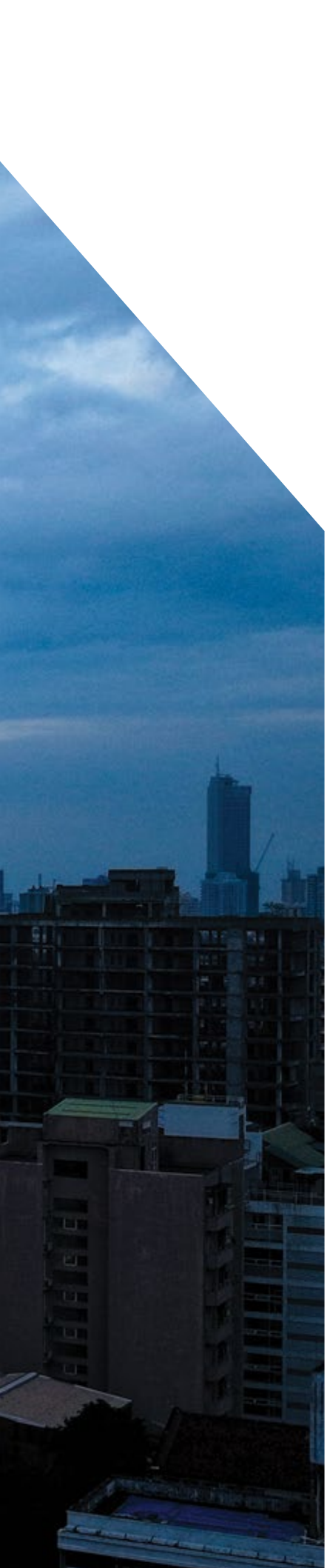
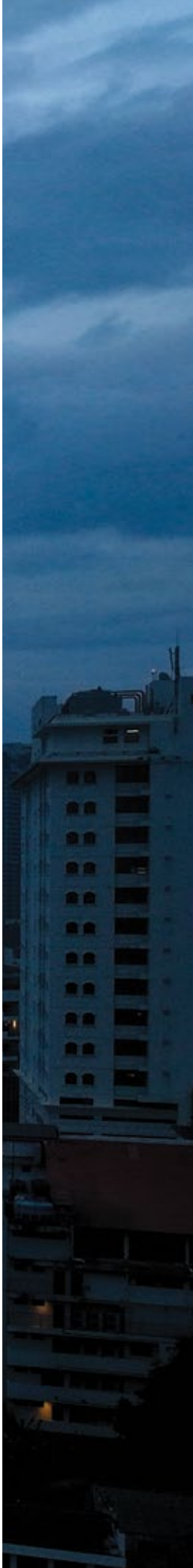

PEOPLE'S BANK
Pride of the Nation
RISING HIGHER, REACHING FURTHER
ANNUAL REPORT 2025
PEOPLE'S BANK


PEOPLE'S BANK



RISING HIGHER, REACHING FURTHER

For over six decades, People's Bank has advanced in step with Sri Lanka – from grassroots beginnings to the country's most far-reaching financial institution. In 2025, the People's Tower signals a new chapter: a modern landmark built on trust, resilience and national service. With unmatched reach and accelerating digitalisation, we empower individuals, businesses and the State across the island. "Rising with the Nation" captures our commitment to keep elevating our capabilities so Sri Lanka's progress remains our purpose.



CONTENTS

04
Introducing Our Integrated Report

09
About Us

10 Our Bank
12 Our Group
14 Milestones
18 Awards
20 Our Socio Economic Impact
- 20 Financial Highlights
- 22 Non-Financial Highlights

25
Executive Reviews

26 Letter from the Chairman
32 CEO/General Manager's Review
36 Board of Directors
44 Corporate Management
54 Executive Management
57 Chief Managers

65
Strategy and Value Creation

66 Our Operating Environment
74 Stakeholder Engagement
80 Materiality
86 Strategy
92 Our Value Creation Model
94 Our ESG Focus
96 Our Commitment to the UN SDGs



101
Management Discussion and Analysis

102 Business Line Reviews
- 103 Retail Banking
- 109 Commercial Credit
- 112 SME Development and Microfinance
- 116 Corporate Banking
- 118 Treasury and Investment Banking
- 122 Overseas Customer Services (OCS)
- 125 International Banking
- 127 IT and Digital Banking
- 132 Credit Cards
- 134 Recoveries
- 136 Marketing
- 138 Channel Management

142 Financial Capital

150 Manufactured Capital

156 Intellectual Capital

162 Human Capital

180 Social and Relationship Capital
- 183 Customer Capital
- 189 Business Partner Capital
- 192 Community Capital
- 196 Investor Capital

198 Natural Capital

207
Governance

208 Risk Management Report

260 Corporate Governance

298 Board Audit Committee Report

299 Board Human Resources and Remuneration Committee Report

300 Board Integrated Risk Management Committee Report

301 Board Executive Credit Committee Report

302 Board Nomination and Governance Committee Report

303 Board Investment Banking Committee Report

304 Board Strategic Plan Review Committee Report

305 Related Party Transactions Review Committee Report

306 Directors' Statement on Internal Control over Financial Reporting

308 Auditor General's Assurance Report on Internal Controls

311
Financial Reports

312 Statement of Directors' Responsibilities for Financial Reporting

313 Auditor General's Report on Financial Statements

316 Income Statement

317 Statement of Comprehensive Income

318 Statement of Financial Position

320 Statement of Changes in Equity – Bank

322 Statement of Changes in Equity – Group

324 Statement of Cash Flows

325 Notes to the Financial Statements

443
Supplementary Information

444 Income Statement USD

445 Statement of Financial Position USD

446 Ten Year Summary – Bank

447 Ten Year Summary – Group

448 Basel III – Market Discipline Disclosure Requirement under Pillar III

467 External Assurance on Sustainability Report

469 GRI Content Index

475 Senior Managers

480 Branch Managers

486 Glossary of Financial/ Banking Terms

492 Corporate Information

INTRODUCING OUR INTEGRATED REPORT



This is our Integrated Annual Report for the financial year ended 31 December 2025, which presents a balanced review of the progress made towards achieving our strategic priorities. It also presents how we, the People's Bank, leveraged its financial footprint, shared resources, and empowered its people to expertly deliver value to our stakeholders. Similarly, it also recounts how we supported the nation on its path to recovery, building on the success we achieved in the previous financial year. A fair assessment is provided of our operating landscape, governance practices, stakeholder value creation, performance, and our response to evolving market dynamics.

Scope and boundary

GRI 2-2, 2-3

The Report covers the operations of the People's Bank, including its subsidiaries, People's Leasing and Finance PLC, People's Travels (Private) Limited, for the period from 1 January 2025 to 31 December 2025. The entities are collectively referred to as "the Group", and the People's Bank serves as the parent of the Group. The Consolidated Financial Statements represents the Group Financial Performance for the year ended 31 December 2025. The non-financial, risk management and corporate governance information pertains only to People's Bank unless specified otherwise.

Restatement of information

GRI 2-4

The Bank adopts an annual reporting cycle and there have been no major financial or non-financial information restatements unless otherwise stated. The most recent Annual Report covered the 12 months ended 31 December 2024 and is available on the Bank's website, www.peoplesbank.com.

Our approach to reporting

GRI 2-14

Our Integrated Report is the result of a well-structured process that emphasises integrated thinking, collaboration, and transparency. Accuracy of reporting ensured 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 101 to 205 providing an integrated approach towards value creation.

External assurance

GRI 2-5

The Auditor General of Sri Lanka has granted assurance for the Financial Statements content in this Report on pages 313 to 315 The "Directors' Statement on Internal Control over Financial Reporting" was also assured by the Auditor General in accordance with the Sri Lanka Standard on Assurance Engagements, SLASE 3050 (Revised). The assurance report is included on pages 308 and 309.

The Auditor General's Department is legally mandated to audit public organisations and People's Bank's Financial Statements and "Directors' Statement on Internal Control over Financial Reporting" are audited annually by the Auditor General or an audit firm appointed by Auditor General.

The sustainability reporting component of this Report has been assured by Messrs Ernst & Young in accordance with the Sri Lanka Standards on Assurance Engagements (SLSAE) 3000 and their report is included on pages 467 and 468. In this context, Reasonable assurance has been provided on the information on financial performance and Limited assurance has been provided on other information, prepared in accordance with the GRI Standards 2021.

Value creation

GRI 2-6

As Sri Lanka continued the path towards economic growth and recovery, 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. We relentlessly sought out ways and means to offer time-appropriate product and services to our customers and stakeholders, and significantly contributed towards building up foreign exchange buffers through our remittance services. 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. We leveraged our extensive national network to support the government's post-cyclone Ditwah rebuilding efforts by providing coordinated financial and banking services. The value creation model is illustrated on pages 92-93.



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 pages 166 and 187.

Materiality

Throughout this report, we have prioritised the concept of materiality, focusing our attention on those with the most significant economic, environmental, and social impacts. These matters can materially impact our ability to create value in the short, the medium and the long term. Please refer to pages 81-83 for details on our materiality assessment. Reporting with accuracy and credibility has been the hallmark of all our reports, as we are committed to elevating the quality, relevance, and readability, present throughout this report.

Reporting framework

Integrated Reporting	Financial, Regulatory, and Corporate Governance	ESG and Sustainability Reporting
The Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation.	Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards issued by The Institute of Chartered Accountants of Sri Lanka	Global Reporting Initiative (GRI) Standards – "In Accordance with the GRI Standards", issued by the Global Sustainability Standards Board
	Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards issued by The Institute of Chartered Accountants of Sri Lanka	The United Nations Sustainable Development Goals (UN SDGs)
	People's Bank Act No. 29 of 1961 and any amendments thereto	Banking Act Direction No. 5 of 2022 on Sustainable Finance Activities of Licensed Banks
	Banking Act No. 30 of 1988 and any amendments thereto	IFRS Sustainability Disclosure S1
	Directions issued by Central Bank of Sri Lanka	IFRS Sustainability Disclosure S2
	Exchange Control Act No. 24 of 1953	ISO 14064-1:2018 Organisation Level for Quantification and Reporting of Greenhouse Gas (GHG) Emissions and Removals
	Financial Transactions Reporting Act No. 6 of 2006	
	Prevention of Money Laundering Act No. 5 of 2006	
	Code of Best Practice on Corporate Governance issued by the Chartered Accountants of Sri Lanka in December 2023	
	Banking Act Direction No. 5 of 2024, effective from 1 January 2025 on the Corporate Governance Framework	

Guiding principles

The Report was crafted abiding by the following guiding principles to ensure the provision of a credible review of our performance at the close of the year 2025.

Connectivity of information

Information flow is connected through the icons that are set out below:

Capitals

- Financial Capital
- Human Capital
- Manufactured Capital
- Intellectual Capital
- Social and Relationship Capital
- Natural Capital

Stakeholder

- Employees
- Customers
- Business Partners
- Community
- Investors
- Regulators

Strategic Pillar

- Digital Supremacy
- Driving Growth
- Wide Reach

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

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.

Conciseness: Presenting information concisely has been a primary objective in communicating critical matters to the users of this Report. Where required, further details have been provided to support accuracy and transparency.

Accessing the report and feedback

GRI 2-3

This Report can be downloaded from our website:
www.peoplesbank.lk/last financial-result/

Please send your feedback on this report to:

Head of Finance,
Finance and Management Accounting Department,
People's Tower,
No. 374, Dr Colvin R De Silva Mawatha,
Colombo 02
+94 11 374 0740 (ex. 0600)
info@peoplesbank.lk
www.peoplesbank.lk




PEOPLE'S TOWER

ABOUT US



10
Our Bank

12
Our Group

14
Milestones

18
Awards

20
Our Socio Economic Impact



OUR BANK



The 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 operates the largest branch network in the sector, serving 15.2 million customers nationwide. The staff strength of the Bank is spread across 746 branches.

In 2025, the Bank delivered its best ever performance in its 64-year history, with profit after tax of LKR 40.2 Bn., and asset value reaching LKR 3.7 Tn.

Public welfare being our primary mandate, our country-wide reach includes a diverse customer base encompassing the corporate sector, state sector, private citizens, SME and microfinance customers, and project financing ventures. We contribute significantly to the nation's financial sector stability through our banking services that reach urban and rural areas, as financial inclusivity of all sections of the populace is a priority for us. We support the efforts of the Government of Sri Lanka in sustainable development across economically disadvantaged sections of the society and combine profitability and public welfare with ease. We accelerated digital transformation significantly in 2025 positioning the Bank as a top-tier digital service provider in the banking industry in Sri Lanka.

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 Statements

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.

OUR GROUP

Year of Incorporation

1961

Customer Segments

Individuals

Micro Enterprises

Small and Medium-sized Businesses

Government and State-owned Entities

Corporates

Main Products and Services

Retail Banking

Treasury and Investment Banking

International Banking

Credit Cards

Commercial Credit

Corporate Banking

SME & Development Banking

Overseas Customer Services

Performance Highlights 2025

Assets:
LKR 3,708.4 Bn.

Profit after tax:
LKR 40.2 Bn.

Staff Strength

8,122

Number of Branches

746



75%
Ownership



Year of Incorporation

1995

Customer Segments

Individuals
Micro Enterprises
Small and Medium-sized Businesses
Corporates

Main Products and Services

Leasing and Hire Purchases
Microfinance
Deposits
Loans

Performance Highlights – 2025

Assets:
LKR 280.1 Bn.

Profit after tax:
LKR 4.5 Bn.

Staff Strength

3,237

Number of Branches

112

99%
Ownership



Year of Incorporation

1993

Customer Segments

Individuals
Corporates
Group Tour Travelers
International/Inbound Tourists

Main Products and Services

Inbound Travel
Outbound Travel
Destination Management

Performance Highlights – 2025

Assets:
LKR 245.0 Mn.

Profit after tax:
LKR 56.7 Mn.

Staff Strength

19

Number of Merchants

2

MILESTONES





1961 to 1969

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.

1970 to 1979

"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.

1980 to 1989

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.

1990 to 1999

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.



2000 to 2009

"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.

2010 to 2019

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.





2020

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.

2021

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.

2022

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.



2023

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.

2024

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).

2025

"**People's Tower**", the new head office of People's Bank, was officially inaugurated on October 7, 2025, at No. 374, Dr. Colvin R. De Silva Mawatha, Colombo 02, under the patronage of the Governor of the Central Bank of Sri Lanka, Dr. P. Nandalal Weerasinghe, and the Secretary to the Treasury and Ministry of Finance, Planning and Economic Development, Dr. Harshana Suriyapperuma

Achieved a historic LKR 40.2 Bn. in Profit After Tax at the Bank level, while Group assets surged to surpass LKR 4.0 Tn.

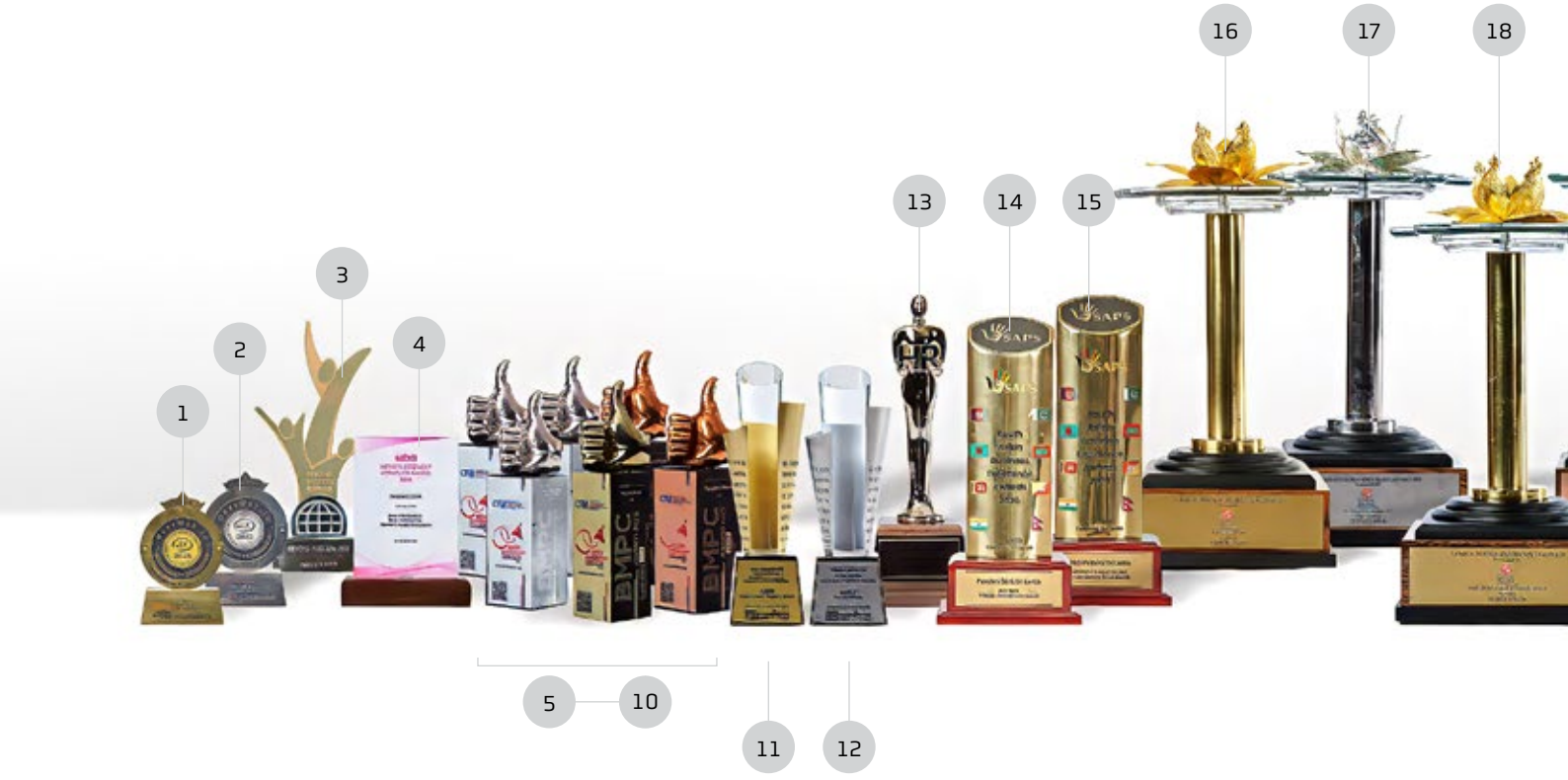
People's Bank, in partnership with the Industrial Development Board (IDB) of Sri Lanka, is empowering and uplifting the next generation of young entrepreneurs.

Successfully supported the "Pay Digital" agenda by increasing awareness and usage of the Bank's digital banking platforms, exceeding 5.3 million digital solution registrations.

Recognised with multiple national and international awards, including "Sri Lanka's Most Outstanding Women-Friendly Workplace Award 2025" and "Best Talent Acquisition Organization Award 2025".



AWARDS



BestWeb Awards 2025

01. Most Popular Banking and Finance Website

02. Best Banking and Finance Website – Silver Winner

Bizz worldcob (World confederation of Business)/Beyond Success 2025

03. Excellence in Business Management

Women Friendly Workplace Award 2025

04. One of Sri Lanka's Most outstanding Women Friendly Workplace Award.

CPM best Management practices

05. Gold winner – Diversity, Equity and Inclusion (DEI) Cluster

06. People's Bank Awarded Twenty Outstanding Companies

07. Winner – Banking (Public Sector) Category

08. Bronze winner – Corporate Social Responsibility (CSR) Cluster

09. Merit Award – Best Management Practices Company Award 2025

10. Merit Award – Digital Literacy Cluster

LankaPay Technnovation Awards

11. Silver Award – Financial Institution of the Year for Best Digital Payment Strategy

12. Gold Award – Most Popular Digital Payment Product (State Banks Category – Internet and Mobile Banking)

Great HR Awards 2025

13. Best Talent Acquisition Organisation of the Year 2025

South Asian Business Excellence Awards 2025 (SAPS)

14. Best Bank in the Public Banking Sector

15. Sustainable Bank of the Year in the Public Banking Sector

National Business Excellence Awards 2025

16. Winner – Banking Sector

17. 1st Runner-Up – Extra Large Category

18. Winner – Excellence in Local Market Reach

19. Bronze Award for Overall Excellence

20. Winner – Excellence in Capacity Building



Global Business Review Magazine Award 2025

21. Banking Service Provider Of The Year Sri Lanka 2025
22. Best Consumer Digital Bank Sri Lanka 2025
23. Best Credit Card Offerings Bank Sri Lanka 2025
24. Best Digital Banking Solutions Provider Sri Lanka 2025
25. Best Digital Wallet App Sri Lanka 2025 – People's Pay
26. Best Financial Inclusion Programme Sri Lanka 2025
27. Most Innovative Credit Card Services Sri Lanka 2025
28. Most Outstanding Workplaces For Women In Sri Lanka 2025
29. Most Responsive Bank Sri Lanka 2025
30. Most Sustainable Bank Sri Lanka 2025

AICPA & CIMA – JXG Pinnacle Awards 2025

31. Gold Award – Digital Transformation Project/ Practice of the Year

TAGS Awards 2025

32. Bronze Award – State Bank Sector

Data Management & Compliance Awards 2025

33. Best Performer Maintenance of Highest Validity (Data Submission Volume 1,000,000 above)
34. Best Performer Maintenance of Updated Information (Data Submission Volume 1,000,000 above)

CMA Excellence in Integrated Reporting Awards – 2025

35. Best Integrated Report State Banking Sector – Runner-Up

Euromoney Awards for Excellence 2025

36. Sri Lanka Best Digital Bank
37. Best Bank for Diversity and Inclusion

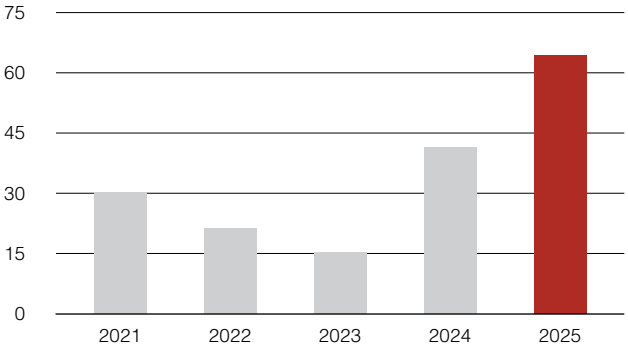
OUR SOCIO ECONOMIC IMPACT

FINANCIAL HIGHLIGHTS

	Bank			Group		
	2025	2024	change %	2025	2024	change %
Operating performance (LKR Bn.)						
Interest income	356.7	349.3	2.1	395.1	377.0	4.8
Net interest income	142.4	107.2	32.8	164.7	122.9	34.0
Gross income	382.0	368.0	3.8	424.0	400.0	6.0
Operating profit before taxes on financial services	83.4	56.8	46.9	93.0	65.0	43.1
Profit before tax	64.4	41.6	54.9	71.1	47.6	49.4
Income tax	24.2	16.5	46.6	27.6	18.8	46.7
Profit after tax	40.2	25.1	60.4	43.5	28.8	51.1
Financial position (LKR Bn.)						
Total assets	3,708.4	3,297.8	12.5	4,010.2	3,471.7	15.5
Gross loans and receivables	1,887.8	1,671.2	13.0	2,164.9	1,824.1	18.7
Total deposits	3,229.9	2,854.7	13.1	3,380.3	2,947.9	14.7
Shareholder's funds	219.0	182.0	20.4	270.1	230.0	17.5
Performance ratios (%)						
Return on average assets (before tax)	1.8	1.3		1.9	1.4	
Return on equity (after tax)	20.1	14.7		17.4	13.2	
Net interest margin	4.1	3.4		4.4	3.7	
Cost to income ratio	40.1	50.3		43.1	52.2	
Assets quality ratios (%)						
Impaired loans (stage 3) ratio	7.7	10.3		6.9	9.7	
Impairment (stage 3) to stage 3 loans ratio	48.4	41.5		48.7	42.4	
Liquidity coverage ratio (%)						
Liquidity coverage ratio – Rupee	263.3	353.9				
Liquidity coverage ratio – All currency	218.5	279.5				
Net stable funding Ratio	162.4	178.9				
Regulatory capital ratio (%)						
Common equity Tier 1 capital (Min. requirement 8.0%)	11.8	10.4		12.8	12.2	
Tier 1 Capital (LKR Mn. requirement 9.5%)	12.2	10.9		13.1	12.6	
Total Capital (Min. requirement 13.5%)	16.5	16.5		16.8	17.7	
Shareholder ratios (LKR)						
Earnings per share	40,230	25,088	60.4	43,484	27,559	57.8
Net asset value per share	219,038	181,998	20.4	270,114	229,952	17.5

Profit before tax

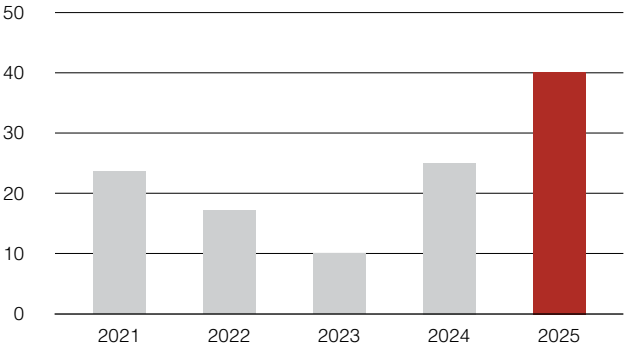
LKR Bn.



2025 **LKR 64.4 Bn.** Growth **54.9%**

Profit after tax

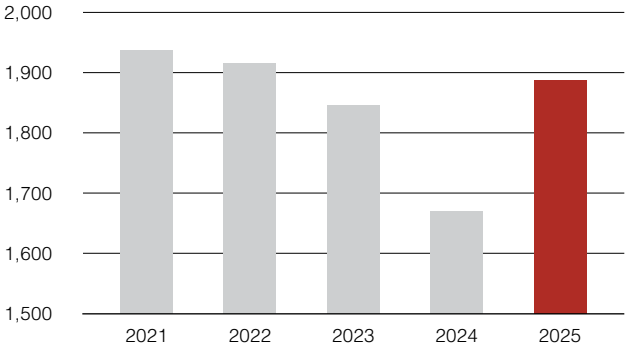
LKR Bn.



2025 **LKR 40.2 Bn.** Growth **60.4%**

Gross loans and advances

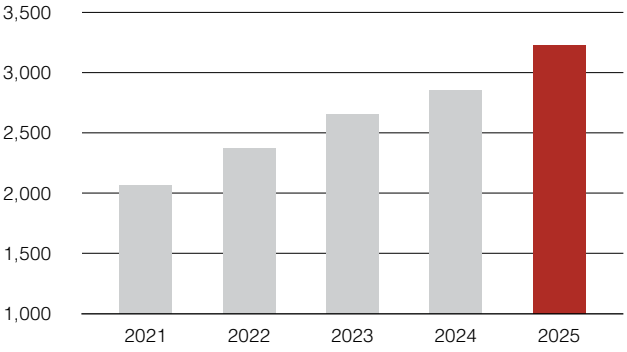
LKR Bn.



2025 **LKR 1,887.8 Bn.** Growth **13.0%**

Total deposits

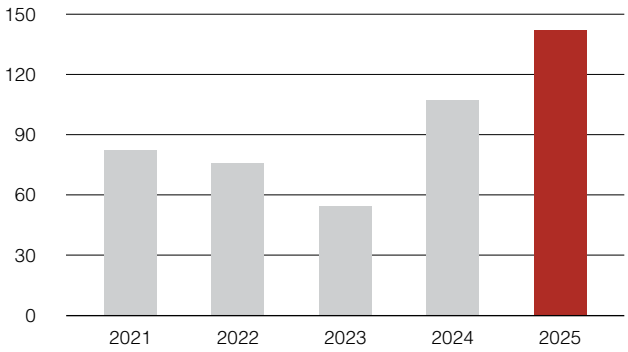
LKR Bn.



2025 **LKR 3,229.9 Bn.** Growth **13.1%**

Net interest income

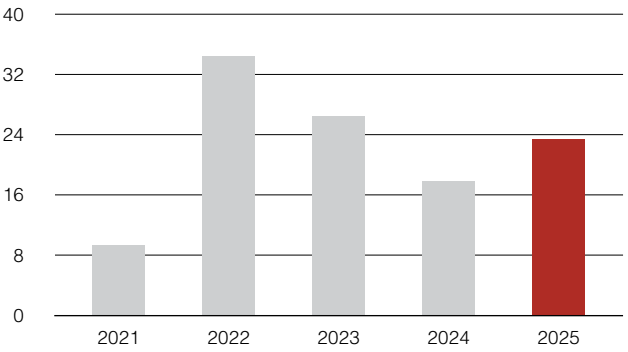
LKR Bn.



2025 **LKR 142.4 Bn.** Growth **32.8%**

Total non funded income

LKR Bn.



2025 **LKR 23.4 Bn.** Growth **30.7%**

NON-FINANCIAL HIGHLIGHTS

Digital customer solution registrations	**5.3 million**
New customers onboarded in 2025	**540,740**
Customer complaints resolution	**90%**
Employees	**8,122**
Benefits and salaries paid	**LKR 38.2 Bn.**
Training hours	**27** hours per Employee (approximately)
Investment in training	**LKR 190.3 Mn.**
Employee retention rate	**97%**





Female employees	**4,818**
Number of employees received overseas training	**72**
Green branches	**141**
Invested in CSR activities	**LKR 26.9 Mn.**



EXECUTIVE REVIEWS



26
Letter from the Chairman

32
CEO/General Manager's Review

36
Board of Directors

44
Corporate Management

54
Executive Management

57
Chief Managers



LETTER FROM THE CHAIRMAN

GRI 2-22

With unwavering focus, resilience, and strategic clarity, despite ongoing macroeconomic headwinds, People's Bank continued its strong performance in 2025, recording a Profit After Tax of LKR 40.2 Bn. and total assets of LKR 3.7 Tn.





I am delighted to present our Integrated Annual Report for 2025 to our stakeholders, documenting in detail the success achieved by People's Bank during the year.

With unwavering focus, resilience, and strategic clarity, despite ongoing macroeconomic headwinds, People's Bank continued its strong performance in 2025, recording a Profit After Tax of LKR 40.2 Bn. and total assets of LKR 3.7 Tn. As a cornerstone of Sri Lanka's financial system and a catalyst for the nation's digital transformation, the Bank combined disciplined cost management, prudent risk and capital stewardship, and targeted revenue diversification to sustain its momentum. By accelerating customer-centric digital services, deepening fintech partnerships, and investing in secure, scalable technology, the Bank further strengthened its competitive position while supporting sustainable economic growth. Our financial prudence and forward-looking investments, together with continued employee training and upskilling, reinforced the Bank's role as a trusted enabler of Sri Lanka's digital banking future.

Strengthening financial resilience and driving growth

The year marked continued consolidation and stability for People's Bank. Amid evolving market conditions, the Bank successfully safeguarded its capital position, improved operational efficiency, and sustained steady growth across key business segments. These results underscore the Bank's resilience and strategic focus on sustainable long-term value creation.

The Bank delivered a robust core performance, with Net Interest Income of LKR 142.4 Bn. underpinning profitability, while Net Fee and Commission Income increased to LKR 16.4 Bn., contributing meaningfully to non-interest revenue and signalling early success in revenue diversification. A Net Interest Margin of 4.1% and a Cost-to-Income Ratio of 40.1% reflected effective expense control alongside healthy revenue growth. These results demonstrate tangible gains from digital channel migration, branch optimisation, disciplined procurement, and human capital management. We will continue our digital transformation, as sustainable improvement will depend increasingly on such adoption.

The Bank delivered strong profitability and improved returns, driven by disciplined balance-sheet management and higher interest margins. In combination, these indicators point to a healthy earnings mix, with interest income remaining the primary earning engine, fee income becoming an increasingly important stabiliser against rate volatility, and elevated earnings per share underscoring effective cost control and capital utilisation.

We closed the year with a robust capital position, reporting a Capital Adequacy Ratio of 16.5%, well above the regulatory minimum and supporting continued lending capacity. The Bank also remained highly liquid, maintaining high-quality liquid asset buffers above prudential thresholds. These strengths enhanced the Bank's resilience throughout 2025, enabling selective growth in high-yielding loan segments without compromising solvency.

Cost rationalisation and digital process adoption also played a pivotal role in improving operational efficiency. Branch resource optimisation supported deeper penetration into the private sector, while staff were increasingly engaged in higher-value activities that contributed more meaningfully to growth.

Strong risk governance

The Bank's digital transformation contributed significantly to a proactive data-driven approach to credit oversight, improving asset quality and reinforcing risk governance. Enhanced credit evaluation and monitoring within the framework of an early-warning system enabled timely interventions, while intensified recovery initiatives strengthened portfolio discipline. Tightened underwriting standards reduced vulnerability to emerging credit stress. Clear risk appetite limits, more rigorous stress testing, and strengthened governance improved transparency and accountability across the portfolio.

A confluence of structural strengths underpinning our strategic resilience and operational effectiveness, including government backing and brand trust, helped us forge ahead with resolve in achieving our strategic objectives in 2025. Institutional credibility, depositor confidence, and our extensive branch and automated teller machine (ATM) network ensured deep market penetration and broad-based financial inclusion across both urban and rural communities.

The Bank enhanced the effectiveness of Board committees through clearer mandates, improved reporting lines, and more frequent reviews of risk and performance. This ensured stronger oversight of capital adequacy, asset quality, liquidity, and strategic initiatives. In response to heightened regulatory expectations, internal control mechanisms and compliance monitoring processes were further strengthened. Additional focus was placed on regulatory reporting accuracy, anti-money laundering (AML) controls, and conduct risk management.

The Bank's robust deposit base and strong liquidity position provided low-cost, reliable funding to support sustainable lending growth, while a strong capital position and regulatory compliance enhanced shock-absorption capacity. Concentration risk remained well contained through our diversified customer and product portfolios, enabling income generation across retail, small and medium-sized enterprise (SME), corporate, and public sector segments.

Customer service excellence

Customer service excellence remains central to our journey of success. Digital transformation is a key pillar underpinning this commitment and provides greater convenience, service reliability, and reduced disruptions. Our self-service platforms also empowered customers to make more informed decisions in managing their finances, thereby enhancing the quality and reach of the Bank's drive towards financial inclusion.

Customer centricity is a high priority at People's Bank. Combined with accelerated digital transformation initiatives, it enabled us to deliver an enhanced customer experience, while driving operational efficiency. We pursued measured growth while preserving financial stability, transforming our many strengths into sustainable competitive advantage.

Innovation is embedded in our product development and operating model, while strategic partnerships, both local and international, enhanced our brand value and customer outcomes. By balancing internal ingenuity with external collaboration that enhances our customer value proposition, we generated social and economic value for communities while opening new avenues for financial inclusion. By combining internal transformation, targeted partnerships, and a diversified product and service portfolio, we delivered sustainable, technology-enabled financial services that benefited customers and communities alike.

Digital transformation

Digital transformation is a strategic, enterprise-wide activity designed to future-proof the Bank and deepen its role as a catalyst for national digitalisation. Anchored on customer experience, operational modernisation, and innovation enablement, we adopted more agile ways of doing business across all our segments, improving cross-functional collaboration and accelerating service delivery.

Our digital-first channel strategy reimagined the customer experience by prioritising convenience, personalisation, and reliability. Omnichannel customer support reduced friction across retail and corporate customer journeys, improving first-contact resolution and enabling data-led product recommendations. Supported by targeted enhancements to digital onboarding, payments, and SME banking tools, we expanded our digital customer base to over 4 million by the end of 2025.

Our contribution to national development

We partnered with the Government of Sri Lanka in national development by channeling targeted finance to priority sectors such as agriculture, SMEs, exports, and infrastructure, thereby stimulating economic activity, job creation, and regional growth. Semi-urban and rural communities were reached through the government's financial inclusion programmes and social welfare initiatives. Our support for green finance contributed to the development of renewable energy, helping to reduce over-dependence on the national grid. Growing depositor confidence in the Bank, supported by disciplined financial management and systemic stability, further reinforced our dual mandate of commercial sustainability and public service.

Public welfare and relief measures

People's Bank launched a dedicated Cyclone Ditwah Disaster Relief programme to support affected individuals and small businesses in rebuilding their lives and livelihoods. This included the provision of special concessionary loans at a low interest rate (approximately 3%) to impacted micro, small, and medium enterprises (MSMEs), with loan limits tailored to support working capital and rehabilitation needs. These loans were aimed at helping businesses restore operations, sustain employment, and regain economic footing after the disaster. We were pleased to disburse the first rehabilitation loan to an MSME affected by the cyclone, demonstrating our early support in practice.

In line with regulatory guidance, we also offered financial relief to cyclone-affected borrowers. These measures were designed to ease immediate financial stress, and included the temporary suspension of loan principal and interest repayments for eligible borrowers, waiver of penalty charges, late fees, and restructuring costs, as well as the facilitation of new credit facilities with grace periods for individuals and businesses whose incomes had been disrupted by the disaster. We also established special accounts to collect and channel public and diaspora donations towards emergency relief and rehabilitation, thereby supporting the broader national relief effort.

The confidence with which we continue to deliver on both public welfare and commercial sustainability is a testament to the disciplined and visionary approach that guides every decision at People's Bank.

Our employees

Our employees are the Bank's greatest asset – a dedicated, professional, and customer-centric workforce whose commitment to excellence drives every aspect of our success. Their deep local knowledge and unwavering service ethic ensure reliable delivery of financial solutions across urban and rural communities, while their agility and appetite for innovation have accelerated digital adoption and operational improvements. Through disciplined risk awareness, a strong compliance culture, and continuous upskilling, our staff have preserved trust and resilience even in challenging market conditions. Equally important, their community-focused initiatives and empathetic customer engagement have amplified the Bank's social impact, making them not only effective bankers but also trusted partners in Sri Lanka's development journey.

Our Environmental, Social and Governance (ESG) focus

People's Bank's ESG focus and sustainability strategy are anchored on responsible banking, environmental stewardship, and inclusive economic development. The Bank integrates ESG principles into its core business operations, ensuring that financial growth is aligned with long-term environmental and social responsibility. As a financial institution, we promoted green financing, integrated environmental and social risk assessment into credit processes, advanced financial inclusion through community development, and reduced the Bank's operational footprint through responsible practices and digitalisation.

Sustainability will remain a strategic priority for the Bank in the coming year, with ESG considerations becoming increasingly embedded in core business operations. The climate risk framework is currently being further strengthened to manage both transition and physical risks within the lending portfolio, while aligning credit practices with national and global climate goals through enhanced green finance. Internally, the Bank will further reduce its carbon footprint through energy efficiency, digitisation, waste reduction, and responsible procurement, while operationalising sustainable procurement and facility management practices.



Challenges

During 2025, People's Bank operated in a complex and evolving economic environment marked by moderated growth, pressure on borrower repayment capacity, and heightened regulatory expectations. Challenging macroeconomic conditions placed stress on certain borrower segments, giving rise to potential asset quality concerns. In response, we strengthened credit monitoring mechanisms, intensified recovery efforts, enhanced provisioning buffers, and applied prudent underwriting standards for new lending.

Enhanced regulatory oversight required continued strengthening of governance and compliance frameworks. The Bank reinforced internal controls, risk governance structures, and compliance monitoring systems to ensure full adherence to regulatory standards. We actively managed the balance sheet, optimised asset allocation, and exercised disciplined credit growth to sustain Capital Adequacy Ratios at satisfactory levels, as the growth in risk-weighted assets required careful capital management to maintain strong regulatory buffers.

Fluctuations in interest rates and competitive market dynamics exerted pressure on net interest margins. We responded by improving asset-liability management practices, diversifying income streams, and enhancing pricing discipline across lending and deposit portfolios. We applied cost rationalisation initiatives to mitigate rising operating costs and effectively contain the cost-to-income ratio.

Outlook for 2026 and beyond

Looking ahead, we will continue to expand access to finance for SMEs, rural communities, women entrepreneurs, and other underserved groups, combining lending with capacity building, and integrating digital transformation, social sustainability, and customer service excellence. These initiatives will be measured against clear social and environmental standards to ensure accessibility and responsiveness, strengthening community resilience and supporting long-term economic growth.

A message of gratitude

I extend my sincere gratitude to our customers. Your trust and confidence continue to inspire us to raise the bar in service excellence and innovation. Together, we have advanced financial inclusion, strengthened service reliability, and accelerated digital initiatives that enhance convenience and broaden access across the nation, reinforcing our role as a trusted partner in Sri Lanka's development.

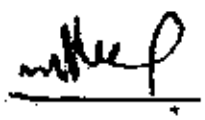
I extend my gratitude to the Minister of Finance; the Deputy Minister of Finance and Planning; and the Deputy Minister of Economic Development for their foresight, leadership, and unwavering commitment.

I also wish to express my sincere appreciation to the Secretary to the Treasury and the senior officials of the Ministry of Finance for their continuous support, valuable guidance, and dedication throughout the year. I would like to thank the Governor and senior officials of the Central Bank of Sri Lanka for their wise counsel and valuable advice on all matters of a regulatory nature.

I extend my heartfelt gratitude to the Board of Directors for their unstinted support and visionary leadership. I wish to express my sincere appreciation to the Management Team, led by Mr Clive Fonseka, and the Chief Executive Officer/ General Manager for their tireless efforts in sustaining the momentum that contributed significantly to our success in 2025. My appreciation goes to each and every employee for their professionalism and customer-first mindset, which have been the driving force behind our achievements.

I wish to express my sincere gratitude to the trade unions for their ongoing cooperation and constructive dialogue, which have supported the Bank's efforts in fostering a harmonious workplace.

As we embark on the next phase of growth and transformation, we do so with ambition, discipline, and an unwavering commitment to delivering value to all stakeholders. People's Bank will continue to invest in technology, talent, and sustainable finance, driving inclusive economic progress and helping build a digitally empowered, resilient Sri Lanka as the Pride of the Nation.



Professor Narada Fernando
Chairman
25 February 2026



CEO/GENERAL MANAGER'S REVIEW

Through cohesive and forward-looking strategies, we strengthened our capital, funding, and liquidity position while managing inflationary pressures. Disciplined capital allocation, optimisation across business segments, and strengthened reserves enhanced our resilience to economic and climate-related shocks.



As the Pride of the Nation, People's Bank marks its 64th year of service to Sri Lanka, continuing to embody resilience, purpose, and a careful balance between its public mandate and commercial strength. In 2025, a year of both reflection and renewal, the Bank recorded its highest-ever Profit After Tax of LKR 40.2 Bn., while total assets reached LKR 3.7 Tn.

This performance is a testament to disciplined stewardship and thoughtful execution. We preserved a strong capital base, exercised prudent cost control, and maintained liquidity comfortably above regulatory thresholds. Anchored by a robust governance framework and guided by a deep commitment to sustainability and responsible growth, we strengthened depositor confidence and reaffirmed our position as one of Sri Lanka's most trusted financial institutions.

Our journey has been both exacting and inspiring – shaped by cycles of challenge and opportunity, by responsibility of safeguarding public trust, and by the ambition to expand access through digital innovation and inclusive finance. In responding to economic pressures and climate-related disruptions, we drew upon our resilience and purpose to generate value, support communities, and extend prosperity. We continued to stand alongside the Government of Sri Lanka in advancing national priorities, broadened financial inclusion through both physical and digital reach, and supported women entrepreneurs in building sustainable livelihoods.

The core vision

Our vision remains clear and steadfast: to be a resilient, responsible, and nationally committed financial institution that advances sustainable economic growth while widening access to finance for all. Digital transformation continues to serve as a vital enabler of this ambition, complemented by an omnichannel presence that reaches every corner of the country.

Amid an evolving global and domestic landscape, we remained focused on preserving financial stability while contributing meaningfully to economic recovery and development. Through prudent risk management, disciplined capital stewardship, and measured growth, we navigated uncertainty with confidence while safeguarding long-term sustainability.



Guiding principles

Our actions throughout the year were guided by prudence, accountability, resilience, and a deep sense of national responsibility. Safeguarding capital and ensuring liquidity remained central to our approach, supported by a disciplined and forward-looking risk management framework. Governance practices were grounded in transparency and accountability, reinforced by rigorous compliance and open engagement with stakeholders.

Drawing strength from our institutional heritage while embracing modern capabilities, we demonstrated agility and foresight in responding to both national and global challenges. As a leading state-owned bank, our commitment to national development continued to shape our direction, even as we remained firmly anchored in commercial discipline – balancing both with care to deliver sustainable outcomes.

Key achievements

Our achievements during the year were both wide-ranging and impactful, with a detailed analysis presented in the pages that follow. I would, however, like to reflect briefly on a few key milestones.

Despite the expansion of Risk-Weighted Assets and continued investment in digital transformation, we maintained a stable and satisfactory Capital Adequacy Ratio. This reflects disciplined credit growth and prudent financial stewardship. Strengthened credit monitoring, proactive recovery efforts, and enhanced underwriting practices ensured resilience in managing credit risk, while stability in asset quality indicators reaffirmed the strength of our governance framework.

Our continued investment in digital platforms and operational efficiencies further reinforced institutional strength. This was evident in our agile response to business continuity needs and climate-related disruptions, where our recovery capabilities were both tested and proven.

A customer-centric business

Building on a foundation of financial strength, we advanced targeted initiatives to finance priority sectors including small and medium-sized enterprises (SMEs), agriculture, exports, and public sector development. People's Bank served over 15.2 million customers through a network of 746 branches and service outlets across Sri Lanka. With this reach, complemented by expanding digital capabilities and strategic partnerships, we have continued to evolve into a comprehensive financial services provider addressing the diverse needs of our customers.

This extensive presence, strengthened by a rapidly growing digital ecosystem, reflects our success in deepening financial access across the nation. Affordable credit sustained livelihoods, preserved employment, and supported community resilience. The expansion of digital banking enhanced convenience and accessibility, while automation strengthened internal controls, improved risk oversight, and elevated service delivery.

In advancing the national SME agenda, we combined tailored financing with advisory and capacity-building support, strengthening business resilience and financial capability. Our omnichannel approach ensured seamless service across urban, rural, and semi-urban communities.

We also extended critical liquidity support to communities affected by Cyclone Ditwah, enabling recovery through flexible repayment arrangements and restructuring measures.

Navigating macroeconomic headwinds

Through cohesive and forward-looking strategies, we strengthened our capital, funding, and liquidity position while managing inflationary pressures. Disciplined capital allocation, optimisation across business segments, and strengthened reserves enhanced our resilience to economic and climate-related shocks.

We diversified our deposit base, maintained strong liquidity buffers, and ensured active oversight of cash flows. Calibrated repricing, risk-based credit origination, and targeted efficiency measures allowed us to manage inflationary pressures while preserving affordability for customers.

Governance, risk management, audit, and assurance remained foundational pillars. A culture of accountability and integrity, supported by transparent disclosures, ensured adherence to the highest standards and reinforced stakeholder trust.

Prudently containing Non Performing Loans

At the close of the financial year, the Non-Performing Loan (NPL) ratio improved to 4.3%, compared with 5.1% in 2024. Through a structured and proactive approach, we successfully contained non-performing loans, including those within disaster-affected portfolios, by combining early intervention with restructuring and concessionary support.

Enhanced credit surveillance enabled the early identification of risk and proactive engagement with borrowers. Supported by strong capital and provisioning buffers, we preserved asset quality while continuing to support customers through recovery.

Our team

At the heart of our achievements is a dedicated and customer-focused team whose professionalism and resilience continue to define the Bank's performance.

Continuous learning, specialist training, and structured capacity-building remain integral to our culture. This commitment has fostered institutional agility and strengthened a workforce that is both technically capable and deeply aligned with our social purpose.

Sustainability for a reduced footprint

We reaffirmed our commitment to environmental stewardship by embedding natural capital considerations more deeply into our operations and community initiatives. The People's Green Pulse initiative marked a meaningful step towards reducing our environmental footprint and conserving resources.

Green financing supported renewable energy, while community initiatives strengthened climate resilience and social well-being. Our efforts to align sustainability with digital transformation and operational efficiency contribute to Sri Lanka's Carbon Net Zero 2050 Roadmap.

Looking ahead, we will continue to support renewable energy, advance digital transformation, and align closely with national climate priorities.

People's Bank continued to be recognised through national and international awards, reflecting excellence across service delivery, governance, innovation, and sustainability. We remain steadfast in our commitment to delivering financial strength while ensuring secure and accessible banking. As we balance commercial performance with national responsibility, we will continue to support priority sectors in building sustainable growth.

A note of gratitude

Our achievements reflect the dedication and commitment of our team, whose ability to adapt and excel has been instrumental. Their efforts have enabled the Bank to perform strongly in a competitive environment while contributing to national development, with profits ultimately reinvested in healthcare, education, infrastructure, and public welfare.

I extend my sincere appreciation to our Chairman, the Board of Directors, the Secretary to the Treasury and Ministry of Finance, the Governor and Officials of the Central Bank of Sri Lanka, Corporate and Executive Management, our staff, and most importantly, our customers, whose trust and loyalty continue to inspire us.

Together, we will continue to move forward with purpose, building a stronger institution and contributing meaningfully to the progress of Sri Lanka.



Clive Fonseka
Chief Executive Officer/General Manager
25 February 2026

BOARD OF DIRECTORS

A commitment par excellence is what defines our Board of Directors







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.



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.



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 Program 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 the 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.



Mr Chandana Guniyangoda

Director

(Senior Independent Director w.e.f. November 2025)

Mr Chandana Guniyangoda is a distinguished finance professional, holding dual Fellowships from The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Institute of Certified Management Accountants of Sri Lanka (FCMA). He possesses an extensive academic portfolio, including a Master of Business Administration in Banking & Finance (MBA) from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, and a Master of Arts in Financial Economics (MAFE) from the University of Colombo. Additionally, he holds a BSc in Business Administration (Special) from the University of Sri Jayewardenepura and an Advanced Certificate in Banking & Finance (ACBF) from the Institute of Bankers and IFS (London).

With over 26 years of professional experience, including 19 years in commercial banking, Mr Guniyangoda has demonstrated remarkable achievements in both professional and academic domains. He has served in various strategic roles, such as Board Director, Key Management Personnel, Industry Expert, and ALCO Officer, and was part of a world champion team in Asset and Liability Management. His expertise spans Finance, Strategic Planning, Business Transformation, Process Reengineering, Cost Optimisation, Human Resource Management, Asset and Liability Management, Risk Management, and Regulatory Reporting.

Throughout his career, Mr Guniyangoda has held key managerial positions, including Assistant Vice President – Finance, Strategic Planning & Business Support at NDB Bank PLC, and Director of Development Holdings (Pvt.) Ltd. – a joint venture between NDB Bank and the Export Development Board. He was also ALCO Officer and Senior Executive for Finance & Planning at Sampath Bank PLC and began his career as a Trainee Graduate at Aitken Spence PLC. and recently provided expert guidance as a Finance and Administration Specialist in restructuring of institutional set-ups within the country's agriculture and plantation sectors under the Agriculture Modernisation Project of World Bank and under the Ministry of Agriculture.

Currently, Mr Guniyangoda serves as the Group Chief Financial Officer (GCFO) of MG Group of Companies, Board member at New Vithanakande Tea Factory (Pvt.) Ltd, and Non-Executive Chairman of CCPI Management Holdings (Pvt.) Ltd. He is an honorary member of the Board of Management at CA Sri Lanka SAB Campus.



Ms Gillian Edwards

Director

Ms Gillian Edwards is a career banker with over 36 years of experience in the Sri Lankan banking sector. Rendering her services to DFCC Bank PLC and Seylan Bank PLC, she counts for over a decade at Senior Corporate Management level. Her work experience spans the transformative years in retail banking.

Having joined Seylan Bank PLC in 1988, she was a pioneer member and had the privilege to be part of the team that set-up this Bank. She counts for many years of extensive experience in all areas of retail banking, Small and Medium Enterprise (SME) and Micro Small and Medium Enterprises (MSME). During her tenure at Seylan Bank PLC, she severed in the positions of Branch Manager, Area Manager, Regional Head, and Assistant General Manager personal banking.

In August 2011 she joined DFCC Vardhana Bank PLC as the Head of the Personal Financial Services. She was responsible for setting up the Personal Financial Services/Retail Banking at DFCC Vardhana Bank PLC. With the merger of DFCC Bank and DFCC Vardhana Bank PLC, she was appointed Senior Vice President consumer banking a position she held until in March 2021.

Ms Gillian Edwards holds a Master's in Business Administration from University of Southern Queensland, Australia, a Postgraduate Executive Diploma in Bank Management from the Institute of Bankers of Sri Lanka, and is an Associate Member of the Certified Management Accountants, Australia. She also held the post of President, Leasing Council of Bankers of Sri Lanka and was honoured for her achievements in the Banking Sector at the "Top 50 Professional and Career Women Awards Sri Lanka and Maldives, 2020"

She currently serves as an Independent Non-Executive Director on the Boards of Commercial Credit and Finance PLC, Seylan Developments PLC, and Mahaweli Coconut Plantations PLC. She is also a Trustee/Treasurer of The Federation of Environmental Organisations a non-profit environmental organisation that works collaboratively towards conserving Sri Lanka's environment.



Mr Sanjaya Bandara

Director

Mr Sanjaya Bandara is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) with over 27 years of professional excellence in the fields of accounting, auditing, governance, and leadership. He holds a Bachelor of Science in Accountancy from the University of Sri Jayewardenepura and an MBA from the University of Colombo.

He has held several eminent leadership positions, most notably serving as the President of CA Sri Lanka (2022/23), where he spearheaded transformative initiatives that strengthened the profession locally and enhanced its recognition globally. His international contributions include representing Sri Lanka as a Board member of the Confederation of Asian and Pacific Accountants (CAPA) (2019-2023) and the South Asian Federation of Accountants (SAFA) (2022/2023), making him an influential voice in shaping the future of the profession across the region.

Mr Bandara has also been entrusted with key regulatory and governance roles. He served as a Commissioner of the Securities and Exchange Commission of Sri Lanka (2022/2023), a Council Member of AAT Sri Lanka (2020/2021), and a Governing Council Member of the University of Kelaniya (2020-2023). In addition, he contributed to the policy discourse of the financial sector as a member of the Stakeholder Engagement Consultative Committee of the Central Bank of Sri Lanka.

Deeply committed to education and knowledge-sharing, Mr Bandara has been a visiting faculty member of leading state universities for more than 15 years, nurturing future generations of finance and accounting professionals.

He is a Partner of B R De Silva & Co., Chartered Accountants, a member firm of Nexia International, He also serves as a Council Member of CA Sri Lanka, Board member of the Sri Lanka Accounting and Auditing Standards Monitoring Board, Member of the Auditing Standards Committee, and contributor to the Asian-Oceanian Standard Setters Group (AOSSG).



Mr Deepthi Lokuarachchi

Director

Mr Deepthi Lokuarachchi with a professional career span of over 32 years holds a Bachelor of Laws (LLB) degree from the University of Colombo and is also an Attorney-of-Law admitted to the Bar in 1995. Further, he has obtained professional qualifications as a Chartered Insurance Risk Manager from the Chartered Insurance Institute of UK.

Mr Lokuarachchi retired from executive corporate roles in July 2025 having last served as the Group CEO of The Lanka Hospitals Corporation from 2020 up to 2025. This period being the most challenging period in the history of the healthcare sector in Sri Lanka, impacted by the COVID pandemic and the financial crisis of the county saw to a rapid transformation of the hospital delivering tangible results to all stakeholders in the activity. The initiative spearheaded during his tenor of leadership at Lanka Hospitals showcased a marked improvement of the hospitals offerings in terms delivering a high value proposition to shareholders, building sustainable brand equity and positioning the hospital as the undisputed choice for managing all patients requiring critical care and supplementing same by acquiring cutting-edge global medical technologies and skilled professionals. These transformative initiatives resulted in the Hospital being adjudged as the best performing hospital among all listed hospital companies in Sri Lanka and also Mr Lokuarachchi being adjudged the HealthCare CEO of the year 2022 .

Prior to joining the healthcare sector Mr Lokuarachchi has served 27 years in the insurance sector. His last appointment in the sector was as Managing Director/CEO of HNB Assurance PLC and HNB General Insurance Limited. In his 27 years career, he has also served as Chief Executive Officer of Sri Lanka Insurance Corporation Limited (SLIC). He has also held insurance industry leadership positions as President of the Insurance Association of Sri Lanka, President of Sri Lanka Insurance Institute (SLII) and as President of the Association of Chartered Insurance Professionals (ACIP).

Mr Lokuarachchi has also been inducted to the Hall of Fame of the Sri Lanka Insurance Institute for his outstanding contribution to the insurance industry in Sri Lanka. Further, in recognition of his laudable contribution and for achievements in life, he was also recognised as a recipient of one of the five awards in the Annual Recognitions extended to former graduates of the University of Colombo during 2019.



Mr Nishan Walgampaya

Director

Mr Nishan Walgampaya is a Fellow of the Chartered Institute of Management Accountants (UK) with over 25 years of experience in finance, strategic planning, and enterprise transformation.

He holds a Postgraduate Diploma from the University of Wales, Bangor, and has completed Executive Education at the Engineering Faculty of the University of Kentucky (USA) and the National University of Singapore.

Currently, Mr Walgampaya serves as the Director – Enterprise Process Design and Governance at MAS Holdings (Pvt) Ltd., a global apparel-tech conglomerate. He has previously held senior leadership roles including Director, Group Finance Operations of MAS Holdings, where he led strategic initiatives and transformation projects across the Enterprise.

Mr Walgampaya has extensive experience working with joint venture partners and Board members across diverse cultural and geographic contexts, including French, German, Chinese as well as entities based in Singapore.

In addition to his financial expertise, Mr Walgampaya has a deep appreciation and hands-on experience in the application of Lean Manufacturing principles and practice. His leadership extends to logistics and technology, having provided strategic direction to the technology organisation within the Textile Division of MAS Holdings.

Mr Walgampaya began his career at KPMG Sri Lanka in Audit and later Corporate Finance, developing a strong foundation in financial governance, investment strategy and enterprise-wide process design.



Mr Sabry Ghouse

Director

Mr Sabry Ghouse banking career spans over 30 years with leading international banks. He counts over 10 years experience serving in overseas financial markets.

Sabry's experience expands across the Middle East, ASEAN and Sri Lanka. He has worked with consumer and SME banking within their respective growth phases and the inception phases of the businesses in the markets he operated in.

He was employed by American Express Bank, Standard Chartered Bank, and Al Rajhi Banking and Investment Corporation of Saudi Arabia, and was responsible for the setting up of retail banking, allied operations, and crafting of strategy at all of these banks to emerge a leader in their chosen market. In 2006 he was recruited to head the retail banking at Al Rajhi Bank Malaysia by its parent Al Rajhi Banking and Investment Corporation, Saudi Arabia, to develop a retail banking model and set up operations, on their entry into the Malaysian market.

Mr Ghouse was a former Director of the Credit Information Bureau (CRIB) in Sri Lanka. He was the Deputy Chairman of Union Bank of Colombo PLC until August 2021. He is currently the Chairman of a quoted finance company.

He has participated for executive leadership programmes conducted by the London Business School, UK and Templeton, Oxford UK. He holds a Master's degree in Business Administration (MBA) from the University of Western Sydney, Australia.

Whilst setting the retail banking franchise in Al Rajhi Bank Malaysia, Sabry was also critical in setting up the Small and Medium Enterprise (SME) unit at the Al Rajhi Bank in Malaysia. This was in accordance to assist the larger community, which was involved in small businesses in the country. This involved lending to the segment along with the Central Bank of Malaysia's (BNM) Guarantee Program. It was a key focus to uplift a larger segment of the community that was involved in the economic enhancement of Malaysia. This was recognised and made a foster programme to follow in the regional areas to support the enterprises.



Ms Chandi Dharmaratne

Director

Ms Chandi Dharmaratne is a senior business leader with over 25 years of experience in human capital management, organisational transformation, and digital strategy. She began her career in New York in 1995 before returning to Sri Lanka in 2001 to lead Group Learning and Development at MAS Holdings.

She later joined Virtusa as Vice President HR, where she held multiple local and global leadership roles, including ATC Head for Sri Lanka, Global Business Unit HR Head, and Global Head of HR Digitalisation. Chandi has since served in several C-suite positions such as, Chief People Officer and Chief Growth Officer across Sri Lanka, Malaysia, Indonesia, Australia, the Philippines, and India. In these roles, she integrated HR into core business operations, scaled talent development through technology, led organisation-wide growth transformations, and played a key role in revenue-generation initiatives. Her approach is firmly people-first, driving sustainable, continuous-improvement–led change.

Chandi has also contributed to national digital and workforce policy through advisory engagements with the Government of Sri Lanka. She is deeply involved in the entrepreneurial ecosystem as the past Chairperson of the Lankan Angel Network, and has served on the Boards of the American Chamber of Commerce Sri Lanka, SLASSCOM, and the Association of HR Professionals.

In 2021, she founded Prism Global Solutions, a consultancy focused on organisational transformation and talent strategy. She currently serves as a Board member of Connect to Care Consulting, Sri Lanka – an organisation with operations in Sri Lanka and Singapore, working globally with partners including the Bill & Melinda Gates Foundation to empower communities through scalable, impactful solutions.

Recognised in Echelon's 50 Most Powerful Women in Sri Lanka and New Establishment 100, Chandi has received multiple global and local awards for HR leadership and innovation. She holds a Bachelor's degree in Business Administration and Economics, an MBA, and executive education credentials from INSEAD.

Chandi continues to champion people-centered transformation and purpose-driven growth, aligning business strategy with human potential to shape organisations, uplift communities, and inspire the next generation of leaders.



Dr A G Illangakoon

Director

Dr Gishan Illangakoon is a senior banking and finance professional with over three decades of leadership experience across Sri Lanka, the Middle East, and the Pacific region. He has held senior management positions at leading financial institutions including Hatton National Bank, Barclays Bank, MCB Bank, and United Arab Bank (UAE), and served as Chief Executive Officer of POB Bank, Solomon Islands.

His leadership roles have encompassed Head of Corporate and Offshore Banking, Chief Risk Officer, and Head of Portfolio Management, providing him with extensive exposure across business, risk, and governance functions. He brings deep expertise in retail, MSME, corporate banking, risk management, climate and sustainable finance, with a strong focus on governance, regulatory compliance, and sustainable value creation. In addition, Dr. Illangakoon gained valuable exposure to Islamic banking during his tenure with MCB Bank in Pakistan where he worked in local operations.

Dr Illangakoon holds a PhD in Management from Management and Science University, Malaysia, an MBA in Finance from the University of Wales, and Postgraduate qualifications in Business and Financial Administration from the Institute of Chartered Accountants of Sri Lanka. He is a Fellow of the Institute of Bankers of Sri Lanka and the Chartered Professional Managers, and a member of the Association of Professional Bankers, the Sri Lanka Institute of Directors, and the Institute of Marketing. He also holds MCIM (UK) and other international professional certifications in lending and sustainable finance, and serves as a resource person to the Institute of Bankers of Sri Lanka and several universities. He has also contributed to strengthening professional risk management standards as Executive Committee member and Vice President of the Association of Banking Sector Risk Professionals, Sri Lanka-Bankers' CRO Forum.

An award-winning industry professional, academic, researcher, and published author, Dr Illangakoon has contributed extensively to international and local journals and national business newspapers on banking, risk management, and current affairs. He currently serves as an Independent Director of a listed finance company and provides advisory expertise in risk management, MSME development, corporate and investment banking. In this capacity, he works closely with leading consultancy firms and financial institutions to support strategic, governance, and financial initiatives. Dr Illangakoon is the creator of the pioneering "ABCDE" leadership framework Attitude, Behaviour, Commitment, Discipline, and Execution recognised as the first of its kind globally, and embodying his philosophy of performance excellence and effective leadership.



Dr A A Kadiragamar

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, an 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.

CORPORATE MANAGEMENT

A Corporate Management that is touch with the pulse of the people







Mr Clive Fonseka

Chief Executive Officer/ General Manager

Mr Fonseka is a Senior Fellow of the Institute of Bankers of Sri Lanka and holds an MBA from the Postgraduate Institute of Management of University of Sri Jayewardenepura and is a Certified Member of the Institute of Certified Management Accountants (CMA) of Australia.

He served as the President of the Association of Primary Dealers from 2018 to 2020.

Currently, Mr Fonseka serves as a Non–Independent Non-Executive Director at People's Leasing & Finance PLC. Additionally, he holds directorships at the Sri Lanka Banks' Association, LankaPay (Pvt) Ltd and member of the Governing Board of The Institute of Bankers of Sri Lanka.

Previously, he contributed as Chief Examiner for the Institute of Bankers of Sri Lanka's IABF/ DABF Examinations.

Mr Fonseka joined People's Bank in 2002 and has been a member of its Corporate Management Team since November 2011, serving as Deputy General Manager. In this capacity, he led the Foreign Exchange Operations, the Primary Dealer Unit, the Investment Banking Unit and Money Market Operations, while also managing relationships with local and international financial institutions. His extensive experience also includes holding 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.



Mr E A M Dissanayake

Chief Internal Auditor

Mr E A M Dissanayake serves as the Chief Internal Auditor of People's Bank. He has over 35 years of experience in branch banking and internal auditing and has been associated with the Bank in strengthening governance, risk management, and internal control practices.

As the head of the Internal Audit Department, he provides leadership in delivering independent and objective assurance to the Board of Directors and senior management, in accordance with applicable regulatory requirements and professional standards. The Internal Audit function focuses on supporting effective governance, compliance, and control processes across the Bank.

Mr Dissanayake has participated in professional development and overseas training programmes, gaining exposure to evolving practices in internal auditing and financial governance. He continues to place emphasis on maintaining professional standards, ethical conduct, and accountability within the audit function.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), a Member of the Association of Chartered Certified Accountants (ACCA – UK), and an Associate Member of the Institute of Bankers of Sri Lanka (AIB). He holds an MBA from the University of Colombo, B.Sc. in Public Administration from the University of Sri Jayewardenepura, and a Diploma in Information Systems, Security Control and Audit awarded by CA Sri Lanka in collaboration with CA India.



Mr Wickrama Narayana

Deputy General Manager SME, Development and Micro Finance

Having joined People's Bank as a Management Trainee in 1994, Mr Wickrama Narayana has amassed more than 31 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 specialized focus on small business lending, project finance, entrepreneurship development, business revival and rehabilitation, spans over 20 years. At present, he leads the SME, Development and Micro Finance Departments in People's Bank.

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 Harward International on Project Appraisals and Risk Analysis.

He currently lectures at the University of Sri Jayewardenepura, the University of Colombo, the Institute of Bankers of Sri Lanka (IBSL), and the Center for Banking Studies at the Central Bank of Sri Lanka (CBSL). Further he served as a Director of Regional Development Bank (RDB) from January 2023 to November 2024. Currently he is a member of the Governing Board of Institute of Bankers of Sri Lanka and a Director of People's Travels (PVT) Ltd.



Ms Nilmini Premalal

Deputy General Manager/ Actg. Head of Finance

Mrs Nilmini is presently functioning as Deputy General Manager/Actg. Head of Finance of People's Bank. She has joined People's Bank in 2002 as a Management Trainee and count 24 years of experience at the Bank which includes experience in Finance Department for more than 18 years, in Strategic Planning, Performance Management and Research Department for about two years and in Process Management & Quality Assurance Department & Peoples Card Centre for about three 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. During her existence in Process Management & Quality Assurance Department she has obtained the qualification on Lean Management and has served the Bank in conducting lean management (Lean Green Belt) trainings to develop the process improvements and maintain quality assurance. She has served for the development and portfolio growth in the Peoples Card Centre during her existence. She has made a benchmark in the history on performance of the Peoples Card Centre by conducting promotional campaigns, training sessions and many other business engaging processes.

She holds a B.Sc. Business Administration (Special) degree with 2nd class upper from the University of Sri Jayewardenepura 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 (FCA) 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 she was awarded as the senior fellow member since last year. She has served to the Bankers by granting the knowledge through visiting lectures at the IBSL Sri Lanka. She has successfully completed the Lean Green Belt Certificate Course from the Institute of Lean Management (ILM). 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 Peoples Merchant Bank and at the same time she was the Chairman to the Board Audit Committee at Peoples Merchant Bank. She is currently a member to the Board of Directors of People's Micro-Commerce Ltd and she is an alternate director to the Governing Board of Institute of Bankers, Sri Lanka.



Mr T M W Chandrakumara

Deputy General Manager Process Management and Quality Assurance

Mr Chandrakumara commenced his career at People's Bank as a Management Trainee in 1994 and has accumulated over 31 years of experience in the banking industry. He currently serves as the Deputy General Manager – Process Management & Quality Assurance.

Throughout his career, he has participated in numerous exposure programmes, both locally and internationally, gaining extensive knowledge of business banking management practices. From 2018 to the end of 2020, Mr Chandrakumara held the position of Assistant General Manager (Banking Support Services), where he oversaw six departments: Supplies, Transport, Security, Maintenance Engineering, Building Engineering, and Desktop Publishing. During this period, he gained invaluable experience in procurement, construction, maintenance, transport, and security operations.

From 2020 to 2023, he served as Assistant General Manager (IT Administration and Business Support) and Assistant General Manager (Channel Management). In these roles, he gained significant exposure in implementing the 5S system across the branch network and managing CEFT operations.

Mr Chandrakumara holds a Second Class Upper Division Bachelor of Commerce (Special) degree from the University of Kelaniya and an International Diploma in Supply Chain Management from the International Trade Centre (WTO/UNCTAD), Geneva, Switzerland. He is an Associate Member of the 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 a member of the Institute of Bankers of Sri Lanka (AIB). Additionally, he is a Corporate Member of the Institute of Supplies and Materials Management of Sri Lanka (MISMM).

Mr Chandrakumara has been in charge of service delivery channels, including 743 regulatory units within the branch network, comprising ATMs, CDMs, CRMs, and kiosks. Currently, he is involved in process developments and improving the quality of banking services.



Ms Samanthi Senanayake

Deputy General Manager Compliance

Ms Samanthi Senanayake is a Legal Professional with over 30 years of experience as an Attorney-at-Law. She also holds a Master of Law (LL.M) 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 Company Secretary and has since gained more than 3 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 9 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 is a member of the Information Committee established under the Right to Information Act. She is also a Directress of CRIB and further acts as the Alternate Director of Institute of Bankers of Sri Lanka (IBSL), she also is an Executive member of Association of Compliance Officers of Banks and also is the Chairperson of the Advisory Committee of CRIB.



Ms Shameela Senaratne Loku Kaluge

Deputy General Manager
Treasury, International and Investment

Ms Shameela Senaratne Loku Kaluge commenced her career with People's Bank in 2002 as a Management Trainee, gaining over 24 years of experience in Bank's Treasury Unit and brings comprehensive knowledge and extensive experience with exposure in all areas of Treasury Front Office (TFO). From 2011 to 2022, she deputised in several areas of the TFO including the Primary Dealer Unit (PDU) and since 2017, she was overseeing the overall functions of the Treasury Unit and the PDU.

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 and Investment Banking Unit, while parallelly shouldering the responsibilities as the head of Bank's Financial Institutions Department that manages Bank's relationships with local and foreign financial institutions. Additionally, in March 2025 she was assigned the duties as the head of the International Banking Division of the Bank and was redesignated as Deputy General Manager – Treasury, International and Investment, to steer the operations and business of the international trade finance services of the Bank as well.

Ms Loku Kaluge is a key member of several internal and external committees representing the Bank and has participated in various local and overseas seminars, workshops and conferences covering many areas such as leadership development, treasury operations, investment banking, correspondent banking and international trade finance as well as business meetings with local and overseas correspondent agents of the Bank.

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 and a Gold medal from Cardiff Metropolitan University, United Kingdom. Additionally, she holds the Diploma in Treasury, Investment, and Risk Management and the Diploma in International Trade from the Institute of Bankers of Sri Lanka (IBSL) and is a Senior Fellow of the IBSL. She has also achieved a distinction in the ACI Dealing Certificate and obtained 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 since 2020, as Vice President of APD since 2023 and is the current President of APD. She holds memberships of the Sri Lanka Forex Association, Trade Finance Association of Bankers and the Association of Professional Bankers. She is also a member of the International Chamber of Commerce Sri Lanka (ICCSL) Banking Committee and serves as the main representative for the Bank. She serves as a Director on the Board of Directors of People's Leasing and Finance PLC since February 2025. Previously, she served as a Director of People's Travels (Pvt) Ltd during the period from August to December 2024.



Mr Nalaka Wijayawardana

Head of Marketing

Mr Wijayawardana is a marketing professional with over 30 years of experience in the banking sector in both Sri Lanka and Canada. He has specialised in areas such as Strategic Marketing Planning, Brand Management, Corporate Image Development, Credit Card Marketing, and Business Banking Product Management.

Prior to joining People's Bank, he held key leadership roles, including Deputy General Manager – Marketing & Personal Banking and Chief Marketing Officer at Pan Asia Banking Corporation. He has also worked as Product Manager for Cash Management Services at the Canadian Imperial Bank of Commerce (CIBC) in Toronto and served as a Senior Marketing Officer at Sampath Bank PLC. Mr Wijayawardana is a Fellow of the Chartered Institute of Marketing (FCIM) UK.



Mr Naleen Pathiranage

Deputy General Manager Channel Management

Mr Naleen Pathiranage serves as the Deputy General Manager – Channel Management of People's Bank, a position he has held since 2023. In this capacity, he provides strategic leadership and operational oversight to the largest banking networks in Sri Lanka.

He oversees the comprehensive management of the Bank's extensive distribution network, comprising 742 branches and service centers, supported by a robust self-service infrastructure of 844 ATMs, 337 CDMs/CRMs, and 307 Self-Banking Units (SBUs) island-wide. His portfolio includes operational governance, service excellence, channel optimisation, and nationwide business performance management.

With over 25 years of experience in the banking sector, including more than 24 years at People's Bank, Mr Pathiranage began his career as a Management Trainee in 2002. Over the years, he has held diverse leadership roles across Branch Banking, Product Development, and Portfolio Management, developing deep expertise in retail banking operations and strategic business development.

He has served over five years as Regional Manager for the Matale and Gampaha Regions, where he successfully drove business growth, strengthened market positioning, and enhanced operational efficiency through innovative and performance-driven initiatives.

In addition to his executive responsibilities at People's Bank, Mr Pathiranage serves as the Chairman of People's Leasing Havelock Properties Ltd, a subsidiary of People's Bank, providing strategic leadership and governance oversight. He was also appointed as the Alternate Director to the Board of Directors of the Credit Information Bureau of Sri Lanka (CRIB) with effect from January 29, 2026, thereby extending his contribution to the broader financial services sector and national credit infrastructure.

Mr Pathiranage holds a BSc (Hons) – Second Class Upper Division from the University of Colombo and an MBA in Marketing from the University of Bedfordshire, UK. He is a Fellow Member of the Institute of Bankers of Sri Lanka (FMIBSL).

Beyond his corporate responsibilities, he actively contributes as a Trainer, Motivator, and Resource Person, playing a key role in developing a proactive, dynamic, and high-performing branch network workforce aligned with the Bank's strategic vision.



Ms Thushari Hewawasam

Deputy General Manager Commercial Credit

Ms Thushari Hewawasam currently serves as the Deputy General Manager – Commercial Credit at People's Bank. Prior to this appointment, she held the position of Deputy General Manager – International Banking.

She commenced her career at People's Bank as a Management Trainee in 2002 and has since accumulated over 23 years of comprehensive banking experience across key functional areas, including Credit, Branch Banking, Corporate Banking, and International Banking. Her professional expertise in Corporate and Business Lending spans more than two decades, reflecting deep technical knowledge and strong leadership capability. Since 2015, Ms. Hewawasam has also served as an internal resource person for Credit and Trade Finance training, making a substantial contribution to capacity building and staff development within the Bank.

Ms Hewawasam holds a Bachelor of Science Special Degree in Agriculture (Second Class Upper Division Honours) from the University of Peradeniya and an MBA from the Open University of Sri Lanka. She is a Fellow Member of the Chartered Institute of Management Accountants (FCMA), UK, and the Chartered Global Management Accountants (CGMA), UK, and a Fellow Member of the Institute of Bankers of Sri Lanka (IBSL).

In addition to her executive responsibilities, she currently serves as a Director of People's Insurance PLC, People's Leasing Fleet Management Ltd, and Lanka Financial Services Bureau Ltd. Demonstrating a strong commitment to professional leadership and governance, Ms Hewawasam is a Council Member of the Association of Professional Bankers (APB) and a former Board Member of the International Chamber of Commerce Sri Lanka (ICC Sri Lanka).



Mr Anura Perera

Deputy General Manager Risk Management

Mr Anura Perera is a seasoned banking professional who currently serves as the Deputy General Manager – Risk Management of the Bank. He commenced his professional career in 1991 and has gained extensive experience and exposure in Branch Banking, Regional Administration, Treasury Operations, Risk Management, and Credit Control.

Furthermore, Mr Anura Perera serves as a Director of People's Leasing & Finance PLC (PLFPLC) and Alliance Finance PLC (AFPLC) – Bangladesh, and as the Chairman of People's Leasing Fleet Management Ltd. Leveraging his expertise in Risk Management, Credit Management, and Treasury Operations, he serves as the Chairman of the Board Integrated Risk Management Committee (BIRMC) of AFPLC and as a member of the BIRMC of PLFPLC. In addition, he holds the chairmanship of the Board Investment Committee, Board Sustainable Committee and a member of the Board Information Technology Committee of PLFPLC.

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. He also holds the ACI–Operations Certificate having achieved a distinction pass and the ACI Online FX Global Code Certificate from the Financial Markets Association, Paris, and is a Fellow Member of the Institute of Bankers of Sri Lanka.

He has participated in numerous local and overseas training programmes, seminars, and workshops covering leadership development, risk management, treasury operations, and credit management. In 2024, Mr Perera successfully completed the Leadership Development Programme conducted by the National University of Singapore, and in 2025, he participated in the Annual Global Sustainable Finance Conference held in Karlsruhe, Germany, organized by the European Organisation for Sustainable Development. He also holds memberships with the Association of Banking Sector Risk Professionals, the Sri Lanka Forex Association, and the Association of Professional Bankers.



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 Honors 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 programs in India, Japan, Malaysia, UAE and Maldives. He also serves as a Director of People's Travels (Pvt) Ltd. which is a subsidiary of People's Bank.



Mr D M Manjula 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 Masters of Business Administration in Marketing (MBA) from the University of Bedfordshire and a Masters of Science in Service Management (MSc) from the University of Colombo. Additionally, He is a Fellow Member of Institute of Bankers of Sri Lanka.



Ms W D A B Liyanagunawardana

Deputy General Manager Retail Banking and Overseas Customer Services

Ms Aruni Liyanagunawardana serves as the Deputy General Manager of Retail Banking and Overseas Customer Services at People's Bank providing strategic leadership in retail banking operations and product development, with a strong focus on driving customer-centric growth, product innovation, and sustainable retail business expansion.

She joined the Bank in 2002 as a Management Trainee and brings nearly 24 years of distinguished and progressive experience across core banking functions, including foreign remittances, Vostro and correspondent banking relationships, channel and branch management, IT business support and administration, and retail banking portfolio Strategic Expansion and oversight. With over two decades of specialised expertise in international remittances, remittance systems, and core banking platforms, she has been pivotal in enhancing the Bank's service excellence and strengthening its value proposition for the 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, UK. She is also an Associate Member of the Institute of Bankers of Sri Lanka.

She also serves as the Chairman of People's Leasing Property Development Limited. Beyond her professional responsibilities, Ms Liyanagunawardana actively contributes to the bank and the banking industry through her participation in various management and steering committees and professional organisations, including the Organisation of Professional Associations of Sri Lanka (OPA) as a General Forum Member and the Association of Professional Bankers (APB) as a Council Member.





Ms Sadhana Perera

Deputy General Manager Corporate Banking

Ms Sadhana Perera serves as the Deputy General Manager of the Corporate Banking Division at People's Bank and brings over 23 years of extensive professional experience in the banking and corporate sectors. She joined People's Bank in 2002 as a Management Trainee and has since progressed through senior leadership roles, gaining in-depth expertise in branch operations, international trade finance, offshore banking, and the management of relationships with leading corporate clients and state-owned enterprises.

Over the course of her career, Ms Perera has made significant contributions to the growth and performance of the Bank's Corporate and International Banking portfolios. She has successfully managed a diverse portfolio of more than 750 corporate clients across Corporate Banking, Commercial Banking, and Offshore Banking segments, demonstrating strong leadership and strategic relationship management capabilities.

Prior to joining People's Bank, Ms Perera held executive positions in the apparel, manufacturing, leisure, and information technology sectors, experience that has strengthened her commercial insight and enhanced her ability to manage complex banking operations.

Ms Perera holds a Bachelor of Science degree in Human Resource Management from the University of Sri Jayewardenepura, graduating with a Second-Class Upper Division. She also holds a Master of Business Administration with Merit from Cardiff Metropolitan University, United Kingdom. She is a Fellow Member of the Institute of Bankers of Sri Lanka and a member of the Association of Professional Bankers.

In addition to her executive responsibilities, Ms Perera currently serves as a Director of People's Micro Commerce Ltd., further contributing to leadership and governance within the financial services sector.



Ms Indumini Rathnayake

Deputy General Manager Banking Support Service

Ms Indumini Rathnayake currently serves as the Deputy General Manager – Banking Support Services. Prior to this role, she served as an Assistant General Manager since 2022, overseeing areas such as Strategic Planning Performance & Research, Personal Banking & Channel Management.

Ms Rathnayake began her career at the Bank in 1990 and has over 35 years of experience, holding various managerial roles, including Branch Manager, Assistant Regional Manager, and Regional Manager, before her appointment as the Assistant General Manager.

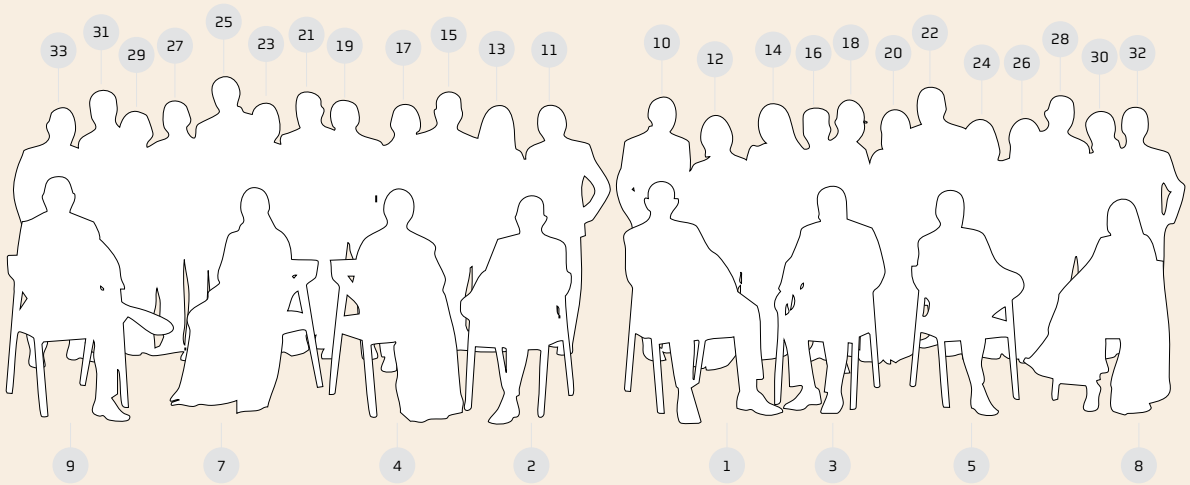
She holds a Bachelor of Science (B.Sc.) from University of Kelaniya, Master of Science (MSc) in Human Resource Management from University of Bedfordshire, UK and an MBA from the University of Rajarata. She is also qualified in Diploma in Banking and Finance (DBF).

EXECUTIVE MANAGEMENT

A reservoir of talent and soft skills, empowering people







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. Ms N A V Munasinghe
Assistant General Manager
(Commercial Banking)

05. Mr W N T Perera
Assistant General Manager
(Retail Banking – Assets Products)

06. Mr Y K Rajapakse
Head of Building Engineering Services

07. Ms T N Rubasinghe
Deputy Chief Law Officer

08. Ms S D N Premadasa
Deputy Chief Law Officer

09. Mr A S K Gangabadage
Assistant General Manager
(Centralised Back Office)

10. Mr I K G C K B Ihalakorala
Assistant General Manager
(Small and Medium Enterprises)

11. Mr I K Indika
Assistant General Manager
(Channel Management)

12. Ms A G Jayasena
Assistant General Manager
(Finance)

13. Ms C V Ebeneezer
Assistant General Manager
(Treasury)

14. Ms W W T R Fernando
Assistant General Manager
(Investment Banking)

15. Mr G H U S Gunarathne
Assistant General Manager
(Human Resources Development)

16. Mr D M D Dissanayaka
Assistant General Manager
(Inquiries and Investigation)

17. Mr P A P R S Perera
Assistant General Manager
(Corporate Banking Relationship I)

18. Mr L N Thenuwara
Chief Information Security Officer

19. Mr E P A Sisira Kumara
Assistant General Manager
(Channel Management)

20. Ms S H Wijekoon
Assistant General Manager
(Secretary to the Board)

21. Mr M G I Lakmal
Head of Project Management Office

22. Mr B S Ranathungage
Assistant General Manager
(Overseas Customer Services)

23. Ms G A A Ranasinghe
Assistant General Manager
(Human Resources)

24. Ms A M V D L Adhikari
Assistant General Manager
(Corporate Banking – Relationship – II)

25. Mr M S Kanakkahewage
Assistant General Manager
(Business Revival and Rehabilitation)

26. Ms L N A N K Nissanka
Assistant General Manager
(Commercial Credit)

27. Mr N K Wimalasiri
Assistant General Manager
(Zonal Credit 2)

28. Mr S L M A S Samarathunga
Assistant General Manager
(Recoveries)

29. Ms W D P D Buddhika
Assistant General Manager
(Zonal Credit 1)

30. Ms P G N P Liyanage
Assistant General Manager
(Development and Micro Finance)

31. Mr M S C P T Marasinghe
Assistant General Manager
(Process Management and Quality Assurance)

32. Mr B M D P B Basnayake
Head of Application Systems

33. Mr E G S A Kularathna
Head of Infrastructure and Operations

CHIEF MANAGERS



Mr A Jayaasith
Regional Manager
Trincomalee R.H.O.



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
International Banking Division



Mr H C K Gunawardena
Chief Maintenance Engineer
Maintenance Department



Mr G R S Kodagoda
Chief Manager
Supplies and Stores Department



Ms V G Kanagasabai
Chief Manager
Credit Recoveries Department



Mr N Sriskantha
Chief Manager
Centralised Back Office



Mr R L J Peiris
Regional Manager
Colombo East R.H.O.



Mr K Kodeesswaran
Regional Manager
Batticaloa R.H.O.



Mr H M U H Herath
Regional Manager
Badulla R.H.O.



Ms D E H Weerasuriya
Chief Dealer
Treasury Unit



Ms D S Lawrence
Senior Law Officer
International Banking Division



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.



Mr D S P N Rathnayaka
Chief Manager
Channel Management
Department



Mr A M M S M Ruwais
Chief Manager
Staff Welfare and Staff
Loans Department



Mr G D N L Potthewela
Regional Manager
Kandy R.H.O.



Mr A Dhnawalavithana
Chief Manager
Personal Banking
Department



Mr S M A R Senanayaka
Chief Manager
Staff Welfare and Staff
Loans Department



Mr R M N P Gunathilaka
Chief Manager
Engineering Services
Department



Mr H G N Arohana
Regional Manager
Colombo West R.H.O.



Ms M M A Amarasiri
Regional Manager
Monaragala R.H.O.



Ms M V D Perera
Chief Manager
Risk Management and
Credit Control Department



Mr K Chandrakumar
Chief Manager
People's Card Centre



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
Gampaha R.H.O.



Ms W A P S Rathnasiri
Regional Manager
Ratnapura R.H.O.



Mr U G T S B Thennakoon
Regional Manager
Anuradhapura R.H.O.



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
Commercial 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 Mgmt. Accounting Department



Ms H P K S Gunawardhana
Deputy Board Secretary
Chairman's Office and Secretaries' Department



Mr M M A P Ratnayake
Chief Manager
Staff Welfare and Staff Loans Department



Mr T Sudagar
Chief Manager
International Banking Division



Mr J D R Gnanathilaka
Regional Manager
Kegalle R.H.O.



Ms D D K Hettiarachchi
Chief Manager
Human Resources Department



Ms K A M N Perera
Chief Manager
Investigation and Inquiries Department



Ms S D W Rajapaksha
Chief Manager
Risk Management and Credit Control 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
Business Revival Unit



Ms M A N N Preethikumari
Chief Manager
Internal Audit Department



Mr W G I P C Kosgollawaththa
Chief Manager
Treasury Unit



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 – IT
Information Technology
Department



Ms W G P Damayanthi
Regional Manager
Hambantota R.H.O.



Ms P N Kahangamage
Chief Manager
Risk Management and
Credit Control Department



Mr K M P P Kulathunga
Regional Manager
Ampara R.H.O.



Ms K D Jayathissa
Chief Manager
Channel Management
Department



Ms J A D T A Uduwawala
Regional Manager
Matale R.H.O.



Mr K A S I Kumarapeli
Regional Manager
Galle R.H.O.



Mr D S P Jayasinghe
Regional Manager
Nuwara Eliya R.H.O.



Mr A L C P Abesinghe
Regional Manager
Matara R.H.O



Ms S W Dewanarayana
Chief Manager
Digitalisation Department



Ms R P S Dangalla
Chief Manager
Development and Micro
Finance Department



Ms W D S Jayanthika
Regional Manager
Kurunegala R.H.O.



Mr D H N Wijemanna
Chief Manager
Investigation and Inquiries
Department



Mr K P Vithana
Chief Manager
Internal Audit Department



Ms H M Karuna Herath
Regional Manager
Puttalam R.H.O.



Ms W A K C P Jayawardena
Chief Manager
Risk Management and
Credit Control Department



Ms K Beeshman
Regional Manager
Wanni R.H.O.



Mr G K R R Perera
Chief Manager
Personal Banking
Department



Mr S M A P K Samarakoon
Chief Manager
Finance and Management
Accounting Department



Ms S K Udagearachchi
Chief Manager
Commercial Credit
Department



Ms L A S Sajeewani
Chief Manager
Salaries and Pensions
Department



Ms Y V A D Mihirani
Chief Manager
Off-Shore Unit



Mr W T W G Ihalage
Chief Security
Superintendent
Security Department



Mr C D Karunarathna
Deputy Head of Marketing
Marketing Department



Mr D Samaranayaka
Chief Manager
Information Security
Department



Mr J S W Athukorala
Chief Manager
IT Infrastructure and
Operations Information
Technology Department


PEOPLE'S
BANK
Pride of the Nation
Bank Smarter
Digital tools
for life
on the go
Welcome
to the


EXIT

STRATEGY AND VALUE CREATION



66
Our Operating Environment

74
Stakeholder Engagement

80
Materiality

86
Strategy

92
Our Value Creation Model

94
Our ESG Focus

96
Our Commitment to the UN SDGs

OUR OPERATING ENVIRONMENT



The global economy

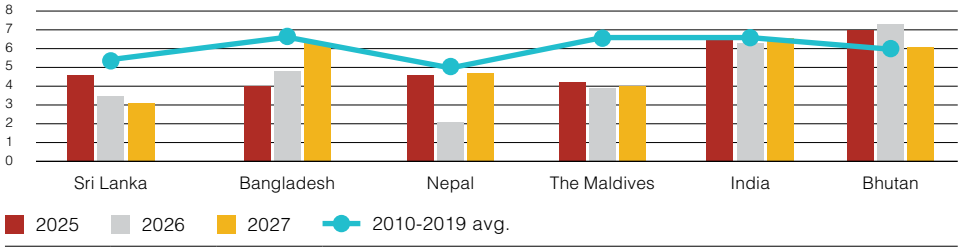
Defined by tenuous resilience, the global economy is estimated to have remained at 3.3% in 2025, mirroring the 3.3% growth in 2024[1]. While the growth rate remains below pre-pandemic averages, persistent global inflation driven by supply chain disruptions, elevated energy levels and trade wars, compelled banks worldwide to adopt hawkish monetary policies, impacting capital flows and borrowing costs. Positive but fragile, advanced economies slowed down while emerging economies showed mixed performance, facing currency depreciation, higher import costs, and vulnerability to external shocks[2]. Geopolitical tension and protectionism paved the way to geoeconomic fragmentation, creating competing blocs and thwarting pure economic efficiency.

Top-of-the-shelf risks highlighted for 2025 include higher global tariffs and trade fragmentation, elevated geopolitical tensions, high debt levels in advanced economies, weak foreign direct investment into emerging economies, and currency and commodity vulnerabilities of emerging economies, challenging the stability of the global economy[3]. India, however, stood out as the fastest growing major economy, surpassing Europe and USA.

South Asia achieved a growth rate of 6.6% in 2025. However, it is forecasted to slow to 5.8% in 2026, amid higher-than-anticipated public investment in India and a broad-based recovery in Sri Lanka. Despite the slowdown, growth is also expected to remain more stable than in other emerging markets and developing economies (EMDEs) as South Asian countries progress toward addressing macroeconomic imbalances, especially current account deficits. Inflation in the region stabilised or is trending downward while central banks cautiously eased monetary policy.

Exports contributed significantly to achieve a growth of 5% in China, a modest acceleration from 2024. Fiscal support and the stabilisation of the property market, which was in decline for the last 3 years.

Growth In South Asian Countries %



Source: World Bank Macro Poverty Outlook; World Bank.

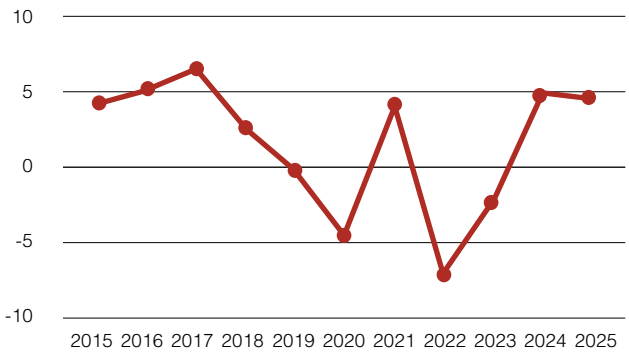
Notes: For India, "2025", "2026", and "2027" refer to FY25/26, FY26/27, and FY27/28. For other countries that use fiscal rather than calendar years, "2025", "2026" and "2027" represent FY24/25, FY25/26 and FY26/27.

Sri Lanka's economy

Post-crisis consolidation, structural adjustments, a robust tax regime, disciplined government spending, and gradual recovery led to a 5% economic growth in 2024, spring-boarding 2025 to a strong start. Reforms under international assistance programmes continue while a highly complex, multi-stage, multi-creditor government debt restructuring process is underway with the co-ordination of the International Monetary Fund (IMF), including policy direction to ensure future fiscal and debt sustainability. The flagship annual forum of the Ceylon Chamber of Commerce, Sri Lanka Economic Forum 2025 framed the national agenda as recovery after debt crisis, rebuilding stability, and strengthening investor confidence, show-casing the importance of debt restructuring for the nation's economic stability.

Amid a flurry of economic activity, it is heartening to note an improved macroeconomic landscape, and emerging opportunities in digital transformation, albeit in the backdrop of cautious optimism amidst a fragile economy vulnerable to external shocks.

GDP Growth Rates %



Source : CBSL

Central Bank of Sri Lanka (CBSL) monetary policy framework 2025

Anchored in the Flexible Inflation Targeting (FIT) monetary policy framework, achieving and maintaining domestic price stability is the primary mandate of CBSL combined with steering short-term interest rates to align with inflation objectives and stabilising the financial system. CBSL transitioned to a single policy interest rate mechanism, with the Overnight Policy Rate (OPR) replacing the dual Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR). This was CBSL's primary policy instrument in 2025, to achieve the set objectives of domestic price stability and financial system stability[4].

CBSL's policy stance for 2025 primarily reflected measured monetary accommodation supporting economic recovery while driving inflation to a targeted position. Evolving domestic and global risks are the key criteria on which policy adjustments were implemented, while focusing on maintaining positive real interest rates and rebuilding external buffers.

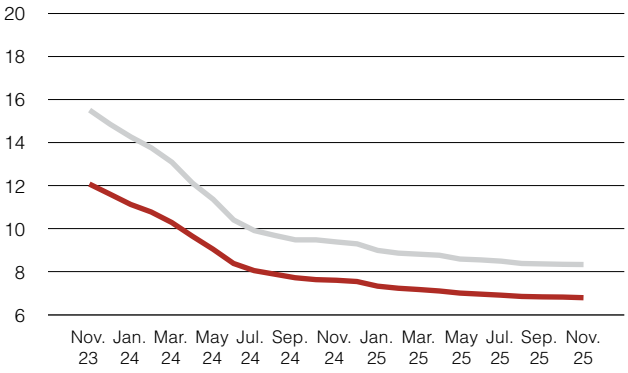
Deposit and lending rates

Average Weighted Deposit Rate (AWDR) declined to 6.79% at the end of the year 2025, while Average Weighted New Deposit Rate (AWNDR) stood at 5.94%. Lending rates for new loans reduced to 10.46%, indicating a credit affordability in the market. Private sector credit by licensed commercial banks grew by 15.2% to LKR 87 Bn. while time and savings deposits achieved LKR 147 Bn. by April 2025[5] .

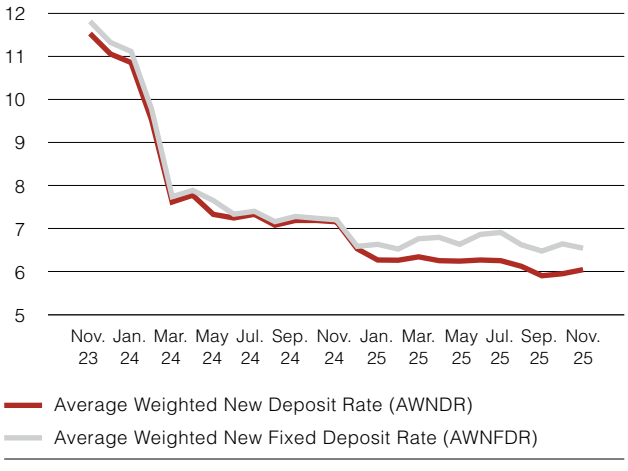
1. IMF World Economic Outlook Update, January, 2026
2. Global Economic Outlook, Deloitte Insights – www.deloitte.com
3. Global Economic Prospects World Bank Group/World Economic Outlook Update July 2025
4. Market Operation Report June 2025 – CBSL
5. PowerPoint Presentation

Deposit rates

AWDR and AWFDR



AWNDR and AWNFDR

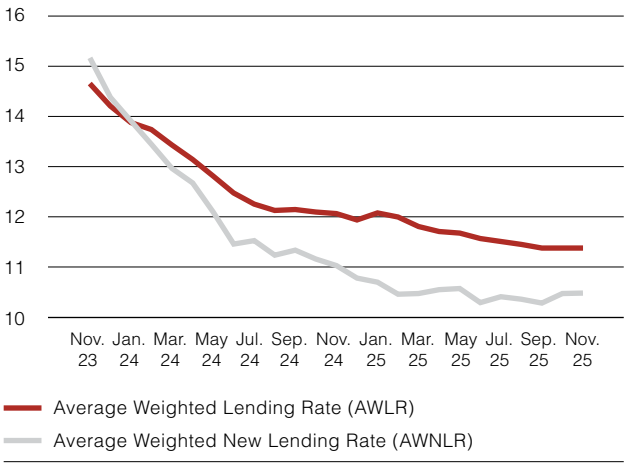


Lending rates

Weekly Average Weighted Prime Lending Rate



AWLR and AWNLR



Source: CBSL Money, Credit and Interest Rates Development May 2025

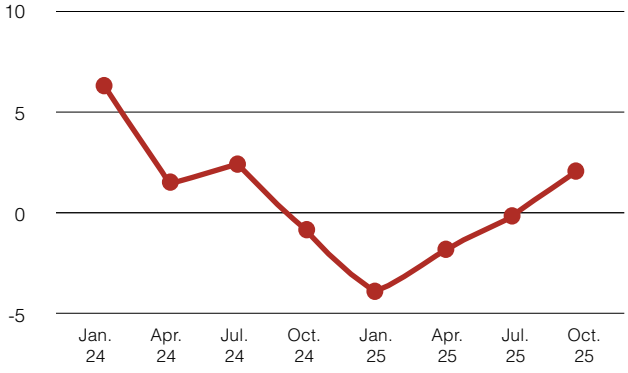
Credit affordability resulting in increased working capital and positively impacted SMEs, Corporates, the export sector, and consumer spending. The construction sector revitalised, while the tourism industry experienced a notable growth in arrivals. However, growth in tourism earnings lagged well behind growth in tourist arrivals. spend. Despite the reduced deposit rates, time and savings deposits grew by LKR 147 Bn., improving banking sector liquidity and reflecting investor trust in the banking system.

Inflation trend

A rare episode of deflation occurred in late 2024 and early 2025, with February 2025 recording the lowest at -4.2%, driven by sharp reductions in energy prices, currency appreciation, administrative cuts in energy prices, and subdued demand. Food inflation declined while non-food inflation was contained. Both headline and core inflation remained below CBSL's 5% target for the entirety of 2025. CBSL's previously tight monetary policy, global disinflation and reduced commodity prices, and a relatively stable rupee contributed towards a well maintained and managed inflation throughout 2025. However, low inflation was partly driven by weak domestic demand and slow economic recovery, rather than policy measures alone.

Sri Lanka's inflation is projected to increase gradually in 2026 and move toward the Central Bank's 5% target by the second half of the year, although the pace will depend on global commodity price movements (such as energy costs), external conditions, and the strength of domestic demand.

Rate of Inflation (YoY change in CCPI) %



Source: CBSL

Balance of payments

In 2025, Sri Lanka's Balance of Payments (BoP) position reflected a marked improvement in external sector stability as the economy continued its post-crisis recovery. Throughout the year, the current account consistently recorded surpluses, driven by robust workers' remittances, strong tourism receipts, and net service inflows that helped offset the persistent merchandise trade deficit. The third quarter of 2025 saw a current account surplus of about USD 399.6 Mn.

Quarterly data on the current and capital accounts show that combined balances remained positive in most reported periods of 2025, indicating sustained external inflows and a healthier external sector compared with historical norms. Although comprehensive annual BoP aggregates for the full year are typically published with a lag, these quarterly outcomes suggest an overall net balance in surplus territory for 2025.

A key indicator of external stability, gross official foreign exchange reserves, rose toward the end of the year, reaching about USD 6.8 Bn. by December 2025, marking the highest level since Sri Lanka's economic crisis and strengthening the country's external buffers. This reserve accumulation was supported by targeted foreign exchange market interventions and external financing under ongoing macroeconomic support frameworks.

Overall, Sri Lanka's BoP position at the end of 2025 pointed to enhanced external resilience, stronger reserve buffers, and a sustained shift toward current account surpluses, even as challenges such as the merchandise trade deficit and external obligations persisted.

The Banking Sector

As the banks rebuilt buffers, the banking stability index moved upward in 2025, highlighting improved resilience and credit growth[6].

Stability and gradual recovery marked the banking sector landscape in Sri Lanka, in the year under review. Operating within a dynamic macroeconomic and regulatory environment, the sector complied with the policy stance of CBSL, which was financial stability and consumer protection. Supporting this national agenda combined with contributing to external sector resilience, and benefiting from reduced deposit rates, the banks however, remained vulnerable to legacy asset-quality issues and external shocks, as material risks.

6. CBSL Financial Stability Review 2025 Summary

As credit growth signaled economic recovery, demands on banking services increased as business accelerated across corporates, SMEs and industries. Adequately liquid to meet domestic requirements, the banks were constrained in FX liquidity, to meet external obligations. Non-Performing Loan (NPL) ratios remain a challenge, though improved from the economic crisis a few years ago.

Liquidity levels remained mostly well above the regulatory minimum requirements, supporting credit growth for continued economic activity. Profitability improved during first half of 2025, as the net interest income shored up.

Recovering credit growth, stronger profitability, and gradually rebuilding buffers indicate an improved systemic resilience in the banking sector, as indicated in the banking soundness index of the CBSL. Asset quality, however, remained a concern, while FX funding vulnerabilities persisted throughout 2025 although Stage 3 NPLs indicated a downward trend reflecting debt restructuring.

Political and governance environment

Sri Lanka's post-crisis political landscape has been reshaped by strong public demand for accountability, cleaner government, and credible economic management after the 2022 collapse and default. The 2024 elections accelerated this realignment, producing a new governing mandate built around anti-corruption, transparency, and reform-minded administration, thereby raising expectations for faster, more consistent policy delivery and improved state performance. In parallel, the country's recovery agenda is closely tied to fiscal and governance reforms associated with the IMF program, including tighter public financial management and stronger oversight of state institutions and SOEs, alongside visible moves to reduce political privileges in response to public pressure. Together, these dynamics reinforce the need to modernise regulation, strengthen enforcement, and ensure transparent rulemaking and implementation to restore confidence, anchor stability, and uphold the rule of law.

Climate change impact

Cyclone Ditwah dealt a severe blow to Sri Lanka's already fragile economy, causing an estimated LKR 320 Bn. in damages across all provinces. Widespread flooding, landslides, and the tragic loss of lives, property, and livelihoods have created significant social and economic strain. In response, the government has taken immediate measures to contain the damage, implement relief operations, and initiate recovery and rebuilding efforts. In the short term, fiscal priorities are expected to shift toward emergency response and reconstruction, delaying planned capital and development projects.

The disaster is likely to have far-reaching economic consequences. Agriculture and food security have been disrupted, while the growing tourism sector, fisheries, and coastal livelihoods face considerable setbacks. Damage to critical rail and road infrastructure further compounds these challenges. The resulting localised income losses and borrower stress in affected provinces could heighten non-performing loans (NPLs), placing additional pressure on debt servicing and testing the resilience of the banking system. Careful fiscal and financial sector management will therefore be essential in the months ahead.

Pestel	Key trends	Risks	Opportunities for the banking sector	Implications for the People's Bank
Political Environment 	Stability, reform momentum, and evolving government structures converged to achieve a successful sovereign debt restructuring. Fiscal consolidation, an aggressive anti-corruption drive, and adherence to international treaties elevated confidence of the international community, that supported a sustainable national development agenda that prioritised Climate action and sustainable finance commitments.	Policy continuity around climate and economic reforms, regulatory interventions, taxation, and shifts in government mandated lending practices are identified risks, that can strain the risk management frameworks in the banking sector. Geo-political tensions weigh heavily on the country's exports and capacity to attract foreign investments, impacting cross-border activities.	National Climate Finance Strategy (2025-2030), a first in the region, opens avenues for sustainable finance and green banking. IMF programme and allied reforms offer macroeconomic stability, while the government's focus on financial inclusion through SME empowerment, deepens lending avenues and greater wallet space, for both asset and liability products in the market.	Separation of debt management from monetary policy reduced systemic risk and offered policy transparency. The Government's mandate for SME upliftment, aligned with the Bank's agenda for financial inclusivity. Proactive engagement with policy makers offered opportunities for partnering with national development goals, essential for the Bank's sustainability.

Pestel	Key trends	Risks	Opportunities for the banking sector	Implications for the People's Bank
Economic Environment	Sri Lanka's economy is in a slow growth phase, with GDP at 5.4% in Q3 of 2025. Tourist arrivals achieved a milestone with 2.4 Mn. arrivals by year end. Construction and industry sectors maintained positive momentum, while manufacturing and trade sectors benefit from improved investment opportunities, import funding, and lower interest rates. The Rupee held steady, with moderate depreciation. Credit growth accelerated mainly in the private sector.	Currency depreciation, global commodity price volatility, rapid credit expansion, especially in gold-back lending and vehicle import funding exposes sectoral concentration. Fiscal deficit may widen due to disaster relief and reconstruction. Headline inflation may, in the short term, spike due to disaster related supply chain delays.	Loan growth and revenue diversification progressed supported by credit expansion. Trade finance, digital transactions, and increased remittances, enhanced fee-based income. The government's stance on green finance increased opportunities for sustainable investment in green bonds, loans, and insurance products. Market reach for banks increased with SME and micro finance empowerment drive in under-banked segments.	Growth, innovation, and risk-adjusted financial strength helped People's Bank to increase lending, diversify revenue streams, and continue investing in digital transformation, supported by stable macroeconomic conditions.
Social Environment	With an estimated population of 21.9 Mn. and experiencing a negative growth rate of -0.6%, Sri Lanka's literacy rate was at 98.3% by end 2024. Labour force participation rate is 47.4%, with an unemployment rate of 4.4%. The Human Development Index is at 0.774, reflecting moderate social development. Poverty headcount ratio declined to 3.2% nationally, though regional disparities persist[7]. The population is aging requiring measures for pension provisions, health, and relief measures. Youth development remains critical for the sustained development of the country. Financial inclusion improved significantly, with the regulatory requirements under National Financial Inclusion Strategy (Phase II), mainstreaming SME, women, youth, and micro financing into traditional banking.	Cyclone Ditwah impacted nearly 2 million people causing wide displacement, loss of lives and livelihoods, and extensive property damage. Women, children, and elderly were particularly affected, requiring targeted relief and rebuilding measures. Digital literacy needs to be addressed, for the banking sector to further accelerate the nation's digitalisation programme. Creating trust in digital platforms, is a challenge, mainly among the senior citizen category. Although financial inclusion is a key driver, regional disparities exist, requiring product innovation, and targeted marketing activity.	Financial inclusion creates avenues for expanded credit access, saving, and insurance for SMEs, women empowerment, and rural development. Disaster Risk Insurance product, suited for agriculture, fisheries, tourism, and SMEs could prove profitable, for reliance and recovery after climate shocks. Investments in financial literacy awareness, and digital literacy programs will build confidence in the banking system, for under-banked or unbanked segments to move into mainstream banking. University driven youth campaigns create a pipeline of top talent to engage with national development entrepreneurships, in the future.	Social environment underscores People's Bank's agenda for financial inclusion, and deep reach into far flung segments in the country. The extensive branch network and hybrid digital-physical mode of banking can lead and contribute significantly to the government's agenda of financial inclusion. The Bank's senior citizen customer database could provide insights into the needs and wants of that demography, for early detection and redress of issues of an aging population.

7. Statistics.gov.lk

Pestel	Key trends	Risks	Opportunities for the banking sector	Implications for the People's Bank
Technological Environment 	Rapid digital transformation driven by policy support and customer expectations drives the banking sector innovation and scalability. The inaugural Sri Lanka FinTech Summit 2025 aims at establishing over 200 FinTechs by year 2028 and contributing 3% to the national GDP[8]. Digital transactions have surged with agency banking expanding rapidly in the rural and under-banked areas.	Vulnerability to cyber security threats with accelerated digital transformation. Limited investments in this area could expose banks to financial loss and reputational damage. A digital divide could be created where digital literacy is lacking, and traditional banking preferred. Service continuity may be threatened due to system outages, integration challenges and third-party dependencies.	Digital innovation, FinTech partnerships, AI and Data analytics can thrust the country's banking landscape as a contender in the global arena. Regulatory support to innovate is a clear indication that the digitalisation is a key factor in a sustainable economy.	Technological innovation and digitalisation are strategic imperatives and key differentiators, for the People's Bank. The Bank won many accolades, locally and international on this front, and is in leadership position to further the message of digital banking to the rural and under-banked segments of society. This aligns with the government's agenda on financial inclusivity upholding the Bank's core value of public welfare orientation.
Environmental Landscape 	Sri Lanka consistently ranked among the top ten Global Climate Risk Index for climate-induced extreme weather patterns, culminating in Cyclone Ditwah in November 2025. Estimated cost of physical damage is USD 4.1 Bn. Cyclone's impact highlights the country's exposure to floods, landslides, and coastal erosion, with vulnerable communities bearing maximum damage. The government, however, has demonstrated strong commitment to climate action, aligning with Paris Agreement and introducing National Climate Finance Strategy (2025-2030). Identifying disaster risk insurance, green bonds, public-private partnerships, and natural capital accounting as financial instruments, its goal is to mobilise resources for risk mitigation and adaptation.	Physical risks include increasing unpredictability of climate related shocks, that digress development funds into disaster relief. Gradual shift into carbon-neutralism may depress fossil fuel dependent industries, requiring banks to evaluate lending strategy and introduce short term relief measures. Physical risks include increasing unpredictability of climate related shocks, that digress development funds into disaster relief. Gradual shift into carbon-neutralism may depress fossil fuel dependent industries, requiring banks to evaluate lending strategy and introduce short term relief measures. Evolving environmental regulations, disclosure requirements, and green taxonomy standards necessitate ongoing compliance and capacity building.	Growing demand for green financing enhances revenue streams for sustainability in the sector. Disaster risk management could transition into new product development, hinged on bancassurance. Incorporating sustainable operations into the banks, enhanced stakeholder confidence, facilitates cost optimisation, and builds brand image as a responsible corporate citizen. Creating new partnerships with public-private sector entities leverages resources for climate action and sustainable development.	The Bank is in a leadership position to capitalise on its green financing agenda, as recognised by multiple awards and diversity of innovative products. Robust risk management, careful credit evaluation, disaster preparedness to align with national developmental goals are essential for the long term.

8. Ceylongtoday.lk

Pestel	Key trends	Risks	Opportunities for the banking sector	Implications for the People's Bank
Legal Environment	Legal and regulatory landscape in Sri Lanka underwent significant changes in 2025. Risk management, compliance, and corporate governance were microscopically focused with anti-corruption as a slogan. Corporate governance reforms, BASEL III implementation, macroprudential policies, AML/CFT enhancements, technological risk management, taxation, and consumer protection were implemented requiring stringent adherence and penalties for breach.	Breach in any form can expose banks to litigation risk, at high costs, requiring resource deployment, both manual and financial.	Simultaneously, the stringent reforms indicate government's commitment towards prudential transparency, regulatory innovation, and space for product innovation on many fronts.	The Bank is in a good position where transparency and good governance is concerned, having won several awards in this sphere. Proactive risk management, continued investment in compliance infrastructure and skill building are required to stay ahead of the competition.

Economic outlook 2026

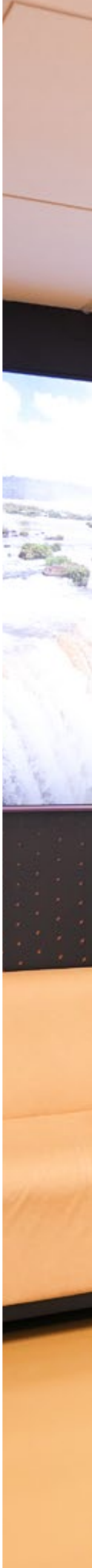
Sri Lanka's economic outlook for 2026 remains cautiously optimistic, underpinned by continued fiscal consolidation and macroeconomic stabilisation measures implemented since the height of the economic crisis. Ongoing reforms supported by the International Monetary Fund (IMF) programme have contributed to easing inflationary pressures, stabilising the exchange rate, strengthening external balances, and restoring a degree of investor confidence. Growth in 2026 is expected to be driven primarily by a gradual recovery in private consumption, a sustained rebound in tourism earnings, and resilient workers' remittances, all of which have shown steady improvement following the contractionary phase of 2022–2023. However, a faster return to pre-crisis GDP and per capita income levels will depend on stronger private sector investment, productivity gains, and meaningful export diversification beyond traditional sectors.

Sustaining momentum will require continued policy credibility, improved revenue mobilisation, and disciplined public financial management. Structural reforms, particularly in taxation, state-owned enterprise restructuring, and governance, remain central to ensuring debt sustainability and macroeconomic stability. At the same time, recovery from Cyclone Ditwah is likely to influence fiscal priorities, as resources may need to be redirected toward rebuilding infrastructure, restoring livelihoods, and resettling displaced communities. The establishment of the "Rebuilding Sri Lanka" Fund and the appointment of a high-level public–private committee reflect efforts to mobilise coordinated reconstruction support. Overall, Sri Lanka's 2026 outlook points to gradual but steady growth, supported by sound fiscal management, institutional reforms, and a resilient private sector positioned to drive medium-term economic recovery.

STAKEHOLDER ENGAGEMENT



Fostering communication, collaboration, and strong relationships to ensure public interest as a state-owned Licensed Commercial Bank, our Stakeholder Engagement includes customers, employees, regulators, and communities for informed decision-making. Our strategy is aligned to address stakeholder concerns and opportunities, mitigate risks, and deliver and derive value through these vital partnerships.



Management approach

GRI 2-29

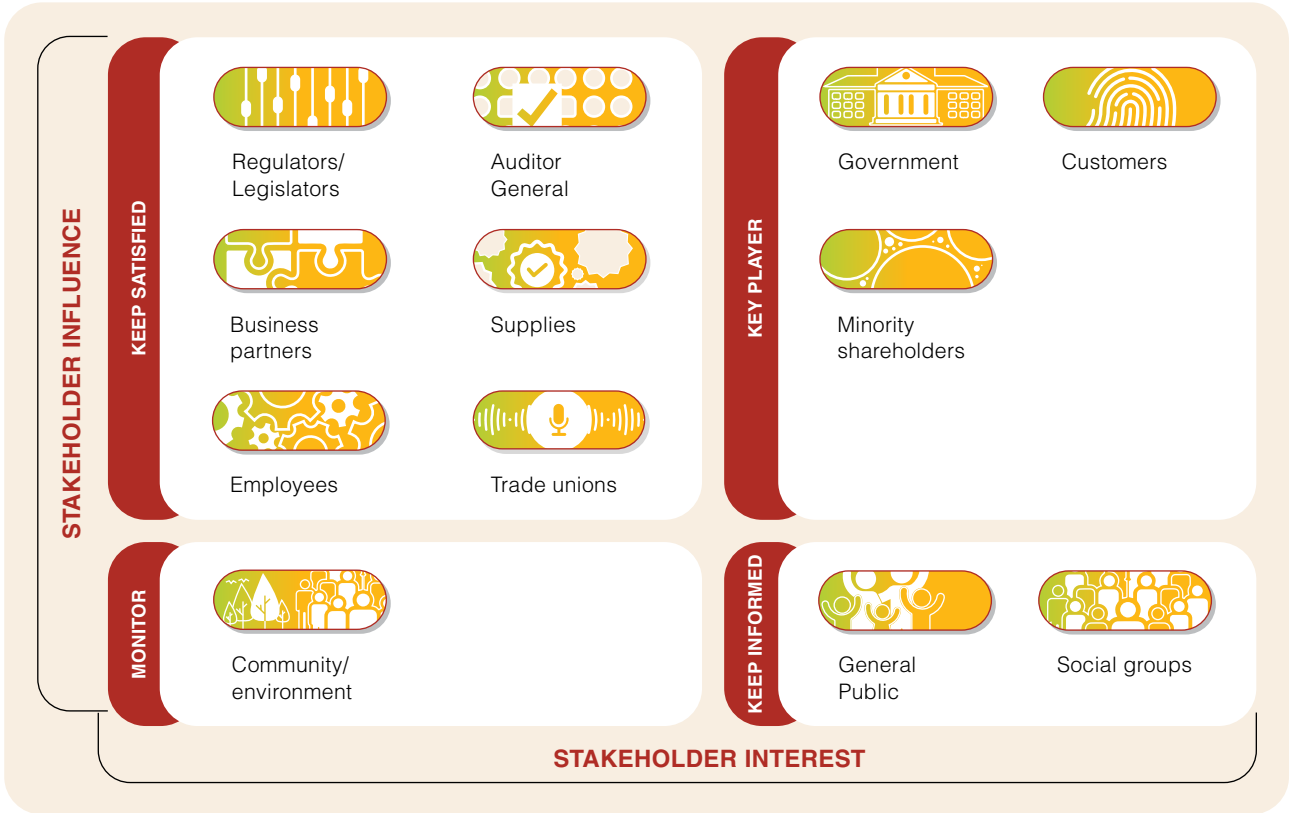
We manage our key relationships in a structured manner. Our legacy of care spanning over six decades, bears ample witness to the Bank's investment in the Nation's diverse socio-economic groups, in good times and in crises. Stakeholders are identified through a structured approach that considers whose actions could have a material impact on the Bank's ability to implement its strategies and achieve its objectives. Accordingly, the process of identification of stakeholder groups is supported by three foundational pillars.

Peoples' Bank Act which stipulates the ownership, objectives and scope of activities of the Bank	Regulatory compliance in all activities to ensure continued banking license	The Bank's strategic business objectives to the people of Sri Lanka as a Government owned Bank

Stakeholder prioritisation

A well-defined set of practices involving two-way interactions are carried out to ensure desired outcomes are achieved. We use a seven-step method to assess the impact our stakeholder groups have on the business, as their aspirations are critically important to decision-making.

Define purpose and scope	Identify stakeholders	Categorise	Assess influence	Engagement method	Communicate and record	Review and update



Relevant forums and committees receive stakeholder feedback. These are then communicated to senior management to be considered when making relevant decisions.

Our stakeholders

GRI 2-29, 207-3



The Government of Sri Lanka (GOSL)

How we create value

Our primary shareholder and the stakeholder is the Government of Sri Lanka (GOSL), with a 92.27% shareholding of issued share capital. We create value by supporting many national development projects undertaken by GOSL

How we serve	How we deliver value	Outcome
We support GOSL in its national development agenda in many ways. • Finance a wide range of businesses generating economic activity • Fund the SME and microfinance sectors for development • Upgrade our digital platforms to reduce energy usage • Project financing to rebuild infrastructure • Managing a high visibility brand with diligence and due care How we engage Frequent interactions with the Ministry of Finance, and government authorities to communicate relevant information, seek guidance, and extend support in national development.	• Maintained a strong capital and liquidity position • Enhanced customer confidence as a state-owned bank in a challenged economic environment • Operational resilience through a high level of cybersecurity • Continue to work towards reducing the burden on the national grid for energy consumption • To align Bank strategies/activities to support government's development programmes and poverty alleviation policies • Channeled concessionary credit from GOSL to micro, small, and medium enterprises (MSMEs) and SMEs • Training and employment to university students and regional communities	No regulatory penalties Total Contribution to Government (Taxes and Levy) LKR 49.0 Bn. Employment to 8,122 numbers ROE 20.1% Earnings Per Share LKR 40,230 Net Asset Value Per Share LKR 219,038



Other Shareholders: Cooperative Societies

How we create value

The Cooperative societies own 7.73% of shareholding from issued share capital. Development of this sector helps financial inclusivity to unbanked or under-banked segments.

How we serve	How we engage	How we deliver value	Outcome
• Strengthen governance and sustainability by offering training to ensure economic resilience at grassroots level • Thereby, contribute meaningfully to national development • Interact with the representative Director on the Board updating him on our ongoing engagement process with the sector	• Need-based interactions with cooperative representatives	• Offer specialised loans • Special interest rates for maintaining deposits with the Bank • Offer financial counselling • Support the cooperative societies by funding agriculture, fisheries, and consumer trading	



The Central Bank of Sri Lanka (CBSL)

How we create value

As the lead regulator, our compliance with CBSL's regulations and directives are non-negotiable. In the year under review, there were no penalties issued against us, showcasing our commitment towards ethical banking within the regulatory and legal frameworks of the country.

How we serve	How we engage	How we deliver value	Outcome
• By leading by example in banking and governance, as a state-owned • Implement regulations that bind products and services • Implement CBSL's digital directives and climate-adaptation roll out • Report any suspicious transactions or banking activity in real-time • Participate in various forums, sharing our expertise to build resilience in the banking sector	• Attendance at industry forums with CBSL • one-to-one meetings with relevant departments at CBSL • Seek guidance without delay on critical issues • Strictly adhere to directives and regulations issued by CBSL • Timely reporting and disclosures • Partner with CBSL on national development initiatives	• Continued to be a resilient and strong brand presence in the country • Implemented many initiatives mandated by CBSL for financial inclusivity of under-banked and unbanked • Continued Green Lending to support climate-adaptation initiatives of CBSL • Continued to operate a going concern based on ethical governance and well risk mitigated entity, for sustainability	No fines levied by the CBSL Effective implementation of all the directions issued by CBSL



Suppliers

How we create value

We work in partnership with our suppliers, inculcating the Bank's inherent values on ethical sourcing and good governance.

How we serve	How we engage	How we deliver value	Outcome
• Build mutually beneficial relationships by supporting a diverse group of suppliers • Implementing transparent procurement processes • Timely payments	• Tender process through to onboarding stage • Site visits and one-to-one meetings where necessary	• Offer opportunities to work alongside us • Ensure their financial health • Imbibe ethical sourcing principles • Encourage good governance in their business houses Please refer to pages 189-191 on Social Capital for a detailed narrative.	LKR 23.2 Bn. payments to suppliers Supplier registration via e-Gp No payment defaults Financial health of the suppliers



Customers

How we create value

As the premier state-owned bank with the most extensive network, our customers include the state, corporates, SMEs, entrepreneurs, individuals, and migrant workers.

How we serve	How we engage	How we deliver value	Outcome
• Promote financial inclusivity • Maintain a diverse customer base • Project funding, SME, and microfinancing • Islandwide branch network • Empower women entrepreneurs • Invest in customer education • Train the young to save at an early age • Support the senior citizens • Facilitate migrant workers with enhanced remittance services • Best-in-class digital capabilities offering convenient banking • Data protection and cybersecurity Please refer to pages 102-141 for more information on our business portfolio.	• Social media • Traditional media, where necessary • Financial literacy forums • Branch network for foot-fall customers • Well-trained sales teams for face-to-face product promotion	• Tailor-made products and services • Specialised services for vulnerable groups • Cost-effective product innovation that allows for competitive rates and charges • Ensured good governance and regulatory compliance • Strengthened brand value and customer confidence Please refer to pages 183-188 on Customer Capital for a detailed narrative.	Total number of Customers 15.2 million 540,740 New customers onboarded LKR 981.3 Bn. of Loans disbursed 746 Branches 1,182 ATMs, CDMs/ CRMs



Trade Unions

How we create value

We frame Trade Unions (Unions) as key stakeholders and conduct structured and documented relationships, based on the respective collective agreements. There are six such Unions partnering with the Bank for employee welfare.

How we serve	How we engage	How we deliver value	Outcome
• Guided by the Bank's commitment to employee development, we provide regular consultation forums for transparent information sharing on topics that impact our employees. • As a non-discriminatory employer we practice fair employment practices,	• Formal engagement forums for collective bargaining support • Implement employee welfare schemes • Discussions on performance and productivity	• Leverage the Unions to create cordial relationships with rank and structure • Cohesiveness between leadership and Unions, ensuring smooth functioning of the Bank • Transparency in interactions and actions • Grievance handling and issue resolution in a timely manner For a detailed narrative please refer to pages 162-179 on Human Capital.	• Collaborative dialogue • Issue resolutions yielding mutually beneficial results • Sustainable operations • Continued value delivery to all our stakeholders • Zero industrial action



Employees

How we create value

We engage a skilled workforce with diverse expertise delivering excellence, driving performance, and productivity. We create workspaces that mentor, nurture, and train a future-ready team.

How we serve	How we engage	How we deliver value	Outcome
• Career growth to unlock innovation • Ongoing training and knowledge-share opportunities • Competitive benefit packages • A structured process to resolve grievances • Pleasant work environment • Access to mental health help • Emphasis on work-life balance	• Multi-level staff team meetings (daily/ weekly/monthly basis) • Grievance handling mechanism • One-to-one consultations, where needed • Annual appraisals • Meetings with the trade unions • Top-down message dissemination • Employee satisfaction surveys	• Create opportunities for career growth through structured training and skill enhancement • Provide a competitive package, achieving personal aspirations • Implement a market-best reward system • Futuristic work environment that incorporates digital knowledge-share • Access to mental health expertise • Access to financial well-being Please refer to pages 162-179 on Human Capital for a detailed narrative.	A highly motivated and engaged workforce LKR 38.2 Bn. of Employee compensation LKR 190.3 Mn. of Training investment 685 Promotions 4,818 Female workforce 755 New recruits



The Community

How we create value

A state bank with the public interest at the core, we create value for our community in many ways.

How we serve	How we engage	How we deliver value	Outcome
• Encouraging the habit of saving across all age groups • Financial literacy programmes for SME customers/women entrepreneurs • Investment in community via strategic Corporate Social Responsibility (CSR) projects	• Social media • Traditional forms of brand visibility • Active outdoor engagement through CSR activities	• Creation of employment opportunities • Support in crisis situations • Inculcating the habit of saving among the young • Supporting the senior citizens to achieve financial independence • Ensure regulatory compliance, avoiding regulatory penalties • Support the government in national development for the good of all Please refer to pages 192-195 on Social Capital for a detailed narrative.	• Strengthened social license to operate • High brand visibility • Community confidence • The "go-to" Bank, in time of crisis • Investment in CSR LKR 26.9 Mn. • Annual contribution to Pension Funds LKR 2.5 Bn.

MATERIALITY





People's Bank adopts a double materiality approach in determining the matters that are material to the Bank. This means that the Bank assesses the impact the issues have on its ability to create value for the business, and their effect on the external environment and stakeholders.

The Management Approach Matters that are identified as material are aligned with requirements of the Global Reporting Initiative (GRI) and Sri Lanka Accounting Standards (SLFRS). Such matters can influence the sustainability of our business significantly. This is a collaborative effort that involves various sections of the Bank and active engagement with key stakeholder groups. Material topics are a key point of discussion and deliberation during the annual strategic planning process to ensure we remain a robust and futuristic organisation, while delivering value to our stakeholders.

Determining material topics

GRI 3-1

The requirement	The basis	The content	The reporting
People's Bank was incorporated by Act No. 29 of 1961 as a licensed commercial Bank. The primary purpose of the Bank was to mobilise rural savings. However, the business has significantly evolved since then to encompass a diverse range of financial solutions, and to partner with the Government of Sri Lanka (GOSL) in developing the national economy. Around this central theme, we intensely focuses on the aspirations of their stakeholder groups, for funding needs and to ensure businesses are sustainable in a highly competitive marketplace.	The Bank engages in this process to identify the potential risks and opportunities that can significantly impact the business and influence value creation or value depletion.	Impacts that are critical to the Bank's performance are prioritised to establish Key Performance Indicators (KPIs) in line with the strategies.	Material matters are reported, subject to annual evaluations.

With public interest at its core, the materiality assessment prioritises national development and partnering with GOSL in achieving national progress. This is supported by six well-thought-out pillars.

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

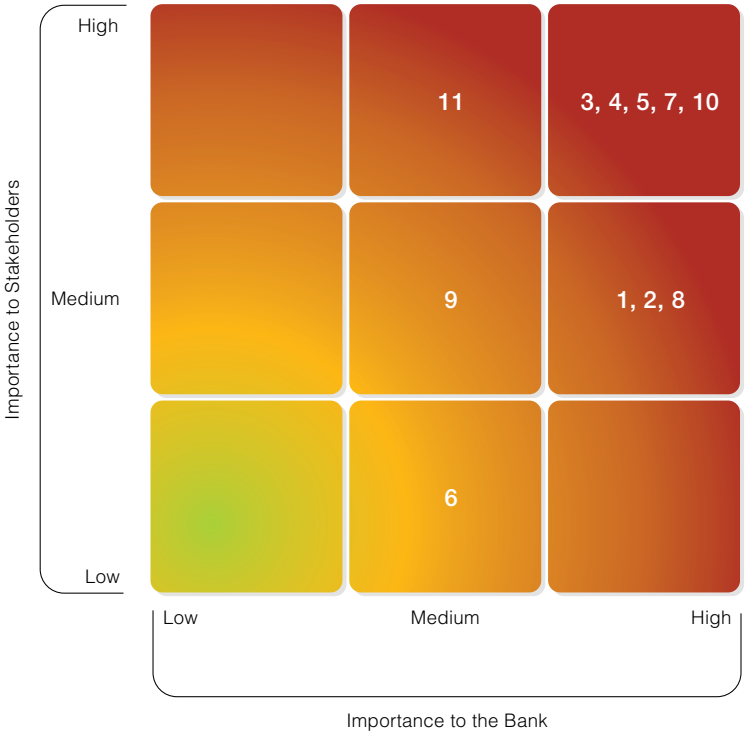
Material topics

GRI 3-2

SR No.	Topic	Prioritisation parameter	E1/E2/S/G category	Importance to the Bank	Importance to stakeholders	GRI Reference
1.	Employee Mental well-being	Ensure mental well-being of our human capital to achieve work-life balance and to maintain a high retention rate	S	HIGH	MEDIUM	GRI 401, GRI 404, GRI 406
2.	Talent management training, development, and upskilling	Ensure market leadership, retention, and superior customer service. Meet the latent and emergent needs of the traditional customer base Meet the needs of Gen Z customers, who increasingly explore avenues for convenience and footfall-free banking services	S, G	HIGH	MEDIUM	GRI 401, GRI 402, GRI 404, GRI 405, GRI 406, GRI 408, GRI 409
3.	Employee Productivity	High level of employee productivity in an intensely competitive business environment is mandatory, and is measured with KPIs for a sustainable business.	E1	HIGH	HIGH	GRI 401
4.	Customer experience	Deliver a best-in-class value proposition, convenient digital platforms, and accessible branch network.	S	HIGH	HIGH	GRI 418, GRI 417, GRI 411
5.	Responsible lending	Support businesses and national development by managing liquidity and maintain high quality lending and minimising transfers to Stage 03.	E1	HIGH	HIGH	–
6.	Supplier value creation	Ensure economic empowerment by sourcing, contracting, and making timely payments to ensure uninterrupted business processes.	E1	MEDIUM	LOW	GRI 204, GRI 308, GRI 414
7.	Risk and governance	Retain brand value and regulator confidence through robust risk mitigation and ethical governance.	G	HIGH	HIGH	GRI 201, GRI 205, GRI 206, GRI 207
8.	Environmental impact	Sustainable, green environment through eco-friendly and sustainable business practices.	E2	HIGH	MEDIUM	GRI 302, GRI 303, GRI 305

SR No.	Topic	Prioritisation parameter	E1/E2/S/G category	Importance to the Bank	Importance to stakeholders	GRI Reference
9.	Socio-economic impact	Align with national priorities to create an empowered economy.	E1. S	MEDIUM	MEDIUM	GRI 202, GRI 203, GRI 413
10.	Health and safety	Ensure a secure workplace for employees and a banking partner for customers.	S, G	HIGH	HIGH	GRI 403, GRI 416
11.	Digital leadership	Customer expectations are evolving with transformative technology and digital capabilities available in the market.	E2	MEDIUM	HIGH	–

E1 – Economic, E2 – Environmental, S – Social, G – Governance



Management of material topics

GRI 3-3

We identified the following themes as the overarching themes, when defining the material topics for 2025.

Theme one – future-ready human capital

A purpose-driven team, adaptable to a dynamic business environment and composed of keen learners, is essential to the sustainability of our business. The Bank prioritises talent development that includes a wholesome learning experience. This paves the way for cross-functional application, job rotation, and leadership development in the long term.

Material topic	Relevance	Our Responses	Capital impacted	Alignment with the United Nations Sustainable Development Goals (SDGs)
1. Employee Mental well-being 2. Talent management Training, development, and upskilling 3. Employee Productivity	Mental well-being of employees is a critical factor in absorbing learning, which reflects in the Bank's output as productivity. This helps the Bank to achieve strategic objectives, while mentoring and nurturing a future-ready team.	Human Resources Department (HRD) is responsible for implementing, monitoring, reporting, and managing these material topics.	Human Capital Chapter at pages 162-179. Social Capital Chapter at pages 180-197.	

Theme two – social responsibility

Our emphasis on ethical pricing, communication, delivery, responsible lending practices, and timely service payments enables external stakeholders to achieve their aspirations and contribute positively to the national economy. By supporting and empowering a cross-section of society to enhance their livelihoods, we help them to continue to be a value creator in the economy.

Material topic	Relevance	Our Responses	Capital impacted	Alignment with the United Nations Sustainable Development Goals (SDGs)
4. Customer experience 5. Responsible lending 6. Supplier value creation	We operate as a customer-centric business, with suppliers ensuring uninterrupted functioning. By practicing responsible lending, the Bank promotes financial inclusivity, and operates a sustainable business over the long term.	The Bank's business units and procurement procedures are governed by policies and procedures that are unique to operating those businesses. These clearly define the Bank's risk appetites and mitigation processes, as well as regulatory compliance in delivering and gaining value, from the Bank's stakeholders.	Social Capital Chapter at pages 180-197 Customers Section at pages 183-188 Business Partners Section at Pages 189-191	

Theme three – ethical governance for national impact

As a partner in supporting GOSL in its national development strategy, we are committed to ensuring ethical governance, robust risk control, and environmental preservation, which will impact the nation in the long term. While adapting to the dynamic business environment, public welfare is at the core of the Bank's strategies, helping the nation to rebuild.

Material topic	Relevance	Our Responses	Capital impacted	Alignment with the United Nations Sustainable Development Goals (SDGs)
7. Risk and governance 8. Environmental impact 9. Socio-economic impact	Sustainability is founded on ethical governance, timely risk mitigation, and implementing robust internal controls.	The Bank's Corporate Governance and Risk Management Framework and People's Green Pulse sustainability policy govern these material themes. Continuous monitoring, and reporting are done on a timely basis. Identified gaps are swiftly resolved and remedied.	Sustainability Statement at page 90 Corporate Governance Report at pages 260-309 Enterprise Risk Management Report at Pages 208-259 Natural Capital Chapter at pages 198-205	

Theme four – safety and convenience

Our digital capabilities are built to provide convenient banking to a widespread customer base. Adopting transformative technology, the Bank delivers speed, accuracy, and reliability to customers. Similarly, the Bank premises provide a safe and comfortable environment for all stakeholders.

Material topic	Relevance	Our Responses	Capital impacted	Alignment with the United Nations Sustainable Development Goals (SDGs)
10. Health and safety 11. Digital leadership	As a bank with the widest branch network, and a customer base that spans corporates to individuals, it is our duty to provide safety, across all our offices and branches and through systems.	HR policies and procedures include health and safety in a comprehensive manner, with Business Continuity drills and training conducted periodically. The Bank's IT and Digital policy and procedures strongly articulate expanding the digital footprint across the Bank's facilities.	Manufactured Capital Human Capital IT and Digital Banking Chapter at pages 127-131.	

Any changes in the material topics are discussed by the management and actioned where necessary.

STRATEGY

GRI 2-22, 23, 24



Strengthening our role as a trusted financial partner while driving sustainable growth across Sri Lanka, we continued with our transformative journey to deliver value to our customers, stakeholders, and the broader community we serve.

The focus

We focused on innovation, resilience, and customer-centricity, leveraging digital technologies, enhancing financial inclusion, and embedding sustainability into every aspect of our operations. We supported the government in national development priorities with our mandate for public good, and adopted global best practices from decision-making to branch delivery as a norm.

Strategic objectives

We crafted three strategic objectives and aligned our resources to set a clear path to achieve them.

Driving Excellence	Building Customer Centricity	Being Future-Ready

Approach to achieving

Several interrelated factors converged to achieve our strategic objectives. Chief among these was our unimpeded focus and continued efforts in innovation and digital leadership. We invested in state-of-the-art technology, decommissioning legacy systems and modernising technological infrastructure, seamless transition to digital processes, rationalising the branch network as customer-enablers, and worked towards sustainability through cost optimisation and prudent investments.

The initiatives we implemented contributed to successfully achieving the objectives.

Strategic Focus Areas	Driving Excellence	Building Customer-Centricity	Being Future-Ready
	Lean Agile Mindset	Data Driven Mindset	Growth Mindset
Service excellence through people and process enhancement	✓	✓	
Operational efficiency and cost leadership	✓		✓
Customer experience driven by service culture		✓	
Strengthened credit functions and portfolio quality	✓		✓
Alignment with national economic development priorities		✓	✓
Digital capability-led business growth	✓	✓	✓
Outreach to strategically significant and emerging segments		✓	✓
Strong corporate governance and stakeholder protection	✓		✓
Balanced and sustainable growth orientation	✓	✓	✓



Outcome

The interdependent focus streams converged seamlessly resulting in exceptional outcomes. The integrated approach created powerful synergies, strengthening our core business, amplifying innovation, and boosting resilience to deliver excellent customer value across all our businesses.

Strategic Focus Area	**Actionable** Strategic Initiatives were set to align with Strategic Focus Areas	**Outcome** Number of KPIs were introduced to reflect progress of Strategic Focused areas
Service excellence through people and process enhancement	13 initiatives to cover strategic focus areas such as improving physical evidence and infrastructure, training and development, process improvement, strengthening lending and recovery process, etc.	32
Operational efficiency and cost leadership	8 initiatives such as rationalisation, process simplifications, uniformity in process and procedures, cost benefit and feasibility analysis, and scientific capacity planning	18
Customer experience driven by service culture	12 initiatives such as effective employee engagements, customer-centric products, and new developments	21
Strengthened credit functions and portfolio quality	7 initiatives such as maintaining healthy credit portfolios and rigorous recovery process, developing dedicated credit officers	24
Alignment with national economic development priorities	7 initiatives such as encouraging entrepreneurs, women-led businesses, SMEs, industrial sector developments, foreign currency and remittance boost	14
Digital capability-led business growth	10 initiatives such as digital channel new enhancements, improve management reporting, and customer perceptions through digitising environment	20
Outreach to strategically significant and emerging segments	15 initiatives such as corporate positioning and branding, incremental growth in non-SOE business, innovative retail product development	11
Strong corporate governance and stakeholder protection	31 initiatives such as monitoring external developments in financial regulations, enhance audit and legal aspects of the Bank, IT Governance and Central Bank of Sri Lanka (CBSL) compliance, build a strong information security risk management	12
Balanced and sustainable growth orientation	11 Initiatives such as upgrade corporate banking, effective fund management, formulation of strategic plan and performance evaluation, internationalisation	6

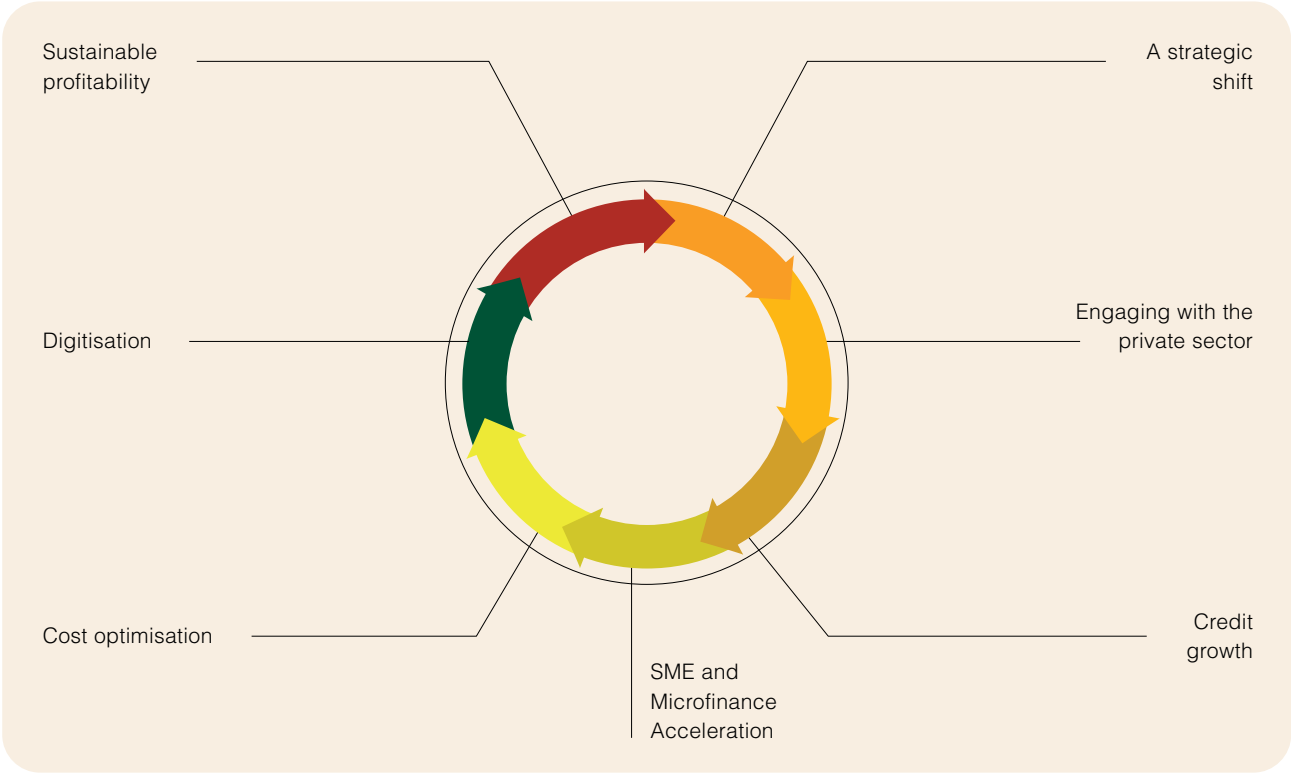
A shift in the business model

In 2025, we took a strategic shift from the Bank's traditional outlook as a state-owned entity to an institution that aggressively engaged with the private sector business. This transition contributed to significant growth in fee-based income, and interest income, and expansion of our credit portfolio.

In close alignment with government policies, we reinforced our role in supporting national development by incorporating strategic initiatives to strengthen the SME and microfinance sectors, and expanded development credit facilities. Sharpening our focus on cost optimisation, we ensured operational efficiency and sustainable profitability, delivering value to our customers and stakeholders.

Measures to improve performance

Several key initiatives were implemented in the short to medium term to achieve our strategic objectives.



Short term	Medium term
Operational efficiency and cost leadership	Service excellence through people and process enhancement
Strengthened credit functions and portfolio quality	Customer experience driven by service culture
Digital capability-led business growth	Alignment with national economic development priorities
Outreach to strategically significant and emerging segments	Strong corporate governance and stakeholder protection
	Balanced and sustainable growth orientation



Sustainability statement

GRI 2-22

Sustainability is at the heart of our strategy and operations. Our long-term commitment to value is reflected in our approach to embedding environmental stewardship, social responsibility, and strong governance (ESG) across our business, guided by measurable goals and transparent reporting.

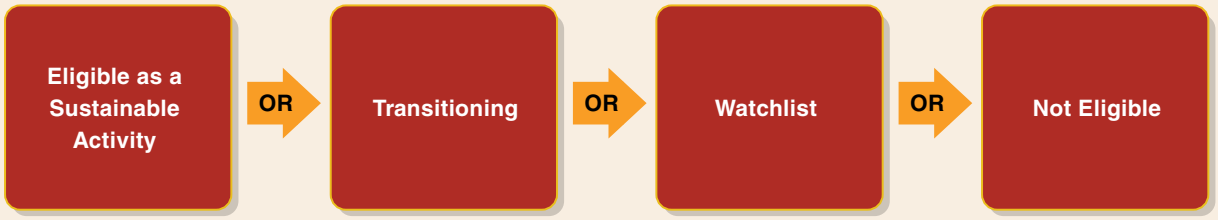
In 2025, we introduced and implemented the Sustainable Finance Policy and Procedure Guidelines that reinforced our commitment to ESG. We were guided by the policy on lending, investment, and risk management practices, which enabled us to support initiatives that promoted sustainability and social responsibility. This reflects our commitment to complying with the regulatory requirements on the Green Finance Taxonomy, which identifies priority sectors that impact national development. A detailed report on Our ESG Focus is given on pages 94-95.

Sustainability policy commitments

GRI 2-23

With Sustainable Finance Policy and Procedure Guidelines (the Policy) as the overarching canopy, our business is governed by specific policies and procedures that are applicable for the governance and operations of each area. These are detailed in specific chapters in this report, which are dedicated to each area of business.

the Bank is committed to embedding sustainability into its core business practices, upholding environmental responsibility, social equity, and sound governance. We evaluate lending through sustainability lens, with all project financing subject to a rigorous environmental and social responsibility filter. Funds are directed only towards initiatives that contribute positively to the society and do not harm the environment, according to the classification of the project.



Outlook 2026

With sustainability at the core, our strategic objectives will continue to form and strengthen our Bank to be financially sound, socially equitable, and an environmentally sound entity, with an unwavering commitment to ethical governance and robust risk management. We will focus on several key initiatives to achieve the desired result.

Sustainable business growth	Customer satisfaction and efficient service delivery	Digital leadership	Employee engagement and satisfaction
We will continue to drive resilient growth by embedding sustainability into every aspect of our operations, ensuring long-term value creation for stakeholders and the communities we serve.	Our focus remains on enhancing customer experiences through personalised solutions, seamless service, and a culture of responsiveness that builds trust and loyalty.	By leveraging cutting-edge technologies, we aim to strengthen our position as a digital leader, offering innovative platforms and secure solutions that redefine convenience and accessibility.	Structured training to continue through the Staff Training College, on-the-job training, and senior knowledge transfer sessions. Where required, overseas training will be offered.
	Governance and Accountability	**Diversification and Innovation**	**Cost Leadership**
	Strong governance frameworks will continue to guide our decisions, ensuring transparency, ethical conduct, and compliance with global best practices.	Expanding our portfolio across new markets and products will enhance resilience, while innovation will drive adaptability in a rapidly evolving financial landscape.	Through disciplined cost optimisation and operational excellence, we will maintain efficiency, strengthen profitability, and deliver sustainable returns.

OUR VALUE CREATION MODEL

INPUTS

Financial Capital

pages 142 to 149

- Deposits **LKR 3,229.9 Bn.**
- Borrowings from Banks and Other Institutions **LKR 126.0 Bn.**
- Subordinated term debts **LKR 40.6 Bn.**

Manufactured Capital

pages 150 to 155

- Property, plant, and equipment **LKR 60.7 Bn.**
- Islandwide branch network Nos. **746**
- ATMs, CDMs, and CRMs (no.) **1,181**

Human Capital

pages 162 to 179

- Dedicated team of **8,122** employees
- Investment in training and development **LKR 190.3 Mn.**
- Employee remuneration and benefits **LKR 38.2 Bn.**

Intellectual Capital

pages 156 to 161

- Brand equity index **4.0**
- Over **83%** of transactions conducted digitally
- New investment in IT infrastructure **LKR 1.4 Bn.**
- Fitch Lanka credit rating **AA–(LKA)**

Social and Relationship Capital

pages 180 to 197

Investors

- Shareholder funds **LKR 219.0 Bn.**

Business Partners

- Supplier registration via **e-GP**
- Number of correspondent banks **42**
- Number of vostro agents **94**

Customers

- Number of customers 15.2 million
- New customers onboard **540,740**
- Number of ATMs, CDMs, CRMs **1,182**

Community

- Investment in CSR projects **LKR 26.9 Mn.**
- Community-based development lending **LKR 15.8 Bn.**
- Total university students benefited via internship training **713**

Natural Capital

pages 198 to 205

- Energy consumption **10,168.4 GJ**
- Water consumption **11.0 ML**
- Green lending **LKR 6.9 Bn.**
- Total emission **1,901.7 tCO_2e**

PROCESS

Driven by Business Activities and Support Services

Business Activities
Retail Banking, Corporate Banking, Commercial Credit, SME and Development Banking, Overseas Customer Services, International Banking, Treasury, Investment Banking, Credit Cards

Support Services
Human Resources, IT and Digital Banking, Procurement, Administration, Finance and Management Accounting, Marketing and Communication, Risk Management and Compliance, Strategic Planning, Financial Management, Capital Management, Channel Management



Cost Drivers
Interest Expense, Infrastructure and Technology, Human Resources, Administrative Costs, Marketing Costs

Revenue Drivers
Retail Banking, Corporate Banking, Commercial Credit, SME & Development Banking, Overseas Customer Services, International Banking, Treasury, Investment Banking, Credit Cards

Key Risks
Credit Risk, Foreign Exchange Risk, Liquidity Risk, Concentration Risk, Technological Risk, Market Risk, Operational Risk, Reputational Risk, Compliance Risk, Fraud Risk, Talent Risk, Climate Risk, Political Risk

OUTPUTS

Financial Capital
pages 142 to 149
- Profit Before Tax **LKR 64.4 Bn.**
- Profit After Tax **LKR 40.2 Bn.**
- Return on Assets (before tax) **1.8%**
- Return on Equity (after tax) **20.1%**

Manufactured Capital
pages 150 to 154
- Additions to property, plant, and equipment **LKR 12.7 Bn.**
- Transactions via ATMs, CDMs, and CRMs **LKR 2.4 Tn.**
- Health and safety of all stakeholders

Human Capital
pages 162 to 179
- New recruits **755**
- Gender ratio (male: female) **2:3**
- Promotions **685**
- Retention **97%**

Intellectual Capital
pages 156 to 161
- Overall customer satisfaction **93%**
- Digital solution registration **5.2 million**
- Awards and accolades **37**
- No. of transactions conducted via online/mobile banking close to **200.0 billion**
- Processes automated

Social and Relationship Capital
pages 180 to 197

Investors
- Earnings Per Share (EPS) **LKR 40.2 Mn.**
- Net assets per share **LKR 219 Mn.**

Business Partners
- Total value of local purchases **LKR 27.2 Bn.**
- Total value of overseas purchases **LKR 1.1 Bn.**
- New vostro agent relationships **6**

Customers
- NPL ratio **4.3%**
- Number of digital transactions **197 million**
- Value of digital transactions **LKR 1.73 Tn.**
- Customer complains resolution **89.7%**

Community
- CSR projects conducted during the year **19**
- Number of loans granted under community-based development lending **25,747**
- Number of undergraduates successfully completed the internship training **499**

Natural Capital
pages 190 to 205
- Generated using solar power **4.9 MWh**
- New facilities under green financing **LKR 3.6 Bn.**
- Decrease in GHG emission **3.0 tCO_2e**
- Paper recycled **5,459 Kg**

OUTCOMES

Shareholder
- Return on Investments
- Future focus on resource allocation
- Partnering on national developmental goals

Customers
- Access to innovative financial products and services
- Competitive rates and fees
- Security and reliability
- Digital convenience

Employees
- Job security and career growth
- Competitive compensation and benefits
- Positive work environment
- Improvements to work-life balance

Business Partners
- Timely payments
- Strong and reliable partnership
- Responsible business practices

The community
- Financial inclusivity
- Business growth
- Social License

Regulator
- Well-established governance and control systems financial stability
- Consumer protection/data security

SUPPORTED BY
Public Welfare Mindset – Strong Governance Structure – Vision – Mission – Values – Risk Management – Business Ethics – Policies – Focus on Sustainability



Our Value Creation Model defines the way in which we deliver meaningful value to our stakeholders while operating a sustainable business. It captures the full scope of our combined efforts and our unique value proposition, while helping us make informed decisions to generate economic, social, and environmental value. The model is a critical component for strengthening our identity as a trusted partner with expansive reach in national development.

OUR ESG FOCUS

Environmental, Social, and Governance (ESG) principles are at the core of all our business activities. This is a regulatory priority, which led us to implement several initiatives to ensure compliance with the Green Taxonomy introduced by the regulator, particularly for funding and lending.

Our focus

We commenced our sustainability journey in 2016 with the introduction of the Corporate Sustainability Policy, culminating in the introduction of the Sustainable Finance Policy and Procedure Guidelines in 2025.

Our strategy

Our strategy focuses on embedding ESG principles across all business activities. We strengthened internal capabilities through several initiatives to ensure these values remain deeply ingrained for the future.

Capacity building initiatives

We invested in our employees by delivering comprehensive ESG training programmes designed to build a strong understanding of ESG principles and practices. As part of this initiative, designated Credit Authorities were required to integrate ESG principles into all lending and investment decisions.

The Sustainability Finance Committee and Green Finance Evaluation Committee were set up to proactively integrate ESG considerations into lending practices. These evaluations are based on internationally recognised ESG standards, and comply with Green Taxonomy directives of Sri Lanka.

In addition to the Corporate Sustainability Policy, we implemented the robust Sustainable Finance Policy and Procedure Guidelines, encompassing green lending initiatives to specific sectors ensuring environmental preservation. This framework provides a clear foundation for our commitment to responsible banking and sustainability.

We established clearly defined roles, responsibilities, and functions related to ESG, with the Board of Directors as the apex body to introduce governing policies and procedures. The Small and Medium-sized Enterprise department was delegated with the overall coordinating responsibilities to ensure ESG principles were foundational to all such lending.

Risk management tools relevant to ESG were introduced to define accountability for monitoring, managing, and reporting.

Out comes

Environmental

- Expanded digital banking services to reduce paper usage and the carbon footprint.
- Named Sri Lanka's Best Digital Bank in 2025.
- Won the Gold Award for Most Popular Digital Payment Product at the LankaPay Technnovation Awards.
- Strengthened resource efficiency programmes across branches, focusing on energy and water conservation.
- Further initiatives are detailed in the chapters on Natural Capital (pages 198–205), Manufactured Capital (pages 150–155), and IT and Digital Banking (pages 127–131).

Social

- Recognised as Sri Lanka's Best Bank for Diversity and Inclusion at the Euromoney Awards for Excellence 2025.
- Continued investment in community programmes, including child development, heritage preservation, and financial literacy initiatives.
- Enhanced accessibility of banking services for underserved communities through mobile and digital platforms.
- Further initiatives are detailed in the chapters on Human Capital (pages 162–179 Social and Relationship Capital (pages 180–197), and Community Capital (pages 192–195).

Governance

- Received awards for governance excellence and transparency in operations.
- Reinforced ESG integration into risk management and strategic decision-making.
- Secured multiple national and international accolades, reflecting strong compliance and ethical standards.

Our contribution to a safe planet

We launched multiple targeted sustainability initiatives through digitalisation to protect the environment and reduce our ecological footprint, reinforcing the Bank's role in planetary preservation.

Paperless Accounts Opened	Close to 6.0 million	Digital Transactions	Close to 200 million
E Statement Accounts	Close to 0.6 million	Value of Digital Transactions	Over LKR 1.7 Tn.
Loans Disbursed Digitally	Close 0.3 million	Total Value of Green Loans granted during the year	LKR 3.6 Mn.
Total Digital Banking Users	4.2 million	Total Retail Internet Banking (RIB)and Retail Mobile Banking (RMB) Registration during the year	0.5 million
Total Transaction Count – RIB and RMB	24.1 million	Total Transaction Value – RIB and RMB	LKR 662.6 Bn.

OUR COMMITMENT TO THE UN SDGS

The United Nations 2030 Agenda for Sustainable Development was developed to end poverty in all its forms, protect the planet, and ensure prosperity and a sustainable environment for future generations. The action plan was developed by defining 17 Sustainable Development Goals (SDGs) as universal objectives essential to advancing human well-being and safeguarding planetary health. To ensure sustainability across all our operations and platforms, it is essential to change our practices and embed SDG values throughout every unit of the organisation.

Integrated reporting

The disclosures contained in the Annual Report (the Report) represent a confluence of financial and non-financial aspects of our operations, which combine finance and environmental, social, and governance (ESG) performance across the Bank. The Report details our approach to nurturing the environment and safeguarding natural capital while operating as a commercially viable enterprise. Furthermore, in terms of the negative attributes such as waste, carbon dioxide, and other pollutants, the Bank provides a comprehensive disclosure of effluents and emissions. Nevertheless, every action of the Bank is guided by a sustainability ethos, cultivating a model environment for best practices.

Policy framework and oversight

The Bank's Sustainable Finance Policy and Procedure Guideline of 2025 comprehensively incorporates the values embedded in the SDGs, and further builds on the Corporate Sustainability Policy issued in 2016. The Board of Directors oversees sustainability initiatives, while a dedicated Sustainability Department is responsible for ensuring their effective implementation.

The actionable

The Capital suite that helps the Bank to function is aligned with specific SDGs, and the resulting practices are deeply embedded in our banking operations.



Impact assessment

The Bank has established instruments and metrics to measure how its business activities affect the SDGs, as these actions will ultimately impact the communities. The Bank aligns with international standards such as the Global Reporting Initiative (GRI) to guide its ESG disclosures and provide consistent and comparable metrics for reporting governance structures, risks, and opportunities, thereby enhancing the Report's transparency. The combination of these frameworks enables the Bank to measure both positive contributions and unintended adverse effects, and embed remedial solutions to produce clear, evidenced-based reports.

We enhanced cooperation with government bodies and relevant stakeholders at local and international levels, ensuring that attempts to leverage sustainable projects gain adequate visibility. Our business impacts the SDGs at different levels and to varying degrees, and influences the lives of all those with direct or indirect links to the Bank.

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

We continued to adhere to GRI guidelines and applied our risk management framework to monitor and report ESG outcomes. This allowed us to develop strategies to lessen the burden of potential damage that an unintended activity may cause. The Sustainability Department is well versed with the necessary requirements and is equipped with the skills needed to implement sustainable principles across the Bank, especially since ESG outcomes can significantly affect the Bank's reputation among investors and customers. The Bank is not solely focused on regulatory compliance but is advancing ESG-related best practices, with continuous improvements in its groundwork to build a holistic community while fortifying its reputation and brand. Therefore, a commitment to the SDGs is a priority in our strategic agenda.

Green finance

We engaged in Green Finance to facilitate the transition to renewable energy and expect to issue Green Bonds to attract long-term capital, with the aim of creating an investment pipeline to improve our environmental footprint and support large-scale sustainability projects.

Identifying priorities

Accelerating digital transformation is a key component of aligning with the SDGs and supports our transition to a paperless or paper-reduced organisation. We are, however, cognisant of the lower emission factors of these technologies and have significantly invested in acquiring those that cause minimal environmental damage. Green buildings contributed to the maximum use of daylight hours, while transitioning to renewable energy at several branches helped to reduce our dependence on the national grid.

Human capital development

As part of our sustained effort to align operations with SDG principles, we invested in our human capital through training, awareness programmes, and environmental and biodiversity projects to inculcate a culture of sustainability.

Achieving sustainability across our businesses and operations requires a balance between economic prosperity and environmental responsibility. By recognising the interconnectedness of these elements, we are assured of forging a path towards a sustainable business and a resilient future for all our stakeholders.




Banking
Redefined,
Just for You
Where trust
meets prestige



MANAGEMENT DISCUSSION AND ANALYSIS



102
Business Line Reviews

- 103 Retail Banking
- 109 Commercial Credit
- 112 SME Development and Microfinance
- 116 Corporate Banking
- 118 Treasury and Investment Banking
- 122 Overseas Customer Services (OCS)
- 125 International Banking
- 127 IT and Digital Banking
- 132 Credit Cards
- 134 Recoveries
- 136 Marketing
- 138 Channel Management

142
Financial Capital

150
Manufactured Capital

156
Intellectual Capital

162
Human Capital

180
Social and Relationship Capital

- 183 Customer Capital
- 189 Business Partner Capital
- 192 Community Capital
- 196 Investor Capital

198
Natural Capital

BUSINESS LINE REVIEWS

A versatile suite of product offerings for diverse needs



RETAIL BANKING

The Retail Banking division is mandated with managing the retail product portfolio of the Bank, from product design to delivery and refining customer-centric solutions, adapting to evolving customer needs.

Our focus

The Bank focused on strengthening the balance sheet by increasing private sector lending, deposit mobilisation, and scaling customer reach through branch optimisation. These efforts were well supported by the Bank's digital transformation and its network of 746 branches and service centres. With this combination of delivery channels, we were poised to fulfil our promise to customers, thereby achieving the strategic objective of maintaining a strong balance sheet.

Our strategy

Underpinned by product innovation, financial inclusion, and service excellence, we approached the market to grow the deposit base in both Sri Lanka Rupees and foreign currencies. We conducted aggressive deposit drives that reached individuals from birth through senior citizen years. Asset products were offered in a variety of ways, expanding the loan book and supporting communities.

A dedicated Expat Loans Unit was established to serve the Sri Lankans living overseas, from travel initiation to post-relocation.



STRATEGY

- Deposits
- Advanced pawning methods
- Expat loans unit
- Collaborated partnerships
- Banking for the younger generation
- Asset products

The highlights

Retail deposits exceed
LKR 2.8 Tn.

Retail loans close to
LKR 500 Bn.

Pawning portfolio
LKR 386.4 Bn.

NPL ratio for retail loans
1.8%

Deposit mobilisation

The Bank's deposit product offering plays a pivotal role in nurturing a savings culture across a diverse demography. We offer a versatile product suite that is not only need-based but also suits different walks of life from urban to rural and semi-rural. With our country-wide reach and advanced digital capabilities, solutions are easily accessible and conveniently delivered.

We adopt a life cycle banking approach that supports and builds wealth at every stage of a customer's lifespan. Whether it is savings or investments, a retirement nest-egg or youth development, our products are built to inculcate a disciplined savings habit. Supporting this is a full range of credit facilities, value-added benefits, and digital banking tools to accelerate financial inclusion. Deposits are a cornerstone of the Bank's funding, providing a stable base that underpins responsible lending to priority sectors such as agriculture, small and medium-sized enterprises (SMEs), housing, and personal finance. The strength of our deposit base showcases the trust placed in us by millions of customers, as a dependable and a secure Bank with public welfare at its core.

Savings products

Our product offering is geared to meet our customer aspirations, whether they resident in Sri Lanka or overseas.

Children

The Isuru Udana savings account is designed for children from birth up to five years of age, and aims to foster a culture of savings from an early stage of life. Parents, relatives, and well-wishers are encouraged to contribute towards a child's financial future through deposits and specially designed gift vouchers, which can be used to open new accounts or credit existing ones. Upon reaching the age of five, the account is automatically converted into the Sisu Udana Savings Account, ensuring continuity of savings while supporting the child's educational and developmental aspirations. Through this initiative, the Bank contributes to building long-term financial awareness among younger generations.

Youth

The YES account targets the youth segment, supporting young individuals as they pursue their educational and professional aspirations. The product provides a comprehensive range of banking services while offering access to financial facilities that support higher education, entrepreneurship, housing, vehicles, equipment, computers, and other consumer needs. By enabling young customers to access financial solutions at an early stage of their careers, the Bank supports the development of a financially responsible and economically active youth population.

YES Biz Teen Challenge Trophy 2025

As part of its continued commitment to fostering entrepreneurship and empowering future generations, People's Bank successfully launched the YES Biz Teen Challenge Trophy 2025. This initiative was specifically designed to nurture entrepreneurial thinking, creativity, and innovation among school children, enabling them to develop business ideas at an early stage of their lives.

Recognising that sustainable national development is closely linked to the growth of entrepreneurship, the Bank strategically positioned this programme as a platform to inspire young minds to become future business leaders. The initiative reflects the Bank's broader vision of contributing to the socio-economic progress of Sri Lanka by cultivating an entrepreneurial culture among the youth.

The programme was implemented in collaboration with the Industrial Development Board (IDB), ensuring extensive outreach and impact across the country. Covering all districts of the island, the competition engaged school communities at a grassroots level and provided students with an opportunity to present innovative and practical business ideas. Through a structured evaluation process, the most promising ideas were identified at school, district, and national levels.

Beyond the competition, the Bank is currently in the process of planning the next phase of this initiative, with a focus on further developing and supporting the most viable business concepts generated through the programme. This includes exploring avenues for mentorship, financial literacy, and potential funding support to transform these ideas into sustainable ventures.

People's Bank intends to continue this flagship initiative in the coming years, reinforcing its role as a responsible financial institution dedicated to nation-building. By investing in youth entrepreneurship, the Bank aims to contribute meaningfully towards economic growth, innovation, and long-term development of the country.

Women

The Vanitha Vasana savings account has been specifically designed to address the financial aspirations and economic empowerment of women. Recognising the increasing participation of women in the economy, the product provides an opportunity for women to build financial security while accessing tailored financial services. Account holders benefit from specialised loan facilities including self-employment financing, housing and land purchase loans, funding for weddings, and financial support for children's higher education. Through this product, the Bank continues to play a significant role in supporting women entrepreneurs and enhancing financial inclusion among women across both urban and rural communities.

Senior Citizens

The Parinatha savings account is designed for senior citizens aged 55 years and above, offering enhanced benefits that ensure financial convenience and security during retirement. The account provides preferential interest rates over standard savings accounts along with a dedicated VISA debit card facility that enables easy access to banking services. By offering value-added features and personalised banking services, the Bank seeks to enhance the financial well-being and independence of its senior customers.

Term Deposits

In addition to savings accounts, People's Bank offers a broad portfolio of term deposit products that provide customers with secure investment opportunities and attractive returns. These deposit schemes are structured to meet diverse financial goals by offering competitive interest rates and flexible maturity periods.

The Bank's term deposit products cater to a wide spectrum of customers including individuals, senior citizens, and institutional clients seeking reliable investment options. With flexible tenures and convenient interest payment options, these products provide customers with a stable avenue to grow their savings while managing liquidity requirements effectively.

Business Elegance Current Account

The People's Elegance Business Current Account is a premium business current account introduced by People's Bank Sri Lanka to recognise and retain discerning existing customers and high-value new business clients. The account is designed to provide enhanced banking privileges and recognition to customers who maintain strong financial discipline and high transaction volumes. By offering special benefits and recognition, the account encourages customers to maintain active banking relationships, enhance business convenience, and position the Bank as a preferred partner for high-value business customers.

Community engagement

The island-wide branch network was an integral part of deposit mobilisation, as staff enthusiastically participated in carrying out community engagement activities at different locations covering a cross section of the population, creating awareness and scaling customer reach. The success we have achieved in the Retail Banking business is largely due to the commitment, expertise, creativity, and dedication of our branch staff and supportive services.



COMMUNITY SOCIAL RESPONSIBILITY ACTIVITIES TO ENCOURAGE THE SAVING HABIT AND INVESTMENTS

- Birth of Freedom Campaign, a regional drive on celebrating 78th Independence Day promoting Isuru Udana minor account
- International Women's Day celebrated in Kandy, collaborating with teachers Training School Polgolla
- Senior Citizen's Day celebrated on 1 October, providing Parinatha account holders with discounted benefits for health and medical requirements
- 1st Day 1st Lesson Campaign at all schools for all students entering Grade 1 – providing them with gifts and promoting Sisu Udana account
- Young Entrepreneur Drive in collaboration with the Industrial Development Board to encourage business ideas the youth and relaunch YES Teens A/C
- World Children's Day campaign conducted from 1 October to 31 December

Asset product disbursement

The Bank contributed to national recovery by offering a range of affordable and accessible credit facilities to salaried employees, professionals, entrepreneurs, and households. Our lending mix was tailored to evolving customer needs, while we pursued credit growth and portfolio diversification, governed by a robust credit and risk management framework. Productive sectors were prioritised to ensure sustainable economic development. Retail lending remained a key driver of asset growth during the year.

The loan portfolio

The Bank continued to offer a comprehensive suite of personal loan products tailored to suit customers across various income segments and professional backgrounds.

Salary earners loans

For employed professionals – This product continued to provide convenient access to personal financing for employees in both the public and private sectors, enabling customers to meet their personal and family financial requirements through structured repayment arrangements. To support existing customers with strong repayment histories, the Bank provided Loan Top-Up Facilities, allowing borrowers to access additional funds with minimal documentation while maintaining continuity in their existing loan arrangements.

Auto loans

The Bank's Vehicle Loan portfolio continued to demonstrate steady demand as vehicle ownership remains a key aspiration for many households. Competitive interest rates and flexible repayment structures enabled customers to obtain financing suited to their financial capacity. In response to the increasing demand for vehicle financing, the Bank strengthened its collaboration with Toyota Lanka to offer preferential financing options for customers purchasing Toyota vehicles.

Student loans

The Bank continued to support human capital development through Student Loan facilities, implemented in collaboration with the Ministry of Education Sri Lanka. These interest-free loan schemes provide financial assistance to students pursuing higher education opportunities, thereby contributing to national development and social mobility.

People's home loans

Housing finance remained a strategic priority within the Bank's retail lending portfolio. Through products such as People's Home Loans and Jaya Niwasa Housing Loans, the Bank continued to support home ownership by providing long-term financing facilities for the construction, purchase, and renovation of residential properties. These products particularly cater to young professionals and middle-income earners, offering repayment periods extending up to 25 years.

C-Suite executive loans

In addition, the Bank introduced C-Suite Executive Loan Schemes targeting senior corporate professionals. These facilities provide higher loan values with simplified collateral requirements while enabling cross-selling opportunities through employer partnerships.

Specialised professional loan schemes

Recognising the distinct financial needs of different professional groups, the Bank offers specialised loan schemes tailored for Teachers, government Medical Officers, members of the Armed Forces, and other professional segments. These schemes provide concessional interest rates, extended repayment tenures, and simplified credit processes, enabling professionals to access financing based on personal guarantees while supporting their personal and professional advancement.

Expat loan processing unit

We established a dedicated unit to streamline overseas transitions, coordinating pre-departure formalities through to post-arrival support and helping their families in Sri Lanka to invest remittances prudently.

Private sector collaboration

In response to auto finance needs, we established a strategic partnership with Toyota Lanka, granting preferential rate loans for Toyota products, which was popular among the retail borrowers.

Pawning

Gold-backed lending, under the **Swarna Pradeepa Pawning Advance Scheme**, continued to serve as a core retail lending channel, providing customers with fast, reliable access to funds to meet urgent financial needs. The scheme maintained strong momentum in 2025, supported by competitive pricing, high customer demand, and streamlined processing, contributing significantly to the Bank's overall lending portfolio. Notably, the product recorded widespread uptake across both rural and urban segments.

Enhancing customer convenience and transaction security, the Bank introduced a direct account credit facility, enabling seamless disbursement of funds. This initiative strengthened financial inclusion by offering customers a secure, formal alternative to informal lending channels, thereby reinforcing trust and accessibility within the banking system.

The Bank invested significantly to upgrade the skills and knowledge of over, 1000 branch staff to identify spurious items. Implemented in collaboration with the Gem and Jewellery Authority, the training proved beneficial, resulting in a considerable reduction of inadvertent acceptance of such articles. We further invested advanced tools for detection, providing our staff with the necessary equipment.

Digital transformation

We advanced our digital transformation by embedding mobile and internet banking across our Retail banking services, improving convenience and accessibility. Technology-driven customer experiences scaled our service excellence while significantly enhancing financial inclusivity, reaching remote and rural communities. This enabled the non-banked to access traditional banking, participate in the financial system, away from informal financial channels.

Challenges

Managing surplus liquidity and the trade-off between competitive fixed-deposit rates and sustainable loan yields is a key challenge that impacts the Net Interest Income ratios. We will continue to aggressively pursue disbursing private sector loans, especially to banking and finance sectors, to manage and mitigate any risks arising from an excess liquidity position.

Uncertainties in the geopolitical landscape have driven volatility in sovereign rates, necessitating a robust approach to credit risk management. The Bank adopts prudent risk practices, including the application of conservative loan-to-value (LTV) ratios.

Given the significant share of this segment within the Bank's consumer loan portfolio, close attention is paid to concentration risk. The Bank maintains a strong risk management framework, supported by regular portfolio evaluations and stress testing, to safeguard asset quality and ensure resilience under conditions of market uncertainty.

The market is saturated with products that compete with mainstream banking. Investments in the stock market, derivative instruments, insurance, and gold are motivators for deposit withdrawals for reinvestment.

The operating environment for lending remains complex and challenging. Vigilant liquidity management and strategic calibration of deposit pricing against sustainable lending yields to preserve Net Interest Income margins are a priority. Geopolitical tensions and sovereign market volatility underscore the imperative for heightened credit risk governance. At the Bank, conservative loan-to-value (LTV) parameters credit risk and systematic stress testing bolster resilience under adverse scenarios. Approximately 300,000 borrowers are residents of areas impacted by Cyclone Ditwah. We extended relief measures and concessions.

Outlook for 2026

The personal banking deposit portfolio plays a critical role in mobilising domestic savings, which in turn supports lending activities that contribute to national economic development. By channeling these funds into productive sectors of the economy, the Bank continues to support entrepreneurship, employment generation, and sustainable economic progress in Sri Lanka.

Through its strong commitment to customer-centric banking, financial inclusion, and technological innovation, People's Bank continues to strengthen its position as one of the most trusted financial institutions in the country, while delivering sustainable value to customers and the broader economy.

We expect a gradual increase in credit demand as macroeconomic stability and business confidence improve, and will meet those needs through a calibrated growth strategy for retail lending expansion. Safeguarding asset quality through continuous portfolio monitoring, diversified lending, and proactive risk mitigation, we will ensure we lend in a responsible manner.

COMMERCIAL CREDIT

In 2025, a policy decision was made to establish a Commercial Credit department to meet the growing demand for lending and provide financing for commercial transactions with tailored lending solutions on flexible terms.

Our focus

Facilitating business growth through the islandwide branch network is our primary objective. We evaluate and approve business lending proposals to support working capital requirements and long term investments, including project and trade financing, while managing credit risk to protect asset quality in a sustainable manner. The range of facilities we offer, including bank guarantees and trade finance, serves as an impetus for growth in the import and export industries, thereby contributing to economic recovery.

Our strategy

Customers with an annual turnover exceeding LKR 1 Bn. or those engaged in trade finance activities, trading business, and construction projects are eligible to apply for facilities under Commercial Credit. Customers can submit applications online through our web portal or by visiting the nearest branch. In addition, the five Export Sector – Specific SME Hubs (Export Hubs), established across islandwide regions in 2024, have facilitated export-oriented industries in accessing both funding and non–funding services we offered. Building on their success, we plan to establish new Trade Hubs in strategic locations before the end of 2026 to capture a significant share of import trading business within Colombo city limits.



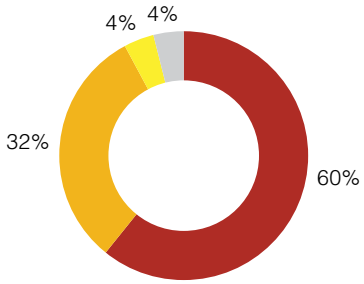
A WINNING STRATEGY FOR COMMERCIAL CREDIT

- Successful operation of regional credit units and export
- Proposed pettah import hub
- Personal loans to business customers
- Banking and finance sector customers
- Increased private sector lending
- Letters of credit and bank guarantees

In addition to business financing, personal loans were offered to business customers to meet their personal financial needs.

During 2025, we achieved notable growth of over LKR 50 Bn. by strategically rebalancing our portfolio towards profitable finance companies with sound liquidity needs, while reducing exposure to state-owned enterprises to mitigate concentration risk the overall lending portfolio of the Bank. Economic recovery and stability of the country, along with government support for the export-driven economy, unlocked opportunities to lend to the industrial sector, thereby sustaining our industry-based lending portfolio.

Sector-wise loans granted during 2025



Sectors	Total Loan Amount Granted During 2025 LKR Mn.	%
Agriculture	9,977.9	4
Services	9,012.2	4
Industry	143,211.2	60
Other	74,897.5	32
Total	237,098.8	100

Apart from direct lending, we facilitated approximately LKR 28.6 Bn. in non-funded facilities via Bank Guarantees and Letters of Credit (LCs) to our valued customers. It is envisaged that highway development and post–Cyclone Ditwah infrastructure projects, will further stimulate business opportunities, enhancing the non-funded facilities portfolio.

Credit evaluation

We strictly adhere to the Bank's Credit Policy guidelines and comply with regulatory directions while maintaining accountability towards to our credit evaluation processes, ensuring minimum turnaround times for service efficiency.

Adherence to these standards is consistently monitored by us.

We focused on concentration risk complying with the predetermined sector exposure limits. ESG screening is embedded in the Bank's credit policy and credit evaluation of each facility is measured against the ESG framework compliance. ESG adherence is a priority for the Bank and we focused on product quality, product safety, borrower's processes, and the absence of social resistance towards the conduct of the borrower's businesses.

Digital lending

Taking advantage of our state-of-the-art digital capacities, the loan processing took place through the Corporate Loan Origination System (CLOS), processing approximately 60%-70% of facilities digitally. Plans are underway to upgrade the manual system for a bundle of facilities, exploring opportunities for an AI-based CLOS.

Risks and opportunities

Volatility in interest rates and exchange rates poses the greatest risk to the profitability. Although a national tragedy, the aftermath of Cyclone Ditwah may significantly increase lending to the construction sector for reconstruction and restoration.

Outlook 2026

As our priorities are intertwined with national priorities for economic recovery and development, we will pursue working capital lending, strengthening trade financing and corporate banking solutions, diligently adhering to robust credit evaluation and risk management, while seeking ways to digitalise the loan disbursement process, for a bundle of facilities.

The highlights

LKR Loan Portfolio

LKR 167.3 Bn.

FCY Loan Portfolio

USD 28.3 Mn.

Total Non-performing loans

LKR 8.4 Bn.

NPL ratio **4.55%**

Issued Bank Guarantees

LKR 20.8 Bn.

LC Establishments through the Branch Network

LKR 88.5 Bn.

(38% share from the overall Bank portfolio)

SME DEVELOPMENT AND MICROFINANCE

Supporting the development of Small and Medium-sized Enterprises (SMEs) and microfinance businesses remained a strategic priority for the Bank during the year. In line with the government's national development agenda, the Bank continued to expand its micro, small, and medium enterprise (MSME) portfolio while facilitating access to finance for entrepreneurs across the country. By strengthening relationships with existing customers and actively onboarding new businesses, the Bank contributed to enhancing financial inclusion, stimulating regional economic activity, and supporting the growth of emerging enterprises.

Our focus

Recognising the critical role of MSMEs in driving economic recovery and employment generation, the Bank focused on strengthening this segment through targeted lending and advisory support. Emphasis was placed on identifying businesses with strong growth potential while nurturing emerging enterprises to transition into larger commercial and corporate segments.

Through proactive engagement with entrepreneurs and businesses, the Bank successfully expanded its MSME customer base and achieved the highest growth recorded in this segment during 2025, both in terms of customer numbers and business volumes.

In addition, the Bank continued to support national development initiatives by implementing concessionary financing programmes and pledge-based lending schemes across the country.

Our strategy

As a state-owned entity, we aligned our strategy with national priorities for economic recovery by adopting a three-pronged approach.



Expand the customer base to increase the number of eligible clients and business volumes.	Reach out to potential customers and the unbanked by conducting qualitative marketplace research and quantitative in-bank analysis, with a view to onboarding them.	Train and upskill Branch Managers to serve as Customer Relationship Managers and actively promote the MSME product range.

Approach

The Bank approached the MSME segment to expand both its customer base and business volumes. To achieve this, it was necessary to instill a change in mindset among Branch Managers to actively engage with customers. This is because certain segments of potential customers were reluctant to approach the Bank, even though they had the financial capability to do so. In such instances, it was necessary to provide them with knowledge of the banking system and its many benefits, which will support their MSME efforts. Through this strategy, we were able to elevate potential customers from micro levels to higher levels within SME, corporate, and commercial segments.

As part of our efforts to promote regional growth across the country, we leveraged this expanded customer base to deliver governmental concessional and refinance lending with support from the National Credit Guarantee Institution Limited. These initiatives strengthened the regional core and territorial capacities.

At the end of the year, the portfolio achieved the highest growth recorded by the Bank, both in terms of customer numbers and business volumes, highlighting the success of the strategy.

Alignment with national priorities

The Bank prioritised financial support to key sectors that are critical to national economic development. These sectors included:

- Agriculture and agribusiness
- Manufacturing, including value-added production
- Renewable energy projects
- Trade and services
- Tourism and related industries

A significant proportion of beneficiaries included start-ups, youth entrepreneurs, micro enterprises, and women-led businesses, highlighting the Bank's commitment to supporting inclusive economic development.

Women entrepreneurs were further supported through dedicated refinance schemes and financial literacy initiatives aimed at strengthening their business capabilities.



The highlights

Increase in MSME customer base
15.2%

Increase in MSME business volumes by,
LKR 20.8 Bn.

Green Power Loan Scheme Granted
LKR 6.9 Bn.

Significant growth in the People's Power Loan Scheme within a year of commencement **74.6%**

Sustainable projects

In line with the Bank's commitment to sustainable finance, the People's Bank Green Power Loan Scheme was introduced to support environmentally responsible investments.

The product was developed in full compliance with the Sri Lanka Green Finance Taxonomy issued by the Central Bank of Sri Lanka and reviewed by the regulator. This initiative represents one of the first structured green financing products introduced within the banking sector.

A dedicated regional-level task force was established to oversee credit evaluation and loan disbursement under the sustainable finance framework. Financing was extended to several ground-mounted and rooftop solar power projects, while hydropower initiatives and other sustainable projects are currently under evaluation for future implementation.

MSME product portfolio

The Bank offers a comprehensive range of financial solutions designed to support MSMEs at different stages of their business life cycle. These include:

- Working capital financing
- Term lending facilities
- Asset financing solutions
- Tailored microfinance products

These facilities are supported by flexible financing structures, streamlined credit approval processes, and competitive turnaround times.

Digital banking platforms further enhance customer convenience by enabling seamless access to loan services and repayment channels.

Complementing financial services, the Bank also conducts advisory and financial literacy programmes aimed at strengthening financial inclusion and integrating unbanked entrepreneurs into the formal banking system.

Women's empowerment

Promoting women's entrepreneurship remains a key component of the Bank's MSME development agenda. Specialised loan products, microfinance solutions, and savings schemes are offered to support women entrepreneurs in establishing and expanding their businesses.

The Bank also conducts training programmes focused on financial literacy, business management, and entrepreneurship development, enabling women to enhance their financial independence and contribute to economic growth.

In collaboration with the Asian Development Bank, **Deloitte** continued to support People's Bank in delivering capacity-building programmes for women entrepreneurs.

Microfinance

The microfinance segment continued to play a vital role in expanding financial inclusion among underserved communities. The Bank adopted a village banking model, where clusters of customers were identified and provided with financial advisory services alongside appropriate financing solutions.

Through this approach, individuals and micro enterprises were supported in transitioning into bankable customers within the formal financial system.

Women-led enterprises were eligible to receive financing up to LKR 25 Mn. per customer under the Vanitha Saviya Loan Scheme, providing significant support for the expansion of small-scale businesses.

People's Power Loan Scheme		New Comprehensive Rural Credit Scheme (NCRCS) for farmers		Pledge loan facility for harvesting and storing paddy and maize	
Small and Medium Enterprises Development (SMED) Loan Scheme	People's Spark Loan Scheme for start-ups	Vanitha Saviya Loan Scheme	Business Power Loan Scheme	Aswenna Loan Scheme	Green Power Loan Scheme

Development financing

The Bank offers a suite of development loans as part of its rural development mandate and focused mainly on the agricultural sector.

Kapruka Ayojana Loan Scheme	This concessionary financial assistance scheme, offered by the Coconut Cultivation Board (CCB) in collaboration with People's Bank, provides capital for the development of coconut lands. The primary objective of this scheme is to facilitate the development of coconut lands as whole farm units, where integrated farming systems are encouraged to attain high productivity.
Aswenna Loan Scheme	This scheme funds micro and smallholder farmers, agricultural input suppliers, agri-processors, and agro product collectors and intermediaries serving most of the agriculture-related industries.
Paddy Pledge Loans Scheme	Paddy millers and collectors are supported through this loan scheme to purchase paddy, ensuring the uninterrupted operation of mills and a steady supply to the market.
SEPI-II Loan Scheme Self-Employment Promotion Initiative – Phase II	Supporting the government's vision of developing young entrepreneurs in the country, this loan scheme is designed to assist youth who have received vocational training to establish self-employment initiatives.
New Comprehensive Rural Credit Scheme (NCRCS)	This scheme is managed by the Ministry of Finance targeting micro-scale farmers engaged in cultivating short-term crops and their nurseries, home gardening, and warehouse financing, by providing low-cost funding to fulfil working capital requirements.

Credit evaluation and risk management

Our approach to credit evaluation is based on risk rating. After qualitative and quantitative data is collected by Customer Relationship Managers at branches, the Bank evaluates the data to onboard eligible customers.

Regional credit units carried out the initial evaluation and contributed to the Bank's success in 2025 by expanding the customer base and business volumes. Debt servicing on new loan disbursements was impressive, and the Non-Performing Loan (NPL) ratio remained less than 3.0%.

This approach facilitated the migration of micro-level customers to SME and other segments, as one-to-one relationships helped in understanding their businesses and unique funding needs in the long term.

Outlook for 2026

Looking ahead, the Bank intends to further strengthen its MSME portfolio by focusing on high-potential sectors, including:

- Smart agriculture and agribusiness
- Start-up enterprises
- Sustainable industries
- Tourism sector development

The Bank will also expand support for export-oriented SMEs, particularly in industries such as spice production and handicrafts, where Sri Lanka possesses strong competitive advantages.

In addition, the Bank will continue to enhance financial literacy programmes and advisory services to guide emerging entrepreneurs, with detailed implementation plans scheduled for roll-out during 2026.

CORPORATE BANKING

The Corporate Banking Division continued to maintain its contribution over 1/3 of the Bank's loan book in 2025, reimagining its customer approach methods and upskilling staff.

Our focus

In 2025, the Corporate Banking Division (CBD) focused on increasing its share of the loan book by actively seeking lending opportunities in the private sector.

Our strategy

Expansion to the private sector

Gaining new customers and retaining existing customers were prioritised. To support this goal, CBD continued with the concept of appointing dedicated Customer Relationship Managers (CRMs) and Customer Relationship Officers (CROS) and assigned them with specific customer portfolios to engage with specific targets. Our commendable success in achieving almost all our targets, while closely monitoring 12 Key Performance Indicators (KPIs) set for the Division, was mainly due to this approach and the specialised local and foreign training conducted for CROMS and CROS.

Asset quality was retained by addressing customer issues on a case-by-case basis to grant concessions, while one-to-one meetings were held to provide solutions on a need-based approach. This helped to increase the onboarding of new customers and expand the loan portfolio.

The highlights

Total corporate loan portfolio

LKR 600 Bn.

Contributed to the Bank's loan book

34%

Private sector corporate Loans

LKR 286 Bn.

Growth from private sector Loans

35%

Increase in the onboarding of new corporate customers

88

Please refer to pages 80-85 for a detailed analysis of the Material Topics and Themes.

Banking and financial sectors

The expected revival of the construction and manufacturing sectors lagged in momentum, and the export and garment industry sectors experienced a slow growth, which compelled us to approach these sectors with caution due to high credit demand arose with lifting the ban on motor vehicle importation. However, while maintain an organic growth in other sectors, we shifted our focus to the financial sector that showed significant improvement in the hire purchase and lease businesses within the stipulated guidelines. The Bank's excess liquid position provided the opportunity to aggressively fund this sector, which led to significant growth in the loan book.

Robust risk evaluation and monitoring

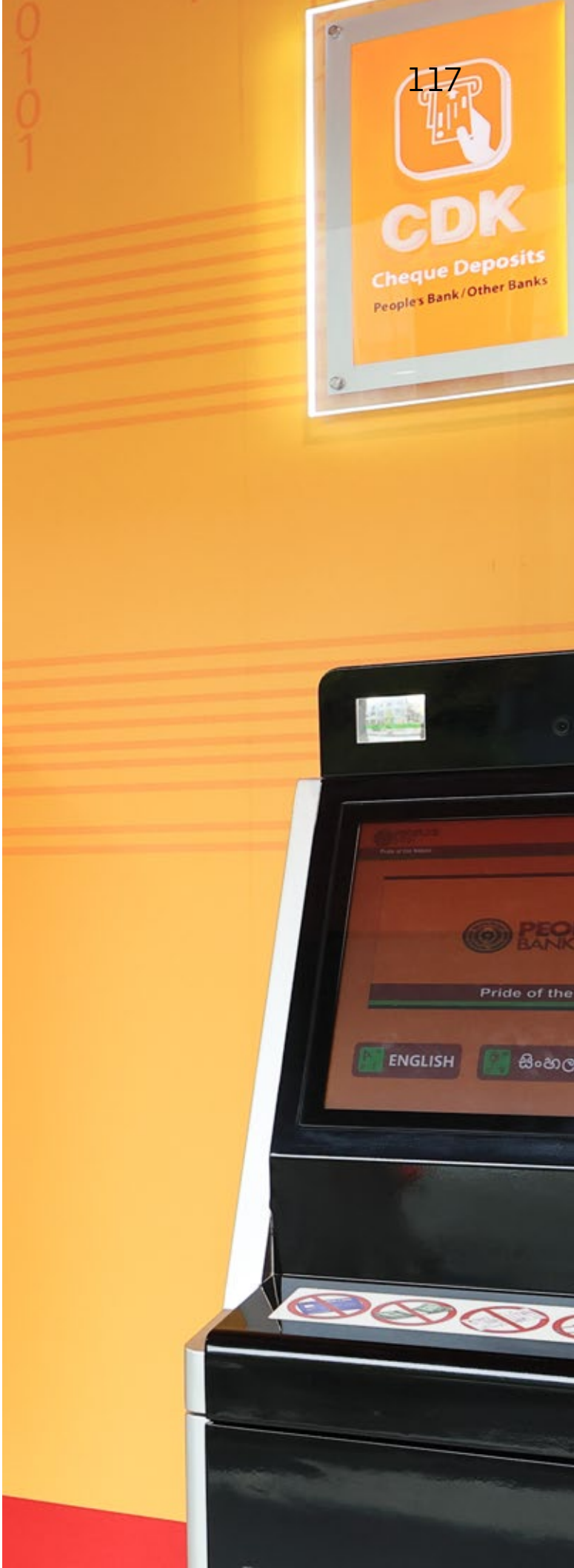
To administer the non-performing loan portfolio, CBD continued rigorous risk evaluation and management. The Division was successful in reducing the non-performing loan portfolio by 3% and maintained good asset quality within the year. To support customers experiencing difficulties, concessions were offered on an individual basis after analysis of the issues they faced.

An empowered team

A well-skilled young team was mobilised to approach the private sector, private banks, and financial institutions. This team approached demanding and discerning customers to expand the Bank's loan book. A vital component of this success in 2025 was our commitment to mentoring a future-fit CBD team, through advanced local and international training offered by specialist resources.

Outlook 2026

CBD will continue to focus on private sector businesses with the aim of achieving 33% growth, reaching LKR 59 Bn. incremental growth. With a view to building a dedicated and enthusiastic sales team in five clusters, local and overseas training is planned. We are working closely with the Human Resources Department to continue to allocate specialist resources for product and customer service training that meets the needs of an evolving corporate banking landscape.



TREASURY AND INVESTMENT BANKING

Materially enhancing the Bank's financial success and delivering superior customer service, the Treasury and Investment Banking Unit is synergised to manage liquidity, investments, capital allocation, and cross-border transactions in a seamless manner, thereby playing a pivotal role in the Bank's operational effectiveness.

THE TREASURY

Our focus

The Treasury Unit delivered a stable performance in 2025, contributing significantly to the Bank's revenue and margin, despite a dynamic operating environment characterised by declining interest rates, currency movements, and intensified competition within the banking sector. The Unit continued to play a pivotal role in supporting the Bank's financial performance through prudent liquidity management, foreign exchange operations, and strategic investment activities.

Our strategy

The strategic priorities of the Treasury during the year were closely aligned with the Bank's broader objectives of maintaining financial stability and achieving sustainable profitability. A primary focus was facilitating the import of vehicles, essential goods, and other critical items by ensuring the timely availability of foreign exchange for customers engaged in trade-related activities. Customer retention amid heightened competition from both state and private sector banks, with aggressive marketing campaigns, was yet another strategic priority the Bank intensely focused on in 2025.

Simultaneously, the Bank focused on penetrating the private sector while retaining viable state entities. To increase volumes, we contracted margins on customer transactions.

Liquidity management

Liquidity management remained a core function of the Treasury Unit throughout 2025. The Bank's liquidity management framework reflected discipline and forward-thinking, which supported balance sheet resilience. Well above the regulatory stipulations, the Treasury and ALM functions actively managed liquidity through diversified funding sources, prudent tenor offerings, and strategic deployment in short-term government securities, in anticipation of higher interest rates for reinvestment and in readiness for credit growth in 2026. Supported by improved foreign exchange inflows and prudent management of local currency funds, the Bank maintained comfortable liquidity positions in both rupee and other currencies.

Cross-sell opportunities

Through close collaboration with other business units, the Treasury supported the delivery of integrated banking solutions, while promoting cross-selling opportunities across the Bank's product portfolio. Regular customer engagement enabled the Treasury team to better understand client needs and provide Treasury-related products and solutions.

Upskilling our staff

With branch staff serving as the primary point of customer interaction, the Treasury also prioritised knowledge enhancement and skill development initiatives to empower employees to deliver exceptional service and build lasting customer trust and loyalty.

Sales team

During the year under review, the Treasury undertook several initiatives aligned with both customer needs and the Bank's strategic priorities. Through proactive customer engagement and structured visits, our dedicated sales teams ensured accountability while sustaining momentum in acquiring new business, retaining customers, and strengthening relationships.

Operating within the challenges

Intense market competition from traditional banking and modern FinTech institutions continue to rise. Therefore it is necessary to work within reducing margins and in a highly volatile environment. We remained focused on the need to balance our exposure by maintaining optimum positions, being selective in our options amidst vague market trends and uncertain conditions.

As a state-owned-entity, it is of paramount importance that we work within the single-borrower limit and related party transaction frameworks, among many other regulatory and compliance requirements, filtering out the layers of interconnectedness of enterprises, which is a time-consuming effort. Meanwhile, in an environment where quasi-treasury product offerings by FinTechs continue to expand, in navigating these pressures, we exercised prudence and sound judgement in managing excess liquidity and achieving our targets despite narrowing margins.

Outlook for 2026

The team will continue to focus on managing liquidity, achieving the annual budget, and optimising the Bank's exposure to foreign exchange and interest rate positions, with strict adherence to regulatory compliance.

Looking ahead, the Treasury will continue to focus on strengthening its contribution to the Bank by enhancing trading strategies, expanding foreign exchange business volumes, and maintaining effective liquidity management practices.

Key priorities for the coming year include strengthening relationships with key corporate and institutional customers, improving profitability through strategic investment activities, and adapting to evolving regulatory compliance and market developments.

PRIMARY DEALER UNIT

Our focus

In 2025, the Primary Dealer Unit (PDU) strengthened its role in both primary and secondary government securities markets, supported by an improved market sentiment and robust liquidity conditions. The Bank's government securities portfolio expanded by 46% year-on-year, reflecting active participation and strategic positioning in the evolving market landscape.

A key operational milestone during the year was the transition of the government securities auction process from the Public Debt Department of the Central Bank of Sri Lanka (CBSL) to the Public Debt Management Office (PDMO).

Our strategy

In 2025, the PDU pursued a focused strategy aimed at expanding its market presence while optimising portfolio performance. This involved actively participating in both primary and secondary government securities markets to capitalise on favourable market conditions and enhance returns. At the same time, the PDU maintained a disciplined approach to risk management, diversifying holdings across maturities and instruments to mitigate interest rate and liquidity risks, while supporting the Bank's broader objectives of sustainable growth and market stability.

Outlook for 2026

In 2026, the PDU will focus on strengthening its market presence and optimising portfolio performance, while maintaining disciplined risk management to support the Bank's objectives of liquidity and sustainable growth.

INVESTMENT BANKING

Our focus

The Bank progressively shifted its focus towards low-risk, high-quality issuers and government-backed entities, enhancing fee and commission income from investment activities while strengthening the value of mandates executed. Client acquisition and retention remained an ongoing priority, further positioning the Bank as a trusted investment advisor.

Our strategy

We actively engaged in debt instruments, offering debentures, bonds, and term financing solutions to address diverse funding requirements. Leveraging our expertise in capital markets, we served as managers, arrangers, advisors, and placement agents for a range of capital-raising initiatives, strengthening our market positioning while reinforcing investor confidence. Through these activities, the Bank's financial intermediation continued to make a meaningful contribution to national development priorities.

Capital market execution

The Unit engaged in debt issuance origination and distribution, involving corporate debenture. It engaged in IPO advisory, and book-running for large transactions, coordinating domestic and international investor outreach.

Mergers and acquisition advisory

The Bank acted as a mergers and acquisition advisory, including, due diligence coordination, and deal structuring.

Structured and syndicated lending

To diversify funding and transfer risk, the Unit executed securitisations, and asset-backed facilities.

The Investment Banking Unit further cemented its leadership in the investment banking landscape by securing the prestigious Corporate Finance Advisor (CFA) licence in 2025, highlighting its growing stature as a trusted partner in complex capital market transactions.

Building on this momentum, the Unit was recognised internationally with two prestigious accolades at the Global Banking and Finance Review Awards 2025 – "Best Investment Bank Sri Lanka" and "The Next 100 Global Awards – Investment Banking". These achievements reflect People's Bank's unwavering commitment to excellence, and financial leadership, while maintaining a client-centric approach.

Supported by deep technical expertise, strategic foresight, and a robust advisory platform enhanced by advanced digital capabilities, the Bank continues to strengthen its competitive edge in Sri Lanka's investment banking sector while partnering with national development goals.

The Unit also supported the Bank's broader digitalisation agenda by enabling share investment capabilities through the People's web app, improving accessibility and convenience for investors while aligning with the Bank's commitment to digital innovation.

Outlook for 2026

The Investment Banking Unit will further strengthen its advisory capabilities across capital markets and share trading, while strategically aligning its activities with national development priorities. Emphasis will be placed on supporting infrastructure development and empowering the SME sector, thereby contributing to sustainable economic growth.

FINANCIAL INSTITUTIONS

Our focus

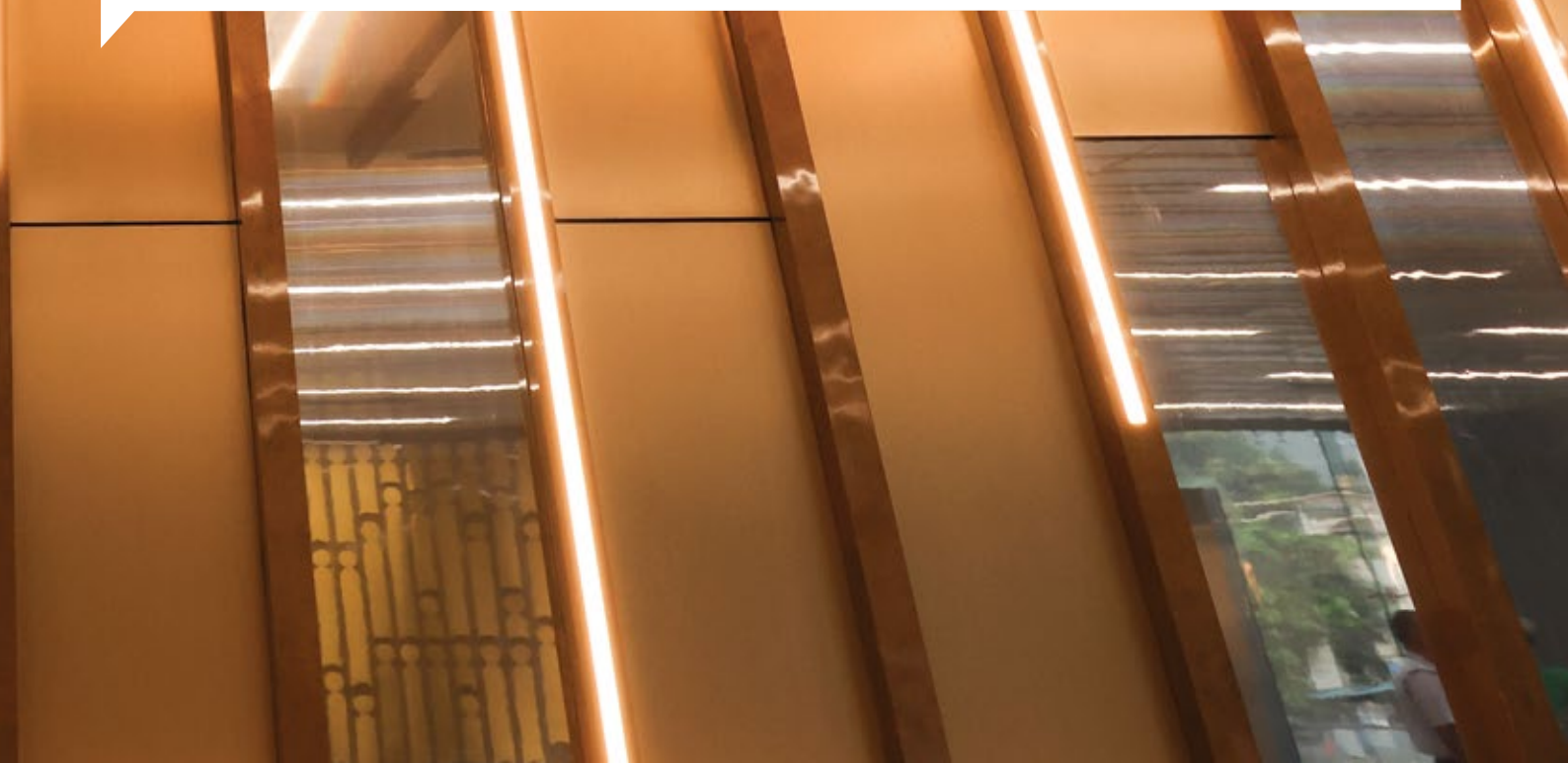
The Financial Institutions (FI) Department plays a vital role in strengthening the Bank's international relationships and facilitating seamless cross-border banking operations. The FI department negotiates credit and trade lines with correspondent banks across the globe. These arrangements support the Bank's Treasury operations by enabling engagement with international counterparties in foreign exchange, money markets, and other financial transactions. Currently, People's Bank maintains 573 correspondent banking relationships worldwide, providing extensive global reach. Additionally, the Bank currently maintains 37 nostro accounts across 16 major currencies in 20 countries, allowing it to process international transactions quickly and efficiently.

Our strategy

The global correspondent banking landscape continues to evolve amid increasing regulatory scrutiny and compliance requirements. In particular, the tightening of international sanctions regimes and enhanced due diligence expectations from global financial institutions present growing challenges for banks operating in cross-border markets. Through proactive relationship management, strategic credit line arrangements, and robust correspondent banking networks, the Financial Institutions Department contributes significantly to the Bank's ability to support international trade, treasury operations, and global financial connectivity.

Outlook for 2026

In 2026, the Financial Institutions Department will continue to strengthen People's Bank's global correspondent banking network to support the Bank's growing international business and cross-border transaction capabilities. The Unit will also continue to review and optimise the Bank's nostro account network to ensure efficient settlement capabilities across major currencies and maintain operational resilience.



OVERSEAS CUSTOMER SERVICES (OCS)

The Overseas Customer Services (OCS) functions as the Bank's central hub for driving and facilitating inward remittance flows and provides guidance and expertise on Foreign Currency Accounts for customers residing overseas.

Our focus

We focus on increasing Foreign Currency (FCY) deposits and facilitating smooth worker remittances by expanding Vostro correspondent remittance relationships globally, enabling customers to enjoy faster, secure, and more convenient international transactions while ensuring reliable savings options and seamless fund transfers to support their families and friends in Sri Lanka.

Our strategy

The strategies for Overseas Customer Services were determined as increasing Foreign Currency (FCY) Deposits, facilitating smooth flow of Worker Remittances, and establishing new Vostro Correspondent Remittance Relationships across the globe.



- Foreign currency deposit mobilisation
- New vostro remittance correspondent relationships
- Inward workers' remittances
- Overseas customer services

Foreign currency deposit mobilisation

Overseas Customer Services (OCS) actively drives the mobilisation of Foreign Currency (FCY) Deposits across both business and personal banking segments through targeted strategies aimed at attracting and retaining customers. The Bank offers competitive interest rates on FCY deposits, complemented by value-added benefits such as comprehensive insurance packages covering accidents, baggage, and medical expenses. In addition, Personal Foreign Currency Account holders are provided with access to pawning facilities at concessionary rates, various loan facilities, online fund transfer facilities further enhancing the value proposition and financial convenience offered to customers.

PFCA	**Ethera Isura Personal Foreign Currency Account** For secure management of foreign currency earnings. Enables seamless remittances with convenient access to funds. **Ethera Isura Premier Account** An exclusive account for high-value customers. Offers preferential rates as its key premium benefit.
PFCA Minors	**Ethera Udana Minors' Foreign Currency Account** Empowering parents to save foreign currency securely for their children's future.
BFCA	**Business Foreign Currency Account** Designed for businesses engaged in international transactions. Supports efficient fund management and liquidity.
IIA	**Inward Investment Account** A secure channel for foreign investments. Ensures transparent and compliant fund flows.
DFCA	**Diplomatic Foreign Currency/ Diplomatic Rupee Account** Tailored for diplomatic missions.
VPFCA	**Visa Programme Special Account** For foreign nationals seeking local residence. Supports visa-related financial requirements in a secure and compliant manner.
FXFP	**FX Future Plus** A high-yield fixed deposit for remittance income, delivering strong returns with ease.

Migration accounts

CTRA	Capital Transaction Rupee Account
ERIA	Emigrants' Remittable Income Account
NRRA	Non-Resident Rupee Account
DRA	Diplomatic Rupee Account

New vostro remittance correspondent relationships

During the year under review, we successfully established new Vostro Correspondent Relationships in Jordan, Malaysia, and Romania, while further strengthening our presence in the United Kingdom, United Arab Emirates, and Singapore. These strategic expansions have enhanced our global network and reinforced our ability to support cross-border transactions efficiently.

Our strategic alliances with leading global remittance networks such as Western Union and RIA Money Transfer have significantly expanded our international reach. Leveraging their extensive worldwide platforms, we have amplified our cross-border capabilities and improved service accessibility for our customers.

By integrating with advanced partner technologies through Bank's API systems, provides access to multiple international corridors, streamlining remittance flows and accelerating access to global payment systems. In addition, our proprietary digital solutions — People's WebRemit and People's InstantRemit — enable instant fund transfers, enhancing speed, convenience, and overall customer experience.

Worker remittances and foreign currency deposits

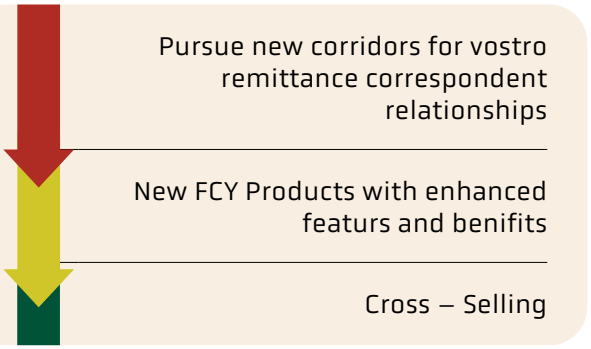
The "People's Remittance Vaasi Kotiyai" draw continued to spearhead the Bank's flagship promotional campaign, significantly enhancing the Bank's brand image and customer engagement, and delivering strong results in attracting remittance inflows to People's Bank Accounts.

During 2025, the Bank launched a series of strategic promotional campaigns through "Dolos Mahe Vaasi Chakraya" aimed at attracting new Foreign Currency Deposits, promoting Inward Workers' Remittances directly to People's Bank accounts, and retaining existing customers, thereby supporting the growth of the Bank's Foreign Currency Deposit Base and Market Share in Inward Remittances.



Supporting the remittance flow

Our expertise is offered to customers in countries like South Korea, the Middle East, and Italy through our representatives. The Bank currently has a total of 16 representatives stationed globally to assist expatriates in processing their loan applications and account opening through e-KYC. Before heading abroad, expats receive financial support through pre-departure loans and guidance from the officials of Sri Lanka Bureau of Foreign Employment (SLBFE) and the Bank officials during training programmes.



Month	Special Promotional Campaigns
January	Seasonal Promotion “Ran Kaasi Vaasi”
February	Independence Week “Nidahas Pranama”
March	International Women’s Day “Vanitha Pranama”
April	Sinhala and Tamil New Year “Kalin Awurudu Vaasi”
May	Labour Day “Shrama Harasara”
July	People’s Bank 64th Anniversary “Sanvathsara Pranama”
OCT	Children’s Day “Doo Daru Pranama”

Outlook 2026

We will actively pursue new corridors for remittance services prioritising Western Europe and in other high-opportunity destinations. The expansion will meet the needs of emerging trends in labour markets and facilitate customers with various banking solutions.

In recognition of the invaluable contribution made by Sri Lankan expatriates to the national economy, the Bank successfully launched the “People’s Remittance Vaasi Kotiyai” and “Dolos Mahe Vaasi Chakraya ” special promotional campaigns for the fifth and second consecutive years respectively.

The Bank plans to introduce enhanced Foreign Currency products designed with improved features and value-added benefits to better meet the evolving needs of customers. These offerings will be complemented by targeted cross-selling initiatives to increase accessibility and encourage greater utilisation of the Bank’s FCY services. In addition, loyalty and reward programmes aimed at regular remittance customers will provide added benefits and recognition, while supporting the growth of Foreign Currency Deposits and strengthening the Bank’s market presence in this segment.

INTERNATIONAL BANKING

Demonstrating the Bank's dedication to support global trade, the International Banking Division remains committed to facilitating seamless cross-border transactions by delivering specialised advisory services and comprehensive trade finance solutions that enable customers to navigate through increasingly complex global markets.

Our focus

In 2025, we continued to focus on enabling sustainable cross-border commerce, delivering specialist trade-finance solutions, and capacity building initiatives, while strengthening internal controls and expertise, as a leader in the banking sector with the widest reach and deeply embedded ethical banking practices.

Our strategy

While offering comprehensive trade finance solutions and building customer capabilities, we enhanced our internal expertise through continuous professional development by delivering specialised training programmes in international trade and banking operations. We ensured that customers and employees remained well-accustomed to the evolving regulatory framework around international trading and global best practices, which are imperative in this market segment.

This dual focus on customer engagement and institutional capability enables the Bank to support seamless, secure, and efficient cross-border transactions, while strengthening its position as a trusted financial partner in international commerce.

Strategic initiatives

Our strategic initiatives were centred on materially increasing export volumes and driving greater utilisation of the Bank's import-financing facilities. To achieve these objectives, we engaged in broadening trade-finance activities, bolstering export performance, and making inroads into potential sectors engaged in international trade.

Strengthening trade finance

To improve accessibility and provide specialised support to businesses engaged in international trade, the Bank strengthened its dedicated Trade Finance Desks at selected branches across the network. Following the relaxation of restrictions on vehicle imports during the early part of the year, the country witnessed significant growth in demand for imports, especially vehicles. In this regard, staff in the branch network was trained and equipped to provide expert guidance on trade-related transactions, especially related to vehicle imports, while streamlining processes and improving responsiveness to deliver a speedy service.

By bringing specialised expertise closer to customers, the Bank enhances service efficiency and strengthens its ability to support exporters and importers across key commercial regions.

Strengthening regional export hubs

Recognising the importance of regional hubs in driving national export growth, a much-needed action to align with the national focus, the Bank prioritised capacity development among staff handling export-related operations. Through structured training programmes, workshops, and continuous professional development initiatives, employees were equipped with enhanced knowledge of export finance, regulatory compliance, and international trade practices.

These initiatives have strengthened the Bank's ability to provide informed advisory services while facilitating efficient export financing solutions for businesses.

Expansion of trade finance business

The Bank focused on targeted marketing initiatives and continued the enhanced staff incentive framework, aimed at expanding trade finance activities and identifying new business opportunities.

Through proactive customer engagement, strategic partnerships, and tailored financial solutions, the Division continued to strengthen its presence in the trade finance market, while supporting the growth of international business transactions.

Key achievements

During 2025, the International Banking Division achieved several notable milestones reflecting its commitment to service excellence, operational efficiency, and institutional development.

Service excellence and increased business volumes

The Division continued to enhance customer service standards through process improvements and customer-centric initiatives, aimed at delivering timely, efficient, and tailored banking solutions. The high standards of service quality set, together with improved services at delivery points, particularly in Letter of Credit (LC) opening, where establishing an LC within a day was introduced, enabled the Bank to contribute to a significant market share in vehicle imports as well as other imports during the year.

Internal capacity building

In line with its commitment to strengthening branch-level trade expertise, the Division conducted extensive on-the-job training programmes for a large number of staff members in the branch network across all regions of the Bank, enhancing their knowledge of trade finance products, international banking procedures, and regulatory requirements.

ISO 9001:2015 recertification

Demonstrating its continued adherence to international quality standards and operational excellence, the International Banking Division successfully secured ISO 9001:2015 recertification through the annual verification for its trade services. This globally recognised accreditation reaffirms the Division's adherence and commitment to maintaining robust quality management systems, operational excellence, and superior customer services, reassuring Bank's intentions to follow global best practices in service delivery and process management.

Resilience through challenges

Despite intensifying competition, tightened regulatory requirements, and a spectrum of local and international headwinds that buffeted the macroeconomy, the International Banking Division maintained a strong posture in operational resilience and dependable performance. The Division continued to empower customers both financially and through knowledge sharing, while contributing meaningfully to the national economy.

The international banking landscape continues to be shaped by a range of external pressures, including foreign exchange volatility, evolving regulatory frameworks, global trade tensions, geopolitical uncertainties, labour shortages, and operational disruptions at key ports and logistics hubs. These factors continue to influence trade flows and operational efficiency across the sector.

Despite a significant reduction in resources due to mass migration, the International Banking Division successfully managed transactions equal to pre-crisis levels, maintaining high delivery standards. Tireless efforts of our staff turned a daunting task into a customer satisfying endeavour.

By reimagining processes, the Division set time-bound parameters with other units to streamline operations and uphold high standards of delivery. Through continuous analysis of deviations and root cause analysis, the International Banking Division refined its processes to improve the quality and timeliness of both inward and outward transactions.

Outlook for 2026

The Bank will continue to focus on strengthening trade finance capabilities, enhancing operational efficiency, and delivering competitive, customised financial solutions to meet the evolving needs of businesses engaged in global commerce.

The Division will drive process optimisation through digital transformation and continue with proactive customer engagement to materially strengthen the Bank's service delivery. Concurrently, we will drive measurable efficiency gains and diligently embed international best practice across operations, governance, and customer experience.

Supported by improving macroeconomic conditions, policy reforms, and growing investor confidence, People's Bank is poised to play a meaningful role in supporting Sri Lanka's economic development while facilitating sustainable growth in international trade.

IT AND DIGITAL BANKING

Technology is the foundation of the Bank's transformation journey, enabling both business and operational functions across to deliver sustainable value to our stakeholders. We invested in cutting-edge technology and digital platforms to offer seamless, secure, and accessible banking, redefining customer experience and benchmarking excellence.

Our focus

We focused on strengthening the digital foundation, enhancing compliance, and improving operational efficiency. A dedicated Project Management Office (PMO) was set up to inculcate a strong governance culture across all technology initiatives. Emerging as a pivotal driver of disciplined execution, robust risk management, and alignment with strategic objectives, the Bank successfully delivered several compliance and risk management projects, including a rigorous Anti Money Laundering (AML) system. The Bank's early compliance with SWIFT MX message standards in line with global best practices, and well ahead of regulatory timelines were driven by the technological excellence that is inherent to us.

Our strategy

To achieve our objectives of technological and digital excellence, we implemented three key initiatives.



Modernisation of Core Payment Infrastructure

Accelerating Digital Transformation and Workflow Automation

IT and Digital Banking

Establishing Robust Human Capital Management

Infrastructure modernisation

Infrastructure modernisation remains a key strategic objective and several milestones were achieved to strengthen scalability, security, and operational resilience. The Bank is well positioned for sustainable growth, fast service delivery, improved security, and integration with emerging technologies such as cloud computing and AI-driven analytics.

SD-WAN	Seamless access to cloud services for improved user experience.
Containarised Infrastructure expanding virtualisation footprint	Delivering operational efficiency and faster deployment cycles, which are critical for innovation and time-to-market.
State-of-the-art Security Operations Center (SOC) and Network Operations Center (NOC).	Real-time monitoring, threat detection, and proactive network health management, ensuring business continuity and regulatory compliance. The SOC leverages advanced analytics and threat intelligence to mitigate cyber risks, while the NOC ensures optimal network performance and availability.
Upgrade Data Centre Infrastructure	Advanced threat detection and fraud prevention, safeguard customer data and transactions, network segmentation and zero-trust architecture to minimise attack surfaces.
Integration with Lanka GovPay Platform	For government payments
QR Code Payment Functionality	For contactless payment experience
Upgrading Data Security	Advanced encryption and multi-factor authentication
Predictive Analytics-driven dashboards	Offering personalised insights, financial scores and proactive alerts supporting customers to make insightful decisions about their financial health.

Tools for risk management

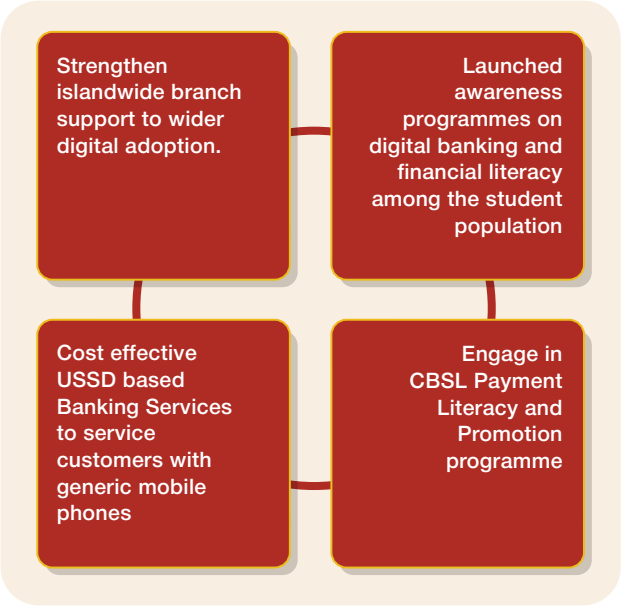
Rapidly becoming a cornerstone of effective risk management, advanced analytics, real-time intelligence, and cloud-narrative architectures, advanced analytics helped the Bank in data-driven decision making and detect emerging threats faster with accuracy to comply with an evolving regulatory standard. We implemented several tools in achieving accuracy in complex scenarios leading to resilience and averting cyber-threats. We made significant progress in deploying advanced data analytics and robust data warehousing delivering high-quality datasets for informed decision-making.



Expanding the digital footprint

Fully aligning with CBSL's digital-banking guidance, we repositioned the digital banking strategy as a primary service delivery channel, supporting the national digital-economy and cashless-payment initiatives. The Digitalisation Department was established to drive the Bank's digital vision forward expanding its digital footprint and delivering innovative solutions. Prioritising mobile-first, paperless, and branch-assisted digital models, we scaled our offering to ensure accessibility to our customer base, with varying degree of digital literacy. Secure, reliable, and user-friendly digital platforms as the core, we enhanced the overall customer experience and operational efficiency, in 2025.

Digitaisation is an essential element of financial inclusion, which is a priority for the government and as such, is a strategic priority for the Bank. We adopted a multi-pronged approach to overcome barriers to connectivity and to increase our reach, touching lives and livelihoods across the island.



Stability, Scalability, and 24/7 Digital Banking Availability

- Implementation of high-availability infrastructure for all digital banking platforms
- Continuous system and transaction monitoring to ensure 24/7 service availability
- Controlled change and release management to minimise customer impact
- Strengthened disaster recovery arrangements for digital channels

MILESTONES

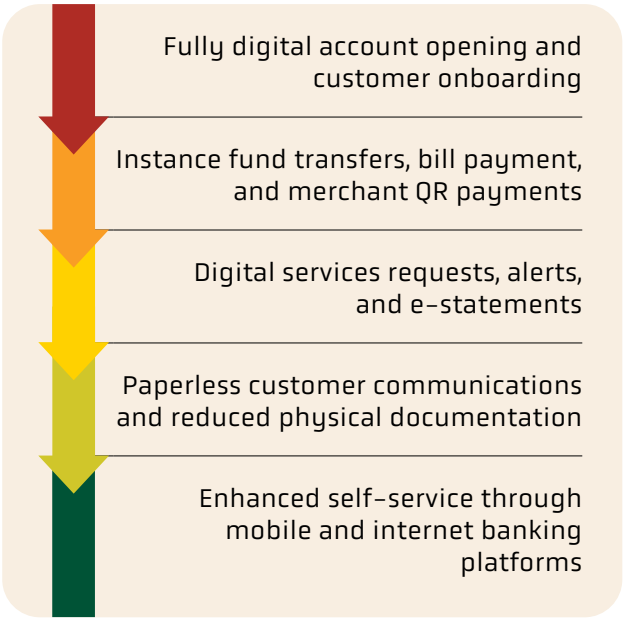
- Expansion People's Wave (mobile banking) and People's Web (internet banking)
- Strengthening of People's Pay for instant payments, QR transactions, and merchant acceptance
- Introduction of digital onboarding, e-KYC, and online service request capabilities
- Continuous enhancement of People's Wyn for digital engagement and customer interaction
- Increased interoperability with national payment and settlement systems

Customer adoption trend

Registered and active users for digital banking recorded a steady growth, resulting in increased transactions and transaction frequency across fund transfers, bill payments, and QR payments. The growth was visible across retail, salaried, pensioner, and SME users, while branch assisted onboarding enabled a wider penetration in rural and semi-urban areas. This reflects a shift from branch-based transactions to digital banking self-service, underscoring the platform's expanding reach and relevance.

Digitally enabled products, services, and facilities

We delivered a suite of digitally accessible products, available across all customer touchpoints.



Workflow automation

We streamlined digital banking operations through automation of account opening, service requests and operational validations, significantly reducing manual processes and the need for physical documentation. The automations improved processing turnaround times and facilitated service consistency. System-based controls enhanced audit trails reinforcing governance standards. These synergised to reduce operational risk across all digital banking processes, improving efficiency and reliability.

Digital fraud management

Real-time transaction monitoring, enhanced fraud-detection, and incident-response mechanisms were strengthened through the security and resilience of our digital banking ecosystem. Platform integrity was further enhanced by regular system reviews and comprehensive cybersecurity assessments. Targeted customer awareness campaigns promoted safe digital banking practices.

Data analytics and governance

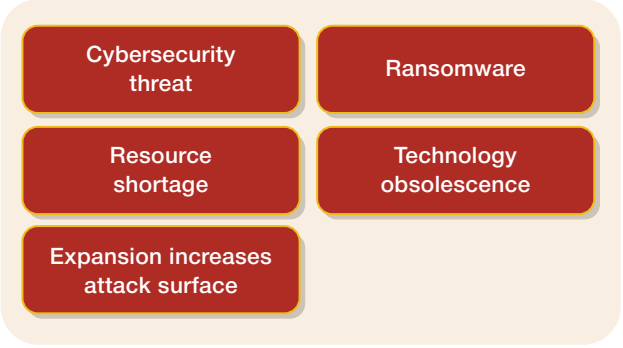
The many enhancements we implemented in 2025 strengthened our capacities for data driven decision making. Continuous tracking and analysis of customer behaviours trends generated operational insights, supporting product and service development for emergent and evolving customer needs.

Customer data protection as our statutory accountability, robust data-access controls and privacy safeguards were set up, ensuring ethical and responsible handling of customer information.

Upskilling and training

Alongside enhancing customer digital offering, we continued to strengthen internal capabilities through comprehensive training of our human capital, empowering them to serve as effective digital mediators, guiding customers and reinforcing the Bank's digital-first culture.

Challenges



Digitalisation is non-negotiable and will continue to evolve as technologies transform. Inherent risks and challenges, therefore, are set to rise in the current and the future banking landscapes.

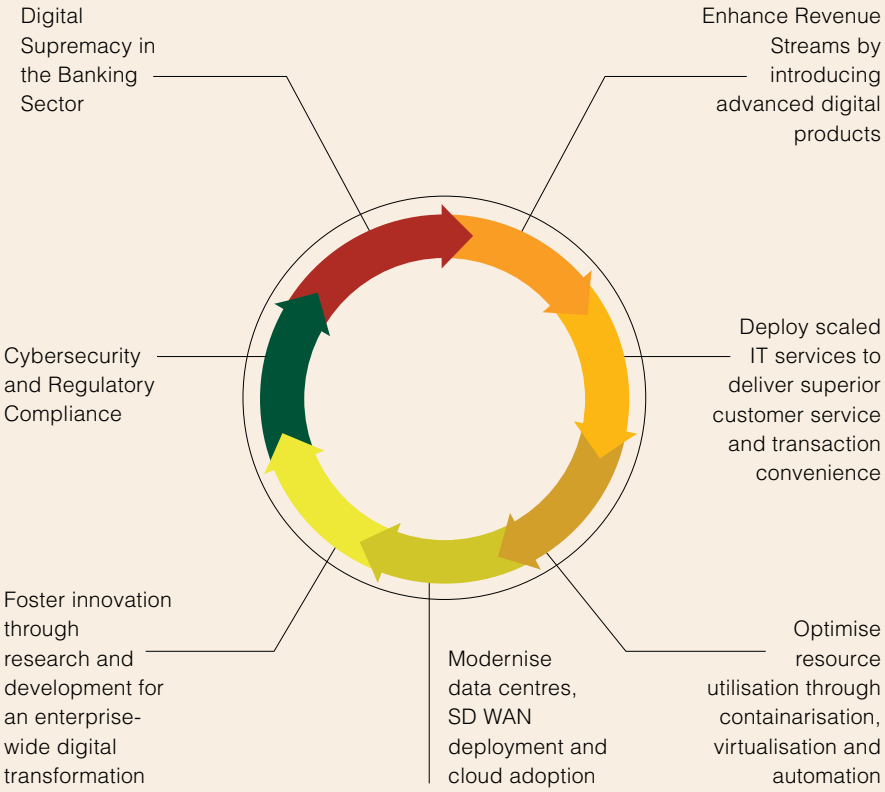
We identify cybersecurity threats, particularly zero-day and advanced persistent threats (APTs), as critical and require proactive strategies for mitigation. Continuous monitoring, rapid response capabilities, and advanced threat intelligence are required to safeguard critical infrastructure.

Ransomware and phishing attacks have increased mainly targeting financial institutions.

Global shortage of cybersecurity and cloud professionals exacerbated the issues, hampering the Bank's ability to scale secure systems. Retaining skilled IT staff is a costly investment, that however, is a mandatory requirement. The Bank, as a fully state-owned entity, has a limit on remuneration packages.

Legacy systems become inefficient or insecure giving rise to technology obsolescence, and to remain competitive, the Bank must continue its modernisation efforts, at optimum cost.

Financial inclusion and expansion in the rural communities increase the attack surface significantly, requiring endpoint protection, and real-time monitoring across distributed environments, for resilience and customer data safety.



Outlook 2026

To further accelerate the Bank's technological and digital transformation and establish its leadership in the banking sector in this sphere, we articulated a set of strategic objectives to be implemented in 2026. These objectives are closely aligned with the Bank's vision to deliver superior customer experience, while supporting government initiatives in financial inclusion and SME development.

We plan to further expand our digital lending and strengthen online banking journeys, with focus on mobile banking. These efforts will strongly integrate with national digital-identity and payment ecosystems.

We will also continue to invest in cybersecurity, operational resilience, and digital innovation to ensure the platform remains robust, future ready, and aligned with evolving customer needs and regulatory expectations.

CREDIT CARDS

The rapid surge in credit card usage underscores society's growing preference for cashless transactions and the increasing demand for convenient access to funds.

Our focus

Electronic transactions currently dominate the banking landscape, with credit and debit card at the forefront. Facilitating consumer spending, improving business cash flows, and driving technological innovations, these connect markets and businesses removing barriers to commerce. The Bank's Credit Card Centre was an integral part of financial inclusivity drive, leveraging the Bank's country-wide reach and advanced digital tools.

Our strategy

The Card Centre utilises the branch network–based credit card sales strategy to increase the number of credit cards issued and to improve market share by effectively competing with other market players. As part of the portfolio growth strategy, the Card Centre offers year-round instalment payment plans for key customer expenditure categories such as education, healthcare, and insurance payments, encouraging customers to regularly use their People's Bank credit cards in addition to General credit card offers. To boost portfolio growth and increase credit card usage, the Bank has adopted the "Buy Anything Anywhere" strategy, enabling customers to use their cards across a wide range of merchant categories while strengthening the Bank's presence in the market. From a brand and marketing perspective, People's Cards continue to conduct shopping mall promotions and merchant campaigns to enhance market awareness and strategically position the People's Card brand among affluent customer segments.

The highlights

Portfolio expanded

23%

Credit card transactions increased by

33%

As at 31 December	2025	2024	2023	2022	2021
Credit Cards Outstanding (LKR Mn.)	10,805.0	8,812.2	6,576.7	5,539.6	4,303.4

Product range

The Bank's product range is developed to offer affordable credit based on responsible lending. This was further supported by the Bank's digital innovations, that enhanced through-the-line (TTL) marketing efforts complementing legacy marketing activities.

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 595,000.
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	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.

New Product Launches

1. Vanitha Vasana credit card Launch in celebration of International Women's day celebration in March.
2. SME Business Credit Card Launch in celebration of International SME day in June.

Promotional campaigns

Realtime dissemination of promotional content and mass-marketing campaigns enabled timely, wide-reach engagement and improved campaign responsiveness.

Month	Special Promotional Campaigns
March	Vanitha Vasana Credit card Launch campaign
March	Havelock City Mall Promotion
March-April	New Year Promotion
May	Mother's Day Promotion
July-August	Kandy City Centre
August	Liberty Plaza promotion – Mini POS Launch
October	Havelock City Mall – HCM 2nd Anniversary promotion
December	Seasonal promotion

Merchant acquiring business

To support our business partner community, we launched a Mini POS Merchant solution with a view to strengthen financial inclusivity of the SME business community.

Empowering SMEs and supporting the government's initiative of developing SME and microfinance sectors.

Outlook 2026

People's Card aims to expand its credit card business across regional markets, supporting Sri Lanka's broader digitalisation initiatives and promoting greater financial inclusion among citizens. This approach will also contribute to improving financial literacy across the population.

The Bank plans to strengthen its credit card portfolio by deploying a dedicated card sales team to drive growth. This strategy is expected to attract more affluent customer segments and further enhance the overall cardholder base.

In addition, the Bank will focus on integrating the latest technological innovations into People's Credit Cards and payment systems, ensuring a seamless and superior customer experience.

Special attention will also be given to attracting teens and younger generations by understanding their preferences, behaviors, and financial needs, and tailoring products and services accordingly.



RECOVERIES

A disciplined function operating in a structured manner, the Bank's Recoveries Department combines the requirement to retain asset quality with humane approach to loan repayments. The Bank's digital transformation is a vital component of the recovery drive, as data-driven prioritisation facilitates proactive engagement to reinforce our commitment to sustainable lending, thereby achieving the objective of financial inclusion.

Our focus

The Bank focused on reducing the outstanding balances across 25 regions and decreasing the gross Non-Performing Loan (NPL) balance.

Our strategy

While conducting monitored recovery efforts, we executed negotiated settlements for balances under LKR 25 Mn. Parate settlements were temporarily withheld up to 31 December 2025 for balances under LKR 25 Mn. and while facilities over LKR 25 Mn. considered case by case basis. In the aftermath of Cyclone Ditwah, the Bank supported the affected customers by rescheduling and re-arranging loans or extending repayment cycles, as a relief measure.

The highlights

Reduction in NPL (branch network)	Exceeded in written-off recovery	Reduction in NPL (total bank)
LKR 1.3 Bn.	**LKR 39 Mn.**	**LKR 2.4 Bn.**

Significant recovery of legacy loans

Portfolio quality was significantly improved with the recovery efforts that were continuously pursued in 2025. As the Bank's operations are spread across the country, it is notable that 18 out of 25 regional outstanding balances reduced by LKR 1.3 Bn., which amounts to a 6% reduction in the outstanding balances from the beginning of the year. It is remarkable that the Department was able to also reduce the gross NPL balance by LKR 2.4 Bn., a 3% decrease, attributable to the efforts of Branches and Corporate Banking Division.

Customer-centricity in crisis

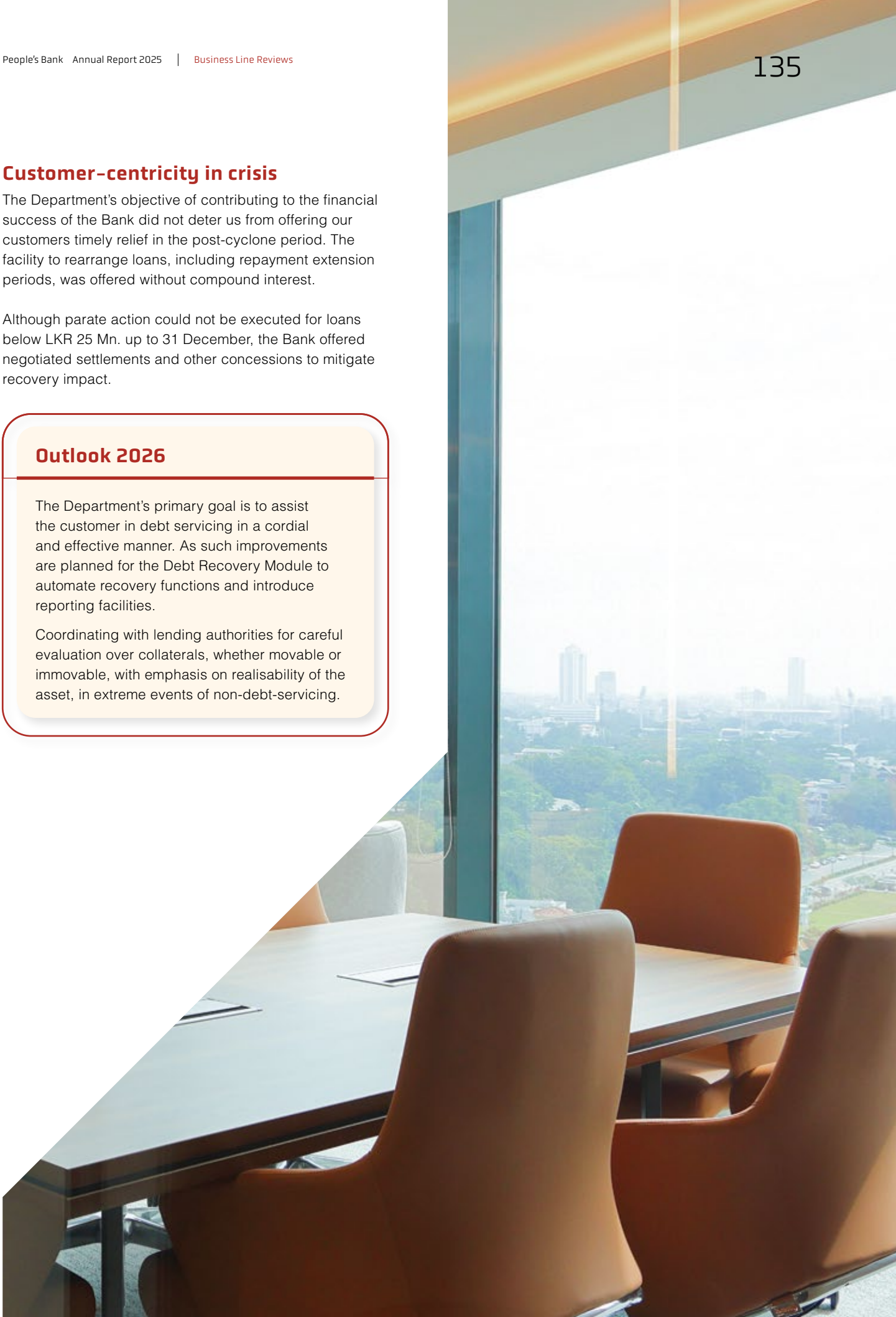
The Department's objective of contributing to the financial success of the Bank did not deter us from offering our customers timely relief in the post-cyclone period. The facility to rearrange loans, including repayment extension periods, was offered without compound interest.

Although parate action could not be executed for loans below LKR 25 Mn. up to 31 December, the Bank offered negotiated settlements and other concessions to mitigate recovery impact.

Outlook 2026

The Department's primary goal is to assist the customer in debt servicing in a cordial and effective manner. As such improvements are planned for the Debt Recovery Module to automate recovery functions and introduce reporting facilities.

Coordinating with lending authorities for careful evaluation over collaterals, whether movable or immovable, with emphasis on realisability of the asset, in extreme events of non-debt-servicing.



MARKETING

The Bank's Marketing Department is responsible for connecting the Bank with the customers and other stakeholders, while building brand visibility with relevance as the key. The Department's efforts permeate across the Bank, significantly contributing to a sustainable financial performance.

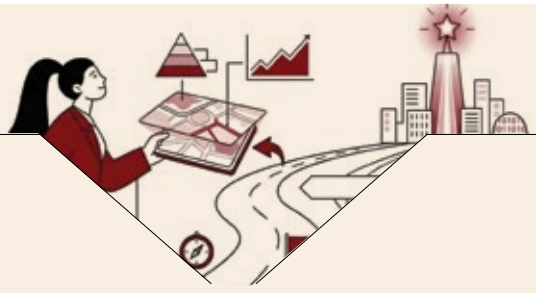
Our focus

We actively engaged in disseminating marketing communications that delivered messages across all customer demographics in a way that is relevant to each segment. While creating our visibility as a top of the mind brand, the Bank pitched for the long term by aligning the brand's core components to stay relevant to the target market segments, in its customer portfolio.

Our strategy

In 2025, the Marketing Department played a critical role in supporting People's Bank's broader transformation agenda by repositioning the brand to align with evolving market dynamics and customer expectations. Operating in a highly competitive environment, the Department focused on strengthening the Bank's relevance especially among the 18-45 age segment, a key driver of long-term growth, digital adoption, and transactional value.

This strategic focus was anchored on three defining brand pillars – Technological Leadership, Nation-Mindedness, and Superior Customer Experience – which guided all marketing initiatives, ensuring consistency, clarity, and long-term brand differentiation.



Delivering impact through integrated marketing

Driving top of mind leadership

RELEVANCE

Strengthening corporate brand and institutional trust

Enhancing brand value through targeted engagement

Data driven decision making and market intelligence

Leveraging technology for marketing excellence

Driving top-of-mind leadership

Maintaining strong top-of-mind awareness remained a central objective in 2025. Through integrated, multi-channel campaigns spanning both traditional and digital platforms, the Bank sustained a high level of brand visibility across the country.

These efforts ensured that People's Bank continued to be the first choice financial institution for a broad spectrum of customers, reinforcing its position as one of the most trusted and recognisable brands in Sri Lanka.

Enhancing brand relevance through targeted engagement

Beyond visibility, the Department placed strong emphasis on delivering meaningful and relevant communication tailored to specific customer segments. Marketing campaigns were designed to align closely with customer lifestyles, aspirations, and financial needs, thereby strengthening engagement and improving conversion outcomes.

CSR initiatives and community engagement programs were strategically leveraged to deepen emotional connections with customers, reinforcing the Bank's identity as a nation-minded institution committed to inclusive growth and societal progress.

Leveraging technology for marketing excellence

Technology was a key enabler in elevating marketing effectiveness during the year. The Department utilised digital platforms, data analytics, and emerging communication tools to improve creatives, targeting precision, campaign optimisation, and customer personalisation.

These efforts not only enhanced marketing outcomes but also supported the Bank's broader digital transformation agenda by encouraging increased adoption of digital banking solutions among the mass market.

Data-driven decision making and market intelligence

A strong emphasis was placed on understanding evolving market sentiment and customer behaviour through structured research, surveys, and feedback mechanisms. These insights enabled the Department to remain agile, continuously refine strategies, and respond proactively to changing market conditions.

This data-driven approach ensured that marketing decisions were grounded in insight rather than assumption, improving both efficiency and effectiveness.

Strengthening corporate brand and institutional trust

Recognising that long-term success in financial services is built on trust and credibility, the Department intensified its focus on enhancing the Bank's corporate image and overall brand perception. In addition to product-led campaigns, greater emphasis was placed on communicating the Bank's values, stability, and national contribution.

This approach reinforced People's Bank's standing as a resilient, responsible, and forward-looking institution, strengthening stakeholder confidence across customers, regulators, and the wider public.

Delivering impact through integrated marketing

Through a cohesive and strategically aligned approach, the Marketing Department successfully supported the Bank's transformation journey – driving visibility, enhancing relevance, strengthening trust, and enabling digital adoption at scale.

These efforts contributed meaningfully to reinforcing People's Bank's position as a market leader, a champion of financial inclusion, and a trusted partner in Sri Lanka's economic progress, embodying excellence in both performance and purpose.

Challenges

Volatility in any form can adversely impact the marketing drive. Similarly, content-clutter and negative perceptions of any medium can dilute the Bank's communications disseminated through them.

With 746 branches and service centres, service issues in any single location rapidly gains attention on social media.

Outlook 2026

We will deliver a clear message of relevance consistently and appropriately across the customer portfolio. CSR activities will be streamlined to align with our messages. Maximising on AI will further strengthen our digital platforms for customer engagement through user friendly website and mobile app platforms. While enhancing our brand visibility, these initiatives will be cost efficient and contribute to operational efficiencies.

CHANNEL MANAGEMENT

The Channel Management Department (CMD) oversees the Bank's Branch network, which comprises of 352 fully-fledged branches and 391 service centres and the many digital channels that delivers customer convenience. CMD's business purview includes the loans, advances, pawning services and the deposit portfolio, with responsibility to ensure audit and regulatory compliance within a strong risk mitigated framework.

Our focus

Rapid digital transformation and expanding the digital footprint creating an Omni channel customer experience were prioritised while the branch and agency network were upgraded to support financial inclusion. Rigorous campaigning disbursing quality loans and advances ensured robust liquidity management to ease the excess position in 2025.

Our strategy

We guided and motivated the Branch Network to strategically redeploy excess liquidity into high-quality loans and advances under a disciplined and robust risk governance framework. Fee income revenue grew while employee engagement was increased via e-learning platforms for product and service awareness contributing to a strong balance sheet and building a future-ready team. High Net Worth Individuals (HNIs) were assisted by dedicated Customer Relationship Officers at branch level, that amplified cross-sell success and service delivery.



Service Quality and Capability Enhancement

Business Growth through Quality Lending

Operational Excellence and Governance Strengthening

Financial Inclusion

Service Quality

Digital Transformation

Strategic Initiatives

Several key initiatives were implemented to deliver our strategy combining financial inclusion, digital transformation, and service accessibility to deepen customer trust and future-proof the operations.

Business growth through quality lending

CMD implemented the Motivation Programme for Quality Lending, resulting in a net growth in advances of LKR 156.5 Bn., a 26.3% Y-o-Y. High performing branches were recognised while structured training and awareness programmes were conducted for underperforming units to improve credit quality and portfolio performance.

Financial inclusion

The Bank opened 115,000 accounts under the Aswesuma Programme, representing over 48% market share of total island-wide beneficiaries. Since the commencement of the programme in 2023, the Bank has opened 843,518 accounts out of the total 1,500,000 accounts island-wide, securing 56.23% market share. The outcomes demonstrate the Bank's operational scalability and unwavering commitment to advancing financial inclusion goals, nationwide.

Digital transformation

The digital customer solution registration surpassed 5.3 million mark, the highest in the Sri Lankan banking sector. Our product repertoire includes mobile and internet banking for both individual and corporate customers, Mobile Wallet App, paperless account opening, covering core banking, digital payments, wallet management, and digital onboarding. Increased adoption of GOVPAY optimised cost efficiencies reducing manual dependence. Overall, the digital transformation enhanced transparency, accuracy, speed, and accessibility of customer information.

Service accessibility

Implementing GOVPAY, installing 76 cheque deposit machines and modernising ATM switch exponentially increased transaction speed, convenience, timeliness, and service reliability.

Operational excellence and governance strengthening

"Excellence Beyond Average" programme upgraded audit standards across the branch network through targeted capacity-building initiatives for audit officers and branch staff, elevating procedural standards. The "Streamline 2025" initiative which was conducted simultaneously, focused on inventory optimisation and rationalising of physical resources, improving cost efficiency and operational excellence.

Service quality and capability enhancement

Voice Surveys and Mystery Customer Surveys were conducted to identify service gaps. These insights helped in conducting customised training programmes where service improvements were required.

2025 marked a defining year for CMD, characterised by strengthened governance, and enhanced service excellence and accelerated digitalisation.

The highlights

Digital customer Solution Registration
5.3 million

Aswesuma accounts as of 2025 – 56.23% market share
843,518

New *Aswesuma* accounts opened in 2025
115,000

In loans and advances – 26.3% Y-o-Y growth
LKR 156.5 Bn.

New recruitments as customer service assistants
683

Growth in fee income
21.3%

352 Branches **391** Service Centres

Excluding CBD, OCS, and Business Revival unit

Deposits

106% Demand

110% Savings

113% Time

120% Foreign currency



Full year profitability (after transfer pricing)

113%

Loans advances and others

Pawing **104%**

NPL **100%**

Other Advances **112%**

Fee income **162%**

CMD Exceeded annual targets in all KPIs, well before year-end.

Customer centricity

Engaging with our customers

Adopting a blend of personalised services and digital convenience, we engaged with our customers on an on-going basis. The approach included deploying dedicated relationships managers, one-to-one sales calls, expertise of highly skilled branch staff, and the social media. Adapting to the generations we bank from new-born to senior citizen years, we carefully selected the media and the approach, crafting messages that appealed and met the needs of each generational band, that bank with us.

Digital first

Our considerate and selective acumen was most evident in the aftermath of Cyclone Ditwah, where we adopted a digital-first approach to speedily reach out to the customers affected by the destruction. Proactive communication and mobile banking convenience in the impacted areas underpinned by branch support, ensured continuity of much needed banking services, augmenting customer confidence and proven reliability of the People's Bank.

Speed loans to rebuild

Post-cyclone relief included a loan at 3% interest to rebuild properties that were disbursed speedily. The Bank's official Facebook Page and other social media platforms were continuously updated with information and public awareness messages to lend support to the customers in distress and partner with the government in relief measures.

Complaint management system

407
Complaints received

42
Pending to be resolved

365
Resolved

Performed root-cause analysis of complaints received through the Bank's centralised Complaint Management System (CMS) supported to implement corrective action, and systematically incorporated feedback driven insights into channel improvement, product designing, and service quality enhancements.

The Bank stringently follows the requirements set by the Regulatory, Central Bank of Sri Lanka in managing and resolving complaints. These requirements are embedded in the Bank's policies and procedures. A monthly status report is submitted to the Risk Management Committee on the progress of complaint resolution.



Customer data and risk governance

Network upgrades, digital transformation, and staff training aligned with Bank's Data Protection Policy, were prioritised to ensure customer data privacy, and meet evolving customer needs. Information security was strengthened by IT and Information Security Department, boosting customer confidence in the Bank and its reliability. Robust dual control mechanisms, rigorous audit procedures, and regular follow-ups ensured effective fraud risk management, real-time reporting, and prompt resolution. There were no Data privacy breaches reported in 2025.

Customer health and safety

The branch network maintained regular security audits, adequate armed security coverage and CCTV coverage ensuring compliance with safety standards.

Operating in the challenge

Disruption caused by Cyclone Ditwah challenged the Bank's operational capability in 2025. We are glad to report that People's Bank was the first to restore normal banking services, establishing 24x7 branch services and mobile banking units in the affected areas. The Bank's digital capabilities swiftly restored digital platforms and ATM services, to facilitate our customers who were adversely impacted by the cyclone.

Outlook 2026

Quality lending focusing on net loan growth is a priority while maintaining branch levels NPLs at a ratio below 2%. Audit, Risk Management, and Compliance will continue to be upheld to ensure operational efficiencies. Branch modernisation, further expansion of digital channels, and optimising ATM self-service modes for improved customer service are also planned to take effect in 2026.

CMD will support HR initiatives in training and upskilling staff, introducing Achievers Awards to motivate and retain our human capital, who have delivered well for the Bank in 2025.

FINANCIAL CAPITAL



Financial capital represents the foundation of People's Bank's ability to create sustainable value as a systemically important, state-owned commercial bank and the second largest commercial bank in Sri Lanka. In 2025, the Bank continued to strengthen its financial capital through disciplined balance sheet management, robust deposit mobilisation, prudent credit expansion, and sustained improvement in earnings quality. As a key institution in the national financial system, the Bank plays a vital role in mobilising domestic savings and channelling financial resources into productive sectors of the economy. Its approach to Financial Capital is anchored on maintaining strong capital buffers, a stable and diversified funding base, resilient liquidity, and prudent risk management practices, aligned with the Bank's risk appetite, regulatory requirements of the Central Bank of Sri Lanka, and evolving global best practices. These strengths enabled the Bank to support business growth while maintaining resilience in a dynamic operating environment, reinforcing its capacity to absorb shocks, finance national development priorities, and deliver long-term value to its shareholder, customers, and the broader economy.

Our focus

The Bank remains focused on preserving and strengthening financial capital through prudent financial management, effective risk control, capital optimisation, and sustainable banking practices. This enables the Bank to maintain long-term institutional stability, support business growth, and continue delivering value to stakeholders.

Our strategy

During 2025, the Bank continued to focus on strengthening its balance sheet, increasing retained earnings through higher profitability, reducing concentration risk, and maintaining strong capital and liquidity buffers. This approach supported the expansion of private sector lending, enhanced resilience against uncertainty, and improved the Bank's capacity to finance sustainable growth.

The highlights

Strong profitability

Profit before tax	LKR 64.4 Bn.
Profit after tax	LKR 40.2 Bn.

Strength and stability

Total assets	LKR 3.7 Tn.
Total capital adequacy ratio	16.5%

Sound liquidity and funding position

Liquidity coverage ratio	Rupee	263.3%
	All currency	218.5%
Net stable funding ratio		162.4%

Healthy assets quality

Stage 3 loans ratio (without SOEs)	5.2%
Stage 3 impairment coverage ratio (without SOEs)	62.2%



Financial performance

Group financial performance

In 2025, the Group recorded a strong financial performance, with consolidated Profit Before Tax (PBT) amounting to LKR 71.1 Bn. and Profit After Tax (PAT) reaching LKR 43.5 Bn. This represents a significant growth of 49.4% in PBT and 51.2% in PAT over 2024, reflecting improved operational efficiency, stronger core earnings, and disciplined execution across the Group. At the end of the year, the Group's total asset base surpassed the significant milestone of LKR 4.0 Tn., while net loans and advances reached LKR 2.0 Tn. and deposits amounted to LKR 3.4 Tn. This reflects year-on-year growth of 20.1% in loans and advances and 14.7% in deposits, underscoring the Group's continued expansion and the confidence placed in it by customers and other stakeholders.

Bank's financial performance

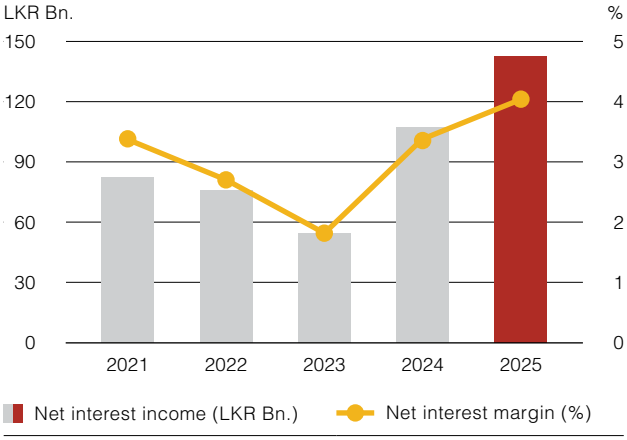
Gross income

The Bank's Gross Income increased to LKR 382.0 Bn., recording a year-on-year growth of 3.8%. This growth was driven by both funded and non-funded income streams. Interest income benefited from the expansion of the loan book, particularly in Retail, Small and Medium-sized Enterprise (SME) and Corporate segments, while non-funded income was supported by increased activity in trade finance, remittances, cards, and digital banking services. The Bank's ability to generate broad-based income growth highlights the strength of its business franchise, and the increasing contribution of transaction banking and fee-based services to the revenue mix.

Net interest income

Net Interest Income (NII) increased significantly to LKR 142.4 Bn., reflecting a year-on-year growth of 32.8%. This strong improvement was mainly attributable to the substantial reduction in interest expenses during the year, as high-cost fixed deposits were repriced at lower rates in line with the decline in market interest rates. At the same time, the Bank maintained a healthy yield on earning assets, supported by growth in the loan book and an improved portfolio composition, with higher contributions from retail and SME lending. As a result, the Net Interest Margin improved to 4.1%, compared to 3.4% in 2024, enhancing the quality and sustainability of core banking earnings.

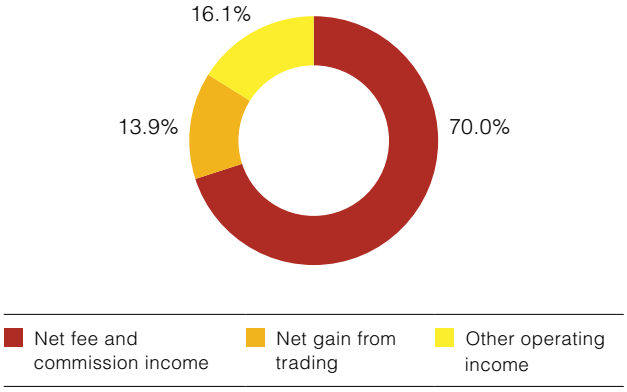
Net interest income



Non-funded income

Total Non-Funded Income increased by 30.7% to LKR 23.4 Bn., reflecting the Bank's continued emphasis on strengthening fee-based income streams and diversifying revenue sources beyond traditional lending. More than 70.0% of total non-funded income was generated through Net Fee and Commission Income, which grew by 15.8% in 2025. This growth was largely driven by increased volumes in trade finance, card-related transactions, remittances, and digital banking services, supported by improved customer engagement and higher transaction-based activity. This reflects the Bank's progress in earning more stable, recurring income from fees and services, rather than depending mainly on margin-based earnings alone.

Non-funded income

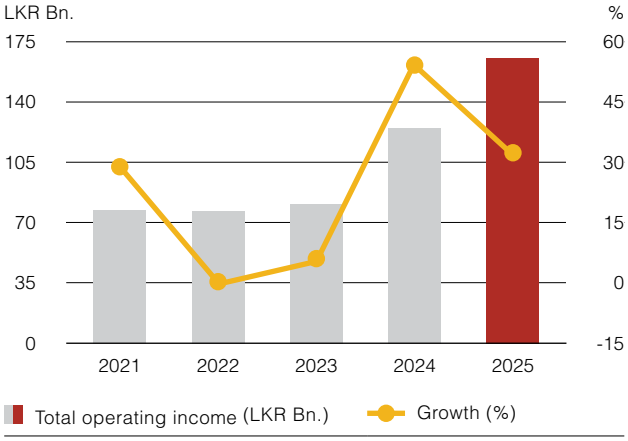


Total operating income

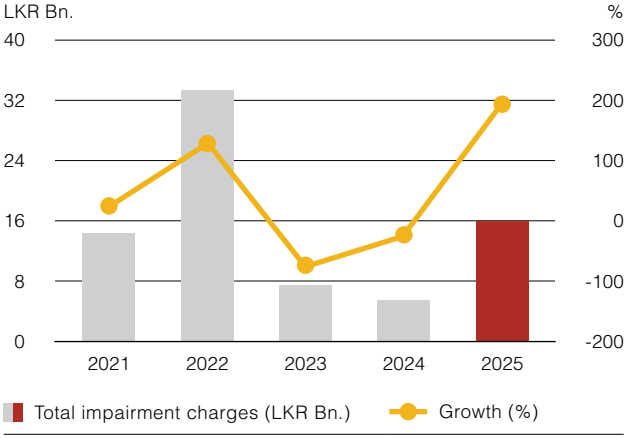
Total Operating Income increased by 32.5%, rising from LKR 125.2 Bn. in 2024 to LKR 165.8 Bn. in 2025. This robust performance was driven primarily by the strong increase in Net Interest Income, supported by a healthier margin profile, together with the continued growth in Net Fee and Commission Income. The expansion in operating income reflects the Bank's ability to improve revenue quality while scaling business volumes in a controlled manner.

However, 2024 included a one-off impairment reversal of LKR 8.8 Bn. following the restructuring of International Sovereign Bonds (ISBs). Excluding this exceptional item, the underlying increase in impairment charges in 2025 was relatively moderate at LKR 1.8 Bn., indicating a more stable underlying credit cost trend than the headline year-on-year growth suggests. This reflects the Bank's prudent risk management approach and its commitment to maintaining adequate provisioning buffers.

Total operating income



Total impairment charges



Impairment charges

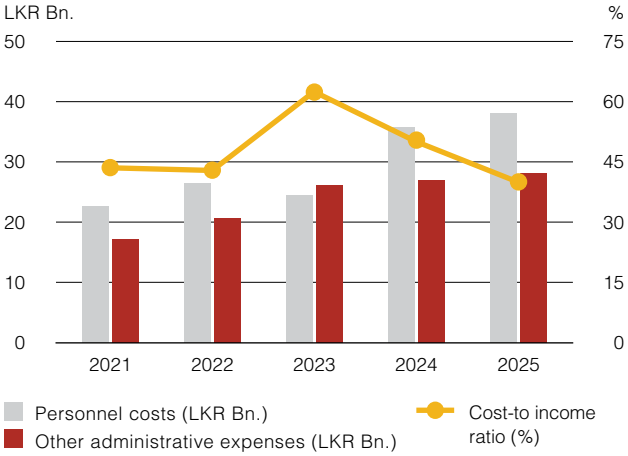
Total impairment charges for 2025 amounted to LKR 16.0 Bn., compared to LKR 5.5 Bn. in 2024. This increase was driven mainly by additional provisions recognised in response to the impact of Cyclone Ditwah, the need to strengthen management overlays in view of prevailing economic conditions, and incremental Expected Credit Loss (ECL) provisions arising from accelerated credit growth in retail and private corporate segments. Impairment charges on loans and advances stood at LKR 16.3 Bn., compared to LKR 12.8 Bn. in 2024.

Total operating expenses

Total operating expenses increased by 5.5% in 2025, reflecting controlled cost growth in line with business expansion. Personnel costs increased by 6.7%, mainly due to new recruitment and capacity-building initiatives undertaken to support growth in key business segments and improve service delivery. Depreciation and other administrative expenses increased by 3.9%, largely driven by continued investments in technology, digital infrastructure, and branch network enhancements.

Despite the increase in expenses, the Bank demonstrated strong cost discipline, as reflected in the marked improvement in its Cost-to-Income Ratio, which declined to 40.1% in 2025 from 50.3% in 2024. This improvement was mainly driven by the strong growth in total operating income and reflects the Bank's improving operating leverage and efficiency.

Operating expenses



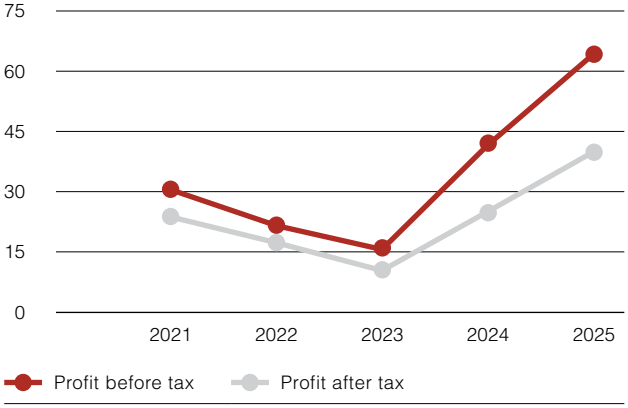
Profitability

The Bank delivered a strong financial performance in 2025, with Profit Before Tax increasing to LKR 64.4 Bn., representing a year-on-year growth of 54.9%. This was driven by robust growth in operating income, particularly Net Interest Income, supported by stronger non-funded income streams and disciplined cost management.

Profit After Tax rose to LKR 40.2 Bn., recording a year-on-year growth of 60.4%. This strong bottom-line performance demonstrates the Bank's ability to generate sustainable earnings while absorbing higher impairment charges and meeting its tax obligations. Overall, the significant improvement in both PBT and PAT reflects People's Bank's strong financial position, improved earnings quality, and continued focus on growth, efficiency, and long-term value creation.

Profitability

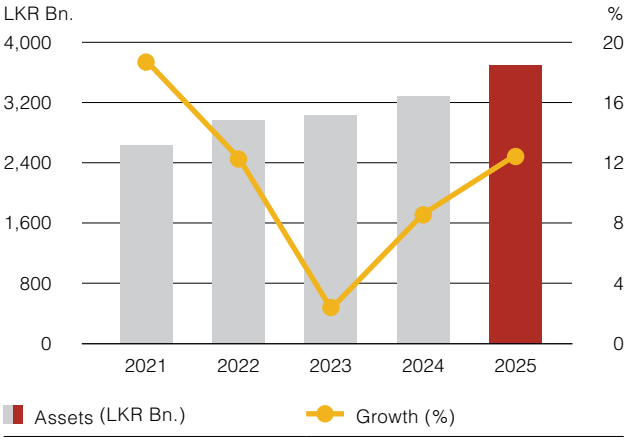
LKR Bn.



Financial position

Total assets

At the end of 2025, the Bank's total assets amounted to LKR 3.7 Tn., representing a year-on-year growth of 12.5%. This increase was driven mainly by the growth in net loans and advances and the expansion of the investment portfolio. Net loans and advances increased by LKR 208.7 Bn., while total investments increased by LKR 163.2 Bn., reflecting balanced growth in both the lending book and liquid earning assets. The continued expansion of the balance sheet demonstrates the Bank's capacity to grow while maintaining financial stability.



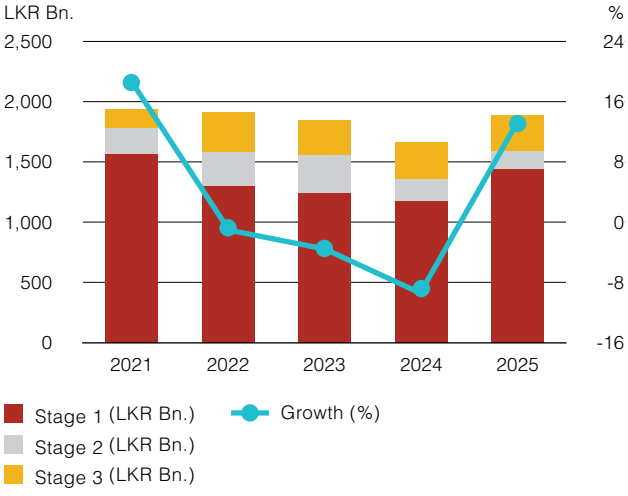
Loans and advances

Gross Loans and Advances increased by 13.0% in 2025, reaching LKR 1.9 Tn. by the end of the year. Excluding SOE exposure, Gross Loans and Advances recorded a stronger growth of 27.5%. This growth was driven by strong momentum in trade finance, pawning, and long-term loans, reflecting the Bank's ability to respond to both short-term liquidity needs and long-term investment demand across the economy.

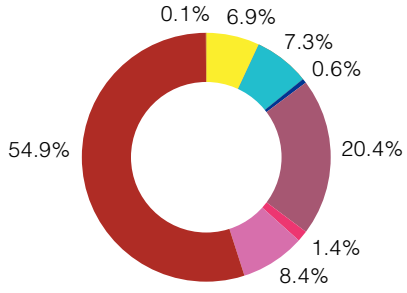
In line with its strategic objective of rebalancing the loan portfolio, the Bank reduced its exposure to State-Owned Enterprises (SOEs) to 19.6% by the end of 2025 from 28.7% at the end of 2024. This deliberate shift reflects a stronger focus on private sector lending, thereby improving portfolio diversification and reducing concentration risk.

The continued enhancement of credit origination and monitoring processes, supported by the Retail Loan Origination System (RLOS) and Corporate Loan Origination System (CLOS), enabled the Bank to improve turnaround times, strengthen credit evaluation standards, and enhance operational efficiency. These initiatives supported business growth across Retail, Corporate, Commercial, SME, and Development Finance segments during the year.

Gross loans and advances

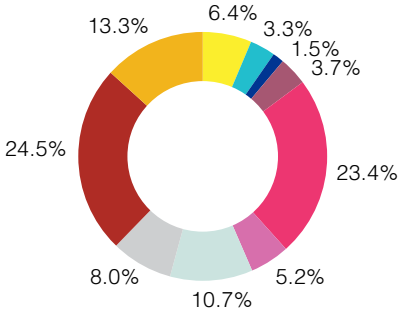


Gross loans and advances – product-wise analysis



Overdrafts
Trade finance
Credit cards
Pawning
Staff loans
Short-term loans
Long-term loans
Other

Gross loans and advances – Sector wise analysis



Agriculture
Manufacturing
Tourism
Transport and storage
Construction
Infrastructure development
Wholesale and retail trade
Financial services
Consumption
Other

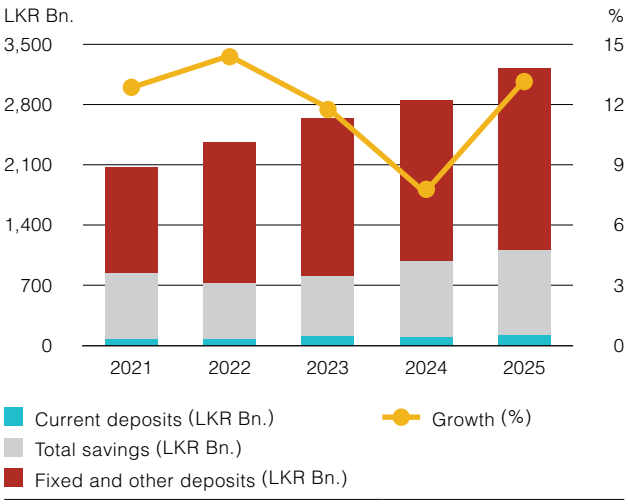
Total deposits

Customer deposits increased by 13.1% to LKR 3.2 Tn. at the end of 2025, compared to LKR 2.9 Tn. at the end of 2024, reflecting steady growth in the Bank's funding base amidst evolving market conditions. Deposits accounted for approximately 87.1% of total Bank funding, highlighting the strength and stability of the Bank's core funding structure.

This was supported by the Bank's extensive branch network, the largest in the industry, which enabled deep penetration across urban, semi-urban, and rural markets, and fostered strong and sustained customer relationships. In a low interest rate environment, the Bank also strengthened its low-cost deposit base, with the Current Accounts and Savings Accounts (CASA) ratio marginally improving to 34.6% in 2025 from 34.4% in 2024. This reflects successful efforts to mobilise granular deposits and improve funding efficiency, while also contributing positively to net interest margins.

Local currency deposits remained dominant at 86.7% of total deposits, thereby reducing exposure to exchange rate volatility and supporting balance sheet stability. Foreign currency deposits increased to 13.3% from 11.1% in 2024, reflecting improved inflows and growing customer confidence in foreign currency offerings. The Bank's broad depositor base across Retail, SME, Corporate, and institutional segments further strengthened funding resilience and mitigated concentration risk. Continued focus on digital channels and customer-centric deposit products also supported deposit mobilisation and retention.

Total deposits

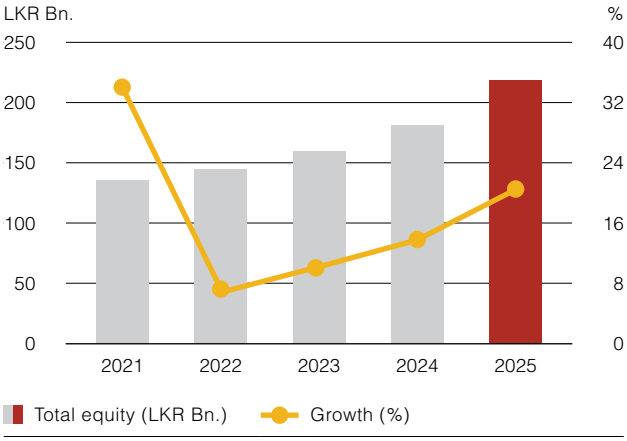


Total equity

Total equity increased to LKR 219.0 Bn. at the end of 2025 from LKR 182.0 Bn. at the end of 2024, representing a growth of 20.4%. This increase was driven mainly by the Profit After Tax of LKR 40.2 Bn., net of dividends and the special levy paid to the Government of Sri Lanka amounting to LKR 3.6 Bn.

The Bank's prudent approach to profit retention reflects its strategic emphasis on strengthening the capital base, particularly given its relatively thin share capital structure. Retaining a higher proportion of earnings supported business growth while ensuring continued compliance with regulatory capital requirements. The increase in equity also enhanced the Bank's capacity to absorb shocks and support future asset expansion.

Total equity





Capital and liquidity management

As a Domestic Systemically Important Bank (D-SIB), People's Bank is required to maintain regulatory minimum capital ratios for CET 1, Tier 1, and Total Capital of 8.0%, 9.5%, and 13.5%, respectively. Through prudent balance sheet management and a strategic reallocation of funds among Government Securities and lending activities, the Bank maintained strong capital and liquidity positions comfortably above regulatory thresholds throughout 2025. This approach supported profitability while ensuring sound capital utilisation and effective management of risk exposures.

As at 31 December 2025, the Bank reported:

- CET 1 Ratio: 11.8%
- Tier 1 Ratio: 12.2%
- Total Capital Ratio: 16.5%

These ratios demonstrate a comfortable buffer above the minimum requirements and provide the Bank with adequate loss-absorbing capacity to support future business growth, particularly in private sector lending.

Liquidity levels also remained robust throughout the year, supported by the Bank's strong funding base and prudent liquidity risk management practices. The All Currency Liquidity Coverage Ratio (LCR) stood at 218.5%, while the Rupee LCR stood at 263.3%, both significantly above the regulatory minimum of 100.0%. In addition, the Net Stable Funding Ratio (NSFR) was 162.4% as at 31 December 2025, indicating a sound funding structure supported by sufficient long-term stable funding to finance the Bank's asset base.

Overall, the Bank's strong capital and liquidity metrics underscore its financial resilience, prudent risk management framework, and capacity to sustain growth while withstanding potential economic and market uncertainty.

Financial capital remained a key enabler of People's Bank's value creation in 2025. Strong profitability, steady balance sheet growth, sound asset quality, improved operating efficiency, and robust capital and liquidity buffers collectively reinforced the Bank's financial resilience. These strengths enabled the Bank not only to support customers and finance economic activity, but also to preserve confidence, sustain growth, and continue fulfilling its role as a systemically important state-owned bank serving the nation.

MANUFACTURED CAPITAL



People's Bank operates a nationwide network of branches and customer contact points, such as Service Centres, Self-Banking Units, ATMs, and Cash Deposit Machines, that form the Bank's Manufactured Capital. Our presence in deep rural communities where digital banking is yet to take effect, supports sustained economic activity in the hinterlands, facilitating financial inclusivity and SME and microfinance sectoral growth.

Our focus

We focused on modernising our infrastructure, expanding our customer contact points, and invested in IT and digital capabilities that were funded by a strong financial position allowing for planned capital expenditure.

Our strategy

As the Bank approached its 65th year as the premier financial institution in Sri Lanka and surpassed LKR 4 Tn. Group assets by the end of 2025, we consolidated all our operational functions into the new head office, Peoples Tower, in the heart of Colombo city. The Bank operates a branch and service network of over 740 across the country employing more than 8,000 staff servicing over 15.2 million customers. As the pinnacle of our infrastructure, Peoples Tower is constructed entirely in line with the Green Building concept conforming with our environmental sustainability policy. It is an epitome of visionary management, safe and healthy working environment, and continuous development of the human capital as the Bank's Training College is also resident in it.

We simultaneously executed network rationalisation and modernisation, upgrading branches and self-service channels and adjusting the business model to emphasise digital and SME services.

The highlights

Branches and service centres	**746**
Self-banking units	**307**
Green buildings	**141**
Cards in use	**4.4 million**
Transactions value via ATM, CDM, CRM	**LKR 2,406 Bn.**
Digital loans granted	**LKR 217.9 Bn.**
New digital accounts	**1.0 million**

Customer portfolio

65.6%
of the population



Impacted material themes

Safety and convenience

As a bank with the widest branch network, and a customer base spanning corporates to individuals, it is our abundant duty to provide safety, both on our premises and through our systems.



Health and Safety

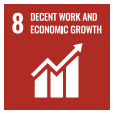


Digital Leadership

N O I S E

NEEDS	OPPORTUNITIES	IMPROVEMENTS	STRENGTHS	EXCEPTIONS
Network coverage balance – maintain physical access in rural and underserved areas while optimising urban footprint to reflect changing transaction patterns.	**Leverage People's tower as a hub –** centralised planning, training and back-office functions can reduce duplication, lower operating cost per transaction, and speed decision cycles.	**Monetise excess real estate and optimise branches –** convert low-utilisation branches to advisory/SME hubs or shared community spaces to increase value per site	**Strong financial backing for capex –** improved 2025 results and capital ratios enabled higher investment in manufactured assets.	**Service gap risk during consolidation –** centralising back-office functions can create temporary service or processing bottlenecks if migration is rushed.
Resilient core systems – ensure core banking, cybersecurity and business continuity capacity match increased digital traffic and centralised operations.	**Scale self-service footprint –** expand and modernise ATMs, CDMs and SBUs to shift routine transactions away from branches and improve customer convenience.	**Strengthen disaster recovery and redundancy –** invest in geographically dispersed backups and hardened data-centre links to protect centralised operations.	**Visible national presence –** extensive branch network and new Peoples Tower reinforce brand trust and physical accessibility, especially in rural markets.	**Digital divide in rural areas –** heavy shift to self-service and digital channels risks excluding customers in low-connectivity regions unless physical access is preserved.
Operational consolidation support – facilities, logistics and staff reallocation to support the Peoples Tower centralisation without service disruptions.	**Monetise excess real estate and optimise branches –** convert low-utilisation branches to advisory/SME hubs or shared community spaces to increase value per site	**Phased workforce transition –** retrain branch staff for advisory, SME relationship and digital support roles to preserve employment while improving service mix.	**Clear strategic direction –** simultaneous focus on modernising branches, scaling self-service channels and centralising support functions provides coherent investment priorities.	**Concentration risk –** centralising critical functions in Peoples Tower increases single-site exposure to physical or cyber incidents unless mitigated by redundancy.

UN SDG's Impacted



The Bank strengthened physical and technological infrastructure to drive inclusive economic growth and job creation, delivering accessible services and creating value.



The Bank's accelerated digital drive created space for innovation and product definition, upgrading the core banking system and delivering safety and convenience in customer transactions.



The Bank reduced social inequality in access to finance through island wide customer touchpoints, creating financial inclusion as an avenue to reduce societal inequalities



The Bank upholds responsible consumption and production through continuous digitalisation, investments in renewable energy, green finance, and creating awareness on the responsible usage of natural capital.



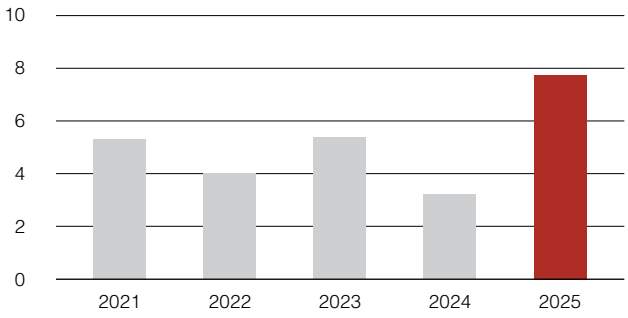
The Bank focused on building resilient, sustainable infrastructure, integrating climate-conscious practices into its physical and technological assets, and creating long-term value.

Property plant and equipment

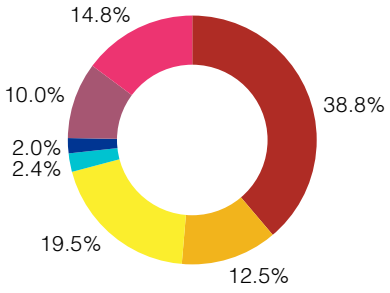
We undertook a series of transformative investments in property, plant, and equipment reflecting our commitment to green building concept and energy efficiency. In addition to completing our landmark Peoples Tower building, we carried out significant upgrades to technology and security infrastructure across the branch network. These initiatives enhanced our brand visibility, physical footprint, digital presence, and aligned the Bank with global standards of green building and digital innovation.

New additions to property, plant and equipment 2025

LKR Bn.



Property, plant and equipment 2025



- Freehold land
- Freehold building
- Buildings on leasehold land
- Motor Vehicles
- Furniture
- Machinery, equipment, and self banking units
- Computers

Strengthening our manufactured capital

People's tower

The highlight of the year was the inauguration of the landmark People's Tower Head Office in Colombo, that combined state-of-the-art green building concept embodying sustainability and modern workplace standards.

Complementing this milestone, we undertook several major renovations across our branch network at an investment of LKR 9.2 Bn.

Improved safety and security at the branch network	Enhanced customer service facilities at all customer contact points
Significant upgrades to data centres, hardware, and security infrastructure	Reinforced operational and digital readiness

Modern building engineering and ICT infrastructure collaborated to deliver measurable improvements in system uptime, response time, and first-contact resolution for online and mobile banking support. Redundant dual UPS for critical equipment, chiller-based HVAC for data and communications cooling and resilient network systems reduced disruption and increased platform availability. An IP based advanced internal communication system (PABX) with intelligent call routing and centralised monitoring optimised response times. Closer coordination between IT, engineering, and security teams, together with enhanced access control and CCTV monitoring, accelerated incident response were further strengthened for operational resilience. The structural and layered infrastructure modernity at Peoples Tower ensures business continuity and disaster preparedness.

A formal Business Continuity Management System is in place at the Disaster Recovery site at Kadawatha, to preserve the critical functions and processes during major incidents.

SIGNIFICANT MILESTONES

- Successful Inauguration of the Peoples Tower
- Adopting Sustainable Building Practices – Green Building
- Renewable Energy Integration
- Streamlined Process for selecting Consultancy Firms
- eProcurement

Renewable energy integration

We expanded solar PV renewable energy to deliver 2.28 MW at the new head office building and 66 branches. Energy efficiency initiatives with energy-efficient Inverter air-conditioning systems and high efficacy LED lighting fixtures were also deployed at head office and the branch network. Energy consumption and energy intensity are detailed in the chapter on Natural Capital at pages 198-205.

Green building for sustainability

Adoption of Green Building practices and Energy Efficiency Initiatives at People's Tower building strengthened the sustainability and compliance with national energy benchmarking regulations, especially as low-e glass window panels were installed for maximum day light usage. These contributed to reduced energy consumption, lower carbon emissions, and improved indoor environmental quality.

Process digitalisation

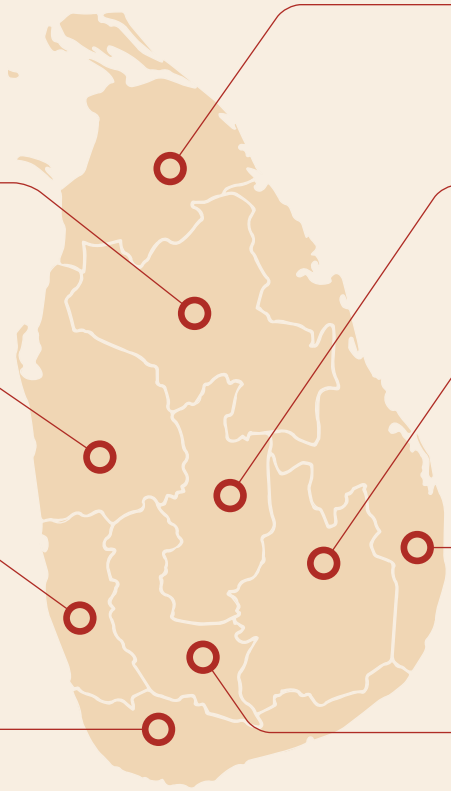
The Bank's accelerated digitalisation initiative incorporated an e-Procurement system for supplies dept, improving transparency, turnaround time, and cost control. Maintenance work optimisation took place through the FAM -Maintenance module for complaints resolution with reporting. Online vehicle booking system contributed to cost optimisation, route optimisation, and preventive maintenance scheduling.

The manufactured capital investments made in 2025 represent the Bank's strategic vision of sustainability, digital transformation, and customer-centric growth. Our eco-friendly approach to the manufactured capital, and reinforcing our technological backbone not only enhanced operational efficiency but underscores our commitment to environmental accountability and innovation.

The physical and technological assets remain pivotal to driving long term value creation for our diverse stakeholders.

Our geographical footprint

GRI 2-6



Northern	
Branches	22
ATM	49
CDM/CRM	15
SBU	15

North Central	
Branches	26
ATM	61
CDM/CRM	25
SBU	23

Central	
Branches	44
ATM	106
CDM/CRM	44
SBU	41

North Western	
Branches	32
ATM	83
CDM/CRM	30
SBU	26

Uva	
Branches	26
ATM	57
CDM/CRM	19
SBU	19

Western	
Branches	102
ATM	261
CDM/CRM	126
SBU	110

Eastern	
Branches	30
ATM	64
CDM/CRM	20
SBU	19

Southern	
Branches	41
ATM	101
CDM/CRM	32
SBU	31

Sabaragamuwa	
Branches	32
ATM	62
CDM/CRM	26
SBU	23

Outlook 2026

We will continue to pursue a coordinated sustainability agenda in 2026, integrating several initiatives to advance our net-zero and service-continuity goals.



Alignment with national procurement guidelines

Vendor selection and contract clauses will align with national procurement rules, prioritising local, certified green suppliers, requiring lifecycle cost and resilience criteria to ensure transparency and compliance across all service procurements.

Further solar PV expansion across freehold assets

Solar power expansion will be continued to reduce grid dependency and cost optimisation.

Operational resilience and infrastructure optimisation

We will invest in redundant power, network, and cooling systems, expand Disaster Recovery capabilities, and implement predictive maintenance and cross functional incident playbooks to shorten recovery times and maintain critical banking services during disruptions.

Advanced energy and resource management

Deploying building energy management systems, sub-metering, and real-time dashboards to drive efficiency will generate measurable targets for energy intensity, water use, and waste diversion. Rainwater harvesting and energy retrofits will continue to meet those targets.

Green branch development

Low-carbon branch designs featuring passive daylighting, efficient HVAC, water-saving fixtures, waste segregation and recycling, EV charging, and customer-facing sustainable messaging to reduce branch footfall will continue, while delivering an excellent customer experience.

INTELLECTUAL CAPITAL



Our intellectual capital is foundational for resilience and competitiveness. A critical intangible asset, it is on par with financial and physical capitals, supporting continued value delivery, stakeholder trust, and sustainable growth.

Our focus

We focused on investing in employee knowledge and skill upgrading, leadership development, and digital literacy. Innovation, continued digital transformation, and AI driven customer service were strengthened, framed by a robust organisational learning culture. These were critically needed upgrades as we partnered with the government to drive SME and microfinance sector development for financial inclusion.

Our strategy

Structured training programmes for digital skills, compliance, and customer service excellence were held across our network. Deliberate leadership and succession planning took place, to retain critical expertise and prepare the next generation of leaders for strategic roles. Innovation labs and private projects tested real product development centred on AI features, and data analytics. We formed stronger partnerships with universities, industry groups, and certification bodies to create and retain value within the Bank, that resulted in yet another successful year, both financially and reputationally.

The highlights

607 Training programmes conducted at an investment of

LKR 190.3 Mn.

Digital and technological upgrades at an investment of

LKR 769 Mn.

Continuation of ISO 27001 :2022 certification

Consecutively from 2017 onwards

Staff qualified in banking and finance

1,966

Age range signifying depth of tacit knowledge

36 to 45

Innovation projects at an investment of

LKR 19.3 Mn.

Customer transactions conducted through online and card-based platforms

83.7%



Impacted material themes

Talent management, Training Development, and Upskilling, Digital leadership



Talent Management



Training Development, and Upskilling



Digital Leadership

N O I S E

NEEDS	OPPORTUNITIES	IMPROVEMENTS	STRENGTHS	EXCEPTIONS
Workforce digital skills; knowledge retention; governance of intangibles	**Digital product innovation;** partnerships, monetising data-driven services	**Measurement, incentives, knowledge capture processes**	**Brand reach; awards;** scale of customer base	**Tech platforms;** data governance; resource retention

UN SDG's Impacted



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



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



Partnerships with Universities and other organisations create a talent pipeline and knowledge-share platforms for the sustainability of the business.

Intellectual repository

The Bank is a repository of collective intellectual capital, where experts from many fields and disciplines converge to deliver exceptional value to the Bank's many stakeholders. As the premier banking institution with embedded cultural values and over sixty years of experience, our intellectual resources span generations and time-frames that include traditional banking to modern- day digital banking.

Professional qualifications

MSc/MBA/ Postgraduate **898**	BA/BSc **1,601**
CIMA/CFA/CMA/CA Sri Lanka **166**	Banking and Insurance **1,966**
Degree in Law (LLB) **91**	Civil/Mechanical/ Electrical Engineers **19**
Attorneys-at-law **79**	Architecture **01**
Quantity surveyors **02**	Software development and IT **230**
Diploma holders **360**	Certificate Holders **3,622**

Recruitments during the year 2025

Grade	Parallel Grade	Count
Head of application systems	AGM	1
Head of it infrastructure and operations	AGM	1
Chief manager IT infrastructure and operations	GR I	1
Chief manager information security	GR I	1
Executive assistant	3-II	1
Project manager	3-II	1
Card sales manager	3-III	1
Assistant law officer	3-III	2
Technology risk analyst	3-III	1
Trainee secretarial assistant		1
Customer service assistant		683
Total		694

Digitalisation

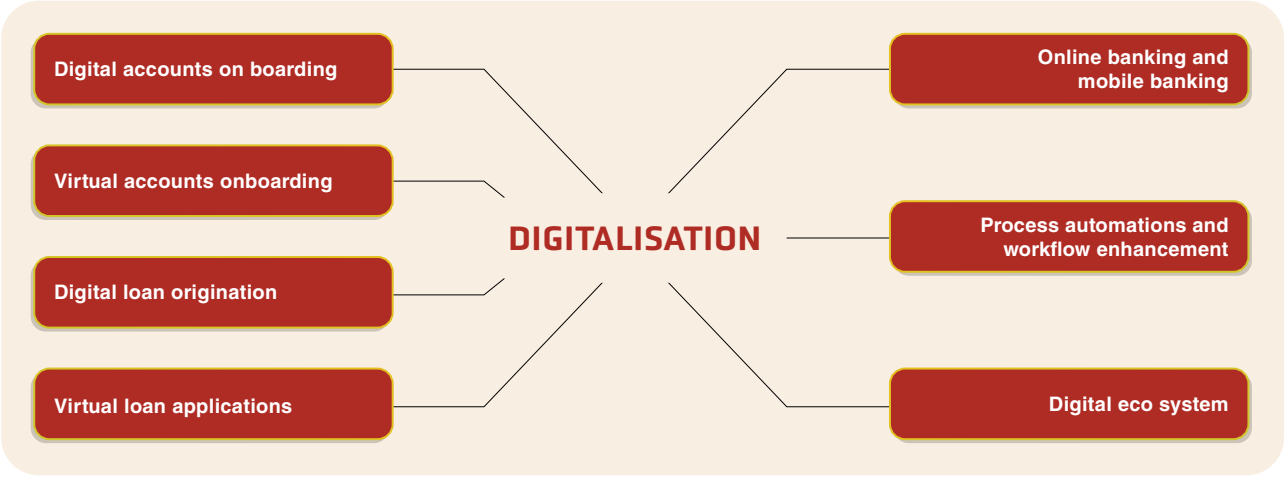
Digital transformation agenda is a strategic objective and combines expertise, knowledge, and innovative capabilities of its workforce. The Bank continued to digitalise multiple manual processes, implementing user-friendly onboarding portals and end-to-end paperless workflows. This resulted in rapid and accurate flows of customer data, enhancing operational efficiency and enabling employees to engage in value creation activities. We developed a suite of digital solutions in 2025.

These innovations redefined convenience, efficiency, and customer experience. Secure and real-time customer verification speeded up the onboarding process, while digitalised loan application and processing facilitated rapid credit disbursement, encouraging the under-banked and non-banked to access funding for financial inclusion through the formal banking systems.

Complemented by robust mobile and online banking platforms, anytime–anywhere access to a range of banking services reduced branch footfall and provided customer convenience through our customer–centric digital ecosystem.

These initiatives were catalysts for the government's SME and microfinance development plans, evidenced by a rise in first-time bank users among small businesses and micro-entrepreneurs.

We are proud to report that by the end of 2025 the 4.2 million customers are registered for online banking and mobile banking solutions and nearly 6 million digital accounts on boarded demonstrating widespread adoption facilitated.



For details on IT and Digitalisation services, please refer to pages 127-131.

Information Security Management (ISM)

Our information security team's specialised knowledge serves as the foundation for our dedication to digital trust. We understand that our human capital, the combined expertise, and skill of our professionals, is a vital strategic asset in a time of sophisticated cyber threats. Information Security Department is staffed by a team of highly qualified specialists who hold premier global certifications.

The Bank has set a new benchmark in Sri Lankan banking by becoming the first D-SIB to obtain the ISO 27001:2022 certification. This certification validates our implementation of the highest global standards for information security and risk management. Our Information Security Management system strictly adhere to this framework to ensure the highest international standards of confidentiality, integrity, availability and management of sensitive data which covers people, processes, and technology. Several initiatives were implemented in 2025 to fortify ISM systems and mitigate cybersecurity threats.

Posture transition

The Bank transitioned from a reactive security posture to a proactive posture model by implementing Security Operation Centre (SOC). With a managed detection and response, the Bank's digital assets were monitored 24 hours of the day, including core banking other critical systems. The SOC enhanced the Bank's threat detection capabilities by integrating global threat intelligence feeds into a centralised Security Information and Event Management (SIEM) system. This upgrade enables real-time data correlation and proactive defence against emerging cyber threats.

Security testing and assessments

The Information Security Department with collaboration with security consultants conduct comprehensive security testing and global compliance audits. This includes annual ISO 27001:2022 surveillance audits, regulatory examinations, and various technical security assessments. In addition, the Bank conducted technical exercises such as external vulnerability testing for public-facing digital assets to identify potential entry points. Similarly, we conducted internal vulnerability assessments for internal servers, co-banking, and branch networks to identify and mitigate potential risks. Security testing included goal-oriented Red Teaming Assessments, where adversary-style real attacks were emulated to test the resilience of our people, processes, and technology.

Penetration testing

Annual penetration testing was conducted for critical information systems, conducting phishing simulations for staff supported by appropriate training, creating awareness, identification, reporting processes, and mitigating of phishing attempts. These assessments are conducting periodically by external party based on real scenarios drawn from the banking sector. Insights were drawn for informed decision making and supportive training was provided where gaps were identified.

Third-party risk management

We strictly enforce a third-party risk management process, by ensuring our FinTech partners and service providers adhere to the Bank's stringent cybersecurity benchmarks.

Disaster recovery

The Bank's capability in disaster recovery was evident in the way we responded to Cyclone Ditwah. We restored services in the affected areas within 24 hours, ensuring uninterrupted access to essential banking services during a disaster of this scale. The plan is periodically tested, as availability of digital applications for our customers is an imperative impacting every area of customer experience of banking requirements.

Research and development

We continued to pioneer innovation by collaborating with FinTech partners, through our Innovation Centre, another first, for the Bank. Our commitment to public welfare while operating a sustainable business, is evident as we delivered tangible value to underserved communities in distant parts of the country, advancing financial inclusion, and reinforcing our role as a catalyst for inclusive economic growth.

Regulatory compliance

Aligning with global standards and local regulations, our fundamental technical stance is governed by the regulatory requirements of the Central Bank of Sri Lanka, specifically the Direction No 16 of 2021 and its amendments. As required, we stringently adhere to technology resilience, incident reporting, and risk assessment. We ensured that our systems were capable of resisting and recovering from cyber-attacks. Personal Data Protection Act No 9 of 2022 further enhances our responsibility and accountability towards storage and retrieval of customer data, both personal and financial, which we ably carried out without incident.

Training programmes and activities planned for the immediate future to achieve new goals

As per the training plan 2026, the key focus based training areas are strategic alignment, purposeful skill development, long term strategic vision, employee growth & engagement, and continuous learning.

In order to achieve above objectives, the training emphasises a balance development of technical capabilities and behavioral excellence.

Aligning with bank's strategic initiatives and aiming to strengthen the credit line of the bank by increasing credit technical competencies of the staff, pool of credit training programmes have been planned to conduct for credit unit staff & more programmes have been planned to expand foreign currency remittances portfolio of the bank.

Further, awareness training programmes on digitalisation & soft skill development programmes such as customer centricity & customer improvements have been planned to enhance customer service excellence of the bank.

Under the purposeful skills development, more programmes have been planned focusing specific job roles and mapping need survey skill gaps. Further, new recruitments & promotions targeted training programmes have been included to the training plan 2026.

Aligning with long term strategic vision of the bank, several training programmes on corporate communication skills development (including business writing/presentation skills) have been planned for 2026 and AI tools awareness training programmes for improving the productivity of bank operations for simplification of work related tasks have been planned for all staff of the bank.

Programmes to be rolled out by Digital department

In 2026, People's Bank will further accelerate its digital transformation through several strategic initiatives. Key programmes include the enhancement of mobile and internet banking platforms with improved user experience and advanced security features, expansion of digital onboarding and e-KYC facilities, and the integration of fintech partnerships to broaden the digital ecosystem. The Bank also plans to strengthen process automation through intelligent workflow solutions and expand self-service banking channels across the branch network. In addition, data-driven decision support and enhanced cybersecurity frameworks will be introduced to ensure resilience, operational efficiency, and a seamless, secure digital banking experience for customers.

Outlook 2026

Anchoring innovation, customer trust, and operational excellence, our intellectual capital remains the cornerstone of sustainable value creation.

We will continue to systematically capture knowledge, invest in skill upgrading, and fostering collaborative partnerships translating expertise into measurable outcomes.

HUMAN CAPITAL



Our employees are the backbone of the business operation and our competitive advantage and the source of our success. Their desire for learning and development combined with dedication and resilience in facing challenges helped us to rise to the occasion in times of national crises, delivering value to our customers and the Nation.

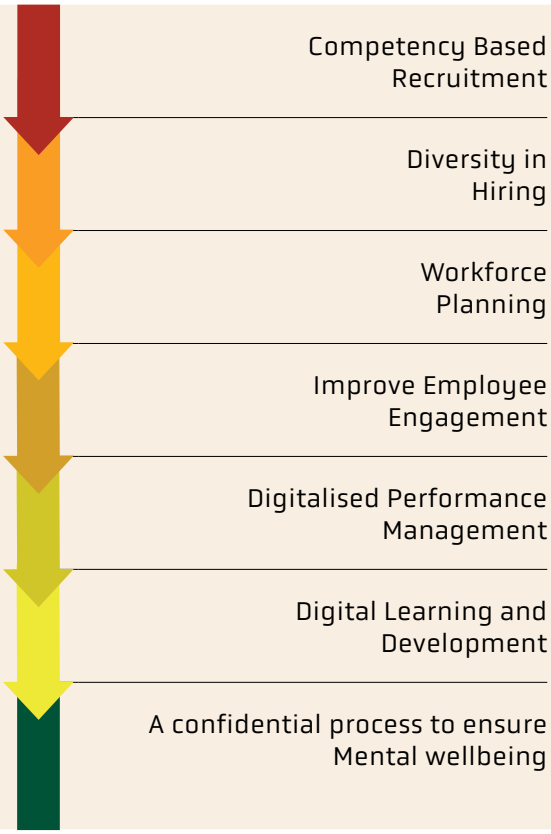
Our focus

In pursuit of our long-term vision, we remained committed to cultivating a future-ready, agile workforce, capable of adapting to evolving dynamics of the banking sector. Foundational to this commitment was our desire to create a culture of speed-to-market, transparency, and accuracy, resulting in customer service excellence and achieving our strategic objectives.

We relentlessly pursued innovation, creating career development opportunities, and nurturing a cohesive and unified team. Intrusively focusing on individual growth aligned with the Bank's objectives, we empowered our Human Capital to meaningfully contribute to the organisational success, while achieving their career aspirations.

Our strategy

Strategically placed within a holistic and integrated framework, our agenda reflects that human capital development is inseparable from overall organisational success. Capacity building rested on seven interrelated strategic initiatives, from recruitment to end-of-career transition. These initiatives reinforce our commitment to attracting, nurturing, and retaining talent, while aligning our workforce with the organisation's long-term vision and values.



We identify our Human Capital as a strategic enabler of innovation, resilience, and the competitive advantage, in an increasingly dynamic banking environment.

Automation and digitalisation

Deployment of the automated performance management system through new HRIS in 2025 enabled a structured and transparent performance management process. The employees undertook the initial self-assessment, followed by a supervisory assessment ensuring fairness, accountability, and consistency across the Bank.

In parallel, the Human Resource Department (HRD) transitioned from the former manual framework of recruiting and onboarding to the HRIS, reducing the average onboarding timeline from eighteen months to three months. We achieved a significant operational efficiency, cost management and accelerated talent acquisition, resulting in the new recruits contributing productively within a shorter timeframe.



Learning and Management system (LMS) made learning and development flexible, by enabling the employee to manage time around work schedules, with minimum disruptions to work and service delivery. Attendance and performance management systems were also automated.

Digital transformation and green HR practices play a key role in human capital management, minimising carbon footprint and energy consumption. The Bank was able to replace 850 attendance registers with fingerprint machines and planning for Payroll System Automation.

The highlights

Number of employees	8,122
Male:Female ratio	2:3
Retention rate	97.0%
Profit per employee	LKR 5.0 Mn.
Digitalised performance management	100% Completed
Paid in salaries and benefits	LKR 38.2 Bn.
Employees received overseas training	72
Promoted	685
Employee Engagement Survey	76% Engagement
Employee Satisfaction Survey	69% Satisfied with the Bank as an employer
Total training hours	220,638
Training hours per employee approximately	27 hours
Onsite Training	568
Online Training sessions	39

Impacted material themes

Future ready human capital

Our long-term success and sustainability depend on our future ready workforce as they create value for our customers, shareholders, and communities. The following are the core material themes of our Human Capital Management.


Mental Wellbeing


Talent Management


Training Development and Upskilling

Safety and convenience

Health and safety of our Human Capital, both physical and mental is a priority, in all our premises. Similarly, expansion of our digital capabilities empowers our employees to deliver speedy customer solutions, while accessing learning and development in a flexible manner.


Health and Safety


Digital Leadership

N O I S E

NEEDS	OPPORTUNITIES	IMPROVEMENTS	STRENGTHS	EXCEPTIONS
Digitalisation required skill upgrading	Stronger financial results helped in hiring strategic research, IT, and product specialists	Online learning and development helped close training gaps	Strong market presence	Intense competition requiring speed in product introduction and ongoing training and upskilling different generations of employees
Market competitive compensation packages are required for retention	Management Trainee (MT) hiring and targeted lateral recruitment were buoyed by professionalised branding	Implementation of HRIS helped in time efficient HR management	Wide spread branch network and service centres	Limitations in upgrading compensation packages
Performance management to suit the delivery of strategic objectives	Budget allocations provided resources for training and development, and implementing online training platforms enabling the Bank to deliver a successful financial result	Mental health was enhanced by establishing regional counseling efforts	Strong financials resulting in easy budgetary allocations for training, skill development, and innovation	Accelerated hiring could create cultural mismatch and cost escalations
Recruiting the right fit with the needed skill sets and qualifications is an ongoing challenge	Variable pay and leadership development accelerated impacting positive retention rates (97%)	Highly visible strong branding helped attract skilled and qualified new hires	Best in class digital capabilities attracting the younger generation of customers	Agile training requires growth opportunities to avert stagnation
				Tech investments require managing attitudinal changes in a diverse workforce
				Challenges in hiring professionals in IT, Risk, Governance, Compliance, and Finance.

UN SDG'S Impacted



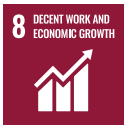
The Bank works towards achieving this by expanding financial inclusion, SME lending, and investing in community development programmes, aimed at reducing poverty by improving access to credit for all customer groups.



The Bank supported healthcare access through financing, community health initiatives, and ESG-aligned programs, enabling health-related infrastructure and promoting wellness among employees and communities.



The Bank launched scholarship programs, supporting educational infrastructure, and promoting financial literacy, focusing on reducing educational inequality, especially for children from low-income families.



By expanding financial inclusion, supporting SMEs, and investing in digital transformation the Bank aimed to stimulate economic growth, create jobs, and ensure equitable access to financial services across the country.



By expanding financial inclusion, supporting sub-rural communities, and embedding diversity and equity into its governance and workforce, the Bank endeavoured to reduce economic and social disparities.

Human resource governance

GRI 2-23,24

Human Capital governance falls under the purview of a Deputy General Manager, reporting directly to the CEO and collaborates closely with the Board, the Remuneration Committee and other relevant committees impacting the Human Capital. It is the responsibility of the HRD to ensure compliance with all applicable labour laws and regulatory instructions and implement suitable HR management strategies to develop the human capital within the Bank's policy framework. Integrating ESG principles into human capital management, aligned with SLFRS S1 and S2, are planned for 2026, ensuring transparent reporting of both the financial and non-financial sustainability of our workforce.

- Disciplinary Code
- Whistleblowing policy
- Corporate Governance
- Code of conduct

Clear accountability and robust oversight are the foundation of Human Capital strategy. Talent acquisition and management is based on achieving our objectives and creating value for the long term. The tradeoffs we accommodate across the other capitals when building our human capital are based on safeguarding ethical standards, provide diversity, and transparent reporting.

In 2025, we reviewed the Promotion, Recruitment, and Remuneration policy frameworks after identifying them as core pillars of a new recruit's journey with the Bank. Applying a structured gap analysis, the proposed framework is currently under Board review and subject to approval, will be implemented in 2026.

We signed a Memorandum of Understanding with the Employees Federation of Ceylon, to conduct an HR audit, in a bid to identify any operational gaps and ensure we comply with governance polices and regulatory requirements. This will be carried out in 2026.

A suite of HR governance policies guides our overall management approach to a healthy work-life balance for the employees.

Grievance handling

GRI 2-16, 25

We continued with the Grievance Handling mechanism to address employee concerns. Employees were able to voice their concerns, complaints, grievances, and forward suggestions and recommendations to the senior management. Complaints received through different channels are forwarded to a committee, where senior management personnel investigate and report to CEO/ General Manager, for any further action.

In addition, there is a platform called "Voice of Yours" a chat based HRIS facility which enable employees to raise their concerns directly to Assistant General Manager – HR.

Collective bargaining agreements

GRI 2-30

The Bank maintains formal collective bargaining agreements with six employee unions and an open-door policy for employee feedback. Agreements cover all employees up to Chief Manager level, representing 99% of the total workforce and the Bank ensures equitable treatment for all employees, including those not directly covered. This ensures equitable treatment, promotes

inclusivity, and reinforces the Bank's commitment to fair and transparent workplace practices. There are no identified restriction from the Bank's operations in relation to the freedom of association and collective bargaining.
The currently effective collective bargaining agreement was renewed on 1 January 2024 for a period of three years.

Employee Union	Number of Employees
Officer's Association	233
Jathika Sevaka Sangamaya	94
Ceylon Bank Employees Union	5,948
SL Nidahas Banku Sevaka Sangamaya	23
All Ceylon Bank Employees Union	30
Pragathi Bank Employees Union	856
Total	7,184

Whistleblowing policy

GRI 2-26

Incidents that could threaten the Bank's sustainability may be escalated to the management under the Whistleblowing policy. Such reporting is handled with strict confidence protecting the whistleblower and the Bank takes swift action to address issues and protect its reputation.

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

i. Breach of the Disciplinary Code
ii. Failure to comply with legal/ regulatory obligation
iii. Miscarriage of Justice
iv. Financial malpractices

Anti-corruption framework

GRI 205-2, 3

The Bank maintains a zero-tolerance stance on corruption and bribery. HRD delivers comprehensive training programmes that define corrupt conduct and sets out swift, stringent disciplinary measures applied in confirmed cases.

An increased level of training programmes on anti-corruption and regulatory compliance for key management personnel, the corporate management, and the Board of Directors will be carried out in 2026.

Training on anti-corruption

Policy Communicated	Percentage (%)	Number
Board Members	100	10
All Employees	100	All
Trained	53	4,314
Incidents of Corruption for 2025	0.7	59
Disciplinary Action/Dismissal	0.8	69

Talent management process

GRI 2-7

We employ 6,599 on the permanent cadre and a further 1,523 as contract employees on full time basis, with diverse capabilities, skill sets, talents, and professional orientation, which combine to constitute an excellent combination for a future fit team. We continue to upskill our employees to meet shifting market needs and business dynamics.



Talent acquisition and employee turnover

GRI 401-1

Creating high quality employment that is spread across the Nation is a priority. We rigorously seek recruits that have capabilities to match our operations and delivery requirements within the framework of a robust Recruitment Policy. The Bank's vast network of branches and service centres are a unique selling proposition to attract and retain talent who are well attuned to their communities and can be stationed in their localities to serve with empathy. In addition, we actively engage in Management Trainee (MT) hiring, selecting the best fit with our requirements to develop into future bankers. Talent mapping is used to identify skill gaps and address them through training programmes to optimise cost. Digitalisation significantly contributes to cost optimisation, from manual collection of applications to conducting online entry exams.

Talent acquisition by gender and region

Years	18-25 Year		26-35 Year		36-45 Year		46-55 Year		>56 Year		Total		Total %	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Western	140	123	1	1	3	1	2				146	125	53.9	46.1
Southern	36	8									36	8	81.8	18.2
Central	90	28		2							90	30	75.0	25.0
North Western	29	16									29	16	64.4	35.6
Uva	55	6									55	6	90.2	9.8
Northern	22	22									22	22	50.0	50.0
Sabaragamuwa	56	14		1							56	15	78.9	21.1
Eastern	37	7									37	7	84.1	15.9
North Central	45	10									45	10	81.8	18.2
Total	510	234	1	4	3	1	2	0	0	0	516	239	68.3	31.7
Percentage %	68.5	31.5	20.0	80.0	75.0	25.0	100.0	0	0	0	68.3	31.7		

Attracting key talent remains a challenge, as well as retaining field-based teams. To overcome this we offer a competitive compensation to with those specialist skills. The Bank, however, needs to adhere to statutory limitations in remuneration and benefits, which we actively seek to overcome. Sourcing specialist skills such as IT, Risk Management, and Compliance remain a challenge.

Employee turnover by gender and region

Years	18-25 Year		26-35 Year		36-45 Year		46-55 Year		>56 Year		Total		Total %	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Western	5	2	4	15	13	25	5	6	25	36	52	84	38.2	61.8
Southern			1	6	2	2		3	5	4	8	15	34.8	65.2
Central	1	1		3	1	2		2	3	7	5	15	25.0	75.0
North Western						1	3	1	7	7	10	9	52.6	47.4
Uva	1	1			1	1	1	1	6	1	9	4	69.2	30.8
Northern		1	1		1		1		3	2	6	3	66.7	33.3
Sabaragamuwa				2				2	1	5	1	9	10.0	90.0
Eastern				1	1		2	1	1	1	4	3	57.1	42.9
North Central			1	1	4	2			1	1	6	4	60.0	40.0
Total	7	5	7	28	23	33	12	16	52	64	101	146	40.9	59.1
Percentage %	58.3	41.7	20.0	80.0	41.1	58.9	42.9	57.1	44.8	55.2	40.9	59.1		

Comparison of employee turnover rates

	2025	2024	2023
Total employee turnover	247	304	293
Turnover rate %	3	4	4
Voluntary attrition	89	121	147
Voluntary attrition rate %	1	2	2

Team composition

GRI 2-7

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

Province	Male	Female	Total	Total %
Western	1,223	2,005	3,228	40
Southern	302	519	821	10
Central	368	502	870	11
North Western	239	401	640	8
Uva	232	247	479	6
Northern	181	236	417	5
Sabaragamuwa	243	323	566	7
Eastern	280	286	566	7
North Central	236	299	535	7
Total	3,304	4,818	8,122	100

Permanent employees by gender by region

Province	Male	Female	Total	Total %
Western	992	1,724	2,716	41
Southern	238	438	676	10
Central	250	408	658	10
North Western	191	350	541	8
Uva	155	205	360	5
Northern	147	186	333	5
Sabaragamuwa	156	277	433	7
Eastern	227	250	477	7
North Central	164	241	405	6
Total	2,520	4,079	6,599	100

Total employees by age by gender

Age	Male	Female
18-25	650	521
26-35	516	1,049
36-45	1,291	2,602
46-55	601	370
>56	246	276
Total	3,304	4,818

Non permanent employee breakdown by gender and by region

Province	Male	Female	Total	Total %
Western	231	281	512	34
Southern	64	81	145	10
Central	118	94	212	14
North Western	48	51	99	7
Uva	77	42	119	8
Northern	34	50	84	6
Sabaragamuwa	87	46	133	9
Eastern	53	36	89	6
North Central	72	58	130	9
Total	784	739	1,523	100

Diversity, equality, and inclusion

GRI 405-1

As an equal opportunity employer, the Bank upholds fair and transparent recruitment and advancement excluding discrimination of any form. Across our nation-wide footprint, we employ a highly motivated and diverse workforce who work in a culture of mutual respect. Discriminatory or harmful behaviour is not tolerated and warrant disciplinary action.

Years	Corporate Management		Executive Management		Officers (3-III-Grade I)		Staff Assistant Grade	
	Male	Female	Male	Female	Male	Female	Male	Female
18-25					1			
26-45				2	882	1,946	439	1,203
46-55	4	5	16	8	281	289	34	8
Above 56	5	2	5	2	150	222	13	2
Total	9	7	21	12	1,314	2,457	486	1,213
Percentage (%)	56.3	43.8	63.6	36.4	34.8	65.2	28.6	71.4

Total employees by department by gender

Business Unit	Male	Female	Total
Branches	2,217	3,758	5,975
Regional Head Office	465	407	872
Treasury and PDU	13	24	37
Corporate and OSBU	43	110	153
Overseas Customer Services	37	46	83
Card Centre	33	36	69
Head Office	494	431	925
Business Revival Unit	2	6	8
Total	3,304	4,818	8,122

Workers who are not employees

GRI 2-8

The Bank engages two categories of such employee cadre to provide services supporting its operations. Final year university students and contract employees are given the opportunity of internship and training to gain practical exposure to the banking industry.

The Second category, who carry out auxiliary services such as security and drivers who are sourced through worker outsourcing companies. Although they are not employees of the Bank, their inputs are necessary for peripheral services that are not considered integral to banking operations.

Category	Total
University Selectees	1,290
Outsourced Security	1,346
Outsourced Drivers	19
Total workers who are not employees	2,655

Talent retention

Talent retention, crucial as it is for our success, continued to be a challenge through 2025. Aggressive recruiting on offer of competitive pay packages from private banks and fintech companies externally, and legacy issues with limited lateral mobility internally results in mid-career turnover of skilled and tech savvy employees, creating a void challenging to fill in the short term. Additionally, these raise recruitment costs and weaken succession plans for critical roles in the long term. To strengthen open communication, we are planning to establish Employee Assistance Programmes (EAPs), for employees to address career development issues with the senior management. Amid many challenges, it is heartening to note that the Bank closed the year with a 97% retention rate , while maintaining a 94% retention rate among our corporate and executive management.

Management Trainees		Customer Service Assistant		Other Categories		Other Contracted Employees		Total		Total %	
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
		652	525				1	653	526	55.4	44.6
2	4	96	186	372	295	13	15	1,804	3,651	33.1	66.9
				269	60			604	370	62.0	38.0
				70	43			243	271	47.3	52.7
2	4	748	711	711	398	13	16	3,304	4,818	40.7	59.3
33.3	66.7	51.3	48.7	64.1	35.9	44.8	55.2	40.7	59.3		

Gender parity

Our commitment to equal opportunity is reflected in the way we foster diversity, equality, and inclusion. Our employee demographics index consists of 59% females with 39% in key management positions and 59% above senior managers. Many are deployed in areas such as recoveries and finance, where their specialist skills are further developed to achieve career growth. Those with special needs are provided with the necessary ancillary services creating an inclusive workplace with employee wellbeing as a key criterion.

The Bank practices zero tolerance policy regarding sexual harassment and violations are dealt within the special policies in place to safeguard all employees from unsatisfactory conditions.

Gender-wise regional dispersion

Region	Male	Female
Ampara	126	112
Anuradhapura	139	177
Badulla	154	164
Batticaloa	79	106
Colombo North	89	164
Colombo East	78	185
Colombo West	75	214
Colombo South	96	230
Galle	99	195
Gampaha	171	375
Hambantota	103	135
Jaffna	95	135
Kalutara	92	184
Kandy	151	277
Kegalle	92	175
Kurunegala	156	294
Matale	81	100
Matara	100	189
Monaragala	78	83
Nuwara Eliya	136	125
Polonnaruwa	97	122
Puttalam	83	107
Rathnapura	151	148
Wanni	86	101
Trincomalee	75	68
Head Office	622	653
Total	3,304	4,818

Age-wise regional dispersion

Years	18-25 Year		26-35 Year		36-45 Year		46-55 Year		>56 Years and above	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Western	176	205	223	406	443	1,078	266	172	115	144
Southern	50	44	52	134	138	281	49	31	13	29
Central	109	67	48	115	134	270	49	34	28	16
North Western	42	39	26	79	117	225	41	34	13	24
Uva	70	27	29	65	85	122	34	18	14	15
Northern	26	41	29	35	79	133	37	23	10	4
Sabaragamuwa	72	36	48	85	73	170	35	13	15	19
Eastern	49	26	29	63	113	164	65	26	24	7
North Central	59	41	32	67	109	159	25	19	11	13
Total	653	526	516	1,049	1,291	2,602	601	370	243	271

Employment category-wise gender parity

Category	Male	Female
Corporate Management	9	7
Executive Management	21	12
Officers (3 – III – Grade 1)	1,314	2,457
Staff Assistant Grades	486	1,213
Customer Service Assistant	748	711
Management Trainees/ IT Graduates	2	4
Drivers	117	
Security	96	
Secretary	21	243
Below Grades	490	171
Total	3,304	4,818

Gender equality in remuneration

GRI 405-2

Full pay parity is the basis for rewards and benefits, for both male and female employees. Any disparities are attributable to differing length of service, special skill sets, or specialist requirements and not gender bias.

The Bank maintains a 1:1 ratio of base salary and total compensation between women and men across all employment categories and key operational locations. Our policy guarantees complete non-discrimination, ensuring equal treatment for all employees. However, minor variations may occur due to differences in tenure or salary grade.

Category	Average Basic Salary		Ratio of Basic Salary women to men	
	Male	Female	Male	Female
Corporate Management	362,000.00	357,230.00	1.0	0.99
Executive Management	289,480.29	288,474.09	1.0	1.00
Officers (3-III to Grade I)	125,287.25	126,500.25	1.0	1.01
Staff Assistant	74,137.84	74,424.45	1.0	1.00
Other Categories	59,216.26	55,379.76	1.0	0.94

Proportion of senior management hired from the local community

GRI 202-2

The senior management levels are drawn from diverse disciplines related to finance, risk management, product and service innovation, marketing and branding, governance, audit, and legal and compliance, on a non-discriminatory basis. Bank sources all of its workforce from the local community and they are mostly recruited from their residence areas, as they understand the aspirations of their local communities that create closer ties and caters to customer needs of their localities. This helps us foster deeper connections with the local communities while augmenting our inherent commitment to religious, cultural, and ethnic diversity.

Training and development

GRI 404-1,2

The Bank conducts employee training in line with its annual training calendar, developed at the start of each year based on a training survey aligned with strategic objectives. Training hours are allocated according to identified skill gaps to ensure targeted development. A structured training program covering banking operations, risk management, anti-corruption, occupational health and safety, and various soft skills was delivered throughout the year. On average, each employee received approximately 27 hours of training, with a total investment of LKR 190.3 Mn. Training and development play a key role in decisions regarding remuneration, promotions, and other benefits, while also enhancing employee motivation and initiative.

Training calendar

Training programmes	Programmes	Participants	Hours
Internal	491	27710	211,933
External	96	474	6,122
Overseas	20	72	2,583
Total	607	28,256	220,638

	2025	2024	2023
Training Cost (LKR Mn.)	190.3	121.5	96.6
Training Hours	220,638	196,755	190,671
Average training hours per employee	Approximately 27 hours	Approximately 26 hours	Approximately 25 hours
No of hours on digital training	39,072	35,287	29,468
On-line training sessions	39	27	25

Average training hours per employee by gender

Male **Approximately 24 hours**

Female **Approximately 29 hours**

Training focus and delivery in the year	2025	2024	2023
No of trainings planned during the year	525	475	375
Number of training executed in the year	607	591	511

Internal resource persons are staff members who are excelled in their subject of relevant technical training programmes and over 150 internal resource persons have given their service during 2025.

Training and development process



Achieving yet another milestone, the digitalised Learning Management System (LMS) executed 39,000 digital training hours in addition to on-site training offered on a variety of topics. Full functionality of the LMS platform is expected by mid-2026. Working on a structured programme targeting all departments, we delivered role-based and function-based training building to instill functional competencies and team cohesion contributing to a unified delivery.

Professional development programmes involving overseas training for Executive Management and Corporate Management were planned with external resource personnel, empowering the bench-strength of our senior management.

Training by employment category

Average Training Hours by Employment Category	Average training hours	
	Male	Female
Corporate Management	69	93
Executive Management	42	85
Officer S (3-III – Grade I)	35	31
Staff Assistants	27	26
Customer Service Assistants	17	33
Management Trainees/ IT Graduates	20	79
Other	9	20

In addition to the LMS, the Staff Training College continued to deliver the training agenda concentrating on soft skills and personal development including a variety of topics that focused on personal development, customer centricity, and specialist knowledge sharing.

To strengthen the leadership pipeline and enhance managerial capabilities, the Bank continued its Structured Leadership Development Programme during the year. The programme is designed to equip emerging and existing leaders with strategic thinking, people management, and decision-making skills aligned with the organisation's long-term objectives.

Programme	Target group	Number of sessions	Number of participants
Leadership development – foreign	Corporate management	2	9
Change management and managing people in diversity	Branch/department staff	10	332
Effective coaching, mentoring for better work relationships	Branch managers	2	72
Leadership skills development	Branch managers, branch/department/regional staff	8	207
Nurturing tomorrow's leaders	Branch/department/regional staff	2	66
Prioritising the task and work-life balance	Branch/department staff	12	465
Team building, team synergy for high performance	Branch/department/regional staff and regional compliance officers	4	124
Total		40	1,275

Remuneration and benefits

GRI 401-2

The Bank provides a range of monetary and non-monetary benefits to all permanent employees based on employee category as well as their skills, aptitude and technical expertise. As an equal opportunity employer committed to non-discrimination, the Bank seeks to maintain sustainable operations which promoting a sustainable work-life balance of its employees. We also invest significantly in learning, development, and reskilling and offer secure retirement benefits for our seniors.

The collective bargaining agreement on place covers 99% of Bank's cadre, with all remuneration and benefit increases incorporated through the renewal cycle every three years. The agreement was renewed in January 2024, for the period from 1 January 2024 to 31 December 2026.

Employees are entitled to Gratuity, Employees' Provident Fund (EPF), and the Employees' Trust Fund (ETF) payments aligning with relevant laws and regulations. The Bank contributed LKR 526.6 Mn. to the ETF and LKR 2,106.3 Mn. to the EPF for the financial year 2025.

Maternity leave

GRI 401-3

	2025	2024
Number of employees entitled to parental leave	4,818	4,736
Number of employees who took maternity leave	227	655
Number of employees that returned to work in the reporting period after maternity leave ended	115	511
The total number of employees that returned to work after maternity leave ended that were still employed 12 months after their return to work	115	511
Returned to work (%)	50.7	78.0
Retention rate (%)	100	100

Benefit	Description
Life Insurance	Personal Accident Insurance Scheme
Health Care	Medical Benefits including Surgical and hospitalisation cover, Death Gratuity
Disability and Invalidity Coverage	Yes
Stock Ownership	No
Retirement Provision	Yes
Others	Annual bonuses and allowances, Travelling allowances to certain grades, Holiday bungalows, Staff loans, Library Facilities, Rewards and recognition programmes, 25 year service felicitation award programme, Accommodation support for outstation staff
Parental Leave	Only providing Maternity Leave

Minimum wage requirements

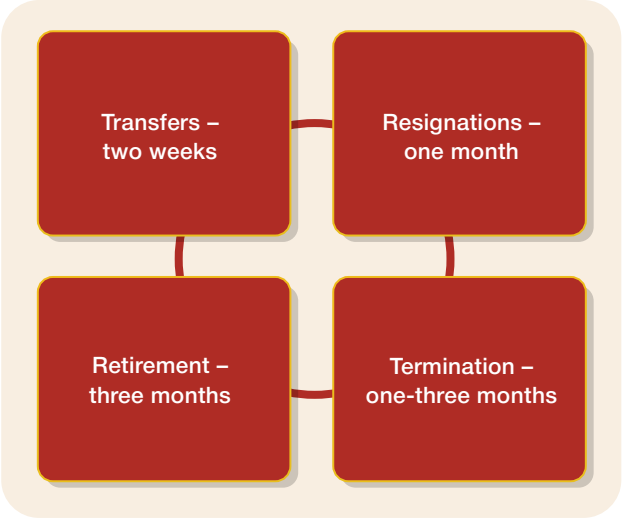
GRI 202-1

The Banking industry does not prescribe a legally mandate gender-based minimum wage at the entry level. The bank offers entry-level salaries that exceed the local minimum wage requirement.

Minimum notice period regarding operational changes

GRI 402-1

Operational changes, transfers, and job rotations are informed to the affected employees allowing for sufficient time to make necessary adjustments, with ease and convenience. The notice period and provisions for consultation and negotiation are specified within the collective agreements that are in force.



Occupational health and safety

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

The Bank is committed to maintaining a safe and healthy workplace for our employees, customers other stakeholders. The Bank ensures a safe working environment by addressing health and safety concerns across its operations and complying with all applicable safety standards. A comprehensive Health and Safety Policy is in place to promote a strong culture of safety and maintain a hazard-free workplace while strengthen our employee awareness initiatives and training, to keep employees prepared for potential incidents. There were no work-related employee fatalities reported in 2025.

A dedicated "Fire and Disaster Recovery Unit", reporting to the Deputy General Manager Banking Support Services, oversees the Bank's safety initiatives. Staff from both Branches and Head Office serve as area coordinators and have been trained in relevant safety measures. The Officer in Charge is responsible for hazard identification, risk assessment, and incident investigation. A disaster recovery plan has been established for every department in the Bank. In 2025, Bank conducts an annual fire drill in collaboration with the Fire Service Department of Colombo.

Training sessions have been conducted at both Head Office and regional offices, complemented by first aid drills to ensure readiness in emergency situations. In 2025, 15 work related injuries were reported. There were no work-related illnesses reported.

Mental wellbeing of our employees is identified as a key ingredient, both for their personal and professional development. The Bank established "Self Wellness Centre" where the counseling services are offered through a qualified professional to support and enhance the mental wellbeing of those who required such assistance. Our Human Resources Department ensures that such issues are addressed in a non-threatening manner and 100% confidential environment. These services are also extended to their children, offering parental support to employees. This was a first for the industry. Yoga and aerobic sessions are conducted free of charge at the Head Office, to whoever wish to take participate, for further physical and mental wellbeing of our employees. A Nawaloka Medical Centre has also been established at the former Head Office premises to support employee health and well-being.

Work-life balance was prioritised by carrying out region-based recruitment and placement, reducing long travel times, and minimising disruption to employee daily life.

As human-machine interface has long term effects on the human body our workspaces are designed ergonomically to ensure comfortable functioning, converting the working environment into a safe zone for employee's continued health and safety.

Expenses incurred in relation to health and safety in 2025

Health and safety expense	LKR Mn.
Medical expenses	2,804.6
Fire and safety	88.4
Total	2,893.0

Training on occupational health and safety

Programme	Number of Programmes	Participants
Business Continuity Plan of PB, Disaster Recovery Plans, Occupational Health and Safety	30	1,745
Business Continuity Management System	1	127
Workplace Fire and Safety Seminar	2	69
Total	33	1,941

Performance management

GRI 404-3

The Bank conducts annual performance appraisals for all the employees in line with predefined evaluation criteria through a two-way performance management system that enable mutual feedback between employee and supervisors.

The Online two-way performance management system continued to gather momentum as employees acclimatised to the new appraisal system of measuring productivity and rewards. Creating awareness of one's productivity from a self-evaluation point of view, the secondary supervisor-led evaluation paved the way for meaningful conversations, skill-gap identification, and appropriate learning and development. In 2025, the Bank ensures that 100% of its employees underwent the annual performance review, strengthening development, recognition, and career growth across all levels.

Promotions and transfers

The Bank's promotion and transfer policies are designed to support both vertical and lateral career growth, enhancing development opportunities for employees across all levels. These policies are transparent, and structured according to each grade, ensuring fairness and clarity in career progression.

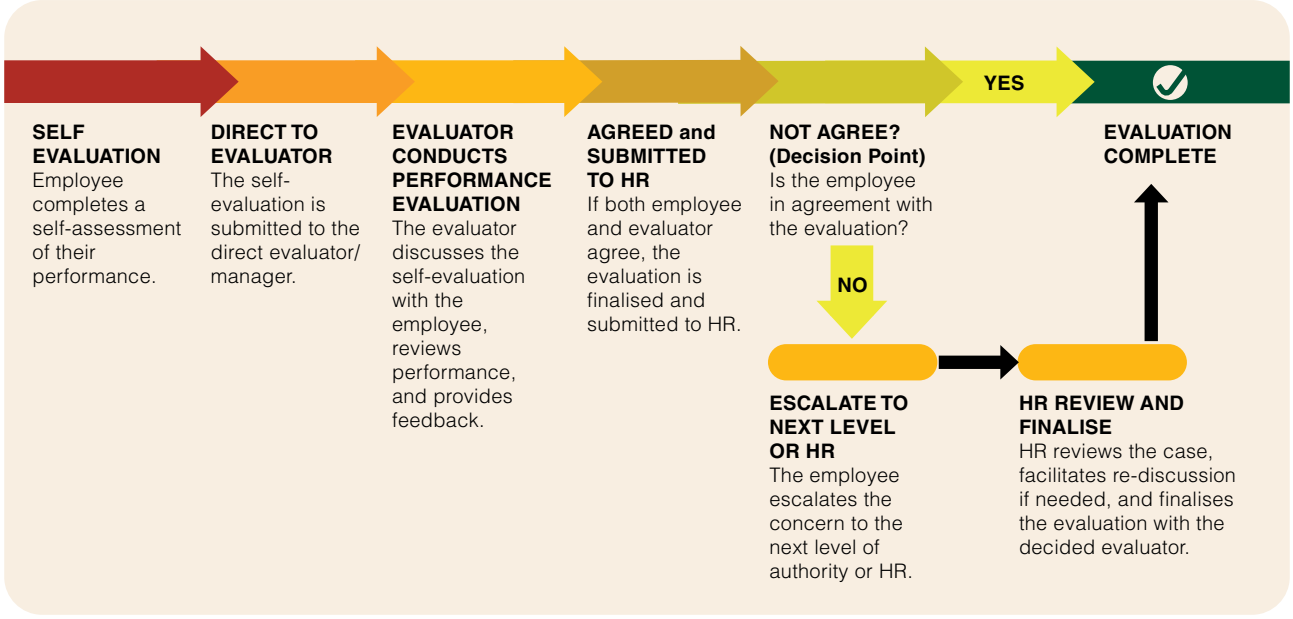
Promotions up to the Senior Manager level are based on a written examination and viva, while Executive, Corporate Management appointments and other senior management positions are approved by the Board of Directors through an interview process. Career advancement opportunities typically arise when vacancies occur, providing a clear and structured pathway for employee growth.

In line with business requirements, transfers are affected within the current or to a different region, being mindful of the distance the employee will need to travel. Any dissatisfaction can be escalated to the Appeals Committee, established under the purview of the transfer policy for resolution.

Succession planning

A strategically deliberated and approved succession plan is in place to ensure uninterrupted operations in executive and corporate management levels. This is of paramount importance for the sustainability of the business and is also supported by an approved cadre plan designed for managerial category.

Bank conducts Executive Development and Leadership Skills Development programmes to train the younger generation of bankers, with a view to occupying Key Management Persons (KMP) positions, in the future.



Employee engagement activities

Vesak Alms giving and Sil Observance at Gal Viharaya





47th Annual Christmas Carols





Poson Poya BethiGee with Meritorious activities



21st Annual Inter-Branch Quiz



A variety of Sports Festivals







Engaged staff are an empowered force fostering a culture of collaboration, innovation, and inclusivity. We carried out a series of structured engagement activities enabling employee interaction at informal gatherings. These activities included external social welfare and sports events and internal dialogue forums aligning staff aspirations to organisational goals of a productive and resilient future ready team.

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 59% 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.

During 2025, the Bank recorded zero incidents of discriminations and zero complaints of harassment across all branches and the Head Office reflecting our commitment to the wellbeing of our employees.

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 rights of all.

During the reporting period, no suppliers or operations were identified as posing a significant risk of child labour, forced labour or compulsory labour.

Staff Welfare Initiatives in Response to Cyclone "Ditwah"

In response to cyclone Ditwah, the Bank extended financial and practical assistance to affected employees nationwide. A total of 261 employees who were impacted by the cyclone were each granted LKR 20,000 as immediate financial assistance while 135 employees were granted LKR 10,000 each under "Mahajana Mehewara Senehasa" programme. A special loan facility "Ditwah" with a maximum limit of LKR 1 Mn. was also introduced. In addition, Corporate Management and staff members supported cleaning and restoration activities in affected areas, including Colombo.

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, as a state-owned entity, find it difficult to match.

Outlook 2026

With the revamped Promotions, Recruitment, and Remunerations plans in place, supported by digitalised learning and development, plans are underway to increase our programme roll-out to suit current demands of the market. HR strategy is woven around the strategic objectives of the Bank, and is foundational to achieving them and our successful performance.

Although we face challenges, we relentlessly continue to seek out skilled specialists from the market, to fill the gaps in our cadres.

SOCIAL AND RELATIONSHIP CAPITAL



Building and nurturing Social and Relationship Capital is fundamental for our sustainable growth. As a cornerstone of the Bank's strategic outlook, deep engagement with customers, business partners, investors, communities, and regulators is essential to go beyond mere transactional banking.

Our focus

We focused on continued development of inclusive digital platforms, community empowering initiatives, and maintained our expansive presence through our branch network. As the trusted financial partner with public welfare as a key objective, we continued to enhance stakeholder confidence and contribute meaningfully to the socio-economic development of Sri Lanka.

Our strategy

The Bank considers Social and Relationship Capital as a strategic asset, and prioritises trust-based partnerships with various stakeholder groups. Through inclusive outreach, leveraging our extensive branch network and digital platforms, we deepened relationships across diverse demographic segments. Through customer-centric innovations, transparent supplier engagement, and accountability in the governance frameworks, we strengthened our position as a trusted partner in Sri Lanka's socio-economic growth.

The highlights

New customer onboarding in 2025	**540,740**	Customer complaints resolution	**89.7%**
Digital transactions close to	**200 billion**	Value of digital transactions	**LKR 1.7 Tn.**
Number of Correspondent Banks and Vostro Agents	**136**	Payments to Local suppliers	**96.1%**
Investment in CSR projects	**LKR 26.9 Mn.**	Community based Development Lending	**LKR 15.8 Bn.**
Contribution to government	**LKR 49.0 Bn.**	Return on Equity	**20.1%**

Impacted material themes

We operate as a customer-centric business, with suppliers ensuring uninterrupted functioning. By practicing responsible lending, the Bank promotes financial inclusivity, and operates a sustainable business over the long term.



N	O	I	S	E
NEEDS	OPPORTUNITIES	IMPROVEMENTS	STRENGTHS	EXCEPTIONS
Strengthen trust and transparency with stakeholders, especially regulators and communities.	Leveraged the Bank's extensive branch and digital network to deepen community relationships.	Invested in advanced customer relationship management systems for personalised engagement.	Strong brand reputation as a trusted state-owned financial institution.	Rising competition from private banks and fintechs offering alternative innovative digital solutions.
Expand inclusive financial services to underserved populations.	Positioned as a national leader in financial inclusion and savings culture.	Continued to invest in digital transformation. Increased stakeholder dialogue through forums, surveys, and community programmes.	Wide branch network and digital platforms accessible to diverse demographics.	Potential reputational risks if service quality or transparency lapses.
Enhance digital engagement to meet evolving customer expectations.	Collaborated with the government and non-governmental organisations (NGOs) on socio-economic development initiatives.	Enhanced Environmental, Social, and Governance (ESG) reporting to demonstrate accountability and social impact.	Long-standing community presence and credibility in promoting savings and financial literacy. Strong social license to operate.	Economic volatility impacting customer trust and relationship stability. Recruitment challenges.

UN SDG'S impacted



The Bank's far-flung branches and service outlets provide a scalable capability to reach the underserved, supporting the financial inclusivity drive. By offering a wide range of products and services suited to each customer category the goal is poverty reduction and opportunities for economic growth.



The Bank's capacity to innovate is reflected in its offering mix for customers, digitalisation on all fronts enabling speed to the market and process reimagining. Accelerated digitalisation drive is clear evidence of the Bank's commitment to embedding these requirements into its business conduct on an ongoing basis.



The Bank's strategy, which combines public welfare with financial stability, provides an ideal platform to encompass a large demographic in its customer base, thereby contributing towards reducing inequalities.



Responsible Consumption and Production: With a meaningful ESG focus built on decades of accountability the Bank delivers its mandate for national development by exercising responsible consumption of scarce resources and working toward the preservation of an endangered planet.



By forging value-driven partnerships, the Bank collaborates with aligned platforms to deliver customer excellence while strengthening its reputation in both local and international markets.

CUSTOMER CAPITAL

Enduring customer relationships are foundational to our sustainability. Accelerated digital transformation and service excellence at every point of contact are pivotal to creating deep bonds with our diverse customer segments.

Our customer value proposition

GRI 2-6

Our customer value proposition is primarily based on the public welfare aspect of the nation, built up from 65 years of trust and confidence the customers have placed in us. Customer satisfaction is central to our planning initiatives and product development, and facilitates providing seamless and accessible banking experiences. Going beyond our social license to conduct business, we reach out to rural and underserved communities with products and services tailored to their needs, while conducting financial literacy awareness to empower them in creating and managing wealth. Our digital platforms are easy to navigate and we consistently exceed customer expectations, reinforcing our brand as a trusted partner in financial success and sustainable development.

A combination of superior digital capabilities and a sustained commitment to deliver service excellence enabled us to continue to expand our customer base while broadening our engagement with the private sector. Mobile and internet banking models were preferred by customers, as footfall banking declined through the year. As the emerging need for convenience banking intensified, we accelerated digital transformation and introduced customer-centric innovations and operational ecosystems.

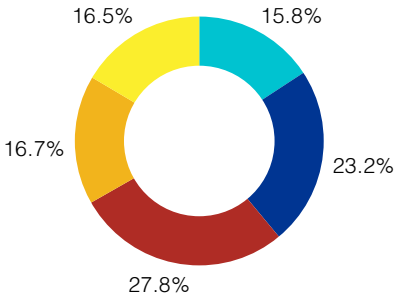
The Bank surpassed 5 million digital customer solutions as at end of 2025. Backed by online and mobile banking, we delivered inclusive financial services supported by robust cybersecurity and greater operational efficiency. Our digital scale enabled us to transform the formerly underserved population in the rural hinterlands into active customers and support their economic activities in a meaningful manner.

A comfortable duality

Reflecting both legacy trust and rapid modernisation, People's Bank remains Sri Lanka's most inclusive financial institution to the digitally savvy, urbanised, younger generation, and conservative rural and senior populations. This comfortable duality positions the Bank as the national leader in financial inclusion and digital transformation.

Demographic profile

Customer age profile



- Age range 10-15 years
- Age range 16-25 years
- Age range 26-45 years
- Age range 46-60 years
- Age range over 60 years

18–30 years

Fastest-growing segment

Heavy adoption of mobile banking, student loans, and digital wallets

Driving demand for instant payments and fintech-style services

31–50 years

Largest contributor to loan portfolios

Focus on housing loans, SME financing, and investment

Stable high-value customers with long-term relationships

50+ years

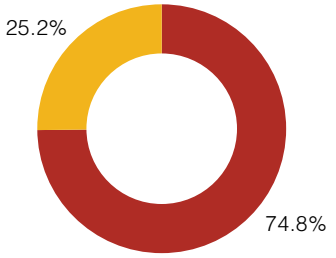
Stable deposit base

Reliance on fixed deposits, pension-linked services, and traditional branch banking

Digital adoption gathering momentum, reinforcing high trust in the Bank

Geographic distribution

Customer geographical profile



- Outer
- Western

Urban

High penetration of digital services, credit cards, and corporate banking

Competitive pressure from private banks and fintechs

Semi-urban and rural

Dependence on microfinance, agricultural loans, and cooperative banking

Strong government-linked programmes for financial inclusion

Overseas

Significant remittance inflows, particularly from the Middle East

Critical to foreign exchange earnings and household consumption

Customer segmentation by product

Segment	Key products	Growth trend 2025
Retail	Savings, housing loans, credit cards	High – driven by digital adoption
SME	Trade finance, working capital loans	Moderate – supported by SME programmes
Corporate clients	Treasury, investment banking	Stable – institutional loyalty
Rural/agricultural	Microfinance, cooperative loans	Growing – financial inclusion initiatives

Comprehensive disclosures pertaining to all products and product narratives are presented in the Business Review section commencing on page 102.

Levers of customer delight

Digital transformation

We continued with a deep dive into digital transformation to enhance convenience banking for our customers. By expanding mobile and internet services, we modernised core platforms, introducing data-driven personalisation to meet emerging customer needs. Fast and agile, and backed by our service reliability, we further augmented customer loyalty and cross-sell opportunities.

- IT and Digital Banking section commencing on page 127.

Levers of customer delight

- Digital Transformation
- Service Excellence
- Dedicated Customer Relationship Managers
- Financial Literacy Forums
- Women Empowerment
- Fostering Loyalty

Service excellence

Making customer service excellence a way of life, we trained our staff in a structured manner, upskilling them in product knowledge and service tenets, as well as soft skill development and complaint resolution. We have conducted 192 training programmes on product knowledge during 2025. Supported by measurable metrics and continuous learning, we continued to focus on building a future-ready team capable of consistently delivering service excellence. Omnichannel service delivery enhanced inclusivity as diverse customer groups chose the more appropriate channel to access banking services.

- Retail Banking section and Manufactured Capital section commencing on page 103 and page 150, respectively

Partnered with GovPay through the People's Pay digital mobile app to facilitate statutory payments.

Dedicated customer relationship managers

Dedicated Relationship Managers provided financial advisory and support for Retail, SME, and Corporate customers, with each Manager acting as a single point of contact. This coordinated effort across products and services, and proactive advice helped deepen customer relationships, driving cross-sell opportunities and customer retention.

- Corporate Banking section commencing on page 116.

Financial literacy forums

Delivered through workshops, webinars, and digital content, the Bank's financial literacy forums covered wealth creation and management, credit management, and sustainable finance options. Empowering our customers enabled them to make informed financial decisions, leading to long-term financial resilience.

- Retail Banking and Corporate Banking section commencing on page 103 and page 116, respectively.

Launched a dedicated channel on PEO TV for customer engagement and staff development.

Women empowerment

We intensified our efforts at women's economic empowerment by embedding gender-responsive policies across Retail, SME, Microfinance, and community programmes. Specialist awareness sessions were conducted for women entrepreneurs, mentoring them towards achieving financial freedom. By engaging with civil society and industry stakeholders, the Bank focused on capacity building for women, driving sustainable social impact.

Customer gender profile



- Commercial Credit and SME and Microfinance Development sections commencing on page 109 and page 112 respectively.

Fostering loyalty

We implemented several rewards and tiered loyalty schemes with product bundles, digital engagement campaigns, and seasonal promotions across all business segments. Customer feedback loops and loyalty analytics tracked retention and share of wallet, and partnership promotions provided daily utility values.

Ran Kasi Vasi Draw – for the highest remittance received	Vanitha Pranama – 10 women account holders who received the highest worker remittances
Special promotion campaign for foreign remittances through Vasi Kotiyai 2025	People's Biz Teen Challenge 2025 to motivate young entrepreneurs
Launched the SME Business Credit Card to mark World SME Day	Gederatama Thaagi promotional campaign for People's debit cardholders
Expansion of digital banking awareness campaigns (People's Pay, internet banking, mobile banking)	Performance-driven social media campaigns across Facebook, Instagram, TikTok, YouTube, and LinkedIn
Women entrepreneurship campaign aligned with International Women's Day	Grade Five Scholarship seminar series under Sisu Udana savings
Microfinance awareness and community outreach communication	Credit card lifestyle positioning campaigns (Havelock Mall and Kandy City Centre)
Debit card usage acceleration campaigns	Video-first content strategy
National Export Empowerment Initiative in collaboration with the Export Development Board	

Customer satisfaction

Number of customer complaints received **407**	Number of complaints resolved **365**
Number of customer complaints escalated from the Central Bank of Sri Lanka (CBSL) **193**	Number of customer complaints pending to be resolved as at 31 December 2025 **42**
Number of customer complaints escalated from Financial Ombudsman **37**	

Ethical banking practices

GRI 206-1

Within a robust Governance and Risk Management framework, the Bank upholds the highest ethical standards in a responsible and accountable manner in all its activities, from product development to service delivery and complaint resolution.

Clear communication

Our customer value proposition is communicated in three languages, and contains authentic and accurate information. Required information, rates, and fees are prominently displayed at our branches and are also accessible via our website. Each product or service carries clear and precise terms and conditions, enabling our customers to make well-informed banking decisions. A fully fledged Contact Centre with well-trained staff address customer enquiries, log complaints, and received feedback.

Employee upskilling

We continue to upskill employees who are capable and well informed to provide accurate information to customers, provide solutions, and where necessary, impart financial advice.

Public welfare

Partnering with the Government, we assist in implementing national development initiatives as our contribution to an empowered society and a revived economy.

There were no incidents reported for the year 2025 relating to anti-competitive behaviour, antitrust and monopoly practices.

Customer health and safety

GRI 416-1

As a bank with the widest branch network and a customer base that spans corporates to individuals, it is our duty to provide safety across all our offices and branches, through robust systems.

All our branches are designed with customer and employee health and safety in mind, providing well-ventilated and in some cases, taking advantage of daylight hours. Fire extinguishers and first-aid kits are available at each location, and safety and evacuation training is provided to selected staff to manage any unforeseen incident.

State-of-the-art banking complex in Kegalle for customer convenience.

Marketing communications, Product service information and labelling

GRI 417-1, 2, 3

Our marketing material was presented in a clear, accurate, and comprehensive manner in all three languages (Sinhala, Tamil, and English), empowering customers through full disclosure of benefits, terms, and conditions. We strictly adhere to CBSL advertising and marketing regulations, representing our offerings in a transparent manner. Green financing products and renewable energy offerings were geared to align with environmental sustainability, and the frameworks for loan funding eligibility were clearly captured in our marketing material.

In 2025, there were no incidents of non-compliance in relation to marketing communications, Product service information and labelling.



Customer data privacy

GRI 418-1

We pursued infrastructure modernisation, deploying state-of-the-art information security technologies and strengthening cybersecurity controls across our operations. Integrated into the Bank's broader digital transformation agenda, these investments enhanced resilience and data protection. During the year 2025, there were no incidents reported related to the breaches of customer privacy or losses of customer data.

Outlook for 2026

As a dynamic and forward-thinking institution, we will continue to drive sustainable growth by adapting to global and technological changes, and contributing to Sri Lanka's broader economic development. Digitalisation is a key component of this journey. In 2026, we will continue to accelerate digital transformation while delivering exceptional customer service, prioritising operational excellence to enhance customer experience and drive sustainable growth.

As a collective of professionals, each business segment has articulated their specific plans for 2026 in the Business Review section, commencing on page 102.

BUSINESS PARTNER CAPITAL

Our Business Partners include service providers, suppliers, strategic partnerships, and industry forums, enabling us to meaningfully engage in the banking business and contribute to national development. By adding value to our business in tangible and intangible ways, they help drive efficiency, ensure an uninterrupted service, and enhance value delivery.

Business partner categories

GRI 2-6

Business growth partners	Correspondent banks	Vostro agents	Franchise partners	State institutions
	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, thereby 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 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 reinforcing our environmental and social responsibility, and supporting sustainability initiatives.	Suppliers of materials, equipment, furniture, fixtures, fittings, and technology, as well as 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 travel but also for client visits across the island.

Maintenance partners	Software suppliers	Communication	Waste management	Debt collection agencies	Human resource providers
	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 exchanges rely heavily on superior infrastructure in this area.	Third-party recyclers, together with municipal and urban councils, help ensure our premises are in good condition, contributing towards the health and safety of our employees and visitors.	Recovery or debt-collection agencies rendered invaluable support during challenging periods. Their efforts contributed, in part, to our resounding success in 2025.	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.

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

International business partners

A vital component of our business is the securing of goods and services. Our international business partners are a secure and trusted network of professionals spanning the globe, supporting the sourcing, transporting, and delivery of peripheral goods. The Bank consolidated the strong relationships that were particularly advantageous during volatiles times of geopolitical polarities, trade wars, and global tensions.

Over the years, the Bank has built strong relationships with its international business partners, supporting growth as it navigates volatile times of geopolitical polarities and global tensions.

Transparent procurement practices

Based on consistency and accountability in purchasing decisions, our Procurement Policy ensures it complies with all laws and regulations, while promoting cost optimisation and operational efficiency. Its transparency and fairness display the Bank's inherent ethical standards in governance procedures that permeate across decision-making. With a tender process stringently managed and monitored, the Technical Evaluation Committee (TEC) is resourced with experts from the industry to evaluate all technical specifications during procurement. The Committee develops both operating and capital budgets (OPEX and CAPEX), which lays the foundation for procurements throughout the year, diligently containing costs and contributing to the Bank's successful performance.

Sharing prosperity with our suppliers

GRI 204-1

Category	2025	2024
Number of registered suppliers	This varies from tender to tender and e-procurement is carried out by the Ministry of Finance.	We use the e-procurement platform which was introduced by the Ministry of Finance in 2020 and do not practice supplier registrations.
Number of correspondent banks	42	42
Number of vostro agents	94	88
Payments to suppliers (LKR Bn.)	28.3	22.3
Local	27.2 (96.11%)	20.9 (93.7%)
Foreign	1.1 (3.89%)	1.4 (6.3%)

Levers of value addition

Memberships and associations

GRI 2-28

Our remit includes public welfare and our presence at various industry forums significantly helps us in partnering with the government to drive its national development agenda. Our collective voice as a Bank, with a wealth of experience, reach, and understanding of the aspirations of urban, semi-urban, rural, and agricultural communities, gained us a platform to contribute to forward-thinking banking regulations and guidelines.

We are proud to be a Member of:

- Institute of Bankers of Sri Lanka
- The Ceylon Chamber of Commerce
- Sri Lanka Banks, Association (Guarantee) Ltd.
- Association of Banking Sector Risk Professionals – Sri Lanka
- Asia-Pacific Rural and Agricultural Credit Association
- 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
- SWIFT
- LankaPay (Pvt) Ltd.

Levers of value addition

- Memberships and Associations
- Supplier Screening and Environmental Assessments
- Procurement Process

Supplier screening and environmental assessment

GRI 308-1, 414-1

It is expected and enforced that suppliers adhere to local laws and regulations, including the sustainability practices adhered to by the Bank, a proponent of public welfare and community development, in the sourcing, producing, value-adding, and delivery of supplies. 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.

The procurement process

- 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 the 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 required to register on the Electronic Government Procurement (e-GP) System, a mandatory requirement issued by the Ministry of Finance.

Outlook for 2026

We will continue to cultivate strong 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 our future needs, and keeping well within the approved OPEX budgets. As we transition to lean and green operations, we will drive cost efficiencies to optimise resource usage for a sustainable business operation.

COMMUNITY CAPITAL

As a state-owned entity, People's Bank prioritises sustainable socio-economic development, inclusive growth, and empowering the communities it serves. Leveraging our financial prudence and public welfare mandate, we engaged in responsible lending, financial literacy programmes, capacity building, and investments that combined to contribute in a meaningful manner to equality and community prosperity.

Levers of empowerment

Responsible development lending

GRI 203-1

The SME and microfinance sectors were prioritised for development lending, with the long-term view of infusing their economic activities into mainstream banking. Hitherto served by informal financial institutions, we embarked on a concerted effort to educate, financially literalise, support, and fund a variety of fledgling businesses to grow and succeed. This also supported the government's focus on building the SME sectors, especially with tourism on the rise. As a Bank that has a long history of making inroads to the rural and sub-rural communities, we were well poised to invest our expertise in building these communities with sustainability as a priority.

Levers of empowerment

- Responsible Development Lending
- Indirect Economic Impact
- Corporate Social Responsibility
- Community Engagement

Community based development lending as at 31 December 2025

Risk type	Funded by the Bank		Funded through refinance schemes	
	Number of loans	Outstanding amount LKR Mn.	Number of loans	Outstanding amount LKR Mn.
Agriculture	14,335	7,043.55	2,453	775.95
Commercial	3,448	2,283.20	273	95.49
Consumption	15	10.75	–	0
Finance	157	3,755.12	7	0.46
Housing and property development	183	114.95	23	23.27
Industrial	1,489	783.05	133	30.7
Other economic activities	2,114	362.06	369	38.68
Service	608	350.13	58	2.79
Tourism	67	70.53	15	53.44
Grand total	22,416	14,773.34	3,331	1,020.78

Indirect economic impact

GRI 203-2

Financial inclusion is a crucial aspect of our banking services. Our wide reach and strategically positioned network of branches and service centres were ideal springboards to offer essential financial services to the rural and underserved communities. Affordable credit and advisory supported and empowered small-scale microenterprises to thrive, promoting livelihoods and inclusive economic development.

People's Bank holds the distinction of opening its doors to the economically disadvantaged and the women entrepreneur segments across the country. We maintained our presence in full force, even during the conflict years, and subsequently expanded our services further.

Inclusivity being a strategic pillar, our employees in the Eastern and Northern regions are trilingual, enabling effective communication and building trust. Additionally, all our marketing and communication materials are produced in all three languages, enabling customers to make informed decisions and seek advice, where necessary.

Corporate social responsibility

GRI 411-1

Our deep, intrinsic presence across the country, especially in the rural hinterlands, helped create positive changes across the communities we serve. By promoting inclusion and empowering livelihoods, we augmented our role as a trusted partner and a necessary institution for national development. We continued to support our communities in many ways in 2025. Further, no instances have been reported on violation involving the right of indigenous people.

Community engagement

GRI 413-1

We deepened our community engagement as a socially responsible organisation through a variety of activities targeting culture and religion, education, financial literacy, and social welfare. Partnering with civil society, we provided practical support to underserved communities with the aim of mobilising self-reliant groups that are empowered for a sustainable future.

We invested significantly in these initiatives with long-term impacts on livelihoods and resilience.

Culture and religion

Kandy Esala Perahera 2025

The Bank sponsored the Kandy Esala Perahera in 2025, a key event that draws large domestic and international audiences, and is world famous for its pageantry and tradition. We are pleased to have supported this iconic event, which is a significant part of Sri Lanka's cultural heritage.



Inaugurating the Pethmaga pathway at Sacred Jaya Sri Maha Bodhi, Anuradhapura

The Bank completed construction of the Pethmaga pathway, leading to the Western gate of the Sacred Jaya Sri Maha Bodhi premises. This was completed under the Bank's ongoing Mahajana Mehewara programme structure.



Poson celebrations in Anuradhapura

A series of meritorious activities were carried out in Anuradhapura to commemorate the sacred Poson Poya Day, reaffirming our commitment to religious harmony. For the 42nd consecutive year, the Bank offered Heel Dana to over 25,000 devotees observing Sil at the sacred Jaya Sri Maha Bodhi premises. Additionally, for the 19th time, People's Bank conducted a glorious performance of the "Poson Bodhu Gee Saraniya" at the Ruwanweli Maha Seya.

This programme is organised by People's Bank to support the national and religious activities of the country, while also highlighting and nurturing the aesthetic talents of the Bank's staff. The musical performance was directed by veteran musician Karunarathna Wijewardhana. The Bodhu Gee were performed by People's Bank staff members together with students from Niwaththakachethiya Maha Vidyalaya. The Bank's Anuradhapura Regional Office organised the entire programme.



Christmas carols

A vibrant carol singing evening was held to celebrate Christmas, organised by the Christian Guild of People's Bank.

Category	Investment LKR Mn.	Number of projects	Outcome
Cultural and religious	11.8	12	Promotes ethnic and religious harmony for cohesive and supportive living among the communities.
Education	11.7	02	Empowers the future generation to engage in modern ways of learning and meaningful engagement.
Health and other social activities	3.2	05	Ensuring health, longevity and child care for a healthy nation.

Education

Faculty of Medicine, University of Colombo

The Bank officially inaugurated the newly renovated Vincent Subasinghe Memorial Hostel Building at the Faculty of Medicine, University of Colombo, at a cost of LKR. 11 Mn., reaffirming its commitment to education and youth development.



Undergraduate internships

We offered internship training opportunities to undergraduates, with the aim of preparing them to face the future marketplace and adapt to dynamic economic landscapes with ease.

14	**06**	**713**	**499**
Government universities	Private universities	Students benefited as of 31 December 2025	new students entered the programme in 2025

Knowledge sharing

Knowledge sharing workshops were predominantly held in rural areas for capacity building and infusing the skill sets needed for progress and financial literacy.

Programme/Initiative	Thematic objective	Description	Region/District	Number of participants
Entrepreneur Glory for SME customers	Financial literacy development among women entrepreneurs	Financial management and climate change	Colombo North, South, West, and East	32

Environmental preservation

Environmental, Social, and Governance (ESG) objectives are at the core of our operations. The Bank's accelerated digital transformation is a clear indication of its strategic intent in conducting business with a soft footprint on the environment. The digital drive has markedly reduced paper usage and waste disposal, green buildings contributed to reduced grid energy usage, and green lending supported renewal energy.

Our efforts in biodiversity conservation are reflected in eco-park concepts, where planting local species are encouraged and maintained. We approach the preservation of a threatened planet in a holistic manner, looking inwardly to reimagine our processes and operational efficiencies, which adds both tangible and intangible values to the environment.

Refer the section Our ESG focus on pages 94-95, IT and Digital Banking commencing on page 127, and renewable energy inputs in the Natural Capital section commencing on page 198 for further details.

Outlook for 2026

With the core concept of Mahajana Mehewara, our CSR programmes are implemented. Leveraging our vast resources and extensive network, we address issues that are at the heart of our communities, offering support, empowerment, and hope. By making a positive impact on landscapes and communities that are served by the Bank, we contribute to the nation's rural heartlands, where the Bank has an intrinsic presence as a nucleus for financial well-being.

We will be investing in several key programmes to create a broad and meaningful impact on community life. In addition, the Buddhist Association, Hindu Association, Muslim Majlis, and Christian Guild of the Bank will engage in a variety of CSR activities in 2026, supporting the community and each other, showcasing religious and ethnic harmony that is a crucial aspect of any sustainable entity.

INVESTOR CAPITAL

As a state-owned Bank, our principal investor and controlling shareholder is the Government of Sri Lanka, represented by the Ministry of Finance. Established under the People's Bank Act No. 29 of 1961 (amended in 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.

Economic contribution

GRI 201-1

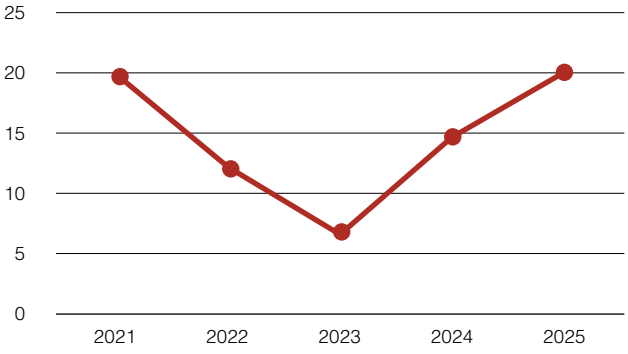
The direct economic value generated and distributed in 2025 indicates the exponential growth in our business operations, the effectiveness of the cost-saving initiatives, the robustness of risk management, and continued commitment to ethical governance processes.

For the year ended 31 December	2021 LKR '000	2022 LKR '000	2023 LKR '000	2024 LKR '000	2025 LKR '000	Growth (%) 2025 VS 2024
Sources of income						
Interest	197,330,011	321,935,983	394,794,898	349,292,146	356,669,240	2.1%
Exchange	(1,405,861)	17,053,885	8,584,947	(435,708)	3,344,122	667.5%
Commission and fees	8,268,168	16,397,745	13,806,168	14,923,343	18,312,109	22.7%
Capital gain	143,459	184,223	347,203	537,614	263,377	-51.0%
Other	2,914,043	1,656,773	4,708,927	3,660,594	3,420,314	-6.6%
Total	207,249,820	357,228,609	422,242,143	367,977,989	382,009,162	3.8%
Utilisation of income						
To depositors/borrowers as interest	114,869,171	246,177,918	340,473,452	242,050,205	214,291,533	-11.5%
To employees as emoluments	22,711,335	26,602,748	24,493,737	35,834,826	38,230,657	6.7%
To providers of goods and services	12,276,709	15,882,049	21,352,264	21,265,446	22,865,436	7.5%
Net impairment loss on financial assets	14,472,820	33,346,451	7,437,572	5,450,173	15,993,696	193.5%
To government – taxes, special levy and dividend	16,328,960	13,944,390	13,926,049	33,476,273	48,968,336	46.3%
To community	12,665	38,213	40,721	35,964	26,886	-25.2%
Retained for growth	26,578,159	21,236,840	14,518,348	29,865,102	41,632,619	39.4%
Total	207,249,820	357,228,609	422,242,143	367,977,989	382,009,162	3.8%

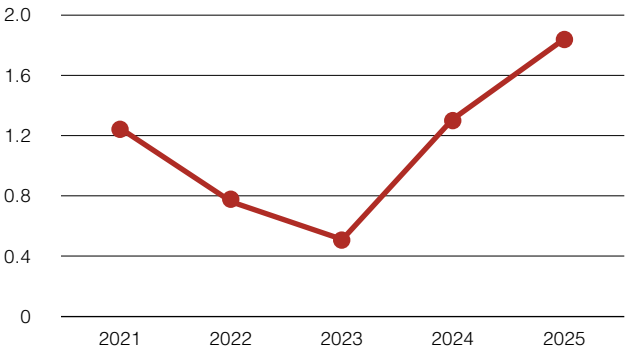
Key contribution to the Nation – 2025

National contribution	2025	2024
To government – Taxes, special levy and dividend (LKR Bn.)	48.97	33.48
Return on equity (%)	20.1	14.7
Return on assets (%)	1.8	1.3

Return on equity %



Return on assets %



Refer the Financial Capital section commencing on page 142 for further details.

Non-financial contribution to the nation

The Bank credits dividends to the Government of Sri Lanka (supplementary to tax payments), which are transferred to the public as instruments of welfare, including pensions and Aswasuma payments, through its islandwide branch network that sustains rural communities in their daily lives. The SME and microfinance sectors were greatly supported through the countrywide branch network, underpinned by the Bank's digital infrastructure, creating an environment of inclusivity within those sectors that were previously underserved and under-banked.

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 it plays a leadership role in bulk purchases of fertiliser, medicine, petroleum, coal, and other essential items that form the backbone of the country's economy. We facilitate access to formal and secure financial services to an extremely rural segment of the population that is unbanked or under-banked, ensuring financial inclusivity.

Taxation

GRI 207-1, 2, 3

During the year we contributed LKR 43.19 Bn. in taxes to the national economy. This comprised LKR 24.18 Bn. in Income Tax, and LKR 19.01 Bn. in Financial Services Tax.

Specialists in taxation and allied matters ensure conformance to and compliance 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, which oversees the adherence to tax laws as well as regulatory matters. People's Bank also plays a pivotal role in social responsibility in tax practices, always engaging a brand of commitment to ethical conduct. By upholding the mantle of leadership, the Bank 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.

NATURAL CAPITAL



The Bank continued to integrate environmental considerations into mainstream risk-management and reporting frameworks. This section documents how we managed the Natural Capital in a responsible manner, embedding sustainability metrics with financial reporting processes.

Our focus

Our extensive reach across diverse landscapes of Sri Lanka underscores our unwavering responsibility to preserve the country's natural resources in an accountable manner. As a vital component of public welfare preservation of the natural resources thereby safeguarding the well-being of the communities and the broader economy we serve, are of utmost importance to us. We intensified our efforts to promote environmental conservation, promote responsible resource management, and reduce our ecological footprint.

Our strategy

We intensified efforts to consider our consumption of the natural capital aligning with the Green Financing Taxonomy of the Central Bank of Sri Lanka (CBSL). We adopted this as a foundational framework for financial products, services, and operations, with sustainable development goals. This translated to green lending, prioritising projects that contributed to climate mitigation, adaptation, biodiversity conservation, and resource efficiency. We tailored financial solutions to include the sectors mandated by the taxonomy such as renewable energy, sustainable agriculture, and pollution control.

Actively engaging with our wider stakeholders, we reinforced our role as a leader in sustainable finance, committed to safeguarding the country's Natural Capital for inclusive growth.

As a financial institution, the interaction with the Natural Capital is limited to building and maintaining the branch and agency network across our footprint and responsible consumption of energy, water, fuel, and waste management. We do not engage in activities that negatively impact the environment and positively contribute to its enhancement through stringent credit analysis for green lending.



Green financing loans granted during 2025	**LKR 3.6 Bn.**
Total number of branches with solar capacity	**141 branches with 4.9 MW generations**
Water consumption reduced	**0.9 Mega liters**
Electricity consumption	**8,191.4 GJ**
GHG emission reduced	**3.0 tonCO_2e**
Paper recycling during the year	**5,459 Kg**

Impacted material themes

As a partner in supporting the GOSL in its national development strategy, we are committed to ensuring ethical governance, robust risk control, and environmental preservation, that in the long term, will impact the nation. While we adapt to the dynamic business environment, public welfare is at the core of our strategies helping the nation to rebuild and rise.



Risk and Governance



Environmental Impact

Socio Economic Impact

N	O	I	S	E
NEEDS	OPPORTUNITIES	IMPROVEMENTS	STRENGTHS	EXCEPTIONS
To enhance the integration of natural capital accounting into mainstream financial reporting.	Strong potential for growing the green finance products.	Enhance reporting on natural capital metrics like financial reporting.	Strong asset base and continued deposit growth provided capacity for sustainable investments.	Stakeholder expectations in reducing environmental impact.
A robust mechanism to measure natural capital replated metrics for enhanced disclosure (i.e. carbon footprint, resource, use, waste management)	Ability to position the Bank as a leader in sustainable finance sector as SME and Microfinance sectors are in focus, for development.	Exposure to state-owned-enterprises with high environmental risks could undermine sustainability goals.	Proven track record to manage impairments while maintaining profitability.	Investor and regulatory anticipation in climate–adaptation and adopting international sustainability standards.
Stronger alignment with global frameworks to meet investor expectations.	Leverage digital banking prowess to reduce paper use and operational emissions.	Increasing regulatory focus to adopt stricter climate–related disclosures and lending.	Deeply embedded visibility and trust as a state owned bank, and wide national reach.	Evolving customer expectations for eco–friendly banking solutions.

UN SDGs impacted



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 locations



Responsible Consumption and Production

The Bank conserves resources by minimising the use of paper by adopting digital solutions and conserving the use of electricity in all buildings



Climate Action

The Bank monitors its GHG emissions

Energy management

GRI 302-1, 3

The Bank's digitalisation is both a catalyst for rising electricity demand as well as a powerful enabler of energy saving. Data centres and cloud services that are live 24 x 7, growth in AI, streaming, and cloud workloads combined with device proliferation and always-on services raised electricity use to some degree.

Digital controls however, contributed to energy optimisation and efficiency, as automated controls impacted energy usage while dematerialisation helped to lower transportation and paper use energy costs. Smart grids and demand response use digital signals to match supply and demand, enabling efficient system integration and higher share of variable renewables.

In 2025, 67 branches were fitted with solar panels, and the total number of branches using solar energy is 141. Total power generation amounted to 4.852 MW in the year under review.

In addition, the Bank continued with replacing tungsten bulbs with low energy consuming LED lighting, and replaced obsolete air conditioner units with inverter models, improving energy efficiency.

Green financing

Public welfare is at the core of our operations, while we continue to evolve as a future-ready banking institution, we also cognisant of the wider responsibility of preservation of the Planet, As a key marker in our priorities as, and as the nation is slowly but steadfastly moving towards a green economy, we implemented the green-finance programme, disbursing 23 loans totaling LKR 3.6 Bn., to accelerate de-carbonisation and energy resilience.

LKR 0.84 Bn.

Rooftop solar installations

LKR 2.52 Bn.

Ground mounted solar projects

LKR 0.25 Bn.

Electric vehicle adoption

Designed to reduce customer carbon footprints, strengthen national energy security, and considerably lower operating costs, these support corporate and SME sectors to transition to low-carbon operations.

For a detailed narrative on our green initiatives and digitalisation, please refer to pages 127-131 on IT and Digital Banking.

Energy source	Energy type	Consumption level 2025 (Giga Jules)	Consumption level 2024 (Giga Jules)
Non Renewable	Electricity	8,191.4	6,235.7
Non-Renewable-Fuel	Petrol	330.8	244,2
	Diesel	1,646.2	2,292.9
Total		10,168.4	8,772.9
Energy Intensity Per Employee	9.05 GJ		

**Electricity consumption increased from 6,235.7 Giga Jules in 2024 to 8,191.4 Giga Jules in 2025 since we have enhanced the scope of the operation to people's tower.*

Actions for climate changes

GRI 201-2

Certification for ISO 140 64-3:2019

Reporting period	4 January 2025-31 December 2025
Organisation	People's Bank Sri Lanka – Head Office
Statement Number	SL/PB/20260309
Date of Issue	09.03.2026
Level of Assurance	Reasonable
Total Emissions	1901.71 ton CO_2e
Direct Emissions	408.31 ton CO_2e
Total indirect emissions	1493.40 ton CO_2e
Biogenic Emissions	Not Applicable

We implemented several Initiatives to further contain our energy usage:

- Increased the Solar panel installations on rooftops of branches and ATMs.
- Conducted Training programs on energy-saving practices.
- Established green building standards at Peoples Tower.
- "Energy Efficiency Ratio" of all new machinery and electronic equipment was considered to reduce energy usage.
- Deployed LED bulbs for lighting to save energy.
- Purchased IT equipment with an energy efficiency star rating.
- Installed soundproof, low-emission, and fuel-efficient generators with remote monitoring capabilities.

Our commitment to responsible consumption within the Bank and across our stakeholder universe was evident in many ways.

Financing for rooftop and commercial solar	Partnerships to accelerate solar adoption	Alignment with national solar rollout	Internal measures
Dedicated "Solar Power" loan facilities were offered for rooftop and grid-connected projects, enabling customers and branches to install on-site generation, reducing grid draw.	Partnered with renewable energy producers to facilitate access to rooftop solar via tailored financing, speeding up deployment of solar across customers and potentially bank properties.	National programmes (Soorya Bala Sangramaya) expanded rooftop solar capacity in 2025, creating conditions for bank-let upgrading, enabling project economies supported by greater availability of installers, tariffs, and grid interconnection options.	Continued energy efficient retrofits such as LED lighting, efficient HVAC, variable-speed drives and building management systems to cut consumption. Load management and scheduling using timers and smart controls, shifting non-critical loads to daytime when solar generation is highest. Purchasing renewable energy or certificates to offset grid consumption. Continued digitalisation with increased usage of peoples pay and wave apps and branch rationalisation to lower facility energy use.

Emissions management

GRI 305-1, 2, 3, 4, 5

The success we achieved in 2024 with ISO 14064-3:2019 verification helped us in continuing with our efforts to reduce GHG emissions, although the emissions were limited to transportation and operation of equipment. We strictly complied with the requirements of the certification in 2025, with zero non-compliance incidents. We applied a structured and documented method of Identification and Evaluation methods for managing emissions.

Identification criteria

Relevance	Completeness	Consistency	Accuracy	Transparency
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.	Consider which indirect emissions and removals need to be included in the inventory for the inventory to include all relevant sources.	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).	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.	Consider whether exclusion of the indirect emissions and removals, without disclosure and justification, impedes intended users from making decisions with reasonable confidence.

Evaluation criteria

Magnitude	Level of Influence	Risk or Opportunity	Sector–specific Guidance	Outsourcing	Employee Engagement
The emissions or removals that are assumed to be quantitatively substantial.	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.	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).	The GHG emissions deemed as significant by the business sector, as provided by sector-specific guidance.	The emissions and removals resulting from outsourced activities that are typically core business activities.	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).

GHG inventory summary 2025

Scope	Emission Sources	GHG Emission ($tonCO_2e$)				Total Emission
		CO_2	CH_4	N_2O	HFC	$tonCO_2e$
Scope 1 Direct Emission	Stationary Combustion	17.835	0.131	0.000		17.967
	Mobile Combustion	259.538	0.533	2.677		262.749
	Fugitive Emissions	0.022			127.572	127.594
	Scope 1 Total	277.373	0.665	2.677	127.572	408.309
Scope 2 Indirect Emission	Purchased Electricity	875.495				875.495
	Scope 2 Total	875.495				875.495
Scope 3 Other Indirect Emission	Purchased Goods	0.710	0.002	0.007		0.720
	Business Travel – Land	0.136	0.002	0.002		0.139
	Business Travel – Air	52.058				52.058
	Employee Commuting	464.100	1.090	2.472		467.662
	Waste Generation	0.446				0.446
	Transmission and Distribution Loss	91.903				91.903
	Purchased Water	4.971				4.971
	Scope 3 Total	614.324	1.094	2.481		617.899
Total Emissions		1767.193	1.758	5.159	127.572	1901.704

GHG emission comparison 2025 vs 2024

Financial Year	Total Emissions ($tonCO_2e$)	Category 01 Emissions ($tonCO_2e$)	Category 02 Emissions ($tonCO_2e$)	Category 03 Emissions ($tonCO_2e$)	Category 04 Emissions ($tonCO_2e$)	Category 06 Emissions ($tonCO_2e$)
2024	1904.7	305.9	720.1	801.5	0.7	76.5
2025	1901.7	408.3	875.5	520.6	0.5	96.9

GHG emission intensity per employee was 2.2 $tonCO_2e$ in 2025 compared to 2.6 $tonCO_2e$ in 2024. There has been a reduction in total emission compared to 2024 from 1,904.7 $tonCO_2e$ to 1,901.7 $tonCO_2e$ in GHG emission for the reporting year.

The Bank conducts regular fire extinguishers monitoring to prevent CO_2 leakages. A route plan programme was successfully implemented for company-owned vehicles to minimise GHG emissions.

The section on Our ESG Focus at pages 94-95 sets out the overall commitment to improving GHG emission efficiencies of our products, services, resource management, and conducting a responsible operation.

The selected base year for GHG emission and removal for comparative purpose is year 2022.

GWP values used

	GWP Values for 100-Year Time Horizon
	Sixth Assessment Report (AR6)
CO_2	1
CH_4	29.8/27
N_2O	273
$CHCLF_2$	2,256

Related sources of emission factors

https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

https://ceypetco.gov.lk/wpcontent/uploads/Import-Specification.pdf

https://www.ipccnggip.iges.or.jp/public/pdf/2_Volume2/V2_3_Ch3_Mob ile_Combustion.pdf

https://ceypetco.gov.lk/wpcontent/uploads/Import-Specification.pdf

https://www.icao.int/environmental-protection/environmental-tools/ice

Water conservation

GRI 303-1, 5

We continued with rainwater harvesting across many branches, retaining, and reusing water resources. In 2025 11.010 Mega Liters of water was consumed at Head Office compared to 11.942 Mega Liters of water in 2024.

The Bank and its subsidiaries, being primarily involved in banking services have limited water consumption requirements, which is primarily for drinking, washing, and sanitary facilities.

The water usage practices of the Bank are as follows

Head office building

- **Drinking water:** Bottled water is used for drinking purposes.
- **Washing:** Water from the National Water Supply Board is utilised for washing purposes.
- **Waste water:** Waste water is discharged into the municipal line.

Passekudha staff training center:

- **Drinking and washing:** A Reverse Osmosis (R/O) plant is employed to purify well water for both drinking and washing.
- **Waste water:** Sewer treatment plant facilities are available to purify waste water, which is then reused for gardening purposes.

Tangalle Regional Head Office (RHO):

- **Waste water:** Similar to other locations, a sewer treatment plant is available to purify waste water.

Ampara RHO:

- **Waste water:** A waste water treatment plant is available for purifying waste water at this location.

Vavunia RHO:

- **Waste water:** Like other regional head offices, a sewer treatment plant is available for purifying waste water.

Hakmana Branch:

- **Waste water:** Similar to other branches and offices, a waste water treatment plant is available for purifying waste water.

Waste management

GRI 306-1

A large portion of the Bank's waste originates from employee food and paper waste. These are disposed of complying with regulatory requirements, with collection and recycling managed by municipal or urban councils. We also engage third party recyclers approved by the Central Environmental Authority.

Wastewater is discharged with strict adherence to the criteria laid out by the National Water Supply and Drainage Board.

E-waste recycling service providers are appointed aligning with the Bank's tender procedures and managed the Bank's e-waste. Where possible the Bank continued to repair and reuse electronic equipment, with attention to energy consumption and service duration.

All non-confidential paper was transferred to an approved external service provider for recycling. The process is documented and was implemented in a responsible manner, adhering to strict guidelines on customer data protection.

Expired documents that contain confidential data were either archived or destroyed from future circulation, under the supervision of the Bank. The digital repository of key documents was synchronised into a content management system, spearheaded by the IT division as it embraces a digitalised culture of knowledge management, preparedness, and perpetuation.

Reduced paper usage

Expanded digitalisation reduced paper consumption significantly, improved our environmental footprint, and contributed to cost optimisation in stationery procurement.

The Bank's digital transformation, supported by its extensive island-wide network of SBUs, kiosks, ATMs, and CDMs, has played a pivotal role in reducing paper consumption across branches. Additionally, we continue to partner with an external service provider to responsibly manage non-confidential wastepaper.

We recycled 5,459 Kgs of paper in 2025, as compared to 2,122 Kgs in 2024.

Reducing our carbon footprint

The combination of digitalisation, energy and waste management, renewable energy generation, and green financing contributed significantly in reducing our carbon footprint during the year 2025. This was strongly supported by the People's Green Pulse, sustainability policy that provides the governance framework for these initiatives. Our product design and participation in government-led initiatives supported broader climate finance strategy and national renewable energy targets.

Climate related risks and opportunities

GRI 201-2

Risks	Opportunities
Loan portfolio exposure The major industries such as agriculture, fisheries, and coastal tourism face higher default risks due to natural disasters and rising sea levels. Default probability remains high.	**Loans disbursed to renewable energy** Funding solar, wind, and hydro projects aligns with Sri Lanka's renewable energy targets, presenting further business opportunities in the future.
Branch operations Natural disasters can impact the branch network, if impacted, increasing maintenance and restoration costs.	**Sustainable agricultural credit** Supporting climate-resilient farming practices enhanced rural development and reduces default risk.
Supply chain disruptions Suppliers may face climate related disruptions affecting Bank operations. Similarly, geopolitical tensions can exacerbate the supply of material that is crucial for uninterrupted service provision.	**Green bonds** Issuance of Green Bonds for sustainable infrastructure attracts ESG-focused investors.

Outlook for 2026

By 2026, People's Bank is expected to scale up its green financing portfolio, making sustainability a central pillar of its growth strategy. The bank's focus on renewable energy, eco-friendly industries, and climate resilience positions it as a crucial player in Sri Lanka's transition toward a greener economy.

People's Bank is positioning itself as a driver of sustainable economic activity, leveraging green finance to support resilience against climate risks and to attract international investment.

As part of its sustainability drive, the bank is integrating solar energy into operations, acquiring IT systems that meet energy star standards, and committing to electric vehicles instead of those powered by fossil fuels.

By 2026, the bank aims to have most of its branch network aligned with green standards, making sustainability a core operational principle.

This holistic approach strengthens People's Bank's credibility as a leader in sustainable finance in Sri Lanka. It's not just about funding green projects externally, but also practicing sustainability internally – a dual strategy that builds trust and sets a benchmark for other institutions.


EXIT
EXIT

GOVERNANCE





208
Risk Management Report

260
Corporate Governance

298
Board Audit Committee Report

299
Board Human Resources and Remuneration Committee Report

300
Board Integrated Risk Management Committee Report

301
Board Executive Credit Committee Report

302
Board Nomination and Governance Committee Report

303
Board Investment Banking Committee Report

304
Board Strategic Plan Review Committee Report

305
Related Party Transactions Review Committee Report

306
Directors' Statement on Internal Control over Financial Reporting

308
Auditor General's Assurance Report on Internal Controls

RISK MANAGEMENT REPORT



The year under review marked a pivotal phase in Sri Lanka's economic recovery, following an unprecedented period of macroeconomic stress and sovereign debt restructuring. Supported by fiscal consolidation efforts, monetary stabilisation measures, and structural reforms under the guidance and oversight of the Central Bank of Sri Lanka and the Ministry of Finance, the domestic financial system demonstrated gradual stabilisation and renewed confidence.

Our focus

Against this evolving backdrop, the Bank's risk management function remained firmly focused on resilience, capital preservation, liquidity strength, and disciplined risk-taking. The experience of the crisis has further reinforced the importance of forward-looking risk governance, prudent balance sheet management, and strong stress testing capabilities.

Our strategy

During the height of the economic disruption, elevated credit risk, interest rate volatility, currency depreciation, and constrained liquidity conditions significantly reshaped the banking risk landscape. As macroeconomic indicators showed signs of stabilisation during the year, the Bank adopted a cautiously optimistic stance – balancing growth opportunities with prudent risk controls.

Key priorities during the year included:

- Strengthening credit underwriting standards and enhanced monitoring of restructured and vulnerable exposures
- Maintaining adequate impairment provisioning under SLFRS 9 through forward-looking macroeconomic overlays
- Actively managing liquidity buffers and funding concentrations



- Monitoring capital adequacy in line with regulatory expectations
- Enhancing stress testing frameworks to incorporate sovereign, interest rate, and external sector shocks
- Integrating climate risk assessment processes under Pillar II risks
- Strengthening Technology Risk and Cybersecurity process
- Strengthening data protection framework to ensure confidentiality, integrity and secure handling of sensitive information

The Bank continued to operate within a clearly defined Board-approved risk appetite framework, ensuring that business strategy remained aligned with capital strength and liquidity capacity. The Board Integrated Risk Management Committee (BIRMC) exercised close oversight over emerging risks, particularly sovereign-related exposures, sectoral concentration risks, and recovery-linked credit performance trends.

Inflation

Encouragingly, moderating inflation, exchange rate stability, and interest rate normalisation have supported gradual recovery in borrower repayment capacity. However, structural vulnerabilities and external uncertainties remain, requiring continued vigilance and disciplined execution of risk strategy.

The Bank remains committed to safeguarding depositor confidence, supporting responsible credit expansion, and contributing to the stability and sustainable recovery of the Sri Lankan financial system. The lessons of the recent crisis have further strengthened our risk culture, embedding resilience, transparency, and accountability at the core of our operations.

Climate risk

Climate-related risk was a key consideration in 2025, arising from environmental vulnerabilities and weather-related disruptions. Cyclone *Ditwah* represented a significant weather event, causing widespread flooding, damage to agricultural lands and small-scale commercial operations across the country. These disruptions affected borrower repayment capacity and asset quality in the most vulnerable segments, particularly within agriculture, and micro and small enterprises. During the year under review, the Bank continued to strengthen its approach to managing climate-related risks, recognising their growing relevance to financial stability and long-term asset quality.

Climate risk is assessed through two primary dimensions: physical risks, arising from increased frequency and severity of extreme weather events such as floods and droughts, and transition risks, stemming from policy, regulatory, technological, and market shifts towards a low-carbon economy. Given Sri Lanka's exposure to climate-sensitive sectors such as agriculture, tourism, and coastal infrastructure, the Bank has incorporated climate considerations into its credit evaluation, sectoral risk assessments, and stress testing frameworks.

In line with emerging guidance from the Central Bank of Sri Lanka on Banking Supervision, the Bank is progressively enhancing data collection, scenario analysis capabilities, and portfolio-level climate risk monitoring. While quantitative measurement methodologies continue to evolve, the Bank remains committed to integrating climate risk into its overall risk appetite framework and supporting responsible, sustainable financing that contributes to the country's long-term economic resilience.

Bank risk management function – objectives overview

Strategic objectives

- Safeguard financial resilience
- Align risk-taking with risk appetite
- Support sustainable growth
- Optimise risk-return dynamics

Governance and oversight

- Strengthen risk governance framework
- Provide independent challenge
- Ensure integrity of policies and limits
- Facilitate transparent reporting to Board and Management

Regulatory and compliance

- Maintain regulatory adherence specially in relation to capital and liquidity
- Embed evolving regulatory developments
- Support effective supervisory engagement

Risk identification

- Comprehensive recognition of credit, market, liquidity, operational, legal, reputational, strategic, and emerging risks
- Early warning indicators
- Forward-looking risk assessment

Credit and portfolio risk

- Preserve asset quality
- Manage concentration risk
- Strengthen credit approval and monitoring processes
- Early warning indicators

Market and liquidity risk

- Monitor and control interest rate, FX, and trading exposures
- Maintain liquidity buffers
- Safeguard capital adequacy under stress

Operational and non-financial risk

- Enhance operational resilience
- Reduce loss events
- Strengthen data integrity, aggregation, and reporting
- Ensure business continuity

Technology and cybersecurity

- Strengthen IT governance
- Protect digital infrastructure
- Ensure cyber resilience and availability

Risk culture and conduct

- Embed strong risk culture
- Clarify first and second line responsibilities
- Promote risk awareness and training

Climate and emerging risks

- Integrate climate change and transition risk
- Monitor macroeconomic, geopolitical, and sectoral risks
- Enable adaptive response to emerging threats

Reputational risk

- Manage public and stakeholder perception
- Safeguard brand reputation and customer trust

Risk profile outlook

Multiple factors aligned during 2025, culminating in a comprehensive and multidimensional risk universe.

Improved profitability and sustained earnings growth

During 2025, People's Bank reported historically high profitability and strong income growth. The Bank achieved record pre-tax profits and expanded its net interest income and fee income significantly compared with previous years, reflecting positive business performance. This performance highlights a robust earnings base that enhances the Bank's capacity to absorb losses and support strategic initiatives.

Solid capital and liquidity position

Regulatory capital ratios for People's Bank have remained above minimum thresholds, with both Tier I and total capital adequacy ratios at comfortable levels during 2025. Liquidity coverage ratios also stayed well above regulatory requirements, indicating strong resilience to short-term funding shocks.

Nevertheless, ongoing uncertainties in the macroeconomic landscape including external trade headwinds underscored the importance of vigilant interest rate risk management and dynamic liquidity contingency planning. These considerations were central to safeguarding the stability of funding costs and mitigating potential earnings volatility.

Credit risk

Impact to the Bank	The Bank's response
With our vast reach across the island, credit risk is the main risk that emanates from lending. The Bank carries a lending portfolio of 46.7% of total Bank assets and 42.7% of risk-weighted assets.	• To strengthen efficiency in credit decision-making, the Bank delegated specific credit approval authorities to Zonal Assistant General Managers (AGMs). This delegation facilitates timely assessment and approval of credit proposals while ensuring continued oversight through established escalation and monitoring mechanisms. • A new risk rating sheet was introduced for non-commercial entities. This tool enables standardised assessment of creditworthiness for government-linked and other non-commercial borrowers, supporting informed lending decisions and consistent risk classification across the portfolio. • The Bank implemented an enhanced Return on Assets (ROA) calculation sheet to better evaluate borrower profitability and financial performance. This tool strengthens credit decision-making through robust quantitative analysis and risk-adjusted performance metrics. • Improvements were made to the watch listing process, incorporating structured monitoring and reporting for borrowers exhibiting potential credit weaknesses. The refined process enables proactive management of exposures, early detection of stress, and timely remedial action. • Revised credit limits were established for industry sectors and individual borrowers to align with the Bank's risk appetite and regulatory guidelines. These limits promote prudent portfolio diversification and mitigate concentration risk across sectors and borrower categories. • The Bank continued to reduce the exposure to SOEs during 2025, adopting a strategy for sustainable financial management and expansion into private sector lending, focusing on prudent risk management and the Bank commitment to enhance the overall financial resilience of the nation. With the already introduced regulatory single borrower limits and strict lending limits for SOEs, the regulatory landscape has evolved to support the Bank's endeavours in operating a profitable and sustainable going concern. • Continuous credit monitoring and periodic review processes remained central to the Bank's risk management practice, with credit officers and the Risk Management and Credit Control Department proactively identifying emerging risks and ensuring ongoing compliance with internal policies and regulatory standards.

Operational risk

Impact to the Bank	The Bank's response
The Bank's wide reach, the extensive customer base, and the employees spread island-wide, make 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.	• During the year 2025, the Bank strengthened its operational risk management framework through the introduction of a structured incident reporting and review process across the Bank. This initiative formalised the systematic recording, analysis and monitoring of incidents, enabling enhanced oversight and accountability. Furthermore, it evaluates the effectiveness of the mitigation measures currently in place and outlines forward-looking strategies aimed at enhancing the Bank's operational resilience and risk management framework. • In 2025, a structured training programme was conducted for newly recruited employees to foster a strong risk culture, enhance awareness of operational risk and ensure compliance with internal controls and regulatory requirements. • Successfully conducted a Residential Training Programme for Regional Risk Officers (RROs) aimed at enhancing their skills and competencies, ensuring that they remain well-equipped to address emerging risk challenges align with regulatory expectations and effectively perform their duties in line with the Bank's Integrated Risk Management Framework. • Within the Integrated Risk Management Framework (IRMF), operational risk continued to be accorded heightened priority in 2025, reflecting the Bank's extensive network, diverse customer base, and island-wide staff presence, which inherently elevate exposure to operational risk events. To address this, operational risk governance was further strengthened through structured dissemination of responsibilities across all business and operational units. Clearly defined trigger events were systematically escalated in line with IRMF protocols, ensuring timely identification, monitoring, and resolution. In addition, enhanced tracking mechanisms and transparent disclosures were maintained to reinforce accountability, minimise disruptions, and safeguard stakeholder confidence. • Continued to leverage the Regional Risk Officer network to enhance risk awareness, compliance culture, and control discipline across the entire branch network, thereby supporting proactive risk management and minimising potential operational disruptions. • Digitalised Customer Complaint Management was further strengthened to enhance its effectiveness and operational impact ensuring the strengthened real-time monitoring capabilities, thereby enabling faster resolution of customer complaints and greater consistency in service delivery. • Further enhanced the Risk and Control Self-Assessment (RCSA) process to improve risk visibility, control effectiveness, and accountability at the departmental level. • Continued periodic review and update of operational risk policies and procedures, ensuring alignment with the Bank's risk management framework.

Market risk

Impact to the Bank

The Bank remains exposed to market risk arising from adverse movements in interest rates, foreign exchange rates, and market prices, particularly within a still-recovering domestic economy and an increasingly uncertain global environment. During the year, Sri Lanka experienced relatively stable but evolving monetary conditions, with interest rates stabilising and liquidity improving, while the exchange rate recorded modest depreciation with intermittent volatility driven by import demand and external sector dynamics.

The Bank's response

Several inter-related factors converged to shape the overall market risk

- **Enhancement of credit concentration measurement**
  - Expanded the Herfindahl-Hirschman Index (HHI) framework to incorporate geographical concentration risk, enabling a more granular assessment of portfolio diversification across regions.
- **Integration of climate risk into ICAAP**
  - Incorporated climate risk as a Pillar II risk within the ICAAP framework recognising both physical and transition risks that could impact capital adequacy and asset quality. This inclusion enables enhanced risk measurement for climate-related exposures and reflects the Bank's commitment to proactively managing emerging sustainability risks and strengthening long-term financial resilience.
  - Developed climate-related stress testing methodologies to assess the potential impact of physical and transition risks on the Bank's risk profile.
  - Improved real-time visibility of FX exposures to support proactive risk management.
  - Continued periodic review and update of policies, Terms of Reference related to market risk, ensuring alignment with the Bank's risk management framework.
  - Reviewed and updated risk limits to ensure alignment with the Bank's risk appetite, market conditions, and regulatory expectations.
- **Introduction of commodity risk assessment**
  - Formalised the assessment of commodity risk arising from the pawning portfolio, recognising gold price volatility as a key market risk driver.
- **Sector-specific stress testing**
  - Conducted targeted stress testing on vulnerable sectors, including:
    Construction and Engineering
    Hotels, Travel and Tourism
    Manufacturing
  - Incorporated both macroeconomic scenarios and Bank-specific risk factors to evaluate potential credit and market risk impacts.
- **Asset and liability risk analysis enhancements**
  - Strengthened asset and liability management through detailed analysis of:
    Maturity mismatches (MAL)
    Sensitivity gaps (SAL)
    Behavioural assumptions

Market risk related to pawning

Commodity price movements impact the Bank only indirectly through its pawning operations, which are sensitive to changes in gold prices, since the Bank does not participate in commodity trading activities. Accordingly, volatility in the gold market has a material influence on the Bank's risk profile and performance of the pawning portfolio.

To mitigate the market risks associated with pawning, the Bank has continued to maintain a conservative pawning advance per sovereign, which is below compared to the competitors, together with a maintaining loan-to-value (LTV) ratio less than 70%, while placing strong emphasis on the gold content of pledged articles and maintaining prudent loan values. Enhanced customer due diligence is a factor the Bank has implemented while continuing with a comprehensive insurance cover for stolen or spurious articles. Post disbursement, the Bank continued process of conducting independent valuation of the items, daily verification of a sample, and in extreme non-recoveries, auctioning the unredeemed articles.

Technology/Cybersecurity risk

Impact to the Bank	The Bank's response
The Bank faces increasing exposure to technology and cybersecurity risks amid rapid digitalisation of financial services in Sri Lanka and globally. The growing reliance on online banking platforms, digital payments, and interconnected systems heightens the risk of cyber threats, data breaches, and service disruptions, which could impact customer trust, operational continuity, and financial performance. Additionally, evolving regulatory expectations and the global rise in sophisticated cyberattacks further amplify this risk landscape.	With the continued digital onboarding and mobile banking usage in 2025, the Bank ensured robust IT systems, cybersecurity controls, and operational risk frameworks to support expanded digital operations and protect against service disruptions or cyberthreats. Investment in digital infrastructure and process improvements were continued during 2025 too, as part of the Bank's strategy to enhance efficiency while maintaining secure operations. Strengthened controls and systems helped mitigate operational risks associated with large-scale digital adoption.

Climate risk

Impact to the Bank	The Bank's response
The Bank is increasingly exposed to climate-related risks, both physical and transition, within the context of Sri Lanka's heightened vulnerability to extreme weather events and evolving global sustainability standards. Rising incidences of floods, droughts, and other climate-related disruptions have the potential to impair borrower repayment capacity—particularly in agriculture, SMEs, and regional portfolios—while also affecting the value of collateral. At the same time, global and domestic shifts toward low-carbon economies, including regulatory expectations and sustainable finance initiatives, may influence asset quality, sectoral credit allocation, and funding access.	During 2025 too, the Bank acknowledged climate risk as a material factor in its enterprise risk framework, identifying it as a potential impact for borrowers' ability to meet obligations and, in turn, impair the Bank's asset quality if unaddressed, particularly for borrowers in climate-sensitive sectors where climate volatility can directly affect revenue streams and collateral values. Integrating climate risk considerations into credit evaluations and monitoring enabled the Bank to proactively assess and quantify exposures that may be vulnerable to emerging climate-related stresses. To mitigate these climate-related exposures during the year, the Bank adhered to the sustainable finance principles and climate risk practices which have already been incorporated into its risk management processes. Accordingly, climate risk considerations were systematically embedded in portfolio monitoring and risk assessment processes to identify and measure climate-related exposures through a scorecard-based climate risk assessment methodology. This methodology evaluates portfolio based on sectoral climate sensitivity which include both physical and transitional risk embedded to scoring of sectors. The results of the climate risk scorecard are integrated into both ICAAP and stress testing environment of the Bank for proactive risk management enabling the Bank to proactively identify, assess, and monitor exposures vulnerable to climate related stresses. This enhanced integration strengthened the Bank's ability to anticipate emerging vulnerabilities and implement timely risk-mitigating actions. To mitigate climate related exposures during the year, the Bank continued to adhere to established sustainable finance principles and climate risk management practices already embedded within its credit and risk management frameworks. Collectively, these measures strengthen the Bank's financial resilience, support recovery capacity under stressed conditions, and ensure alignment with long-term sustainability and regulatory expectations.

Environmental, Social, and Governance risk (ESG risk)

Impact to the Bank	The Bank's response
Enhanced ESG disclosures required expanded reporting, while green finance and priority funding sectors required a shift in capital allocation. ESG risks were integrated into long term strategy planning.	The Bank initiated its framework for identifying, assessing, and managing Environmental, Social, and Governance (ESG) risks, recognising their increasing impact on long-term financial performance, reputation, and regulatory compliance. ESG risks are embedded within the Bank's overall risk management architecture and are assessed across key risk categories including credit, operational, compliance, and reputational risk. Focus was placed on environmental and social risk screening in lending decisions, sectoral concentration monitoring, and enhanced due diligence for higher-risk industries. From a governance perspective, ESG oversight is exercised through the Board Integrated Risk Management Committee and supported by cross-functional management committees to ensure accountability and integration into strategic decision-making. During the year, the Bank introduced internal policy on ESG which further strengthened responsible financing, and initiated steps to progressively incorporate climate and sustainability scenario considerations into stress testing frameworks. As Sri Lanka advances its economic recovery and structural reform agenda, the Bank remains committed to balancing growth with responsible risk-taking, supporting sustainable sectors, and safeguarding long-term stakeholder value through disciplined ESG risk management. The Bank focuses on following key Components in relation to ESG Risk.

Environmental	Social	Governance
• Climate change and carbon emissions • Energy efficiency and renewable energy use • Waste management and pollution control • Water usage and biodiversity protection • Exposure to climate transition and physical risks • Green lending and sustainable finance • Climate risk stress testing • Portfolio carbon footprint measurement • Sectoral exposure limits	• Employee welfare and diversity • Financial inclusion • Customer protection and fair treatment • Data privacy and cybersecurity • Community investment • Human rights compliance • Responsible lending practices • SME and microfinance access • Customer complaint management • Fair pricing and transparency • Prevention of over-indebtedness	• Board structure and independence • Risk management framework • Internal controls • Anti-corruption and AML compliance • Transparency and disclosures • Board Integrated Risk Committee oversight • ESG integration into credit policy • Claw back provisions • Related party transaction controls • Compliance with regulatory directions

Data protection and privacy oversight

Recognising the increasing regulatory expectations and the heightened risk landscape surrounding personal data, the Bank formalised its data governance structure in 2025 through the establishment of a dedicated Data Protection Unit (DPU) under the purview of Risk Management Department. The DPU is responsible for overseeing compliance with the Bank's Data Protection Policy, which has been developed in alignment with the Personal Data Protection Act No. 9 of 2022, and reflects internationally accepted privacy and data protection principles, including those embodied in the General Data Protection Regulation (GDPR).

In line with the Policy, the Bank bears primary responsibility for ensuring the lawful, fair, and secure processing of personal data and for implementing appropriate technical and organisational measures to protect personal data against unauthorised access, loss, misuse, alteration, or disclosure. This responsibility extends to all internal processing activities as well as to third-party processors and vendors engaged by the Bank, who are required to comply with the Bank's data protection standards and contractual safeguards.

In addition, DPU oversees the Bank and its employees on lawful data processing and compliance with the provisions of the Act, facilitates capacity building and awareness programmes for staff involved in data processing activities,

provides guidance and oversight on Data Protection Impact Assessments (DPIAs) for high-risk processing and cooperates with, and complies with, all directives and instructions issued by the Data Protection Authority. Through these governance arrangements, the Bank strengthens its data protection framework, regulatory compliance posture, and operational resilience against data protection risks across all departments and the branch network. All personal data processing activities are required to be conducted in accordance with the Bank's Data Protection Policy (DPP).

The establishment of the DPU significantly strengthens the Bank's control environment by mitigating legal, regulatory, and reputational risks while ensuring the responsible and ethical use of data in alignment with the Bank's overall risk management framework.

Regulatory and compliance

People's Bank operated in an environment of evolving regulatory expectations, with prudential oversight continuing to adapt to post-crisis financial sector reforms. The Bank's high capital adequacy and robust liquidity positions contributed to a stable regulatory risk outlook. Compliance with risk data aggregation standards, anti-money laundering frameworks, and heightened disclosure requirements was integral to sustaining regulatory confidence and ensuring alignment with best practices.

Reputational risk and stakeholder confidence

Riding the momentum of record-breaking results, the Bank sustained its commitment to excellence and stakeholder trust. The Bank's steadfast focus on transparent risk management and effective communication strengthened stakeholder confidence and underscored its disciplined approach to portfolio oversight and sustainable growth during 2025.

Maintaining credibility with customers, investors, and regulators in 2025 was underpinned by rigorous disclosure practices and demonstrable management of risk exposures within defined risk appetite parameters.

Risk culture and governance

A strong risk culture was integral to the Bank's ability to navigate the multifaceted risk environment of 2025. Ongoing emphasis on risk awareness, adherence to governance protocols, and alignment of risk ownership across business lines supported cohesive responses to both cyclical and structural risk drivers.

The reinforcement of independent challenge functions and enhanced reporting frameworks further ensured that material risk exposures were communicated effectively to senior leadership and the Board, strengthening overall risk oversight.

The Bank's integrated risk management framework

The Bank has established a comprehensive Integrated Risk Management Framework designed to identify, measure, monitor, and control risks arising from its business activities, in alignment with its strategic objectives and regulatory requirements. The Framework is supported by a robust governance structure that ensures effective oversight and accountability. Risk governance is anchored on clearly defined roles and responsibilities across the Organisation, with oversight provided by Board-level committees and Senior Management.

The Bank's risk management framework covers all material risk exposures and is built on a structured methodology supported by clearly defined organisational arrangements, modern systems, efficient processes, and internationally recognised best practices. The framework enables a disciplined approach to identifying, managing, and mitigating potential risks, uncertainties, and losses arising from the Bank's operations.

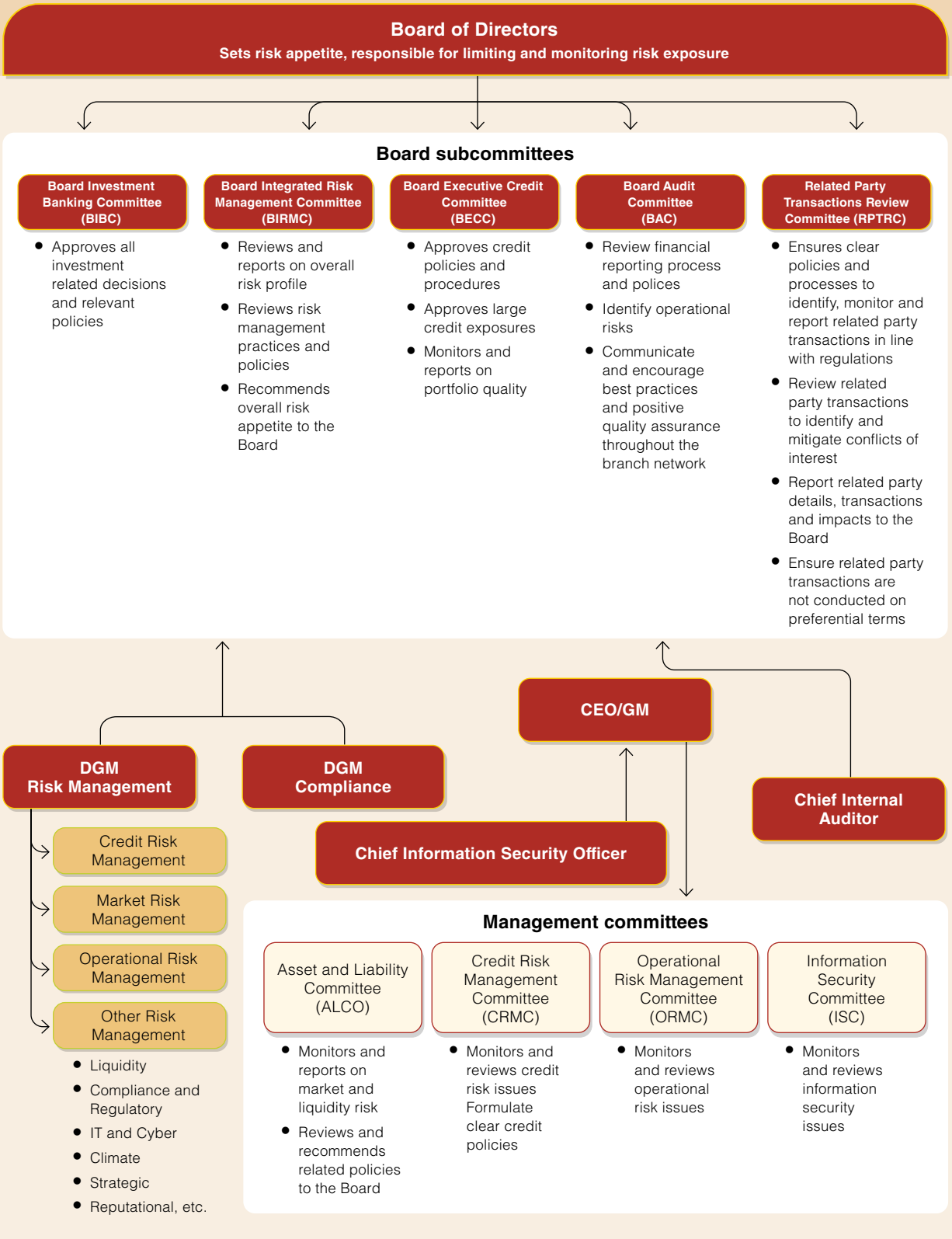
The key elements of integrated risk management framework

- Risk Governance Structure
- Define Risk Appetite
- Define Risk Universe
- Three Defence Lines
- Stress Testing and Risk Evaluation Models

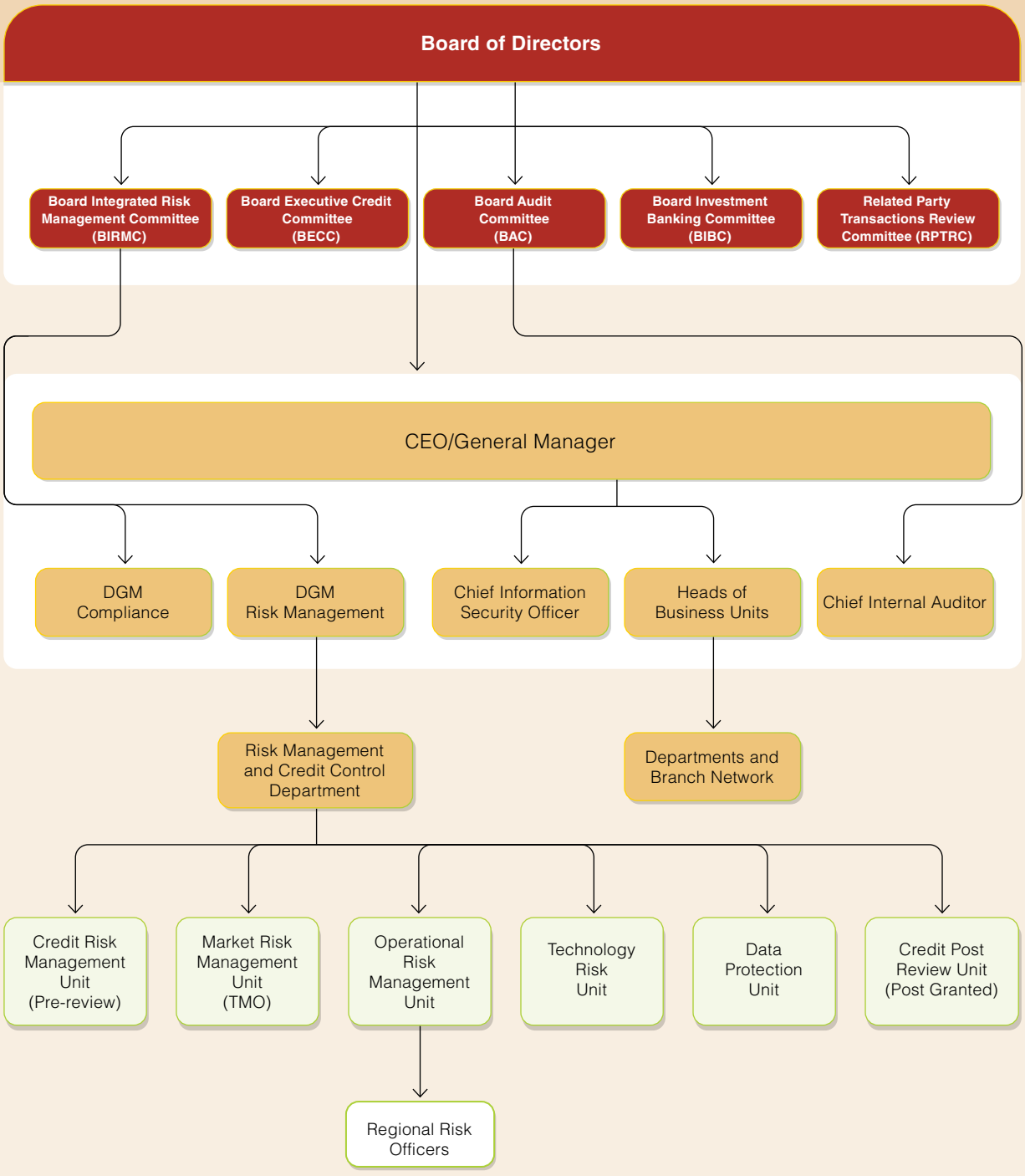
Risk governance framework

The Board of Directors bears ultimate responsibility for risk oversight, including the determination of the Bank's risk appetite, the approval of risk management policies, and the oversight of the effective management of risk exposures. In discharging these responsibilities, the Board is supported by Board-level subcommittees and management-level executive committees, which ensure appropriate segregation between risk origination and risk approval while maintaining effective Board oversight. The Board and the respective risk committees operate in accordance with formally approved charters that clearly define their roles, authorities, and responsibilities.

The risk governance framework



Functional structure of the integrated risk management framework



Risk appetite

The Bank's Risk Appetite Statement which has been approved by the Board of Directors defines the nature and level of risk the Bank is willing to assume in pursuit of its strategic objectives and it is supported by qualitative principles and quantitative metrics, including limits, thresholds, and key risk indicators. The risk appetite is aligned with the Bank's capital adequacy, liquidity position, and earnings capacity, and serves as a central reference point for business decision-making and risk-taking activities. Compliance with the approved risk appetite is monitored on an ongoing basis, with exceptions and breaches reported to Senior Management and the Board, together with corrective actions.

Risk profile

The Bank's risk profile reflects the aggregate level and composition of risks arising from its business activities, products, markets, and operating environment at a given point in time. It is assessed through a combination of risk measurement tools, stress testing, scenario analysis, and management judgement, and is evaluated against the approved Risk Appetite Statement to ensure consistency with the Bank's risk tolerance. The risk profile is reviewed regularly by the Board Integrated Risk Management Committee to identify emerging risks, concentrations, and trends, and to ensure that risk exposures remain within acceptable levels. Where necessary, appropriate risk mitigation measures are implemented to maintain alignment with the Bank's strategic objectives and overall risk capacity.

Segmented risk appetite 31 December 2025 vs 31 December 2024

Credit Risk

Risk type	Credit risk appetite			Position as at	
	High risk	Medium risk	Low risk	31 December 2025	31 December 2024
Impaired loans (Stage 3) ratio (%)	>7	3.5-7	<3.5	7.66	10.26
Impaired (Stage 3) to Stage 3 loans ratio (%)	<30	30-50	>50	48.39	41.49
Overdue (%)	>12	6-12	<6	8.40	16.84
P and L charge (%)	>50	35-50	<35	24.94	13.11
Concentration (HHI Method)	>0.25	0.15-0.25	<0.15	0.12	0.11
Recovery (%)	<10	10-20	>20	13.18	8.55
TOD excess (%)	>20	10-20	<10	10.09	8.68
Overseas exposure (OBU) (%)	>5	3-5	<3	1.12	1.55

Operational risk

Risk type	Operational risk appetite			Position as at	
	High risk	Medium risk	Low risk	31 December 2025	31 December 2024
Operational losses – Internal frauds	>5	1-5	0	3	1
Operational losses – External frauds (Pawning)	>300	150-300	<150	214	135
Total operational losses to total operational expenses (%)	>1.0	0.5-1.0	<0.5	0.10	0.05
Systematic availability (%)					
High critical	<97.5	97.5-99.9	>99.9	100	100
Medium critical	<95	95-97.5	>97.5	98.69	100
Low critical	<87	87-90	>90	100	100
Percentage of branch audits rated less than average	>10	5-10	<5	12.41%	7%

Market risk

Risk type	Market risk appetite			Position as at	
	High risk	Medium risk	Low risk	31 December 2025	31 December 2024
Forex losses	>10	5-10	<5	Nil	Nil
FIS trading losses	>10	5-10	<5	Nil	Nil
ADR	>85	75-85	<75	57%	56.10%
LCR (all currency)	<90	90-100	>100	218.54%	279.52%
Maturity mismatch ratio	> +/-35	+/-(25-35)	25	-33.25%	-49.44%

Risk universe of the Bank



- **Credit risk**
  - Default Risk
  - Concentration Risk
  - Rating Migration Risk
  - Climate Risk
- **Market risk**
  - Exchange Rate Risk
  - Interest Rate Risk
  - Equity Risk
  - Commodity Risk (Including Pawning Risk)
- **Liquidity risk**
  - Liquidity Risk (LKR/FCY)
  - All-Currency Liquidity Risk
- **Operational risk**
  - People Risk
  - IT/Cyber/Information Security Risk
  - Business Continuity Risk
- **Compliance risk**
  - Regulatory Compliance Risk
  - AML/CFT Risk
  - Legal Risk
- **Strategic risk**
  - Reputational Risk
  - Business Risk

Risk culture

The Bank recognises that a sound risk culture is fundamental to safeguarding financial resilience, protecting stakeholder interests, promoting prudent decision-making, and ensuring sustainable long-term value creation. In this context, risk considerations are systematically embedded across all business activities, ensuring alignment with the Board-approved risk appetite, which the Board articulates and enforces as the guiding standard for conduct and decision-making. Senior Management operationalises this framework by implementing policies, limits, and controls to maintain risk exposures within acceptable parameters, thereby translating the Board's strategic intent into effective day-to-day risk governance.

Through a clearly defined Three Lines of Defence framework, the Bank ensures that employees at all levels clearly recognise and discharge their respective roles and responsibilities in the effective identification, assessment, and management of risk. Continuous awareness programmes, structured training initiatives and transparent escalation mechanisms strengthen employees' risk consciousness and promote proactive identification and reporting of issues. Supported by independent oversight and risk-adjusted processes, this approach reinforces accountability, responsible risk-taking and alignment with regulatory expectations and strategic objectives.

Three Lines of Defence

The framework is underpinned by the Three Lines of Defence model, which delineates risk ownership, independent risk oversight, and assurance functions, thereby promoting sound risk culture and effective internal controls.

First Line of Defence	Second Line of Defence	Third Line of Defence
Business lines/ Corporate functions	Risk management and controls	Assurance
Risk identification, ownership and management within the accepted risk appetite and risk management policies: – Retail, corporate, and enterprise banking – Treasury – Branch operations – Information technology	Provide direction for risk management and compliance, maintain an effective risk management policy framework and independent monitoring for effective implementation of risk management framework. – Risk Management – Compliance – Finance – Human resources	Providing independent and objective assurance on the risk exposure, processes and practices in place and ensure highest level of governance and compliance. – Internal audit – External audit – Regulatory compliance
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

Risk management methodology

- The Chairman, Chief Executive Officer, and the Board of Directors promote and reinforce a strong risk governance culture across the Bank.
- An effective system is in place to monitor the Bank's risk exposures, with clear linkage to capital adequacy and liquidity management frameworks.
- Robust communication mechanisms have been established to ensure that all relevant risk management policies and procedures are disseminated and understood throughout the Bank.
- Regular awareness programmes and training sessions are conducted for relevant employees to enhance understanding of risk management, risk mitigation, and reporting responsibilities.
- Clearly defined and independent roles and responsibilities are maintained to preserve the integrity and effectiveness of the Three Lines of Defence model.
- Strong internal control frameworks are adopted and continuously supported to ensure sound risk management and operational discipline.
- An independent and effective compliance function is in place to promote a culture of compliance and to ensure timely, accurate, and transparent regulatory reporting.
- Appropriate disclosures are made, where required, in accordance with applicable regulatory and reporting standards.
- Risk management policies and practices are subject to periodic review and enhancement to ensure ongoing alignment with regulatory and legal requirements, as well as evolving industry best practices.

Stress testing

The Bank employs a comprehensive stress testing framework as an integral component of its enterprise risk management architecture. Stress testing is conducted to evaluate the resilience of the Bank's capital, liquidity, and earnings under adverse but plausible macroeconomic and idiosyncratic scenarios. The framework encompasses sensitivity analyses, scenario-based assessments, and reverse stress testing, covering key risk categories including credit, market, liquidity, operational, and concentration risks. Assumptions are grounded in forward-looking macroeconomic variables and sector-specific vulnerabilities to ensure that potential tail-risk exposures are appropriately captured.

Stress testing outcomes are systematically incorporated into strategic planning, capital adequacy assessments, and risk appetite calibration. The Bank utilises stress test results to underpin its Internal Capital Adequacy Assessment Process (ICAAP) and liquidity risk management processes, ensuring that capital and funding buffers remain commensurate with the Bank's risk profile.

Governance over stress testing is maintained through robust oversight by the Board and Board Integrated Risk Management Committee, supported by independent validation and periodic review. The design, assumptions, and outputs of stress scenarios are subject to rigorous challenge to ensure methodological soundness and regulatory alignment. Continuous refinement of the stress testing framework enables the Bank to adapt to evolving economic conditions, emerging risk drivers, and supervisory expectations, thereby reinforcing its financial resilience and long-term sustainability.

Stress testing



- Deterioration in asset quality
- Shifts in stage assets
- Impact from ECL elements
- Increase in asset quality from top 10 borrowers
- Increase in asset quality from top 3 industries
- Increase in normalised HHI
- Credit concentration
- Risk-Weighted assets (Impact on Capital)

- Movements in market interest rates
- Movements in market exchange rates
- Movements in market equity prices
- Economic crisis impact
- Sensitivity analysis of pawning based on market gold price

- Effects from "hot money"/retail fund withdrawals
- Effects from changes to asset and liability volumes
- Effect from market value of Government Securities
- Effects from volume changes to HQLA and net cash outflow
- Impact on FCY Liquidity against FCY withdrawal

- Based on the last 3 years (last 36 months) average amount of losses recorded
- Bases on the preceding year's (last 12 months) amount of losses recorded

Interest Rate Risk (IRR) stress testing

	Magnitude of shock 0.25%	Magnitude of shock 0.5%	Magnitude of shock 1.00%
2025			
Impact on earnings (LKR Mn.)	1,662	3,323	6,646
Revised overall CAR (%)	16.34	16.21	15.95
2024			
Impact on earnings (LKR Mn.)	1,437	2,874	5,748
Revised overall CAR (%)	16.41	16.28	16.02

Exchange rate risk stress testing

	Magnitude of shock 0.25%	Magnitude of shock 0.5%	Magnitude of shock 1.00%
2025			
Impact on earnings (LKR Mn.)	175	350	526
Revised overall CAR (%)	16.46	16.45	16.43
2024			
Impact on earnings (LKR Mn.)	166	332	498
Revised overall CAR (%)	16.52	16.51	16.49

Stress testing on equity

	Magnitude of shock 0.25%	Magnitude of shock 0.5%	Magnitude of shock 1.00%
2025			
Impact to maximum market value of equity portfolio (LKR Mn.)	116	231	463
Impact to fair value of strategic equities (LKR Mn.)	36	72	143
Total impact (LKR Mn.)	151	303	606

Stress testing on liquidity

	All currency (LKR '000)			Local currency (LKR '000)		
	Balance as at 31 December 2025			Balance as at 31 December 2025		
HQLA	1,467,524,635			1,456,788,809		
Total cash outflows	872,607,142			661,396,671		
Total cash inflows	201,087,231			108,156,477		
Net cash outflows	671,519,911			553,240,194		
LCR (%)	218.54			263.32		
	Minor	Moderate	Major	Minor	Moderate	Major
Magnitude of shock (%)	5	10	15	5	10	15
Scenario I – Fall in HQLA						
Liquid asset ratio after shock (%)	207.61	196.68	185.76	250.15	236.99	223.82
Scenario II – Increase in Net Cash Outflow						
Liquid asset ratio after shock (%)	208.13	198.67	190.03	250.78	239.38	228.97
Scenario III – Fall in HQLA and increase in Net Cash Outflow (Extreme Scenario)						
Liquid asset ratio after shock (%)	192.72	178.80	161.53	238.24	215.44	194.63

Credit risk

Credit risk represents the potential for financial loss arising from a borrower's or counterparty's failure to meet contractual obligations in accordance with agreed terms. It is the Bank's most significant risk exposure, emanating primarily from loans and advances, trade finance facilities, interbank placements, debt securities, off-balance sheet commitments, and derivative transactions.

The Bank's credit risk profile reflects exposures across retail, SME, corporate, and institutional portfolios, diversified by sector, geography, product type, and tenor. Credit risk also arises from settlement exposures, counterparty credit risk in treasury activities, and concentration risk arising from sectoral, single-obligor, or geographic concentrations.

The management of credit risk is embedded within a robust governance framework led by the Board of Directors, which approves the Bank's credit risk appetite, sectoral limits, single borrower exposure caps, and portfolio concentration thresholds. Oversight is supported by the Board Integrated Risk Management Committee and Board Executive Credit Committee, ensuring independent review and challenge of material exposures.

The Bank applies a disciplined credit life cycle approach encompassing:

- Structured credit appraisal and risk rating
- Independent credit approval processes
- Collateral evaluation and legal enforceability review
- Ongoing portfolio monitoring and early warning identification
- Periodic stress testing and scenario analysis
- Impairment assessment in line with expected credit loss methodologies

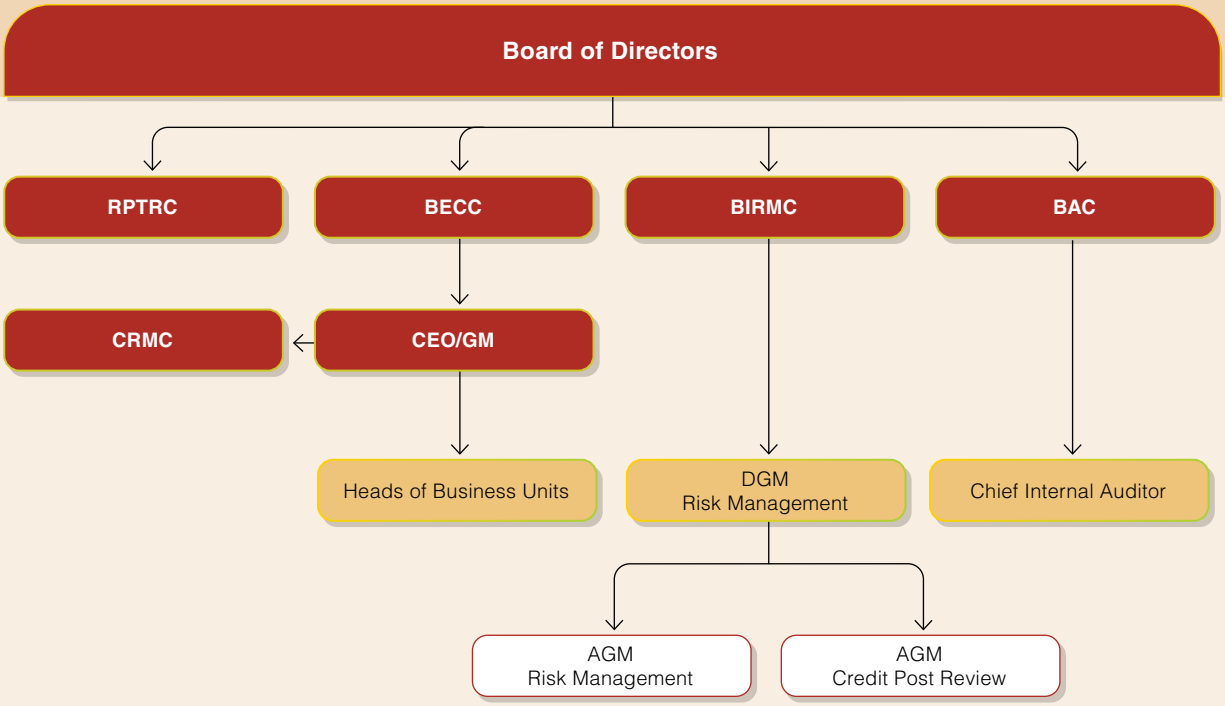
Advanced risk measurement tools, including Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD), and internal rating models, support portfolio analytics, risk-adjusted pricing, and capital allocation. Regular stress testing is conducted to assess the resilience of the credit portfolio under adverse macroeconomic and sector-specific scenarios.

Through prudent underwriting standards, portfolio diversification, and continuous monitoring, the Bank maintains a balanced risk-return profile while safeguarding asset quality and capital strength.

Objectives of managing credit risk

Maintaining Asset Quality	To ensure that credit exposures remain within acceptable risk parameters and non-performing assets are effectively managed and minimised.
Optimising Risk-Adjusted Returns	To balance growth and profitability by pricing facilities appropriately relative to the underlying credit risk.
Ensuring Portfolio Diversification	To mitigate concentration risk by maintaining prudent exposure limits across sectors, products, geographies, and counterparties.
Protecting Capital and Liquidity	To manage credit exposures in a manner that preserves regulatory capital adequacy and supports liquidity resilience.
Strengthening Early Warning and Monitoring Mechanisms	To identify emerging credit deterioration at an early stage through systematic monitoring, covenant tracking, and portfolio reviews.
Enhancing Stress Resilience	To evaluate potential impacts of macroeconomic shocks through stress testing and scenario analysis, thereby ensuring preparedness under adverse conditions.
Ensuring Regulatory Compliance	To align credit practices with applicable regulatory requirements, prudential guidelines, and internal policies.

Governance structure of credit risk management



Board executive credit committee

The Board Executive Credit Committee (BECC) provides oversight to the Bank's credit risk management.

Responsibilities of BECC

- Formulating and updating credit policies considering business requirements, macroeconomic conditions, in consultation with the Board.
- Establish credit approval structures to handle larger and higher risk exposures with the concurrence of the Board.
- Conducting periodic reviews of individual credit exposures and the overall portfolio to eliminate undue risk concentrations.
- Developing and maintaining the risk rating systems and risk-based pricing models.
- Sanctioning or declining credit proposals above a predefined limit.
- Prudently manage SOE exposures within Bank's risk appetite.

Managing credit risk

Robust risk policies and control framework

- **Framework Review:** BECC reviews and updates the Credit Risk Framework.
- **Credit Culture:** Board-approved Credit Policy and Procedure Manual.

Credit monitoring and review

- **Continuous** Monitoring and Independent Review.
- Periodic Reporting to BECC and BIRMC.

Culture of responsible lending

- **Risk Awareness and Training** across the Bank.
- **Credit Evaluation and Assessment** of borrowers.

Prudent credit limits

- Segment-based Credit Limits.
- Regulatory Compliance.

Segregation of authority

- **Board Oversight** and Delegation of Credit Authority.
- **Risk Acceptance** and Approval Criteria.
- **Post-Disbursement** Changes.

Recovery and rehabilitation

- Standardised Loan Recovery Procedure.
- Comprehensive Rehabilitation Process.

Risk rating of obligors

- **Credit Assessment** Approaches.
- **Risk Rating** and Review.

Impairment and training

- **Loan Impairment** Policy and Assessments.
- Ongoing Credit Staff Training.

Credit risk mitigating and collateral management

- **Credit Risk Mitigation** Strategies.
- Comprehensive Collateral Policy.

Migration risk

Credit migration risk represents the risk that the credit quality of a counterparty may deteriorate or improve over time, resulting in a change to its internal or external credit rating. Such movements may adversely affect the valuation of the Bank's loan and investment portfolios, even in the absence of an actual default event. Downgrades in credit standing can lead to higher risk-weighted assets, increased capital requirements, and elevated provisioning levels. The Bank monitors rating transitions on an ongoing basis as part of its credit risk oversight framework. Credit migration risk is managed through established risk governance structures and alignment with the Bank's overall risk appetite and capital management framework.

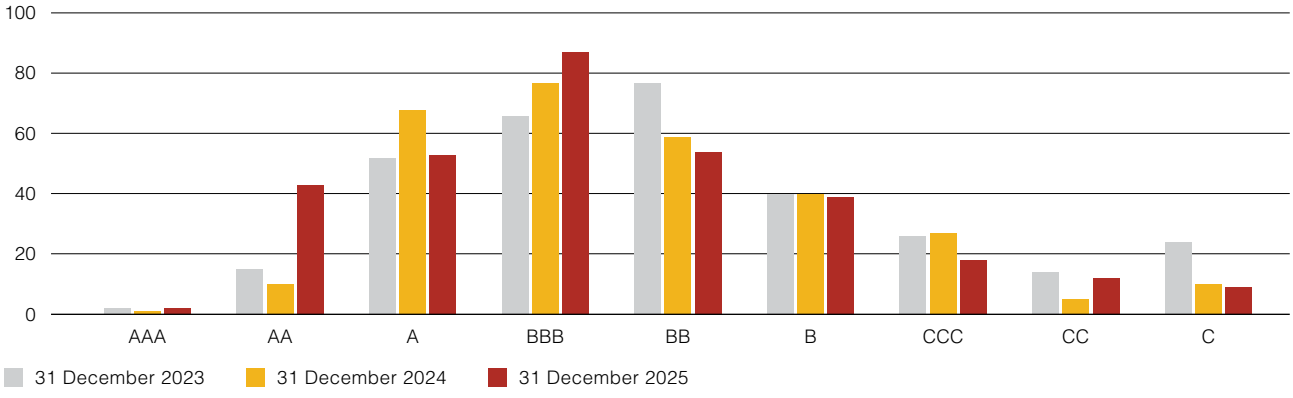
Corporate customer downgrades from 2019–2025

Year	Number of customers in transition	Percentage of downgraded customers (%)
2019	318	20
2020	320	21
2021	321	11
2022	329	14
2023	300	37
2024	257	17
2025	246	15

Maximum credit exposure

Risk profile of corporate customers

Nos.



Stage	Provision Cover	
	2025 (%)	2024 (%)
Stage 1	0.61	1.31
Stage 2	3.15	2.79
Stage 3	48.88	41.92
Total	7.66	10.26

Credit concentration risk

Credit concentration risk refers to the potential for financial loss arising from excessive exposure to a single counterparty, group of connected counterparties, industry sector, geographic region, or product type. Such concentrations may amplify the impact of adverse economic or sector-specific developments on the Bank's asset quality and earnings. A downturn affecting a concentrated segment could result in elevated defaults, increased impairments, and heightened capital requirements.

The Bank manages credit concentration risk through defined exposure limits, portfolio monitoring, and regular reporting to Senior Management and the Board. Concentration metrics are assessed against established risk appetite thresholds, and diversification is promoted across sectors, obligors, and geographies to mitigate undue exposure. Where concentrations are identified, appropriate risk mitigation measures are implemented to maintain a balanced and resilient credit portfolio.

Bank's key exposures comprise retail and personal loans, enterprise lending, small and medium-sized enterprises (SMEs), development finance, SOE and pawning facilities. These segments contribute to a more balanced portfolio mix and support inclusive economic growth.

During the year, the Bank undertook steps to further reduce its exposure to certain SOE counterparties, actively monitor concentration levels and adjusted its credit allocation strategy to ensure exposures remained within approved risk appetite thresholds, thereby strengthening the resilience and sustainability of its overall credit portfolio.

Concentration of large credit exposure (over LKR 100 Mn.)

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

As at 31 December 2025	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	481	732,838	87,458	820,296	20
Without SOE	16	454	387,689	63,786	451,475	10

Position of Bank's top 20 customers

Year	Top 3%	Top 5%	Top 10%	Top 20%
Including SOE				
2024	39	49	60	68
2025	32	40	51	62
Excluding SOE				
2024	19	25	34	47
2025	18	23	32	45

The tolerance levels for each degree of concentration – 2025

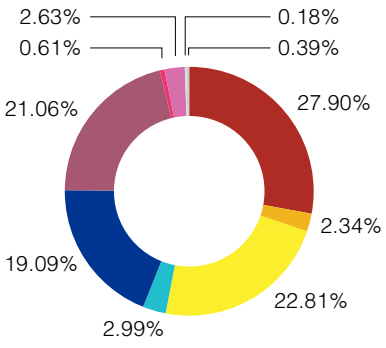
Metrix	Low concentration	Moderate concentration	High concentration
HHI	<0.15	0.15-0.25	>0.25

Quarterly position for 2025

	31 March 25	30 June 25	30 September 25	31 December 25
Name concentration (with SOE)	0.07	0.07	0.06	0.06
Name concentration (without SOE)	0.02	0.02	0.02	0.02
Sector concentration (with SOE)	0.11	0.11	0.11	0.12
Sector concentration (without SOE)	0.13	0.13	0.15	0.17

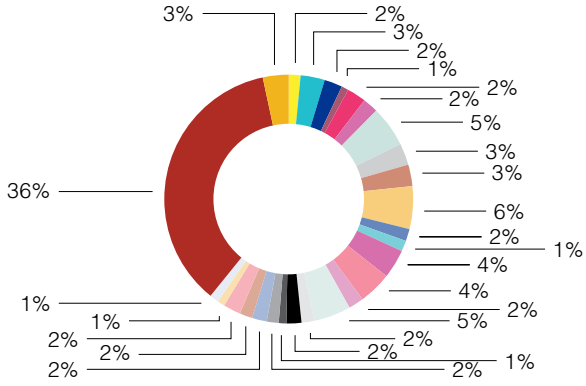
The visual representations below highlight areas of higher concentration, enabling proactive risk management and informed strategic decision-making to strengthen the Bank's overall risk profile and resilience.

Exposure at Bank level/Product wise



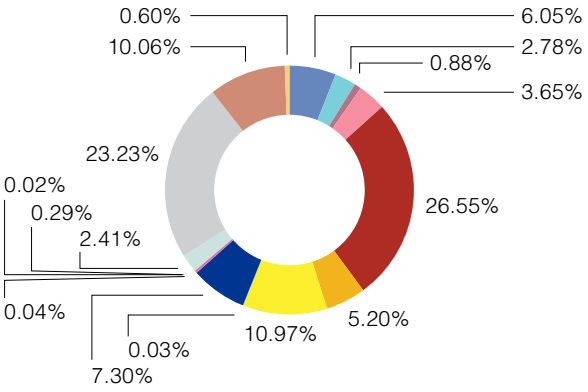
- Personal Loans
- SME Loans
- Enterprises loans
- Cash Backed Loans
- SOE Loans+DST
- Pawning
- Credit Card Total
- Staff Loans Total
- Other (GL Recoveries, OCS, etc.)
- Hard Core Total

Geographies/Regions wise exposure



- CBD
- Off-Shore Unit
- Ampara
- Anuradhapura
- Badulla
- Batticaloa
- Colombo East
- Colombo North
- Colombo South
- Colombo West
- Galle
- Gampaha
- Hambantota
- Jaffna
- Kalutara
- Kandy
- Kegalle
- Kurunegala
- Matale
- Matara
- Monaragala
- Nuwara-Eliya
- Polonnaruwa
- Puttalam
- Ratnapura
- Trincomalee
- Wanni

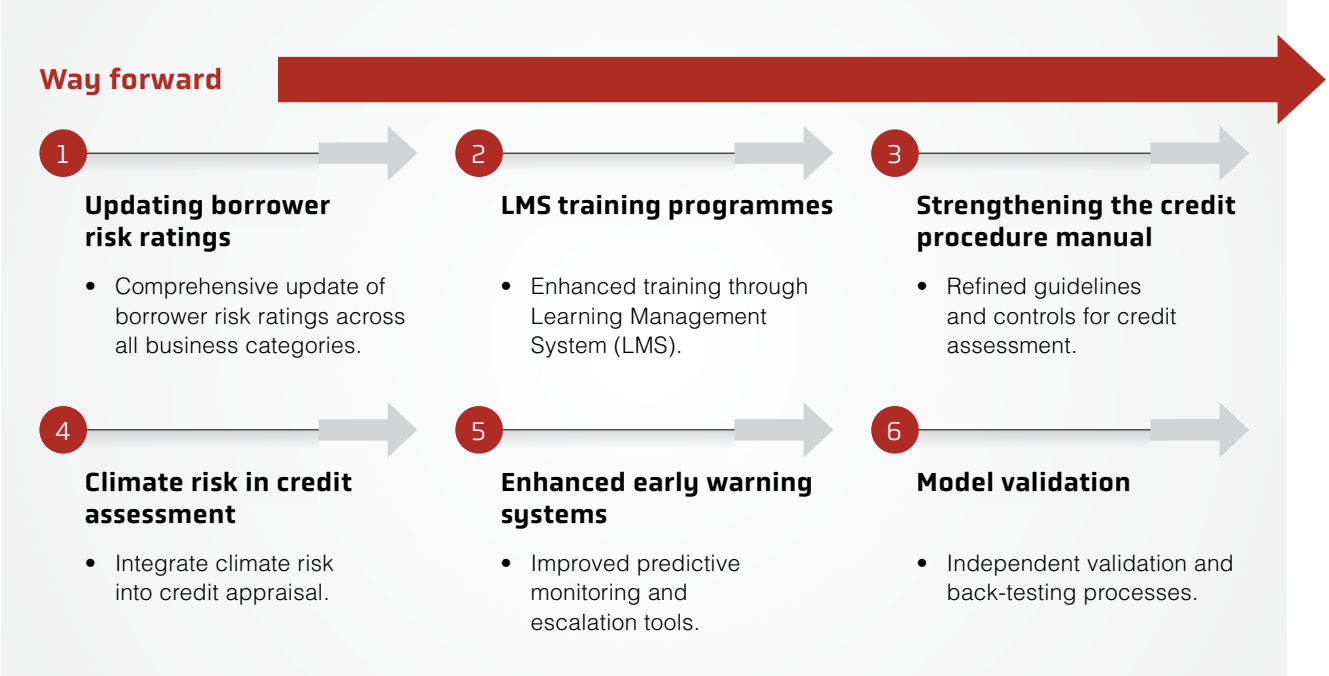
Sector wise credit exposures



- Construction
- Infrastructure development
- Wholesale and retail trade
- Information technology and communication services
- Financial services
- Professional, scientific and technical activities
- Arts, entertainment and recreation
- Education
- Health care, social services and support services
- Consumption
- Lending to ministry of finance
- Lending to overseas entites
- Agriculture, forestry and fishing
- Manufacturing
- Tourism
- Transportation and storage

Credit risk stress testing 2025

	Minor %	Moderate %	Major %
Increase in impairment impact on CAR – In high-risk environment Transition from Stage 1 bucket to Stage 2 bucket			
Revised Tier 1 capital ratio	12.12	12.05	11.98
Revised total capital ratio	16.41	16.34	16.28
Transition from Stage 2 bucket to Stage 3 bucket			
Revised Tier 1 capital ratio	12.06	11.94	11.82
Revised total capital ratio	16.35	16.23	16.11
Simultaneous transitions from Stage 1 bucket to Stage 2 bucket and Stage 2 bucket to Stage 3 bucket			
Revised Tier 1 capital ratio	12.00	11.81	11.62
Revised total capital ratio	16.29	16.10	15.92
Shock in loss given default			
Revised Tier 1 capital ratio	12.14	12.09	12.04
Revised total capital ratio	16.43	16.38	16.34
Shock in probability of default and loss given default			
Revised Tier 1 capital ratio	11.89	11.57	11.22
Revised total capital ratio	16.18	15.86	15.51
Default by large borrowers			
Revised Tier 1 capital ratio	11.92	11.80	11.67
Revised total capital ratio	16.22	16.09	15.96
Default by three large industries			
Revised Tier 1 capital ratio	11.66	11.15	10.63
Revised total capital ratio	15.96	15.44	14.92



Market risk

Market risk refers to the potential for losses arising from adverse movements in market variables, including interest rates, foreign exchange rates, equity prices, and commodity prices, which may impact the Bank's trading and banking book positions.

The Bank's exposure to market risk is driven predominantly by interest rate risk arising from both trading book and banking book positions. Movements in market interest rates may impact earnings as well as the economic value of assets and liabilities, and these exposures are closely monitored within approved risk parameters.

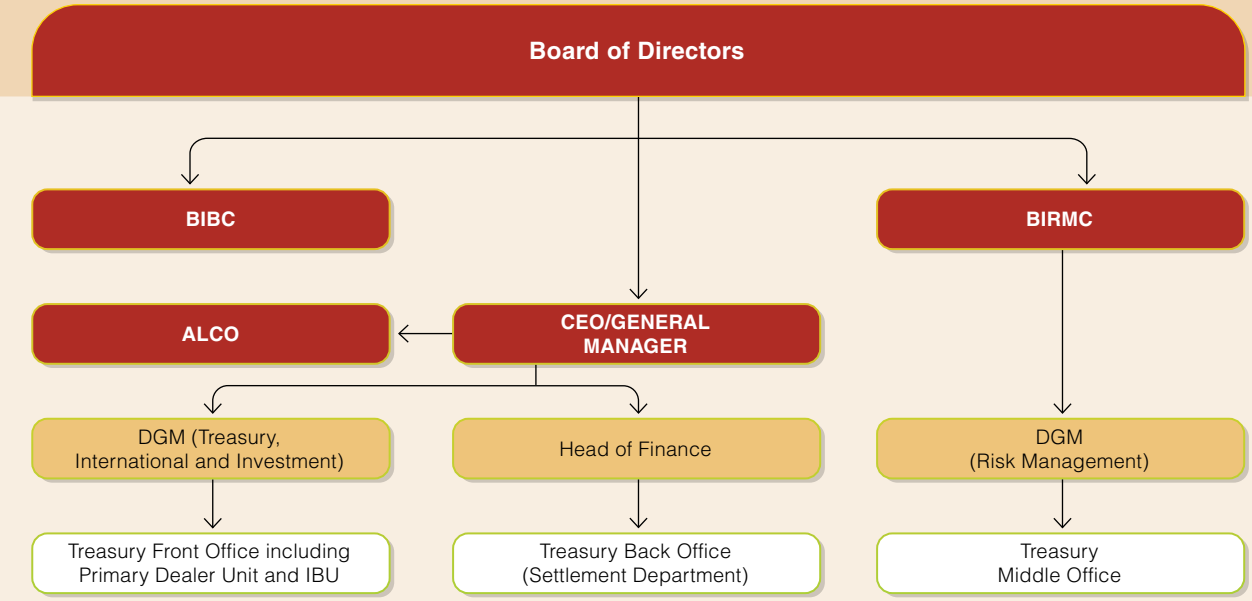
In addition, the Bank is exposed to commodity price risk, primarily through fluctuations in gold prices associated with its pawning portfolio. Given the sensitivity of gold values to market dynamics, this exposure is subject to continuous monitoring and appropriate risk mitigation measures.

Foreign exchange risk is managed through strict adherence to the regulatory net open position limits prescribed by the Central Bank of Sri Lanka, together with well-defined internal exposure limits governing foreign currency transactions. Ongoing oversight ensures that currency positions remain within the Bank's established risk appetite.

Exposure to equity price risk remains minimal, reflecting the relatively small size of the Bank's trading portfolio in listed securities.

A comprehensive market risk management framework is in place to ensure effective identification, measurement, monitoring, and control of exposures. Risk is assessed using a combination of quantitative tools and qualitative assessments, including sensitivity analysis, gap analysis, duration analysis, stress testing, and scenario analysis. These methodologies enable the Bank to evaluate the potential impact of market volatility on earnings and economic value ensuring that exposures remain within its defined risk appetite while safeguarding financial stability and shareholder value.

Governance structure of market risk





Monitors the Bank's market risk exposure, formulate policies and risk appetite limits and provide recommendations to the Board on management 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.

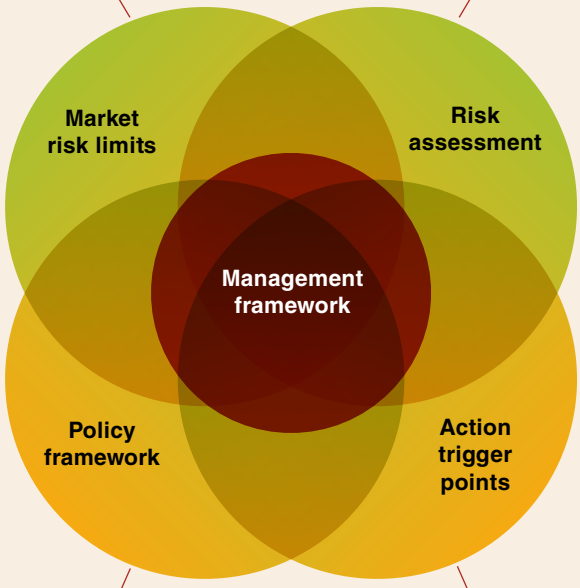
Market risk exposure of People's Bank 2025 vs 2024

	2025			2024		
	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
Treasury Bill	–	303,124	276,531	–	325,061	948,540
Treasury Bonds	–	3,816	945,251	–	4,441	10,799
SLDB	–	–	–	–	–	–
GOSL Bonds	–	–	–	–	–	–
Other investments	10,181	–	–	9,423	308	–
Liability	–	–	–	–	–	–
Debentures	–	–	40,553	–	–	54,156
International Sovereign Bonds	–	–	11,060	–	–	–
Domestic Dollar Bonds	–	–	932	–	–	–

Governance structure of market risk

- 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.

- The Bank's market risk management policy framework includes: Treasury Policy, Investment Policy, Risk Management Policy, Stress Testing Policy, Country Limit Policy, Risk Management Policy for Bank's Exposure to Equity Market.



- 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

- 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.

Key market risk limits and positions as at 31 December 2025

Market risk		Market risk appetite	
		Approved limit	Year ended 31 December 2025
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
Haircut 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
Percentage of shares on the S&P SL20 Index		25%	Complied

Market risk overview Inflation

Inflation remained subdued in 2025, supported by tight monetary policy, improved supply conditions, and easing cost pressures following earlier macroeconomic adjustments. Headline inflation was low in the early part of the year, with periods of disinflation observed due to reduced energy prices and contained demand. As the year progressed, inflation approached the targeted range, driven by a modest recovery in domestic demand and adjustments in administered prices. Overall, price stability was largely maintained during the period, contributing to improved economic confidence, although risks from global commodity prices, exchange rate fluctuations, and climate-related supply disruptions persisted.

Interest rate volatility

Interest rates remained broadly stable during 2025, reflecting a cautious and measured monetary policy stance aimed at supporting economic recovery while preserving price stability. The policy rate environment was characterised by limited volatility, as the Central Bank maintained rates at consistent levels in response to subdued inflation and improving macroeconomic conditions. Market interest rates gradually adjusted in line with easing liquidity and moderating inflation expectations, contributing to improved credit conditions over the course of the year. Overall, interest rate volatility was contained, supporting market predictability, although external developments and global financial conditions continued to pose potential risks to rate stability.

Exchange rate volatility

Exchange rate volatility in 2025 remained relatively contained, reflecting a more stable market environment compared with the extreme fluctuations experienced during earlier crisis periods. The Sri Lankan rupee experienced modest depreciation, supported by improved foreign exchange liquidity, Central Bank interventions, and net FX purchases, which contributed to orderly short-term market conditions. While these measures enhanced predictability for trade, investment, and financial planning, pressures from import demand, limited external reserves, and global financial developments continued to pose potential risks to currency stability. Overall, the managed exchange rate framework helped mitigate excessive volatility, while highlighting the importance of continued vigilance in monitoring external sector dynamics.

In response to the market conditions observed during 2025, the Bank maintained a disciplined approach to managing market risk. Exposure to interest rate, foreign exchange, and commodity-related risks (pawning) was actively monitored through established governance frameworks, internal limits, and regular reporting. The Bank continued to enhance its risk measurement and monitoring tools, including stress testing and scenario analysis, to anticipate potential market movements and implement timely mitigation measures. These efforts ensured that the Bank remained within its defined risk appetite, supported stable earnings, and reinforced resilience against volatility, while providing confidence to stakeholders and aligning with regulatory expectations.

Interest Rate Risk (IRR)

The Bank's exposure to interest rate risk primarily stems from mismatches in the repricing profiles of assets and liabilities within both the Banking Book and Trading Book. Variations in interest rates may affect net interest income through changes in funding costs and asset yields, while also influencing the fair value of interest-sensitive instruments.

The Bank manages interest rate risk through a structured Asset and Liability Management (ALM) framework, supported by repricing gap analysis, duration monitoring, earnings-at-risk and economic value sensitivity assessments. For trading book exposures, Value at Risk (VaR) methodologies are applied to measure potential losses arising from adverse market movements. Exposure limits are established and monitored in line with the Board-approved risk appetite, and periodic stress testing is conducted to assess the impact of adverse rate shocks on capital and profitability. Oversight is provided by the Asset and Liability Committee (ALCO), ensuring timely corrective actions where necessary.

Through prudent balance sheet management and disciplined limit monitoring, the Bank seeks to mitigate undue exposure to interest rate fluctuations while maintaining stable and sustainable financial performance.

Earnings at risk over one-year horizon (Net impact of 1%) – 2025

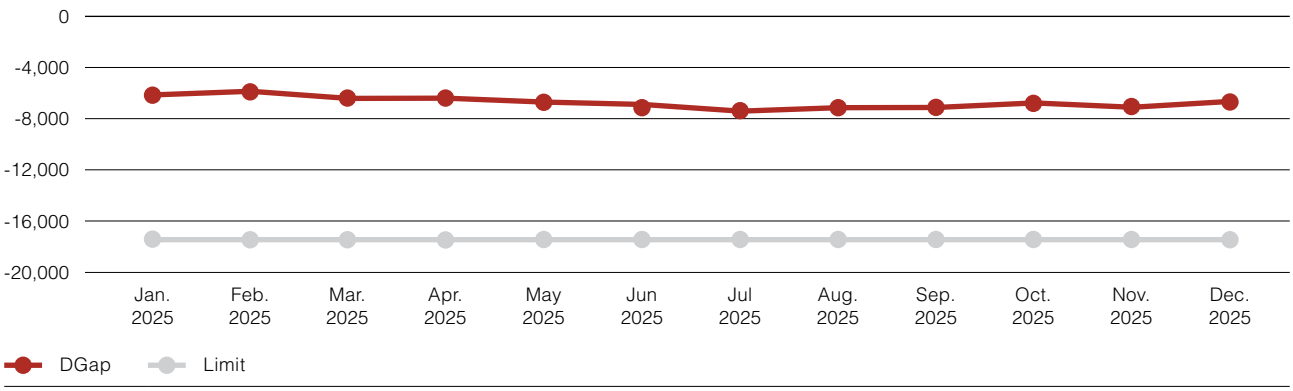
	Up to 1 months	1-3 months	3-6 months	6-12 months
Net assets (LKR Mn.)	(112,847)	86,878	(81,169)	(1,169,480)
Loss for change in 1% (LKR Mn.)	1,081	724	(507)	(2,924)

ALM mismatches 2025

2025	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	423,160	408,053	398,252	347,667	594,274	374,419	855,782
Rate sensitive liabilities	536,007	321,174	479,420	1,517,147	361,512	65,408	3,279
Period gap	(112,847)	86,878	(81,169)	(1,169,480)	232,762	309,011	852,503
Cumulative gap	(112,847)	(25,968)	(107,137)	(1,276,617)	(1,274,290)	(1,271,200)	(418,697)

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)

Impact on MV of Equity due to 1% adverse Interest Rate Change using DGap Analysis LKR Mn.



Interest Rate Risk (IRR) stress testing

	Magnitude of shock 0.25%	Magnitude of shock 0.50%	Magnitude of shock 1.00%
2025			
Impact on earnings (LKR Mn.)	1,662	3,323	6,646
Revised overall CAR (%)	16.34	16.21	15.95
2024			
Impact on earnings (LKR Mn.)	1,437	2,874	5,748
Revised overall CAR (%)	16.41	16.28	16.02

Exchange rate risk

Exchange rate risk represents the potential impact on the Bank's earnings and capital arising from adverse movements in foreign currency exchange rates. The Bank's exposure primarily arises from customer-driven foreign currency transactions, proprietary open positions, and foreign currency-denominated assets and liabilities. Fluctuations in exchange rates may affect net trading income, revaluation gains or losses, and the overall financial position of the Bank. Accordingly, foreign currency exposures are managed within clearly defined regulatory and internal limits, supported by continuous monitoring of net open positions and sensitivity to currency movements.

The Bank strengthened its position in foreign currency (FCY) remittances during the year while prudently managing foreign currency commitments and meeting customer requirements in a timely manner. The Treasury function ensured strict compliance with foreign exchange (FX) exposure limits, including the maintenance of the overall Net Open Position (NOP) and individual currency position limits within approved regulatory and internal thresholds.

Clearly defined risk tolerance limits were independently monitored on a daily basis, enabling treasury dealers to operate within established boundaries while effectively mitigating risks arising from currency exposures. This disciplined approach helped minimise potential losses resulting from exchange rate fluctuations and ensured that exposures remained within the Bank's defined risk appetite.

In addition, the Treasury Middle Office provided independent oversight through continuous verification and monitoring of compliance with FX position limits, reinforcing the Bank's governance framework and strengthening control over foreign exchange risk.

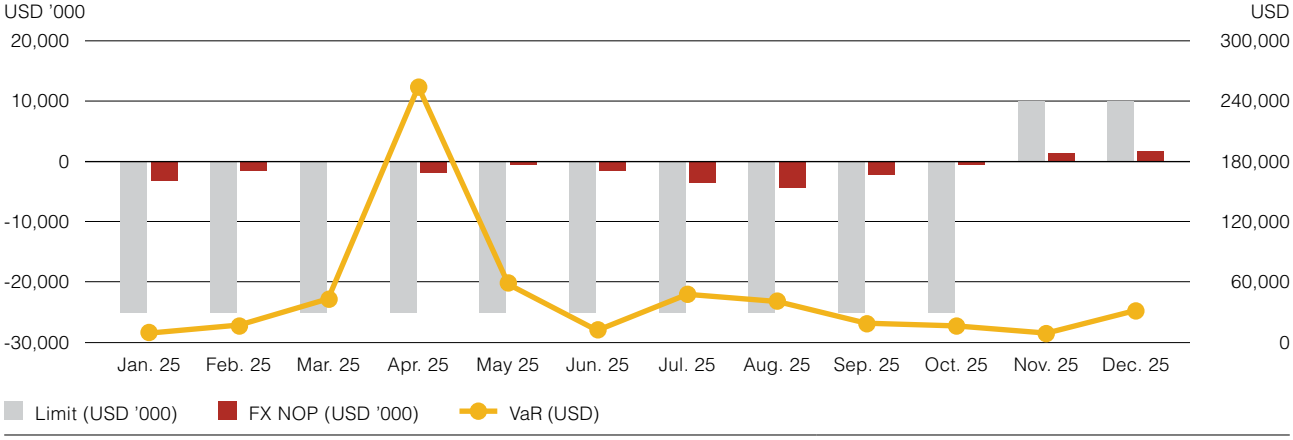
Position as at 31 December 2025

	Net exposure FC equivalent ('000)	Net exposure Rupee equivalent ('000)
US Dollar	1,048.95	324,964.84
Euro	(128.30)	(46,640.40)
Great Britain Pound	(974.66)	(405,701.99)
Japanese Yen	13,069.74	25,844.99
Singapore Dollar	50.27	12,110.32
Chinese Yuan renminbi	806.55	35,756.77
Australian Dollar	260.46	53,933.90
Other	–	557,176.49

Exchange rate risk stress testing

	Magnitude of shock 5%	Magnitude of shock 10%	Magnitude of shock 15%
2025			
Impact on earnings (LKR Mn.)	175	350	526
Revised overall CAR (%)	16.46	16.45	16.43
2024			
Impact on earnings (LKR Mn.)	166	332	498
Revised overall CAR (%)	16.52	16.51	16.49

Month End FX NOP and Daily VaR during 2025



Equity risk

Equity risk refers to the potential for losses arising from adverse movements in the prices of equity securities held by the Bank. Such risk may affect the Bank's earnings and capital through mark-to-market valuation changes in trading portfolios or through fluctuations in the fair value of equity instruments classified under investment portfolios.

The Bank's exposure to equity risk remains limited, reflecting its low investment position in equity shares.

The Investment Banking Committee (BIBC) conducts regular reviews of macroeconomic developments, equity market trends, and the financial performance of investee entities to assess potential impacts on the Bank's equity risk exposure. The Board-approved Investment Banking Policy Manual establishes the governance framework for managing equity risk, outlining the methodologies, control mechanisms, and risk mitigation tools to be applied. This includes clearly defined exposure thresholds, volume limits, and stop-loss parameters to ensure disciplined portfolio management and alignment with the Bank's overall risk appetite.

Risk measurement techniques, including stress testing, are applied to assess the potential impact of market volatility on the value of equity holdings. Independent oversight by the Risk Management Department ensures compliance with internal exposure limits and applicable regulatory requirements.

Through disciplined portfolio management and prudent limit monitoring, the Bank seeks to mitigate undue exposure to equity market fluctuations while safeguarding capital and maintaining financial stability.

Commodity risk

Commodity price risk within the Bank's operations arises primarily in relation to its pawning portfolio. Although the Bank does not participate in commodity trading, fluctuations in gold prices indirectly influence its risk exposure. Given that pawning advances are secured against gold collateral, movements in market gold prices have a direct impact on collateral values and, consequently, on the Bank's overall risk profile.

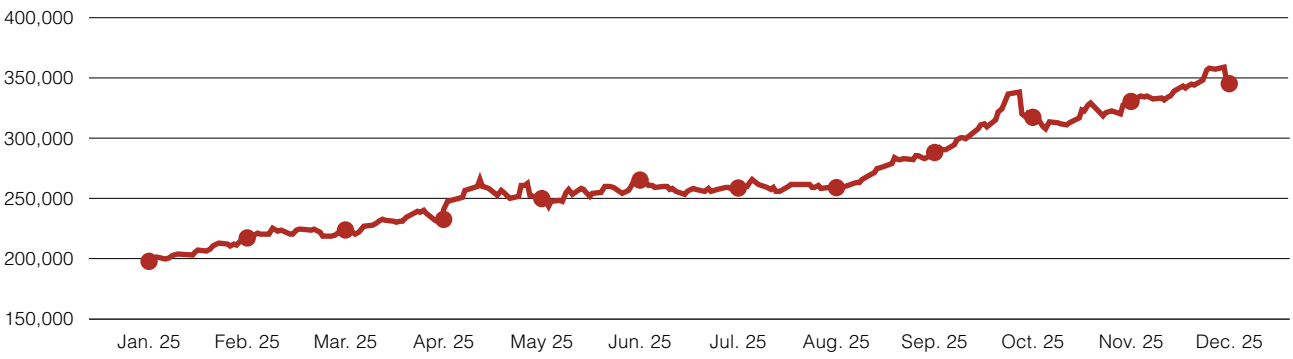
To mitigate associated risks, the Bank maintained prudent lending practices, including conservative advance rates relative to collateral value and careful assessment of the gold content of pledged articles. Enhanced customer due diligence procedures were applied, complemented by comprehensive insurance coverage against theft and counterfeit items. Post-disbursement controls included independent valuation processes, daily sample verification, and structured auction mechanisms for unredeemed articles in cases of prolonged non-recovery.

The Asset and Liability Committee (ALCO) provided ongoing oversight by periodically reviewing gold price trends and assessing competitive market positioning. The Bank further strengthened its risk management framework through the use of advanced gold-testing equipment, specialised staff training, and technology-driven authentication processes. These measures collectively enabled the Bank to effectively manage and mitigate commodity price risk arising from its pawning operations during 2025.

Stress testing equity risk

	Magnitude of shock 5%	Magnitude of shock 10%	Magnitude of shock 20%
2025			
Impact to maximum market value of equity portfolio (LKR Mn.)	116	231	463
Impact to fair value of strategic equities (LKR Mn.)	36	72	143
Total Impact (LKR Mn.)	151	303	606

Gold price movement per sovereign 2025



Liquidity risk management

Maintaining sufficient liquidity to meet financial obligations as they fall due is a critical aspect of the Bank's risk management framework. Effective liquidity management ensures operational continuity, supports depositor confidence, and strengthens overall financial stability.

The Bank manages liquidity risk through a comprehensive Asset and Liability Management (ALM) framework, supported by clearly defined policies and Board-approved risk appetite thresholds. Liquidity exposures are monitored using a combination of regulatory and internal metrics, including the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), maturity gap analysis, and cash flow projections under normal and stressed conditions.

A diversified funding base, comprising retail and corporate deposits, interbank borrowings, and access to capital market instruments, supports the Bank's liquidity profile. The Bank also maintains a portfolio of high-quality liquid assets (HQLA) to ensure adequate buffers are available to withstand short-term liquidity stress scenarios.

Regular stress testing is conducted to evaluate the Bank's resilience under adverse conditions, including deposit withdrawals, market disruptions, and restricted funding access. A formal Contingency Funding Plan (CFP) is in place to guide management actions during periods of liquidity stress.

Oversight of liquidity risk is provided by the Board, BIRMC and Asset and Liability Committee (ALCO), with independent monitoring by the Risk Management Department to ensure compliance with regulatory requirements and internal limits. Through prudent liquidity planning and disciplined monitoring, the Bank seeks to maintain a strong liquidity position and safeguard its ability to meet obligations in a timely and cost-effective manner.

Liquidity risk management framework

The Bank manages liquidity risk within a robust policy and procedural framework, ensuring adequate funding to meet obligations under normal and stressed conditions.

Measuring liquidity:

The Bank employs both the flow-based and stock-based approaches to assess liquidity. The flow method analyses mismatches between expected cash inflows and outflows across different time bands, based on the maturities of assets and liabilities. The stock method evaluates liquidity through key ratios, including the loans-to-deposit ratio, commitments ratio (representing the unutilised portion of overdrafts and interbank lines), statutory liquid asset ratio, and cumulative maturity mismatches.

Diversified funding base:

Liquidity is sourced from multiple channels, taking into account market conditions, regulatory requirements, and interest rate trends. Deposits constitute the primary funding source, representing 87.1% of the Bank's total liabilities and capital, followed by other borrowings at 7% and shareholders' funds at 5.9%. A relatively high proportion of savings deposits provides the Bank with a quasi-stable and reliable source of funds, enhancing funding stability.

Contingency fund plan:

The Bank maintains a robust and forward-looking Contingency Funding Plan (CFP) as an integral component of its liquidity risk management framework. The Plan is designed to ensure operational readiness in the event of liquidity stress, safeguarding stakeholder interests and preserving market confidence. It provides a structured road map for managing funding pressures through clearly articulated escalation procedures, defined roles and responsibilities, and a suite of pre-identified funding options. The CFP establishes quantitative and qualitative trigger points that enable the timely activation of mitigation strategies under adverse conditions. These include, but are not limited to, deterioration in key liquidity ratios, abnormal deposit withdrawals, restricted access to wholesale funding markets, and emerging systemic or institution-specific stress indicators. Through regular review, testing, and alignment with regulatory expectations, the Bank ensures that the CFP remains responsive, practical, and capable of supporting financial resilience during periods of uncertainty.

Key situations that may activate the CFP requirement include:

- The Liquidity Coverage Ratio (LCR) reached below 100% for a month
- A sustained 20% increase in interbank call money rates over seven consecutive days
- A rise in the non-performing loan (NPL) ratio by more than 50%
- Consolidated Advances-to-Deposits (AD) ratio exceeding 105% for more than 15 days
- Withdrawal of call facilities by market participants or imposition of a premium above prevailing market rates on the Bank's borrowings
- A downgrade of the Bank's credit rating by more than two notches
- Deposit withdrawals exceeding expected levels

By defining these contingency measures, the Bank ensures that liquidity risks are actively managed and that robust mechanisms are in place to preserve financial stability during periods of stress.

Key liquidity indicators as at December 2025

Key indicators		Position as at 31 December 2025 (%)
Loans to deposit ratio		
LKR		54.8
Foreign currency		85.6
Commitments ratio		
Liquidity coverage ratios	– Rupee	263.3
	– All currency	218.5

	All currency (LKR '000)			Local currency (LKR '000)		
	Balance as at 31 December 2025			Balance as at 31 December 2025		
HQLA	1,467,524,635			1,456,788,809		
Total cash outflows	872,607,142			661,396,671		
Total cash inflows	201,087,231			108,156,477		
Net cash outflows	671,519,911			553,240,194		
LCR %	218.54			263.32		
	Minor	Moderate	Major	Minor	Moderate	Major
Magnitude of shock (%)	5	10	15	5	10	15
Scenario I – Fall in HQLA						
Liquid asset ratio after shock (%)	207.61	196.68	185.76	250.15	236.99	223.82
Scenario II – Increase in Net Cash Outflow						
Liquid asset ratio after shock (%)	208.13	198.67	190.03	250.78	239.38	228.97
Scenario III – Fall in HQLA and increase in Net Cash Outflow (Extreme Scenario)						
Liquid asset ratio after shock (%)	192.72	178.80	161.53	238.24	215.44	194.63

Way forward

1 Strengthening Pillar I risk alignment

- Reassessing the Information Security Scorecard to better reflect actual risk exposure.
- Introducing risk-sensitive capital allocation, where warranted, for technology and cyber-related risks.

2 Enhancing credit concentration risk assessment

The Bank will adopt a more comprehensive approach to concentration risk by:

- Including SOE exposures in capital charge calculations, irrespective of sovereign backing.
- Expanding concentration metrics to cover:
  - Sectoral concentration
  - Single-name exposure
  - Geographic concentration
  - Product-level concentration
  - Non-performing loan concentration

3 Strengthening stress testing to capture systemic and sovereign-linked vulnerabilities

4 Advancing IRRBB framework

To better manage interest rate risk in the banking book, the Bank will:

- Incorporate multi-scenario interest rate shocks, including policy rate volatility.
- Enhance repricing gap analysis and behavioural assumptions.
- Strengthen monitoring of Net Interest Margin (NIM) sensitivity under stressed conditions.

5 Expanding reputational risk assessment

- Incorporating social media sentiment analysis, cyber incidents, and service disruptions.
- Including asset quality indicators (e.g. Stage 3 ratios) and subsidiary risks.
- Refining KRIs to better reflect real-time reputational vulnerabilities.

6 Strengthening residual risk recognition

- Reassess the realisability of collateral, particularly Treasury guarantees and Letters of Comfort.
- Align with regulatory definitions of eligible securities.
- Introduce capital allocation for residual risks, where material exposures exist.
- Capture risks arising from debt restructuring activities (e.g. ISB restructuring).

Way forward

7

Establishing a robust model risk framework

A formal model risk management framework will be implemented, including:

- Comprehensive model inventory and risk classification.
- Independent validation, back-testing, and sensitivity analysis.
- Capital allocation for material model risks, where applicable.

8

Enhancing ICAAP methodology

The ICAAP framework will be further refined by:

- Moving beyond the simple aggregation approach to incorporate diversification benefits.
- Improving risk quantification methodologies to better reflect inter-risk correlations.

9

Advancing stress testing framework

The Bank will significantly strengthen its stress testing capabilities by:

(a) FCY liquidity risk

- Incorporating macroeconomic and geopolitical scenarios (e.g. global trade shocks, tariffs).
- Expanding beyond depositor concentration scenarios.

(b) Operational risk

- Introducing scenario-based stress testing, including:
  - Cyberattacks
  - System outages
  - Payment system disruptions
- Assessing impact of industrial actions (trade unions) on operations and markets.

(c) Climate risk

- Expanding climate stress scenarios to include:
  - Extreme weather events
  - Business disruptions and asset damage
  - NPLs and income loss due to moratoria

Operational risk

The Bank recognises that operational risk – the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events such as adverse climate conditions is an inherent aspect of its business activities and impacts its ability to operate as normal. Effective management of operational risk is fundamental to safeguarding the Bank's assets, protecting stakeholders, and maintaining public confidence.

Our Operational Risk Management Policy and framework have been designed to proactively identify, assess, monitor, and mitigate operational risks across all business lines. The framework encompasses risk governance, risk assessment methodologies, Key Risk Indicators (KRIs), incident reporting, and a robust control environment. This enables the Bank to detect potential vulnerabilities and implement timely corrective actions, minimising financial losses and reputational impact.

Key elements of the Bank's operational risk management include:

- **Risk identification and assessment:** Continuous evaluation of processes, systems, and activities to identify areas susceptible to operational failures.
- **Control and mitigation:** Implementation of internal controls, segregation of duties, process standardisation, and staff training to reduce exposure.

- **Monitoring and reporting:** Regular reporting of risk events, near-misses, and operational losses to Senior Management and relevant committees, ensuring timely decision-making.
- **Business continuity and resilience:** Maintaining comprehensive contingency and disaster recovery plans to ensure uninterrupted services during adverse events.
- **Regulatory compliance:** Adherence to all applicable regulations and guidelines, including those issued by the Central Bank, to strengthen operational integrity.

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.

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.

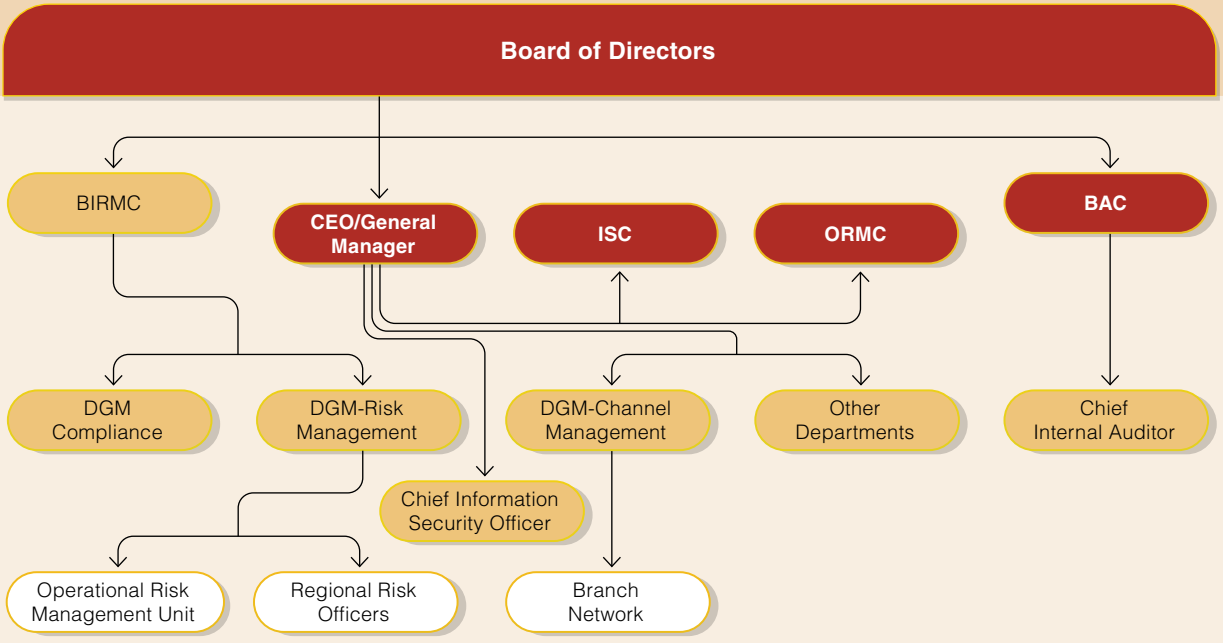
The Board is supported by the BIRMC by closely monitoring and regulating operational risk aspects.

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.

Governance structure of operational risk 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.

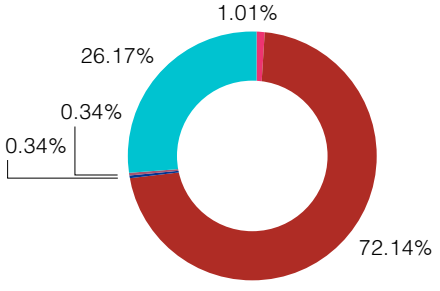
Position of regional level risk officers, audit officers, and compliance officers for close monitoring of operational risk concerns and report to the respective department heads.

The total operational losses recorded for the year 2025 was LKR 66.53 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	2025				2024			
	Number	Percentage of total (%)	Value LKR Mn.	Percentage of total value (%)	Number	Percentage of total (%)	Value LKR Mn.	Percentage of total value (%)
Internal frauds	3	1.01	11.73	17.63	1	0.41	0.02	0.07
External frauds	215	72.14	47.87	71.95	139	56.97	20.64	68.98
Employment practice and workplace safety	–	–	–	–	–	–	–	–
Client, product, and business practices	–	–	–	–	–	–	–	–
Damage to physical assets	1	0.34	0.09	0.14	2	0.82	0.13	0.43
Business disruptions and system failures	1	0.34	0.49	0.74	1	0.41	0.14	0.47
Execution, delivery, and process management	78	26.17	6.35	9.54	101	41.39	8.99	30.05
Total	298	100.00	66.53	100.00	244	100.00	29.92	100.00

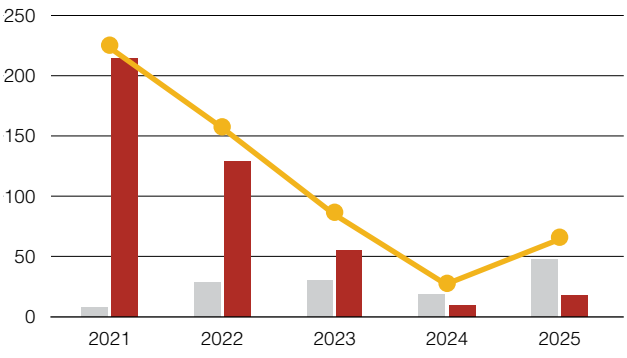
Number of operational losses by event – 2025



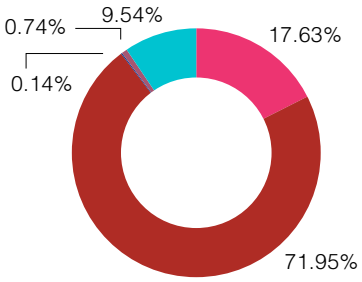
- Internal frauds
- External frauds
- Cli, Pro, and Busi. practices
- Emp. practices and workplace safety
- Damage to physical assets
- Busi. disruption and sys. failure
- Execution, delivery and process mgt.

Operational losses

LKR Mn.



Value of operational losses by event – 2025



- Internal frauds
- External frauds
- Cli, Pro, and Busi. practices
- Emp. practices and workplace safety
- Damage to physical assets
- Busi. disruption and sys. failure
- Execution, delivery and process mgt.

Identification and assessment of operational risk

The Bank adopts a structured and forward-looking approach to the identification and assessment of operational risk across all business functions. The Risk Management Department, in close collaboration with business units, systematically identifies potential sources of operational risk embedded within processes, systems, products, and day-to-day activities.

A strong risk-aware culture is promoted throughout the Organisation. All staff members receive regular training on operational risk exposures and are encouraged to proactively identify, escalate, and assess risk events and control weaknesses within their respective areas of responsibility. This collective accountability strengthens the Bank's First Line of Defence.

Each business unit conducts periodic Risk and Control Self-Assessments (RCSA) to evaluate risk exposures against predefined operational risk parameters. These assessments enable the identification of control gaps, process inefficiencies, and emerging vulnerabilities. Reported loss events and near-miss incidents are analysed alongside RCSA findings to ensure that root causes are properly addressed and that corrective action plans are 99i implemented in a timely manner.

In addition, the Bank leverages Key Risk Indicators (KRIs) and data analytics to enhance early risk detection and trend analysis, enabling management to anticipate potential disruptions before they crystallise into losses.

Operational risk assessments are also embedded within product development and process change initiatives. New products, services, systems, and material process enhancements undergo structured risk reviews prior to implementation and are subject to ongoing monitoring thereafter.

This integrated approach ensures that risk considerations are embedded at the design stage, thereby promoting operational resilience, strengthening internal controls, and supporting sustainable growth while protecting stakeholder value.

Operational risk tolerance levels

The Board has formally established clearly defined limits and tolerance thresholds for operational risk within the Bank's Risk Appetite Statement. These thresholds articulate the level of operational risk the Bank is prepared to accept in pursuit of its strategic objectives, while ensuring the protection of capital, reputation, and stakeholder interests.

The approved tolerance metrics include, *inter alia,* the aggregate value of operational losses as a proportion of total operational expenses, the frequency of internal and external operational loss events, and the percentage of branch audit ratings falling below the acceptable standard. These indicators provide measurable benchmarks against which operational performance and control effectiveness are assessed.

Regular and structured reporting of these metrics to the Board Integrated Risk Management Committee (BIRMC) and the Board ensures continuous oversight and accountability. Where tolerance thresholds are approached or breached, management is required to initiate timely remedial action plans to address underlying control weaknesses and prevent recurrence.

In addition, early warning triggers are embedded within key operational risk indicators to facilitate proactive management intervention before formal limits are exceeded.

Periodic reviews of tolerance levels are undertaken to ensure alignment with the Bank's evolving risk profile, regulatory expectations, and strategic priorities.

This disciplined approach reinforces a strong risk governance culture, promotes transparency in risk-taking, and supports the Bank's commitment to maintaining operational resilience and financial stability.

Operational risk mitigation strategy

The Bank adopts a comprehensive and multi-layered strategy to mitigate operational risk, ensuring that risk exposures are effectively controlled within the defined risk appetite. A strong governance structure is maintained through the full implementation of the Three Lines of Defence model across all operational functions, with clear segregation of duties to prevent conflicts of interest and unauthorised activities.

A robust framework of Board-approved operational risk policies and procedures guides all business activities. These policies establish standardised controls, accountability structures, and escalation mechanisms to ensure consistency and discipline in risk management practices across the Bank.

Business continuity is supported through well-defined crisis management protocols and disaster recovery arrangements designed to safeguard critical operations during periods of disruption. The Bank also ensures full compliance with its Recovery Plan (RCP), supported by designated departmental RCP implementation teams responsible for preparedness, coordination, and timely execution during stress events.

Operational risk exposures are further mitigated through the strategic transfer of certain risks to third parties via comprehensive insurance coverage, thereby reducing the financial impact of unexpected loss events.

Outsourcing arrangements are governed by stringent due diligence procedures and ongoing performance monitoring to ensure that third-party service providers meet the Bank's risk, compliance, and operational standards.

The Bank fosters a strong risk-aware culture through continuous staff training and awareness programmes, reinforcing individual accountability and strengthening the overall control environment.

Before the introduction of new products, services, systems, or process changes, structured operational risk assessments are conducted to evaluate potential vulnerabilities and control requirements.

In addition, scenario analysis and stress simulations are periodically performed to assess the Bank's resilience against extreme but plausible operational disruptions.

Collectively, these mitigation measures enhance operational resilience, minimise potential financial and reputational losses, and support the Bank's long-term strategic sustainability.

Way forward

ERCSA rollout

Roll out and implementation of the Electronic Risk and Control Self-Assessment (ERCSA) model to enhance accuracy and consistency of risk assessments, strengthen timely risk identification, evaluation of risk exposures and ensure prompt completion through a system-driven monitoring and tracking mechanism.

Technology risk

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 cyberthreats 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 technological 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 Uninterruptible Power Supply (UPS) 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 technological 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.

System availability risk classification framework

HIGH CRITICAL SYSTEMS
(Online Real-Time Systems)

Availability as a of total working hours and thresholds		
> 99.9%	Low risk	Green
97.5% – 99.9%	Moderate risk	Amber
< 97.5%	High risk	Red

MEDIUM CRITICAL SYSTEMS

Availability as a of total working hours and thresholds		
> 97.5%	Low risk	Green
95% – 97.5%	Moderate risk	Amber
< 95%	High risk	Red

LOW CRITICAL SYSTEMS

Availability as a of total working hours and thresholds		
> 90%	Low risk	Green
87% – 90%	Moderate risk	Amber
< 87%	High risk	Red

Name	Availability as a percentage of total critical 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 installed network agent applications
Network agent and security application	100% Green – Low risk 99.9% Amber – Moderate risk <99.9% Red – High risk

Name	Availability as a percentage of total installed manage engine agent status
Manage engine agent connected end points	100% Green – Low risk 99.8% Amber – Moderate risk <99.8% Red – High risk

Name	Number of never expired passwords (Active directory)
Active directory (Password never expire)	0 Green – Low risk >0 Red – High risk

Name	Number of installed operating systems by computer
Computers by operating system	Above Windows 10 operating system Green – Low risk Windows 10 Amber – Moderate risk Below Windows 10 operating system Red – High risk

Name	Total Incidents reported per year
Number of security incidents reported as operational losses (Per year)	< 3 incidents/year – Low risk 3-7 incidents/year – Moderate risk > 7 incidents/year – High risk
Name	**Total incidents reported per Year**
System resilience during a disaster	<95% Low 95% Medium >95% High
Name	**Total incidents reported per quarter**
Percentage of critical system User access revocations completed	98% Compliance – Low 95% –97.9% – Medium <95% High
Name	**Total incidents reported per month**
Third-party vendor security incidents	Low: 0 per month Medium: 1 per month High: >1 per month
Name	**Total incidents reported per month**
Vulnerabilities are exposed to the public	Detection of at least 1 vulnerability Critical/High – High Medium – Medium Low – Low
Name	**Total incidents reported per quarter**
Number of successful phishing simulations failures	Low: <10% failure rate Moderate: 10%-20% High: >20%

Information security, cyber resilience and data protection – 2025

In 2025, People's Bank continued to strengthen its information security, cyber resilience, and data protection capabilities in response to the rapidly evolving digital banking landscape. As financial services increasingly rely on digital platforms, safeguarding customer information, ensuring service continuity, and maintaining stakeholder trust remained core strategic priorities.

Information security risk management is embedded within People's Bank's enterprise risk framework and governed through a structured oversight model comprising the Board, Board Integrated Risk Management Committee (BIRMC), Information Security Committee (ISC), and executive management. This governance structure ensures independent oversight, risk-based decision-making, and continuous monitoring of cyber and technology risks.

Information technology risk management and cyber risk governance

People's Bank Information Technology Risk Management Framework is a structured mechanism that identifies, assesses, monitors, and mitigates technology-related risks, aligned with Information Security Policy, incorporating RCSA (Risk Control Self-Assessments), incident reporting, audit reviews, risk indicators, red teaming functions, and strengthened third-party security assessments, with regular reporting to ISC and BIRMC to ensure timely escalation and mitigation of emerging threats while minimising supply chain cyber risk exposure.

The Bank's ISO 27001:2022 certification affirms its advanced governance maturity, its robust and systematic risk management framework, and its adherence to globally recognised best practices.

Regulatory alignment and data protection

People's Bank maintained alignment with regulatory expectations issued by the Central Bank of Sri Lanka, including resilience and technology risk management requirements under national supervisory guidelines.

As a state bank handling vast amount of consumer data and nation payment infrastructure People's Bank continued to strengthen its data governance framework to ensure the security of personal and financial information, in alignment with regulatory expectations issued by the Central Bank of Sri Lanka (CBSL) and applicable data protection laws, including Sri Lanka's Personal Data Protection Act No. 9 of 2022 (PDPA) and other relevant statutory and regulatory requirements.

Cybersecurity culture and awareness

Recognising that human behaviour remains a key driver of cyber risk, People's Bank expanded its InfoSec awareness initiatives through simulated exercises, targeted staff training, and awareness campaigns. These programmes improved employee readiness and reduced susceptibility to social engineering threats.

Customer awareness initiatives were also enhanced to promote safe digital banking practices, reinforcing trust in People's Bank's digital channels.

Compliance risk

Non-compliance with laws, regulations, and industry standards results in regulatory and compliance risk. In 2025, 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 2025.

The Board	Compliance department
The Board holds the highest responsibility to ensure compliance with relevant external regulations and internal guidelines, and is supported by the BIRMC and BAC.	• Oversees the compliance status of the Bank through regular assessments and reports directly to the BIRMC. • Submits monthly compliance reports to the Board with sign-offs 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. • 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.

Mandatory compliance function	Ancillary compliance functions
• Safeguard the Bank from reputational risk by developing compliance policies and procedures to eliminate or minimise the risk of non-compliance with regulatory requirements • Develop a code of conduct/ethics for all employees and monitor to ensure compliance at all levels • Implement an Anti-Money Laundering/Terrorist Financing Policy aligned to Know Your Customer (KYC) regulations, to be adhered by all departments • Maintain regular contact and cordial relationships with regulators based on clear and timely communication and mutual understanding • Nurture a culture of compliance within the Bank • Keep abreast with relevant legal and regulatory developments and facilitate effective implementation • Report to the Board on all relevant regulatory developments and changes in laws that could give rise to compliance issues • Highlight any breaches related to compliance and work with the Management to address and rectify them within an acceptable time frame • 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 • Establish a customer charter based on directions issued by the Central Bank of Sri Lanka • 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 • Establish systems and controls to monitor transactions and report suspicious transactions to the Financial Intelligence Unit to prevent money laundering/terrorist financing • Train staff members on compliance including Anti-Money Laundering and development an e-learning module to facilitate training across the branch network • Prepare policies and implement procedures to minimise compliance risk and reputation risk, including developing a code of conduct • Maintain updated credit details of customers by liaising with the Credit Information Bureau	• Provide advisory services to Management and staff on regulatory, reputational, and ethical matters. Promote compliance as a success enabler • Provide input in structuring new products and systems compliance with local regulatory requirements, internal compliance, and ethical standards • Ascertain compliance with internal and external regulations by conducting assessments and reviews at regular intervals • Represent the compliance function in relevant internal and external committees • Clearly communicate policies on compliance to Management and staff • Liaise with the internal and external audit function to address compliance issues • Follow up on compliance issues identified through audits • Liaise with the Auditors and conduct random compliance audits on risk-based assessment

Integrated risk management framework

Risk management at the Bank is embedded at the core of its strategic and operational decision-making, reflecting a disciplined and forward-looking approach to safeguarding financial soundness and sustaining long-term value creation. In an increasingly complex operating environment marked by economic volatility, technological disruption, regulatory evolution, and climate-related uncertainties, the Bank adopts a holistic and integrated framework to identify, assess, monitor, and mitigate risks across all business lines and support functions.

This integrated framework is anchored in a formally approved Risk Management Policy, which provides the overarching principles, governance architecture, and methodological standards for managing risks in a structured and consistent manner across the organisation. Approved by the Board of Directors, the Policy articulates the Bank's risk philosophy, defines its risk appetite boundaries, and establishes clear accountability across the Three Lines of Defence. It further sets out escalation protocols, reporting requirements, and limit structures to ensure timely oversight and effective management of risk exposures.

Through this Policy-driven approach, risk considerations are systematically embedded into strategic planning, capital allocation, and day-to-day operations. The framework enables proactive management of risk interdependencies and supports the use of analytical tools such as stress testing and the Internal Capital Adequacy Assessment Process (ICAAP) to evaluate resilience under adverse scenarios. Regular reporting to Senior Management and

Board-level committees reinforces governance oversight and ensures that risk-taking remains aligned with the Bank's strategic objectives and regulatory expectations.

Way forward

To enhance the Bank's risk governance and decision-making, we are in the process of implementing an automated Integrated Risk Management System (IRMS). This system will consolidate risk data across all business lines, enabling real-time monitoring of key risk indicators, seamless reporting, and stronger alignment with regulatory requirements. By integrating credit, market, operational, and emerging risks into a unified platform, the Bank aims to improve risk visibility, support proactive mitigation strategies, and strengthen overall enterprise-wide risk management.

Strategic risk

Strategic risk arises from the potential adverse impact on the Bank's earnings, capital, or long-term viability resulting from inappropriate business strategies, ineffective execution, or failure to respond adequately to changes in the external environment. In a rapidly evolving landscape shaped by macroeconomic volatility, competitive pressures, regulatory developments, technological transformation, and shifting customer expectations, the prudent management of strategic risk remains a key priority of the Bank.

The Bank manages strategic risk through a structured strategic planning process that aligns long-term objectives with its risk appetite, capital strength, and market positioning. The Board of Directors provides oversight of the Bank's strategic direction, ensuring that business initiatives, expansion plans, product innovations, and investment decisions are consistent with the approved risk appetite and sustainable growth objectives. Strategic plans are supported by detailed financial projections, capital planning assessments, and scenario analyses to evaluate resilience under varying economic conditions.

Ongoing monitoring mechanisms are in place to assess performance against strategic targets, key performance indicators, and risk thresholds. Deviations from approved plans are subject to timely review and corrective action by Senior Management and relevant Board committees. The Bank also incorporates forward-looking assessments of emerging risks – such as digital disruption, climate-related developments, regulatory reforms, and geopolitical uncertainties, etc into its strategic deliberations to enhance adaptability and long-term competitiveness.

Stress testing and the Internal Capital Adequacy Assessment Process (ICAAP) further support the management of strategic risk by evaluating the capital implications of adverse scenarios and strategic decisions. This integrated approach ensures that growth ambitions remain balanced with financial resilience and prudent risk management.

Through disciplined governance, rigorous planning, and continuous monitoring, the Bank seeks to mitigate strategic risk while positioning itself to capitalise on sustainable opportunities and deliver enduring value to its stakeholders.

Reputational risk

Reputational risk is a key consideration for the Bank, as it reflects the potential for adverse impact on stakeholder confidence, brand value, and long-term business sustainability arising from negative perceptions, public scrutiny, or lapses in conduct. In a highly interconnected and information-driven environment, reputational damage can quickly translate into financial, operational, or strategic consequences, making its proactive management critical to the Bank's resilience.

The Bank manages reputational risk through a combination of governance, policies, and monitoring mechanisms designed to safeguard integrity and public trust. The Board of Directors and Senior Management provide oversight, ensuring that risk management practices, corporate conduct, and strategic decisions align with the Bank's ethical standards, regulatory requirements, and stakeholder expectations. Internal policies, codes of conduct, and compliance frameworks set clear standards for employee behaviour, customer interactions, and market conduct, reducing the likelihood of events that could harm the Bank's reputation.

Reputational risk is closely monitored through early warning indicators, media and stakeholder sentiment analysis, customer feedback mechanisms, and internal reporting channels. Material events or emerging issues are escalated to Senior Management and Board-level committees to ensure timely review, decision-making, and remedial action. Cross-functional coordination with Legal, Compliance, Risk, and Corporate Communications functions ensures that responses to potential reputational threats are consistent, transparent, and effective.

The Bank also recognises that reputational risk is often linked to other risk categories, including operational, strategic, compliance, and ESG-related risks. Accordingly, integrated risk management practices, scenario analyses, and stress testing exercises consider reputational implications alongside financial and operational impacts.

Through disciplined governance, proactive monitoring, and alignment with ethical and regulatory standards, the Bank seeks to protect stakeholder confidence, uphold its public standing, and support sustainable growth, ensuring that reputational risk is managed as a strategic priority alongside financial and operational risks.

	31 December 2025	Position as at 31 December 2024
External rating (Fitch rating)	AA-	AA-

People risk

People risk represents the potential for financial or operational losses arising from inappropriate employee actions, insufficient human resources, or non-compliance with labour-related regulations. With a large and geographically dispersed workforce across the country, the Bank remains exposed to these risks, which could impact operational continuity, service quality, and regulatory compliance.

During the year 2025 too, the Bank continued to experience talent drain to some extent, posing challenges in maintaining competitiveness, workforce competency, and productivity. To mitigate these risks, the Bank relies on comprehensive human resource policies and processes that provide a consistent framework for employee management across the entire branch network. These policies support effective recruitment, retention, and workforce planning, helping to minimise disruptions to operations, protect employees and their families from financial hardships, and maintain a safe and healthy working environment.

By strengthening HR governance and aligning workforce practices with strategic objectives, the Bank aims to reduce staff turnover, retain critical talent, and ensure continuity in service delivery. Continuous focus on employee development, engagement, and well-being underpins the Bank's ability to manage people risk effectively while supporting operational resilience and sustainable growth.

Legal risk

Legal risk represents the potential for financial loss, regulatory sanctions, or reputational damage arising from non-compliance with laws, regulations, contractual obligations, or internal policies. This risk can emerge from inadequate contract management, litigation, changes in legislation, regulatory enforcement actions, or failure to properly execute legal obligations. With a large and complex operational environment, effective management of legal risk is critical to safeguarding the Bank's operations, protecting stakeholders, and maintaining public trust.

In line with Basel regulatory guidance, legal risk is treated as a subcategory of operational risk, recognising that potential legal exposures often arise from inadequate processes, human error, or system failures. The Bank manages legal risk through a structured framework that combines robust governance, proactive monitoring, and specialised legal oversight. The Legal Department provides guidance on regulatory requirements, reviews contracts, advises on dispute resolution, and supports compliance with evolving laws and regulations. Coordination with Compliance, risk, and operational units ensures that potential legal exposures are identified early, assessed thoroughly, and addressed promptly.

Ongoing monitoring mechanisms track regulatory developments, contractual obligations, and emerging legal issues. Material exposures and litigation matters are reported to Senior Management and Board-level committees to enable timely intervention, informed decision-making, and risk mitigation. The Bank also maintains policies and procedures for contractual approvals, documentation standards, and escalation protocols, ensuring consistency, accountability, and alignment with regulatory expectations.

Through proactive legal oversight, strong internal controls, and a culture of compliance, the Bank seeks to minimise legal risk, protect stakeholder interests, and support sustainable business growth while maintaining operational resilience and regulatory adherence.

ESG risk

Environmental, Social, and Governance (ESG) risks represent potential adverse impacts on the Bank's financial performance, reputation, and long-term sustainability arising from environmental challenges, social considerations, or governance-related shortcomings. In today's evolving regulatory, social, and environmental landscape, effective management of ESG risks is critical to protecting stakeholder interests, maintaining operational resilience, and supporting sustainable growth.

The Bank recognises ESG risks as an integrated and interconnected risk category that influences credit, operational, strategic, and reputational risk exposures. Environmental risks include exposure to climate change, natural disasters, and environmental degradation, which may affect borrowers, assets, or operations. Social risks relate to workforce management, human rights, community impact, and customer practices, while governance risks encompass compliance failures, ethical lapses, and weak oversight structures.

To manage ESG risks, the Bank has integrated ESG considerations into its enterprise risk management framework, including strategic planning, credit assessment, and investment decisions. Sectoral analyses, due diligence, and risk appetite limits incorporate ESG factors to ensure that potential adverse impacts are identified and mitigated. ESG risk exposures and mitigation measures are reported to Senior Management and Board-level committees to support oversight, informed decision-making, and alignment with regulatory expectations.

The Bank also promotes sustainable finance initiatives, green lending, and socially responsible investment practices, aligning its operations with national and global sustainability priorities. Monitoring and reporting mechanisms, combined with staff training and governance standards, enhance transparency, accountability, and the Bank's ability to anticipate and respond to emerging ESG risks.

Through this structured and proactive approach, the Bank seeks to safeguard long-term value, strengthen stakeholder confidence, and contribute to sustainable economic and social development while maintaining prudential discipline and operational resilience.

Climate risk

Climate risk is recognised as a key component of the Bank's broader ESG risk framework, specifically under the environmental dimension, while being managed as a distinct financial risk driver due to its potential impact on credit quality, capital adequacy, liquidity, and long-term strategic resilience.

Climate risk represents the potential financial and non-financial impacts arising from climate change and the transition to a low-carbon economy. As climate-related developments intensify, the increasing frequency and severity of extreme weather events, together with evolving regulatory requirements, policy responses, and market expectations, continue to reshape the operating environment for financial institutions and necessitate proactive risk management and strategic adaptation.

The Bank recognises that climate change presents material financial and operational implications for its business model, influencing portfolio performance, capital planning, funding resilience, business continuity, and long-term strategic direction and categorises climate risk into physical risk and transition risk.

Physical risks arise from acute events such as floods, droughts, and extreme weather conditions, as well as chronic environmental changes that may impair borrower repayment capacity or disrupt operations whereas transition risks stem from policy changes, technological advancements, market shifts, and evolving stakeholder expectations associated with the move towards a low-carbon economy, potentially affecting certain sectors and counterparties.

To systematically identify and measure climate-related exposures, the Bank has adopted a scorecard-based climate risk assessment methodology. This methodology evaluates portfolio based on sectoral climate sensitivity which include both physical and transitional risk embedded to scoring of sectors. The results of the climate risk scorecard are integrated into both ICAAP and stress testing environment of the Bank for proactive risk management.

The Bank also seeks to identify opportunities in green and sustainable financing, supporting national climate priorities while strengthening portfolio resilience.

Through proactive monitoring, scenario analysis, and strategic integration, the Bank aims to enhance its preparedness for climate-related uncertainties while contributing to sustainable economic development and long-term value creation.

Capital management and internal capital adequacy framework

The Bank upholds a strong and disciplined capital management framework designed to maintain adequate capital buffers commensurate with its risk profile, regulatory requirements, and long-term strategic direction. Capital adequacy is rigorously monitored against both regulatory thresholds and internally established limits to ensure the Bank remains well-capitalised while supporting sustainable business growth and safeguarding stakeholder interests.

The Internal Capital Adequacy Assessment Process (ICAAP) forms a cornerstone of the Bank's enterprise-wide risk management framework, facilitating a comprehensive assessment of all material risks beyond minimum regulatory capital requirements. As part of this process, the Bank undertakes capital projections over a five-year horizon, aligning capital planning with its strategic business plans, growth objectives, and evolving risk landscape. This forward-looking approach ensures that capital remains sufficient to support anticipated expansion while maintaining prudent risk coverage Through ICAAP, the Bank systematically assesses its exposure to a broad spectrum of risks including credit, market, operational, liquidity, and emerging risks and determines the corresponding capital needs under both normal and stressed operating conditions.

The framework is underpinned by robust methodologies encompassing stress testing, scenario analysis, and capital forecasting, which collectively facilitate the assessment of the Bank's resilience under adverse economic and financial scenarios. These scenarios covers incorporate macroeconomic shocks, interest rate volatility, credit deterioration, liquidity constraints, and emerging risks such as climate-related events. The outcomes of these exercises provide valuable insights into the Bank's resilience, highlight potential vulnerabilities, and support the development of appropriate contingency measures and capital buffers.

ICAAP also plays a critical role in strategic decision-making, serving as a key input in aligning risk appetite with business strategy. It enables the Bank to evaluate the capital implications of strategic initiatives, optimise capital allocation across business lines, and ensure that growth plans are pursued within acceptable risk parameters.

The ICAAP framework is subject to ongoing refinement and enhancement to ensure alignment with evolving regulatory expectations and industry best practices. This continuous improvement process reinforces the Bank's ability to maintain a strong capital position, enhance risk absorption capacity, and sustain long-term financial stability in an increasingly dynamic risk environment.

Resilience and recovery planning

Bank has established a comprehensive recovery planning framework to ensure preparedness for severe stress scenarios while maintaining the continuity of its critical functions. The Recovery Plan is designed to preserve financial stability and safeguard stakeholder interests by enabling the Bank to respond effectively to adverse conditions without reliance on external support.

The RCP sets out a comprehensive framework that identifies credible recovery options, clear governance arrangements, early warning indicators, and escalation mechanisms to be activated in the event of a material deterioration in the Bank's ability to carry out its business. The RCP is designed to complement the Bank's ICAAP, BCMS, BCP/DRP, risk management framework, contingency funding plan, and crisis management arrangements.

The Plan is underpinned by a range of severe but plausible stress scenarios, including bank specific, market-wide, and combined stress events. These scenarios assess the Bank's resilience under adverse macroeconomic conditions, financial market disruptions, and institution-specific shocks. Quantitative and qualitative recovery indicators have been defined with clearly articulated thresholds, enabling timely management with Senior Management and Board intervention before the Bank breaches regulatory minimum requirements.

The RCP identify feasibility of the recovery across capital, liquidity, balance sheet, and operational dimensions and assess for viability, effectiveness, and speed of execution under stressed conditions. Key recovery measures include capital strengthening actions, liquidity enhancement strategies, balance sheet optimisation, cost rationalisation initiatives, and strategic actions aimed at preserving the Bank's core operations including uninterrupted customer service and franchise value.

Challenges

Macroeconomic and legacy system pressures

The Sri Lankan economy remained in a recovery phase following the severe fiscal and currency crisis of recent years. Even as structural reforms continued under an International Monetary Fund supported programme with progress on inflation stabilisation and debt restructuring, the broader financial environment posed ongoing challenges. Amid ongoing fiscal and structural pressures, banks navigated a complex economic landscape, maintaining focus on resilience and prudent portfolio oversight.

Elevated credit risk and SOE exposures

A defining challenge for the Bank during the year was t he legacy exposure to state owned enterprises (SOEs), many of which carried heightened credit risk due to weak operational performance. In the course of strategically reducing SOE exposures during the year, People's Bank undertook careful settlements with the collaboration of Ministry of Finance and maintained disciplined risk management, supporting stability in capital and earnings positions.

Prudent lending strategy enhancing portfolio resilience

With the objective of effectively utilising surplus liquidity, the Bank focused on directing funds towards high-quality lending opportunities. A key part of this strategy involved a careful transition from legacy exposures to state-owned enterprises (SOEs) toward a broader base of private-sector customers. This shift was guided by stringent credit assessments and prudent portfolio oversight, ensuring that lending activities remained aligned with the Bank's risk management framework. Diversification across sectors and geographies was emphasised to reduce concentration risk and strengthen portfolio resilience. Legacy SOE relationships were carefully managed through targeted settlements, supporting an orderly reduction of historical exposures, while new private-sector engagements were developed with rigorous due diligence to preserve sound credit quality. Operational and risk management frameworks were reinforced to support this transition, including enhanced reporting, monitoring, and review processes. Through these measures, the Bank successfully expanded its private-sector lending portfolio while maintaining the integrity, stability, and resilience of its overall credit book.

Operational and digital transformation challenges

The Bank's drive towards digital transformation and the expansion of financial inclusion, while a key strategic strength, introduced heightened demands on technology risk management, data governance, and cybersecurity resilience. Scaling digital adoption, as reflected by significant growth in digital onboarding and mobile banking usage, required the Bank to embed robust operational and technology controls across its systems. This effort necessitated sustained investment in skilled talent, resilient infrastructure, and comprehensive control frameworks. By strengthening these capabilities, the Bank was able to support a seamless digital experience for customers while maintaining the integrity, security, and reliability of its operations.

Strengthening climate risk resilience

Climate-related risks remained as a challenging area of focus during 2025, particularly in light of increased weather variability and the occurrence of localised extreme events such as the adverse weather conditions experienced during the latter part of the year. These developments underscored the potential impact of physical climate risks on certain sectors and customer segments within the Bank's portfolio. At the same time, growing expectations around sustainable finance and environmental responsibility required continued enhancement of climate risk integration within the Bank's broader risk management framework.

In response, the Bank further strengthened its climate risk assessment processes by incorporating environmental considerations into credit evaluations and sectoral risk reviews. Enhanced monitoring mechanisms were applied to vulnerable industries, and stress considerations were embedded into portfolio oversight to better anticipate potential disruptions. The Bank also promoted responsible lending practices and supported environmentally sustainable initiatives where feasible, aligning business growth with long-term resilience objectives.

Strengthening of technology risk management framework

An increasingly dynamic and high-risk technology landscape shaped the Bank's operating environment during the year, marked by escalating cyberthreats, rapid digital transformation initiatives, expanding reliance on third-party service providers, and heightened regulatory scrutiny. The expansion of digital channels, system integrations, and data-driven operations amplified the Bank's exposure to cyber, system resilience, data integrity, and third-party technology risks. These developments necessitated a more structured and forward-looking approach to technology risk oversight.

In response, the Bank undertook a comprehensive enhancement of its Technology Risk Management Framework to ensure that emerging vulnerabilities were identified, assessed, and mitigated in a timely manner. Key initiatives included the introduction of enhanced risk identification and assessment methodologies, periodic technology risk and control self-assessments (RCSAs), strengthened vulnerability assessment and penetration testing regimes, and improved monitoring of critical systems and infrastructure.

Through these structured interventions, the Bank effectively managed the technology-related challenges encountered during the year, strengthened its control environment, and enhanced operational resilience. The upgraded framework has positioned the Bank to proactively address evolving technology risks while supporting its broader digital transformation agenda within an acceptable risk appetite.

External and market uncertainties

Global economic volatility created a challenging backdrop for financial institutions during 2025. Despite this, domestic monetary conditions showed signs of stabilisation, allowing the Bank to navigate the year with prudence. Ongoing external uncertainties required careful monitoring of liquidity and interest rate exposures, and the Bank strengthened its risk management frameworks to maintain stability. Through these measures, it was able to safeguard operational resilience and ensure continuity of services for customers, while sustaining confidence among stakeholders.

Despite these challenges, People's Bank demonstrated resilience and adaptability. The Bank achieved record profits, expanded its asset base and deposit franchise, and strengthened capital adequacy ratios while simultaneously reducing concentrations in higher risk exposures. These outcomes reflected a judicious balance between strategic growth imperatives and disciplined risk management, even as macroeconomic complexities persisted throughout 2025.

CORPORATE GOVERNANCE

As a government-owned bank established by statute, People's Bank operates within a governance framework that is inherently more complex than that of private sector banks. In addition to complying with the stringent regulatory requirements applicable to the banking industry, the Bank's governance structure is guided by the provisions of the People's Bank Act No. 29 of 1961 and its subsequent amendments.

Although People's Bank is not a listed entity, the Bank voluntarily adheres to the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka, demonstrating its commitment to maintaining high standards of accountability, transparency, and ethical conduct.

The Board of Directors serves as the Bank's highest governing body and functions in accordance with an approved Board Charter and a Code of Ethics for Directors. These frameworks define the roles, responsibilities, and standards of conduct expected at the highest level of oversight. In parallel, the Bank enforces an Employee Code of Ethics to ensure that integrity and professionalism are embedded across all levels of the organisation.

To further strengthen transparency and accountability in the public interest, the Bank has adopted internationally recognised Environmental, Social, and Governance (ESG) reporting frameworks. These include the International Integrated Reporting Council's Integrated Reporting Framework (2021) and the Global Reporting Initiative (GRI) Standards (2021), which guide the preparation and presentation of its Annual Report.

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 313 and 315, respectively. He also certifies the level of compliance with the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka (CBSL).

Key focus for 2025

1. Review and strengthen compliance and governance in line with the Bank's strategic plan, adapting to macroeconomic changes, enhancing risk management, and embedding sustainability
2. Service excellence through human resource and process development
3. Structural transformation for process improvement and cost leadership
4. Customer experience enhancement through service culture change
5. Strengthened credit management for a healthy portfolio
6. Support national economic development aligned with government policies
7. Enhanced digital capabilities for sustainable business growth
8. Strategic outreach to young and high-potential customer segments
9. Clear strategic orientation towards overall Bank growth

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. 05 of 2024 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 2023
- Global Reporting Standards of the Global Reporting Initiative
- United Nations Sustainable Development Goals (SDGs)
- Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation

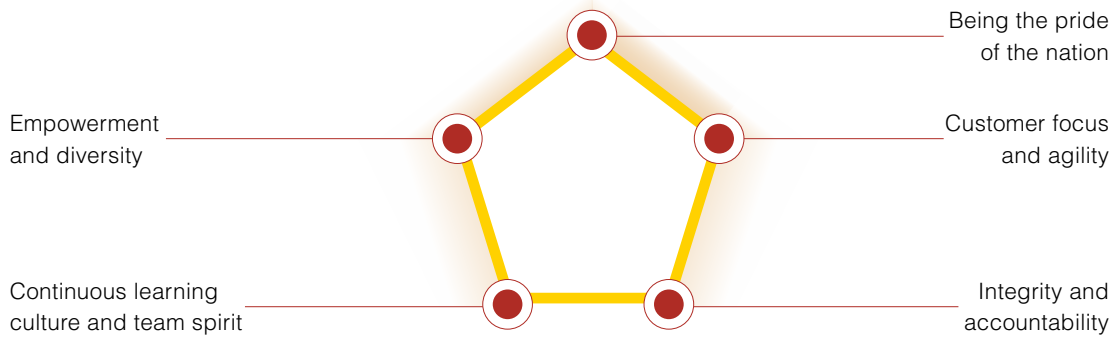
Internal governance requirements

- People's Bank Act No. 29 of 1961 (as amended)
- Board Charter
- Subcommittees and management committees' Terms of Reference
- Code of Business Conduct and Ethics for Directors
- Comprehensive policies and procedures
- Code of Ethics for employees
- Customer Charter
- Internal Audit
- Internal Controls
- Internal Capital Adequacy Assessment Process (ICAAP)

Key governance principles

- Accountability
- Transparency
- Fairness
- Responsibility

Our corporate values



Value creation

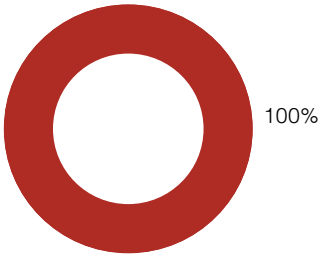
Stakeholder value creation | Strategic outcomes

The Board composition

GRI 2-9, 405-1

Gender diversity

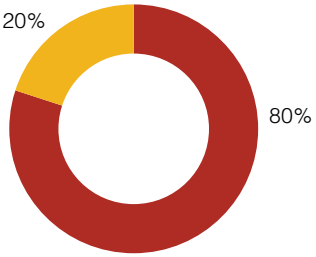
Period – From 1 January 2025 to 16 September 2025 (as at 16 September 2025)



Male Female

Gender diversity

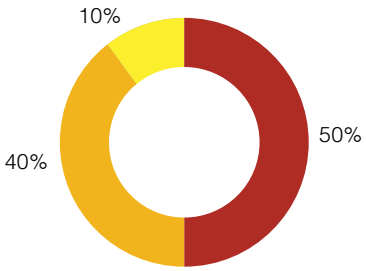
Period – From 17 September 2025 to 31 December 2025 (as at 31 December 2025)



Male Female

Board balance

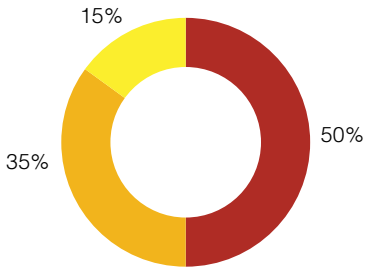
Period – From 1 January 2025 to 16 September 2025 (as at 16 September 2025)



Non-Executive Non-Independent
Independent Executive

Board balance

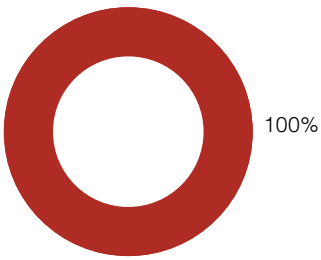
Period – From 17 September 2025 to 31 December 2025 (as at 31 December 2025)



Non-Executive Non-Independent
Independent Executive

Age diversity

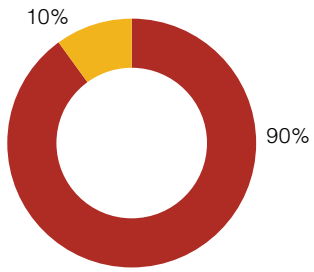
Period – From 1 January 2025 to 16 September 2025 (as at 16 September 2025)



Over 50 years 30-50 years Under 30 years

Age diversity

Period – From 17 September 2025 to 31 December 2025 (as at 31 December 2025)



Over 50 years 30-50 years Under 30 years

Collective skills

GRI 2-17

Period – From 1 January 2025 to 16 September 2025 (as at 16 September 2025)

Industry/Background Experience	Number of Directors Specialised
Banking and Finance/Bank Management	2
Finance and Accounting/Business Administration/Management	4
ACA/FCMA/CGMA/CIMA	2
HR and Management	2
LLB/LLM/Attorney-at-Law	2
Economics/Development Studies/ Administration/International Affairs/ Anthropology	3
IT/Engineering	2

Period – From 17 September 2025 to 31 December 2025 (as at 31 December 2025)

Industry/Background Experience	Number of Directors Specialised
Banking and Finance/Bank Management	3
Finance and Accounting/Business Administration/Management	7
ACA/FCMA/CGMA/CIMA	4
HR and Management	2
LLB/LLM/Attorney-at-Law	3
Economics/Development Studies/ Administration/International Affairs/	3
IT	2
Insurance	1

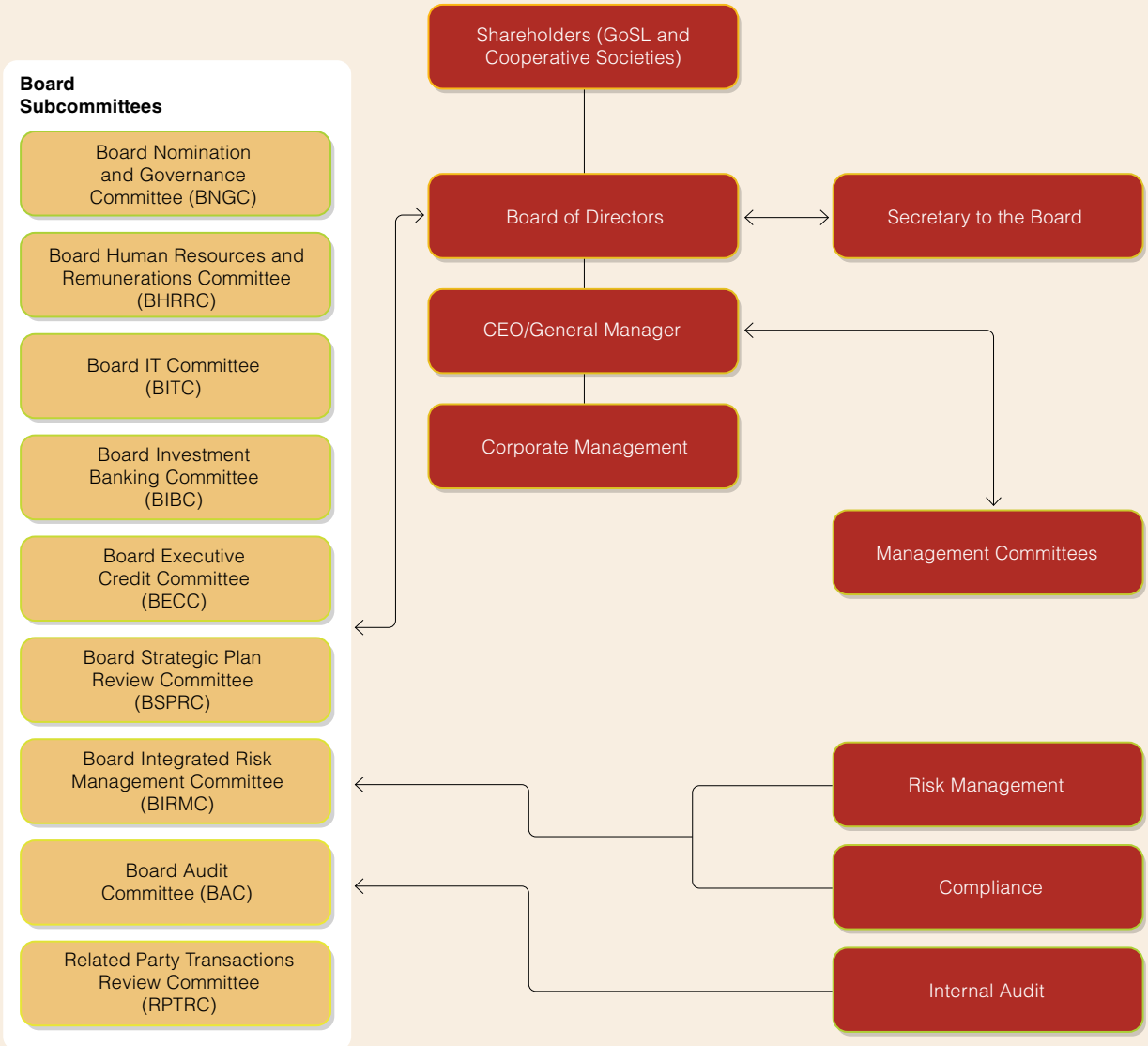


Governance structure and composition

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.

People's Bank corporate governance framework



Composition of the Board and its committees

Please refer the profiles of the Board of Directors on pages 38 to 43 for additional information such as other significant positions held by Directors, tenures, and competencies of Directors.

Period – From 1 January 2025 to 16 September 2025 (as at 16 September 2025)

	Non-Executive Directors	Independent Directors	Gender	Under-represented social groups	Stakeholder representation
Board of Directors	5	1	5 men 0 woman	Professionals of the State and Private Sector	4 members appointed by the Ministry of Finance 1 member nominated by the Special Selection Committee
Board Human Resources and Remunerations Committee (BHRRC)	1 January 2025 – 7 July 2025				
	3	0	3 men 0 woman		
	8 July 2025 – 16 September 2025				
	2	0	2 men 0 woman		
Board Executive Credit Committee (BECC)	1 January 2025 – 7 July 2025				
	3	0	3 men 0 woman		
	8 July 2025 – 16 September 2025				
	2	0	2 men 0 woman		
Board Strategic Plan Review Committee (BSPRC)	2	0	2 men		

Period – From 17 September 2025 to 31 December 2025 (as at 31 December 2025)

	Executive/ non-executive Directors	Independent Directors	Gender		Stakeholder representation
Board of Directors	10	07	08 men 02 Woman	Professionals of the State and Private Sector.	03 members appointed by the Ministry of Finance. 07 member nominated by the Special Selection Committee.
Board Nomination Committee(BNGC)	03	01	03 men		
Board Human Resources and Remunerations Committee (BHRRC)	03	02	03 men		
Board Investment Banking Committee (BIBC)	03	03	02 men 01 Woman		
Board Executive Credit Committee (BECC)	17.09.2025 to 13.11.2025				
	02	00	02 men 00 Woman		
	14.11.2025 to 31.12.2025				
	03	02	02 men 01 Woman		
Board Integrated Risk Management Committee (BIRMC)	03	02	03 men		
Board Audit Committee (BAC)	03	03	02 men 01 woman		
Board Strategic Plan Review Committee (BSPRC)	03	02	03 men		

Composition of the Board and Board Subcommittees as at 31 December 2025

Name of the Director	Designation	Date of Appointment	Age (Year)	Gender (Male/ Female)	Membership Status	Board Subcommittee Membership								
						BAC	BHRCC	BIRMC	BECC	BNGC	BIBC	BITC	BSPRC	RPTRC
Prof P N D Fernando	Chairman	13.11.2024	56	Male	Non-Independent							M	C	
Mr M J Thilakarathne	Director	18.11.2024	59	Male	Non-Independent		C	M	M	M				
Mr R B R Emerson	Director	27.11.2024	69	Male	Non-Independent		M		C				M	
Dr A A Kadirgamar	Director	28.11.2024	54	Male	Non-Independent		M		M					
Mr K A Vimalenthirarajah	Director	27.02.2025	58	Male	Non-Independent			M		M				
Mr C S Guniyangoda	Director	21.08.2025	51	Male	Independent			C			C	M	M	M
Ms G A M Edwards	Director	17.09.2025	59	Female	Independent	M			C		M			C
Mr S M S Sanjaya Bandara	Director	17.09.2025	51	Male	Independent	C					M			
Mr D P Lokuarachchi	Director	08.10.2025	60	Male	Independent		M	M		C				
Mr N S B Walgampaya	Director	15.10.2025	46	Male	Independent	M						C		
Mr M H S Ghouse	Director	31.10.2025	63	Male	Independent		M		M				M	M
Ms C H D Abeyagunawardene	Director	18.11.2025	52	Female	Independent									
						C – Chairman					M – Member			

Compliance with the Code of Best Practice on Corporate Governance

The Board (Principle A.1)

The Board of Directors of People's Bank is appointed by the Minister of Finance. In terms of the Cabinet decision dated 08.04.2024 and 19.05.2025, Independent Directors are appointed in line with the recommendations made by the Special Selection Committee. The Board comprises the Chairman and Non-Executive Directors. All Directors are eminent professionals of the State and Private Sectors. The 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 21 times during the year 2025, 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 non-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 2025 are detailed below:

Name of the Director	Status	Board meeting	BAC	BHRRC	BIRMC	BECC	BNGC	BIBC	BITC	BSPRC	RPTRC
Prof P N D Fernando	Non-Independent	21/21	–	–	–	–	–	–	–	4/4	–
Mr M J Thilakarathne	Non-Independent	21/21	–	4/4	2/2	22/23	2/2	–	–		–
Mr R B R Emerson	Non-Independent	16/16	–	3/3	–	19/19	–	–	–	2/2	–
Dr A A Kadirgamar	Non-Independent	11/11	–	2/2	–	12/13	–	–	–	–	–
Mr K A Vimalenthirarajah	Non-Independent	18/21	–	–	3/3	–	2/2	–	–	–	–
Mr C S Guniyangoda	Independent	10/10	–	–	3/3	–	–	1/1	–	2/2	1/1
Ms G A M Edwards	Independent	6/6	4/4	–	–	4/4	–	1/1	–	–	1/1
Mr S M S Sanjaya Bandara	Independent	6/6	4/4	–	–	–	–	1/1	–	–	–
Mr D P Lokuarachchi	Independent	5/6	–	1/1	1/1	–	2/2			–	–
Mr N S B Walgampaya	Independent	6/6	4/4	–	–	–	–	–	–	–	–
Mr M H S Ghouse	Independent	5/5	–	1/1	–	4/4	–	–	–	2/2	1/1
Ms C H D Abeyagunawardene	Independent	4/4	–	–	–	–	–	–	–	–	–

ESG oversight

GRI 2-12

The Board is responsible for overseeing the Bank's sustainability strategy, including environmental, social and governance (ESG) risks and opportunities. ESG considerations are integrated into the Bank's risk management and strategic framework through the Board and its Committees.

Cyber Security related risks, Mitigative measures, & security breach report

As the financial landscape becomes increasingly digital, the People's Bank recognises Cyber Risk as a principal risk category. Our strategy is shifted from reactive defense to Cyber Resilience, ensuring the Bank can anticipate, withstand, and recover from sophisticated cyber-adversaries while maintaining uninterrupted customer service.

People's Bank maintains a comprehensive cyber security framework supported by Board-approved policies and procedures to effectively manage and mitigate cyber risks while ensuring compliance with Central Bank of Sri Lanka (CBSL) regulatory requirements. The Bank has established robust controls covering clearly defined roles and responsibilities, a structured risk assessment and treatment methodology, and strong governance over change and release management, along with policies addressing physical and environmental security, information asset management, system access control, media handling, backup and recovery to ensure the confidentiality, integrity, and availability of information assets.

A formal vulnerability assessment and management process, supported by a risk-based patch management approach, is in place to continuously identify, assess, and remediate security weaknesses. The Bank operates a Security Operations Center (SOC) leveraging advanced Security Information and Event Management (SIEM) and Security Orchestration, Automation, and Response (SOAR) solutions to enable real-time threat detection, analysis, and effective incident response. Data Loss Prevention (DLP) solutions have been implemented to safeguard sensitive information by monitoring and controlling data movement across endpoints, networks, and communication channels, thereby preventing unauthorised access and data leakage. In addition, all new applications and system enhancements undergo rigorous security reviews and testing prior to deployment, with identified vulnerabilities promptly remediated to meet established security standards. The Bank also maintains a comprehensive third-party and vendor risk management framework, ensuring that all external service providers are subject to due diligence, risk assessments, and continuous monitoring for compliance with security requirements. Furthermore, ongoing security awareness and training programs, including phishing simulations and awareness campaigns, are conducted to strengthen employee vigilance and foster a strong cyber security culture across the organisation.

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 behaviour throughout the Bank.

There is a formal schedule of matters reserved for the Board, which is 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 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 values of the Bank and the strategy to achieve that purpose and implements its values in order to ensure that the Bank survives and thrives.

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;
- 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 298 to 305 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, which 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 and regulations

GRI 2-27

(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.

Further, the Board has an approved working procedure in place to facilitate compliance with all CBSL directives. The Bank maintained a sound regulatory compliance position during the year 2025, The Bank did not face any fines for non compliance with applicable directives or 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.

Board 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 on 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 are 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.

Each Director annually confirms their independence in accordance with the Corporate Governance Code.

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 the Bank's operations, corporate governance, legal and regulatory developments and sustainability Reporting on Role of Board of Directors.

Director training and appointment consideration

(Principle A.1.8)

The Bank ensures that all newly appointed Directors receive a formal induction covering governance responsibilities and industry-specific matters. Directors are provided with ongoing training as necessary. Prior to appointment, each Director confirms their ability to commit sufficient time, absence of conflicts of interest, and possession of the required competencies, in accordance with Principle A.1.8 and Schedule B of the CA Sri Lanka Code 2023.

Chairman and CEO/General Manager

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 a Non Executive Director and 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.

(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 38 and 46 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 accessing 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 balanced with five Non-Executive Directors, of whom one function in an independent capacity as at 16 September 2025 and ten Non-Executive Directors, of whom seven function in an independent capacity 31 December 2025.

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. A Senior Independent Director has appointed since the Chairman is a Non-Independent Director.

Determination of independence

(Principle A.5.5)

The Board reviewed the annual declarations of all Non-Executive Directors and determined their independence in accordance with the CA Sri Lanka Code of Best Practice on Corporate Governance 2023.

The names of Directors considered Independent are disclosed in this Report, and the Board confirms that it maintains an appropriate balance of Independent and Non-Independent Directors in line with the Code.

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.

Board of Directors status as at 31 December 2025

Name of the Director	Status
Prof P N D Fernando	Chairman – Non-Independent/Non-Executive
Mr M J Thilakarathne	Director – Non-Independent/Non-Executive
Mr K A Vimalenthirarajah	Director – Non-Independent/Non-Executive
Mr C S Guniyangoda	Director – Independent/Non-Executive
Ms G A M Edwards	Director – Independent/Non-Executive
Mr S M S Sanjaya Bandara	Director – Independent/Non-Executive
Mr D P Lokuarachchi	Director – Independent/Non-Executive
Mr N S B Walgampaya	Director – Independent/Non-Executive
Mr M H S Ghouse	Director – Independent/Non-Executive
Ms C H D Abeyagunawardene	Director – Independent/Non-Executive

Appointments to the Board

GRI 2-10

(Principles A.7 and A.8)

In accordance with the Banking Act Determination No. 03 of 2024 issued by the Central Bank of Sri Lanka, the minimum number of Directors shall be 10 and the maximum number of Directors shall be 13.

Further, in terms of the Cabinet Memorandum on SOE reforms dated 05.04.2024, number of Independent Directors comprise the majority of the total number of Directors and recommendation of Independent Directors shall be made by the Special Selection Committee.

In addition to the above, in accordance with the People's Bank Act, two Directors are nominees of the respective Minister handling the subject of cooperatives.

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.

Refer Section on "Appointments and retirements/ resignations of Directors" given on page 266 and Report of the Board Nomination and Governance Committee (BNGC) on page 302.

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 38-43.
- Number of Board and Committee meetings held in year 2025 and attendance on page 267.
- Names of committees in which the Director serves as the Chairman or a member on page 266.
- Related party transactions on pages 294-297.

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, 2-20

(Principles B.1, -B.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 299. The aggregate remuneration paid to the Directors is given on page 350.

B.3.2. Bank's Chief Executive Officer/General Manager is a Corporate Management member and all the Corporate Management members are directly reported to him. The aggregate remuneration to Corporate Management is separately disclosed in the page 297.

Relations with shareholders

(Principles C.1, C.2)

As a State Bank, 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 294-297. 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 312 includes a statement of their responsibilities
- Directors' Statement on Internal Control over Financial Reporting on pages 306-307.
- Management Commentary on pages 101-205.
- The statement of going concern of the Company is set out in the Statement of Directors' Responsibility for Financial Reporting on page 312.
- Related Party Transactions are disclosed on pages 294-297 of the Directors' Report and in Note 43 in the Financial Statements.

ESG sustainability reporting on pages 94-95.

D.1.4 Directors' responsibility for preparing Annual Report and Financial Statements and how they consider the annual report and financial statements as a whole, fair, balanced and understandable manner are discussed under the "Directors' Responsibility for Financial Statements" in page no. 312.

Further, Directors are ensured to provides necessary information to shareholders to assess the company's financial position, performance, ESG/Sustainability, risk and opportunities, business model and outlook via Annual Report and various quarterly publications.

Risk, internal control and Audit Committee

(Principle D.2, D.3, D.4 and D.5)

Add Risk Management statement aligned with Code's annex and describe committee terms of reference

- Comprehensive risk appetite disclosure
- Internal control effectiveness
- Proper Committee charters

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 pages 298-305.

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 208-259 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.

The Bank currently adheres to the attached section of the Code of Best Practice on Corporate Governance 2023. However, with specific reference to the following areas under section D.4.2:

(vi) Overseeing the entity's insurance programme and ensuring that it is sufficient and robust – The Bank has established insurance programme guidelines through internal circulars to ensure adequate coverage and effective oversight.

(viii) Ensuring that there is a process to monitor ESG risks – At present, ESG risks are monitored and evaluated primarily through the Bank's climate risk management framework.

Code of Business Conduct and Ethics and Corporate Governance Report

(Principles D.6)

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 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.

Add an Ethics Governance Statement that includes:

- Declaration of Board oversight of ethics
- Summary of Whistleblowing cases received/closed
- Conflicts-of-interest declaration process and outcomes
- Ethics training statistics for staff and board

Corporate governance disclosures

(Principles D.7)

This Corporate Governance Report from pages 266-275 complies with the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance as specified in Principle D 7.

Summary of BoD approved Information security policy

The Board of Directors (BoD) recognises that information security is a critical component of the Bank's overall risk management framework. To this end, the BoD has approved and periodically review a comprehensive Information Security Policy, which serves as the primary governing document for protecting the Bank's digital assets, customer data, and financial integrity.
This policy is aligned with the ISO 27001:2022 international standard and adheres strictly to the Central Bank of Sri Lanka (CBSL)Technology Risk management Directions.

Core Objectives of the Policy

The Board-approved policy is anchored on the following strategic pillars:

- Confidentiality, Integrity, and Availability (CIA): Ensuring that sensitive customer and corporate data is accessible only to authorised users, protected from unauthorised modification, and available when required for business operations.
- Risk-Based Defense: Mandating regular risk assessments to identify vulnerabilities and ensuring that security investments are prioritised based on the evolving threat landscape.
- Regulatory Alignment: Ensuring 100% compliance with national digital laws and financial sector regulations to mitigate legal and reputational risks.
- Add Board-approved cyber security policy summary
- Include governance mechanisms overseeing cyber risk

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.

Internet of Things and Cybersecurity

(Principle G.1)

The Board maintains active oversight of the Bank's process for identifying and managing risks associated with the evolving ecosystem. This framework ensures that all IT devices, whether internal, third-party, or customer-facing – that interface with the Bank's secure network are mapped and monitored. The Board evaluates the potential cybersecurity implications of these interconnections on the Bank's operational resilience. Any significant deviations from the established security protocols or unauthorised access attempts are reported directly to the Board Integrated Risk Committee to ensure timely strategic intervention and risk mitigation.

(Principle G.2)

The Board remains committed to a secure financial ecosystem by empowering a **Chief Information Security Officer (CISO)** to lead our cyber defence strategy. With direct Board-approved funding and authority, the CISO executes a holistic Information Security policy that integrates risk management into our core business model.

This governance structure ensures that the Board receives regular reporting on our security posture, the efficacy of our incident response systems, and the results of independent ICT audits. Furthermore, the Board oversees the Bank's vendor management and disaster recovery preparedness, ensuring that cybersecurity insurance and robust internal controls provide a multi-layered defence against evolving digital threats.

(Principle G.3)

To uphold the highest standards of corporate governance, the Board ensures that cyber-risk management is integrated into the Bank's strategic decision-making. Significant time is allocated within the Board's annual calendar to address the complexity of the digital threat environment.

These discussions provide a platform for the Board to scrutinise the CISO's security strategy, measure the progress of cybersecurity investments, and ensure full compliance with regulatory requirements. Furthermore, the Board reviews incident reports and independent audit recommendations to validate the effectiveness of the Bank's control environment, ensuring that the organisation remains resilient against emerging cyber threats.

(Principle G.4)

The Board ensures the effectiveness of cybersecurity risk management through independent periodic review and assurance.

The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings.

(Principle G.5)

In alignment with robust corporate governance principles, the Board discloses the comprehensive methodologies used to identify and manage cybersecurity risks. This includes the Board's direct involvement in overseeing the Bank's security posture, ensuring that cyber-resilience is integrated into our overall strategic risk management framework.

Sustainability

GRI 2-9,12,13,14

(Principle H)

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 142-149..

Principle 2 – Environment – Natural Capital on pages 198-205.

Principle 3 – Labour Practices – Human Capital on pages 162-179.

Principle 4 – Society – Social and Relationship Capital on pages 180-197.

Principle 5 – Product Responsibility – Social and Relationship Capital: Customer on pages 183-188.

Principle 6 – Stakeholder identification, engagement and effective communication, Stakeholder Engagement on pages 74-79.

Principle 7 – Sustainable reporting to be formalised as part of the reporting process and to take place regularly – About Our Integrated Report on pages 4-7.

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.05 of 2024 and amendments thereto on Corporate Governance for Licensed Banks in Sri Lanka Issued by the Central Bank

Section	Principle	Compliance and implementation	Complied
1.	**Ultimate Responsibility and Accountability of the Board**	The Board of Directors hold ultimate accountability for the Bank's governance, strategy, financial soundness, and risk management. Directors must ensure operations comply with all laws and adhere to safe banking practices, making objective decisions in the interest of all stakeholders. All Board decisions are considered collective, unless a director formally records their dissent.	Complied
1.1	**Responsibilities of the Board**	The Board has exercised "duty of care" and "duty of loyalty" to strengthen the safety and soundness of the Bank in the following manner;	
(a)	Establishing the long-term strategic goals, corporate values, and dissemination and adoption across the Bank	The Board approved a Strategic Plan for the period 2025-2027 is in place. Strategic Planning Department has already developed the Strategic Plan for 2025-2027 rollover for the years 2025, 2026 and 2027. Communication of objectives were circulated among employees via email.	
(b)	Approving the overall business strategy including risk policy and management procedures and measurable goals	Strategic plan is aligned with the Bank's risk framework. 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. i.e. Recovery Plans of 2025, Revision of foreign exchange gap limits and sub limits.	Complied
(c)	Establishing strong risk governance culture with well-defined responsibilities for the three lines of defense		Complied
	(i) identifying the principal risks and ensuring implementation of appropriate systems to manage risks prudently,	Risk Management procedures and mechanisms are in place implementing systems to measure, monitor and manage the principal risks and identifying the risks arising out of new strategies & ways to mitigate such risks. BIRMC has reviewed the Risk Management Policy of the Bank.	
	(ii) establishing well-defined organisational responsibilities for the three lines of defence of the bank, viz	Establishing organisational responsibilities under three lines of defense and ensuring that the risk management, compliance and internal audit are properly strengthened by staff to carry out the responsibilities to the objectives independently and efficiently	
	(iii) ensuring that the risk management, compliance, and internal audit functions are properly positioned, sufficiently staffed and resourced to carry out the responsibilities independently, objectively and effectively. The responsibilities of risk management, compliance and internal audit functions are provided in Schedule II, III and IV, respectively,	Establishing organisational responsibilities under three lines of defense and ensuring that the risk management, compliance and internal audit are properly strengthened by staff to carry out the responsibilities to the objectives independently and efficiently.	
	(iv) defining the risk appetite of the bank aligning with the bank's strategic, capital, and financial plans, which is articulated through a Risk Appetite Statement,	Bank has developed the risk appetite statement of the Bank articulate alignment with the Bank's strategic, capital and financial plans.	

Section	Principle	Compliance and implementation	Complied
	(v) outlining the actions to be taken when stated risk appetite limits are breached, including disciplinary actions for excessive risk taking, escalation procedures and notifications to the Board of directors	During the year, breaches in risk appetite limits are notified to the Board and disciplinary action taken for limit breaches as a preventive measure.	
(d)	Board independence and prevention of undue influence	The composition of the Board is structured to ensure a sufficient balance of power and active contribution from all Directors, thereby minimising the potential for any individual members or group to dominate the Board's process. Hence, Board decisions are not detrimental or prejudicial to stakeholders.	Complied
(e)	Communication with all stakeholders	CBSL is the regulator of the Bank and the Bank strictly adhere to various information requested by the CBSL on daily, weekly, monthly, quarterly, and semi-annually and annually and also provide information for on-site and off-site inspections conducted on an annual basis. Bank has implemented Financial Consumer Protection Policy which also includes the Customer Complaint Handling Policy. Bank has provided contact numbers to reach the Bank's complaints handling officers to facilitate customers. There is a 24-hour trilingual customer hotline set up for this purpose. Further, Board approved corporate communication policy in place.	Complied
(f)	Internal control system and management information systems	The Board Is assisted in this regard by the BAC who reviews the adequacy and the integrity of the Bank's internal control system and management information system. The BAC has reviewed reports from the Internal Audit Department and the External Auditors In carrying out this function and also reviewed management responses on same,	Complied
(g)	Governance and Control of Related Party Transactions	To ensure transparency and avoid conflicts of interest, the RPTRC assists the Board in reviewing all RPT conducted by the Bank, and its subsidiaries. The Committee's role is to ensure that the interests of shareholders as a whole are considered, and that Directors, KMP, and major shareholders do not secure any undue advantage from their positions. Related Party Transactions of the Bank are governed by the Related Party Transactions Policy, which is constituted during the year 2025. This process also ensures that all requisite disclosures are made to maintain transparency in relation to RPT.	Complied
(h)	Disaster Recovery and Business Continuity Governance	The BIRMC conduct an annual review of the Bank's Business Continuity and Disaster Recovery plans to verify their adequacy in safeguarding financial stability, ensuring operational resilience, and maintaining critical operations, particularly Core-Banking systems in line with statutory mandates.	Complied

Section	Principle	Compliance and implementation	Complied
(i)	Governance of Risk aligned Remuneration	Bank has a comprehensive remuneration system aimed at attracting, motivating, and retaining qualified and experienced personnel. Further, Bank has implemented an Annual Performance Evaluation system and results are linked to the KPI base allowance. In addition to that there is an annual increment methodology to evaluate employees. BHRRC evaluate Key Performance Indicators of KMPs quarterly. Remunerations of the Board of Directors in decided by the guidelines set up by the Ministry of Finance. Guidelines relevant to payments of Independent Directors are pending until receiving instructions from the public Enterprises Department of Ministry of Finance.	Complied
(j)	Identification of "Key Management Personnel (KMP)"	KMPs of the Bank are identified as CEO/General Manager, Deputy General Managers, and Assistant General Managers. KMPs are the persons who significantly influence policy, direct activities and exercise control over business activities, operations and risk management. All appointments of designated KMP are recommended by the BNGC and approved by the Board. KMP of the Bank are defined in the Related Party Transactions Policy of the Bank, taking into consideration all regulatory requirements	Complied
(k)	The Roles of the Board, Chief Executive Officer (CEO), and Management in the governance Framework	The Board Charter delineates the specific powers and duties reserved for the Board of Directors, formally establishing its and Management in the scope of authority and principal accountabilities. Conversely, the authority and key responsibilities of individual members of Corporate Management are formally defined within their respective Job Descriptions.	Complied
(l)	Management Accountability and Strategic Execution of affairs of the Bank	The Board actively reviews the Bank's performance relative to its strategic plan, assisted by reports from its Committees concerning delegated mandates, which cover financial reporting, internal controls, risk management, KMP changes; and other relevant matters. To gain further insight, the Board also requests regular presentations from CEO and other KMP on their purviews and calls upon them to provide clarification on relevant operational matters. In terms of 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. However, Independent Directors selection and nomination will be conducted by Special Selection Committee.	Complied
(m)	Assess effectiveness of own governance practices	Selection and nomination of CEO/GM and KMPs are conducted by BNGC and approved by the Board. Completed Board performance evaluation forms(Self/Board/ Committees) were received from all Board members for 2025 for review and the responses discussed at the BNGC: meeting and at a subsequent Board meeting. Matters of concern noted are followed-up and improved upon during the year to continuously improve the governance practices of the Bank. Evaluation process ensures improvement in governance standards and align Board performance on achieving strategic objectives.	Complied

Section	Principle	Compliance and implementation	Complied
(n)	Self-assessment of Directors	The Bank has adopted a system of self-assessment, to be undertaken by each Director, annually. Each member of the Board carried out a self-assessment of his/her own effectiveness as an individual as well as the effectiveness of the Board as a whole. Further, each Director carries out an assessment of "fitness and propriety" to serve as a Director.	Complied
(o)	Succession plan for CEO and KMP	The BNGC has developed a proactive process for planning and assessment of candidates for the succession of CEO and KMPs together with development plans to ensure their readiness. The Board approved Succession Plan for CEO and KMPs are in place.	Complied
(p)	Regular meetings with CEO and KMP	Progress towards corporate objectives is a regular agenda item for the Board and members of the Corporate Management are regularly involved in the Board level discussions on the same. Additionally, they are called in for discussions at the meetings of the Board and presentations on its Committees on policy and other matters relating to their areas on a regular basis.	Complied
(q)	Regulatory environment and maintaining an effective relationship with Regulators	Directors are briefed about regulatory developments at Board meetings by the KMP to facilitate effective discharge of their responsibilities. The Members of the BAC and the BIRMC are also briefed on regulatory developments at their meetings by the Heads of Internal Audit, Risk, and Compliance. The Board members attend the Director Forums arranged by the CBSL as well.	Complied
(r)	Hiring External Auditors	Auditor General is the External Auditor of the Bank.	Complied
(s)	Guidelines on Gifts and incentives	The Bank has established detailed guidelines regarding the acceptance and offering of financial and non-financial gifts, favors, or any form of illegal gratification. These guidelines also govern fund raising activities and personal affiliations with employees, customers or suppliers as outlined in the Administrative Circulars. This was covered amended Code of Best Practice in Corporate Governance, Code of Conduct of People's Bank. We have seen the section "Code of Ethics for Directors" under the Board Manual document.	Complied
(t)	Culture of professional, ethical and prudent behavior	Bank has an internally developed "Board Charter" which specified code of business conduct and ethics applicable to Directors. For KMPs and all other employees Bank has implemented "Disciplinary Code" which establishes clear expectations for ethical conduct, guiding employees, in customer centric decision making, respectful workplace interactions, and strict adherence to legal and regulatory standards.	Complied
(u)	Timely rectification of the supervisory concerns	The Bank has implemented several key measures, including establishing mandatory Board Committees to support the timely integration of new regulatory requirements into internal policies, procedures, and controls. These Committees also conduct regular reviews to ensure the continued relevance and effectiveness of compliance activities.	Complied

Section	Principle	Compliance and implementation	Complied
(v)	Whistleblowing Policy	The Bank upholds a culture of transparency and accountability through its Whistleblower Charter, ensuring that employees have a safe, confidential and anonymous platform to report ethical violations and concerns To facilitate seamless reporting, the Bank offers multiple channels, including hotlines and direct access to the Compliance Officer, while employees have the option to escalate issues even up to the highest level of Governance. The Whistleblower Charter is reviewed on a periodic basis.	Complied
(w)	Sustainability and Environmental, Social, and Governance (ESG) Integration	The Board approved and emphasized the need for the Bank's business strategy to fully integrate Environment, Social and Governance (ESG) principles to drive long term sustainability and regulatory compliance. Directors highlighted that the ESG Policy must guide lending, investments and branch operations in a way that supports greener, climate friendly and socially inclusive economic activities, including sustainable agriculture and customer level adoption of environmentally responsible practices. The Board further stressed that the policy should go beyond a basic compliance exercise, aligning with government priorities and the Bank's Strategic Plan, while ensuring proper governance structures, resource allocation and ongoing compliance monitoring to embed sustainability into all business decisions.	Complied
1.2	**Appointing Chairperson and CEO**	According to Section 10 of the People's Bank Act, the Minister appoints the Chairman of the Board from among its members. Prof. P.N.D Fernando, Non-Independent, Non- Executive Director has been appointed as the Chairman of the Board. The Board appointed Mr. Clive Fonseka as the CEO/General Manager and following the receipt of approval from the CBSL for the said appointment. The Board Charter maintains a clear separation between the Chairman and the CEO to prevent a concentration of authority	Complied
1.3	**Board Meeting Frequency and Conduct**	The Board convenes regular monthly meetings, supported by special meetings as required to address emerging matters. Directors engage in active deliberation on all items presented for review. To maintain continuous oversight, the Bank limits the use of circular resolutions to exceptional circumstances and any such resolutions are formally ratified at the subsequent Board meeting. Board meetings were held physically. Any Board Member who is unable to join physically may attend the board meetings virtually and actively participate and engage In deliberations. Detailed attendance records and the total frequency of meetings are provided on page 267.	Complied
1.4	**Board Procedures**		
(a)	Submission of proposals by Directors for regular agenda of Board Meetings	Directors may propose agenda items by consulting with the Chairman, pertaining to the Bank's business operations, risk management frameworks, or employee conduct.	Complied
(b)	Notice of Meeting	To ensure the Board has sufficient time for review, the Notice of Meeting, Agenda and majority of supporting papers are circulated to Directors seven days in advance. This allows for thorough preparation and provides an opportunity to submit any urgent proposals prior to the session.	Complied

Section	Principle	Compliance and implementation	Complied
(c)	Directors' attendance	Director attendance has been monitored in compliance with the Directions. All Directors attended at least two-thirds of the meetings held during the year and no Director was absent from three consecutive meetings. For further information refer "Holding of regular Board meetings" on page 267.	Complied
1.5	**Appointing a Company Secretary**		
(a)	Appointment and setting responsibilities of the Company Secretary	Board Secretary is an Attorney at Law who satisfies the provisions of Section 43 of the Banking Act No.30 of 1988. The Board has appointed Ms. Shyama Wijekoon, to the grade of Board Secretary. Board Secretaries responsibilities are defined in the Job Description.	Complied
(b)	The Role and Access to the Company Secretary	The Board Secretary assists the Board members with professional advice and support to maintain high standards of Corporate Governance, ensuring that all Board proceedings and applicable regulatory obligations are met effectively.	Complied
(c)	Implementation of Continuous Professional Development for Directors	The Board Secretary facilitates training, capacity building and professional development programs with the recommendation of the BNGC/Board. These initiatives ensure that Directors remain fully equipped to discharge their duties effectively while staying abreast of evolving governance standards and industry trends.	Complied
(d)	Maintenance and Inspection of Board Minutes	The Board Secretary maintains and records the minutes of all Board meetings, which are circulated to the Board of Directors following an initial review by the CEO and the Chairman. These minutes are formally reviewed and approved at the subsequent meeting, incorporating any amendments or additions proposed by the Directors (if any). To ensure transparency and continuity, Directors are granted secure electronic access to an archive of past Board papers and minutes. Furthermore, the Board Secretary maintains these records with sufficient detail to serve as a reference for the Board's deliberations and decisions and for the reference of regulators.	Complied
1.6	**Maintenance of Board Meeting Minutes**	The minutes of the meetings inter alia include, a summary of data and information used by the Board in its deliberations, the matters considered by the Board, the fact-finding discussions and the issues of contention or dissent, the testimonies and confirmations of relevant KMP with regard to the Board's strategies and policies and adherence to relevant laws and regulations, matters regarding the risks to which the Bank is exposed and an overview of the risk management measures including reports of the BIRMC and the decisions and Board resolutions.	Complied
1.7	**Obtaining Independent Professional Advice**	Board approved policy is in place to seek independent professional advice in appropriate circumstances, at the bank's expense. Directors may obtain independent professional advice whenever necessary to discharge their responsibilities. The Board Secretary is responsible for coordinating this process.	Complied

Section	Principle	Compliance and implementation	Complied
1.8	**Managing Conflicts of Interest** GRI 2-15 (a) Directors avoid conflicts of interest, or the potential conflicts of interest, in the activities with, and commitments to, other organisations, (b) A director shall abstain from participating in any discussion in relation to a matter in which he/she or any of his/her close relation or a concern in which he/she has substantial interest, is interested, nor shall receive the access to the information pertaining thereto, including accessing such information both physically and/or electronically. related parties and other stakeholders.	The Board approved Related Party Transactions Policy provides guidance on identification and managing potential conflict of interest. Directors are required to declare their interests upon appointment, on an quarterly basis, and immediately whenever a change in circumstances occur. Directors practice following when conflicts of Interest arise; • Withdrew from the meeting for the duration of the relevant agenda item. • Abstained from all discussions, expressions of opinion, and the decision-making process. • Was excluded from the count for the purposes of establishing a quorum. • Not received information either physically or electronically in relation to the related transaction. The Directors ensured that the relationships between the Directors among themselves as well as between the CEO, and KMP are at a level that does not results in excessive familiarity, undue influence or coercion. Information regarding Directors' external appointments can be found in their profiles on pages 38-43. Bank is in the process of developing the conflicts of Interest Policy.	Complied
	(c) Directors ensure that the relationships between the directors amongst themselves as well as between the directors, CEO and key management personnel are at a level that does not result in excessive familiarity, undue influence or coercion. (d) The Board shall approve and oversee the implementation of a policy to identify and manage conflicts of interests		
1.9	**Duty to Inform Director of Bank Supervision in Financial Distress**	The Bank remains solvent and has not encountered any threats to its financial standing. A formal procedure is in place to ensure the Director of Bank Supervision of the CBSL is alerted before any decision is made regarding a potential insolvency event or a suspension of payments to depositors and other creditors.	Complied
1.10	**(Compliance with Prudential Requirements) Maintenance of Statutory Capital Levels**	The Board of Directors actively evaluates the Bank's capital position against regulatory benchmarks and internal risk thresholds. The Bank complied with all minimum capital adequacy standards during the year. The Management presents the capital position to the Board on a monthly by Finance Performance Review. Comprehensive Basel III Pillar 3 disclosures, as required under Banking Act Directions No. 01 of 2016, are set out in Annex 2 on pages 448-466.	Complied

Section	Principle	Compliance and implementation	Complied
1.11	**Publish Annual Corporate Governance Report**	Annual Corporate Governance Report of the Bank is set out on pages 260 to 309 of this Annual Report.	Complied
2.	**Board's Composition and Diversity**	The Board is composed of 12 Directors, including 07 Independent, ensuring a high degree of autonomy and dedicated alignment with Bank's interests. The Board's diverse makeup spanning various disciplines, genders, and professional backgrounds ensures a robust blend of experience and insight. Each Director contributes a wealth of expertise across diverse professional fields, fostering a culture of constructive challenge to Corporate Management and enriching deliberations on complex, dynamic issues. The Board further exemplifies the Bank's commitment to diversity by integrating specialised knowledge across multiple disciplines, including: Banking & Finance, Accounting, Business Administration/ Management, Engineering, Anthropology. For further information refer "Collective Skills" as at 31 December 2025 on page 263.	Complied
2.1	**Procedure for Appointing Directors**	The appointments to the Board are made by the Minister in Charge of the Ministry of Finance, under Section 8 of the People's Bank Act No. 29 of 1961 and in line with the recommendation made by the Special Selection Committee appointed in terms of the decision of Cabinet of Ministers dated 8 April 2024 and 19 May 2025. Independent Directors are appointed in line with the recommendation made by the Special Selection Committee appointed in terms of the Section 3.8 – Annexure 1 of Cabinet Memorandum dated 5 April 2024. There are no directors or an employees of the Bank have not been appointed of another bank or its subsidiary or an associate company.	Complied
2.2	**Number of Directors** (i) The number of directors on the Board shall not be less than 7 and not more than 13. The number of directors shall be commensurate with the size, scale, diversity and complexity of operations of the bank. (ii) The Board shall have at least one female representative by 31.12.2025 and the Boards with more than 10 members shall have at least two female representatives by 31 December 2026.	The Board has comprised of not less than seven (7) Directors from 17 September 2025 to 31 December 2025 and from the period 1 January 2025 to 16 September 2025 Board was comprise of five (05) Directors The Board have two (02) female Directors as of 31 December 2025 • Ms G A M Edwards • Ms C H D Abeyagunawardene	Partial Complied
2.3	**Executive Directors**	There are no Executive Directors. of the BOD.	Complied
2.4	**Non-Executive Directors**	Non-Executive Directors are experienced professionals with proven track records and the specialised expertise necessary to provide independent judgment on matters of strategy, performance, and resource management and contribute towards sustainability of the Bank.	Complied

Section	Principle	Compliance and implementation	Complied
2.5	**Independent Directors**	The Board has seven (07) Independent/Non-Executive Directors which is majority of the total number of The Board has comprised with one Independent director until 16.09.2025 and after 16.09.2025, seven Independent Non-Executive Directors were included in the Board. Independent Directors during the year 2025 were, • Mr C S Guniyangoda (IND/NED) • Ms G A M Edwards (IND/NED) • Mr S M S Sanjaya Bandara (IND/NED) • Mr D P Lokuarachchi (IND/NED) • Mr N S B Walgampaya (IND/NED) • Mr M H S Ghouse (IND/NED) • Ms C H D Abeyagunawardene (IND/NED)	
(a)	Composition of Independent Non-Executive Directors (INEDs)	The Board has seven (07) Independent/Non-Executive Directors which is majority of the total number of Directors	Partial Complied
(b) (i) to (ix)	Criteria for Determining the INED	Non-Executive Directors have successfully met the independence criteria prescribed by the regulator. The Board conducts an annual evaluation of each Non-Executive Directors to ensure ongoing compliance with these regulatory standards. Except the Ministry representatives Prof P N D Fernando Mr K A Vimalenthirarajah and Mr M J Thilakarathne	Complied
(c)	Identify INED and disclose categories of Directors in corporate communications	The Bank express clearly the status of Independent/ Non-Executive Directors in all corporate communications where Board members are listed. i.e. Web portal of the Bank. For a detailed breakdown of the Board's composition categorised by Executive, Non-Executive, and Independence status are given on page 271.	Complied
2.6	Procedures for Nominating Alternate Directors to Represent Independent Board Members	There are no provisions in the People's Bank Act to appoint Additional Director and such situation has not been arisen during the year 2025.	Complied
2.7	Quorum and Composition Requirements for Board Meetings	As per the attendance of the Board members for the financial year 2025, required quorum has been complied with at all the Board meetings	Complied
3.	**Criteria to assess suitability of Directors**		
3.1	**Criteria to Assess Fitness and Propriety**	The Bank maintains full compliance with Sections 42 of the Banking Act No. 30 of 1988 (as amended) regarding all Board appointments. Further, the Bank ensures the fitness and propriety of each Director by obtaining approval from the Director of Bank Supervision of the CBSL after appointed by Ministry of Finance.	Complied
3.2	**Additional Requirements for Suitability of Directors**		
(a)	Age of Director should not exceed 70	There are no Directors who are over 70 years of age.	Complied
(b)	Tenure Limits for Non-Executive Directors.	None of the Directors of the Board has exceeded the service period of nine years	Complied

Section	Principle	Compliance and implementation	Complied
(c)	Directors should not be Directors of more than 20 companies/entities/ institutions inclusive of subsidiaries or associate companies of the Bank	None of the Director holds directorships in excess of 20 companies/ entities/Institutions inclusive of subsidiaries or the associate of the Bank. Details of directorships are provided in "Board of Directors and Profiles" on pages 38-43.	Complied
(d)	Director Commitment and time allocation	All Directors have demonstrated a strong commitment to their roles, dedicating sufficient time to fulfill the responsibilities entrusted to them by the Board	Complied
3.3	**Cooling Off period for appointments of Bank Directors and CEOs**	None of the Directors have been appointed as Director or CEO of another LCB operating in Sri Lanka during the year 2025.	Complied
4.	**Delegation of Functions**		
4.1	**Division of Responsibilities**	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
4.2	**Board oversight and reserved authorities**	The Board utilises a formal schedule of reserved matters to ensure that all key strategic decisions are subject to their direct control and oversight.	Complied
4.3	**Limitations on Delegation of Authority**	Delegation to Board and other KMPs is structured in a manner which does not hinder the Board's capacity for independent judgement and strategic oversight	Complied
4.4	**Review of Delegation Process**	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) limit have been revised in line with the present economic context in order to improve efficiency of credit approval process.	Complied
5.	**The Chairperson and CEO**		
5.1	**Division of Responsibilities between Chairperson and CEO**	A clear distinction is maintained between the roles of Chairman and CEO and held by two individuals. This separation of duties ensures a balance of power and authority, such that no single individual possesses unfettered decision-making control.	Complied
5.2	**Suitability of the Chairperson**	Section 2.3 of Cabinet memorandum, newly appointed Chairman can serve their full three year term as the Chairperson. However, since the Chairman is a non-independent Director, a Senior Independent Director (Mr. C S Guniyangoda) has been appointed in compliance with the Section 5.2 of the Banking Act Direction No.05 of 2024.	
5.3	**Responsibilities of the Chairperson**		
(a)		The Board of Directors is committed to maintaining the highest standards of Corporate Governance. Central to this commitment is the role of the Chairman, whose primary responsibility is to lead the Board and ensure its overall effectiveness. The Chairman has fulfilled the duties in accordance with the Governance Framework.	Complied
(b)		The Chairman provided strategic leadership, ensuring the Board discharged its responsibilities effectively and maintained a clear distinction between Board oversight and executive management. Chairman ensured timely discussion of all key relevant issues	Complied

Section	Principle	Compliance and implementation	Complied
(c)		All meeting agendas were personally approved by the Chairman, incorporating input from fellow directors. The Chairman ensured that comprehensive briefing papers were distributed in a timely manner to allow for informed decision making.	Complied
(d)		Ensure the Board receive adequate information prior to seven days. The Chairman specifically facilitated the involvement of Directors to ensure independent perspectives were integrated into Board deliberations	Complied
(e)		Directors actively contribute in deliberations at Board meetings and discharge decisions in the best interest of the Bank.	Complied
(f)		All Directors of the BOD are Non-Executive Directors who ensure constructive discussions at Board meetings.	Complied
(g)		The Chairman encouraged critical and constructive debate. It is confirmed that dissenting views were freely expressed and recorded within the decision-making process without prejudice.	Complied
(h)		Chairman Does Not Directly Get Involved In The Supervision of Key Management Personnel Or Any Other Executive Duties.	Complied
(i)		Board maintains effective communication with the Government of Sri Lanka who is the main shareholder of the Bank.	Complied
5.4	**Conduct of CEO**		
(a)		CEO/GM is the apex executive-in charge of the day-to-day management of the Bank's operations and business.	Complied
(b)		CEO/GM is not an employee or a director of any other licensed bank or external entity	
(c)		CEO does not hold any position as an employee or director of another licensed bank or any other entity, except for industry-related appointments or as a non-executive director of subsidiaries or associate companies of the Bank.	
5.5	**Suitability of CEO**	In accordance with the Section 44A of the Banking Act No.30 of 1988 (as amended), the Board of Directors maintains a rigorous process to ensure the suitability of the CEO in terms of authority, stature, knowledge, competencies etc., given the scale, diversity, complexity of the operation of the Bank	Complied
6.1	**Requirements for the Board Committees**		Complied
(a)	Each committee shall report directly to the Board.	Bank maintains 05 mandatory Board Sub Committees which are BAC, BHRRC, BNGC, BIRMC & RPTRC. Each Committee was evaluated by the Board.	
(b)	Board shall set out the authority of each committee, and in particular, whether the committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with recommendations.	The Board has set out the authority and scope of each Committees and examining the issues and report back to the Board with recommendations.	
(c)	Each committee shall have a Board approved Terms of Reference	Board approved Terms of Reference is available for each Committee which is being reviewed periodically to be in compliance with the regulatory requirements.	

Section	Principle	Compliance and implementation	Complied
(d)	All committees shall appoint a secretary to inter alia arrange the meetings and maintain minutes, records in sufficient detail, under the supervision of the Chairperson of the committee. The minutes of all committees shall be submitted to the Board.	A Secretary has been appointed for each committee who is responsible for maintaining minutes and records. Minutes of each committee are being submitted to the Board. Board Secretary is the Secretary for all the Board sub committees.	
(e)	The quorum of each committee shall consist of at least half of the committee members.	The quorum of each committee is being set out in the Terms of Reference of the Committee with minimum of half of the committee members.	
(f)	The Board shall present a report on the performance of each committee, on the duties and roles at the annual general meeting.	Performance of each committee is being evaluated annually and submit to the Board.	
6.2	**Audit Committee**		
(a)	The Chairperson of the Committee shall be an independent director and is not the chair of the Board or any other Board committee and shall possess qualifications and experience in finance, accounting and/or auditing, with a membership of a recognised professional accounting body.	The Board has appointed an Independent, Non-Executive Director as the Chairman, who is a Fellow Member of the Institute of Chartered Accountant of Sri Lanka and he does not the chair of the Board or any other Board committee.	Complied
(b)	All members of the Committee shall be non-executive directors, with a majority of independent directors. The members shall possess a collective balance of skills and expert knowledge in finance, accounting and auditing commensurate with size, scale, diversity and complexity of operations of the bank.	All members of the committee are Non- Executive and Independent Directors who possesses professional qualifications and experience in finance, accounting and auditing commensurate with size, scale, diversity and complexity of operations of the bank	Complied
(c)	A majority of the members of the Committee shall not be constituted by the members of the Integrated Risk Management Committee and vice-versa.	Members of the Committee do not serve as the members of the Board Integrated Risk Management Committee and vice-versa.	Complied
(d)	The Committee shall make recommendations on matters in connection with:		Complied
	(i) the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes	Since People's Bank is a government-owned bank, its Annual Audits are subject to audits conducted by the National Audit Office or by an independent audit firm appointed by the Auditor General.	
	(ii) the implementation of the Central Bank guidelines issued to external 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.	
	(iii) the application of the relevant accounting standards.	Committee has reviewed and discussed the changes in accounting standards and review the application of revised standards by the Bank on regular basis.	

Section	Principle	Compliance and implementation	Complied
	(iv) the service period, audit fee and any resignation or dismissal of the external auditor, provided that the engagement of the external auditor shall not exceed six years and shall change the particular engagement partner once in every three years.	All the annual audits are conducted by the National Audit office of Sri Lanka. The Auditor General is the External auditor of the Bank as provided in the constiution of the country.	
(e)	Review and monitor External Auditor's independence, integrity and objectivity and the effectiveness of the audit processes	Bank's External Auditor is the Auditor General.	
(f)	Provision of Non-Audit Services by the External Auditor	This is not relevant since the Auditor of the Bank is Auditor General	
(g)	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
	(i) an assessment of the bank's compliance with the relevant Directions in relation to corporate governance and the management's internal control over financial reporting	A comprehensive assessment has been conducted compliance with the relevant Directions in relation to corporate governance and the management's internal control over financial reporting	
	(ii) the preparation of the financial statements for external purposes in accordance with relevant accounting principles and reporting obligations	Discussed the preparation of the financial statements for external purposes in accordance with relevant accounting principles and reporting obligations	
	(iii) the co-ordination between firms where more than one audit firm is involved.	The Auditor General is the External Auditor of the Bank as provided in the Constitution of the country	
(h)	Report on Internal Control and Financial Reporting	The Committee conducts comprehensive reviews on the accounting policies/systems and the internal control framework to ensure transparency and integrity of the Bank's financial reporting process and the adequacy of accounting and other internal controls.	Complied
(i)	Financial Reporting Oversight	The Committee is responsible for monitoring the integrity of People's Bank's financial statements. A formal process is in place to review the Bank's financial information whenever the quarterly and annual audited financial statements, as well as reports prepared for disclosure, are presented to the Committee. The Committee's review primarily focuses on the following areas: (i) Assessing the estimates and assumptions that significantly impact reported information. (ii) Reviewing any changes in accounting policies and practices (iii) Evaluating significant adjustments arising from the audit. (iv) Validating the appropriateness of the going concern assumption in the preparation of accounts (v) Ensure to compliance with applicable accounting standards and other statutory and regulatory requirements	Complied

Section	Principle	Compliance and implementation	Complied
(j)	Discussions with External Auditor on interim and final audits	The Committee has held a discussion with the Auditor General's Representative.	Complied
(k)	Review of management letter and Bank's response	BAC has reviewed the management letter and the responses provided by the management. The Management Letter for the Year 2024 was discussed at the BAC meeting.	Complied
(l)	Oversight of Internal Audit Function		Complied
	(i) Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work	Committee has discussed the Scope and functions of the Internal Audit Department along with the audit plan 2026 and recommended.	
	(ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department	The Audit Plan 2026 has been submitted to the Board Audit Committee and BAC has discussed the scope of the Internal Audit.	
	(iii) Review any appraisal or assessment of the performance of the Chief Internal Auditor (CIA) and senior staff members of the internal audit department	Performance appraisal of the CIA has been submitted to the Board Audit Committee. Senior members' performance discussions took place in the BAC meetings.	
	(iv) Recommend any appointment or termination of CIA, senior staff members and outsourced service providers to the internal audit function	Any appointment or termination of the head, senior staff members has not been submitted during the year 2025. BAC ensure that Internal Auditor is efficiently provide assurance to the Bank.	
	(v) Ensure that the committee is apprised of resignations of senior staff members of the internal audit department including CIA 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	Any resignations of head/senior staff of IAD has not been taken place during the year 2025.	
	(vi) Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.	Internal Audit Dept. is independent in carrying out the Internal Audit activity which performed with impartiality, proficiency and due professional care with reference to provisions of the Internal Audit Charter of the Bank.	
(m)	Internal investigations	The committee considers major findings of internal investigations and management's responses thereto and recommend to the Board when and where necessary.	Complied
(n)	Attendees at BAC Meetings	CEO/GM, CIA, Head of Finance (HOF), DGM (RM), DGM (Compliance), any other Key Management Personnel and a representative of the external auditors attend meetings on invitation.	Complied

Section	Principle	Compliance and implementation	Complied
(o)	Authority, Resources, and Information Access	The Committee vested with the authority to investigate any matter within the Terms of Reference, the resources which it needs to do so with full access to information and authority to obtain external independent professional advice with relevant experience & expertise if consider necessary.	Complied
(p)	Regular Meetings	BAC constituted on November and regular meetings conducted.	Complied
(q)	Maintain minutes of Meetings	Minutes of the meetings are maintained by the Board Secretary	Complied
(r)	Whistleblowing Policy		Complied
	(i) ensure effective implementation of the Board approved whistleblowing policy	The Board approved Whistle Blowing Policy is in place which is being reviewed periodically.	
	(ii) ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action.	Bank has a process to attend whistleblower matters with fair and independent investigation of such matters and appropriate follow-up actions.	
6.3	**Human Resources and Remuneration Committee** GRI 2-19, 20		
(a)	Chairman of the Committee	The Committee is chaired by a director who does not serve as the chairman of the Board.	Complied
(b)	Contribution from independent directors	Majority of Directors serve in the Committee are independent directors	Complied
(c)	Participation of CEO/GM for the BHRRC	CEO/ GM is being present at the meetings on invitation, except when matters relating to CEO/GM are being discussed	Complied
(d)	Determine the remuneration policy for directors, CEO and the key management personnel	The Committee determine the remuneration policy in relation to salaries, allowances and other financial payments relating to directors, CEO and the key management personnel. Remuneration for Directors is determined vide Public Enterprise Department (PED) Circular No. 01/2020 issued by the Ministry of Finance on appointment of BoD of SOEs.	Complied
(e)	Set goals and targets for the directors, CEO and the key management personnel	The Committee set goals and targets for the CEO and the Key Management Personnel	Complied
(f)	Evaluate the performance of CEO and the key management personnel.	The Committee evaluate the performance of CEO and the Key Management Personnel against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	Complied
(g)	Ensure that the prior written approval of the shareholders is obtained for any special payments/ financial and non-financial benefits to be made to the directors, CEO and key management personnel at the termination of employment or at the retirement.	Prior written approval from Secretary to the Treasury for any special payments/ financial and non-financial benefits to be made to CEO and Key Management Personnel at the termination of employment or at the retirement is being made on requirement basis by recommending to the Board. No special payment /financial and non-financial benefits were made to the Directors, CEO/GM and KMPs at the termination of the employment or retirement.	Complied
(h)	Procedure to coordinate with the Integrated Risk Management Committee	The Committee coordinate with Board Integrated Risk Management Committee to examine whether the incentives provided to the employees take into consideration the levels of risk, capital, liquidity and earnings of the Bank. However, BIRMC constituted on October, 2025.	Complied

Section	Principle	Compliance and implementation	Complied
(i)	The policy on claw-back arrangements for performance based payments made to CEO and key management personnel.	In the event of fraud and misappropriation of funds, to the extent of the financial loss caused, steps are being taken in accordance with the Disciplinary Code of the Bank.	Partial Complied
6.4	**Board Nominations and Governance Committee (BNGC)** GRI 2-10		
(a)	Composition and Independence	The Committee is be chaired by an Independent Director who is not the chairman of the Board. CEO/GM is being present at meetings on invitation except when matters relating to CEO/GM are being discussed. Refer the "Report of the BIRMC" on page 300.	Complied
(b)	Appointment of Directors, CEO and KMP	One of the main function of the Committee is to implement a formal and transparent procedure to identify, nominate and recommend CEO/GM and the Key Management Personnel	Complied
(c)	Ensure of Fit and Proper persons	The Committee ensure the directors, CEO and the key management personal are fit and proper persons to hold office as specified in the criteria given in Directions 3 and 8.2 and as set out in the applicable laws and regulations.	Complied
(d)	Appointment of CRO, DGM – MA and Compliance Officer	The Committee obtain the views of the Board Integrated Risk Management Committee in selecting DGM (RM) and DGM (Compliance) and that of the Board Audit Committee in selecting CIA on requirement basis.	Complied
(e)	Re-election of Directors	The Committee consider and recommend (or not recommend) the re-election of current directors, through periodic evaluation of the performance and contribution made by the director concerned towards the overall discharge of the Board's responsibilities.	Complied
(f)	Independence Monitoring	BNGC constituted on October 2025 since Independent Directors appointed to the Board w.e.f. August, 2025.	Non Complied
(g)	Eligibility criteria for appointments to KMP including CEO	The Committee 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 and the Key Management positions	Complied
(h)	Succession plan and new expertise to the Board of Directors	Main functions of the Committee is to consider and recommend from time to time, the requirements of additional/new expertise required for the progress of the Bank and the succession plan for the vacancies created.	Complied
(i)	Succession plan for CEO and KMPs.	The Committee ensure that the Bank has a robust succession plan to place CEO and the key management personnel (KMPs). This consists of: (i) Identify qualified and competent persons (internal/ external) to fulfil the positions of CEO and key management personnel for succession in short, medium and long term given the size, scale, diversity and complexity of operations of the bank; (ii) Groom the selected successors for the respective positions by identifying and mitigating the skill/knowledge gaps for the respective area; and, (iii) Review the succession plan on an annual basis.	Complied

Section	Principle	Compliance and implementation	Complied
(j)	Continuous professional development	The Committee ensure that the directors are updated on the applicable laws, regulations, macroeconomic, policies, latest technological developments and emerging financial sector and market developments relevant to the banking industry on a continuous basis.	Complied
(k)	Training and development of the Directors	Identify the training needs of the directors and make recommendations to the Board relating to training, capacity building and professional development programs for the directors on a regular basis	Partial Complied
(l)	Monitoring of Board structure	The Committee review the structure, size, qualifications and composition of the Board and Board committees to ensure effective discharge of duties and responsibilities. BNGC constituted on October, 2025.	Partial Complied
(m)	Review of governance framework	The Committee ensure that the overall corporate governance framework and policies of the bank are reviewed, updated and effectively implemented considering all applicable laws and regulations and industry/international best practices	Complied
6.5	**Board Integrated Risk Management Committee (BIRMC)**		
(a)	Independence of Chair	The Committee is chaired by an Independent Director who does not serve as the chairman of the Board or any other Board committee	Complied
(b)	Composition of the Committee	The Committee is consist of three (3) non-executive directors with a two (2) of independent directors that possess sound collective experience in risk management issues and practices within the banking and financial services sector	Complied
(c)	Separation from other Committees	The majority of the Committee members are not members of the Board Audit Committee and vice-versa	Complied
(d)	Attendance of KMP	CEO/GM, DGM (RM) attend the meetings of the Committee as permanent invitees. In addition, DGM (Compliance) and other Key management Personnel attend the meeting on need basis.	Complied
(e)	Close collaboration with KMPs	The Committee maintain close working relationship with the Key Management Personnel and make decisions on behalf of the Board within the Terms of Reference of the Committee	Complied
(f)	Independent Risk Management Function	An independent risk management function has been established which responsible integrated risk management of the Bank	Complied
(g)	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 (RM). Further, Subsidiaries/sub-subsidiaries are considered when discussing the Risk Dashboard including risk appetite limits. Risk Review of Subsidiaries for each quarter is submitted to the committee and committee review and note the risk levels of each subsidiary.	Complied
(h)	Reporting on Risk Appetite	A comprehensive Risk Appetite Statement of the Bank detailing the Committee's deliberations and suggestions is submitted to the Board.	Complied
(i)	Oversight of functions of the CRO	The Committee monitor the functioning of DGM (RM) and receive regular reports relevant to the risk profile, exposures against the established risk appetite limits and limit breaches.	Complied

Section	Principle	Compliance and implementation	Complied
(j)	Strategy Oversight	The Committee oversee the strategies implemented by CEO/ GM and the key management personnel for capital and liquidity management and management of all relevant risks of bank, such as credit, market, operational, information security and strategic risks, to ensure consistency with the started risk appetite	Complied
(k)	Review of management level Committees on risk	The Committee review the adequacy end effectiveness of all management level committees such as Credit Risk Management Committee, Operational Risk Management Committee, Information Security Committee and Asset and Liability Committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee	Complied
(l)	Corrective action to mitigate risks exceeding prudential levels	The Committee take prompt corrective actions to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Bank's policies and regulatory and supervisory requirements.	Complied
(m)	Meeting Frequency	Two meetings has conducted during the year.	Partial Complied
(n)	Actions against officers responsible for failure to identify specific risks or implement corrective action	The Committee take appropriate actions against the officers responsible for failure to identify specific risks and to take prompt corrective actions including recommendations made by the committee, the Monetary Board, Director of Bank Supervision and other relevant regulatory and supervisory authorities to mitigate such risks	Complied
(o)	Risk Assessment Report to the Board	The Committee submit a risk assessment report within a week of each meeting to the Board seeking the Board's concurrence and/or specific directions	Complied
(p)	Compliance function	The Committee ensure that the compliance function assesses the Bank's Compliance with laws, regulations, regulatory guidelines, Internal controls and approved policies on areas of business operations. The DGM (Compliance) carry out the compliance function and report to the committee periodically.	Complied
(q)	Board Audit Committee Coordination	An effective communication and coordination mechanism is maintained with the Audit Committee to exchange of information to ensure effective management of all risks, including emerging risks and any adjustments needed to the integrated risk management framework of the Bank	Complied
(r)	Remuneration Review	The Committee examine whether the incentives provided to the employees take into consideration the levels of risk, capital, liquidity and earnings of the Bank without prejudice to the tasks of the Human Resources and Remuneration Committee	Complied
6.6	**Related Party Transactions Review Committee**		
(a)	Committee Leadership	The Committee is chaired by an Independent Director who is not the Chair of the Board or any other Board Sub Committees.	Complied
(b)	Composition of the Committee	The Committee comprised of three Independent Non Executive Directors. CEO/GM and relevant Key Management Personnel attend the meetings on need basis for the relevant Agenda item.	Complied
(c)	Policy and Process	Related Party Policy is in place for identifying, monitoring and reporting Related Party Transactions on an on-going basis in line with applicable laws and regulations	Complied

Section	Principle	Compliance and implementation	Complied
(d)	Transaction Review	The Committee ensure that, in accordance with relevant laws and regulations, a clear policy, procedures, and processes are in place for the ongoing identification, monitoring, and reporting of related party transactions.	Complied
(e)	RPTs reporting to the Board	The committee report details regarding related parties, related party transactions, and economic consequences of those transactions to the Board quarterly basis.	Complied
(f)	Conflict of Interest GRI 2-15	The Committee ensures that a director refrains from taking part in Board decisions on transactions involving the director, any close relatives of the director, or a matter in which the director has a substantial interest.	Complied
(g)	Prohibited transactions	The Committee ensure that the Bank does not engage in transactions with related parties that would grant such parties "more favourable treatment" than that accorded to other customers. These consist of following: (i) Granting of "total net accommodation" to related parties, exceeding a prudent percentage of the bank's regulatory capital. (ii) Charging of a lower rate of interest than the bank's best lending rate or paying more than the bank's deposit rate for a comparable transaction with an unrelated comparable counterparty. (iii) Providing of preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/commissions, which extend beyond the terms granted in the normal course of business undertaken with unrelated parties. (iv) Providing services to or receiving services from a related party without an evaluation procedure. (v) Maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties, except as required for the performance of legitimate duties and functions.	Complied
7.	**Related Party Transactions**		
7.1	**Identification of Related Parties**	The Board approved Related Party Transaction Policy define all categories of related parties (Related Parties have been specified in terms of the respective Direction)	Complied
7.2	**Type of Related Party Transactions**	The Board approved Related Party Transaction Policy covers the following transactions; (a) The grant of any type of accommodation, as defined in the Banking Act Directions on Maximum Amount of Accommodation/Large Exposures of Licensed Banks (b) The creation of any liabilities of the bank in the form of deposits, borrowings and investments (c) The provision of any services of a financial or non-financial nature provided to the bank or received from the bank (d) The creation or maintenance of reporting lines and information flows between the bank and any related parties which may lead to the sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties.	Complied
7.3	**Compliance with provisions of Section 47 of the Banking Act with regard to the accommodation to Related Parties**	As per the Related party policy, said provisions of Section 47 and Section 76K of the Banking Act, with respect to accommodation granted to any of its related parties defined in Direction 7.1 was explained.	Complied

Section	Principle	Compliance and implementation	Complied
7.4	Policy for granting accommodation to a Directors and/or Connected Parties	The Board approved Related Party Transaction Policy includes a provision in this regard which the Bank comply with: The necessary security as approved by the Central Bank of Sri Lanka to be provided, within one year from the date of appointment of such person as a director, on account of facilities obtained from the Bank in the name of Directors, Closed Family Members (CFMs) and related entities.	Complied
7.5	Policy for accommodation granted to Employees	The Bank does not extend preferential treatment or special accommodation to its employees beyond the established staff benefits.	Complied
7.6	Writing-off of accommodation to Related Parties	The Board approved Related Party Transaction Policy includes a provision in this regard which the Bank comply with. No such situation arisen during the year 2025.	Complied
8.	Senior Management		
8.1	Board Oversight on Senior Management	The Board maintain diligent oversight of the Bank's day to day operations without interfering in Executive functions which has been achieved by defining authority and responsibility by conducting regular performance review to monitor adherence with business and policies.	Complied
8.2	Criteria to assess the Fitness and Propriety of Senior Management	In terms of Section 42 (2), 44A and Section 76H of the Banking Act, all the members of the senior management of the Bank have been assessed and found to be fit and proper persons to hold the office.	Complied
8.3	Responsibilities of Senior Management	Following primary responsibilities were complied by the Senior management of the Bank;	Complied
		(a) Contribute effectively to the sound corporate governance framework of the Bank through appropriate personal conduct (b) Devote adequate professional time to discharge duties at the Bank; where serving as a non-executive director of a subsidiary or associate, ensure such responsibilities do not impair obligations to the Bank. (c) Implement Board-approved business strategies, risk management frameworks, and compliance systems to manage financial and non-financial risks of the Bank. (d) Uphold and respect the independence of risk management, compliance, and internal audit functions without interference. (e) Undertake continuous professional development to maintain competencies and remain updated on relevant developments. (f) Delegate responsibilities appropriately and ensure effective oversight of assigned duties. (g) Establish and maintain a management structure that promotes accountability and transparency across the Bank (h) Ensure timely and appropriate remedial or disciplinary action in respect of identified breaches (i) Provide the Board and relevant Board sub-committees with timely information on material matters. (j) Promptly notify the Director of Bank Supervision of any material information adversely affecting the fitness and propriety appropriately	

Section	Principle	Compliance and implementation	Complied
9.	**Disclosures**		
9.1	**Board Responsibilities on Disclosures**	The Board ensure the timely, accurate, and comprehensive public disclosure of material information relating to the Bank, including key performance indicators, capital adequacy, liquidity, business concentrations, related party transactions, corporate governance practices, and financial results, to promote transparency and market discipline commensurate with the scale and complexity of operations. The Board further ensure that the annual audited financial statements and interim financial statements are prepared and published in compliance with applicable accounting standards and the formats prescribed by relevant supervisory and regulatory authorities. Bank prepares and publishes financial statements accordingly. Quarterly financial statements have been published in the newspapers in abridged form, in Sinhala, Tamil and English. Accordingly Quarterly Financial Statements for the year 2025 were published as follows: Q1 – 2025 – Daily FT, Daily Aruna, Thinakaran on 30 May 2025 Q2 – 2025 – Daily FT, Daily Aruna, Thinakaran on 28 August 2025 Q3 – 2025 – Daily FT, Daily Aruna, Thinakaran on 27 November 2025 Q4 – 2025 – Daily FT, Daily Aruna, Thinakaran on 27 February 2026	Complied
9.2	**Disclosures to Annual Report**		
(a)	Comply with Accounting Standards and Regulatory Requirements	The Annual Audited Financial Statements comply with all the relevant accounting standards and regulatory requirements, incorporating all specific disclosures as prescribed by law. The Comprehensive disclosures regarding this compliance ate set out in “Directors’ responsibilities for Financial Reporting” on pages 312.	Complied
(b)	Report by the Board on Internal Control Mechanisms	The Comprehensive view of the Board Internal Control Mechanism set out in “Directors’ Statement of Bank’s Internal Control over Financial Reporting” pages 306-307.	Complied
(c)	External Auditors Certification on the Effectiveness of the Internal Control Mechanism	The Bank has obtained an independent assurance regarding the effectiveness of internal controls over Financial Reporting. This report is set out in pages 308-309.	Complied
(d)	Details of Directors, including names, transactions with the Bank and the total of fees/remuneration paid by the Bank	The Profiles of the Board of Directors are set out on pages 38-43. Details of the Related Party Transactions are set out in Note 43 on Financial Statements on pages 410-415. Details of remuneration paid to Directors are set out in Note 13 on Financial Statements page 350.	Complied
(e)	The net accommodation granted to each category of Related Party as a percentage of the Bank’s Regulatory Capital.	Direct and Indirect Accommodation granted to Related Parties as at 31 December 2025 as follow:	Complied

	LKR ’000	Percentage of Bank’s Regulatory Capital
Directors	110.47	0.0
Closed Family Members of the Directors	–	–
Key Management Personnel (KMP)	83,235.47	0.1
Closed Family Members of the KMP	17,205.66	0.0
Subsidiaries	470,705.30	0.3
Sub Subsidiaries	511,762.04	0.3
Government and Government Related Entities	365,020,109.76	236.0
Concern in which any of the Bank’s Director or close family member of any of the Bank’s Director has substantial interest	–	–

<table>
<tr><th>Section</th><th>Principle</th><th>Compliance and implementation</th><th>Complied</th></tr>
<tr><td>(f)</td><td>Aggregate values of remuneration and transactions with Key Management Personnels</td><td>The Aggregate value of remuneration and transactions with Key Management Personnel (KMP) as at 31 December 2025 as follow:
<table><tr><th>Year</th><th>LKR '000</th></tr><tr><td>Short term employee benefits</td><td>835,441.23</td></tr><tr><td>Post employment pension Termination benefits Share based payments Other long term benefits</td><td>81,308.68</td></tr><tr><td>Loans and Advances including credit cards</td><td>83,235.47</td></tr><tr><td>Deposits</td><td>550,014.38</td></tr><tr><td>Investments</td><td>–</td></tr></table></td><td>Complied</td></tr>
<tr><td>(g)</td><td>Disclosures of Board Committee information</td><td>The Comprehensive disclosures on Board Audit Committee is set out in "Board Audit Committee Report" on pages 298.</td><td>Complied</td></tr>
<tr><td>(h)</td><td>The disclosure of information in the Annual Corporate Governance Report in compliance with respective regulations.</td><td>The Bank has disclosed following information in the Annual Corporate Governance Report in compliance with these regulations.
i. The Bank has obtained a certification from Auditor General to confirm with the compliance with regulation.
ii. The Composition on Board by category of Directors are disclosed in pages 266.</td><td>Complied</td></tr>
<tr><td>(i)</td><td>Report confirming compliance with prudential requirements, regulations, laws, and internal controls</td><td>The following reports provides details on compliance with prudential requirements, regulations, laws and internal controls:
i. "Directors' responsibilities for Financial Reporting" on pages 312.
ii. "Directors' Statement of Bank's Internal Control over Financial Reporting" pages 306.</td><td>Complied</td></tr>
<tr><td>(j)</td><td>Non-compliance Report</td><td>Supervisory concerns on lapses in the Bank's risk management, or non-compliance with these Directions have not been pointed out by the Director, Bank Supervision Department of CBSL.</td><td>Complied</td></tr>
<tr><td>(k)</td><td>Non statutory special payments</td><td>During the year 2025, LKR 44.1 Mn. paid as financial benefits to directors, CEOs and key management personnel at the termination of employment or at the retirement.</td><td>Complied</td></tr>
<tr><td>9.3</td><td>Disclosures to be made on Resignation, Removal or Vacation of Office of Directors due to non-compliances and/or as decided by the Board</td><td>Such incident has not taken place during the financial year 2025.</td><td>Complied</td></tr>
</table>

BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee (BAC) of the Bank was constituted in accordance with the provisions of Banking Act Direction No. 05 of 2024. Corporate Governance for Licensed Banks. Proceedings of BAC were based on the charter adopted by the Board of Directors for the functioning of the Committee.

The committee comprises with the following three Independent, Non-Executive Directors as at the end of the year.

Name of the Director	Position
Mr S M S Sanjaya Bandara	Chairman
Ms G A M Edwards	Member
Mr N S B Walgampaya	Member

The quorum for the committee shall consist of at least half of the Committee members.

The Secretary to the Board of Directors, functions as the Secretary to the Board Audit Committee. Other Board members, CEO/General Manager, Chief Internal Auditor (CIA), the Head of Finance (HOF), the Chief Risk Officer (CRO), the Chief Compliance Officer (CCO), any other Key Management Personnel and a representative of the external auditors may attend meetings upon the invitation of the Committee for the relevant agenda item. However, at least twice a year, the committee shall meet with the external auditors without the executive directors being present.

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.
- Review the internal controls implemented and evaluate the adequacy and effectiveness of them and made recommendations to strengthen the internal control system where applicable.

The Committee during the year under review attended to the following:

(a) Reviewed quarterly financial performance of the Bank for the year 2025 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) Approved the Internal Audit Plan and reviewed the periodic performance of the Internal Audit Department to ensure the timely achievement of the same.

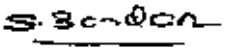
(c) Reviewed the detailed Management Audit Report of the Auditor General on the affairs of the People's Bank including the Financial Statements and Management Letter for the year ended 31 December 2024.

(d) Reviewed the Revised Branch Audit Manual, Revised Whistle Blowing Policy, Cadre Assessment of the Internal Audit Department, etc and recommended for the approval of the Board of Directors.

(e) Reviewed the special audit reports including Root Cause Analysis of significant deficiencies which were identified during the branch audits conducted in the year 2024 and significant deficiencies which were commonly identified during the branch audits.

Four (04) meetings were held during the financial year ended 31 December 2025. The BAC considered the internal audit reports and evaluated the adequacy and effectiveness of internal controls over the processors, 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 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.



Sanjaya Bandara
Chairman
Board Audit Committee
31 December 2025

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

GRI 2-19, 20

Composition

The Board Human Resources and Remuneration Committee (BHRRC) 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 M J Thilakarathne (NID)

Other members (Directors)

Mr R B R Emerson (NID) as at 22 October 2025
Dr A A Kadiragamar (NID) as at 7 July 2025
Mr D P Lokuarachchi (IND) w.e.f. 22 October 2025
Mr M H S Ghouse (IND) w.e.f. 22 October 2025
Mr Clive Fonseka – CEO/General Manager

Regular attendees by invitation

The DGM (Human Resources) attends meetings by invitation, and any other officer of the Bank may be present at when invited.

Secretary to the Committee

The Board Secretary functions as the Secretary to BHRRC.

Meetings

Four (04) meetings were held during the financial year ended 31 December 2025.

Quorum

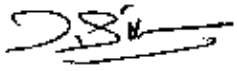
The quorum for a BHRRC meeting is two Directors of the Board and the CEO/General Manager.

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 as setting goals and targets for the CEO/General Manager and Key Management Personnel (KMP).
- The Committee periodically evaluates the performance of the CEO/General Manager and KMPs against the set goals and targets, and the basis for revising remuneration and benefits, etc.

Future focus

The Board Human Resources and Remuneration Committee will ensure that all the human resource and remuneration arrangements support the strategic aims of the Bank.



M J Thilakarathne
Chairman – Board Human Resources and Remuneration Committee

31 December 2025

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

Composition

The Board Integrated Risk Management Committee (BIRMC) comprises at least three Non-Executive Directors with a majority of Non-Independent Directors (including the Chairman).

Chairman

Mr C S Guniyangoda (IND) w.e.f. 28 August 2025

Other members (Directors)

Mr M J Thilakarathne (NID) as at 28 August 2025
Mr K A Vimalenthirarajah (NID) w.e.f. 28 August 2025
Mr D P Lokuarachchi (IND) w.e.f. 22 October 2025

On need basis

Mr Clive Fonseka – CEO/General Manager
Mr Anura Perera – DGM (Risk Management)
Ms Samanthi Senanayake – DGM (Compliance)

Secretary to the Committee

The Board Secretary functions as the Secretary to the BIRMC.

Meetings

Two (02) meetings were held during the financial year ended 31 December 2025.

Quorum

The quorum for a BIRMC meeting is at least three Non-Executive Directors.

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, reputational, and strategic risks, using appropriate risk indicators and management information.
- Among other responsibilities related to risk management, the Committee overseas the implementation and review of risk management, internal compliance, and control systems throughout the Bank.
- The Committee reviews the adequacy and effectiveness of all management-level committees, such as the Credit Risk Management Committee, Operational Risk Management Committee, Information Security Committee, and Asset-Liability Committee to address specific risks and manage those risks within quantitative and qualitative risk limits as specified by the Committee.

Future focus

The Board Integrated Risk Management Committee will focus on ensuring the adequacy and effectiveness of the risk management framework of the Bank.



C S Guniyangoda
Chairman – Board Integrated Risk Management Committee
31 December 2025

BOARD EXECUTIVE CREDIT COMMITTEE REPORT

Composition

Board Executive Credit Committee (BECC) comprises at least two Non-Executive Directors of the Board and the CEO/General Manager.

Chairman

Mr Bradley Emerson (NID) as at 22 October 2025
Ms G A M Edwards (IND) w.e.f. 14 November 2025

Other members (Directors)

Mr M J Thilakarathne (NID)
Dr A A Kadirgamar (NID) as at 8 July 2025
Mr M H S Ghouse (IND) w.e.f. 14 November 2025
Mr Clive Fonseka – CEO/General Manager

Permanent invitee

Mr Anura Perera – DGM (Risk Management)

Regular attendees by invitation

Any other credit line officer of the Bank attends the BECC meetings on invitation.

Secretary to the Committee

The Board Secretary functions as the Secretary to the BECC.

Meetings

Twenty Three (23) meetings were held during the financial year ended 31 December 2025.

Quorum

The quorum for a BECC meeting is at least two Board Members and the CEO/General Manager.

Role of the Committee

- Approving the Bank's Credit Management Structure and establishing credit approval authorities, including the level of delegation.
- Approving all credit in excess of the limits delegated to the CEO/General Manager, and imposing additional covenants, and conditions when deemed appropriate.
- Approving rescheduling, lump-sum settlement, and interest concession proposals in excess of the authority delegated to the CEO/General Manager.
- Reviewing credit-related systems, their implementation, monitoring, and managing portfolio-level risks to improve portfolio quality.
- Recommending prudential measures to control credit risk.

Future focus

The Board Executive Credit Committee will commit to ensuring effective credit risk management of the Bank.



G A M Edwards
Chairman – Board Executive Credit Committee
31 December 2025

BOARD NOMINATION AND GOVERNANCE COMMITTEE REPORT

GRI 2-10

Composition

The Board Nomination and Governance Committee (BNGC) was constituted on 22 October 2025 and comprises three Non-Executive Directors. The Chair of the Committee is an Independent Director who is not the Chair of the Board as at 31 December 2025.

Chairman

Mr D P Lokuarachchi (IND) w.e.f. 22 October 2025

Other members (Directors)

Mr K A Vimalenthirarajah (NID) w.e.f. 22 October 2025
Mr M J Thilakarathne (NID) w.e.f. 22 October 2025

Regular attendees by invitation

The CEO/General Manager attends the meetings on invitation.

Secretary to the Committee

The Board Secretary functions as the Secretary to the BNGC.

Meetings

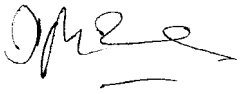
Two (2) meetings were held during the financial year ended 31 December 2025.

Role of the Committee

- Implement a formal and transparent procedure to identify, nominate, and recommend the CEO and Key Management Personnel (KMP).
- Ensure the directors, CEO, and KMP are fit and proper persons to hold office as specified in the criteria given in Directions 3 and 8.2, and as set out in the applicable laws and regulations.
- Set criteria such as qualifications, experience, and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the Key management positions; The CEO/General Manager will approve the appointment of positions below KMP.
  - Ensure the Bank has a robust succession plan for the CEO and the KMP with an effective and transparent process to identify qualified and competent persons (internal/external) to fulfill the positions of CEO and KMP for succession in the short, medium, and long term given the size, scale, diversity, and complexity of operations of the bank; The CEO/General Manager will approve the appointment of positions below KMP.
  - Groom the selected successors for the respective positions by identifying and addressing the skill/knowledge gaps for the respective areas.
  - Review the succession plan at least on an annual basis.
- Ensure the directors are updated on the applicable laws, regulations, macroeconomic policies, latest technological developments, and emerging financial sector and market developments relevant to the banking industry on a continuous basis.
- Identify the training needs of directors and make recommendations to the Board regarding training, capacity-building, and professional development programs on a regular basis.
- Ensure that the overall corporate governance framework and policies of the Bank are reviewed, updated, and effectively implemented considering all applicable laws, regulations, and industry/international best practices.

Future focus

The Board Nomination and Governance Committee will ensure that appointments of Directors, CEO/General Manager, and Corporate and Executive Management are in line with the direction of the Bank.



D P Lokuarachchi
Chairman – Board Nomination and Governance Committee
31 December 2025

BOARD INVESTMENT BANKING COMMITTEE REPORT

Composition

The Board Investment Banking Committee (BIBC) comprises at least two Directors of the Board, the CEO/General Manager, Head of Treasury, DGM (Risk Management) and any other officer invited to participate.

Chairman

Mr C S Guniyangoda (IND) w.e.f. 22 October 2025

Other members

Mr S M S Sanjaya Bandara (IND) w.e.f. 22 October 2025

Ms G A M Edwards (IND) w.e.f. 22 October 2025

Mr Clive Fonseka – CEO/General Manager

Mr Anura Perera – DGM (Risk Management)

Ms Shameela Loku Kaluge – DGM (Treasury, Investment and International)

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

One (1) meeting was held during the financial year ended 31 December 2025.

Quorum

The quorum for a BIBC meeting is three members including two Directors of the Board.

Role of the Committee

- Regular review of the Investment Banking model of the Bank.
- Review of the operations of the IBU.
- Ensure name clearance of potential clients.
- Obtain approval in the case of jointly managed issues.
- Approval for the management fee/brokerage sharing agreement.
- Review of the inclusion and introduction of new investment and banking products.

Future focus

The Board Investment Banking Committee will focus to ensure effective investments for the Bank.



C S Guniyangoda
Chairman – Board Investment Banking Committee
31 December 2025

BOARD STRATEGIC PLAN REVIEW COMMITTEE REPORT

Composition

The Board Strategic Plan Review Committee (BSPRC) comprises Chairman of the Board, two Non-Executive Independent Directors, and the CEO/General Manager.

Chairman

Prof. P N D Fernando (NID)

Other members (Directors)

Mr R B R Emerson (NID) as at 22 October 2025

Mr C S Guniyangoda (IND) w.e.f. 22 October 2025

Mr M H S Ghouse (IND) w.e.f. 14 November 2025

Mr Clive Fonseka – CEO/General Manager

Regular attendees by invitation

The 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 2025.

Quorum

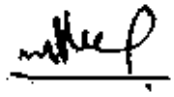
The quorum for a BSPRC meeting is three (3) Board members.

Role of the Committee

- Review the Strategic Plan, processes, progress, and assessment, and recommend corrective actions.
- Review the performance of the Bank, taking into consideration its strategy, objectives, plans, and budgets, and ensure corrective actions are implemented, if necessary.
- Policy decision-making: review the adequacy of the scope, competencies, and resources to ensure it has the necessary authority to carry out its work; and in connection therewith, decide on the scope of work, performance evaluation, and budget for the said functions.
- Based on observations made by the Strategic Planning Performance Management and Research Department, actively recommend corrective actions for respective department/s.
- Ensure workable strategies are developed and recommended based on macro-environmental changes.

Future focus

The Board Strategic Planning Review Committee will focus on assisting the Board in fulfilling its fiduciary responsibility in order to accomplish the Bank's vision.



Prof P N D Fernando
Chairman
31 December 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Composition

The Related Party Transactions Review Committee (RPTRC) comprises three Non-Executive Directors with a majority of Independent Directors. The Chair of the Committee shall be an Independent Director who is not the Chair of the Board. The Committee was constituted on 14 November 2025.

Chairman

Ms G A M Edwards (IND) w.e.f. 14 November 2025

Other members (Directors)

Mr C S Guniyangoda (IND) w.e.f. 14 November 2025

Mr M H S Ghouse (IND) w.e.f. 14 November 2025

On need basis

Mr Clive Fonseka – CEO/General Manager

Ms Samanthi Senanayake – DGM (Compliance)

Secretary to the Committee

The Board Secretary functions as the Secretary to the RPTRC.

Meetings

One (1) meeting was held during the financial year ended 31 December 2025.

Quorum

The quorum for a RPTRC meeting is two (2) members.

Role of the Committee

- Assist the Board of Directors in reviewing all Related Party Transactions in accordance with the regulations of the Central Bank of Sri Lanka and other applicable standards, laws, and regulations.
- The Committee ensures that the Bank does not engage in transactions with Related Parties in a manner that would grant such parties "more favourable treatment" than that accorded to other constituents of the Bank in the same business.

Future focus

The Related Party Transactions Review Committee has been established with the aim of ensuring that the Bank has acted in compliance with the guidelines relevant to related party transactions issued by Central Bank of Sri Lanka from time to time.



G A M Edwards

Chairman – Related Party Transactions Review Committee

31 December 2025

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Responsibility

In line with the Banking Act Direction No.05 0f 2024, Section 9.2 (b), the Board of Directors presents this Report on Internal Control over Financial Reporting of the People's Bank ("The Bank").

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,

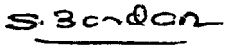
and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of the same. The minutes of the BAC meetings are tabled at the meetings of the Board of Directors of the Bank on a periodic basis. Details of the actions undertaken by the BAC of the Bank are set out in the Board Audit Committee Report (refer page 298).

- 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 2025 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



S M S Sanjaya Bandara
Director
24 February 2026



G A M Edwards
Director
24 February 2026

AUDITOR GENERAL'S ASSURANCE REPORT ON INTERNAL CONTROLS



ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



මගේ අංකය / எனது இல. / My No. BAN/D/PB/IC/2025

ඔබේ අංකය / உமது இல. / Your No.

දිනය / திகதி / Date 24 March 2026

The Chairman
People's Bank

Independent 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 2025.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the Section 9.2 (b) of the Banking Act Direction No 5 of 2024 on Corporate Governance for Licensed Banks.

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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.
No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34
+94 11 2 88 72 23
ag@auditorgeneral.gov.lk
www.naosl.gov.lk

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE
NAOSL

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 1, in the course of this engagement, performed an audit or review of the financial information.

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 risks 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 appropriate 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.

L S I Jayaratna
Auditor General



FINANCIAL REPORTS



312
Statement of Directors' Responsibilities for Financial Reporting

313
Auditor General's Report on Financial Statements

316
Income Statement

317
Statement of Comprehensive Income

318
Statement of Financial Position

320
Statement of Changes in Equity – Bank

322
Statement of Changes in Equity – Group

324
Statement of Cash Flows

325
Notes to the Financial Statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The responsibilities of the Directors in relation to the Financial Statements of the People's Bank and the Consolidated Financial Statements of the Bank and its Subsidiaries ("the Group") are set out in the following statement.

Financial Statements

The Bank's Financial Statements are prepared under the supervision of Deputy General Manager/Acting Head of Finance, who is a senior member of the Corporate Management. The Board of Directors confirm that the Financial Statements of the Bank and the Group give a true and fair view of:

- The state of affairs of the Bank and the Group as at 31 December 2025, and
- The financial performance of the Bank and the Group for the financial year ended 31 December 2025.

The Board of Directors oversees the management responsibilities for financial reporting through following to support to the preparation of the Financial Statements:

- Selection of appropriate accounting policies and consistent application of the same with clear disclosure and explanations of any material departures.
- Presentation of Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and the underlying books of accounts.
- Reasonable and prudent judgement and estimates have been made so that the form and substance of transactions are properly reflected.
- The Financial Statements provide the information required by the Banking Act No. 30 of 1988 and amendments thereto.

Going Concern

The Board of Directors has adopted and ensured that the Bank and the Group have adequate resources to continue in operation, to justify applying the going concern basis in preparing these Financial Statements. In the Financial Year 2025, the Directors also considered ongoing local and global economic issues, Cyclone Ditwah and its impact on the Bank's and Group's business operations.

Internal Control, Risk Management, and Compliance

The Board of Directors has instituted effective and comprehensive system of Internal Control. This comprises 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. The BIRMC Report is given on page 300. The Board of Directors ensures the compliance with prudential requirements, regulations, laws, and internal controls, and measures have been taken to rectify any material non-compliances.

Audit Report

The Auditor General is the Auditor of the Bank in pursuant to a 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 306 and 307, respectively. He also certifies the level of compliance with the Banking Act Direction No.05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka.

Compliance

The Board of Directors confirms that, based on its assessment, the accounting controls are adequate in compliance with the appropriate accounting policies, and nothing has come to its attention to indicate any breakdown in result in material loss to the Bank. The Board of Directors has also confirmed that the Bank has adequate resources to continue operational existence and continue as a going concern for the foreseeable future.

The Board of Directors is of the view that it has discharged their responsibilities as set out in the above statement.

By order of the Board



Shyama Wijekoon
Secretary to the Board
25 February 2026

AUDITOR GENERAL'S REPORT ON FINANCIAL STATEMENTS

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය
எனது இல.
My No. BAN/D/PB/FA/2025

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date 26 February 2026

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 2025 in terms of Section 12 of 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 Statements of the Bank its Subsidiaries (the "Group") for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including materials accounting policy information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitutions of the 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 2025 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 Statement section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Bank's 2025 Annual Report.

The other information comprises the information include in the Bank's 2025 Annual Report other than the financial statements and 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 management is responsible for the other information.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.
No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34
+94 11 2 88 72 23
ag@auditorgeneral.gov.lk
www.naosl.gov.lk

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 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 2025 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 Bank's and 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 judgment 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 an 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of the audit work performed for the purposes 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 requirement

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 Ac 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 t requirements of Circular No.05 of 2024 issued by Central Bank of Sri Lanka.

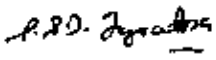
2.3 Based on the procedures performed and evidence obtained were limited to matters that a material, nothing has come to my attention;

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 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 a special directions issued by the governing body of the Bank as per the requirement 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 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.



L S I Jayaratna
Auditor General

INCOME STATEMENT

For the year ended 31 December	Notes	Bank 2025 LKR '000	Bank 2024 LKR '000	Bank Change %	Group 2025 LKR '000	Group 2024 LKR '000	Group Change %
Gross income	6	382,009,162	367,977,989	3.8	424,026,916	399,968,041	6.0
Interest income		356,669,240	349,292,146	2.1	395,088,492	376,974,975	4.8
Interest expenses		(214,291,533)	(242,050,205)	-11.5	(230,424,375)	(254,089,257)	-9.3
Net interest income	7	142,377,707	107,241,941	32.8	164,664,117	122,885,718	34.0
Fee and commission income		18,312,109	14,923,343	22.7	20,357,761	16,074,007	26.7
Fee and commission expense		(1,904,639)	(757,783)	151.3	(1,904,639)	(757,783)	151.3
Net fee and commission income	8	16,407,470	14,165,560	15.8	18,453,122	15,316,224	20.5
Net gain/(loss) from trading	9	3,253,015	853,690	281.1	3,349,319	1,076,990	211.0
Other operating income (Net)	10	3,774,798	2,908,810	29.8	5,231,344	5,842,069	-10.5
Total operating income		165,812,990	125,170,001	32.5	191,697,902	145,121,001	32.1
Impairment charge	11	(15,993,696)	(5,450,173)	193.5	(16,112,228)	(4,426,337)	264.0
Net operating income		149,819,294	119,719,828	25.1	175,585,674	140,694,664	24.8
Personnel expenses	12	(38,230,657)	(35,834,826)	6.7	(46,801,415)	(41,787,374)	12.0
Other expenses	13	(28,170,784)	(27,102,997)	3.9	(35,786,570)	(33,940,949)	5.4
Operating profit before taxes on financial services		83,417,853	56,782,005	46.9	92,997,689	64,966,341	43.1
Taxes on financial services		(19,009,128)	(15,198,298)	25.1	(21,888,517)	(17,356,567)	26.1
Profit before tax		64,408,725	41,583,707	54.9	71,109,172	47,609,774	49.4
Income tax expenses	14	(24,179,211)	(16,495,347)	46.6	(27,625,463)	(18,833,907)	46.7
Profit for the year		40,229,514	25,088,360	60.4	43,483,709	28,775,867	51.1
Profit attributable to:							
Equity holders of the Bank		40,229,514	25,088,360	60.4	41,974,128	27,558,538	52.3
Non-controlling interests		–	–		1,509,581	1,217,329	24.0
		40,229,514	25,088,360	60.4	43,483,709	28,775,867	51.1
Earnings per share on profit	15						
Basic earnings per ordinary share (LKR)	15.1	40,230	25,088	60.4	41,974	27,559	52.3
Diluted earnings per ordinary share (LKR)	15.2	165	103	60.4	172	113	52.3

The Notes appearing on pages 325 to 441 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Profit for the year	40,229,514	25,088,360	43,483,709	28,775,867
Other comprehensive income/(expense)				
Other comprehensive income that will not be reclassified to the income statement				
Net gains/(losses) on equity instruments at fair value through OCI	1,118,525	268,521	1,377,286	378,138
Net actuarial gains/(losses) on defined benefit plans	2,166,222	(7,693,746)	2,141,861	(7,841,796)
Deferred tax effect on gains/(losses) on defined benefit plans	(649,867)	2,308,124	(645,774)	2,351,888
Gains/losses/adjustments on revaluation of land and buildings	(3,235,999)	2,897,780	(2,788,213)	3,284,652
Deferred tax effect on revaluation of land and buildings	970,800	(869,334)	804,685	(984,264)
	369,681	(3,088,655)	889,845	(2,811,382)
Other comprehensive income that will be reclassified to the income statement				
Net gains/(losses) (including change in ECL) on debt instruments at fair value through OCI	(9,129)	(60,740)	(9,129)	(134)
Deferred tax effect on above	–	–	(77,628)	(50,079)
Net gains/(losses) on translating the financial statements of foreign operation	–	–	(140,750)	(512,493)
	(9,129)	(60,740)	(227,507)	(562,706)
Other comprehensive income for the year, net of taxes	360,552	(3,149,395)	662,338	(3,374,088)
Total comprehensive income for the year	40,590,066	21,938,965	44,146,047	25,401,779
Attributable to:				
Equity holders of the Bank	40,590,066	21,938,965	42,613,305	24,433,391
Non-controlling interests	–	–	1,532,742	968,388
	40,590,066	21,938,965	44,146,047	25,401,779

The Notes appearing on pages 325 to 441 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December	Notes	Bank 2025 LKR '000	Bank 2024 LKR '000	Bank Change %	Group 2025 LKR '000	Group 2024 LKR '000	Group Change %
Assets							
Cash and cash equivalents	17	109,138,690	71,694,016	52.2	110,598,346	72,398,306	52.8
Balances with Central Bank of Sri Lanka	18	38,417,296	33,798,107	13.7	38,417,296	33,798,107	13.7
Placements with banks	19	85,166,913	59,831,807	42.3	89,852,936	62,005,136	44.9
Derivative financial instruments	20	4,524,930	5,842,194	-22.5	4,524,930	5,842,194	-22.5
Financial assets – At fair value through profit or loss	21	307,296,907	329,810,350	-6.8	308,444,628	330,597,382	-6.7
Financial assets – At amortised cost							
Loans and advances to banks	22	83,506,019	31,994,539	161.0	89,185,034	37,047,879	140.7
Loans and advances to other customers	23	1,730,671,216	1,521,965,020	13.7	2,000,085,410	1,665,027,784	20.1
Debt instruments measured at amortised cost	24	1,230,298,162	1,123,490,537	9.5	1,242,598,653	1,138,634,981	9.1
Financial assets – At fair value through other comprehensive income (OCI)							
Equity instruments at fair value through OCI	25	3,431,075	2,313,187	48.3	3,704,427	2,668,358	38.8
Debt instruments at fair value through OCI	26	7,081,782	7,110,671	-0.4	8,051,542	8,576,912	-6.1
Investments in subsidiaries	27	6,153,102	5,191,712	18.5	–	–	–
Property, plant and equipment and right-of-use assets	28	60,687,299	61,079,218	-0.6	74,045,961	73,034,985	1.4
Intangible assets and goodwill	29	1,842,560	2,586,671	-28.8	2,090,486	2,760,806	-24.3
Other assets	30	40,188,540	41,091,078	-2.2	38,634,783	39,313,104	-1.7
Total assets		3,708,404,491	3,297,799,107	12.5	4,010,234,432	3,471,705,934	15.5
Liabilities							
Due to banks	31	25,969,385	36,840,228	-29.5	96,287,432	46,871,380	105.4
Derivative financial instruments	20	93,407	168,266	-44.5	93,407	168,266	-44.5
Due to other customers	32	3,229,886,179	2,854,704,194	13.1	3,380,319,917	2,947,904,673	14.7
Other borrowings	33	100,014,574	75,545,595	32.4	99,787,574	75,482,595	32.2
Current tax liabilities		9,845,693	12,201,098	-19.3	11,372,189	12,977,145	-12.4
Net deferred tax liabilities	34	6,787,488	5,627,973	20.6	9,581,574	7,591,958	26.2
Other liabilities	35	76,217,192	76,557,500	-0.4	97,169,725	91,692,859	6.0
Subordinated term debts	36	40,552,963	54,156,709	-25.1	45,508,349	59,065,269	-23.0
Total liabilities		3,489,366,881	3,115,801,563	12.0	3,740,120,167	3,241,754,145	15.4

As at 31 December	Notes	Bank 2025 LKR '000	Bank 2024 LKR '000	Bank Change %	Group 2025 LKR '000	Group 2024 LKR '000	Group Change %
Equity							
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	12,201,998	11,828,689	3.2	12,201,998	11,828,689	3.2
Other reserves	39	70,674,271	68,981,258	2.5	74,394,779	72,407,209	2.7
Retained earnings	40	123,959,343	88,985,599	39.3	155,157,874	118,455,452	31.0
Total shareholders' equity		219,037,610	181,997,544	20.4	253,956,649	214,893,348	18.2
Non-controlling interests		–	–		16,157,616	15,058,441	7.3
Total equity		219,037,610	181,997,544	20.4	270,114,265	229,951,789	17.5
Total equity and liabilities		3,708,404,491	3,297,799,107	12.5	4,010,234,432	3,471,705,934	15.5
Contingent liabilities and commitments	41	248,762,020	233,829,736	6.4	277,222,334	250,318,916	10.7
Memorandum information							
Number of employees		8,122	7,633		12,489	10,994	
Number of branches		746	751		917	862	

The Notes to the Financial Statements forms an integral part to these Financial Statements.

Certification

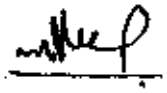
These Financial Statements give a true and fair view of the state of affairs of the Bank and its subsidiaries as at 31 December 2025 and the profit for the year then ended.



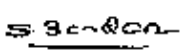
Nilmini Premalal
DGM/Acting Head of Finance

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



Sanjaya Bandara
Director



Clive Fonseka
Chief Executive Officer/General Manager

25 February 2026
Colombo

STATEMENT OF CHANGES IN EQUITY – BANK

Bank	Stated capital/Assigned capital	
	Ordinary shares	Assigned capital
	LKR '000	LKR '000
Balance as at 1 January 2024	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	–	–
Total transactions with equity holders	–	–
Balance as at 31 December 2024	49,998	12,152,000
Balance as at 1 January 2025	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 reserves during the year	–	–
Transfer on disposal of FVOCI shares	–	–
Special levy to treasury/ dividend	–	–
Total transactions with equity holders	–	–
Balance as at 31 December 2025	49,998	12,152,000

	Reserves						
	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	Total LKR '000
	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
	11,828,689	29,395,684	14,141,373	783,754	24,660,447	88,985,599	181,997,544
	–	–	–	–	–	40,229,514	40,229,514
	–	(2,265,199)	–	1,109,396	–	1,516,355	360,552
	–	(2,265,199)	–	1,109,396	–	41,745,869	40,590,066
	373,309	–	–	–	2,849,082	(3,222,390)	–
	–	–	–	(265)	–	265	–
	–	–	–	–	–	(3,550,000)	(3,550,000)
	373,309	–	–	(265)	2,849,082	(6,772,125)	(3,550,000)
	12,201,998	27,130,485	14,141,373	1,892,885	27,509,529	123,959,343	219,037,610

STATEMENT OF CHANGES IN EQUITY – GROUP

Group	Stated capital/Assigned capital	
	Ordinary shares	Assigned capital
	LKR '000	LKR '000
Balance as at 1 January 2024	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	–	–
Dividends paid	–	–
Total transactions with equity holders	–	–
Balance as at 31 December 2024	49,998	12,152,000
Balance as at 1 January 2025	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 reserves during the year	–	–
Transfer on disposal of FVOCI shares	–	–
Special levy to Treasury/Dividend	–	–
Dividends paid	–	–
Total transactions with equity holders	–	–
Balance as at 31 December 2025	49,998	12,152,000

Reserves								
Statutory reserve fund	Revaluation reserve	Other reserves	Financial assets at FVOCI reserve	Special reserve – Debt restructuring	Retained earnings	Total	Non-controlling interest	Total equity
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
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
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
–	–	–	–	–	41,974,128	41,974,128	1,509,581	43,483,709
–	(2,053,946)	(52,546)	1,245,246	–	1,500,419	639,173	23,162	662,335
–	(2,053,946)	(52,546)	1,245,246	–	43,474,547	42,613,301	1,532,743	44,146,044
373,309	–	–	–	2,849,082	(3,222,390)	–	–	–
–	–	–	(265)	–	265	–	–	–
–	–	–	–	–	(3,550,000)	(3,550,000)	–	(3,550,000)
–	–	–	–	–	–	–	(433,568)	(433,568)
373,309	–	–	(265)	2,849,082	(6,772,125)	(3,550,000)	(433,568)	(3,983,568)
12,201,998	30,288,998	14,590,932	2,005,322	27,509,529	155,157,874	253,956,649	16,157,616	270,114,265

STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Cash flows from operating activities					
Profit before tax		64,408,725	41,583,707	71,109,172	47,609,774
Adjustment for					
Non-cash items included in profits before tax	46	23,373,938	17,342,187	25,487,991	17,079,218
Changes in operating assets	47	(283,104,755)	(224,884,629)	(412,460,931)	(247,218,482)
Changes in operating liabilities	48	386,122,508	211,065,897	509,477,976	216,396,257
Dividend income from subsidiaries and others		(1,380,504)	(1,360,579)	(254,252)	(235,652)
Interest expense on subordinated debt		5,697,460	6,115,011	6,129,230	6,827,434
Contributions to defined benefit plans/gratuity		2,456,402	1,243,790	2,638,565	1,437,776
Tax paid		(25,054,168)	(3,442,268)	(27,159,520)	(5,411,727)
Net cash generated from operating activities		172,519,606	47,663,116	174,968,231	36,484,598
Cash flows from investing activities					
Purchase of property, plant and equipment		(4,513,926)	(5,687,192)	(6,219,391)	(6,741,229)
Proceeds from the sale of property, plant and equipment		125,420	109,926	137,730	162,475
Purchase of financial investments		(107,845,103)	(30,788,643)	(105,001,150)	(10,976,040)
Net purchase of intangible assets		(224,446)	(1,559,769)	(330,142)	(1,591,263)
Dividends received from investment in subsidiaries and others		1,380,504	1,360,579	254,252	235,652
Net cash (used in) from investing activities		(111,077,551)	(36,565,099)	(111,158,701)	(18,910,405)
Cash flows from financing activities					
Proceed received from subordinated debt		–	13,515,000	–	13,515,000
Repayment of subordinated debt		(12,900,000)	(6,563,000)	(12,900,000)	(6,563,000)
Interest paid on subordinated debt		(6,401,206)	(5,907,592)	(6,786,150)	(12,520,648)
Repayment of lease liabilities		(1,837,577)	(1,560,655)	(2,366,990)	(1,506,142)
Interest paid on Lease Liabilities		(858,598)	(777,336)	(1,122,782)	(973,828)
Dividend paid to non-controlling interest		–	–	(433,568)	(434,375)
Dividend/Levy paid to holders of other equity instruments		(2,000,000)	–	(2,000,000)	–
Net cash from financial activities		(23,997,381)	(1,293,583)	(25,609,490)	(8,482,993)
Net increase/(decrease) in cash and cash equivalents		37,444,674	9,804,434	38,200,040	9,091,200
Cash and cash equivalents at the beginning of the year		71,694,016	61,889,582	72,398,306	63,307,106
Cash and cash equivalents at the end of the year		109,138,690	71,694,016	110,598,346	72,398,306

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. It is a licensed commercial bank established under the Banking Act No. 30 of 1988 and amendments thereto. The registered office of the bank is situated at "People's Tower", No. 374, Dr. Colvin R. De Silva Mawatha, Colombo 02.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements are prepared as at and for the year ended 31 December 2025 and comprise the Bank ("Parent") and its Subsidiaries (together referred to as the "Group").

Peoples Bank is the ultimate parent of the Group.

1.3 Principal activities

GRI 2-6

Bank

The principal business activities comprise, inter alia, accepting deposits, granting credit facilities, personal banking, corporate banking, development banking, pawn brokering, trade financing, primary dealing, Investment Banking and treasury operations, credit card facilities, correspondent banking and money remittances and off shore banking.

Subsidiaries

The principal activities of the Subsidiaries of the Bank are as follows;

Name of the Company	Principal Business Activities
People's Leasing and Finance PLC	The principal business activities are providing finance leases, hire-purchase assets financing, term loans, Islamic financing, 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 Sub Subsidiaries of the Bank are as follows;

Name of the Company	Principal Business Activities
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	Constructing and operating office complexes.
Lankan Alliance Finance Limited	Providing leasing facilities for movable and immovable properties and granting 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 (SLFRSs and LKASs), laid down 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 Banking Act No. 30 of 1988 and regulatory guidelines issued by the Central Bank of Sri Lanka (CBSL).

The formats used for preparation and presentation of Financial Statements and the disclosures made therein also comply with the formats 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 Directors' responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of 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 thereto and Sri Lanka Accounting Standards (SLFRSs and LKASs). These SLFRSs and LKASs are available on the website of CA Sri Lanka 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 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 Financial Statements of the Group and Bank for the year ended 31 December 2025 including comparatives for 2024, were approved and authorised for issue on 25 February 2026 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	Note
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 Lankan Rupees (LKR), which is the functional currency of the primary economic environment in which the Bank operates. The financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

3.2 Accrual basis of accounting

These Financial Statements, except for information on cash flows, have been prepared following the accrual basis of accounting.

3.3 Materiality and aggregation

As per Sri Lanka Accounting Standards – LKAS 01 – Presentation of Financial Statements, each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

The Notes to the Financial Statements are presented systematically to enhance the understandability and comparability of the Group's and the Bank's Financial Statements, without obscuring material information with immaterial details or aggregating material items of a different nature or function.

3.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect Method"(i.e. profit is adjusted to derive the cash flows from operating activities) 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.

3.5 Comparative information

Comparative information for the preceding period is disclosed to enhance users' understanding of the current period's Financial Statements and to facilitate inter-period comparability. 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 judgements, estimates, and assumptions

The preparation of the Financial Statements requires Management to exercise judgement, estimates and assumptions in the process of applying the Group's accounting policies that could affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements, estimates and assumptions are based on historical experience and other factors considered reasonable under the circumstances and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and, if applicable, in future periods where the revision affects those periods.

In applying the Group's accounting policies, Management has made judgements, estimates and assumptions that have effects on the amounts recognised in the Financial Statements. Information about judgements, assumptions and estimates 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 Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has adequate resources to continue its operations for the foreseeable future. The Management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Financial Statements have been prepared on a going concern basis.

4.2 Defined Benefit Obligations

The cost of defined benefit pension plans is determined by using actuarial valuations. Actuarial valuations involve making various assumptions, including the determination of discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, the Group considers the interest rates of Sri Lanka Government Bonds with maturities corresponding to the expected duration of the defined benefit obligation. Mortality rates are based on publicly available mortality tables. Future salary increases and pension increases are determined based on expected inflation rates and the Group's historical and expected salary increase patterns. All assumptions are reviewed at the end of each year. 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 in accordance with SLFRS 13 – "Fair Value Measurement". When current market prices of similar assets are available, such evidence is 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. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. The details of the depreciation methods and rates used for each assets category are given in Note 28.

4.5 Tax

The Group is subject to income tax, value added tax (VAT) and other applicable taxes. Significant judgement is required in determining the total provision for current tax, deferred tax and other taxes, due to uncertainties arising from the interpretation of applicable tax laws and regulations 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 judgement to determine whether a property qualifies as an, investment property. The Group has exercised its judgement 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 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 judgement, estimates, and assumptions are specified below.

(i) Fair value measurement

A significant portion of financial instruments are carried at fair value as at 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 Group 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 Group 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

Judgement 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 judgements 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 Group's Financial Statements comprise consolidation of the Financial Statements of the Bank and its Subsidiaries in terms of SLFRS 10 – "Consolidated Financial Statements". The Consolidated Financial Statements of the Bank comprise the Financial Statements of the Bank and its Subsidiaries for the year ended 31 December 2025. 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

The Group determines whether a transaction or other event is a business combination by applying the definition in SLFRS 3 – "Business Combinations", which requires that the assets acquired, and liabilities assumed constitute a business. 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 re measured 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 acquiree'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. Such differences are recognised in Statement of Profit or Loss.

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 Group 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 Group 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 timeframe 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

With effect from 1 January 2018, as per SLFRS 9 – "Financial Instruments", the classification of financial instruments at initial recognition depends on the business model for managing the instruments and their contractual cash flow assessment, as described in Notes 5.4.1 and 5.4.2 below. Financial instruments are initially recognised at fair value. Transaction costs are included in the initial measurement of financial instruments, other than those measured at fair value through profit or loss, for which such costs are expensed immediately.

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 and 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. However, cumulative gain/loss will be transferred from OCI to retained earnings within the equity. Dividends on such investments are recognised "other operating income" (Note 10) in Statement of 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.

(c) Debt instruments with contractual terms that do not represent solely payments of principal and interest

Financial debt instruments with contractual terms that do not represent solely payments of principal and interest will be classified as fair value through profit or loss.

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 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 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 (Note 20).

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 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 for customers who 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 in line with SLFRS 9 – "Financial Instruments".

Bank also considered all restructured loans, which are restructured up to two times under Stage 2 as per the guidance issued by the Central Bank other than credit facilities/exposures upgraded from a higher stage to a lower stage.

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.

In line with the rebuttable presumption stated in SLFRS 9 – "Financial Instruments", the Group considers a credit facility as Stage 3 when contractual payments are more than 90 days past due. Further, all restructured loans which are restructured more than twice and all rescheduled loans other than credit facilities upgraded from a higher stage to a lower stage together with all credit facilities classified as non-performing as per CBSL Directions are classified under Stage 3.

5.6.1 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.

5.6.2 Determining the stage for impairment

At each reporting date, the Group 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 Group'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.

The Group 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.

5.6.3 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. 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.

This is generally the case when the Group 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 has transferred to the nonperforming category before 2 years (i.e.,2 years prior to the date on which write-off is being considered and the Bank normally considers the 30 June of every year for write off) and no payments have been received during the said 2-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.

5.6.4 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 Group in accordance with the contract and the cash flows that the Group 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 Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

In the case of financial assets at amortised cost, ECL charges/reversals are recognised in profit and loss with a corresponding reduction/increase in the carrying amount of the asset in the Statement of Financial Position.

In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the same three-stage approach as applied to financial assets at amortised cost. However, the ECL movement is recognised in profit and loss, with the corresponding amount recognised in other comprehensive income, with no change 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 Group 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 Group 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 Group 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 Group 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 Groups' 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 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 – "Property, Plant and Equipment" to these financial statements while the corresponding lease liability is presented in Note 35 – "Other Liabilities".

5.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with banks, money at call and at short notice and standing deposit facility of CBSL. Details of the cash and cash equivalents are given in Note 17 to the Financial Statements. Cash and cash equivalents are carried at amortised cost. The losses arising from impairment are recognised in Note 11 in the Statement of Profit or Loss.

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 of 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 revaluation model for subsequent measurement of investment properties in accordance with Sri Lanka Accounting Standard LKAS 40 -"Investment Property". Accordingly, land classified as investment properties are stated at revalued amount less any accumulated impairment losses and buildings classified as investment properties are stated at revalued amount 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 Group 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 Group 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 Group 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 acquiree 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 net 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 2025, by Mr Piyal S Goonetilleke 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 Pre 1996 - Pension Trust Fund are maintained separately and are subject to annual audit by Independent External Auditors. The Financial Statements as well as the Auditors 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

A defined benefit pension plan executed since 2014, for the permanent staff members who have joined the Bank on or after 1 January 1996, which requires contributions to be made by the Bank 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 net 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 2025, by Mr Piyal S Goonetilleke 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 25 years	40% plus 0.5% for each additional year in excess of 10 years until 25 years, of pensionable salary
ii.	26 to 40 years	47.5% plus 1.5% for each additional year in excess of 26 years until 40 years, of pensionable salary
iii.	41 to 42 years and above	70% of plus 2.0% for each additional year in excess of 41 years until 42 years, of pensionable salary
iv.	42 years and above	74% of pensionable salary

The Financial Statements of the Post 1996 - Pension Trust Fund are maintained separately and are subject to annual audit by Independent External Auditors. The Financial Statements as well as the Auditors 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.

5.14.1.3 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 post 1996 Pension Trust 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 5 years.

If a participant who has completed 5 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 death 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 as per Sri Lanka Accounting Standards.

The Subsidiaries 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/employees contribute 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 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 to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

5.15 Widow'/Widowers' and Orphans Pension Plan (Pre 1996/Post 1996)

Two separate funds are maintained in respect of permanent staff members who have joined the bank before 1 January 1996 and on or after 1 January 1996 in order to meet future obligations in terms of their beneficiaries under each scheme, based on the advice of a qualified actuary. Further these funds are solely funded through the contributions of members/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 Subsidiaries for which the Bank is also liable severally or otherwise are also included with appropriate disclosures.

5.17.1 Basis of recognition and measurement

The Group enters into various off-balance-sheet commitments and contingencies in the normal course of business, including loan commitments, letters of credit, letters of guarantee, acceptances and performance bonds.

Commitments represent contractual obligations to extend credit or provide financial guarantees and are not recognised in the Statement of Financial Position as they do not meet the definition of a financial asset or liability at inception. Commitments are disclosed in the Notes to the Financial Statements.

Commitments and contingencies are disclosed when:

- A possible obligation arises from past events whose existence will be confirmed only by uncertain future events not wholly within the control of the Group; or
- A present obligation exists but it is not probable that an outflow of economic benefits will be required, or the amount cannot be measured reliably, in accordance with LKAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Fees and premiums received in respect of financial guarantees, letters of credit, letters of guarantee and undrawn loan commitments are accounted for in accordance with SLFRS 9 – Financial Instruments.

- Upfront and periodic guarantee fees/premiums are initially recognised as deferred income.
- Such income is amortised to profit or loss over the period of the related commitment or guarantee using the effective interest rate method, where applicable.
- Fees that are an integral part of the effective interest rate (EIR) of a financial instrument are included in the calculation of EIR and recognised over the expected life of the instrument.

The ECL allowance on off-balance-sheet exposures is done in accordance with SLFRS 9 and recognised as a provision and presented under "Other Liabilities" in the Statement of Financial Position.

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 reporting 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 arises due to the existence of temporary differences and deductible differences at the Statement of Financial Position date as a result of differences between tax bases of assets and liabilities for tax reporting purpose 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 60 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 Note 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 its operating segments namely Retail Banking, Corporate Banking, and Treasury and Primary dealer unit, Leasing, Insurance Finance and Travels. Information relating to segmental reporting is disclosed in Note 45.

5.21 Deposit Insurance Scheme

The Central Bank shall, in order to uphold the public confidence in the financial system and to promote, and contribute to, the stability of the financial system in Sri Lanka, establish a scheme called Sri Lanka Deposit Insurance Scheme under the Banking (Special Provisions) Act, No. 17 of 2023 issued on 15 September 2023 and Under the Banking(Special Provisions) Act Direction No.1 of 2023 issued on 15 November 2023.Under the Scheme all member Institutions are required to insure their deposit liabilities up to a maximum amount as may be determined by the Central Bank, from time to time. The Central Bank shall be responsible for the administration and management of the scheme and shall exercise, perform, and discharge all the powers, duties, and functions conferred or imposed on, or assigned to it under the Act for the implementation of the scheme.

The eligible deposits to be insured under the scheme shall include, demand, time and savings deposit liabilities, other than the deposit liabilities specified in the act and debt instruments including promissory notes, hybrid equity and such other debt instruments as may be determined by the Central Bank.

Following deposit liabilities shall not be considered as eligible deposits.

- Deposit liabilities to other member institutions.
- Deposit liabilities maintained individually or jointly with any other party, by Directors and key management personnel of a member institution, close relations of such directors and key management personnel, a subsidiary company or an associate company of a member institution, and any concern in which any of the directors and key management personnel of a member institution or close relations of such directors and key management personnel have any interest.
- Deposits falling within the meaning of abandoned property under the Banking Act and dormant deposits under the Finance Business Act, as the case may be, which have been transferred to the Central Bank, in terms of the directions issued by the Central Bank, from time to time.
- Deposits held by any Government institution, including a Ministry, Department, Provincial Council or local authority.
- Any other deposits liability of a member institution as may be determined by the Central Bank as not eligible under the Scheme.

Licensed Commercial Banks are required to pay a premium of 0.10 per cent 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 per cent 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 calendar days from the end of the quarter.

5.22 Subsequent events

Events occurring after the Reporting Date are those events, favorable and unfavorable, that occur between the reporting date and the date on which 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 judgement 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 judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement 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 as at the reporting date of the Consolidated 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.

- **Sri Lanka Accounting Standard – SLFRS 18 – Presentation and Disclosure in Financial Statements**

  SLFRS 18- "Presentation and Disclosure in Financial Statements", which replaces LKAS 1, is effective for annual periods beginning on or after 1 January 2027. The Standard introduces new requirements for the structure of the statement of profit or loss, including defined categories and mandatory subtotals, and enhanced disclosure requirements for management-defined performance measures. The Standard impacts presentation and disclosure only and does not affect recognition or measurement. The Group/Company is assessing the impact of adoption.

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	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest income	7.1	356,669,240	349,292,146	395,088,492	376,974,975
Fee and commission income	8.1	18,312,109	14,923,343	20,357,761	16,074,007
Net gain/(loss) from trading	9	3,253,015	853,690	3,349,319	1,076,990
Other operating income (net)	10	3,774,798	2,908,810	5,231,344	5,842,069
		382,009,162	367,977,989	424,026,916	399,968,041

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 except for the 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 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Cash and cash equivalents		996,358	673,321	1,397,706	564,508
Placements with banks		3,715,868	3,385,155	4,180,636	7,656,285
Loans and receivables – to banks		2,229,732	2,304,706	2,196,875	2,247,473
Financial assets – at fair value through profit or loss		20,002,701	22,170,089	20,002,701	22,170,089
Loans and receivables to other customers		194,624,349	210,078,561	231,213,345	233,656,306
Debt instruments measured at amortised cost	7.1.1	132,778,999	109,076,169	133,775,996	109,076,169
Debt instruments at fair value through OCI		671,808	664,419	671,808	664,419
Day one difference on staff loans		1,649,425	939,726	1,649,425	939,726
Total interest income		356,669,240	349,292,146	395,088,492	376,974,975

7.1.1 Following the restructuring of International Sovereign Bonds in December 2024, a day-one loss of LKR 3,547.0 Mn., was recognised through interest income on debt instruments measured at amortised cost (i.e., by debiting interest income). During 2025, this day-one loss was partially unwound by LKR 258.2 Mn., with the corresponding amount recognised through interest income on debt instruments measured at amortised cost (i.e., by crediting interest income).

7.2 Interest expenses

For the year ended 31 December	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Due to banks	1,879,771	4,716,390	4,228,808	4,794,877
Due to other customers	200,348,225	223,886,874	213,465,857	234,992,756
Other borrowings	5,507,479	6,554,594	5,477,698	6,500,362
Debt securities issued	5,697,460	6,115,011	6,129,230	6,827,434
Interest on lease liabilities	858,598	777,336	1,122,782	973,828
Total interest expenses	214,291,533	242,050,205	230,424,375	254,089,257
Net interest income	142,377,707	107,241,941	164,664,117	122,885,718

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Loans	1,750,763	1,065,527	1,750,763	1,065,527
Cards	5,886,283	4,416,238	5,886,283	4,416,238
Trade and remittances	2,374,747	1,737,289	2,374,747	1,737,289
Investment banking	24,733	7,980	24,733	7,980
Deposits	6,776,953	6,292,765	6,776,953	6,292,765
Guarantees	889,795	699,121	889,795	699,121
Others	608,835	704,423	2,654,487	1,855,087
	18,312,109	14,923,343	20,357,761	16,074,007

8.2 Fee and commission expenses

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cards	1,667,307	553,872	1,667,307	553,872
Trade and remittances	1,014	723	1,014	723
Investment banking	74,569	68,197	74,569	68,197
Guarantees	20,712	11,428	20,712	11,428
Others	141,037	123,563	141,037	123,563
	1,904,639	757,783	1,904,639	757,783
Net fee and commission income	16,407,470	14,165,560	18,453,122	15,316,224

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	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Net gain/(loss) from trading					
Gain from trading	9.1	4,966,639	5,749,051	5,062,943	5,972,351
Net fair value gain/(loss)	9.2	(1,713,624)	(4,895,361)	(1,713,624)	(4,895,361)
		3,253,015	853,690	3,349,319	1,076,990

9.1 Gain/(loss) from trading

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Foreign exchange	4,586,528	5,113,766	4,586,528	5,113,766
Government Securities (Treasury Bills and Treasury Bonds)	263,365	537,614	263,365	537,614
Equities	116,746	97,671	213,050	320,971
	4,966,639	5,749,051	5,062,943	5,972,351

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Derivative financial instruments				
Inter – banks	(1,242,406)	(5,549,474)	(1,242,406)	(5,549,474)
Government Securities				
Treasury Bills	(496,486)	520,620	(496,486)	520,620
Treasury Bonds	25,268	133,493	25,268	133,493
	(1,713,624)	(4,895,361)	(1,713,624)	(4,895,361)

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Profit from disposals of property, plant and equipment and right-of-use assets	125,420	109,927	137,735	162,481
Dividend from investment				
Quoted	67,255	55,309	69,586	65,131
Unquoted	182,202	169,983	184,666	170,521
Subsidiaries	2,262,095	1,135,287	–	–
Recovery of bad debts written-off	38,858	35,449	38,858	35,449
Net earned premium	–	–	3,544,009	3,772,419
Others	1,098,969	1,402,855	1,256,490	1,636,068
Total	3,774,798	2,908,810	5,231,344	5,842,069

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	Note	2025 Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	17.4	2,071	16,056	–	18,126
Placements with banks	19.2	14,380	9,917	–	24,297
Loans and advances to banks	22.2	(130)	–	–	(130)
Loans and advances to other customers	23.2.1	1,997,136	(461,832)	14,768,288	16,303,592
Debt instruments measured at amortised cost	24.3	–	186,476	–	186,476
Debt instruments at fair value through OCI	26.2	(6,761)	–	–	(6,761)
Other receivable		–	–	(414,072)	(414,072)
Contingent liabilities and commitments	41.3	2,330	(81,402)	(38,763)	(117,835)
Total impairment charge on financial assets		2,009,028	(330,785)	14,315,453	15,993,696
Total impairment charge					15,993,696

For the year ended 31 December	Note	2024 Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
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	11.3	–	–	1,402,628	1,402,628
Contingent liabilities and commitments	41.3	(4,863)	(187,363)	(77,513)	(269,738)
Total impairment charge on financial assets		5,731,768	(12,952,472)	12,670,877	5,450,173
Total impairment charge					5,450,173

11.2 Group

For the year ended 31 December	Note	2025 Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	17.4	2,071	16,056	–	18,126
Placements with banks	19.2	14,380	9,917	–	24,297
Loans and advances to banks	22.2	(130)	–	–	(130)
Loans and advances to other customers	23.2.1	2,499,166	75,926	13,928,874	16,503,966
Debt instruments measured at amortised cost	24.2	–	186,476	–	186,476
Debt instruments at fair value through OCI	26.2	(6,761)	–	–	(6,761)
Other receivable		–	–	(414,072)	(414,072)
Contingent liabilities and commitments	41.3	2,330	(81,402)	(38,763)	(117,835)
Total impairment charge on financial assets		2,511,056	206,973	13,476,039	16,194,067
Others					
Gain on disposal of collaterals including write-offs					(81,839)
Total impairment charge					16,112,228

For the year ended 31 December	Note	2024 Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
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)	10,349,553	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	11.3	–	–	1,391,092	1,391,092
Contingent liabilities and commitments	41.3	(4,863)	(187,363)	(77,513)	(269,738)
Total impairment charge on financial assets		5,709,966	(13,464,534)	11,959,141	4,204,572
Others					
Loss on disposal of collaterals including write-offs					221,765
Total impairment charge					4,426,337

11.3 This includes Expected Credit Loss (ECL) provisions made on interest receivable from general treasury with respect to "special interest scheme on fixed deposits for senior citizens and under other schemes" considering the delay in such receivables 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.

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	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Salaries, bonus and related expenses		31,108,248	30,406,220	39,496,843	36,164,782
Contribution to defined benefit plan – pension funds	12.1	2,220,557	1,081,848	2,220,557	1,081,848
Contribution to defined benefit plan – gratuity	12.2	235,845	161,942	418,008	355,928
Amortisation of pre-paid staff cost		1,649,425	939,726	1,649,425	939,726
Others		3,016,582	3,245,090	3,016,582	3,245,090
Total		38,230,657	35,834,826	46,801,415	41,787,374

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 37.1 and Note 37.2).

For the year ended 31 December	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Net expense recognised in the income statement					
Defined benefit plan – Pre-1996 pension trust fund	35.1.3	1,533,420	894,843	1,533,420	894,843
Defined benefit plan – Post-1996 pension fund	35.2.3	687,137	187,005	687,137	187,005
		2,220,557	1,081,848	2,220,557	1,081,848

12.2 Contribution to defined benefit plan-gratuity (Note 35.3)

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Net expense recognised in the income statement				
Current service cost	98,730	66,059	181,278	185,925
Interest cost	137,115	95,883	236,730	170,003
Net expense	235,845	161,942	418,008	355,928

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	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Directors' emoluments		10,245	7,065	94,852	7,065
Auditors' remunerations		15,460	11,582	32,933	11,582
Non-audit fees to auditors		–	–	15,140	–
Professional and legal expenses		323,189	250,537	468,567	250,537
Depreciation and amortisation	13.1	4,953,105	4,776,742	5,735,366	5,393,670
Office administration and establishment expenses		13,806,288	13,895,860	17,413,994	17,010,441
Benefits, claims and underwriting expenditure		–	–	2,587,358	3,041,460
Deposit insurance premium		2,902,287	2,734,339	3,093,772	2,734,339
Others		6,160,210	5,426,872	6,344,588	5,491,855
Total		28,170,784	27,102,997	35,786,570	33,940,949

13.1 Depreciation and amortisation

For the year ended 31 December	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Depreciation of property, plant and equipment	28	1,825,865	2,196,844	2,103,289	2,459,150
Amortisation of right-of-use asset	28	2,158,683	1,843,513	2,631,615	2,173,275
Amortisation of intangible assets	29	968,557	736,385	1,000,462	761,245
		4,953,105	4,776,742	5,735,366	5,393,670

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	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current year tax expense					
Income tax expense	14.1	21,158,783	13,402,649	23,972,997	14,835,204
Prior years'(over)/under provision		1,539,980	1,055,845	1,519,246	1,055,845
Deferred tax charge/(credit) net	14.2	1,480,448	2,036,853	2,133,220	2,942,858
Total tax expense		24,179,211	16,495,347	27,625,463	18,833,907
Effective tax rate		37.5%	39.7%	38.8%	39.6%

14.1 Reconciliation of tax expenses

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Profit before tax for the year	64,408,725	41,583,707	71,109,172	47,609,774
Income tax for the period (Accounting profit @Applicable tax rate)	19,322,617	12,475,114	21,332,751	14,282,934
Add				
Tax effect of expenses that are not deductible for tax purposes	14,301,672	9,531,177	15,117,345	10,087,182
(Less)				
Tax effect of expenses that are deductible for tax purposes	(12,465,506)	(8,603,642)	(12,477,099)	(9,534,912)
Income tax expense for the period	21,158,783	13,402,649	23,972,997	14,835,204

14.2 The deferred tax charge/(credit) in the profit/(loss) comprise the following:

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deferred tax assets	1,658,580	(291,815)	2,226,205	(770,815)
Deferred tax liabilities	(178,132)	2,328,668	(92,985)	3,713,673
Deferred tax (credit)/charge to profit or loss	1,480,448	2,036,853	2,133,220	2,942,858

14.3 The deferred tax charge/(credit) in other comprehensive income comprise the following:

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Retirement benefit	649,867	(2,308,124)	645,774	(2,351,888)
Revaluation of land and buildings	(970,800)	869,334	(804,685)	984,264
Gain(loss) from instruments at FVOCI	–	–	77,628	50,079
Deferred tax charge/(credit) to OCI	(320,933)	(1,438,790)	(81,283)	(1,317,545)
Net deferred tax for the year	1,159,515	598,063	2,051,937	1,625,313

14.4 Applicable rates concessions or holidays granted on income tax

	Group	
	2025 %	2024 %
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 and Finance PLC	30	30
People's Leasing Fleet Management Limited	30	30
People's Leasing Property Development Limited	20 and 30	20 and 30
People's Leasing Havelock Properties Limited	20	10
People's Microfinance Limited	30	30
People's Insurance PLC	30	30
People's Travels (Pvt) Ltd.	30	30
Lankan Alliance Finance Limited	40	40

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 is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding during the year.

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Net profit attributable to ordinary equity holders (LKR '000)	40,229,514	25,088,360	41,974,128	27,558,538
Weighted average number of ordinary shares in issue ('000)	1,000	1,000	1,000	1,000
Basic earnings per share (LKR)	40,230	25,088	41,974	27,559

15.2 Diluted earnings per share

As per Sri Lanka Accounting Standard – LKAS 33 "Earnings per Share", the calculation of diluted earnings per share is based on the 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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Net profit attributable to ordinary equity holders (LKR '000)	40,229,514	25,088,360	41,974,128	27,558,538
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
Diluted earnings per share (LKR)	165	103	172	113

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 2025

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Assets				
Cash and cash equivalents	–	–	109,138,690	109,138,690
Balances with central banks	–	–	38,417,296	38,417,296
Placements with banks	–	–	85,166,913	85,166,913
Derivative financial instruments	4,524,930	–	–	4,524,930
Financial assets – at fair value through profit or loss	307,296,907	–	–	307,296,907
Financial assets – at amortised cost				
Loans and advances to banks	–	–	83,506,019	83,506,019
Loans and advances to other customers	–	–	1,730,671,216	1,730,671,216
Debt instruments measured at amortised cost	–	–	1,230,298,162	1,230,298,162
Financial assets – at fair value through OCI				
Equity instruments at fair value through OCI	–	3,431,075	–	3,431,075
Debt instruments at fair value through OCI	–	7,081,782	–	7,081,782
Total financial assets	311,821,837	10,512,857	3,277,198,296	3,599,532,990

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Liabilities				
Due to banks	–	–	25,969,385	25,969,385
Derivative financial instruments	93,407	–	–	93,407
Due to other customers	–	–	3,229,886,179	3,229,886,179
Other borrowings	–	–	100,014,574	100,014,574
Subordinated term debts	–	–	40,552,963	40,552,963
Total financial liabilities	93,407	–	3,396,423,101	3,396,516,508

Bank – 31 December 2024

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Assets				
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
Total financial assets	335,652,544	9,423,858	2,842,774,026	3,187,850,428

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Liabilities				
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
Total financial liabilities	168,266	–	3,021,246,726	3,021,414,992

[1] *Fair Value Through Profit or Loss*

[2] *Fair Value Through Other Comprehensive Income*

[3] *Amortised Cost*

16.2 Group – 31 December 2025

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Assets				
Cash and cash equivalents	–	–	110,598,346	110,598,346
Balances with central banks	–	–	38,417,296	38,417,296
Placements with banks	–	–	89,852,936	89,852,936
Derivative financial instruments	4,524,930	–	–	4,524,930
Financial assets – at fair value through profit or loss	308,444,628	–	–	308,444,628
Financial assets – at amortised cost				
Loans and advances to banks	–	–	89,185,034	89,185,034
Loans and advances to other customers	–	–	2,000,085,410	2,000,085,410
Debt instruments measured at amortised cost	–	–	1,242,598,653	1,242,598,653
Financial assets – at fair value through OCI				
Equity instruments at fair value through OCI	–	3,704,427	–	3,704,427
Debt instruments at fair value through OCI	–	8,051,542	–	8,051,542
Total financial assets	312,969,558	11,755,969	3,570,737,675	3,895,463,202

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Liabilities				
Due to banks	–	–	96,287,432	96,287,432
Derivative financial instruments	93,407	–	–	93,407
Due to other customers	–	–	3,380,319,917	3,380,319,917
Other borrowings	–	–	99,787,574	99,787,574
Subordinated term debts	–	–	45,508,349	45,508,349
Total financial liabilities	93,407	–	3,621,903,272	3,621,996,679

Group – 31 December 2024

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Assets				
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
Total financial assets	336,439,576	11,245,270	3,008,912,193	3,356,597,039

	FVTPL[1]	FVOCI[2]	AC[3]	Total
Liabilities				
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
Total financial liabilities	168,266	–	3,129,323,917	3,129,492,183

[1] *Fair Value Through Profit or Loss*

[2] *Fair Value Through Other Comprehensive Income*

[3] *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 deposit facility with 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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cash in hand	59,633,677	61,007,554	61,269,018	61,980,002
	59,633,677	61,007,554	61,269,018	61,980,002

17.2 Cash equivalents

As at 31 December	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cash at banks		29,534,500	6,100,818	29,358,815	5,832,660
Money at call and short notice		7,501,654	–	7,501,654	–
CBSL standing deposit facility		12,502,241	4,600,900	12,502,241	4,600,900
		49,538,395	10,701,718	49,362,710	10,433,560
Less: Allowance for expected credit losses	17.4	(33,382)	(15,256)	(33,382)	(15,256)
		49,505,013	10,686,462	49,329,328	10,418,304
Total cash and cash equivalents		109,138,690	71,694,016	110,598,346	72,398,306

17.3 Analysis of cash equivalents based on exposure to credit risk

Bank

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash at banks	28,934,613	599,887	–	29,534,500
Money at call and short notice	7,501,654	–	–	7,501,654
CBSL standing deposit facility	12,502,241	–	–	12,502,241
Total	48,938,508	599,887	–	49,538,395

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 deposit facility	4,600,900	–	–	4,600,900
Total	10,501,402	200,316	–	10,701,718

Group

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash at banks	28,758,928	599,887	–	29,358,815
Money at call and short notice	7,501,654	–	–	7,501,654
CBSL standing deposit facility	12,502,241	–	–	12,502,241
Total	48,762,823	599,887	–	49,362,710

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 deposit facility	4,600,900	–	–	4,600,900
Total	10,233,244	200,316	–	10,433,560

17.4 Allowance for expected credit losses – Cash equivalents

Bank and Group

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	460	14,796	–	15,256
Gross charge/(reversal) for the year	2,071	16,056	–	18,126
ECL allowance as at 31 December	2,531	30,851	–	33,382

	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)
ECL allowance as at 31 December	460	14,796	–	15,256

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Statutory balances with Central Bank of Sri Lanka (Stage 1)	38,417,296	33,798,107	38,417,296	33,798,107
	38,417,296	33,798,107	38,417,296	33,798,107

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	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Placements		85,232,164	59,872,761	85,232,164	59,872,761
Fixed deposits		–	–	4,686,023	2,173,329
		85,232,164	59,872,761	89,918,187	62,046,090
Less: Allowance for expected credit losses	19.2	(65,251)	(40,954)	(65,251)	(40,954)
Total		85,166,913	59,831,807	89,852,936	62,005,136

19.1 Analysis of placements with banks based on exposure to credit risk

Bank

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Placements	84,457,492	774,672	–	85,232,164
Total	84,457,492	774,672	–	85,232,164

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
Total	59,872,761	–	–	59,872,761

Group

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Placements	84,457,492	774,672	–	85,232,164
Fixed deposits	4,686,023	–	–	4,686,023
Total	89,143,515	774,672	–	89,918,187

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
Total	62,046,090	–	–	62,046,090

19.2 Allowance for expected credit losses – Placements with banks

Bank and Group

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	40,954	–	–	40,954
Gross charge/(reversal) for the year	14,380	9,917	–	24,297
ECL allowance as at 31 December	55,334	9,917	–	65,251

	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)
ECL allowance as at 31 December	40,954	–	–	40,954

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			
	2025		2024		2025		2024	
	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
Currency swaps								
Sales	601	197,784	–	–	601	197,784	–	–
Purchases	4,504,366	7,957,193	5,789,360	11,917,935	4,504,366	7,957,193	5,789,360	11,917,935
Forward foreign exchange contracts								
Sales	19,883	6,837,829	47,427	11,764,416	19,883	6,837,829	47,427	11,764,416
Purchases	80	133,553	5,407	2,552,928	80	133,553	5,407	2,552,928
Total	4,524,930	15,126,360	5,842,194	26,235,279	4,524,930	15,126,360	5,842,194	26,235,279

20.2 Foreign currency derivatives – Liabilities

As at 31 December	Bank				Group			
	2025		2024		2025		2024	
	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
Forward foreign exchange contracts								
Sales	93,396	15,450,629	167,267	19,435,776	93,396	15,450,629	167,267	19,435,776
Purchases	11	368,964	999	189,062	11	368,964	999	189,062
Total	93,407	15,819,593	168,266	19,624,838	93,407	15,819,593	168,266	19,624,838

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	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Government Securities	21.1	306,939,838	329,502,756	306,939,838	329,502,756
Equity securities – quoted	21.2	357,069	301,121	535,851	699,088
Unit trusts	21.3	–	–	968,939	389,065
Debt securities		–	6,473	–	6,473
		307,296,907	329,810,350	308,444,628	330,597,382

21.1 Sri Lanka Government Securities

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Treasury Bills	303,124,238	325,061,431	303,124,238	325,061,431
Treasury Bonds	3,815,600	4,441,325	3,815,600	4,441,325
	306,939,838	329,502,756	306,939,838	329,502,756

21.2 Equity securities

21.2.1 Equity securities – Bank

As at 31 December	Number of shares	Cost as at 31 December 2025 LKR '000	Market value as at 31 December 2025 LKR '000	Number of shares	Cost as at 31 December 2024 LKR '000	Market value as at 31 December 2024 LKR '000
Food and beverage						
Sunshine Holdings PLC	250,000	8,900	8,775	–	–	–
Distilleries Company of Sri Lanka PLC	1,700,000	29,550	100,300	1,700,000	29,550	66,300
Capital goods						
Access Engineering PLC	393,940	9,401	28,876	393,940	9,401	13,591
Hayleys PLC	100,000	19,500	19,575	–	–	–
Royal Ceramics Lanka PLC	50,000	2,150	2,300	–	–	–
Software and services						
hSenid Business Solutions PLC	1,000,000	17,000	17,500	1,000,000	17,000	12,200
Retailing						
John Keells Holdings PLC	928,060	11,044	20,139	928,060	11,044	20,974
Hemas Holdings PLC	500,000	17,750	17,350	755,504	56,093	78,006
Materials						
Chevron Lubricants Lanka PLC	281,564	31,755	51,808	281,564	31,755	45,050
Dipped Products PLC	200,000	5,400	12,220	200,000	5,400	10,900
Utilities						
WindForce PLC	1,100,000	20,020	50,930	1,100,000	20,020	27,170
LVL Energy Fund PLC	1,700,000	19,490	16,830	1,700,000	19,490	11,220
Consumer durable						
Teejay Lanka PLC	299,813	9,594	10,466	299,813	9,594	15,710
Total value of the quoted equity securities		201,553	357,069		209,346	301,121

21.2.2 Equity securities – Group

As at 31 December	Number of shares	Cost as at 31 December 2025 LKR '000	Market value as at 31 December 2025 LKR '000	Number of shares	Cost as at 31 December 2024 LKR '000	Market value as at 31 December 2024 LKR '000
Food and beverage						
Sunshine Holdings PLC	250,000	8,900	8,775	–	–	–
Distilleries Company of Sri Lanka PLC	1,700,000	29,550	100,300	1,700,000	29,550	66,300
Capital goods						
Access Engineering PLC	393,940	9,401	28,876	393,940	9,401	13,591
Hayleys PLC	100,000	19,500	19,575	–	–	–
Royal Ceramics Lanka PLC	50,000	2,150	2,300	–	–	–
Software and services						
hSenid Business Solutions PLC	1,000,000	17,000	17,500	1,000,000	17,000	12,200
Retailing						
John keels Holdings PLC	6,319,140	85,460	137,125	14,569,140	199,338	329,262
Hemas Holdings PLC	500,000	17,750	17,350	955,504	70,250	98,656
Materials						
Chevron Lubricants Lanka PLC	281,564	31,755	51,808	281,564	31,755	45,050
Dipped Products Plc	200,000	5,400	12,220	200,000	5,400	10,900
Utilities						
WindForce PLC	1,100,000	20,020	50,930	1,100,000	20,020	27,170
LVL Energy Fund PLC	1,700,000	19,490	16,830	1,700,000	19,490	11,220
Consumer durable						
Teejay Lanka PLC	299,813	9,594	10,466	299,813	9,594	15,710
Tourism						
Aitken Spence PLC	170,173	28,393	26,590	–	–	–
Shares listed In Bangladesh						
British American Tobacco Bangladesh Ltd.	10,000	16,272	6,052	10,000	16,039	9,000
Berger Paints	–	–	–	223	980	995
Beximco Pharma	12,000	5,846	2,983	12,000	5,763	2,397
Dutch-Bangla Bank	76,418	10,210	7,163	69,471	10,064	8,147
Grameenphone	–	–	–	10,000	8,420	7,911
Marico	–	–	–	1,452	8,638	8,116
Reckitt Benckiser	310	3,993	2,585	310	3,936	3,302
Square Pharma	30,000	17,618	14,505	30,000	17,366	15,991
Summit Power	–	–	–	150,000	17,609	5,435
Global Islami Bank	433,955	10,266	–	455,652	10,119	5,467
Walton Hi-Tech Industries	2,090	5,208	1,919	1,900	5,133	2,268
Total value of the quoted equity securities		373,776	535,851		515,864	699,088

21.3 Unit trust – Group

	Number of units	Cost as at 31 December 2025 LKR '000	Market value as at 31 December 2025 LKR '000	Number of units	Cost as at 31 December 2024 LKR '000	Market value as at 31 December 2024 LKR '000
NDB Wealth Management	2,296,042	76,604	86,942	3,686,642	123,000	129,525
Capital Alliance Investment Grade Fund	22,692,224	864,367	881,997	7,302,118	251,544	259,540
Total value of the unit trusts		940,971	968,939		374,544	389,065

22. Loans and advances to banks

ACCOUNTING POLICY

Loans and receivables from banks include 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 is described in Note 5.5.1 to these Financial Statements.

As at 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Securities purchased under resale agreements		83,518,470	32,007,120	89,197,485	37,060,460
Total		83,518,470	32,007,120	89,197,485	37,060,460
Less: Allowance for expected credit losses	22.2	(12,451)	(12,581)	(12,451)	(12,581)
		83,506,019	31,994,539	89,185,034	37,047,879

22.1 Analysis of loans and advances to banks based on exposure to credit risk

Bank

As at 31 December	2025 Stage 1 LKR '000	2025 Stage 2 LKR '000	2025 Stage 3 LKR '000	2025 Total LKR '000
Securities purchased under resale agreements	83,518,470	–	–	83,518,470
Total	83,518,470	–	–	83,518,470

As at 31 December	2024 Stage 1 LKR '000	2024 Stage 2 LKR '000	2024 Stage 3 LKR '000	2024 Total LKR '000
Securities purchased under resale agreements	32,007,120	–	–	32,007,120
Total	32,007,120	–	–	32,007,120

Group

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Securities purchased under resale agreements	89,197,485	–	–	89,197,485
Total	89,197,485	–	–	89,197,485

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
Total	37,060,460	–	–	37,060,460

22.2 Allowance for expected credit losses – Loans and Advances to Banks

Bank and Group

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	12,581		–	12,581
Gross charge/(reversal) for the year	(130)	–	–	(130)
ECL allowance as at 31 December	12,451	–	–	12,451

	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)
ECL allowance as at 31 December	12,581	–	–	12,581

23. Loans and advances to other customers

ACCOUNTING POLICY

Loans and receivables from 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	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Gross loans and advances	23.1	1,887,812,912	1,671,179,840	2,164,892,085	1,824,098,924
Stage 1		1,445,812,612	1,180,357,237	1,692,089,286	1,308,363,999
Stage 2		147,949,147	183,821,342	169,399,300	194,699,359
Stage 3		294,051,153	307,001,261	303,403,499	321,035,566
Less:					
Allowance for expected credit losses	23.2	(157,141,696)	(149,214,820)	(164,806,675)	(159,071,140)
Stage 1		(8,756,123)	(15,406,686)	(10,089,494)	(16,238,027)
Stage 2		(4,657,650)	(5,119,482)	(5,539,534)	(5,463,608)
Stage 3		(143,727,923)	(128,688,652)	(149,177,647)	(137,369,505)
Net loans and advances		1,730,671,216	1,521,965,020	2,000,085,410	1,665,027,784

23.1 Analysis of gross loans and advances

As at 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
By product					
Bills of exchange		439,509	550,772	439,509	550,772
Overdrafts		130,779,027	126,203,710	129,826,560	125,864,936
Trade finance		137,066,129	93,148,353	137,066,129	93,148,353
Credit cards		10,804,968	8,812,220	10,804,968	8,812,220
Pawning		386,372,466	310,846,769	386,372,466	310,846,769
Staff loans	23.1.1	27,141,095	24,519,496	29,786,297	25,406,016
Short-term loans		158,100,883	215,162,566	158,100,883	215,162,566
Long-term loans		1,036,544,888	891,402,325	1,183,642,341	952,479,349
Lease rental receivable		–	–	113,962,663	82,776,539
Others		563,947	533,629	14,890,269	9,051,404
Gross total		1,887,812,912	1,671,179,840	2,164,892,085	1,824,098,924
By currency					
Sri Lankan Rupee		1,559,576,657	1,350,046,256	1,823,947,620	1,491,484,323
United States Dollar		326,508,653	318,834,897	326,508,653	318,834,897
Others		1,727,602	2,298,687	14,435,812	13,779,704
Gross total		1,887,812,912	1,671,179,840	2,164,892,085	1,824,098,924
By industry					
Agriculture, forestry and fishing		120,084,110	116,530,334	145,891,484	140,175,673
Manufacturing		62,412,161	55,038,963	75,073,023	67,392,158
Tourism		27,754,116	15,771,353	32,634,343	18,490,171
Transport and storage		69,741,708	72,361,063	106,486,128	94,017,074
Construction		443,926,360	478,494,676	453,759,582	488,197,441
Infrastructure development		97,265,069	143,458,420	97,351,049	143,458,420
Wholesale and retail Trade		202,634,980	174,342,526	232,904,060	193,556,751
Professional, scientific and technical activities		666,876	115,466	3,912,703	8,265,650
Financial services		151,535,386	45,506,855	167,749,008	57,214,259
Consumption		462,153,592	311,140,520	582,236,435	341,446,487
Others		249,638,554	258,419,664	266,894,270	271,884,840
Gross total		1,887,812,912	1,671,179,840	2,164,892,085	1,824,098,924

23.1.1 Staff loans (net)

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Staff loans	47,173,271	37,802,902	49,818,473	38,689,422
(Less): Allowance for day one difference	(20,032,176)	(13,283,406)	(20,032,176)	(13,283,406)
Net staff loans	27,141,095	24,519,496	29,786,297	25,406,016

23.2 Movement in total allowance for expected credit loss (ECL) of loans and receivables

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Opening balance as at 1 January	149,214,820	136,931,774	159,071,140	147,999,791
Net charge/(reversal) for the year	16,303,592	12,824,385	16,503,966	11,590,322
Write off during the year	(8,647,699)	–	(11,039,414)	–
Exchange rate variance on foreign currency provisions	270,982	(541,339)	270,982	(518,973)
Closing balance as at 31 December	157,141,696	149,214,820	164,806,675	159,071,140

23.2.1 Movement in allowance for expected credit loss (ECL) based on exposure to credit risk

Bank

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	15,406,686	5,119,482	128,688,652	149,214,820
Net charge/(reversal) for the year	1,997,136	(461,832)	14,768,288	16,303,592
Amounts written off	(8,647,699)	–	–	(8,647,699)
Exchange rate variance on foreign currency Impairment	–	–	270,982	270,982
Closing balance as at 31 December	8,756,123	4,657,650	143,727,923	157,141,696

	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
Exchange rate variance on foreign currency Impairment	–	–	(541,339)	(541,339)
Closing balance as at 31 December	15,406,686	5,119,482	128,688,652	149,214,820

Group

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	16,238,027	5,463,608	137,369,505	159,071,140
Net charge/(reversal) for the year	2,499,166	75,926	13,928,874	16,503,966
Amounts written off	(8,647,699)	–	(2,391,715)	(11,039,414)
Exchange rate variance on foreign currency Impairment	–	–	270,982	270,982
Closing balance as at 31 December	10,089,494	5,539,534	149,177,647	164,806,675

	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
Exchange rate variance on foreign currency Impairment	–	–	(518,973)	(518,973)
Closing balance as at 31 December	16,238,027	5,463,608	137,369,505	159,071,140

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	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Government securities					
Treasury Bills		276,530,925	167,697,724	284,804,888	176,168,034
Treasury Bonds		945,250,815	948,540,450	947,407,464	953,638,774
International Sovereign Bonds	24.3	11,059,688	10,799,761	11,059,688	10,799,761
Domestic Dollar Bonds		932,382	–	932,382	–
Investments in unquoted preference shares		–	–	1,026,635	605,136
Investments in debentures		–	–	843,244	970,674
Gross total		1,233,773,810	1,127,037,935	1,246,074,301	1,142,182,379
Less : Day one loss - International Sovereign Bonds	24.2	(3,289,172)	(3,547,398)	(3,289,172)	(3,547,398)
Less : Allowance for expected credit losses - Domestic Dollar Bonds	24.3	(186,476)	–	(186,476)	–
Net Total		1,230,298,162	1,123,490,537	1,242,598,653	1,138,634,981

24.1 Analysis of debt instruments measured at amortised cost based on exposure to credit risk

Bank

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities				
Treasury Bills	276,530,925	–	–	276,530,925
Treasury Bonds*	945,250,815	–	–	945,250,815
International Sovereign Bonds	–	11,059,688	–	11,059,688
Domestic Dollar Bonds	–	932,382	–	932,382
Total	1,221,781,740	11,992,070	–	1,233,773,810

** Securities worth of LKR 95.43 Bn. (Face Value) have been allocated for Borrowing Under Repurchase Agreements (Note 33) as at 31 December, 2025*

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
Total	1,116,238,174	10,799,761	–	1,127,037,935

Group

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Sri Lanka Government Securities				
Treasury Bills	284,804,888	–	–	284,804,888
Treasury Bonds	947,407,464	–	–	947,407,464
International Sovereign Bonds	–	11,059,688	–	11,059,688
Domestic Dollar Bonds	–	932,382	–	932,382
Investments in preference shares	1,026,635	–	–	1,026,635
Investments in debentures	843,244	–	–	843,244
Total	1,234,082,231	11,992,070	–	1,246,074,301

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
Total	1,131,382,618	10,799,761	–	1,142,182,379

24.2 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. 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 haircut 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%.

No ECL was recognised on the USD-denominated Step-Up Bond at initial recognition since the instrument contains an LKR settlement option, which mitigates foreign currency repayment risk and enhances the recoverability of contractual cash flows from the Bank's perspective as a domestic holder. No ECL was recognised on the PDI Bond at initial recognition as the Bank determined its fair value using a discount rate of 10%, derived by adding an appropriate sovereign risk premium to the prevailing US Treasury yield as at the restructuring date. The applied discount rate incorporated compensation for credit risk and country risk, thereby embedding expected credit losses within the initial measurement of the instrument.

Accordingly, management concluded that recognising a separate ECL allowance in addition to the Day 1 Loss Allowance recognised at initial recognition would result in double counting of credit risk already reflected in the fair value measurement.

Therefore, as a result of the restructuring, the previously recognised ECL allowance of LKR 8.4 Bn. on the derecognised instruments was reversed and replaced with a Day 1 loss of LKR 3.5 Bn. on the newly recognised instruments. This resulted in a net gain of LKR 4.9 Bn. being recognised in profit or loss for the year 2024.

Movement in Day 1 loss – International Sovereign Bonds in debt instruments measured at amortised cost

Bank and Group

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Day 1 loss as at 1 January	–	3,547,398	–	3,547,398
Unwinding for the year	–	(258,226)	–	(258,226)
Day 1 loss as at 31 December	–	3,289,172	–	3,289,172

Allowance for expected credit losses/Day 1 Loss – International Sovereign Bonds in debt instruments measured at amortised cost

	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)
Day 1 loss as at 31 December		3,547,398	–	3,547,398

24.3 Allowance for expected credit losses – Domestic Dollar Bonds in debt instruments measured at amortised cost

Bank and Group

	2025			
	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	–	186,476	–	186,476
ECL allowance as at 31 December	–	186,476	–	186,476

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	Note	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Equity securities – Unquoted	25.1	1,000,325	715,911	1,000,335	715,921
Equity securities – Quoted	25.2	2,430,750	1,597,276	2,704,092	1,952,437
		3,431,075	2,313,187	3,704,427	2,668,358

25.1 Equity securities – Unquoted

25.1.1 Bank

Name	Number of shares 31 December 2025	Fair value as at 31 December 2025 LKR '000	Cost as at 31 December 2025 LKR '000	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 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	8	668	668
Regional Development Bank	16,448,448	263,561	162,300	16,448,448	182,383	162,300
Lanka Financial Services Bureau	500,000	–	5,000	500,000	–	5,000
Fitch Rating Lanka Ltd.	62,500	–	625	62,500	1,638	625
Lanka Clear (Private) Ltd.	2,126,213	189,657	25,620	2,126,213	96,188	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	385,295	177,259	5,112,735	273,889	177,259
National Credit Guarantee Institution Limited	15,114,374	151,145	151,145	15,114,374	151,145	151,145
		1,000,325	583,331		715,911	583,331

25.1.2 Group

Name	Number of shares 31 December 2025	Fair value as at 31 December 2025 LKR '000	Cost as at 31 December 2025 LKR '000	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000
Credit Information Bureau of Sri Lanka	47,400	10	50,715	47,400	10	50,715
Society for Worldwide Inter Bank Financial Telecommunication	8	668	668	8	668	668
Regional Development Bank	16,448,448	263,561	162,300	16,448,448	182,383	162,300
Lanka Financial Services Bureau	500,000	–	5,000	500,000	–	5,000
Fitch Rating Lanka Ltd.	62,500	–	625	62,500	1,638	625
Lanka Clear Private Ltd.	2,126,213	189,657	25,620	2,126,213	96,188	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	385,295	177,259	5,112,735	273,889	177,259
National Credit Guarantee Institution Limited	15,114,374	151,145	151,145	15,114,374	151,145	151,145
		1,000,335	583,331		715,921	583,331

25.2 Equity securities – Quoted

25.2.1 Bank

Name	Number of shares 31 December 2025	Fair value as at 31 December 2025 LKR '000	Cost as at 31 December 2025 LKR '000	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000
Overseas Reality (Ceylon) PLC	30,538,203	1,181,828	622,979	30,538,203	748,186	622,979
The Finance PLC	2,080,400	–	10,818	2,080,400	–	10,818
People's Merchant Finance PLC – Ordinary Shares	33,815,767	473,421	311,105	33,856,246	267,464	311,477
The Lanka Hospitals Corporation PLC	7,316,042	775,500	307,274	7,316,042	581,626	307,274
		2,430,750	1,252,176		1,597,276	1,252,549

25.2.2 Group

Name	Number of shares 31 December 2025	Fair value as at 31 December 2025 LKR '000	Cost as at 31 December 2025 LKR '000	Number of shares 31 December 2024	Fair value as at 31 December 2024 LKR '000	Cost as at 31 December 2024 LKR '000
Overseas Reality (Ceylon) PLC	30,538,203	1,181,828	622,979	30,538,203	748,186	622,979
The Finance PLC	2,080,400	–	10,818	2,080,400	–	10,818
Sanasa Development Bank PLC	2,320,270	134,808	215,532	2,320,270	106,500	213,853
The Lanka Hospitals Corporation PLC	7,316,042	775,500	307,274	7,316,042	581,626	307,274
People's Merchant Finance PLC – Ordinary Shares	43,711,106	611,956	405,111	58,870,248	465,075	237,633
Asiri Hospital Holdings PLC	–	–	–	500,000	12,850	20,730
Lanka Credit and Business Finance PLC	–	–	–	5,000,000	13,500	50,000
Wind Force PLC	–	–	–	1,000,000	24,700	18,489
		2,704,092	1,561,714		1,952,437	1,481,776

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka Government Securities	–	26,145	–	548,617
Debt securities	7,081,782	7,084,526	8,051,542	8,028,295
Total	7,081,782	7,110,671	8,051,542	8,576,912

26.1 Analysis of debt instruments at fair value through OCI based on exposure to credit risk

Bank

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Debt securities	6,785,772	–	296,009	7,081,781
Total	6,785,772	–	296,009	7,081,781

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
Total	6,814,662	–	296,009	7,110,671

Group

As at 31 December	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Debt securities	7,755,533	–	296,009	8,051,542
Total	7,755,533	–	296,009	8,051,542

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
Total	8,280,903	–	296,009	8,576,912

26.2 Allowance for expected credit losses – debt instruments at fair value through OCI

Bank and Group

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	8,068	–	296,009	304,077
Gross charge/(reversal) for the year	(6,761)	–	–	(6,761)
ECL allowance as at 31 December	1,307	–	296,009	297,316

	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)
ECL allowance as at 31 December	8,068	–	296,009	304,077

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 2025 LKR '000	Bank 2024 LKR '000
Investment in quoted subsidiaries	27.1	6,148,152	5,186,762
Investment in Unquoted Subsidiaries	27.2	4,950	4,950
Net total		6,153,102	5,191,712

27.1 Investment in quoted subsidiaries

As at 31 December	Number of shares	Holding % as at 31 December 2025	Cost as at 31 December 2025 LKR '000	Number of shares	Holding % as at 31 December 2024	Cost as at 31 December 2024 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	472,503,568		5,457,194	430,884,948		4,495,804
			6,148,152			5,186,762

27.2 Investment in unquoted subsidiaries

As at 31 December	Number of shares	Holding % as at 31 December 2025	Cost as at 31 December 2025 LKR '000	Number of shares	Holding % as at 31 December 2024	Cost as at 31 December 2024 LKR '000
People's Travels (Private) Ltd.	495,000	99.00	4,950	495,000	99.00	4,950
Total			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, selected 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 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
Cost/fair value						
Balance as at 1 January	26,091,472	11,265,027	3,399,138	1,587,530	824,771	5,833,758
Additions	–	646,463	9,144,542	–	475,296	775,778
Disposals	–	–	–	(8,836)	(4,178)	(77,709)
Transfers/adjustments	–	–	–	–	–	–
Revaluation adjustment on accumulated depreciation	–	(440,159)	(224,790)	–	–	–
Revaluation surplus/loss/ adjustments (Note 28.1.1)	(554,254)	(3,217,047)	535,302	–	–	–
Balance as at 31 December	25,537,218	8,254,284	12,854,193	1,578,694	1,295,889	6,531,827
Accumulated depreciation						
Balance as at 1 January	–	–	–	1,473,625	655,275	5,007,747
Charge for the year	–	397,812	224,790	36,013	68,216	424,925
Disposals	–	–	–	(8,836)	(4,114)	(77,479)
Revaluation adjustment on accumulated depreciation	–	(440,159)	(224,790)	–	–	–
Balance as at 31 December	–	(42,347)	–	1,500,802	719,376	5,355,193
Net book value as 31 December	25,537,218	8,296,631	12,854,193	77,892	576,513	1,176,635
Capital work-in-progress at cost						
Furniture equipment and machinery at store	–	–	–	–	12,855	24,490

28.1.1 As of 31 December 2025 – 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	(3,235,999)
Amount recognised in income statement	–
	(3,235,999)

			Right-of-use assets					
	Computer LKR '000	Total property, plant and equipment LKR '000	Leased lands LKR '000	Buildings LKR '000	ATM/ CDM and KIOSK Machine LKR '000	Total Right-of-use assets LKR '000	Total 2025 LKR '000	Total 2024 LKR '000
	9,056,416	58,058,111	1,007,237	5,603,773	10,562,049	17,173,059	75,231,170	72,306,237
	793,491	11,835,571	–	2,783,800	–	2,783,800	14,619,371	2,628,139
	(89,201)	(179,924)	–	(973,919)	–	(973,919)	(1,153,843)	(1,580,392)
	–	–	–	–	–	–	–	2,470
	–	(664,949)	–	–	–	–	(664,949)	(1,023,064)
	–	(3,235,999)	–	–	–	–	(3,235,999)	2,897,780
	9,760,705	65,812,809	1,007,237	7,413,654	10,562,049	18,982,940	84,795,749	75,231,170
	7,288,567	14,425,213	671,952	1,672,341	6,657,609	9,001,902	23,427,115	21,160,569
	674,109	1,825,865	14,340	1,102,165	1,042,178	2,158,683	3,984,548	4,040,357
	(89,120)	(179,549)	–	(504,821)	–	(504,821)	(684,370)	(750,748)
	–	(664,949)	–	–	–	–	(664,949)	(1,023,064)
	7,873,556	15,406,579	686,292	2,269,685	7,699,787	10,655,764	26,062,343	23,427,115
	1,887,149	50,406,230	320,945	5,143,969	2,862,262	8,327,176	58,733,406	51,804,056
							1,811,775	9,088,218
	104,774	–	–	–	–	–	142,118	186,944
							60,687,299	61,079,218

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 2025.

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 2025.

28.1.5 Letter of Demand amounting to LKR 870.8 Mn. relating to a recently completed property has not been accounted pending an ongoing audit.

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
Cost/valuation						
Balance as at 1 January	31,244,230	16,473,663	3,484,901	1,834,746	1,418,303	7,110,042
Additions	–	652,418	9,144,542	106,649	572,313	977,904
Disposals	–	–	–	(54,001)	(6,153)	(87,938)
Transfers/adjustments	–	–	–	–	–	–
Exchange rate variance	–	–	–	3,227	7,714	16,766
Revaluation adjustment on accumulated depreciation	–	(440,159)	(224,790)	–	–	–
Revaluation surplus/loss/adjustments (Note 28.2.1)	(178,995)	(3,144,520)	535,302	–	–	–
Balance as at 31 December	31,065,235	13,541,402	12,939,956	1,890,621	1,992,177	8,016,774
Accumulated depreciation						
Balance as at 1 January	–	253,470	56,575	1,668,790	1,174,393	5,917,885
Charge for the year	–	397,812	224,790	76,279	96,167	522,711
Disposals	–	–	–	(16,167)	(6,215)	(87,710)
Transfers/adjustments	–	–	–	–	–	–
Exchange rate variance	–	–	–	–	–	–
Revaluation adjustment on accumulated depreciation	–	(440,159)	(224,790)	–	–	–
Balance as at 31 December	–	211,123	56,575	1,728,901	1,264,344	6,352,885
Net book value as at 31 December	31,065,235	13,330,279	12,883,381	161,720	727,833	1,663,888
Capital work-in-progress at cost						
Furniture, equipment and machinery at store	–	–	–	–	12,855	24,490

28.2.1 Book values of these properties were adjusted for revalued amounts and revaluation surplus/loss/adjustments was adjusted accordingly in the revaluation reserve.

	LKR '000
Amount recognised in other comprehensive income	(2,788,213)
Amount recognised in income statement	–
	(2,788,213)

Computer LKR '000	Total property, plant and equipment LKR '000	Right-of-use assets: Leased lands LKR '000	Buildings LKR '000	ATM/CDM and KIOSK Machines LKR '000	Total Right-of-use assets LKR '000	Total 2025 LKR '000	Total 2024 LKR '000
10,133,061	71,698,947	1,090,099	8,374,713	10,562,049	20,026,861	91,725,807	87,554,434
1,224,371	12,678,198	–	3,686,101	–	3,686,101	16,364,299	3,801,792
(144,549)	(292,641)	–	(1,134,264)	–	(1,134,264)	(1,426,905)	(1,828,122)
–	–	–	–	–	–	–	2,470
14,069	41,776	–	–	–	–	41,776	(66,354)
–	(664,949)	–	–	–	–	(664,949)	(1,023,064)
–	(2,788,213)	–	–	–	–	(2,788,213)	3,284,652
11,226,952	80,673,118	1,090,099	10,926,550	10,562,049	22,578,698	103,251,815	91,725,808
8,190,233	17,261,346	715,049	3,331,981	6,657,609	10,704,639	27,965,985	25,301,840
785,530	2,103,289	14,340	1,575,097	1,042,178	2,631,615	4,734,904	4,632,425
(144,667)	(254,760)	–	(592,750)	–	(592,750)	(847,510)	(910,756)
–	–	–	–	–	–	–	(316)
–	–	–	(28,683)	–	(28,683)	(28,683)	(34,145)
–	(664,949)	–	–	–	–	(664,949)	(1,023,064)
8,831,096	18,444,925	729,389	4,285,645	7,699,787	12,714,821	31,159,746	27,965,985
2,395,855	62,228,192	360,710	6,640,905	2,862,262	9,863,877	72,092,068	63,759,822
						1,811,775	9,088,218
104,774	–	–	–	–	–	142,118	186,944
						74,045,961	73,034,985

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

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cost				
As at 1 January	6,727,043	5,167,274	7,059,334	5,469,628
Additions during the year	224,446	1,559,769	322,760	1,596,454
Adjustments during the year	–	–	(5,640)	(6,748)
As at 31 December	6,951,489	6,727,043	7,376,454	7,059,334
Accumulated amortisation				
As at 1 January	4,140,372	3,403,987	4,407,082	3,647,394
Charge for the year	968,557	736,385	1,000,462	761,245
Adjustments during the year	–	–	(13,022)	(1,557)
As at 31 December	5,108,929	4,140,372	5,394,522	4,407,082
Net book value	1,842,560	2,586,671	1,981,932	2,652,252

29.2 Goodwill

	Group	
	2025 LKR '000	2024 LKR '000
Cost		
As at 1 January	417,099	417,099
Disposals/reversals during the year	–	–
As at 31 December	417,099	417,099
Accumulated Impairment		
As at 1 January	308,545	308,545
Impairment for the year	–	–
As at 31 December	308,545	308,545
Net book value	108,554	108,554
Total net book value	2,090,486	2,760,806

The Group undertakes an annual test for impairment, based on value in use computation using cash flow projections based on financial budgets approved by the senior management. The discount rate of 6.67% and the projected growth rate based on GDP are the key assumptions used for this purpose. The discount rate was estimated based on an average percentage of cost of equity of the company. Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the units to exceed their recoverable amount.

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	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deposits and prepayments		3,926,025	3,523,894	1,458,327	2,633,857
Unamortised day one difference on staff loans		20,032,176	13,283,406	20,473,949	13,588,318
Senior citizen interest receivables	30.1	398,805	10,602,880	3,207,488	12,269,348
Insurance and insurance receivables		–	–	2,808,683	1,296,571
Net employee benefit asset – Post 1996 Pension Fund	35.2	2,803,559	3,348,644	2,803,559	3,348,644
Others		13,027,975	10,332,254	7,882,777	6,176,366
Total		40,188,540	41,091,078	38,634,783	39,313,104

30.1 Analysis of senior citizen interest receivables

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Gross senior citizen interest receivables	1,387,361	12,005,508	4,196,044	13,671,976
Less: Allowance for expected credit losses	(988,556)	(1,402,628)	(988,556)	(1,402,628)
Net senior citizen interest receivables	398,805	10,602,880	3,207,488	12,269,348

30.2 Allowance for expected credit losses – Senior citizen interest receivables

	Bank and Group			
	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
ECL allowance as at 1 January	–	–	1,402,628	1,402,628
Gross charge/(reversal) for the year	–	–	(414,072)	(414,072)
ECL allowance as at 31 December	–	–	988,556	988,556

	2024			
	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	–	–	1,402,628	1,402,628
ECL allowance as at 31 December	–	–	1,402,628	1,402,628

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Money market borrowings	14	16,101,473	14	16,101,473
Call money borrowings	1,399,996	–	1,399,996	–
Other borrowings	24,569,375	20,738,755	94,887,422	30,769,907
Total	25,969,385	36,840,228	96,287,432	46,871,380

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Total Amount due to other customers	3,229,886,179	2,854,704,194	3,380,319,917	2,947,904,673
Total	3,229,886,179	2,854,704,194	3,380,319,917	2,947,904,673

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Analysis				
By product				
Demand deposits (current accounts)	123,059,008	108,033,228	121,660,228	106,740,270
Savings deposits	993,161,323	872,642,696	1,001,123,226	877,886,950
Fixed deposits	2,110,383,368	1,872,243,944	2,252,845,919	1,960,016,840
Other products	3,282,480	1,784,326	4,690,544	3,260,613
Total	3,229,886,179	2,854,704,194	3,380,319,917	2,947,904,673
By currency				
Sri Lanka rupee	2,846,224,839	2,538,321,398	2,996,658,577	2,631,521,877
United State dollar	370,184,791	304,027,671	370,184,791	304,027,671
Great Britain pound	5,896,915	5,418,732	5,896,915	5,418,732
Others	7,579,634	6,936,393	7,579,634	6,936,393
Total	3,229,886,179	2,854,704,194	3,380,319,917	2,947,904,673

33. Other borrowings

ACCOUNTING POLICY

Other borrowings include refinance borrowings form 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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Central Bank of Sri Lanka	3,012,131	2,397,883	3,012,131	2,397,883
Other financial institutions	8,203,423	6,070,499	8,203,423	6,070,499
Borrowing under repurchase agreement	88,799,020	67,077,213	88,572,020	67,014,213
	100,014,574	75,545,595	99,787,574	75,482,595

34. Deferred tax (assets)/liabilities

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Deferred tax liabilities	11,230,004	12,279,243	14,169,966	15,004,397
Deferred tax assets	(4,442,516)	(6,651,270)	(4,588,392)	(7,412,439)
	6,787,488	5,627,973	9,581,574	7,591,958

As at 31 December	Bank 2025			
	Deferred tax asset	Deferred tax Liability	Statement of profit or loss	Statement of comprehensive income
Retirement benefit	3,715,146	1,448,319	(682,219)	649,867
Impairment allowance for loan receivables	700,076	–	2,226,688	–
Accelerated depreciation allowance for tax purpose – PPE	–	990,190	28,009	–
Right-of-use asset	27,294	–	(92,030)	–
Revaluation of freehold land and building	–	8,791,495	–	(970,800)
	4,442,516	11,230,004	1,480,448	(320,933)

As at 31 December	Group 2025			
	Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income
Retirement benefit	3,853,543	1,195,899	(603,616)	645,774
Carry forward tax losses	–	–	(18,536)	–
Impairment allowance for loan receivables	707,555	(409,234)	2,631,647	–
Deferred tax on transitional adjustment	–	(21,019)	6,824	–
Accelerated depreciation allowance for tax purpose – (Lease)	–	–	–	–
Accelerated depreciation allowance for tax purpose – (PPE)	–	1,030,306	354,352	–
Fair value gain/(loss) – Investment properties	–	3,005,981	(203,726)	–
Right-of-use asset	27,294	555,123	(189,580)	–
Financial assets at fair value through OCI	–	21,415	–	77,628
Revaluation of freehold land and building	–	8,791,495	155,855	(804,685)
	4,588,392	14,169,966	2,133,220	(81,283)

Bank 2024

Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income
3,724,525	1,490,051	106,356	(2,308,124)
2,926,745	–	2,166,211	–
–	962,163	(187,595)	–
–	64,735	(48,118)	–
–	9,762,294	–	869,334
6,651,270	12,279,243	2,036,854	(1,438,790)

Group 2024

Deferred tax asset	Deferred tax liability	Statement of profit or loss	Statement of comprehensive income
4,485,694	1,939,006	14,551	(2,351,888)
–	(18,536)	23,811	–
2,926,745	(1,494,625)	2,697,937	–
–	–	–	–
–	158,188	8,857	–
–	1,419,735	(229,445)	–
–	2,958,110	461,022	–
–	50,540	(33,876)	–
–	229,685	–	50,079
–	9,762,294	–	984,264
7,412,439	15,004,397	2,942,857	(1,317,545)

35. Other liabilities

As at 31 December	Notes	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Deferred income in respect of off-balance sheet items		373,977	269,237	373,977	269,237
Expected credit loss in respect of contingent liabilities and commitments		118,676	236,511	118,676	236,511
Deferred income from CPC		31,000,000	31,000,000	31,000,000	31,000,000
Deferred income from SLAL		4,040,098	–	4,040,098	–
Sundry creditors		8,259,234	8,256,769	8,259,234	8,256,769
Net defined benefit obligation – Pre 1996 Pension Trust Fund	35.1	4,942,497	5,424,436	4,942,497	5,424,436
Provision For gratuity	35.3	1,291,201	1,246,503	2,588,423	2,283,808
Lease liability	35.4	8,792,972	8,423,512	10,512,078	9,809,130
Payable on other expenses		10,992,114	9,644,464	11,444,486	10,096,836
Insurance liabilities and reinsurance payable		–	–	7,445,529	5,074,204
Other liabilities		6,406,423	12,056,068	16,444,727	19,241,928
Total		76,217,192	76,557,500	97,169,725	91,692,859

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	Notes	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Fair value of plan assets	35.1.1	(64,856,574)	(64,445,208)	(64,856,574)	(64,445,208)
Present value of obligations	35.1.2	69,799,070	69,869,645	69,799,070	69,869,645
Net defined benefit obligation		4,942,497	5,424,436	4,942,497	5,424,436

35.1.1 Fair value of plan assets

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Plan assets comprise				
Fixed deposits	47,104,750	42,398,750	47,104,750	42,398,750
Government securities	16,469,411	21,260,770	16,469,411	21,260,770
Debentures	–	–	–	–
Net current assets	1,282,413	785,688	1,282,413	785,688
	64,856,574	64,445,208	64,856,574	64,445,208
Actual return on plan assets	8,359,727	8,552,201	8,359,727	8,552,201

Movement in the Fair Value of Plan Assets

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 1 January	64,445,208	62,083,540	64,445,208	62,083,540
expected return on plan assets	6,614,634	7,307,741	6,614,634	7,307,741
Benefit paid by the plan	(7,982,616)	(7,593,487)	(7,982,616)	(7,593,487)
Actual Employer contribution	34,255	1,402,954	34,255	1,402,954
Actuarial gain/(losses)	1,745,093	1,244,460	1,745,093	1,244,460
As at 31 December	64,856,574	64,445,208	64,856,574	64,445,208

35.1.2 Movement in the present value of the defined benefit obligations

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 1 January	69,869,645	62,421,424	69,869,645	62,421,424
Benefit paid by the plan	(7,982,616)	(7,593,487)	(7,982,616)	(7,593,487)
Current service cost	462,392	399,906	462,392	399,906
Interest cost	7,685,661	7,802,678	7,685,661	7,802,678
Actuarial (gain)/losses	(236,012)	6,839,124	(236,012)	6,839,124
As at 31 December	69,799,070	69,869,645	69,799,070	69,869,645

35.1.3 Net Expenses recognised in income statement

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current service cost	462,393	399,906	462,393	399,906
Interest cost	7,685,661	7,802,678	7,685,661	7,802,678
Expected return	(6,614,634)	(7,307,741)	(6,614,634)	(7,307,741)
Net expenses	1,533,420	894,843	1,533,420	894,843

35.1.4 Actuarial gains/(losses) recognised in other comprehensive income

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Amount accumulated in retained earnings as at 1 January	(20,680,800)	(15,086,136)	(20,680,800)	(15,086,136)
Recognised during the year	1,981,105	(5,594,664)	1,981,105	(5,594,664)
Amount accumulated in retained earnings as at 31 December	(18,699,695)	(20,680,800)	(18,699,695)	(20,680,800)

35.1.5 Actuarial Assumptions

The following are the principal actuarial assumptions as at the reporting date

	Bank		Group	
	2025 %	2024 %	2025 %	2024 %
Financial assumptions				
Discount rate	10.50	11.00	10.50	11.00
Increase in cost of living allowances	7.00	7.00	7.00	7.00
Future gross salary increase	9.00	9.00	9.00	9.00
Demographic assumptions				
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			
	2025		2024		2025		2024	
	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
Increase/ (decrease) in discount rate								
1%	3,942,730	(3,942,730)	4,160,622	(4,160,622)	3,942,730	(3,942,730)	4,160,622	(4,160,622)
-1%	(4,418,277)	4,418,277	(4,677,160)	4,677,160	(4,418,277)	4,418,277	(4,677,160)	4,677,160
Increase/ (decrease) in salary increment								
1%	(248,341)	248,341	(350,842)	350,842	(248,341)	248,341	(350,842)	350,842
-1%	242,019	(242,019)	339,463	(339,463)	242,019	(242,019)	339,463	(339,463)

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	Notes	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Fair value of plan assets	35.2.1	20,419,977	18,119,597	20,419,977	18,119,597
Present value of obligations	35.2.2	(17,616,418)	(14,770,953)	(17,616,418)	(14,770,953)
Net defined benefit asset/(obligation)		2,803,559	3,348,644	2,803,559	3,348,644

35.2.1 Fair value of plan assets

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Plan assets comprise				
Fixed deposits	15,339,000	12,887,000	15,339,000	12,887,000
Government securities	34,180	1,888,868	34,180	1,888,868
Net current assets	5,046,797	3,343,729	5,046,797	3,343,729
	20,419,977	18,119,597	20,419,977	18,119,597
Actual return on plan assets	2,491,781	2,521,530	2,491,781	2,521,530

Movement in the fair value of plan assets

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 1 January	18,119,596	15,729,662	18,119,596	15,729,662
Expected return on plan assets	2,071,830	1,879,005	2,071,830	1,879,005
Benefit paid by the plan	(191,401)	(131,596)	(191,401)	(131,596)
Actuarial gain/(losses)	419,951	642,525	419,951	642,525
As at 31 December	20,419,977	18,119,597	20,419,977	18,119,597

35.2.2 Movement in the present value of the defined benefit obligations

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 1 January	14,770,953	10,575,820	14,770,953	10,575,820
Benefit paid by the plan	(191,401)	(131,596)	(191,401)	(131,596)
Current service cost	1,060,307	796,911	1,060,307	796,911
Interest cost	1,698,660	1,269,098	1,698,660	1,269,098
Actuarial (gain)/losses	277,900	2,260,720	277,900	2,260,720
As at 31 December	17,616,418	14,770,953	17,616,418	14,770,953

35.2.3 Net expenses recognised in income statement

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current service cost	1,060,307	796,911	1,060,307	796,911
Interest cost	1,698,660	1,269,098	1,698,660	1,269,098
Expected return	(2,071,830)	(1,879,005)	(2,071,830)	(1,879,005)
Net expenses	687,137	187,004	687,137	187,004

35.2.4 Actuarial gains/(losses) recognised in other comprehensive income

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Amount accumulated in retained earnings as at 1 January	(2,641,273)	(1,023,081)	(2,641,273)	(1,023,081)
Recognised during the year	142,052	(1,618,193)	142,052	(1,618,193)
Amount accumulated in retained earnings as at 31 December	(2,499,221)	(2,641,273)	(2,499,221)	(2,641,273)

35.2.5 Actuarial assumptions

The following are the principal actuarial assumptions as at the reporting date.

	Bank		Group	
	2025 %	2024 %	2025 %	2024 %
Financial assumptions				
Discount rate	11.30	11.50	11.30	11.50
Increase in cost of living allowances	7.00	7.00	7.00	7.00
Future gross salary increase	9.00	9.00	9.00	9.00
Demographic assumptions				
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;

	2025		2024	
	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
Increase/(decrease) in discount rate				
1%	2,695,808	(2,695,808)	2,327,652	(2,327,652)
-1%	(3,386,803)	3,386,803	(2,935,961)	2,935,961
Increase/(decrease) in salary increment				
1%	(3,251,395)	3,251,395	(2,769,572)	2,769,572
-1%	2,668,660	(2,668,660)	2,260,010	(2,260,010)

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".

35.3.1 Movement in the defined benefit obligation – gratuity

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 1 January	1,246,504	799,025	2,283,809	1,605,134
Current service cost	98,730	66,059	181,278	185,925
Interest cost	137,115	95,883	236,730	170,003
Benefits paid during year	(148,082)	(195,354)	(175,726)	(304,023)
Actuarial losses/(gains) on obligations	(43,065)	480,891	62,333	626,770
Balance as at 31 December	1,291,201	1,246,503	2,588,423	2,283,808

35.3.2 The principal financial assumptions used in the valuations are as follows;

As at 31 December	Bank	
	2025	2024
Discount Rate	110.8% p.a.	11.0% p.a.
Gross Salary increase for all grades	9.0% p.a.	9.0% p.a.
Normal age of retirement	60 years	60 years

35.3.3 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;

	2025		2024	
	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
Increase/(decrease) in discount rate				
1%	93,202	(93,202)	91,155	(91,155)
-1%	(105,822)	105,822	(103,817)	103,817
Increase/(decrease) in salary increment				
1%	(106,511)	106,511	(104,657)	104,657
-1%	95,350	(95,350)	93,399	(93,399)

35.4 Lease liability

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 1 January	8,423,512	9,774,937	9,809,130	11,106,042
Additions/renewals during the year	2,207,037	209,230	3,069,938	209,230
Accretion of interest	858,598	777,336	1,122,782	973,828
Payments during the year	(1,837,577)	(2,337,991)	(2,366,990)	(2,479,970)
Balance as at 31 December	9,651,570	8,423,512	11,634,860	9,809,130

35.4.1 Amounts recognised in Income Statement

For the year ended 31 December	Notes	Bank		Group	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest on lease liabilities	7.2	858,598	777,336	1,122,782	973,828
Amortisation of right-of-use	13.1	2,158,684	1,843,513	2,631,616	2,173,275
		3,017,282	2,620,849	3,754,398	3,147,103

35.4.2 Amounts recognised in the Statement of Cash Flows

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Repayment of lease liabilities	1,837,577	1,560,655	2,366,990	1,506,142
	1,837,577	1,560,655	2,366,990	1,506,142

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.

As at 31 December	Interest rate and repayments terms	Issue date	Maturity date	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Issued by the Bank							
(i) Type A	12.0% – Annually	8 November 2019	8 November 2024	–	116,197	–	116,197
(ii) Type B	12.25% – Annually	8 November 2019	8 November 2027	3,497,969	3,499,120	3,497,969	3,499,120
(iii) Type A	9.5% – Annually	27 July 2020	27 July 2025	–	13,429,041	–	13,429,041
(iv) Type B	10.25% – Annually	27 July 2020	27 July 2030	7,412,177	7,414,165	7,412,177	7,414,165
(v) Type A	16.00% – Annually	30 November 2023	29 November 2028	7,153,295	7,153,295	7,153,295	7,153,295
(vi) Type B	16.25% – Annually	1 December 2023	30 November 2031	3,065,698	3,065,698	3,065,698	3,065,698
(vii) Type A	13.5% – Annually	30 August 2024	30 August 2029	10,977,632	10,977,632	10,977,632	10,977,632
(x) Type B	13.75% – Annually	19 September 2024	19 September 2032	3,117,534	3,117,534	3,117,534	3,117,534
Additional Tier 1 Capital Bond							
AT1 – Bond	9.75% – Annually	29 March 2021	N/A	3,758,268	3,813,168	3,758,268	3,813,168
AT1 – Bond	11.45% – Annually	3 August 2021	N/A	1,570,389	1,570,859	1,570,389	1,570,859
Issued by the Subsidiary							
Redeemable, AA(-) rated							
Type C	9.0% – Annually	5 August 2021	5 August-2026	–	–	4,439,418	4,437,149
Type D	9.0% – Annually	5 August 2021	5 August-2026	–	–	515,968	471,410
Total				40,552,963	54,156,709	45,508,349	59,065,269
Due within 1 year				–	13,545,238	–	13,545,238
Due after 1 year				40,552,963	40,611,471	45,508,349	45,520,031
Total				40,552,963	54,156,709	45,508,349	59,065,269

36.1 Movement in subordinated term debts

	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Balance as at 1 January	54,156,709	46,997,291	59,065,269	57,806,483
Proceed received from subordinated debt	–	13,515,000	–	13,515,000
Repayment of subordinated debt	(12,900,000)	(6,563,000)	(12,900,000)	(6,563,000)
Interest expense on subordinated debt	5,697,460	6,115,011	6,129,230	6,827,434
Interest paid on subordinated debt	(6,401,206)	(5,907,593)	(6,786,150)	(12,520,648)
Balance as at 31 December	40,552,963	54,156,709	45,508,349	59,065,269

37. Stated capital/assigned capital

As at 31 December	Note	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 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 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Authorised				
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 LKR1.0 Bn. previously.

As at 31 December	Bank 2025 LKR '000	Bank 2024 LKR '000	Group 2025 LKR '000	Group 2024 LKR '000
Fully paid				
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 2025 %	Bank 2024 %
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 PAT 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 373 Mn. for the current year.

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 1 January	11,828,689	10,574,271	11,828,689	10,574,271
Transfer to reserve during the year	373,309	1,254,418	373,309	1,254,418
Balance as at 31 December	12,201,998	11,828,689	12,201,998	11,828,689

39. Other reserves

39.1 Revaluation reserve

This reserve has been created in accordance with Sri Lanka Accounting Standard 16 – Property, Plant and Equipment.

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 1 January	29,395,684	27,367,238	32,342,943	30,110,540
Gains/(Loss) on revaluation of land and buildings	(3,235,999)	2,897,780	(2,900,160)	3,187,934
Deferred tax effect on revaluation of land and buildings	970,800	(869,334)	846,214	(955,531)
Balance as at 31 December	27,130,485	29,395,684	30,288,998	32,342,943

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 levy to treasury/Dividend

As determined by the Ministry of Finance under Section 60 (1) (a) of the Public Financial Management Act No. 44 of 2024, the Bank appropriated LKR 3.6 Bn. from its retained earnings to the Consolidated Fund of the Government of Sri Lanka as a special levy to the Treasury for the year 2025.

In accordance with the agreed payment terms, the levy is to be settled in three tranches. As at 31 December 2025, LKR 2.0 Bn. had been paid, while the remaining balance of LKR 1.6 Bn. is scheduled to be settled in the first quarter of 2026.

39.7 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

	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 1 January	88,985,599	95,197,726	118,455,455	122,276,140
Total comprehensive income				
Profit for the year	40,229,514	25,088,360	41,974,128	27,558,538
Other comprehensive income (Net of taxes)	1,516,355	(5,385,622)	1,500,417	(5,464,362)
Transfer to reserves during the year	(3,222,125)	(25,914,865)	(3,222,125)	(25,914,865)
Special levy to treasury/dividend	(3,550,000)	–	(3,550,000)	–
Balance as at 31 December	123,959,343	88,985,599	155,157,874	118,455,452

40.1 Movement in reserves – Bank

	Statutory reserve	Revaluation reserve	Capital reserve
	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2024	10,574,271	27,367,238	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	–	2,897,780	–
Deferred tax effect on revaluation surplus		(869,334)	–
Transfer to reserve during the year	1,254,418	–	–
Balance as at 31 December 2024	11,828,689	29,395,684	5,663
Balance as at 1 January 2025	11,828,689	29,395,684	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/loss/adjustment on land and building	–	(3,235,999)	–
Deferred tax effect on revaluation adjustment		970,800	–
Transfer to reserves during the year	373,309	–	–
Transfer on disposal of FVOCI shares	–	–	–
Special levy to treasury/dividend	–	–	–
Balance as at 31 December 2025	12,201,998	27,130,485	5,663

Special risk reserve LKR '000	General reserve LKR '000	Financial assets at FVOCI reserve LKR '000	Special reserve- debt restructuring LKR '000	Retained earnings LKR '000	Total LKR '000
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
1,633,710	12,502,000	783,754	24,660,447	88,985,599	169,795,546
–	–	–	–	40,229,514	40,229,514
–	–	1,118,525	–	–	1,118,525
–	–	(9,129)	–	–	(9,129)
–	–	–	–	2,166,222	2,166,222
–	–	–	–	(649,867)	(649,867)
–	–	–	–	–	(3,235,999)
–	–	–	–	–	970,800
–	–	–	2,849,082	(3,222,390)	–
–	–	(265)	–	265	–
–	–	–	–	(3,550,000)	(3,550,000)
1,633,710	12,502,000	1,892,885	27,509,529	123,959,343	206,835,612

40.2 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 2024	10,574,271	30,110,540	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	–	3,187,934	–	–
Deferred tax effect on revaluation surplus	–	(955,531)	–	–
Deferred tax effect on defined benefit plans	–	–	–	–
Transfer to reserve during the year	1,254,418	–	–	–
Dividend payment	–	–	–	–
Balance as at 31 December 2024	11,828,689	32,342,943	5,663	1,633,710
Balance as at 1 January 2025	11,828,689	32,342,943	5,663	1,633,710
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/loss/adjustment on land and building	–	(2,900,160)	–	–
Deferred tax effect on revaluation adjustment	–	846,214	–	–
Transfer on disposal of FVOCI shares	–	–	–	–
Transfer to reserves during the year	373,309	–	–	–
Special levy to treasury/ dividend	–	–	–	–
Dividend payment	–	–	–	–
Balance as at 31 December 2025	12,201,998	30,288,998	5,663	1,633,710

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	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)
–	–	–	–	–	3,187,934	96,718	3,284,652
–	–	–	–	–	(955,531)	(28,733)	(984,264)
–	–	–	–	2,340,947	2,340,947	10,941	2,351,888
–	–	–	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
12,502,000	760,341	502,105	24,660,447	118,455,455	202,691,353	15,058,442	217,749,795
–	–	–	–	41,974,128	41,974,128	1,509,581	43,483,709
–	1,310,314	–	–	–	1,310,314	66,972	1,377,286
–	(6,847)	–	–	–	(6,847)	(2,282)	(9,129)
–	(58,221)	–	–	–	(58,221)	(19,407)	(77,628)
–	–	(52,546)	–	–	(52,546)	(88,205)	(140,751)
–	–	–	–	2,147,216	2,147,216	(5,357)	2,141,859
–	–	–	–	(646,797)	(646,797)	1,023	(645,774)
–	–	–	–	–	(2,900,160)	111,947	(2,788,213)
–	–	–	–	–	846,214	(41,529)	804,685
–	(265)	–	–	265	–	–	–
–	–	–	2,849,082	(3,222,390)	–	–	–
–	–	–	–	(3,550,000)	(3,550,000)	–	(3,550,000)
–	–	–	–	–	–	(433,568)	(433,568)
12,502,000	2,005,322	449,559	27,509,529	155,157,876	241,754,654	16,157,616	257,912,271

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	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Contingent liabilities	41.1	132,594,187	127,025,100	132,668,194	127,089,136
Commitments	41.2	116,286,509	107,041,146	144,672,816	123,466,290
Less:		248,880,696	234,066,247	277,341,010	250,555,427
Allowance for expected credit losses	41.3	(118,676)	(236,511)	(118,676)	(236,511)
		248,762,020	233,829,736	277,222,334	250,318,916

41.1 Contingent liabilities

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Acceptances	9,988,331	7,463,176	9,988,331	7,463,176
Documentary credit	34,257,594	22,325,041	34,257,594	22,325,041
Guarantees	62,131,257	54,102,771	62,205,264	54,166,807
Forward exchange contracts	26,217,005	43,134,112	26,217,005	43,134,112
	132,594,187	127,025,100	132,668,194	127,089,136

41.2 Commitments

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Undrawn overdrafts and loans	116,286,509	107,041,146	144,672,816	123,466,290
	116,286,509	107,041,146	144,672,816	123,466,290

41.3 Movement in allowance for Expected Credit Loss (ECL) based on exposure to credit risk

Bank and Group

	2025			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Opening balance as at 1 January	4,026	164,978	67,507	236,511
Net charge/(reversal) for the year	2,330	(81,402)	(38,763)	(117,835)
Closing balance as at 31 December	6,356	83,576	28,744	118,676

Bank and Group

	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)	(77,512)	(269,738)
Closing balance as at 31 December	4,026	164,978	67,507	236,511

41.4 Other capital commitments

Capital expenditure approved by the Board of Directors for which provisions has not been made in theses Financial Statements amounted to;

As at 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Approved and contracted for	2,726,539	3,217,416	4,925,808	4,868,079
Approved but not contracted for	748,727	317,023	748,727	317,023
	3,475,266	3,534,439	5,674,535	5,185,102

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, 2020/2021 LKR 619 Mn. (0202021002) and 2021/2022 LKR 425.4 Mn. (202122002) 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 1,028.6 Mn. (VATFS/BFSU/2015/660), LKR 471.0 Mn. (VATFS/BFSU/2015/661), LKR 568.9 Mn. (VATFS/BFSU/2017/816), LKR 1127.7 Mn. (VATFS/BFSU/2018/894), LKR 1,461.6 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 821.4 (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 173.7 Mn. (NBTFS/BFSU/2018/239), LKR 197.2 Mn. (NBTFS/BFSU/2019/442), LKR 145.4 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 604.9 Mn. (DRL/ASMT/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)

Social Security Contribution Levy

Notice of Assessment issued for Social Security Contribution Levy for the Years of Assessment of 2022/2023 which is LKR 62.5 Mn. (3202240001)

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 Group amounts to approximately LKR 5.8 Bn., of which details are given below:

Zone	Region	Total LKR '000
Western I	Colombo South	917,531
	Colombo North	65,948
	Gampaha	6,731
Western II	Colombo West	36,188
	Kalutara	31,103
Central	Kandy	48,132
	Nuwara Eliya	4,092
Eastern	Batticaloa	12,482
Sabaragamuwa	Kegalle	34,035
	Ratnapura	1,000
Wayamba	Kurunegala	5,428
	Puttalam	22,291
Southern	Galle	205,000
	Hambantota	28,227
	Matara	15,750
North Central	Anuradhapura	510,248
Legal /Special Assets Unit/ Corporate Banking Division		3,884,891
		5,829,076

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

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	2025 LKR '000	2024 LKR '000
Short-term employee benefits	37,175	40,625
Post-employment pension	3,816	2,995

43.2.2 Transactions with Key Management Personnel (KMPs)

(a) Items in income statement

For the year ended 31 December	2025 LKR '000	2024 LKR '000
Interest income	–	1,025
Interest expenses	1,167	23,861

(b) Items in statement of financial position

As at 31 December	2025 LKR '000	2024 LKR '000
Credit cards	642	1,028
Deposits	7,885	250,746

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	2025 LKR '000	2024 LKR '000
Interest income	–	66
Interest expenses	264	8,644

(b) Items in statement of financial position

As at 31 December	2025 LKR '000	2024 LKR '000
Credit cards	2	–
Deposits	1,685	39,190

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	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest income	225,954	47,013	1,882	11,019
Interest expense	671,507	775,359	136,369	155,888
Dividend income	2,262,095	1,132,037	–	–
Other income	421,392	366	94,438	60,309
Other expenses	–	–	859,165	817,152

(b) Items in statement of financial position

As at 31 December	Subsidiary companies of the Bank		Sub-subsidiary companies of the Bank	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Assets				
Investments	6,153,102	4,280,522	–	–
Loans	–	–	–	7,544
Overdrafts	440,705	160,272	511,762	178,502
Other receivables	5,720,140	4,622,753	476,291	231,441
	12,313,947	9,063,548	988,053	417,487
Liabilities				
Deposits	4,635,202	4,267,719	1,582,897	1,159,255
Securities sold under repurchase agreements	152,000	63,000	75,000	–
Other payables	–	–	109,634	105,013
	4,787,202	4,330,719	1,767,531	1,264,268

(c) Off balance sheet items

As at 31 December	Subsidiary companies of the Bank		Sub-subsidiary companies of the Bank	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 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	2025 LKR '000	2024 LKR '000
Interest income	202,748,877	207,519,801
Other income	126,256	103,527
Interest expenses	46,809,693	41,216,814
Tax payments Inland Revenue Department – VAT	19,008,998	15,198,348
– Income tax	24,179,242	16,525,081
– Other taxes	2,117,884	1,671,429

(b) Items in statement of financial position

As at 31 December	2025 LKR '000	2024 LKR '000
Assets		
Balances with CBSL	38,417,296	33,798,107
Investment in Government Securities	1,624,232,118	1,488,561,909
Loans and receivables – Term loans	320,827,106	412,096,396
– Overdrafts	26,576,576	32,838,928
– Bills	2,086,360	–
	2,012,139,456	1,967,295,340
Liabilities		
CBSL borrowings	3,012,131	2,397,883
Deposits – Demand	57,633,381	46,767,834
– Savings	126,999,249	109,380,725
– Time	600,280,283	377,659,101
	787,925,045	536,205,544

(c) Items in statement of changes in equity

As at 31 December	2025 LKR '000	2024 LKR '000
Special levy	3,550,000	–

(d) Off balance sheet items

As at 31 December	2025 LKR '000	2024 LKR '000
Acceptances	833,411	2,179,615
Documentary credit	8,025,393	6,618,374
Guarantees	6,671,264	5,577,676
	15,530,068	14,375,665

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	2025 LKR '000	2024 LKR '000
Other income	–	21
Interest expenses	7,796,627	8,388,906
Contribution made	1,533,420	894,843

(b) Items in statement of financial position

As at 31 December	2025 LKR '000	2024 LKR '000
Liabilities		
Deposits	47,119,508	42,800,675
Securities sold under repurchase agreements	403,500	–

43.5.2 Transactions with Post-1996 Pension Fund

(a) Items in income statement

For the year ended 31 December	2025 LKR '000	2024 LKR '000
Interest expenses	2,842,919	2,824,180
Contribution made	687,137	187,004

(b) Items in statement of financial position

As at 31 December	2025 LKR '000	2024 LKR '000
Liabilities		
Deposits	15,362,651	12,922,627

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 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 2025	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
Financial Assets								
Derivative financial instruments								
Forward foreign exchange contracts and SWAPS	–	4,524,930	–	4,524,930	–	4,524,930	–	4,524,930
Financial Assets – At Fair Value through Profit or Loss								
Treasury Bills and Bonds	306,939,838	–	–	306,939,838	306,939,838	–	–	306,939,838
Quoted – Equity securities	357,069	–	–	357,069	535,851	–	–	535,851
– Unit Trusts	–	–	–	–	–	968,939	–	968,939
Equity instruments at fair value through OCI								
Unquoted equity securities	–	–	1,000,325	1,000,325	–	–	1,000,335	1,000,335
Quoted equity securities	2,430,750	–	–	2,430,750	2,704,092	–	–	2,704,092
Debt instruments at fair value through OCI								
Debt Securities	6,785,773	296,009	–	7,081,782	6,785,773	1,265,769	–	8,051,542
Non Financial Assets measured at fair value								
Land and building	–	–	46,688,042	46,688,042	–	–	57,278,895	57,278,895
	316,513,430	4,820,939	47,688,367	369,022,736	316,965,554	6,759,638	58,279,230	382,004,422
Financial Liabilities								
Derivative financial instruments								
Forward foreign exchange contracts	–	93,407	–	93,407	–	93,407	–	93,407

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
Financial Assets								
Derivative financial instruments								
Forward foreign exchange contracts and SWAPS	–	5,842,194	–	5,842,194	–	5,842,194	–	5,842,194
Financial Assets – At Fair Value through Profit or Loss								
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
Equity instruments at fair value through OCI								
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
Debt instruments at fair value through OCI								
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
Non Financial Assets measured at fair value								
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
Financial Liabilities								
Derivative financial instruments								
Forward foreign exchange contracts	–	168,266	–	168,266	–	168,266	–	168,266

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 2025 LKR '000	Total gains/ (losses) recorded in profit or loss LKR '000	Total gains/ (losses) recorded in OCI LKR '000	Purchases/ (sales) LKR '000	As at 31 December 2025 LKR '000	As at 1 January 2025 LKR '000	Total gains/ (losses) recorded in profit or loss LKR '000	Total gains/ (losses) recorded in OCI LKR '000	Purchases/ (sales) LKR '000	As at 31 December 2025 LKR '000
Financial Assets										
Financial investments available for sale										
Unquoted equity securities	715,911	–	284,414	–	1,000,325	715,921	–	284,414	–	1,000,335
Total Level 3 financial assets	715,911	–	284,414	–	1,000,325	715,921	–	284,414	–	1,000,335
Financial Liabilities										
Total Level 3 financial liabilities	–	–	–	–	–	–	–	–	–	–
Total net level 3 financial assets/ (liabilities)	715,911	–	284,414	–	1,000,325	715,921	–	284,414	–	1,000,335

	Bank					Group				
	As at 1 January 2024 LKR '000	Total gains/ (losses) recorded in profit or loss 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 loss LKR '000	Total gains/ (losses) recorded in OCI LKR '000	Purchases/ (sales) LKR '000	As at 31 December 2024 LKR '000
Financial Assets										
Financial investments available for sale										
Unquoted equity securities	397,072	–	168,195	150,645	715,911	397,082	–	168,195	150,645	715,921
Total Level 3 financial assets	397,072	–	168,195	150,645	715,911	397,082	–	168,195	150,645	715,921
Financial Liabilities										
Total Level 3 financial liabilities	–	–	–	–	–	–	–	–	–	–
Total net level 3 financial assets/ (liabilities)	397,072	–	168,195	150,645	715,911	397,082	–	168,195	150,645	715,921

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			
	2025		2024		2025		2024	
	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
Financial Assets								
Cash and cash equivalents	109,138,690	109,138,690	71,694,016	71,694,016	110,598,346	110,598,346	72,398,306	72,398,306
Balances with central banks	38,417,296	38,417,296	33,798,107	33,798,107	38,417,296	38,417,296	33,798,107	33,798,107
Placements with banks	85,166,913	85,166,913	59,831,807	59,831,807	89,852,936	89,852,936	62,005,136	62,005,136
Loans and receivables to banks	83,506,019	83,506,019	31,994,539	31,994,539	89,185,034	89,185,034	37,047,879	37,047,879
Loans and receivables to other customers	1,730,671,216	1,826,296,375	1,521,965,020	1,522,080,689	2,000,085,410	2,095,710,569	1,665,027,784	1,665,143,453
Debt instruments measured at amortised cost	1,230,298,162	1,200,335,929	1,123,490,537	1,113,535,174	1,242,598,653	1,210,371,097	1,138,634,981	1,128,700,974
Financial Liabilities								
Due to banks	25,969,385	25,969,385	36,840,228	36,840,228	96,287,432	96,287,432	46,871,380	46,871,380
Due to other customers	3,229,886,179	3,168,859,227	2,854,704,194	2,829,854,645	3,380,319,917	3,319,292,965	2,947,904,673	2,923,055,124
Other borrowings	100,014,574	100,014,574	75,545,595	75,545,595	99,787,574	99,787,574	75,482,595	75,482,595
Subordinated term debts	40,552,963	40,552,963	54,156,709	54,156,709	45,508,349	45,508,349	59,065,269	59,065,269

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	
	2025	2024	2025	2024	2025	2024	2025	2024
Income from external customers								
Net interest income	97,212,051	102,237,101	20,885,380	19,370,452	24,057,317	(14,511,392)	142,154,748	107,096,161
Net fee and commission income	14,848,441	12,766,773	1,604,602	1,501,622	(45,574)	(102,835)	16,407,470	14,165,560
Net gain(loss) from trading	2,441,177	(722,270)	695,325	213,543	116,513	1,362,417	3,253,015	853,690
Others	3,489,344	2,679,979	123,761	113,213	(2,194,840)	(1,076,728)	1,418,265	1,716,464
Total operating income from external customers	117,991,013	116,961,583	23,309,069	21,198,830	21,933,416	(14,328,538)	163,233,498	123,831,875
Inter-segment revenue								
Net interest income	–	–	222,959	145,780	–	–	222,959	145,780
Others	94,438	60,309	–	–	2,262,095	1,132,037	2,356,533	1,192,346
Total inter-segment revenue	94,438	60,309	222,959	145,780	2,262,095	1,132,037	2,579,492	1,338,126
Total operating income	118,085,452	117,021,892	23,532,028	21,344,610	24,195,510	(13,196,501)	165,812,990	125,170,001
Total incurred expenses	–	–	–	–	–	–	(101,404,265)	(83,586,294)
Income tax expenses	–	–	–	–	–	–	(24,179,211)	(16,495,347)
Profit for the year	–	–	–	–	–	–	40,229,514	25,088,360
Non-controlling interest	–	–	–	–	–	–	–	–
Profit for equity holders of the Bank	–	–	–	–	–	–	–	–
Other comprehensive income net of tax	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	–
Non-controlling interest	–	–	–	–	–	–	–	–
Profit for the equity holders of the bank	–	–	–	–	–	–	–	–
Segment assets	938,361,990	843,899,785	608,274,378	628,616,504	2,161,768,123	1,825,282,818	3,708,404,491	3,297,799,107
Total assets	938,361,990	843,899,785	608,274,378	628,616,504	2,161,768,123	1,825,282,818	3,708,404,491	3,297,799,107
Segment liabilities	2,798,545,759	2,613,425,341	202,296,924	158,644,050	488,524,197	343,732,171	3,489,366,881	3,115,801,563
Total liabilities	2,798,545,759	2,613,425,341	202,296,924	158,644,050	488,524,197	343,732,171	3,489,366,881	3,115,801,563
Total equity and liabilities	938,361,990	843,899,785	608,274,378	628,616,504	2,161,768,123	1,825,282,818	3,708,404,491	3,297,799,107

Leasing		Insurance		Travels		Unallocated		Eliminations		Group	
2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
21,741,287	14,597,601	753,648	1,178,785	14,434	13,171	–	–	–	–	164,664,117	122,885,718
2,045,652	1,051,776	–	98,888	–	–	–	–	–	–	18,453,122	15,316,224
38,758	205,235	57,546	18,065	–	–	–	–	–	–	3,349,319	1,076,990
741,524	(582,217)	2,956,098	4,632,465	115,456	75,357	–	–	–	–	5,231,344	5,842,069
24,567,221	15,272,395	3,767,292	5,928,202	129,890	88,528	–	–	–	–	191,697,902	145,121,001
(214,415)	(140,772)	–	–	(8,544)	(5,008)	–	–	–	–	–	–
125,920	124,730	733,245	692,422	–	–	–	–	(3,215,698)	(2,009,498)	–	–
(88,495)	(16,043)	733,245	692,422	(8,544)	(5,008)	–	–	(3,215,698)	(2,009,498)	–	–
24,478,726	15,256,352	4,500,537	6,620,624	121,346	83,520	–	–	(3,215,698)	(2,009,498)	191,697,902	145,121,001
(15,854,693)	(8,816,475)	(4,215,486)	(5,919,009)	(67,888)	(66,908)	–	–	953,603	877,460	(120,588,730)	(97,511,227)
(3,387,631)	(2,055,554)	(61,824)	(272,229)	3,203	(10,777)	–	–	–	–	(27,625,463)	(18,833,907)
5,236,402	4,384,323	223,227	429,386	56,661	5,835	–	–	(2,262,095)	(1,132,037)	43,483,709	28,775,867
–	–	–	–	–	–	–	–	–	–	1,509,581	1,217,329
–	–	–	–	–	–	–	–	–	–	41,974,129	27,558,540
–	–	–	–	–	–	–	–	–	–	662,338	(3,374,088)
–	–	–	–	–	–	–	–	–	–	44,146,049	25,401,780
–	–	–	–	–	–	–	–	–	–	1,532,742	968,388
–	–	–	–	–	–	–	–	–	–	42,613,307	24,433,392
305,736,635	177,069,906	15,673,908	12,689,455	237,545	149,019	–	–	(19,818,138)	(16,001,551)	4,010,234,432	3,471,705,934
305,736,635	177,069,906	15,673,908	12,689,455	237,545	149,019	–	–	(19,818,138)	(16,001,551)	4,010,234,432	3,471,705,934
254,637,835	129,669,065	9,703,776	7,051,544	76,711	41,790			(13,665,037)	(10,809,821)	3,740,120,167	3,241,754,145
254,637,835	129,669,065	9,703,776	7,051,544	76,711	41,790	–	–	(13,665,037)	(10,809,821)	3,740,120,167	3,241,754,145
305,736,635	177,069,906	15,673,908	12,689,455	237,545	149,019	–	–	(19,818,138)	(16,001,551)	4,010,234,432	3,471,705,934

46. Non-cash items included in profit before tax

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Depreciation of property, plant and equipment	1,825,864	2,196,844	2,103,288	2,459,150
Amortisation of right-of-use asset	2,158,684	1,843,513	2,631,616	2,173,275
Amortisation of intangible assets	968,557	736,385	1,000,462	761,245
Impairment losses on financial assets	15,993,696	5,450,173	16,194,067	4,204,573
Other impairments	–	–	(81,839)	221,765
Profit on sale of fixed assets	(125,420)	(109,927)	(137,735)	(162,481)
Changes in derivative financial instruments	1,242,406	5,549,474	1,242,406	5,549,474
Changes in fair value of trading securities	375,466	(730,503)	375,466	(730,503)
Scrip dividend income	(961,391)	–	–	–
Premium amortisation of held to maturity investments	1,037,478	1,628,892	1,037,478	1,628,892
Interest expense on lease Liabilities	858,598	777,336	1,122,782	973,828
Total	23,373,938	17,342,187	25,487,991	17,079,218

47. Changes in operating assets

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Held at fair value through profit or loss	22,137,977	(184,895,099)	21,777,288	(184,244,422)
Net increase in balances with central bank	(4,619,189)	(2,794,888)	(4,619,189)	(2,794,888)
Net increase in placement with bank	(25,335,106)	6,395,218	(27,847,800)	14,867,438
Net increase in loans and receivable to banks	(51,511,480)	22,027,584	(52,137,155)	17,374,459
Net increase in loans and receivable to customers	(224,699,892)	(80,540,321)	(351,251,693)	(108,045,008)
Net increase/(decrease) in financial investments FVOCI	20,397	964,572	857,458	942,090
Change in other assets	902,538	13,958,305	760,159	14,681,849
Total	(283,104,755)	(224,884,629)	(412,460,932)	(247,218,482)

48. Changes in operating liabilities

For the year ended 31 December	Bank		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Changes in due to banks	(10,870,843)	(40,383,911)	49,416,052	(38,774,887)
Changes in deposits from banks, customers and debt securities issued	375,181,985	201,598,648	432,415,244	202,743,063
Changes in other borrowings	24,468,979	11,267,152	24,304,979	11,259,152
Changes in other liabilities	(2,657,613)	38,584,008	3,341,701	41,168,929
Total	386,122,508	211,065,897	509,477,976	216,396,257

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, compliance and regulatory, IT and Cyber, Climate, Strategic, Reputational, 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), Information Security Committee (ISC) 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 & CC) holds overall management level 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/Operational units as well as profit and volume targets. The Credit Pre-Review unit, Credit Post-Review unit, Treasury Middle Office/Market Risk Unit, Operational Risk Unit, Technology Risk Unit, Data Protection Unit have been established separately under the guidance of DGM-Risk Management with specific responsibilities to handle Credit, Market, Operational and Technological Risks etc.

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 Credit Classification, Default and Cure

The Bank considers a financial instrument classification based on the relevant CBSL guidelines and the SLFRS 9 provisions. All the credit facilities are classify under Stage 1, Stage 2 or Stage 3. Further ECL calculate on individual basis (exposure above LKR 25 Mn.) or collective basis and all the facilities are subject to either individual or collective impairment. In case of default which the borrower overdue for more than 90 days classify under Stage 3 and flagged as non-performing to initiate recovery actions or revival process. 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 avoid arise of bankruptcy, 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.

As at 31 December	2025 LKR '000	2024 LKR '000
Individually significant impaired loans		
Amortised cost	264,851,653	253,897,913
Allowances for impairment	(127,878,059)	(112,723,895)
Carrying amount as at 31 December	136,973,594	141,174,018
Collectively assessed loans		
Amortised cost	1,621,483,974	1,417,281,927
Allowances for impairment	(27,786,354)	(36,490,925)
Carrying amount as at 31 December	1,593,697,620	1,380,791,002

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.

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 2025	Notes	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and cash equivalents	17.4	2,530.78	30,851.44	–	33,382.22
Placements with banks	19.2	55,334.00	9,917.00	–	65,251.00
Loans and receivables to banks	22.2	12,450.52	–	–	12,450.52
Loans and receivables to other customers	23.2	8,756,123.00	4,657,650.00	143,727,923.24	157,141,696.24
Debt instruments at amortised cost	24.2	–	3,289,172.00	–	3,289,172.00
Debt instruments at fair value through OCI	26.2	1,307.00	–	296,009.00	297,316.00
Total impairment for expected credit losses		8,827,745.30	7,987,590.44	144,023,932.24	160,839,267.98

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	460.00	14,796.00	–	15,256.00
Placements with Banks	19.2	40,954.00	–	–	40,954.00
Loans and Receivables to Banks	22.2	12,581.00	–	–	12,581.00
Loans and Receivables to Other Customers	23.2	15,406,686.00	5,119,482.00	128,688,652.47	149,214,820.47
Debt instruments at amortised cost	24.2	–	3,547,398.00	–	3,547,398.00
Debt instruments at fair value through OCI	26.2	8,068.00	–	296,009.00	304,077.00
Total Impairment for Expected Credit Losses		15,468,749.00	8,681,676.00	128,984,661.47	153,135,086.47

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	2025 %	2024 %
Best case	15	20
Base case	15	20
Worst case	70	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	Climate risk
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 2025 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 2025 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	
Probability of Default (PD)					
PD 1% increase across all age buckets	3,018,366	142,218	–	3,160,584	(3,160,584)
PD 1% decrease across all age buckets	(2,248,465)	(142,218)	–	(2,390,683)	2,390,683
Loss Given Default					
LGD 5% increase	944,128	706,215	825,821	2,476,164	(2,476,164)
LGD 5% decrease	(944,128)	(706,215)	(825,821)	(2,476,164)	2,476,164
Probability weighted forward looking macroeconomic indicators					
worst case 10% increase, base case 5% decrease and best case 5% decrease	188,449	62,700	–	251,150	(251,150)
worst case 10% decrease, base case 5% increase and best case 5% increase	(188,449)	(62,700)	–	(251,150)	251,150

Reconciliation of changes in credit-impaired (Stage 3) loans and advances

	2025 LKR '000
Stage 3 loans and advances to other customers as at 1 January	307,001,261
Newly classified as impaired loans and advances during the year	8,757,595
Net change in already impaired loans and advances during the year	(3,377,883)
Net payment, write off and recoveries and other movements including upgrades during the year	(69,726,675)
Impaired loans and advances to customers as at 31 December	242,654,298

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 2025	15,406,685	5,119,483	128,688,652	149,214,820
Transfer to Stage 1	274,730	(182,920)	(91,810)	–
Transfer to Stage 2	(161,067)	503,137	(342,070)	–
Transfer to Stage 3	(104,356)	(97,639)	201,995	–
Net remeasurement of impairment	(589,244)	353,115	14,178,870	13,942,741
New assets originated or purchased	5,377,368	661,870	4,165,011	10,204,249
Financial assets derecognised or repaid (excluding write offs)	(2,800,295)	(1,545,784)	(4,974,600)	(9,320,679)
Foreign exchange adjustments	–	–	270,982	270,982
Provision for impairment (ECL) as at 31 December 2025	8,756,122	4,811,262	142,097,030	155,664,413

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 Procedure Manual covering the acceptability and valuation of each type of collateral. The Bank 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, Letters of Undertaking, Letters of Comfort and confirmation of budgetary allocations issued by General Treasury.

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 2025	Maximum exposure to credit risk LKR '000	Net exposure LKR '000
Cash and cash equivalents	109,138,690	49,538,395
Derivative financial instruments	4,524,930	4,524,930
Financial assets at fair value through profit or loss	307,296,907	307,296,907
Loans and receivables to banks	83,506,019	83,506,019
Loans and receivables to other customers	1,730,671,216	447,843,724
Equity Instruments at fair value through OCI	3,431,075	3,431,075
Debt Instruments at fair value through OCI	7,081,782	7,081,782
Debt Instruments measured at amortised cost	1,230,298,162	1,230,298,162
Total	3,475,948,781	2,133,520,994

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
Total	3,094,220,514	1,942,579,454

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 2025	Government	Commercial	Financial	Agricultural
Financial Assets				
Cash and cash equivalents	–	–	109,138,690	–
Balances with Central Bank of Sri Lanka	38,417,296	–	–	–
Placement with banks	–	–	85,232,164	–
Derivative financial instruments	–	–	4,524,930	–
Financial assets – at fair value through profit and loss	306,939,838	137,789	–	8,775
Loans and receivables to banks	83,518,470	–	–	–
Loans and receivables to other customers	333,073,981	136,895,469	149,762,319	415,805,526
Debt instruments measured at amortised cost	1,233,773,810	–	–	–
Equity instruments at fair value through OCI	–	1,181,828	1,132,276	–
Debt instruments at fair value through OCI	296,009	–	545,852	–
Total	1,996,019,404	138,215,086	350,336,231	415,814,301

As at 31 December 2024	Government	Commercial	Financial	Agricultural
Financial Assets				
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	–
Total	1,983,144,360	192,999,612	166,658,987	17,832,276

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 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.

Industrial	Tourism	Housing and property development	Consumption	Services	Other	ECL	Total
–	–	–	–	–	–	(33,382)	109,105,308
–	–	–	–	–	–	–	38,417,296
–	–	–	–	–	–	(65,251)	85,166,913
–	–	–	–	–	–	–	4,524,930
17,500	–	114,779	78,226	–	–	–	307,296,907
–	–	–	–	–	–	(12,451)	83,506,019
137,330,186	–	220,595,424	221,769,481	–	272,580,526	(157,141,696)	1,730,671,216
–	–	–	–	–	–	(3,475,648)	1,230,298,162
–	–	–	–	1,116,970	–	–	3,431,075
–	–	–	–	2,933,180	3,306,741	–	7,081,782
137,347,686	–	220,710,203	221,847,708	4,050,150	275,887,267	(160,728,428)	3,599,499,607

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

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), Liquidity Coverage ratio, Net stable funding 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 2025

	Up to 3 M LKR '000	3-12 M LKR '000	1-3 Years LKR '000
Assets			
Cash and cash equivalents	109,138,690	–	–
Balances with Central Bank	18,707,578	14,297,636	5,024,720
Placements with banks	85,164,759	–	–
Derivative with banks	4,524,930	–	–
Financial assets – at fair value through profit or loss	307,296,903	–	–
Financial assets – at amortised cost			
Loans and advances to banks	–	83,506,019	–
Loans and advances to other customers	475,160,043	243,693,017	183,507,484
Debt instruments measured at amortised cost	374,379,668	340,526,212	200,247,383
Equity instruments at fair value through OCI	3,431,447	–	–
Debt instruments at fair value through OCI	7,081,782	–	–
Investments in subsidiaries	–	–	–
Property, plant and equipment	–	–	–
Goodwill and intangible assets	–	–	–
Other assets	39,599,123	156,474	14,259
Total assets 2025	1,424,484,924	682,179,358	388,793,846
Total assets 2024	1,027,554,441	795,314,478	396,022,982
Liabilities			
Due to banks	13,928,487	11,983,576	–
Derivative with banks	93,407	–	–
Due to other customers	1,886,290,535	970,301,646	375,692,168
Other borrowings	60,223,548	39,791,026	–
Current tax liabilities	11,669,601	–	–
Net deferred tax liabilities	–	–	–
Other liabilities	13,667,169	37,039,416	26,181,683
Subordinated term debts	–	–	–
Stated capital/assigned capital	–	–	–
Statutory reserve fund	–	–	–
Other reserve	–	–	–
Retained earnings	–	–	–
Total liabilities 2025	1,985,872,747	1,059,115,664	401,873,851
Total liabilities 2024	1,634,209,055	1,074,266,284	231,317,560
Net 2025	(561,387,823)	(376,936,306)	(13,080,005)
Net 2024	(606,654,614)	(278,951,806)	164,705,422
Total equity and liabilities 2025	1,424,484,924	682,179,358	388,793,846
Total equity and liabilities 2024	1,027,554,441	795,314,478	396,022,982

3-5 Years LKR '000	Over 5 Years LKR '000	Total 2025 LKR '000	Total 2024 LKR '000
–	–	109,138,690	71,694,016
342,236	45,125	38,417,296	33,798,107
–	–	85,164,759	59,831,807
–	–	4,524,930	5,842,194
–	–	307,296,903	329,810,350
–	–	83,506,019	31,994,539
245,888,094	617,883,839	1,766,132,478	1,521,965,020
125,139,920	190,004,979	1,230,298,162	1,123,490,537
–	–	3,431,447	2,313,187
–	–	7,081,782	7,110,671
–	6,152,362	6,152,362	5,191,712
–	1,841,674	1,841,674	61,079,218
–	61,608,429	61,608,429	2,586,671
15,560	241,428	40,026,844	41,091,078
371,385,810	877,777,836	3,744,621,775	–
219,772,079	859,135,127	–	3,297,799,108
–	–	25,912,063	36,840,228
–	–	93,407	168,266
26,584,453	3,525,935	3,262,394,738	2,854,704,194
–	–	100,014,574	75,545,595
–	–	11,669,601	12,651,620
–	5,346,308	5,346,308	5,207,184
460,025	–	77,348,293	76,557,256
–	40,669,151	40,669,151	54,156,709
–	12,201,998	12,201,998	12,201,998
–	11,828,689	11,828,689	11,827,215
–	71,651,346	71,651,346	68,981,258
–	125,491,607	125,491,607	88,957,584
27,044,478	270,715,034	3,744,621,775	–
113,206,194	244,800,014	–	3,297,799,107
344,341,332	607,062,802	–	–
106,565,885	614,335,113	–	–
371,385,810	877,777,836	3,744,621,775	–
219,772,079	859,135,127	–	3,297,799,108

Maturity profile of the undiscounted cash flows of financial liabilities as at 31 December 2025 (in LKR '000)

Financial Liabilities	On Demand	Less than 3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Due to Banks	24,514,220	1,403,268	–	–	–	25,917,488
Derivative Financial Instruments	93,407	–	–	–	–	93,407
Due to Other Customers	1,177,521,244	222,458,384	1,363,107,744	626,567,972	5,052,505	3,394,707,848
Other Borrowings	–	108,938,790	–	–	11,215,554	120,154,344
Subordinated Term Debts	–	–	5,937,950	40,852,159	11,709,375	58,499,484
Total Undiscounted Financial Liabilities	1,202,128,871	332,800,442	1,369,045,694	667,420,131	27,977,434	3,599,372,572

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
Total Undiscounted Financial Liabilities	993,182,085	669,476,776	1,077,333,256	480,342,098	29,411,949	3,249,746,165

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 the Bank's trading and banking 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 operational framework at an executive level and ensures that the Bank's market risk exposures are within the defined risk appetite of the Board of Directors. Policies governing the Bank's market risk include Risk Management Policy, Treasury Policy, Stress Testing Policy, Country Limit Policy and Risk Management Policy for Bank's Exposure to Equity Market. 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 repricing sensitivity/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. 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 of Directors 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 major 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. 9 of 2021 the Bank implement Recovery Plans (RCP) commencing from 2022 where a comprehensive review of RCP is requested to be carried out in every three years as per BSPA No. 01 of 2025. 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 Shared Services

- Recovery Triggers and Indicators
- Recovery Options
- Governance Framework within the Bank
- Implementation Strategies.

Bank has appointed DGM – Risk Management to oversee RCP process whilst the senior management jointly have the overall responsibility for formulating, maintaining, periodic reviewing, executing, coordinating, integrating, activating, and exiting the Bank's Recovery Plan.

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 2025.

The details of the computation of the capital and the ratios as at 31 December 2025 and 31 December 2024 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	
	2025 LKR '000	2024 LKR '000	%	2025 LKR '000	2024 LKR '000
Assets					
Claims on Government of Sri Lanka and Central Bank of Sri Lanka	1,560,439,467	1,421,157,807	0-20	36,454,928	36,497,932
Claims on Foreign Sovereigns and their Central Banks	–	–	0-150	–	–
Claims on Public Sector Entities (PSEs)	30,439,647	64,754,600	20-150	22,150,186	64,609,075
Claims on Official Entities and Multilateral Development Banks (MDBs)	–	–	0-150	–	–
Claims on Banks	122,169,685	65,917,369	20-150	40,791,197	20,019,537
Claims on Financial Institutions	95,697,886	10,517,672	20-150	53,778,826	5,825,516
Claims on Corporates	183,095,656	149,700,692	20-150	153,860,318	144,667,081
Retail Claims	615,114,772	447,580,364	75-100	495,872,359	350,826,762
Claims Secured by Gold	385,671,251	310,846,767	20-100	–	18,934,719
Claims Secured by Residential Property	56,748,831	54,778,386	50-100	19,862,091	19,172,435
Claims Secured by Commercial Real Estate	–	–	100	–	–
Non-Performing Assets (NPAs)	148,845,945	178,312,609	50-150	208,976,520	252,349,553
High Risk Categories	1,542,554	1,214,062	150-250	3,856,384	3,035,155
Cash Items	60,241,019	61,732,570	0-20	121,468	145,003
Property, Plant and Equipment	52,360,121	52,908,059	100	52,360,121	52,908,059
Other Assets	14,484,657	14,031,069	100	14,484,657	14,031,069
Total	3,326,851,491	2,833,452,027		1,102,569,055	983,021,898

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	
	2025 LKR '000	2024 LKR '000		2025 LKR '000	2024 LKR '000
Instruments					
Direct Credit Substitutes	24,497,987	20,086,959	100	24,497,987	20,086,959
Transaction-related Contingencies	32,065,985	29,376,127	50	16,032,992	14,688,064
Short-Term Self-Liquidating Trade-Related Contingencies	46,647,153	31,868,809	20	9,329,431	6,373,762
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	–	–
Commitments with an original maturity up to 1 year	86,286,509	77,041,146	20	17,257,302	15,408,229
Other Commitments with an Original Maturity of over one year			50		–
Foreign Exchange Contracts	32,067,524	49,410,113	0-5	641,350	988,202
Interest Rate Contracts			0-3		
Total	221,565,158	207,783,155		67,759,062	57,545,216

Computation of Capital

	2025 LKR '000	2024 LKR '000
Common Equity Tier 1 (CET1) Capital	149,649,766	117,433,508
Total Tier 1 Capital	154,649,766	122,433,508
Total Capital	209,165,741	186,055,559
Computation of Ratios		
Total Risk Weighted Assets for credit risk	1,102,569,055	983,021,898
Total Risk Weighted Assets for market risk	28,622,011	24,745,126
Total Risk Weighted Assets for operational risk	138,395,877	117,389,896
Total Risk Weighted Assets	1,269,586,943	1,125,156,919
Common Equity Tier I (CET1) Capital Ratio (Minimum Requirement 8.0% – 2022 7.0% – 2021)	11.79%	10.43%
Total Tier1 Capital (Tier I) (minimum requirement 9.5% – 2022, 8.5% – 2021)	12.18%	10.88%
Total Capital Ratio (Minimum Requirement 13.5% – 2022, 12.5% – 2021)	16.48%	16.53%

Capital Adequacy – Group

Computation of Risk Weighted Assets

As at 31 December	Balance		Risk	Risk weighted Balance	
	2025 LKR '000	2024 LKR '000	Weight %	2025 LKR '000	2024 LKR '000
Assets					
Claims on Government of Sri Lanka and Central Bank of Sri Lanka	1,586,692,937	1,439,779,781	0-20	36,454,928	36,497,932
Claims on Foreign Sovereigns and their Central Banks	–	–	0-150	–	–
Claims on Public Sector Entities (PSEs)	31,409,407	64,754,600	20-150	22,344,137	64,609,075
Claims on Official Entities and Multilateral Development Banks (MDBs)	–	–	0-150	–	–
Claims on Banks	126,855,708	68,090,698	20-150	41,728,402	22,024,328
Claims on Financial Institutions	93,451,713	1,541,225	20-150	52,655,739	1,337,292
Claims on Corporates	183,095,656	149,700,692	20-150	153,860,318	144,667,081
Retail Claims	830,906,523	584,815,673	75-100	711,664,111	454,882,351
Claims Secured by Gold	422,849,931	310,846,767	20-100	1,033,381	18,934,719
Claims Secured by Residential Property	56,748,831	54,778,386	50-100	19,862,091	19,172,435
Claims Secured by Commercial Real Estate	–	–	100	–	–
Non-Performing Assets (NPAs)	152,748,566	188,651,673	50-150	214,830,451	267,858,149
High Risk Categories	–	–	150-250	–	–
Cash Items	61,700,675	62,436,860	0-20	121,468	145,003
Property, Plant and Equipment	65,718,783	64,863,826	100	65,718,783	64,863,826
Other Assets	17,191,626	19,154,847	100	17,191,627	19,154,847
Total	3,629,370,358	3,009,415,028		1,337,465,437	1,114,147,040

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	
	2025 LKR '000	2024 LKR '000		2025 LKR '000	2024 LKR '000
Instruments					
Direct Credit Substitutes	24,497,987	20,086,959	100	24,497,987	20,086,959
Transaction-related Contingencies	32,065,985	29,376,127	50	16,032,993	14,688,064
Short-Term Self-Liquidating Trade-Related Contingencies	46,647,153	31,868,809	20	9,329,431	6,373,762
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
Commitments with an original maturity up to 1 year	86,286,509	77,041,146	20	17,257,302	15,408,229
Other Commitments with an Original Maturity of over one year			50		–
Foreign Exchange Contracts	32,067,524	49,410,113	0-5	641,350	988,202
Interest Rate Contracts			0-3		
Total	221,565,158	207,783,155		67,759,062	57,545,216

Computation of Capital

	2025 LKR '000	2024 LKR '000
Common Equity Tier 1 (CET1) Capital	195,009,563	155,947,874
Total Tier 1 Capital	200,009,563	160,947,874
Total Capital	256,299,852	226,208,990
Computation of Ratios		
Total Risk Weighted Assets for Credit risk	1,337,465,437	1,114,147,040
Total Risk Weighted Assets for Market risk	28,622,011	28,239,784
Total Risk Weighted Assets for Operational risk	160,312,390	137,665,537
Total Risk Weighted Assets	1,526,399,839	1,280,052,360
Common Equity Tier I (CET1) Capital Ratio (Minimum Requirement 8.00%, 2022, 7.00%, 2021)	12.78%	12.18%
Total Tier1 Capital (Tier I) (Minimum Requirement 9.50%, 2022, 8.50%, 2021)	13.10%	12.57%
Total Capital Ratio (Minimum Requirement 13.50%, 2022, 12.50%, 2021)	16.79%	17.67%

50. Selected Performance Indicators (Based on Regulatory Reporting)

	Bank		Group	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Regulatory capital adequacy				
Common equity Tier 1 capital (LKR '000)	149,649,766	117,433,508	195,009,563	155,947,874
Core (Tier 1) capital (LKR '000)	154,649,766	122,433,508	200,009,563	160,947,874
Total capital base (LKR '000)	209,165,741	186,055,559	256,299,852	226,208,990
Regulatory capital ratios (%)				
Common equity Tier 1 capital (%) (Min. requirement – 8.0%)	11.79	10.43	12.78	12.18
Tier 1 capital ratio (%) (Min. requirement – 9.5%)	12.18	10.88	13.10	12.57
Total capital ratio (%) (Min. requirement – 13.5%)	16.48	16.53	16.79	17.67
Basel III leverage ratio (Min. requirement – 3%)	4.10	3.65	4.90	4.56
Total stock of high quality liquid assets (LKR '000)	1,467,524,635	1,417,850,575	–	–
Liquidity coverage ratio (%) (Min. requirement – 100%)				
Liquidity coverage ratio – Rupee	263.32	353.86	–	–
Liquidity coverage ratio – All Currency	218.54	279.52	–	–
Net stable funding ratio (Min. requirement – 100%)	162.40	178.92	–	–
Asset quality (quality of loan portfolio)				
Impaired loans (Stage 3) ratio (%)	7.66	10.26	6.90	9.72
Impairment (Stage 3) to Stage 3 loans ratio (%)	48.39	41.49	48.69	42.37
Income and profitability				
Net interest margin, (%)	4.06	3.39	4.40	3.68
Return on assets (before tax), (%)	1.84	1.31	1.90	1.43
Return on equity (after tax), (%)	20.06	14.67	17.39	13.23
Cost to income ratio (%)	40.05	50.28	43.08	52.18
Memorandum information				
Credit rating	AA-	AA-	–	–
Number of employees	8,122	7,633	12,489	10,994
Number of branches	746	751	917	862

Certification

We, the undersigned, being the Chief Executive Officer and the Deputy General Manager/Acting Head of Finance of People's Bank jointly certify that:

(a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka:



Clive Fonseka
Chief Executive Officer/General Manager



Nilmini Premalal
DGM/Acting Head of Finance

25 February 2026


PEOPLE'S
BANK
மக்கள் வங்கி

SUPPLEMENTARY INFORMATION



444 Income Statement USD

445 Statement of Financial Position USD

446 Ten Year Summary – Bank

447 Ten Year Summary – Group

448 Basel III – Market Discipline Disclosure Requirement under Pillar III

467 External Assurance on Sustainability Report

469 GRI Content Index

475 Senior Managers

480 Branch Managers

486 Glossary of Financial/ Banking Terms

492 Corporate Information

INCOME STATEMENT USD

For the year ended 31 December	Bank			Group		
	2025 USD '000	2024 USD '000	Change %	2025 USD '000	2024 USD '000	Change %
Gross income	1,233,083	1,254,827	-1.7	1,368,712	1,363,915	0.4
Interest income	1,151,289	1,191,107	-3.3	1,275,302	1,285,507	-0.8
Interest expenses	(691,709)	(825,406)	-16.2	(743,784)	(866,460)	-14.2
Net interest income	459,579	365,701	25.7	531,517	419,048	26.8
Fee and commission income	59,109	50,889	16.2	65,713	54,813	19.9
Fee and commission expense	(6,148)	(2,584)	137.9	(6,148)	(2,584)	137.9
Net fee and commission income	52,961	48,305	9.6	59,565	52,229	14.0
Net gain/(loss) from trading	10,500	2,911	260.7	10,811	3,673	194.4
Other operating income (Net)	12,185	9,919	22.8	16,886	19,922	-15.2
Total operating income	535,226	426,837	25.4	618,780	494,871	25.0
Impairment charge	(51,626)	(18,585)	177.8	(52,008)	(15,094)	244.6
Net operating income	483,600	408,252	18.5	566,771	479,777	18.1
Personnel expenses	(123,404)	(122,199)	1.0	(151,070)	(142,497)	6.0
Other expenses	(90,932)	(92,423)	-1.6	(115,515)	(115,741)	-0.2
Operating profit before taxes on financial services	269,264	193,630	39.1	300,186	221,539	35.5
Taxes on financial services	(61,359)	(51,827)	18.4	(70,654)	(59,187)	19.4
Profit before tax	207,904	141,803	46.6	229,533	162,352	41.4
Income tax expenses	(78,048)	(56,250)	38.8	(89,172)	(64,225)	38.8
Profit for the year	129,856	85,553	51.8	140,361	98,127	43.0
Profit attributable to						
Equity holders of the Bank	129,856	85,553	51.8	135,488	93,976	44.2
Non-controlling interests	–	–		4,873	4,151	17.4
	129,856	85,553	51.8	140,361	98,127	43.0

Exchange Rate: 1 USD was LKR 309.80 as at 31 December 2025 (LKR 293.25 as at 31 December 2024)

STATEMENT OF FINANCIAL POSITION USD

As at 31 December	Bank			Group		
	2025 USD '000	2024 USD '000	Change %	2025 USD '000	2024 USD '000	Change %
Assets						
Cash and cash equivalents	352,288	244,481	44.1	356,999	246,883	44.6
Balances with Central Bank of Sri Lanka	124,007	115,254	7.6	124,007	115,254	7.6
Placements with banks	274,909	204,030	34.7	290,035	211,441	37.2
Derivative financial instruments	14,606	19,922	-26.7	14,606	19,922	-26.7
Financial assets – At fair value through profit or loss	991,920	1,124,673	-11.8	995,625	1,127,357	-11.7
Financial assets – At amortised cost						
Loans and advances to Banks	269,548	109,103	147.1	287,879	126,335	127.9
Loans and advances to other customers	5,586,415	5,189,992	7.6	6,456,054	5,677,844	13.7
Debt instruments measured at amortised cost	3,971,266	3,831,170	3.7	4,010,970	3,882,813	3.3
Financial assets – At fair value through Other Comprehensive Income (OCI)						
Equity instruments at fair value through OCI	11,075	7,888	40.4	11,957	9,099	31.4
Debt instruments at fair value through OCI	22,859	24,248	-5.7	25,989	29,248	-11.1
Investments in subsidiaries	19,862	17,704	12.2	–	–	–
Property, plant and equipment and right-of-use assets	195,892	208,284	-5.9	239,012	249,054	-4.0
Intangible assets and goodwill	5,948	8,821	-32.6	6,748	9,415	-28.3
Other assets	129,724	140,123	-7.4	124,709	134,061	-7.0
Total assets	11,970,318	11,245,692	6.4	12,944,591	11,838,724	9.3
Liabilities						
Due to banks	83,826	125,627	-33.3	310,805	159,834	94.5
Derivative financial instruments	302	574	-47.5	302	574	-47.5
Due to other customers	10,425,714	9,734,712	7.1	10,911,297	10,052,531	8.5
Other borrowings	322,836	257,615	25.3	322,103	257,400	25.1
Current tax liabilities	31,781	41,606	-23.6	36,708	44,253	-17.0
Net deferred tax liabilities	21,909	19,192	14.2	30,928	25,889	19.5
Other liabilities	246,021	261,066	-5.8	313,653	312,678	0.3
Subordinated term debts	130,900	184,678	-29.1	146,896	201,418	-27.1
Total liabilities	11,263,289	10,625,069	6.0	12,072,693	11,054,575	9.2
Equity						
Stated capital/assigned capital	39,387	41,610	-5.3	39,387	41,610	-5.3
Statutory reserve fund	39,387	40,337	-2.4	39,387	40,337	-2.4
Other reserves	228,129	235,230	-3.0	240,138	246,913	-2.7
Retained earnings	400,127	303,446	31.9	500,832	403,940	24.0
Total shareholders' equity	707,029	620,622	13.9	819,744	732,799	11.9
Non-controlling interests	–	–		52,155	51,351	1.6
Total equity	707,029	620,622	13.9	871,899	784,150	11.2
Total equity and liabilities	11,970,318	11,245,692	6.4	12,944,591	11,838,724	9.3
Contingent liabilities and commitments	802,976	797,373	0.7	894,843	853,602	4.8

Exchange Rate: 1 USD was LKR 309.80 as at 31 December 2025 (LKR 293.25 as at 31 December 2024)

TEN YEAR SUMMARY – BANK

LKR Mn.	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assets										
Cash and short-term funds	127,058	134,647	109,496	89,562	85,658	114,256	134,444	92,893	105,492	147,556
Investments	250,240	269,691	299,160	405,688	443,955	613,604	942,666	1,110,643	1,559,743	1,722,934
Loans and receivables (net)	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	1,730,671
Property, plant, equipment, and right-of-use assets	17,224	25,048	26,260	34,310	38,406	46,761	49,330	56,174	61,079	60,687
Other assets	16,999	25,071	34,120	33,697	26,521	37,322	62,481	69,027	49,520	46,556
Total assets	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	3,708,404
Liabilities										
Customer deposits	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	3,229,886
Borrowing from banks and others	134,109	105,057	173,607	224,809	200,852	349,165	302,980	141,503	112,386	125,984
Other liabilities	17,947	28,051	34,391	39,532	48,626	42,004	115,632	36,531	94,555	92,944
Subordinated term debts	12,532	12,532	12,534	22,714	43,558	48,862	36,603	46,997	54,157	40,553
Total liabilities	1,242,400	1,389,642	1,643,493	1,778,442	2,128,135	2,511,563	2,826,734	2,878,136	3,115,802	3,489,367
Total equity	59,649	77,457	91,210	94,964	101,984	136,077	145,294	160,059	181,998	219,038
Total equity and liabilities	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	3,708,404
Contingent liabilities and commitments	226,430	303,344	402,762	363,926	489,939	428,771	370,649	221,406	233,830	248,762
Operating results										
Gross income	122,114	160,835	181,284	199,729	190,982	207,250	357,229	422,242	367,978	382,009
Total operating income	55,060	61,856	69,886	73,795	71,715	91,783	110,222	80,804	125,170	165,813
Total operating expenses	27,569	28,322	35,310	36,731	35,070	40,062	47,342	50,703	62,938	66,401
Profit before tax	20,814	25,913	24,406	19,666	21,227	30,387	21,338	15,345	41,584	64,409
Income tax	5,819	7,663	7,312	6,741	7,052	6,666	4,146	5,263	16,495	24,179
Profit after tax	14,995	18,250	17,095	12,926	14,175	23,720	17,192	10,083	25,088	40,230
Performance indicators										
Number of employees (permanent)	8,249	8,454	8,093	7,836	7,692	7,568	7,377	7,656	7,633	8,122
Per employee (LKR '000)										
Deposits	130,660	147,150	175,826	190,325	238,572	273,723	321,475	346,539	373,995	397,671
Loans and receivables (net)	107,956	119,783	156,390	167,196	212,634	242,560	241,712	223,283	199,393	213,084
Gross earnings	14,804	19,025	22,400	25,489	24,829	27,385	48,425	55,152	48,209	47,034
Profit after tax	1,818	2,159	2,112	1,650	1,843	3,134	2,330	1,317	3,287	4,953
Per share (LKR)										
Profit after tax	14,995	18,250	17,095	12,926	14,175	23,720	17,192	10,083	25,088	40,230
Total assets	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	3,708,404
Equity	59,649	77,457	91,210	94,964	101,984	136,077	145,294	160,059	181,998	219,038
Return on assets % (before tax)	1.68	1.87	1.52	1.09	1.03	1.25	0.76	0.51	1.31	1.84
Return on equity %	27.48	26.62	20.27	13.89	14.39	19.93	12.22	6.60	14.67	20.06
Cost/Income ratio %	50.07	45.79	50.53	49.77	48.90	43.65	42.95	62.75	50.28	40.05
Capital adequacy ratio (CAR) %	12.10	13.50	14.47	14.66	15.47	17.83	16.30	17.37	16.53	16.48
Non-performing loan (NPL) ratio (gross) %	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	7.66
Impairment (Stage 3) to Stage 3 loans ratio (%)					54.72	50.17	29.88	40.96	41.49	48.39

TEN YEAR SUMMARY – GROUP

LKR Mn.	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assets										
Cash and short-term funds	129,458	135,364	110,451	90,453	87,096	115,555	135,679	94,310	106,196	149,016
Investments	258,049	280,357	311,581	419,190	461,373	631,843	958,793	1,155,432	1,579,531	1,741,837
Loans and receivables (Net)	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	2,000,085
Property, plant, equipment, and right-of-use assets	23,441	33,758	35,434	43,744	48,102	56,432	59,780	67,281	73,035	74,046
Other assets	19,528	25,833	35,147	35,889	27,766	38,091	63,111	67,407	47,916	45,250
Total assets	1,444,398	1,619,079	1,908,540	2,049,775	2,400,567	2,832,610	3,133,135	3,208,200	3,471,706	4,010,234
Liabilities										
Customer deposits	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	3,380,320
Borrowings	172,419	134,263	207,330	235,724	208,802	363,817	314,225	149,870	122,354	196,075
Other liabilities	30,509	40,299	49,285	54,619	60,592	56,920	126,718	50,378	112,430	118,217
Subordinated term debts	36,526	32,448	33,085	40,513	56,868	65,560	52,782	57,806	59,065	45,508
Total liabilities	1,359,207	1,512,635	1,785,027	1,919,759	2,261,457	2,654,972	2,943,803	3,003,216	3,241,754	3,740,120
Total equity	85,191	106,443	123,513	130,016	139,111	177,638	189,332	204,984	229,952	270,114
Total equity and liabilities	1,444,398	1,619,079	1,908,540	2,049,775	2,400,567	2,832,610	3,133,135	3,208,200	3,471,706	4,010,234
Contingent liabilities and commitments	226,442	304,102	409,575	370,986	497,690	443,842	375,288	228,814	250,319	277,222
Operating results										
Gross income	144,750	188,854	214,664	238,219	223,898	236,795	391,204	454,512	399,968	424,027
Total operating income	68,429	77,518	89,843	96,475	90,836	110,710	130,024	96,813	145,121	191,698
Total operating expenses	35,485	37,209	45,113	47,629	43,952	50,515	58,988	62,223	75,728	82,588
Profit before tax	25,433	29,868	31,162	25,652	24,648	37,246	26,691	19,270	47,610	71,109
Income tax	7,477	9,358	9,669	9,474	8,557	9,159	6,165	7,885	18,834	27,625
Profit after tax	17,956	20,511	21,492	16,178	16,090	28,088	20,525	11,386	28,776	43,484
Performance indicators										
Number of employees	10,471	11,396	11,394	11,237	11,051	10,969	10,454	10,528	10,994	12,489
Per employee (LKR '000)										
Deposits	106,939	114,569	131,238	141,399	175,115	197,709	234,368	260,749	268,138	270,664
Loans and receivables	96,831	100,366	124,270	129,972	160,730	181,483	183,257	173,230	151,449	160,148
Gross earnings	13,824	16,572	18,840	21,199	20,260	21,588	37,421	43,172	36,381	33,952
Profit after tax	1,715	1,800	1,886	1,440	1,456	2,561	1,963	1,081	2,617	3,482
Return on assets (%) (before tax)	1.86	1.95	1.77	1.30	1.11	1.42	0.89	0.61	1.43	1.90
Return on equity (%)	22.73	21.41	18.69	12.76	11.96	17.73	11.19	5.77	13.23	17.39
Cost/Income ratio (%)	51.86	48.00	50.21	49.37	48.39	45.63	45.37	64.27	52.18	43.08
Capital adequacy ratio (CAR) (%)	12.97	13.71	14.48	14.86	15.63	17.91	17.17	18.23	17.67	16.79
Non-performing loan (NPL) ratio (gross) (%)	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	6.90
Impairment (Stage 3) to Stage 3 loans ratio (%)					50.75	46.88	30.45	41.47	42.37	48.69

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 BASEL 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
Total Capital Ratio	**13.50**

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)

BASEL 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 BASEL II is continued to be applied in the BASEL 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 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
Regulatory Capital (Rs '000)				
Common Equity Tier 1 Capital	149,649,766	117,433,508	195,009,563	155,947,874
Total Tier 1 Capital	154,649,766	122,433,508	200,009,563	160,947,874
Total Capital	209,165,741	186,055,559	256,299,852	226,208,990
Regulatory Capital Ratio (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2022 – 8.00%, 2021 – 7.00%)	11.79	10.44	12.78	12.18
Total Tier 1 Capital (Minimum Requirement – 2022, 9.50%, 2021 – 8.50%)	12.18	10.88	13.10	12.57
Total Capital (Minimum Requirement – 2022 – 13.50%, 2021 – 12.50%)	16.48	16.53	16.79	17.67
Regulatory Liquidity				
Liquidity Coverage Ratio (%) Rupee (Minimum Requirement 2022-90%, 2021-100%)	263.32	353.86	NA	NA
Liquidity Coverage Ratio (%) All currency (Minimum Requirement 2022-90%, 2021-100%)	218.54	279.52	NA	NA

Template 2: key regulatory ratio – Capital and Liquidity

	Bank		Group	
	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
Common Equity Tier 1 (CET I) Capital after adjustments	149,649,766	117,433,508	195,009,563	155,947,874
Common Equity Tier 1 (CET I) Capital	161,166,686	127,341,526	202,168,811	162,057,327
Equity/assigned capital	12,201,998	12,201,998	12,201,998	12,201,998
Reserve Fund	12,201,998	11,828,689	12,201,998	11,828,689
Public Retained Earnings/(Accumulated retained losses)	122,443,086	88,985,599	154,044,659	118,455,452
Publish accumulated other comprehensive income (OCI)	178,231	183,867	178,231	177,563
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	–	–	9,400,552	5,252,252
Total Adjustments to CETI Capital	11,516,920	9,908,018	7,159,248	6,109,453
Goodwill (net)	–	–	–	–
Deferred Tax Asset (Net)	–	–	–	–
Intangible Assets (Net)	1,842,564	2,586,674	2,090,489	2,760,809
Revaluation losses of property, plant and equipment	2,265,199	–	2,265,199	–
Other (Investment in the Capital of Subsidiaries and Other Financial Institution)	4,605,598	3,972,700	–	–
Defined Benefit Asset	2,803,559	3,348,644	2,803,559	3,348,644
Additional Tier 1 (AT i) Capital after adjustments	5,000,000	5,000,000	5,000,000	5,000,000
Additional Tier 1 (AT i) Capital	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	–	–	–	–
Total Adjustments to AT I Capital	–	–	–	–
Investment in own shares	–	–	–	–
Other (Specify)	–	–	–	–
Tier 2 Capital after adjustments	54,515,976	63,622,052	56,290,289	65,261,116
Tier 2 Capital	54,515,976	63,622,052	56,290,289	65,261,116
Qualifying Tier 2 capital instruments	28,449,500	36,352,750	28,449,500	36,352,750
Revaluation Gains	14,981,528	14,981,528	14,981,528	14,981,528
Loan Loss Provisions	11,084,948	12,287,774	12,859,261	13,926,838
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties				

	Bank		Group	
	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
Total Adjustment to Tier 2	–	–	–	–
Investment in own shares	–	–	–	–
Other (specify)	–	–	–	–
CET Capital	149,649,766	117,433,508	195,009,563	155,947,874
Total Tier 1 Capital	154,649,766	122,433,508	200,009,563	160,947,874
Total Capital	209,165,741	186,055,559	256,299,852	226,208,990
Total Risk Weighted Assets (RWA)	1,269,586,943	1,125,156,919	1,526,399,839	1,280,052,361
RWA for Credit Risk	1,102,569,055	983,021,898	1,337,465,437	1,114,147,040
RWA for Market Risk	28,622,011	24,745,126	28,622,011	28,239,784
RWA for Operational Risk	138,395,877	117,389,896	160,312,390	137,665,537
CET I Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIB) (%)	11.79	10.43	12.78	12.18
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
Total Tier 1 Capital Ratio (%)	12.18	10.88	13.10	12.57
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)	16.48	16.53	16.79	17.67
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 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
Tier 1 Capital	154,649,766	122,433,508	200,009,563	160,947,874
Total Exposures	3,772,890,118	3,353,594,241	4,078,238,627	3,531,299,634
On balance Sheet items (Excluding derivatives and securities financing transactions, but including collateral)	3,608,844,169	3,259,949,793	3,909,277,767	3,428,803,280
Derivative Exposures	7,127,041	9,524,081	7,127,041	9,524,081
Securities financing transaction exposures	89,801,196	37,471,372	94,716,107	42,524,712
Other off-balance sheet exposures	67,117,712	56,557,014	67,117,712	56,557,014
Basel III Leverage ratio (%) (Tier 1/total Exposure)	4.10%	3.65%	4.90%	4.56%

Basel III Disclosure Requirement

Template 04: Computation of Liquidity Coverage Ratio

	As at 31 December 2025		As at 31 December 2024	
	Total unweighted value LKR '000	Total weighted value LKR '000	Total unweighted value LKR '000	Total weighted value LKR '000
Total Stock of High-Quality Liquid Assets (HQLA)	1,469,897,481	1,467,524,635	1,418,666,041	1,417,850,575
Level 1 Assets	1,459,478,770	1,459,478,770	1,417,035,108	1,417,035,108
Level 2A Assets	8,104,313	6,888,666	–	–
Level 2B Assets	2,314,398	1,157,199	1,630,933	815,467
Total Cash Outflows	3,581,371,809	872,607,142	3,135,665,982	667,806,233
Deposits	2,030,888,220	203,088,822	2,042,708,670	204,270,867
Unsecured Wholesale Funding	1,263,114,301	598,758,380	832,413,905	404,072,368
Secured Funding Transactions	29,530,845	–	38,218,067	–
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	236,880,005	49,801,502	203,892,650	41,030,308
Additional requirements	20,958,438	20,958,438	18,432,690	18,432,690
Total Cash Inflows	385,856,594	201,087,232	262,716,225	160,564,255
Maturing Secured Lending Transactions Backed by Collateral	83,518,470	–	32,017,334	–
Committed Facilities	12,745,000		12,331,250	
Other Inflows by Counterparty which are Maturing within 30 Days	249,894,058	190,847,869	194,237,363	142,391,436
Operational deposits	29,459,703	–	5,957,459	–
Other Cash Inflows	10,239,363	10,239,363	18,172,819	18,172,819
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next Calendar Days)* 100		218.54		279.52

Template 05: Main Features of Regulatory Capital Instruments

	Tier 2 Debenture issued in 2019 LKR '000	Tier 2 debenture issued in 2020 LKR '000	Additional Tier 1 debenture 1 2021 LKR '000	Additional Tier 1 debenture 2 2021 LKR '000
Description of the Capital Instrument				
Issuer	People's Bank	People's Bank	People's Bank	People's Bank
Unique Identifier (e.g. ISIN or Bloomberg Identifier for Private placement)	A	B	1	2
Original Date of Issuance	8 November 2019	27 July 2020	29 March 2021	3 August 2021
Par Value of Instrument	3,437,000,000	7,100,000,000	3,500,000,000	1,500,000,000
Original Maturity Date, if Applicable	8 November 2027	27 July 2028	N/A	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting date)	1,890,350,000	4,970,000,000	3,500,000,000	1,500,000,000
Accounting Classification (Equity/Liability)	Liability	Liability	Liability	Liability
Issuer Call subject to Prior Supervisory Approval				
Optional Call Date, Contingent Call dates and Redemption Amount (LKR '000)	N/A	N/A	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A	N/A	N/A
Coupons/Dividends				
Fixed or Floating Dividend/Coupon	Fixed rate	Fixed rate	Fixed rate	Fixed rate
Coupon rate and any Related Index	12.25%	10.25%	9.50%	9.50%
Non-Cumulative or Cumulative	N/A	N/A	N/A	N/A
Convertible or Non-Convertible				
If Convertible, Conversion trigger (s)	Non-convertible	Non-convertible	Non-convertible	Non-convertible
If Convertible, Fully or Partially	N/A	N/A	N/A	N/A
If Convertible, Mandatory or Optional	N/A	N/A	N/A	N/A
If Convertible, Conversion rate	N/A	N/A	N/A	N/A

	Tier 2 Debenture issued in 2023 LKR '000	Tier 2 Debenture issued in 2023 LKR '000	Tier 2 Debenture issued in 2024 LKR '000	Tier 2 Debenture issued in 2024 LKR '000
	People's Bank	People's Bank	People's Bank	People's Bank
	A	B	A	B
	30 November 2023	1 December 2023	30 August 2024	19 September 2024
	3,000,000,000	7,000,000,000	10,515,000,000	3,000,000,000
	1 December 2031	1 December 2028	30 August 2029	30 September 2032
	3,000,000,000	5,600,000,000	9,989,250,000	3,000,000,000
	Liability	Liability	Liability	Liability
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	Fixed rate	Fixed rate	Fixed rate	Fixed rate
	16.25%	16.00%	13.50%	13.75%
	N/A	N/A	N/A	N/A
	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

Basel III – Market Discipline Disclosure Requirement Under Pillar III

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 2020-2025.

Material exposures

At the end of 2025, close to 20.7% 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.

Initiatives taken to bolster regulatory capital during 2017-2025

– 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 II 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 finance 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 II 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 II 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 II 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 3, August 2021 – as originally planned – the Bank issued LKR 3.5 Bn. and LKR 1.5 Bn. Basel III, Additional Tier I 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 II Compliant debentures.
- The Bank revalued all its land and buildings. This resulted in a Tier II benefit of close to LKR 3.37 Bn.
- 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.

2024

- During the year the Bank issued LKR 13.515 Bn. Basel III, Additional Tier II Compliant debentures.
- The Bank did not pay 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

- Interim Profit Certifications were carried out for the six-month period ended 30 June 2025 in view of ensuring interim regulatory capital requirements were met.
- The Bank paid dividends totalling LKR 2.0 Bn. while recording provisions of LKR 1.55 Bn. during the period with dividend payout ratio is 8.82%.

As a result of all the above, during 2025 – 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.

2026 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 2026.
  - Continue to maintain its lower dividend/levy payout policy during the year
  - Carry-out an interim profit certification with a view to avoiding regulatory capital shortfalls.
  - Plans to issue Tier II capital to support capital requirements arising from business expansion.

Template 07: Credit risk under standardised approach

Credit risk exposures and credit risk mitigation effects (Bank)

Item	Exposures before CCF and CRM			Exposures before CCF and CRM				
	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	Risk weighted assets LKR '000	RWA density %
Total Risk-weighted amount for credit risk	3,378,710,540	224,731,215	3,603,441,755	3,259,092,429	67,759,062	3,326,851,491	1,102,569,053	33
Claims on central government and Central Bank of Sri Lanka	1,626,786,455	0	1,626,786,455	1,560,439,467	0	1,560,439,467	36,454,928	2
Claims on foreign sovereigns and their Central Banks	0	0	0	0	0	0	0	0
Claims on Public Sector Entities (PSEs)	26,032,249	20,407	26,052,656	26,032,249	4,407,398	30,439,647	22,150,186	73
Claims on BIS, IMF and Multilateral Development Banks (MDBs)	0	0	0	0	0	0	0	0
Claims on Banks exposures	122,169,685	0	122,169,685	122,169,685	0	122,169,685	40,791,197	33
Claims on Financial institutions	95,697,886	0	95,697,886	95,697,886	0	95,697,886	53,778,826	56
Claims on corporates	134,865,278	145,938,321	280,803,599	134,865,278	48,230,379	183,095,656	153,860,318	84
Retail claims	653,264,608	78,772,486	732,037,095	599,993,485	15,121,286	615,114,771	495,872,359	81
Claims secured by gold	385,671,251	0	385,671,251	385,671,251	0	385,671,251	0	0
Claims secured by residential property	56,748,831	0	56,748,831	56,748,831	0	56,748,831	19,862,091	35
Claims secured by commercial real estate	–	–	0	0	0	0	0	0
Non Performing Assets (NPAs)	148,845,945	0	148,845,945	148,845,945	0	148,845,945	208,976,520	140
Higher-risk categories	1,542,554	0	1,542,554	1,542,554	0	1,542,554	3,856,384	250
Cash items	60,241,019	0	60,241,019	60,241,019	0	60,241,019	121,468	0
Other assets	66,844,779	0	66,844,779	66,844,779	0	66,844,779	66,844,779	100

Template 07: Credit risk under standardised approach

Credit risk exposures and credit risk mitigation effects (Group)

Item	Exposures before CCF and CRM			Exposures before CCF and CRM			Risk weighted assets	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	LKR '000	%
Total risk-weighted amount for credit risk	3,681,229,407	224,731,215	3,905,960,622	3,561,611,296	67,759,062	3,629,370,358	1,337,465,434	37
Claims on Central Government and Central Bank of Sri Lanka	1,653,039,925	0	1,653,039,925	1,586,692,937	0	1,586,692,937	36,454,928	2
Claims on foreign sovereigns and their Central Banks	0	0	0	0	0	0	0	0
Claims on Public Sector Entities (PSEs)	27,002,009	20,407	27,022,416	27,002,009	4,407,398	31,409,407	22,344,138	71
Claims on BIS, IMF and Multilateral Development Banks (MDBs)	0	0	0	0	0	0	0	0
Claims on Banks exposures	126,855,708	0	126,855,708	126,855,708	0	126,855,708	41,728,402	33
Claims on Financial institutions	93,451,713	0	93,451,713	93,451,713	0	93,451,713	52,655,739	56
Claims on corporates	134,865,278	145,938,321	280,803,599	134,865,278	48,230,379	183,095,656	153,860,318	84
Retail claims	869,056,360	78,772,486	947,828,847	815,785,237	15,121,286	830,906,523	711,664,111	86
Claims secured by gold	422,849,931	0	422,849,931	422,849,931	0	422,849,931	1,033,381	0
Claims secured by residential property	56,748,831	0	56,748,831	56,748,831	0	56,748,831	19,862,091	35
Claims secured by commercial real estate	–	–	0	0	0	0	0	0
Non Performing Assets (NPAs)	152,748,566	0	152,748,566	152,748,566	0	152,748,566	214,830,451	141
Higher-risk categories	0	0	0	0	0	0	0	0
Cash items	61,700,675	0	61,700,675	61,700,675	0	61,700,675	121,468	0
Other assets	82,910,411	0	82,910,411	82,910,411	0	82,910,411	82,910,411	100

Basel III Disclosure Requirement

Template 8: Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights – Bank

Description	Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM)		
Risk Weight / Asset Classes	0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	1,378,164,827	182,274,639	
Claims on Foreign Sovereigns and their Central Banks	–	–	–
Claims on Public Sector Entities	–	–	–
Claims on Banks Exposures	–	92,599,789	–
Claims on Financial Institutions	–	–	–
Claims on Corporates	–	9,501,947	–
SME Exposures	–	–	–
Retail Claims	385,671,251	–	–
Claims Secured by Residential Property	–	–	56,748,831
Claims Secured by Commercial Real Estate	–	–	–
Non-Performing Assets (NPAs)	–	–	
Higher-risk Categories	–	–	
Cash Items and Other Assets	59,633,677	607,342	–
Total	1,823,469,755	284,983,717	56,748,831

Description	Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM)		
Risk Weight / Asset Classes	0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	–	36,454,928	–
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	–	18,519,958	–
Claims on Financial Institutions	–	–	–
Claims on Corporates	–	1,900,389	–
SME Exposures	–	–	–
Retail Claims	–	–	–
Claims Secured by Residential Property	–	–	19,862,091
Claims Secured by Commercial Real Estate	–	–	–
Non- Performing Assets (NPAs)	–	–	–
Higher-risk Categories	–	–	–
Cash Items and Other Assets	–	121,468	–
Total	–	56,996,743	19,862,091

Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM)							
	50%	60%	75%	100%	150%	250%	Total Credit Exposures Amount LKR '000
	–		–	–	–	–	1,560,439,467
	–	–	–	–	–	–	–
	16,578,922	–	–	13,860,724	–	–	30,439,647
	15,180,200	–	–	13,806,811	582,885	–	122,169,685
	83,838,121	–	–	11,859,765	–	–	95,697,886
	43,267,561	–	–	130,326,148	–	–	183,095,656
	–	1,196,239	–	–	–	–	1,196,239
	–	–	475,055,669	138,862,864	–	–	999,589,784
	0	–	–	–	–	–	56,748,831
	–	–	–	–	–	–	–
	5,687		–	28,573,421	120,266,837	–	148,845,945
	–		–	–	–	1,542,554	1,542,554
	–	–	–	66,844,779	–	–	127,085,798
	158,870,492	1,196,239	475,055,669	404,134,513	120,849,722	1,542,554	3,326,851,491

Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM)							
	50%	60%	75%	100%	150%	250%	Total Credit Exposures LKR '000
	–	–	–	–	–	–	36,454,928
	–	–	–	–	–	–	–
	8,289,461	–	–	13,860,724	–	–	22,150,186
	–	–	–	–	–	–	–
	7,590,100	–	–	13,806,811	874,328	–	40,791,197
	41,919,060	–	–	11,859,765	–	–	53,778,826
	21,633,781	–	–	130,326,148	–	–	153,860,318
	–	717,743	–	–	–	–	717,743
	–	–	356,291,752	138,862,864	–	–	495,154,615
	–	–	–	–	–	–	19,862,091
	–	–	–	–	–	–	–
	2,844	–	–	28,573,421	180,400,255	–	208,976,520
	–	–	–	–	–	3,856,384	3,856,384
	–	–	–	66,844,779	–	–	66,966,247
	79,435,246	717,743	356,291,752	404,134,513	181,274,583	3,856,384	1,102,569,055

Basel III Disclosure Requirement

Template 8: Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights – Group

Description / Asset Classes \ Risk Weight	Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM) 0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	1,404,418,297	182,274,639	–
Claims on Foreign Sovereigns and their Central Banks	–	–	–
Claims on Public Sector Entities	–	969,760	–
Claims on Banks Exposures	–	97,285,812	–
Claims on Financial Institutions	–	–	–
Claims on Corporates	–	9,501,947	–
SME Exposures	–	–	–
Retail Claims	417,683,027	5,166,904	–
Claims Secured by Residential Property	–	–	56,748,831
Claims Secured by Commercial Real Estate	–	–	–
Non-Performing Assets (NPAs)	–	–	–
Higher-risk Categories	–	–	–
Cash Items and Other Assets	61,093,333	607,342	–
Total	1,883,194,657	295,806,404	56,748,831

Description / Asset Classes \ Risk Weight	Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM) 0%	20%	35%
Claims on Central Government and Central Bank of Sri Lanka	–	36,454,928	–
Claims on Foreign Sovereigns and their Central Banks	–	–	–
Claims on Public Sector Entities	–	193,952	–
Claims on Official Entities and Multilateral Development Banks	–	–	–
Claims on Banks Exposures	–	19,457,162	–
Claims on Financial Institutions	–	–	–
Claims on Corporates	–	1,900,389	–
SME Exposures	–	–	–
Retail Claims	–	1,033,381	–
Claims Secured by Residential Property	–	–	19,862,091
Claims Secured by Commercial Real Estate	–	–	–
Non- Performing Assets (NPAs)	–	–	–
Higher-risk Categories	–	–	–
Cash Items and Other Assets	–	121,468	–
Total	–	59,161,281	19,862,091

Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM)							
	50%	60%	75%	100%	150%	250%	Total Credit Exposures Amount LKR '000
	–	–	–	–	–	–	1,586,692,937
	–	–	–	–	–	–	–
	16,578,922	–	–	13,860,724	–	–	31,409,407
	15,180,200	–	–	13,806,811	582,885	–	126,855,708
	81,591,948	–	–	11,859,765	–	–	93,451,713
	43,267,561	–	–	130,326,148	–	–	183,095,656
	–	1,196,239	–	–	–	–	1,196,239
	–	–	475,055,669	354,654,616	–	–	1,252,560,216
	–	–	–	–	–	–	56,748,831
	–	–	–	–	–	–	–
	5,687	–	–	28,573,421	124,169,458	–	152,748,566
	–	–	–	–	–	–	–
	–	–		82,910,411	–	–	144,611,086
	156,624,319	1,196,239	475,055,669	635,991,897	124,752,343	–	3,629,370,358

Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM)							
	50%	60%	75%	100%	150%	250%	Total Credit Exposures LKR '000
	–	–	–	–	–	–	36,454,928
	–	–	–	–	–	–	–
	8,289,461	–	–	13,860,724	–	–	22,344,138
	–	–	–	–	–	–	–
	7,590,100	–	–	13,806,811	874,328	–	41,728,402
	40,795,974	–	–	11,859,765	–	–	52,655,739
	21,633,781	–	–	130,326,148	–	–	153,860,318
	–	717,743	–	–	–	–	717,743
	–	–	356,291,752	354,654,616	–	–	711,979,748
	–	–	–	–	–	–	19,862,091
	–	–	–	–	–	–	–
	2,844	–	–	28,573,421	186,254,187	–	214,830,451
	–	–	–	–	–	–	–
	–	–	–	82,910,411	–	–	83,031,879
	78,312,159	717,743	356,291,752	635,991,897	187,128,515	–	1,337,465,437

Template 9: Market Risk under Standardised Measurement Method

	Bank		Group	
	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
(a) R W A for Interest Rate Risk	2,709,341	2,493,107	2,712,341	2,493,107
General Interest Rate Risk	2,376,841	1,812,995	2,376,841	1,812,995
(i) Net Long or short Position	2,376,841	1,812,995	2,376,841	1,812,995
(ii) Horizontal Disallowance			–	–
(iii) Vertical Disallowance			–	–
(iv) Options			–	–
Specific Interest Rate Risk	332,500	680,112	335,500	680,112
(b) R W A for Equity	1,018,310	697,450	1,018,310	1,169,229
(i) General Equity Risk	511,399	352,932	511,399	588,821
(ii) Specific Equity Risk	506,911	344,518	506,911	580,408
© RWA for foreign exchange and gold	136,321	150,035	136,321	150,035
(d) Capital charge for Market Risk (a)+(b)+©	3,863,972	3,340,592	3,866,972	3,812,371
RWA for Market risk (d) *100/13.5 (2023), *100/13.5 (2022)	28,622,011	24,745,126	28,644,233	28,239,784

Template 10: Operational Risk under Basic Indicator Approach

	Gross Income							
	Bank				Group			
	1 year	2 year	3 year	Average	1 year	2 year	3 year	Average
The basic indicator approach	81,092,272	125,252,435	167,324,160	124,556,289	96,136,211	145,007,833	191,699,410	144,281,151
Capital Charges for Operational Risk (LKR '000)								
The Basic Indicator Approach 15%	12,163,841	18,787,865	25,098,624	18,683,443	14,420,432	21,751,175	28,754,912	21,642,173
Risk Weighted Amount for Operational Risk (LKR '000)								
The Basic Indicator Approach 7.4	90,102,524	139,169,372	185,915,733	138,395,877	106,818,012	161,119,814	212,999,344	160,312,390

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 from Capital
Assets	3,708,404,491	3,708,404,491	3,382,169,821	316,978,002	9,256,668
Cash and Cash Equivalents	109,138,690	109,138,690	109,138,690	–	–
Balances with Central Bank of Sri Lanka	38,417,296	38,417,296	38,417,296	–	–
Placements with Banks	85,166,913	85,166,913	85,166,913	–	–
Derivative Financial Instruments	4,524,930	4,524,930	4,524,930		–
Financial Assets – At Fair Value through Profit or Loss	307,296,907	307,296,907		307,296,907	
Financial Assets – At Amortised Cost		–			
Loans and Receivables to Banks	83,506,019	83,506,019	83,506,019	–	–
Loans and Receivables to Other Customers	1,730,671,216	1,730,671,216	1,730,671,216	–	–
Debt instruments measured at amortised cost	1,230,298,162	1,230,298,162	1,230,298,162		
Financial Assets – At Fair Value through Other Comprehensive Income (OCI)	–	–		–	–
Equity instruments at fair value through OCI	3,431,075	3,431,075		3,431,075	–
Debt instruments at fair value through OCI	7,081,782	7,081,782	831,762	6,250,020	–
Investments in Subsidiaries	6,153,102	6,153,102	1,542,554	–	4,610,548
Investments in Associates	–	–	–	–	–
Goodwill and Intangible assets	1,842,560	1,842,560	–	–	1,842,560
Property, plant and equipment	60,687,299	60,687,299	60,687,299	–	–
Other Assets	40,188,540	40,188,540	37,384,981		2,803,559
Liabilities	3,489,366,881	3,489,366,881	–	–	–
Due to Banks	25,969,385	25,969,385	–	–	–
Derivative Financial Instruments	93,407	93,407	–	–	–
Due to Other Customers	3,229,886,179	3,229,886,179	–	–	–
Other Borrowings	100,014,574	100,014,574	–	–	–
Current Tax Liabilities	9,845,693	9,845,693	–	–	–
Net Deferred Tax Liabilities	6,787,488	6,787,488	–	–	–
Other Liabilities	76,217,192	76,217,192	–	–	–
Subordinated Term Debts	40,552,963	40,552,963	–	–	–
Shareholders' Equity	219,037,610	219,037,610	–	–	–
Stated Capital/Assigned Capital	12,201,998	12,201,998	–	–	–
Statutory Reserve Fund	12,201,998	12,201,998	–	–	–
Other Reserves	70,674,271	70,674,271	–	–	–
Retained Earnings	123,959,343	123,959,343	–	–	–
Total Equity and Liabilities	3,708,404,491	3,708,404,491	–	–	–
Off-Balance Sheet Liabilities	248,762,020	248,762,020	248,762,020	–	–
Acceptances	9,988,331	9,988,331	9,988,331	–	–
Documentary Credit	34,257,594	34,257,594	34,257,594	–	–
Guarantees	62,131,257	62,131,257	62,131,257	–	–
Forward Exchange Contracts	26,217,005	26,217,005	26,217,005	–	–
Undrawn overdrafts and loans	116,286,509	116,286,509	116,286,509	–	–
(-) Allowance for ECL/impairment losses	(118,676)	(118,676)	(118,676)	–	–

Template 12: Group Assessment of Domestic Systemically Important Banks (D-SIBS) As at 31 December 2025

General Information	
Name of the bank	People's Bank

Size	LKR '000
Indicator 1 – Total Exposure	4,078,238,627
Interconnectedness	
Indicator 2 – Intra-financial System Assets	261,369,211
(a) Funds deposited with or lent to other financial institutions (including unused portion of committed lines extended)	173,220,885
(i) Funds deposited	89,852,936
(ii) lending	83,367,949
(b) Holdings of securities issued by other financial institutions	134,808
(c) Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	83,506,019
(d) Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to mark value	4,507,499
Indicator 3 – Intra-financial System Liabilities	134,575,573
(a) Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained)	45,743,550
(i) Funds deposited	19,774,165
(ii) Borrowings	25,969,385
(b) Net negative current exposure of securities financing transactions with other financial institutions	88,799,020
(c) Over-the-counter derivatives with other financial institutions that have a net negative mark to mark value	33,003
Indicator 4 – Securities Outstanding	54,156,709
Substitutability/Financial Institution Infrastructure	
Indicator 5 – Payments made in the reporting year (excluding intra-group payments)	7,700,784,792
Indicator 6 – Gross Loans and Receivables to Non-bank Customers (excluding Government)	1,264,646,456
Indicator 7 – Deposits of Non-bank Customers (excluding Government)	2,517,856,046
Complexity	
Indicator 8 – Notional Amount of Over-the-Counter (OTC) Derivatives	32,067,524
Indicator 9 – Cross-jurisdictional Claims (excluding derivatives and intra-group claims)	112,586,387
Indicator 10 – Cross-jurisdictional Liabilities (excluding derivatives and intra-group liabilities)	156,470,241
Indicator 11 – Trading and Available-for-Sale (AFS) Securities	320,200,597

**As per the Banking Act Direction No. 02 of 2025 – Domestic Systemically Important Banks.*

EXTERNAL ASSURANCE ON SUSTAINABILITY REPORT

GRI 2-5

Shape the future with confidence

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 2025

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 2025** (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 **10 March 2026**. Those standards 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 judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, 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, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Shape the future with confidence

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 2025**, in order for it to be in accordance with the Criteria.

Ernst + Young

31 March 2026
Colombo

GRI CONTENT INDEX

Statement of use People's Bank has reported in accordance with the GRI Standards for the period 1 January 2025 to 31 December 2025

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	325, 492				
	2-2 Entities included in the organisation's sustainability reporting	5				
	2-3 Reporting period, frequency and contact point	5, 7				
	2-4 Restatements of information	5				
	2-5 External assurance	5, 467-468				
	2-6 Activities, value chain and other business relationships	5, 154, 183, 189, 325				
	2-7 Employees	167, 169				
	2-8 Workers who are not employees	170				
	2-9 Governance structure and composition	262, 264, 275				
	2-10 Nomination and selection of the highest governance body	272, 291, 302				
	2-11 Chair of the highest governance body	270				
	2-12 Role of the highest governance body in overseeing the management of impacts	267, 268, 270, 275				
	2-13 Delegation of responsibility for managing impacts	275				
	2-14 Role of the highest governance body in sustainability reporting	5, 275				
	2-15 Conflicts of interest	282, 294				
	2-16 Communication of critical concerns	166				
	2-17 Collective knowledge of the highest governance body	263, 269				
	2-18 Evaluation of the performance of the highest governance body	272				
	2-19 Remuneration policies	272, 290, 299				
	2-20 Process to determine remuneration	272, 290, 299				

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
	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	26-32, 86, 90				
	2-23 Policy commitments	6, 86, 90, 166				
	2-24 Embedding policy commitments	86, 166				
	2-25 Processes to remediate negative impacts	166				
	2-26 Mechanisms for seeking advice and raising concerns	167				
	2-27 Compliance with laws and regulations	269				
	2-28 Membership associations	191				
	2-29 Approach to stakeholder engagement	75-79				
	2-30 Collective bargaining agreements	166				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	81				
	3-2 List of material topics	82-83				
	3-3 Management of material topics	84-85				
Economic performance						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	196				
	201-2 Financial implications and other risks and opportunities due to climate change	201, 205				
	201-3 Defined benefit plan obligations and other retirement plans	336-338				
	201-4 Financial assistance received from government	–				No exceptional relief received during the year
Market presence						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	176				
	202-2 Proportion of senior management hired from the local community	173				

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
Indirect economic impacts						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	192				
	203-2 Significant indirect economic impacts	193				
Procurement practices						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	190				
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	167				
	205-3 Confirmed incidents of corruption and actions taken	167				
Anti-competitive behaviour						
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	187				
Tax						
GRI 207: Tax 2019	207-1 Approach to tax	197				
	207-2 Tax governance, control, and risk management	197				
	207-3 Stakeholder engagement and management of concerns related to tax	76				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	201				
	302-3 Energy intensity	201				
Water and effluents						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	204				
	303-5 Water consumption	204				

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
Emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	203-204				
	305-2 Energy indirect (Scope 2) GHG emissions	203-204				
	305-3 Other indirect (Scope 3) GHG emissions	203-204				
	305-4 GHG emissions intensity	203				
	305-5 Reduction of GHG emissions	203				
Waste Management						
GRI 306: Waste 2020	306-1 Waste Generation and Significant Impact	204				
Supplier environmental assessment						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	191				
	308-2 Negative environmental impacts in the supply chain and actions taken	–				There were no incidents reported related to the negative environmental impacts in the supply chain during the year 2025
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	168				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	175				
	401-3 Parental leave	175				
Labour/management relations						
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	176				
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	176				
	403-3 Occupational health services	176				
	403-4 Worker participation, consultation, and communication on occupational health and safety	176				
	403-5 Worker training on occupational health and safety 403-6 Promotion of worker health	176				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	176				
	403-9 Work-related injuries	176				
	403-10 Work-related ill health	176				

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
Training and education						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	173-174				
	404-2 Programs for upgrading employee skills and transition assistance programs	173-174				
	404-3 Percentage of employees receiving regular performance and career development reviews	177				
Diversity and equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	170, 262				
	405-2 Ratio of basic salary and remuneration of women to men	172				
Non-discrimination						
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	179				
Child labour						
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	179				
Forced or Compulsory Labour						
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	179				
Rights of indigenous peoples						
GRI 411: Rights of indigenous people 2016	411-1 Incidents of violations involving rights of indigenous people	193				
Local communities						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	193-195				
	413-2 Operations with significant actual and potential negative impacts on local communities	–				No instance were reported related to the operations with significant actual and potential negative impact on local communities during the year 2025

GRI Standard/ other source	Disclosure	Location	Omission			Remarks
			Requirement (s) omitted	Reason	Explanation	
Supplier social assessment						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	191				
	414-2 Negative social impacts in the supply chain and actions taken	–				No instance were reported during the year 2025, related to the negative social impacts in the supply chain
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	187				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	–				No instance were reported during the year 2025, related to the incidents of non-compliance concerning the health and safety which impacts of products and services
Marketing and labelling						
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labeling	187				
	417-2 Incidents of non-compliance concerning product and service information and labeling	187				
	417-3 Incidents of non-compliance concerning marketing communications	187				
Customer privacy						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	188				

SENIOR MANAGERS

1. **Ms L M Narangoda**
   Law Officer
   Legal Department

2. **Ms B M D Kumudini**
   Law Officer
   Hambantota R.H.O.

3. **Ms P P K Attanayaka**
   Law Officer
   Kandy R.H.O.

4. **Ms D G S G Dayarathna**
   Law Officer
   Legal Department

5. **Mr K W R R C Siriwardena**
   Senior Building Engineer
   Gampaha R.H.O.

6. **Ms W T I Ambepitiya**
   Law Officer
   Colombo South R.H.O.

7. **Mr D M G M Dasanayaka**
   Senior Building Engineer
   Kurunegala R.H.O.

8. **Ms P M K A Priyadharshanie**
   Law Officer
   Matara R.H.O.

9. **Ms M G C Aroshini**
   Law Officer
   Galle R.H.O.

10. **Ms I B Illangasinghe**
    Law Officer
    Kandy R.H.O.

11. **Ms W G G I Gunaratne**
    Law Officer
    Galle R.H.O.

12. **Ms H G N Pragathi**
    Law Officer
    Gampaha R.H.O.

13. **Ms M S W R Wimalagunarathna**
    Law Officer
    Colombo East R.H.O.

14. **Mr P H L Jayathilaka**
    Law Officer
    Puttalam R.H.O.

15. **Ms A S D de S Sirisena**
    Law Officer
    Kalutara R.H.O.

16. **Ms W A P M J Wickramaarachchi**
    Assistant Regional Manager
    Gampaha R.H.O.

17. **Ms H Raguraman**
    Law Officer
    Ampara R.H.O.

18. **Ms D D N A Aluthge**
    Law Officer
    Colombo East R.H.O.

19. **Ms W M N H Weerakoon**
    Law Officer
    Kandy R.H.O.

20. **Ms R A S R Ranasinghe**
    Law Officer
    Legal Department

21. **Ms S A M L Sirimanna**
    Assistant Regional Manager
    Puttalam R.H.O.

22. **Ms I S Kirindegedara**
    Assistant Regional Manager
    Anuradhapura R.H.O.

23. **Ms E K G I Gajadeera**
    Law Officer
    Colombo South R.H.O.

24. **Ms W M D S Nisansala**
    Law Officer
    Legal Department

25. **Ms L C Shiromi**
    Law Officer
    Colombo South R.H.O.

26. **Ms D S Mahawatta**
    Law Officer
    International Banking Division

27. **Ms R G S A Randeniya**
    Law Officer
    Legal Department

28. **Ms K M A Wijesinghe**
    Law Officer
    Badulla R.H.O.

29. **Ms P D S R Joseph**
    Law Officer
    Puttalam R.H.O.

30. **Ms W O K A W K Wijesinghe**
    Law Officer
    Legal Department

31. **Ms M D S K Dasanayaka**
    Law Officer
    Ratnapura R.H.O.

32. **Ms M D M I Saparamadu**
    Law Officer
    Gampaha R.H.O.

33. **Ms M D Dharmaratne**
    Law Officer
    Colombo North R.H.O.

34. **Ms E M Lohanathan**
    Law Officer
    Batticaloa R.H.O.

35. **Ms K S S Subhashini**
    Assistant Regional Manager
    Galle R.H.O.

36. **Mr W Muthugala**
    Assistant Regional Manager
    Badulla R.H.O.

37. **Ms S P K Ekanayaka**
Assistant Regional Manager
Anuradhapura R.H.O.

38. **Ms R M P Rathnayaka**
Assistant Regional Manager
Badulla R.H.O.

39. **Mr W M U Wijekoon**
Assistant Regional Manager
Nuwara Eliya R.H.O.

40. **Ms K A U I Dharmasiri**
Assistant Regional Manager
Colombo South R.H.O.

41. **Ms M P W Kodippili**
Senior Manager
Supplies and Stores Department

42. **Ms S G T Udayani**
Assistant Regional Manager
Galle R.H.O.

43. **Ms K S C Rohini**
Assistant Regional Manager
Kalutara R.H.O.

44. **Ms U A R P Amarasinghe**
Assistant Regional Manager
Matara R.H.O.

45. **Ms W N D Priyanath**
Assistant Regional Manager
Hambantota R.H.O.

46. **Ms D S Atigala**
Assistant Regional Manager
Gampaha R.H.O.

47. **Mr P M J J Jayasinghe**
Assistant Regional Manager
Nuwara Eliya R.H.O.

48. **Mr T B Liyanage**
Senior Manager
Internal Audit Department

49. **Mr Y Sureshkumar**
Assistant Regional Manager
Jaffna R.H.O.

50. **Ms L P W M Damayanthi**
Assistant Regional Manager
Kurunegala R.H.O.

51. **Mr D M V K Dissanayake**
Assistant Regional Manager
Kurunegala R.H.O.

52. **Mr S B S K Priyadarshana**
Assistant Regional Manager
Kandy R.H.O.

53. **Ms N S W Pathirana**
Assistant Regional Manager
Colombo East R.H.O.

54. **Ms S S Jumat**
Senior Manager
Personal Banking Department

55. **Ms U I Rodrigo**
Senior Manager
Business Revival Unit

56. **Ms B N S Bollegala**
Senior Manager
Internal Audit Department

57. **Ms A H S Perera**
Assistant Regional Manager
Colombo West R.H.O.

58. **Ms P G C Chandramali**
Assistant Regional Manager
Colombo East R.H.O.

59. **Ms M A K L Menik Arachchi**
Assistant Regional Manager
Kandy R.H.O.

60. **Ms K T S Perera**
Senior Manager
Overseas Customer Services

61. **Ms W R D D Ranathunga**
Law Officer
Kurunegala R.H.O.

62. **Mr T K Hinguralaarachchi**
Senior Manager – IT
Personal Banking Department

63. **Mr L R DE Silva**
Senior Manager – IT
Information Technology Department

64. **Mr J M G I C Jayasundara**
Senior Manager – IT
Information Technology Department

65. **Mr D H M T L Karunaratne**
Senior Dealer II
Treasury Unit

66. **Ms T M T K K Abeynayake**
Law Officer
Kurunegala R.H.O.

67. **Ms K S A Arachchige**
Law Officer
Hambantota R.H.O.

68. **Ms S M C C Subasinghe**
Senior Manager
Internal Audit Department

69. **Ms C S K Wicramarathna**
Senior Manager
Internal Audit Department

70. **Ms K H Hemamala**
Senior Manager
Internal Audit Department

71. **Ms M W S P Gunawardhana**
Assistant Regional Manager
Ratnapura R.H.O.

72. **Mr L K P Amarasinghe**
Assistant Regional Manager
Matale R.H.O.

73. **Mr M G T P Karunarathna**
Senior Manager
Kandy Branch

74. **Mr M T A C Fernando**
Assistant Regional Manager
Kalutara R.H.O.

75. **Ms S V G J Chelliah**
Assistant Regional Manager
Wanni R.H.O.

76. **Ms H C K Wicramasinghe**
Senior Manager
Information Technology Department

77. **Mr T M M H Tennakoon**
Assistant Regional Manager
Anuradhapura R.H.O.

78. **Mr N Thineskumar**
Assistant Regional Manager
Batticaloa R.H.O.

79. **Ms W K P Wickrama**
Senior Manager
Risk Management and
Credit Control Department

80. **Ms R H T S Ranepura**
Senior Manager
International Banking Division

81. **Ms P M P Fernando**
Senior Manager
Personal Banking Department

82. **Ms W A C P Weerasiri**
Senior Manager
Channel Management Department

83. **Ms W I R Ekanayake**
Senior Manager
Process Management and
Quality Assurance Department

84. **Mr K Pratheep**
Assistant Regional Manager
Wanni R.H.O.

85. **Mr M A Raban**
Senior Manager
Internal Audit Department

86. **Mr A M T T Amarapathy**
Assistant Regional Manager
Kurunegala R.H.O.

87. **Mr T Bharathramana**
Assistant Regional Manager
Jaffna R.H.O.

88. **Mr G M U S Abayakoon**
Senior Manager
Kurunegala Branch

89. **Mr A K C J Amarasekara**
Senior Manager
Staff Training College

90. **Mr K K S P Deshapriya**
Assistant Regional Manager
Colombo East R.H.O.

91. **Ms D U Cooray**
Senior Manager
Risk Management and Credit Control
Department

92. **Ms D L S Perera**
Senior Manager
Digitalisation Department

93. **Ms R M P S Rathnayake**
Assistant Regional Manager
Colombo West R.H.O.

94. **Ms P M S Sri Wimukthi**
Senior Manager
Risk Management and
Credit Control Department

95. **Ms D D Wijayathilaka**
Senior Manager
Salaries and Pensions Department

96. **Mr L D T P Mihiraj**
Assistant Regional Manager
Colombo North R.H.O.

97. **Mr K N W P Perera**
Senior Dealer II
Treasury Unit

98. **Ms A W Jayasooriya**
Senior Dealer II
Treasury Unit

99. **Ms S P Kumaranayaka**
Law Officer
Kalutara R.H.O.

100. **Ms G G K M Ratnawardhana**
Law Officer
Legal Department

101. **Ms W M A P Manel**
Law Officer
Kurunegala R.H.O.

102. **Ms R M P C Jayathilake**
Senior Finance Officer
Finance and Management
Accounting Department

103. **Ms A D N Samankumari**
Senior Finance Officer
Finance and Management
Accounting Department

104. **Ms R I M Fernando**
Senior Finance Officer
Finance and Management
Accounting Department

105. **Mr U G H S Gamage**
Senior Finance Officer
Finance and Management
Accounting Department

106. **Ms W L D Fernando**
Senior Dealer II
Treasury Unit

107. **Ms M I Shamilah**
Law Officer
Wanni R.H.O.

108. **Mr S Sugash**
Law Officer
Jaffna R.H.O.

109. **Mr H S M de Silva**
Senior Finance Officer
Finance and Management
Accounting Department

110. **Mr A V O R Chamara**
Senior Internal Audit Officer
Internal Audit Department

111. **Ms W M K M N Fernando**
Senior Internal Audit Officer
Internal Audit Department

112. **Mr R M A K Rajaguru**
Senior Internal Audit Officer
Internal Audit Department

113. **Mr J K Gamage**
Senior Manager
Internal Audit Department

114. **Ms I L T N Ihalagedara**
Assistant Regional Manager
Gampaha R.H.O.

115. **Ms M M C Rathnayaka**
Assistant Regional Manager
Trincomalee R.H.O.

116. **Mr D M J Dissanayaka**
Assistant Regional Manager
Puttalam R.H.O.

117. **Ms B J Dissanayaka**
Assistant Regional Manager
Kegalle R.H.O.

118. **Mr B L Pushpa Kumara**
Assistant Regional Manager
Monaragala R.H.O.

119. **Ms D M D P Dissanayaka**
Assistant Regional Manager
Colombo North R.H.O.

120. **Ms W A N Piyaseeli**
Assistant Regional Manager
Colombo North R.H.O.

121. **Ms D Kalatuwawa**
Assistant Regional Manager
Colombo West R.H.O.

122. **Ms G U A Jayaweera**
Senior Manager
Risk Management and Credit Control Department

123. **Mr W K Weerasinghe**
Senior Manager
Supplies and Stores Department

124. **Ms B P C Basnayaka**
Senior Manager
Internal Audit Department

125. **Mr R R M S B Bambaradeniya**
Assistant Regional Manager
Ampara R.H.O.

126. **Mr D S N U Bandara**
Assistant Regional Manager
Kegalle R.H.O.

127. **Mr V T R Wasantha Kumara**
Senior Manager
Union Place Branch

128. **Ms A C Konara**
Assistant Regional Manager
Digitalization Department

129. **Ms N S Kulasekara**
Senior Manager
Peradeniya Branch

130. **Mr W S S Rupasiri**
Assistant Regional Manager
Matara R.H.O.

131. **Mr L N Hirimuthugoda**
Senior Manager
International Banking Division

132. **Mr J W K K N Jayasundara**
Assistant Regional Manager
Colombo South R.H.O.

133. **Mr M Mohanathas**
Assistant Regional Manager
Batticaloa R.H.O.

134. **Ms K A U Seneviratna**
Assistant Regional Manager
Kandy R.H.O.

135. **Ms P W Gunasekara**
Assistant Regional Manager
Matara R.H.O.

136. **Ms H H D Perera**
Senior Manager
International Banking Division

137. **Ms M D S Fernando**
Assistant Regional Manager
Colombo South R.H.O.

138. **Ms N D N Naulla**
Senior Manager
Corporate and Institutional Banking Division

139. **Ms S P R M Sooriyapatabendi**
Senior Manager
Internal Audit Department

140. **Mr P K H Sandakelum**
Senior Manager
Internal Audit Department

141. **Ms D C Jayasinghe**
Assistant Regional Manager
Colombo South R.H.O.

142. **Ms H M D Herath**
Assistant Regional Manager
Polonnaruwa R.H.O.

143. **Ms H P K A Silva**
Senior Manager
Compliance Department

144. **Ms U V S M Prematthunga**
Assistant Regional Manager
Kegalle R.H.O.

145. **Ms P G U Sandamali**
Assistant Regional Manager
Kalutara R.H.O.

146. **Ms W N Kumari**
Senior Manager
Channel Management Department

147. **Ms G K D P S Gunarathna**
Senior Manager
Investigation and Inquiries Department

148. **Ms H D S Perera**
Assistant Regional Manager
Kalutara R.H.O.

149. **Ms D P B P Ranasinghe**
Senior Manager
Personal Banking Department

150. **Mr J A D R C Jayakody**
Senior Manager
Finance and Management Accounting Department

151. **Ms H M M H Seneviratna**
Assistant Regional Manager
Matale R.H.O.

152. **Mr R P C N Rajapaksha**
Senior Manager
Headquarters Branch

153. **Mr M A P M Gunarathna**
Assistant Regional Manager
Badulla R.H.O.

154. **Ms W S A Kulathunga**
Senior Manager
Treasury Unit

155. **Mr G D K G Jayawardana**
Senior Manager
Salaries and Pensions Department

156. **Ms A I Suriyapperuma**
Assistant Regional Manager
Monaragala R.H.O.

157. **Ms H K T Jayarathne**
Senior Manager
Channel Management Department

158. **Mr H G S Diluksha**
Assistant Regional Manager
Hambantota R.H.O.

159. **Mr E A D D S Edirisinghe**
Senior Manager
People's Card Centre

160. **Mr L W M G de Silva**
Senior Manager
Akurana Branch

161. **Mr K A U K Devapriya**
Assistant Regional Manager
Gampaha R.H.O.

162. **Mr W B I Jayasinghe**
Assistant Regional Manager
Ratnapura R.H.O.

163. **Ms M K C Jeewanthi**
Assistant Regional Manager
Polonnaruwa R.H.O.

164. **Mr M T Pradeep**
Assistant Regional Manager
Ratnapura R.H.O.

165. **Mr C M Wickramaarachchi**
Senior Manager
Horana Branch

166. **Ms H M A Chulangani**
Assistant Regional Manager
Kurunegala R.H.O.

167. **Ms C U Divulwela**
Senior Manager
People's Card Centre

168. **Ms M I L Mendis**
Assistant Regional Manager
Gampaha R.H.O.

169. **Ms H G R Suranji**
Senior Manager
Teldeniya Branch

170. **Mr G A D Rasajeewa**
Senior Manager
Battaramulla Branch

171. **Ms D M B P Jayaweera**
Senior Manager
Channel Management Department

172. **Mr E P A P de Silva**
Assistant Regional Manager
Galle R.H.O.

173. **Ms R K S P Rajapaksha**
Assistant Regional Manager
Trincomalee R.H.O.

174. **Mr N D G B K Jayathissa**
Assistant Regional Manager
Kandy R.H.O.

175. **Mr P G P S S Gunasekara**
Senior Manager
Risk Management and
Credit Control Department

176. **Ms R A S P Jayathissa**
Law Officer
Legal Department

177. **Ms R N Karunarathna**
Law Officer
Legal Department

178. **Ms Y S H C N Indrasinghe**
Law Officer
Colombo West R.H.O.

179. **Ms I P T I L Gunasekara**
Law Officer
Colombo West R.H.O.

180. **Ms W G N C S de Silva**
Senior Manager – IT
Information Technology Department

181. **Mr K P G Dharmajeewa**
Senior Manager – IT
Polonnaruwa R.H.O.

182. **D A K Wijenanda**
Senior Manager – IT
Information Technology Department

183. **Ms Y K Amarasena**
Senior Manager – IT
Information Technology Department

184. **Ms P G Metaramba**
Senior Manager – IT
Information Technology Department

185. **Ms U M P Ukwattage**
Law Officer
Monaragala R.H.O.

186. **Ms U A J K Athukorala**
Law Officer
Kegalle R.H.O.

187. **Ms D T C Rupasinghe**
Law Officer
Polonnaruwa R.H.O.

188. **Ms P D G U Kumari**
Law Officer
Anuradhapura R.H.O.

BRANCH MANAGERS

1. **Mr A J C S Perera**
   Manager
   Duke Street
2. **Mr K P C S Kularathne**
   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 M H P S De Silva**
    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**
    Senior Manager
    Union Place
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 C A Rajakumar**
    Deputy Manager
    Mullaitivu
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
    Park Street
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
    Kuliyapitiya
29. **Ms E A T T Ekanayaka**
    Deputy Manager
    Avissawella
30. **Mr M Kalistus**
    Manager
    Jaffna Stanley Road
31. **Ms K Pushpanayagam**
    Manager
    Tellippalai
32. **Mr K Y R Manawansa**
    Manager
    Matara Uyanwatta
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. **Ms A S Kaluarachchi**
    Manager
    Bandarawela
38. **Mr H A A S Hettiarachchi**
    Deputy Manager
    Talawakelle
39. **Ms J K D Nanayakkara**
    Deputy Manager
    Kalutara
40. **Mr A Harikesan**
    Manager
    Vavuniya
41. **Mr C M Wickramaarachchi**
    Senior Manager
    Horana
42. **Mr A B Gunawardena**
    Manager
    Kekirawa
43. **Mr R M S N Wijerathna**
    Deputy Manager
    Padaviya
44. **Mr A H M Aruz**
    Deputy Manager
    Mannar
45. **Mr R T Nishantha**
    Manager
    Embilipitiya
46. **Mr J M P M Jayawardana**
    Deputy Manager
    First City
47. **Ms L P G N Amarasooriya**
    Manager
    Yatiyantota
48. **Mr S Sarathchandar**
    Deputy 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**
    Senior Manager
    Kelaniya
56. **Ms J C Palathanthri**
    Manager
    Sri Sangaraja Mawatha
57. **Ms N S Kulasekara**
    Senior 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
61. **Ms S H W Rohini**
    Manager
    Tissamaharama
62. **Ms B M N D K Balasooriya**
    Manager
    Wellawaya
63. **Ms H B C C Rajahewa**
    Deputy Manager
    Akkaraipattu

64. **Ms H G N Damayanthi**
Deputy Manager
Samanthurai

65. **Mr V Janarthan**
Deputy Manager
Kattankudy

66. **Mr S Gobikrishna**
Manager
Trincomalee Main

67. **Mr H S Keembiye Hettige**
Manager
Tangalle

68. **Ms R M S Jayarathna**
Deputy Manager
Monaragala

69. **Ms T G C Asvini**
Deputy Manager
Mawanella

70. **Ms M D Ranasinghe**
Manager
Matugama

71. **Ms D R T Janaki Kumari**
Manager
Dematagoda

72. **Mr I R Thenabadu**
Manager
Ambalantota

73. **Mr W Ratnasiri**
Deputy Manager
Elpitiya

74. **Ms W A G N H Jayathilake**
Manager
Wattegama

75. **Mr N M Santhan**
Manager
Batticaloa

76. **Mr A M W Kurera**
Manager
Wennappuwa

77. **Ms T A R Chandrika**
Manager
Weligama

78. **Ms C J Gunawardena**
Manager
Borella

79. **Mr U A D C Pushpakumara**
Deputy Manager
Veyangoda

80. **Ms M A F Sajeeda**
Deputy Manager
Ratmalana

81. **Ms K S P K Thilakarathne**
Deputy Manager
Ruwanwella

82. **Ms A M T Abeysinghe**
Manager
Narammala

83. **Ms M M S Perera**
Manager
Nattandiya

84. **Ms O V D C Dinalie**
Deputy Manager
Aluthgama

85. **Mr J H Nawagamuwa**
Manager
Eheliyagoda

86. **Ms W I D P Perera**
Manager
Thimbirigasyaya

87. **Mr W J Weerakkody**
Manager
Baddegama

88. **Mr B A L Jayatissa**
Manager
Ratnapura

89. **Mr P W B Tennakoon**
Manager
Katugastota

90. **Mr K A C J Wijayarathne**
Manager
Kantalai

91. **Ms P S S Fernando**
Deputy Manager
Moratuwa

92. **Mr K A C Kasthuri**
Manager
Giriulla

93. **Mr W M P P B Wanigasekara**
Deputy Manager
Pugoda

94. **Mr M Premkumar**
Manager
Kinniya

95. **Mr M B Jawfer**
Manager
Muttur

96. **Mr S M N Samarakoon**
Manager
Medawachchiya

97. **Ms M N P Perera**
Manager
Gangodawila

98. **Mr A U W Weeraratne**
Manager
Kotikawatta

100. **Mr R T K Ratnayake**
Deputy Manager
Marandagahamula

101. **Mr S H D S R Jinadasa**
Deputy Manager
Rambukkana

102. **Mr R M Vishnuvarthanan**
Deputy Manager
Valaichchenai

103. **Ms W B L D Fernando**
Manager
Piliyandala

104. **Mr N Thanesh**
Manager
Jaffna Main Street

105. **Ms K Sasikala**
Manager
Kayts

106. **Mr B Seeralan**
Manager
Nelliady

107. **Mr S Saravananthan**
Manager
Atchuvely

108. **Ms Z Pretheban**
Deputy Manager
Chankanai

109. **Mr A S Antonippillai**
Manager
Chunnakam

110. **Mr K Venkadesh**
Manager
Chavakachcheri

111. **Mr A Francis**
Manager
Paranthan

112. **Ms H G R Suranji**
Senior Manager
Teldeniya

113. **Ms R C Suthaharan**
Deputy Manager
Batticaloa Town

114. **Mr I M P Ilankoon**
Manager
Galagedara

115. **Mr K M P Pushpakumara**
Manager
Galewela

116. **Mr R M I Udayanga**
Deputy Manager
Passara

117. **Ms C Kodisinghe**
Manager
Akuressa

118. **Ms S W G C Swarnamali**
Manager
Delgoda

119. **Ms W A I Nimali**
Manager
Narahenpita

120. **Ms S H C A N Senevirathna**
Manager
Walasmulla

121. **Ms B G Ruwani**
Manager
Bandaragama

122. **Mr D M P C Dissanayake**
Deputy Manager
Wilgamuwa

123. **Mr M Thanushan**
Deputy Manager
Eravur

124. **Mr W A R Wasalamuni**
Deputy Manager
Nikaweratiya

125. **Mr I L D P Dayarathne**
Deputy Manager
Kalpitiya

126. **Mr A V D Thushan**
Manager
Grandpass

127. **Ms L Y N Sandamali**
Manager
Nildandahinna

128. **Ms W G M Edirisinghe**
Deputy Manager
Rattota

129. **Mr P D S K Pathirana**
Manager
Rakwana

130. **Mr H J Karunarathne**
Deputy Manager
Hakmana

131. **Ms B A K Darshika**
Deputy Manager
Udugama

132. **Mr A P Mahesha**
Manager
Deniyaya

133. **Mr R D Pathma**
Manager
Kamburupitiya

134. **Mr K L P Kithsiri**
Manager
Nuwara Eliya

135. **Mr S V A J C Samarawickrama**
Deputy Manager
Dikwella

136. **Ms P M K G Jinadasa**
Manager
Hikkaduwa

137. **Ms T A D Jayathilaka**
Manager
Makandura

138. **Mr E W M I R W C K B Udugamuwa**
Deputy Manager
Dambulla

139. **Ms J M N T Sandareka**
Manager
Pettah

140. **Mr A B Kulasekara**
Deputy Manager
Hasalaka

141. **Mr S Mohanachselvan**
Manager
Valvettithurai

142. **Ms H H A S Jayasekara**
Manager
Kochchikade

143. **Ms M M N S Gunasekara**
Manager
Suduwella

144. **Ms K M I K P Kuruppu**
Manager
Hettipola

145. **Ms S Suhanthan**
Manager
Wellawatte

146. **Ms W C L I De Silva**
Deputy Manager
Naula

147. **Mr D M A S Dissanayake**
Deputy Manager
Buttala

148. **Mr P P R Rodrigo**
Deputy Manager
Panadura

149. **Ms M M C A Badullewa**
Manager
Alawwa

150. **Mr S D N J Cristopher**
Manager
Kebithigollewa

151. **Mr R M N P B Rathnayaka**
Deputy Manager
Diyatalawa

152. **Ms E B C M Bandara**
Manager
Matara Dharmapala Mawatha

153. **Mr L W M G De Silva**
Senior Manager
Akurana

154. **Ms I D Nilushika**
Manager
Balapitiya

155. **Mr A B M Rizwan**
Manager
Kahawatta

156. **Ms H M N W K Herath**
Manager
Uva Paranagama

157. **Ms S Siriwardana**
Manager
Menikhinna

158. **Mr E O Udayapriya**
Manager
Senkadagala

159. **Mr H M A Kumararatne**
Manager
Kadugannawa

160. **Ms D N T Athapattu**
Deputy Manager
Pelmadulla

161. **Ms K G T D Malkanthi**
Manager
Bulathsinhala

162. **Ms N Sathiyaseelan**
Manager
Jaffna University

163. **Mr K R S B Kulasuriya**
Manager
Wariyapola

164. **Ms H L W Surangi**
Deputy Manager
Pottuvil

165. **Mr K Kohilan**
Deputy Manager
Mankulam

166. **Mr C E Dabarera**
Deputy Manager
Murunkan

167. **Mr S T Dissanayake**
Manager
Colombo Town Hall

168. **Mr T P Wickramasinghe**
Deputy Manager
Kataragama

169. **Mr A G Eranga**
Deputy Manager
Galle Main Street

170. **Mr S A A I R Suraveera**
Deputy Manager
Eppawala

171. **Mr W W P M D Weerasooriya**
Deputy Manager
Nochchiyagama

172. **Mr R M D M Rajaguru**
Manager
Bingiriya

173. **Ms V N Gunasekera**
Manager
Pundaluoya

174. **Ms H P K Samanmali**
Manager
Nugegoda

175. **Ms M D S Perera**
Deputy Manager
Kandana

176. **Ms S A H M P Bandara**
Deputy Manager
Mid City

177. **Ms T M R Sewwandi**
Deputy Manager
Galenbindunuwewa

178. **Mr M Jegadeesen**
Manager
Maskeliya

179. **Mr H M N M Dissanayaka**
Manager
Galnewa

180. **Mr G B E M K R Ekanayake**
Manager
Deraniyagala

181. **Mr R G A R Ananda**
Deputy Manager
Maha Oya

183. **Mr R M S K Wijetunga**
Deputy Manager
Ankumbura

184. **Ms M I L Madugoda**
Deputy Manager
Galgamuwa

185. **Ms N A W M R P L K Dehigama**
Manager
Galigamuwa

186. **Ms R Chandrakala**
Deputy Manager
Hatton

188. **Ms N S B Yapa**
Manager
Ahangama

189. **Mr A H S Khan**
Deputy Manager
Uhana

190. **Mr D Thanashakaran**
Manager
Kaluwanchikudy

191. **Ms K K D R T Karunathilaka**
Manager
Malwana

192. **Ms K M P P Rathnayake**
Manager
Nivithigala

193. **Ms G P G M E Palliyaguru**
Manager
Ridigama

194. **Ms K D T Dilrukshi**
Manager
Kolonnawa

195. **Mr D R Wickramanayake**
Deputy Manager
Haldummulla

196. **Mr S A C R Suriyapperuma**
Manager
Kaduwela

197. **Ms T M Sirimanna**
Deputy Manager
Uragasmanhandiya

198. **Mr M A P N Mallawaarachchi**
Manager
Mirigama

199. **Ms R M T K Polpitiya**
Deputy Manager
Mawathagama

200. **Ms D M N P Gunaratne**
Manager
Majestic City

201. **Ms P A P Dayananda**
Manager
Ukuwela

202. **Ms W R D Kumudini**
Manager
Kirindiwela

203. **Mr K T A R Wickramarathne**
Deputy Manager
Habarana

204. **Mr R P C N Rajapaksha**
Senior Manager
Headquarters

205. **Mr A P D J Pushpakumara**
Manager
Angunakolapelessa

206. **Ms Y M C Niroshini**
Deputy Manager
Davulagala

207. **Mr W H M T S Wijekoon**
Manager
Ibbagamuwa

208. **Mr G A D Rasajeewa**
Senior Manager
Battaramulla

209. **Mr H M T N Herath**
Deputy Manager
Boralanda

210. **Mr B A R S Priyankara**
Deputy Manager
Kolupitiya Co-op House

211. **Mr M G W M C Wijekoon**
Deputy Manager
Panwila

214. **Mr M Vijenthiran**
Deputy Manager
Mutwal

215. **Ms D M S D Dissanayaka**
Manager
Madampe

216. **Ms B D T M De Silva**
Manager
Haputale

217. **Ms E K K Udumullage**
Manager
Mahara

218. **Mr K N Jayatissa**
Deputy Manager
Horowpathana

219. **Mr S Ahilan**
Deputy Manager
Thambuttegama

220. **Mr S L Algewatta**
Deputy Manager
Nuwarawewa

221. **Ms S Wickramasooriya**
Manager
Hemmathagama

222. **Mr W G W B Wedagedara**
Manager
Wattala

223. **Mr T Karikalan**
Deputy Manager
Karativu

224. **Mr T Umaashankaran**
Deputy Manager
Thirukkovil

225. **Ms D P Wijayarathna**
Manager
Hali-Ela

226. **Ms R W S A Somarathne**
Deputy Manager
Kurunegala Maliyadewa

227. **Ms S A Premkumar**
Deputy Manager
Chenkalady

228. **Mr S M A Jawath**
Deputy Manager
Addalachchenai

229. **Ms R Illanperuma**
Manager
Hanwella

230. **Mr J K Kalubowila**
Manager
Thanamalwila

231. **Mr R M P S Ranasinghe**
Manager
Medirigiriya

232. **Ms V J K Botheju**
Manager
Polonnaruwa Town

233. **Mr H D W Udayakumara**
Deputy Manager
Serunuwara

234. **Ms W L Ranaweera**
Manager
Batapola

235. **Mr N Y P S Piyasiri**
Deputy Manager
Kalawana

236. **Ms E P M Rajakaruna**
Manager
Maradana

237. **Ms C S Gamage**
Manager
Kiribathgoda

238. **Ms H G C N Kumari**
Manager
Gonagaldeniya

239. **Mr R N Jeewamal**
Manager
Ja-Ela

240. **Mr A M H S Jayasekara**
Deputy Manager
Keppetipola

241. **Mr G H Malwaththage**
Manager
Pallepola

242. **Mr R A A C Ranasinghe**
Manager
Bakamuna

243. **Mr M C H Wimalasena**
Deputy Manager
Devinuwara

244. **Ms W B M R Weeraratna**
Manager
Beliatta

245. **Mr W R I B Ekiriyagala**
Deputy Manager
Godakawela

246. **Mr D S Nandasiri**
Deputy Manager
Meegalewa

247. **Mr E I Amarasinghe**
Deputy Manager
Imaduwa

248. **Ms H P A D Rathnakumara**
Manager
Aranayaka

249. **Mr M P Chandana**
Manager
Neboda

250. **Mr T H K S Somathilaka**
Deputy Manager
Kandeketiya

251. **Mr J M S L Jayathissa**
Deputy Manager
Lunugala

252. **Mr C D Undugodage**
Deputy Manager
Bulathkohupitiya

253. **Ms J A T Chathurangani**
Deputy Manager
Aralaganwila

254. **Ms M V K Imbuldeniya**
Deputy Manager
Welikanda

255. **Ms K J Nishanthini**
Deputy Manager
Trincomalee Town

256. **Ms M G R M Madakumbura**
Manager
Pilimathalawa

257. **Ms J M D L Peiris**
Manager
Deltota

258. **Ms G H W W M M N Samanmali**
Deputy Manager
Medagama

259. **Ms S P N Ramar**
Manager
Kehelwatta

260. **Mr G W Manawadu**
Deputy Manager
Koslanda

261. **Mr P R Silva**
Manager
Pelawatta

262. **Ms H D T R Siriwardena**
Manager
Wadduwa

263. **Ms U K N Siripala**
Deputy Manager
Kuruwita

264. **Mr K H A G Pamuditha**
Manager
Suriyawewa

265. **Ms M A N Chamali**
Deputy Manager
Middeniya

266. **Mr C Malalasekara**
Manager
Kiriella

267. **Mr T D W Ekanayake**
Manager
Anamaduwa

268. **Mr H Y W W M C K Wijesekara**
Deputy Manager
Girandurukotte

269. **Mr T B A G Silva**
Manager
Badulla – Muthiyangana

270. **Mr J A P Jayasinghe**
Manager
Thulhiriya

271. **Ms N H Weerasingha**
Manager
Urubokka

272. **Mr G D S Gamage**
Manager
Thalgaswala

273. **Ms A K P A Attanagoda**
Manager
Kadawatha

274. **Ms D S Hettiarachchi**
Manager
Pussellawa

275. **Ms K Velrane**
Manager
Olcott Mawatha

276. **Ms D R T Dissanayaka**
Deputy Manager
Katunayake

277. **Ms S Sakkuneswaran**
Manager
Sea Street

278. **Mr R D R S Kumara**
Manager
Nittambuwa

279. **Ms P S Koralage**
Deputy Manager
Pitakotte

280. **Ms M G M H N Samarasinghe**
Deputy Manager
Pothuhera

281. **Ms W S Wijenayaka**
Deputy Manager
Kobeigane

282. **Ms H D S Fernando**
Manager
Maggona

283. **Ms A A S R Adhikari**
Deputy Manager
Baduraliya

284. **Mr P Partheepan**
Manager
Jaffna Kannathiddy

285. **Ms R Paramthaman**
Manager
Point Pedro

288. **Mr S D D U S Singhapura**
Deputy Manager
Kudawella

289. **Ms P V S P Vitharama**
Deputy Manager
Kaltota

290. **Ms A T N Perera**
Manager
Moratumulla

291. **Mr M A D Chinthaka**
Deputy Manager
Dankotuwa

292. **Mr M P Wijekoon**
Deputy Manager
Udapussellawa

293. **Mr W A V E Kulathunga**
Manager
Dehiowita

294. **Ms M M I D Manthilake**
Manager
Alawathugoda

295. **Mr P N Shantha**
Deputy Manager
Udawalawa

296. **Mr N L F Rifai**
Deputy Manager
Nintavur

297. **Mr M A M Fazmil**
Deputy Manager
Dam Street

298. **Mr P H J Tilakaratne**
Manager
Central Road

299. **Ms E D A P Hettiarachchi**
Manager
Kegalle Bazaar

300. **Ms L C Gorokgoda**
Manager
Ingiriya

301. **Mr W M P E Rathnayake**
Deputy Manager
Galkiriyagama

302. **Ms K A S W Amarathilake**
Manager
Ginigathhena

303. **Mr M Ranjith**
Manager
Mahawewa

304. **Ms T P Karunasena**
Deputy Manager
Walasgala

306. **Ms M D M Pushpakumari**
Manager
Maharagama

307. **Ms D C Mallikarachchi**
Manager
Gandara

308. Ms R S M Pinto
Deputy Manager
Kotahena

309. Ms N R Ramanayaka
Manager
Liberty Plaza

310. Ms R Mukunthan
Deputy Manager
Bambalapitiya

311. Mr O D N L Vithanage
Manager
Beruwala

312. Ms B S S Perera
Deputy Manager
Malwatta Road

313. Ms W G K M Wickremasinghe
Manager
Katubedda

315. Ms P D N Subhashini
Deputy Manager
Thalawa

316. Mr W P K Gunawardana
Deputy Manager
Ragama

317. Mr K A H S Fernando
Deputy Manager
Ratnapura Town

318. Mr W M A Darshana
Deputy Manager
Pamunugama

319. Mr S Manimaran
Manager
Kirulapone

320. Ms E P S Dissanayake
Deputy Manager
Golden Jubilee

321. Ms D R Lenerolle
Deputy Manager
Panadura Town

322. Mr H J P A Jayasinghe
Manager
Marawila

324. Ms T N Peiris
Manager
Seeduwa

325. Ms M H N P Kahangama
Deputy Manager
Wanduramba

327. Ms I N K Jayawardena
Manager
Kesbewa

328. Ms K K G S Gunaratna
Deputy Manager
Kottawa

329. Ms K G N Dushyanthi
Deputy Manager
Koggala

330. Mr J S Chandradasa
Manager
Dehiattakandiya

331. Ms T H J Hettiarachchi
Manager
Lucky Plaza

332. Mr A S Athulasiri
Manager
Ganemulla

333. Ms S A B Jaffeer
Manager
Yakkala

334. Mr R A D Rathnayaka
Deputy Manager
Kurunegala Ethugalpura

335. Ms W A U S Samanayaka
Manager
Nugegoda City

336. Ms N C Dahanayake
Manager
Mount Lavinia

337. Ms R I Jayaweera
Manager
Dehiwala Galle Road

338. Ms R Vijitha
Deputy Manager
Sainthamaruthu

339. Mr S Pavanantharajah
Deputy Manager
Kallar

340. Mr P S Christy
Deputy Manager
Oddamavady

341. Ms J C Lamahewa
Deputy Manager
Hatharaliyadda

342. Mr P Vigneswararajah
Deputy Manager
Kokkadichcholai

343. Ms V M Erandani
Manager
Karapitiya

344. Mr K A J Sisirakumara
Deputy Manager
Melsiripura

345. Mr H G S L Sumanadasa
Deputy Manager
Ranna

346. Mr M I Yahiya
Deputy Manager
Maruthamunai

347. Mr A M S W Dayananda
Deputy Manager
Badalkumbura

348. Ms M A S Himali
Manager
Boralesgamuwa

349. Mr P Dencil
Manager
Pallebedda

350. Mr K H S Chandralal
Deputy Manager
Weeraketiya

351. Ms S P C M Sudasinghe
Deputy Manager
Thambala

352. Mr N Mohamed Shiyam
Deputy Manager
Pulmudai

353. Ms B M N T Bandara
Manager
Rikillagaskada

354. Ms V N Kodieswary
Manager
Bagawanthalawa

355. Ms K M K Pushpa Kumari
Manager
Kotiyakumbura

356. Mr E K Feldano
Deputy Manager
Chettikulam

357. Ms F N Zuhair
Manager
Kandy City Centre

358. Mr T M B B Tennakoon
Deputy Manager
Poojapitiya

359. Ms G Wijesinghe
Deputy Manager
Piliyandala City

360. Mr R M N Rathnayaka
Deputy Manager
Polpithigama

361. Ms P Visakan
Manager
Kodikamam

362. Ms W N V Botheju
Manager
People's Elegance

363. Mr R M R M Rathnayaka
Manager
Gelioya

364. Mr A S S P Arumapperuma
Deputy Manager
Athurugiriya

365. Ms R M A D Rathnayake
Deputy Manager
Siyambalanduwa

366. Ms G A P S Bhagya
Deputy Manager
Padukka

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 un collectability.

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 loses 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)
People's Tower,
No. 374, Dr. Colvin R De Silva Mawatha,
Colombo 2, Sri Lanka.
Call Centre: 1961
Tel: +94 11 374 0740, +94 11 248 1481
Email: info@peoplesbank.lk
Web: www.peoplesbank.lk
Swift: PSBKLKLX

Tax Payer Identification Number (TIN)
409000037

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 Tower, 13th Floor,
No. 374, Dr. Colvin R De Silva Mawatha,
Colombo 2, Sri Lanka.
Tel: +94 11 374 0740 (ext. 1300/1302)
+94 11 374 1300,
+94 11 374 1302
Fax: +94 11 233 2748
Email: cbdunit1@peoplesbank.lk,
sechead_cb@peoplesbank.lk

Off-shore Banking Unit
People's Tower, 13th Floor,
No. 374, Dr. Colvin R De Silva Mawatha,
Colombo 2, Sri Lanka.
Tel: +94 11 374 0740 (ext. 1300/1302)
+94 11 374 1300,
+94 11 374 1302
Fax: +94 11 233 2748
Email: sechead_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: teletran@peoplesbank.lk,
nrfc@peoplesbank.lk,
SWIFT: PSBKLKLX

People's Card Centre
9th Floor, People's Bank –
Old Head Office Building,
No. 75, Sir Chittampalam A Gardiner
Mawatha, Colombo 02.
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,
Colombo 8, Sri Lanka.
Tel: +94 11 263 1631
Fax: +94 11 263 1000
Email: plclease@plc.lk
Web: www.plc.lk

Sub 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,
Colombo 8, Sri Lanka.
Tel: +94 11 263 1631
Fax: +94 11 2320 365

People's Leasing Fleet Management Ltd.
No. 1161, Maradana Road,
Colombo 8, Sri Lanka.
Tel: +94 11 230 4466,
+94 11 230 4466
Email: valuation@plc.lk

People's Micro-Commerce Ltd.
No. 1161, Maradana Road,
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

Web and Social Media Details
https://www.peoplesbank.lk

https://www.facebook.com/peoplesbanksrilanka

https://www.instagram.com/peoplesbanksrilanka

https://www.youtube.com/@PeoplesBankSriLanka

https://www.linkedin.com/company/peoplesbankofficial

https://www.tiktok.com/@peoplesbanksl

GSARN©
www.gsarn.org
Global Standard Annual Report Number©
LKA8355PEBXX0250000E112

SMART MEDIA
The ANNUAL REPORT Company

Produced by Smart Media,
a GHG-neutral company
since 2011

PEOPLE'S BANK

Pride of the Nation

www.peoplesbank.lk