



**INTERIM FINANCIAL STATEMENTS**  
**for the nine months ended 30.09.2012**  
**(Un-audited)**

**Bank of Ceylon**

## INCOME STATEMENT

1

Rs '000

	Bank						Group					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30-Sep-2012	30-Sep-2011	Growth %	30-Sep-2012	30-Sep-2011	Growth %	30-Sep-2012	30-Sep-2011	Growth %	30-Sep-2012	30-Sep-2011	Growth %
<b>Total revenue</b>	<b>78,815,785</b>	<b>52,251,461</b>	<b>50.8</b>	<b>28,579,669</b>	<b>18,508,069</b>	<b>54.4</b>	<b>82,037,375</b>	<b>54,765,482</b>	<b>49.8</b>	<b>29,664,404</b>	<b>19,391,247</b>	<b>53.0</b>
<b>Interest income</b>	<b>65,389,771</b>	<b>43,373,694</b>	<b>50.8</b>	<b>24,565,192</b>	<b>14,852,862</b>	<b>65.4</b>	<b>68,056,424</b>	<b>45,289,695</b>	<b>50.3</b>	<b>25,522,017</b>	<b>15,534,881</b>	<b>64.3</b>
Interest income on loans and advances	49,878,614	30,560,237	63.2	18,984,966	10,612,139	78.9	52,227,627	32,269,682	61.8	19,824,362	11,211,216	76.8
Interest income on other interest earning assets	15,511,157	12,813,457	21.1	5,580,226	4,240,723	31.6	15,828,797	13,020,013	21.6	5,697,655	4,323,665	31.8
<b>Less: Interest expenses</b>	<b>41,676,059</b>	<b>26,244,856</b>	<b>58.8</b>	<b>16,590,736</b>	<b>8,991,734</b>	<b>84.5</b>	<b>42,977,074</b>	<b>26,917,251</b>	<b>59.7</b>	<b>17,095,258</b>	<b>9,227,920</b>	<b>85.3</b>
Interest expense on deposits	27,402,456	18,195,086	50.6	10,671,188	6,310,657	69.1	27,900,484	18,433,122	51.4	10,861,346	6,401,515	69.7
Interest expense on other interest bearing liabilities	14,273,603	8,049,770	77.3	5,919,548	2,681,077	120.8	15,076,590	8,484,129	77.7	6,233,912	2,826,405	120.6
<b>Net interest income</b>	<b>23,713,712</b>	<b>17,128,838</b>	<b>38.4</b>	<b>7,974,456</b>	<b>5,861,128</b>	<b>36.1</b>	<b>25,079,350</b>	<b>18,372,444</b>	<b>36.5</b>	<b>8,426,759</b>	<b>6,306,961</b>	<b>33.6</b>
<b>Non - interest income</b>	<b>12,929,336</b>	<b>8,373,331</b>	<b>54.4</b>	<b>3,828,244</b>	<b>3,468,352</b>	<b>10.4</b>	<b>13,467,484</b>	<b>8,954,923</b>	<b>50.4</b>	<b>3,949,780</b>	<b>3,664,644</b>	<b>7.8</b>
Foreign exchange income	5,126,057	747,801	585.5	1,032,755	731,159	41.2	5,161,961	755,657	583.1	1,036,752	734,656	41.1
Other income	7,803,279	7,625,530	2.3	2,795,489	2,737,193	2.1	8,305,523	8,199,266	1.3	2,913,028	2,929,988	(0.6)
<b>Net income</b>	<b>36,643,048</b>	<b>25,502,169</b>	<b>43.7</b>	<b>11,802,700</b>	<b>9,329,480</b>	<b>26.5</b>	<b>38,546,834</b>	<b>27,327,367</b>	<b>41.1</b>	<b>12,376,539</b>	<b>9,971,605</b>	<b>24.1</b>
<b>Less: Non - interest expenses</b>	<b>16,945,257</b>	<b>13,930,615</b>	<b>21.6</b>	<b>5,304,519</b>	<b>4,631,380</b>	<b>14.5</b>	<b>18,438,821</b>	<b>15,077,002</b>	<b>22.3</b>	<b>5,760,227</b>	<b>5,075,108</b>	<b>13.5</b>
Personnel costs	7,386,667	6,012,607	22.9	2,699,019	2,072,417	30.2	8,220,901	6,666,334	23.3	2,987,162	2,321,696	28.7
Contribution for staff retirement benefits	2,131,356	1,559,733	36.6	749,550	512,965	46.1	2,171,258	1,590,006	36.6	765,055	523,889	46.0
Premises, equipment and establishment expenses	2,534,570	2,252,139	12.5	896,802	810,230	10.7	2,452,458	2,105,995	16.5	870,416	776,907	12.0
Loss on trading/ investment securities	1,360,811	1,203,967	13.0	(145,392)	228,479	(163.6)	1,398,386	1,253,018	11.6	(206,835)	243,221	(185.0)
Amortization of intangible assets	81,000	45,000	80.0	27,000	15,000	80.0	89,050	53,009	68.0	29,075	17,367	67.4
Other operating expenses	3,450,853	2,857,169	20.8	1,077,540	992,289	8.6	4,106,768	3,408,640	20.5	1,315,354	1,192,028	10.3
<b>Less: Provision for bad and doubtful debts and loans written off</b>	<b>884,674</b>	<b>(145,665)</b>	<b>(707.3)</b>	<b>354,613</b>	<b>94,174</b>	<b>276.6</b>	<b>967,808</b>	<b>(72,626)</b>	<b>(1,432.6)</b>	<b>395,826</b>	<b>102,572</b>	<b>285.9</b>
Provisions - general	437,149	(10,111)	(4,423.5)	(1,653)	198,543	(100.8)	480,073	7,274	6,499.8	11,455	209,794	(94.5)
Provisions - specific	944,203	368,882	156.0	542,499	82,486	557.7	1,001,202	440,964	127.0	576,978	84,500	582.8
Recoveries (-)	(496,678)	(504,436)	(1.5)	(186,233)	(186,855)	(0.3)	(513,467)	(520,864)	(1.4)	(192,607)	(191,722)	0.5
Loans written off	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating profit on ordinary activities before taxes</b>	<b>18,813,117</b>	<b>11,717,219</b>	<b>60.6</b>	<b>6,143,568</b>	<b>4,603,926</b>	<b>33.4</b>	<b>19,140,205</b>	<b>12,322,991</b>	<b>55.3</b>	<b>6,220,486</b>	<b>4,793,925</b>	<b>29.8</b>
Less: Value added tax on financial services	2,516,375	1,707,493	47.4	833,574	675,422	23.4	2,537,295	1,750,804	44.9	842,290	690,454	22.0
<b>Operating profit on ordinary activities before corporate tax</b>	<b>16,296,742</b>	<b>10,009,726</b>	<b>62.8</b>	<b>5,309,994</b>	<b>3,928,504</b>	<b>35.2</b>	<b>16,602,910</b>	<b>10,572,187</b>	<b>57.0</b>	<b>5,378,196</b>	<b>4,103,471</b>	<b>31.1</b>
Share of Associate companies' profit / (loss)	-	-	-	-	-	-	(70,022)	160,181	(143.7)	46,118	45,473	1.4
<b>Operating profit before corporate tax</b>	<b>16,296,742</b>	<b>10,009,726</b>	<b>62.8</b>	<b>5,309,994</b>	<b>3,928,504</b>	<b>35.2</b>	<b>16,532,888</b>	<b>10,732,368</b>	<b>54.0</b>	<b>5,424,314</b>	<b>4,148,944</b>	<b>30.7</b>
Less: Tax on profits on ordinary activities	4,361,390	3,229,701	35.0	1,426,413	1,190,747	19.8	4,589,422	3,473,747	32.1	1,506,780	1,269,375	18.7
<b>Operating profit for the period</b>	<b>11,935,352</b>	<b>6,780,025</b>	<b>76.0</b>	<b>3,883,581</b>	<b>2,737,757</b>	<b>41.9</b>	<b>11,943,466</b>	<b>7,258,621</b>	<b>64.5</b>	<b>3,917,534</b>	<b>2,879,569</b>	<b>36.0</b>
<b>Attributable to:</b>												
Equity holders of the parent	11,935,352	6,780,025	76.0	3,883,581	2,737,757	41.9	11,926,462	7,143,626	67.0	3,905,187	2,832,832	37.9
Minority interest	-	-	-	-	-	-	17,004	114,995	(85.2)	12,347	46,737	(73.6)
	<b>11,935,352</b>	<b>6,780,025</b>	<b>76.0</b>	<b>3,883,581</b>	<b>2,737,757</b>	<b>41.9</b>	<b>11,943,466</b>	<b>7,258,621</b>	<b>64.5</b>	<b>3,917,534</b>	<b>2,879,569</b>	<b>36.0</b>
<b>Basic earnings per share (Rs.)</b>	<b>3,182.76</b>	<b>1,808.01</b>	<b>76.0</b>	<b>776.72</b>	<b>547.55</b>	<b>41.9</b>	<b>3,180.39</b>	<b>1,904.97</b>	<b>67.0</b>	<b>781.04</b>	<b>566.5664</b>	<b>37.85</b>

# BALANCE SHEET

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Rs ' 000

As at	Bank			Group		
	30-Sep-2012	31-Dec-2011 (Audited)	Growth %	30-Sep-2012	31-Dec-2011 (Audited)	Growth %
<b>On-balance sheet assets</b>						
Cash in hand	19,958,050	11,843,707	68.5	20,008,772	11,903,864	68.1
Balances with Central Banks	32,813,518	30,427,455	7.8	32,813,518	30,427,455	7.8
Due from banks and other financial institutions	22,747,380	21,371,933	6.4	30,116,096	25,697,331	17.2
<b>Investments - trading account</b>	<b>31,834,733</b>	<b>42,910,231</b>	<b>(25.8)</b>	<b>34,639,260</b>	<b>46,158,850</b>	<b>(25.0)</b>
Government securities	29,444,655	39,336,333	(25.1)	31,834,010	42,129,991	(24.4)
Other securities	2,390,078	3,573,898	(33.1)	2,805,250	4,028,859	(30.4)
<b>Investments - held-to-maturity</b>	<b>208,051,015</b>	<b>144,463,733</b>	<b>44.0</b>	<b>208,527,193</b>	<b>144,739,548</b>	<b>44.1</b>
Government securities	191,390,832	128,486,336	49.0	191,390,832	128,486,336	49.0
Government of Sri Lanka Restructuring Bonds	8,547,000	8,547,000	-	8,547,000	8,547,000	-
Other securities	8,117,538	7,437,045	9.2	8,601,848	7,720,992	11.4
Less: Provision for decline in value of investment	(4,355)	(6,648)	(34.5)	(12,487)	(14,780)	(15.5)
Investments in Subsidiary companies	7,187,707	6,240,686	15.2	-	-	-
Investments in Associate companies	842,988	842,988	-	1,189,787	1,282,677	(7.2)
<b>Total loans and advances</b>						
<b>Total performing loans and advances</b>	<b>654,013,711</b>	<b>541,539,676</b>	<b>20.8</b>	<b>670,411,550</b>	<b>556,114,084</b>	<b>20.6</b>
Bills of exchange	20,753,137	16,945,036	22.5	21,202,552	17,366,859	22.1
Overdrafts	102,372,696	72,857,934	40.5	102,481,012	73,096,925	40.2
Lease rentals receivable	20,913,661	14,466,260	44.6	33,975,099	24,864,991	36.6
Other loans	509,974,217	437,270,446	16.6	512,752,887	440,785,309	16.3
<b>Total non-performing loans and advances</b>	<b>21,520,700</b>	<b>11,416,330</b>	<b>88.5</b>	<b>23,350,957</b>	<b>12,745,988</b>	<b>83.2</b>
Bills of exchange	325,706	266,959	22.0	565,306	503,158	12.4
Overdrafts	2,677,538	1,941,690	37.9	2,677,538	1,941,690	37.9
Lease rentals receivable	988,852	350,727	181.9	1,611,558	829,992	94.2
Other loans	16,598,461	7,958,217	108.6	17,566,412	8,572,411	104.9
Foreclosed properties	930,143	898,737	3.5	930,143	898,737	3.5
Interest receivable on non performing loans	9,366,303	8,202,336	14.2	9,453,853	8,283,063	14.1
<b>Total gross loans and advances</b>	<b>684,900,714</b>	<b>561,158,342</b>	<b>22.1</b>	<b>703,216,360</b>	<b>577,143,135</b>	<b>21.8</b>
Less: Interest in suspense	9,507,155	8,365,881	13.6	9,840,345	8,527,774	15.4
Specific loan loss provisions	7,938,876	7,172,815	10.7	8,243,889	7,562,423	9.0
General loan loss provisions	2,438,719	1,967,653	23.9	2,745,290	2,177,517	26.1
<b>Net loans and advances</b>	<b>665,015,964</b>	<b>543,651,993</b>	<b>22.3</b>	<b>682,386,836</b>	<b>558,875,421</b>	<b>22.1</b>
Other assets	38,334,886	22,849,558	67.8	39,969,187	23,889,748	67.3
Intangible assets	403,929	342,839	17.8	497,924	412,910	20.6
Investment properties	-	-	-	282,236	165,874	70.2
Property, plant & equipment	10,673,589	10,595,196	0.7	13,057,209	12,838,838	1.7
<b>Total on-balance sheet assets</b>	<b>1,037,863,759</b>	<b>835,540,319</b>	<b>24.2</b>	<b>1,063,488,018</b>	<b>856,392,516</b>	<b>24.2</b>
<b>On-balance sheet liabilities</b>						
<b>Total deposits</b>	<b>659,036,900</b>	<b>588,764,572</b>	<b>11.9</b>	<b>666,060,034</b>	<b>597,138,584</b>	<b>11.5</b>
Demand deposits	74,812,797	89,795,571	(16.7)	75,336,444	90,516,751	(16.8)
Savings deposits	225,332,963	212,279,100	6.1	226,198,120	213,186,153	6.1
Time deposits	355,760,445	284,130,734	25.2	361,394,725	290,876,324	24.2
Margin deposits	2,254,319	1,579,132	42.8	2,254,319	1,579,132	42.8
Other deposits	876,376	980,035	(10.6)	876,426	980,224	(10.6)
<b>Total borrowings</b>	<b>293,555,507</b>	<b>183,764,194</b>	<b>59.7</b>	<b>306,217,192</b>	<b>190,866,473</b>	<b>60.4</b>
Borrowings from Central Bank of Sri Lanka	5,835,148	5,568,349	4.8	5,835,148	5,568,349	4.8
Borrowings from banks and financial institutions in Sri Lanka	40,435,041	22,958,973	76.1	47,269,271	28,635,552	65.1
Borrowings from banks and financial institutions abroad	83,574,757	65,146,721	28.3	88,414,625	65,576,904	34.8
Securities sold under repurchase agreements	58,425,145	48,724,319	19.9	58,299,845	48,559,119	20.1
Bonds & debentures	105,285,416	41,365,832	154.5	106,398,303	42,526,549	150.2
Insurance provision - life	-	-	-	135,425	106,682	26.9
Insurance provision - non life	-	-	-	447,689	328,251	36.4
Deferred taxation	1,549,421	1,107,072	40.0	1,624,692	1,146,511	41.7
Current taxation	2,607,005	1,139,464	128.8	2,836,780	1,289,186	120.0
Other liabilities	31,509,012	20,601,940	52.9	33,295,689	22,134,513	50.4
<b>Total on-balance sheet liabilities</b>	<b>988,257,845</b>	<b>795,377,242</b>	<b>24.3</b>	<b>1,010,617,501</b>	<b>813,010,200</b>	<b>24.3</b>
<b>Equity capital and reserves</b>	<b>49,605,914</b>	<b>40,163,077</b>	<b>23.5</b>	<b>51,519,896</b>	<b>42,001,657</b>	<b>22.7</b>
Stated capital	5,000,000	5,000,000	-	5,000,000	5,000,000	-
Permanent reserve fund	3,008,000	3,008,000	-	3,008,000	3,008,000	-
Other reserves	41,597,914	32,155,077	29.4	43,511,896	33,993,657	28.0
Minority interest	-	-	-	1,350,621	1,380,659	(2.2)
<b>Total on-balance sheet liabilities, equity capital and reserves</b>	<b>1,037,863,759</b>	<b>835,540,319</b>	<b>24.2</b>	<b>1,063,488,018</b>	<b>856,392,516</b>	<b>24.2</b>
<b>Off-balance sheet items and contra accounts</b>						
Contingencies	333,768,995	313,897,494	6.3	334,499,161	314,419,862	6.4
Commitments and contra accounts	76,798	111,520	(31.1)	158,806	327,564	(51.5)

## STATEMENT OF CHANGES IN EQUITY - BANK

3

Rs '000

	Stated Capital	Permanent reserve fund	Reserves			Retained profits	Total equity
			Investment fund account	Revaluation reserve	Other reserves		
Balance as at 01-01-2011	5,000,000	2,777,500	-	125,299	1,516,295	18,712,777	28,131,871
Net profit for the nine months 2011						6,780,025	6,780,025
Transfers to investment fund account			993,487			(993,487)	-
Revaluation adjustment				(3,405)			(3,405)
Exchange translation adjustment					(109,694)		(109,694)
Dividends for 2011						(3,346,410)	(3,346,410)
<b>Balance as at 30-09-2011</b>	<b>5,000,000</b>	<b>2,777,500</b>	<b>993,487</b>	<b>121,894</b>	<b>1,406,601</b>	<b>21,152,905</b>	<b>31,452,387</b>
Balance as at 01-01-2012	5,000,000	3,008,000	1,484,073	4,612,661	1,466,375	24,591,968	40,163,077
Net profit for the nine months 2012	-	-				11,935,352	11,935,352
Transfers to investment fund account	-	-	2,524,113			(2,524,113)	-
Exchange translation adjustment	-	-			853,895		853,895
Dividends for 2012	-	-				(3,346,410)	(3,346,410)
<b>Balance as at 30-09-2012</b>	<b>5,000,000</b>	<b>3,008,000</b>	<b>4,008,186</b>	<b>4,612,661</b>	<b>2,320,270</b>	<b>30,656,797</b>	<b>49,605,914</b>

## STATEMENT OF CHANGES IN EQUITY - GROUP

Rs '000

	Stated Capital	Permanent reserve fund	Reserves			Retained profits	Minority interest	Total equity
			Investment fund account	Revaluation reserve	Other reserves			
Balance as at 01-01-2011	5,000,000	2,777,500	-	178,692	1,846,865	20,393,029	1,065,411	31,261,497
Net profit for the nine months 2011						7,143,626	114,995	7,258,621
Transfers to investment fund account			1,049,787			(1,049,787)		-
Revaluation adjustment				(3,405)				(3,405)
Exchange translation adjustment					(121,258)			(121,258)
Dividends for 2011						(3,346,410)	(58,887)	(3,405,297)
Adjustments							(410)	(410)
<b>Balance as at 30-09-2011</b>	<b>5,000,000</b>	<b>2,777,500</b>	<b>1,049,787</b>	<b>175,287</b>	<b>1,725,607</b>	<b>23,140,458</b>	<b>1,121,109</b>	<b>34,989,748</b>
Balance as at 01-01-2012	5,000,000	3,008,000	1,570,276	4,666,054	1,873,198	25,884,129	1,380,659	43,382,316
Net profit for the nine months 2012	-	-				11,926,462	17,004	11,943,466
Transfers to investment fund account	-	-	2,551,923			(2,551,923)		-
Exchange translation adjustment	-	-			938,187			938,187
Dividends for 2012	-	-				(3,346,410)	(61,145)	(3,407,555)
Adjustments due to change in shareholding							14,103	14,103
<b>Balance as at 30-09-2012</b>	<b>5,000,000</b>	<b>3,008,000</b>	<b>4,122,199</b>	<b>4,666,054</b>	<b>2,811,385</b>	<b>31,912,258</b>	<b>1,350,621</b>	<b>52,870,517</b>

**CASH FLOW STATEMENT**

**4**

*Rs. '000*

*For the 09 months ended 30th September*

	Bank		Group	
	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Interest received	48,345,978	36,317,199	50,719,808	37,974,826
Fee and Commission Receipts	5,254,346	5,260,777	5,617,193	5,495,650
Interest paid	(22,204,114)	(15,745,504)	(24,915,687)	(16,515,528)
Insurance premium received from policy holders	-	-	807,258	512,980
Reinsurance premium paid	-	-	(118,472)	(85,449)
Insurance claims and benefits paid	-	-	(392,160)	(252,767)
Reinsurance receipts in respect of claims	-	-	67,020	15,195
Cash receipts from other operating activities	1,090,826	1,347,256	1,550,062	1,347,780
Cash paid to and on behalf of employees	(8,832,508)	(7,559,080)	(9,706,644)	(8,243,079)
Cash payments to suppliers	(5,595,765)	(3,705,442)	(6,345,488)	(3,768,252)
Recovery of loans written off in the previous years	34,665	64,761	51,454	81,189
Value added tax on financial services paid	(2,295,375)	(1,439,493)	(2,313,573)	(1,480,202)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>15,798,053</b>	<b>14,540,474</b>	<b>15,020,771</b>	<b>15,082,343</b>
<b>(Increase) / decrease in operating assets</b>				
Deposits held for regulatory purposes	(2,386,063)	(3,338,838)	(2,386,063)	(3,338,838)
Funds advanced to customers	(122,026,972)	(70,705,222)	(124,274,341)	(73,189,228)
Credit card receivables	(296,624)	(559,586)	(296,624)	(559,586)
Other operating assets	(2,688,483)	(11,521,749)	(3,149,018)	(11,462,680)
	<b>(127,398,142)</b>	<b>(86,125,395)</b>	<b>(130,106,046)</b>	<b>(88,550,332)</b>
<b>Increase / (decrease) in operating liabilities</b>				
Deposits from other banks	(1,567,101)	6,740	(2,005,771)	478,272
Deposits from customers	71,839,428	38,625,561	70,927,221	39,413,634
Other operating liabilities	1,659,665	124,329	2,709,464	828,433
	<b>71,931,992</b>	<b>38,756,630</b>	<b>71,630,914</b>	<b>40,720,339</b>
<b>Net cash generated from / (used in) operating activities before income tax</b>	<b>(39,668,097)</b>	<b>(32,828,291)</b>	<b>(43,454,361)</b>	<b>(32,747,650)</b>
Income tax paid	(2,542,129)	(2,939,228)	(2,761,938)	(3,148,491)
<b>Net cash generated from / (used in) operating activities</b>	<b>(42,210,226)</b>	<b>(35,767,519)</b>	<b>(46,216,299)</b>	<b>(35,896,141)</b>
<b>Cash flows from investing activities</b>				
Dividends received	689,879	627,937	400,115	363,634
Interest received	9,765,128	6,485,707	9,779,508	6,493,669
Net (Purchase) / Proceeds from sale of investment securities	(63,852,820)	10,004,223	(63,894,772)	9,957,787
Net change in treasury bills & other eligible bills	13,332,678	(36,532,470)	13,591,502	(37,070,451)
Net purchase of dealing securities	646,115	(1,372,949)	653,022	(1,222,320)
Net (purchase)/Sale of securities purchased under re-sale agreements	(3,441,000)	39,811,091	(3,295,521)	40,103,337
Net cash effect on investment in subsidiaries & associates	(596,624)	-	-	-
Proceeds from disposal of foreclosed properties	74,613	14,854	74,613	14,854
(Purchase) / Sale of property plant & equipments	(783,447)	(1,388,153)	(986,154)	(1,600,531)
(Purchase) / Sale of intangible assets	(142,090)	(282,651)	(81,231)	(280,380)
(Purchase)/ Sale of Investment properties	-	-	(116,712)	160,386
<b>Net cash used in investing activities</b>	<b>(44,307,568)</b>	<b>17,367,589</b>	<b>(43,875,630)</b>	<b>16,919,985</b>
<b>Cash flows from financing activities</b>				
Dividends paid to Government of Sri Lanka	(3,346,410)	(3,346,410)	(3,346,410)	(3,346,410)
Dividends to minority shareholders	-	-	(58,887)	(61,144)
Interest Paid	(10,050,236)	(8,253,974)	(9,028,034)	(8,719,087)
Proceeds from issue of shares by subsidiary undertaking	-	-	14,843	-
Proceeds from issue of debentures	1,280,000	-	1,305,000	63,500
Payments on redemption of debentures	(2,500,000)	-	(2,502,375)	-
Net purchase of securities sold under repurchase agreements	9,700,826	8,234,400	9,740,726	8,179,999
Net increase in other borrowings	100,923,404	10,952,641	106,490,739	12,923,111
<b>Net cash generated from financing activities</b>	<b>96,007,584</b>	<b>7,586,657</b>	<b>102,615,602</b>	<b>9,039,969</b>
<b>Movement in cash and cash equivalent during the period</b>				
Net increase/(decrease) in cash and cash equivalents	9,489,790	(10,813,273)	12,523,673	(9,936,187)
Cash and cash equivalents at the beginning of year	33,215,640	56,783,601	37,601,195	61,528,243
<b>Cash and cash equivalents at the end of the period</b>	<b>42,705,430</b>	<b>45,970,328</b>	<b>50,124,868</b>	<b>51,592,056</b>
<b>Analysis cash and cash equivalents</b>				
Cash in hand	19,958,050	12,715,091	20,008,772	12,732,494
Due from banks and other financial institutions	22,747,380	33,255,237	30,116,096	38,859,562
<b>Cash and cash equivalents at the end of the period</b>	<b>42,705,430</b>	<b>45,970,328</b>	<b>50,124,868</b>	<b>51,592,056</b>

**SELECTED PERFORMANCE INDICATORS**

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As at	Bank		Group	
	30-Sep-2012	31-Dec-2011 (Audited)	30-Sep-2012	31-Dec-2011 (Audited)
<b>Net Assets Value per Share(Rs)</b>	9,921	8,033	10,304	8,400
<b>Regulatory Capital Adequacy</b>				
Core capital (Tier 1 capital), Rs. Mn	37,094	32,512	42,927	37,871
Total capital base, Rs. Mn	48,559	44,438	57,058	51,990
Core capital adequacy ratio, % of risk weighted assets (Minimum requirement, 5%)	8.26%	8.52%	8.94%	9.31%
Total capital adequacy ratio, % of risk weighted assets (Minimum requirement, 10%)	10.82%	11.64%	11.88%	12.77%
<b>Assets Quality</b>				
Gross non - performing advances ratio, (Net of interest in suspense)	3.19%	2.06%	3.37%	2.24%
Net non - performing advances ratio, (Net of interest in suspense and provisions)	2.01%	0.77%	2.18%	0.91%
<b>Profitability</b>				
Interest margin	3.38%	3.16%	3.48%	3.32%
Return on assets (before tax)	2.32%	2.01%	2.30%	2.00%
Return on equity (after tax)	35.46%	33.74%	33.09%	30.78%
<b>Investor Information</b>				
Debt equity (%)	271.86	158.78		
Interest cover (times)	2.14	2.37		
<b>Regulatory Liquidity</b>				
Statutory liquid assets,				
- Domestic banking unit (Rs. Mn )	159,463	136,028		
- Off-shore banking unit (US\$ Mn)	521.94	412.46		
Statutory liquid assets ratio, (minimum requirement, 20%)				
- Domestic banking unit	22.84%	23.36%		
- Off-shore banking unit	24.53%	24.39%		
<b>Memorandum Information</b>				
Number of employees	8,073	8,115		
Number of branches	320	318		

**SHARE INFORMATION**

Shareholder	30-Sep-2012		31-Dec-2011	
	No of Ordinary Shares	Holding %	No of Ordinary Shares	Holding %
Government of Sri Lanka	5,000,000	100	5,000,000	100

1. There are no changes in the accounting policies and methods of computation since the publication of annual accounts for the year 2011.
2. These Financial Statements are presented in accordance with SLAS 35 - Interim Financial Reporting and provide the information as required in terms of Listing Rule 7.4 of the Colombo Stock Exchange.
3. No circumstances have arisen and no material events have occurred since the balance sheet date, which require disclosure or adjustment to the accounts.
4. During the period there were no material changes in the composition of assets, liabilities and contingent liabilities and use of funds raised through debentures.
5. All known expenses have been provided for in these Financial Statements.
6. The group financial statements comprise a consolidation of the Bank and its subsidiaries, Property Development PLC, Merchant Bank of Sri Lanka PLC, MCSL Financial Services Limited, Ceylease Limited, Hotels Colombo (1963) Limited, BOC Property Development & Management (Private) Limited, BOC Travels (Private) Limited, Ceybank Holiday Homes (Private) Limited, BOC Management & Support Services (Private) Limited, MBSL Insurance Company Limited, Koladeniya Hydropower (Private) Limited, MBSL Savings Bank Limited and Bank of Ceylon (UK) Limited and the group's interest in its associate companies, Lanka Securities (Private) Limited, Mireka Capital Land (Private) Limited, Southern Development Financial Company Limited, Transnational Lanka Record Solutions (Private) Limited and Ceybank Assets Management Limited.

**CERTIFICATION**

I certify that the above Financial Statements give true and fair view of the state of affairs of Bank of Ceylon and the group as at 30<sup>th</sup> September 2012 and its profit for the nine months ended 30<sup>th</sup> September 2012.

Sgd.  
Asoka Rupasinghe  
**Chief Financial Officer**

We, the undersigned, being the Chairman, Director and General Manager of the Bank of Ceylon certify jointly that;

- a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka and Rule 7.4 of Colombo Stock Exchange.
- b) the information contained in these statements have been extracted from the un-audited financial statements of the Bank and the group unless indicated as audited.

Sgd.  
Gamini Wickramasinghe  
**Chairman**  
**(Independent Non-Executive)**

Sgd.  
Raju Sivaraman  
**Director**  
**(Independent Non-Executive)**

Sgd.  
K Dharmasiri  
**General Manager**

06<sup>th</sup> November 2012

Colombo

## **Note on Convergence of SLFRS /LKAS**

The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 1<sup>st</sup> January 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS).

However, the Institute of Chartered Accountants of Sri Lanka (ICASL) has provided an option during the transition to prepare interim financial statements during the first financial year commencing on or after 1<sup>st</sup> January 2012 in accordance with the Sri Lanka Accounting Standards that existed immediately prior to that date (SLASs) with disclosures on the impact to the Statement of Comprehensive Income for the period and Net assets based on SLFRS/LKAS. If the determination of the impact is impracticable, the fact should be disclosed.

In conformity with this option provided by the ICASL, the Central Bank of Sri Lanka has provided new guidelines on 17<sup>th</sup> April 2012 for banks to opt to prepare interim financial statements in accordance with the option stated above, in order to maintain uniform practice among the institutions in the industry.

The Bank with the assistance of external Consultants, is now in the process of quantifying the impact to the financial statements for the year ended 31<sup>st</sup> December 2011 and the quarters ended 31<sup>st</sup> March, 30<sup>th</sup> June and 30<sup>th</sup> September 2012.

According to the work carried out so far, the Bank has identified the following areas that could have a significant impact on the Bank's Financial Statements.

- Provision for impairment for loans and advances
- Classification and measurement of investments
- Initial measurement of loans granted to staff
- Amortization of commissions and fees

In view of the above, the impact to the Statement of Comprehensive Income for the period and Net assets based on SLFRS/LKAS will be made in the future reporting.

Description	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Effective annual rate		Interest Rate of comparable Government security	Amount	
					30.09.2012	31.12.2011	30.09.2012	31.12.2011		30.09.2012	31.12.2011
					%	%	%	%		Rs' 000	Rs' 000
<b>A - Sri Lanka rupee debentures</b>											
<b>Fixed interest rate</b>											
Unsecured, subordinated, redeemable debentures	a	Annually	24.11.2008	24.11.2013	19.00	19.00	19.00	19.00	11.55	345,190	345,190
Unsecured, subordinated, redeemable debentures	a	At maturity	24.11.2008	24.11.2013	-	-	17.61	17.61	11.55	430,273	380,383
Unsecured, subordinated, redeemable debentures	a	Annually	28.06.2010	28.06.2015	11.50	11.50	11.50	11.50	12.08	1,074,670	1,074,670
Unsecured, subordinated, redeemable debentures	a	Annually	08.12.2011	08.12.2016	11.00	11.00	11.00	11.00	12.10	3,900,140	3,900,140
Unsecured, subordinated, redeemable debentures	a	Semi annually	08.12.2011	08.12.2016	10.50	10.50	10.81	10.50	12.10	2,300	2,300
Unsecured, redeemable debentures		Annually	01.07.2010	01.07.2015	13.20	13.20	13.20	13.20	12.08	1,000,000	1,000,000
Unsecured, redeemable debentures		Annually	14.07.2010	14.07.2015	13.20	13.20	13.20	13.20	12.08	2,000,000	2,000,000
Unsecured, redeemable debentures		Annually	17.09.2010	17.09.2015	11.00	11.00	11.00	11.00	12.08	1,428,813	1,428,813
Unsecured, redeemable debentures		Semi annually	18.06.2012	18.06.2017	14.75	-	15.10	-	12.22	1,280,000	-
										11,461,386	10,131,496
<b>Floating interest rate</b>											
Unsecured, subordinated, redeemable debentures (12 months TB (Gross) rate plus 100 basis points)	c	Annually	15.08.2008	15.08.2013	15.64	9.06	11.55	9.95	11.55	300,000	300,000
Unsecured, subordinated, redeemable debentures (6 months TB rate (Gross) plus 75 basis points)	a/b	Semi annually	24.11.2008	24.11.2013	14.53	9.13	12.82	9.05	11.55	3,699,390	3,699,390
Unsecured, subordinated, redeemable debentures (6 months TB rate (Gross) plus 75 basis points)	a/b	Semi annually	28.06.2010	28.06.2015	14.61	10.26	12.90	8.98	12.08	3,925,330	3,925,330
Unsecured, subordinated, redeemable debentures (6 months TB (Gross) rate plus 75 basis points)	a/b	Semi annually	08.12.2011	08.12.2016	14.22	10.26	12.92	10.26	12.10	1,097,560	1,097,560
Unsecured, redeemable, debentures (12 months TB (Gross) rate)	c	Annually	10.01.2007	10.01.2012	-	8.39	-	8.44	-	-	1,500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate)	c	Annually	12.03.2007	12.03.2012	-	8.14	-	8.60	-	-	1,000,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 50 basis points)	c	Annually	03.10.2007	03.10.2012	8.62	8.62	8.62	8.45	8.50	1,000,000	1,000,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 50 basis points)	c	Annually	01.11.2007	01.11.2012	8.77	8.77	8.77	8.70	10.00	1,500,000	1,500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 50 basis points)	c	Annually	01.11.2007	01.11.2012	8.77	8.77	8.77	8.70	10.00	500,000	500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 50 basis points)	c	Annually	01.04.2008	01.04.2013	13.08	8.61	11.98	9.20	11.50	500,000	500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 50 basis points)	c	Annually	01.04.2008	01.04.2013	13.08	8.61	11.98	9.20	11.50	1,500,000	1,500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Annually	03.08.2010	03.08.2015	16.11	9.56	12.27	10.70	12.08	5,200,000	5,200,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Annually	03.08.2010	03.08.2015	16.11	9.56	12.27	10.70	12.08	1,750,000	1,750,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Annually	03.08.2010	03.08.2015	16.11	9.56	12.27	10.70	12.08	5,300,000	5,300,000
										26,272,280	28,772,280
<b>B - United State dollar debentures</b>											
<b>Fixed interest rate</b>											
Unsecured, subordinated, redeemable debentures		Semi annually	10.10.2008	10.10.2013	5.50	5.50	5.58	5.58	4.58	31,081	27,337
<b>Floating interest rate</b>											
Unsecured, subordinated, redeemable debentures (6 months LIBOR Plus 300 basis points)	d	Semi annually	10.10.2008	10.10.2013	3.73	3.58	3.77	3.61	4.58	2,768,169	2,434,719
										2,799,250	2,462,056
										40,532,916	41,365,832

**Notes**

- Debentures that are listed in the Colombo Stock Exchange. Some of these have been traded in the Colombo Stock Exchange during the period ended 30 September 2012 2008/2013 - ( Highest Price - Rs.166.02, Lowest Price - Rs.105.00, Last Transaction Price - Rs.166.02 )
- Weighted average 6 months Treasury Bill interest rate before deducting 10% withholding tax at the primary quotations as announced by the Central Bank of Sri Lanka, at the preceding week of the interest resetting date.
- Weighted average 12 months Treasury Bill interest rate before deducting 10% withholding tax at the primary quotations as announced by the Central Bank of Sri Lanka, at the preceding week of the interest resetting date.
- 6 months London Inter Bank Offered Rate (LIBOR) for US Dollars plus 3% per annum

	01-Jan-2012 to 30-Sep-2012 Rs.	01-Jan-2011 to 31-Dec-2011 Rs.
<b>Market Value</b>		
<b>BOC Debenture 2008/2013 ,</b>		
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (19.0%)		
Highest (Rs.)	105.00	100.10
Lowest (Rs.)	105.00	100.00
Last transaction (Rs.)	105.00	100.00
Unsecured, Subordinated, Redeemable, 5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )		
Highest (Rs.)	Not Traded	Not Traded
Lowest (Rs.)	Not Traded	Not Traded
Last transaction (Rs.)	Not Traded	Not Traded
Unsecured, Subordinated, Redeemable, 5 years, zero coupon		
Highest (Rs.)	166.02	Not Traded
Lowest (Rs.)	166.02	Not Traded
Last transaction (Rs.)	166.02	Not Traded
<b>Market Value</b>		
<b>BOC Debenture 2010/2015 ,</b>		
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (11.5%)		
Highest (Rs.)	Not Traded	100.00
Lowest (Rs.)	Not Traded	90.50
Last transaction (Rs.)	Not Traded	95.00
Unsecured, Subordinated, Redeemable, 5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )		
Highest (Rs.)	Not Traded	Not Traded
Lowest (Rs.)	Not Traded	Not Traded
Last transaction (Rs.)	Not Traded	Not Traded
<b>Market Value</b>		
<b>BOC Debenture 2011/2016 ,</b>		
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (11.0%)		
Highest (Rs.)	Not Traded	Not Traded
Lowest (Rs.)	Not Traded	Not Traded
Last transaction (Rs.)	Not Traded	Not Traded
Unsecured, Subordinated, Redeemable, 5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )		
Highest (Rs.)	Not Traded	Not Traded
Lowest (Rs.)	Not Traded	Not Traded
Last transaction (Rs.)	Not Traded	Not Traded
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (10.5%)		
Highest (Rs.)	Not Traded	Not Traded
Lowest (Rs.)	Not Traded	Not Traded
Last transaction (Rs.)	Not Traded	Not Traded

## YIELD OF LAST TRADE DONE

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	30-Sep-2012 %	31-Dec-2011 %
<b>Interest yield as at date of last trade done</b>		
<b>BOC Debenture 2008/2013 ,</b>		
5 years, fixed rate (19.0%)	15.15	19.00
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )	Not Traded	Not Traded
5 years, zero coupon	21.33	Not Traded
<b>BOC Debenture 2010/2015 ,</b>		
5 years, fixed rate (11.5%)	Not Traded	12.11
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )	Not Traded	Not Traded
<b>BOC Debenture 2011/2016 ,</b>		
5 years, fixed rate (11.0%)	Not Traded	Not Traded
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )	Not Traded	Not Traded
5 years, fixed rate (10.5%)	Not Traded	Not Traded
<b>Yield to maturity of last trade done</b>		
<b>BOC Debenture 2008/2013 ,</b>		
5 years, fixed rate (19.0%)	18.10	19.00
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )	Not Traded	Not Traded
5 years, zero coupon	17.40	Not Traded
<b>BOC Debenture 2010/2015 ,</b>		
5 years, fixed rate (11.5%)	Not Traded	13.33
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )	Not Traded	Not Traded
<b>BOC Debenture 2011/2016 ,</b>		
5 years, fixed rate (11.0%)	Not Traded	Not Traded
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )	Not Traded	Not Traded
5 years, fixed rate (10.5%)	Not Traded	Not Traded

Rs. '000

For the 9 months ended 30th September	Banking		Leasing		Treasury and Investment		Property		Insurance		Islamic Banking		Other Non Banking / Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Revenue from external customers:</b>																
Interest	48,312,637	30,073,066	29,127	21,366	16,070,445	13,203,899	2,733	-	66,372	27,730	-	-	1,098	989	64,482,412	43,327,050
Profit on Islamic Banking	-	-	-	-	-	-	-	-	-	-	128,206	56,440	-	-	128,206	56,440
Exchange	2,196,811	(414,971)	-	-	2,965,150	1,170,628	-	-	-	-	-	-	-	-	5,161,961	755,657
Lease income	-	-	3,426,152	1,900,400	-	-	-	-	-	-	19,654	5,805	-	-	3,445,806	1,906,205
Commissions	5,341,661	5,287,187	26,626	38,953	-	-	-	-	228,692	146,020	2,221	6,626	17,993	16,964	5,617,193	5,495,650
Other	2,336,261	2,294,838	28,132	25,220	(6,682)	117,211	-	-	18,537	12,365	80	30	330,141	259,579	3,201,797	3,224,480
<b>Total revenue</b>	<b>58,187,370</b>	<b>37,240,120</b>	<b>3,510,037</b>	<b>1,965,939</b>	<b>19,028,913</b>	<b>14,491,738</b>	<b>498,061</b>	<b>515,237</b>	<b>313,601</b>	<b>186,115</b>	<b>150,161</b>	<b>68,901</b>	<b>349,232</b>	<b>277,432</b>	<b>82,037,375</b>	<b>54,765,482</b>
<b>Segment result</b>	<b>16,615,844</b>	<b>9,837,455</b>	<b>1,589,322</b>	<b>937,335</b>	<b>4,932,761</b>	<b>4,735,166</b>	<b>276,263</b>	<b>287,955</b>	<b>4,033</b>	<b>(11,074)</b>	<b>49,525</b>	<b>28,218</b>	<b>95,599</b>	<b>37,699</b>	<b>23,563,347</b>	<b>15,852,754</b>
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,960,437)	(5,280,567)
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,602,910	10,572,187
Share of Profit/(Loss) of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(70,022)	160,181
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,589,422)	(3,473,747)
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,004)	(114,995)
Profit attributable to equity holders / parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>11,926,462</b>	<b>7,143,626</b>
<b>Segment assets</b>	<b>688,539,236</b>	<b>469,777,357</b>	<b>34,697,679</b>	<b>17,950,811</b>	<b>274,762,245</b>	<b>261,347,278</b>	<b>1,723,820</b>	<b>1,771,142</b>	<b>809,786</b>	<b>808,772</b>	<b>1,711,031</b>	<b>2,469,285</b>	<b>642,207</b>	<b>775,630</b>	<b>1,002,886,004</b>	<b>754,900,275</b>
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,189,787	1,367,845
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,412,227	42,117,430
<b>Total assets</b>															<b>1,063,488,018</b>	<b>798,385,550</b>
<b>Segment liabilities</b>	<b>685,748,510</b>	<b>463,163,342</b>	<b>32,453,884</b>	<b>15,984,029</b>	<b>279,714,105</b>	<b>269,541,956</b>	<b>409,818</b>	<b>364,778</b>	<b>635,457</b>	<b>581,728</b>	<b>1,661,507</b>	<b>2,441,068</b>	<b>187,909</b>	<b>653,857</b>	<b>1,000,811,190</b>	<b>752,730,758</b>
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,806,310	10,665,044
<b>Total liabilities</b>															<b>1,010,617,500</b>	<b>763,395,802</b>
Cash flows from operating activities	(61,239,038)	(37,477,104)	(369,961)	(177,465)	20,477,923	16,753,688	(53,056)	(48,786)	363,646	189,959	156,782	152,285	(5,552,594)	(15,288,719)	(46,216,298)	(35,896,142)
Cash flows from investing activities	-	-	-	-	(42,808,244)	18,800,895	-	-	-	-	-	-	-	-	(42,808,244)	18,800,895
Cash flows from financing activities	69,106,852	2,648,657	-	-	37,943,981	9,721,408	-	-	-	-	167,440	13,960	(4,602,672)	(3,344,054)	102,615,601	9,039,971
Capital expenditure	(1,043,799)	(1,851,210)	(16,083)	(20,980)	-	-	(7,398)	(8,651)	-	(16)	-	-	(105)	(54)	(1,067,385)	(1,880,911)