



PEOPLE'S BANK

FINANCIAL STATEMENTS

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	BANK			GROUP		
	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)	Change %	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)	Change %
Gross Income	120,456,472	94,777,398	27.1	139,956,607	109,973,740	27.3
Interest income	110,440,562	85,241,301	29.6	129,204,762	100,844,385	28.1
Interest expenses	(73,791,102)	(51,323,506)	43.8	(84,244,882)	(60,211,289)	39.9
Net Interest Income	36,649,460	33,917,795	8.1	44,959,880	40,633,096	10.6
Fee and commission income	3,478,015	3,541,589	(1.8)	3,551,800	4,289,051	(17.2)
Fee and commission expenses	(135,446)	(144,364)	(6.2)	(135,446)	(144,364)	(6.2)
Net Fee and Commission Income	3,342,569	3,397,225	(1.6)	3,416,354	4,144,687	(17.6)
Net gain from trading	2,816,436	2,072,563	35.9	2,832,261	2,095,881	35.1
Net gain/(loss) from financial investment	-	-	-	-	-	-
Other operating income (net)	3,721,459	3,921,946	(5.1)	4,367,784	2,744,423	59.2
Total Operating Income	46,529,925	43,309,528	7.4	55,576,279	49,618,087	12.0
Impairment for loans and other losses	(13,716,320)	(3,874,384)	254.0	(14,822,427)	(4,575,377)	224.0
Individual impairment	(1,935,783)	(545,724)	-	(2,064,074)	(541,462)	-
Collective impairment	(11,710,537)	(3,328,660)	-	(12,758,353)	(4,033,915)	-
Net Operating Income	32,813,605	39,435,145	(16.8)	40,753,852	45,042,710	(9.5)
Personnel Expenses	(11,958,251)	(13,818,647)	(13.5)	(13,371,475)	(14,932,771)	(10.5)
Depreciation and amortisation	(802,097)	(567,045)	41.5	(999,043)	(783,718)	27.5
Other expenses	(8,042,517)	(7,335,108)	9.6	(10,878,039)	(8,842,500)	23.0
Operating Profit before Value Added Tax (VAT)	12,010,740	17,714,344	(32.2)	15,505,295	20,483,721	(24.3)
Value Added Tax (VAT) on financial services	(1,706,458)	(2,464,962)	(30.8)	(2,015,923)	(2,745,110)	(26.6)
Operating Profit after Value Added Tax (VAT)	10,304,282	15,249,382	(32.4)	13,489,372	17,738,611	(24.0)
Share of profits/(loss) of associates	-	-	-	(76,978)	(67,207)	14.5
Profit before Tax	10,304,282	15,249,382	(32.4)	13,412,394	17,671,404	(24.1)
Tax expenses	(2,816,395)	(4,355,390)	(35.3)	(4,248,210)	(5,774,716)	(26.4)
Profit for the year	7,487,887	10,893,992	(31.3)	9,164,184	11,896,688	(23.0)
Profit Attributable to:						
Equity Holders of the Bank	7,487,887	10,893,992	(31.3)	8,364,339	11,230,194	(25.5)
Non-controlling interests	-	-	-	799,845	666,494	20.0
	7,487,887	10,893,992	(31.3)	9,164,184	11,896,688	(23.0)
Earnings per Share on Profit						
Basic earnings per ordinary share	7,488	10,894	(31.3)	8,364	11,230	(25.5)
Diluted earnings per ordinary share	52	76	(31.3)	58	78	(25.5)

STATEMENT OF FINANCIAL POSITION

As at 31 DECEMBER

	BANK			GROUP		
	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)	Change %	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)	Change %
Assets						
Cash and Cash Equivalents	18,772,595	24,401,979	(23.1)	20,801,230	26,102,723	(20.3)
Balances with Central Bank of Sri Lanka	40,370,892	43,412,048	(7.0)	40,370,892	43,412,048	(7.0)
Placements with banks	2,551,215	13,341,252	(80.9)	2,551,215	13,341,252	(80.9)
Derivative Financial Instruments	35,391	2,791	1,168.0	35,391	2,791	1,168.0
Other Financial assets held-for-trading	63,748,857	18,772,710	239.6	64,057,091	19,002,137	237.1
Loans and receivables to Banks	82,225,089	35,350,098	132.6	82,339,403	35,350,098	132.9
Loans and receivables to other customers	619,829,735	611,414,266	1.4	710,074,499	690,197,310	2.9
Financial investments - Available-for-sale	311,733	27,977,488	(98.9)	1,737,175	27,982,838	(93.8)
Financial investments - Held-to-maturity	75,784,287	78,522,570	(3.5)	78,322,900	80,151,886	(2.3)
Investments in subsidiaries	1,245,908	1,253,434	(0.6)	-	-	-
Investments in associates	207,568	273,100	(24.0)	274,470	309,989	(11.5)
Goodwill and intangible assets	33,535	44,352	(24.4)	392,073	405,768	(3.4)
Property, plant and equipment	14,705,721	8,234,565	78.6	18,183,565	10,923,098	66.5
Investment properties	189,776	398,508	(52.4)	398,776	398,508	(52.4)
Prepaid Leases	295,732	291,866	1.3	295,732	291,866	1.3
Deferred tax assets	1,071,381	691,313	55.0	1,075,651	501,997	114.3
Other assets	9,205,859	8,913,989	3.3	10,771,638	12,485,771	(13.7)
Total Assets	930,585,274	873,296,329	6.6	1,031,472,794	960,860,080	7.3
Liabilities						
Due to banks	81,794,017	94,124,713	(13.1)	101,987,002	133,987,864	(23.9)
Derivative Financial Instruments	215,844	1,710	12,522.5	215,844	1,710	12,522.5
Due to other customers	762,248,529	683,950,837	11.4	789,225,314	708,896,611	11.3
Other Borrowings	20,353,986	41,024,958	(50.4)	38,878,017	40,740,098	(4.6)
Current tax liabilities	393,380	1,860,689	(78.9)	877,476	1,933,576	(54.6)
Deferred tax liabilities	885,232	189,726	366.6	2,557,359	864,461	195.8
Other liabilities	13,124,900	12,938,908	1.4	19,501,922	18,686,592	4.4
Subordinated term debts	15,032,542	10,000,000	50.3	23,141,451	10,000,000	131.4
Total Liabilities	894,048,430	844,091,541	5.9	976,384,385	915,110,912	6.7
Equity						
Stated capital/Assigned capital	7,201,998	7,201,998	-	7,201,998	7,201,998	-
Statutory reserve Fund	2,811,685	2,437,291	15.4	2,811,685	2,437,291	15.4
Other reserves	24,409,753	15,883,878	53.7	25,959,057	16,671,804	55.7
Retained earnings	2,113,408	3,681,621	(42.6)	14,168,284	14,858,239	(4.6)
Total shareholders' equity	36,536,844	29,204,788	25.1	50,141,024	41,169,332	21.8
Non-controlling interests	-	-	-	4,947,385	4,579,836	8.0
Total equity	36,536,844	29,204,788	25.1	55,088,409	45,749,168	20.4
Total equity and liabilities	930,585,274	873,296,329	6.6	1,031,472,794	960,860,080	7.3
Contingent Liabilities and Commitments	197,118,649	207,021,384	(4.8)	197,376,033	208,570,108	(5.4)
No of Employees	7,409	7,823	-	9,384	8,905	-
No of Branches	735	728	-	820	761	-

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	BANK		GROUP	
	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)
Profit for the year	7,487,887	10,893,992	9,164,184	11,896,688
Other Comprehensive Income net of Tax				
Actuarial gains and losses on defined benefit plans	(715,204)	(57,966)	(715,204)	(57,748)
Gains and losses on re-measuring available-for-sale financial assets	(133,988)	(18,489)	(132,690)	(38,609)
Gain on revaluation of land and buildings	5,934,089	-	6,567,654	-
Gain on revaluation of land and buildings - Associate	-	-	182,475	-
Less:				
Tax expense(Income) relating to components of other comprehensive income	(521,038)	-	(698,436)	-
Other Comprehensive Income for the year ended net of Taxes	4,563,859	(76,455)	5,203,799	(96,357)
Total Comprehensive Income for the year ended	12,051,746	10,817,537	14,367,983	11,800,331
Attributable to:				
Equity Holders of the Bank	12,051,746	10,817,537	13,453,772	11,138,777
Non-controlling interests	-	-	914,211	661,554

ADDITIONAL DISCLOSURES

	BANK		GROUP	
	31.12.2013 (Rs. '000) (Audited)	31.12.2012 (Rs. '000) (Audited)	31.12.2013 (Rs. '000) (Audited)	31.12.2012 (Rs. '000) (Audited)
Loans and Receivables to Other Customers				
Gross loans and receivables	681,466,864	660,624,099	773,250,598	740,674,806
(Less) : Individual impairment	(39,341,542)	(37,405,759)	(39,530,980)	(37,466,907)
Collective impairment	(22,295,587)	(11,804,074)	(23,645,119)	(13,010,589)
Net loans and receivables	619,829,735	611,414,266	710,074,499	690,197,310
Analysis - Domestic Currency				
By product				
Overdrafts	66,950,906	84,508,793	66,799,190	82,467,652
Term loans	276,971,206	180,693,895	289,209,619	183,407,989
Lease Rental Receivable	-	-	79,227,227	78,731,233
Credit Cards	1,327,925	1,064,377	1,327,925	1,064,377
Pawning	197,128,580	250,772,083	197,128,580	250,772,083
Trade Finance	22,423,634	29,277,480	22,423,634	29,277,481
Others	25,527,997	34,673,417	25,997,807	35,319,937
Sub Total	590,330,248	580,990,045	682,113,982	661,040,752
Analysis - Foreign Currency				
By product				
Overdrafts	536,081	378,479	536,081	378,479
Term loans	9,792,579	14,524,695	9,792,579	14,524,695
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	80,807,956	64,730,880	80,807,956	64,730,880
Others	-	-	-	-
Sub Total	91,136,616	79,634,054	91,136,616	79,634,054
Grand Total	681,466,864	660,624,099	773,250,598	740,674,806

Movements in Individual and Collective Impairment during the period for loans and Receivables to other customers

	BANK		GROUP	
	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)	2013 (Rs. '000) (Audited)	2012 (Rs. '000) (Audited)
Allowance for Individual impairment				
Opening balance	37,405,759	36,860,035	37,466,907	36,925,445
Charge (Write-back) to income statement	-	-	-	-
Write-off during the year	-	-	-	-
Other Movements	1,935,783	545,724	2,064,073	541,462
Closing balance	39,341,542	37,405,759	39,530,980	37,466,907
Allowance for Collective impairment				
Opening balance	11,804,074	9,718,943	13,010,589	10,394,778
Charge (Write-back) to income statement	10,507,882	2,102,738	10,650,898	2,633,418
Write-off during the year	(83,602)	(257,126)	(83,602)	(257,126)
Other Movements	67,234	239,519	67,234	239,519
Closing balance	22,295,587	11,804,074	23,645,119	13,010,589
Total Impairment	61,637,129	49,209,833	63,176,099	50,477,496
Due to Other Customers				
Analysis				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	36,728,336	36,162,130	33,711,138	36,162,130
Savings deposits	241,868,780	221,937,932		

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31TH DECEMBER

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 01.01.2011	49,998	7,152,000	49,998	5,630,460	2,198,971	-	413,124	3,914,771	19,409,322
Profit for the year	-	-	-	-	-	-	-	10,446,373	23,088,633
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(96,671)	-	(96,671)
Impairment Chgs in respect of off balance sheet items	-	-	-	-	-	-	-	-	-
Net Defined Benefit obligation	-	-	-	-	-	-	-	(2,170,391)	(2,170,391)
Transfer to Reserve during the period	-	-	1,842,593	-	1,447,598	1,897,702	-	(5,187,893)	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(4,500,000)
Special Levy to Treasury	-	-	-	-	-	-	-	-	(4,500,000)
Balance as at 01.01.2012	49,998	7,152,000	1,892,591	5,630,460	3,646,569	1,897,702	316,453	10,893,992	23,088,633
Profit for the year	-	-	-	-	-	-	-	10,893,992	10,893,992
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(18,489)	-	(18,489)
Net Defined Benefit obligation	-	-	-	-	-	-	-	(57,966)	(57,966)
Transfers to reserves during the period	-	-	544,700	(166,964)	1,432,304	3,145,843	-	(4,955,883)	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	(201,382)	(201,382)
Special Levy to Treasury	-	-	-	-	-	-	-	(4,500,000)	(4,500,000)
Balance as at 01.01.2013	49,998	7,152,000	2,437,291	5,463,496	5,078,873	5,043,545	297,964	3,681,621	29,204,788
Profit for the year	-	-	-	-	-	-	-	7,487,887	7,487,887
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(133,988)	-	(133,988)
Net Defined Benefit obligation	-	-	-	-	-	-	-	(715,204)	(715,204)
Gain on revaluation of Land and Building	-	-	-	5,934,089	-	-	-	-	5,934,089
Transfers to reserves during the period	-	-	374,394	-	1,875,000	1,371,812	-	(3,621,206)	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	(219,690)	(219,690)
Special Levy to Treasury	-	-	-	-	-	-	-	(4,500,000)	(4,500,000)
Tax on other comprehensive income	-	-	-	(521,038)	-	-	-	-	(521,038)
Balance as at 31.12.2013	49,998	7,152,000	2,811,685	10,876,547	6,953,873	6,415,357	163,976	2,113,408	36,536,844

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)				Retained earnings (Rs.'000)
Balance as at 01.01.2011	49,998	7,152,000	49,998	5,630,460	2,198,971	-	413,124	10,559,847	26,054,398	83,225	26,137,623
Profit for the year	-	-	-	-	-	-	-	12,117,411	12,117,411	406,127	12,523,538
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(93,985)	-	(93,985)	895	(93,090)
Net Defined Benefit obligation	-	-	-	-	-	-	-	(2,169,579)	(2,169,579)	271	(2,169,308)
Transfer to Reserve during the period	-	-	1,842,593	-	1,447,598	2,230,900	-	(5,521,091)	-	-	-
Changes in Re-measure AFS Investments	-	-	-	-	-	-	(3,580)	-	(3,580)	-	(3,580)
Deemed Disposal Profit	-	-	-	-	-	-	-	3,150,026	3,150,026	-	3,150,026
Share Issue Expenses	-	-	-	-	-	-	-	(211,190)	(211,190)	-	(211,190)
Goodwill Adjustment	-	-	-	-	-	-	-	(2,969)	(2,969)	-	(2,969)
Disposal of Change of holdings	-	-	-	-	-	-	-	(29,362)	(29,362)	-	(29,362)
Acquired during the year	-	-	-	-	-	-	-	-	-	3,932,085	3,932,085
Special Levy to Treasury	-	-	-	-	-	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Balance as at 01.01.2012	49,998	7,152,000	1,892,591	5,630,460	3,646,569	2,230,900	315,559	13,393,093	34,311,170	4,422,603	38,733,773
Profit for the year	-	-	-	-	-	-	-	11,230,199	11,230,199	666,494	11,896,693
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(38,663)	-	(38,663)	54	(38,609)
Net Defined Benefit obligation	-	-	-	-	-	-	-	(52,754)	(52,754)	(4,993)	(57,747)
Transfer to Reserve during the period	-	-	544,700	(166,964)	1,432,304	3,621,639	-	(5,431,679)	-	-	-
Movement in deemed disposal profit	-	-	-	-	-	-	-	435,191	435,191	(504,322)	(69,131)
Share Issue Expenses	-	-	-	-	-	-	-	(14,429)	(14,429)	-	(14,429)
Dividend Paid to GOSL	-	-	-	-	-	-	-	(201,382)	(201,382)	-	(201,382)
Special Levy to Treasury	-	-	-	-	-	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Balance as at 01.01.2013	49,998	7,152,000	2,437,291	5,463,496	5,078,873	5,852,539	276,896	14,858,239	41,169,332	4,579,836	45,749,168
Profit for the year	-	-	-	-	-	-	-	8,364,339	8,364,339	799,845	9,164,184
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	(133,015)	-	(133,015)	325	(132,690)
Net Defined Benefit obligation	-	-	-	-	-	-	-	(715,204)	(715,204)	-	(715,204)
Gain on revaluation of Land and Building	-	-	-	6,409,263	-	-	-	-	6,409,263	158,391	6,567,654
Gain on revaluation of Land and Building - Associate	-	-	-	182,475	-	-	-	-	182,475	-	182,475
Transfer to Reserve during the period	-	-	374,394	-	1,875,000	1,611,397	(3,780)	(3,856,261)	750	250	1,000
Dividend Paid to GOSL	-	-	-	-	-	-	-	(219,690)	(219,690)	-	(219,690)
Special Levy to Treasury	-	-	-	-	-	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Movement in deemed disposal profit	-	-	-	-	-	-	-	100,190	100,190	(98,759)	1,431
Share Issue	-	-	-	-	-	-	-	208,554	208,554	69,518	278,072
Merger adjustment	-	-	-	-	-	-	-	(71,883)	(71,883)	(23,961)	(95,844)
Dividend payment	-	-	-	-	-	-	-	-	(493,710)	-	(493,710)
Tax on other comprehensive income	-	-	-	(654,087)	-	-	-	-	(654,087)	(44,350)	(698,436)
Balance as at 31.12.2013	49,998	7,152,000	2,811,685	11,401,147	6,953,873	7,463,936	140,101	14,168,284	50,141,024	4,947,385	55,088,409

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 31.12. 2013							
	HFT	Financial	HTM	Amortised	AFS	Others	Total
	(Rs.'000)	Derivatives at FV (Rs.'000)	(Rs.'000)	Cost (Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
ASSETS							
Cash and cash equivalents	-	-	-	18,772,595	-	-	18,772,595
Balances with Central Banks	-	-	-	40,370,892	-	-	40,370,892
Placements with Banks	-	-	-	2,551,215	-	-	2,551,215
Derivative Financial Instruments	-	35,391	-	-	-	-	35,391
Financial assets held-for-trading	63,748,857	-	-	-	-	-	63,748,857
Loans and receivables to banks	-	-	-	82,225,089	-	-	82,225,089
Loans and receivables to other customers	-	-	-	619,829,735	-	-	619,829,735
Financial investments	-	-	75,784,287	-	311,733	-	76,096,020
Investments in subsidiaries	-	-	-	-	1,245,908	-	1,245,908
Investments in associates	-	-	-	-	207,568	-	207,568
Total financial assets	63,748,857	35,391	75,784,287	763,749,526	311,733	1,453,476	905,083,270
Other assets	-	-	-	-	-	25,502,004	25,502,004
Total assets	-	-	-	-	-	-	930,585,274
LIABILITIES							
Due to banks	-	-	-	81,794,017	-	-	81,794,017
Derivative Financial Instruments	-	215,844	-	-	-	-	215,844
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	762,248,529	-	-	762,248,529
Other Borrowings	-	-	-	20,353,986	-	-	20,353,986
Current tax liabilities	-	-	-	-	393,380	-	393,380
Subordinated term debts	-	-	-	15,032,542	-	-	15,032,542
Total financial liabilities	-	215,844	-	879,429,075	393,380	-	880,038,298
Other liabilities	-	-	-	-	-	13,124,900	13,124,900
Deferred tax liabilities	-	-	-	-	-	885,232	885,232
Total liabilities	-	-	-	-	-	-	894,048,430

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.12. 2013							
	HFT	Financial	HTM	Amortised	AFS	Others	Total
	(Rs.'000)	Derivatives at FV (Rs.'000)	(Rs.'000)	Cost (Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
ASSETS							
Cash and cash equivalents	-	-	-	20,801,230	-	-	20,801,230
Balances with Central Banks	-	-	-	40,370,892	-	-	40,370,892
Placements with Banks	-	-	-	2,551,215	-	-	2,551,215
Derivative Financial Instruments	-	35,391	-	-	-	-	35,391
Financial assets held-for-trading	64,057,091	-	-	-	-	-	64,057,091
Loans and receivables to banks	-	-	-	82,339,403	-	-	82,339,403
Loans and receivables to other customers	-	-	-	710,074,499	-	-	710,074,499
Financial investments	-	-	78,322,900	-	1,737,175	-	80,060,074
Investments in subsidiaries	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	274,470	274,470
Total financial assets	64,057,091	35,391	78,322,900	856,137,239	1,737,175	274,470	1,000,564,265
Other assets	-	-	-	-	-	30,908,528	30,908,528
Total assets	-	-	-	-	-	-	1,031,472,794
LIABILITIES							
Due to banks	-	-	-	101,987,002	-	-	101,987,002
Derivative Financial Instruments	-	215,844	-	-	-	-	215,844
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	789,225,314	-	-	789,225,314
Other Borrowings	-	-	-	38,878,017	-	-	38,878,017
Current tax liabilities	-	-	-	-	-	877,476	877,476
Subordinated term debts	-	-	-	23,141,451	-	-	23,141,451
Total financial liabilities	-	215,844	-	953,231,784	-	877,476	954,325,104
Other liabilities	-	-	-	-	-	19,501,922	19,501,922
Deferred tax liabilities	-	-	-	-	-	2,557,359	2,557,359
Total liabilities	-	-	-	-	-	-	976,384,385

MEASUREMENT OF FINANCIAL INSTRUMENTS

BANK AS AT 31.12. 2012							
	HFT	Financial	HTM	Amortised	AFS	Others	Total</