



**INTERIM FINANCIAL STATEMENTS**  
**for the six months ended 30.06.2012**  
**(Un-audited)**

**Bank of Ceylon**

**INCOME STATEMENT**

1  
Rs '000

	Bank						Group					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30-Jun-2012	30-Jun-2011	Growth %	30-Jun-2012	30-Jun-2011	Growth %	30-Jun-2012	30-Jun-2011	Growth %	30-Jun-2012	30-Jun-2011	Growth %
<b>Total revenue</b>	<b>50,236,116</b>	<b>33,743,392</b>	<b>48.9</b>	<b>26,191,772</b>	<b>17,195,670</b>	<b>52.3</b>	<b>52,372,971</b>	<b>35,374,235</b>	<b>48.1</b>	<b>27,216,972</b>	<b>18,025,099</b>	<b>51.0</b>
<b>Interest income</b>	<b>40,824,579</b>	<b>28,520,832</b>	<b>43.1</b>	<b>22,023,525</b>	<b>14,699,808</b>	<b>49.8</b>	<b>42,534,407</b>	<b>29,754,814</b>	<b>42.9</b>	<b>22,926,769</b>	<b>15,305,969</b>	<b>49.8</b>
Interest income on loans and advances	30,893,648	19,948,098	54.9	16,653,574	10,406,137	60.0	32,403,265	21,058,466	53.9	17,455,948	10,961,083	59.3
Interest income on other interest earning assets	9,930,931	8,572,734	15.8	5,369,951	4,293,671	25.1	10,131,142	8,696,348	16.5	5,470,821	4,344,886	25.9
<b>Less: Interest expenses</b>	<b>25,085,323</b>	<b>17,253,122</b>	<b>45.4</b>	<b>13,691,333</b>	<b>8,849,454</b>	<b>54.7</b>	<b>25,881,816</b>	<b>17,689,331</b>	<b>46.3</b>	<b>14,132,410</b>	<b>9,052,420</b>	<b>56.1</b>
Interest expense on deposits	16,731,268	11,884,429	40.8	9,103,006	6,062,083	50.2	17,039,138	12,031,607	41.6	9,268,893	6,131,065	51.2
Interest expense on other interest bearing liabilities	8,354,055	5,368,693	55.6	4,588,327	2,787,371	64.6	8,842,678	5,657,724	56.3	4,863,517	2,921,355	66.5
<b>Net interest income</b>	<b>15,739,256</b>	<b>11,267,710</b>	<b>39.7</b>	<b>8,332,192</b>	<b>5,850,354</b>	<b>42.4</b>	<b>16,652,591</b>	<b>12,065,483</b>	<b>38.0</b>	<b>8,794,359</b>	<b>6,253,549</b>	<b>40.6</b>
<b>Non - interest income</b>	<b>9,101,092</b>	<b>4,904,979</b>	<b>85.5</b>	<b>4,049,859</b>	<b>2,351,004</b>	<b>72.3</b>	<b>9,517,704</b>	<b>5,290,279</b>	<b>79.9</b>	<b>4,166,932</b>	<b>2,565,991</b>	<b>62.4</b>
Foreign exchange income	4,093,302	16,642	24,496.2	1,200,552	(129,925)	(1,024.0)	4,125,209	21,001	19,542.9	1,206,022	(127,683)	(1,044.5)
Other income	5,007,790	4,888,337	2.4	2,849,307	2,480,929	14.8	5,392,495	5,269,278	2.3	2,960,910	2,693,674	9.9
<b>Net income</b>	<b>24,840,348</b>	<b>16,172,689</b>	<b>53.6</b>	<b>12,382,051</b>	<b>8,201,358</b>	<b>51.0</b>	<b>26,170,295</b>	<b>17,355,762</b>	<b>50.8</b>	<b>12,961,291</b>	<b>8,819,540</b>	<b>47.0</b>
<b>Less: Non - interest expenses</b>	<b>11,640,738</b>	<b>9,299,235</b>	<b>25.2</b>	<b>5,858,521</b>	<b>4,965,676</b>	<b>18.0</b>	<b>12,678,594</b>	<b>10,001,894</b>	<b>26.8</b>	<b>6,389,973</b>	<b>5,359,915</b>	<b>19.2</b>
Personnel costs	4,687,648	3,940,190	19.0	2,417,572	2,098,469	15.2	5,233,739	4,344,638	20.5	2,699,762	2,303,921	17.2
Contribution for staff retirement benefits	1,381,806	1,046,768	32.0	585,806	518,298	13.0	1,406,203	1,066,117	31.9	598,650	528,547	13.3
Premises, equipment and establishment expenses	1,637,768	1,441,909	13.6	848,355	725,324	17.0	1,582,042	1,329,088	19.0	833,288	676,541	23.2
Loss on trading/ investment securities	1,506,203	975,488	54.4	595,864	621,093	(4.1)	1,605,221	1,009,797	59.0	639,419	655,402	(2.4)
Amortization of intangible assets	54,000	30,000	80.0	27,000	15,000	80.0	59,975	35,642	68.3	30,917	18,005	71.7
Other operating expenses	2,373,313	1,864,880	27.3	1,383,924	987,492	40.1	2,791,414	2,216,612	25.9	1,587,937	1,177,499	34.9
<b>Less: Provision for bad and doubtful debts and loans written off</b>	<b>530,061</b>	<b>(239,839)</b>	<b>(321.0)</b>	<b>508,439</b>	<b>(191,652)</b>	<b>(365.3)</b>	<b>571,982</b>	<b>(175,198)</b>	<b>(426.5)</b>	<b>522,706</b>	<b>(157,893)</b>	<b>(431.1)</b>
Provisions - general	438,802	(208,654)	(310.3)	389,721	(222,333)	(275.3)	468,618	(202,520)	(331.4)	409,288	(226,108)	(281.0)
Provisions - specific	401,704	286,396	40.3	237,106	175,539	35.1	424,224	356,464	19.0	236,689	221,354	6.9
Recoveries (-)	(310,445)	(317,581)	(2.2)	(118,388)	(144,858)	(18.3)	(320,860)	(329,142)	(2.5)	(123,271)	(153,139)	(19.5)
Loans written off	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating profit on ordinary activities before taxes</b>	<b>12,669,549</b>	<b>7,113,293</b>	<b>78.1</b>	<b>6,015,091</b>	<b>3,427,334</b>	<b>75.5</b>	<b>12,919,719</b>	<b>7,529,066</b>	<b>71.6</b>	<b>6,048,612</b>	<b>3,617,518</b>	<b>67.2</b>
Less: Value added tax on financial services	1,682,801	1,032,071	63.1	848,662	538,782	57.5	1,695,005	1,060,350	59.9	854,927	548,967	55.7
<b>Operating profit on ordinary activities before corporate tax</b>	<b>10,986,748</b>	<b>6,081,222</b>	<b>80.7</b>	<b>5,166,429</b>	<b>2,888,552</b>	<b>78.9</b>	<b>11,224,714</b>	<b>6,468,716</b>	<b>73.5</b>	<b>5,193,685</b>	<b>3,068,551</b>	<b>69.3</b>
Share of Associate companies' profit / (loss)	-	-	-	-	-	-	(116,140)	114,708	(201.2)	(33,865)	65,569	(151.6)
<b>Operating profit before corporate tax</b>	<b>10,986,748</b>	<b>6,081,222</b>	<b>80.7</b>	<b>5,166,429</b>	<b>2,888,552</b>	<b>78.9</b>	<b>11,108,574</b>	<b>6,583,424</b>	<b>68.7</b>	<b>5,159,820</b>	<b>3,134,120</b>	<b>64.6</b>
Less: Tax on profits on ordinary activities	2,934,977	2,038,954	43.9	1,515,941	923,283	64.2	3,082,642	2,204,372	39.8	1,607,388	988,250	62.6
<b>Operating profit for the period</b>	<b>8,051,771</b>	<b>4,042,268</b>	<b>99.2</b>	<b>3,650,488</b>	<b>1,965,269</b>	<b>85.8</b>	<b>8,025,932</b>	<b>4,379,052</b>	<b>83.3</b>	<b>3,552,432</b>	<b>2,145,870</b>	<b>65.5</b>
<b>Attributable to:</b>												
Equity holders of the parent	8,051,771	4,042,268	99.2	3,650,488	1,965,269	85.8	8,021,275	4,310,794	86.1	3,556,290	2,124,540	67.4
Minority interest	-	-	-	-	-	-	4,657	68,258	(93.2)	(3,858)	21,330	(118.1)
	<b>8,051,771</b>	<b>4,042,268</b>	<b>99.2</b>	<b>3,650,488</b>	<b>1,965,269</b>	<b>85.8</b>	<b>8,025,932</b>	<b>4,379,052</b>	<b>83.3</b>	<b>3,552,432</b>	<b>2,145,870</b>	<b>65.5</b>
<b>Basic earnings per share (Rs.)</b>	<b>3,220.71</b>	<b>1,616.91</b>	<b>99.2</b>	<b>730.10</b>	<b>393.05</b>	<b>85.8</b>	<b>3,208.51</b>	<b>1,724.32</b>	<b>86.1</b>	<b>711.26</b>	<b>424.91</b>	<b>67.39</b>

# BALANCE SHEET

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Rs ' 000

As at	Bank			Group		
	30-Jun-2012	31-Dec-2011 (Audited)	Growth %	30-Jun-2012	31-Dec-2011 (Audited)	Growth %
<b>On-balance sheet assets</b>						
Cash in hand	16,641,713	11,843,707	40.5	16,695,862	11,903,864	40.3
Balances with Central Banks	31,892,610	30,427,455	4.8	31,892,610	30,427,455	4.8
Due from banks and other financial institutions	29,075,478	21,371,933	36.0	31,843,092	25,697,331	23.9
<b>Investments - trading account</b>	<b>44,603,227</b>	<b>42,910,231</b>	<b>3.9</b>	<b>47,024,249</b>	<b>46,158,850</b>	<b>1.9</b>
Government securities	41,763,462	39,336,333	6.2	43,845,351	42,129,991	4.1
Other securities	2,839,765	3,573,898	(20.5)	3,178,898	4,028,859	(21.1)
<b>Investments - held-to-maturity</b>	<b>217,567,667</b>	<b>144,463,733</b>	<b>50.6</b>	<b>218,071,041</b>	<b>144,739,548</b>	<b>50.7</b>
Government securities	201,338,764	128,486,336	56.7	201,338,764	128,486,336	56.7
Government of Sri Lanka Restructuring Bonds	8,547,000	8,547,000	-	8,547,000	8,547,000	-
Other securities	7,686,258	7,437,045	3.4	8,197,764	7,720,992	6.2
Less: Provision for decline in value of investment	(4,355)	(6,648)	(34.5)	(12,487)	(14,780)	(15.5)
Investments in Subsidiary companies	6,568,658	6,240,686	5.3	-	-	-
Investments in Associate companies	842,988	842,988	-	1,181,900	1,282,677	(7.9)
<b>Total loans and advances</b>						
<b>Total performing loans and advances</b>	<b>622,919,144</b>	<b>541,539,676</b>	<b>15.0</b>	<b>638,990,601</b>	<b>556,114,084</b>	<b>14.9</b>
Bills of exchange	19,618,546	16,945,036	15.8	20,046,852	17,366,859	15.4
Overdrafts	89,067,015	72,857,934	22.2	89,220,121	73,096,925	22.1
Lease rentals receivable	20,317,936	14,466,260	40.5	32,801,808	24,864,991	31.9
Other loans	493,915,647	437,270,446	13.0	496,921,820	440,785,309	12.7
<b>Total non-performing loans and advances</b>	<b>15,601,550</b>	<b>11,416,330</b>	<b>36.7</b>	<b>17,280,114</b>	<b>12,745,988</b>	<b>35.6</b>
Bills of exchange	396,023	266,959	48.3	636,695	503,158	26.5
Overdrafts	2,435,751	1,941,690	25.4	2,435,751	1,941,690	25.4
Lease rentals receivable	812,256	350,727	131.6	1,458,149	829,992	75.7
Other loans	10,994,086	7,958,217	38.1	11,786,085	8,572,411	37.5
Foreclosed properties	963,434	898,737	7.2	963,434	898,737	7.2
Interest receivable on non performing loans	8,681,052	8,202,336	5.8	8,763,333	8,283,063	5.8
<b>Total gross loans and advances</b>	<b>647,201,746</b>	<b>561,158,342</b>	<b>15.3</b>	<b>665,034,048</b>	<b>577,143,135</b>	<b>15.2</b>
Less: Interest in suspense	8,815,154	8,365,881	5.4	9,114,254	8,527,774	6.9
Specific loan loss provisions	7,653,964	7,172,815	6.7	7,944,747	7,562,423	5.1
General loan loss provisions	2,447,389	1,967,653	24.4	2,695,262	2,177,517	23.8
<b>Net loans and advances</b>	<b>628,285,239</b>	<b>543,651,993</b>	<b>15.6</b>	<b>645,279,785</b>	<b>558,875,421</b>	<b>15.5</b>
Other assets	36,812,827	22,849,558	61.1	38,024,817	23,889,748	59.2
Intangible assets	423,320	342,839	23.5	520,731	412,910	26.1
Investment properties	-	-	-	280,407	165,874	69.0
Property, plant & equipment	10,655,722	10,595,196	0.6	13,003,641	12,838,838	1.3
<b>Total on-balance sheet assets</b>	<b>1,023,369,449</b>	<b>835,540,319</b>	<b>22.5</b>	<b>1,043,818,135</b>	<b>856,392,516</b>	<b>21.9</b>
<b>On-balance sheet liabilities</b>						
<b>Total deposits</b>	<b>653,365,395</b>	<b>588,764,572</b>	<b>11.0</b>	<b>660,244,145</b>	<b>597,138,584</b>	<b>10.6</b>
Demand deposits	80,146,948	89,795,571	(10.7)	80,684,496	90,516,751	(10.9)
Savings deposits	222,710,687	212,279,100	4.9	223,570,605	213,186,153	4.9
Time deposits	347,820,332	284,130,734	22.4	353,301,566	290,876,324	21.5
Margin deposits	1,621,291	1,579,132	2.7	1,621,291	1,579,132	2.7
Other deposits	1,066,137	980,035	8.8	1,066,187	980,224	8.8
<b>Total borrowings</b>	<b>292,727,016</b>	<b>183,764,194</b>	<b>59.3</b>	<b>300,960,233</b>	<b>190,866,473</b>	<b>57.7</b>
Borrowings from Central Bank of Sri Lanka	5,777,141	5,568,349	3.7	5,777,141	5,568,349	3.7
Borrowings from banks and financial institutions in Sri Lanka	37,210,526	22,958,973	62.1	43,739,337	28,635,552	52.7
Borrowings from banks and financial institutions abroad	74,296,331	65,146,721	14.0	75,032,786	65,576,904	14.4
Securities sold under repurchase agreements	68,088,462	48,724,319	39.7	67,918,321	48,559,119	39.9
Bonds & debentures	107,354,556	41,365,832	159.5	108,492,648	42,526,549	155.1
Insurance provision - life	-	-	-	129,439	106,682	21.3
Insurance provision - non life	-	-	-	397,556	328,251	21.1
Deferred taxation	1,363,377	1,107,072	23.2	1,431,704	1,146,511	24.9
Current taxation	2,703,184	1,139,464	137.2	2,914,460	1,289,186	126.1
Other liabilities	27,371,279	20,601,940	32.9	28,658,076	22,134,513	29.5
<b>Total on-balance sheet liabilities</b>	<b>977,530,251</b>	<b>795,377,242</b>	<b>22.9</b>	<b>994,735,613</b>	<b>813,010,200</b>	<b>22.4</b>
<b>Equity capital and reserves</b>	<b>45,839,198</b>	<b>40,163,077</b>	<b>14.1</b>	<b>47,737,892</b>	<b>42,001,657</b>	<b>13.7</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	37,831,198	32,155,077	17.7	39,729,892	33,993,657	16.9
Minority interest	-	-	-	1,344,630	1,380,659	(2.6)
<b>Total on-balance sheet liabilities, equity capital and reserves</b>	<b>1,023,369,449</b>	<b>835,540,319</b>	<b>22.5</b>	<b>1,043,818,135</b>	<b>856,392,516</b>	<b>21.9</b>
<b>Off-balance sheet items and contra accounts</b>						
Contingencies	359,498,621	313,897,494	14.5	360,426,676	314,419,862	14.6
Commitments and contra accounts	76,799	111,520	(31.1)	122,276	327,564	(62.7)

## 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 six months 2011						4,042,268	4,042,268
Transfers to investment fund account			591,873			(591,873)	-
Exchange translation adjustment					(172,114)		(172,114)
Dividend for 2011						(3,000,000)	(3,000,000)
<b>Balance as at 30-06-2011</b>	<b>5,000,000</b>	<b>2,777,500</b>	<b>591,873</b>	<b>125,299</b>	<b>1,344,181</b>	<b>19,163,172</b>	<b>29,002,025</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 six months 2012	-	-	-	-	-	8,051,771	8,051,771
Transfers to investment fund account	-	-	1,562,367	-	-	(1,562,367)	-
Exchange translation adjustment	-	-	-	-	797,555	-	797,555
Dividend for 2012	-	-	-	-	-	(3,173,205)	(3,173,205)
<b>Balance as at 30-06-2012</b>	<b>5,000,000</b>	<b>3,008,000</b>	<b>3,046,440</b>	<b>4,612,661</b>	<b>2,263,930</b>	<b>27,908,167</b>	<b>45,839,198</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 six months 2011						4,310,794	68,258	4,379,052
Transfers to investment fund account			611,746			(611,746)	-	-
Exchange translation adjustment					(175,045)	-	-	(175,045)
Dividend for 2011						(3,000,000)	(9,030)	(3,009,030)
Adjustments						-	(702)	(702)
<b>Balance as at 30-06-2011</b>	<b>5,000,000</b>	<b>2,777,500</b>	<b>611,746</b>	<b>178,692</b>	<b>1,671,820</b>	<b>21,092,077</b>	<b>1,123,937</b>	<b>32,455,772</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 six months 2012	-	-	-	-	-	8,021,275	4,657	8,025,932
Transfer to investment fund account	-	-	1,580,081	-	-	(1,580,081)	-	-
Revaluation adjustment of Associate companies	-	-	-	-	-	35,932	-	35,932
Exchange translation adjustment	-	-	-	-	852,233	-	-	852,233
Dividend for 2012	-	-	-	-	-	(3,173,205)	(58,302)	(3,231,507)
Adjustments due to change in shareholding	-	-	-	-	-	-	17,616	17,616
<b>Balance as at 30-06-2012</b>	<b>5,000,000</b>	<b>3,008,000</b>	<b>3,150,357</b>	<b>4,666,054</b>	<b>2,725,431</b>	<b>29,188,050</b>	<b>1,344,630</b>	<b>49,082,522</b>

Rs. ' 000

For the 06 months ended 30th June

**Cash flows from operating activities**

	Bank		Group	
	2012	2011	2012	2011
Interest received	23,093,915	20,633,582	24,847,860	22,216,369
Fee and Commission Receipts	3,606,538	3,256,330	3,862,065	3,387,366
Interest paid	(10,785,853)	(10,253,416)	(13,000,984)	(10,348,468)
Insurance premium received from policy holders	-	-	531,913	321,910
Reinsurance premium paid	-	-	(58,799)	(59,373)
Insurance claims and benefits paid	-	-	(238,790)	(167,836)
Reinsurance receipts in respect of claims	-	-	41,146	51,064
Cash receipts from other operating activities	118,794	547,615	503,270	804,806
Cash paid to and on behalf of employees	(5,396,765)	(4,961,312)	(5,967,254)	(5,385,109)
Cash payments to suppliers	(3,643,949)	(3,025,347)	(3,986,019)	(3,283,926)
Recovery of loans written off in the previous years	20,696	49,948	31,111	61,509
Value added tax on financial services paid	(1,381,801)	(812,071)	(1,391,627)	(836,249)

**Operating profit before changes in operating assets and liabilities****(Increase) / Decrease in operating assets**

Deposits held for regulatory purposes	(1,465,155)	(49,136)	(1,465,155)	(49,136)
Funds advanced to customers	(84,965,404)	(39,425,881)	(86,788,857)	(40,603,024)
Credit card receivables	(241,677)	(379,285)	(241,677)	(379,285)
Other operating assets	687,031	(2,183,695)	304,947	(2,834,594)

**Increase / (decrease) in operating liabilities**

Deposits from other banks	134,893	2,187,674	(384,368)	2,335,960
Deposits from customers	64,465,931	12,050,391	63,489,929	12,483,360
Other operating liabilities	(1,002,960)	602,795	(889,657)	483,553

**Net cash generated from / (used in) operating activities before income tax**

Income tax paid	(1,375,371)	(320,000)	(1,407,701)	(335,331)
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**Net cash generated from / (used in) operating activities****Cash flows from investing activities**

Dividends received	508,451	456,980	353,871	332,684
Interest received	8,259,340	5,499,539	8,273,720	5,509,361
Net (purchase) / proceeds from sale of investment securities	(73,616,315)	8,440,970	(73,718,885)	8,487,006
Net increase in treasury bills & other eligible bills	5,651,871	(21,654,870)	5,958,560	(21,521,100)
Net (purchase)/ sale of dealing securities	(8,173)	(1,224,683)	10,212	(1,152,883)
Net (purchase)/ sale of securities purchased under re-sale agreements	(8,079,000)	1,569,191	(7,673,920)	1,484,202
Proceeds from disposal of foreclosed properties	52,420	2,300	52,420	2,300
Purchase of property plant & equipments	(530,110)	(952,049)	(805,912)	(1,166,906)
Purchase of intangible assets	(134,481)	(221,742)	(162,174)	(219,898)
Purchase of investment properties	-	-	(114,766)	(57,952)

**Net cash generated in investing activities****Cash flows from financing activities**

Dividends paid to Government of Sri Lanka	(3,173,205)	(3,000,000)	(3,173,205)	(3,000,000)
Dividends to minority shareholders	-	-	(58,301)	(9,030)
Interest Paid	(6,804,708)	(4,231,530)	(5,492,845)	(4,551,311)
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	19,364,143	6,847,770	19,359,202	7,007,370
Net increase in other borrowings	90,362,454	12,632,024	91,520,962	13,200,289

**Net cash generated from financing activities****Movement in cash and cash equivalent during the period**

Net increase/(decrease) in cash and cash equivalents	12,501,551	(17,917,908)	10,937,760	(17,728,802)
Cash and cash equivalents at the beginning of the period	33,215,640	56,783,601	37,601,195	61,528,243

**Cash and cash equivalents at the end of the period****Analysis cash and cash equivalents**

Cash in hand	16,641,713	13,496,847	16,695,862	13,517,572
Due from banks and other financial institutions	29,075,478	25,368,846	31,843,093	30,281,869

**Cash and cash equivalents at the end of the period**

**SELECTED PERFORMANCE INDICATORS**

5

As at	Bank		Group	
	30-Jun-2012	31-Dec-2011 (Audited)	30-Jun-2012	31-Dec-2011 (Audited)
<b>Net Assets Value per Share(Rs)</b>	9,168	8,033	9,548	8,400
<b>Regulatory Capital Adequacy</b>				
Core capital (Tier 1 capital), Rs. Mn	36,917	32,512	42,440	37,871
Total capital base, Rs. Mn	48,158	44,438	56,039	51,990
Core capital adequacy ratio, % of risk weighted assets (Minimum requirement, 5%)	8.00%	8.52%	8.71%	9.31%
Total capital adequacy ratio, % of risk weighted assets (Minimum requirement, 10%)	10.44%	11.64%	11.49%	12.77%
<b>Assets Quality</b>				
Gross non - performing advances ratio, (Net of interest in suspense)	2.44%	2.06%	2.63%	2.24%
Net non - performing advances ratio, (Net of interest in suspense and provisions)	1.24%	0.77%	1.42%	0.91%
<b>Profitability</b>				
Interest margin	3.39%	3.16%	3.51%	3.32%
Return on assets (before tax)	2.36%	2.01%	2.34%	2.00%
Return on equity (after tax)	37.45%	33.74%	34.72%	30.78%
<b>Investor Information</b>				
Debt equity (%)	303.13	158.78		
Interest cover (times)	2.32	2.37		
<b>Regulatory Liquidity</b>				
Statutory liquid assets,				
- Domestic banking unit (Rs. Mn )	186,526	136,028		
- Off-shore banking unit (US\$ Mn)	454.28	412.46		
Statutory liquid assets ratio, (minimum requirement, 20%)				
- Domestic banking unit	25.55%	23.36%		
- Off-shore banking unit	26.38%	24.39%		
<b>Memorandum Information</b>				
Number of employees	8,053	8,115		
Number of branches	320	318		

**SHARE INFORMATION**

Shareholder	30-Jun-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

## **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 and 30<sup>th</sup> June 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.

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, Merchant Credit of Sri Lanka Limited, Ceylease Financial Services 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> June 2012 and its profit for the six months ended 30<sup>th</sup> June 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**

14<sup>th</sup> August 2012

Colombo

Description	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Effective annual rate		Interest Rate of comparable Government security	Amount	
					30.06.2012	31.12.2011	30.06.2012	31.12.2011		30.06.2012	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	13.25	345,190	345,190
Unsecured, subordinated, redeemable debentures	a	At maturity	24.11.2008	24.11.2013	-	-	17.61	17.61	13.25	412,952	380,383
Unsecured, subordinated, redeemable debentures	a	Annually	28.06.2010	28.06.2015	11.50	11.50	11.50	11.50	13.80	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	14.04	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	14.04	2,300	2,300
Unsecured, redeemable debentures		Annually	01.07.2010	01.07.2015	13.20	13.20	13.20	13.20	13.80	1,000,000	1,000,000
Unsecured, redeemable debentures		Annually	14.07.2010	14.07.2015	13.20	13.20	13.20	13.20	13.80	2,000,000	2,000,000
Unsecured, redeemable debentures		Annually	17.09.2010	17.09.2015	11.00	11.00	11.00	11.00	13.80	1,428,813	1,428,813
Unsecured, redeemable debentures			18.06.2012	18.06.2017	14.75	-	14.75	-	14.75	1,280,000	-
										11,444,065	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	9.06	9.06	9.06	9.95	13.25	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	13.25	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	13.80	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	14.04	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	11.50	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	11.50	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	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	13.25	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	13.25	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	9.56	9.56	9.56	10.70	13.80	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	9.56	9.56	9.56	10.70	13.80	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	9.56	9.56	9.56	10.70	13.80	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	32,041	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	2,853,669	2,434,719
										2,885,710	2,462,056
										40,602,055	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 June 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-Jun-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

	30-Jun-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

