

## DIRECTORS' REPORT

### DIRECTORS

The Board of Directors of People's Bank consists of ten Directors, nominated by the Minister of Finance out of which two names were proposed by the Minister in Charge of Co-operatives under the provisions of People's Bank Act No. 29 of 1961 as amended. In the year 2008 there were nine Directors out of which one name was proposed by the Minister-in-charge of Co-operatives. The Board meets at least once a month and met 18 times in 2008. The Quorum for each meeting is five members. The Directors of the Bank during the year 2008 were as follows:

#### Name

Mr. W. Karunajeewa  
Mr. H.K. Chandrasiri de Silva  
Mr. Gunasoma Wickremasinghe  
Mr. R.A. Jayatissa  
Mr. Thimira Rajapaksa  
Mr. Anil Parakrama Weerasinghe  
Mr. D.J.D. Jayakody  
Dr. R.M.K. Ratnayake  
Mr. W. Swarna Sri Bandara

#### Directors' Attendance at the Board Meetings

Number of Meetings held during the year 2008 - 18

Name of the Director	No. of Meetings Attended
Mr. W. Karunajeewa	18
Mr. H.K. Chandrasiri de Silva	17
Mr. Gunasoma Wickremasinghe	18
Mr. R.A. Jayatissa	13
Mr. Thimira Rajapaksa	13
Mr. Anil Parakrama Weerasinghe	17
Mr. D.J.D. Jayakody	18
Dr. R.M.K. Ratnayake	8
Mr. W. Swarna Sri Bandara	18

### SUBSIDIARIES AND ASSOCIATES

The following are the Subsidiaries/Associate Companies of the Bank:

#### [a] People's Leasing Co. Ltd.

Shareholding 100%

The principal activities of the Company are Financial Leasing, Operating Leasing, Hire Purchase, Asset Financing and Islamic Finance.

Directors' representation is as follows:

Mr. W. Karunajeewa - *Chairman*  
Mr. D.J.D. Jayakody - *Director*  
Mr. W. Swarna Sri Bandara - *Director*  
(Appointed on 23.04.2008)  
Mr. Kapila Ariyaratne - *Director*  
Mr. N. Vasanthakumar - *Director*  
Mr. M.T.M. Shuaib - *Credit Controller*

#### [b] People's Travels (Pvt) Ltd.

Shareholdings 99%

The principal activities of the Company - Air Ticketing and Organising of Tours.

Directors' representation is as follows:

Mr. Chandrasiri de Silva - *Chairman*  
Mr. Thimira Rajapaksa - *Director*  
(Appointed on 23.04.2008)  
Mr. N. Vasanthakumar - *Director*

### PEOPLE'S MERCHANT BANK LTD.

Shareholdings 39.2%

The principal activities of the Bank are Lease Financing, Trade Financing, Corporate Finance and related Advisory Services, Investment Banking and Real Estate Development.

Directors' representation is as follows:

Mr. Thimira Rajapaksa - *Chairman*  
Mr. Chandrasiri de Silva - *Director* (Appointed on 23.04.2008)  
Mr. Anil Parakrama Weerasinghe - *Director* (Appointed on 23.04.2008)  
Mr. Kapila Ariyaratne - *Director* (Resigned on 30.04.2008)  
Mr. Mohan Niyangoda - *Managing Director/CEO*

## DIRECTORS' REPORT

### Profit Appropriation for the Year 2008

	2008 Rs Bn	2007 Rs Bn
Profit before Taxation	5.6	5.0
Provision for Taxation	(2.9)	(2.6)
Net Profit after Taxation	2.7	2.4
<b>Appropriation</b>		
Special Levy to Treasury	(1.0)	(0.7)
Dividend paid to GOSL		
Restructuring Bonds	(0.2)	(0.2)
Profit after Appropriation	1.5	1.4

### CORPORATE GOVERNANCE

The Bank has voluntarily adopted best practice provisions and have in place systems and procedures to ensure sound Corporate Governance.

A detailed Report is given on pages 58 to 59.

### COMPLIANCE REPORTING

A separate Compliance Function Unit has been set up within the Bank. Monthly Compliance Reports certified by the CEO/GM and the Chief Compliance Officer are submitted to the Central Bank of Sri Lanka - Bi-Monthly Compliance Reports are also submitted to the Board. A Code of Conduct for Staff has been formulated and will be issued to all members of staff.

A detailed report is given on page 59.

Subcommittees of the Board as at 31st December 2008 are as follows:

### BOARD AUDIT COMMITTEE

Mr. R.A. Jayatissa	- <i>Director (chaired the Committee)</i>
Mr. D.J.D. Jayakody	- <i>Director</i>
Mr. Anil Parakrama Weerasinghe	- <i>Director</i>

Main function of the Committee is identifying the operational risks faced by the Bank as preventing/minimising the effects of such risks and communicating and encouraging best practices and positive quality assurance throughout the Branch Network.

### BOARD EXECUTIVE CREDIT COMMITTEE

Mr. W. Karunajeewa	- <i>Chairman</i>
Mr. Chandrasiri de Silva	- <i>Director</i>
Dr. R.M.K. Ratnayake	- <i>Director</i>
Mr. Asoka de Silva	- <i>CEO/General Manager</i> <i>(Retired on 25th April 2008)</i>
Mr. M. Wickremasinghe	- <i>CEO/General Manager</i> <i>(Appointed on 25th April 2008)</i>
Mr. Kapila Ariyaratne	- <i>SDGM (C &amp; IB, D &amp; DC)</i>
Mr. Sabry Ibrahim	- <i>SDGM (Risk Management)</i>
Mr. M.T.M. Shuaib	- <i>Credit Controller</i>

Main Functions are formulating and periodically reviewing the credit policy of the Bank. Authorising credit facilities over and above the delegated limits of specified categories.

### BOARD IT COMMITTEE

Up to 31st March 2008

Mr. W. Karunajeewa	- <i>Chairman</i>
Mr. Chandrasiri De Silva	- <i>Director</i>
Mr. D.J.D. Jayakody	- <i>Director</i>
Mr. Asoka de Silva	- <i>Chief Executive Officer/General Manager</i>
Mr. M. Wickremasinghe	- <i>Chief Executive Officer/General Manager</i>

From 31st March 2008

Dr. R.M.K. Ratnayake	- <i>Director to Chair the Committee</i>
Mr. D.J.D. Jayakody	- <i>Director</i>
Mr. Thimira Rajapakse	- <i>Director</i>
Mr. M. Wickremasinghe	- <i>Chief Executive Officer/General Manager</i>

The quorum for a meeting is three members.

Main Functions of the Committee are to critically review major milestones, ensure that anticipated cost/benefit analysis is valid and give high level guidance to the Chief Executive Officer/General Manager and the IT Steering Committee.



### BOARD HUMAN RESOURCE MANAGEMENT COMMITTEE

- Mr. W. Karunajeewa - *Chairman*  
Mr. Chandrasiri de Silva - *Director*  
Mr. D.J.D. Jayakody - *Director*  
Mr. Asoka de Silva - *CEO/GM (Retired on 25th April 2008)*  
Mr. M. Wickremasinghe - *CEO/GM (Appointed on 25th April 2008)*

Main functions of the Committee are to formulate policies and procedures in relation to Human Resource Management, Review and set in place the manning levels of the Bank according to business requirements, approve recruitment, employee benefits, specified extensions and Corporate Executive Management employment contracts.

### BOARD RISK MANAGEMENT COMMITTEE

- Mr. R.A. Jayatissa - *Director (Chaired the Committee)*  
Mr. Chandrasiri de Silva - *Director*  
Mr. D.J.D. Jayakody - *Director*  
Mr. A.P. Weerasinghe - *Director*  
Mr. Asoka de Silva - *CEO/GM (Retired on 25th April 2008)*  
Mr. M. Wickremasinghe - *CEO/GM (Appointed on 25th April 2008)*

The Board Sub-Committee was set up to have an overview and input into the Bank-wide efforts relating to integrated Risk Management.

The Board Committee on Risk Management specifically views the summary of proceedings and issues arising out of ALCO reports and meetings, Credit Risk related issues and reports and the efforts of establishing an Operational Risk Management framework.

More details relating to the Bank's Risk Management is set out in a specific section dealing with the subject in this Report on pages 60 to 64.