

101,456,712

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER

F	OR THE YEAR ENDED 31	ST DECEMBER				
	2011 (Rs. '000) (Audited)	BANK 2010 (Rs. '000) (Audited)	Change %	2011 (Rs. '000) (Audited)	GROUP 2010 (Rs. '000) (Audited)	Change %
Gross Income	68,826,039	62,532,427	10.1	80,937,810	70,927,509	14.1
Interest Income	61,822,469	56,534,172	9.4	74,115,009	64,559,320	14.8
Interest Income on Loans and Advances	48,494,273	43,458,663	11.6	60,544,981	51,386,491	17.8
Interest Income on Other Interest Earning Assets	13,328,196	13,075,509	1.9	13,570,028	13,172,829	3.0
Less: Interest Expenses	31,703,406	30,635,722	3.5	37,454,263	33,929,178	10.4
Interest Expenses on Deposits	27,395,121	26,832,472	2.1	27,329,738	26,804,234	2.0
Interest Expenses on Other Interest Bearing Liabilities	4,308,285	3,803,250	13.3	10,124,525	7,124,944	42.1
Net Interest Income	30,119,063	25,898,450	16.3	36,660,746	30,630,142	19.7
Non Interest Income	5,977,136	4,939,321	21.0	5,773,870	5,265,258	9.7
Foreign Exchange Income	973,624	1,120,022	(13.1)	973,624	1,120,022	(13.1)
Other Income	5,003,512	3,819,299	31.0	4,800,246	4,145,236	15.8
Less: Non - Interest Expenses	17,917,567	17,670,032	1.4	20,162,256	19,332,417	4.3
Personnel Costs	8,610,906	8,723,660	(1.3)	9,463,655	9,263,423	2.2
Provision for Staff Retirement Benefits Premises, Equipment and Establishment Expenses	1,499,120 3,826,465	1,355,129 2,906,666	10.6 31.6	1,499,120 4,024,951	1,355,129 3,034,236	10.6 32.7
Losses on Trading/Investment Securities	3,820,400	2,900,000	31.0	4,024,951	3,034,230	32.7
Other Operating Expenses	3,981,076	4,684,577	(15.0)	5,174,530	5,679,629	(8.9)
Less: Provision for Bad and Doubtful Debts and Loans Written Off	(55,515)	(45,528)	21.9	(2,014,555)	316,599	(736.3)
Provisions - General	(73,288)	206,613	(135.5)	(1,972,237)	206,613	(1,054.6)
Provisions - Specific Recoveries(-)	1,044,207 (1,026,434)	806,793 (1,058,934)	29.4 (3.1)	1,006,613 (1,048,931)	1,212,917 (1,102,931)	(17.0) (4.9)
Loans Witten Off Other Provisions	(1,020,101)	(1,000,001)	(0.1)	(1,010,001)	(1,102,001)	(1.0)
Less:Provision for Decline in Value of Investments	489,428	807,299	(39.4)	489,428	807,299	(39.4)
Operating Profit on Ordinary Activities before Tax	17,744,719	12,405,968	43.0	23,797,487	15,439,085	54.1
Less:Value Added Tax on Financial Services	2,434,053	3,634,891	(33.0)	2,828,054	4,053,556	(30.2)
Operating Profit on Ordinary Activities before Corporate Tax	15,310,666	8,771,077	74.6	20,969,432	11,385,528	84.2
Share of Subsidiaries/Associate Companies' Profit	-	-		33,663	(15,228)	(321.1)
Operating Profit Before Corporate Tax	15,310,666	8,771,077	74.6	21,003,095	11,370,300	84.7
Less:Tax on Profits on Ordinary Activities	5,153,628	3,564,654	44.6	7,068,024	4,787,737	47.6
Operating Profit after Corporate Tax	10,157,038	5,206,423	95.1	13,935,071	6,582,563	111.7
Minority Interest	-			(406,043)	(3,118)	12,922.5
Operating Profit for the Period	10,157,038	5,206,423	95.1	13,529,028	6,579,445	105.6

	Equity	Capital				Rese	rves				
	Ordinary	Capital Pending	Permanent	Revaluation	Capital	Special Risk	General	Building	Invetment	Income	Total
	Shares	Allotment	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Fund	Statement	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(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	20,838,30
ssue of Shares/ Increase of assigned capital (Tranch 4 Capital)		100 C 100 C									
Bonus Issue	-										
Rights Issue	-										
Surplus on revaluation of property											
Net profit for the period	-									10,157,038	10,157,03
Transfer to Special Risk Reserve during the period	-					197,598				(197,598)	
Transfer to General Reserve							1,250,000			(1,250,000)	
Transfer to Reserve Fund			1,842,593							(1,842,593)	
Transfer to I nvestment Fund									1,897,702	(1,897,702)	
Dividend Paid to GOSL			-	-							1.1
Profit transfer to Head office								-			
Special Levy to Treasury	-									(4.500.000)	(4.500.00
Balance as at 31.12.2011	49,998	7,152,000	1,892,591	5,630,460	5,663	1,451,406	2,188,500	1,000	1,897,702	6,226,026	26,495,34
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				N EQUITY AND RES		•					
	Equity	FC Capital	OR THE YEAR EN	DED 31ST DECEME	3ER 2011		Reserves				
	Ordinary	Capital Pending	Permanent	Revaluation	Capital	Special Risk	110301 105	Building		Income	Total

		AS AT 31ST DECEMBER								
			BANK	11	GROUP					
		As at 2011 (Rs. '000)	As at 2010 (Rs. '000)	Change %	As at 2011 (Rs. '000) (Audited)	As at 2010 (Rs. '000)	Chang %			
	On Balance Sheet Assets	(Audited)	(Audited)		(Audited)	(Audited)				
	Comb in Used	40.074.404	8,997,198	15.3	11 474 476	9.655.762	18			
	Cash in Hand Balances with Central Bank of Sri Lanka /Other Central Banks	10,371,434 35,717,033	26,739,341	15.3	11,4/4,4/6 35,717,033	9,655,762	18			
	Due from Banks and Other Financial Institutions	24,652,931	37,359,730	(34.0)	28,501,733	39,192,646	(27			
	Investments - Trading Account	23.891.041	21,135,365	13.0	23,984,208	21,193,431	13			
	Government Securities	23,021,869	20.657.313	13.0	23,964,206	20.657.313	1			
	Other Securities	869,172	478,052	81.8	962,339	536,118	7			
	Investments - Held -to-Maturity (Net of provisions made for decline in inv									
	(Excluding Investments in Associates and Subsidiaries)	77,565,671	73,843,720	5.0	78,045,143	73,943,730				
	Government Securities Other Securities	77,421,244 1,309,758	73,558,723 1,309,758	5.3	77,750,706 1,459,768	73,558,723 1,409,768				
	Less : Provision for decline in Value of Investment	1,165,331	1,024,761	13.7	1,165,331	1,024,761	1			
	Investments in Associates and Subsidiaries	1,693,050	1,675,450	1.1	377.196	248.830	5			
		1,000,000	1,010,400		011,100	240,000				
	Loans and Advances Performing Loans and Advances	462,282,977	353,066,020	30.9	560,667,341	409,911,371	3			
	Bills of Exchange	14,969,959	1,939,514	671.8	14,969,959	1,939,514	67			
	Overdrafts	62,028,470	77,126,863	(19.6)	60,890,325	76,037,105	(1			
	Lease Rentals Receivable Other Loans	175,049 385,109,499	943,428 273,056,215	(81.4) 41.0	99,745,111 385,061,946	60,147,685 272,829,059	6			
	Non Performing Loans and Advances	16,061,589	18,738,403	(14.3)	16,842,695	19,885,305	(1			
	Bills of Exchange	1.635.313	1,863,146	(14.3)	1,635,313	1.863.146	(1			
	Overdrafts	1,499,758	2,837,561	(47.1)	1,499,758	2,837,561	(4			
72	Lease Rentals Receivable	4,166	5,152	(19.1)	785,272	1,152,054	(3			
	Other Loans Add:	12,922,352	14,032,544	(7.9)	12,922,352	14,032,544				
	Interest Receivables on NP Advances	33,133,569	33,587,191	(1.4)	33,191,538	33,624,225				
	Total Gross Loans and Advances Less:	511,478,135	405,391,614	26.2	610,701,574	463,420,901	3			
	Interest in Suspence	33,570,578	34,272,831	(2.0)	56,327,745	49.758.841	1			
	Specific Loan Loss Provisions General Loan Loss Provisions	10,758,432 2,336,886	11,372,482 2,409.880	(5.4) (3.0)	11,712,443 2,353,774	12,205,249 3,898,416				
	Net Loans and Advances	464.812.239	357,336,421	(3.0)	2,303,774 540.307.612	3,898,418 398,600,387	(3			
						,,.				
	Other Assets Intancible Assets	15,437,855 100,807	12,143,895 196,636	27.1 (48.7)	18,660,054 450,412	16,133,052 559,204	. (*			
	Prepayment Leases	325,225	326,517	(0.4)	325,225	326,517	`			
	Property, Plant & Equipment (Net of Accumulated Depriciation)	8,509,867	7,861,555	8.2	10,735,283	9,223,575				
	Total on Balance Sheet Assets	663,077,154	547,615,829	21.1	748,578,375	595,816,475	1			
	On Balance Sheet Liabilities									
	Total Deposits	539,861,539	462,140,255	16.8	548,033,399	463,727,842				
	Demand Deposits Savings Deposits	42,521,383 232,339,102	40,617,338 203,003,880	4.7 14.5	42,522,013 233,277,130	39,057,966 203,402,247				
	Time Deposits	252,009,020	215,107,187	17.2	259,239,002	217,837,534				
	Margin Deposits	12,578,793	3,167,656	297.1	12,578,793	3,167,656	2			
	Other Deposits	413,241	244,194	69.2	416,461	262,439	:			
	Total Borrowings	72,820,593	44,132,046	65.0	124,630,252	76,085,300				
	Borrowings from CBSL	3,064,715	2,733,822	12.1	3,089,834	2,758,941				
08	Borrowings from Banks and Financial Institutions in Sri Lanka Securities sold under Repurchse Agreements	43,375,535 16,307,544	4,628,935 29,314,406	837.1 (44.4)	93,187,245 16,207,544	35,499,844 29,201,102	10			
	Subordinated Term Debts	10,000,000	5,000,000	100.0	12,072,830	6,170,530	(-			
	Other Borrowings	72,799	2,454,883	(97.0)	72,799	2,454,883	(!			
	Deferred Liabilities	314,682	223,712		760,044	285,687				
38	Current Taxation	2,806,539	1,527,448	83.7	3,427,708	2,133,133	6			
	Other Liabilities	20,778,455	18,754,060	10.8	29,041,503	26,984,418				
1										
	Total on Balance Sheet Liabilities	636,581,808	526,777,521	20.8	705,892,906	569,216,380	2			
<u>00)</u> 46	Minority Interest		-		4,557,433	83,225	5,37			
<u>)0)</u> I6	Minority Interest Equity Capital and Reserves	- 26,495,346	- 20,838,308	20.8 27.1	4,557,433 38,128,037	83,225 26,516,871	2 5,37 4			
<u>)0)</u> I6	Minority Interest		-		4,557,433	83,225	5,37			

	Shares (Rs. '000)	Allotment (Rs. '000)	Reserve (Rs. '000)	Reserve (Rs. '000)	Reserve (Rs. '000)	Reserve (Rs. '000)	Reserve (Rs. '000)	Reserve (Rs. '000)	Fund (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	1,253,807	938,500	1,000		11,435,445	26,516,871
Issue of Shares/ Increase of assigned capital (Tranch4 Capital)		1 - C - C - C - C - C - C - C - C - C -									
Bonus Issue						-					
Rights Issue	-				-	-	-				
Surplus on revaluation of property						-					
Net profit for the period						-				13,529,028	13,529,028
Transfer to Special Risk Reserve during the period						197,598				(197,598)	
Transfer to General Reserve							1,250,000			(1,250,000)	
Transfer to Reserve Fund Transfer to I nyestment Fund			1,842,593						2,230,900	(1,842,593)	
Transfer to Envestment Fund									2,230,900	(2,230,900)	
Disposal & change of holding in subsidiries										(34,631)	(34,631)
Goodwill Adjustment										2,969	2,969
Share issue Expenses										(211,190)	(211,190)
Deemed Disposal Profit										2,824,990	2,824,990
Dividend Paid to GOSL						-					1 - C - C - C - C - C - C - C - C - C -
Profit transfer to Head office											
Special Levy to Treasury						-				(4,500,000)	(4,500,000)
Balance as at 31.12.2009	49,998	7,152,000	1,892,591	5,630,460	5,663	1,451,405	2,188,500	1,000	2,230,900	17,525,520	38,128,037
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SELECTED PERFORMANCE INDICATORS

	BA	NK	GROUP		
	As at 31.12.2011 (Audited)	As at 31.12.2010 (Audited)	As at 31.12.2011 (Audited)	As at 31.12.2010 (Audited)	
egulatory Capital Adequacy					
Core Capital (Tier 1 Capital), Rs. Mn	20,460	14,861	36,617	20,596	
Total Capital Base, Rs. Mn	31,502	24,071	49,714	30,781	
Core Capital Adequacy Ratio, as % of Risk Weighted					
Assets (Minimum Requirement, 5%)	9.6	7.9	11.6	8.5	
Total capital Adequacy Ratio, as % of Risk Weighted					
Assets (Minimum Requirement, 10%)	14.8	12.8	15.7	12.8	
ssets Quality (Quality of Loan Portfolio)					
Gross Non- Performing Advances Ratio, % (net of					
Interest in Suspense)	3.3	5.0	2.9	4.6	
Net Non- Performing Advances Ratio, % (net of interest	0.59	1.2	0.4	0.7	
in suspense and provisions)	0.59	1.2	0.4	0.7	
rofitability					
Interest Margin, %	5.0	5.1	5.5	5.6	
Return on Assets (Before Tax), %	2.5	1.7	3.1	2.1	
Return on Equity (After Tax) , %	42.9	26.9	43.1	27.1	
legulatory Liquidity Statutory Liquid Assets, Rs.Mn					
Domestic Banking Unit Rs. Mn	118.497	115.437			
Off- Shore Banking Unit USS (000)	65,958	13,180			
Statutory Liquid Assets, Ratio %	55,555	10,100			
(Minimum Requirement, 20%)					
Domestic Banking Unit	21.5	23.4			
Off- Shore Banking Unit	24.0	22.3			

FINANCIAL REPORTING BY SEGMENTS

	BANK		LEASING		TRAVEL		CONSOL	IDATED
	2011	2010	2011	2010	2011	2010	2011	2010
Income	RS. 000	RS. 000	RS. 000	RS. 000	RS. 000	RS. 000	RS. 000	RS. 000
Interest	61,188,701	56,110,411	-	-		-	61,188,701	56,110,411
Exchange	973,624	1,120,022	-	-		-	973,624	1,120,022
Leasing	41,664	175,066	12,884,143	8,272,971			12,925,807	8,448,037
Share Trading/Dividend	33,848	29,747	-				33,848	29,747
Commissions and Fees	3,822,017	3,170,590	-	-	24,036	19,782	3,846,053	3,190,372
Other	1,252,950	1,652,229	792,754	661,768	501	872	2,046,205	2,314,869
Total revenue from external customers	67,312,804	62,258,065	13,676,897	8,934,739	24,537	20,654	81,014,238	71,213,458
Inter-segment revenue	1,513,235	560,311	73,231	159,068	2,060	2,411	1,588,276	721,790
Total revenue	68,826,039	62,818,376	13,750,128	9,093,807	26,597	23,065	82,602,764	71,935,248
Segment result	15,310,666	8,771,077	6,559,064	2,897,302	9,381	5,534	21,045,861	11,385,528
Income from associates		-	-	-		-	33,663	(15,228
Income Tax expenses	(5,153,628)	(3,564,654)	(1,913,411)	(1,215,076)	(985)	(3,986)	(7,068,024)	(4,787,737
Minority Interest						-	(406,043)	(3,118
Net profit for the year	10,157,038	5,206,423	4,645,653	1,682,226	8,396	1,548	13,605,456	6,579,445
Segment Assets	662,804,054	547,460,329	94,594,435	56,905,699	36,569	29,734	748,201,180	595,567,644
Investment in associates	273,100	155,500	- 1 - 1				377,196	248,830
Total Assets	663,077,154	547,615,829	94,594,435	56,905,699	36,569	29,734	748,578,376	595,816,475
Segment Liabilities	636,581,808	526,777,521	76,911,869	49,591,134	7,997	9,530	705,892,906	569,216,379
Total Liabilities	663.077.154	547.615.829	94,594,434	56,905,704	36,569	29.734	748.578.376	595,816,475

Total On - Balance Sheet Liabilities, Equity Capital and Reserves

4	Off-Balance Sheet Items and Contra Accounts
1	Contingencies Commitment and Contra Accounts
	Memorandum Information
8	Number of Employees Number of Branches
1	

25.6	595,816,475	748,578,375	21.1	547,615,829	663,077,154
45.0	131,750,729	191,025,357	45.0	131,750,729	191,025,357
62.4	105,312,721	171,012,444	62.4	105,312,721	171,012,444
(24.3)	26,438,008	20,012,913	(24.3)	26,438,008	20,012,913
	9,435	9,723		8,399	8,249
	357	399		329	341

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER

	BANK		GROUP		
	2011	2010	2011 2010		
	(Rs. '000) (Audited)	(Rs. '000) (Audited)	(Rs. '000) (Audited)	(Rs. '000) (Audited)	
Cash Flows from Operating Activities	(Addited)	(ridanod)	(ridanod)	(ridditod)	
Interest & Commission Receipts	63,755,825	60,458,238	78,216,142	69,243,904	
Interest Payments	(29,902,186)	(29,591,807)	(35,483,032)	(32,613,031	
Recoveries of loans previously written off	113,004	116,699	113,004	116,699	
Cash payments to employees & Suppliers	(17,530,561)	(15,550,236)	(20,179,390)	(16,856,278	
Operating profit before changes in operating assets and liabilities (Increase) / Decrease in operating Assets	16,436,082	15,432,894	22,666,724	19,891,294	
Deposits held for regulatory or monetary control purposes	(8,977,692)	(4.022.307)	(8,977,692)	(4.022.30)	
Funds advanced to customers	(108,447,935)	(74,589,573)	(140.741.602)	(92,827,377	
Treasury bills and bonds	853,903	89,641	524,441	89,641	
Increase / (Decrease) in operating Liabilities					
Deposit from Customers	77.552.237	65,805,762	84,151,535	67,500,046	
Negotiable Certificate of Deposits	169.047	176.933	154.022	07,500,040	
Net cash from Operating Activities before Income Tax	(22,414,358)	2.893.350	(42.222.622)	(9,368,70)	
Income Taxes Paid	(3,256,479)	(3,702,663)	(5.575.037)	(4,688,19)	
Retirement Benifit paid during the year	(1,478,839)	(917,480)	(1,479,872)	(917,48	
Net Cash from Operating Activities	(27,149,676)	(1,726,793)	(49,277,531)	(14,974,37	
Cash Flows from Investing Activities	(27,149,070)	(1,720,775)	(4),211,331)	(14,774,57,	
Net increase/decrease in Investment in Subsidiaries & Associates	(17,600)	100.000	(94,703)	(141.54)	
Dividend Received	867.097	318,131	62-867	318.13	
Proceed from Sales of Property, Plant & Equipment	41,491	108,736	149,876	316,979	
Purchase of Property, Plant & Equipment	(1.613.406)	(1,108,847)	(2.669.680)	(2.044.10	
Proceeds from Matured Investments	(7,650,213)	(1,746,439)	(7,735,315)	(1,867,170	
Net Cash used in Investing Activities	(8.372.631)	(2,328,419)	(10,286,955)	(3,417,71)	
Cash Flows from Financing Activities		(=)==)///		(0,121,121	
Capital Received from Government	-	-	-		
Debentures	5,000,000	-	5,691,110	925,000	
GOSL Bond Interest Paid		(18,307)		(18,30)	
Special Levy Paid to Treasury	(4,500,000)	(2,150,000)	(4,500,000)	(2,150,00	
Minority Interest Paid			6,858,524	73,89	
Net increase / (decrease) in Borrowings	26,071,828	283,131	45,024,737	15,056,91	
Net Cash from / (used in) Financing Activities	26,571,828	(1,885,176)	53,074,371	13,887,49	
Net increase / (decrease) in cash and cash equivalents	(8,950,479)	(5,940,388)	(6,490,115)	(4,504,59	
Cash and Cash Equivalents at the beginning of the year	43,902,045	49,842,433	46,393,525	50,898,110	
Cash and Cash Equivalents at the end of the year	34,951,566	43,902,045	39,903,410	46,393,52	
Cash and Short Term Funds	35,024,365	46,356,928	39,976,209	48,848,408	
Amounts due to Banks	(72,799)	(2,454,883)	(72,799)	(2,454,883	
Cash and Cash Equivalents reflected on Balance Sheet at the end of the year	34,951,566	43,902,045	39,903,410	46,393,525	

NOTES:

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 audited financial statements of the Bank and have been prepared in accordance with Sri Lanka Accounting Standards.

(Sgd.) Yohan Soza **Head of Finance** ^(Sgd.) N.Vasantha Kumar Chief Executive Officer/General Manager (sgd.) W. Karunajeewa Chairman

21.03.2012 Colombo.