

Report of the Directors

The Directors are pleased to present their report for the year ended 31.12.2003 and the Audited Accounts of the Bank for the same period.

1. Principal Activities

The principal activities of the Bank included traditional commercial banking activities, whilst a considerable emphasis was paid to developing related business areas such as Credit Cards, Offshore banking, Dealing in Government securities, Corporate Paper and Treasury Products.

2. The Directorate

<u>Name</u>	<u>Date of Appointment</u>
Mr Lal Nanayakkara	15.01.2002
Mr Asite Talwatte	15.01.2002
Mr Nimal Samarakkody	15.02.2002
Mr Dayantha Fernando	04.03.2002
Mr Sumanasiri Hulugalle	29.04.2002
Mr Lionel Samarasinghe	29.04.2002
Mrs Kanthi Ranasinghe	01.08.2002
Mr Nihal Abeysekera	06.12.2003
Mrs Indrani S Jayasinghe	06.12.2003

Mr Deva Rodrigo 15.01.2002 (Resigned on 14.01.2003)

3. Directors' representation in Subsidiaries/ Associate Companies is as follows :

Mr Lal Nanayakkara	
Chairman	- People's Merchant Bank
Chairman	- People's Venture Investments Co. Ltd
Chairman	- People's Property Development Ltd
Chairman	- Smart Net Lanka Co. Ltd

Mr Dayantha Fernando	
Chairman	- People's Travels (Pvt) Ltd

4. Directors' representation in Board Sub - Committees is as follows

Board Executive Credit Committee

Mr Nimal Samarakkody
Mr Asite Talwatte
Mr Dayantha Fernando

Board Audit Committee

Mr Dayantha Fernando
Mrs Kanthi Ranasinghe

Board Executive IT Committee

Mr Lal Nanayakkara

5. Director's Interest in Contracts

The Directors of the Company have no direct or indirect interest in either accommodations granted by the Bank or in contracts, of the Bank, except those specified elsewhere in this report, which have been disclosed and declared at meetings of the Directors.

6. Corporate Governance

The Bank has put in place systems and procedures to ensure sound corporate governance. A detailed description of such systems adopted is given in page 86 of this Report.

7. Going Concern

The Directors are satisfied that the Bank will be able to continue its operations in the foreseeable future. The capital deficit of the Bank has been guaranteed by the Ministry of Finance of the Government of Sri Lanka for the year ending 31st December 2004, by the Letter of Comfort dated 12th February 2004. The financial statements of the Bank, have accordingly been prepared on the going concern basis.

8. Directors' Responsibility for Financial Reporting

The Directors are responsible for preparation of the financial statements of the Bank in accordance with the Sri Lanka Accounting and Auditing Standards and also for provision of information as required by the Banking Act No: 30 of 1988 as amended, and the People's Bank Act No: 29 of 1961 as amended. The Directors are accordingly satisfied that the financial statements presented herein gives a true and fair view of the state of affairs of the Bank and its Subsidiaries and Associates as at 31st December 2003 and the profit for the year then ended.

9. Post Balance Sheet Events

No events have occurred after the balance sheet date which would require adjustments to or disclosure in the accounts, other than those given in Notes to the accounts.

Mrs. Kanthi Atukorale - LLB (Sri Lanka)

Attorney-at-Law
Secretary to the Board