

**INTERIM FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2012**

For the three months ended March 31,	Bank			Group		
	31.03.2012 Rs. Mn.	31.03.2011 Rs. Mn.	Growth %	31.03.2012 Rs. Mn.	31.03.2011 Rs. Mn.	Growth %
<b>Income</b>	<b>14,840.3</b>	<b>10,591.1</b>	<b>40.12</b>	<b>14,846.4</b>	<b>10,587.9</b>	<b>40.22</b>
<b>Interest Income</b>	<b>11,250.1</b>	<b>8,828.2</b>	<b>27.43</b>	<b>11,243.1</b>	<b>8,817.1</b>	<b>27.51</b>
Interest Income on Loans and Advances	9,075.7	6,371.5	42.44	9,068.7	6,360.3	42.58
Interest Income on Other Interest Earning Assets	2,174.4	2,456.7	(11.49)	2,174.4	2,456.8	(11.49)
<b>Less : Interest Expenses</b>	<b>6,184.6</b>	<b>4,498.3</b>	<b>37.49</b>	<b>6,180.6</b>	<b>4,495.3</b>	<b>37.49</b>
Interest Expenses on Deposits	5,161.6	3,362.1	53.52	5,160.1	3,362.1	53.48
Interest Expenses on Other Interest Bearing Liabilities	1,023.0	1,136.2	(9.96)	1,020.5	1,133.2	(9.95)
<b>Net Interest Income</b>	<b>5,065.5</b>	<b>4,329.9</b>	<b>16.99</b>	<b>5,062.5</b>	<b>4,321.8</b>	<b>17.14</b>
<b>Non-Interest Income</b>	<b>3,406.7</b>	<b>1,479.7</b>	<b>130.23</b>	<b>3,419.8</b>	<b>1,487.6</b>	<b>129.89</b>
Foreign Exchange Income	2,283.3	496.8	359.60	2,283.3	496.8	359.60
Other Income	1,123.4	982.9	14.29	1,136.5	990.8	14.71
<b>Net Income</b>	<b>8,472.2</b>	<b>5,809.6</b>	<b>45.83</b>	<b>8,482.3</b>	<b>5,809.4</b>	<b>46.01</b>
<b>Less : Non-Interest Expenses</b>	<b>3,346.7</b>	<b>2,725.8</b>	<b>22.78</b>	<b>3,355.2</b>	<b>2,717.8</b>	<b>23.45</b>
Personnel Costs	1,600.4	1,347.4	18.78	1,616.0	1,358.9	18.92
Provision for Staff Retirement Benefits	141.0	124.7	13.07	141.5	124.9	13.29
Premises, Equipment & Establishment Expenses	769.5	647.4	18.86	786.8	653.7	20.36
Loss on Trading/Investment Securities	22.8	0.7	3,157.14	22.8	0.7	3,157.14
Amortization of Intangible Assets	25.7	16.7	53.89	25.7	16.7	53.89
Other Operating Expenses	787.3	588.9	33.69	762.4	562.9	35.44
<b>Less : Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>432.3</b>	<b>(281.3)</b>	<b>253.68</b>	<b>432.3</b>	<b>(281.3)</b>	<b>253.68</b>
Provisions - General	75.0	(160.6)	146.70	75.0	(160.6)	146.70
Provisions - Specific	562.2	162.5	245.97	562.2	162.5	245.97
Recoveries (-)	(206.3)	(283.9)	27.33	(206.3)	(283.9)	27.33
Loans Written Off	1.4	0.7	100.00	1.4	0.7	100.00
<b>Operating Profit on Ordinary Activities Before Taxes</b>	<b>4,693.2</b>	<b>3,365.1</b>	<b>39.47</b>	<b>4,694.8</b>	<b>3,372.9</b>	<b>39.19</b>
Less : Value Added Tax on Financial Services	548.2	405.3	35.26	548.2	405.3	35.26
<b>Operating Profit on Ordinary Activities Before Corporate Taxes</b>	<b>4,145.0</b>	<b>2,959.8</b>	<b>40.04</b>	<b>4,146.6</b>	<b>2,967.6</b>	<b>39.73</b>
Add/(Less) : Share of Profit/(Loss) before tax of Associates	-	-	-	9.0	5.7	57.89
<b>Operating Profit Before Corporate Tax</b>	<b>4,145.0</b>	<b>2,959.8</b>	<b>40.04</b>	<b>4,155.6</b>	<b>2,973.3</b>	<b>39.76</b>
Less : Tax on Profits on Ordinary Activities	1,301.7	899.3	44.75	1,305.7	908.0	43.80
<b>Operating Profit for the Period</b>	<b>2,843.3</b>	<b>2,060.5</b>	<b>37.99</b>	<b>2,849.9</b>	<b>2,065.3</b>	<b>37.99</b>
<b>Attributable to:</b>						
Equity holders of the parent	2,843.3	2,060.5	37.99	2,849.7	2,064.9	38.01
Minority interest	-	-	-	0.2	0.4	(50.00)
	<b>2,843.3</b>	<b>2,060.5</b>	<b>37.99</b>	<b>2,849.9</b>	<b>2,065.3</b>	<b>37.99</b>
Basic Earnings per Ordinary Share - (Rs.)	3.42	2.62	30.53	3.42	2.62	30.53
Diluted Earnings per Ordinary Share - (Rs.)	3.41	2.64	29.17	3.41	2.62	30.15

As at	Bank			Group		
	31.03.2012	31.12.2011	Growth	31.03.2012	31.12.2011	Growth
	Rs. Mn.	Audited Rs. Mn.	%	Rs. Mn.	Audited Rs. Mn.	%
<b>On-Balance Sheet Assets</b>						
Cash in Hand	10,598.2	8,514.8	24.47	10,620.1	8,538.9	24.37
Balances with Central Bank of Sri Lanka / Other Central Banks	19,784.6	17,343.0	14.08	19,784.6	17,343.0	14.08
Due from Banks and Other Financial Institutions	22,805.2	18,038.4	26.43	22,805.2	18,038.4	26.43
<b>Investments - Trading Account</b>	12,632.5	11,997.1	5.30	12,632.5	11,997.1	5.30
Government Securities	12,327.4	11,675.8	5.58	12,327.4	11,675.8	5.58
Other Securities	305.1	321.3	(5.04)	305.1	321.3	(5.04)
<b>Investments - Held-to-Maturity</b>	94,475.0	91,945.8	2.75	94,475.0	91,945.8	2.75
Government Securities	91,104.6	88,438.7	3.01	91,104.6	88,438.7	3.01
Other Securities	3,370.4	3,507.1	(3.90)	3,370.4	3,507.1	(3.90)
<b>Investments in Associates and Subsidiaries</b>	337.0	337.0	-	89.0	85.1	4.58
Investments in Associates	44.3	44.3	-	89.0	85.1	4.58
Investments in Subsidiaries	292.7	292.7	-	-	-	-
<b>Total Loans and Advances</b>						
<b>Total Performing Loans and Advances</b>	291,495.8	272,134.8	7.11	291,360.7	271,975.4	7.13
Bills of Exchange	5,859.2	7,587.8	(22.78)	5,859.2	7,587.8	(22.78)
Overdrafts	59,807.5	57,171.6	4.61	59,793.9	57,168.7	4.59
Lease Rentals Receivable	23,200.8	20,965.9	10.66	23,079.3	20,809.4	10.91
Other Loans	202,628.3	186,409.5	8.70	202,628.3	186,409.5	8.70
<b>Total Non-Performing Loans and Advances</b>	17,174.9	15,828.6	8.51	17,174.9	15,828.6	8.51
Bills of Exchange	49.1	56.8	(13.56)	49.1	56.8	(13.56)
Overdrafts	2,362.9	2,314.6	2.09	2,362.9	2,314.6	2.09
Lease Rentals Receivable	391.5	383.4	2.11	391.5	383.4	2.11
Other Loans	9,547.2	8,453.9	12.93	9,547.2	8,453.9	12.93
Interest Receivable	4,824.2	4,619.9	4.42	4,824.2	4,619.9	4.42
<b>Total Gross Loans and Advances</b>	308,670.7	287,963.4	7.19	308,535.6	287,804.0	7.20
<b>Less :</b>						
Interest in Suspense	6,784.1	6,548.3	3.60	6,784.1	6,548.3	3.60
Specific Loan Loss Provisions	4,218.9	3,818.7	10.48	4,218.9	3,818.7	10.48
General Loan Loss Provisions	1,280.6	1,202.0	6.54	1,280.6	1,202.0	6.54
<b>Net Loans and Advances</b>	296,387.1	276,394.4	7.23	296,252.0	276,235.0	7.25
Other Assets	9,417.6	8,076.6	16.60	9,394.9	8,059.3	16.57
Property, Plant & Equipment	7,960.8	7,907.0	0.68	8,563.8	8,503.2	0.71
Lease Hold Property	78.0	78.2	(0.26)	112.9	113.2	(0.27)
Intangible Assets	476.6	467.0	2.06	485.9	475.0	2.29
<b>Total On-Balance Sheet Assets</b>	474,952.6	441,099.3	7.67	475,215.9	441,334.0	7.68

## BALANCE SHEET

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As at	Bank			Group		
	31.03.2012	31.12.2011	Growth	31.03.2012	31.12.2011	Growth
	Rs. Mn.	Audited Rs. Mn.	%	Rs. Mn.	Audited Rs. Mn.	%
<b>On-Balance Sheet Liabilities</b>						
<b>Total Deposits</b>	<b>351,040.6</b>	<b>318,461.3</b>	<b>10.23</b>	<b>350,929.5</b>	<b>318,404.2</b>	<b>10.22</b>
Demand Deposits	29,502.3	26,866.1	9.81	29,502.3	26,866.1	9.81
Savings Deposits	141,014.3	135,997.8	3.69	140,956.2	135,988.7	3.65
Time Deposits	176,417.1	151,544.5	16.41	176,364.1	151,496.5	16.41
Margin Deposits	1,963.8	2,183.8	(10.07)	1,963.8	2,183.8	(10.07)
Other Deposits	2,143.1	1,869.1	14.66	2,143.1	1,869.1	14.66
<b>Total Borrowings</b>	<b>57,522.9</b>	<b>62,105.7</b>	<b>(7.38)</b>	<b>57,413.7</b>	<b>61,961.8</b>	<b>(7.34)</b>
Borrowings from Central Bank of Sri Lanka	190.1	219.4	(13.35)	190.1	219.4	(13.35)
Borrowings from Banks and Financial Institutions in Sri Lanka	9,769.1	10,886.7	(10.27)	9,769.1	10,886.7	(10.27)
Borrowings from Banks and Financial Institutions Abroad	12,825.8	8,791.0	45.90	12,825.8	8,791.0	45.90
Securities Sold Under Re-Purchase Agreements	33,764.7	41,235.4	(18.12)	33,655.5	41,091.5	(18.10)
Subordinated Term Debt	973.2	973.2	-	973.2	973.2	-
Other Borrowings	-	-	-	-	-	-
Other Liabilities	16,730.2	13,840.5	20.88	16,787.9	13,861.9	21.11
Current Taxation	2,242.7	1,137.5	97.16	2,245.7	1,139.2	97.13
Deferred Taxation	1,333.7	1,327.6	0.46	1,377.7	1,369.6	0.59
<b>Total On-Balance Sheet Liabilities</b>	<b>428,870.1</b>	<b>396,872.6</b>	<b>8.06</b>	<b>428,754.5</b>	<b>396,736.7</b>	<b>8.07</b>
<b>Shareholders' Funds and Minority Interest</b>						
<b>Shareholders' Funds</b>	<b>46,082.5</b>	<b>44,226.7</b>	<b>4.20</b>	<b>46,431.6</b>	<b>44,567.7</b>	<b>4.18</b>
Stated Capital	17,975.6	16,473.9	9.12	17,975.6	16,473.9	9.12
Statutory Reserve Fund	2,740.9	2,740.9	-	2,740.9	2,740.9	-
Total Other Reserves	25,366.0	25,011.9	1.42	25,715.1	25,352.9	1.43
Minority Interest				29.8	29.6	0.68
<b>Total Shareholders' Funds and Minority Interest</b>	<b>46,082.5</b>	<b>44,226.7</b>	<b>4.20</b>	<b>46,461.4</b>	<b>44,597.3</b>	<b>4.18</b>
<b>Total On-Balance Sheet Liabilities, Shareholders' Funds and Minority Interest</b>	<b>474,952.6</b>	<b>441,099.3</b>	<b>7.67</b>	<b>475,215.9</b>	<b>441,334.0</b>	<b>7.68</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>254,360.0</b>	<b>234,551.2</b>	<b>8.45</b>	<b>254,360.0</b>	<b>234,551.2</b>	<b>8.45</b>
Contingencies	82,348.5	82,365.9	(0.02)	82,348.5	82,365.9	(0.02)
Commitments and Contra Accounts	172,011.5	152,185.3	13.03	172,011.5	152,185.3	13.03
<b>Net Assets Value per Ordinary Share (Rs.)</b>	<b>55.36</b>	<b>54.10</b>	<b>2.33</b>	<b>55.78</b>	<b>54.52</b>	<b>2.31</b>
<b>Memorandum Information</b>						
Number of Employees	4,535	4,524				
Number of Customer Centers	231	230				

## CERTIFICATION:

These Financial Statements have been prepared in compliance with requirements of the Companies Act No.07 of 2007 .

(Sgd.) K.D.N. Buddhipala  
Chief Financial Officer

We, the undersigned, being the Chairman and the Managing Director of the Commercial Bank of Ceylon PLC, 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  
(b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group unless indicated as audited.

(Sgd.) D.S.Weerakkody  
Chairman  
Colombo.

May 10, 2012

(Sgd.) W.M.R.S Dias  
Managing Director/Chief Executive Officer  
Colombo.

May 10, 2012

## STATEMENT OF CHANGES IN EQUITY

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	Stated Capital	Statutory Reserve Fund	Other Reserves						Total	Minority Interest	Total Equity
			Primary Dealer	Revaluation	General	Investment	Foreign Currency	Unappropriated			
			Special Risk Reserve	Reserve	Reserve	Fund Account	Translation Reserve	Profit/(Loss) carried forward			
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
<b>BANK</b>											
Balance as at 31.12.2010 - Audited	10,811.2	2,338.5	133.3	2,696.2	16,361.2	-	(554.3)	1,515.9	33,302.0	-	33,302.0
Issue of Ordinary Shares under Employee Share Option Plans	71.5	-	-	-	-	-	-	-	71.5	-	71.5
Net unrealised loss from translation of Financial Statements of Foreign operation	-	-	-	-	-	-	(142.8)	-	(142.8)	-	(142.8)
Final Cash Dividend for 2010	-	-	-	-	-	-	-	(756.8)	(756.8)	-	(756.8)
Scrip Dividend for 2010	681.1	-	-	-	-	-	-	(756.8)	(75.7)	-	(75.7)
Net Profit for the three months ended 31.03.2011	-	-	-	-	-	-	-	2,060.5	2,060.5	-	2,060.5
Balance as at 31.03.2011	11,563.8	2,338.5	133.3	2,696.2	16,361.2	-	(697.1)	2,062.8	34,458.7	-	34,458.7
Issue of Ordinary Shares under Employee Share Option Plans	50.4	-	-	-	-	-	-	-	50.4	-	50.4
Proceeds on Right Issue of Ordinary shares	4,859.7	-	-	-	-	-	-	-	4,859.7	-	4,859.7
Net unrealised loss from translation of Financial Statements of Foreign operation	-	-	-	-	-	-	(611.6)	-	(611.6)	-	(611.6)
Surplus on Revaluation of Freehold Land & Buildings	-	-	-	1,654.3	-	-	-	-	1,654.3	-	1,654.3
Deferred Tax Effect on Revaluation Surplus on Freehold Buildings	-	-	-	(128.4)	-	-	-	-	(128.4)	-	(128.4)
Interim Dividends for 2011	-	-	-	-	-	-	-	(2,043.6)	(2,043.6)	-	(2,043.6)
Net profit for the nine months ended 31.12.2011	-	-	-	-	-	-	-	5,987.2	5,987.2	-	5,987.2
Transfers during the year	-	402.4	16.1	-	1,528.3	1,194.3	-	(3,141.1)	-	-	-
Balance as at 31.12.2011 - Audited	16,473.9	2,740.9	149.4	4,222.1	17,889.5	1,194.3	(1,308.7)	2,865.3	44,226.7	-	44,226.7
Issue of Ordinary Shares under Employee Share Option Plans	15.2	-	-	-	-	-	-	-	15.2	-	15.2
Net unrealised Gain from translation of Financial Statements of Foreign operation	-	-	-	-	-	-	373.0	-	373.0	-	373.0
Final Cash Dividend for 2011	-	-	-	-	-	-	-	(1,226.7)	(1,226.7)	-	(1,226.7)
Scrip Dividend for 2011	1,486.5	-	-	-	-	-	-	(1,635.5)	(149.0)	-	(149.0)
Net Profit for the three months ended 31.03.2012	-	-	-	-	-	-	-	2,843.3	2,843.3	-	2,843.3
Transfers during the year	-	-	-	-	-	344.5	-	(344.5)	-	-	-
Balance as at 31.03.2012	17,975.6	2,740.9	149.4	4,222.1	17,889.5	1,538.8	(935.7)	2,501.9	46,082.5	-	46,082.5
<b>GROUP</b>											
Balance as at 31.12.2010 - Audited	10,811.2	2,338.5	133.3	2,943.2	16,361.2	-	(549.7)	1,474.8	33,512.5	26.6	33,539.1
Issue of Ordinary Shares under Employee Share Option Plans	71.5	-	-	-	-	-	-	-	71.5	-	71.5
Net unrealised loss from translation of Financial Statements of Foreign operations	-	-	-	-	-	-	(139.7)	-	(139.7)	-	(139.7)
Final Cash Dividend for 2010	-	-	-	-	-	-	-	(756.8)	(756.8)	(0.7)	(757.5)
Scrip Dividend for 2010	681.1	-	-	-	-	-	-	(756.8)	(75.7)	-	(75.7)
Net Profit for the three months ended 31.03.2011	-	-	-	-	-	-	-	2,064.9	2,064.9	0.4	2,065.3
Balance as at 31.03.2011	11,563.8	2,338.5	133.3	2,943.2	16,361.2	-	(689.4)	2,026.1	34,676.7	26.3	34,703.0
Issue of Ordinary Shares under Employee Share Option Plans	50.4	-	-	-	-	-	-	-	50.4	-	50.4
Proceeds on Right Issue of Ordinary shares	4,859.7	-	-	-	-	-	-	-	4,859.7	-	4,859.7
Net unrealised loss from translation of Financial Statements of Foreign operations	-	-	-	-	-	-	(613.2)	-	(613.2)	-	(613.2)
Surplus on Revaluation of Freehold Land & Buildings	-	-	-	1,668.4	-	-	-	-	1,668.4	0.8	1,669.2
Deferred Tax Effect on Revaluation Surplus on Freehold Buildings	-	-	-	(60.7)	-	-	-	-	(60.7)	3.9	(56.8)
Interim Dividends for 2011	-	-	-	-	-	-	-	(2,043.6)	(2,043.6)	(1.3)	(2,044.9)
Net profit for the nine months ended 31.12.2011	-	-	-	-	-	-	-	6,030.0	6,030.0	(0.1)	6,029.9
Transfers during the year	-	402.4	16.1	-	1,528.3	1,194.3	-	(3,141.1)	-	-	-
Balance as at 31.12.2011 - Audited	16,473.9	2,740.9	149.4	4,550.9	17,889.5	1,194.3	(1,302.6)	2,871.4	44,567.7	29.6	44,597.3
Issue of Ordinary Shares under Employee Share Option Plans	15.2	-	-	-	-	-	-	-	15.2	-	15.2
Net unrealised Gain from translation of Financial Statements of Foreign operations	-	-	-	-	-	-	374.7	-	374.7	-	374.7
Final Cash Dividend for 2011	-	-	-	-	-	-	-	(1,226.7)	(1,226.7)	-	(1,226.7)
Scrip Dividend for 2011	1,486.5	-	-	-	-	-	-	(1,635.5)	(149.0)	-	(149.0)
Net Profit after tax for the three months ended 31.03.2012	-	-	-	-	-	-	-	2,849.7	2,849.7	0.2	2,849.9
Transfers during the period	-	-	-	-	-	344.5	-	(344.5)	-	-	-
Balance as at 31.03.2012	17,975.6	2,740.9	149.4	4,550.9	17,889.5	1,538.8	(927.9)	2,514.4	46,431.6	29.8	46,461.4

<i>For the three months ended March 31,</i>	Bank		Group	
	2012 Rs. Mn.	2011 Rs. Mn.	2012 Rs. Mn.	2011 Rs. Mn.
<b>Cash Flows from Operating Activities</b>				
Interest and commission receipts	11,108.9	5,918.8	11,101.8	5,907.7
Interest payments	(5,547.3)	(4,895.8)	(5,543.3)	(4,892.8)
Recoveries on loans previously provided/written-off	206.3	283.9	206.3	283.9
Foreign exchange profit and other income	2,166.0	499.6	2,182.2	508.6
Cash payments to employees and suppliers	(3,669.8)	(2,973.3)	(3,679.0)	(2,962.4)
Operating profit before changes in operating assets and Liabilities	4,264.1	(1,166.8)	4,268.0	(1,155.0)
<b>(Increase)/Decrease in Operating Assets</b>				
Balances with Central Banks	(2,441.6)	(1,101.3)	(2,441.6)	(1,101.3)
Funds advanced to customers	(20,631.3)	(7,628.8)	(20,655.6)	(7,642.9)
Other operating assets	(1,341.0)	(96.2)	(1,335.6)	(89.9)
<b>Increase/(Decrease) in Operating Liabilities</b>				
Deposits from customers	32,579.3	14,793.2	32,525.3	14,787.6
Net cash from operating activities before income tax	12,429.5	4,800.1	12,360.5	4,798.5
Income tax paid	(135.4)	(632.2)	(135.9)	(639.9)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>12,294.1</b>	<b>4,167.9</b>	<b>12,224.6</b>	<b>4,158.6</b>
<b>Cash Flows from Investing Activities</b>				
Dividends and interest received	117.7	72.1	112.7	70.1
Net change in Government Treasury Bills & Bonds	(3,323.0)	(6,030.4)	(3,323.0)	(6,030.4)
Net change in Due from Banks and Other Financial Institutions	(4,766.8)	(8,250.3)	(4,766.8)	(8,250.3)
Net change in Securities sold under re-purchase agreements	(7,470.7)	4,010.4	(7,436.0)	4,006.3
Proceeds from sale of /matured investments /(Additions to investments)	293.2	39.6	298.2	41.7
Additions to Property, Plant & Equipment /proceeds from sale of Property, Plant & Equipment	(262.1)	(200.6)	(267.4)	(183.9)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(15,411.7)</b>	<b>(10,359.2)</b>	<b>(15,382.3)</b>	<b>(10,346.5)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from issue of ordinary shares under ESOPs	15.2	71.5	15.2	71.5
Interest paid on Debentures	(33.0)	(62.2)	(33.0)	(62.2)
Net change in other borrowings	5,218.8	7,535.3	5,256.7	7,527.6
<b>Net cash inflow/(outflow) from financing activities</b>	<b>5,201.0</b>	<b>7,544.6</b>	<b>5,238.9</b>	<b>7,536.9</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,083.4</b>	<b>1,353.3</b>	<b>2,081.2</b>	<b>1,349.0</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>8,514.8</b>	<b>6,136.8</b>	<b>8,538.9</b>	<b>6,184.0</b>
<b>Cash and cash equivalents at end of the period</b>	<b>10,598.2</b>	<b>7,490.1</b>	<b>10,620.1</b>	<b>7,533.0</b>



- 1) The Interim Financial Statement of the Bank/Group have been prepared on the basis of the same accounting policies and methods applied for the year ended December 31, 2011 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Previous year figures and Phrases have been re-arranged wherever necessary to conform to the current Presentation.

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 January 01, 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS).

The Bank is required to prepare interim financial statements in accordance with LKAS 34 - Interim Financial Reporting. However, the Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare interim financial statements during the first financial year commencing on or after January 01, 2012 in accordance with Sri Lanka Accounting Standards that existed immediately prior to that date (SLASs) with disclosures on impact to the Statement Comprehensive Income for the period and Net assets based on SLFRS/LKAS. If determination of that impact is impracticable, the Companies are required to disclose that fact.

The Bank has quantified the impact to the Statement of Comprehensive Income for the period (before taxes) and a Net asset based on the new Sri Lanka Accounting Standards and as the impact is shown below.

**Impact (before taxes) of application of Sri Lanka Financial Reporting Standards (SLFRS/LKAS)**

Area of impact	Description	Profit for the period as per the Statement three months ended March 31, 2012 (Rs Mn.)	Statement of other Comprehensive Income for three months ended March 31, 2012 (Rs Mn.)	Net Assets as at March 31, 2012 (Rs Mn.)	Net Assets as at December 31, 2011 (Rs Mn.)
<b>Impairment of financial assets</b>					
Loans and Advances	Time-based CBSL provision is replaced with collective and specific impairment. All individually significant loans and advances with objective evidences are individually tested while other loans and advances are tested collectively for impairment. For the purpose of SLFRS Reporting suspension of Interest is no longer applicable and the interest is continued to recognise on the impaired loan balances based on the Effective Interest Rate method (EIR method).	Decrease by 247.164	No Impact	Decrease by 128.218	Increase by 118.946
Other financial assets	Other financial assets with objective evidences are tested for impairment and impairment loss, if any is recognised in Profit or Loss.	No significant impact	No Impact	No significant impact	No significant impact
Measurement of staff loans at fair value (Day 1 Difference)	All staff loans are recognised initially at fair value. Subsequent interest recognition is based on EIR method. Day 1 difference (ie. the difference between the transaction amount and the fair value determined based on market interest rate) is treated as pre-paid staff cost and is amortised.	No significant impact	No Impact	No significant impact	No significant impact
<b>Measurement of investments</b>					
Available for Sale Financial Assets	Subsequent measurement of Investments classified as Available for Sale (AFS) is at fair value and the corresponding changes in fair value is recognised in Equity through the Statement of Other Comprehensive Income.	No impact	No significant impact	No significant impact	No significant impact
Loans and receivable	Subsequent measurement of Investments classified as Loans and receivable (L&R) are at amortised cost based on EIR method.	No significant impact	No Impact	No significant impact	No significant impact
Financial Assets at Fair Value through Profit or Loss	Subsequent measurement of Investments classified as Fair Value through Profit or Loss (FVTPL) is at fair value and the corresponding changes in fair value is recognised in Profit or Loss.	No significant impact	No Impact	No significant impact	No significant impact
Measurement of deposits at Effective Interest Rate	Interest expense is recognised based on EIR method and not based on straight line method as done under previously applicable SLASs.	No significant impact	No Impact	Increase by 240.224	Increase by 240.706
Fair valuation of derivative assets and liabilities	All derivatives are fair valued and brought on to the Balance Sheet.	No significant impact	No Impact	No significant impact	No significant impact

- 2) There were no material events that took place since March 31, 2012, other than the following that require disclosure in these financial statements.
- (a) Mr. A.L Gooneratne, Managing Director/Chief Executive Officer of the Bank, resigned from the Board of Directors of the Bank with effect from April 27, 2012 upon his retirement from services of the Bank.
  - (b) Mr. W.M.R.S Dias, Acting Chief Executive Officer was appointed as the Managing Director/Chief Executive Officer of the Bank with effect from April 28, 2012, following the retirement of Mr. A.L Gooneratne.
  - (c) Mr. J. Durairatnam, was appointed to the Board of Directors of the Bank with effect from April 28, 2012.
- 3) During the quarter there were no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through Debentures.
- 4) All known expenses including management fees and similar expenses have been provided for in these financial statements.



	Bank		Group	
	As at 31.03.2012	As at 31.12.2011 Audited	As at 31.03.2012	As at 31.12.2011 Audited
<b>Regulatory Capital Adequacy</b>				
Core Capital ( Tier I Capital ) - Rs. Mn.	38,166.3	38,145.5	38,158.2	38,138.5
Total Capital Base - Rs. Mn.	42,453.6	40,971.0	42,445.5	40,964.0
Core Capital Adequacy Ratio - Core capital as a % of Risk Weighted Assets ( Minimum Requirement, 5% )	11.45%	12.11%	11.44%	12.11%
Total Capital Adequacy Ratio - Total capital as a % of Risk Weighted Assets ( Minimum Requirement, 10% )	12.74%	13.01%	12.73%	13.01%
<b>Asset Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio ( Net of Interest in Suspense )	3.57%	3.43%		
Net Non-Performing Advances Ratio ( Net of Interest in Suspense and Provisions )	2.18%	2.08%		
<b>Profitability</b>				
Interest Margin	4.44%	4.44%		
Return on Assets ( before tax )	3.63%	2.71%		
Return on Equity	25.26%	20.76%		
<b>Debt Security Related Ratios</b>				
Debt Equity Ratio	2.11%	2.35%		
Interest Cover (Times)	126.53	49.07		
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets - Rs. Mn.				
Domestic Banking Unit	84,037.5	77,532.8		
Off-Shore Banking Unit	5,608.7	5,522.5		
Statutory Liquid Assets Ratio % ( Minimum Requirement 20% )				
Domestic Banking Unit	25.92%	25.70%		
Off-Shore Banking Unit	27.25%	27.77%		

## INFORMATION ON ORDINARY SHARES OF THE BANK

	2012 Rs.	2011 Rs.
<b>Market price of an ordinary share of the Bank As at March 31,</b>		
Voting	100.00 *	265.80
Non-Voting	80.00 *	165.60
<b>Highest price during the quarter ended March 31,</b>		
Voting	112.00 *	284.00
Non-Voting	92.00 *	177.50
<b>Lowest price during the quarter ended March 31,</b>		
Voting	97.20 *	251.00
Non-Voting	74.00 *	155.00
<b>Number of Ordinary Shares Issued as at March 31,</b>		
Voting	778,996,260 **	356,789,348
Non-Voting	53,473,748 **	24,181,195

\* Prices referred to above are after the right issue of ordinary shares & the sub-division of shares as detailed \*\* below ;

\*\* The Bank made a rights issue of ordinary shares on the basis of 1:14 (for both voting and non-voting) during the month of August 2011, which was followed by a sub-division of shares on the basis of 1:1 (for both Voting and Non-voting) immediately after the conclusion of the aforesaid rights issue of ordinary shares.

**INFORMATION ON DEBENTURES - BANK**
**10**

Debenture categories	CSE Listing	Interest payable frequency	Balance as at March 31, 2012 Rs. Mn.	Market values			Interest Rates		Interest rate of comparable Govt. Security %	Other ratios as at date of last trade	
				Highest Rs.	Lowest Rs.	Year End Rs.	Coupon Rate %	Eff. Ann. Yield %		Int. Yield %	YTM %
<b>Fixed rate</b>											
May 2006/May 2016 13.25% p.a.	Not listed	Annually	505.0	-	-	-	13.25	13.25	11.65		
				Not traded during the current period			13.25	13.25	9.30	Not traded during the current period	
Dec 2006/Dec 2013 13.75% p.a.	Listed	Annually	0.3	Not traded during the current period			13.75	13.75	11.00	Not traded during the current period	
				Not traded during the current period			13.75	13.75	8.05	Not traded during the current period	
Dec 2006/Dec 2016 14.00% p.a.	Listed	Annually	467.3	Not traded during the current period			14.00	14.00	12.00	Not traded during the current period	
				Not traded during the current period			14.00	14.00	9.40	Not traded during the current period	
<b>Floating rate</b>											
Dec 2006/Dec 2013 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	0.3	Not traded during the current period			9.15	9.15	13.55	Not traded during the current period	
				Not traded during the current period			9.15	9.15	8.05	Not traded during the current period	
Dec 2006/Dec 2016 12 Months TB rate (Gross) + 1% p.a.	Listed	Annually	0.4	Not traded during the current period			9.15	9.15	13.55	Not traded during the current period	
				Not traded during the current period			9.15	9.15	9.40	Not traded during the current period	
<b>Total Debentures</b>			<b>973.2</b>								

(Comparative information for 2011 have been Highlighted )

12 Months TB rate (Gross) - Twelve months Treasury Bill rate before deducting 10% Withholding Tax as published by the Central Bank of Sri Lanka immediately prior to the commencement of each interest period

## Twenty largest voting shareholders as at March 31, 2012

Name of the Shareholder	No. of Shares	%
DFCC Bank A/C 1	116,009,375	14.89
Employees Provident Fund	74,641,168	9.58
CB NY S/A International Finance Corporation	58,952,643	7.57
Sri Lanka Insurance Corporation Ltd. - Life Fund	39,557,241	5.08
Sri Lanka Insurance Corporation Ltd. - General Fund	34,013,785	4.37
HSBC Intl. Nominees Ltd. - SSBT -Janus Overseas Fund	33,074,826	4.25
SBI Ven Holdings PTE Ltd	28,900,925	3.71
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global - Asian Smaller Companies Fund	17,493,281	2.25
Distilleries Company of Sri Lanka PLC	17,063,102	2.19
Mr.Y. S. H. I. K. Silva	16,885,644	2.17
HSBC Intl. Nominees Ltd. - SSBT -Janus Aspen Series Overseas Portfolio	14,995,619	1.92
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global - Emerging Markets Smaller Companies Fund	14,291,150	1.83
HSBC Intl. Nominees Ltd. - SSBT - Aberdeen Institutional Commingled Funds, LLC	12,748,004	1.64
HSBC Intl. Nominees Ltd. - BPSS LUX -Aberdeen Global Asia Pacific Equity Fund	10,559,487	1.36
Mrs. L. E. M. Yaseen	10,177,514	1.31
Mercantile Investments and Finance Plc	10,075,806	1.29
Goldman Sachs & Co S/A Artha Master Fund Ltd	9,479,337	1.22
The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	7,938,683	1.02
Employees Trust Fund Board	6,693,328	0.86
HSBC Intl. Nominees Ltd. - BP2S LONDON - Aberdeen Asia Smaller Companies Investment Trust	6,542,795	0.84
Sub total	540,093,713	69.33
Other Shareholders	238,902,547	30.67
Total	778,996,260	100.00

Percentage of public holding as at March 31, 2012 - 84.62%

## Twenty largest non-voting shareholders as at March 31, 2012

Name of the Shareholder	No. of Shares	%
Mr.S.E Captain	3,323,477	6.22
Employees Trust Fund Board	1,704,272	3.19
GF Capital Global Limited	1,363,199	2.55
HINL - JPMCB - Butterfield Trust (Bermuda) Ltd.	1,326,824	2.48
J.B Cocoshell (Pvt) Ltd	1,301,174	2.43
Deutsche Bank AG - National Equity Fund	1,118,956	2.09
Deutsche Bank AG as Trutee for Namal Aquity Value Fund	1,105,684	2.07
Mr. J. D. Bandaranayake	1,024,215	1.92
M.J.F.Exports Ltd.	914,765	1.71
Union Assurance PLC/NO-01A/C	842,313	1.58
Mr. M. F. Hashim	653,749	1.22
Mr. M.A. Yaseen	612,761	1.15
Saboor Chatoor (Pvt) Ltd	551,435	1.03
Mr J. G. De Mel	539,350	1.01
Mr.M.J.C. Amarasuriya	508,151	0.95
Asian Alliance Insurance Plc - A/C 02 (Life Fund)	485,365	0.91
Dr. A. K. A. Jayawardene	460,521	0.86
Bank of Ceylon A/C Ceybank Century Growth Fund	429,612	0.80
Akbar Brothers (Pvt) Ltd A/C No.1	427,638	0.80
Mr. G. R. Mallawaarachy & Mrs. B. G. P. Mallawaarachy (Joint)	425,373	0.80
Sub total	19,118,834	35.75
Other Shareholders	34,354,914	64.25
Total	53,473,748	100.00

Percentage of public holding as at March 31, 2012 - 99.74%

## Directors' holding in shares as at March 31, 2012

Name of Director	No. of Shares	
	Voting	Non-voting
Mr.D.S.Weerakkody - Chairman	26,017	11,981
Mr.K.G.D.D Dheerasinghe - Deputy Chairman	-	-
Mr.W.M.R.S.Dias - MD/CEO (Appointed with effect from April 28,2012)	685,123	-
Mr.A.L. Gooneratne - Former CEO/MD (Resigned with effect from April 27,2012)	3,062,271	127,841
Prof.U.P.Liyanage	-	-
Mr.L.Hulugalle	-	-
Mr.M.P Jayawardena	-	-

**NAME OF COMPANY**

Commercial Bank of Ceylon PLC

**TAX PAYER IDENTIFICATION NUMBER (TIN)**

124006007

**LEGAL FORM**

A public limited liability company incorporated in Sri Lanka on June 25, 1969 under the Companies Ordinance No. 51 of 1938 and quoted in the Colombo Stock Exchange in March 1970. The Company was re-registered under the Companies Act No.7 of 2007. A licensed Commercial Bank under Banking Act No.30 of 1988.

**CREDIT RATING****Sri Lanka Operation**

- AA (Ika) was re-affirmed by Fitch Ratings Lanka Ltd. In 2011.

**Bangladesh Operation**

- Upgraded to AAA from AA+ by Credit Rating Information Services Ltd. In 2011.

**COMPANY REGISTRATION NUMBER**

PQ116

**COMPLIANCE OFFICER**

Mrs. R.R. Dunuwille  
Company Secretary

**STOCK EXCHANGE LISTING**

The Ordinary Shares and the Unsecured Subordinated Redeemable Debentures of December 2006/December 2013 and December 2006/December 2016 series, both fixed and floating interest rates of the Company are listed on the Colombo Stock Exchange.

**LAWYERS**

Julius & Creasy,  
No. 41, Janadhipathi Mawatha,  
Colombo 1.

**REGISTERED OFFICE**

"Commercial House",  
No. 21, Sir Razik Fareed Mw. (Formally known as Bristol Street),  
P.O. Box 856,  
Colombo 1, Sri Lanka.  
Telephone : 2430420, 2336700  
2445010-15 ,24860000, 4792000  
Tele-Banking :2336633-5  
Telex :21520 COMEX CE  
Facsimile : 941-112449889  
SWIFT Code-Sri Lanka : CCEYLKX  
SWIFT Code-Bangladesh : CCEYBDDH  
E-mail : email@combank.net  
Website : www.combank.net

**AUDITORS**

KPMG Ford, Rhodes, Thornton & Company,  
Chartered Accountants  
32A, Sir Mohamed Macan Markar Mawatha,  
Colombo 03.

**SECRETARIES**

S S P Corporate Services (Private) Limited,  
No. 101, Inner Flower Road,  
Colombo 03, Sri Lanka.  
Telephone: 2573894, 2576871  
Facsimile: 9411-2573609  
E-mail: sspsec@sltnet.lk

**COMPANY SECRETARY**

Mrs. R.R. Dunuwille

**HEAD OFFICE**

"Commercial House",  
No. 21, Sir Razik Fareed Mw. (Formally known as Bristol Street),  
P.O. Box 856,  
Colombo 1, Sri Lanka.

**ACCOUNTING YEAR**

December 31

**BOARD OF DIRECTORS**

Mr.D.S.Weerakkody - Chairman  
Mr.K.G.D.D.Dheerasinghe - Deputy Charman  
Mr.W.M.R.S.Dias - MD/CEO (Appointed with effect from April 28,2012)  
Prof.U.P.Liyanage  
Mr.L.Hulugalle  
Mr.N.P.Jayawardena  
Mr.J. Durairatnam (Appointed with effect from April 28,2012)

## Vision

To be the most technologically advanced, Innovative and Customer Friendly Financial Services Organisation In Sri Lanka,  
Poised for further expansion in South Asia

## Mission

Providing reliable, Innovative, Customer Friendly Financial Services, Utilising cutting edge technology and Focusing  
Continuously on productivity improvement whilst developing Our staff and Acquiring necessary expertise to Expand locally  
and Regionally

## REVIEW

The Commercial Bank recorded a commendable growth in both **pre & post tax** profit of 40.04% and 37.99% for the three month period ended March 31, 2012 compared to the corresponding period in 2011. The pre & post tax profit of the Bank reached Rs. 4,145.0 Mn. and 2,843.3 Mn. respectively for the period. The net interest income of the Bank surpassed the Rs.5 Bn., mark and reached Rs. 5,065.5 Mn., recording a growth of Rs. 735.6 Mn., or 16.99% compared to the corresponding period in 2011. The main contributory factor for this increase was the increase in interest income on loans and advances portfolio of the Bank by Rs. 2,704.2 Mn. or 42.44%. This was mainly due to the increase in the performing loans and advances portfolio of the Bank by Rs. 19,361 Bn., or 7.11% during the three months period under review. The total interest expenses of the Bank increased by Rs. 1,686.3 Mn., or 37.49% during the period under review owing to the growth in the volume of deposits of the Bank by Rs. 32,580 Bn., or 10.23% and reached Rs.351,040 Bn., and an increase in the market interest rates.

The foreign exchange income of the Bank recorded an increase of Rs. 1,785.5 Mn., or 359.6% compared to the corresponding period in 2011 mainly as a result of translation gains consequent to the depreciation of the Sri Lanka Rupee against the US Dollar during the quarter under review. The other income of the Bank, which mainly comprise of commission income and investment income too recorded an increase of Rs. 140.5 Mn., or 14.29% and reached Rs.1,123.4 Mn.

Provisions on account of Bad and Doubtful Debts (net of recoveries) increased by Rs. 704.6 Mn., during the period under review compared to the corresponding period in 2011.

The total deposits of the Bank stood at Rs. 351,040 Bn. as at March 31, 2012, reflecting a growth of 10.23% from Rs.318,461 Bn. as at December 31, 2011. Gross loans and advances of the Bank stood at Rs. 308,670 Bn., reflecting a growth of 7.19%. Total assets of the Bank stood at Rs. 474,952 Bn., as at March 31, 2012, recording a growth of 7.67% compared to with Rs. 441,099 Bn., as at December 31, 2011.

The Commercial Bank **Group** which comprises Commercial Bank, its subsidiaries and associates, recorded **Pre-tax profit** of Rs.4,155.6 Mn., for the three months period ended March 31, 2012 compared to Rs. 2,973.3 Mn. reported for the corresponding period in 2011. This reflected a growth of Rs. 1,182.3 Mn. or 39.76%. Further, the **Group** recorded a post tax profit of Rs. 2,849.9 Mn., during the first three months of 2012 when compared with the post tax profit of Rs. 2,065.3 Mn. recorded during the corresponding period in 2011. This represented a growth of Rs. 784.6 Mn. or 37.99%. The Commercial Bank **Group** which comprises Commercial Bank, its subsidiaries and associates, recorded **Pre-tax profit** of Rs.4,155.6 Mn., for the three months period ended March 31, 2012 compared to Rs. 2,973.3 Mn. reported for the corresponding period in 2011. This reflected a growth of Rs. 1,182.3 Mn. or 39.76%. Further, the **Group** recorded a post tax profit of Rs. 2,849.9 Mn., during the first three months of 2012 when compared with the post tax profit of Rs. 2,065.3 Mn. recorded during the corresponding period in 2011. This represented a growth of Rs. 784.6 Mn. or 37.99%.