

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE HALF YEAR ENDED 30TH JUNE								
	2011 (Rs. '000)	BANK 2010 (Rs. '000) Restated	Change %	2011 (Rs. '000)	GROUP 2,010 (Rs. '000) Restated	Change %		
Gross Income	31,393,776	30,149,585	4.1	36,997,959	34,068,074	8.6		
Interest Income	28,960,728	27,551,908	5.1	34,455,889	31,217,793	10.4		
Interest Income on Loans and Advances Interest Income on Other Interest Earning Assets	22,898,919 6,061,809	21,375,594 6,176,314	7.1 (1.9)	28,328,289 6,127,600	25,011,698 6,206,095	13.3 (1.3)		
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Less: Interest Expenses Interest Expenses on Deposits	15,137,345 13.087,906	14,786,326 13,050,304	2.4 0.3	17,581,010 15,539,410	16,358,603 13,035,670	7.5 19.2		
Interest Expenses on Other Interest Bearing Liabilities	2,049,439	1,736,022	18.1	2,041,600	3,322,933	(38.6)		
Net Interest Income	13,823,383	12,765,582	8.3	16,874,879	14,859,190	13.6		
Non Interest Income	2,287,554	2,386,306	(4.1)	2,382,422	2,621,055	(9.1)		
Foreign Exchange Income	419,420	683,623	(38.6)	419,420	683,623	(38.6)		
Other Income	1,868,134	1,702,683	9.7	1,963,002	1,937,432	1.3		
Less: Non - Interest Expenses	8,591,806	8,049,212	6.7	9,379,240	8,689,909	7.9		
Personnel Costs	4,446,777	4,272,669	4.1	4,956,111	4,523,998	9.6		
Provision for Staff Retirement Benefits Premises, Equipment and Establishment Expenses	749,650 1,693,469	647,523	15.8 7.0	749,650	647,523 1,660,997	15.8 6.8		
Losses on Trading/Investment Securities	1,093,409	1,582,397	7.0	1,774,726	1,000,997	0.0		
Other Operating Expenses	1,701,910	1,546,623	10.0	1,898,753	1,857,391	2.2		
Less: Provision for Bad and Doubtful Debts and Loans Written Off	108,512	547,336	(80.2)	(169,638)	918,006	(118.5)		
Provisions - General	21,344	280,500	(92.4)	(272,673)	576,663	(147.3)		
Provisions - Specific	232,662	478,207	(51.3)	262,683	570,569	(54.0)		
Recoveries(-) Loans Written Off Other Provisions	(145,494)	(211,371)	(31.2)	(159,648)	(229,226)	(30.4)		
Less:Provision for Decline in Value of Investments	(34,557)	147,852	(123.4)	(34,557)	147,852	(123.4)		
Operating Profit on Ordinary Activities before Tax	7,445,176	6,407,488	16.2	10,082,256	7,724,478	30.5		
Less:Value Added Tax on Financial Services	1,122,185	1,827,862	(38.6)	1,259,155	1,978,478	(36.4)		
Operating Profit on Ordinary Activities before Corporate Tax	6,322,991	4,579,626	38.1	8,823,100	5,745,999	53.6		
Share of Subsidiaries/Associate Companies' Profit	-	-		(26,073)	1,491	(1,848.7)		
Operating Profit Before Corporate Tax	6,322,991	4,579,626	38.1	8,797,027	5,747,490	53.1		
Less:Tax on Profits on Ordinary Activities	2,213,353	1,902,000	16.4	2,876,394	2,441,059	17.8		
Operating Profit after Corporate Tax	4,109,638	2,677,626	53.5	5,920,633	3,306,431	79.1		
Minority Interest	-	-		(10,372)	(385)	2,594.0		
Operating Profit for the Period	4,109,638	2,677,626	53.5	5,910,261	3,306,046	78.8		
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STATEMENT OF CHANGES IN EQUITY AND RESERVES - BANK FOR THE HALF YEAR ENDED 30TH JUNE										
	Equity Ordinary	Capital Pending		Revaluation	Comital	Reserves Special Risk	General	Building	Income	Total
	Shares (Rs. '000)	Allotment (Rs. '000)	Permanent Reserve (Rs. '000)	Reserve (Rs. '000)	Capital Reserve (Rs. '000)	Reserve (Rs. '000)	Reserve (Rs. '000)	Reserve (Rs. '000)	Statement (Rs. '000)	(Rs. '000)
Balance as at 01.01.2011	49,998	7.152.000	49,998	5,630,460	5.663	1,253,808	938.500	1,000	5,756,881	20,838,308
Issue of Shares/ Increase of assigned capital (Tranch 4 Capital)	-	0	-	-	-	-	-	-	-,,	
Bonus Issue			-	-	-	-	-		-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property		-	-	-	-	-	-	-		-
Net profit for the period		-	-	-	-	-	-	-	4,109,638	4,109,638
Transfer to Special Risk Reserve during the period Transfer to General Reserve	-	-	-	-	-		-	-	-	-
Dividend Paid to GOSL		-	-	-	-	-	-	-		-
Profit transfer to Head office		-	-	-	-	-	-	-	-	-
Special Levy to Treasury		-	-	-	-	-	-		(2,500,000)	(2,500,000)
Balance as at 30.06.2011	49,998	7,152,000	49,998	5,630,460	5,663	1,253,808	938,500	1,000	7,366,519	22,447,946

	BALANCE SHE	ET				
		BANK			GROUP	
	As at 30.06.2011 (Rs. '000)	As at 31.12.2010 (Rs. '000) (Audited)	Change %	As at 30.06.2011 (Rs. '000)	As at 31.12.2010 (Rs. '000) (Audited)	Change %
On Balance Sheet Assets	-	V. mann			V. man	
Cash in Hand	11,180,093	8,997,198	24.3	11,936,110	9,655,762	23.6
Balances with Central Bank of Sri Lanka /Other Central Banks Due from Banks and Other Financial Institutions	31,359,258 35,502,915	26,739,341 37,359,730	17.3 (5.0)	31,359,258 37,072,689	26,739,341 39,192,646	17.3 (5.4)
Investments - Trading Account	39,791,598	21,135,365	88.3	39,853,923	21,193,431	88.0
Government Securities	38,998,876	20,657,313	88.8	38,998,876	20,657,313	88.8
Other Securities	792,722	478,052	65.8	855,047	536,118	59.5
Investments - Held -to-Maturity (Net of provisions made for decline in investments	ent value)		- 11			
(Excluding Investments in Associates and Subsidiaries)	78,131,349	73,843,720	5.8	78,329,963	73,943,730	5.9
Government Securities Other Securities	77,924,990 1,309,758	73,558,723 1,309,758	5.9	78,023,594 1,409,768	73,558,723 1.409.768	6.1
Less : Provision for decline in Value of Investment	1,103,399	1,024,761	7.7	1,103,399	1,024,761	7.7
Investments in Associates and Subsidiaries	1,625,450	1,675,450	(3.0)	238,312	248,830	(4.2)
Loans and Advances						
Performing Loans and Advances	391,749,577	352,903,312	11.0	468,637,991	409,911,371	14.3
Bills of Exchange	8,029,603	1,939,514	314.0	8,029,603	1,939,514	314.0
Overdrafts Lease Rentals Receivable	61,418,248 337,666	77,126,863 780,720	(20.4) (56.7)	60,587,357 79,595,938	76,037,105 59,105,693	(20.3) 34.7
Other Loans	321,964,060	273,056,215	17.9	320,425,093	272,829,059	17.4
Non Performing Loans and Advances	19,203,998	18,738,403 1,863,146	2.5 (4.5)	20,043,375	19,885,305	0.8
Bills of Exchange Overdrafts	1,779,198 2,826,625	2.837.561	(0.4)	1,779,198 2,826,625	1,863,146 2,837,561	(4.5) (0.4)
Lease Rentals Receivable	5,483	5,152	6.4	844,860	1,152,054	(26.7)
Other Loans	14,592,692	14,032,544	4.0	14,592,692	14,032,544	4.0
Add: Interest Receivables on NP Advances	34,938,292	33.587.191	4.0	34,938,292	33.624.225	3.9
interest receivables on NP Advances	34,936,292	33,567,191	4.0	34,930,292	33,024,225	3.9
Total Gross Loans and Advances Less:	445,891,867	405,228,906	10.0	523,619,658	463,420,901	13.0
Interest in Suspence	35,489,280	34,110,123	4.0	53,405,090	48,716,849	9.6
Specific Loan Loss Provisions	11,248,097	11,372,482	(1.1)	12,117,202	12,205,249	(0.7)
General Loan Loss Provisions	2,431,519	2,409,880	0.9	3,984,121	3,898,416	2.2
Net Loans and Advances	396,722,971	357,336,421	11.0	454,113,245	398,600,387	13.9
Other Assets	15,763,981	12,143,895	29.8	19,009,516	16,133,052	17.8
Intangible Assets	144,168	196,636	(26.7)	489,262	559,204	(12.5) 6.6
Prepayment Leases Property,Plant & Equipment(Net of Accumulated Depriciation)	348,212 8,245,622	326,517 7,861,555	6.6 4.9	348,212 10,082,852	326,517 9,223,575	9.3
Total on Balance Sheet Assets	618,815,618	547,615,829	13.0	682,833,342	595,816,475	14.6
On Balance Sheet Liabilities						
Total Barrania	E04 Ecc 200	100 440 055	8.5	E00 720 000	462 727 842	0.2
Total Deposits Demand Deposits	501,566,360 39,782,605	462,140,255 40,617,338	(2.1)	506,736,000 39,241,322	463,727,842 39,057,966	9.3 0.5
Savings Deposits	222,883,458	203,003,880	9.8	223,529,377	203,402,247	9.9
Time Deposits	235,326,373	215,107,187	9.4	240,820,067	217,837,534	10.6
Margin Deposits Other Deposits	3,295,932 277,992	3,167,656 244,194	4.0 13.8	2,854,847 290,387	3,167,656 262,439	(9.9) 10.6
Total Borrowings	69,744,147	44,132,046	58.0	113,211,840	76,085,300	48.8
Borrowings from CBSL	3,491,179	2,733,822	27.7	3,516,298	2,758,941	27.5
Borrowings from Banks and Financial Institutions in Sri Lanka	25,465,617	4,628,935	450.1	68,678,101	35,499,844	93.5
Securities sold under Repurchse Agreements	35,730,966	29,314,406	21.9	34,228,026	29,201,102	17.2
Subordinated Term Debts Other Borrowings	5,000,000 56,385	5,000,000 2,454,883	(97.7)	6,733,030 56,385	6,170,530 2,454,883	9.1 (97.7)
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Deferred Liabilities Current Taxation	258,837 2.120,981	223,712 1.527,448	15.7 38.9	362,695 2.831.336	285,687 2.133.133	27.0 32.7
Other Liabilities	22,677,347	18,754,060	20.9	29,605,386	26,984,418	9.7
Total on Balance Sheet Liabilities	596,367,672	526,777,521	13.2	652,747,257	569,216,380	14.7
Minority Interest	-	-		171,574	83.225	106.2

FOR THE HALF YEAR ENDED 30TH JUNE Total (Rs. '000) (Rs. '000) Balance as at 01.01.2011 Issue of Shares/ Increase of assigned capital (Tranch4 Capital) Bonus Issue 7,152,000 5,630,460 5,663 1,253,808 938,500 1,000 11,435,445 26,516,871 rights issue Surplus on revaluation of property Net profit for the period Transfer to Special Risk Reserve during the period Transfer to General Reserve Dividend Paid to GOSL Profit transfer to Head office 5,910,261 5,910,261 (13,816) 4,768 (3,573) sposal and change of holding in subsidiaries (13,81 oodwill Adjustment hare issue Expenses (3,573 pecial Levy to Treasury 49,998 5,630,460 5,663 1,253,808 938,500 ance as at 30.06.2011

Regulatory Capital Adequacy Core Capital (Tier 1 Capital), Rs. Mn	SELECTED PERFO	RMANCE INDICATORS			
Regulatory Capital Adequacy Core Capital (Tier 1 Capital), Rs. Mn		BAI	BANK		DUP
Core Capital (Tier 1 Capital), Rs. Mn			31.12.2010		As at 31.12.2010 (Audited)
Total Capital Base, Rs. Mn		·			
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%) 7.1 7.9 7.5		14,814	14,861		20,596
Assets (Minimum Requirement, 5%) 7.1 7.9 7.5 Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%) 11.5 12.8 11.6 Assets Quality (Quality of Loan Portfolio) Gross Non- Performing Advances Ratio, % (net of Interest in Suspense) 4.6 5.0 4.1 Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions) Profitability Interest Margin, % Return on Assets (Before Tax), % Return on Assets (Before Tax), % Return on Equity (After Tax), % Regulatory Liquidity Statutory Liquidity Statutory Liquidity Statutory Liquid Assets, Rs.Mn Domestic Banking Unit Rs. Mn Domestic Banking Unit Rs. Mn Domestic Banking Unit USS (000) Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)		24,061	24,071	31,987	30,781
Total capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%) Assets Quality (Quality of Loan Portfolio) Gross Non- Performing Advances Ratio, % (net of Interest in Suspense) At 4.6 5.0 4.1 Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions) Profitability Interest Margin, % 4.8 5.1 5.3 Return on Assets (Before Tax), % 2.2 1.7 2.8 Return on Assets (Before Tax), % 38.0 26.9 42.0 Regulatory Liquidity Statutory Liquidity Statutory Liquidity Statutory Liquid Assets, Rs.Mn					
Assets (Minimum Requirement, 10%) Assets Quality (Quality of Loan Portfolio) Gross Non- Performing Advances Ratio, % (net of Interest in Suspense) Asset Squality (Quality of Loan Portfolio) Gross Non- Performing Advances Ratio, % (net of Interest in Suspense) 4.6 5.0 4.1 Net Non- Performing Advances Ratio, % (net of interest in suspense and provisions) Profitability Interest Margin, % Return on Assets (Before Tax), % Return on Assets (Before Tax), % Return on Equity (After Tax), % Regulatory Liquidity Statutory Liquidity Statutory Liquid Assets, Rs.Mn Domestic Banking Unit Rs. Mn Domestic Banking Unit Rs. Mn Domestic Banking Unit USS (115,437 Domesti	Assets (Minimum Requirement, 5%)	7.1	7.9	7.5	8.5
Gross Non- Performing Advances Ratio, % (net of Interest in Suspense) A 4.6 5.0 4.1 Net Non- Performing Advances Ratio, % (net of interest in suspense) Profitability Interest Margin, % 4.8 5.1 5.3 Return on Assets (Before Tax), % 2.2 1.7 2.8 Return on Equity (After Tax), % 38.0 26.9 42.0 Regulatory Liquidity Statutory Liquidity Statutory Liquidity Stanking Unit Rs. Mn Domestic Banking Unit Rs. Mn Domestic Banking Unit USS (1000) Statutory Liquid Assets, Ratio % (Minimum Results, Ratio % 13,180 Statutory Liquid Assets, Ratio % (Minimum Resultered) Minimum Regulatory (Minimum Resultered)		11.5	12.8	11.6	12.8
Interest in Suspense	Assets Quality (Quality of Loan Portfolio)				
in suspense and provisions) Profitability Interest Margin, % Return on Assets (Before Tax), % Return on Equity (After Tax) , % Regulatory Liquidity Statutory Liquid Assets, RasMn Domestic Banking Unit USS (000) Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)		4.6	5.0	4.1	4.6
Interest Margin, % Interest Marg		1.3	1.2	0.7	0.7
Return on Assets (Before Tax), % 2.2 1.7 2.8 Return on Equity (After Tax), % 38.0 26.9 42.0 Regulatory Liquidity Statutory Liquid Assets, R.S.Mn Domestic Banking Unit Rs. Mn 118,052 115,437 Off- Shore Banking Unit USS (000) 38,365 13,180 Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)	Profitability				
Return on Equity (After Tax), % 38.0 26.9 42.0 Regulatory Liquidity Statutory Liquid Assets, Rs.Mn	Interest Margin, %	4.8		5.3	5.6
Regulatory Liquidity					2.1
Statutory Liquid Assets, Rs.Mn 118,052 115,437 Off- Shore Banking Unit Rs.Mn 18,052 13,180 Statutory Liquid Assets, Ratio % ((Minimum Requirement, 20%)	Return on Equity (After Tax), %	38.0	26.9	42.0	27.1
Domestic Banking Unit Rs. Mn					
Off- Shore Banking Unit US\$ (1000) 38,365 13,180 Statutory Liquid Assets, Ratio W (Minimum Requirement, 20%)					
Statutory Liquid Assets, Ratio % (Minimum Requirement, 20%)					
(Minimum Requirement, 20%)		30,303	13,160		
Domestic Banking Unit					
	Domestic Banking Unit	23.1	23.4		
Off- Shore Banking Unit 26.8 22.3	Off- Shore Banking Unit	26.8	22.3		

Equity Capital and Reserves Share Capital/Assigned Capital Statutory Reserve Fund Total Other Reserves	22,447,946 7,201,998 49,998 15,195,950	20,838,308 7,201,998 49,998 13,586,312	7.7 - - 11.8	29,914,512 7,201,998 49,998 22,662,516	26,516,871 7,201,998 49,998 19,264,875	12.8 - - 17.6
Total On - Balance Sheet Liabilities, Equity Capital and Reserves	618,815,618	547,615,829	13.0	682,833,342	595,816,475	14.6
Off-Balance Sheet Items and Contra Accounts Contingencies Commitment and Contra Accounts	129,643,889 109,693,071 19,950,818	131,750,729 105,312,721 26,438,008	(1.6) 4.2 (24.5)	129,643,889 109,693,071 19,950,818	131,750,729 105,312,721 26,438,008	(1.6) 4.2 (24.5)
Memorandum Information Number of Employees Number of Branches	8,524 330	8,399 329		9,712 363	9,435 357	

1.The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.

2.The Information contained in these statements have been extracted from the unaudited financial statements of the Bank unless indicated as audited and have been prepared in accordance with Sri Lanka Accounting Standards.

 (Sgd.)
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 (Sgd.)

 Yohan Soza
 N.Vasantha Kumar
 W. Karunajeewa

 Head of Finance
 Chief Executive Officer/General Manager
 Chairman

04.08.2011 Colombo.

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