

Financial Performance of Commercial Public Enterprises - 2004

People's Bank

1 Name & Address of the Enterprise: **People's Bank**
75, Sir Chittampalam A Gardiner Mawatha,
Colombo 02.

2 Mission:
To take pride in providing an excellent service in the most caring, responsive and professional manner.

3 Major Activities:
The Bank's business comprises of accepting deposits, lending advances, development banking, pawn brokering, international trade, primary dealership in Treasury bonds and Treasury bills and FCBU for foreign currency banking, leasing, Credit Card operations etc.

4 Performance Trend

ABSOLUTE VALUES		2001	2002	2003	2004	2005 B
1	Total Revenue for the year (Rs.000)	25,198,356	23,975,961	23,105,005	22,601,205	24,354,000
2	Gross Profit for the year (Rs.000)	9,940,820	10,330,548	13,002,560	13,133,707	14,309,000
3	Net Profit before Interest and Tax for the year (Rs.000)	308,466	1,005,658	1,555,344	2,572,004	2,812,000
4	Financial Charges for the year (Rs.000)	-	-	-	-	-
5	Total Cost of Employment for the year (Rs.000)	4,738,485	4,899,220	6,267,643	7,303,660	6,244,000
6	Capital Expenditure for the year (Rs.000)	294,054	415,128	563,085	830,761	2,740,600
7	Non-Current Assets as at end of the year (Rs.000)	31,873,809	45,897,983	64,187,533	61,864,155	59,485,000
8	Current Assets as at end of the year (Rs.000)	135,722,744	136,028,838	136,536,896	162,309,592	198,136,000
9	Current Liabilities as at end of the year (Rs.000)	170,042,101	181,231,344	197,936,151	223,777,599	254,138,000
10	Non-Current Liabilities as at end of the year (Rs.000)	3,555,262	3,831,949	4,033,124	264,980	300,000
11	Equity as at end of the year (Rs.000)	(6,000,810)	(3,136,472)	(1,244,846)	131,168	3,183,000
12	Contribution to the Consolidated Fund (Rs.000)	492,000	571,661	571,661	671,661	1,189,000
13	Number of Employees as at end of the year (Nos)	11,401	10,834	10,145	9,592	9,709
14	Investment of Surplus Fund as at end of the year (Rs.000)	-	-	-	-	-
15	Key Performance Indicators					
i)	Net Profit bef. Tax to Equity (%)	-5%	-32%	-125%	1961%	88%
ii)	Net Profit bef. Tax to Total Assets (%)	0%	1%	1%	1%	1%
iii)	Non Performing Loans Ratio (%)	21%	20%	18%	14%	12%
iv)	Capital Adequacy Ratio (%)	-9%	-9%	-5%	-2%	4%
v)	Total Cost of Employment per Employee (Rs.' 000)	416	452	618	761	643

5 Comments on Performance:

Although the total revenue had declined marginally the gross profit and the net profit have improved substantially during the year.

Total cost of employment has increased substantially during the year despite decline in the number employed.

Capital expenditure of the Bank too has increased significantly during the year.

The Bank has been able to change its negative equity to positive equity of Rs.131mn during the year.

Asset base of the Bank too has improved substantially with the corresponding increase in the liabilities.

The return on total assets is being maintained at the same level.

The Bank has contributed Rs.100mn as levy and Rs.571.7mn as dividends on the restructuring bond to the Consolidated Fund during the year.

The return on total assets is being maintained at the same level.

Non performing loans of the Bank although reflect declining trend it is above the industry average of 13.7%.

The Bank has not been able to meet the capital adequacy requirement of the Central Bank which amounts to Rs.11.29Bn while the capital funds of the Bank as at 31st December 2004 amounts only to Rs.0.131Bn.

The Bank was brought under the purview of Strategic Enterprise Management Agency to improve the efficiency and effectiveness and financial viability of the enterprise with effect from August 2004.