

FITCH RATING AA+ (LKA)



RAM RATING AAA

# PEOPLE'S BANK

## FINANCIAL STATEMENTS

## INCOME STATEMENT FOR THE QUARTER ENDED 31ST MARCH

	BANK			GROUP		
	2014 (Rs. '000) (Unaudited)	2013 (Rs. '000) (Unaudited)	Change %	2014 (Rs. '000) (Unaudited)	2013 (Rs. '000) (Unaudited)	Change %
<b>Gross Income</b>	<b>25,029,208</b>	<b>28,537,093</b>	(12.3)	<b>31,766,214</b>	<b>33,246,059</b>	(4.5)
Interest income	21,896,577	26,425,077	(17.1)	27,068,995	31,122,209	(13.0)
Interest expenses	(15,557,645)	(18,604,644)	(16.4)	(18,502,024)	(21,148,706)	(12.5)
<b>Net Interest Income</b>	<b>6,338,933</b>	<b>7,820,434</b>	(18.9)	<b>8,566,972</b>	<b>9,973,503</b>	(14.1)
Fee and commission income	868,147	737,632	17.7	911,238	774,006	17.7
Fee and commission expenses	(29,377)	(23,918)	22.8	(29,377)	(23,918)	22.8
<b>Net Fee and Commission Income</b>	<b>838,770</b>	<b>713,714</b>	17.5	<b>881,861</b>	<b>750,088</b>	17.6
Net gain from trading	710,172	596,796	19.0	732,817	605,451	21.0
Net gain/(loss) from financial investment	-	-	-	-	-	-
Other operating income (net)	1,554,311	777,588	99.9	3,053,162	744,394	310.2
<b>Total Operating Income</b>	<b>9,442,187</b>	<b>9,908,532</b>	(4.7)	<b>13,234,813</b>	<b>12,073,435</b>	9.6
Impairment for loans and other losses	(297,128)	(476,646)	(37.7)	(352,185)	(278,448)	26.5
Individual impairment	1,400,728	(362,252)	-	1,268,077	(357,990)	-
Collective impairment	(1,798,404)	(114,394)	-	(1,489,772)	79,541	-
Other	100,548	-	-	(130,490)	-	-
<b>Net Operating Income</b>	<b>9,145,059</b>	<b>9,431,886</b>	(3.0)	<b>12,882,627</b>	<b>11,794,987</b>	9.2
Personnel Expenses	(3,220,912)	(3,237,645)	(0.5)	(3,641,786)	(3,523,750)	3.3
Depreciation and amortisation	(215,211)	(183,324)	17.4	(276,312)	(214,606)	28.8
Other expenses	(1,985,388)	(1,741,520)	14.0	(3,553,911)	(2,077,612)	71.1
<b>Operating Profit before Value Added Tax (VAT)</b>	<b>3,723,548</b>	<b>4,269,396</b>	(12.8)	<b>5,410,619</b>	<b>5,979,019</b>	(9.5)
Value Added Tax (VAT) on financial services	(557,093)	(598,822)	(7.0)	(637,591)	(682,181)	(6.5)
<b>Operating Profit after Value Added Tax (VAT)</b>	<b>3,166,455</b>	<b>3,670,573</b>	(13.7)	<b>4,773,028</b>	<b>5,296,838</b>	(9.9)
Share of profits/(loss) of associates	-	-	-	7,353	(8,806)	(183.5)
<b>Profit before Tax</b>	<b>3,166,455</b>	<b>3,670,573</b>	(13.7)	<b>4,780,381</b>	<b>5,288,032</b>	(9.6)
Tax expenses	(879,739)	(1,049,946)	(16.2)	(1,313,744)	(1,461,127)	(10.1)
<b>Profit for the year</b>	<b>2,286,716</b>	<b>2,620,627</b>	(12.7)	<b>3,466,637</b>	<b>3,826,906</b>	(9.4)
<b>Profit Attributable to :</b>						
Equity Holders of the Bank	2,286,716	2,620,627	(12.7)	3,173,975	3,532,740	(10.2)
Non-controlling interests	-	-	-	292,662	294,166	(0.5)
	2,286,716	2,620,627	(12.7)	3,466,637	3,826,906	(9.4)
<b>Earnings per Share on Profit</b>						
Basic earnings per ordinary share	2,287	2,621	(12.7)	3,174	3,533	(10.2)
Diluted earnings per ordinary share	16	18	(12.7)	22	25	(10.2)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31ST MARCH**

	BANK		GROUP	
	2014 (Rs.'000) (Unaudited)	2013 (Rs.'000) (Unaudited)	2014 (Rs.'000) (Unaudited)	2013 (Rs.'000) (Unaudited)
<b>Profit for the year</b>	2,286,716	2,620,627	3,466,637	3,826,906
<b>Other Comprehensive Income net of Tax</b>				
Actuarial gains and losses on defined benefit plans	-	-	(57,311)	-
Deferred tax effect on defined benefit plan liability	-	-	(16,026)	-
Gains and losses on re-measuring available-for-sale financial assets	264,788	-	291,368	-
Gain on revaluation of land and buildings	-	-	-	-
Gain on revaluation of land and buildings - Associate	-	-	-	-
Gains and losses on derivative financial Assets	-	-	653	-
<b>Less:</b>				
Tax expense/(Income) relating to components of other comprehensive income	-	-	(228)	-
<b>Other Comprehensive Income for the year ended net of Taxes</b>	264,788	-	218,456	-
<b>Total Comprehensive Income for the year ended</b>	2,551,503	2,620,628	3,685,093	3,826,907
<b>Attributable to :</b>				
Equity Holders of the Bank	2,551,503	2,620,629	3,404,014	3,165,353
Non-controlling interests	-	-	281,079	661,554

## STATEMENT OF FINANCIAL POSITION

### AS AT

	BANK			GROUP		
	31.03.2014	31.12.2013	Change	31.03.2014	31.12.2013	Change
	(Rs. '000)	(Rs. '000)	%	(Rs. '000)	(Rs. '000)	%
	(Unaudited)	(Audited)		(Unaudited)	(Audited)	
<b>Assets</b>						
Cash and Cash Equivalents	21,326,347	18,772,595	13.6	23,216,578	20,801,230	11.6
Balances with Central Bank of Sri Lanka	41,278,539	40,370,892	2.2	41,278,539	40,370,892	2.2
Placements with banks	8,491,908	2,551,215	232.9	8,491,908	2,551,215	232.9
Derivative Financial Instruments	3,403	35,391	(90.4)	3,648	35,391	(89.7)
Other Financial assets held-for-trading	76,262,000	63,748,857	19.6	76,640,312	64,057,091	19.6
Loans and receivables to Banks	105,375,525	82,225,089	28.2	112,825,577	82,339,403	37.0
Loans and receivables to other customers	565,594,449	619,829,735	(8.8)	654,190,581	710,074,499	(7.9)
Financial investments - Available-for-sale	311,733	311,733	-	1,479,492	1,737,175	(14.8)
Financial investments - Held-to-maturity	71,235,798	75,784,287	(6.0)	75,982,356	78,322,900	(3.0)
Investments in subsidiaries	1,245,908	1,245,908	-	-	-	-
Investments in associates	308,116	207,568	48.4	432,639	274,470	57.6
Goodwill and intangible assets	36,848	33,535	9.9	392,580	392,073	0.1
Property, plant and equipment	15,104,303	14,705,721	2.7	18,602,114	18,183,658	2.3
Investment properties	189,776	189,776	-	189,776	189,776	-
Prepaid Leases	295,732	295,732	-	295,732	295,732	-
Deferred tax assets	1,071,381	1,071,381	-	1,071,792	1,075,651	(0.4)
Other assets	8,939,725	9,205,859	(2.9)	10,401,366	10,771,638	(3.4)
				-	-	-
<b>Total Assets</b>	<b>917,071,491</b>	<b>930,585,274</b>	<b>(1.5)</b>	<b>1,025,494,992</b>	<b>1,031,472,794</b>	<b>(0.6)</b>
<b>Liabilities</b>						
Due to banks	50,784,641	81,794,017	(37.9)	64,809,727	101,987,002	(36.5)
Derivative Financial Instruments	-	215,844	(100.0)	-	215,844	(100.0)
Due to other customers	776,548,102	762,248,529	1.9	812,575,745	789,225,313	3.0
Other Borrowings	20,557,185	20,353,986	1.0	44,515,794	38,878,017	14.5
Current tax liabilities	700,647	393,380	78.1	1,261,037	877,476	43.7
Deferred tax liabilities	885,232	885,232	-	2,499,831	2,557,359	(2.2)
Other liabilities	13,529,717	13,124,898	3.1	17,966,493	19,501,921	(7.9)
Subordinated term debts	15,032,542	15,032,542	-	23,141,451	23,141,451	-
				-	-	-
<b>Total Liabilities</b>	<b>878,038,065</b>	<b>894,048,429</b>	<b>(1.8)</b>	<b>966,770,078</b>	<b>976,384,384</b>	<b>(1.0)</b>
<b>Equity</b>						
Stated capital/Assigned capital	7,201,998	7,201,998	-	7,201,998	7,201,998	-
Statutory reserve Fund	2,811,685	2,811,685	-	2,811,685	2,811,685	-
Other reserves	24,409,754	24,409,754	-	25,978,992	25,959,057	0.1
Retained earnings	4,609,989	2,113,408	118.1	17,502,189	14,168,284	23.5
<b>Total shareholders' equity</b>	<b>39,033,425</b>	<b>36,536,844</b>	<b>6.8</b>	<b>53,494,864</b>	<b>50,141,024</b>	<b>6.7</b>
Non-controlling interests	-	-	-	5,230,051	4,947,385	5.7
<b>Total equity</b>	<b>39,033,425</b>	<b>36,536,844</b>	<b>6.8</b>	<b>58,724,915</b>	<b>55,088,409</b>	<b>6.6</b>
				-	-	-
<b>Total equity and liabilities</b>	<b>917,071,491</b>	<b>930,585,274</b>	<b>(1.5)</b>	<b>1,025,494,992</b>	<b>1,031,472,794</b>	<b>(0.6)</b>
<b>Contingent Liabilities and Commitments</b>	<b>218,731,924</b>	<b>207,021,384</b>	<b>5.7</b>	<b>218,989,308</b>	<b>208,570,108</b>	<b>5.0</b>
No of Employees	8,010	7,409		10,254	9,384	
No of Branches	737	735		823	820	

**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31ST MARCH**

**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)
<b>Balance as at 01.01.2013</b>	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)
<b>Balance as at 01.01.2014</b>	49,998	7,152,000	2,811,685	11,397,585	6,953,873	6,415,357	163,976	2,113,408	36,536,844
Profit for the period	-	-	-	-	-	-	-	2,286,716	2,286,716
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	-	264,788	264,788
Net Defined Benefit obligation	-	-	-	-	-	-	-	-	-
Gain on revaluation of Land and Building	-	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-	-	-	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	(54,923)	(54,923)
Special Levy to Treasury	-	-	-	-	-	-	-	-	-
Tax on other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Balance as at 31.03.2014</b>	49,998	7,152,000	2,811,685	11,397,585	6,953,873	6,415,357	163,976	4,609,989	39,033,425

**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 01.01.2013	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)	(698,437)
<b>Balance as at 01.01.2014</b>	<b>49,998</b>	<b>7,152,000</b>	<b>2,811,685</b>	<b>11,401,147</b>	<b>6,953,873</b>	<b>7,463,936</b>	<b>140,101</b>	<b>14,168,284</b>	<b>50,141,024</b>	<b>4,947,385</b>	<b>55,088,409</b>
Profit for the period	-	-	-	-	-	-	-	3,173,975	3,173,975	292,662	3,466,637
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	19,936	264,788	284,723	6,645	291,368
Net Defined Benefit obligation	-	-	-	-	-	-	-	(42,983)	(42,983)	(14,328)	(57,311)
Transfer to Reserve during the period	-	-	-	-	-	-	-	4,749	4,749	1,587	6,336
Dividend Paid to GOSL	-	-	-	-	-	-	-	(54,923)	(54,923)	-	(54,923)
Special Levy to Treasury	-	-	-	-	-	-	-	-	-	-	-
Movement in deemed disposal profit	-	-	-	-	-	-	-	-	-	-	-
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	(12,020)	(12,020)	(4,007)	(16,026)
Gains and losses on derivative financial Assets	-	-	-	-	-	-	-	489	489	163	653
Dividend payment	-	-	-	-	-	-	-	-	-	-	-
Tax on other comprehensive income	-	-	-	-	-	-	-	(171)	(171)	(57)	(228)
<b>Balance as at 31.03.2014</b>	<b>49,998</b>	<b>7,152,000</b>	<b>2,811,685</b>	<b>11,401,147</b>	<b>6,953,873</b>	<b>7,463,936</b>	<b>160,037</b>	<b>17,502,189</b>	<b>53,494,864</b>	<b>5,230,051</b>	<b>58,724,915</b>

**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 31ST MARCH**

	BANK		GROUP	
	2014 (Rs.'000) (Unaudited)	2013 (Rs.'000) (Unaudited)	2014 (Rs.'000) (Unaudited)	2013 (Rs.'000) (Unaudited)
<b>Cash flows from operating activities</b>				
Profit before tax	3,166,455	3,670,573	4,780,381	5,288,032
Adjustment for				
Non-cash items included in profits before tax	554,373	445,930	678,640	293,456
Changes in operating assets	11,888,598	15,896,615	6,670,554	9,147,534
Changes in operating liabilities	(16,463,033)	16,685,096	(10,152,319)	19,931,925
Net gains from investing activities	-	-	-	-
Share of profits in associates and joint ventures	-	-	-	-
Dividend income from subsidiaries and associates	-	(1,322)	-	(1,322)
Interest expense on subordinated debt	496,875	334,375	496,875	334,375
<b>Others</b>	-	-	-	-
Contribution paid to defined benefit plans	145,404	252,191	145,404	252,191
Tax paid	(572,472)	(1,440,416)	(983,852)	(1,493,409)
<b>Net Cash Generated from Operating Activities</b>	<b>(783,800)</b>	<b>35,843,042</b>	<b>1,635,683</b>	<b>33,752,782</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(656,633)	(165,050)	(742,178)	(159,712)
Proceeds from the sale of property, plant and equipment	4,375	284	8,498	284
Purchase of financial investments	-	(35,162,254)	-	(34,072,704)
Proceeds from the sale and maturity of financial investments	-	-	-	-
Net Increase/ (decrease) in financial investments held to maturity	4,548,490	-	2,085,234	-
Net purchase of intangible assets	(6,882)	-	(12,738)	(1,257)
Net cash flow from acquisition of investment in subsidiaries and associates	-	(151,973)	(7,353)	8,806
Net cash flow from disposal of subsidiaries	-	-	-	-
Proceeds from disposal of associates and joint ventures	-	-	-	-
Dividends received from investment in subsidiaries and associates	-	1,322	-	1,322
Others	-	-	-	-
<b>Net Cash (used in) from Investing Activities</b>	<b>3,889,350</b>	<b>(35,477,671)</b>	<b>1,331,463</b>	<b>(34,223,261)</b>
<b>Cash Flows from Financing Activities</b>				
Net proceeds from the issue of ordinary share capital	-	-	-	-
Net proceeds from the issue of other equity instruments	-	-	-	-
Net proceeds from the issue of subordinated debt	-	-	-	-
Repayment of subordinated debt	-	-	-	-
Interest paid on subordinated debt	(496,875)	(334,375)	(496,875)	(334,375)
Dividend paid to non-controlling interest	-	-	-	132,187
Dividend paid to shareholders of the parent company	-	-	-	-
Dividend paid to holders of other equity instruments	(54,923)	(54,923)	(54,923)	(54,923)
Share issue expenses	-	-	-	-
Disposal of changes of holdings	-	-	-	(477,357)
<b>Net Cash from Financial Activities</b>	<b>(551,798)</b>	<b>(389,298)</b>	<b>(551,798)</b>	<b>(734,468)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>2,553,752</b>	<b>(23,927)</b>	<b>2,415,348</b>	<b>(1,204,947)</b>
Cash and cash equivalents at the beginning of the year	18,772,595	24,401,979	20,801,230	26,102,723
Exchange difference in respect of cash & cash equivalent	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>21,326,347</b>	<b>24,378,052</b>	<b>23,216,578</b>	<b>24,897,776</b>

## ADDITIONAL DISCLOSURES

	BANK		GROUP	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Loans and Receivables to Other Customers</b>				
Gross loans and receivables	627,406,787	681,466,864	717,365,908	773,250,598
(Less) : Individual impairment	(37,940,815)	(39,341,542)	(38,262,904)	(39,530,980)
Collective impairment	(23,871,523)	(22,295,587)	(24,912,422)	(23,645,119)
<b>Net loans and receivables</b>	<b>565,594,449</b>	<b>619,829,735</b>	<b>654,190,581</b>	<b>710,074,499</b>
<b>Analysis -Domestic Currency</b>				
By product				
Overdrafts	80,131,937	66,950,906	79,882,747	66,799,190
Term loans	283,675,291	276,971,206	296,946,890	289,209,619
Lease Rental Receivable	-	-	76,446,572	79,227,227
Credit Cards	1,356,382	1,327,925	1,356,382	1,327,925
Pawning	165,437,826	197,128,580	165,437,826	197,128,580
Trade Finance	13,762,480	22,423,634	13,762,480	22,423,634
Others	12,349,026	25,527,997	12,839,166	25,997,807
<b>Sub Total</b>	<b>556,712,944</b>	<b>590,330,248</b>	<b>646,672,065</b>	<b>682,113,982</b>
<b>Analysis -Foreign Currency</b>				
By product				
Overdrafts	521,605	536,081	521,605	536,081
Term loans	5,241,608	9,792,579	5,241,608	9,792,579
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	64,930,630	80,807,956	64,930,630	80,807,956
Others	-	-	-	-
<b>Sub Total</b>	<b>70,693,843</b>	<b>91,136,616</b>	<b>70,693,843</b>	<b>91,136,616</b>
<b>Grand Total</b>	<b>627,406,787</b>	<b>681,466,864</b>	<b>717,365,908</b>	<b>773,250,598</b>
<b>Movements in Individual and Collective Impairment during the period for loans and Receivables to other customers</b>				
	BANK		GROUP	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	(Rs.'000)	(Rs. '000)	(Rs.'000)	(Rs. '000)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Allowance for Individual impairment</b>				
<b>Opening balance</b>	<b>39,341,542</b>	<b>37,405,759</b>	<b>39,530,980</b>	<b>37,466,907</b>
Charge (Write-back) to income statement	-	-	-	-
Write-off during the year	-	-	-	-
Other Movements	(1,400,728)	1,935,783	(1,268,078)	2,064,073
<b>Closing balance</b>	<b>37,940,814</b>	<b>39,341,542</b>	<b>38,262,902</b>	<b>39,530,980</b>
<b>Allowance for Collective impairment</b>				
<b>Opening balance</b>	<b>22,295,587</b>	<b>11,804,074</b>	<b>23,645,120</b>	<b>13,010,589</b>
Charge (Write-back) to income statement	1,578,522	10,507,882	1,269,891	10,650,898
Write-off during the year	-	(83,602)	-	(83,602)
Other Movements	(2,586)	67,234	(2,586)	67,234
<b>Closing balance</b>	<b>23,871,523</b>	<b>22,295,587</b>	<b>24,912,425</b>	<b>23,645,119</b>
<b>Total Impairment</b>	<b>61,812,338</b>	<b>61,637,129</b>	<b>63,175,327</b>	<b>63,176,099</b>
<b>Due to Other Customers</b>				
<b>Analysis</b>				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	37,767,877	36,728,336	36,400,985	33,711,138
Savings deposits	252,277,507	241,868,780	252,193,798	239,901,807
Fixed deposits	421,346,216	417,938,719	458,824,460	449,899,676
Other products	2,453,096	2,550,275	2,453,095	2,550,274
<b>Sub Total</b>	<b>713,844,696</b>	<b>699,086,110</b>	<b>749,872,338</b>	<b>726,062,894</b>
<b>Due to Other Customers</b>				
Product Wise Analysis - Foreign Currency				
Demand deposit (current accounts)	342,323	643,973	342,323	643,973
Savings deposits	14,383,911	14,111,758	14,383,911	14,111,758
Fixed deposits	47,947,172	48,375,691	47,947,172	48,375,691
Other products	30,000	30,997	30,000	30,997
<b>Sub Total</b>	<b>62,703,406</b>	<b>63,162,419</b>	<b>62,703,406</b>	<b>63,162,419</b>
<b>Grand Total</b>	<b>776,548,102</b>	<b>762,248,529</b>	<b>812,575,744</b>	<b>789,225,313</b>



## SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.03.2014 (Unaudited)	As at 31.12.2013 (Audited)	As at 31.03.2014 (Unaudited)	As at 31.12.2013 (Audited)
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. '000	29,260,069	29,261,006	48,479,000	48,565,960
Total Capital Base, Rs. '000	42,204,262	42,204,105	61,557,750	61,729,640
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.0	10.4	12.1	12.5
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	14.4	15.0	15.3	15.9
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	6.2	5.3	5.6	4.9
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	2.6	2.0	2.4	1.8
<b>Profitability</b>				
Interest Margin, %	2.7	4.1	3.3	4.5
Return on Assets (Before Tax), %	1.4	1.1	1.9	1.3
Return on Equity (After Tax), %	24.2	22.8	24.4	18.2
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs.Mn				
Domestic Banking Unit Rs.'000	246,239,975	198,056,757		
Off- Shore Banking Unit US\$ ('000)	183,526	187,944		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit	31.1	25.2		
Off- Shore Banking Unit	25.8	22.3		

## MEASUREMENT OF FINANCIAL INSTRUMENTS

### BANK AS AT 31.03. 2014

	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)
<b>ASSETS</b>							
Cash and cash equivalents	-	-	-	21,326,347	-	-	21,326,347
Balances with Central Banks	-	-	-	41,278,539	-	-	41,278,539
Placements with Banks	-	-	-	8,491,908	-	-	8,491,908
Derivative Financial Instruments	-	3,403	-	-	-	-	3,403
Financial assets held-for-trading	76,262,000	-	-	-	-	-	76,262,000
Loans and receivables to banks	-	-	-	105,375,525	-	-	105,375,525
Loans and receivables to other customers	-	-	-	565,594,449	-	-	565,594,449
Financial investments	-	-	71,235,798	-	311,733	-	71,547,531
Investments in subsidiaries	-	-	-	-	-	1,245,908	1,245,908
Investments in associates	-	-	-	-	-	308,116	308,116
Total financial assets	76,262,000	3,403	71,235,798	742,066,769	311,733	1,554,024	891,433,727
Other assets	-	-	-	-	-	25,637,764	25,637,764
<b>Total assets</b>	-	-	-	-	-	-	<b>917,071,491</b>
<b>LIABILITIES</b>							
Due to banks	-	-	-	50,784,641	-	-	50,784,641
Derivative Financial Instruments	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	776,548,102	-	-	776,548,102
Other Borrowings	-	-	-	20,557,185	-	-	20,557,185
Current tax liabilities	-	-	-	-	-	700,647	700,647
Subordinated term debts	-	-	-	15,032,542	-	-	15,032,542
Total financial liabilities	-	-	-	862,922,470	-	700,647	863,623,117
Other liabilities	-	-	-	-	-	13,529,717	13,529,717
Deferred tax liabilities	-	-	-	-	-	885,232	885,232
<b>Total liabilities</b>	-	-	-	-	-	-	<b>878,038,065</b>

## 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)
<b>ASSETS</b>							
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
<b>Total assets</b>	-	-	-	-	-	-	<b>930,585,274</b>
<b>LIABILITIES</b>							
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	-	-	-	-	-	13,124,898	13,124,898
Deferred tax liabilities	-	-	-	-	-	885,232	885,232
<b>Total liabilities</b>	-	-	-	-	-	-	<b>894,048,429</b>

## MEASUREMENT OF FINANCIAL INSTRUMENTS

### GROUP AS AT 31.03. 2014

	HFT (Rs.'000)	Financial Derivatives at FV (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Others (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>							
Cash and cash equivalents	-	-	-	23,216,578	-	-	23,216,578
Balances with Central Banks	-	-	-	41,278,539	-	-	41,278,539
Placements with Banks	-	-	-	8,491,908	-	-	8,491,908
Derivative Financial Instruments	-	3,648	-	-	-	-	3,648
Financial assets held-for-trading	76,640,312	-	-	-	-	-	76,640,312
Loans and receivables to banks	-	-	-	112,825,577	-	-	112,825,577
Loans and receivables to other customers	-	-	-	654,190,581	-	-	654,190,581
Financial investments	-	-	75,982,356	-	1,479,492	-	77,461,848
Investments in subsidiaries	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	432,639	432,639
Total financial assets	76,640,312	3,648	75,982,356	840,003,184	1,479,492	432,639	994,541,631
Other assets	-	-	-	-	-	30,953,360	30,953,360
<b>Total assets</b>	-	-	-	-	-	-	<b>1,025,494,992</b>
<b>LIABILITIES</b>							
Due to banks	-	-	-	64,809,727	-	-	64,809,727
Derivative Financial Instruments	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	812,575,745	-	-	812,575,745
Other Borrowings	-	-	-	44,515,794	-	-	44,515,794
Current tax liabilities	-	-	-	-	-	1,261,037	1,261,037
Subordinated term debts	-	-	-	23,141,451	-	-	23,141,451
Total financial liabilities	-	-	-	945,042,717	-	1,261,037	946,303,755
Other liabilities	-	-	-	-	-	17,966,493	17,966,493
Deferred tax liabilities	-	-	-	-	-	2,499,831	2,499,831
<b>Total liabilities</b>	-	-	-	-	-	-	<b>966,770,078</b>

## MEASUREMENT OF FINANCIAL INSTRUMENTS

### GROUP AS AT 31.12. 2013

	HFT (Rs.'000)	Financial Derivatives at FV (Rs.'000)	HTM (Rs.'000)	Amortised Cost (Rs.'000)	AFS (Rs.'000)	Others (Rs.'000)	Total (Rs.'000)
<b>ASSETS</b>							
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
<b>Total assets</b>	-	-	-	-	-	-	<b>1,031,472,794</b>
<b>LIABILITIES</b>							
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	-	-	-	789,225,313	-	-	789,225,313
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
<b>Total liabilities</b>	-	-	-	-	-	-	<b>976,384,384</b>

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.)  
Gamini S. Senarath  
**Chairman**

20.05.2014  
Colombo.