaries

The principal activities of the Bank's Subsidiaries are as follows;

Name of company	Principal activities
People's Leasing & Finance PLC	The principal business activities are providing finance leases, hire-purchase assets financing, term loans, Islamic finance, margin trading, share trading, issue of debt instruments, factoring, gold loans, and mobilisation of public deposits.
People's Travels (Private) Limited	Arrangement of tours and air ticketing (travel agent)

## Sub subsidiaries

The principal activities of the Bank's Sub Subsidiaries are as follows;

Name of company	Principal activity
People's Leasing Fleet Management Limited	Fleet management, vehicle valuation, sale of vehicles, insurance assessment, and vehicle repairing
People's Leasing Property Development Limited	Carrying out mixed development projects and property development activities
People's Insurance PLC	Carrying out general insurance business
People's Micro-Commerce Limited	Providing non-bank financial services to low-income earners and micro enterprises.
People's Leasing Havelock Properties Limited	Construct and operate an office complex.
Lankan Alliance Finance Limited	Providing leasing of movable and immovable properties and to provide loans



## 2. Basis of accounting

### 2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank have been prepared in accordance with Sri Lanka Accounting Standards (LKAS and SLFRS) as issued by The Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these Financial Statements are in compliance with the requirements of the People's Bank Act No. 29 of 1961. The presentation of the Financial Statements is also in compliance with the requirements of the Banking Act No. 30 of 1988.

The formats used for preparation and presentation of Financial Statements and the disclosures made therein also comply with the format specified by the Central Bank of Sri Lanka in Circular No. 05 of 2024 on “Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks”. The Bank also publishes annual and quarterly financial information and other disclosures in the press and on the website in compliance with the aforementioned Circular.

## 2.2 Director’s responsibility for Financial Statements

The Board of Directors is responsible for the Consolidated and Separate Financial Statements in compliance with the requirements of the People’s Bank Act No. 29 of 1961, Banking Act No. 30 of 1988 and its amendments and Sri Lanka Accounting Standards (LKASs and SLFRSs). These SLFRSs and LKASs are available at the website of CA Sri Lanka [www.casrilanka.com](http://www.casrilanka.com).

These Financial Statements include the following components.

Income Statement and Statement of Other Comprehensive Income	Providing information on the financial performance of the Bank and the Group for the year under review
Statement of Financial Position	Providing the information on the financial position of the Bank and the Group as at the year-end
Statement of Changes in Equity	“Depicting all changes in shareholders’ equity during the year under review.
Statement of Cash Flows	Providing the information to the users, on the ability of the Bank and the Group to generate cash and cash equivalents and the utilisation of those cash flows
Notes to the Financial Statements	Comprising significant accounting policies and other explanatory information

## 2.3 Approval of Financial Statements

The Consolidated and Separate Financial Statements for the year ended 31 December 2024, were authorised for issue on 25 February 2025 by the Board of Directors.



## 3. Basis of measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following items in the statement of financial position;

Item	Basis of measurement	Notes
Derivative financial instruments	At fair value	20
Financial instruments measured at fair value through profit or loss	At fair value	21
Financial instruments measured at fair value through OCI	At fair value	25 and 26
Land and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	28
Defined benefit obligations	Actuarially valued and recognised as the present value of the defined benefit obligation less the net total fair value of the plan assets	35

### 3.1 Functional and presentation currency

The Consolidated and Separate Financial Statements are presented in Sri Lanka Rupees, which is the Bank's functional currency. The financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

### 3.2 Materiality and aggregation

As per Sri Lanka Accounting Standards – LKAS 1 – “Presentation of Financial Statements”, each material class of a similar item is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

### 3.3 Cash Flow Statement

The Cash Flow Statement has been prepared using the “Indirect Method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 – “Statement of Cash Flows”. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand, balances with banks, and money at call and short notice.

### 3.4 Comparative information

The comparative information is reclassified wherever necessary to conform with the current year's presentation in order to provide a better presentation.



## 4. Significant accounting judgments, estimates, and assumptions

In the process of applying the Group's accounting policies, management has exercised judgment and estimates and assumptions in determining the amounts recognised in the Financial Statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about judgments, assumptions, and estimates made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated and Separate Financial Statements are set out below.

### 4.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

### 4.2 Defined benefit obligations

The value of the defined benefit obligations are determined using the actuarial valuation technique. The actuarial valuation involves making assumptions on discount rates, expected rates of return on assets, future salary increases, and mortality rates. All assumptions are reviewed at each reporting date. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. See Notes 35.1.5 and 35.2.5 for the assumptions used.

### 4.3 Fair value of property, plant, and equipment

The freehold land and buildings and the buildings on leasehold land of the Group are reflected at fair value at the date of revaluation less any accumulated depreciation and impairment losses. The Group engaged independent valuation specialists to determine the fair value of such properties. When current market prices of similar assets are available, such evidences are considered in estimating the fair value of these assets.

### 4.4 Useful lifetime of property, plant and equipment

The Group reviews the residual values, useful lives, and methods of depreciation of property, plant and equipment at each reporting date. Judgment of the Management is exercised in the estimation of these values, rates, methods, and hence they are subject to uncertainty.

## 4.5 Tax

The Group is subject to income tax and judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

## 4.6 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote. Details of commitments and contingencies are given in Note 41.

## 4.7 Classification of investment properties

Management requires using its judgment to determine whether a property qualifies as an, investment property. The Group has exercised its judgment consistently to recognise a property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the Group are accounted for as investment properties. On the other hand, a property that is used for operations or in the process of providing services or for administrative purposes and which do not directly generate cash flows as a standalone asset are accounted for as property, plant and equipment. The Group assesses on an annual basis the accounting classification of its properties taking into consideration the current use of such properties.

## 4.8 Critical accounting assumptions and estimates

Assumptions made at each reporting date are based on best estimates at that date. Although the Bank has internal control systems in place to ensure that estimates are reliably measured, actual amounts may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policies which are most sensitive to the use of judgment, estimates, and assumptions are specified below:

### (i) Fair value measurement

A significant portion of financial instruments are carried at fair value as of the financial reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where the classification of a financial asset or liability results in, it being measured at fair value, wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the Bank has immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate.

Fair value for a net open position that is a financial liability quoted in an active market is the current offer price, and for a financial asset the bid price, multiplied by the number of units of the instrument held or issued.

Where no active market exists for a particular asset or liability, the Bank uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques, based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Bank recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

## (ii) Impairment charges on loans and advances

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Bank makes judgments mainly about the borrower's financial situation and the net realisable value of the collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the loan portfolio (such as credit quality/levels of arrears, credit utilisation, etc.), and concentrations of risk and economic data (including levels of unemployment, Inflation, GDP Growth Rate etc.).



## 5. Significant accounting policies

Group has consistently applied the accounting policies as set out from Note 5.1 to Note 5.23 to all periods presented in these Consolidated and Separate Financial Statements.

### 5.1 Basis of consolidation

The Financial Statements of the Bank and Group comprise the Financial Statements of the Bank and its Subsidiaries for the year ended 31 December 2024. The Financial Statements of the Bank's Subsidiaries for the purpose of consolidation are prepared for the same reporting year as that of People's Bank, using consistent accounting policies.

#### 5.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Income Statement immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in Income Statement

#### 5.1.2 Non-controlling interests (“NCI”)

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### 5.1.3 Subsidiaries

“Subsidiaries” are investees controlled by the Group. The Group “controls” an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

#### 5.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in Income Statement. Any interest retained in the former subsidiary, is measured at fair value when control is lost.

#### 5.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



## 5.2 Foreign currency translation

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange on the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

## 5.3 Financial instruments – Initial recognition

### 5.3.1. Date of recognition

A financial asset or financial liability is recognised in the Statement of Financial Position when the Bank becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and advances are recognised when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs

Non-regular purchases of financial assets and liabilities are recognised on the trade date, i.e. the date that the Bank becomes a party to the contractual provisions of the instrument.

A regular purchase is a purchase of a financial asset under a contract whose terms require delivery of the assets within the time frame established generally by a regulation or convention in the marketplace concerned.

### 5.3.2 “Day 1” difference for staff loans

All staff loans are granted at below market interest rates and are recognised at fair value. The difference between the fair value and the amount disbursed are treated as day one difference and amortised as staff cost in the Income Statement over the loan period by using the effective interest rate. This amount is shown as interest income as well. Hence the net effect on the Income Statement is zero.

## 5.4 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 5.4.1 and 5.4.2 below. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

### 5.4.1 Business model assessment

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intention for an individual instruments. Accordingly the Group's business model is not an instrument-by-instrument approach to classification, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of a business model and the financial assets held within that business model are evaluated and reported to the Group's Key Management Personnel;
- The risk that affect the performance of the business model (and the financial assets held within the business model) and in particular, the way in which those risks are managed;
- How managers of the business are compensated (whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows are realised in a way that is different from the Group's original expectations, that neither give a rise to a prior period error nor change the classification of the remaining financial assets held in that business model. However when the Group assesses the business model for newly originated or newly purchased financial assets, it considers information about how cash flows were realised in the past, along with all other relevant information.



#### 5.4.2 Contractual cash flow assessment – Solely payments of principal and interest (SPPI Test)

The Group assesses contractual cash flows of the basic lending arrangement to identify whether they meet SPPI test. That is whether they are solely payments of principal and interest on the principal amount outstanding.

For this purpose “Principal” is defined as the fair value of the financial asset at initial recognition. However that principal amount may change over the life of the financial asset.

For this purpose “Interest” consist of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin. Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

### 5.5 Measurement categories of financial assets and liabilities

All financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity’s business model for managing the assets and the instruments’ contractual cash flow characteristics measured at either,

- Amortised cost (Note 5.5.1)
- Fair value through other comprehensive income (Note 5.5.2)
- Fair value through profit or loss (Note 5.5.3)

#### 5.5.1 Financial instruments measured at amortised cost

##### Debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note 5.6 Impairment of financial assets.

##### Loans and advances to banks, Loans and advances to other customers

The Group measures Loans and advances to banks and Loans and advances to other customers including leases and hire purchase contracts at amortised cost, since both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### 5.5.2 Financial assets measured at fair value through other comprehensive income

##### Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the Income Statement.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described below in Note 5.6 Impairment of financial assets.

### Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Bank in a business combination to which SLFRS 3 – “Business Combination” applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. For portfolios where management does not consider an irrevocable election of adopting fair value through other comprehensive income, by default such investments shall be measured at fair value through profit and loss.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

### 5.5.3 Financial assets at fair value through profit or loss

Items at fair value through profit or loss comprise:

- (a) Items held for trading;
- (b) Items specifically designated as fair value through profit or loss on initial recognition; and
- (c) Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the Income Statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the Income Statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

### (a) Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

### (b) Financial instruments designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- If a host contract contains one or more embedded derivatives; or
- If financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Bank's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

### 5.5.4 Derivative financial instruments and hedge accounting

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable, and typically comprise instruments such as swaps, forward rate agreements, futures and options.

All derivatives are recognised in the Statement of Financial Position at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is re-measured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

### 5.5.5 Reclassification of financial assets and liabilities

With the adoption of SLFRS 9, the Bank reclassifies its financial assets subsequent to the initial recognition when and only when the business model for managing such financial assets are changed. Such reclassification is applied prospectively from the reclassification date. Financial liabilities are never reclassified.

## 5.6 Impairment of financial assets

The Bank/Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- Debt instruments measured at amortised cost and fair value through other comprehensive income;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

### Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Bank determines 12-month ECL from customers whom are not significantly credit deteriorated (i.e. less than 30 days past due)

### Stage 2: Lifetime ECL – Not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset is recognised).

In consistent with the policies of the Bank, significant deterioration is measured through the rebuttable presumption of 30 days past due other than the credit facilities categorised under Stage 3, in line with the requirements of the standard.

Bank also considered all restructured loans, which are restructured up to two times, other than credit facilities/exposures upgraded credit facilities from a higher stage to a lower stage considered under Stage 2 as per the guidance issued by the Central Bank.

### Stage 3: Lifetime ECL – Credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Bank determines credit facilities where contractual payments of a customer are more than 90 days past due which are subject to the rebuttable presumption as stated in SLFRS 9 together with all NPL classifications as per Central Bank classification. All restructured loans which are restructured more than twice and all rescheduled loans other than credit facilities/exposures upgraded credit facilities from a higher stage to a lower stage and all credit facilities/customers classified as non-performing as per CBSL Directions under Stage 3.

**Purchased or Originated Credit Impaired (POCI)**  
Financial Assets: Financial assets which are credit impaired on initial recognition are categorised within Stage 3. The Group does not have POCI loans as at the reporting date.

### 5.6.1 Determining the stage for impairment

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Bank considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12 months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Bank's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for expected credit losses for these financial assets is based on a 12 months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the Income Statement.

The Bank assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry and other relevant factors.

### 5.6.2 Write-off of financial assets

Loans and debt securities are written off annually (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate

sufficient cash flows to repay the amounts subject to the write-off provided that the particular facility transfer to the non-performing category before two years (i.e. two years prior to the written off considering the year that Bank normally consider the 30 June of every year) and no payments received during the said two-year period. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

### 5.6.3 Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

ECLs are recognised using a provision for doubtful debts account in profit and loss. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortised cost. The Bank recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the Statement of Financial Position.

## 5.7 Derecognition of financial assets and financial liabilities

### 5.7.1 Financial assets

The Bank derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

### 5.7.2 Financial liabilities

A financial liability is derecognised from the Statement of Financial Position when the Bank has discharged its obligation or the contract is cancelled or expires.

### 5.7.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when the Bank has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 5.8 Leases

### 5.8.1 Finance lease income

Assets leased to customers to whom the Group transfers substantially all the risks and rewards associated with ownership other than the legal title are classified as finance leases. Amounts receivable under finance leases are included under "Lease Rental Receivable". Leasing balances are stated in the Statement of Financial Position after the deduction of initial rentals received.

The excess of aggregate rentals receivable over the cost of the leased assets constitutes the total unearned income. The unearned income is taken into revenue over the term of the lease, commencing from the month in which the lease is executed in proportion to the remaining receivable balance of the lease.

### 5.8.2 SLFRS 16 – Leases

SLFRS 16 – (Leases) sets out the principles for the recognition, measurement, presentation, and disclosure of leases.

The Group recognises the right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments.

Additionally, the Bank/Group applied the following practical expedients permitted by SLFRS 16 to leases previously classified as operating leases under LKAS 17

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.

The Group presents right-of-use assets under Note 28 to these Financial Statements while the corresponding lease liability is presented in Note 35, "Other Liabilities"

## 5.9 Cash and cash equivalents

Cash and short-term funds include cash in hand, balances with banks, placements with banks, and money at call and at short notice. Details of the cash and short-term funds are given in Note 17 to the Financial Statements.

## 5.10 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the Statement of Financial Position.

## 5.11 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

### 5.11.1 Basis of recognition

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured.

### 5.11.2 Measurement

An investment property is measured initially at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

The Group applies the cost model for investment properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40) "Investment Property". Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses and buildings classified as investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

## 5.12 Intangible assets and goodwill

### 5.12.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired Subsidiary at the date of acquisition. Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstance indicate that it might be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

### 5.12.2 Software

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. The internally developed software is stated at capitalised cost less accumulated amortisation and any impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

### 5.12.3 Amortisation

Software is amortised on a straight-line basis in income statement over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



## 5.13 Impairment of non-financial assets

### 5.13.1 Basis of recognition

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries, or other available fair value indicators.

### 5.13.2 Measurement

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement.

Impairment losses relating to goodwill are not reversed in future periods.

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the

Bank's CGUs or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes and is not larger than an operating segment in accordance with SLFRS 8 "Operating Segments".

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the Income Statement.

## 5.14 Pension benefits GRI 201-3

### 5.14.1 Defined benefit pension plans

#### 5.14.1.1 Pre-1996-Pension Trust Fund

The Bank operates a defined benefit pension plan, for the permanent staff members who have joined the Bank prior to 1 January 1996, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit method.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly, less actuarial losses not yet recognised. The value of any asset is restricted to the sum of any actuarial losses and past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The latest actuarial valuation was carried out as of 31 December 2024, by Mr Piyal S Gunatilleke F.S.A (USA), Member of the American Academy of Actuaries and Consulting Actuary.



The Bank provides a pension to retiring staff on the following basis: Staff are eligible to draw a pension after 10 years of service and after reaching normal age of retirement of 55 years. The quantum of pension paid is dependent on the length of service as follows:

Length of service	Quantum of pension
i. 10 to 20 years	80% of last drawn gross salary
ii. 21 to 29 years	80% plus 1% for each additional year in excess of 20 years of last drawn gross salary.
iii. 30 years and above	90% of last drawn gross salary

The Financial Statements of the Pension Trust Fund are maintained separately and are subject to annual audit by Independent External Auditors. The Financial Statements as well as the Auditor's Report are tabled and reviewed by the Board of Trustees. These Financial Statements and Auditor's Report are also submitted for review of the disclosure of the Bank, as the Bank has an obligation of ensuring that funding is made at required levels. Pension is payable monthly as long as the participant is alive.

#### 5.14.1.2 Post-1996-Pension Fund

As approved by the Ministry of Finance the Bank has almost finalised a new pension fund for permanent employees who joined the Bank post 1 January 1996. Since the Bank has concluded this as a defined benefit plan, the surplus/deficit has been recorded as per LKAS 19.

The latest actuarial valuation was carried out as of 31 December 2024, by Mr Piyal S Gunatilleke F.S.A (USA), Member of the American Academy of Actuaries and Consulting Actuaries.

#### 5.14.1.3 Gratuity

Employees who joined the Bank on or after 1 January 1996 will be eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983, or if opted can join the proposed new post 1996 Pension Fund and if so such employees will forfeit their right to gratuity.

Other employees whose services are terminated other than by retirement are eligible to receive terminal gratuity under the Payment of Gratuity Act No. 12 of 1983 at the rate of one-half of Gross Salary applicable to the last month of the financial year in which employment is terminated, for each year of continuous service, for those who have served in excess of five years.

If a participant who has completed five years of services becomes totally and permanently disabled, he is eligible for disability gratuity. Further, if an active participant with a minimum of 5 years of service, dies while in service, a gratuity benefit will be paid to his heirs.

The Bank makes a monthly provision towards such Gratuity Payment Liabilities and this value is reflected in the Statement of Financial Position of the Bank, the Bank made a provision based on the actuarial valuation. However, as per Sri Lanka Accounting Standards the Bank has provided for gratuity liability based on an Actuary Valuation.

The Subsidiary and Associate Companies of the Bank provide for gratuity under the Payment of Gratuity Act No. 12 of 1983. Provision for gratuity has been made for employees who have completed one year of service with the companies. These liabilities are not externally funded.

#### 5.14.2 Defined contribution plans

The Bank also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under "Personnel expenses". Unpaid contributions are recorded as a liability.

The Bank contributes to the following Schemes:

##### 5.14.2.1 Employees' Provident Fund

The Bank and employees contribute 12% and 8% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund. The Bank's Provident Fund is an approved fund under the Employees' Provident Fund Act and is maintained internally.

#### 5.14.2.2 Employees' Trust Fund

The Bank contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees' Trust Fund Board.

### 5.15 Widow'/Widowers' and Orphans Pension Plan (Pre-1996/Post-1996)

A separate fund is maintained in order to meet future obligations under the scheme, based on the advice of a qualified actuary. Further this fund is solely funded through the contributions of participants/employees.

### 5.16 Provision

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

### 5.17 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Bank's share of any contingencies and capital commitments of a Subsidiary or Associate for which the Bank is also liable severally or otherwise are also included with appropriate disclosures.

#### 5.17.1 Basis of recognition

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial under commitments at facility value,

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

#### 5.17.2 Measurement

Any increase in the commitment relating to financial guarantees is recorded in the Statement of Financial Position. The premium received is recognised in the Income Statement in "Net fees and commission income" on a straight-line basis over the life of the guarantee.

### 5.18 Taxes

#### 5.18.1 Current taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current as well as prior years. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the Statement of Financial Position date. Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 at the rates specified in Note 14 to the Financial Statements.

#### 5.18.2 Deferred taxation

Deferred tax is provided using the liability method on temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

##### 5.18.2.1 Deferred tax liability

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in Subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will reverse in the foreseeable future.

### 5.18.2.2 Deferred tax assets

Deferred tax assets are recognised for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where deferred tax assets relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor the taxable profit or losses; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at each Statement of Financial Position date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax asset are reassessed at each Statement of Financial Position date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the Statement of Financial Position date.

### 5.18.3 Value added tax on financial services (FSVAT)

Bank's total value addition was subjected to a 18% value added tax as per Section 25A of the Value Added Tax Act No. 14 of 2002 and amendments thereto.

### 5.18.4 Value added tax (VAT)

Value added tax is calculated in accordance with Value Added Tax Act No. 14 of 2002 and subsequent amendments thereto. VAT is payable at the rate of 18%.

### 5.18.5 Withholding tax on dividends (WHT)

Dividend distributed out of taxable profit of the local subsidiaries attracts a 15% deduction at source and is final tax liability for of the Bank.

### 5.18.6 Crop Insurance Levy (CIL)

As per the provision of the Section 14 of the Finance Act No. 12 of 2013, the Crop Insurance Levy (CIL) was introduced with effect from 1 April 2013. Accordingly, Bank is required to pay 1% of the profit after tax for a year of assessment to the National Insurance Trust Fund.

### 5.18.7 Social security contribution levy

Under the Social Security Contribution Levy Act (SSCL) No. 25 of 2022, a social security tax of 2.5% has been imposed on those whose annual taxable turnover exceeds LKR 120 Mn.

## 5.19 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The specific recognition criteria for each type of income are given in Notes No. 6 to 10.

### 5.19.1 Income from government securities and securities purchased under resale agreements

Discounts/premium on Treasury Bills and Treasury Bonds are amortised over the period to reflect a constant periodic rate of return. The coupon interest on Treasury Bonds is recognised on an accrual basis. The interest income on securities purchased under resale agreements is recognised in the Income Statement on Effective Interest rate (EIR) over the period of the agreement.

### 5.19.2 Rental income

Rental income arising on operating leases is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the Income Statement in “other operating income”.

## 5.20 Segmental reporting

The Bank’s segmental reporting is based on the following operating segments: Retail Banking, Corporate Banking, and Treasury and Primary Dealer Unit, Leasing, Insurance, Finance, and Travels. Information relating to above is disclosed in Note 45.

## 5.21 Deposit Insurance Scheme

In terms of the Banking Act Direction No. 5 of 2010 “Insurance of Deposit Liabilities” issued on 27 September 2010 and subsequent amendments there to, all Licensed Commercial Banks are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulations No. 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1 October 2010. Deposits to be insured include demand, time and savings deposit liabilities and exclude the following,

- Deposit liabilities to member institutions
- Deposit liabilities to Government of Sri Lanka
- Deposit liabilities to Directors, Key Management Personnel and other related parties as defined in Banking Act Direction No. 11 of 2007 on Corporate Governance of Licensed Commercial Banks
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act funds of which have been transferred to Central Bank of Sri Lanka.

Licensed commercial banks are required to pay a premium of 0.10% on eligible deposit liabilities if the Bank maintains a capital adequacy ratio (CAR) of 14% or above as at the end of the immediately preceding financial year and a premium of 0.125% on eligible deposit liabilities for all other Licensed Commercial Banks (with CAR below 14%) calculated on the total amount of eligible deposits as at the end of the quarter payable within a period of 15 days from the end of the quarter.

## 5.22 Subsequent events

Events occurring after the Reporting Date are those events, favourable and unfavourable, that occur between the reporting date and the date of the Financial Statements are authorised for issue.

All material and important events which occur after reporting date have been considered and disclosed in Note 42 to the Financial Statements as adjusted as applicable.

## 5.23 Policies specific to insurance sector

### 5.23.1 Significant accounting estimates and assumptions

#### Non-life insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the Statement of Financial Position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods and frequency/severity method.

The main assumption underlying these techniques is that a company’s past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

### 5.23.2 Revenue recognition

#### Gross written premium

Non-life insurance gross written premium comprises the total premium receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

#### Reinsurance premium

Non-life gross reinsurance premium written comprises the total premium payable for the whole cover provided by contracts entered into the period and is recognised on the date on which the policy incepts. Premium includes any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premium is the proportion of premium written in a year that relates to periods of risk after the reporting date. Unearned reinsurance premium is deferred over the term of the underlying direct insurance policies

## 5.24 Standards issued but not yet effective.

The new and amended standards that are issued, but not yet effective to the date of issuance of these Financial Statements are disclosed below.

### ➤ Sri Lanka Accounting Standard – SLFRS 17 – Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more consistent and useful for the insurers.

Once effective, SLFRS 17 will replace SLFRS 4-Insurance Contracts that was issued in 2005.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026.

### ➤ Amendments to LKAS 1: Classification of Liabilities as Current or Non-current.

The amendment specifies the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification and disclosures.

### ➤ Amendments to LKAS 21: Lack of exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its Financial Statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025.



## 6. Gross income

### Accounting Policy

Revenue is recognised to the extent that it is probable that the economic benefit(s) will flow to the Bank/Group and the revenue can be reliably measured. The specific recognition criteria for each type of income are more fully set out in respective Income notes.

For the year ended 31 December	Notes	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest income	7.1	349,292,146	394,794,898	376,974,975	424,517,917
Fee and commission income	8.1	14,923,343	13,806,168	16,074,007	14,822,549
Net gain/(loss) from trading	9	853,690	9,430,542	1,076,990	9,543,338
Other operating income (net)	10	2,908,810	4,210,535	5,842,069	5,628,237
		367,977,989	422,242,143	399,968,041	454,512,041



## 7. Net interest income

### Accounting Policy

The Bank/Group calculates interest income/expense by applying the Effective Interest Rate (EIR) to the amortised cost of Financial Assets/Liability other than credit impaired assets.

#### The effective Interest rate method

Under SLFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVPL and interest bearing financial assets measured at FVOCI. Interest expense is recorded using the effective interest rate (EIR) method for liabilities recorded such as due to banks, due to other customers and other borrowings.

EIR is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the said financial instrument and includes any fees or incremental costs that are directly attributable to the instrument which are an integral part of the EIR, but excludes future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.



## 7.1 Interest income

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash and cash equivalents		673,321	278,649	564,508	710,513
Placements with banks		3,385,155	2,390,074	7,656,285	3,560,982
Loans and receivables – to banks		2,304,706	1,455,096	2,247,473	1,479,774
Financial assets – at fair value through profit or loss		22,170,089	6,586,707	22,170,089	6,586,707
Loans and receivables to other customers		210,078,561	288,708,251	233,656,306	312,360,007
Debt instruments measured at amortised cost	7.1.1	109,076,169	93,429,117	109,076,169	97,872,930
Debt instruments at fair value through OCI		664,419	1,250,783	664,419	1,250,783
Day one difference on staff loans		939,726	696,221	939,726	696,221
<b>Total interest income</b>		<b>349,292,146</b>	<b>394,794,898</b>	<b>376,974,975</b>	<b>424,517,917</b>

**7.1.1** In consequence to the restructuring of International Sovereign Bonds in December, 2024, resulting day 1 loss amounting to LKR 3,547.0 Mn. was recognised through interest income on debt instruments measured at amortised cost.

## 7.2 Interest expenses

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Due to banks		4,716,390	7,594,757	4,794,877	9,585,739
Due to other customers		223,886,874	308,682,792	234,992,756	321,668,276
Other borrowings		6,554,594	18,907,281	6,500,362	18,876,705
Debt securities issued		6,115,011	4,520,329	6,827,434	5,602,097
Interest on lease liabilities		777,336	768,293	973,828	1,002,226
<b>Total interest expenses</b>		<b>242,050,205</b>	<b>340,473,452</b>	<b>254,089,257</b>	<b>356,735,043</b>
<b>Net interest income</b>		<b>107,241,941</b>	<b>54,321,446</b>	<b>122,885,718</b>	<b>67,782,874</b>





## 8. Net fee and commission income

### Accounting Policy

The Bank/Group earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income are recognised when the service is performed. Fees earned for the provision of services over a period of time are accrued over that period.

### 8.1 Fee and commission income

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Loans	1,065,527	523,392	1,065,527	523,392
Cards	4,416,238	3,103,717	4,416,238	3,103,717
Trade and remittances	1,737,289	3,832,176	1,737,289	3,832,176
Investment banking	7,980	17,424	7,980	17,424
Deposits	6,292,765	5,466,994	6,292,765	5,466,994
Guarantees	699,121	642,393	699,121	642,393
Others	704,423	220,072	1,855,087	1,236,453
	14,923,343	13,806,168	16,074,007	14,822,549

### 8.2 Fee and commission expenses

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cards	553,872	809,027	553,872	809,027
Trade and remittances	723	390	723	390
Investment banking	68,197	55,214	68,197	55,214
Guarantees	11,428	4,224	11,428	4,224
Others	123,563	95,511	123,563	95,511
	757,783	964,366	757,783	964,366
<b>Net fee and commission income</b>	<b>14,165,560</b>	<b>12,841,802</b>	<b>15,316,224</b>	<b>13,858,183</b>



## 9. Net gain/(loss) from trading

### Accounting Policy

Net gains/(losses) from trading comprises foreign exchange gain(s) or losses arising from trading activities, realised gains or losses from investment in equities and fixed income securities classified as “Financial Assets – At Fair Value through Profit or Loss” and unrealised gains and losses due to changes in fair value of such instruments.

Gains and losses arising from changes in fair value of the said instruments are recognised in the Income Statement in the period in which they arise and Derivative Financial Instruments are fair valued at each reporting date.

For the year ended 31 December	Notes	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Net gain/(loss) from trading</b>					
Gain from trading	9.1	5,749,051	10,765,316	5,972,351	10,878,112
Net fair value gain/(loss)	9.2	(4,895,361)	(1,334,774)	(4,895,361)	(1,334,774)
		853,690	9,430,542	1,076,990	9,543,338

### 9.1 Gain/(loss) from trading

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Foreign exchange	5,113,766	10,355,650	5,113,766	10,355,650
Government Securities (Treasury Bills and Treasury Bonds)	537,614	347,203	537,614	347,203
Equities	97,671	62,463	320,971	175,259
	5,749,051	10,765,316	5,972,351	10,878,112

## 9.2 Net fair value gain/(loss) on financial assets at fair value through profit or loss

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Derivative financial instruments				
Inter – banks	(5,549,474)	(1,770,703)	(5,549,474)	(1,770,703)
Government Securities				
Treasury Bills	520,620	178,664	520,620	178,664
Treasury Bonds	133,493	257,265	133,493	257,265
	(4,895,361)	(1,334,774)	(4,895,361)	(1,334,774)



## 10. Other operating income

### Accounting Policy

#### Profit/(loss) from sale of property, plant and equipment

Profit/(loss) from sale of property, plant and equipment is recognised as and when the control of the property, plant and equipment has passed to the other party.

#### Dividend income from investment

Dividend income is recognised when the Bank's/Group's right to receive the payment is established.

#### Recovery of bad debts written-off

Recovery of amounts once written-off as bad debts are recognised, as and when such amount has received.

#### Net earned premium

Net Earned Premium refers to the gross written premium less premium ceded to reinsurance and net of any unearned premiums change in reserve unearned, which is more fully described under Note 5.23 to these Financial Statements.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Profit from disposals of property, plant and equipment and right-of-use assets</b>	109,927	329,216	162,481	421,071
Dividend from investment				
Quoted	55,309	79,519	65,131	88,213
Unquoted	169,983	120,531	170,521	120,531
Subsidiaries	1,135,287	2,143,999	-	-
Recovery of bad debts written-off	35,449	229,020	35,449	229,020
Net earned premium	-	-	3,772,419	3,257,009
Others	1,402,855	1,308,250	1,636,068	1,512,393
<b>Total</b>	<b>2,908,810</b>	<b>4,210,535</b>	<b>5,842,069</b>	<b>5,628,237</b>



## 11. Impairment charge

### Accounting Policy

The Bank/Group recognises impairment losses on financial assets by applying the three-stage approach to measure expected credit losses (ECLs) under Sri Lanka Accounting Standard – SLFRS 9 – “Financial Instruments” of which details are more fully given under Note 5.6 – Impairment of financial assets.

Further, the Bank/Group recognises an impairment loss when the carrying amount of a non-financial asset exceeds the estimated recoverable amount of such asset through use or sale, as per Sri Lanka Accounting Standard – LKAS 36 – “Impairment of Assets”. Details relating hereto are more fully given under Note 5.13 to these Financial Statements

### 11.1 Bank

For the year ended 31 December		2024			
		Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
	Notes				
Cash and cash equivalents	17.4	(272)	(7,717)	-	(7,990)
Placements with banks	19.2	(19,869)	-	-	(19,869)
Loans and advances to banks	22.2	(21,749)	-	-	(21,749)
Loans and advances to other customers	23.2.1	5,771,061	(3,996,428)	11,049,752	12,824,385
Debt instruments measured at amortised cost	24.2	-	(8,399,460)	-	(8,399,460)
Debt instruments at fair value through OCI	26.2	7,460	(361,503)	296,009	(58,034)
Other receivable	11.1.1			1,402,628	1,402,628
Contingent liabilities and commitments	41.3	(4,863)	(187,363)	(77,513)	(269,738)
<b>Total impairment charge on financial assets</b>		<b>5,731,768</b>	<b>(12,952,472)</b>	<b>12,670,876</b>	<b>5,450,173</b>
<b>Total impairment charge</b>					<b>5,450,173</b>

For the year ended 31 December		2023			
		Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
	Notes				
Cash and cash equivalents	17.4	(186)	(1,778)	-	(1,964)
Placements with banks	19.2	60,823	-	-	60,823
Loans and advances to banks	22.2	34,330	-	-	34,330
Loans and advances to other customers	23.2.1	3,394,049	(10,090,379)	12,170,662	5,474,332
Debt instruments measured at amortised cost	24.2	-	1,815,878	-	1,815,878
Debt instruments at fair value through OCI	26.2	(963)	65,494	-	64,531
Contingent liabilities and commitments	41.3	(48,324)	(8,702)	46,668	(10,358)
<b>Total impairment charge on financial assets</b>		<b>3,439,730</b>	<b>(8,219,487)</b>	<b>12,217,330</b>	<b>7,437,572</b>
<b>Total impairment charge</b>					<b>7,437,572</b>

**11.1.1** This includes Expected Credit Loss (ECL) provisions made on interest receivable from general treasury with respect to "Special interest schemes on fixed deposits for senior citizens and under other schemes" considering the delay in such reimbursements by the general treasury for the avoidance of any doubt, this was done in response to the instructions received from Central Bank of Sri Lanka (CBSL) in their letter dated 14 February 2025.

## 11.2 Group

For the year ended 31 December		2024			
		Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
	Notes				
Cash and cash equivalents	17.4	(272)	(7,717)	-	(7,990)
Placements with banks	19.2	(19,869)	-	-	(19,869)
Loans and advances to banks	22.2	(21,749)	-	-	(21,749)
Loans and advances to other customers	23.2.1	5,749,259	(4,508,490)	10,349,552	11,590,322
Debt instruments measured at amortised cost	24.2	-	(8,399,460)	-	(8,399,460)
Debt instruments at fair value through OCI	26.2	7,460	(361,503)	296,009	(58,034)
Other receivable				1,391,092	1,391,092
Contingent liabilities and commitments	41.3	(4,863)	(187,363)	(77,513)	(269,738)
<b>Total impairment charge on financial assets</b>		<b>5,709,966</b>	<b>(13,464,534)</b>	<b>11,959,140</b>	<b>4,204,573</b>
<b>Others</b>					
Loss on disposal of collaterals including write-offs					221,765
<b>Total impairment charge</b>					<b>4,426,337</b>

For the year ended 31 December		2023			
		Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
	Notes				
Cash and cash equivalents	17.4	(186)	(1,778)	-	(1,964)
Placements with banks	19.2	60,823	-	-	60,823
Loans and advances to banks	22.2	34,330	-	-	34,330
Loans and advances to other customers	23.2.1	2,841,619	(10,598,253)	11,615,167	3,858,533
Debt instruments measured at amortised cost	24.2	-	1,815,878	-	1,815,878
Debt instruments at fair value through OCI	26.2	(963)	65,494	-	64,531
Contingent liabilities and commitments	41.3	(48,323)	(8,702)	46,668	(10,359)
<b>Total impairment charge on financial assets</b>		<b>2,887,300</b>	<b>(8,727,361)</b>	<b>11,661,835</b>	<b>5,821,772</b>
<b>Others</b>					
Loss on disposal of collaterals including write-offs					253,792
<b>Total impairment charge</b>					<b>6,075,564</b>



## 12. Personnel expenses

### Accounting Policy

Personnel expenses include staff salaries, bonus, contribution to defined contribution/benefit plans and other staff related expenses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus in the event the Bank/the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

For the year ended 31 December		Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
	Notes				
Salaries, bonus and related expenses		30,406,220	19,442,622	36,164,782	24,990,701
Contribution to defined benefit plan - pension funds	12.1	1,081,848	1,443,842	1,081,848	1,443,842
Contribution to defined benefit plan - gratuity	12.2	161,942	198,633	355,928	373,150
Amortisation of pre-paid staff cost		939,726	696,221	939,726	696,221
Others		3,245,090	2,712,419	3,245,090	2,712,419
<b>Total</b>		<b>35,834,826</b>	<b>24,493,737</b>	<b>41,787,374</b>	<b>30,216,333</b>

## 12.1 Contribution to defined benefit plan – pension funds

The Bank operates two defined benefit pension plans, for the permanent staff members who have joined the Bank prior to 1 January 1996 and after 1 January 1996, which requires contributions to be made to a separately administered funds. The Bank recognises all actuarial gains and losses arising from these pension funds in the Other Comprehensive Income (OCI) and the expenses related to these funds recorded under personnel expenses in the income Statement. Details of these defined benefit plans are given in “Employee retirement benefit plans” (Note 35.1 and Note 35.2).

For the year ended 31 December	Notes	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Net expense recognised in the income statement</b>					
Defined benefit plan – Pre-1996 pension trust fund	35.1.3	894,843	1,660,624	894,843	1,660,624
Defined benefit plan – Post-1996 pension fund	35.2.3	187,005	(216,782)	187,005	(216,782)
		1,081,848	1,443,842	1,081,848	1,443,842

## 12.2 Contribution to defined benefit plan-gratuity (Note 35.3)

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Net expense recognised in the income statement</b>				
Current service cost	66,059	66,304	185,925	153,562
Interest cost	95,883	132,329	170,003	219,588
<b>Net expense</b>	161,942	198,633	355,928	373,150





## 13. Other expenses

### Accounting Policy

Other expenses have been recognised in the Income Statement as they are incurred in the period to which they relate. All expenditure incurred in running of the business and maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement in arriving at the profit of the year

Depreciation and amortisation methods and rates are as stipulated in the Note 28 (Property, plant and equipment and right-of-use assets)

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Directors' emoluments		7,065	7,827	7,065	36,421
Auditors' remunerations		11,582	11,300	11,582	26,395
Non-audit fees to auditors		-	-	-	178
Professional and legal expenses		250,537	287,825	250,537	395,308
Depreciation and amortisation	13.1	4,776,742	4,453,850	5,393,670	5,073,292
Office administration and establishment expenses		13,895,860	14,769,945	17,010,441	16,846,897
Benefits, claims and underwriting expenditure		-	-	3,041,460	2,772,351
Deposit insurance premium		2,734,339	2,495,131	2,734,339	2,633,312
Others		5,426,872	4,183,610	5,491,855	4,222,420
<b>Total</b>		<b>27,102,997</b>	<b>26,209,488</b>	<b>33,940,949</b>	<b>32,006,574</b>

### 13.1 Depreciation and amortisation

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Depreciation of property, plant and equipment	28	2,196,844	1,916,687	2,459,150	2,182,351
Amortisation of right-of-use asset	28	1,843,513	1,900,248	2,173,275	2,236,787
Amortisation of intangible assets	29	736,385	636,915	761,245	654,154
		<b>4,776,742</b>	<b>4,453,850</b>	<b>5,393,670</b>	<b>5,073,292</b>



## 14. Tax expenses

### Accounting Policy

#### Current Taxation

As per Sri Lanka Accounting Standard – LKAS 12 – “Income Taxes”, tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxes. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Other Comprehensive Income (OCI), in which case it is recognised in OCI.

Accordingly, the provision for taxation is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of the Inland Revenue Act No. 24 of 2017. Detailed disclosure of accounting policies are given in note No. 5.18 to these Financial Statements

#### Deferred Taxation

Deferred tax is provisioned for using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Detailed disclosure of accounting policies and estimate of deferred tax is more fully available in Note 5.18.2 to the financial statements

For the year ended 31 December	Notes	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Current year tax expense</b>					
Income tax expense	14.1	13,402,649	2,874,758	14,835,204	4,409,415
Prior years'(over)/under provision		1,055,845	(156,515)	1,055,845	(156,515)
Deferred tax charge/(credit) net	14.2	2,036,853	2,544,391	2,942,858	3,631,739
<b>Total tax expense</b>		<b>16,495,347</b>	<b>5,262,634</b>	<b>18,833,907</b>	<b>7,884,639</b>
Effective tax rate		39.7%	34.3%	39.6%	40.9%

### 14.1 Reconciliation of tax expenses

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Profit before tax for the year	41,583,707	15,345,440	47,609,774	19,270,302
<b>Income tax for the period (Accounting profit @Applicable tax rate)</b>	<b>12,475,114</b>	<b>4,603,628</b>	<b>14,282,934</b>	<b>5,390,230</b>
Add:				
Tax effect of expenses that are not deductible for tax purposes	9,531,177	11,277,703	10,087,182	11,825,405
(Less):				
Tax effect of expenses that are deductible for tax purposes	(8,603,642)	(13,006,573)	(9,534,912)	(12,806,220)
<b>Income tax expense for the period</b>	<b>13,402,649</b>	<b>2,874,758</b>	<b>14,835,204</b>	<b>4,409,415</b>

## 14.2 The deferred tax charge/(credit) in the profit/(loss) comprise the following:

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Deferred tax assets	(291,815)	269,131	(770,815)	131,414
Deferred tax liabilities	2,328,668	2,275,260	3,713,673	3,500,325
<b>Deferred tax (credit)/charge to profit or loss</b>	<b>2,036,853</b>	<b>2,544,391</b>	<b>2,942,858</b>	<b>3,631,739</b>

## 14.3 The deferred tax charge/(credit) in other comprehensive income comprise the following:

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Retirement benefit	(2,308,124)	434,227	(2,351,888)	433,438
Revaluation of land and buildings	869,334	1,445,104	984,264	1,641,696
Gain(loss) from instruments at FVOCI	-	-	50,079	129,211
<b>Deferred tax charge/(credit) to OCI</b>	<b>(1,438,790)</b>	<b>1,879,331</b>	<b>(1,317,545)</b>	<b>2,204,345</b>
<b>Net deferred tax for the year</b>	<b>598,063</b>	<b>4,423,722</b>	<b>1,625,313</b>	<b>5,836,084</b>

## 14.4 Applicable rates concessions or holidays granted on income tax

	Group	
	2024 %	2023 %
Domestic operation of the Bank	30	30
On-shore banking operations of the off-shore banking unit	30	30
Off-shore banking operations of the off-shore banking unit	30	30
People's Leasing & Finance PLC	30	30
People's Travels (Pvt) Limited	30	30
People's Micro Finance Limited	30	30
People's Fleet Management Limited	30	30



## 15. Earnings per share

### 15.1 Basic earnings per share

As per Sri Lanka Accounting Standard – LKAS 33 “Earnings per Share”. The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding during the year.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Net profit attributable to ordinary equity holders (LKR '000)	25,088,360	10,082,806	27,558,538	10,513,288
Weighted average number of ordinary shares in issue ('000)	1,000	1,000	1,000	1,000
<b>Basic earnings per share (LKR)</b>	<b>25,088</b>	<b>10,083</b>	<b>27,559</b>	<b>10,513</b>

### 15.2 Diluted earnings per share

As per Sri Lanka Accounting Standard – LKAS 33 “Earnings per Share”, The Calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding during the year, after adjustment for the effects of all dilutive potential ordinary shares.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Net profit attributable to ordinary equity holders (LKR '000)	25,088,360	10,082,806	27,558,538	10,513,288
Weighted average number of ordinary shares in issue ('000)	1,000	1,000	1,000	1,000
Number of ordinary shares in capital pending allotment ('000)	243,040	243,040	243,040	243,040
Total number of shares in issue and pending allotment ('000)	244,040	244,040	244,040	244,040
<b>Diluted earnings per share (LKR)</b>	<b>103</b>	<b>41</b>	<b>113</b>	<b>43</b>



## 16. Measurement of financial instruments

The following table analyses the carrying amounts of the Financial Instruments by category as defined under Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) under the headings of the Statement of Financial Position.

### 16.1 Bank – 31 December 2024

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Assets</b>				
Cash and cash equivalents	-	-	71,694,016	71,694,016
Balances with central banks	-	-	33,798,107	33,798,107
Placements with banks	-	-	59,831,807	59,831,807
Derivative financial instruments	5,842,194	-	-	5,842,194
Financial assets – at fair value through profit or loss	329,810,350	-	-	329,810,350
Financial assets – at amortised cost				
Loans and advances to banks	-	-	31,994,539	31,994,539
Loans and advances to other customers	-	-	1,521,965,020	1,521,965,020
Debt instruments measured at amortised cost			1,123,490,537	1,123,490,537
Financial assets – at fair value through OCI				
Equity instruments at fair value through OCI	-	2,313,187	-	2,313,187
Debt instruments at fair value through OCI	-	7,110,671	-	7,110,671
<b>Total financial assets</b>	<b>335,652,544</b>	<b>9,423,858</b>	<b>2,842,774,026</b>	<b>3,187,850,428</b>

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Liabilities</b>				
Due to banks	-	-	36,840,228	36,840,228
Derivative financial instruments	168,266	-	-	168,266
Due to other customers	-	-	2,854,704,194	2,854,704,194
Other borrowings	-	-	75,545,595	75,545,595
Subordinated term debts	-	-	54,156,709	54,156,709
<b>Total financial liabilities</b>	<b>168,266</b>	<b>-</b>	<b>3,021,246,726</b>	<b>3,021,414,992</b>

### Bank – 31 December 2023

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Assets</b>				
Cash and cash equivalents	-	-	61,889,582	61,889,582
Balances with central banks	-	-	31,003,219	31,003,219
Placements with banks	-	-	66,227,025	66,227,025
Derivative financial instruments	11,259,451	-	-	11,259,451
Financial assets – at fair value through profit or loss	144,184,748	-	-	144,184,748

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Financial assets – at amortised cost</b>				
Loans and advances to banks	-	-	54,022,123	54,022,123
Loans and advances to other customers	-	-	1,709,457,735	1,709,457,735
Debt instruments measured at amortised cost			831,747,923	831,747,923
<b>Financial assets – at fair value through OCI</b>				
Equity instruments at fair value through OCI		1,894,023		1,894,023
Debt instruments at fair value through OCI		8,286,626		8,286,626
<b>Total financial assets</b>	155,444,199	10,180,649	2,754,347,607	2,919,972,455

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Liabilities</b>				
Due to banks	-	-	77,224,139	77,224,139
Derivative financial instruments	36,049	-	-	36,049
Due to other customers	-	-	2,653,105,546	2,653,105,546
Other borrowings	-	-	64,278,443	64,278,443
Subordinated term debts	-	-	46,997,291	46,997,291
<b>Total financial liabilities</b>	36,049	-	2,841,605,419	2,841,641,468

<sup>1</sup> Fair Value Through Profit or Loss

<sup>2</sup> Fair Value Through Other Comprehensive Income

<sup>3</sup> Amortised Cost

## 16.2 Group – 31 December 2024

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Assets</b>				
Cash and cash equivalents	-	-	72,398,306	72,398,306
Balances with central banks	-	-	33,798,107	33,798,107
Placements with banks	-	-	62,005,136	62,005,136
Derivative financial instruments	5,842,194	-		5,842,194
Financial assets – at fair value through profit or loss	330,597,382			330,597,382
Financial assets – at amortised cost				-
Loans and advances to banks	-	-	37,047,879	37,047,879
Loans and advances to other customers	-	-	1,665,027,784	1,665,027,784
Debt instruments measured at amortised cost			1,138,634,981	1,138,634,981
Financial assets – at fair value through OCI				-
Equity instruments at fair value through OCI	-	2,668,358	-	2,668,358
Debt instruments at fair value through OCI	-	8,576,912	-	8,576,912
<b>Total financial assets</b>	336,439,576	11,245,270	3,008,912,193	3,356,597,039

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Liabilities</b>				
Due to banks	-	-	46,871,380	46,871,380
Derivative financial instruments	168,266	-	-	168,266
Due to other customers	-	-	2,947,904,673	2,947,904,673
Other borrowings	-	-	75,482,595	75,482,595
Subordinated term debts	-	-	59,065,269	59,065,269
<b>Total financial liabilities</b>	<b>168,266</b>	<b>-</b>	<b>3,129,323,917</b>	<b>3,129,492,183</b>

## Group – 31 December 2023

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Assets</b>				
Cash and cash equivalents	-	-	63,307,106	63,307,106
Balances with central banks	-	-	31,003,219	31,003,219
Placements with banks	-	-	76,872,574	76,872,574
Derivative financial instruments	11,259,451	-	-	11,259,451
Financial assets – at fair value through profit or loss	145,622,457	-	-	145,622,457
Financial assets – at amortised cost	-	-	-	-
Loans and advances to banks	-	-	54,422,338	54,422,338
Loans and advances to other customers	-	-	1,823,770,212	1,823,770,212
Debt instruments measured at amortised cost	-	-	866,704,970	866,704,970
Financial assets – at fair value through OCI	-	-	-	-
Equity instruments at fair value through OCI	-	2,123,143	-	2,123,143
Debt instruments at fair value through OCI	-	9,686,213	-	9,686,213
<b>Total financial assets</b>	<b>156,881,908</b>	<b>11,809,356</b>	<b>2,916,080,419</b>	<b>3,084,771,683</b>

	FVTPL <sup>1</sup>	FVOCI <sup>2</sup>	AC <sup>3</sup>	Total
<b>Liabilities</b>				
Due to banks	-	-	85,646,267	85,646,267
Derivative financial instruments	36,049	-	-	36,049
Due to other customers	-	-	2,745,161,610	2,745,161,610
Other borrowings	-	-	64,223,443	64,223,443
Subordinated term debts	-	-	57,806,483	57,806,483
<b>Total financial liabilities</b>	<b>36,049</b>	<b>-</b>	<b>2,952,837,803</b>	<b>2,952,873,852</b>

<sup>1</sup> Fair Value Through Profit or Loss

<sup>2</sup> Fair Value Through Other Comprehensive Income

<sup>3</sup> Amortised Cost





## 17. Cash and cash equivalents

### Accounting Policy

Cash and cash equivalents include cash in hand, balances with banks, money at call and at short notice and standing lending facility of the Central Bank of Sri Lanka. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

### 17.1 Cash

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash in hand	61,007,554	53,340,299	61,980,002	54,391,033
	61,007,554	53,340,299	61,980,002	54,391,033

### 17.2 Cash equivalents

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash at banks		6,100,818	8,572,529	5,832,660	8,939,319
CBSL standing lending facility		4,600,900	-	4,600,900	-
		10,701,718	8,572,529	10,433,560	8,939,319
Less: Allowance for expected credit losses	17.4	(15,256)	(23,246)	(15,256)	(23,246)
		10,686,462	8,549,283	10,418,304	8,916,073
<b>Total cash and cash equivalents</b>		<b>71,694,016</b>	<b>61,889,582</b>	<b>72,398,306</b>	<b>63,307,106</b>

### 17.3 Analysis of cash equivalents based on exposure to credit risk

#### Bank

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash at banks	5,900,502	200,316	-	6,100,818
CBSL standing lending facility	4,600,900			4,600,900
<b>Total</b>	<b>10,501,402</b>	<b>200,316</b>	<b>-</b>	<b>10,701,718</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash at banks	8,438,968	133,561	-	8,572,529
CBSL standing lending facility	-	-	-	-
<b>Total</b>	<b>8,438,968</b>	<b>133,561</b>	<b>-</b>	<b>8,572,529</b>

**Group**

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash at banks	5,632,344	200,316	-	5,832,660
CBSL standing lending facility	4,600,900	-	-	4,600,900
<b>Total</b>	<b>10,233,244</b>	<b>200,316</b>	<b>-</b>	<b>10,433,560</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash at banks	8,805,758	133,561	-	8,939,319
CBSL standing lending facility	-	-	-	-
<b>Total</b>	<b>8,805,758</b>	<b>133,561</b>	<b>-</b>	<b>8,939,319</b>

**17.4 Allowance for expected credit losses – Cash equivalents****Bank and Group**

	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	732	22,513	-	23,246
Gross charge/(reversal) for the year	(272)	(7,717)	-	(7,990)
<b>ECL allowance as at 31 December</b>	<b>460</b>	<b>14,796</b>	<b>-</b>	<b>15,256</b>

	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	918	24,292	-	25,210
Gross charge/(reversal) for the year	(186)	(1,779)	-	(1,965)
<b>ECL allowance as at 31 December</b>	<b>732</b>	<b>22,513</b>	<b>-</b>	<b>23,246</b>



## 18. Balances with Central Bank of Sri Lanka

### Accounting Policy

The balance with the Central Bank of Sri Lanka in the Statutory Cash Reserve is 2.0% of Rupee denominated deposit liabilities. This is a non-interest bearing balance. A similar reserve is not required in respect of Foreign Currency denominated Deposits Liabilities in the Domestic Banking Unit and Deposit Liabilities in the Off-Shore Banking Unit.

This Balances is carried at amortised cost in the Statement of Financial Position.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Statutory balances with Central Bank of Sri Lanka (Stage 1)	33,798,107	31,003,219	33,798,107	31,003,219
	33,798,107	31,003,219	33,798,107	31,003,219



## 19. Placements with Banks

### Accounting Policy

Placements with banks include Money Market placements and fixed deposits that are subject to an insignificant risk of changes in the fair value and are used by the Bank/Group in managing its short term commitments. These balances are carried at amortised cost in the Statement of Financial Position.

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Placements		59,872,761	66,287,848	59,872,761	66,287,848
Fixed deposits		-	-	2,173,329	10,645,549
		59,872,761	66,287,848	62,046,090	76,933,397
Less: Allowance for expected credit losses	19.2	(40,954)	(60,823)	(40,954)	(60,823)
<b>Total</b>		<b>59,831,807</b>	<b>66,227,025</b>	<b>62,005,136</b>	<b>76,872,574</b>

## 19.1 Analysis of placements with banks based on exposure to credit risk

### Bank

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Placements	59,872,761	-	-	59,872,761
Fixed deposits	-	-	-	-
<b>Total</b>	<b>59,872,761</b>	<b>-</b>	<b>-</b>	<b>59,872,761</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Placements	66,287,848	-	-	66,287,848
Fixed deposits	-	-	-	-
<b>Total</b>	<b>66,287,848</b>	<b>-</b>	<b>-</b>	<b>66,287,848</b>

### Group

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Placements	59,872,761	-	-	59,872,761
Fixed deposits	2,173,329	-	-	2,173,329
<b>Total</b>	<b>62,046,090</b>	<b>-</b>	<b>-</b>	<b>62,046,090</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Placements	66,287,848	-	-	66,287,848
Fixed deposits	10,645,549	-	-	10,645,549
<b>Total</b>	<b>76,933,397</b>	<b>-</b>	<b>-</b>	<b>76,933,397</b>

## 19.2 Allowance for expected credit losses – Placements with banks

### Bank and Group

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	60,823	-	-	60,823
Gross charge/(reversal) for the year	(19,869)	-	-	(19,869)
<b>ECL allowance as at 31 December</b>	<b>40,954</b>	<b>-</b>	<b>-</b>	<b>40,954</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	-	-	-	-
Gross charge/(reversal) for the year	60,823	-	-	60,823
<b>ECL allowance as at 31 December</b>	<b>60,823</b>	<b>-</b>	<b>-</b>	<b>60,823</b>



## 20. Derivative financial instruments

### Accounting Policy

Derivative Financial Instruments are contracts whose value is derived from one or more underlying price, index or other variable, and typically comprises of instruments such as swaps, forward rate agreements, futures and options.

All derivatives are recognised in the Statement of Financial Position at fair value and are classified as Fair Value through Profit or Loss except where they have been designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is remeasured at fair value throughout the life of the contract.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The table below depicts the fair values of derivative financial instruments of the Bank/Group, recorded as assets or liabilities, together with their notional amounts.

## 20.1 Foreign currency derivatives – Assets

As at 31 December	Bank				Group			
	2024		2023		2024		2023	
	Asset LKR '000	Notional Amount LKR '000	Asset LKR '000	Notional Amount LKR '000	Asset LKR '000	Notional Amount LKR '000	Asset LKR '000	Notional Amount LKR '000
<b>Currency swaps</b>								
Sales	-	-	-	-	-	-	-	-
Purchases	5,789,360	11,917,935	11,004,156	15,865,541	5,789,360	11,917,935	11,004,156	15,865,541
<b>Forward foreign exchange contracts</b>								
Sales	47,427	11,764,416	249,921	28,133,258	47,427	11,764,416	249,921	28,133,258
Purchases	5,407	2,552,928	5,374	698,959	5,407	2,552,928	5,374	698,959
<b>Total</b>	<b>5,842,194</b>	<b>26,235,279</b>	<b>11,259,451</b>	<b>44,697,757</b>	<b>5,842,194</b>	<b>26,235,279</b>	<b>11,259,451</b>	<b>44,697,757</b>

## 20.2 Foreign currency derivatives – Liabilities

As at 31 December	Bank				Group			
	2024		2023		2024		2023	
	Liability LKR '000	Notional Amount LKR '000	Liability LKR '000	Notional Amount LKR '000	Liability LKR '000	Notional Amount LKR '000	Liability LKR '000	Notional Amount LKR '000
<b>Currency swaps</b>								
Sales	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-
<b>Forward foreign exchange contracts</b>								
Sales	167,267	19,435,776	20,328	291,650	167,267	19,435,776	20,328	291,650
Purchases	999	189,062	15,721	1,347,956	999	189,062	15,721	1,347,956
<b>Total</b>	<b>168,266</b>	<b>19,624,838</b>	<b>36,049</b>	<b>1,639,606</b>	<b>168,266</b>	<b>19,624,838</b>	<b>36,049</b>	<b>1,639,606</b>



## 21. Financial assets – At fair value through profit or loss

### Accounting Policy

Financial Assets – At Fair Value through Profit or Loss include debt securities and equities that have been acquired principally for the purpose of trading and are measured at fair value. Details are more fully given in Note 5.5.3. to these Financial Statements

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Sri Lanka Government Securities	21.1	329,502,756	143,944,863	329,502,756	143,944,863
Equity securities – quoted	21.2	301,121	226,018	699,088	638,788
Unit trusts	21.3	–	–	389,065	1,024,939
Debt securities		6,473	13,867	6,473	13,867
		329,810,350	144,184,748	330,597,382	145,622,457

### 21.1 Sri Lanka Government Securities

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Treasury Bills	325,061,431	143,131,271	325,061,431	143,131,271
Treasury Bonds	4,441,325	813,592	4,441,325	813,592
	329,502,756	143,944,863	329,502,756	143,944,863



## 21.2 Equity securities

### 21.2.1 Equity securities – Bank

As at 31 December	Number of shares	Cost 2024  LKR '000	Market value as at 31 December 2024 LKR '000	Number of shares	Cost 2023  LKR '000	Market value as at 31 December 2023 LKR '000
<b>Food and beverage</b>						
Distilleries Company of Sri Lanka PLC	1,700,000	29,550	66,300	1,700,000	29,550	47,600
<b>Capital goods</b>						
Access Engineering PLC	393,940	9,401	13,591	393,940	9,401	7,997
Hemas Holdings PLC	755,504	56,093	78,006	755,504	56,093	50,392
<b>Transportation</b>						
EXPO Lanka Holdings PLC	-	-	-	70,000	16,499	10,028
<b>Software and services</b>						
hSenid Business Solutions PLC	1,000,000	17,000	12,200	1,000,000	17,000	11,500
<b>Retailing</b>						
John keells Holdings PLC	928,060	11,044	20,974	92,806	11,044	17,726
<b>Materials</b>						
Chevron Lubricants Lanka PLC	281,564	31,755	45,050	281,564	31,755	25,425
Dipped Products Plc	200,000	5,400	10,900	200,000	5,400	5,580
<b>Utilities</b>						
Wind force PLC	1,100,000	20,020	27,170	1,100,000	20,020	21,120
Vallibel Power Erathna PLC	-	-	-	998,142	7,386	7,187
LVL Energy Fund PLC	1,700,000	19,490	11,220	1,700,000	19,490	9,350
<b>Consumer durable</b>						
Teejay Lanka PLC	299,813	9,594	15,710	299,813	9,594	10,883
<b>Health care</b>						
Asiri Hospital Holdings PLC	-	-	-	50,000	1,014	1,230
<b>Total value of the quoted equity securities</b>		209,346	301,121		234,245	226,018

## 21.2.2 Equity securities – Group

As at 31 December	Number of shares	Cost 2024 LKR '000	Market value as at 31 December 2024 LKR '000	Number of shares	Cost 2023 LKR '000	Market value as at 31 December 2023 LKR '000
<b>Food and beverage</b>						
Distilleries Company of Sri Lanka PLC	1,700,000	29,550	66,300	1,700,000	29,550	47,600
<b>Capital goods</b>						
Access Engineering PLC	393,940	9,401	13,591	393,940	9,401	7,997
Hemas Holdings PLC	955,504	70,250	98,656	955,504	70,250	63,732
<b>Transportation</b>						
EXPO Lanka Holdings PLC	-	-	-	70,000	16,499	10,028
<b>Software and services</b>						
hSenid Business Solutions PLC	1,000,000	17,000	12,200	1,000,000	17,000	11,500
<b>Retailing</b>						
John keels Holdings PLC	14,569,140	199,338	329,262	1,456,914	199,338	278,271
<b>Materials</b>						
Chevron Lubricants Lanka PLC	281,564	31,755	45,050	281,564	31,755	25,425
Dipped Products Plc	200,000	5,400	10,900	200,000	5,400	5,580
<b>Utilities</b>						
Wind force PLC	1,100,000.00	20,020.00	27,170.00	1,100,000	20,020	21,120
Vallibel Power Erathna PLC	-	-	-	998,142.00	7,386.25	7,186.62
LVL Energy Fund PLC	1,700,000.00	19,490.00	11,220.00	1,700,000.00	19,490.00	9,350.00
<b>Consumer durable</b>						
Teejay Lanka PLC	299,813	9,594	15,710	299,813	9,594	10,883
<b>Health care</b>						
Asiri Hospital Holdings PLC	-	-	-	50,000	1,014	1,230

As at 31 December	Number of shares	Cost 2024 LKR '000	Market value as at 31 December 2024 LKR '000	Number of shares	Cost 2023 LKR '000	Market value as at 31 December 2023 LKR '000
<b>Shares listed In Bangladesh</b>						
British American Tobacco Bangladesh Ltd.	10,000	16,039	9,000	-	-	-
Berger Paints	223	980	995	999	5,291	5,231
Beximco Pharma	12,000	5,763	2,397	12,000	6,947	5,178
BRAC Bank	-	-	-	32,250	4,403	3,408
City Bank	-	-	-	114,750	8,610	7,248
Dutch-Bangla Bank	69,471	10,064	8,147	59,125	12,132	10,313
Eastern Bank	-	-	-	60,000	5,340	5,206
Grameenphone	10,000	8,420	7,911	28,000	28,422	23,685
Marico	1,452	8,638	8,116	1,000	7,319	7,263
Reckitt Benckiser	310	3,936	3,302	390	5,969	5,480
Square Pharma	30,000	17,366	15,991	30,000	20,934	18,621
Summit Power	150,000	17,609	5,435	150,000	21,228	15,053
Global Islami Bank	455,652	10,119	5,467	433,955	12,198	11,015
BATBCL	-	-	-	10,000	19,334	15,309
Walton Hi-Tech Industries	1,900	5,133	2,268	1,900	6,188	5,875
<b>Total value of the quoted equity securities</b>		515,864	699,088		601,011	638,788

## 21.3 Unit trust – Group

	Number of shares	Cost 2024 LKR '000	Market value as at 31 December 2024 LKR '000	Number of shares	Cost 2023 LKR '000	Market value as at 31 December 2023 LKR '000
NDB Wealth Management	3,687	123,000	129,525	-	-	-
Capital Alliance Investment Grade Fund	7,302	251,544	259,540	32,251,874	1,024,939	1,024,939
<b>Total value of the Unit trusts</b>		374,544	389,065		1,024,939	1,024,939



## 22. Loans and advances to banks

### Accounting Policy

Loans and receivables to banks include Sri Lanka development bonds, restructuring bonds and securities purchased under resale agreements.

The Group measures loans and receivables to banks at amortised cost since the said instruments qualify both contractual cash flow assessment and business model assessment which has been described in Note 5.5.1 to these Financial Statements.

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Securities purchased under resale agreements		32,007,120	54,056,453	37,060,460	54,456,668
<b>Total</b>		32,007,120	54,056,453	37,060,460	54,456,668
Less: Allowance for expected credit losses	22.2	(12,581)	(34,330)	(12,581)	(34,330)
		31,994,539	54,022,123	37,047,879	54,422,338

### 22.1 Analysis of loans and advances to banks based on exposure to credit risk

#### Bank

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Securities purchased under resale agreements	32,007,120	-	-	32,007,120
	32,007,120	-	-	32,007,120

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Securities purchased under resale agreements	54,056,453	-	-	54,056,453
	54,056,453	-	-	54,056,453

**Group**

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Securities purchased under resale agreements	37,060,460	-	-	37,060,460
	37,060,460	-	-	37,060,460

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Securities purchased under resale agreements	54,456,668	-	-	54,456,668
	54,456,668	-	-	54,456,668

## 22.2 Allowance for expected credit losses/impairment losses - loans and advances to banks

**Bank and Group**

	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	34,330	-	-	34,330
Gross charge/(reversal) for the year	(21,749)	-	-	(21,749)
<b>ECL allowance as at 31 December</b>	<b>12,581</b>	<b>-</b>	<b>-</b>	<b>12,581</b>

	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	-	-	-	-
Gross charge/(reversal) for the year	34,330	-	-	34,330
<b>ECL allowance as at 31 December</b>	<b>34,330</b>	<b>-</b>	<b>-</b>	<b>34,330</b>



## 23. Loans and advances to other customers

### Accounting Policy

Loans and receivables to other customers include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- The Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss
- Those that the Bank, upon initial recognition, designates as available for sale
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration
- The Bank/Group measures loans and receivables to other customers at amortised cost since both of the following conditions are met:
  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gross loans and advances	23.1	1,671,179,840	1,846,389,509	1,824,098,924	1,971,770,003
Stage 1		1,180,357,237	1,248,467,835	1,308,363,999	1,338,335,845
Stage 2		183,821,342	314,159,883	194,699,359	330,647,679
Stage 3		307,001,261	283,761,791	321,035,566	302,786,529
<b>Less:</b>					
Allowance for expected credit losses	23.2	(149,214,820)	(136,931,774)	(159,071,140)	(147,999,791)
Stage 1		(15,406,686)	(9,635,625)	(16,238,027)	(10,488,768)
Stage 2		(5,119,482)	(9,115,910)	(5,463,608)	(9,972,098)
Stage 3		(128,688,652)	(118,180,239)	(137,369,505)	(127,538,925)
<b>Net loans and advances</b>		<b>1,521,965,020</b>	<b>1,709,457,735</b>	<b>1,665,027,784</b>	<b>1,823,770,212</b>

## 23.1 Analysis of gross loans and advances

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
By product					
Bills of exchange		550,772	848,758	550,772	848,758
Overdrafts		126,203,710	103,206,483	125,864,936	102,851,886
Trade finance		93,148,353	64,472,134	93,148,353	64,472,134
Credit cards		8,812,220	6,576,688	8,812,220	6,576,688
Pawning		310,846,769	260,984,713	310,846,769	260,984,713
Staff loans	23.1.1	24,519,496	23,997,196	25,406,016	24,916,806
Short-term loans		215,162,566	611,964,909	215,162,566	611,964,909
Long-term loans		891,402,325	773,852,607	952,479,349	830,059,790
Lease rental receivable		-	-	82,776,539	61,444,294
Others		533,629	486,021	9,051,404	7,650,023
Gross total		1,671,179,840	1,846,389,509	1,824,098,924	1,971,770,003
By currency					
Sri Lankan Rupee		1,350,046,256	1,525,999,445	1,491,484,323	1,639,429,923
United States Dollar		318,834,897	316,902,748	318,834,897	316,902,748
Others		2,298,687	3,487,316	13,779,703	15,437,332
Gross total		1,671,179,840	1,846,389,509	1,824,098,924	1,971,770,003
By industry					
Agriculture, forestry and fishing		116,530,334	134,358,173	140,175,673	160,512,429
Manufacturing		55,038,963	46,358,536	67,392,158	55,722,858
Tourism		15,771,353	71,719,408	18,490,171	74,217,389
Transport and storage		72,361,063	86,439,525	94,017,074	107,462,631
Construction		478,494,676	585,059,012	488,197,441	592,130,133
Infrastructure development		143,458,420	512,720,027	143,458,420	512,720,027
Wholesale and retail trade		174,342,526	146,766,764	193,556,751	162,854,279
Professional, scientific and technical activities		115,466	36,004,654	8,265,650	36,004,654
Financial services		45,506,855	20,768,596	57,214,259	29,018,665
Consumption		311,140,520	164,721,672	341,446,487	173,916,692
Others		258,419,663	41,473,142	271,884,839	67,210,245
Gross total		1,671,179,840	1,846,389,509	1,824,098,924	1,971,770,003



### 23.1.1 Staff loans (net)

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Staff loans	37,802,902	35,973,721	38,689,422	35,188,735
(Less): Allowance for day one difference	(13,283,406)	(11,976,525)	(13,283,406)	(11,976,525)
<b>Net staff loans</b>	<b>24,519,496</b>	<b>23,997,196</b>	<b>25,406,016</b>	<b>24,916,806</b>

## 23.2 Movement in total impairment allowance for loans and receivables

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Opening balance as at 1 January	136,931,775	132,681,930	147,999,791	145,365,746
Net charge/(reversal) for the year	12,824,385	5,474,332	11,590,322	3,858,532
Other movement (Exchange rate variance and write off)*	(541,339)	(1,224,488)	(518,973)	(1,224,488)
<b>Closing balance as at</b>	<b>149,214,821</b>	<b>136,931,774</b>	<b>159,071,140</b>	<b>147,999,791</b>

\* There is no written off loans and advances for the year ended 31 December 2024

### 23.2.1 Movement in allowance for expected credit loss (ECL) based on exposure to credit risk

#### Bank

For the year ended 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	9,635,625	9,115,910	118,180,239	136,931,774
Net charge/(reversal) for the year	5,771,061	(3,996,428)	11,049,752	12,824,385
Other movement (Exchange rate variance and write off)	-	-	(541,339)	(541,339)
<b>Closing balance as at</b>	<b>15,406,686</b>	<b>5,119,482</b>	<b>128,688,652</b>	<b>149,214,820</b>

For the year ended 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	6,241,576	19,206,289	107,234,065	132,681,930
Net charge/(reversal) for the year	3,394,049	(10,090,379)	12,170,662	5,474,332
Other movement (Exchange rate variance and write off)	-	-	(1,224,488)	(1,224,488)
<b>Closing balance as at 31 December</b>	<b>9,635,625</b>	<b>9,115,910</b>	<b>118,180,239</b>	<b>136,931,774</b>

### Group

For the year ended 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	10,488,768	9,972,098	127,538,925	147,999,791
Net charge/(reversal) for the year	5,749,259	(4,508,490)	10,349,553	11,590,322
Other movement (Exchange rate variance and write off)	-	-	(518,973)	(518,973)
<b>Closing balance as at</b>	<b>16,238,027</b>	<b>5,463,608</b>	<b>137,369,505</b>	<b>159,071,140</b>

For the year ended 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	7,647,149	20,570,351	117,148,247	145,365,747
Net charge/(reversal) for the year	2,841,619	(10,598,253)	11,615,166	3,858,532
Other movement (Exchange rate variance and write off)	-	-	(1,244,488)	(1,244,488)
<b>Closing balance as at 31 December</b>	<b>10,488,768</b>	<b>9,972,098</b>	<b>127,538,925</b>	<b>147,999,791</b>



## 24. Debt instruments measured at amortised cost

### Accounting Policy

Investments in Debt Instruments are measured at amortised cost where they have:

- Contractual terms that give rise to cash flows on pre-specified dates, that represent solely payments of principal and/or interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by holding such assets to collect contractual cash flows.

As at 31 December	Notes	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Sri Lanka Government Securities					
Treasury Bills		167,697,724	63,267,004	176,168,034	92,332,190
Treasury Bonds		948,540,450	760,081,459	953,638,774	763,718,967
International Sovereign Bonds	24.3	10,799,761	16,798,920	10,799,761	16,798,920
Investments in unquoted preference shares		-	-	605,136	440,607
Investments in debentures		-	-	970,674	1,813,746
<b>Gross total</b>		<b>1,127,037,935</b>	<b>840,147,383</b>	<b>1,142,182,379</b>	<b>875,104,430</b>
Less: Allowance for expected credit losses	24.2	(3,547,398)	(8,399,460)	(3,547,398)	(8,399,460)
<b>Gross total</b>		<b>1,123,490,537</b>	<b>831,747,923</b>	<b>1,138,634,981</b>	<b>866,704,970</b>

### 24.1 Analysis of debt instruments measured at amortised cost based on exposure to credit risk

#### Bank

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities				
Treasury Bills	167,697,724	-	-	167,697,724
Treasury Bonds*	948,540,450	-	-	948,540,450
International Sovereign Bonds	-	10,799,761	-	10,799,761
<b>Total</b>	<b>1,116,238,174</b>	<b>10,799,761</b>	<b>-</b>	<b>1,127,037,935</b>

\*Securities worth of 71.17 Bn. (Face Value) have been allocated for repurchase transactions as of 31 December 2024

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities				
Treasury Bills	63,267,004	-	-	63,267,004
Treasury Bonds	760,081,459	-	-	760,081,459
International Sovereign Bonds	-	16,798,920	-	16,798,920
<b>Total</b>	<b>823,348,463</b>	<b>16,798,920</b>	<b>-</b>	<b>840,147,383</b>

### Group

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities				
Treasury Bills	176,168,034	-	-	176,168,034
Treasury Bonds	953,638,774	-	-	953,638,774
International Sovereign Bonds	-	10,799,761	-	10,799,761
Investments in preference shares	605,136	-	-	605,136
Investments in debentures	970,674	-	-	970,674
<b>Total</b>	<b>1,131,382,618</b>	<b>10,799,761</b>	<b>-</b>	<b>1,142,182,379</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities				
Treasury Bills	92,332,190	-	-	92,332,190
Treasury Bonds	763,718,967	-	-	763,718,967
International Sovereign Bonds	-	16,798,920	-	16,798,920
Investments in preference shares	440,607	-	-	440,607
Investments in commercial papers	1,813,746	-	-	1,813,746
<b>Total</b>	<b>858,305,510</b>	<b>16,798,920</b>	<b>-</b>	<b>875,104,430</b>

## 24.2 Allowance for expected credit losses/Impairment losses – debt instruments measured at amortised cost

### Bank and Group

	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	-	8,399,460	-	8,399,460
Gross charge/(reversal) for the year		(4,852,062)	-	(4,852,062)
<b>ECL allowance as at 31 December</b>	<b>-</b>	<b>3,547,398</b>	<b>-</b>	<b>3,547,398</b>

	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January		6,583,582	-	6,583,582
Transfer from stage 1 to Stage 2		1,815,878		1,815,878
Gross charge/(reversal) for the year			-	-
<b>ECL allowance as at 31 December</b>		<b>8,399,460</b>	<b>-</b>	<b>8,399,460</b>

## 24.3 Restructuring of Sri Lanka International Sovereign Bonds (SLISBs)

On 26 November 2024 – The Democratic Socialist Republic of Sri Lanka (“Sri Lanka”) announced the official launch of the exchange (the “Invitation”) of its outstanding International Bonds and exchange them for new instruments. The holders of the existing Bonds were invited to tender their Bonds and exchange them for new instruments over a three week period, with the final deadline set for 12 December 2024. Accordingly, the Bank elected to participate in the Local Option of the SLISB restructuring proposal, which was specially offered to local bond holders by the Government. As part of this option, 30% of the face value of the SLISBs originally held by the Bank was converted in to rupee – denominated Treasury Bonds. The remaining

70% of the face value was settled through a USD – denominated Step-Up Bond with a capital hair cut of 10%. Additionally, the accrued coupon (Past Due Interest) on the original SLISBs was settled through a USD – denominated bond (PDI Bond) at a haircut of 11%.

The Bank’s holding of the total investment portfolio of ISBs was USD 51.8 Mn., classified at amortised cost, which includes the face value of USD 49.9 Mn. and the total interest outstanding amount of USD 1.9 Mn. as at the restructuring date.

The modification was substantive due to change in tenor, interest rates, etc and accordingly existing ISBs were derecognised.

The breakdown of the new bonds received in exchange of SLISBs held as at the date of restructuring is as follows.

Type of Bond	Face value as at the date of restructuring LKR '000	Coupon rate %	Day 1 loss LKR '000	Amortised cost as at 31 December 2024 LKR '000
Rupee denominated Treasury Bonds	4,349,331	SLFR +0.5	-	4,349,331
USD denominated Step-Up Bond	9,226,105	1 to 3.5	(3,391,248)	5,834,857
USD denominated PDI Bond	1,573,655	4.0	(156,150)	1,417,505

### Initial recognition of the new bonds

The new Bonds issued to the Bank in exchange for existing Bonds under the debt restructuring were recognised as new financial assets and initially measured at fair value. The fair value of the new bonds was estimated using discounted cash flow techniques, applying rates from the yield curve that was derived from the market information.

### Discount rate used in the determination of fair value

The Bank applied a discount rate of 10.0% in determining the fair value of the PDI Bond, which was calculated by adding a risk premium to the US Treasury Rate prevailing as at the date of restructuring. Further, a lower discount rate was applied to the Step-Up Bond which is at 8% as the Government of Sri Lanka has reserved the right to settle the Step-Up Bond in Sri Lankan Rupees if it is unable to settle in US dollars and the corresponding reduction in credit risk. Rupee-denominated Treasury Bonds are issued at the Standard Lending Facility Rate (SLFR)+0.5%, with interest to be reset every six months. As these are market-linked instruments, the Bank concluded that there is no material difference between the face value and the fair value of the bond at the date of initial recognition.

### Impact to the profit and Loss for the year

In line with the recognition requirements under SLFRS 9, the new bonds were recorded at fair value upon initial recognition, leading to a Day 1 loss adjustment, which was charged to the current year's Profit and Loss account amounting to LKR 3.5 Bn.

Also, the Bank had an impairment provision reversal of LKR 8.4 Bn. allocated for the international sovereign Bonds (ISBs). Upon finalisation of the restructuring, this entire provision was reversed to the Profit and Loss under "Impairment charges/ (reversals) on debt instruments measured at amortised cost", as the underlying ISBs were exchanged for new instruments.

### Sensitivity of the fair value of the bonds to discount rate

If the discounting factor increased by 1% of both the Step-Up Bond and the PDI Bond, it would result in a decrease in fair value by approximately LKR 436.8 Mn.

### Stage Classification of the new bonds

As of 31 December 2024, both the Step-Up Bonds and PDI Bonds have been classified as Stage 2 and Rupee-denominated Treasury Bonds have been classified as Stage 1 under Financial Assets at amortised cost.



## 25. Equity instruments at fair value through OCI

### Accounting Policy

Investment in Equity Instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which Sri Lanka Accounting Standard - SLFRS 3 - "Business Combinations" applies, are measured at fair value through other comprehensive income. Detailed accounting policies are more fully set out in Note 5.5.2 to these Financial Statements.

As at 31 December	Notes	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Equity securities - unquoted	25.1	715,911	397,072	715,921	397,082
Equity securities - quoted	25.2	1,597,276	1,496,951	1,952,437	1,726,061
		2,313,187	1,894,023	2,668,358	2,123,143

## 25.1 Equity securities - Unquoted

### 25.1.1 Bank

Name	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000	Number of shares 31 December 2023	Fair value as at 31 December 2023 LKR '000	Cost as at 31 December 2023 LKR '000
Credit Information Bureau of Sri Lanka	47,400	-	50,715	47,400	-	50,715
Society for Worldwide Inter Bank Financial Telecommunication	8	668	668	14	1,168	1,168
Regional Development Bank	16,448,448	182,383	162,300	16,448,448	157,041	162,300
Lanka Financial Services Bureau	500,000	-	5,000	500,000	-	5,000
Fitch Rating Lanka Ltd.	62,500	1,638	625	62,500	625	625



Name	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000	Number of shares 31 December 2023	Fair value as at 31 December 2023 LKR '000	Cost as at 31 December 2023 LKR '000
Lanka Clear (Private) Ltd.	2,126,213	96,188	25,620	2,126,213	25,620	25,620
People's Merchant Finance PLC – Preference Shares	1,000,000	10,000	10,000	1,000,000	10,000	10,000
National Equity Fund	5,112,735	273,889	177,259	5,112,735	202,618	177,259
National Credit Guarantee Institution Limited	15,114,374	151,145	151,145	-	-	-
		715,911	583,331		397,072	432,686

### 25.1.2 Group

Name	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000	Number of shares 31 December 2023	Fair value as at 31 December 2023 LKR '000	Cost as at 31 December 2023 LKR '000
Credit Information Bureau of Sri Lanka	47,400	10	50,715	47,500	10	50,725
Society for Worldwide Inter Bank Financial Telecommunication	8	668	668	14	1,168	1,168
Regional Development Bank	16,448,448	182,383	162,300	16,448,448	157,041	162,300
Lanka Financial Services Bureau	500,000	-	5,000	500,000	-	5,000
Fitch Rating Lanka Ltd.	62,500	1,638	625	62,500	625	625
Lanka Clear Private Ltd.	2,126,213	96,188	25,620	2,126,213	25,620	25,620
People's Merchant Finance PLC – Preference Shares	1,000,000	10,000	10,000	1,000,000	10,000	10,000
National Equity Fund	5,112,735	273,889	177,259	5,112,735	202,618	177,259
National Credit Guarantee Institution Limited	15,114,374	151,145	151,145	-	-	-
		715,921	583,331		397,082	432,697

## 25.2 Equity securities - Quoted

### 25.2.1 Bank

Name	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000	Number of shares 31 December 2023	Fair value as at 31 December 2023 LKR '000	Cost as at 31 December 2023 LKR '000
Overseas Reality (Ceylon) PLC	30,538,203	748,186	622,979	30,538,203	458,073	622,979
The Finance PLC	2,080,400	-	10,818	2,080,400	-	10,818
People's Merchant Finance PLC - Ordinary Shares	33,856,246	267,464	311,477	33,856,246	159,124	311,477
The Lanka Hospitals Corporation PLC	7,316,042	581,626	307,274	7,316,042	879,754	307,274
		1,597,276	1,252,549		1,496,951	1,252,549

### 25.2.2 Group

Name	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000	Number of shares 31 December 2023	Fair value as at 31 December 2023 LKR '000	Cost as at 31 December 2023 LKR '000
Overseas Reality (Ceylon) PLC	30,538,203	748,186	622,979	30,538,203	458,073	518,963
The Finance PLC	2,080,400	-	10,818	2,080,400	-	83,400
Sanasa Development Bank PLC	2,320,270	106,500	213,853	2,271,260	71,545	203,382
The Lanka Hospitals Corporation PLC	7,316,042	581,626	307,274	7,316,042	879,754	307,274
People's Merchant Finance PLC - Ordinary Shares	58,870,248	465,075	237,633	58,870,248	276,689	549,110
Asiri Hospital Holdings PLC	500,000	12,850	20,730	500,000	12,300	20,730
LB Finance PLC	-	-	-	5,000,000	8,500	50,000
Lanka Credit and Business finance PLC	5,000,000	13,500	50,000	-	-	-
Wind Force PLC	1,000,000	24,700	18,489	1,000,000	19,200	18,489
		1,952,437	1,481,776		1,726,061	1,751,348



## 26. Debt instruments at fair value through OCI

### Accounting Policy

Investments in Debt Instruments are measured at fair value through other comprehensive income (OCI) where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

Detailed policies are given under Note 5.5.2 to these Financial Statements.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Sri Lanka Government Securities	26,145	26,512	548,617	554,565
Debt securities	7,084,526	8,260,114	8,028,295	9,131,648
<b>Total</b>	<b>7,110,671</b>	<b>8,286,626</b>	<b>8,576,912</b>	<b>9,686,213</b>

### 26.1 Analysis of debt instruments at fair value through OCI based on exposure to credit risk

#### Bank

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities	26,145	-	-	26,145
Debt securities	6,788,517	-	296,009	7,084,526
<b>Total</b>	<b>6,814,662</b>	<b>-</b>	<b>296,009</b>	<b>7,110,671</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities	26,512	-	-	26,512
Debt securities	5,031,426	3,228,688	-	8,260,114
<b>Total</b>	<b>5,057,938</b>	<b>3,228,688</b>	<b>-</b>	<b>8,286,626</b>

## Group

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities	548,617	-	-	548,617
Debt securities	7,732,286	-	296,009	8,028,295
<b>Total</b>	<b>8,280,903</b>	<b>-</b>	<b>296,009</b>	<b>8,576,912</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities	554,565	-	-	554,565
Debt securities	5,902,960	3,228,688	-	9,131,648
<b>Total</b>	<b>6,457,525</b>	<b>3,228,688</b>	<b>-</b>	<b>9,686,213</b>

## 26.2 Allowance for expected credit losses – debt instruments at fair value through OCI

### Bank and Group

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	608	361,503	-	362,111
Gross charge/(reversal) for the year	7,460	(361,503)	296,009	(58,034)
<b>ECL allowance as at 31 December</b>	<b>8,068</b>	<b>-</b>	<b>296,009</b>	<b>304,077</b>

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	327	296,009	-	296,336
Gross charge/(reversal) for the year	281	65,494	-	65,775
<b>ECL allowance as at 31 December</b>	<b>608</b>	<b>361,503</b>	<b>-</b>	<b>362,111</b>



## 27. Investments in Subsidiaries

### Accounting Policy

Subsidiaries are entities that are controlled by the Group. Control as referred to here is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect the returns of those investees through its power over such investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee
- exposure or rights to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences, until the date that control ceases. Where subsidiaries have been sold or acquired during the year, assets, liabilities, income and expenses of the said subsidiary are included in the consolidated Financial Statements, from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of Group are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries, not owned directly or indirectly by the Bank. The non-controlling interest is presented in the consolidated Statement of Financial Position within equity, separately from the equity attributable to the equity holders of the Bank. Non-controlling interests in the profit or loss of the Group, is disclosed separately in the Consolidated Statement of Profit or Loss.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognises the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control, is recognised in the Statement of Changes in Equity. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

The Bank's investments in subsidiaries are carried at cost in the separate Financial Statements.

As at 31 December	Note	Bank	
		2024 LKR '000	2023 LKR '000
Investment in quoted subsidiaries	27.1	5,186,762	4,275,572
Investment in unquoted subsidiaries	27.2	4,950	4,950
<b>Net total</b>		<b>5,191,712</b>	<b>4,280,522</b>

## 27.1 Investment in quoted subsidiaries

As at 31 December	Number of shares	Holding % as at 31 December 2024	Cost 2024 LKR '000	Number of shares	Holding % as at 31 December 2023	Cost 2023 LKR '000
People's Leasing and Finance PLC						
– Ordinary shares	1,184,896,862	75.00	690,958	1,184,896,862	75.00	690,958
– Ordinary shares allotted by scrip dividends	430,884,948		4,495,804	346,515,473		3,584,614
			5,186,762			4,275,572

## 27.2 Investment in unquoted subsidiaries

As at 31 December	Number of shares	Holding % as at 31 December 2024	Cost 2024 LKR '000	Number of shares	Holding % as at 31 December 2023	Cost 2023 LKR '000
People's Travels (Private) Ltd.	495,000	99.00	4,950	495,000	99.00	4,950
<b>Total</b>			4,950			4,950



## 28. Property, plant and equipment and right-of-use assets

### Accounting Policy

#### Property, plant and equipment

Property, plant and equipment is stated at cost or valuation excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

#### Cost model

Plant and equipment are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the Plant and equipment when the cost is incurred, if the recognition criteria are met.

#### Revaluation model

The Bank applies the revaluation model for the entire class of freehold land and buildings and leasehold building. Such properties are carried at a revalued amount, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment charged subsequent to the date of the revaluation.

Revaluations are performed every three years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the revaluation reserve included in the equity section of the Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in income statement, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in Income Statement, except that deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

#### Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow into the Group and its cost can be reliably measured.

#### Restoration cost

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain future economic benefits is charged to Statement of Comprehensive Income as incurred.

#### Capital work-in-progress

These are expenses of a capital nature directly incurred in the construction of building, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost.

#### Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Leased assets under finance leases are depreciated over the shorter of either lease term or its useful life, which is limited to maximum tenor of 50 years. Freehold Land is not depreciated. The estimated useful lives are as follows:



Category of asset	Period of depreciation
Freehold buildings	Estimated useful life
Leasehold building	Shorter of lease term or its useful life, which is limited to maximum tenor of 50 years
Furniture, equipment and machinery	20% p.a.
Freehold and leasehold motor vehicles	25% p.a.
Prepaid leases	Over the period of lease
Self Banking Units (SBU)**	Over the period of 3 years

\* These depreciation rates are applied consistently over the period

\*\* Self Banking Units (SBU) are classified under Machinery and Equipment

## Derecognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in “Other operating income” in the income statement in the year the asset is derecognised.

## Right-of-use assets

The Group has lease contracts for Its branches, Service centres, select Machinery etc. The Group adopted SLFRS 16 using the modified retrospective approach of adoption with effect from the date of initial application of 1 January 2019. Under this approach, the Standard is applied retrospectively and thereby the comparative figures were not restated which were reported under LKAS 17. Further the Bank applied the standard only to contracts that were previously identified as leases, by applying LKAS 17 at the date of initial application.

Upon adoption of SLFRS 16, The Bank recognised such leases as right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

## 28.1 Property, plant and equipment and right-of-use assets – Bank

	Property, plant and equipment					
	Freehold land	Freehold building	Buildings on leasehold land	Motor vehicle	Furniture	Machinery equipment and self banking units
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Cost/fair value</b>						
<b>Balance as at 1 January</b>	24,775,609	10,760,917	3,352,340	1,448,468	750,748	5,525,264
Additions		34,565		144,050	74,631	317,340
Disposals	(26,012)	(18,969)		(4,988)	(608)	(8,846)
Transfers/adjustments	-	-	2,470		-	-
Transfers from investment property	-	-	-			
Revaluation adjustment on accumulated depreciation	-	(747,573)	(275,491)	-	-	-
Revaluation Surplus (28.1.1)	1,341,874	1,236,087	319,819	-	-	-
<b>Balance as at 31 December</b>	26,091,472	11,265,027	3,399,138	1,587,530	824,771	5,833,758
<b>Accumulated depreciation</b>						
<b>Balance as at 1 January</b>	-	(0)	(1)	1,445,960	575,123	4,580,666
Charge for the year	-	747,573	275,490	32,654	80,742	435,923
Disposals	-	-	-	(4,988)	(590)	(8,842)
Transfers/adjustments	-	-	-	-	-	-
Revaluation adjustment on accumulated depreciation		(747,573)	(275,491)	-	-	-
<b>Balance as at 31 December</b>	-	(0)	(1)	1,473,625	655,275	5,007,747
<b>Net book value as 31 December</b>	26,091,472	11,265,028	3,399,139	113,905	169,495	826,011
Capital work-in-progress at cost						
<b>Furniture equipment and machinery at store</b>					1,738	19,963

**28.1.1** As of 31 December 2024 – the Bank carried out a desktop valuation of all its land and buildings. This valuation was carried out by Messrs KPMG Real Estate and Valuation Services (Private) Limited, on a fair value basis.

	LKR '000
Amount recognised in other comprehensive income	2,897,780
Amount recognised in income statement	-
	2,897,780

	Computer LKR '000	Total property, plant and equipment LKR '000	Right-of-use assets				Total 2024 LKR '000	Total 2023 LKR '000
			Leased lands LKR '000	Buildings LKR '000	ATM/ CDM/ and KIOSK Machine LKR '000	Total Right-of-use assets LKR '000		
	8,226,740	54,840,085	1,007,237	5,818,994	10,639,920	17,466,151	72,306,237	65,788,100
	913,550	1,484,136	-	1,144,003	-	1,144,003	2,628,139	4,737,088
	(83,874)	(143,297)	-	(1,359,224)	(77,871)	(1,437,095)	(1,580,392)	(2,468,254)
		2,470	-	-	-	-	2,470	(40)
		-					-	-
	-	(1,023,064)	-	-	-	-	(1,023,064)	(646,573)
	-	2,897,780	-	-	-	-	2,897,780	4,895,916
	9,056,416	58,058,111	1,007,237	5,603,773	10,562,049	17,173,059	75,231,170	72,306,237
	6,746,779	13,348,527	656,679	1,478,348	5,677,015	7,812,042	21,160,569	19,219,783
	624,463	2,196,844	15,273	775,218	1,053,022	1,843,513	4,040,357	3,816,935
	(82,675)	(97,095)		(581,225)	(72,428)	(653,653)	(750,748)	(1,225,319)
	-	-	-	-	-	-	-	(4,258)
	-	(1,023,064)	-	-	-	-	(1,023,064)	(646,573)
	7,288,567	14,425,213	671,952	1,672,341	6,657,609	9,001,902	23,427,115	21,160,568
	1,767,849	43,632,898	335,285	3,931,432	3,904,440	8,171,157	51,804,055	51,145,669
							9,088,218	4,836,928
	165,243	-	-	-	-		186,944	191,445
							61,079,218	56,174,042

### 28.1.2 Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at reporting date.

### 28.1.3 Property, plant and equipment retired from active use

There were no property, plant and equipment retired from active use as at 31 December 2024.

### 28.1.4 Title restriction on property, plant and equipment

There were no restriction on the title of property, plant and equipment as at 31 December 2024.

### 28.1.5 Unobservable inputs considered in measuring fair value

On 31 December, 2024 – the Bank carried out an independent valuation of all its land and buildings. The following table depicts information about significant unobservable inputs used in measuring fair value of the assets categorised under Level 3 of the fair value hierarchy

Type of asset	Valuation technique
Freehold land	Comparison method of valuation
Freehold buildings	1. Depreciated replacement cost method and comparison method of valuation 2. Investment method of valuation and comparison method of valuation
Buildings on leasehold lands	Depreciated replacement cost method and comparison method of valuation

## 28.2 Property, plant and equipment and right-of-use assets – Group

	Property, plant and equipment					
	Freehold land LKR '000	Freehold building LKR '000	Buildings on leasehold land LKR '000	Motor vehicle LKR '000	Furniture LKR '000	Machinery equipment and self banking units LKR '000
<b>Cost/valuation</b>						
Balance as at 1 January	29,219,040	15,895,921	3,438,103	1,718,942	1,337,011	6,634,352
Additions	322,456	108,197	-	176,210	116,584	492,318
Disposals	(26,012)	(18,969)	-	(57,614)	(24,828)	(14,051)
Transfers/adjustments	-	-	2,470	-	(649)	333
Exchange rate variance				(2,792)	(9,816)	(2,910)
Revaluation adjustment on accumulated depreciation	-	(747,573)	(275,491)	-	-	-
Revaluation surplus (Note 28.2.1)	1,728,746	1,236,087	319,819	-	-	-
<b>Balance as at 31 December</b>	<b>31,244,230</b>	<b>16,473,663</b>	<b>3,484,901</b>	<b>1,834,746</b>	<b>1,418,303</b>	<b>7,110,042</b>
<b>Accumulated depreciation</b>						
Balance as at 1 January	-	189,665	56,575	1,632,865	1,102,785	5,420,843
Charge for the year	-	811,378	275,490	66,021	99,908	514,272
Disposals	-	-	-	(29,065)	(25,748)	(12,710)
Transfers/adjustments	-	-	-	-	(649)	333
Disposal of subsidiary during the year	-	-	-	-	-	-
Exchange rate variance				(1,030)	(1,903)	(4,854)
Revaluation adjustment on accumulated depreciation	-	(747,573)	(275,491)	-	-	-
<b>Balance as at 31 December</b>	<b>-</b>	<b>253,470</b>	<b>56,575</b>	<b>1,668,790</b>	<b>1,174,393</b>	<b>5,917,885</b>
<b>Net book value as at 31 December</b>	<b>31,244,230</b>	<b>16,220,194</b>	<b>3,428,326</b>	<b>165,956</b>	<b>243,910</b>	<b>1,192,157</b>
Capital work-in-progress at cost						
<b>Furniture, equipment and machinery at store</b>					<b>1,738</b>	<b>19,963</b>

2024		
Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Sensitivity of fair value to unobservable Inputs
Property Transaction evidences, internal data from previous valuations and asking prices	LKR 150,000 - LKR 32,100,000	Positively correlated sensitivity
Estimated cost per square feet, estimated rate of all types of depreciations and obsolescence and rental evidences	LKR 100 - LKR 13,900	Positively correlated sensitivity
Property Transaction evidences, internal data from previous valuations and asking prices	LKR 100 - LKR 14,500	Positively correlated sensitivity

		Right-of-use assets					
Computer	Total property, plant and equipment	Leased lands	Buildings	ATM/CDM and KIOSK Machine	Total Right-of-use assets	Total 2024	Total 2023
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
9,192,438	67,435,808	1,090,099	8,388,607	10,639,920	20,118,626	87,554,434	80,026,696
1,030,638	2,246,403	-	1,555,389	-	1,555,389	3,801,792	5,646,610
(84,118)	(225,592)	-	(1,524,659)	(77,871)	(1,602,530)	(1,828,122)	(2,941,527)
316	2,470	-	-	-	-	2,470	(40)
(6,212)	(21,730)	-	(44,624)	-	(44,624)	(66,354)	(81,957)
-	(1,023,064)	-	-	-	-	(1,023,064)	(646,573)
-	3,284,652	-	-	-	-	3,284,652	5,551,224
10,133,061	71,698,947	1,090,099	8,374,713	10,562,049	20,026,861	91,725,807	87,554,434
7,591,199	15,993,932	699,776	2,931,118	5,677,015	9,307,909	25,301,840	23,008,328
692,081	2,459,150	15,273	1,104,980	1,053,022	2,173,275	4,632,425	4,419,138
(86,358)	(153,881)	-	(684,447)	(72,428)	(756,875)	(910,756)	(1,435,998)
-	(316)	-	-	-	-	(316)	(4,258)
-	-	-	-	-	-	-	-
(6,688)	(14,475)	-	(19,670)	-	(19,670)	(34,145)	(38,797)
-	(1,023,064)	-	-	-	-	(1,023,064)	(646,573)
8,190,233	17,261,346	715,049	3,331,981	6,657,609	10,704,639	27,965,985	25,301,840
1,942,828	54,437,601	375,050	5,042,732	3,904,440	9,322,222	63,759,822	62,252,594
						9,088,218	4,836,928
165,243						186,944	191,446
						73,034,985	67,280,968

**28.2.1** Book values of these properties were adjusted for revalued amounts and revaluation surplus was credited accordingly to the revaluation reserve.

	LKR '000
Amount recognised in other comprehensive income	3,284,652
Amount recognised in income statement	-
	3,284,652



## 29. Intangible assets and goodwill

### Accounting Policy

Intangible assets include all computer software costs incurred, licensed for use by the Group. Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses. Software is amortised on a straight-line basis in income statement over its estimated useful life, from the date on which it is available for use.

Goodwill represents the excess of the cost of acquisition over the fair value of Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Detailed policies of good will and intangible assets are set out in Note 5.12 to these Financial Statements

### 29.1 Intangible assets

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Cost</b>				
As at beginning of the year	5,167,274	4,486,249	5,469,628	4,744,397
Additions during the year	1,559,769	681,025	1,596,454	726,531
Disposals during the year	-	-	-	-
Adjustments during the year		-	(6,748)	(1,300)
<b>As at end of the year</b>	<b>6,727,043</b>	<b>5,167,274</b>	<b>7,059,334</b>	<b>5,469,628</b>
<b>Accumulated amortisation</b>				
As at beginning of the year	3,403,987	2,767,072	3,647,394	2,993,476
Charge for the year	736,385	636,915	761,245	654,154
Disposals during the year	-	-	-	-
Adjustments during the year	-	-	(1,557)	(236)
<b>As at end of the year</b>	<b>4,140,372</b>	<b>3,403,987</b>	<b>4,407,082</b>	<b>3,647,394</b>
<b>Net book value</b>	<b>2,586,671</b>	<b>1,763,287</b>	<b>2,652,252</b>	<b>1,822,234</b>

## 29.2 Goodwill

As at 31 December	2024 LKR '000	2023 LKR '000
<b>Cost</b>		
As at beginning of the year	417,099	417,099
Goodwill on acquisition	-	-
Disposals/reversals during the year	-	-
<b>As at end of the year</b>	<b>417,099</b>	<b>417,099</b>
<b>Accumulated Impairment</b>		
As at beginning of the year	308,545	308,545
Impairment for the year	-	-
<b>As at end of the year</b>	<b>308,545</b>	<b>308,545</b>
<b>Net book value</b>	<b>108,554</b>	<b>108,554</b>
<b>Total net book value</b>	<b>2,760,806</b>	<b>1,930,788</b>



## 30. Other assets

### Accounting Policy

#### Unamortised day one difference on staff loans

All staff loans are granted at below market interest rates and are initially recognised at fair value according to Sri Lanka Accounting Standard SLFRS 9 – “Financial Instruments”. The difference between granted amount and its fair value is treated as unamortised day one difference on staff loans and amortised over the loan period.

#### Receivables

Receivables predominantly include the amount receivable on behalf of the senior citizen interest subsidy.

#### Insurance and insurance receivables

The Group cedes insurance risk to reinsurers in the normal course of business. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer’s policies and are in accordance with the related reinsurance contract.

#### Net Employee Benefit Asset – Post 1996 Pension Fund

Net employee benefit assets represents net benefit assets of retirement benefit plan for the employees recruited to the Bank on or after 1 January 1996. for more details refer Note 35.2.



As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Deposits and prepayments		3,523,894	4,169,056	2,633,857	4,169,056
Unamortised day one difference on staff loans		13,283,406	11,976,525	13,588,318	11,976,525
Receivables		10,972,777	25,066,729	12,269,348	23,994,740
Insurance and insurance receivables		-	-	1,296,571	1,334,110
Net employee benefit asset - Post-1996 Pension Fund	35.2	3,348,644	5,153,841	3,348,644	5,153,841
Others		9,962,357	9,638,561	6,176,366	7,588,445
<b>Total</b>		<b>41,091,078</b>	<b>56,004,712</b>	<b>39,313,104</b>	<b>54,216,717</b>



## 31. Due to Banks

### Accounting Policy

Due to Banks include money market borrowings and borrowings from banks. These are initially recognised at fair value. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Money market borrowings	16,101,473	47,649,937	16,101,473	47,649,937
Other borrowings	20,738,755	29,574,202	30,769,907	37,996,330
<b>Total</b>	<b>36,840,228</b>	<b>77,224,139</b>	<b>46,871,380</b>	<b>85,646,267</b>



## 32. Due to other customers

### Accounting Policy

Due to customers include demand deposits, savings deposits, term deposits including call deposits, certificate of deposits and margin deposits.

These deposits are initially recognised at fair value. Subsequent to initial recognition, deposits are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Total amount due to other customers	2,854,704,194	2,653,105,546	2,947,904,673	2,745,161,610
<b>Total</b>	<b>2,854,704,194</b>	<b>2,653,105,546</b>	<b>2,947,904,673</b>	<b>2,745,161,610</b>

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Analysis</b>				
<b>By product</b>				
Demand deposits (current accounts)	108,033,228	106,866,729	106,740,270	105,678,701
Savings deposits	872,642,696	710,068,576	877,886,950	713,741,247
Fixed deposits	1,872,243,944	1,833,592,170	1,960,016,840	1,921,704,781
Other products	1,784,326	2,578,071	3,260,613	4,036,881
<b>Total</b>	<b>2,854,704,194</b>	<b>2,653,105,546</b>	<b>2,947,904,673</b>	<b>2,745,161,610</b>
<b>By currency</b>				
Sri Lanka rupee	2,538,321,398	2,353,372,363	2,631,521,877	2,445,428,427
United State dollar	295,826,615	278,609,374	295,826,615	278,609,374
Great Britain pound	5,418,732	5,539,799	5,418,732	5,539,799
Others	15,137,449	15,584,010	15,137,449	15,584,010
<b>Total</b>	<b>2,854,704,194</b>	<b>2,653,105,546</b>	<b>2,947,904,673</b>	<b>2,745,161,610</b>



### 33. Other borrowings

#### Accounting Policy

Other borrowings include refinance borrowings from Central Bank and Other Financial Institutions and borrowing under repurchase agreements.

Subsequent to initial recognition these borrowings are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Central Bank of Sri Lanka	2,397,883	721,846	2,397,883	721,846
Other Financial Institutions	6,070,499	5,580,757	6,070,499	5,580,757
Borrowing under repurchase agreement	67,077,213	57,975,840	67,014,213	57,920,840
	75,545,595	64,278,443	75,482,595	64,223,443



### 34. Deferred tax (assets)/liabilities

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Deferred tax liabilities	12,279,243	12,391,393	15,004,397	14,996,347
Deferred tax assets	(6,651,270)	(7,361,464)	(7,412,439)	(8,914,749)
	5,627,973	5,029,929	7,591,958	6,081,598

As at 31 December	Bank				Bank			
	2024				2023			
	Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income	Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income
Retirement benefit	3,724,525	1,490,051	106,356	(2,308,124)	2,268,508	2,235,803	1,032,979	434,227
Impairment allowance for loan receivables	2,926,745	-	2,166,211	-	5,092,956	-	1,433,795	-
Accelerated depreciation allowance for tax purpose – PPE	-	962,163	(187,595)	-	-	1,149,777	(83,982)	-
Right-of-use asset	-	64,735	(48,118)	-	-	112,853	161,599	-
Revaluation of freehold land and building	-	9,762,294	-	869,334	-	8,892,960	-	1,445,104
	6,651,270	12,279,243	2,036,854	(1,438,790)	7,361,464	12,391,393	2,544,391	1,879,331

As at 31 December	Group				Group			
	2024				2023			
	Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income	Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income
Retirement benefit	4,485,694	1,939,006	14,551	(2,351,888)	3,821,793	3,569,810	1,026,781	433,438
Carry forward tax losses	-	(18,536)	23,811	-	-	(42,347)	-	-
Impairment allowance for loan receivables	2,926,745	(1,494,625)	2,697,937	-	5,092,956	(522,598)	2,093,916	-
Deferred tax on transitional adjustment	-	-	-	-	-	(295,502)	-	-
Accelerated depreciation allowance for tax purpose – (Lease)	-	158,188	8,857	-	-	149,331	564,944	-
Accelerated depreciation allowance for tax purpose – (PPE)	-	1,419,735	(229,445)	-	-	1,186,020	(137,796)	-

As at 31 December	Group				Group			
	2024				2023			
	Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income	Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income
Fair value gain/(loss) – investment properties	-	2,958,110	461,022	-	-	2,089,919	(41,306)	-
Right-of-use asset	-	50,540	(33,876)	-	-	84,415	125,200	-
Financial assets at fair value through OCI	-	229,685	-	50,079	-	(115,661)	-	129,211
Revaluation of freehold land and building	-	9,762,294	-	984,264	-	8,892,960	-	1,641,696
	7,412,439	15,004,397	2,942,857	(1,317,545)	8,914,749	14,996,347	3,631,739	2,204,345



## 35. Other liabilities

As at 31 December	Note	Bank		Group	
		2024	2023	2024	2023
		LKR '000	LKR '000	LKR '000	LKR '000
Deferred income in respect of off-balance sheet items		269,237	245,964	269,237	245,964
Expected credit loss in respect of contingent liabilities and commitments		236,511	506,248	236,510	506,248
Deferred income from CPC		31,000,000	-	-	-
Sundry creditors		8,256,769	7,133,290	39,256,769	7,133,290
Net defined benefit obligation – Pre-1996 Pension Trust Fund	35.1	5,424,436	337,884	5,424,436	337,884
Provision for gratuity	35.3	1,246,503	799,025	2,283,808	1,605,134
Lease liability	35.4	8,423,512	9,774,937	9,809,130	11,106,042
Payable on other expenses		9,644,464	3,874,574	10,096,836	4,368,294
Insurance liabilities and reinsurance payable		-	-	5,074,204	4,926,388
Other liabilities		12,056,068	7,608,267	19,241,929	11,648,203
<b>Total</b>		<b>76,557,500</b>	<b>30,280,189</b>	<b>91,692,859</b>	<b>41,877,447</b>

### 35.1 Net defined benefit obligation – Pre-1996 Pension Trust Fund

The Bank operates a defined benefit pension plan, for the permanent staff members who have joined the Bank prior to 1 January 1996, For which an actuarial valuation was carried out using the “Projected Unit Credit Method” in accordance with the Sri Lanka Accounting Standard – LKAS 19 “Employee Benefits”. The results of the actuarial valuation of the Pre-1996 Pension plan is summarised below.

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Fair value of plan assets	35.1.1	(64,445,208)	(62,083,540)	(64,445,208)	(62,083,540)
Present value of obligations	35.1.2	69,869,645	62,421,424	69,869,645	62,421,424
<b>Net defined benefit obligation</b>		<b>5,424,436</b>	<b>337,884</b>	<b>5,424,436</b>	<b>337,884</b>

#### 35.1.1 Fair value of plan assets

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Plan assets comprise:</b>				
Fixed deposits	42,398,750	46,831,250	42,398,750	46,831,250
Government securities	21,260,770	14,332,920	21,260,770	14,332,920
Net current assets	785,688	919,370	785,688	919,370
	64,445,208	62,083,540	64,445,208	62,083,540
<b>Actual return on plan assets</b>	<b>8,552,201</b>	<b>8,617,561</b>	<b>8,552,201</b>	<b>8,617,561</b>

#### Movement in the fair value of plan assets

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Fair value of plan assets as at 1 January	62,083,540	56,390,526	62,083,540	56,390,526
Expected return on plan assets	7,307,741	9,715,980	7,307,741	9,715,980
Benefit paid by the plan	(7,593,487)	(7,259,078)	(7,593,487)	(7,259,078)
Actual employer contribution	1,402,954	4,334,529	1,402,954	4,334,529
Actuarial gain/(losses)	1,244,460	(1,098,417)	1,244,460	(1,098,417)
<b>Fair value of plan assets as at 31 December</b>	<b>64,445,208</b>	<b>62,083,540</b>	<b>64,445,208</b>	<b>62,083,540</b>

### 35.1.2 Movement in the present value of the defined benefit obligations

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Defined benefit obligations as at 1 January	62,421,424	61,291,622	62,421,424	61,291,622
Benefit paid by the plan	(7,593,487)	(7,259,078)	(7,593,487)	(7,259,078)
Current service cost	399,906	344,112	399,906	344,112
Interest cost	7,802,678	11,032,492	7,802,678	11,032,492
Actuarial (gain)/losses	6,839,124	(2,987,724)	6,839,124	(2,987,724)
<b>PV of defined benefit obligation as at 31 December</b>	<b>69,869,645</b>	<b>62,421,424</b>	<b>69,869,645</b>	<b>62,421,424</b>

### 35.1.3 Net expenses recognised in income statement

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Current service cost	399,906	344,112	399,906	344,112
Interest cost	7,802,678	11,032,492	7,802,678	11,032,492
Expected return	(7,307,741)	(9,715,980)	(7,307,741)	(9,715,980)
<b>Net expenses</b>	<b>894,843</b>	<b>1,660,624</b>	<b>894,844</b>	<b>1,660,624</b>

### 35.1.4 Actuarial gains/(losses) recognised in other comprehensive income

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Amount accumulated in retained earnings as at 1 January	(15,086,136)	(16,975,443)	(15,086,136)	(16,975,443)
Recognised during the year	(5,594,664)	1,889,307	(5,594,664)	1,889,307
<b>Amount accumulated in retained earnings as at 31 December</b>	<b>(20,680,800)</b>	<b>(15,086,136)</b>	<b>(20,680,800)</b>	<b>(15,086,136)</b>



### 35.1.5 Actuarial assumptions

The following are the principal actuarial assumptions as at the reporting date.

As at 31 December	Bank		Group	
	2024 %	2023 %	2024 %	2023 %
<b>Financial assumptions</b>				
Discount rate	11.00	12.50	11.00	12.50
Increase in cost of living allowances	7.00	8.00	7.00	8.00
Future gross salary increase	9.00	10.00	9.00	10.00
<b>Demographic assumptions</b>				
Mortality table	RP-2000	RP-2000	RP-2000	RP-2000

### 35.1.6 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible changes in the key assumptions employed with all other variables held constant in the employment benefit liability measures. The sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the assumed changes in discount rate and salary increment rate as follows;

As at 31 December	Bank				Group			
	2024		2023		2024		2023	
	Effect on Comprehensive Income Statement increase/(reduction) LKR '000	Effect on employee benefit obligation Increase/(reduction) in the liability LKR '000	Effect on Comprehensive Income Statement increase/(reduction) LKR '000	Effect on employee benefit obligation Increase/(reduction) in the liability LKR '000	Effect on Comprehensive Income Statement increase/(reduction) LKR '000	Effect on employee benefit obligation Increase/(reduction) in the liability LKR '000	Effect on Comprehensive Income Statement increase/(reduction) LKR '000	Effect on employee benefit obligation Increase/(reduction) in the liability LKR '000
<b>Increase/(decrease) in discount rate</b>								
1%	4,160,622	(4,160,622)	3,530,625	(3,530,625)	4,160,622	(4,160,622)	3,530,625	(3,530,625)
-1%	(4,677,160)	4,677,160	(3,947,960)	3,947,960	(4,677,160)	4,677,160	(3,947,960)	3,947,960
<b>Increase/(decrease) in salary increment</b>								
1%	(350,842)	350,842	(502,453)	502,453	(350,842)	350,842	(502,453)	502,453
-1%	339,463	(339,463)	478,845	(478,845)	339,463	(339,463)	478,845	(478,845)

## 35.2 Net defined benefit obligation – Post-1996 Pension Fund

The Board of Directors of the Bank approved this retirement benefit plan for the employees recruited to the Bank on or after 1 January 1996. An actuarial valuation was carried out using the “Projected Unit Credit Method” in accordance with the Sri Lanka Accounting Standard – LKAS 19 “Employee Benefits”. The results of the actuarial valuation of the Post-1996 employment benefit plan is summarised below.

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Fair value of plan assets	35.2.1	18,119,597	15,729,662	18,119,597	15,729,662
Present value of obligations	35.2.2	(14,770,953)	(10,575,820)	(14,770,953)	(10,575,820)
<b>Net defined benefit asset/(obligation)</b>		<b>3,348,644</b>	<b>5,153,842</b>	<b>3,348,644</b>	<b>5,153,842</b>

### 35.2.1 Fair value of plan assets

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Plan assets comprise:</b>				
Fixed deposits	12,887,000	13,796,300	12,887,000	13,796,300
Net current assets	5,232,597	1,933,362	5,232,597	1,933,362
	18,119,597	15,729,662	18,119,597	15,729,662
<b>Actual return on plan assets</b>	<b>2,521,530</b>	<b>2,671,512</b>	<b>2,521,530</b>	<b>2,671,512</b>

### Movement in the fair value of plan assets

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Fair value of plan assets as at 1 January	15,729,662	12,565,415	15,729,662	12,565,415
Expected return on plan assets	1,879,005	2,252,868	1,879,005	2,252,868
Benefit paid by the plan	(131,596)	(91,347)	(131,596)	(91,347)
Actual employer contribution	-	584,082	-	584,082
Actuarial gain/(losses)	642,525	418,644	642,525	418,644
<b>Fair value of plan assets as at 31 December</b>	<b>18,119,596</b>	<b>15,729,662</b>	<b>18,119,596</b>	<b>15,729,662</b>

### 35.2.2 Movement in the present value of the defined benefit obligations

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Defined benefit obligations as at 1 January	10,575,820	7,802,911	10,575,820	7,802,911
Benefit paid by the plan	(131,596)	(91,347)	(131,596)	(91,347)
Current service cost	796,911	631,561	796,911	631,561
Interest cost	1,269,098	1,404,524	1,269,098	1,404,524
Actuarial (gain)/losses	2,260,720	828,171	2,260,720	828,171
<b>PV of defined benefit obligation as at 31 December</b>	<b>14,770,953</b>	<b>10,575,820</b>	<b>14,770,953</b>	<b>10,575,820</b>

### 35.2.3 Net expenses recognised in Income Statement

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Current service cost	796,911	631,561	796,911	631,561
Interest cost	1,269,098	1,404,524	1,269,098	1,404,524
Expected return	(1,879,005)	(2,252,868)	(1,879,005)	(2,252,868)
<b>Net expenses</b>	<b>187,004</b>	<b>(216,783)</b>	<b>187,004</b>	<b>(216,783)</b>

### 35.2.4 Actuarial gains/(losses) recognised in other comprehensive income

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Amount accumulated in retained earnings as at 1 January	(1,023,081)	(613,554)	(1,023,081)	(613,554)
Recognised during the year	(1,618,193)	(409,527)	(1,618,193)	(409,527)
<b>Amount accumulated in retained earnings as at 31 December</b>	<b>(2,641,273)</b>	<b>(1,023,081)</b>	<b>(2,641,273)</b>	<b>(1,023,081)</b>

### 35.2.5 Actuarial assumptions

The following are the principal actuarial assumptions as at the reporting date:

As at 31 December	Bank		Group	
	2024 %	2023 %	2024 %	2023 %
<b>Financial assumptions</b>				
Discount rate	11.50	12.00	11.50	12.00
Increase in cost of living allowances	7.00	8.00	7.00	8.00
Future gross salary increase	9.00	9.00	9.00	9.00
<b>Demographic assumptions</b>				
Mortality table	RP - 2000	RP - 2000	RP - 2000	RP - 2000

### 35.2.6 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible changes in the key assumptions employed with all other variables held constant in the employment benefit liability measures. The sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the assumed changes in discount rate and salary increment rate as follows;

	2024		2023	
	Effect on Statement of Comprehensive Income increase/(reduction) LKR '000	Effect on employee benefit obligation Increase/(reduction) in the liability LKR '000	Effect on Statement of Comprehensive Income increase/(reduction) LKR '000	Effect on employee benefit obligation Increase/(reduction) in the liability LKR '000
<b>Increase/(decrease) in discount rate</b>				
1%	2,327,652	(2,327,652)	1,722,820	(1,722,820)
-1%	(2,935,961)	2,935,961	(2,183,571)	2,183,571
<b>Increase/(decrease) in salary increment</b>				
1%	(2,769,572)	2,769,572	(2,012,354)	2,012,354
-1%	2,260,010	(2,260,010)	1,667,559	(1,667,559)

### 35.3 Contribution to defined benefit plan – Gratuity

Employees who joined the Bank on or after 1 January 1996 will be eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983, or if opted can join the proposed new post 1996 pension scheme and if so such employees will forfeit their right to gratuity. An actuarial valuation was carried out using the “Projected Unit Credit Method” in accordance with the Sri Lanka Accounting Standard – 19 “Employee Benefits”.

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	799,025	735,160	1,605,134	1,442,536
Current service cost	66,059	66,304	185,925	153,562
Interest cost	95,883	132,329	170,003	219,588
Benefits paid during year	(195,354)	(167,126)	(304,023)	(245,197)
Actuarial losses/(gains) on obligations	480,891	32,358	626,770	34,645
<b>Balance as at 31 December</b>	<b>1,246,504</b>	<b>799,025</b>	<b>2,283,809</b>	<b>1,605,134</b>

#### 35.3.1 The principal financial assumptions used in the valuations are as follows;

As at 31 December	Bank	
	2024	2023
Discount rate	11.0% p.a	12.0% p.a
Gross salary increase for all grades	9.0% p.a	10.0% p.a
Normal age of retirement	60 years	60 years

### 35.3.2 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible changes in the key assumptions employed with all other variables held constant in the employment benefit liability measures. The sensitivity of the Statement of Financial Position is the assumed changes in discount rate and salary increment rate as follow:

As at 31 December	2024		2023	
	Effect on Statement of Comprehensive Income increase/(reduction) LKR '000	Effect on employee benefit obligation increase/(reduction) in the liability LKR '000	Effect on Statement of Profit or Loss increase/(reduction) LKR '000	Effect on employee benefit obligation increase/(reduction) in the liability LKR '000
<b>Increase/(decrease) in discount rate</b>				
1%	91,155	(91,155)	58,554	(58,554)
-1%	(103,817)	103,817	(66,808)	66,808
<b>Increase/(decrease) in salary increment</b>				
1%	(104,657)	104,657	(68,077)	68,077
-1%	93,399	(93,399)	60,572	(60,572)

## 35.4 Lease liability

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	9,774,937	9,330,861	11,106,042	10,726,390
Additions/renewals during the year	209,230	3,470,730	209,230	3,623,252
Terminations during the year	-	(1,372,029)	-	(1,441,228)
Accretion of interest	777,336	768,292	973,828	1,002,225
Payments during the year	(2,337,991)	(2,422,917)	(2,479,970)	(2,804,597)
<b>Balance as at 31 December</b>	<b>8,423,512</b>	<b>9,774,937</b>	<b>9,809,130</b>	<b>11,106,042</b>

### 35.4.1 Amounts recognised in Income Statement

For the year ended 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest on lease liabilities	7.2	777,336	768,293	973,828	1,002,226
Amortisation of right-of-use asset	13.1	1,843,513	1,900,248	2,173,275	2,236,787
		<b>2,620,849</b>	<b>2,668,541</b>	<b>3,147,103</b>	<b>3,239,013</b>

### 35.4.2 Amounts recognised in the Statement of Cash Flows

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Repayment of lease liabilities	2,337,991	2,422,917	2,479,970	2,804,597
	2,337,991	2,422,917	2,479,970	2,804,597



## 36. Subordinated term debts

### Accounting Policy

Subordinated term debts represent funds borrowed for long term funding purposes which are subordinated to the other claims. Subsequent to initial recognition, subordinated term debts are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

				Bank		Group	
As at 31 December	Interest rate and repayments terms	Issue date	Maturity date	2024  LKR '000	2023  LKR '000	2024  LKR '000	2023  LKR '000
Issued by the Bank							
(i) Type A	12.0% - Annually	8 November 2019	8 November 2024	116,197	6,679,516	116,197	6,679,516
(ii) Type B	12.25% - Annually	8 November 2019	8 November 2027	3,499,120	3,499,290	3,499,120	3,499,290
(iii) Type A	9.5% - Annually	27 July 2020	27 July 2025	13,429,041	13,430,490	13,429,041	13,430,490
(iv) Type B	10.25% - Annually	27 July 2020	27 July 2030	7,414,165	7,415,026	7,414,165	7,415,026
(v) Type A	16.00% - Annually	30 November 2023	29 November 2028	7,153,295	7,150,363	7,153,295	7,150,363
(vi) Type B	16.25% - Annually	1 December 2023	30 November 2031	3,065,698	3,037,397	3,065,698	3,037,397
(vii) Type A	13.5% - Annually	30 August 2024	30 August 2029	10,977,632	-	10,977,632	-
(x) Type B	13.75% - Annually	19 September 2024	19 September 2032	3,117,534	-	3,117,534	-
Additional Tier 1 Capital Bond							
AT1 - Bond	13.5% - Annually	29 March 2021	N/A	3,813,168	4,188,031	3,813,168	4,188,031
AT1 - Bond	31.03% - Annually	3 August 2021	N/A	1,570,859	1,597,178	1,570,859	1,597,178
Issued by the Subsidiary							
Senior, unsecured, redeemable, 'AA(-) rated							
Type A	8.0% - Annually	5 August 2021	5 August 2024	-	-	-	3,036,126
Type B	8.0% - At Maturity	5 August 2021	5 August 2024	-	-		2,948,562
Type C	9.0% - Annually	5 August 2021	5 August 2026	-	-	4,437,149	4,376,554
Type D	9.0% - Annually	5 August 2021	5 August 2026	-	-	471,411	447,949
Total				54,156,709	46,997,291	59,065,270	57,806,483
Due within 1 year				13,545,238	6,679,516	13,545,238	12,664,204
Due after 1 year				40,611,471	40,317,775	45,520,030	45,142,278
Total				54,156,709	46,997,291	59,065,269	57,806,483

## 36.1 Movement in subordinated term debts

For the year ended 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	46,997,291	36,603,467	57,806,483	52,781,563
Proceed received from subordinated debt	13,515,000	10,000,000	13,515,000	10,000,000
Repayment of subordinated debt	(6,563,000)	-	(6,563,000)	(5,295,400)
Interest expense on subordinated debt	6,115,011	4,520,329	6,827,434	5,602,097
Interest paid on subordinated debt	(5,907,593)	(4,126,505)	(12,520,648)	(5,281,777)
<b>Balance as at 31 December</b>	<b>54,156,710</b>	<b>46,997,291</b>	<b>59,065,269</b>	<b>57,806,483</b>



## 37. Stated capital/Assigned capital

As at 31 December	Note	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Stated capital	37.1	49,998	49,998	49,998	49,998
Assigned capital	37.2	12,152,000	12,152,000	12,152,000	12,152,000
		12,201,998	12,201,998	12,201,998	12,201,998

## 37.1 Stated capital

### 37.1.1 Movement of stated capital

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Authorised</b>				
1,000,000,000 Ordinary Shares of LKR 50/- each	50,000,000	50,000,000	50,000,000	50,000,000

In September 2019, the People's Bank Act No. 29 of 1961 was amended whereby, amongst other, the Bank's authorised share capital was increased to LKR 50.0 Bn. from LKR 1.0 Bn. previously.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Fully paid</b>				
999,960 ordinary shares of LKR 50/- each	49,998	49,998	49,998	49,998

All issued shares are fully paid with the exception of 40 shares which yet remain unpaid.



### 37.1.2 Principal Shareholders of the Bank are as follows

As at 31 December	Bank	
	2024 %	2023 %
Government of Sri Lanka	92.27	92.27
Corporative Societies	7.73	7.73
	100.00	100.00

### 37.2 Assigned capital (capital pending allotment)

During period 2005 to 2008 and in 2017, the General Treasury – Ministry of Finance infused an aggregate of LKR 12,152 Mn. in People's Bank as New Capital. These amounts were held in the Bank's Capital Pending Allotment/Assigned Capital account pending conclusion of applicable formalities to issue New Shares and to transfer to the Paid in Capital account. Upon conclusion thereto, the General Treasury, Ministry of Finance will own 99.97% in People's Bank whilst the Corporative Societies will have 0.03%.



## 38. Statutory reserve fund

The Statutory Reserve Fund is maintained as required by the Banking Act No. 30 of 1988. Accordingly, the Bank should, out of profits after taxation but before any dividend is declared, transfer to the Statutory Reserve Fund a sum equivalent to not less than 5% of the Bank's paid-up capital until the Permanent Reserve is equal to 50% of the paid-up capital and not less than 2% until the permanent reserve equals the paid-up capital. Accordingly, Bank has transferred LKR 1,253 Mn. for the current year.

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	10,574,271	10,070,131	10,574,271	10,070,131
Transfer to reserve during the year	1,254,418	504,140	1,254,418	504,140
<b>Balance as at 31 December</b>	<b>11,828,689</b>	<b>10,574,271</b>	<b>11,828,689</b>	<b>10,574,271</b>



## 39. Other reserves

### 39.1 Revaluation reserve

This reserve has been created in accordance with Sri Lanka Accounting Standard 16 – Property, Plant and Equipment

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	27,367,238	23,995,328	30,110,540	26,394,593
Gains on revaluation of land and buildings	2,897,780	4,817,014	3,187,934	5,308,495
Deferred tax effect on revaluation of land and buildings	(869,334)	(1,445,104)	(955,531)	(1,592,548)
<b>Balance as at 31 December</b>	<b>29,395,684</b>	<b>27,367,238</b>	<b>32,342,943</b>	<b>30,110,540</b>

### 39.2 Capital reserve

This reserve has been created in 1987 and increased in 1998, has no transferred to date.

### 39.3 Special risk reserve

In terms of Central Bank directives, 25% of Primary Dealer Unit (PDU) profit has been transferred to Special Risk Reserve in order to promote the safety, soundness and the stability of the Primary Dealer System and to build up Primary Dealer Capital Base.

According to Central Bank Direction 08/11/011/0019/001 dated 14 February 2013 Bank is exempted from the requirement of maintaining the reserve. Therefore no transfer is made to the reserve this year based on the direction from the Central Bank of Sri Lanka.

### 39.4 General reserve

This reserve has been created under Section 22 (2) of the People's Bank Act No. 29 of 1961. The General Reserve represents accumulated unallocated retained Profits and Losses which are available for distribution and for settlement of debentures issued.

### 39.5 Financial assets at FVOCI reserve

This FVOCI reserve comprises the cumulative net change in Equity instruments at FVOCI and Debt Instruments at FVOCI until such investments are derecognised or impaired.

### 39.6 Special reserve-debt restructuring

This reserve has been created in order to be in compliance with stipulations put forth by the Governing Board of CBSL with regard to debt restructuring proposal. The Special Reserve-Debt Restructuring represents a 15% regulatory capital charge on the followings considering the related settlement risk therein.

- (a) The outstanding exposure of the proposed restructured term loan of GoSL denominated in USD
- (b) The outstanding exposure of FX denominated sovereign bonds which carry an LKR option issued in connection with restructured international sovereign bonds



## 40. Retained earnings

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance as at 1 January	95,197,726	84,624,172	122,276,140	111,277,164
<b>Total comprehensive income</b>				
Profit for the year	25,088,360	10,082,806	27,558,538	10,513,290
Other comprehensive income (Net of taxes)	(5,385,622)	1,013,196	(5,464,362)	1,008,132
Transfer to reserves during the year	(25,914,865)	(504,140)	(25,914,865)	(504,140)
Special levy to treasury/dividend	-	(18,308)	-	(18,308)
<b>Balance as at 31 December</b>	<b>88,985,599</b>	<b>95,197,726</b>	<b>118,455,452</b>	<b>122,276,138</b>

## 40.1 Movement in reserves – Bank

	Statutory reserve	Revaluation reserve	Capital reserve
	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2023	10,070,131	23,995,328	5,663
Profit for the year	-	-	-
Net gains/(losses) on equity instruments at fair value through OCI	-	-	-
Net gains/(losses) (including change in ECL) on debt instruments at fair value through OCI	-	-	-
Net defined Benefit obligation	-	-	-
Deferred tax effect on defined benefit plans	-	-	-
Revaluation surplus of land and building	-	4,817,014	-
Deferred tax effect on revaluation surplus	-	(1,445,104)	-
Transfer to reserve during the year	504,140	-	-
Special levy to treasury/dividend	-	-	-
<b>Balance as at 31 December 2023</b>	<b>10,574,271</b>	<b>27,367,238</b>	<b>5,663</b>
<b>Balance as at 1 January 2024</b>	<b>10,574,271</b>	<b>27,367,238</b>	<b>5,663</b>
Profit for the year	-	-	-
Net gains/(losses) on equity instruments at fair value through OCI	-	-	-
Net gains/(losses) (including change in ECL) on debt instruments at fair value through OCI	-	-	-
Net defined benefit obligation	-	-	-
Deferred tax effect on defined benefit plans	-	-	-
Revaluation surplus of land and building	-	2,897,780	-
Deferred tax effect on revaluation surplus	-	(869,334)	-
Transfer to reserves during the year	1,254,418	-	-
<b>Balance as at 31 December 2024</b>	<b>11,828,689</b>	<b>29,395,684</b>	<b>5,663</b>

Special risk reserve	General reserve	Financial assets at FVOCI reserve	Special reserve- debt restructuring	Retained earnings	Total
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
1,633,710	12,502,000	261,129	-	84,624,172	133,092,133
-	-	-	-	10,082,806	10,082,806
-	-	232,367	-	-	232,367
		82,477	-		82,477
-	-	-	-	1,447,423	1,447,423
			-	(434,227)	(434,227)
-	-	-	-	-	4,817,014
-	-	-	-	-	(1,445,104)
-	-	-	-	(504,140)	-
-	-	-	-	(18,308)	(18,308)
1,633,710	12,502,000	575,973	-	95,197,726	147,856,581
1,633,710	12,502,000	575,973	-	95,197,726	147,856,581
-	-	-	-	25,088,360	25,088,360
-	-	268,521	-	-	268,521
		(60,740)	-		(60,740)
-	-	-	-	(7,693,746)	(7,693,746)
			-	2,308,124	2,308,124
-	-	-	-	-	2,897,780
-	-	-	-	-	(869,334)
-	-	-	24,660,447	(25,914,865)	-
1,633,710	12,502,000	783,754	24,660,447	88,985,599	169,795,546

## Movement in Reserves – Group

	Statutory reserve	Revaluation reserve	Capital reserve	Special risk reserve	
	LKR '000	LKR '000	LKR '000	LKR '000	
Balance as at 1 January 2023	10,070,131	26,394,593	5,663	1,633,710	
Profit for the year	-	-	-	-	
Net gains/(losses) on equity instruments at fair value through OCI	-	-	-	-	
Net gains/(losses) on debt instruments at fair value through OCI					
Deferred tax effect on above					
Net gains/(losses) on translating the Financial Statements of foreign operation	-	-	-	-	
Net defined benefit obligation	-	-	-	-	
Revaluation surplus on land and building	-	5,308,495	-	-	
Deferred tax effect on revaluation surplus	-	(1,592,548)	-	-	
Deferred tax effect on defined benefit plans	-	-	-	-	
Transfer to reserve during the year	504,140	-	-	-	
Special levy to treasury/dividend	-	-	-	-	
Dividend payment	-	-	-	-	
<b>Balance as at 31 December 2023</b>	<b>10,574,271</b>	<b>30,110,540</b>	<b>5,663</b>	<b>1,633,710</b>	
<i>Adjustment for Surcharge Tax levied under Surcharge Tax Act No. 14 of 2022</i>					
<b>Balance as at 1 January 2024</b>	<b>10,574,271</b>	<b>30,110,540</b>	<b>5,663</b>	<b>1,633,710</b>	
Profit for the year	-	-	-	-	
Net gains/(losses) on equity instruments at fair value through OCI	-	-	-	-	
Net gains/(losses) (including change in ECL) on debt instruments at fair value through OCI					
Deferred tax effect on above					
Net gains/(losses) on translating the Financial Statements of foreign operation	-	-	-	-	
Net defined benefit obligation	-	-	-	-	
Deferred tax effect on defined benefit plans	-	-	-	-	
Revaluation surplus on land and building	-	3,187,934	-	-	
Deferred tax effect on revaluation surplus	-	(955,531)	-	-	
Transfer to reserves during the year	1,254,418	-	-	-	
Dividend payment	-	-	-	-	
<b>Balance as at 31 December 2024</b>	<b>11,828,689</b>	<b>32,342,943</b>	<b>5,663</b>	<b>1,633,710</b>	

	General reserve LKR '000	Financial assets at FVOCI reserve LKR '000	Exchange equalisation fund LKR '000	Special reserve-debt restructuring LKR '000	Retained earnings LKR '000	Total LKR '000	Non controlling interest LKR '000	Total LKR '000
	12,502,000	(47,675)	964,215	-	111,277,164	162,799,802	14,329,827	177,129,629
	-				10,513,290	10,513,290	872,373	11,385,663
	-	287,639	-	-	-	287,639	(9,069)	278,570
		319,397		-		319,397	106,466	425,862
		(96,908)		-		(96,908)	(32,303)	(129,211)
	-		(271,026)	-	-	(271,026)	(424,938)	(695,964)
	-		-	-	1,441,769	1,441,769	(612)	1,441,157
	-		-	-	-	5,308,495	163,825	5,472,320
	-		-	-		(1,592,548)	(49,148)	(1,641,696)
	-		-	-	(433,635)	(433,635)	197	(433,438)
	-		-	-	(504,140)	-	-	-
	-		-	-	(18,308)	(18,308)	-	(18,308)
	-		-	-	-	-	(432,190)	(432,190)
	12,502,000	462,452	693,189	-	122,276,140	178,257,966	14,524,428	192,782,394
					-	-	-	-
	12,502,000	462,452	693,189	-	122,276,140	178,257,966	14,524,428	192,782,394
	-			-	27,558,538	27,558,538	1,217,329	28,775,867
	-	335,549	-	-	-	335,549	42,590	378,138
		(101)		-		(101)	(34)	(134)
		(37,559)		-		(37,559)	(12,520)	(50,079)
	-		(191,084)	-	-	(191,084)	(321,410)	(512,494)
	-		-	-	(7,805,306)	(7,805,306)	(36,492)	(7,841,798)
	-		-	-	2,340,947	2,340,947	10,941	2,351,888
	-		-	-	-	3,187,934	96,718	3,284,652
	-		-	-		(955,531)	(28,733)	(984,264)
	-		-	24,660,447	(25,914,865)	-	-	-
	-		-	-	-	-	(434,375)	(434,375)
	12,502,000	760,341	502,105	24,660,447	118,455,455	202,691,353	15,058,442	217,749,795



## 41. Contingent liabilities and commitments

In the normal course of business, the Bank makes various commitments and incurs contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

As at 31 December	Notes	Bank		Group	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Contingent liabilities	41.1	127,025,100	126,432,311	127,089,136	126,961,311
Commitments	41.2	107,041,146	95,479,645	123,466,290	102,358,645
<b>Less:</b>					
Allowance for expected credit losses	41.3	(236,511)	(506,248)	(236,510)	(506,248)
		233,829,736	221,405,708	250,318,916	228,813,708

### 41.1 Contingent liabilities

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Acceptances	7,463,176	2,867,067	7,463,176	2,867,067
Documentary credit	22,325,041	24,304,456	22,325,041	24,304,456
Guarantees	54,102,771	53,221,051	54,166,807	53,750,051
Forward exchange contracts	43,134,112	46,039,737	43,134,112	46,039,737
	127,025,100	126,432,311	127,089,136	126,961,311

### 41.2 Commitments

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Undrawn overdrafts and loans	107,041,146	95,479,645	123,466,290	102,358,645
	107,041,146	95,479,645	123,466,290	102,358,645



## 41.3 Movement in allowance for Expected Credit Loss (ECL) based on exposure to credit risk

### Bank and Group

As at 31 December	2024			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	8,889	352,341	145,019	506,249
Net charge/(reversal) for the year	(4,863)	(187,363)	(77,513)	(269,739)
Closing balance as at 31 December	4,026	164,978	67,506	236,510

### Bank and Group

As at 31 December	2023			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	57,212	361,043	98,351	516,606
Net charge/(reversal) for the year	(48,323)	(8,702)	46,668	(10,357)
Closing balance as at 31 December	8,889	352,341	145,019	506,249

## 41.4 Other capital commitments

Capital expenditure approved by the Board of Directors for which provisions has not been made in these Financial Statements amounted to;

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Approved and contracted for	3,217,416	450,664	4,868,079	450,664
Approved but not contracted for	317,023	60,530	317,023	60,530
	3,534,439	511,194	5,185,102	511,194

## 41.5 Assessment received by the Bank

Following assessments were received by the Bank from the Department of Inland Revenue.

### Income tax

Notice of Assessment issued for Income tax for the Years of Assessment, 2019/2020 LKR 8,460 Mn. (0201920002) is outstanding which, although currently is at a Tax Appeals Commission due to income tax rate difference matter and 2020/2021 LKR 619 Mn. (0202021002) is outstanding which is in Appeal Unit of Inland Revenue Department, is also in the process of full settlement.

## Value added tax

Notice of Assessment issued for Value added tax on financial services for the Years of Assessment of 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 respectively LKR 1,027.6 Mn. (VATFS/BFSU/2015/660), LKR 471.0 Mn. (VATFS/BFSU/2015/661), LKR 568.9 Mn. (VATFS/BFSU/2017/816), LKR 802.8 Mn. (VATFS/BFSU/2018/894), LKR 1,089.1 Mn. (VATFS/BFSU/2019/1008) LKR 1,083.1 Mn. (7501718002), LKR 1,309.2 Mn. (7501719002) LKR 1,392.4 Mn. (7501920002) LKR 1,725.5 Mn. (7502021002), LKR 1,319.8 Mn. (7502122002) and LKR 0.813 (7502223001)

## Nation building tax

Notice of Assessment issued for Nation Building Tax on financial services for the Years of Assessment of 2014, 2015, 2016, 2017 and 2018, which are respectively LKR 80.3 Mn. (NBTFS/BFSU/2017/086), LKR 130.3 Mn. (NBTFS/BFSU/2018/239), LKR 147.9 Mn. (NBTFS/BFSU/2019/442), LKR 155.5 Mn. (NBTFS/BFSU/2020/633-636) and LKR 129.4 Mn. (NBTFS/BFSU/2022/779-782)

## Debt repayment levy

Notice of Assessment issued for Debt Repayment levy for the Years of Assessment of 2019/2020 which is LKR 689.7 Mn. (DRL/SMT/1920/86/D-31/19),

## Surcharge tax

Notice of Assessment issued for Surcharge Tax for the Years of Assessment of 2020/2021 which is LKR 633.8 Mn. (ST/LTO-finance-02/24/0026),

## 41.6 Litigation against the Bank and companies within the Group

In the normal course of business, the Bank is involved in various types of litigation, including litigation with borrowers who are in default under terms of their loan agreements. In certain circumstances, borrowers have asserted or threatened counter claims defences. The Bank is also contesting certain Labour Tribunal cases. In the opinion of management, based on its assessment and consultation with outside counsel, litigation which is currently pending against the Bank and the Group will not have a material impact on the financial condition or future operations of the Bank and the Group as a whole. The total damage claimed of litigation against the Bank amounts to approximately LKR 2.1 Bn., of which details are given below:

Zone	Region	Total LKR '000
Western I	Colombo South	3,000,000
	Gampaha	6,000,000
Central	Kandy	129,131,900
	Matale	14,287,000
	Nuwara Eliya	5,269,291
Wayamba	Kurunegala	15,428,386
Northern	Jaffna	50,000,000
Southern	Galle	250,000,000
	Matara	83,777,580
Uva	Monaragala	1,000,000
North Central	Anuradhapura	1,000,000
	Polonnaruwa	10,475,000
Legal/special assets unit/corporate banking division		1,523,343,899
		2,092,713,056



## 42. Subsequent events

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the Financial Statements.



## 43. Related party disclosures

### GRI 2-15

The Bank has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Sri Lanka Accounting Standard - LKAS 24 "Related Party Disclosures", except for the transactions that Key Management Personnel (KMPs) have availed under schemes uniformly applicable to all staff at concessionary rates. Those transactions include lending activities, acceptance of deposits, off balance sheet transactions and provision of other banking and finance services.

### 43.1 Parent and the ultimate controlling party

People's Bank is a Sri Lankan Government owned bank

### 43.2 Key Management Personnel (KMPs) and their Close Family Members (CFMs)

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. Such Key Management Persons include Chairman, Executive and Non-Executive Directors and Chief Executive Officer/General Manager of the Bank. Close Family Members of an Individual are those family members who may be expected to influence, or to be influenced by, that individual in their dealings with the entity. They may include individual's domestic partner and children, children of the individual's domestic partner and dependents of the individual or the individual's domestic partner.

#### 43.2.1 Compensation of Key Management Personnel (KMPs)

For the year ended 31 December	2024 LKR '000	2023 LKR '000
Short-term employee benefits	40,625	33,291
Post-employment pension	2,995	1,817
Termination benefits	-	-

#### 43.2.2 Transactions with Key Management Personnel (KMPs)

##### (a) Items in income statement

For the year ended 31 December	2024 LKR '000	2023 LKR '000
Interest income	1,025	32
Interest expenses	23,861	5,583

**(b) Items in statement of financial position**

As at 31 December	2024 LKR '000	2023 LKR '000
Term loans	-	155
Overdrafts	-	-
Credit cards	1,028	333
Deposits	250,746	227,087

**43.2.3 Transactions with Close Family Members (CFMs) of the Key Management Personnel****(a) Items in income statement**

For the year ended 31 December	2024 LKR '000	2023 LKR '000
Interest income	66	9
Interest expenses	8,644	18,015

**(b) Items in statement of financial position**

As at 31 December	2024 LKR '000	2023 LKR '000
Term loans	-	-
Overdrafts	-	-
Deposits	39,190	47,162

**43.3 Transactions with Group entities**

The Group entities include the Subsidiaries and Associates of the Bank.

**43.3.1 Transactions with subsidiaries, sub-subsidiaries and associate companies of the Bank**

The aggregate amount of income and expenses arising from the transactions during the year, amount due to and due from the relevant related party and total contract sum of off balance sheet transactions at the year end are summarised below:

**(a) Items in income statement**

For the year ended 31 December	Subsidiary companies of the Bank		Sub-subsidiary companies of the Bank	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest income	47,013	118,813	11,019	25,464
Interest expense	775,359	3,531,523	155,888	60,099
Dividend income	1,132,037	1,071,989	-	-
Other income	366	652	60,309	686,487
Other expenses	-	-	817,152	188,211

**(b) Items in statement of financial position**

As at 31 December	Subsidiary companies of the Bank		Sub-subsidiary companies of the Bank	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Assets</b>				
Investments	4,280,522	4,280,522	-	-
Loans	-	38,015	7,544	38,015
Overdrafts	160,272	160,272	178,502	236,398
Assets backed securities	-	-	-	-
Other receivables	4,622,753	3,003,740	231,441	198,345
	9,063,548	7,482,549	417,487	472,757
<b>Liabilities</b>				
Deposits	4,267,719	6,099,258	1,159,255	238,431
Securities sold under repurchase agreements	63,000	55,000	-	-
Other payables	-	-	105,013	108,232
	4,330,719	6,154,258	1,264,268	346,663

**(c) Off balance sheet items**

As at 31 December	Subsidiary companies of the Bank		Sub-subsidiary companies of the Bank	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Guarantees	30,000	30,000	-	-

## 43.4 Transactions with Government of Sri Lanka (GOSL) and State-Owned Enterprises (SOEs).

Transactions and arrangements entered into by the Bank with the Government of Sri Lanka and State-Owned Enterprises as follows:

**(a) Items in income statement**

For the year ended 31 December	2024 LKR '000	2023 LKR '000
Interest income	207,519,801	257,303,527
Other income	103,527	105,591
Interest expenses	41,216,814	29,102,672
Tax payments Inland Revenue Department VAT	15,198,348	7,318,088
Income tax	16,525,081	5,262,634
Other taxes	1,671,429	1,388,229

**(b) Items in statement of financial position**

As at 31 December	2024 LKR '000	2023 LKR '000
<b>Assets</b>		
Balances with CBSL	33,798,107	31,003,219
Investment in Government Securities	1,488,561,909	1,038,062,416
Loans and receivables – Term loans	412,096,396	720,729,859
– Overdrafts	32,838,928	44,438,597
– Bills	-	-
	1,967,295,340	1,834,234,091
<b>Liabilities</b>		
CBSL borrowings	2,397,883	8,921,846
Deposits – Demand	46,767,834	56,489,025
– Savings	109,380,725	41,130,343
– Time	377,659,101	374,168,418
	536,205,544	480,709,633

**(c) Items in statement of changes in equity**

As at 31 December	2024 LKR '000	2023 LKR '000
Dividends paid	-	18,308
Special levy	-	-

**(d) Off balance sheet items**

As at 31 December	2024 LKR '000	2023 LKR '000
Acceptances	2,179,615	784,322
Documentary credit	6,618,374	10,662,711
Guarantees	5,577,676	5,445,015
	14,375,665	16,892,047

## 43.5 Transactions with employment benefit plans for Bank's employees

Transactions and arrangements entered in to by the post employment benefit plans for Bank's employees as follows;

### 43.5.1 Transactions with Pre-1996 Pension Fund

#### (a) Items in income statement

For the year ended 31 December	2024 LKR '000	2023 LKR '000
Interest income	-	-
Other income	21	8
Interest expenses	8,388,906	8,514,482
Contribution made	894,843	1,660,624

#### (b) Items in statement of financial position

As at 31 December	2024 LKR '000	2023 LKR '000
<b>Liabilities</b>		
Deposits	42,800,675	46,835,715
Securities sold under repurchase agreements	-	-
Subordinated term debts	-	-

### 43.5.2 Transactions with Post-1996 Pension Fund

#### (a) Items in income statement

For the year ended 31 December	2024 LKR '000	2023 LKR '000
Interest expenses	2,824,180	3,148,519
Contribution made	187,004	(216,783)

#### (a) Items in income statement

As at 31 December	2024 LKR '000	2023 LKR '000
<b>Liabilities</b>		
Deposits	12,922,627	13,802,873
Securities sold under repurchase agreements	-	-





## 44. Fair value of financial instruments

### 44.1 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

#### Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is disclosed in the Financial Statements are categorised using the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

##### Level 1: Valuation based on quoted market prices

Here the fair value is determined using the quoted prices (unadjusted) in active markets for identical assets or liabilities

##### Level 2: Valuation based on observable inputs

Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

##### Level 3: Valuation based on significant unobservable inputs

Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

## 44.2 Financial instruments recorded at fair value

Following descriptions show how fair values are determined for assets and liabilities that are recorded at fair value using valuation techniques, which incorporates the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

#### Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

#### Financial assets – fair value through profit or loss

Financial instruments are classified as fair value through profit or loss consists of government securities, equity securities, unit trusts and debt securities. Government securities are valued using yield curve published by the Central Bank of Sri Lanka and the Group uses quoted market prices in the active market for the valuation of quoted equities as at the reporting date.

#### Financial assets – fair value through OCI

Financial assets – fair value through OCI are primarily consist of quoted and unquoted equities and debentures. These assets are valued using models that use both observable data. The unobservable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile and economic assumptions.

#### Property, plant and equipment

Freehold lands and buildings and buildings on leasehold lands are carried at revalued amount less any subsequent accumulated depreciation and impairment losses.

## 44.3 Assets measured at fair value – by level of the fair value hierarchy.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2024	Bank				Group			
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
<b>Financial Assets</b>								
Derivative financial instruments								
Forward foreign exchange contracts and SWAPS	-	5,842,194	-	5,842,194	-	5,842,194	-	5,842,194
<b>Financial Assets – At Fair Value through Profit or Loss</b>								-
Treasury Bills and Bonds	329,502,756	-	-	329,502,756	329,502,756	-	-	329,502,756
Quoted – Equity securities	301,121	-	-	301,121	699,088	-	-	699,088
– Debt securities	6,473	-	-	6,473	6,473	-	-	6,473
– Unit Trusts	-	-	-	-	-	389,065	-	389,065
<b>Equity instruments at fair value through OCI</b>								
Unquoted equity securities	-	-	715,911	715,911	-	-	715,921	715,921
Quoted equity securities	1,597,276	-	-	1,597,276	1,952,437	-	-	1,952,437
<b>Debt instruments at fair value through OCI</b>								
Treasury Bills and Bonds	26,145			26,145	26,145	522,472		548,617
Debt Securities	6,788,517	296,009	-	7,084,526	6,788,517	1,239,778		8,028,295
<b>Non Financial Assets measured at fair value</b>				-				-
Land and building			40,755,638	40,755,638			50,892,750	50,892,750
	338,222,288	6,138,203	41,471,549	385,832,040	338,975,416	7,993,509	51,608,671	398,577,596
<b>Financial Liabilities</b>								
Derivative financial instruments								
Forward foreign exchange contracts		168,266		168,266		168,266		168,266

31 December 2023	Bank				Group			
	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
<b>Financial Assets</b>								
Derivative financial instruments								
Forward foreign exchange contracts and SWAPS	-	11,259,451	-	11,259,451	-	11,259,451	-	11,259,451
<b>Financial Assets – At Fair Value through Profit or Loss</b>								-
Treasury Bills and Bonds	143,944,863	-	-	143,944,863	143,944,863	-	-	143,944,863
Quoted – Equity securities	226,018	-	-	226,018	638,788	-	-	638,788
– Debt securities	13,867	-	-	13,867	3,796	10,071	-	13,867
– Unit Trusts	-	-	-	-	1,024,939	-	-	1,024,939
<b>Equity instruments at fair value through OCI</b>								-
Unquoted equity securities	-	-	397,072	397,072	-	-	397,082	397,082
Quoted equity securities	1,496,951	-	-	1,496,951	1,726,061	-	-	1,726,061
<b>Debt instruments at fair value through OCI</b>								-
Treasury Bills and Bonds	26,512			26,512	639,864			639,864
Debt Securities	7,964,105	296,009	-	8,260,114	8,750,340	296,009		9,046,349
<b>Non Financial Assets measured at fair value</b>								-
Land and building			38,888,867	38,888,867			48,306,823	48,306,823
	153,672,316	11,555,460	39,285,939	204,513,715	156,728,651	11,565,531	48,703,905	216,998,087
<b>Financial Liabilities</b>								
Derivative financial instruments								
Forward foreign exchange contracts		36,049		36,049		36,049		36,049

## 44.4 Movements in Level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets and liabilities which are recorded at fair value.

	Bank					Group				
	As at 1 January 2024 LKR '000	Total gains/ (losses) recorded in profit or lost LKR '000	Total gains/ (losses) recorded in OCI LKR '000	Purchases/ (sales) LKR '000	As at 31 December 2024 LKR '000	As at 1 January 2024 LKR '000	Total gains/ (losses) recorded in profit or lost LKR '000	Total gains/ (losses) recorded in OCI LKR '000	Purchases/ (sales) LKR '000	As at 31 December 2024 LKR '000
<b>Financial Assets</b>										
Financial investments available for sale										
Unquoted equity securities	397,072	-	168,195	150,645	715,911	397,082	-	168,195	150,645	715,921
<b>Total Level 3 financial assets</b>	397,072	-	168,195	150,645	715,911	397,082	-	168,195	150,645	715,921
<b>Financial Liabilities</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Level 3 financial liabilities</b>	-	-	-	-	-	-	-	-	-	-
<b>Total net level 3 financial assets/(liabilities)</b>	397,072	-	168,195	150,645	715,911	397,082	-	168,195	150,645	715,921

	Bank					Group				
	As at 1 January 2023	Total gains/ (losses) recorded in profit or lost	Total gains/ (losses) recorded in OCI	Purchases/ (sales)	As at 31 December 2023	As at 1 January 2023	Total gains/ (losses) recorded in profit or lost	Total gains/ (losses) recorded in OCI	Purchases/ (sales)	As at 31 December 2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets</b>										
<b>Financial investments available for sale</b>										
Unquoted equity securities	377,107	-	19,966		397,072	377,117	-	19,966	-	397,082
<b>Total Level 3 financial assets</b>	377,107	-	19,966	-	397,072	377,117	-	19,966	-	397,082
<b>Financial Liabilities</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Level 3 financial liabilities</b>	-	-	-	-	-	-	-	-	-	-
<b>Total net level 3 Financial assets/(liabilities)</b>	377,107	-	19,966	-	397,072	377,117	-	19,966	-	397,082

## 44.5 Fair value of assets and liabilities not measured at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

### Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (original maturity less than a year), it is assumed that the carrying amount approximate their fair values. This assumption is also applied to demand deposits, call deposits and savings deposits without specific maturity.

### Fixed rate financial instruments

Loans and advances with fixed interest rates were fair valued using market rates end of the reporting period and other variable interest bearing loans were considered as carrying value equal fair value. Conversely, fixed deposits with original tenor above one year and interest paid at maturity were discounted using current market rates offered to customers end of the reporting period.

Set out below is a comparison by class, of the carrying amount and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Bank				Group			
	2024		2023		2024		2023	
	Carrying amount LKR '000	Fair value LKR '000	Carrying amount LKR '000	Fair value LKR '000	Carrying amount LKR '000	Fair value LKR '000	Carrying amount LKR '000	Fair value LKR '000
<b>Financial Assets</b>								
Cash and cash equivalents	71,694,016	71,694,016	61,889,582	61,889,582	72,398,306	72,398,306	63,307,106	63,307,106
Balances with central banks	33,798,107	33,798,107	31,003,219	31,003,219	33,798,107	33,798,107	31,003,219	31,003,219
Placements with banks	59,831,807	59,831,807	66,227,025	66,227,025	62,005,136	62,005,136	76,872,574	76,872,574
Loans and receivables to banks	31,994,539	31,994,539	54,022,123	54,022,123	37,047,879	37,047,879	54,422,338	54,422,338
Loans and receivables to other customers	1,521,965,020	1,522,080,689	1,709,457,735	1,708,266,523	1,665,027,784	1,665,143,453	1,823,770,212	1,823,770,212
Debt instruments measured at amortised cost	1,123,490,537	1,113,535,174	831,747,923	793,332,020	1,138,634,981	1,128,700,974	866,704,970	808,321,255
<b>Financial Liabilities</b>								
Due to banks	36,840,228	36,840,228	77,224,139	77,224,139	46,871,380	46,871,380	85,646,267	85,646,267
Due to other customers	2,854,704,194	2,829,854,645	2,653,105,546	2,637,763,025	2,947,904,673	2,923,055,124	2,745,161,610	2,729,819,089
Other borrowings	75,545,595	75,545,595	64,278,443	64,278,443	75,482,595	75,482,595	64,223,443	64,223,443
Subordinated term debts	54,156,709	54,156,709	46,997,291	46,997,291	59,065,269	59,065,269	57,806,483	57,806,483



## 45. Financial reporting by segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, (including revenue and expenses that relate to transactions with other components of the Group) whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available.

**The Group's segmental reporting is based on the following operating segments.**

Retail Banking  
Corporate Banking  
Treasury and Primary Dealer Unit (PDU)  
Leasing  
Insurance  
Finance  
Travels

The following table presents income, profit, total assets, total liabilities of the Group's operating segments.

	Retail Banking		Corporate Banking		Treasury and PDU		Total Bank	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Income from external customers</b>								
Net interest income	102,237,101	134,046,362	19,370,452	28,498,087	(14,511,392)	(111,618,917)	107,096,161	50,925,532
Net fee and commission income	12,766,773	10,025,204	1,501,622	3,106,719	(102,835)	(290,121)	14,165,560	12,841,802
Net gain(loss) from trading	(722,270)	1,974,264	213,543	4,781,394	1,362,417	2,674,884	853,690	9,430,542
Others	2,679,979	3,831,210	113,213	98,618	(1,076,728)	(1,930,118)	1,716,464	1,999,710
<b>Total operating income from external customers</b>	<b>116,961,583</b>	<b>149,877,040</b>	<b>21,198,830</b>	<b>36,484,818</b>	<b>(14,328,538)</b>	<b>(111,164,272)</b>	<b>123,831,875</b>	<b>75,197,586</b>
<b>Inter-segment revenue</b>								
Net interest income			145,780	3,395,914			145,780	3,395,914
Net fee and commission income							-	-
Net gain(loss) from trading							-	-
Others	60,309	66,847			1,132,037	2,143,977	1,192,346	2,210,825
<b>Total inter-segment revenue</b>	<b>60,309</b>	<b>66,847</b>	<b>145,780</b>	<b>3,395,914</b>	<b>1,132,037</b>	<b>2,143,977</b>	<b>1,338,126</b>	<b>5,606,739</b>
<b>Total operating income</b>	<b>117,021,892</b>	<b>149,943,887</b>	<b>21,344,610</b>	<b>39,880,732</b>	<b>(13,196,501)</b>	<b>(109,020,294)</b>	<b>125,170,001</b>	<b>80,804,325</b>
Total incurred expenses							(83,586,294)	(65,458,885)
Share of profits/(loss) of associates (net of tax)								
Income tax expenses							(16,495,347)	(5,262,634)
<b>Profit for the year</b>							<b>25,088,360</b>	<b>10,082,806</b>
Non-controlling interest								
Profit for equity holders of the bank								
Other comprehensive income net of tax								
<b>Total comprehensive income</b>								
Non-controlling interest								
Profit for the equity holders of the bank								
Segment assets	843,899,785	1,049,800,679	628,616,504	890,912,484	1,825,282,818	1,097,481,855	3,297,799,107	3,038,195,018
<b>Total assets</b>	<b>843,899,785</b>	<b>1,049,800,679</b>	<b>628,616,504</b>	<b>890,912,484</b>	<b>1,825,282,818</b>	<b>1,097,481,855</b>	<b>3,297,799,107</b>	<b>3,038,195,018</b>
Segment liabilities	2,613,425,341	2,636,279,847	158,644,050	157,805,950	343,732,171	84,050,642	3,115,801,563	2,878,136,439
<b>Total liabilities</b>	<b>2,613,425,341</b>	<b>2,636,279,847</b>	<b>158,644,050</b>	<b>157,805,950</b>	<b>343,732,171</b>	<b>84,050,642</b>	<b>3,115,801,563</b>	<b>2,878,136,439</b>
<b>Total equity and liabilities</b>	<b>843,899,785</b>	<b>1,049,800,679</b>	<b>628,616,504</b>	<b>890,912,484</b>	<b>1,825,282,818</b>	<b>1,097,481,855</b>	<b>3,297,799,107</b>	<b>3,038,195,018</b>



	Leasing		Insurance		Travels		Unallocated		Eliminations		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	14,597,601	15,376,217	1,178,785	1,458,336	13,171	22,787					122,885,718	67,782,873
	1,051,776	929,485	98,888	86,896	-	-					15,316,224	13,858,183
	205,235	112,796	18,065	-	-	-					1,076,990	9,543,338
	(582,217)	(683,045)	4,632,465	4,247,065	75,357	64,507		-	-	-	5,842,069	5,628,237
	15,272,395	15,735,452	5,928,202	5,792,297	88,528	87,294	-	-	-	-	145,121,001	96,812,630
	(140,772)	(3,386,259)			(5,008)	(9,655)			0	(0)	-	-
									-	-	-	-
									-	-	-	-
	124,730	121,363	692,422	686,490					(2,009,498)	(3,018,678)	-	-
	(16,043)	(3,264,895)	692,422	686,490	(5,008)	(9,655)	-	-	(2,009,498)	(3,018,678)	-	-
	15,256,352	12,470,557	6,620,624	6,478,787	83,520	77,639	-	-	(2,009,498)	(3,018,678)	145,121,001	96,812,632
	(8,816,475)	(7,223,196)	(5,919,009)	(5,694,312)	(66,908)	(40,637)	-	-	877,460	874,701	(97,511,227)	(77,542,330)
											-	-
	(2,055,554)	(2,359,107)	(272,229)	(262,898)	(10,777)	-			-	-	(18,833,907)	(7,884,639)
	4,384,323	2,888,254	429,386	521,578	5,835	37,002	-	-	(1,132,037)	(2,143,977)	28,775,867	11,385,663
											1,217,329	872,373
											27,558,540	10,513,290
											(3,374,088)	4,717,602
											25,401,780	16,103,264
											968,388	626,793
											24,433,392	15,476,471
	177,069,906	173,167,073	12,689,455	12,144,229	149,019	136,217			(16,001,551)	(15,442,383)	3,471,705,934	3,208,200,156
	177,069,906	173,167,073	12,689,455	12,144,229	149,019	136,217	-	-	(16,001,551)	(15,442,383)	3,471,705,934	3,208,200,156
	129,669,065	128,241,858	7,051,544	6,895,677	41,790	31,652			(10,809,821)	(10,089,874)	3,241,754,145	3,003,215,767
	129,669,065	128,241,858	7,051,544	6,895,677	41,790	31,652	-	-	(10,809,821)	(10,089,874)	3,241,754,145	3,003,215,767
	177,069,906	173,167,073	12,689,455	12,144,229	149,019	136,217			(16,001,551)	(15,442,383)	3,471,705,934	3,208,200,156



## 46. Non-cash items included in profit before tax

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Depreciation of property, plant and equipment	2,196,844	1,916,687	2,459,150	2,182,351
Amortisation of right-of-use asset	1,843,513	1,900,248	2,173,275	2,236,787
Amortisation of intangible assets	736,385	636,915	761,245	654,154
Fair value gain on revaluation of land and buildings	-	(78,902)	-	(78,902)
Impairment losses on financial assets	5,450,173	7,437,572	4,204,573	5,821,772
Other impairments	-	-	221,765	253,793
Profit on sale of fixed assets	(109,927)	(329,216)	(162,481)	(421,071)
Changes in derivative financial instruments	5,549,474	1,770,703	5,549,474	1,770,703
Changes in fair value of trading securities	(730,503)	(480,955)	(730,503)	(480,955)
Scrip dividend income	-	(1,071,989)	-	-
Premium amortisation of held to maturity investments	1,628,892	3,164,187	1,628,892	3,164,187
Interest expense on lease liabilities	777,336	768,293	973,828	1,002,226
<b>Total</b>	<b>17,342,187</b>	<b>15,633,544</b>	<b>17,079,218</b>	<b>16,105,045</b>



## 47. Changes in operating assets

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Held at fair value through profit or loss	(184,895,099)	(138,147,039)	(184,244,422)	(139,225,576)
Net increase in balance with central bank	(2,794,888)	36,599,094	(2,794,888)	36,599,094
Net increase in placement with bank	6,395,218	(66,227,025)	14,867,438	(73,844,024)
Net increase in loans and receivable to banks	22,027,584	(46,332,973)	17,374,459	(46,733,188)
Net increase in loans and receivable to customers	(80,540,321)	66,211,386	(108,045,008)	86,179,700
Net increase/(decrease) in financial investments FVOCI	964,572	2,174,221	942,090	2,168,482
Change in other assets	13,958,305	(9,075,620)	14,681,848	(8,101,695)
<b>Total</b>	<b>(224,884,629)</b>	<b>(154,797,956)</b>	<b>(247,218,483)</b>	<b>(142,957,207)</b>



## 48. Changes in operating liabilities

As at 31 December	Bank		Group	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Changes in due to banks	(40,383,911)	(34,228,352)	(38,774,887)	(37,050,711)
Change in deposits from banks, customers and debt securities issued	201,598,648	281,586,648	202,743,063	295,082,573
Change in other borrowings	11,267,152	(127,249,130)	11,259,152	(127,304,130)
Change in other liabilities	38,584,008	(77,317,211)	41,168,929	(75,667,570)
<b>Total</b>	<b>211,065,897</b>	<b>42,791,955</b>	<b>216,396,257</b>	<b>55,060,162</b>



## 49. Financial Risk Management

### Introduction

As a financial intermediary, the Bank is exposed to array of risks through its daily operations. The Bank's key risk exposures include credit, market, liquidity, operational, legal and regulatory, information security risk, etc. Proactive identification of such risk exposures is of high importance to ensure the sustainability and profitability of the Bank. In response to an increasingly dynamic and competitive operating landscape, evolving risks and significant regulatory developments, there is an ongoing imperative to enhance risk management continuously across the Bank. A robust integrated risk management framework in place supports the efficient management and mitigation of the said risk exposure.

### Risk Management Framework

Risk is identified and managed as part of a Group-wide Risk Management Framework. The Group's Board of Directors has ultimate responsibility for the oversight of risk, determining risk appetite levels, formulating risk policies and ensuring the effectiveness of the risk management processes and procedures in place. The BIRMC (Board Integrated Risk Management Committee) assists the Board in the discharge of its risk related duties and provides independent oversight of all risk related aspects by ensuring the adequacy and effectiveness of the implementation of risk governance structures, policy frameworks, standards and processes. Furthermore, the BECC (Board Executive Credit Committee), BAC (Board Audit Committee) and the BIBC (Board Investment Banking Committee) also support the Board in discharging its risk related duties. Executive committees namely, the ALCO (Assets and

Liabilities Management Committee) and the ORMC (Operational Risk Management Committee) and the CRMC (Credit Risk Management Committee) play a critical role in ensuring the effective implementation of the Bank's risk management processes.

The People's Bank Group Risk Management Framework forms the foundation for managing risk, and sets out the Group's risk universe, risk parameters and assigns Executive and Board responsibility for the management and oversight of risk and ensures that growth and risk considerations are appropriately balanced. Policies and systems associated with the Risk Management framework are reviewed on a regular basis to factorise the adversities in market conditions and the changes in Group's activities.

The framework is based on the three lines of defense model specifically, the Business Line, Risk Management and Internal Audit.

### Risk Appetite

The term "Risk Appetite" refers to the broad types and quantum of risk the People's Bank Group is willing to undertake in implementing its business strategy. It is expressed in the form of tolerance limits and risk trigger points across a range of variables. The Board of Directors has ultimate responsibility for setting the Risk Appetite of the Group and ensure that the exposures and risks are maintained within that approved levels.

### Risk Mitigation

The Bank carefully analyses and imposes risk mitigating measurements, continuous monitoring and reporting to the Board/Management Committees, obtains various types of collateral and establishes maximum prudential limits in order to mitigate various risks.

## Risk Management and Credit Control Department

The Risk Management and Credit Control Department (RM and CC) holds overall executive responsibility for the Bank's risk management functions. The Department is headed by the DGM-Risk Management who reports directly to the BIRMC and operates independently of business units as well as profit and volume targets. The Credit Pre-Review Unit, Credit Post-Review Unit, Treasury Middle Office and Operational Risk, Technology Risk Unit, Data Protection Unit have established separately under the guidance purview of DGM-Risk Management with specific responsibilities to handle Credit, Market, Operational and Technological Risks.

### Credit Risk

Credit risk is the risk of potential loss to the Bank, if a borrower or counterparty to a financial instrument fails to meet their financial or contractual obligations, and arises principally from the Bank's loans and advances to customers/other banks and investments in debt securities. In addition to the credit risk from direct funding exposures, the Bank would also be exposed to indirect liabilities such as letters of credit, guarantees etc., which would carry credit risk. Credit risk is composed of default risk/settlement risk, concentration risk and counterparty risk.

The Board Executive Credit Committee (BECC) functions as the Steering Committee holding overall responsibility for implementing the Bank's credit risk management framework. The Credit Control Unit operates independently from the business lines and drives all credit risk management efforts. The primary responsibility for managing credit risk lies with the business units, complemented by independent review by the Credit Control Unit.

Key aspects of the Group's credit policies include delegated approval authority at multiple levels, a comprehensive credit appraisal mechanism which includes well-defined credit criteria and prudential limits in line with the defined risk appetite among others. Borrowers are assessed primarily on repayment capacity and internally developed risk rating scorecards and a 9-point rating scale is used for evaluating credit worthiness.

Tailor-made scorecards have been developed for assessing corporates, SME borrowers' financial institutions as well as retail borrowers. The internal credit rating models in place represent diverse risk factors and are able to predict the probability of default and loss given default.

## Impairment Assessment

### Definition of Default and Cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes more than 90 days past or three instalments in arrears due on its contractual payments or when classified as Non-Performing Loan(NPL) as per directions issued by the Central Bank of Sri Lanka (CBSL). The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

### Individually Assessed Allowances

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis if there is any objective evidence of a potential loss. The Bank has currently set individually significant threshold at LKR 25 Mn. and every customer having an aggregate exposure above that limit is individually assessed for objective evidence of incurred loss. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected payout should bankruptcy arise, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows.

### Collectively-Assessed Allowances

Customers that have been assessed individually and found not to be impaired are then assessed collectively together with the loans below the individual threshold in groups of loans with similar risk characteristics. Customer exposure which are above the set threshold, but no conditions exists under objective evidence are also considered under collective impairment assessment. In line with the requirements of the standard, several estimates have been factored in by the management when determining the expected credit losses under the general approach.

### Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Bank determines 12 month ECL for customers who are not significantly credit deteriorated (i.e. less than or equal to 30 days past due)

### Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised. In consistent with the policies of the bank, significant deterioration is measured with the rebuttable presumption of 30 days past due other than the credit facilities categorised under Stage 3, in line with the requirements of the standard. Bank also has considered all restructured loans, which are restructured up to two times, other than credit facilities/exposures upgraded from a higher stage to a lower stage under Stage 2. This is done in compliance with the Banking Act Direction No. 13 of 2021-Classification, Recognition and Measurement of Credit Facilities in Licensed Banks.

### Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. Bank determines credit facilities where contractual payment of customer is more than 90 days past due subject to the rebuttable presumption as stated in SLFRS 9 together with all NPL classifications as per Central Bank classification, all restructured loans which are restructured more than twice and all rescheduled loans other than credit facilities/exposures upgraded from a higher stage to a lower stage.

### PD estimation process

Probability of default is the likelihood of a borrower defaulting on its financial obligations either over the next 12 months (i.e 12 month PD) or over the remaining lifetime (i.e lifetime PD) of the obligation. PD estimates are estimates at a certain date and days past due (i.e number of days passed since the due date) is the main determinant of the PD estimation process. In this process historical information pertaining to five years have been used depending on the nature of the product. Accordingly, exposures are categorised among five buckets based on the DPD as follows:

- Zero days past due
- 1-30 days past due
- 31-60 days past due
- 61-90 days past due
- Above 90 days past due

### The exposure at default (EAD)

The exposure at default (EAD) represents the expected exposure in the event of a default. The Bank uses Credit Conversion Factors (CCF) which explains the historical utilisation of defaulted facilities at the time of default to calculate the EAD of revolving facilities in which customers have the ability to increase their exposure. For non-revolving facilities, already utilised amount plus any undisbursed amount and accrued interest over the same is considered as EAD.

As at 31 December	2024 LKR '000	2023 LKR '000
<b>Individually significant impaired loans</b>		
Amortised cost	253,897,913	250,715,569
Allowances for impairment	(112,723,895)	(101,978,763)
<b>Carrying amount as at 31 December</b>	<b>141,174,018</b>	<b>148,736,805</b>
<b>Collectively assessed loans</b>		
Amortised cost	1,417,281,927	1,595,673,941
Allowances for impairment	(36,490,925)	(34,953,011)
<b>Carrying amount as at 31 December</b>	<b>1,380,791,002</b>	<b>1,560,720,930</b>

### Loss given default (LGD)

Loss given default (LGD) is the magnitude of likely loss on exposure, and is expressed as a percentage of exposure. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Bank segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

For each year, closed contracts which have crossed the Above 90 days at-least once in their lifetime are considered. LGD will factor in all cash flows subsequent to the point of default until the full settlement of the loan. Virtually closed contracts are also considered in computation of LGD. Virtually closed contracts are active loans which have been long outstanding. A contract is determined to be virtually closed at the point the Bank determines that the cash flows have dried up.

### Analysis of the total impairment for expected credit losses

As at 31 December 2024	Notes	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	17.4	460	14,796	-	15,256
Placements with banks	19.2	40,954	-	-	40,954
Loans and receivables to banks	22.2	12,581	-	-	12,581
Loans and receivables to other customers	23.2	15,406,686	5,119,482	128,688,652	149,214,820
Debt instruments at amortised cost	24.2	-	3,547,398	-	3,547,398
Debt instruments at fair value through OCI	26.2	8,068	-	296,009	304,077
<b>Total impairment for expected credit losses</b>		<b>15,468,749</b>	<b>8,681,676</b>	<b>128,984,661</b>	<b>153,135,086</b>

As at 31 December 2023	Notes	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	17.4	732	22,513	-	23,246
Placements with banks	19.2	60,823	-	-	60,823
Loans and receivables to banks	22.2	34,330	-	-	34,330
Loans and receivables to other customers	23.2.1	9,635,625	9,115,910	118,180,240	136,931,775
Debt instruments at amortised cost	24.2	-	8,399,460	-	8,399,460
Debt instruments at fair value through OCI	26.2	608	361,503	-	362,111
<b>Total impairment for expected credit losses</b>		<b>9,732,118</b>	<b>17,899,386</b>	<b>118,180,240</b>	<b>145,811,744</b>

### Forward looking information in the ECL Model under Multiple Economic Scenarios

The Bank incorporates forward looking information in its measurement of expected credit losses under three main scenarios namely best case, base case and worst case.

### Probability weighting for scenarios

As at 31 December	2024 %	2023 %
Best case	20	20
Base case	20	20
Worst case	60	60

The base case refers to the most likely outcome and is aligned with the information used by the Bank for its other operational purposes. The key drivers of credit risk both quantitative and qualitative identified in its impairment assessment are as following. Quantitative economic factors are based on economic data and forecasts published by CBSL and other reliable sources such as Asian Development Bank, World Bank and etc.

Quantitative drivers of credit risk	Qualitative drivers of credit risk
GDP growth	Status of Industry business
Inflation	Regulatory impact
Interest rate (AWPLR)	Government policies
Exchange rate	Average loan to value ratio
Unemployment rate	

### Sensitivity of impairment provision on loans and advances to other customers

The Bank has estimated its provisions on expected credit losses (ECL) to other customers as at 31 December 2024 based on various assumptions. The changes to such assumptions may lead to changes in the impairment provision recorded in the statement of financial position.

The following table demonstrates the sensitivity of the provisions on expected credit losses (ECL) to other customers as at 31 December 2024 to possible changes in the PDs, LGDs and forward looking macro economic information.

	Sensitivity effect on statement of financial position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income statement LKR '000
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000	
<b>Probability of Default (PD)</b>					
PD 1% increase across all age buckets	2,166,961	192,809	-	2,359,770	(2,359,770)
PD 1% decrease across all age buckets	(2,629,878)	(192,809)	-	(2,822,686)	2,822,686
<b>Loss Given Default</b>					
LGD 5% increase	1,060,615	1,013,384	1,047,728	3,121,727	(3,121,727)
LGD 5% decrease	(1,060,615)	(1,013,384)	(1,047,728)	(3,121,727)	3,121,727
<b>Probability weighted forward looking macroeconomic indicators</b>					
worst case 10% increase, base case 5% decrease and best case 5% decrease	123,686	119,318	-	243,004	(243,004)
worst case 10% decrease, base case 5% increase and best case 5% increase	(123,686)	(119,318)	-	(243,004)	243,004



### Reconciliation of Changes in credit-impaired (Stage 3) loans and advances

	2024 LKR '000
Stage 3 loans and advances to other customers as at 1 January	283,761,791
Newly classified as impaired loans and advances during the year	40,845,073
Net change in already impaired loans and advances during the year	(1,262,490)
Net payment, write off and recoveries and other movements including upgrades during the year	(16,343,112)
Impaired loans and advances to customers as at 31 December	307,001,261

### Provision for impairment (ECL) movement

The following table shows reconciliation from the opening to closing balance of the provision for impairment of loans and advances to other customers.

	12 month ECL (Stage 1)  LKR '000	Lifetime ECL-not credit impaired (Stage 2)  LKR '000	Lifetime ECL-credit impaired (Stage 3)  LKR '000	Total   LKR '000
Provision for impairment (ECL) as at 1 January 2024	9,635,625	9,115,910	118,180,239	136,931,774
Transfer to Stage 1	2,876,603	(2,798,414)	(78,189)	-
Transfer to Stage 2	(43,368)	125,876	(82,508)	-
Transfer to Stage 3	(42,624)	(2,105,650)	2,148,274	-
Net remeasurement of impairment	473,641	384,278	10,274,620	11,132,539
New assets originated or purchased	4,040,307	1,165,454	1,629,656	6,835,416
Financial assets derecognised or repaid (excluding write offs)	(1,533,498)	(767,971)	(2,864,467)	(5,165,936)
Foreign exchange adjustments	(518,973)	(518,973)		
Provision for impairment (ECL) as at 31 December 2024	15,406,686	5,119,482	128,688,652	149,214,820

### Collateral and Other Credit Enhancements

#### Net Exposure to Credit Risk

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place in the Bank's Credit Policy Guideline and Credit Procedure Manual covering the acceptability and valuation of each type of collateral. We adopt a stringent approach towards collateral valuation, and these are regularly reviewed and updated to ensure that valuations reflect market conditions. Relatively diverse collateral portfolio of the Bank mitigates the impact of potential price drops in a particular asset class.

The main types of collateral obtained are as follows.

- For commercial lending – charges over real estate properties, movables, trade receivables, debt securities, inventory, cash deposits, corporate and personal guarantees
- For retail lending – mortgage over residential properties, vehicles, gold, cash deposits and personal guarantees
- For Government and State Owned Enterprises-Government treasury guarantees.

The following tables show the maximum exposure and net exposure (net of fair value of any collaterals held) to credit risk by class of financial asset.

As at 31 December 2024	Maximum exposure to credit risk LKR '000	Net exposure LKR '000
Cash and cash equivalents	71,694,016	10,701,718
Derivative financial instruments	5,842,194	5,842,194
Financial assets at fair value through profit or loss	329,810,350	329,810,350
Loans and receivables to banks	31,994,539	31,994,539
Loans and receivables to other customers	1,521,965,020	431,316,258
Equity Instruments at fair value through OCI	2,313,187	2,313,187
Debt Instruments at fair value through OCI	7,110,671	7,110,671
Debt Instruments measured at amortised cost	1,123,490,537	1,123,490,537
<b>Total</b>	<b>3,094,220,514</b>	<b>1,942,579,454</b>

As at 31 December 2023	Maximum exposure to credit risk LKR '000	Net Exposure LKR '000
Cash and cash equivalents	61,889,582	8,572,529
Derivative financial instruments	11,259,451	11,259,451
Financial assets at fair value through profit or loss	144,184,748	144,184,748
Loans and receivables to banks	54,022,123	54,022,123
Loans and receivables to other customers	1,709,457,735	400,146,333
Equity Instruments at fair value through OCI	1,894,023	1,894,023
Debt Instruments at fair value through OCI	8,286,626	8,286,626
Debt Instruments measured at amortised cost	831,747,923	831,747,923
<b>Total</b>	<b>2,822,742,211</b>	<b>1,460,113,756</b>

### Concentration of Credit Risk

Concentration risk stems from high lending exposure to a particular sector, product, region or customer/group. The Bank's Risk Appetite clearly defines exposure limits for particular sectors and products and such limits are reviewed and modified in the context of emerging risks and opportunities presented by the operating landscape. In addition to adherence to the Single Borrower Limit, the Bank also uses Herfindahl-Hirschman Index (HHI) to monitor and control concentrations. These limits are monitored by the Risk Management Department, BIRMC and Board on a regular basis. The Bank has imposed individual as well as sector-wise maximum facility limits for State Owned Enterprises (SOE) with the objective of managing concentration risk in the SOE exposure.

An analysis of risk concentration by industry for the financial assets (in LKR '000) is given below.

As at 31 December 2024	Government	Commercial	Financial	Agricultural
<b>Financial Assets</b>				
Cash and Cash Equivalents			71,709,272	
Balances with Central Bank of Sri Lanka	33,798,107			
Placement with Banks			59,872,761	
Derivative Financial Instruments			5,842,194	
Financial Assets – at Fair Value through Profit and Loss	329,502,756	87,274		6,473
Loans and Receivables to Banks	32,007,120		-	
Loans and Receivables to Other Customers	457,839,117	191,868,143	25,194,139	17,825,803
Debt Instruments measured at Amortised Cost	1,127,037,935			
Equity Instruments at Fair Value through OCI		748,186	733,736	
Debt Instruments at Fair Value through OCI	2,959,325	296,009	3,306,885	
<b>Total</b>	<b>1,983,144,360</b>	<b>192,999,612</b>	<b>166,658,987</b>	<b>17,832,276</b>

As at 31 December 2023	Government	Commercial	Financial	Agricultural
<b>Financial Assets</b>				
Cash and Cash Equivalents			61,912,828	
Balances with Central Bank of Sri Lanka	31,003,219			
Placement with Banks			66,287,848	
Derivative Financial Instruments			11,259,451	
Financial Assets – at Fair Value through Profit and Loss	143,944,863	65,326		13,867
Loans and Receivables to Banks	54,056,453		-	
Loans and Receivables to Other Customers	762,199,149	164,736,057	30,484,592	13,746,689
Debt instruments measured at Amortised Cost	840,147,383			
Equity Instruments at Fair Value through OCI		458,073	528,783	
Debt Instruments at Fair Value through OCI	2,959,191	1,472,316	3,306,741	
<b>Total</b>	<b>1,834,310,258</b>	<b>166,731,772</b>	<b>173,780,243</b>	<b>13,760,556</b>

### Liquidity Risk

Liquidity risk is the potential loss of earnings/erosion of capital arising from the inability to meet the Bank's contractual financial obligations as and when they fall due. Banks are vulnerable to liquidity and solvency problems resulting from asset and liability mismatches. Effective management of liquidity risk is a critical component of the Bank's overall risk management framework.

The Bank's liquidity risk management framework aims to assess/quantify and ensure the availability of funds required to meet Bank's contractual obligations at appropriate. The Bank's liquidity risk management framework is designed to assess, quantify, and ensure the availability of sufficient funds to meet the Bank's contractual obligations in a timely manner. This is achieved under both normal and stressed conditions. The Bank's Treasury Department is primarily responsible for managing liquidity risk, while the Risk Management Department ensures

	Industrial	Tourism	Housing and property development	Consumption	Services	Other	ECL	Total
							(15,256)	71,694,016
								33,798,107
							(40,954)	59,831,807
								5,842,194
	147,547			15,710	50,590			329,810,350
							(12,581)	31,994,539
	57,387,031	26,312,350	379,692,889	417,944,273	30,589,563	66,526,534	(149,214,820)	1,521,965,020
							(3,547,398)	1,123,490,537
					831,265			2,313,187
					548,452			7,110,671
	57,534,578	26,312,350	379,692,889	417,959,983	31,471,418	66,526,534	(152,831,009)	3,187,850,428

	Industrial	Tourism	Housing and property development	Consumption	Services	Other	ECL	Total
							(23,246)	61,889,582
								31,003,219
							(60,823)	66,227,025
								11,259,451
	99,422			10,883	50,387			144,184,748
							(34,330)	54,022,123
	48,117,596	29,106,894	379,814,464	359,615,811	18,603,837	39,964,420	(136,931,773)	1,709,457,735
							(8,399,460)	831,747,923
					907,167			1,894,023
					548,378			8,286,626
	48,217,018	29,106,894	379,814,464	359,626,694	20,109,768	39,964,420	(145,449,631)	2,919,972,455

compliance with established limits, regulatory ratios, and other related analyses. Additionally, the Asset-Liability Committee (ALCO) oversees liquidity risk management by continuously monitoring the Bank's liquidity position to ensure adherence to internal targets and regulatory requirements.

The Bank manages liquidity risk, in accordance with regulatory guidelines and international best practices and measures liquidity through the dual approaches of flow and stock. The flow method measures liquidity through analysing the mismatch between

inflows and outflows in various time bands based on the maturity of assets and liabilities. The stock method measures liquidity in terms of a set of key ratios such as Loans to Deposit ratio, Commitments ratio (unutilised portion of overdrafts/Unutilised Inter-bank lines), statutory liquid asset ratio, liquidity coverage ratio and cumulative mismatches. These approaches enable the Bank to maintain a robust liquidity position, ensuring it can meet its obligations even under adverse conditions.

**Maturity profile of assets and liabilities (LKR '000) as at 31 December 2024**

	Up to 3 M LKR '000	3-12 M LKR '000	1-3 Years LKR '000	
<b>Assets</b>				
Cash and cash equivalents	71,694,016			
Balances with Central Bank	13,862,497	16,295,293	2,438,060	
Placements with banks	59,831,807			
Derivative with banks	5,842,194			
Financial assets - at fair value through profit or loss	329,810,350			
Financial assets - at amortised cost				
Loans and advances to banks		31,994,539		
Loans and advances to other customers	189,999,325	404,793,521	139,926,099	
Debt instruments measured at amortised cost	306,622,868	342,074,652	253,644,564	
Equity instruments at fair value through OCI	2,313,187			
Debt instruments at fair value through OCI	7,110,671			
Investments in subsidiaries				
Property, plant and equipment				
Goodwill and intangible assets				
Prepaid leases				
Net deferred tax assets				
Other assets	40,467,526	156,474	14,259	
<b>Total assets 2024</b>	<b>1,027,554,441</b>	<b>795,314,478</b>	<b>396,022,982</b>	
<b>Total assets 2023</b>	<b>722,476,158</b>	<b>1,037,939,019</b>	<b>491,331,983</b>	
<b>Liabilities</b>				
Due to banks	13,928,487	22,911,742		
Derivative with banks	168,266			
Due to other customers	1,555,827,126	991,403,385	205,926,914	
Other borrowings	37,966,388	22,911,742	-	
Debt securities issued				
Current tax liabilities	12,651,620			
Net deferred tax liabilities				
Other provisions				
Other liabilities	13,667,169	37,039,416	25,390,646	
Due to subsidiaries				
Subordinated term debts				
Stated capital/assigned capital				
Statutory reserve fund				
Other reserve				
Retained earnings				
<b>Total liabilities 2024</b>	<b>1,634,209,055</b>	<b>1,074,266,284</b>	<b>231,317,560</b>	
<b>Total liabilities 2023</b>	<b>1,475,520,125</b>	<b>1,032,291,922</b>	<b>127,967,884</b>	
<b>Net 2024</b>	<b>(606,654,614)</b>	<b>(278,951,806)</b>	<b>164,705,422</b>	
<b>Net 2023</b>	<b>(753,043,967)</b>	<b>5,647,097</b>	<b>363,364,099</b>	
<b>Total equity and liabilities 2024</b>	<b>1,027,554,441</b>	<b>795,314,478</b>	<b>396,022,982</b>	
<b>Total equity and liabilities 2023</b>	<b>722,476,158</b>	<b>1,037,939,019</b>	<b>491,331,983</b>	

		Total	
3-5 Years LKR '000	Over 5 Years LKR '000	2024 LKR '000	2023 LKR '000
		71,694,016	61,889,582
1,161,197	41,060	33,798,107	31,003,219
		59,831,807	66,227,025
		5,842,194	11,259,451
		329,810,350	144,184,748
		31,994,539	54,022,123
132,571,120	654,674,955	1,521,965,020	1,709,457,735
86,024,202	135,124,252	1,123,490,537	831,747,923
		2,313,187	1,894,023
		7,110,671	8,286,626
	5,191,712	5,191,712	4,280,522
	61,079,218	61,079,218	56,174,042
	2,586,671	2,586,671	1,763,287
15,560	437,259	41,091,078	56,004,712
219,772,079	859,135,127	3,297,799,107	3,297,799,107
204,090,346	582,357,511	-	3,038,195,018
		36,840,228	77,224,139
		168,266	36,049
98,078,703	3,468,066	2,854,704,194	2,653,105,546
14,667,466		75,545,595	64,278,443
		12,651,620	1,184,853
	5,207,184	5,207,184	5,029,929
460,025		76,557,256	30,280,189
	54,156,709	54,156,709	46,997,291
	12,201,998	12,201,998	12,201,998
	11,827,215	11,827,215	10,574,271
	68,981,258	68,981,258	42,084,584
	88,957,584	88,957,584	95,197,726
113,206,194	244,800,014	3,297,799,107	
187,119,872	215,295,215		3,038,195,018
106,565,885	614,335,113	0	
16,970,474	367,062,296		0
219,772,079	859,135,127	3,297,799,107	
204,090,346	582,357,511		3,038,195,018

**Maturity profile of the undiscounted cash flows of financial liabilities as at 31 December 2024 (in LKR '000)**

Financial Liabilities	On Demand	Less than 3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Due to Banks	3,085,069	-	-	15,993,855	-	19,078,924
Derivative Financial Instruments	-	27,958,426	3,960,742	7,957,193	-	39,876,362
Due to Other Customers	990,097,016	594,072,354	1,044,806,451	421,905,560	3,846,467	3,054,727,849
Other Borrowings	-	46,946,783	24,938,770	-	8,468,382	80,353,936
Subordinated Term Debts	-	499,212	3,627,293	34,485,490	17,097,100	55,709,095
<b>Total Undiscounted Financial Liabilities</b>	<b>993,182,085</b>	<b>669,476,776</b>	<b>1,077,333,256</b>	<b>480,342,098</b>	<b>29,411,949</b>	<b>3,249,746,165</b>

**Maturity profile of the undiscounted cash flows of financial liabilities as at 31 December 2023 (in LKR '000)**

Financial Liabilities	On Demand	Less than 3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Due to Banks	3,563,375	-	8,071,518	103,235,990	-	114,870,883
Derivative Financial Instruments	-	1,639,606	-	-	-	1,639,606
Due to Other Customers	829,989,112	568,690,207	1,082,388,195	427,901,684	5,245,111	2,914,214,309
Other Borrowings	-	46,950,313	3,631,951	-	6,302,603	56,884,867
Subordinated Term Debts	-	499,212	3,627,293	34,485,490	17,097,100	55,709,095
<b>Total Undiscounted Financial Liabilities</b>	<b>833,552,487</b>	<b>617,779,338</b>	<b>1,097,718,956</b>	<b>565,623,164</b>	<b>28,644,814</b>	<b>3,143,318,759</b>

**Market Risk**

Market risk is potential losses arising from changes in earnings, market or future cash flows of a portfolio of financial instruments resultant from adverse movements in market variables such as interest rates, share prices, foreign exchange rates and bond and commodity prices. Most of the Bank's operations are exposed to at least one or more elements of market risk. The market risk stems primarily from the interest rate risk of its trading and non-trading books and from exposure to gold prices due to its pawning portfolio.

At Board level, exposure to market risk is monitored by the BIRMC which is also responsible for providing recommendations to the Board on the Bank's market risk management framework,

policies and risk appetite limits. The ALCO is vested with the responsibility of implementing the market risk management framework at an executive level and ensures that the Bank's market risk exposures are within the defined risk appetite. Policies governing the Bank's market risk include Treasury policy and policy on stress testing. These frameworks collectively provide guidance on the systems, procedures, tools and techniques for the identification, assessment, mitigation, monitoring and reporting on all market related risks. The policies are reviewed and updated regularly in view of emerging market risks. The management of market risk is entrusted to the Bank's Treasury and Risk Management ensures the same through its monitoring and analysis.



The Bank's market risk exposures are classified into trading and banking book and are managed separately. Sensitivity and scenario analysis of portfolios are carried out together with mark-to-market valuations and duration analysis that reflects the portfolio sensitivity to the market volatility. The principal tool used to measure and control market risk exposure within the Bank's trading portfolio is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Bank is based on a 99% confidence level and assumes one day holding period. The VaR model used is based mainly on variance co variance method.

The Bank uses VaR limits to monitor and manage the market risk, specifically foreign exchange and interest rate. The overall structure of VaR limits is subject to review and approval by BIRMC. VaR limits are allocated to trading portfolios. VaR is measured and monitored against its limits at least daily by the Treasury Middle office, which is attached to the Risk Management Department.

### Interest rate risk

Interest rate risk is the potential loss to earnings and capital resulting from the Bank's exposure to interest rate sensitive assets. The market value of such assets fluctuates in line with changes in interest rates and credit spreads. The Bank's exposure to interest rate risk arises from its lending portfolio, trading securities and deposit liabilities.

Techniques used to measure interest rate risk include Duration Gap Analysis, VaR and Earnings at Risk. Rate sensitive assets and liabilities are mapped into time buckets based on their maturity period, in order to ascertain the duration gap and overall exposure to interest rate risk.

### Foreign exchange risk

Foreign exchange risk (FOREX) is the potential impact to earnings and/or capital stemming from adverse fluctuations in exchange rates. Such exposure of the Bank stems from proprietary trading and from undertaking transactions denominated in foreign currency namely, import/export transactions and remittances etc. CBSL Regulatory limits and Board approved limits are in place on currency positions and are monitored on a daily basis. Hedging strategies are used to ensure positions are maintained within established limits.

The Bank also conducts VaR calculations and stress testing on the portfolios subject to forex risk. Parallel VaR calculations are performed by the Bank's Treasury Management System (based on Finacle) and the Bloomberg system. Stress testing is performed by applying rate shocks in order to gauge the potential impact on the Bank's profitability and capital adequacy levels.

### Equity risk

Equity risk arises from exposures to changes in fluctuations in the value of equity investments held by the Bank. This arises primarily from its fair value through profit or loss and fair value through OCI investment portfolio and excludes strategic investments by the Bank in subsidiaries.

The BIBC (Board Investment Banking Committee) is responsible for formulating all investment related policies and ensuring that the Bank's investment risks are managed in line with its defined risk appetite. The Board approved Investment Banking Policy Manual clearly articulates the procedures, tools and techniques for managing equity risk as well as volume and stop loss limits.

### Operational Risk

Operational risk is the risk of losses arising from failed internal processes, systems failure, human error, fraud or external events. Operational risks exist in the natural course of business activities, products and processes. When controls fail to perform, operational risks can cause damage to reputation and create legal or regulatory implications, or lead to financial losses. Operational Risks cannot be fully eliminated. However Bank objective is to manage operational risk in order to avoid financial losses and damage to the Bank's reputation with overall cost effectiveness, innovation and contain it within acceptable levels as determined by Bank's Board of Directors.

The Bank's operational risk management framework clearly articulates the policies, structures and processes in place to manage the different types of operational risk exposures. The Board of Directors, supported by the BIRMC is responsible for formulating policy and ensuring the robustness of the operational risk management framework. Loss events are recorded and periodically reported through the Risk Management Unit to the Operational Risk Management Committee (ORMC). Meanwhile, Internal Audit also provides assurance to the Board on the effectiveness on the operational risk management processes in place.

## Capital Adequacy and Internal Capital Adequacy Assessment Process (ICAAP)

### Capital Adequacy

The capital adequacy is a measurement of a bank's available capital expressed as a percentage of a bank's risk-weighted assets. The capital adequacy ratio is known as capital-to-risk weighted assets. Sound Capital Adequacy protects rights of the depositors and ensures the stability and efficiency of the bank. Two types of capital measurements are imposed by the CBSL under Basel guidelines which are Tier-1 Capital and Tier-2 Capital requirements which can absorb losses to protect the rights of depositors and stakeholders.

### Internal Capital Adequacy Assessment Process (ICAAP)

Under ICAAP the Bank has in place internal procedures and processes to ensure that it possesses adequate capital resources in the long term to cover all of its material risks. These processes and procedures are known as the Internal Capital Adequacy and Assessment Process (ICAAP). ICAAP report is prepared by the Risk Management Department, in coordination with the Finance and Compliance Departments and has been subject to review by the Bank's Internal Audit Department and recommended by the BIRMC for approval of the Board. ICAAP determines the level of capital to be maintained against all risks and ensure that banks have adequate capital to support all risks and ensure that banks use ICAAP in more general business decisions and budgets, in more specific decisions such as allocating capital to business units and when evaluating individual credit decision process. Also the Internal Capital Adequacy Assessment Process (ICAAP) covers capital planning over the next five years.

### Recovery Plans (RCP)

As per CBSL Direction No. 13 of 2021 the Bank implement Recovery Plans (RCP) commencing from 2022. The scope of the Recovery Plans shall identify the full range of recovery options available to a licensed bank to deal with shocks to capital, liquidity and all other aspects that may arise from bank specific stresses, market wide stresses or a combination of both.

The Recovery Plans include and properly addressed the nature, scales, complexity and interconnectedness of,

#### Critical Functions and Critical Shares Services

- Recovery Triggers and Indicators
- Recovery Options
- Governance Framework within the Bank
- Implementation Strategies.

Bank has appointed DGM Risk Management to oversee RCP process. Further RCP is a dynamic process and be updated annually and as and when required.

RCP shall be approved by Board of Directors with the recommendation of the BIRMC and RCP assign clear responsibilities of key management personnel for formulating, maintaining, reviewing, executing and activating the required functionalities.

### Capital Management

The Bank's capital management framework has been designed taking into consideration regulatory requirements on capital as well as future growth aspirations and funding options available to the Bank. This framework ensures that the Bank maintains adequate capital to support its operations, absorb potential losses, and meet regulatory standards.

The Capital Adequacy Ratio (CAR) is calculated based on the CBSL Directions based on the Basel framework. Since 1 July 2017, the Bank is required to comply with Basel III Guidelines. According to Basel III framework the Bank is required to maintain a CAR of not less than 9.5% with core capital (Tier 1) and a minimum overall CAR of 13.5% as at 31 December 2024.

The details of the computation of the capital and the ratios as at 31 December 2024 and 31 December 2023 are given below for the Bank and Group:

## Capital Adequacy – Bank

### Computation of Risk Weighted Assets

As at 31 December	Balance		Risk Weight %	Risk weighted balance	
	2024 LKR '000	2023 LKR '000		2024 LKR '000	2023 LKR '000
<b>Assets</b>					
Claims on Government of Sri Lanka and Central Bank of Sri Lanka	1,421,157,807	1,193,812,736	0-20	36,497,932	47,995,325
Claims on Foreign Sovereigns and their Central Banks	-	-	0-150	-	-
Claims on Public Sector Entities (PSEs)	64,754,600	113,289,213	20-150	64,609,075	155,041,167
Claims on Official Entities and Multilateral Development Banks (MDBs)	-	-	0-150	-	-
Claims on Banks	65,917,369	74,776,309	20-150	20,019,537	41,111,205
Claims on Financial Institutions	10,517,672	4,874,079	20-150	5,825,516	2,586,989
Claims on Corporates	149,700,692	88,321,523	20-150	144,667,081	85,966,654
Retail Claims	447,580,364	487,159,525	75-100	350,826,762	394,447,443
Claims Secured by Gold	310,846,767	260,366,719	20-100	18,934,719	3,607,839
Claims Secured by Residential Property	54,778,386	56,187,375	50-100	19,172,435	19,665,581
Claims Secured by Commercial Real Estate	-	-	100	-	-
Non-Performing Assets (NPAs)	178,312,609	55,272,290	50-150	252,349,553	76,047,711
High Risk Categories	1,214,062	1,253,821	150-250	3,035,155	3,134,552
Cash Items	61,732,570	54,336,057	0-20	145,003	199,152
Property, Plant and Equipment	52,908,059	46,870,490	100	52,908,059	46,870,490
Other Assets	14,031,069	24,972,583	100	14,031,069	24,972,583
<b>Total</b>	<b>2,833,452,027</b>	<b>2,461,492,720</b>		<b>983,021,898</b>	<b>901,646,691</b>

Above Risk Weighted Assets includes the credit equivalent of off balance sheet exposures illustrated below.

#### Off balance sheet exposures

	Balance		Credit Conversion Factor %	Credit Equivalent	
	2024 LKR '000	2023 LKR '000		2024 LKR '000	2023 LKR '000
<b>Instruments</b>					
Direct Credit Substitutes	20,086,959	18,587,513	100	20,086,959	18,587,513
Transaction-related Contingencies	29,376,127	26,405,984	50	14,688,064	13,202,992
Short-Term Self-Liquidating Trade-Related Contingencies	31,868,809	23,742,292	20	6,373,762	4,748,458
Sale and Repurchase Agreements and Assets Sale with recourse where the credit risk remains with the Bank			100	-	-
Obligations under an Ongoing Underwriting Agreement			50	-	-
Other Commitments with an Original maturity of up to one year or which can be unconditionally cancelled at any time			0-20	0	0
Commitments with an original maturity up to 1 year	77,041,146	65,479,645	20	15,408,229	13,095,929
Other Commitments with an Original Maturity of over one year			50	-	-
Foreign Exchange Contracts	49,410,113	46,039,737	0-5	988,202	920,795
Interest Rate Contracts			0-3		
<b>Total</b>	<b>207,783,155</b>	<b>180,255,171</b>		<b>57,545,216</b>	<b>50,555,687</b>

## Computation of Capital

	2024 LKR '000	2023 LKR '000
<b>Common Equity Tier 1 (CET1) Capital</b>	117,433,508	155,947,874
<b>Total Tier 1 Capital</b>	122,433,508	160,947,874
<b>Total Capital</b>	186,055,559	226,208,990
<b>Computation of Ratios</b>		
Total Risk Weighted Assets for credit risk	983,021,898	901,646,691
Total Risk Weighted Assets for market risk	24,745,126	23,050,845
Total Risk Weighted Assets for operational risk	117,389,896	104,857,270
<b>Total Risk Weighted Assets</b>	1,125,156,920	1,029,554,806
<b>Common Equity Tier 1 (CET1) Capital Ratio (minimum requirement 8.0% - 2022 7.0% - 2021)</b>	10.43%	11.88
<b>Total Tier 1 Capital (Tier 1) (minimum requirement 9.5% - 2022, 8.5% - 2021 )</b>	10.88%	12.37
<b>Total Capital Ratio (minimum requirement 13.5% - 2022, 12.5% - 2021)</b>	16.53%	17.37

**Capital Adequacy – Group****Computation of Risk Weighted Assets**

As at 31 December	Balance		Risk Weight %	Risk weighted Balance	
	2024 LKR '000	2023 LKR '000		2024 LKR '000	2023 LKR '000
<b>Assets</b>					
Claims on Government of Sri Lanka and Central Bank of Sri Lanka	1,439,779,781	1,225,496,082	0-20	36,497,932	47,995,325
Claims on Foreign Sovereigns and their Central Banks	-	-	0-150	-	-
Claims on Public Sector Entities (PSEs)	64,754,600	113,589,111	20-150	64,609,075	155,101,147
Claims on Official Entities and Multilateral Development Banks (MDBs)	-	-	0-150	-	-
Claims on Banks	68,090,698	85,788,707	20-150	22,024,328	46,446,557
Claims on Financial Institutions	1,541,225	4,874,079	20-150	1,337,292	2,586,989
Claims on Corporates	149,700,692	88,321,523	20-150	144,667,081	85,966,654
Retail Claims	584,815,673	583,301,656	75-100	454,882,351	466,554,042
Claims Secured by Gold	310,846,767	260,366,719	20-100	18,934,719	3,607,839
Claims Secured by Residential Property	54,778,386	56,187,375	50-100	19,172,435	19,665,581
Claims Secured by Commercial Real Estate	-	-	100	-	-
Non-Performing Assets (NPAs)	188,651,673	73,835,245	50-150	267,858,149	103,892,143
High Risk Categories	-	-	150-250	-	0
Cash Items	62,436,860	55,386,732	0-20	145,003	199,152
Property, Plant and Equipment	64,863,826	57,809,915	100	64,863,826	57,809,915
Other Assets	19,154,847	28,003,220	100	19,154,847	28,003,220
<b>Total</b>	<b>3,009,415,028</b>	<b>2,632,960,364</b>		<b>1,114,147,040</b>	<b>1,017,828,564</b>

Above Risk Weighted Assets includes the credit equivalent of off balance sheet exposures illustrated below.

### Off balance sheet exposures

	Balance		Credit Conversion Factor %	Credit Equivalent	
	2024 LKR '000	2023 LKR '000		2024 LKR '000	2023 LKR '000
<b>Instruments</b>					
Direct Credit Substitutes	20,086,959	18,587,513	100	20,086,959	18,587,513
Transaction-related Contingencies	29,376,127	26,405,984	50	14,688,064	13,202,992
Short-Term Self-Liquidating Trade-Related Contingencies	31,868,809	23,742,292	20	6,373,762	4,748,458
Sale and Repurchase Agreements and Assets Sale with recourse where the credit risk remains with the Bank			100	-	-
Obligations under an Ongoing Underwriting Agreement			50	-	-
Other Commitments with an Original maturity of up to one year or which can be unconditionally cancelled at any time			0-20	0	0
Commitments with an original maturity up to 1 year	77,041,146	65,479,645	20	15,408,229	13,095,929
Other Commitments with an Original Maturity of over one year			50	-	-
Foreign Exchange Contracts	49,410,113	46,039,737	0-5	988,202	920,795
Interest Rate Contracts			0-3		
<b>Total</b>	<b>207,783,155</b>	<b>180,255,171</b>		<b>57,545,216</b>	<b>50,555,687</b>

### Computation of Capital

	2024 LKR '000	2023 LKR '000
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>155,947,874</b>	<b>156,650,481</b>
<b>Total Tier 1 Capital</b>	<b>160,947,874</b>	<b>161,650,481</b>
<b>Total Capital</b>	<b>226,208,990</b>	<b>214,717,978</b>
<b>Computation of Ratios</b>		
Total Risk Weighted Assets for Credit risk	1,114,147,040	1,017,828,564
Total Risk Weighted Assets for Market risk	28,239,784	29,268,677
Total Risk Weighted Assets for Operational risk	137,665,537	130,784,463
<b>Total Risk Weighted Assets</b>	<b>1,280,052,360</b>	<b>1,177,881,704</b>
<b>Common Equity Tier 1 (CET1) Capital Ratio (Minimum Requirement 8.0% - 2022 7.0% - 2021)</b>	<b>12.18%</b>	<b>13.30%</b>
<b>Total Tier 1 Capital (Tier 1) (minimum requirement 9.5% - 2022, 8.5% - 2021 )</b>	<b>12.57%</b>	<b>13.72%</b>
<b>Total Capital Ratio (Minimum Requirement 13.5% - 2022, 12.5% - 2021)</b>	<b>17.67%</b>	<b>18.23%</b>



## 50. Selected Performance Indicators (Based On Regulatory Reporting)

	Bank		Group	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
<b>Regulatory capital adequacy</b>				
Common equity Tier 1 capital (LKR '000)	117,433,508	122,360,337	155,947,874	156,650,481
Core (Tier 1) capital (LKR '000)	122,433,508	127,360,337	160,947,874	161,650,481
Total capital base (LKR '000)	186,055,559	178,793,109	226,208,990	214,717,978
<b>Regulatory capital ratios (%)</b>				
Common equity Tier 1 capital (%) (Min. requirement – 8.0%)	10.43	11.88	12.18	13.30
Tier 1 capital ratio (%) (Min. requirement – 9.5%)	10.88	12.37	12.57	13.72
Total capital ratio (%) (Min. requirement – 13.5%)	16.53	17.37	17.67	18.23
<b>Basel III leverage ratio</b> (Min. requirement – 3%)	3.65	4.20	4.56	5.05
Total stock of high quality liquid assets (LKR '000)	1,417,850,575	971,952,945	-	-
<b>Liquidity coverage ratio (%) (Min. requirement -100%)</b>				
Liquidity coverage ratio – Rupee	353.86	256.71	-	-
Liquidity coverage ratio – All Currency	279.52	207.91	-	-
<b>Net stable funding ratio</b> (Min. requirement – 100%)	178.92	164.25	-	-
<b>Asset quality (quality of loan portfolio)</b>				
Impaired loans (Stage 3) ratio (%)	10.26	8.83	9.72	8.76
Impairment (Stage 3) to Stage 3 loans ratio (%)	41.49	40.96	42.37	41.47
<b>Income and profitability</b>				
Net interest margin, (%)	3.39	1.81	3.68	2.14
Return on assets (before tax), (%)	1.31	0.51	1.43	0.61
Return on equity (after tax), (%)	14.67	6.60	13.23	5.77
Cost to income ratio (%)	50.28	62.75	52.18	64.27
<b>Memorandum information</b>				
Credit rating	AA-	A		
Number of employees	7,633	7,656	10,994	10,528
Number of branches	751	747	862	857

### Certification

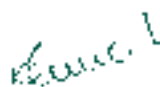
We, the undersigned, being the Chief Executive Officer and Head of Finance of People's Bank jointly certify that:

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka:



**Clive Fonseka**  
Chief Executive Officer/General Manager

25 February 2025



**Azzam A Ahamat**  
Head of Finance

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# INCOME STATEMENT USD

For the year ended 31 December	Bank			Group		
	2024 USD '000	2023 USD '000	Change %	2024 USD '000	2023 USD '000	Change %
<b>Gross income</b>	1,254,827	1,302,814	-3.7	1,363,915	1,402,382	-2.7
Interest income	1,191,107	1,218,127	-2.2	1,285,507	1,309,836	-1.9
Interest expenses	(825,406)	(1,050,520)	-21.4	(866,460)	(1,100,694)	-21.3
<b>Net interest income</b>	365,701	167,607	118.2	419,048	209,142	100.4
Fee and commission income	50,889	42,598	19.5	54,813	45,734	19.9
Fee and commission expense	(2,584)	(2,976)	-13.2	(2,584)	(2,976)	-13.2
<b>Net fee and commission income</b>	48,305	39,623	21.9	52,229	42,759	22.1
Net gain/(loss) from trading	2,911	29,098	-90.0	3,673	29,446	-87.5
Other operating income (Net)	9,919	12,991	-23.6	19,922	17,366	14.7
<b>Total operating income</b>	426,837	249,319	71.2	494,871	298,712	65.7
Impairment charge	(18,585)	(22,948)	-19.0	(15,094)	(18,746)	-19.5
<b>Net operating income</b>	408,252	226,371	80.3	479,777	279,966	71.4
Personnel expenses	(122,199)	(75,575)	61.7	(142,497)	(93,232)	52.8
Other expenses	(92,423)	(80,869)	14.3	(115,741)	(98,755)	17.2
<b>Operating profit before taxes on financial services</b>	193,630	69,928	176.9	221,539	87,980	151.8
Taxes on financial services	(51,827)	(22,580)	129.5	(59,187)	(28,522)	107.5
<b>Operating profit after taxes on financial services</b>	141,803	47,348	199.5	162,352	59,458	173.1
<b>Profit before tax</b>	141,803	47,348	199.5	162,352	59,458	173.1
Income tax expenses	(56,250)	(16,238)	246.4	(64,225)	(24,328)	164.0
<b>Profit for the year</b>	85,553	31,110	175.0	98,127	35,130	179.3
<b>Profit attributable to:</b>						
Equity holders of the Bank	85,553	31,110	175.0	93,976	32,438	189.7
Non-controlling interests	-	-		4,151	2,692	54.2
	85,553	31,110	175.0	98,127	35,130	179.3

Exchange Rate: 1 USD was LKR 293.25 as at 31 December 2024 (LKR 324.10 as at 31 December 2023)

# STATEMENT OF FINANCIAL POSITION USD

As at 31 December	Bank			Group		
	2024 USD '000	2023 USD '000	Change %	2024 USD '000	2023 USD '000	Change %
<b>Assets</b>						
Cash and cash equivalents	244,481	190,958	28.0	246,883	195,332	26.4
Balances with Central Bank of Sri Lanka	115,254	95,659	20.5	115,254	95,659	20.5
Placements with banks	204,030	204,341	-	211,441	237,188	-10.9
Derivative financial instruments	19,922	34,741	-42.7	19,922	34,741	-42.7
Financial assets - At fair value through profit or loss	1,124,673	444,877	152.8	1,127,357	449,313	150.9
Financial assets - At amortised cost						
Loans and advances to Banks	109,103	166,684	-34.5	126,335	167,918	-24.8
Loans and advances to other customers	5,189,992	5,274,476	-1.6	5,677,844	5,627,184	0.9
Debt instruments measured at amortised cost	3,831,170	2,566,331	49.3	3,882,813	2,674,190	45.2
Financial assets - At fair value through Other Comprehensive Income (OCI)						
Equity instruments at fair value through OCI	7,888	5,844	35.0	9,099	6,551	38.9
Debt instruments at fair value through OCI	24,248	25,568	-5.2	29,248	29,886	-2.1
Investments in subsidiaries	17,704	13,207	34.0	-	-	-
Property, plant & equipment and right-of-use assets	208,284	173,323	20.2	249,054	207,593	20.0
Intangible assets and goodwill	8,821	5,441	62.1	9,415	5,957	58.0
Other assets	140,123	172,801	-18.9	134,060	167,285	-19.9
<b>Total assets</b>	<b>11,245,692</b>	<b>9,374,252</b>	<b>20.0</b>	<b>11,838,724</b>	<b>9,898,797</b>	<b>19.6</b>
<b>Liabilities</b>						
Due to banks	125,627	238,273	-47.3	159,834	264,259	-39.5
Derivative financial instruments	574	111	415.9	574	111	415.9
Due to other customers	9,734,712	8,186,071	18.9	10,052,531	8,470,107	18.7
Other borrowings	257,615	198,329	29.9	257,400	198,159	29.9
Current tax liabilities	41,606	3,656	1038.1	44,253	7,352	501.9
Net deferred tax liabilities	19,192	15,520	-	25,889	18,765	38.0
Other liabilities	261,066	93,429	179.4	312,678	129,211	142.0
Subordinated term debts	184,678	145,009	27.4	201,416	178,362	12.9
<b>Total liabilities</b>	<b>10,625,069</b>	<b>8,880,396</b>	<b>19.6</b>	<b>11,054,575</b>	<b>9,266,324</b>	<b>19.3</b>
<b>Equity</b>						
Stated capital/assigned capital	41,610	37,649	10.5	41,610	37,649	10.5
Statutory reserve fund	40,337	32,627	23.6	40,337	32,627	23.6
Other reserves	235,230	129,851	81.2	246,913	140,104	76.2
Retained earnings	303,446	293,729	3.3	403,940	377,279	7.1
<b>Total shareholders' equity</b>	<b>620,622</b>	<b>493,855</b>	<b>25.7</b>	<b>732,799</b>	<b>587,658</b>	<b>24.7</b>
Non-controlling interests	-	-		51,350	44,815	14.6
<b>Total equity</b>	<b>620,622</b>	<b>493,855</b>	<b>25.7</b>	<b>784,149</b>	<b>632,473</b>	<b>24.0</b>
<b>Total equity and liabilities</b>	<b>11,245,692</b>	<b>9,374,252</b>	<b>20.0</b>	<b>11,838,724</b>	<b>9,898,797</b>	<b>19.6</b>
<b>Contingent liabilities and commitments</b>	<b>797,373</b>	<b>683,140</b>	<b>16.7</b>	<b>853,602</b>	<b>705,997</b>	<b>20.9</b>

Exchange Rate: 1 USD was LKR 293.25 as at 31 December 2024 (LKR 324.10 as at 31 December 2023)

# TEN YEAR SUMMARY – BANK

LKR Mn.	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Assets</b>										
Cash and short-term funds	74,112	127,058	134,647	109,496	89,562	85,658	114,256	134,444	92,893	105,492
Investments	304,519	250,240	269,691	299,160	405,688	443,955	613,604	942,666	1,110,643	1,559,743
Loans and receivables (Net)	768,515	890,528	1,012,643	1,265,667	1,310,150	1,635,579	1,835,697	1,783,107	1,709,458	1,521,965
Property, plant, equipment and right of use assets	16,304	17,224	25,048	26,260	34,310	38,406	46,761	49,330	56,174	61,079
Other assets	13,146	16,999	25,071	34,120	33,697	26,521	37,322	62,481	69,027	49,520
<b>Total assets</b>	<b>1,176,595</b>	<b>1,302,048</b>	<b>1,467,099</b>	<b>1,734,703</b>	<b>1,873,406</b>	<b>2,230,119</b>	<b>2,647,641</b>	<b>2,972,028</b>	<b>3,038,195</b>	<b>3,297,799</b>
<b>Liabilities</b>										
Customer deposits	899,238	1,077,812	1,244,003	1,422,961	1,491,386	1,835,099	2,071,533	2,371,519	2,653,106	2,854,704
Borrowing from banks and others	192,083	134,109	105,057	173,607	224,809	200,852	349,165	302,980	141,503	112,386
Other liabilities	20,747	17,947	28,051	34,391	39,532	48,626	42,004	115,632	36,531	94,555
Subordinated term debts	15,033	12,532	12,532	12,534	22,714	43,558	48,862	36,603	46,997	54,157
<b>Total liabilities</b>	<b>1,127,100</b>	<b>1,242,400</b>	<b>1,389,642</b>	<b>1,643,493</b>	<b>1,778,442</b>	<b>2,128,135</b>	<b>2,511,563</b>	<b>2,826,734</b>	<b>2,878,136</b>	<b>3,115,802</b>
Total equity	49,495	59,649	77,457	91,210	94,964	101,984	136,077	145,294	160,059	181,998
<b>Total equity and liabilities</b>	<b>1,176,595</b>	<b>1,302,048</b>	<b>1,467,099</b>	<b>1,734,703</b>	<b>1,873,406</b>	<b>2,230,119</b>	<b>2,647,641</b>	<b>2,972,028</b>	<b>3,038,195</b>	<b>3,297,799</b>
Contingent liabilities and commitments	181,533	226,430	303,344	402,762	363,926	489,939	428,771	370,649	221,406	233,830
<b>Operating results</b>										
Gross income	103,649	122,114	160,835	181,284	199,729	190,982	207,250	357,229	422,242	367,978
Total operating income	54,743	55,060	61,856	69,886	73,795	71,715	91,783	110,222	80,804	125,170
Total operating expenses	25,634	27,569	28,322	35,310	36,731	35,070	40,062	47,342	50,703	62,938
Profit before tax	19,520	20,814	25,913	24,406	19,666	21,227	30,387	21,338	15,345	41,584
Income tax	6,922	5,819	7,663	7,312	6,741	7,052	6,666	4,146	5,263	16,495
Profit after tax	12,598	14,995	18,250	17,095	12,926	14,175	23,720	17,192	10,083	25,088
<b>Performance indicators</b>										
Number of employees (permanent)	8,368	8,249	8,454	8,093	7,836	7,692	7,568	7,377	7,656	7,633
<b>Per employee (LKR '000)</b>										
Deposits	107,462	130,660	147,150	175,826	190,325	238,572	273,723	321,475	346,539	373,995
Loans and receivables (Net)	91,840	107,956	119,783	156,390	167,196	212,634	242,560	241,712	223,283	199,393
Gross earnings	12,386	14,804	19,025	22,400	25,489	24,829	27,385	48,425	55,152	48,209
Profit after tax	1,505	1,818	2,159	2,112	1,650	1,843	3,134	2,330	1,317	3,287
<b>Per share (LKR)</b>										
Profit after tax	12,598	14,995	18,250	17,095	12,926	14,175	23,720	17,192	10,083	25,088
Total assets	1,176,595	1,302,048	1,467,099	1,734,703	1,873,406	2,230,119	2,647,641	2,972,028	3,038,195	3,297,799
Equity	49,495	59,649	77,457	91,210	94,964	101,984	136,077	145,294	160,059	181,998
Return on assets % (before tax)	1.77	1.68	1.87	1.52	1.09	1.03	1.25	0.76	0.51	1.31
Return on equity %	27.10	27.48	26.62	20.27	13.89	14.39	19.93	12.22	6.60	14.67
Cost/Income ratio %	46.83	50.07	45.79	50.53	49.77	48.90	43.65	42.95	62.75	50.28
Capital adequacy ratio (CAR) %	12.60	12.10	13.50	14.47	14.66	15.47	17.83	16.30	17.37	16.53
Non-performing loan (NPL) ratio (gross) %	2.40	1.90	1.90	2.49	3.31	3.25	3.21	-	-	-
Impaired (Stage 3) Ratio (%)						3.48	4.01	12.78	8.83	10.26
Impairment (Stage 3) to Stage 3 loans ratio (%)						54.72	50.17	29.88	40.96	41.49

# TEN YEAR SUMMARY – GROUP

LKR Mn.	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Assets</b>										
Cash and short-term funds	76,840	129,458	135,364	110,451	90,453	87,096	115,555	135,679	94,310	106,196
Investments	311,141	258,049	280,357	311,581	419,190	461,373	631,843	958,793	1,155,432	1,579,531
Loans and receivables (Net)	869,781	1,013,921	1,143,767	1,415,928	1,460,498	1,776,231	1,990,689	1,915,772	1,823,770	1,665,028
Property, plant, equipment and right-of-use assets	22,696	23,441	33,758	35,434	43,744	48,102	56,432	59,780	67,281	73,035
Other assets	14,279	19,528	25,833	35,147	35,889	27,766	38,091	63,111	67,407	47,916
<b>Total assets</b>	<b>1,294,737</b>	<b>1,444,398</b>	<b>1,619,079</b>	<b>1,908,540</b>	<b>2,049,775</b>	<b>2,400,567</b>	<b>2,832,610</b>	<b>3,133,135</b>	<b>3,208,200</b>	<b>3,471,706</b>
<b>Liabilities</b>										
Customer deposits	932,906	1,119,753	1,305,626	1,495,326	1,588,903	1,935,194	2,168,675	2,450,079	2,745,162	2,947,905
Borrowings	225,795	172,419	134,263	207,330	235,724	208,802	363,817	314,225	149,870	122,354
Other liabilities	32,328	30,509	40,299	49,285	54,619	60,592	56,920	126,718	50,378	112,430
Subordinated term debts	30,907	36,526	32,448	33,085	40,513	56,868	65,560	52,782	57,806	59,065
<b>Total liabilities</b>	<b>1,221,937</b>	<b>1,359,207</b>	<b>1,512,635</b>	<b>1,785,027</b>	<b>1,919,759</b>	<b>2,261,457</b>	<b>2,654,972</b>	<b>2,943,803</b>	<b>3,003,216</b>	<b>3,241,754</b>
Total equity	72,801	85,191	106,443	123,513	130,016	139,111	177,638	189,332	204,984	229,952
<b>Total equity and liabilities</b>	<b>1,294,737</b>	<b>1,444,398</b>	<b>1,619,079</b>	<b>1,908,540</b>	<b>2,049,775</b>	<b>2,400,567</b>	<b>2,832,610</b>	<b>3,133,135</b>	<b>3,208,200</b>	<b>3,471,706</b>
Contingent liabilities and commitments	181,545	226,442	304,102	409,575	370,986	497,690	443,842	375,288	228,814	250,319
<b>Operating results</b>										
Gross income	123,831	144,750	188,854	214,664	238,219	223,898	236,795	391,204	454,512	399,968
Total operating income	67,635	68,429	77,518	89,843	96,475	90,836	110,710	130,024	96,813	145,121
Total operating expenses	31,975	35,485	37,209	45,113	47,629	43,952	50,515	58,988	62,223	75,728
Profit before tax	24,121	25,433	29,868	31,162	25,652	24,648	37,246	26,691	19,270	47,610
Income tax	9,053	7,477	9,358	9,669	9,474	8,557	9,159	6,165	7,885	18,834
Profit after tax	15,068	17,956	20,511	21,492	16,178	16,090	28,088	20,525	11,386	28,776
<b>Performance indicators</b>										
Number of employees	10,682	10,471	11,396	11,394	11,237	11,051	10,969	10,454	10,528	10,994
<b>Per employee (LKR '000)</b>										
Deposits	87,334	106,939	114,569	131,238	141,399	175,115	197,709	234,368	260,749	268,138
Loans and receivables	81,425	96,831	100,366	124,270	129,972	160,730	181,483	183,257	173,230	151,449
Gross earnings	11,592	13,824	16,572	18,840	21,199	20,260	21,588	37,421	43,172	36,381
Profit after tax	1,411	1,715	1,800	1,886	1,440	1,456	2,561	1,963	1,081	2,617
Return on assets (%) (before tax)	1.98	1.86	1.95	1.77	1.30	1.11	1.42	0.89	0.61	1.43
Return on equity (%)	22.02	22.73	21.41	18.69	12.76	11.96	17.73	11.19	5.77	13.23
Cost/Income ratio (%)	47.28	51.86	48.00	50.21	49.37	48.39	45.63	45.37	64.27	52.18
Capital adequacy ratio (CAR) (%)	13.80	12.97	13.71	14.48	14.86	15.63	17.91	17.17	18.23	17.67
Non-performing loan (NPL) ratio (gross) (%)	2.40	1.90	2.03	2.70	3.68	3.89	3.63	-	-	-
Impaired (Stage 3) Ratio (%)						4.22	4.69	12.64	8.76	9.72
Impairment (Stage 3) to Stage 3 loans ratio (%)						50.75	46.88	30.45	41.47	42.37



# BASEL III – MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

## Capital Adequacy

Capital adequacy is one of the key financial indicators which illustrate the soundness and the stability of a bank. This measures Bank's ability to withstand in an unexpected loss scenarios during various activities carried out by the Bank.

Basle committee on Bank supervision (BCBS) has implemented set of stringent measures of capital, liquidity and funding reforms. Accordingly BASLE III accord was issued in December 2010 and it has come into force and effect in Sri Lanka on 1 July 2017 based on the Central bank direction 01 of 2016 on capital requirement under BASLE III for licensed commercial banks. This replaces Basel II reforms which were in force and effect in Sri Lanka since 1 January 2008 onwards.

Commencing from 1 July 2017, with the amendment thereto under Direction No. 11 of 2019 on Domestically Systemically Important Banks (D-SIBS) dated 20 December 2019; Bank has to maintain the Capital in 3 Tiers as mentioned below

Accordingly minimum capital requirement of the Bank are as follows.

Minimum Requirement	%
Common Equity Tier I Capital Ratio (CETI)	8.00
Total Tier I Capital Ratio (CET I+ AT I)	9.50
<b>Total Capital Ratio</b>	<b>13.50</b>

Common Equity Tier I (CET I) is mainly comprised of equity capital, other capital and retained earnings. CET I is the highest quality capital and effective capital in absorbing losses.

Additional Tier I (AT 1) capital includes capital instruments other than the instruments included in CET I capital.

Total capital comprised Tier I plus other qualifying capital instruments (i.e. such as subordinated debentures subject to regulatory deductions, revaluation reserves on property plant and equipment with a cap of up to 50% and general loan loss provision)

BASLE III has introduced new capital buffers and all banks are required to hold additional capital buffers over and above the minimum CET I and Total Capital Adequacy levels stipulated above.

- Capital Conservation Buffer
- High Loss Absorbency (HLA) requirement on Domestically Significant Banks (D-SIBs)
- Counter Cyclical Buffer

Three Pillars introduced by BASLE II is continued to be applied in the BASLE III framework is mentioned below.

- **Pillar I** – Minimum capital requirements
- **Pillar II** – Supervisory Review Process
- **Pillar III** – Market Discipline

## Pillar I – Minimum Capital Requirement

Minimum Capital Requirement shall maintain as a percentage of Risk Weighted Assets (RWAs) and bank calculated its RWAs based on following approaches.

- The Standardised Approach for Credit Risk
- The Standardised Measurement Method for Market Risk
- The Basic Indicator Approach for Operational Risk

## Pillar II – Supervisory Review Process (SRP)

SRP framework assesses the Bank's capital adequacy and determining whether Bank is maintaining additional capital to cover its risks. Bank has developed an Internal Capital Adequacy Assessment Process (ICAAP) framework in this regard, which closely indicates risks and capital assessment processes to support the Bank's current and projected demand for capital under unexpected and stressed conditions.

## Pillar III – Market Discipline

Pillar III aims to provide consistent and comprehensive disclosure framework which enhances the comparability between banks. It requires number of disclosure requirements to give better understanding of capital adequacy to external shareholders by providing an insight into the internal computation procedures followed by the Bank.

Accordingly disclosures required to be published as per the Central Bank Direction No. 01 of 2016 are set out below.



## Template 1: Key regulatory ratio – Capital and Liquidity

	Bank		Group	
	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000
<b>Regulatory Capital</b>				
Common Equity Tier 1 Capital	117,433,508	122,360,337	155,947,874	156,650,481
Total Tier 1 Capital	122,433,508	127,360,337	160,947,874	161,650,481
Total Capital	186,055,559	178,793,109	226,208,990	214,717,978
<b>Regulatory Capital Ratio</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2022 – 8.00%, 2021 – 7.00%)	10.43	11.88	12.18	13.30
Total Tier 1 Capital (Minimum Requirement – 2022, 9.50%, 2021 – 8.50%)	10.88	12.37	12.57	13.72
Total Capital (Minimum Requirement – 2022 – 13.50%, 2021 – 12.50%)	16.53	17.37	17.67	18.23
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets – Bank				
Domestic Banking Unit (Rs. '000)	N/A	1,030,521,078	NA	NA
Off – Shore Banking Unit (USD '000)	N/A	77,677	NA	NA
Statutory Liquid Assets – (Minimum Requirement 20%)				
Domestic Banking Unit (%)	N/A	37.41	NA	NA
Off – Shore Banking Unit (%)	N/A	38.4	NA	NA
Liquidity Coverage Ratio (%) Rupee				
(Minimum Requirement 2022 – 90%, 2021 – 100%)	354.00	257.00	NA	NA
Liquidity Coverage Ratio (%) All currency				
(Minimum Requirement 2022 – 90%, 2021 – 100%)	279.52	207.91	NA	NA

## Template 2: key regulatory ratio – Capital and Liquidity

	Bank		Group	
	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000
<b>Common Equity Tier 1 (CET I) Capital after adjustments</b>	117,433,508	122,360,337	155,947,874	156,650,481
<b>Common Equity Tier 1 (CET I) Capital</b>	127,341,526	132,299,216	162,057,327	163,735,110
Equity/assigned capital	12,201,998	12,201,998	12,201,998	12,201,998
Reserve Fund	11,828,689	10,574,271	11,828,689	10,574,271
Public Retained Earning/ (Accumulated retained losses)	88,985,599	95,161,263	118,455,452	122,239,676
Publish accumulated other comprehensive income (OCI)	183,867	220,311	177,563	200,158
General and other disclosed reserves	14,141,373	14,141,373	14,141,373	14,141,373
Unpublished current year's profit/loss and gain reflected in OCI	-	-	-	-
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	5,252,252	4,377,635
<b>Total Adjustments to CETI Capital</b>	9,908,018	9,938,879	6,109,453	7,084,629
Goodwill (net)	-	-	-	-
Deferred Tax Asset (Net)	-	-	-	-
Intangible Assets (Net)	2,586,674	1,763,287	2,760,809	1,930,788
Other (Investment in the Capital of Subsidiaries and Other Financial Institution)	3,972,700	3,021,751	-	-
Defined Benefit Asset	3,348,644	5,153,841	3,348,644	5,153,841
<b>Additional Tier 1 (AT i) Capital after adjustments</b>	5,000,000	5,000,000	5,000,000	5,000,000
<b>Additional Tier 1 (AT i) Capital</b>	5,000,000	5,000,000	5,000,000	5,000,000
Qualifying additional Tier 1 Capital instruments	5,000,000	5,000,000	5,000,000	5,000,000
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-
<b>Total Adjustments to AT I Capital</b>	-	-	-	-
Investment in own shares	-	-	-	-
Other (Specify)	-	-	-	-
<b>Tier 2 Capital after adjustments</b>	63,622,052	51,432,771	65,261,116	53,067,497
<b>Tier 2 Capital</b>	63,622,052	51,432,771	65,261,116	53,067,497
Qualifying Tier 2 capital instruments	36,352,750	29,112,200	36,352,750	29,112,200
Revaluation Gains	14,981,528	11,049,988	14,981,528	11,232,440
Loan Loss Provisions	12,287,774	11,270,584	13,926,838	12,722,857
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-	-	-

	Bank		Group	
	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000
<b>Total Adjustment to Tier 2</b>	-	-	-	-
Investment in own shares	-	-	-	-
Other (specify)	-	-	-	-
<b>CET Capital</b>	117,433,508	122,360,337	155,947,874	156,650,481
<b>Total Tier 1 Capital</b>	122,433,508	127,360,337	160,947,874	161,650,481
<b>Total Capital</b>	186,055,559	178,793,109	226,208,990	214,717,978
<b>Total Risk Weighted Assets (RWA)</b>	1,125,156,919	1,029,554,806	1,280,052,360	1,178,028,452
RWA for Credit Risk	983,021,898	901,646,691	1,114,147,040	1,017,828,564
RWA for Market Risk	24,745,126	23,050,845	28,239,784	29,268,677
RWA for Operational Risk	117,389,896	104,857,270	137,665,537	130,931,211
<b>CET I Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIB) (%)</b>	10.43	11.88	12.18	13.30
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00
<b>Total Tier 1 Capital Ratio (%)</b>	10.88	12.37	12.57	13.72
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)</b>	16.53	17.37	17.67	18.23
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	-	-	-	-
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00

## Template 03: Computation of Leverage Ratio

	Bank		Group	
	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000
Tier 1 Capital	122,433,508	127,360,337	160,947,874	161,650,481
Total Exposures	3,353,594,241	3,030,416,129	3,531,299,634	3,203,275,517
On balance Sheet items (Excluding derivatives and securities financing transactions, but including collateral)	3,259,949,793	2,907,877,016	3,428,803,280	3,080,336,189
Derivative Exposures	9,524,081	17,639,936	9,524,081	17,639,936
Securities financing transaction exposures	37,471,372	55,264,285	42,524,712	55,664,500
Other off-balance sheet exposures	56,557,014	49,634,892	56,557,014	49,634,892
Basel III Leverage ratio (%) (Tier 1/total Exposure)	3.65%	4.20%	4.56%	5.05%

## Basel III Disclosure Requirement

### Template 04: Computation of Liquidity Coverage Ratio

	As at 31 December 2024		As at 31 December 2023	
	Total unweighted value LKR '000	Total weighted value LKR '000	Total unweighted value LKR '000	Total weighted value LKR '000
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	1,418,666,041	1,417,850,575	972,884,868	971,952,946
<b>Level 1 Assets</b>	1,417,035,108	1,417,035,108	970,321,023	970,321,023
<b>Level 2A Assets</b>	-	-	1,000,000	850,000
<b>Level 2B Assets</b>	1,630,933	815,467	1,563,845	781,923
<b>Total Cash Outflows</b>	3,135,665,982	667,806,233	2,923,275,102	612,757,881
Deposits	2,042,708,670	204,270,867	1,931,549,144	193,154,914
Unsecured Wholesale Funding	832,413,905	404,072,368	735,508,931	355,722,329
Secured Funding Transactions	38,218,067	-	34,467,102	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	203,892,650	41,030,308	189,786,678	31,917,391
Additional requirements	18,432,690	18,432,690	31,963,247	31,963,247
<b>Total Cash Inflows</b>	262,716,225	160,564,255	180,356,815	145,264,852
Maturing Secured Lending Transactions Backed by Collateral	32,017,334	-	15,474,843	15,474,843
Committed Facilities	12,331,250	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	194,237,363	142,391,436	130,365,609	104,138,655
Operational deposits	5,957,459	-	8,865,009	-
Other Cash Inflows	18,172,819	18,172,819	25,651,354	25,651,354
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next Calendar Days)* 100</b>		279.52		207.91

## Template 5: Main Features of Regulatory Capital Instruments

	No 2 Debenture issued in 2009  LKR '000	No 3 Debenture issued in 2011  LKR '000	No 4 Debenture issued in 2013  LKR '000	Type A Debenture issued in 2019  LKR '000	Type B Debenture issued in 2019  LKR '000	Type A Debenture issued in 2020  LKR '000
<b>Must be provided for each type of capital instrument separately</b>	People's Bank	People's Bank	People's Bank	People's Bank	People's Bank	People's Bank
<b>Description of the Capital Instrument</b>	2	3	4	A	B	A
Issuer	30 December 2009	30 December 2011	15 December 2013	8 November 2019	8 November 2019	27 July 2020
Unique Identifier (e.g. ISIN or Bloomberg Identifier for Private placement)	2,500,000,000	5,000,000,000	5,000,000,000	6,563,000,000	3,437,000,000	12,900,000,000
Original Date of Issuance	29 December 2022	29 December 2022	29 December 2022	8 November 2024	8 November 2027	27 July 2025
Par Value of Instrument						
Original Maturity Date, if Applicable	-	-	-	-	2,577,750,000	3,870,000,000
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting date)	Liability	Liability	Liability	Liability	Liability	Liability
Accounting Classification (Equity/Liability)						
<b>Issuer Call subject to Prior Supervisory Approval</b>						
Optional Call Date, Contingent Call dates and Redemption Amount	N/A	N/A	N/A	N/A	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A	N/A	N/A	N/A	N/A
<b>Coupons/Dividends</b>						
Fixed or Floating Dividend/ Coupon	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate
Coupon rate and any Related Index	13.50%	13.00%	13.00%	12.00%	12.25%	9.50%
Non-Cumulative or Cumulative	N/A	N/A	N/A	N/A	N/A	N/A
<b>Convertible or Non-Convertible</b>						
If Convertible, Conversion trigger (s)	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
If Convertible, Fully or Partially	N/A	N/A	N/A	N/A	N/A	N/A
If Convertible, Mandatory or Optional	N/A	N/A	N/A	N/A	N/A	N/A
If Convertible, Conversion rate	N/A	N/A	N/A	N/A	N/A	N/A

Type B Debenture issued in 2020 LKR '000	Additional Tier 1 debenture 1 2021 LKR '000	Additional Tier 1 debenture 1 2021 LKR '000	Type A debenture issued in 2023 LKR '000	Type B debenture issued in 2023 LKR '000	Debenture issued in 2024 LKR '000	Debenture issued in 2024 LKR '000	Debenture issued in 2024 LKR '000
People's Bank	People's Bank	People's Bank	People's Bank	People's Bank	People's Bank	People's Bank	People's Bank
B	1	2	A	B	A	B	C
27 July 2020	29 March 2021	3 August 2021	20 October 2023	20 October 2023	30 August 2024	11 September 2024	19 September 2024
7,100,000,000	3,500,000,000	1,500,000,000	3,000,000,000	7,000,000,000	6,995,000,000	3,520,000,000	3,000,000,000
27 July 2028	N/A	N/A	1 December 2031	1 December 2028	30 August 2029	11 September 2029	19 September 2032
6,390,000,000	3,500,000,000	1,500,000,000	3,000,000,000	7,000,000,000	6,995,000,000	3,520,000,000	3,000,000,000
Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate	Fixed rate
10.25%	9.50%	9.50%	16.25%	16.00%	13.50%	13.50%	13.75%
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



## Basel III – Market Discipline Disclosure Requirement Under Pillar III

### Template 6 Summary discussion on the adequacy/meeting current and future capital requirements

#### Summary discussion on the adequacy/meeting current and future capital requirements

#### Overview

- In accordance with CBSL stipulations, the Bank carries out an annual Internal Capital Adequacy Assessment Process. The assessment covers a five (5) year time horizon with the last carried out for 2019-2024.

#### Material exposures

At the end of 2024, close to 28.7% of the Bank's total loan book was composed of exposures to the State and Other State-Owned Enterprises. State exposures mostly backed by sovereign undertaking(s) by way of either a Treasury guarantee/indemnity and/or another form of government assurance.

Leaving aside such sovereign backed exposures, the Bank's single largest exposure to a non-sovereign does not account for over 2.0% of the Bank's total loan book

#### Initiatives taken to bolster regulatory capital during 2017, 2018, 2019, 2020, 2021, 2022 and 2023

- During 2017 – 2023 the Bank undertook several initiatives to bolster its regulatory capital and meet all requisite Basel III Risk Control measures. From a Capital Adequacy/Solvency perspective, these included amongst other.

#### 2017

- Raise LKR 5.0 Bn. in New Capital from General Treasury, Ministry of Finance on 21 July 2017. This was first so received over the last eight (8) years.
- Reduce its dividend payout, as measured as a function of post tax profit, to 28.6% during 2017 from 54.8% in 2016.
- Revalued all its land and buildings on 1 July 2017. This enabled the Bank recognise close to LKR 3.6 Bn. in Tier 2 capital with requisite regulatory clearance.

- Ensured new facilities extended to State-Owned Enterprises were backed by the sovereign backed and, in case of other forms of government assurances, ensure they are as a general rule routed through the Monetary Board of the Central Bank of Sri Lanka for prior approval.
- Carry-out an interim profit certification for the six months period ended 30 June 2017 in view of ensuring interim regulatory capital pressures are managed in order to support loan book growth.
- Undertake efforts necessary to amend the People's Bank Act to facilitate the issuance of Debentures to enable the Bank conform with Basel rules. This process was once again revived with the assistance of the line of Ministry.
- As a result of all the above, during 2017 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

#### 2018

- The Bank endeavoured to further reduce its dividend payout ratio, as measured as a function of dividends over post tax profit, to 20.0% in 2018 from 28.6% in 2017.
- Loan book growth was risk measured during 2018.
- Interim profit certifications were carried out for the six months period ended 30 June 2018 in view of ensuring interim regulatory capital requirements were met.
- The process in relation to the People's Bank Act amendment continued. This was key to long term sustainable loan book growth.
- As a result of all the above, during 2018 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

#### 2019

- The Bank further reduced its dividend payout ratio to 18.7% in 2019 from 20.0% in 2018.
- Interim profit certifications were carried during the three months ended 31 March 2019, six months ended 30 June 2019 and the nine months ended 30 September 2019 in view of managing/avoiding interim regulatory capital pressures.

- The People's Bank Act amendments was finalised in September 2019.
- On 8 November 2019 – the Bank issued its first Basel III, Tier 2 compliant debenture for value LKR 10.0 Bn.
- As a result of all the above, during 2019 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2020

- On 1 July 2020 – as originally planned – the Bank revalued all its land and buildings. This resulted in a Tier 2 benefit of close to LKR 2.3 Bn. The next detailed revaluation is set to be carried out on 1 July 2023.
- On 27 July 2020 – the Bank issued LKR 20.0 Bn. in Basel III, Tier 2 debentures which was the single largest issuance for any Bank/Financial Services Provider to date in the country.
- As a result of all the above, during 2020 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2021

- On 29 March 2021 and 03, August 2021 – as originally planned – the Bank issued LKR 3.5 Bn. and LKR 1.5 Bn. Basel III, Additional Tier 1 Compliant debentures.
- The Bank further reduced its dividend payout ratio to 9.2 % in 2021.
- Interim Profit Certifications were carried out for three months ended 31 March 2021, Six months ended 30 June 2021 and nine months ended 30 September 2021 in view of managing regulatory capital pressure.
- As a result of all the above, during 2021 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2022

- The Bank further reduced its dividend payout ratio to 3.9% in 2022.
- Interim Profit Certifications were carried out for Six months ended 30 June 2022 in view of managing regulatory capital pressure.
- As a result of all the above, during 2022 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2023

- During the year the Bank issued LKR 10.0 Bn. Basel III, Additional Tier 2 Compliant debentures.
- The Bank further reduced its dividend payout ratio to 0.18% in 2023.
- As a result of all the above, during 2023 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2024

- During the year the Bank issued LKR 13.515 Bn. Basel III, Additional Tier 2 Compliant debentures.
- The Bank revalued all its land and building. This resulted in Tier 2 benefit of close to LKR 5.61 Bn.
- The Bank did not paid dividend in 2024.
- As a result of all the above, during 2024 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage Ratios.

## 2025 plan

- The Bank is in a constant and continuous process of undertaking measures reasonably necessary to bolster its regulatory capital levels.
- Following are slated to be undertaken during 2025.
  - Continue to maintain its lower dividend/levy payout policy during the year.
  - Carry-out an interim profit certification in view of avoiding regulatory capital shortfalls.

## Template 07: Credit risk under standardised approach

### Credit risk exposures and credit risk mitigation effects (Bank)

	Exposures Before CCF and CRM			Exposures Before CCF and CRM			Risk weighted Assets LKR '000	RWA Density %
	Exposures On Balance Sheet LKR '000	Exposures Off Balance Sheet LKR '000	Total LKR '000	Exposures On Balance Sheet LKR '000	Exposures Off Balance Sheet LKR '000	Total LKR '000		
Total Risk-weighted amount for Credit Risk	2,775,906,811	240,342,248	3,016,249,059	2,775,906,811	57,545,216	2,833,452,027	983,021,898	35
Claims on Central Government and Central Bank of Sri Lanka	1,421,157,807	30,000,000	1,451,157,807	1,421,157,807	0	1,421,157,807	36,497,932	3
Claims on Foreign sovereigns and their Central Banks	0	0	0	0	0	0	0	0
Claims on Public Sector Entities (PSEs)	61,205,722	16,243,424	77,449,146	61,205,722	3,548,878	64,754,600	64,609,075	100
Claims on BIS,IMF and Multilateral Development Banks(MDBs)	0	0	0	0	0	0	0	0
Claims on Banks Exposures	65,917,369	0	65,917,369	65,917,369	0	65,917,369	20,019,537	30
Claims on Financial Institutions	10,517,672	0	10,517,672	10,517,672	0	10,517,672	5,825,516	55
Claims on Corporates	109,197,709	124,072,961	233,270,670	109,197,709	40,502,984	149,700,692	144,667,081	97
Retail claims	434,087,010	70,025,863	504,112,873	434,087,010	13,493,354	447,580,364	350,826,762	78
Claims Secured by Gold	310,846,767	0	310,846,767	310,846,767	0	310,846,767	18,934,719	6
Claims Secured by Residential Property	54,778,386	0	54,778,386	54,778,386	0	54,778,386	19,172,435	35
Claims Secured by Commercial real Estate	-	-	0	0	0	0	0	0
Non-Performing Assets (NPAs)	178,312,609	0	178,312,609	178,312,609	0	178,312,609	252,349,553	142
Higher-risk Categories	1,214,062	0	1,214,062	1,214,062	0	1,214,062	3,035,155	250
Cash Items	61,732,570	0	61,732,570	61,732,570	0	61,732,570	145,003	0
Other Assets	66,939,128	0	66,939,128	66,939,128	0	66,939,128	66,939,128	100

## Template 07: Credit risk under standardised approach

### Credit risk exposures and credit risk mitigation effects (Group)

	Exposures Before CCF and CRM			Exposures Before CCF and CRM			Risk weighted Assets LKR '000	RWA Density %
	Exposures On Balance Sheet LKR '000	Exposures Off Balance Sheet LKR '000	Total LKR '000	Exposures On Balance Sheet LKR '000	Exposures Off Balance Sheet LKR '000	Total LKR '000		
Total Risk-weighted amount for Credit Risk	2,774,692,749	240,342,248	3,015,034,997	2,774,692,749	57,545,216	2,832,237,965	1,114,147,040	39
Claims on Central Government and Central Bank of Sri Lanka	1,421,157,807	30,000,000	1,451,157,807	1,421,157,807	0	1,421,157,807	36,497,932	3
Claims on Foreign sovereigns and their Central Banks	0	0	0	0	0	0	0	0
Claims on Public Sector Entities (PSEs)	61,205,722	16,243,424	77,449,146	61,205,722	3,548,878	64,754,600	64,609,075	100
Claims on BIS,IMF and Multilateral Development Banks(MDBs)	0	0	0	0	0	0	0	0
Claims on Banks Exposures	65,917,369	0	65,917,369	65,917,369	0	65,917,369	22,024,328	33
Claims on Financial Institutions	1,541,225	0	1,541,225	1,541,225	0	1,541,225	1,337,292	87
Claims on Corporates	109,197,709	124,072,961	233,270,670	109,197,709	40,502,984	149,700,692	144,667,081	97
Retail claims	438,603,440	70,025,863	508,629,302	438,603,440	13,493,354	452,096,794	454,882,351	101
Claims Secured by Gold	310,846,767	0	310,846,767	310,846,767	0	310,846,767	18,934,719	6
Claims Secured by Residential Property	54,778,386	0	54,778,386	54,778,386	0	54,778,386	19,172,435	35
Claims Secured by Commercial real Estate	-	-	0	0	0	0	0	0
Non Performing Assets (NPAs)	178,307,788	0	178,307,788	178,307,788	0	178,307,788	267,858,149	150
Higher-risk Categories	0	0	0	0	0	0	0	0
Cash Items	61,732,570	0	61,732,570	61,732,570	0	61,732,570	145,003	0
Other Assets	71,403,967	0	71,403,967	71,403,967	0	71,403,967	84,018,673	118

## Basel III Disclosure Requirement

### Template 8: Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights – Bank

Description	0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	1,238,668,146	182,489,661	
Claims on Foreign Sovereigns and their Central Banks	-	-	
Claims on Public Sector Entities	-	-	
Claims on Banks Exposures	-	49,627,899	
Claims on Financial Institutions		-	
Claims on Corporates	-	5,851,978	
SME Exposures			
Retail Claims	216,173,172	94,673,595	
Claims Secured by Residential Property	-	-	54,778,386
Claims Secured by Commercial Real Estate	-	-	
Non-Performing Assets (NPAs)	-	-	
Higher-risk Categories	-	-	
Cash Items and Other Assets	61,007,554	725,016	
<b>Total</b>	<b>1,515,848,871</b>	<b>333,368,150</b>	<b>54,778,386</b>

### Exposures by Asset Classes and Risk Weights – Group

Description	0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	-	36,497,932	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-
Claims on Public Sector Entities	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-
Claims on Banks Exposures	-	9,925,580	-
Claims on Financial Institutions	-	-	-
Claims on Corporates	-	1,170,396	-
SME Exposures	-	-	-
Retail Claims	-	18,934,719	-
Claims Secured by Residential Property	-	-	19,172,435
Claims Secured by Commercial Real Estate	-	-	-
Non-Performing Assets (NPAs)	-	-	-
Higher-risk Categories	-	-	-
Cash Items and Other Assets	-	145,003	-
<b>Total</b>	<b>-</b>	<b>66,673,630</b>	<b>19,172,435</b>

Amount (LKR '000) as at 31 December 2024 (Post CCF and CRM)

	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount LKR '000
	-		-	-	-	-	1,421,157,807
	-		-	-	-	-	-
	291,050		-	64,463,550	-	-	64,754,600
	12,483,601		-	3,713,293	92,576	-	65,917,369
	9,384,312			1,133,360	-	-	10,517,672
	704,056		-	143,144,657	-	-	149,700,692
		869,899					869,899
	-		385,622,568	61,087,897	-	-	757,557,232
	-		-	-	-	-	54,778,386
	-		-	-	-	-	-
	536,442		-	29,165,838	148,610,329	-	178,312,609
	-		-	-	-	1,214,062	1,214,062
	-		-	66,939,128	-	-	128,671,698
	23,399,462	869,899	385,622,568	369,647,724	148,702,905	1,213,767	2,833,452,027

Amount (LKR'000) as at 31 December 2024 (Post CCF and CRM)

	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount LKR '000
	-	-	-	-	-	-	36,497,932
	-	-	-	-	-	-	-
	145,525	-	-	64,463,550	-	-	64,609,075
	-	-	-	-	-	-	-
	6,241,801	-	-	3,713,293	138,864	-	20,019,537
	4,692,156	-	-	1,133,360	-	-	5,825,516
	352,028	-	-	143,144,657	-	-	144,667,081
	-	521,939	-	-	-	-	521,939
	-	-	289,216,926	61,087,897	-	-	369,239,542
	-	-	-	-	-	-	19,172,435
	-	-	-	-	-	-	-
	268,221	-	-	29,165,838	222,915,494	-	252,349,553
	-	-	-	-	-	3,035,155	3,035,155
	-	-	-	66,939,128	-	-	67,084,131
	11,699,731	521,939	289,216,926	369,647,724	223,054,358	3,034,418	983,021,898

## Basel III Disclosure Requirement

### Template 8: Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights – Group

Description	0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	1,257,290,120	182,489,661	
Claims on Foreign Sovereigns and their Central Banks	-	-	
Claims on Public Sector Entities	-	-	
Claims on Official Entities and Multilateral Development Banks	-	-	
Claims on Banks Exposures	-	49,906,254	
Claims on Financial Institutions	-	-	
Claims on Corporates	-	5,851,978	
SME Exposures			
Retail Claims	216,173,172	94,673,595	
Claims Secured by Residential Property	-	-	54,778,386
Claims Secured by Commercial Real Estate	-	-	
Non-Performing Assets (NPAs)	-	-	
Higher-risk Categories	-	-	
Cash Items and Other Assets	61,711,844	725,016	
<b>Total</b>	<b>1,535,175,135</b>	<b>333,646,505</b>	<b>54,778,386</b>

Description	0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	-	36,497,932	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-
Claims on Public Sector Entities	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-
Claims on Banks Exposures	-	9,981,251	-
Claims on Financial Institutions	-	-	-
Claims on Corporates	-	1,170,396	-
SME Exposures	-	-	-
Retail Claims	-	18,934,719	-
Claims Secured by Residential Property	-	-	19,172,435
Claims Secured by Commercial Real Estate	-	-	-
Non-Performing Assets (NPAs)	-	-	-
Higher-risk Categories	-	-	-
Cash Items and Other Assets	-	145,003	-
<b>Total</b>	<b>-</b>	<b>66,729,301</b>	<b>19,172,435</b>

## Amount (LKR '000) as at 31 December 2024 (Post CCF and CRM)

	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount LKR '000
	-		-	-	-	-	1,439,779,781
	-		-	-	-	-	-
	291,050		-	64,463,550	-	-	64,754,600
	-		-	-	-	-	-
	12,483,601		-	5,499,975	200,868	-	68,090,698
	407,865			1,133,360	-	-	1,541,225
	704,056		-	143,144,657	-	-	149,700,692
		869,899					869,899
	-		518,341,447	65,604,327	-	-	894,792,541
			-	-	-	-	54,778,386
	-		-	-	-	-	-
	536,442		-	29,165,838	158,949,393	-	188,651,673
	-		-	-	-	-	-
	-		-	84,018,673	-	-	146,455,533
	14,423,014	869,899	518,341,447	393,030,380	159,150,261	-	3,009,415,028

## Amount (LKR'000) as at 31 December 2024 (Post CCF and CRM)

	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount LKR '000
	-	-	-	-	-	-	36,497,932
	-	-	-	-	-	-	-
	145,525	-	-	64,463,550	-	-	64,609,075
	-	-	-	-	-	-	-
	6,241,801	-	-	5,499,975	301,302	-	22,024,328
	203,932	-	-	1,133,360	-	-	1,337,292
	352,028	-	-	143,144,657	-	-	144,667,081
	-	521,939	-	-	-	-	521,939
	-	-	388,756,085	65,604,327	-	-	473,295,131
	-	-	-	-	-	-	19,172,435
	-	-	-	-	-	-	-
	268,221	-	-	29,165,838	238,424,089	-	267,858,149
	-	-	-	-	-	-	-
	-	-	-	84,018,673	-	-	84,163,676
	7,211,507	521,939	388,756,085	393,030,380	238,725,391	-	1,114,147,040



## Template 9: Market Risk under Standardised Measurement Method

	Bank		Group	
	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2023 LKR '000
<b>(a) R W A for Interest Rate Risk</b>	2,493,107	1,474,711	2,493,107	1,474,711
General Interest Rate Risk	1,812,995	751,616	1,812,995	751,616
(i) Net Long or short Position	1,812,995	751,616	1,812,995	751,616
(ii) Horizontal Disallowance			-	-
(iii) Vertical Disallowance			-	-
(iv) Options			-	-
Specific Interest Rate Risk	680,112	723,095	680,112	723,095
<b>(b) R W A for Equity</b>	697,450	568,158	1,169,229	1,407,566
(i) General Equity Risk	352,932	286,205	588,821	705,909
(ii) Specific Equity Risk	344,518	281,953	580,408	701,657
<b>© RWA for foreign exchange and gold</b>	150,035	1,068,995	150,035	1,068,995
<b>(d) Capital charge for Market Risk (a)+(b)+©</b>	3,340,592	3,111,864	3,812,371	3,951,272
<b>RWA for Market risk (d) *100/13.5 (2023), *100/13.5 (2022)</b>	24,745,126	23,050,844	28,239,784	29,268,677

## Template 10: Operational Risk under Basic Indicator Approach

		Bank				Group			
		Gross Income				Gross Income			
		1 year	2 year	3 year	Average	1 year	2 year	3 year	Average
<b>The basic indicator approach</b>		110,691,908	81,092,272	125,168,538	105,650,906	130,493,754	96,136,211	145,066,984	123,898,983
<b>Capital Charges for Operational Risk (LKR '000)</b>									
The Basic Indicator Approach	15%	16,603,786	12,163,841	18,775,281	15,847,636	19,574,063	14,420,432	21,760,048	18,584,847
<b>Risk Weighted Amount for Operational Risk (LKR '000)</b>									
The Basic Indicator Approach	7.4	122,991,009	90,102,524	139,076,153	117,389,896	144,993,060	106,818,012	161,185,538	137,665,537

## Template 11: Differences Between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

	Carrying value as reported in published financial statements	Carrying value under scope of regulatory reporting	Subject to credit risk framework	Subject to market risk framework	Subject to deduction risk framework
<b>Assets</b>	3,297,799,107	3,297,799,107	2,949,561,208	338,373,557	8,953,152
Cash and Cash Equivalents	71,694,016	71,694,016	71,694,016	-	-
Balances with Central Bank of Sri Lanka	33,798,107	33,798,107	33,798,107	-	-
Placements with Banks	59,831,807	59,831,807	59,831,807	-	-
Derivative Financial Instruments	5,842,194	5,842,194	5,842,194	-	-
Financial Assets – At Fair Value through Profit or Loss	329,810,350	329,810,350	-	329,810,350	-
Financial Assets – At Amortised Cost	-	-	-	-	-
Loans and Receivables to Banks	31,994,539	31,994,539	31,994,539	-	-
Loans and Receivables to Other Customers	1,521,965,020	1,521,965,020	1,521,965,020	-	-
Debt instruments measured at amortised cost	1,123,490,537	1,123,490,537	1,123,490,537	-	-
Financial Assets – At Fair Value through Other Comprehensive Income [OCI]	-	-	-	-	-
Equity instruments at fair value through OCI	2,313,187	2,313,187	-	2,313,187	-
Debt instruments at fair value through OCI	7,110,671.00	7,110,671	860,651	6,250,020	-
Investments in Subsidiaries	5,191,712.00	5,191,712	1,262,684	-	3,017,838
Investments in Associates	0	-	-	-	-
Goodwill and Intangible assets	2,586,671	2,586,671	-	-	2,586,671
Property, plant and equipment	61,079,218	61,079,218	61,079,218	-	-
Other Assets	41,091,078	41,091,078	37,742,434	-	3,348,644
<b>Liabilities</b>	3,115,831,052	3,115,831,052	-	-	-
Due to Banks	36,840,228	36,840,228	-	-	-
Derivative Financial Instruments	168,266	168,266	-	-	-
Due to Other Customers	2,854,704,194	2,854,704,194	-	-	-
Other Borrowings	75,545,595	75,545,595	-	-	-
Current Tax Liabilities	12,651,620	12,651,620	-	-	-
Net Deferred Tax Liabilities	5,207,184	5,207,184	-	-	-
Other Liabilities	76,557,256	76,557,256	-	-	-
Subordinated Term Debts	54,156,709	54,156,709	-	-	-
<b>Shareholders' Equity</b>	181,968,055	181,968,055	-	-	-
Stated Capital/Assigned Capital	12,201,998	12,201,998	-	-	-
Statutory Reserve Fund	11,827,215	11,827,215	-	-	-
Other Reserves	68,981,258	68,981,258	-	-	-
Retained Earnings	88,957,584	88,957,584	-	-	-
<b>Total Equity and Liabilities</b>	3,297,799,107	3,297,799,107	-	-	-
<b>Off-Balance Sheet Liabilities</b>	233,829,736	233,829,736	233,829,736	-	-
Acceptances	7,463,176	7,463,176	7,463,176	-	-
Documentary Credit	22,325,041	22,325,041	22,325,041	-	-
Guarantees	54,102,771	54,102,771	54,102,771	-	-
Forward Exchange Contracts	43,134,112	43,134,112	43,134,112	-	-
Undrawn overdrafts and loans	107,041,146	107,041,146	107,041,146	-	-
(-) Allowance for ECL/impairment losses	(236,511)	(236,511)	(236,511)	-	-

## Template 12: Group Assessment of Domestic Systemically important Banks (D-SIBS) As at 31 December 2024

Size Indicator	LKR '000
<b>Section 1 - Total Exposures</b>	
Total exposures measure	3,531,299,634
<b>Interconnectedness Indicators</b>	
<b>Section 2 - Intra-Financial System Assets</b>	
(a) Funds deposited with or lent to other financial institutions (including unused portion of committed lines extended)	69,672,876
(i) Funds deposited	68,131,652
(ii) Lending	1,541,225
(b) Holdings of securities issued by other financial institutions	777,458
(c) Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	4,062,000
(d) Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to market value	19,949,180
Intra-financial system assets	94,461,514
<b>Section 3 - Intra-Financial System Liabilities</b>	
(a) Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained)	55,774,438
(i) Funds deposited	5,917,627
(ii) Borrowings	49,856,810
(b) Net negative current exposure of securities financing transactions with other financial institutions	5,464,252
(c) Over-the-counter derivatives with other financial institutions that have a net negative mark to market value	29,111,512
Intra-financial system liabilities	90,350,201
<b>Section 4 - Securities Outstanding</b>	
Securities outstanding	59,065,270
<b>Substitutability/Financial Institution Infrastructure Indicators</b>	
<b>Section 5 - Payments made in the reporting year (excluding intragroup payments)</b>	
Payments activity	6,458,958,856
<b>Section 6 - Assets Under Custody</b>	
Assets under custody	-
<b>Section 7 - Underwritten Transactions in Debt and Equity Markets</b>	
Underwriting activity	-
<b>Section 8 - Trading Volume</b>	
(a) number of shares or securities	-283
(b) value of the transactions	-22,190
<b>Complexity indicators</b>	
<b>Section 9 - Notional Amount of Over-the-Counter (OTC) Derivatives</b>	
OTC derivatives	49,410,113
<b>Section 10 - Level 2 Assets</b>	
Level 2 assets	1,630,933
<b>Section 11 - Trading and available for sale (AFS) securities</b>	
(a) debt instruments	8,034,768
(b) equity instruments	3,756,511
(c) government securities	330,051,373
(d) derivatives	5,842,194
<b>Section 12 - Cross-Jurisdictional Liabilities</b>	
Cross-jurisdictional liabilities (excluding derivatives and intragroup liabilities)	143,954,604
<b>Section 13 - Cross-Jurisdictional Claims</b>	
Cross-jurisdictional claims (excluding derivatives and intragroup claims)	93,094,061

# EXTERNAL ASSURANCE ON SUSTAINABILITY REPORT

GRI 2-5



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
Fax : +94 11 768 7869  
Email : eysl@lk.ey.com  
ey.com

**Independent practitioner's assurance report to the Board of Directors of People's Bank on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024**

## Scope

We have been engaged by **People's Bank** to perform a "limited assurance engagement," as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on People's Bank's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in **People's Bank's (the "Entity's") Integrated Annual Report for the year ended 31 December 2024** (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

## Criteria applied by People's Bank

In preparing the Subject Matter, **People's Bank** applied the following criteria ("Criteria"):

- **The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>**

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

## People's Bank's responsibilities

People's Bank management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

## Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with ***the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000) (Revised)***, and the terms of reference for this engagement as agreed with the **People's Bank** on **04 April 2025**. Those standards

Partners: DK Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhiveli B.Com (Sp), W D P L Perera ACA

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require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

## Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by **The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)** and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

## Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

## Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

## Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on **the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of People's Bank for the year ended 31 December 2024**, in order for it to be in accordance with the Criteria.



07 April 2025  
Colombo

# GRI CONTENT INDEX

**Statement of use** People's Bank has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024

**GRI 1 used** GRI 1: Foundation 2021

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	269, 444				
	2-2 Entities included in the organisation's sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	4,6				
	2-4 Restatements of information	4				
	2-5 External assurance	5, 419				
	2-6 Activities, value chain and other business relationships	5, 126, 150, 154, 269				
	2-7 Employees	137				
	2-8 Workers who are not employees	139				
	2-9 Governance structure and composition	26, 215, 217, 218, 226				
	2-10 Nomination and selection of the highest governance body	224, 247				
	2-11 Chair of the highest governance body	222				
	2-12 Role of the highest governance body in overseeing the management of impacts	220, 222, 226				
	2-13 Delegation of responsibility for managing impacts	226				
	2-14 Role of the highest governance body in sustainability reporting	226				
	2-15 Conflicts of interest	240, 241, 242, 361-365				
	2-16 Communication of critical concerns	-				There were no incidents reported for the year.
	2-17 Collective knowledge of the highest governance body	216, 222				

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
	2-18 Evaluation of the performance of the highest governance body	224				
	2-19 Remuneration policies	225, 237, 244				
	2-20 Process to determine remuneration	225, 237, 244				
	2-21 Annual total compensation ratio	-	2-21	Confidentiality Constraints	Bank does not disclose this due to confidentiality reasons	
	2-22 Statement on sustainable development strategy	18, 68				
	2-23 Policy commitments	6, 78				
	2-24 Embedding policy commitments	79				
	2-25 Processes to remediate negative impacts	79, 136				
	2-26 Mechanisms for seeking advice and raising concerns	79, 136				
	2-27 Compliance with laws and regulations	79				
	2-28 Membership associations	156				
	2-29 Approach to stakeholder engagement	51				
	2-30 Collective bargaining agreements	136				
<b>Material topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	55				
	3-2 List of material topics	58				
	3-3 Management of material topics	58				
<b>Economic performance</b>						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	159				
	201-2 Financial implications and other risks and opportunities due to climate change	173				
	201-3 Defined benefit plan obligations and other retirement plans	281				
	201-4 Financial assistance received from government	-				No exceptional relief received during the year

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
Market presence						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	142				
	202-2 Proportion of senior management hired from the local community	140				
Indirect economic impacts						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	168				
	203-2 Significant indirect economic impacts	168				
Procurement practices						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	155				
Anti-corruption						
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	-				The Bank evaluates the potential impact of operational risk on all product, processes and activities on an ongoing basis.
	205-2 Communication and training about anti-corruption policies and procedures	136				
	205-3 Confirmed incidents of corruption and actions taken	136				
Anti-competitive behaviour						
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-				There were no incidents reported for the year.
Tax						
GRI 207: Tax 2019	207-1 Approach to tax	160				
	207-2 Tax governance, control, and risk management	160				
	207-3 Stakeholder engagement and management of concerns related to tax	52, 160				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	172				
	302-3 Energy intensity	172				



GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
Water and effluents						
GRI 303: Water and Effluents 2018	303-5 Water consumption	176				
Emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	173				
	305-2 Energy indirect (Scope 2) GHG emissions	173				
	305-3 Other indirect (Scope 3) GHG emissions	173				
	305-4 GHG emissions intensity	173				
	305-5 Reduction of GHG emissions	173				
Supplier environmental assessment						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	155				
	308-2 Negative environmental impacts in the supply chain and actions taken	-				There were no incidents reported for the year
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	139				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	141				
	401-3 Parental leave	141				
Labour/management relations						
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	142				
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	142				
	403-3 Occupational health services	142				
	403-4 Worker participation, consultation, and communication on occupational health and safety	142				

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
	403-5 Worker training on occupational health and safety	142				
	403-6 Promotion of worker health	142				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	142				
	403-9 Work-related injuries	142				
	403-10 Work-related ill health	142				
<b>Training and education</b>						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	140				
	404-2 Programs for upgrading employee skills and transition assistance programs	140				
	404-3 Percentage of employees receiving regular performance and career development reviews	143				
<b>Diversity and equal opportunity</b>						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	138, 215				
	405-2 Ratio of basic salary and remuneration of women to men	142				
<b>Non-discrimination</b>						
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	144				
<b>Child labour</b>						
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	144				
<b>Forced or Compulsory Labour</b>						
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	144				
<b>Rights of indigenous peoples</b>						
GRI 411: Rights of indigenous peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	164				

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
Local communities						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	164				
	413-2 Operations with significant actual and potential negative impacts on local communities	-				No instance were reported for the year
Supplier social assessment						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	155				
	414-2 Negative social impacts in the supply chain and actions taken	-				No instance were reported for the year
Customer health and safety						
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	149				
	416-2 Incidents of non- compliance concerning the health and safety impacts of products and services	-				No instance were reported for the year
Marketing and labelling						
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	149				
	417-2 Incidents of non- compliance concerning product and service information and labelling	149				
	417-3 Incidents of non- compliance concerning marketing communications	114				
Customer privacy						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	149				

# SENIOR MANAGERS

**1. Ms T N Vijayakumar**

Law Officer  
Batticaloa R.H.O.

**2. Ms B M D Kumudini**

Law Officer  
Hambanthota R.H.O.

**3. Ms L M Narangoda**

Law Officer  
Colombo West R.H.O.

**4. Ms P P K Attanayaka**

Law Officer  
Kandy R.H.O.

**5. Ms D G S G Dayarathna**

Law Officer  
Legal Department

**6. Mr K W R R C Siriwardena**

Senior Building Engineer  
Gampaha R.H.O.

**7. Ms W T I Ambepitiya**

Law Officer  
Colombo South R.H.O.

**8. Ms T D M Shanthikumara**

Senior Finance Officer  
Finance & Management  
Accounting Department

**9. Mr D M G M Dasanayaka**

Senior Building Engineer  
Kandy R.H.O.

**10. Ms P M K A Priyadharshanie**

Law Officer  
Matara R.H.O.

**11. Ms M G C Aroshini**

Law Officer  
Galle R.H.O.

**12. Ms I B Illangasinghe**

Law Officer  
Matale R.H.O.

**13. Ms M S W R Wimalagunaratna**

Law Officer  
Colombo East R.H.O.

**14. Ms H G N Pragathi**

Law Officer  
Gampaha R.H.O.

**15. Ms W G G I Gunaratne**

Law Officer  
Galle R.H.O.

**16. Mr P H L Jayathilaka**

Law Officer  
Puttalam R.H.O.

**17. Ms A S D DE S Sirisena**

Law Officer  
Kalutara R.H.O.

**18. Ms S W Dewanarayana**

Senior Manager  
Digitalisation Department

**19. Ms W A P M J Wickramaarachchi**

Assistant Regional Manager  
Gampaha R.H.O.

**20. Ms H Raguraman**

Law Officer  
Ampara R.H.O.

**21. Ms W M N H Weerakoon**

Law Officer  
Kandy R.H.O.

**22. Ms D D N A Aluthge**

Law Officer  
Colombo East R.H.O.

**23. Ms R A S R Ranasinghe**

Law Officer  
Legal Department

**24. Ms. S A M L Sirimanna**

Assistant Regional Manager  
Puttalam R.H.O.

**25. Ms K V I K Dayananda**

Assistant Regional Manager  
Kegalle R.H.O.

**26. Ms R P S Dangalla**

Assistant Regional Manager  
Gampaha R.H.O.

**27. Ms U A L Srimathie**

Assistant Regional Manager  
Gampaha R.H.O.

**28. Mr D H N Wijemanna**

Senior Manager  
Internal Audit Department

**29. Mr K P Vithana**

Assistant Regional Manager  
Kalutara R.H.O.

**30. Ms K D Jayathissa**

Senior Manager  
Channel Management Department

**31. Ms I S Kirindegedara**

Assistant Regional Manager  
Anuradhapura R.H.O.

**32. Ms S A D H Wimalasena**

Senior Manager  
Investigation & Inquiries Department

**33. Ms E K G I Gajadeera**

Law Officer  
Legal Department

**34. Ms L C Shiromi**

Law Officer  
Colombo South R.H.O.

**35. Ms W M D S Nisansala**

Law Officer  
Legal Department

**36. Ms D S Mahawatta**

Law Officer  
Corporate & Inst. Banking Div.

**37. Ms R G S A Randeniya**

Law Officer  
Legal Department

**38. Ms K M A Wijesinghe**

Law Officer  
Badulla R.H.O.

**39. Ms M D M I Saparamadu**

Law Officer  
Gampaha R.H.O.

**40. Ms M D S K Dasanayaka**

Law Officer  
Ratnapura R.H.O.

**41. Ms W O K A W K Wijesinghe**

Law Officer  
Legal Department

**42. Ms P D S R Joseph**

Law Officer  
Puttalam R.H.O.

**43. Ms M D Dharmaratne**

Law Officer  
Colombo North R.H.O.

**44. Ms E M Lohanathan**

Law Officer  
Batticaloa R.H.O.

**45. Ms W G P Damayanthi**

Senior Manager  
Internal Audit Department

**46. Ms N H N Thushari**

Assistant Regional Manager  
Hambanthota R.H.O.

**47. Ms K S S Subhashini**

Assistant Regional Manager  
Galle R.H.O.

**48. Ms D R M Disanayaka**

Senior Manager  
Finance & Management  
Accounting Department

**49. Mr W Muthugala**

Assistant Regional Manager  
Badulla R.H.O.

**50. Ms S P K Ekanayaka**

Assistant Regional Manager  
Anuradhapura R.H.O.

**51. Ms R M P Rathnayaka**

Assistant Regional Manager  
Badulla R.H.O.

**52. Mr W M U Wijekoon**

Assistant Regional Manager  
Nuwara-Eliya R.H.O.

**53. Ms K A U I Dharmasiri**

Assistant Regional Manager  
Colombo South R.H.O.

**54. Ms M P W Kodippili**

Senior Manager  
Supplies & Stores Department

**55. Ms S G T Udayani**

Senior Manager  
Internal Audit Department

**56. Mr A L C P Abesinghe**

Assistant Regional Manager  
Hambanthota R.H.O.

**57. Ms K S C Rohini**

Assistant Regional Manager  
Kalutara R.H.O.

**58. Ms U A R P Amarasinghe**

Assistant Regional Manager  
Galle R.H.O.

**59. Ms T S Nammuniarachchi**

Assistant Regional Manager  
Galle R.H.O.

**60. Ms P N Kahangamage**

Senior Manager  
Development & Micro  
Finance Department

**61. Ms W N D Priyanath**

Assistant Regional Manager  
Matara R.H.O.

**62. Ms G D K Perera**

Senior Manager  
Internal Audit Department

**63. Ms D S Atigala**

Assistant Regional Manager  
Colombo South R.H.O.

**64. Mr K M P P Kulathunga**

Assistant Regional Manager  
Kandy R.H.O.

**65. Mr P M J J Jayasinghe**

Assistant Regional Manager  
Nuwara-Eliya R.H.O.

**66. Mr T B Liyanage**

Senior Manager  
Internal Audit Department

**67. Ms H W S Hathnagoda**

Assistant Regional Manager  
Kandy R.H.O.

**68. Mr Y Sureshkumar**

Assistant Regional Manager  
Jaffna R.H.O.

**69. Ms L P W M Damayanthi**

Assistant Regional Manager  
Puttalam R.H.O.

**70. Mr D M V K Dissanayake**

Assistant Regional Manager  
Kurunegala R.H.O.

**71. Mr S B S K Priyadarshana**

Assistant Regional Manager  
Matale R.H.O.

**72. Ms H M Karuna Herath**

Assistant Regional Manager  
Kurunegala R.H.O.

**73. Ms J A D T A Uduwawala**

Assistant Regional Manager  
Kurunegala R.H.O.

**74. Ms N S W Pathirana**

Senior Manager  
Information Technology Department

**75. Ms S S Jumat**

Senior Manager  
Personal Banking Department

**76. Ms U I Rodrigo**

Senior Manager  
Business Revival Unit

**77. Mr K A S I Kumarapeli**

Assistant Regional Manager  
Kandy R.H.O.

**78. Ms B N S Bollegala**

Senior Manager  
Internal Audit Department

**79. Ms A H S Perera**

Assistant Regional Manager  
Colombo West R.H.O.

**80. Ms P G C Chandramali**

Senior Manager  
Colombo East R.H.O.

**81. Ms M A K L Menik Arachchi**

Assistant Regional Manager  
Matale R.H.O.

- |  |   |  |
|--|---|--|
| <p><b>82. Mr G K R R Perera</b><br/>Senior Manager<br/>Personal Banking Department</p> <p><b>83. Ms K T S Perera</b><br/>Senior Manager<br/>Overseas Customer Services</p> <p><b>84. Mr S M A P K Samarakoon</b><br/>Assistant Regional Manager<br/>Colombo West R.H.O.</p> <p><b>85. Ms L A S Sajeewani</b><br/>Senior Manager<br/>Channel Management Department</p> <p><b>86. Ms W J A Fernando</b><br/>Senior Manager<br/>Supplies &amp; Stores Department</p> <p><b>87. Ms W R D D Ranathunga</b><br/>Law Officer<br/>Kurunegala R.H.O.</p> <p><b>88. Mr T K Hinguralaarchchi</b><br/>Senior Manager – IT<br/>Personal Banking Department</p> <p><b>89. Mr J M G I C Jayasundara</b><br/>Senior Manager – IT<br/>Information Technology Department</p> <p><b>90. Mr L R De Silva</b><br/>Senior Manager – IT<br/>Information Technology Department</p> <p><b>91. Mr D H M T L Karunaratne</b><br/>Senior Dealer<br/>Treasury Unit</p> <p><b>92. Ms T M T K K Abeynayake</b><br/>Law Officer<br/>Kurunegala R.H.O.</p> <p><b>93. Ms K S A Arachchige</b><br/>Law Officer<br/>Hambanthota R.H.O.</p> <p><b>94. Ms S M C C Subasinghe</b><br/>Senior Manager<br/>Internal Audit Department</p> <p><b>95. Ms C S K Wickramarathna</b><br/>Senior Manager<br/>Internal Audit Department</p> | <p><b>96. Mr D S P Jayasinghe</b><br/>Assistant Regional Manager<br/>Anuradhapura R.H.O.</p> <p><b>97. Mr W M Meril</b><br/>Assistant Regional Manager<br/>Moneragala R.H.O.</p> <p><b>98. Ms K H Hemamala</b><br/>Senior Manager<br/>Internal Audit Department</p> <p><b>99. Ms M W S P Gunawardhana</b><br/>Assistant Regional Manager<br/>Ratnapura R.H.O.</p> <p><b>100. Ms W D S Jayanthika</b><br/>Assistant Regional Manager<br/>Colombo South R.H.O.</p> <p><b>101. Mr L K P Amarasinghe</b><br/>Assistant Regional Manager<br/>Polonnaruwa R.H.O.</p> <p><b>102. Mr M G T P Karunarathna</b><br/>Senior Manager Branch<br/>Kandy</p> <p><b>103. Mr M T A C Fernando</b><br/>Assistant Regional Manager<br/>Ratnapura R.H.O.</p> <p><b>104. Ms S V G J Chelliah</b><br/>Assistant Regional Manager<br/>Wanni R.H.O.</p> <p><b>105. Ms H C K Wickramasinghe</b><br/>Assistant Regional Manager<br/>Colombo East R.H.O.</p> <p><b>106. Mr T M M H Tennakoon</b><br/>Assistant Regional Manager<br/>Trincomalee R.H.O.</p> <p><b>107. Mr N Thineskumar</b><br/>Assistant Regional Manager<br/>Batticaloa R.H.O.</p> <p><b>108. Ms W A K C P Jayawardena</b><br/>Senior Manager<br/>Risk Management &amp; Credit<br/>Control Department</p> | <p><b>109. Ms W K P Wickrama</b><br/>Senior Manager<br/>Risk Management &amp; Credit<br/>Control Department</p> <p><b>110. Ms R H T S Ranepura</b><br/>Senior Manager<br/>Corporate &amp; Inst. Banking Div.</p> <p><b>111. Ms P M P Fernando</b><br/>Senior Manager<br/>Personal Banking Department</p> <p><b>112. Ms W A C P Weerasiri</b><br/>Senior Manager<br/>Channel Management Department</p> <p><b>113. Ms W I R Ekanayake</b><br/>Senior Manager<br/>Process Mgmt &amp; Quali.<br/>Assur. Department</p> <p><b>114. Mr K Pratheep</b><br/>Assistant Regional Manager<br/>Batticaloa R.H.O.</p> <p><b>115. Mr M A Raban</b><br/>Senior Manager<br/>Internal Audit Department</p> <p><b>116. Mr A M T T Amarapathy</b><br/>Assistant Regional Manager<br/>Polonnaruwa R.H.O.</p> <p><b>117. Ms K Beeshman</b><br/>Assistant Regional Manager<br/>Trincomalee R.H.O.</p> <p><b>118. Mr T Bharathramana</b><br/>Assistant Regional Manager<br/>Jaffna R.H.O.</p> <p><b>119. Mr U B D A Danapala</b><br/>Assistant Regional Manager<br/>Badulla R.H.O.</p> <p><b>120. Mr G M U S Abayakoon</b><br/>Senior Manager Branch<br/>Kurunegala</p> <p><b>121. Mr A K C J Amarasekara</b><br/>Senior Manager<br/>Staff Training College</p> |
|--|---|--|

**122. Mr K K S P Deshapriya**

Assistant Regional Manager  
Colombo East R.H.O

**123. Ms D U Cooray**

Senior Manager  
Risk Management & Credit  
Control Department

**124. Ms D L S Perera**

Senior Manager  
Digitalisation Department

**125. Ms R M P S Rathnayake**

Senior Manager Branch  
Head Quarters Branch

**126. Ms P M S Sri Wimukthi**

Assistant Regional Manager  
Kalutara R.H.O.

**127. Ms S K Udagearachchi**

Senior Manager  
Branch Credit Department

**128. Ms D J A B P Wimaladharma**

Senior Manager Branch  
Union Place-Colombo

**129. Ms D D Wijayathilaka**

Senior Manager  
Salaries & Pensions Department

**130. Mr L D T P Mihiraj**

Senior Manager Branch  
Head Quarters Branch

**131. Ms Y V A D Mihirani**

Senior Manager  
Off-Shore Unit

**132. Ms U H C N Wijesekara**

Senior Manager  
Channel Management Department

**133. Ms A W Jayasooriya**

Senior Dealer  
Treasury Unit

**134. Mr K N W P Perera**

Senior Dealer  
Treasury Unit

**135. Ms S P Kumaranayaka**

Law Officer  
Ratnapura R.H.O.

**136. Ms G G K M Ratnawardhana**

Law Officer  
Legal Department

**137. Ms W M A P Manel**

Law Officer  
Kurunegala R.H.O.

**138. Ms R M P C Jayathilake**

Senior Finance Officer  
Finance & Management  
Accounting Department

**139. Ms A D N Samankumari**

Senior Finance Officer  
Finance & Management  
Accounting Department

**140. Mr U G H S Gamage**

Senior Finance Officer  
Finance & Management  
Accounting Department

**141. Ms R I M Fernando**

Senior Finance Officer  
Finance & Management  
Accounting Department

**142. Ms W L D Fernando**

Senior Dealer  
Treasury Unit

**143. Ms M I Shamilah**

Law Officer  
Wanni R.H.O.

**144. Mr S Sugash**

Law Officer  
Jaffna R.H.O.

**145. Mr H S M De Silva**

Senior Finance Officer  
Finance & Management  
Accounting Department

**146. Mr A V O R Chamara**

Senior Internal Audit Officer  
Internal Audit Department

**147. Ms W M K M N Fernando**

Senior Internal Audit Officer  
Internal Audit Department

**148. Mr R M A K Rajaguru**

Senior Internal Audit Officer  
Internal Audit Department

## BRANCH MANAGERS

1. **Mr A J C S Perera**  
Manager  
Duke Street
2. **Mr N G D B K Jayathissa**  
Manager  
Matale
3. **Mr M G T P Karunarathna**  
Senior Manager  
Kandy
5. **Ms P H C Peiris**  
Manager  
Polonnaruwa
6. **Ms H P R Srimalee**  
Deputy Manager  
Hingurakgoda
7. **Ms P L A M V Jayasinghe**  
Deputy Manager  
Hambantota
8. **Mr E A C Edirisinghe**  
Manager  
Anuradhapura
9. **Ms W M S K Wanninayake**  
Manager  
Puttalam
10. **Ms A S Kaluarachchi**  
Manager  
Badulla
11. **Mr H M D N Siriwardane**  
Deputy Manager  
Bibile
12. **Mr G M U S Abayakoon**  
Senior Manager  
Kurunegala
13. **Ms W H D S Wimalajeewa**  
Manager  
Galle - Fort
14. **Mr V T R Wasantha Kumara**  
Manager  
Union Place - Colombo
15. **Mr A G Anusha**  
Manager  
Ampara
16. **Mr D M U P Dissanayaka**  
Manager  
Welimada
17. **Mr K A D S Kuruppuarachchi**  
Manager  
Balangoda
18. **Mr K M I S Dissanayake**  
Manager  
Gampola
19. **Ms C Matharage**  
Manager  
Dehiwala
20. **Mr S Gobikrishna**  
Manager  
Mullatiivu
21. **Mr H A K D S Wickramasinghe**  
Deputy Manager  
Minuwangoda
22. **Ms I M I P K Ilanganthilake**  
Manager  
Hanguranketha
23. **Mr V Saravanabavan**  
Manager  
Kalmunai
24. **Mr P L S R Fernando**  
Manager  
Chilaw
25. **Ms Y C Edirisooriya**  
Manager  
Hyde Park Corner
26. **Mr N R A L K Ranathunga**  
Manager  
Gampaha
27. **Ms C I Gamage**  
Manager  
Kegalle
28. **Mr U K D M Priyantha**  
Manager  
Kuliypitiya
29. **Ms M I L Mendis**  
Manager  
Avisawella
30. **Ms R Jeyachandra**  
Manager  
Jaffna-Stanley Road
31. **Ms K Pushpanayagam**  
Manager  
Kankasanthurai
32. **Mr K Y R Manawansa**  
Manager  
Matara-Uyanwatte
34. **Mr M A D N Prasanna**  
Manager  
Negombo
35. **Ms M H De Silva**  
Manager  
Ambalangoda
36. **Mr W D N Kumara**  
Manager  
Ragala
37. **Mr R M N P B Rathnayaka**  
Deputy Manager  
Bandarawela
38. **Mr H A A S Hettiarachchi**  
Deputy Manager  
Talawakelle
39. **Mr G A D Rasajeewa**  
Manager  
Kalutara
40. **Mr M Kalistus**  
Manager  
Vavuniya
41. **Mr C M Wickramaarachchi**  
Manager  
Horana
42. **Mr A B Gunawardena**  
Manager  
Kekirawa
43. **Mr R M S N Wijerathna**  
Deputy Manager  
Padaviya
44. **Mr S C A Rajakumar**  
Deputy Manager  
Mannar
45. **Mr R T Nishantha**  
Manager  
Embilipitiya
46. **Ms D M B P Jayaweera**  
Manager  
First City
47. **Ms L P G N Amarasooriya**  
Manager  
Yatiantota
48. **Mr A Harikesan**  
Manager  
Kilinochchi
49. **Mr K S Kalubowila**  
Manager  
Homagama
51. **Ms S K S M Kaldera**  
Deputy Manager  
Kahatagasdigiliya
52. **Mr S M C Wijayarathne**  
Manager  
Maho
53. **Ms G A Suhood**  
Manager  
Nawalapitiya
54. **Ms S S K Mallawarachchi**  
Manager  
Warakapola
55. **Mr E P A P De Silva**  
Manager  
Kelaniya
56. **Ms J C Palathanthri**  
Manager  
Sri Sangaraja Mawatha
57. **Ms N S Kulasekara**  
Manager  
Peradeniya
58. **Mr W M M I B Weerapana**  
Manager  
Mahiyangana
59. **Mr A M C P Adhikari**  
Deputy Manager  
Polgahawela



60. Ms G Chandrika Manager Morawaka	75. Mr N M Santhan Manager Batticaloa	90. Mr K A C J Wijayarathne Manager Kantalai	106. Ms G Pirathakshi Manager Nelliady
61. Ms S H W Rohini Manager Tissamaharama	76. Mr M P W Kurera Manager Wennappuwa	91. Ms P S S Fernando Deputy Manager Moratuwa	107. Mr S Sarvananthan Manager Atchuvvely
62. Ms B M N D K Balasooriya Manager Wellawaya	77. Ms T A R Chandrika Manager Weligama	92. Mr K A C Kasthuri Manager Giriulla	108. Mr N Thanesh Manager Chankanai
63. Ms H B C C Rajahewa Deputy Manager Akkaraipattu	78. Ms C J Gunawardena Manager Borella	93. Mr W M P P B Wanigasekara Deputy Manager Pugoda	109. Mr A S Antonippillai Manager Chunnakam
64. Ms H G N Damayanthi Deputy Manager Samanthurai	79. Ms G K D P S Gunarathna Manager Veyangoda	94. Mr K M Ameerdeen Manager Kinniya	110. Mr K Venkadesh Manager Chavakachcheri
65. Mr V Janarthan Deputy Manager Kattankudy	80. Ms H D S Perera Manager Ratmalana	95. Mr M B Jawfer Manager Muttur	111. Mr A Francis Manager Paranthan
66. Mr K Mathiyvathanan Manager Trincomalee	81. Ms K S P K Thilakaratne Deputy Manager Ruwanwella	96. Mr S M N Samarakoon Manager Medawachchiya	112. Ms H G R Suranji Manager Theldeniya
67. Mr H S Keembiye Hettige Manager Tangalle	82. Ms A M T Abeysinghe Manager Narammala	97. Mr A U W Weeraratne Manager Gangodawila	113. Mr M Premkumar Manager Batticaloa - Town
68. Ms H M A Chulangani Manager Monaragala	83. Ms M M S Perera Manager Nattandiya	98. Ms W A I Nimali Manager Kotikawatta	114. Mr I M P Ilankoon Manager Galagedara
69. Ms K A U Seneviratna Manager Mawanella	84. Mr W S S Rupasiri Manager Alutgama	100. Mr R T K Ratnayake Deputy Manager Marandagahamula	115. Mr K M P Pushpakumara Manager Galewela
70. Ms M D Ranasinghe Manager Matugama	85. Mr D H Nawagamuwa Manager Eheliyagoda	101. Mr K A U K Devapriya Manager Rambukkana	116. Mr W N Kumari Manager Passara
71. Ms D R T Janaki Kumari Manager Dematagoda	86. Ms W I P D Perera Manager Thimbirigasyaya	102. Mr R M Vishnuvarthanan Deputy Manager Valaichenai	117. Ms C Kodisinghe Manager Akuressa
72. Mr I R Thenabadu Manager Ambalantota	87. Mr W J Weerakkody Manager Baddegama	103. Ms W B L D Fernando Manager Piliyandala	118. Ms S W G C Swarnamali Manager Delgoda
73. Ms M W D J A Silva Deputy Manager Elpitiya	88. Mr B A L Jayatissa Manager Ratnapura	104. Mr K Rameshnesan Manager Jaffna-Main Street	119. Ms K M Upamali Deputy Manager Narahrenpita
74. Ms W A G N H Jayathilake Manager Wattegama	89. Mr P W B Tennakoon Manager Katugastota	105. Ms K Sasikala Manager Kayts	120. Ms S H C A N Senevirathna Manager Walasmulla

121. Ms B G Ruwani Manager Bandaragama	136. Ms P M K G Jinadasa Manager Hikkaduwa	151. Mr T B A G Silva Manager Diyatalawa	166. Mr C E Dabarera Deputy Manager Murunkan
122. Mr K P G A P Rathnayaka Deputy Manager Wilgamuwa	137. Ms T A D Jayathilaka Manager Makandura	152. Ms E B C M Bandara Manager Matara – Dharmapala Mawatha	167. Mr S T Dissanayake Manager Town Hall - Colombo
123. Ms R C Suthaharan Deputy Manager Eravur	138. Mr K P C S Kularathne Manager Dambulla	153. Mr L W M G De Silva Manager Akurana	168. Mr Y L C Dhanawardana Manager Kataragama
124. Mr W H M T S Wijekoon Manager Nikaweratiya	139. Ms J M N T Sandareka Manager Pettah	154. Ms I D Nilushika Manager Balapitiya	169. Mr H G S Diluksha Manager Galle Bazaar
125. Mr I L D P Dayarathne Deputy Manager Kalpitiya	140. Mr A B Kulasekara Deputy Manager Hasalaka	155. Mr A B M Rizwan Manager Kahawatta	170. Mr S A A I R Suraweera Deputy Manager Eppawela
126. Mr A V D Thushan Manager Grandpass	141. Mr S Mohanachselvan Manager Valvetiturai	156. Ms H M N W K Herath Manager Uva-Paranagama	171. Mr W W P M D Weerasooriya Deputy Manager Nochchiyagama
127. Ms L Y N Sandamali Manager Nildandahinna	142. Ms H H A S Jayasekara Manager Kochchikade	157. Ms S Siriwardana Manager Menikhinna	172. Mr R M D M Rajaguru Manager Bingiriya
128. Mr A M U N D K Amarakoon Manager Rattota	143. Ms M M N S Gunasekara Manager Suduwella	158. Mr E O Udayapriya Manager Senkadagala	173. Ms V N Gunasekera Manager Pundaluoya
129. Mr P D S K Pathirana Manager Rakwana	144. Mr R M S P Rathnayaka Manager Hettipola	159. Ms I D Pandithaarachchi Manager Kadugannawa	174. Ms H P K Samanmali Manager Nugegoda
130. Mr W W M Nawaratne Manager Hakmana	145. Ms S Suhanthan Manager Wellawatte	160. Ms D N T Athapattu Deputy Manager Pelmadulla	175. Ms S K Nawagamuwa Manager Kandana
131. Ms B A K Darshika Deputy Manager Udugama	146. Mr E W M I R W C K B Udangamuwa Deputy Manager Naula	161. Ms K G T D Malkanthi Manager Bulathsinhala	176. Ms S A H M P Bandara Deputy Manager Mid City
132. Mr A P Mahesha Manager Deniyaya	147. Mr D M A S Dissanayake Deputy Manager Buttala	162. Ms N Sathiyaseelan Manager Jaffna – University	177. Ms H M D Herath Manager Galenbindunuwewa
133. Mr R D Pathma Manager Kamburupitiya	148. Ms M D S Fernando Manager Panadura	163. Mr K R S B Kulasuriya Manager Wariyapola	178. Mr M Jegadeesen Manager Maskeliya
134. Mr K L P Kithsiri Manager Nuwara-Eliya	149. Ms M M C A Badullewa Manager Alawwa	164. Mr M A Ilyas Deputy Manager Pottuvil	179. Mr H M N M Dissanayaka Manager Galnewa
135. Mr S V A J C Samarawickrama Deputy Manager Dikwella	150. Mr S D N J Cristopher Manager Kebitigollewa	165. Mr K Kohilan Deputy Manager Mankulam	180. Mr G B E M K R Ekanayake Manager Deraniyagala

181. Mr R G A R Ananda Deputy Manager Maha – Oya	197. Ms L N G De Silva Manager Uragasmanhandiya	211. Mr M G W M C Wijekoon Deputy Manager Panwila	228. Mr S M A Jawath Deputy Manager Addalachchenai
183. Mr R M S K Wijetunga Deputy Manager Ankumbura	198. Mr M A P N Mallawaarachchi Manager Mirigama	214. Mr M Vijenthiran Deputy Manager Mutwal	229. Ms R Illanperuma Manager Hanwella
184. Ms M M C Rathnayaka Manager Galgamuwa	199. Ms U V S M Premathunga Manager Mawatagama	215. Ms D M S D Dissanayaka Manager Madampe	230. Mr W P K Gunawardana Deputy Manager Thanamalwila
185. Ms N A W M R P L K Dehigama Manager KG/Galigamuwa	200. Ms D M N P Gunaratne Manager Majestic City	216. Ms B D T M De Silva Manager Haputale	231. Mr R M P S Ranasinghe Manager Medirigiriya
186. Mr S M U Asanga Manager Hatton	201. Ms P A P Dayananda Manager Ukuwela	217. Ms E K K Udumullage Manager Mahara	232. Ms V J K Botheju Manager Polonnaruwa-Town
188. Ms N S B Yapa Manager Ahangama	202. Ms W R D Kumudini Manager Kirindiwela	218. Mr K N Jayatissa Deputy Manager Horowupathana	233. Mr H D W Udayakumara Deputy Manager Serunuwara
189. Mr R K S P Rajapaksha Manager Uhana	203. Ms S H H Sikurajapathi Manager Habarana	219. Mr S Ahilan Deputy Manager Thambuttegama	234. Ms W L Ranaweera Manager Batapola
190. Mr D Thanashakaran Manager Kaluwanchikudy	204. Ms R M P S Rathnayake Senior Manager Head Quarters Branch	220. Mr S L Algewatta Deputy Manager Anuradhapura- Nuwarawewa	235. Mr N Y P S Piyasiri Deputy Manager Kalawana
191. Ms K K D R T Karunathilaka Manager Malwana	205. Mr A P D J Pushpakumara Manager Angunakolapelessa	221. Ms S Wickramasooriya Manager Hemmathagama	236. Ms E P M Rajakaruna Manager Maradana
192. Ms K M P P Rathnayake Manager Nivithigala	206. Ms Y M C Niroshani Deputy Manager Davulagala	222. Mr W G W B Wedagedara Manager Wattala	237. Ms C S Gamage Manager Kiribathgoda
193. Ms G P G M E Palliyaguru Manager Ridigama	207. Ms H M M H Seneviratna Manager Ibbagamuwa	223. Mr T Karikalan Deputy Manager Karativu	238. Ms H G C N Kumari Manager Gonagaldeniya
194. Ms K D T Dilrukshi Manager Kolonnawa	208. Ms D J A B P Wimaladharma Senior Manager Battaramulla	224. Mr T Umaashankaran Deputy Manager Thirukovil	239. Mr R N Jeewamal Manager Ja-Ela
195. Ms D M M Gunarathna Manager Haldummulla	209. Mr H M T N Herath Deputy Manager Boralanda	225. Ms D P Wijayarathna Manager Hali-Ela	240. Ms M H P S De Silva Manager Keppetipola
196. Mr S A C R Suriyapperuma Manager Kaduwela	210. Mr S D Vidanapathirana Deputy Manager Kollupitiya- Co-Op.House	226. Mr H D A Srilal Manager Kurunegala- Maliyadeva	241. Mr G H Malwaththage Manager Pallepola
		227. Ms N Rajanayagam Manager Chengalady	242. Mr R A A C Ranasinghe Manager Bakamuna

243. Mr P Rathnayaka Deputy Manager Devinuwara	258. Ms G H W W M M N Samanmali Deputy Manager Medagama	273. Ms A K P A Attanagoda Manager Kadawatha	290. Ms A T N Perera Manager Moratumulla
244. Ms W B M R Weeraratna Manager Beliatta	259. Ms S P N Ramar Manager Kehelwatta	274. Ms D S Hettiarachchi Manager Pussellewa	291. Mr M A D Chinthaka Deputy Manager Dankotuwa
245. Mr P Dencil Manager Godakawela	260. Mr G W Manawadu Deputy Manager Koslanda	275. Ms K Velrane Manager Olcott Mawatha	292. Mr M P Wijekoon Deputy Manager Udupussellawa
246. Mr D S Nandasiri Deputy Manager Meegalewa	261. Mr P R Silva Manager Pelawatta	276. Ms R U Poornima Deputy Manager Katunayake	293. Mr W A V E Kulathunga Manager Dehiowita
247. Mr E I Amarasinghe Deputy Manager Imaduwa	262. Ms H D T R Siriwardena Manager Wadduwa	277. Ms S Satkkuneswaran Manager Sea Street	294. Ms M M I D Manthilake Manager Alawathugoda
248. Ms H P A D Rathnakumara Manager Aranayake	263. Ms U K N Siripala Deputy Manager Kuruwita	278. Mr R D R S Kumara Manager Nittambuwa	295. Mr P N Shantha Deputy Manager Udawalawa
249. Mr M P Chandana Manager Neboda	264. Mr K H A G Pamuditha Manager Suriyawewa	279. Ms M N P Perera Manager Pitakotte	296. Mr N L F Rifal Deputy Manager Nintavur
250. Ms T H K S Somathilaka Deputy Manager Kandeketiya	265. Ms P W Gunasekara Manager Middeniya	280. Ms N L Wanigasekara Manager Pothuhera	297. Mr M A M Fazmil Deputy Manager Dam Street-Colombo
251. Mr J M S L Jayathissa Deputy Manager Lunugala	266. Mr C Malalasekara Manager Kiriella	281. Ms W S Wijenayaka Deputy Manager Kobeigane	298. Mr P H J Tilakaratne Manager Central Road
252. Mr C D Undugodage Deputy Manager Bulathkohupitiya	267. Mr T D W Ekanayake Manager Anamaduwa	282. Ms H D S Fernando Manager Maggonna	299. Ms E D A P Hettiarachchi Manager Kegalle Bazaar
253. Mr K T A R Wickramarathne Deputy Manager Aralaganwila	268. Mr H Y W W M C K Wijesekara Deputy Manager Girandurukotte	283. Ms M A C A Premadasa Manager Baduraliya	300. Ms L C Gorokgoda Manager Ingiriya
254. Ms M V K Imbuldeniya Deputy Manager Welikanda	269. Ms A I Suriyapperuma Manager Badulla - Muthiyangana	284. Mr P Partheepan Manager Kannathidy	301. Mr L K A Ranasinghe Deputy Manager Galkiriyagama
255. Mr M M M Niyas Manager Trincomalee-Town	270. Mr J A P Jayasinghe Manager Thulhiriya	285. Ms R Paramthaman Manager Point Pedro	302. Ms K A S W Amarathilake Manager Ginigathhena
256. Ms M G R M Madakumbura Manager Pilimathalawa	271. Ms N H Weerasingha Manager Urubokka	288. Mr S D D U S Singhapura Deputy Manager Kudawella	303. Mr M Ranjith Manager Mahawewa
257. Ms J M D L Peiris Manager Deltota	272. Mr G D S GAMAGE Manager Thalgaswala	289. Mr H G I P H Gamage Deputy Manager Kaltota	304. Ms T P Karunasena Deputy Manager Walasgala

306. Ms M D M Pushpakumari Manager Maharagama	322. Mr H J P A Jayasinghe Manager Marawila	339. Mr S Pavanantharajah Deputy Manager Kallar	354. Ms V N Kodieswary Manager Bagawanthalawa
307. Ms D C Mallikarachchi Manager Gandara	324. Ms T N PEIRIS Manager Seeduwa	340. Mr P S Christy Deputy Manager Oddamavadi	355. Ms K M K Pushpa Kumari Manager Kotiyakumbura
308. Mr R P C N Rajapaksha Manager Kotahena	325. Ms M H N P Kahangama Deputy Manager Wanduramba	341. Ms J C Lamaheewa Deputy Manager Hatharaliyadda	356. Mr E K Feldano Deputy Manager Chettikulam
309. Ms N R Ramanayaka Manager Kollupitiya-Liberty Plaza	327. Ms I N K Jayawardena Manager Kesbewa	342. Mr P Vigneswararajah Deputy Manager Kokkaddichchola	357. Ms F N Zuhair Manager Kandy City Center
310. Ms R Mukunthan Deputy Manager Bambalapitiya	328. Ms P G U Sandamali Manager Kottawa	343. Ms V M Erandani Manager Karapitiya	358. Mr T M R B Tennakoon Deputy Manager Poojapitiya
311. Mr O D N L Vithanage Manager Beruwala	329. Ms K G N Dushyanthi Deputy Manager Koggala	344. Ms K M I K P Kuruppu Manager Melsiripura	359. Ms M H M P A Weerasinghe Manager Piliyandala City
312. Ms B S S Perera Deputy Manager Malwatta Road	330. Mr J S Chandradasa Manager Dehiattakandiya	345. Mr H G S L Sumanadasa Deputy Manager Ranna	360. Mr R M N Rathnayaka Deputy Manager Polpithigama
313. Ms W G K M Wickremasinghe Manager Katubedda	331. Ms T H J Hettiarachchi Manager Lucky Plaza	346. Mr M I Yahiya Deputy Manager Maruthamunai	361. Ms P Visakan Manager Kodikamam
315. Ms P D N Subhashini Deputy Manager Thalawa	332. Mr S Nimal Manager Ganemulla	347. Mr A M S W Dayananda Deputy Manager Badalkumbura	362. Ms W N V Botheju Manager People's Elegance
316. Mr A S Athulasiri Manager Ragama	333. Ms S A B Jaffeer Manager Yakkala	348. Ms M A S Himali Manager Boralesgamuwa	363. Mr R M R M Rathnayaka Manager Gelioya
317. Mr K A H S Fernando Deputy Manager Ratnapura - Town	334. Mr R A D Rathnayaka Deputy Manager KU/Ethugapura	349. Mr W R E I B Ekiriyaagala Deputy Manager Pallebedda	364. Mr S S P Arumapperuma Deputy Manager Athurugiriya
318. Mr U A D C Pushpakumara Deputy Manager Pamunugama	335. Ms W A U S Samaranayaka Manager Nugegoda - City	350. Mr K H S Chandralal Deputy Manager Weeraketiya	365. Ms R M A D Rathnayake Deputy Manager Siyambalanduwa
319. Mr S Manimaran Manager Kirulapone	336. Ms N C Dahanayake Manager Mount Lavinia	351. Ms S P C M Sudasinghe Deputy Manager Thambala	366. Ms G A P S Bhagya Deputy Manager Padukka
320. Ms D Kalatuwawa Manager Golden Jubilee	337. Mr R I Jayaweera Manager Dehiwala - Galle Road	352. Mr N Mohamed Shiyam Deputy Manager Pulmudai	
321. Ms D C Jayasinghe Manager Panadura - Town	338. Ms R Vijitha Deputy Manager Sainthamaruthu	353. Ms B M N T Bandara Manager Rikillagaskada	

# GLOSSARY OF FINANCIAL/ BANKING TERMS

## A

### Accounting policies

Principles, rules and procedures selected and consistently followed by the management of an entity in preparing and reporting the Financial Statements.

### Accrual basis

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalents.

### Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the word 'accepted' above his signature and a designated payment date.

### Actuarial assumptions

An entity's unbiased and mutually compatible best estimates of the demographic and financial variable that will determine the ultimate cost of providing post-employment benefits.

### Amortisation

Systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation and amortisation both have the same meaning.

### Actuarial valuation

Fund value determined by computing its normal cost, actuarial accrued liability, actuarial value of its assets and other relevant costs and values.

### Amortised cost

The amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that

initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

### Associate company

A company other than a subsidiary in which a holding company has a participating interest and exercise a significant influence over its operating and financial policies.

### Available-for-sale financial asset

Those financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit and loss.

### Average Weighted Deposit Rate (AWDR)

AWDR is calculated by the Central Bank monthly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

### Average Weighted Prime Lending Rate (AWPLR)

AWPLR is calculated by the Central Bank weekly based on commercial banks' lending rates offered to their prime customers during the week.

## B

### Basel III

The Basel Committee on Banking Supervision (BCBS) issued the Basel III rules text, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity.

### Bill discounted

A Promissory Note or Bill of Exchange that has been purchased for less than face value, the difference representing interest

on the unexpired term of the bill. At maturity, the holder collects the face value of the bill for its own account.

### Bill of exchange

A signed, written, unconditional order addressed by one person (the drawer) directing another person (the drawee) to pay a specified sum of money to the order of a third person (the payee). The terms bill of exchange and draft are often used interchangeably.

### Bills sent for collection

A bill of exchange drawn by an exporter usually at a term, on an importer overseas and brought by the exporter to his bank with a request to collect the proceeds.

### Business continuity plan

A document that consists of the critical information an organisation needs to continue operating during an unplanned event. The BCP should state the essential functions of the business, identify which systems and processes must be sustained, and detail how to maintain them. It should take into account any possible business disruption.

## C

### Call deposits or call money

Deposits or funds lent out which are repayable on demand.

### Capital adequacy

The ability of a Bank to meet the needs of their depositors and other creditors in terms of available funds. As per requirement of Bank for International Settlements (SIBS) and Central Bank of Sri Lanka, local banks should maintain a stipulated minimum capital.

**Capital adequacy ratio**

The percentage of the risk-adjusted assets supported by capital, as defined under the framework of risk based capital standards developed by the Bank for International Settlements (BIS) and as modified to suit local requirements by the Central Bank of Sri Lanka.

**Capital Conservation Buffer (CCB)**

It is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred.

**Cash Flows**

Cash flows are inflows and outflows of cash and cash equivalents.

**Credit risk**

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Cash equivalents**

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Certificate of deposit (CD)**

A certificate issued by a Bank against funds deposited with it that specifies the rate of interest payable and the date when the deposit will be repaid to the bearer. CDs are often negotiable.

**Collectively assessed loan impairment provisions**

Also known as portfolio impairment provisions. Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that have been incurred but have not yet been identified at the reporting date.

**Commercial paper**

Unsecured short-term Promissory Notes issued by banks and creditworthy corporate borrowed.

**Commitments**

Credit facilities approved but not yet utilised by the clients as at the balance sheet date.

**Common Equity Tier I (CET I) Capital**

Consists of stated capital, other capital and revenue reserves. CET I is the element of capital which has the highest quality and the most effective in absorbing losses.

**Consolidated Financial Statements**

Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

**Contingencies**

A condition or situation, the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

**Corporate governance**

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

**Correspondent banks**

A bank that acts as an agent for another bank. The correspondent Bank will generally provide a wide variety of banking services on behalf of the other banks in the region in which the correspondent bank is located.

**Cost Method**

A method of accounting whereby the investment is recorded at cost. The income statement reflects income from the investment only to the extent that the investor receives distributions from accumulated net profits of the investee arising subsequent to the date of acquisition.

**Cost income ratio**

Operating expenses as a percentage of net income.

**Counterparty**

The other party (including a bank) with whom a deal is made or closed.

**Country risk**

The credit risk associated with lending to borrowers within a particular country, sometimes taken to include sovereign risk.

**Credit rating**

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

**Credit Risk Mitigation**

A technique to reduce the credit risk associated with an exposure by application of credit risk mitigates such as collateral, guarantee and credit protection.

**Cross rate**

The calculated foreign exchange rate from two separate quotations involving the same currency.

**Currency risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**Currency swap**

A current exchange of principal amounts in two currencies combined with an agreement to re-exchange the currencies at a later date and to make interest payments until the re-exchange on the currency is received.

**D****Deferred tax**

Sum set aside in the financial statements for taxation that may become payable in a financial year other than the current financial year.



### Depreciation

The systematic allocation of the depreciable amount of assets over their useful life.

### Derivative

A financial instrument with all three of the following characteristics:

- (a) Its value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable (sometimes called the “underlying”).
- (b) It requires no initial net investment that is smaller than would be required for other types.
- (c) It is settled at a future date.

### Dealing securities

Securities acquired and held with the intention of reselling them in the short term.

### Defined benefit plan

Retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' remuneration and/or years of service.

### Derecognition

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

### Discount rate

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

### Disintermediation

The term often used to describe borrowers raising funds directly from the capital markets rather than from the banking sector. This is usually only undertaken by borrowers with the strongest credit ratings.

### Documentary bill

A bill of exchange that is accompanied by various documents, such as a bill of lading, an invoice, and an insurance policy.

### Documentary credit

A letter of credit that stipulates the documents that must be produced in order for payment to be made.

### Domestic Systemically Important Banks (D-SIBS)

D-SIBs are defined by CBSL annually, according to the Banking Act Direction No. 10 of 2019.

### Draft

A term generally synonymous with a bill of exchange but sometimes used specifically in the context of interbank bills. A banker's draft, payable on demand, drawn by or on behalf of a bank.

## E

### Earnings Per Share (EPS)

The profit attributable to each ordinary share in the Bank, based on the profit for the period after tax and after deducting minority interest and preference share Dividend.

### Economic Value Added (EVA)

A measure of productivity which takes into consideration cost of total invested equity.

### Effective interest method

The method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

### Effective Tax Rate (ETR)

Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

### Equity instrument

Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### Equity Method

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

### Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issues.

### Expected credit loss

The weighted average of credit losses with the respective risks of a default occurring as the weights.

### Exposure

A claim, contingent claim or position which carries a risk of financial loss.

### Exposure at default (EAD)

This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal & interest and expected drawdowns of committed facilities.

## F

### Fair value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Fixed charge

A charge on specific property, usually freehold or leasehold property or plant and machinery, given under a legal mortgage.



**Financial instrument**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

Any asset that is cash, an equity instrument of another entity, a contractual right to receive cash, or a contractual right to receive another financial asset from another entity.

**Financial liabilities**

A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

**Floating charge**

A charge taken by a lender to secure an advance upon property, such as stock, debtors, or cash, that permits the company to continue using and disposing of those assets in connection with its ordinary business. Such a charge becomes fixed in the event of the company's default.

**Foreclosed properties**

Properties acquired in full or partial settlement of debts, which will be held with the intention of resale at the earliest opportunity.

**Foreign exchange income**

The realised gain recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan rupees on the balance sheet date at prevailing rates, which differ from those rates in force at inception or on the previous balance sheet date. Foreign exchange income also arises from trading in foreign currencies.

**Forward contract**

A contract that commits two parties to an exchange at a specific future date under terms set out at the contract date.

**Forward rate**

The price of currency with a maturity beyond the spot date. Forward rates may be either the same in price as spot rates or different. In the first case, the forward rate is flat. In the second case, the price is either higher, at a premium, or lower, at a discount.

**Forward Rate Agreement (FRA)**

An agreement to exchange payments at a specified future date based on the difference between a particular interest rate index (e.g., LIBOR) and an agreed fixed rate.

**G****Group**

A group is a parent and all its subsidiaries.

**Guarantees**

Primarily represent irrevocable assurances that a bank will make payments in the event that its customer is unable to perform its financial obligations to third parties. Certain other guarantees represent non-financial undertakings such as bid and performance bonds.

**Global Reporting Initiatives (GRI)**

The GRI is an international independent standards organisation that helps businesses, governments, and other organisations understand and communicate their impacts on issues such as climate change, human rights, and corruption. GRI promotes sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

**Going Concern**

The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

**Gross dividend**

The portion of profits distributed to the shareholders including the tax withheld.

**H****Hedging**

A methodology used to cover against the risk of unfavourable price movements (interest rates, prices, commodities, etc.).

**Held-to-maturity investments**

A financial asset with fixed or determinable payments and fixed maturity that an entity has the positive intent and ability to hold to maturity, other than those that the entity on initial recognition elects to designate as held-for-trading or available-for-sale, or that meet the definition of loans and receivables.

**High Quality Liquid Assets (HQLA)**

HQLA are assets that can be easily and immediately converted into cash at little or no loss of value, that can be readily sold or used as collateral to obtain funds in a range of stress scenarios and are unencumbered, i.e., without legal, regulatory or operational impediments.

**I****Impairment**

This arises due to a decline in recoverable amount below carrying amount.

**Impairment charge/(reversal)**

An increase/(decrease) in the difference between the carrying value of an asset and the sum of discounted future cash flows generated from the same asset compared to the previous reporting date.

### Impairment allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

### Impaired loans

Impaired loans are loans where the Group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

### Individually Significant Loan Impairment Provision (Specific Impairment provision)

Impairment is measured individually for assets that are individually significant to the Group.

### Interest Rate Swap

An agreement between two parties where one stream of future interest payments is exchanged for another stream of future interest payments based on a specified principal amount.

### Interest Spread

This represents the difference between the average interest rate earned and the average interest rate paid on funds.

### Indemnity

An agreement whereby a person agrees to bear any loss that is suffered by a party to a contract to which they themselves are not a party. The person giving the indemnity assumes primary liability, unlike a guarantor who assumes secondary liability.

### Intangible assets

An identifiable non-monetary asset without physical substance.

### Interest rate risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### Interest in suspense

The interest due on non-performing assets.

### Interest margin

Net interest income as a percentage of average interest-earning assets.

### Investment property

A property (land or a building) held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

## K

### Key Management Personnel

Those persons who have the authority and responsibility for planning, directing, and controlling the activities of the entity.

### Key Performance Indicators (KPIs)

KPIs are quantifiable measurements, agreed beforehand, that reflect the critical success factors of a company.

## L

### Lease

A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

### Letter of Credit (LC)

A document issued by a bank, requesting another bank or banks to advance money to a third person, up to a certain amount, in accordance with the terms and conditions set out in the document.

### Leverage ratio

A financial measurement that assesses how much capital comes in the form of debt (loans) or evaluates a company's ability to meet its financial obligations.

### Lifetime Expected Credit Losses

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

### Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

### Liquid assets ratio

Liquid assets expressed as a percentage of total liabilities other than shareholders' funds.

### Liquidity Coverage Ratio (LCR)

Refers to highly liquid assets held by banks to meet short-term obligations. The ratio represents a generic stress scenario that aims to anticipate market-wide shocks.

### Loan-to-Value Ratio (LTV)

A mathematical expression that expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

### Loss allowance

The allowance for expected credit losses on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and the provision for expected credit losses on loan commitments and financial guarantee contracts.

### Loss given default (LGD)

LGD is the percentage of an exposure that a lender expects to lose in the event of obligor defaults. It is based on the difference between the contractual cash flows due and those that the lender would receive including any collateral.

**M****Mark to market**

The policy of periodically revaluing positions up or down to their current market or fair value.

**Market risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk, and other price risk.

**Materiality**

The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.

**Minority interest**

The proportion of the profit or loss and net assets of a subsidiary attributable to equity interest that is not owned, directly or indirectly through subsidiaries, by the parent.

**Mortgage**

A lien on real property used to secure a borrowing.

**N****Negotiable instrument**

A security or other financial instrument that can be freely sold to a third party (i.e., negotiated). Banknotes, bearer bonds, bills of exchange, and cheques are normally negotiable instruments.

**Net interest margin**

Interest income as a percentage of average interest-earning assets.

**Net Interest Income (NII)**

The difference between the amount a bank earns on assets such as loans and securities and the amount it pays on liabilities such as deposits, refinance funds, and interbank borrowings.

**Net Stable Funding Ratio (NSFR)**

Measures the amount of longer-term, stable sources of funding employed by a bank relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations.

**Net assets value per share**

Shareholders' funds divided by the number of ordinary shares in issue.

**Non-Performing Loan (NPL)**

A loan where principal or interest payments are not being made on the due dates or where the borrower is failing to meet some other term or condition of the loan. Non-performing loans are frequently allocated nonaccrual status.

**Non-controlling interest**

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly to a parent.

**Nostro account**

A foreign currency current account maintained with another bank, usually but not necessarily a foreign correspondent bank.

**O****Objective evidence**

Information based on facts that can be proved through analysis, measurement, observation, and other such means of research.

**Off-balance sheet transactions**

Transactions not recognised as assets or liabilities in the balance sheet but which give rise to contingencies and commitments.

**Operational risk**

The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.

**P****Position**

The netted total commitments in a given currency or interest rate. A position can be either flat or square (no exposure), long (more currency bought than sold), or short (more currency sold than bought).

**Prime rate**

The interest rate that a bank charges its most creditworthy corporate customers.

**Promissory Note**

An unconditional promise in writing made by one person to another, signed by the promisor, engaging to pay on demand or at a fixed or determinable future time a fixed sum to or to the order of a specified person or to bearer.

**Probability of Default (PD)**

PD is an estimate of likelihood of default over a given time horizon.

**Projected Unit Credit Method (PUC)**

An actuarial valuation method that sees each period of service as giving rise to an additional unite of benefit entitlement and measures each unit separately to build up the final obligation. (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method).

**Prudence**

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

**R****Related parties**

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**Repo**

Jargon for sale and repurchase agreement.

**Reserve assets**

Assets of a financial institution that form part of its reserve requirements with the Central Bank.

**Reverse repo**

The opposite of a repo, i.e., a purchase and resale agreement.

**Revolving credit**

A line of credit that has terms permitting successive drawings and payments at the borrower's discretion. The funds available to the borrower are replenished by any repayments of principal.

**Revenue reserves**

Reserves set aside for future distribution and investment.

**Risk appetite**

An organisation's risk capacity, or the maximum amount of residual risk it will accept after controls and other measures have been put in place.

**Right-of-use asset**

An asset that represents a lessee's right to use an underlying asset for the lease term.

**Risk-weighted assets**

On-balance sheet assets and the credit equivalent of off-balance sheet assets multiplied by the relevant risk weighting factors.

**S****Securitisation**

The transfer of a block of income – producing assets to a vehicle company that finances the purchase through the issue of debt (usually notes or commercial paper).

**Segmental analysis**

Analysis of financial information by segments of an enterprise, specifically the different geographical areas in which it operates.

**Settlement date**

The date on which a securities transaction is completed by actual exchange of securities for cash.

**Shareholders' Funds**

Total of issued and fully paid share capital and capital and revenue reserves.

**Statutory Reserve Fund**

A capital reserve created as per the provisions of the Banking Act No. 30 of 1988.

**T****Time deposit**

An interest-bearing deposit account that is subject to withdrawal only after a fixed term.

**Tier 1 Capital****(Common Equity Tier 1 - CET I)**

Common Equity Tier 1 (CET I) is a component of Tier 1 Capital that consists mostly of stated capital. It is a capital measure introduced as a precautionary measure to protect the economy from a financial crisis.

**Tier 2 Capital**

Capital representing revaluation reserves, general provisions, and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

**Twelve Month Expected Credit Losses**

The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

**U****Useful Life**

Useful life is the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

**V****Value at Risk (VaR)**

A risk management methodology that estimates the potential loss arising from adverse movement in market interest or exchange rates over a defined holding period.

**Value added**

Value added is the wealth created by providing banking services less the cost of providing such services. The value added is allocated among the employees, the providers of capital to Government by way of taxes and retained for expression and growth.

**Vostro account**

A local currency current account maintained with a bank by another bank (compare with Nostro account).

**Y****Yield curve**

A graph showing market interest rates as a function of maturity. Normally, the yield curve is upward sloping; interest rates increase with the term of the instrument.

**Yield to Maturity (YTM)**

The discount rate at which the present value of future cash flows would equal the security's current price.

# CORPORATE INFORMATION

## GRI 2-1

### Name of the Bank

People's Bank

### Legal Status

A licensed commercial bank under the Banking Act No. 30 of 1988 incorporated as a commercial bank by People's Bank Act No. 29 of 1961.

### Head Office (Registered Office)

No. 75, Sir Chittampalam  
A Gardiner Mawatha,  
Colombo 2, Sri Lanka.  
Call Centre: 1961  
Tel.: +94 11 232 7841-6,  
+94 11 244 6316-19,  
+94 11 248 1481  
Email: info@peoplesbank.lk  
Web: www.peoplesbank.lk  
Swift: PSBKLKLX  
VAT Registration No.  
409000037-7000

### Auditors

Auditor General  
Auditor General's Department,  
National Audit Office,  
No. 306/72, Polduwa Road,  
Battaramulla, Sri Lanka.

### Board Secretary

Ms Shyama Wijekoon,  
Attorney-at-Law PGEDBM (IBSL)  
Email: shyamaw@peoplesbank.lk

### Corporate Banking Division

People's Bank, 11th Floor,  
Head Office Building,  
No. 75, Sir Chittampalam  
A Gardiner Mawatha,  
Colombo 2, Sri Lanka.  
Tel: +94 11 248 1662,  
+94 11 471 3460,  
+94 11 4 713 427  
+94 11 248 1481 (ext. 1181)  
Fax: +94 11 244 6410  
Email: cbdunit1@peoplesbank.lk,  
sechhead\_cb@peoplesbank.lk

### Off-shore Banking Unit

People's Bank, 11th Floor,  
Head Office Building,  
No. 75, Sir Chittampalam  
A Gardiner Mawatha,  
Colombo 2, Sri Lanka.  
Tel: +94 11 220 6745-7,  
+94 11 220 6731  
Fax: +94 11 2329575/  
+94 11 2 473340  
Email: sechhead\_cb@peoplesbank.lk  
SWIFT: PSBKLKLX

### International Banking Division

ACHC Building,  
No. 91, Sir Chittampalam  
A Gardiner Mawatha,  
Colombo 2, Sri Lanka.  
Tel: +94 11 243 7239-41,  
+ 94 11 232 0651-6  
Fax: +94 11 243 3127  
Email: cbdadmin@peoplesbank.lk  
SWIFT: PSBKLKLX

### Overseas Customer Services

No. 59, D R Wijewardena Mawatha,  
Colombo 10, Sri Lanka.  
Tel.: +94 11 233 2746,  
+94 11 233 4278,  
+94 11 243 7621  
+94 11 244 6409  
Email: fastcash@peoplesbank.lk,  
newnrfc@peoplesbank.lk,  
teletran@peoplesbank.lk  
SWIFT: PSBKLKLX

### People's Card Centre

2nd Floor,  
No. 1161, Maradana Road,  
PLC Building, Colombo 8, Sri Lanka.  
Tel: +94 11 249 0490/  
+94 11 249 0400  
Fax: +94 11 216 9023  
Email: card@peoplesbank.lk

### Subsidiaries of People's Bank

#### People's Travels (Pvt) Ltd.

No. 59, D R Wijewardena Mawatha,  
Colombo 10, Sri Lanka.  
Tel.: +94 11 247 0190,  
+94 11 239 6296  
Fax: +94 11 243 4530  
Email: ptravel@peoplesbank.lk  
Web: www.peoplestravels.com

### People's Leasing & Finance PLC

No. 1161, Maradana Road, Borella,  
Colombo 8, Sri Lanka.  
Tel: +94 11 263 1631  
Fax: +94 11 263 1000  
Email: plclease@plc.lk  
Web: www.plc.lk

### Subsidiaries of People's Bank

(Subsidiaries of People's Leasing & Finance PLC)

#### People's Insurance PLC

No. 7, Havelock Road, Colombo 5.  
Tel.: +94 11 212 6126 /  
General Line: +94 11 220 6306  
Fax: +94 11 212 6109  
Email: pilassist@plc.lk

#### People's Leasing Property Development Ltd.

No. 1161, Maradana Road, Borella,  
Colombo 8, Sri Lanka.  
Tel: +94 11 263 1631  
Fax: +94 11 263 1596

#### People's Leasing Fleet Management Ltd.

No. 1161, Maradana Road, Borella,  
Colombo 8, Sri Lanka.  
Tel: +94 11 230 4465,  
+94 11 2 304 466  
Email: valuation@plc.lk

#### People's Micro-Commerce Ltd.

No. 1161, Maradana Road, Borella,  
Colombo 8, Sri Lanka.  
Tel: +94 11 281 7654,  
+94 11 281 4912,  
General Line: +94 11 289 0990  
Fax: +94 11 281 7653  
Email: peoplesmicro @plc.lk

#### People's Leasing Havelock Properties Ltd.

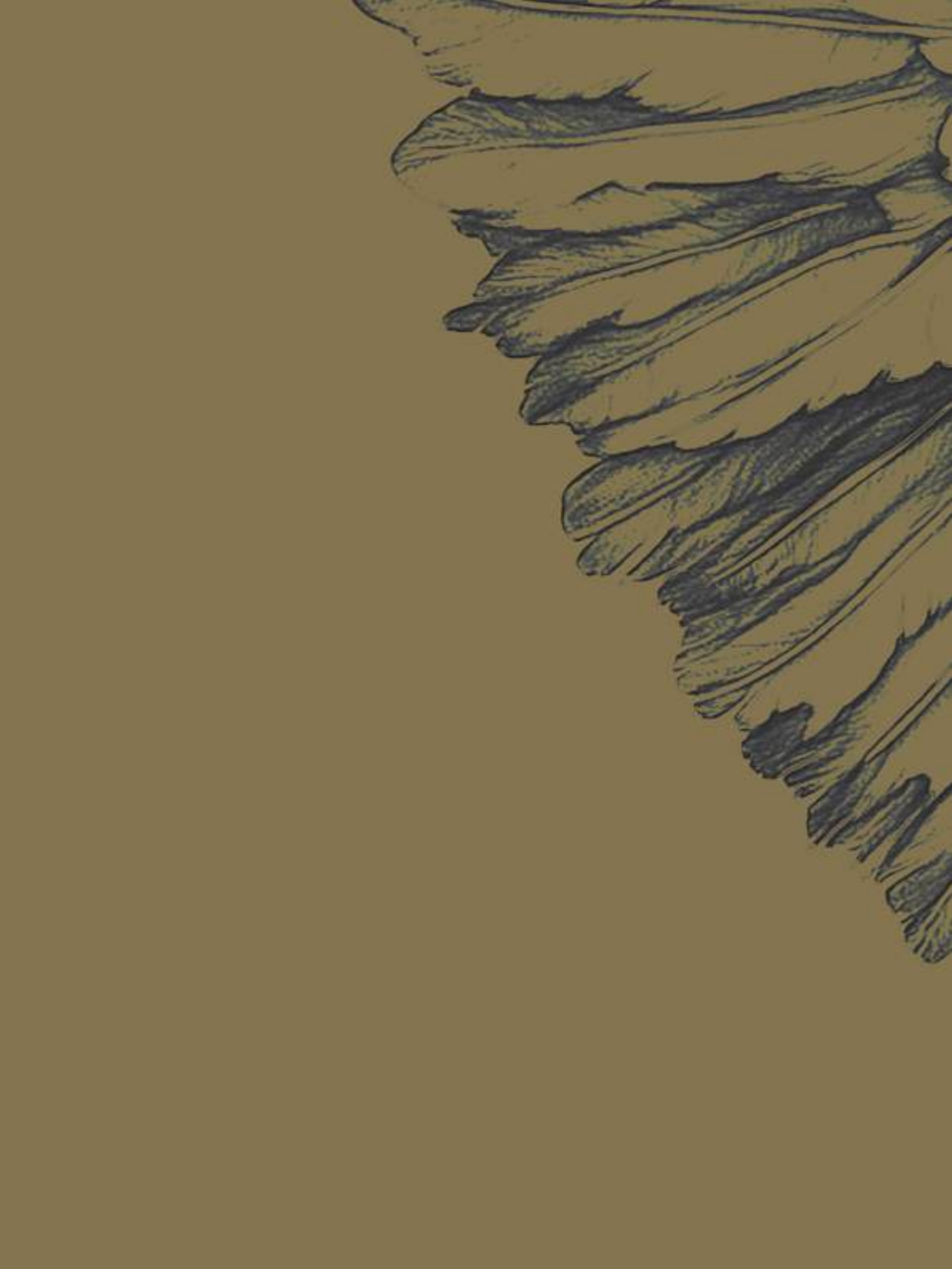
No. 1161, Maradana Road, Borella,  
Colombo 8, Sri Lanka.  
Tel: +94 11 263 1631  
Fax: +94 11 263 1596

#### Lankan Alliance Finance Limited

Level 10, Laila Tower,  
No. 8, South Gulshan Avenue,  
Dhaka, 1212, Bangladesh  
Tel: +88 02 984 0411/12













**PEOPLE'S  
BANK**

**Pride of the Nation**

[www.peoplesbank.lk](http://www.peoplesbank.lk)