



PEOPLE'S BANK

FINANCIAL STATEMENTS

INCOME STATEMENT						
FOR THE YEAR ENDED 31ST DECEMBER 2009						
	BANK			GROUP		
	2009 (Rs. '000) (Audited)	2008 (Rs. '000) (Audited)	Change %	2009 (Rs. '000) (Audited)	2008 (Rs. '000) (Audited)	Change %
Gross Income	69,049,608	58,948,110	17.1	75,560,338	64,344,746	17.4
Interest Income	62,341,236	53,453,556	16.6	68,639,885	58,635,370	17.1
Interest Income on Loans and Advances	49,542,553	42,504,415	16.6	55,766,717	47,667,736	17.0
Interest Income on Other Interest Earning Assets	12,798,683	10,949,141	16.9	12,873,168	10,967,634	17.4
Less: Interest Expenses	38,414,583	34,491,766	11.4	41,491,263	37,240,092	11.4
Interest Expenses on Deposits	32,980,191	26,924,496	22.5	32,931,742	26,894,873	22.4
Interest Expenses on Other Interest Bearing Liabilities	5,434,392	7,567,270	(28.2)	8,559,521	10,345,219	(17.3)
Net Interest Income	23,926,653	18,961,790	26.2	27,148,622	21,395,278	26.9
Non Interest Income	5,332,338	4,874,325	9.4	5,516,774	5,081,076	8.6
Foreign Exchange Income	1,120,819	818,399	37.0	1,120,819	818,399	37.0
Other Income	4,211,519	4,055,926	3.8	4,395,955	4,262,677	3.1
Less: Non - Interest Expenses	16,879,327	14,519,709	16.3	18,254,953	15,578,262	17.2
Personnel Costs	8,620,113	7,605,117	13.3	9,032,357	7,947,552	13.6
Provision for Staff Retirement Benefits	1,838,624	1,514,794	21.4	1,838,624	1,514,794	21.4
Premises, Equipment and Establishment Expenses	3,598,401	2,964,156	21.4	3,687,125	3,044,659	21.1
Losses on Trading/Investment Securities	-	-	-	-	-	-
Other Operating Expenses	2,822,189	2,435,642	15.9	3,698,847	3,071,257	20.4
Less: Provision for Bad and Doubtful Debts and Loans Written Off	716,379	999,796	(28.3)	645,367	1,095,688	(41.1)
Provisions - General	480,356	651,551	(26.3)	480,356	397,889	20.7
Provisions - Specific	1,612,057	968,474	66.5	1,568,690	1,326,099	18.3
Recoveries(-)	(1,376,034)	(620,229)	121.9	(1,403,679)	(628,300)	123.4
Loans Written Off	-	-	-	-	-	-
Other Provisions	3,180,083	-	-	3,180,083	-	-
Less: Provision for Decline in Value of Investments	(432,635)	13,405	(3,327.4)	(432,635)	13,405	(3,327.4)
Operating Profit on Ordinary Activities before Tax	8,915,837	8,303,205	7.4	11,017,628	9,788,999	12.6
Less: Value Added Tax on Financial Services	2,840,146	2,639,484	7.6	3,124,980	2,646,154	18.1
Operating Profit on Ordinary Activities before Corporate Tax	6,075,691	5,663,721	7.3	7,892,647	7,142,844	10.5
Share of Subsidiaries/Associate Companies' Profit	-	-	-	(1,523)	17,981	(108.5)
Operating Profit Before Corporate Tax	6,075,691	5,663,721	7.3	7,891,124	7,160,825	10.2
Less: Tax on Profits on Ordinary Activities	2,755,497	2,958,873	(6.9)	3,717,316	3,733,322	(0.4)
Operating Profit after Corporate Tax	3,320,194	2,704,848	22.7	4,173,808	3,427,503	21.8
Minority Interest	-	-	-	409	(44)	(1,029.5)
Operating Profit for the Period	3,320,194	2,704,848	22.7	4,174,217	3,427,459	21.8

STATEMENT OF CHANGES IN EQUITY AND RESERVES - BANK										
FOR THE YEAR ENDED 31ST DECEMBER 2009										
	Equity Capital			Reserves			Income Statement		Total	
	Ordinary Shares (Rs. '000)	Capital Pending Allotment (Rs. '000)	Permanent Reserve (Rs. '000)	Revaluation Reserve (Rs. '000)	Capital Reserve (Rs. '000)	Special Risk Reserve (Rs. '000)	General Reserve (Rs. '000)	Building Reserve (Rs. '000)	Income Statement (Rs. '000)	Total (Rs. '000)
Balance as at 01.01.2009	49,998	7,152,000	49,998	5,610,494	5,663	388,761	1,000	1,000	2,620,808	15,879,722
Issue of Shares/ Increase of assigned capital (Tranche 4 Capital)	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	3,320,194	3,320,194
Transfer to Special Risk Reserve during the period	-	-	-	-	-	433,688	-	-	(433,688)	-
Transfer to General Reserve	-	-	-	-	-	-	312,500	-	(312,500)	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(219,690)	(219,690)
Profit transfer to Head office	-	-	-	-	-	-	-	-	-	-
Special Levy to Treasury	-	-	-	-	-	-	-	-	(1,200,000)	(1,200,000)
Balance as at 31.12.2009	49,998	7,152,000	49,998	5,610,494	5,663	822,449	313,500	1,000	3,775,124	17,780,226

BALANCE SHEET						
AS AT 31ST DECEMBER 2009						
	BANK			GROUP		
	As at 31.12.2009 (Rs. '000) (Audited)	As at 31.12.2008 (Rs. '000) (Audited)	Change %	As at 31.12.2009 (Rs. '000) (Audited)	As at 31.12.2008 (Rs. '000) (Audited)	Change %
On Balance Sheet Assets						
Cash in Hand	8,975,708	9,528,407	(5.8)	9,029,551	9,545,196	(5.4)
Balances with Central Bank of Sri Lanka /Other Central Banks	22,717,034	18,905,799	20.2	22,717,034	18,905,799	20.2
Due from Banks and Other Financial Institutions	41,356,867	8,851,964	367.2	42,358,707	8,898,845	376.0
Investments - Trading Account	16,589,321	11,354,462	46.1	16,589,321	11,354,462	46.1
Government Securities	16,165,819	11,166,748	44.8	16,165,819	11,166,748	44.8
Other Securities	423,502	187,714	125.6	423,502	187,714	125.6
Investments - Held to-Maturity (Net of provisions made for decline in investment value)	77,365,891	69,755,832	10.9	77,416,666	69,805,841	10.9
(Excluding Investments in Associates and Subsidiaries)						
Government Securities	77,255,242	69,626,347	11.0	77,255,242	69,626,347	11.0
Other Securities	172,758	124,283	39.0	223,533	174,292	28.3
Less : Provision for decline in Value of Investment	62,109	(5,202)	(1,293.9)	62,109	(5,202)	(1,293.9)
Investments in Associates and Subsidiaries	1,775,450	1,375,450	29.1	251,155	257,767	(2.6)
Loans and Advances						
Performing Loans and Advances	278,838,879	245,382,129	13.6	312,599,693	274,759,776	13.8
Bills of Exchange	8,051,308	5,710,703	41.0	8,051,308	5,710,703	41.0
Overdrafts	67,644,102	48,444,261	39.6	66,724,431	46,850,941	42.4
Lease Rentals Receivable	2,023,946	3,718,270	(45.6)	36,072,866	35,028,544	3.0
Other Loans	201,119,523	187,508,895	7.3	201,751,088	187,169,588	7.8
Non Performing Loans and Advances	20,040,178	17,856,920	12.2	21,187,080	19,003,823	11.5
Bills of Exchange	1,803,351	1,908,195	(5.5)	1,803,351	1,908,195	(5.5)
Overdrafts	3,511,040	2,887,628	21.6	3,511,040	2,887,628	21.6
Lease Rentals Receivable	6,377	9,052	(29.6)	1,153,279	1,155,955	(0.2)
Other Loans	14,719,410	13,052,045	12.8	14,719,410	13,052,045	12.8
Add:						
Interest Receivables on NP Advances	32,875,680	35,493,657	(7.4)	32,912,714	35,493,657	(7.3)
Total Gross Loans and Advances	331,754,737	298,732,706	11.1	366,699,487	329,257,256	11.4
Less:						
Interest in Suspense	33,836,258	36,589,374	(7.5)	43,027,418	45,700,617	(5.8)
Specific Loan Loss Provisions	11,954,959	11,794,081	1.4	12,787,726	12,626,848	1.3
General Loan Loss Provisions	2,203,267	1,723,205	27.9	3,691,803	3,211,741	14.9
Net Loans and Advances	283,760,253	248,626,046	14.1	307,192,540	267,718,050	14.7
Other Assets	15,766,326	20,787,474	(24.2)	16,472,213	21,212,657	(22.3)
Intangible Assets	149,211	292,138	(48.9)	512,935	314,984	62.8
Prepayment Leases	359,356	467,300	(23.1)	359,356	467,300	(23.1)
Property, Plant & Equipment (Net of Accumulated Depreciation)	7,410,094	7,602,901	(2.5)	8,170,342	8,192,847	(0.3)
Total on Balance Sheet Assets	476,225,512	397,547,773	19.8	501,069,820	416,673,748	20.3
On Balance Sheet Liabilities						
Total Deposits	396,157,559	324,489,316	22.1	396,227,797	323,034,348	22.7
Demand Deposits	37,352,131	27,466,126	36.0	36,740,452	27,019,739	36.0
Savings Deposits	174,735,372	150,871,182	15.8	174,864,164	150,871,182	15.9
Time Deposits	181,258,786	144,233,044	25.7	181,796,413	143,224,463	26.9
Margin Deposits	2,508,618	1,593,733	57.4	2,508,618	1,593,733	57.4
Other Deposits	302,652	325,231	(6.9)	328,150	325,231	0.9
Total Borrowings	41,884,174	36,214,099	15.7	58,138,645	51,009,836	14.0
Borrowings from CBSL	1,165,615	1,150,879	0.5	1,190,734	1,304,601	(8.7)
Borrowings from Banks and Financial Institutions in Sri Lanka	4,884,511	4,699,569	3.9	20,866,333	19,035,071	9.6
Borrowings from Banks and Financial Institutions - Abroad	-	1,415,625	(100.0)	-	1,415,625	(100.0)
Securities sold under Repurchase Agreements	30,343,906	26,090,467	16.3	30,343,906	26,090,467	16.3
Subordinated Term Debts	5,000,000	2,500,000	100.0	5,245,530	2,815,000	46.2
Other Borrowings	490,142	348,559	40.6	490,142	348,072	40.4
Deferred Liabilities	164,014	128,296	27.2	433,739	319,469	34.2
Current Taxation	1,665,457	1,794,329	(7.2)	2,094,559	1,889,051	10.9
Other Liabilities	18,574,082	19,042,011	(2.5)	21,954,458	20,960,975	4.7
Total on Balance Sheet Liabilities	458,445,286	381,668,051	20.1	478,849,198	397,213,679	20.6
Minority Interest	-	-	-	6,217	191	3,155.0

STATEMENT OF CHANGES IN EQUITY AND RESERVES - GROUP FOR THE YEAR ENDED 31ST DECEMBER 2009										
	Equity Capital			Reserves					Income Statement (Rs. '000)	Total (Rs. '000)
	Ordinary Shares (Rs. '000)	Capital Pending Allotment (Rs. '000)	Permanent Reserve (Rs. '000)	Revaluation Reserve (Rs. '000)	Capital Reserve (Rs. '000)	Special Risk Reserve (Rs. '000)	General Reserve (Rs. '000)	Building Reserve (Rs. '000)		
Balance as at 01.01.2009	49,998	7,152,000	49,998	5,610,494	5,663	388,761	1,000	1,000	6,200,965	19,459,879
Issue of Shares/ Increase of assigned capital (Tranche4 Capital)	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	4,174,217	4,174,217
Transfer to Special Risk Reserve during the period	-	-	-	-	-	433,688	-	-	(433,688)	-
Transfer to General Reserve	-	-	-	-	-	-	312,500	-	(312,500)	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(219,690)	(219,690)
Profit transfer to Head office	-	-	-	-	-	-	-	-	-	-
Special Levy to Treasury	-	-	-	-	-	-	-	-	(1,200,000)	(1,200,000)
Balance as at 31.12.2009	49,998	7,152,000	49,998	5,610,494	5,663	822,449	313,500	1,000	8,209,304	22,214,406

SELECTED PERFORMANCE INDICATORS				
	BANK		GROUP	
	As at 31.12.2009 (Audited)	As at 31.12.2008 (Audited)	As at 31.12.2009 (Audited)	As at 31.12.2008 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. Mn	11,823	9,959	16,272	13,852
Total Capital Base, Rs. Mn	20,616	16,081	25,363	20,746
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	7.7	6.5	9.1	7.9
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.4	10.5	14.2	11.9
Assets Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	6.6	6.7	6.4	8.5
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	1.9	1.6	1.3	3.0
Profitability				
Interest Margin, %	5.2	6.1	5.6	6.2
Return on Assets (Before Tax), %	1.4	1.8	1.7	2.5
Return on Equity (After Tax), %	19.7	34.1	20.0	35.3
Regulatory Liquidity				
Statutory Liquid Assets, Rs.Mn				
Domestic Banking Unit Rs. Mn	127,347	78,809		
Off- Shore Banking Unit US\$ ('000)	19,646	27,376		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit	29.9	22.2		
Off- Shore Banking Unit	24.6	20.2		

FINANCIAL REPORTING BY SEGMENTS								
	BANK		LEASING		TRAVEL		CONSOLIDATED	
	2009 RS. 000	2008 RS. 000	2009 RS. 000	2008 RS. 000	2009 RS. 000	2008 RS. 000	2009 RS. 000	2008 RS. 000
Income								
Interest	61,626,261	52,508,947	-	-	-	-	61,626,261	52,508,947
Exchange	1,120,819	818,399	-	-	-	-	1,120,819	818,399
Leasing	408,803	616,022	6,604,553	5,510,401	-	-	7,013,356	6,126,423
Share Trading/Dividend	31,531	30,975	-	-	-	-	31,531	30,975
Commissions and Fees	3,108,401	3,591,387	-	-	17,569	17,395	3,125,970	3,608,782
Other	2,225,644	925,448	416,489	325,213	268	559	2,642,401	1,251,220
Total revenue from external customers	68,521,459	58,491,178	7,021,042	5,835,614	17,837	17,954	75,560,338	64,344,746
Inter-segment revenue	528,149	456,932	243,769	227,636	3,405	3,525	775,323	688,093
Total revenue	69,049,608	58,948,110	7,264,811	6,063,250	21,242	21,479	76,335,661	65,032,839
Segment result	6,075,691	5,663,721	2,028,744	1,591,909	2,449	6,444	7,892,647	7,142,844
Income from associates	-	-	-	-	-	-	(1,523)	17,981
Income Tax expenses	(2,755,497)	(2,958,873)	(956,261)	(766,071)	(475)	(2,318)	(3,717,316)	(3,733,322)
Minority Interest	-	-	-	-	-	-	409	(44)
Net profit for the year	3,320,194	2,704,848	1,072,483	825,838	1,974	4,126	4,174,217	3,427,459
Segment Assets	476,070,012	397,392,273	30,155,279	25,412,626	30,487	31,746	500,818,664	416,415,981
Investment in associates	155,500	155,500	-	-	-	-	251,155	257,767
Total Assets	476,225,512	397,547,773	30,155,279	25,412,626	30,487	31,746	501,069,820	416,673,748
Segment Liabilities	458,445,286	381,668,051	24,210,486	20,733,777	10,581	12,564	478,849,197	397,213,678
Total Liabilities	476,225,512	397,547,773	30,155,279	25,412,626	30,487	31,746	501,069,820	416,673,748

Equity Capital and Reserves	17,780,226	15,879,722	12.0	22,214,406	19,459,879	14.2
Share Capital/Assigned Capital	7,201,998	7,201,998	-	7,201,998	7,201,998	-
Statutory Reserve Fund	49,998	49,998	-	49,998	49,998	-
Total Other Reserves	10,528,230	8,627,726	22.0	14,962,410	12,207,883	22.6
Total On - Balance Sheet Liabilities, Equity Capital and Reserves	476,225,512	397,547,773	19.8	501,069,820	416,673,748	20.3
Off-Balance Sheet Items and Contra Accounts	100,867,201	138,988,771	(27.4)	100,867,201	138,988,771	(27.4)
Contingencies	90,080,711	127,383,309	(29.3)	90,080,711	127,383,309	(29.3)
Commitment and Contra Accounts	10,786,490	11,605,462	(7.1)	10,786,490	11,605,462	(7.1)
Memorandum Information						
Number of Employees	8,863	8,587		9,380	9,094	
Number of Branches	329	328		361	358	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2009				
	BANK		GROUP	
	2009 (Rs. '000) (Audited)	2008 (Rs. '000) (Audited)	2009 (Rs. '000) (Audited)	2008 (Rs. '000) (Audited)
Cash Flows from Operating Activities				
Interest & Commission Receipts	63,056,600	54,507,416	70,801,463	59,831,325
Interest Payments	(33,716,539)	(33,162,198)	(36,656,528)	(35,887,445)
Recoveries of loans previously written off	87,613	124,708	157,213	124,708
Cash payments to employees & Suppliers	(16,507,334)	(14,543,152)	(17,991,852)	(15,463,967)
Operating profit before changes in operating assets and liabilities <i>(Increase) / Decrease in operating Assets</i>	12,920,340	6,926,774	16,310,296	8,604,621
Deposits held for regulatory or monetary control purposes	(3,811,235)	4,700,324	(3,811,235)	4,700,324
Funds advanced to customers	(36,772,941)	(11,457,447)	(41,105,210)	(15,095,277)
Treasury bills and bonds	(6,564,372)	(16,165,997)	(6,564,372)	(16,165,997)
<i>Increase / (Decrease) in operating Liabilities</i>				
Deposit from Customers	71,701,039	23,615,948	73,200,749	22,533,687
Negotiable Certificate of Deposits	(32,796)	(82,841)	(7,301)	(82,841)
Net cash from Operating Activities before Income Tax	37,440,035	7,536,761	38,022,927	4,494,517
Income Taxes Paid	(2,993,835)	(2,999,494)	(3,601,096)	(3,380,718)
Retirement Benefit paid during the year	(1,475,641)	(1,421,940)	(1,476,685)	(1,421,940)
Net Cash from Operating Activities	32,970,559	3,115,327	32,945,146	3,081,141
Cash Flows from Investing Activities				
Net increase/decrease in Investment in Subsidiaries & Associates	(400,000)	(400,000)	5,089	6,060
Dividend Received	250,291	150,205	36,055	156,513
Proceed from Sales of Property, Plant & Equipment	2,333	182,730	38,720	196,669
Purchase of Property, Plant & Equipment	(847,900)	(1,056,159)	(1,557,474)	(1,489,814)
Proceeds from Maturity Investments	(5,173,464)	47,750	(5,174,239)	47,750
Net Cash used in Investing Activities	(6,168,740)	(1,075,474)	(6,651,839)	(1,082,822)
Cash Flows from Financing Activities				
Capital Received from Government	-	1,500,000	-	1,500,000
Debtures	2,500,000	2,500,000	2,430,530	2,705,000
GOSL Bond Interest Paid	(219,690)	(219,690)	(219,690)	(219,690)
Special Levy Paid to Treasury	(300,000)	(500,000)	(300,000)	(500,000)
Minority Interest Paid	-	-	6,436	(23)
Net increase / (decrease) in Borrowings	3,078,492	(15,697,231)	4,597,564	(12,490,284)
Net Cash from / (used in) Financing Activities	5,008,802	(12,416,921)	6,509,840	(9,004,997)
Net increase / (decrease) in cash and cash equivalents	31,810,621	(10,377,068)	32,803,147	(10,395,960)
Cash and Cash Equivalents at the beginning of the year	18,031,812	28,490,880	18,094,969	28,490,929
Cash and Cash Equivalents at the end of the year	49,842,433	18,031,812	50,898,116	18,094,969
Cash and Short Term Funds	50,332,575	18,380,371	51,388,258	18,444,041
Amounts due to Banks	(490,142)	(348,559)	(490,142)	(349,072)
Cash and Cash Equivalents reflected on Balance Sheet at the end of the year	49,842,433	18,031,812	50,898,116	18,094,969

NOTES:

- The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
- The Information contained in these statements have been extracted from the audited financial statements of the Bank and have been prepared in accordance with Sri Lanka Accounting Standards.

(Sgd.)
Yohan Soza
Head of Finance

(Sgd.)
P.V.Pathirana
Chief Executive Officer/General Manager

(Sgd.)
W. Karunajewa
Chairman

24.03.2009
Colombo.