



# PEOPLE'S BANK

## FINANCIAL STATEMENTS

### INCOME STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER

	BANK			GROUP		
	2011 (Rs. '000)	2010 (Rs. '000) Restated	Change %	2011 (Rs. '000)	2010 (Rs. '000) Restated	Change %
<b>Gross Income</b>	<b>49,528,927</b>	<b>45,043,955</b>	<b>10.0</b>	<b>58,273,399</b>	<b>51,132,725</b>	<b>14.0</b>
<b>Interest Income</b>	<b>45,242,220</b>	<b>41,127,603</b>	<b>10.0</b>	<b>53,946,676</b>	<b>46,690,447</b>	<b>15.5</b>
Interest Income on Loans and Advances	35,436,582	32,425,598	9.3	44,006,793	37,931,557	16.0
Interest Income on Other Interest Earning Assets	9,805,638	8,702,005	12.7	9,939,883	8,758,890	13.5
<b>Less: Interest Expenses</b>	<b>23,190,553</b>	<b>22,623,942</b>	<b>2.5</b>	<b>27,192,465</b>	<b>25,019,855</b>	<b>8.7</b>
Interest Expenses on Deposits	19,987,716	20,153,853	(0.8)	24,001,397	20,132,539	19.2
Interest Expenses on Other Interest Bearing Liabilities	3,202,837	2,470,089	29.7	3,191,068	4,887,316	(34.7)
<b>Net Interest Income</b>	<b>22,051,667</b>	<b>18,503,661</b>	<b>19.2</b>	<b>26,754,211</b>	<b>21,670,592</b>	<b>23.5</b>
<b>Non Interest Income</b>	<b>3,775,142</b>	<b>3,571,026</b>	<b>5.7</b>	<b>3,797,622</b>	<b>4,064,313</b>	<b>(6.6)</b>
Foreign Exchange Income	653,833	1,004,635	(34.9)	653,833	1,004,635	(34.9)
Other Income	3,121,309	2,566,391	21.6	3,143,789	3,059,678	2.7
<b>Less: Non - Interest Expenses</b>	<b>13,045,980</b>	<b>12,272,412</b>	<b>6.3</b>	<b>14,144,920</b>	<b>13,335,964</b>	<b>6.1</b>
Personnel Costs	6,639,892	6,454,815	2.9	7,358,945	6,845,943	7.5
Provision for Staff Retirement Benefits	1,124,497	959,890	17.1	1,124,497	959,890	17.1
Premises, Equipment and Establishment Expenses	2,661,129	2,451,025	8.6	2,795,807	2,566,462	8.9
Losses on Trading/Investment Securities	-	-	-	-	-	-
Other Operating Expenses	2,620,462	2,406,682	8.9	2,865,671	2,963,669	(3.3)
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>204,857</b>	<b>615,590</b>	<b>(66.7)</b>	<b>(1,679,004)</b>	<b>943,927</b>	<b>(277.9)</b>
Provisions - General	(58,852)	290,500	(113.3)	(1,936,539)	757,514	(355.6)
Provisions - Specific	755,074	670,416	12.6	796,636	564,278	39.4
Recoveries(-)	(511,565)	(345,326)	48.1	(529,101)	(377,965)	40.0
Loans Written Off	-	-	-	-	-	-
Other Provisions	-	-	-	-	-	-
Less: Provision for Decline in Value of Investments	55,351	224,116	(75.3)	55,351	224,116	(75.3)
<b>Operating Profit on Ordinary Activities before Tax</b>	<b>12,520,621</b>	<b>8,962,569</b>	<b>39.7</b>	<b>18,030,566</b>	<b>11,230,898</b>	<b>60.5</b>
Less: Value Added Tax on Financial Services	1,809,378	2,642,757	(31.5)	2,135,130	2,921,441	(26.9)
<b>Operating Profit on Ordinary Activities before Corporate Tax</b>	<b>10,711,243</b>	<b>6,319,812</b>	<b>69.5</b>	<b>15,895,435</b>	<b>8,309,456</b>	<b>91.3</b>
Share of Subsidiaries/Associate Companies' Profit	-	-	-	45,396	(2,198)	(2,165.3)
<b>Operating Profit Before Corporate Tax</b>	<b>10,711,243</b>	<b>6,319,812</b>	<b>69.5</b>	<b>15,940,831</b>	<b>8,307,258</b>	<b>91.9</b>
Less: Tax on Profits on Ordinary Activities	3,748,935	2,777,000	35.0	5,266,873	3,659,377	43.9
<b>Operating Profit after Corporate Tax</b>	<b>6,962,308</b>	<b>3,542,812</b>	<b>96.5</b>	<b>10,673,958</b>	<b>4,647,881</b>	<b>129.7</b>
Minority Interest	-	-	-	(20,056)	(1,136)	1,665.5
<b>Operating Profit for the Period</b>	<b>6,962,308</b>	<b>3,542,812</b>	<b>96.5</b>	<b>10,653,902</b>	<b>4,646,745</b>	<b>129.3</b>

### STATEMENT OF CHANGES IN EQUITY AND RESERVES - BANK FOR NINE MONTHS ENDED 30TH SEPTEMBER

	Equity Capital			Revaluation Reserve (Rs. '000)	Capital Reserve (Rs. '000)	Reserves			Income Statement (Rs. '000)	Total (Rs. '000)
	Ordinary Shares (Rs. '000)	Capital Pending Allotment (Rs. '000)	Permanent Reserve (Rs. '000)			Special Risk Reserve (Rs. '000)	General Reserve (Rs. '000)	Building Reserve (Rs. '000)		
Balance as at 01.01.2011	49,998	7,152,000	49,998	5,630,460	5,663	1,253,808	938,500	1,000	5,756,881	20,838,308
Issue of Shares/ Increase of assigned capital (Tranche 4 Capital)	-	0	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	6,962,308	6,962,308
Transfer to Special Risk Reserve during the period	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(210,536)	(210,536)
Profit transfer to Head office	-	-	-	-	-	-	-	-	-	-
Special Levy to Treasury	-	-	-	-	-	-	-	-	(3,500,000)	(3,500,000)
Balance as at 30.06.2011	49,998	7,152,000	49,998	5,630,460	5,663	1,253,808	938,500	1,000	9,008,653	24,090,080

### BALANCE SHEET AS AT 30.09.2011

	BANK			GROUP		
	As at 30.09.2011 (Rs. '000)	As at 31.12.2010 (Rs. '000) Audited	Change %	As at 30.09.2011 (Rs. '000)	As at 31.12.2010 (Rs. '000) Audited	Change %
<b>On Balance Sheet Assets</b>						
Cash in Hand	11,291,609	8,997,198	25.5	12,889,565	9,655,762	33.5
Balances with Central Bank of Sri Lanka /Other Central Banks	34,647,375	26,739,341	29.6	34,647,375	26,739,341	29.6
Due from Banks and Other Financial Institutions	32,269,324	37,359,730	(13.6)	33,977,789	39,192,646	(13.3)
<b>Investments - Trading Account</b>	<b>50,136,178</b>	<b>21,135,365</b>	<b>137.2</b>	<b>50,212,272</b>	<b>21,193,431</b>	<b>136.9</b>
Government Securities	49,208,652	20,657,313	138.2	49,208,652	20,657,313	138.2
Other Securities	927,526	478,052	94.0	1,003,620	536,118	87.2
<b>Investments - Held -to-Maturity (Net of provisions made for decline in investment value)</b>	<b>64,841,530</b>	<b>73,843,720</b>	<b>(12.2)</b>	<b>65,192,926</b>	<b>73,943,730</b>	<b>(11.8)</b>
(Excluding Investments in Associates and Subsidiaries)						
Government Securities	64,549,649	73,558,723	(12.2)	64,801,035	73,558,723	(11.9)
Other Securities	1,309,758	1,309,758	-	1,409,768	1,409,768	-
Less : Provision for decline in Value of Investment	1,017,877	1,024,761	(0.7)	1,017,877	1,024,761	(0.7)
<b>Investments in Associates and Subsidiaries</b>	<b>1,625,450</b>	<b>1,675,450</b>	<b>(3.0)</b>	<b>239,046</b>	<b>248,830</b>	<b>(3.9)</b>
<b>Loans and Advances</b>						
<b>Performing Loans and Advances</b>	<b>398,559,206</b>	<b>352,903,312</b>	<b>12.9</b>	<b>487,992,834</b>	<b>409,911,371</b>	<b>19.0</b>
Bills of Exchange	3,237,066	1,939,514	66.9	3,237,066	1,939,514	66.9
Overdrafts	63,424,309	77,126,863	(17.8)	62,565,757	76,037,105	(17.7)
Lease Rentals Receivable	149,066	780,720	(80.9)	90,882,425	59,105,693	53.8
Other Loans	331,748,765	273,056,215	21.5	331,307,586	272,829,059	21.5
<b>Non Performing Loans and Advances</b>	<b>18,048,084</b>	<b>18,738,403</b>	<b>(3.7)</b>	<b>18,827,614</b>	<b>19,885,305</b>	<b>(5.3)</b>
Bills of Exchange	1,714,993	1,863,146	(8.0)	1,714,993	1,863,146	(8.0)
Overdrafts	1,719,418	2,837,561	(39.4)	1,719,418	2,837,561	(39.4)
Lease Rentals Receivable	5,276	5,152	2.4	784,806	1,152,054	(31.9)
Other Loans	14,608,397	14,032,544	4.1	14,608,397	14,032,544	4.1
Add:						
Interest Receivables on NP Advances	32,556,252	33,587,191	(3.1)	32,556,252	33,624,225	(3.2)
<b>Total Gross Loans and Advances</b>	<b>449,163,542</b>	<b>405,228,906</b>	<b>10.8</b>	<b>539,376,700</b>	<b>463,420,901</b>	<b>16.4</b>
Less:						
Interest in Suspense	32,792,747	34,110,123	(3.9)	53,021,826	48,716,849	8.8
Specific Loan Loss Provisions	11,481,951	11,372,482	1.0	12,339,189	12,205,249	1.1
General Loan Loss Provisions	2,334,290	2,409,880	(3.1)	2,345,274	3,898,416	(39.8)
<b>Net Loans and Advances</b>	<b>402,554,554</b>	<b>357,336,421</b>	<b>12.7</b>	<b>471,670,411</b>	<b>398,600,387</b>	<b>18.3</b>
Other Assets	14,674,059	12,143,895	20.8	18,345,113	16,133,052	13.7
Intangible Assets	122,009	196,636	(38.0)	468,342	559,204	(16.2)
Prepayment Leases	349,089	326,517	6.9	349,089	326,517	6.9
Property, Plant & Equipment (Net of Accumulated Depreciation)	8,459,574	7,861,555	7.6	10,585,812	9,223,575	14.8
<b>Total on Balance Sheet Assets</b>	<b>620,970,752</b>	<b>547,615,829</b>	<b>13.4</b>	<b>698,577,739</b>	<b>595,816,475</b>	<b>17.2</b>
<b>On Balance Sheet Liabilities</b>						
<b>Total Deposits</b>	<b>512,054,138</b>	<b>462,140,255</b>	<b>10.8</b>	<b>518,530,491</b>	<b>463,727,842</b>	<b>11.8</b>
Demand Deposits	39,976,451	40,617,338	(1.6)	39,063,219	39,057,966	0.0
Savings Deposits	227,741,168	203,003,880	12.2	228,618,205	203,402,247	12.4
Time Deposits	240,439,292	215,107,187	11.8	247,392,832	217,837,534	13.6
Margin Deposits	3,573,360	3,167,656	12.8	3,125,348	3,167,656	(1.3)
Other Deposits	323,867	244,194	32.6	330,887	262,439	26.1
<b>Total Borrowings</b>	<b>61,101,892</b>	<b>44,132,046</b>	<b>38.5</b>	<b>113,158,817</b>	<b>76,085,300</b>	<b>48.7</b>
Borrowings from CBSL	3,326,635	2,733,822	21.7	3,351,754	2,758,941	21.5
Borrowings from Banks and Financial Institutions in Sri Lanka	29,598,756	4,628,935	53.4	79,697,650	35,499,844	124.5
Securities sold under Repurchase Agreements	23,067,376	29,314,406	(21.3)	22,742,258	29,201,102	(22.1)
Subordinated Term Debts	5,000,000	5,000,000	-	7,258,030	6,170,530	17.6
Other Borrowings	109,125	2,454,883	(95.6)	109,125	2,454,883	(95.6)
Deferred Liabilities	276,471	223,712	23.6	714,245	285,687	150.0
Current Taxation	2,214,898	1,527,448	45.0	2,752,774	2,133,133	29.0
Other Liabilities	21,233,273	18,754,060	13.2	29,818,478	26,984,418	10.5
<b>Total on Balance Sheet Liabilities</b>	<b>596,880,672</b>	<b>526,777,521</b>	<b>13.3</b>	<b>664,974,805</b>	<b>569,216,380</b>	<b>16.8</b>
Minority Interest	-	-	-	171,470	83,225	106.0

**STATEMENT OF CHANGES IN EQUITY AND RESERVES - GROUP  
FOR NINE MONTHS ENDED 30TH SEPTEMBER**

	Equity Capital		Permanent Reserve (Rs. '000)	Revaluation Reserve (Rs. '000)	Capital Reserve (Rs. '000)	Reserves			Income Statement (Rs. '000)	Total (Rs. '000)
	Ordinary Shares (Rs. '000)	Capital Pending Allotment (Rs. '000)				Special Risk Reserve (Rs. '000)	General Reserve (Rs. '000)	Building Reserve (Rs. '000)		
Balance as at 01.01.2011	49,998	7,152,000	49,998	5,630,460	5,663	1,253,808	938,500	1,000	11,435,445	26,516,871
Issue of Shares/ Increase of assigned capital (Tranch4 Capital)	-	0	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	10,653,902	10,653,902
Transfer to Special Risk Reserve during the period	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-
Dividend Paid to GOsL	-	-	-	-	-	-	-	-	(210,536)	(210,536)
Profit transfer to Head office	-	-	-	-	-	-	-	-	-	-
Disposal and change of holding in subsidiaries	-	-	-	-	-	-	-	-	(29,372)	(29,372)
Goodwill Adjustment	-	-	-	-	-	-	-	-	4,768	4,768
Share issue Expenses	-	-	-	-	-	-	-	-	(4,169)	(4,169)
Special Levy to Treasury	-	-	-	-	-	-	-	-	(3,500,000)	(3,500,000)
Balance as at 30.06.2011	<u>49,998</u>	<u>7,152,000</u>	<u>49,998</u>	<u>5,630,460</u>	<u>5,663</u>	<u>1,253,808</u>	<u>938,500</u>	<u>1,000</u>	<u>18,350,038</u>	<u>33,431,465</u>

**SELECTED PERFORMANCE INDICATORS**

	BANK		GROUP	
	As at 30.09.2011	As at 31.12.2010 (Audited)	As at 30.09.2011	As at 31.12.2010 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. Mn	14,800	14,861	20,605	20,596
Total Capital Base, Rs. Mn	23,936	24,071	31,987	30,781
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	6.8	7.9	7.5	8.5
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	11.1	12.8	11.6	12.8
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	4.3	5.0	3.7	4.6
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	1.0	1.2	0.7	0.7
<b>Profitability</b>				
Interest Margin, %	5.0	5.1	5.5	5.6
Return on Assets (Before Tax), %	2.4	1.7	3.3	2.1
Return on Equity (After Tax), %	41.3	26.9	47.5	27.1
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs.Mn				
Domestic Banking Unit Rs. Mn	117,525	115,437		
Off- Shore Banking Unit US\$ (000)	117,878	13,180		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.9	23.4		
Off- Shore Banking Unit	35.9	22.3		

<b>Equity Capital and Reserves</b>	<b>24,090,080</b>	<b>20,838,308</b>	<b>15.6</b>	<b>33,431,465</b>	<b>26,516,871</b>	<b>26.1</b>
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	16,838,084	13,586,312	23.9	26,179,469	19,264,875	35.9
<b>Total On - Balance Sheet Liabilities, Equity Capital and Reserves</b>	<b>620,970,752</b>	<b>547,615,829</b>	<b>13.4</b>	<b>698,577,739</b>	<b>595,816,475</b>	<b>17.2</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>179,773,496</b>	<b>131,750,729</b>	<b>36.4</b>	<b>179,773,496</b>	<b>131,750,729</b>	<b>36.4</b>
Contingencies	159,489,512	105,312,721	51.4	159,489,512	105,312,721	51.4
Commitment and Contra Accounts	20,283,984	26,438,008	(23.3)	20,283,984	26,438,008	(23.3)
<b>Memorandum Information</b>						
Number of Employees	8,287	8,399		9,284	9,435	
Number of Branches	334	329		368	357	

**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 unaudited financial statements of the Bank unless indicated as audited and have been prepared in accordance with Sri Lanka Accounting Standards.

(Sgd.)  
Yohan Soza  
**Head of Finance**

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

(Sgd.)  
W. Karunajeewa  
**Chairman**

**04.08.2011  
Colombo.**