

FITCH RATING AA+ (LKA)



PEOPLE'S BANK

FINANCIAL STATEMENTS

INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE

	BANK			GROUP		
	2016 (Rs. '000) (Unaudited)	2015 (Rs. '000) (Unaudited)	Change %	2016 (Rs. '000) (Unaudited)	2015 (Rs. '000) (Unaudited)	Change %
Gross Income	56,285,135	50,727,925	11.0	66,660,025	61,411,418	8.5
Interest income	50,646,299	46,269,058	9.5	59,740,573	55,323,701	8.0
Interest expenses	(30,039,837)	(23,946,122)	25.4	(34,045,498)	(27,671,414)	23.0
Net Interest Income	20,606,462	22,322,936	(7.7)	25,695,075	27,652,287	(7.1)
Fee and commission income	1,817,383	1,850,547	(1.8)	1,787,552	1,794,197	(0.4)
Fee and commission expenses	(92,116)	(89,143)	3.3	(92,116)	(89,143)	3.3
Net Fee and Commission Income	1,725,267	1,761,404	(2.1)	1,695,436	1,705,054	(0.6)
Net gain from trading	1,288,608	1,085,078	18.8	1,227,174	1,104,986	11.1
Net gain/(loss) from financial investment	-	-	-	-	-	-
Other operating income (net)	2,532,845	1,523,241	66.3	3,904,726	3,188,535	22.5
Total Operating Income	26,153,183	26,692,659	(2.0)	32,522,412	33,650,861	(3.4)
Impairment for loans and other losses	(224,480)	(3,397,660)	(93.4)	(228,270)	(4,070,929)	(94.4)
Individual impairment	(497,958)	(352,397)	-	(330,611)	(147,192)	-
Collective impairment	273,478	(3,045,263)	-	617,238	(3,520,819)	-
Other	-	-	-	(514,898)	(402,918)	-
Net Operating Income	25,928,703	23,294,999	11.3	32,294,141	29,579,931	9.2
Personnel Expenses	(8,594,328)	(8,905,062)	(3.5)	(9,877,811)	(9,848,872)	0.3
Depreciation and amortisation	(527,788)	(483,437)	9.2	(682,509)	(628,930)	8.5
Other expenses	(4,182,948)	(3,560,169)	17.5	(6,302,806)	(5,240,079)	20.3
Operating Profit before Value Added Tax (VAT) & Nation Building Tax (NBT)	12,623,638	10,346,331	22.0	15,431,016	13,862,049	11.3
VAT & NBT on Financial Services	(2,603,442)	(1,856,539)	40.2	(2,926,111)	(2,079,511)	40.7
Operating Profit after Value Added Tax (VAT) & Nation Building Tax (NBT)	10,020,196	8,489,792	18.0	12,504,905	11,782,538	6.1
Share of profits/(loss) of associates	-	-	-	-	(82,323)	-
Profit before Tax	10,020,196	8,489,792	18.0	12,504,905	11,700,215	6.9
Tax expenses	(2,930,323)	(2,462,014)	19.0	(3,727,134)	(3,510,068)	6.2
Profit for the period	7,089,873	6,027,778	17.6	8,777,771	8,190,147	7.2
Profit Attributable to :						
Equity Holders of the Bank	7,089,873	6,027,778	17.6	8,153,760	7,630,138	6.9
Non-controlling interests	-	-	-	624,011	560,009	11.4
	7,089,873	6,027,778	17.6	8,777,771	8,190,147	7.2
Earnings per Share on Profit						
Basic earnings per ordinary share	7,090	6,028	17.6	8,154	7,630	6.9
Diluted earnings per ordinary share	49	42	17.6	57	53	6.9

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE**

	BANK		GROUP	
	2016 (Rs.'000) (Unaudited)	2015 (Rs.'000) (Unaudited)	2016 (Rs.'000) (Unaudited)	2015 (Rs.'000) (Unaudited)
Profit for the six months Ended	7,089,873	6,027,778	8,777,771	8,190,147
Other Comprehensive Income net of Tax				
Actuarial gains and losses on defined benefit plans	-	-	(24,202)	728
Deferred tax effect on defined benefit plan liability	-	-	6,214	(141)
Gains and losses on re-measuring available-for-sale financial assets	-	-	(121,503)	104,187
Gain on revaluation of land and buildings	-	-	-	-
Gain on revaluation of land and buildings - Associate	-	-	-	-
Gains and losses on derivative financial Assets	-	-	(9,531)	30,251
Less:				
Tax expense relating to components of other comprehensive income	-	-	-	-
Other Comprehensive Income for the year, net of Taxes	-	-	(149,022)	135,025
Total Comprehensive Income for the period	7,089,873	6,027,778	8,628,749	8,325,172
Attributable to :				
Equity Holders of the Bank	7,089,873	6,027,778	8,044,571	7,731,406
Non-controlling interests	-	-	584,178	593,766

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	30.06.2016	31.12.2015	Change	30.06.2016	31.12.2015	Change
	(Rs. '000) (Unaudited)	(Rs. '000) (Audited)	%	(Rs. '000) (Unaudited)	(Rs. '000) (Audited)	%
Assets						
Cash and Cash Equivalents	26,773,518	27,963,708	(4.3)	29,263,208	30,692,205	(4.7)
Balances with Central Bank of Sri Lanka	55,422,408	42,947,711	29.0	55,422,408	42,947,711	29.0
Placements with banks	8,403,422	8,097,147	3.8	8,403,422	8,097,147	3.8
Derivative Financial Instruments	237,082	4,109	5,670.4	237,081	24,853	853.9
Other Financial assets held-for-trading	87,182,015	93,400,763	(6.7)	87,711,745	93,973,351	(6.7)
Loans and receivables to Banks	81,176,343	114,606,980	(29.2)	82,263,679	115,519,933	(28.8)
Loans and receivables to other customers	823,482,462	768,514,659	7.2	929,521,905	869,780,503	6.9
Financial investments - Available-for-sale	1,524,431	3,533,745	(56.9)	3,350,870	5,661,807	(40.8)
Financial investments - Held-to-maturity	84,707,273	86,604,889	(2.2)	89,594,014	91,089,198	(1.6)
Investments in subsidiaries	1,375,766	1,475,766	(6.8)	-	-	-
Investments in associates	-	-	-	-	-	-
Goodwill and intangible assets	110,533	126,888	(12.9)	441,650	462,355	(4.5)
Property, plant and equipment	16,858,504	16,303,750	3.4	22,341,553	22,695,989	(1.6)
Investment properties	184,861	185,713	(0.5)	184,862	185,713	(0.5)
Prepaid Leases	524,285	536,321	(2.2)	524,285	536,321	(2.2)
Deferred tax assets	480,901	480,901	-	481,352	562,471	(14.4)
Other assets	14,616,067	12,359,723	18.3	17,936,707	13,136,823	36.5
Total Assets	1,203,059,871	1,177,142,773	2.2	1,327,678,741	1,295,366,380	2.5
Liabilities						
Due to banks	103,930,002	143,923,634	(27.8)	126,913,051	162,687,453	(22.0)
Derivative Financial Instruments	292,656	112,149	161.0	292,656	112,149	161.0
Due to other customers	951,508,742	899,237,879	5.8	987,537,536	932,905,835	5.9
Other Borrowings	55,771,696	48,159,101	15.8	70,174,596	63,107,816	11.2
Current tax liabilities	5,329,606	3,845,472	38.6	6,446,178	4,505,841	43.1
Deferred tax liabilities	842,007	842,007	-	2,866,676	3,494,727	(18.0)
Other liabilities	15,877,852	16,495,249	(3.7)	23,471,866	24,844,690	(5.5)
Subordinated term debts	15,032,542	15,032,542	-	30,907,240	30,907,240	-
Total Liabilities	1,148,585,103	1,127,648,033	1.9	1,248,609,799	1,222,565,751	2.1
Equity						
Stated capital/Assigned capital	7,201,998	7,201,998	-	7,201,998	7,201,998	-
Statutory reserve Fund	4,152,518	4,152,518	-	4,152,518	4,152,518	-
Other reserves	21,846,751	21,846,751	-	22,914,267	23,012,662	(0.4)
Retained earnings	21,273,501	16,293,473	30.6	37,447,827	32,209,593	16.3
Total shareholders' equity	54,474,768	49,494,740	10.1	71,716,610	66,576,771	7.7
Non-controlling interests	-	-	-	7,352,332	6,223,858	18.1
Total equity	54,474,768	49,494,740	10.1	79,068,942	72,800,629	8.6
Total equity and liabilities	1,203,059,871	1,177,142,773	2.2	1,327,678,741	1,295,366,380	2.5
Contingent Liabilities and Commitments	191,038,324	181,532,583	5.2	191,051,158	181,545,417	5.2
No of Employees	8,314	8,368		11,005	10,331	
No of Branches	740	740		843	829	

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE**

BANK

	Stated capital/Assigned capital		Reserves					Total (Rs.'000)	
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Investment fund (Rs.'000)	Available For Sale Reserve (Rs.'000)		Retained earnings (Rs.'000)
Balance as at 01.01.2015	49,998	7,152,000	3,522,626	10,876,547	8,828,873	-	241,946	12,797,562	43,469,552
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	(2,770,120)	(2,770,120)
Profit for the year	-	-	-	-	-	-	-	12,597,843	12,597,843
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	54,433	-	54,433
Net Defined Benefit obligation	-	-	-	-	-	-	-	(635,394)	(635,394)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	(1,884)	(1,884)
Transfers to reserves during the period	-	-	629,892	-	1,875,000	-	-	(2,504,892)	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	(219,690)	(219,690)
Special Levy to Treasury	-	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Reversal of Revaluation Gain on Disposed Property	-	-	-	(30,048)	-	-	-	30,048	-
Transfers to Retained earnings during the period	-	-	-	-	-	-	-	-	-
Balance as at 01.01.2016	49,998	7,152,000	4,152,518	10,846,499	10,703,873	-	296,379	16,293,473	49,494,740
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	7,089,873	7,089,873
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	-	-	-
Net Defined Benefit obligation	-	-	-	-	-	-	-	-	-
Disposal loss of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-	-	-	-
Transfers to Retained earnings during the period	-	-	-	-	-	-	-	-	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	(109,845)	(109,845)
Special Levy to Treasury	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	-	-
Balance as at 30.06.2016	49,998	7,152,000	4,152,518	10,846,499	10,703,873	-	296,379	21,273,501	54,474,768

GROUP

	Stated capital/ Assigned capital		Reserves							Total (Rs.'000)	Non controlling interest (Rs.'000)	Total equity (Rs.'000)
	Ordinary shares (Rs.'000)	Assigned capital (Rs.'000)	Reserve fund (Rs.'000)	Revaluation reserve (Rs.'000)	Other reserves (Rs.'000)	Investment fund (Rs.'000)	Available For Sale Reserve (Rs.'000)	Cash Flow Hedge Reserve (Rs.'000)	Retained earnings (Rs.'000)			
Balance as at 01.01.2015	49,998	7,152,000	3,522,626	11,393,318	8,828,873	-	271,215	(15,797)	27,536,628	58,738,861	5,323,419	64,062,280
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	-	(3,413,319)	(3,413,319)	(214,400)	(3,627,719)
Profit for the year	-	-	-	-	-	-	-	-	13,898,052	13,898,052	1,169,941	15,067,993
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	162,726	-	-	162,726	36,120	198,846
Net Defined Benefit obligation	-	-	-	-	-	-	-	-	(635,377)	(635,377)	5	(635,372)
Gain on revaluation of Land and Building	-	-	-	504,430	-	-	-	-	-	504,430	168,144	672,574
Gain on revaluation of Land and Building - Associate	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve during the period	-	-	629,892	-	1,875,000	-	-	-	(2,504,892)	-	-	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(219,690)	(219,690)	-	(219,690)
Special Levy to Treasury	-	-	-	-	-	-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Subsidiary Acquired During the Year	-	-	-	-	-	-	-	-	-	-	133,346	133,346
Change of Holding of Associate	-	-	-	-	-	-	-	-	51,758	51,758	-	51,758
Share Issue	-	-	-	-	-	-	-	-	609,561	609,561	140,439	750,000
Gains and losses on derivative financial Assets	-	-	-	-	-	-	-	22,945	-	22,945	7,649	30,594
Dividend payment	-	-	-	-	-	-	-	-	-	-	(493,707)	(493,707)
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	-	-	(1,935)	(1,935)	(18)	(1,953)
Reversal of Revaluation gain on Disposed Property	-	-	-	(30,048)	-	-	-	-	30,048	-	-	-
Tax on Other Comprehensive income	-	-	-	-	-	-	-	-	(141,241)	(141,241)	(47,080)	(188,321)
Balance as at 01.01.2016	49,998	7,152,000	4,152,518	11,867,700	10,703,873	-	433,941	7,148	32,209,593	66,576,771	6,223,858	72,800,629
Adjustment of Super Gain Tax	-	-	-	-	-	-	-	-	(24)	(24)	(8)	(32)
Profit for the period	-	-	-	-	-	-	-	-	8,153,760	8,153,760	624,011	8,777,772
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(91,247)	-	-	(91,247)	(30,256)	(121,503)
Net Defined Benefit obligation	-	-	-	-	-	-	-	-	(15,432)	(15,432)	(8,771)	(24,202)
Gains and losses on derivative financial Assets	-	-	-	-	-	-	-	(7,148)	-	(7,148)	(2,382)	(9,529)
Tax on other comprehensive income	-	-	-	-	-	-	-	-	(588)	(588)	(166)	(754)
Reversal of Revaluation on Disposed Property	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Surplus of Land and Building	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	-	-	5,226	5,226	1,741	6,967
Transfer to Reserve during the period	-	-	-	-	-	-	-	-	-	-	-	-
Change of Holding of Associate	-	-	-	-	-	-	-	-	-	-	-	-
Movement due to change in ownership	-	-	-	-	-	-	-	-	(781,872)	(781,872)	776,130	(5,742)
Share Issue Expenses	-	-	-	-	-	-	-	-	(12,993)	(12,993)	(4,331)	(17,324)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	(227,495)	(227,495)
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(109,845)	(109,845)	-	(109,845)
Special Dividend to Treasury	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Balance as at 30.06.2016	49,998	7,152,000	4,152,518	11,867,700	10,703,873	-	342,694	-	37,447,827	71,716,610	7,352,332	79,068,942

CASH FLOW STATEMENT				
FOR THE SIX MONTHS ENDED 30TH JUNE				
	BANK		GROUP	
	2016 (Rs.'000) (Unaudited)	2015 (Rs.'000) (Unaudited)	2016 (Rs.'000) (Unaudited)	2015 (Rs.'000) (Unaudited)
Cash flows from operating activities				
Profit before tax	10,020,196	8,489,792	12,504,905	11,700,215
Adjustment for				
Non-cash items included in profits before tax	1,242,413	4,136,554	1,405,829	4,938,088
Changes in operating assets	(28,988,252)	(53,037,584)	(36,260,585)	(48,675,962)
Changes in operating liabilities	18,205,867	41,882,320	23,400,446	34,696,382
Net gains from investing activities	-	-	-	-
Share of profits in associates and joint ventures	-	-	-	82,323
Dividend income from subsidiaries and associates	(668,554)	(81,718)	(115,509)	(108,826)
Interest expense on subordinated debt	993,750	993,750	993,750	993,750
Contribution paid to defined benefit plans/Gratuity	1,066,556	758,568	1,103,542	787,934
Tax paid	(1,446,190)	(1,128,830)	(2,327,548)	(1,780,634)
Net Cash Generated from Operating Activities	425,789	2,012,851	704,830	2,633,269
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(1,052,567)	(1,180,087)	(288,275)	(1,141,519)
Proceeds from the sale of property, plant and equipment	14,748	17,090	21,058	26,389
Purchase of financial investments	1,757,611	(13,785,005)	1,355,179	(13,960,400)
Proceeds from the sale and maturity of financial investments	-	-	-	-
Net purchase of intangible assets	(732)	(16,793)	(6,205)	(10,597)
Net cash flow from acquisition of investment in subsidiaries and associates	-	-	-	-
Net cash flow from disposal of subsidiaries	100,000	100,000	-	-
Proceeds from disposal of associates and joint ventures	-	-	-	-
Dividends received from investment in subsidiaries and associates	668,554	81,718	115,509	108,826
Others	-	-	-	-
Net Cash (used in) from Investing Activities	1,487,616	(14,783,076)	1,197,263	(14,977,301)
Cash Flows from Financing Activities				
Net proceeds from the issue of subordinated debt	-	-	-	-
Repayment of subordinated debt	-	-	-	-
Interest paid on subordinated debt	(993,750)	(993,750)	(993,750)	(1,482,666)
Dividend paid to GOSL	(109,845)	(109,845)	(109,845)	(109,845)
Dividend paid to non-controlling interest	-	-	(227,495)	-
Dividend paid to holders of other equity instruments	(2,000,000)	(1,500,000)	(2,000,000)	(1,500,000)
Share issue expenses	-	-	-	-
Disposal of changes of holdings	-	-	-	-
Net Cash from Financial Activities	(3,103,595)	(2,603,595)	(3,331,090)	(3,092,511)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,190,190)	(15,373,820)	(1,428,997)	(15,436,543)
Cash and cash equivalents at the beginning of the year	27,963,708	37,355,549	30,692,205	39,418,068
Exchange difference in respect of cash & cash equivalent	-	-	-	-
Cash and cash equivalents at the end of the period	26,773,518	21,981,729	29,263,208	23,981,525

ADDITIONAL DISCLOSURES

	BANK		GROUP	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Loans and Receivables to Other Customers				
Gross loans and receivables	883,543,347	829,233,971	991,857,364	933,285,496
(Less) : Individual impairment	(43,239,329)	(42,741,371)	(43,658,430)	(43,327,819)
Collective impairment	(16,821,556)	(17,977,941)	(18,677,029)	(20,177,173)
Net loans and receivables	823,482,462	768,514,659	929,521,905	869,780,503
Analysis -Domestic Currency				
By product				
Overdrafts	84,226,609	86,536,473	83,660,426	86,110,926
Term loans	464,972,072	407,072,413	497,318,335	430,662,782
Lease Rental Receivable	-	-	77,069,982	78,729,337
Credit Cards	1,587,697	1,500,927	1,587,697	1,500,927
Pawning	100,822,136	103,945,309	100,822,136	103,945,309
Trade Finance	43,363,079	22,362,394	43,363,079	22,362,394
Others	16,592,599	16,652,363	16,056,554	18,809,729
Sub Total	711,564,192	638,069,879	819,878,209	742,121,404
Analysis -Foreign Currency				
By product				
Overdrafts	304,174	298,206	304,174	298,206
Term loans	26,733,674	21,979,665	26,733,675	21,979,665
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	144,941,306	168,886,221	144,941,306	168,886,221
Others	-	-	-	-
Sub Total	171,979,155	191,164,092	171,979,155	191,164,092
Grand Total	883,543,347	829,233,971	991,857,364	933,285,496
Movements in Individual and Collective Impairment during the period for loans and Receivables to other customers				
	BANK		GROUP	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Allowance for Individual impairment				
Opening balance	42,741,371	40,901,653	43,327,819	41,422,080
Charge (Write-back) to income statement	-	-	-	-
Write-off during the year	-	-	-	-
Other Movements	497,958	1,839,718	330,611	1,905,739
Closing balance	43,239,329	42,741,371	43,658,430	43,327,819
Allowance for Collective impairment				
Opening balance	17,977,941	17,199,214	20,177,173	18,779,465
Subsidiary Acquired During the year	-	-	-	656,635
Charge (Write-back) to income statement	(1,184,625)	793,203	(1,528,384)	755,549
Write-off during the year	(15,380)	(267,051)	(15,380)	(267,051)
Other Movements	43,620	252,575	43,620	252,575
Closing balance at	16,821,556	17,977,941	18,677,029	20,177,173
Total Impairment	60,060,885	60,719,312	62,335,459	63,504,992
Due to Other Customers				
Analysis				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	53,123,418	55,576,159	51,787,027	52,893,164
Savings deposits	377,526,318	356,683,313	382,127,984	361,291,730
Fixed deposits	401,915,697	380,207,167	434,679,215	411,949,700
Other products	2,585,383	4,360,499	2,585,382	4,360,500
Sub Total	835,150,815	796,827,138	871,179,608	830,495,094
Due to Other Customers				
Product Wise Analysis - Foreign Currency				
Demand deposit (current accounts)	1,501,117	1,908,118	1,501,118	1,908,118
Savings deposits	16,516,237	15,516,579	16,516,237	15,516,579
Fixed deposits	98,321,952	84,964,502	98,321,952	84,964,502
Other products	18,621	21,542	18,621	21,542
Sub Total	116,357,927	102,410,741	116,357,928	102,410,741
Grand Total	951,508,742	899,237,879	987,537,536	932,905,835

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 30.06.2016 (Unaudited)	As at 31.12.2015 (Audited)	As at 30.06.2016 (Unaudited)	As at 31.12.2015 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	43,603,526	43,580,719	65,074,217	65,200,262
Total Capital Base, Rs. '000	55,820,750	55,469,941	78,678,828	78,318,111
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.3	9.9	10.9	11.5
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	11.9	12.6	13.1	13.8
Assets Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	2.3	2.4	2.2	2.4
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	0.8	0.8	0.7	0.7
Profitability				
Interest Margin, %	3.5	4.0	3.9	4.5
Return on Assets (Before Tax), %	1.7	1.8	1.9	2.0
Return on Equity (After Tax), %	27.3	27.1	23.1	22.0
Regulatory Liquidity				
Statutory Liquid Assets,				
Domestic Banking Unit Rs.'000	204,437,446	228,488,902		
Off- Shore Banking Unit US\$ ('000)	283,905	290,560		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.3	25.9		
Off- Shore Banking Unit	21.0	21.7		

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 30.06.2016

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	26,773,518	-	26,773,518
Balances with Central Banks	-	-	-	55,422,408	-	55,422,408
Placements with Banks	-	-	-	8,403,422	-	8,403,422
Derivative Financial Instruments	-	237,082	-	-	-	237,082
Financial assets held-for-trading	87,182,015	-	-	-	-	87,182,015
Loans and receivables to banks	-	-	-	81,176,343	-	81,176,343
Loans and receivables to other customers	-	-	-	823,482,462	-	823,482,462
Financial investments	-	-	84,707,273	-	1,524,431	86,231,703
Current tax	-	-	-	-	-	-
Total financial assets	87,182,015	237,082	84,707,273	995,258,153	1,524,431	<u>1,168,908,954</u>
LIABILITIES						
Due to banks	-	-	-	103,930,002	-	103,930,002
Derivative Financial Instruments	-	292,656	-	-	-	292,656
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	951,508,742	-	951,508,742
Other Borrowings	-	-	-	55,771,696	-	55,771,696
Subordinated term debts	-	-	-	15,032,542	-	15,032,542
Total financial liabilities	-	292,656	-	1,126,242,982	-	<u>1,126,535,639</u>

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 31.12. 2015

	HFT (Rs.'000)	Designated at FVTPL (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Total (Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	27,963,708	-	27,963,708
Balances with Central Banks	-	-	-	42,947,711	-	42,947,711
Placements with Banks	-	-	-	8,097,147	-	8,097,147
Derivative Financial Instruments	-	4,109	-	-	-	4,109
Financial assets held-for-trading	93,400,763	-	-	-	-	93,400,763
Loans and receivables to banks	-	-	-	114,606,980	-	114,606,980
Loans and receivables to other customers	-	-	-	768,514,659	-	768,514,659
Financial investments	-	-	86,604,889	-	3,533,745	90,138,634
Total financial assets	93,400,763	4,109	86,604,889	962,130,205	3,533,745	<u>1,145,673,711</u>
LIABILITIES						
Due to banks	-	-	-	143,923,634	-	143,923,634
Derivative Financial Instruments	-	112,149	-	-	-	112,149
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	899,237,879	-	899,237,879
Other Borrowings	-	-	-	48,159,101	-	48,159,101
Subordinated term debts	-	-	-	15,032,542	-	15,032,542
Total financial liabilities	-	112,149	-	1,106,353,156	-	<u>1,106,465,305</u>

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 30.06.2016

	HFT	Designated at	HTM	Amortised	AFS	Total
	(Rs.'000)	FVTPL (Rs.'000)	(Rs.'000)	Cost (Rs.'000)	(Rs.'000)	(Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	29,263,208	-	29,263,208
Balances with Central Banks	-	-	-	55,422,408	-	55,422,408
Placements with Banks	-	-	-	8,403,422	-	8,403,422
Derivative Financial Instruments	-	237,081	-	-	-	237,081
Financial assets held-for-trading	87,711,745	-	-	-	-	87,711,745
Loans and receivables to banks	-	-	-	82,263,679	-	82,263,679
Loans and receivables to other customers	-	-	-	929,521,905	-	929,521,905
Financial investments	-	-	89,594,014	-	3,350,870	92,944,884
Total financial assets	87,711,745	237,081	89,594,014	1,104,874,622	3,350,870	<u>1,285,768,332</u>
LIABILITIES						
Due to banks	-	-	-	126,913,051	-	126,913,051
Derivative Financial Instruments	-	292,656	-	-	-	292,656
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	987,537,536	-	987,537,536
Other Borrowings	-	-	-	70,174,596	-	70,174,596
Subordinated term debts	-	-	-	30,907,240	-	30,907,240
Total financial liabilities	-	292,656	-	1,215,532,424	-	<u>1,215,825,080</u>

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.12. 2015

	HFT	Designated at	HTM	Amortised	AFS	Total
	(Rs.'000)	FVTPL (Rs.'000)	(Rs.'000)	Cost (Rs.'000)	(Rs.'000)	(Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	30,692,205	-	30,692,205
Balances with Central Banks	-	-	-	42,947,711	-	42,947,711
Placements with Banks	-	-	-	8,097,147	-	8,097,147
Derivative Financial Instruments	-	24,853	-	-	-	24,853
Financial assets held-for-trading	93,973,351	-	-	-	-	93,973,351
Loans and receivables to banks	-	-	-	115,519,933	-	115,519,933
Loans and receivables to other customers	-	-	-	869,780,503	-	869,780,503
Financial investments	-	-	91,089,198	-	5,661,807	96,751,005
Total financial assets	93,973,351	24,853	91,089,198	1,067,037,499	5,661,807	<u>1,257,786,708</u>
LIABILITIES						
Due to banks	-	-	-	162,687,453	-	162,687,453
Derivative Financial Instruments	-	112,149	-	-	-	112,149
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	932,905,835	-	932,905,835
Other Borrowings	-	-	-	63,107,816	-	63,107,816
Subordinated term debts	-	-	-	30,907,240	-	30,907,240
Total financial liabilities	-	112,149	-	1,189,608,343	-	<u>1,189,720,492</u>

CERTIFICATION

We the undersigned being the Chief Executive officer and the Head of Finance of the Bank jointly.

(a) the above statement have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka; and

(b) the information contained in these statements have been extracted from the Unaudited financial statements of the bank and the group unless indicated as Audited.

(Sgd.)
G. G. Mangala
Head of Finance

(Sgd.)
N. Vasantha Kumar
Chief Executive Officer/General Manager

(Sgd.)
Hemasiri Fernando
Chairman

26.08.2016
Colombo.

