

FITCH RATING AA+ (LKA)



PEOPLE'S BANK

FINANCIAL STATEMENTS

INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER

	BANK			GROUP		
	2015 (Rs. '000) (Audited)	2014 (Rs. '000) (Audited)	Change %	2015 (Rs. '000) (Audited)	2014 (Rs. '000) (Audited)	Change %
Gross Income	103,648,962	96,377,482	7.5	123,830,806	118,640,810	4.4
Interest income	92,403,546	84,479,961	9.4	110,278,180	104,180,951	5.9
Interest expenses	(48,731,974)	(54,362,126)	(10.4)	(56,020,994)	(64,211,046)	(12.8)
Net Interest Income	43,671,572	30,117,835	45.0	54,257,186	39,969,905	35.7
Fee and commission income	3,712,146	3,820,242	(2.8)	4,037,408	4,129,540	(2.2)
Fee and commission expenses	(174,479)	(121,627)	43.5	(174,479)	(121,627)	43.5
Net Fee and Commission Income	3,537,667	3,698,615	(4.4)	3,862,929	4,007,913	(3.6)
Net gain from trading	3,115,216	2,508,352	24.2	3,115,573	2,648,889	17.6
Net gain/(loss) from financial investment	-	-	-	-	-	-
Other operating income (net)	4,418,055	5,568,927	(20.7)	6,399,646	7,681,429	(16.7)
Total Operating Income	54,742,510	41,893,729	30.7	67,635,334	54,308,136	24.5
Impairment for loans and other losses	(3,739,914)	1,430,440	(361.5)	(5,167,881)	117,979	(4,480.3)
Individual impairment	(1,839,718)	(1,560,111)	-	(1,643,161)	(1,891,100)	-
Collective impairment	(1,900,196)	2,925,019	-	(2,125,120)	2,694,302	-
Other	-	65,532	-	(1,399,600)	(685,223)	-
Net Operating Income	51,002,596	43,324,169	17.7	62,467,453	54,426,115	14.8
Personnel Expenses	(17,056,303)	(13,083,142)	30.4	(19,045,558)	(14,849,137)	28.3
Depreciation and amortisation	(971,797)	(944,569)	2.9	(1,268,799)	(1,244,036)	2.0
Other expenses	(7,605,536)	(7,895,640)	(3.7)	(11,660,961)	(12,175,200)	(4.2)
Operating Profit before Value Added Tax (VAT)	25,368,960	21,400,818	18.5	30,492,135	26,157,742	16.6
VAT & NBT on Financial Services	(5,849,440)	(4,169,761)	40.3	(6,370,969)	(4,510,317)	41.3
Operating Profit after Value Added Tax (VAT)	19,519,520	17,231,057	13.3	24,121,166	21,647,425	11.4
Share of profits/(loss) of associates	-	-	-	-	(19,872)	(100.0)
Profit before Tax	19,519,520	17,231,057	13.3	24,121,166	21,627,553	11.5
Tax expenses	(6,921,677)	(3,012,245)	129.8	(9,053,173)	(4,674,355)	93.7
Profit for the year	12,597,843	14,218,812	(11.4)	15,067,993	16,953,198	(11.1)
Profit Attributable to :						
Equity Holders of the Bank	12,597,843	14,218,812	(11.4)	13,898,052	15,896,077	(12.6)
Non-controlling interests	-	-	-	1,169,941	1,057,121	10.7
	12,597,843	14,218,812	(11.4)	15,067,993	16,953,198	(11.1)
Earnings per Share on Profit						
Basic earnings per ordinary share	12,598	14,219	(11.4)	13,898	15,896	(12.6)
Diluted earnings per ordinary share	87	99	(11.4)	96	110	(12.6)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER**

	BANK		GROUP	
	2015 (Rs.'000) (Audited)	2014 (Rs.'000) (Audited)	2015 (Rs.'000) (Audited)	2014 (Rs.'000) (Audited)
Profit for the year ended	12,597,843	14,218,812	15,067,993	16,953,198
Other Comprehensive Income net of Tax				
Actuarial gains and losses on defined benefit plans	(635,394)	(1,066,589)	(635,372)	(1,124,163)
Deferred tax effect on defined benefit plan liability	(1,884)	(77,795)	(1,953)	(58,094)
Gains and losses on re-measuring available-for-sale financial assets	54,433	77,970	198,846	148,829
Gain on revaluation of land and buildings	-	-	672,574	(10,439)
Gain on revaluation of land and buildings - Associate	-	-	-	-
Gains and losses on derivative financial Assets	-	-	30,594	(21,062)
Less:				
Tax expense relating to components of other comprehensive income	-	-	(188,321)	-
Other Comprehensive Income for the year, net of Taxes	(582,845)	(1,066,414)	76,368	(1,064,929)
Total Comprehensive Income for the period	12,014,998	13,152,398	15,144,361	15,888,269
Attributable to :				
Equity Holders of the Bank	12,014,998	13,152,398	13,809,600	14,830,776
Non-controlling interests	-	-	1,334,761	1,057,493

STATEMENT OF FINANCIAL POSITION

AS AT

	BANK			GROUP		
	31.12.2015	31.12.2014	Change	31.12.2015	31.12.2014	Change
	(Rs. '000)	(Rs. '000)	%	(Rs. '000)	(Rs. '000)	%
	(Audited)	(Audited)		(Audited)	(Audited)	
Assets						
Cash and Cash Equivalents	27,963,708	37,355,549	(25.1)	30,692,205	39,418,068	(22.1)
Balances with Central Bank of Sri Lanka	42,947,711	43,584,872	(1.5)	42,947,711	43,584,872	(1.5)
Placements with banks	8,097,147	13,681,425	(40.8)	8,097,147	13,681,425	(40.8)
Derivative Financial Instruments	4,109	22,233	(81.5)	24,853	22,233	11.8
Other Financial assets held-for-trading	93,400,763	59,888,466	56.0	93,973,351	60,310,150	55.8
Loans and receivables to Banks	114,606,980	129,488,851	(11.5)	115,519,933	133,005,677	(13.1)
Loans and receivables to other customers	768,514,659	627,209,062	22.5	869,780,503	722,099,483	20.5
Financial investments - Available-for-sale	3,533,745	3,387,770	4.3	5,661,807	5,011,892	13.0
Financial investments - Held-to-maturity	86,604,889	82,720,707	4.7	91,089,198	87,930,254	3.6
Investments in subsidiaries	1,475,766	1,045,908	41.1	-	-	-
Investments in associates	-	273,100	(100.0)	-	426,502	(100.0)
Goodwill and intangible assets	126,888	114,548	10.8	462,355	462,073	0.1
Property, plant and equipment	16,303,750	14,946,764	9.1	22,695,989	19,364,133	17.2
Investment properties	185,713	187,420	(0.9)	185,713	187,420	(0.9)
Prepaid Leases	536,321	558,877	(4.0)	536,321	558,877	(4.0)
Deferred tax assets	480,901	1,440,924	(66.6)	562,471	1,475,879	(61.9)
Other assets	12,359,723	10,862,382	13.8	13,136,823	11,719,016	12.1
Total Assets	1,177,142,773	1,026,768,858	14.6	1,295,366,380	1,139,257,954	13.7
Liabilities						
Due to banks	143,923,634	143,754,943	0.1	162,687,453	162,433,372	0.2
Derivative Financial Instruments	112,149	17,377	545.4	112,149	148,243	(24.3)
Due to other customers	899,237,879	793,341,733	13.3	932,905,835	829,018,697	12.5
Other Borrowings	48,159,101	13,442,898	258.2	63,107,816	31,391,206	101.0
Current tax liabilities	3,845,472	459,612	736.7	4,505,841	1,052,831	328.0
Deferred tax liabilities	842,007	1,060,634	(20.6)	3,494,727	2,936,209	19.0
Other liabilities	16,495,249	16,189,567	1.9	24,844,690	23,331,984	6.5
Subordinated term debts	15,032,542	15,032,542	-	30,907,240	24,883,132	24.2
Total Liabilities	1,127,648,033	983,299,306	14.7	1,222,565,751	1,075,195,674	13.7
Equity						
Stated capital/Assigned capital	7,201,998	7,201,998	-	7,201,998	7,201,998	-
Statutory reserve Fund	4,152,518	3,522,626	17.9	4,152,518	3,522,626	17.9
Other reserves	21,846,751	19,947,366	9.5	23,012,662	20,477,609	12.4
Retained earnings	16,293,473	12,797,562	27.3	32,209,593	27,536,628	17.0
Total shareholders' equity	49,494,740	43,469,552	13.9	66,576,771	58,738,861	13.3
Non-controlling interests	-	-	-	6,223,858	5,323,419	16.9
Total equity	49,494,740	43,469,552	13.9	72,800,629	64,062,280	13.6
Total equity and liabilities	1,177,142,773	1,026,768,858	14.6	1,295,366,380	1,139,257,954	13.7
Contingent Liabilities and Commitments	181,532,583	182,573,201	(0.6)	181,545,417	182,597,120	(0.6)
No of Employees	8,368	8,156		10,682	10,331	
No of Branches	740	739		833	829	

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER**

BANK

	Stated capital/Assigned capital		Reserves					Retained earnings (Rs.'000)	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)		
Balance as at 01.01.2014	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
Profit for the year	-	-	-	-	-	-	-	14,218,812	14,218,812
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	77,970	-	77,970
Net Defined Benefit obligation	-	-	-	-	-	-	-	(1,066,589)	(1,066,589)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	(77,795)	(77,795)
Transfers to reserves during the period	-	-	710,941	-	1,875,000	157,096	-	(2,743,037)	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	(219,690)	(219,690)
Special Levy to Treasury	-	-	-	-	-	-	-	(6,000,000)	(6,000,000)
Transfers to Retained earnings during the period	-	-	-	-	-	(6,572,453)	-	6,572,453	-
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)
Disposal loss of Property, Plant and Equipment	-	-	-	(30,048)	-	-	-	30,048	-
Transfers to reserves during the period	-	-	629,892	-	1,875,000	-	-	(2,504,892)	-
Transfers to Retained earnings during the period	-	-	-	-	-	-	-	-	-
Dividend Paid to GOSL	-	-	-	-	-	-	-	(219,690)	(219,690)
Special Levy to Treasury	-	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Deffered tax effect on defined benefit plans	-	-	-	-	-	-	-	(1,884)	(1,884)
Balance as at 31.12.2015	49,998	7,152,000	4,152,518	10,846,499	10,703,873	-	296,379	16,293,473	49,494,740

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 01.01.2014	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
Profit for the year	-	-	-	-	-	-	-	-	15,896,077	15,896,077	1,057,121	16,953,198
Changes in Fair Value in AFS Investments	-	-	-	-	-	-	131,114	-	-	131,114	17,715	148,829
Net Defined Benefit obligation	-	-	-	-	-	-	-	-	(1,109,769)	(1,109,769)	(14,394)	(1,124,163)
Gain on revaluation of Land and Building	-	-	-	(7,829)	-	-	-	-	-	(7,829)	(2,610)	(10,439)
Gain on revaluation of Land and Building - Associate	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve during the period	-	-	710,941	-	1,875,000	157,096	-	-	(2,743,787)	(750)	(250)	(1,000)
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(219,690)	(219,690)	-	(219,690)
Special Levy to Treasury	-	-	-	-	-	-	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
Movement in deemed disposal profit	-	-	-	-	-	-	-	-	(12,500)	(12,500)	(187,500)	(200,000)
Transfers to Retained Earnings during the period	-	-	-	-	-	(7,621,032)	-	-	7,621,032	-	-	-
Gains and losses on derivative financial Assets	-	-	-	-	-	-	-	(15,797)	-	(15,797)	(5,265)	(21,062)
Dividend payment	-	-	-	-	-	-	-	-	-	-	(493,708)	(493,708)
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	-	-	(63,019)	(63,019)	4,925	(58,094)
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)
Gains and losses on derivative financial Assets	-	-	-	-	-	-	-	22,945	-	22,945	7,649	30,594
Tax on other comprehensive income	-	-	-	-	-	-	-	-	(141,241)	(141,241)	(47,080)	(188,321)
Reversal of Revaluation on Disposed Property	-	-	-	(30,048)	-	-	-	-	30,048	-	-	-
Revaluation Surplus of Land and Building	-	-	-	504,430	-	-	-	-	-	504,430	168,144	672,574
Deferred tax effect on defined benefit plans	-	-	-	-	-	-	-	-	(1,935)	(1,935)	(18)	(1,953)
Transfer to Reserve during the period	-	-	629,892	-	1,875,000	-	-	-	(2,504,892)	-	-	-
Change of Holding of Associate	-	-	-	-	-	-	-	-	51,758	51,758	-	51,758
Subsidiary Acquired During the Year	-	-	-	-	-	-	-	-	-	-	133,346	133,346
Share Issue	-	-	-	-	-	-	-	-	609,561	609,561	140,439	750,000
Dividends Paid	-	-	-	-	-	-	-	-	-	-	(493,707)	(493,707)
Dividend Paid to GOSL	-	-	-	-	-	-	-	-	(219,690)	(219,690)	-	(219,690)
Special Dividend to Treasury	-	-	-	-	-	-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Balance as at 31.12.2015	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

CASH FLOW STATEMENT				
FOR THE YEAR ENDED 31ST DECEMBER				
	BANK		GROUP	
	2015	2014	2015	2014
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
	(Audited)	(Audited)	(Audited)	(Audited)
Cash flows from operating activities				
Profit before tax	19,519,520	17,231,057	24,121,166	21,627,553
Adjustment for				
Non-cash items included in profits before tax	5,332,075	(417,875)	7,534,618	1,154,022
Changes in operating assets	(159,548,878)	(68,905,022)	(162,772,110)	(77,940,172)
Changes in operating liabilities	138,914,804	86,697,864	132,999,699	93,785,221
Net gains from investing activities	-	-	-	-
Share of profits in associates and joint ventures	-	-	-	19,872
Dividend income from subsidiaries and associates	(1,659,531)	(1,648,601)	(219,051)	(98,589)
Interest expense on subordinated debt	1,987,500	2,014,583	1,987,500	2,014,583
Contribution paid to defined benefit plans/Gratuity	1,526,525	1,443,255	1,563,511	1,472,620
Tax paid	(5,566,426)	(3,217,949)	(7,990,113)	(4,578,472)
Net Cash Generated from Operating Activities	505,589	33,197,313	(2,774,780)	37,456,638
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(2,079,622)	(1,124,878)	(2,378,217)	(2,161,371)
Proceeds from the sale of property, plant and equipment	93,379	59,055	104,264	50,608
Purchase of financial investments	(4,173,564)	(7,067,599)	(3,448,325)	(9,738,534)
Proceeds from the sale and maturity of financial investments	-	-	-	-
Net purchase of intangible assets	(43,206)	(97,275)	(44,684)	(104,801)
Net cash flow from acquisition of investment in subsidiaries and associates	(346,758)	-	-	-
Net cash flow from disposal of subsidiaries	200,000	200,000	(726,385)	-
Proceeds from disposal of associates and joint ventures	-	-	-	-
Dividends received from investment in subsidiaries and associates	1,659,531	1,648,601	219,051	98,589
Others	-	-	-	-
Net Cash (used in) from Investing Activities	(4,690,240)	(6,382,096)	(6,274,296)	(11,855,509)
Cash Flows from Financing Activities				
Net proceeds from the issue of subordinated debt	-	-	6,024,110	1,741,681
Repayment of subordinated debt	-	-	-	-
Interest paid on subordinated debt	(1,987,500)	(2,014,583)	(1,987,500)	(2,014,583)
Dividend paid to GOSL	(219,690)	(219,690)	(219,690)	(219,690)
Dividend paid to non-controlling interest	-	-	(493,707)	(493,708)
Dividend paid to holders of other equity instruments	(3,000,000)	(6,000,000)	(3,000,000)	(6,000,000)
Share issue expenses	-	-	-	-
Disposal of changes of holdings	-	-	-	-
Net Cash from Financial Activities	(5,207,190)	(8,234,273)	323,213	(6,986,300)
Net Increase/(Decrease) in Cash & Cash Equivalents	(9,391,841)	18,580,944	(8,725,863)	18,614,828
Cash and cash equivalents at the beginning of the year	37,355,549	18,774,605	39,418,068	20,803,240
Exchange difference in respect of cash & cash equivalent	-	-	-	-
Cash and cash equivalents at the end of the period	27,963,708	37,355,549	30,692,205	39,418,068

ADDITIONAL DISCLOSURES

	BANK		GROUP	
	31.12.2015 (Rs.'000) (Audited)	31.12.2014 (Rs.'000) (Audited)	31.12.2015 (Rs.'000) (Audited)	31.12.2014 (Rs.'000) (Audited)
Loans and Receivables to Other Customers				
Gross loans and receivables	829,233,971	685,309,929	933,289,767	782,301,028
(Less) : Individual impairment	(42,741,371)	(40,901,653)	(43,065,241)	(41,422,080)
Collective impairment	(17,977,941)	(17,199,214)	(20,444,023)	(18,779,465)
Net loans and receivables	768,514,659	627,209,062	869,780,503	722,099,483
Analysis -Domestic Currency				
By product				
Overdrafts	86,536,473	72,373,142	86,110,926	71,603,389
Term loans	407,072,413	299,923,798	430,667,054	318,994,153
Lease Rental Receivable	-	-	78,729,337	77,251,858
Credit Cards	1,500,927	1,405,769	1,500,927	1,405,769
Pawning	103,945,309	113,946,014	103,945,309	113,946,014
Trade Finance	22,362,394	41,450,202	22,362,394	41,450,202
Others	16,652,363	13,872,415	18,809,728	15,311,054
Sub Total	638,069,879	542,971,340	742,125,675	639,962,439
Analysis -Foreign Currency				
By product				
Overdrafts	298,206	349,826	298,206	349,826
Term loans	21,979,665	15,807,034	21,979,665	15,807,034
Lease Rental Receivable	-	-	-	-
Credit Cards	-	-	-	-
Pawning	-	-	-	-
Trade Finance	168,886,221	126,181,729	168,886,221	126,181,729
Others	-	-	-	-
Sub Total	191,164,092	142,338,589	191,164,092	142,338,589
Grand Total	829,233,971	685,309,929	933,289,767	782,301,028
Movements in Individual and Collective Impairment during the period for loans and Receivables to other customers				
	BANK		GROUP	
	31.12.2015 (Rs.'000) (Audited)	31.12.2014 (Rs.'000) (Audited)	31.12.2015 (Rs.'000) (Audited)	31.12.2014 (Rs.'000) (Audited)
Allowance for Individual impairment				
Opening balance	40,901,653	39,341,542	41,422,080	39,530,980
Charge (Write-back) to income statement	-	-	-	-
Write-off during the year	-	-	-	-
Other Movements	1,839,718	1,560,111	1,643,161	1,891,100
Closing balance	42,741,371	40,901,653	43,065,241	41,422,080
Allowance for Collective impairment				
Opening balance	17,199,214	22,295,587	18,779,465	23,645,119
Subsidiary Acquired During the year	-	-	660,907	-
Charge (Write-back) to income statement	793,203	(4,204,461)	1,018,127	(3,973,744)
Write-off during the year	(267,051)	(920,896)	(267,051)	(920,896)
Other Movements	252,575	28,984	252,575	28,986
Closing balance at	17,977,941	17,199,214	20,444,023	18,779,465
Total Impairment	60,719,312	58,100,867	63,509,264	60,201,545
Due to Other Customers				
Analysis				
Product Wise Analysis - Domestic Currency				
Demand deposit (current accounts)	55,576,159	46,944,284	52,893,164	44,939,349
Savings deposits	356,683,313	304,528,659	361,291,730	309,810,133
Fixed deposits	380,207,167	371,049,288	411,949,700	403,449,713
Other products	4,360,499	2,789,361	4,360,500	2,789,361
Sub Total	796,827,138	725,311,592	830,495,094	760,988,556
Due to Other Customers				
Product Wise Analysis - Foreign Currency				
Demand deposit (current accounts)	1,908,118	1,211,226	1,908,118	1,211,226
Savings deposits	15,516,579	14,418,441	15,516,579	14,418,441
Fixed deposits	84,964,502	52,320,461	84,964,502	52,320,461
Other products	21,542	80,013	21,542	80,013
Sub Total	102,410,741	68,030,141	102,410,741	68,030,141
Grand Total	899,237,879	793,341,733	932,905,835	829,018,697

SELECTED PERFORMANCE INDICATORS

	BANK		GROUP	
	As at 31.12.2015 (Audited)	As at 31.12.2014 (Audited)	As at 31.12.2015 (Audited)	As at 31.12.2014 (Audited)
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	43,580,719	36,939,096	65,200,262	56,368,837
Total Capital Base, Rs. '000	55,469,941	48,491,842	78,318,111	67,965,047
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.9	10.9	11.5	12.4
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	12.6	14.3	13.8	14.9
Assets Quality (Quality of Loan Portfolio)				
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense)	2.4	3.2	2.4	3.2
Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions)	-	0.5	-	0.5
Profitability				
Interest Margin, %	4.0	3.1	4.5	3.7
Return on Assets (Before Tax), %	1.8	1.8	2.0	2.0
Return on Equity (After Tax), %	27.1	35.5	22.0	28.5
Regulatory Liquidity				
Statutory Liquid Assets,				
Domestic Banking Unit Rs.'000	228,488,902	244,731,344		
Off- Shore Banking Unit US\$ ('000)	290,560	230,652		
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)				
Domestic Banking Unit	25.9	30.3		
Off- Shore Banking Unit	21.7	21.8		

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
Current tax	-	-	-	-	-	-
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

BANK AS AT 31.12. 2014

	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	-	-	-	37,355,549	-	37,355,549
Balances with Central Banks	-	-	-	43,584,872	-	43,584,872
Placements with Banks	-	-	-	13,681,425	-	13,681,425
Derivative Financial Instruments	-	22,233	-	-	-	22,233
Financial assets held-for-trading	59,888,466	-	-	-	-	59,888,466
Loans and receivables to banks	-	-	-	129,488,851	-	129,488,851
Loans and receivables to other customers	-	-	-	627,209,062	-	627,209,062
Financial investments	-	-	82,720,707	-	3,387,770	86,108,476
Total financial assets	59,888,466	22,233	82,720,707	851,319,759	3,387,770	<u>997,338,934</u>
LIABILITIES						
Due to banks	-	-	-	143,754,943	-	143,754,943
Derivative Financial Instruments	-	17,377	-	-	-	17,377
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	793,341,733	-	793,341,733
Other Borrowings	-	-	-	13,442,898	-	13,442,898
Subordinated term debts	-	-	-	15,032,542	-	15,032,542
Total financial liabilities	-	17,377	-	965,572,116	-	<u>965,589,492</u>

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.12.2015

	HFT	Designated at FVTPL	HTM	Amortised Cost	AFS	Total
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(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	1,067,037,498	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>

MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AS AT 31.12. 2014

	HFT	Designated at FVTPL	HTM	Amortised Cost	AFS	Total
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
ASSETS						
Cash and cash equivalents	-	-	-	39,418,068	-	39,418,068
Balances with Central Banks	-	-	-	43,584,872	-	43,584,872
Placements with Banks	-	-	-	13,681,425	-	13,681,425
Derivative Financial Instruments	-	22,233	-	-	-	22,233
Financial assets held-for-trading	60,310,150	-	-	-	-	60,310,150
Loans and receivables to banks	-	-	-	133,005,677	-	133,005,677
Loans and receivables to other customers	-	-	-	722,099,483	-	722,099,483
Financial investments	-	-	87,930,254	-	5,011,892	92,942,146
Total financial assets	60,310,150	22,233	87,930,254	951,789,526	5,011,892	<u>1,105,064,055</u>
LIABILITIES						
Due to banks	-	-	-	162,433,372	-	162,433,372
Derivative Financial Instruments	-	148,243	-	-	-	148,243
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	-	-	-	829,018,697	-	829,018,697
Other Borrowings	-	-	-	31,391,206	-	31,391,206
Subordinated term debts	-	-	-	24,883,132	-	24,883,132
Total financial liabilities	-	148,243	-	1,047,726,407	-	<u>1,047,874,650</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 audited financial statements of the bank.

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

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

(Sgd.)
Hemasiri Fernando
Chairman

23.03.2016
Colombo.

