



**INTERIM FINANCIAL STATEMENTS**  
**for the three months ended 31.03.2012**  
**(Un-audited)**

**Bank of Ceylon**

# INCOME STATEMENT

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Rs ' 000

For the three months ended	Bank			Group		
	31-Mar-2012	31-Mar-2011	Growth %	31-Mar-2012	31-Mar-2011	Growth %
<b>Total revenue</b>	<b>23,134,005</b>	<b>16,193,327</b>	<b>42.9</b>	<b>24,190,197</b>	<b>16,994,741</b>	<b>42.3</b>
<b>Interest income</b>	<b>18,801,054</b>	<b>13,821,024</b>	<b>36.0</b>	<b>19,607,638</b>	<b>14,448,845</b>	<b>35.7</b>
Interest income on loans and advances	14,240,074	9,541,961	49.2	14,947,317	10,097,383	48.0
Interest income on other interest earning assets	4,560,980	4,279,063	6.6	4,660,321	4,351,462	7.1
<b>Less: Interest expenses</b>	<b>11,393,990</b>	<b>8,403,668</b>	<b>35.6</b>	<b>11,749,406</b>	<b>8,636,911</b>	<b>36.0</b>
Interest expense on deposits	7,628,262	5,822,346	31.0	7,770,245	5,900,542	31.7
Interest expense on other interest bearing liabilities	3,765,728	2,581,322	45.9	3,979,161	2,736,369	45.4
<b>Net interest income</b>	<b>7,407,064</b>	<b>5,417,356</b>	<b>36.7</b>	<b>7,858,232</b>	<b>5,811,934</b>	<b>35.2</b>
<b>Non - interest income</b>	<b>4,964,825</b>	<b>2,199,580</b>	<b>125.7</b>	<b>5,254,955</b>	<b>2,369,893</b>	<b>121.7</b>
Foreign exchange income	2,892,750	146,567	1,873.7	2,919,187	148,684	1,863.3
Other income	2,072,075	2,053,013	0.9	2,335,768	2,221,209	5.2
<b>Net income</b>	<b>12,371,889</b>	<b>7,616,936</b>	<b>62.4</b>	<b>13,113,187</b>	<b>8,181,827</b>	<b>60.3</b>
<b>Less: Non - interest expenses</b>	<b>5,695,809</b>	<b>3,979,164</b>	<b>43.1</b>	<b>6,192,804</b>	<b>4,287,795</b>	<b>44.4</b>
Personnel costs	2,270,076	1,841,721	23.3	2,533,977	2,040,717	24.2
Contribution for staff retirement benefits	796,000	528,470	50.6	807,553	537,570	50.2
Premises, equipment and establishment expenses	789,413	716,585	10.2	748,754	652,547	14.7
Loss on trading/ investment securities	823,931	-	100.0	869,985	-	100.0
Amortization of intangible assets	27,000	15,000	80.0	29,058	17,637	64.8
Other operating expenses	989,389	877,388	12.8	1,203,477	1,039,324	15.8
<b>Less: Provision for bad and doubtful debts and loans written off</b>	<b>21,622</b>	<b>(48,187)</b>	<b>(144.9)</b>	<b>49,276</b>	<b>(17,305)</b>	<b>(384.8)</b>
Provisions - general	49,081	13,679	258.8	59,330	23,588	151.5
Provisions - specific	164,598	110,857	48.5	187,535	135,110	38.8
Recoveries (-)	(192,057)	(172,723)	11.2	(197,589)	(176,003)	12.3
Loans written off	-	-	-	-	-	-
<b>Less: Provision for decline in value of investments (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(211)</b>	<b>(100.0)</b>
<b>Operating profit on ordinary activities before taxes</b>	<b>6,654,458</b>	<b>3,685,959</b>	<b>80.5</b>	<b>6,871,107</b>	<b>3,911,548</b>	<b>75.7</b>
Less: Value added tax on financial services	834,139	493,289	69.1	840,078	511,383	64.3
<b>Operating profit on ordinary activities before corporate tax</b>	<b>5,820,319</b>	<b>3,192,670</b>	<b>82.3</b>	<b>6,031,029</b>	<b>3,400,165</b>	<b>77.4</b>
Share of profit / (loss) of Associate companies	-	-	-	(82,275)	49,138	(267.4)
<b>Operating profit before corporate tax</b>	<b>5,820,319</b>	<b>3,192,670</b>	<b>82.3</b>	<b>5,948,754</b>	<b>3,449,303</b>	<b>72.5</b>
Less: Tax on profits on ordinary activities	1,419,036	1,115,671	27.2	1,475,254	1,216,122	21.3
<b>Operating profit for the period</b>	<b>4,401,283</b>	<b>2,076,999</b>	<b>111.9</b>	<b>4,473,500</b>	<b>2,233,181</b>	<b>100.3</b>
<b>Attributable to:</b>						
Equity holders of the parent	4,401,283	2,076,999	111.9	4,464,985	2,186,253	104.2
Minority interest	-	-	-	8,515	46,928	(81.9)
	<b>4,401,283</b>	<b>2,076,999</b>	<b>111.9</b>	<b>4,473,500</b>	<b>2,233,181</b>	<b>100.3</b>
<b>Basic earnings per share (Rs.)</b>	<b>3,521.03</b>	<b>1,661.60</b>	<b>111.9</b>	<b>3,571.99</b>	<b>1,749.00</b>	<b>104.2</b>

# BALANCE SHEET

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Rs ' 000

As at	Bank			Group		
	31-Mar-2012	31-Dec-2011 (Audited)	Growth %	31-Mar-2012	31-Dec-2011 (Audited)	Growth %
<b>On-balance sheet assets</b>						
Cash in hand	21,455,897	11,843,707	81.2	21,505,819	11,903,864	80.7
Balances with Central Banks	30,497,652	30,427,455	0.2	30,497,652	30,427,455	0.2
Due from banks and other financial institutions	28,391,578	21,371,933	32.8	32,198,386	25,697,331	25.3
<b>Investments - trading account</b>	<b>28,014,308</b>	<b>42,910,231</b>	<b>(34.7)</b>	<b>30,676,797</b>	<b>46,158,850</b>	<b>(33.5)</b>
Government securities	24,837,915	39,336,333	(36.9)	27,104,852	42,129,991	(35.7)
Other securities	3,176,393	3,573,898	(11.1)	3,571,945	4,028,859	(11.3)
<b>Investments - held-to-maturity</b>	<b>209,711,393</b>	<b>144,463,733</b>	<b>45.2</b>	<b>210,114,246</b>	<b>144,739,548</b>	<b>45.2</b>
Government securities	193,675,999	128,486,336	50.7	193,675,999	128,486,336	50.7
Government of Sri Lanka Restructuring Bonds	8,547,000	8,547,000	-	8,547,000	8,547,000	-
Other securities	7,492,749	7,437,045	0.7	7,903,734	7,720,992	2.4
Less: Provision for decline in value of investment	(4,355)	(6,648)	(34.5)	(12,487)	(14,780)	(15.5)
Investments in Subsidiary companies	6,531,500	6,240,686	4.7	-	-	-
Investments in Associate companies	842,988	842,988	100.0	1,191,602	1,282,677	(7.1)
<b>Total loans and advances</b>						
<b>Total performing loans and advances</b>	<b>577,757,217</b>	<b>541,539,676</b>	<b>6.7</b>	<b>592,901,301</b>	<b>556,114,084</b>	<b>6.6</b>
Bills of exchange	24,598,876	16,945,036	45.2	25,003,676	17,366,859	44.0
Overdrafts	89,748,254	72,857,934	23.2	89,747,354	73,096,925	22.8
Lease rentals receivable	17,151,553	14,466,260	18.6	29,400,059	24,864,991	18.2
Other loans	446,258,534	437,270,446	2.1	448,750,212	440,785,309	1.8
<b>Total non-performing loans and advances</b>	<b>12,944,289</b>	<b>11,416,330</b>	<b>13.4</b>	<b>14,587,168</b>	<b>12,745,988</b>	<b>14.4</b>
Bills of exchange	274,268	266,959	2.7	512,431	503,158	1.8
Overdrafts	2,202,389	1,941,690	13.4	2,202,389	1,941,690	13.4
Lease rentals receivable	492,409	350,727	40.4	1,001,745	829,992	20.7
Other loans	9,020,675	7,958,217	13.4	9,916,055	8,572,411	15.7
Foreclosed properties	954,548	898,737	6.2	954,548	898,737	6.2
Interest receivable on non performing loans	8,504,512	8,202,336	3.7	8,629,915	8,283,063	4.2
<b>Total gross loans and advances</b>	<b>599,206,018</b>	<b>561,158,342</b>	<b>6.8</b>	<b>616,118,384</b>	<b>577,143,135</b>	<b>6.8</b>
Less: Interest in suspense	8,611,855	8,365,881	2.9	8,790,105	8,527,774	3.1
Specific loan loss provisions	7,432,967	7,172,815	3.6	7,742,170	7,562,423	2.4
General loan loss provisions	2,041,169	1,967,653	3.7	2,315,769	2,177,517	6.3
<b>Net loans and advances</b>	<b>581,120,027</b>	<b>543,651,993</b>	<b>6.9</b>	<b>597,270,340</b>	<b>558,875,421</b>	<b>6.9</b>
Other assets	24,506,439	22,849,558	7.3	25,699,069	23,889,748	7.6
Intangible assets	361,158	342,839	5.3	457,387	412,910	10.8
Investment properties	-	-	-	226,910	165,874	36.8
Property, plant & equipment	10,609,142	10,595,196	0.1	12,944,806	12,838,838	0.8
<b>Total on-balance sheet assets</b>	<b>942,042,082</b>	<b>835,540,319</b>	<b>12.7</b>	<b>962,783,014</b>	<b>856,392,516</b>	<b>12.4</b>
<b>On-balance sheet liabilities</b>						
<b>Total deposits</b>	<b>626,347,387</b>	<b>588,764,572</b>	<b>6.4</b>	<b>633,370,482</b>	<b>597,138,584</b>	<b>6.1</b>
Demand deposits	77,790,737	89,795,571	(13.4)	78,825,606	90,516,751	(12.9)
Savings deposits	216,262,124	212,279,100	1.9	217,168,909	213,186,153	1.9
Time deposits	329,619,001	284,130,734	16.0	334,700,253	290,876,324	15.1
Margin deposits	1,666,022	1,579,132	5.5	1,666,022	1,579,132	5.5
Other deposits	1,009,503	980,035	3.0	1,009,692	980,224	3.0
<b>Total borrowings</b>	<b>244,590,617</b>	<b>183,764,194</b>	<b>33.1</b>	<b>252,757,376</b>	<b>190,866,473</b>	<b>32.4</b>
Borrowings from Central Bank of Sri Lanka	5,769,745	5,568,349	3.6	5,769,745	5,568,349	3.6
Borrowings from banks and financial institutions in Sri Lanka	44,912,324	22,958,973	95.6	51,088,576	28,635,552	78.4
Borrowings from banks and financial institutions abroad	79,358,229	65,146,721	21.8	80,430,075	65,576,904	22.7
Securities sold under repurchase agreements	75,363,766	48,724,319	54.7	75,144,033	48,559,119	54.7
Debentures	39,186,553	41,365,832	(5.3)	40,324,947	42,526,549	(5.2)
Insurance provision - life	-	-	-	120,636	106,682	13.1
Insurance provision - non life	-	-	-	394,413	328,251	20.2
Deferred taxation	1,235,224	1,107,072	11.6	1,295,822	1,146,511	13.0
Current taxation	2,010,521	1,139,464	76.4	2,170,429	1,289,186	68.4
Other liabilities	22,915,407	20,601,940	11.2	24,403,472	22,134,513	10.3
<b>Total on-balance sheet liabilities</b>	<b>897,099,156</b>	<b>795,377,242</b>	<b>12.8</b>	<b>914,512,630</b>	<b>813,010,200</b>	<b>12.5</b>
<b>Equity capital and reserves</b>	<b>44,942,926</b>	<b>40,163,077</b>	<b>11.9</b>	<b>46,892,496</b>	<b>42,001,657</b>	<b>11.6</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	36,934,926	32,155,077	14.9	38,884,496	33,993,657	14.4
Minority interest	-	-	-	1,377,888	1,380,659	(0.2)
<b>Total on-balance sheet liabilities, equity capital and reserves</b>	<b>942,042,082</b>	<b>835,540,319</b>	<b>12.7</b>	<b>962,783,014</b>	<b>856,392,516</b>	<b>12.4</b>
<b>Off-balance sheet items and contra accounts</b>						
Contingencies	321,895,996	313,897,494	2.5	322,167,876	314,419,862	2.5
Commitments and contra accounts	115,818	111,520	3.9	166,048	327,564	(49.3)

## STATEMENT OF CHANGES IN EQUITY - BANK

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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 three months 2011						2,076,999	2,076,999
Dividend for 2011						(2,500,000)	(2,500,000)
<b>Balance as at 31-03-2011</b>	<b>5,000,000</b>	<b>2,777,500</b>	<b>-</b>	<b>125,299</b>	<b>1,516,295</b>	<b>18,289,776</b>	<b>27,708,870</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 three months 2012	-	-	-	-	-	4,401,283	4,401,283
Transfers to investment fund account	-	-	866,981	-	-	(866,981)	-
Exchange translation adjustment	-	-	-	-	551,771	-	551,771
Dividend for 2012	-	-	-	-	-	(173,205)	(173,205)
<b>Balance as at 31-03-2012</b>	<b>5,000,000</b>	<b>3,008,000</b>	<b>2,351,054</b>	<b>4,612,661</b>	<b>2,018,146</b>	<b>27,953,065</b>	<b>44,942,926</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 three months 2011						2,186,253	46,928	2,233,181
Exchange translation adjustment					(1,506)	-	-	(1,506)
Dividend for 2011						(2,500,000)	(9,030)	(2,509,030)
Adjustments						-	(647)	(647)
<b>Balance as at 31-03-2011</b>	<b>5,000,000</b>	<b>2,777,500</b>	<b>-</b>	<b>178,692</b>	<b>1,845,359</b>	<b>20,079,282</b>	<b>1,102,662</b>	<b>30,983,495</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 three months 2012	-	-	-	-	-	4,464,985	8,515	4,473,500
Transfer to investment fund account	-	-	874,765	-	-	(874,765)	-	-
Exchange translation adjustment	-	-	-	-	599,059	-	-	599,059
Dividend for 2012	-	-	-	-	-	(173,205)	(11,286)	(184,491)
<b>Balance as at 31-03-2012</b>	<b>5,000,000</b>	<b>3,008,000</b>	<b>2,445,041</b>	<b>4,666,054</b>	<b>2,472,257</b>	<b>29,301,144</b>	<b>1,377,888</b>	<b>48,270,384</b>

**CASH FLOW STATEMENT**

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*For the 03 months ended 31st March*

**Cash flows from operating activities**

	Bank		Group	
	2012	2011	2012	2011
Interest received	11,970,428	9,901,915	13,348,987	10,491,840
Fee and Commission Receipts	1,685,234	1,473,158	1,829,485	1,527,926
Interest paid	(4,322,176)	(3,869,659)	(4,595,076)	(3,979,607)
Insurance premium received from policy holders	-	-	287,840	183,665
Reinsurance premium paid	-	-	(41,565)	(83,504)
Insurance claims and benefits paid	-	-	(106,883)	(25,675)
Reinsurance receipts in respect of claims	-	-	17,830	(25,159)
Cash receipts from other operating activities	103,805	244,017	413,585	438,129
Cash paid to and on behalf of employees	(2,643,942)	(2,291,790)	(2,919,389)	(2,499,880)
Cash payments to suppliers	(940,598)	(1,759,726)	(1,602,195)	(1,835,100)
Recovery of loans written off in the previous years	10,090	37,008	15,623	40,288
Value added tax on financial services paid	(580,139)	(273,289)	(580,431)	(283,718)

**Operating profit before changes in operating assets and liabilities**

**5,282,702      3,461,634      6,067,811      3,949,205**

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

Deposits held for regulatory purposes	(70,197)	4,380,741	(70,197)	4,380,741
Funds advanced to customers	(37,394,226)	(20,518,212)	(38,354,298)	(20,907,192)
Credit card receivables	(106,842)	(147,672)	(106,842)	(147,672)
Other operating assets	4,676,415	(1,467,054)	3,847,965	(1,952,085)

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

Deposits from other banks	(1,093,707)	2,292,834	(1,018,846)	2,405,049
Deposits from customers	38,676,522	(5,358,546)	37,250,744	(5,218,750)
Other operating liabilities	(2,343,775)	3,665,076	(1,608,445)	4,092,993

**35,239,040      599,364      34,623,453      1,279,292**

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

**7,626,892      (13,691,199)      6,007,892      (13,397,711)**

Income tax paid

(598,500)      (50,750)      (654,717)      (560,202)

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

**7,028,392      (13,741,949)      5,353,175      (13,957,913)**

**Cash flows from investing activities**

Dividends received	83,485	157,607	78,801	45,612
Interest received	3,970,458	2,884,908	3,984,838	2,894,731
Proceeds from sale of investment securities	1,505,500	8,782,803	1,509,878	8,782,803
Purchase of investment securities	(66,980,053)	(569,494)	(66,971,850)	(598,332)
Net increase in treasury bills & other eligible bills	17,359,884	(7,791,952)	17,387,523	(7,314,790)
Net purchase of dealing securities	(28,757)	(1,513,692)	(15,401)	(1,484,864)
Net purchase of securities purchased under re-sale agreements	(3,033,000)	(1,509,989)	(2,533,918)	(1,795,915)
Proceeds from disposal of foreclosed properties	1,421	1,500	1,421	1,500
(Purchase) / Sale of property plant & equipments	(248,429)	(486,218)	(367,124)	(594,214)
(Purchase) / Sale of intangible assets	(45,319)	(122,033)	(92,421)	(298,474)
(Purchase)/ Sale of Investment properties	-	-	(61,152)	(58,345)

**Net cash generated used in investing activities**

**(47,414,810)      (166,560)      (47,079,405)      (420,288)**

**Cash flows from financing activities**

Dividends paid to Government of Sri Lanka	(173,205)	(2,500,000)	(173,205)	(2,500,000)
Dividends to minority shareholders	-	-	(11,286)	(9,030)
Interest Paid	(3,314,244)	(1,685,999)	(3,553,774)	(1,867,752)
Payments on redemption of debentures	(2,500,000)	-	(2,525,000)	-
Net purchase of securities sold under repurchase agreements	26,639,447	366,455	26,584,914	406,655
Net increase in other borrowings	36,366,255	4,982,466	37,507,591	8,814,790

**Net cash generated from financing activities**

**57,018,253      1,162,922      57,829,240      4,844,663**

**Movement in cash and cash equivalent during the year**

Net increase/(decrease) in cash and cash equivalents	16,631,835	(12,745,588)	16,103,010	(9,533,538)
Cash and cash equivalents at the beginning of year	33,215,640	56,783,601	37,601,195	61,528,243

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

**49,847,475      44,038,013      53,704,205      51,994,705**

**Analysis cash and cash equivalents**

Cash in hand	21,455,897	18,443,500	21,505,819	18,465,370
Due from banks and other financial institutions	28,391,578	25,594,513	32,198,386	33,529,335

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

**49,847,475      44,038,013      53,704,205      51,994,705**

**SELECTED PERFORMANCE INDICATORS**

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As at	Bank		Group	
	31-Mar-2012	31-Dec-2011 (Audited)	31-Mar-2012	31-Dec-2011 (Audited)
<b>Net Assets Value per Share(Rs)</b>	8,989	8,033	9,378	8,400
<b>Regulatory Capital Adequacy</b>				
Core capital (Tier 1 capital), Rs. Mn	32,377	32,512	37,881	37,871
Total capital base, Rs. Mn	44,360	44,438	52,203	51,990
Core capital adequacy ratio, % of risk weighted assets (Minimum requirement, 5%)	8.07%	8.52%	8.85%	9.31%
Total capital adequacy ratio, % of risk weighted assets (Minimum requirement, 10%)	11.05%	11.64%	12.20%	12.77%
<b>Assets Quality</b>				
Gross non - performing advances ratio, (Net of interest in suspense)	2.19%	2.06%	2.40%	2.24%
Net non - performing advances ratio, (Net of interest in suspense and provisions)	3.45%	0.77%	3.68%	0.91%
<b>Profitability</b>				
Interest margin	3.33%	3.16%	3.46%	3.32%
Return on assets (before tax)	2.62%	2.01%	2.62%	2.00%
Return on equity (after tax)	41.37%	33.74%	39.05%	30.78%
<b>Investor Information</b>				
Debt equity (%)	154.60	158.78		
Interest cover (times)	2.55	2.37		
<b>Regulatory Liquidity</b>				
Statutory liquid assets,				
- Domestic banking unit (Rs. Mn )	155,487	136,028		
- Off-shore banking unit (US\$ Mn)	402.71	412.46		
Statutory liquid assets ratio, (minimum requirement, 20%)				
- Domestic banking unit	22.45%	23.36%		
- Off-shore banking unit	24.42%	24.39%		
<b>Memorandum Information</b>				
Number of employees	7,948	8,115		
Number of branches	318	318		

**SHARE INFORMATION**

Shareholder	31-Mar-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 1st 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 1st 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 December and the quarter ended 31st March 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 31<sup>st</sup> March 2012 and its profit for the three months ended 31<sup>st</sup> March 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.  
W A Nalani  
**General Manager**

14<sup>th</sup> May 2012

Colombo

Description	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Effective annual rate		Interest Rate of comparable Government security	Amount	
					31.03.2012	31.12.2011	31.03.2012	31.12.2011		31.03.2012	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	12.30	345,190	345,190
Unsecured, subordinated, redeemable debentures	a	At maturity	24.11.2008	24.11.2013	-	-	17.61	17.61	12.30	396,332	380,383
Unsecured, subordinated, redeemable debentures	a	Annually	28.06.2010	28.06.2015	11.50	11.50	11.50	11.50	12.85	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	12.95	3,900,140	3,900,140
Unsecured, subordinated, redeemable debentures	a	Semi annually	08.12.2011	08.12.2016	10.50	10.50	10.50	10.50	12.95	2,300	2,300
Unsecured, redeemable debentures		Annually	01.07.2010	01.07.2015	13.20	13.20	13.20	13.20	12.90	1,000,000	1,000,000
Unsecured, redeemable debentures		Annually	14.07.2010	14.07.2015	13.20	13.20	13.20	13.20	12.90	2,000,000	2,000,000
Unsecured, redeemable debentures		Annually	17.09.2010	17.09.2015	11.00	11.00	11.00	11.00	13.00	1,428,813	1,428,813
										10,147,445	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	12.25	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	9.13	9.13	9.34	9.05	12.30	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	10.26	10.26	8.98	8.98	12.85	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	10.26	10.26	10.26	10.26	12.95	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	11.85	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	11.88	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	11.88	500,000	500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 50 basis points)	c	Annually	01.04.2008	01.04.2013	8.61	8.61	8.61	9.20	12.00	500,000	500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 50 basis points)	c	Annually	01.04.2008	01.04.2013	8.61	8.61	8.61	9.20	12.00	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	12.95	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	12.95	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	12.95	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	4.24	30,721	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	3.58	3.58	3.61	3.61	4.24	2,736,106	2,434,719
										2,766,827	2,462,056
										39,186,552	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 31 March 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

INFORMATION ON LISTED DEBENTURES

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	01-Jan-2012 to 31-Mar-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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	31-Mar-2012 %	Dec-2011 31- %
<b>Interest yield as at date of last trade done</b>		
<b>BOC Debenture 2008/2013 ,</b>		
5 years, fixed rate (19.0%)	15.98	19.00
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points )	Not Traded	Not Traded
5 years, zero coupon	16.42	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	10.61	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 3 months ended 31st March	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	13,939,356	9,430,022	4,596	39,242	4,638,468	4,379,980	2,370	9,929	18,947	13,542	-	-	194	377	18,603,931	13,873,092
Profit on Islamic Banking	-	-	-	-	-	-	-	-	-	-	40,766	5,634	-	-	40,766	5,634
Exchange	1,995,802	(100,158)	-	-	923,385	248,842	-	-	-	-	-	-	-	-	2,919,187	148,684
Lease income	-	-	956,594	568,500	-	-	-	-	-	-	6,348	1,619	-	-	962,942	570,119
Commissions	1,714,152	1,469,801	9,689	20,758	-	-	10,808	-	91,951	36,436	1,151	395	1,734	536	1,829,485	1,527,926
Other	352,450	275,687	8,494	21,766	(799,675)	322,887	162,843	160,552	4,868	5,212	70	-	104,836	83,182	(166,114)	869,296
<b>Total revenue</b>	<b>18,001,760</b>	<b>11,075,352</b>	<b>979,373</b>	<b>650,266</b>	<b>4,762,178</b>	<b>4,951,709</b>	<b>176,021</b>	<b>170,481</b>	<b>115,766</b>	<b>55,190</b>	<b>48,335</b>	<b>7,648</b>	<b>106,764</b>	<b>84,095</b>	<b>24,190,197</b>	<b>16,994,741</b>
Expenses	(10,976,221)	(8,290,020)	(546,094)	(310,478)	(4,258,667)	(3,202,547)	(90,490)	(80,091)	(106,990)	(60,217)	(27,980)	(5,058)	(76,752)	(70,476)	(16,083,194)	(12,018,887)
<b>Segment result</b>	<b>7,025,539</b>	<b>2,785,332</b>	<b>433,279</b>	<b>339,788</b>	<b>503,511</b>	<b>1,749,162</b>	<b>85,531</b>	<b>90,390</b>	<b>8,776</b>	<b>(5,027)</b>	<b>14,981</b>	<b>2,588</b>	<b>30,012</b>	<b>13,619</b>	<b>8,107,003</b>	<b>4,975,854</b>
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,075,974)	(1,575,689)
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,031,029	3,400,165
Share of Profit/(Loss) of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(82,275)	49,138
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,475,254)	(1,216,122)
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,515)	(46,928)
Profit attributable to equity holders / parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>4,464,985</b>	<b>2,186,253</b>
<b>Segment assets</b>	<b>599,719,644</b>	<b>415,303,950</b>	<b>29,567,586</b>	<b>12,442,015</b>	<b>276,653,773</b>	<b>272,661,009</b>	<b>2,785,347</b>	<b>2,601,654</b>	<b>360,215</b>	<b>194,718</b>	<b>2,704,522</b>	<b>1,598,272</b>	<b>1,197,375</b>	<b>1,039,891</b>	<b>912,988,462</b>	<b>705,841,509</b>
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,191,602	-
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,602,950	-
<b>Total assets</b>															<b>962,783,014</b>	<b>705,841,509</b>
<b>Segment liabilities</b>	<b>599,384,506</b>	<b>413,971,992</b>	<b>27,381,879</b>	<b>8,986,879</b>	<b>279,521,847</b>	<b>277,146,240</b>	<b>555,474</b>	<b>193,063</b>	<b>648,356</b>	<b>466,362</b>	<b>2,689,541</b>	<b>1,595,684</b>	<b>671,004</b>	<b>206,664</b>	<b>910,852,607</b>	<b>702,566,884</b>
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,660,023	9,805,242
<b>Total liabilities</b>															<b>914,512,630</b>	<b>712,372,126</b>
Cash flows from operating activities	(8,272,186)	(21,253,073)	(90,532)	(72,506)	12,451,125	6,062,557	(15,546)	(19,178)	157,222	49,327	128,737	(10,445)	994,355	1,285,405	5,353,175	(13,957,913)
Cash flows from investing activities	-	-	-	-	(46,619,860)	472,400	-	-	-	-	-	-	-	-	(46,619,860)	472,400
Cash flows from financing activities	23,093,119	4,151,612	-	-	37,341,985	3,186,079	-	-	-	-	103,627	16,003	(2,709,491)	(2,509,030)	57,829,240	4,844,663
Capital expenditure	(446,942)	(885,146)	(9,434)	(485)	-	-	(1,009)	(2,538)	(3,760)	-	-	-	(2,160)	(759)	(459,545)	(892,688)