



FINANCIAL STATEMENTS
for the year ended 31.12.2011
(Audited)

Bank of Ceylon

INCOME STATEMENT

Rs '000

	Bank						Group					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31-Dec-2011	31-Dec-2010	Growth %	31-Dec-2011	31-Dec-2010	Growth %	31-Dec-2011	31-Dec-2010	Growth %	31-Dec-2011	31-Dec-2010	Growth %
Total revenue	71,368,168	63,362,866	12.6	20,320,674	17,612,731	15.4	75,054,699	66,653,894	12.6	21,493,184	18,533,807	16.0
Interest income	60,744,962	50,843,042	19.5	17,371,268	14,262,757	21.8	63,728,274	53,051,981	20.1	18,438,579	14,870,427	24.0
Interest income on loans and advances	43,176,863	35,228,287	22.6	12,616,626	9,113,874	38.4	45,856,297	37,257,460	23.1	13,586,615	9,679,375	40.4
Interest income on other interest earning assets	17,568,099	15,614,755	12.5	4,754,642	5,148,883	(7.7)	17,871,977	15,794,521	13.2	4,851,964	5,191,052	(6.5)
Less: Interest expenses	36,228,708	31,200,050	16.1	9,983,852	8,200,506	21.7	37,383,766	32,014,051	16.8	10,466,515	8,403,625	24.5
Interest expense on deposits	24,841,197	22,068,470	12.6	6,646,111	5,671,861	17.2	25,365,940	22,447,222	13.0	6,932,818	5,808,255	19.4
Interest expense on other interest bearing liabilities	11,387,511	9,131,580	24.7	3,337,741	2,528,645	32.0	12,017,826	9,566,829	25.6	3,533,697	2,595,370	36.2
Net interest income	24,516,254	19,642,992	24.8	7,387,416	6,062,251	21.9	26,344,508	21,037,930	25.2	7,972,064	6,466,802	23.3
Non - interest income	10,977,589	11,146,761	(1.5)	3,440,515	2,614,453	31.6	11,653,736	12,202,264	(4.5)	3,638,453	2,907,788	25.1
Foreign exchange income	1,746,285	408,686	327.3	998,484	397,110	151.4	1,747,564	418,461	317.6	991,907	401,455	147.1
Other income	9,231,304	10,738,075	(14.0)	2,442,031	2,217,343	10.1	9,906,172	11,783,803	(15.9)	2,646,546	2,506,333	5.6
Net income	35,493,843	30,789,753	15.3	10,827,931	8,676,704	24.8	37,998,244	33,240,194	14.3	11,610,517	9,374,590	23.9
Less: Non - interest expenses	18,673,565	16,543,990	12.9	5,579,207	4,363,605	27.9	20,096,082	17,919,188	12.1	6,007,771	4,902,143	22.6
Personnel expenses	8,229,157	8,044,072	2.3	2,216,550	1,973,871	12.3	9,162,048	8,731,783	4.9	2,495,714	2,224,176	12.2
Contribution for staff retirement benefits	2,136,264	2,266,119	(5.7)	576,531	612,157	(5.8)	2,204,071	2,299,079	(4.1)	614,065	630,712	(2.6)
Premises, equipment and establishment expenses	2,961,407	2,803,372	5.6	709,268	757,415	(6.4)	2,796,534	2,693,065	3.8	690,539	729,262	(5.3)
Loss on trading/ investment securities	1,270,543	-	100.0	902,833	-	100.0	1,258,757	-	100.0	994,430	-	100.0
Amortization of intangible assets	96,270	54,873	75.4	51,270	(62,127)	(182.5)	99,944	58,895	69.7	46,935	(60,030)	(178.2)
Other operating expenses	3,979,924	3,375,554	17.9	1,122,755	1,082,289	3.7	4,574,728	4,136,366	10.6	1,166,088	1,378,023	(15.4)
Less: Provision for bad and doubtful debts and loans written off	(1,241,242)	191,941	(746.7)	(1,095,577)	(768,108)	42.6	(310,159)	331,458	(193.6)	(237,533)	(716,943)	(66.9)
Provisions - general	(420,714)	488,016	(186.2)	(410,603)	(432,156)	(5.0)	(372,935)	523,859	(171.2)	(380,209)	(421,530)	(9.8)
Provisions - specific	854,333	1,071,878	(20.3)	485,451	391,459	24.0	937,463	1,202,138	(22.0)	496,499	455,069	9.1
Recoveries (-)	(859,401)	(1,367,953)	(37.2)	(354,965)	(727,411)	(51.2)	(874,687)	(1,394,539)	(37.3)	(353,823)	(750,482)	(52.9)
Reversal of provision for fall in value of investments in related companies	(815,460)	-	(100.0)	(815,460)	-	(100.0)	-	-	-	-	-	-
Loans written off	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for decline in value of investments (Net)	-	-	-	-	-	-	-	-	-	(49,051)	(1,553)	3,058.5
Operating profit on ordinary activities before taxes	18,061,520	14,053,822	28.5	6,344,301	5,081,207	24.9	18,212,321	14,989,548	21.5	5,889,330	5,190,943	13.5
Less: Value added tax on financial services	2,515,755	4,001,253	(37.1)	808,262	1,254,165	(35.6)	2,569,828	4,126,961	(37.7)	819,024	1,293,475	(36.7)
Operating profit on ordinary activities before corporate tax	15,545,765	10,052,569	54.6	5,536,039	3,827,042	44.7	15,642,493	10,862,587	44.0	5,070,306	3,897,468	30.1
Share of profit of Associate Companies	-	-	-	-	-	-	208,715	212,898	(2.0)	48,534	75,847	(36.0)
Operating profit before corporate tax	15,545,765	10,052,569	54.6	5,536,039	3,827,042	44.7	15,851,208	11,075,485	43.1	5,118,840	3,973,315	28.8
Less: Tax on profits on ordinary activities	4,024,970	3,687,257	9.2	795,269	1,594,900	(50.1)	4,364,345	4,162,289	4.9	890,598	1,725,934	(48.4)
Operating profit for the period	11,520,795	6,365,312	81.0	4,740,770	2,232,142	112.4	11,486,863	6,913,196	66.2	4,228,242	2,247,381	88.1
Attributable to:												
Equity holders of the parent	11,520,795	6,365,312	81.0	4,740,770	2,232,142	112.4	11,362,720	6,760,310	68.1	4,219,094	2,203,722	91.5
Minority interest	-	-	-	-	-	-	124,143	152,886	(18.8)	9,148	43,659	(79.0)
	11,520,795	6,365,312	81.0	4,740,770	2,232,142	112.4	11,486,863	6,913,196	66.2	4,228,242	2,247,381	88.1
Basic earnings per share (Rs.)	2,304.16	1,273.06	81.0	948.15	446.43	112.4	2,272.54	1,352.06	68.1	843.82	440.74	91.5

BALANCE SHEET

2

Rs ' 000

As at	Bank			Group		
	31-Dec-2011	31-Dec-2010	Growth %	31-Dec-2011	31-Dec-2010	Growth %
On-balance sheet assets						
Cash in hand	11,843,707	8,759,580	35.2	11,903,864	8,794,468	35.4
Balances with Central Banks	30,427,455	25,894,466	17.5	30,427,455	25,894,466	17.5
Due from banks and other financial institutions	21,371,933	48,024,021	(55.5)	25,697,331	52,733,775	(51.3)
Investments - trading account	42,910,231	74,148,627	(42.1)	46,158,850	76,143,865	(39.4)
Government securities	39,336,333	70,916,279	(44.5)	42,129,991	72,338,422	(41.8)
Other securities	3,573,898	3,232,348	10.6	4,028,859	3,805,443	5.9
Investments - held-to-maturity	144,463,733	155,790,065	(7.3)	144,739,548	156,264,935	(7.4)
Government securities	128,486,336	141,165,424	(9.0)	128,486,336	141,165,424	(9.0)
Government of Sri Lanka Restructuring Bonds	8,547,000	8,547,000	-	8,547,000	8,547,000	-
Other securities	7,437,045	6,084,289	22.2	7,720,992	6,564,159	17.6
Less: Provision for decline in value of investment	(6,648)	(6,648)	-	(14,780)	(11,648)	26.9
Investments in Subsidiary Companies	6,240,686	5,279,094	18.2	-	-	-
Investments in Associate Companies	842,988	844,658	(0.2)	1,282,677	1,284,563	(0.1)
Total loans and advances						
Total performing loans and advances	541,539,676	369,870,466	46.4	556,114,084	379,291,312	46.6
Bills of exchange	16,945,036	15,492,048	9.4	17,366,859	15,997,975	8.6
Overdrafts	72,857,934	68,866,588	5.8	73,096,925	68,944,535	6.0
Lease rentals receivable	14,466,260	4,022,996	259.6	24,864,991	11,275,265	120.5
Other loans	437,270,446	281,488,834	55.3	440,785,309	283,073,537	55.7
Total non-performing loans and advances	11,416,330	12,638,533	(9.7)	12,745,988	13,701,081	(7.0)
Bills of exchange	266,959	284,071	(6.0)	503,158	423,826	18.7
Overdrafts	1,941,690	2,450,642	(20.8)	1,941,690	2,450,642	(20.8)
Lease rentals receivable	350,727	570,673	(38.5)	829,992	989,169	(16.1)
Other loans	7,958,217	8,518,992	(6.6)	8,572,411	9,023,289	(5.0)
Foreclosed properties	898,737	814,155	10.4	898,737	814,155	10.4
Interest receivable on non performing loans	8,202,336	8,127,464	0.9	8,283,063	8,214,332	0.8
Total gross loans and advances	561,158,342	390,636,463	43.7	577,143,135	401,206,725	43.9
Less: Interest in suspense	(8,365,881)	(8,326,692)	0.5	(8,527,774)	(8,499,008)	0.3
Specific loan loss provisions	(7,172,815)	(7,191,956)	(0.3)	(7,562,423)	(7,592,100)	(0.4)
General loan loss provisions	(1,967,653)	(2,396,231)	(17.9)	(2,177,517)	(2,527,820)	(13.9)
Net loans and advances	543,651,993	372,721,584	45.9	558,875,421	382,587,797	46.1
Other assets	22,849,558	17,706,268	29.0	23,889,748	18,313,650	30.4
Intangible assets	342,839	163,826	109.3	412,910	170,404	142.3
Investment properties	-	-	-	165,874	386,867	(57.1)
Property, plant & equipment	10,595,196	5,622,104	88.5	12,838,838	7,490,286	71.4
Total on-balance sheet assets	835,540,319	714,954,293	16.9	856,392,516	730,065,076	17.3
On-balance sheet liabilities						
Total deposits	588,764,572	524,232,697	12.3	597,138,584	529,318,700	12.8
Demand deposits	89,795,571	89,525,634	0.3	90,516,751	90,471,340	0.1
Savings deposits	212,279,100	190,101,247	11.7	213,186,153	190,376,526	12.0
Time deposits	284,130,734	241,508,005	17.6	290,876,324	245,372,880	18.5
Margin deposits	1,579,132	1,886,224	(16.3)	1,579,132	1,886,224	(16.3)
Other deposits	980,035	1,211,587	(19.1)	980,224	1,211,730	(19.1)
Total borrowings	183,764,194	144,673,988	27.0	190,866,473	149,835,367	27.4
Borrowings from Central Bank of Sri Lanka	5,568,349	5,914,175	(5.8)	5,568,349	5,914,175	(5.8)
Borrowings from banks and financial institutions in Sri Lanka	22,958,973	2,787,625	723.6	28,635,552	6,826,345	319.5
Borrowings from banks and financial institutions abroad	65,146,721	43,743,353	48.9	65,576,904	44,691,495	46.7
Securities sold under repurchase agreements	48,724,319	53,522,487	(9.0)	48,559,119	52,968,787	(8.3)
Debentures	41,365,832	38,706,348	6.9	42,526,549	39,434,565	7.8
Insurance provision - life	-	-	-	106,682	66,937	59.4
Insurance provision - non life	-	-	-	328,251	252,774	29.9
Deferred taxation	1,107,072	457,587	141.9	1,146,511	489,525	134.2
Current taxation	1,139,464	2,199,758	(48.2)	1,289,186	2,422,527	(46.8)
Other liabilities	20,601,940	15,258,392	35.0	22,134,513	16,417,749	34.8
Total on-balance sheet liabilities	795,377,242	686,822,422	15.8	813,010,200	698,803,579	16.3
Equity capital and reserves	40,163,077	28,131,871	42.8	42,001,657	30,196,086	39.1
Stated capital	5,000,000	5,000,000	-	5,000,000	5,000,000	-
Permanent reserve fund	3,008,000	2,777,500	8.3	3,008,000	2,777,500	8.3
Other reserves	32,155,077	20,354,371	58.0	33,993,657	22,418,586	51.6
Minority interest	-	-	-	1,380,659	1,065,411	29.6
Total on-balance sheet liabilities and equity capital and reserves	835,540,319	714,954,293	16.9	856,392,516	730,065,076	17.3
Off-balance sheet items and contra accounts						
Contingencies	313,897,494	223,054,509	40.7	314,419,862	224,621,030	40.0
Commitments and contra accounts	111,520	110,421	1.0	327,564	321,085	2.0

STATEMENT OF CHANGES IN EQUITY - BANK

3

Rs '000

For the year ended	Stated Capital	Permanent Reserve Fund	Reserves				Total Equity
			Investment Fund Account	Revaluation Reserve	Other Reserves	Retained Profits	
Balance as at 01-01-2010	5,000,000	2,650,000	-	125,299	1,303,700	15,819,588	24,898,587
Net profit for the year 2010						6,365,312	6,365,312
Dividends for 2010						(3,096,410)	(3,096,410)
Transfers to permanent reserve		127,500				(127,500)	-
Adjustment on conversion of London branch into a Subsidiary					(39,566)		(39,566)
Exchange translation adjustment					3,948		3,948
Transfers to primary dealer special risk reserve					248,213	(248,213)	-
Balance as at 31-12-2010	5,000,000	2,777,500	-	125,299	1,516,295	18,712,777	28,131,871
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 year 2011	-	-	-	-	-	11,520,795	11,520,795
Dividend for 2011	-	-	-	-	-	(3,846,410)	(3,846,410)
Transfer to permanent reserve	-	230,500	-	-	-	(230,500)	-
Transfer to investment fund account	-	-	1,484,073	-	-	(1,484,073)	-
Revaluation surplus	-	-	-	4,710,770	-	-	4,710,770
Deffered tax effect on revaluation surplus on freehold buildings	-	-	-	(223,408)	-	-	(223,408)
Exchange translation adjustment	-	-	-	-	(130,541)	-	(130,541)
Transfers to primary dealer special risk reserve	-	-	-	-	80,621	(80,621)	-
Balance as at 31-12-2011	5,000,000	3,008,000	1,484,073	4,612,661	1,466,375	24,591,968	40,163,077

STATEMENT OF CHANGES IN EQUITY - GROUP

Rs '000

For the year ended	Stated Capital	Permanent Reserve Fund	Reserves				Minority Interest	Total Equity
			Investment Fund Account	Revaluation Reserve	Other Reserves	Retained Profits		
Balance as at 01-01-2010	5,000,000	2,650,000	-	178,692	1,639,070	17,115,523	950,856	27,534,141
Net profit for the year 2010						6,760,310	152,886	6,913,196
Dividends for 2010						(3,096,410)	(38,143)	(3,134,553)
Transfers to permanent reserve		127,500				(127,500)	-	-
Adjustment due to change in shareholding						(10,681)	-	(10,681)
Adjustment on conversion of London branch into a Subsidiary					(39,566)			(39,566)
Exchange translation adjustment					(852)			(852)
Transfers to primary dealer special risk reserve					248,213	(248,213)		-
Adjustments						-	(188)	(188)
Balance as at 31-12-2010	5,000,000	2,777,500	-	178,692	1,846,865	20,393,029	1,065,411	31,261,497
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 year 2011	-	-	-	-	-	11,362,720	124,143	11,486,863
Dividends for 2011	-	-	-	-	-	(3,846,410)	(63,834)	(3,910,244)
Transfers to permanent reserve	-	230,500	-	-	-	(230,500)	-	-
Transfer to investment fund account	-	-	1,570,276	-	-	(1,570,276)	-	-
Transfer to other reserves	-	-	-	-	81,110	(81,110)	-	-
Revaluation surplus	-	-	-	4,710,770	-	-	-	4,710,770
Deffered tax effect on revaluation surplus on freehold buildings	-	-	-	(223,408)	-	-	-	(223,408)
Adjustment due to change in shareholding	-	-	-	-	-	(62,703)	146,162	83,459
Conversion of Associate Co. to Subsidiary Co.	-	-	-	-	-	-	108,777	108,777
Exchange translation adjustment	-	-	-	-	(135,398)	-	-	(135,398)
Transfers to primary dealer special risk reserve	-	-	-	-	80,621	(80,621)	-	-
Balance as at 31-12-2011	5,000,000	3,008,000	1,570,276	4,666,054	1,873,198	25,884,129	1,380,659	43,382,316

For the year ended 31st December

	Bank		Group	
	2011	2010	2011	2010
Cash flows from operating activities				
Interest received	57,136,307	44,419,350	59,842,461	50,236,798
Interest payments	(22,073,895)	(23,069,630)	(22,571,524)	(23,504,431)
Commissions, fees & receipts from other operating activities	7,178,765	7,270,128	7,887,970	8,071,406
Insurance premium received from policy holders	-	-	788,105	558,840
Insurance claims and benefits paid	-	-	(346,973)	(210,662)
Reinsurance premium paid	-	-	(192,379)	(80,676)
Reinsurance receipts in respect of claims	-	-	87,037	4,897
Cash paid to and on behalf of employees	(9,943,318)	(9,544,644)	(10,876,209)	(10,265,315)
Cash payments to suppliers	(5,904,961)	(5,813,787)	(5,810,734)	(6,433,716)
Recovery of loans written off in the previous years	81,095	70,866	96,381	97,452
Value added tax on financial services paid	(2,133,955)	(3,667,377)	(2,174,133)	(3,793,085)
	24,340,038	9,664,906	26,730,002	14,681,508
Operating profit before changes in operating assets and liabilities				
(Increase) / decrease in operating assets				
Deposits held for regulatory purposes	(4,532,989)	(9,630,998)	(4,532,989)	(9,630,998)
Funds advanced to customers	(169,886,693)	(107,935,978)	(175,374,818)	(110,016,719)
Net increase in credit card receivables	(731,465)	(259,654)	(731,465)	(259,654)
Change in other operating assets	(2,186,457)	1,588,770	(2,305,921)	283,607
	(177,337,604)	(116,237,860)	(182,945,193)	(119,623,764)
Increase / (decrease) in operating liabilities				
Deposits from other banks	805,953	179,675	1,426,900	418,628
Deposits from customers	63,725,922	117,571,827	66,392,984	117,440,490
Change in other operating liabilities	1,224,313	(2,068,910)	765,385	(1,481,636)
	65,756,188	115,682,592	68,585,269	116,377,482
Net cash used in operating activities before income tax	(87,241,378)	9,109,638	(87,629,922)	11,435,226
Effect of Exchange rate fluctuations on revaluation	0	0	0	0
Income tax paid	(3,439,227)	(1,234,447)	(3,576,228)	(1,927,120)
Net cash generated from / (used in) operating activities	(90,680,605)	7,875,191	(91,206,150)	9,508,106
Cash flows from investing activities				
Dividends received	712,625	468,998	452,969	257,910
Interest received	831,377	1,983,718	1,025,084	801,195
Proceeds from sale of investment securities	25,853,991	23,571,307	25,001,726	23,735,457
Purchase of investment securities	(7,904,969)	(31,567,092)	(7,795,469)	(32,050,072)
Proceeds from issue of shares by subsidiary undertaking	-	-	-	-
Net increase in treasury bills & other eligible bills	(13,510,227)	(16,668,014)	(13,388,660)	(16,684,808)
Net (purchase) / sale of dealing securities	(1,414,842)	2,388,795	(1,295,165)	2,596,115
Realised gains/ (losses) on dealing securities	-	-	-	-
Realised gains/ (losses) on Investment securities	-	-	-	-
Net (purchase) / proceeds from sale of securities purchased under re-sale agreements	39,765,091	(34,225,046)	39,223,242	(34,172,166)
Net cash effect on investment in subsidiaries & associates				
Net cash effect on Investment in Bank of Ceylon (UK) Limited	-	(1,893,873)	-	-
Net cash effect on acquisition of subsidiaries	-	-	-	(23,625)
Net cash effect on investments in other subsidiaries & associates	-	-	-	(187,186)
Purchase of property plant & equipment	(1,084,023)	(1,043,502)	(1,561,859)	(1,106,282)
Purchase of intangible assets	(275,283)	(107,887)	(342,450)	(109,473)
Purchase of leasehold lands	(360)	(16,521)	(360)	(16,521)
Purchase of Investment properties	-	-	(15,000)	(2,659)
Proceeds from Investment properties	-	-	232,708	4,447
Proceeds from sale of foreclosed properties	50,351	72,896	50,351	72,896
Proceeds from sale of property plant & equipments	13,758	14,466	33,734	24,025
Net cash generated from / (used in) investing activities	43,037,489	(57,021,755)	41,620,851	(56,860,747)
Cash flows from financing activities				
Dividends paid to Government of Sri Lanka	(4,019,615)	(2,923,205)	(4,019,615)	(2,923,205)
Dividends to minority shareholders	-	-	(63,834)	(38,143)
Interest Payments	(10,885,952)	(9,162,180)	(11,520,921)	(9,566,680)
Proceeds from issue of shares by subsidiary undertaking	-	-	201,000	-
Proceeds from issue of debentures	5,000,000	21,678,813	6,000,000	22,083,113
Payments on redemption of debentures	(2,450,000)	(1,000,000)	(2,877,500)	(1,744,160)
Net purchase / (proceeds from sale) of securities sold under repurchase agreements	(4,798,168)	19,318,786	(4,409,668)	20,000,746
Net increase/ (decrease) in other borrowings	41,228,890	18,642,032	42,348,790	21,664,892
Net cash generated from financing activities	24,075,155	46,554,246	25,658,252	49,476,563
Movement in cash and cash equivalent during the year				
Net increase/(decrease) in cash and cash equivalents	(23,567,961)	(2,592,318)	(23,927,048)	2,123,922
Cash and cash equivalents at the beginning of year	56,783,601	59,375,919	61,528,243	59,404,321
Cash and cash equivalents at the end of year	33,215,640	56,783,601	37,601,195	61,528,243
Analysis cash and cash equivalents				
Cash in hand	11,843,707	8,759,580	11,903,864	8,794,468
Due from banks and other financial institutions	21,371,933	48,024,021	25,697,331	52,733,775
Cash and cash equivalents at the end of year	33,215,640	56,783,601	37,601,195	61,528,243

SELECTED PERFORMANCE INDICATORS
5

As at	Bank		Group	
	31-Dec-2011	31-Dec-2010	31-Dec-2011	31-Dec-2010
Net Assets Value per Share (Rs)	8,033	5,626	8,400	6,039
Regulatory Capital Adequacy				
Core capital (Tier 1 capital), Rs. Mn	32,512	25,333	37,871	30,172
Total capital base, Rs. Mn	44,438	33,776	51,990	40,377
Core capital adequacy ratio, % of risk weighted assets (Minimum requirement, 5%)	8.52%	10.30%	9.31%	11.35%
Total capital adequacy ratio, % of risk weighted assets (Minimum requirement, 10%)	11.64%	13.73%	12.77%	15.20%
Assets Quality				
Gross non - performing advances ratio, (Net of interest in suspense)	2.06%	3.30%	2.24%	3.49%
Net non - performing advances ratio, (Net of interest in suspense and provisions)	0.77%	1.42%	0.91%	1.55%
Profitability				
Interest margin	3.16%	3.14%	3.32%	3.29%
Return on assets (before tax)	2.01%	1.60%	2.00%	1.73%
Return on equity (after tax)	33.74%	24.01%	30.78%	23.81%
Investor Information				
Debt equity (%)	158.78	154.41		
Interest cover (times)	2.37	2.10		
Regulatory Liquidity				
Statutory liquid assets,				
- Domestic banking unit (Rs. Mn)	136,028	143,232		
- Off-shore banking unit (US\$ Mn)	412.46	1,032.40		
Statutory liquid assets ratio, (minimum requirement, 20%)				
- Domestic banking unit	23.36%	28.65%		
- Off-shore banking unit	24.39%	74.17%		
Memorandum Information				
Number of employees	8,115	8,204		
Number of branches	318	309		

SHARE INFORMATION

Shareholder	31-Dec-2011		31-Dec-2010	
	No of Ordinary Shares	Holding %	No of Ordinary Shares	Holding %
Government of Sri Lanka	5,000,000	100	5,000,000	100

1. There are no changes in the accounting policies and methods of computation since the publication of annual accounts for the year 2010.
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 Company 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 31st December 2011 and its profit for the year ended 31st December 2011.

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 accordance with Sri Lanka Accounting Standards, 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 audited financial statements of the Bank and the group.

Sgd.
Gamini Wickramasinghe
Chairman
(Independent Non-executive)

Sgd.
R Sivaraman
Director
(Independent Non-executive)

Sgd.
W A Nalani
General Manager

27 March 2012

Colombo

DEBENTURE INFORMATION

Description	Note	Interest payable frequency	Issue date	Maturity date	Coupon rate		Effective annual rate		Interest Rate of comparable Government security	Amount			
										Bank		Group	
					2011	2010	2011	2010		2011	2010	2011	2010
					%	%	%	%	%	Rs' 000	Rs' 000	Rs' 000	Rs' 000
A - Sri Lanka rupee debentures													
Fixed interest rate													
Unsecured, subordinated, redeemable debentures	a	Annually	24.11.2008	24.11.2013	19.00	19.00	19.00	19.00	10.25	345,190	345,190	339,107	339,107
Unsecured, subordinated, redeemable debentures	a	At maturity	24.11.2008	24.11.2013	-	-	17.61	17.61	10.25	380,383	322,775	380,383	322,775
Unsecured, subordinated, redeemable debentures	a	Annually	28.06.2010	28.06.2015	11.50	11.50	11.50	11.50	11.05	1,074,670	1,074,670	1,069,670	1,069,670
Unsecured, subordinated, redeemable debentures	a	Annually	08.12.2011	08.12.2016	11.00	-	11.00	-	11.40	3,900,140	-	3,900,140	-
Unsecured, subordinated, redeemable debentures	a	Semi annually	08.12.2011	08.12.2016	10.50	-	10.50	-	11.40	2,300	-	2,300	-
Unsecured, redeemable debentures		At maturity	05.05.2010	29.09.2011	-	15.25	-	15.25	-	-	-	-	22,500
Unsecured, redeemable debentures		Annually	01.07.2010	01.07.2015	13.20	13.20	13.20	13.20	11.05	1,000,000	1,000,000	1,000,000	1,000,000
Unsecured, redeemable debentures		Annually	14.07.2010	14.07.2015	13.20	13.20	13.20	13.20	11.05	2,000,000	2,000,000	2,000,000	2,000,000
Unsecured, redeemable debentures		Semi annually	31.07.2010	31.07.2013	13.00	13.00	13.00	13.85	10.25	-	-	80,000	80,000
Unsecured, redeemable debentures		Semi annually	31.08.2010	31.08.2013	13.00	13.00	13.00	13.85	10.25	-	-	100,000	100,000
Unsecured, redeemable debentures		Annually	17.09.2010	17.09.2015	11.00	11.00	11.00	11.00	11.05	1,428,813	1,428,813	1,428,813	1,428,813
Secured, redeemable debentures		Semi annually	16.11.2011	16.11.2014	11.60	-	11.60	-	10.80	-	-	591,880	-
Secured, redeemable debentures		Semi annually	16.11.2011	16.11.2015	11.80	-	11.80	-	11.05	-	-	268,080	-
										10,131,496	6,171,448	11,160,373	6,362,865
Floating interest rate													
Unsecured, subordinated, redeemable debentures (6 months TB (Gross) rate plus 150 basis points)	b	Semi annually	31.12.2003	31.12.2011	-	10.43	-	10.56	-	-	250,000	-	250,000
Unsecured, subordinated, redeemable debentures (12 months TB (Gross) rate plus 75 basis points)	c	Semi annually	27.10.2006	27.10.2011	-	8.94	-	11.88	-	-	1,000,000	-	1,000,000
Unsecured, subordinated, redeemable debentures (12 months TB (Gross) rate plus 100 basis points)	c	Annually	15.08.2008	15.08.2013	9.06	10.49	9.95	12.87	10.25	300,000	300,000	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	8.95	9.05	10.46	10.25	3,699,390	3,699,390	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	8.95	8.98	11.54	11.05	3,925,330	3,925,330	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	-	11.40	1,097,560	-	1,097,560	-
Unsecured, redeemable, debentures (12 months TB (Gross) rate)	c	Annually	17.11.2006	17.11.2011	-	8.19	-	10.98	-	-	1,200,000	-	1,200,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate)	c	Annually	10.01.2007	10.01.2012	8.39	10.39	8.44	10.39	10.10	1,500,000	1,500,000	1,500,000	1,500,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate)	c	Annually	12.03.2007	12.03.2012	8.14	10.52	8.60	12.30	10.10	1,000,000	1,000,000	1,000,000	1,000,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate)	c	Annually	03.10.2007	03.10.2012	8.62	8.39	8.45	11.73	10.10	1,000,000	1,000,000	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	8.69	8.70	11.02	10.10	1,500,000	1,500,000	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	8.69	8.70	11.01	10.10	500,000	500,000	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	11.02	9.20	12.94	10.25	500,000	500,000	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	11.02	9.20	12.94	10.25	1,500,000	1,500,000	1,500,000	1,500,000
Unsecured, redeemable, debentures (6 months TB (Gross) rate plus 200 basis points)	b	Semi annually	05.12.2009	05.12.2011	-	10.39	-	12.53	-	-	-	-	330,000
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Semi annually	31.03.2010	31.03.2013	11.64	11.64	11.64	12.32	10.25	-	-	6,800	6,800
Unsecured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Annually	03.08.2010	03.08.2015	9.56	11.50	10.70	11.50	11.05	5,200,000	5,200,000	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	11.50	10.70	11.50	11.05	1,750,000	1,750,000	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	11.50	10.70	11.50	11.05	5,300,000	5,300,000	5,300,000	5,300,000
Secured, redeemable debentures (12 months TB (Gross) rate plus 150 basis points)	c	Annually	10.01.2010	10.01.2011	-	11.20	-	11.20	-	-	-	-	50,000
Secured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Semi annually	10.01.2010	10.07.2011	-	11.20	-	11.83	-	-	-	-	25,000
Secured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Semi annually	10.01.2010	10.01.2012	11.20	11.20	11.20	11.83	10.10	-	-	25,000	25,000
Secured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Semi annually	10.01.2010	10.07.2012	11.20	11.20	11.20	11.83	10.10	-	-	25,000	25,000
Secured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Semi annually	10.01.2010	10.01.2013	11.20	11.20	11.20	11.83	10.25	-	-	25,000	25,000
Secured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Semi annually	10.01.2010	10.07.2013	11.20	11.20	11.20	11.83	10.25	-	-	25,000	25,000
Secured, redeemable, debentures (12 months TB (Gross) rate plus 150 basis points)	c	Semi annually	10.01.2010	10.01.2014	11.20	11.20	11.20	11.83	10.80	-	-	25,000	25,000
Secured, redeemable, debentures (6 months TB (Gross) rate plus 160 basis points)	b	Semi annually	16.11.2011	16.11.2014	9.76	-	9.76	-	10.80	-	-	40	-
										28,772,280	30,124,720	28,904,120	30,661,520
B - United State dollar debentures													
Fixed interest rate													
Unsecured, subordinated, redeemable debentures		Semi annually	10.10.2008	10.10.2013	5.50	5.50	5.58	5.50	4.25	27,337	26,761	27,337	26,761
Floating interest rate													
Unsecured, subordinated, redeemable debentures (6 months LIBOR Plus 300 basis points)	d	Semi annually	10.10.2008	10.10.2013	3.58	3.46	3.61	3.49	4.25	2,434,719	2,383,419	2,434,719	2,383,419
										2,462,056	2,410,180	2,462,056	2,410,180
										41,365,832	38,706,348	42,526,549	39,434,565

Notes

- a) 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 December 2011
 2008/2013 - (Highest Price - Rs.100.00, Lowest Price - Rs.100.00, Last Transaction Price - Rs.100.00)
 2010/2015 - (Highest Price - Rs.100.00, Lowest Price - Rs.90.50, Last Transaction Price - Rs.95.00)
 2011/2016 - (Highest Price - Rs.100.00, Lowest Price - Rs.100.00, Last Transaction Price - Rs.100.00)
- b) 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.
- c) 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.
- d) 6 months London Inter Bank Offered Rate (LIBOR) for US Dollars plus 3% per annum

	01-Jan-2011 to 31-Dec-2011 Rs.	01-Jan-2010 to 31-Dec-2010 Rs.
Market Value		
BOC Debenture 2008/2013 ,		
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (19.0%)		
Highest (Rs.)	100.10	107.00
Lowest (Rs.)	100.00	107.00
Last transaction (Rs.)	100.00	107.00
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.)	Not Traded	135.11
Lowest (Rs.)	Not Traded	134.15
Last transaction (Rs.)	Not Traded	134.15
Market Value		
BOC Debenture 2010/2015 ,		
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (11.5%)		
Highest (Rs.)	100.00	Not Traded
Lowest (Rs.)	90.50	Not Traded
Last transaction (Rs.)	95.00	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
Market Value		
BOC Debenture 2011/2016 ,		
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (11.0%)		
Highest (Rs.)	Not Traded	N/A
Lowest (Rs.)	Not Traded	N/A
Last transaction (Rs.)	Not Traded	N/A
Unsecured, Subordinated, Redeemable, 5 years, floating rate (06 months TB rate (Gross) plus 75 basis points)		
Highest (Rs.)	Not Traded	N/A
Lowest (Rs.)	Not Traded	N/A
Last transaction (Rs.)	Not Traded	N/A
Unsecured, Subordinated, Redeemable, 5 years, fixed rate (10.5%)		
Highest (Rs.)	Not Traded	N/A
Lowest (Rs.)	Not Traded	N/A
Last transaction (Rs.)	Not Traded	N/A

YIELD OF LAST TRADE DONE

9

	31-Dec-2011 %	31-Dec-2010 %
Interest yield as at date of last trade done		
BOC Debenture 2008/2013 ,		
5 years, fixed rate (19.0%)	19.00	17.76
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points)	Not Traded	Not Traded
5 years, zero coupon	Not Traded	13.13
BOC Debenture 2010/2015 ,		
5 years, fixed rate (11.5%)	12.11	Not Traded
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points)	Not Traded	Not Traded
BOC Debenture 2011/2016 ,		
5 years, fixed rate (11.0%)	Not Traded	N/A
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points)	Not Traded	N/A
5 years, fixed rate (10.5%)	Not Traded	N/A
Yield to maturity of last trade done		
BOC Debenture 2008/2013 ,		
5 years, fixed rate (19.0%)	19.00	16.36
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points)	Not Traded	Not Traded
5 years, zero coupon	Not Traded	15.57
BOC Debenture 2010/2015 ,		
5 years, fixed rate (11.5%)	13.33	Not Traded
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points)	Not Traded	Not Traded
BOC Debenture 2011/2016 ,		
5 years, fixed rate (11.0%)	Not Traded	N/A
5 years, floating rate (06 months TB rate (Gross) plus 75 basis points)	Not Traded	N/A
5 years, fixed rate (10.5%)	Not Traded	N/A

SEGMENTAL ANALYSIS - GROUP

10

Rs. '000

For the year ended 31st December	Banking		Leasing		Treasury and Investment		Property		Insurance		Islamic banking		Other Non Banking /		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers:																
Interest	41,335,633	33,146,661	58,329	62,345	19,260,911	17,713,343	3,466	4,313	43,289	29,427	98,290	6,195	4,232	7,755	60,705,860	50,963,844
Profit on Islamic Banking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98,290	6,195
Exchange	(153,127)	(251,547)	-	-	1,900,691	670,008	-	-	-	-	-	-	-	-	1,747,564	418,461
Lease income	-	-	2,915,454	2,077,832	-	-	-	-	-	-	8,670	4,110	-	-	2,924,124	2,081,942
Commissions	7,234,551	6,275,185	48,655	109,559	-	-	11,878	10,711	198,472	89,055	13,702	1,420	170	283	7,507,428	6,486,213
Other	1,712,537	1,927,456	98,145	130,829	(815,538)	3,623,016	672,240	606,009	20,303	8,665	141	30	383,605	401,234	2,071,433	6,697,239
Total revenue	50,129,594	41,097,755	3,120,583	2,380,565	20,346,064	22,006,367	687,584	621,033	262,064	127,147	120,803	11,755	388,007	409,272	75,054,699	66,653,894
Segment result	13,437,191	9,145,412	1,402,790	1,260,376	7,228,856	7,738,205	536,756	446,734	162,116	60,655	54,777	1,075	109,468	107,460	22,931,954	18,759,917
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,289,461)	(7,897,330)
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,642,493	10,862,587
Income from Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	208,715	212,898
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,364,345)	(4,162,289)
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(124,143)	(152,886)
Profit attributable to equity holders / parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,362,720	6,760,310
Segment assets	567,512,521	377,302,766	25,555,433	11,460,688	218,798,804	312,496,190	1,867,399	1,711,562	396,403	226,116	2,633,626	453,269	1,314,911	1,181,262	818,079,097	704,831,853
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,282,677	1,284,563
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,030,742	23,948,660
Total assets	567,512,521	377,302,766	25,555,433	11,460,688	218,798,804	312,496,190	1,867,399	1,711,562	396,403	226,116	2,633,626	453,269	1,314,911	1,181,262	856,392,516	730,065,076
Segment liabilities	565,995,207	375,139,034	23,410,355	7,875,741	222,126,997	317,433,546	464,082	394,781	588,598	433,235	2,578,849	452,194	978,450	913,606	816,142,538	702,642,138
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,132,338)	(3,838,558)
Total liabilities	565,995,207	375,139,034	23,410,355	7,875,741	222,126,997	317,433,546	464,082	394,781	588,598	433,235	2,578,849	452,194	978,450	913,606	813,010,200	698,803,579
Cash flows from operating activities	(109,026,910)	(34,542,865)	(331,340)	(276,010)	24,966,405	51,021,745	(78,765)	(78,276)	335,790	272,399	262,618	78,356	(7,333,948)	(6,967,243)	(91,206,150)	9,508,106
Cash flows from investing activities	-	-	-	-	43,525,520	(55,628,471)	-	-	-	-	-	-	-	-	43,525,520	(55,628,471)
Cash flows from financing activities	22,067,034	6,548,845	-	-	4,250,624	25,542,219	-	-	201,000	-	100,544	7,894	(960,950)	17,377,605	25,658,252	49,476,563
Capital expenditure	(1,726,761)	(1,187,231)	(28,240)	(22,759)	-	-	(127,449)	(3,806)	(19,622)	(5,459)	-	-	(2,597)	(13,021)	(1,904,669)	(1,232,276)